

Compendium

Chapter 1: Overview



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1 . Introduction

This chapter presents the main findings of the 2014 Living Costs and Food Survey (LCF). The overview covers:

- expenditure in 2014
- 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 elsewhere in the publication. Links are provided to the sections of Family Spending that contain the detailed coverage.

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 introduction

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.

2 . Main points

The main findings are:

- total average weekly household expenditure was £531.30 in 2014
- transport had the highest average spending in 2014, at £74.80 per week, accounting for 14% of household spending
- housing (net), fuel and power (excluding mortgages) was the second highest-spending category, at £72.70 per week on average; this is not inclusive of mortgage payments
- in 2014 spending increased to £531.30, from its lowest level in 2012 (adjusted to 2014 prices) when households spent an average of £507.40 per week
- households in London and the South East spent the most, while those in the North East and Wales spent the least
- expenditure in rural areas was higher than in urban areas

3 . Household expenditure in 2014

Table 1.1 shows average weekly household expenditure in the UK by the 12 COICOP categories. In 2014, average weekly household expenditure in the UK was £531.30.

Table 1.1: Expenditure by COICOP category and total household expenditure

UK, 2014

COICOP category	£ per week	% of total expenditure
Transport	74.80	14
Housing (net) ¹ , fuel and power	72.70	14
Recreation and culture	68.80	13
Food and non-alcoholic drinks	58.80	11
Restaurants and hotels	42.50	8
Miscellaneous goods and services	40.00	8
Household goods and services	35.40	7
Clothing and footwear	23.70	4
Communication	15.50	3
Alcoholic drinks, tobacco and narcotics	12.30	2
Education	9.80	2
Health	7.10	1
Total COICOP expenditure	461.20	87
Other expenditure items	70.10	13
Total expenditure	531.30	100

Source: Office for National Statistics, Family Spending 2014

1. Excluding mortgage interest payments, council tax for households in Great Britain and domestic rates for households in Northern Ireland.

2. Totals may not add up due to the independent rounding of component categories.

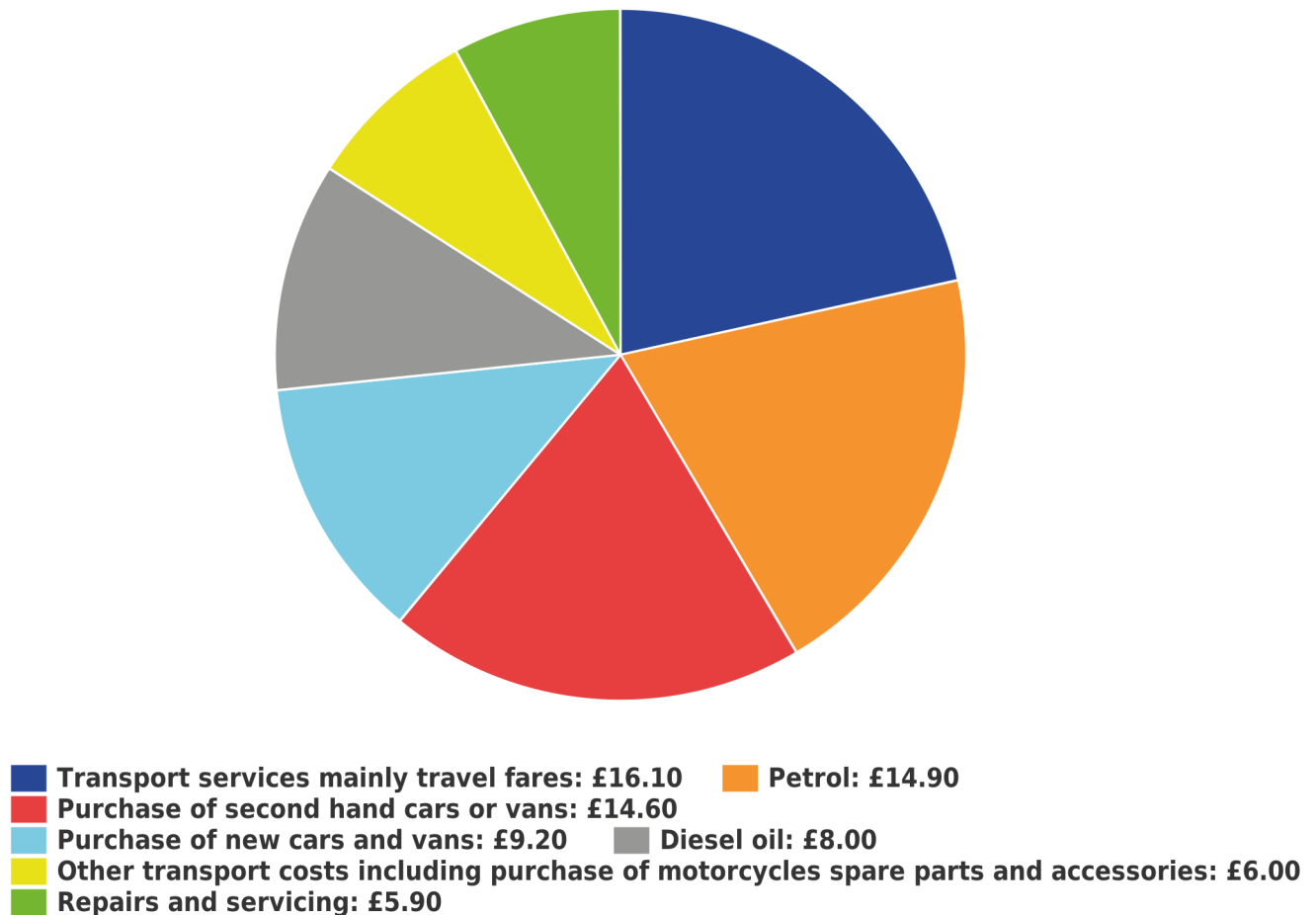
As shown in Table 1.1, transport was the highest expenditure COICOP category, at £74.80 per week; this represents 14% of total expenditure. The next 2 highest categories were housing (net), fuel and power (£72.70) and recreation and culture (£68.80). Average weekly expenditure on food and non-alcoholic drinks in 2014 was £58.80. A full breakdown of spending by detailed category can be found in [Table A1 \(154.5 Kb Excel sheet\)](#).

