

Understatement of the year

Putting the 2026 Spring Forecast in context

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Summary

The big idea running up to the Chancellor's Spring Forecast was to make this a non-event. Indeed, she even strove to avoid badging it as a 'statement' at all, instead hoping to pass it off as little more than an acknowledgement of the Office for Budget Responsibility's (OBR's) updated assessment of the economy and public finances. Given heightened policy uncertainty so far this Parliament, there are potential economic as well as political benefits to such a strategy. Investors and voters alike might be impressed if things were finally moving along so steadily that she could keep her hand away from the tiller and simply press on with her pre-established "right plan for Britain". Unfortunately, even before the ink had dried on those OBR forecasts, war was spreading like wildfire through the Middle East, rendering all the numbers out of date.

Even before the fighting started – a fortnight after the main forecasts were settled, and a few days before the Chancellor spoke – there had been some worrying signs for the economy. Growth had once again disappointed at the end of last year, and unemployment had come in higher than forecast.

None of this, however, turned out to jeopardise the chances of hitting the fiscal rules. For one thing, the OBR assumes that weaker growth in 2026 will be followed by a slightly accelerated period of catch-up later. But there are also other forces running the Exchequer's way. In line with trends in financial markets before the new Middle East crisis, the OBR was assuming cheaper borrowing costs than it did in November, with a drop of 0.3 percentage points in 10-year government bond yields. Most handily of all, the OBR expects recent strong receipts from Self-Assessment to be repeated and has revised up Capital Gains Tax receipts largely thanks to higher equity prices.

Putting everything together, if the Government had truly 'done nothing', projected net borrowing would actually have improved by £10.2 billion in 2029-30. In practice, a run of minor adjustments and U-turns, such as concessions on Inheritance Tax for farmers, together with a substantial new £4.1 billion allocation for special educational needs provision by 2029-30 have exhausted just over half of this (£5.7 billion). Although the Chancellor remains on course to pass her binding fiscal rule (on a different borrowing measure) by a fractionally increased margin of £23.6 billion, she has spent most of the good luck she has had. And with global security and the world's energy markets in tumult, there has to be a danger that her luck could run out.

Even before the bombs began to rain down on Iran, uncertainty was rife. The path of net migration is a huge uncertainty, with data only emerging in the rear-view mirror and forward-looking estimates varying wildly. The OBR confirmed it has been falling fast, and if that continues the Exchequer will pay a price. There are continuing risks on the policy

front as well. The Chancellor's arithmetic relies on some large tax rises announced in previous Budgets and due to come in just before the election. Lurking in the background, and far weightier than all the other pressures, is the Prime Minister's tentative suggestion of rapidly ratcheting up defence, towards 3 per cent of GDP by the end of the Parliament. Imagine that this were done, at the same time as education spend per pupil were stabilised, and with health continuing to grow at the 2.6 per cent provided for in the current Spending Review. In this scenario, merely keeping per-person spend flat in 2028-29 for all other services would require finding an extra £13 billion for day-to-day public service spending.

What about families? The OBR highlights pretty meagre forecasts for average incomes over the next few years, with average annual growth of only around 0.5 per cent in 2027-28 and beyond. Our own analysis – updated to reflect the new OBR forecasts – shifts the focus to a different measure of income, measured after housing costs, which allows us to look at how living standards will evolve for working-age families in particular, and for incomes at different points on the spectrum. Here there is more variation in the story. The coming financial year will see a strong rebound on disposable incomes, and particularly at the lower end, with 480,000 children lifted out of poverty. The abolition of the two-child limit on means-tested benefit payments in April is a huge part of that. Putting pensioners to one side, middle incomes will inch up by 0.9 per cent (£300), while typical incomes in the bottom half will climb by an impressive 3.9 per cent (£800). After that, however, stagnation resumes. In the final two years of the Parliament, we project typical incomes on the same measure will fall by 0.5 per cent (£150). Meanwhile, child poverty will begin to creep up again.

But with the Saudi oil city of Dharam coming under bombardment even as the Chancellor spoke, it seemed evident that events beyond her control could yet push energy costs up – and thereby drag living standards down. The most immediately measurable economic effect of the spreading conflagration concerns borrowing costs, where rising market jitters over the last few days would be enough to (at least) wipe out the £4 billion in expected gains the Exchequer had accrued over the past few months. The potential effect on household bills and then wider inflation is slower and less certain, but ultimately of even more concern to families. The OBR had envisaged lower prices than forecast in November, with inflation reaching its 2 per cent target later this year and then remaining there. That can't be relied on while the fighting continues. It is impossible to know where gas and oil prices will settle, but if they were to remain at the highs they had reached by the time the Chancellor spoke, that would add around £500 to average energy bills and raise the inflation rate by at least 1 percentage point. There would be a particular weight on the costs of essentials which consume a higher proportion of smaller family budgets.

The war and associated energy issues are not the only uncertainty. There are also – as ever – other risks in the forecasts which could play out in other ways. In particular, if the Bank of England is right to be more bullish on the outlook for wages than the OBR then not only will the job of the Treasury get a lot easier, but families will be materially better off. This alone could mean typical families seeing living standards rise by £200 over the last two years of this Parliament rather than fall.

This is why weak growth and productivity, the ultimate drivers of sustainable wage growth, matter. Setting aside the Second World War and the depths of the pandemic, the OBR is forecasting that growth over the decade to 2028 is set to be the weakest in a century. So while near-term economic uncertainty may continue to dominate, we must not lose sight of the big living standards benefits of stronger productivity-based economic growth that would deliver higher pay rises. Against that backdrop, the Chancellor could usefully have spelled out explicitly the moves she promised on growth-boosting measures around trade, innovation and regional growth. Leaving them for another day, purely for the sake of keeping this as a 'non-event', squanders a little time, but more fundamentally risks a disconnect between fiscal and broader economic policy, and increases the risk of obscuring any public expenditure costs that are involved.

While there is a certain stabilising attraction to aiming towards a single fiscal event each year, that argument falls away if this ends up being achieved by a plethora of mini fiscal moves. The Chancellor's promise of a fresh package on youth inactivity in the very near future is a welcome response to a building social emergency. But failure to spell this out on the day merely confirms that, if this was indeed a 'non-event', it was so only because its substantive content was shuffled to the weeks before and those that will soon follow.

The Chancellor's pitch was that she had the best plan for Britain. Her fate, however, was to speak in times which prove just how easily the best-laid plans can go awry.

The Spring Forecast was a deliberate ‘non-event’ – but there is no hiding from events in the wider world

What a difference a year makes. At the Spring Statement last year, higher interest rates and lower growth led to a sharp deterioration in the public finances prompting rushed cuts to benefit spending before eventual U-turns. The scars from that experience sharpened the desire to make this year’s Spring Forecast a boring non-event. Marks of success therefore included virtually no speculation in the lead-up and no new policy on the day.

But the Chancellor was fated to give the statement in times that prove how the best-laid plans often go awry. By the time she took to her feet in the Commons on Tuesday, conflict was rapidly spreading across the Middle East, and global financial and particularly energy markets were becoming anxious. Consequently, the new forecasts she was commenting on – a blend of mostly disappointing news on the economy, and relatively encouraging news on the fiscal balance – were already out of date.

In this paper, we consider the OBR’s latest forecasts concerning the evolution of the economy, and what those forecasts implied for the Exchequer and for families. Throughout, our interpretation is coloured by the international risks that could affect the trajectory. We will also consider policy, highlighting how the Chancellor has already ‘spent’ about half of the fiscal luck she had enjoyed (notably from unexpectedly buoyant tax receipts) before the renewed trouble in energy markets which could potentially see all luck run out.

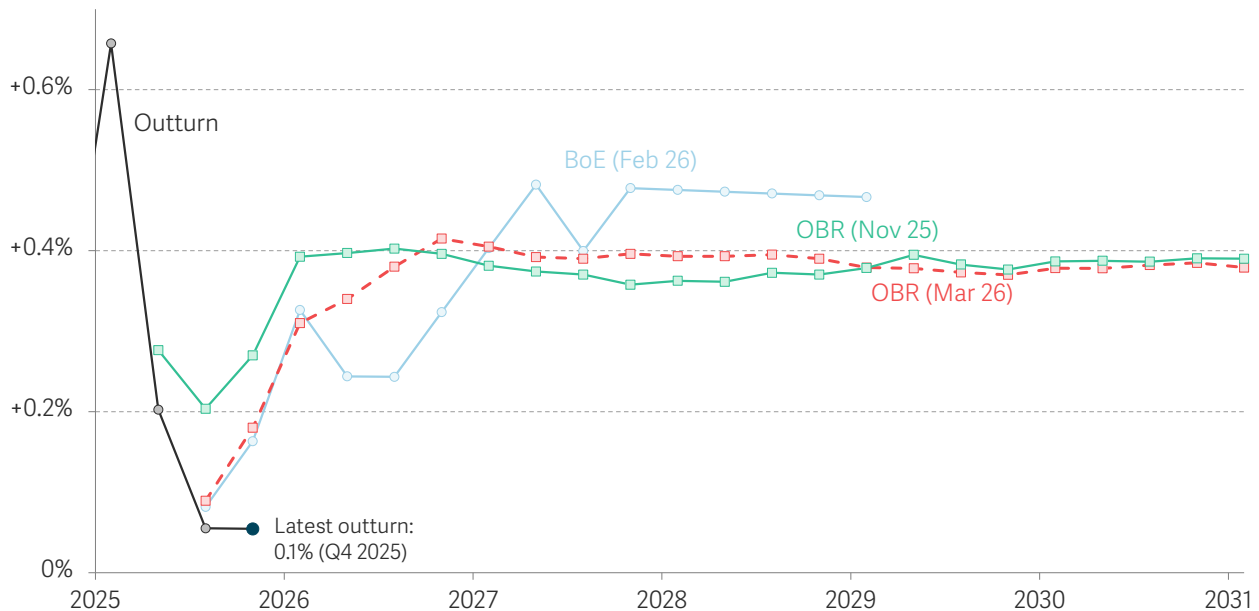
The medium-term economic outlook was relatively unchanged, but risks are tilted to the downside

The outlook for growth in 2026 has deteriorated since November, following a disappointing end to 2025 (Figure 1). Growth this year is now expected to be just 1.1 per cent, 0.3 percentage points lower than at the Autumn Budget. The OBR attributes the downgrade to cyclical factors related to a loosening labour market and weak consumption, and maintains that growth will recover to its November trajectory by Q3 2026.

However, data released since the OBR finalised its forecast suggests that the starting point for growth may be even weaker than expected. Output rose by just 0.1 per cent in Q4 2025, undershooting the OBR’s forecast and indicating weaker momentum heading into this year (see the end of the black line in Figure 1). That said, there has been some better news on private sector activity: the Purchasing Managers Index rose sharply in January and February, reaching its strongest levels since April 2024.

