

The Canaries



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How unfair inequality is poisoning Britain

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About this report

This report, published just before the UK general election on 4 July 2024, examines what the evidence tells us about how much more unfair Britain could become over the next five years, why this matters, and what we can do about it. It highlights the warnings made by experts from a range of sectors and disciplines - ‘the Canaries’ - about the trajectory that we are on, and what they think we need to do to get back onto a fairer, more prosperous and safer path. We are grateful to members of our [expert contributors network](#) and to a range of other research and policy experts who contributed to this report.

The full interactive version of this report is at <https://fairnessfoundation.com/the-canaries>.

About the authors

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About the Fairness Foundation

The Fairness Foundation works to change the debate around fairness in order to build a fairer Britain. We are a registered charity (1044174). Our vision is a Britain where everyone has the ‘fair necessities’ (fair essentials, fair opportunities, fair rewards, fair exchange and fair treatment). We lack a shared vision of a good society, but we believe that we can build a consensus around the need to reduce all forms of inequality substantially, because today’s unequal society is inherently unfair. We work to achieve this consensus by making three linked arguments to politicians and other decision-makers and influencers:

- Building and popularising a vision for a fairer Britain that can attract broad support (the *moral* case)
- Demonstrating that the public are more concerned about inequality and supportive of action by government to tackle it, and less divided in their views, than we think that they are (the *political* case)
- Showing that tackling inequality must be a national priority, by promoting evidence of the various ways in which different forms of inequality not only reinforce each other, but also undermine sustainable economic growth, social cohesion, democracy and action on net zero (the *policy* case)

Executive summary

Unfair inequality harms society like carbon monoxide harms the human body. Inequality damages our economy, our democracy, our social fabric, our public services and our environment. Each of these aspects of society supports the others, and so when one starts to fail, it can have a domino effect - multiple organ failure on a grand scale.

Unfair inequalities across these different areas don't just reinforce each other; they also undermine the prospects for making progress on policy goals such as reducing NHS waiting lists, boosting growth and breaking down barriers to opportunity. Unfairness creates a vicious cycle because unfair societies are less healthy, productive, efficient, resilient and cohesive.

Britain in 2024 is a society suffering from the carbon monoxide poisoning of unfair inequality - of wealth, income, health and education, and between regions and people of different ethnicities, genders, social classes and disabilities. The canaries in the coal mine are no longer singing. This is a warning sign that, based on our current trajectory, unfair inequality is going to get worse over the next five years, with knock-on impacts on our society, economy and democracy.

Consider some of the statistics:

- Today, the average person in the South-East of England is £195,400 wealthier than their counterpart in the North of England; this gap is projected to increase to £229,000 by 2029
- Today, 30% of children live in relative poverty; this is projected to increase to 33% by 2028, but the SDG target that the government has

signed up to is to halve all forms of poverty by 2030

- Today, 1.8 million children live in overcrowded housing; this is projected to increase to 2 million children by 2030

The Health Foundation forecasts that "on current trends, inequalities in health will persist over the next two decades: people in the 10% most deprived areas can expect to be diagnosed with major illness a decade earlier than people in the 10% least deprived areas".

To address this, the next government has to take bold action to reduce economic inequality and build a fairer society. If we don't make progress on this agenda over the next parliament, the 2029 election result might see the far-right making gains that we have never seen before in this country.

Reducing unfair inequality will not only unlock progress on these policy priorities, but will pay for itself over time. For example, improving housing quality will save the NHS and the social care sector £1.5 billion per year; investing in early years education will generate a 30% return for the Treasury; and every extra pound invested in HMRC enforcement will yield £18 in additional tax revenues.

This report sets out what the evidence tells us about how much more unfair Britain could become over the next five years, why this matters, and what we can do about it. It doesn't cover every issue and it is impossible to predict the future, but the direction of travel is clear. Urgent action is needed by the next government to turn things around.

Introduction: Unfair inequality as poison

Imagine a miner working a seam in an underground coal mine. Unnoticed, a dangerous amount of carbon monoxide is building up in the mine tunnels. The miner breathes in the poisonous fumes and feels dizzy and nauseous, but carries on working until he passes out.

By this point the carbon monoxide has damaged the miner's brain, heart, and other organs by impeding his blood's ability to carry oxygen to body tissues and vital organs. Unless he receives immediate help, one or more of his vital organs might start to fail. These organs support each other, so one failing organ could trigger others to fail in a domino effect, with death the likely outcome.

Now imagine that this person is a representation of Britain today. Each of their organs represents part of our society - our economy, our democracy, our social fabric, our public services and our environment. Over recent decades, we have evolved a form of capitalism that minimises the role of the state in favour of untrammelled free markets, which has led to large increases in inequality.



Inequality formed from different levels of effort can have positive economic impacts, and has some moral justification. However, much of the inequality that we see in Britain today is generated by factors beyond individuals' control, by inequality of opportunity.

This form of inequality is like carbon monoxide. It damages our economy, our democracy, our social fabric, our public services and our environment. Each of these aspects of society supports the others, and so when one starts to fail, it can trigger failures among the others. A lack of support in one area (e.g. social security or housing) can increase demand for support from other areas (e.g. health or education) just at the point that they are under increased pressure themselves. For example, inadequate social security exacerbates poverty, which undermines education and health outcomes but also increases pressure on the education and health systems: [recent JRF research](#) showing that 9 in 10 primary school and primary care staff say that pupils or patients experiencing hardship has an impact on them as staff, their colleagues or the wider organisation they work for.

Britain in 2024 is a society suffering from the carbon monoxide poisoning of unfair inequality - of wealth, income, health and education, and between regions and people of different ethnicities, genders, social classes and disabilities. **The canaries in the coal mine are no longer singing.**

Unfair inequalities across these different areas reinforce each other and undermine the prospects for making progress on policy goals such as reducing NHS waiting lists, boosting growth and breaking down barriers to opportunity. Unfairness creates a vicious cycle because unfair societies are less healthy, productive, efficient, resilient and cohesive.

