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*Charity*

# **The Money Statistics**

# **September 2021**

<https://themoneycharity.org.uk>

# The MONEY Charity

Welcome to the September 2021 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

**£62,670**

Average total debt per UK household in July 2021

**£2,030**

Average credit card debt per household in July 2021

**£3,734**

Total unsecured debt per UK adult in July 2021

**-8.7%**

Change in outstanding credit card balances in year to July 2021

**406,000**

Number of 18-24 year-olds unemployed in the three months to July 2021

**1.3%**

Increase in private rental prices in the year to August 2021

**7.7%**

Increase in average first-time buyer house price in the year to July 2021

**9 years**

Time to save for a first-time buyer house deposit, saving at the average rate out of average UK income (at Jan to March 2021 rate of household saving)



# 1. Striking Numbers

## Every Day in the UK

- The population of the UK grew by an estimated **777** people a day between 2019 and 2020.
- On average, a UK household spends **£4.33** a day on water, electricity and gas.
- **305** people a day were declared insolvent or bankrupt in England and Wales in June to August 2021. This was equivalent to one person **every 4 minutes and 43 seconds**.
- In Northern Ireland in August 2021, there were **4.8** insolvencies per day. In Scotland in the three months to June 2021 there were **20.7** insolvencies per day.
- Citizens Advice Bureaux in England and Wales dealt with **1,873** debt issues every day in the year to August 2021.
- **2.3** properties were repossessed every day in April to June 2021 in the UK, or one **every 10 hours and 24 minutes**.
- The number of UK mortgages with arrears of over 2.5% of the remaining balance rose by **4** a day in the year to June 2021.
- The number of people unemployed in the UK grew by **222** per day in the twelve months to July 2021.
- **1,022** people a day reported they had become redundant in May to July 2021.
- Net lending to individuals and housing associations in the UK fell by **£41.7 million** a day in July 2021.
- Government debt increased by **£466 million** a day in the year to August 2021.
- Borrowers paid **£122 million** a day in interest in July 2021.
- 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.
- **27.5** mortgage possession claims and **3.0** mortgage possession orders were made every day in England and Wales in April to June 2021.
- **77** landlord possession claims and **49.5** landlord possession orders were made every day.

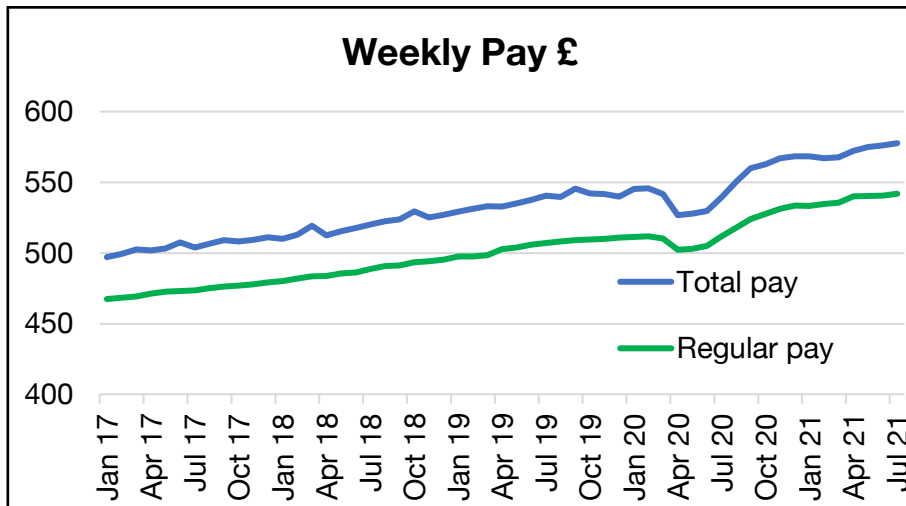


# 1. Striking Numbers

## Arising from Coronavirus pandemic

The decision by the Chancellor not to apply the wage element of the pension triple lock in 2022 highlights the unusual way pay rates have changed during the pandemic.