FIGURE 1: The OBR has significantly downgraded its forecast of economic growth in the near term

Quarterly growth in real GDP (chained volume measure), outturn and Bank of England and OBR forecasts: UK



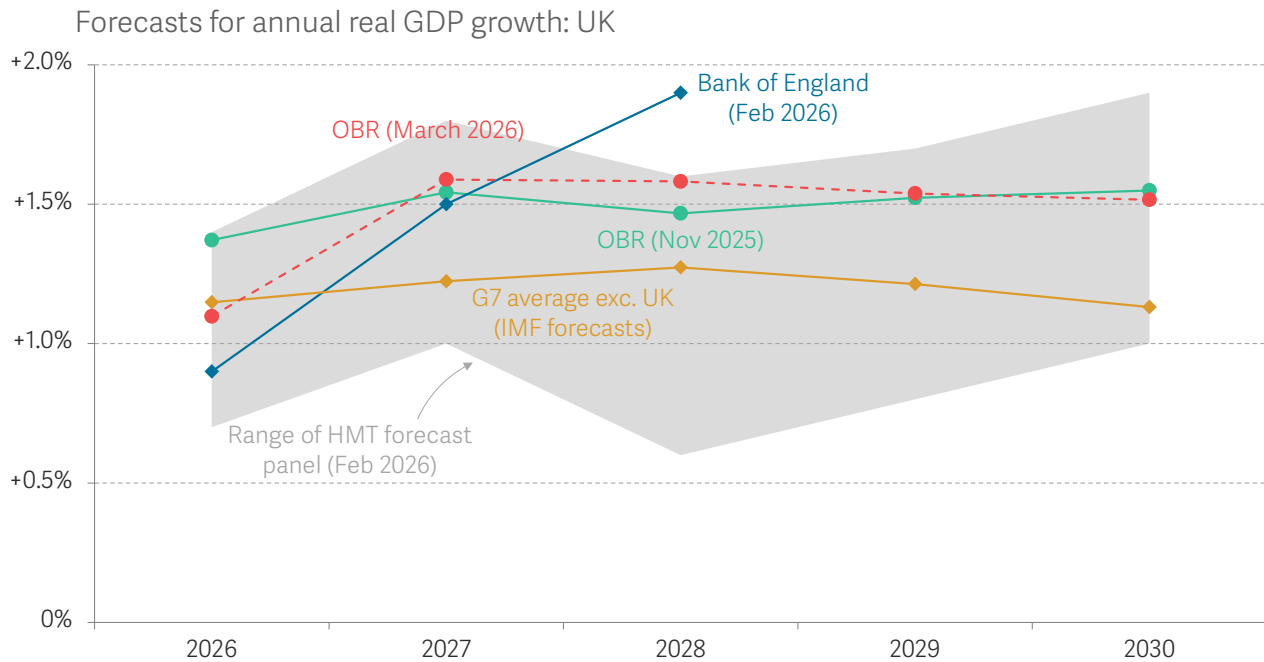
SOURCE: RF analysis of ONS, Monthly GDP estimates; ONS, National Accounts; Bank of England, Monetary Policy Report, November 2025; OBR, Economic and Fiscal Outlook, various.

The growth downgrade brings the OBR's growth forecast for this year closer to that of the Bank of England. However, while the OBR remains less optimistic about the medium-term outlook, both the OBR and the Bank are forecasting growth in 2028 that sits at the upper end of the range of recent external forecasts (see Figure 2).

But looking across the forecast, there is relatively little change overall. The OBR is now expecting cumulative growth of 7.5 per cent between 2025 and 2030, down from 7.7 per cent at the Budget. And the real economy will be 0.3 percentage points smaller in 2030 than previously forecast. Growth remains stronger than the G7 average (excluding the UK) of 6.1 per cent over the same period; even after the downgrade to 2026 growth, the UK remains ranked third among G7 economies, behind the US and Canada.

The picture is slightly stronger on a per-person basis, the more relevant measure for living standards. Cumulative growth in GDP per capita, between 2025 and 2030, is forecast to be 5.8 per cent, 0.3 percentage points higher than in November. This upwards revision is largely explained by lower assumed net migration and higher productivity, discussed further below.

FIGURE 2: The OBR has lowered its 2026 growth forecast but raised its growth forecast for 2027 and 2028



NOTES: External forecasters are those collated by HM Treasury, with the IMF's medium-term added manually from the January 2026 WEO database. The swathe shown only includes forecasts made since January. The number of external forecasts in each year are: 22 in 2026, 18 in 2027, 9 in 2028, and 7 in 2029 and 2030.

SOURCE: RF analysis of OBR, Economic and Fiscal Outlook, March 2026; HM Treasury, Forecasts for the UK Economy, February 2026; Bank of England, Monetary Policy Report, February 2026; and IMF, WEO database, January 2026.

Stepping back, the broader economic picture remains bleak. The OBR is forecasting the weakest decade of real growth to 2028 in a century (i.e. since the Great Depression), outside of the exceptional shocks associated with the depths of the global pandemic and the Second World War.¹

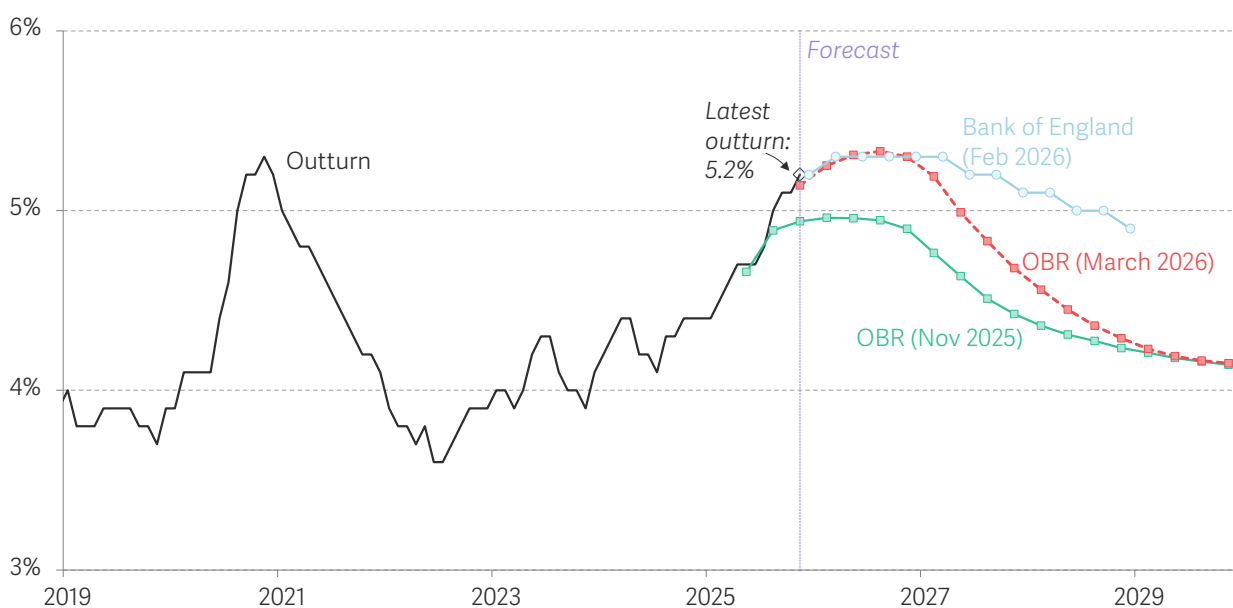
There has been bad news on the labour market

Back in November 2025, the OBR expected unemployment to inch up to 4.9 per cent in Q4 2025, and to peak at 5.0 per cent in Q1 2026. But unemployment reached 5.2 per cent in Q4 2025, and so the OBR has joined the Bank of England in shifting to a more pessimistic outlook in the near term, expecting unemployment to peak at 5.33 per cent in Q3 2026. This would be a fraction higher than the peak recorded during the pandemic (5.3 per cent) and is otherwise the highest unemployment rate witnessed in more than a decade (since 2015) (see Figure 3). Even more concerning is the rise in youth unemployment. Here the rate increased to 16.1 per cent at the end of last year, its highest level since late 2014, with the rate climbing above the EU average for the first time since records began in 2000.

¹ Based on the three centuries dataset (version 3.1) published in: S Hills, R Thomas & N Dimsdale, *The UK recession in context: What do three centuries of data tell us?*, Bank of England, April 2017.

FIGURE 3: Conditions in the labour market have worsened since the OBR's last forecast

Outturn and forecasts for 16+ unemployment rate: UK



SOURCE: RF analysis of OBR, Economic and Fiscal Outlook, various; Bank of England, Monetary Policy Report, various.

The OBR's revised net migration projection is the other main news

Since the OBR's November forecast, the ONS has revised down its estimate of net migration to the UK, following a methodology change which revised away a previously unusually low number of Brits leaving the country to more normal levels. The OBR has duly followed suit and lowered its forecast for net migration by an average of 60,000 per year, reducing the size of the population in 2030 by 240,000. This change means a smaller workforce and reduces the potential size of the economy in 2030 by 0.4 per cent. This is a material change: about a quarter the size of the impact on potential supply as the much-discussed downgrade to the OBR's productivity forecast made in November 2025.² However, potential output growth per person is little changed because a small associated increase in average productivity is offset by a corresponding fall in the participation rate (as the additional emigrating Brits are assumed to have been below average productivity but above average participation rates).

² This compares the estimated impact on potential supply in 2029 of the two forecast changes. The OBR's November 2025 EFO estimated that the impact on potential supply in 2029 of the productivity downgrade was -1.0 per cent (rounded to one decimal place). In yesterday's EFO OBR estimated the impact of lower net migration on potential supply in 2029 as being -0.3 per cent (rounded to one decimal place).

But offsetting the bad news on growth and the labour market was a higher capital per worker assumption and lower interest rates

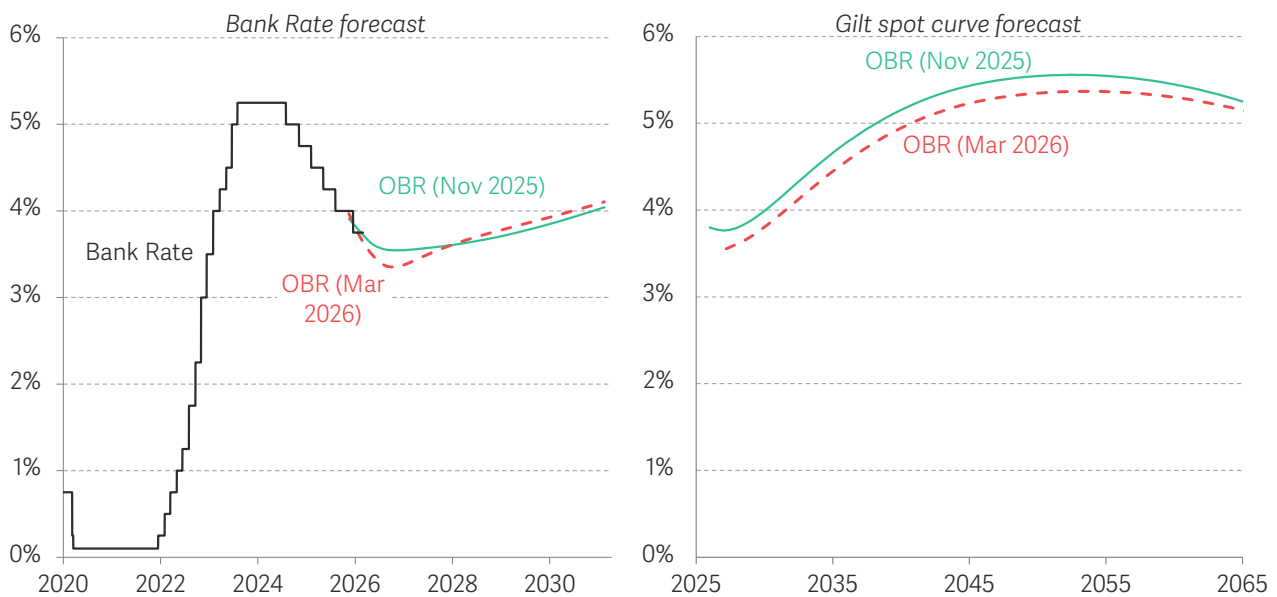
The bad news on growth, unemployment and migration is partly offset by capital deepening – more capital per worker – which boosts potential output growth. This reflects both slower employment growth (the converse of the higher unemployment outlook discussed above) and stronger business investment. The forecast for business investment growth in 2025 was 1.5 percentage points higher than at the Budget although this does not reflect the weak ONS business investment outturn for Q4 2025.

