

# **The Equality Trust Wealth Tracker 2014**

## Wealth in Britain

In the last year the 100 richest people in Britain saw their wealth increase by £40.1 billion to a colossal £297.133 billion. The ten richest people alone saw their wealth increase by £3.1 billion. This means that just one hundred people now have as much wealth as the poorest 30% of households. According to new statistics from the ONS, the richest 1% of households in the UK now holds more wealth than over half of the population.

Many justifications are made for the extraordinary increase in the wealth of the richest: it is said that they create wealth for others through their entrepreneurialism, they provide jobs, they are exceptionally productive and so forth. In short, they're worth it. But is this really true? Can 100 people really have as much financial value as almost 19 million people?

The UK is now one of the world's most economically unequal developed countries. The negative effect of this inequality on our mental and physical health is [well documented](#). But more recently, inequality has been cited by an increasing number of academics and economists as a key reason for financial volatility and poor economic growth.

This year's Equality Trust Wealth Tracker is the first of what will be an annual report. Its aim is to make sense of the huge increase in wealth of the richest in society by providing comparisons with recognisable household items and bills. In doing so it will also highlight what the equivalent financial value of this wealth might provide if it was used in a more equitable way.

## Britain's Richest in Numbers

### How has wealth changed?

The wealth of the richest 1000 people in Britain is £519 billion. This is more than the combined wealth of the poorest 40% of UK households<sup>1</sup> (£452 billion)

The wealth of the 100 richest people in Britain is now £297.133 billion, an increase of £40.1 billion in the last year. This is an increase of:

- 15.6 per cent, or
- £1,272 per second, or
- £109.95 million per day.

The richest 10 people saw their wealth increase by £3.1 billion to a total of £96.6 billion.

### What is this wealth equivalent to?

The total wealth of the 100 richest people:

- Is significantly more than the wealth of the poorest 30 per cent of households (£188.6 billion), or around 18.9 million people.
- Is equivalent to the value of 1,174,438 houses at the average UK cost of £253,000 or 648,762 homes in London at an average London price of £458,000 each<sup>2</sup>.

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<sup>1</sup> <http://www.ons.gov.uk/ons/rel/was/wealth-in-great-britain-wave-3/2010-2012/report--chapter-2--total-wealth.html>

<sup>2</sup> [http://www.ons.gov.uk/ons/dcp171778\\_359611.pdf](http://www.ons.gov.uk/ons/dcp171778_359611.pdf)

## What could last year's increase in wealth for Britain's 100 richest people pay for?

The increase in wealth of the richest 100 people in Britain last year was £40.1 billion. This could:

### Low pay and unemployment

- Pay for 2.76 million Living Wage jobs for a year<sup>3</sup>, or 1.83 million jobs paid at an average salary<sup>4</sup>. **Cost = £40.06 billion or £40.09 billion OR**
- Elevate all 1.386 million National Minimum Wage jobs to Living Wage jobs  
**Cost = £3.52 billion**

The UK has a higher proportion of low-skilled jobs than any other country in the OECD, except Spain<sup>5</sup> with one in five workers classified as low paid. Furthermore, the Low Pay Commission estimates that there are now 1,386,000 minimum wage jobs. With rents rising and household bills going through the roof, many of these jobs simply pay too little to afford basic necessities. However, if the increase in the wealth of the richest 100 people in Britain last year was used differently, it could provide 2.76 million Living Wage jobs.

### Food poverty

- Pay 14 years of grocery bills for all of the UK's users of food banks<sup>6</sup>.

The rise of food poverty has become a defining issue in recent months. According to research by the Trussell Trust<sup>7</sup>, over 900,000 adults and children have received three days' emergency food and support from Trussell Trust food-banks in the last 12 months, a shocking 163 per cent rise on numbers helped in the previous financial year. The ONS estimates that the average weekly food shop costs £56.80. If the increase in the wealth of the richest 100 people last year was used differently, it could pay the grocery bill of every current user of a food bank for seven years.