The headline annual growth rate to July 2021 was **8.3%** for total pay and **6.8%** for regular pay (see page 21). However, both numbers have been boosted by measuring from when pay dropped during lockdown at the beginning of the pandemic. According to ONS, there were also changes in the composition of measured wages, as more low-paid workers than high-paid workers dropped out of the workforce for a period of time. The chart below shows the movement of regular and total pay since January 2017:



Taking account of the 2020 pay drop and composition effects, ONS calculated the “true” rate of annual pay growth to May 2021 to be between **3.2%** and **4.4%**. One way of estimating the true rate of pay growth is to take the annualised rate of change from before the pandemic to now, or the annualised rate of change since late 2020. “Annualised” means the equivalent rate for a 12 month period. This shows that the true rate of pay growth was around half the headline rate:

### Annualised % Change in Pay to July 2021

	Total Pay	Regular Pay
Feb 2020 to July 2021	4.1%	4.2%
October 2020 to July 2021	3.5%	3.6%



## 2. Personal Debt in the UK

### Total UK Personal Debt

People in the UK owed **£1,741.7 billion** at the end of July 2021. This is up by **£62.9 billion** from £1,678.9 billion at the end of July 2020, an extra **£1,189** per UK adult over the year.

Type of Personal Debt	Total Personal Debt £ billion	Per Household £	Per Adult £
Secured (Mortgages)	<b>£1,544.2 billion</b>	<b>£55,564</b>	<b>£29,197</b>
Unsecured Consumer Debt	<b>£197.5 billion</b>	<b>£7,106</b>	<b>£3,734</b>
Of which, Credit Card Debt	<b>£56.4 billion</b>	<b>£2,030</b>	<b>£1,067</b>
<b>Grand Total (July 2021)</b>	<b>£1,741.7 billion</b>	<b>£62,670</b>	<b>£32,931</b>

The average total debt per household, including mortgages, was **£62,670** and per adult was **£32,931**, around **109.3%** of average earnings. This is similar to the revised **£32,955** a month earlier.

Based on July 2021 numbers, the UK's total interest payments on personal debt over a 12-month period would have been **£44,384 million**, an average of **£122 million** per day. The average annual interest per household would have been **£1,597** and per person **£839**, **2.78%** of average earnings.

According to the Office for Budget Responsibility's March 2021 forecast, household debt of all types is forecast to rise from **£2,006 billion** in 2020 to **£2,354 billion** in 2025. This would make the average total household debt **£82,641** (assuming household numbers track ONS population projections).

### Consumer Credit Debt

At the end of July 2021, outstanding consumer credit lending was **£197.5 billion**, rising by **£119 million** on the revised total for the previous month, but **£9.7 billion less** than in July 2020. Within the total, outstanding credit card debt came to **£56.4 billion**, a decrease of **8.7%** (**£5.4 billion**) in the year to July 2021. Credit card debt averaged **£2,030** per household and **£1,067** per adult.

A credit card on the average interest rate would take **24 years and 9 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 **£53** but would reduce each month. If £53 were paid *every* month, the debt would be cleared in **5 years and 1 month**.