The OBR forecast suggests that CPI inflation will normalise at the Bank of England's target of 2 per cent sooner than at the time of the Budget, reaching 2.1 per cent in Q2 2026 rather than Q4 2026. This follows a big fall in January of 0.4 percentage points from December, driven by broad-based falls in key essentials such as petrol, food and gas bills. Prices are also expected to fall because of the Government's energy-price package, as well as rail fare freezes, taking effect in April. However, as we discuss below, the emerging conflict in the Middle East could threaten nasty new pressures, initially on energy costs.

This lower inflationary pressure creates a boost to the public finances by reducing the expected path of interest rates on government borrowing. The market curve underlying the OBR's latest forecast is lower than in November (see Figure 4). This has fed through into lower borrowing costs for the Government, with the rate paid on 10-year government debt 0.3 percentage points lower in the OBR's March forecast than in November. This has reduced forecast spending on debt interest by £2.6 billion in 2029-30.

FIGURE 4: **Government borrowing costs have fallen since November 2025**

Bank rate and market expectations (left panel) and gilt yields by year of maturity (right panel): UK



NOTES: We have shown the Bank Rate and yield curve from the OBR's fiscal forecast windows in the March 2026 and November 2025 forecasts.

SOURCE: OBR, Economic and Fiscal Outlook, various; Bank of England, Yield Curves and database for official Bank Rate history.

The economy forecast is particularly uncertain, with the good news in the forecast being largely out of date already

It is not just the central projection that should drive the Chancellor's policy decisions: risks matter too. In this context, the economic outlook is more uncertain than usual. And the anticipated good news on the economy - lower interest rates and higher investment - has already been knocked off course by a shifting global backdrop and more recent data.

Most obviously, with war escalating in the Middle East, it is not difficult to see downside risks to the forecast. By the time of the Spring Forecast, Brent oil prices had surged by around 20 per cent, and UK gas wholesale prices had roughly doubled, since the start of the conflict. If sustained, this would add around £500 to the typical annual energy bills for households on a price cap tariff, and raise the rate of inflation by around 1 percentage point.³ In response, one of the two Bank Rate cuts previously anticipated this year is now no longer expected, and two-year gilt rates were up 0.4 percentage points compared to 27 February. We estimate higher interest rates along the yield curve just from those few days

³ These indicative figures are based on wholesale market prices at midday on 3 March 2026 and assume that average market prices during Ofgem's Q3 price cap assessment window remained in line with these elevated levels. Source: RF analysis of Trading Economics data; Ofgem Price Cap Methodology; ONS CPI weights.

of moves could add around £4 billion to government borrowing costs in 2029-30.⁴ And as the experience of the recent Ukraine conflict has shown, what begins as an energy price shock can quickly spread to more broad-based inflation and create widespread economic disruption. The result is additional 'stagflationary' risks – with slower growth coinciding with higher inflation – and a correspondingly more fragile outlook for living standards, real income and the public finances. On top of that, weaker than expected business investment outturns in Q4 2025 suggest the impact of capital deepening will be less strong than expected.

There are also further downside risks in the migration outlook. The OBR has adjusted its migration forecast to reflect the ONS's methodological changes, but it has not accounted for the Government's recent changes to immigration policy, which includes a reduction in the range of jobs which employers can recruit for from abroad. The Government assumes its policy changes will reduce net migration by 98,000 per year, which would be a very material impact: if sustained over a five-year period it would reduce the size of the population by half a million (this scenario is shown in Figure 5). Estimates of the impact of policy changes are of course uncertain, but with some of the Government's measures still to be enacted, data for December already show a reduction in the number of visas granted.⁵ Because immigrants are on average net contributors to the public finances (paying more in taxes than they receive in cash or in-kind benefits), half a million fewer immigrants would add to government borrowing; a rough estimate based on past OBR modelling would suggest by as much as £10 billion in 2030.⁶

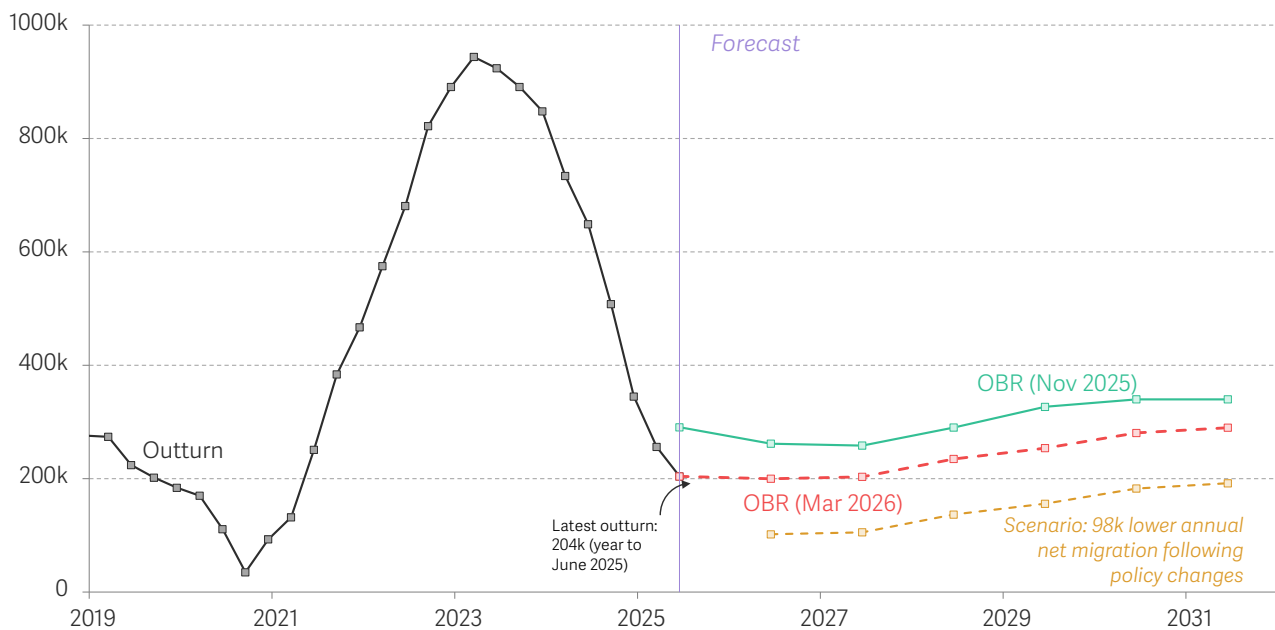
⁴ Gilt rates at 2 and 10 year maturities were taken at 12.36 GMT from Bloomberg, <https://www.bloomberg.com/markets/rates-bonds/government-bonds/uk>, historic rates from the Bank of England's daily yield curve archives, and borrowing costs calculated using the OBR's debt interest ready reckoner.

⁵ There were 809,407 'non-visitor' visas granted in the 12 months to December 2025, compared to 852,324 granted in the 12 months to June 2025, a fall of 47,000. Source: Home Office, 'How many people come to the UK each year?', October 2025 and February 2025. James Bowes from Warwick University has produced a net migration forecast based on these data which has net migration becoming negative by the end of 2026. Source: P Inman, [UK migration could be negative this year – how will that hit the economy?](#), February 2026.

⁶ This calculation is based on the OBR's March 2024 assessment of the impact of the post-Brexit changes to the migration system, where it estimated that adding a cumulative 350,000 immigrants to the population over five years would reduce public sector borrowing by £7.4 billion. We use the estimated 98,000 per year reduction in net migration because of immigration reforms contained in the government's May 2025 migration white paper to estimate a cumulative 480,000 decrease in population over five years, which we then scale impact on public sector borrowing. This figure is highly uncertain given the underlying methodology used by the Government and is not a true forecast of net migration. See: Home Office, [Restoring Control over the Immigration System Technical Annex](#), May 2025.

FIGURE 5: Net migration has been marked down in the forecast, but this does not include the potential impact of changes to immigration policy

Long-term net migration to the UK (over the previous 12 months), outturn & forecasts



NOTES: Scenario subtracts 98,000 from the OBR's March 2026 forecast and cannot be considered a forecast of net migration. It is based on the Government's impact assessment of its May 2025 immigration White Paper.

SOURCE: RF analysis of ONS Long-term International Migration statistics & National Population Projections; OBR, Economic and Fiscal Outlook, November 2025; Home Office, Restoring control over the immigration system: technical annex, May 2025.

But not all the risks are to the downside. The OBR has scarcely changed its outlook on how wages will grow, leaving its outlook materially below the Bank of England. In 2031, the OBR expects nominal wage growth of 2.5 per cent, noticeably short of the 3.25 per cent growth rate that the Bank judges to be consistent with inflation at 2 per cent.⁷ If the OBR brought its wage forecast all the way up to the Bank of England's, that could reduce borrowing by as much as £20 billion.⁸

Offsetting news on the economy *plus* good news on receipts means the fiscal outlook improved

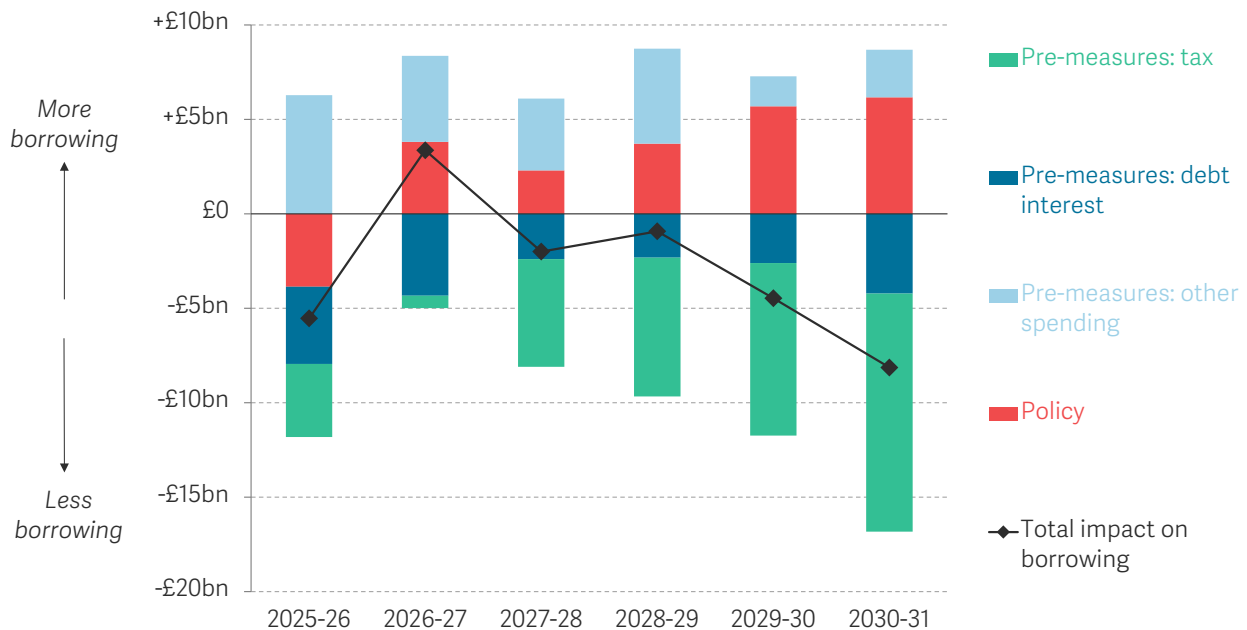
The impact of downside news on growth, migration and unemployment was broadly offset by lower debt interest spending. As shown in Figure 6, the impact of a weaker economy on spending added around £1.6 billion to borrowing in 2029-30, the year in which the fiscal rules are evaluated. But that was more than offset by lower debt interest payments (£2.6 billion in 2029-30), leaving the spending path, before policy, largely unaffected at just £1 billion lower in 2029-30.

