

Funding the Future

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The UK is a country of massive wealth inequality, with all the stress landing on those the wealthy think to be the undeserving poor, which is most of us.

<https://www.youtube.com/watch?v=6qm7lVRhgZg&si=17gTyHQzTZ8hcC6B>

This is the audio version:

https://www.podbean.com/player-v2/?i=edm25-18bd9ac-pb&from=pb6admin&am&p;share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

We live in a country where most people live from payday to payday because there is gross income and wealth inequality.

We have a country that doesn't seem to care about that gross income and wealth inequality and the consequences that flow from it.

And my suggestion to you is a very simple one. We do need to care, because unless we do care about the nightmare of people living without the means to survive, literally from month to month, in many cases, we will end up with a country where extremism is bound to prosper.

The background to this is simple. Most people in the UK have low income and they do not have adequate savings. And so there's a series of questions to ask.

What are the consequences of that?

Why do we put up with it?

What can be done about it?

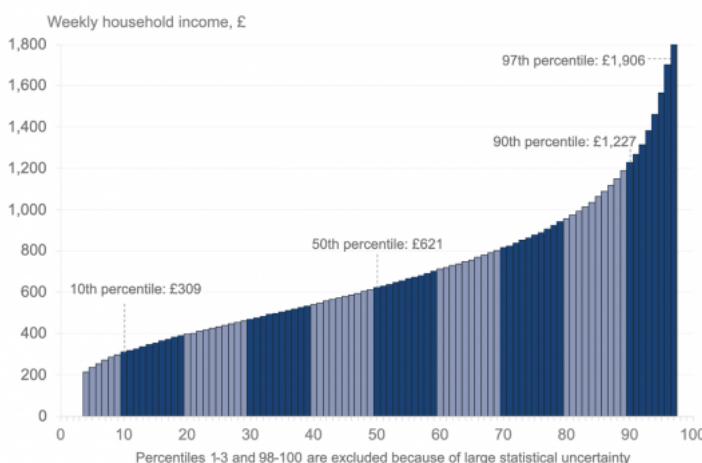
Is the problem of poverty and inequality always going to be with us, or are there better options?

And all that's what this video is about.

First, let's look at some facts. UK income distribution data is published by the government and by HM Revenue & Customs in the UK.

The information I'm now putting up on this chart [comes from the government](#), but in practice, there are real problems with this data, as if they didn't want to tell us the truth, the whole truth, and nothing but the truth.

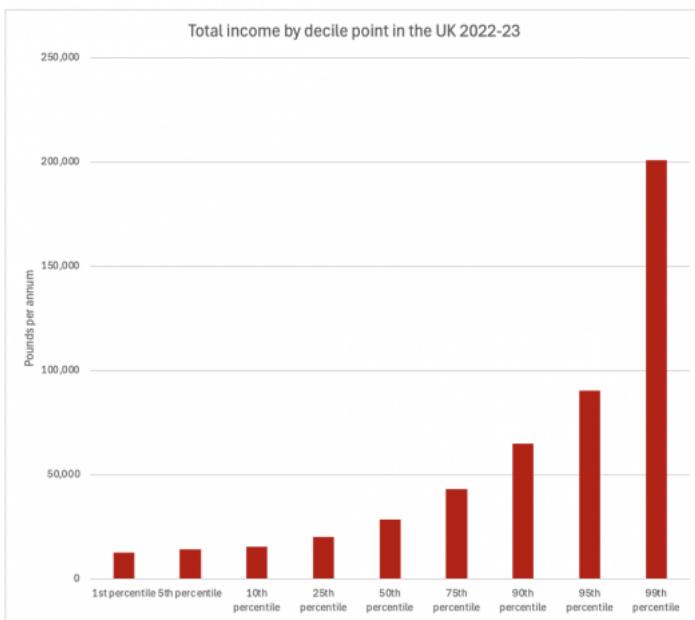
Figure 8: Weekly net **equivalised disposable household income** BHC by percentile, FYE 2023



Those two problems are that, first of all, this information on income distribution is stated after tax, and most of us don't compare our after-tax incomes with each other. We compare our incomes before tax, and there's good reason for that. Tax bills vary for all sorts of reasons, and so this is misleading information.

