



EP04/4

Household Income & Expenditure 2003

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TWRI is continuing with this short-style summary based on ONS' latest Family Spending 'A Report on the 2002/03 Expenditure & Food Survey'. The change by ONS from the Family Expenditure Survey (FES) to the small, sample-based Expenditure & Food Survey (EFS) created a major discontinuity. The new single-year sample is too small to give robust results in the North East. In TWRI's judgement, the single-year results are misleading.

The existing full TWRI report (Household Income and Expenditure 2001), on TWRI's website, stands as the most robust analysis of change. This uses three years' data presented in previous ONS Family Spending reports. Three years' data creates sample sizes that are robust for the North East (about 1,000). Next year's report will allow three years data from the EFS to be compiled to produce a new, full report based on a larger sample, robust for the North East.

The limited tables presented here for 2003 give a selection of key figures (only) from Family Spending 2002/03.

As well as covering income (Table 1), broad expenditure (Table 2) and ownership of durable goods (Table 3), they also give details of expenditure on:

- Food & drink (Tables 4 & 5)
- Housing, fuel & power (Table 6)
- Transport (Table 7)
- Recreation & culture (Table 8)
- Restaurants & hotels (Table 9)
- Other Expenditure Items (Table 10)
- Other Items Recorded (Table 11)
- Earnings (Table 12)

Table 1: Income and source of income 2002/03

	Weekly household income		Source of income					
	Disposable	Gross	Wages & salaries	Self-employment	Investments	Annuities and pensions	Social security benefits	Other sources
	£	£	Percentage of gross weekly household income					
North East	401	477	69	5	2	6	17	1
United Kingdom	448	546	68	8	4	7	12	1
England	459	561	68	8	4	7	12	1

Source: ONS Family Spending 2002/03

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The expenditure & Food Survey (EFS) covers a wide range of expenditure. Oddly, mortgage interest payments are recorded under 'Other Expenditure Items' (Table 10), rather than under 'Housing' (Table 6). The amount actually spent on mortgage interest is not clear since it is combined with water bills and Council Tax (Table 10).

Interest on credit cards is included (Table 10) but the amount is incredibly low (£1.10pw in the NE). The EFS captures expenditure on transactions under hire purchase or credit sales agreements, or financed by loans repaid by instalments. This consists of all transactions which are still being paid for (at the date of interview), together with down payments on commodities acquired within the preceding three months. These two components are included in the weekly averages under the expenditure item to which they belong.

A few items are not included in EFS' household expenditure in Table 2. The most notable exclusion is mortgage repayments. 'Other Items Recorded' are given in Table 11.

Table 2: Average weekly household expenditure 2002/03

	NE			UK			England		
	weekly exp £	% of all exp gps	SE %	weekly exp £	% of all exp gps	SE %	weekly exp £	% of all exp gps	SE %
Commodity or Service									
1 Food & non alcoholic drinks	38.90	11.4	n/a	42.20	10.5	n/a	42.30	10.4	n/a
2 Alcohol, tobacco & narcotics	10.90	3.2	n/a	11.30	2.8	n/a	11.00	2.7	n/a
3 Clothing & footwear	20.50	6.0	n/a	22.50	5.6	n/a	22.50	5.5	n/a
4 Housing, fuel & power	29.30	8.6	n/a	36.50	9.1	n/a	37.30	9.1	n/a
5 Household goods & services	23.60	6.9	n/a	30.00	7.5	n/a	30.50	7.5	n/a
6 Health	3.20	0.9	n/a	4.70	1.2	n/a	5.00	1.2	n/a
7 Transport	49.60	14.6	n/a	58.20	14.5	n/a	60.00	14.7	n/a
8 Communication	9.80	2.9	n/a	10.40	2.6	n/a	10.60	2.6	n/a
9 Recreation & culture	50.20	14.7	n/a	55.00	13.7	n/a	56.00	13.7	n/a
10 Education	3.40	1.0	n/a	5.40	1.3	n/a	5.70	1.4	n/a
11 Restaurants & hotels	32.00	9.4	n/a	34.10	8.5	n/a	34.70	8.5	n/a
12 Misc goods & services	24.60	7.2	n/a	31.80	7.9	n/a	32.70	8.0	n/a
13 Other exp items	44.80	13.1	n/a	58.20	14.5	n/a	60.00	14.7	n/a
1-13 Total*	340.80	100		400.30	100		408.50	100	

