

The
MONEY
Charity

The Money Statistics

September 2020

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The MONEY Charity

Welcome to the September 2020 edition of The Money Statistics, The Money Charity's complete monthly round-up of statistics about how we use money in the UK.

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1. Striking Numbers

This Month's Highlights

£60,403

Average total debt per UK household in July 2020

£2,238

Average credit card debt per household in July 2020

£3,947

Total unsecured debt per UK adult, July 2020

-13.9%

Change in outstanding credit card balances in year to July 2020

12.8 million

Number of households with either no, or less than £1,500, in savings

31.82%

Average overdraft interest rate in August 2020

+3.4%

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

20 years

Time to save for a first time buyer house deposit, saving at the average rate out of average UK income



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 **£3.93** a day on water, electricity and gas.
- **239** people a day were declared insolvent or bankrupt in England and Wales in June to August 2020. This was equivalent to one person **every 6 minutes and 2 seconds**.
- In Northern Ireland, there were **6** insolvencies per day and in Scotland **17** insolvencies per day.
- Citizens Advice Bureaux in England and Wales dealt with **2,124** debt issues every day in the year to July 2020.
- **1** property was repossessed every day in April to June 2020 in the UK, or one **every 24 hours and 15 minutes**.
- The number of UK mortgages with arrears of over 2.5% of the remaining balance fell by **7** a day.
- The number of people unemployed in the UK grew by **284** per day in the year to July 2020.
- **1,696** people a day reported they had become redundant in May to July 2020.
- Net lending to individuals and housing associations in the UK grew by **£112 million** a day in July 2020.
- Government debt increased by **£582 million** a day in the year to August 2020.
- Borrowers paid **£126 million** a day in interest in July 2020.
- It costs an average of **£22.92** 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 **£28.16** per day.
- **2** mortgage possession claims and **2** mortgage possession orders were made every day in England and Wales in April to June 2020.
- **33** landlord possession claims and **7** landlord possession orders were made every day.



1. Striking Numbers

Arising from Coronavirus pandemic

- 20.4%** Amount the UK economy shrank in April to June 2020 (ONS).
- 9.3 million** Number of employees furloughed as on 28 June 2020 (OBR).
- +49,000** Increase in official unemployment of people aged 18-24 in the three months to July 2020 (ONS).
- 169,000** Fall in employment of 18-24 year-olds between February and July 2020 (ONS).
- 1.9 million** Number of mortgage deferrals offered by UK lenders up to June 2020 (one-sixth of all mortgages) (UK Finance).
- 27 million** Number of interest-free overdrafts offered by UK lenders up to June 2020 (UK Finance).
- 87%** Proportion of those earning £50,000+ per year who receive full pay when off work due to illness (TUC/BritainThinks).
- 34%** Proportion of those earning up to £15,000 per year who receive full pay when off work due to illness (TUC/BritainThinks).
- 37.2%** Fall in cash machine transactions in the year to August 2020 (LINK).
- +48,000** Increase in redundancies in the three months to July 2020 (ONS).
- 28.1%** Internet sales as proportion of all retail sales in August 2020 (up from around 20% at the beginning of 2020) (ONS).
- 227,000** Number of private renters who have fallen into arrears since the beginning of the pandemic and are at risk of eviction (Shelter).



2. Personal Debt in the UK

Total UK Personal Debt

People in the UK owed **£1,681 billion** at the end of July 2020. This is up by **£28.4 billion** from £1,652 billion at the end of July 2019, an extra **£539** per UK adult over the year.

Type of Personal Debt	Total Personal Debt £ billion	Per Household £	Per Adult £
Secured (Mortgages)	£1,472.8 billion	£52,931	£27,960
Unsecured Consumer Debt	£207.9 billion	£7,471	£3,947
Of which, Credit Card Debt	£62.3 billion	£2,238	£1,182
Grand Total (July 2020)	£1,680.6 billion	£60,403	£31,907

The average total debt per household, including mortgages, was **£60,403** and per adult was **£31,907**, around **114%** of average earnings. This is up from a revised **£31,841** a month earlier.