⁷ Box A, Bank of England, *Monetary Policy Report*, February 2026.

⁸ Resolution Foundation analysis using the OBR's ready-reckoner model, OBR, *March 2025 Economic and fiscal outlook – ready reckoner*, September 2025.

FIGURE 6: News to the fiscal outlook since the Budget has been offsetting

Change in public sector net borrowing compared to November 2025 forecast, by component: UK



NOTES: Pre-measures refers to underlying changes in tax receipts or spending since the previous forecast. Policy refers to total effect of policy decisions since November 2025.

SOURCE: RF analysis of OBR, Economic and Fiscal Outlook, March 2026.

But there was additional good news for the Chancellor in the form of higher-than-expected tax receipts which reduce borrowing by £9.1 billion in 2029-30. Most of this came from two sources. First, higher Capital Gains Tax (CGT) are forecast to add £4.6 billion to receipts in 2029-30, accounting for more than half of the increase in receipts. CGT receipts are £1.5 billion higher this year due to surplus receipts on 2024-25 liabilities, and for the remainder of the forecast, are boosted by £3.7 billion a year on average almost entirely due to an 8 per cent increase in equity prices. However, in the past two days, equity prices have dropped by around 4 per cent.⁹ OBR sensitivity analysis shows that an equity price shock of around 10 per cent would wipe an estimated £8 billion off receipts in 2029-30. And second, there has been a rise in self-assessment (SA) income tax – by an average of £2.4 billion each year – which is mostly down to unexpectedly high outturn receipts in January 2026. The forecast assumes this boost will be maintained, accounting for 3 per cent of all SA receipts.

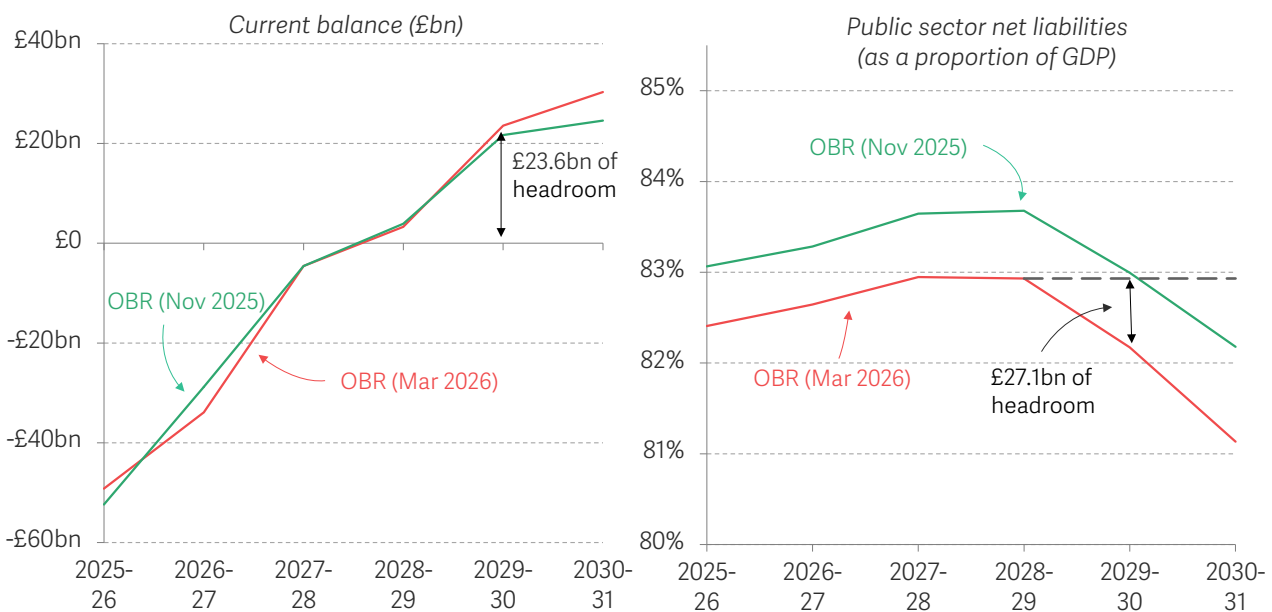
Reflecting these benign forecast developments, there was a significant improvement in the fiscal outlook, with only six larger pre-measures forecast improvements since the creation of the OBR in 2010. But, as has been the case in recent years, an improved fiscal outlook was met with higher spending: with the Chancellor spending around half – or £5.7 billion – of the £10.2 billion pre-measures forecast improvement (as discussed in the next section).

⁹ The OBR uses the FTSE All-Share Index to measure equity prices. Since 1 March 2026, this index has fallen by just under 4 per cent.

All this leaves the Government meeting its fiscal rules by a similar margin to the Autumn Budget, as shown in Figure 7. Headroom against the Government's binding current balance rule – requiring day-to-day spending to be funded by tax receipts by 2029-30 – increased by £1.9 billion to £23.6 billion. Buffers against the supplementary rule – of public sector net financial liabilities (PSNFL) falling as a share of GDP by 2029-30 – increased to £27.1 billion – £2.7 billion higher than previously forecast.

FIGURE 7: The Government has slightly increased headroom against both its fiscal rules

Current balance (left panel) and public sector net financial liabilities (PSNFL) as a proportion of GDP (right panel): UK



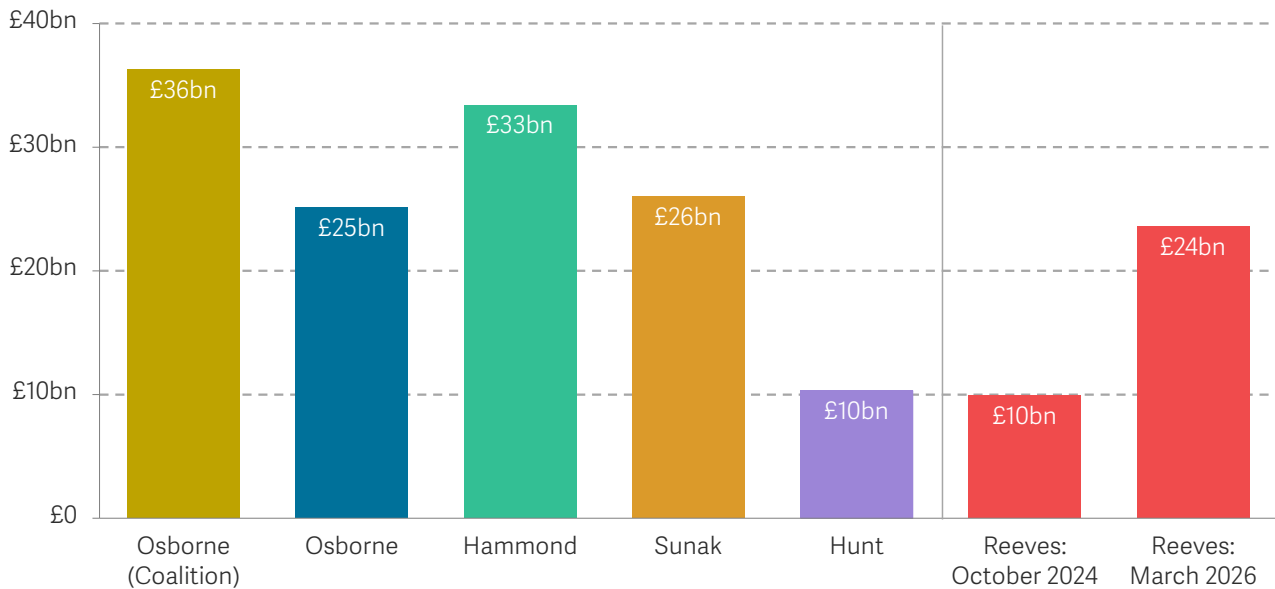
SOURCE: RF analysis of OBR, Economic and Fiscal Outlook, March 2026.

This increasing headroom is a welcome development and now represents a big improvement compared with the Chancellor's first budget when it was just £9.9 billion, around the same level as the exceptionally thin margins set by Jeremy Hunt. But, as shown in Figure 8, headroom is still somewhat below that held by Chancellors in the recent past. Prevailing levels of headroom still leave the public finances vulnerable to even historically average levels of economic volatility.¹⁰

¹⁰ Excluding crisis years, the OBR's four-year forecast of public sector net borrowing typically differs from the eventual figure by 1.4 per cent of GDP – equivalent to £51 billion if applied to forecast GDP in 2029-30. Source: OBR, Working Paper 19: The OBR's forecast performance, August 2023; OBR, Economic and Fiscal Outlook, March 2026.

FIGURE 8: The Chancellor's headroom remains below most of her predecessors'

Average headroom held against fiscal rules by previous Chancellors and by the current Chancellor at set points in time: UK, June 2010-March 2026



NOTES: Previous headroom estimates have been taken from the chart 'Probability of meeting and headroom against fiscal mandate' in the OBR's Economic and Fiscal Outlook reports.

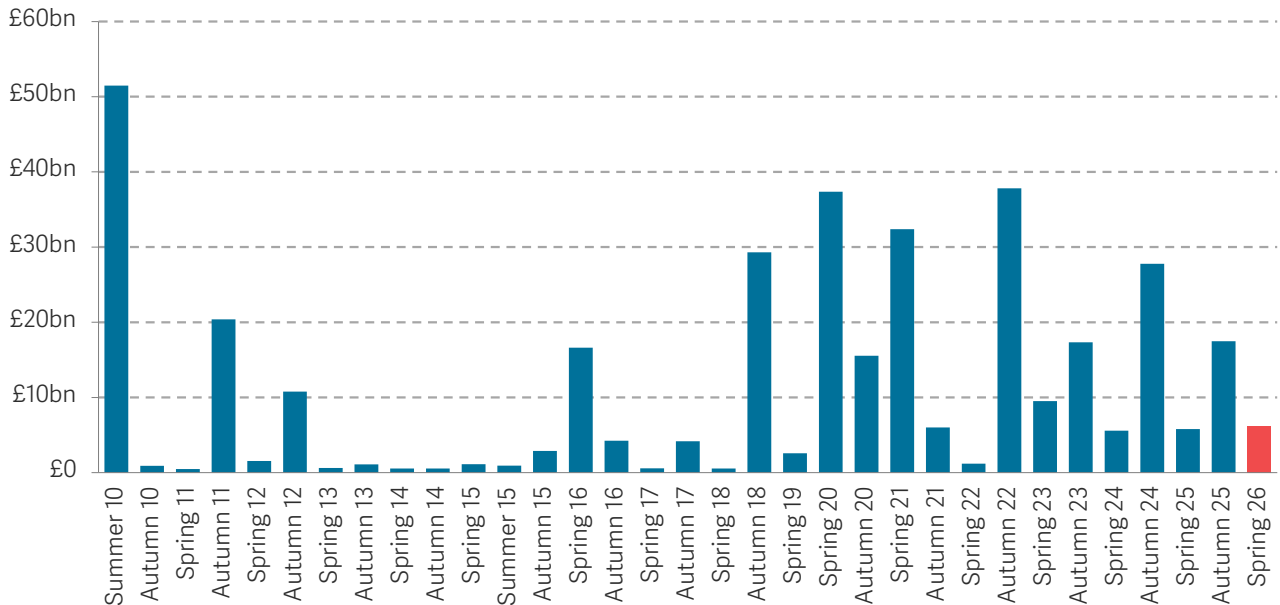
SOURCE: RF analysis of OBR, Economic and Fiscal Outlook, March 2025, November 2025 and March 2026. For comparability against current headroom, headroom in previous forecasts is calculated using the margin against the fiscal rule as a per cent of GDP and multiplying by the latest forecast for nominal GDP (in 2029-30).