* sums may not add due to rounding to the nearest 10p

SE % is the standard error of the estimate as a percentage of the mean. This has been excluded from the Family Spending report 2002/03 by ONS due to problems with methodology

(h) means NE spending is above the UK mean

Source: ONS Family Spending 2002/03

Table 3: % of households owning selected durable goods 2002/03

	NE	UK	England
Car/van -	62	74	75
one	38	44	44
two	19	24	25
three+	5	6	6
Central heating full or partial (h)	98	92	92
Fridge-freezer or deep freezer (=)	94	94	94
Washing machine (h)	97	95	96
Tumble dryer (=)	55	55	55
Dishwasher	20	28	29
Microwave (h)	90	86	86
Telephone (h)	95	94	94
Mobile phone (=)	67	67	68
Video recorder (h)	92	90	90
Satellite receiver (h)	47	44	43
CD player (=)	82	82	82
Home computer	45	52	53
Internet connection	36	42	43

(h) means NE is above the UK mean, (=) means equal to UK mean

Source: Family Spending 2002/03

Table 4: Food & Non-alcoholic drinks expenditure 2002/03

	NE	UK	England
	£	£	£
Food	35.40	38.60	38.70
Bread, rice & cereals	3.60	3.80	3.70
Pasta products (=)	0.30	0.30	0.30
Buns, cakes, biscuits etc. (=)	2.70	2.70	2.70
Pastry (savoury) (h)	0.70	0.60	0.60
Beef (fresh, chilled or frozen)	1.10	1.30	1.30
Pork (fresh, chilled or frozen)	0.50	0.60	0.60
Lamb (fresh, chilled or frozen)	0.40	0.60	0.60
Poultry (fresh, chilled or frozen)	1.30	1.50	1.50
Bacon & ham (=)	0.90	0.90	0.80
Other meat & meat preparations (h)	4.80	4.70	4.60
Fish & fish products	1.50	1.80	1.80
Milk (=)	2.10	2.10	2.10
Cheese & curd	1.10	1.40	1.40
Eggs (=)	0.40	0.40	0.40
Other milk products	1.30	1.40	1.40
Butter (=)	0.30	0.30	0.30
Margarine & other vegetable fats (=)	0.40	0.40	0.40
Peanut butter (=)	0.00	0.00	0.00
Cooking oils & fats	0.10	0.20	0.20
Fresh fruit	1.70	2.30	2.40
Other fresh, chilled or frozen fruits	0.10	0.20	0.20
Dried fruits & nuts (=)	0.30	0.30	0.40
Preserved fruits & fruit based products (=)	0.10	0.10	0.10
Fresh vegetables	2.20	3.00	3.10
Dried & other preserved or processed vegetables	0.90	1.00	1.00
Potatoes	0.70	0.80	0.80
Other tubers and products of tuber vegetables (h)	1.30	1.20	1.10
Sugar & sugar products	0.20	0.30	0.30
Jams, marmalades (=)	0.20	0.20	0.20
Chocolate (h)	1.40	1.30	1.30
Confectionery products (h)	0.70	0.60	0.60
Edible ices & ice cream (=)	0.50	0.50	0.50
Other food products	1.60	1.80	1.80
Non-alcoholic drinks	3.50	3.60	3.60
Coffee (=)	0.50	0.50	0.50
Tea	0.40	0.50	0.50
Cocoa & powdered chocolate (=)	0.10	0.10	0.10
Fruit & vegetable juices, mineral waters	0.90	1.10	1.20
Soft drinks (h)	1.60	1.40	1.30

[] figures to be used with extra caution because based on fewer than 20 reporting households