Based on July 2020 trends, the UK's total interest payments on personal debt over a 12-month period would have been **£45,939 million**, an average of **£126 million** per day. The average annual interest per household would have been **£1,651**, and per person **£872**, **3.1%** of average earnings.

According to the Office for Budget Responsibility's March 2020 forecast, household debt of all types is forecast to rise from **£2.068 trillion** in 2019-20 to **£2.425 trillion** in 2023-24. This would make the average household debt **£86,388** (assuming household numbers track ONS population projections.) **This forecast is pre-Covid-19.**

Consumer Credit Debt

At the end of July 2020, outstanding consumer credit lending was **£207.9 billion**, increasing by **£0.81 billion** on the revised total for the previous month, but **£14.4 billion less** than in July 2019. Within the total, outstanding credit card debt came to **£62.3 billion**, a decrease of **13.9%** (**£10.1 billion**) in the year to July 2020. Credit card debt averaged **£2,238** per household and **£1,182** per adult.

A credit card on the average interest rate would take **25 years and 5 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 **£58** but would reduce each month. If £58 were paid *every* month, the debt would be cleared in **5 years and 2 months**.

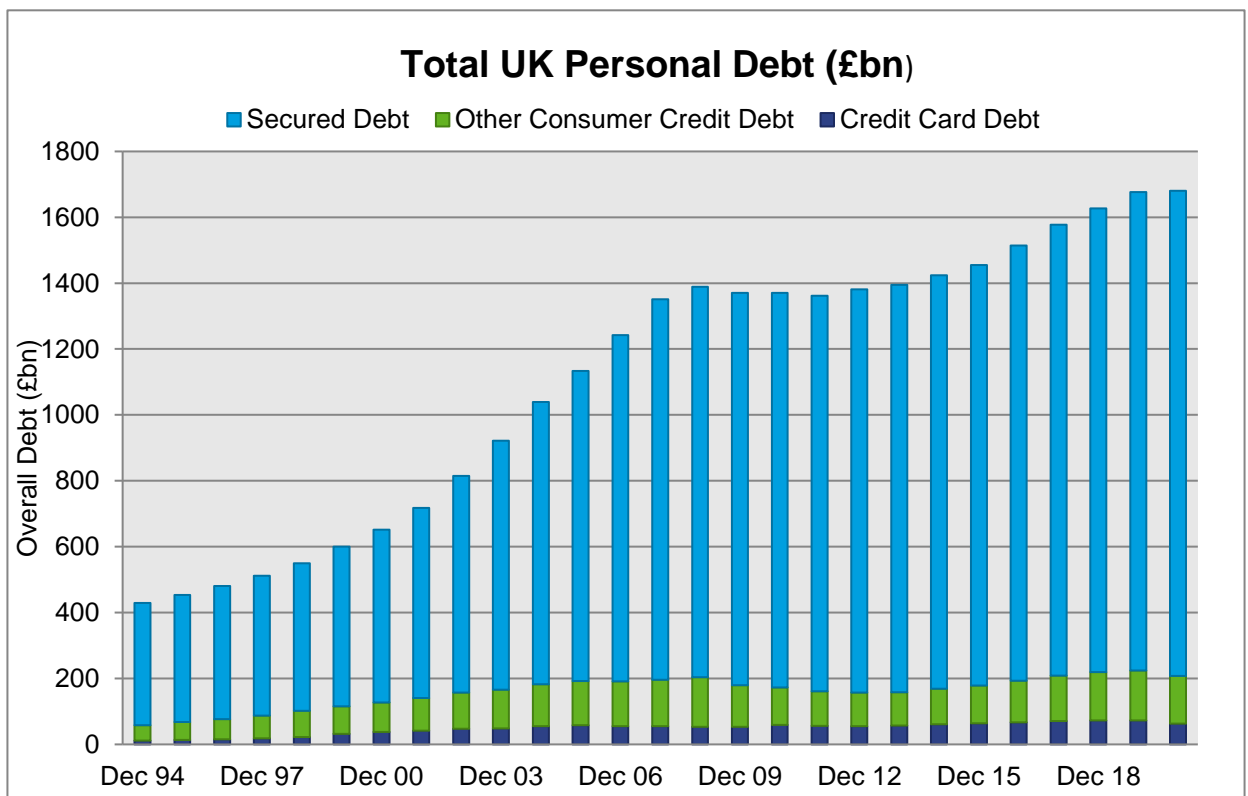


2. Personal Debt in the UK

Net Lending and Write-Offs

Total net lending to individuals and housing associations by UK banks and building societies **rose by £3.485 billion** in July 2020 or **£112 million a day** over revised figures for June 2020.

- Net mortgage lending rose by **£2.67 billion** in the month, while net consumer credit lending rose by **£0.811 billion**.
- In Q2 2020 lenders wrote off **£851 million** (of which **£358 million** was credit card debt, amounting to a daily write-off of **£3.9 million**.)



Bank of England Data to July 2020



2. Personal Debt in the UK

Advice on Problem Debts

Citizens Advice Bureaux across England and Wales answered **352,669** enquiries in July 2020, **18.7% down** on July 2019.

Debt was the third largest advice category in July 2020 with **45,213** issues, behind Benefits and Tax Credits (**67,194**) and Universal Credit (**65,845**). Debt calls were **48.3% down** compared with July 2019, whereas calls about Universal Credit were up by **1.7%**. Debt represented **17.5%** of all issues dealt with in the year to July 2020. The top three debt categories in July 2020 were fuel debts, credit, store and charge cards, and Council Tax arrears. In the year to July 2020, Citizens Advice Bureaux in England and Wales dealt with **2,124** debt issues every *day*.

