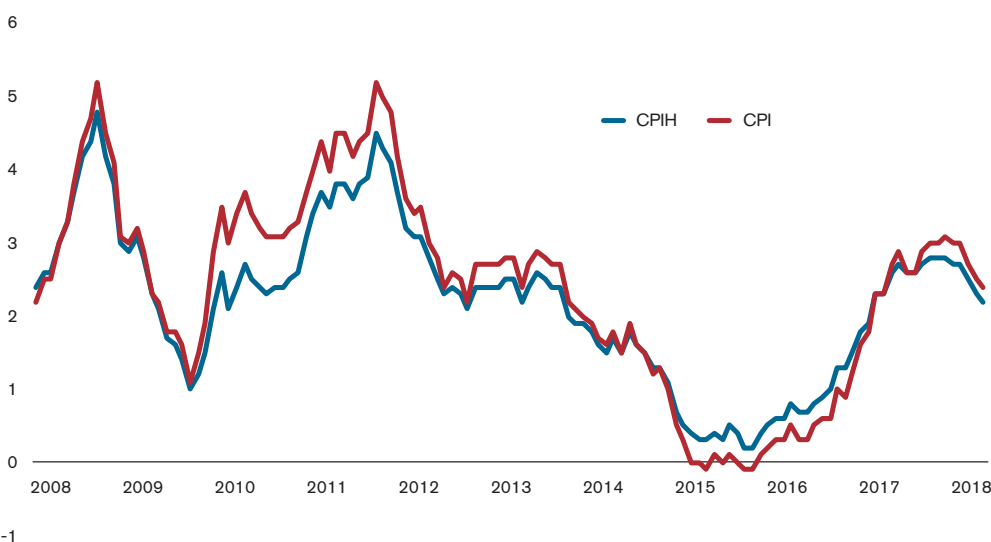
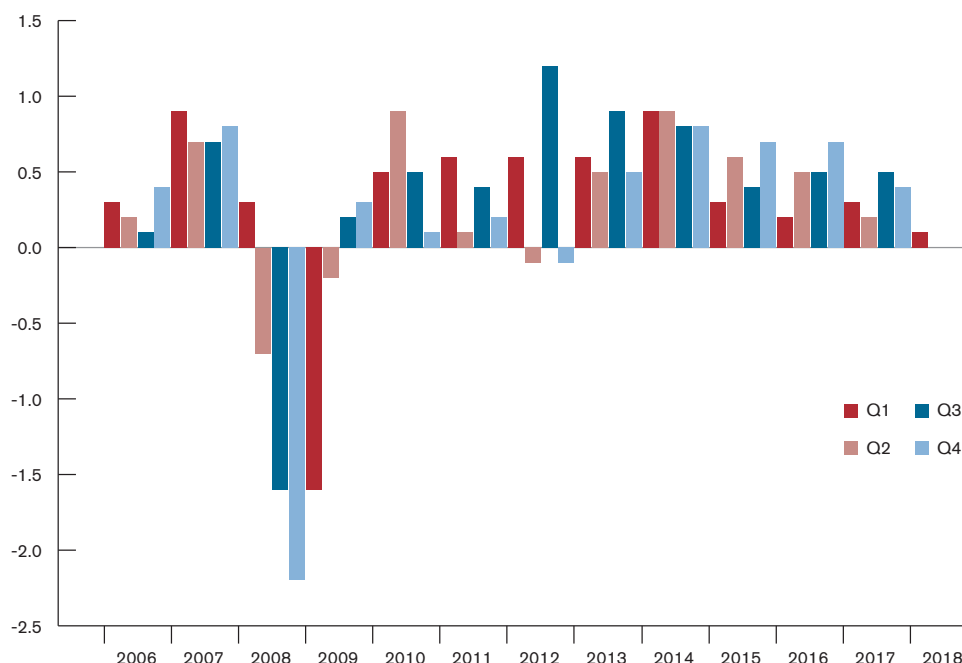


1/The economy

1.1

After the economic crash of 2008/9, the rate of economic growth (GDP) increased and was relatively strong by 2014 but this rate of growth has been falling and indeed appears to be stalling in most recent data (first quarter of 2018).



1.2

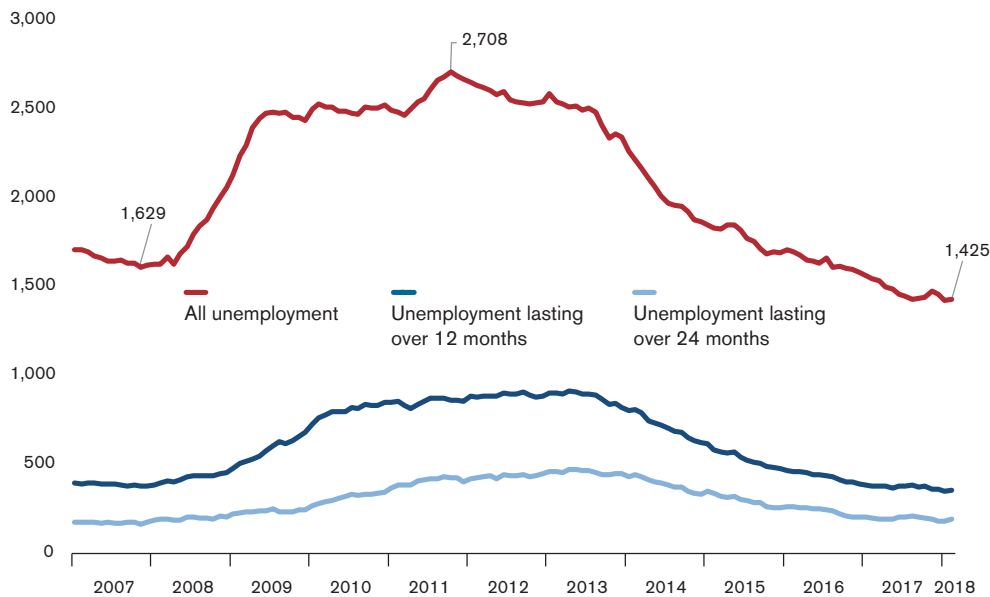
Inflation fell quite dramatically between 2012 and 2015 and then rose between 2016 and 2017 but now appears to be falling again according to most recent data.

1.3

In August 2018, the Bank of England's Official Interest Rate was raised to 0.75%. This is the first time it had reached more than 0.5% since 2009.

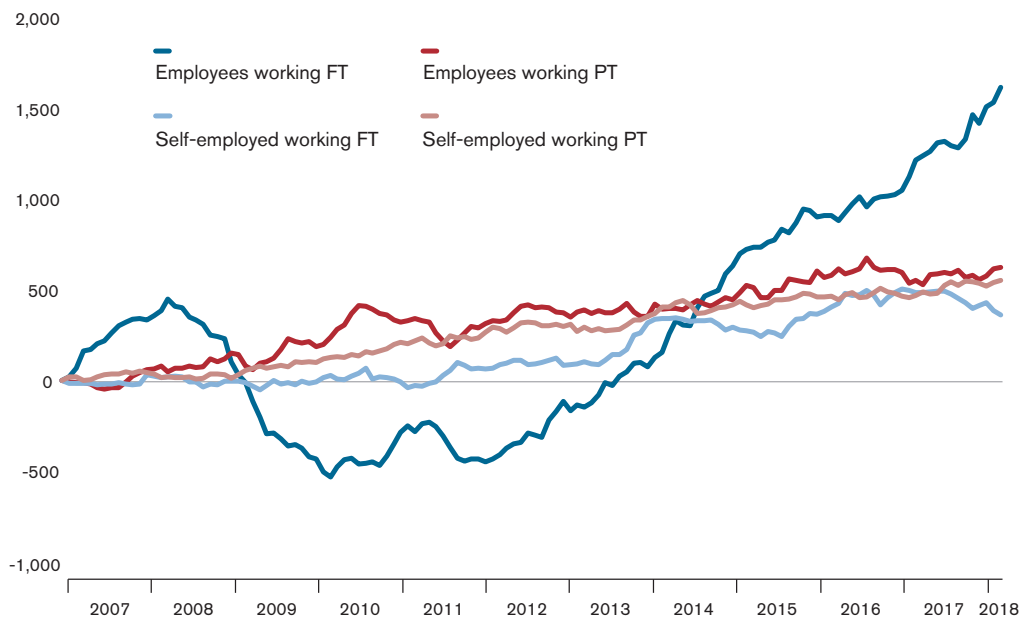
0.75%  **Base Rate**

2/ Employment levels, types and earnings



2.1

Unemployment has fallen to levels even lower than those last seen before the 2008 economic crash but there are still 1.4 million people out of work who are available for, and seeking, a job in 2018.

