Wealth Gap Risk Register

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FAIRNESS FOUNDATION

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About this report

This updated report (originally published in October 2024) sets out the evidence base for the ways in which wealth inequality in the UK damages our economy, society, democracy and environment, and the risks that these negative impacts will increase in the coming years as wealth inequality continues to increase in absolute terms. It also looks at the evidence base for the policy solutions that will either reduce the wealth gap or mitigate its impacts on other areas, and at the evidence on public attitudes to both the problem and the solutions (including polling and focus group research on public understanding of the impacts of wealth inequality).

This is a summary only. The full report is at https://files.fairnessfoundation.com/wgrr2025.pdf. The online version is at https://fairnessfoundation.com/risks.

About the authors

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Will Snell is Chief Executive of the Fairness Foundation. He set up the organisation in 2021, after several years working on tax justice campaigns in the UK and overseas with the Tax Justice Network and as the founding Director and then Chair of Tax Justice UK, and following a period as interim Chief Operating Officer at Global Witness, a human rights and climate nonprofit. Earlier in his career, Will worked in government as a Fast Stream civil servant, first at the Department for Health and then the Department for International Development, as well as working on the cross-government resilience programme led by the Cabinet Office. He left government in the late 2000s to set up a social enterprise in Kenya before joining a global health NGO, Development Media International, as Director of Strategy and Development. Will has served on nonprofit boards for over 20 years and is a Fellow of the Academy of Social Sciences.

Anita Sangha is a Research Assistant at the Fairness Foundation. She recently completed her MSc in Social Cognition at University College London (UCL), and has a BA in Politics, Sociology and Eastern European Studies (UCL). Anita's research interests include the effects of socioeconomic inequality on moral judgement and decision making, determinants of moral concern for socially and temporally distant others, and perceptions of risk.

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 believe that inequality is not only unfair and unpopular but is also damaging our society, economy and democracy. We work to persuade UK policymakers of the moral, the political and the policy arguments for tackling inequality.

Cover image: Detail from *The Parable of Lazarus and the Rich Man*, Workshop of Domenico Fetti, 1618/1628 (courtesy of the US National Gallery of Art)

Executive summary

The evidence is now overwhelming. Britain's wealth gap is not narrowing; it is persisting and in many respects deepening, with the richest households holding as much wealth as the bottom half of the population combined. Methodological changes to how pensions are measured and the disruption of the pandemic may complicate precise comparisons, but they do not alter the fundamental story: wealth inequality is entrenched, and its impacts are cascading across every domain of national life.

The consequences of this imbalance are no longer abstract risks on the horizon; they are lived realities. The wealth gap is choking off growth, funnelling resources into property and financial assets rather than productive investment. It is worsening the housing crisis, which now stands as both a symptom and a driver of broader inequality. It is eroding the fiscal base on which public services depend, leaving the state less able to meet its responsibilities or invest for the future. It is straining social cohesion and undermining democratic legitimacy, as citizens without assets lose faith in a political system that appears unresponsive to their needs.

Public attitudes continue to evolve. Polling suggests that while many still underestimate the true extent of wealth inequality, there is growing recognition that the system is "rigged" and unfair. Concerns about housing, living costs, and the concentration of wealth at the top are becoming more salient, particularly among younger generations shut out of asset ownership. This presents an opportunity as well as a challenge. There is a reservoir of public support for policies that would rebalance wealth more fairly, provided they are framed as rewarding effort, broadening opportunity, and restoring the social contract.

The task of this second Wealth Gap Register is twofold. First, it aims to map in detail how wealth inequality continues to damage the economy, society, democracy, and environment – building on the evidence presented in the first edition, but with new research that underscores the persistence and deepening of these divides. This means not only documenting the ways in which concentrated wealth distorts investment, fuels the housing crisis, and erodes state capacity, but also highlighting the wider consequences for social mobility, political trust, and environmental sustainability. Second, it seeks to reaffirm the urgency and necessity of action. Wealth inequality is not a background issue which will eventually resolve itself: it is a structural fault line that is actively undermining the UK's prospects for prosperity, fairness, and stability.