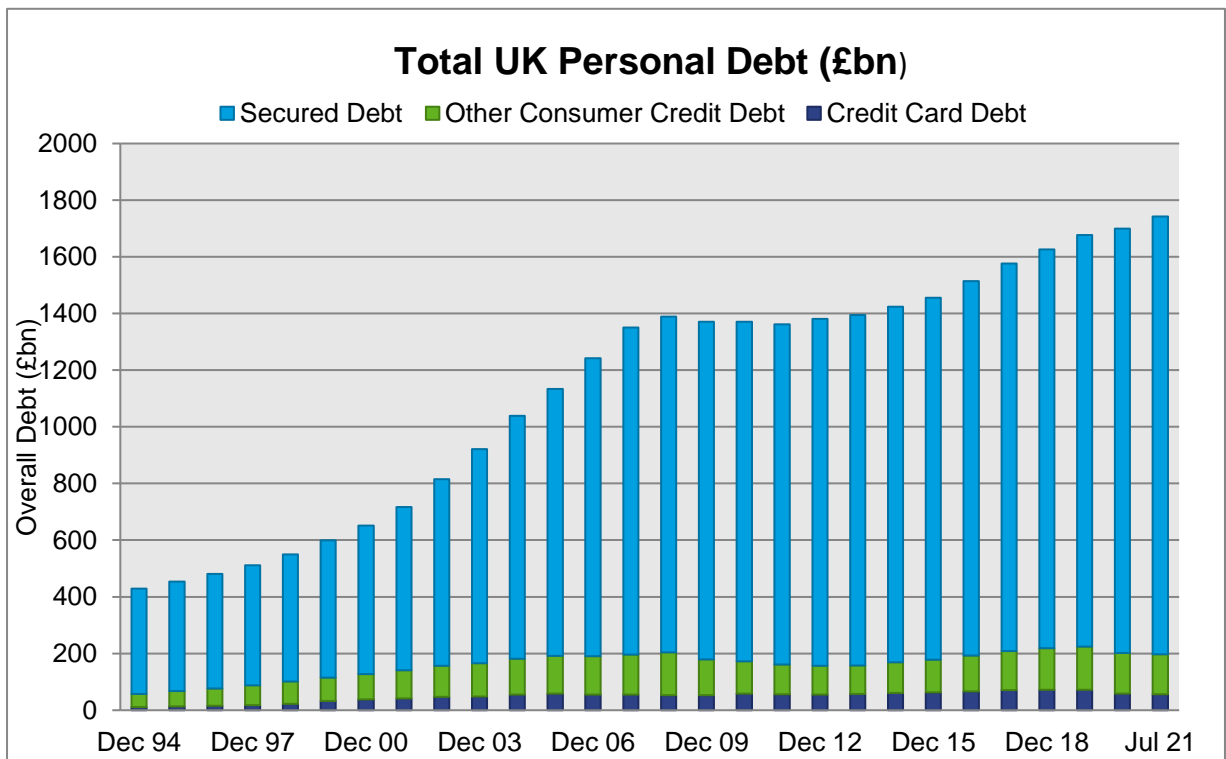


## 2. Personal Debt in the UK

### Net Lending and Write-Offs

Total net lending to individuals and housing associations by UK banks and building societies **fell by £1.3 billion** in July 2021 or **£41.7 million a day** over revised figures for June 2021.

- Net mortgage lending **fell by £1.37 billion** in the month, while net consumer credit lending increased by **£0.12 billion**.
- In Q2 2021 lenders wrote off **£958 million** (of which **£366 million** was credit card debt, amounting to a daily write-off of **£4.0 million**).



Bank of England Data to July 2021

(The last three columns in the chart are Dec 19, Dec 20 and July 21)



## 2. Personal Debt in the UK

### Advice on Problem Debts

Citizens Advice Bureaux across England and Wales answered **345,235** enquiries in August 2021, **11.3% up** from August 2020.

Debt was the second largest advice category in August 2021 with **58,438** issues, behind Benefits and Tax Credits (**71,701**). Debt calls were **39.2% up** compared with August 2020, while calls about Benefits and Tax credits were up by **17.1%**. Debt represented **15.9%** of all issues dealt with in the year to August 2021. The top three debt categories in August 2021 were fuel debts, Council Tax arrears and credit, store and charge cards. In the year to August 2021, Citizens Advice Bureaux in England and Wales dealt with **1,873** debt issues every *day*.

In Scotland in August 2021, Citizens Advice Scotland gave **84,623** pieces of advice, with debt advice being **12% of the total**, up from 8% in April to June 2020, when numbers were reduced by forbearance measures during the first Covid lockdown. Debt advice in August 2021 was the second largest category after benefits.

In Northern Ireland in August 2021, Advice NI's Debt Action service dealt with **298** cases involving debt issues, covering **£1.8 million** of debt. The top three debts were credit cards, personal loans and mortgage shortfalls.

In its July 2021 report, StepChange Debt Charity reports that 13,000 new clients received full debt advice in June 2021. StepChange reports that the advice given in June reflects the difficult situation many clients have been facing during the pandemic, with 34% of new clients in receipt of Universal Credit and 31% having a negative budget at the time of seeking advice. In June, there was an increase in the numbers of renters and clients with children seeking advice.





## 2. Personal Debt in the UK

### Individual Insolvencies

There were **28,050** individual insolvencies in England and Wales in June to August 2021, **an increase of 27.5%** from 21,998 for the same period in 2020. This was equivalent to **305** people a day or one person **every 4 minutes and 43 seconds**.

Every day on average in England and Wales, **22** people were made bankrupt, **54** Debt Relief Orders were granted, and **229** Individual Voluntary Arrangements (IVAs) were entered into.

In the 12 months to August 2021, **110,927** individuals, **1 in 424 (0.24%)** of the adult population of England and Wales became insolvent.

In Northern Ireland there were **148** individual insolvencies in August 2021, a rate of **4.8** per day. This comprised **127** Individual Voluntary Arrangements, **15** Debt Relief Orders and **6** bankruptcies. Individual insolvencies for the three months to August 2021 were **down by 16.0%** on the same three months the previous year, when the Courts and Insolvency Service offices in Northern Ireland reopened after the April 2020 closure due to Covid-19.

In Scotland there were **1,884** personal insolvencies in April to June 2021 (latest available data), a rate of **20.7** per day, comprising **586** bankruptcies and **1,298** protected trust deeds. Personal insolvencies for the three months to June 2021 were **9.6% lower** than the same period the previous year.

