BRIEFING SOCIAL SECURITY

Tackle economic failures at root to ease pressure on Universal Credit

Blunt cuts to social security don't work — we need to tackle the root causes of need.

Hitting 80% employment would reduce Universal Credit spend by £10 billion.

Published on: 26 May 2026

Written by: Sam Tims, Isobel Richardson, Iain Porter, Katie Schmuecker, Peter Matejic

Reading time: 26 minutes

Executive summary

Life is inherently uncertain — ill health or redundancy can change your circumstances in the blink of an eye, an economic shock such as a pandemic or energy price spike can cause turmoil. We can see this playing out at the moment, with the uncertain impact on living standards from the conflicts in the Middle East. Our social security system should be there to help absorb the shock and provide support to families and the wider economy. This is why we must ensure there is a strong and sustainable safety net for everyone when they need it.

Right now we are far from this, with the basic rate of UC falling well short of what's needed to afford essentials like food and household bills. A social security system propped up by a network of food banks in every community is not an effective one. We need to move towards a system that ensures everyone can at least afford life's essentials (JRF and Trussell, 2026).

However, making progress towards a more adequate safety net is made harder by the dominant political narrative that spending on social security is spiralling. In fact, official projections from March are that spending on non-pensioner benefits as a share of our economy will remain flat at around 5% for the remainder of the parliament.

What is true is that social security spending is higher than pre-pandemic and the shape of it has changed. But the answer is not arbitrary cuts that leave people

destitute. Social security spending should always follow need, moving up and down accordingly to do its job. But it is currently carrying too much of the cost of economic failures elsewhere: worsening population health, a labour market that locks people out of good jobs — for example due to disability, ill health, a lack of childcare, or stagnant local economies - significant skills shortages, and a broken housing market. These failures add to social security need, increasing pressure on the system.

Instead, the Government should double down on tackling these underlying drivers of need at source, which would directly improve living standards and alleviate hardship, while significantly easing pressure on our social security system. For example, if the Government hit its stated target of 80% employment, our new modelling suggests that UC spending would be around £10 billion (12%) lower in 2029/30, with around half a million (8%) fewer households receiving it.

This approach to policy — of addressing the underlying economic failures that drive social security need — stands in opposition to the misguided focus on cutting benefit rates and restricting eligibility. In fact, evidence from the last decade shows that simply cutting support is ineffective or even counterproductive, worsening future employment prospects and shifting costs elsewhere. For example, sharp cuts to health-related support in UC in 2017 led to increased hardship and worsening health, with no improvement in employment outcomes.

Despite this poor record, the argument for more cuts is often wrapped in the language of work incentives. The reality is that a stronger minimum wage, the removal of cliff edges when UC was introduced, and the fact that the current basic

rate of benefit is around its lowest ever as a proportion of average earnings, means that theoretical financial work incentives are at the strongest in recent history. Movement into work, however, remains far too low, with increased hunger and hardship the primary outcome.

We have to move away from this failed approach. The Government should focus on improving the factors that really matter for our economy, that improve economic security. Addressing these underlying drivers of people's need will also relieve pressure on our safety net, allowing it to be strengthened and allowing space to build a more effective social security system than the one we have today.

The public would support this new approach. Polling shows that, if the Government had an aim of reducing social security spend, 59% of the public would most support doing so by tackling the underlying causes of people's need to claim benefits. This compares to 20% preferring to restrict benefit eligibility, and 8% preferring to cut benefit rates.

1. Introduction

Tackling the root causes of economic insecurity, like too few decent jobs, worsening public health, and soaring rents, would significantly ease pressure on our income safety net, which is carrying too much of the cost of economic failures elsewhere. Yet the dominant political narrative, which incorrectly states that benefit spend is spiralling, demands blunt cuts to support, despite evidence showing these to be counterproductive.

Instead, we must focus on the root causes of economic insecurity that drive social security need — for example, hitting 80% employment would reduce Universal Credit (UC) spending by an eighth (£10 billion), while improving living standards and alleviating hardship.

2. Poor economic outcomes place pressure on social security

Everyone's circumstances can change. Losing your job, needing to care for a sick family member, breaking up with your partner — these are setbacks that can happen to any of us. Recent events like the pandemic and cost of living crisis show economy-wide shocks can suddenly happen. That is why we need a strong and sustainable safety net. But right now we are far from this, with the basic rate of UC falling well short of what's needed to afford essentials like food and household bills. We need to move towards a system that ensures everyone can at least afford life's essentials (JRF and Trussell, 2026).

However, all too often, these setbacks have common threads — of poor experiences in health and housing, education and skills, and the strength and inclusivity of the labour market. Tackling these problems at root would directly improve living standards and alleviate hardship. Social security should respond to need, with spending moving up and down accordingly, but its job is made harder because it is carrying the cost of these broader economic failures. When these root problems are not addressed and allowed to worsen, the underlying need for social security increases and the system is placed under strain. For example:

- Weak local economies mean there are not enough decent jobs in many areas of the country, so employment and earnings are suppressed, resulting in

higher levels of need for UC. This existing inequality in the labour market might deepen as technological change accelerates.