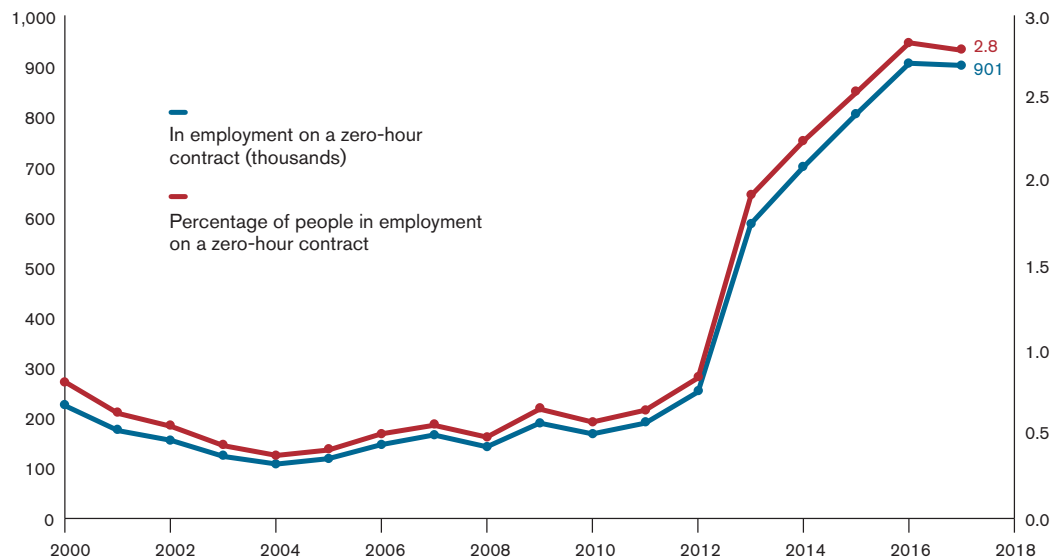


2.2

Growth in full-time employment continues and, since 2014, has well out-stripped growth in part-time working and self-employment.

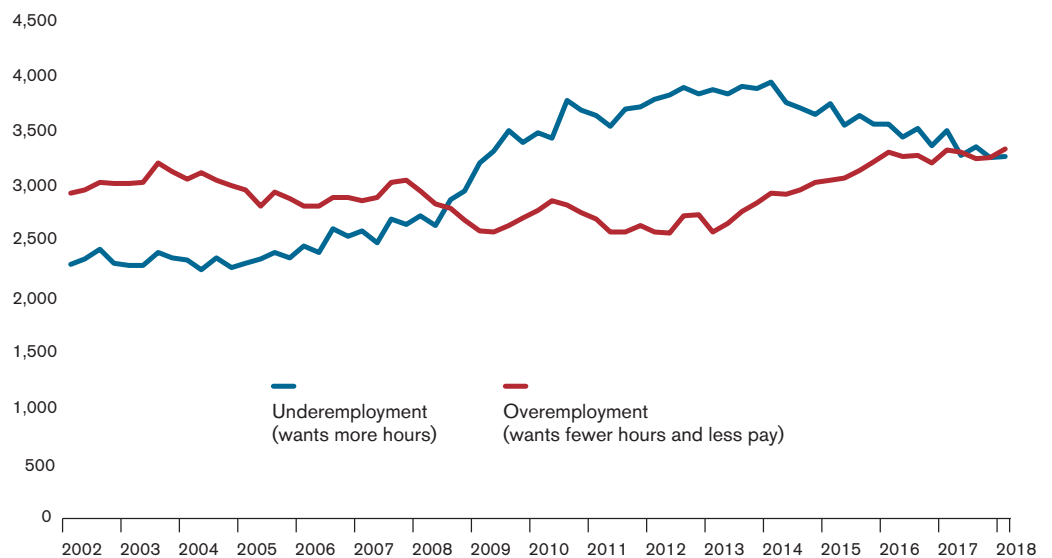
2.3

The rapid growth in zero hour contracts, witnessed since 2012, has now stopped. But there are still nearly 1 million people on such contracts.



2.4

For the first time since the economic crash of 2008, there were as many people who wanted to work fewer hours as there were people who wanted to work more hours, in 2017/18.



2.5

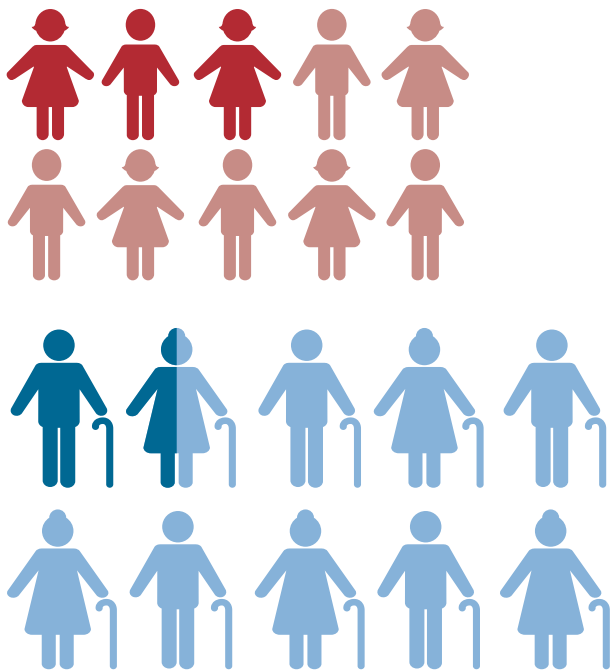
After six years of decline, average weekly earnings increased from £442 per week in 2014 to £461 per week in 2016 but have remained broadly the same since then.



3/Poverty and destitution

3.1

Poverty has increased since 2010. In 2016/17, 30 per cent of all children and 16 per cent of all pensioners were living in poverty.



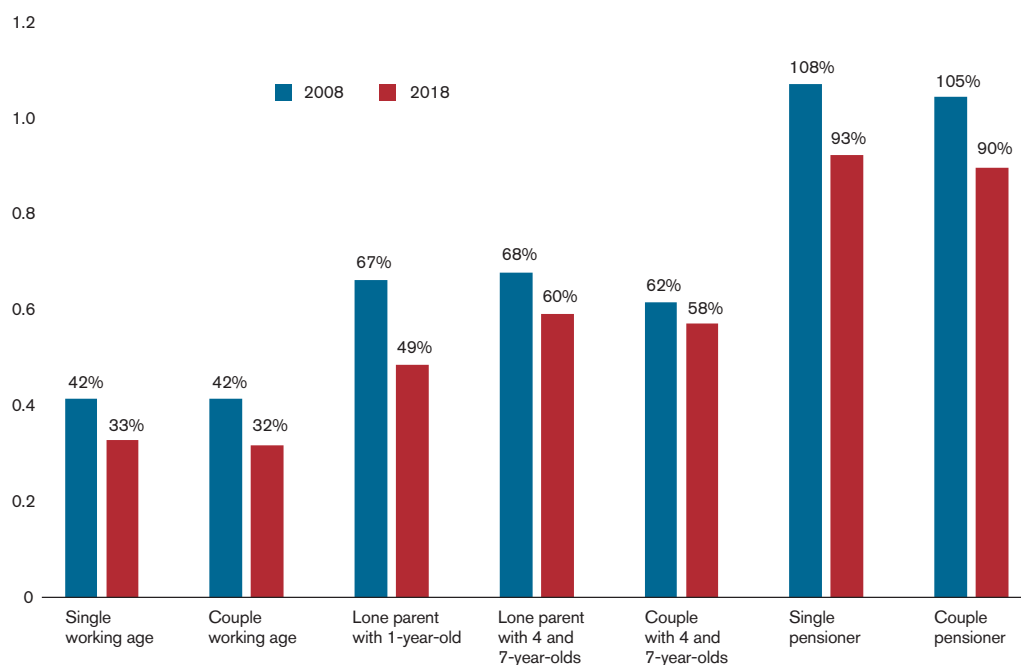
3.2

There were 1.5 million people, including 365,000 children, who were destitute at some point during 2017. This means that they could not afford to buy the bare essentials that we all need to eat, stay warm and dry, and keep clean.



3.3

Means-tested benefits are failing ever more to help people reach a Minimum Income Standard. People of working age without dependent children receive only one third of what they need to reach this standard and a lone parent with a one year-old now receives only half of what they need.



