

Statistical bulletin

Family spending in the UK: April 2021 to March 2022

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

- Average weekly household expenditure was £528.80 in the financial year ending (FYE) 2022; a nominal increase of £47.30 (10%) since FYE 2021, this remains £59.10 (10%) below FYE 2020 and the start of the coronavirus (COVID-19) pandemic.
- After adjusting for inflation, this was a real terms increase in average weekly household expenditure of £28.80 (6%) in FYE 2022 consistent with easing of COVID-19 restrictions; but remained £78.80 (13%) below pre-pandemic spending in FYE 2020.
- The greatest annual increases were across restaurants and hotels, transport, and recreation and culture, which were consistent with the easing of coronavirus restrictions, however, expenditure in these categories for FYE 2022 remained below FYE 2020.
- On average, the richest fifth of households spent a total of £811.20 per week, while the poorest fifth spent less than half this amount at £329.80 per week.

2. Family spending in the UK

Household spending has increased yet remains below FYE 2020

The collection of data used for this bulletin spans April 2021 to March 2022, during which coronavirus (COVID-19) restrictions started to ease across the UK. This includes the indoor venues being reopened, and spectators could attend sporting events. Some coronavirus restrictions remained in place towards the end of 2021 and households experienced new financial pressures; domestic energy prices rose in the last six months of the financial year ending (FYE) 2022, as explained in the <u>research briefing on the UK Parliament webpage</u>, and the energy price cap was raised in October 2021.

Changes in spending can result from both changes in the price of goods and services, and changes in consumer behaviour, such as the amount and type of good and services purchased. By adjusting for the rate at which the prices of goods and services bought by households rise or fall (consumer price inflation), we can better isolate trends in the amount of goods and services purchased. Notably, in the year leading to March 2022, UK inflation rates rose significantly, reaching a 30-year high, as reported in the Consumer Prices Index (CPI) in our <u>consumer price inflation time series</u>.

Unless otherwise stated, both absolute and relative year-on-year changes in spending presented in this bulletin are adjusted for inflation and are presented in real terms.

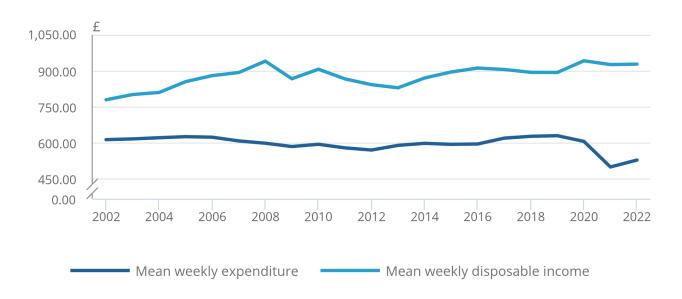
Changes in consumption throughout FYE 2022 are reflected in these annual expenditure estimates. Average weekly expenditure for all households saw a nominal increase of £47.30 (10%) to £528.80 per week. Despite this increase, average weekly expenditure remained £59.10 (10%) below FYE 2020. After adjusting for inflation, this was a real terms increase in average weekly household expenditure of £28.80 (6%) in FYE 2022; £78.80 (13%) below FYE 2020. Mean household disposable income remained comparable to FYE 2021, as shown in our Average household income, UK: financial year ending 2022 bulletin.

Figure 1: In financial year ending (FYE) 2022, average weekly expenditure increased by 6% per week while average household disposable income remained stable

Average weekly household expenditure and average weekly household disposable income in the UK, FYE 2002 to FYE 2022, at FYE 2022 prices

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Average weekly household expenditure and average weekly household disposable income in the UK, FYE 2002 to FYE 2022, at FYE 2022 prices



Source: Household Finances Survey, Living Costs and Food Survey from the Office for National Statistics

- Expenditure figures are adjusted for inflation using the Consumer Prices Index (CPI) specific to the classification of individual consumption by purpose (COICOP) category. Total real expenditure is generated as a sum of the deflated COICOP categories 1 to13.
- 2. Incomes are adjusted for inflation using the consumer prices index including owner-occupiers' housing costs (CPIH) excluding council tax.
- 3. All values are deflated to FYE 2022 prices
- 4. Household expenditure figures are on a financial year basis FYE 2002 to FYE 2006, calendar years 2007 to 2013, and financial years FYE 2015 to FYE 2022.
- 5. Weekly household disposable income figures are from the household disposable income and inequality statistics. Disposable income figures are on a financial year basis. Estimates of income from 2001 to 2002 onwards have been adjusted for the under-coverage and under-reporting of the top earners.