- Jobs that are not flexible or adaptable enough, or inadequate occupational health or childcare support, mean more people are forced to leave work or earn less if they become ill or need to care for someone. Similarly, disabled people have fewer suitable opportunities for work and on average earn less than they otherwise could. These again result in higher levels of need for UC.
- People not receiving the education, training and employment support they need to fulfil their potential means fewer people able to access good jobs or earn higher wages.
- Poor population health negatively affects people's ability to access and sustain good jobs, putting more pressure on UC in the same way as above. It also means more people needing to claim benefits directly intended to support additional health-related needs, such as UC's health element (UC-Health) and Personal Independence Payment (PIP or the Scottish disability payments), putting even more strain on the system.
- A lack of social housing twinned with an expensive private rental market means there is greater need for support with housing costs than if people could access more affordable housing.

That is the position the Government finds itself in, with the social security system enduring elevated pressure. Sustainably easing that pressure requires ministers to improve what the economy delivers for everyone. This approach, alongside efforts to improve the adequacy of the income safety net, is the way the Government can

make progress on social security. Later in this briefing, we explore the sizeable pressure on social security that could be relieved if the Government achieved its 80% employment target.

This is also an approach that would be supported by the public.[1] When asked for their preferred approach if the Government had an aim of reducing social security spending, 59% of the public would most support reducing it in the longer term by tackling the underlying causes of people's need to claim benefits. This compares to 20% who would most support reducing spending quickly by restricting benefit rules so fewer people can claim them, and 8% who would most support reducing it quickly by cutting the amount of money people receive when they need to claim.

Support for tackling the underlying causes remains the most popular approach for voters across the political spectrum. Around 70% of people who voted Labour, Liberal Democrat or Green in the 2024 general election most supported this approach, as did around 50% of people who voted Conservative or Reform.

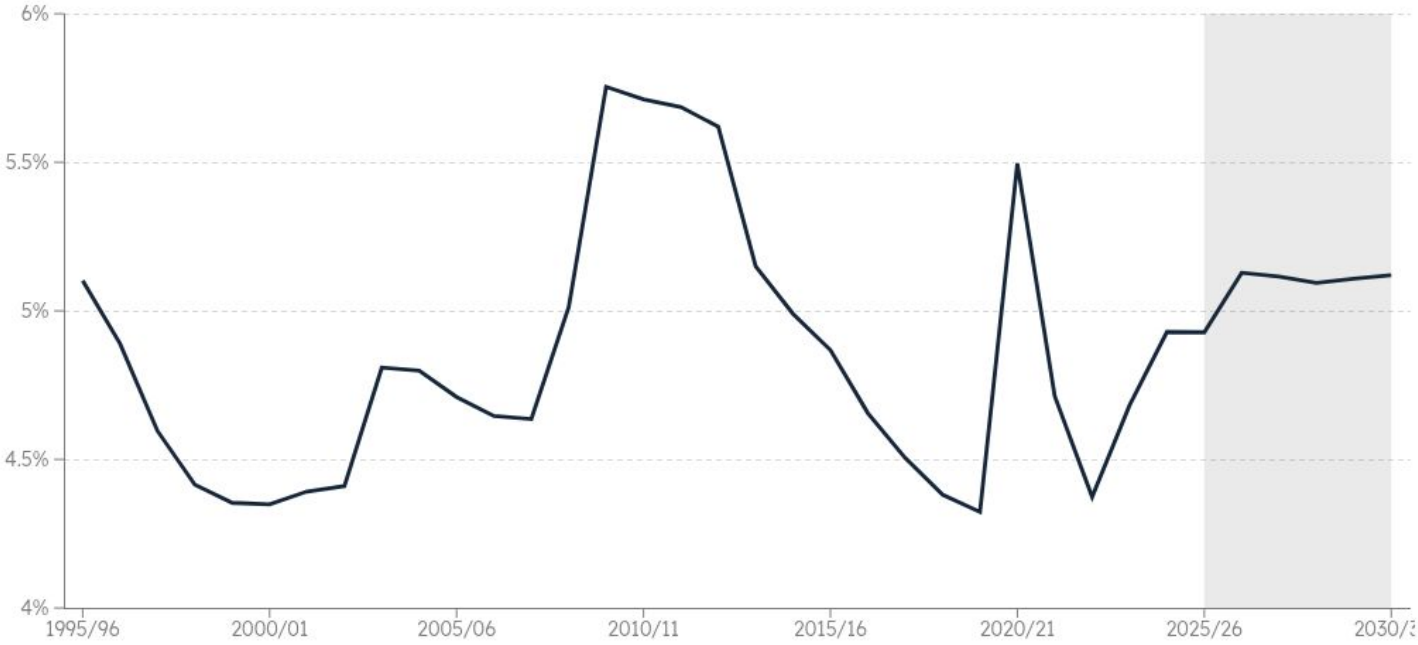
3. Social security is under pressure, but costs are not spiralling

Strengthening social security by making it more adequate when people need it is made harder by the dominant political narrative that spending on social security is spiralling out of control. However, this narrative is inaccurate.

As Figure 1 shows, spending on non-pensioner social security rests at around 5% of gross domestic product (GDP), which is higher than pre-pandemic, but estimates from the Spring Statement project it will remain around that level for the rest of the parliament. It is within the range of 4.25% to 5.75% of GDP that non-pensioner benefit expenditure has fluctuated between over the last 30 years.

