

# THE SUNDAY TIMES

RICHLIST 2011

# WEALTH GOES UP

While Britons feel the pain of spending cuts, high-rollers march onwards and upwards. It might be just what the economy needs, writes **Philip Beresford**

**B**ritain's super-rich are making light of the age of austerity, achieving an 18% rise in their collective wealth over the past year. Together, the 1,000 multimillionaires in this Rich List are £60.2 billion better off than they were in 2010. They are now worth a total of £395.8 billion — within striking distance of their all-time pre-recession high of £413 billion, set in 2008.

This sharp improvement in their fortunes will be a mixed blessing for the government as it tries to implement the most savage cuts in public spending since the 1920s. On the one hand, the increased prosperity of the rich should soon start to be felt on lower rungs of the economic ladder. Experience shows that once the rich feel richer, they start to spend more — then general economic activity picks up. Moreover, much of the growing wealth recorded in this year's Rich List is attributable to its foot soldiers, the owners of niche companies. The strong profitability of their businesses reflects a booming export trade, and that is very good news for UK plc.

On the other hand, nobody can deny that the rest of the UK's population, particularly the "squeezed middle classes" that we are now hearing so much about, are experiencing real hardship. Those on the left of the political spectrum may argue that this year's £60 billion-plus rise in the fortunes of the super-rich is just what is needed to fill some of the UK's gaps in public spending. If George Osborne can tax bankers'

bonuses, they will ask, why can't he tax the extra wealth accrued by the super-rich?

Why not, indeed? Osborne will find plenty of ammunition in these pages. Not only are bankers doing well (see page 68 for the leaders of that particular pack), but this year we have a record haul of hedge fund managers, commodity traders and the like: 55 in all, or 5.5% of the total Rich List. They are led by Nat Rothschild, whose fortune has shot up to £1 billion on the back of some shrewd deals, making him easily the richest UK-based Rothschild yet (see page 26; a list of this year's top traders and hedge fund managers appears on page 30).

Glencore, the secretive commodities trader based in Switzerland, is just one of Rothschild's canny investments. When the company is listed shortly, its share issue will make scores of multimillionaires for every rich list around the world.

We have tentatively unearthed two Britons who will profit from the flotation, but we suspect there will be many more for future lists.

Traders and hedge fund managers make much of their wealth by taking huge bets on commodity prices, oil prices, food futures and the like. It's the sort of speculation that has infuriated the British public and that caused the economic crash of 2008-09. The trouble with singling out speculators for harsh tax treatment, however, is that they simply do not have enough personal wealth to make much of a difference to Britain's national economic plight. Our 55 hedge fund managers and commodity traders may represent 5.5% of the people in our top 1,000, but they have a collective wealth of just £12.6 billion, or 3.2% of the total for the top 1,000. Taking every penny of their fortunes would cover just a month of the Treasury's borrowing requirement.

The real wealth in this Rich List, of course, is held by its 73 sterling billionaires. Last year, only 53 people in the list had a fortune of £1 billion or more. The record for The Sunday Times Rich List, over its 23 years of publication, stands at 75, in 2008. Our leading billionaire this year is the same as it has been since 2005: Lakshmi Mittal, the Indian steel tycoon, with a £17.5 billion fortune. Yet surprisingly, in view of the list's surge in overall wealth, he is actually this year's biggest loser (see page 12), worth more than £4.9 billion less than last year, and more than £10 billion off his peak in 2008 of £27.7 billion.

After Mittal, there is a raft of very un-English-sounding billionaires from Russia, China



and Sweden, who have made Britain (and, more particularly, London) their home or main base (see panel opposite). We include the likes of Alisher Usmanov (now No 2 in the list, at £12.4 billion). They give the Rich List an exotic flavour but, more importantly, they splash their cash on expensive homes in the UK, buy football clubs and British businesses and shop in upmarket stores and salons. Their bank balances underwrite



**PROFITABILITY  
REFLECTS A  
BOOMING  
EXPORT TRADE**

MARTIN BENNETT/ALAMY



# ↑ THROUGH THE ROOF

to making robust profits, which has helped push the Westminster fortune to £7 billion and climbing.

