

Compendium

Chapter 1: Overview

A report on the Living Costs and Food Survey 2013, including spending on housing, utilities and other outgoings.



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Release date:
2 December 2014

Next release:
To be announced

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1 . Abstract

This chapter presents the key findings of the 2013 Living Costs and Food Survey (LCF). The overview covers: expenditure in 2013; trends in spending over time; expenditure in different areas of the UK; expenditure by income group; ownership of home computers and access to the internet at home. Some of these topics are explored in more depth in the publication. Links are provided to the sections of Family Spending that contain the detailed coverage.

2 . Key points

- Total average weekly household expenditure was £517.30 in 2013.
- Housing (net), fuel and power had the highest average spending in 2013, at £74.40 per week, accounting for 14% for household spending, on average. This category excludes mortgage payments.
- Transport was the second highest-spending category, at £70.40 per week, on average.
- Average spending decreased between 2006 and 2013, once the figures have been adjusted to allow for changes in prices (inflation).
- Households in the South East and London spend the most, while those in the North East spend the least.
- Expenditure in rural areas was higher than in urban areas

Spending is presented using Classification Of Individual COnsumption by Purpose (COICOP) ¹ categories, unless stated otherwise. COICOP is an internationally-recognised classification system, consistent with that used by UK National Accounts. It does not include all types of payments, and some types of housing-related expenses, such as mortgage payments, are excluded. However, due to the high interest in the topic, chapter 2 provides a detailed analysis of housing-related expenditure, including the items not included under COICOP.

Notes for key points

1. From 2001, the Classification Of Individual COnsumption by Purpose (COICOP) was introduced as a new coding frame for expenditure items. COICOP is the internationally agreed classification system for reporting household consumption expenditure. Total expenditure is made up from the total of the COICOP expenditure groups (1 to 12) plus 'Other expenditure items (13)'. Other expenditure items are those items excluded from the COICOP categories, such as mortgage interest payments, council tax, domestic rates, holiday spending, cash gifts and charitable donations.

3 . Household expenditure in 2013

Table 1.1 shows average weekly household expenditure in the United Kingdom (UK) by the 12 COICOP categories. In 2013, average weekly household expenditure in the UK was £517.30.

Table 1.1: Average household expenditure by COICOP category and total, 2013

COICOP category	£ per week	% of total expenditure
Housing (net) ¹ , fuel and power	74.4	14
Transport	70.4	14
Recreation and culture	63.9	12
Food and non-alcoholic drinks	58.8	11
Restaurants and hotels	40.4	8
Miscellaneous goods and services	39.1	8
Household goods and services	33.1	6
Clothing and footwear	22.6	4
Communication	14.5	3
Alcoholic drinks, tobacco and narcotics	12	2
Education	8.8	2
Health	6.2	1
Total COICOP expenditure	444.3	86
Other expenditure items	73	14
Total expenditure	517.3	100

Source: Office for National Statistics

Notes:

1. Excluding mortgage interest payments, council tax for GB households and domestic rates for Northern Ireland households
2. Totals may not add up due to the independent rounding of component categories

As seen in table 1.1 housing (net), fuel and power (excluding mortgages) was the highest expenditure COICOP category, at £74.40 per week; this represents 14% of total expenditure. The next two highest categories were transport (£70.40) and recreation and culture (£63.90). Average weekly expenditure on food and non-alcoholic drinks in 2013 was £58.80. A full breakdown of spending by detailed category can be found in [table A1 \(153.5 Kb Excel sheet\)](#).