### County Court Judgements for Debt

**2,067** Consumer County Court Judgements (CCJs) were issued every day in England and Wales in April to June 2021, a **267% increase** on the same period in 2020, when the numbers were depressed by Covid forbearance measures. The average value was **£1,585**, according to Registry Trust Ltd.

In Northern Ireland, there were **8** consumer debt judgements every day in April to June 2021, with an average value of **£2,303**.

In Scotland, **44** consumer debt decrees were registered every day in April to June 2021, with an average value of **£3,044**.



## 3. Mortgages, Rent and Housing

### Mortgage Debt

According to the Bank of England, outstanding mortgage lending stood at **£1,544.2 billion** at the end of July 2021. This is up from £1,471.7 billion a year earlier, an increase of **£72.6 billion**.

That means that the estimated average outstanding mortgage for the **11.03 million** households with mortgage debt was **£140,004** in July 2021.

The average mortgage interest rate was **2.05%** at the end of July 2021. Based on this, households with mortgages would pay an average of **£2,870** in mortgage interest over the year.

For new loans, the average mortgage interest rate was **1.84%**. Based on this, First-Time Buyers with mortgages would pay an average of **£3,035** in mortgage interest over the year.

According to the FCA and Bank of England, gross mortgage lending in April to June 2021 was **£89.0 billion**, **102% higher** than the same quarter the previous year (depressed by lockdown) and the highest quarterly total since before the 2008 crash.

The Financial Conduct Authority reports that **60.4%** of mortgage lending in Q2 2021 was for 75% or less of a property's value. **2.0%** of lending was for mortgages for over 90% of a property's value.

**60.0%** 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.



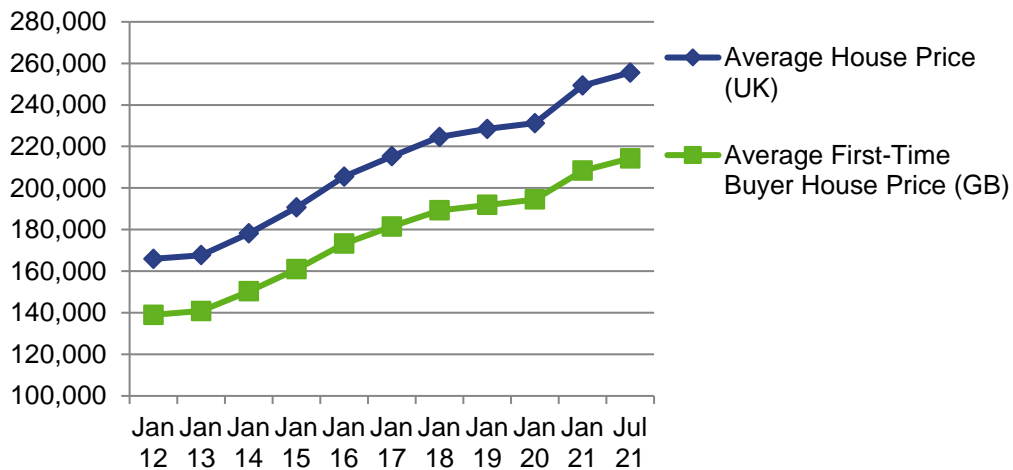
## 3. Mortgages, Rent and Housing

### House Prices

Nationwide estimates that house prices **rose by 2.1%** in August 2021 and were **11%** higher than 12 months before. Halifax reports that the average UK house price in August 2021 was **£262,954**, rising by **1.2%** in the three months to August 2021 and by **7.1%** in the year to August 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 and again from February to June 2021. 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. The Halifax and HM Land Registry average prices tend to be similar, with Nationwide being slightly lower.

### 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 **£214,237** in July 2021, an annual increase of **7.7%** and a monthly **fall of 3.7%**.

According to UK Finance, the typical first-time buyer deposit in December 2019 was **23%** of the purchase cost, which would average **£51,224** in June 2021 based on the above Land Registry first-time buyer price. This is **170.6%** 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 **8.0%** in the year to July 2021 to **£255,535**. The highest rates of increase were in Scotland (**14.6%**) and Wales (**11.6%**). The lowest price increases were in London (**2.2%**) and South West (**5.2%**). In most areas prices decreased in July 2021.

The average house price was highest in London (**£494,673**) and lowest in the North East (**£144,935**).

