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About the Office for National Statistics

The Office for National Statistics (ONS) is the
government agency responsible for compil-
ing, analysing and disseminating many of the
United Kingdom's economic, social and demo-
graphic statistics, including the retail prices
index, trade figures and labour market data,
as well as the periodic census of the popula-
tion and health statistics. It is also the agency
that administers the statutory registration
of births, marriages and deaths in England
and Wales. The Director of ONS is also the
National Statistician and the Registrar General
for England and Wales.

A National Statistics Publication

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Economic Trends

No. 630, May 2006

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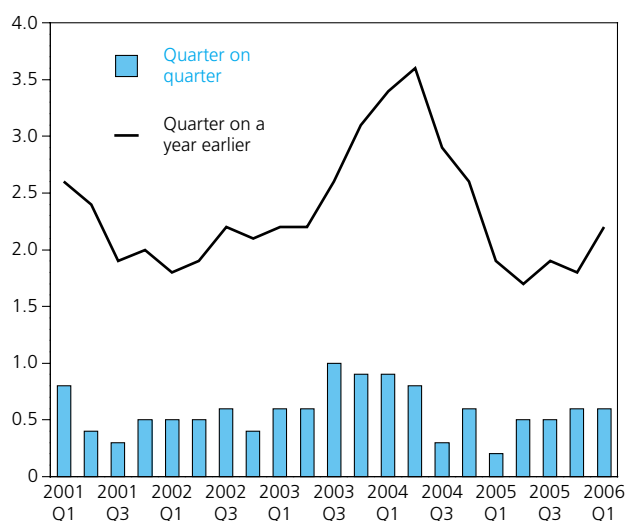
in brief

At a glance – economic summaries recently released on the National Statistics website.

GDP

GDP, chained volume measure

Quarterly growth (per cent)



GDP rose by 0.6 per cent in the first quarter of 2006, the same growth rate as in the fourth quarter of 2005.

There was similar growth in agriculture, production, construction and services, in contrast with the previous quarter when services increased more strongly and production fell.

Production rose by 0.7 per cent compared with a fall of 0.9 in the fourth quarter of 2005. All production sectors showed positive growth. Manufacturing rose 0.5 per cent compared with a fall of 1.1 in the fourth quarter.

Services grew by 0.6 per cent, a slowing of growth compared with the previous quarter when it grew by 1.0 per cent. This is largely due to the distribution, hotels and restaurants sector, which was flat in the first quarter of 2006, compared with a 1.1 per cent rise in the fourth quarter of 2005.

Transport, storage and communication grew by 0.9 per cent. There was increased growth across the transport industries and within post and telecommunications.

Business services and finance rose by 0.9 per cent. There was increased growth from business and financial services.

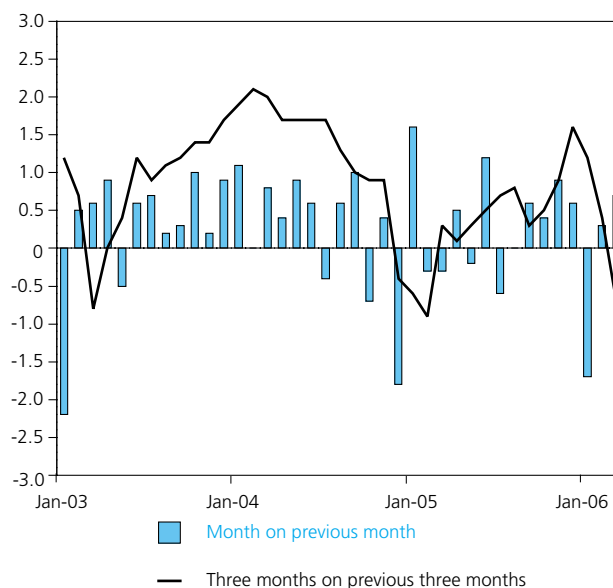
Government and other services rose by 0.5 per cent, the same rate of growth as in the fourth quarter of 2005.

Construction rose by 0.7 per cent, compared with 0.2 per cent in the fourth quarter of 2005.

Released: 26 April 2006

Retail sales

Retail sales growth (per cent)



The underlying rate of retail sales growth slowed in the first three months of 2006. This followed a period of increasing growth seen towards the end of 2005.

The volume of retail sales in the three months January to March 2006 was 0.7 per cent lower than in the previous three months. This followed growth of 0.4 per cent in the three months to February and compares with an increase of 0.3 per cent at the same time in 2005.

Three-monthly growth in sales volume was 0.1 per cent for food stores compared with a decrease of 1.4 per cent for non-food stores. Within non-food, the largest decrease was for 'other' non-food stores, with a decrease of 2.5 per cent. This partly reflects lower sales volumes for specialist retailers of books and personal electrical goods. Household goods stores showed a decrease of 1.8 per cent, mainly reflecting reduced sales by DIY stores. Compared with the same period a year earlier, total sales volumes in the three months to March 2006 were up 1.8 per cent.

Monthly figures show that the total sales volume increased by 0.7 per cent between February and March 2006. It follows growth of 0.3 per cent in February and a decrease of 1.7 per cent in January. Both food stores and non-food stores showed an increase on the month of 0.4 per cent. Within non-food stores, non-specialised stores showed the strongest growth

at 3.0 per cent, the highest growth since January 2005. The non-store retailing sector showed growth of 5.3 per cent, the highest since April 2005. The total volume of sales in March was 2.6 per cent higher than in March 2005.

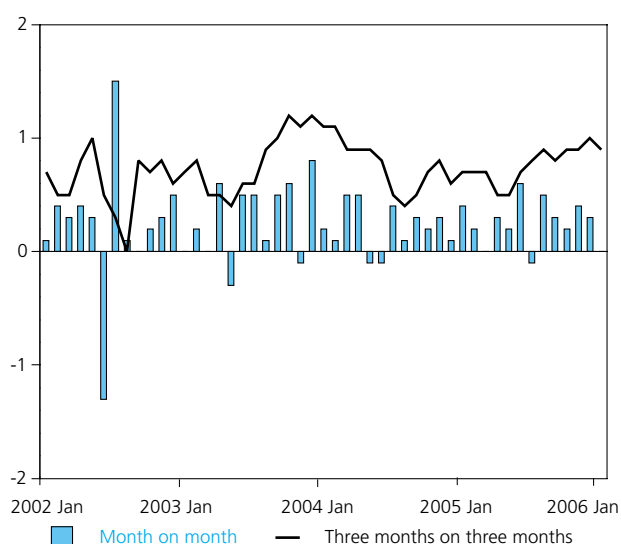
For the three months to March the unadjusted value of retail sales was 0.1 per cent higher than in the same period a year earlier. The average weekly value of sales in March was £4.5 billion, 0.1 per cent higher than in March 2005. Food stores increased by 2.0 per cent over the year compared with a decrease of 1.9 per cent for non-food stores.

Released: 24 April 2006

Index of services

Experimental Index of services (2002 = 100)

Per cent growth



Services output rose by 0.8 per cent in the three months to February 2006 compared with the three months to November. All five components of services increased in output; the most significant increase was in business services and finance.

Distribution output increased by 0.8 per cent in the three months to February. All three components – motor trades, wholesale and retail – increased in output. The most significant increase was in wholesale (which includes the commission trades).

Hotels and restaurants output rose by 1.6 per cent in the three months to February. The most significant increases were in public houses and bars, licensed restaurants, unlicensed restaurants and cafes, and hotels.

Transport, storage and communication increased by 1.5 per cent in the three months to February. All five components – land transport, water transport, air transport, other transport services and post and telecommunications – increased in output. The most significant increase was in other transport services (which includes travel agencies and cargo handling and storage).

Business services and finance output rose by 0.9 per cent in the three months to February. The most significant increase was from other business services (which includes labour recruitment and accountancy).

Government and other services output increased by 0.3 per cent in the three months to February. The most significant increase was in health and social work.

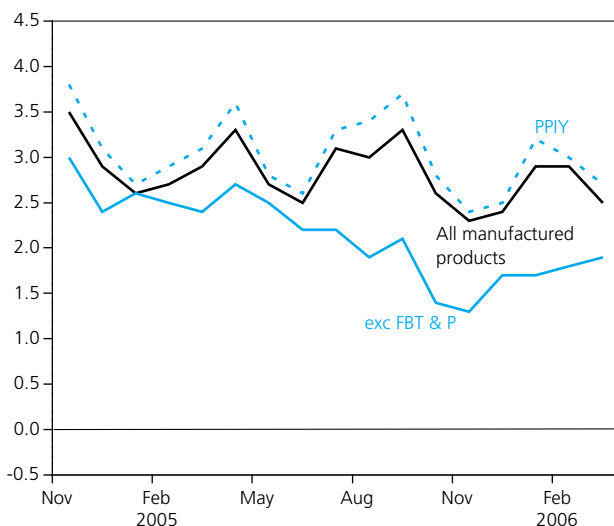
Services output between January and February increased by 0.2 per cent. Increases in government and other services, business services and finance and distribution were partly offset by falls in transport, storage and communication and hotels and restaurants.

Released: 26 April 2006

Producer prices

Output prices (what manufacturers sell)

12 months percentage change



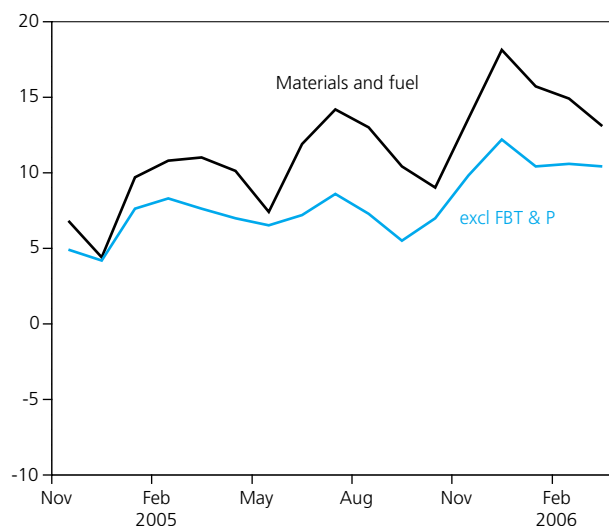
In March, output price annual inflation for all manufactured products fell to 2.5 per cent. Input price annual inflation fell from 14.9 per cent in February to 13.1 per cent in March.

Month on month, the output prices measure for all manufactured products rose 0.3 per cent in March, mainly reflecting a rise in all other manufactured products prices. The price rises in tobacco and alcohol products were partially due to Budget increases.

The 'narrow' output prices measure, which leaves out volatile sectors, showed an annual increase of 1.9 per cent. The seasonally adjusted prices measure rose 0.3 per cent between February and March.

Input prices (materials and fuel manufacturers buy)

12 months percentage change



Month on month, the input prices measure of UK manufacturers' materials and fuels rose 0.7 per cent. This mainly reflected a rise in crude oil. In seasonally adjusted terms, the index rose 0.3 per cent between February and March.

The 'narrow' input prices measure rose 10.4 per cent in the year to March. In seasonally adjusted terms, the index rose 0.3 per cent between February and March.

Released: 10 April 2006

Economic update

May 2006

Mavis Anagboso

Office for National Statistics

Overview

- GDP growth in the first quarter of 2006 was 0.6 per cent, unchanged from the previous quarter.
- The sustained growth rate showed an upturn in production and sustained robustness in services.
- From the demand perspective, consumer spending appears to be weaker in quarter one. In quarter four, government expenditure grew strongly while business investment fell.
- The public sector current budget deficit and net borrowing showed an improvement in the financial year to March 2006.
- The UK trade deficit widened in February 2006.
- The labour market conditions showed signs of softening. The employment rate decreased whilst the unemployment rate increased. The claimant count increased. Average earnings growth remains subdued.
- Producer input and output price inflation both saw increases in March with output prices growing faster than input prices.
- Consumer price inflation rose by 1.8 per cent, falling below the Government's 2 per cent target.

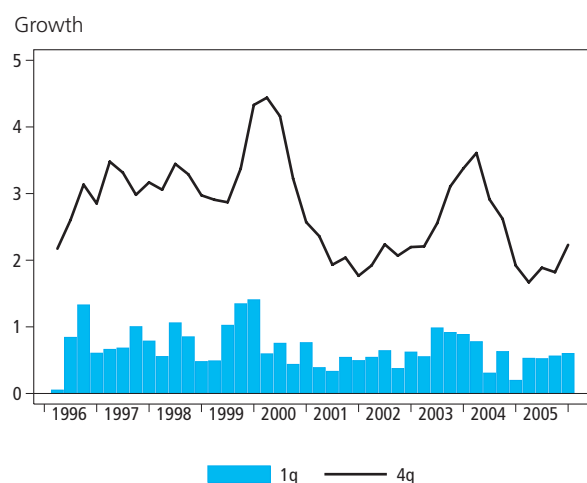
GDP activity – overview

The initial estimate of GDP growth in 2006 quarter one is estimated to have grown by 0.6 per cent, unchanged from 2005 quarter four. The initial estimate for the annual rate of growth rose to 2.2 per cent from 1.8 per cent in the previous quarter (Figure 1). It should be noted that the preliminary GDP release does contain some element of estimation for certain sectors of the economy. The number will be firmed up later as more data becomes available.

Data for 2006 quarter one are not yet available for the other major OECD economies. Data for quarter four shows a mixed, but overall a weaker position of the world economy.

US GDP growth for the fourth quarter of 2005 recorded a subdued growth rate of 0.4 per cent. This is a marked deceleration from the 1.0 per cent growth in the previous quarter. The lower growth was mainly driven by lower consumer and government expenditure. There was also a negative contribution from net trade with imports rising much more strongly than exports. Japan's output in contrast increased substantially in 2005 quarter four. Growth was 1.3 per cent compared to 0.2 per cent in 2005 quarter three.

Figure 1
GDP



The acceleration was partly due to a moderate increase in private consumption. There were also positive contributions from business investment, partly reflecting an improvement in corporate profits and from a pick up in exports, mainly to Asia and the US.

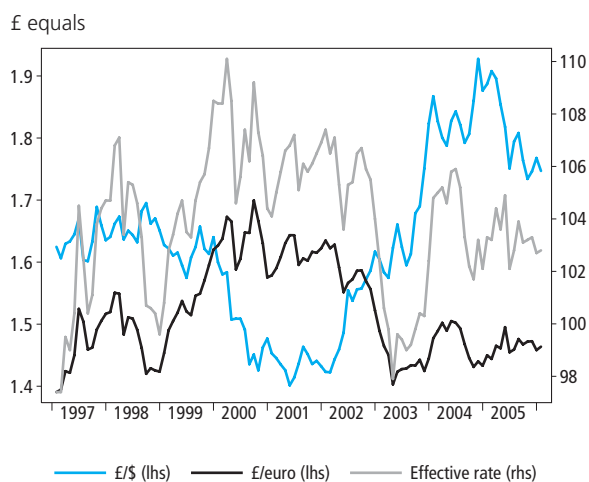
Growth in the three biggest mainland EU economies – France, Germany and Italy – shows a weakening picture. Growth in the euro zone was 0.3 per cent compared to 0.6 per cent in the previous quarter. German GDP growth was flat in quarter four having grown by 0.6 per cent in quarter three. The deceleration was mainly due to lower household and government consumption expenditure. This was offset by a positive contribution from growth in capital formation, particularly construction. Net trade, which was the main driver of growth for the past three quarters showed a neutral contribution, with imports rising strongly on the quarter. French GDP was 0.4 per cent in quarter four, a deceleration from 0.7 per cent growth in quarter three. This was mainly due to lower government expenditure and investment. Net trade also made a negative contribution to growth. In Italy, fourth quarter GDP growth in 2005 was unchanged on the previous three months and up by 0.5 per cent on the same period of 2004. This puts the figure for the year as a whole at 0.1 per cent. Final domestic demand contributed a negative 0.5 percentage points to growth, exactly offset by a 0.5 percentage point positive contribution from inventory accumulation. Net exports made a zero contribution to growth.

Financial Market activity

Equity performance was positive as a whole in 2005, although stock prices have been volatile. This positive performance has continued into the beginning of 2006 with the FTSE All - Share index increasing by around 8 per cent in the three months ending March, up from the 3 per cent growth rate seen in 2005 quarter four. This may be in part due to strong profits reported by the corporate sector, the recent increase in merger activity, speculation about company buy-outs and the decline in long-term interest rates.

As for currency markets, March 2006 saw the sterling again depreciate against the dollar after having depreciated by 2 per cent in 2005 quarter four. Against the euro, sterling's value appreciated by 0.9 per cent in the three months to March. Overall, the quarterly effective exchange rate fell by over 2 per cent in the three months to March (Figure 2).

Figure 2
Exchange rates



The recent movements in the exchange rates might be linked to a number of factors. It is possible that the prospect of further rises in official interest rates in the United States and the euro area, compared with market expectations of a flat interest rate curve in the UK, had made sterling less attractive for short-term capital flows. The appreciation of the dollar against sterling in quarter four may be partly linked to perceptions of stronger US economic growth – although the fourth quarter US growth rate is much lower than quarter three, this may have resulted recently in the flat movements of the dollar against sterling. Indeed rates in the US were increased by a further 0.25 per cent in March 2006 to stand at 4.75 per cent, exceeding UK interest rates for the first time in five years. In the UK, interest rates stand at 4.50 per cent, well above the rate in the euro zone. The sterling movements against the euro likewise can also be partly attributed to the relative performances of the UK and euro zone economy. Early leading indicators from the euro zone indicate only a limited acceleration in growth in 2006 quarter one.

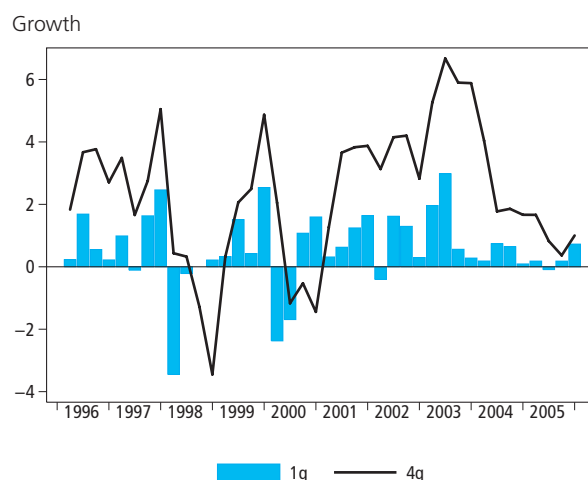
Output

GDP growth in 2006 quarter one was 0.6 per cent, unchanged from the previous quarter. On an annual basis, it was 2.2 per cent, down from 1.8 per cent in quarter four. It is worth noting here that these preliminary estimates are based on partial information, which has to be augmented with a considerable amount of estimation to produce these initial numbers.

According to the preliminary figures the growth rate of 0.6 per cent in the UK economy was due to a combination of factors. There was a strong pickup in production from a negative growth rate in 2005 quarter four into positive territory in 2006 quarter one. Construction also improved at a faster rate than in the previous quarter. Service output though robust, grew slightly slower than it did in the last quarter.

Figures for construction output are derived from a quarterly survey, the results of which are still unavailable at the time of the initial GDP estimate for the quarter. This initial figure is a forecast calculated by the DTI using a variety of techniques. Using this methodology, construction is estimated to have grown by 0.7 per cent following 0.2 per cent growth in the previous quarter (Figure 3).

Figure 3
Construction output



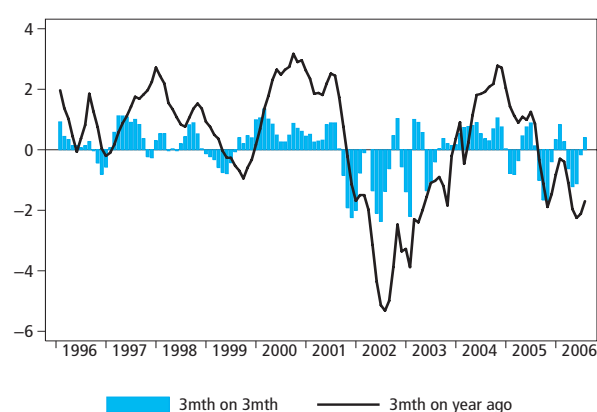
External surveys of construction support the official statistics as they generally report more robust levels of construction activity at the start of 2006. The headline index of the CIPS indicated that the growth of UK construction activity reached a six-month high. With a reading of 54.7, the index was up from 51.9 in February, largely reflecting activity driven by house-building and commercial activity. The RICS survey also reported a pick up in construction growth with workload balance at its highest in almost two years. Echoing the CIPS survey, growth in the industry is said to be largely driven by the housing sector. A rebound in private housing activity was partially offset by public housing activity that fell to virtually flat.

Total output from the production industries rose by 0.7 per cent in 2006 quarter one, the first positive growth since 2004 quarter four. The main contribution to the increase came from a 1.8 per cent growth in mining & quarrying (including oil & gas extraction) following the 0.8 per cent growth seen in the previous quarter. Electricity, gas and water supply increased by 1.6 per cent after a 0.1 per cent rise in 2005 quarter four. All components of the production industry saw positive growth rates for the first time in eight years.

According to the latest monthly figures, production output increased by 0.5 per cent in the three months to February compared with the previous three months. In the same period manufacturing increased by 0.4 per cent (Figure 4). In terms of market sector, an increase in the consumer non-durables sector by 0.8 per cent was largely offset by a fall in consumer durable goods industries by 1.2 per cent.

Figure 4
Manufacturing output

Growth

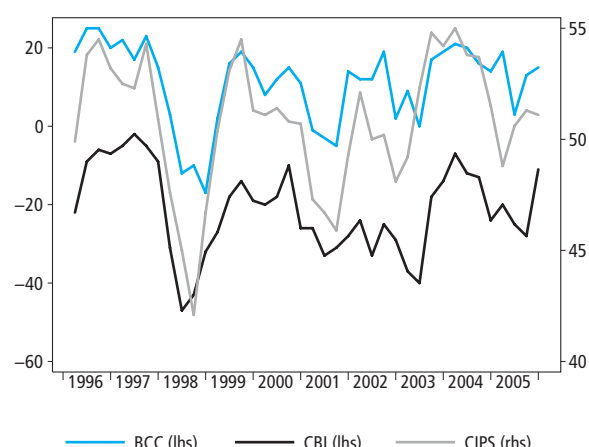


In the latest three months, the output of the capital goods sector was flat compared to the previous three months.

External surveys of manufacturing for 2006 quarter one (Figure 5) show some signs of improvement compared to the third quarter, but perhaps remain subdued overall. It is worth noting that it is not unusual for the path of business indicators and official data to diverge over the short term. These differences happen partly because the series are not measuring exactly the same thing. External surveys measure the direction rather than the magnitude of a change in output and often enquire into expectations rather than actual activity.

Figure 5
External manufacturing

Balances

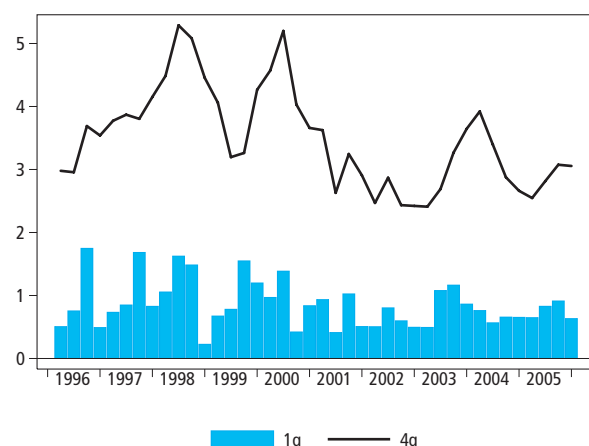


The CIPS headline index for manufacturing indicated that manufacturing activity was virtually unchanged in 2006 quarter one. At 51.3 in 2006 quarter one the headline index was unchanged from its level in 2005 quarter four. The 2006 quarter one BCC survey reports a modest improvement but overall a relatively weak picture. The headline index improved two points to plus 15 in 2006 quarter one. The CBI's monthly Industrial Trends Survey on the other hand, reports that output improved markedly in March. Output however, still remains below normal. The total orders index showed an impressive improvement from minus 28 in January to minus 16 in March.

Overall, the service sector, by far the largest part of the UK economy and the main driver of UK growth recently, continues to grow. The growth rate was 0.6 per cent, down from 1.0 per cent in the previous quarter. The slowdown was mainly driven by a fall in retail sales. Within the sector, contributions to the growth rate appear broad based (Figure 6).

Figure 6
Services output

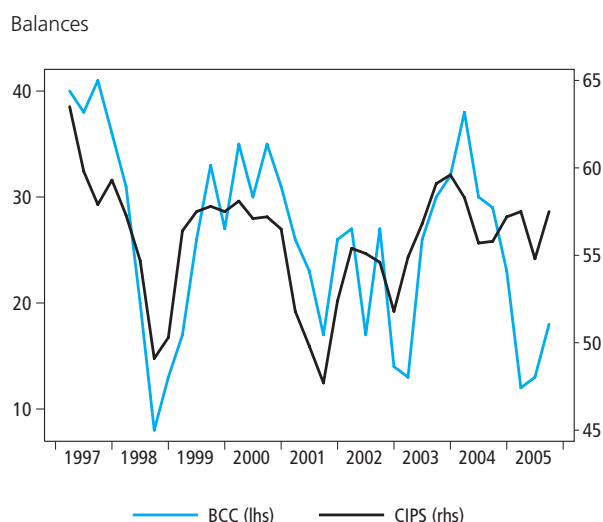
Growth



The external surveys on services show a mixed picture in quarter one, but show a modest improvement overall. In quarter one, the CIPS Index of Services rose to 57.8 from 56.6 in quarter four 2005. Business activity expanded at a rate that was well above the survey's long-run average and for

Q1 as a whole, the index implied that service sector growth was the strongest since quarter two 2004. The CBI on the other hand is less optimistic and in its latest (March) services sector survey makes the distinction between the business and professional services sector who reported robust results and the consumer services sector which is characterised by continuing sluggishness. Services is said to only improve marginally. The BCC also report a modest improvement in output, but overall remains low (Figure 7).

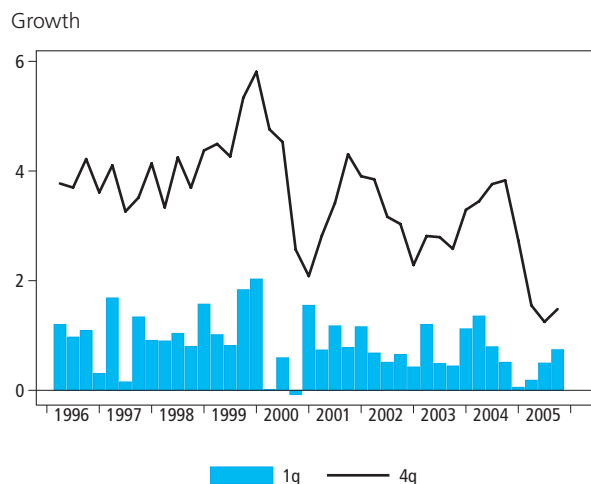
Figure 7
External services



Household demand

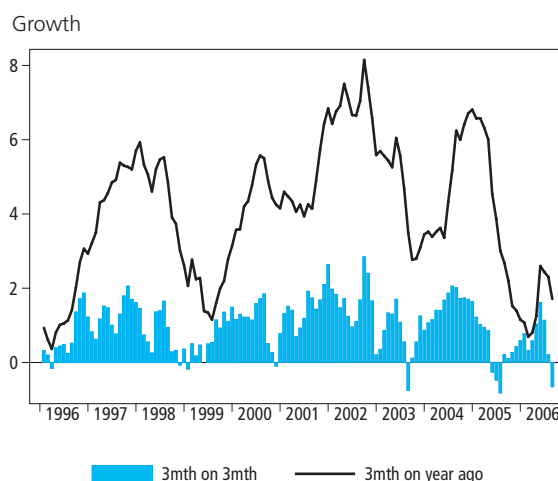
There was a further pick up in household consumption expenditure in quarter four, mainly reflecting an increase in retail sales. Growth was 0.7 per cent in 2005 quarter four, up from 0.5 per cent in the previous quarter. Although this does represent a pick up, it is still subdued when compared to the first three quarters of 2004. Growth compared with the same quarter a year ago was 1.5 per cent, up from 1.2 per cent in the previous quarter. The increase in expenditure is fairly broad based with relatively strong growth in the durable, semi durable and non-durable goods sectors (Figure 8).

Figure 8
Household demand



Retail sales figures are published on a monthly basis and the latest available figures are for March and show a slower rate of growth (Figure 9). According to the latest figures, the volume of retail sales in the three months to March 2006 was 0.7 per cent lower than the previous three months. This follows growth of 0.4 per cent in the three months to February. Retail sales prices rose by 0.7 per cent in March.

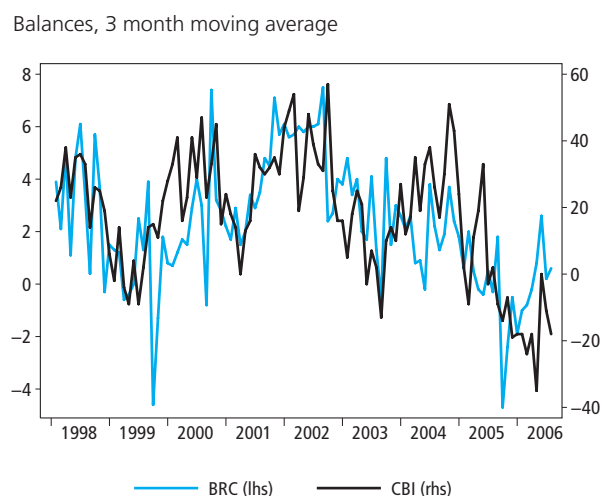
Figure 9
Retail sales



At a disaggregated level, during the three months to the end of March, sales volume growth for food stores was 0.1 per cent and minus 1.4 per cent for non-food stores. The fall in non-food stores was largely driven by falls in other stores and house-hold goods stores.

External surveys for retail sales echo the official picture. The CBI in its monthly distributive trades survey reported that a surge in retail sales around Christmas has not been sustained into the first quarter of 2006. The headline balance was minus 16 in March, slightly up from minus 18 in February. The British Retail Consortium (BRC) also reports a similar story. They report that like-for-like retail sales weakened from 0.9 per cent in February to 0.3 per cent in March. Commentators have attributed the slowdown to the unreasonably cold weather and the timing of Easter, which fell in March last year (Figure 10).

Figure 10
External retailing



Indicators for consumer expenditure in 2006 quarter one appear mixed. Retail spending as mentioned earlier slowed down slightly in the first quarter. The stock market grew further albeit modestly in quarter four and showed a slightly stronger growth in quarter one. There are signs of ongoing recovery in the housing market with most business surveys reporting stable mortgage market activity in quarter one. Allied to this, mortgage lending according to an annual basis showed strong growth in recent months, according to the Council of Mortgage Lenders and the British Bankers Association.

With growing uncertainty stemming from Iran and Nigeria, the price of crude oil has been steadily increasing since the beginning of the year. This has consequently fed through the price of petrol which has also been steadily increasing. An upward pressure in petrol prices may lead to lower expenditure on durable and non-durable goods.

Other potential negatives include a softening in the labour market and subdued wage growth. Indices of consumer confidence such as MORI and GfK generally report a negative picture in the first quarter of 2006, continuing the trend from the previous quarter. The effects of actual and potential increases in utility and council tax bills may decrease real disposable income, thereby dampening household expenditure.

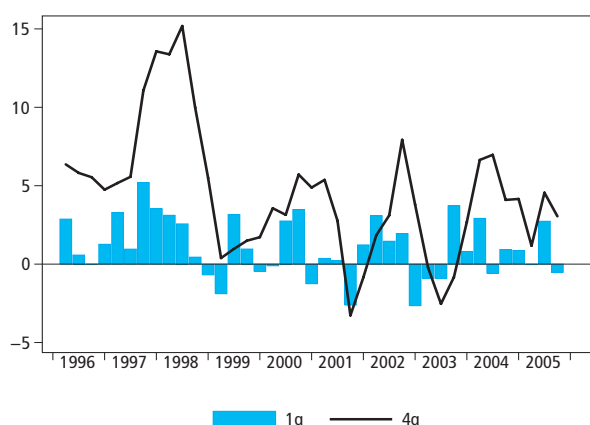
As household consumption has risen faster than disposable income in recent years the household sector has become a considerable net borrower. It is possible, that due to relatively high debt levels, consumer expenditure growth will be more tied to the growth of personal disposable income in the future. As a major part of personal debt is tied up in equity release, the lower rate of growth in house prices may lower personal disposable income. Consumer credit growth showed weakness in 2005 quarter four and in the beginning of 2006.

Business demand

The revised estimate of business investment for the fourth quarter of 2005 shows a weakening picture. Business investment for the fourth quarter of 2005 was 0.9 per cent lower than the previous quarter and 1.3 per cent higher than the fourth quarter of 2004 (Figure 11).

Figure 11
Total business investment

Growth



Looking at business investment on a more disaggregated level shows that the fall in investment was mainly due to 'other' production and construction falling by 12.2 per cent since the previous quarter.

Investment in private sector services is the most important component representing around three quarters of total business investment. Services investment rose by 1.1 per cent compared with the previous quarter.

Manufacturing investment according to the revised estimate for the fourth quarter shows a small increase. The manufacturing sector accounts for a little over one tenth of total business investment. This has tended to be fairly volatile, but since 1999 manufacturing investment has undergone a persistent contraction. In 2005 quarter four private sector manufacturing investment rose by just 0.2 per cent after falling by 1.0 per cent in the previous quarter.

Evidence on investment intentions from the latest BCC and CBI surveys indicate slightly improved conditions in the manufacturing sector.

According to the quarterly BCC survey, the balance of manufacturing firms planning to increase investment in plant and machinery increased by seven points to plus fifteen. Investment in training was unchanged at plus eighteen points. The CBI in its quarter four Industrial Trends Survey reports a weak investment position. The balance for investment in plant and machinery was minus 14, partly reflecting a downturn in manufacturing capacity requirements.

Some consider that subdued investment sits oddly with low interest rates by historical standards and buoyant equity prices. A more pessimistic view of global demand may have dampened investment as may have subdued domestic demand. Profitability though is also likely to be an important factor determining investment.

Profitability in the fourth quarter of 2005 for private non-financial companies was 13.1 per cent, compared to 13.3 per cent in the previous quarter. Manufactures profitability was 7.5 per cent, up from 6.1 per cent in the previous quarter. Service companies' profitability was 16.9 per cent, up from 16.6 per cent in the previous quarter.

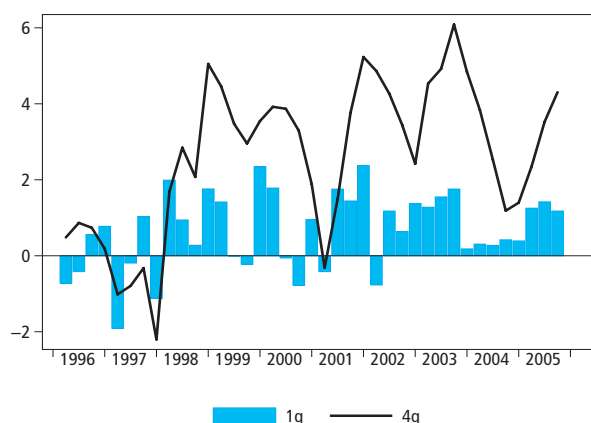
Government demand

Government final consumption expenditure shows relatively strong growth in 2005 quarter four. Growth was 1.2 per cent, down from 1.4 per cent in the previous quarter. Growth quarter on quarter a year ago was 4.3 per cent, up from 3.5 per cent in the previous quarter (Figure 12).

The latest figures on the public sector finances report up to March 2006. It is worth noting that monthly data are volatile. The financial year to date provides a better picture. The figures for the current financial year to date (April 2005 to March 2006) indicate an improvement on last year's position. Net borrowing presently stands at £ 37.8 billion compared to £39.7 billion in the same period in 2004/05. The current budget deficit stands at £ 10.8 billion compared to a deficit of £19 billion in 2004/05. Improvements have been driven on one hand by a fall in central government expenditure and on

Figure 12
Government spending

Growth



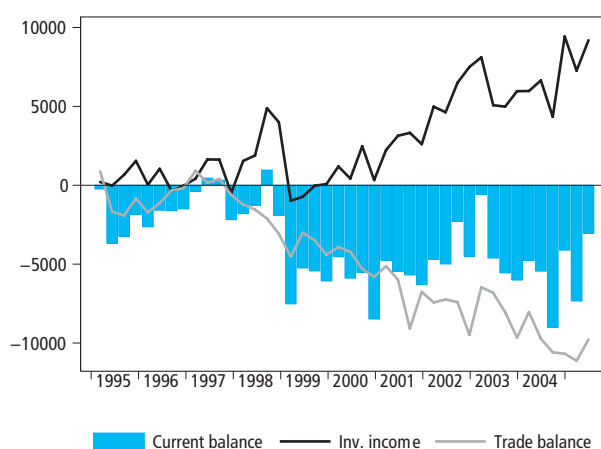
another hand by an increase in income and capital gains tax of households and companies and corporation tax receipts. Since net borrowing became positive in 2002, following the current budget moving from surplus into deficit, net debt as a proportion of annual GDP has risen steadily. Public sector net debt by the end of March 2006 was 36.6 per cent of GDP; up from 35.0 per cent of GDP at the end of March 2005 and up from the financial period 2004/05 when net debt was 35.0 per cent of GDP.

Trade and the Balance of Payments

The publication of the latest quarterly Balance of Payments shows that the current account deficit remained unchanged in 2005 quarter four compared to the previous quarter at £11.0 billion (Figure 13). As a proportion of GDP, the deficit was 3.6 per cent, similar to the previous quarter. The deficit is accounted for by a higher deficit in the trade of goods of £17.3 billion, up £0.1 billion from the previous quarter. There was also a lower surplus on investment income of £3.7 billion, down from £6.3 billion in the previous quarter, mainly due a strong rise in foreign earnings on holdings of UK equity and debt securities offsetting a growth in UK earnings from abroad. This was compensated by a higher surplus in the trade in services which increased by £5.7 billion, up from £2.9 billion in the previous quarter.

Figure 13
Balance of payments

£ million



In the three months ending February, total exports rose by 4.2 per cent, with trade in goods rising by 4.7 per cent and trade in services increasing by 3.3 per cent. Total imports grew by 5.1 per cent, with goods imports increasing by 6.7 per cent and services imports falling by 0.2 per cent.

These figures need to be treated with caution as they may have been distorted by VAT Missing Trader Intra-Community (MTIC) Fraud. The effect of this fraud would lead to an over recording of exports and under recording of imports. Import figures for trade in goods include adjustments made by ONS to allow for the impact of VAT MTIC fraud.

The run of current account deficits since 1998 reflects the sustained deterioration in the trade balance. The UK has traditionally run a surplus on the trade in services, but this has been more than offset by the growing deficit in trade in goods partly due to the UK sucking in cheaper imports.

According to the latest monthly trade figures, the UK's deficit for trade in goods and services rose to £4.8 billion in February, from the upwardly revised January level of £4.6 billion. The deficit widened as a rise in exports was outweighed by a larger rise in imports, largely due to a fall in the services surplus.

The deficit to the EU was minus £3.1 billion in February, compared to minus £2.8 billion in January. The trade in goods deficit with Non-EU countries was £3.4 billion compared to £3.7 billion in January.

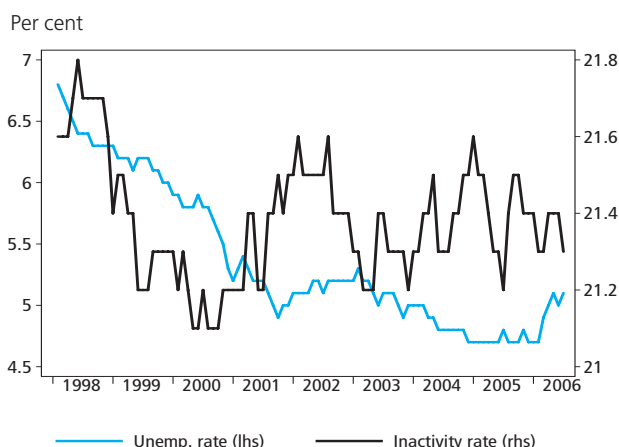
External surveys on exports paint a more optimistic picture. The quarter one BCC reported that the export sales net balance rose by 11 points to plus 23. The CBI quarterly Industrial Trends Survey reports that in March, the balance for export orders rose five points from minus 17 to minus 12.

Labour Market

In recent years the strength of the UK economy has been clearly reflected in the labour market statistics. The latest figures from the Labour Force Survey (LFS) pertain to the three-month period up to February 2006 and show a weakening labour market compared to quarter three and four. The employment rate was down whilst the unemployment rate, claimant count and average earnings all saw positive movements.

The current working age employment rate is 74.5 per cent, unchanged from the three months to November 2005 but down 0.4 percentage points from a year earlier. The number of people in employment rose by 76,000 from the three months to November bringing the employment level standing at 28.84 million. The unemployment rate was 5.1 per cent, up 0.1 percentage points from the three months to November (Figure 14). The unemployment level was 1.56 million in the three months to February 2005, up 30,000 from the three months to November. The claimant count measures the number of people receiving the job-seekers allowance. The latest figures for March show the claimant count level at 937,600, up 12,600 on the month and up 106,200 on a year earlier.

Figure 14
Unemployment and economically inactive



According to the LFS, in the period December to February 2006, employee jobs and self-employed jobs rose by 49,000 and 41,000 respectively. This follows the trend seen in early 2005 when jobs were mainly being generated by employee jobs. From another perspective, full-time jobs increased by 70,000 whilst part-time jobs only increased by 6,000.

The industry disaggregation from 'workforce jobs' is available for the three months to December 2005. There were 30.92 million workforce jobs in December, up 92,000 over the quarter and up 171,000 on a year earlier. There were increases in most industries with the largest increase in education, health and public administration at 47,000 followed by finance and business services at 32,000. This was offset by a large fall in distribution, hotels & catering of 38,000, which may be consistent with the fall in part-time jobs.

Average earnings growth shows moderate but stable growth in the latest reference period. Average earnings growth excluding bonuses, grew by a rate of 3.8 per cent, unchanged from January. Average earnings growth, including bonuses, grew was 4.2 per cent in February; a 0.6 percentage point increase from the previous month.

Public sector wage growth in the three months to February stood at 4.0 per cent, compared to growth of 3.8 per cent in the private sector.

Overall, the numbers point to a slightly weaker labour market, with unemployment levels increasing and employment levels unchanged. Modest earnings growth and rising unemployment may however, have a negative impact on consumer demand.

Prices

The divergence between input and output price inflation for producers has continued at the beginning of 2006 from quarter four 2005. Input prices grew by 13.1 per cent in the year to March, down from 14.9 per cent in February. The average quarterly growth in 2006 quarter one was 14.6 per cent on the year ago, up from 13.6 per cent in the previous quarter. The main driver of growth remains energy, particularly oil prices, which neared \$70 a barrel in January but which eased to around \$60 a barrel in February, and headed up again towards \$70 in March. Gas prices also

increased doubling in 2005 quarter four but showed signs of easing in 2006 quarter one, with growth of around 30 per cent. On the core measure, input price inflation increased by 10.4 per cent in the year to March, down from 10.6 per cent in February. Producer output inflation, which has been considerably lower, increased by 2.5 per cent in March from 2.9 per cent in February.

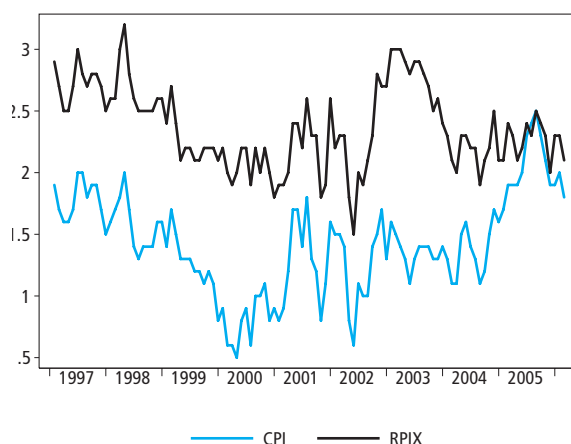
The average 2005 quarter four growth compared to a year ago was 2.8 per cent, up from the 2.4 per cent growth in the previous quarter. The relatively strong growth in output prices in quarter one suggests that producers were able to pass on part of the increase in input prices to customers, somewhat reversing the position at the end of quarter four where producers were more willing to absorb costs into their profit margins rather than pass them on. On the core measure, output prices increased by 1.9 per cent in March, up from 1.8 per cent in February.

Growth in the consumer price index (CPI) – the Government's target measure of inflation – fell to 1.8 per cent in March from 2.0 per cent in February, falling below the Government's 2.0 per cent inflation target for the second time in quarter one. This was the lowest level in more than a year.

The largest downward effect of the annual CPI came from food and non-alcoholic beverages, due to large downward contributions from dairy products. In particular, food prices came down as a result of intensified competition between supermarket chains. This deducted 0.16 point from the annual inflation rate. A large downward effect of minus 0.12 point came from transport. This was partly due to a fall in air fares, whereas they rose last year because of the early Easter. The largest upward effect came from higher utility bills, which added 0.06 point to the overall inflation rate. The RPI rose by 2.4 per cent, unchanged from February. The RPIX rose by 2.1 per cent, down from 2.3 per cent in February (Figure 15).

Figure 15
Inflation

Growth, month on month a year ago



Forecasts for the UK economy

A comparison of independent forecasts, March 2006

The tables below are extracted from HM Treasury's Forecasts for the UK Economy and summarise the average and range of independent forecasts for 2006 and 2007, updated monthly. This month's summary includes twenty-seven new forecasts.

Independent forecasts for 2006

	Average	Lowest	Highest
GDP growth (per cent)	2.3	1.4	2.8
Inflation rate (Q4 per cent)			
CPI	2.0	1.4	2.5
RPI	2.4	1.5	3.5
Claimant unemployment (Q4, million)	0.97	0.85	1.15
Current account (£ billion)	−29.8	−45.7	−19.9
Public Sector Net Borrowing (2006–07, £ billion)	37.6	30.0	46.0

Independent forecasts for 2007

	Average	Lowest	Highest
GDP growth (per cent)	2.4	0.1	3.1
Inflation rate (Q4 per cent)			
CPI	2.0	1.4	2.9
RPI	2.4	1.5	3.3
Claimant unemployment (Q4, million)	1.01	0.79	1.40
Current account (£ billion)	−31.0	−45.2	−20.0
Public Sector Net Borrowing (2007–08, £ billion)	36.8	28.0	51.0

NOTE Forecasts for the UK Economy gives more detailed forecasts, covering 27 variables and is published monthly by HM Treasury, available on annual subscription, price £75. Subscription enquiries should be addressed to Claire Coast-Smith, Public Enquiry Unit 2/52, HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ (Tel 020 7270 4558). It is also available at the Treasury's internet site: <http://www.hm-treasury.gov.uk> under 'Economic Data and Tools'.

*PSNB: Public Sector Net Borrowing.

Regional economic indicators

May 2006

Daniela New/Dave Hastings
Office for National Statistics

Overview

- London and the South East are the most productive regions in terms of GVA per head, and the only two regions above the UK average. However, the gap with the other regions reduced in 2004.
- London has the lowest rate of nominal GVA growth in 2004 (3.2 per cent) while the East Midlands has the highest growth (5.3 per cent), followed by the North East, the West Midlands, Yorkshire and The Humber and the East (all at 5.1 per cent).
- In the fourth quarter of 2005, exports to both the EU15 and non EU15 countries increased from all regions except London and Scotland.
- The East Midlands and the North East recorded the largest growth in the employment rate of 0.6 percentage points.
- Business confidence shows negative balances for all English regions and all devolved administrations in the February 2006 CBI Regional Trends Survey.

This article brings together information for the 12 regions and countries of the United Kingdom, also known as NUTS level 1 regions under the European Nomenclature of Units for Territorial Statistics. For the rest of this article, the term 'region' is used for convenience.

Headline indicators

This section presents a selection of regional economic indicators that provide an overview of the economic situation of UK regions. Some productivity indicators representing the economic activity of the regions are presented: the latest data (published in December 2005) on Workplace Based Nominal Gross Value Added (GVA) and GVA per head, and the newly available GVA per hour worked (as revised in March 2006). Other indicators, which represent some of the drivers of productivity as identified by HM Treasury and the Department of Trade and Industry, are also presented: Business Survival Rates as an indicator of enterprise and the UK Regional Trade in Goods as an indicator of competition. In addition, Research and Development (R & D) statistics are presented as an indicator of innovation in the regions while Gross Disposable Household Income (GDHI) is an indicator of the welfare of people living in the region. The latest data on Gross Disposable Household Income (GDHI) up to 2004, published in May 2006, are presented here for the first time.

Productivity

Tables 1 and 2 show Workplace Based Nominal Gross Value Added (GVA) and GVA per head, respectively, for the UK regions. The GVA estimates presented here are on a workplace basis and they are the latest data available, published by ONS in December 2005. Regional GVA can be calculated both on a residence and a workplace basis: residence-based GVA allocates the income of commuters to where they live, whereas GVA on a workplace basis allocates their income to the regions where they work.¹ Conceptually, the workplace based figures provide the preferred measure.

Table 1 shows that most regions experienced a growth between 2003 and 2004 of approximately 5 per cent in current price terms (which does not take account of inflation or regional differences in prices). However, London had the lowest rate of nominal GVA growth, at 3.2 per cent. This is the second year in a row that London has had the lowest rate of growth (in 2003 it was of 5.2 per cent, below the UK average of 5.6 per cent): this contributes to the narrowing of the gap between London and the other regions. The East

Midlands had the highest growth in total GVA (5.3 per cent) between 2003 and 2004, followed by the North East, the West Midlands, Yorkshire and The Humber and the East (5.1 per cent each). London and the South East remain the regions with the largest share of UK GVA (18.4 per cent and 14.8 per cent respectively) while Northern Ireland (2.3 per cent) and the North East (3.4 per cent) have the smallest.

Among UK regions there is a wide variation in size, which makes it difficult to compare the regions' economic performance using cash totals: comparisons are therefore usually expressed in terms of GVA per head of population (Table 2). UK average GVA per head in 2004 was £16,802. London was the region with the highest GVA per head in 2004 at £24,955, well above the UK average (49 per cent). However, the GVA per head for London includes the activity of commuters as well as people living in the London region but these commuters are not included in the denominator. GVA per head for the South East was also above the UK average, at £18,329 (9.1 per cent above UK average) per head. On the other hand, Wales, the North East and Northern Ireland had the lowest GVA per head, of £13,292 (79 per cent of UK average), £13,433 (80 per cent) and £13,482 (80 per cent) respectively.

Table 3 shows the GVA per hour worked indices by region up to 2004, consistent with the GVA data published in December 2005. Data for the previous years have been revised. Regional GVA per hour worked is the ratio of workplace based Gross Value Added estimates and Total Workforce Hours Worked. This index is considered to be a more appropriate indicator of regional productivity, since the numerator and denominator are both on a workplace basis, and it takes into account the proportions of full time and part time workers, which can vary by region. According to Table 3 the most productive regions in terms of GVA per hour worked in 2004 were London and the South East and they are also the only regions, together with the East, with productivity above the UK average. All other regions are below the UK average, with Northern Ireland and Wales having the lowest values, of 82 and 91 per cent of the UK level respectively.

Welfare

Table 4 contains the most recent available data for Gross Disposable Household Income (GDHI) per head with figures up to 2004. GDHI per head is a residence based measure that can be used as an indicator of the welfare of people living in a region. Table 4 shows that London is the region with the highest GDHI per head (£15,298), followed by the South East (£14,656) and the East of England (£13,889). These regions are also the only ones above the UK average of £12,816. The regions with the lowest GDHI per head are the North East (£10,906) and Northern Ireland (£10,988).

It is worth noting that the ranking of regions can change depending on whether the ranking is based on Productivity or Gross Disposable Household Income (see Figure 1). London and the South East are the highest ranking regions on both measures. In contrast, the North East had the lowest average income level of any UK region in 2004, at 15 per cent below the UK average, whereas the region's GVA per hour worked was just 6 per cent below the UK average, putting it in the middle of the overall regional ranking. The difference between the two indicators may be due to the relatively lower average earnings in the North East. Table 5 shows that the North East has the lowest median gross weekly pay in the country, which could have an upward effect on productivity and a downward effect on incomes.

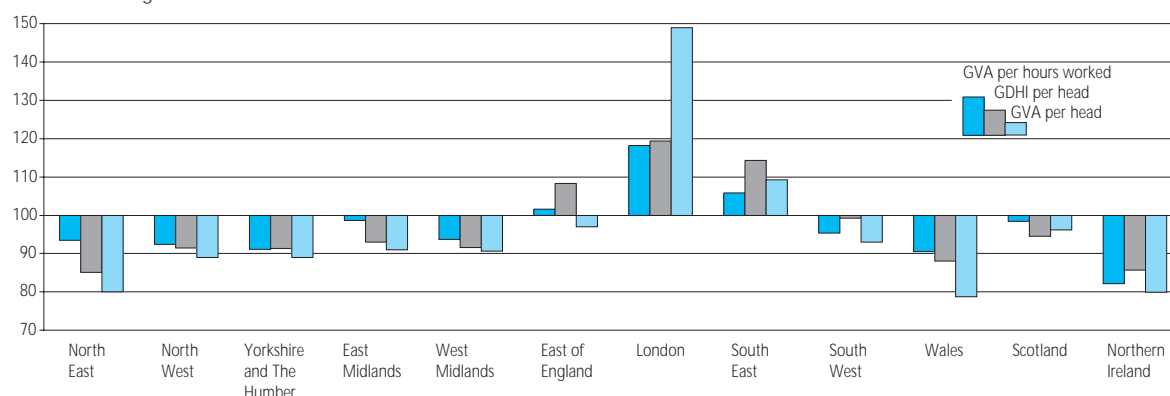
It is also interesting to note how the gap between regions reduces once we take into account different measures of productivity. London for example was 49 per cent above the UK average in terms of GVA per head in 2004 but only 18 per cent above the UK average in terms of GVA per hour worked.

Innovation

The R&D statistics published here are consistent with the OECD's Frascati Manual which defines Research and Experimental Development (R&D). R&D is defined as "creative work undertaken systematically to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this knowledge to devise new applications".

Figure 1
Indicators comparison, 2004

UK less extra-regio=100



R&D activity has been recognised, as part of the innovation process, as one of the drivers of productivity. In generating new technological inventions, innovation is a necessary, though not a sufficient condition for economic success. In addition, the presence of R&D activity can be a stimulant to the competitiveness of firms within a region.

Table 6 presents the estimated expenditure in R&D for the regions, in the years from 1999 to 2003, and broken down by the sector making the expenditure, namely Business sector, Government (GovERD) and Higher Education Institutions (HERD). The Higher Education Institutions (HEI) regional R&D estimates are obtained by allocating total R&D performed by HEIs to individual HEIs in proportion to their income from research grants and contracts. These estimates are less reliable and should be treated with caution.²

From the data shown in Table 6 we can see that the region with the highest total expenditure in Business and Government R&D in 2003 is the South East, followed by the East of England. In terms of total expenditure in R&D, the South East is still the region with the highest share of UK in 2003 (23 per cent), followed by the East of England (21 per cent). North West is third with 11 per cent of the total expenditure in R&D. The regions with the smallest percentage of UK R&D in 2003 are Northern Ireland, Wales and the North East.

The picture changes slightly if expenditure in R&D is analysed as a percentage of GVA, which is a measure commonly used in international comparisons. Figure 2 below shows the data for regional R&D as percentage of GVA for 2003. From the chart, we can see the region with the highest share of R&D expenditure in terms of GVA is the East of England, followed by the South East and the South West. These are the only regions with an R&D expenditure share of GVA above the UK average of 2 per cent. All the other regions are below the UK average.

Enterprise

Table 7 shows the net changes in VAT registered businesses for UK regions in the years 1999 to 2004. Data for 2004 were published in October 2005 by the Small Business Service (SBS) of DTI. The overall impact of these changes at UK level

is larger in the most recent years, but overall not significant, as explained in the guidance for the revision, published by Small Business Services on its website (www.sbs.gov.uk/sbsgov/action/Title). For further information about the methodology involved in the computation of the series, see article on the SBS website.³

VAT registrations and de-registrations are the best official guide to the pattern of business start-ups and closures. They are an indicator of the level of entrepreneurship and of the health of the business population. Many factors influence the pattern of business start-ups. Among these, the most important is economic growth, which encourages new ventures and creates demand for business.

The data show an overall positive net change in the VAT registrations and de-registrations in 2004 at UK level. Most of the UK regions show a positive net change, with East Midland and North West reporting the highest net changes (900 and 800 respectively). London and Northern Ireland are the regions with the highest negative net change (–500), followed by Scotland and West Midlands (both –100).

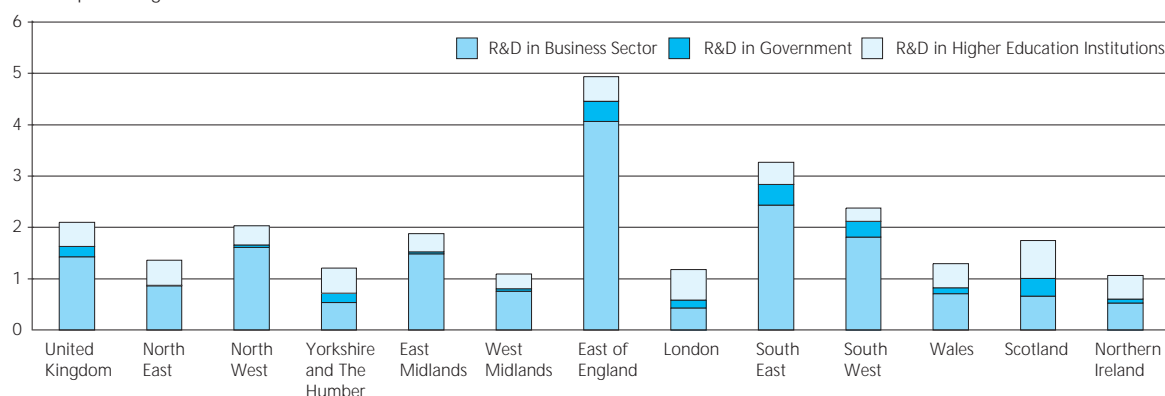
It is interesting to observe the business survival rates as well as the net changes in VAT registrations. These rates show the proportion of businesses that remain registered for VAT three years after their initial registration (which is the year shown in Table 8). Although there has been a general increase in business survival rates since 1993, these rates vary greatly between regions. Northern Ireland, which appears to be one of the regions with the highest negative net change in VAT registrations in 2004, shows the highest survival rate (72 per cent) in 2002 while London has the lowest survival rate (63 per cent). The negative net change of VAT registration in Northern Ireland is explained by a low start up rate, which may suggest the existence of a risk-averse culture (see article 'Business Survival Rates', Small Business Service). This may justify why, when few people are taking risks, there is a self selection of the businesses with highest possibility of surviving. This is consistent with the figures shown in Table 8.

Competition

Table 9 shows quarterly data for UK Regional trade in goods by statistical value⁴ per region. Data are taken primarily from

Figure 2
Research and Development

R&D as percentage of GVA



Customs systems used to process the UK's Overseas Trade in Goods Statistics. HM Revenue and Customs do not receive information in respect of goods that move wholly within the UK, nor in intangibles and services such as banking or tourism.

Trade is allocated to a region by the postcode associated with a company's VAT registration. Some adjustments have been necessary for exports, to ensure that manufacturing that takes place at branch premises is properly allocated to the region where the branch is situated. However, these figures should be interpreted carefully for various reasons. Among these, it is worth noting that the value of exports produced is also dependent on the size of a region's economy; another reason is that the production of some goods may involve different stages and these stages may take place across different regions.

Data have been revised for all the quarters of 2005, therefore they may differ from the data presented in earlier articles.⁵ Data for the fourth quarter of 2005 are presented for the first time.

In the fourth quarter of 2005, the South West was the region with the highest increase in exports to EU15 countries (17.1 per cent) compared to the previous quarter while the West Midlands was the region with the highest increase in exports to non EU15 countries (19.1 per cent).

Exports to EU15 countries in the fourth quarter of 2005 increased (with respect to the previous quarter) for 10 out of the 12 regions (the exceptions being London and Scotland). The same applies to exports to non EU15 countries. The region with the highest increases in total exports (to both EU 15 and not EU 15 countries) is London (up by 16.8 per cent), followed by Yorkshire and The Humber (15.6 per cent). With the exception of these two regions, East Midlands and West Midlands, all other regions show a growth in total exports below the UK average of 9.6 per cent. The regions with the smallest increase in exports are the North East (3 per cent) and Northern Ireland (4.2 per cent)

Comparing exports to EU15 countries between the fourth quarter of 2005 and the same period a year earlier, the East Midlands had the largest increase (13.5 per cent) while Wales registered the largest decrease (17.3 per cent). In terms of exports to non-EU15 countries, London had the largest increase (37.5 per cent) compared with the same period a year earlier, and all the regions registered an increase in exports to non EU15 countries compared to the same quarter of the previous year.

Table 10 shows the value of exports as a percentage of headline regional GVA up to 2004. Data for 2003 and 2004 have been revised since the last edition. Between 2001 and 2004, Scotland shows a large downward movement in exports as a percentage of GVA. To a lesser extent, London and the West Midlands showed a downward trend between 2002 and 2003, while Wales, the South West and Northern Ireland showed an upward movement. The UK as a whole shows a downward trend in exports as percentage of GVA. The North East, the East Midlands and Wales have the biggest share of GVA in exports in 2004 (23.8 per cent for the North East and 21.2 per cent for the other two regions) and, together with

the East of England, the South East and Northern Ireland, they are the regions with shares above the UK average. The South West and Yorkshire and the Humber have the smallest percentage of their GVA in exports (12.4 per cent and 13.5 per cent respectively).

The Labour Market

Tables 11 to 14 concern the labour market. Tables 11, 12 and 13 are seasonally adjusted; while Table 14 is unadjusted.

Table 11 shows the unemployment rate (according to the internationally consistent ILO definition). The UK rate in 2005 quarter four was 5.1 per cent, up 0.4 percentage point from the previous quarter. Unemployment has increased for all but two regions. Yorkshire and The Humber had the largest increase in the unemployment rate in the fourth quarter, rising by 0.7 percentage points. London and the West Midlands had rises of 0.6 percentage points, the East rose by 0.5 percentage points, the North West and the South West had increases of 0.4 percentage points, Wales up by 0.3, South East and Northern Ireland by 0.2 percentage points and the East Midlands rose by just 0.1 percentage point. The unemployment rate for Scotland decreased by 0.2 percentage points and fell by 0.1 percentage point for the North East.

The UK claimant count rate (referring to people claiming Jobseeker's Allowance benefits), Table 12, was 3.0 per cent of the workforce in the UK in March 2006, up from 2.9 per cent in February. This national rate masks large variations between regions and component countries of the UK. The North East continues to have the highest claimant count rate in the UK and in March 2006 stood at 4.2 per cent. This region has had the highest rate in every year since 1999. The North East is followed by the West Midlands and London, who recorded claimant count rates of 3.9 per cent and 3.5 per cent respectively. The South East and the South West had the lowest claimant count rates, of 1.9 per cent and 1.7 per cent respectively. Among the devolved administrations, the claimant count rate increased in Scotland by 0.1 percentage point to 3.3 per cent in March 2006. For Wales and Northern Ireland, the rates were unchanged at 3.2 per cent and 3.3 per cent respectively.

Quarterly employment growth (from the Labour Force Survey), Table 13, in the UK shows an overall decrease in 2005 quarter four of 56,000. This fall of 0.2 percentage points compared to an increase of 0.4 per cent in quarter three. The largest fall was 1 percentage point in the North West. Employment also fell in four other English regions (West Midlands, East, London and the South West) and rose in four regions (North East, Yorkshire and The Humber, East Midlands and the South East). As for the devolved administrations, employment fell by 1.6 per cent in Northern Ireland. In Wales, employment decreased by 0.7 per cent and rose in Scotland by 0.4 per cent.

The number of employee jobs (from the Employers Surveys), Table 14, increased by 0.7 percentage points at the national level, compared with just 0.1 percentage point the previous quarter. All English regions saw a rise in employee jobs. The largest rises were recorded by London where employee jobs grew by 1.1 percentage points and the East which

registered a 1 percentage point increase. Regarding the devolved administrations, Wales and Scotland showed rises in employee jobs of 0.4 and 0.3 percentage points respectively. In Northern Ireland, there was a rise of 1.2 percentage points. It should be noted that this survey does not take into account the self employed.

CBI Manufacturing Survey

Almost all CBI data are presented on the basis of Government Office Regions, although London and the South East are combined. Table 15 shows business conditions as measured by the February survey. The general **business optimism** at the national level is in negative balance for the fourth successive quarter. However, there was a slight improvement in the balance from minus 21 in October to minus 14 in January. The continued weakness in business confidence was attributed partly to weak global demand, particularly from the euro-zone and partly to slowing consumer demand in the UK. Recently however, there are signs of a pick up in consumer spending, although labour market conditions remain weak.

Among the English regions, the South West had the largest negative balance, followed by the West and East Midlands. Yorkshire and The Humber in contrast was the only English region to experience a positive balance. All of the devolved administrations had negative balances with Northern Ireland having the largest negative balance followed by Wales.

UK manufacturing output, as measured by CBI/BSL balances for **volume of output** in Table 16 shows a modest fall for the second successive quarter. However, there was a slight improvement in the balance from the October survey. All of the English regions recorded negative balances except Yorkshire and The Humber, which saw an improvement in volumes for the first time in a year, and the East Midlands. The South West registered the largest negative balance followed by the West Midlands and London and the South East. Of the devolved administrations, Northern Ireland showed the largest negative balance followed by Wales. Scotland on the other hand recorded a slightly positive balance. For the next three months, the outlook is mixed for the English regions but negative for all devolved administrations.

New orders in the manufacturing sector in the three months to January, according to the CBI/BSL survey, are presented in Table 17. The data shows a modest negative balance for the UK. Most English regions recorded negative balances with the South West followed by the West Midlands showing the largest negative balances. Only three English regions recorded positive balances, with the largest being recorded by Yorkshire and The Humber, followed by the North West and East Midlands. Of the devolved administrations, Northern Ireland posted the largest negative balance followed by Wales. Scotland on the other hand posted a slightly positive balance. For the next three months most English regions report negative balances whilst of the devolved administrations only Wales report a negative balance.

The balance for **UK export orders** in the February CBI/BSL survey in Table 18 shows a modest negative balance but a small improvement from the previous survey at the national level. Most English regions recorded negative balances with the largest being recorded by the North East followed by the West Midlands and London and the South East. In contrast, three English regions registered positive balances with the largest being recorded by the East Midlands followed by Yorkshire and the Humber and the South West. Of the devolved administrations, Northern Ireland shows the largest negative balance, followed by Scotland. Wales shows a modest negative balance.

The indicator for **firms working below capacity** in Table 19 shows a slight increase for the UK as a whole in the February survey to 62 from 60 in the previous survey. Of the English regions, the South West (76 per cent) had the highest number of firms working below capacity followed by Yorkshire and The Humber (71 per cent) and the North West (70 per cent). Of the devolved administrations, Northern Ireland had the highest number of firms working below capacity (81 per cent) followed by Wales (67 per cent).

Footnotes

1. For further discussion of the workplace and residence measures of GVA, see *Economic Trends* article 'Regional Gross Value Added' published 16 March 2005.
2. See article 'Research and experimental development (R&D) statistics 2002' in *Economic Trends*, September 2004.
3. www.sbs.gov.uk/content/analytical/statistics/vatmethodology03.pdf
4. The statistical value of trade in goods is computed on the same common basis as the other EU member countries. This basis is the value of the goods plus the cost of movement to the border of the country that publishes the statistics that is the cost, insurance and freight (CIF) delivery terms value for Arrivals (imports); the Free on Board (FOB) delivery terms value for Dispatches (exports). The value of the trade under this common basis is called the 'statistical value'.
5. The figures for EU and non-EU trade in goods are subject to revisions, not only because of late response but also because returns may require subsequent amendment. Revisions may also arise following detection of errors in original returns. For example, where there has been misclassification of goods, or the basis of valuation is incorrect.

1

Headline workplace based Gross value added^{1,2} at basic prices NUTS 1 regions

£ million

	United Kingdom ³	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	IGAE	IFZR	IFZS	IFZT	IFZU	IFZV	IGLF	IGLG	IGLH	IFZZ	IGAA	IGAB	IGAC	IGAD
1990	491 382	18 627	53 634	38 244	32 746	41 547	42 212	87 540	65 655	37 223	417 429	20 700	42 934	10 319
1997	705 214	25 218	73 566	53 773	46 869	59 203	61 241	125 572	99 781	54 522	599 744	28 432	60 755	16 283
1998	750 827	26 234	77 479	56 532	49 085	62 491	65 266	137 438	108 334	57 947	640 807	29 543	63 203	17 274
1999	785 039	27 005	80 613	58 363	50 879	64 796	68 195	145 682	115 002	60 795	671 329	30 473	65 160	18 077
2000	819 495	27 965	83 567	60 535	52 864	67 357	71 452	152 634	121 356	63 713	701 442	31 735	67 399	18 918
2001	862 214	29 343	87 914	63 732	55 828	70 556	75 430	160 350	128 188	67 335	738 676	33 512	70 210	19 817
2002	910 210	30 801	92 163	67 456	58 908	73 960	79 843	170 723	135 062	71 095	780 012	35 277	74 095	20 825
2003	961 461	32 518	97 096	71 553	62 434	77 797	85 028	179 672	142 462	75 086	823 646	37 359	78 504	21 952
2004 ⁴	1 005 373	34 188	101 996	75 219	65 770	81 745	89 405	185 398	148 651	78 650	861 022	39 243	82 050	23 058

1 Based on the European System of Accounts 1995 (ESA95).

Source: National Statistics

2 Data are consistent with the headline series published on 21 December 2005.

3 UK less Extra-Region and statistical discrepancy.

4 Provisional

2

Headline workplace based Gross value added^{1,2} at basic prices: £ per head NUTS 1 regions

£

	United Kingdom ³	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	IGAV	IGAI	IGAJ	IGAK	IGAL	IGAM	IGLI	IGLJ	IGLK	IGAQ	IGAR	IGAS	IGAT	IGAU
1990	8 585	7 208	7 853	7 772	8 201	7 962	8 296	12 876	8 641	7 974	8 751	7 234	8 449	6 467
1997	12 093	9 820	10 827	10 847	11 375	11 250	11 627	17 901	12 706	11 295	12 324	9 822	11 952	9 743
1998	12 840	10 244	11 407	11 403	11 877	11 855	12 310	19 452	13 733	11 949	13 126	10 189	12 449	10 296
1999	13 377	10 589	11 902	11 776	12 253	12 291	12 774	20 364	14 456	12 455	13 691	10 506	12 847	10 766
2000	13 917	10 995	12 336	12 208	12 683	12 782	13 293	21 092	15 187	12 957	14 247	10 917	13 312	11 241
2001	14 586	11 552	12 980	12 806	13 325	13 361	13 967	21 899	15 977	13 621	14 938	11 515	13 864	11 731
2002	15 344	12 136	13 586	13 510	13 950	13 944	14 725	23 161	16 791	14 312	15 711	12 067	14 658	12 274
2003	16 144	12 805	14 269	14 284	14 682	14 624	15 565	24 320	17 631	15 019	16 521	12 716	15 523	12 893
2004 ⁴	16 802 ⁴	13 433	14 940	14 928	15 368	15 325	16 281	24 955	18 329	15 611	17 188	13 292	16 157	13 482

1 Based on the European System of Accounts 1995 (ESA95).

Source: National Statistics

2 Data are consistent with the headline series published on 21 December 2005.

3 UK less Extra-Region and statistical discrepancy.

4 Provisional

3

Gross value added (GVA) per hour worked indices¹ by region NUTS 1 regions

	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	DMOB	DMOH	DMOK	DMOL	DMON	DMOO	DMOR	DMOS	DMOT	DMOV	DMOW	DMOY	DMWA
1996	97.8	94.0	94.1	98.0	91.4	100.1	118.9	102.2	93.7	100.5	93.9	101.1	88.8
1997	94.5	94.4	94.0	95.9	91.8	100.3	120.1	101.6	93.6	100.6	94.1	100.8	87.3
1998	94.5	95.1	93.3	95.0	91.0	100.7	119.2	104.1	94.3	100.9	92.6	98.8	87.7
1999	95.5	94.6	94.1	94.0	93.6	98.8	116.6	105.5	95.9	100.9	92.9	99.1	86.2
2000	94.9	94.0	94.2	94.8	93.5	98.6	117.5	106.3	98.2	101.0	93.3	98.2	85.4
2001	98.2	94.2	94.7	96.6	94.5	97.9	116.1	106.0	96.6	101.2	92.3	95.8	87.3
2002	94.9	93.0	93.0	97.1	93.7	98.6	117.5	105.2	95.9	101.2	92.1	96.4	85.4
2003	93.9	92.5	92.3	96.8	93.8	100.8	116.6	107.2	97.0	101.3	90.6	96.8	82.9
2004	93.5	92.4	91.1	98.7	93.7	101.6	118.2	105.8	95.3	101.2	90.5	98.4	82.2

1 UK=100

Source: National Statistics

4

Gross disposable household income (GDHI)^{1,2} £ per head NUTS 1 regions

£

	United Kingdom ³	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	C8G6	C8G7	C8G8	C8G9	C8GA	C8GB	C8GC	C8GD	C8GE	C8GF	C8GG	C8GH	C8GI	C8GJ
1997	9 604	8 330	8 865	8 866	8 900	8 813	10 234	11 592	10 875	9 600	9 773	8 428	9 096	8 287
1998	9 917	8 534	9 140	9 164	9 161	9 078	10 554	12 045	11 303	9 888	10 103	8 628	9 325	8 526
1999	10 369	8 861	9 545	9 520	9 515	9 486	11 053	12 702	11 845	10 321	10 573	8 980	9 683	8 881
2000	10 950	9 293	10 044	10 016	10 032	10 011	11 729	13 437	12 532	10 860	11 166	9 479	10 215	9 376
2001	11 621	9 822	10 620	10 554	10 670	10 600	12 549	14 183	13 348	11 546	11 848	10 096	10 840	9 935
2002	11 948	10 127	10 908	10 851	11 009	10 891	12 964	14 431	13 723	11 870	12 169	10 437	11 225	10 233
2003	12 476	10 583	11 377	11 352	11 554	11 383	13 525	15 004	14 310	12 407	12 701	10 924	11 763	10 667
2004 ⁴	12 816	10 906	11 723	11 705	11 918	11 729	13 889	15 298	14 656	12 721	13 040	11 278	12 116	10 988

1 Based on the European System of Accounts 1995 (ESA95).

Source: National Statistics

2 Data are consistent with the headline series published 9 May 2006

3 UK less Extra Region

4 Provisional

5 Median gross weekly pay¹

NUTS 1 regions

£

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	C5GR	C5GS	C5GT	C5GU	C5GV	C5GW	C5GX	C5GY	C5GZ	C5H2	C5H3	C5H4	C5H5
1998	334.9	302.4	317.9	313.7	312.0	320.4	337.0	419.0	350.3	314.8	308.9	313.8	298.1
1999	345.5	314.0	327.9	320.8	323.8	329.9	348.3	433.0	360.8	323.9	316.8	329.0	310.5
2000	359.0	329.3	340.9	335.0	330.8	340.9	358.1	460.0	377.3	336.0	327.5	338.4	320.2
2001	375.9	333.7	354.2	345.5	346.6	357.9	379.1	479.9	398.3	352.3	341.3	355.1	330.5
2002	390.9	344.8	368.5	360.0	362.3	366.6	392.6	501.1	419.9	365.0	349.4	371.7	342.0
2003	404.0	348.4	379.7	375.6	379.6	378.0	407.6	521.4	434.8	382.0	363.6	381.3	352.0
2004 ²	422.8 419.5	372.9 370.3	397.7 394.6	393.0 389.7	390.0 383.9	397.1 392.4	423.4 419.2	544.7 537.4	451.1 447.2	394.9 392.9	386.8 381.8	394.6 390.9	375.0 372.7
2005	431.2	385.5	407.2	399.3	406.7	402.5	428.7	555.8	450.0	401.0	389.9	409.6	387.0

1 Median gross weekly earnings of full-time employees.

Source: Annual Survey of Hours and Earnings, National Statistics

2 The bottom figure includes supplementary information to improve inquiry coverage and the quality of the estimates. The top figure excludes this information and so is continuous with previous years figures.

