Office for
National Statistics

Living Costs and Food Survey 2008

VOLUME A
The User Guide

USER GUIDE

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If you have any queries relating to the 2008 LCF database please contact the LCF team on
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Introduction

This volume provides a brief overview of the Living Costs and Food Survey User Documentation, together with information on database and survey definitions, as well as background to the 2008 survey. The details it contains are about information resulting from the Living Costs and Food Survey (LCF) for the calendar year January to December 2008. The survey was moved from a financial to a calendar year basis from January 2006 in anticipation of the introduction of the Continuous Population Survey (CPS).

The Expenditure and Food Survey (EFS) was the result of more than two year's development work to bring together the Family Expenditure and National Food Surveys (FES and NFS). Both surveys were well established and important sources of information for government and the wider community, charting changes and patterns in Britain's spending and food consumption since the 1940's (NFS) and the 1950's (FES).

From January 2008, the EFS questionnaire has become known as the Living Costs and Food (LCF) module of the Integrated Household Survey (IHS). In the public domain, the IHS itself is known as the Continuous Population Survey (CPS). As a consequence of this change, the EFS questionnaire has been altered to accommodate the insertion of a core set of questions, common to all of the separate modules which together comprise the IHS. In addition to the LCF, the other surveys incorporated into the IHS in January 2008 were the General Household Survey (GHS), the Omnibus Survey (OMN) and the English Housing Conditions Survey (EHCS). These surveys are now called the General Lifestyle Survey (GLF), Opinions Survey (OPN) and the English Housing Survey (EHS) respectively.

Some of these core questions are simply questions which were previously asked in the same or a similar format on all of the IHS component surveys (including the EFS). These questions have simply now been amalgamated to form a set of harmonised questions used across the survey streams, thus facilitating the publication of consistent 'core' outputs with a larger responding sample. In addition, a second group of core questions have also been added to the EFS questionnaire. These are entirely new questions which collect data not previously collected through the EFS. The data collected through these sections of the questionnaire is not considered to be part of the EFS' outputs, and will instead form part of an entirely distinct 'core' dataset managed by the IHS outputs team. As a consequence, information on these variables is not included within the LCF user documentation, as they will not be available on either the LCF dataset deposited to the UK data archive, or upon special request from the LCF team. Further information on these outputs may be obtained directly from the IHS core team; please contact neil.bannister@ons.gsi.gov.uk

However, although a number of individual question changes have occurred, the overall formatting and functionality of the LCF interview program have remained essentially consistent, with only a couple of slight changes having been necessitated by the transition to the IHS. These have simply involved a slight re-arrangement of the order in which certain questions are asked. For further information on changes pertaining to specific questions, please refer to Volume G of this documentation, while for broader changes to the overall structure of the questionnaire; please refer to Volumes B and C.

The Office for National Statistics (ONS) has overall project management and financial responsibility for the Living Costs and Food Survey, whilst the Department for Environment, Food and Rural Affairs (DEFRA) sponsors the food data.

The survey continues to be primarily used to provide information for the Retail Prices Index; National Accounts estimates of household final consumption expenditure; the analysis of the effect of taxes and benefits, and trends in nutrition. However, the results are multi-purpose, providing an invaluable supply of economic and social data. The merger of the two surveys also brought benefits for users. A single survey on food expenditure removes the difficulties of reconciling data from two sources.

The design of the EFS/LCF was based on the FES, although new processing software (SPSS) has resulted in a dataset which differs from the FES structure. However, the most significant change in terms of reporting

expenditure was the introduction of the European Standard Classification of Individual Consumption by Purpose, or COICOP. More details are given in Part 3 of this volume.

The structure of the User Documentation is broadly based on the FES documentation. However, the use of new software has resulted in changes which have affected the documentation. The main change which impacts on these volumes is the reduction in the number of tables and "sets" which were a feature of the FES.

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<u>**GUIDE TO THE 2008 USER DOCUMENTATION**</u>

<u>**Structure of the User Documentation**</u>

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Use of the 2008 User Documentation

Explanatory notes on the use of the volumes of the documentation are given in each volume. The following gives a summary only. See 'Database Definitions' in Part 3 and 'Survey Definitions' in Part 5 for explanation of terms.

VOLUME A - THE USER GUIDE
This volume begins with a guide to the contents and the use of the User Documentation (**Part 1** - **Guide to the 2008 User Documentation**).

Part 2: Explains **the structure of the 2008 database** and includes a useful flow diagram which gives a pictorial summary of the database structure.

Part 3: Database definitions - gives some definitions of the terms used both on the flow diagram and in other parts of the documentation.

Part 4: Background to the 2008 Living Costs and Food Survey includes information on the sampling methodology and non-response.

Part 5: Covers **Survey Definitions**.

Although only one interview is actually conducted in each sampled household, the LCF questionnaire program itself is complex and as such, it is often useful to think of it as consisting of two main sections; a household questionnaire and an income questionnaire.

VOLUME B – HOUSEHOLD QUESTIONNAIRE
The first part of the LCF questionnaire collects information about households; that is to say that the majority of the questions are asked at a household-level, with the household reference person typically responding on behalf of the household as a whole. The household questionnaire includes questions on a range of subjects which are of interest to the survey's users, including family relationships, ethnicity, employment details and the ownership of household durables. It is also the source of all expenditure information not recorded in the diary; principally that which concerns regular payments typically made by all households and large, infrequently purchased items such as vehicles, package holidays and home improvements.

VOLUME C – INCOME QUESTIONNAIRE
The income questionnaire follows on immediately from the household questionnaire and collects the key person-level variables used on the survey. The principal components of the LCF income questionnaire are the sections covering income from employment, benefits and assets. These together form an overview of the total income received by each household, as well as each household member individually.

Volumes B and C outline the questions exactly as they appear within the computer-assisted personal interviewing (CAPI) program and are then asked in the LCF interview. The Blaise program ensures that the correct questionnaire routing is followed through the interview and applies range and consistency error checks where necessary. The Blaise-code and translated routing for each individual question in the household and income questionnaires are shown in Volume B and C respectively. This can be used to both trace the conditions under which a particular question or set of questions is asked and also to illustrate the overall flow and interdependence of the LCF interview as a whole.

VOLUME D - EXPENDITURE CODES
In the Living Costs and Food Survey, information about expenditure is collected at a detailed level. It is collected through both the diary (which respondents fill in daily for a fortnight) and through the Household Questionnaire.

Part 1 Expenditure Codes: Detail - is the 'data dictionary'. It gives an indication of the types of items to be found under each expenditure code.

Part 2 E-codes to c-codes Look-up - is a look-up table between the EFS codes (e-codes) and the COICOP-plus c-codes.

VOLUME E - THE RAW DATABASE

This volume of the User Documentation describes the raw database. The raw database contains data 'as received' as well as derived variables calculated within the questionnaire. The volume is in three parts, as outlined below.

Part 1 - Raw table definitions

The raw variables are grouped into three data files (or tables); this part of the volume defines these raw files and gives information on the three sources of the data (diary, household and income questionnaire).

Part 2 - Raw variable list

This is a variable list, listing all raw variables in alphabetical order, and including information on the variable name, description and table name. This list allows details of a variable (such as the file in which it is found) to be looked up if the variable name is known. A column is also present to identify variables that are present in the UK Data Archive anonymised dataset.

