

*The*  
**MONEY**  
*Charity*

# **The Money Statistics**

## **February 2021**

<https://themoneycharity.org.uk>

# The MONEY Charity

Welcome to the February 2021 edition of The Money Statistics, The Money Charity's complete monthly round-up of statistics about how we use money in the UK.

If you have any questions, comments, or want any information about the source of these statistics, please email us at [hello@themoneycharity.org.uk](mailto:hello@themoneycharity.org.uk). Throughout this report, statistics that are written in **colour** have been calculated by The Money Charity. All the other statistics come from external sources such as Bank of England, the ONS and UK Finance and are written in **black**. All statistics are taken from the latest available at the time of writing.

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# 1. Striking Numbers

## This Month's Highlights

**£60,860**

Average total debt per UK household in December 2020

**£2,094**

Average credit card debt per household in December 2020

**£3,815**

Total unsecured debt per UK adult in December 2020

**-19.3%**

Change in outstanding credit card balances in year to December 2020

**+454,000**

Increase in unemployment in the year to December 2020

**4.5 million**

Number of workers on furlough in January 2021 as a result of the pandemic.

**+7.9%**

Increase in average first-time buyer house price in the year to December 2020

**10 years**

Time to save for a first-time buyer house deposit, saving at the average rate out of average UK income (at July to Sept 2020 rate of household saving)



# 1. Striking Numbers

## Every Day in the UK

- The population of the UK grew by an estimated **990** people a day between 2018 and 2019.
- On average, a UK household spends **£4.29** a day on water, electricity and gas.
- **296** people a day were declared insolvent or bankrupt in England and Wales in November 2020 to January 2021. This was equivalent to one person **every 4 minutes and 52 seconds**.
- In Northern Ireland in January 2021, there were **3.1** insolvencies per day and in Scotland **18.6** insolvencies per day.
- Citizens Advice Bureaux in England and Wales dealt with **1,680** debt issues every day in the year to January 2021.
- **1.5** properties were repossessed every day in October to December 2020 in the UK, or one **every 15 hours and 46 minutes**.
- The number of UK mortgages with arrears of over 2.5% of the remaining balance rose by **18** a day in the year to December 2020.
- The number of people unemployed in the UK grew by **1,315** per day in the three months to December 2020.
- **3,728** people a day reported they had become redundant in October to December 2020.
- Net lending to individuals and housing associations in the UK grew by **£131 million** a day in December 2020.
- Government debt increased by **£745 million** a day in the year to January 2021.
- Borrowers paid **£123 million** a day in interest in December 2020.
- It costs an average of **£23.25** per day for a couple to raise a child from birth to the age of 18.
- For a lone parent family, the cost of raising a child comes to **£28.22** per day.
- **2.8** mortgage possession claims and **0.3** mortgage possession orders were made every day in England and Wales in October to December 2020.
- **91** landlord possession claims and **23.9** landlord possession orders were made every day.



# 1. Striking Numbers

## Arising from Coronavirus pandemic

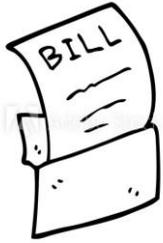
Reports continue to be published showing the impact of Covid-19 on the financial health of UK households. The following are some of the new findings that have been published since our round-up in January's Money Statistics:

- 4.5 million** Number of workers on furlough in January 2021, up from **4 million** in December 2020 (Resolution Foundation).
- One-third** Proportion of those furloughed (in full or part) who have been furloughed for *ten or more* months (Resolution Foundation).
- 11.1%** Proportion of people earning up to £10,000 per year who were on furlough in mid-December 2020, compared with **1.8%** of those earning £40,000+ (ONS Opinions and Lifestyle Survey).
- 55.1%** Proportion of people earning £20,000+ per year able to work from home, compared with **19.1%** of people earning less than £20,000 per year (ONS Opinions and Lifestyle Survey).
- 14%** Proportion of the pre-pandemic self-employed who were no longer working in January 2021, up from **9%** in May 2020 (Resolution Foundation).
- 61%** Proportion of the self-employed whose overall financial situation has worsened due to the pandemic (FCA Financial Lives Survey).
- 28%** Proportion of those in the lowest 20% of income earners who continued to be paid in full while not able to work due to the pandemic, compared with **52%** of those in the top 20% of income earners (ONS Opinions and Lifestyle Survey).

These numbers show how uneven the impact of Covid-19 has been as well as the importance of the furlough scheme and self-employed support to maintaining incomes and reducing some of the inequality of the pandemic's impact.

### Responding to the impact of Covid-19 on UK households

With the roll-out of the vaccine programme, attention is moving to the economic challenges of recovering from the pandemic. Many charities and economic research groups have called for the phase-down of economic support *to be done gradually*, giving time for employment and the economy to recover to its pre-pandemic levels.



## 2. Personal Debt in the UK

### Total UK Personal Debt

People in the UK owed **£1,696.4 billion** at the end of December 2020. This is up by **£20.9 billion** from £1,675.4 billion at the end of December 2019, an extra **£395** per UK adult over the year.