6 Estimated expenditure on research and development

£ million

Business sector													
	United Kingdom	North East	North West	Yorkshire & the Humber	East Midlands	West Midlands	East of England	London	South East	South West	England	Wales	Northern Ireland
	D4DF	D4DG	D4DH	D4DI	D4DJ	D4DK	D4DL	D4DM	D4DN	D4DO	D4DP	D4DQ	D4DR
1999	11 302	164	1 476	309	838	724	2 559	735	2 916	887	10 607	203	393
2000	11 510	164	1 451	304	933	576	2 758	810	2 964	867	10 827	144	400
2001	12 336	119	1 512	298	951	662	2 916	738	3 317	1 025	11 538	136	512
2002	13 110	128	1 661	357	1 063	695	2 741	950	3 268	1 274	12 138	182	640
2003	13 687	281	1 559	382	929	587	3 453	771	3 464	1 359	12 786	264	521

Government sector													
	United Kingdom	North East	North West	Yorkshire & the Humber	East Midlands	West Midlands	East of England	London	South East	South West	England	Wales	Northern Ireland
	D4DT	D4DU	D4DV	D4DW	D4DX	D4DY	D4DZ	D4E2	D4E3	D4E4	D4E5	D4E6	D4E7
1999	2 086	2	56	46	56	191	248	231	648	301	1 779	60	233
2000	2 238	2	59	50	58	205	271	271	665	322	1 905	68	250
2001	1 829	4	66	50	68	65	277	238	515	254	1 537	49	226
2002	1 752	6	67	62	65	50	285	238	459	228	1 460	41	237
2003	2 010	2	54	134	22	38	336	279	583	231	1 679	43	271

Source: ONS

Higher Education sector													
	United Kingdom	North East	North West	Yorkshire & the Humber	East Midlands	West Midlands	East of England	London	South East	South West	England	Wales	Northern Ireland
	D4E9	D4EA	D4EB	D4EC	D4ED	D4EE	D4EF	D4EG	D4EH	D4EI	D4EJ	D4EK	D4EL
1999	3 324	112	259	269	181	179	253	833	491	147	2 723	129	408
2000	3 648	123	289	285	205	193	325	899	518	160	2 996	139	442
2001	4 034	142	322	317	224	207	366	979	562	178	3 296	155	510
2002	4 413	159	354	340	234	221	402	1 059	608	191	3 568	180	581
2003	4 457	158	363	347	223	228	412	1 069	614	192	3 606	175	575

7 VAT registrations and deregistrations: net change¹

NUTS 1 regions

Thousands

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	DCYQ	LREB	LRZS	DCYT	DCYU	DCYY	LRED	DEON	LREE	DCYX	DCZA	DCZB	DCZC
1999	28.1	0.5	1.7	1.2	1.7	2.1	3.0	8.3	6.2	2.3	—	0.7	0.6
2000	25.3	0.6	1.6	1.2	1.7	2.4	3.0	6.3	5.0	1.8	0.6	0.7	0.4
2001	17.4	0.1	1.3	0.8	1.6	1.7	1.7	3.1	3.9	1.6	0.7	0.3	0.6
2002	20.5	0.5	1.8	1.2	2.2	2.0	2.9	1.8	4.1	2.2	0.2	0.7	0.9
2003	21.5	0.8	2.4	2.5	1.9	1.3	2.2	3.5	3.6	1.9	0.3	0.7	0.4
2004	2.0	0.2	0.8	0.6	0.9	-0.1	0.1	-0.5	0.1	0.3	0.3	-0.1	-0.5

1 Net gain or loss in the stock of registered enterprises each year - equal to registrations less de-registrations

Source: Small Business Services, DTI

8 Three year survival rates of VAT registered businesses, by region

Percent still trading

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
Year of registration	D4BQ	D4BR	D4BS	D4BT	D4BU	D4BV	D4BW	D4BX	D4BY	D4BZ	D4C2	D4C3	D4C4	D4C5
1993	62.1	58.5	59.2	60.6	62.7	60.9	63.6	61.4	63.5	63.4	61.9	61.3	63.0	68.5
1994	62.5	58.6	59.8	61.3	61.9	61.9	64.2	60.8	64.3	64.6	62.2	63.6	62.2	73.7
1995	65.3	62.4	62.7	64.3	65.0	63.1	67.1	62.6	68.3	68.1	65.0	65.5	64.9	76.1
1996	66.0	64.7	63.6	64.3	65.2	64.7	68.5	63.3	69.5	68.6	66.0	66.5	64.0	75.0
1997	67.4	66.4	64.2	66.7	67.1	65.9	69.8	64.2	70.7	70.2	67.3	67.7	66.5	75.0
1998	66.3	66.2	65.1	65.1	66.6	66.4	68.8	62.5	69.6	68.7	66.3	66.5	64.5	72.4
1999	66.5	65.5	64.9	66.1	67.7	66.5	68.1	62.8	69.7	68.0	66.4	68.0	65.3	72.4
Change 1993-99	4.4	7.0	5.7	5.5	5.0	5.6	4.5	1.4	6.2	4.6	4.5	6.7	2.3	3.9

Source: Small Business Service Jan 2004

9 UK Regional trade in goods by statistical value per region

Value of Exports by Region

£ million

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland	Unknown
EU 15 Exports	D4C6	D4C7	D4C8	D4C9	D4CA	D4CB	D4CC	D4CD	D4CE	D4CF	D4CG	D4CH	D4CI	D4CJ	D4CK
2004 Q3	25 712	1 231	2 221	1 417	1 857	1 719	2 421	2 248	3 942	1 448	18 504	1 251	1 408	628	3 912
Q4	27 939	1 305	2 360	1 541	1 982	1 976	2 736	2 218	4 227	1 480	19 824	1 427	1 595	703	4 392
Total 2004	105 609	5 048	9 100	5 816	7 575	7 451	10 225	9 030	15 660	5 840	75 745	5 235	5 969	2 626	16 034
2005 Q1	27 494	1 293	2 314	1 677	2 096	1 865	2 595	2 357	3 928	1 545	19 668	1 440	1 369	662	4 277
Q2	28 190	1 307	2 502	1 617	2 202	2 055	2 683	2 089	4 008	1 492	19 955	1 276	1 420	721	4 549
Q3	27 770	1 237	2 499	1 557	2 190	1 891	2 379	2 488	4 198	1 380	19 818	1 154	1 525	675	3 902
Q4	29 100	1 304	2 587	1 593	2 249	1 971	2 705	2 425	4 434	1 616	20 884	1 180	1 465	708	..
Year to Date 2005*	112 554	5 140	9 901	6 444	8 735	7 782	10 362	9 359	16 568	6 033	80 324	5 050	5 780	2 766	12 728
Non-EU 15 Exports	D4CL	D4CM	D4CN	D4CO	D4CP	D4CQ	D4CR	D4CS	D4CT	D4CU	D4CV	D4CW	D4CX	D4CY	D4CZ
2004 Q3	21 651	809	2 242	1 110	1 637	1 515	1 973	3 434	3 484	1 042	17 246	795	1 585	434	1 591
Q4	23 351	802	2 314	1 248	1 824	1 647	2 203	3 288	3 984	1 064	18 374	883	1 644	495	1 955
Total 2004	84 938	3 074	8 738	4 354	6 340	6 273	7 804	13 424	13 696	3 897	67 599	3 082	5 963	1 764	6 530
2005 Q1*	19 903	604	1 917	1 161	1 443	1 453	1 689	3 704	3 020	830	15 819	751	1 346	407	1 580
Q2	24 214	857	2 257	1 341	1 790	1 846	2 225	4 020	3 852	1 024	19 213	927	1 757	460	1 862
Q3	25 093	878	2 379	1 324	1 870	1 861	2 170	4 618	3 974	1 153	20 228	905	1 822	448	1 650
Q4	27 064	885	2 683	1 484	2 039	2 216	2 547	4 523	4 419	1 231	22 027	920	1 748	495	..
Year to Date 2005*	96 275	3 225	9 235	5 309	7 142	7 376	8 630	16 865	15 266	4 238	77 287	3 504	6 672	1 809	5 092

* Provisional data - subject to revision

Source: HM Revenue and Customs Regional Trade Statistics

10 Value of export goods as a percentage of headline regional GVA

percentage

	United Kingdom*	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	D4D2	D4D3	D4D4	D4D5	D4D6	D4D7	D4D8	D4D9	D4DA	D4DB	D4DC	D4DD	D4DE
2001	21.4	24.2	18.5	14.0	24.3	19.0	21.4	14.6	20.4	12.1	21.2	23.8	19.2
2002	20.1	22.5	18.3	13.5	21.8	18.7	20.3	15.2	19.1	10.6	18.8	21.1	16.1
2003	19.1	24.6	17.5	13.0	22.7	17.2	20.8	13.0	20.2	12.1	19.2	16.8	18.4
2004*	18.4	23.8	17.5	13.5	21.2	16.8	20.2	12.1	19.7	12.4	21.2	14.5	19.0

* UK figures include trade and GVA that cannot be allocated to regions

Source: HM Revenue and Customs, Regional Trade Statistics

11 Unemployed as a percentage of the economically active population^{1,2} seasonally adjusted

NUTS 1 regions

Percentages

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	MGSX	YCNC	YCND	YCNE	YCNF	YCNH	YCNH	YCNH	YCNJ	YCNK	YCNL	YCNM	YCNN	ZSFB
2002 Q4	5.1	7.3	4.9	5.0	4.8	5.7	4.0	6.6	4.0	4.0	5.0	5.1	6.1	5.5
2003 Q1	5.1	6.6	4.9	5.3	4.0	6.0	4.7	7.0	3.9	3.8	5.1	4.8	6.0	5.3
Q2	4.9	6.1	5.0	5.1	4.4	5.6	3.9	7.2	3.9	3.4	4.9	4.5	5.3	5.2
Q3	5.0	6.6	4.9	4.9	4.6	5.9	3.9	7.2	3.9	3.2	5.0	4.7	5.9	5.6
Q4	4.9	6.3	4.7	5.0	4.4	5.7	3.5	7.0	3.9	3.1	4.8	4.8	5.8	6.3
2004 Q1	4.8	5.6	4.5	4.8	4.7	5.5	3.5	7.0	3.9	3.0	4.7	4.6	5.8	5.3
Q2	4.8	5.5	4.4	4.5	4.3	5.5	3.8	7.0	3.6	3.7	4.7	4.2	6.0	5.2
Q3	4.7	6.0	4.4	4.6	4.0	5.0	3.5	7.2	3.7	3.2	4.6	4.9	5.2	5.0
Q4	4.7	6.4	4.6	4.7	4.2	4.8	3.8	7.2	3.5	3.4	4.7	4.2	5.6	4.6
2005 Q1	4.7	5.7	4.8	4.3	4.3	4.7	3.9	6.7	3.7	3.6	4.6	4.5	5.6	4.8
Q2	4.8	6.8	4.4	4.7	4.4	4.6	3.9	7.1	3.8	3.2	4.7	4.6	5.5	5.0
Q3	4.7	6.6	4.4	4.6	4.4	4.7	4.0	6.7	4.0	3.6	4.7	4.6	5.4	4.3
Q4	5.1	6.5	4.8	5.3	4.5	5.3	4.5	7.3	4.2	4.0	5.1	4.9	5.2	4.5

1 Periods are calendar quarters.

Source: Labour Force Survey, National Statistics

2 Data has been adjusted to reflect the 2001 Census Population data. For further details, please see the National Statistics website: www.statistics.gov.uk/cci/nugget.asp?id=207

12 Claimant count rates as a percentage of total workforce

NUTS 1 regions

Seasonally adjusted

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	BCJE	DPDM	IBWC	DPBI	DPBJ	DPBN	DPDP	DPDQ	DPDR	DPBM	DPBP	DPBQ	DPBR
2002	3.1	5.0	3.5	3.6	2.9	3.5	2.1	3.6	1.6	1.9	3.6	3.8	4.4
2003	3.0	4.5	3.2	3.3	2.8	3.5	2.1	3.6	1.7	1.9	3.3	3.7	4.1
2004	2.7	4.0	2.8	2.8	2.5	3.3	2.0	3.5	1.6	1.6	3.0	3.5	3.6
2005	2.7	3.9	2.9	2.9	2.5	3.4	2.1	3.4	1.6	1.6	3.0	3.2	3.3
2005 Mar	2.6	3.8	2.7	2.7	2.4	3.1	2.0	3.4	1.6	1.6	2.8	3.2	3.4
Apr	2.7	3.8	2.8	2.8	2.4	3.2	2.0	3.4	1.6	1.6	2.9	3.2	3.3
May	2.7	3.9	2.8	2.8	2.5	3.5	2.1	3.4	1.6	1.6	2.9	3.2	3.3
Jun	2.7	3.9	2.9	2.9	2.5	3.5	2.1	3.4	1.6	1.6	3.0	3.2	3.3
Jul	2.7	3.9	2.9	2.9	2.5	3.5	2.1	3.4	1.6	1.6	3.0	3.2	3.3
Aug	2.7	4.0	2.9	2.9	2.5	3.5	2.1	3.5	1.6	1.6	3.0	3.2	3.3
Sep	2.8	4.0	3.0	3.0	2.6	3.6	2.2	3.5	1.7	1.6	3.0	3.2	3.3
Oct	2.8	4.0	3.0	3.0	2.6	3.6	2.2	3.5	1.7	1.6	3.1	3.2	3.3
Nov	2.8	4.0	3.1	3.1	2.7	3.7	2.2	3.5	1.7	1.7	3.1	3.2	3.3
Dec	2.9	4.0	3.1	3.2	2.7	3.7	2.2	3.5	1.8	1.7	3.2	3.2	3.3
2006 Jan	2.9	3.9	3.1	3.2	2.7	3.7	2.2	3.5	1.8	1.6	3.1	3.1	3.3
Feb	2.9	4.1	3.2	3.2	2.8	3.8	2.3	3.5	1.8	1.7	3.2	3.2	3.3
Mar	3.0	4.2	3.2	3.3	2.8	3.9	2.3	3.5	1.9	1.7	3.2	3.3	3.3

Source: National Statistics

13 Total in employment^{1,2,3}, seasonally adjusted

NUTS 1 regions

Thousands

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	MGRZ	YCJP	YCJQ	YCJR	YCJS	YCJT	YCJU	YCJV	YCJW	YCJX	YCJY	YCJZ	YCKA	ZSFG
2002 Q4	28 074	1 066	3 107	2 294	2 037	2 472	2 673	3 543	4 052	2 415	23 658	1 292	2 385	733
2003 Q1	28 065	1 069	3 110	2 311	2 042	2 459	2 655	3 498	4 056	2 413	23 614	1 300	2 393	750
Q2	28 191	1 081	3 132	2 319	2 047	2 453	2 692	3 512	4 041	2 426	23 704	1 324	2 412	740
Q3	28 222	1 086	3 141	2 333	2 041	2 435	2 702	3 538	4 046	2 431	23 753	1 327	2 401	729
Q4	28 254	1 105	3 138	2 336	2 052	2 439	2 742	3 513	4 045	2 443	23 813	1 319	2 396	715
2004 Q1	28 398	1 117	3 164	2 345	2 063	2 459	2 744	3 539	4 032	2 457	23 920	1 331	2 416	718
Q2	28 410	1 116	3 166	2 348	2 054	2 471	2 733	3 549	4 052	2 428	23 916	1 331	2 435	717
Q3	28 467	1 116	3 166	2 356	2 052	2 500	2 738	3 524	4 063	2 453	23 967	1 311	2 450	719
Q4	28 586	1 112	3 196	2 369	2 069	2 506	2 726	3 530	4 072	2 456	24 035	1 332	2 453	743
2005 Q1	28 679	1 128	3 183	2 372	2 079	2 516	2 735	3 577	4 075	2 465	24 129	1 322	2 461	742
Q2	28 698	1 129	3 185	2 373	2 083	2 519	2 742	3 561	4 093	2 479	24 164	1 312	2 448	745
Q3	28 825	1 122	3 204	2 390	2 114	2 513	2 741	3 603	4 095	2 467	24 248	1 338	2 458	762
Q4	28 769	1 129	3 172	2 392	2 126	2 502	2 722	3 597	4 104	2 456	24 200	1 329	2 468	750

1 Includes employees, the self-employed, participants on Government-supported employment and training schemes and unpaid family-workers.

Source: Labour Force Survey, National Statistics

2 Periods are calendar quarters.

3 Data have been adjusted to reflect the 2001 Census population data. For further details please see the National Statistics website: www.statistics.gov.uk/cci/nugget.asp?id=207

14 Employee jobs (all industries)

NUTS 1 regions

2000 = 100

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	YEKA	YEBK	YEKJ	YEKC	YEKD	YEKI	YEKE	YEKF	YEKG	YEKH	YEKK	YEKL	YEKM
2001	101.4	100.0	101.7	101.7	98.9	100.0	101.9	101.4	101.7	101.9	101.3	103.9	102.0
2002	101.9	103.1	103.1	102.0	98.5	100.6	101.2	99.5	103.0	104.0	101.7	104.1	104.0
2003	102.1	103.7	103.8	104.2	99.2	100.8	102.0	98.5	101.9	104.2	102.8	104.3	105.0
2004	103.0	104.7	105.0	107.2	100.4	100.8	102.4	98.2	102.1	106.2	106.4	104.8	106.5
2005	103.9	105.2	106.6	108.2	102.1	100.9	102.0	99.2	102.5	107.7	108.5	106.3	108.0
2004 Jun	102.7	103.9	104.7	106.6	99.8	100.5	102.7	98.1	102.0	105.8	105.5	104.4	105.9
Sep	102.9	105.4	104.8	107.6	100.8	100.1	102.1	97.8	101.8	106.3	107.5	104.6	106.3
Dec	104.1	105.2	106.3	108.5	102.2	102.2	102.4	99.1	102.8	107.3	108.8	106.2	108.0
2005 Mar	103.6	105.1	106.2	107.8	101.8	101.1	101.9	98.8	102.1	106.7	107.9	105.7	108.0
Jun	103.7	105.0	106.4	107.9	101.8	100.7	101.8	98.9	102.3	108.1	108.2	105.9	108.0
Sep	103.8	105.2	106.7	108.3	102.2	100.5	101.6	99.1	102.2	107.8	108.7	106.6	107.5
Dec	104.5	105.6	107.1	108.8	102.6	101.2	102.6	100.2	103.2	108.1	109.1	106.9	108.7

Source: National Statistics

15 Manufacturing industry: optimism about business situation

NUTS 1 regions

Balance¹

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
	DCMO	LRYS	LYRT	DCMU	DCMT	DCMS	LRYS	DCMP	DCMR	DCMX	DCMY	DCMZ
2005 Apr	-15	-11	-28	-17	-32	-34	4	-2	-18	1	5	-36
Jul	-16	-26	-15	-25	-40	-31	-25	-29	-17	-11	-13	-18
Oct	-21	-33	-3	-16	-18	-35	-35	-45	-33	-44	-14	-32
2006 Jan	-14	-9	-6	19	-20	-19	-11	-15	-52	-23	-7	-24

¹ Balance in percentage of firms reporting rises less those reporting falls.

Source: CBI/Experian Regional Trends Survey, February 2006

16 Manufacturing industry: volume of output

NUTS 1 regions

Balance¹

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
Past 3 months	DCLQ	LRVY	LRYW	DCLW	DCLV	DCLU	LRYS	DCLR	DCLT	DCLZ	DCMA	DCMB
2005 Apr	-10	2	-27	-5	-3	-33	-3	-11	3	3	15	-37
Jul	-1	6	-5	-23	-	8	-17	-16	14	-24	6	-20
Oct	-13	-19	-6	-5	7	-26	-20	-26	-3	-15	22	-63
2006 Jan	-6	-3	-3	24	7	-14	-3	-9	-25	-8	1	-29
Next 3 months	DCMC	LRYY	LRYZ	DCMI	DCMH	DCME	LRZA	DCMD	DCMF	DCML	DCMM	DCMN
2006 Jan	1	-9	2	3	-8	-13	2	11	-18	-2	-8	-8

¹ Balance in percentage of firms reporting rises less those reporting falls.

Source: CBI/Experian Regional Trends Survey, February 2006

18 Manufacturing industry: volume of new export orders

NUTS 1 regions

Balance¹

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
Past 3 months	DCNY	LRZH	LRZI	DCOE	DCOD	DCOC	LRZJ	DCNZ	DCOB	DCOH	DCOI	DCOJ
2005 Apr	-15	8	-18	2	2	-27	-6	-17	-19	-19	-19	-59
Jul	9	15	-1	10	11	15	-12	-19	-	-18	8	-43
Oct	-13	-19	7	11	-1	-27	-15	-26	20	-21	1	-59
2006 Jan	-5	-24	-4	15	32	-17	-7	-11	7	-4	-14	-38
Next 3 months	DCOK	LRZK	LRZL	DCOQ	DCOP	DCOO	LRZM	DCOL	DCON	DCOT	DCOU	DCOV
2006 Jan	-2	8	-11	4	26	-9	3	4	3	-	-24	-27

¹ Balance in percentage of firms reporting rises less those reporting falls.

Source: CBI/Experian Regional Trends Survey, February 2006

19 Manufacturing industry: firms working below capacity

NUTS 1 regions

Percentages

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
	DCOW	LRZN	LRZO	DCPC	DCPB	DCPA	LRZP	DCOX	DCOZ	DCPF	DCPG	DCPH
2005 Apr	60	85	65	53	62	56	66	67	60	33	37	85
Jul	54	56	53	55	67	60	58	59	59	34	52	50
Oct	60	74	59	48	60	68	54	63	58	41	46	88
2006 Jan	62	66	70	71	60	59	47	48	76	67	59	81

Source: CBI/Experian Regional Trends Survey, February 2006

Methodology Notes: Annual chain-linking

Joe Robjohns

Office for National Statistics

This is the latest article in a new series called 'Methodology Notes'. This series aims to explain statistical issues relevant to our data in a simple, non-technical way. As well as defining the topic areas, the notes explain when, why and how these methodologies are used within the Office for National Statistics (ONS). Where possible, we also point the reader to further sources of information.

What is annual chain-linking?

In the UK, GDP is estimated using three different approaches: output, expenditure and income, which are then balanced to produce a single estimate. Volume measures for both the expenditure and output measures of GDP are aggregated up from the volume measures of their components. Up until 2003 the volume measures were aggregated using a 'fixed-base' methodology. This meant that until 2003, each component volume measure was weighted using its value share of the whole economy in 1995. For earlier time periods, the value shares from 1990, 1985, 1980 and so on were used. The five-yearly updating of weights is called rebasing, which caused revisions.

In terms of accuracy, this methodology was less than ideal, as it assumed the value shares of goods in the economy did not change for five years. The UK has a dynamic economy so that goods change in importance over short periods of time (for example, fast-moving electrical goods such as computers, cameras and mobile phones). It is likely that the assumption of goods having fixed values over five years is flawed. Consequently, ONS desired a methodology that would update the weights more frequently, so the output and expenditure measures truly reflected what was happening in the changing economy.

Annual chain-linking is a method for aggregating the volume measures on a more frequent basis. It can be thought of as rebasing every year. Instead of referring back to value shares from the most recent base year, volume measures for each year are produced in prices of the previous year. These volume measures are then 'chain-linked' together to produce a continuous time series.

How is annual chain-linking done in ONS?

Figure 1 shows how the fixed-base and annual chain-linking methodologies differ in their treatment of the data. In this example we have a simplified economy with two goods, A and B. The steps taken to produce the fixed-base and chained volume measures are demonstrated. The value shares are calculated simply by the quantity of the good multiplied by its current or constant price.

Step 1

Fixed-base expenditure – calculate the values for each year using the base year prices. In the year before a base change, calculate values for both the old and new base prices.

Annual chain-linking – calculate the values for each good in current prices and previous years' prices.

Figure 1

Data

Volume measures
Constant price £m in 1995 prices

	A	B
1990	1,002	262
1991	1,100	267
1992	1,213	269
1993	1,345	271
1994	1,534	273
1995	1,722	275

Value shares
Current prices £m

	A	B	AB
1990	1,253	241	1,494
1991	1,320	248	1,568
1992	1,395	256	1,651
1993	1,480	263	1,742
1994	1,611	270	1,881
1995	1,722	275	1,997

Fixed-based expenditure

Step 1: constant price £m

	1990 prices	1995 prices	1990 prices	1995 prices
	A	A	B	B
1990	1,253		241	
1991	1,375		246	
1992	1,516		247	
1993	1,681		249	
1994	1,918	1,534	251	273
1995		1,722		275

Annual chain-linking

Step 1: values in previous years' prices

	1990 prices	1991 prices	1992 prices	1993 prices	1994 prices	1995 prices
	A	A	A	A	A	A
1990	1,253					
1991	1,375	1,320				
1992		1,456	1,395			
1993			1,547	1,480		
1994				1,687	1,611	
1995					1,808	1,722

	1990 prices	1991 prices	1992 prices	1993 prices	1994 prices	1995 prices
	B	B	B	B	B	B
1990	241					
1991	246	248				
1992		250	256			
1993			257	263		
1994				265	270	
1995					272	275

Step 2: aggregation of A and B

	1990 prices	1995 prices
	AB	AB
1990	1,494	
1991	1,621	
1992	1,764	
1993	1,931	
1994	2,169	1,807
1995		1,997

Step 2: aggregation of values in previous years' prices

	1990 prices	1991 prices	1992 prices	1993 prices	1994 prices	1995 prices
	AB	AB	AB	AB	AB	AB
1990	1,494					
1991	1,621	1,568				
1992		1,706	1,651			
1993			1,804	1,742		
1994				1,952	1,881	
1995					2,080	1,997

Step 3: linking of 1995 and 1990 prices

	referenced to 1995	growth as percentage
	AB	AB
1990	1,244	
1991	1,350	8.51
1992	1,470	8.83
1993	1,609	9.46
1994	1,807	12.33
1995	1,997	10.51

Step 3: chain-linking

	chained volume measure referenced to 1995	growth as percentage
	AB	AB
1990	1,249	
1991	1,355	8.51
1992	1,474	8.76
1993	1,612	9.31
1994	1,806	12.04
1995	1,997	10.60

Step 2

Fixed-base expenditure – aggregate for all goods for the old and new base years.

Annual chain-linking – aggregate for all goods for current and previous years' prices.

Step 3

Fixed-base expenditure – use the link year to reference all the previous values to the new base year.

Annual chain-linking – link each year to the previous year and reference all values to a chosen year.

Fixed-base expenditure

Using the figures from the example, the move from the old base year to the new base year is linked using the 1994 values at 1990 base prices and 1995 base prices. This is shown by the calculations below:

$$(1994 \text{ value at } 1995 \text{ prices}) / (1994 \text{ value at } 1990 \text{ prices}) = {}_{94}V_{95} / {}_{94}V_{90} = 1,807 / 2,169 = \mathbf{0.833}$$

$${}_{93}V_{95} = {}_{93}V_{90} \times 0.833 = 1,931 \times 0.833 = \mathbf{1,609}$$

$${}_{92}V_{95} = {}_{92}V_{90} \times 0.833 = 1,764 \times 0.833 = \mathbf{1,470}$$

$${}_{91}V_{95} = {}_{91}V_{90} \times 0.833 = 1,621 \times 0.833 = \mathbf{1,350}$$

$${}_{90}V_{95} = {}_{90}V_{90} \times 0.833 = 1,494 \times 0.833 = \mathbf{1,244}$$

Annual chain-linking

The chained volume measure uses the same principle but essentially uses a different base each year:

$${}_{95}V_{95} = \mathbf{1,997}$$

$${}_{94}V_{95} = ({}_{95}V_{95} / {}_{95}V_{94}) \times {}_{94}V_{94} = 1,997 / 2,080 \times 1,881 = \mathbf{1,806}$$

$${}_{93}V_{95} = ({}_{94}V_{95} / {}_{94}V_{93}) \times {}_{93}V_{93} = 1,806 / 1,952 \times 1,742 = \mathbf{1,612}$$

$${}_{92}V_{95} = ({}_{93}V_{95} / {}_{93}V_{92}) \times {}_{92}V_{92} = 1,612 / 1,804 \times 1,651 = \mathbf{1,474}$$

$${}_{91}V_{95} = ({}_{92}V_{95} / {}_{92}V_{91}) \times {}_{91}V_{91} = 1,474 / 1,706 \times 1,568 = \mathbf{1,355}$$

$${}_{90}V_{95} = ({}_{91}V_{95} / {}_{91}V_{90}) \times {}_{90}V_{90} = 1,355 / 1,621 \times 1,494 = \mathbf{1,249}$$

In this example, annual chain-linking has altered the values before 1995. It has also had a corresponding effect on growth rates. The important point to note here is that the revisions to growth rates are not predictable. Here they have been revised upwards once and downwards three times in the five year period. This stems from the fact that there is both a volume and price effect on the weighting of goods in the chained volume measure. There would be a volume effect where updating the weights would tend to increase growth rates because higher weight is given to components which are growing faster. However, there is also a price effect if the price of items with fast growth is falling quickly, which would tend to reduce the weight. Here, good A is increasing quickly in volume but decreasing in price. We could draw comparisons here with high technology goods such as personal computers or mobile phones that have seen a vast increase in quality and sales but stable, or falling, prices.

While volume growth is estimated using chained volume measures, this is not the case in the most recent years. Essentially a fixed-base tail exists at the end of each series using the weights from the chosen base year. In the UK National Accounts this base year is the same as the reference year used to present series. For the *2005 Blue Book* the base year and reference year was 2002. Consequently, this year is used to weight the series from the first quarter of 2003. However, each year this reference year is advanced so, for example, the reference year for *Blue Book 2004* was 2001. Advancing this base year may hence cause some revisions to the growth estimates in the tail of each series.

What effect has annual chain-linking had?

Annual chain-linking has now been used in the National Accounts to provide chained volume measures for several series including GDP, household final consumption expenditure, gross fixed capital formation and trade estimates. These estimates were published for the first time in *Blue Book 2003*. Tuke (2003) shows that the GDP growth rate revisions due to annual chain-linking have been fairly small but there have been moderate reductions in the growth of household final consumption expenditure. While the move to annual chain-linking has caused these one-off revisions, the move away from fixed-base methods ensures that revisions will generally be smaller each year because the weights are updated one year at a time rather than every five years.

Further reading

Ruffles D and Tuke A (2002) The effect of annual chain-linking on components of the expenditure measure of GDP. *Economic Trends* No. 587, pp 39–43. www.statistics.gov.uk/cc/article.asp?ID=202

Soo A and Charmokly Z (2003) The application of annual chain-linking to the Gross National Income system. *Economic Trends* No. 593, pp 41–47. www.statistics.gov.uk/cc/article.asp?ID=329

Tuke A (2002) Analysing the effects of annual chain-linking on the output measure of GDP. *Economic Trends*, No. 581, pp 26–33. www.statistics.gov.uk/cc/article.asp?ID=136

Tuke A (2003) The effect of annual chain-linking on Blue Book 2002 annual growth estimates. *Economic Trends* No. 593, pp 29–40. www.statistics.gov.uk/cci/article.asp?ID=328

Tuke A and Reed G (2001) The effects of annual chain-linking on the output measure of GDP. *Economic Trends* No. 575, pp 37–53. www.statistics.gov.uk/cci/article.asp?ID

Improvements to timely measures of service sector output

Geoff Tily

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This article was issued to accompany the introduction of the new Index of Services First Release and the upgrading of more components of monthly Index of Services (IoS) from experimental to National Statistics status. It covers the background to the growth of the service sector, examines methodological challenges and sets out the present approach used to measure service sector output. Recent improvements and the consequent impact on the quality of the timely measure of Gross Domestic Product (GDP) are addressed. The closing section looks to developments into the future.

Introduction

The increasing importance of the service sector has been one of the pervasive economic developments of the last thirty years. This change has presented a great challenge to the statistical system, which had developed much of its methodology to suit measurement of manufacturing.

Over the past fifteen years, the UK has led the way in addressing the measurement of services, encouraged by the Pickford, Allsopp and Atkinson Reviews. This article reviews developments in official measures of service sector output through the monthly IoS that then feed through to the service component of GDP.

Most recently, the measurement of this sector has been reviewed as a key part of the Allsopp *Review of Statistics for Economic Policymaking* and the Atkinson *Review of the Measurement of Government Output and Productivity for the National Accounts*. The Allsopp Review recommended a number of developments, some of which are under way; others will be addressed in the future. As a result of the Atkinson Review and creation of the UK Centre for the Measurement of Government Activity (UKCeMGA), there is a programme of ongoing improvements to the measurement of public services output (public sector services account for about 17 per cent of total service sector value added – see Box 2).

This article was issued on 30 March 2006 to coincide with the latest stage in the development of service sector output measurement: upgrading of more components of the monthly IoS from experimental¹ to National Statistics status and the introduction of a new First Release as the vehicle for publication of the IoS each month.² The discussion is set out as follows:

- an overview of figures showing the growth and significance of the service sector
- a discussion of some of the difficulties associated with measuring activity in this area
- an overview of the external reviews that have addressed the service sector
- a summary of the methodology
- an examination of the substantial improvements to measures of quarterly GDP that have resulted from the development of the monthly IoS
- a report of the improvements announced in March 2006
- a discussion of desirable methodological improvements into the future

Background

The relative importance of the service sector accelerated around the beginning of the 1970s as manufacturing sector growth first lagged behind services, then began a period of decline (see Box 1 for a definition of the service sector). Figures 1 and 2 show, for the longest periods available on a consistent basis, estimates of:

- the share of gross value added (GVA) in cash terms accounted for by the service sector and manufacturing sector
- volume growth rates for the two sectors

The volume figures show manufacturing sector growth outstripping the service sector throughout the 1950s and 1960s. Between 1970–75 and 1980–85, manufacturing growth

first slowed and then declined. Service sector growth began to outstrip manufacturing growth, and has maintained a relatively robust pace in every five-year period.

As shares of GVA, services accounted for about 53 per cent of GVA at the start of the 1970s; in 2002 they accounted for 73 per cent. Conversely, manufacturing accounted for about 33 per cent of GVA in 1970 and 16 per cent in 2002. The remaining shares of GVA in 2002 are accounted for by agriculture (1 per cent), energy and extraction of minerals (4 per cent) and construction (6 per cent).

Explanations for the relative growth of the services in official measures of output follow from three main economic phenomena.

Figure 1
Percentage share of GVA by sector

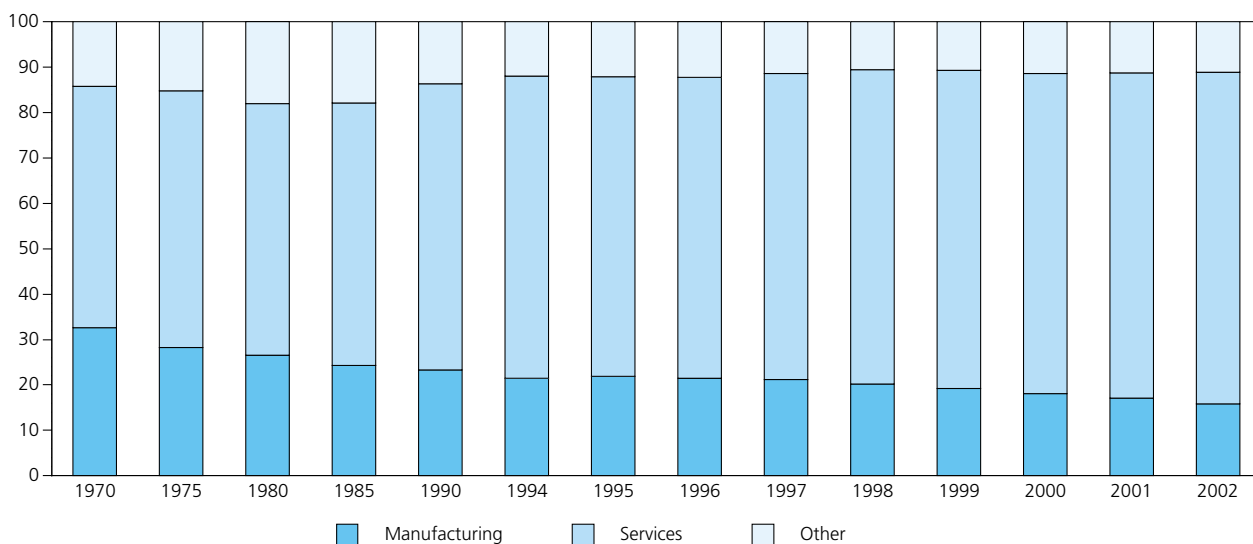
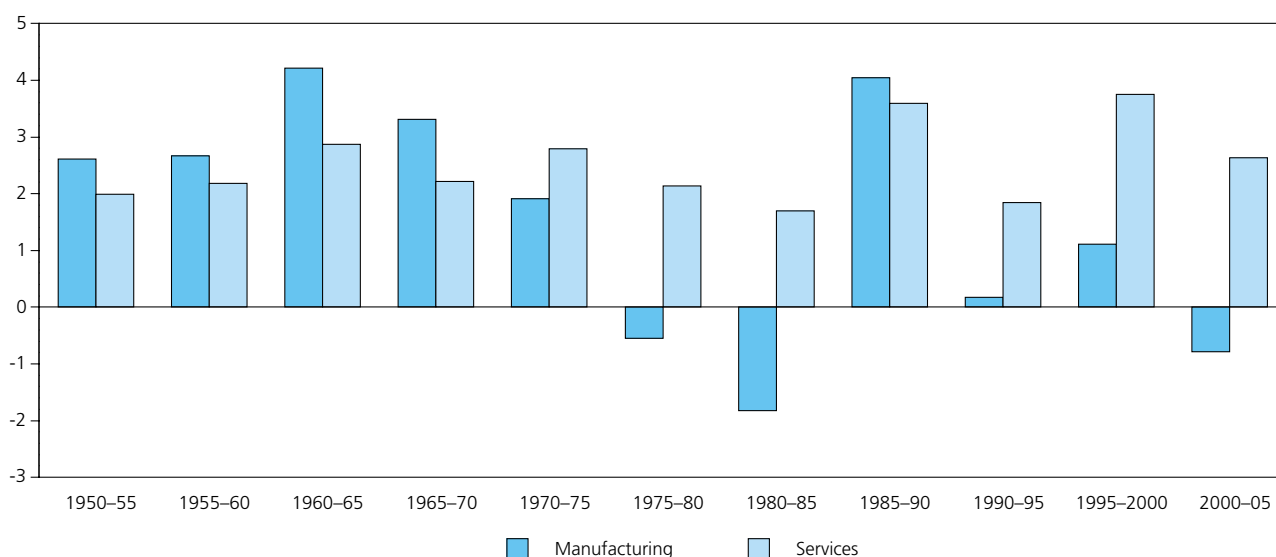


Figure 2
Average annual real growth by sector

Per cent



Box 1

Industrial classification

The type and level of industrial detail used for each of the organisation, construction and publication of official data depends on a classification of economic activity.

ONS operates according to the Standard Industrial Classification (SIC). Classifications allow groups of similar industries to be collected together in a hierarchical structure that is updated periodically to keep pace with the changing structure of the economy. Official statistics typically identify five broad sectors:

- Agriculture
- Energy including oil and gas extraction
- Manufacturing
- Construction
- Services

Each broad sector is defined in terms of SIC headings. The service sector comprises activities falling under codes from 50 to 95. The codes are hierarchical, with the highest level code known as 'divisions' and then broken down as illustrated by the following example:

Division	72	COMPUTER AND RELATED ACTIVITIES
Group	72.2	Software consultancy and supply
Class	72.21	Publishing of software – development, production, supply and documentation of ready-made (non-customised) software.

ONS now publishes volume indices for 22 industries corresponding to the majority of the SIC divisions. The availability of this industry disaggregation is of importance in its own right, not only to help examine the drivers of growth within the service sector, but also because of intrinsic interest in specific industry performance – particularly from the point of view of international competitiveness. These measures tend to be aggregated into four broader aggregates:

- Distribution, hotels and catering
- Transport, storage and communication
- Business services and finance
- Government and other services

The Input-Output Supply and Use Tables (see, for example, ONS, 2005) publish figures according to alternative industrial/product categories, though still underpinned by the SIC. Products/industries are organised into 123 codes; codes 89 to 123 refer to the service sector.

Demand side structural change

There has been substantial growth in the share of consumer spending on services, for example on restaurants, theatres and holidays. The reasons for this change can be attributed to a number of factors:

- increasing disposable income, increasing the range and volume of consumers' expenditure
- a limit to the volume of goods people can consume (food they can eat, clothes they can wear, cars they can drive)
- continuing real decline in the price of imported goods and their UK produced substitutes, which also helps to increase real disposable income

More generally, services have increasingly replaced goods as the mechanism for consumption of many products. For example, food is increasingly bought in restaurants rather than purchased to be cooked at home, and music is delivered on the Internet rather than through compact discs.

Figure 3 shows that by 2000 about half of household consumption was on goods and half on services; at the start of the 1960s, the share was about 30 per cent on services and 70 per cent on goods. The pattern shows some signs of stabilising after 40 years of basically continuous convergence.

Supply side change in the structure of production processes

Since the 1970s there has been an increasing amount of outsourcing and specialisation in support services to the manufacturing process. Aided by changing technology and communications, manufacturing companies increasingly outsource certain activities such as catering, finance, IT support or marketing services to outside specialist companies. This gives them access to scale economies they could not achieve alone, and also more professional expertise.

Such change leads to a growing proportion of the economy being classified as services, providing intermediate inputs. It does not change the structure of final demand, unless the intermediate services are exported. However it does change the proportion of GVA attributed to service sector firms in the economy.

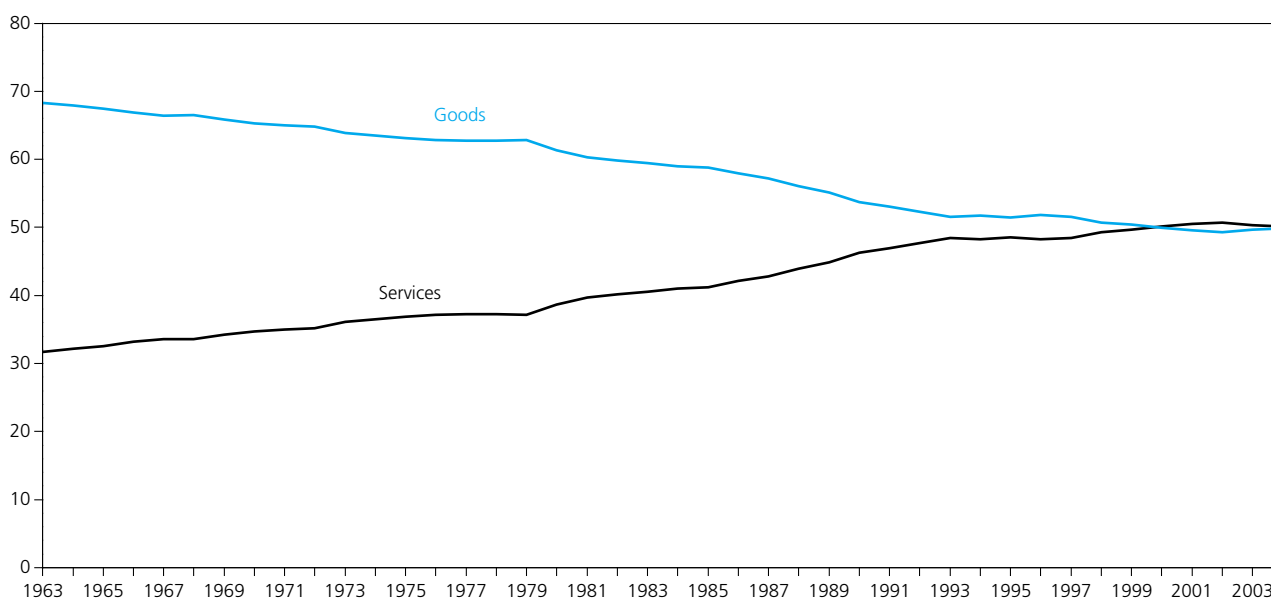
International structural change

There are two main factors at work:

- the increasingly fierce competition in global manufacturing markets, and the emergence of new supply sources in low wage economies, has led to an increasing share of goods being imported by the UK rather than produced here

Figure 3

Household consumption of goods and services as a percentage of total



- outsourcing of business services has been extended on an international scale, with intermediate services supplied between and within firms across national boundaries. In this growing international market, the UK has a large and growing trade surplus in these services, especially in 'knowledge intensive' service types, mainly in industries such as computer and related activities, research and development and other business activities

From the perspective of the National Accounts and the aggregate measures GDP and GVA, each of these factors impacts in a different way. Increases in activity that reflect intermediate demand from businesses do not directly add to GDP; only those increases in activity that reflect higher final demand from households, government, businesses and overseas directly add to GDP. From the economic perspective though, changes in the structure and level of intermediate demand should increase efficiency and potential output.

Following on from these broader categories, within the service sector there is a very wide range of economic activities, covering, for example, retailing, theatres, holiday companies, legal services, architecture, and the provision of health care by government.

Detailed changes in activity, according to the different categories of demand, can be examined through Input-Output Supply and Use Tables (ONS, 2005). From the household demand perspective the following input-output product classes have seen the greatest increases:

- water and air transport
- telecommunications
- banking and financial services
- estate agent activities
- recreational services
- private households with employed persons, such as nannies and au pairs

From the perspective of export markets, the following categories have been the most important:

- insurance and pension funds
- real estate
- computer, legal, accountancy, market research, architectural activities, advertising and other business services

The need to measure services from the perspectives of each category of demand has led to a wide range of survey sources and measurement approaches. This discussion in the article is concerned primarily with the techniques for the measurement of service sector output that underpin the monthly IoS and the timely measures of GDP. These techniques are in turn based primarily on the monthly inquiry into the distribution and service sectors.

In addition to this source, the other main sources of service sector activity are:

- *International Trade in Services (ITIS)*, which measures imports and exports of services; over recent years a number of improvements have been made to this survey, in particular increases in sample sizes
- the *Annual Business Inquiry*, which covers most industries, underpins annual benchmarking of a very wide range of ONS data sources and the construction of the Input-Output Supply and Use Tables, and gives overall data on imports and exports of service by firms in the context of their total sales and purchases
- the *Expenditure and Food Survey*, which tracks household spending on services as part of household budgets
- labour market surveys, for example the *Annual Survey of Hours and Earnings (ASHE)* and the *Labour Force Survey (LFS)*, which give estimates of earnings and employment for all industries

These surveys are noted in passing, but will not be discussed in detail.³

Methodological challenges in the measurement of service output

The most well developed production systems for the measurement of service sector activity are those aimed at estimation of service sector output. These systems provide an estimate of the contribution of the service sector to GDP each quarter as well as a monthly indicator of growth.

The measurement systems have a lot in common with those for measuring manufacturing output. The basic approach assumes that, in the short period, changes in deflated sales or turnover are a good indicator of changes in real value added.⁴ Timely measures of GDP from the output perspective are therefore based on estimates of turnover. The basic information for this approach is collected through monthly, quarterly and annual industrial surveys of turnover and prices for industry.

While this basic approach is common to both the manufacturing and service sectors, there are significant differences in terms of complexity. Although the manufacturing sector produces a wide range of products, measurement is aided by the tangibility of outputs. For nearly all industries, outputs could, if desired, be relatively straightforwardly counted or measured, because metaphorically they can be seen coming off production lines.⁵

With service sector outputs, matters are not so straightforward. In general terms, the diversity of activity within the sector is the key challenge. Units of output cannot be so easily defined and are not common from service to service or even within a specific service. Consider for example the diversity of services provided by estate agents, Internet service providers and life assurance companies. Moreover, and perhaps this is the critical problem, many services, in particular business to business services, tend to be tailored to each client's needs and hence have a uniqueness which makes them difficult to categorise as output units and consequently difficult to price. Many services also have generally low set-up costs (that is, barriers to market entry are very low), are able to change rapidly (no production lines to dismantle), product innovation is continuous and can generally be very difficult to keep track of. The services where outputs can be tightly defined and turnover and prices relatively simply measured, for example haircuts or cinema tickets, are perhaps rarer.

There are then a number of specific services for which there are specific methodological challenges:

- the retail sector where the contribution to GDP is the margin between revenues and costs; removal of price effects is not straightforward
- the services of the financial sector present a great challenge for both cash and volume measures, with distinct issues for the measurement of insurance and pensions, as well as complexities related to the earnings banks make through lending activities discussed later in Box 3
- government output has traditionally been regarded as difficult to measure in volume terms. However, the UK has made advances in a coherent approach to output

measurement, with recent improvements under the impetus of the Atkinson Review and UKCeMGA that was established to take forward the recommendations of the review

- other difficult areas are research and development, artistic originals, and rental and general real estate activities

In addition there are a number of general measurement issues that cut across many service sector activities:

- Removal of price effects (deflation) is not always straightforward. As above, services are often tailored to individual clients; under these conditions sometimes the best that can be achieved is to measure input prices – namely wages. There is also rapid product and price innovation; for example, the price structures used for mobile phone services reflect suppliers competing to offer the best deals on discounted/free calls, higher specification phones and so on. Distinguishing the pure price effect from increases in price that follow from improvements in service in such cases is clearly a challenge.
- In the manufacturing sector, changes in the amount of work in progress (WIP) is subtracted from the change in turnover, to yield a measure of the output. In practice, the measurement of WIP is particularly complex for the service sector, for example, accountants and solicitors often charge for their services in arrears, so that invoiced turnover in a particular month may reflect work carried out over a long period of time.

In total, these issues present significant challenges to the accurate measurement of both individual service activities as well as activity as a whole.

Broad initiatives for the measurement of service sector activity

Even in 1948 the service sector accounted for a greater share of output in the UK than did manufacturing, but it was from the 1970s that the two sectors began to draw apart.

With this change came a user demand for high frequency (that is, monthly as well as quarterly) and reliable measures of the sector. At the end of the 1980s, the Pickford Review (Cabinet Office, 1989) articulated concerns:

“We do not believe that the statistical recording system has adjusted adequately to changes in the structure of the economy. In all likelihood the structure will continue to change quickly. We recommend that the CSO should review on a regular basis the balance of statistical reporting between industries, in terms of the requirements of the National accounts, to ensure that it adequately reflects changes in the economy.”

In 1992 the Chancellor's Initiative built on the conclusions of this Review. A large programme of data collection for the service sector was put in place.

Initially the main emphasis was on collections of quarterly turnover to replace previous measures, in large part based on employment. This approach mimicked the approach taken for the Index of Manufacturing (IOM), which had also undergone a programme of major improvements in the second half of the 1980s.

Over the course of the 1990s, other developments sought to:

- move measures from quarterly to monthly
- build up more robust deflation methodologies – the Corporate Services Price Indices (CSPI) programme
- provide more industrial detail

These improvements had a material impact first through improving the quarterly measures of GDP. Then, in December 2000, ONS introduced, as an experimental statistic, the first monthly measure of service sector activity as the Index of Services. The UK is still the only country in the world to have developed an indicator for the whole of the service sector based on internationally accepted methodologies (as set out in Eurostat (1999)). The other countries that produce monthly measures of service sector output are Canada, South Korea and Finland.

In 2003 and 2004 two major initiatives were announced that looked to further improvements to service sector measurement: the Allsopp and Atkinson Reviews. The former review, under the broad banner of “an assessment of the extent to which the changing economic structure of the UK is being properly reflected in the nature, frequency and timeliness of official economic statistics”, addressed the balance between the measurement of services and manufacturing. The Review assessed progress made on the measurement of service sector output, and proposed additional steps towards a fully fit for purpose measure.

The report concluded that future work for the measurement of service sector activity should concentrate on:

- extending available deflators
- collecting product information for service sector industries
- achieving a more representative level of industrial detail in terms of both published figures and input detail from surveys

The Allsopp recommendations relating to the development of macro-economic statistics for the service sector are being taken forward under various programmes of work, notably the IoS development programme, the national accounts re-engineering programme and the development of CSPIs.

The Atkinson Review looked specifically at “the measurement of government output in the context of the National Accounts and the measurement of productivity”. Box 2 discusses the share of the economy accounted for by government. The Review took as its starting point ONS initiatives to directly measure government output, first addressed by Neuberger

and Caplan (1998). Over the course of 1998 to 2004, measures of output were introduced for a wide range of government activities. The Atkinson Review formalised these initiatives and looked to more detailed and appropriate measures of output across the whole of the government sector, giving prominence as well to the issues of quality change and productivity assessment. Following publication, UKCeMGA was established to implement and build on the work of the Review. An ongoing programme of publishing productivity analyses for individual public services and incorporating new

Box 2

The share of the public sector in 2003

The share of the economy accounted for by the public sector is not straightforward to measure. The expenditure measure of GDP leads to an estimate of government spending on consumption as a share of GDP in 2003 as follows:

$$\begin{aligned}\text{Share} &= 231.8 / 1105.9 \text{ (£ billion)} \\ &= 21.0 \text{ per cent}\end{aligned}$$

From the production perspective, this estimate includes both government services produced by the public sector and those purchased by the government but produced by the private sector.

An estimate of government services produced by the public sector involves adjusting for these purchases, and also adding an estimate of government output purchased directly by consumers (such as driving licences and passports). The resulting measure is general government value added:

$$\begin{aligned}\text{Government value added} &= 231.8 - 127.9 + 21.1 \\ \text{ (£ billion)} &= 125.0\end{aligned}$$

This figure is equivalent to 11.3 per cent of GDP or 12.7 per cent of gross value added. Looking at service sector value added alone, government accounts for 17.2 per cent of the service sector as a whole.

measures of government output into both the IoS and the National Accounts is now under way.

Methodological approach to the measurement of service sector activity

The basic building blocks for high-frequency measurement of service sector activity are surveys of turnover and prices.

Turnover surveys

The programme was put in place in the early 1990s, as a result of the Chancellor's Initiative. The collection of quarterly turnover data from a sample of 30,000 companies in the service sector began in 1992. This survey was known as the Quarterly Inquiry of Distribution and Service Sectors (QIDSS). In 1995, around half of the survey was moved to monthly collection in order to improve the quality of early estimates and to look to providing a monthly indicator variable in parallel with that for the manufacturing sector. Developments first focused on the distribution sub-sector, leading to the publication in December 1999 of the Index

Box 3

Monthly survey of service sector turnover

The Monthly Inquiry into the Distributive and Services Sector (MIDSS) provides turnover data for over 40 per cent (in terms of gross value added) of the IoS; this makes this survey IoS's largest single data source. The table provides details of the service sector industries covered by MIDSS.

SIC 2003 INDUSTRY

50	Motor trades
51	Wholesale and commission trade
55	Hotels and restaurants
60	Land transport
63	Supporting and auxiliary transport
64	Post and telecommunications
71	Renting of machinery, equipment, and personal and household goods
72	Computer services
73	Research and development
74	Other business activities
80	Education (private sector)
90	Sewage and refuse disposal
92	Recreation, cultural and sporting activities
93	Other services

The survey collects turnover data every month and employment data every quarter. It is a sample-based survey of 30,000 businesses in Great Britain; employment data, though, is collected from only 20,000 of the 30,000 businesses. Businesses return data around one week after the end of the reference period, for example, data for March will be returned by around 7 April.

The sample of businesses is selected from the ONS Inter-Departmental Business Register (IDBR). The IDBR consists of all businesses within the UK that are either registered for value added tax or have a Pay As You Earn scheme; businesses on the IDBR account for 99 per cent of UK economic activity.

The sample is designed so that all large businesses (with more than 100 employees) are always included. To reduce the burden on business though, only a small proportion of medium-sized (10 to 99 employees) and small (less than 9 employees) businesses are selected and these type of businesses tend to remain in the sample for no more than two years. The sample covers 3 per cent of businesses within the service sector industries in the table; this equates to 58 per cent of the industries' turnover and 53 per cent of employment.

A response rate of over 80 per cent is achieved for the industries in the table in terms of both the number of businesses selected and also in the coverage of total value of turnover.

The MIDSS sample size is over three times larger than the equivalent survey for manufacturing (the monthly production inquiry, MPI). In terms of sampling frame, response rates and the timing of data collection, the MPI is, though, very similar.

of Distribution (IoD). When the IoS project was started in 1999, data collection was converted to monthly in two further tranches. Box 3 summarises the operation of the monthly surveys.

The retailing industry is part of the service sector, but has long been of great interest in its own right as an indicator of consumer demand. The monthly Retail Sales Inquiry (RSI) has been run since the 1930s. Today, under the Inquiry, 5,000 businesses each month provide estimates of retail turnover.

MIDSS provides survey estimates of turnover in SIC categories 50, 51 and 55–93; the RSI for SIC 52. In addition to MIDSS, a small share of service sector activity is measured with direct volume indicators, for example postal services is measured by counts of letters delivered. The approach taken for the remaining sectors, broadly speaking, financial and government, is discussed later in the article.

Concern has been expressed that the statistical system is imbalanced and in particular that it does not reflect the importance of the service sector output in the economy. This is true in some respects, as discussed in the next section, but it is not true in respect of the availability of turnover data. As the Allsopp Review emphasised, the amount of turnover data collected for the service sector was well balanced according to its relative share of the economy.

Adjusting for price change

Surveys of turnover provide estimates of activity in cash or nominal terms. For timely output indicators, measures of activity in real terms, that is, figures adjusted to take out the effects of price inflation, are needed.

The techniques again mimic the long-standing approach adopted in the manufacturing sector, where deflation is based on the use of the Producer Price Indices (PPIs).

Service sector deflation is based on three main approaches, according to the industry/product under examination:

- services sold direct to consumers use components of the consumer prices index
- services sold to other companies use:
 - corporate service prices indices (CSPIs)
 - where CSPIs are not available or applicable, various proxy measures based on earnings and (often aggregate) consumer prices

CSPIs have been developed since 1994. At present, 32 indices corresponding to 32 of the 60 SIC classes regarded as services provided to businesses are published each quarter. These measures are based on prices for 4,400 products and drawn from 1,300 firms.

The estimates of turnover that companies provide are for total sales of all products. However, deflators are compiled at product level and are then aggregated into the classes and divisions that correspond to the turnover estimates. The accuracy of the deflation process depends to some extent on the ability to estimate the relevant product shares. A major

Figure 4
Business prices, growth quarter on a year earlier

Per cent



difference between the manufacturing and service sector is a lack of such product information for the service sector, set against extensive information in the manufacturing sector (See section on Ongoing methodological and practical issues).

In addition to component indices, there is an overall index

Box 4

Experimental statistics

Experimental statistics are those in the testing phase and are not fully developed. Defining what is experimental and non-experimental is largely a matter of judgement, but typically experimental series arise when:

- they are being produced part way through a well-defined development programme – whether these statistics are new or changed versions of existing statistics
- statistics are new but still subject to testing in terms of their volatility and ability to meet customer needs
- the statistics do not yet meet the rigorous quality standards of National Statistics
- a rich variety of new measures is available from a new set of statistics, with components that have considerable immediate value to users. These users are aware of the statistics' theoretical quality and can be used before ONS has completed all operational testing. The testing is designed to fully validate the measures to the standard expected of National Statistics

Again the move from experimental to non-experimental is a matter of statistical judgement, but typically will take into account factors such as:

- when it is judged that statistical methods have settled down

- when coverage reaches a good level
- when user feedback indicates that these statistics are useful and credible
- when the defined development phase has ended
- when it is judged that the statistics meet the rigorous quality standards of National Statistics

of prices for corporate services as a whole: the experimental CSPI (the definition of experimental statistics is discussed in Box 4). Figure 4 shows this measure of producer inflation for services set against the PPI output index for goods.

Not all CSPIs are used to deflate corporate service categories of the IoS:

- the use of CSPIs to deflate components of the IoS has depended on measures reaching a certain quality standard
- some CSPIs are not relevant because the IoS indicators are based on volume measures of activity; for example air travel is measured by the distance travelled by the number of passengers and tonnage of freight and mail transported⁶

When Allsopp reported (in March 2004), 19 CSPIs were used in the IoS. Since then, improvements to CSPIs mean that 22 industry-specific indices have been incorporated. The development of CSPIs is a vital component underpinning the quality of ONS estimates of the volume of service sector output. To date, CSPIs are available and used as the basis of deflation of the IoS for around 20 per cent of the industries where deflated turnover is the preferred method of estimation by GVA weight; total present coverage of CSPI is 30 per cent of the same industries. The development of CSPIs has been slower than originally planned, and more recently the

Table 1
Deflation techniques by SIC division

Division	Percentage of GVA (2002)	Percentage of division containing MIDSS	Percentage deflated by CSPIs	Number deflated by CSPIs	Other deflators used in division
Distribution, hotels and catering; repairs					
50 Motor trades	2.2	100	19	1	Retail prices indices (RPI)
51 Wholesale	4.5	100	0	0	Producer prices indices (PPI)
52 Retail	5.6	0	0	0	RPI
55 Hotels and restaurants	3.4	99	35	2	RPI
Transport, storage and communication					
60 Land transport	2.2	77	57	2	RPI Household expenditure (HE) deflators
61 Water transport	0.2	0	57	2	RPI
62 Air transport	0.6	0	0	0	No deflation (volume series)
63 Supporting and auxiliary transport activities	1.8	82	45	3	RPI DTI labour and supervision in civil engineering index
64 Post and telecommunications	3.2	81	81	2	RPI
Business services and finance					
65 Financial Intermediation	3.9	0	0	0	RPI <i>excluding</i> mortgage interest payments (RPIX) Output per head (productivity) adjustment US\$ middle closing spot rate at end period Index derived from 'Money Management' magazine's UK unit trusts performance indicator
6x Financial services adjustment	-4.4	0	0	0	RPI <i>excluding</i> mortgage interest payments Output per head productivity adjustment US\$ middle closing spot rate at end period Index derived from 'Money Management' magazine's UK unit trusts performance indicator
66 Insurance and pension funding	2.0	0	0	0	RPI HE deflators Implied index of construction costs (GB)
67 Activities auxiliary to financial intermediation	0.9	0	0	0	No deflation (some volume data, some deflated at source)
70 Real estate activities	2.3	0	21	5	RPI Investment Property Databank Rental Value Index
71 Renting of machinery and equipment	1.1	68	22	1	PPIs HE deflator
72 Computer and related activities	2.8	100	0	0	Average earnings index (AEI) adjusted for changes in productivity RPI
73 Research and development	0.4	100	0	0	AEI adjusted for changes in productivity RPI
74 Other business activities	9.6	99	27	9	AEI adjusted for changes in productivity RPI Output per head productivity adjustment
Government and other services					
75 Public administration and defence	5.1	0	0	0	Grade drift deflator
79 Letting of own dwellings	7.8	0	0	0	Deflated at source
80 Education	6.0	9.0	9.0	1	Output per head productivity adjustment RPI
85 Health and social work	6.7	0	0	0	Output per head productivity adjustment
90 Sewage and refuse disposal	0.6	84	84	1	Grade drift deflator
91 Membership organisations	0.6	0	0	0	Output per head productivity adjustment
92 Recreational, cultural and sporting activities	2.8	27	0	0	RPI Average Earnings Index HE deflator Grade drift deflator
93 Other service activities	0.6	37	0	0	RPI HE deflators
95 Private households with employed persons	0.5	0	0	0	Deflated at source

development programme has been narrowed in response to wider pressures on ONS funding. ONS now plans to increase the 30 per cent coverage to closer to 50 per cent in the next two years, and a review of CSPI developments is now planned.

The CSPIs that are published but are not presently included in the IoS will be assessed for quality in the near future. The quality standard is tightly defined through an internal methodological audit process against a number of detailed criteria, for example:

- definitions should be relevant to, and representative of, the product class being priced
- the sampling frame should accurately represent the target population
- sample should be designed according to the best statistical practice
- data should be collected in a timely fashion
- samples should be consistent over time

As a summary, Table 1 provides an overview of the construction of the IoS according to data sources used, by SIC division.

The deflation techniques are summarized in columns 5 and 7. Column 5 indicates the extent (by percentage of coverage) that deflation is based on CSPIs and column 7 shows what other deflators are used for components not deflated by CSPIs. So, for example, for motor trades, CSPIs are used to deflate 18.9 per cent of the division; for the rest of the division, components of the RPI are used.

- As can be seen, CSPIs are used to deflate 11 of the 27 divisions.⁷
- For services sold direct to consumers, the relevant deflators are components of the RPI – for example recreational and cultural activities such as cinema (division 92).
- Deflators are not required for those activities based on volume measures.
- Proxy deflation techniques are particularly common in divisions between 71 and 74, concerned with business activities; for example, rental of machinery and equipment uses PPIs. Another technique is the partial use of the Average Earnings Index (AEI) adjusted for changes

Box 5

Improvements to measures of government output

The Atkinson Review put forward the following general recommendation concerning the development of the measurement of government output in the National Accounts.

Recommendation 6.1: we recommend current direct measures of output should be improved, where needed, by:

- widening the coverage of output volume indicators for each function

- increasing the level of detail at which output indicators are measured
- adopting a more reliable data source
- revisions of the weighting process
- replacing activity indicators with output measures that reflect changes in quality or outcome attributable to a unit of output
- introducing or revising an overall quality adjustment
- improving timeliness and in-year indicators
- improving UK coverage by making full use of measures from Scotland, Wales and Northern Ireland (Atkinson, 2005, paragraph 6.5)

In *Blue Book 2005* a large number of revised measures of government output were incorporated into the National Accounts according to some of these general principles (See UKCeMGA, 2005).

- *Health* – the number of treatment categories covered by the measure increased from 1,732 to 1,929; data from Northern Ireland were included
- *Education* – pupil attendance replaced pupil numbers as a basis for the output volume measure, as a better estimate of the number of pupils taught in schools. The indicator for educational training of health care staff was improved by extending it to include all students and unit cost weights for training places were also improved. Indicators were included for government-procured places within private nurseries, Initial Teacher Training and City Academies and City Technology Colleges. Scotland and Northern Ireland data were included where available, where previously England was used as a proxy for UK
- *Adult social services* – the coverage of the output volume measure was increased to include a wider scope of activities; the match between activities and costs was improved; the estimates of share of government contributions on care services in total GGFCE was improved
- *Children's social services* – the indicator for looked-after children was improved by using data for aggregate children-days of accommodation by four categories of residential setting; the indicator for children supported in families reverted to a calculation based on deflated spending, in the absence of a satisfactory direct output measure methodology

The measures were incorporated into the output measure of GDP and the IoS at the same time. There is, however, usually a lag between the availability of the output measures and the publication schedule for GDP and the IoS. When the latest indicators are not available, output measures are temporarily based on projections using standard techniques (Holt-Winters). In addition the output measures are constructed only on a quarterly or annual basis; monthly paths are therefore interpolated.

At *Blue Book 2006*, improvements to the coverage of activities and cost weights for the County Courts cost-weighted activity index will be introduced. This improved method stems from work done by the Department for Constitutional Affairs.

Box 6**Finance**

The importance of the finance sector to the UK economy has grown alongside the increased importance of the service sector. There are two main categories:

- *Financial intermediation* – including investment and high street/retail banks, and building societies. Here output measures are based on a number of proxy indicators such as employment, loans granted or deposits held. Where relevant, deflation tends to be based on consumer price indices.
- *Insurance and pension funds* – non-life insurance indicators are based on measures of premiums minus claims (supplied by the Association of British Insurers); life assurance is based on consumer expenditure on these products; prices are adjusted with consumers' expenditure deflators.

The financial services adjustment (FSA) reflects the special treatment of the earnings banks make from interest earned on loans net of interest paid on deposits (known as financial intermediation services indirectly measured or FISIM). EU legislation demands that countries make an estimate of these earnings (which are included in financial intermediation), but all such earnings are assumed to be intermediate consumption by other businesses. The FSA is introduced to reflect this intermediate consumption and basically offsets the growth in financial intermediation. Countries are now obliged to assess the amount of FISIM that constitutes final demand and to allocate it to the relevant sectors (mainly the household sector) and, in addition, to allocate the intermediate demand to individual industries.

The UK is working with the Bank of England to derive the necessary figures. Early provisional estimates of the impact of the changed treatment on current price figures were sent to the European Commission on 31 March 2006. These figures were included in the routine release for the Government Debt and Deficit under the Maastricht Treaty on the same day.

ONS plans to bring the new treatment into the National Accounts for the first time in *Blue Book 2007*, which will also include the first assessment of the volume impact. Further information on FISIM is available at www.statistics.gov.uk/article.asp?ID=1461

Finally there are the special cases of government and finance; these are discussed in Boxes 5 and 6 above.

Aggregation

The final stage of the construction of the IoS is the aggregation of the individual series, estimated in the manner described above, based on the contribution of each industry to total value added. At present the IoS and GDP are based on a two-tier weighting structure. Components from SIC group to division level are aggregated using shares of GVA in 2002 and, in line with chain-linking practice (see Beadle and Tuke, 2003), these weights are updated each year. Components up to group level are aggregated mainly based on GVA shares in

2000 and are updated every five years. Prior to aggregation to divisional level, components are seasonally adjusted using standard NS methods. Each month the headline measure is published, alongside 22 divisional sub-aggregates.

The IoS and GDP

While the monthly IoS is of importance in its own right, improvements to the measurement of service sector activity have been in part motivated by, and have greatly contributed to, the measure of services that feeds into GDP.

In the UK, early estimates of quarterly GDP growth are based on the output approach. As discussed in the background section, the service sector is by a large margin the greatest part of UK economic output. The service sector also dominates economic growth. Figure 5 shows the contribution to quarterly GDP growth in 2004 and 2005. Over this period, the great part of GDP growth is seen to be driven by the service sector; the contribution of the manufacturing/production sector has been small and generally negative.

The survey system used for the IoS underpins the quarterly measure of services output feeding into the calculation of GDP. The use of turnover estimation for a large share of service sector activity began with the introduction of the QIDSS. With the move to monthly indicators, there has been a great gain in terms of data content of quarterly estimates of service sector output.

Under a quarterly survey, firms can only provide information when the whole of the quarter is concluded. However, under a monthly survey, most firms will have provided a response for the first two months of a quarter before the quarter is complete. In the UK, the first estimate of quarterly GDP is released as the preliminary estimate, around 25 days after the end of the quarter. When the measure was based primarily on quarterly inquiries, the response rate achieved was only about 20 per cent. Now the measure is based on monthly surveys, a response rate of about 80 per cent has been achieved for the first two months of the quarter, and 20 per cent for the third month of the quarter. The response for the quarter as a whole can therefore be derived as a weighted average, and a 60 per cent response is achieved for the quarter as a whole.⁹

Moreover:

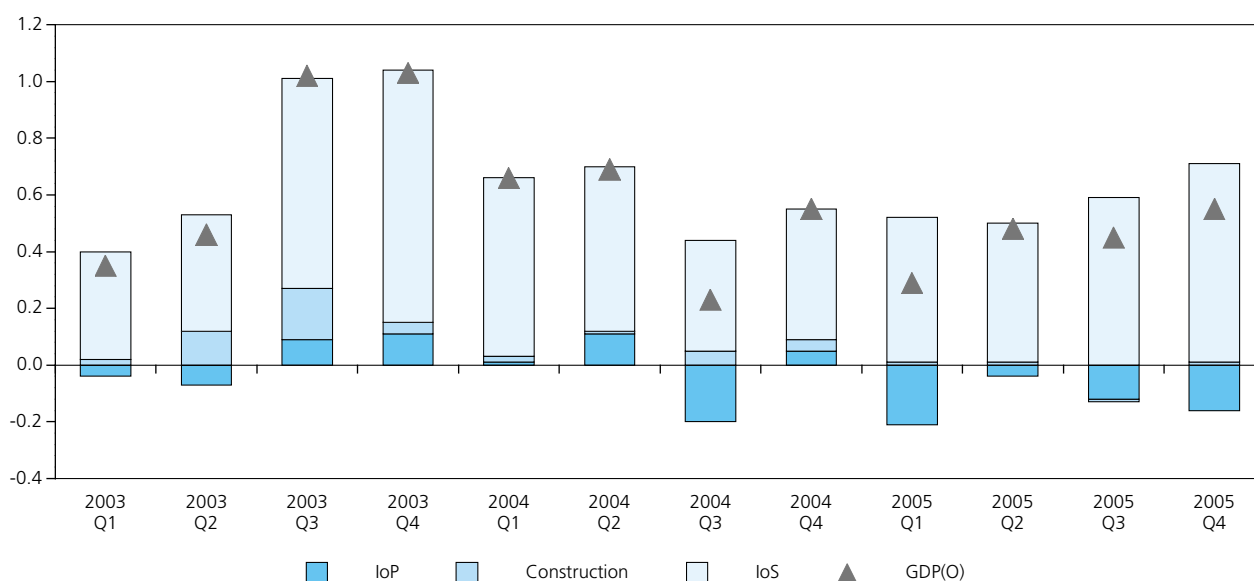
- because large companies tend to be better equipped to respond faster, the actual share of turnover recorded in the preliminary measure is somewhat higher
- new arrangements with MIDSS, such as better validation procedures and more reliable imputation processes, mean that the quality of the data is in general higher

As a result of the introduction of the monthly surveys, the quality of the early estimates of service sector output should therefore have increased substantially. Since monthly collection of turnover for some sectors only began in 2001 and 2002, and the time required for seasonal patterns to emerge is generally three to five years, it is really only now that these series can be used to greatest effect.

The monthly IoS is published separately from GDP, but the implied quarterly path is constrained to be equal to the

Figure 5
Contributions to quarterly GDP growth

Percentage points



service component of GDP. In terms of specific publication days, the preliminary estimate of GDP is released on the same day as the IoS for the second month of that quarter (for example, the preliminary estimate for GDP in 2006 Q1 will be accompanied by the February IoS). The use of the IoS in the GDP framework currently ties the timetable of the two measures together. However, the future redevelopment of the National Accounts will allow for the delivery of the monthly indicator on a timetable equivalent to that for the Index of Production.

Latest methodological developments

The Index of Services

The programme for the IoS has been based on a series of developmental milestones each of which has led to an improvement in the quality of the index. The main vehicle for this work has been industry-level reviews. Under these reviews, sub-components of the IoS are subject to a rigorous assessment on a case by case basis.

In general terms, improvements over the 1990s can be characterised as follows:

- first through the replacing of volume indices with deflated turnover
- second through the replacement of quarterly with monthly indices
- third through the sub-aggregate achieving National Statistics status

In more recent years the improvements have been primarily based on the introduction of higher quality deflators, as the CSPIs have been extended and improved, and then through the incorporation of monthly turnover data. The latter processes are not straightforward. Monthly survey data

cannot be fully incorporated into an activity indicator until a monthly seasonal pattern has emerged. Experience suggests that this takes between three and five years.

The full industry review process for NS status involves assessment against a number of detailed criteria, examples of which are given below:

- conceptual appropriateness
- coverage
- sustainability, that is, whether the measure will be obtainable for the foreseeable future
- timeliness, that is, whether the measure is available in line with the production schedule
- periodicity – monthly data is the ideal but, where the activities are not susceptible to short-term change, quarterly data is acceptable (government output generally falls into this category), with monthly estimates interpolated
- response rates and revisions
- not subject to excessive volatility

In November 2005 three industries were upgraded to National Statistics status:

- Hotels and restaurants
- Post and telecommunications
- Land transport

This article accompanies the upgrading in March 2006 of a further six industries:

- Air transport
- Supporting auxiliary transport activities

- Public administration and defence
- Letting of dwellings
- Education
- Sewerage and refuse disposal

This announcement brings the total number of series within the IoS which have been designated as National Statistics to 12 out of 27. By weight, this corresponds to 60 per cent of the IoS achieving NS status, compared with 30 per cent previously.

In the meantime the programme to improve the IoS continues, and ONS will evaluate the suitability of five industries in each of the next three quarters, with the aim of the whole IoS becoming a National Statistic by early 2007. This does not depend on all components achieving NS status; instead, once the evaluation of the components is complete, the total index will then be evaluated to determine if the IoS itself is suitable to be classified to NS status. The criteria used will be the same as those listed above for assessing the component series.

This article was also released alongside the first issue of IoS figures as an ONS First Release. This change to the release emphasises the improvements to the quality of the measure, as well as making the figures more easily accessible. Finally, to coincide with this launch, new information on the quality of the IoS will be published.

The Blue Book

In general, improvements to the construction of service sector estimates are incorporated into the National Accounts with the annual Blue Book process. In *Blue Book* 2005 the following series were improved: real estate, recreation, water transport and transport support as well as the improvements to government output measures detailed in Box 5.

The improvements anticipated in *Blue Book* 2006 are set out in Humphries (2006). These primarily involve the full implementation of the industry reviews discussed earlier, in particular the introduction of historic data.

Ongoing methodological and practical issues

The Allsopp Review emphasised how survey coverage of the service sector was representative:

“The MIDSS surveys roughly 29,000 firms a month and is about three times the size of the MPI, which surveys 9,000 firms a month. The RSI surveys roughly 5,000 firms each month. In this way, the sample sizes are well balanced against the relative importance of each sector.” (*Allsopp, 2005, p. 61*)

There were concerns in three areas: imbalances arising from the use of the industrial classification, deflation and use of product surveys.

The SIC provides a structure for output indicators, but it is also important to actual compilation of estimates. Surveys tend to be stratified and deflation conducted at a level of disaggregation determined by considerations according to the SIC. Allsopp pointed out that imbalances between the level of detail in the SIC for the manufacturing and service sectors might potentially lead to imbalances in the quality of output measures. However, the development and eventual incorporation of SIC(2007) will lead to a better balance.

Since the Allsopp Review, the number of industry-specific CSPIs used in the construction of the IoS and the output measure of GDP has increased from 19 to 22. Nevertheless, there are still a number of considerable challenges in this area:

- In the medium term, the coverage of the measures needs to be extended to the remaining corporate service industries, with quality adjustment introduced into some measures. While the UK has taken a leading role in development of such techniques at an international level, none have been incorporated into published measures.
- In the longer term, more detailed product information for the service sector should be collected.

As discussed above, there is still a significant imbalance between product information available for the service and manufacturing sectors. Under EU legislation, the PRODCOM survey provides a great amount of detail on the products available at the finest level of industrial classification for the manufacturing sector. These results are used to further inform the structure of the IoM and to provide weights for the detailed aggregation of product level measures. No similar survey exists for the service sector, and product information has been mainly based on ad hoc sources.

Conclusion

Over the past 15 years, ONS has developed a sophisticated and practical approach to the measurement of the service sector. The UK is now the leading producer of service sector statistics in the world, providing annual, quarterly and monthly estimates. Turnover and price measurement systems are now in place for a good deal of activity. Equally the UK is in the forefront of developments to the output approach to the measurement of public services. These survey developments have led to a GDP estimate with a high information content that is published shortly after the period to which it relates.

While there is still a need to extend price deflation and product surveys, the great part of the survey infrastructure is in place and a representative sample of turnover is collected on a monthly basis. The IoS provides a relevant, reliable and timely measure of service activity, in particular given the complexity of measurement issues across the sector.

Key findings

- Since 1970 the service sector has grown from 53 per cent of the UK economy to 73 per cent today. This compares with the manufacturing sector which has declined from 33 per cent to 16 per cent.
- The statistical system has responded to this change in the structure of the economy. Recent assessments of the statistical agenda in the UK, most notably the Allsopp and Atkinson Reviews, have reinforced the need for the ONS to continue to develop service sector statistics.
- This has been a significant challenge, as the service sector is recognised as being more difficult to measure than manufacturing.
- The development of the IoS is an important and key step in meeting this challenge; the UK is still the only country in the world to develop a monthly indicator for the whole of the service sector based on internationally accepted methodologies.
- From March 2006, 12 out of 27 component series of the IoS have achieved National Statistics status, accounting for 60 per cent of the measure, up from 30 per cent.
- Improvements to the IoS have in turn impacted on improvements to the quality of early estimates of GDP.
- However, significant further improvements in the quality of estimates of service sector prices and volumes are required:
 - in the short term, the priority is to achieve National Statistics status for the IoS as a whole in 2007
 - in the medium term, the CSPIs need to be extended to industries not yet covered
 - in the longer term, more detailed product information for the service sector should be collected.

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Notes

1. The definition of experimental statistics is discussed in Box 3.
2. This article is one in a series; see Pike and Drew (2002) and Drew and Morgan (2003, 2005).
3. See Allsopp (2004) for a fuller discussion.
4. The output measure of GDP is defined as the sum of value added of each industry plus taxes and subsidies on products. Value added is defined as gross output less intermediate consumption.

5. Though there are many other challenges, in particular as production processes have become more specialised and fragmented and multinational corporations have played an increasingly important role.
6. In the future CSPIs will be used to derive cash estimates for those measures currently based on volume.
7. While the table indicates that 28 CSPIs are used, 22 of these are industry-specific; the remainder are used as proxies.
8. In theory, an earnings index will overstate inflation to the extent that rises in earnings reflect increased productivity rather than inflation. Earnings measures are therefore adjusted by an estimate of productivity. The techniques here are presently under review.
9. $80/100 \times 2/3 + 20/100 \times 1/3 = 60$; see Skipper (2005) for additional discussion about information content of GDP estimates.

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ARD2: the new Annual Respondents Database

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The Annual Respondents Database 2 (ARD2) is a dataset that combines information from Office for National Statistics (ONS) business surveys over time. A recent update of the dataset has made significant changes to its structure and use. The lessons learnt from its ongoing use have been incorporated to produce an improved resource for microdata research in the UK.

Introduction

Microeconomic research in the UK has seen a significant boost in the past few years from the creation of the Annual Respondents Database (ARD). This firm-level dataset, created from business surveys collected by ONS, is the most significant development in the microeconometrics of the workplace since the creation of the New Earnings Survey Panel Dataset in 1988.

The ARD is not the easiest of data sources to use; one of the reasons is that it has grown organically, taking account along the way of new data, changes in definitions, and additional years of data. Since 2003 the ARD has been maintained by Business Data Linking (BDL) branch at ONS, and in 2005 it was decided to rebuild the dataset specifically for the wider research community. The reconstruction would take into account the lessons learned over the previous years, concurrent developments in other datasets, and such future-proofing as was possible. This new dataset is called the ARD2.

This article is a summary of the development of the old and new ARDs, and lifts some basic results on business demography to illustrate the impact of the expanded dataset. The first section describes the development of the ARD, the impact this had on the UK economic environment, and the need for the new dataset. The next section describes the structure of the data held by ONS, and how the new dataset is ordered. The following section uses the new dataset to update some familiar productivity breakdowns. The last section discusses future developments.