Households spent the highest proportion of their weekly expenditure on housing, fuel and power, and transport

The average UK household spent the largest proportion of their expenditure on housing (net), fuel and power (17%) followed by transport (14%). Within housing (net) fuel and power, £51.60 was spent on rentals for housing, while £25.70 was spent on electricity, gas and other fuels. Of the proportion of expenditure spent on transport, £30.90 of this was spent on the purchase of vehicles, most notably the purchase of second-hand cars, while £30.70 was spent on the operation of personal transport, most notably purchasing petrol, diesel, and other motor oils.

Figure 2: Housing, fuel and power, and transport were the highest expenditure categories for UK households in FYE 2022

Average household weekly expenditure in the UK, FYE 2022

- 1. Spending is categorised using Classification of individual consumption by purpose (COICOP) categories. As such, Mortgage interest payments, Council Tax and Northern Ireland rates are categorised as Other expenditure items rather than Housing (net) fuel and power. Other expenditure items also includes Licenses, fines and transfers, Holiday Spending and Money transfers and credit.
- 2. Components of spending based on fewer than 20 recording households, or where the average rounds to 0, do not appear in the tree map.

Download the data

.xlsx

In FYE 2022, spending patterns continued to vary across the income distribution. Notably, changes in expenditure relating to actual rental and mortgage interest payments. This coincides with a larger proportion of lower-income households being either private or social renters, while a large proportion of higher-income households are owner occupiers, this data is available in <u>Table A50 in Workbook 4: Expenditure by household</u> characteristic.

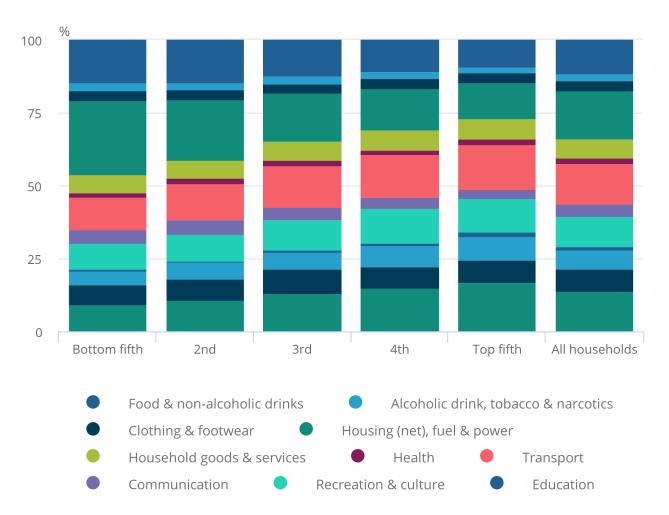
The poorest fifth of households continued to spend the greatest proportion of their total expenditure (25%) on housing (net), fuel and power. This is largely because of spending on actual rentals for housing (24% of their total expenditure). Meanwhile, the richest fifth of households spent the greatest proportion of their total expenditure (17%) on other expenditure items, which is largely because of spending on mortgage interest payments (6% of their total expenditure). Mortgage interest payments are included under other expenditure items according to the classification of individual consumption by purpose (<u>COICOP</u>) classification. Capital repayments are not included within owner occupier expenditure as they are classified as an accrual of wealth; more information is available in our Household total wealth in Great Britain: April 2018 to March 2020 bulletin.

Figure 3: Poorer households continue to proportionally spend more on housing, fuel and power in FYE 2022

Average weekly household expenditure as a percentage of total weekly expenditure, by quintile group, UK, financial year ending (FYE) 2022

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Average weekly household expenditure as a percentage of total weekly expenditure, by quintile group, UK, financial year ending (FYE) 2022



Source: Living Costs and Food Survey from the Office for National Statistics

Notes:

- 1. Individuals are ranked by their equivalised household disposable incomes, using the modified OECD scale.
- 2. Spending is categorised using classification of individual consumption by purpose (COICOP) categories. As such, mortgage interest payments, Council Tax and Northern Ireland rates are categorised as other expenditure items rather than housing (net) fuel and power. Other expenditure items also include licenses, fines and transfers, holiday spending and money transfers and credit.