In Scotland in August 2020, Citizens Advice Scotland answered **79,235** enquiries, of which debt enquiries were the second largest category (**11%**) after social security (**43%**).

In Northern Ireland, in August 2020, Advice NI's Debt Action service dealt with **276** cases involving debt issues, covering **£1.6 million** of debt. The top three debts were mortgage shortfalls (negative equity), credit cards and personal loans.

Due to Covid-19 forbearance measures, StepChange Debt Charity has experienced lower volumes of debt advice in 2020 than during 2019. In July 2020, StepChange advised **14,500 new debt clients** compared with **25,400** in July 2019. Unemployment or redundancy and Covid-19 were the most common reasons for seeking support in July 2020. The proportion of people accessing the StepChange website in the 18-24 age group increased from **5%** in July 2019 to **17%** in July 2020. The most common form of debt was credit card debt. Numbers with utility arrears have been increasing.

While volumes of advice have been lower over the summer of 2020, in its July report StepChange warns that, "it is likely that we will start to see a greater increase in volumes as payment holidays, the furlough scheme, the ban on evictions and a halt on bailiff action come to an end over the coming months."



2. Personal Debt in the UK

Individual Insolvencies

There were **21,961** individual insolvencies in England and Wales in June to August 2020, down **28.8%** from 30,826 for the same period in 2019. This is equivalent to **239** people a day or one person **every 6 minutes and 2 seconds**.

Every day on average in England and Wales, **28** people were made bankrupt, **51** Debt Relief Orders were granted, and **159** Individual Voluntary Arrangements (IVAs) were entered into.

In the 12 months to August 2020, **113,325** individuals, **1 in 414 (0.24%)** of the adult population of England and Wales became insolvent.

In Northern Ireland there were **539** individual insolvencies in June to August 2020, a rate of **5.9** per day. This comprised **458** Individual Voluntary Arrangements, **11** bankruptcies and **70** Debt Relief Orders. Individual insolvencies decreased by **9.4%** on the same period the previous year.