Note that access to the data is currently limited to users of ONS's Virtual Microdata Laboratory (VML). The text box gives further information on this facility.

The history of the ARD

The creation of the ARD

The construction of the ARD began in the late 1980s as the result of a collaborative effort by researchers at Durham University, the Institute for Fiscal Studies, the London School of Economics and Queen Mary College London. These researchers were given restricted access to the confidential data files held on a variety of media at ONS's Newport offices, where the business data is collected and aggregated. Together, these researchers managed to put together a single dataset consisting of all the Great Britain data from ONS's structural business surveys: the Annual Census of Production (ACOP) from 1973–1996, the Annual Census of Construction (ACOC) from 1993–1996, and the Annual Business Inquiry (ABI) from 1997 onwards, which covers most sectors of the economy.

Significant problems were encountered in this process. First, the introduction of the Inter-Departmental Business Register (IDBR) as the register of all businesses in the UK ushered in a new numbering scheme for company units from 1994

onwards. Lookup tables were available to link companies on the pre- and post-1994 numbering schemes, but these did not cover all firms and plants, and the researchers had to create their own lookup tables. Similarly, the reference numbers for the enterprise groups (the top level of business structures) changed in 1996, and a combination of lookup tables and probabilistic techniques was used. Over the period spanned, three different Standard Industrial Classifications (SICs) were used; there is no one-to-one mapping for many of the codes. Finally, three question sets were used over this period, with no mapping of the questions onto a single reference scheme, which made longitudinal analysis difficult. The researchers got round this by creating a minimal subset of ‘useful’ variables (the so called ‘Standard Variables’) which had a common name and definition across time, but these only accounted for 40 or so of the 400 in the dataset.

These difficulties increased with the inclusion of services data from 1997 onwards. The sectors were larger than manufacturing, came in more files, and had separate references for a number of key variables, depending on the sector of the economy.

These problems were often solved sequentially, with the result that the code to generate the clean data from the original data sources ran to over 1,000 lines. A similar length program was needed to link the data longitudinally, and eight other programs were used to correct various minor bugs in the code. Because the programs were written to create the whole ARD, updating the dataset took up to three days and required a large amount of processing power.

The impact of the ARD

Despite the user-unfriendliness of the ARD, its impact upon economic research in the UK has been phenomenal. Part of this is due to the fact that the referencing scheme used in the ARD and IDBR is common across all the ONS business surveys. This has allowed researchers to link the financial information in the ARD with the other data on research and development (R&D), e-commerce, foreign direct investment, skills, and so on.

Papers started appearing at the turn of the millennium, and have appeared in a range of refereed journals, reports and conferences; see Barnes and Martin (2002) for an early summary. The number of publications has increased steadily. In the 2003 Comparative Analysis of Enterprise Microdata conference, the major international meeting on firm-level analysis, a handful of papers were based on ONS data. In the 2005 meeting, one third of the 70 papers (and almost all of the UK analyses) used ONS data (see CAED (2005) for a full list of references and links).

The main impact has, however, been on government analysis, particularly in policy evaluation and productivity. Six government departments have used BDL datasets, usually linking it to their own data. The UK Department of Trade and Industry has made extensive use of the ARD linked to its own data for programme evaluation. In the Treasury’s productivity report to accompany the Budget statement,

one fifth of the references are to analyses on ONS data. More importantly, these analyses account for the great bulk of UK-based microeconomic studies, and count for almost three quarters of the empirical work. For a full analysis of the range of work carried out using the BDL datasets, see ONS (2006).

Problems with the ARD

This phenomenal increase in research has occurred despite a number of known problems with the ARD. The aim of the ARD2 project was to address these with the benefit of three years’ experience of using the dataset.

Problems fall into two categories: maintaining and using the dataset. The former included:

- the need to recreate the whole dataset every time new data are added
- inconsistencies in the linking of pre-1994 firms
- the need to maintain a separate file of ‘standard variables’
- limiting the panel element by only having SIC80–SIC92 lookup tables
- integrating enterprise group reference changes

Difficulties with using the dataset included:

- having three different question sets
- finding variables referenced differently depending upon the sector

A large number of these problems arise because ONS, like other national statistical institutes, collects business data for the production of aggregate statistics. Systems designed for the efficient collection of macrodata do not necessarily lead to good microdata; see Ritchie (2004) for a review of the ONS experience. Nevertheless, most of the problems above have been resolved to a greater or lesser degree. We now turn to the ARD2 as it stands now.

Business data and ARD2

Sources of the data

The ARD2 was formed from a number of ONS business surveys. From 1997 it has been taken solely from the ABI but previously was taken from other surveys such as ACOP. Data from these surveys are linked across time to form a longitudinal database for research.

The surveys involved a census of large businesses and a sample of smaller ones, although the specific sampling frame has varied over time. Prior to 1994 the surveys only contain information for production industries. Construction industry data is available from 1994 and then data for six further sectors are available from 1997, meaning that this and subsequent years have businesses from most two-digit SIC categories. Some service sector data are also now available from 1994 to 1996, but these pose additional problems.

Survey returns are combined with variables and references from the IDBR. The IDBR was introduced in 1994 as a live register of all companies registered in the UK. It is estimated that 98 per cent of UK economic activity is covered by the IDBR. Information from the register has three major impacts on the formation of the ARD2. Firstly, the ABI sample is drawn from the IDBR and uses its reference numbers to link firms over time and matching with other surveys. Secondly, the ARD2 takes its non-selected/non-response information from the IDBR which is important for weighting and grossing. Thirdly, IDBR variables are available for all firms irrespective of whether or not they are included in the survey. These firm characteristics such as region, owner nationality and industrial classification are universally available and as such allow firms which have not been included in surveys to be part of the analysis.

The information held in the ARD2 varies according to the year and sector of interest. Generally though, data for employment, turnover, and capital expenditure exist universally in addition to firm characteristics such as region, owner nationality and industrial classification. Individual sectors then have a more specific level of detailed information. For example, businesses in the retail sector will be asked for a breakdown of products sold (such as food, electronics and durables) whereas this would not be included for service sector businesses.

In general there are three levels of business unit at which data are collected. This is in line with the European System of Accounts (ESA). Martin and Barnes (2002) detailed these levels and the changes that were made with the introduction of the IDBR in 1994:

Pre-1994

- enterprise group – the group of all legal units under common control
- establishment – the smallest group of legal units which could provide the full range of data required for the survey
- local unit – the individual site or workplace (factory, shop, etc.) at which activity takes place

1994 onwards

- enterprise group – the group of all legal units under common control
- enterprise – the smallest group of legal units within an enterprise group with a relative degree of autonomy
- local unit – the individual site or workplace (factory, shop etc.) at which activity takes place

In addition to these legal definitions, the IDBR uses an additional statistical unit called the 'reporting unit'. This is the collection of local units used to provide returns and may be specific to the survey being carried out (for example, R&D units can be classified differently for the R&D survey). For most survey respondents, the reporting unit and the enterprise are the same unit and are used for all surveys. This makes linking data from different surveys straightforward.

There are some enterprises, however, that may report through several reporting units. These would tend to be large enterprises that find it easier to report through multiple returns. In 2003, multi-reporting unit enterprises made up 0.54 per cent of surveyed enterprises.

These reference numbers are included on every observation in the ARD, allowing the structure of a single business to be identified. So, for example, a local unit can be linked to the enterprise group to which it ultimately belongs; and the number of enterprises belonging to a local unit can be checked. Note, however, that before 1994, only limited analysis can be carried out on the business structure as only local unit and enterprise level data are available.

The ARD2 does hold basic local unit information such as location and employment. However, survey information will only be directly applicable to the local unit if the firm is a single unit enterprise. Approximately half of reporting units surveyed in 2003 had a single local unit. For all other local units, only inferences (usually using employment and industry) can be made about other information such as turnover.

References and linking

As every local unit, reporting unit, enterprise and enterprise group is given its own unique reference number when it enters onto the IDBR, it is possible to link firms longitudinally. This reference remains unique to that business while it remains, in the same form, on the register. It is therefore possible to make inferences about business entry and exit from the register. However, it is important to distinguish between register entry/exit and actual entry/exit.¹ It is not currently possible to identify whether a firm has ceased trading or if it has merely undergone a change in structure that leads to its original reference becoming extinct. It may also be the case that the firm has moved out of scope of the ARD, which does not cover the whole economy. This does present some problems when performing entry/exit type analysis but this will be alleviated somewhat by the introduction of the forthcoming Business Structures Database (BSD) that will contain more detailed information on firm demographics (see Davies and Gilhooly (2006)).

In addition to identifying firms in the ARD2, the IDBR reference number also appears on a number of other ONS business surveys and, indeed, a number of administrative surveys conducted by other government departments. It is therefore possible to link businesses that appear on different surveys. For example, there are 3,639 firms that appear in the 2003 e-commerce survey and the 2003 ARD2; it is consequently possible to combine the information for these firms. It is worth noting that it is likely, given the sampling frame of the ABI, that the majority of firms that match between surveys will be large firms in terms of employment.²

An IDBR reference number does not necessarily have to be present on an original survey to be matched to ARD2 data. If information such as address, postcode or phone number is present, then so called 'fuzzy matching' can retrieve a business from the register and hence find its reference number. This

opens up the possibility of matching the ARD2 to other administrative surveys that do not use the IDBR for their sampling framework.

In addition to linking to other surveys in the same year, the reference that is present on the ARD2 also allows a business to be tracked over time. As references are unique, a business can be linked to all its previous records in the database. Aside from the caveats that have been mentioned regarding mergers and takeovers, a firm will always retain its reference number. Although the IDBR only began in 1994, it is possible to track some firms all the way back to 1973. The previous Central Statistical Office (CSO) reference that was used before the introduction of the IDBR has been mapped to the new IDBR reference system. In the dataset itself, the creation of the variable *dlink_ref2* allows firms to be consistently linked across time. This is demonstrated in Table 1 as it is seen that 6,075 businesses that are in the database in 1973 remain in 2003. Of course, survey returns will not be available for all of these businesses in every year – these firms have been sampled an average of 14.7 times since 1973, which is around half. However, it is still possible to construct a panel dataset with basic firm information that covers the whole period of the ARD.

The register panel and non-selected information

The register panel is a panel dataset that contains every reporting unit in the ARD2. It contains 15 million records over the 31 years of available data. As discussed, full survey information is not available for the majority of businesses each year, but basic information is available from the IDBR. Identifiers of region and country of ultimate ownership are available in addition to the employment and turnover variables taken from the IDBR. This dataset consequently allows analysis into firm demographics and is used as the basis for the BSD prior to 1997. Eventually it will be superseded by the BSD.

The selected information – that is the information taken from the survey returns – is not taken from a representative sample of the population. Consequently, making inferences about the population from the sample may need some form of weighting in order to gross up the data. The non-selected information taken from the IDBR makes this possible for the ARD2. A detailed discussion of this technique will not be dealt with here, but has been investigated recently in Fazio, Lam and Ritchie (2005).

Table 1 details some basic descriptive statistics taken from ARD2 data. The column *first year* refers to the number of reporting units appearing in the dataset for the first time in

Table 1

	First year	Total RUs	Selected	Survive	Entry	Exit
1973	6,075	94,853	20,881	-	94,853	4,831
1974	1,014	102,385	22,926	89,502	12,883	5,610
1975	781	104,738	21,239	96,616	8,122	4,255
1976	525	107,797	21,313	100,435	7,362	3,407
1977	352	108,567	21,408	104,389	4,178	3,123
1978	326	108,536	18,522	104,639	3,897	2,365
1979	173	107,900	17,752	106,138	1,762	3,937
1980	275	107,719	14,561	103,997	3,722	3,598
1981	237	107,158	14,421	103,948	3,210	9,860
1982	241	100,594	14,105	97,121	3,473	3,502
1983	204	100,595	13,727	97,793	2,801	59,426
1984	1,385	133,046	18,007	40,544	92,502	86,217
1985	9,651	139,778	13,457	46,708	93,070	18,193
1986	2,693	142,942	12,876	118,627	24,315	22,626
1987	4,253	142,719	12,962	118,281	24,438	23,394
1988	2,514	144,611	13,110	117,122	27,489	36,065
1989	2,189	148,059	18,619	109,366	38,693	26,831
1990	3,990	139,955	13,669	119,390	20,565	19,246
1991	2,962	133,801	13,556	118,498	15,303	48,258
1992	5,198	136,179	13,022	75,754	60,425	64,300
1993	14,877	149,758	16,183	93,895	55,863	25,420
1994	86,260	343,446	15,081	124,449	218,997	40,423
1995	31,183	348,686	15,380	277,373	71,313	37,505
1996	26,752	335,926	15,599	299,017	36,909	33,373
1997	595,895	1,483,489	49,369	332,792	1,150,697	162,007
1998	130,733	1,555,568	52,063	1,305,882	249,686	167,962
1999	120,543	1,641,523	53,401	1,394,557	246,966	180,402
2000	127,564	1,669,442	53,200	1,456,793	212,649	184,954
2001	141,684	1,682,804	57,691	1,486,589	196,215	189,662
2002	184,600	1,709,648	54,231	1,498,281	211,367	217,845
2003	240,426	1,745,555	53,363	1,505,129	240,426	-

that year that still exist in 2003.³ The *total RUs* column is the number of selected and non-selected reporting units. The *selected* column refers to the number of reporting units that returned survey forms and feature in the selected files of the dataset. The table also presents counts for entrants, exitors and survivors. Entry is defined as a reporting unit that is present in the current year but was not present in the previous year. Exit is defined as a reporting unit that is not present in the current year but was present in the previous year. Survivor refers to units that are in both.

The changes in the number of reporting units can reflect changes in the economy in general but may also reflect changes in the structure of the register. Clearly, the biggest changes came in 1994 with the introduction of the IDBR and in 1997 with the introduction of the other sectors. There was also a register improvement in 1984.

Simplification of files and variables

The original dataset had more than 1,500 variables over the 31 available years. The complex nature of many of the datasets and the variation of surveys has led to a lot of unnecessary information being preserved in the dataset. Consequently the ARD2 is able to eliminate many variables without losing any information. This, coupled with the longitudinal mapping of variables detailed below, has reduced the total number of variables to around 700. The reduction in the number of variables and the associated reduction in file size make the ARD2 a lot more easily accessible to researchers than its predecessor.

In addition to the ease of use in research terms, the dataset is also easier to regenerate and update from an administrative perspective. This should make it quicker in future for BDL to make new ARD2 data available to researchers.

Table 2

Survey years	Employment size band	Sampling fraction	Comments
1970 to 1971	<25	0 (exempt)	In some industries, <11
	25 or more	All	In some industries 11 was lower limit.
1972 to 1977	<20	0 (exempt)	
	20 or more	All	
1978 to 1979	<20	0 (exempt)	All industries; some sampling in 1978
	20–49	0.5	In 68 industries
	50 or more	All	In 68 industries
	20 or more	All	In all other industries
1980 to 1983	<20	0 (exempt)	All industries
	20–49	0.25	In most industries
	50–99	0.5	In most industries
	100 or more	All	All industries
1984	<20	0 (exempt)	All industries
	20–49	0.5	England only
	50 or more	All	20 or more outside England
1985 to 1988	<20	0 (exempt)	All industries
	20–49	0.25	In most industries
	50–99	0.5	In most industries
	100 or more	All	All industries
1989	<20	0 (exempt)	All industries
	20–49	0.5	England only
	50 or more	All	20 or more outside England
1990 to 1994	<20	0 (exempt)	All industries
	20–49	0.25 (0.2 1993)	In most industries
	50–99	0.5	In most industries
	100 or more	All	All industries
1995 to 1997	<10	0.2	
	10–49	0.25	
	50–99	0.5	
	100–199	0.75	
	200 or more	All	50% of industries, others smaller limit
1998 onwards	<10	0.25	
	10–99	0.5	
	100–249	All or <= 0.5	Varies by industry
	250 or more	All	

Creation of a true longitudinal dataset

As the ARD has been formed from a number of surveys over time, and the structure of these surveys have themselves changed, the questions asked and the numbering of these questions has also varied. In the past this has meant that there may have been the same variable in two different periods that is named differently in each. Previously it has been necessary to create a separate standard variables dataset holding a few key variables that are available in most years. The ARD2 negates the need for this dataset by ensuring that all variables are standardised. This, in effect, means that a variable existing in any given year will be in the dataset under the same name for every other year that the information exists.⁴ Again, this makes the dataset's accessibility, from a research point of view, much more straightforward.

Correction of errors in pre-IDBR reference numbers

As discussed, a lookup table was created so as to map IDBR reference numbers to the previous CSO reference in order to track businesses longitudinally.⁵ However, research using these pre-1994 files discovered that there were some problems with the reference numbers and hence linking with post-1994 files. Some firms seemed to have been designated different reference numbers across different years although they were clearly the same firm. The files used to create the ARD2 reference numbers have been amended to correct for this error. It is now possible to consistently link firms back to 1973 as shown in Table 1.

Impact: the sampling frame and response rate

The proportion of businesses sampled varies with the size of the firm (in terms of employment). Table 2 illustrates how this has changed over time.⁶

The table demonstrates that the ABI is indeed a sample of smaller firms and a census of larger ones. In addition to these sampling criteria, the ABI also follows the 'Osmotherly

Table 3

Sector	SIC codes covered (SIC 92)
Catering	55101–55520
Construction	45110–45500
Motor trade	50101–50500
Production	1410–41000
Property	70110–70320
Retail	52111–52740
Services	60101–93050
Wholesale	51110–51700

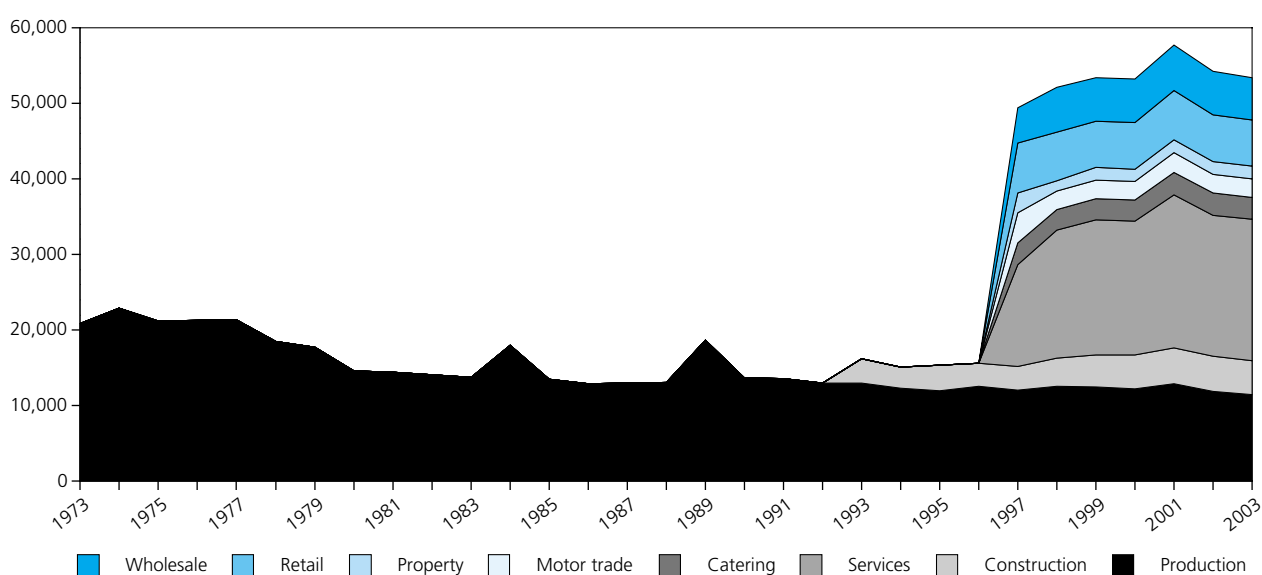
rules': if a small firm (under ten employees) is sampled once, it is not sampled again for at least three years. Firms with repeated survey information in the ARD2 are thus most likely to be large in terms of employment. Although the ABI is compulsory, there is inevitably not a 100 per cent response rate. The response rate in 2003 was approximately 85 per cent which meant a total number of just over 55,000 survey returns. The non-responses are due to changes in the business structure, meaning the ABI form is no longer relevant; the firm might have gone out of business, changed its structure, and so on.

The total number of firms represented in the ARD2 has increased since the introduction of the ABI, as firms from most sectors of the economy are now sampled; the major exceptions are agriculture, financial services and the public sector.

The ARD2 is split into eight broad sectors that reflect the type of form that firms will have received. The sectors and the corresponding SIC codes are shown in Table 3 (above) for the 2003 data; Figure 1 shows the number of records in the ARD2 using this sector breakdown by year.

The survey returns by sector roughly reflect the proportions of these sectors in the economy as a whole. Some data for services and retail are now available for 1994 to 1996, but they exist without non-selected and local unit data, which makes

Figure 1



weighting and grossing difficult. Nevertheless, they are being incorporated in the datasets, as the survey information is still usable in unweighted analyses.

Impact: the ARD2 variables

In every year of the ARD2 there is some variation in the number and type of variables available. Moreover, the variables may also be specific to the sector that the firm is in. For example, the amount of sales of meat is asked in the retail sector and the amount of motor vehicle duty paid is asked in the motor trade sector. There are, however, a core set of variables that are present in most sectors and in most years. Information on turnover, employment, capital expenditure and intermediate consumption is consistently available for survey-selected firms.⁷ In addition to this, derived variables such as gross value added are also available in the dataset. Data for country of ownership, location and industrial classification are available for both the selected and non-selected firms.

It is worth noting that not all firms will receive the full survey questionnaire. Some will receive the short form that asks for a similar range of questions but will tend to ask for totals rather than a full breakdown for certain areas. These breakdowns will then be imputed in the dataset itself using ratios calculated from the long form returns.

The ARD2 in practice: entry and exit and the impact on the service sector

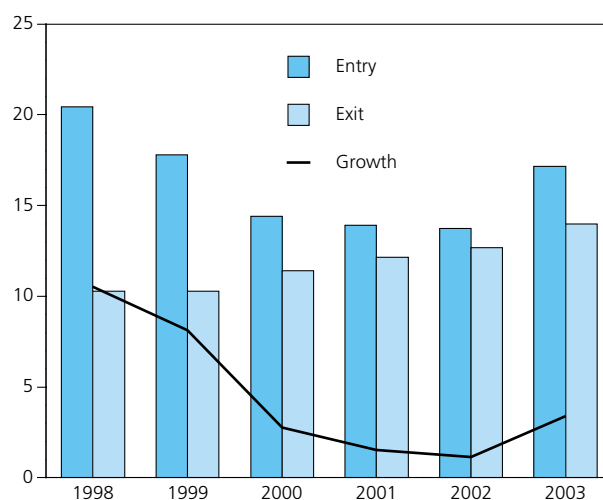
ARD2 data allows comparisons of productivity estimates across sectors. Here we present a productivity analysis of the service sector as a whole, looking specifically at the computer services industry. Using ARD2 data we can attempt to identify the degree of firm entry and exit and the effect that this has on productivity. This analysis follows on from some other uses of business microdata in productivity analysis such as Barnes (2002). However, this work takes previous analyses further by incorporating more recent data. While the services data between 1994 and 1996 are not included here, previous work is extended using data up to 2003.

The literature on microdata analysis of the service sector is somewhat more sparse than for the production sector. This may be partly down to the fact that, in terms of productivity, the production sector is more easy to measure than the service sector, as its outputs are often far more tangible. However, for the sake of this analysis, we use the gross value added per worker measure of labour productivity as derived in the ARD2 dataset. We also use the entry and exit definitions previously proposed with the caveats that register entry and exit will not always represent actual entry and exit. Both are likely to be overestimated to some extent.

Firstly, defining the service sector broadly, we can see that the churn has been relatively high over recent years. Figure 2 demonstrates that there has been a steady rise in the number of exits but a mixed pattern in terms of entry. In computing services (SIC category 72) the pattern has been more marked. Figure 3 shows that while entry has consistently fallen since 1998, the number of firms exiting has increased. This resulted in the number of computer services firms beginning to fall in 2002.

Figure 2

Percentages



Of course, the overall effect on productivity is not clear. If it is low productivity firms that are exiting, then we would expect a positive productivity effect. However, if there are also low productivity firms entering, then this too would have a negative contribution overall. Here we use a range of techniques used by Matsuura and Motohashi to pinpoint these effects in the retail sector.

Table 4 shows a transition matrix for the years 1998 to 2002.⁸ It separates firms into productivity quintiles in 1998 and again in 2002 and tabulates any moves between and out of these quintiles. So, for example, 75.9 per cent of firms in the bottom productivity quintile in 1998 were still there in 2002. In terms of both entry and exit, the highest rates are around the lowest quintile – exit out of and entry into. However, there is also a fair amount of entry and exit to and from all the other quintiles. There is some degree of movement between quintiles, but in both directions, indicating that firms get more and less productive in roughly equal measure.

Table 4

Percentages

		1998 quintiles					Entry
		Bottom 1	2	3	4	Top 5	
2002 quintiles	1	75.9	16.7	8.2	4.3	3.9	24.7
	2	13.6	54.4	14.7	3.9	2.7	19.3
	3	4.4	20.7	52.7	18.9	6.8	16.9
	4	2.6	6.6	20.4	51.1	17.5	17.4
	5	3.6	1.5	4.1	21.9	69.2	21.8
Exit		26.3	19.7	17.7	16.4	19.9	

Table 5

Percentages

		1998 quintiles					Entry
		Bottom 1	2	3	4	Top 5	
2002 quintiles	1	40	0	0	0	0	28.1
	2	13.3	77.8	5.3	9.5	6.3	18.8
	3	6.7	22.2	47.4	14.3	9.4	19.3
	4	26.7	0	21.1	42.9	21.9	17.8
	5	13.3	0	26.3	33.3	62.5	15.9
Exit		23.4	20.6	18.5	18.9	18.5	

Table 5 uses the same technique to analyse entry and exit in computer services. Again we see that the entry and exit is most prevalent in the lowest quintile although here it seems as if entry of low productivity firms is more prevalent.

Foster, Haltiwanger and Krizan (1998) propose a way of decomposing productivity numbers to isolate these entry and exit effects. They identify the four components to which changes in productivity can be attributed. Firstly, continuing firms may get more productive (the within effect). Secondly, more productive firms may gain market share (the between effect). Thirdly, there is a covariance between these two effects (the cross effect). Finally, there is the impact of firms entering and exiting as demonstrated (entry/exit effect). Table 6 shows the results of performing this decomposition with ARD2 data.

Table 6

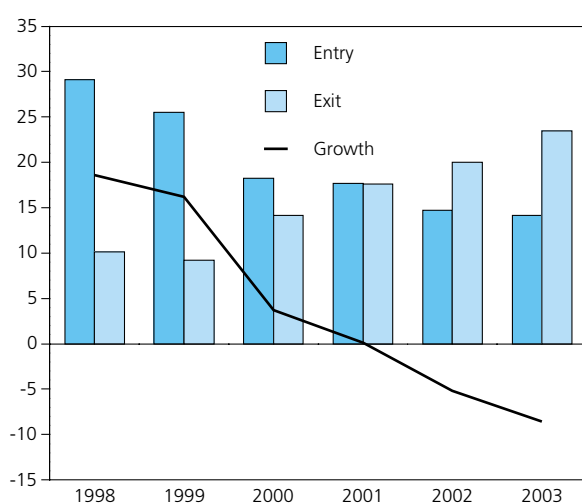
Per cent

Sector	Prod growth	Within	Between	Cross	Net entry	Entry	Exit
All services	6.3	5.3	9.8	-8.4	-0.3	-0.7	-0.4
All manufacturing	8.9	6.1	2.0	-2.0	2.8	2.1	-0.7
Computer services	14.8	0.2	8.5	0.7	5.4	0.4	-5.0

Looking firstly at services, it seems that while the within, between and cross effects all have significant impacts, the effects of entry and exit are relatively low. It is worth noting that the negative number for exit represents an increase in productivity (that is, the exit of low productivity firms has increased overall productivity by 0.4 percentage points). It seems that the large churn that we observe in Figure 2 does not seem to feed through particularly into productivity growth. Entry and exit does seem slightly more important in the manufacturing sector – contributing a third of productivity growth in the period 1997 to 2002.

Figure 3

Percentages



We see a similar impact of net entry in computer services. Again, about a third of overall growth was due to this, with most being due to the exit effect. Figure 3 did demonstrate that exit was increasing in computer services and it would seem that this was among lower productivity firms. According to this decomposition, computer services labour productivity grew 5.4 per cent over the period solely due to entry and

exit effects. There were, however, other contributors to productivity growth. The large between effect relates to productive firms gaining market share – it would seem at the expense of unproductive firms.

Future developments

Clearly, knowledge of the ARD2 data will increase with its ongoing use. At the time of writing, provisional data for 2004 were being incorporated into the dataset. The addition of further data will allow techniques such as those used above to become more developed for use with UK microdata. The recent increases that have been seen in the use of the VML at ONS sites have already widened the variety of research using business microdata and indeed have highlighted many of the issues that have been addressed by the ARD2.

Accessing the data

The data in the ARD2 are collected under the *Statistics of Trade Act 1947*. This Act makes it compulsory for firms to complete ONS business surveys but stipulates that all data collected are confidential. The legislation only allows civil servants to have access to these survey returns. However, BDL branch at ONS has developed a system whereby external researchers are able to access the data while still in compliance with the *Statistics of Trade Act*. Access is now available to researchers via the VML onsite at ONS premises in London, Newport, Titchfield and Southport, under secondment. Researchers are seconded to work for ONS and hence are allowed to access the data as civil servants. As such, they are bound by the ONS Codes of Practice and the *Official Secrets Act*. The secondment agreement is supplemented by an agreement with the researcher's institution.⁹

The VML is ONS's technical solution to accessing the ARD2 and other business microdata. Data are placed on a secure shared area on a server located in London. Approved users can then log onto the server and access the data from the listed ONS sites. Users have read-only access to data files and a work area where they can produce results. It is, however, not possible for researchers to electronically remove information from the VML. Only BDL staff members have external access to the laboratory and are hence able to monitor what goes in and out of the system. Staff members conduct strict disclosure control on all outputs before releasing them to researchers to ensure that no information supplied on an ONS survey return enters the public domain.

All users of the ARD2 undergo a training programme to ensure they are aware of the legal background and practicalities surrounding statistical disclosure control. Any results that are then produced, which researchers wish to transfer out of the laboratory, will undergo intermediate clearance that allows sharing with other researchers named on their contract. A final clearance of output is required before results are published or used for wider dissemination.

Notes

1. It is also important to distinguish between actual entry/exit and survey entry/exit. Firms may often leave the survey only to be re-sampled later.
2. In the matched dataset between e-commerce 2003 and ARD2 2003, 69.2 per cent of firms had more than 250 employees.
3. This is essentially a tabulation of a survey age variable. Key changes in the registers over time will be reflected with higher numbers in the first year column.
4. Some variables may undergo slight alterations in definition over time.
5. This was based on work done by Richard Harris (2001) to map pre-1994 references.
6. Information before 1973 is not available in the current ARD2.
7. Please contact Business Data Linking at bdl@ons.gsi.gov.uk for more information on the range of variables available in the dataset.
8. 1997 and 2003 are not included as it is not possible to identify entry for 1997 and exit for 2003.
9. Researchers must have a working relationship with an institution in order to be seconded.

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The effects of taxes and benefits on household income, 2004/05

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Office for National Statistics

This article examines how taxes and benefits redistribute income between various groups of households in the United Kingdom. It shows where different types of households and individuals are in the income distribution and looks at the changing levels of income inequality over time. The analysis is published annually. Table 1 at the end of the summary section provides a full list of tables and figures.

Redistribution through taxes and benefits

Government intervention, by means of taxes and benefits, alters the incomes of households. In general, households in the top half of the income distribution pay more in taxes than they receive in benefits while the reverse is true for those in the lower half. Taxes and benefits therefore tend to reduce the differences between households' incomes. As shown in Table 4 for 2004/05, before government intervention, the top fifth of households have an average of around £66,300 per year in original income (that is from sources such as earnings, occupational pensions and investments). This is around 16 times as great as the figure of around £4,300 for the bottom fifth. After taking account of taxes and benefits, the ratio for final income is greatly reduced to four to one. The effect of the difference between original income and final income for 2004/05, broken down by quintiles, is also shown graphically in Figure 1.

Cash benefits play the largest part in reducing inequality. The majority of these go to households in the lower part of the distribution, with the poorest two fifths receiving 59 per cent of the total. As shown in Table 4, these households typically receive an average £6,300 from cash benefits, representing around 60 per cent of gross income for the bottom quintile group and 36 per cent for the second quintile. These proportions are even higher for retired households in this part of the distribution (Table 12). The majority of cash benefits for non-retired households come from non-contributory benefits and, for retired households, from contributory benefits, particularly the state pension. Figure 2 shows gross income broken down into original income and cash benefits by the quintile distribution for equivalised disposable income.

Figure 1

Original income and final income by quintile groups for all households, 2004/05

Average income per household (£ per year)

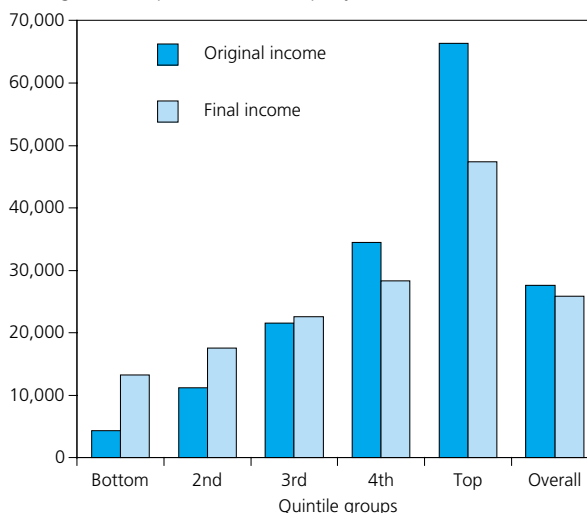
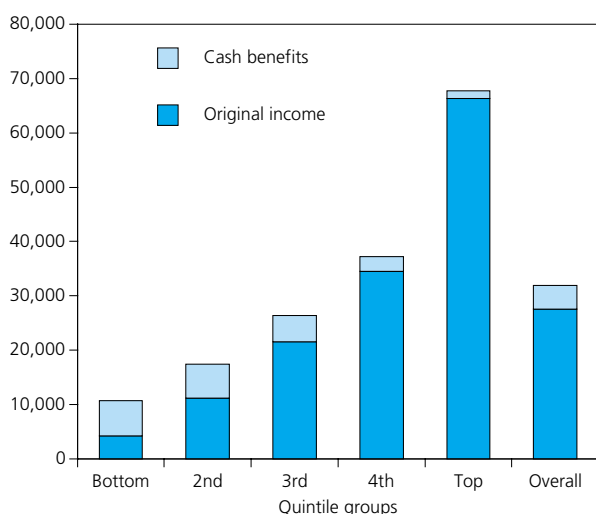


Figure 2
Gross income by quintile groups for all households, 2004/05

Average income per household (£ per year)



Direct taxes, except for council tax and Northern Ireland rates, are progressive – they take a larger proportion of income from those higher up the income distribution because tax is not paid on the first tranche of income and higher rates of tax are paid on higher incomes. Therefore, they also contribute to a reduction in inequality although not to the same extent as cash benefits. The proportion of gross income paid in direct tax (Table 3) by the top fifth of households is 25 per cent compared with 10 per cent for the bottom fifth. For council tax in Great Britain and domestic rates in Northern Ireland, the top quintile group pays the largest absolute amount (Table 14A). On the other hand, when expressed as a proportion of gross income (Table 3), the impact of council tax in Great Britain and domestic rates in Northern Ireland is higher in the lower half of the distribution.

Indirect taxes have the opposite effect to direct taxes, taking a higher proportion of income from those with lower incomes, that is, they are regressive. On average, higher income households channel a relatively high proportion of their income into savings and mortgage payments. These do not attract indirect taxes. In addition, the recorded expenditure of some lower income households is higher than their recorded current incomes. This implies that some expenditure is being funded through saving, borrowing, or other sources, and means that payments of indirect tax will be relatively larger as a proportion of gross income. However, the top fifth of households still pay more indirect tax in absolute terms than other households (Table 14A).

Households also receive benefits in kind from services provided free or at subsidised prices by government, such as health and education. The amount received falls gradually as income increases, indicating that these benefits also lead to a reduction in inequality.

Characteristics across the income distribution

As described in more detail later, households are ranked by their equivalised disposable income, which the analysis uses as a proxy for their standard of living. Equivalisation is a standard methodology that takes into account the size and composition of households and adjusts their incomes to recognise differing demands on resources. As a result, larger households will be lower down the income distribution than smaller households with the same absolute income.

Some household types are more likely to be in higher income groups, while others tend to appear in the lower groups (Tables 4, 15 and 15A). Single person households are slightly more likely to be in the higher income groups, while households consisting of two adults with no children are very clearly concentrated in the higher groups.

Households containing two adults with children tend to be not quite as high up the equivalised income distribution as those with no children. Those with one child tend to have slightly higher incomes than those with two children, while those with three or more children are more likely to be in the bottom half of the distribution.

Households which consist of only one adult with children are much more concentrated in the lower income groups. Retired households are also concentrated in the bottom half of the income distribution.

Adults and children are not spread evenly throughout the income distribution. For example, there are more children in households in the lower half of the distribution. Among adults, women appear fairly evenly spread across income groups but there are more men in households in the higher groups than in the lower groups.

Trends in income inequality

All the estimates presented in this analysis are based on sample surveys, and as such are subject to sampling error. In particular this needs to be borne in mind when looking at year-to-year changes. However, by looking at data over several years, it is possible to discern underlying trends. Since 2001/02 the underlying trend in inequality of disposable income appears to have been a gradual reduction in the extent of inequality.

As shown in Figure 6 and Table 27, inequality of disposable income increased rapidly in the second half of the 1980s, reaching a peak in 1990. After 1990 the trend was downwards, although inequality did not return to the levels seen before the increase of the late 1980s. After 1995/96 inequality began to rise again, reaching a peak in 2001/02 – actually at a level very similar to that seen in 1990. Since 2001/02 inequality has started to decline again.

Changes in the income distribution over time have been the focus of much study. This article includes some discussion of work which has attempted to identify the factors behind these changes in the level of inequality.

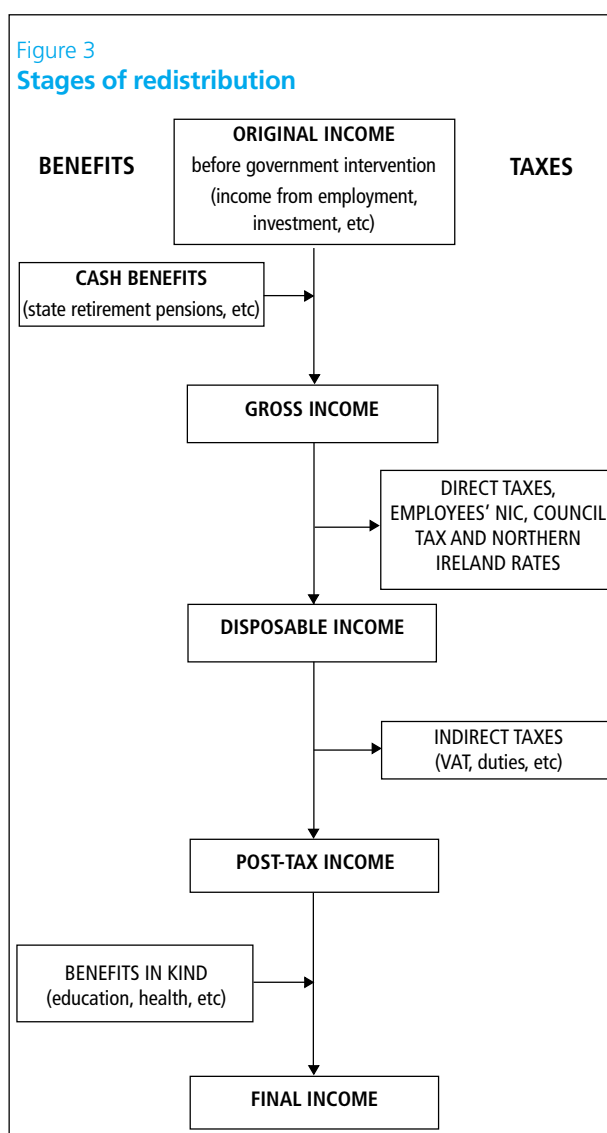
Concepts and sources

Redistribution through taxes and benefits

This article examines how taxes and benefits redistribute income. It adds the value of government benefits to the private income of households and subtracts the value of taxes to look at different measures of household income.

Figure 3 shows the stages in the redistribution of income used in this analysis. Household members receive income from employment, occupational pensions, investments and from other non-government sources. This is referred to as original income. The figure shows the various ways that government raises revenue from households through taxation and distributes benefits to them in cash and in kind.

Figure 3
Stages of redistribution



The analysis only allocates those taxes and benefits that can reasonably be attributed to households. Therefore, some government revenue and expenditure is not allocated, such as revenue from corporation tax and expenditure on defence and public order. There are three main reasons for non-allocation. Some taxes and benefits fall on people who

do not live in private households. In other cases, there is no clear conceptual basis for allocation to particular households. Finally, there may be a lack of data to enable allocation. In this study, some £304 billion of taxes and compulsory social contributions have been allocated to households. This is equivalent to 62 per cent of general government expenditure, which totalled around £492 billion in 2004 (Table 13). Similarly, £270 billion of cash benefits and benefits in kind have been allocated to households, making up 55 per cent of general government expenditure.

The estimated values of taxes and benefits reflect the methodology used in this study. They are based on assumptions about which taxes and benefits should be covered and to whom they should apply. Where it is practical, the methodology used is similar to that used in previous years. However, there have been some changes in the underlying surveys and improvements in the methodology. For example, changes from 1996/97 onwards include new questions for the self-employed and the use of data which are grossed up to the UK household population. From 2000/01 onwards the analysis used a slightly different definition of a household (see Appendix 2, paragraph 7). From 2002/03 water charges were no longer treated as a tax (see Appendix 2, paragraph 27). From 2003/04 there was a change to the treatment of tax credits (see Appendix 2, paragraph 22). The effects of these changes were fairly small, but not negligible.

For this reason, care should be taken when making direct comparisons with earlier years. Comparisons with previous years are also affected by sampling error. This is especially true for estimates which are based on sub-samples such as the results for decile or quintile groups, or particular household types, which will be subject to relatively larger sampling errors.

Time series are presented for some of the more robust measures, and these include Gini coefficients and other measures of inequality in Tables 26 and 27. It is not thought appropriate to equalise the final income measure because this contains notional income from benefits in kind (for example, state education); the equivalence scales used in the article are based on actual household spending and do not, therefore, apply to such items as notional income.

Unit of analysis

The unit of analysis used in this study is the household. The households are ranked by their equivalised disposable income, which the analysis uses as a proxy for their standard of living. Equivalisation is a standard methodology that takes into account the size and composition of households and adjusts their incomes to recognise differing demands on resources. For example, a couple would need a higher income than a single person to achieve the same standard of living. The equivalence scale used in this analysis is the *McClements scale* (before housing costs are deducted). So a single person's income of £6,100 is treated as equivalent to an income of £10,000 for a couple (see Appendix 2, paragraph 48). Households with the same equivalised income do not necessarily have the same standard of living where other

characteristics are different. For example, households which own their homes outright would be in a better position than identical households with the same income which had to pay rent or mortgage payments. Also, households which include disabled people may require additional resources to maintain the same standard of living as those without disabled people. Equivalisation does not adjust for these differences.

Equivalised income is used only to rank the households. Most monetary values shown in the analysis are not equivalised. Where equivalised amounts are given, they are shown in italics. Once the households have been ranked, the distribution is split into five (or ten) equally sized groups – that is, quintile (or decile) groups. The bottom and second quintile groups are those with the lowest equivalised disposable incomes while the fourth and top groups have the highest.

Data source and quality

The main data source for this analysis is the Expenditure and Food Survey (EFS) which covers about 7,000 households in the United Kingdom each year. It only covers private households – people living in hotels, lodging houses and in institutions, such as old people's homes, are excluded. The EFS brought together and replaced the Family Expenditure Survey (FES) and the National Food Survey from 2001/02. However, the income questions were essentially unchanged.

The survey results are re-weighted and grossed so that the totals reflect the whole household population in terms of age, sex and region. Different initial weights are applied to different types of household in order to correct for over- or under-representation of these groups in the responding sample of the EFS. Studies have indicated that the EFS suffers from under-representation of individuals at the very top of the income distribution. This under-representation is not directly corrected by the re-weighting and grossing methodology and may lead to some under-estimation of income. Those who are interested in the level of income for the top decile group of the income distribution should refer to the Department for Work and Pensions publication *Households Below Average Income 2004/05*.¹ This analysis uses data from the Family Resources Survey and contains an income adjustment for households at the top of the income distribution, which is made using the HM Revenue and Customs' (HMRC) Survey of Personal Incomes.

There is thought to be a degree of under-reporting in the EFS for some benefits. There is evidence that this may be particularly true for the estimates of tax credit receipts. The estimates presented here are similar to those based on the DWP's Family Resources Survey, although there is currently some divergence between the survey based estimates of total household receipts of tax credits, and HMRC's estimate of total payments. The EFS based estimate of household receipts is only around 61 per cent of the HMRC figure.

Further details of the concepts and methodology used are given in Appendix 2.

The results of the analysis are reported in three sections. The first looks at the effects for all households. Non-retired and retired households have distinct income and expenditure patterns and so the tax and benefit systems affect the two groups in very different ways. Therefore, the second and third sections look separately at results for non-retired and retired households.

Table 1
A list of table and figure numbers

Table or chart name	Description	Old table or chart name (used prior to 2000/01)
Table 1	A list of table and figure numbers	
Table 2	Percentage shares of household income and Gini coefficients, 2004/05	A
Table 3	Taxes as a percentage of gross income, disposable income and expenditure for all households by quintile groups, 2004/05	B
Table 4	Summary of the effects of taxes and benefits by quintile groups of all households, 2004/05	C
Table 5	Percentage shares of household income and Gini coefficients for non-retired households, 2004/05	D
Table 6	Summary of the effects of taxes and benefits on non-retired households by quintile groups, 2004/05	E
Table 7	Cash benefits for non-retired households by quintile groups, 2004/05	F
Table 8	Taxes as a percentage of gross income for non-retired households by quintile groups, 2004/05	G
Table 9	Indirect taxes as a percentage of (a) disposable income and (b) household expenditure for non-retired households by quintile groups, 2004/05	H
Table 10	Benefits in kind for non-retired households by quintile groups, 2004/05	I
Table 11	Percentage shares of household income and Gini coefficients for retired households, 2004/05	J
Table 12	Summary of the effects of taxes and benefits on retired households by quintile groups, 2004/05	K
Table 13	Taxes and benefits allocated to households as a percentage of general government expenditure, 2004	1
Table 14	Average incomes, taxes and benefits by decile groups of all households, 2004/05	2A
Table 14A	Average incomes, taxes and benefits by quintile groups of all households, 2004/05	
Table 15	Household characteristics of decile groups of all households, 2004/05	2B
Table 15A	Household characteristics of quintile groups of all households, 2004/05	
Table 16	Average incomes, taxes and benefits by decile groups of non-retired households, 2004/05	3A
Table 16A	Average incomes, taxes and benefits by quintile groups of non-retired households, 2004/05	
Table 17	Household characteristics of decile groups of non-retired households, 2004/05	3B
Table 17A	Household characteristics of quintile groups of non-retired households, 2004/05	
Table 18	Average incomes, taxes and benefits by decile groups of retired households, 2004/05	4A
Table 18A	Average incomes, taxes and benefits by quintile groups of retired households, 2004/05	
Table 19	Household characteristics of decile groups of retired households, 2004/05	4B
Table 19A	Household characteristics of quintile groups of retired households, 2004/05	
Table 20	Average incomes, taxes and benefits by decile groups of non-retired households without children, 2004/05	5
Table 21	Average incomes, taxes and benefits by decile groups of non-retired households with children, 2004/05	6
Table 22	Distribution of households by household type, 2004/05	7
Table 23	Summary of the effects of taxes and benefits, by household type, 2004/05	8
Table 24	Average incomes, taxes and benefits by decile groups of households (ranked by unadjusted disposable income), 2004/05	9
Table 25	Cross-tabulation of households ranked by disposable income, unadjusted and equivalised, 2004/05	10
Table 26	Percentage shares of equivalised total original, gross, disposable and post-tax incomes by quintile groups for all households, 1982 to 2004/05	1
Table 27	Gini coefficients for the distribution of income at each stage of the tax-benefit system and P90/P10 and P75/P25 ratios for disposable income for all households, 1980 to 2004/05	2 3
Figure 1	Original income and final income by quintile groups of all households, 2004/05	
Figure 2	Gross income by quintile groups of all households, 2004/05	
Figure 3	Stages of redistribution	Chart 1
Figure 4	Sources of gross income by quintile groups of equivalised disposable income, 2004/05	Chart 2
Figure 5	Summary of the effects of taxes and benefits on all households, 2004/05	Chart 3
Figure 6	Gini coefficients, 1980 to 2004/05	Chart 4
Figure 7	Income stages by non-retired household types, 2004/05	Chart 5
Figure 8	Lorenz curve for a typical income distribution	Diagram B
Figure 9	Complete income inequality	Diagram A

Note:

Symbols The following symbols have been used throughout the article:

0 negligible (less than half the final digit shown)
- nil

Results for all households

Overall effect

Government intervention affects household income in various ways. Money is taken through taxes, both direct and indirect, and given back in the form of cash benefits and the provision of free or subsidised services. In general, households in the bottom half of the income distribution tend to be net gainers from the tax and benefit systems while those in the top half pay more in tax than they receive in benefits. Therefore, taken as a whole, government intervention leads to income being shared more equally between households. Table 2 summarises the overall effects.

Table 2
Percentage shares of household income and Gini coefficients,¹ 2004/05

	Percentage shares of equivalised income for all households ²			
	Original income	Gross income	Disposable income	Post-tax income
Quintile group				
Bottom	3	7	8	7
2nd	8	11	13	12
3rd	15	16	17	16
4th	24	23	22	22
Top	50	43	41	43
All households	100	100	100	100
Decile group				
Bottom	1	3	3	2
Top	32	27	26	27
Gini coefficient (per cent)	51	36	32	36

¹ This is a measure of the dispersion of each definition of income (see Appendix 2, paragraph 53).

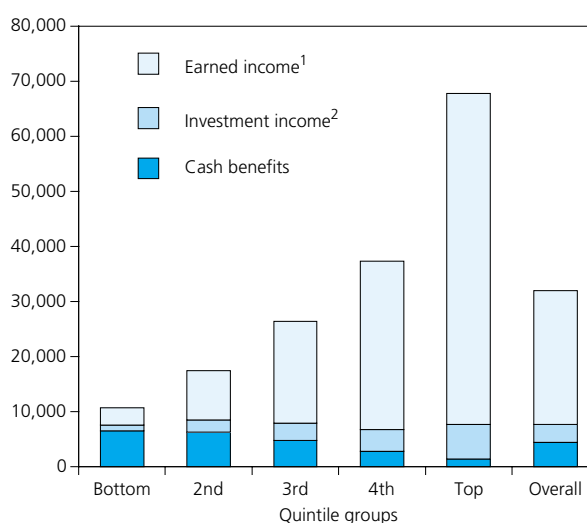
² Households are ranked by equivalised disposable income.

In this analysis, income before taxes and benefits is termed original income and includes income from earnings, occupational pensions and investments. The extent of inequality in this measure of income can be seen by looking at the proportion of total original income received by groups of households in different parts of the income distribution. At this stage, the richest fifth of households (those in the top quintile group) receive 50 per cent of all original income. This compares with only 3 per cent for households in the bottom fifth.

Adding cash benefits to original income produces gross income. In contrast to original income, the amount received from cash benefits is higher for households lower down the income distribution than for those at the top. This has an equalising effect on the distribution. It raises the share of income received by the bottom quintile group to 7 per cent of gross income while the share of the top fifth is reduced to 43 per cent. Figure 4 shows a breakdown of gross income by quintiles.

Figure 4
Sources of gross income by quintile groups of equivalised disposable income, 2004/05

Average income per household (£ per year)



¹ Includes wages and salaries, income from self-employment and income from 'fringe benefits'.

² Includes occupational pensions and annuities.

The tax system has a smaller effect on income inequality. While direct taxes have a further equalising effect on the shares of income, this is reversed by the effect of indirect taxes. The result is that the percentage shares of post-tax income for each quintile group are very similar to the shares of gross income.

Tables 3, 14 and 14A show the effect of direct and indirect tax on each quintile and decile group in more detail. Households at the lower end of the income distribution pay smaller amounts of direct tax compared with households with higher incomes. Of the total income tax paid by all households, the bottom two quintile groups together pay about 7 per cent. This compares with 81 per cent of the total paid by the top two fifths combined.

In addition, low income households also pay a smaller proportion of their income in income tax. This is due to the progressive nature of the income tax system. As a proportion of their gross incomes, households in the bottom quintile group pay an average of 3 per cent in income tax compared with 18 per cent for those in the top quintile group.

For national insurance contributions, the amount paid as a proportion of gross income rises as income rises until the fourth quintile group. The proportion then falls for the top fifth. This is because in 2004/05 employees' national insurance contributions were levied at 11 per cent on weekly earnings from £91 to £610, and at only 1 per cent thereafter. So, many people in the top quintile group will have a significant part of their earnings taxed at this lower rate.

Council tax in Great Britain and domestic rates in Northern Ireland are shown in Tables 3, 14 and 14A. Households in the lower part of the income distribution pay smaller absolute amounts. After taking into account council tax benefits and rates rebates, average net payments by the bottom quintile group are less than half those of the top fifth. On the other

Table 3

Taxes as a percentage of gross income, disposable income and expenditure for all households by quintile groups,¹ 2004/05**(a) Direct and indirect taxes as a percentage of gross income****(b) Indirect taxes as a percentage of disposable income****(c) Indirect taxes as a percentage of expenditure²**

	Quintile groups of all households					All households
	Bottom	2nd	3rd	4th	Top	
(a) Percentages of gross income						
Direct taxes						
Income tax ³	3.0	6.2	9.9	13.2	18.2	13.3
Employees' NIC	1.5	3.1	4.5	5.4	4.8	4.5
Council tax and NI rates ⁴	5.1	3.8	3.2	2.6	1.7	2.6
<i>All direct taxes</i>	9.6	13.0	17.7	21.2	24.7	20.5
Indirect taxes						
VAT	10.2	7.8	7.2	6.3	4.8	6.2
Duty on alcohol	1.5	1.1	1.0	0.9	0.7	0.9
Duty on tobacco	2.7	1.8	1.4	0.8	0.4	1.0
Duty on hydrocarbon oils and vehicle excise duty	2.9	2.3	2.2	2.1	1.4	1.9
Other indirect taxes	9.3	6.6	5.5	4.7	3.6	4.9
<i>All indirect taxes</i>	26.8	19.6	17.3	14.8	10.8	14.8
<i>All taxes</i>	36.4	32.6	35.0	36.0	35.6	35.3
(b) Percentages of disposable income						
VAT	11.3	9.0	8.8	8.0	6.4	7.8
Duty on alcohol	1.7	1.2	1.3	1.2	0.9	1.1
Duty on tobacco	3.0	2.0	1.7	1.1	0.5	1.2
Duty on hydrocarbon oils and vehicle excise duty	3.2	2.6	2.7	2.6	1.8	2.4
Other indirect taxes	10.3	7.6	6.6	5.9	4.8	6.1
<i>All indirect taxes</i>	29.6	22.5	21.0	18.8	14.4	18.7
(c) Percentages of expenditure						
VAT	7.8	8.0	8.0	7.6	7.0	7.5
Duty on alcohol	1.2	1.1	1.1	1.1	1.0	1.1
Duty on tobacco	2.1	1.8	1.5	1.0	0.6	1.2
Duty on hydrocarbon oils and vehicle excise duty	2.2	2.3	2.4	2.5	2.0	2.3
Other indirect taxes	7.1	6.7	6.0	5.6	5.3	5.9
<i>All indirect taxes</i>	20.5	20.0	19.1	17.8	15.9	17.9

¹ Households are ranked by equivalised disposable income.

² Calculated to be consistent with disposable income. See paragraph 35 of Appendix 2 for the definition of expenditure.

³ After deducting tax credits and tax relief at source on life assurance premiums.

⁴ After deducting discounts, council tax benefits and rates rebates.

hand, when expressed as a proportion of gross income, the burden decreases as income rises. Council tax in Great Britain and domestic rates in Northern Ireland represent 5 per cent of gross income for those in the bottom fifth but less than 2 per cent for those in the top quintile group.

Indirect taxes

The amount of indirect tax that each household pays is estimated from its expenditure recorded in the EFS. However, the income and expenditure data recorded in the EFS are not fully compatible because they are recorded in different ways (see Appendix 2, paragraph 6). Indeed, measured expenditure exceeds measured income for households in the lower half of the distribution. There are a number of possible explanations for this. Some households with low incomes may draw on their savings or borrow in order to finance their expenditure. In addition, the bottom decile in particular includes some groups who have, or report, very little income (for example, self-employed people starting a business or someone who has just been made redundant). For some people this spell of very low income may only be temporary, and during this period they may continue with previous patterns of spending. In these cases, expenditure taxes are not being met from current income. Some types of receipts are not included as income in the EFS, for example, inheritance and severance payments. In some cases, the information given on direct tax is not consistent with that on income received, possibly because of timing differences. For a minority of households the EFS may be measuring incomes inaccurately. Therefore, to give a more complete picture of the impact of indirect taxes, they are shown in Table 3 separately as a proportion of gross income, disposable income and expenditure. In addition, direct taxes are also shown as a proportion of gross income so that the impact of direct and indirect taxes can be compared.

In cash terms, the top fifth of households pay about two and a half times as much indirect tax as the bottom fifth. This simply reflects higher expenditure by higher income households. The only indirect taxes where this is not the case are duties on tobacco, taxes on betting, and the tax element of the National Lottery.

However, when expressed as a percentage of expenditure, the proportion paid in indirect tax tends to be lower for households at the top of the distribution compared with those lower down.

When expressed as a proportion of gross or disposable income, as shown in Table 3, the impact of indirect taxes declines sharply as income rises. This is because those in higher income groups tend to channel a larger proportion of their income into savings and mortgage payments, which do not attract indirect taxes. In addition, for many households in the lower half of the distribution, recorded expenditure is higher than recorded current income, and as a result indirect taxes appear more regressive than when expressed as a proportion of expenditure. However, the top fifth still pay a smaller proportion of their expenditure or income in indirect taxation whichever measure is used.

Another way of looking at how taxes and benefits change inequality is to calculate Gini coefficients – a widely used summary measure of inequality (see Appendix 2, paragraph 53). It can take values from 0 to 100 per cent where a value of zero would indicate that each household had an equal share of income, while higher values indicate greater inequality.

The Gini coefficients (as shown in Tables 2 and 27) produce a similar picture to the shares of income discussed earlier. For 2004/05, the figure of 51 per cent for original income is reduced to 36 per cent for gross income by the inclusion of cash benefits – a large reduction in inequality. The coefficient for disposable income shows the equalising effect of direct taxes with the figure falling further to 32 per cent. That indirect taxes reverse this effect is confirmed by the Gini coefficient rising to 36 per cent for post-tax income.

As discussed earlier, there are many households in the lowest decile, in particular, for which income is temporarily low or possibly under-reported. These households may well be wealthier and have higher expenditure than many households in higher deciles.

Characteristics of households

Different types of household are not spread evenly throughout the income distribution. Information about the characteristics of households in the different income groups is shown in Table 4, with more detail in Tables 15 and 15A. Household size does not vary much across the income distribution, with an average of between 2.2 and 2.5 people per household in each decile group in 2004/05. There are differences in the split between adults and children. A child (that is, a dependent) is defined as either aged under 16, or aged 16, 17 or 18, not married and receiving full-time non-advanced further education. There are fewer children in the upper half of the income distribution, and particularly in the top quintile. The pattern for the numbers of men and women also varies across income groups. The number of women is fairly constant while households in the higher income groups tend to have more men than the lower groups. Higher income groups also contain more economically active people. The top fifth of households has about three times as many economically active people as the bottom fifth.

Non-retired households with one adult and one or more children are concentrated in the lower groups, as shown in Tables 4, 15A and 22. Around 63 per cent of these households are in the bottom two quintile groups. This group makes up the majority of lone parent families. However, some lone parents will be part of larger households and will be included in other household types. For two adult households with children, the position in the income distribution tends to vary according to the number of children. Those with three or more children tend to be in lower groups than those with only one or two. Households with three or more children are less likely to have two economically active adults compared with those with fewer children, partly reflecting the fact that the youngest child or children may not yet be of school age. This increases the chance that households with three or

Table 4

Summary of the effects of taxes and benefits by quintile groups on all households,¹ 2004/05

	Quintile groups of all households ¹						Ratio top/bottom quintile
	Bottom	2nd	3rd	4th	Top	All households	
Income, taxes and benefits per household (£ per year)²							
Original income	4 280	11 200	21 580	34 460	66 330	27 570	16
<i>plus</i> cash benefits	6 410	6 210	4 770	2 800	1 380	4 310	0
Gross income	10 690	17 410	26 350	37 260	67 710	31 880	6
<i>less</i> direct taxes ³ and employees' NIC	1 030	2 270	4 650	7 910	16 760	6 520	16
Disposable income	9 660	15 140	21 690	29 360	50 960	25 360	5
<i>less</i> indirect taxes	2 860	3 410	4 570	5 510	7 330	4 730	3
Post-tax income	6 800	11 730	17 130	23 850	43 630	20 630	6
<i>plus</i> benefits in kind	6 460	5 780	5 420	4 470	3 780	5 180	1
Final income	13 250	17 520	22 550	28 320	47 410	25 810	4
Number of individuals per household							
Children	0.6	0.6	0.6	0.5	0.4	0.5	
Adults	1.7	1.7	1.9	2.0	2.0	1.9	
Men	0.7	0.8	0.9	1.0	1.0	0.9	
Women	0.9	0.9	1.0	1.0	0.9	1.0	
People	2.3	2.3	2.5	2.5	2.3	2.4	
People in full-time education	0.7	0.5	0.6	0.5	0.4	0.5	
Economically active people	0.5	0.8	1.3	1.6	1.7	1.2	
Retired people	0.6	0.6	0.4	0.3	0.2	0.4	
Household type (percentages)							
Retired	44	42	26	15	7	27	
Non-retired							
1 adult	12	11	10	14	19	13	
2 adults	9	11	21	28	37	21	
1 adult with children ⁵	10	7	6	3	1	5	
2 adults with children	17	18	23	21	21	20	
3 or more adults ⁶	8	10	14	18	14	13	
All household types	100	100	100	100	100	100	

¹ Households are ranked by equivalised disposable income.

² All the tables in Part 1 of this article show unequivalised income. Equivalised income has only been used in the ranking process to produce the quintile groups (and to produce the percentage shares and Gini coefficients).

³ These are income tax (which is after deducting tax credits and tax relief at source on life assurance premiums), council tax and Northern Ireland rates but after deducting discounts, council tax benefits and rates rebates.

⁴ Children are defined as people aged under 16, or aged between 16–18, unmarried and receiving non-advanced further education.

⁵ This group is smaller than the category of 'one parent families' because some of these families will be contained in the larger household types.

⁶ With or without children.

more children will be found in the lower part of the income distribution. Where there are no children in the household, non-retired two adult households tend to be found in the higher income groups.

Retired households are over-represented at the lower end of the distribution, with 64 per cent falling into the bottom two quintile groups (as shown in Table 22). Those consisting of one retired woman are more concentrated towards the bottom than those with one retired man.

Stages of redistribution

Details of the amounts which households in each quintile group receive from the various measures of income are shown in Table 4, with more detailed information for decile groups in Table 14 and quintile groups in Table 14A.

On average, households receive about £27,600 a year in original income but this varies widely between households. Those in the top quintile group have around £66,300 compared with about £4,300 for the bottom fifth. This pattern is partly explained by differences in the number of economically active people and the employment status of the chief economic supporter between the groups. For example, as shown in Tables 15 and 15A, nine in ten chief economic supporters of households in the top quintile group are economically active compared with less than three in ten of those in the lowest. The chief economic supporters in the top fifth are predominantly full-time employees or self-employed. Those in the bottom fifth are much more likely to be economically inactive, to work part-time or be unemployed. Of course, those in the higher deciles also tend to have better paid jobs as well as being more likely to be economically active.

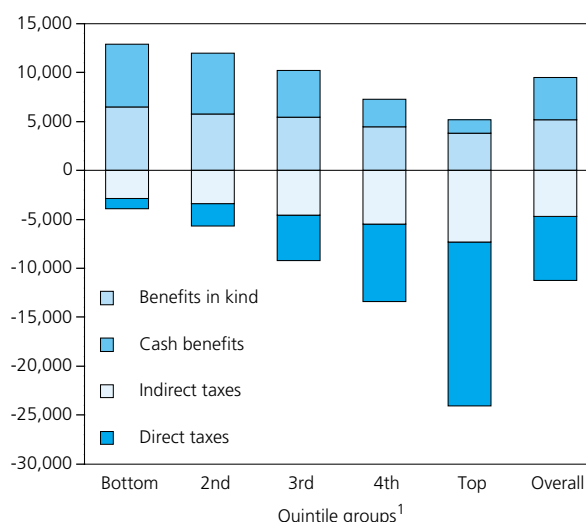
Wages and salaries and income from self-employment are typically the most important source of income, together making up three quarters of gross income on average (as shown in Table 14A). Cash benefits are also a significant source, particularly for households in the lower half of the distribution. Of the total amount of cash benefits received, the bottom two quintile groups together receive 59 per cent. These households receive an average of around £6,300 from cash benefits, representing around 60 per cent of gross income for the bottom quintile group and 36 per cent for the next group.

Higher income groups pay both higher amounts of direct tax and higher proportions of their income in direct tax (Tables 3, 4, 14 and 14A). The top quintile group pays about £16,800 per household in income tax, national insurance contributions and council tax or Northern Ireland rates – 25 per cent of gross income. In contrast, the direct tax bill for households in the bottom fifth is around £1,000, representing 10 per cent of their gross income. Looking at income tax on its own, around 81 per cent of the total is paid by the top two quintile groups.

In contrast to benefits and direct taxes, the indirect tax system has a different effect. Households with higher incomes still pay more in absolute terms but not as a proportion of their incomes. This means that indirect taxes tend to increase income inequality.

Figure 5
Summary of the effects of taxes and benefits on all households, 2004/05

Average income per household (£ per year)



1 Households are ranked throughout by their grossed equivalised disposable incomes.

The final stage in the redistribution process is the addition of benefits in kind, such as those from state education and the health service. Households in the bottom quintile group receive the equivalent of around £6,500 from all benefits in kind, compared with £3,800 received by the top fifth (see Figure 5). These are described in more detail later in the analysis.

Taken as a whole, the tax and benefit systems redistribute income from high income households to those on low incomes. The average final income for the quintile groups ranges from £13,300 to £47,400, a ratio of 1 to 4 compared with a ratio of 1 to 16 for original income, that is, before government intervention, as shown in Table 4.

Changes in inequality over time

There are many ways of measuring income inequality, and Tables 26 and 27 (at the end of Appendix 1) show trends for several of these measures. Table 26 shows trends for the shares of income figures that have already been seen for 2004/05 earlier in this analysis. Table 27 contains time series for Gini coefficients and a simpler alternative: using the ratio of the incomes at two points in the distribution. Two such measures are calculated: the ratio of the disposable income at the 90th percentile compared with the 10th (P90/P10), and the ratio of the 75th percentile with the 25th (P75/P25). (The 90th percentile is the income below which nine out of ten households lie and the 75th percentile is the income below which three quarters of households lie). The Gini coefficient is the only one of these measures which takes into account inequalities throughout the whole income distribution.

As noted above, these measures of inequality are subject to sampling error and some caution is needed particularly in the interpretation of year to year changes. As already noted, there have also been some changes of methodology. However, by looking at data over several years it is possible to discern underlying trends.

Figure 6
Gini coefficients, 1980 to 2004/05

Percentages

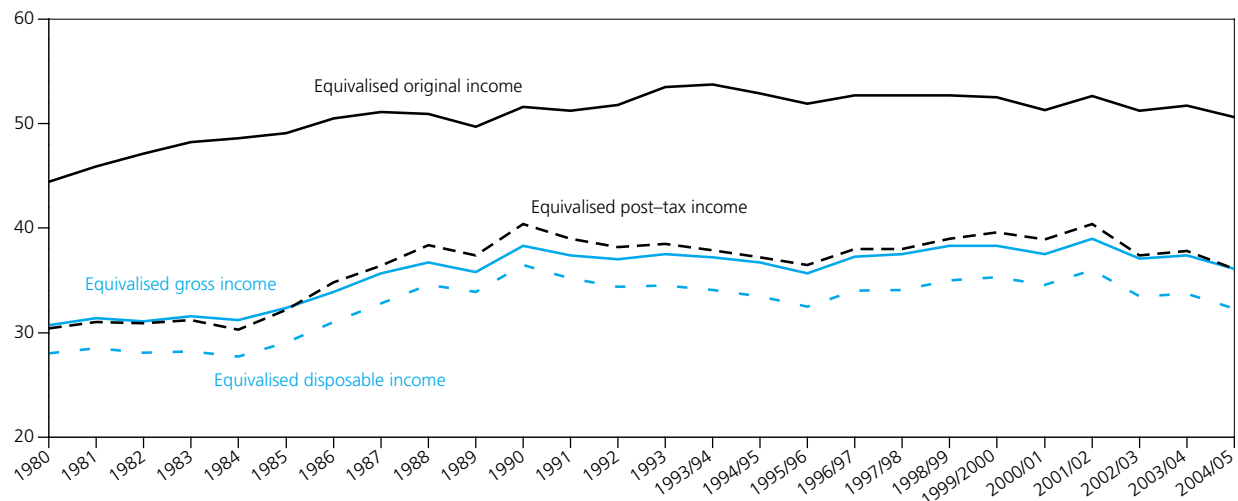


Figure 6 shows how inequality has changed since 1980 for the various measures of income as measured by the Gini coefficient. It indicates several phases over the last 25 years and shows that the different measures of income do not always show the same trend in inequality. This is particularly true of the Gini coefficient for original income which measures inequality before the redistributive effects of taxes and benefits.

The 1980s were characterised by a large increase in inequality. The Gini coefficient for original income rose fairly steadily throughout this period and did not peak until 1993/94. It remained high throughout the 1990s and while there has been a slight downwards trend since 2001/02, it still remains much higher than it was in the early 1980s.

The Institute for Fiscal Studies (IFS) has investigated some of the possible reasons for the higher level of inequality seen in the 1990s.² There has been an increase in wage inequality, and particularly an increase in the gap between wages for skilled and unskilled workers. Suggested reasons include skills-biased technological change, a decline in the role of trade unions, reductions in the top rates of income tax, and a growth in self-employment income.

There has also been a decrease in the rate of male participation in the labour market, often in households where there is no other earner. There has also been increased female participation among those with working partners. This has led to an increased polarisation between two-earner and zero-earner households. In the late 1990s, the proportion of people in workless households started to fall slowly,³ probably contributing to the recent fall in inequality of original income.

The Gini coefficients for gross income, disposable income, and post-tax income have tended to move in more similar ways, and generally show a different pattern to that for original income. The difference between the Gini coefficients for original and post-tax income can be seen as a measure of the extent of redistribution through the tax and benefit system. To some extent this will be cyclical. While the Gini coefficient for original income was rising steadily throughout the 1980s, the Gini coefficient for post-tax income was stable

for the first half of the 1980s but then rose sharply in the second half of the decade. This implies that through the early 1980s there was an increasing amount of redistribution, with a decreasing amount through the late eighties.

Through the recession of the early 1990s and the subsequent early recovery, inequality of original income increased but more slowly, and increasing redistribution saw inequality of post-tax income gradually fall until 1995/96. In the late 1990s, inequality of original income was largely unchanged while the amount of redistribution started to decline again and this resulted in a gradual increase in inequality of post-tax income until 2001/02.

Since 2001/02 there has been some fall in inequality of original income, with perhaps a slightly larger fall in inequality of post-tax income – suggesting some increase in redistribution.

There are several reasons for the fall in inequality of income since 2001/02. There has been a small decrease in inequality of original income. This is due to faster growth in original income, and income from earnings and self-employment in particular, at the bottom end of the income distribution. The impact of the minimum wage on the earnings distribution will have had some effect. The adult minimum wage increased by 15.5 per cent between October 2002 and October 2004 compared with an increase of just under 8 per cent in average earnings.⁴

As well as a fall in inequality of original income, redistributive policies have also had some effect. The tax credit system has benefited non-retired households with children in particular (Table 21). The increase in national insurance contributions in 2003/04, which is discussed in the following section, would also have resulted in a small reduction in inequality of disposable and post-tax income due to its differential impact upon working and non-working households.

It should also be said that there was a methodological change introduced in 2002/03 which accounts for part of the fall in the Gini coefficients for disposable and post-tax income. Before 2002/03, water charges were treated as a local tax,

Table 5
Percentage shares of household income and Gini coefficients¹ for non-retired households, 2004/05

	Percentage shares of equivalised income for non-retired households ²			
	Original income	Gross income	Disposable income	Post-tax income
Quintile group				
Bottom	4	7	8	7
2nd	11	12	13	12
3rd	16	17	17	16
4th	24	23	22	23
Top	45	42	40	42
All non-retired households	100	100	100	100
Decile group				
Bottom	1	3	3	2
Top	29	26	25	27
Gini coefficient (per cent)	43	35	32	36

¹ This is a measure of the dispersion of each definition of income (see Appendix 2, paragraph 53).

² Households are ranked by equivalised disposable income.

rather than a service charge (see Appendix 2, paragraph 27). The effect of this change was to reduce the Gini coefficients for these two measures of income by approximately 0.4 percentage points.

Results for non-retired households

Overall effect

As for all households, the tax and benefit systems lead to income being shared more equally between non-retired households. Before government intervention, original income is shared more equally between non-retired households, as shown in Table 5, than for all households, as shown in Table 2. However, after the process of redistribution, the shares of income and Gini coefficients for post-tax income are the same as those for all households. The redistribution effect is therefore smaller for non-retired households than for all households. A summary of the effects of taxes and benefits on non-retired households is shown in Table 6, with more detail in Tables 16 and 16A.

Characteristics of non-retired households

Unlike for all households, the average household size tends to decrease as income increases, as shown in Tables 17 and 17A. This fall is largely accounted for by the decrease in the average number of children in each household from 1.1 in the bottom quintile group to 0.4 in the top.

Table 6
Summary of the effects of taxes and benefits on non-retired households by quintile groups,¹ 2004/05

	Quintile groups of non-retired households					All non-retired households	Ratio Top/Bottom quintile
	Bottom	2nd	3rd	4th	Top		
Income, taxes and benefits per household (£ per year)							
Original income	7 860	20 250	30 000	42 460	74 190	34 950	9
<i>plus</i> cash benefits	5 890	4 040	2 760	1 390	940	3 000	0
Gross income	13 750	24 290	32 760	43 850	75 130	37 960	5
<i>less</i> direct taxes ² and employees' NIC	1 500	4 110	6 620	9 990	19 030	8 250	13
Disposable income	12 250	20 180	26 140	33 860	56 100	29 710	5
<i>less</i> indirect taxes	3 620	4 710	5 460	6 120	7 660	5 510	2
Post-tax income	8 630	15 470	20 670	27 740	48 440	24 190	6
<i>plus</i> benefits in kind	7 460	6 110	5 030	4 220	3 700	5 300	0
Final income	16 090	21 580	25 700	31 950	52 140	29 490	3
Number of individuals per household							
Children ³	1.1	0.9	0.7	0.5	0.4	0.7	
Adults	1.9	2.0	2.1	2.1	2.0	2.0	
Men	0.9	1.0	1.0	1.1	1.0	1.0	
Women	1.0	1.0	1.0	1.0	0.9	1.0	
People	3.0	2.9	2.7	2.6	2.4	2.7	
People in full-time education	1.1	0.9	0.6	0.5	0.4	0.7	
Economically active people	1.0	1.5	1.8	1.9	1.8	1.6	
Retired people	0.1	0.1	0.1	0.1	0.1	0.1	

¹ Households are ranked by equivalised disposable income.

² These are income tax (which is after deducting tax credits and tax relief at source on life assurance premiums), council tax and Northern Ireland rates but after deducting discounts, council tax benefit and rates rebates.

³ Children are defined as people aged under 16 or aged between 16–18, unmarried and receiving non-advanced further education.

Other patterns are similar to those for all households. One adult households with children are concentrated at the bottom of the distribution, with 35 per cent of these households in the bottom fifth and a further 27 per cent in the second quintile group (Table 22). However, this concentration at the bottom of the income distribution is not quite as pronounced as it used to be. In 1998/99 for example, 48 per cent of one adult households with children were in the bottom quintile with 27 per cent in the second quintile.

Two adult households with three or more children are also concentrated towards the bottom although not to the same extent as one adult households. Likewise they have moved up the income distribution in recent years. Two adult households without children are over-represented at the top.

For single person households, there are different patterns for men and women. Households containing only one man are over-represented in the top quintile of the distribution. One woman households are also over-represented in the top quintile of the distribution, although not to quite the same extent as men.

Original income

The average original income for non-retired households is £34,950 (Table 6). As mentioned above, inequality of original income is lower for non-retired households than for all households. The ratio of the averages for the top and bottom quintiles is 9 to 1 (compared with 16 to 1 for all households).

The original income of households shows a relatively strong relationship to the number of economically active people it contains. On average, households in the top three quintile groups contain almost twice as many economically active people as those in the lowest group (Table 6).

Cash benefits

Table 7 gives a summary of the benefits that each quintile group receives. There are two types of cash benefits: contributory benefits which are paid from the National Insurance Fund (to which individuals and their employers make contributions while working) and non-contributory benefits. For non-retired households, non-contributory benefits make up nearly three quarters of all cash benefits on average.

The average non-retired household receives £3,000 in cash benefits. The bottom fifth receive nearly double this amount while those in the top quintile group get an average of £900. However, the patterns for contributory and non-contributory benefits are different.

Most non-contributory benefits, particularly income support and housing benefit, are income related and so payments are concentrated in the two lowest quintile groups. The presence of some individuals with low incomes in high income households means that some payments are recorded further up the income distribution. Of the total amount of income support and housing benefit paid to non-retired households, 86 per cent goes to the bottom two fifths, with the majority of this going to the bottom quintile.

Table 7
Cash benefits for non-retired households by quintile groups,¹ 2004/05

	Quintile groups of non-retired households				All non-retired households	
	Bottom	2nd	3rd	4th	Top	holds
Average per household (£ per year)						
Contributory						
Retirement pension	210	580	570	440	370	440
Incapacity benefit	590	410	220	70	50	270
Jobseeker's allowance ²	70	10	10	0	0	20
Other	40	40	80	60	50	50
Total contributory	910	1 050	880	570	480	780
Non-contributory						
Income support ³	1 440	530	220	20	0	440
Tax credits ⁴	770	530	250	90	10	330
Child benefit	760	660	480	390	290	510
Housing benefit	1 180	410	260	70	10	380
Jobseeker's allowance ⁵	140	20	10	10	0	30
Sickness/disablement related	540	710	410	160	70	380
Other	160	140	240	80	70	140
Total non-contributory	4 980	2 990	1 870	820	460	2 220
Total cash benefits	5 890	4 040	2 760	1 390	940	3 000
Cash benefits as a percentage of gross income	43	17	8	3	1	8

¹ Households are ranked by equivalised disposable income.