<sup>3</sup> Based on Living Wage workers working a 37.5hr week, with zero pay for bank holidays

<sup>4</sup> <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2013-provisional-results/stb-ashe-statistical-bulletin-2013.html> - this does not include NI and pension contributions

<sup>5</sup> Skills Outlook 2013, OECD, 2013

<sup>6</sup> According to the Trussell Trust there are 913,138 users of food banks. Based on an average annual food shop of £2,954 the cost of paying an annual grocery bill (£56.80 x 52), for those using food banks is £2,697,409,652.

<sup>7</sup> <http://www.trusselltrust.org/foodbank-figures-top-900000>

## Fuel poverty

The increase in wealth of the richest 100 people in Britain last year could:

- Pay the energy bill<sup>8</sup> for all 26.4 million UK households<sup>9</sup> for over a year (13 months.)  
**Cost = £40.1 billion OR**
- Pay off the current fuel poverty gap of £1.05 billion. This would effectively lift 2.39 million households out of fuel poverty<sup>10</sup>. **Cost = £1.05 billion**

In recent years energy bills have rocketed. According to the ONS<sup>11</sup>, the average household spend on energy increased 55% from 2002-2012, after accounting for inflation. In 2002 households spent just 3.3% of their income on energy, but this rose to 5.1% by 2012<sup>12</sup>, with the poorest fifth of households spending 11% of their household income on energy costs. The average annual dual-fuel bill - covering gas and electricity - is now £1,315 per household, according to Ofgem<sup>13</sup>, which has also warned prices may go up significantly further by 2016.

These increases have left many struggling to pay their bills, or forced to choose between food and fuel, the so-called 'heat or eat' conundrum. Government figures now estimate that 2.39 million households are living in fuel poverty, that is, households with above average energy costs who if they were to spend that amount, would be left with a residual income below the official poverty line.

However, if the increase in the wealth of the richest 100 people last year was used differently, it could lift every person out of fuel poverty quite easily. In fact, it could pay the energy bill of all 26.4 million UK households<sup>14</sup> for over a year (13 months.)

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<sup>8</sup> Dual fuel bill: <https://www.ofgem.gov.uk/ofgem-publications/83279/smiupdate18-09-2013.pdf>

<sup>9</sup> <http://www.ons.gov.uk/ons/rel/family-demography/families-and-households/2013/stb-families.html>

<sup>10</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/226985/fuel\\_poverty\\_report\\_2013.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/226985/fuel_poverty_report_2013.pdf)

<sup>11</sup> <http://www.ons.gov.uk/ons/rel/household-income/expenditure-on-household-fuels/2002---2012/full-report--household-energy-spending-in-the-uk--2002--2012.html>

<sup>12</sup> <http://www.ons.gov.uk/ons/rel/household-income/expenditure-on-household-fuels/2002---2012/full-report--household-energy-spending-in-the-uk--2002--2012.html>

<sup>13</sup> <https://www.ofgem.gov.uk/ofgem-publications/83279/smiupdate18-09-2013.pdf>

<sup>14</sup> <http://www.ons.gov.uk/ons/rel/family-demography/families-and-households/2013/stb-families.html>

## Child poverty and debt

The increase in wealth of the richest 100 people in Britain last year could:

- Lift 2.4 million children living in families out of problem debt<sup>15</sup>.  
**Cost = £4.8 billion OR**
- Provide eighteen times the value of annual loans provided by the payday lending industry.<sup>16</sup> **Cost = £39.6 billion**

Child poverty remains an emotive issue, and a cause of concern for many people. There are now an estimated 3.5 million children living in poverty in the UK<sup>17</sup>, or more than one in four children. In some areas this is far higher; 100 local wards experience between 50 and 70% of children growing up in poverty. For a rich country such as the UK, these are damning figures.

Just as concerning, a recent report from the Children's Society found that 1.4 million households across the UK, containing 2.4 million dependent children, are in arrears on at least one household bill or credit commitment. This equates to a total of £4.8 billion in arrears. The increase in wealth of the richest 100 people last year could pay off this debt eight times over (£38.4 billion) with change to spare.