Consider the issue of wealth inequality. The far higher rates of consumption of a wealthy few contribute far more to carbon emissions than those at the lower end of the wealth distribution. However, the impacts of climate change on people's lives, from health to educational attainment, are felt most by people with the least wealth, despite their being least responsible and least well-protected. At the same time, those with the least are expected to pay the biggest price for the transition to net zero. As a result, the gap between the rich and the poor will become even wider, and greater economic inequality will fuel higher levels of social inequality, eroding the social fabric of society, undermining people's trust in democratic politics, and increasing support for populist parties.

Unless the next government drastically changes course, the situation will be even worse in a few years' time, and we could be looking at cascading failures across our economy, society and democracy, to say nothing of the environmental situation, as the country deals with the simultaneous pressures of a widening wealth gap, sluggish growth that continues to mostly

benefit the well-off, further pressure on people on low incomes, collapsing public services, and increasing levels of disengagement with democratic politics.

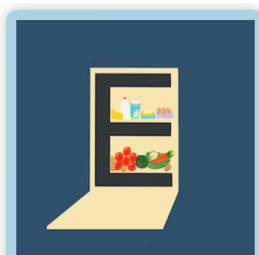
The good news is that, if the next government takes urgent action to build a fairer society, this will unlock progress on those policy goals. Action to build a fairer Britain is popular with the public, and is therefore politically expedient as well as a moral requirement. And there is no shortage of evidence-based, expert-backed policy solutions to achieve this objective, which will pay for themselves over time. For example, improving housing quality will save the NHS and the social care sector £1.5 billion per year; investing in early years education will generate a 30% return for the Treasury; and every extra pound invested in HMRC enforcement will yield £18 in additional tax revenues.

Fairness is the oxygen that can restore the health of our society, our economy and our democracy, as well as unlocking the rapid action on net zero that we must see in the next five years if we are to avert climate catastrophe.

Unfairness in Britain today

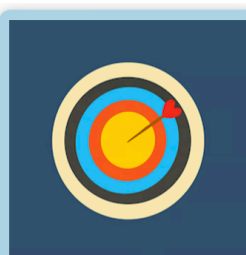
We believe that fairness has five components

The fair necessities:



Fair essentials

Everyone should have their basic needs met so that no one lives in poverty, and everyone can play a constructive role in society



Fair opportunities

Everyone should have a decent chance to succeed in life, so we should remove the key barriers to equal opportunities



Fair rewards

Everyone's hard work should be rewarded on the basis of their contribution to our society and economy



Fair exchange

Everyone should contribute to society by paying the taxes they owe, and in return be supported by society when they need it



Fair treatment

Everyone should be treated according to need, enjoying equal respect and equal influence on decisions made in their name

The evidence suggests that unfairness matters for five reasons

1 / It is morally unacceptable

A wide range of philosophical and religious traditions emphasise the intrinsic importance of fairness, and the British public agrees - repeated surveys show that fairness is at the top of most people's priorities for society

Fairness is instinctive. People have an inherent belief that people should be rewarded in proportion to their contribution (hard work and talent), and few object to the idea that the 'tall poppies' who produce great economic benefits should be rewarded as a result. Most people prefer the idea of proportional outcomes to equal outcomes, which undermine incentives and ignore individual agency. They also believe in the idea of reciprocity: that everyone should contribute to society as far as they are able, and should be supported by society in return when they need it.

A further core belief is that everyone should have the same opportunities to realise their full potential. Many believe that we need to do more than simply reducing overt discrimination to ensure that everyone has similar life chances, and a majority believe that inequality has become too high to ensure genuinely equal opportunities for everyone. People also have a strong belief that everyone should be treated equally in terms of due process, respect, social status and political influence. And there is a consensus that everyone should have their basic needs met, so no one lives in poverty, regardless of how they got there.

Repeated surveys show that fairness is at the top of most people's priorities for society. YouGov found that most people think in terms of social issues such as fairness, compassion and tolerance, rather than economic issues such as poverty, and that a fair society means a decent minimum standard of living for all; being secure and free to choose how to lead our lives; developing our potential and flourishing materially and emotionally; participating,

contributing and treating all with care and respect of whatever race or gender; and building a fair and sustainable future for the next generations.

[Find out more](#)

2 / It harms our economy

Unfairness deprives thousands of potential wealth creators of the chance to contribute to the economy, and incentivises business models that are based on extracting wealth instead of creating it

Growth and redistribution are interdependent. The idea that we have to choose between growth and redistribution (or justice, or equality, or fairness) is wrong-headed. The two things aren't in opposition; in fact, they are interdependent. By the same token, low levels of growth and high levels of inequality feed off each other. As the Resolution Foundation and LSE suggested in Stagnation Nation, the interim report of the Economy 2030 Inquiry, "the toxic combination of slow growth and high inequality was posing challenges for low-to-middle income Britain's living standards even before the post-pandemic cost of living crisis struck." Fairer societies are more prosperous, because they are more efficient and more productive. Strong, resilient economies depend on a secure, healthy and well educated workforce and robust public infrastructure, both of which depend on well-funded public services. The Stagnation Nation report outlined what a real plan for growth should include, such as upgrading the skills of the UK population (focusing in particular on improving schools), improving infrastructure, and treating Net Zero as an opportunity to increase growth and create high-quality jobs.

Cutting back the state and removing regulations would harm growth. Unfair (i.e. unequal) societies harm economic growth because they undermine efficient markets; the poor don't

spend money while the rich hoard it offshore. The link between hard work and reward is corrupted when a lot of wealth is unearned, failure is rewarded and fair and open competition is undermined. Unequal societies deny people opportunities to develop and contribute to the economy, a huge waste of potential. High levels of inequality dampen both demand and output, as years of austerity have shown. And cutting taxes has no impact on economic growth, while giving money to the richest does not magically 'trickle down' to everyone else.

[Find out more](#)

3 / It undermines our democracy

Unfairness damages people's faith in democracy, trust in government and engagement in politics, and opens the door for far-right populists to sell a misleading but powerful story about the causes and solutions

Politics is dominated by people with more education and social and economic capital. As a result, it is not representative of everyone in Britain, and it is particularly unrepresentative of people with fewer economic resources and lower social status, as well as in terms of gender, ethnicity, disability and so on. There is evidence that democratic participation (such as voting rates in general elections) is lower among more disadvantaged groups and in more unequal societies.