² Contribution based.

³ Including pension credit.

⁴ Child tax credit and working tax credit.

⁵ Income based.

In this analysis, tax credit payments are treated as either cash benefits or negative income tax depending on how much income tax the family pays – see paragraph 22, Appendix 2. Tax credits go predominantly to households in the lower part of the distribution, and mainly to households with children. Of the total amount, 69 per cent goes to the bottom two quintiles. Child benefit is based on the number of children in the household. Levels of child benefit received are also higher at the lower end of the distribution, as these households tend to have more children.

In contrast to non-contributory benefits, a criterion for receipt of contributory benefits is the amount of national insurance contributions that have been paid by, or on behalf of, the individual. The amounts received from these benefits are also higher in the lower half of the distribution, but to a lesser extent than for non-contributory benefits.

For all non-retired households, as shown in Table 7, cash benefits provide 8 per cent of gross income on average. For those in the bottom quintile group they form a much larger proportion – 43 per cent. Their payment results in a significant reduction in income inequality.

Direct taxes

Households at the lower end of the income distribution pay smaller amounts of direct tax than households with higher incomes (Tables 16 and 16A). Direct taxes include income tax (after deduction of tax credits), employees' national insurance contributions, and council tax or Northern Ireland rates (net of council tax benefits and rates rebates). Of the total income tax paid by non-retired households, the bottom two quintile groups together pay about 10 per cent. This compares with about 76 per cent of the total paid by the top two fifths.

In addition, low income households also pay a smaller proportion of their income in income tax (Table 8). This is due to the progressive nature of the income tax system. As a proportion of their gross incomes, households in the bottom quintile group typically pay 4 per cent in income tax compared with 19 per cent for those in the top quintile group.

As noted for all households, national insurance contributions as a proportion of gross income increase from the first to the fourth quintile group, but are then lower for the top fifth of non-retired households. In 2004/05, national insurance contributions were levied at 11 per cent on weekly earnings from £91 to £610 and at 1 per cent above this. Both these contribution rates were introduced in 2003/04 – the previous rate had been 10 per cent with no contribution above the upper earnings limit. This increased average national insurance contributions as a proportion of gross income from 4.3 per cent in 2002/03 to around 5 per cent in 2004/05.

Council tax in Great Britain and domestic rates in Northern Ireland are shown net of council tax benefits and rates rebates in Tables 8, 16 and 16A. Households in the lower part of the income distribution pay smaller absolute amounts in local

Table 8

Taxes as a percentage of gross income for non-retired households by quintile groups,¹ 2004/05

	Quintile groups of non-retired households					All non-retired households
	Bottom	2nd	3rd	4th	Top	
Percentages						
Direct taxes						
Income tax ²	4.3	8.9	11.8	14.3	19.0	14.3
Employees' NIC	2.9	4.8	5.7	6.2	4.8	5.1
Council tax and NI rates ³	3.7	3.2	2.8	2.3	1.6	2.3
All direct taxes	10.9	16.9	20.2	22.8	25.3	21.7
All indirect taxes	26.3	19.4	16.7	14.0	10.2	14.5
All taxes	37.3	36.3	36.9	36.7	35.5	36.3

1 Households are ranked by equivalised disposable income.

2 After deducting tax credits and tax relief at source on life assurance premiums.

3 After deducting discounts, council tax benefit and rates rebates.

taxes. Net payments by the bottom quintile group are on average 44 per cent of those in the top fifth (Table 16A). When expressed as a proportion of gross income in Table 8, the impact decreases as income rises. Council tax and Northern Ireland rates represent 3.7 per cent of gross income for the bottom fifth but only 1.6 per cent for those in the top quintile group.

Table 9

Indirect taxes as a percentage of (a) disposable income and (b) household expenditure¹ for non-retired households by quintile groups,² 2004/05

	Quintile groups of non-retired households					All non-retired households
	Bottom	2nd	3rd	4th	Top	
(a) Percentages of disposable income						
VAT	11.3	9.4	8.8	7.7	6.1	7.8
Duty on alcohol	1.6	1.4	1.3	1.1	0.8	1.1
Duty on tobacco	3.4	2.3	1.5	1.0	0.4	1.2
Duty on hydrocarbon oils and vehicle excise duty	3.4	2.9	2.8	2.6	1.7	2.4
Other indirect taxes	9.8	7.3	6.5	5.6	4.6	6.0
All indirect taxes	29.6	23.3	20.9	18.1	13.6	18.6
(b) Percentages of expenditure						
VAT	7.9	7.9	7.8	7.3	6.9	7.4
Duty on alcohol	1.1	1.2	1.1	1.1	1.0	1.1
Duty on tobacco	2.4	1.9	1.3	1.0	0.5	1.2
Duty on hydrocarbon oils and vehicle excise duty	2.4	2.4	2.5	2.5	1.9	2.3
Other indirect taxes	6.9	6.2	5.8	5.4	5.2	5.7
All indirect taxes	20.7	19.6	18.5	17.3	15.5	17.7

1 Calculated to be consistent with disposable income. See paragraph 35 of Appendix 2 for the definition of expenditure.

2 Households are ranked by equivalised disposable income.

Indirect taxes

The amount of indirect tax that each household pays is estimated from its expenditure recorded in the EFS. However, as described earlier in this analysis, the income and expenditure data recorded in the EFS are not fully compatible because they are recorded in different ways (see Appendix 2, paragraph 6). Therefore, to give a more complete picture of the impact of indirect taxes, they are shown in Table 9 as a proportion of disposable income and, separately, as a proportion of expenditure. In addition, indirect taxes are also shown as a proportion of gross income in Table 8 so that the impact of direct and indirect taxes can be compared.

In cash terms, the top fifth of non-retired households pay over twice as much indirect tax as the bottom fifth (Table 16A). On the other hand, when expressed as a percentage of disposable income or expenditure (Table 9), the proportion paid in indirect tax tends to be lower for households at the top of the distribution compared with those lower down.

When expressed as a proportion of disposable income, the impact of indirect taxes declines sharply as income rises. As already noted, this is because those in higher income groups tend to channel a larger proportion of their income into savings and mortgage payments, and because for some households in the lower half of the distribution, recorded expenditure is lower than recorded current income. Indirect taxes appear less regressive when expressed as a proportion of expenditure, with payments rising broadly in line with expenditure. However, the top fifth still pay a smaller proportion of their expenditure in indirect taxation.

Benefits in kind

The Government provides certain goods and services to households either free at the time of use or at subsidised prices. This study allocates these benefits in kind to individual households in order to arrive at final income. The largest two categories for which such imputations are made are health and education services. The imputed value of these benefits is based on the estimated cost of providing them. This expenditure on health and education, which is allocated to households, is equivalent to around 28 per cent of total general government expenditure, as shown in Table 13. Other items for which imputations are made are free school meals, welfare milk, housing subsidy and travel subsidies. These items are equivalent to a further 1 per cent of general government expenditure. Table 10 gives a summary of the value of these benefits for each quintile group for non-retired households.

The benefit in kind from education is allocated to a household according to its members' use of state education (Appendix 2, paragraph 38). Households in the lower quintiles receive the highest benefit from education, as shown in Table 10. This is due to the concentration of children in this part of the distribution. In addition, children in households in the higher quintiles are more likely to be attending private schools and an allocation is not made in these cases. The impact of expenditure on free school meals and welfare milk is greatest in the lower income groups, where children are more likely to have school meals provided free of charge.

Table 10
Benefits in kind for non-retired households by quintile groups,¹ 2004/05

	Quintile groups of non-retired households				All non-retired households	
	Bottom	2nd	3rd	4th	Top	holds
Average per household (£ per year)						
Education	4 370	3 210	2 360	1 720	1 220	2 580
National Health Service	2 780	2 730	2 550	2 400	2 350	2 560
Housing subsidy	130	70	30	20	10	50
Travel subsidies	70	60	70	80	120	80
School meals and welfare milk	110	30	10	10	0	30
All benefits in kind	7 460	6 110	5 030	4 220	3 700	5 300
Benefits in kind as a percentage of post-tax income						
	86	39	24	15	8	22

¹ Households are ranked by equivalised disposable income.

The benefit from the health service is estimated according to the age and sex of the household members rather than their actual use of the service, as the EFS does not contain this information (Appendix 2, paragraph 40). The imputed benefit is relatively high for young children, low in later childhood and through the adult years until it begins to rise from late middle age onwards. This benefit is similar in the bottom two quintiles then falls gradually as income rises, as shown in Table 10. This pattern is a reflection of the demographic composition of households. Studies by Sefton⁵ have attempted to allow for variations in use of the health service according to socio-economic characteristics.

The housing subsidy, which excludes housing benefit (Appendix 2, paragraph 41), is spread between public sector, housing association and Registered Social Landlord tenants. Since such households tend to be concentrated in the lower half of the income distribution, this is where the imputed benefit is highest, as shown in Table 10.

Travel subsidies cover the support payments made to bus and train operating companies. The use of public transport by non-retired households is partly related to the need to travel to work and therefore to the number of economically active people in a household. This results in estimates of these subsidies being higher for households in higher income quintiles. This pattern is also due to London and the South East having higher levels of commuting by public transport together with higher than average household incomes.

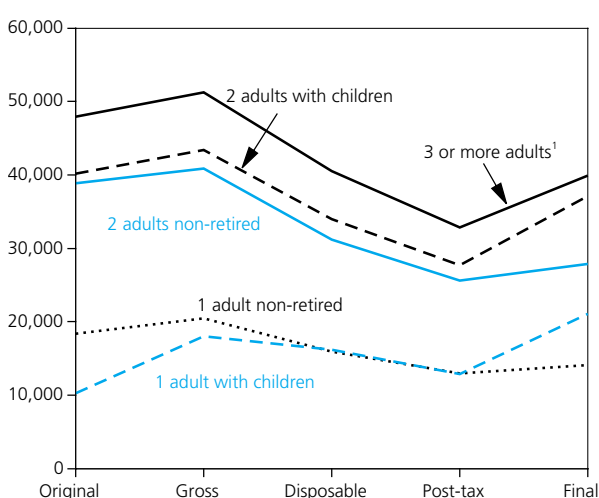
Taken together, the absolute value of these benefits in kind declines as household income increases. The ratio of benefits in kind to post-tax income decreases from 86 per cent for the lowest quintile group to 8 per cent for the highest, as shown in Table 10. This indicates that these benefits contribute to the reduction in inequality.

The effects of taxes and benefits by household type

The tax and benefit systems affect different types of household in different ways reflecting, in part, the number and ages of people within each household type. Of the types of non-retired households shown in Figure 7, only those containing one adult and children are net gainers, with average final incomes of £21,100 compared with original incomes of £10,300 (Table 23). This table also has a more detailed breakdown that shows that households with two adults and three or more children are also net beneficiaries, but to a smaller extent.

Figure 7
Income stages by non-retired household types, 2004/05

Average income (£ per year)



1 With or without children.

Original income is strongly related to the number of adults in the household. For two adult households, those with children have broadly similar levels of original income to those without, but they receive more cash benefits such as tax credits and child benefit than those without children. Final incomes are also higher for those with children due to the imputed benefit in kind from education.

For one adult households, original income is much lower for those with children, as the adult is less likely to be economically active. Benefits, both in cash and in kind, are significantly higher for those with children.

Results for retired households

In this analysis, retired households are those where the income of retired household members accounts for more than half of the household gross income (see Appendix 2, paragraph 9 for the definition of a retired person). These households have quite distinct income and expenditure patterns. The tax and benefit systems affect them in different ways from non-retired households.

There is a high degree of inequality in original income between households. Tables 11, 18 and 18A show that, before government intervention, the richest fifth of retired households receive 55 per cent of total original income, while

the Gini coefficient for this measure of income is 62 per cent. Both these measures are higher (showing more inequality) than equivalent figures for non-retired households. After the impact of taxes and benefits there is a large reduction in inequality. Cash benefits play by far the largest part in bringing about this reduction. Payment of direct taxes makes a further, though much smaller, contribution. Payments of indirect taxes result in an increase in inequality.

Table 11
Percentage shares of household income and Gini coefficients¹ for retired households, 2004/05

	Percentage shares of equivalised income for retired households ²			
	Original income	Gross income	Disposable income	Post-tax income
Quintile group				
Bottom	4	10	10	9
2nd	8	14	15	14
3rd	12	17	18	18
4th	21	22	22	23
Top	55	37	35	36
All households	100	100	100	100
Decile group				
Bottom	2	4	4	3
Top	38	23	21	22
Gini coefficient (per cent)	62	27	25	29

1 This is a measure of the dispersion of each definition of income (see Appendix 2, paragraph 53).

2 Households are ranked by equivalised disposable income.

Overall, retired households receive an average of £7,400 in original income, with most of this coming from occupational pensions and investments (Tables 12, 18 and 18A). Original income ranges from £1,550 for the bottom quintile group to £20,500 for the top. On the other hand, amounts received from cash benefits vary less across the distribution. On average, households in the bottom fifth receive around £6,000 from this source, while those in the second to fifth quintile groups receive between £7,900 and £8,900. These cash benefits make up large proportions of the gross incomes for the bottom four quintiles, ranging from 79 per cent for the bottom quintile group to 53 per cent for the fourth quintile group. The top fifth are much less dependent on cash benefits – these account for only 29 per cent of their gross incomes.

Most retired people will have made contributions to the National Insurance Fund throughout their working lives. The bulk of the benefits which retired households receive will be paid out of this fund in the form of contributory benefits. The most significant of these is the state retirement pension, which on average accounts for three quarters of their cash benefits (Tables 12, 18 and 18A).

Table 12

Summary of the effects of taxes and benefits on retired households by quintile groups,¹ 2004/05

	Quintile groups of retired households ¹					All retired households
	Bottom	2nd	3rd	4th	Top	
Income, taxes and benefits per household (£ per year)						
Original income						
Earnings	80	210	260	750	1 240	510
Occupational pensions	1 020	2 230	3 340	6 120	15 300	5 600
Investment income	430	380	390	850	3 630	1 130
Other income	20	70	170	70	370	140
Total original income	1 550	2 900	4 160	7 780	20 530	7 390
<i>plus</i> Contributory benefits	5 020	6 370	6 060	6 510	6 480	6 090
Non-contributory benefits	940	1 560	2 340	2 360	1 880	1 820
Total cash benefits	5 950	7 930	8 390	8 870	8 360	7 900
Gross income	7 500	10 830	12 550	16 660	28 890	15 290
<i>less</i> Income tax ²	150	280	430	1 020	3 400	1 060
Employees' NIC	10	10	20	40	60	30
Council tax and Northern Ireland rates ³	660	620	560	700	1 050	720
Disposable income	6 690	9 920	11 540	14 890	24 380	13 480
<i>less</i> Indirect taxes	1 930	2 160	2 220	2 620	4 070	2 600
Post-tax income	4 760	7 770	9 320	12 270	20 320	10 880
<i>plus</i> National Health Service	4 930	4 750	4 500	4 630	4 430	4 650
Housing subsidy	40	70	100	60	30	60
Other benefits in kind	210	110	160	110	150	150
Final income	9 940	12 700	14 080	17 070	24 920	15 740
Cash benefits as a percentage of gross income	79	73	67	53	29	52
Retirement pension as a percentage of cash benefits	82	78	71	71	76	75

¹ Households are ranked by equivalised disposable income.

² After deducting tax credits and tax relief at source on life assurance premiums.

³ After deducting discounts, council tax benefit and rates rebates.

Non-contributory benefits are lowest in the bottom quintile group. As shown in Table 18A, housing benefit and disability benefits can sometimes make up a significant proportion of the income of retired households, who as a result will appear higher up the income distribution. However, this does not necessarily mean that they have a higher standard of living. Households receiving housing benefit are likely to have higher housing costs than owner occupiers, and similarly the income from disability benefits may be offset by additional costs incurred by the individual due to their illness or disability.

Retired households derive significant benefits from health services and, to a lesser extent, housing and travel subsidies. Health benefit is spread fairly evenly between retired households whereas benefit from the housing subsidy is higher for those in the middle quintiles, since public sector tenants are concentrated in these groups. The benefits received by retired households from travel subsidies are mainly for bus travel, particularly in the form of concessionary fares and passes for senior citizens and, since these are not usually means-tested, there is no particular relationship with income.

Table 23 gives some details of the effect of taxes and benefits on different types of household. On average, both one adult retired households and those with two or more adults are net gainers from the tax and benefit systems. For one adult retired households there are distinct differences in original income by gender. Men received an average of £5,500 compared with £3,700 for women. After the addition of benefits and the deduction of taxes, the differences are greatly reduced, so that final income levels for men are only marginally higher than those for women.

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Appendix 1

Table 13 (Appendix 1)

Taxes and benefits allocated to households as a percentage of general government expenditure, 2004

Taxes and compulsory social contributions ¹ allocated to households			Benefits allocated to households		
	£ million	Percentage of GGE ²		£ million	Percentage of GGE ²
Income tax (gross)	119 960	24.4	Cash benefits		
Tax reliefs	- 50	0.0	Contributory (National Insurance, etc)		
Income tax (net)	119 910	24.4	Retirement	48 400	9.8
			Incapacity benefit	6 780	1.4
Employees' and self-employed NI contributions	34 420	7.0	Widows' and guardians' allowances	940	0.2
Council tax	19 890	4.0	Maternity/statutory maternity pay	1 440	0.3
			Jobseeker's allowance	450	0.1
			Social fund	2 300	0.5
			Other	270	0.1
Taxes on final goods and services					
VAT	54 350	11.0	Non-contributory		
Duty on hydrocarbon oils	11 810	2.4	Income support	16 120	3.3
Duty on tobacco	7 850	1.6	Working and child tax credits	11 280	2.3
Vehicle excise duty	3 960	0.8	Other family benefits	9 480	1.9
Duty on wines, cider, perry and spirits	4 440	0.9	War pensions	1 140	0.2
Duty on beer	2 900	0.6	Other	18 390	3.7
Betting duties	800	0.2			
Camelot: payments to NLDF	1 230	0.2	Student support	830	0.2
Stamp duty on house purchase	2 410	0.5			
Other	2 220	0.5	Rent rebates and allowances	12 900	2.6
Taxes and NI contributions on					
Intermediate goods and services ³			Benefits in kind		
Employers' NI contributions	14 930	3.0	Health services	77 780	15.8
Commercial and industrial rates	8 750	1.8	Education	58 110	11.8
Duty on hydrocarbon oils	5 930	1.2	Travel subsidies ⁴	1 940	0.4
VAT	3 930	0.8	Housing subsidy	480	0.1
Vehicle excise duty	420	0.1	School meals and welfare milk	1 020	0.2
Other	3 820	0.8			
Total	303 970	61.7	Total	270 050	54.8
Total government expenditure	492 410				

1 Paid to UK central and local government and European Union institutions.

2 Expressed as a percentage of general government expenditure.

3 These are taxes paid by industry and commerce assumed to be passed on to households in the prices of goods and services they buy. For instance, duty on derv used in the transportation of goods is an 'intermediate' tax whereas the duty on petrol bought by the private motorist is a tax on final goods and services.

4 Including concessionary fares expenditure.

Source: United Kingdom National Accounts, 2005 Edition

Table 14 (Appendix 1)

Average incomes, taxes and benefits by decile groups of all households, 2004/05

	Decile groups of all households ranked by equivalised disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
Decile points (equivalised £)	9 892	12 530	14 691	16 948	19 309	22 287	25 811	30 832	40 385		
Number of households in the population ('000s)	2 440	2 446	2 440	2 445	2 443	2 444	2 443	2 440	2 447	2 444	24 431
Original income											
Wages and salaries	1 601	3 825	6 486	9 684	14 662	18 790	23 915	31 775	41 010	60 672	21 242
Imputed income from benefits in kind	4	5	27	19	100	208	238	495	695	1 583	337
Self-employment income	395	458	700	1 106	1 663	1 579	2 230	2 554	3 743	12 519	2 695
Occupational pensions, annuities	448	950	1 426	2 018	2 198	2 564	2 712	2 772	2 809	3 809	2 171
Investment income	251	230	269	297	378	540	678	983	1 079	3 878	858
Other income	244	143	177	183	227	240	240	334	279	588	266
Total	2 943	5 610	9 085	13 308	19 228	23 922	30 014	38 914	49 615	83 049	27 569
Direct benefits in cash											
Contributory											
Retirement pension	2 182	2 707	3 028	2 818	2 100	2 072	1 544	1 201	781	706	1 914
Jobseeker's allowance (contribution based)	58	47	7	5	11	6	3	2	4	2	15
Incapacity benefit	322	480	323	327	269	223	106	81	43	58	223
Widows' benefits	29	45	3	44	45	24	104	31	24	32	38
Statutory maternity pay/allowance	-	3	-	14	1	19	4	9	20	37	11
Non-contributory											
Income support and pension credit	723	1 292	734	474	403	319	152	36	5	7	414
Child benefit	375	500	399	402	452	405	325	361	287	276	378
Housing benefit	684	1 003	813	612	353	363	224	124	16	10	420
Jobseeker's allowance (income based)	118	84	11	1	21	18	-	7	3	1	26
Invalid care allowance	70	59	71	85	62	49	25	19	7	4	45
Attendance allowance	8	53	105	66	96	66	53	46	10	3	51
Disability living allowance	182	320	406	444	520	405	260	175	83	54	285
War pensions/war widows' pensions	4	4	10	29	49	45	43	47	32	1	27
Severe disablement allowance	23	68	25	49	48	49	29	21	-	-	31
Industrial injury disablement benefit	8	26	13	28	49	26	11	23	8	-	19
Student support	47	22	53	37	39	86	30	16	21	30	38
Government training schemes	15	24	12	9	22	15	3	21	0	-	12
Tax credits ¹	430	498	350	324	340	247	119	75	44	6	243
Other non-contributory benefits	154	150	159	135	98	131	216	55	65	82	124
Total cash benefits	5 432	7 385	6 524	5 902	4 978	4 568	3 249	2 349	1 454	1 308	4 315
Gross income	8 376	12 995	15 608	19 210	24 206	28 491	33 262	41 263	51 070	84 357	31 884
Direct taxes and employees' NIC											
Income tax	244	592	1 015	1 583	2 436	3 230	4 265	5 918	8 195	16 632	4 411
less: Tax credits ²	50	141	206	232	226	200	186	169	101	42	155
Employers' NI contributions	90	236	428	636	1 030	1 358	1 724	2 321	3 023	3 508	1 435
Council tax and Northern Ireland rates ³	830	841	829	853	910	947	976	1 031	1 083	1 233	953
less: Council tax benefit/rates rebates	288	294	211	158	104	74	40	25	6	10	121
Total	826	1 234	1 854	2 683	4 047	5 261	6 738	9 076	12 195	21 321	6 523
Disposable income	7 550	11 761	13 754	16 527	20 160	23 229	26 524	32 187	38 875	63 036	25 360
Equivalised disposable income	7 354	11 179	13 613	15 804	18 095	20 760	23 912	28 136	35 103	59 546	23 350
Indirect taxes											
Taxes on final goods and services											
VAT	1 050	1 137	1 256	1 477	1 830	1 989	2 219	2 453	2 800	3 687	1 990
Duty on tobacco	261	326	248	368	379	338	332	298	310	205	306
Duty on beer and cider	76	77	77	90	135	113	159	141	190	153	121
Duty on wines and spirits	86	87	93	118	148	150	199	200	235	315	163
Duty on hydrocarbon oils	222	255	273	328	430	466	549	651	738	733	464
Vehicle excise duty	72	79	93	104	125	143	162	177	198	193	135
Television licences	86	94	88	93	98	103	106	109	113	115	100
Stamp duty on house purchase	76	53	72	83	113	134	139	196	285	535	169
Customs duties	18	20	20	22	26	28	31	34	38	49	29
Betting taxes	19	23	37	47	34	37	44	31	32	35	34
Insurance premium tax	24	24	27	34	42	46	61	56	67	88	47
Air passenger duty	9	8	11	19	23	24	32	30	35	54	25
Camelot National Lottery Fund	37	47	48	63	59	61	71	60	48	43	54
Other	3	5	6	10	5	13	17	3	15	25	10
Intermediate taxes											
Commercial and industrial rates	160	170	173	195	226	239	268	291	332	427	248
Employers' NI contributions	277	294	300	338	392	413	465	504	575	739	430
Duty on hydrocarbon oils	107	114	116	131	152	160	180	195	223	286	167
Vehicle excise duty	8	9	9	10	12	13	14	15	18	23	13
Other	148	158	161	181	210	222	249	270	308	396	230
Total indirect taxes	2 738	2 979	3 106	3 713	4 439	4 692	5 297	5 715	6 560	8 099	4 734
Post-tax income	4 811	8 782	10 648	12 814	15 721	18 537	21 227	26 472	32 315	54 937	20 627
Benefits in kind											
Education	2 798	2 371	2 084	1 946	2 231	1 936	1 653	1 563	1 373	1 070	1 903
National Health Service	3 547	3 710	3 785	3 369	3 208	3 200	2 754	2 753	2 420	2 473	3 122
Housing subsidy	95	102	102	76	49	42	36	16	7	5	53
Rail travel subsidy	12	8	11	8	12	23	18	33	40	69	23
Bus travel subsidy	67	65	67	65	63	54	44	50	49	56	58
School meals and welfare milk	53	86	32	23	15	14	7	5	3	1	24
Total	6 573	6 342	6 081	5 488	5 578	5 269	4 512	4 420	3 893	3 674	5 183
Final income	11 384	15 125	16 729	18 302	21 298	23 807	25 739	30 891	36 208	58 612	25 810

1 Child tax credit and working tax credit.

2 Including tax relief at source on life assurance premiums.

3 After deducting discounts.

Table 14A (Appendix 1)

Average incomes, taxes and benefits by quintile groups of all households, 2004/05

	Quintile groups of all households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
Quintile points (equivalised £)		12 530	16 948	22 287	30 832	
Number of households in the population ('000s)	4 886	4 885	4 887	4 884	4 890	24 431
Original income						
Wages and salaries	2 713	8 085	16 726	27 845	50 841	21 242
Imputed income from benefits in kind	4	23	154	366	1 139	337
Self-employment income	427	903	1 621	2 392	8 131	2 695
Occupational pensions, annuities	699	1 722	2 381	2 742	3 309	2 171
Investment income	240	283	459	831	2 479	858
Other income	194	180	233	287	434	266
Total	4 277	11 196	21 575	34 464	66 332	27 569
Direct benefits in cash						
Contributory						
Retirement pension	2 444	2 923	2 086	1 372	744	1 914
Jobseeker's allowance (contribution based)	53	6	8	3	3	15
Incapacity benefit	401	325	246	93	50	223
Widows' benefits	37	23	35	67	28	38
Statutory maternity pay/allowance	1	7	10	6	29	11
Non-contributory						
Income support and pension credit	1 008	604	361	94	6	414
Child benefit	438	400	429	343	282	378
Housing benefit	844	712	358	174	13	420
Jobseeker's allowance (income based)	101	6	19	4	2	26
Invalid care allowance	65	78	56	22	6	45
Attendance allowance	31	86	81	50	6	51
Disability living allowance	251	425	462	218	69	285
War pensions/war widows' pensions	4	20	47	45	16	27
Severe disablement allowance	46	37	48	25	-	31
Industrial injury disablement benefit	17	21	38	17	4	19
Student support	35	45	62	23	25	38
Government training schemes	19	11	19	12	0	12
Tax credits ¹	464	337	294	97	25	243
Other non-contributory benefits	152	147	115	135	74	124
Total cash benefits	6 409	6 213	4 773	2 799	1 381	4 315
Gross income	10 685	17 409	26 348	37 263	67 713	31 884
Direct taxes and employees' NIC						
Income tax	418	1 299	2 833	5 092	12 413	4 411
less: Tax credits ²	96	219	213	178	71	155
Employers' NI contributions	163	532	1 194	2 023	3 265	1 435
Council tax and Northern Ireland rates ³	836	841	929	1 003	1 158	953
less: Council tax benefit/rates rebates	291	185	89	33	8	121
Total	1 030	2 268	4 654	7 907	16 758	6 523
Disposable income	9 655	15 141	21 694	29 356	50 956	25 360
Equivalised disposable income	9 267	14 708	19 428	26 024	47 324	23 350
Indirect taxes						
Taxes on final goods and services						
VAT	1 093	1 366	1 909	2 336	3 243	1 990
Duty on tobacco	293	308	359	315	257	306
Duty on beer and cider	77	84	124	150	171	121
Duty on wines and spirits	86	105	149	200	275	163
Duty on hydrocarbon oils	238	301	448	600	736	464
Vehicle excise duty	75	99	134	169	195	135
Television licences	90	91	101	107	114	100
Stamp duty on house purchase	65	77	123	168	410	169
Customs duties	19	21	27	32	44	29
Betting taxes	21	42	35	37	33	34
Insurance premium tax	24	30	44	59	77	47
Air passenger duty	9	15	24	31	44	25
Camelot National Lottery Fund	42	56	60	66	46	54
Other	4	8	9	10	20	10
Intermediate taxes						
Commercial and industrial rates	165	184	233	280	379	248
Employers' NI contributions	285	319	403	484	657	430
Duty on hydrocarbon oils	111	124	156	188	255	167
Vehicle excise duty	9	10	12	15	20	13
Other	153	171	216	260	352	230
Total indirect taxes	2 859	3 410	4 565	5 506	7 329	4 734
Post-tax income	6 797	11 731	17 129	23 850	43 626	20 627
Benefits in kind						
Education	2 585	2 015	2 084	1 608	1 222	1 903
National Health Service	3 628	3 577	3 204	2 753	2 447	3 122
Housing subsidy	99	89	46	26	6	53
Rail travel subsidy	10	9	18	25	54	23
Bus travel subsidy	66	66	58	47	52	58
School meals and welfare milk	70	27	14	6	2	24
Total	6 458	5 784	5 423	4 466	3 784	5 183
Final income	13 254	17 515	22 553	28 315	47 410	25 810

1 Child tax credit and working tax credit.

2 Including tax relief at source on life assurance premiums.

3 After deducting discounts.

Table 15 (Appendix 1)

Household characteristics of decile groups of all households, 2004/05

	Decile groups of all households ranked by equivalised disposable income										All house- holds
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (number)											
People	2.3	2.4	2.2	2.3	2.5	2.5	2.4	2.5	2.4	2.3	2.4
Adults	1.7	1.7	1.7	1.8	1.9	1.9	2.0	2.0	2.0	1.9	1.9
Men	0.8	0.7	0.7	0.8	0.9	0.9	1.0	1.0	1.1	1.0	0.9
Women	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	0.9	0.9	1.0
Children	0.6	0.7	0.6	0.6	0.6	0.6	0.4	0.5	0.4	0.4	0.5
Economically active people	0.5	0.6	0.7	1.0	1.2	1.3	1.5	1.7	1.8	1.7	1.2
Retired people	0.6	0.7	0.7	0.6	0.5	0.4	0.3	0.2	0.2	0.1	0.4
People in full-time education	0.68	0.63	0.53	0.53	0.60	0.53	0.46	0.46	0.38	0.34	0.51
In state primary schools	0.24	0.33	0.27	0.26	0.31	0.24	0.22	0.22	0.17	0.15	0.24
In state secondary schools	0.21	0.18	0.16	0.18	0.18	0.19	0.15	0.14	0.13	0.10	0.16
In further and higher education	0.20	0.10	0.08	0.07	0.07	0.08	0.07	0.06	0.07	0.04	0.09
In other educational establishments	0.03	0.03	0.02	0.02	0.03	0.02	0.01	0.04	0.02	0.05	0.03
Composition (percentages)											
Household type											
Retired											
1 adult	24	21	27	22	14	11	9	6	4	2	14
1 adult men	5	5	8	7	3	4	3	2	2	1	4
1 adult women	19	16	20	15	11	8	7	4	2	1	10
2 or more adults	21	22	19	16	14	12	9	6	4	3	13
Non-retired											
1 adult	14	11	10	12	9	11	16	12	18	20	13
1 adult men	9	6	6	6	5	7	9	8	12	13	8
1 adult women	4	5	5	5	4	5	7	4	6	8	5
2 adults	10	8	10	13	19	22	25	32	35	40	21
3 or more adults	5	4	5	5	10	12	13	15	13	10	9
1 adult with children	8	11	8	7	6	6	3	3	1	1	5
2 adults with 1 child	5	5	5	6	8	7	7	9	10	10	7
2 adults with 2 children	6	5	8	9	11	11	10	12	9	9	9
2 adults with 3 or more children	5	7	5	4	5	4	2	3	2	2	4
3 or more adults with children	3	4	3	6	3	4	5	3	4	2	4
Household tenure											
Rented											
Local authority rented	21	25	24	17	12	9	5	3	1	1	12
Housing association or RSL	9	14	12	11	8	6	5	2	2	1	7
Other rented unfurnished	4	7	5	7	6	6	6	5	3	4	5
Rented furnished	8	4	5	3	3	4	4	5	6	4	4
Rent free	1	1	3	2	2	2	1	2	1	1	2
Owner occupied											
With mortgage	16	15	22	29	38	43	50	58	67	67	40
Rental purchase	0	0	0	0	1	0	0	0	0	-	0
Owned outright	42	34	29	31	31	30	28	25	20	23	29
Age of chief economic supporter											
Under 25	6	4	4	2	2	4	4	2	2	1	3
25-34	12	14	11	13	15	15	15	20	24	20	16
35-44	17	17	15	16	20	23	22	21	23	28	20
45-54	13	13	12	14	17	17	22	26	26	25	18
55-64	16	12	13	17	18	17	19	18	17	20	17
65-74	15	20	22	23	15	14	11	8	4	5	14
75 and over	21	20	22	15	13	11	8	6	3	2	12
Employment status of chief economic supporter											
Self-employed	5	4	5	6	8	6	7	9	7	14	7
Full-time employee	6	15	26	34	44	55	62	70	80	74	46
Part-time employee	9	8	8	10	10	9	8	5	4	6	8
Unemployed	7	5	1	1	1	1	1	1	0	0	2
Unoccupied and under minimum NI age	32	27	15	10	9	6	4	3	2	2	11
Retired/unoccupied over minimum NI age	40	42	46	38	28	24	19	13	7	4	26
Other	0	-	-	-	0	-	-	-	-	-	0

Table 15A (Appendix 1)

Household characteristics of quintile groups of all households, 2004/05

	Quintile groups of all households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (number)						
People	2.3	2.3	2.5	2.5	2.3	2.4
Adults	1.7	1.7	1.9	2.0	2.0	1.9
Men	0.7	0.8	0.9	1.0	1.0	0.9
Women	0.9	0.9	1.0	1.0	0.9	1.0
Children	0.6	0.6	0.6	0.5	0.4	0.5
Economically active people	0.5	0.8	1.3	1.6	1.7	1.2
Retired people	0.6	0.6	0.4	0.3	0.2	0.4
People in full-time education	0.66	0.53	0.56	0.46	0.36	0.51
In state primary schools	0.29	0.26	0.28	0.22	0.16	0.24
In state secondary schools	0.19	0.17	0.18	0.15	0.11	0.16
In further and higher education	0.15	0.08	0.08	0.07	0.06	0.09
In other educational establishments	0.03	0.02	0.02	0.02	0.03	0.03
Composition (percentages)						
Household type						
Retired						
1 adult	23	25	13	8	3	14
1 adult men	5	7	3	2	1	4
1 adult women	18	18	9	5	2	10
2 or more adults	21	18	13	7	4	13
Non-retired						
1 adult	12	11	10	14	19	13
1 adult men	8	6	6	9	12	8
1 adult women	5	5	4	5	7	5
2 adults	9	11	21	28	37	21
3 or more adults	5	5	11	14	12	9
1 adult with children	10	7	6	3	1	5
2 adults with 1 child	5	5	7	8	10	7
2 adults with 2 children	6	8	11	11	9	9
2 adults with 3 or more children	6	4	5	2	2	4
3 or more adults with children	4	5	4	4	3	4
Household tenure						
Rented						
Local authority rented	23	20	11	4	1	12
Housing association or RSL	11	11	7	4	1	7
Other rented unfurnished	5	6	6	6	4	5
Rented furnished	6	4	3	5	5	4
Rent free	1	3	2	2	1	2
Owner occupied	54	56	71	80	88	70
With mortgage	16	26	40	54	67	40
Rental purchase	0	0	0	0	0	0
Owned outright	38	30	30	26	21	29
Age of chief economic supporter						
Under 25	5	3	3	3	2	3
25–34	13	12	15	17	22	16
35–44	17	16	21	22	26	20
45–54	13	13	17	24	25	18
55–64	14	15	17	18	19	17
65–74	18	22	15	9	4	14
75 and over	21	19	12	7	2	12
Employment status of chief economic supporter						
Self-employed	4	6	7	8	10	7
Full-time employee	10	30	49	66	77	46
Part-time employee	9	9	9	6	5	8
Unemployed	6	1	1	1	0	2
Unoccupied and under minimum NI age	29	13	8	3	2	11
Retired/unoccupied over minimum NI age	41	42	26	16	6	26
Other	0	-	0	-	-	0

Table 16 (Appendix 1)

Average incomes, taxes and benefits by decile groups of non-retired households, 2004/05

	Decile groups of non-retired households ranked by equivalised disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
Decile points (equivalised £)	10 692	13 915	16 667	19 104	21 941	24 850	28 716	34 214	43 857		
Number of households in the population ('000s)	1 787	1 787	1 789	1 790	1 788	1 790	1 789	1 789	1 787	1 791	17 886
Original income											
Wages and salaries	3 332	9 425	14 267	20 067	23 168	28 540	33 892	39 623	47 614	68 542	28 847
Imputed income from benefits in kind	6	26	32	125	232	302	452	563	944	1 917	460
Self-employment income	707	998	1 761	2 040	2 195	2 640	2 800	3 420	4 861	15 203	3 663
Occupational pensions, annuities	120	292	603	720	799	699	987	1 309	1 296	2 324	915
Investment income	120	131	191	208	358	479	642	635	872	3 938	758
Other income	385	184	204	291	302	288	314	287	261	601	312
Total	4 670	11 056	17 058	23 451	27 054	32 948	39 088	45 837	55 849	92 526	34 954
Direct benefits in cash											
Contributory											
Retirement pension	105	315	649	517	703	447	522	360	353	396	437
Jobseeker's allowance (contribution based)	111	35	7	13	11	4	2	6	1	3	19
Incapacity benefit	543	631	441	387	287	159	70	70	48	52	269
Widows' benefits	38	44	26	32	28	103	58	23	34	8	40
Statutory maternity pay/allowance	2	2	8	12	26	-	9	21	17	49	15
Non-contributory											
Income support and pension credit	1 466	1 407	678	387	311	136	39	10	7	3	444
Child benefit	728	785	688	624	545	416	399	373	292	289	514
Housing benefit	1 222	1 129	552	263	344	169	69	72	8	5	383
Jobseeker's allowance (income based)	183	87	11	29	24	-	10	4	-	1	35
Invalid care allowance	101	95	113	68	54	9	14	4	6	5	47
Attendance allowance	-	15	28	16	12	-	13	6	10	2	10
Disability living allowance	282	470	506	503	377	212	103	120	54	50	268
War pensions/war widows' pensions	-	-	8	18	18	14	6	-	11	-	7
Severe disablement allowance	48	63	46	54	61	40	29	-	-	-	34
Industrial injury disablement benefit	-	14	9	43	15	15	13	20	5	-	13
Student support	73	57	75	64	60	92	24	25	9	37	52
Government training schemes	27	41	14	30	5	21	28	-	0	-	17
Tax credits ¹	816	724	614	445	354	145	108	69	23	5	330
Other non-contributory benefits	49	72	55	45	82	211	56	18	35	66	69
Total cash benefits	5 795	5 987	4 528	3 549	3 317	2 193	1 574	1 202	913	969	3 003
Gross income	10 465	17 043	21 586	27 000	30 371	35 142	40 662	47 039	56 762	93 495	37 956
Direct taxes and employees' NIC											
Income tax	400	1 216	2 055	2 951	3 591	4 636	5 724	7 184	9 563	19 049	5 637
less: Tax credits ²	95	336	372	325	273	244	176	165	90	31	211
Employees' NI contributions	187	609	936	1 414	1 670	2 047	2 488	2 925	3 472	3 759	1 951
Council tax and Northern Ireland rates ³	778	815	843	914	933	969	1 009	1 018	1 077	1 274	963
less: Council tax benefit/rates rebates	334	236	116	72	62	30	18	10	5	12	89
Total	935	2 069	3 346	4 881	5 860	7 379	9 027	10 952	14 019	24 040	8 251
Disposable income	9 530	14 974	18 240	22 118	24 511	27 762	31 635	36 087	42 743	69 455	29 706
Equivalised disposable income	7 741	12 333	15 299	17 911	20 457	23 295	26 751	31 258	38 423	65 228	25 870
Indirect taxes											
Taxes on final goods and services											
VAT	1 305	1 469	1 763	2 039	2 139	2 446	2 604	2 583	2 915	3 939	2 320
Duty on tobacco	392	444	449	471	395	396	347	359	299	158	371
Duty on beer and cider	98	107	120	164	128	180	168	169	202	152	149
Duty on wines and spirits	87	110	117	153	149	220	224	208	264	334	186
Duty on hydrocarbon oils	289	361	400	514	519	630	655	746	745	755	561
Vehicle excise duty	80	99	123	138	151	173	185	191	198	189	153
Television licences	111	116	113	112	115	114	115	116	117	117	115
Stamp duty on house purchase	74	67	103	129	132	162	191	210	295	614	198
Customs duties	23	24	26	29	30	33	34	37	40	52	33
Betting taxes	20	28	56	32	37	50	32	33	31	41	36
Insurance premium tax	23	30	38	45	47	65	58	61	68	83	52
Air passenger duty	6	8	15	30	25	33	32	34	35	55	27
Camelot National Lottery Fund	40	48	61	64	64	77	66	62	44	45	57
Other	4	6	15	7	18	18	6	16	17	15	12
Intermediate taxes											
Commercial and industrial rates	198	208	222	253	260	284	298	319	349	447	284
Employers' NI contributions	342	359	385	439	450	492	517	553	604	775	491
Duty on hydrocarbon oils	133	139	149	170	174	191	200	214	234	300	191
Vehicle excise duty	10	11	12	13	14	15	16	17	18	24	15
Other	184	193	206	235	241	264	277	297	324	416	264
Total indirect taxes	3 418	3 827	4 373	5 039	5 086	5 841	6 025	6 224	6 800	8 511	5 514
Post-tax income	6 112	11 147	13 867	17 079	19 425	21 921	25 610	29 863	35 944	60 944	24 191
Benefits in kind											
Education	4 741	4 009	3 336	3 088	2 558	2 167	1 676	1 760	1 388	1 048	2 577
National Health Service	2 618	2 942	2 710	2 750	2 700	2 405	2 457	2 345	2 337	2 368	2 563
Housing subsidy	133	125	86	47	36	33	21	11	10	3	50
Rail travel subsidy	16	17	12	13	25	27	28	39	44	80	30
Bus travel subsidy	55	47	49	56	43	38	41	45	49	59	48
School meals and welfare milk	121	97	41	22	18	9	8	5	2	2	32
Total	7 684	7 237	6 234	5 976	5 380	4 679	4 231	4 205	3 832	3 560	5 302
Final income	13 796	18 384	20 101	23 055	24 806	26 600	29 840	34 068	39 775	64 504	29 493

1 Child tax credit and working tax credit.

2 Including tax relief at source on life assurance premiums.

3 After deducting discounts.

Table 16A (Appendix 1)

Average incomes, taxes and benefits by quintile groups of non-retired households, 2004/05

	Quintile groups of non-retired households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
<i>Quintile points (equivalised £)</i>		13 915	19 104	24 850	34 214	
Number of households in the population ('000s)	3 574	3 579	3 577	3 578	3 578	17 886
Original income						
Wages and salaries	6 378	17 167	25 854	36 758	58 078	28 847
Imputed income from benefits in kind	16	78	267	508	1 431	460
Self-employment income	853	1 900	2 418	3 110	10 032	3 663
Occupational pensions, annuities	206	662	749	1 148	1 810	915
Investment income	126	200	419	639	2 405	758
Other income	285	247	295	301	431	312
Total	7 863	20 255	30 001	42 462	74 187	34 954
Direct benefits in cash						
Contributory						
Retirement pension	210	583	575	441	375	437
Jobseeker's allowance (contribution based)	73	10	7	4	2	19
Incapacity benefit	587	414	223	70	50	269
Widows' benefits	41	29	66	41	21	40
Statutory maternity pay/allowance	2	10	13	15	33	15
Non-contributory						
Income support and pension credit	1 437	533	223	25	5	444
Child benefit	757	656	480	386	291	514
Housing benefit	1 176	408	256	70	7	383
Jobseeker's allowance (income based)	135	20	12	7	1	35
Invalid care allowance	98	91	32	9	5	47
Attendance allowance	8	22	6	10	6	10
Disability living allowance	376	505	294	112	52	268
War pensions/war widows' pensions	-	13	16	3	5	7
Severe disablement allowance	55	50	51	14	-	34
Industrial injury disablement benefit	7	26	15	16	3	13
Student support	65	69	76	25	23	52
Government training schemes	34	22	13	14	0	17
Tax credits ¹	770	530	250	89	14	330
Other non-contributory benefits	61	50	147	37	51	69
Total cash benefits	5 891	4 038	2 755	1 388	941	3 003
Gross income	13 754	24 293	32 756	43 850	75 129	37 956
Direct taxes and employees' NIC						
Income tax	808	2 503	4 113	6 454	14 306	5 637
less: Tax credits ²	215	348	258	171	60	211
Employees' NI contributions	398	1 175	1 859	2 707	3 616	1 951
Council tax and Northern Ireland rates ³	796	879	951	1 013	1 176	963
less: Council tax benefit/rates rebates	285	94	46	14	8	89
Total	1 502	4 114	6 620	9 989	19 029	8 251
Disposable income	12 252	20 179	26 137	33 861	56 099	29 706
Equivalised disposable income	10 037	16 605	21 876	29 004	51 825	25 870
Indirect taxes						
Taxes on final goods and services						
VAT	1 387	1 901	2 293	2 593	3 427	2 320
Duty on tobacco	418	460	395	353	229	371
Duty on beer and cider	103	142	154	168	177	149
Duty on wines and spirits	98	135	185	216	299	186
Duty on hydrocarbon oils	325	457	575	700	750	561
Vehicle excise duty	89	130	162	188	194	153
Television licences	114	112	114	115	117	115
Stamp duty on house purchase	70	116	147	201	454	198
Customs duties	23	27	31	36	46	33
Betting taxes	24	44	44	33	36	36
Insurance premium tax	27	41	56	59	75	52
Air passenger duty	7	23	29	33	45	27
Camelot National Lottery Fund	44	63	70	64	45	57
Other	5	11	18	11	16	12
Intermediate taxes						
Commercial and industrial rates	203	238	272	309	398	284
Employers' NI contributions	351	412	471	535	690	491
Duty on hydrocarbon oils	136	160	183	207	267	191
Vehicle excise duty	11	13	14	16	21	15
Other	188	221	253	287	370	264
Total indirect taxes	3 622	4 706	5 464	6 125	7 655	5 514
Post-tax income	8 630	15 473	20 673	27 736	48 444	24 191
Benefits in kind						
Education	4 375	3 212	2 362	1 718	1 218	2 577
National Health Service	2 780	2 730	2 553	2 401	2 353	2 563
Housing subsidy	129	66	35	16	6	50
Rail travel subsidy	17	12	26	34	62	30
Bus travel subsidy	51	52	41	43	54	48
School meals and welfare milk	109	32	13	6	2	32
Total	7 460	6 105	5 030	4 218	3 696	5 302
Final income	16 090	21 578	25 703	31 954	52 140	29 493

1 Child tax credit and working tax credit.

2 Including tax relief at source on life assurance premiums.

3 After deducting discounts.

Table 17 (Appendix 1)

Household characteristics of decile groups of non-retired households, 2004/05

	Decile groups of non-retired households ranked by equivalised disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (number)											
People	2.9	3.0	2.8	2.9	2.8	2.7	2.6	2.6	2.4	2.3	2.7
Adults	1.9	1.9	1.9	2.1	2.0	2.1	2.1	2.0	2.0	1.9	2.0
Men	0.9	0.9	0.9	1.0	1.0	1.1	1.1	1.0	1.1	1.0	1.0
Women	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	0.9	1.0
Children	1.1	1.1	1.0	0.9	0.8	0.6	0.5	0.5	0.4	0.4	0.7
Economically active people	0.8	1.1	1.4	1.6	1.7	1.8	1.9	1.9	1.9	1.8	1.6
Retired people	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1
People in full-time education	1.18	1.03	0.90	0.82	0.70	0.59	0.50	0.49	0.38	0.35	0.70
In state primary schools	0.47	0.53	0.46	0.43	0.33	0.27	0.26	0.21	0.17	0.16	0.33
In state secondary schools	0.35	0.31	0.29	0.25	0.24	0.20	0.15	0.18	0.12	0.09	0.22
In further and higher education	0.32	0.16	0.12	0.11	0.10	0.10	0.06	0.07	0.08	0.04	0.12
In other educational establishments	0.04	0.04	0.03	0.03	0.03	0.01	0.04	0.03	0.02	0.06	0.03
Composition (percentages)											
Household type											
Non-retired											
1 adult	24	19	21	13	15	18	15	19	22	20	18
1 adult men	16	10	11	7	9	11	10	12	14	13	11
1 adult women	7	9	9	6	6	7	5	7	7	7	7
2 adults	17	15	20	27	30	29	38	33	39	45	29
3 or more adults	9	10	7	14	14	17	16	17	13	10	13
1 adult with children	16	17	12	9	7	6	2	3	1	1	7
2 adults with 1 child	8	10	10	11	9	8	9	12	9	12	10
2 adults with 2 children	10	12	15	15	15	12	14	10	10	9	12
2 adults with 3 or more children	10	11	7	7	6	2	3	3	2	3	5
3 or more adults with children	6	6	9	5	5	7	3	4	4	1	5
Household tenure											
Rented	63	58	42	32	26	23	19	16	13	10	30
Local authority rented	31	26	17	12	9	4	3	3	1	0	11
Housing association or RSL	15	13	11	6	4	4	3	1	2	0	6
Other rented unfurnished	5	10	9	7	7	8	6	4	4	4	6
Rented furnished	10	8	4	5	4	6	5	7	5	5	6
Rent free	1	1	2	2	2	1	2	1	1	0	1
Owner occupied	37	42	58	68	74	77	81	84	87	90	70
With mortgage	24	30	41	49	55	58	62	69	73	70	53
Rental purchase	0	0	-	1	0	0	0	0	0	-	0
Owned outright	12	12	16	18	18	18	20	15	14	20	16
Age of chief economic supporter											
Under 25	11	7	4	4	4	5	4	2	1	1	4
25-34	22	22	21	22	18	19	21	24	24	22	22
35-44	30	30	27	27	30	26	25	25	27	29	28
45-54	22	24	22	21	23	26	29	30	28	25	25
55-64	14	15	19	21	19	20	18	17	18	20	18
65-74	0	1	6	4	3	3	3	2	2	2	3
75 and over	0	1	1	1	1	1	0	1	0	0	1
Employment status of chief economic supporter											
Self-employed	8	8	11	10	8	9	11	10	8	15	10
Full-time employee	12	36	53	61	69	74	80	83	86	78	63
Part-time employee	17	13	15	14	11	10	6	4	6	5	10
Unemployed	12	6	2	1	1	1	1	-	1	0	2
Unoccupied and under minimum NI age	49	35	15	10	8	4	2	2	0	1	13
Retired/unoccupied over minimum NI age	0	2	3	3	2	2	1	1	0	0	2
Other	1	-	-	0	-	-	-	-	-	-	0

Table 17A (Appendix 1)

Household characteristics of quintile groups of non-retired households, 2004/05

	Quintile groups of non-retired households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (number)						
People	3.0	2.9	2.7	2.6	2.4	2.7
Adults	1.9	2.0	2.1	2.1	2.0	2.0
Men	0.9	1.0	1.0	1.1	1.0	1.0
Women	1.0	1.0	1.0	1.0	0.9	1.0
Children	1.1	0.9	0.7	0.5	0.4	0.7
Economically active people	1.0	1.5	1.8	1.9	1.8	1.6
Retired people	0.1	0.1	0.1	0.1	0.1	0.1
People in full-time education	1.10	0.86	0.65	0.50	0.37	0.70
In state primary schools	0.50	0.44	0.30	0.23	0.16	0.33
In state secondary schools	0.33	0.27	0.22	0.17	0.11	0.22
In further and higher education	0.24	0.12	0.10	0.06	0.06	0.12
In other educational establishments	0.04	0.03	0.02	0.03	0.04	0.03
Composition (percentages)						
Household type						
Non-retired						
1 adult	21	17	17	17	21	18
1 adult men	13	9	10	11	13	11
1 adult women	8	8	7	6	7	7
2 adults	16	23	29	35	42	29
3 or more adults	10	11	16	16	12	13
1 adult with children	17	10	6	3	1	7
2 adults with 1 child	9	10	9	11	10	10
2 adults with 2 children	11	15	14	12	9	12
2 adults with 3 or more children	10	7	4	3	2	5
3 or more adults with children	6	7	6	3	3	5
Household tenure						
Rented	61	37	25	17	11	30
Local authority rented	28	14	7	3	1	11
Housing association or RSL	14	8	4	2	1	6
Other rented unfurnished	7	8	7	5	4	6
Rented furnished	9	4	5	6	5	6
Rent free	1	2	1	2	1	1
Owner occupied	39	63	75	83	89	70
With mortgage	27	45	57	65	72	53
Rental purchase	0	0	0	0	0	0
Owned outright	12	17	18	17	17	16
Age of chief economic supporter						
Under 25	9	4	4	3	1	4
25–34	22	22	19	22	23	22
35–44	30	27	28	25	28	28
45–54	23	21	25	29	27	25
55–64	14	20	20	17	19	18
65–74	1	5	3	3	2	3
75 and over	1	1	1	1	0	1
Employment status of chief economic supporter						
Self-employed	8	10	9	10	11	10
Full-time employee	24	57	72	81	82	63
Part-time employee	15	15	11	5	5	10
Unemployed	9	1	1	0	1	2
Unoccupied and under minimum NI age	42	12	6	2	1	13
Retired/unoccupied over minimum NI age	1	3	2	1	0	2
Other	0	0	-	-	-	0

Table 18 (Appendix 1)

Average incomes, taxes and benefits by decile groups of retired households, 2004/05

	Decile groups of retired households ranked by equivalised disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
Decile points (equivalised £)	8 747	10 408	11 989	13 483	14 690	16 142	18 011	20 841	25 632		
Number of households in the population ('000s)	651	655	657	651	656	654	653	656	655	657	6 544
Original income											
Wages and salaries	56	43	53	313	183	340	534	867	660	1 525	457
Imputed income from benefits in kind	-	-	-	23	-	-	1	-	-	-	2
Self-employment income	45	11	26	14	7	-	27	74	10	287	50
Occupational pensions, annuities	715	1 324	2 041	2 417	2 489	4 193	5 104	7 140	10 503	20 098	5 602
Investment income	426	429	391	371	301	475	777	913	1 310	5 944	1 134
Other income	30	20	89	58	216	116	99	33	127	606	139
Total	1 272	1 828	2 600	3 196	3 194	5 124	6 542	9 027	12 610	28 460	7 385
Direct benefits in cash											
Contributory											
Retirement pension	4 411	5 389	6 170	6 171	5 849	6 081	6 026	6 655	6 565	6 197	5 951
Jobseeker's allowance (contribution based)	-	0	-	20	-	-	-	-	-	-	2
Incapacity benefit	91	88	161	214	87	68	127	49	61	37	98
Widows' benefits	-	53	-	-	10	19	101	64	33	61	34
Statutory maternity pay/allowance	-	-	-	-	-	-	-	-	-	-	-
Non-contributory											
Income support and pension credit	239	350	285	387	484	377	299	515	318	68	332
Child benefit	26	5	6	9	17	-	4	-	4	4	7
Housing benefit	113	153	347	761	1 007	909	628	532	537	215	520
Jobseeker's allowance (income based)	21	-	6	-	-	-	-	-	-	-	3
Invalid care allowance	12	39	15	41	44	43	42	43	70	54	40
Attendance allowance	12	44	97	186	226	84	253	286	256	169	161
Disability living allowance	35	108	156	194	410	333	576	561	594	354	332
War pensions/war widows' pensions	17	-	14	23	18	27	126	118	192	252	79
Severe disablement allowance	14	51	-	30	12	34	64	7	26	-	24
Industrial injury disablement benefit	20	47	20	19	21	43	11	139	15	13	35
Student support	-	-	-	-	-	-	-	-	-	8	1
Government training schemes	-	-	-	-	-	-	-	-	-	-	-
Tax credits ¹	-	-	3	10	38	-	-	-	-	-	5
Other non-contributory benefits	272	293	229	290	274	273	233	284	250	363	276
Total cash benefits	5 282	6 622	7 510	8 355	8 497	8 293	8 488	9 253	8 921	7 795	7 902
Gross income	6 554	8 449	10 110	11 551	11 692	13 416	15 030	18 281	21 531	36 255	15 287
Direct taxes and employees' NIC											
Income tax	141	163	249	312	323	553	792	1 259	1 963	4 851	1 061
less: Tax credits ²	2	2	5	4	5	5	4	3	3	12	4
Employees' NI contributions	6	8	2	18	16	16	29	52	31	92	27
Council tax and Northern Ireland rates ³	929	870	903	850	795	890	848	923	1 010	1 247	927
less: Council tax benefit/rates rebates	173	314	246	269	303	253	193	169	106	49	207
Total	901	726	903	908	825	1 202	1 473	2 062	2 894	6 128	1 802
Disposable income	5 653	7 723	9 206	10 643	10 866	12 214	13 557	16 219	18 637	30 126	13 485
Equivalised disposable income	6 909	9 596	11 243	12 758	14 106	15 421	16 990	19 380	23 022	35 223	16 465
Indirect taxes											
Taxes on final goods and services											
VAT	740	754	831	879	732	1 018	1 102	1 136	1 503	2 166	1 086
Duty on tobacco	106	133	153	124	93	215	120	136	154	65	130
Duty on beer and cider	45	42	36	48	38	35	59	52	59	40	45
Duty on wines and spirits	77	73	75	73	72	112	106	111	128	160	99
Duty on hydrocarbon oils	139	153	172	159	140	173	188	204	253	413	199
Vehicle excise duty	69	65	72	72	58	75	74	97	104	164	85
Television licences	59	53	62	60	57	63	64	59	71	71	62
Stamp duty on house purchase	82	64	58	53	42	51	48	68	111	311	89
Customs duties	13	13	15	15	14	17	17	18	21	30	17
Betting taxes	23	14	25	22	56	25	39	29	29	15	28
Insurance premium tax	22	30	23	21	17	25	29	35	42	93	34
Air passenger duty	9	19	10	9	13	14	13	17	25	38	17
Camelot National Lottery Fund	37	35	52	45	45	62	52	46	40	32	44
Other	1	2	3	6	9	1	1	2	8	24	6
Intermediate taxes											
Commercial and industrial rates	111	115	132	128	124	144	146	156	186	262	150
Employers' NI contributions	192	200	229	222	214	249	253	270	321	453	260
Duty on hydrocarbon oils	75	78	89	86	83	97	98	105	125	176	101
Vehicle excise duty	6	6	7	7	7	8	8	8	10	14	8
Other	103	107	123	119	115	134	136	145	172	243	140
Total indirect taxes	1 908	1 958	2 167	2 147	1 930	2 517	2 552	2 692	3 362	4 770	2 600
Post-tax income	3 745	5 765	7 040	8 496	8 936	9 697	11 005	13 526	15 275	25 356	10 884
Benefits in kind											
Education	221	23	36	-	155	-	27	-	55	70	59
National Health Service	4 829	5 028	4 541	4 964	4 464	4 536	4 337	4 930	4 394	4 463	4 649
Housing subsidy	47	41	54	81	111	82	67	61	54	11	61
Rail travel subsidy	5	2	3	4	3	2	4	7	4	15	5
Bus travel subsidy	88	82	85	89	83	81	90	93	80	74	85
School meals and welfare milk	3	0	0	-	5	-	-	-	-	-	1
Total	5 193	5 178	4 719	5 139	4 821	4 702	4 525	5 090	4 587	4 632	4 859
Final income	8 938	10 943	11 759	13 635	13 757	14 399	15 530	18 617	19 862	29 988	15 743

1 Child tax credit and working tax credit.

2 Including tax relief at source on life assurance premiums.

3 After deducting discounts.

Table 18A (Appendix 1)

Average incomes, taxes and benefits by quintile groups of retired households, 2004/05

	Quintile groups of retired households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (£ per year)						
Decile points (equivalised £)	10 408	13 483	16 142	20 841		
Number of households in the population ('000s)	1 306	1 308	1 310	1 309	1 312	6 544
Original income						
Wages and salaries	50	183	261	700	1 092	457
Imputed income from benefits in kind	-	12	-	1	-	2
Self-employment income	28	20	3	51	149	50
Occupational pensions, annuities	1 020	2 229	3 341	6 122	15 300	5 602
Investment income	428	381	388	845	3 627	1 134
Other income	25	73	166	66	366	139
Total	1 550	2 898	4 159	7 785	20 535	7 385
Direct benefits in cash						
Contributory						
Retirement pension	4 900	6 170	5 965	6 340	6 381	5 951
Jobseeker's allowance (contribution based)	0	10	-	-	-	2
Incapacity benefit	90	187	77	88	49	98
Widows' benefits	27	-	15	83	47	34
Statutory maternity pay/allowance	-	-	-	-	-	-
Non-contributory						
Income support and pension credit	295	336	431	407	193	332
Child benefit	16	7	9	2	4	7
Housing benefit	133	554	958	580	376	520
Jobseeker's allowance (income based)	10	3	-	-	-	3
Invalid care allowance	25	28	44	43	62	40
Attendance allowance	28	142	155	269	212	161
Disability living allowance	72	175	371	568	474	332
War pensions/war widows' pensions	8	19	22	122	222	79
Severe disablement allowance	32	15	23	35	13	24
Industrial injury disablement benefit	34	20	32	75	14	35
Student support	-	-	-	-	4	1
Government training schemes	-	-	-	-	-	-
Tax credits ¹	-	6	19	-	-	5
Other non-contributory benefits	283	260	274	258	307	276
Total cash benefits	5 952	7 932	8 395	8 871	8 358	7 902
Gross income	7 502	10 830	12 554	16 655	28 893	15 287
Direct taxes and employees' NIC						
Income tax	152	281	438	1 026	3 407	1 061
Less: Tax credits ²	2	4	5	4	7	4
Employers' NI contributions	7	10	16	41	61	27
Council tax and Northern Ireland rates ³	900	877	843	886	1 128	927
Less: Council tax benefit/rates rebates	243	257	278	181	78	207
Total	814	906	1 014	1 768	4 511	1 802
Disposable income	6 688	9 925	11 540	14 888	24 382	13 485
Equivalised disposable income	8 253	12 000	14 764	18 185	29 122	16 465
Indirect taxes						
Taxes on final goods and services						
VAT	747	855	875	1 119	1 834	1 086
Duty on tobacco	119	138	154	128	109	130
Duty on beer and cider	43	42	37	55	49	45
Duty on wines and spirits	75	74	92	108	144	99
Duty on hydrocarbon oils	146	166	157	196	333	199
Vehicle excise duty	67	72	67	85	134	85
Television licences	56	61	60	62	71	62
Stamp duty on house purchase	73	56	47	58	211	89
Customs duties	13	15	15	17	26	17
Betting taxes	19	23	41	34	22	28
Insurance premium tax	26	22	21	32	68	34
Air passenger duty	14	9	13	15	32	17
Camelot National Lottery Fund	36	49	53	49	36	44
Other	2	4	5	1	16	6
Intermediate taxes						
Commercial and industrial rates	113	130	134	151	224	150
Employers' NI contributions	196	225	232	261	387	260
Duty on hydrocarbon oils	76	87	90	101	150	101
Vehicle excise duty	6	7	7	8	12	8
Other	105	121	124	140	208	140
Total indirect taxes	1 933	2 157	2 224	2 622	4 066	2 600
Post-tax income	4 755	7 768	9 317	12 266	20 315	10 884
Benefits in kind						
Education	122	18	78	14	62	59
National Health Service	4 929	4 753	4 500	4 633	4 428	4 649
Housing subsidy	44	68	97	64	32	61
Rail travel subsidy	3	4	2	6	9	5
Bus travel subsidy	85	87	82	92	77	85
School meals and welfare milk	2	0	2	-	-	1
Total	5 185	4 929	4 761	4 808	4 609	4 859
Final income	9 941	12 697	14 078	17 073	24 925	15 743

1 Child tax credit and working tax credit.

2 Including tax relief at source on life assurance premiums.

3 After deducting discounts.

Table 19 (Appendix 1)

Household characteristics of decile groups of retired households, 2004/05

	Decile groups of retired households ranked by equivalised disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (number)											
People	1.5	1.5	1.5	1.6	1.4	1.5	1.5	1.6	1.5	1.6	1.5
Adults	1.5	1.5	1.5	1.6	1.4	1.5	1.5	1.6	1.5	1.6	1.5
Men	0.6	0.6	0.6	0.7	0.6	0.6	0.6	0.7	0.7	0.7	0.6
Women	0.9	0.9	0.9	0.9	0.8	0.8	0.9	0.9	0.9	0.9	0.9
Children	0.1	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Economically active people	0.1	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Retired people	1.3	1.4	1.4	1.4	1.3	1.4	1.4	1.5	1.4	1.5	1.4
People in full-time education	0.06	0.02	0.01	-	0.03	-	0.01	-	0.01	0.02	0.02
Composition (percentages)											
Household type											
Retired											
1 adult	54	55	50	51	63	58	55	48	53	45	53
1 adult men	11	10	11	14	18	19	14	13	16	19	14
1 adult women	43	45	40	36	45	39	42	35	37	26	39
2 or more adults	46	45	50	49	37	42	45	52	47	55	47
Household tenure											
Rented	17	18	29	43	52	42	34	28	24	9	30
Local authority rented	9	10	15	26	30	18	16	12	9	2	15
Housing association or RSL	3	5	7	13	14	16	12	11	8	2	9
Other rented unfurnished	4	2	4	1	3	3	2	3	3	1	3
Rented furnished	1	1	-	-	1	1	1	0	1	1	1
Rent free	-	0	3	4	5	4	3	1	3	2	2
Owner occupied	83	82	71	57	48	58	66	72	76	91	70
With mortgage	5	5	8	4	4	4	8	5	7	10	6
Rental purchase	-	1	-	-	-	1	-	1	-	-	0
Owned outright	78	77	64	52	44	53	59	66	69	81	64
Age of chief economic supporter											
Under 25	-	-	-	-	-	-	-	-	-	-	-
25-34	-	-	-	-	-	-	-	-	-	-	-
35-44	0	-	-	-	-	-	-	-	-	-	0
45-54	1	1	-	1	1	1	1	1	-	0	1
55-64	20	14	9	9	8	13	13	9	11	23	13
65-74	33	36	46	47	45	50	45	44	53	41	44
75 and over	46	50	45	44	45	37	41	46	36	36	43
Employment status of chief economic supporter											
Self-employed	-	-	1	-	1	-	-	-	-	-	0
Full-time employee	-	-	-	-	1	-	-	-	-	-	0
Part-time employee	-	-	-	-	-	-	-	-	-	1	0
Unemployed	1	-	-	-	-	-	-	-	-	-	0
Unoccupied and under minimum NI age	11	7	4	5	4	6	9	5	5	13	7
Retired/unoccupied over minimum NI age	88	93	96	95	95	94	91	95	95	86	93

Table 19A (Appendix 1)

Household characteristics of quintile groups of retired households, 2004/05

	Quintile groups of retired households ranked by equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Average per household (number)						
People	1.5	1.6	1.4	1.5	1.6	1.5
Adults	1.5	1.5	1.4	1.5	1.6	1.5
Men	0.6	0.6	0.6	0.6	0.7	0.6
Women	0.9	0.9	0.8	0.9	0.9	0.9
Children	0.0	0.0	0.0	0.0	0.0	0.0
Economically active people	0.0	0.1	0.0	0.1	0.1	0.1
Retired people	1.4	1.4	1.3	1.4	1.5	1.4
People in full-time education	0.04	0.00	0.02	0.00	0.01	0.02
Composition (percentages)						
Household type						
Retired						
1 adult	54	50	60	51	49	53
1 adult men	11	12	18	13	17	14
1 adult women	44	38	42	38	32	39
2 or more adults	46	50	40	49	51	47
Household tenure						
Rented	17	36	47	31	16	30
Local authority rented	10	21	24	14	6	15
Housing association or RSL	4	10	15	12	5	9
Other rented unfurnished	3	2	3	3	2	3
Rented furnished	1	-	1	0	1	1
Rent free	0	3	4	2	2	2
Owner occupied	83	64	53	69	84	70
With mortgage	5	6	4	6	9	6
Rental purchase	0	-	0	0	-	0
Owned outright	77	58	48	63	75	64
Age of chief economic supporter						
Under 25	-	-	-	-	-	-
25-34	-	-	-	-	-	-
35-44	0	-	-	-	-	0
45-54	1	0	1	1	0	1
55-64	17	9	11	11	17	13
65-74	34	46	48	45	47	44
75 and over	48	44	41	44	36	43
Employment status of chief economic supporter						
Self-employed	-	0	0	-	-	0
Full-time employee	-	-	0	-	-	0
Part-time employee	-	-	-	-	0	0
Unemployed	0	-	-	-	-	0
Unoccupied and under minimum NI age	9	4	5	7	9	7
Retired/unoccupied over minimum NI age	90	95	95	93	90	93

Table 20 (Appendix 1)

Average incomes, taxes and benefits by decile groups of non-retired households without children, 2004/05

	Decile groups of non-retired households without children ranked by equivalised disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
Decile points (equivalised £)	11 523	15 497	18 550	21 299	23 948	27 305	31 376	36 944	47 045		
Number of households in the population ('000s)	1 076	1 079	1 081	1 076	1 079	1 079	1 080	1 076	1 081	1 080	10 787
Original income											
Wages and salaries	3 513	8 741	15 130	19 430	24 230	30 654	33 919	40 013	45 606	66 795	28 803
Imputed income from benefits in kind	9	44	66	106	208	161	307	588	915	2 130	453
Self-employment income	798	932	1 597	1 581	1 785	1 308	2 059	2 106	4 633	12 458	2 926
Occupational pensions, annuities	151	796	1 095	1 080	873	1 379	1 651	1 308	2 023	3 079	1 344
Investment income	128	244	222	369	636	549	821	586	876	4 773	920
Other income	443	62	82	95	119	188	303	93	180	534	210
Total	5 043	10 820	18 192	22 662	27 850	34 239	39 060	44 696	54 234	89 768	34 656
Direct benefits in cash											
Contributory											
Retirement pension	171	903	1 112	1 040	730	656	678	442	377	593	670
Jobseeker's allowance (contribution based)	99	14	24	3	18	-	10	-	-	5	17
Incapacity benefit	735	849	589	412	247	93	93	57	50	45	317
Widows' benefits	66	12	34	32	139	74	39	-	-	-	40
Statutory maternity pay/allowance	-	-	-	-	-	-	-	-	-	-	-
Non-contributory											
Income support and pension credit	523	753	457	319	284	76	7	5	9	-	243
Child benefit	15	3	16	4	19	6	-	-	3	9	8
Housing benefit	971	786	321	227	317	121	49	7	7	9	282
Jobseeker's allowance (income based)	155	51	19	7	11	12	10	-	-	2	27
Invalid care allowance	104	97	90	33	9	19	-	-	9	-	36
Attendance allowance	10	9	24	20	-	22	10	6	10	3	11
Disability living allowance	342	623	692	463	354	110	145	62	45	29	286
War pensions/war widows' pensions	-	-	24	30	5	-	-	14	3	-	8
Severe disablement allowance	96	108	84	88	81	55	9	-	-	-	52
Industrial injury disablement benefit	-	35	68	17	12	35	23	14	4	-	21
Student support	95	108	87	75	122	56	4	34	6	-	59
Government training schemes	24	36	28	8	0	8	36	1	-	-	14
Tax credits ¹	31	7	24	28	19	16	-	8	-	-	13
Other non-contributory benefits	47	75	73	65	96	51	40	23	53	30	55
Total cash benefits	3 486	4 467	3 766	2 871	2 464	1 410	1 152	673	577	726	2 159
Gross income	8 528	15 288	21 958	25 533	30 314	35 648	40 212	45 368	54 810	90 494	36 815
Direct taxes and employees' NIC											
Income tax	436	1 199	2 191	2 946	3 711	4 809	5 868	6 912	9 117	17 867	5 506
less: Tax credits ²	22	18	16	31	37	7	10	13	10	10	17
Employees' NI contributions	204	505	1 021	1 364	1 734	2 274	2 566	3 088	3 456	3 844	2 006
Council tax and Northern Ireland rates ³	708	790	898	901	919	951	979	966	1 016	1 223	935
less: Council tax benefit/rates rebates	270	184	108	65	41	19	12	4	3	17	72
Total	1 055	2 292	3 986	5 115	6 286	8 008	9 391	10 951	13 576	22 907	8 357
Disposable income	7 474	12 995	17 972	20 418	24 028	27 640	30 821	34 417	41 234	67 587	28 459
Equivalised disposable income	7 829	13 661	17 116	19 830	22 663	25 583	29 232	33 979	41 534	69 708	28 114
Indirect taxes											
Taxes on final goods and services											
VAT 1.074	1 456	1 607	1 739	1 987	2 275	2 246	2 500	2 744	3 794	2 142	
Duty on tobacco	379	462	398	376	441	381	366	340	408	177	373
Duty on beer and cider	126	128	181	148	188	190	146	217	202	162	169
Duty on wines and spirits	107	132	161	158	215	239	224	226	261	356	208
Duty on hydrocarbon oils	221	326	415	476	547	591	653	669	703	730	533
Vehicle excise duty	63	89	122	136	152	178	176	194	178	190	148
Television licences	105	109	110	110	111	114	113	114	117	116	112
Stamp duty on house purchase	70	58	117	105	139	135	151	197	221	520	171
Customs duties	20	21	24	25	28	32	32	34	37	49	30
Betting taxes	18	76	38	48	53	41	35	42	25	53	43
Insurance premium tax	20	27	38	40	47	73	51	60	64	79	50
Air passenger duty	5	10	25	26	23	37	31	37	36	62	29
Camelot National Lottery Fund	40	55	71	73	78	77	70	50	57	48	62
Other	13	2	8	4	19	5	3	6	7	6	7
Intermediate taxes											
Commercial and industrial rates	171	180	208	219	244	275	275	294	323	426	262
Employers' NI contributions	296	311	361	378	422	477	476	509	559	738	453
Duty on hydrocarbon oils	115	121	140	147	164	185	185	197	217	286	176
Vehicle excise duty	9	10	11	12	13	15	15	16	17	23	14
Other	159	167	194	203	226	256	255	273	300	396	243
Total indirect taxes	3 010	3 740	4 229	4 421	5 097	5 577	5 502	5 974	6 474	8 211	5 223
Post-tax income	4 463	9 256	13 742	15 997	18 932	22 063	25 320	28 443	34 760	59 376	23 235
Benefits in kind											
Education	2 126	624	508	297	585	300	270	164	323	151	535
National Health Service	1 604	2 063	2 173	2 092	2 011	2 040	2 046	1 756	1 712	1 866	1 936
Housing subsidy	103	97	59	39	33	28	17	12	10	3	40
Rail travel subsidy	21	19	16	24	29	23	41	42	46	78	34
Bus travel subsidy	47	61	62	42	41	41	47	36	53	67	50
School meals and welfare milk	-	-	-	-	-	-	-	-	-	-	-
Total 3 901	2 864	2 818	2 494	2 699	2 433	2 422	2 009	2 144	2 165	2 595	
Final income	8 365	12 120	16 560	18 491	21 631	24 496	27 742	30 452	36 904	61 541	25 830

¹ Child tax credit and working tax credit.² Including tax relief at source on life assurance premiums.³ After deducting discounts.