Part 3 - Raw variable coding frame

This lists coding frames for each of the variables in the questionnaires.

VOLUME F - THE DERIVED DATABASE

This volume of the User Documentation, in four parts, describes the derived database. A summary of anonymisation, particularly in relation to council tax, is also given following the explanatory notes.

Part 1 - Derived table definitions

The derived variables are also grouped into separate files (or tables) and this part of the volume defines these files.

Part 2 - Derived variable descriptions

All derived variables are listed, including information on the variable name, description, file name (i.e. the table in which the variable is held) and coding frame (where relevant). A column is also present to identify variables that are present in the UK Data Archive anonymised dataset.

Part 3 - P-codes

Product codes (or p-codes) are aggregated codes, some at household level and some at person level. Part 3 gives descriptions of these codes as an aid to understanding their structure.

Part 4 - Coding frames

This part of the document contains a list of the coding frames associated with the derived variables, including an index of those most used.

VOLUME G - DATABASE CHANGES

Volume G of the Documentation describes the changes that have taken place in the 2008 database compared with 2007.

Part 1 - contains the **new raw variables for 2008**.

Part 2 - contains **2007 raw variables that have been deleted for 2008**.

Part 3 - contains **2007 raw variables that have changed for 2008**.

Part 4 - contains **new derived variables for 2008**.

Part 5 - contains **2007 derived variables that have been deleted for 2008**.

Part 6 - contains **2007 derived variables that have changed for 2008**.

Part 7 - contains **new expenditure codes for 2008**.

Part 8 – contains **2007 expenditure codes that have been deleted for 2008**.

Part 9 - contains the **2007 expenditure codes amended in 2008**.

Part 10 - Major changes, highlights some of the more important definitional changes for 2008.

Part 11 - Known issues, highlights any known issues that may affect the data in 2007.

There are five other items of documentation that can be provided to users (if required):

The LCF Diary (adult and young person's)
LCF Interview Prompt Cards
Household Questionnaire – coding & editing notes and interviewer's instructions
Income Questionnaire – coding & editing notes and interviewer's instructions
LCF Diary – coding & editing notes and interviewer's instructions

Standard Period Codes

A new period coding frame was introduced from April 1996 for the Family Expenditure Survey. It has been continued for the LCF. A number of questions relating to period covered use this standard set of codes.

One week... (1)
Two weeks .... (2)
Three weeks .... (3)
Four weeks .... (4)
Calendar Month.. (5)
Two Calendar Months .... (7)
Eight times a year... (8)
Nine times a year.. (9)
Ten times a year .... (10)
Three months.. (13)
Six months.. (26)
A Year .... (52)
Less than one week .... (90)
One off/lump sum .... (95)
None of these .... (97)

N.B. codes 95 and 97 are for interview use only and will be re-coded to one of the other codes in the dataset.

THE STRUCTURE OF THE 2008 DATABASE

For definitions of the terms used here, please see Part 3 - Database definitions.

Outline of the structure of the LCF database 2008

In the LCF database, variables are grouped to form a number of different SPSS DATA FILES. The raw files contain data as received and the derived files contain processed data. There are 12 anonymised SPSS data files (with filenames of the form "filename.sav"). These are:

RAWPER	DVloans_SET86	DV_SET900
RAWHH	DVcredit_SET87	DV_SET89
DVPER	DVhp_SET88	DV_pocketmoney
DVHH	DVdry_SET114	DVbenunit

The attached flow diagram, OUTLINE OF THE STRUCTURE OF THE LCF DATABASE, gives an approximation of the location of different categories of data and the flow of data between the files that comprise the database (data flow is shown by the arrows). It should be noted that it gives general flows only and is not definitive.

It can be seen that there are raw data tables relating to diary expenditure, expenditure recorded on household and income questionnaires, credit cards, loans and so on. Definitions of the raw database are to be found in VOLUME E of the User Documentation.

All derived file names are pre-fixed "DV" and definitions are to be found in VOLUME F of the User Documentation.

The data flow

For definitions of expenditure relating to loans, credit cards and hire purchase (DVLOANS_SET86, DVCREDIT_SET87 and DVHP_SET88) please see Part 5 - Survey Definitions.

Items recorded in the two week diary are recorded in the raw diary file. At this stage, every separate instance of expenditure by every person is represented by a separate "record" or "row" and is assigned an EXPENDITURE CODE that indicates the type of item purchased and the type of transaction (e.g. cash, credit card, business expense). See Volume D for information on expenditure codes. Data at this level are not provided in the user dataset.

DVDRY_SET114 is the first derived file for the diary data and here the data are more aggregated. Each row represents the total expenditure for week one or week two of the diary keeping period for separate expenditure codes by person: one row represents the total expenditure by that person on that code in week 1 and the other represents the expenditure in week 2.
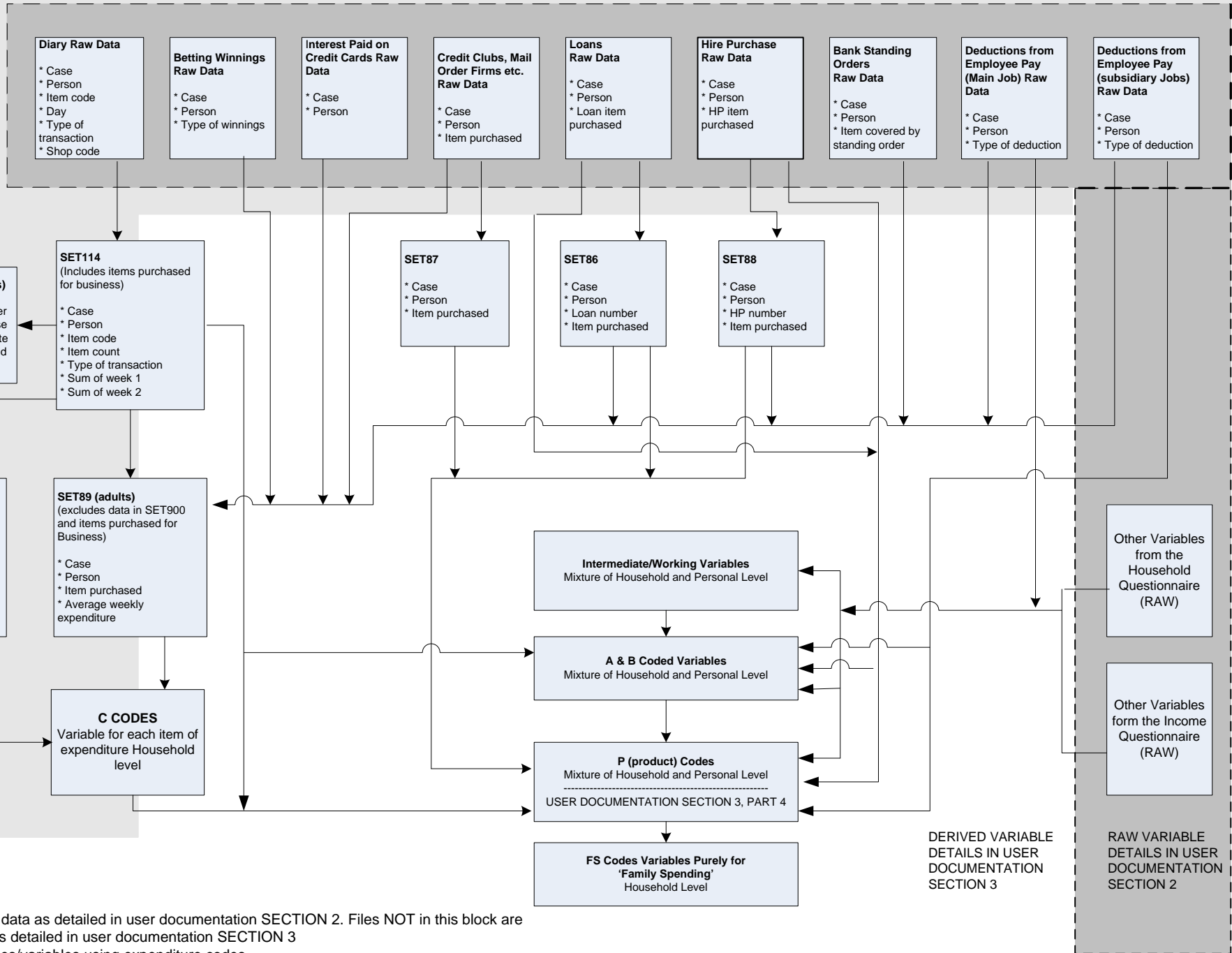
Following DVDRY_SET114, the diary data that relates to expenditure codes for which data are also collected through the questionnaire are re-directed to DVDRY_SET900 to avoid double counting. They are not used in any further tables.

