

Statistical bulletin

# Family spending in the UK: April 2020 to March 2021

Average weekly household expenditure on goods and services in the UK, by age, income, economic status, socio-economic class, household composition and region.



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# 1 . Main points

- In the year to March 2021, average weekly expenditure for all households dropped by £106.40, coinciding with the coronavirus (COVID-19) related restrictions on social contact and economic activities; this is the largest annual fall observed in the last two decades.
- Decreases were driven by reductions in spending on restaurants and hotels (a weekly decrease of £34.60, or 65%), recreation and culture (£29.30 less, or 39%), and transport (£20.80 less, or 25%).
- Reductions in spending differed across the income distribution; the poorest fifth of households reduced their average weekly expenditure by £34.20 (10%), whereas the richest fifth reduced spending by £204.30 (22%).
- Those on higher incomes spent a greater proportion of their total expenditure on recreation and culture, restaurants and hotels and transport in the financial year ending 2020, hence their total expenditure decreased more than those on lower incomes.
- Lower-income households spent a greater proportion of their expenditure on housing, fuel and power and food and non-alcoholic drinks; spending in these categories is essential so these households were less able to cut back on their overall spending.

## 2 . Family spending in the UK

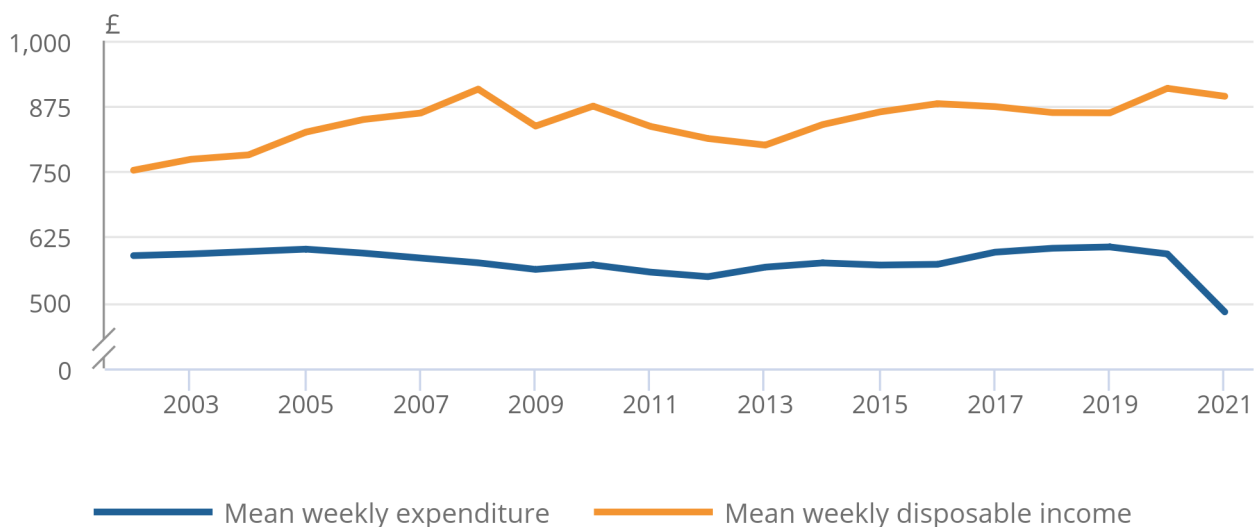
## Average weekly household expenditure dropped by £106

The collection of data underpinning this bulletin spans April 2020 to March 2021 which coincides with several government regulations and policies implemented in response to the coronavirus (COVID-19) pandemic. This includes lockdowns, social distancing measures, closure of non-essential services, vaccine rollout, homeworking, and income support measures such as the Coronavirus Job Retention Scheme and Self-Employment Income Support Scheme. The combination of these policies changed the nature of how people [spent their time](#) and [managed their money](#).

Consumption changes in response to the coronavirus pandemic are reflected in these annual spending estimates. Average weekly expenditure for all households dropped from £587.90 to £481.50 in the year to March 2021. This 18% drop in spending exceeds any year-on-year decrease throughout the 2008 economic downturn and subsequent recovery, which averaged only 2%. In comparison, [mean](#) income [decreased by 0.6% in the year to March 2021](#), while median household disposable income increased by 2%.

