

Compendium

Chapter 7: Home produced 'transport' services

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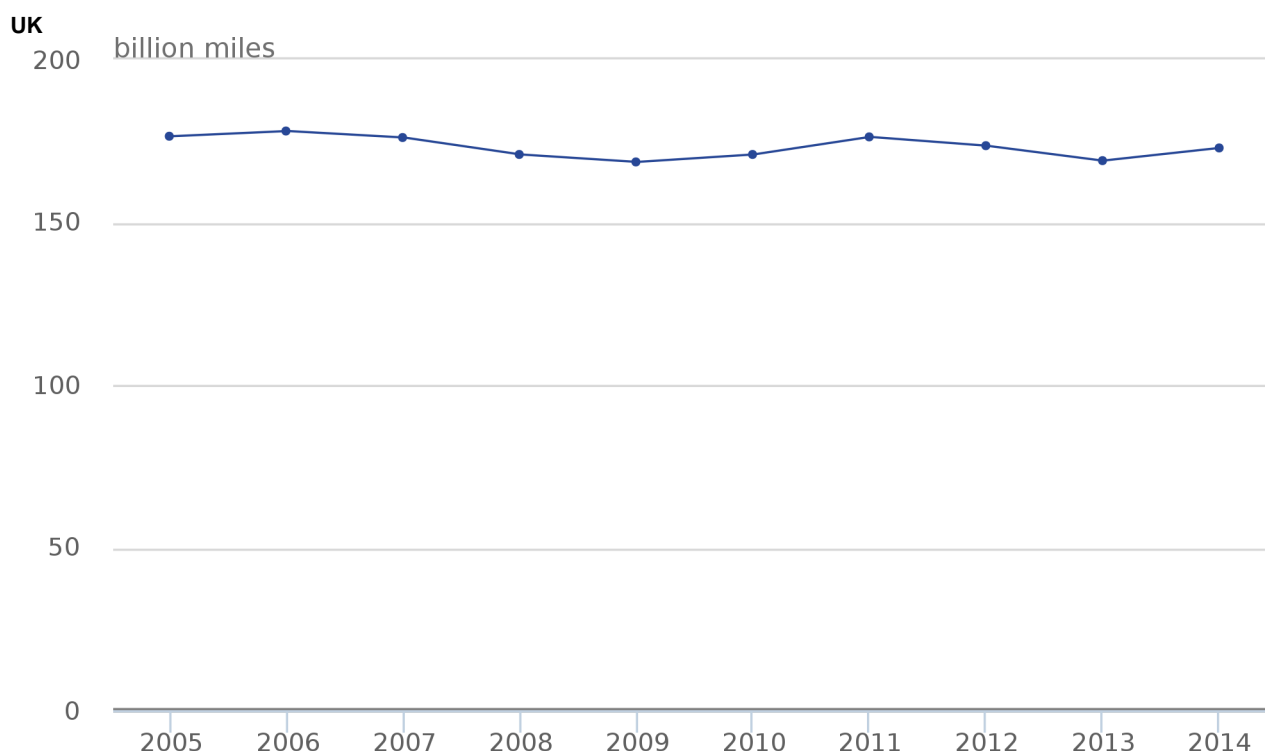
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1 . What are transport services?

Transport services of households are the provision of private transport by households using modes such as cars, motorcycles, bicycles and walking. Transport for all purposes is included, except cases where the use of the transport is purely for pleasure (that is, going for a walk, driving for pleasure).

2 . Total miles travelled

Figure 7.1: Total miles travelled by private transport billion miles, 2005 to 2014



Source: Office for National Statistics

Notes:

1. From 2005-2012, miles are calculated from data obtained from the National Travel Survey (NTS) and the Travel Survey for Northern Ireland (TSNI). From 2013 onwards, some figures have been extrapolated - see the annex for methodological information

The output of transport services of households is estimated by multiplying the total number of miles undertaken in all the trips that households produce, by the market equivalent cost. Figure 7.1 shows total miles travelled in the UK increased between 2005 and 2006 - where it peaked at 178.0 billion miles - before falling in consecutive years to 168.5 billion miles in 2009. Total miles increased again until 2011 but further decreases followed in 2012 and 2013. In 2014, total miles travelled increased to 172.8 billion miles but remain below the 2006 level.

As described in more detail in our [previous release](#), a number of factors could have influenced the decrease in miles travelled between 2006 and 2009, including the behaviour of fuel prices and the onset of the mid-2008 economic downturn.