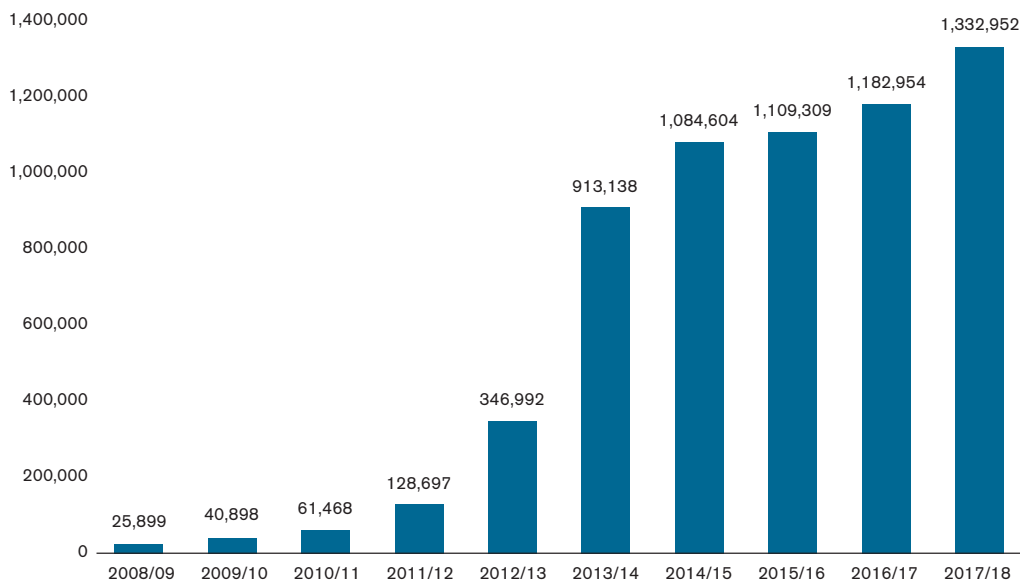


3.4

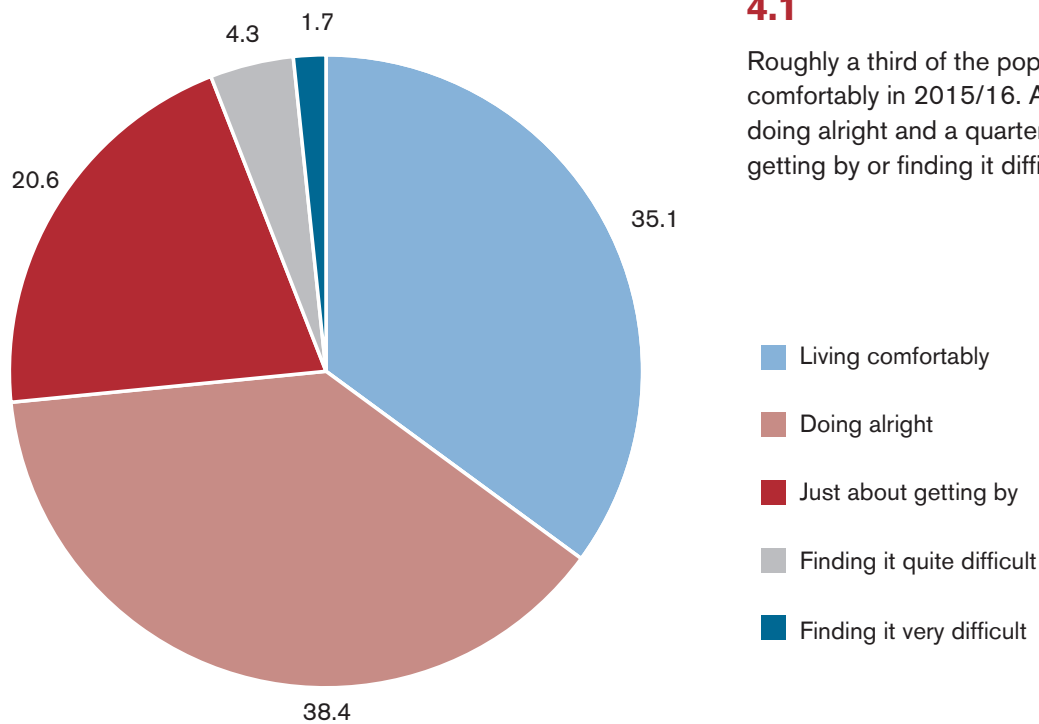
According to the National Audit Office, the Department for Work and Pensions paid around 113,000 new Universal Credit claims late in 2017, approximately 25% of all new claims. On average, these were paid four weeks late.

3.5

The Trussell Trust gave out 1.3 million emergency food parcels to people in 2017/18.

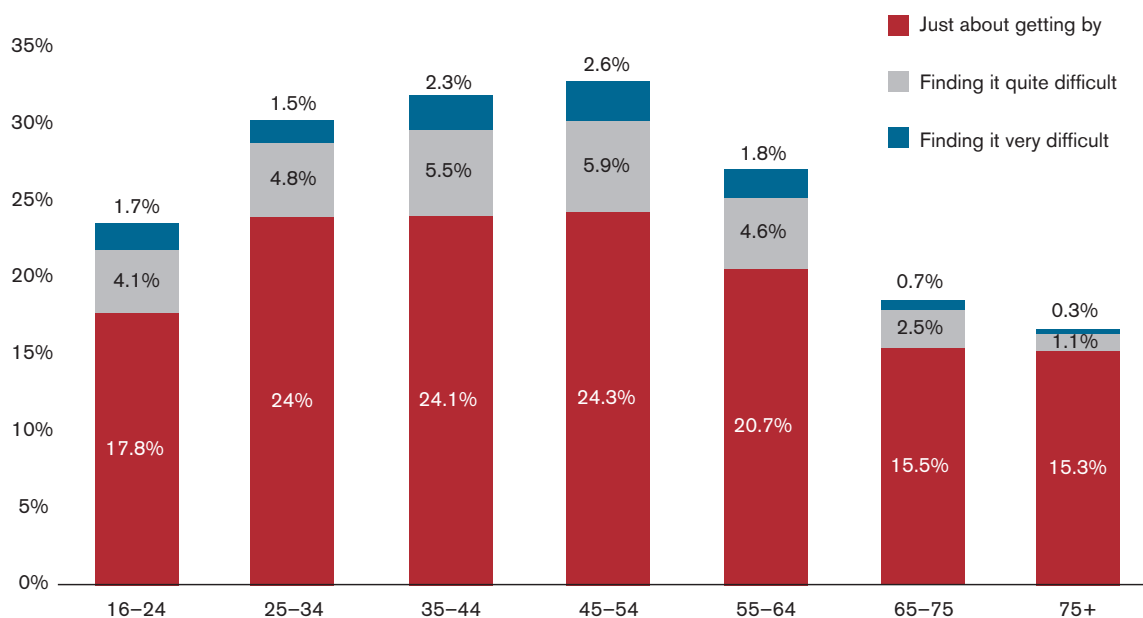


4/Subjective financial wellbeing



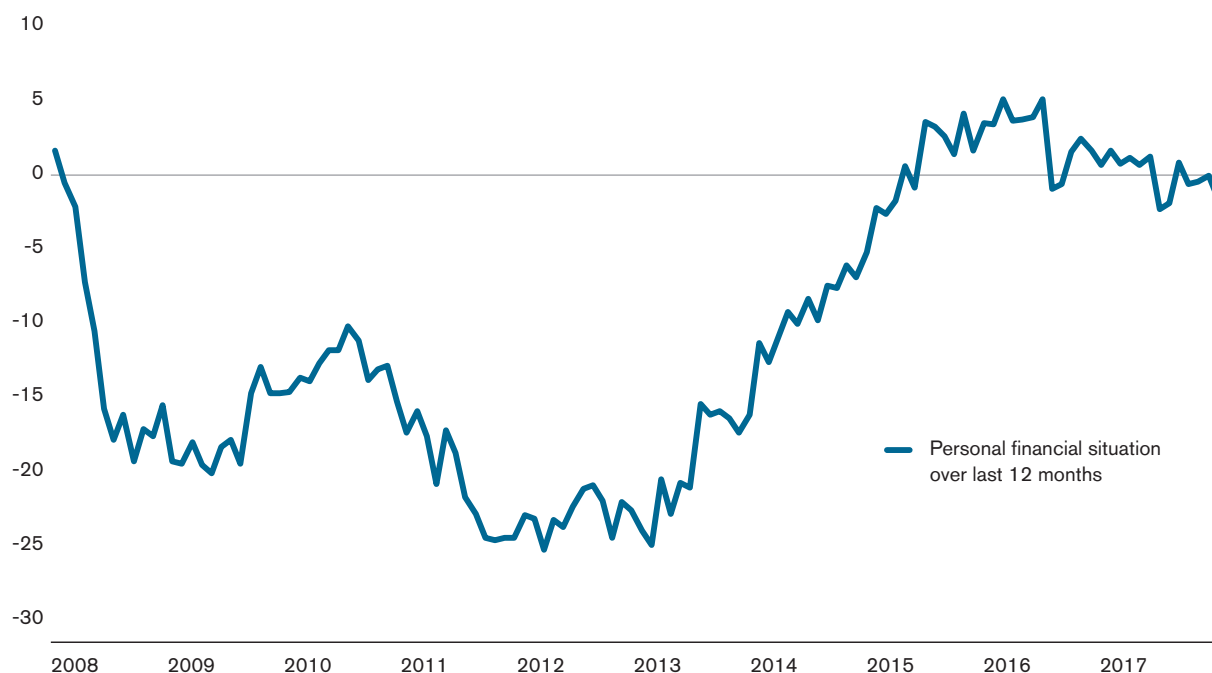
4.2

Those aged between 35–54 were most likely to say they are just about getting by or finding things difficult, financially in 2015/16.