**Figure 1: In the year to March 2021, average weekly expenditure fell by £106.40 and average disposable income fell by £15.10**

Figure 1: In the year to March 2021, average weekly expenditure fell by £106.40 and average disposable income fell by £15.10



Source: Office for National Statistics - Living Costs and Food Survey

### Notes:

1. Expenditure figures have been deflated to 2021 prices using deflators specific to the classification of individual consumption by purpose (COICOP) category.
2. Household expenditure figures are on a financial year basis FYE 2002 to FYE 2006, calendar years 2006 to 2013, and financial years FYE 2015 to FYE 2021.
3. Weekly household disposable income figures are from the [household disposable income and inequality statistics](#). Disposable income figures are on a financial year basis and have been deflated to 2020/21 prices. Estimates of income from 2001/02 onwards have been adjusted for the under-coverage and under-reporting of the top earners.

Our [more recent data on Coronavirus and its effects on household consumption](#) shows that while household expenditure experienced a larger fall as a result of the coronavirus pandemic compared with the 2008 economic downturn, spending recovered sooner. Spending returned to pre-pandemic levels within two years whereas it took over five years to recover from the 2008 economic downturn.

## Households continue to spend highest proportion on housing, fuel and power, and food and drink

Households spent an average of £481.50 per week in the year to March 2021. Similar to previous years, households spent the highest proportion of their total expenditure on housing, fuel and power (18%), food and non-alcoholic drinks (14%), and transport (13%). In comparison to the financial year ending 2020, however, spending as a proportion of total expenditure on recreation and culture, and restaurants and hotels decreased by four percentage points and five percentage points, respectively.

### Figure 2: Housing, fuel and power, and food and drink were the highest expenditure categories for UK households

#### Household expenditure in the UK, financial year ending 2021

##### Notes:

1. Mortgage interest payments, Council Tax and Northern Ireland rates are not included in Housing (net) fuel and power.
2. Components of spending based on fewer than 10 recording households, or where the average rounds to 0, do not appear in the tree map.

##### Download the data

[.xlsx](#)

Spending on food and non-alcoholic drinks increased by 9% or £5.50 per week. Expenditure increased for almost all the items in both the food and non-alcoholic drinks categories. Expenditure increased the most on fresh vegetables (£0.50), other meats and meat preparations (£0.50), other food products including sauces, spices and other pantry items (£0.40) and fresh fruit (£0.40). Notably, there was a shift away from expenditure in large supermarket chains (negative 4.0%) towards other outlets (13%) and internet expenditure (131%). This is consistent with our [card spending data that shows a substantial increase in online spending over this period](#).

There was a statistically non-significant increase in spending on housing, fuel and power, not including mortgage interest payments, of 2% or £1.60 per week. Within this category, the largest items of expenditure are rent and utilities, which remained relatively consistent throughout the coronavirus pandemic. However, there was an increase of £2.00 per week in the maintenance and repair of dwelling, which suggests that people spent time repairing and improving their homes during this period. Households in the richest fifth of households spent £17.90 per week on maintenance and repair compared with £4.70 by the poorest fifth. [Findings from our time use analysis](#) also show that richer households spent more time on DIY during lockdown.

Private renters continued to spend the most on housing, fuel and power in the financial year ending 2021. People who rent unfurnished and furnished homes spent £192.70 and £261.80 per week, respectively, compared with £48.20 spent by those who own their homes outright. That is, people who rent privately spent about four to five times as much as owners did on housing, fuel and power. Social renters also spent more than owners, £93.60 per week. Housing, fuel and power was the largest constituent of private renters' expenditure, accounting for 39% of total expenditure, whereas owners' largest expenses were food and non-alcoholic drinks and transport, both of which combined accounted for 29% of total expenditure. Rent accounts for the largest proportion of expense within housing, fuel and power for all households.

## Spending on hospitality dropped by 65%

Compared with the financial year ending 2020, average expenditure per household was 65% less on restaurants and hotels (£34.60 less), 39% less on recreation and culture (£29.30 less), and 25% less on transport (£20.80 less). Businesses operating services in these categories were heavily affected by the mandated closure of non-essential businesses during lockdowns and operational restrictions such as social distancing and rule of six. For example, more than 80% of arts, entertainment and recreation, and accommodation and food businesses [were temporarily closed](#) during the spring 2020 lockdown and 55% were closed during January 2021.

The decrease in expenditure in restaurants and hotels was driven by large decreases across all catering services (£27.70 less) and accommodation services (£6.90 less). The hospitality sector [was one of the most affected](#) by lockdowns and government restrictions throughout the coronavirus (COVID-19) pandemic, [with a small recovery in consumer spending only seen from May 2021](#).