Both petrol and diesel prices increased temporarily in 2005 and 2006 before increasing 35.5% and 41.6% respectively within the 18 months from 2007 to mid-2008. Following the onset of the economic downturn, median equivalised household disposable income decreased (falling from £25,700 in financial year ending 2008 to £25,200 in financial year ending 2009) and the UK unemployment rate increased (from 5.3% in 2007 to 7.6% in 2009). As well as less potential commuting trips as a result of the increased unemployment rate, some individuals might have reduced their miles travelled as a result of having less income, coupled with increased travel costs.

Total miles travelled recovered between 2009 and 2010, before increasing 3.2% between 2010 and 2011. This was a result of both an increase in miles travelled per person and the population, which outweighed the increase in the average¹ number of people travelling together. However, between 2011 and 2013, total miles fell again, as a result both of miles travelled per person decreasing and an increase in average party size. In 2014, total miles recovered - increasing to 172.8 billion miles. This was mainly due to a reduction in average party sizes, which offset falls in miles per person travelled. During this time fuel prices declined (petrol fell 13.0% and diesel fell 12.8% between the end of 2013 and the end of 2014), alongside a rise in median equivalised household income, from £24,100 in financial year ending 2013 to £24,800 in financial year ending 2014. As a result, individuals might have found travelling alone increasingly more affordable.

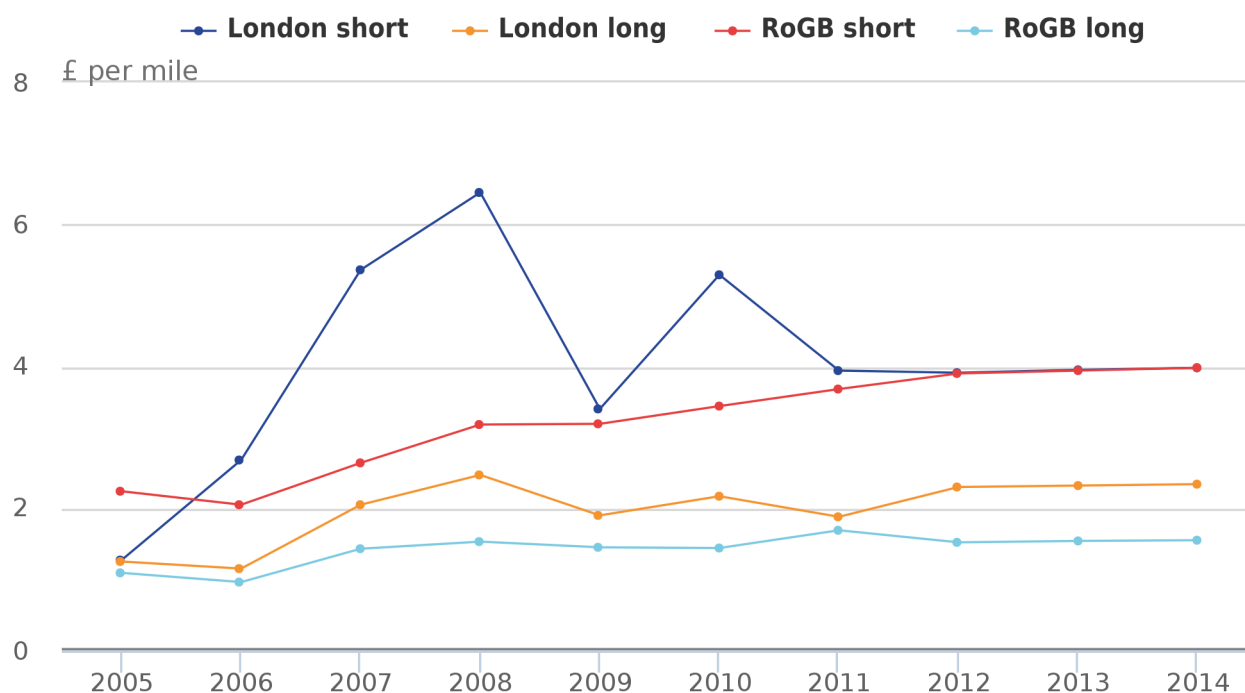
Notes for total miles travelled

1. An increase in average party size, all else constant, will result in a decrease in the total miles travelled

3 . Price of transport services in the market

As outlined in the methodology section, the price per mile is calculated using information on the cost of Private Hire Vehicle (PHV) from the National Travel Survey (NTS). However, the NTS stopped collecting this information in 2012. Therefore, for 2013 and 2014, PHV prices are up-rated using an ONS Consumer Price Index for mini-cabs. Prices are split into long and short trips for both London and for the rest of Great Britain. Due to a lack of PHV data for Northern Ireland, prices for the rest of Great Britain are used as a proxy (see figure 7.2).