### Average House Prices: Nations and Regions – July 2021

Country and Government Office Region	Price	Monthly Change	Annual change
Scotland	£177,166	2.0%	14.6%
Wales	£187,960	-4.0%	11.6%
North East	£144,935	-3.5%	10.8%
Northern Ireland (Quarter 2 - 2021)	£153,449	2.9%	9.0%
South East	£354,278	-1.3%	8.8%
West Midlands	£220,759	-4.9%	8.5%
North West	£185,171	-7.6%	8.1%
England	£270,973	-4.5%	7.0%
East Midlands	£214,169	-5.5%	6.9%
Yorkshire and The Humber	£180,324	-6.8%	6.9%
East of England	£312,076	-3.8%	6.8%
South West	£277,178	-5.8%	5.2%
London	£494,673	-2.0%	2.2%

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 August 2021, **the same** as for the revised measure for the 12 months to July 2020.

Over the year to August 2021, private rental prices increased in Northern Ireland, Wales, Scotland and all the English regions except for London. Northern Ireland (**4.3%**), East Midlands (**2.7%**) and the South West (**2.6%**) saw the highest rates of increase. The lowest increase was in Wales (**1.2%**). In London, rentals **fell by 0.4%**.

The median rent in England across all private rental property types for the 12 months to 31 March 2021 was **£730**, according to the Valuation Office Agency and ONS. In London it was **£1,430**.

For a single room with shared facilities, the median monthly private rent was **£412**. In London it was **£675 (63.8% higher)**.

For two bedrooms, the median monthly private rent was **£700**. In London it was **£1,450 (107.1% higher)**.

Figures from the Ministry of Housing, Communities and Local Government show that in 2019-20, private renter households in England spent an average of **£871** per month on rental payments. Inclusive of benefits, private renters spent an average of **31.9%** of their income on rental payments. The rental share of income was highest for single person (**41.1%**) and low income households (**56.4%**).

Monthly rents in the social housing sector in England were **£459** for housing association renters and **£429** for local authority renters.

In 2019-20, **34.9%** of households owned their home outright, while **29.7%** were mortgagors, **18.7%** rented privately and **16.7%** 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 2019-2020, only **40.9%** of 25-34 year-olds were owner occupiers. **41.8%** of this age group were private renters and **17.3%** were social renters.



## 3. Mortgages, Rent and Housing

### Arrears and Repossessions

According to the Financial Conduct Authority, at the end of Q2 2021 there were **163,326** mortgage loan accounts with arrears of more than 1.5% of the current loan balance.

- This is **4.3%** less than revised numbers for the previous quarter and **5.1%** down on Q2 2020.

**50.4%** of payments due for loans in arrears were received in Q2 2021.

UK Finance reports that **76,270 (0.85%)** of homeowner mortgages had arrears equivalent to at least 2.5% of the outstanding mortgage balance in Q2 2021, **1.8%** down on the previous quarter. Over the last year, mortgages in arrears have increased by **4** a day.

UK Finance estimates that there were **210** homeowner properties taken into possession in the UK in Q2 2021, up from 90 in Q2 2020.

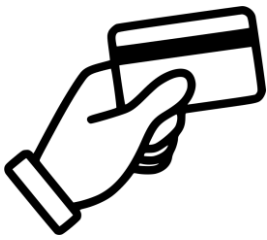
This equates to **2.3** properties being possessed every day, or one property being possessed **every ten hours and twenty-four minutes**. This low number is due to the pandemic-related moratorium on forced possessions.

In England and Wales, in April to June 2021, according to the Ministry of Justice, every day **27.5** mortgage possession claims were issued and **3.0** mortgage possession orders were made.

**77** landlord possession claims were issued and **49.5** landlord possession orders were made every day.

Compared to January to March 2020 (pre-lockdown), mortgage possession claims fell by **50%** and orders by **88%**, while landlord possession claims fell by **71%** and landlord possession orders fell by **61%**. This was due to forbearance action by Government and the FCA in response to the Covid-19 pandemic.

However, possession claims and orders increased in Q2 2021 from the very low levels of mid-2020.



## 4. Spending and Loans

### How We Spend

In the year to July 2021, outstanding consumer credit fell by **4.7%** according to the Bank of England, while outstanding levels of credit card borrowing fell by **8.7%**. The largest reduction occurred during the spring 2020 period of lockdown and furlough due to the Covid-19 pandemic, but after slight growth in mid-2020 there were further significant falls from August 2020 to June 2021. In July 2021 there were small increases in both credit card debt (+ **£214m**) and total consumer credit (+ **£119m**).