Announcements made before the Spring Forecast meant this was not a 'non-event' in policy terms

After its troubles at last year's Spring Statement, the overriding objective for the Government has been to make the Spring Forecast 2026 a non-event. That task was made easier by benign OBR forecasts and meant that the run-up to the event was mercifully light on policy speculation with new announcements conspicuously absent on the day. That said, this was the first chance for the OBR to take on some small policy U-turns and new education spending announced between the Budget and the Spring Forecast. So, although it was a briefer speech than usual, the total impact on borrowing in the final year of the forecast was bigger than most fiscal events since the inception of the OBR in 2010 at £6.2 billion, as shown in Figure 9.

FIGURE 9: In terms of the impact on borrowing, this fiscal event is larger than half of those since the OBR was established

Impact of policy announcements on borrowing in final year of forecast (2025-26 prices), by fiscal event: UK



NOTES: This chart shows the absolute impact on borrowing, meaning that fiscal tightening and loosening both appear as a positive.

SOURCE: OBR, Policy changes database; OBR, Economic and Fiscal Outlook, March 2026.

The *Schools White Paper*, published the week before the Spring Forecast, contained a £3.5 billion uplift to the Department for Education budget to support the special educational needs and disabilities (SEND) system in England.¹¹ The OBR confirmed that this policy decision tops up the overall day-to-day public services spending (Resource Departmental Expenditure Limits, or RDEL) envelope from 2028-29 onwards. This new money – which is likely to be highly progressive in its reach, given that the proportion of children receiving SEND in the poorest income quintile is double that in the richest – will go a long way towards closing the £6 billion gap between SEND funding and spending identified by the OBR in the autumn.¹²

Aside from the SEND funding increases, there were a variety of smaller policy changes that add around £1.2 billion to borrowing. Perhaps the most meaningful of these are U-turns on Inheritance Tax and business rates which cost the Exchequer around £0.3 billion, relatively modest in the context of the public finances, but significant in terms of their change in policy direction.

¹¹ The *Schools White Paper* also announced £4 billion of SEND reform over the next three years, largely through the recycling of existing funding. The £3.5 billion uplift in 2028-29 is equivalent to an average of £4.2 billion a year once Barnett consequentials for devolved administrations are included.

¹² C Aref-Adib, E Fry & Z Leather, At your service?: Why the 2025 Spending Review must reckon with the distribution of public service use, Resolution Foundation, April 2025, <https://doi.org/10.63492/ZVYN2275>.

The Spring Forecast did not resolve the big uncertainties around the spending outlook

Day-to-day spending on public services over this Parliament is a tale of two halves: RDEL grew by an average of 2.8 per cent in real terms between 2023-24 and 2025-26, but is set to grow by just 1.6 per cent between 2025-26 and 2028-29. Looking ahead, real-terms spending on public services is set to rise by a measly 0.3 per cent at the end of this Parliament in 2029-30.

This settlement looks tight given the mounting pressures on public spending. Even before the recent developments in the Middle East, the Prime Minister said he is considering raising defence spending to 3 per cent of GDP by the end of this Parliament despite the fact that the Government is already struggling to reach its 2.5 per cent target by 2027, adding around £10 billion to RDEL.¹³ It is also unclear whether the additional SEND funding will entirely resolve the SEND funding crisis. Similarly, revised outturn data from the ONS and new data from the Ministry of Housing, Communities and Local Government mean that local authority finances are in an even poorer position than the OBR judged in the autumn.¹⁴

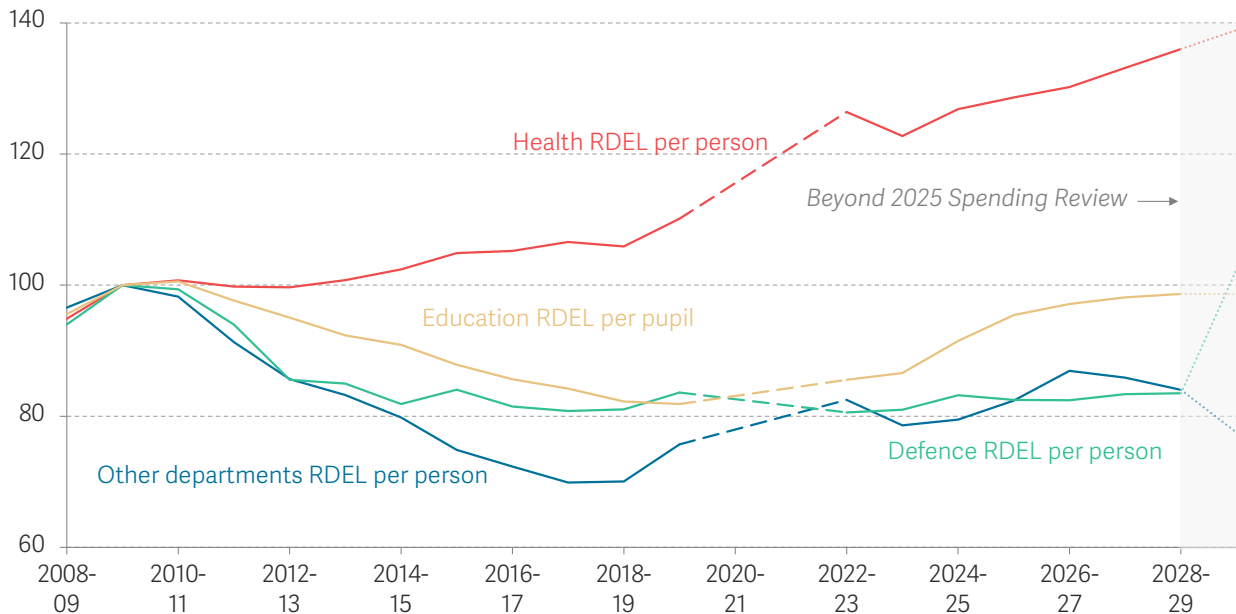
If we assume defence spending is ramped up to 3 per cent of GDP by 2029-30, health spending grows 2.6 per cent in real terms annually (the average increase over the Spending Review) and education spending includes SEND uplifts from 2028-29 onwards, then staying within the Government's already announced RDEL totals would imply cuts to 'other' departments of 2.5 per cent in real per-person terms between 2024-25 and 2029-30 (see Figure 10). This would mark a sharp turn away from the Chancellor's pledge not to "return back to austerity". If 'other' departmental budgets were instead held flat in real per-person terms beyond 2028-29 while keeping the same assumptions as above for education, defence and health spending, this would require roughly £13 billion more in the 2029-30 RDEL envelope.

¹³ Stalling progress reflects changes in estimates of GDP rather than the Government's settlement for the Ministry of Defence. See: L Fisher & S Fleming, [UK military spending set to account for smaller share of GDP in 2027-28](#), Financial Times, February 2026.

¹⁴ Source: OBR, Economic and Fiscal Outlook, March 2026.

FIGURE 10: Mounting pressures on education, health and defence spending could mean cuts to other departments

Indices of real per-person resource departmental expenditure limits (2009-10 = 100), by selected departments and other departments: UK



NOTES: Assumes defence spending rises to 3 per cent of GDP by 2029-30, health spending rises annually by 2.6 per cent in real terms and includes SEND uplifts to education spending. Other departments exclude defence, health and education. Figures include the impact of Barnett consequential. Dashed lines refer to the Covid-19 pandemic (2019-20 to 2022-23) and years beyond the Spending Review (2029-30).
SOURCE: RF analysis of OBR, Economic and Fiscal Outlook, various; HM Treasury, Budget and Spending Review documents, various; DfE, Explore Education Statistics.

The borrowing forecast relies on big tax rises and withdrawing energy support just before the likely date of an election

On top of these big risks to spending plans, there is also uncertainty arising from the delivery of existing policies.

At the Autumn Budget the Chancellor pledged to cut household energy bills by scrapping or removing the costs of some policies from bills – measures that will kick in on 1 April 2026. The latter brought with it a new £6.9 billion spending line from 2026-27 to 2028-29, helping families with a key outgoing, but baking in a cliff-edge that could push up typical bills by around £55 just months ahead of a potential General Election.¹⁵ A downward slope in wholesale futures prices was anticipated to dampen some of this pressure, but recent market swings owing to developments in the Middle East mean that

¹⁵ J Marshall, Power cut: What the Government's energy bill discount means for households, and what comes next, Resolution Foundation, February 2026, <https://doi.org/10.63492/vzk4209>.

instead of offering relief, wholesale prices could push up bills yet further.¹⁶ Prolonging the public funding of 75 per cent of the Renewables Obligation scheme would cost around £2 billion in 2029-30, and avoid typical bills increasing by around £55 overnight. But with the ever-growing danger of geopolitical events adding hundreds of pounds to bills, the Chancellor returning to the dispatch box is not something that can be ruled out. And in this situation the Government may regret not having improved the infrastructure for targeting energy bill discounts according to income since the last time energy prices spiked.¹⁷

Developments in energy markets bring fiscal risks beyond household bills. A much-needed unwinding of the 5p cut to Fuel Duty was planned to be phased in between September 2026 and March 2027, but this (and the return to inflation-linked uprating) could be tricky to follow through on should oil prices remain this elevated. On the other hand, failing to reverse the 5p cut and returning to the permanent freeze would cost the Exchequer around £5 billion by 2029-30.¹⁸

And in the face of growing political pressure on Plan 2 student loan repayments, the Government has said it will “look at ways to make it fairer”, which could prompt policy action sooner rather than later.¹⁹ Delivering a volte-face on the current policy of freezing repayment thresholds would cost £5.9 billion in 2026-27 and reduce cash receipts by around £0.3 billion per year over the forecast.²⁰

These amount to substantial pressures on funding that Government will need to navigate. One option would be to return to the solutions of its first two Budgets and meet pressures with tax rises, but keeping headroom, borrowing and other spending constant. But another tax-raising budget would be bitter medicine when taxes are already set to rise in 2029-30, likely an election year. As shown in Figure 11, the majority of the tax rises announced during this Parliament haven't kicked in yet: in cash terms, there are £43 billion of tax rises a year still to deliver by 2029-30, over three-fifths of the total this Parliament, which will collectively push the tax burden above 38 per cent in 2029-30, the highest on record.

¹⁶ By 2029-30, we estimate that upward pressure on typical energy bills from network investment, policy costs, balancing costs and the erosion of the Government's discount will be worth £150 per year. Before recent developments in the Middle East, futures curves for UK NBP and GB power implied a fall of around £80 in the wholesale component of energy bills – offsetting some of this. But, clearly, this can no longer be banked on. See: Power cut: What the Government's energy bill discount means for households, and what comes next, Resolution Foundation, February 2026, <https://doi.org/10.63492/vzk4209>.