Average weekly household expenditure in the housing (net), fuel and power category in 2013 was made up of:

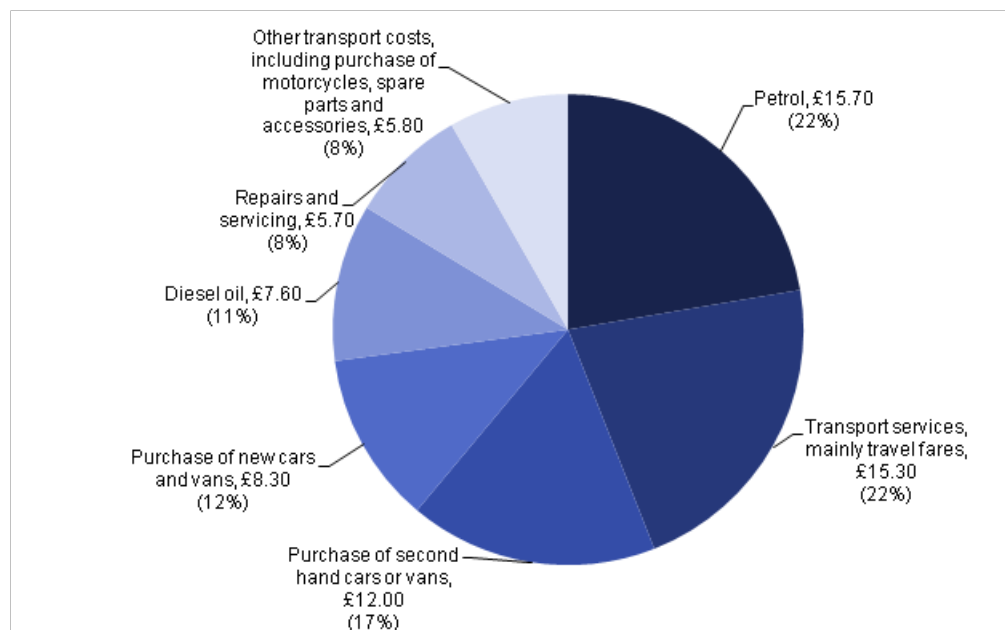
- net rent: £32.00
- fuel and electricity: £26.50
- maintenance and repairs: £7.10
- water supply and miscellaneous charges (such as refuse collection): £8.70.

Household expenditure on housing, including types of spending not included in the COICOP category such as mortgage payments, averaged £147.90 per week in 2013. This is double the spending recorded under the COICOP definition.

Unless otherwise stated, figures in this report are averaged across all households. This means, for example, that average weekly expenditure on buying vehicles is averaged across all households, whether or not they bought a vehicle. The exception, where stated, is for spending on rent and mortgages, where spending is also presented only for households that pay mortgages, or rent, respectively. Considering only households that pay mortgages, average weekly expenditure on mortgages was £145.40. Spending on net rent, for households that rented their accommodation, averaged £92.10 per week. These are the only spending figures in family spending that are not averaged across all households. 'Net rent' refers to the rent paid by the householders themselves, so any rebates and allowances (including housing benefit) are excluded from the total.

Figure 1.1: Transport expenditure by selected items, 2013

United Kingdom



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

Different households have different transport requirements, with some relying on public transport and others more on cars. Not all households buy a vehicle in any given year, but it is a major expense for those that do. The transport expenditure figures are presented averaged across all households, whether they spent on a particular item or not.

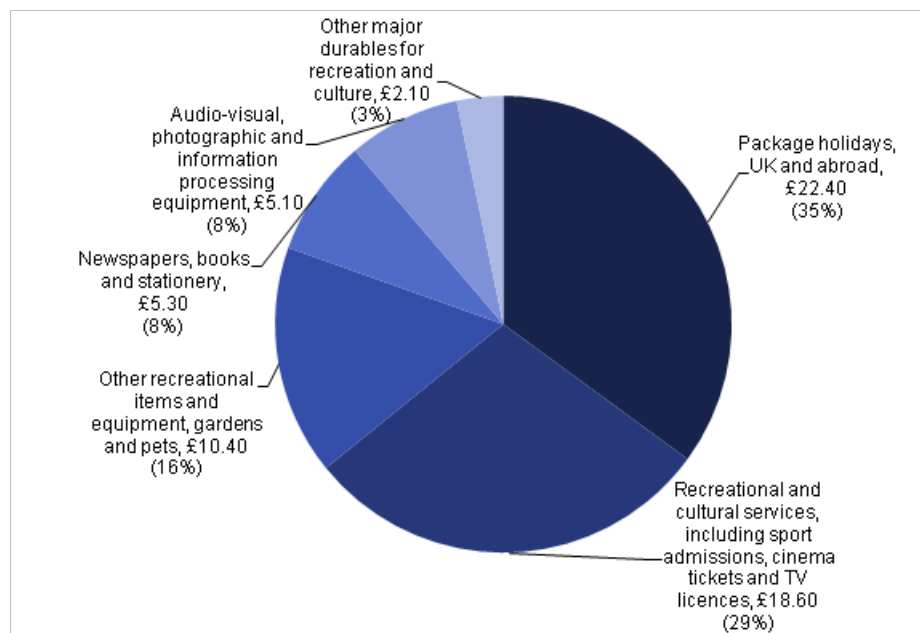
On average, one third of household expenditure on transport was spent on motor fuels, at £23.50 per week. This included £15.70 per week on petrol and £7.60 on diesel, as shown on figure 1.1.