Table 21 (Appendix 1)

Average incomes, taxes and benefits by decile groups of non-retired households with children, 2004/05

	Decile groups of non-retired households with children ranked by equivalised disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
Decile points (equivalised £)	10 149	12 377	14 566	16 683	18 830	21 248	24 379	29 224	37 515		
Number of households in the population ('000s)	709	709	711	710	710	708	710	712	710	710	7 099
Original income											
Wages and salaries	3 718	7 055	14 242	18 081	23 046	26 678	32 862	37 908	49 870	75 676	28 914
Imputed income from benefits in kind	-	16	17	18	158	449	450	1 000	986	1 603	470
Self-employment income	549	933	1 459	2 423	2 369	3 180	3 699	5 247	6 564	21 397	4 782
Occupational pensions, annuities	25	166	167	238	184	393	360	124	561	418	264
Investment income	94	74	199	77	96	313	254	512	543	2 939	510
Other income	225	289	315	302	529	488	694	439	579	806	467
Total	4 611	8 532	16 400	21 139	26 382	31 501	38 320	45 230	59 103	102 840	35 406
Direct benefits in cash											
Contributory											
Retirement pension	26	66	61	297	24	77	153	-	71	42	82
Jobseeker's allowance (contribution based)	100	83	18	-	4	8	-	-	4	3	22
Incapacity benefit	423	444	249	282	207	185	52	14	35	65	195
Widows' benefits	39	48	-	66	-	23	51	29	60	76	39
Statutory maternity pay/allowance	-	10	-	21	28	35	33	34	62	145	37
Non-contributory											
Income support and pension credit	1 858	3 008	1 151	834	342	208	61	23	7	11	750
Child benefit	1 386	1 496	1 354	1 279	1 339	1 306	1 184	1 226	1 147	1 121	1 284
Housing benefit	1 391	1 677	767	587	264	404	79	105	95	9	538
Jobseeker's allowance (income based)	225	132	35	0	45	33	-	2	-	-	47
Invalid care allowance	104	65	118	157	40	79	38	8	9	12	63
Attendance allowance	-	24	-	44	14	-	-	-	-	-	8
Disability living allowance	313	350	365	433	292	240	107	100	120	72	239
War pensions/war widows' pensions	-	-	-	19	-	9	28	16	-	-	7
Severe disablement allowance	32	18	-	-	-	-	15	-	-	-	7
Industrial injury disablement benefit	-	-	-	-	11	4	7	-	-	-	2
Student support	35	24	50	50	0	89	40	9	7	106	41
Government training schemes	21	56	5	19	47	-	52	5	-	-	21
Tax credits ¹	1 598	1 444	1 197	1 124	989	726	509	332	181	23	812
Other non-contributory benefits	27	99	40	44	23	49	175	327	2	109	90
Total cash benefits	7 579	9 045	5 411	5 257	3 670	3 475	2 584	2 230	1 799	1 795	4 284
Gross income	12 190	17 577	21 811	26 396	30 052	34 976	40 904	47 460	60 902	104 635	39 690
Direct taxes and employees' NIC											
Income tax	429	946	1 911	2 569	3 396	4 267	5 468	6 938	10 075	22 368	5 836
less: Tax credits ²	181	389	709	672	694	643	569	590	427	167	504
Employees' NI contributions	201	459	995	1 222	1 632	1 967	2 348	2 690	3 365	3 795	1 867
Council tax and Northern Ireland rates ³	851	851	848	859	921	956	1 047	1 078	1 212	1 431	1 005
less: Council tax benefit/rates rebates	390	349	137	102	59	55	23	28	5	8	116
Total	910	1 517	2 908	3 876	5 197	6 492	8 271	10 088	14 220	27 420	8 090
Disposable income	11 280	16 059	18 903	22 520	24 855	28 484	32 634	37 372	46 681	77 215	31 600
Equivalised disposable income	7 772	11 218	13 503	15 626	17 708	19 875	22 763	26 795	32 721	56 618	22 460
Indirect taxes											
Taxes on final goods and services											
VAT	1 549	1 537	1 784	2 045	2 357	2 551	3 053	3 122	3 322	4 586	2 591
Duty on tobacco	348	511	340	568	542	449	321	286	220	95	368
Duty on beer and cider	83	86	91	127	106	124	131	142	147	148	119
Duty on wines and spirits	71	88	99	120	107	148	177	178	246	307	154
Duty on hydrocarbon oils	362	366	431	450	570	625	744	707	935	852	604
Vehicle excise duty	100	91	133	140	155	163	195	195	209	218	160
Television licences	116	124	119	116	115	120	118	120	119	120	119
Stamp duty on house purchase	76	52	106	133	146	145	213	271	368	870	238
Customs duties	25	26	28	30	33	35	39	40	47	62	37
Betting taxes	24	23	20	34	28	28	33	25	21	22	26
Insurance premium tax	25	31	37	47	51	53	63	65	74	98	54
Air passenger duty	9	5	9	22	33	17	40	30	36	46	25
Camelot National Lottery Fund	40	44	50	61	52	62	61	56	44	30	50
Other	1	1	5	25	9	23	32	9	39	49	19
Intermediate taxes											
Commercial and industrial rates	217	228	243	264	289	303	341	344	411	537	318
Employers' NI contributions	376	395	420	458	500	524	591	596	712	930	550
Duty on hydrocarbon oils	146	153	163	177	194	203	229	231	276	361	213
Vehicle excise duty	11	12	13	14	15	16	18	18	22	28	17
Other	202	212	225	245	268	281	317	320	382	499	295
Total indirect taxes	3 781	3 987	4 316	5 078	5 571	5 872	6 717	6 756	7 631	9 856	5 957
Post-tax income	7 499	12 072	14 586	17 442	19 284	22 612	25 917	30 616	39 050	67 359	25 644
Benefits in kind											
Education	7 036	6 656	6 548	5 871	5 931	5 862	5 282	4 705	4 970	3 941	5 680
National Health Service	3 482	3 742	3 781	3 282	3 372	3 420	3 298	3 308	3 442	4 031	3 516
Housing subsidy	172	160	110	74	50	45	31	14	4	0	66
Rail travel subsidy	9	12	14	8	11	14	33	28	39	75	24
Bus travel subsidy	45	65	41	39	44	44	48	33	57	46	46
School meals and welfare milk	207	264	103	79	52	40	28	25	13	8	82
Total	10 951	10 899	10 598	9 355	9 459	9 425	8 721	8 112	8 523	8 100	9 414
Final income	18 449	22 972	25 185	26 797	28 743	32 037	34 638	38 729	47 574	75 460	35 058

1 Child tax credit and working tax credit.

2 Including tax relief at source on life assurance premiums.

3 After deducting discounts.

Table 22 (Appendix 1)
Distribution of households¹ by household type, 2004/05

	Retired households				Non-retired households		
	1 adult men	1 adult women	All 1 adult	2 or more adults	1 adult men	1 adult women	All 1 adult
Decile groups of households ranked by equivalised disposable income							
Number of households ('000s)							
Bottom	113	475	589	502	227	109	336
2nd	121	403	524	529	153	118	271
3rd	185	482	667	463	137	111	248
4th	174	373	547	395	156	133	289
5th	76	278	353	335	125	103	228
6th	90	184	274	289	164	115	279
7th	62	168	230	213	231	161	392
8th	53	96	149	151	202	99	301
9th	45	44	89	108	294	153	447
Top	22	30	52	84	312	187	499
All households in population ('000s)	942	2 533	3 476	3 069	2 001	1 289	3 291

	Non-retired households							All households
	2 adults	3 or more adults	1 adult with children	2 adults with 1 child	2 adults with 2 children	2 adults with 3 or more children	3 or more adults with children	
Decile groups of households ranked by equivalised disposable income								
Number of households ('000s)								
Bottom	232	133	193	112	145	124	74	2 440
2nd	208	97	275	134	134	165	109	2 446
3rd	233	124	195	127	185	119	79	2 440
4th	327	131	159	137	219	94	145	2 445
5th	462	244	152	195	273	124	77	2 443
6th	545	289	138	170	257	106	96	2 444
7th	612	326	76	179	240	46	128	2 443
8th	777	356	68	211	292	67	69	2 440
9th	852	329	32	236	213	51	91	2 447
Top	974	245	34	250	209	55	43	2 444
All households in population ('000s)	5 221	2 275	1 322	1 751	2 168	949	910	24 431

1 See Appendix 2 for definitions of retired households, adults and children.

Table 23 (Appendix 1)

Summary of the effects of taxes and benefits, by household type,¹ 2004/05

	Retired households				Non-retired households		
	1 adult men	1 adult women	All 1 adult	2 or more adults	1 adult men	1 adult women	All 1 adult
Average per household (£ per year)							
Original income	5 504	3 718	4 203	10 990	19 180	17 066	18 352
<i>plus</i> Cash benefits	6 517	6 834	6 748	9 207	2 041	2 320	2 151
Gross income	12 022	10 553	10 951	20 197	21 222	19 386	20 502
<i>less</i> Direct taxes and employees' NIC	1 353	1 035	1 121	2 574	4 898	4 149	4 605
Disposable income	10 669	9 517	9 830	17 624	16 323	15 237	15 898
<i>Equivalised disposable income</i>	<i>17 419</i>	<i>15 567</i>	<i>16 070</i>	<i>16 912</i>	<i>26 760</i>	<i>24 978</i>	<i>26 062</i>
<i>less</i> Indirect taxes	1 907	1 553	1 649	3 678	2 974	2 830	2 917
Post-tax income	8 761	7 965	8 181	13 946	13 350	12 407	12 980
<i>plus</i> Benefits in kind	3 721	4 051	3 961	5 875	1 107	1 086	1 099
Final income	12 482	12 016	12 142	19 821	14 457	13 493	14 079

Non-retired households							
	2 adults	3 or more adults	1 adult with children	2 adults with 1 child	2 adults with 2 children	2 adults with 3 or more children	3 or more adults with children
Average per household (£ per year)							
Original income	38 903	48 494	10 274	39 878	41 576	37 379	46 549
<i>plus</i> Cash benefits	1 938	2 679	7 766	2 530	2 840	5 360	4 922
Gross income	40 841	51 173	18 040	42 407	44 416	42 739	51 471
<i>less</i> Direct taxes and employees' NIC	9 612	10 903	1 808	9 551	9 512	8 853	10 219
Disposable income	31 229	40 270	16 232	32 856	34 904	33 886	41 253
<i>Equivalised disposable income</i>	<i>30 429</i>	<i>25 769</i>	<i>16 593</i>	<i>27 147</i>	<i>23 961</i>	<i>19 291</i>	<i>21 695</i>
<i>less</i> Indirect taxes	5 649	7 583	3 344	5 798	6 501	6 637	8 050
Post-tax income	25 580	32 686	12 888	27 058	28 403	27 248	33 202
<i>plus</i> Benefits in kind	2 332	5 361	8 190	6 066	9 549	15 224	11 256
Final income	27 913	38 048	21 078	33 124	37 952	42 473	44 458

¹ See Appendix 2 for definitions of retired households, adults and children.

Table 24 (Appendix 1)

Average incomes, taxes and benefits by decile groups of all households (ranked by unadjusted disposable income), 2004/05

	Decile groups of all households ranked by unadjusted disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Average per household (£ per year)											
Decile points (equivalised £)	8 036 10 491 13 599 16 885 20 398 24 410 29 405 36 249 47 664										
Number of households in the population ('000s)	2 443	2 440	2 446	2 444	2 439	2 446	2 443	2 444	2 441	2 446	24 431
Original income											
Wages and salaries	530	1 766	3 769	6 889	12 282	18 290	24 461	33 100	41 580	69 753	21 242
Imputed income from benefits in kind	11	9	19	22	66	158	203	440	973	1 472	337
Self-employment income	221	208	327	976	1 090	1 363	2 020	2 555	4 517	13 671	2 695
Occupational pensions, annuities	566	1 281	1 849	2 695	2 765	2 623	2 683	1 965	2 497	2 781	2 171
Investment income	228	268	389	436	581	497	618	775	1 446	3 345	858
Other income	100	117	191	188	345	220	335	198	336	627	266
Total	1 656	3 650	6 544	11 207	17 128	23 152	30 321	39 033	51 349	91 649	27 569
Direct benefits in cash											
Contributory											
Retirement pension	2 649	3 456	3 172	2 943	2 162	1 564	1 236	772	709	478	1 914
Jobseeker's allowance (contribution based)	41	27	9	31	1	14	13	2	3	4	15
Incapacity benefit	280	264	308	303	321	264	219	155	78	40	223
Widows' benefits	29	40	53	74	22	31	48	54	15	15	38
Statutory maternity pay/allowance	-	-	8	1	7	17	5	8	21	41	11
Non-contributory											
Income support and pension credit	433	825	971	687	512	296	216	116	81	8	414
Child benefit	71	126	257	309	397	472	490	596	527	538	378
Housing benefit	666	1 079	896	687	341	229	140	110	49	4	420
Jobseeker's allowance (income based)	68	15	55	37	9	14	31	17	11	8	26
Invalid care allowance	17	25	62	69	60	75	68	45	22	9	45
Attendance allowance	37	58	108	121	74	31	44	14	13	6	51
Disability living allowance	125	211	454	493	450	357	322	190	149	97	285
War pensions/war widows' pensions	4	4	61	36	64	64	10	17	4	-	27
Severe disablement allowance	20	59	52	27	31	47	29	31	12	4	31
Industrial injury disablement benefit	6	21	20	17	65	23	15	18	7	-	19
Student support	13	9	31	39	42	78	46	52	19	53	38
Government training schemes	9	3	10	17	17	4	5	35	21	2	12
Tax credits ¹	52	88	342	423	470	500	252	189	82	34	243
Other non-contributory benefits	174	193	146	146	116	123	108	69	116	53	124
Total cash benefits	4 694	6 503	7 014	6 458	5 161	4 201	3 295	2 490	1 941	1 393	4 315
Gross income	6 350	10 153	13 558	17 665	22 289	27 353	33 616	41 523	53 289	93 042	31 884
Direct taxes and employees' NIC											
Income tax	135	381	781	1 427	2 248	3 092	4 293	5 778	8 169	17 806	4 411
less: Tax credits ²	2	14	49	101	227	301	281	317	176	85	155
Employees' NI contributions	31	106	235	474	877	1 307	1 787	2 430	3 006	4 101	1 435
Council tax and Northern Ireland rates ³	737	786	822	854	900	958	988	1 037	1 141	1 310	953
less: Council tax benefit/rates rebates	262	319	258	158	84	52	35	23	17	2	121
Total	639	940	1 531	2 496	3 714	5 004	6 752	8 905	12 123	23 131	6 523
Disposable income	5 711	9 213	12 027	15 169	18 575	22 349	26 864	32 619	41 167	69 911	25 360
Indirect taxes											
Taxes on final goods and services											
VAT	704	786	1 078	1 356	1 651	1 909	2 312	2 586	3 147	4 366	1 990
Duty on tobacco	192	175	234	268	323	398	401	397	350	326	306
Duty on beer and cider	49	55	63	89	110	114	169	169	202	191	121
Duty on wines and spirits	61	70	89	103	146	160	187	189	257	369	163
Duty on hydrocarbon oils	123	155	256	296	386	485	571	651	786	935	464
Vehicle excise duty	45	58	83	99	117	146	170	188	209	230	135
Television licences	75	77	88	97	103	110	112	113	114	117	100
Stamp duty on house purchase	58	51	63	76	118	151	158	195	281	534	169
Customs duties	13	14	19	21	24	28	32	35	42	58	29
Betting taxes	20	45	25	30	31	39	34	33	49	33	34
Insurance premium tax	15	21	24	31	39	47	53	68	72	98	47
Air passenger duty	4	9	9	17	20	21	30	34	43	59	25
Camelot National Lottery Fund	26	37	45	54	56	66	66	64	69	54	54
Other	4	3	2	3	8	10	13	14	16	30	10
Intermediate taxes											
Commercial and industrial rates	111	125	161	182	211	239	281	306	361	503	248
Employers' NI contributions	193	217	279	315	366	413	487	530	625	871	430
Duty on hydrocarbon oils	75	84	108	122	142	160	189	206	242	338	167
Vehicle excise duty	6	7	9	10	11	13	15	16	19	27	13
Other	103	116	150	169	196	222	261	285	335	467	230
Total indirect taxes	1 876	2 105	2 786	3 336	4 060	4 730	5 540	6 079	7 220	9 606	4 734
Post-tax income	3 835	7 108	9 241	11 833	14 515	17 619	21 324	26 540	33 946	60 305	20 627
Benefits in kind											
Education	773	699	1 136	1 474	1 959	2 273	2 606	2 840	2 502	2 764	1 903
National Health Service	2 957	3 367	3 383	3 334	3 232	3 001	2 941	2 930	2 939	3 134	3 122
Housing subsidy	80	110	90	93	52	34	38	18	15	3	53
Rail travel subsidy	8	6	7	9	17	18	22	32	39	76	23
Bus travel subsidy	54	65	59	56	59	57	49	53	55	71	58
School meals and welfare milk	11	24	42	38	35	26	31	17	11	6	24
Total	3 883	4 272	4 717	5 005	5 355	5 410	5 686	5 890	5 560	6 053	5 183
Final income	7 718	11 380	13 958	16 837	19 870	23 028	27 010	32 430	39 506	66 359	25 810

1 Child tax credit and working tax credit.

2 Including tax relief at source on life assurance premiums.

3 After deducting discounts.

Table 25 (Appendix 1)

Cross-tabulation of households ranked by disposable income, unadjusted and equivalised, 2004/05

(i) Quintile groups	Quintile groups of equivalised disposable income					All households
	Bottom	2nd	3rd	4th	Top	
Number of households in the population ('000s)						
Quintile groups of unadjusted disposable income						
Bottom	3 029	1 767	87	-	-	4 883
2nd	1 397	1 578	1 138	776	-	4 889
3rd	398	1 095	2 073	792	527	4 885
4th	62	423	1 356	2 107	939	4 887
Top	-	22	232	1 208	3 425	4 887
All households	4 886	4 885	4 887	4 884	4 890	24 431

(ii) Decile groups	Decile groups of equivalised disposable income										All households
	Bottom	2nd	3rd	4th	5th	6th	7th	8th	9th	Top	
Number of households in the population ('000s)											
Decile groups of unadjusted disposable income											
Bottom	1 393	797	253	-	-	-	-	-	-	-	2 443
2nd	595	243	677	837	87	-	-	-	-	-	2 440
3rd	264	712	338	66	508	557	-	-	-	-	2 446
4th	107	314	546	629	46	26	620	156	-	-	2 444
5th	42	225	288	263	856	237	39	294	195	-	2 439
6th	35	96	230	315	275	705	423	36	332	-	2 446
7th	-	45	92	217	360	322	511	619	22	254	2 443
8th	3	15	8	105	239	436	477	500	529	133	2 444
9th	-	-	9	12	68	150	321	614	771	496	2 441
Top	-	-	-	-	3	11	52	222	598	1 560	2 446
All households	2 440	2 446	2 440	2 445	2 443	2 444	2 443	2 440	2 447	2 444	24 431

Table 26 (Appendix 1)

Percentage shares of equivalised total original, gross, disposable and post-tax incomes by quintile groups for all households,¹ 1982 to 2004/05²

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Original income												
Bottom	3	3	3	2	3	2	2	2	2	2	2	2
2nd	8	8	7	7	7	7	7	7	7	7	6	6
3rd	17	17	17	17	16	16	16	16	15	16	15	15
4th	26	26	26	27	26	25	26	26	25	26	26	25
Top	46	47	47	47	49	50	50	49	51	50	50	52
All households	100	100	100	100	100	100	100	100	100	100	100	100
Gross income												
Bottom	9	9	9	8	8	7	7	7	7	7	7	7
2nd	12	12	12	12	11	11	11	11	10	10	11	11
3rd	17	17	17	17	16	16	16	16	16	16	16	16
4th	23	23	23	24	23	23	23	23	23	23	23	23
Top	39	39	39	40	41	43	43	42	44	44	43	44
All households	100	100	100	100	100	100	100	100	100	100	100	100
Disposable income												
Bottom	9	9	10	9	9	8	8	8	7	7	7	8
2nd	13	13	13	13	12	12	11	12	11	11	11	12
3rd	17	17	17	17	17	16	16	17	16	16	16	16
4th	23	23	23	23	23	23	23	23	23	23	23	23
Top	37	38	37	38	40	41	42	41	43	42	42	42
All households	100	100	100	100	100	100	100	100	100	100	100	100
Post-tax income												
Bottom	9	9	9	9	8	8	7	7	6	7	7	7
2nd	13	13	13	13	12	12	11	11	10	11	11	11
3rd	17	17	17	17	16	16	16	16	15	16	16	16
4th	22	22	22	23	22	22	22	23	23	23	23	22
Top	39	39	38	39	41	43	44	43	45	44	44	44
All households	100	100	100	100	100	100	100	100	100	100	100	100

	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
Original income												
Bottom	2	2	3	2	2	3	2	2	3	3	3	3
2nd	6	6	7	7	7	7	7	7	7	7	7	8
3rd	14	15	15	15	15	15	15	15	14	15	15	15
4th	25	25	25	25	25	25	25	25	24	25	24	24
Top	52	51	50	51	51	52	52	50	52	50	51	50
All households	100	100	100	100	100	100	100	100	100	100	100	100
Gross income												
Bottom	7	7	7	7	7	7	7	6	6	7	7	7
2nd	11	11	11	11	11	11	11	11	11	11	11	11
3rd	16	16	16	16	16	16	16	16	15	16	16	16
4th	23	23	23	23	23	23	23	23	22	23	22	23
Top	44	43	43	44	44	44	44	44	45	43	44	43
All households	100	100	100	100	100	100	100	100	100	100	100	100
Disposable income												
Bottom	8	8	8	8	8	7	7	7	7	8	8	8
2nd	12	12	12	12	12	12	12	12	12	12	12	13
3rd	16	16	17	16	16	16	16	16	16	17	17	17
4th	23	23	23	23	23	23	23	23	22	23	22	22
Top	42	41	40	42	42	42	42	42	43	41	42	41
All households	100	100	100	100	100	100	100	100	100	100	100	100
Post-tax income												
Bottom	7	7	7	7	7	6	6	6	6	6	7	7
2nd	11	11	12	11	11	11	11	11	11	12	12	12
3rd	16	16	16	16	16	16	16	16	15	16	16	16
4th	22	22	23	22	22	22	22	22	22	23	22	22
Top	44	43	43	44	44	45	45	44	46	43	44	43
All households	100	100	100	100	100	100	100	100	100	100	100	100

¹ Ranked by equivalised disposable income.² From 1990 this includes company car benefit and beneficial house purchase loans from employers. From 1996-97 values are based on estimates for the sample grossed up to population totals.

Table 27 (Appendix 1)

Gini coefficients for the distribution of income at each stage of the tax-benefit system and P90/P10 and P75/P25¹ ratios for disposable income for all households, 1980 to 2004/05²

	Gini coefficients (per cent)				Ratios for disposable income	
	Equivalised income				P90/P10	P75/P25
	Original	Gross	Disposable	Post-tax		
1980	44	31	28	30	3.5	2.0
1981	46	31	28	31	3.4	2.0
1982	47	31	28	31	3.3	2.0
1983	48	32	28	31	3.3	1.9
1984	49	31	28	30	3.3	2.0
1985	49	32	29	32	3.5	2.1
1986	50	34	31	35	3.7	2.1
1987	51	36	33	36	4.1	2.2
1988	51	37	35	38	4.4	2.4
1989	50	36	34	37	4.5	2.4
1990	52	38	36	40	4.9	2.5
1991	51	37	35	39	4.8	2.5
1992	52	37	34	38	4.6	2.4
1993	53	38	35	38	4.5	2.3
1993/94	54	37	34	38	4.5	2.3
1994/95	53	37	33	37	4.5	2.3
1995/96	52	36	33	37	4.2	2.2
1996/97	53	37	34	38	4.4	2.3
1997/98	53	37	34	38	4.5	2.3
1998/99	53	38	35	39	4.5	2.3
1999/2000	53	38	35	40	4.6	2.4
2000/01	51	38	35	39	4.5	2.3
2001/02	53	39	36	40	4.5	2.3
2002/03	51	37	33	37	4.3	2.2
2003/04	52	37	34	38	4.1	2.1
2004/05	51	36	32	36	4.1	2.1

¹ P90/P10 is the ratio of the income at the 90th percentile to the 10th; P75/P25 is the ratio of the income at the 75th percentile to the 25th.

² From 1990 this includes company car benefit and beneficial house purchase loans from employers. From 1996-97 values are based on estimates for the sample grossed to population totals.

Appendix 2

Methodology and definitions

The allocation of government expenditure and its financing

1. There are considerable difficulties in moving from the aggregates of government expenditure and financing published in the United Kingdom National Accounts – the ONS *Blue Book* – to apportioning taxes and benefits to individual households. We can obtain information about the types of household that receive cash benefits and pay direct taxes through surveys such as the Expenditure and Food Survey (EFS). From the replies respondents give to questions on their expenditure, we can impute their payments of indirect taxes, and from information they supply about such factors as their ages and number of children in the household, we can estimate the average costs of providing them with social services, such as health and education. But there are other kinds of financing, such as corporation tax and government receipts from public corporations; no attempt is made in this analysis to apportion them to households because it would be too difficult. Similarly, there are other items of government expenditure, such as capital expenditure and expenditure on defence and on the maintenance of law and order, for which there is no clear conceptual basis for allocation, or for which we do not have sufficient information to make an allocation.

Expenditure and Food Survey (EFS)

2. The estimates in this analysis are based mainly on data derived from the EFS, which replaced the Family Expenditure Survey (FES) from 2001/02. The EFS is an annual survey of the expenditure and income of private households. People living in hotels, lodging houses, and in institutions such as old people's homes are excluded. Each person aged 16 and over keeps a full record of payments made during 14 consecutive days and answers questions about hire purchase and other payments; children aged 7 to 15 keep a simplified diary. The respondents also give detailed information, where appropriate, about income (including cash benefits received from the state) and payments of income tax. Information on age, occupation, education received, family composition and housing tenure is also obtained. The survey covers the whole 12-month period.

3. One of the main purposes of the EFS is to produce information on household expenditure patterns which is used to derive the weights for the retail prices index. The fieldwork is undertaken by ONS and by the Northern Ireland Statistics and Research Agency. *Family Spending*, published on the National Statistics website in November 2005, shows detailed results on expenditure and income from the 2004/05 survey, and how they vary with household characteristics. The report also includes an outline of the survey design.

4. The number of households in the United Kingdom responding to the EFS in 2004/05 was 6,265 (about one in every 3,900 households). The response rate was 57 per cent.

To count as a co-operating household, all members aged 16 and over must fill in the diaries for both weeks and give full details of income, etc. The available evidence suggests that households containing a couple with non-dependent children, those where the head is self-employed, and those where the head was born outside the United Kingdom, are less likely to co-operate than others (see *A comparison of the Census characteristics of respondents and non-respondents to the 1991 Family Expenditure Survey* by Kate Foster, *Survey Methodology Bulletin*, ONS, No 38, Jan 1996). In addition, response in Greater London is noticeably lower than in other areas.

5. The results in the analysis are based on the survey grossed up so that totals reflect the total population in private households in the United Kingdom (that is excluding those in institutions such as residential homes for the elderly). Households were assigned different initial weights based on the non-response in the 1991 FES. These weights were derived from Census-linked data (see *Weighting the FES in Great Britain to compensate for non-response: an investigation using Census-linked data* by Kate Foster). The final household weights were produced using specialised software developed by INSEE, the French national statistics institute. The control variables used in the grossing system were the number of individuals by age (in five-year bands) and sex; and the number of individuals by region. The weights have not yet been revised to take account of results from the 2001 Census.

6. The EFS is designed primarily as a survey of expenditure on goods and services by households. It has been developed to gather information about the income of household members, and is an important and detailed source of income data. However, no information is collected that would enable a balance sheet of income and expenditure to be drawn up for a household over any particular period. Much expenditure relates to the two-week period after the interview, whereas many income components refer to a much longer period (for example, investment income over the previous 12 months). EFS income does not include proceeds from the sale of assets (for example, a car) or windfalls such as legacies. But recorded expenditure might reflect these items, as well as the effects of living off savings, using capital or borrowing money. Hence, there is no reason why income and expenditure should balance either for an individual household or even averaged over a group of households. Indeed, measured expenditure substantially exceeds measured income for the bottom half of the income distribution. Moreover, the difference between income and expenditure is not necessarily a measure of savings or dis-savings.

Unit of analysis

7. The basic unit of analysis used is the household, and not the family, individual or benefit unit. A household is defined in terms of the harmonised definition as used in the Census and nearly all other government household surveys since 1981. This is one person, or a group of persons, who have

the accommodation as their only or main residence and (for a group) share the living accommodation, that is a living or sitting room, or share meals together or have common housekeeping. Up until 1999/2000, the definition was based on the pre-1981 Census definition and required members to share eating and budgeting arrangements as well as shared living accommodation. The definition of a household comprised people who lived at the same address and who shared common catering for at least one meal a day. The effect of the change was fairly small, but not negligible. Spending on many items, particularly on food, housing, fuel and light, is largely joint spending by the members of the household. Without further information or assumptions it is difficult to apportion indirect taxes between individuals or other subdivisions of households.

8. In classifying the households into various types, a **child** (that is, a dependent) is defined as:

- either aged under 16
- or aged 16, 17 or 18 not married, and receiving full-time non-advanced further education

Most of the 'extra' adults in households with at least three adults are sons or daughters of the head of household rather than retired people.

9. A **retired household** is defined as one where the combined income of retired members amounts to at least half the total gross income of the household, where a retired person is defined as anyone who describes themselves as 'retired', or anyone over minimum NI pension age describing themselves as 'unoccupied' or 'sick or injured but not intending to seek work'.

10. By no means all retired people are in retired households; about one in five households comprising three or more adults contains retired people, for example, and households comprising one retired and one non-retired adult are often classified as non-retired.

11. The sample households have been classified according to their compositions at the time of the interview. This classification is sensible for the vast majority of households, but it can be misleading for the very small number of cases where a spouse is absent from the household at the time of interview. The absent spouse may well be working away from home (for example, on an oil rig), or living separately – but contributing financially to the household's upkeep. These contributions would be picked up as part of the household's original income. Also, it is likely that some households will have changed their composition during the year.

12. Economically active people comprise persons aged 16 or over who, at the time of interview, were:

- employees at work
- employees temporarily away from work through illness, temporary lay-off, industrial action, etc.
- on government training schemes
- self-employed

- not in employment but who had sought work within the last four weeks, or were waiting to start a job already obtained

Income: redistributive stages

13. Stage one:

Original income *plus* cash benefits = Gross income.

Stage two:

Gross income *minus* income tax, employees' National Insurance contributions and council tax and Northern Ireland rates (see paragraph 24 below) = Disposable income.

Stage three:

Disposable income *minus* indirect taxes = Post-tax income.

Stage four:

Post-tax income *plus* 'benefits in kind' = Final income.

14. The starting point of the analysis is **original income**. This is the annualised income in cash of all members of the household before the deduction of taxes or the addition of any state benefits. It includes income from employment, self-employment, investment income, occupational pensions and annuities. The term 'annualised' rather than 'annual' is used advisedly. For instance, annualised income from a respondent's 'main job' is not current wage or salary multiplied up to an annual value; nor is it the sum of income from this source in the 12-month period prior to interview. Rather it is an estimate of such income expressed at an annual rate based on the respondent's assessment of his 'normal' wage or salary subject to his current employment status.

15. Furthermore, to avoid double counting and to make it consistent with the estimate of income from cash benefits (see paragraph 20), this annualised estimate has to be 'abated' for the number of weeks likely to be lost due to unemployment, sickness, etc. This figure is taken as the number of weeks so lost in the 12 months prior to interview. It should be noted that, regardless of whether the respondent is currently working or unemployed, the treatment is essentially the same, that is, normal gross wage or salary expressed at an annual rate abated as required.

16. In all of this, the crucial determining role of current employment status should also be noted. Thus, no employment income would be assigned to a respondent whose employment status had recently become retired or unoccupied even though he or she may have worked for most of the 12 months prior to interview.

17. About 98 per cent of original income comes from earnings, occupational pensions (including annuities) and investment income. The tiny proportion remaining comes from a variety of sources: trade union benefits, income of children under 16, private scholarships, earnings as a mail order agent or baby-sitter, regular allowance from a non-spouse, allowance from an absent spouse and the imputed

value of rent-free accommodation. Households living in rent-free dwellings are each assigned an imputed income. This is counted as employment income if the tenancy depends on the job.

18. In addition to salary, many employees receive as part of their income fringe benefits such as company cars, private medical insurance and beneficial loans. The company car benefit, together with the benefit from fuel for personal use, has been included in the analysis since 1990. This is by far the most important fringe benefit accounting for over two thirds of all taxable fringe benefits according to HM Revenue and Customs' (HMRC) statistics. The benefit is taken to be the taxable income in accordance with HMRC charges. The HMRC website contains more detailed information on taxable fringe benefits and their impact on individuals. Although for those earning below £8,500 per year the benefit is not taxable, benefit has been allocated to all those with a company car regardless of the level of earnings. The calculation of this benefit is based primarily on the car price as reported in the EFS. In any given year, the total amount of benefit will depend on the level of scale charges for tax purposes as well as the numbers and prices of vehicles in the EFS.

19. The benefit of subsidised loans from employers for house purchase has been allocated since the 1992 analysis. The benefit is taken to be the difference between the interest payments on such loans as reported in the EFS and the interest payments that would have been payable at the ruling market rate of interest.

20. The next stage of the analysis is to add cash benefits and tax credits to original income to obtain **gross income**. This is slightly different from the 'gross normal weekly income' used in the EFS report. Cash benefits and tax credits include:

Contributory:

Retirement pension, part of jobseeker's allowance, incapacity benefit, widows' benefits, and statutory maternity pay.

Non-contributory:

Income support, part of jobseeker's allowance, child benefit, housing benefit (council tax benefit and rates rebates are treated as deductions from council tax and Northern Ireland rates), invalid care allowance, attendance allowance, disability living allowance, war pensions, severe disablement allowance, industrial injury disablement benefits, child tax credit (CTC) and working tax credit (WTC), old persons pension, Christmas bonus for pensioners, government training scheme allowances, educational support (largely student maintenance awards) and winter fuel payments.

21. Statutory maternity pay is classified as a cash benefit even though it is paid through the employer.

22. CTC and WTC are more complicated. They are classified as negative income tax, but only to the extent that income tax *less* tax credits, remains greater than or equal to zero for each family. So for households paying relatively little or no income tax, tax credit payments are regarded either partially or wholly, as cash benefits.

23. Income from short-term benefits is taken as the product of the last weekly payment and the number of weeks the benefit was received in the 12 months prior to interview. Income from long-term benefits, and from housing benefits, is based on current rates.

24. Income tax, council tax and Northern Ireland rates, and employees' and self-employed contributions to National Insurance and National Health services are then deducted to give **disposable income**. Taxes on capital, such as capital gains tax and inheritance tax, are not included in these deductions because there is no clear conceptual basis for doing so, and the relevant data are not available from the EFS.

25. Income tax is shown after the deduction of those tax credit payments which are regarded as negative income tax.

26. The figures for council tax and Northern Ireland rates include council tax (for households in Great Britain), and domestic rates (for households in Northern Ireland). Council tax is shown after discounts to reduce or remove the personal element of the tax (for example, the discount of 25 per cent for single person households). All council tax and Northern Ireland rates are shown after the deduction of council tax benefit and rate rebates. This is in line with National Accounts which treats such rebates as revenue foregone. Up to and including 1995/96, these rebates were included as part of housing benefits.

27. Up until 2001/02, the figures for local taxes included council tax, Northern Ireland rates and charges made by water authorities for water, environmental and sewerage services. From 2002/03, charges made by water authorities were treated as charges for a service rather than a tax, so the figures for council tax and Northern Ireland rates from 2002/03 onwards are not strictly comparable with those for local taxes up to 2001/02.

28. The tax estimates are based on the amount deducted from the last payments of employment income and pensions, and on the amount paid in the last 12 months in respect of income from self-employment, interest, dividends and rent. The income tax payments recorded will therefore take account of a household's tax allowances, with the exception of tax credits and life assurance premium relief. Where households are eligible for either of these reliefs, deductions are made from recorded income tax payments.

29. The next step is to deduct indirect taxes to give **post-tax income**. Indirect tax on final consumer goods and services include:

- Duties on alcoholic drinks, tobacco, petrol, oil, betting, etc.
- Value Added Tax (VAT)
- Customs (import) duties
- Motor vehicle duties
- Air passenger duty
- Insurance premium tax
- Driving licences

- Television licences
- Stamp duties
- Fossil fuel levy
- Camelot: payments to National Lottery Distribution Fund

30. Taxes levied on final goods and services are assumed to be fully incident on the consumer, and can be imputed from a household's EFS expenditure record. For example, the amount of VAT that is paid by the household is calculated from the household's total expenditure on goods and services subject to VAT.

31. VAT affects the prices of second-hand cars and is therefore assumed to be incident on the purchasers of such cars as well as on the purchasers of new cars. In allocating taxes, expenditure recorded in the EFS on alcoholic drink, tobacco, ice cream, soft drinks and confectionery are grossed up to allow for the known under-recording of these items in the sample. The true expenditure in each case is assumed to be proportional to the recorded expenditure. This approach has its drawbacks because there is some evidence to suggest that heavy drinkers, for example, are under-represented in the EFS.

32. The incidence of stamp duty on house purchase on an owner-occupying household has been taken as the product of the hypothetical duty payable on buying their current dwelling (estimated from valuations given in the EFS) and the probability of a household of that type moving in a given year (estimated from the General Household Survey).

33. Indirect taxes on intermediate goods and services include:

- Rates on commercial and industrial property
- Motor vehicle duties
- Duties on hydrocarbon oils
- Employers' contributions to National Insurance, the National Health Service, the Industrial Injuries Fund and the redundancy payments scheme
- Customs (import) duties
- Stamp duties
- VAT
- Independent Television Commission franchise payments
- Landfill tax
- Consumer Credit Act fees

34. These are taxes that fall on goods and services purchased by industry. Only the elements attributable to the production of subsequent goods and services for final consumption by the UK personal sector are allocated in the analysis, being assumed to be fully shifted to the consumer. Their allocations between different categories of consumers' expenditure are based on the relation between intermediate production and final consumption using estimated input-output techniques. This process is not an exact science, and many assumptions have to be made. Some analyses, for example, that by Dilnot,

Kay and Keen *Allocating Taxes to Households: A Methodology*, suggest that the taxes could be progressive rather than regressive if one were to use different incidence assumptions.

35. For Tables 3 and 9 of the main analysis, we have constructed a measure of expenditure on goods and services from data from the EFS. Indirect taxes are shown as a proportion both of disposable income and of expenditure. One drawback of comparing the incidence of indirect taxes on households at different levels of income is that, by whatever measure used, on average, recorded expenditure exceeds income apparently available for it by significant amounts at the bottom of the distribution. Thus, it has been argued that for many households, where, for instance, income fluctuates widely or where it is difficult to measure accurately, a measure based on regular household outgoings would be a far better indicator of resources available to the household and therefore give a better picture of the incidence of indirect taxes.

36. This measure of expenditure has been customised to be analogous to the definition of disposable income used in the analysis in order to facilitate these comparisons. For instance, because the imputed benefit of company cars and beneficial loans will have boosted the figure for disposable income these items have had to be added to this expenditure measure. Expenditure on alcohol, tobacco and confectionery have been grossed up for under-recording in line with the treatment of the indirect taxes on these items. Payments deemed to be made out of income such as superannuation, regular savings, mortgage repayments, etc. have been included and adjusted where necessary but not items such as lump sum capital payments in line with the exclusion of capital gains and windfalls from income.

37. Finally, we add those notional benefits in kind provided to households by government for which there is a reasonable basis for allocation to households, to obtain **final income**. The benefits in kind allocated are:

- State education
- School meals and welfare milk
- National Health Service
- Housing subsidy
- Railway travel subsidy
- Bus travel subsidy (including concessionary fares schemes)

38. Education benefit is estimated from information provided by the Department for Education and Skills of the cost per pupil or student in special schools, primary and secondary schools, universities, and other further education establishments. The value of the benefits attributed to a household depends on the number of people in the household recorded in the EFS as receiving each kind of state education (students away from the household are excluded). No benefit is allocated for pupils attending private schools.

39. The value of school meals and other welfare foods is based on their costs to the public authorities.

40. Data are available on the average cost to the Exchequer of providing the various types of health care - hospital inpatient/outpatient care, GP consultations, dental services, etc. Each individual in the EFS is allocated a benefit from the National Health Service according to the estimated average use made of these various types of health service by people of the same age and sex, and according to the total cost of providing those services. The benefit from maternity services is assigned separately to those households containing children under the age of 12 months. No allowance is made for the use of private health care services.

41. In this analysis, public sector tenants are defined to include the tenants of local authorities, Scottish Homes, Northern Ireland Housing Executive (NIHE), housing associations and Registered Social Landlords. The total housing subsidy includes the contribution from central government to the housing revenue accounts of local authorities, and grants paid to Scottish Homes, the NIHE, housing associations and Registered Social Landlords. Within Greater London, the rest of England, Wales, Scotland and Northern Ireland each public sector tenant has been allocated a share of the region's total relevant subsidy based on the council tax band of the dwelling. Housing subsidy does not include, rent rebates and allowances or local tax rebates.

42. The rail travel subsidies allocated are the support payments made to the train operating companies. The subsidy to London and South East services is allocated to households living in the area and subsidies to other services to households living outside the South East, in proportion to households' expenditure on rail fares as recorded in the EFS. In making these allocations, allowances are made for the use of rail travel by the business sector, tourists and the institutional part of the personal sector.

43. In this analysis, bus travel subsidy covers both the cost of concessionary travel schemes for senior citizens and others, and subsidies to operators. Separate allocations are made for Greater London, the other metropolitan areas and the rest of the United Kingdom. The subsidy is divided between households according to recorded expenditure on bus travel and the types of concessionary passes held.

44. We must emphasise that the analysis provides only a rough guide to the kinds of household which benefit from government expenditure, and by how much, and to those which finance it. Apart from the fact that large parts of expenditure and receipts are not allocated, the criteria used both to allocate taxes and to value and apportion benefits to individual households could be regarded as too simplistic.

45. For example, the lack of data forces us to assume that the incidence of direct taxes falls on the individual from whose income the tax is deducted. This implies that the benefit of tax relief for a life assurance premium, for example, accrues directly to the taxpayer rather than to some other party, for instance, the seller of the policy. It also implies that the working population is not able to pass the cost of the direct tax back to employers through lower profits, or to consumers through higher prices.

46. In allocating indirect taxes we assume that the part of the tax falling on consumers' expenditure is borne by the households which buy the item or the service taxed, whereas in reality the incidence of the tax is spread by pricing policies and probably falls in varying proportions on the producers of a good or service, on their employees, on the buyer, and on the producers and consumers of other goods and services.

47. Another example is that we know only an estimate of the total financial cost of providing benefits such as education, and so we have to treat that cost as if it measured the benefit which accrues to recipients of the service. In fact, the value the recipients themselves place on the service may be very different to the cost of providing it. Moreover, there may be households in the community, other than the immediate beneficiaries, who receive a benefit indirectly from the general provision of the service.

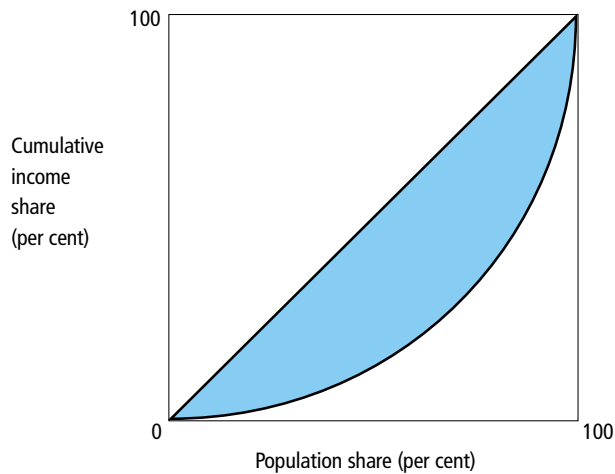
Equivalence scale

48. The equivalence scale used in this analysis is the *McClements scale* (**before** housing costs are deducted). The scales (separate ones for before and after housing costs) were developed by Dr L D McClements at the Department of Health and Social Security (DHSS) in the mid-seventies, based on expenditure data from the 1971 and 1972 FES. They were based on the assumption that it is possible to estimate equivalence scales from people's spending behaviour as recorded in the EFS without making any specific assumption about the criteria for equivalence. These scales are in regular use and an analysis by Banks and Johnson (*Children and Household Living Standards*, IFS, 1993) suggests that the scales are as valid as when they were developed. The scales are regarded as plausible and they are well within the range of equivalence scales developed at different times in a number of countries. Hence, their use is fully justified for broad statistical standardisation.

49. The equivalence values are given below:

Type of household member	Equivalence value
Married head of household	
(that is, a married or cohabiting couple)	1.00
1st additional adult	0.42
2nd (or more) additional adult	0.36 (per adult)
Single head of household (adult)	
1st additional adult	0.46
2nd additional adult	0.42
3rd (or more) additional adult	0.36 (per adult)
Child aged:	
16–18	0.36
13–15	0.27
11–12	0.25
8–10	0.23
5–7	0.21
2–4	0.18
Under 2	0.09

Figure 8
Lorenz curve for a typical income distribution



50. The values for each household member are added together to give the total equivalence number for that household. This number is then divided into the disposable income for that household to give **equivalised disposable income**. For example, a household has a married couple with two children (aged six and nine) plus one adult lodger. The household's equivalence number is $1.0 + 0.21 + 0.23 + 0.42 = 1.86$. The household's disposable income is £20,000, and so its equivalised disposable income is £10,753 ($=£20,000/1.86$).

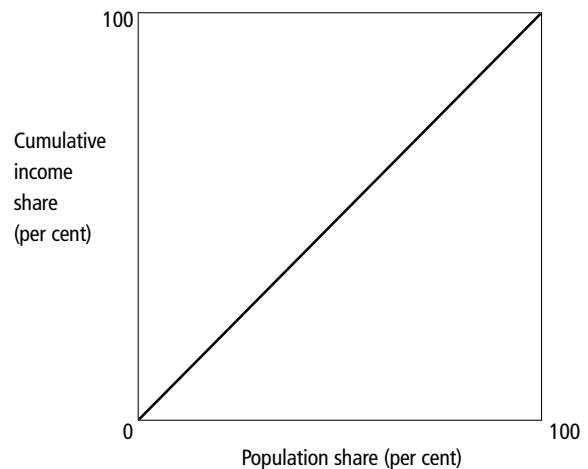
51. This quantity is used to produce the single ranking used in all the tables in this analysis (apart from the Gini coefficients which have to be ranked afresh for each different definition of income).

52. It is important to note that most monetary values shown in the analysis are ordinary (that is, un-equivalised) £ per year, not equivalised £ per year. Where equivalised values do appear (for example, the quintile points in Table 16A of Appendix 1), they are shown in *italics*.

Gini coefficient

53. The Gini coefficient is the most widely used summary measure of the degree of inequality in an income distribution. It can more easily be understood by considering a Lorenz curve of the income distribution, (see Figure 8) that is, a graph of the cumulative income share against the cumulative share of households. The curve representing complete equality of income is thus a diagonal line while complete inequality (with only one recipient of income) is represented by a curve comprising the horizontal axis and the right-hand vertical axis (see Figure 9). The area between the Lorenz curve and the diagonal line of complete equality, as a proportion of the triangular area between the curves of complete equality and inequality, gives the value of the Gini coefficient. Thus, a distribution of perfectly equal incomes has a Gini coefficient of zero; as inequality increases (and the Lorenz curve bellies out), so does the Gini coefficient until, with complete inequality, it reaches its maximum value of 1 (or 100 per cent).

Figure 9
Complete income equality



54. To calculate the Gini coefficient for an income distribution, the first step is to rank that distribution in ascending order. All the Gini coefficients shown in this analysis are based on distributions of equivalised income for example, the coefficient for original income is calculated after dividing the original income for all the households by their appropriate equivalence values.

55. Strictly speaking, one could argue that the equivalence scales used here are only applicable to disposable income because this is the only income measure relating directly to spending power. Since the scales are often applied, in practice, to other income measures, we are content to use them to equalise original, gross and post-tax income for the purpose of producing Gini coefficients (and in the tables giving percentage shares of total income). However, we do not think it is appropriate to equalise the final income measure because this contains notional income from benefits in kind (for example, state education): the equivalence scales used in this analysis are based on actual household spending and do not, therefore, apply to such items as notional income.

Impact of population weighting

56. The survey results have been re-weighted and grossed so that the population totals reflect the whole household population, a process described as population weighting. Different weights are applied to different types of households in order to correct for over and under-representation of these groups in the responding sample of the EFS. Population weighting raises the quality of the estimates by making the population more representative and by improving the allocation of national accounts aggregates to individual households. Estimates based on the population-weighted data set are different from estimates based on the sample. Indeed, if they were not, there would be little point in the weighting. The effect of weighting on some of the major variables used in the analysis was given in the 1997/98 analysis. More detail about the effect of weighting can be obtained from the ONS on request.

Sampling errors and reliability

57. As the EFS is a sample survey, data from it will differ in varying degrees from those of all households in the UK. The degree of difference will depend on how widely particular categories of income and expenditure vary between households. This 'sampling error' is smallest in relation to large groups of households and measures that do not vary greatly between households. Conversely, it is largest for small groups of households, and for measures that vary considerably between households. A broad numerical measure of the amount of variability is provided by the quantity known as the standard error.

58. To give some idea of sampling variability, the percentage standard error for average gross household income for all households is approximately 1.1 per cent, which implies a 95 per cent confidence interval of ± 2.2 per cent.

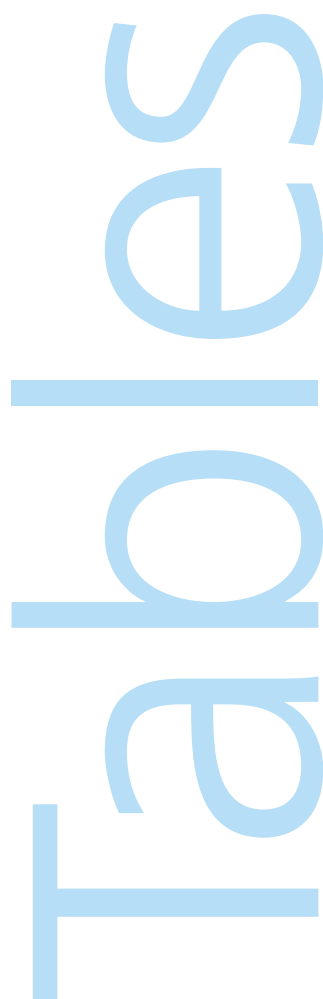
59. There will be greater sampling variability associated with estimates for decile and quintile groups, and for particular household types mainly because the sample sizes are smaller. For quintile groups of given household types, the sample sizes are of course smaller still, which will increase sampling variability further.

60. Aside from sampling error, recording household income through a survey is not easy, particularly where the complexities of the tax and benefit system are concerned. Consequently there will also be a significant amount of non-sampling error attached to some estimates.

Previous analyses

61. This analysis is the latest in an annual series covering the years from 1957 onwards. From 1987 onwards, the analyses have used a very different methodology, in particular households are ranked by their equivalised disposable income. Hence, the results are completely incompatible with earlier years. Last year the analysis was published on the internet in July, and in the July 2005 edition of *Economic Trends*. A list of the previous articles was included in the article published in March 1997.

62. The results in all analyses are intended to be free standing: they were not designed for direct comparison with other years except where some limited comparisons were made in them. Such comparisons are difficult because of changes in definitions. However, some broader measures like the Gini coefficients are relatively robust and will stand comparison with other years: this year's analysis gives such a comparison for the years 1980 to 2004/05.



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Notes to tables

Identification codes

The four-letter identification code at the top of each data column is the ONS reference for this series of data on our database. Please quote the relevant code if you contact us requiring any further information about the data.

Currency of data

All data in the tables and accompanying charts are current, as far as possible, to 5 May 2006.

Some data, particularly for the latest time period, are provisional and may be subject to revision in later editions.

Geographic coverage

Statistics relate mainly to the United Kingdom. Where figures are for Great Britain only, this is shown on the table.

Seasonal adjustments

Almost all quarterly data are seasonally adjusted; those not seasonally adjusted are indicated by the abbreviation NSA.

Money

There is no single correct definition of money. The most widely used measures are:

M0

This is the narrowest measure and consists of notes and coins in circulation outside the Bank of England and bankers' operational deposits at the Bank.

M4

This comprises notes and coin in circulation with the public, together with all sterling deposits (including certificates of deposit) held with UK banks and building societies by the rest of the private sector.

The Bank of England also publish data for liquid assets outside M4.

Conventions

Rounding may lead to inconsistencies between the constituent parts and the total in some tables.

A horizontal line between two consecutive figures indicates that the figures above and below the line have been compiled on different bases and are not strictly comparable. Footnotes explain the differences.

Billion denotes one thousand million.

Symbols used

- .. not available
- nil or less than half the final digit shown
- + a series for which measures of variability are given on page 177
- † data have been revised since the last edition; the period marked is the earliest in the table to have been revised
- * average (or total) of five weeks

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Users can download time series, cross-sectional data and metadata from across the Government Statistical Service (GSS), using the site search and index functions from the homepage. Many datasets can be downloaded, in whole or in part, and directory information for all GSS statistical resources can be consulted, including censuses, surveys, journals and enquiry services. Information is posted as PDF electronic documents, or in XLS and CSV formats, compatible with most spreadsheet packages.

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The time series data facility on the website provide access to around 40,000 time series, of primarily macro-economic data, drawn from the main tables in our major economic and labour market publications. Users can download complete releases or view and download customised selections of individual time series.

Complete copies of *Economic Trends* can be downloaded from the following webpage:

<http://www.statistics.gov.uk/statbase/product.asp?vlnk=308>

1.1 Selected monthly indicators¹

Seasonally adjusted unless otherwise stated

		2004	2005	2005 Q2	2005 Q3	2005 Q4	2006 Q1	2005 Sep	2005 Oct	2005 Nov	2005 Dec	2006 Jan	2006 Feb	2006 Mar
Output - chained volume measures (CVM) (2002 = 100 unless otherwise stated)														
Gross value added at basic prices (2.1, 2.8)	CGCE	105.5	107.4	107.1	107.6	108.2	..	..	..	..	..	..	..	..
Industrial production (2.8, 5.1)	CKYW	100.1	98.2	98.7	98.0	97.2	97.9	98.0	96.6	97.3	97.7	98.0 [†]	97.8	..
Oil and gas extraction (5.1)	CKZO	85.9	77.6	81.2	74.0	74.3	..	76.2	74.4	73.8	74.6	77.2 [†]	76.6	..
Manufacturing (2.8, 5.1)	CKYY	101.8	100.7	100.7	101.0	99.8	100.3	100.5	99.4	99.8	100.3	100.4 [†]	100.2	..
Construction (2.8)	GDQB	108.7	109.9	110.0	109.9	110.1	110.9	..	..	..	..	..	..	..
Car production (thousands) (5.3)	FFAO	137.2	134.0	131.7	138.9	126.8	124.3	136.0	125.1	130.7	124.6	121.1 [†]	124.7	127.1
Domestic demand														
Retail sales volume (2000 = 100) (5.8)	EAPS	123.2	125.7 [†]	125.3 [†]	125.7	127.7	126.9	126.2 [†]	126.7	127.8	128.5	126.3	126.7	127.5
GB new registrations of cars ('000s) ² (5.8)	BCGT	2 598.8	2 443.3	594.4	677.1	473.9	..	417.6	153.9	160.8	159.2	154.0	74.8	..
Manufacturing: change in inventories (£m CVM, reference year 2002) (5.6)	DHBM	-873	740	-160	-109	509	..	..	..	..	..	..	..	..
Prices (12 monthly % change) and earnings (3 month average)														
Consumer prices index ² (3.1)	D7G7	1.3	2.1	2.0	2.4	2.1	1.9	2.5	2.3	2.1	1.9	1.9	2.0	1.8
Retail prices index ² (3.1)	CZBH	3.0	2.8	3.0	2.8	2.4	2.4	2.7	2.5	2.4	2.2	2.4	2.4	2.4
Retail prices index ² (less MIPS) ³ (3.1)	CDKQ	2.2	2.3	2.2	2.4	2.3	2.2	2.5	2.4	2.3	2.0	2.3	2.3	2.1
Producer output prices (less FBTP) ⁴	EUAA	1.9	2.1	2.4	2.2	1.5 [†]	1.8	2.1	1.4	1.3	1.8	1.7	1.8	1.9
Producer input prices ⁵	EUAB	3.9	11.8 [†]	9.9	12.9 [†]	13.6	14.3	10.9	9.3	13.7	18.1	15.0	15.0	13.2
GB average earnings - whole economy ⁶ (4.6)	LNNC	..	..	4.1	4.1	3.6 [†]	..	4.1	3.6	3.4	3.6 [†]	3.6	4.2	..
Foreign trade⁷ (2002 = 100 volumes unless otherwise stated)														
UK balance on trade in goods (£ million) (2.13)	BOKI	-60 470	-65 631	-15 534	-17 155	-17 250	..	-5 746	-5 089	-6 058	-6 103	-6 538 [†]	-6 478	..
Non-EU balance on trade in goods (£ million)	LGDT	-29 631	-30 939	-6 790	-8 042	-8 483	..	-2 550	-2 308	-2 940	-3 235	-3 703 [†]	-3 356	..
Non-EU exports of goods (excl oil & erratics)	SHDJ	113.2	129.0	130.5	133.0	136.3	..	140.8	137.9	134.6	136.4	134.8 [†]	140.4	..
Non-EU imports of goods (excl oil & erratics)	SHED	116.4	121.0	122.1	120.4	124.3	..	122.4	119.5	122.5	131.0	124.4 [†]	132.3	..
Non-EU imports price index (excl oil)	LKWQ	94.7	98.2	97.1	99.2	100.6	..	98.6	100.1	101.1	100.6	100.7 [†]	101.4	..
Non-EU exports price index (excl oil)	LKVX	96.4	97.0	97.6	98.3	99.2	..	98.0	99.0	99.2	99.3	99.4 [†]	100.0	..
Labour market and productivity (2002 = 100 unless otherwise stated)														
UK claimant unemployment (thousands) (4.4)	BCJD	853.5 [†]	861.8	852.2 [†]	871.6	900.1	922.6	879.3 [†]	891.2	901.3	907.9	905.1	925.0	937.6
UK employees in manufacturing (thousands) (4.4)	YEJA	3 255	3 132	3 132	3 106	3 080	..	3 106	3 093	3 086	3 080	3 065	3 058	..
Whole economy productivity ⁸ (4.7)	LNNN	103.8	104.7	104.5	104.6	105.3	..	..	..	..	..	..	..	..
Manufacturing productivity ⁸ (4.7)	LNNX	110.9	113.6	113.4	114.6	113.9	..	114.1	113.3	113.8	114.5	115.4 [†]	115.5	..
Unit wage costs - whole economy (4.7)	LNNK	103.6	106.5	106.3	106.7	107.2	..	..	..	..	..	..	..	..
Unit wage costs - manufacturing (4.7)	LNNQ	96.8	97.9	97.0	97.6	99.5 [†]	..	98.6	99.6	99.4	99.3	99.1 [†]	99.6	..
Financial markets²														
Sterling ERI (1990=100) (6.1)	AGBG	104.1	103.3	104.3	102.9	103.2	102.5	103.9	103.1	103.2	103.3	102.7	102.8	102.1
Average exchange rate /US \$ (6.1)	AUSS	1.8320 [†]	1.8197	1.8559 [†]	1.7844	1.7481	1.7528	1.8081 [†]	1.7640	1.7341	1.7462	1.7678	1.7470	1.7435
Average exchange rate /Euro ⁹ (6.1)	THAP	1.4739 [†]	1.4629	1.4744 [†]	1.4635	1.4706	1.4570	1.4761 [†]	1.4674	1.4719	1.4725	1.4582	1.4637	1.4500
3 month inter-bank rate ¹⁰ (6.8)	HSAJ	4.81	4.57	4.69	4.52	4.57	4.54	4.52	4.54	4.55	4.57	4.52	4.51	4.54
3 month US Treasury bills rate ¹¹ (6.8)	LUST	2.18	3.92	3.06	3.47	3.92	4.50	3.47	3.89	3.86	3.92	4.37	4.51	4.50
Monetary conditions/government finances														
M0 (year on year percentage growth) (6.2)	VQMX	6.0	5.1	4.3	5.4	5.2 [†]	..	5.4	5.3	5.5	4.7 [†]	6.6	6.2	..
M4 (year on year percentage growth) (6.2)	VQJW	8.6	11.4 [†]	10.5 [†]	11.6	12.8	..	11.4 [†]	11.7	12.2	12.8	12.2	12.2	..
Public sector net borrowing (£ million) ² (6.5)	-ANNX	38 397 [†]	42 281	15 832 [†]	7 462	18 037	-3 513	5 422 [†]	-411	10 209	8 239	-13 029	2 559	6 957
Net lending to consumers (£ million)(broader) (5.8)	RLMH	22 995 [†]	17 036	4 495 [†]	3 488	3 139	2 473	1 192 [†]	1 240	819	1 152	1 222	1 201	281

		2005	2005	2005	2005	2005	2005	2005	2005	2005	2006	2006	2006	2006
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Activity and expectations														
CBI output expectations balance ²	ETCU	5	-1	-5	6	3	6	2	-4	-4	1	10	13	12
CBI optimism balance ²	ETBV	-15	..	..	-16	..	..	-21	..	..	-14	..	..	..
CBI price expectations balance	ETDQ	3	-3	-5	-9	-7	-6	-3	-1	-1	5	..	9 [†]	9
New engineering orders (2000 = 100) (5.2)	JIQH	76.6	79.8	79.2	77.8	86.5	79.5	77.4	77.6	77.8	73.5 [†]	84.3	..	..

1 Numbers in brackets after series' titles refer to tables in which they appear.

2 Not seasonally adjusted.

3 MIPS: mortgage interest payments.

4 FBTP: food, beverages, tobacco and petroleum.

5 Includes the climate change levy introduced in April 2001, and the aggregates levy introduced in April 2002.

6 The three-month average is the percentage change in the average seasonally adjusted indices for the latest three months compared with the same period a year earlier.

7 All non-EU figures exclude Austria, Finland and Sweden.

8 Output per filled job.

9 Before January 1999, a synthetic Euro has been calculated by geometrically averaging the bilateral exchange rate of the 11 Euro-area countries using "internal weights" based on each country's share of the extra Euro-area trade.

10 Last Friday of the period.

11 Last working day.

2.1 National accounts aggregates

	£ million		Indices (2002 = 100)						
	At current prices		Value indices at current prices		Chained volume indices		Implied deflators ³		
	Gross domestic product at market prices	Gross value added at basic prices	Gross domestic product at market prices ¹	Gross value added at basic prices	Gross domestic product at market prices	Gross value added at basic prices+	Gross national disposable income at market prices ²	Gross domestic product at market prices	Gross value added at basic prices
	YBHA	ABML	YBEU	YBEX	YBEZ	CGCE	YBFP	YBGB	CGBV
2001	996 758	883 412	95.1	94.9	98.0	98.3	96.4	97.0	96.5
2002	1 048 456	930 796	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2003	1 105 919	981 732	105.5	105.5	102.5	102.5	102.6	102.9	102.9
2004	1 164 541	1 033 169	111.1	111.0	105.7	105.5	105.9	105.1	105.2
2005	1 209 334	1 072 806	115.3	115.3	107.7	107.4	107.1	107.1	107.3
2001 Q1	245 674	217 424	93.7	93.4	97.5	97.9	95.7	96.2	95.4
Q2	248 157	219 709	94.7	94.4	97.8	98.2	96.0	96.8	96.1
Q3	249 239	221 127	95.1	95.0	98.2	98.4	96.9	96.9	96.5
Q4	253 688	225 152	96.8	96.8	98.7	98.8	97.1	98.1	97.9
2002 Q1	257 004	227 916	98.1	97.9	99.2	99.3	98.5	98.9	98.7
Q2	261 090	232 002	99.6	99.7	99.7	99.7	99.0	99.9	100.0
Q3	264 065	234 484	100.7	100.8	100.4	100.3	101.1	100.4	100.4
Q4	266 297	236 394	101.6	101.6	100.7	100.7	101.4	100.9	100.9
2003 Q1	270 583	240 537	103.2	103.4	101.4	101.4	102.3	101.8	102.0
Q2	274 053	243 452	104.6	104.6	101.9	101.8	101.6	102.6	102.7
Q3	278 966	247 512	106.4	106.4	102.9	102.9	102.8	103.4	103.4
Q4	282 317	250 231	107.7	107.5	103.9	103.9	103.9	103.7	103.5
2004 Q1	285 240	252 538	108.8	108.5	104.8	104.7	104.6	103.9	103.7
Q2	289 636	256 662	110.5	110.3	105.6	105.4	105.9	104.6	104.6
Q3	292 237	259 596	111.5	111.6	105.9	105.7	105.5	105.3	105.6
Q4	297 428	264 373	113.5	113.6	106.6	106.3	107.6	106.5	106.9
2005 Q1	297 471	264 129	113.5	113.5	106.8	106.6	106.7	106.3	106.5
Q2	300 888	266 958	114.8	114.7	107.4	107.1	108.1	106.9	107.1
Q3	303 042	268 409	115.6	115.3	107.9	107.6	106.6	107.1	107.2
Q4	307 933	273 310	117.5	117.5	108.5	108.2	107.0	108.2	108.5
2006 Q1	..	..	..	..	109.2	..	..	..	..
Percentage change, quarter on corresponding quarter of previous year ⁴									
2001 Q1	4.6	4.9	4.6	4.9	2.6	2.6	2.7	1.9	2.2
Q2	5.0	5.5	5.0	5.5	2.4	2.2	3.0	2.6	3.3
Q3	4.1	4.6	4.1	4.6	1.9	1.5	2.7	2.1	3.0
Q4	4.5	4.9	4.5	4.9	2.0	1.6	4.0	2.4	3.3
2002 Q1	4.6	4.8	4.6	4.8	1.8	1.4	3.0	2.8	3.4
Q2	5.2	5.6	5.2	5.6	1.9	1.5	3.1	3.2	4.0
Q3	5.9	6.0	5.9	6.0	2.2	1.9	4.3	3.6	4.0
Q4	5.0	5.0	5.0	5.0	2.1	1.9	4.4	2.8	3.0
2003 Q1	5.3	5.5	5.3	5.5	2.2	2.1	3.9	3.0	3.3
Q2	5.0	4.9	5.0	4.9	2.2	2.2	2.6	2.7	2.7
Q3	5.6	5.6	5.6	5.6	2.6	2.5	1.7	3.0	2.9
Q4	6.0	5.9	6.0	5.9	3.1	3.1	2.4	2.8	2.6
2004 Q1	5.4	5.0	5.4	5.0	3.4	3.2	2.3	2.0	1.7
Q2	5.7	5.4	5.7	5.4	3.6	3.5	4.2	2.0	1.9
Q3	4.8	4.9	4.8	4.9	2.9	2.7	2.6	1.8	2.1
Q4	5.4	5.7	5.4	5.7	2.6	2.3	3.6	2.7	3.2
2005 Q1	4.3	4.6	4.3	4.6	1.9	1.9	2.0	2.3	2.7
Q2	3.9	4.0	3.9	4.0	1.7	1.7	2.1	2.2	2.3
Q3	3.7	3.4	3.7	3.4	1.9	1.8	1.1	1.8	1.5
Q4	3.5	3.4	3.5	3.4	1.8	1.8	-0.6	1.7	1.5
2006 Q1	..	..	..	..	2.2	2.1	..	..	..

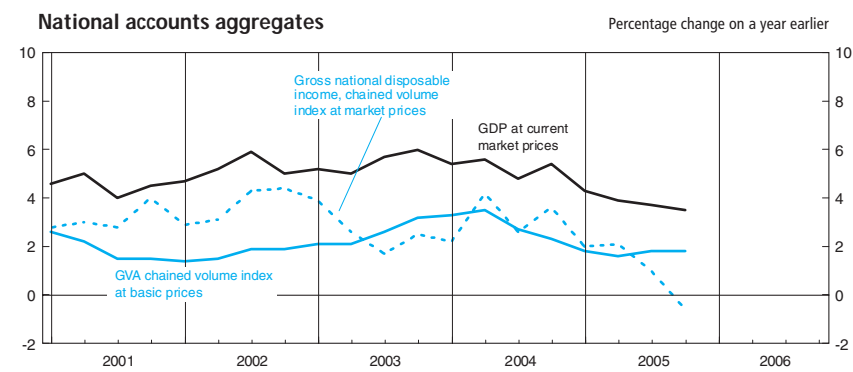
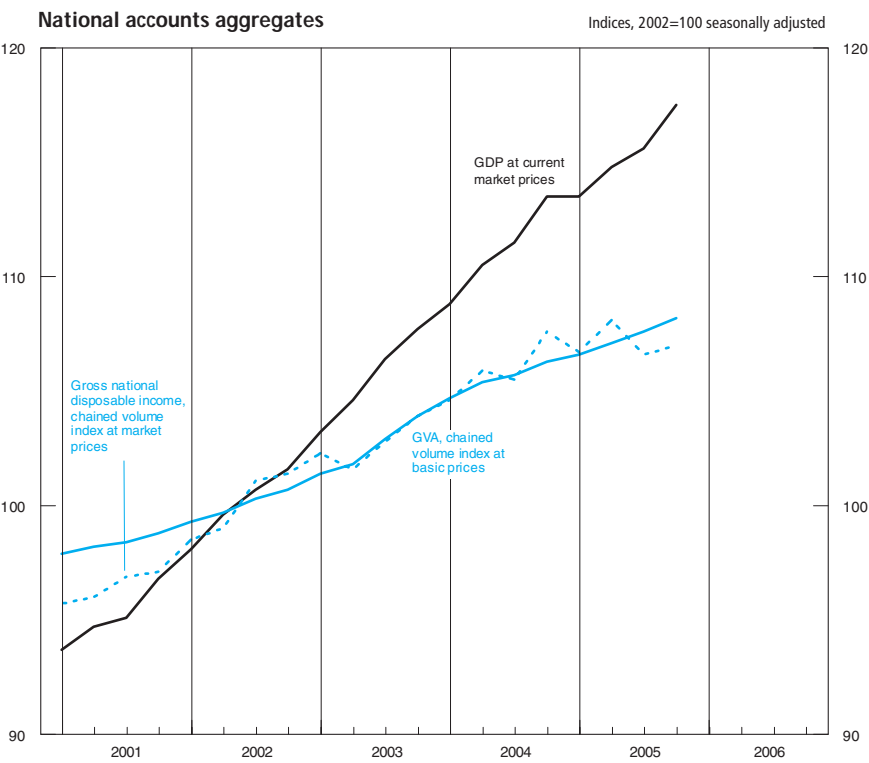
1 "Money GDP".

2 This series is only updated once a quarter, in line with the full quarterly national accounts dataset.

3 Based on chained volume measures and current price estimates of expenditure components of GDP.

4 For index number series, these are derived from less rounded figures than those shown in the table.

Source: Office for National Statistics; Enquiries: 020 7533 6031



2.2 Gross domestic product: by category of expenditure

Chained volume measures¹

Reference year 2002, £ million

	Domestic expenditure on goods and services at market prices											
	Final consumption expenditure			Gross capital formation				Exports of goods and services+	Gross final expenditure	Imports of goods and services+	Statistical discrepancy (expenditure)	Gross domestic product at market prices
	Households	Non-profit institutions ²	General government	Gross fixed capital formation+	Changes in inventories ³	Acquisitions less disposals of valuables	Total					
	ABJR	HAYO	NMRY	NPQT	CAFU	NPJR	YBIM	IKBK	ABMG	IKBL	GIXS	ABMI
2001	644 895	25 247	201 996	167 563	6 196	373	1 046 424	274 274	1 320 810	293 213	–	1 027 905
2002	667 361	25 998	210 967	172 558	2 909	214	1 080 007	274 945	1 354 952	306 496	–	1 048 456
2003	684 841	26 229	220 449	172 573	4 602	–6	1 108 689	278 159	1 386 848	311 990	–	1 074 858
2004	709 388	26 699	227 228	181 344	5 933	–11	1 150 582	290 887	1 441 469	332 945	–60	1 108 464
2005	721 791	27 028	233 815	187 193	2 368	–314	1 171 882	307 245	1 479 127	350 597	150	1 128 680
2001 Q1	159 089	6 402	50 036	42 007	1 040	–18	258 590	70 148	328 833	73 449	–	255 459
Q2	160 258	6 323	49 827	42 160	1 375	210	260 275	69 408	329 749	73 368	–	256 450
Q3	162 141	6 280	50 701	42 249	1 662	38	263 114	67 325	330 410	73 187	–	257 301
Q4	163 407	6 242	51 432	41 147	2 119	143	264 445	67 393	331 818	73 209	–	258 695
2002 Q1	165 301	6 321	52 654	41 651	1 177	74	267 140	67 640	334 760	74 838	–	259 971
Q2	166 424	6 425	52 249	42 936	394	56	268 495	70 380	338 897	77 479	–	261 381
Q3	167 273	6 587	52 864	43 562	480	70	270 855	69 894	340 768	77 678	–	263 060
Q4	168 363	6 665	53 200	44 409	858	14	273 517	67 031	340 527	76 501	–	264 044
2003 Q1	169 079	6 557	53 929	43 232	103	–	272 901	71 403	344 304	78 620	–	265 684
Q2	171 108	6 553	54 618	42 843	–387	102	274 837	68 719	343 556	76 406	–	267 150
Q3	171 946	6 564	55 464	42 459	2 339	–60	278 712	68 495	347 207	77 429	–	269 778
Q4	172 708	6 555	56 438	44 039	2 547	–48	282 239	69 542	351 781	79 535	–	272 246
2004 Q1	174 644	6 659	56 540	44 394	1 054	117	283 407	71 839	355 246	80 588	–2	274 656
Q2	177 008	6 654	56 713	45 689	1 412	–81	287 395	72 283	359 678	82 878	–9	276 791
Q3	178 413	6 681	56 868	45 419	970	–86	288 265	73 062	361 327	83 673	–18	277 636
Q4	179 323	6 705	57 107	45 842	2 497	39	291 515	73 703	365 218	85 806	–31	279 381
2005 Q1	179 421	6 665	57 330	46 239	1 059	–145	290 569	74 011	364 581	84 703	52	279 930
Q2	179 750	6 700	58 048	46 225	838	90	291 651	76 704	368 355	86 987	39	281 407
Q3	180 641	6 771	58 872	47 488	877	–187	294 462	77 399	371 860	89 016	32	282 877
Q4	181 979	6 892	59 565	47 241	–406	–72	295 200	79 131	374 331	89 891	27	284 466
2006 Q1	..	..	..	..	..	..	..	..	..	..	..	286 173
Percentage change, quarter on corresponding quarter of previous year												
2001 Q1	2.1	4.1	1.9	4.9			2.7	9.4	4.1	9.6		2.6
Q2	2.8	0.8	–0.3	5.4			2.8	4.5	3.2	5.9		2.4
Q3	3.4	–1.8	1.5	2.8			2.8	0.5	2.3	3.5		1.9
Q4	4.3	–3.3	3.8	–3.3			2.9	–2.3	1.7	0.6		2.0
2002 Q1	3.9	–1.3	5.2	–0.8			3.3	–3.6	1.8	1.9		1.8
Q2	3.8	1.6	4.9	1.8			3.2	1.4	2.8	5.6		1.9
Q3	3.2	4.9	4.3	3.1			2.9	3.8	3.1	6.1		2.2
Q4	3.0	6.8	3.4	7.9			3.4	–0.5	2.6	4.5		2.1
2003 Q1	2.3	3.7	2.4	3.8			2.2	5.6	2.9	5.1		2.2
Q2	2.8	2.0	4.5	–0.2			2.4	–2.4	1.4	–1.4		2.2
Q3	2.8	–0.3	4.9	–2.5			2.9	–2.0	1.9	–0.3		2.6
Q4	2.6	–1.7	6.1	–0.8			3.2	3.7	3.3	4.0		3.1
2004 Q1	3.3	1.6	4.8	2.7			3.8	0.6	3.2	2.5		3.4
Q2	3.4	1.5	3.8	6.6			4.6	5.2	4.7	8.5		3.6
Q3	3.8	1.8	2.5	7.0			3.4	6.7	4.1	8.1		2.9
Q4	3.8	2.3	1.2	4.1			3.3	6.0	3.8	7.9		2.6
2005 Q1	2.7	0.1	1.4	4.2			2.5	3.0	2.6	5.1		1.9
Q2	1.5	0.7	2.4	1.2			1.5	6.1	2.4	5.0		1.7
Q3	1.2	1.3	3.5	4.6			2.1	5.9	2.9	6.4		1.9
Q4	1.5	2.8	4.3	3.1			1.3	7.4	2.5	4.8		1.8
2006 Q1	..	..	..	..			..	..	..	..		2.2

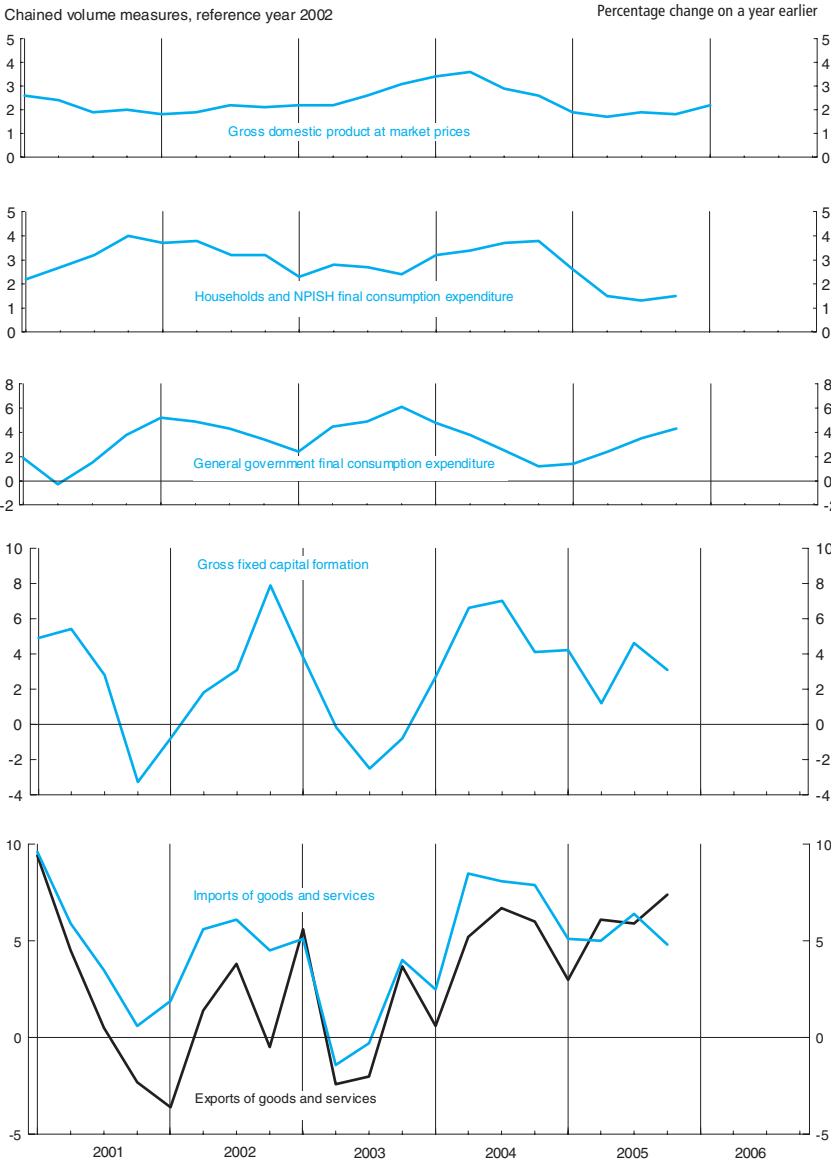
1 Although estimates are given to the nearest £ million, they cannot be regarded as accurate to this degree.

2 Non-profit making institutions serving households (NPISH).

3 This series includes a quarterly alignment adjustment.

Source: Office for National Statistics; Enquiries: 020 7533 6031

Gross domestic product: by category of expenditure



2.3 Gross domestic product and shares of income and expenditure

	Gross domestic product at market prices (£ million) ¹	Gross final expenditure (£ million)	Percentage share of gross final expenditure				Percentage share of GDP by category of income				
			Final consumption expenditure		Gross capital formation	Exports of goods and services	Gross operating surplus		Compensation of employees	Mixed income	Taxes on production and imports
			Household and NPISH	General government			Corporations ²	Other ³			
	YBHA	ABMF	IHXI	IHXJ	IHXK	IHXL	IHXM	IHXO	IHXP	IHXQ	IHXR
2002	1 048 456	1 354 952	51.2	15.6	13.0	20.3	21.7	3.0	56.1	6.3	12.9
2003	1 105 919	1 419 132	51.1	16.3	12.7	19.9	22.1	2.9	55.8	6.3	12.8
2004	1 164 541	1 497 531	50.8	16.5	13.1	19.6	22.5	2.7	55.7	6.3	12.8
2005	1 209 334	1 571 985	50.2	16.8	12.9	20.1	21.8	2.8	56.6	6.3	12.7
2002 Q1	257 004	332 338	51.4	15.4	12.8	20.4	21.8	2.8	56.0	6.3	13.0
Q2	261 090	339 079	50.9	15.4	12.8	20.9	21.2	3.7	56.1	6.3	12.8
Q3	264 065	341 177	51.0	15.6	13.0	20.4	21.9	2.8	56.1	6.3	12.8
Q4	266 297	342 358	51.4	15.8	13.3	19.4	21.8	2.7	56.3	6.3	12.8
2003 Q1	270 583	349 262	51.0	16.0	12.3	20.7	22.4	2.5	56.0	6.3	12.7
Q2	274 053	350 763	51.4	16.3	12.3	19.9	22.1	3.0	55.8	6.3	12.7
Q3	278 966	356 950	51.1	16.4	12.9	19.6	22.3	2.7	55.9	6.3	12.8
Q4	282 317	362 157	50.8	16.6	13.2	19.4	21.8	3.4	55.7	6.3	12.9
2004 Q1	285 240	364 811	51.1	16.5	12.8	19.6	21.8	3.0	55.9	6.3	13.0
Q2	289 636	372 064	50.9	16.4	13.3	19.5	22.8	2.5	55.6	6.3	12.9
Q3	292 237	376 389	50.8	16.5	13.0	19.7	22.5	2.9	55.7	6.3	12.7
Q4	297 428	384 267	50.4	16.5	13.3	19.8	23.1	2.4	55.7	6.2	12.6
2005 Q1	297 471	383 919	50.7	16.7	12.9	19.8	21.9	2.9	56.6	6.3	12.6
Q2	300 888	389 981	50.3	16.6	12.9	20.2	22.0	2.7	56.6	6.3	12.6
Q3	303 042	395 826	50.1	16.8	13.3	19.9	21.2	3.0	56.9	6.3	12.8
Q4	307 933	402 259	49.8	16.9	12.7	20.6	22.1	2.8	56.4	6.2	12.6

1 "Money GDP".