4.3

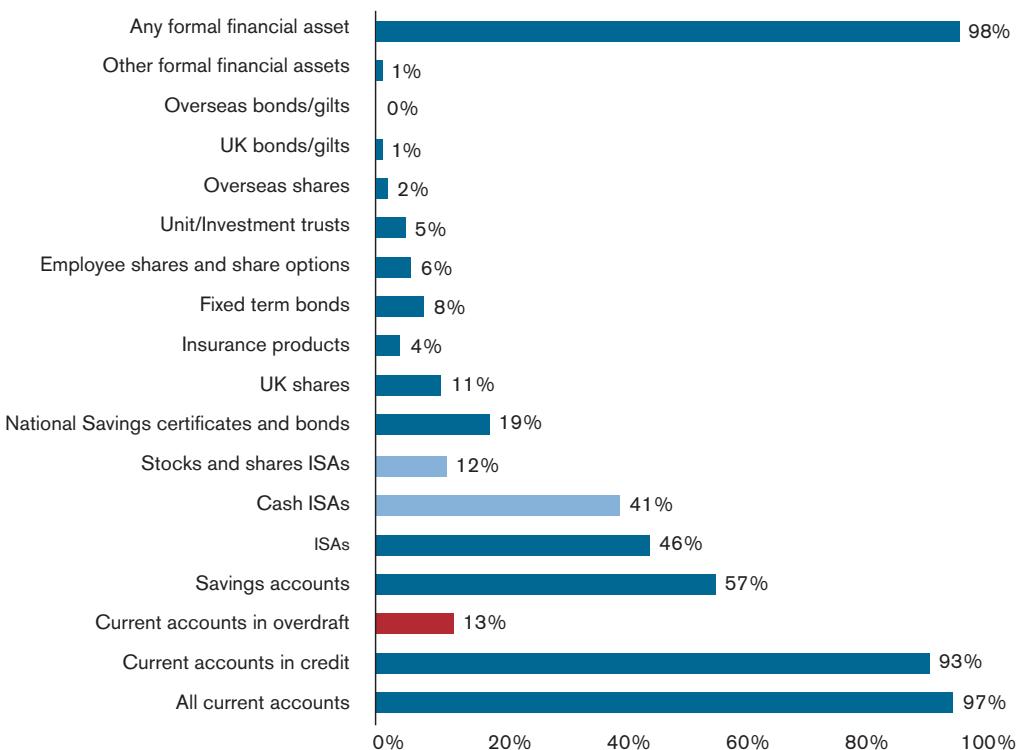
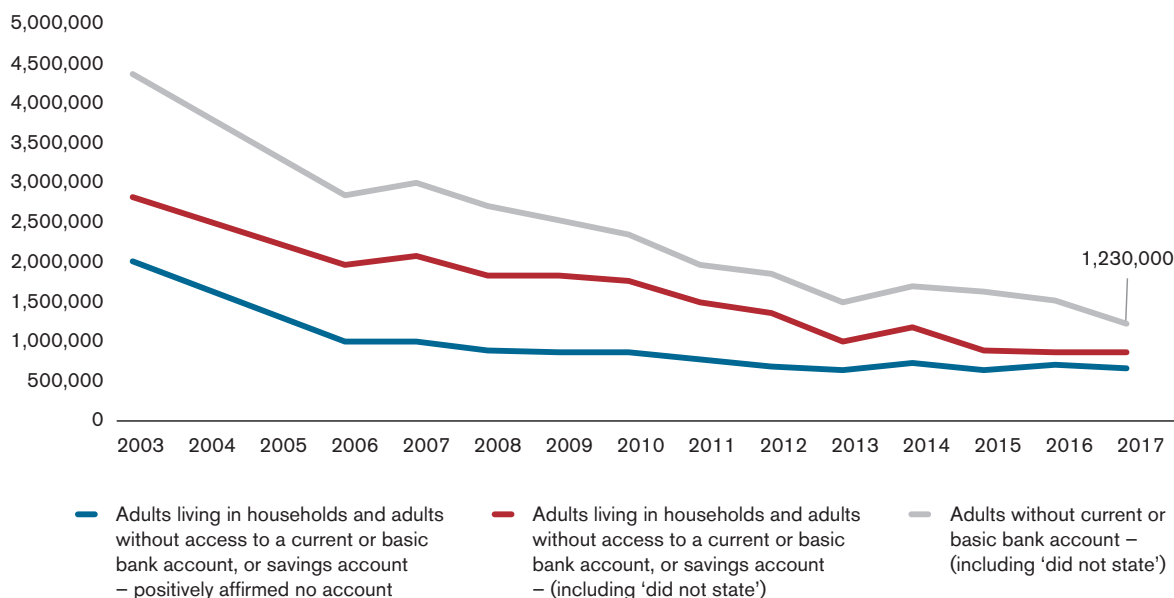
On balance, people think their personal financial situation has worsened over the last 12 months following a brief period of positivity in 2016–2017.



5/Access to financial products

5.1

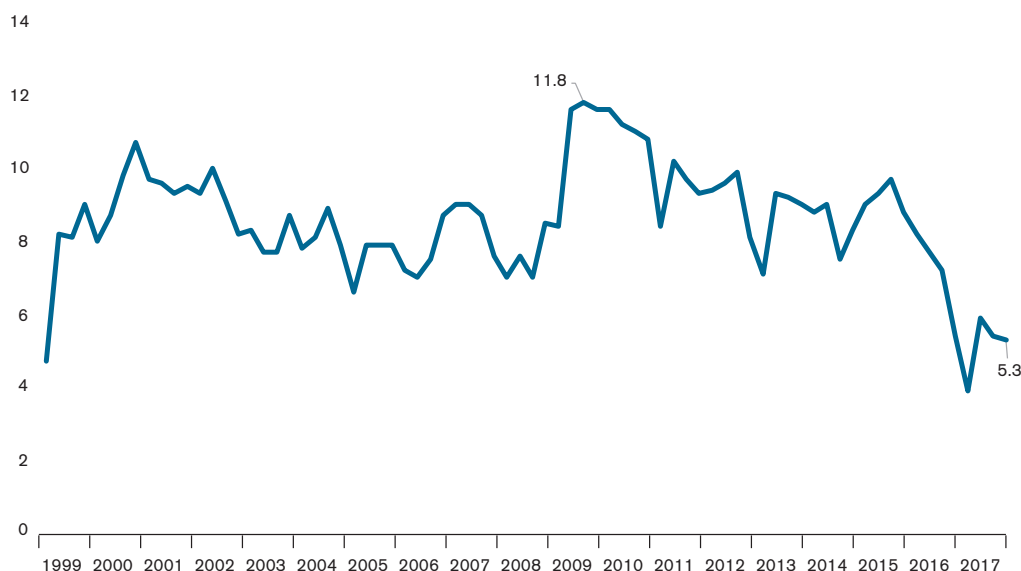
The number of people 'unbanked', that is without a transactional bank account, reached an all-time low in 2017. Nevertheless, there were still 1.23 million adults living in households without access to a current or basic bank account, or savings account.



5.2

In 2014/16, most people had current accounts in credit and over half had savings accounts. ISAs were by far the most popular type of savings account, particularly cash ISAs. More than one in ten had a current account in overdraft.

6/Savings



6.1

People were saving less of their incomes in 2017 than at any time in the past 20 years. The household saving ratio in 2017 was half the level it had reached in 2009.

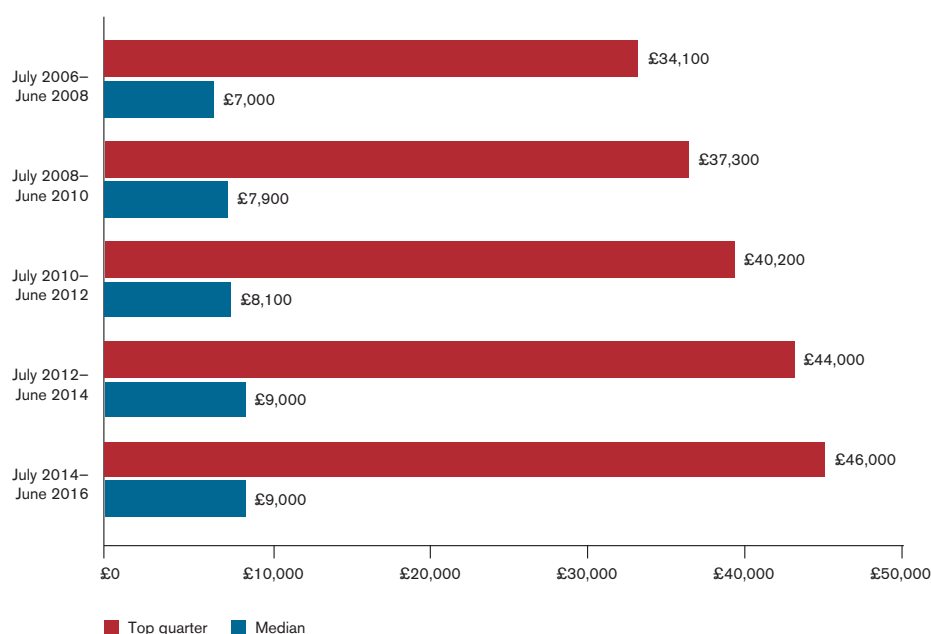
6.2

Many UK adults have very little in the way of cash savings. In 2017, one in eight (13% equating to 6.5 million) UK adults had no cash savings whatsoever. A quarter (24%) had savings that were less than £1,000 in total. These savings include all money held as savings in current accounts, as well as in savings products (savings accounts, cash ISAs, NS&I bonds or premium bonds).