The average amount spent weekly on buying vehicles was very similar to the amount spent on motor fuels. Households spent £21.10 per week on buying vehicles. More was spent on second hand cars and vans (£12.00) than new (£8.30).

Households spent an average of £15.30 per week on transport services, such as rail fares and air fares. This was substantially lower than on either buying or fuelling vehicles. Spending on air fares (£5.40 per week) was about the same as the combined spend on rail and tube fares (£3.90 per week) and bus fares (£1.60 per week).

Figure 1.2: Recreation and culture expenditure by selected items, 2013

United Kingdom



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

Expenditure within the recreation and culture category represents a broad range of goods and services. An important part of the spending in this area is the sub-category recreational and cultural services, which accounted for £18.60 per week. There is a wide range of choice available in this area, including:

- sports admissions, subscriptions, leisure class fees and equipment hire (£5.50)
- cinema, theatre and museums etc (£2.30)
- TV subscriptions and licences (£6.70).

Expenditure on package holidays averaged £22.40 per week; this includes both domestic and foreign holidays.

Also within recreation and culture, an average of £4.30 per week was spent on pets and pet food, and £2.30 on games, toys and hobbies.

The fourth highest category of household spending was food and non-alcoholic drinks, averaging £58.80 per week. A similar amount was spent on bread, rice and cereals (£5.60 per week) and non-alcoholic drinks (£4.90 per week); this compares with £4.30 per week on fresh vegetables and £3.30 on fresh fruit.

4 . Trends in spending over time

In [chapter 4](#) spending figures over time are adjusted to take account of inflation. This enables a comparison of expenditure to be made between survey years that allows for changing prices.

Household average weekly expenditure has decreased since 2006, once inflation has been taken into account. Average weekly household spending was £539.80 in 2006, and started declining, just before the economic downturn, in 2007 (when £531.70 per week was recorded). Average spending decreased further to £501.00 in 2012, and then increased to £517.30 in 2013¹. Between 2001/2 and 2006, average expenditure was at a higher level than that seen since 2006.

The trends observed in total household spending after 2008 are broadly consistent with the wider economic context. This is explored in more detail in [chapter 4](#).