Spending on recreation and culture decreased in entertainment venues such as cinemas, theatres and sports centres, as well as activities requiring travel. Expenditure in recreational and cultural services, including sports, live entertainment and social events decreased by £8.50 per week and spending on package holidays dropped by £21.70. However, expenditure on indoor or at-home entertainment increased: expenditure in TV, videos and computers increased by £0.60 (21%), other major durables for recreation and culture (including purchases of musical instruments, boats, and caravans) increased by £0.50 (25%), and other recreational items and equipment, gardens and pets increased by £0.80 (5%).

## More personal transport purchases, less public transport usage

Spending on transport was mixed, with spending on personal and public transport use decreasing, but an increase in the purchase of vehicles. There was a decrease in weekly expenditure on transport services, including public transport fares and taxi hires (£12.10 less) and operation of personal transport (£12.10 less). However, there was a 13% increase in the purchase and loan of vehicles, equating to £3.40 per week. Adults of working age (from 18 to 64 years) decreased spending in transport by £24.0 or more, compared with a £16.60 decrease for those aged above 65 years.

Additionally, expenditure decreased by 38% on clothing and footwear (£8.90 less). This is likely to be related to [the coronavirus lockdown restrictions and social distancing measures](#) implemented for the retail industry during the coronavirus pandemic. However, [a shift in consumer behaviour towards online shopping](#) may have reduced the impact in this category.

## Ability to cut back on spending across the income distribution

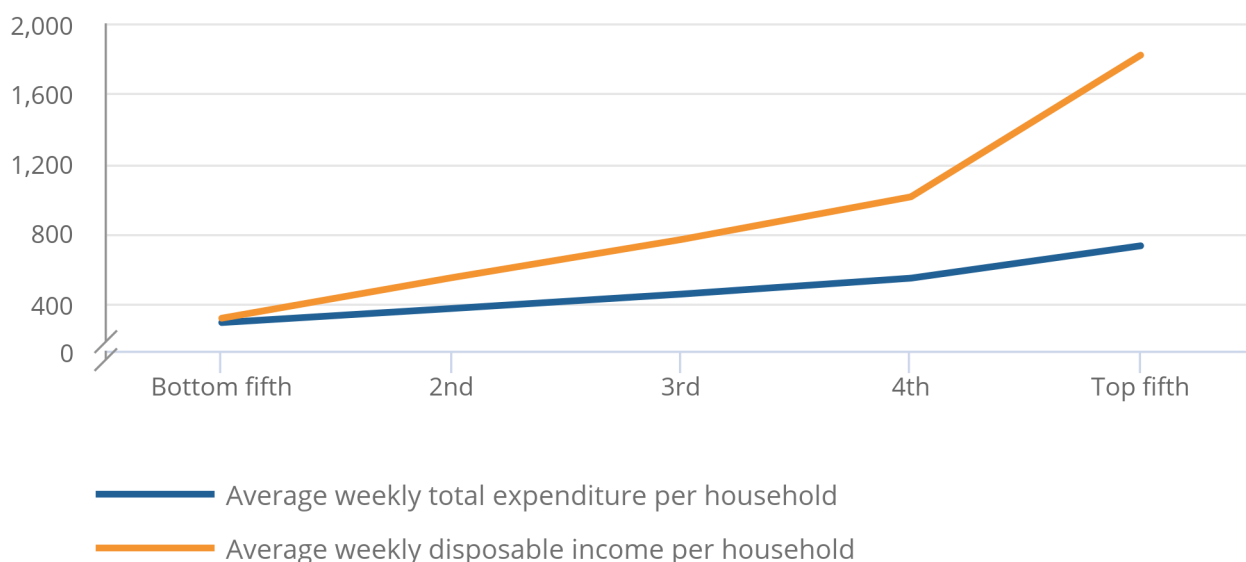
Although spending generally decreased across all households, the implied potential to save money differed across the income distribution. Figure 3 shows the mean weekly disposable income and the corresponding mean weekly expenditure. Moving up the income distribution, average income is increasingly higher than average expenditure. This suggests that households on higher incomes have a greater capacity to save money as a result of cutbacks in expenditure than lower-income households. Those at the lower end of the income distribution are spending a larger proportion of their disposable income than those at the top.

### Figure 3: Richer households' average disposable income is much greater than their average expenditure

Average household total expenditure and average household disposable income by equivalised disposable income quintile, UK, financial year ending 2021

#### Figure 3: Richer households' average disposable income is much greater than their average expenditure

Average household total expenditure and average household disposable income by equivalised disposable income quintile, UK, financial year ending 2021



Source: Office for National Statistics – Living Costs and Food Survey

#### Notes:

1. Quintiles, or fifths, are based on household equivalised disposable income (OECD-modified scale)
2. Household disposable income figures are from the [household disposable income and inequality statistics](#). Estimates of income from 2001/02 onwards have been adjusted for the under-coverage and under-reporting of the top earners.
3. For more information on income distribution and equalisation see [Measuring the data](#).