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.

On average, 14% of total expenditure was on transport and 31% of this spending was on motor fuels, at £22.90 per week. This includes £14.90 per week on petrol and £8.00 on diesel, as shown on Figure 1.1. Average weekly spending on vehicle purchase (£24.80) was similar to the average spent on motor fuels. On average more was spent on second hand cars and vans (£14.60) than new (£9.20). This is because a greater number of second hand cars and vans are purchased than new.

Figure 1.1: Transport expenditure by selected items

UK, 2014



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

Spending on transport services averaged £16.10 per week and made up 22% of transport expenditure. This category is made up mainly of travel fares. Air fares were the highest transport service expenditure (£6.10 per week), followed by rail fares (£3.60) and bus fares (£1.50).

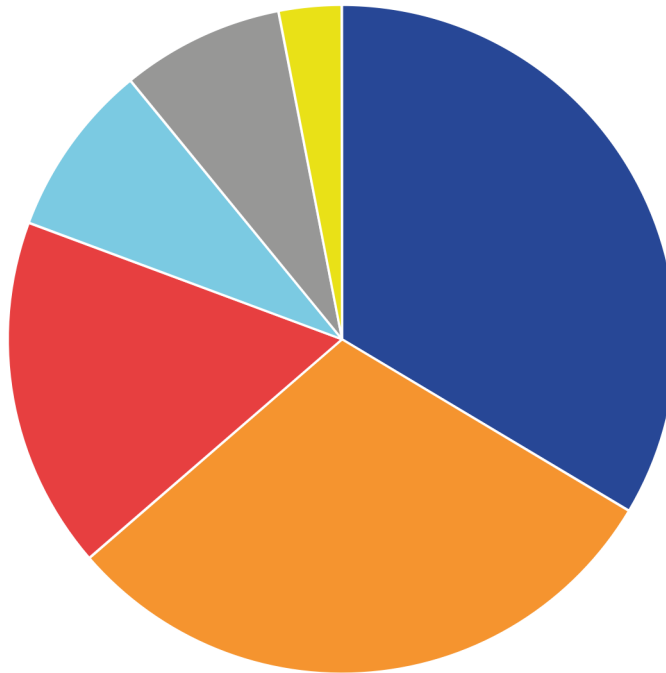
Average weekly household expenditure in the housing (net), fuel and power category in 2014 was made up of:

