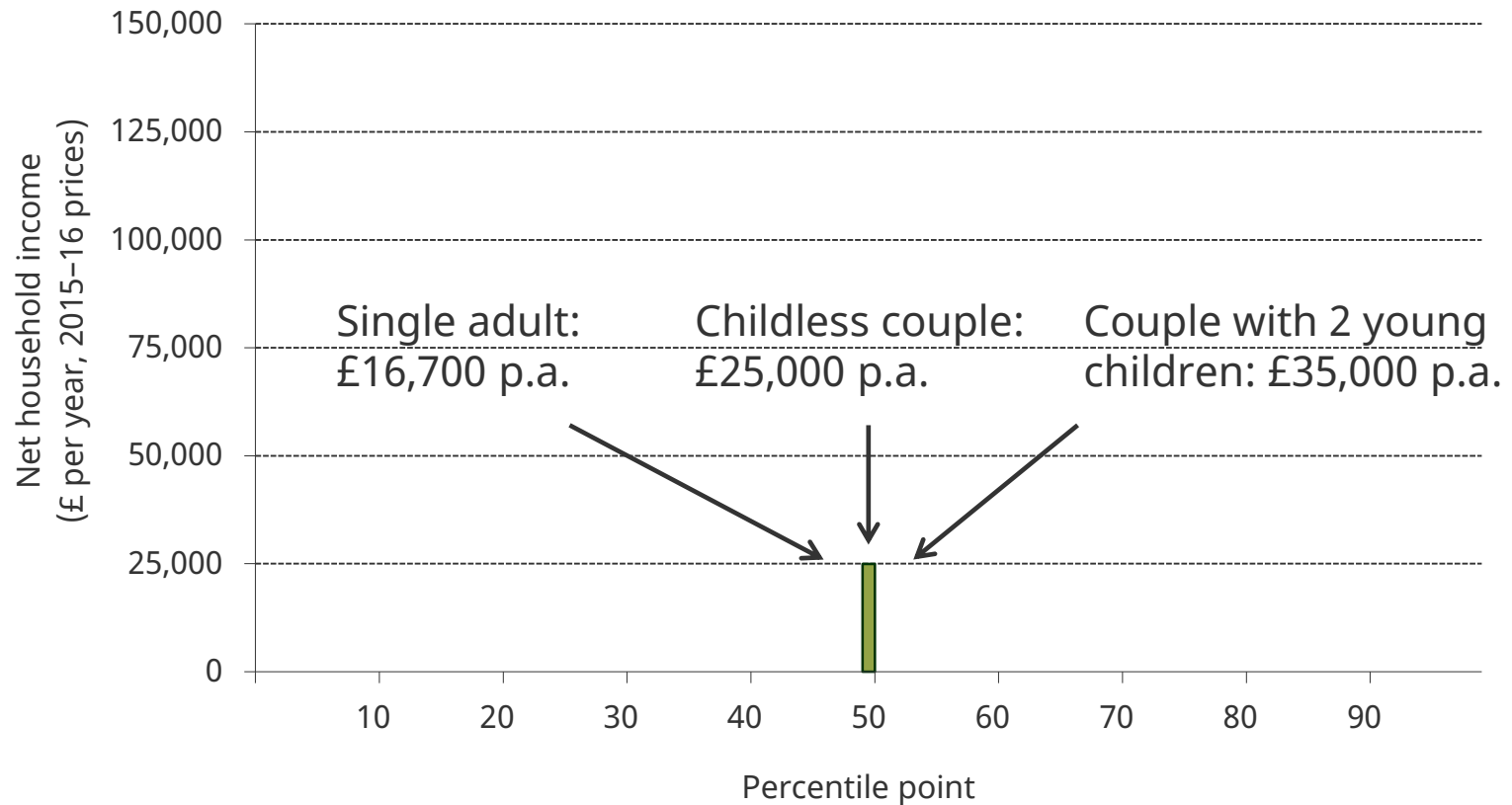


Income inequality

Andrew Hood

The UK income distribution in 2015-16



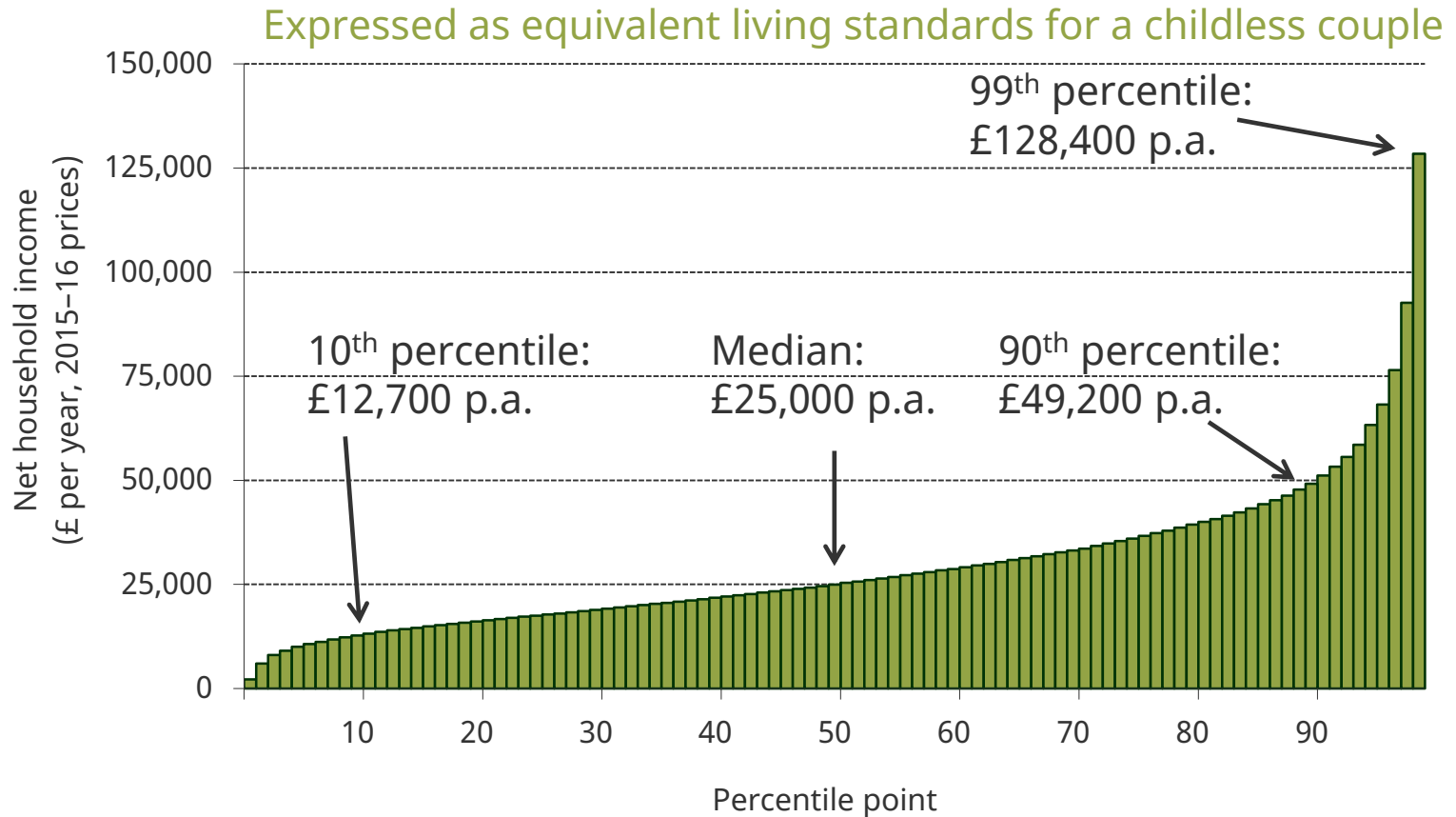
Source: Figure 3.1 of *Living Standards, Poverty