In DVADULT_SET89 (adults) and DVCHILD_SET89C (children), some expenditure relating to the expenditure codes but collected through the questionnaire is added to that collected through the diary. In this file, there is only one row per expenditure code. This represents the average weekly expenditure for each person on items in that code. Excluded are entries from the diary that relate to types of purchase covered by individual questions in the questionnaire (i.e. the expenditure codes covered by the variables in the table set900). Included is pocket money given to a child who has completed a youth diary. This file feeds into various C-CODE files. In these, the expenditure codes become VARIABLES and are pre-fixed with 'C'. The two SET89 files are merged in the user dataset to form one larger file called DV_SET89.

DV_SET900 gives diary expenditure with data where appropriate for both adults and children, for items which are covered by specific questions in the household questionnaire, and are not used in subsequent derivations.

The four boxes in the centre of the flow-diagram represent various levels of aggregated variables at both household (DVHH) and person (DVPER) level. Information from the questionnaire not previously included (from the two raw data files RAWPER and RAWHH) feed in at this level. Details on p-codes are given in Part 3 of Volume F of the User Documentation.

Diary Raw Data

* Case
* Person
* Item code
* Day
* Type of transaction
* Shop code

Betting Winnings Raw Data

* Case
* Person
* Type of winnings

Interest Paid on Credit Cards Raw Data

* Case
* Person

Credit Clubs, Mail Order Firms etc. Raw Data

* Case
* Person
* Item purchased

Loans Raw Data

* Case
* Person
* Loan item purchased

Hire Purchase Raw Data

* Case
* Person
* HP item purchased

Bank Standing Orders Raw Data

* Case
* Person
* Item covered by standing order

Deductions from Employee Pay (Main Job) Raw Data

* Case
* Person
* Type of deduction

Deductions from Employee Pay (subsidiary Jobs) Raw Data

* Case
* Person
* Type of deduction

SET114
(Includes items purchased for business)

* Case
* Person
* Item code
* Item count
* Type of transaction
* Sum of week 1
* Sum of week 2

SET900 (C Codes)
Variables to be excluded from other derivations because covered by separate question Household level

SET87

* Case
* Person
* Item purchased

SET86

* Case
* Person
* Loan number
* Item purchased

SET88

* Case
* Person
* HP number
* Item purchased

SET89c (children)
(excludes data in SET900 and items purchased Business)

* Case
* Person
* Item purchased
* Average weekly expenditure

SET89 (adults)
(excludes data in SET900 and items purchased for Business)

* Case
* Person
* Item purchased
* Average weekly expenditure

Intermediate/Working Variables
Mixture of Household and Personal Level

Other Variables from the Household Questionnaire (RAW)

C CODES
Variable for each item of expenditure Household level

A & B Coded Variables
Mixture of Household and Personal Level

P (product) Codes
Mixture of Household and Personal Level

USER DOCUMENTATION SECTION 3, PART 4

Other Variables form the Income Questionnaire (RAW)

FS Codes Variables Purely for 'Family Spending'
Household Level

DERIVED VARIABLE DETAILS IN USER DOCUMENTATION SECTION 3

RAW VARIABLE DETAILS IN USER DOCUMENTATION SECTION 2

Raw questionnaire data as detailed in user documentation SECTION 2. Files NOT in this block are derived variables as detailed in user documentation SECTION 3

Raw and derived files/variables using expenditure codes
(expenditure codes detailed in user documentation SECTION 4)

DATABASE DEFINITIONS

The raw database
The raw database contains data "as received". At this stage, weekly equivalent values have been calculated for questionnaire data (see note on 'weekly equivalent values') and some imputation has been carried out. Care should be taken when using raw data. In particular, a new feature of the LCF is the inclusion of "looping" variables – where a question is repeated a variable may be repeated (see Volume E, Explanatory Notes).

The raw database is defined in Volume E of the User Documentation.

The derived database
The derived database consists of variables that have been adjusted in some way in relation to the state in which they were received. This adjustment might involve only a change in name, or it might involve some calculation or aggregation. The variables are grouped in files which have DV in the name. Examples are DVHH or DVLOANS_SET86.

The main variable prefixes and suffixes are briefly described below, but more information on the derived database is given in Volume F of the User Documentation.

'A' and 'B' codes
A-codes and B-codes are aggregate codes, some at household level and some at person level. They are all derived codes and so are listed in Volume F (The Derived Database) of the User Documentation. That they are pre-fixed 'a' or 'b' has no significance.

Anonymisation
Variables which could lead to the identification of a household or an individual are not released to users.

An 'anonymised' version of sensitive raw or derived variables is provided in the user dataset. Variables which have been anonymised can be identified because they are suffixed 'p' (those which are not have been detailed in the appropriate User Documentation). Un-anonymised versions are, in the main, suffixed 'u' and are not accessible to external users of the LCF. Raw diary information is not provided to any external users. The principles of anonymisation, particularly in relation to council tax, are explained in Volume F of the User Documentation. All variables that are released as part of the UK Data Archive anonymised dataset are identified alongside the variable lists in Volumes E and F.

Codes suffixed 'c'
These codes represent the expenditure of children, aged between 7 and 15, who completed a diary. The codes are aggregated to household level. Variables suffixed 'c' are only available as expenditure or product codes e.g. p522c.

Codes suffixed 't'
These codes represent total expenditure by children and adults. They are aggregated to household level by adding the original (adult) variable to those suffixed 'c', (i.e. p522 + p522c = p522t). Variables suffixed 't' are only available as expenditure or product codes.