- net rent: £30.70
- fuel and electricity: £25.80
- maintenance and repairs: £7.00
- water supply and miscellaneous charges (such as refuse collection): £9.00

Household expenditure on housing, including types of spending not included in the COICOP category, such as mortgage payments, averaged £158.30 per week in 2014. Considering only households that pay mortgages, average weekly expenditure on mortgages was £143.80. Net rent expenditure, which is only inclusive of households that rented their accommodation, averaged £90.20 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 1.2: Recreation and culture expenditure by selected items

UK, 2014



Package holidays UK and abroad: £23.10

Recreational and cultural services including sport admissions cinema tickets and TV licences: £20

Other recreational items and equipment gardens and pets: £11.70

Audio-visual photographic and information processing equipment: £5.80

Newspapers books and stationery: £5.40

Other major durables for recreation and culture: £2.10

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

Expenditure within the recreation and culture category represents an extensive range of goods and services. An important element of the spending in this area is the sub-category recreational and cultural services, which accounted for £20.70 per week. This includes a diverse range of expenditures, including:

- sports admissions, subscriptions, leisure class fees and equipment hire (£6.90)
- cinema, theatre and museums etc (£2.80)
- TV subscriptions and licences (£6.70)

Expenditure on package holidays averaged £23.10 per week, this includes both domestic and foreign holidays. An average of £4.30 per week was spent on pets and pet food, and £2.40 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 (£5.40) and non-alcoholic drinks (£4.80). Spending on fresh fruit (£3.50) and vegetables (£4.20) compares with £3.70 per week on buns, cakes, and biscuits and £1.90 on chocolate.

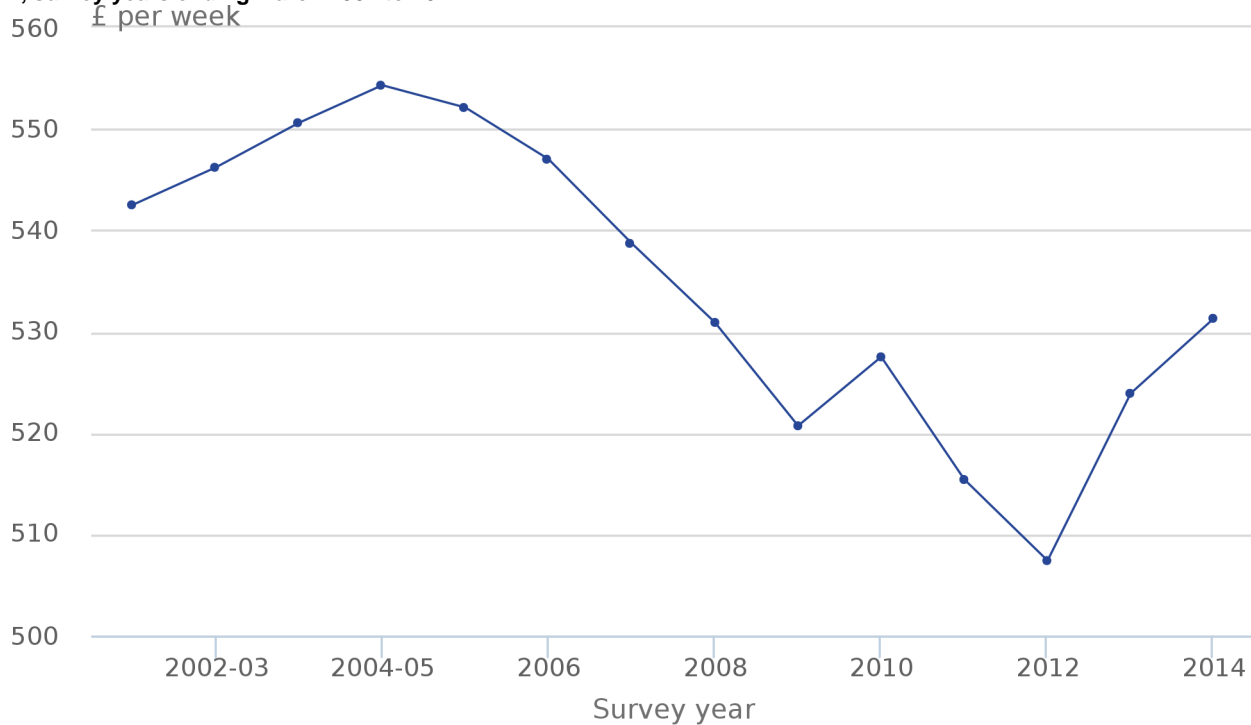
4 . Trends in spending over time

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.