The presence of overseas billionaires in London and of British tycoons in Switzerland and other low-tax havens is evidence of the extraordinary mobility of money in this age of global markets. London is the fashionable place for many billionaires to be right now. But for how long? Any serious attempt by Osborne to relieve them of some of their wealth would probably see their rapid flight to other countries. As for the British super-rich, raising tax rates to 50% has not gone down too well with them. Many have gone to Switzerland and more are moving or threatening to. Switzerland's gain is our taxman's loss.

Wealth is growing globally again after the recession, although not on the scale of the UK. The wealthiest 50 people in the world (see page 72) are worth a combined £843.7 billion, up £88.3 billion, or 11.7%, on last year's total. This is much less than the 24.7% rise they achieved a year ago, and well down on the UK's 18% rise.

The rising tide of wealth has meant that this year's bottom line for the top 1,000 is a £70m fortune, up £7m from last year.

We are not yet back to the record level, set in 2008, of £80m, but this year another significant record has been set. For the first time since The Sunday Times Rich List was launched, there are more than 100 women in the top 1,000. This year's tally of 105 includes Dame Mary Perkins, Britain's first self-made billionaire, who has, with her husband Douglas, built up the world-conquering Specsavers opticians' chain (see page 22). In

total, the wealth of the 105 women is £45.2 billion.

There has also been a slight tilt in the sectors where wealth has been produced in the 2011 list. The number of property, construction and land millionaires is down by eight, to 238. Meanwhile, the addition of five more industrialists and high-tech tycoons raises that sector's tally to 187. Niche industrialists such as Michael Oliver from Cheshire (see page 59), who has a hugely profitable business selling specialist valves worldwide, are the new heroes of British business. Sadly, though, there are not enough of them. As ever, the biggest increase has been in the number of financial multimillionaires, including hedge fund managers. The number has risen from 169 to 180.

London and the southeast still dominate the Rich List. As last year, more than 500 of our top 1,000 are from these two regions. They represent nearly 53% of the top 1,000, and also have a disproportionate share of the wealth with nearly £245 billion between them, just under 62% of the total. This, of course, helps to underpin the overall performance of the London economy.

Scottish wealth, though, is continuing its strong recovery. This year we have 70 Scots in the top 1,000, against 67 last year. Unfortunately, we have had to cut Sir David Murray, a great Scottish industrialist, from the list, as his Murray International Holdings is still making hefty losses, according to its 2009-10 accounts. We also omit Sir Tom Hunter, who has pledged to give away his fortune to worthy causes. In all, our 100 richest Scots (see pages 82-83) are worth £18.257 billion, up 13% on last year's total of £16.15 billion. This is just shy of the record £18.54 billion achieved in 2008.

A new record has been set for Welsh wealth, however, of just

## EXPAT ELITE FINDS LONDON CALLING

They call it the Wimbledon syndrome. We provide the manicured setting and the rest of the world rocks up to play. And it has made London a magnet for the global super-rich, writes Andrew Lynch.

The phenomenon emerged when foreign bankers swallowed up British rivals following the shake-up of the City in the 1980s. With that ascent came a new breed of super-wealthy, attracted to London by light-touch taxation as well as a buoyant property market, top-class restaurants and hotels, excellent private education and abundant financial services.

Take One Hyde Park. The ultra-luxury property development in Knightsbridge stands as a symbol of the new wealth: designed by a Briton, Lord Rogers, developed by Brits, the (albeit offshore) Candy brothers, but funded by the rulers of energy-rich Qatar.

London's hotels have invested millions so that the world's wealthy will have somewhere to rest their Louis Vuitton suitcases. The Savoy and Four Seasons in Park Lane have been refurbished at vast expense; the Corinthia in Whitehall and W London in Leicester Square have just opened their doors.

London has become an exclusive club for those with enough to pay the price of membership.

large parts of what might be called "luxury London".

Their spending power has forced the wealthiest Briton in the Rich List, the Duke of Westminster, out of the top three for the first time since 1999. He won't be complaining, though. Surging property prices in his patch of London, around Belgravia and Mayfair, have done wonders for his finances, and those hikes have resulted from the flood of overseas money into Britain. After two lean years, his Grosvenor Group has returned

503

£141m

**Michael Oliver\*** Industry. Oliver Valves, a Cheshire engineering company, was founded by Oliver, 72, from his garage in 1979. There are three separate Oliver companies, which are worth £126m together. We add £15m for the family's other wealth. (£90m, 714=)