And the second problem with the data on this slide is very straightforward. The top 3% of income earners are missing from the data, and that's because they earn too much. But that means that this representation of how income in the UK is shared is completely false. It makes it look as though things are more equal than they are. I don't believe the UK government should be doing something like that. This is something that I call an unknown known. They know the truth, and they're supplying you with information that is misleading as a consequence.

So, let's instead look at information which is available from HM Revenue & Customs. The data is unfortunately for the tax year 2022/23; that is the year ended on the 5 April 2023, and that is the most up-to-date that we've got with [regard to declared incomes to HM Revenue & Customs](#), and the data looks at the distribution of income in the UK split between various percentile groups.



So, right on the left-hand side, the lowest of those red columns, we've got income for the bottom 1% of people who pay tax in the UK. And, I stress, this information is for people who pay tax, and I'll come back to that in a minute. And the people in that extreme group on the right are the people in the top 99th centile of income earners in the UK, a centile being 1% of the UK population who are in this top group.

And as you'll see, what is glaringly obvious is that the disparities between the incomes before tax of those in the bottom 1%, and the income of those in the top 1%, are dramatically different. And in between, we have a gradual profile of change.

What does it mean? It shows this. 50% of people in that tax year ended two years ago earned less than £28,400 a year. Now their household incomes might have been more, of course, because many households now have two income earners, but that's the income per person.

75% of all people earned less than £43,000 a year.

95% of people earned less than £90,500 a year, but some earned a great deal more.

In fact, in that top 1% of income earners, the average income was in excess of £200,000 a year.

So one group has the most enormous amount of income compared to almost everybody else.

Unsurprisingly, they pay more income tax than most people do.

You will have often have heard this claim that, oh, the top 1% paid 25% of all income tax in the UK. That's because they earn so much in comparison with everybody else. Don't think there's anything unfair about that. The unfairness is the fact that they've got so much income.

And importantly, this information only covers about 70% of adults in the UK. There are 17.8 million people in the UK who don't pay tax at all.

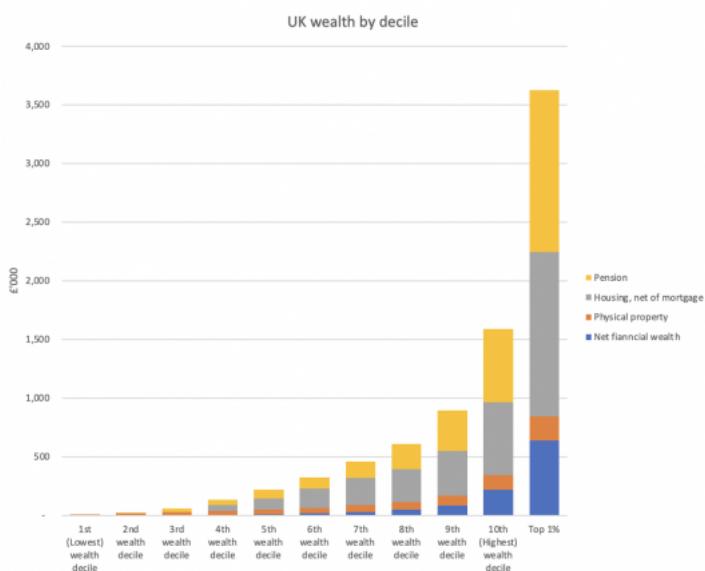
They will, for example, be old age pensioners who have no tax liability at all.

There will also be people on very low levels of benefits.

Those people skew the distribution even more strongly in favour of the left-hand side of the chart, the poverty end of the income spectrum.

So the vast majority of people in the UK are just getting by. But then we need to mix this fact with wealth data.

[This chart shows](#) wealth by groups in society, and the groups are basically split into 10. There are, in other words, 10% of the population ordered by wealth in each of the groups, except for the extreme right-hand category, which is for the top 1% alone.



And what this chart shows is wealth split into four groups.

The yellow data is pensions.

The grey data is housing wealth net of mortgages.