and Inequality in the UK: 2017*

The UK income distribution in 2015-16



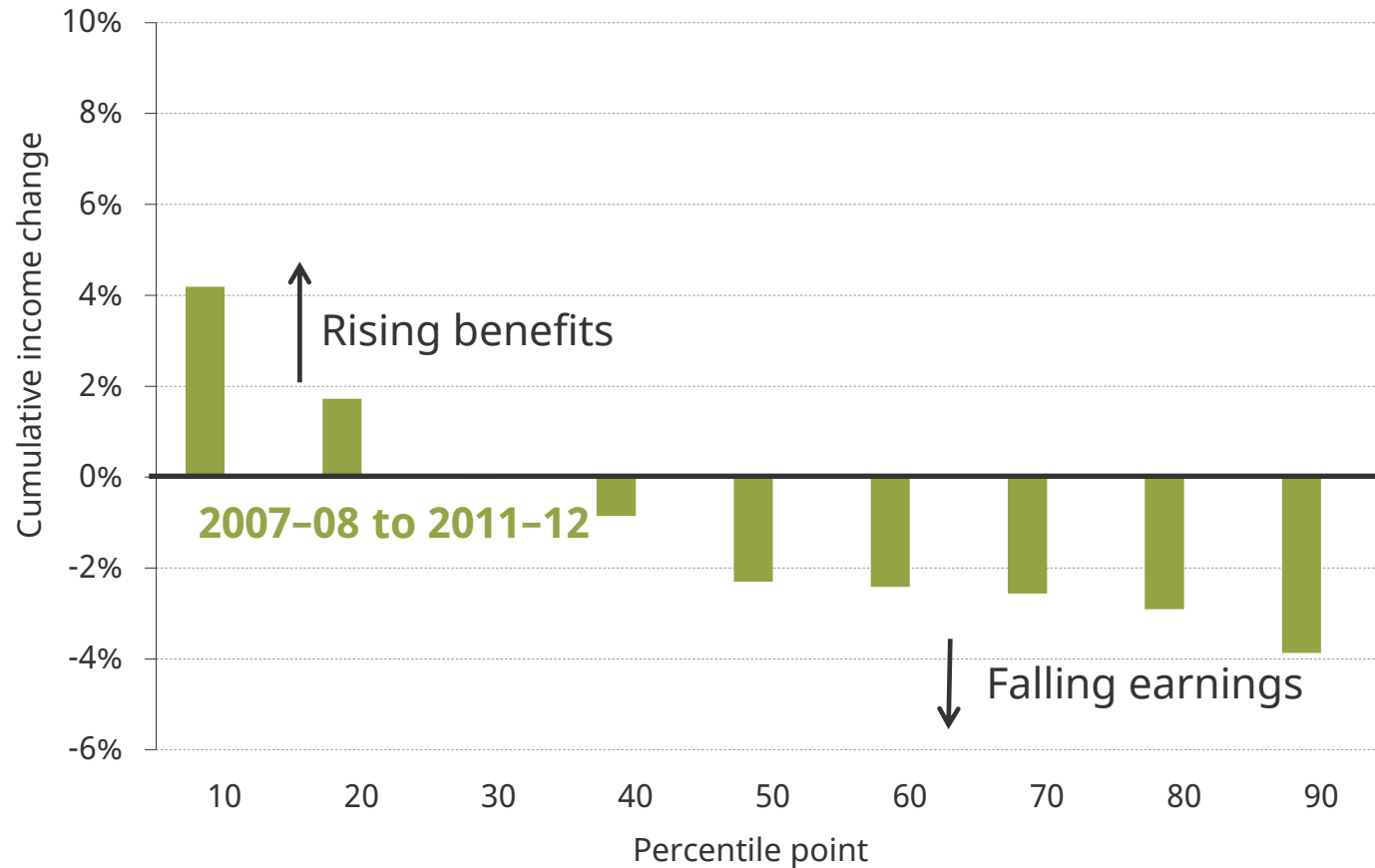
Source: Figure 3.1 of *Living Standards, Poverty and Inequality in the UK: 2017*

