

EMBARGOED 00:01 MONDAY 28 FEBRUARY

'LOST DECADE' FOR LIVING STANDARDS

Average pay set to be no higher in 2015 than 2003

New analysis today reveals that Britain risks a lost decade for living standards, with average pay set to be no higher in 2015 than it was in 2003, after taking account of inflation. The figures, released by the independent think tank the Resolution Foundation, are based on official Government data, and show the full scale of the challenge now facing Britain's workers.

The news comes as a major investigation is launched into living standards, amidst growing concern that the pressures now facing people on low-to-middle incomes aren't just the result of the recent recession, but stem from deeper problems in the British economy. The 'Commission on Living Standards' will look at how these long-term economic trends, from wages to working patterns, are changing the reality of life on a low-to-middle income.

Official figures show that wages had already stopped growing as far back as 2003, when the economy was still experiencing strong growth. And other long-term trends are also hitting low-to-middle earners hard. Home-ownership is slipping out of reach – with 41% of young low-to-middle earners now in privately rented accommodation compared to 14% in 1988 – and a shifting jobs market means that mid-level jobs are increasingly scarce.

The Commission will be chaired by Clive Cowdery, chairman of the Resolution Foundation. Its members include major private and public sector employers, leading economists, experts in public opinion, and representatives of parent networks. The Commission will also consult directly with people on low-to-middle incomes.

Clive Cowdery, Chair of the Commission said

‘People on low-to-middle incomes are a third of the working population and play a critical role in our economy. It’s now increasingly clear that the pressures they face – from flat wages to rising prices – stem from longer term trends than the recent recession. The Commission we are launching today will examine these trends and how best to respond.’

Notes to editors

Commission Members:

Clive Cowdery, Chairman, Resolution Foundation (*Commission Chair*)

Phil Bentley, Managing Director, British Gas

Sir Win Bischoff, Chairman, Lloyds Banking Group

Mike Brewer, Deputy Director, Institute for Fiscal Studies; from April 2011, Professor, Institute for Social and Economic Research, University of Essex

Dr. Chris Gibson-Smith, Non-executive Chairman, British Land

Gaby Hinsliff, author and former Political Editor, The Observer

Paul Johnson, Director, Institute for Fiscal Studies

Gavin Kelly, Chief Executive, Resolution Foundation

Professor Stephen Machin, Research Director, Centre for Economic Performance, London School of Economics

Julie Moore, Chief Executive, University Hospitals Birmingham

Chris Nicholson, Director and Chief Executive, Centre Forum

Frances O’Grady, Deputy General Secretary, TUC

Ben Page, Chief Executive, Ipsos MORI

Sally Russell, Director, Netmums

1. Wage analysis is based on data from the Office for Budget Responsibility and the Office for National Statistics. After controlling for inflation (in constant 2010 prices), median wages of full-time employees were £25,570 in 2003 and will be £25,559 in 2015.
2. The Commission on Living Standards will be launched at 11am on February 28 at Sixty One Whitehall. Journalists must register in advance at external.affairs@resolutionfoundation.org The Commission will meet for the first time in spring 2011 and will carry out its work through a series of meetings, events and online discussions, concluding in summer 2012. James Plunkett of the Resolution Foundation will be Secretary to the Commission.
3. The Resolution Foundation defines low-to-middle earners as people living in households below median earnings, but who are neither the poorest nor heavily dependent on benefits. This covers 11 million adults in 6 million households – earning between £12,000 and £30,000 for a couple with no children, and up to £48,000 for a couple with 3 children.
4. More information on the work of the Resolution Foundation and the new Commission on Living Standards can be found at www.resolutionfoundation.org

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