2 Non-financial and financial corporations.

3 Gross operating surplus of general government, and households and NPISH plus the adjustment for financial services.

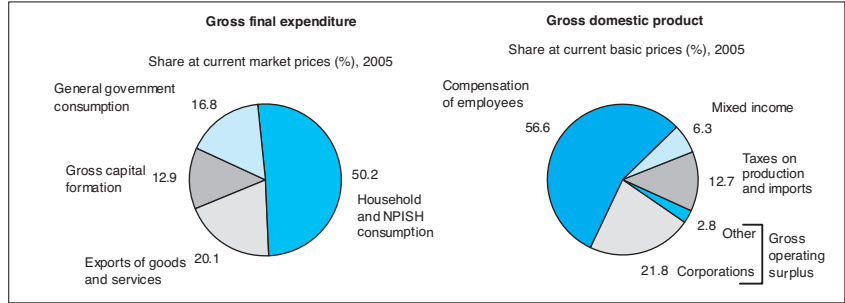
Source: Office for National Statistics; Enquiries: 020 7533 6031

2.4 Income, product and spending per head

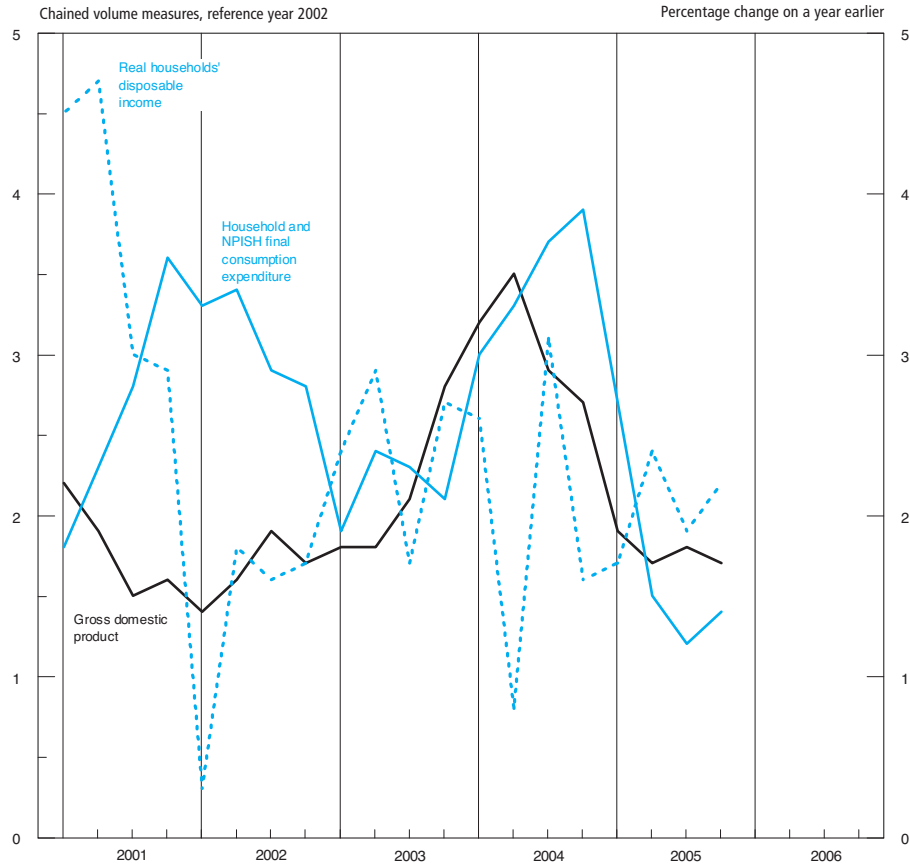
	At current prices				Chained volume measures (reference year 2002)		
	Gross national income at market prices	Gross domestic product at market prices	Household and NPISH final consumption expenditure	Households' gross disposable income	Gross domestic product at market prices	Household and NPISH final consumption expenditure	Real households' disposable income
	IHXS	IHXT	IHXU	IHXV	IHXW	IHXX	IHXZ
2002	18 041	17 674	11 687	11 971	17 675	11 688	11 971
2003	18 959	18 570	12 174	12 499	18 049	11 941	12 260
2004	19 973	19 548	12 770	12 926	18 606	12 355	12 506
2005	20 734	20 293	13 245	13 451	18 939	12 566	12 762
2002 Q1	4 409	4 338	2 886	2 945	4 389	2 897	2 956
Q2	4 468	4 404	2 911	2 994	4 409	2 915	2 999
Q3	4 564	4 450	2 929	3 006	4 433	2 930	3 006
Q4	4 600	4 482	2 961	3 026	4 444	2 946	3 010
2003 Q1	4 682	4 549	2 992	3 065	4 466	2 953	3 026
Q2	4 677	4 603	3 030	3 134	4 487	2 984	3 086
Q3	4 762	4 682	3 064	3 126	4 528	2 996	3 057
Q4	4 838	4 736	3 088	3 174	4 568	3 008	3 091
2004 Q1	4 883	4 786	3 130	3 194	4 608	3 042	3 104
Q2	4 973	4 860	3 177	3 206	4 645	3 082	3 110
Q3	4 987	4 906	3 213	3 258	4 661	3 107	3 151
Q4	5 130	4 996	3 250	3 268	4 692	3 124	3 141
2005 Q1	5 115	4 992	3 265	3 301	4 697	3 123	3 157
Q2	5 207	5 049	3 291	3 351	4 722	3 129	3 186
Q3	5 187	5 085	3 326	3 394	4 747	3 145	3 210
Q4	5 225	5 167	3 363	3 405	4 773	3 169	3 209

Source: Office for National Statistics; Enquiries: 020 7533 6031

Shares of income and expenditure



Income, product and spending per head



2.5 Households¹ disposable income and consumption

	£ million, current prices						£ million, chained volume measures (reference year 2002)			
	Households' income before tax		Gross households' disposable income ²	Adjustment for the change in net equity of households in pension funds	Total available households' resources	Households' final consumption expenditure	Households' saving ratio ³ (per cent)+	Real households' disposable income ⁴ +	Household final consumption expenditure+	Real households' disposable income (index 2002=100)
	Total	of which: Wages and salaries								
	RPHP	ROYJ	RPHQ	RPQJ	RPQK	RPQM	NRJS	NRJR	NPSP	OSXS
2002	1 015 614	509 546	710 144	17 906	728 050	693 359	4.8	710 144	693 359	100.0
2003	1 067 223	526 949	744 428	21 586	766 014	725 012	5.4	730 113	711 070	102.8
2004	1 114 334	551 344	770 048	25 107	795 155	760 784	4.3	745 050	736 087	104.9
2005	1 177 978	577 640	801 686	29 307	830 993	789 340	5.0	760 531	748 819	107.1
2002 Q1	249 009	125 136	174 431	4 005	178 436	170 968	4.2	175 100	171 624	98.6
Q2	253 005	126 891	177 530	4 289	181 819	172 601	5.1	177 785	172 849	100.1
Q3	255 632	128 052	178 374	4 740	183 114	173 836	5.1	178 397	173 859	100.5
Q4	257 968	129 467	179 809	4 872	184 681	175 954	4.7	178 862	175 027	100.7
2003 Q1	260 418	130 003	182 347	5 196	187 543	177 952	5.1	179 973	175 636	101.4
Q2	266 472	131 002	186 601	4 046	190 647	180 420	5.4	183 746	177 661	103.5
Q3	268 773	132 597	186 289	6 211	192 500	182 562	5.2	182 153	178 510	102.6
Q4	271 560	133 347	189 191	6 133	195 324	184 078	5.8	184 241	179 263	103.8
2004 Q1	274 341	135 408	190 402	6 478	196 880	186 565	5.2	185 028	181 303	104.2
Q2	276 101	136 855	191 043	5 817	196 860	189 311	3.8	185 339	183 662	104.4
Q3	280 366	138 454	194 058	5 927	199 985	191 389	4.3	187 672	185 094	105.7
Q4	283 526	140 627	194 545	6 885	201 430	193 519	3.9	187 011	186 028	105.3
2005 Q1	288 666	142 603	196 736	7 136	203 872	194 568	4.6	188 161	186 086	106.0
Q2	293 362	143 791	199 727	6 985	206 712	196 138	5.1	189 863	186 450	106.9
Q3	297 479	145 013	202 290	7 525	209 815	198 199	5.5	191 282	187 412	107.7
Q4	298 471	146 233	202 933	7 661	210 594	200 435	4.8	191 225	188 871	107.7

1 All households series also include non-profit institutions serving households (NPISH).

2 Total household income less payments of income tax and other taxes, social contributions and other current transfers.

3 Households' saving as a percentage of total available households' resources.

4 Gross household disposable income revalued by the implied household and NPISH final consumption expenditure deflator (2002 = 100).

Sources: Office for National Statistics;

Enquiries: Columns 1-5, 7, 8, 10 020 7533 6005; Columns 6, 9 020 7533 5999

2.6 Household final consumption expenditure, by purpose^{1,2}

Chained volume measures

Reference year 2002, £ million

COICOP ⁵	UK national ³														
	UK domestic ⁴														
	Total	Net tourism	Total	Food and drink	Alcohol and tobacco	Clothing and footwear	Housing	Household goods and services	Health	Transport	Communication	Recreation and culture	Education	Restaurants and hotels	Miscellaneous
	ABJR	ABTH	ZAKW	ZWUN	ZAKY	ZALA	ZAVO	ZAVW	ZAWC	ZAWM	ZAWW	ZAXA	ZWUT	ZAXS	ZAYG
2002	667 361	10 563	656 798	61 493	25 966	39 092	121 238	40 448	10 778	99 797	14 675	81 363	9 381	76 298	76 269
2003	684 841	10 638	674 203	61 883	26 364	41 993	122 325	42 745	11 292	102 055	15 464	87 734	8 870	76 422	77 056
2004	709 388	11 142	698 246	63 237	26 575	45 860	124 911	45 229	11 604	103 953	16 365	95 645	8 831	78 252	77 784
2005	721 791	10 708	711 083	64 216	26 420	47 731	125 257	45 932	11 765	105 500	17 598	100 999	8 733	79 861	77 071
2002 Q1	165 301	2 759	162 544	14 965	6 432	9 705	30 106	10 010	2 637	24 670	3 607	20 274	2 419	18 913	18 791
Q2	166 424	2 544	163 881	15 168	6 494	9 724	30 278	9 994	2 684	24 996	3 668	20 202	2 374	19 109	19 194
Q3	167 273	2 628	164 644	15 480	6 505	9 838	30 335	10 160	2 718	25 176	3 688	20 226	2 349	19 161	19 015
Q4	168 363	2 632	165 729	15 880	6 535	9 825	30 519	10 284	2 739	24 955	3 712	20 661	2 239	19 115	19 269
2003 Q1	169 079	2 821	166 258	15 339	6 538	10 066	30 405	10 514	2 767	25 372	3 746	21 055	2 222	18 881	19 353
Q2	171 108	2 745	168 363	15 881	6 556	10 412	30 476	10 803	2 796	25 633	3 846	21 592	2 211	18 927	19 230
Q3	171 946	2 639	169 307	15 412	6 627	10 741	30 567	10 604	2 834	25 558	3 924	22 323	2 216	19 333	19 168
Q4	172 708	2 433	170 275	15 251	6 643	10 774	30 877	10 824	2 895	25 492	3 948	22 764	2 221	19 281	19 305
2004 Q1	174 644	2 725	171 919	15 893	6 663	11 022	31 029	10 874	2 850	25 617	3 998	22 990	2 219	19 445	19 319
Q2	177 008	2 756	174 252	15 617	6 668	11 411	31 239	11 264	2 910	25 755	3 979	24 167	2 210	19 567	19 465
Q3	178 413	2 956	175 457	15 752	6 613	11 612	31 287	11 631	2 906	26 138	4 160	24 185	2 204	19 575	19 394
Q4	179 323	2 705	176 618	15 975	6 631	11 815	31 356	11 460	2 938	26 443	4 228	24 303	2 198	19 665	19 606
2005 Q1	179 421	2 838	176 583	15 935	6 622	11 785	31 265	11 622	2 934	26 155	4 347	24 542	2 194	20 104	19 078
Q2	179 750	2 481	177 269	16 067	6 591	11 863	31 423	11 440	2 929	26 410	4 364	24 838	2 177	19 978	19 189
Q3	180 641	2 815	177 826	16 015	6 587	11 932	31 202	11 268	2 950	26 443	4 417	25 566	2 178	19 834	19 434
Q4	181 979	2 574	179 405	16 199	6 620	12 151	31 367	11 602	2 952	26 492	4 470	26 053	2 184	19 945	19 370

1 Although estimates are given to the nearest £ million, they cannot be regarded as accurate to this degree.

2 More detailed estimates, expressed in both current prices and chained volume measures, both unadjusted and seasonally adjusted, appear in the

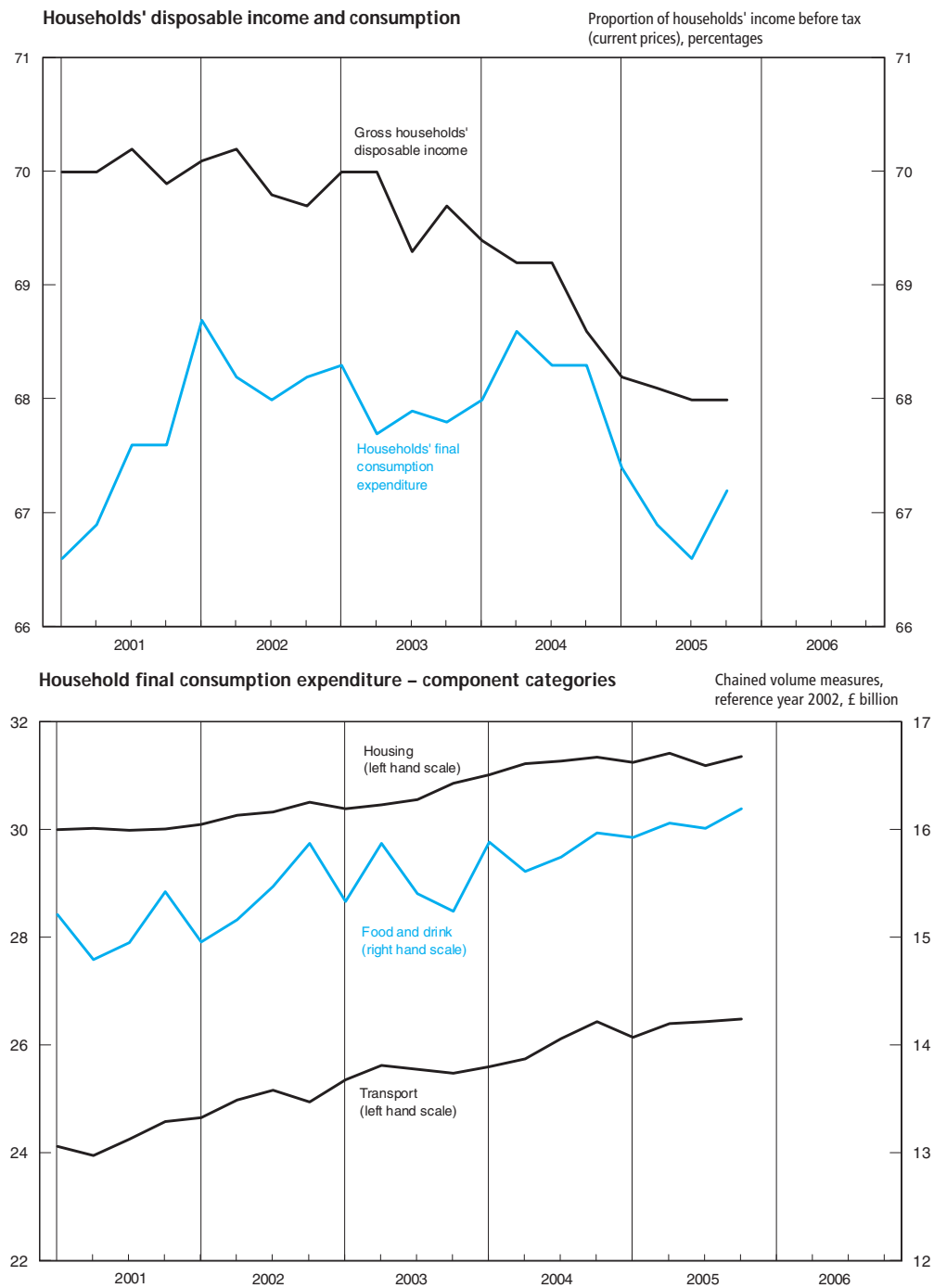
ONS publication *Consumer Trends*.

3 Final consumption expenditure by UK households in the UK and abroad.

4 Final consumption expenditure in the UK by UK and foreign households.

5 ESA 95 Classification of Individual Consumption by Purpose.

Source: Office for National Statistics; Enquiries: 020 7533 5999



2.7 Gross fixed capital formation

Chained volume measures

Reference year 2002, £ million

	Analysis by sector						Analysis by asset				
	Business investment ¹	General government	Public corporations: transfer costs of non-produced assets ²	Private sector			Transport equipment	Other machinery and equipment	Dwellings	Other building and structures ³	Intangible fixed assets
				Dwellings	Transfer costs of non-produced assets	Total+					
	NPEL	DLWF	DLWH	DFEA	DLWI	NPQT	DLWL	DLWO	DFEG	DLWT	EQDO
2001	109 792	13 954	67	29 195	14 343	167 563	14 786	57 545	32 006	57 928	5 047
2002	110 166	15 580	-41	31 455	15 398	172 558	16 214	56 421	34 499	59 836	5 588
2003	107 747	18 244	-234	32 474	14 342	172 573	14 669	54 104	36 056	61 934	5 810
2004	111 254	20 640	-266	35 548	14 169	181 344	14 479	57 325	38 773	64 571	6 196
2005	113 441	23 610	-337	35 246	15 233	187 193	14 473	58 365	38 949	68 932	6 475
2001 Q1	27 875	2 985	35	7 312	3 734	42 007	3 303	14 720	7 911	14 686	1 261
Q2	27 726	3 618	28	7 155	3 539	42 160	3 881	14 262	7 891	14 830	1 251
Q3	27 586	3 648	3	7 522	3 427	42 249	3 884	14 460	8 252	14 343	1 265
Q4	26 605	3 703	1	7 206	3 643	41 147	3 718	14 103	7 952	14 069	1 270
2002 Q1	27 145	3 726	4	7 295	3 440	41 651	4 045	13 697	8 006	14 602	1 306
Q2	27 421	3 832	10	7 759	3 924	42 936	4 009	14 394	8 396	14 704	1 404
Q3	27 325	4 029	-25	8 104	4 177	43 562	4 137	14 279	8 829	14 896	1 411
Q4	28 275	3 993	-30	8 297	3 857	44 409	4 023	14 051	9 268	15 634	1 467
2003 Q1	26 670	4 747	-13	7 831	3 997	43 232	3 871	13 766	8 824	15 347	1 424
Q2	27 231	4 079	-49	8 031	3 551	42 843	3 454	13 043	8 835	16 074	1 437
Q3	26 424	4 487	-98	8 237	3 409	42 459	3 633	13 317	9 165	14 885	1 459
Q4	27 422	4 931	-74	8 375	3 385	44 039	3 711	13 978	9 232	15 628	1 490
2004 Q1	27 394	4 764	-74	8 785	3 525	44 394	3 523	14 256	9 527	15 579	1 508
Q2	27 629	5 678	-77	8 857	3 602	45 689	3 811	14 376	9 703	16 262	1 537
Q3	28 196	4 955	-68	8 882	3 454	45 419	3 612	14 358	9 719	16 168	1 562
Q4	28 035	5 243	-47	9 024	3 588	45 842	3 533	14 335	9 824	16 562	1 589
2005 Q1	28 085	5 881	-106	8 879	3 500	46 239	3 526	14 391	9 685	17 039	1 599
Q2	28 312	5 295	-86	8 856	3 848	46 225	3 523	14 437	9 687	16 963	1 615
Q3	28 657	6 112	-65	8 816	3 968	47 488	3 696	14 820	9 886	17 461	1 625
Q4	28 387	6 322	-80	8 695	3 917	47 241	3 728	14 717	9 691	17 469	1 636
Percentage change, quarter on corresponding quarter of previous year											
2001 Q1	7.3	7.2		-2.3	-8.7	4.9	-0.6	10.6	-0.2	1.9	2.2
Q2	5.8	22.6		-3.5	2.2	5.4	17.7	3.9	0.3	7.3	-2.7
Q3	0.9	26.4		3.6	-2.8	2.8	18.3	-0.4	7.0	1.3	-0.9
Q4	-7.2	9.3		6.4	7.5	-3.3	3.8	-7.7	9.1	-5.0	-1.9
2002 Q1	-2.6	24.8		-0.2	-7.9	-0.8	22.5	-6.9	1.2	-0.6	3.6
Q2	-1.1	5.9		8.4	10.9	1.8	3.3	0.9	6.4	-0.8	12.2
Q3	-0.9	10.4		7.7	21.9	3.1	6.5	-1.3	7.0	3.9	11.5
Q4	6.3	7.8		15.1	5.9	7.9	8.2	-0.4	16.5	11.1	15.5
2003 Q1	-1.7	27.4		7.3	16.2	3.8	-4.3	0.5	10.2	5.1	9.0
Q2	-0.7	6.4		3.5	-9.5	-0.2	-13.8	-9.4	5.2	9.3	2.4
Q3	-3.3	11.4		1.6	-18.4	-2.5	-12.2	-6.7	3.8	-0.1	3.4
Q4	-3.0	23.5		0.9	-12.2	-0.8	-7.8	-0.5	-0.4	0.0	1.6
2004 Q1	2.7	0.4		12.2	-11.8	2.7	-9.0	3.6	8.0	1.5	5.9
Q2	1.5	39.2		10.3	1.4	6.6	10.3	10.2	9.8	1.2	7.0
Q3	6.7	10.4		7.8	1.3	7.0	-0.6	7.8	6.0	8.6	7.1
Q4	2.2	6.3		7.7	6.0	4.1	-4.8	2.6	6.4	6.0	6.6
2005 Q1	2.5	23.4		1.1	-0.7	4.2	0.1	0.9	1.7	9.4	6.0
Q2	2.5	-6.7		0.0	6.8	1.2	-7.6	0.4	-0.2	4.3	5.1
Q3	1.6	23.4		-0.7	14.9	4.6	2.3	3.2	1.7	8.0	4.0
Q4	1.3	20.6		-3.6	9.2	3.1	5.5	2.7	-1.4	5.5	3.0

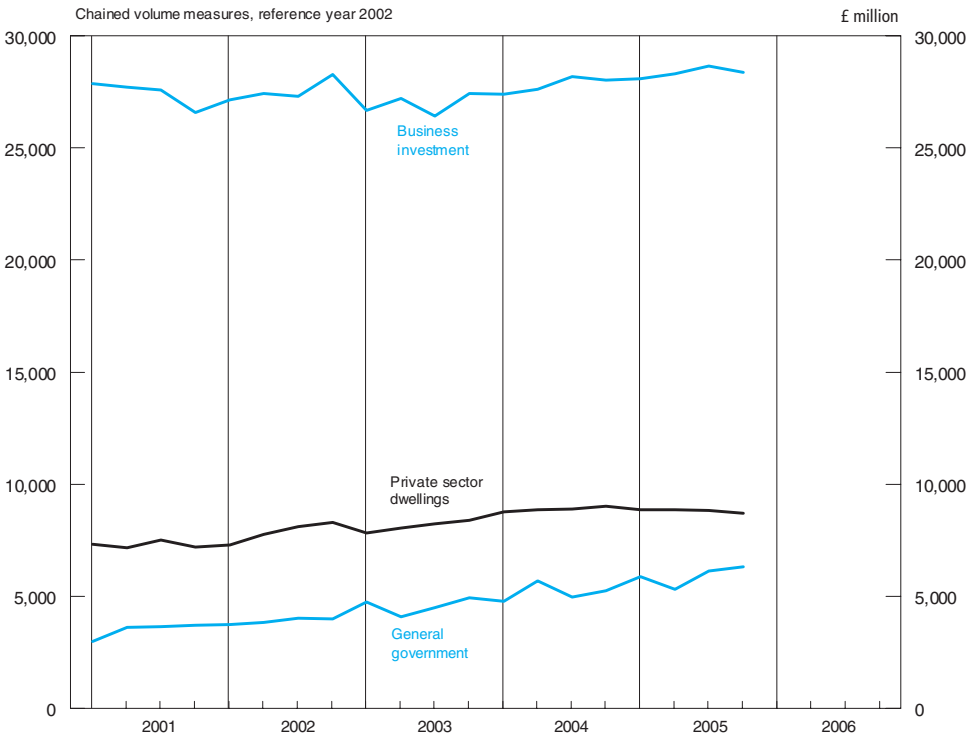
1 Excluding dwellings and costs associated with the transfer of ownership of non-produced assets.

2 Remaining investment by public non-financial corporations is included under business investment.

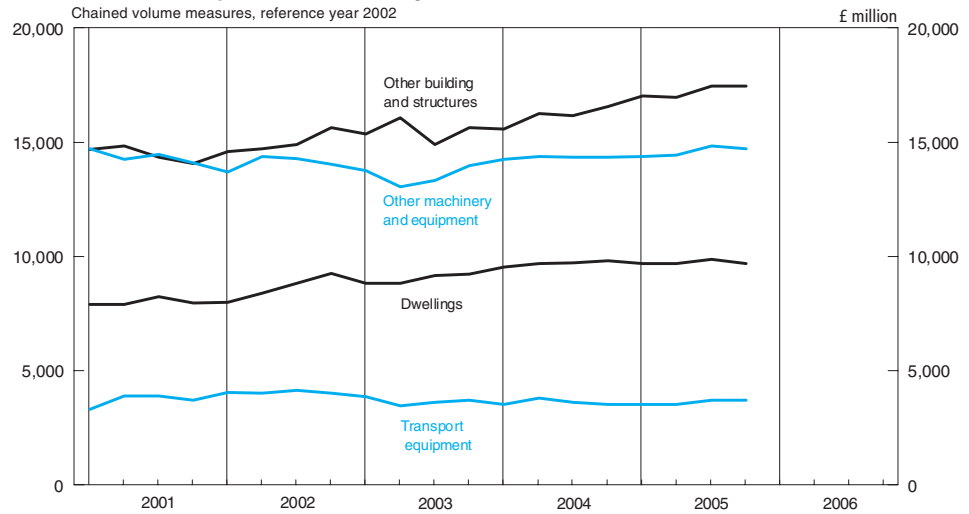
3 Including costs associated with transfer of ownership of non-produced assets.

Source: Office for National Statistics; Enquiries: 020 7533 6010

Gross fixed capital formation – by sector



Gross fixed capital formation – by asset



2.8 Gross value added chained volume measures at basic prices, by category of output^{1,2}

2002 = 100

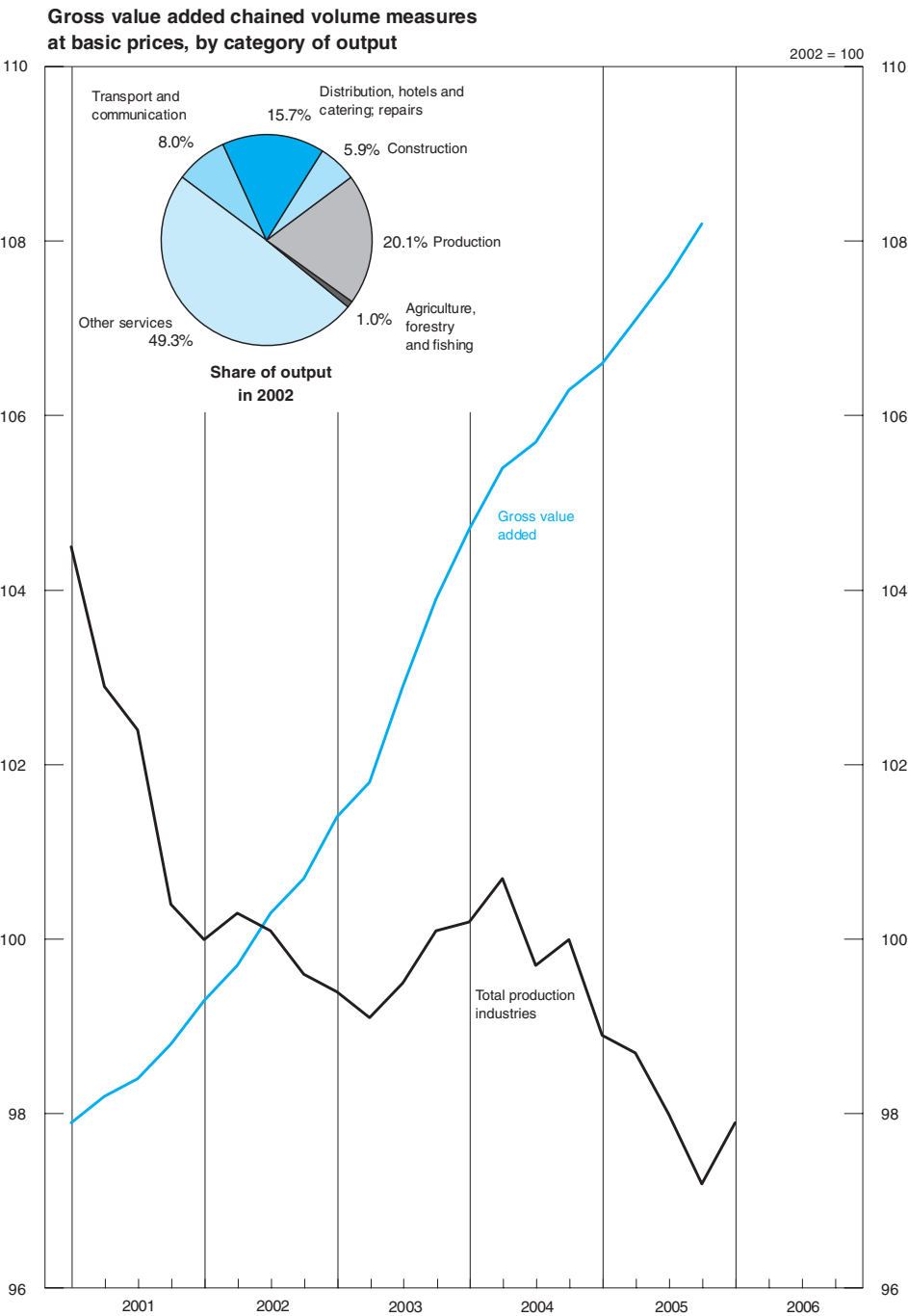
	Production						Service industries						Gross value added at basic prices	Gross value added excluding oil
	Agriculture, forestry, and fishing	Mining and quarrying including oil and gas extraction	Manufacturing	Electricity gas and water supply	Total	Construction	Distribution hotels and catering; repairs	Transport storage and communication	Business services and finance	Government and other services	Total			
2002 Weights ³	10	24	159	18	201	59	157	80	264	229	730	1000	979	
	GDQA	CKYX	CKYY	CKYZ	CKYW	GDQB	GDQE	GDQH	GDQN	GDQU	GDQS	CGCE	JUNT	
2001	89.1	100.3	103.2	100.5	102.6	96.3	95.6	97.8	98.4	97.5	97.4	98.3	98.3	
2002	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
2003	98.3	94.9	100.1	101.2	99.5	105.2	103.5	102.6	102.8	102.1	102.7	102.5	102.7	
2004	99.2	86.8	101.8	103.5	100.1	108.7	108.8	105.2	106.7	104.4	106.3	105.5	106.0	
2005	98.4	79.3	100.7	102.1	98.2	109.9	109.9	109.1	110.7	107.1	109.2	107.4	108.1	
2001 Q1	89.8	99.3	105.5	102.1	104.5	95.5	94.7	97.7	96.6	96.5	96.3	97.9	97.8	
Q2	88.2	101.9	103.2	101.1	102.9	95.8	95.1	98.0	98.4	97.1	97.2	98.2	98.1	
Q3	88.0	100.8	103.0	99.9	102.4	96.4	95.7	97.4	98.7	97.7	97.6	98.4	98.4	
Q4	90.2	99.2	100.9	98.8	100.4	97.6	97.0	98.0	99.8	98.6	98.6	98.8	98.8	
2002 Q1	98.4	100.1	100.2	98.2	100.0	99.2	98.6	99.6	99.1	99.2	99.1	99.3	99.3	
Q2	100.6	104.3	99.7	99.4	100.3	98.8	99.3	99.0	99.7	99.8	99.6	99.7	99.6	
Q3	101.0	95.6	100.7	101.2	100.1	100.4	100.4	100.1	100.6	100.2	100.4	100.3	100.4	
Q4	100.1	100.0	99.3	101.3	99.6	101.7	101.7	101.2	100.6	100.7	101.0	100.7	100.7	
2003 Q1	97.9	99.6	99.4	99.3	99.4	102.0	101.7	101.5	101.8	101.0	101.5	101.4	101.4	
Q2	97.8	95.2	99.5	100.2	99.1	104.0	103.0	102.3	101.8	101.6	102.0	101.8	102.0	
Q3	98.7	93.5	100.2	101.6	99.5	107.1	104.1	103.1	102.9	102.5	103.1	102.9	103.1	
Q4	98.8	91.1	101.1	103.5	100.1	107.7	105.3	103.4	104.8	103.4	104.3	103.9	104.2	
2004 Q1	99.4	89.0	101.4	104.2	100.2	108.0	107.5	103.4	105.8	103.7	105.2	104.7	105.0	
Q2	98.7	89.3	102.2	103.0	100.7	108.2	108.8	105.0	106.0	104.5	106.0	105.4	105.8	
Q3	99.5	85.6	101.4	103.8	99.7	109.0	109.5	105.6	107.0	104.5	106.6	105.7	106.2	
Q4	99.3	83.5	102.1	103.1	100.0	109.7	109.5	106.8	108.1	105.0	107.3	106.3	106.9	
2005 Q1	97.9	82.3	101.1	101.7	98.9	109.8	109.3	108.1	109.1	105.9	108.0	106.6	107.2	
Q2	99.5	82.6	100.7	102.8	98.7	110.0	109.6	108.5	110.0	106.8	108.7	107.1	107.7	
Q3	98.5	75.9	101.0	102.0	98.0	109.9	109.7	109.2	111.2	107.7	109.6	107.6	108.4	
Q4	97.9	76.5	99.8	102.1	97.2	110.1	110.9	110.8	112.4	108.2	110.6	108.2	109.0	
2006 Q1	98.6	77.9	100.3	103.7	97.9	110.9	110.9	111.8	113.5	108.8	111.3	..	..
Percentage change, quarter on corresponding quarter of previous year														
2001 Q1	-8.9	-9.9	1.6	5.4	0.7	-1.4	2.4	7.1	5.0	2.0	3.7	2.6	2.9	
Q2	-10.0	-6.3	-1.1	1.9	-1.4	1.3	2.1	5.0	5.7	1.9	3.6	2.2	2.4	
Q3	-11.4	-4.0	-1.5	1.8	-1.6	3.7	1.5	2.1	4.1	1.8	2.6	1.5	1.8	
Q4	-5.9	-1.6	-4.4	0.3	-3.9	3.8	3.2	1.7	4.3	2.7	3.2	1.5	1.8	
2002 Q1	9.6	0.8	-5.0	-3.8	-4.3	3.9	4.1	1.9	2.6	2.8	2.9	1.4	1.5	
Q2	14.1	2.4	-3.4	-1.7	-2.5	3.1	4.4	1.0	1.3	2.8	2.5	1.5	1.5	
Q3	14.8	-5.2	-2.2	1.3	-2.2	4.1	4.9	2.8	1.9	2.6	2.9	1.9	2.0	
Q4	11.0	0.8	-1.6	2.5	-0.8	4.2	4.8	3.3	0.8	2.1	2.4	1.9	1.9	
2003 Q1	-0.5	-0.5	-0.8	1.1	-0.6	2.8	3.1	1.9	2.7	1.8	2.4	2.1	2.1	
Q2	-2.8	-8.7	-0.2	0.8	-1.2	5.3	3.7	3.3	2.1	1.8	2.4	2.1	2.4	
Q3	-2.3	-2.2	-0.5	0.4	-0.6	6.7	3.7	3.0	2.3	2.3	2.7	2.6	2.7	
Q4	-1.3	-8.9	1.8	2.2	0.5	5.9	3.5	2.2	4.2	2.7	3.3	3.2	3.5	
2004 Q1	1.5	-10.6	2.0	4.9	0.8	5.9	5.7	1.9	3.9	2.7	3.6	3.3	3.6	
Q2	0.9	-6.2	2.7	2.8	1.6	4.0	5.6	2.6	4.1	2.9	3.9	3.5	3.7	
Q3	0.8	-8.4	1.2	2.2	0.2	1.8	5.2	2.4	4.0	2.0	3.4	2.7	3.0	
Q4	0.5	-8.3	1.0	-0.4	-0.1	1.9	4.0	3.3	3.1	1.5	2.9	2.3	2.6	
2005 Q1	-1.5	-7.5	-0.3	-2.4	-1.3	1.7	1.7	4.5	3.1	2.1	2.7	1.8	2.1	
Q2	0.8	-7.5	-1.5	-0.2	-2.0	1.7	0.7	3.3	3.8	2.2	2.5	1.6	1.8	
Q3	-1.0	-11.3	-0.4	-1.7	-1.7	0.8	0.2	3.4	3.9	3.1	2.8	1.8	2.1	
Q4	-1.4	-8.4	-2.3	-1.0	-2.8	0.4	1.3	3.7	4.0	3.0	3.1	1.8	2.0	
2006 Q1	0.7	-5.3	-0.8	2.0	-1.0	1.0	1.5	3.4	4.0	2.7	3.1	..	..

1 Estimates cannot be regarded as accurate to the last digit shown.

2 Components of output are valued at basic prices, which exclude taxes and subsidies on production.

3 Weights may not sum to totals due to rounding. The weights shown are in proportion to total gross value added (GVA) in 2002, and are used to combine the industry output indices to calculate the totals for 2003 and later. For 2002 and earlier, totals are calculated using the equivalent weights for the previous year, for example, totals for 2002 use 2001 weights.

Sources: Office for National Statistics; Enquiries: Columns 1-11 01633 813126; Columns 12, 13 020 7533 6031



2.9 Gross value added chained volume measures at basic prices, by category of output: service industries

2002 = 100

	Distribution hotels and catering; repairs	Transport, storage and communication	Business services and finance			Government and other services							
	Motor trades; wholesale and retail trade; repairs	Hotels and restaurants	Transport and storage	Post and telecommunication	Financial intermediation ¹	Real estate, renting and business activities	Ownership of dwellings	PAD ²	Education	Health and social work	Other services ³	Adjustment for financial services ⁴	Total services
2002 weights ⁵	124	34	48	31	68	162	78	50	60	67	52	-44	730
	GDQC	GDQD	GDQF	GDQG	GDQI	GDQK	GDQL	GDQO	GDQP	GDQQ	GDQR	GDQJ	GDQS
2001	95.2	97.4	97.3	98.5	100.9	97.2	98.8	97.5	98.6	96.6	97.1	97.2	97.4
2002	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2003	102.9	105.9	100.8	105.4	101.8	105.7	102.2	103.5	100.5	103.2	101.2	110.8	102.7
2004	108.1	111.4	104.4	106.5	105.2	113.7	104.1	105.3	100.5	107.6	104.1	125.4	106.3
2005	109.0	113.1	108.5	110.2	110.4	120.3	105.7	106.6	101.7	111.2	108.6	136.7	109.2
2001 Q1	94.2	97.0	96.8	99.1	99.2	95.5	98.1	97.0	97.8	95.4	95.8	97.7	96.3
Q2	94.5	97.1	97.6	98.7	101.2	97.0	98.7	97.4	98.4	96.4	96.1	96.5	97.2
Q3	95.2	97.9	97.4	97.4	100.7	97.5	99.2	97.3	98.9	96.8	97.8	97.1	97.6
Q4	96.8	97.8	97.5	98.8	102.4	98.7	99.3	98.4	99.3	98.0	98.8	97.4	98.6
2002 Q1	98.7	98.3	99.3	100.1	99.5	98.3	99.4	98.9	99.9	98.2	100.2	97.4	99.1
Q2	99.5	98.5	99.3	98.6	98.9	99.8	99.7	99.8	99.9	100.1	99.5	99.0	99.6
Q3	100.4	100.3	100.5	99.5	100.9	100.8	100.0	100.2	100.0	100.7	99.8	100.4	100.4
Q4	101.4	102.8	100.9	101.8	100.8	101.1	100.8	101.1	100.2	101.0	100.6	103.2	101.0
2003 Q1	101.0	104.2	99.7	104.4	101.2	103.1	101.5	102.2	100.3	101.7	99.6	105.3	101.5
Q2	102.2	106.0	99.5	106.6	101.7	104.1	101.8	103.1	100.5	102.1	100.5	110.1	102.0
Q3	103.6	106.1	101.8	105.0	101.6	106.2	102.3	104.3	100.5	103.5	101.6	111.9	103.1
Q4	104.8	107.2	102.1	105.5	102.6	109.5	103.2	104.5	100.5	105.4	102.9	115.8	104.3
2004 Q1	107.0	109.4	102.3	105.1	105.0	111.3	103.7	105.1	100.4	107.1	101.6	121.1	105.2
Q2	108.1	111.4	104.5	105.6	103.3	112.8	104.0	105.1	100.4	106.7	105.9	123.2	106.0
Q3	108.8	112.1	104.5	107.3	105.4	114.4	104.2	105.3	100.6	107.8	103.9	126.3	106.6
Q4	108.6	112.7	106.2	107.9	107.1	116.4	104.7	105.5	100.7	108.7	104.9	130.9	107.3
2005 Q1	108.4	112.3	107.9	108.4	108.8	117.8	104.9	105.9	101.2	109.6	106.4	133.4	108.0
Q2	108.5	113.4	107.9	109.6	110.0	119.0	105.3	106.6	101.7	110.8	107.5	135.1	108.7
Q3	108.9	112.6	108.2	110.8	111.0	121.3	105.9	106.8	101.8	111.7	110.2	138.3	109.6
Q4	110.1	114.2	109.9	112.1	111.6	123.1	106.5	107.3	101.9	112.7	110.5	139.7	110.6
2006 Q1	..	..	..	..	..	..	..	..	..	..	..	..	111.3
Percentage change, quarter on corresponding quarter of previous year													
2001 Q1	3.7	-2.5	3.1	13.6	4.9	7.2	2.9	1.9	0.0	3.2	2.8	9.4	3.7
Q2	2.7	-0.5	1.8	10.4	6.0	6.0	3.9	1.5	0.5	2.6	2.8	4.0	3.6
Q3	2.0	-0.4	0.2	5.0	4.8	4.4	3.0	0.4	1.0	2.4	3.4	4.2	2.6
Q4	3.8	1.3	1.8	1.5	5.6	4.7	1.5	1.2	1.6	3.4	4.7	2.0	3.2
2002 Q1	4.8	1.3	2.6	1.0	0.3	2.9	1.3	2.0	2.1	2.9	4.6	-0.3	2.9
Q2	5.3	1.4	1.7	-0.1	-2.3	2.9	1.0	2.5	1.5	3.8	3.5	2.6	2.5
Q3	5.5	2.5	3.2	2.2	0.2	3.4	0.8	3.0	1.1	4.0	2.0	3.4	2.9
Q4	4.8	5.1	3.5	3.0	-1.6	2.4	1.5	2.7	0.9	3.1	1.8	6.0	2.4
2003 Q1	2.3	6.0	0.4	4.3	1.7	4.9	2.1	3.3	0.4	3.6	-0.6	8.1	2.4
Q2	2.7	7.6	0.2	8.1	2.8	4.3	2.1	3.3	0.6	2.0	1.0	11.2	2.4
Q3	3.2	5.8	1.3	5.5	0.7	5.4	2.3	4.1	0.5	2.8	1.8	11.5	2.7
Q4	3.4	4.3	1.2	3.6	1.8	8.3	2.4	3.4	0.3	4.4	2.3	12.2	3.3
2004 Q1	5.9	5.0	2.6	0.7	3.8	8.0	2.2	2.8	0.1	5.3	2.0	15.0	3.6
Q2	5.8	5.1	5.0	-0.9	1.6	8.4	2.2	1.9	-0.1	4.5	5.4	11.9	3.9
Q3	5.0	5.7	2.7	2.2	3.7	7.7	1.9	1.0	0.1	4.2	2.3	12.9	3.4
Q4	3.6	5.1	4.0	2.3	4.4	6.3	1.5	1.0	0.2	3.1	1.9	13.0	2.9
2005 Q1	1.3	2.7	5.5	3.1	3.6	5.8	1.2	0.8	0.8	2.3	4.7	10.2	2.7
Q2	0.4	1.8	3.3	3.8	6.5	5.5	1.3	1.4	1.3	3.8	1.5	9.7	2.5
Q3	0.1	0.4	3.5	3.3	5.3	6.0	1.6	1.4	1.2	3.6	6.1	9.5	2.8
Q4	1.4	1.3	3.5	3.9	4.2	5.8	1.7	1.7	1.2	3.7	5.3	6.7	3.1
2006 Q1	..	..	..	..	..	..	..	..	..	..	..	..	3.1

1 Comprising section J of the SIC(92). This covers activities of institutions such as banks, building societies, securities dealers, insurance companies and pension funds. It also covers institutions whose activities are closely related to financial intermediation: for example fund managers and insurance brokers.

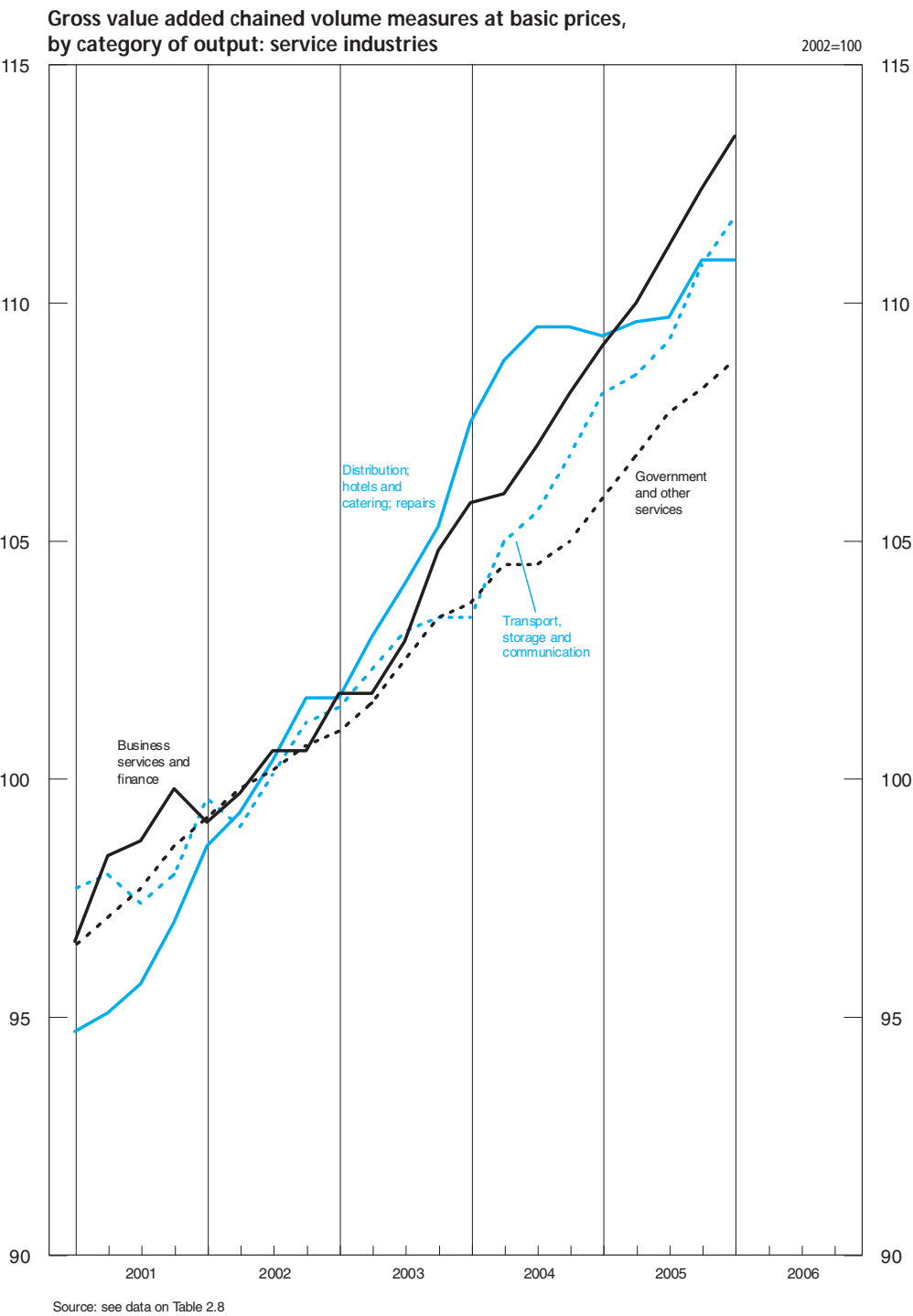
2 Public administration and national defence; compulsory social security.

3 Comprising sections O, P and Q of the SIC(92).

4 The weight and proxy series for financial intermediation are calculated before the deduction of interest receipts and payments to provide a better indication of the underlying activity for this section (see note 1). However, this overstates the contribution to GDP because interest flows should be treated as transfer payments rather than final consumption. The financial services adjustment, which has a negative weight, corrects for this.

5 See footnote 3 on Table 2.8

Source: Office for National Statistics; Enquiries: 01633 813126



2.10 Summary capital accounts and net lending/net borrowing

£ million

	General government				Financial corporations				Non-financial corporations			
	Gross saving ¹	Capital transfers (net receipts)	Gross capital formation ²	Net acquisition of non-financial assets	Gross saving ¹	Capital transfers (net receipts)	Gross capital formation ²	Net acquisition of non-financial assets	Gross saving ¹	Capital transfers (net receipts)	Gross capital formation ²	Net acquisition of non-financial assets
	RPQC	GZQU	RPZF	RPZE	RPPS	GZQE	RPYP	RPYO	RPJV	GZQW	RQBZ	RQAX
2001	25 272	-4 081	13 929	-916	-9 450	-	7 300	-43	89 893	2 661	103 976	1 208
2002	1 602	-3 674	15 602	-1 087	15 325	-	6 732	-36	107 576	2 098	99 453	1 431
2003	-13 036	-5 525	18 244	-957	19 671	-	3 452	-3	116 527	3 316	99 413	1 241
2004	-12 058	-5 354	21 282	-1 071	26 565	-	3 856	-6	124 197	3 449	105 653	1 672
2005	-7 683	-6 210	25 152	-1 118	11 805	-	4 703	-1	127 410	4 416	103 926	1 966
2001 Q1	8 635	-749	2 966	-222	-5 721	-	2 368	-9	22 815	599	25 568	271
Q2	6 420	-1 229	3 621	-221	-1 717	-	2 239	-11	21 835	627	26 171	305
Q3	6 372	-1 152	3 617	-234	-2 789	-	1 342	-11	23 676	719	26 324	331
Q4	3 845	-951	3 725	-239	777	-	1 351	-12	21 567	716	25 913	301
2002 Q1	1 880	-1 054	3 803	-284	2 755	-	843	-11	25 584	517	25 016	379
Q2	192	-647	3 900	-233	2 068	-	1 196	-10	26 944	350	24 705	330
Q3	1 026	-971	4 019	-238	4 060	-	3 068	-9	27 663	561	24 418	358
Q4	-1 496	-1 002	3 880	-332	6 442	-	1 625	-6	27 385	670	25 314	364
2003 Q1	-2 338	-1 560	4 546	-205	6 395	-	2 120	-3	28 957	729	22 061	282
Q2	-2 911	-1 468	4 190	-256	4 004	-	876	-	27 167	947	24 024	332
Q3	-2 803	-1 304	4 573	-252	4 356	-	148	1	29 360	850	25 990	364
Q4	-4 984	-1 193	4 935	-244	4 916	-	308	-1	31 043	790	27 338	263
2004 Q1	-3 768	-1 083	4 321	-251	4 521	-	330	-	30 936	746	26 316	368
Q2	-1 496	-1 535	5 904	-272	6 585	-	740	-2	31 300	1 068	26 051	417
Q3	-3 828	-1 350	5 270	-276	7 407	-	1 480	-2	29 096	874	26 114	446
Q4	-2 966	-1 386	5 787	-272	8 052	-	1 306	-2	32 865	761	27 172	441
2005 Q1	-1 805	-2 059	5 968	-267	5 720	-	-592	-2	30 204	1 755	26 843	485
Q2	-1 302	-918	5 601	-280	4 399	-	2 621	-1	33 629	815	25 282	535
Q3	-1 749	-1 433	6 649	-286	-631	-	556	-	32 769	694	27 280	491
Q4	-2 827	-1 800	6 934	-285	2 317	-	2 118	2	30 808	1 152	24 521	455

	Households and NPISH				Net lending(+)/net borrowing(-) ³					
	Gross saving ¹	Capital transfers (net receipts)	Gross capital formation ²	Net acquisition of non-financial assets	General government	Financial corporations	Non-financial corporations	Households and NPISH	Rest of the world ⁴	Residual error
	RPQL	GZQI	RPZV	RPZU	RPZD	RPYN	RQAW	RPZT	RQCH	DJDS
2001	44 352	3 023	43 996	-152	8 178	-16 707	-15 981	3 531	20 979	-
2002	34 691	2 876	50 268	-176	-16 587	8 629	4 864	-12 525	15 619	-
2003	41 002	3 876	55 475	-210	-35 848	16 222	15 361	-10 387	14 652	-
2004	34 371	4 396	62 435	-276	-37 623	22 715	17 207	-23 392	21 628	-535
2005	41 653	5 598	66 818	-320	-37 927	7 103	22 229	-19 247	29 589	-1 747
2001 Q1	12 161	418	10 881	-25	5 142	-8 080	-3 363	1 723	4 578	-
Q2	11 344	1 266	10 540	-36	1 791	-3 945	-4 867	2 106	4 915	-
Q3	10 640	747	11 628	-44	1 837	-4 120	-3 009	-197	5 489	-
Q4	10 207	592	10 947	-47	-592	-562	-4 742	-101	5 997	-
2002 Q1	7 468	787	12 028	-47	-2 693	1 923	-68	-3 726	4 564	-
Q2	9 218	556	12 968	-45	-4 122	882	1 543	-3 149	4 846	-
Q3	9 278	697	12 149	-43	-3 726	1 001	2 713	-2 131	2 143	-
Q4	8 727	836	13 123	-41	-6 046	4 823	676	-3 519	4 066	-
2003 Q1	9 591	1 156	13 018	-46	-8 239	4 278	5 968	-2 225	217	-
Q2	10 227	779	13 255	-49	-8 313	3 128	2 862	-2 200	4 522	-
Q3	9 938	863	14 525	-55	-8 428	4 207	3 018	-3 669	4 872	-
Q4	11 246	1 078	14 677	-60	-10 868	4 609	3 513	-2 293	5 041	-
2004 Q1	10 315	1 144	15 013	-64	-8 921	4 191	4 258	-3 490	4 048	-86
Q2	7 549	1 173	15 972	-68	-8 663	5 847	5 104	-7 182	5 012	-118
Q3	8 596	868	15 334	-71	-10 172	5 929	2 640	-5 799	7 552	-150
Q4	7 911	1 211	16 116	-73	-9 867	6 748	5 205	-6 921	5 016	-181
2005 Q1	9 304	1 941	16 805	-76	-9 565	6 314	3 283	-5 484	5 858	-407
Q2	10 574	888	16 008	-79	-7 541	1 779	7 785	-4 467	2 874	-430
Q3	11 616	1 204	17 318	-81	-9 545	-1 187	4 910	-4 417	10 687	-448
Q4	10 159	1 565	16 687	-84	-11 276	197	6 251	-4 879	10 170	-462

1 Before providing for depreciation, inventory holding gains.

2 Comprises gross fixed capital formation and changes in inventories and acquisitions less disposals of valuables.

3 This balance is equal to gross saving plus capital transfers less gross fixed capital formation, less net acquisition of non-financial assets, less changes in inventories.

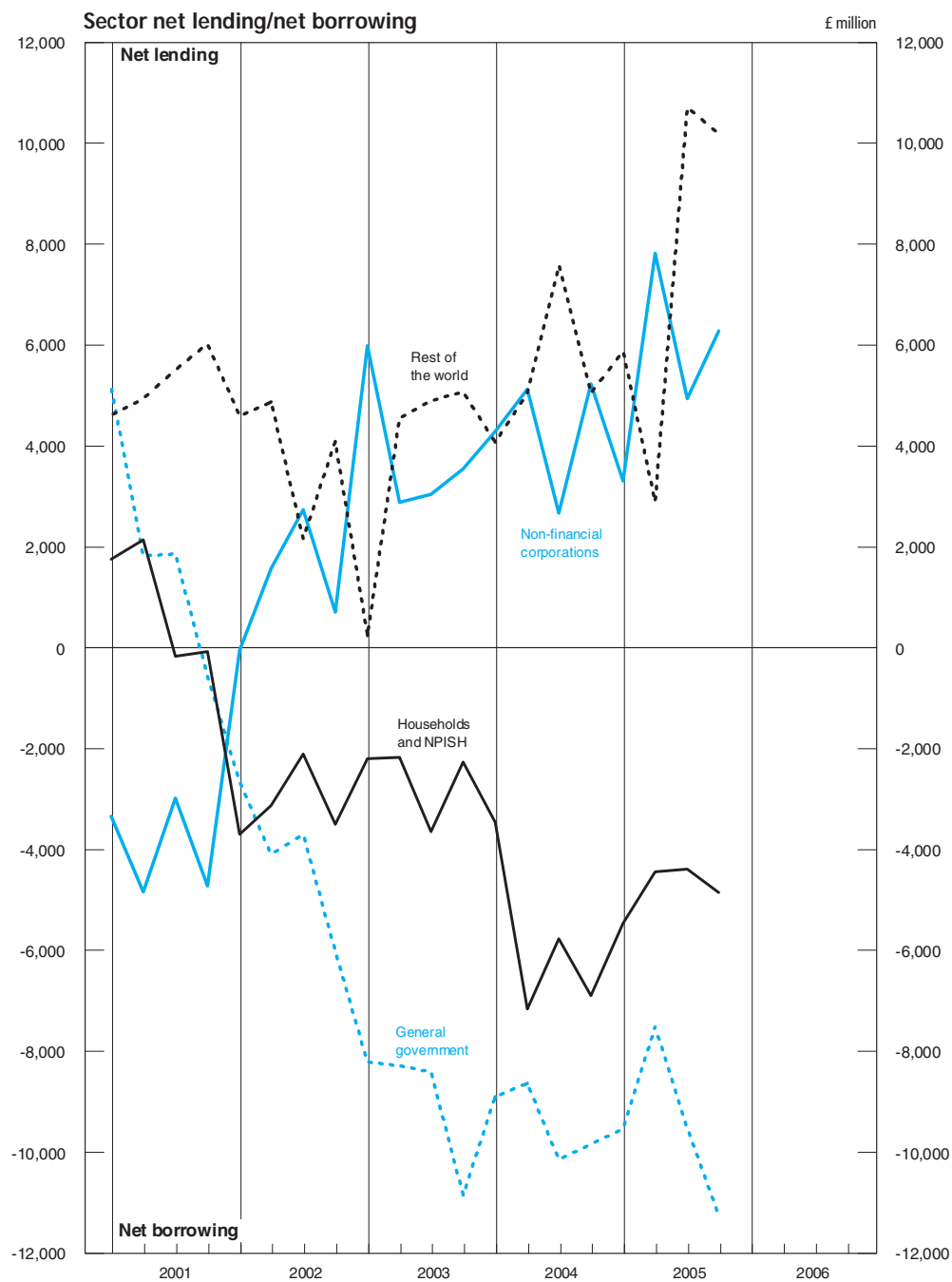
4 Equals the current balance of payments accounts, plus capital transfers.

Sources: Office for National Statistics;

Enquiries: Part 1 (upper) Columns 1, 3-5, 7-9, 11, 12 020 7533 6031;

Columns 2,6,10 020 7533 5985;

Part 2 (lower) Columns 1, 3-10 020 7533 6031; Column 2 020 7533 5985



2.11 Private non-financial corporations: allocation of primary income account

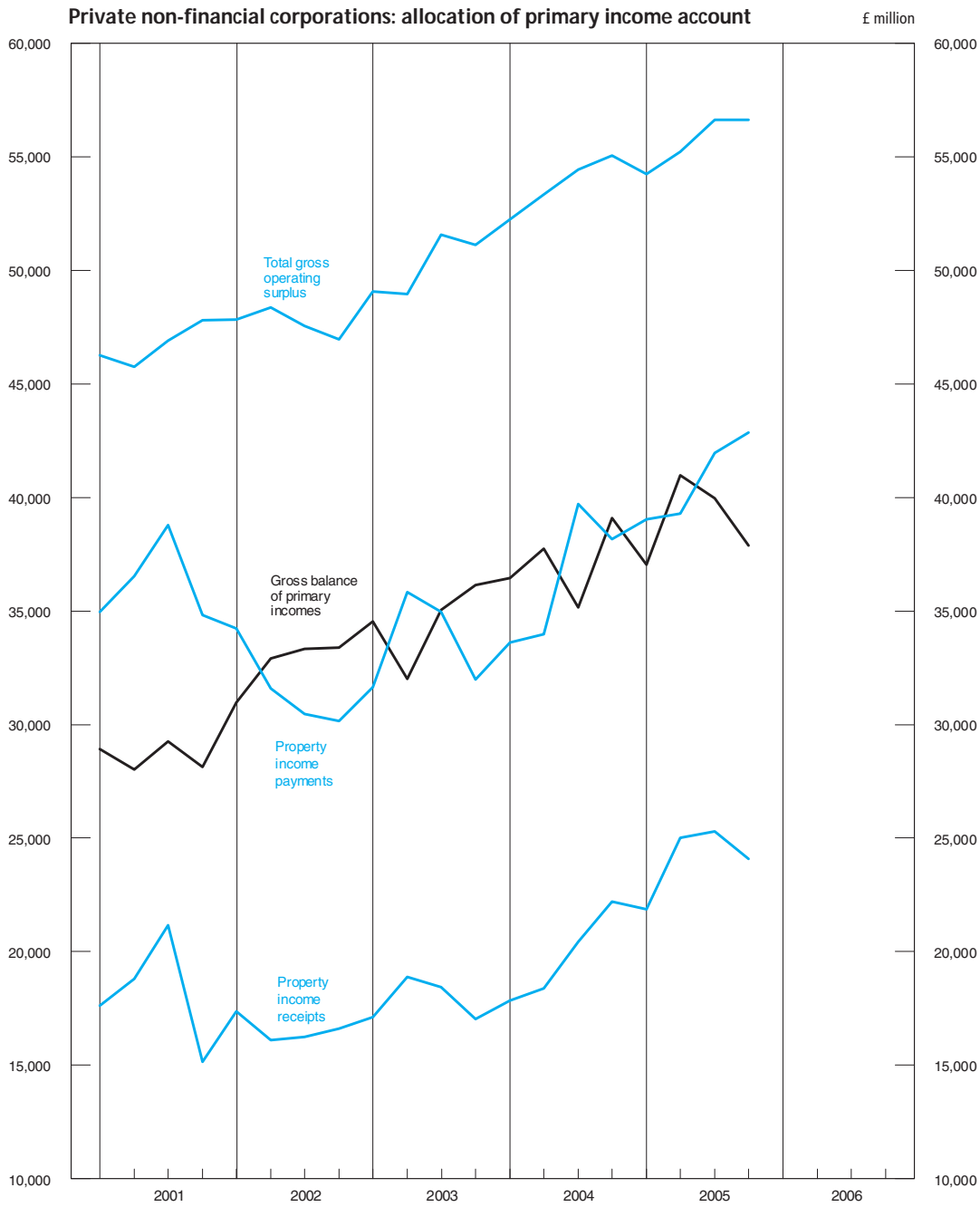
£ million

	Resources							Uses					Share of gross national income ¹ (per cent)
	Gross operating surplus							Property income payments					
	Gross trading profits			less Inventory holding gains	Gross operating surplus ¹ +	Property income receipts	Total resources ^{1,2}	Total payments	of which Dividends	of which Interest	Gross balance of primary incomes ¹		
	Continental shelf companies	Others ¹	Rental of buildings										
	CAGD	CAED	DTWR	-DLRA	CAER	RPBM	RPBN	RPBP	RVFT	ROCG	RPBO	NRJL	
2001	19 696	154 292	12 304	434	186 726	72 749	259 475	145 111	77 516	39 419	114 364	11.4	
2002	19 132	161 586	12 885	-2 856	190 747	66 330	257 077	126 455	61 580	36 459	130 622	12.2	
2003	18 631	172 608	13 652	-4 148	200 743	71 495	272 238	134 465	71 096	35 697	137 773	12.2	
2004	18 932	186 046	14 225	-4 113	215 090	78 881	293 971	145 478	72 509	41 484	148 493	12.4	
2005	21 343	190 833	14 848	-4 295	222 729	96 301	319 030	163 139	79 342	50 092	155 891	12.6	
2001 Q1	5 450	36 936	3 039	329	46 265	17 627	63 892	34 961	15 759	10 406	28 931	11.7	
Q2	5 348	36 862	3 071	5	45 747	18 820	64 567	36 530	19 491	9 929	28 037	11.2	
Q3	4 697	39 808	3 093	-52	46 904	21 158	68 062	38 796	21 835	10 107	29 266	11.6	
Q4	4 201	40 686	3 101	152	47 810	15 144	62 954	34 824	20 431	8 977	28 130	11.0	
2002 Q1	4 329	41 071	3 181	-733	47 848	17 375	65 223	34 242	18 302	9 077	30 981	11.9	
Q2	4 774	41 177	3 193	-762	48 382	16 111	64 493	31 588	15 336	9 123	32 905	12.4	
Q3	4 771	39 943	3 232	-384	47 562	16 242	63 804	30 462	14 917	9 083	33 342	12.3	
Q4	5 258	39 395	3 279	-977	46 955	16 602	63 557	30 163	13 025	9 176	33 394	12.2	
2003 Q1	5 116	41 381	3 337	-761	49 073	17 108	66 181	31 637	15 800	9 065	34 544	12.4	
Q2	4 047	42 817	3 393	-1 286	48 971	18 890	67 861	35 847	19 645	8 771	32 014	11.5	
Q3	4 951	44 101	3 442	-912	51 582	18 459	70 041	34 983	19 372	8 825	35 058	12.4	
Q4	4 517	44 309	3 480	-1 189	51 117	17 038	68 155	31 998	16 279	9 036	36 157	12.5	
2004 Q1	4 757	44 882	3 507	-908	52 238	17 842	70 080	33 619	16 477	9 508	36 461	12.5	
Q2	4 753	45 860	3 534	-799	53 348	18 396	71 744	33 987	16 613	10 195	37 757	12.7	
Q3	4 819	47 093	3 570	-1 051	54 431	20 444	74 875	39 699	20 642	10 744	35 176	11.8	
Q4	4 603	48 211	3 614	-1 355	55 073	22 199	77 272	38 173	18 777	11 037	39 099	12.8	
2005 Q1	4 913	46 923	3 651	-1 244	54 243	21 858	76 101	39 044	19 971	11 744	37 057	12.2	
Q2	5 321	46 933	3 687	-706	55 235	25 033	80 268	39 284	18 111	12 344	40 984	13.2	
Q3	5 534	48 296	3 729	-926	56 633	25 308	81 941	41 965	20 848	12 764	39 976	12.9	
Q4	5 575	48 681	3 781	-1 419	56 618	24 102	80 720	42 846	20 412	13 240	37 874	12.2	
Percentage change, quarter on corresponding quarter of previous year													
2001 Q1	17.8	-4.2	8.5		1.3	23.2	6.6	7.9	3.8	17.7	5.0		
Q2	4.2	-4.2	6.8		-0.7	30.3	6.7	19.9	57.6	5.6	-6.7		
Q3	-13.1	2.4	4.7		2.1	39.8	11.5	24.9	80.1	5.1	-2.4		
Q4	-27.2	-0.1	2.4		-1.8	-8.9	-3.6	0.7	26.4	-10.7	-8.6		
2002 Q1	-20.6	11.2	4.7		3.4	-1.4	2.1	-2.1	16.1	-12.8	7.1		
Q2	-10.7	11.7	4.0		5.8	-14.4	-0.1	-13.5	-21.3	-8.1	17.4		
Q3	1.6	0.3	4.5		1.4	-23.2	-6.3	-21.5	-31.7	-10.1	13.9		
Q4	25.2	-3.2	5.7		-1.8	9.6	1.0	-13.4	-36.2	2.2	18.7		
2003 Q1	18.2	0.8	4.9		2.6	-1.5	1.5	-7.6	-13.7	-0.1	11.5		
Q2	-15.2	4.0	6.3		1.2	17.2	5.2	13.5	28.1	-3.9	-2.7		
Q3	3.8	10.4	6.5		8.5	13.6	9.8	14.8	29.9	-2.8	5.1		
Q4	-14.1	12.5	6.1		8.9	2.6	7.2	6.1	25.0	-1.5	8.3		
2004 Q1	-7.0	8.5	5.1		6.4	4.3	5.9	6.3	4.3	4.9	5.5		
Q2	17.4	7.1	4.2		8.9	-2.6	5.7	-5.2	-15.4	16.2	17.9		
Q3	-2.7	6.8	3.7		5.5	10.8	6.9	13.5	6.6	21.7	0.3		
Q4	1.9	8.8	3.9		7.7	30.3	13.4	19.3	15.3	22.1	8.1		
2005 Q1	3.3	4.5	4.1		3.8	22.5	8.6	16.1	21.2	23.5	1.6		
Q2	12.0	2.3	4.3		3.5	36.1	11.9	15.6	9.0	21.1	8.5		
Q3	14.8	2.6	4.5		4.0	23.8	9.4	5.7	1.0	18.8	13.6		
Q4	21.1	1.0	4.6		2.8	8.6	4.5	12.2	8.7	20.0	-3.1		

1 These series include a quarterly alignment adjustment.

2 Total resources equal total uses.

Source: Office for National Statistics; Enquiries: 020 7533 6014



2.12 Private non-financial corporations: secondary distribution of income account and capital account

£ million

	Secondary distribution of income account						Capital account					
	Resources			Uses			Changes in liabilities and net worth		Changes in assets			
	Gross balance of primary incomes ¹	Other resources ²	Total ^{1,3}	Taxes on income	Other uses ⁴	Gross disposable income ^{1,5}	Net capital transfer receipts	Total ¹	Gross fixed capital formation	Changes in inventories ¹	Other changes in assets ⁶	Net lending (+) or borrowing (-) ^{1,7}
	RPBO	NROQ	RPKY	RPLA	NROO	RPKZ	NROP	RPXH	ROAW	DLQY	NRON	RQBV
2001	114 364	9 229	123 593	26 061	9 640	87 892	1 621	89 513	98 035	5 941	1 138	-15 601
2002	130 622	9 889	140 511	24 432	10 311	105 768	1 093	106 861	96 819	2 677	1 212	6 153
2003	137 773	10 199	147 972	23 461	10 633	113 878	2 692	116 570	95 556	3 954	862	16 198
2004	148 493	10 172	158 665	26 856	10 618	121 191	2 935	124 126	100 250	5 502	1 227	17 147
2005	155 891	11 525	167 416	31 586	12 013	123 817	3 868	127 685	101 623	2 475	1 366	22 221
2001 Q1	28 931	2 253	31 184	6 489	2 354	22 341	200	22 541	24 862	734	238	-3 293
Q2	28 037	2 377	30 414	6 591	2 480	21 343	439	21 782	24 713	1 424	326	-4 681
Q3	29 266	2 262	31 528	6 011	2 365	23 152	485	23 637	24 730	1 606	297	-2 996
Q4	28 130	2 337	30 467	6 970	2 441	21 056	497	21 553	23 730	2 177	277	-4 631
2002 Q1	30 981	2 392	33 373	5 709	2 496	25 168	333	25 501	24 196	828	336	141
Q2	32 905	2 396	35 301	6 282	2 501	26 518	300	26 818	24 183	529	282	1 824
Q3	33 342	2 501	35 843	6 108	2 607	27 128	392	27 520	24 017	406	306	2 791
Q4	33 394	2 600	35 994	6 333	2 707	26 954	68	27 022	24 423	914	288	1 397
2003 Q1	34 544	2 562	37 106	6 110	2 669	28 327	541	28 868	22 504	-419	197	6 586
Q2	32 014	2 616	34 630	5 313	2 724	26 593	653	27 246	24 478	-454	264	2 958
Q3	35 058	2 602	37 660	6 308	2 711	28 641	786	29 427	23 775	2 251	254	3 147
Q4	36 157	2 419	38 576	5 730	2 529	30 317	712	31 029	24 799	2 576	147	3 507
2004 Q1	36 461	2 534	38 995	6 099	2 644	30 252	730	30 982	25 312	1 004	287	4 379
Q2	37 757	2 627	40 384	7 111	2 738	30 535	888	31 423	24 768	1 321	295	5 039
Q3	35 176	2 530	37 706	6 714	2 642	28 350	680	29 030	25 182	975	315	2 558
Q4	39 099	2 481	41 580	6 932	2 594	32 054	637	32 691	24 988	2 202	330	5 171
2005 Q1	37 057	2 641	39 698	7 587	2 784	29 327	1 685	31 012	25 768	1 132	330	3 782
Q2	40 984	3 004	43 988	7 946	3 118	32 924	707	33 631	24 454	831	428	7 918
Q3	39 976	2 866	42 842	8 041	2 981	31 820	531	32 351	26 292	1 055	314	4 690
Q4	37 874	3 014	40 888	8 012	3 130	29 746	945	30 691	25 109	-543	294	5 831
Percentage change, quarter on corresponding quarter of previous year												
2001 Q1	5.0	-9.0	3.9	-8.1	-9.2	9.7	-36.5	9.0	4.6			
Q2	-6.7	-2.1	-6.4	2.8	-1.8	-9.3	+	-7.6	4.9			
Q3	-2.4	-17.3	-3.7	-7.4	-16.5	-1.1	+	0.9	2.0			
Q4	-8.6	-0.6	-8.0	11.9	-0.4	-13.8	+	-11.9	-6.2			
2002 Q1	7.1	6.2	7.0	-12.0	6.0	12.7	66.5	13.1	-2.7			
Q2	17.4	0.8	16.1	-4.7	0.8	24.2	-31.7	23.1	-2.1			
Q3	13.9	10.6	13.7	1.6	10.2	17.2	-19.2	16.4	-2.9			
Q4	18.7	11.3	18.1	-9.1	10.9	28.0	-86.3	25.4	2.9			
2003 Q1	11.5	7.1	11.2	7.0	6.9	12.6	62.5	13.2	-7.0			
Q2	-2.7	9.2	-1.9	-15.4	8.9	0.3	+	1.6	1.2			
Q3	5.1	4.0	5.1	3.3	4.0	5.6	+	6.9	-1.0			
Q4	8.3	-7.0	7.2	-9.5	-6.6	12.5	+	14.8	1.5			
2004 Q1	5.5	-1.1	5.1	-0.2	-0.9	6.8	34.9	7.3	12.5			
Q2	17.9	0.4	16.6	33.8	0.5	14.8	36.0	15.3	1.2			
Q3	0.3	-2.8	0.1	6.4	-2.5	-1.0	-13.5	-1.3	5.9			
Q4	8.1	2.6	7.8	21.0	2.6	5.7	-10.5	5.4	0.8			
2005 Q1	1.6	4.2	1.8	24.4	5.3	-3.1	+	0.1	1.8			
Q2	8.5	14.4	8.9	11.7	13.9	7.8	-20.4	7.0	-1.3			
Q3	13.6	13.3	13.6	19.8	12.8	12.2	-21.9	11.4	4.4			
Q4	-3.1	21.5	-1.7	15.6	20.7	-7.2	48.4	-6.1	0.5			

1 These series include a quarterly alignment adjustment.

2 Social contributions and other current transfers.

3 Total resources equal total uses.

4 Social benefits and other current transfers.

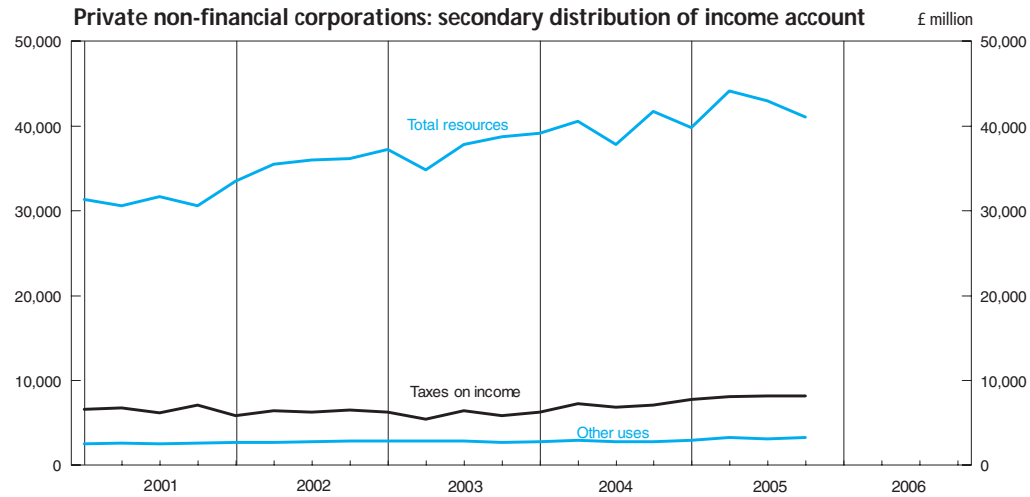
5 Also known as gross saving.