This report therefore makes the case for intervention – through fairer taxation (a topic on which we published recently), more ambitious housing and public investment policies, and the rebuilding of public wealth – as an essential step if Britain is to escape stagnation and restore a sense of shared opportunity. The choice is between managed decline and a new settlement that shares prosperity more widely. The Wealth Gap Risk Register is intended as a resource to inform that choice, and as a call to action for policymakers, civil society, and citizens alike.

The argument in a nutshell

Rising wealth has created large gaps between those with wealth and those without it. While wealth inequality (understood in relative terms, as measured by the Gini coefficient) has remained relatively stable over recent decades (albeit at a much higher level than income inequality), the wealth gap (the absolute difference in wealth between rich and poor households) has increased significantly, because of rising asset values, and is likely to get worse. The size of the absolute wealth gap in the UK is second only to the US, among OECD countries.

Differences in wealth between generations are also at unprecedented levels. While most of the 20th century saw each generation accumulating more wealth than their predecessors, this trend has stagnated or reversed since the baby boomers and is gathering speed in the wrong direction.

The transformation of the UK economy towards asset control and rent-seeking behaviour – away from wealth creation towards wealth extraction – has consolidated resources into fewer hands and shifted economic activity away from productive enterprise. This has concentrated UK markets, restricted innovation and technological progress, reduced economic dynamism, and severely limited economic growth and the prospects for future growth. Whereas wealth creation increases the size of the cake, wealth extraction simply gives more of the existing cake to those who already have the biggest slice (upwards rather than downwards redistribution), and sometimes it makes the cake smaller at the same time.

Much wealth in UK is unearned, flying in the face of the dominant meritocratic political and media narrative that justifies the accumulation of wealth as a consequence of effort and talent. The large increase in asset prices over the past decades has largely been the result of passive factors. According to the most recent statistics, inheritance and gifts have doubled over the past two decades to £100 billion, and are expected to double again by 2040. Wealth transfers between generations will likely exacerbate existing social and economic inequalities. People's life prospects weren't very fairly distributed when they were mostly defined by what they earned; today, when what people own (or inherit) is much more important in influencing their life chances than what they earn, the situation is even less fair.

While there is limited public awareness of the ways in which wealth inequality undermines economic growth, and the meritocratic mindset retains a strong grip on worldviews, most people have an intuitive understanding that the increasing wealth gap is unfair in terms of both its causes and its consequences. Indeed, the growing level of popular disengagement and distrust with politics is in part driven by this awareness, and is already damaging our democracy and social cohesion, with a real risk of much worse to come in the future.

The problem is solvable. Shifting the UK's tax burden towards wealth could curb today's excessive levels of wealth concentration. Reforming existing taxes on wealth would be more politically feasible than introducing a new wealth tax, but less effective at tackling wealth inequality. But taxing wealth is not the only means to curb the wealth gap. Governments can share wealth more broadly at source, through mechanisms like sovereign wealth funds or regulatory approaches such as mandating worker representation on company boards. And there are many opportunities to mitigate the impacts of the wealth gap, such as cleaning up lobbying and political donations, or strengthening the social safety net. Case studies from other countries provide a host of practical, popular and evidence-based approaches to curbing wealth extraction and promoting inclusive and sustainable economic growth.

What's going on with the wealth gap?

Since the publication of the first Wealth Gap Risk Register in 2024, new data from the Office for National Statistics (ONS) has been published on household wealth in Britain. Covering the period from April 2020 to March 2022, this latest version of the ONS Wealth and Assets Survey provides the most up-to-date picture of the wealth distribution in the UK, allowing us to track the impact of the pandemic and its aftermath on the distribution of wealth, as well as to compare the situation with the 2018–2020 period on which our first report was based.