Some caution should be taken when making historical comparisons of social security spend — the structure and adequacy of support has changed substantially, while a rising State Pension age means the definition of working age has altered over time. These projections were also made prior to the conflict in Iran and surrounding countries. If this worsens the short-term economic outlook, for example with unemployment increasing, social security spend will increase to support impacted families until the economy recovers.

Figure 1: Spring Statement projections show spending remaining flat as a share of GDP
Spend on non-pensioner social security as a percentage of GDP, by financial year



Source: DWP, Caseload and Expenditure Table Spring 2026; Scottish Fiscal Commission, various Economic and Fiscal Forecasts
Note: Data is available back to 1978/79. See page 121 of UK Poverty 2026 for a full time series. The shaded region contains the projections from the Spring Statement

It is right that social security is there to support people when they're out of work, caring for others, in low-paid work, or struggling with high housing costs. But when those experiences become more common, because the drivers of them are not sufficiently addressed by government policy, then pressure on the system grows.

That pressure is causing the shape of spending to change. Spending on disability benefits intended to help with extra costs associated with being disabled (such as

PIP) started growing from 2010, mirroring the growing prevalence of reported disability in the population over this period (IFS, 2025a).

Disability benefit spending then accelerated after the pandemic (from 0.7% of GDP in 2019/20 to 1.1% in 2025/26), although this growth has slowed over the last 18 months (Tims, 2025). The need for UC-Health also grew following the pandemic, though to a lesser extent than disability benefits.

A combination of factors sit behind this change, including worsening population health and rising rates of disability (DHSC, 2026), an aging population and rising state pension age, the roll out of UC (DWP, 2025a), and the income shocks of the pandemic and cost of living crisis combining with the UK's particularly inadequate basic safety net (IFS, 2025b).

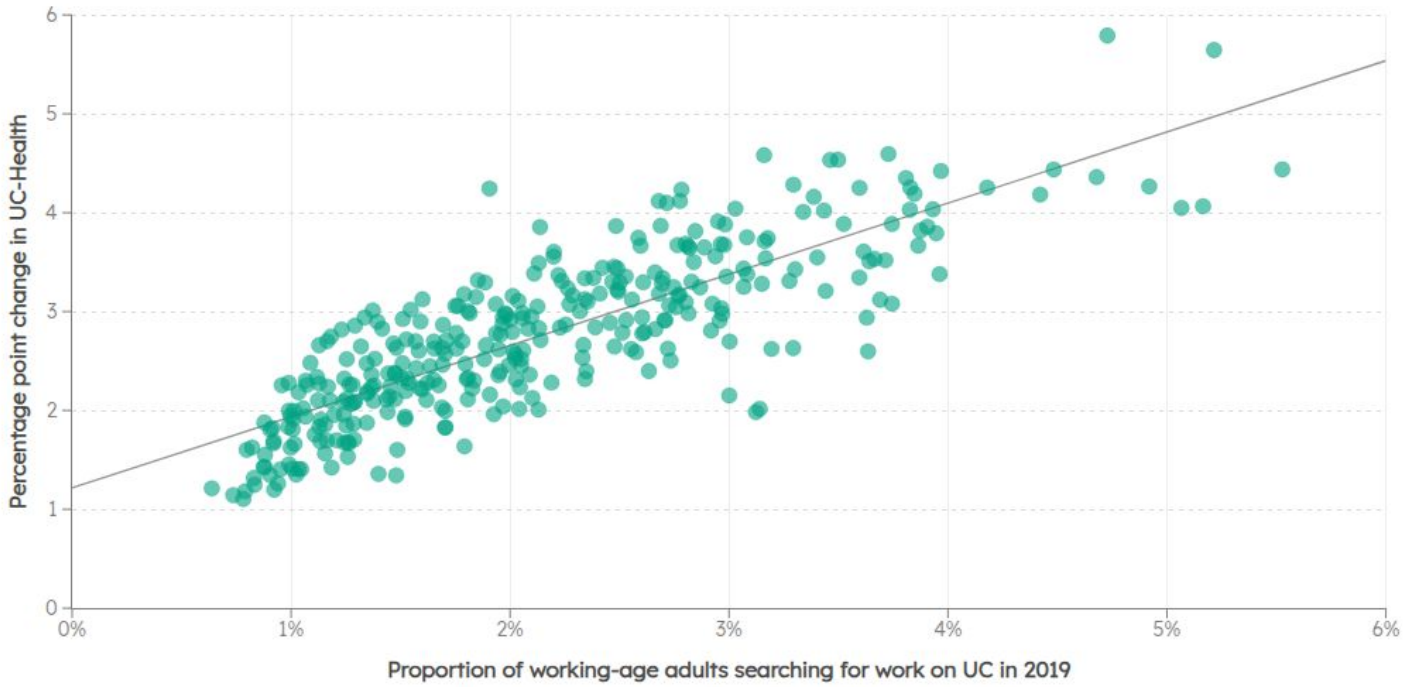
Some of the drivers of this pressure are more engrained. A continued lack of jobs in some parts of the country — particularly post-industrial and coastal areas — sustains the elevated need for social security. In what the Department for Work and Pensions (DWP) terms 'urban industrial legacy' areas there is 1 vacancy for every 16 people receiving unemployment or incapacity benefits (JRF, 2025). This greater competition for jobs — where labour supply exceeds labour demand — is correlated with the growing need for health-related benefits since the pandemic (Figure 2).