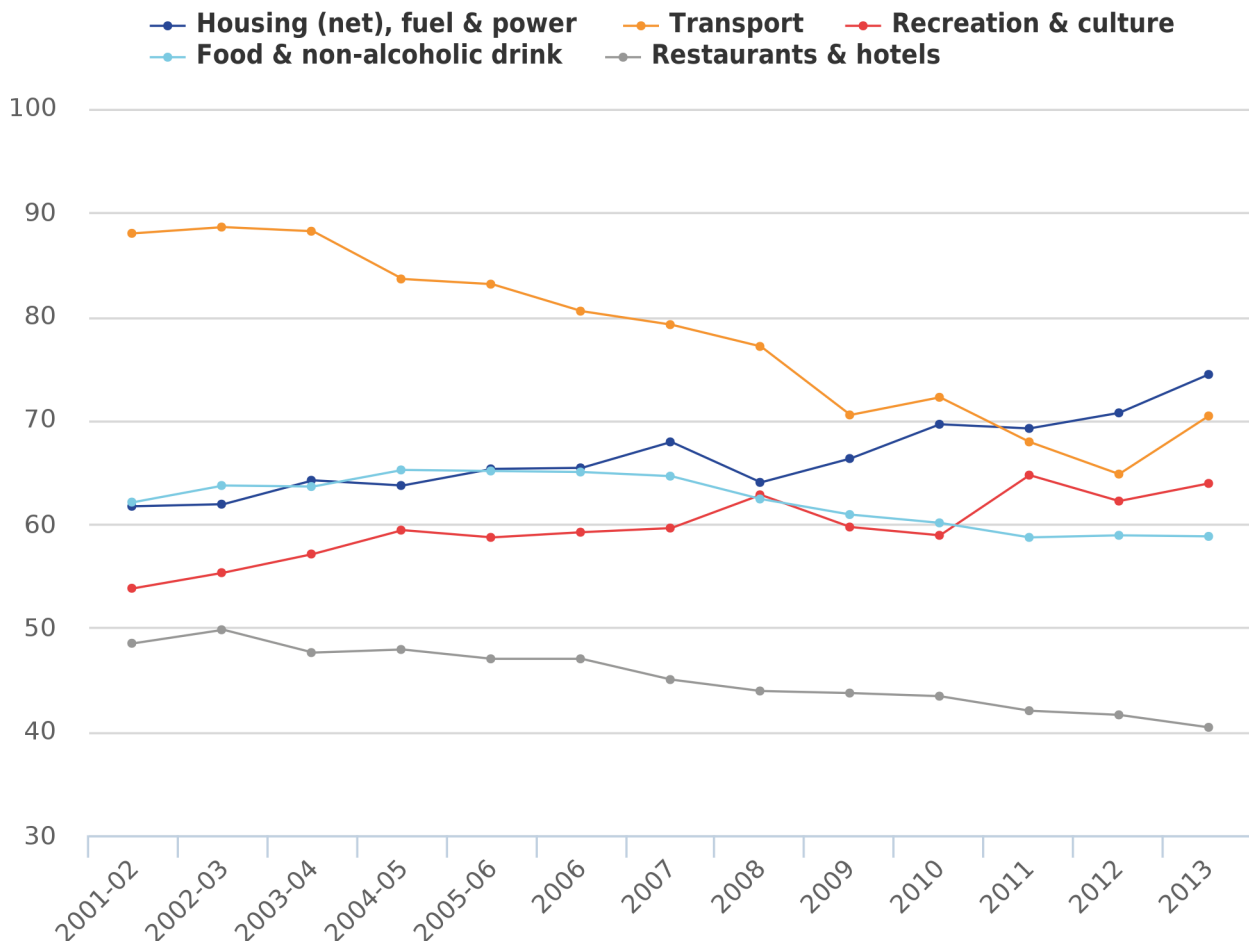
Not all types of household spending have decreased in recent years. Spending on housing (net), fuel and power increased from £61.70 in 2001/2, to £74.40 in 2013, after adjusting for inflation. Rent payments make up the largest proportion of expenditure in this category. The number of households renting accommodation has increased over recent years, as shown in [table A50 \(50 Kb Excel sheet\)](#) for 2013, and the corresponding table for 2006. These tables show the proportion of households renting increased, from 29% in 2006, to 35% in 2013. Therefore, the increased proportion of households renting has contributed to higher spending on housing (net), fuel and power.

Average household spending on transport decreased between 2001/2 (adjusted to 2013 prices) and 2013. However, it increased to £70.40 in 2013, from £64.80 per week in 2012. Households allocated an average of 14% of total expenditure to transport in 2013.

Higher average household expenditure on transport between 2012 and 2013 can partly be attributed to an increase of new car purchases. Vehicle purchases were recorded as being at a six-year high with 1,074,622 new private [cars registered](#). Purchasing new cars is an area where households could moderate or defer expenditure, which may lead to demand building up over time. This is sometimes referred to as “pent up demand”. This may have fuelled the increase in sales of new cars seen in 2013, with consumers replacing vehicles they kept hold of through the recent downturn.

