



**HOUSEHOLD SATELLITE ACCOUNT
(EXPERIMENTAL)
METHODOLOGY
Chapter 9 Intermediate Consumption**

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9. INTERMEDIATE CONSUMPTION

Concepts

In order to arrive at the value added by households in the household production process, we need to subtract goods and services which are purchased from market producers and used up in the production process. These need to be assigned to the relevant principal function

Methodology

Data sources

Our data source is the four-digit Classification of Individual Consumption by Purpose (COICOP) of Household Final Consumption Expenditure in the National Accounts. The first step is to reclassify each code to final consumption, intermediate consumption and household capital. Most codes can be classified in their entirety at the four-digit level, as shown in Annex 9.1 at the end of the chapter. Some, however, require a further breakdown, based on alternative data sources.

01 Food and non-alcoholic beverages

Snack food, which requires no preparation and which has not been included in our estimate of home produced meals, remains in final consumption. This includes biscuits, crisps and confectionery. The proportions used to obtain the splits are from the National Food Survey and the Family Expenditure Survey. Cold drinks also remain in final consumption.

03 Clothing and footwear

A proportion of 'Other articles of clothing and clothing accessories' relates to haberdashery, which is an input to the production and repair of clothing. This proportion comes from the Family Expenditure Survey.

04 Housing, water, electricity, gas and other fuels

Part of the rent paid by tenants is an input to some of the principal functions, so this is treated separately from the rest of household final consumption expenditure. The same is true for utilities and insurance paid by tenants (see below).

05 Furnishings, household equipment and routine maintenance of the house

The durable goods in this category are reclassified as household capital, while the semi-durable goods, which are generally of lower value, and with hard to quantify service life lengths, are reclassified as intermediate consumption.

12 Miscellaneous goods and services

Articles for babies, toiletries and equipment, are included in two categories in this section, and a proportion of each category is reclassified into intermediate consumption based on FES data.

The second step is to allocate the intermediate consumption to the respective HHS project. As before, in most cases, a four-digit category can be allocated in its entirety to one or other project – Annex 9.2 at the end of the chapter. The exceptions are as follows:

04 Housing, water, electricity, gas and other fuels

In order to calculate not only owner-occupied accommodation services, but also the services provided by tenants, we need a breakdown of intermediate consumption by owner-occupiers

and renters. This will also be used later, in the UK Account calculation, to estimate the input of housing to projects where the market price used for valuation includes the cost of premises. The number of owner occupied and rented rooms respectively, as a proportion of total rooms, is used to distribute expenditure on utilities between owner-occupiers and renters.

A different split is used for goods and services relating to the maintenance and repair of dwellings. We have assumed that tenants rely on landlords to organise services related to maintaining dwellings and pay for them directly. Therefore we have allocated all of this category to owner-occupiers. Tenants do undertake some repairs themselves, and we have therefore looked at the relative amounts of time spent on construction and repairs by tenants and owner-occupiers, and used these proportions to allocate the purchases of maintenance related materials to owner-occupiers and tenants. But we have assumed that tenants then recover the cost of these materials from their landlords, so their share of this expenditure is considered to be final consumption.

05 Furnishings, household equipment and routine maintenance of the house

Non-durable household goods include cleaning and maintenance products, kitchen disposables (napkins, filters, kitchen roll etc.) and small items of hardware (matches, candles, string etc.). The cleaning and maintenance products need to be divided between the detergents used for washing up etc. (which belong in the nutrition project), the detergents used for doing the laundry (which belong in the clothing & laundry project), and the cleaning materials which are part of providing clean accommodation (and belong in the housing project). The latter also need to be split between owner-occupiers and renters. Although the FES distinguishes between detergents and cleaning materials and hardware, it does not help with the nutrition/laundry split, as washing powder is not separately identified. We have therefore used firstly the FES proportions, and then based Product sales and trade data using the Standard Industrial Classification to separate out the nutrition, laundry and housing elements of this category. The housing elements also need to be further subdivided between owner-occupiers and renters. As with utilities above, this is done based on the proportion of rooms in each of the two categories.

Repairs to household appliances are split between projects using the same proportions as the household appliances themselves in the Household Capital project.

Small tools and miscellaneous accessories are divided between owner-occupiers and tenants on the basis of the time spent in maintenance activities, i.e. in the same way that materials have been allocated to these two groups.

09 Recreation and culture

Expenditure on gardens, plants and flowers is divided between tenants and owner-occupiers on the basis of the relative proportions of the total time spent gardening.

Sensitivity analysis

We looked at how our results might differ using the proportions of expenditure on housing relating items by tenure in the FES, rather than the proportions of rooms.