This echoes findings from the end of the last century, where deindustrialisation and community-wide loss was found to precede increased need for incapacity benefits when people with health conditions in weak labour markets are unable to find work (Beatty and Fothergill, 2023). Most recently, the lack of jobs has seen unemployment

ticking up, although this has not yet translated into an increased number of jobseekers claiming Universal Credit (OBR, 2026).

Figure 2: Weak labour markets have seen the largest rise in UC-Health since the pandemic

Proportion of the working-age population searching for work on Universal Credit (UC) in November 2019 compared to the rise in UC-Health as a share of working-age population between November 2019 and 2024, by English and Welsh local authority



Source: DWP, Stat-Xplore; ONS, Mid-Year Population Estimates England and Wales 2023.
Note: References to UC searching for work and UC-Health include predecessor benefits.

The share of social security spending going to help people cover their rent has also increased significantly over time. Most of this rise mirrored the expansion of the expensive private rental sector and rising real-terms rents from the late 1990s into the 2010s. Between 2019/20 and 2025/26, across all age groups, spending on housing-related benefits increased by 19% (£6.1 billion) in real-terms (DWP, 2026).

Focusing policy on growing the demand for labour, making jobs accessible and supporting people to move into them, more affordable rents and better population health, would tackle the root causes of pressure on the social security system.

4. Cuts create impossible trade-offs, not genuine choices

The dominant political narrative of spiralling social security spending has helped justify policymakers' pursuit of a misguided remedy of cutting rates and restricting eligibility. Proponents argue that alongside reducing expenditure, the incentive for someone to find or take on more work will increase. Evidence in favour of this view is at best weak (Cook, 2025), definitely outdated — the primary elasticities used in government labour supply modelling are almost 2 decades old and based on the structure and adequacy of benefits before significant cuts and the introduction of UC (IFS, 2013) — and entirely misses the scarring effects of poverty.

Analysis from the Government and Office for Budget Responsibility (OBR) shows cuts do little to increase employment. The recent deep cut to UC-Health for most new recipients is expected to affect 750,000 families by the end of the parliament (DWP, 2025b). Yet the OBR estimates that by itself, the cut will increase labour supply by just 26,000 in 2029/30[2], around 3% of those impacted (OBR, 2025). Most people will simply be worse off compared to existing claimants that passed the same assessment and that have the same barriers to work.

Indeed, similar cuts a decade ago led to increased hardship and worsening health, with no improvement in employment outcomes. From April 2017, Employment and Support Allowance (ESA) — the predecessor to UC-Health — was cut by £29 a week

for new claimants in the 'Work-Related Activity Group'. A recent evaluation found that this had no statistically significant effect on transitions into or out of employment for people with long-term health conditions (Barr et al., 2025). But there was a 5 percentage-point increase in severe poverty and 14 percentage-point increase in poor mental health among people in this group leaving employment.

Another cut to benefits also introduced in April 2017 was the 'two-child limit', whereby families were restricted to receiving UC's child element or child tax credit for a maximum of 2 children born after this date. Again, a recent quantitative analysis found no evidence that the two-child limit has increased employment rates (Stewart et al., 2025). Meanwhile, qualitative longitudinal evidence from the same study found the policy to have increased financial strain and harmed mental health, which could have pushed some parents further away from the labour market.

A final example comes from the DWP's own evaluation of the lowering of the household benefit cap in 2016. From 2013, the benefit cap put a limit of £26,000 a year on the total amount across all benefits (with some exceptions) that a household could claim. From 2016, the cap was lowered to £23,000 within Greater London and £20,000 everywhere else. DWP's evaluation found that for every 100 households affected by the lower benefit cap, 23 moved into work, of which 18 would have moved into work anyway in the absence of the cap. This suggests that affected households were 5 percentage points more likely to move into work as a result of the benefit cap.

The evaluation also found that affected households were 3 percentage points more likely to move onto a benefit that provides an exemption from the benefit cap, and 2 percentage points more likely to move house (DWP, 2023a). However, this means that around 90% of households affected by the benefit cap did not respond by moving into work, onto an exempting benefit, or moving house.

This small employment effect comes at the expense of damaging impacts - especially cutting back on spending on essentials and children, health impacts and getting into arrears (DWP, 2023b) — for a far greater number of households who are hit by the cap but do not see improved employment outcomes (likely because they face significant barriers to work).

Extensions to conditionality under the roll out of Universal Credit (Dwyer, 2018) also failed to materially increase engagement with the labour market. Similarly, the increasing role of sanctions and job search obligations have made the UK's social security conditionality the second harshest in the OECD (NEF, 2026). All too often this has trapped people in a cycle of short-term, poorly-paid work that quickly falls away, ensuring their sustained need for the income safety net (Wright and Dwyer, 2020).

Policy makers need to learn the lessons of past reforms. This includes in Scotland, where more adequate support for children has not reduced the number of parents wanting to work (IFS, 2025c). If all that was necessary to improve outcomes and reduce the need for benefits was to improve financial work incentives, we'd have a world leading social security system under less strain than ever before.