In 2014 spending increased to £531.30, from its lowest level in 2012 when households spent an average of £507.40 per week (adjusted to 2014 prices). Prior to this household average weekly expenditure had decreased between 2006 and 2012, from £547.00 to £507.40. The decline in spending started in 2007, just before the economic downturn. The UK economy showed signs of increasing momentum throughout 2013 and into 2014. Therefore, the trends observed in total household spending after 2008 are largely consistent with the wider economic context; this is explored in more detail in chapter 4.

Figure 1.3: Total household expenditure at 2014 prices

UK, survey years ending March 2002 to 2014



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

Notes:

1. Figures have been deflated to 2014 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.
4. From 2013, figures are based on weighted data using non-response weights based on the 2001 Census and population estimates based on the 2011 Census.

There has been an increase in expenditure in most categories between 2013 and 2014. Transport had the highest average weekly household expenditure in 2014, increasing to £74.80 from £70.40 in 2013. This is partially due to [purchases of cars increasing between 2013 and 2014](#), as well as a decrease in the price of motor fuels which may have increased the available income of households, contributing toward their purchases of more new cars.

Average weekly spending on recreation and culture increased overall between the year ending March 2002 and 2014, from £54.20 (adjusted for inflation) to £68.80 on average per week. This category includes a wide range of goods and services. The increase of £4.40 between 2013 and 2014 is mainly attributable to increases in the following sub-categories:

- personal computers (including tablets)
- gardening items
- equipment for sport and outdoor recreation
- sports admissions and subscriptions

The increase seen in spending on computers reflects the increasing proportion of households that have a [tablet computer \(371 Kb Excel sheet\)](#).

Spending on food and non-alcoholic drinks has been level since 2011, having fallen from £65.10 (at 2014 prices) in the year ending 2005. This is partly attributable to the increase of discount supermarket chains, increasing consumer choice and competition in the market. Clothing and footwear expenditure fluctuated only slightly between 2011 and 2014. Spending on restaurants and hotels has followed a broadly downward trend between the year ending March 2002 and 2014. However, there was a small increase between 2013 and 2014 from £41.40 to £42.50 (at 2014 prices).

The trends in different types of spending between 2013 and 2014 provide evidence that consumer confidence is increasing as the economic recovery continues. An increase in spending was observed in all but 2 categories of spending (although not all increases were statistically significant).

