

Funding the Future

The Resolution Foundation's "Unsung Britain" is an exer...

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The Resolution Foundation (RF) sent me a very breathy press release / email this morning, promoting this:



As they say:

The 13 million working-age families across the poorer half of the country are widely courted by politicians. No party can win elections without their votes, and the country cannot succeed without their needs being met. They are working harder and caring more, yet remain poorly understood and badly served, which is why we have dubbed them 'Unsung Britain'.

It is hard to argue with that, so I looked a little deeper, but have not, of course, read the whole book.

Why you need to read the rest of this post

This is a long post, and as a consequence, I need to explain at the outset why you need to read the rest of it, because doing so will demand some time and attention from you.

There are three fundamental reasons for doing so.

The first is that the Resolution Foundation sets out 10 good reasons why we need a politics of care to counter the politics of destruction that this country has suffered.

Secondly, they then very obviously fail to promote any solutions that will address the problems it has identified.

Thirdly, I explain why this is the case, and begin to suggest what is required instead.

My summary is straightforward. This book appears to be a massive missed opportunity by the Resolution Foundation, promoting solutions that only tinker at the edges of the existing neoliberal system without ever seeking to address the fundamental systemic failures that create long-term poverty affecting millions of people in the UK. It is, as a consequence, representative of the politics of destruction that is now embraced by all major leading political parties, who, between them, have no desire to change any of the hierarchies of income and wealth that dominate this country and which prejudice the well-being of many, if not most, within its population.

The Resolution Foundation claims that there are ten key facts about Unsung Britain [on its website for this publication](#). They are:

- * **The big slowdown:** Over the 40 years before 2004-05, the typical incomes of the poorer half of working-age families – a group we call ‘Unsung Britain’ – doubled. By contrast, if progress continues to crawl in the way it did between 2004-05 and 2023-24, a further doubling would take over 130 years.
- * **Working harder:** The 20-64-year-old employment rate for people in lower-income families rose by 11 percentage points over the last 30 years. This contribution fully accounts for the total rise in UK employment.
- * **A tale of two pay cheques:** Average gross annual household earnings for families in Unsung Britain have increased by £7,700 since the mid-1990s to £18,000 today – but nearly three-quarters of that increase took place before 2004-05. This petering out of earnings growth explains all of the slowdown in living standards growth since the mid-2000s.
- * **Benefitting less:** Looking across the poorest half of households, average benefit income rose by £1,900 a year in real terms between 1994-95 and 2010-11, before falling by £1,600 between 2010-11 and 2023-24.
- * **Missing out on mortgages:** In 1994-95, three-in-ten families in Unsung Britain had a mortgage. But by 2023-24, renting privately was the most common tenure (29 per cent), with the proportion living with parents (15 per cent) almost as high as the share of mortgaged families (17 per cent).
- * **Work isn’t working:** In the latest data, the majority (55 per cent) of non-pensioner families in poverty had someone in work. This is up from fewer than two-in-five families in the mid-1990s.
- * **Crushing costs:** Between December 2019 and September 2025, annualised inflation experienced by the poorest families ran at a rate that was 0.7 percentage points faster than for the richest families. The cumulative effect of this has been to drag down

incomes for the very lowest income relative to those at the top by more than 3 per cent.

- * **Getting sicker:** Between 1995-96 and 2023-24, incidence of disability across Unsung Britain was up from 19 to 30 per cent, with most of the increase (83 per cent) not explained by ageing.
- * **The forgotten million:** The latest data shows one million people in lower-income families have unpaid caring responsibilities that amount to at least the equivalent of a full-time job.
- * **Building arrears:** Over the past decade arrears on energy bills have soared: the number of energy accounts behind on payments now totals over 1.6 million for gas and nearly 2 million for electricity. The average amount owed has roughly doubled since 2022.

I note all that: I am sure they have substantiated them all. Taken together, these facts show that the UK's economic model has failed the poorer half of working-age households. Despite working more and shouldering rising caring and health burdens, their incomes have stagnated, state support has been withdrawn, and essential costs have risen faster than they can keep up. Unsung Britain is not being left behind by choice or behaviour, but by a system in which work no longer pays, where security has been stripped away, and long-term living standards are being structurally eroded. That is a familiar story.