Turnout at general elections remains low, and increasing numbers of people are voting for right-wing populist parties. These changes are particularly pronounced in groups who feel that their social status relative to other groups has declined, and that they have less influence than other groups over policy decisions. Although most people feel proud of our democracy and democratic values, a large majority are unhappy with how the system works, and feel that the 'political elite' don't care about them and operate by a different set of rules. Many people, especially those in more disengaged groups in society, are

frustrated by a democratic system that isn't doing enough to make their lives better, and feel let down by politicians.

Trust in politicians (and the belief that they will act in line with your interests or preferences) has been declining for years in the UK and other countries, but levels of trust in the UK are particularly low. In 1944, one in three people in Britain said politicians were 'out for themselves', but today almost two in three think this. Lack of trust can lead to a spiral of democratic decline as voters turn to populism, and can undermine the governments' ability to deliver better policy outcomes.

[Find out more about political inequality and trust in politics \(see also the latest BSA findings\)](#)

4 / It damages our society

Unfairness creates social as well as economic divisions, weakening social cohesion and resilience, worsening social problems like crime and mental illness and increasing the risks of social unrest

Economic inequality is bad not only for the poor but for everyone in society. Where inequality has flourished in order to drive up economic growth, the result has been worse outcomes for everyone. For example, more equal countries see higher levels of child wellbeing, trust, life expectancy and educational scores. More unequal countries see higher levels of problems such as mental illness, drug use, infant mortality, obesity, murder and imprisonment.

Despite the widespread view that the pandemic brought communities closer together, the opposite is true. The proportion of people who said they could trust others in their neighbourhood declined from 69% in 2012 to 56% in 2020. Lockdown made people feel more isolated and less similar to others in their community, although people's willingness to help their neighbours remained fairly stable. Social cohesion declined during the pandemic among

all groups and regions, but especially among people in deprived neighbourhoods, young people and people from Pakistani, Bangladeshi and Black backgrounds.

Throughout history, when the scales of power heavily favour the ruling elite, it leads to a surge in economic inequality, enriching the wealthy and impoverishing the less privileged. As more individuals aspire to join the elite, dissatisfaction with the established order intensifies, often resulting in social conflict and ultimately social collapse.

Find out more about [social problems](#), [social cohesion](#) and [social conflict](#)

5 / It is bad for the environment

Unfairness undermines support for the bold and urgent action needed to curb carbon emissions and to protect nature, by focusing attention on more pressing short-term issues and by raising fears that the costs of action will fall on the poorest

The debate about whether we transition to a decarbonised economy is largely resolved, but the debate over how we transition has only just begun, and will dominate public and political discourse for decades to come. Its central question is how the transition can be made in a way that is fair – in the words of Chris Stark, head of the Climate Change Committee, it is ‘almost the only question’. As we saw with the ‘gilets jaunes’ protests in France, delivering the

transition in a fair way is crucial to securing legitimacy for and efficacy of the transition and building enduring public and political support. The transformation must be rooted in fairness – not only because the poorest communities are least responsible for these crises and the worst affected, but because unless action to restore nature and decarbonise the economy is rooted in social and economic justice, it won’t succeed. The public have a veto over the net zero transition and will stop it if it isn't fair.

People with higher incomes tend to consume more, and thereby have higher carbon footprints. This manifests itself across multiple sectors. To use transport as an example, people in the lowest income households are half as likely to use cars, and are more likely to walk, than those with a higher income. 15% of people in the UK take 70% of all flights, while nearly 50% of the population do not fly at all in a given year. Fair societies, where everyone has a good standard of living, are compatible with the emissions reductions that are necessary to keep global heating under the 1.5 degrees target. But the only way to achieve this is to reduce inequality, and in particular to curb the carbon emissions of the richest in society, which is more important than trying to reduce or control population growth. The richest 1% could consume as much energy as the provision of decent living standards to 1.7 billion people.

Find out more about [a fair transition to net zero](#) and [environmental inequality](#)

The UK in 2024 is demonstrably unfair across a range of areas that are mutually reinforcing

Wealth

Wealth per person in the South East is £195,400 higher than wealth per person in the North (IPPR, 2024)

Wealth, in the form of pensions or savings, property, or investments, can provide a source of security and protection, affecting the opportunities people have in life -- such as at work or in education. It provides protection against negative economic shocks, such as job losses or illness.

Although wealth inequality in relative terms has only increased slightly since the 1980s, the significant growth in the size of overall wealth in the UK has led to a much larger wealth gap between rich and poor households. The top 10% of individuals in the wealth distribution own 57% of the wealth in the UK, compared to those in the bottom 50% of the distribution who own just under 5% of wealth. These disparities in wealth ownership are both driving and reinforcing socio-economic inequalities across the country. For instance, there are clear disparities in wealth ownership between regions of the UK. Recent estimates show that wealth ownership is concentrated in the South East, with the average person in the South East of England £195,400 wealthier than the average person in the North.

There are also substantial racial divides in wealth ownership, with Black African and Bangladeshi households owning approximately ten times less wealth than their White British counterparts. Other non-White ethnic communities - other than Indians - own slightly more wealth than Black African and Bangladeshi households, but still own substantially less than White British households. People from minority ethnic

communities are less likely to own certain assets, such as homes, and more likely to have debt, including credit card or student loans, as compared to their White British counterparts, creating a clear racial wealth gap.

There is also clear evidence of a gender wealth gap: research by Liz Mann at the LSE International Inequalities Institute found a 25.9% wealth gap between males and females. The gap is largely driven by differences in private pensions; men tend to have larger pensions, whereas women tend to possess wealth in the form of shared physical assets, so their private wealth is far smaller.

Disparities in wealth ownership are reproduced and reinforced across generations, with older generations passing down assets to their children. The 'great wealth transfer' - valued at £70 trillion - is underway and will lead to significant increases in wealth inequality as those with richer parents inherit vastly more wealth than those with poorer parents. Having wealth is increasingly the best way to obtain more wealth.