Figure 7.2: Private Hire Vehicles price per mile for short and long trips for London and for the rest of Great Britain, 2005 to 2014



Source: National Travel Survey and Department of Transport

Notes:

1. Figures in current prices
2. ROGB stands for Rest of Great Britain

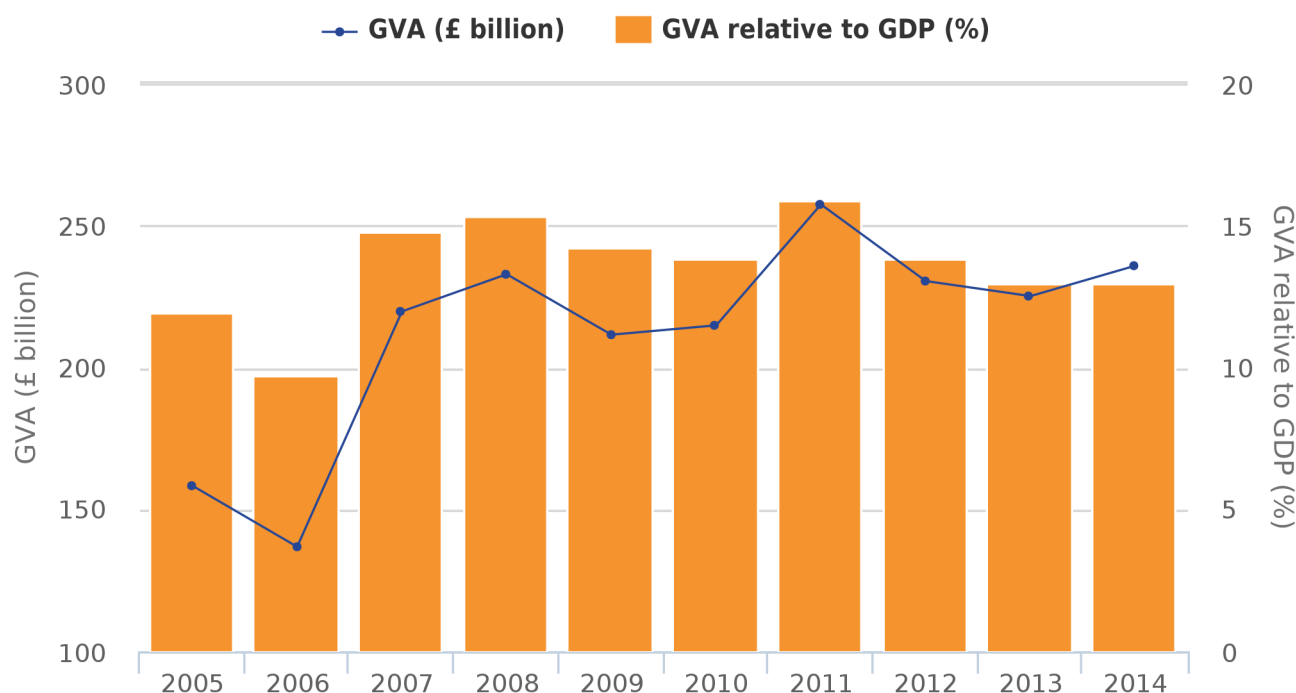
Prices per mile of a PHV were higher in 2014 compared with 2005, but were less volatile in the rest of Great Britain than in London. Overall, the price per mile of a PHV for long journeys outside London, which account for the majority of total miles travelled, increased by an average of 4.0% per year between 2005 and 2014.

4 . Gross value added

The transport services of households are valued by multiplying the total trip miles for long and short trips for London and for the rest of the UK by their respective price per mile of a Private Hire Vehicle (PHV).