So what does the Resolution Foundation say should be done about this? This is their list of proposed policy reforms:

- * Supply-side reforms to boost growth and therefore increase the returns to paid work and, ultimately, improve living standards in all parts of the country.
- * Implementing a 'Fair Pay Agreement' model for social care that will set minimum standards for pay and other conditions, and extending it to other sectors with acute labour market issues.
- * Effective enforcement of labour market rights, including the new rights to a contract reflecting workers' usual work patterns and advance notice of shift changes.
- * Addressing the drivers for higher demand for health-related benefits including by reviewing eligibility criteria and rebalancing incentives across the benefits system.
- * Consistent and stable indexation of social security benefits, including uprating both working-age benefits and the state pension with earnings in the long run, via a smoothed link to wage growth.
- * Linking Local Housing Allowance for private renters to the actual rents faced.
- * Building more homes – especially social homes – and especially in growing regions, where rising rents could otherwise shortchange workers and impede dynamism.

- * Reform property taxation to support efficient allocation of the existing housing stock, including reform to Council Tax charges and rebates to lessen the burden on lower-income households.
- * Give English local areas greater control over their finances, including devolution of taxes linked to local economic performance.
- * Bring down energy bills by moving more of the cost of government policy into general taxation. Development of the data infrastructure required to deliver targeted support based on both income and energy needs.
- * Action to reduce the costs of transport for lower-income families, through better targeting of discounted bus passes, for example.
- * The Competition and Markets Authority should investigate specific areas where the market is not providing fair prices to consumers, and where there is evidence that consumers find it hard to exercise choice effectively.

Ten problems. Twelve solutions. And those solutions hopelessly miss the target. Let me critique them:

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 offered:

Supply-side reforms to boost growth.

Critique:

This is a slogan, not a mechanism.

The last 15-20 years show that growth (when it arrives) does not reliably translate into higher median wages, let alone better outcomes for the poorer half.

The UK's structural drag is not just weak GDP growth; it is weak wage formation, high rent extraction, regional imbalance, and a state that has withdrawn from underwriting living costs.

Unless the policy set explicitly changes income distribution, rent extraction, and the wage-price balance in essentials, "supply-side reform" becomes a way to avoid the question of power (who sets prices, who captures gains).

Why it won't fix deep poverty:

Deep poverty is a cash flow crisis.

Growth is an abstract aggregate unless translated into higher pay at the bottom, lower essential costs, and a stronger safety net.

2) Working harder explains the entire rise in employment

Fact:

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

Policy response offered:

Labour market rights enforcement; predictable contracts; fair pay agreements in some sectors.

Critique:

These are good, but they accept the current model that suggests more hours at work are the route out of poverty.

The data says that model has already been exhausted.

If the employment contribution to poverty relief is already fully accounted for, and it seems it is, then the remaining routes are:

- higher hourly pay, and
- lower living costs

That means confronting low-pay business models and rentier pricing.

Why it won't fix deep poverty:

Improving work security helps stability, but

Deep poverty persists when full-time work still doesn't pay enough and essentials are overpriced.

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 explains the slowdown in living standards.

Policy response offered:

- Fair pay agreements, starting with social care.
- Enforcement, and
- Generic growth reforms.

Critique:

Fair pay agreements limited to one or a few sectors won't shift the earnings trajectory across the whole bottom half.

Enforcement stops the worst abuses, but it doesn't change the macroeconomic settlement that has produced wage stagnation.

The real issues are:

- weak bargaining power,
- fragmented labour markets,
- outsourcing,
- monopsony employers in local areas, and
- a policy regime that has too often treated wages as a cost to be suppressed.

Why it won't fix deep poverty:

The core structural issue is system-wide wage stagnation, not just labour law non-compliance. It is just not credible to claim otherwise.

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 offered:

- Stable indexation, uprating with earnings via smoothing
- Review of incentives and eligibility for health-related benefits.

Critique:

Indexation stabilises decline; it does not repair the damage already done. If the real-terms level is now too low (and for many it is), uprating from a depleted base simply locks in inadequacy.

Review eligibility language is a red flag. The risk is that the response to rising ill health is to treat it as a behavioural or administrative problem rather than an outcome of:

- poverty,
- poor work,
- housing stress, and
- collapsing public services.

Why it won't fix deep poverty:

Deep poverty needs a higher guaranteed minimum income, not just better indexation discipline and a little administrative reform.

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

Facts:

- Tenure changed structurally
- Private renting now dominates.
- Family formation is blocked.

Policy response offered:

- Build more homes (especially social)

- Link Local Housing Allowance (LHA) to actual rents
- Reform council tax
- Property tax reform.

Critique:

This is the area where the Resolution Foundation is closest to the root cause, but still too timid.

Building social housing at scale is transformational, but only if it is big, fast, and sustained.

