Public consultation: Regional household expenditure measures

Consultation response

December 2018

Overview

We have developed experimental regional estimates of household spending across the whole UK for the first time, aimed at showing users what is possible. At a regional level, we currently measure the income and outgoings of households only as far as gross disposable household income (GDHI). That measures the primary income components, such as wages and salaries and property income, and the secondary distribution of income, such as the effect of taxes on income and social benefits. GDHI is a measure of the amount of money people in households have available for spending or saving.

Regional household expenditure takes this to the next stage by measuring how much money people in households spend on each of a range of commodities. Once all spending is accounted for, we are left with a measure of saving. There are many user needs that can be met through this development, including:

- information on the spending habits of householders, allowing better planning of facilities and infrastructure by local government;
- improved investment planning by businesses providing goods and services;
- derivation of net spending flows between regions of the UK (a valuable component of inter-regional trade); and
- derivation of the saving ratio for subnational areas (a useful indicator of prosperity).

We have recently published an article describing the development of these new experimental statistics, with a set of provisional results for the countries and regions of the UK.

Why We Are Consulting

The article describes what we have done to develop these new measures, using the data currently available to us. It notes various issues that we have encountered, what we have done so far to resolve them, and some of the possibilities for the future. But this is just the first step on the journey.

Now we need your help. Our aim is to meet user needs as far as possible, within the limitations of the data available to us. But for that we need to know more about those user needs. We ask that you read the article and take a look at the provisional results we have produced, then consider what you need and how well these statistics provide that. Please complete the online survey and tell us what we need to do, or do better, to fully meet your needs.

Once we have gathered all your views, we will use the information provided to make decisions on the data and methods we use, the level of commodity detail we should provide, the length of time series and the levels of geography for which we provide data.

What Happens Next

Thank you for contributing your views to this consultation. We will publish a response by the end of January 2019 summarising the feedback received and outlining our plans for the next publication of these experimental statistics and our priorities for future development.

Consultation Questions

Section 1: respondent details

Name: **Gabriele Piazza**

Job or role**: Economist**

Organisation: **Greater London Authority**

Personal response or on behalf of organisation? **on behalf of GLA**

Section 2: user needs

What use do you expect to make of regional household expenditure data?
- The GLA would find London level (and ideally below London level) household expenditure data particularly useful in helping to tailor the Mayor's policies and programmes within the GLA and across the GLA group, for example Transport for London. Affordability of housing and transport for particular groups within the population is a key concern, so devising appropriate schemes to help with this is dependent on having the appropriate information. A clearer picture of household expenditure in London would help with this.

What else would you like to be able to do if we provided more?
- To carry out this sort of analysis to the fullest extent, it would be particularly helpful to be able to investigate expenditure patterns of sub groups of the population – in particular, different income deciles, but also different household types/age/ethnic groups.

Section 3: focus on commodities

Does the level of commodity detail provided in the provisional results (and shown in Table 1 of the article) fully meet your needs? If not, what more would you like?

Which commodities are most important to you, and at what level of detail?
- In order to understand the level of spending on public transport, it would be useful to have a more detailed breakdown of the transport commodity. More precisely:

  o A better breakdown of the transport services sub-commodity (07.3). For example, in order to support our Transport for London work and understand how much Londoners are spending on different modes of transport, it would be useful to have the transport services split into lower

categories. Ideally, we would like this to be broken down by mode of transport. At least we would like air travel to be separated from the rest.

- o For the same "transport services" commodity, it would be helpful to have this broken down by purpose (leisure, commuting to work, etc.)

Section 4: focus on geography

Select all the geographic levels that you have an interest in having data for (from tick list: country; NUTS1 region; NUTS2 sub-region; NUTS3 local area (county or unitary authority); Local Authority District (or Council Area); Combined Authority (or City Region); Local Enterprise Partnership; other (please specify)).

Which level(s) of geography is/are most essential for you?
- For the GLA, the regional information is the most important, but information for areas within London would be extremely useful to understand more about the differences within the region. We fully understand that it may be difficult to produce all the detail for lower geographical levels but it might be possible to have these statistics for London as a whole.

Section 5: data and methods

Please let us know of any concerns you have relating to the data sources we have used.

Please let us know of any concerns you have relating to the methods we have used.

Do you know of any other sources of regional data that might help us?

- Living Costs and Food Survey (LCS)

  - o The Living Costs and Food Survey is quite a small survey in terms of sample size, so the variability of estimates is relatively large. However, there is information collected in other regular national studies by other government departments, such as the *English Housing Survey* and the *Family Resources Survey*, which, though they are not as comprehensive in the breadth of expenditure, could be used to add strength to at least some elements, specifically housing, fuel and childcare.

  - o The income information collected in Living Costs and Food Survey is not as detailed or as robust as in some other sources. The quality of the income data used to calculate the savings ratios could be improved by comparing this with estimates of savings from other sources, such as in Family Resource Survey and *Wealth and Assets Survey*.

  - o Additionally, there are more local and specialist studies, such as the *London Travel Demand Study*, *Childcare cost survey*, or less frequent surveys, such as the *Poverty and Social Exclusion surve*y which might offer some contribution.

- Annual Business Survey

  - o There are some problems with the assumption that the proportion of total sales that represents business use is equal across all regions of the UK. In London, the proportion of business sales in the financial sector should be higher than in the rest of the country. This means that the data might overestimate sales to household in this particular sector (table 12.6). This would give a skewed picture for London.

   o In order to produce more timely estimates than allowed by the ABS – especially for retail sales, VAT data from HMRC could be used. This could be give retail sales estimates at a high category (with revisions and detail breakdown when the ABS is released).

   o Other sources such as the *Inter-Departmental Business Register* could provide more timely estimates, for example on turnover.

Section 6: focus on outputs

Of the statistics provided in the provisional dataset, which variables are of greatest use to you?

Are there any that are of no use to you?

Are there any other variables that we might provide from these data that you would find useful?

- The household level data are the most relevant (table 3). However, we would also expect to use the per capita figures.

- Tourism spending (table 4) would be very useful to inform the work of London & Partners – the Mayor of London's official promotional agency. It would be useful to have these figures broken down by country or continent.

- Inter-regional spending flows (table 6) would also be important to shed light on interregional dependencies.

- The savings ratio (table 7) would also be useful in considerations of financial security, particularly if it was possible to get information by income group.

Would you prefer to have longer time series, even if that meant increased use of modelling and hence reduced quality in earlier years?

- We would like to have a longer time series as this will help us answer some important policy question such as: what has been the impact of low wage growth on spending? But the usefulness of these data will depend on the type of modelling and assumptions associated with them.

Section 7: anything else you want to tell us?

- With the establishment of more devolved administrations it is becoming more important to understand interlinkages between the parts of the UK. This publication helpfully considers expenditure flows, but it would be extremely valuable if this could also be combined with trade flows to provide a more complete picture of interlinkages.