(h) means NE spending is above the UK mean, (=) means equal to UK mean

Source: ONS Family Spending 2002/03

Table 5: Alcoholic drink, tobacco & narcotics[#] expenditure 2002/03

	NE £	UK £	England £
Alcoholic drinks (brought home)	5.60	5.90	5.80
Spirits & liquers	1.00	1.20	1.10
Wines, fortified wines	2.20	2.80	2.90
Beer, lager, ciders & Perry (h)	2.30	1.70	1.70
Alcopops (=)	0.10	0.10	0.10
Tobacco & Narcotics	5.30	5.40	5.20
Cigarettes (=)	4.80	4.80	4.60
Cigars, other tobacco products & narcotics	0.50	0.60	0.60

[#] Data for narcotics has been combined in the 2003 report with tobacco.

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Source: ONS Family Spending 2002/03

Table 6: Housing¹, fuel & power 2002-03

	NE £	UK £	England £
Actual rentals for housing	19.30	21.60	22.30
Gross rent	19.30	21.50	22.30
/less housing benefit, rebates & allowances received (h)	11.40	9.10	9.10
Net rent	7.90	12.40	13.20
Second dwelling rent	*	0.10	0.10
Maintenance and repair of dwelling	5.20	7.00	7.20
Water supply and miscellaneous services relating to the dwelling	4.40	5.30	5.40
Electricity, gas and other fuels (=)	11.70	11.70	11.50
Electricity	5.60	5.80	5.60
Gas (h)	5.40	5.10	5.20
Other fuels	0.70	0.90	0.60

* Data not available due to unreliability, as a result of:

1. too few reporting households, generally less than 10, or
2. sampling error too large, generally 50 percent or more

¹ Excluding mortgage interest payments, council tax and Northern Ireland rates

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Source: ONS Family Spending 2002/03

Table 7: Transport expenditure 2002/03

	NE	UK	England
	£	£	£
Purchase of vehicles	22.30	26.10	27.20
Purchase of new cars & vans	9.50	11.00	11.60
Purchase of second hand cars & vans	12.30	14.30	14.80
Purchase of motorcycles & other vehicles	[0.50]	0.80	0.80
Operation of personal transport	19.50	23.70	24.20
Spares & accessories	1.50	2.00	2.10
Petrol, diesel, & other motor oils	13.20	14.70	14.80
Repairs & servicing	3.50	5.10	5.30
Other motoring costs	1.30	1.90	1.90
Transport services	7.90	8.40	8.60
Rail & tube fares	1.10	1.80	2.00
Bus & coach fares (h)	1.60	1.40	1.40
Combined fares	[0.30]	0.90	1.10
Other travel & transport^ (h)	4.90	4.30	4.20

^ probably mainly taxis

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Source: ONS Family Spending 2002/03

Table 8: Recreation & Culture expenditure 2002/03

	NE £	UK £	England £
Audio-visual, photographic & information processing equipment	6.50	8.00	8.10
Audio equipment & accessories, CD players	2.20	2.50	2.70
Photographic & cinematographic equipment	4.10	4.70	4.70
Optical instruments, binoculars, telescopes, microscopes	0.20	0.70	0.80
Other major durables for recreation & culture (h)	[0.50]	1.70	1.80
Other recreational items & equipment, gardens & pets	8.90	9.70	10.00
Games, toys & hobbies (h)	2.50	2.20	2.20
Computer software & games (=)	1.00	1.00	1.00
Equipment for sport, camping & open-air recreation (h)	1.70	0.90	0.90
Horticultural goods, equipment & plants	2.00	2.80	2.90
Pets & pet food	1.70	2.80	2.90
Recreational & cultural services (h)	18.10	16.70	16.90
Sports admissions, subscriptions & leisure class fees	4.20	5.20	5.40
Cinema, theatre & museums etc	1.40	1.60	1.70
TV, video, satellite, cable, TV licence, internet (h)	5.00	4.80	4.70
Misc entertainments (h)	1.10	1.00	1.00
Development of film, deposit and all photos (=)	0.40	0.40	0.40
Gambling pymts (h)	6.10	3.70	3.70
Newspapers, books & stationery	5.90	6.40	6.40
Books, diaries, address books, cards etc	3.00	3.40	3.50
Newspapers (h)	2.00	1.90	1.80
Magazines & periodicals	1.00	1.10	1.10
Package holidays	10.30	12.60	12.90
UK	[0.40]	0.80	0.90
Abroad	9.90	11.70	12.00
Total	50.20	55.00	56.00