After falling steeply at the beginning of the pandemic, LINK transaction volumes have begun to recover. On average, **52.2** cash machine transactions (including balance enquiries and rejected transactions) were made **every second** in August 2021, a decrease of **1.1%** on August 2020. The total value of transactions increased by **1.0%** over the same period.

- In total, cash machine transactions were worth an average of **£52.20** 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 Q1 2021, households in the UK spent **£120.4 million** a day on water, electricity and gas, or **£4.33** per household per day. On a seasonally adjusted basis, this was **0.64% more** than the revised figure for Q4 2020.

In August 2021 the average price of unleaded petrol **increased by 2.3ppl** to **135.4 ppl**.

- This meant it cost **£67.70** to fill a 50 litre unleaded tank, **£1.15 more** than last month.

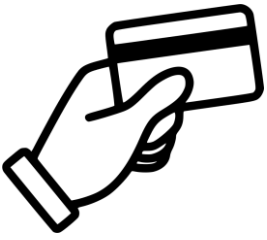
The average price of diesel **increased by 1.7ppl** to **136.7ppl**.

- This meant it cost **£68.35** to fill a 50 litre diesel tank, **£0.85 more** than last month.
- The price difference between the two narrowed to **1.3ppl**, a difference of **£0.65** per 50 litre tank.

According to Which? the annual cost for home-charging a compact electric car is around **£400** per year, or **£7.70** per week, based on 9,000 miles driving per year.

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 **21.46%** in August 2021. This was **21.36%** above the Bank of England Base Rate of **0.1%**.

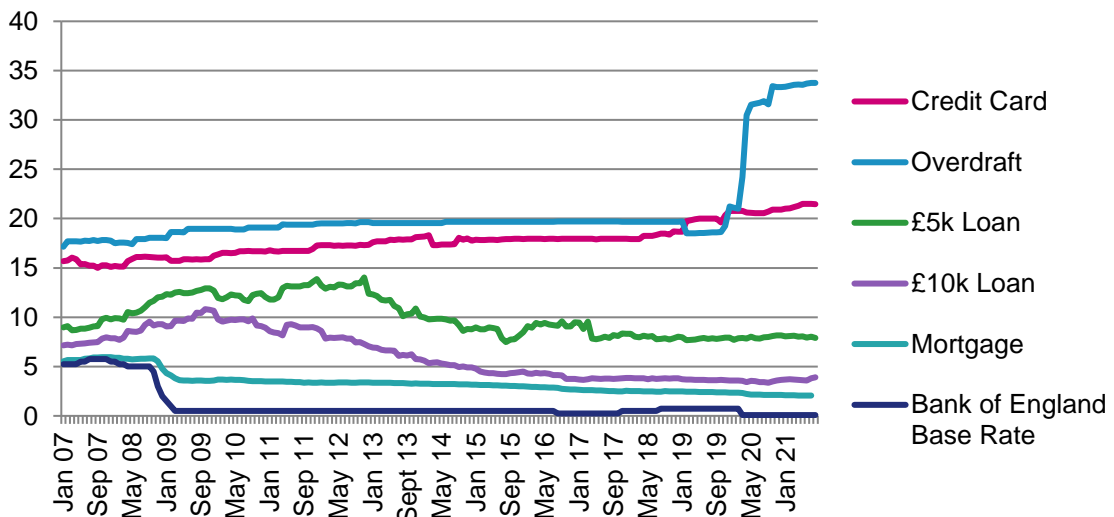
UK Finance figures show that **53.3%** of credit card balances were bearing interest in June 2021.

In August 2021, the average APR for a £5,000 personal loan was **7.90%**, according to the Bank of England. For a £10,000 loan it was **3.90%**, while the average rate for an overdraft was **33.75%**.

As shown in the chart, the gap between credit card, overdraft and other interest rates has widened substantially since 2008. The dramatic increase in overdraft rates in 2020 was due to 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 (% per year to August 2021)



Source: Bank of England





## 5. Savings and Pensions

### Savings

The average interest rate for an instant access savings account was **0.09%** in August 2021. For a cash ISA, the rate was **0.16%**, down from 0.21% a year ago.

In Q1 2021, households saved an average of **19.6%** of their post-tax income, including benefits, down from the record 25.1% (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 within the 7-10% range, with the most recent pre-Covid peak being 12.7% in Q1 2010. If someone on the average salary saved 19.6% of their income in an average instant access savings account for a year, they would receive **£4.25** in interest after tax. If they saved it in an average cash ISA, they would receive **£9.45**.

It would take **9 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 **9 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 **10.55 million** workers had joined a pension scheme under auto-enrolment by the end of August 2021, making a total of **22.86 million** members of pensions schemes, but leaving **10.14 million** workers unenrolled, out of the total declared workforce of **33.0 million**.