5 . Expenditure by region

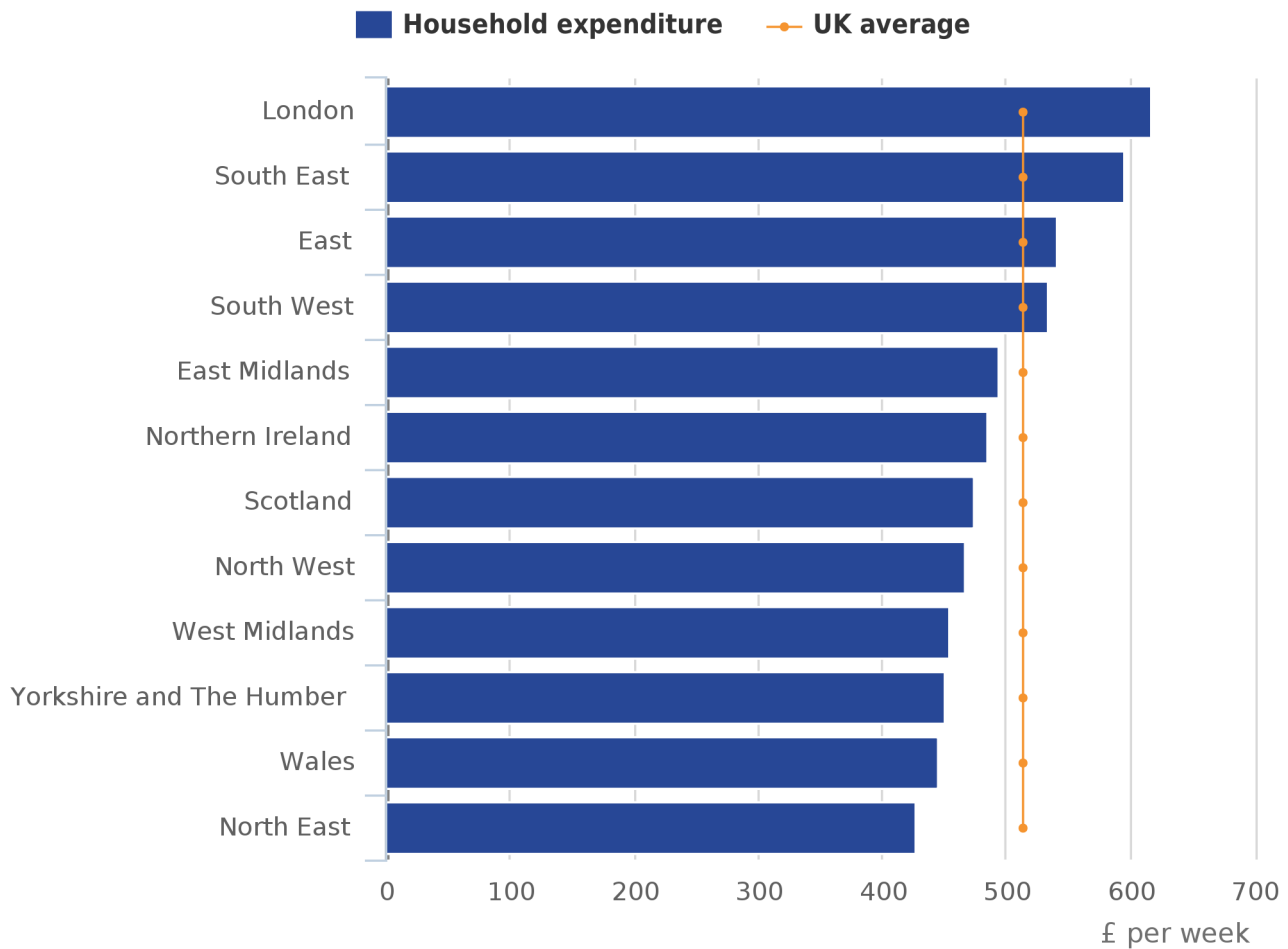
We combine 3 years of data when presenting spending figures broken down by country and region. This ensures the sample size is large enough to provide robust figures when below-UK levels of geography are considered. Detailed expenditure by region is shown in Table A35 (104 Kb Excel sheet).

The average weekly household expenditure in the UK combined over the years 2012 to 2014 was £512.60. There were 4 regions with higher expenditure than the UK average, the top 4 regions were:

1. London (£616.30)
2. the South East (£594.80)
3. the East (£540.60)
4. the South West (£533.00)

Figure 1.4: Household expenditure by region

UK, 2012 to 2014



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

The regions with the lowest average expenditure were:

1. the North East (£427.40)
2. Wales (£444.50)
3. Yorkshire and The Humber (£450.60)

Transport spending in the UK averaged £69.80 over the years 2012 to 2014. It was notably higher in the South East, at £88.00 per week. London's households spent similarly to the UK average on transport overall, at £67.30 per week. It was the lowest spending of all areas on operation of personal transport (fuel and running costs of vehicles) at £25.80 per week, compared with the UK average of £34.80. Conversely, London households reported the highest expenditure on transport services at £27.10 per week. The unusual spending patterns on transport in London reflect the relatively high availability and use of public transport in the capital. Car ownership is correspondingly low: only 62% of households owned a car or van in London over the years 2012 to 2014, compared with the UK average of 76% ([Table A48 \(69.5 Kb Excel sheet\)](#)).