At first glance, the story is one of continuity. Median household wealth appears to have fallen slightly between 2018–20 and 2020–22. However, methodological changes in 2020-22 mean that earlier figures are not directly comparable. On a like-for-like basis (using the new methodology), the 2018–20 level of median wealth would have been slightly less, meaning that median wealth actually rose modestly in real terms between the two periods. But beneath this small increase lies some complexity: gains were concentrated in pension wealth and, to a lesser extent, property. Financial wealth grew a little, largely as a result of enforced pandemic savings and rising asset prices, while non-pension wealth fell slightly once inflation is taken into account.

This modest rise also obscures a more worrying trend. The Gini coefficient for household wealth has barely budged from the 2018–20 figure. These headline measures suggest stability. But the absolute gap between rich and poor households identified in the first Wealth Gap Risk Register has continued to widen. Analysis for the Fairness Foundation by Dr Ben Tippet (see below), which supplements the ONS data with data from the

Sunday Times Rich List, shows that the absolute gap between the bottom 40% and the top 10% has increased from 48% between 2011-2019 to 54% between 2011-2021.

This widening gap is driven not by higher savings but by rising asset prices. The Resolution Foundation has shown that most of the increase in household wealth came from passive gains such as property and pension revaluations, rather than from active saving or asset acquisition. This shift towards the passive accumulation of wealth through asset appreciation makes it ever harder for those without existing wealth to build assets. Put simply, wealth continues to beget wealth.

Further to this point, age remains a defining fault line. Households headed by those in their early sixties now typically hold more than thirty times the wealth of households headed by people in their early twenties. Older groups benefited most from passive wealth gains during the pandemic: wealth for those aged 50–54 rose by £35,000, compared with just £9,000 among those in their late thirties. The gap between typical wealth among people in their early thirties and those in their early sixties has more than doubled since 2006–08, rising from £135,000 to £310,000. Today, the over-sixties hold 49% of all UK wealth, up from 39% in 2008.

Geography compounds the divide. London is the most unequal part of the UK. In 2020–22, households in the top decile of London's wealth distribution held twelve times more wealth than those at the median. Median London families have no net property wealth at all, while those in the top decile typically hold more than £400,000 in net property wealth. The South East remains the wealthiest region overall, with median wealth per adult at £290,000, compared to under £110,000 in the North East.

Wealth mobility remains strikingly limited. The overwhelming majority of people move no more than one decile up or down the distribution over a four-year period, with even less movement among lower-income households. High-income families are more likely to become homeowners, inherit assets, or avoid major financial shocks such as ill-health – factors that reinforce advantage and inhibit upward movement elsewhere. This is unsurprising. And it speaks to the perhaps most worrying trend identified by Dr Ben Tippet's analysis, which is that total negative wealth of the bottom 10% increased from £11 billion in 2018-2020 to £18 billion in 2020-2022.

It is important to note that the latest ONS Wealth and Assets Survey (WAS) figures come with methodological caveats. The ONS has altered how defined benefit pension wealth is calculated, reducing overall totals by more than £2 trillion compared with earlier methods. Data collection during the pandemic moved from face-to-face to telephone interviews, which skewed responses towards homeowners and away from renters. Weighting adjustments were introduced to correct for this, but the 2020–22 data remains less robust than previous waves to such an extent that the WAS data has recently lost its accreditation as official statistics.

Even allowing for these uncertainties, however, the central message is clear: Britain's wealth divide remains very high in relative terms, and the long-term trend is that it is continuing to grow in absolute terms. For many younger and poorer households, the wealth gap has become even more unbridgeable.

What are the impacts of the wealth gap?

The persistence of Britain's wealth gap is not just a matter of fairness. It has profound and worsening consequences for the functioning of our economy, the cohesion of our society, and the resilience of our state. When we launched the first Wealth Gap Risk Register, we identified forty-one distinct impacts of wealth inequality across domains from economic growth to democratic stability. A year on, the picture is even bleaker: the forces we highlighted have not eased but have instead deepened.