Type of Personal Debt	Total Personal Debt £ billion	Per Household £	Per Adult £
Secured (Mortgages)	<b>£1,494.2 billion</b>	<b>£53,608</b>	<b>£28,199</b>
Unsecured Consumer Debt	<b>£202.1 billion</b>	<b>£7,252</b>	<b>£3,815</b>
Of which, Credit Card Debt	<b>£58.4 billion</b>	<b>£2,094</b>	<b>£1,101</b>
<b>Grand Total (Dec 2020)</b>	<b>£1,696.4 billion</b>	<b>£60,860</b>	<b>£32,014</b>

The average total debt per household, including mortgages, was **£60,860** and per adult was **£32,014**, around **107.5%** of average earnings. This is up from a revised **£31,937** a month earlier.

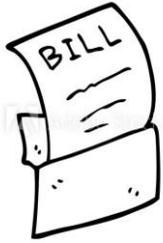
Based on December 2020 numbers, the UK's total interest payments on personal debt over a 12-month period would have been **£44,910 million**, an average of **£123 million** per day. The average annual interest per household would have been **£1,611**, and per person **£848**, **2.85%** of average earnings.

According to the Office for Budget Responsibility's November 2020 forecast, household debt of all types is forecast to rise from **£2.062 trillion** in 2020 to **£2.373 trillion** in 2025. This would make the average total household debt **£83,308** (assuming household numbers track ONS population projections.)

### Consumer Credit Debt

At the end of December 2020, outstanding consumer credit lending was **£202.1 billion**, falling by **£1.4 billion** on the revised total for the previous month, and **£22.2 billion less** than in December 2019. Within the total, outstanding credit card debt came to **£58.4 billion**, a decrease of **19.3%** (**£14.0 billion**) in the year to December 2020. Credit card debt averaged **£2,094** per household and **£1,101** per adult.

A credit card on the average interest rate would take **24 years and 10 months** to repay, making only the legal minimum repayments (interest plus 1% of the outstanding balance) each month. The minimum repayment in the first month would be **£54** but would reduce each month. If £54 were paid *every* month, the debt would be cleared in **5 years and 2 months**.

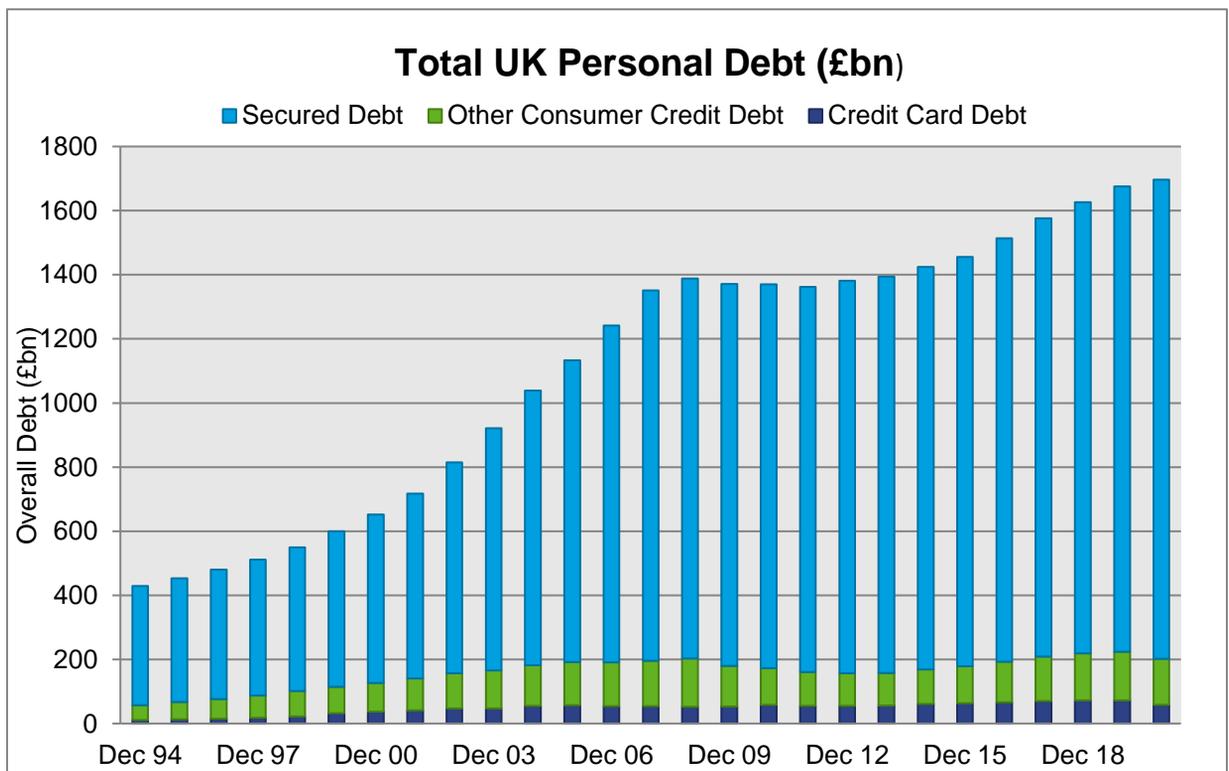


## 2. Personal Debt in the UK

### Net Lending and Write-Offs

Total net lending to individuals and housing associations by UK banks and building societies **rose by £4.07 billion** in December 2020 or **£131 million a day** over revised figures for November 2020.