For the 3-year period 2012 to 2014, London was the highest spending region on housing (net), fuel and power (excluding mortgage payments) by a sizeable margin, at £109.00 per week, compared with the second highest average expenditure of £78.90 in the South East. Northern Ireland (£56.10), Scotland (£58.20) and Wales (£60.00) had the lowest expenditures on housing (net), fuel and power. Separating housing (net), fuel and power into its sub-categories reveals that Northern Ireland has the lowest expenditure in the categories of rent (£16.00), water (£0.50) and gas (£3.30). The low expenditure on water is because Northern Ireland households do not pay water rates, instead they pay for water as part of their overall domestic rates (similar to council tax in England and Wales).

A major factor in London's high expenditure was net rent, at £65.80 per week. The South East had the second highest net rent expenditure (£35.10). It is important to note that 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. Average expenditure on net rent was much lower in Northern Ireland (£16.00), Scotland (£18.60), and Wales (£20.80).

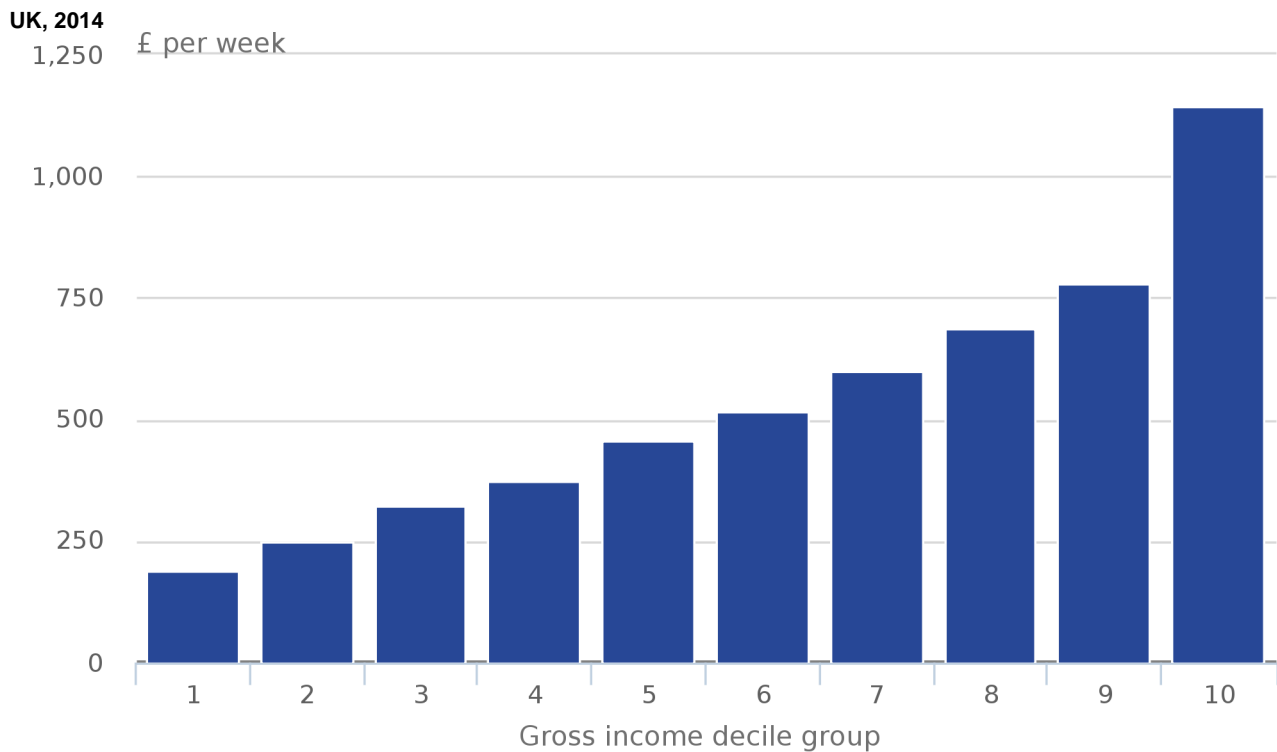
Rural areas averaged higher weekly expenditure (£567.80) than urban areas (£498.40) over the years 2012 to 2014, as presented in [Table A36 \(45.5 Kb Excel sheet\)](#). This difference was mirrored across the majority of categories, with the notable exception of housing (net), fuel and power, where expenditure in urban areas was £73.30 per week, compared with £67.80 in rural areas.