Annex 9.1 Household Final Consumption Expenditure in the HHSA

COICOP Classification	Commodity	Intermediate consumption	Final consumption	Household Capital
01.1.1	Bread and cereals (ND)	X	X	
01.1.2	Meat (ND)	X		
01.1.3	Fish (ND)	X		
01.1.4	Milk, cheese and eggs (ND)	X		
01.1.5	Oils and fats (ND)	X		
01.1.6	Fruit (ND)	X		
01.1.7	Vegetables (ND)	X	X	
01.1.8	Sugar, jam, honey, chocolate and confectionery (ND)	X	X	
01.1.9	Food products n.e.c. (ND)	X		
01.2.1	Coffee, tea and cocoa (ND)	X		
01.2.2	Mineral waters, soft drinks, fruit and vegetable juices (ND)		X	
02.1.1	Spirits (ND)		X	
02.1.2	Wine (ND)		X	
02.1.3	Beer (ND)		X	
02.2.0	Tobacco (ND)		X	
02.3.0	Narcotics (ND)		X	
03.1.1	Clothing materials (SD)	X		
03.1.2	Garments (SD)		X	
03.1.3	Other articles of clothing and clothing accessories (SD)	X	X	
03.1.4	Cleaning, repair and hire of clothing (S)		X	
03.2.1	Shoes and other footwear (SD)		X	
03.2.2	Repair and hire of footwear (S)		X	
04.1.1	Actual rentals paid by tenants (S)	X		
04.1.2	Other actual rentals (S)		X	
04.2.1	Imputed rentals of owner-occupiers (S)			
04.2.2	Other imputed rentals (S)			
04.3.1	Materials for the maintenance and repair of the dwelling (ND)	X		
04.3.2	Services for the maintenance and repair of the dwelling (S)	X		
04.4.1	Water supply (ND)	X		
04.4.2	Refuse collection (S)	X		
04.4.3	Sewerage collection (S)	X		
04.4.4	Other services relating to the dwelling n.e.c. (S)	X		
04.5.1	Electricity (ND)	X		
04.5.2	Gas (ND)	X		
04.5.3	Liquid fuels (ND)	X		
04.5.4	Solid fuels (ND)	X		
04.5.5	Heat energy (ND)	X		
05.1.1	Furniture and furnishings (D)			X
05.1.2	Carpets and other floor coverings (D)			X
05.1.3	Repair of furniture, furnishings and floor coverings (S)	X		
05.2.0	Household textiles (SD)	X		
05.3.1	Major household appliances whether electric or not (D)			X
05.3.2	Small electric household appliances (SD)	X		
05.3.3	Repair of household appliances	X		

COICOP Classification	Commodity	Intermediate consumption	Final consumption	Household Capital
05.4.0	Glassware, tableware and household utensils (SD)	X		
05.5.1	Major tools and equipment (D)			X
05.5.2	Small tools and miscellaneous accessories (SD)	X		
05.6.1	Non-durable household goods (ND)	X		
05.6.2	Domestic services and household services (S)	X		
06.1.1	Pharmaceutical products (ND)		X	
06.1.2	Other medical products (ND)		X	
06.1.3	Therapeutic appliances and equipment (D)		X	
06.2.1	Medical Services (S)		X	
06.2.2	Dental services (S)		X	
06.2.3	Paramedical services (S)		X	
06.3.0	Hospital services (S)		X	
07.1.1	Motor cars (D)			X
07.1.2	Motor cycles (D)			X
07.1.3	Bicycles (D)			X
07.1.4	Animal drawn vehicles (D)			X
07.2.1	Spare parts and accessories for personal transport equipment (SD)	X		
07.2.2	Fuels and lubricants for personal transport equipment (ND)	X		
07.2.3	Maintenance and repair of personal transport equipment (S)	X		
07.2.4	Other services in respect of personal transport equipment (S)	X		
07.3.1	Passenger transport by railway (S)		X	
07.3.2	Passenger transport by road (S)		X	
07.3.3	Passenger transport by air (S)		X	
07.3.4	Passenger transport by sea and inland waterway (S)		X	
07.3.5	Combined passenger transport (S)		X	
07.3.6	Other purchased transport services (S)		X	
08.1.0	Postal services (S)		X	
08.2.0	Telephone and telefax equipment (D)		X	
08.3.0	Telephone and telefax services (S)		X	
09.1.1	Equipment for the reception, recording and reproduction of sound and		X	
09.1.2	Photographic and cinematographic equipment and optical instruments (D)		X	
09.1.3	Information processing equipment (D)		X	
09.1.4	Recording media (SD)		X	
09.1.5	Repair of audio-visual, photographic and information processing		X	
09.2.1	Major durables for outdoor recreation (D)		X	
09.2.2	Musical instruments and major durables for indoor recreation (D)		X	
09.2.3	Maintenance and repair of other major durables for recreation and culture		X	
09.3.1	Games, toys and hobbies (SD)		X	
09.3.2	Equipment for sport, camping and open-air recreation (SD)		X	
09.3.3	Gardens, plants and flowers (ND)	X		
09.3.4	Pets and related products (ND)		X	
09.3.5	Veterinary and other services for pets (S)		X	
09.4.1	Recreational and sporting services (S)		X	
09.4.2	Cultural services (S)		X	
09.4.3	Games of chance (S)		X	
09.5.1	Books (SD)		X	