The UK income distribution in 2015-16



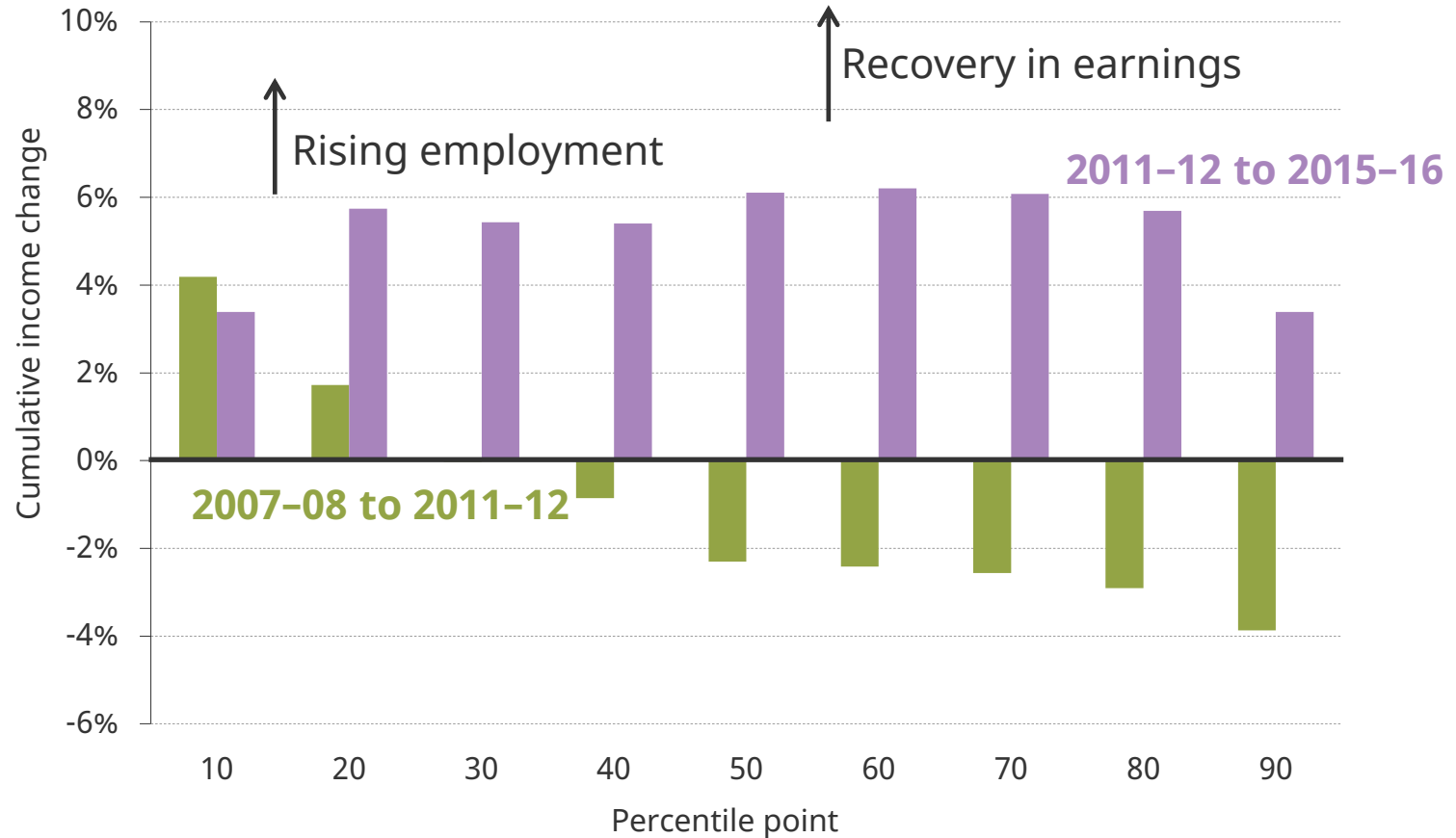
Source: Figure 3.1 of *Living Standards, Poverty and Inequality in the UK: 2017*

Income inequality remains lower than 2007-08...