The rise of pay-day lenders, many of which charge extremely high interest rates on loans, is often criticised as a cause of rising household debt. In the year 2012-13 the pay-day loans industry provided an estimated £2.2 billion in loans. The increase in wealth of the 100 richest people last year could provide eighteen times this figure, at a cost of £39.6 billion.

<sup>15</sup> Families with children are £4.8bn in debt:  
[http://www.childrengsociety.org.uk/sites/default/files/debt\\_trap\\_report\\_may\\_2014.pdf](http://www.childrengsociety.org.uk/sites/default/files/debt_trap_report_may_2014.pdf) p11

<sup>16</sup> The payday loans industry provided £2.2bn in loans in the year 2012/13:  
([http://www.ippr.org/assets/media/publications/pdf/Jumping-the-shark\\_Apr2014.pdf](http://www.ippr.org/assets/media/publications/pdf/Jumping-the-shark_Apr2014.pdf) p7)

<sup>17</sup> [http://www.cpag.org.uk/child-poverty-facts-and-figures#footnote3\\_l610l77](http://www.cpag.org.uk/child-poverty-facts-and-figures#footnote3_l610l77)

## Housing crisis

The increase in wealth of the richest 100 people in Britain last year could:

- Pay a year's rent for nearly half of all renting households, or 4.05 million people<sup>18</sup>.  
**Cost = £40.04 billion OR**
- Buy houses for all homeless people living in London<sup>19</sup>.  
**Cost = £2.95 billion**

Perhaps one of the starkest challenges facing ordinary people is the huge increase in housing costs in recent years. House prices continue to spiral to bewildering levels, with concerns over a housing bubble spreading. A recent report from Shelter estimates that average house prices would be over £900,000 by 2034 if current trends continue – a quadrupling of current prices<sup>20</sup>. This is in stark contrast to the moderately increasing, stagnating, or even falling wages of many people.

For the huge number of people who rent, the news is no better. The average rent last year went up by 7%<sup>21</sup>, far and away above the increase in wages seen by most. According to Home Let the average cost of renting a home is now £848 per month.

The increase in wealth of the richest 100 people could pay a year's rent for almost half of all renting households in the UK, or 4.05 million people.

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<sup>18</sup> The average annual rent is £824 x 12 = £9,888. <http://homelet.co.uk/homelet-rental-index> There are 8.3 million households that rent <http://www.ons.gov.uk/ons/re/census/2011-census/detailed-characteristics-on-housing-for-local-authorities-in-england-and-wales/short-story-on-detailed-characteristics.html>

<sup>19</sup> <http://www.crisis.org.uk/data/files/publications/Crisis%20homelessness%20briefing%20March%202014.pdf>

<sup>20</sup> [http://england.shelter.org.uk/news/may\\_2014/house\\_prices\\_could\\_quadruple\\_if\\_we\\_dont\\_act\\_warn\\_kpmg\\_and\\_shelter](http://england.shelter.org.uk/news/may_2014/house_prices_could_quadruple_if_we_dont_act_warn_kpmg_and_shelter)

<sup>21</sup> <http://homelet.co.uk/homelet-rental-index/>

## Methodology

1. All estimates of wealth of the 100 richest people are based on those published in the Sunday Times Rich List 2014. The 100 richest in Britain, according to The Sunday Times Rich List, are worth £297.133 billion.

<http://features.thesundaytimes.co.uk/richlist/2014/live/richlist/view/group98/1/rank/#list>

The measurement of UK household wealth can be found here -

<http://www.ons.gov.uk/ons/rel/was/wealth-in-great-britain-wave-3/2010-2012/report--chapter-2--total-wealth.html>

2. Each year there are new entrants to the Sunday Times Rich List, and those that leave. As such, our comparisons do not measure the wealth of 100 specific individuals one year compared to the same individuals' wealth the following year. Instead, we look at how the wealth held by the group comprising the richest 100 people compares to the wealth held the following year by that year's group of 100 richest people.