According to the Family Resources Survey, **52%** of working age adults actively participated in a pension in 2019-20, up **1%** on the previous year. Participation was **75%** for employees and **18%** for the self-employed.

According to ONS, in 2020, **34.8%** of employees with a pension were in an occupational Defined Benefit scheme, **36.5%** were in an occupational Defined Contribution scheme and **26.6%** were in group personal or stakeholder schemes. The Annual Survey of Hours and Earnings reports that in 2020, **47.2%** of members of Defined Benefit schemes received an employer contribution of **20% or more** of their income, compared with only **2.0%** of members of Defined Contribution schemes.

In February 2021, there were **12.4 million** recipients of the State Pension, a fall of **1.1%** on the year before. Of these, **1.9 million** were on the new State Pension (nSP) introduced in 2016, an increase of **460,000** on a year earlier.



## 6. Financial Inclusion

According to the FCA Financial Lives Survey, 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 **7.2 million** basic bank accounts (BBAs) on 30 June 2020, 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, in 2019 there were **10,405** bank and building society branches in the UK. This was a reduction of **2,940** branches (**-22%**) since 2012. According to Which? **4,188** branches have either been closed or scheduled for closure between January 2015 and December 2021, with the largest numbers of closures in the South East, Scotland, North West and London.

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

In 2020, **44.4 million** UK adults (**85%** of the total) used some form of credit, according to the FCA Financial Lives Survey. This includes unregulated credit (**4%** of adults) and running credit such as credit cards that are paid off each month (**30%** of adults). Around **7.8 million** people (**15%** 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 2021, a **decrease of 0.2%** over the same period in 2020. There were **404** credit unions, with loans to members to a value of **£1.59 billion**, **36.5%** of which was in Northern Ireland.

According to the FCA Financial Lives Survey, **17.8 million** UK adults (**34%** of the total) did not have home contents insurance in 2020. According to Ofcom, **1.5 million** households did not have access to the Internet in March 2021. This included **18%** of households with members 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 Financial Lives Survey, in October 2020, **14.6 million** UK adults (**28%** of the total) said they had low confidence in managing their money, while **17.7 million** UK adults (**34%**) had poor or low levels of numeracy involving financial concepts.



## 7. Young People

### Young People in Education and Employment

According to ONS, in May to July 2021 there were **5.33 million** people aged 18 to 24. Of these, **1.91 million** were in full-time education while **3.28 million** were in employment (including those in full-time education who were also in employment). From July 2020 to July 2021, the number of 18-24 year-olds in employment grew by **2,000**.

### Unemployment

**406,000** 18-24 year olds (**11.0%**) were unemployed in May to July 2021. This was **68,000** fewer than the same period the previous year, and **35,000 fewer** than in February to April 2021.

- **167,000 (41.1%)** had been unemployed for over 6 months.
- **81,000** had been unemployed for over 12 months, **11,000 fewer** than from February to April 2021 but an increase of **32,000 (+59%)** on a year earlier.

**631,000 (9.3%)** of 16 to 24-year-olds in the UK were not in education, employment or training (NEET) in April to June 2021, a decrease of **144,000** over the last year.

### Minimum Wage

Minimum wage rates increased in April 2021. For under 18s the new rate is **£4.62**. The apprentice rate (for those under 19 or in the first year of their apprenticeship) is **£4.30**. For those aged 18-20, the minimum wage goes up to **£6.56**. For those aged 21-22, **£8.36** and for those aged 23+, **£8.91**. The age for receiving the National Living Wage has dropped from 25+ to 23+.

### Wages Paid by Age and Gender

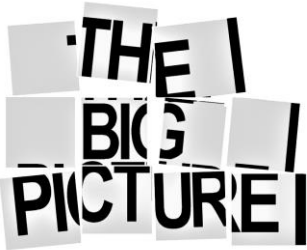
According to ONS, in April 2020 the median weekly pay for all full-time employees was **£586**. For employees aged 16-17 it was **£207**. For those aged 18-21 it was **£350** and for those aged 22-29 it was **£499**. For those aged 16-21, male and female pay was about the same (within the margin of error). For those 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 for the latest (2020/21) cohort to enter repayment was **£45,060**, an increase of **12.6%** on the previous year. In Wales it was **£27,600 (+11.4%)**, in Northern Ireland **£24,720 (+5.9%)** and in Scotland **£15,170 (+9.3%)**.