In Scotland there were **1,595** individual insolvencies in June to August 2020, a rate of **17** per day, comprising **651** bankruptcies and **944** protected trust deeds. Individual insolvencies decreased by **54.2%** on the same period the previous year.

County Court Judgements

1,761 Consumer County Court Judgements (CCJs) were issued every day in England and Wales in January to June 2020, a **45% fall** on the same period in 2019. The average value was **£1,768**.

In Northern Ireland, there were **10** consumer judgements every day in January to June 2020, with an average value of **£2,206**.

In Scotland, **38** consumer debt decrees were registered every day in January to June 2020, with an average value of **£2,742**.



3. Mortgages, Rent and Housing

Mortgage Debt

According to the Bank of England, outstanding mortgage lending stood at **£1.473 trillion** at the end of July 2020.

- This is up from £1.430 trillion a year earlier, an increase of **£42.9 billion**.

That means that the estimated average outstanding mortgage for the **10.96 million** households with mortgage debt was **£134,376** in July 2020.

The average mortgage interest rate was **2.16%** at the end of July 2020. Based on this, households with mortgages would pay an average of **£2,903** in mortgage interest over the year.

For new loans, the average mortgage interest rate was **1.75%**.

According to the FCA and Bank of England, gross mortgage lending in April to June 2020 was **£44.1 billion**, **33.3% lower** than the same quarter the previous year.

The Financial Conduct Authority reports that **63.5%** of mortgage lending in Q2 2020 was for 75% or less of a property's value.

- **4.9%** of lending was for mortgages for over 90% of a property's value.

63.1% of mortgage lending was for three or more times the borrowers' incomes.

According to UK Finance, in December 2019, 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.



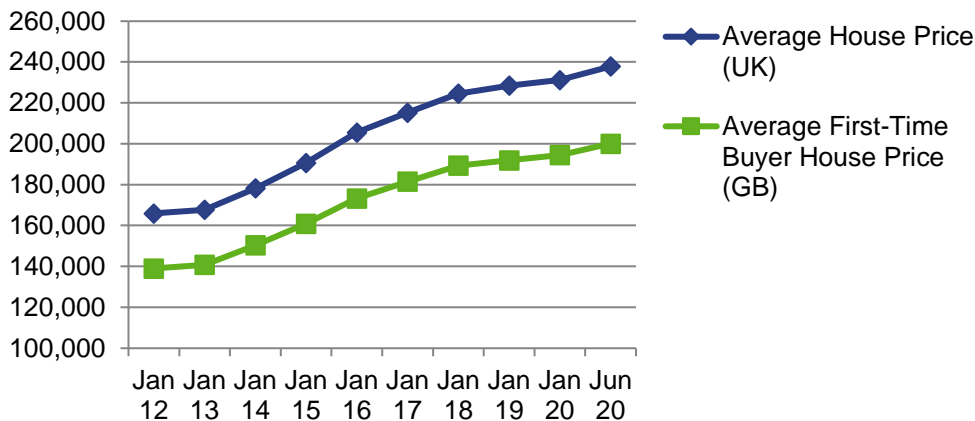
3. Mortgages, Rent and Housing

House Prices

Nationwide estimates that house prices increased by **2.0%** in August 2020 and by **3.7%** on 12 months before. Halifax reports that the average UK house price in August 2020 was **£245,747**, rising by **1.3%** in the three months to August 2020 and by **5.2%** in the year to August 2020.

Nationwide, Halifax and HM Land Registry all show higher house prices over the last year, including over the summer 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 **£200,028** in June 2020, an annual increase of **3.4%** and a monthly increase of **2.7%**.

According to UK Finance, the typical first-time buyer deposit in December 2019 was **23%** of the purchase cost, which would average **£46,006** in June 2020 based on the above Land Registry FTB price. This is **163.7%** 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 **3.4%** in the year to June 2020 to **£237,834**. The highest rate of increase (**4.5%**) was in East Midlands. Above average price increases were also recorded by North West (**4.4%**), South West (**4.3%**), London (**4.2%**) and West Midlands (**4.1%**). The lowest price increases were in South East (**2.1%**) and North East (**1.7%**).