Transport showed the largest difference between spending in rural and urban areas. Rural areas recorded an average weekly expenditure of £89.20 on transport, while urban households averaged £64.70. This may be due to a number of factors, including the enhanced availability of public transport in urban areas compared with rural areas. Another factor is the [longer journeys](#) that are often unavoidable in rural areas to access services and amenities, for example school and work etc. Higher transport expenditure in rural areas may also interact with higher expenditure noted in other categories. For example, rural areas tend to lack local supermarkets in walking distance so rural households may need to travel more often, or travel to nearby small convenience stores, which may be more expensive.

6 . Income

Household expenditure by income grouping is presented in [Table A4 \(73.5 Kb Excel sheet\)](#) and Figure 1.5. The lowest earning 10% of households (known as the lowest income decile) spent an average of £188.50 per week, whereas the highest earning 10% of households spent an average of £1,143.40 per week.

Figure 1.5: Household expenditure by gross income decile group



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 allocate their spending differently compared with those on higher incomes. For example, as a proportion of total expenditure, spending on food and non-alcoholic drink decreased as income increased. As shown in [Table 3.2E \(113.5 Kb Excel sheet\)](#), households in the lowest 10% of incomes spent 17% of their total expenditure on food and alcoholic drinks, whereas the highest ten per cent spent only 7%. This indicates 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 prepared to spend, on food and non-alcoholic drink.

The opposite trend is seen in transport, where the highest income 10% of households allocated 15% of their spending to transport, compared with 9% for the lowest earning households. The different spending patterns on transport were most evident in the purchase of new vehicles; this represents 21% of transport expenditure in the lowest income decile, rising to 35% in the highest income decile (0.4% and 2.3% of total expenditure respectively).

Recreation and culture is another category where higher income households spent more (as a proportion of total spending) than lower income households, rising overall from 11% to 14% of the total from the lowest to highest income deciles. This reflects the expectation that higher income households will have more income available to spend on non-essential goods or services. An example is package holidays; households in the highest income decile allocated 5.6% of total expenditure compared with 2.4% among the lowest decile.

The relationship between expenditure and socio-economic classification

Another way of exploring expenditure patterns for different household types is by looking at the occupation type of the household reference person (HRP). This is presented in [Table A22 \(106 Kb Excel sheet\)](#), using the National Statistics socio-economic classification (NS-SEC). The NS-SEC classification and the way that the household reference person is defined are both explained in the methodology section.

Households where the HRP was long-term unemployed spent the least on food and non-alcoholic drink (£46.60 per week), but this formed a relatively high proportion of their total expenditure (22%). These households also spent a high proportion, 18%, of their overall expenditure on housing (net) fuel and power (excluding mortgages). This means households with a long-term unemployed HRP allocated two-fifths of their expenditure to food and non-alcoholic drinks and housing (net) fuel and power. On the other hand, the long-term unemployed spent only £19.50 on transport, this is one-seventh of the amount spent by households where the HRP was in the category "large employers and higher managerial", at £136.00. Those in the category "large employers and higher managerial" spent the most on recreation and culture at £144.10 per week; this is notably higher than households in the next highest spending category "higher professionals", which spent £103.60. Contrastingly, households with a long-term unemployed HRP spent £20.10 per week on recreation and culture.