¹⁷ For more on how to effectively target support, see: M Brewer et al., *A chilling crisis: Policy options to deal with soaring energy prices*, Resolution Foundation, August 2022.

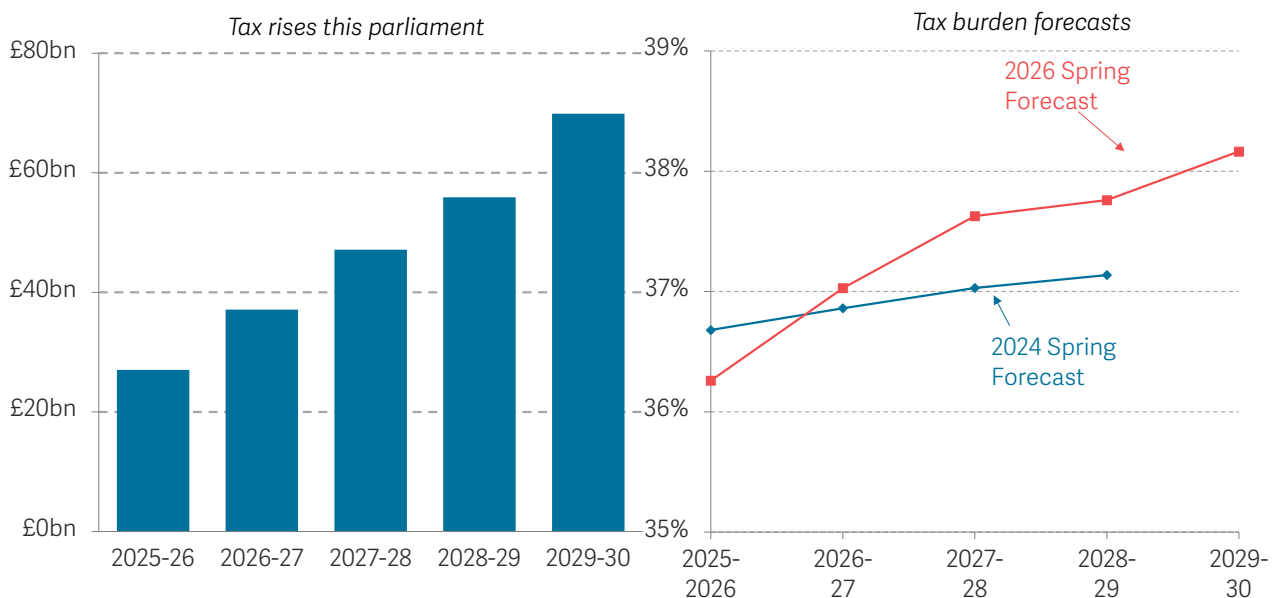
¹⁸ C Aref-Adib et al., *Black holes and consolidations: previewing the key decisions for Budget 2025*, Resolution Foundation, November 2025, <https://doi.org/10.63492/yjk8073>.

¹⁹ Hansard, *Volume 781: debated on Wednesday 25 February 2026*, col 326.

²⁰ HM Treasury, *Budget 2025*, November 2025.

FIGURE 11: Government decisions from last autumn will still be pushing taxes up at the end of this Parliament

Impact of tax rises this Parliament (left panel) and tax as a proportion of GDP, by forecast date (right panel): UK



NOTES: Uses national accounts taxes.

SOURCE: RF analysis of OBR, Economic and Fiscal Outlook, various.

After the difficulties faced during last year's Autumn Budget, delivering more tax rises in an election year would be challenging. This signals tough choices on spending for the Autumn Budget 2026 and the 2027 Spending Review that follows.

The living standards outlook remains grim beyond this year

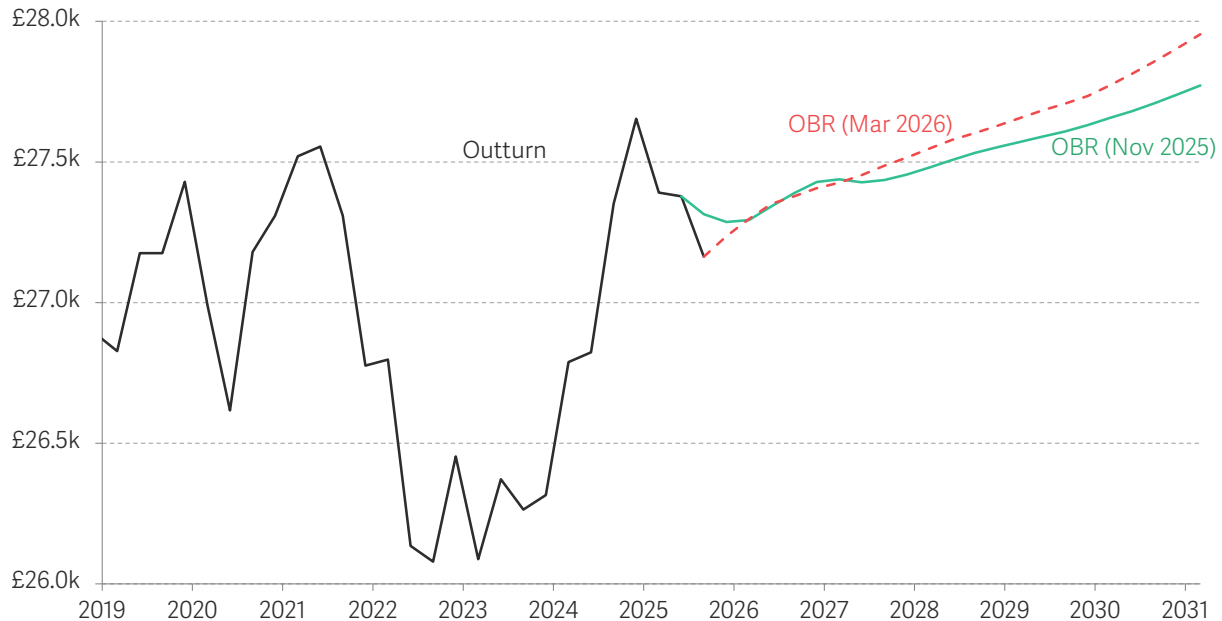
In this section, we unpack what the OBR's new forecasts imply for living standards, while noting that events in the Middle East represent a profound risk to this outlook.

Figure 12 shows the ONS's outturns and OBR's forecast for real household disposable income (RHDI) per person, one measure of living standards. Compared to the OBR's November 2025 forecast, its March 2026 forecast features higher unemployment, but marginally lower inflation and marginally higher nominal wage growth, and an expectation of higher non-labour income. As a result, RHDI per person is forecast to be very slightly higher by the end of the forecast period (Q1 2031), at £28,000 in 2025-26 prices, compared to the £27,800 expected at the end of the forecast period in the November 2025 EFO. However, this comparison of growth over the forecast period obscures a short-term downgrade: RHDI per person is set to be lower in the next financial year (2026-27) than it was in the OBR's November 2025 forecast, mostly thanks to the new outturn data for Q3 2025 being lower than the OBR had forecast. Things are only slightly

better in 2027-28 and beyond, where the OBR expects annual growth in mean incomes of around 0.5 per cent in that and subsequent financial years.

FIGURE 12: The OBR has become more optimistic about living standards growth since November 2025

Average real household disposable income per person (2025-26 prices): UK



NOTES: We use the OBR's index data forecast for RHDl to calculate a growth rate for RHDl, and use this to extend the ONS's outturn data to produce the OBR forecast lines in this chart.

SOURCE: RF analysis of ONS; OBR, Economic and Fiscal Outlook, various.

The Treasury has stated that “by the next election people will be over £1,000 a year better off after accounting for inflation”.²¹ This appears to be based on a comparison of RHDl per person in the final full financial year of the previous and current parliaments (2023-24 and 2028-29), where the OBR forecasts imply a rise of £1,180 (or 4.5 per cent) in 2025-26 prices.²² Most of the projected growth in living standards over this period has already happened: between Q2 2023 and Q3 2025 (the latest outturn data), RHDl per person has grown by £790 per person, meaning that two-thirds of the forecasted rise has already happened.

Growth in living standards is good, but these forecasts are still disappointing compared to most of history. Figure 13 makes clear that RHDl growth for the rest of the Parliament – when measured by the average annual real growth rate – is set to be weak by historical standards, at just 0.6 per cent a year on average. If this transpires, it would be the second worst parliament for living standards growth under this measure, better only than the last Parliament, which included the Covid-19 pandemic and the cost of living crisis. Indeed, the OBR's forecast for growth in RHDl per person in the fifth and final year of the forecast

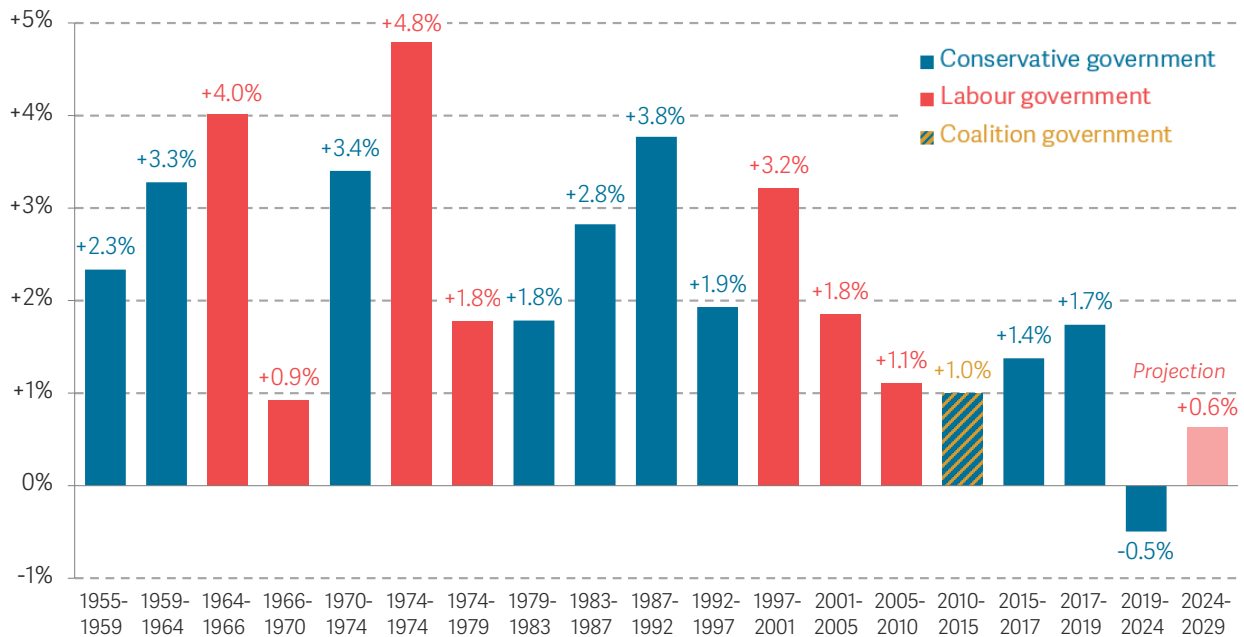
²¹ HM Treasury & The Rt Hon Rachel Reeves MP, [Spring Forecast 2026 speech](#), 3 March 2026.