The orange group is physical property, in other words, things like cars, your clothes and household bits and pieces.

And finally, in blue, there's other financial assets, savings, in other words.

And what have we got? A chart that is once again, heavily skewed so that the right-hand end of the scale, again, in this case, the top 1%, have got vastly more than anybody else.

And in fact, if we try to see where the bottom 10% are, they basically don't show up. The reality is that one-third of the population of the UK has less than £50,000 in wealth, and none of that is in property.

Half of the population has savings of less than £8,000, and one-third of the population has savings of less than £1,000, and the bottom 10% have none at all.

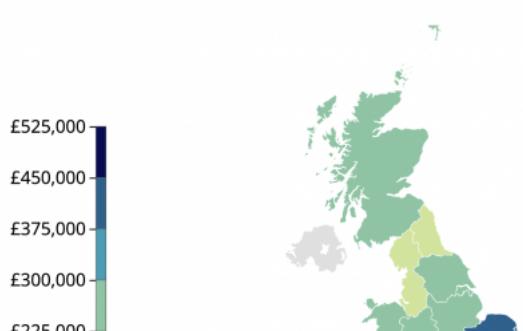
When I say that people survive from payday to payday, what I really mean is they have savings that are so small that if the next pay cheque doesn't turn up, there is no buffer available to cover any unforeseen eventuality that arrives in the meantime. At least a third of people in this country are living in that way: 📍 in absolutely precarious situations where anything going wrong can represent a financial disaster in a way that for the wealthy is totally unimaginable.

The wealthy do, in fact have on average, and this is the top 1%, wealth of £1.6 million each. And remember, that's not per household. That's per person. And they have therefore more per household than the bottom 70% of the population combined per household.

They have financial assets, that is savings, of more than £200,000 on average. There is no calamity that is going to hit them on such a scale that they're going to be in crisis as a consequence. This is what gross inequality looks like.

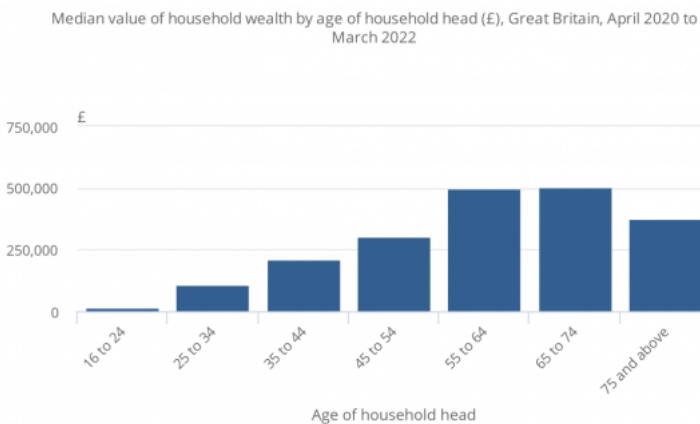
And [this distribution](#) is not just about these decile groups, the groups of 10%, into which I've categorised everybody there, using data from the Office for National Statistics. There's another problem with inequality. It is also seriously geographically uneven, as this map of the UK shows. People in the southeast of England have three times more wealth than people in the Northeast, Cumbria, Lancashire, and Northern Ireland.

Median household wealth by region, Great Britain, April 2020 to March 2022



Scotland and Wales are poorer than any part of Southern England. There is, as a consequence, massive gross inequality within the UK.

And that's not the only thing that we've got a problem with. There's also [inequality by age range](#). This also impacts people really heavily. Look at this chart, which provides this information, again, with data supplied by the UK government.



The young have virtually no wealth at all. Now, you could say that's unsurprising. They've never had a chance to earn anything, but that means that they have no margin for error as well. So some of the poorest people in the UK, the young, those who are more likely to make a mistake, have no margin for error to deal with it unless they have a parent who's willing to help them out, and not everybody is in that fortunate situation.

Then look at who dominates wealth by age. It is those from 55 to 75, but there's a perverseness in this. When you reach the age of 55, you've actually reached the point where you have relatively few responsibilities, in most cases. A lot of people have had their children and they've left home by then. So at the point where people have the greatest prosperity, admittedly before they retire, which is one reason why their savings are so high, because pensions do obviously dominate this scale, but even so, at that point where they have no responsibilities left, they have the greatest wealth.