Ultimately, these disparities in wealth ownership undermine equality of opportunity. Those with more wealth are afforded greater security in the face of negative economic shocks, and are protected against the harms of climate change whilst being more likely to contribute to it overall due to higher consumption rates. In addition, the wealthy are more able to pursue educational and business opportunities and to pass these opportunities down to their children (there is a correlation between parental wealth, especially housing wealth, and children's educational attainment).

Poverty

In 2022/23, 30% of all children lived in relative poverty, and 25% lived in absolute poverty (House of Commons, 2023)

In 2022/23, absolute poverty rates increased, with an additional 600,000 people pushed into poverty. This is projected to rise further this year, with an estimated 12 million people, or 18% of the population, expected to live in absolute poverty. These rates vary across the age distribution: while rates of absolute poverty in pensioners appear to be in decline, child poverty rates are increasing. In fact, in 2022/23, approximately 30% of all children were living in relative poverty, and 25% were living in absolute poverty. These rates are higher for lone-parent families, or families with more than two children, largely due to cuts to social security payments, most notably the two-child benefit cap.

Regional poverty rates also vary substantially, with higher rates in London, the North East, and West Midlands. There are clear racial disparities in poverty rates: people from non-White backgrounds are 2.5 times more likely to live in relative poverty and 2.2 times more likely to live in absolute or deep poverty than White people. Poverty rates are highest for people from Bangladeshi, Pakistani, and Black backgrounds overall. Poverty rates for people from Black and minority ethnic backgrounds are higher in Wales, Scotland, and Northern Ireland compared to England overall, but highest in Yorkshire and the Humber and the North West of England.

Research by the Joseph Rowntree Foundation indicates that people with disabilities are also more likely to experience poverty than non-disabled people, as well as informal carers. The poverty rate is slightly higher for women than men, at 20% and 18% respectively, according to

the Social Metrics Commission (2023). In-work poverty rates have also increased, with recent research by the Health Foundation estimating that 62% of children and working-age adults living in poverty in 2021/22 lived in families with at least one-working adult, up from 58% in 2011/12 and 44% in 1996/97.

While there are multiple contributing factors behind these increases in poverty rates across the country, cuts to social security over the last decade have contributed to this rise - an estimated £40 billion has been cut from the budget for social security payments since 2010. The introduction of the benefit cap and two-child benefit cap have been widely criticised for pushing hundreds of thousands of adults and children into poverty. Changes to local housing allowances have also been identified as a contributor to rising poverty rates, and alongside the cost of living crisis and decline in real household incomes, poverty rates have increased and living standards have declined for millions across the UK. At the same time, those at the lower end of the income distribution face a poverty premium, paying more for essentials than their wealthier counterparts. This is an increasing risk for the transition to net zero, as the economic impact of transitioning to more sustainable modes of consumption is greater for those on lower incomes, despite their contributing to climate change far less than their wealthier counterparts.

Ultimately, people on lower incomes are more likely to face barriers to opportunities at work, in education, suffer from ill health, and struggle with access to secure and affordable housing. The effects of poverty are pervasive and, without clear political will to address these complex harms, will continue and compound over the next five years.

Housing

In 2021/22, 1.8 million children lived in overcrowded housing, and 130,000 lived in temporary accommodation (National Housing Federation, 2023)

The lack of affordable, good quality housing is another indicator of how inequality is driving and reinforcing socio-economic and environmental inequalities across the UK. Everyone has the right to secure, affordable housing, providing the basis for a decent life. Good quality housing provides security, and is associated with better health and educational outcomes.

However, as the housing market has become under-regulated and increasingly commoditized, we have moved away from the idea of housing as home towards one based on asset ownership and wealth accumulation. As a result, housing has become increasingly unaffordable, with recent estimates finding that 3.1 million households spend more than a third of their income on housing. House prices in the lower quartile are currently 7.4 times the incomes of people in the lower quartile of the income distribution, and home ownership for younger generations is increasingly unattainable without financial support from friends or family.

At the same time, access to social housing has declined, meaning that local councils have increasingly turned to temporary accommodation as a means to house people struggling with the increasing price of rent and/or evictions stemming from a lack of renters

protections. The Housing Federation estimates that 104,000 households live in temporary accommodation. This includes 130,000 children, a third of whom do not have their own beds and miss school because of the impact of poor housing on their mental and physical health. Shelter reported that many families live in temporary accommodation for over a year, and often move between different places at short notice. At the same time, despite the government's plans to make homelessness rare, brief, and non-recurring, homelessness rates are increasing.

There are significant issues in housing quality across the country. In 2023, 15% of homes did not meet the basic quality standards, with social rented housing showing the worst performance overall compared to owner occupied and private rented homes. Households from minority ethnic backgrounds, particularly Black African, Bangladeshi, and Pakistani backgrounds, were more likely to report higher levels of overcrowding compared to White British households, irrespective of household income.

There are also clear regional disparities in access to good quality housing. The Health Foundation reported that households in London are more likely to experience problems with their housing than other regions, followed by the East Midlands and North West. They suggest that this could stem from the fact that London has the highest proportion of private rented housing.

Education

In 2023, 25.2% of disadvantaged children achieved grades of 5 or above in English and Maths GCSEs compared to 52.4% of non-disadvantaged children (Sutton Trust, 2024)

While the UK may be one of the highest performing countries in the OECD in terms of educational attainment, there are clear, unfair inequalities in educational attainment across Britain and throughout the education system, inhibiting employment and economic outcomes later in life for disadvantaged children.

Although progress on narrowing the attainment gap had been consistent during the 2010s, by 2017, the gap had begun to widen again. At age five, children from disadvantaged backgrounds (defined as those who are eligible for free school meals) were less likely to show a good level of development compared to all other pupils: only 52% of children from disadvantaged backgrounds reached this standard, compared to 72% of all other children. In 2022/23, just 43% of 11-year-old children from disadvantaged backgrounds reached a good standard in reading, writing, and maths, compared to 66% of other children. At GCSE, 43% of children from disadvantaged backgrounds achieved a grade 4 in maths and English, compared to 72% of all other pupils. 49% of all other children progress to higher education, compared to 29% of those from disadvantaged backgrounds.