- Net mortgage lending rose by **£5.45 billion** in the month, while net consumer credit lending fell by **£1.38 billion**.
- In Q3 2020 lenders wrote off **£940 million** (of which **£365 million** was credit card debt, amounting to a daily write-off of **£4.0 million**).



**Bank of England Data to December 2020**

(The last two columns on the chart are Dec 19 and Dec 20)



## 2. Personal Debt in the UK

### Advice on Problem Debts

Citizens Advice Bureaux across England and Wales answered **376,038** enquiries in January 2021, **16.0% down** from January 2020.

Debt was the third largest advice category in January 2021 with **56,955** issues, behind Benefits and Tax Credits (**72,838**) and Universal Credit (**62,840**). Debt calls were **35.9% down** compared with January 2020, while calls about Universal Credit were down by **16.1%**. Debt represented **14.9%** of all issues dealt with in the year to January 2021. The top three debt categories in January 2021 were fuel debts, Council Tax arrears and credit, store and charge cards. In the year to January 2021, Citizens Advice Bureaux in England and Wales dealt with **1,680** debt issues every *day*.

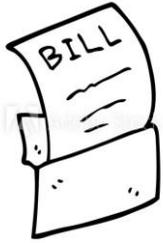
In Scotland in December 2020, Citizens Advice Scotland answered **72,213** enquiries, with debt enquiries being **13.5% of the total**, the second largest group after benefits (**44%**).

In Northern Ireland, in January 2021, Advice NI's Debt Action service dealt with **508** cases involving debt issues, covering **£1.88 million** of debt. The top three debts were credit cards, mortgage shortfalls (negative equity) and personal loans.

Due to Covid-19 forbearance measures, StepChange Debt Charity experienced lower volumes of approaches for debt advice in 2020 than during 2019, though numbers began rising in the autumn. In October 2020, StepChange advised **17,000 new debt clients** compared to around **24,000** the year before. From March to October 2020, **46%** of StepChange clients faced unemployment or redundancy and **26%** were furloughed and received a drop in salary. **61%** of clients were in the 18-39 age group. The most common forms of debt were credit cards, personal loans, rent arrears and council tax arrears.

In April to October 2020, **39%** of new telephone clients and **25%** of new online clients had negative budgets. A negative budget is where a client's expenditure is greater than income even after debt counselling.

Among those seeking assistance, StepChange notes that women, renters and single parents are particularly over-represented.



## 2. Personal Debt in the UK

### Individual Insolvencies

There were **27,259** individual insolvencies in England and Wales in November 2020 to January 2021, **down 4.2%** from 28,441 for the same period in 2019/20. This was equivalent to **296** people a day or one person **every 4 minutes and 52 seconds**.

Every day on average in England and Wales, **28** people were made bankrupt, **42** Debt Relief Orders were granted, and **227** Individual Voluntary Arrangements (IVAs) were entered into.

In the 12 months to January 2021, **109,254** individuals, **1 in 430 (0.23%)** of the adult population of England and Wales became insolvent.

In Northern Ireland there were **96** individual insolvencies in January 2021, a rate of **3.1** per day. This comprised **74** Individual Voluntary Arrangements, **11** Debt Relief Orders and **11** bankruptcies. Individual insolvencies for the three months to January 2021 were down by **49%** on the same three months the previous year.

In Scotland there were **578** personal insolvencies in January 2021, a rate of **18.6** per day, comprising **135** bankruptcies and **443** protected trust deeds. Personal insolvencies were **53.8% lower** than the same month the previous year.

### County Court Judgements

**2,110** Consumer County Court Judgements (CCJs) were issued every day in England and Wales in October to December 2020, a **28% fall** on the same period in 2019. The average value was **£1,761**.

In Northern Ireland, there were **8** consumer judgements every day in October to December 2020, with an average value of **£3,076**.

In Scotland, **40** consumer debt decrees were registered every day in October to December 2020, with an average value of **£2,961**.



## 3. Mortgages, Rent and Housing

### Mortgage Debt

According to the Bank of England, outstanding mortgage lending stood at **£1,494 billion** at the end of December 2020.

- This is up from £1,451 billion a year earlier, an increase of **£43.1 billion**.

That means that the estimated average outstanding mortgage for the **10.99 million** households with mortgage debt was **£135,962** in December 2020.

The average mortgage interest rate was **2.12%** at the end of December 2020. Based on this, households with mortgages would pay an average of **£2,882** in mortgage interest over the year.