6.3

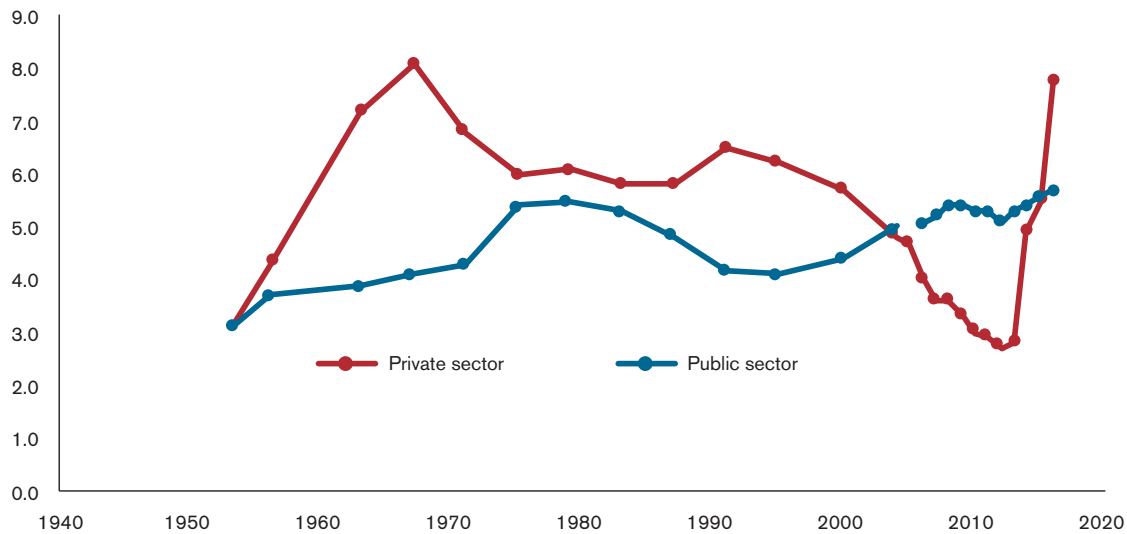
The gap between the amount saved by 'average' savers and better-off savers is increasing. The average (median) saver had at least £9,000 in 2014/16, up from £7,000 in 2006/8. Those in the top quarter of savers, had at least £46,000, up from £34,100 in 2006/8.



7/Pensions

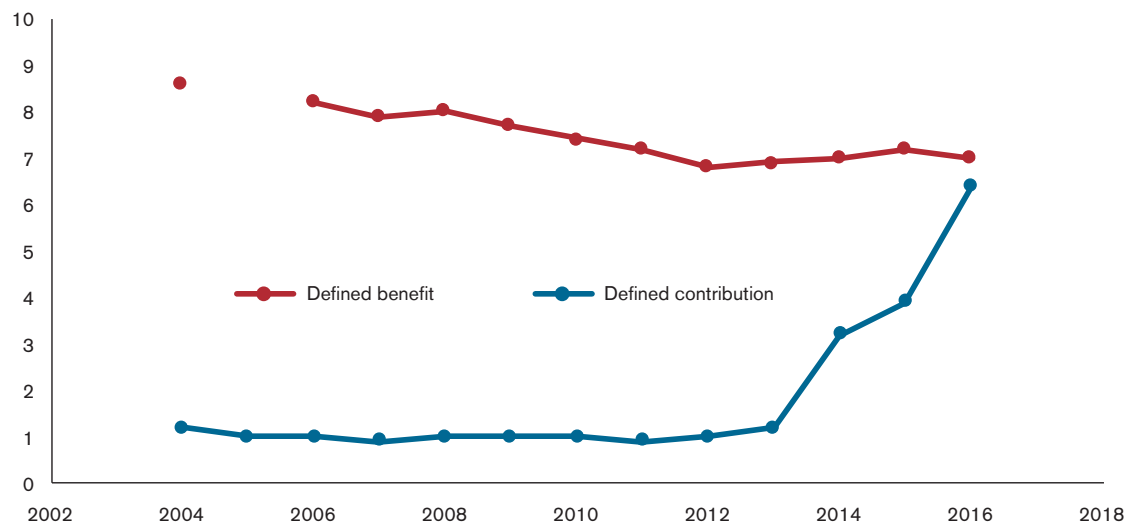
7.1

Following a long period of decline, there has been a dramatic increase in the number of people with private sector workplace pensions since the introduction of auto enrolment in 2012. There has also been an increase in the number of people with public sector pensions since the late 1990s.



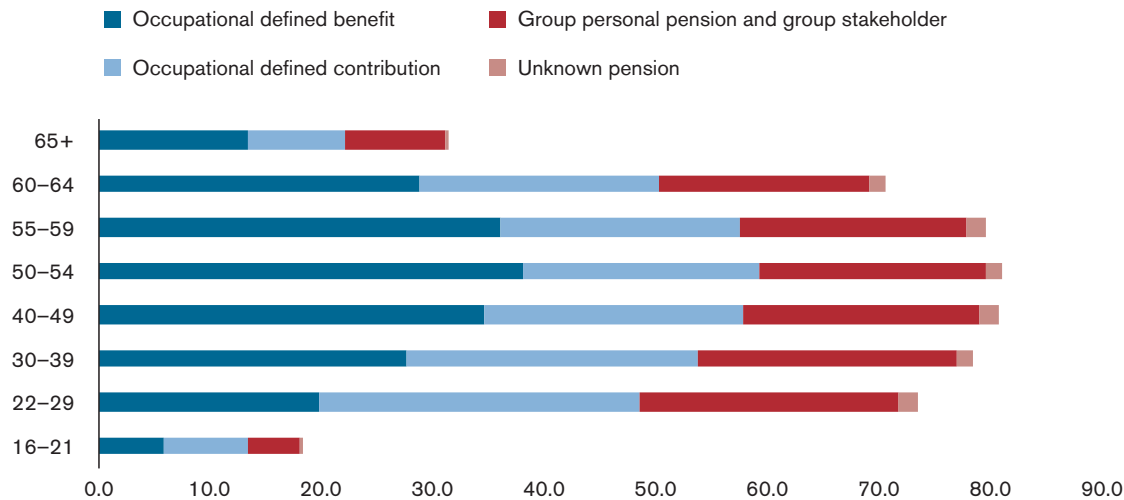
7.2

There has been a dramatic increase in the number of people with 'defined contributions' pensions to 6.4 million in 2016. The number with 'defined benefits' pensions is falling steadily.



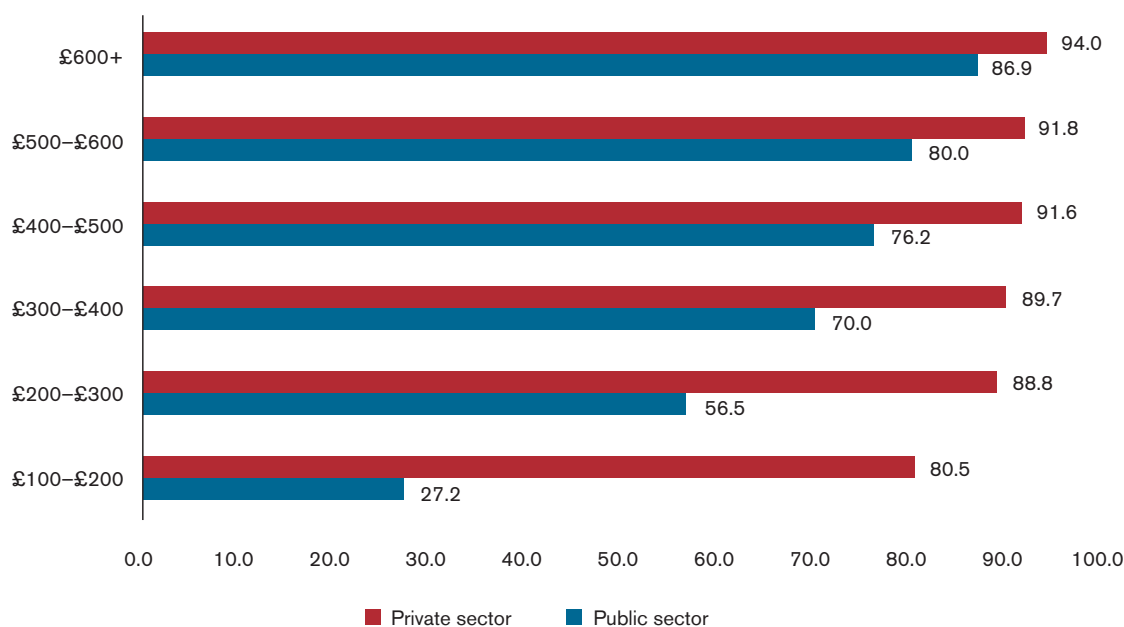
7.3

Young people were much less likely to have defined benefit pensions than older people in 2017.