Household spending in FYE 2022 varied across the income distribution, with the richest fifth of households' total weekly expenditure more than twice that of the poorest fifth of households (£811.20 and £329.80, respectively). In comparison, mean household disposable income was six times greater in the richest fifth of households than the poorest fifth, as shown in our <u>Average household income</u>, <u>UK</u>: <u>financial year ending 2022 bulletin</u>. This likely reflects a much greater capacity for saving in richer households than in poorer households.

Rises in spending were largely contributed to by increases in spending on transport, recreation and culture, and restaurants and hotels

In FYE 2022, increases in weekly expenditure were largely contributed to by expenditure on transport (£7.80 increase to £74.40), recreation and culture (£9.30 increase to £56.10), restaurants and hotels (£15.70 increase to £34.80). Despite these increases, spending in these categories remained below FYE 2020, prior to the coronavirus pandemic.

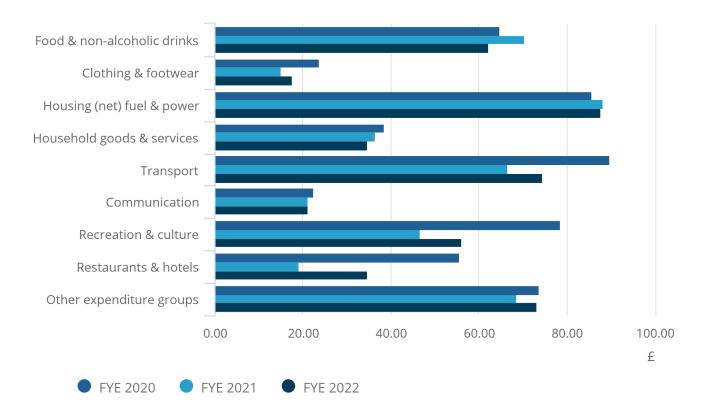
Spending on food and non-alcoholic drinks fell by £8.20 to £62.20 per week, £2.70 below FYE 2020. Spending on housing (net), fuel and power decreased in FYE 2022 by £0.60 to £87.70 per week yet remained £2.00 above FYE 2020.

Figure 4. Average weekly household spending remains below FYE 2020 across most expenditure categories

Average weekly household expenditure by COICOP categories, UK, financial year ending (FYE) 2020; FYE 2021 and FYE 2022 at FYE 2022 prices

Figure 4. Average weekly household spending remains below FYE 2020 across most expenditure categories

Average weekly household expenditure by COICOP categories, UK, financial year ending (FYE) 2020; FYE 2021 and FYE 2022 at FYE 2022 prices



Source: Living Costs and Food Survey from the Office for National Statistics

- Expenditure figures are adjusted for inflation using the Consumer Prices Index (CPI) specific to the classification of individual consumption by purpose (COICOP) category. All values are deflated to FYE 2022 prices.
- 2. Spending is categorised using classification of individual consumption by purpose (COICOP) categories. As such, mortgage interest payments, Council Tax and Northern Ireland rates are categorised as other expenditure items rather than housing (net) fuel and power. Other expenditure items also include licenses, fines and transfers, holiday spending and money transfers and credit.
- 3. For clarity, not all COICOP categories are presented.

Spending increased inside and outside the home

In FYE 2022, the largest contributor to rises in spending on restaurants and hotels were increases in spending on catering services, such as restaurants and cafés, which increased by £11.20 (79%). Expenditure on recreational and cultural services such as sports admissions, subscriptions, and leisure class fees in FYE 2022 rose by £4.30 (37%) yet remained £4.90 (24%) below FYE 2020. This is consistent with the easing of coronavirus restrictions.