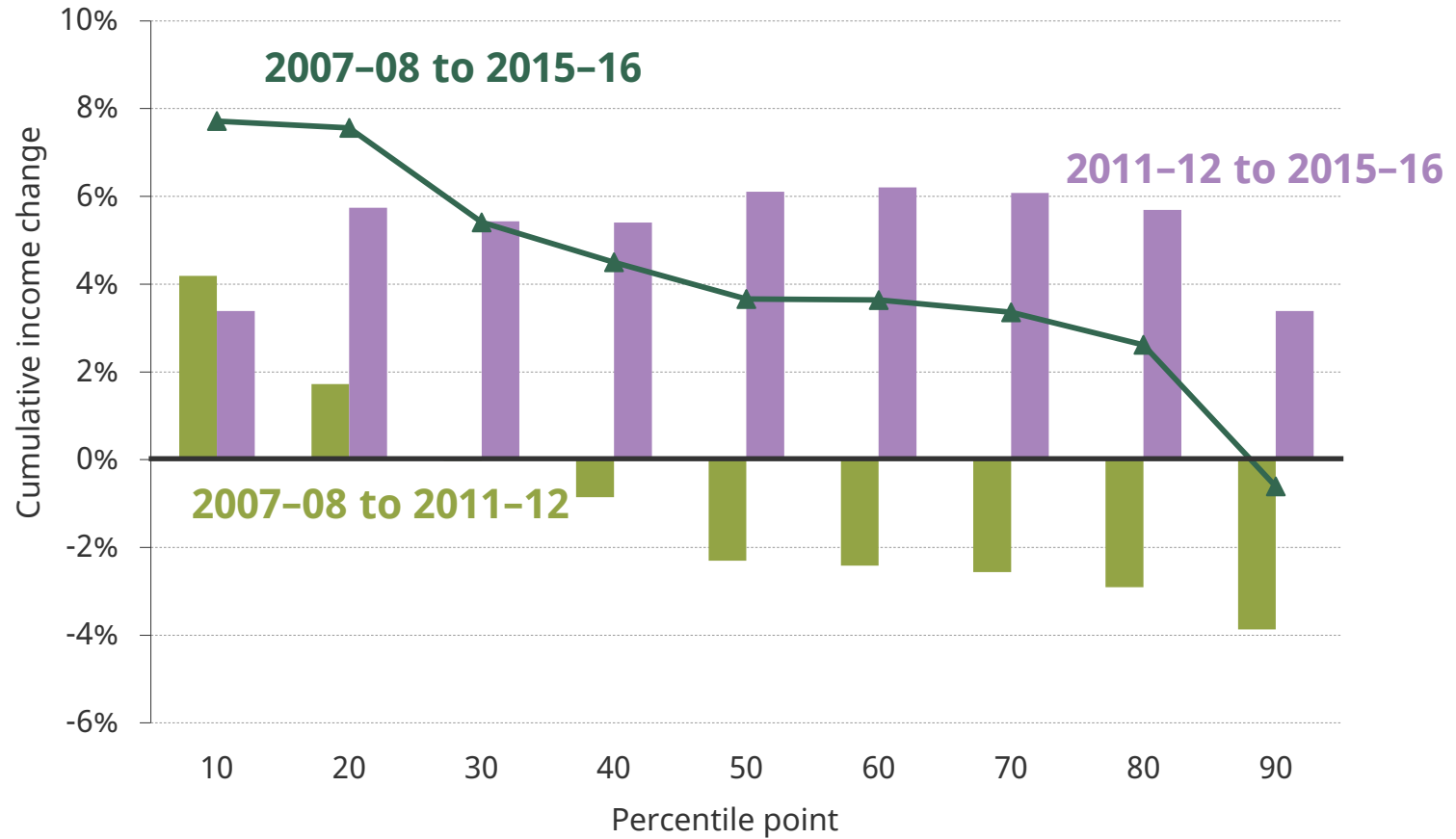
Source: Figure 3.4 of *Living Standards, Poverty and Inequality in the UK: 2017*

Income inequality remains lower than 2007-08...



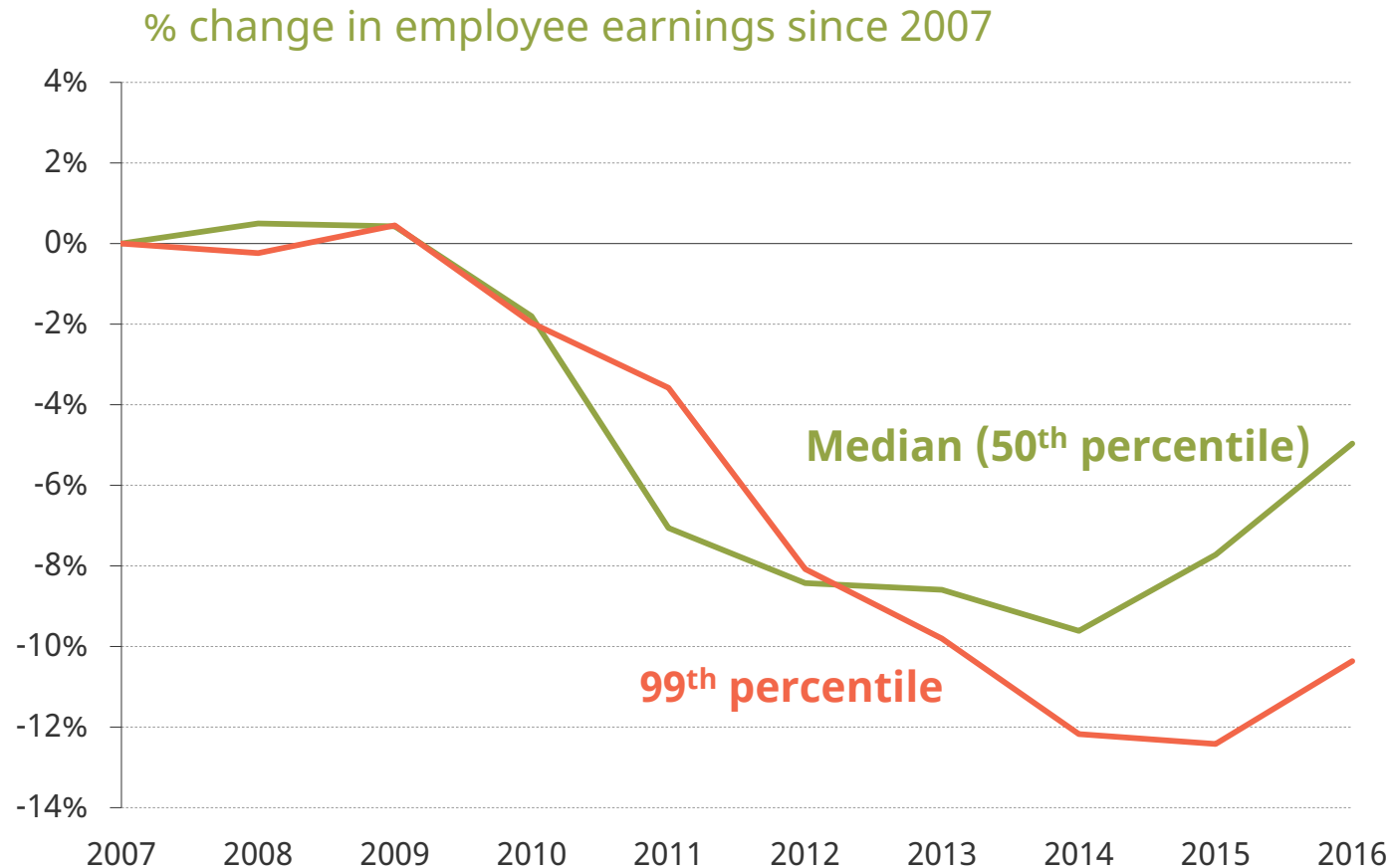
Source: Figure 3.4 of *Living Standards, Poverty and Inequality in the UK: 2017*