Codes suffixed 'l'
These codes represent expenditure in nominated large supermarkets. Variables suffixed 'l' are only available as expenditure codes for food, alcohol, petrol, some household goods and regular purchases. For expenditure on clothing the suffixes are 'x' for selected clothing chains, 'y' for large supermarkets and 'z' for charity shops**.**

Codes suffixed 'w'

These codes represent expenditure for goods and services ordered via the internet. Variables suffixed 'w' are only available as expenditure codes for certain goods and services ordered via the internet.

Coding frame

If a variable has a coding frame, it means that it is allowed to take on only certain permitted values (i.e. the variable is not a 'free' field).

The name of a coding frame is usually the same as the name of the variable using it, however, the more commonly used coding frames have their own names. If a variable has a coding frame it is named in the final column of part 2 of Volume F of the User Documentation. The coding frames are listed in alphabetical order in Part 4 (Coding Frames) of the User Documentation.

Diary

The diary is completed by every spender. It is completed daily for 14 days and all expenditure in that period is recorded. See 'Expenditure' in 'Survey Definitions', Volume A, Part 5 for further information on the collection of data through the diary.

Expenditure codes

Each expenditure amount collected through the diary and some collected through the questionnaire are given a code which represents the type of item that was purchased. The LCF expenditure codes differ from those used for the Family Expenditure Survey (FES), therefore, care needs to be taken when comparing LCF and FES data. The LCF codes are based on the European standard classification, COICOP (Classification of Individual Consumption by Purpose).

Variables representing household aggregates of the expenditure codes are called C-codes (or C-variables): the variable name is the expenditure code pre-fixed with 'C'. A complete listing of the expenditure codes and more details on their use can be found in Volume D (Expenditure Codes) of the User Documentation.

Filename

The filename is the database reference name of the file, referring to individual SPSS datafiles.

In the LCF database, the data are stored in a number of different FILES. A single file may contain information on a number of variables that are related to one another in some way, such as the file called 'DVLOANS_SET86' which contains information about loans, or variables which are at the same level of detail, such as DVPER which contains the main person level derived variables.

Conceptually, a file can be perceived as consisting of rows and columns: the 'column headings' are the names of the variables contained in that table and each 'row' represents an individual 'record'. A 'row' or 'record' is uniquely labelled with, for example, case (household number), person (person number), or itemnum (item number). If both case and person are used, such as in the file DVPER, then there is a separate row in the table not only for every household, but for every person within that household.

The raw data files are defined in Part 1 of Volume E of the User Documentation and the derived data tables are defined in Part 1 of Volume F.

FS Codes

FS codes are used only for the preparation of the publication 'FAMILY SPENDING'.

Household questionnaire – Volume B
The Household Questionnaire must be completed for EVERY adult in the household.

The household questionnaire collects information on household characteristics and the characteristics of the individuals living there. Also collected through the Household Questionnaire is information on mortgages, rents, bills, insurance policies, loans, hire purchase, standing orders, season tickets and other irregular expenditure such as that on cars or home improvements. Information on the irregular purchases is often obtained through retrospective recall (i.e. the question may be 'when did you last purchase a .... ?'). Expenditure on retrospective recall is converted to a weekly equivalent value. That is, if the recall period is one year, then the weekly equivalent value is calculated by dividing by 52.

See the Household Questionnaire for details on questions and recall periods.

Income Questionnaire – Volume C
The Income Questionnaire must be completed for EVERY adult in the household. The income questionnaire collects information on the income of the individuals in the household and the household as a whole. See 'Survey Definitions', Volume A, Part 5 for income definitions.

Period codes
Where expenditure amounts are not given on a weekly equivalent basis, a weekly equivalent is calculated by dividing the amount given by the appropriate period. The **standard period codes can be found at the end of Part 1 of this volume**.

Product codes (p-codes)
Product codes (or p-codes) are aggregate codes, some at household level and some at person level. Part 3 of Volume F of the User Documentation gives descriptions of these codes as an aid to understanding their structure, along with more detailed explanatory notes on their use.

Variable name
The variable name (sometimes just written 'variable' in the documentation) is the database reference name of the variable. Variable descriptions can be found in Part 2 of both Volume E and Volume F of the User Documentation.

Variable description
The variable description is a brief description of the variable. Variable lists ordered by variable description can be found in Part 3 of both Volume E and Volume F of the User Documentation.

Weekly equivalent values (wev) - codes prefixed 'DV'
So that expenditure from different sources can be aggregated, it is necessary for all expenditure amounts to be on an equivalent basis. In order to achieve this, all expenditure amounts collected through the questionnaire are converted to WEEKLY EQUIVALENT VALUES. In the dataset, weekly equivalent values can be identified because they are pre-fixed 'DV'. Information on weekly equivalent values is included as part of the questionnaire. Weekly equivalent values are RAW variables and so are listed in Volume E of the User Documentation.

BACKGROUND TO THE 2008 LIVING COSTS AND FOOD SURVEY

Description and response rate of the survey

For more information please see Appendix B of Family Spending. Please note that this can be accessed from the following web link (http://www.statistics.gov.uk/statbase/Product.asp?vlnk=361).

The survey

A household expenditure survey has been conducted each year in the UK since 1957. From 1957 to March 2001, the Family Expenditure and National Food Surveys (FES and NFS) provided information on household expenditure patterns and food consumption. In April 2001 these surveys were combined to form the Expenditure and Food Survey (EFS). Since January 2006 the survey has been conducted on a calendar year basis, in anticipation of the introduction of the Continuous Population Survey (CPS) in January 2008. From January 2008, the EFS questionnaire has become known as the Living Costs and Food (LCF) module of the Integrated Household Survey (IHS). In the public domain, the IHS itself is known as the Continuous Population Survey (CPS).

The LCF is a voluntary sample survey of private households. The basic unit of the survey is the household. The LCF (in line with other Government household surveys) uses the harmonised definition of a household: a group of people living at the same address with common housekeeping that is sharing household expenses such as food and bills, or sharing a living room (see 'Survey Definitions'). The previous definition (used on the FES) differed from the harmonised definition by requiring both common housekeeping **and** a shared living room.

Each individual aged 16 or over in the household visited is asked to keep diary records of daily expenditure for two weeks. Information about regular expenditure, such as rent and mortgage payments, is obtained from a household interview along with retrospective information on certain large, infrequent expenditures such as those on vehicles. Since 1998/99 the results have also included information from simplified diaries kept by children aged between 7 and 15. The effects of including children's expenditure were shown in Appendix F of Family Spending for 1998/99 and again for 1999/00.

Detailed questions are asked about the income of each adult member of the household. In addition, personal information such as age, sex and marital status is recorded for each household member.

The survey is continuous, interviews being spread evenly over the year to ensure that seasonal effects are covered. From time to time changes are made to the information sought. Some changes reflect new forms of expenditure or new sources of income, especially benefits. Others are the result of new requirements by the survey's users. An important example is the re-definition of housing costs for owner occupiers in 1992 (see 'Changes in definitions, 1991 to 2008', Appendix B of Family Spending).

The sample design

The LCF sample for Great Britain is a multi-stage stratified random sample with clustering. It is drawn from the Small Users file of the Postcode Address File - the Post Office's list of addresses. All Scottish offshore islands and

the Isles of Scilly are excluded from the sample because of excessive interview travel costs. Postal sectors are the primary sample unit. Six hundred and thirty eight postal sectors are randomly selected during the year after being arranged in strata defined by Government Office Regions (sub-divided into metropolitan and non-metropolitan areas) and two 2001 Census variables – socio-economic group and ownership of cars. These were new stratifiers introduced for the 1996/97 survey. The Northern Ireland sample is drawn as a random sample of addresses from the Valuation and Lands Agency list.