Sluggish growth and weak productivity remain the defining features of the UK economy. Wealth inequality plays a central role in this malaise. High concentrations of wealth in the hands of a small minority tilt incentives away from productive enterprise and towards rent extraction. Capital flows disproportionately into unproductive assets such as housing (i.e. landlordism) and financial instruments, while innovative firms and infrastructure projects struggle to attract long-term investment. The result is a low-investment, low-productivity equilibrium that constrains wages and living standards. Far from trickling down, the gains from accumulated wealth are increasingly locked up at the top, eroding the dynamism on which broad-based prosperity depends at the same time as "driving system-level risks that threaten long-term economic growth and financial stability".

The housing crisis has become the most visible expression of this dynamic. Rising property values have inflated the wealth of homeowners while locking younger generations and renters out of asset ownership. Households without property wealth are burdened by soaring rents that consume large shares of disposable income, suppressing consumer spending and reducing the scope for household saving. The financialisation of housing – treating it as an investment vehicle rather than a social necessity – has redirected capital away from more productive sectors of the economy. What was once a pathway to security and mobility has become a driver of exclusion and precarity, entrenching both intergenerational and regional divides.

Wealth inequality also undermines state capacity. When public wealth – land, housing, infrastructure, even natural resources – is transferred into private hands, the state loses both assets and revenues. At the same time, wealth concentration erodes the tax base: income from wealth is under-taxed compared to income from work, while loopholes and avoidance mechanisms allow the wealthiest to shield large sums from contribution. The result is a fiscally constrained state, forced to deliver essential services with diminished resources. In turn, this limits the government's ability to invest in long-term priorities such as green infrastructure, skills, and regional regeneration. Wealth extraction is not just a private gain; it is emphatically a public loss.

The social and political impacts are equally concerning. Wealth inequality feeds distrust in institutions and weakens the social contract. Those with little or no wealth feel increasingly excluded from the political process, less likely to vote or believe that government represents their interests. Meanwhile, the wealthy exert outsized influence through political donations, lobbying, and ownership of media outlets.

In short, the mechanisms that we identified in the first Register – including sluggish growth, housing exclusion, weakened state capacity, and democratic erosion – are not only still present, but are intensifying. The wealth gap is no longer just a chronic condition; it has become an acute illness at the heart of Britain's stagnation and fragility.

What can we do about the wealth gap?

Unless actively checked, wealth inequality is self-perpetuating and the absolute wealth gap will continue to grow, because wealth begets more wealth. This process is amplified by the UK's tax system, which under-taxes income from wealth compared to income from work. This creates an unfair disadvantage for people in employment compared to people who generate income from assets, and significantly reduces the amount of revenue raised through taxation to fund public services. There are a range of straightforward ways to tax wealth more fairly and effectively, such as equalising tax rates on capital gains with tax rates on employment income, to achieve a 'triple win' of raising revenue, reducing wealth inequality and boosting economic growth. There is clear public support for tax increases to fall on wealth rather than income.

Other proposals that look to redress the under-taxing of wealth, and to tackle wealth inequality, include a separate tax on stocks of (as opposed to incomes from or transfers of) wealth. A new wealth tax has moved from the margins of economic debate to a serious proposal to raise revenue and/or reduce wealth inequality. A one-off wealth tax could be justified as a response to a particular crisis, but would only temporarily reduce wealth inequality. An annual progressive wealth tax could be justified on the basis that it would permanently limit wealth inequality, but public and political support would need to be won, with a concerted effort to ensure that it was well designed and implemented (and not, as has happened in other European countries, watered down by successful lobbying to include loopholes that reduce the revenue raised and thus undermine its legitimacy).