For new loans, the average mortgage interest rate was **1.91%**. Based on this, First Time Buyers with mortgages would pay an average of **£3,099** in mortgage interest over the year.

According to the FCA and Bank of England, gross mortgage lending in July to September 2020 was **£62.5 billion**, **14.7% lower** than the same quarter the previous year, but substantially higher than the depressed levels of April to June 2020.

The Financial Conduct Authority reports that **60.4%** of mortgage lending in Q3 2020 was for 75% or less of a property's value.

- **3.5%** of lending was for mortgages for over 90% of a property's value.

**57%** of mortgage lending was for three or more times the borrowers' incomes.

According to UK Finance, in December 2019 (latest publicly available data), the mortgage as percentage of house value was on average **77.0%** for first time buyers, **67.6%** for home movers and **58.8%** for re-mortgagors, slightly higher than the previous year.



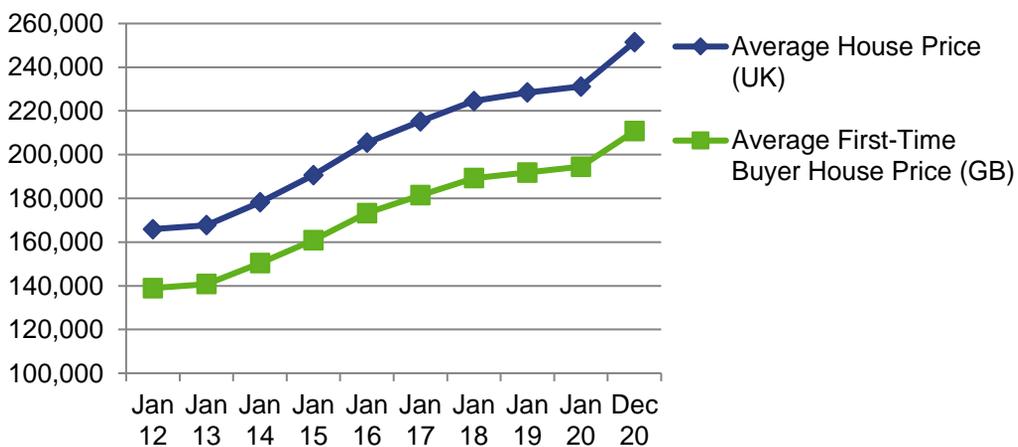
## 3. Mortgages, Rent and Housing

### House Prices

Nationwide estimates that house prices fell by **0.3%** in January 2021 but were **6.4%** higher than 12 months before. Halifax reports that the average UK house price in January 2021 was **£251,968**, rising by **1.6%** in the three months to January 2021 and by **5.4%** in the year to January 2021.

Nationwide, Halifax and HM Land Registry all show sharply higher house prices over the last year, particularly over the summer and autumn of 2020. HM Land Registry has the largest dataset and includes cash sales, but records transactions later, after registration of the sale, not at the mortgage approval stage.

### House Prices (HM Land Registry)



Source: ONS and HM Land Registry

### First-Time Buyers

HM Land Registry reports that the average house price for first-time buyers in Great Britain was **£210,727** in December 2020, an annual increase of **7.9%** and a monthly increase of **1.3%**.

According to UK Finance, the typical first-time buyer deposit in December 2019 was **23%** of the purchase cost, which would average **£48,467** in December 2020 based on the above Land Registry first-time buyer price. This is **162.8%** of the average UK salary.



## 3. Mortgages, Rent and Housing

### House Prices in Government Office Regions, Northern Ireland, Scotland and Wales

According to HM Land Registry, average house prices in the UK increased by **8.5%** in the year to December 2020 to **£251,500**. The highest rate of increase (**11.2%**) was in the North West. The lowest price increases were in London (**3.5%**).

The average house price was highest in London (**£496,066**) and lowest in the North East (**£141,154**).

### Average House Prices: Nations and Regions – December 2020

Country and Government Office Region	Price	Monthly Change	Annual Change
North West	£183,727	2.50%	11.20%
Wales	£184,195	2.30%	10.70%
East Midlands	£215,046	2.80%	10.60%
Yorkshire and The Humber	£182,907	1.10%	10.40%
South West	£282,388	2.30%	10.20%
West Midlands	£216,950	1.90%	9.40%
North East	£141,154	1.90%	9.20%
England	£269,150	1.50%	8.50%
Scotland	£162,983	-1.20%	8.40%
East of England	£310,912	2.40%	7.00%
South East	£341,007	0.10%	6.10%
Northern Ireland (Quarter 4 - 2020)	£147,593	3.00%	5.30%
London	£496,066	-1.10%	3.50%

Source: ONS and HM Land Registry. Ranked by Annual Change.



## 3. Mortgages, Rent and Housing

### Renting

According to the Office for National Statistics, private rental prices in the UK rose by **1.3%** in the 12 months to January 2021, **0.1% less** than for the 12 months to December 2020.