The differences seen in Figure 3 are a combination of differential impacts of income and expenditure changes across the income distribution as a result of the coronavirus pandemic. Research on income impacts of the pandemic shows that [workers on lower incomes were more likely to report a fall in income](#) than those on higher incomes. They were also [more likely to be furloughed](#) and [less likely to be able to work from home](#) than those on higher incomes. In comparison, workers on higher incomes were more likely to have their furlough pay [topped up by their employer](#) and thus paid in full, and were also more likely to be working in jobs that could be [shifted to remote work from home](#).

Figure 4 shows in more detail the expenditure differentials across the income distribution. The lower-income households had a much smaller decrease in weekly expenditure than those on higher incomes (for example, £34.20 decrease for the poorest fifth compared with £204.30 for the richest). In the financial year ending 2020 (FYE 2020), the largest proportion of spending by the lower-income households was on housing, fuel and power and food and non-alcoholic drinks (21.3% and 14.6% of total expenditure, respectively, for the poorest fifth). A large proportion of expenditure in these categories is essential and notably, spending in these categories increased across the income distribution in the financial year ending 2021 (FYE 2021).

#### **Figure 4: Total expenditure decreased the most for the richest fifth of households**

##### **Notes:**

1. Quintiles, or fifths, are based off household equivalised disposable income (OECD-modified scale)
2. For clarity, not all categories of spending were included.
3. Mortgage interest payments, Council Tax and Northern Ireland rates are not included in Housing (net), fuel and power.
4. Values in this figure may differ from [estimates published earlier](#) that used provisional LCF data whereas this current bulletin uses final LCF data.

##### **Download the data**

[.xlsx](#)

In FYE 2020, the richest fifth of households spent 39% of their total expenditure on transport (15%), recreation and culture (14%) and restaurants and hotels (10%). Across the whole population, the largest reductions in expenditure were in these three categories, so richer households were able to substantially decrease their total expenditure. In FYE 2021, combined expenditure in these categories fell to 29% of total expenditure for the richest fifth of households.

In FYE 2021, the poorest fifth of households spent £14.80 less than the previous year on restaurants and hotels, compared with £60.80 less spent by the richest fifth, and £12.00 less on recreation and culture compared with £62.90 by the richest fifth.

These differences in ability to cut back on non-essential expenses and limited flexibility in adjusting costs on essential expenses explains the differences seen in Figure 3. The lack of flexibility in adjusting spending for lower-income households may indicate greater vulnerability to further economic shocks, such as the rising cost of living in 2022, that affects spending on essentials such as food and fuel.

## 3 . Family spending data

### [Family spending workbook 1: Detailed expenditure and trends](#)

Dataset | Released 18 July 2022

Detailed breakdown of average weekly household expenditure on goods and services in the UK. Data are shown by place of purchase, income group (deciles) and age of household reference person.

### [Family spending workbook 2: Expenditure by income](#)

Dataset | Released 18 July 2022

Data are shown by region, age, income (including equivalised) group (deciles and quintiles), economic status, socio-economic class, housing tenure, output area classification, urban and rural areas (Great Britain only), place of purchase and household composition.

### [Family spending workbook 3: Expenditure by region](#)

Dataset | Released 18 July 2022

Data are shown by region, age, income (including equivalised) group (deciles and quintiles), economic status, socio-economic class, housing tenure, output area classification, urban and rural areas (Great Britain only), place of purchase and household composition.

### [Family spending workbook 4: Expenditure by household characteristic](#)

Dataset | Released 18 July 2022

Data are shown by region, age, income (including equivalised) group (deciles and quintiles), economic status, socio-economic class, housing tenure, output area classification, urban and rural areas (Great Britain only), place of purchase and household composition.

### [Family spending workbook 5: Expenditure on housing](#)

Dataset | Released 18 July 2022

Data are shown by region, age, income (including equivalised) group (deciles and quintiles), economic status, socio-economic class, housing tenure, output area classification, urban and rural areas (Great Britain only), place of purchase and household composition.

### [Definition of household expenditure](#)

Dataset | Released 19 March 2020

Provides a detailed breakdown on the definition of household expenditure.