Response to the survey

Great Britain

Around 11,484 households are selected each year for the LCF in Great Britain, but it is never possible to get full response. A small number cannot be contacted at all, and in other households one or more members decline to co-operate. 5,091 households in Great Britain co-operated fully in the survey in 2008; that is they answered the household questionnaire and all adults in the household answered the full income questionnaire and kept the expenditure diary. A further 180 households provided sufficient information to be included as valid responses. The overall response rate for the 2008 LCF was 51 per cent in Great Britain. This represented a 2 per cent decrease in response from the 2007 survey year.

Details of response are shown in the following table.

Response in 2008 - Great Britain

		No of households or addresses	Percentage of effective sample
i.	Sampled addresses	11,484	-
ii.	Ineligible addresses: businesses, institutions, empty, demolished/derelict	1, 147	-
iii.	Extra households (multi-household addresses)	82	-
iv.	Total eligible (i.e. i less ii, plus iii)	10,419	100.0
v.	Co-operating households (which includes 180 partials)	5,271	50.6
vi.	Refusals	3,735	35.8
vii.	Households at which no contact could be obtained	1,413	13.6

Northern Ireland

In the Northern Ireland survey, the eligible sample was 1,065 households. The number of co-operating households who provided usable data was 574, giving a response rate of 54 per cent. Northern Ireland is over-sampled in order to provide a large enough sample for some separate analysis. The re-weighting procedure compensates for the over-sampling.

The fieldwork

The fieldwork is conducted by the Office for National Statistics (ONS) in Great Britain and by the Northern Ireland Statistics and Research Agency of the Department of Finance and Personnel in Northern Ireland using almost

identical questionnaires. Households at the selected addresses are visited and asked to co-operate in the survey. In order to maximise response, interviewers make at least four separate calls, and sometimes many more, at different times of day on households which are difficult to contact. Interviews are conducted by Computer Assisted Personal Interviewing (CAPI) using portable computers. During the interview, information is collected about the household, about certain regular payments such as rent, gas, electricity and telephone accounts, about expenditure on certain large items (for example vehicle purchases over the previous 12 months), and about income. Each individual aged 16 or over in the household is asked to keep a detailed record of expenditure every day for two weeks. Children aged between 7 and 15 are also asked to keep a simplified diary of daily expenditure. In 2008 a total of 1,712 children aged between 7 and 15 in responding households in the UK were asked to complete expenditure diaries; 281 or about 16 per cent did not do so. This number includes both refusals and children who had no expenditure during the two weeks. Information provided by all members of the household is kept strictly confidential. Each person aged 16 and over in the household who keeps a diary (and whose income information is collected) is subsequently paid £10, as a token of appreciation. Children who keep a diary are given a £5 payment.

In the last two months of the 1998/99 survey, as an experiment, a small book of postage stamps was enclosed with the introductory letter sent to every address. It seemed to help with response and the measure has become a permanent feature of the survey. It is difficult to quantify the exact effect on response but the cognitive work that was carried out as part of the Expenditure and Food Survey development indicated that it was having a positive effect.

A new strategy for reissues was adopted in 1999/00 and has continued since. Addresses where there had been no contact or a refusal, but were judged suitable for reissue, were accumulated to form complete batches consisting only of reissues. The interviewers dealing with them were specially selected and given extra briefing. In 2008 some 135 addresses were reissued, of which 17 were converted into responding households, this added 0.2 percentage points to the response rate.

Eligible response

Under LCF rules, a refusal by just one person to respond to the income section of the questionnaire invalidates the response of the whole household. Similarly, a refusal by the household's main shopper to complete the two-week expenditure diary also results in an invalid response.

Proxy Interviews – while questions about general household affairs are put to all household members or to a main household informant, questions about work and income are put to the individual members of the household. Where a member of the household is not present during the household interview, another member of the household (e.g. spouse) may be able to provide information about the absent person. The individual's interview is then identified as a proxy interview.

In 2001/02, the EFS began including households that contained a proxy interview. In that year, 12 per cent of all responding households contained at least one proxy interview. In 2008 the percentage of responding households with a proxy interview was 21 per cent. Analysis of the 2002/03 data revealed that the inclusion of proxy interviews increased response from above average income households. For the 2002/03 survey, the average gross normal weekly household income was some three per cent higher than it would have been if proxy interviews had not been accepted. The analysis showed a similar difference for average total expenditure.

Short Income – all adult members of a household must supply information about their income. This information is quite detailed, and a small number of respondents are reluctant to provide it. For these people, we accept responses to a reduced set of questions, called short income.

From 2001/02, the EFS began including households that contained a short income section. In that year, 0.5 per cent of households contained at least one short income response. In 2007, 0.2 per cent did so. When the LCF was implemented in Integrated Household Survey (IHS) in 2008, the short income block was removed from the LCF module in order to avoid unnecessary duplication of income questions in the core section of the IHS questionnaire, which is completed by all respondents.

Reliability

Great care is taken in collecting information from households and comprehensive checks are applied during processing, so that errors in recording and processing are minimised. The main factors that affect the reliability of the survey results are sampling variability, non-response bias and some incorrect reporting of certain items of expenditure and income. Measures of sampling variability are given alongside some results in Family Spending and are discussed in detail in 'Standard errors and estimates of precision', Appendix B of Family Spending.

The households which decline to respond to the survey may differ in some respects from those which co-operate. It is therefore possible that their patterns of expenditure and income also differ. A comparison was made of the households responding in the 1991 FES with those not responding, based on information from the 1991 Census of Population (A comparison of the Census characteristics of respondents and non-respondents to the 1991 FES by K Foster, ONS Survey Methodology Bulletin No. 38, Jan 1996). Results from the study indicate that response was lower than average in Greater London, higher in non-metropolitan areas and that non-response tended to increase with increasing age of the head of the household, up to age 65. Households that contained three or more adults, or where the head was born outside the United Kingdom or was classified to an ethnic minority group, were also more likely than others to be non-responding. Non-response was also above average where the head of the household had no post-school qualifications, was self-employed, or was in a manual social class group. The data are now re-weighted to compensate for the main non-response biases identified from the 1991 Census comparison, as described in the 'Weighting' section of Appendix B, Family Spending. ONS has completed a similar comparative exercise, with the 2001 Census data, which resulted in an update of the non-response weights for the 2007 calendar year EFS estimates onwards.

Checks are included in the CAPI program, which are applied to the responses given during the interview. Other procedures are also in place to ensure that users are provided with high quality data. For example, quality control is carried out to ensure that any outliers are genuine, and checks are made on any unusual changes in average spending compared with the previous year.

When aspects of the survey change, rigorous tests are used to ensure the proposed changes are sensible and work both in the field and on the processing system. For example, in 1996/97 an improved set of questions was introduced on income from self-employment. This was developed by focus groups and then tested by piloting before being introduced into the main survey.