Over the year to January 2021, private rental prices increased in Northern Ireland, Wales, Scotland and all the English regions. Northern Ireland (**2.7%**), South West (**2.2%**) and East Midlands (**2.2%**) saw the highest rates of increase. The lowest increases were in London (**0.8%**), South East (**1.0%**) and Scotland (**1.0%**).

The median rent in England across all private rental property types for the 12 months to 30 September 2020 was **£725**, according to the Valuation Office Agency and ONS. In London it was **£1,435**.

For a single room with shared facilities, the median monthly private rent was **£403**. In London it was **£650 (61% higher)**.

For two bedrooms, the median monthly private rent was **£695**. In London it was **£1,450 (109% higher)**.

Figures from the Ministry of Housing, Communities and Local Government show that in 2018-19, private renter households in England spent an average of **£867** a month on rental payments. Inclusive of benefits, private renters spent an average of **33%** of their income on rental payments.

Monthly rents in the social housing sector in England were **£459** for housing association renters and **£416** for local authority renters.

In 2018-19, **34%** of households owned their home outright, while **29%** were mortgagors, **19%** rented privately and **17%** paid a social rent.

- Since 2013-14 outright owners have been the largest tenure group.
- Since the mid-1990s, the number of renters and outright owners has risen, while the number of people owning a house with a mortgage has fallen.
- In 2018-2019, only **35.6%** of 16-34 year-olds were owner occupiers. **46.3%** of this age group were private renters.



## 3. Mortgages, Rent and Housing

### Arrears and Repossessions

According to the Financial Conduct Authority, at the end of Q3 2020 there were **167,840** mortgage loan accounts with arrears of more than 1.5% of the current loan balance.

- This is **2.1%** down on revised numbers for the previous quarter and **3.3%** down on Q3 2019.

**43.3%** of payments due for loans in arrears were received in Q3 2020.

UK Finance reports that **77,410 (0.86%)** of homeowner mortgages had arrears equivalent to at least 2.5% of the outstanding mortgage balance in Q4 2020, **3.4%** up on the previous quarter. Over the last year, mortgages in arrears have increased by **18** a day.

UK Finance estimates that there were **140** homeowner properties taken into possession in the UK in Q4 2020, down from 1,330 in Q4 2019.

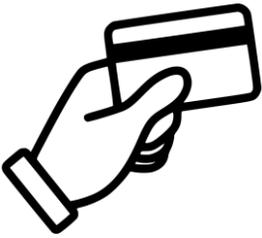
This equates to **1.5** properties being possessed every day, or one property being possessed **every fifteen hours and forty-six minutes**. This low number is due to the pandemic-related moratorium on forced possessions.

In England and Wales, in October to December 2020, according to the Ministry of Justice, every day **2.8** mortgage possession claims were issued and **0.3** mortgage possession orders were made.

**91** landlord possession claims were issued and **23.9** landlord possession orders were made every day.

Compared to October to December 2019, mortgage possession claims fell by **96%** and orders by **99%**, while landlord possession claims fell by **67%** and landlord possession orders fell by **89%**. This was due to action by Government in response to the Covid-19 pandemic.

However, possession claims and orders increased in Q4 from the very low levels of Q3 2020.



## 4. Spending and Loans

### How We Spend

In the year to December 2020, outstanding consumer credit fell by **9.9%** according to the Bank of England, while outstanding levels of credit card borrowing fell by **19.3%**. The reduction occurred mainly during the spring period of lockdown and furlough due to the Covid-19 pandemic, but after slight growth in the early summer there were further falls during August-December 2020.

LINK transaction volumes have fallen steeply during the pandemic. On average, **36.8** cash machine transactions (including balance enquiries and rejected transactions) were made **every second** in January 2021, a fall of **46.8%** on January 2020. The total value of transactions fell by **38.1%** over the same period.

- In total, cash machine transactions were worth an average of **£51.40** per transaction.
- These LINK transaction figures do not include transactions or withdrawals made by customers at their own banks or building societies.
- The number of ATMs (in-branch and remote) fell from **60,662** at the end of 2019 to **54,574** at the end of 2020 (a fall of **10.0%**). Free-to-use ATMs fell from **45,355** to **41,727** while pay-to-use ATMs fell from **15,307** to **12,847**.

### What We Buy

In Q3 2020, households in the UK spent **£119.7 million** a day on water, electricity and gas, or **£4.29** per household per day. On a seasonally adjusted basis, this was **3.4% more than** the revised figure for Q2 2020.

In January 2021 the average price of unleaded petrol **increased by 3.4ppl to 118.5 ppl**.

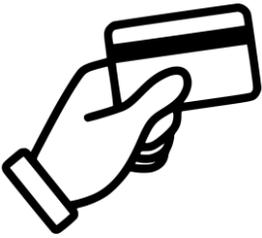
- This meant it cost **£59.25** to fill a 50 litre unleaded tank, **£1.70 more than** last month.

The average price of diesel **increased by 3.3ppl to 121.8ppl**.

- This meant it cost **£60.90** to fill a 50 litre diesel tank, **£1.65 more** than last month.
- The price difference between the two fell to **3.3ppl**, a difference of **£1.65** per 50 litre tank.