And what that means is that actually we're also leaving young families, and you can see where they sit on this scale, well down the order, in a situation where they, too, are short of the wealth they need to deal with anything that comes up that might affect the wellbeing of their children.

We've got a situation where we have this gross inequality, and so what is the government going to do about it?

This is a [headline from the Guardian newspaper](#) made this month, May, 2025, where Liz Kendall, the government's work and pensions minister, is celebrating the fact that the £5 billion of disability benefit cuts that the government is going to put into place will supposedly stop the welfare state from collapsing in the UK.

Our £5bn disability benefits cut will stop welfare state collapsing, says Kendall

First of all, that's not true. The UK's welfare system will not collapse for the sake of £5 billion because the government could find £5 billion very easily in a total annual expenditure budget of well over £1 trillion, or in other words, more than £1,000 billion. £5 billion is neither here nor there.

But what Liz Kendall is choosing to do is penalise those who don't even get onto that income distribution chart that I showed, because the vast majority of people with disabilities don't have any taxable income at all. She is hitting the poorest the hardest.

And that's what's happening, and the government is choosing to exacerbate this.

It has chosen to put no new taxes on wealth into place since it came into office.

It is not attempting to collect taxes, more taxes, from those on high incomes or wealth.

It is, as a consequence, being grossly unfair with regard to those who it is choosing to penalise because, it claims, we have a financial problem in the UK. It will charge the poor. It will not charge the wealthy. Inequality is set to grow as a consequence.

We live in a country where, as I have said, people are living from payday to payday without the means to manage any of the insecurities that might arise in their lives.

That is the consequence of gross inequality and that gross inequality is getting worse, even if the official statistics that the government puts out don't show it because of the uncertainty about just how wealthy are the wealthiest, and just how high the incomes of the highest earners might be, which the government admits in its own data.

And the outcome of all of this is obvious.

31% of children in the UK live in poverty.

We have growing ill health, and there is a direct correlation between ill health and poverty. We know that.

There is rising mental ill health, and that's unsurprising when you force people to live in precarious situations where they have no resilience. Of course, they are going to be very stressed.

We have growing educational divides, because not only are those divides in regional wealth real in themselves, they are also reflected in the resources that the government is willing to supply to educational authorities around the country and the councils that fund them, because they are underfunded in the places where need is greatest.

It is as if the government doesn't care.

And the consequence, of course, and perhaps the one that worries me most of all, there

are young people with no hope.

The government says that it's worried about the fact that almost 10% of young people have never worked and might not work because of their ill health and other causes. And yet they're doing nothing to address the problem by providing these young people with the chance and the hope that they might one day improve their situation as a consequence of working, when it's very clear from this data that working will actually solve nothing for them. And all of this is coming from a supposed Labour government: a government that I call Labour In Name Only, or LINO for short.

No wonder that the Reform Party is popular.

No wonder that they are winning votes.

We've built a country without resilience.

The far right is exploiting that.

So what do we do?

Well, we have to build a country that cares.

We have to redistribute income and wealth. It's as simple and straightforward as that.

We cannot live as we are. People cannot live in the circumstances that we are forcing them into.

We are rich enough to be able to ensure that everyone in the UK could live at least adequately and without fear, but we aren't.

We are not delivering that most basic of things that any government should do, which is to supply freedom from fear.

So why don't we do that? It's because the wealthy have been told they're worth it.

They've been told they've earned their success and that it's theirs to enjoy.

They're worthy, the deserving, the righteous ones, in other words.

But the corollary is that there is now a revived concept of the undeserving poor in the UK. You can see it in everything that Liz Kendall, our Minister for Work and Pensions says. She obviously believes that, because that's why she's punishing disabled people.

That concept, that belief that there are people who simply don't deserve our support, is destroying equality in the UK.

It's encouraging fascism.

It's denying families and their children hope, and it's destroying their futures.

We could have a land of hope, but only if we redistribute income and wealth.

What would you do?