LHA linked to rents helps tenants in the short run, but in a tight market it can be capitalised into higher rents, effectively transferring public money to landlords unless paired with supply, regulation, and tenure reform.

Council tax reform can reduce regressivity, but it does not end the core problem of rent extraction and chronic undersupply of non-market housing.

Why it won't fix deep poverty:

Without mass social housing plus measures that reduce landlord pricing power, help with rent becomes a subsidy to the rentier system.

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

Fact:

Poverty is now linked to being in work.

Policy response offered:

- Fair pay agreements.
- Enhanced labour market rights.
- Better enforcement.

Critique:

Again, this is welcome, but insufficient.

In-work poverty is about pay levels relative to costs. If housing, energy, transport and childcare remain expensive, then even decent compliance and slightly higher sectoral pay floors won't clear deep poverty for millions.

There is a need for a deliberate strategy to shift the wage share, and not just tweak the edges.

Why it won't fix deep poverty:

The system currently permits business models that rely on low wages topped up by the state and high charges for essentials. This is the issue that has to be addressed.

7) Crushing costs: the poorest experienced higher inflation

Fact:

The poor faced faster inflation, with essentials hit hardest.

Policy response offered:

- Move energy policy costs into general taxation.
- Targeted support using better data.
- Competition and Markets Authority (CMA) investigations.

Critique:

Moving policy costs into taxation is sensible distributionally, but it doesn't address base energy pricing, weak competition, and the pass-through of costs in oligopolistic markets.

Targeted support is, again, palliative. It treats the symptom (bills) rather than the structure (pricing power, underinvestment, poor housing efficiency). Nothing systemic will change as a result, and the problem is systemic.

CMA investigations are slow, narrow, and often end with modest remedies; they have rarely, if ever, rebalanced the power that has created excess pricing.

Why it won't fix deep poverty:

Deep poverty is entrenched by structurally high essential costs such as energy, housing, and transport, and not just by poorly targeted support.

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

Fact:

Health deterioration is structural.

Policy response offered:

- Review eligibility and incentives in health-related benefits.
- Rebalance incentives.

Critique:

This risks becoming the classic mistake of treating public health and labour market failure as a welfare administration problem.

If disability is rising because work is harsher, housing is worse, waiting lists are longer, and mental health support is scarce, then tightening eligibility or rebalancing incentives pushes people into deeper hardship and can worsen health outcomes.

Nothing here addresses the issue of why this is happening. The question of poor diets is not addressed. The poisoning of people by ultra-processed foods is not mentioned, and nothing is proposed to tackle this issue.

Why it won't fix deep poverty:

You cannot sanction or incentivise your way out of a population health crisis.

You must rebuild:

- care,
- health capacity,
- prevention,
- food quality, and
- income security.

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

Fact:

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

Policy response offered:

- Fair pay agreements in social care.
- Some sectoral labour standards.

Critique:

Better pay in social care helps recruitment and retention.

It does not directly solve the poverty of unpaid carers unless accompanied by care entitlements, respite, and income replacement.

Britain effectively runs on unpaid care and then penalises those providing it through low benefits, limited services, and weak labour market flexibility. Nothing is suggested to address this issue.

Why it won't fix deep poverty:

Deep poverty persists because the state does not underwrite care as core infrastructure. Without that, carers remain trapped.

10) Building arrears: the energy debt explosion

Fact:

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

Policy response offered:

- Move policy costs into general taxation.
- Targeted support based on income and need.

Critique:

Arrears at this scale are not a budgeting issue.

They are a sign that pricing, housing quality, and incomes do not connect.

Data-targeting can prevent the worst hardship, but it will not unwind an arrears stock

built up by years of shocks plus structurally low incomes.

There is a need for debt resolution involving write-offs, and not just better targeting.

We also need energy efficiency investment at scale.

Why it won't fix deep poverty:

Arrears can become a permanent poverty trap unless you combine write-down or settlement mechanisms with lower ongoing bills and higher incomes.

Summary

If you strip it back, “Unsung Britain” is describing a country where:

- * Wages at the bottom are too low relative to essentials.**
- * Rent and bills extract too much of disposable income.**
- * The benefit system no longer provides a reliable income floor.**
- * Health and care failures are pushing people out of secure work and into hardship, and**
- * Market power in essentials (housing, energy, transport) is routinely used against low-income households.**

Despite this, most of the proposed responses are administrative corrections inside a model that has stopped working. They resolve nothing. The Resolution Foundation has failed to understand or address the scale of the issues it has documented. That is a serious failing on its part.