Between a strengthened minimum wage, the removal of cliff edges when UC was introduced, a harsher application of conditionality, and a weakened basic level of out-of-work support, so-called incentives are at their strongest point in recent history. If cuts materially increased employment, we'd have just about the highest working-age employment rate in the OECD. That is not the case.

Instead, what benefit cuts have done is shift a collective burden onto individual families that have the weakest opportunity for economic security, leading to hardship. This in turn has shifted spending onto schools and GPs (JRF, 2024a) as well as local authorities (Trussell, 2025). The significant reduction (13%) in real-terms social security income for the poorest quarter of households (Resolution Foundation, 2026a) has deepened poverty and worsened the future employment prospects of both adults and children (Trussell, 2025).

Factor in the prevalence of insecure work, lack of affordable childcare, cost of transport, and rates of ill health, and it soon becomes clear that simply cutting benefits will not support people to find secure employment. Instead, it is only by addressing the drivers of need that the Government can give people genuine opportunities that can enable them to escape poverty towards economic security.

5. Hit Government's employment target to significantly reduce pressure on social security

Alongside investing in the adequacy of benefits — to significantly reduce the prevalence of hunger and hardship — policy should be geared towards addressing the drivers of economic insecurity, which would also reduce social security need. These are the products of economic failures that result in too few opportunities for low-income families to make ends meet, like the weakness and lack of inclusivity in local labour markets.

Hitting an 80% employment rate could reduce UC spend by an eighth

An improved economic outlook, with better-quality jobs and more people able to find work, would ease pressure on the social security system. Comparing economic scenarios from the beginning of the year (JRF, 2026), an upside growth scenario would see almost 100,000 fewer households receiving UC because of increased income from work (Table 1). Spending on social security would reduce by £1.2 billion, while tax receipts would be £18 billion higher than in the central projection. These estimates compare economic scenarios prior to the conflict in Iran.

Table 1: Hitting an 80% employment rate could reduce UC spend by an eighth: number of benefit units receiving UC and annual tax receipts and UC expenditure in 2029/30, by economic scenario

Scenario	Total households receiving UC	Households receiving UC (in work)	Households receiving UC (health element)	Annual UC Spend
Central	6.63 million	2.85 million	2.85 million	£83.6 billion
Downside	6.71 million	2.88 million	2.89 million	£84.7 billion
Upside	6.54 million	2.81 million	2.81 million	£82.3 billion
Upside with 80% employment	6.00 million	2.82 million	2.49 million	£72.7 billion

Source: JRF analysis of Department for Work and Pensions, 2021-24 Family Resources Survey using v02_90 of the Institute for Public Policy Research (IPPR) Tax Benefit Microsimulation model. Projections estimated using data from OBR, November 2025 Economic and Fiscal Outlook; Bank of England, November 2025 Monetary Policy Committee; HM Treasury, Forecasts for the UK economy: December

2025.

Note: The upside scenario is consistent with stronger growth for living standards and the economy. The downside scenario represents weaker growth than in central. The in-work and health element categories are not mutually exclusive. Estimates are the result of modelling and will differ to administrative data on tax and UC.

The Government's stated ambition is for an 80% employment rate among 16-64 year-olds. If it can create the conditions for decent jobs in weaker local labour markets and provide parents, carers, and disabled people with greater job opportunities they can fit around health and caring needs, this would have a material impact on social security spending. With 83% of working-age adults in work or wanting to work, increased demand could be matched by supply.[3]

At this level, our working-age employment rate would be among the highest in the OECD and is sometimes referred to as a threshold for full employment (DWP, 2009). Within this definition, structural unemployment and inactivity would be minimised. During the post-war settlement, full employment was considered a key input for a strong and sustainable welfare state (IPPR, 2013).

An economic model that delivers an 80% working-age employment rate would significantly reduce pressure on social security. Compared to our upside scenario, we would expect UC spend to reduce by around £10 billion (12%) in 2029/30. UC caseloads would also reduce, with half a million fewer families receiving the benefit. In this scenario, we would also expect a £64 billion increase in the tax take. There

would also likely be costs associated with measures needed to boost employment. It should be noted that our modelling represents just 1 way in which an 80% employment rate could be achieved.

We also estimate that 300,000 fewer households would receive UC-health. This is the result of more people with a work-limiting health condition having earnings high enough to taper their UC entirely, rather than any changes in their health. Indeed, our modelling does not consider the medium- to long-term benefits to public health of a stronger economy, and thus does not consider how the need for health-related benefits might reduce. In this regard our results could be taken as an underestimate for the positive outcomes of achieving an 80% employment level.

Who should benefit from more jobs

It is the job of an active state to prioritise the places and people that will benefit most from intervention. If, for example, the majority of job creation occurred in areas of the country that already have stronger labour markets, the strain on social security may not reduce by as much. Policy should seek to address such labour-market inequalities. In England, for example, coastal and ex-industrial towns would be a sensible place to target policy efforts that seek to reduce the need for social security.