Figure 7.3: GVA of transport services and share of GDP, 2005 to 2014

UK



Source: Office for National Statistics

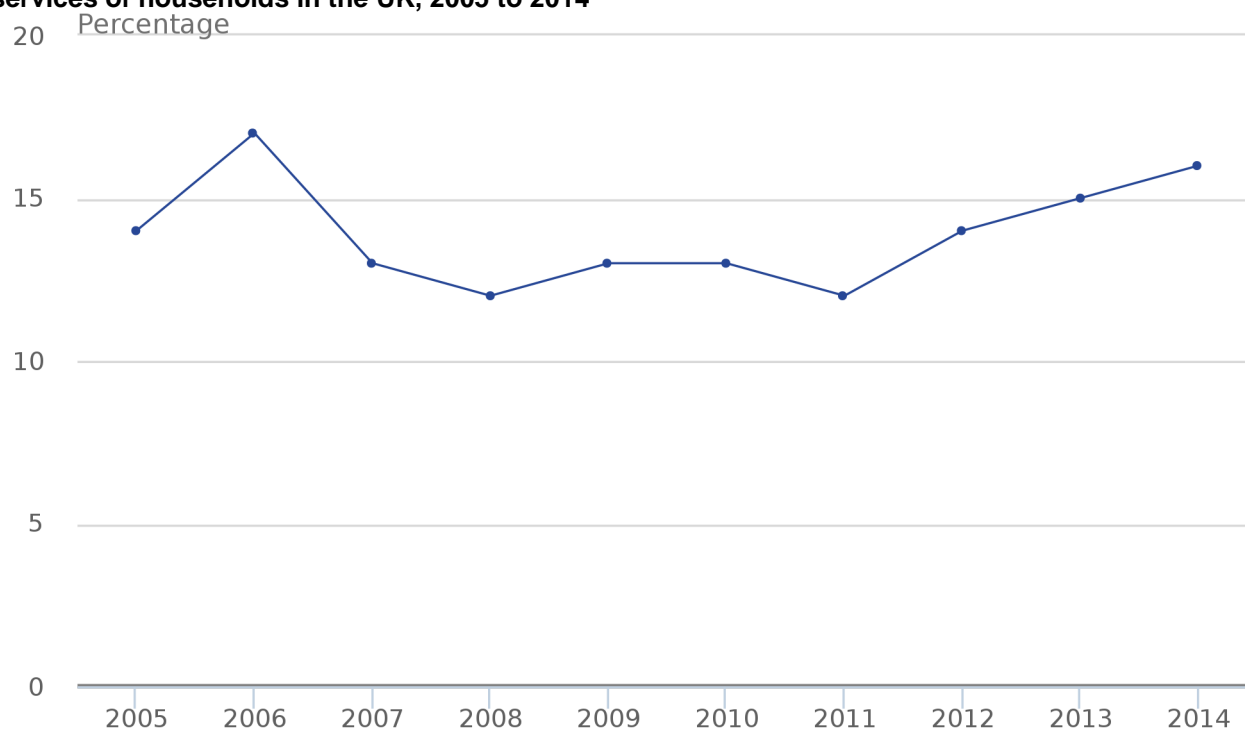
Notes:

1. The value of transport services is expressed in current prices

Figure 7.3 shows that the GVA of private household transport increased 48.9% between 2005 (£158.3 billion) and 2014 (£235.8 billion), largely driven by a 60.5% increase in the value between 2006 and 2007. Despite being on a general upward trend until 2011, the series declined in 2012 and 2013. Between 2013 and 2014, GVA increased 4.7% (£10.6 billion). Changes in the value of private household transport are mainly driven by changes in the price per mile of a PHV rather than by changes in the total trip miles, as explained in our [previous publication](#).

The proportion of transport services to GDP increased by 1.1 percentage points from 11.9% to 13.0% of GDP between 2005 and 2014. However, the proportion of transport to GDP was as high as 15.9% in 2011. This reflects strong growth in transport services compared with GDP between 2005 and 2011. This trend has since abated, with GDP growing faster than transport services.

Figure 7.4: Household expenditure on total market transport services as a proportion of transport services of households in the UK, 2005 to 2014



Source: Office for National Statistics, Consumer Trends, Department of Transport and National Travel Survey

Figure 7.4 compares market and private household transport activity by presenting household expenditure on market transport services¹ as a proportion of output of home-produced household transport services. Since 2011, household expenditure on transport increased steadily in contrast to a general decline in the output of household transport services.

In 2014, the value of total market expenditure on transport was valued at £46.0 billion, while the value of household-produced transport services was £296.7 billion. As a proportion, total market expenditure on transport services was equivalent to 15.5% of the value of private household transport. This was similar to the position in 2005 when the ratio of home-produced transport services to market transport services was 14.4%.

Notes for gross value added

1. Market produced transport comprises of transport for which there is a market value paid, for example for taxis, minicabs, bus trips, sea, rail etc