Child Poverty Action Group's "The Cost of a Child in 2020" report estimates that couple families now spend **£152,747** on raising a child to their 18<sup>th</sup> birthday, **£23.25 a day**. This is an increase of **1.4%** over the last year and **7.1%** since the study began in 2012.

- The cost for a lone parent is **£185,413**, an increase of **19.6%** since 2012.
- This comes to **£28.22 a day**.
- For couples in 2020, **23%** of basic costs are covered by child benefit. For lone-parent families in 2020, **17%** of basic costs are covered by child benefit.



## 4. Spending and Loans

### The Cost of Credit

The average interest rate on credit card lending bearing interest was **20.97%** in January 2021. This was **20.87%** above the Bank of England Base Rate of **0.1%**.

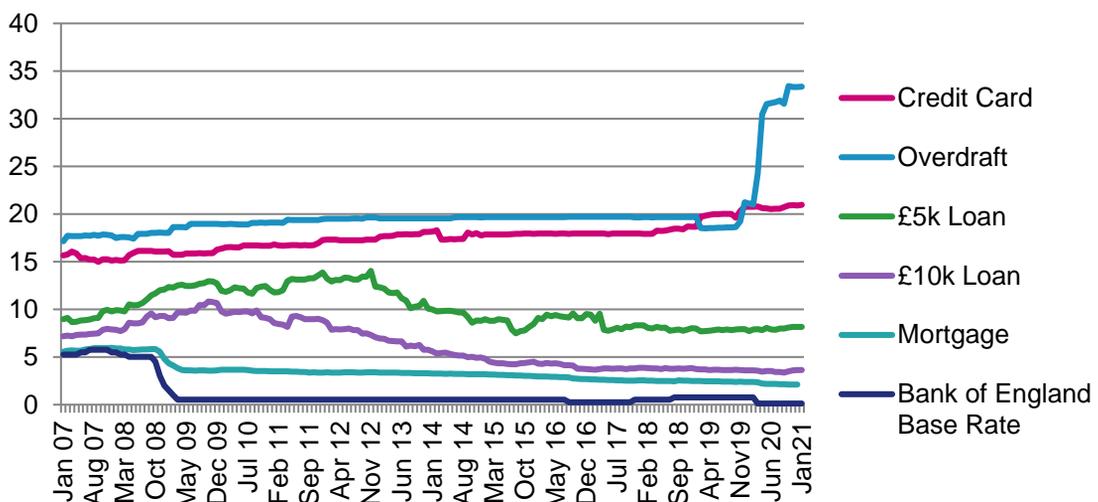
UK Finance figures show that **54.4%** of credit card balances were bearing interest in October 2020.

In December 2020, the average APR for a £5,000 personal loan was **8.17%**, according to the Bank of England. For a £10,000 loan it was **3.6%**, while the average rate for an overdraft was **33.33%**.

As shown in the chart, the gap between credit card and overdraft rates, and other interest rates has widened substantially since 2008. The dramatic recent increase in overdraft rates is due to the new FCA overdraft rules, which banned high fixed charges penalising accidental and short-duration overdrafts, but at the cost of a rise in the average overdraft rate.

Why overdraft and credit card rates are so high when the bank base rate is only 0.1% is an open question.

### Interest Rates (% pa to Jan 2021)



Source: Bank of England



## 5. Savings and Pensions

### Savings

The average interest rate for an instant access savings account, not including bonus interest payments, was **0.06%** in January 2021. For a cash ISA, this was **0.32%**.

In Q3 2020, households saved an average of **16.5%** of their post-tax income, including benefits, down from the record 26.5% (revised) in Q2 2020, which was more than double the previous peaks in the late 1970s and early 1990s. From 2000 to 2015, the savings rate fluctuated mostly in the 7-10% range, with the most recent pre-Covid peak being 12.9% in Q1 2010. If someone on the average salary saved 16.5% of their income in an average instant access savings account for a year, they would receive **£2.34** in interest after tax. If they saved it in an average cash ISA, they would receive **£15.12**.

It would take **10 years** for someone on the average salary, saving the average amount per household every year in an average instant access savings account, to afford the average first-time buyer deposit. If they saved into a cash ISA at the same rate it would also take **10 years**.

In 2020, according to the FCA, **27-34%** of UK adults (**14-18 million people**) had either no savings or less than £1,000 in savings. This was skewed toward younger age groups with **at least 47%** of 18-24 year-olds having less than £1,000 in savings.

### Pensions

According to The Pensions Regulator's Compliance Report, at least **10.42 million** workers had joined a pension scheme under auto-enrolment by the end of January 2021, making a total of **22.67 million** members of pensions schemes, but leaving **9.90 million** workers unenrolled, out of the total declared workforce of **32.57 million**.

According to the Family Resources Survey, **51%** of working age adults actively participated in a pension in 2018-19, up **2%** on the previous year. This was **74%** for employees and **16%** for the self-employed.