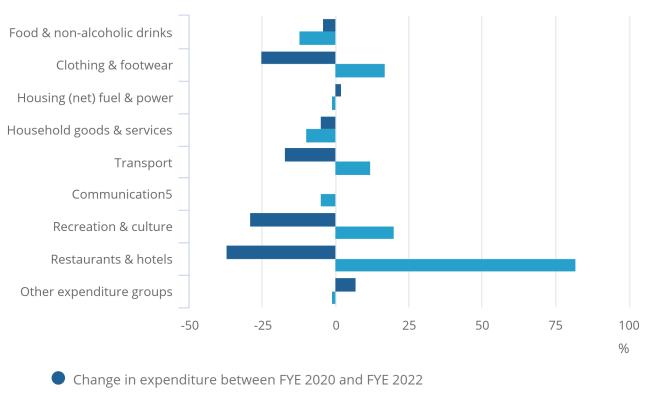
Housing (net), fuel and power expenditure is comparable with FYE 2021, but within this there was an increase in expenditure on electricity, gas and other fuels £1.50 (6%), which was contributed to by an increase in electricity expenditure of £0.70 (6%) compared with 2021. It is worth noting that in October 2021, the energy price cap rose by 12%. More information is available in our <u>Consumer price inflation</u>, UK: November 2021 bulletin.

Figure 5: Weekly spending on restaurants and hotels increased by 82% in FYE 2022, yet remained 37% below FYE 2020

Percentage change in average weekly household expenditure by COICOP categories, UK, financial year ending (FYE) 2020; FYE 2021 and FYE 2022 at FYE 2022 prices

Figure 5: Weekly spending on restaurants and hotels increased by 82% in FYE 2022, yet remained 37% below FYE 2020

Percentage change in average weekly household expenditure by COICOP categories, UK, financial year ending (FYE) 2020; FYE 2021 and FYE 2022 at FYE 2022 prices



Change in expenditure between FYE 2021 and FYE 2022

Source: Living Costs and Food Survey from the Office for National Statistics

- Expenditure figures are adjusted for inflation using the Consumer Prices Index (CPI) specific to the classification of individual consumption by purpose (COICOP) category. All values are deflated to FYE 2022 prices.
- 2. Spending is categorised using classification of individual consumption by purpose (COICOP) categories. As such, mortgage interest payments, Council Tax and Northern Ireland rates are categorised as other expenditure items rather than housing (net) fuel and power. Other expenditure items also include licenses, fines and transfers, holiday spending and money transfers and credit.
- 3. For clarity, not all COICOP categories are presented.

More personal transport, less public transport usage

The increase in transport expenditure was attributed to an increase in spending on the use of personal transport, such as fuel and maintenance. Weekly expenditure on petrol, diesel and other motor oils increased by £6.60 (53%) between FYE 2021 and FYE 2022. This is consistent with our <u>Behavioural impacts of rising automotive fuel</u> prices on consumer fuel demand, UK: July 2021 to August 2022 article, which reported that in the week ending 17 February 2022, total automotive fuel sales growth was at 41% in comparison with the same week in the previous year.

Household spending on transport has not returned to FYE 2020 levels. Expenditure on transport services, such as bus and rail, has reduced by £11.10 (46%) between FYE 2020 and FYE 2022. Meanwhile, spending dedicated to purchasing new and second-hand vehicles was £30.90 per week, an increase of £2.00 (7%) in comparison with FYE 2020.

Decreases in international air fares are met with decreases in holidays abroad

In FYE 2022, spending on international air fare remained £5.30 (71%) below FYE 2020. Household spending on recreation and culture remained below FYE 2020, largely resulting from reductions in spending on package holidays, in particular package holidays abroad, which remained £18.20 (68%) below FYE 2020. Average weekly spending on accommodation abroad remained £4.20 (76%) below FYE 2020. Findings from our <u>Overseas travel</u> and tourism: April 2022 provisional results further show that in April 2022 UK residents' visits overseas estimates had not yet reached the levels seen in April 2019.

While spending on international travel and holidays abroad fell, in FYE 2022 spending on holiday accommodation in the UK increased by £1.40 (21%) above FYE 2020.

3. Family spending data

Family spending workbook 1: detailed expenditure and trends

Dataset | Released 31 May 2023

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 31 May 2023

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 31 May 2023

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 31 May 2023

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 31 May 2023 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.