Recent years have seen the price of petrol and diesel increase substantially, with costs rising above the overall rate of inflation in 2012. However, between 2012 and 2013 [prices decreased slightly](#), so the increase in transport expenditure in 2013 cannot be attributed to spending on fuel.

Figure 1.3: Expenditure on selected categories based on COICOP classification, 2001-02 to 2013, at 2013 prices



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

Notes:

1. Figures have been deflated to 2013 prices using deflators specific to the COICOP category
2. In 2006, Family Spending changed to report for a calendar year instead of a financial year
3. From 2001-02 to 2005-06, figures shown are calculated from weighted data using non-response weights based on the 1991 Census and population figures from the 1991 and 2001 Censuses. From 2006 onwards, figures shown are calculated from weighted data using non-response weights and population figures based on the 2001 Census

Spending on transport; housing (net), fuel and power; recreation and culture; food and non-alcoholic drink; and hotels and restaurants over the years 2001/2 to 2013 are shown in figure 1.3. The figures are adjusted for inflation, and shown at 2013 prices. The chart shows the different trends in spending for these categories over this period.

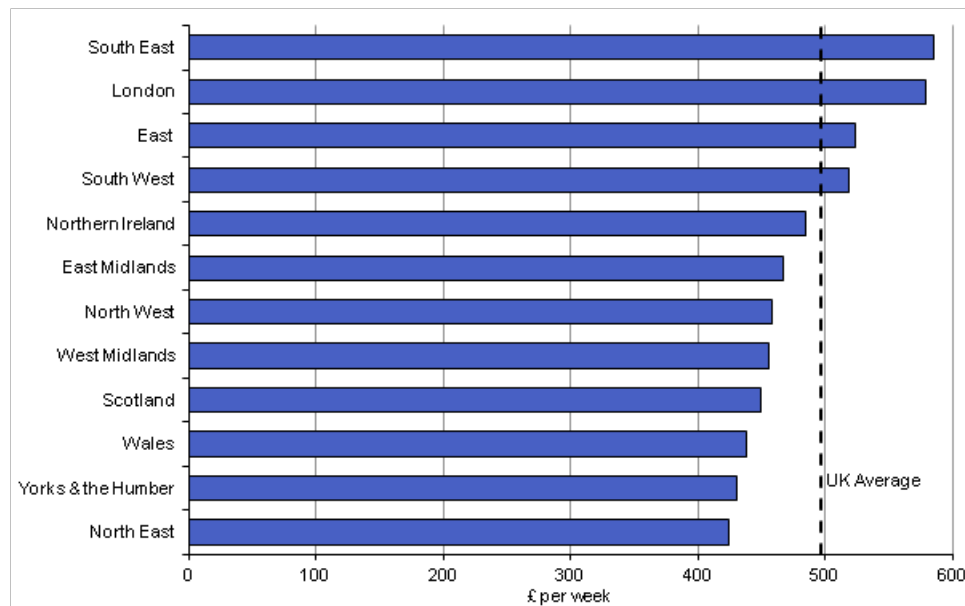
Notes for trends in spending over time

1. This increase was not found to be significant at the 95% confidence level.

5 . Expenditure by region

Figure 1.4: Household expenditure by region, 2011 to 2013

United Kingdom



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

Three years' data are combined when presenting spending figures broken down by country and region. This ensures the sample size is large enough to provide robust figures when below-UK levels of geography are considered. Detailed expenditure by region is shown in [table A35 \(103 Kb Excel sheet\)](#).

The average weekly household expenditure in the UK combined over the years 2011 to 2013 was £496.70. Four regions showed expenditure higher than the UK average; the two highest-spending regions, the South East and London, recorded very similar levels of expenditure. In descending order the top four regions are: the South East (£585.40), London (£579.60), the East (£523.40) and the South West (£518.20). At the opposite end of the scale with the lowest average expenditure are the North East (£424.60), Yorkshire and the Humber (£431.10) and Wales (£438.80). Average weekly expenditure in Scotland was £449.00.