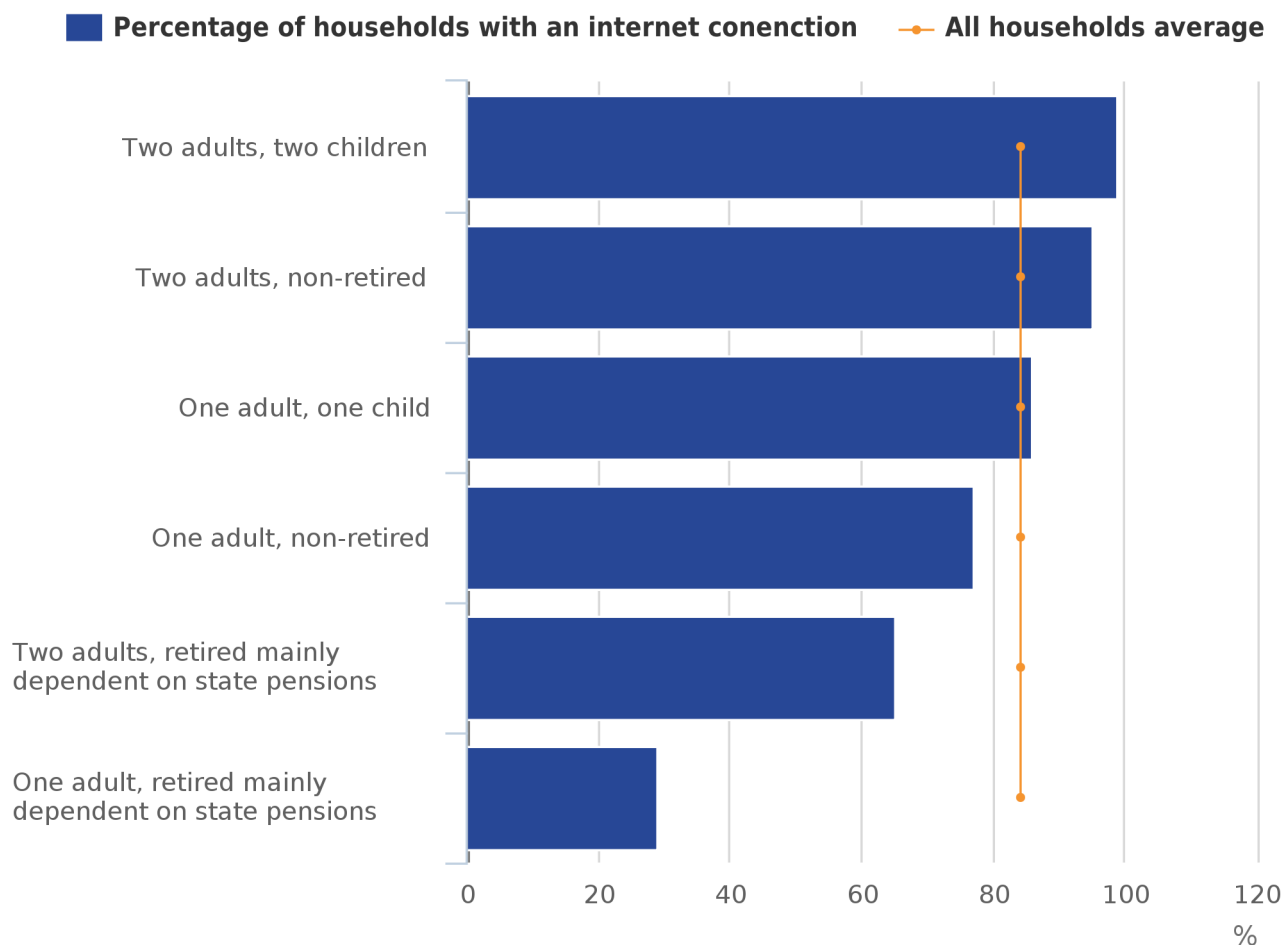
7 . Computer ownership and internet connection at home

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, 85% of households had a home computer, and 84% were connected to the internet at home in 2014. This figure varies depending on the type of household. For instance, computer ownership generally increased as household income increased ([Table A46 \(61.5 Kb Excel sheet\)](#)). Almost all of the households in the top 10% income bracket owned a computer and had an internet connection at home (99%). By comparison, among the lowest-earning 10% of households only 53% owned a home computer and only 51% had an internet connection. The lowest earning households have caught up to some extent over recent years: in 2003, only 15% had an internet connection at home. However, no increase was seen in 2014 compared with 2013, with 51% being recorded for both years.

Figure 1.6 Percentage of households with an internet connection by selected household composition

UK, 2014



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

Levels of internet connection at home also varied depending on the composition of the households, as shown in Figure 1.6. Almost all households (99%) with 2 adults and 2 children had an internet connection at home. Retired households recorded much lower levels – about two-thirds (65%) of retired households, mainly dependent on state pensions, containing 2 adults had an internet connection at home. Amongst retired households, mainly dependent on state pensions, containing 1 adult, less than one-third (29%) had an internet connection at home.

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. Those without internet connection at home may face disadvantages. For example, children who do not have an internet connection may be [disadvantaged at school](#) as homework is often online. Additionally, society increasingly utilises the internet to share information and provide services and those who are not connected may face exclusion.

8. Background notes

1. Symbols and conventions used in Family Spending 2015 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 2014 (1 January 2014 to 31 December 2014).

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