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A number of tables within the family spending workbooks have been placed under review to be removed from future publications. Tables under review are specified within the workbooks. If you use these for your analysis, please contact us via <u>family.spending@ons.gov.uk</u>.

4. Glossary

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.

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.

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.

This analysis uses the modified <u>Organisation for Economic Co-operation and Development (OECD) equivalence</u> scale in taxes and benefits analysis (PDF, 166KB).

Our analysis ranks individuals by their equivalised household disposable incomes, using the modified OECD scale.

Mean expenditure

The mean measure of expenditure divides the total expenditure of households by the number of households. When considering changes in expenditure by classification of individual consumption by purpose (COICOP) expenditure categories, the mean allows for these changes to be analysed in an additive way.

Nominal change

Estimates of economic activity are typically available in "nominal" or "real" terms. "Nominal" estimates reflect the cash value of expenditure, such as the amount consumers would have spent in a shop at the time of purchase. These can change over time, reflecting movements in prices and quantities purchased.

Real change

Estimates of economic activity are typically available in "nominal" or "real" terms.

"Real" estimates take into account how the average price of items change over time and are adjusted to the pricelevels captured in the most recent data point – for example, in this bulletin, the prices of goods and services are adjusted to the average prices in the financial year ending (FYE) 2022. Real estimates also can change over time, reflecting only the movements in the quantities purchased.

All real estimates used in this article are generated using the datasets from our <u>Consumer price inflation time</u> <u>series</u>.

5. Measuring the data

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 (COVID-19) pandemic can be found in <u>Section 6: Strengths and limitations</u>.

Care is taken to ensure complete confidentiality of information and to protect the identity of LCF households. Only anonymised data is 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.

This release compares household expenditure across the income distribution. Households have been ranked in ascending order of equivalised household disposable income using the modified Organisation for Economic Cooperation and Development (OECD) scale and then divided into five equal parts; quintiles or fifths. Households with the lowest income are referred to as being in the bottom fifth, and those with the largest income are referred to as being in the bottom fifth, and those with the largest income are referred to as being in the top fifth.

6. Strengths and limitations

Adjusting for inflation

This release provides deflated expenditure values. These are calculated by taking an average of the quarterly estimates of our Consumer Price Index (CPI) by classification of individual consumption by purpose (COICOP) category in each financial year and re-basing them to financial year ending (FYE) 2022 prices.

Comparisons between expenditure and income

It is important to note that the annual expenditure statistics published in this bulletin are not directly comparable against our annual income statistics published in our <u>Average household income</u>, UK: financial year ending 2022 bulletin. One reason for this is because the weights used to improve the representation of our national expenditure and national income statistics differ. Further to this, the data sources used in our average household disposable income statistics are derived from the Household Finances Survey (HFS) using both the Living Costs and Food Survey (LCF) and the Survey of Living Conditions (SLC), while our expenditure statistics are generated using LCF Survey data alone. Work is currently being carried out to investigate how and whether we can align these statistics for comparability, alongside the Office for National Statistics' (ONS) household finance transformation project.

Quality

Further quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in our <u>Living Costs and Food Survey technical report</u>: financial year ending March 2022 and our <u>Living Costs and Food Survey Quality and Methodology Information (QMI)</u>. The technical report for FYE 2022 is provisionally scheduled for release in autumn 2023.

National Statistic status for family spending in the UK

Family spending in the UK has been designated as <u>National Statistics</u>, in accordance with the <u>Statistics and</u> <u>Registration Service Act 2007</u> and signifying compliance with the <u>Code of Practice for Statistics</u>.

7. Related links

Average household income, UK: financial year ending 2022

Bulletin | Released 25 January 2023

Final estimates of median and mean household income in the UK, with analysis of how these measures have changed over time, accounting for inflation and household composition.

Consumer trends, UK: October to December 2022

Bulletin | Released 31 March 2023

Household final consumption expenditure (HHFCE) for the UK, as a measure of economic growth. Includes all spending on goods and services by members of UK households.

8. Cite this statistical bulletin

Office for National Statistics (ONS), released 31 May 2023, ONS website, statistical bulletin, <u>Family</u> <u>Spending in the UK: April 2021 to March 2022</u>