For the three-year period 2011 to 2013, London was the highest spending region on housing (net), fuel and power (excluding mortgage payments), by a sizeable margin, at £103.20 per week, compared with the second highest average expenditure of £74.80 in the South East. As for previous years the major factor in London's large expenditure was net rent, at £62.50 per week. This was nearly twice the amount of the South East (£31.50); the second highest expenditure region on rent. Expenditure on rent is averaged across all households, including those that don't pay rent, so the higher rent figures for London reflect both the higher costs of rent, and the high proportion of householders who rent their accommodation.

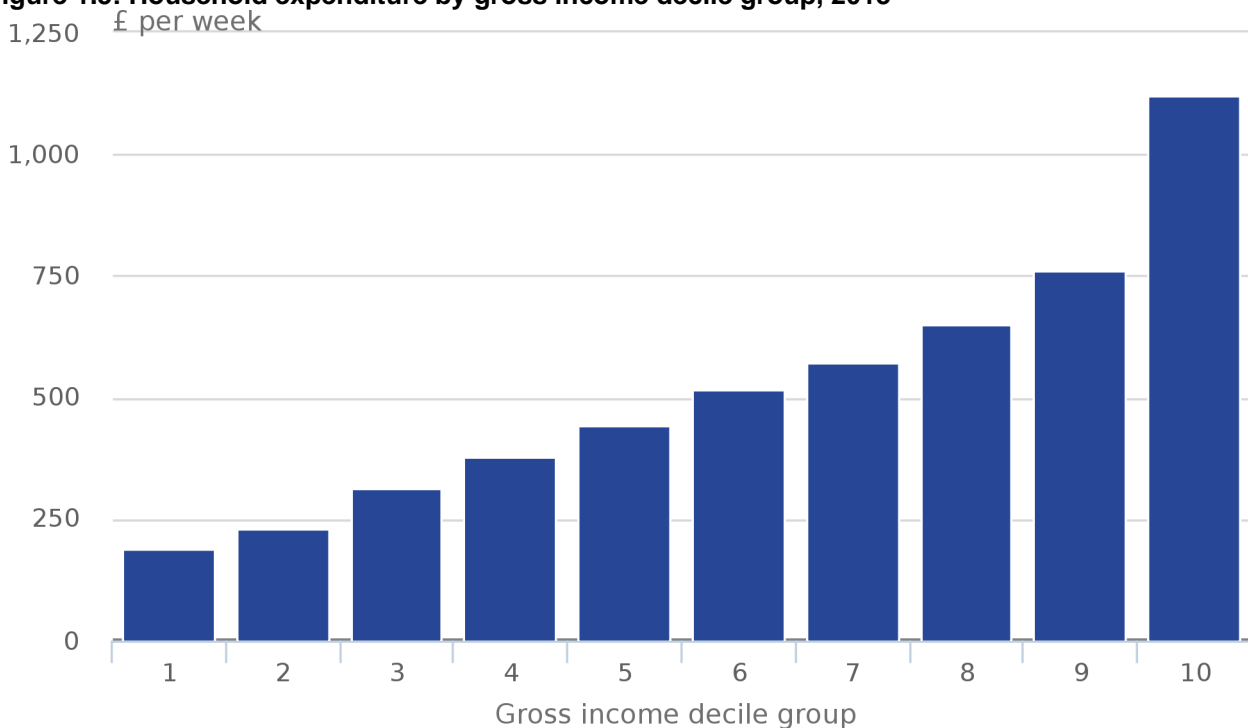
Transport spending in the UK averaged £66.80 over the years 2011 to 2013. It was notably higher in the South East, at £84.50 per week. London's households spent lower than the UK average on transport, at £62.50 per week. London's relatively low spending on transport was most striking in operation of personal transport (fuel and running costs of vehicles), where London was the lowest spending area at £25.30 per week, compared with the UK average of £35.60. As a general pattern across the UK, expenditure on the purchase of new vehicles is almost double that spent on transport services such as train and bus fares. However, London reported a notably larger expenditure on transport services (£22.60) than new vehicles (£14.60). This lower expenditure on the purchase of new vehicles is reflected by the fact that only 61% of households owned a car/van in London over the years 2011 to 2013, compared to 75% of households in the UK as a whole (see [table A48 \(69.5 Kb Excel sheet\)](#)). The relatively low spending by London's households on personal transport may reflect the availability of public transport in London.