The average house price was highest in London (**£490,495**) and lowest in the North East (**£131,742**).

Average House Prices: Nations and UK Regions – June 2020

Country and Government Office Region	Price	Monthly Change	Annual Change
East Midlands	£200,682	2.60%	4.50%
North West	£170,939	4.30%	4.40%
South West	£263,474	2.90%	4.30%
London	£490,495	3.60%	4.20%
West Midlands	£204,664	3.00%	4.10%
England	£254,423	2.80%	3.50%
Yorkshire and The Humber	£169,020	2.70%	3.30%
Northern Ireland (Quarter 2 - 2020)	£141,131	0.30%	3.00%
Scotland	£157,056	2.80%	2.90%
Wales	£167,505	2.70%	2.80%
East of England	£295,856	2.00%	2.60%
South East	£327,558	1.60%	2.10%
North East	£131,742	2.90%	1.70%

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 **1.5%** in the 12 months to August 2020, up from 1.4% for the 12 months to July 2020.

Over the year to August 2020, rental prices increased in Northern Ireland, Wales, Scotland and all the English regions. The South West (**2.5%**), East Midlands (**2.4%**) and Northern Ireland (**2.4%**) saw the biggest rates of increase. The lowest increases were in Scotland (**0.5%**), the North East (**1.0%**) and South East (**1.0%**).

The median rent in England across all private rental property types for the 12 months to 31 March 2020 was **£700**, according to the Valuation Office Agency and ONS. In London it was **£1,425**.

For a single room with shared facilities, the median monthly private rent was **£400**. In London it was **£600 (52% 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 Q2 2020 there were **195,763** mortgage loan accounts with arrears of more than 1.5% of the current loan balance.

- This is up **13.2%** on the previous quarter and **15.4%** up on Q4 2019, reversing a previous declining trend.

41.5% of payments due for loans in arrears were received in Q2 2020.

UK Finance reports that **73,580 (0.82%)** of homeowner mortgages had arrears equivalent to at least 2.5% of the outstanding mortgage balance in Q2 2020, **1.7%** up on the previous quarter. Over the last year, mortgages in arrears have fallen by **7** a day.

UK Finance estimates that there were **90** homeowner properties taken into possession in the UK in Q2 2020, down from 1,270 in Q2 2019.

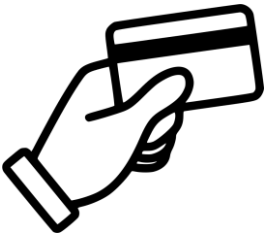
This equates to **1** property being possessed every day, or one property being possessed **every twenty-four hours and fifteen minutes**. This low number is due to the pandemic-related moratorium on forced possessions.

In England and Wales, in April to June 2020, according to the Ministry of Justice, every day **2** mortgage possession claims were issued and **2** mortgage possession orders were made.

33 landlord possession claims were issued and **7** landlord possession orders were made every day.

Compared to January to March 2020, mortgage possession claims fell by **97%** and orders by **96%**, while landlord possession claims fell by **88%** and landlord possession orders fell by **97%**.

This was due to action by the FCA and Parliament in response to the Covid-19 pandemic.



4. Spending and Loans

How We Spend

In the year to July 2020, consumer credit decreased by **6.5%** according to the Bank of England, while outstanding levels of credit card borrowing fell by **13.9%**. The reduction occurred mainly during the period of lockdown and furlough due to the Covid-19 pandemic.

LINK transaction volumes have fallen steeply during the pandemic. On average, **52.8** cash machine transactions (including balance enquiries and rejected transactions) were made **every second** in August 2020, a fall of **37.2%** on August 2019. The total value of transactions fell by **31%** over the same period.