Weighting

Since 1996/97 data have been weighted to compensate for non-response biases, using data from the 1991 Census. From 2007 the non-response classes and weights were updated using 2001 Census-linked data. The Census-linked studies matched Census addresses with the sampled addresses of some of the large continuous surveys, including FES for the 1991 link study and the LCF for the 2001 link study. In this way it was possible to match the address details of the respondents as well as the non-respondents with corresponding information gathered from the Census for the same address. The information collected during the 1991 and then the 2001 Census/EFS matching work was then used to identify the types of households that were being under-represented in the survey.

For the updated 2001 Census based non-response weights a combination of household variables were analysed using a mixed model approach. The mixed model is a combined approach to modelling, to benefit from the underlying statistical model of logistic regression as well as utilising AnswerTree. Updated weighting classes were produced and households within each of the weighting classes were assigned an updated non-response weight.

In addition, the population-based weighting process was also updated for 2007 onwards. For 2007 data onwards, the EFS/LCF used population projections from the 2001 Census. These estimates exclude residents of institutions not covered by the EFS/LCF, i.e. those living in bed-and-breakfast accommodation, hostels, residential homes and other institutions. The impact of the updated weights upon the expenditure estimates is described in more detail in the 'Weighting' section of Appendix B, Family Spending.

Income and expenditure balancing

The LCF is designed primarily as a survey of household expenditure on goods and services. It also gathers information about the income of household members, and is an important and detailed source of income data. However, it is not possible to draw up a balance sheet of income and expenditure either for individual households or groups of households.

The majority of expenditure information collected relates to the two week period immediately following the interview, whereas income components can refer to a much longer period (the most recent 12 months). LCF income does not include withdrawal of savings, loans and money received in payment of loans, receipts from maturing insurance policies, proceeds from the sale of assets (e.g. a car), winnings from betting or windfalls such as legacies. Despite this, recorded expenditure might reflect these items, as well as the effects of living off savings, using capital, borrowing money or income - either recent or from a previous period.

Hence, there is no reason why income and expenditure should balance. In fact measured expenditure can exceed measured income at the bottom end of the income distribution. However, this difference cannot be regarded as a reliable measure of savings or dissavings.

For further information of what is included in income on the LCF see 'Income headings' in the 'Definitions' section of Appendix B, Family Spending.

Imputation of missing information

Although LCF response is generally based on complete households responding, there are areas in the survey for which missing information is imputed. This falls into two broad categories:

(i) Specific items of information missing from a response. These missing values are imputed on a case by case basis using other information collected in the interview. The procedure is used, for example, for council tax payments and for interest received on savings.

(ii) Imputation of a complete diary case. Where a response is missing a diary from a household member, this information is imputed using information from respondents with similar characteristics.

SURVEY DEFINITIONS

Definitions

Major changes in definitions since 1991 are described in the 'Changes to definitions, 1991 to 2008' section in Appendix B of Family Spending. Changes made between 1980 and 1990 are summarised in Appendix E of Family Spending 1994/95. For earlier changes see Annex 5 of Family Expenditure Survey 1980.

Contents

Household

A household comprises one person or a group of people who have the accommodation as their only or main residence and (for a group):

> share the living accommodation, that is a living room or sitting room
>
> **or**   share meals together or have common housekeeping

Resident domestic servants are included. The members of a household are not necessarily related by blood or marriage. As the survey covers only private households, people living in hostels, hotels, boarding houses or institutions are excluded. Households are not excluded if some or all members are not British subjects, but information is not collected from households containing members of the diplomatic service of another country or members of the United States armed forces.

Retired households

Retired households are those where the household reference person is retired. The household reference person is defined as retired if 65 years of age or more and male or 60 years of age or more and female, and economically inactive. Hence if, for example, a male household reference person is over 65 years of age, but working part-time or waiting to take up a part-time job, this household would not be classified as a retired household. For analysis purposes two categories are used in Family Spending:

a.   "A retired household mainly dependent upon state pensions" is one in which at least three quarters of the total income of the household is derived from national insurance retirement and similar pensions, including housing and other benefits paid in supplement to or instead of such pensions. The term "national insurance retirement and similar pensions" includes national insurance disablement and war disability pensions, and income support in conjunction with these disability payments.

b.   "Other retired households" are retired households which do not fulfil the income conditions of "retired household mainly dependent upon state pensions" because more than a quarter of the household's income derives from occupational retirement pensions and/or income from investments, annuities etc.

Household reference person (HRP)

From 2001/02, the concept of household reference person (HRP) was adopted on all government-sponsored surveys, in place of head of household. The household reference person is the householder, i.e. the person who:

a.   owns the household accommodation, or
b.   is legally responsible for the rent of the accommodation, or
c.   has the household accommodation as an emolument or perquisite, or
d.   has the household accommodation by virtue of some relationship to the owner who is not a
     member of the household.

If there are joint householders the household reference person will be the one with the higher income. If the income is the same, then the eldest householder is taken.

Members of household

In most cases the members of co-operating households are easily identified as the people who satisfy the conditions in the definition of a household, above, and are present during the record-keeping period. However difficulties of definition arise where people are temporarily away from the household or else spend their time between two residences. The following rules apply in deciding whether or not such persons are members of the household:

a.   married persons living and working away from home for any period are included as members provided they consider the sampled address to be their main residence; in general, other people (e.g. relatives, friends, boarders) who are either temporarily absent or who spend their time between the sampled address and another address, are included as members if they consider the sampled address to be their main residence. However, there are exceptions which override the subjective main residence rule:

     i.   Children under 16 away at school are included as members;

    ii.   Older persons receiving education away from home, including children aged 16 and 17, are excluded unless they are at home for all or most of the record-keeping period.

   iii.   Visitors staying temporarily with the household and others who have been in the household for only a short time are treated as members -provided they will be staying with the household for at least one month from the start of record-keeping.

Household composition

A consequence of these definitions is that household compositions quoted in Family Spending include some households where certain members are temporarily absent. For example, 'two adult and children' households will contain a few households where one parent is temporarily away from home.

Adult

In Family Spending, persons who have reached the age of 18 are classed as adults. In addition, those aged 16-18 who are not in full-time education, or who are married, are classed as adults.

Children

In Family Spending, persons who are under 18 years of age, in full-time education and have never been married are classed as children.

However, in the definition of clothing, clothing for persons aged 16 years and over is classified as clothing for men and women; clothing for those aged five but under 16 as clothing for boys and girls; and clothing for those under five as babies clothing.

Spenders

Members of households who are aged 16 or more, excluding those who for special reasons are not capable of

keeping diary record-books, are described as spenders.

Economically active

These are persons aged 16 or over who fall into the following categories:

a.   *Employees at work* - those who at the time of interview were working full-time or part-time as employees or were away from work on holiday. Part-time work is defined as normally working 30 hours a week or less (excluding meal breaks) including regularly worked overtime.

b.   *Employees temporarily away from work* - those who at the time of interview had a job but were absent because of illness or accident, temporary lay-off, strike etc.

c.   *Government supported training schemes* - those participating in government programmes and schemes who in the course of their participation receive training, such as Employment Training, including those who are also employees in employment.

d.   *Self-employed* - those who at the time of interview said they were self-employed.

e.   *Unemployed* - those who at time of interview were out of employment, and have sought work within the last four weeks and were available to start work within two weeks, or were waiting to start a job already obtained.

f.   *Unpaid family workers* - those working unpaid for their own or a relative's business. In Family Spending, unpaid family workers are included under economically inactive in analyses by economic status (Tables A19 and A48) because insufficient information is available to assign them to an economic status group.

