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Coverage
United Kingdom
Theme
Social and Welfare

Housing-related costs average £140 a week

Family Spending 2006 – results of the Expenditure and Food Survey 2005/06

UK households spent an average of £140 a week on housing-related costs in 2005/06, according to analysis in *Family Spending*, published today by the Office for National Statistics (ONS). This estimate is based upon the most comprehensive definition of all housing-related costs although other more restricted definitions of housing-related costs are used for other purposes (see below).

Across all households, average weekly spending within the £140 included:

- £49 on mortgages
- £25 on housing alterations and improvements
- £23 on council tax, water charges and other local taxes and service charges
- £16 on rent net of rebates and benefits.

Among households paying rent, the average rent, net of rebates and benefits, for the United Kingdom was £56 a week. The average for London was 49 per cent higher (£84) and the average for Northern Ireland was 44 per cent lower (£32).

For households with mortgages, the average weekly cost was £127 though households in the South East, London and the East of England spent more than the UK average. Households in the South East spent the most, £171 a week or 34 per cent more than the UK average. Households in Northern Ireland spent the least on their mortgage, £87 a week or 31 per cent less than the UK average.

The comprehensive definition of housing expenditure, which gives an average of £140 a week for each household, is built up from three elements of housing costs:

- * Those included within the **Classification Of Individual CO**nsumption by **P**urpose (COICOP) - the internationally agreed classification for National Accounts purposes used in most of *Family Spending*. It covers net rent; household maintenance and repair; water and other service charges; and household

Issued by
National Statistics
1 Drummond Gate
London SW1V 2QQ

Telephone
Press Office 020 7533 5702
Email press.office@ons.gov.uk
Public Enquiries 0845 601 3034

Statistician
Ed Dunn 01633 812295
Cathy Gibbins 020 7533 5407

Internet
www.statistics.gov.uk

insurances. On this definition, average expenditure by UK households was £35 a week.

- * In addition to the housing items included in the COICOP classification, the *Family Spending* report includes an “other expenditure items” category. This includes: mortgage interest payments; mortgage protection premiums; council tax, domestic rates for only or main residence; council tax, mortgage and insurance for second dwelling. Under the combined COICOP and the “other expenditure items” definition, households spent £85 a week on average. These are the housing costs that are included in the average total household expenditure of £443 a week.
- * In the housing chapter of *Family Spending*, ONS uses the most comprehensive definition of housing-related costs. In addition to the items covered above, it includes housing alterations and improvements; capital repayment of mortgages; purchase of a second dwelling; moving house; outright purchase of dwellings and deposits for that purpose. Under this definition, households spent £140 a week on average in 2005/06.

The tables below show how the comprehensive definition of housing expenditure presented here is built up from these elements –

Housing costs included in COICOP classification (see background note

1):

Net rent	£16.30
Household maintenance and repair	£7.70
Water and other service charges	£6.30
Household insurances	£4.90
Total	£35.20

Housing costs included as “other expenditure items”:

Mortgage interest payments	£30.20
Mortgage protection premiums	£1.70
Council tax, domestic rates	£16.60
Council tax, mortgage, insurance (second dwelling)	£0.70
Total	£49.30

Additional housing costs included in the comprehensive definition:

Household alterations and improvements	£25.40
Capital repayment of mortgages	£16.70
Purchase of second dwelling	£2.90
Moving house	£2.10
Outright purchases of dwellings/deposits	£8.00
Total	£55.10

TOTAL HOUSING RELATED COSTS **£139.60**

BACKGROUND TO THE SURVEY***How the information is collected***

1. In 2005/06, 6,785 households in the United Kingdom took part in the survey. The sample is representative of all regions of the UK and of different types of households and the survey is continuous: interviews are spread evenly over the calendar year to ensure that estimates are not biased by seasonal variation.
2. Strict care is taken to keep the information supplied by the individual households confidential. No material is released in a form which would allow individual households to be identified.

How the information is used

1. The EFS shows how households spend their money; how much goes on food, clothing and so on; and how spending patterns vary depending upon income, household composition, and regional location of households. The survey also contains data on household income and its sources.
2. One of the main purposes of the EFS (formerly the Family Expenditure Survey) is to define the 'basket of goods' for the Retail Prices Index (RPI) and the Consumer Prices Index (CPI) which are both measures of inflation. The RPI has a vital role in the uprating of state pensions and welfare benefits, while the CPI is a key instrument of the government's monetary policy.
3. Information from the EFS is also a major source for estimates of Household Expenditure in the UK National Accounts.
4. EFS information on expenditure and income is used by HM Treasury to study how taxes and benefits affect household incomes and to analyse the effects of policy in these areas.
5. Regional EFS information is one of the sources of regional estimates of consumer spending and other regional statistics.

6. Many other government departments use EFS data as a basis for policy making, for example in the areas of housing and transport.
7. Users outside government include independent research institutes, academic researchers, and business and market researchers.

BACKGROUND NOTES

1. Family Spending 2005/06 is available free at <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=361>
2. In common with any sample survey, Expenditure and Food Survey (EFS) results are subject to sampling variability. This is indicated by the standard errors in table A1 of Family Spending 2005/06 which are discussed in Appendix B of the report. Figures, and differences between figures, should be interpreted in the light of these standard errors.
3. The EFS is reviewed each year, and changes may be made to keep it up-to-date. Year-on-year changes should be interpreted with caution.
4. The definitions of income and expenditure used are explained in Appendix B of Family Spending 2005/06.
5. Experience of household surveys in the United Kingdom and in other countries indicates that reported expenditure on a few items (notably tobacco and alcohol) is below the levels which might be expected by comparison with other sources of information. National Lottery spending has also been significantly under-recorded in the EFS, particularly for scratchcards.
6. The format of the Family Spending publication changed in 2003/04 and the tables of key results which historically were found in the main body of the report are now in Appendix A. within the 2005/06 publication chapter 1 presents an overview of findings. Chapter 2 presents results of expenditure on housing which covers all reported expenditure on housing. Results based on equivalised income are presented in Chapter 3. Results of trends in household expenditure over time, from 1982 to 2005/06, are presented in Chapter 4.
7. The report gives a broad overview of the results of the survey, and provides more detailed information about some aspects of expenditure. However, many users of EFS data have very specific data requirements which may not appear in the desired form in this report. The ONS can provide more detailed analysis of the tables in this report, and can also provide additional tabulations to meet specific requests. A charge will be made to cover the cost of providing additional information.
8. For further information on this service, contact:

Expenditure and Food Survey,

Tel: 020 7533 5752
Tel: 01633 819100
e-mail: efs@ons.gsi.gov.uk
9. Details of the National Statistics policy governing the release of new data are available from the press office. Also available is a list of the names of those given pre-publication access to the contents of this release.

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