- In total, cash machine transactions were worth an average of **£50.30** 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 **63,160** at the end of 2018 to **60,662** at the end of 2019 (a fall of **4.0%**). Free-to-use ATMs fell from **52,040** to **45,355** while pay-to-use ATMs increased from **11,120** to **15,307**.

What We Buy

In Q1 2020, households in the UK spent **£109 million** a day on water, electricity and gas, or **£3.93** per household per day. On a seasonally adjusted basis, this was **3.4% less than** the revised figure for Q4 2019.

In August 2020 the average price of unleaded petrol rose by **0.8pppl** to **114.5pppl**.

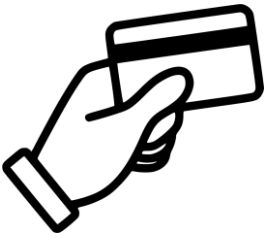
- This meant it cost **£57.25** to fill a 50 litre unleaded tank, **£0.40** more than last month.

The average price of diesel increased by **0.7pppl** to **118.2pppl**.

- This meant it cost **£59.10** to fill a 50 litre diesel tank, **£0.35** more than last month.
- The price difference between the two fell to **3.7pppl** in August, a difference of **£1.85** per 50 litre tank.

Child Poverty Action Group's "The Cost of a Child in 2019" report estimates that couple families now spend **£150,582** on raising a child to their 18th birthday, **£22.92 a day**. This is an increase of **5.5%** since the study began in 2012.

- The cost for a lone parent is **£185,036**, an increase of **19.4%** since 2012.
- This comes to **£28.16 a day**.
- Since 2012, the percentage of basic costs covered by child benefit for couples has risen by **1.9%** to **21.7%**, but for lone-parent families has fallen by **2.2%** to **15.7%**.



4. Spending and Loans

The Cost of Credit

The average interest rate on credit card lending bearing interest was **20.56%** in August 2020. This was **20.46%** above the Bank of England Base Rate of **0.1%**.

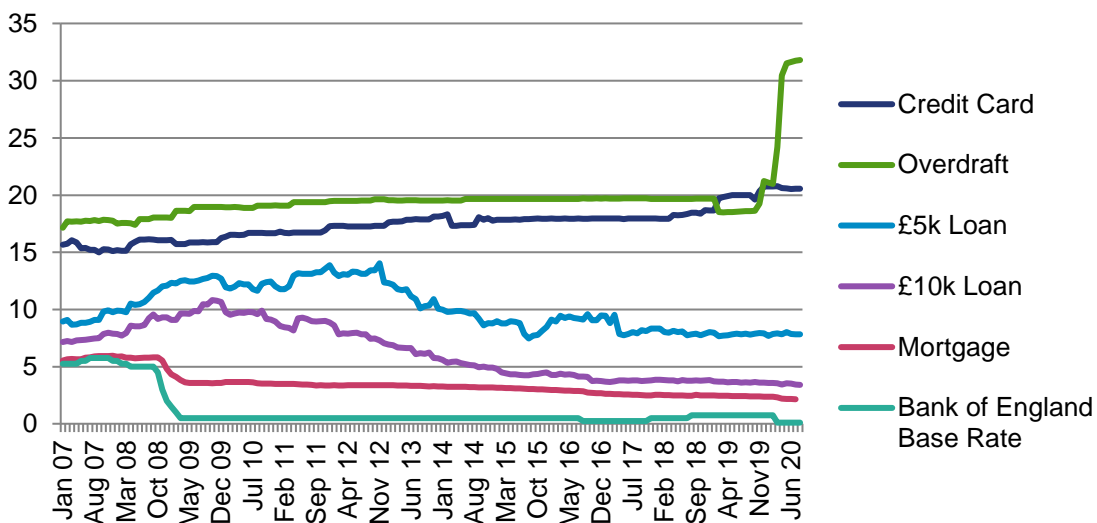
UK Finance figures show that **54.9%** of credit card balances were bearing interest in June 2020.