Average weekly household expenditure was higher for households in rural areas (£550.50) than urban areas (£481.70) over the years 2011 to 2013, as presented in [table A36 \(51 Kb Excel sheet\)](#). This difference was mirrored across most categories, and reversed only for housing (net), fuel and power, where spending was higher in urban areas (£69.70) than rural areas (£66.50). Transport showed the largest difference between spending in rural and urban areas. Rural areas recorded an average weekly expenditure of £85.50 on transport, whilst urban households averaged £61.40. This may be due to a number of factors, including the enhanced availability of public transport in urban areas compared with in rural areas. Another factor is the [longer, and perhaps more frequent, journeys](#) that are often required in rural areas to access services and amenities. Higher transport expenditure in rural areas may also interact with higher expenditure noted in other categories; for example, higher spending on recreation and culture may generate higher transport expenditure, due to greater travel costs incurred getting to venues for recreational activities.

6 . Income

The lowest earning ten per cent of households spent an average of £189.80 per week, while the highest earning ten per cent of households spent an average of £1,119.50 per week. Figure 1.5 shows average household weekly expenditure, broken down by the gross income band of the household. Households have been ranked in ascending order of income and divided into ten equally-sized bands.

Figure 1.5: Household expenditure by gross income decile group, 2013



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

Looking at spending patterns by total gross household income doesn't tell the whole story. Households of different sizes, and with different numbers of adults and children, need different levels of income in order to maintain a comparable standard of living. [Chapter 3](#) examines expenditure patterns after income is adjusted to account for different demands on resources, by considering the household size and composition. Overall, this process, known as equivalisation, reduces the differences in income between the highest and lowest earning households and allows more meaningful comparisons to be made.

Households on lower incomes apportion their spending differently from those on higher incomes. For example, after adjusting income for household size and composition, expenditure on food and non-alcoholic drink as a proportion of total expenditure decreased as income increased; from 16% of expenditure for the ten per cent of households with the lowest incomes, to 8% of expenditure for the highest earning households. This reflects the necessity for all households to spend a certain amount on food and non-alcoholic drink, but, as income increases, there is a limit to how much households can consume, or are willing to spend, on food.

The opposite trend is seen for recreation and culture where the proportion of total expenditure increased as income increased (from 9% to 15%). This reflects the expectation that higher income households will have more income available to spend on non-essential items, such as package holidays abroad.

7 . Computer ownership and internet connection at home

Family Spending also includes information on ownership of consumer durables, including ownership of a home computer and having access to the internet at home.