Income inequality remains lower than 2007-08...



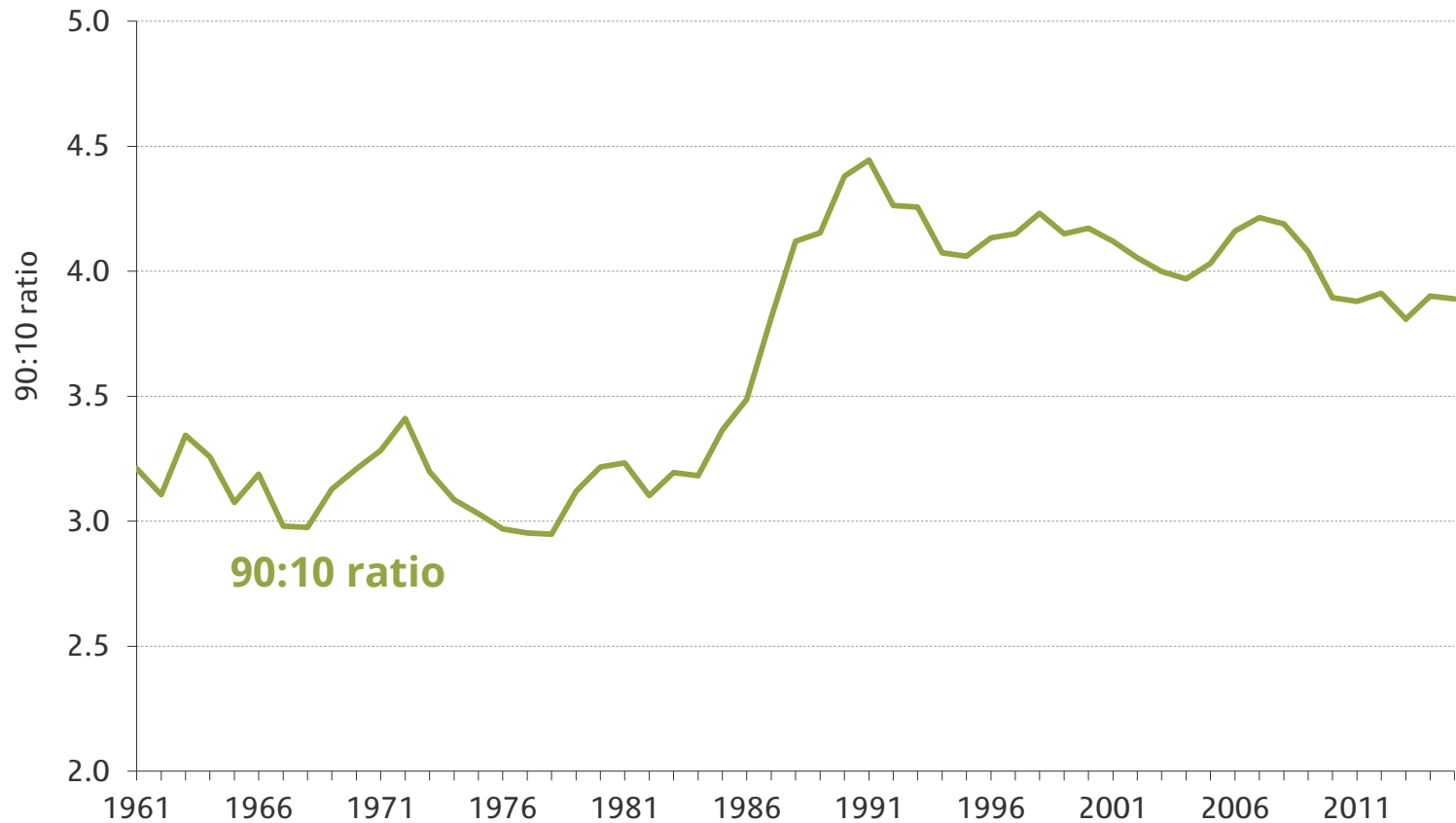
Source: Figure 3.4 of *Living Standards, Poverty and Inequality in the UK: 2017*