Several factors have contributed to the widening of the attainment gap between children from disadvantaged backgrounds and their more affluent counterparts. More affluent families can afford to pay for private tuition or digital devices, or send their children to private schools. Children from more affluent families are also more protected against hunger, housing insecurity, and worse mental and physical health outcomes, and

so are better able to succeed at school. The attainment gap widened during the pandemic, as children from disadvantaged backgrounds were less likely to have access to digital devices needed for online learning or have additional support from parents or families for home learning. Children attending private schools were more likely to have internet access, access to digital devices, and received more support via online lessons compared to children in more deprived schools.

The cost-of-living crisis has contributed to the growing attainment gap, alongside policies such as the two-child benefit cap that have led to increased rates of child poverty, as more children have faced higher levels of deprivation, further harming their mental and physical health and their subsequent educational outcomes. Teachers have reported increases in child hunger, challenges with concentration and tiredness, and lack of sufficient clothing during winter. The combination of the pandemic and the cost of living crisis have created further disruption to disadvantaged children's education, sustaining and widening the attainment gap.

Schools themselves have faced substantial issues with cuts to funding, limiting their ability to recruit and retain quality teachers. Teachers have reported paying for necessities for children with their own money in order to ensure pupils are clothed and fed. As rates of child poverty have increased and more children are needing pastoral care to address social, emotional and behavioural issues, teachers are under increasing pressure to step in and look after children, 'putting out fires' so that children are ready to learn. Schools and local authorities now have to do more to support children's educational development with fewer resources.

Work

In 2022, the median FTSE 350 CEO earned 57 times more than the median employee

The High Pay Centre reported that in 2022, the median FTSE 350 CEO earned 57 times more than their median employee, and that 21% of these firms had a pay ratio of over 100:1. For FTSE 100 companies, the CEO-to-median-employee pay ratio was higher still, at 80:1. The public are largely opposed to such large inequalities in pay between CEOs and employees, but the gap shows no signs of narrowing.

Earnings inequality more generally increased by 20% between 1980 and 2019, with the UK having one of the highest rates of income inequality in the OECD. At the same time, growing numbers of people are in insecure and/or low-paid work. The TUC estimates that 4.1 million people are on insecure contracts, up from 3.5 million in 2023, and 3.1 million in 2014. Research suggests that people from ethnic minority backgrounds, younger workers, and disabled people are more likely to be in insecure work. For instance, analysis by the TUC indicates that two thirds of the growth in insecure contracts since 2011 is for people from ethnic minority backgrounds. Considering the increase in overall employment for this group, nearly a third of this rise is explained by insecure work contracts, compared to just 15.5% for their White counterparts.

There are gender differences in insecure work: men are more likely than women to be in insecure work, but women are increasingly turning to insecure work to make ends meet. Younger people are also more likely to be in insecure contracts. The Work Foundation found that 65% of new zero-hour contracts were given to 16-to-24 year olds, meaning that the younger generation are likely to face unpredictable working conditions and experience greater financial insecurity.

Overall, as insecure contracts have become more common, in combination with the decline of

trade unions, cuts to social security benefits and the cost of living crisis, it is perhaps unsurprising that in-work poverty rates have increased, in particular for women, people from minority ethnic communities, lone parents, the self-employed, and people with mental health conditions.

According to the Living Wage Foundation, 12.9% of employees were paid below the living wage in 2023, although this figure was slightly higher in the North East (15.9%), East Midlands (15.7%), and Northern Ireland (15.6%). The gap between men and women earning a living wage has also widened in the last year, with 15.4% of women paid below the Living Wage compared to 10.4% of men. Overall, jobs held by women accounted for almost 60% of all jobs below the Living Wage.

Progress on the gender pay gap is slow, and it is not projected to close for 20 to 50 years. As women tend to work in part-time roles, their median hourly earnings are significantly lower than those of their male counterparts, contributing to the continuation of the gender gap overall. This gap increases with age, with women over 40 earning 12.3% less than men, and not progressing into senior positions as frequently as men, often due to childcare and other caring responsibilities.

These trends occur in the context of declining worker power in the UK. Trade union membership and workers' ability to advocate for their own rights and fair treatment has declined since the 1980s. Many new businesses do not recognise unions, so a new generation of employees are less aware of and able to advocate for their own rights. Wages are increasingly being set by management rather than negotiated with workers. Meanwhile, the Strikes (Minimum Service Levels) Act 2023 has removed protections for unions and for workers who wish to take part in industrial action to defend their rights.

Experts predict that the UK will become even more unfair by the end of the next parliament

Wealth

The wealth gap between the average person in the North and the South East could reach £229,000 by 2030 (IPPR, 2024)

Wealth inequality, and the harms that it poses to society, looks set to accelerate over the next five years, at least in absolute terms.

Regional wealth inequality is set to grow, with the IPPR estimating that the wealth gap between the average person in the North and the South East of England could reach £229,000 by 2030. But the wealth gap will also increase across society more broadly as younger generations inherit very unequal amounts of wealth from their parents over the coming years and decades.

“If you don’t have assets now, you’re screwed. You’ll never be able to afford them”, says Liam Byrne, talking about his book The Inequality of Wealth. “The baby boomers are about to die. Five and a half trillion pounds of wealth is going to get transferred down the generations. Some people are going to inherit millions, and others are going to inherit care bills. Generation Z is about to become the most unequal generation for half a century, and we would be naive to think it isn’t going to have political consequences. Wealth inequality is at the heart of the new populism.”

Poverty

By 2027/28, relative child poverty rates could rise to 33% and absolute poverty rates could rise to 26% or more for families with more than three children (Resolution Foundation, 2023)

The UK has signed up to the Sustainable Development Goals. SDG 1 commits the UK government to “reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions” by 2030. There is no realistic prospect that this goal will be met.