## 4 . Glossary

### Disposable income

Disposable income is the amount of money that households have available for spending and saving after direct taxes (such as Income Tax, National Insurance and Council Tax) have been accounted for. It includes earnings from employment, private pensions and investments, as well as cash benefits provided by the state.

### COICOP categories

Spending is presented using classification of individual consumption by purpose (COICOP) categories, unless otherwise stated. COICOP is an internationally recognised classification system consistent with that used by UK National Accounts. It does not include all types of payments, for example, capital mortgage repayments are excluded as they are not a consumable item and instead add to personal wealth.



## Equivalisation

Equivalisation is the process of accounting for the fact that households with many members are likely to need a higher income to achieve the same standard of living as households with fewer members. Equivalisation considers the number of people living in the household and their ages, acknowledging that while a household with two people in it will need more money to sustain the same living standards as one with a single person, the two-person household is unlikely to need double the income.

## 5 . Measuring the data

Results presented in this bulletin cover the financial year ending 2021 (FYE 2021), that is, April 2020 to March 2021.

Data collected over this period will include changes to spending that occurred as a result of the restrictions put in place to slow the spread of coronavirus (COVID-19), including lockdowns, home-working, social distancing measures, and vaccine rollout among others. These policies affected people's abilities to travel and options for consumption. As such, the trends seen in this bulletin differ vastly from spending patterns recorded in previous Family Spending bulletins.

### Survey description

All the findings in this bulletin are taken from data collected on the Living Costs and Food Survey (LCF). The LCF is a UK household survey designed to provide information on household expenditure patterns and food consumption.

The LCF is a voluntary sample survey of private households. Each individual in a selected household is asked to complete a household interview and then an expenditure diary for two weeks. The survey is continuous, interviews being spread evenly over the year to ensure that seasonal effects are covered. Further information about changes to data collection and processing resulting from the coronavirus pandemic can be found in Section 6: Strengths and limitations.

Great care is taken to ensure complete confidentiality of information and to protect the identity of LCF households. Only anonymised data are supplied to users. The LCF is reviewed every year and changes are made to keep it up to date. Therefore, year-on-year changes should be interpreted with caution.

### Values reported in this statistical bulletin

This bulletin uses the mean when referring to averages unless stated otherwise. Therefore, total average weekly household expenditure is equal to the total weekly expenditure of households divided by the number of households. All spending estimates are rounded to the nearest £0.10, therefore the sum of component items does not necessarily add to the totals shown. All year-on-year changes in spending in aggregate-level classification of individual consumption by purpose (COICOP) categories are statistically significant except for spending on alcoholic beverages and tobacco, housing, fuel and power, and furnishing and household equipment.

This release discusses income quintile groups, or fifths of households. Households have been ranked in ascending order of household equivalised disposable income (Organisation for Economic Co-operation and Development-modified scale) and then divided into quintile groups to examine expenditure patterns across income groups. Income quintiles divide the household income distribution into five equal parts. Households with the smallest income lie in the first quintile and those with the largest income lie in the top quintile.

This release considers household expenditure by age group. The age of a household refers to the age of the person who is legally responsible for the household, known as the household reference person (HRP). Where there is more than one person who is legally responsible in the household, the HRP is the person with the highest income. If there is more than one person with the same income, the eldest member of the household becomes the HRP.

## 6 . Strengths and limitations

During the financial year ending 2021 (FYE 2021) respondents did not complete a face-to-face interview with questions on regular items of household expenditure and income details, instead respondents participated in telephone interviews. In addition, respondents were asked to provide copies of receipts (electronic or paper) for the two-week diary period; and interviewers recorded non-receipt-based expenditure via additional regular telephone calls during the two-week diary period. As a result of these changes and subsequent changes to data processing, not all the collected data could be processed. The bulletin and underlying microdata is made up of 79% of the collected data. Further details will be provided in the technical report for FYE 2021.

An additional housing tenure calibration control has been added to the calculation of weights in this FYE 2021 dataset to adjust for changes in the demographics of the LCF respondents during the coronavirus pandemic, following the switch from face to face to telephone collection.

### Quality

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the latest Living Costs and Food Survey [technical report](#) and [QMI](#). The technical report for FYE 2021 will be released in autumn 2022.

### National Statistics status for Family spending in the UK

Family spending has been designated by the [UK Statistics Authority](#) as [National Statistics](#), in accordance with the [Statistics and Registration Service Act 2007](#) and signifying compliance with the [Code of Practice for Statistics](#).

## 7 . Related links

[Average household income, UK: financial year ending 2021](#)

Bulletin | Released 28 March 2022

Estimates of median and mean disposable income for people in the UK for the financial year ending 2021.