

The Resolution Foundation on poverty: the required resp...

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Having [noted yesterday](#) the inadequate proposals for tackling poverty from the Resolution Foundation, included in a new book that they have published, I thought it appropriate to revisit each of the ten issues they identified as key issues around poverty, and instead of critiquing their responses, as I did yesterday, offer positive alternatives instead.

I use the Resolution Foundations headings quite deliberately, although I would have used different ones to reflect my priorities.

I also stress that these suggestions are provisional: I have written this in haste in a few hours rather than after long reflection. What I have suggested is, I think, necessary and a clear indication that the Resolution Foundation proposals are inadequate.

What I have suggested could be refined, I have no doubt. I could also add, and would in an ideal world, sections on:

The macroeconomic justifications for these mainly microeconomic actions.

The implications of the redistribution of power that they represent within broader society.

The benefits to all within society, and not just those directly targeted as a result of these changes, which are substantial.

For now, I feel these suggestions are a useful contribution to my promotion of politics for people, the politics of care and funding the future. I will be sending this blog post to the Resolution Foundation.

1. The big slowdown in living standards

Fact:

Incomes for the poorer half doubled over 40 years to 2004–05. At the post-2004 pace, another doubling takes 130+ years.

Policy response required:

A UK-wide Living Income Strategy, with an explicit target to double real disposable incomes for the poorer half within a generation, and annual reporting against that goal.

A permanent, rules-based Essential Costs Programme (covering housing, energy, water, transport and childcare) designed to reduce the share of disposable income spent on essentials for the poorest households, year-on-year.

A public investment programme focused on care, housing, energy efficiency and local infrastructure, with procurement designed to raise pay, skills and local multipliers rather than extract profit.

A shift in macroeconomic policy objectives away from GDP growth alone towards well-being, income distribution, health and environmental goals, with these embedded into Treasury decision-making and the mandate of public bodies.

Justification:

The problem for low-income households is not the result of a shortage of effort. It results from the absence of a plan to reward effort expended with rising living standards.

An explicit income target would force any government to focus on what matters, which is real disposable income after housing and bills, and not abstract output measures.

Reducing essential costs is the quickest and most reliable way to raise living standards for the poorer half, because it acts immediately on the budget constraint they face.

Public investment is essential because the private sector has not delivered higher pay or affordable essentials. Investment must be designed to change the structure of rewards within the economy, and not just raise output.

A well-being and distribution mandate prevents growth from becoming an excuse for doing nothing about wages, rents and insecurity.

2. Working harder explains the entire rise in employment

Fact:

Employment rates in lower-income families have risen sharply. They did the work, contrary to all the claims made by populist politicians.

Policy response required:

A legal requirement that all public procurement and subsidies are conditional on the payment of a real living wage, secure hours, and the recognition of union access and rights of representation, with penalties for non-compliance.

An expansion of sectoral collective bargaining across all low-pay sectors (and not just care), backed by statutory pay floors, training standards and progression pathways, if necessary through revived Industry Pay and Training Boards.

A major reduction in in-work poverty through an earnings supplement or, if appropriate, a universal basic income that guarantees minimum weekly disposable income for working households after housing costs, tapered to avoid cliff edges.

A national childcare and early years entitlement that is genuinely universal and affordable, funded as core infrastructure, to remove one of the biggest barriers to secure work and progression.

Justification:

If employment has already risen as far as it can, then hours cannot be the solution to poverty now. Improved pay and costs must provide the solution now.

Procurement and subsidy conditionality is one of the fastest ways to change business models, because it uses the state's purchasing power to reset labour standards.

Sectoral bargaining works because it changes the baseline across entire labour markets and prevents good employers from being undercut by low-pay competitors. Their decisions must be legally enforceable.

An earnings supplement, whether backed by a universal basic income or not, recognises the reality that wages are not currently sufficient to meet basic needs for many working households, and it directly targets deep poverty.

Childcare is not a lifestyle add-on: it is a binding constraint on labour supply, stability and progression, especially for women.

3. The tale of two pay cheques: earnings growth petered out after 2004-05

Fact:

Most earnings gains happened before 2004–05. Stagnation since then, even amongst those with multiple employments, explains the living standards slowdown.

Policy response required:

A comprehensive wage share strategy to enhance the wage share within GDP, requiring:

- strengthened collective bargaining,
- restrictions on exploitative contracting and outsourcing, and
- rebalancing corporate governance so workforce interests have formal power within larger entities.

A crackdown on labour market fragmentation by:

- limiting outsourcing in the public sector, and
- regulating it in the private sector, with
- joint liability for pay, tax and employment rights through the supply chain to prevent labour, corporate, tax and creditor abuse.

A national skills and progression guarantee for low-paid workers, including:

- paid time for training,
- accredited pathways for progression, and
- employer levies where progression is weak.

