

A national wealth fund

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Everyone appears to be reporting Labour's plan to deliver a variation on a national wealth fund this morning. As [Politics Home puts it](#):

The Shadow Chancellor will say companies with 250 or more staff would have to sign them up to an 'Inclusive Ownership Fund' shareholding scheme.

Employees would receive dividend pay-outs at the end of the year worth up to £500, with any excess paid into a national pot that would go towards improving public services.

I feel much the same about this plan as I do about the [plan to increase council tax on some second homes](#): it is a good start, but.....

There are issues. First, wealth is linked to very particular employments by this plan. And since the plan is only applicable to those employed by larger U.K. companies, who already pay higher wages in average, income inequality may increase because of it.

Second, the scope is very limited and because it can be avoided by moving corporate domicile not really that wise. It disincentivises the UK and does not require foreign owned companies to partake.

Third, I am concerned that there is no plan for capital gains within these funds. What happens to them?

Fourth, this plan does not diversify employee's risk.

Fifth, should 10% of a company where only 3% of employees are in the UK be owned for the benefit of those employees? Is that fair? And a true reflection of international solidarity?

So, again, the sentiment is fine. The problem is in the execution.

What would I have done? I think one way to deal with this desire would have been to

increase the tax rate on larger companies in the U.K. and require settlement in shares. This would only be on UK profits and maybe profits remitted to the UK. That would be reasonable. And since companies use profits to fund share buy backs this would be a wholly justifiable approach. The rate could be as much as 10% of profits. And half should go to a national wealth fund, automatically. The wealth should be shared.

My instinct is that this would create a considerably more equitable outcome, as well as generating considerable interest in what UK taxable profits might be, which would be no bad thing.