Policymakers can also think about which groups of people are typically marginalised from the labour market, for example people with a health condition that may limit their ability to work (JRF, 2024b), caring responsibilities that constrain their options (JRF, 2024c), or age groups with lower employment rates, such as young people and

the over 50s (IFS, 2024). There is of course overlap between some of these groups.

As set out in Table 2, only 71.8% of those aged 50–64 are in work. For young people, 60.2% are in employment and while many are in education, the unemployment rate sits at 14.0%. More broadly, almost a million young people are not in employment, education, or training (NEET), with almost two-thirds of this group receiving social security (Resolution Foundation, 2026b).

The NEET rate for under 21s has increased from 8.5% in 2019 to 9.4% now. For adults aged 22–24 the rise has been double that, from 14.3% to 16.5%. Creating the conditions for more young people to work (or take on training or return to education) will reduce the need for social security now and in the future, with significant scarring effects associated with youth worklessness on health and employment prospects.

Table 2: Employment is below 2019 levels but higher than before the financial crash: technical title: Employment and inactivity rate in quarter 4 of 2007, 2019, and 2025, by age group

Age group	2007 Employed	2007 Unemployed	2019 Employed	2019 Unemployed	2025 Employed	2025 Unemplo
16 - 64	72.9%	5.2%	76.4%	3.8%	75.0%	5.3%

Age group	2007 Employed	2007 Unemployed	2019 Employed	2019 Unemployed	2025 Employed	2025 Unemplo
18 - 24	64.6%	11.9%	63.0%	9.8%	60.2%	14.0%
25 - 34	80.4%	4.5%	84.9%	3.1%	84.0%	4.7%
35 - 49	82.4%	3.5%	85.7%	2.4%	85.1%	3.2%
50 - 64	65.5%	3.0%	72.8%	2.7%	71.8%	3.3%
65+	7.0%	1.3%	10.9%	2.5%	13.0%	3.1%

Source: ONS, Labour Force Survey.

Note: Unemployment is a percentage of the participation level which excludes economically inactive people.

Similarly, just 52.8% of disabled people are in paid work, while an unemployment rate of 9.2% is more than twice that of non-disabled people (Work Foundation, 2026). To make progress here will require a more inclusive labour market, with better experiences of work for people with a disability or health condition, including in-work support and employer incentives where appropriate (JRF, 2024b). Such

improvements are the focus of the Mayfield review (DWP, 2025c). However, more ambitious policy in this area could shift the dial even further. This requires addressing the significant competition for roles with disability confident employers that is starkest in more deprived parts of the country (JRF, 2025).

Overall, actions are needed on an improved industrial strategy (particularly at a time of likely upcoming further job disruption due to technological change), local economic strategies, employment support, training and employer incentives / job design, which are all necessary in themselves but will also reduce pressure on social security.

Considerations for an 80% trajectory

There are good ways for governments to raise employment — trajectories that take time to achieve their objective, balancing an expanding labour force with inflation and productivity trade-offs.

There are also less-good approaches that can play macroeconomic trade-offs against each other or push downwards on job quality for people more exposed to the insecure end of the labour market. The period following the great financial crash can be seen in this light, when employment rose from 72.9% at the end of 2007 to 76.4% in 2019 (Table 2), but productivity stagnated.

Productivity growth in the decade before the financial crisis averaged 2.1%. In the decade prior to the pandemic average growth was just 0.6% (OBR, 2025b). While the UK's workforce became, on average, better skilled and educated over that time, total

factor productivity (TFP) — how workers utilise capital — was a drag on productivity (ONS, 2025). This productivity puzzle has become a persistent hinderance on the UK economy (Williams et al., 2024).

So, at the same time that employment rose, growth in living standards fell significantly (ONS, 2026). Wage growth over the period was subdued, insecure jobs become more prevalent, and the rate of in-work poverty rose. The poor productivity trend has continued this decade, contributing to the OBR's recent downgrade of medium-run productivity growth (OBR, 2025b). If we downgrade our productivity assumption used to model an 80% scenario there is a small change in UC spend — increased by approximately £1 billion per year — but the tax take is lower by around £30 billion per year, wiping out half of the gain set out above. See the Methodology for details on the modelled scenarios.

While increasing employment is a key element towards easing pressure on the social security system, so too is the quality and productivity of the work people find (NEF, 2024).

6. Conclusion

Social security is responding to too little progress in the economy, in the everyday things that help people get on in life like a decent job, an affordable home, and good health. Social security has responded, albeit providing too little support to low-income families. But as a result, the benefits system is under increased strain.

The dominant political narrative wrongly calls for a return to the blunt cuts of the 2010s. These created real, lasting hardship rather than providing people with the opportunity to get on in life. Government must take a different path, one that tackles engrained economic failures and guarantees every family can afford the essentials, and one that most of the public would support.

By creating the conditions for more decent and inclusive jobs, and reaching 80% employment, spending on UC could reduce by an eighth (alongside a sizeable increase in taxes). Bringing housing costs down, improving public health, addressing skills gaps, and ensuring all parents have access to affordable childcare would directly improve economic security, while reducing pressure on the social security system because it would be carrying less of the cost of economic failures elsewhere.

Methodology

The tax and benefit analysis presented in this paper makes use of the Institute for Public Policy Research (IPPR) Tax and Benefit Model (TBM), version 02_90 and the 2021-24 Family Resources Survey (FRS). Together with past and projected economic data such as inflation, earnings, and housing costs, they create a representative picture of living standards in the UK.