²² The notes on the Chancellor's speech specify that “HMT calculations of annual RHDl per capita in the last year of the previous Parliament compared to the last year of the current Parliament, based on ‘Economic and Fiscal Outlook’, OBR, March 2026.” See: HM Treasury & The Rt Hon Rachel Reeves MP, [Spring Forecast 2026: The right economic plan for Britain](#), 3 March 2026.

period (i.e. a year that shouldn't be affected by short-run cyclical weaknesses) is the second lowest ever since it began making forecasts in 2010, with only last November's forecast being worse.²³

FIGURE 13: Growth in real household disposable income per person this Parliament is set to be weak by historical standards

Annualised growth in real household disposable income per person, by parliament: UK



NOTES: Based on election dates and quarterly data. A quarter is included in a parliament if the quarter mostly falls within the parliament.

SOURCE: RF analysis of ONS, UK Economic Accounts; OBR, Economic and Fiscal Outlook, March 2026.

However, the RHDl forecast does not tell us anything about how living standards will grow across the income distribution. And since it is a measure that focuses on the average (mean) income, it tends to be more influenced by trends at the extremes rather than for typical households. In the rest of this section, we present our forecasts of the distribution of household disposable income, focusing on non-pensioner households, but using a concept of income that is consistent with DWP's Households Below Average Income data series.²⁴ This is a conceptually different measure of household income from RHDl, which is based on National Accounts data.²⁵ In preparing our forecast, we take the latest outturn data (for 2023-24) and cast this data forward to future years, using microsimulation modelling based on current government policy and economic assumptions.²⁶

²³ RF analysis of OBR, Historical Official Forecasts Database; OBR, Economic and Fiscal Outlook, March 2026.

²⁴ Department for Work and Pensions, [Households below average income \(HBAI\) statistics](#), last updated 29 January 2026.

²⁵ For more on the differences, see Box 2 of: A Clegg, L Murphy & J Smith, Living Standards Outlook 2026, Resolution Foundation, February 2026, <https://doi.org/10.63492/ykrz151>.

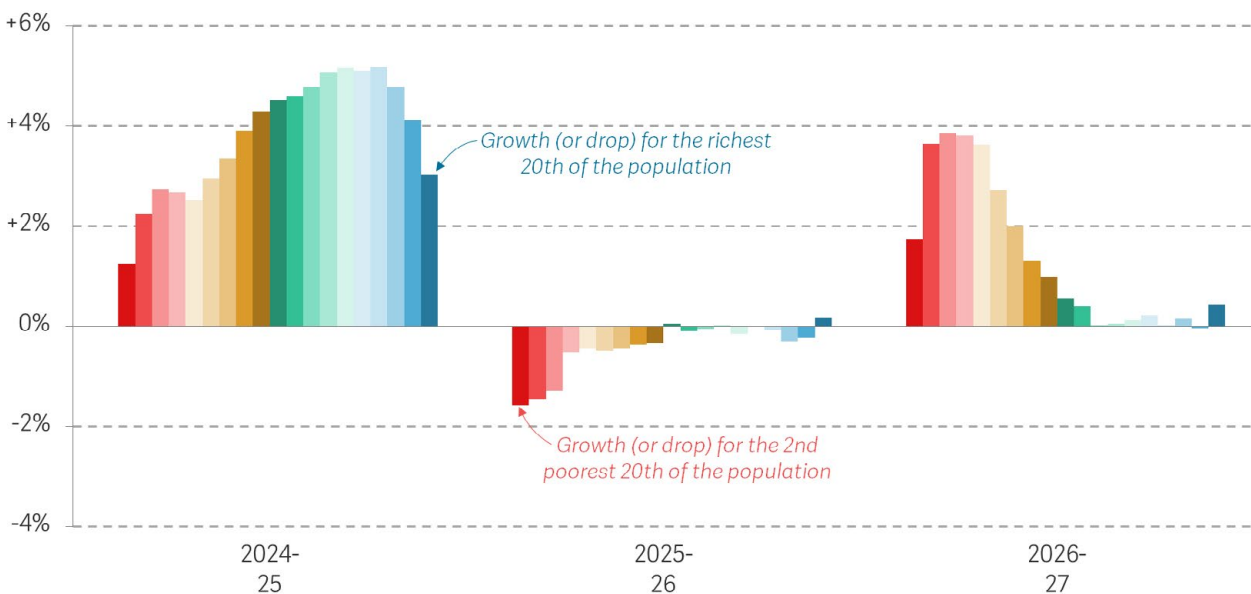
²⁶ For more on the method, see: A Clegg, L Murphy & J Smith, Living Standards Outlook 2026, Resolution Foundation, February 2026, <https://doi.org/10.63492/ykrz151>.

We project strong, progressive income growth in 2026-27, but events in the Middle East may undermine

Our projections for household incomes among non-pensioners suggest that, on the basis of the OBR's new forecasts, the coming financial year is set to be one of decent living standards growth, strongly skewed towards lower-income families. If these forecasts were to hold, we project that typical incomes for non-pensioners would grow by 0.9 per cent (£300) between 2025-26 and 2026-27. For those in the lower half of the income distribution, typical income growth would be a much stronger 3.9 per cent, leaving them £800 better off compared to 2025-26.²⁷ This would be higher than all but one of the last 20 years (2019-20), and all but six of the 31 years since the consistent data series began in 1994-95. Those in the top half of the distribution are set to fare less well in 2026-27: their incomes will on average be essentially unchanged on 2025-26 levels.

FIGURE 14: Changes to benefits and projected wage growth mean 2026-27 could see progressive income growth

Projected annual real growth in median equivalised household disposable income after housing costs, by non-pensioner income vigintile: UK



NOTES: The bottom 5 per cent are excluded due to concerns about the reliability of data for this group.

SOURCE: RF analysis of DWP, Households Below Average Income; RF projections including use of the IPPR Tax Benefit Model; DWP, Family Resources Survey; ONS, various; OBR, Economic and Fiscal Outlook, March 2026.

²⁷ 'Lower-income families' refers to working-age families whose disposable household income is below the median, where the median is measured across the whole population (including pensioners). This is in line with the definition used in our recent 'Unsung Britain' project. For a more detailed explanation, see page 3 in: Resolution Foundation, *Unsung Britain: A portrait of the country's poorer half*, February 2026, <https://doi.org/10.63492/ndtl708>.

This progressive income growth reflects a year of decent wage growth (in 2026-27, real wage growth is expected to be 1.1 per cent)²⁸ combined with targeted policy changes announced last year.²⁹ First, the standard allowance of Universal Credit (UC) will rise by 6.2 per cent in April, well above the expected rate of inflation (2.1 per cent)³⁰, partly due to a mechanical catch-up from previous high inflation, and partly due to a deliberate rebalancing of support from health-related benefits to standard UC.³¹ Second, more than half a million lower-income families with children will benefit from the repeal of the two-child limit, with the average gain per benefiting family standing at £4,560 per year, as part of the Government's Child Poverty Strategy.³² As a result (and as shown in Figure 16 later in this note), relative child poverty is set to fall by a substantial 3 percentage points – from 33 per cent to 30 per cent – between 2025-26 and 2026-27; this equates to 480,000 fewer children living in poverty.

But this week's dramatic swings in energy prices loom large over the near-term living standards forecast. As we said earlier, if the higher energy prices seen so far are maintained, then it could add £500 to the typical annual energy bill for households on a price cap tariff (by contrast, the energy bills discount announced at the 2025 Autumn Budget was worth £135 for the typical household).³³ Although they are far lower than their peak, energy bills in Q2 2026 will still be 14 per cent higher in real terms than they were in Q2 2021 before the invasion of Ukraine, or about £200 in today's prices. A further increase would be much more impactful for families on lower than higher incomes. Energy spending accounts for close to 2.5 per cent of annual spending for the poorest fifth of households, more than double the 1.2 per cent for the richest fifth.³⁴

After 2026-27, the outlook for living standards and child poverty is pessimistic

Current events in the Middle East could, then, put the strong outlook for living standards growth in 2026-27 in jeopardy. But the outlook for the rest of the Parliament looks pessimistic even if we take the OBR's forecasts at face value.

As Figure 15 shows, on the basis of the OBR's forecasts, growth in non-pensioner living standards is set to turn negative across the distribution after 2026-27, with real median income for non-pensioner families set to fall by 0.5 per cent (£150) between 2026-27 and 2028-29. In her speech, the Chancellor said that the question people will be asking

²⁸ The OBR expects real weekly earnings to grow by 1.1 per cent between 2025-26 and 2026-27.

²⁹ See: HM Treasury, *Budget 2025: Strong foundations, secure future*, November 2025; H Aldridge et al, *Stairway to headroom: Putting the Autumn Budget 2025 decisions on tax, spending and borrowing into context*, Resolution Foundation, November 2025.

³⁰ The OBR's forecast for inflation is 2.1 per cent in 2026 Q2.

³¹ See Figure 8 in: A Clegg, L Murphy & J Smith, *Living Standards Outlook 2026*, Resolution Foundation, February 2026, <https://doi.org/10.63492/ykrz151>.

³² Department for Work and Pensions and Cabinet Office, *Child Poverty Strategy*, 5 December 2025.

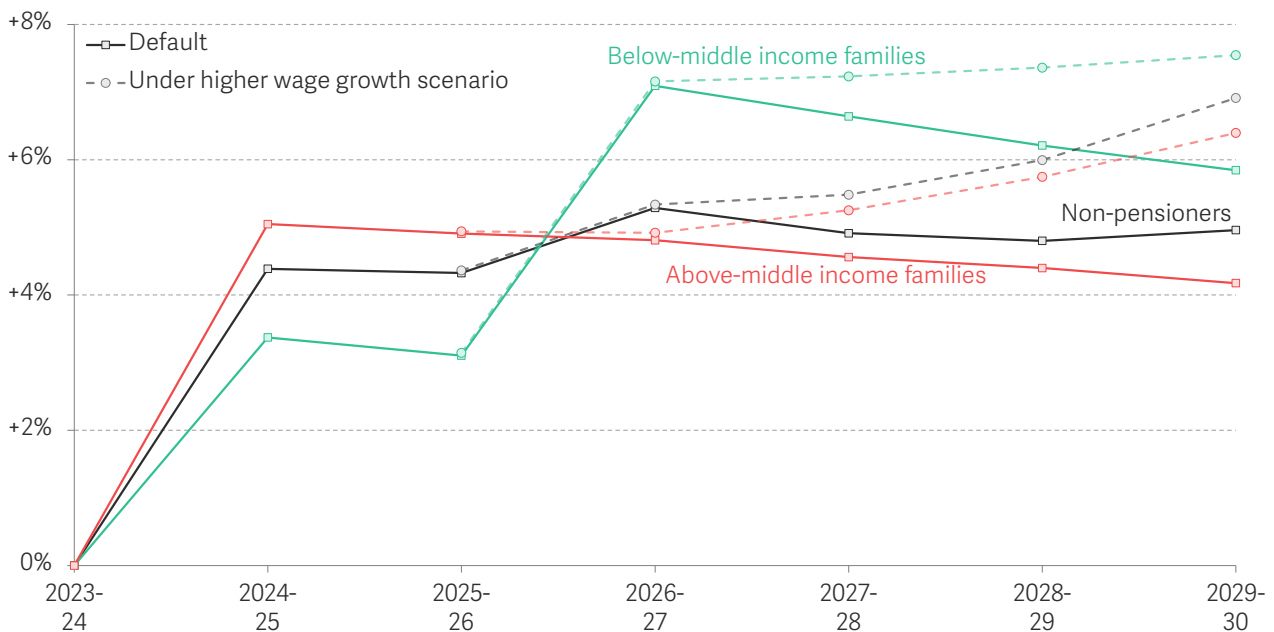
³³ Around 40 per cent of households are supplied with energy via fixed tariffs, meaning that they will not be subject to price rises (or falls) for the length of the agreed contract – typically 12 or 24 months. For more, see: J Marshall, *Power cut*, Resolution Foundation, February 2026, <https://doi.org/10.63492/vzk4209>

³⁴ Source: RF analysis of Trading Economics NBP gas price data, Ofgem Price Cap Methodology, ONS CPI indices, ONS Living Costs and Food Survey.

themselves at the next election is “are me and my family better off?”. Under current policy and the precarious economic forecasts, the answer for the typical family is “yes” compared to the year before the Government took power, but their income would have peaked in 2026-27 and fallen since then.³⁵

FIGURE 15: Living standards are likely to fall from their level in 2026-27 even before accounting for the impact of events in the Middle East

Projected cumulative change in non-pensioner real median equivalised household disposable income, after housing costs, since 2023-24, by wage growth scenario: UK



NOTES: In the higher wage growth scenario, we assume average earnings grow in line with the Bank of England's forecast for private sector regular pay from the February 2026 Monetary Policy Report rather than the OBR's March 2026 forecast. Below-middle income families refers to those in working-age families whose disposable household income is below the median, where the median is measured across the whole population (including pensioners).