COICOP Classification	Commodity	Intermediate consumption	Final consumption	Household Capital
09.5.2	Newspapers and periodicals (ND)		X	
09.5.3	Miscellaneous printed matter (ND)		X	
09.5.4	Stationery and drawing materials (ND)		X	
09.6.0	Package holidays (S)		X	
10.0	Education		X	
10.1.0	Pre-primary and primary education (S)		X	
10.2.0	Secondary education (S)		X	
10.3.0	Post-secondary non-tertiary education (S)		X	
10.4.0	Tertiary education (S)		X	
10.5.0	Education not definable by level (S)		X	
11.1.1	Restaurants, cafés and the like (S)		X	
11.1.2	Canteens (S)		X	
11.2.0	Accommodation services (S)		X	
12.1.1	Hairdressing salons and personal grooming establishments (S)		X	
12.1.2	Electric appliances for personal care (SD)		X	
12.1.3	Other appliances, articles and products for personal care (ND)	X	X	
12.2.0	Prostitution (S)		X	
12.3.1	Jewellery, clocks and watches (D)		X	
12.3.2	Other personal effects (SD)	X	X	
12.4.0	Social protection (S)		X	
12.5.1	Life insurance (S)		X	
12.5.2	Insurance connected with the dwelling (S)	X		
12.5.3	Insurance connected with health (S)		X	
12.5.4	Insurance connected with transport (S)	X	X	
12.5.5	Other insurance (S)		X	
12.6.1	FISIM (S)		X	
12.6.2	Other financial services n.e.c. (S)		X	
12.7.0	Other services n.e.c. (S)		X	

Annex 9.2 Allocation of intermediate consumption to HHSA projects

COICOP Classification	Commodity							
		Childcare	Nutrition	Clothing	Laundry	Transport	Owner occupiers	Tenants
01.1.1	Bread and cereals (ND)		X					
01.1.2	Meat (ND)		X					
01.1.3	Fish (ND)		X					
01.1.4	Milk, cheese and eggs (ND)		X					
01.1.5	Oils and fats (ND)		X					
01.1.6	Fruit (ND)		X					
01.1.7	Vegetables (ND)		X					
01.1.8	Sugar, jam, honey, chocolate and confectionery		X					
01.1.9	Food products n.e.c. (ND)		X					
01.2.1	Coffee, tea and cocoa (ND)		X					
03.1.1	Clothing materials (SD)			X				
03.1.3	Other articles of clothing and clothing access			X				
04.1.1	Actual rentals paid by tenants (S)							X
04.3.1	Materials for the maintenance and repair						X	X
04.3.2	Services for the maintenance and repair						X	
04.4.1	Water supply (ND)						X	X
04.4.2	Refuse collection (S)						X	X
04.4.3	Sewerage collection (S)						X	X
04.4.4	Other services relating to the dwelling n.e.c.							
04.5.1	Electricity (ND)						X	X
04.5.2	Gas (ND)						X	X
04.5.3	Liquid fuels (ND)						X	X
04.5.4	Solid fuels (ND)						X	X
04.5.5	Heat energy (ND)							
05.1.3	Repair of furniture, furnishings and floor cov.						X	X
05.2.0	Household textiles (SD)						X	X
05.3.2	Small electric household appliances (SD)		X					
05.3.3	Repair of household appliances (S)		X		X		X	X
05.4.0	Glassware, tableware and household utensils (S)		X					
05.5.2	Small tools and miscellaneous accessories (SD)						X	X
05.6.1	Non-durable household goods (ND)		X		X		X	X
05.6.2	Domestic services and household services (S)						X	X
07.2.1	Spare parts and accessories for personal transport					X		
07.2.2	Fuels and lubricants for personal transport equipment					X		
07.2.3	Maintenance and repair of personal transport equipment					X		
07.2.4	Other services in respect of personal transport					X		
09.3.3	Gardens, plants and flowers (ND)						X	X
12.1.3	Other appliances, articles and products for personal care	X						
12.3.2	Other personal effects (SD)	X						
12.5.2	Insurance connected with the dwelling (S)						X	X
12.5.4	Insurance connected with transport (S)					X		