...with the biggest falls for the highest earners



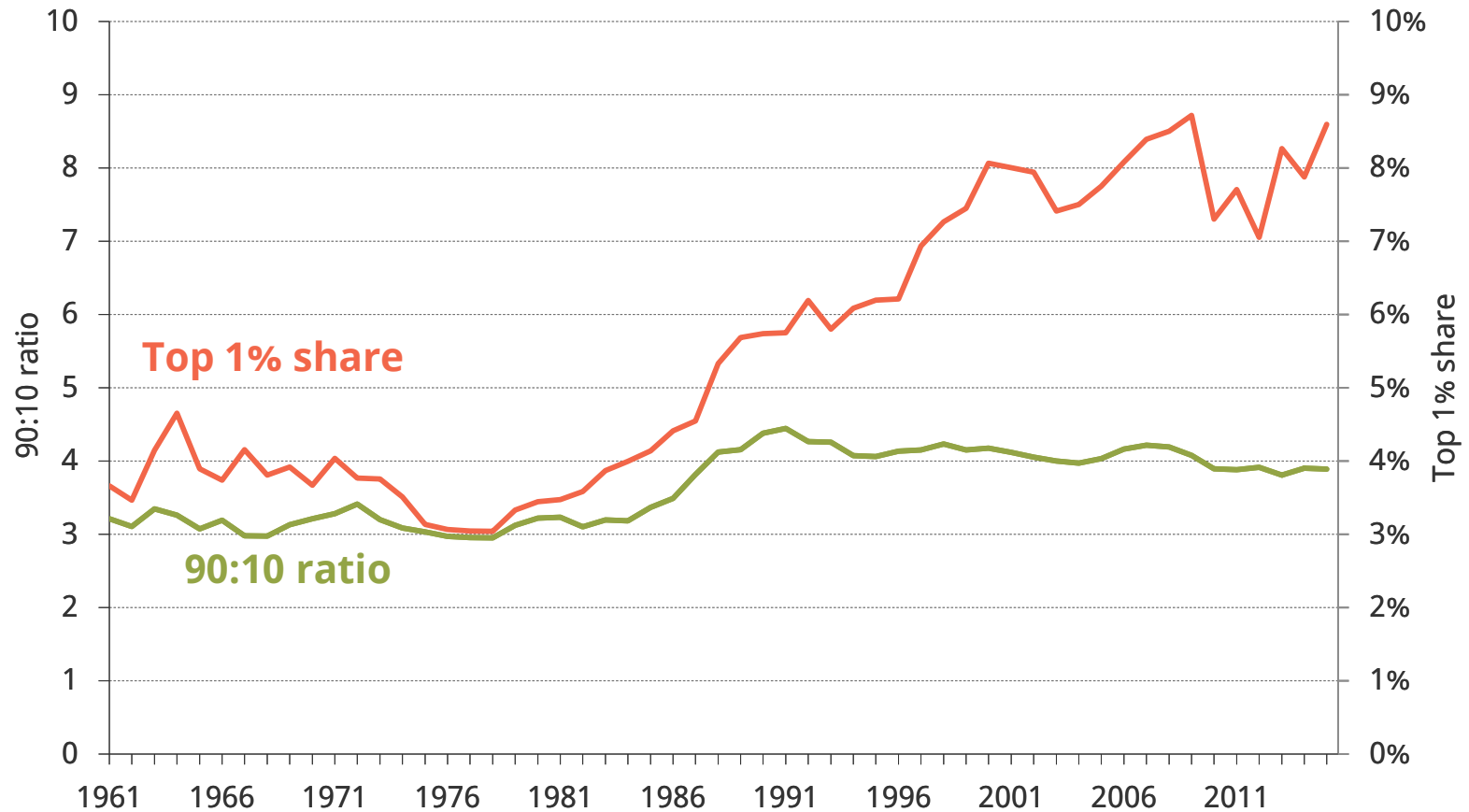
Source: Figure 3.8 of *Living Standards, Poverty and Inequality in the UK: 2017*

Long-run inequality: 1961 to 2015-16 (GB)