The modelling follows the same methodology as JRF analysis from the beginning of the year. That made use of OBR Economic and Fiscal Outlook data from the 2025 Autumn Budget and contains a fuller description of the central, upside, and downside economic scenarios presented in Table 1 (JRF, 2026). The upside reverses the OBR's medium-term productivity downgrade resulting in higher real earnings. We also see employment slightly higher than in the central scenario over the forecast.

The 80% 16-64 employment-rate scenario builds on the upside scenario, hitting the employment target in 2029/30. The trajectory of other indicators of the macroeconomy are not adjusted for the increase to employment, although we offer a comparison scenario above in which real earnings grow at the same level as the central scenario, to offer an illustrative impact on tax and benefits, should the increase to employment correspond to weaker earnings growth, for example through lower productivity.

Notes

1. More in Common conducted a poll on behalf of JRF and Trussell of 4,233 adults in Great Britain (excludes Northern Ireland), with this particular question based on 2,117 respondents. This poll was conducted between 22 April and 4 May 2026. The results have been weighted according to age/sex interlocked, region, 2024 General Election vote, ethnicity and education level. More in Common is a member of the British polling council and abides by its rules.
2. Labour supply is estimated to increase by 26,000 average hours equivalent because of the cut. For employment to increase by this level, labour demand will also have to rise.
3. JRF analysis of ONS, Labour Force Survey. Estimate calculated as the sum of the employed, unemployed, and economically inactive that want a job except students, divided by the 16–64 population. This estimate of maximum labour supply has remained above 80% since 1993 when data is first available.

References

Barr, B. Song, H. Piroddi, R. McHale, P. (2025) The Health, Poverty and Employment Effects of Cutting Income Replacement Benefits for the Disabled: A difference – in – Difference Analysis of the 2016 Welfare Reforms (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5717523)

Beatty, C. Fothergill, S. (2023) The persistence of hidden unemployment among incapacity claimants in large parts of Britain (https://journals.sagepub.com/doi/full/10.1177/02690942231184815)

Cook, W. (2025) Unconditional Cash Transfers and Maternal Labour Supply: The Case of the Two Child Limit in the UK (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5163890)

Department of Health and Social Care (2026) Independent review into mental health conditions, ADHD and autism: interim report (https://assets.publishing.service.gov.uk/media/69cbdb2369dd81b3f213c660/independent-review-into-mental-health-conditions-ADHD-and-autism-interim-report.pdf)

Department for Work and Pensions (DWP) (2026) Benefit expenditure and caseload tables 2026 (https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-2026)

Department for Work and Pensions (DWP) (2025a) Decomposition of growth in the number of claimants of Universal Credit with Limited Capability for Work and Work-Related Activity, or in the Employment and Support Allowance Support Group (https://journals.sagepub.com/doi/full/10.1177/02690942231184815)

Department for Work and Pensions (DWP) (2025b) The Universal Credit Bill: Universal Credit Rebalancing (https://publications.parliament.uk/pa/bills/cbill/59-01/0267/IA0707.pdf)

Department for Work and Pensions (DWP) (2025c) Keep Britain Working: Final report (https://www.gov.uk/government/publications/keep-britain-working-review-final-report/keep-britain-working-final-report#executive-summary)

Department for Work and Pensions (DWP) (2023a) Lower benefit cap: quantitative analysis of outcomes of capped households (https://www.gov.uk/government/publications/lower-benefit-cap-quantitative-analysis-of-outcomes-of-capped-households/lower-benefit-cap-quantitative-analysis-of-outcomes-of-capped-households)

Department for Work and Pensions (DWP) (2023b) Evaluation of the lower benefit cap (https://www.gov.uk/government/publications/lower-benefit-cap-quantitative-analysis-of-outcomes-of-capped-households/evaluation-of-the-lower-benefit-cap)

Department for Work and Pensions (DWP) (2009) Building Britain's Recovery: Achieving Full Employment

(https://assets.publishing.service.gov.uk/media/5a7c959340f0b65b3de09d41/7751.pdf)

Dwyer, P. (2018) Final Findings Report: The Welfare Conditionality Project 2013-2018 (https://www.researchgate.net/publication/337825259_Final_Findings_Report_The_Welfare_Conditi 2018)

Institute for Fiscal Studies (IFS) (2025a) The role of changing health in rising health-related benefit claims (https://ifs.org.uk/publications/role-changing-health-rising-health-related-benefit-claims)

Institute for Fiscal Studies (IFS) (2025b) Do disability benefit claims rise when other benefits are cut? (https://ifs.org.uk/publications/do-disability-benefit-claims-rise-when-other-benefits-are-cut)

Institute for Fiscal Studies (IFS) (2025c) Does the Scottish Child Payment weaken work incentives? (https://ifs.org.uk/publications/does-scottish-child-payment-weaken-work-incentives)

Institute for Fiscal Studies (IFS) (2013) An ex-ante analysis of the effects of the UK Government's welfare reforms on labour supply in Wales (https://ifs.org.uk/sites/default/files/output_url_files/r75.pdf)