7.4

The vast majority of those in public sector jobs, at all levels of earnings, had an occupational pension in 2017. Those in private sector jobs were much less likely to have occupational pensions overall and particularly if they were on low incomes.



8/Borrowing

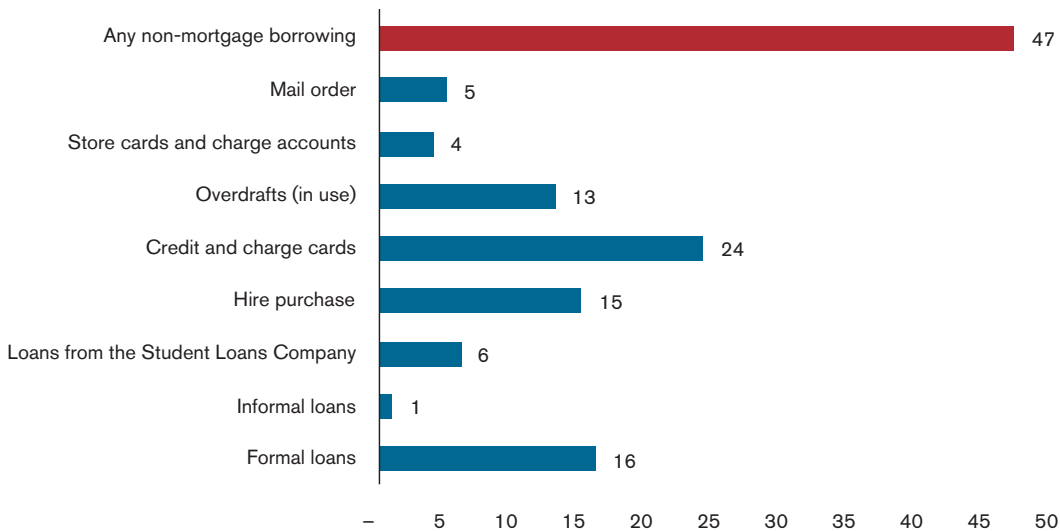


8.1

Mortgage lending (approvals) dropped dramatically in 2007/8. They have increased slowly since then but are now tailing off and still lie well below the levels seen before the crash.

8.2

In 2014–16, nearly half (47 per cent) of the population had some form of unsecured lending with credit and charge cards the most popular followed by formal loans, hire purchase and overdrafts.

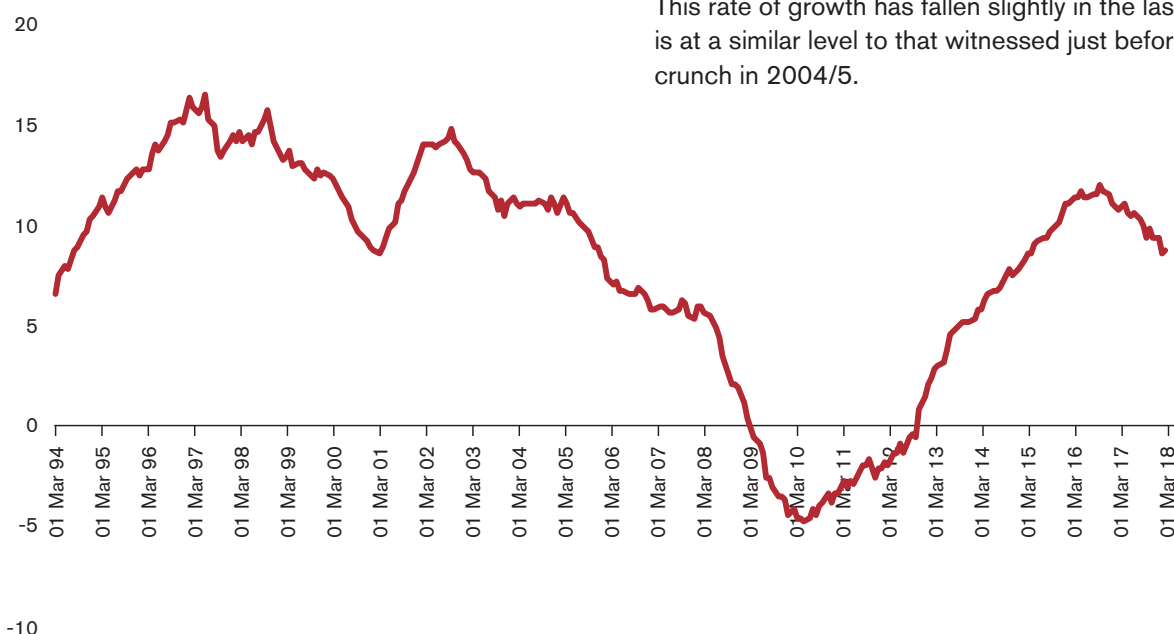


8.3

Net credit card lending to individuals is now growing at a rate of about 10 per cent per year. This rate of growth is the highest it has been in a decade though not as high as it was leading up to the credit crunch in 2004/5.

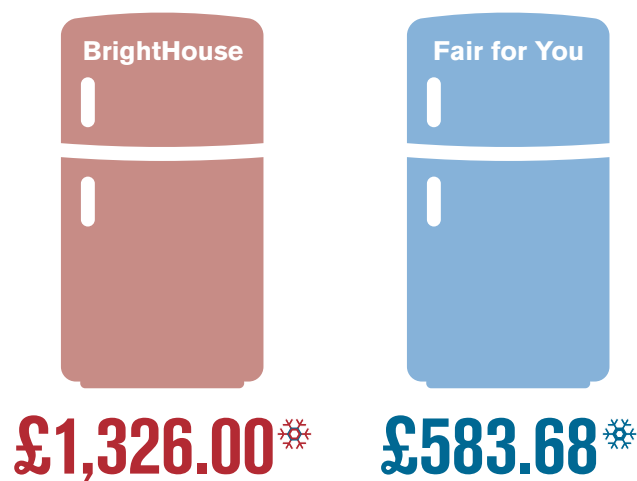
8.4

Net consumer credit lending (excluding credit cards and student loans) is now growing at a rate of about 9 per cent per year. This rate of growth has fallen slightly in the last year or so but is at a similar level to that witnessed just before the credit crunch in 2004/5.



8.5

The total cost of a fridge freezer from BrightHouse in 2016 was £1,326 which included a purchase price of £478.33, interest of £478.33 and the rest covering various warranties, delivery charges etc. The same fridge freezer from the non-profit provider, Fair for You, was £583.68 (which included purchase price of £373.99, interest of £120.38, other charges of £89.31).