SOURCE: RF analysis of DWP, Households Below Average Income; RF projections including use of the IPPR Tax Benefit Model; DWP, Family Resources Survey; ONS, various; and OBR, Economic and Fiscal Outlook, March 2026; Bank of England, Monetary Policy Report, February 2026.

This weak outlook is largely driven by the OBR's pessimistic wage growth forecast. Income growth would be stronger if real wages end up growing faster than the OBR expects. If, for example, we used the Bank of England's expectation, which was for more than twice as much real pay growth in the next three years (3.5 per cent) as that of the OBR (1.4 per cent), then typical living standards would grow by 0.6 per cent (£200) between 2026-27 and 2028-29.³⁶ This would leave the median income 6.0 per cent higher (£1,900) in 2028-29 than it was in 2023-24, an annual growth rate of 1.2 per cent, rather

³⁵ We calculate income change across Parliaments from the financial year before the election to the financial year before the next election, so that changes made in a government's first year in power are reflected.

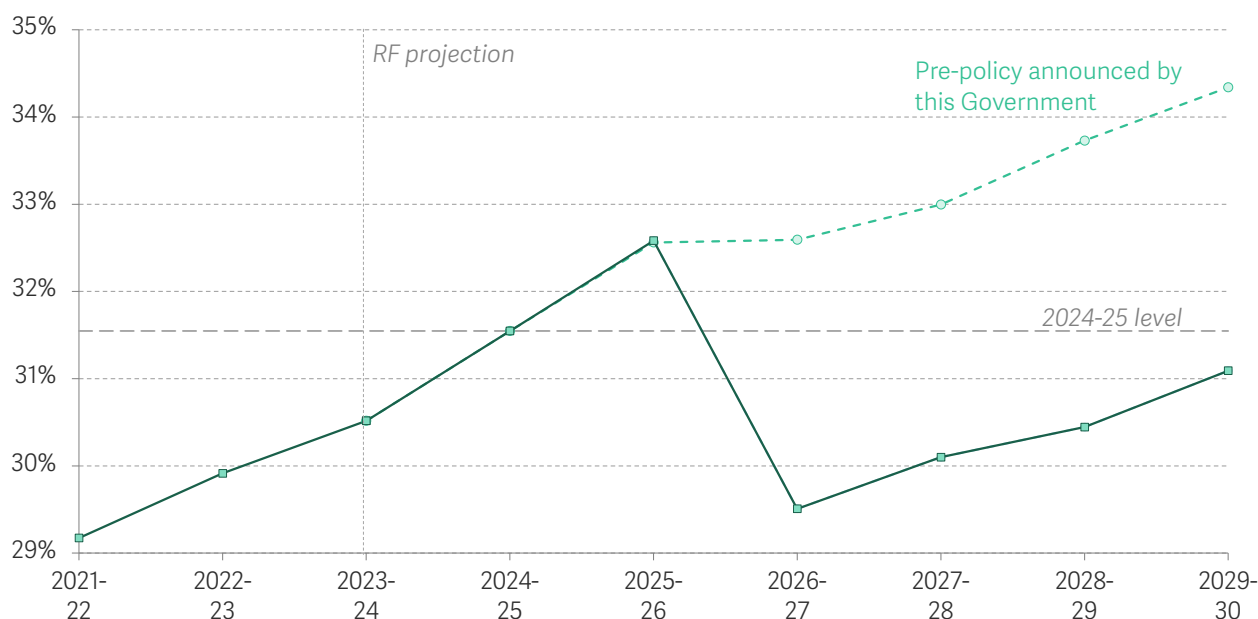
³⁶ Compares the Bank of England's forecast for private sector regular pay with the OBR's forecast for whole economy pay between Q4 2025 and Q4 2028.

than 1.0 per cent in our default projection. This would be a higher annual growth rate than any Parliament since the 2001-2005 Labour Government.

There is also set to be bad news for child poverty later this Parliament. As Figure 16 shows, following the projected 3 percentage point fall in 2026-27 that we highlighted above, the proportion of children living in poverty is set to creep back up for the rest of the Parliament, leaving the projected rate in 2029-30 just 0.5 percentage points below the rate in 2024-25.³⁷ However, recent concerns over the quality of income data in the Family Resources Survey have led DWP to undertake work to improve the accuracy of the survey's data on benefit incomes. In March 2026, DWP will publish Family Resources Survey data that links survey responses with administrative benefits data for 2021-22 to 2024-25, and we expect that this will lead to a downwards revision in outturn figures for the number and proportion of people in poverty. This will effect the projected levels of poverty in future years but should not materially change the projected trend.³⁸

FIGURE 16: Child poverty is set to fall sharply in 2026-27, before rising slightly for the rest of the Parliament

Proportion of children living in relative poverty after housing costs, with and without policy measures announced by this Government: UK



NOTES: All values beyond 2023-24 are projections.

SOURCE: RF analysis of DWP, Households Below Average Income; RF projections including use of the IPPR Tax Benefit Model; DWP, Family Resources Survey; ONS, various; OBR, Economic and Fiscal Outlook, March 2026.

³⁷ There is a small difference in our projected level of child poverty in 2029-30 and that most recently published by DWP. This is primarily due to technical differences in how we model expected future rises in disability benefit receipt, and because our projections here use OBR's March 2026 economic forecasts whereas DWP's latest projections use the November 2025 forecasts. This means we have different views on whether the central case is a small rise or a small fall in the rate of child poverty between 2026-27 and 2029-30. See: DWP, [Low income poverty projections for children, FYE 2025 to FYE 2031, February 2026](#).

³⁸ See DWP, [Family Resources Survey: release strategy](#), January 2026.

The modest fall in the child poverty rate in our projection between 2024-25 and 2029-30 contrasts with a more substantial projected fall of 260,000 in the number of children in poverty.³⁹ Much of this is driven by a projected fall of 600,000 in the number of children in the UK between 2024 and 2029.⁴⁰ Without this decline, we estimate that the number of children in poverty would be set to fall by around 70,000 instead of 260,000. This falling child population also flatters the Government's (projected) record on child poverty compared with previous governments. Our projected annual fall of around 50,000 children in poverty this Parliament would exceed the 19,000 and 37,000 annual declines achieved by the 2001-2005 and 2005-2010 Labour Governments. However, progress under this Government looks less good when we measure child poverty as a percentage: the projected annual rate fall of 0.1 percentage points for the current Government falls short of the 0.3 and 0.4 percentage point annual reductions achieved in the two Parliaments of the 2000s.

There was a logic to keeping the Spring Forecast low key, but overall it has to rank as a missed opportunity

Overall, the Spring Forecast succeeded on at least one count: it lived up to Rachel Reeves' hopes for a virtual non-event. Against a backdrop of mixed news – mostly depressing changes in the broader economy, yet modestly positive developments in terms of the fiscal balance – the Chancellor deliberately pulled no rabbits from the hat, with no on-the-day policy announcements.

That's not to say there was no policy at all; rather, it was just unveiled before the Chancellor's speech. As a result, despite the dearth of on-the-day announcements, as the public finances played catch-up, policy decisions actually moved the fiscal balance by more than average for fiscal events since 2010. Other actions which could have public expenditure costs or economic impacts, such as measure to tackle youth employment, were shunted to the days and weeks ahead.

There is a certain stabilising attraction to aiming towards a single fiscal event each year, but that argument falls away if stability is achieved only by a plethora of mini-fiscal moves in the interim. If the Government wants to adjust fiscal and economic policy between now and the Autumn, then the way to do that while also minimising uncertainty is to do so alongside an OBR forecast, clearly setting out costs and making choices between priorities. If it does not, then we have had some misleading hints on areas such as student loans.

³⁹ We calculate changes in child poverty over the Parliament between 2024-25 and 2029-30 to be consistent with the Government's Child Poverty Strategy. See DWP, [Child Poverty Strategy: Impact on low income poverty levels and children gaining in the UK: December 2025](#).

⁴⁰ ONS, [National population projections: 2022-based](#). Figure is for under-18s.

While the OBR's forecasts were mixed, there was as much bad news as good, including worrying signs in the jobs market and, after a brief welcome respite for poorer families in the coming financial year, the continuation of stagnant living standards. And even while the ink on those forecasts dried, the world was changing in ways which could threaten more disruption on energy costs.

The changes in the OBR's forecast might be small, but that means the overall picture includes some familiar challenges with low growth, a deteriorating jobs market and anaemic progress in living standards in the run-up to the general election. The currently available options on public expenditure look extremely difficult, and yet the Treasury is already relying on a steep rise in tax in the run-up to polling day which would make most politicians blanch.

Against this backdrop, the exact frequency or format of fiscal decisions is less important than protecting those at the sharp end of the living standards squeeze; facing up to tough choices that cannot be avoided; and taking every chance to crank up growth. Even before the Middle East caught fire, a non-event was never likely to take us forward on any of these fronts. As a result, it is hard to consider the Chancellor's reaction to the Spring Forecast as anything other than a missed opportunity. Boring might not be bad, but bold would have been better.

Annex 1

Data citations

- Family Resources Survey (series page [here](#)):
 - Department for Work and Pensions, NatCen Social Research. (2021). Family Resources Survey. [data series]. 4th Release. UK Data Service. SN: 200017, DOI: <http://doi.org/10.5255/UKDA-Series-200017>
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The Resolution Foundation is an independent think-tank dedicated to lifting living standards in the UK. We focus particularly on households with low and middle incomes; those on low pay or in precarious work; and those vulnerable to financial shocks. We also investigate fairness between the generations in our Intergenerational Centre.

We aim to provide rigorous analytical work, develop effective policy proposals, and use our expertise to affect direct change. We analyse the trends and outlook for living standards, including for different age groups, family types, and levels of household income and wealth, and seek to promote greater understanding of these. Our research focuses both on the specific areas of the economy that matter most for people's living standards, including work and housing; and on economic growth and productivity as the route to sustainably higher living standards. We also examine the role of government in improving living standards including through taxes, social security and public services.

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A decorative image in the bottom-left corner of the page, showing a view of Big Ben and the Houses of Parliament in London, with yellow daffodils in the foreground.

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