Poverty rates are likely to increase over the next five years. Cuts to social security payments are likely to drive this rise: the cost of living payments that helped to protect lower income households in 2022-23 will no longer be in place, alongside frozen local housing allowances and the end of the household support fund. As a result, those at the lower end of the income distribution will struggle as a significant part of their income is withdrawn by the end of the year.

Several experts have also pointed to the two-child benefit cap as a leading contributor to the rise in poverty rates. As long as the cap remains in place, child poverty rates are set to rise. The Resolution Foundation estimates that by 2027/28, an additional 170,000 more children will live in poverty than in 2021/22. The poverty rate could reach 55% for families with three or more children and 77% for children with four or more children. The Institute for Fiscal Studies estimates that an additional 250,000 children will be affected by the policy in 2025, and that 670,000 additional children will be affected by 2029.

The Women’s Budget Group has highlighted the gendered effects of cuts to social security payments, given that women spend more of their time doing unpaid care work. These cuts are likely to perpetuate gendered, disability, lone-parent, and ethnic disparities in poverty rates over the next five years without serious reform.

The rise in poverty rates is likely to vary by region. Scotland is retaining its [Child Payment](#) policy, so poverty rates are likely to be lower there than elsewhere in the UK. [Regional inequalities in employment opportunities between the North and South](#) and [broader levelling up policy failures](#) mean that progress in reducing poverty rates in the North is unlikely, and the achievement of the levelling up goals by 2030 more or less impossible. [Planned cuts to disability benefits](#) may also contribute a rise in [poverty rates if enacted](#). Unless the incoming government commits to making poverty reduction a political priority, the long-term effects of low income on the health of the nation (including the [health of our children](#)) are likely to deepen, inhibiting progress towards a fairer society.

Housing

By 2030, 2 million children will live in overcrowded housing, and 150,000 will live in temporary accommodation (National Housing Federation, 2023)

The housing crisis is likely to continue to worsen between now and 2029, assuming no radical changes to housing policy. This negative trajectory has several dimensions.

Housing affordability shows few signs of improvement. Assuming no major policy changes, the [National Housing Federation](#) estimates that by 2030, 4.8 million people will be paying more than a third of their total income on housing. We could also see an increase in the number of households on waiting lists for social housing from 1.1 million to 1.5 million by 2030, and an additional 34,000 people being made homeless in the same period. We are likely to see an increase in the number of households living in temporary accommodation up to 2 million, including an additional 20,000 children. Considering the [impact of poor housing on mental and physical health](#), the long-term effects of these trends are likely to be detrimental to children's [educational attainment](#) and development.

Home ownership could become essentially inherited during this period, in the sense that it will be almost impossible for most people to afford to buy a home unless capital from home ownership is transferred down generations. House prices will continue to be kept artificially high by a combination of planning laws, the failure to adequately subsidise housing associations, and constricted supply of homes.

Standards at the 'affordable' end of owner occupation are likely to continue to deteriorate in the coming years, with many people living either in poor quality, small, old housing or in new housing with very poor space standards. Meanwhile, the private rented sector is likely to continue to offer worse and worse value for money and to be plagued by insecurity, even if tenant rights are improved to some degree.

Progress on ensuring that people with disabilities live in housing that meets their needs is unlikely. We could see an additional 70,000 shortfall in retirement and supported housing units as the demand for homes increases, particularly amongst [older](#) people and people with disabilities or mental and physical health needs. The National Housing Federation suggests that this will have substantial negative implications for the health and wellbeing of older and/or disabled parts of the population, who will find it harder to access housing that meets their needs, which will indirectly increase pressure on the NHS and social care.

Education

The attainment gap between disadvantaged and advantaged children is expected to be even wider by 2029

The attainment gap between disadvantaged children and their more affluent peers will likely continue to grow over the coming years, in the absence of radical policy measures to address it.

The impacts of the pandemic on children's educational outcomes are still unfolding as

children who started their education during the pandemic progress through the school system. The funding allocated specifically to the pandemic catch-up programme in 2021 was heavily criticised for being insufficient, awarding just £22 on average per pupil despite the clear need for higher investments in children's education post-pandemic, particularly for disadvantaged children who demonstrated greater levels of lost learning compared to advantaged children. This means that a generation of children who missed out on schooling during the pandemic will continue to struggle throughout the rest of their education and their working lives because of a failure to invest in the necessary resources to help them to catch up.

While the National Tutoring Programme helped to provide access to additional tuition to recover lost learning during the pandemic, the government will no longer be subsidising the programme after 2023/24. Data from the Department for Education shows that 50.4% of pupils using the programme had been eligible for free school meals for the last six years, and 30.9% had special educational needs. Schools will now have to pay for the programme entirely out of their budgets. Given that budgets are already constrained, and teachers have to spend more time 'putting out fires' to ensure children's basic needs are met, disadvantaged children will bear the brunt of these cuts.

This situation becomes more dire considering that school budgets are set to decline over the next five years. Under the current national funding formula, schools are allocated fixed sums per pupil depending on the level of education. Projections by the Education Policy Institute demonstrate that, because of the falling birthrate and changes in migration patterns, school budgets will likely decline. This will have a major impact on schools in deprived areas where pupil

numbers are set to decline over coming years. Relatedly, as child poverty rates are set to increase over the next five years, children from disadvantaged backgrounds will continue to face insecure housing, food insecurity, and mental and physical health issues that inhibit academic flourishing, with schools likely to be asked to do more to support disadvantaged pupils with fewer resources.

Work

The pay ratio between CEOs and employees is expected to increase even further by 2029

We are unlikely to see a reduction in executive pay, and a corresponding reduction in pay ratios, considering the current trajectory. If anything, the trend points in the opposite direction, with increasingly vocal calls to increase executive pay on the grounds that "higher top pay awards would improve the competitiveness of the UK economy" and that "the alternative is we continue standing idly by as our biggest exports become skills, talent, tax revenue and the companies that generate it". These calls have been rejected by academics, who point out the lack of evidence behind these claims. Calls for higher pay are driven in particular by comparisons to much higher levels of executive pay in the US, as opposed to more restrained executive pay practices in continental Europe (although there are promising signs in the US that policies to curb executive pay are gaining support).