Sharing wealth is another approach. Wealth concentration in the UK has been facilitated by an economic system that often incentivises and rewards the extraction of value from existing financial and corporate wealth, rather than encouraging the creation of new economic value. Mechanisms to prevent this, such as public wealth funds, would ensure that income-generating assets are shared more equitably, allowing all citizens to benefit from economic development. These funds would provide access to excellent investment returns for everyone and mitigate the effects of differential returns, where the wealthy enjoy superior rates of return compared to average savers, exacerbating existing inequalities. Sharing wealth broadly now can also help to mitigate the impacts of future trends that are likely to intensify wealth inequality, such as the increasing power and impact of artificial intelligence.

Another strategy involves conceding that wealth inequalities are entrenched, and focusing instead on mitigating the negative impacts of these inequalities. This has been done in some European countries, as outlined above, which means that there are more opportunities for the wealthy in the UK to buy advantage and influence than in many comparable countries. Many European countries have substantial safeguards to reduce the salience and importance of wealth in everyday life, such as more equitable education systems, a more comprehensive and generous welfare state, and measures to reduce the influence of wealth on politics such as more transparent lobbying regulations and stricter rules on donations.

What's being done by government?

When the Labour government took office in July 2024, it inherited an economy marked by a lack of growth, overstretched public services, and entrenched inequalities. Regrettably, tackling the wealth gap was not the central theme of its campaign, but many of its headline commitments – on housing, tax reform, and industrial strategy – touch directly or indirectly on how wealth is distributed. The question is whether these measures have begun to close the gap, or whether they risk entrenching it further.

Taxation of wealth remains the most direct lever available. Early in its term, the government ruled out a standalone wealth tax, citing concerns about capital flight and administrative complexity. However, it has made moves at the margins. Capital gains tax reliefs have been pared back, aligning some rates more closely with those on earned income. Changes to inheritance tax thresholds, though modest, signal a recognition that intergenerational wealth transfers are widening divides. Yet these reforms fall short of equalising the tax treatment of income from work and income from wealth. Property taxation remains largely untouched: council tax is still regressive, and there has been little progress towards land value taxation or a revaluation of property bands. As a result, the UK tax system continues to under-tax wealth compared to work, allowing concentrations of unearned gains to persist.

The housing crisis has been a more explicit target of government policy. Labour has pledged to build 1.5 million new homes over the course of the parliament, with an emphasis on affordable and social housing. Planning reforms have been fast-tracked, including mandatory housing targets for local authorities and streamlined approval processes for brownfield development. If delivered, this programme could begin to ease the supply shortage that has driven up property values and widened the generational wealth divide. Yet there are reasons for caution. Large housebuilders retain significant market power, and without tighter regulation there is a risk that new supply will skew towards higher-end developments. Moreover, demand-side pressures – from subsidies for first-time buyers to mortgage guarantee schemes – risk inflating prices further unless matched by genuine increases in affordable stock. For now, the basic dynamics of property-driven wealth inequality remain unchanged.

Labour's industrial strategy is framed around "securing Britain's future prosperity," with commitments to green investment, regional regeneration, and support for innovation. A new National Wealth Fund, capitalised at £7.3 billion (previously £30 billion), has been established to co-invest in strategic sectors such as clean energy and advanced manufacturing. This marks a partial reversal of decades of privatisation, signalling an intent to rebuild public wealth and expand the state's capacity to shape the economy. If scaled up, such initiatives could provide a counterweight to private wealth accumulation by ensuring that public investments generate collective returns. However, the scale remains modest compared to the size of the wealth gap, and fiscal constraints limit the government's room for manoeuvre.

On public services and fiscal policy, Labour has prioritised stabilisation over expansion. Commitments to reduce NHS waiting times and invest in education are constrained by a tight fiscal envelope, meaning improvements in state capacity will be incremental rather than transformative without major new revenue sources. One notable exception is the government's decision to follow through on its pledge to tax private schools, a step that makes it slightly harder for wealthy families to buy exclusive opportunities for their children and signals a modest attempt to level the playing field in education.