## 8. The Bigger Picture

### Economy and Inflation

The UK economy grew by **0.1%** in July 2021, continuing the recovery from the winter Covid-19 lockdown, though only slightly. GDP in July 2021 was **2.1%** below the level of February 2020, according to the latest estimates from the ONS, as a result of the recession caused by pandemic restrictions. Global leading indicators remain positive for most territories (including for the UK).

The CPI (Consumer Prices Index) increased by **3.2%** in the year to August 2021, **1.2%** more than the year to July 2021. The highest rates of inflation over the 12 months to August 2021 were for transport (**7.8%**) and restaurants and hotels (**8.6%**). The lowest rate was for food and non-alcoholic beverages (**0.3%**). According to ONS, the high rate for restaurants and hotels partly reflects lower prices in the summer of 2020 due to the Eat Out to Help Out scheme and reduced VAT rate.

### Pay Rates

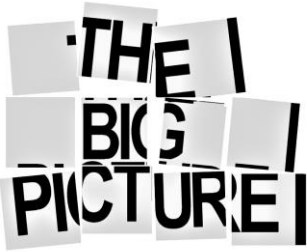
In the three months to July 2021, regular pay increased by **6.8%** on the year before. Pay including bonuses rose by **8.3%**. According to ONS, these numbers are amplified by base rate and composition effects (see page 4.1). Average weekly pay was **£542**, or **£578** including bonuses; an annual salary of **£28,261**, or **£30,139** with bonuses. In real terms, for the year to July 2021, regular pay grew by **4.5%** while total pay grew by **6.0%**. Due to pay growth being lower than inflation for most of the last twelve years, total real pay (**-0.2%**) was below the pre-financial crash peak in February 2008 while regular real pay increased by only **3.2%** over the same period.

### Public Sector Borrowing

Public Sector Net Borrowing (excluding NatWest Group and Bank of England) in the three months to August 2021 was **£48.2 billion**, an average borrowing of **£523 million** per day. Spending included **£9.5 billion** net investment, meaning there was a current budget deficit of **£38.6 billion** over the same three months. Total net borrowing for the year to August 2021 was **£236.2 billion**, compared with £212.5 billion for the year to August 2020.

Public sector net debt in August 2021 (excluding NatWest and Bank of England) was **£1,966.6 billion (87.1% of GDP)**. This was **£170.2 billion** more than in August 2020, an increase of **£466.3 million** per day, mainly due to the economic impact of Covid-19.

According to the March 2021 Forecast from the Office for Budget Responsibility, public sector net debt will be **106%** of GDP in 2024-25. However, interest on public debt is forecast to **be lower** in relation to revenue 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 **777** people per day between mid 2019 and mid 2020.

Out of a total population aged 15+ of **55.5 million**, there are projected to be **32.2 million** income taxpayers in 2021-22. Of these, **27 million** will be basic rate taxpayers, **4.1 million** people will fall into the 40% income tax band and **440,000** 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 **9.9 million** working-age people claiming benefits in February 2021, according to DWP. In May 2021, housing benefit was received by **2.8 million** people (of whom 1.7 million were working age). In July 2021, **5.9 million** people were receiving Universal Credit, an increase of **2.9** million from March 2020 (before the first lockdown).

### Unemployment

The number of people classed as unemployed in May to July 2021 was **1.55 million** (**4.6%** of the workforce), **86,000** fewer than the previous quarter, **935** fewer per day, but up **81,000** from the previous year, **222 a day**. The unemployment rate in the UK was highest in London (**6.0%**) and the North East (**5.3%**) and lowest in the South West (**3.3%**). **445,000** people had been unemployed for over 12 months in May to July 2021, up by **199,000** (**545 a day**) from a year earlier. Since the beginning of 2021, short-term (less than six months) unemployment has fallen, while longer-term unemployment has increased.

### Employment and Unemployment – Older Workers

**355,000** people aged 50 and over were unemployed in May to July 2021, a decrease of **35,000** on February to April 2021 but an increase of **54,000** on a year earlier. **42.5%** of unemployed workers aged 50 and over, a total of **151,000** people, had been out of work for over a year. **93,000** had been unemployed for more than two years.

**1,306,000** (**10.6%**) people aged 65 and over were *in work* in May to July 2021, **2,000 more** than in February to April 2021, and an increase of **28,000** from the previous year.

### Redundancies

**94,000** people (**1,022 per day**) reported they had become redundant in May to July 2021, **15,000** fewer than in February to April 2021, and **62,000** fewer than the year before.

# *The* **MONEY** *Charity*

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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 develop the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives.**

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