Institute for Fiscal Studies (IFS) (2024) The government's 80% employment rate target: lessons from history and abroad (https://ifs.org.uk/articles/governments-80-employment-rate-target-lessons-history-and-

abroad#footnote8_NM4tFTAqqLpS4wMgrue9jDbGEBGMGntOXbsEQQDug_ps1HzyaCiKFW)

Institute for Public Policy Research (IPPR) (2013) A job for everyone: what should full employment mean in 21st century Britain? (https://www.ippr.org/articles/a-job-for-everyone-what-should-full-employment-mean-in-21st-century-britain)

Joseph Rowntree Foundation (2026) This isn't what change feels like (https://www.jrf.org.uk/social-security/this-isnt-what-change-feels-like)

Joseph Rowntree Foundation (2025) Health-related benefit cuts will deliver higher poverty, not employment (https://www.jrf.org.uk/social-security/health-related-benefit-cuts-will-deliver-higher-poverty-not-employment)

Joseph Rowntree Foundation (2024a) Public services staggering under the weight of hardship as politicians urged to fix it "at source"

Joseph Rowntree Foundation (2024b) Unlocking benefits: Tackling barriers for disabled people wanting to work (https://www.jrf.org.uk/work/unlocking-benefits-tackling-barriers-for-disabled-people-wanting-to-work)

Joseph Rowntree Foundation (2024c) What pushes unpaid carers into poverty? (https://www.jrf.org.uk/care/what-pushes-unpaid-carers-into-poverty)

Joseph Rowntree Foundation and Trussell (2026) Guarantee our Essentials: reforming Universal Credit to ensure we can all afford the essentials in hard times

(https://www.jrf.org.uk/social-security/guarantee-our-essentials-reforming-universal-credit-to-ensure-we-can-all-afford-the)

New Economics Foundation (2026) Pushed into the wrong job? Assessing the link between conditionality and poor quality employment (https://neweconomics.org/2026/02/pushed-into-the-wrong-job)

New Economics Foundation (2024) Helping people into good jobs rather than just any job could save the government billions (https://neweconomics.org/2024/04/helping-people-into-good-jobs-rather-than-just-any-job-could-save-the-government-billions)

Office for Budget Responsibility (OBR) (2026) Economic and fiscal outlook – March 2026 (https://obr.uk/efo/economic-and-fiscal-outlook-march-2026/)

Office for Budget Responsibility (OBR) (2025a) Economic and fiscal outlook – November 2025 (https://obr.uk/docs/dlm_uploads/OBR_Economic_and_fiscal_outlook_November_2025.pdf)

Office for Budget Responsibility (OBR) (2025b) Briefing paper No. 9: Forecasting productivity (https://obr.uk/docs/dlm_uploads/Briefing_paper_No.9_Forecasting_productivity.pdf)

Office for National Statistics (2024) Annual multi-factor productivity, market sector, UK: October to December 2024 (https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/bulletins/

Office for National Statistics (ONS) (2026) Households: Real disposable Income, per head: Chained volume measure (https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/crxx/ukea)

Resolution Foundation (2026a) Unsung Britain: A portrait of the country's poorer half (https://www.resolutionfoundation.org/app/uploads/2026/02/Unsung-Britain-book.pdf)

Resolution Foundation (2026b) Lost in transition: An examination of why the UK NEET rate is high and rising (https://www.resolutionfoundation.org/app/uploads/2026/04/Lost-in-transition.pdf)

Stewart, K. Andersen, K. Patrick, R. Reader, M. Reeves, A. (2025) Does reducing child benefits mean parents work more? A mixed-methods study of the labor market effects of the United Kingdom's "two-child limit" (https://researchonline.lse.ac.uk/id/eprint/125878/)

Tims, S. (2025) New PIP claims continue to fall but remain higher than pre-pandemic (https://bsky.app/profile/sam-tims.bsky.social/post/3ma3upjdwok2j)

Trussell (2025) The cost of hunger and hardship (https://www.trussell.org.uk/news-and-research/publications/report/cost-of-hunger-and-hardship-final-report)

Williams, S. Glass, A. Matos, M. Elder, T. Arnett, D. (2024) The UK Productivity Puzzle: A Survey of the Literature and Expert Views (https://www.tandfonline.com/doi/full/10.1080/13571516.2024.2367818) (https://www.tandfonline.com/doi/full/10.1080/13571516.2024.2367818)

Work Foundation (2026) Latest labour market figures show disabled people hardest hit by weakening jobs market (https://www.lancaster.ac.uk/work-foundation/news/disabled-people-hardest-hit-by-weakening-jobs-market)

Wright, S. Dwyer, P. (2020) In-work Universal Credit: Claimant Experiences of Conditionality Mismatches and Counterproductive Benefit Sanctions (https://www.cambridge.org/core/journals/journal-of-social-policy/article/inwork-universal-credit-claimant-experiences-of-conditionality-mismatches-and-counterproductive-benefit-sanctions/82C05CC442F9EBA049E99E0523A9C3F0)

How to cite this briefing

If you are using this document in your own writing, our preferred citation is:

Tims, S. Richardson, I. Porter, I. Schmuecker, K. Matejic, P. (2026) Tackle economic failures at root to ease pressure on Universal Credit. York: Joseph Rowntree Foundation.