Taken together, Labour's early interventions represent a mixed picture. The direction of travel is modestly progressive, with efforts to rein in some of the most egregious advantages enjoyed by wealth holders and to expand affordable housing and public investment. But these measures have yet to shift the fundamentals. The structural drivers of the wealth gap – asset inflation, light taxation of wealth, and chronic underinvestment in public goods – remain in place. Unless the government moves beyond incrementalism, its policies risk merely trying to manage the symptoms of wealth inequality rather than addressing its causes.

What do people think about the wealth gap?

Wealth is now arguably the most important economic dividing line in the UK. Despite its crucial role in shaping life chances and society generally, public awareness of wealth inequality and understanding of its impacts remain limited and fragmented.

Multiple studies have found that the public consistently underestimates the extent of economic inequality, especially wealth inequality. Generally, people overestimate the wealth of the poorest decile and underestimate the wealth of the top decile. Why? Our perception of the world is heavily influenced by our immediate surroundings and social circles, which are generally more homogenous (and therefore more equal) than national distributions. As a result, our understanding of economic disparities is primarily shaped by our local experiences and observations, limiting understanding of wider societal differences.

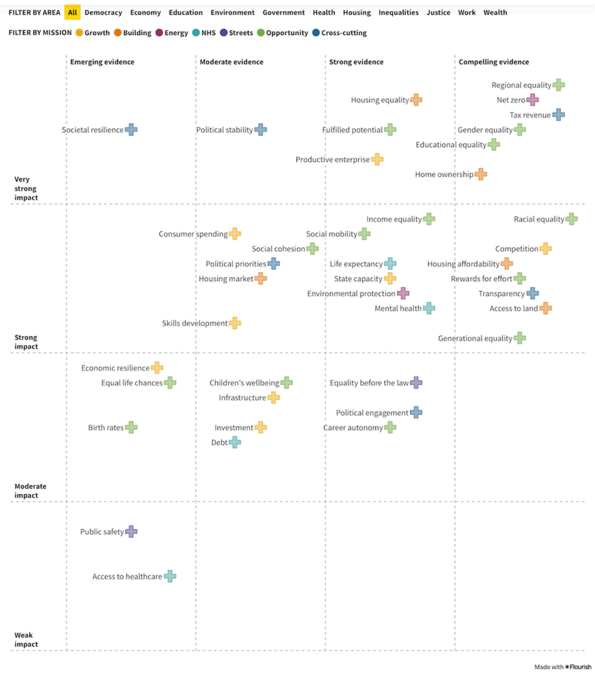
It follows that understanding of how the economy works is low. Research by NEON found that there is an intuitive understanding among the general population that the UK economic system is inherently 'rigged'. While people have a general sense of economic unfairness, they lack detailed understanding of the specific mechanisms and actions employed by wealthy elites to maintain and perpetuate this imbalanced system. This is not to say that people aren't aware of, and worried about, some of the negative impacts associated with wealth inequality. Polling that we carried out for this report finds that crime, the cost of living, and poor mental health are strongly linked in people's minds with the negative impacts of wealth inequality. There is much less awareness of the negative impacts of wealth inequality on growth, democracy, net zero and the tax system (although these issues were raised unprompted in follow-up qualitative research, as outlined in the attitudes section of this report).

These views often go hand in hand with underlying mindsets and worldviews that legitimise wealth inequality as the inevitable and even desirable by-product of a meritocratic system. The UK public has a high tolerance for wealth that has been earned through skill and hard work, and polling shows that people overplay the role of merit and undervalue the role of luck in influencing life outcomes. Wealth is often perceived as an 'achieved' and therefore legitimate attribute – a view that is enthusiastically promoted by a well-funded 'wealth defence' industry that lobbies hard to suggest that any measures to reduce wealth inequality are not only morally suspect but will damage growth and tax revenues, its arguments magnified by a media that is largely owned by wealthy beneficiaries of the status quo. In reality, however, about 60% of all private wealth in the UK is inherited rather than accumulated through work, and inherited wealth is becoming ever more important in determining people's life chances and outcomes. The large and very unequally distributed transfer of inherited wealth that is set to take place over the coming decades will dramatically increase the size of the wealth gap, which is likely to harden public attitudes towards wealth inequality.