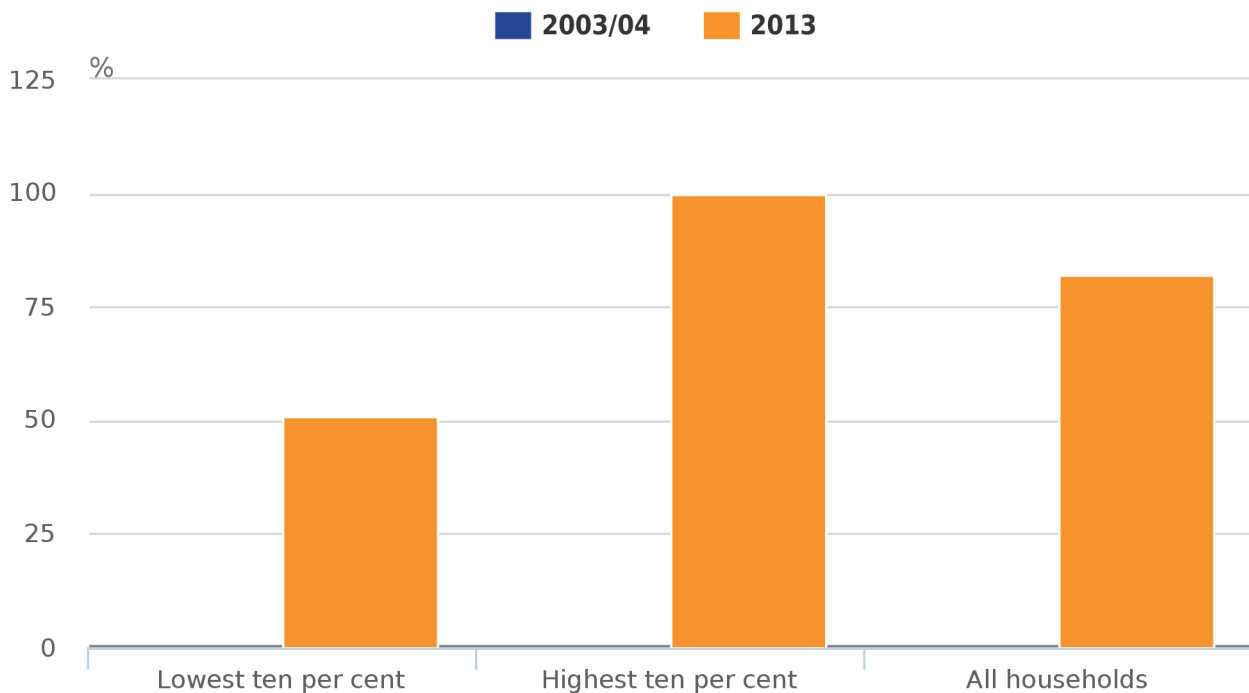
Overall, 83% of households have a home computer, and 82% are connected to the internet at home. This figure varies considerably for different types of households. For example, computer ownership increased steadily as household income increases ([table A46 \(61.5 Kb Excel sheet\)](#)). Virtually all of the households in the top ten-per-cent income bracket owned a computer (100%); but only just more than half (55%) of the lowest earning households did.

Other differences emerge when we examine ownership of home computers for different household compositions. Households with children showed the highest levels of computer ownership: 98% of households with two adults and two children, and 89% of households with one adult and two or more children, had home computers. The situation is very different for retired households. Among retired households mainly dependent on state pensions containing two adults, about two thirds (66%) owned a home computer. The figure was much lower still for retired households mainly dependent on state pensions containing one adult, where 27% had a home computer. Note that many retired households also have lower incomes.

The relatively high proportion of households with a home computer masks the fact that ownership is far lower among low income households and retired households. However, these types of households have been closing the gap in recent years. In 2003, only 15% of the lowest earning households had access to the internet at home, compared with 51% in 2013. Some of the increase may be due the increasing levels of smart-phone ownership, allowing relatively inexpensive access to the internet. There was already a high level of connectedness among the highest earning households in 2003/4 (90%), which increased to virtually all households in 2013 (100%).

Figure 1.6: Percentage of households with internet connection, by lowest and highest gross income decile groups and for all households, 2003/04 and 2013

United Kingdom



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

Society increasingly utilises the internet to share information and provide services. In this context it is important to note that not all households own a home computer or have access to the internet at home. In addition, levels of ownership vary notably for different types of household: retired and low income households are far less likely than average to have access to the internet at home. However, households in these groups have caught up, to some extent, in recent years.

8. Background notes

1. Symbols and conventions used in Family Spending 2014 edition

[] Figures should be used with extra caution because they are based on fewer than 20 reporting households.

.. The data is suppressed if the unweighted sample counts are less than 10 reporting households.

- No figures are available because there are no reporting households.

Rounding: Individual figures have been rounded independently. The sum of component items does not therefore necessarily add to the totals shown.

Averages: These are averages (means) for all households included in the column or row, and unless specified, are not restricted to those households reporting expenditure on a particular item or income of a particular type.

Period covered: Calendar year 2013 (1 January 2013 to 31 December 2013).

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ISSN 2040-1647

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