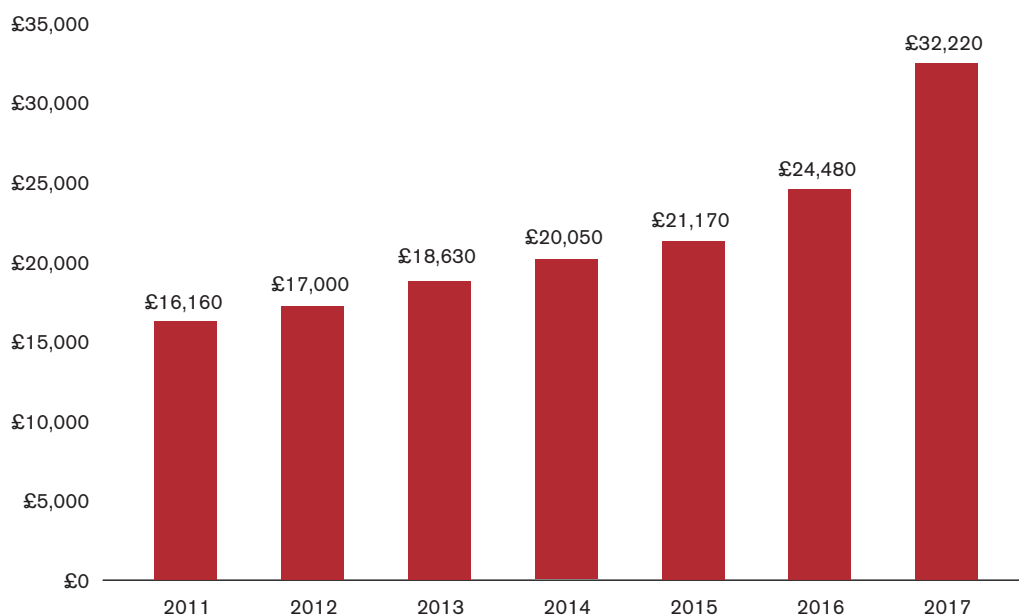
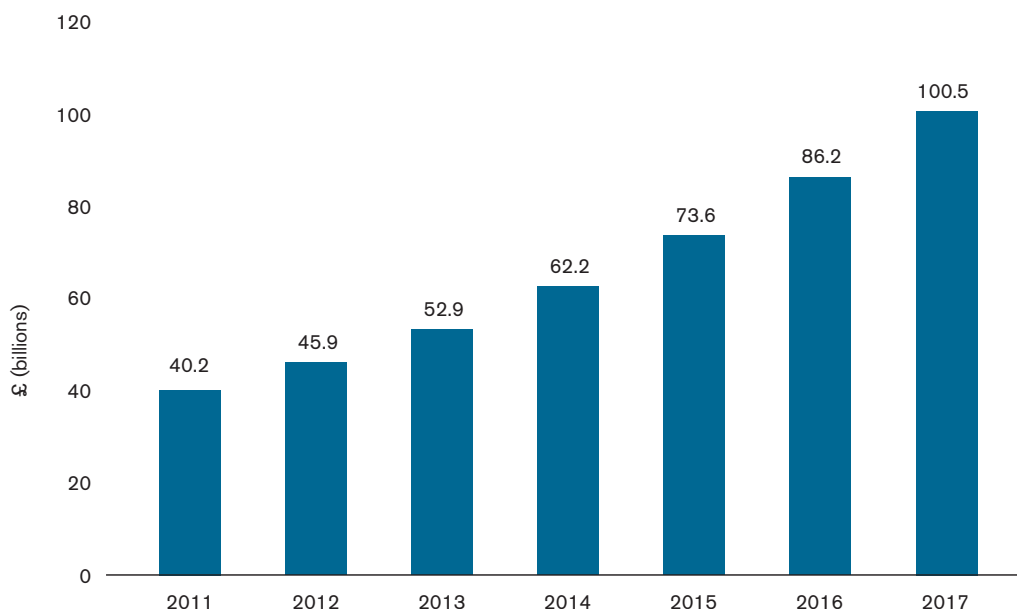
8.6

There has been considerable interest in high cost credit recently, particularly payday lending and rent-to-own products. The Financial Conduct Authority has pointed out that the cost of unarranged overdraft fees can be ten times higher than fees for payday loans. Furthermore, fewer than 1 million people take out payday loans compared with about 10 million using unarranged overdrafts.



8.7

The Loan Balance on Student Loans (Higher Education) tipped over the £100b mark for the first time ever in 2017. This is half the level of all other unsecured consumer credit put together (£197b).

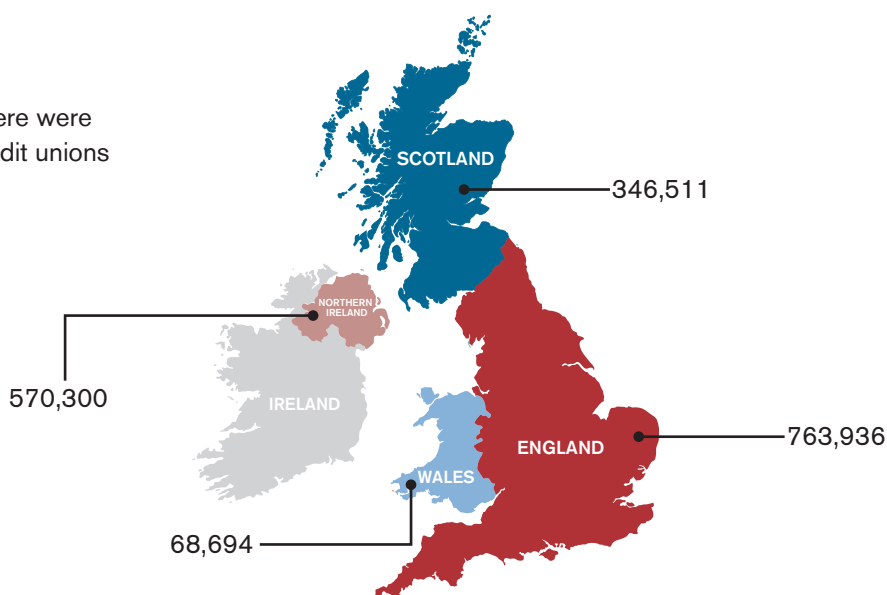


8.8

The average amount students owe, as they start to pay off their loans, has increased to just over £32,000 in 2017, double the amount in 2011.

8.9

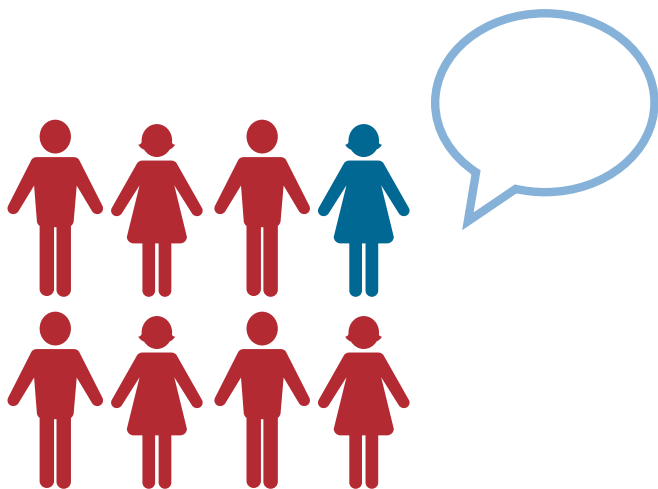
At the end of 2017, there were 1.75m members of credit unions in the UK.



9/Problem debt

9.1

About 8 million people were struggling to keep up with bills and credit commitments in 2017. Of these, only about 1.1 million people received advice.



9.2

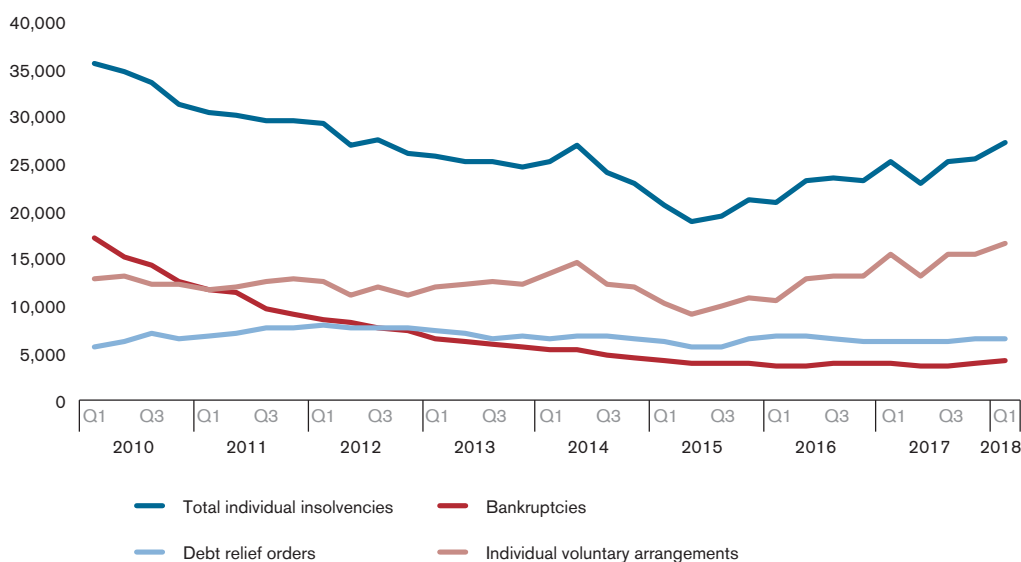
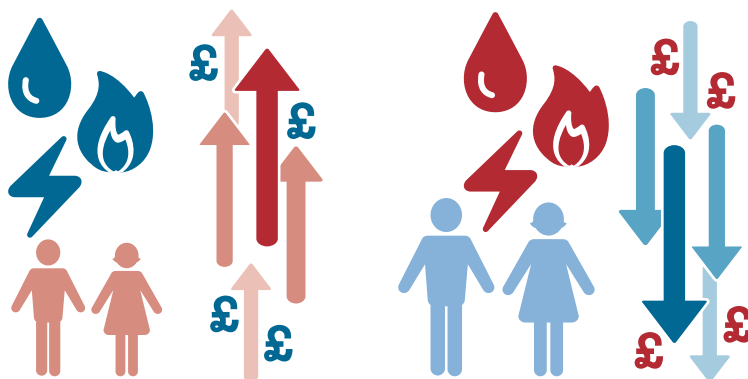
In 2017, about 8 per cent of the UK adult population, or 4.1 million people, said that they had actually fallen behind with domestic bills or credit commitments in three or more of the last six months.