In August 2020, the average APR for a £5,000 personal loan was **7.83%**, according to the Bank of England. For a £10,000 loan it was **3.4%**, while the average rate for an overdraft was **31.82%**.

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 an overall 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 a moot point.

Interest Rates (% pa to August 2020)



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 **0.09%** in July 2020. For a cash ISA, this was **0.24%**.

In Q1 2020, households saved an average of **8.4%** of their post-tax income, including benefits, significantly higher than in Q4 2019. From 2000 to 2015, the savings rate fluctuated mostly in the 7-10% range, with a post-crash peak of 12.9% in Q1 2010. If someone on the average salary saved 8.4% of their income in an average instant access savings account for a year, they would receive **£1.70** in interest after tax. If they saved it in an average cash ISA, they would receive **£5.67**.

It would take **20 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 **20 years**. This assumes no property price inflation in the meantime.

According to DWP, in 2018-19 **12.8m** households (**46%** of the total) had either no savings or less than £1,500 in savings. **19.2m** households (**68%** of the total) had less than £10,000 in savings.

Pensions

According to The Pensions Regulator's Compliance Report, at least **10.35 million** workers had joined a pension scheme under auto-enrolment by the end of August 2020, making a total of **22.55 million** members of pensions schemes, but leaving **9.78 million** workers unenrolled, out of the total declared workforce of **32.33 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 February 2020, there were **12.5 million** recipients of the State Pension, a fall of **1.2%** on the year before. Of these, **1.4 million** were receiving the new State Pension (nSP) introduced in April 2016.



6. Financial Inclusion

According to the FCA, in the UK in 2017 there were **1.3 million** people who did not have a bank account (either a current account or an alternative e-money account). This was **3%** of the UK adult population. The lowest unbanked rate was in the East of England (**1%**) and the highest unbanked rate was in London (**4%**).

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 January to March 2020, an increase of **3.1%** over the same period in 2019. There were **422** credit unions, with loans to members to a value of **£1.7 billion**, **37%** 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+.

Low income people pay a 'poverty premium' in buying their goods and services of **£256-£490** per year, according to the Social Market Foundation. 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 May to July 2020 there were **5.44 million** people aged 18 to 24. Of these, **1.82 million** were in full-time education while **3.32 million** were in employment (including those in full-time education who were also in employment). From February to July 2020, the number of 18-24 year-olds in employment fell by **169,000**.

Unemployment

466,000 18-24 year olds (**12.3%**) were unemployed in May 2020 to July 2020. This was **49,000** more than in February to April 2020.

- Of these, **100,000 (21.5%)** had been unemployed for over 6 months.
- **54,000** had been unemployed for over 12 months, a decrease of **6,000** on February to April 2020 and a reduction of **18,000** on a year earlier.

765,000 (11.1%) of 16 to 24-year-olds in the UK were not in education, employment or training (NEET) in April to June 2020, a reduction of **28,000** 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

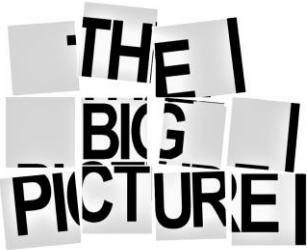
According to ONS, in April 2019 the median weekly pay for all full-time employees was **£585**. For employees aged 16-17 it was **£201.20**. For those aged 18-21 it was **£350** and for those aged 22-29 it was **£494.60**. For those aged 16-17, male and female pay was about the same. For those aged 18-21, the female median was around **£14** per week less than the male median. For those aged 22-29 the female median was around **£32** per week less than the male median.

Student Loans

In 2018-19, the provisional average maintenance loan awarded to full-time students in England was **£6,148** (up **10%** on the previous year.) In Wales it was **£4,604** and in Northern Ireland **£3,105**. The provisional average tuition fee loan in England was **£8,315** (down **0.4%**.) In Wales it was **£5,622** (up **44%**) and in Northern Ireland **£5,230**.