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Source: ONS Family Spending 2002/03

Table 9: Restaurants & hotels expenditure 2002/03

	NE	UK	England
	£	£	£
Catering services	29.30	29.60	30.00
Restaurants & café meals	9.00	11.00	11.30
Alcoholic drinks (away from home) (h)	10.50	8.70	8.80
Take-away meals (at home) (h)	3.80	3.50	3.50
Other take-away meals & snack food	4.00	4.10	4.10
Contract catering (food)	*	0.40	0.50
Canteens (h)	1.90	1.80	1.80
Accommodation services	2.70	4.50	4.80
Holiday in UK	1.80	2.30	2.40
Holiday abroad	0.90	2.20	2.30
Room hire	*	0.10	0.10

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2. sampling error too large, generally 50 percent or more

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Source: ONS Family Spending 2002/03

Table 10: Other Expenditure Items 2002/03

	NE	UK	England
	£	£	£
Housing: mortgage interest payments water, council tax etc.	32.70	38.90	40.40
Licences, fines and transfers	1.90	3.40	3.60
Holiday Spending	[3.60]	6.30	6.40
Money transfers and credit	6.40	9.60	9.60
Money, cash gifts given to children	0.10	0.20	0.10
Cash gifts and donations	5.20	7.80	7.80
Club instalment payments (child) and interest on credit cards	1.10	1.60	1.60

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Source: ONS Family Spending 2002/03

TWRI comment:

The UK average on 'mortgage interest payments, water, council tax etc.' of £38.90/week equates to £2,224pa per household. If this was entirely mortgage interest on a UK mortgage debt of about £650bn, spread over 24.4m (GB) households, this implies an average rate of interest of 7.59%.

The actual mortgage interest implied by EFS is lower (perhaps about half this), because some expenditure is on water (perhaps about £200pa) and on council tax (perhaps about £1,000pa before benefits). [Both are TWRI guesstimates.]

Credit card transactions are recorded on an 'acquisition basis' rather than the formerly used 'payment basis'. The acquisition of an item paid for by credit transaction would be included as part of expenditure during that period, regardless of whether any payment was made to the credit card account. Payments made to credit card accounts are ignored. However, payment of *interest* on credit accounts is included in 'Other expenditure items'.

Table 11: Other Items Recorded# 2002/03

	NE £	UK £	England £
Life assurance, contributions to pension funds	16.50	22.40	23.00
Other insurance inc. Friendly Societies	0.50	1.10	1.20
Income tax, payments less refunds	53.40	74.10	77.60
National insurance contributions	16.90	19.30	19.80
Purchase or alteration of dwellings, mortgages**	26.60	72.20	82.80
Savings and investments	5.10	6.90	7.40
Pay off loan to clear other debt (h)	2.90	2.50	2.70
Windfall receipts from gambling etc.	*	2.30	2.40

These items are not included within any of the main expenditure categories elsewhere in the EFS

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** This item (worth £3,754pa for the average UK household) is presumably largely mortgage repayments. As this equates to £91bn, this may be wrongly including some mortgage interest.

(h) means NE spending is above the UK mean

Source: ONS Family Spending 2002/03

Table 12: Full-time weekly earnings recorded by the New Earnings Survey 2003 (£)

	Men & Women	Men	Women
North East	402.1	437.8	347.3
Great Britain	475.8	525.0	396.0
England	483.4	533.5	400.9

Source: New Earnings Survey 2003

N.B. UK data not available