Active regional industrial policy to build high-value, high-pay employment outside London and the Southeast, linked to public investment and local procurement.

Justification:

Earnings stagnation is not the result of an enforcement problem. It reflects power and bargaining institutions that have been allowed to decay.

A wage share strategy matters because productivity gains, where they occur, have not been shared. Restoring wage growth requires institutional change, not hope.

Fragmentation (outsourcing, contracting, false self-employment) is a core mechanism of wage suppression. Joint liability removes the incentive to outsource exploitation.

Progression is the missing link in low-pay Britain: without mandated pathways, people

remain trapped in low-paid work for years.

Regional imbalance is structural at present: without deliberate industrial policy, growth concentrates, rents rise, and low-income households are left behind.

4. Benefitting less: real benefit income rose to 2010-11, then fell sharply

Fact:

Benefits were cut back and the income floor dropped.

Policy response required:

A legally guaranteed Minimum Income Standard is required within Universal Credit, set to prevent deep poverty, with immediate restoration of adequacy before indexation rules apply.

Automatic stabilisers must be strengthened with benefits uprated at least in line with wages, with extra uprating when essentials inflation for low-income households outpaces the headline rate. Indices to highlight such costs must be created and published.

A redesign of conditionality is required within the UK social security system to end punitive sanctions in cases of ill-health, disability, caring responsibilities and housing insecurity, with a presumption of support not punishment.

A new social security settlement is required that integrates housing support, disability support and childcare support so that people are not forced into debt by administrative gaps and delays.

Justification:

Indexation is meaningless if the starting point is too low. Adequacy has to be restored first.

Deep poverty is fundamentally about the income floor. If the floor is below what is needed to live, no amount of supposed incentive design will fix outcomes.

Sanctions and administrative harshness intensify crisis behaviour, including missed appointments, worsening mental health, rent arrears and spiralling debt, all of which increase need just as the system responds with punishment regimes, which the current system has built within it.

Integration matters because the present system is designed around silos, while real household budgets are not. Deep poverty is often created in the cracks between systems.

5. Missing out on mortgages and the shift to private renting and living with parents

Facts:

Housing tenure has changed structurally.

Private renting now dominates.

Family formation is blocked as a result.

Policy response required:

A mass social housing programme with multi-year funding, delivery targets, and land policy reform to make building at scale feasible and cheap.

Private rent regulation, including limits on in-tenancy rent rises, longer default tenancies, minimum standards enforced, and restrictions on eviction, to end insecurity as a deliberate business model.

A public option in housing finance and acquisition, meaning local authorities and housing associations are given powers and funding to purchase existing stock where needed, and not just build new housing units.

A shift away from subsidising rents towards reducing rents with housing support designed to support tenants while preventing landlord capture, including revisions to direct payment models and controls where markets are failing.

Justification:

Private renting dominance is not a preference shift; it is the consequence of policy choices that made asset inflation and landlordism central to the economy.

Social housing is the structural answer because it creates a non-market alternative that disciplines the whole housing system, including private rents.

Rent regulation reduces insecurity immediately and stops the extraction of income through arbitrary rent hikes, which is one of the main mechanisms of deep poverty.

Buying existing homes can deliver quicker than building alone and can be targeted at

hotspots where families are being priced out now.

Preventing landlord capture is essential. Otherwise, public money becomes a rent subsidy, not an anti-poverty policy.

6. Work isn't working: most people in poverty are in working households

Fact:

Poverty is now linked to being in work.

Policy response required:

A statutory Real Living Wage as a binding minimum across the economy, with enforcement capacity at HM Revenue & Customs being significantly scaled up with penalties that deter exploitation.

A guaranteed hours framework: default rights to predictable schedules, compensation for cancellation, and a presumption of secure hours for regular work patterns.

A reform of in-work support so it is designed around dignity and adequacy, including removing sharp tapers and eliminating poverty traps created by benefit withdrawal. This may require significant tax as well as benefit reforms, better integration of the two, and consideration of a universal basic income.

A national programme to cut the cost of essentials for working households: transport, childcare, housing and energy, treated as the infrastructure of work.

Justification:

In-work poverty is proof that labour market participation alone is not enough. The labour market is delivering the wrong price for labour relative to the price of essentials.

A Real Living Wage must set the floor below which incomes must not fall, but without serious enforcement it becomes performative. Capacity and penalties are policy, not rhetoric.

Guaranteed hours are an anti-poverty policy because volatility in income creates arrears, debt and crisis borrowing even when annual earnings look reasonable. Poor households do not have access to savings to manage this volatility.

Benefit design can either stabilise household budgets or destabilise them. Current poverty traps lock people into low income and insecurity.