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 shrank by **20.4%** in April to June 2020 as a result of the Covid-19 lockdown. Recovery began in May to July, but in July 2020 the economy was still **11.7%** smaller than in February 2020, according to the latest estimates from the Office of National Statistics.

The Conference Board Leading Economic Index® for the UK fell by **0.3%** in July 2020. In the six months to July, the index fell by **13.2%**, reflecting the impact of the Covid-19 downturn on immediate future prospects.

The CPI (Consumer Prices Index) increased by **0.2%** in the year to August 2020, **0.8%** less than the year to July 2020, due to falling prices for energy, transport and hospitality. The highest rates of inflation over the 12 months to August 2020 were for communication (**4.1%**), recreation and culture (**2.8%**) and education (**2.7%**).

Pay Rates

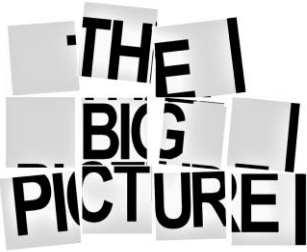
In the three months to July 2020, regular pay increased by **0.2%** on the year before, while pay including bonuses fell by **1.0%**. Average weekly pay was **£512**, or **£539** including bonuses; an annual salary of **£26,697**, or **£28,105** with bonuses. In real terms, for the year to July 2020, regular pay fell by **0.7%** while total pay fell by **1.8%**. Due to inflation being higher than pay growth over most of the last twelve years, total real pay (**-5.4%**) and regular pay (**-0.9%**) were below their pre-crash peak in February 2008.

Public Sector Borrowing

Public Sector Net Borrowing (excluding RBS and Bank of England) in the three months to August 2020 was **£80.3 billion**, an average borrowing of **£873 million** per day. Spending included **£8.0 billion** net investment, meaning there was a current budget deficit (due to the economic impact of Covid-19) of **£72.3 billion** over the same three months. Total net borrowing from March to August 2020 was **£180.5 billion**, compared with £25.0 billion from March to August 2019.

Public sector net debt in August 2020 (excluding RBS and Bank of England) was **£1,805.9 billion** (**90.9% of GDP**.) This was **£213.1 billion** more than in August 2019, an increase of **£582.2 million** per day.

According to the July 2020 Forecast from the Office for Budget Responsibility, public sector net debt will be **102.1%** of GDP in 2024-25. However, interest on public debt is forecast to **fall** through to 2024-25 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 **7.3 million** working-age people claiming benefits in February 2020. Housing benefit was received by **3.2 million** people (of all ages) while **2.9 million** were receiving Universal Credit. By June 2020, the number receiving UC had increased to **5.4 million**, of whom **1.9 million** were working and **2.6 million** seeking work.

Unemployment

The number of people classed as unemployed in May to July 2020 was **1.40 million** (4.1% of the workforce), **62,000** more than the previous quarter, and up **104,000** from the previous year, **284 a day**. The unemployment rate in the UK was highest in the North East (**5.2%**) and lowest in Northern Ireland (**2.9%**.) In Wales it was **3.1%** and in Scotland **4.6%**.

231,000 people had been unemployed for over 12 months, down by **96,000** (**262 a day**) from a year earlier.

Employment and Unemployment – Older Workers

284,000 people aged 50 and over were unemployed in May to July 2020, an increase of **11,000** on February to April 2020, and **11,000** on a year earlier.

- **30.3%** of unemployed workers aged 50 and over, a total of **86,000** people, had been out of work for over a year. **54,000** had been unemployed for more than two years.
- **1,279,000** (**10.5%**) people aged 65 and over were *in work*, **92,000** fewer than in February to April 2020, and a decrease of **35,000** from the previous year.

Redundancies

156,000 people (**1,696 per day**) reported they had become redundant over the three months, **48,000** more than in February to April 2020.

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