8% / 4.1 MILLION

IN THREE MONTHS ARREARS WITH BILLS

9.3

Those on the lowest incomes are much more likely to be in arrears on utility bills and credit commitments: 16 per cent of those on the lowest incomes (lowest 10 per cent of incomes) were in arrears in 2012/14 compared with only 1 per cent of those with the highest incomes (highest 10 per cent of incomes).

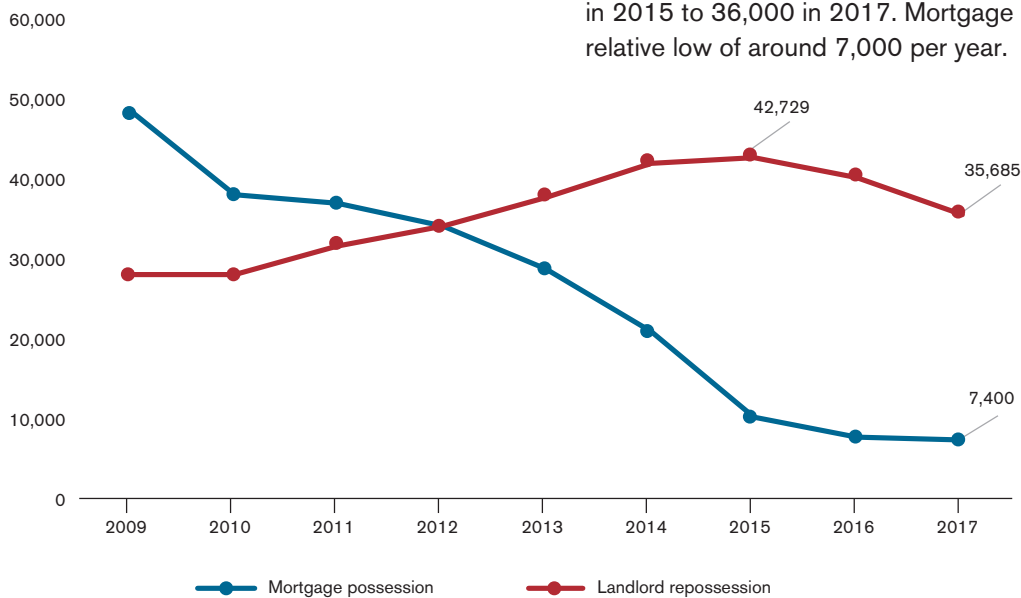


9.4

There has been an increase in the number of individual insolvencies from 20,742 in the first quarter of 2015 to 27,388 in the first quarter of 2018. In 2017, nearly 100,000 people became insolvent.

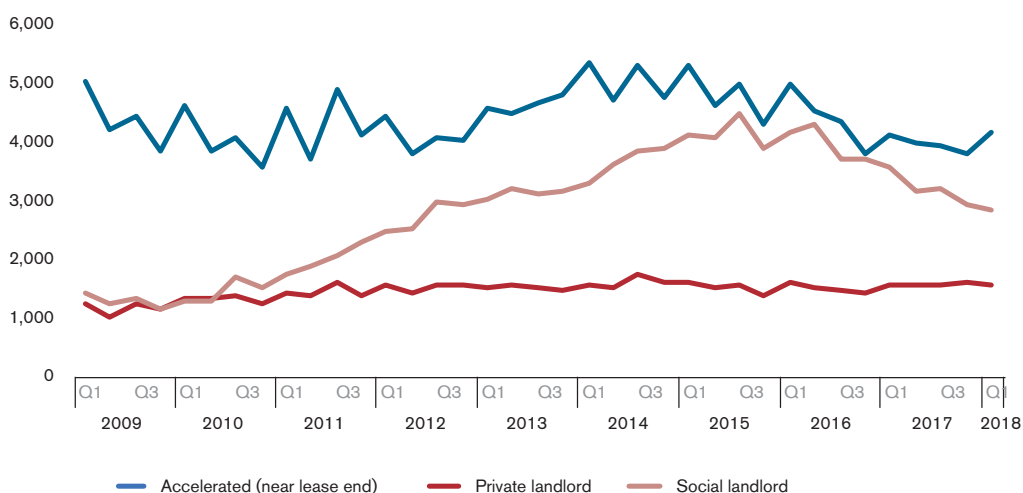
9.5

The number of landlord repossessions (evictions) by county court bailiffs has declined slightly from a peak of nearly 53,000 evictions in 2015 to 36,000 in 2017. Mortgage repossessions remain at a relative low of around 7,000 per year.



9.6

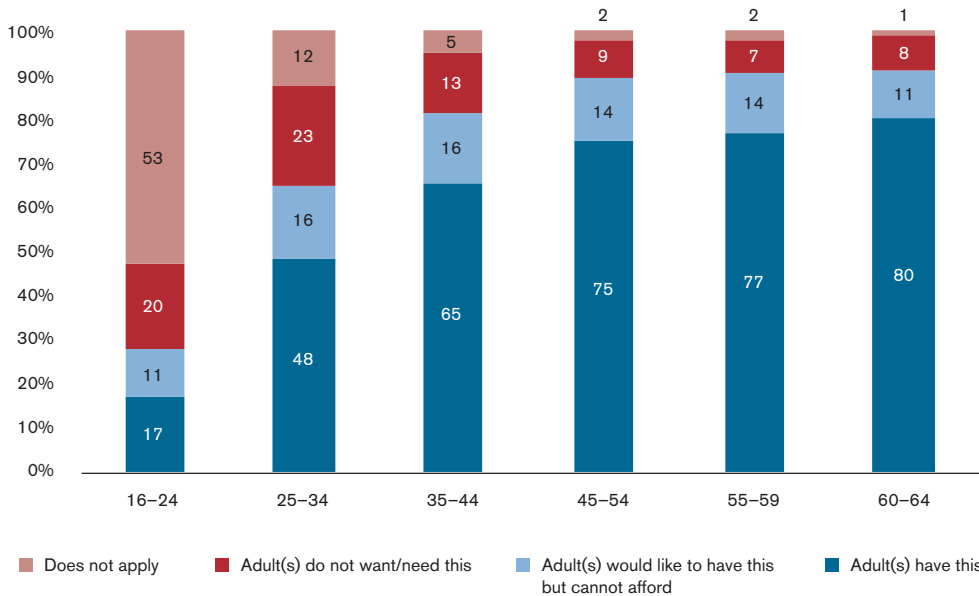
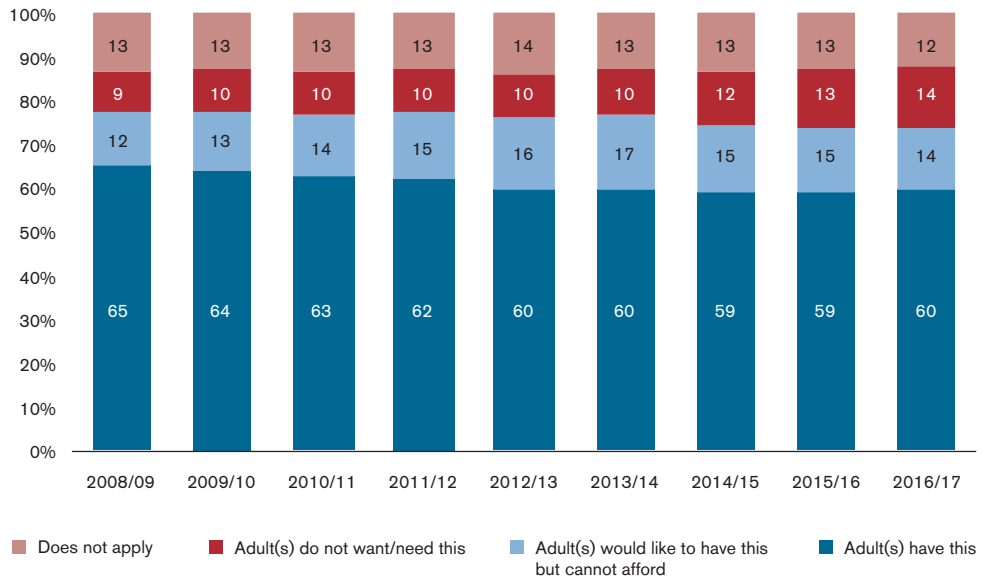
The overall decline in landlord repossessions (evictions) is largely driven by a decline in evictions by social landlords (and some decline in accelerated evictions). The number of evictions by private landlords has remained fairly constant over the last few years.



10/Insurance

10.1

Only six in ten working-age adults had home contents insurance in 2016–17. Of those who did not have it, the reasons given were equally split between those saying it was not relevant to them, those saying it was relevant but they did not want it and those saying they could not afford it.



10.2

Very few 16–24 year olds have home contents insurance and fewer than half of 25–34 year olds have it.

10.3

The average household had £34,900 worth of home contents in 2016 which equates to about 1.4 times annual household disposable income. The median spend on contents insurance was £128 per year which is the same as was spent on cleaning materials over the same period.

