

Compendium

Chapter 9: The household satellite account and the future of measuring the modern economy

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1 . Consideration of activities for future inclusion

As previously mentioned, the rationale for including activities within the Household Satellite Account (HHSa) is largely governed by the 'Third Party Criterion'. This states that an activity carried out in the home, without transaction, is productive if it could be contracted to the market. While the HHSa presented here captures most activity that would pass the Third Party Criterion, the emergence of digital services is causing a shift in the home-production boundary. The Office for National Statistics (ONS) plans to develop methodologies to better capture the following activities in the HHSa.

Internet services

With the emergence in digital services resulting in reduced transactions costs, information-intensive activities, traditionally carried out through an intermediary, are increasingly taking place within the home. An example, highlighted in the [Bean Review of Economic Statistics](#), is the way households are now booking their holidays. In the past, a trip would often be booked via a travel agent. More recently, households are able book a trip independently using specialist websites and apps to research and reserve accommodation. This shift from market to non-market activity is likely to impact many of the consumer-facing industries such as travel, banking, estate agents, and insurance. Further, this activity could clearly be contracted back to the market, and should therefore be captured within the HHSa.

We are currently exploring methodologies and data sources to measure these types of activities. A potential source of information is Time Use data. Time Use surveys ask households to detail how they spent their time over a given period. Estimates of how much time individuals spend undertaking internet-based activities, valued at a suitable market-rate, could enable value estimations.

The 'sharing economy'

Closely related to issues related to internet services are those posed by the emergence of the 'sharing economy'. Measuring market-related activities of the sharing economy is [not a new challenge for ONS](#). However, there are activities that are taking place outside of the market which, theoretically, should be captured within the HHSa. For instance, rather than throwing away and replacing goods, households are increasingly using specialist sites to share, and even "up-cycle" used goods.

2 . Development of existing measures using Time Use data

The analysis in this HHSa is largely based on calculating the value of home-produced services using an output methodology. This estimates output of home-produced services by estimating volumes of output and multiplying them at a market price. One limitation of this approach is that the results provide little information about the labour supplied in home-production activities. This was recognised by Holloway (2002) who discussed the value in using Time Use data to address these limitations. Time Use data would theoretically enable the development of estimates of the time spent by specific socio-demographic groups carrying out different home-produced services contained in the HHSa. This type of information would enable a much richer understanding of, for example, the split between sexes in home-production.

Time Use data is infrequently collected with the last published estimates for the UK collected in 2000. However, in spring 2016 a fresh wave of Time Use data will become available for the UK via the Centre of Time Use Research (CTUR) at the University of Oxford. We plan to use this Time Use data within the HHSa. Specifically we will be exploring:

- re-estimating values that were previously benchmarked to 2000 Time Use data
- home-production by socio-demographic groups
- home-production by sex and age
- the extent to which household members are undertaking activities simultaneously (for example, caring for a child while cooking a meal)
- the impact of home-production on leisure time

This is information that is likely to be important to analysts, policy makers and also the general public who all, one way or another, are responsible for the value of unpaid work.