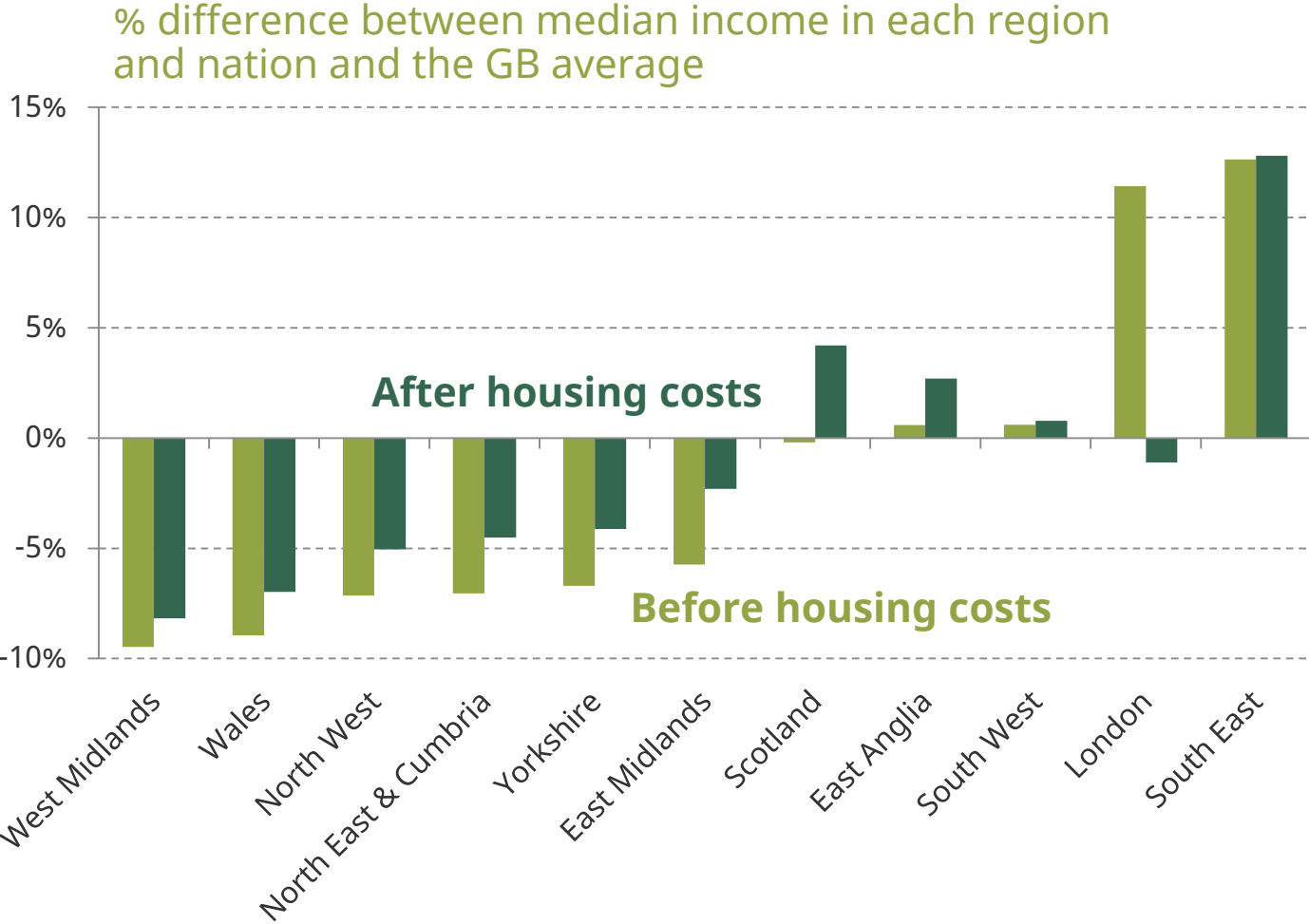
Source: Figure 3.6 of *Living Standards, Poverty and Inequality in the UK: 2017*

Long-run inequality: 1961 to 2015-16 (GB)



Source: Figures 3.6 and 3.7 of *Living Standards, Poverty and Inequality in the UK: 2017*