Economically inactive

a.   *Retired* - persons who have reached national insurance retirement age (60 and over for women, 65 and over for men) and are not economically active.

b.   *Unoccupied* - persons under national insurance retirement age who are not working, nor actively seeking work. This category includes certain self-employed persons such as mail order agents and baby-sitters who are not classified as economically active.

National Statistics Socio-economic classification (NS-SEC)

From 2001, the National Statistics Socio-economic classification (NS-SEC) was adopted for all official surveys, in place of Social Class based on Occupation and Socio-economic group. NS-SEC is itself based on the Standard Occupational Classification 2000 (SOC2000) and details of employment status. Although NS-SEC is an occupationally based classification, there are procedures for classifying those not in work.

The main categories used for analysis in Family Spending are:
      1   Higher managerial and professional occupations, sub-divided into:
           1.1   Large employers and higher managerial occupations
           1.2   Higher professional occupations

2	Lower managerial and professional occupations
3	Intermediate occupations
4	Small employers and own account workers
5	Lower supervisory and technical occupations
6	Semi-routine occupations
7	Routine occupations
8	Never worked and long-term unemployed
9	Students
10	Occupation not stated
11	Not classifiable for other reasons

The long-term unemployed are defined as those unemployed and seeking work for 12 months or more. Members of the armed forces, who were assigned to a separate category in Social Class, are included within the NS-SEC classification. Individuals that have retired within the last 12 months are classified according to their employment. Other retired individuals are assigned to the 'Not classifiable for other reasons' category.

Regions

These are the Government Office Regions as defined in 1994. See the region map, Table A39 of Family Spending for more details.

Urban and rural areas

This classification replaces the previous Department for Transport, Local Government and the Regions (DTLR) 1991 Census-based urban and rural classification, which was used in previous editions of Family Spending. The new classification is applied across Great Britain (GB) and is an amalgamation of the Rural and Urban Classification 2004 for England and Wales and the Scottish Executive Urban Rural Classification. These classifications are based on 2001 Census data and have been endorsed as the standard National Statistics Classifications for identifying urban and rural areas across GB.

It should be noted that the Rural and Urban Classification 2004 for England and Wales and the Scottish Executive Urban Rural Classification use different definitions, as the nature of rurality is different in these countries. Within Tables A38, A45 and A48 of Family Spending, households in Scotland have been classified using the Scottish Classification for rural and urban areas and households in England and Wales have been classified using the England and Wales Classification. Nonetheless, in broad terms, both classifications define an area as urban or rural depending on whether the population falls inside a settlement of population 10,000 or more. For further details concerning these classifications please refer to the National Statistics website: http://www.statistics.gov.uk/geography/nrudp.asp.

Expenditure

Any definition of expenditure is to some extent arbitrary, and the inclusion of certain types of payment is a matter of convenience or convention depending on the purpose for which the information is to be used. In the tables in

Family Spending, total expenditure represents current expenditure on goods and services. Total expenditure, defined in this way, excludes those recorded payments which are really savings or investments (e.g. purchases of national savings certificates, life assurance premiums, contributions to pension funds). Similarly, income tax payments, national insurance contributions, mortgage capital repayments and other payments for major additions to dwellings are excluded. Expenditure data are collected in the diary record-book and in the household schedule. Informants are asked to record in the diary any payments made during the 14 days of record-keeping, whether or not the goods or services paid for have been received. Certain types of expenditure which are usually regular though infrequent, such as insurance, licences and season tickets, and the periods to which they relate, are recorded in the household schedule as well as regular payments such as utility bills.

The cash purchase of motor vehicles is also entered in the household schedule. In addition, expenditure on some items purchased infrequently (thereby being subject to high standard errors) has been recorded in the household schedule using a retrospective recall period of either three or 12 months. These items include carpets, furniture, holidays and some housing costs. In order to avoid duplication, all payments shown in the diary record-book which relate to items listed in the household or income schedules are omitted in the analysis of the data irrespective of whether there is a corresponding entry on the latter schedules. Amounts paid in respect of periods longer than a week are converted to weekly values.

Expenditure tables in Family Spending show the 12 main commodity groups of spending and these are broken down into items which are numbered hierarchically (see 'Changes to definitions, 1991 to 2008', Appendix B of Family Spending, which details a major change to the coding frame used from 2001/02). Table A1 shows a further breakdown in the items themselves into components which can be separately identified. The items are numbered as in the main expenditure tables and against each item or component are shown the average weekly household expenditure and percentage standard error.

Qualifications which apply to this concept of expenditure are described in the following paragraphs:

a. *Goods supplied from a household's own shop or farm*
    Spenders are asked to record and give the value of goods obtained from their own shop or farm, even if the goods are withdrawn from stock for personal use without payment. The value is included as expenditure.

b. *Hire purchase and credit sales agreements, and transactions financed by loans repaid by instalments*
    Expenditure on transactions under hire purchase or credit sales agreements, or financed by loans repaid by instalments, consists of all instalments which are still being paid at the date of interview, together with down payments on commodities acquired within the preceding three months. These two components (divided by the periods covered) provide the weekly averages which are included in the expenditure on the separate items given in the tables in Family Spending.

c. *Club payments and budget account payments, instalments through mail order firms and similar forms of credit transaction*
    When goods are purchased by forms of credit other than hire purchase and credit sales agreement, the expenditure on them may be estimated either from the amount of the instalment which is paid or from the value of the goods which are acquired. Since the particular commodities to which the instalment relates may not be known, details of goods ordered through clubs, etc. during the month prior to the date of interview are recorded in the household schedule. The weekly equivalent of the value of the goods is included in the expenditure on the separate items given in the tables in this report. This procedure has the advantage of

enabling club transactions to be related to specific articles. Although payments into clubs, etc. are shown in the diary record-book, these entries are excluded from expenditure estimates.

d.   *Credit card transactions*
From 1988 purchases made by credit card or charge card have been recorded in the survey on an *acquisition* basis rather than the formerly used payment basis. Thus, if a spender acquired an item (by use of credit/charge card) during the two week survey period, the value of the item would be included as part of expenditure in that period whether or not any payment was made in this period to the credit card account. Payments made to the card account are ignored. However any payment of credit/charge card *interest* is included in expenditure if made in the two week period.

e.   *Income Tax*
Amounts of income tax deducted under the PAYE scheme or paid directly by those who are employers or self-employed are recorded (together with information about tax refunds). For employers and the self-employed the amounts comprise the actual payments made in the previous twelve months and may not correspond to the tax due on the income arising in that period, e.g. if no tax has been paid but is due or if tax payments cover more than one financial year. However, the amounts of tax deducted at source from some of the items which appear in the Income Schedule are not directly available. Estimates of the tax paid on bank and building society interest and amounts deducted from dividends on stocks and shares are therefore made by applying the appropriate rates of tax. In the case of income tax paid at source on pensions and annuities, similar adjustments are made. These estimates mainly affect the relatively few households with high incomes from interest and dividends, and households including someone receiving a pension from previous employment.