Online resources

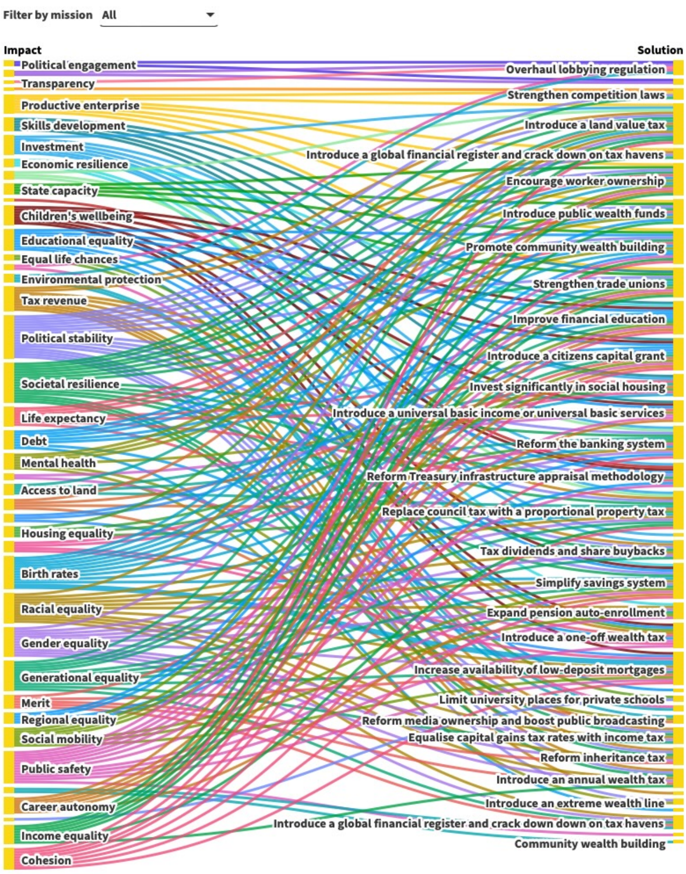
The online version of this report includes a range of interactive data visualisations:

Impacts of the wealth gap

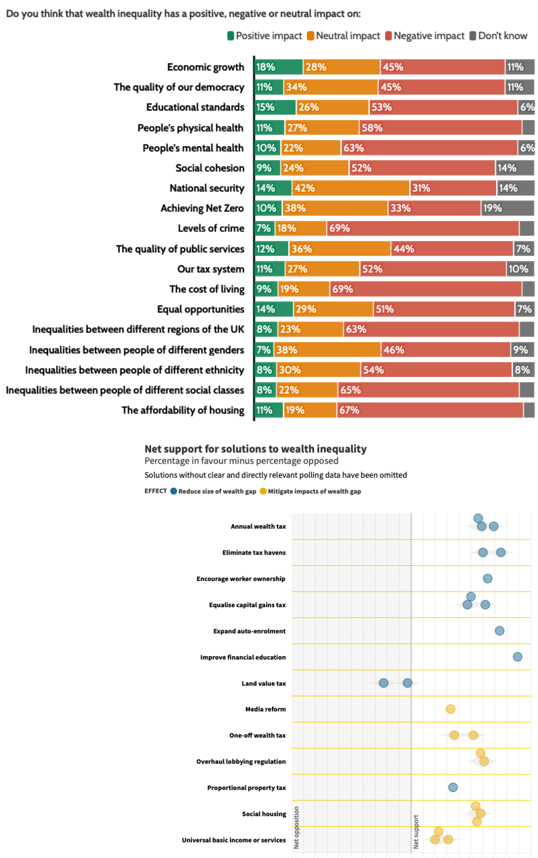


Solutions to the wealth gap

Mapping impacts to solutions



Attitudes to the wealth gap



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