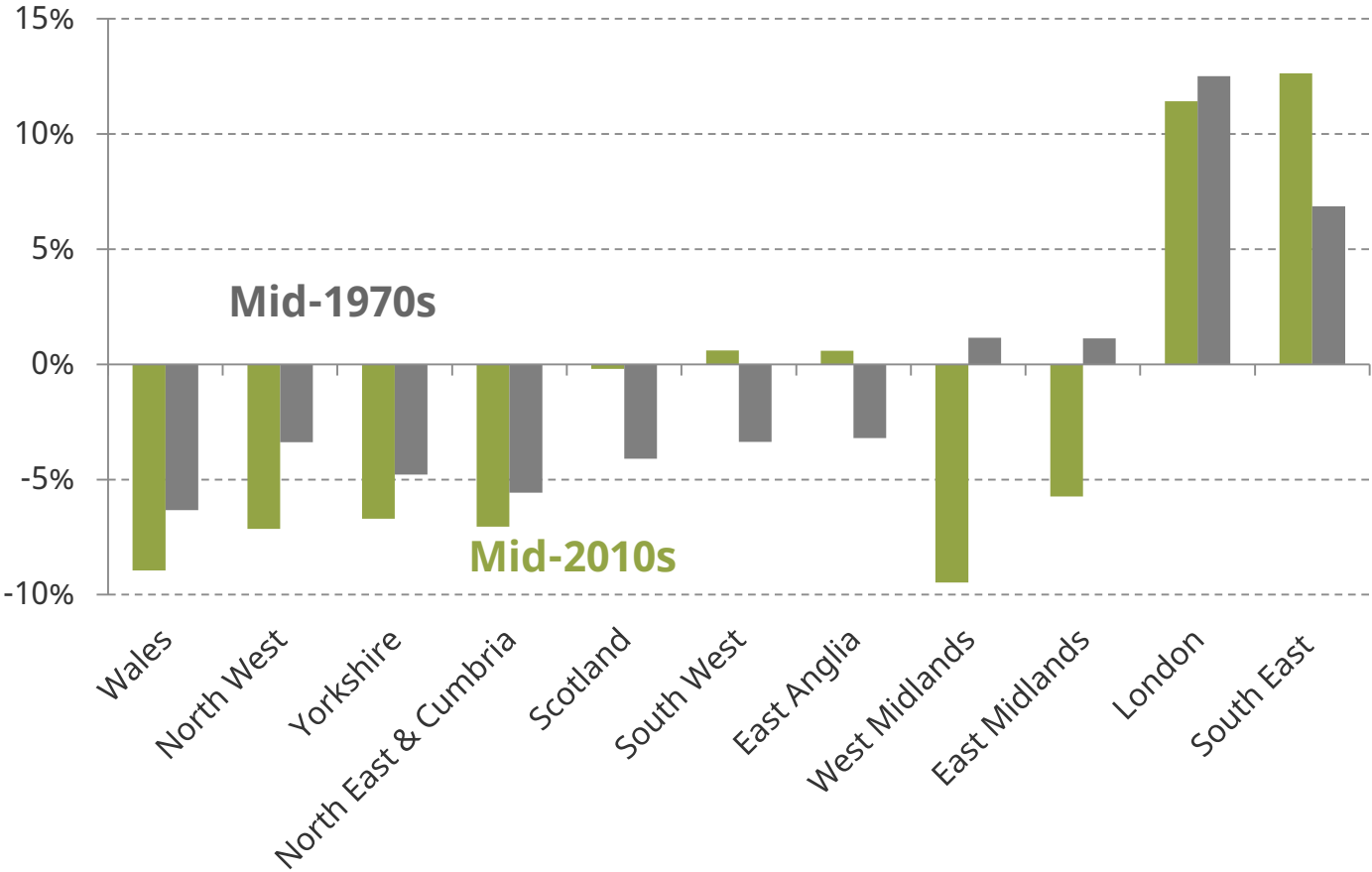
Regional inequality, 2013-16



Source: Figure 3.9 of *Living Standards, Poverty and Inequality in the UK: 2017*

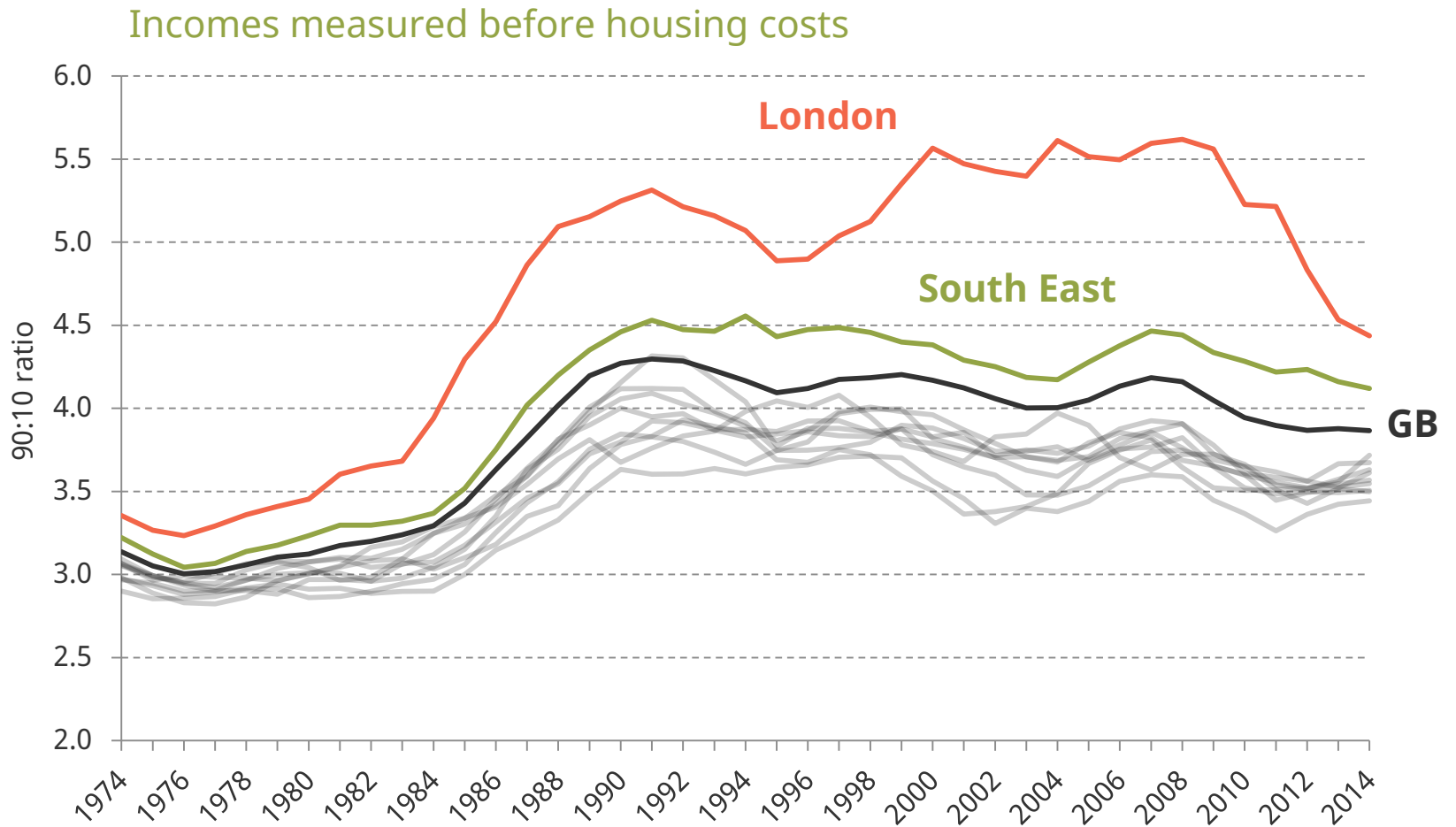
Regional inequality over the last 40 years

% difference between median income in each region and nation and the GB average (before housing costs)



Source: Figure 3.10 of *Living Standards, Poverty and Inequality in the UK: 2017*

Inequality *within* regions over the last 40 years Institute for Fiscal Studies



Source: Figure 3.11 of *Living Standards, Poverty and Inequality in the UK: 2017*

Why has inequality fallen so much in London?

**Income at the 10th percentile more than 10% up since late 2000s,
incomes at the 90th percentile more than 10% down**

**Driven by combination of strong growth in employment and big fall
in real earnings**

- Employment rate in London up 5.2ppts between '07 and '16
 - Compared to UK-wide increase of 1.5ppts
- Real median earnings in London down 10.2% between '07 and '16
 - Compared to UK-wide fall of 5.5%

Summary

UK-wide inequality still below its pre-recession level

- But would expect rise in years ahead if earnings grow as forecast and benefit cuts go ahead as planned

25% income gap between richest and poorest region

- Midlands have seen weakest income growth over the last 40 years
- South East has pulled further ahead

Big fall in inequality in London since the recession

- But still remains the most unequal part of the country