6 Acquisitions less disposals of valuables and non-produced non-financial assets.

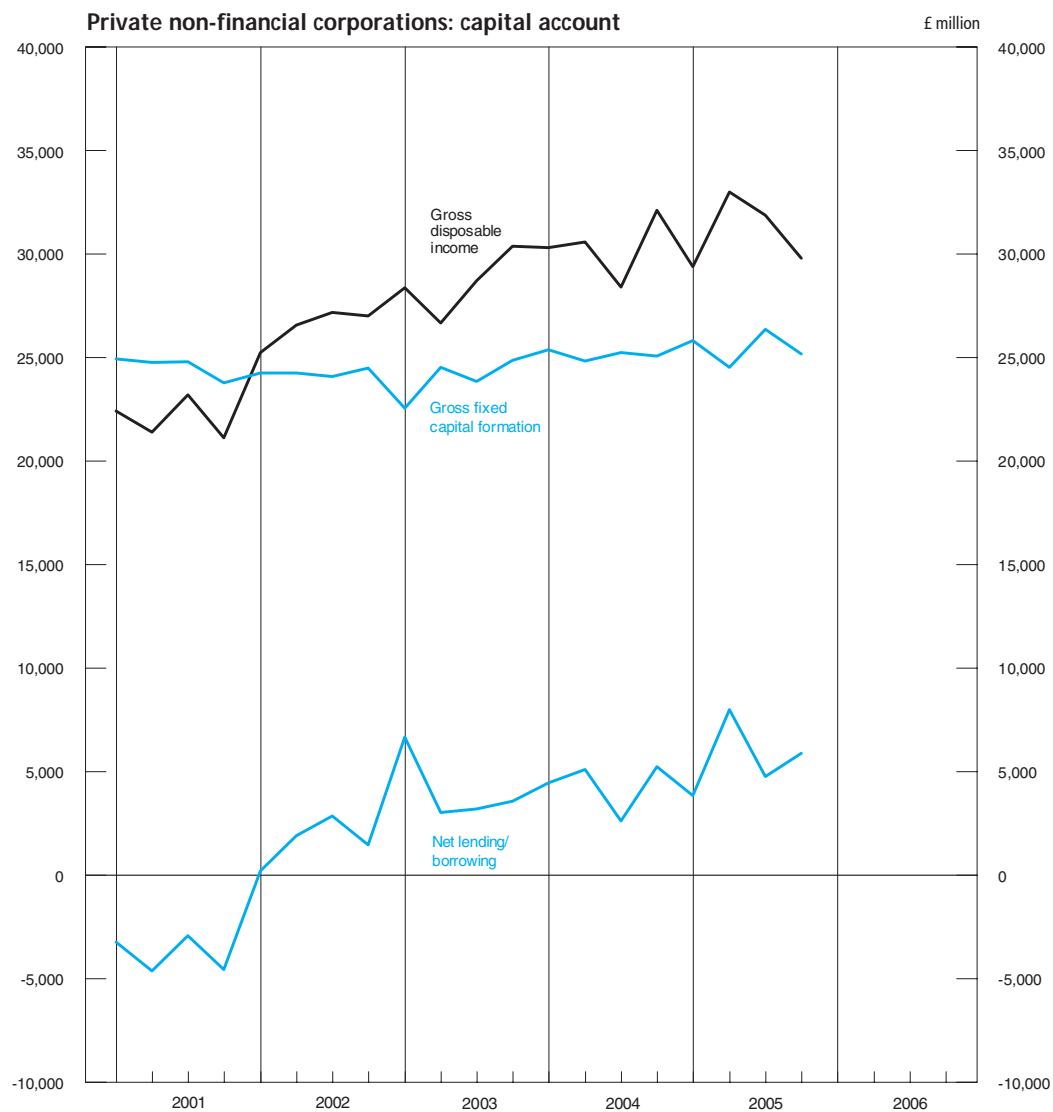
7 Gross of fixed capital consumption.

Source: Office for National Statistics; Enquiries: 020 7533 6014

Private non-financial corporations: secondary distribution of income account



Private non-financial corporations: capital account



2.13 Balance of payments: current account

£ million

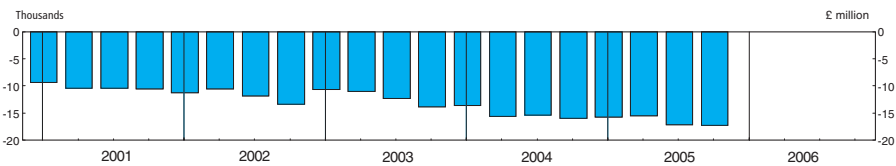
	Trade in goods and services										Income balance	Current transfers balance	Current balance	Current balance as percentage of GDP ¹
	Goods			Services			Total							
	Exports+	Imports+	Balance of trade	Exports	Imports	Balance of trade	Exports	Imports	Balance of trade					
	BOKG	BOKH	BOKI	IKBB	IKBC	IKBD	IKBH	IKBI	IKBJ	HBOJ	IKBP	HBOP	AA6H	
2001	190 055	230 703	-40 648	83 061	69 358	13 703	273 116	300 061	-26 945	11 371	-6 611	-22 185	-2.2	
2002	186 511	233 598	-47 087	88 434	72 898	15 536	274 945	306 496	-31 551	23 679	-8 615	-16 487	-1.6	
2003	188 615	236 479	-47 864	93 616	76 734	16 882	282 231	313 213	-30 982	24 995	-9 961	-15 948	-1.4	
2004	190 877	251 347	-60 470	103 010	81 580	21 430	293 887	332 927	-39 040	26 413	-10 940	-23 567	-2.0	
2005	210 182	275 813	-65 631	105 732	86 998	18 734	315 914	362 811	-46 897	27 408	-12 401	-31 890	-2.6	
2001 Q1	49 523	58 884	-9 361	21 764	17 534	4 230	71 287	76 418	-5 131	2 182	-1 807	-4 756	-1.9	
Q2	48 329	58 774	-10 445	21 922	17 464	4 458	70 251	76 238	-5 987	3 202	-2 682	-5 467	-2.2	
Q3	46 561	56 911	-10 350	18 775	17 495	1 280	65 336	74 406	-9 070	3 355	29	-5 686	-2.3	
Q4	45 642	56 134	-10 492	20 600	16 865	3 735	66 242	72 999	-6 757	2 632	-2 151	-6 276	-2.5	
2002 Q1	46 192	57 437	-11 245	21 716	17 897	3 819	67 908	75 334	-7 426	4 993	-2 269	-4 702	-1.8	
Q2	49 273	59 820	-10 547	21 475	18 169	3 306	70 748	77 989	-7 241	4 649	-2 396	-4 988	-1.9	
Q3	46 772	58 663	-11 891	22 936	18 449	4 487	69 708	77 112	-7 404	6 521	-1 404	-2 287	-0.9	
Q4	44 274	57 678	-13 404	22 307	18 383	3 924	66 581	76 061	-9 480	7 516	-2 546	-4 510	-1.7	
2003 Q1	49 034	59 686	-10 652	23 179	18 993	4 186	72 213	78 679	-6 466	8 264	-2 237	-439	-0.2	
Q2	46 813	57 856	-11 043	23 082	18 854	4 228	69 895	76 710	-6 815	5 035	-2 898	-4 678	-1.7	
Q3	46 302	58 602	-12 300	23 635	19 382	4 253	69 937	77 984	-8 047	5 400	-2 501	-5 148	-1.8	
Q4	46 466	60 335	-13 869	23 720	19 505	4 215	70 186	79 840	-9 654	6 296	-2 325	-5 683	-2.0	
2004 Q1	46 390	59 945	-13 555	25 030	19 624	5 406	71 420	79 569	-8 149	6 077	-2 708	-4 780	-1.7	
Q2	46 780	62 362	-15 582	25 604	20 057	5 547	72 384	82 419	-10 035	6 895	-2 433	-5 573	-1.9	
Q3	48 198	63 607	-15 409	25 836	20 526	5 310	74 034	84 133	-10 099	5 110	-2 787	-7 776	-2.7	
Q4	49 509	65 433	-15 924	26 540	21 373	5 167	76 049	86 806	-10 757	8 331	-3 012	-5 438	-1.8	
2005 Q1	49 356	65 048	-15 692	26 495	21 455	5 040	75 851	86 503	-10 652	7 725	-3 578	-6 505	-2.2	
Q2	51 889	67 423	-15 534	26 783	21 712	5 071	78 672	89 135	-10 463	9 608	-2 587	-3 442	-1.1	
Q3	53 784	70 939	-17 155	24 799	21 879	2 920	78 583	92 818	-14 235	6 331	-3 082	-10 986	-3.6	
Q4	55 153	72 403	-17 250	27 655	21 952	5 703	82 808	94 355	-11 547	3 744	-3 154	-10 957	-3.6	
2003 Jan	16 537	20 055	-3 518	7 605	6 299	1 306	24 142	26 354	-2 212	..	..	..	..
Feb	16 460	19 594	-3 134	7 762	6 335	1 427	24 222	25 929	-1 707	..	..	..	..
Mar	16 037	20 037	-4 000	7 812	6 359	1 453	23 849	26 396	-2 547	..	..	..	..
Apr	16 545	19 139	-2 594	7 669	6 193	1 476	24 214	25 332	-1 118	..	..	..	..
May	15 293	19 405	-4 112	7 712	6 349	1 363	23 005	25 754	-2 749	..	..	..	..
Jun	14 975	19 312	-4 337	7 701	6 312	1 389	22 676	25 624	-2 948	..	..	..	..
Jul	15 675	19 479	-3 804	7 792	6 440	1 352	23 467	25 919	-2 452	..	..	..	..
Aug	15 441	19 037	-3 596	7 921	6 489	1 432	23 362	25 526	-2 164	..	..	..	..
Sep	15 186	20 086	-4 900	7 922	6 453	1 469	23 108	26 539	-3 431	..	..	..	..
Oct	15 729	20 174	-4 445	7 852	6 275	1 577	23 581	26 449	-2 868	..	..	..	..
Nov	15 110	19 919	-4 809	7 867	6 501	1 366	22 977	26 420	-3 443	..	..	..	..
Dec	15 627	20 242	-4 615	8 001	6 729	1 272	23 628	26 971	-3 343	..	..	..	..
2004 Jan	15 125	20 253	-5 128	8 172 [†]	6 575 [†]	1 597 [†]	23 297 [†]	26 828 [†]	-3 531 [†]	
Feb	15 260	19 573	-4 313	8 403	6 594	1 809	23 663	26 167	-2 504	..	..	..	..
Mar	16 005	20 119	-4 114	8 455	6 455	2 000	24 460	26 574	-2 114	..	..	..	..
Apr	15 588	20 805	-5 217	8 585	6 680	1 905	24 173	27 485	-3 312	..	..	..	..
May	15 478	20 547	-5 069	8 513	6 677	1 836	23 991	27 224	-3 233	..	..	..	..
Jun	15 714	21 010	-5 296	8 506	6 700	1 806	24 220	27 710	-3 490	..	..	..	..
Jul	15 931	21 200	-5 269	8 524	6 725	1 799	24 455	27 925	-3 470	..	..	..	..
Aug	15 931	21 117	-5 186	8 645	6 836	1 809	24 576	27 953	-3 377	..	..	..	..
Sep	16 336	21 290	-4 954	8 667	6 965	1 702	25 003	28 255	-3 252	..	..	..	..
Oct	16 250	21 806	-5 556	8 809	7 062	1 747	25 059	28 868	-3 809	..	..	..	..
Nov	16 444	21 751	-5 307	8 860	7 120	1 740	25 304	28 871	-3 567	..	..	..	..
Dec	16 815	21 876	-5 061	8 871	7 191	1 680	25 686	29 067	-3 381	..	..	..	..
2005 Jan	16 349	21 690	-5 341	8 829	7 194	1 635	25 178	28 884	-3 706	..	..	..	..
Feb	16 050	21 681	-5 631	8 863	7 142	1 721	24 913	28 823	-3 910	..	..	..	..
Mar	16 957	21 677	-4 720	8 803	7 119	1 684	25 760	28 796	-3 036	..	..	..	..
Apr	17 023	22 618	-5 595	8 963	7 172	1 791	25 986	29 790	-3 804	..	..	..	..
May	16 898	22 124	-5 226	9 026	7 342	1 684	25 924	29 466	-3 542	..	..	..	..
Jun	17 968	22 681	-4 713	8 794	7 198	1 596	26 762	29 879	-3 117	..	..	..	..
Jul	17 545	22 865	-5 320	8 878	7 275	1 603	26 423	30 140	-3 717	..	..	..	..
Aug	17 912	24 001	-6 089	7 004	7 236	-232	24 916	31 237	-6 321	..	..	..	..
Sep	18 327	24 073	-5 746	8 917	7 368	1 549	27 244	31 441	-4 197	..	..	..	..
Oct	18 327	23 416	-5 089	8 817	7 268	1 549	27 144	30 684	-3 540	..	..	..	..
Nov	18 138	24 196	-6 058	9 271	7 400	1 871	27 409	31 596	-4 187	..	..	..	..
Dec	18 688	24 791	-6 103	9 567	7 284	2 283	28 255	32 075	-3 820	..	..	..	..
2006 Jan	19 074 [†]	25 612 [†]	-6 538 [†]	9 376	7 414	1 962	28 450	33 026	-4 576	..	..	..	..
Feb	19 609	26 087	-6 478	8 947	7 283	1 664	28 556	33 370	-4 814	..	..	..	..

1 Using series YBHA: GDP at current market prices

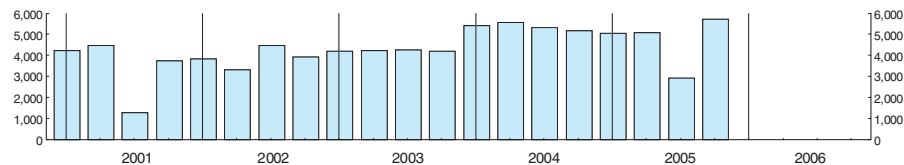
Sources: Office for National Statistics;
 Enquiries: Columns 1-3 020 7533 6064; Columns 4-6 020 7533 6090;
 Columns 7-13 020 7533 6078.

Balance of payments: current account

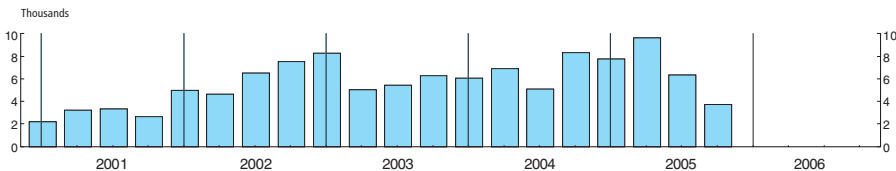
Balance of trade in goods



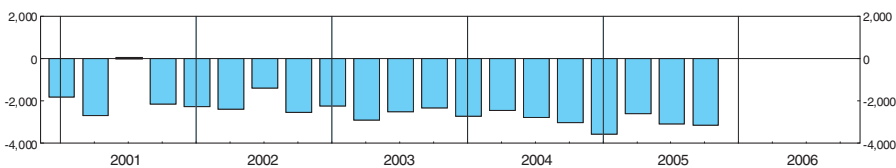
Service balance



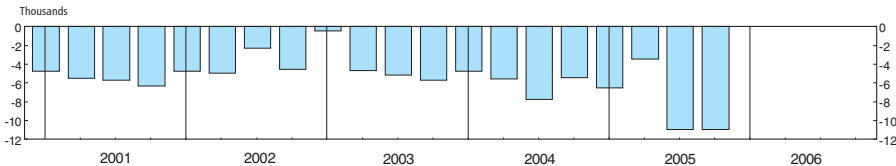
Income balance



Current transfers balance



Current balance



2.14 Trade in goods (on a balance of payments basis)

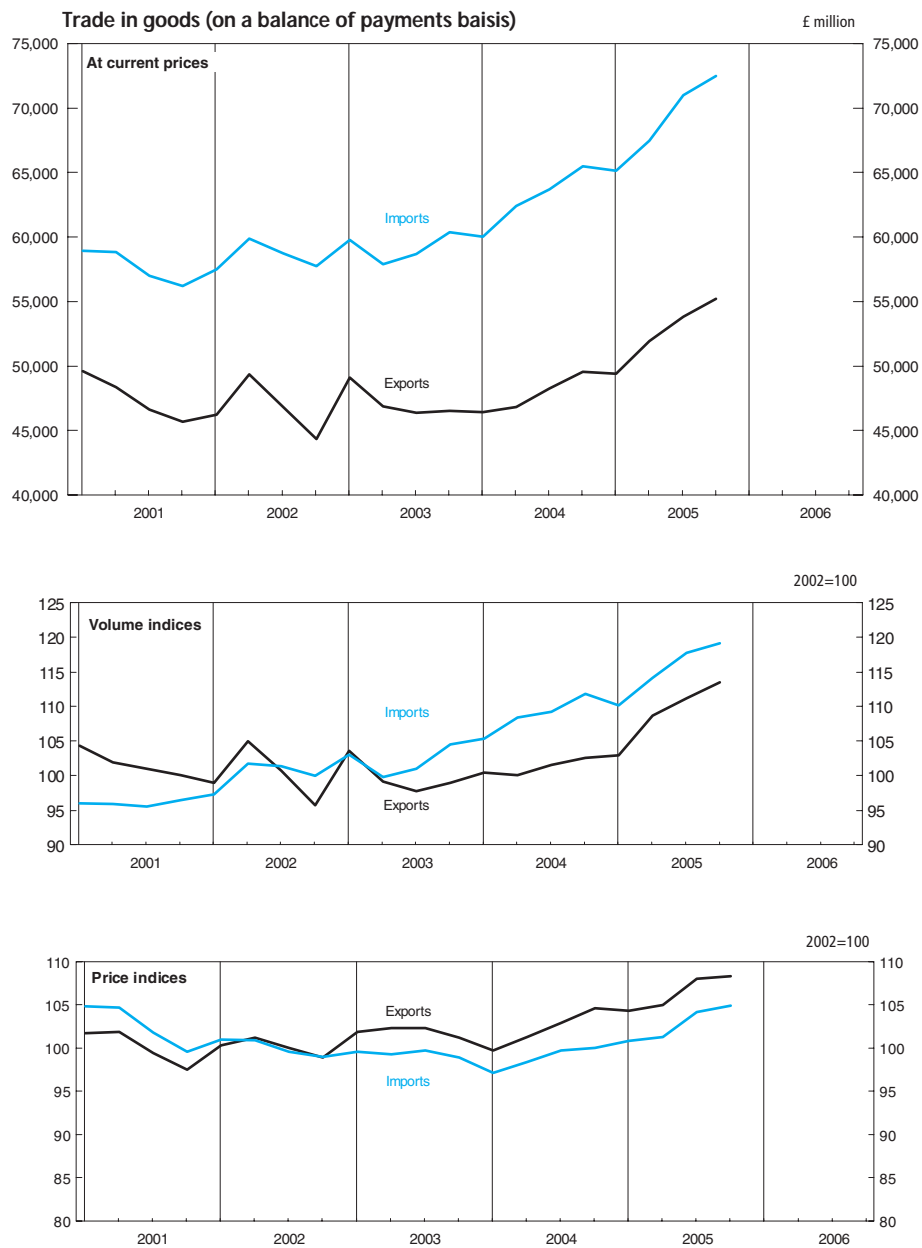
2002 = 100

	Volume indices (SA)						Price indices (NSA)								
	Total		Total excluding oil		Total excluding oil and erratics ¹		Total			Total excluding oil			Total excluding oil and erratics ¹		
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Terms of trade ²	Exports	Imports	Terms of trade ²	Exports	Imports	
	BQKU	BQKV	BQKI	BQKY	BOMA	ELAL	BQKR	BQKS	BQKT	BQKK	BQKL	BQKM	BQAK	ELBA	
2001	101.7	95.9	101.5	-2 065	102.0	95.3	100.0	102.6	97.5	100.1	103.2	97.0	99.6	102.9	
2002	100.0	100.0	100.0	-2 979	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
2003	99.7	102.0	100.1	-2 342	98.2	102.0	101.8	99.3	102.5	101.3	98.9	102.4	102.3	99.0	
2004	101.0	108.6	101.9	-3 996	100.0	108.7	102.0	98.7	103.3	100.1	97.6	102.6	101.2	98.0	
2005	109.0	115.2	110.7	-3 110	109.2	116.0	106.3	102.7	103.5	101.3	99.5	101.8	102.5	99.8	
2001 Q1	104.2	95.9	104.4	9	105.1	95.8	101.6	104.7	97.0	101.6	105.3	96.5	100.7	104.8	
Q2	101.8	95.8	101.8	-521	102.4	95.1	101.8	104.6	97.3	101.3	104.8	96.7	100.4	104.2	
Q3	100.9	95.4	100.4	-866	100.6	95.0	99.3	101.7	97.6	99.0	102.1	97.0	98.8	102.0	
Q4	100.0	96.4	99.4	-687	99.9	95.1	97.4	99.5	97.9	98.6	100.7	97.9	98.3	100.6	
2002 Q1	98.9	97.2	98.8	-618	99.2	98.1	100.2	100.9	99.3	101.0	101.4	99.6	100.9	101.3	
Q2	104.9	101.6	104.4	-688	103.9	101.2	101.1	100.8	100.3	101.0	100.7	100.3	101.0	100.6	
Q3	100.6	101.3	101.1	-748	100.9	101.4	99.9	99.5	100.4	99.6	99.2	100.4	99.6	99.3	
Q4	95.6	99.9	95.7	-925	96.1	99.3	98.8	98.9	99.9	98.5	98.7	99.8	98.6	98.8	
2003 Q1	103.5	102.9	103.7	-764	102.3	103.4	101.8	99.5	102.3	100.4	98.6	101.8	101.4	98.7	
Q2	99.0	99.7	99.2	-448	97.9	99.7	102.2	99.2	103.0	102.4	99.2	103.2	103.4	99.4	
Q3	97.6	100.9	98.0	-573	95.9	100.0	102.2	99.6	102.6	101.9	99.3	102.6	102.9	99.3	
Q4	98.9	104.4	99.7	-557	96.8	104.7	101.1	98.8	102.3	100.7	98.6	102.1	101.8	98.8	
2004 Q1	100.3	105.2	100.6	-549	98.7	105.6	99.6	97.0	102.7	99.1	96.6	102.6	100.2	97.1	
Q2	100.0	108.3	101.0	-834	99.5	108.2	101.2	98.3	103.0	99.8	97.5	102.4	100.9	97.9	
Q3	101.4	109.1	102.8	-1 283	100.3	109.1	102.8	99.6	103.2	100.0	98.0	102.0	101.1	98.4	
Q4	102.5	111.7	103.3	-1 330	101.3	112.0	104.5	99.9	104.6	101.4	98.2	103.3	102.5	98.6	
2005 Q1	102.8	110.1	103.5	-961	102.0	110.8	104.2	100.7	103.5	101.4	98.7	102.7	102.5	99.1	
Q2	108.6	114.0	110.3	-584	109.3	115.4	104.9	101.2	103.7	100.8	98.7	102.1	101.9	99.0	
Q3	111.1	117.6	113.6	-580	112.1	117.8	107.9	104.1	103.7	101.1	99.8	101.3	102.3	100.1	
Q4	113.4	119.0	115.4	-985	113.7	119.9	108.2	104.8	103.2	101.9	100.9	101.0	103.1	101.1	
2003 Jan	105.9	103.9	106.6	-141	104.3	103.0	100.4	98.7	101.7	99.1	97.8	101.3	100.0	98.0	
Feb	104.1	101.9	104.1	-364	102.8	103.6	101.5	99.2	102.3	100.0	98.2	101.8	100.9	98.3	
Mar	100.4	102.9	100.4	-259	99.7	103.7	103.4	100.5	102.9	102.2	99.7	102.5	103.2	99.8	
Apr	104.8	98.4	105.6	207	104.6	98.9	102.0	99.8	102.2	102.1	99.8	102.3	103.0	99.9	
May	96.8	100.4	96.6	-210	95.1	99.2	102.9	99.3	103.6	103.3	99.4	103.9	104.3	99.6	
Jun	95.4	100.3	95.5	-445	94.0	101.1	101.8	98.5	103.4	101.8	98.4	103.5	102.8	98.7	
Jul	99.3	100.7	99.3	-210	97.1	99.9	101.9	99.1	102.8	101.6	98.8	102.8	102.6	98.9	
Aug	97.3	98.2	98.1	-128	95.7	98.3	102.8	99.8	103.0	102.1	99.3	102.8	103.1	99.3	
Sep	96.3	103.8	96.5	-235	94.9	101.9	102.0	99.8	102.2	101.9	99.7	102.2	102.9	99.7	
Oct	100.5	104.2	100.6	-97	97.6	103.6	101.6	99.3	102.3	101.2	99.0	102.2	102.2	99.1	
Nov	96.1	103.5	97.7	-307	95.4	104.8	100.9	98.9	102.0	100.6	98.7	101.9	101.7	98.9	
Dec	100.0	105.5	100.7	-153	97.3	105.8	100.7	98.3	102.4	100.3	98.0	102.3	101.5	98.4	
2004 Jan	97.9	106.7	97.7	-373	96.1	106.2	99.7	97.2	102.6	99.4	97.0	102.5	100.5	97.4	
Feb	99.6	103.7	100.9	44	99.2	105.0	98.7	96.0	102.8	98.4	95.8	102.7	99.5	96.3	
Mar	103.4	105.3	103.3	-220	100.9	105.5	100.4	97.7	102.8	99.6	97.1	102.6	100.7	97.5	
Apr	100.2	109.0	101.0	-230	99.5	108.5	100.9	97.8	103.2	99.9	97.3	102.7	101.0	97.7	
May	98.7	106.5	99.7	-380	98.5	107.1	102.1	99.0	103.1	100.2	97.9	102.3	101.3	98.3	
Jun	101.0	109.5	102.3	-224	100.4	108.9	100.7	98.1	102.7	99.2	97.3	102.0	100.3	97.8	
Jul	102.0	110.3	103.0	-387	101.0	109.7	101.0	98.3	102.7	99.2	97.4	101.8	100.3	97.8	
Aug	100.5	108.9	101.6	-587	99.0	109.7	102.9	99.8	103.1	99.7	98.0	101.7	100.8	98.3	
Sep	101.6	108.2	103.7	-309	101.0	107.9	104.4	100.6	103.8	101.2	98.7	102.5	102.3	99.0	
Oct	99.7	111.0	101.1	-588	99.0	111.4	106.2	101.3	104.8	102.0	98.8	103.2	103.2	99.1	
Nov	101.7	110.7	102.8	-357	101.4	111.1	104.8	100.1	104.7	101.8	98.5	103.4	102.9	98.8	
Dec	106.1	113.4	105.9	-385	103.4	113.5	102.5	98.4	104.2	100.4	97.4	103.1	101.5	97.8	
2005 Jan	102.5	110.7	102.5	-191	101.0	111.1	103.5	100.3	103.2	101.3	98.7	102.6	102.4	99.1	
Feb	100.8	109.0	102.4	-410	100.6	109.4	103.7	100.5	103.2	101.2	98.7	102.5	102.3	99.1	
Mar	105.2	110.6	105.5	-360	104.3	111.9	105.5	101.3	104.1	101.7	98.7	103.0	102.9	99.0	
Apr	106.4	115.2	108.0	-334	107.9	116.5	104.8	100.8	104.0	100.9	98.4	102.5	102.0	98.7	
May	106.1	112.5	107.5	-259	105.9	114.4	104.9	101.1	103.8	101.4	98.9	102.5	102.5	99.2	
Jun	113.3	114.4	115.5	9	114.0	115.2	104.9	101.8	103.0	100.0	98.7	101.3	101.2	99.0	
Jul	107.9	113.8	109.4	-351	107.2	114.5	107.7	104.3	103.3	101.5	100.4	101.1	102.7	100.6	
Aug	111.5	119.4	114.9	-86	113.6	119.2	108.3	104.1	104.0	101.1	99.5	101.6	102.3	99.8	
Sep	113.9	119.7	116.5	-143	115.4	119.8	107.8	103.8	103.9	100.7	99.5	101.2	101.9	99.8	
Oct	112.8	115.8	114.6	-128	113.3	117.3	108.5	104.5	103.8	101.8	100.6	101.2	103.0	100.8	
Nov	112.4	119.2	114.8	-238	112.7	119.0	108.2	105.0	103.0	101.9	101.2	100.7	103.1	101.3	
Dec	114.9	122.0	116.7	-619	115.0	123.5	108.0	104.8	103.1	102.0	101.0	101.0	103.2	101.1	
2006 Jan	116.5 [†]	124.2 [†]	119.0 [†]	-316 [†]	118.7 [†]	123.9 [†]	109.6 [†]	105.6	103.8 [†]	102.6 [†]	101.2 [†]	101.4	103.8 [†]	101.3 [†]	
Feb	119.6	127.1	122.5	-524	122.1	129.2	109.6	105.5	103.9	103.0	101.4	101.6	104.1	101.4	

1 Defined as ships, aircraft, precious stones and silver.

2 Price index for exports expressed as a percentage of price index for imports.

Source: Office for National Statistics; Enquiries: 020 7533 6064



3.1 Prices

Not seasonally adjusted except series RNPE

	Producer price index (2000=100)	Consumer prices index ^{2,3} (2005=100)						Retail prices index (13 January 1987=100)						Pensioner price index ⁶ (13 January 1987=100)		
			All items		CPI excluding indirect taxes (CPIY) ⁴		All items (RPI)		All items excluding mortgage interest payments (RPIX)		All items excluding mortgage interest payments and indirect taxes (RPIY) ⁵					
	Materials and fuel purchased by manu- facturing industry (SA) ¹	Output: all manu- factured products: home sales	Percent- age change on a year earlier	Percent- age change on a year earlier	Percent- age change on a year earlier	Percent- age change on a year earlier	Percent- age change on a year earlier	Percent- age change on a year earlier	Percent- age change on a year earlier	Percent- age change on a year earlier	Percent- age change on a year earlier	One- person household	Two- person household	Purch- asing power of the pound ⁷ (NSA) (1985= 100)		
	RNPE	PLLU	D7BT	D7G7	EL2Q	EL2S	CHAW	CZBH	CHMK	CDKQ	CBZW	CBZX	CZIF	CZIU	FJAK	
2001	98.8	99.7	94.2	1.2	..	..	173.3	1.8	171.3	2.1	163.7	2.4	152.7	158.5	55
2002	94.4	99.8	95.4	1.3	..	..	176.2	1.7	175.1	2.2	167.5	2.3	155.3	160.9	54
2003	95.7	101.3	96.7	1.4	96.6	..	181.3	2.9	180.0	2.8	172.0	2.7	158.1	163.8	52	
2004	99.4	103.8	98.0	1.3	97.9	1.3	186.7	3.0	184.0	2.2	175.5	2.0	160.9	166.4	51	
2005	111.1	106.7	100.0	2.1	100.0	2.2	192.0	2.8	188.2	2.3	179.4	2.2	165.1	170.0	49	
2001 Q1	100.9	99.7	93.2	0.9	..	..	171.8	2.6	168.9	1.9	161.1	1.6	150.6	156.5	55
Q2	101.8	100.1	94.5	1.5	..	..	173.9	1.9	171.8	2.3	164.1	2.6	153.3	159.3	54
Q3	98.2	99.8	94.5	1.5	..	..	174.0	1.8	172.1	2.4	164.6	2.8	153.0	158.9	54
Q4	94.2	99.3	94.6	1.0	..	..	173.8	1.0	172.4	2.0	165.0	2.4	153.9	159.3	55
2002 Q1	94.2	99.2	94.6	1.5	..	..	173.9	1.2	172.9	2.4	165.5	2.7	154.7	160.1	54
Q2	95.2	99.8	95.4	0.9	..	..	176.0	1.2	175.0	1.9	167.1	1.8	155.3	161.0	54
Q3	94.2	99.9	95.5	1.0	..	..	176.6	1.5	175.5	2.0	167.8	1.9	155.0	160.7	54
Q4	93.9	100.1	96.0	1.5	..	..	178.2	2.5	176.9	2.6	169.5	2.7	156.1	161.7	53
2003 Q1	95.9	100.9	96.0	1.5	95.9	..	179.2	3.0	177.9	2.9	170.6	3.1	156.7	162.6	53	
Q2	94.8	101.1	96.6	1.3	96.5	..	181.3	3.0	180.1	2.9	171.8	2.8	157.9	163.7	52	
Q3	95.4	101.3	96.8	1.4	96.7	..	181.8	2.9	180.5	2.8	172.3	2.7	158.3	164.0	52	
Q4	96.7	101.7	97.3	1.3	97.2	..	182.9	2.6	181.5	2.6	173.2	2.2	159.4	165.0	52	
2004 Q1	95.7	102.4	97.2	1.3	97.1	1.3	183.8	2.6	182.0	2.3	173.8	1.9	159.7	165.4	51	
Q2	98.6	103.4	98.0	1.4	97.8	1.4	186.3	2.8	184.0	2.2	175.4	2.1	160.9	166.6	51	
Q3	100.5	104.2	98.0	1.3	97.9	1.2	187.4	3.1	184.3	2.1	175.6	1.9	160.5	166.1	50	
Q4	102.9	105.1	98.7	1.4	98.6	1.4	189.2	3.4	185.6	2.3	177.1	2.3	162.3	167.6	50	
2005 Q1	105.7r	105.2	98.9	1.7	98.9	1.8	189.7	3.2	186.0	2.2	177.5	2.1	163.4	168.3	50	
Q2	108.4	106.3	99.9	2.0	99.9	2.1	191.9	3.0	188.1	2.2	179.3	2.2	164.8	169.8	49	
Q3	113.5	107.4	100.4	2.4	100.4	2.6	192.6	2.8	188.7	2.4	179.9	2.4	165.1	170.1	49	
Q4	116.9	107.7	100.8	2.1	100.9	2.3	193.7	2.4	189.8	2.3	181.0	2.2	167.1	171.7	49	
2006 Q1	120.8p	108.1p	100.8	1.9	100.9	2.0	194.2	2.4	190.1	2.2	181.4	2.2	168.2	172.4	49	
2004 Jul	99.1	103.8	97.8	1.4	97.7	1.4	186.8	3.0	183.8	2.2	175.1	2.0	..	..	51
Aug	100.2	104.2	98.1	1.3	97.9	1.3	187.4	3.2	184.3	2.2	175.7	2.0	..	..	50
Sep	102.3	104.5	98.2	1.1	98.0	1.0	188.1	3.1	184.7	1.9	176.1	1.7	..	..	50
Oct	105.0	105.2	98.4	1.2	98.3	1.2	188.6	3.3	185.1	2.1	176.6	2.0	..	..	50
Nov	103.0	105.3	98.6	1.5	98.5	1.4	189.0	3.4	185.4	2.2	176.9	2.2	..	..	50
Dec	100.6	104.9	99.1	1.7	99.1	1.7	189.9	3.5	186.4	2.5	177.9	2.5	..	..	50
2005 Jan	105.0	104.8	98.6	1.6	98.5	1.7	188.9	3.2	185.2	2.1	176.7	2.0	..	..	50
Feb	105.0	105.1	98.8	1.7	98.8	1.7	189.6	3.2	185.9	2.1	177.4	2.0	..	..	50
Mar	107.0r†	105.8	99.3	1.9	99.3	2.0	190.5	3.2	186.8	2.4	178.3	2.3	..	..	50
Apr	107.6	106.5	99.7	1.9	99.6	2.0	191.6	3.2	187.8	2.3	179.0	2.3	..	..	49
May	107.5	106.3	100.0	1.9	100.0	2.0	192.0	2.9	188.2	2.1	179.4	2.2	..	..	49
Jun	110.1	106.2	100.0	2.0	100.0	2.2	192.2	2.9	188.3	2.2	179.5	2.2	..	..	49
Jul	113.4	107.0	100.1	2.3	100.1	2.5	192.2	2.9	188.3	2.4	179.5	2.5	..	..	49
Aug	113.5	107.3	100.4	2.4	100.5	2.6	192.6	2.8	188.6	2.3	179.8	2.3	..	..	49
Sep	113.5	108.0	100.6	2.5	100.6	2.6	193.1	2.7	189.3	2.5	180.5	2.5	..	..	49
Oct	114.8	107.9	100.7	2.3	100.8	2.5	193.3	2.5	189.5	2.4	180.7	2.3	..	..	49
Nov	117.1	107.7	100.7	2.1	100.8	2.3	193.6	2.4	189.7	2.3	180.9	2.3	..	..	49
Dec	118.8	107.4	101.0	1.9	101.1	2.1	194.1	2.2	190.2	2.0	181.5	2.0	..	..	49
2006 Jan	120.7	107.8	100.5	1.9	100.6	2.1	193.4	2.4	189.4	2.3	180.7	2.3	167.2	171.4	49	
Feb	120.7p	108.1p	100.9	2.0	100.9	2.1	194.2	2.4	190.1	2.3	181.4	2.3	168.2	172.4	49	
Mar	121.1p	108.4p	101.1	1.8	101.1	1.9	195.0	2.4	190.8	2.1	182.2	2.2	169.3	173.2	49	

Note: Figures marked with a 'p' are provisional.

1 Includes the climate change levy introduced in April 2001 and the aggregates levy introduced in April 2002.

2 Rebased from 1996=100 with effect from the January 2006 CPI release. Inflation rates before 1997 and index levels before 1996 are estimated. Further details are given in *Economic Trends* No.541 December 1998.

3 Before December 2003, the consumer prices index (CPI) was published in the UK as the harmonised index of consumer prices (HICP).

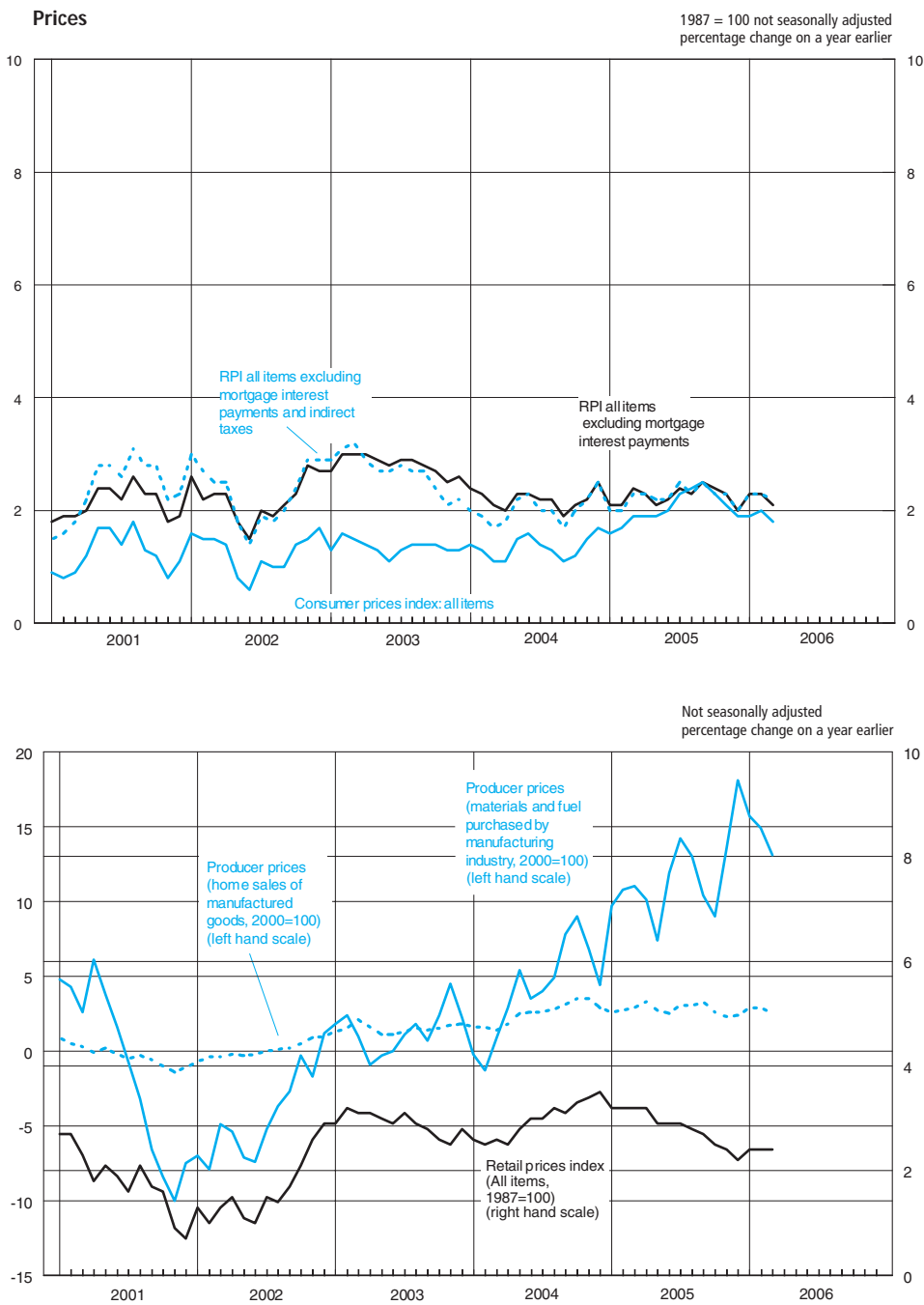
4 New series published with effect from the March 2006 CPI release. The index is not available before December 2002.

5 The taxes excluded are council tax, VAT, duties, vehicle excise duty, insurance tax and airport passenger duty.

6 Pensioner price indices exclude housing costs, as these are often atypical for a pensioner household, based on RPI.

7 Movements in the purchasing power of the pound are based on movements in the retail prices index.

Sources: Office for National Statistics; Enquiries: Columns 1-2 01633 812106; Columns 3-15 020 7533 5853.



4.1 Labour market activity¹

United Kingdom

Thousands, seasonally adjusted²

	Employment categories				Total in employment	Unemployed	Total economically active	Economically inactive	Total aged 16 and over	Employment rate: age 16-59/64 ³
	Employees	Self-employed	Unpaid family workers	Government training and employment programmes						
Total										
	MGRN	MGRQ	MGRT	MGRW	MGRZ	MGSC	MGSF	MGSI	MGSL	MGSU
2002 Q1	24 247	3 321	97	112	27 777	1 511	29 288	17 369	46 657	74.3
Q2	24 365	3 336	97	106	27 905	1 515	29 420	17 306	46 727	74.5
Q3	24 366	3 355	94	97	27 912	1 561	29 473	17 325	46 798	74.4
Q4	24 521	3 363	94	96	28 074	1 514	29 588	17 284	46 872	74.7
2003 Q1	24 452	3 435	83	94	28 065	1 524	29 588	17 358	46 946	74.6
Q2	24 456	3 555	88	93	28 191	1 463	29 654	17 366	47 020	74.8
Q3	24 360	3 647	108	107	28 222	1 499	29 721	17 377	47 098	74.6
Q4	24 388	3 659	99	108	28 254	1 458	29 712	17 470	47 183	74.6
2004 Q1	24 550	3 628	103	116	28 398	1 432	29 830	17 438	47 268	74.8
Q2	24 518	3 670	98	125	28 410	1 434	29 844	17 509	47 352	74.7
Q3	24 662	3 586	91	128	28 467	1 392	29 859	17 585	47 444	74.7
Q4	24 720	3 644	97	126	28 586	1 418	30 004	17 546	47 550	74.9
2005 Q1	24 819	3 630	104	126	28 679	1 409	30 087	17 569	47 656	74.9
Q2	24 860	3 621	101	116	28 698	1 435	30 132	17 629	47 762	74.7
Q3	24 965	3 660	93	107	28 825	1 434	30 259	17 605	47 863	74.9
Q4	24 869	3 700	90	109	28 769	1 541	30 310	17 647	47 957	74.5
Males										
	MGRO	MGRR	MGRU	MGRX	MGSA	MGSD	MGSG	MGSJ	MGSM	MGSV
2002 Q1	12 467	2 449	30	70	15 016	919	15 935	6 587	22 522	78.9
Q2	12 535	2 442	31	61	15 068	910	15 978	6 586	22 564	79.0
Q3	12 517	2 457	36	60	15 070	945	16 015	6 591	22 606	78.9
Q4	12 671	2 460	34	61	15 226	891	16 117	6 533	22 650	79.5
2003 Q1	12 594	2 505	26	56	15 181	926	16 107	6 586	22 694	79.1
Q2	12 602	2 604	32	53	15 291	886	16 177	6 560	22 738	79.5
Q3	12 512	2 672	41	61	15 285	896	16 180	6 602	22 783	79.3
Q4	12 482	2 680	38	60	15 261	879	16 140	6 691	22 830	79.0
2004 Q1	12 581	2 657	42	68	15 348	841	16 190	6 688	22 878	79.4
Q2	12 544	2 695	41	73	15 353	841	16 195	6 731	22 926	79.2
Q3	12 630	2 653	35	75	15 393	815	16 208	6 769	22 977	79.3
Q4	12 651	2 686	37	75	15 450	834	16 284	6 753	23 037	79.3
2005 Q1	12 709	2 668	41	70	15 488	830	16 318	6 778	23 096	79.3
Q2	12 710	2 662	38	71	15 481	834	16 316	6 839	23 155	79.1
Q3	12 751	2 678	34	63	15 526	849	16 376	6 837	23 213	79.1
Q4	12 721	2 718	30	62	15 531	910	16 441	6 825	23 266	78.8
Females										
	MGRP	MGRS	MGRV	MGRY	MGSB	MGSE	MGSH	MGSK	MGSN	MGSW
2002 Q1	11 780	872	66	42	12 760	593	13 353	10 782	24 135	69.4
Q2	11 831	895	65	45	12 837	606	13 443	10 720	24 163	69.7
Q3	11 850	898	58	37	12 843	615	13 458	10 734	24 192	69.7
Q4	11 850	903	60	35	12 848	623	13 471	10 751	24 222	69.6
2003 Q1	11 858	930	57	38	12 883	598	13 481	10 771	24 252	69.7
Q2	11 853	951	56	40	12 900	578	13 477	10 805	24 283	69.7
Q3	11 848	975	67	46	12 937	603	13 541	10 775	24 315	69.7
Q4	11 906	979	61	47	12 993	579	13 572	10 780	24 352	69.8
2004 Q1	11 969	971	61	48	13 049	591	13 640	10 749	24 390	70.0
Q2	11 974	975	57	52	13 057	592	13 649	10 778	24 427	69.8
Q3	12 033	933	55	53	13 074	577	13 651	10 816	24 467	69.9
Q4	12 068	959	59	50	13 136	584	13 721	10 793	24 514	70.1
2005 Q1	12 110	962	63	55	13 191	579	13 769	10 791	24 560	70.1
Q2	12 150	959	63	44	13 216	600	13 817	10 790	24 606	70.1
Q3	12 214	982	59	44	13 299	584	13 883	10 768	24 651	70.4
Q4	12 148	982	60	48	13 238	632	13 869	10 822	24 691	69.8

¹ Data are from the Labour Force Survey which uses the definitions recommended by the International Labour Organisation (ILO), an agency of the United Nations. For details see the *Guide to Labour Market Statistics Releases*.

² Seasonally adjusted estimates are revised in September each year.

³ The employment rate equals those in employment aged 16-64 (males) and 16-59 (females), as a percentage of all in these age groups. The underlying data are available on request.

Source: Office for National Statistics; Enquiries: 020 7533 6094

4.2 Labour market activity¹

United Kingdom

Thousands, not seasonally adjusted

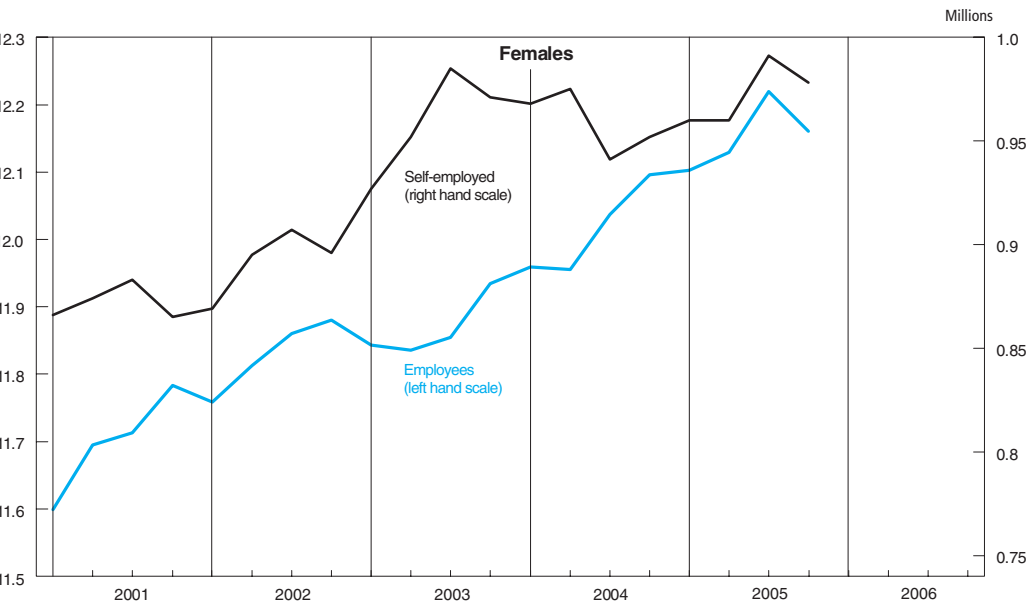
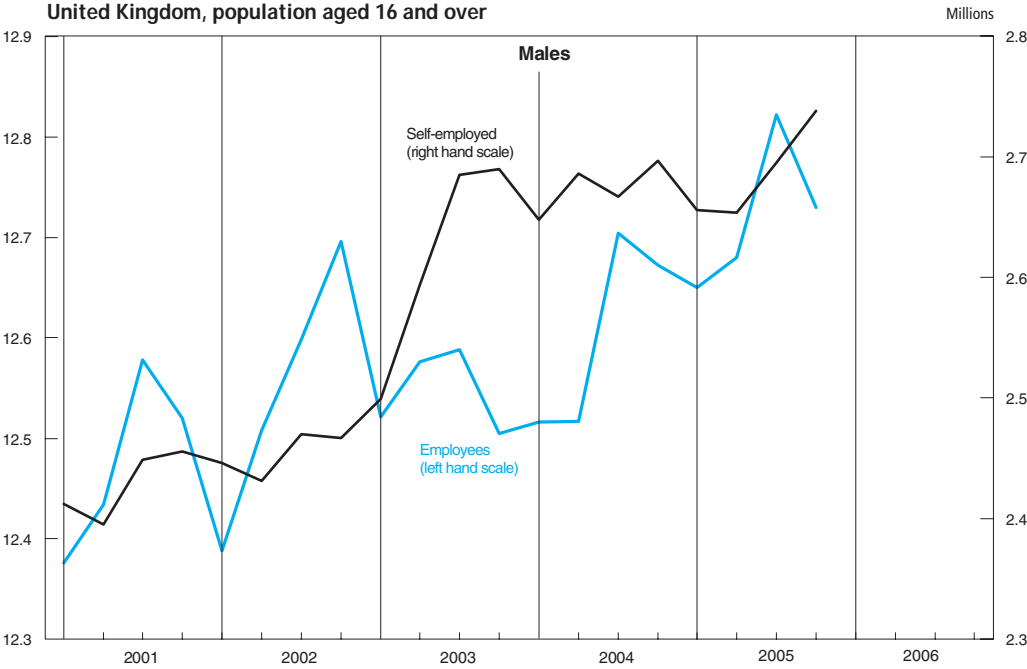
	Employment categories					Unemployed	Total economically active	Economically inactive	Total aged 16 and over	Employment rate: age 16-59/64 ²
	Employees	Self-employed	Unpaid family workers	Government training and employment programmes	Total in employment					
Total	MGTA	MGTD	MGTG	MGTJ	MGTM	MGTP	MGTS	MGTV	MGSL	MGUH
2002 Q1	24 146	3 315	95	117	27 672	1 517	29 189	17 468	46 657	74.0
Q2	24 321	3 326	95	105	27 847	1 468	29 315	17 411	46 727	74.4
Q3	24 458	3 377	97	90	28 022	1 633	29 656	17 142	46 798	74.7
Q4	24 576	3 363	95	99	28 133	1 476	29 609	17 263	46 872	74.9
2003 Q1	24 363	3 426	83	99	27 971	1 525	29 497	17 450	46 946	74.3
Q2	24 412	3 545	86	91	28 134	1 416	29 550	17 470	47 020	74.6
Q3	24 442	3 670	110	101	28 323	1 572	29 895	17 203	47 098	74.9
Q4	24 440	3 661	100	110	28 311	1 422	29 733	17 450	47 183	74.7
2004 Q1	24 475	3 616	104	121	28 316	1 430	29 746	17 522	47 268	74.6
Q2	24 471	3 661	96	122	28 349	1 389	29 738	17 614	47 352	74.5
Q3	24 741	3 607	91	123	28 562	1 466	30 029	17 416	47 444	75.0
Q4	24 768	3 649	97	128	28 642	1 383	30 025	17 525	47 550	75.0
2005 Q1	24 752	3 616	106	130	28 604	1 405	30 009	17 647	47 656	74.6
Q2	24 809	3 613	98	112	28 633	1 392	30 025	17 737	47 762	74.5
Q3	25 041	3 686	92	102	28 920	1 509	30 429	17 434	47 863	75.2
Q4	24 891	3 715	89	111	28 807	1 525	30 332	17 625	47 957	74.6
Males	MGTB	MGTE	MGTH	MGTK	MGTN	MGTQ	MGTT	MGTW	MGSM	MGUI
2002 Q1	12 388	2 446	31	73	14 938	932	15 870	6 652	22 522	78.5
Q2	12 508	2 431	30	60	15 030	888	15 918	6 646	22 564	78.8
Q3	12 598	2 470	36	57	15 161	971	16 132	6 475	22 606	79.4
Q4	12 696	2 467	34	63	15 260	867	16 127	6 523	22 650	79.7
2003 Q1	12 521	2 499	27	59	15 107	938	16 045	6 649	22 694	78.7
Q2	12 576	2 594	31	52	15 253	864	16 116	6 621	22 738	79.3
Q3	12 588	2 685	41	58	15 372	921	16 293	6 489	22 783	79.8
Q4	12 505	2 690	38	62	15 295	855	16 150	6 680	22 830	79.2
2004 Q1	12 516	2 648	44	70	15 279	852	16 130	6 748	22 878	79.0
Q2	12 517	2 686	40	71	15 313	820	16 133	6 792	22 926	79.0
Q3	12 704	2 667	35	73	15 478	842	16 320	6 657	22 977	79.7
Q4	12 672	2 697	37	77	15 483	811	16 294	6 742	23 037	79.5
2005 Q1	12 650	2 656	43	72	15 422	839	16 261	6 835	23 096	78.9
Q2	12 680	2 654	37	70	15 440	814	16 254	6 901	23 155	78.8
Q3	12 822	2 695	33	61	15 610	878	16 488	6 724	23 213	79.5
Q4	12 730	2 738	29	63	15 560	900	16 459	6 806	23 266	79.0
Females	MGTC	MGTF	MGTI	MGTL	MGTO	MGTR	MGTU	MGTX	MGSN	MGUJ
2002 Q1	11 758	869	64	44	12 735	585	13 319	10 816	24 135	69.2
Q2	11 813	895	65	45	12 818	579	13 397	10 766	24 163	69.6
Q3	11 860	907	60	33	12 862	662	13 524	10 668	24 192	69.8
Q4	11 880	896	61	36	12 873	609	13 482	10 740	24 222	69.8
2003 Q1	11 843	927	55	40	12 865	587	13 452	10 801	24 252	69.6
Q2	11 836	952	55	39	12 881	552	13 434	10 849	24 283	69.6
Q3	11 855	985	69	43	12 951	651	13 601	10 714	24 315	69.7
Q4	11 934	971	62	48	13 016	567	13 583	10 770	24 352	70.0
2004 Q1	11 959	968	60	51	13 037	579	13 616	10 774	24 390	69.9
Q2	11 955	975	56	50	13 036	569	13 605	10 822	24 427	69.7
Q3	12 037	941	56	50	13 084	624	13 708	10 759	24 467	70.0
Q4	12 096	952	60	51	13 159	571	13 730	10 783	24 514	70.2
2005 Q1	12 102	960	62	58	13 183	565	13 748	10 812	24 560	70.0
Q2	12 129	960	62	42	13 193	578	13 771	10 835	24 606	69.9
Q3	12 219	991	59	41	13 310	631	13 941	10 710	24 651	70.5
Q4	12 160	978	60	49	13 247	625	13 872	10 819	24 691	69.9

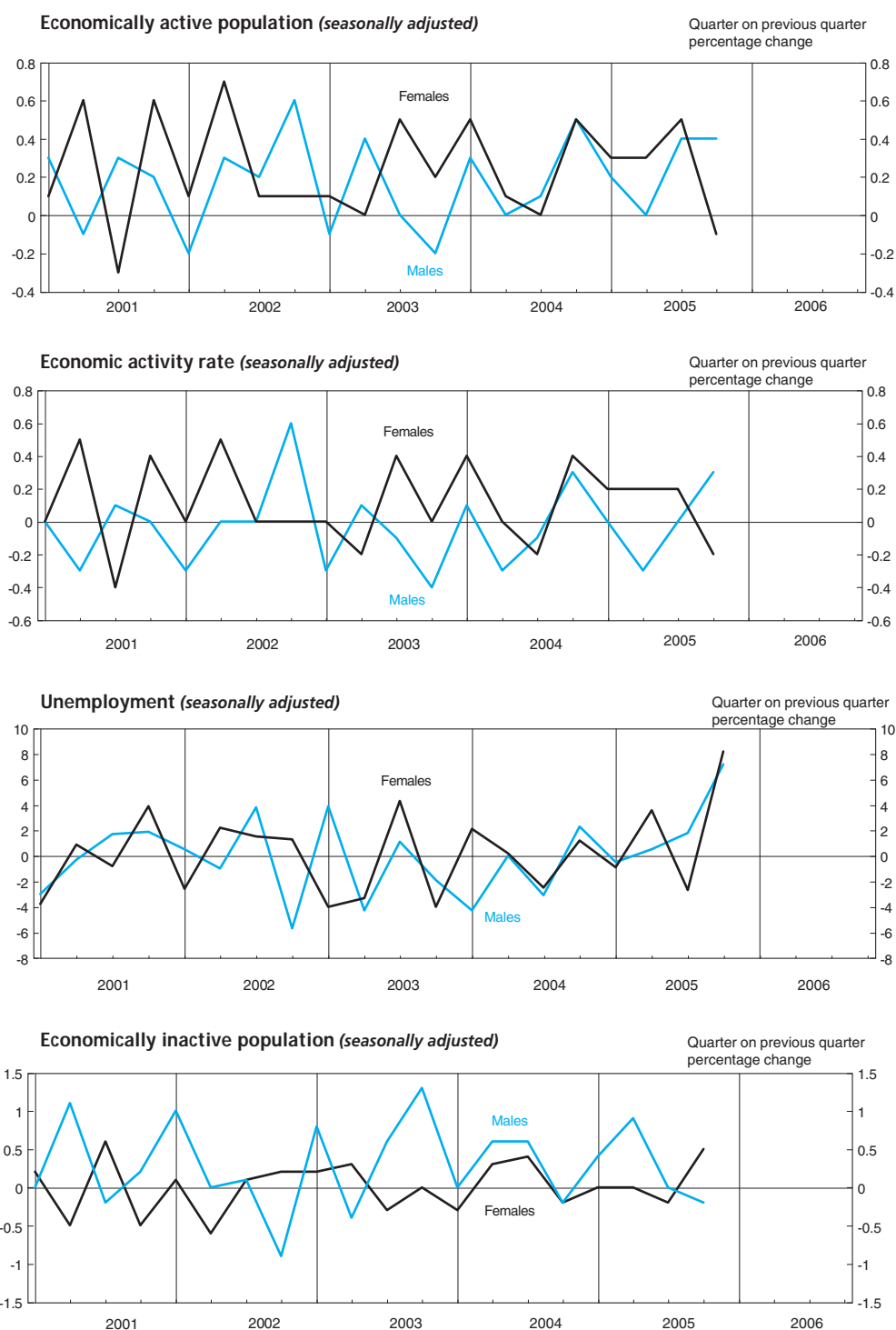
¹ Data are from the Labour Force Survey which uses the definitions recommended by the International Labour Organisation (ILO), an agency of the United Nations. For details see the *Guide to Labour Market Statistics Releases*.

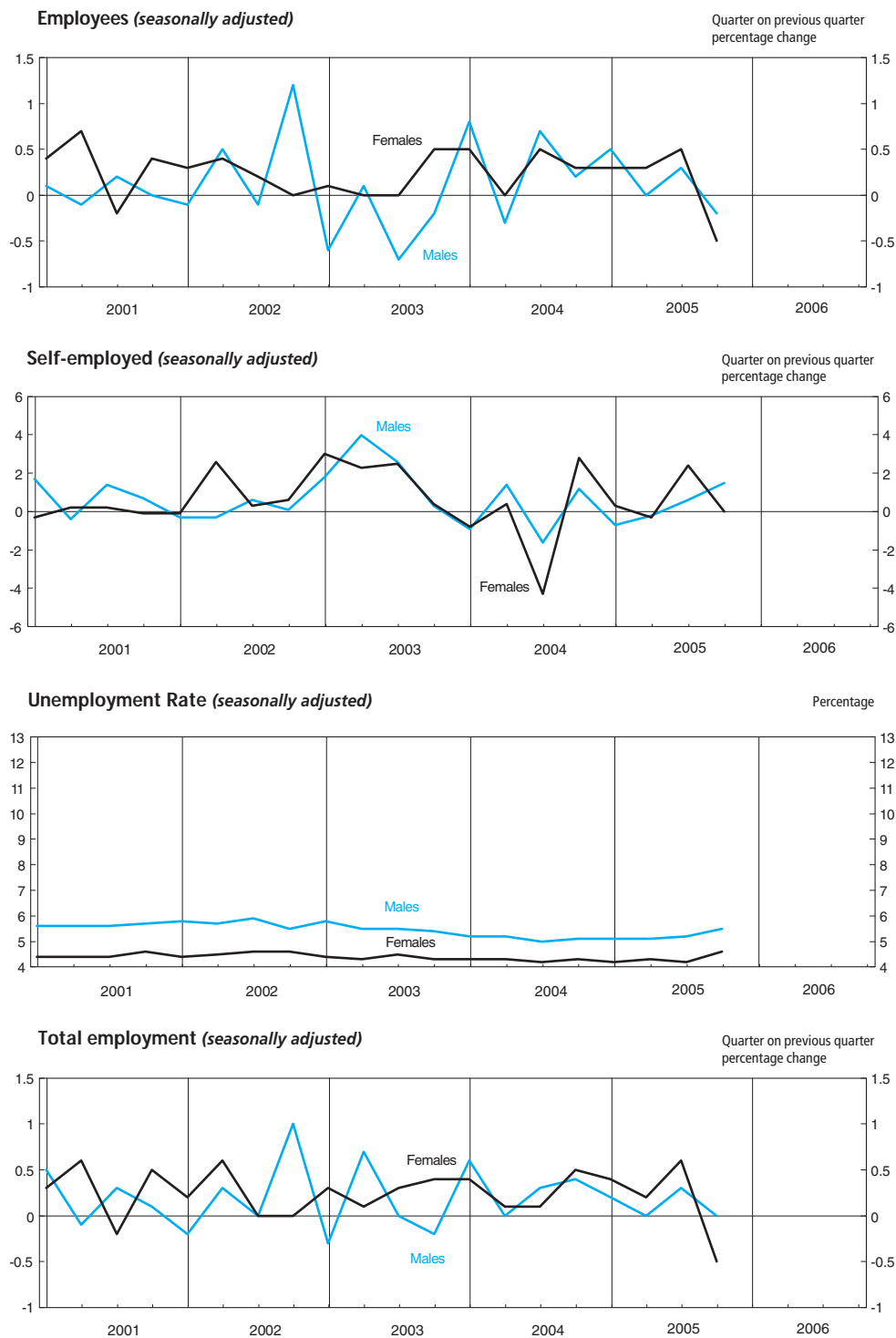
² The employment rate equals those in employment aged 16-64 (males) and 16-59 (females), as a percentage of all in these age groups. The underlying data are available on request.

Source: Office for National Statistics; Enquiries: 020 7533 6094

Employment, not seasonally adjusted:
United Kingdom, population aged 16 and over







4.3 Labour market activity by age¹

United Kingdom

Thousands, seasonally adjusted²

	Total aged 16 and over			Age groups ³							
				16-24		25-49		50-59/64		60/65 and over	
	Total	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females
In employment											
2003 Q4	MGRZ	MGSA	MGSB	MGUR	MGUS	MGUU	MGUV	MGUX	MGUY	MGVA	MGVB
	28 254	15 261	12 993	2 124	1 983	9 113	7 833	3 691	2 535	332	643
2004 Q1	28 398	15 348	13 049	2 151	2 011	9 149	7 828	3 714	2 558	334	651
Q2	28 410	15 353	13 057	2 166	1 978	9 127	7 856	3 721	2 554	340	669
Q3	28 467	15 393	13 074	2 157	1 987	9 161	7 872	3 736	2 561	338	653
Q4	28 586	15 450	13 136	2 156	1 994	9 189	7 889	3 759	2 588	345	666
2005 Q1	28 679	15 488	13 191	2 171	1 986	9 189	7 927	3 773	2 586	356	692
Q2	28 698	15 481	13 216	2 158	1 979	9 195	7 943	3 774	2 592	354	703
Q3	28 825	15 526	13 299	2 148	1 973	9 215	8 010	3 800	2 610	363	707
Q4	28 769	15 531	13 238	2 115	1 931	9 218	7 981	3 815	2 591	383	734
Unemployed											
2003 Q4	MGSC	MGSD	MGSE	MGVG	MGVH	MGVJ	MGVK	MGVM	MGVN	MGVP	MGVQ
	1 458	879	579	331	221	399	284	139	65	10	..
2004 Q1	1 432	841	591	329	233	370	285	133	64	10	..
Q2	1 434	841	592	328	246	368	281	136	56	..	..
Q3	1 392	815	577	342	248	332	262	133	59	..	..
Q4	1 418	834	584	350	248	343	269	131	60	11	..
2005 Q1	1 409	830	579	341	231	346	278	134	60	..	..
Q2	1 435	834	600	362	249	342	278	123	64	..	10
Q3	1 434	849	584	370	237	336	270	133	63	10	14
Q4	1 541	910	632	392	262	370	294	137	66	11	10
Economically inactive											
2003 Q4	MGSI	MGSJ	MGSK	MGVV	MGVW	MGVY	MGVZ	MGWB	MGWC	MGWE	MGWF
	17 470	6 691	10 780	932	1 119	832	2 446	1 325	1 206	3 602	6 008
2004 Q1	17 438	6 688	10 749	929	1 095	827	2 453	1 318	1 188	3 614	6 014
Q2	17 509	6 731	10 778	936	1 132	853	2 432	1 320	1 203	3 622	6 010
Q3	17 585	6 769	10 816	950	1 136	864	2 443	1 318	1 197	3 637	6 041
Q4	17 546	6 753	10 793	960	1 142	842	2 434	1 310	1 171	3 641	6 046
2005 Q1	17 569	6 778	10 791	971	1 180	856	2 401	1 306	1 176	3 645	6 034
Q2	17 629	6 839	10 790	979	1 182	871	2 400	1 327	1 168	3 661	6 040
Q3	17 605	6 837	10 768	997	1 211	872	2 354	1 305	1 154	3 663	6 049
Q4	17 647	6 825	10 822	1 021	1 237	847	2 370	1 304	1 173	3 652	6 042
Economic activity rate (per cent)⁴											
2003 Q4	MGWG	MGWH	MGWI	MGWK	MGWL	MGWN	MGWO	MGWQ	MGWR	MGWT	MGWU
	63.0	70.7	55.7	72.5	66.3	92.0	76.8	74.3	68.3	8.7	9.8
2004 Q1	63.1	70.8	55.9	72.7	67.2	92.0	76.8	74.5	68.8	8.7	9.9
Q2	63.0	70.6	55.9	72.7	66.3	91.8	77.0	74.5	68.4	8.8	10.1
Q3	62.9	70.5	55.8	72.5	66.3	91.7	76.9	74.6	68.6	8.7	9.9
Q4	63.1	70.7	56.0	72.3	66.2	91.9	77.0	74.8	69.3	8.9	10.0
2005 Q1	63.1	70.7	56.1	72.1	65.3	91.8	77.4	74.9	69.2	9.1	10.4
Q2	63.1	70.5	56.2	72.0	65.3	91.6	77.4	74.6	69.4	9.0	10.6
Q3	63.2	70.5	56.3	71.6	64.6	91.6	77.9	75.1	69.8	9.2	10.6
Q4	63.2	70.7	56.2	71.1	63.9	91.9	77.7	75.2	69.4	9.7	11.0
Unemployment rate (per cent)⁵											
2003 Q4	MGSX	MGSY	MGSZ	MGWZ	MGXA	MGXC	MGXD	MGXF	MGXG	MGXI	MGXJ
	4.9	5.4	4.3	13.5	10.0	4.2	3.5	3.6	2.5	3.0	..
2004 Q1	4.8	5.2	4.3	13.3	10.4	3.9	3.5	3.5	2.4	2.8	..
Q2	4.8	5.2	4.3	13.2	11.1	3.9	3.5	3.5	2.2	..	..
Q3	4.7	5.0	4.2	13.7	11.1	3.5	3.2	3.4	2.2	..	..
Q4	4.7	5.1	4.3	14.0	11.1	3.6	3.3	3.4	2.3	3.0	..
2005 Q1	4.7	5.1	4.2	13.6	10.4	3.6	3.4	3.4	2.3	..	..
Q2	4.8	5.1	4.3	14.4	11.2	3.6	3.4	3.2	2.4	..	1.3
Q3	4.7	5.2	4.2	14.7	10.7	3.5	3.3	3.4	2.4	2.7	1.9
Q4	5.1	5.5	4.6	15.6	11.9	3.9	3.6	3.5	2.5	2.8	1.4

1 Data are from the Labour Force Survey which uses the definitions recommended by the International Labour Organisation (ILO), an agency of the United Nations. For details see the *Guide to Labour Market Statistics Releases*.

2 Seasonally adjusted estimates are revised in September each year.

3 Data for more detailed age groups are published in *Labour Market Trends*.

4 The activity rate is the percentage of people in each age group who are economically active.

5 The unemployment rate is the percentage of economically active people who are unemployed on the ILO measure.

Source: Office for National Statistics; Enquiries: 020 7533 6094

4.4 Jobs and claimant count

United Kingdom

Thousands

	Jobs ¹					Claimant count ^{5,6,7}			Vacancies: average for three months ending in month shown ⁹
	Employee jobs ^{3,4}					Total	Percentage of workforce jobs and claimant count ⁸	Total not seasonally adjusted	
	Workforce jobs ^{2,3,4}	All industries	Manufacturing industries	Production industries	Service industries				
	DYDC	BCAJ	YEJA	YEJF	YEID	BCJD	BCJE	BCJA	AP2Y
2002	29 985	26 107	3 599	3 800	20 904	946.6	3.1	958.8	..
2003	30 283	26 175	3 411	3 598	21 202	933.0 [†]	3.0	945.9	..
2004	30 572	26 381	3 255	3 424	21 557	853.5	2.7	866.1	..
2005	30 810	26 650	3 132	3 293	21 916	861.8	2.7 [†]	874.4	..
2002 Q1	29 974	26 154	3 647	3 852	20 863	952.5	3.10	1 014.6	..
Q2	29 985	26 107	3 599	3 800	20 904	950.6	3.10	958.1	..
Q3	30 029	26 103	3 554	3 749	20 975	946.5	3.10	951.8	..
Q4	30 122	26 182	3 513	3 703	21 108	937.0	3.00	910.6	..
2003 Q1	30 168	26 133	3 465	3 652	21 115	941.0 [†]	3.00	1 001.1	..
Q2	30 283	26 175	3 411	3 598	21 202	943.5	3.00	954.3	..
Q3	30 384	26 172	3 365	3 546	21 232	934.1	3.00	939.0	..
Q4	30 489	26 284	3 325	3 500	21 397	913.7	2.90	889.2	..
2004 Q1	30 524	26 334	3 284	3 458	21 480	888.8	2.80	947.2	..
Q2	30 572	26 381	3 255	3 424	21 557	859.2	2.70 [†]	871.8	..
Q3	30 558	26 396	3 217	3 381	21 614	836.1	2.70	839.0	..
Q4	30 747	26 569	3 187	3 346	21 770	830.0	2.60	806.7	..
2005 Q1	30 832	26 663	3 168	3 328	21 866	823.3	2.60	879.8	..
Q2	30 810	26 650	3 132	3 293	21 916	852.2	2.70	865.8 [†]	..
Q3	30 827	26 647	3 106	3 266	21 922	871.6	2.80	874.4	..
Q4	30 919	26 674	3 080	3 242	21 984	900.1	2.80	877.6	..
2006 Q1	..	..	..	..	..	922.6	2.90	976.4	..
2004 Jan	..	..	3 308	3 484	..	897.2 [†]	2.9	952.4	599.2 [†]
Feb	..	..	3 297	3 472	..	888.7	2.8	957.0	604.8
Mar	..	26 334	3 284	3 458	21 480	880.5	2.8	932.0	615.8
Apr	..	..	3 272	3 444	..	871.9	2.8	905.2	619.9
May	..	..	3 263	3 434	..	858.1	2.7 [†]	869.7	625.2
Jun	..	26 381	3 255	3 424	21 557	847.7	2.7	840.5	628.7
Jul	..	..	3 246	3 412	..	837.1	2.7	841.5	640.8
Aug	..	..	3 232	3 398	..	835.5	2.7	847.6	642.4
Sep	..	26 396	3 217	3 381	21 614	835.7	2.7	827.8	638.8
Oct	..	..	3 205	3 368	..	834.2	2.7	806.8	638.0
Nov	..	..	3 194	3 356	..	830.0	2.6	803.0	641.1
Dec	..	26 569	3 187	3 346	21 770	825.9	2.6	810.2	646.9
2005 Jan	..	..	3 182	3 343	..	819.6	2.6	872.1	647.7
Feb	..	..	3 174	3 334	..	819.0	2.6	885.0	643.2
Mar	..	26 663	3 168	3 328	21 866	831.4	2.6	882.3	636.5
Apr	..	..	3 160	3 319	..	839.2	2.7	871.8	628.8
May	..	..	3 145	3 304	..	854.2	2.7	867.6	634.3
Jun	..	26 650	3 132	3 293	21 916	863.3	2.7	858.2	634.3
Jul	..	..	3 118	3 279	..	866.1	2.7	871.0	628.2
Aug	..	..	3 109	3 270	..	869.3	2.7	880.7	618.0
Sep	..	26 647	3 106	3 266	21 922	879.3	2.8	871.5	611.3
Oct	..	..	3 093	3 256	..	891.2	2.8	864.8	595.6
Nov	..	..	3 086	3 249	..	901.3	2.8	875.3	591.6
Dec	..	26 674	3 080	3 242	21 984	907.9	2.9	892.7	596.5
2006 Jan	..	..	3 065	3 227	..	905.1	2.9	955.3	603.5
Feb	..	..	3 058	3 221	..	925.0	2.9	984.7	604.1
Mar	..	..	..	..	..	937.6	3.0	989.1	593.2

1 Estimates of employee jobs and workforce jobs for Great Britain now use the Annual Business Inquiry as a benchmark on which quarterly movements are based. For further information see Labour Market Statistics First Release, April 2001 which is held on the National Statistics website www.statistics.gov.uk. The Northern Ireland component of workforce jobs and employee jobs has not changed.

2 Workforce jobs comprise employee jobs, self-employed jobs, HM Forces and participants in work-related government supported training, which includes the Project Work Plan.

3 For all dates, individuals with two jobs as employees of different employers are counted twice.

4 Annual estimates relate to mid-year. Figures for the four quarters relate to March, June, September and December. For claimant count, unlike employment and workforce figures, the annual figure is an annual average.

5 Unadjusted claimant count figures have been affected by changes in the coverage. The seasonally adjusted figures, however, as given in this table are estimated on the current basis, allowing for the discontinuities, except for the effect of the Jobseeker's Allowance introduced in October 1996 (see also below).

The seasonally adjusted figures now relate only to claimants aged 18 or over in order to maintain the consistent series, available back to 1971 (1974 for the regions), allowing for the effect of the change in benefit regulations for under 18 year olds from September 1988 (see pages 398-400 of November 1995 *Labour Market Trends*).

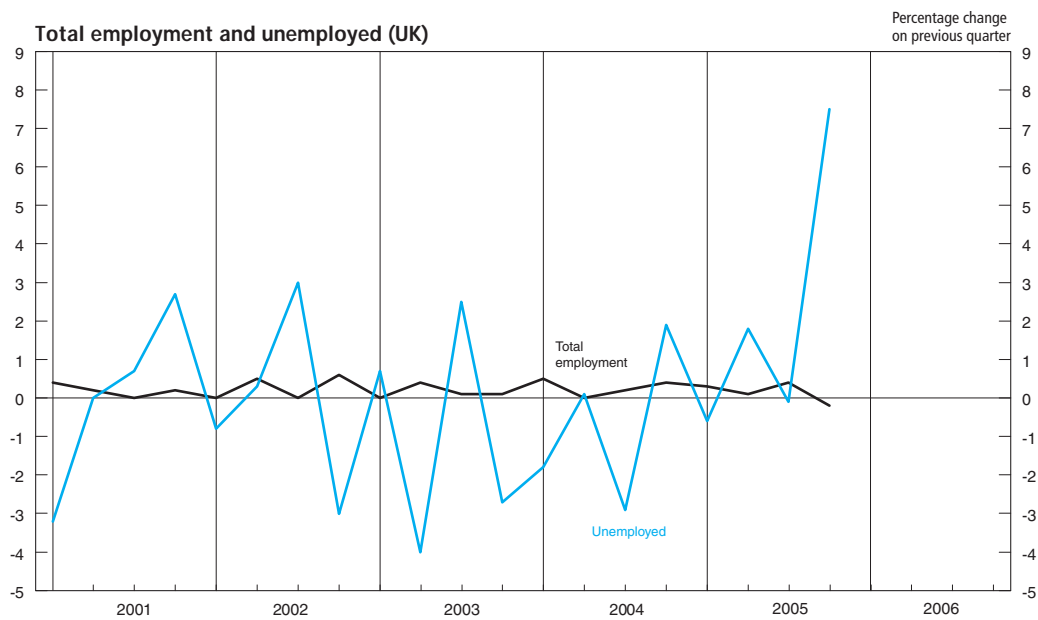
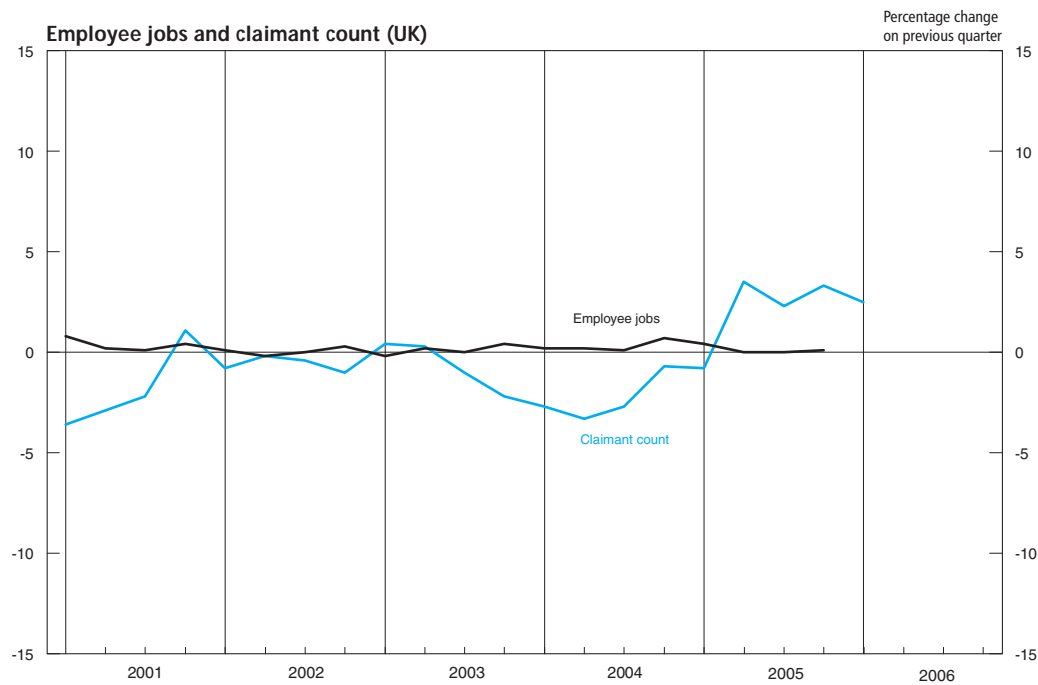
6 Claimant count figures do not include students claiming benefit during a vacation who intend to return to full-time education.