The Annual Survey of Hours and Earnings reports that in 2019, **20.2%** of private sector employee scheme members received an employer contribution to their workplace pension of 8% or more, whereas **94.7%** of public sector employee scheme members received a contribution of 12% or more. **34.6%** of employees with a pension were in an occupational Defined Benefit scheme in 2019, according to the Office for National Statistics. **35.7%** were in an occupational Defined Contribution scheme.

In August 2020, there were **12.4** million recipients of the State Pension, a fall of **1.6%** on the year before. Of these, **1.6 million** were receiving the new State Pension (nSP) introduced in April 2016.



## 6. Financial Inclusion

According to the FCA, in the UK in 2020 there were **1.2 million** UK adults who did not have a bank account (either a current account or an alternative e-money account). This was **2.3%** of the UK adult population. The highest unbanked rates were for the unemployed, those in a marginal or vulnerable situation and those aged 18-21.

There were **7.4 million** basic bank accounts (BBAs) on 30 June 2019, according to HM Treasury. BBAs are the no-frills bank accounts that the nine largest personal current account providers are required to offer under the Payment Accounts Regulations 2015.

According to ONS, there were **10,405** bank and building society branches in the UK in 2019. This was a reduction of **2,940** branches (**-22%**) since 2012. The biggest proportional reduction in bank branches was in the South West, which lost **27%** of its branches over the period. Northern Ireland bucked the trend with an increase of **3%** (**10** branches) since 2012.

According to the 2019 Access to Cash Review, **2.2 million** people use only cash in their daily transactions.

In 2017, **40.9 million** UK adults (**78%** of the total) used some form of credit, according to the FCA. This includes unregulated credit (**3%** of adults) and running credit such as credit cards that are paid off each month (**29%** of adults). Around **11.5 million** people (**22%** of total UK adults) either chose not to access credit or did not have access to credit.

According to the Bank of England, **1.90 million** adults were members of credit unions in July to September 2020, an increase of **0.8%** over the same period in 2019. There were **412** credit unions, with loans to members to a value of **£1.59 billion**, **37.5%** of which was in Northern Ireland.

According to the FCA, **21.0 million** UK adults (**40%** of the total) did not have home contents insurance in 2017. According to ONS, **1.11 million** households did not have access to the Internet in Jan-Feb 2020. This included **20%** of households with one adult aged 65+.

Recent research by Turn2us and Fair By Design found that low-income households pay a 'poverty premium' in buying their goods and services of **£478** per year. The poverty premium is the extra amount people on low incomes pay from not being able to access the best deals.

According to Turn2us, **4.8 million** people are living without at least one essential household appliance (fridge, freezer, cooker or washing machine).

According to the FCA, **9.0 million** UK adults (**17%** of the total) rate themselves as having low financial capability. This measure relates to managing money, knowledge about financial matters and confidence in buying financial services.



## 7. Young People

### Young People in Education and Employment

According to ONS, in October to December 2020 there were **5.40 million** people aged 18 to 24. Of these, **1.83 million** were in full-time education while **3.27 million** were in employment (including those in full-time education who were also in employment). From February to December 2020, the number of 18-24 year-olds in employment fell by **220,000**.

### Unemployment

**507,000** 18-24 year olds (**13.4%**) were unemployed in October to December 2020. This was **124,000** more than the same period the previous year.

- Of these, **168,000 (33.1%)** had been unemployed for over 6 months.
- **84,000** had been unemployed for over 12 months, an increase of **24,000** on July to September 2020 and an increase of **13,000 (+18.3%)** on a year earlier.

**757,000** (11.0%) of 16 to 24-year-olds in the UK were not in education, employment or training (NEET) in July to September 2020, a reduction of **43,000** over the last year.

### Minimum Wage

For under 18s the minimum wage in 2020-21 is **£4.55**. The apprentice rate (for those under 19 or in the first year of their apprenticeship) is **£4.15**. For those aged 18-20, the minimum wage is **£6.45**. For those aged 21-24, **£8.20** and for those aged 25+, **£8.72**.

### Wages Paid by Age and Gender

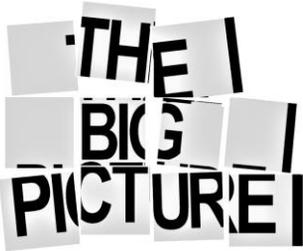
According to ONS, in April 2020 the median weekly pay for all full-time employees was **£586**. For employees aged 16-17 it was **£207**. For those aged 18-21 it was **£350** and for those aged 22-29 it was **£499**. For those aged 16-21, male and female pay was about the same (within the margin of error). For those aged 22-29 the female median was around **£26** per week less than the male median.

### Student Loans

In 2019-20, the provisional average maintenance loan awarded to full-time students in England was **£6,588** (up **5.0%** on the revised figure for the previous year.) In Wales it was **£4,651** and in Northern Ireland **£3,117**. The provisional average tuition fee loan in England was **£8,413** (down **0.3%**.) In Wales it was **£6,976** (up **24.2%**) and in Northern Ireland **£5,287**.