Reforms to executive pay, such as obligations around pay transparency, have helped to improve our understanding of the extent of unfair rewards at work, but companies are not obligated to report the highest and lowest salaries, or even to directly disclose this information to their employees.

Each of these will have negative consequences for key policy priorities

The NHS

Higher rates of chronic illnesses, delayed care-seeking, and more severe health issues associated with poverty and inequality all contribute to increased utilisation of NHS services, longer hospital stays, and greater strain on NHS resources

Unfair levels of wealth inequality, poverty, poor housing, educational inequality and pay inequality increase pressure on the NHS in several ways:

- Higher rates of chronic illnesses and multimorbidity in deprived areas lead to increased demand for NHS services. People living in poverty are more likely to develop long-term conditions like heart disease, diabetes, and mental health problems at an earlier age.
- Deprived areas see higher rates of emergency admissions and longer hospital stays, straining NHS resources. 30% of people in the most deprived areas use emergency services like A&E because they cannot get a GP appointment, compared to only 10% in affluent areas.
- The average length of stay in critical care beds has risen 27% for the most deprived between 2017 and 2022, versus 13% for the least deprived, suggesting that more severe illnesses requiring longer treatment.
- People in poverty face barriers to accessing preventative care and early interventions due to costs and other factors, allowing conditions to worsen and to require more intensive and expensive NHS treatment later.

The Health Foundation forecasts that "on current trends, inequalities in health will persist over the next two decades: people in the 10% most deprived areas can expect to be diagnosed with major illness a decade earlier than people in the 10% least deprived areas".

Sources: [NHS North East and North Cumbria](#), [The Guardian](#), [Great Ormond Street Hospital](#), [NHS Long Term Plan](#), [NHS Providers](#), [Health Foundation](#)

Economic growth

High levels of poverty and economic inequality act as brakes on the UK's economic growth by constraining human capital development, dampening demand, fuelling instability, and limiting opportunities for people to be productive

Unfair levels of wealth inequality, poverty, poor housing, educational inequality and pay inequality undermine economic growth in several ways:

- They reduce social mobility and prevent human capital development among poorer people, limiting their ability to reach their full productive potential. This constrains the supply of skilled labour and innovation that drives economic growth.
- They limit access to credit and capital markets for people from deprived backgrounds, restricting investment in entrepreneurial activities.
- They concentrate resources among the wealthy, who have a lower marginal propensity to consume. This dampens aggregate demand and economic activity.
- They fuel social unrest, crime, and political instability, creating an unfavourable environment for investment and growth.

Sources: [LSE CASE](#), [LSE](#), [Oxfam](#), [OECD](#)

Opportunities

Poverty and inequality create a vicious cycle that undermines opportunity through geographic deprivation, limited early childhood development, unequal access to quality education, and the precarity caused by lack of assets

Unfair levels of wealth inequality, poverty, poor housing, educational inequality and pay inequality undermine opportunity in several ways:

- Income inequality pushes the poorest people to live in degraded environments with fewer services and amenities, poor access to public transport, fewer educational opportunities and jobs, lack of green spaces, lower air quality and higher crime rates. This reinforces poverty and inequality by limiting opportunities for those living in deprived areas.
- Children from disadvantaged families quickly fall behind in early learning and development due to the impact of inequalities in household circumstances. Early malnutrition (stunting) has serious long-term consequences on cognitive development, psychosocial functioning, self-efficacy, self-esteem and educational aspirations, undermining human potential.
- Initial inequalities in education are reinforced through inequitable access to pre-school services, leading to diverging trajectories in educational attainment. Education systems often fail to compensate for background disadvantages, reinforcing differences.
- Lack of assets makes people's lives more insecure and increases the likelihood of being pulled into poverty, limiting their opportunities. Over a quarter of adults in the UK would not be able to manage for a month if their income stopped due to lack of savings.

Sources: RTPI, IFS, University of Oxford, LSE / JRF, Big Issue

Criminal justice

The criminal justice system reflects and reinforces inequalities, creating a two-tier system where the poor face major barriers to accessing fair treatment and due process, while poverty creates conditions that increase criminal behaviours due to lack of opportunities

Unfair levels of wealth inequality, poverty, poor housing, educational inequality and pay inequality undermine access to justice and increase crime rates in several ways:

- Socioeconomic deprivation is closely linked to higher crime rates, particularly for acquisitive crimes like burglary, robbery, and vehicle crime. Areas with greater income inequality tend to experience more property crime.
- Poverty and lack of access to education, healthcare, and social support systems increase vulnerability and the likelihood of individuals, especially youth, becoming involved in criminal activities as a means of survival or due to lack of positive opportunities.
- The decentralisation of poverty in UK cities has led to a spatial reordering of exposure to both property and violent crime, with deprived neighbourhoods experiencing disproportionately higher crime rates.
- Court fees and charges disproportionately burden the poor, creating a "justice tax" that rations access based on ability to pay. This includes fees for pleading guilty, applying for bail, and even minor offences like begging or attempted suicide. Meanwhile, cuts to legal aid have made it increasingly difficult for those on low incomes to afford proper legal representation, undermining their right to a fair trial.
- Laws like the Vagrancy Act 1824 and Public Spaces Protection Orders (PSPOs) effectively criminalise behaviours associated with poverty, such as rough sleeping, begging, and inability to pay fines or debts, while policing practices disproportionately target and

prosecute the poor for poverty-related "crimes of survival" like shoplifting food or essentials during the cost-of-living crisis.

Sources: [LSE](#), [Revolving Doors](#), [University of Birmingham](#), [Centre for Crime and Justice Studies](#), [Equality Trust](#), [BMJ](#), [Liberty](#), [Understanding Inequalities](#)

Net zero

Poverty and inequality pose significant challenges to the politics of achieving net zero emissions in the UK, because they threaten to undermine public support for net zero policies if the transition is perceived as unfair or exacerbating existing disparities

Unfair levels of wealth inequality, poverty, poor housing, educational inequality and pay inequality undermine the prospects for achieving net zero in several ways:

- Low-income households face major barriers to participating in the net zero transition due to the upfront costs involved, such as

retrofitting homes, installing heat pumps, and purchasing electric vehicles. This raises concerns about the transition exacerbating poverty and inequality. There is a risk of "transition poverty" where the poorest 40% of UK households struggle to meet basic needs due to the rising costs associated with decarbonisation policies.