Essential costs are part of the wage bargain. If they rise unchecked, wages never catch up for the bottom half.

7. Crushing costs: the poorest experienced higher inflation

Fact:

The poor faced faster inflation with essentials hit hardest.

Policy response required:

A statutory Essential Costs Strategy with regulatory powers to cap or control prices in failing markets (energy standing charges, water, housing, public transport fares, and basic telecoms) where competition does not work.

A national home insulation and retrofit programme targeted first at low-income households and the worst properties, funded publicly and delivered locally.

Public and municipal provision expanded where markets fail with publicly owned energy generation and retail options, and strengthened consumer protection with automatic compensation.

A shift in taxation and charging to reform the pricing of essentials, effectively reducing regressive levies and charges, whilst funding policy costs from progressive taxation, and automatically targeting support without complex application processes.

Justification:

The poorest experience excess inflation because they buy essentials. If essentials are overpriced, deep poverty becomes baked in.

Price regulation is justified where competition is structurally weak, and consumers cannot exercise real choice. That describes several essential markets in the UK.

Retrofit reduces bills permanently. Targeted support treats symptoms; efficiency changes the underlying cost structure.

Public options create discipline in markets and can reset expectations on pricing and service standards.

Progressive funding is essential because regressive charges function like a tax on poverty.

8. Getting sicker: disability incidence rose markedly, mostly not explained by ageing

Fact:

Health deterioration is structural.

Policy response required:

A public health and prevention strategy explicitly linked to poverty reduction is required, setting nutrition standards, creating the regulation of ultra-processed foods, and delivering fiscal measures that change the price and availability of harmful products.

A major expansion of NHS capacity and community mental health provision, including that needed by neurodivergent people, with waiting list reduction treated as an anti-poverty policy.

A health-first employment support system that offers voluntary, personalised support and workplace adaptation, rather than conditionality and sanctions.

A secure disability and sickness income guarantee with fast access, reduced reassessments, and a presumption of trust, alongside workplace rights to reasonable adjustment.

Justification:

Rising disability is not primarily a benefits design issue. It is evidence of social and economic deterioration.

Diet, stress, insecure housing and poor work are upstream drivers of ill-health. Prevention and regulation change exposures, not just outcomes.

Waiting lists and weak mental health provision push people out of work and into crisis. The provision of capacity is therefore a direct poverty intervention.

Conditionality worsens health and deepens poverty. Support works when it reduces barriers, not when it punishes people for being ill.

Income security is essential for health recovery. Without it, illness becomes a route into permanent poverty.

9. The forgotten million: unpaid caring is equivalent to full-time work

Fact:

Caring is a hidden labour market constraint and a major driver of poverty.

Policy response required:

A carers' income guarantee that reflects the value of full-time caring, with clear eligibility and fast access, replacing the tokenism of current provision.

A statutory right to respite care, funded and delivered locally, with minimum standards and transparent entitlement.

A major expansion of publicly provided social care, reducing reliance on unpaid care and ensuring that care needs do not bankrupt families.

Employment rights for carers: flexible working as a default, protection from dismissal and discrimination as a consequence of carer demands, and pension credits to prevent lifelong penalties for caring.

Justification:

Unpaid caring is labour. If we rely on it, we must pay for it or provide the services that replace it.

Token carer payments are a policy confession: they admit reliance on unpaid labour while refusing to support it.

Respite is the difference between coping and breakdown. Without it, caring drives mental ill-health and labour market exit.

Expanding social care reduces the hidden tax on families and prevents caring from becoming a poverty trap.

Carer employment rights prevent a second poverty route: long-term scarring through lost earnings and lost pension entitlements.

10. Building arrears: the energy debt explosion

Fact:

Arrears on energy (and other) bills are now systemic.

Policy response required:

A national arrears resolution programme for energy and other essential debts, including structured write-downs, statutory repayment caps linked to income, and protection from enforcement for those in identified hardship.

A social tariff for energy and other essentials, automatically applied based on income and need, to prevent arrears from accumulating.

Reform of standing charges and billing practices, including protections for prepayment customers, and mandatory affordable payment plans.

Accelerated retrofit and repair of the poorest housing stock, with landlord obligations enforced and public funding where appropriate, to reduce the underlying energy demand.

Justification:

Arrears at this scale are a system failure, not a personal failure. Without resolution, debt becomes a permanent poverty trap.

Write-downs and caps are justified because the alternative is lifetime indebtedness, ill-health, and rising public costs elsewhere (NHS, homelessness, social care).

Social tariffs prevent recurrence when targeted support often requires an application that arrives too late and misses those most in need.

Standing charges and punitive billing structures front-load costs onto those with the least cash, creating arrears mechanically.

Energy efficiency is the permanent cure: it reduces bills every week, not just for one winter.