### Student Debt

In England, the average debt per borrower at the end of 2019-20 was **£25,130**. In Wales it was **£16,704**, in Northern Ireland **£15,099** and in Scotland **£13,589**. The average debt for the latest cohorts to enter repayment was **£40,280** in England (2020), **£24,960** in Wales (2020), **£23,520** in Northern Ireland (2020) and **£13,890** in Scotland (2020).



## 8. The Bigger Picture

### Economy and Inflation

The UK economy grew by **1.2%** in December 2020, responding to the brief lifting of Covid-19 restrictions. However, in calendar year 2020, the economy shrank by **9.9%** from the battering of pandemic lockdowns, according to the latest estimates from the ONS.

The CPI (Consumer Prices Index) increased by **0.7%** in the year to January 2021, **0.1%** more than the year to December 2020. The highest rates of inflation over the 12 months to January 2021 were for alcoholic beverages and tobacco (**3.2%**) and recreation and culture (**2.6%**). The lowest rate was for clothing and footwear (**-3.4%**).

### Pay Rates

In the three months to December 2020, regular pay increased by **4.1%** on the year before. Pay including bonuses rose by **4.7%**. According to ONS, the increased averages are in part due to a reduction in the number of lower paid jobs due to the pandemic. Average weekly pay was **£534**, or **£571** including bonuses; an annual salary of **£27,844**, or **£29,774** with bonuses. In real terms, for the year to December 2020, regular pay grew by **3.3%** while total pay grew by **3.8%**. Due to pay growth being lower than inflation for most of the last twelve years, total real pay (**+0.2%**) was only slightly above the pre-financial crash peak in February 2008 while regular real pay increased by only **3.4%** over the same period.

### Public Sector Borrowing

Public Sector Net Borrowing (excluding RBS and Bank of England) in the three months to January 2021 was **£59.9 billion**, an average borrowing of **£651 million** per day. Spending included **£17.7 billion** net investment, meaning there was a current budget deficit of **£42.2 billion** over the same three months. Total net borrowing for the year to January 2021 was **£279.1 billion**, compared with £48.4 billion for the same period the previous year.

Public sector net debt in January 2021 (excluding RBS and Bank of England) was **£1,885 billion** (**87.3% of GDP**.) This was **£272.5 billion** more than in January 2020, an increase of **£744.5 million** per day, mainly due to the economic impact of Covid-19.

According to the November 2020 Forecast from the Office for Budget Responsibility, public sector net debt will be **105%** of GDP in 2024-25. However, interest on public debt is forecast to be **lower** in 2024-25 than in 2019-20 due to lower interest rates and the Bank of England's Asset Purchase Facility.



## 8. The Bigger Picture

### Population, Taxpayers and Benefit Recipients

According to the latest ONS estimate, the population of the UK grew by **990** people per day between mid 2018 and mid 2019.

Out of a total working-age population of **54.4 million**, there are projected to be **32.3 million** income taxpayers in 2020-21. Of these, **27.6 million** will be basic rate taxpayers, **4.2 million** people will fall into the 40% income tax band and **481,000** will pay the 45% rate, which replaced the 50% rate in 2013-14. People who do not pay income tax still pay indirect taxes such as VAT, non-EU import duties, insurance premium tax and excise duties on tobacco, alcohol and fuel.

There were **9.5 million** working-age people claiming benefits in the year to August 2020, according to DWP. Housing benefit was received by **3.0 million** people (of all ages) in the year to November 2020 while **5.9 million** were receiving Universal Credit in December 2020, an increase of **3.0** million since February 2020.

### Unemployment

The number of people classed as unemployed in October to December 2020 was **1.74 million** (**5.1%** of the workforce), **121,000** more than the previous quarter, **1,315** per day, and up **454,000** from the previous year, **1,240 a day**. The unemployment rate in the UK was highest in London (**7.0%**) and the North East (**6.5%**) and lowest in Northern Ireland (**3.6%**), South East (outside London) (**3.7%**) and Wales (**4.4%**). **363,000** people had been unemployed for over 12 months in October to December 2020, up by **72,000** (**197 a day**) from a year earlier.

### Employment and Unemployment – Older Workers

**426,000** people aged 50 and over were unemployed in October to December 2020, an increase of **54,000** on July to September 2020 and **138,000** on a year earlier. **29.2%** of unemployed workers aged 50 and over, a total of **124,000** people, had been out of work for over a year. **78,000** had been unemployed for more than two years.

**1,311,000** (**10.7%**) people aged 65 and over were *in work* in October to December 2020, **10,000** fewer than in July to September 2020, but an increase of **15,000** from the previous year.

### Redundancies

**343,000** people (**3,728 per day**) reported they had become redundant in October to December 2020, **30,000** more than in July to September 2020 and **235,000** more than the year before.

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**Our vision is for everyone to be on top of their money as a part of everyday life. We empower people across the UK to build the skills, knowledge, attitudes and behaviours, to make the most of their money throughout their lives.**

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