- If the costs and benefits of the net zero transition are not distributed fairly, it could drive further inequality and undermine public support for climate policies, especially among lower-income groups.
- Wealthier households consume more energy-intensive goods and services, contributing more to carbon emissions. Addressing inequality itself could improve climate outcomes and perceptions of fairness.
- Poorer households and communities are more vulnerable to the impacts of climate change, such as extreme weather events, and have fewer resources to adapt. Inaction on climate change risks exacerbating existing inequalities.

Sources: [NEF](#), [LSE Grantham Institute](#), [Edie](#), [Young Foundation](#)

To turn this around, the next government must take bold steps that will pay for themselves over time

Social security

Scrapping the two-child limit on benefits

According to the [End Child Poverty coalition](#), the annual cost of scrapping the two-child limit is £1.3 billion, making it the most cost-effective way to reduce child poverty; doing so would immediately lift 250,000 children out of poverty.

Introducing an essentials guarantee

The [Joseph Rowntree Foundation](#) and The [Trussell Trust](#) are calling for an 'essentials guarantee' to ensure that everyone has a

protected minimum amount of support in Universal Credit to afford essentials. This would cost £19 billion per year but would benefit 8.8 million low-income families, including 3.9 million families with children and over half of all working-age families with a disabled family member.

Introducing a citizens' inheritance

The Conservative peer David Willetts, chair of the Resolution Foundation, has [called](#) for a £10,000 'citizens inheritance' for all 30-year-olds, which could be paid for by lowering the threshold at which inheritance tax is paid (effectively £1m in

many cases) and abolishing exemptions, while also reducing the current 40% tax rate.

Introducing a universal savings account

According to Liam Byrne in his book [The Inequality of Wealth: Why it Matters and How to Fix it](#), a universal savings account that enables every individual to accumulate both pension and human capital could be created by merging auto-enrolment pension accounts, Lifetime Individual Savings Accounts and the Help to Save scheme.

Education

The [Sutton Trust](#) is calling for the next government to do the following, among other recommendations:

Investing more in early years education and care

Equalise access to funded early education, prioritising equal access to at least 20 hours of provision per week at three and four, and reform the Early Years Pupil Premium, with an increase to the same level as primary schools, and simplify its administration.

Rebalancing funding towards schools serving the most disadvantaged communities

Enact a national strategy to narrow the attainment gap (as per their [work on school admissions](#)), and rebalance funding back towards schools in deprived areas through the National Funding Formula and by increasing Pupil Premium funding.

Investing more in student maintenance grants

Increase maintenance support to a level that reflects students' actual costs, re-introduce maintenance grants to low-income students and extend eligibility to more families who need support.

Work

The High Pay Centre is [recommending](#) a range of policies to reduce the gap between executive pay and average workers' pay, including:

Improving pay ratio reporting transparency

Companies should disclose more than just the pay ratio between the CEO and the 75th, 50th, and 25th percentile of their UK workforce. Instead, they should provide more information about the total spend on earners beyond a given threshold, and the number of workers paid less than the living wage.

Legislating for worker representation on company boards

Workers should have a more active role in the governance process and a voice at the highest level of the company to advocate for fairer pay at all companies, rather than just at companies that have opted to take up the initiative set out in the UK Corporate Governance Code.

Enabling trade union workplace access and recognition

Enabling workers to strengthen their negotiating power through collective bargaining would be an effective way of ensuring that they get a higher share of what their employer spends on pay relative to top earners, thereby both boosting incomes and reducing inequality.

Housing

Shelter's [Voting for Home](#) campaign calls for action on housing in four areas:

Building more social housing

Commit funding to build a new generation of social rent homes - at least 90,000 a year over ten years, remove barriers which stop social housing from getting built, and fix planning rules so that every local area plans to build the right type of homes in the right places.

Making private renting affordable

Regulate in-tenancy rent increases to protect tenants from being forced out by an unexpected rent hike, unfreeze local housing allowance to cover at least the cheapest third of rents, so people can afford a home, and abolish the household benefit cap which limits the total amount of benefits that households can receive, to tackle homelessness.

Raising the standard of rented homes

Invest in existing social homes to bring them up to standard, to underpin the effective implementation of the Social Housing (Regulation) Act, and invest in, and give stronger powers to, local housing standards enforcement teams

Improving and enforcing housing rights

Introduce a legal right to suitable emergency accommodation and adequate support for everyone at risk of street homelessness, restore legal aid for help with housing problems (such as disrepair), and invest in accessible support services (such as Supporting People and Housing First) to prevent homelessness.

Taxation

Tax Justice UK and the Patriotic Millionaires UK have outlined ten tax reforms to raise £60 billion, including:

Equalising capital gains tax rates with rates on income

This would raise £16.7 billion per year, and simplify the tax system by treating income from wealth and income from work in the same way. There is no obvious reason why someone going to work should pay more tax on their wages than someone living on the income they derive from their investments.

Applying national insurance to investment income

This would raise up to £10.2 billion per year, and would equalise and simplify the treatment of different types of income under the taxation system, ensuring that income from wealth is taxed at the same rate as earnings from work.

Closing inheritance tax loopholes

This would raise £1.4 billion per year. Inheritance tax has a multitude of reliefs, including business and agricultural property reliefs, that enable wealthy estates to engineer their finances to pay low levels of tax. Estates worth over £10 million pay an effective average tax rate of just 17% despite a headline inheritance tax rate of 40%.

Ending tax reliefs that benefit multinationals

The UK tax code is the most complex in the world, with over 1180 tax reliefs. Even HMRC - the UK's tax watchdog - recently admitted that it only knows the cost of 365 of the UK's tax reliefs. It is littered with inefficiencies, inequities and special treatment for favoured interest groups and the wealthiest.



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