f.   *Rented dwellings*
Expenditure on rented dwellings is taken as the sum of expenditure on rent, rates, council tax, water rates etc. For local authority tenants the expenditure is gross rent less any rebate (including rebate received in the form of housing benefit), and for other tenants gross rent less any rent allowance received under statutory schemes including the Housing Benefit Scheme. Rebate on Council Tax or rates (Northern Ireland) is deducted from expenditure on Council Tax or rates. Receipts from sub-letting part of the dwelling are not deducted from housing costs but appear (net of the expenses of the sub-letting) as investment income. Average payments by households renting accommodation for repairs, maintenance and decorations are shown separately in the estimates of expenditure by such households in table A34 of Family Spending, which gives housing expenditure by tenure type. Accommodation rented from a housing association is shown separately.

g.   *Rent-free dwellings*
Rent-free dwellings are those owned by someone outside the household and where either no rent is charged or the rent is paid by someone outside the household. Households whose rent is paid directly to the landlord by DWP do not live rent-free. Payments for Council Tax, water rates etc., are regarded as the cost of housing. Rebate on rates (Northern Ireland)/Council Tax/water rates (Scotland) (including rebate received in the form of housing benefit), is deducted from expenditure on rates/Council Tax/water rates. Receipts from sub-letting part of the dwelling are not deducted from housing costs but appear (net of the expenses of the sub-letting) as investment income.

h.   *Owner-occupied dwellings*
In the LCF payments for water rates, ground rent, fuel, maintenance and repair of the dwelling, and other

miscellaneous services related to the dwelling etc., are regarded as the cost of housing. Receipts from letting part of the dwelling are not deducted from housing costs but appear (net of the expenses of the letting) as investment income. Mortgage capital repayments and amounts paid for the outright purchase of the dwelling or for major structural alterations are not included as housing expenditure, but are entered under "Other items recorded", as are Council Tax, rates (Northern Ireland), and mortgage interest payments. Structural insurance is included in Miscellaneous goods and services.

i. *Second-hand goods and part-exchange transactions*
The survey expenditure data are based on information about actual payments and therefore include payments for second-hand goods and part-exchange transactions. New payments only are included for part-exchange transactions, i.e. the costs of the goods obtained less the amounts allowed for the goods which are traded in. Receipts for goods sold or traded in are not included in income.

j. *Business expenses*
The survey covers only private households and is concerned with payments made by members of households as private individuals. Spenders are asked to state whether expenditure which has been recorded on the schedules includes amounts which will be refunded as expenses from a business or organisation or which will be entered as business expenses for income tax purposes, e.g. rent, telephone charges, travelling expenses, meals out. Any such amounts are deducted from the recorded expenditure.

Income

The standard concept of income in the survey is, as far as possible, that of gross weekly cash income current at the time of interview, i.e. before the deduction of income tax actually paid, national insurance contributions and other deductions at source. However, for a few tables a concept of disposable income is used, defined as gross weekly cash income less the statutory deductions and payments of income tax (taking refunds into account) and national insurance contributions. Analysis in Chapter 3 of Family Spending and some other analyses of LCF data use "equivalisation" of incomes - i.e. adjustment of household income to allow for the different size and composition of each household. For more information see Chapter 3 of Family Spending. The cash levels of certain items of income (and expenditure) recorded in the survey by households receiving supplementary benefit were affected by the Housing Benefit Scheme introduced in stages from November 1982. From 1984 housing expenditure is given on a strictly net basis and all rent/council tax rebates and allowances and housing benefit are excluded from gross income.

Although information about most types of income is obtained on a current basis, some data, principally income from investment and from self-employment, are estimated over a twelve-month period.

The following are excluded from the assessment of income:

a. money received by one member of the household from another (e.g. housekeeping money, dress allowance, children's pocket money) other than wages paid to resident domestic servants;

b. withdrawals of savings, receipts from maturing insurance policies, proceeds from sale of financial and other assets (e.g. houses, cars, furniture, etc.), winnings from betting, lump-sum gratuities and windfalls such as legacies;

c.   the value of educational grants and scholarships not paid in cash;

d.   the value of income in kind, including the value of goods received free and the abatement in cost of goods received at reduced prices, and of bills paid by someone who is not a member of the household;

e.   loans and money received in repayment of loans.

Details are obtained of the income of each member of the household. The income of the household is taken to be the sum of the incomes of all its members. The information does not relate to a common or a fixed time period. Items recorded for periods greater than a week are converted to a weekly value.

Particular points relating to some components of income are as follows:

a.   *Wages and salaries of employees*
        The normal gross wages or salaries of employees are taken to be their earnings. These are calculated by adding to the normal "take home" pay amounts deducted at source, such as income tax payments, national insurance contributions and other deductions, e.g. payments into firm social clubs, superannuation schemes, works transport, benevolent funds etc. Employees are asked to give the earnings actually received including bonuses and commission the last time payment was made and, if different, the amount usually received. It is the amount usually received which is regarded as the normal take-home pay. Additions are made so as to include in normal earnings the value of occasional payments, such as bonuses or commissions received quarterly or annually. One of the principal objects in obtaining data on income is to enable expenditure to be classified in ranges of normal income. Average household expenditure is likely to be based on the long-term expectations of the various members of the household as to their incomes rather than be altered by short-term changes affecting individuals. Hence if employees have been away from work without pay for 13 weeks or less they are regarded as continuing to receive their normal earnings instead of social security benefits, such as unemployment or sickness benefit, that they may be receiving.   Otherwise, normal earnings are disregarded and current short-term social security benefits taken instead. Wages and salaries include any earnings from subsidiary employment as an employee and the earnings of HM Forces.

b.   *Income from self-employment*
        Income from self-employment covers any personal income from employment other than as an employee; for example, as a sole trader, professional or other person working on his own account or in partnership, including subsidiary work on his own account by a person whose main job is as an employee. It is measured from estimates of income or trading profits, after deduction of business expenses but before deduction of tax, over the most recent twelve-month period for which figures can be given. Should either a loss have been made or no profit, income would be taken as the amounts drawn from the business for own use or as any other income received from the job or business. Persons working as mail order agents or baby-sitters, with no other employment, have been classified as unoccupied rather than as self-employed, and the earnings involved have been classified as earnings from "other sources" rather than self-employment income.

c.   *Income from investment*
        Income from investments or from property, other than that in which the household is residing, is the amount received during the twelve months immediately prior to the date of the initial interview. It includes receipts from sub-letting part of the dwelling (net of the expenses of the sub-letting). If income tax has been deducted at source the gross amount is estimated by applying a conversion factor during processing.

d.   *Social security benefits*

Income from social security benefits does not include the short-term payments such as unemployment or sickness benefit received by an employee who has been away from work for 13 weeks or less, and who is therefore regarded as continuing to receive his normal earnings as described in the 'Income headings', 'Definitions' section of Appendix B, Family Spending.

Quantiles

The quantiles of a distribution, e.g. of household expenditure or income, divide it into a number of equal parts; each of which contains the same number of households.

For example, the median of a distribution divides it into two equal parts, so that half the households in a distribution of household income will have income more than the median, and the other half will have income less than the median. Similarly, quartiles, quintiles and deciles divide the distribution into four, five and ten equal parts respectively.

Most of the analysis in Family Spending is done in terms of quintile groups and decile groups. In the calculation of quantiles for Family Spending, zero values are counted as part of the distribution.