7 Quarterly and annual values are now the mean of the monthly and quarterly data respectively.

8 The denominator used to calculate claimant count unemployment rates comprises the workforce jobs plus the claimant count.

9 The ONS Vacancy Survey, a monthly business survey of the number of job vacancies held by employers across the UK economy, has been running since April 2001. The results were adopted as National Statistics in June 2003.

Sources: Office for National Statistics;
Enquiries: Columns 1-5 01633 812079; Columns 6-9 020 7533 6094;
also 24 hour recorded headline service on 020 7533 6176



4.5 Regional claimant count rates^{1,2}

by Government Office Region

Percentages

	North East	North West ³	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East
	DPDM	IBWC	DPBI	DPBJ	DPBN	DPDP	DPDQ	DPDR
2000 Q1	6.50 [†]	4.30 [†]	4.60	3.50	4.10	2.60	4.00	2.00
Q2	6.40	4.10	4.40	3.40	4.00	2.40	3.80	1.90
Q3	6.10	4.00	4.20	3.30	3.90 [†]	2.30	3.60	1.80
Q4	5.90	3.90	4.10	3.20 [†]	3.90	2.20	3.50	1.70
2001 Q1	5.80	3.80	4.00 [†]	3.20	3.90	2.10	3.30	1.60
Q2	5.60	3.70	3.90	3.10	3.70	2.00	3.20	1.50
Q3	5.40	3.60	3.80	3.00	3.60	2.00	3.20	1.50
Q4	5.50	3.60	3.80	3.00	3.60	2.00	3.40 [†]	1.60
2002 Q1	5.20	3.50	3.60	2.90	3.50	2.00	3.50	1.60
Q2	5.10	3.50	3.60	2.90	3.50	2.10	3.50	1.60
Q3	5.00	3.50	3.60	2.90	3.50	2.10	3.60	1.70
Q4	4.80	3.40	3.50	2.80	3.50	2.10	3.60	1.70
2003 Q1	4.70	3.30	3.40	2.80	3.50	2.10	3.60	1.70
Q2	4.60	3.30	3.40	2.90	3.50	2.10	3.60	1.70
Q3	4.50	3.20	3.30	2.90	3.50	2.10	3.60	1.70
Q4	4.30	3.10	3.20	2.80	3.50	2.10	3.60	1.70
2004 Q1	4.20	3.00	3.00	2.60	3.40	2.00	3.60	1.70
Q2	4.00	2.90	2.80	2.50	3.30	2.00	3.50	1.60
Q3	3.90	2.80	2.80	2.40	3.20	2.00 [†]	3.40	1.60
Q4	3.90	2.80	2.70	2.40	3.20	2.00	3.40	1.60
2005 Q1	3.70	2.70	2.70	2.40	3.10	2.00	3.40	1.60
Q2	3.90	2.80	2.80	2.50	3.40	2.10	3.40	1.60
Q3	4.00	2.90	2.90	2.60	3.50	2.10	3.50	1.70
Q4	4.00	3.10	3.10	2.70	3.70	2.20	3.50	1.70 [†]
2006 Q1	4.10	3.20	3.20	2.80	3.80	2.30	3.50	1.80
	South West	England	Wales	Scotland	Great Britain	Northern Ireland	United Kingdom	
	DPBM	VASQ	DPBP	DPBQ	DPAJ	DPBR	BCJE	
2000 Q1	2.70	3.60	4.50	4.80	3.70	5.50	3.80	
Q2	2.50	3.40	4.40	4.60	3.60	5.30	3.60	
Q3	2.40	3.30	4.30	4.40	3.40	5.10	3.50	
Q4	2.30	3.20	4.30	4.30	3.30 [†]	5.20	3.40	
2001 Q1	2.10	3.10	4.20	4.10	3.20	5.00	3.20 [†]	
Q2	2.10	3.00	4.00	3.90 [†]	3.10	4.90	3.20	
Q3	2.00	2.90	3.80	3.90	3.00	4.80	3.10	
Q4	2.00	3.00	3.70 [†]	3.90	3.10	4.70	3.10	
2002 Q1	2.00	2.90	3.60	3.90	3.00	4.60	3.10	
Q2	2.00	2.90	3.60	3.90	3.00	4.50	3.10	
Q3	1.90	2.90	3.50	3.80	3.00	4.30	3.10	
Q4	1.90	2.90	3.50	3.80	3.00	4.30	3.00	
2003 Q1	1.90	2.90	3.40	3.70	3.00	4.20	3.00	
Q2	1.90	2.90	3.40	3.70	3.00	4.10 [†]	3.00	
Q3	1.90	2.90	3.30	3.70	3.00	4.20	3.00	
Q4	1.80	2.80	3.20	3.70	2.90	4.10	2.90	
2004 Q1	1.70	2.70	3.10	3.60	2.80	3.90	2.80	
Q2	1.60	2.60	3.00	3.50	2.70	3.70	2.70	
Q3	1.50	2.60	2.90	3.40	2.60	3.50	2.70	
Q4	1.60 [†]	2.50	2.90	3.30	2.60	3.50	2.60	
2005 Q1	1.50	2.50	2.80	3.20	2.60	3.40	2.60	
Q2	1.60	2.60 [†]	2.90	3.20	2.70	3.30	2.70	
Q3	1.60	2.70	3.00	3.20	2.70	3.30	2.80	
Q4	1.60	2.80	3.10	3.20	2.80	3.30	2.80	
2006 Q1	1.70	2.90	3.20	3.20	2.90	3.30	2.90	

Note: Quarterly claimant count figures relate to the average of the three months in each quarter.

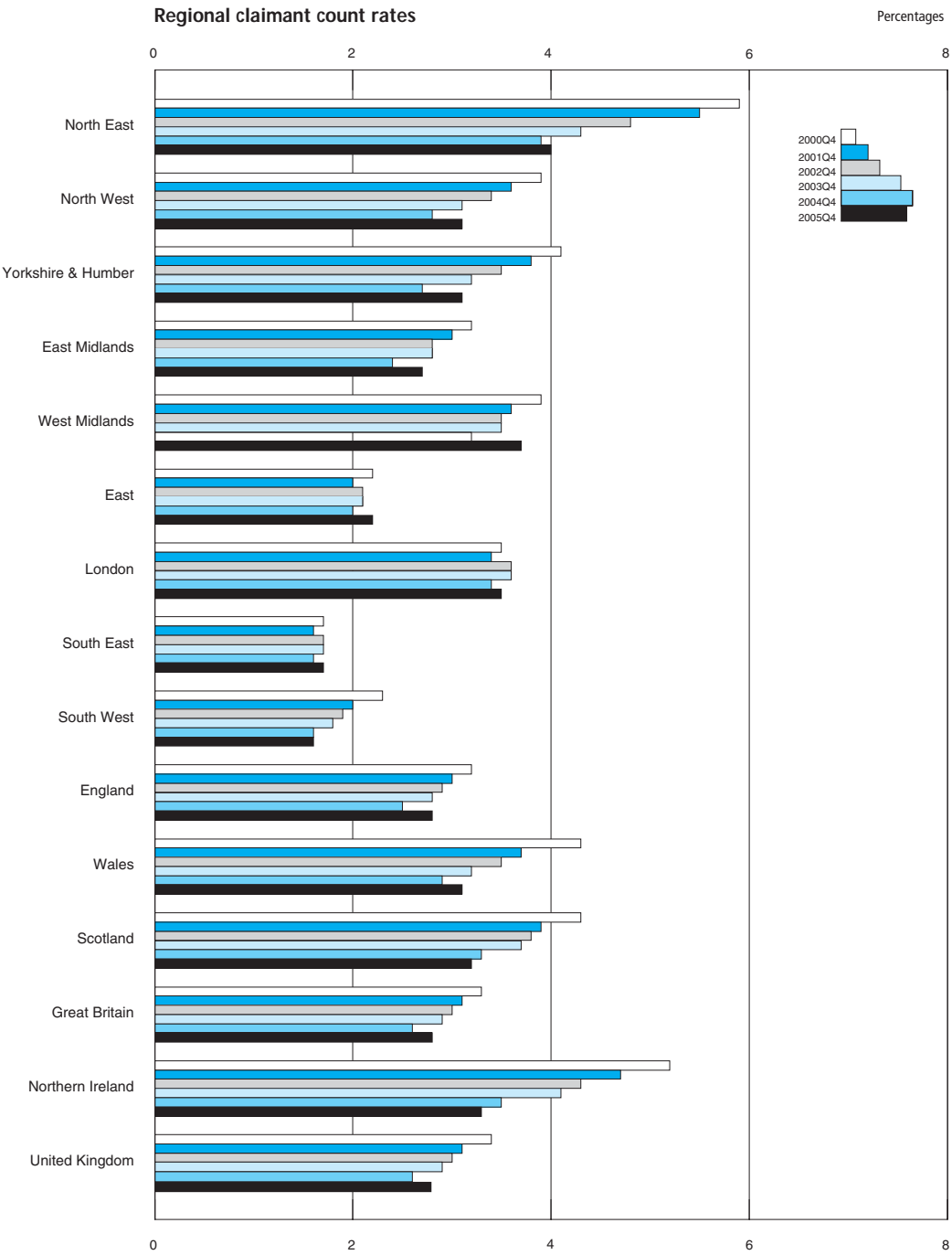
1 Government Office Regions came into effect in April 1994. It was decided that from May 1997 sub-national data should be published for these areas rather than standard statistical regions (SSRs). Data by standard statistical regions are available on request.

2 The seasonally adjusted figures now relate only to claimants aged 18 or over in order to maintain the consistent series, available back to 1971 for Great Britain, Northern Ireland and the United Kingdom (1974 for Wales and Scotland; 1986 for the Government Office Regions), allowing for the effect

of the change in benefit regulations for under 18 year olds from September 1988 (see pages 398-400 of November 1995 *Labour Market Trends*). The denominators used to calculate claimant count rates are the sum of the appropriate mid-year estimates of employee jobs, the self-employed, government-supported trainees, HM Forces and claimants of unemployment-related benefits.

3 Includes Merseyside.

Source: Office for National Statistics; Enquiries: 020 7533 6094



4.5A Unemployment rates¹ by Government Office Region

Percentages, seasonally adjusted²

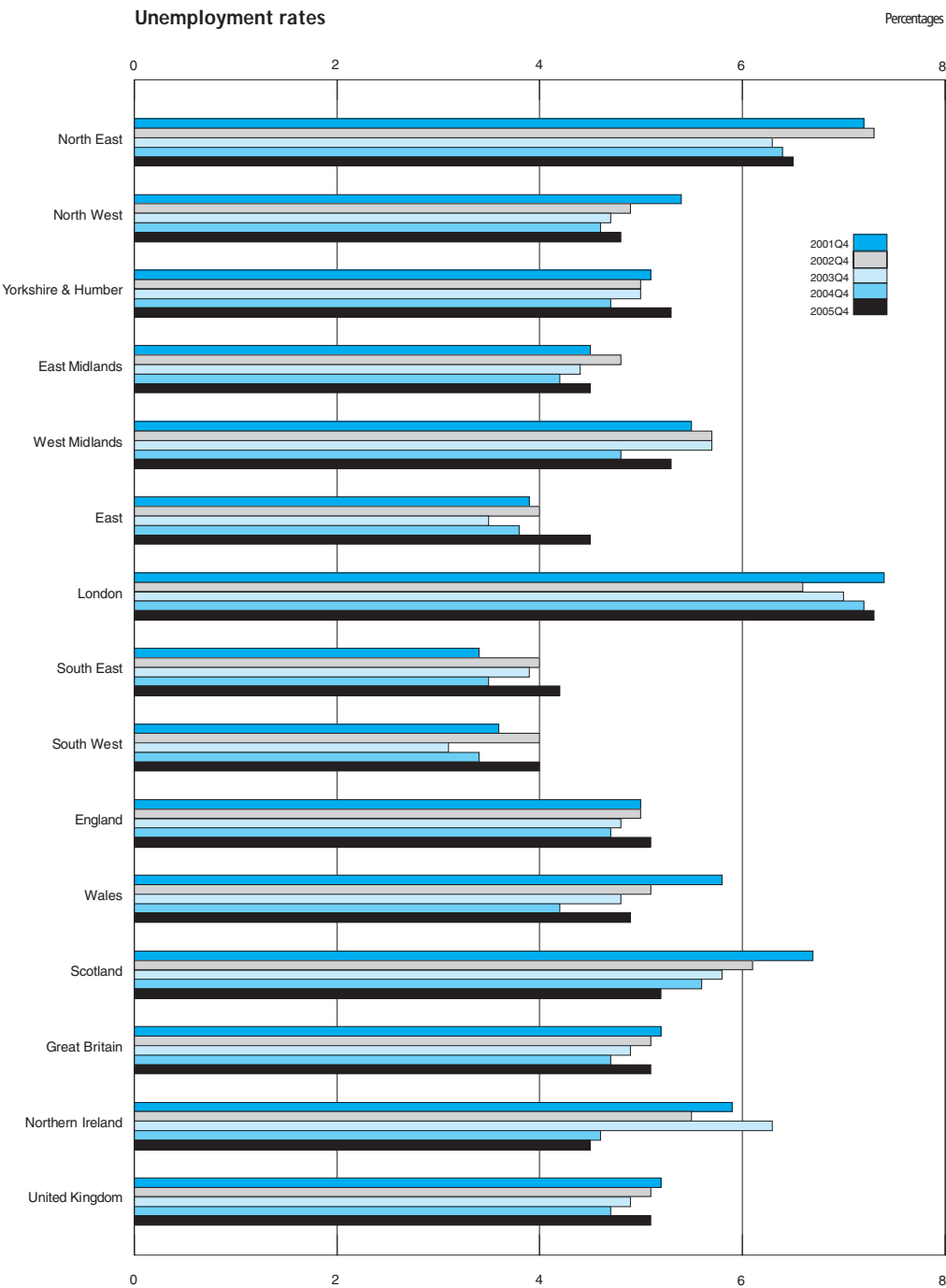
	North East	North West ³	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East
	YCNC	YCND	YCNE	YCNF	YCNG	YCNH	YCNI	YCNJ
2000 Q1	8.8	6.0	6.4	5.1	6.1	3.9	7.6	3.5
Q2	8.9	5.3	6.1	4.8	6.1	3.7	7.4	3.3
Q3	8.9	5.4	5.9	4.8	5.7	3.7	6.9	3.1
Q4	7.7	5.3	6.1	4.7	6.0	3.6	6.8	3.4
2001 Q1	7.6	5.2	5.4	4.7	5.6	3.5	6.5	3.4
Q2	7.4	5.3	5.5	5.0	5.5	3.6	6.2	3.2
Q3	7.1	5.1	5.3	4.6	5.4	4.0	6.6	3.4
Q4	7.2	5.4	5.1	4.5	5.5	3.9	7.4	3.4
2002 Q1	7.3	5.4	5.1	4.7	5.6	3.7	6.9	3.6
Q2	6.5	5.5	5.3	4.6	5.7	3.7	6.8	3.8
Q3	6.2	5.5	5.6	4.7	5.9	3.9	7.1	4.0
Q4	7.3	4.9	5.0	4.8	5.7	4.0	6.6	4.0
2003 Q1	6.6	4.9	5.3	4.0	6.0	4.7	7.0	3.9
Q2	6.1	5.0	5.1	4.4	5.6	3.9	7.2	3.9
Q3	6.6	4.9	4.9	4.6	5.9	3.9	7.2	3.9
Q4	6.3	4.7	5.0	4.4	5.7	3.5	7.0	3.9
2004 Q1	5.6	4.5	4.8	4.7	5.5	3.5	7.0	3.9
Q2	5.5	4.4	4.5	4.3	5.5	3.8	7.0	3.6
Q3	6.0	4.4	4.6	4.0	5.0	3.5	7.2	3.7
Q4	6.4	4.6	4.7	4.2	4.8	3.8	7.2	3.5
2005 Q1	5.7	4.8	4.3	4.3	4.7	3.9	6.7	3.7
Q2	6.8	4.4	4.7	4.4	4.6	3.9	7.1	3.8
Q3	6.6	4.4	4.6	4.4	4.7	4.0	6.7	4.0
Q4	6.5	4.8	5.3	4.5	5.3	4.5	7.3	4.2
	South West	England	Wales	Scotland	Great Britain	Northern Ireland	United Kingdom	
	YCNK	YCNL	YCNM	YCNN	YCNO	ZSFB	MG SX	
2000 Q1	4.3	5.5	6.7	7.5	5.8	6.5	5.8	
Q2	4.3	5.3	6.1	7.1	5.5	6.7	5.5	
Q3	4.0	5.1	6.7	6.6	5.3	5.6	5.3	
Q4	3.9	5.1	5.8	6.2	5.2	6.1	5.2	
2001 Q1	3.9	4.9	6.0	5.9	5.0	6.2	5.1	
Q2	3.6	4.8	6.1	6.3	5.0	6.1	5.0	
Q3	3.6	4.9	5.5	6.6	5.1	6.0	5.1	
Q4	3.6	5.0	5.8	6.7	5.2	5.9	5.2	
2002 Q1	3.5	5.0	5.7	6.6	5.1	6.1	5.2	
Q2	3.7	5.0	5.7	6.3	5.1	5.6	5.2	
Q3	4.0	5.2	5.2	6.4	5.3	6.1	5.3	
Q4	4.0	5.0	5.1	6.1	5.1	5.5	5.1	
2003 Q1	3.8	5.1	4.8	6.0	5.1	5.3	5.1	
Q2	3.4	4.9	4.5	5.3	4.9	5.2	4.9	
Q3	3.2	5.0	4.7	5.9	5.0	5.6	5.0	
Q4	3.1	4.8	4.8	5.8	4.9	6.3	4.9	
2004 Q1	3.0	4.7	4.6	5.8	4.8	5.3	4.8	
Q2	3.7	4.7	4.2	6.0	4.8	5.2	4.8	
Q3	3.2	4.6	4.9	5.2	4.7	5.0	4.7	
Q4	3.4	4.7	4.2	5.6	4.7	4.6	4.7	
2005 Q1	3.6	4.6	4.5	5.6	4.7	4.8	4.7	
Q2	3.2	4.7	4.6	5.5	4.8	5.0	4.8	
Q3	3.6	4.7	4.6	5.4	4.8	4.3	4.7	
Q4	4.0	5.1	4.9	5.2	5.1	4.5	5.1	

1 Data are from the Labour Force Survey. The unemployment rate is the percentage of economically active people who are unemployed on the ILO measure.

2 Seasonally adjusted estimates are revised in September each year.

3 Includes Merseyside.

Source: Office for National Statistics; Enquiries: 020 7533 6094



4.6 Average earnings (including bonuses)¹

Great Britain

2000 = 100

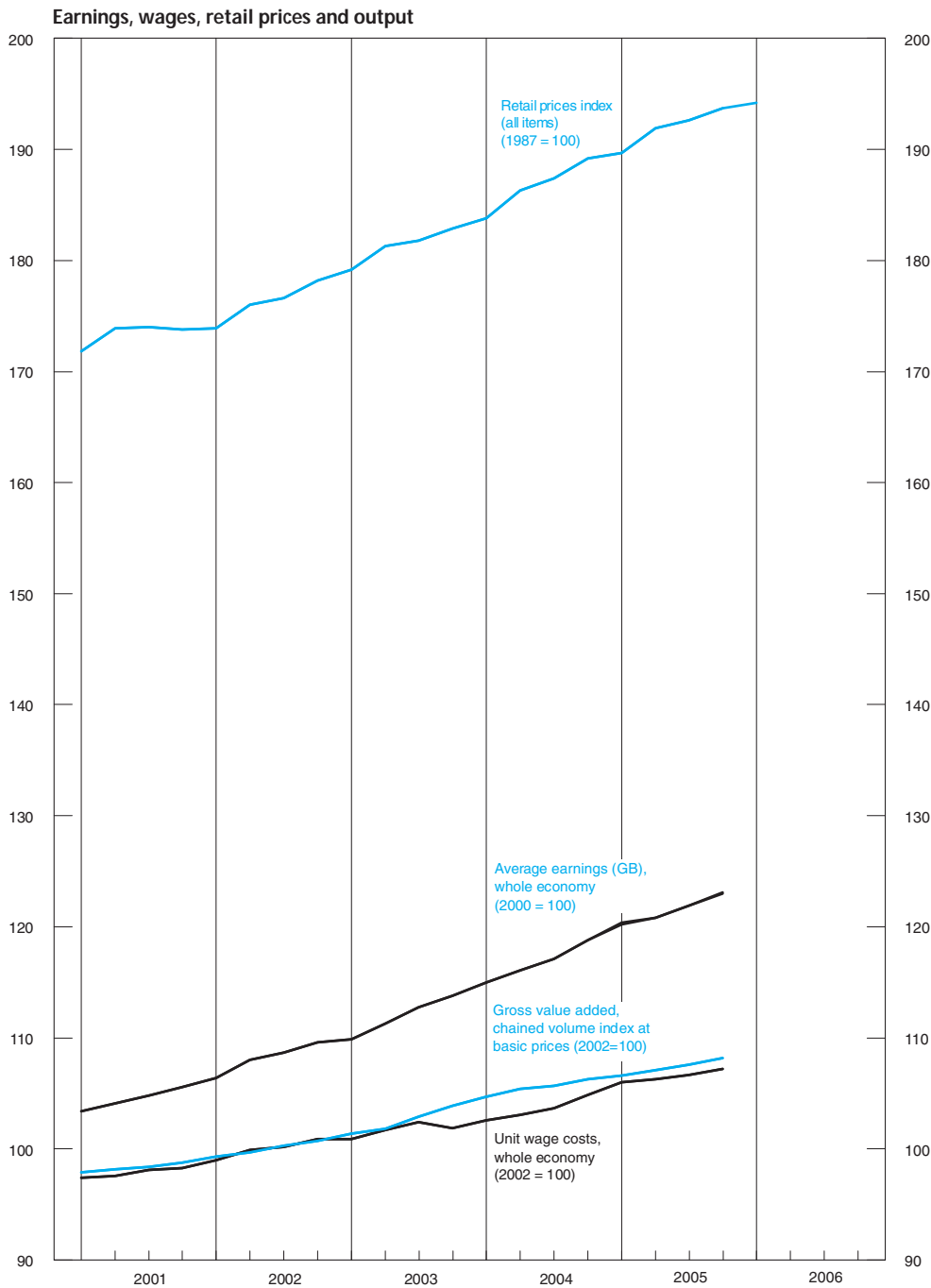
	Whole economy+	Three-month average ²	Private sector	Three-month average ²	Public sector	Three-month average ²	Manufacturing industries ³	Three-month average ^{2,3}	Production industries	Three-month average ²	Service industries	Three-month average ²	Private sector services	Three-month average ²
	LNMQ		LNKY		LNNJ		LNMR		LNMS		LNMT		JJGH	
2002	108.2		107.9		109.3		108.0		107.9		108.1		107.8	
2003	111.9		111.3		114.8		111.9		111.7		112.0		110.9	
2004	116.8 [†]		116.0		119.8		116.0		115.8		116.8 [†]		115.7	
2005	121.6		120.6		125.5		120.2		120.0		121.7		120.4	
		LNNC		LNNH		LNNI		LNNJ		LNNK		LNNL		JJGJ
2002 Jan	106.0	2.9	105.9	2.5	107.1	4.9	106.1	3.0	106.2	2.9	106.0	2.8	105.5	2.2
Feb	106.8	2.7	106.6	2.3	107.3	4.8	106.1	2.8	105.9	2.6	106.9	2.7	106.7	2.1
Mar	106.4	2.8	105.9	2.6	107.9	4.6	105.8	3.0	106.2	2.9	106.2	2.7	105.7	2.2
Apr	107.9	3.2	108.0	3.1	108.3	4.1	107.0	2.9	106.8	2.8	107.9	3.2	107.8	2.9
May	108.0	3.5	107.8	3.4	108.6	3.8	107.7	3.2	107.5	3.2	108.0	3.4	107.8	3.3
Jun	108.2	3.8	108.1	3.9	108.9	3.5	108.2	3.3	108.0	3.3	108.2	3.9	108.1	4.0
Jul	108.5	3.8	108.3	3.9	109.7	3.6	108.4	3.6	108.2	3.6	108.6	3.9	108.1	4.0
Aug	108.7	3.8	108.6	3.8	109.0	3.4	108.9	3.7	108.8	3.8	108.6	3.8	108.4	3.9
Sep	109.0	3.8	108.8	3.8	110.0	3.6	108.9	3.7	108.9	3.8	108.9	3.8	108.6	3.8
Oct	109.3	3.7	109.0	3.8	110.9	3.7	109.5	3.8	109.4	3.9	109.2	3.7	108.7	3.7
Nov	110.1	4.0	109.7	3.9	111.7	4.3	109.7	3.9	109.6	4.0	110.2	4.0	109.7	3.9
Dec	109.5	3.9	108.6	3.6	112.2	4.7	110.0	4.1	109.9	4.2	108.9	3.8	108.1	3.5
2003 Jan	109.0	3.5	108.6	3.2	112.6	5.0	110.2	4.1	110.2	4.1	108.9	3.4	107.4	2.9
Feb	109.8	3.0	109.0	2.6	112.9	5.1	110.6	4.1	110.3	4.1	109.5	2.7	108.3	1.9
Mar	110.9	3.3	110.1	2.9	113.3	5.1	111.8	4.6	112.0	4.5	110.4	3.0	109.2	2.2
Apr	110.7	3.2	110.0	2.7	113.9	5.1	110.3	4.4	110.2	4.3	110.8	3.0	109.7	2.2
May	111.4	3.3	110.9	2.9	113.6	4.9	111.1	4.0	110.9	4.0	111.6	3.3	111.0	2.7
Jun	111.7	3.0	111.1	2.5	114.7	5.0	111.4	3.1	111.3	3.2	111.9	3.1	110.9	2.5
Jul	112.6	3.4	111.9	3.0	115.6	5.1	111.8	3.1	111.7	3.1	113.0	3.6	111.9	3.0
Aug	112.6	3.5	111.9	3.0	115.5	5.6	112.2	3.0	112.0	3.1	112.8	3.8	111.8	3.1
Sep	113.2	3.7	112.5	3.3	116.0	5.6	112.8	3.2	112.6	3.2	113.2	4.0	112.3	3.4
Oct	113.4	3.7	112.8	3.3	116.1	5.4	113.0	3.3	112.9	3.2	113.4	3.9	112.5	3.4
Nov	113.7	3.6	113.1	3.3	116.4	4.8	113.7	3.5	113.5	3.4	113.7	3.7	112.8	3.3
Dec	114.3	3.8	113.9	3.9	117.0	4.4	113.6	3.4	113.4	3.3	114.5	4.1	113.4	3.7
2004 Jan	115.6	4.6	115.0	4.6	117.2	4.2	114.3	3.5	114.1	3.4	115.7	4.8	115.4	5.0
Feb	113.8	4.7	113.0	4.8	117.8	4.3	114.5	3.5	114.4	3.5	113.4	5.0	111.9	5.2
Mar	115.7	4.7	114.9	4.6	118.3	4.3	115.5	3.5	115.4	3.4	115.7	4.8	114.6	5.2
Apr	115.7	4.2	115.1	4.2	118.5	4.3	115.4	3.8	115.3	3.8	115.6	4.2	114.6	4.2
May	116.1	4.4	115.5	4.4	118.7	4.3	116.0	4.1	115.7	4.0	115.8	4.3	115.0	4.3
Jun	116.4	4.3	115.7	4.3	119.9	4.4	116.0	4.4	115.8	4.3	116.4	4.1	115.3	4.0
Jul	116.4	3.9	115.5	3.8	119.9	4.2	116.1	4.1	115.9	4.0	116.2	3.6	114.8	3.4
Aug	117.2	3.9	116.4	3.8	120.7	4.2	116.0	3.8	115.8	3.7	117.3	3.6	116.1	3.4
Sep	117.7	3.8	116.9	3.7	121.2	4.2	116.2	3.4	116.1	3.4	117.9	3.6	116.8	3.5
Oct	118.6	4.2	117.9	4.1	121.7	4.6	116.8	3.2	116.6	3.2	118.8	4.3	117.8	4.2
Nov	118.9	4.4	118.2	4.3	121.9	4.7	117.1	3.1	116.9	3.1	119.0	4.5	117.9	4.4
Dec	119.0 [†]	4.4	118.4 [†]	4.3	122.1	4.6	117.8 [†]	3.3	117.4	3.3	119.3 [†]	4.5	118.2 [†]	4.5
2005 Jan	121.0	4.5 [†]	120.2	4.3 [†]	122.8	4.6	117.7	3.2 [†]	117.6 [†]	3.2	121.2	4.5 [†]	120.8	4.5 [†]
Feb	119.9	4.7	119.2	4.7	123.4 [†]	4.6	118.3	3.3	118.3	3.3 [†]	120.2	5.0	119.0	5.1
Mar	120.3	4.7	119.5	4.7	123.3	4.6	120.0	3.4	119.6	3.4	120.7	5.0	119.5	5.1
Apr	120.6	4.5	119.7	4.5	124.3	4.6	118.9	3.4	118.7	3.3	120.8	4.9	119.6	5.0
May	120.8	4.1	119.3	3.8	127.8	5.6	118.2	3.0	118.1	2.9	121.2	4.5	119.4	4.1
Jun	121.1	4.1	120.2	3.7	125.0	5.6	119.3	2.6	119.0	2.6	121.4	4.5	120.1	4.1
Jul	121.6	4.2	120.7	3.9	125.2	5.5	120.1	2.8	119.8	2.7	121.8	4.6	120.6	4.4
Aug	121.9	4.2	121.0	4.1	125.9	4.3	121.0	3.5	120.6	3.5	121.9	4.4	120.8	4.4
Sep	122.1	4.1	121.2	4.1	126.1	4.2	121.6	4.1	121.2	4.0	122.0	4.1	120.7	4.1
Oct	122.3	3.6	121.3	3.5	126.7	4.1	122.0	4.4	121.7	4.3	122.1	3.4	120.7	3.3
Nov	122.9	3.4	121.9	3.3	127.3	4.1	122.2	4.5	121.9	4.3	122.9	3.2	121.5	2.9
Dec	124.0	3.6	123.1	3.3	127.9	4.4	122.9	4.4	123.0	4.4	124.0	3.3	122.7	3.1
2006 Jan	124.7	3.6	123.8	3.4	127.9	4.4	123.6	4.6	123.2	4.6	124.7	3.4	123.7	3.0
Feb	126.2	4.2	125.8	4.2	128.4	4.3	124.3	4.8	123.7	4.7	126.6	4.0	125.9	4.0

1 Data for the latest published month are provisional.

2 The three-month average is the percentage change in the average seasonally adjusted indices for the latest three months compared with the same period a year earlier.

3 Owing to an irregularity, these series have been withdrawn for the period 1963 to 1982.

Source: Office for National Statistics; Enquiries: 01633 816024



4.7 Productivity and unit wage costs¹

United Kingdom

2002 = 100

	Productivity jobs			Output per worker: ² whole economy	Output per filled job ³			Output per hour worked ⁴			Unit wage costs ⁵	
	Whole economy	Total production industries	Manufacturing industries		Whole economy	Total production industries	Manufacturing industries	Whole economy	Total production industries	Manufacturing industries	Whole economy	Manufacturing industries
	LNNM	LNOJ	LNOK	A4YM	LNNN	LNNW	LNNX	LZVB	LZVK	LZVF	LNNK	LNNQ
2003	100.9	95.8	95.8	101.5	101.6	103.9	104.5	102.0	103.5	104.1	101.7	99.1
2004	101.6	91.9	91.8	103.5	103.8	109.0	110.9	104.5	107.9	109.7	103.6	96.8
2005	102.6	88.8	88.6	104.3	104.7	110.6	113.6	105.1	109.4	112.4	106.5	97.9
2003 Q1	100.6	97.7	98.0	100.8	100.8	101.7	101.3	101.2	100.8	100.8	100.9	101.3
Q2	100.8	96.5	96.3	100.8	101.0	102.7	103.3	101.1	102.5	103.0	101.7	99.4
Q3	101.0	95.1	95.0	101.8	101.8	104.6	105.5	102.2	103.8	104.7	102.4	98.5
Q4	101.1	93.8	93.8	102.7	102.8	106.7	107.8	103.7	106.8	107.8	101.9	97.4
2004 Q1	101.4	92.9	92.8	102.9	103.2	107.8	109.2	103.9	107.4	108.6	102.6	97.2
Q2	101.6	92.4	92.3	103.6	103.8	109.0	110.7	104.7	108.2	109.7	103.1	96.8
Q3	101.6	91.5	91.5	103.7	104.0	108.9	110.8	104.8	107.4	109.1	103.7	97.0
Q4	101.9	90.7	90.5	103.8	104.3	110.2	112.8	104.5	108.8	111.4	104.9	96.2 [†]
2005 Q1	102.3	89.9	89.8	103.8	104.2	109.9	112.6	104.5	108.1	110.9	106.0	97.6
Q2	102.5	89.0	88.8	104.2	104.5	110.9	113.4	105.2	109.9	112.5	106.3	97.0
Q3	102.8	88.5	88.1	104.2	104.6	110.8	114.6	104.9	109.4	113.1	106.7	97.6
Q4	102.7	87.8	87.7	105.0	105.3	110.6	113.9	105.8	110.3	113.3	107.2	99.5
2004 Jan	..	..	92.9	..	..	..	109.0	..	..	..	..	97.1
Feb	..	..	92.8	..	..	..	108.6	..	..	..	..	97.5
Mar	..	..	92.8	..	..	..	110.1	..	..	..	..	97.1
Apr	..	..	92.4	..	..	..	110.6	..	..	..	..	96.5
May	..	..	92.3	..	..	..	110.7	..	..	..	..	96.9
Jun	..	..	92.2	..	..	..	110.7	..	..	..	..	96.9
Jul	..	..	91.9	..	..	..	109.9	..	..	..	..	97.8
Aug	..	..	91.4	..	..	..	110.6	..	..	..	..	97.1
Sep	..	..	91.0	..	..	..	112.0	..	..	..	..	96.1
Oct	..	..	90.8	..	..	..	111.6	..	..	..	..	96.9
Nov	..	..	90.5	..	..	..	113.3	..	..	..	..	95.6
Dec	..	..	90.3	..	..	..	113.6	..	..	..	..	96.0 [†]
2005 Jan	..	..	90.1	..	..	..	113.1	..	..	..	..	96.4
Feb	..	..	89.8	..	..	..	113.1	..	..	..	..	96.8
Mar	..	..	89.4	..	..	..	111.6	..	..	..	..	99.6
Apr	..	..	89.2	..	..	..	112.6	..	..	..	..	97.8
May	..	..	88.8	..	..	..	113.3	..	..	..	..	96.6
Jun	..	..	88.4	..	..	..	114.3	..	..	..	..	96.7
Jul	..	..	88.2	..	..	..	114.8	..	..	..	..	96.8
Aug	..	..	88.1	..	..	..	114.8	..	..	..	..	97.5
Sep	..	..	88.0	..	..	..	114.1	..	..	..	..	98.6
Oct	..	..	87.7	..	..	..	113.3	..	..	..	..	99.6
Nov	..	..	87.7	..	..	..	113.8	..	..	..	..	99.4
Dec	..	..	87.5	..	..	..	114.5	..	..	..	..	99.3
2006 Jan	..	..	87.0 [†]	115.4 [†]	99.1
Feb	..	..	86.7	..	..	..	115.5	..	..	..	..	99.6
Percentage change, quarter on corresponding quarter of previous year												
	LNNO	LNNR	LNNS	A4YN	LNNP	LNNT	LNNU	LZVD	LZVM	LZVH	LOJE	LOJF
2003 Q1	1.0	-3.8	-3.5	1.1	1.1	3.3	2.7	1.8	3.1	2.9	1.9	1.9
Q2	0.9	-4.3	-4.4	1.1	1.2	3.2	4.4	1.0	2.2	3.3	1.7	-1.4
Q3	0.9	-4.2	-4.3	1.4	1.6	3.8	4.0	2.1	2.3	2.6	2.1	-0.7
Q4	0.6	-4.7	-4.7	2.5	2.6	5.5	6.8	3.3	6.3	7.6	1.0	-3.2
2004 Q1	0.8	-4.9	-5.3	2.1	2.4	6.0	7.8	2.7	6.5	7.7	1.7	-4.0
Q2	0.8	-4.3	-4.2	2.7	2.7	6.2	7.2	3.5	5.6	6.4	1.4	-2.6
Q3	0.6	-3.8	-3.8	1.9	2.1	4.1	5.1	2.6	3.5	4.2	1.3	-1.6
Q4	0.8	-3.3	-3.5	1.1	1.4	3.2	4.6	0.8	1.9	3.3	3.0	-1.3
2005 Q1	0.8	-3.2	-3.3	0.8	1.0	2.0	3.1	0.6	0.7	2.1	3.4	0.4
Q2	0.9	-3.7	-3.8	0.6	0.7	1.7	2.4	0.5	1.5	2.6	3.0	0.2
Q3	1.2	-3.3	-3.7	0.5	0.6	1.7	3.4	0.1	1.9	3.6	2.9	0.7
Q4	0.8	-3.2	-3.2	1.1	1.0	0.4	0.9	1.2	1.4	1.7	2.2	3.4

1 The full productivity and unit wage costs data sets with associated articles can be found on the National Statistics web site at www.statistics.gov.uk/productivity. Contact the Labour Market Statistics helpline (020 7533 6094) for further information.

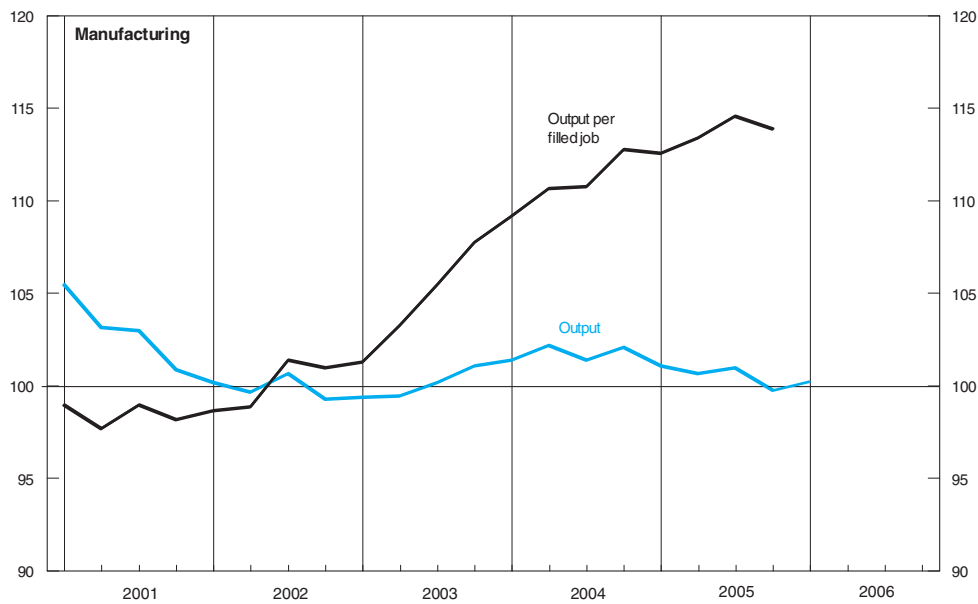
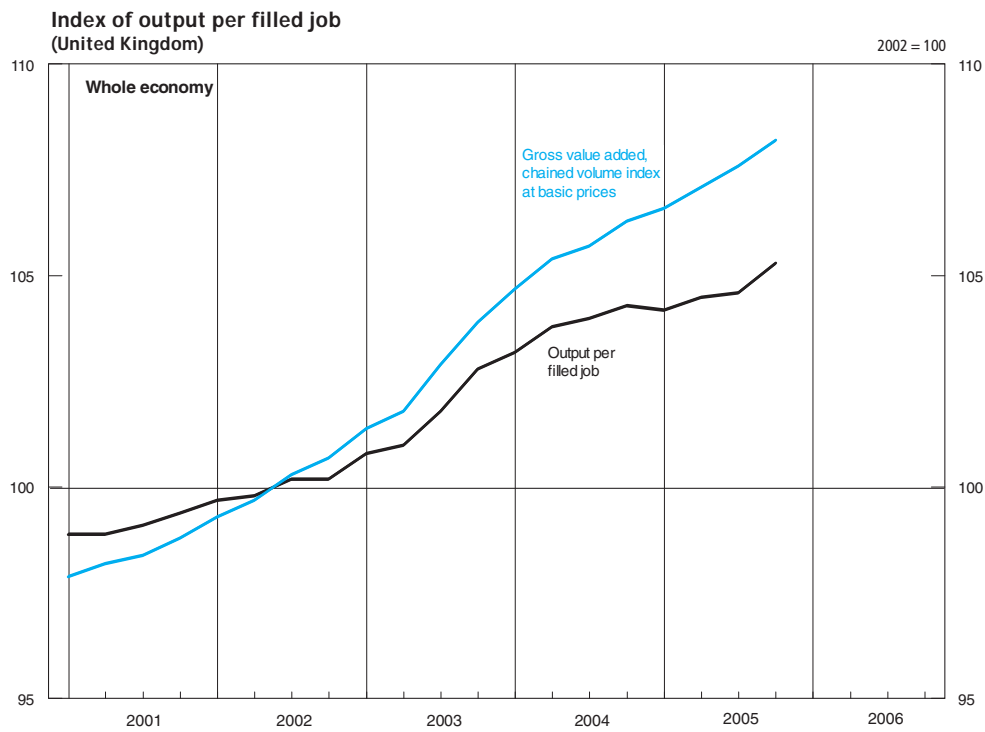
2 Output per worker is the ratio of gross value added (GVA) at basic prices to LFS total employment. On 29 July 2004, ONS published details on the National Statistics website of a change in productivity methodology. Output per worker is the new headline measure.

3 Output per filled job is the ratio of gross value added at basic prices to productivity jobs.

4 Output per hour worked is the ratio of gross value added at basic prices to productivity hours.

5 Unit wage costs are calculated as total wages and salaries per job divided by output per job.

Source: Office for National Statistics; Enquiries: 01633 812766



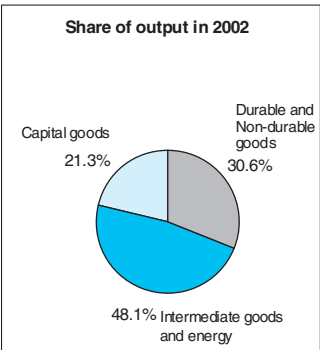
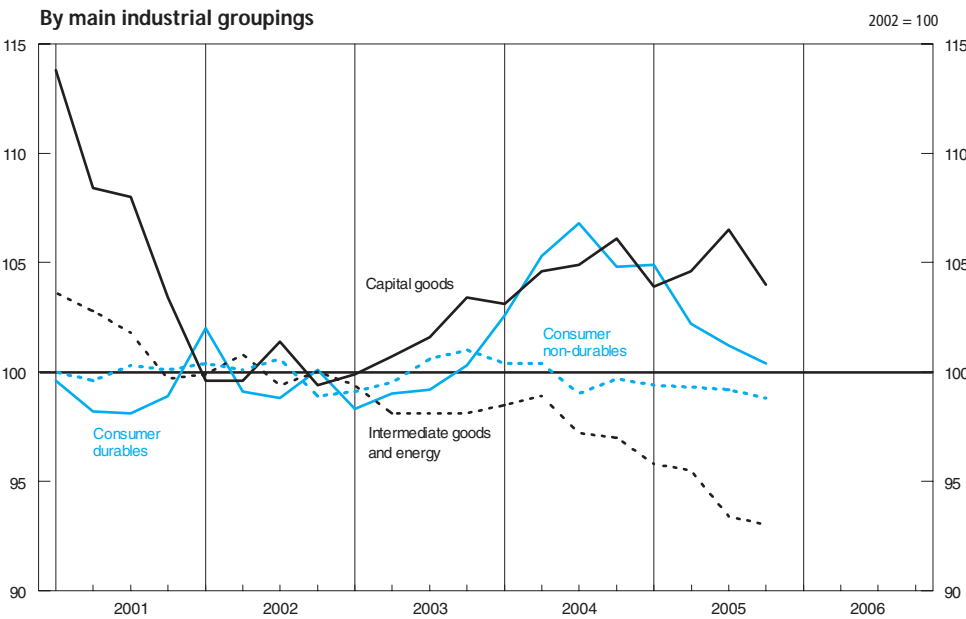
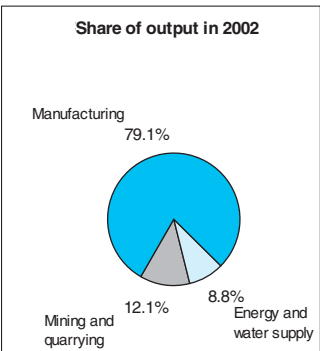
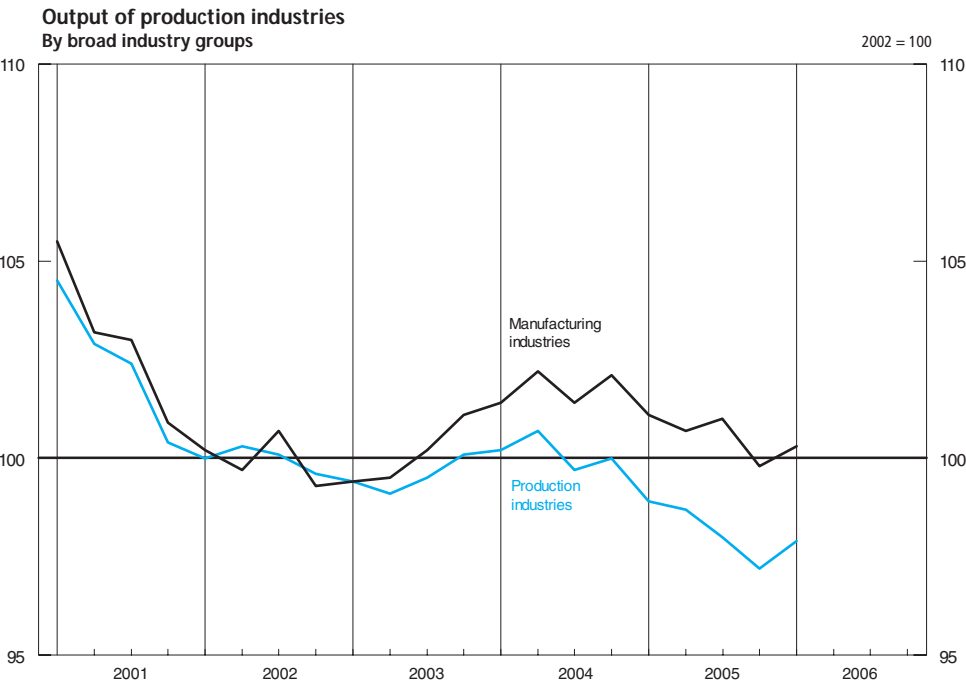
5.1 Output of the production industries¹

2002 = 100

	Broad industry groups					Main industrial groupings			
	Production industries+	Mining and quarrying including oil and gas extraction	Manufacturing+	Electricity, gas and water supply	Oil and gas extraction	Consumer durables	Consumer non-durables	Capital goods	Intermediate goods and energy
2002 weights	1 000	121	790	88	111	37	269	213	481
	CKYW	CKYX	CKYY	CKYZ	CKZO	UFIU	UFJS	UFIL	JMOH
2001	102.6	100.3	103.2	100.5	101.3	98.7	100.0	108.4	102.0
2002	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2003	99.5	94.9	100.1	101.2	94.4	99.2	100.0	101.4	98.4
2004	100.1	86.8	101.8	103.5	85.9	104.9	99.8	104.7	97.9
2005	98.2	79.3	100.7	102.1	77.6	102.2	99.2	104.8	94.4
2001 Q2	102.9	101.9	103.2	101.1	103.1	98.2	99.6	108.4	102.8
Q3	102.4	100.8	103.0	99.9	101.7	98.1	100.3	108.0	101.8
Q4	100.4	99.2	100.9	98.8	99.9	98.9	100.1	103.4	99.7
2002 Q1	100.0	100.1	100.2	98.2	99.6	102.0	100.4	99.6	99.9
Q2	100.3	104.3	99.7	99.4	105.0	99.1	100.1	99.6	100.8
Q3	100.1	95.6	100.7	101.2	95.2	98.8	100.6	101.4	99.4
Q4	99.6	100.0	99.3	101.3	100.2	100.1	98.9	99.4	100.0
2003 Q1	99.4	99.6	99.4	99.3	99.4	98.3	99.1	99.9	99.4
Q2	99.1	95.2	99.5	100.2	94.6	99.0	99.5	100.7	98.1
Q3	99.5	93.5	100.2	101.6	93.2	99.2	100.6	101.6	98.1
Q4	100.1	91.1	101.1	103.5	90.4	100.3	101.0	103.4	98.1
2004 Q1	100.2	89.0	101.4	104.2	88.7	102.6	100.4	103.1	98.5
Q2	100.7	89.3	102.2	103.0	88.7	105.3	100.4	104.6	98.9
Q3	99.7	85.6	101.4	103.8	84.5	106.8	99.0	104.9	97.2
Q4	100.0	83.5	102.1	103.1	81.8	104.8	99.7	106.1	97.0
2005 Q1	98.9	82.3	101.1	101.7	80.8	104.9	99.4	103.9	95.8
Q2	98.7	82.6	100.7	102.8	81.2	102.2	99.3	104.6	95.5
Q3	98.0	75.9	101.0	102.0	74.0	101.2	99.2	106.5	93.4
Q4	97.2	76.5	99.8	102.1	74.3	100.4	98.8	104.0	93.0
2006 Q1	97.9	77.9	100.3	103.7	..	..	..	..	..
2003 Jul	99.9	94.7	100.6	100.7	94.3	100.5	101.1	101.9	98.4
Aug	99.0	93.3	99.7	101.5	93.1	97.6	100.2	100.5	97.8
Sep	99.6	92.5	100.4	102.5	92.2	99.3	100.4	102.4	98.1
Oct	100.8	93.1	101.5	105.0	92.7	99.9	101.9	103.2	99.2
Nov	99.4	90.8	100.5	102.0	89.9	101.0	100.1	103.1	97.3
Dec	100.1	89.4	101.4	103.6	88.7	99.9	100.9	104.0	97.9
2004 Jan	100.0	89.4	101.3	103.1	89.1	101.6	100.5	103.1	98.2
Feb	99.7	88.1	100.8	105.4	87.7	102.0	99.8	102.5	98.2
Mar	100.8	89.5	102.2	104.1	89.3	104.3	100.9	103.7	99.2
Apr	100.8	89.1	102.3	103.3	88.6	105.1	101.4	103.9	98.7
May	100.6	88.4	102.2	103.1	87.7	104.8	99.6	105.5	98.7
Jun	100.8	90.5	102.1	102.6	89.7	106.1	100.0	104.3	99.2
Jul	100.0	90.6	101.1	103.0	89.6	108.1	97.7	104.8	98.5
Aug	99.6	85.8	101.1	104.9	84.9	106.6	99.5	103.9	97.2
Sep	99.5	80.4	101.9	103.7	79.0	105.8	99.6	106.0	96.0
Oct	99.2	81.9	101.3	103.9	80.3	105.5	99.4	105.2	95.9
Nov	100.3	83.9	102.5	103.0	82.2	103.4	100.1	106.6	97.4
Dec	100.4	84.7	102.6	102.3	82.8	105.6	99.6	106.5	97.7
2005 Jan	99.4	81.9	101.9	101.0	80.6	104.3	100.6	104.8	96.0
Feb	99.2	82.0	101.6	101.7	80.5	106.0	99.8	104.4	96.1
Mar	98.0	82.9	99.8	102.3	81.3	104.2	97.8	102.7	95.5
Apr	98.6	82.9	100.5	103.5	81.5	104.7	98.1	104.0	96.0
May	98.8	84.1	100.6	102.5	82.9	101.6	99.3	104.3	95.8
Jun	98.7	80.8	101.0	102.3	79.2	100.4	100.4	105.5	94.6
Jul	98.6	78.2	101.3	102.0	76.7	100.4	100.1	106.8	93.9
Aug	97.6	71.4	101.1	101.3	69.0	101.1	98.8	106.7	92.5
Sep	98.0	78.2	100.5	102.7	76.2	102.2	98.6	105.9	93.8
Oct	96.6	76.4	99.4	99.1	74.4	100.4	98.2	103.6	92.3
Nov	97.3	76.2	99.8	103.8	73.8	100.3	98.6	104.5	93.2
Dec	97.7	76.9	100.3	103.3	74.6	100.6	99.7	104.0	93.6
2006 Jan	98.0 [†]	79.2 [†]	100.4 [†]	102.9 [†]	77.2 [†]	98.7	99.3 [†]	104.5	94.4 [†]
Feb	97.8	78.1	100.2	102.6	76.6	100.1	98.7	105.5	93.6

1 Figures contain, where appropriate, an adjustment for stock changes.

Source: Office for National Statistics; Enquiries: 01633 812059



5.2 Engineering and construction: output and orders

Seasonally adjusted index numbers at constant prices¹

	Engineering (2000 = 100)									Construction (GB) (2000 = 100)	
	Total			Home			Export			Gross output ⁴ +	Orders received
	Orders on hand ²	New orders ³	Turnover	Orders on hand ²	New orders ³	Turnover	Orders on hand ²	New orders ³	Turnover		
	JIQI	JIQH	JIQJ	JIQC	JIQB	JIQD	JIQF	JIQE	JIQG	SFZX	SGAA
2001	94.4	89.5	95.3	104.6	94.5	98.4	77.2	82.9	91.2	102.0	99.5
2002	92.7	80.8	84.5	104.8	88.0	91.8	72.1	71.2	74.8	106.3	102.5
2003	92.7	78.9	81.6	108.7	87.9	90.2	65.5	66.8	70.3	111.7	97.8
2004	89.1	78.3	82.1	102.9	83.9	89.3	65.7	70.8	72.6	115.2	104.8
2005	92.1	79.0	80.8	104.1	85.8	89.0	71.7	69.7	69.9	114.3	110.3 [†]
2001 Q1	104.4	102.1	104.4	106.2	102.2	104.7	101.3	102.0	104.2	101.2	108.4
Q2	102.0	91.0	97.1	108.2	97.8	99.0	91.3	81.9	94.5	101.3	95.6
Q3	99.9	86.6	92.0	107.6	91.5	96.0	86.9	79.9	86.6	102.1	103.6
Q4	94.4	78.5	87.8	104.6	86.4	93.9	77.2	67.8	79.6	103.5	90.5
2002 Q1	94.9	81.5	85.3	105.0	87.8	92.1	77.9	73.2	76.2	105.3	107.6
Q2	93.6	80.4	84.7	105.4	89.3	92.5	73.8	68.5	74.5	104.7	90.7
Q3	93.8	81.8	84.4	106.4	89.4	91.7	72.6	71.7	74.8	106.8	109.2
Q4	92.7	79.5	83.6	104.8	85.5	91.1	72.1	71.3	73.6	108.5	102.5
2003 Q1	90.9	76.4	81.1	103.4	85.3	90.7	69.8	64.4	68.5	108.7	104.7
Q2	91.7	79.7	81.5	104.9	88.9	90.4	69.3	67.4	69.7	110.4	95.8
Q3	91.5	78.7	81.6	106.0	88.1	90.2	66.8	66.0	70.2	113.5	98.0
Q4	92.7	80.8	82.2	108.7	89.3	89.3	65.5	69.5	72.6	114.4	92.7
2004 Q1	93.8	79.0	80.5	108.6	83.6	87.1	68.5	73.0	71.9	117.1	108.5
Q2	92.8	78.7	82.5	106.7	83.1	89.1	69.4	72.9	73.8	114.2	106.2
Q3	90.3	76.9	82.6	103.9	82.3	89.4	67.4	69.7	73.5	115.1	99.8
Q4	89.1	78.5	82.7	102.9	86.6	91.5	65.7	67.7	71.1	114.2	104.8
2005 Q1	89.5	78.5	80.6	101.0	83.6	89.5	70.0	71.5	68.8	113.9	105.8 [†]
Q2	89.8	78.5	80.9	100.6	85.4	89.5	71.5	69.4	69.7	114.4	114.5
Q3	91.8	81.3	81.6	103.2	89.1	89.2	72.6	70.8	71.4	114.2	108.5
Q4	92.1	77.6	79.9	104.1	85.3	87.6	71.7	67.2	69.8	114.7	112.5
2003 Jul	91.7	79.9	82.8	104.7	87.0	91.6	69.6	70.3	71.0	..	111.1
Aug	91.7	77.7	80.3	106.1	90.5	88.5	67.2	60.5	69.4	..	80.7
Sep	91.5	78.4	81.8	106.0	86.7	90.5	66.8	67.3	70.3	..	102.3
Oct	92.3	82.6	82.5	107.3	92.1	90.7	66.8	69.8	71.6	..	87.3
Nov	94.0	84.6	81.3	110.0	95.5	88.8	66.9	70.0	71.4	..	102.7
Dec	92.7	75.3	82.7	108.7	80.2	88.5	65.5	68.7	74.9	..	88.2
2004 Jan	93.9	81.6	80.3	108.8	84.7	87.7	68.5	77.4	70.5	..	90.2
Feb	91.6	69.7	80.2	106.5	73.1	85.2	66.3	65.2	73.7	..	126.1
Mar	93.8	85.8	81.0	108.6	92.9	88.3	68.5	76.3	71.4	..	109.2
Apr	91.9	72.1	81.3	104.9	69.9	87.7	69.9	75.1	72.8	..	103.4
May	92.9	83.3	82.5	105.8	88.8	88.9	71.0	75.8	74.1	..	111.3
Jun	92.8	80.8	83.7	106.7	90.5	90.6	69.4	67.9	74.6	..	103.9
Jul	92.9	80.7	83.3	107.0	87.9	90.2	69.0	71.1	74.3	..	109.5
Aug	90.8	71.7	81.6	104.5	74.5	87.6	67.7	67.9	73.5	..	100.6
Sep	90.3	78.3	82.8	103.9	84.4	90.4	67.4	70.0	72.8	..	89.2
Oct	89.1	74.9	81.9	102.3	81.3	90.6	66.5	66.3	70.5	..	101.3
Nov	88.5	78.9	83.7	101.9	87.8	93.3	65.8	67.1	71.0	..	107.6
Dec	89.1	81.8	82.5	102.9	90.8	90.5	65.7	69.7	71.9	..	105.5
2005 Jan	89.6	80.3	81.1	104.1	92.0	90.7	65.0	64.5	68.4	..	101.6
Feb	89.5	78.3	81.2	103.2	83.5	90.7	66.4	71.3	68.6	..	100.4 [†]
Mar	89.5	76.8	79.4	101.0	75.4	87.0	70.0	78.7	69.4	..	115.6
Apr	88.8	76.6	81.9	102.1	90.6	89.9	66.2	57.9	71.3	..	105.7
May	89.4	79.8	80.3	101.1	81.3	88.7	69.6	77.8	69.3	..	126.0
Jun	89.8	79.2	80.6	100.6	84.2	89.9	71.5	72.4	68.4	..	111.9
Jul	89.7	77.8	80.7	99.8	82.7	89.0	72.6	71.3	69.6	..	105.7
Aug	91.9	86.5	81.5	103.0	98.5	89.8	73.1	70.5	70.6	..	112.2
Sep	91.8	79.5	82.5	103.2	86.1	88.9	72.6	70.7	74.0	..	107.5
Oct	92.0	77.4	79.4	103.7	86.4	88.1	72.3	65.3	67.9	..	113.1
Nov	92.1	77.6	80.0	103.4	83.0	87.6	72.9	70.2	70.0	..	111.9
Dec	92.1	77.8	80.4	104.1	86.5	87.1	71.7	66.2	71.6	..	112.4
2006 Jan	91.5 [†]	73.5 [†]	79.7 [†]	102.1 [†]	72.8 [†]	85.3 [†]	73.6 [†]	74.5 [†]	72.4 [†]	..	129.5
Feb	93.6	84.3	79.6	105.1	95.4	87.1	74.0	69.3	69.8	..	94.3

1 The figures shown represent the output of UK-based manufacturers classified to subsections DK and DL of the Standard Industrial Classification (2003).

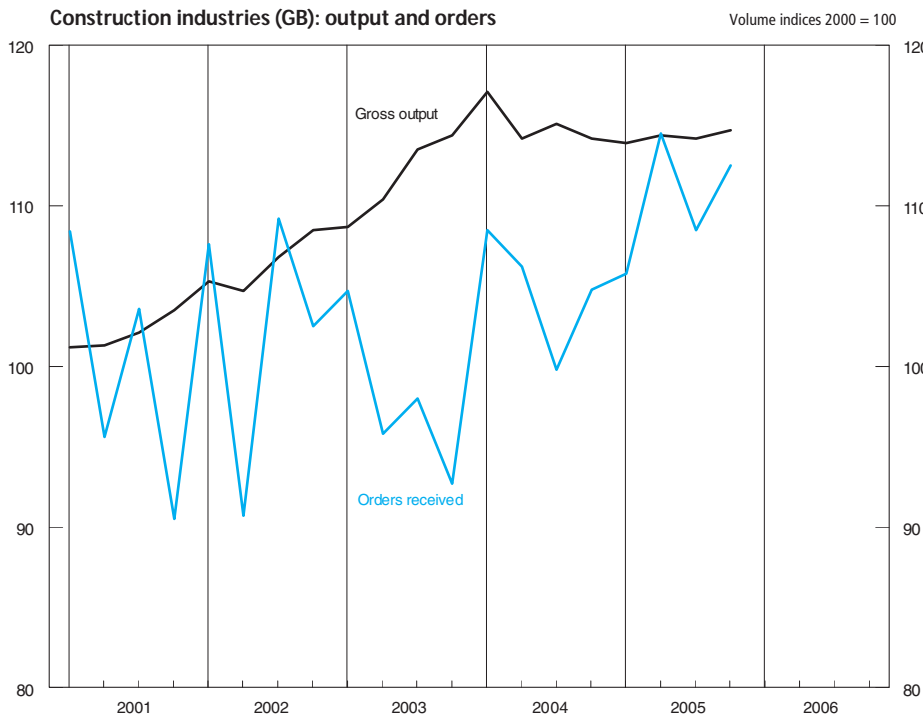
2 Annual and quarterly indices represent the value at the end of the period in question, rather than the average value for that period.

3 Net of cancellations.

4 This index is based on a gross output series which includes repair and maintenance estimates, unrecorded output by self-employed workers and small firms and output by the direct labour departments of the public sector.

Sources: Office for National Statistics; Enquiries: Columns 1-9 01633 812540; Department of Trade and Industry;

Enquiries: Columns 10-11 020 7215 1953



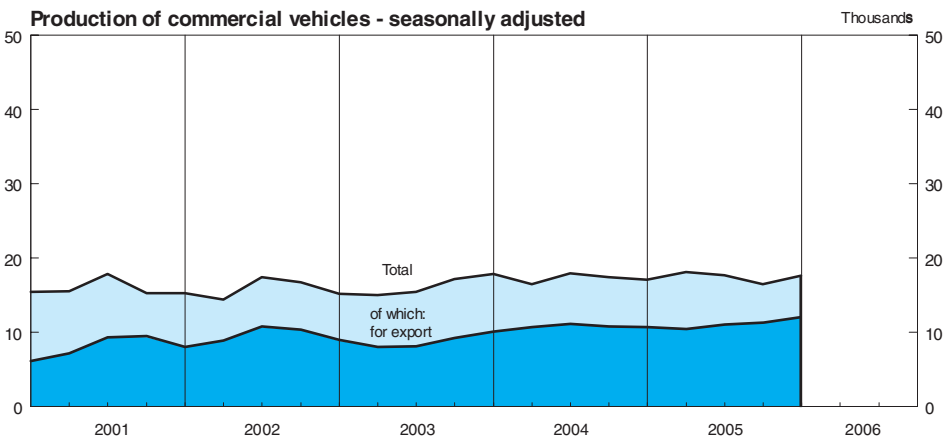
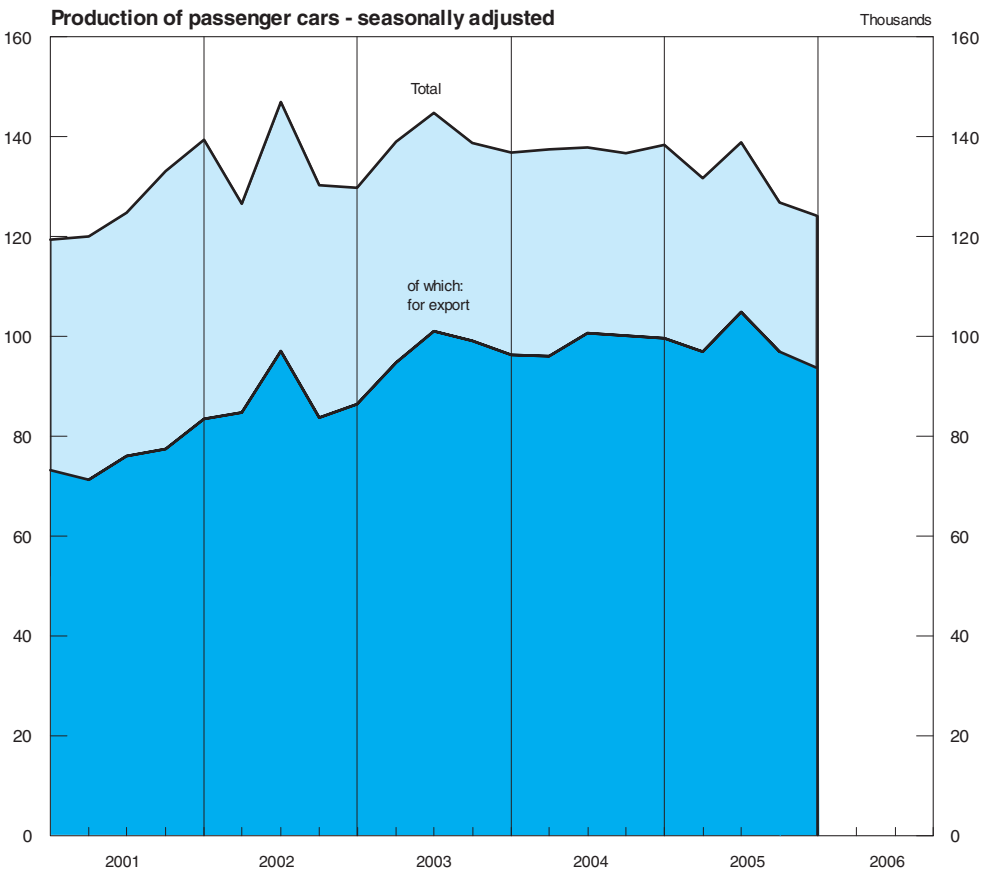
5.3 Motor vehicle and steel production

	Passenger cars ¹				Commercial vehicles ¹				Crude steel production (NSA) ² (thousand tonnes)
	Not seasonally adjusted		Seasonally adjusted		Not seasonally adjusted		Seasonally adjusted		
	Total production (thousands)	of which for export (thousands)	Total production (thousands)	of which for export (thousands)	Total production (thousands)	of which for export (thousands)	Total production (thousands)	of which for export (thousands)	
	FFAA	FFAB	FFAO	FFAP	FFAC	FFAD	FFAQ	FFAR	BCBS
2001	124.4	74.5	124.4	74.5	16.1	8.0	16.1	8.0	13 542.7
2002	135.8	87.3	135.8	87.3	15.9	9.5	15.9	9.5	11 667.1
2003	138.1	95.3	138.1	95.3	15.7	8.6	15.7	8.6	13 128.4
2004	137.2	98.3	137.2	98.3	17.4	10.7	17.4	10.7	13 765.8
2005	133.0	98.7	134.0	99.6	17.2	10.9	17.4	10.8	13 247.7
2001 Q1	129.0	75.5	119.5	73.3	17.2	6.6	15.5	6.1	3 651.7
Q2	124.1	76.5	120.1	71.3	16.6	7.7	15.6	7.2	3 729.6
Q3	111.9	61.0	124.8	76.1	14.5	7.4	17.9	9.3	3 205.5
Q4	132.4	85.1	133.1	77.4	16.1	10.3	15.3	9.5	2 955.9
2002 Q1	149.9	85.0	139.4	83.5	16.7	8.4	15.3	8.0	3 046.3
Q2	134.1	94.0	126.6	84.7	14.8	9.4	14.4	8.9	3 060.0
Q3	130.6	80.7	147.0	97.1	14.9	9.3	17.4	10.8	2 801.9
Q4	128.7	89.3	130.3	83.7	17.3	10.9	16.7	10.3	2 758.9
2003 Q1	141.4	91.5	129.8	86.4	16.5	9.3	15.2	9.0	3 081.0
Q2	144.4	101.3	139.1	94.8	15.5	8.3	15.0	8.0	3 258.7
Q3	130.4	85.8	144.8	101.0	13.4	6.9	15.5	8.1	3 264.3
Q4	136.2	102.7	138.8	99.1	17.6	9.7	17.2	9.2	3 524.4
2004 Q1	148.5	101.2	136.8	96.3	19.3	10.4	17.9	10.1	3 380.7
Q2	142.7	102.3	137.5	96.0	16.9	11.2	16.5	10.7	3 681.4
Q3	126.3	88.3	137.9	100.7	15.6	9.7	18.0	11.1	3 405.2
Q4	131.4	101.5	136.7	100.1	17.9	11.4	17.4	10.8	3 298.5
2005 Q1	144.3	99.1	138.4	99.6	18.4	11.3	17.1	10.7	3 310.9
Q2	138.7	105.3	131.7	97.0	18.2	10.7	18.1	10.4	3 523.8
Q3	125.7	91.5	138.9	104.9	14.9	9.2	17.7	11.0	3 119.3
Q4	123.3	98.9	126.8	97.0	17.3	12.2	16.5	11.3	3 293.7
2006 Q1	136.4	100.5	124.3	93.8	19.2	12.6	17.7	12.0	3 529.0
2003 Jul	146.3	93.1	144.1	98.3	15.2	7.6	16.6	8.4	1 245.8*
Aug	91.4	57.5	145.0	100.4	7.8	3.8	14.9	7.6	977.8
Sep	153.5	106.8	145.3	104.3	17.1	9.2	15.0	8.3	1 040.7
Oct	153.4	113.8	138.6	96.8	16.8	9.5	15.4	8.6	1 198.0*
Nov	142.9	110.5	134.8	99.3	19.0	9.8	17.2	9.5	1 117.8
Dec	112.4	83.8	142.9	101.1	17.0	9.9	19.0	9.6	1 208.6*
2004 Jan	141.3	96.4	138.7	97.9	20.5	9.6	19.6	11.0	1 009.3
Feb	141.1	93.0	131.9	92.2	17.3	10.0	16.4	9.9	1 024.9
Mar	163.0	114.3	139.7	98.8	20.2	11.7	17.7	9.3	1 346.5*
Apr	129.6	95.7	136.6	98.1	15.7	10.1	16.0	10.2	1 155.5
May	143.1	102.3	139.3	92.9	16.9	11.9	17.4	11.5	1 160.7
Jun	155.5	108.9	136.7	97.1	18.2	11.6	16.2	10.5	1 365.2*
Jul	140.5	100.5	145.2	107.4	14.9	10.1	16.7	11.3	1 042.6
Aug	83.2	56.7	132.5	97.2	10.2	5.7	18.1	9.8	1 015.8
Sep	155.3	107.6	136.0	97.6	21.7	13.3	19.1	12.2	1 346.8*
Oct	135.1	107.2	134.1	102.0	18.6	12.2	18.1	11.4	1 091.5
Nov	149.3	114.4	140.4	102.1	20.1	12.3	17.0	10.3	1 001.4
Dec	109.7	82.8	135.7	96.3	14.9	9.7	17.0	10.6	1 205.6*
2005 Jan	136.0	89.2	137.0	95.1	17.7	10.7	17.0	11.0	1 033.5
Feb	143.5	98.3	138.8	100.6	18.0	10.7	17.2	10.5	1 016.8
Mar	153.3	109.9	139.4	103.1	19.6	12.6	17.2	10.5	1 260.6*
Apr	139.8	105.1	140.1	100.3	18.9	11.4	20.1	11.9	1 161.8
May	132.0	99.1	130.2	94.3	17.5	10.7	17.9	10.1	1 147.5
Jun	144.3	111.7	124.9	96.5	18.3	10.0	16.3	9.3	1 214.5*
Jul	130.2	93.8	134.7	99.9	14.2	8.5	17.3	10.4	966.4
Aug	97.1	71.8	146.0	114.2	10.8	6.8	18.2	11.2	1 193.5*
Sep	149.9	108.9	136.0	100.6	19.7	12.4	17.5	11.3	959.4
Oct	124.8	99.4	125.1	95.0	18.4	12.4	16.6	10.6	986.2
Nov	149.7	119.4	130.7	99.9	20.0	13.8	17.2	11.8	1 279.5*
Dec	95.3	77.9	124.6	96.2	13.6	10.3	15.7	11.5	1 028.0
2006 Jan	119.1	86.5 [†]	121.1 [†]	91.8 [†]	18.2	11.8	17.2 [†]	11.8 [†]	1 053.5 [†]
Feb	131.2 [†]	95.2	124.7	94.5	18.2	12.1	17.3	11.8	1 077.3
Mar	158.8	119.7	127.1	95.0	21.3	13.8	18.6	12.3	1 398.2*

1 Annual and quarterly figures are monthly averages.

2 The totals are for 'usable steel' in accordance with the system used by the EC and the International Iron and Steel Institute, but in a change from previous publications, figures are actual production totals based on four- or five-week periods (not seasonally adjusted). The latest month's figure is provisional.

Sources: Office for National Statistics; Enquiries: Columns 1-8 01633 812810; ISSB Ltd; Enquiries: Column 9 020 7343 3900



5.4 Indicators of fixed investment in dwellings

	Fixed investment in dwellings (£ million, chained volume measures, reference year 2002)	Orders received by contractors for new houses (GB) (£ million, 2000 prices)	Housing starts (NSA) ¹ (GB)			Housing completions (NSA) ¹ (GB)			Mix-adjusted price of new dwellings at mortgage completion stage (NSA) ³ (£)
			Private enterprise (thousands)	Registered social landlords ² (thousands)	Local authorities (thousands)	Private enterprise (thousands)	Registered social landlords ² (thousands)	Local authorities (thousands)	
	DFEG	SGAB	FCAB	CTOR	CTOV	FCAD	CTOT	CTOX	WMPS
2001	32 006	7 084	162.8	16.8	0.3	139.9	20.9	0.3	134 234
2002	34 499	7 697	164.6	16.2	0.2	149.3	19.3	0.2	161 533
2003	36 056	8 219	177.5	16.2	0.3	158.3	17.2	0.3	186 427
2004	38 773	9 472	194.3	19.0	0.2	166.5	20.6	0.1	205 818
2005	38 949	9 917 [†]	218 342
2001 Q1	7 911	1 767	39.2	5.7	0.2	32.5	5.6	0.1	130 771
Q2	7 891	1 772	43.8	4.2	—	34.4	4.7	0.1	130 774
Q3	8 252	1 822	43.5	3.2	—	35.6	4.6	0.1	135 507
Q4	7 952	1 761	36.3	3.7	0.1	37.5	5.9	0.1	137 368
2002 Q1	8 006	1 916	41.7	5.4	0.1	33.6	5.1	—	143 996
Q2	8 396	1 782	42.6	3.8	0.1	36.9	4.6	0.2	157 646
Q3	8 829	2 031	44.0	3.4	—	36.4	4.7	—	164 293
Q4	9 268	2 075	36.3	3.6	—	42.4	4.9	—	173 254
2003 Q1	8 824	2 095	44.2	5.0	0.1	34.7	4.5	0.1	175 947
Q2	8 835	2 108	46.9	4.4	0.2	39.3	4.1	0.1	187 676
Q3	9 165	1 894	45.8	3.8	—	37.5	4.5	—	188 711
Q4	9 232	2 123	40.6	3.0	0.1	46.9	4.1	0.1	193 373
2004 Q1	9 527	2 346	47.0	6.5	—	34.0	5.1	—	194 276
Q2	9 703	2 287	52.1	4.3	0.1	43.1	4.3	0.1	204 679
Q3	9 719	2 488	51.3	3.6	—	43.6	5.3	—	212 505
Q4	9 824	2 351	44.0	4.6	—	45.8	5.8	—	211 812
2005 Q1	9 685	2 293 [†]	44.5	7.1	0.1	35.7	6.4	—	214 704
Q2	9 687	2 612	..	..	..	..	..	..	216 780
Q3	9 886	2 569	..	..	..	..	..	..	220 477
Q4	9 691	2 444	..	..	..	..	..	..	221 407
2003 Jul	..	692	..	..	..	..	..	..	186 807
Aug	..	597	..	..	..	..	..	..	191 100
Sep	..	605	..	..	..	..	..	..	188 227
Oct	..	724	..	..	..	..	..	..	195 551
Nov	..	743	..	..	..	..	..	..	189 913
Dec	..	656	..	..	..	..	..	..	194 655
2004 Jan	..	796	..	..	..	..	..	..	195 238
Feb	..	754	..	..	..	..	..	..	192 165
Mar	..	796	..	..	..	..	..	..	195 426
Apr	..	880	..	..	..	..	..	..	201 796
May	..	697	..	..	..	..	..	..	203 015
Jun	..	710	..	..	..	..	..	..	209 225
Jul	..	758	..	..	..	..	..	..	211 663
Aug	..	889	..	..	..	..	..	..	211 314
Sep	..	841	..	..	..	..	..	..	214 537
Oct	..	742	..	..	..	..	..	..	214 509
Nov	..	805	..	..	..	..	..	..	212 354
Dec	..	803	..	..	..	..	..	..	208 574
2005 Jan	..	669 [†]	212 952
Feb	..	795	..	..	..	..	..	..	213 093
Mar	..	828	..	..	..	..	..	..	218 067
Apr	..	905	..	..	..	..	..	..	213 950
May	..	805	..	..	..	..	..	..	217 361
Jun	..	902	..	..	..	..	..	..	219 029
Jul	..	905	..	..	..	..	..	..	221 548
Aug	..	835	..	..	..	..	..	..	220 141
Sep	..	829	..	..	..	..	..	..	219 742
Oct	..	840	..	..	..	..	..	..	223 550
Nov	..	819	..	..	..	..	..	..	217 427
Dec	..	786	..	..	..	..	..	..	223 244
2006 Jan	..	764	..	..	..	..	..	..	222 760 [†]
Feb	..	784	..	..	..	..	..	..	216 031

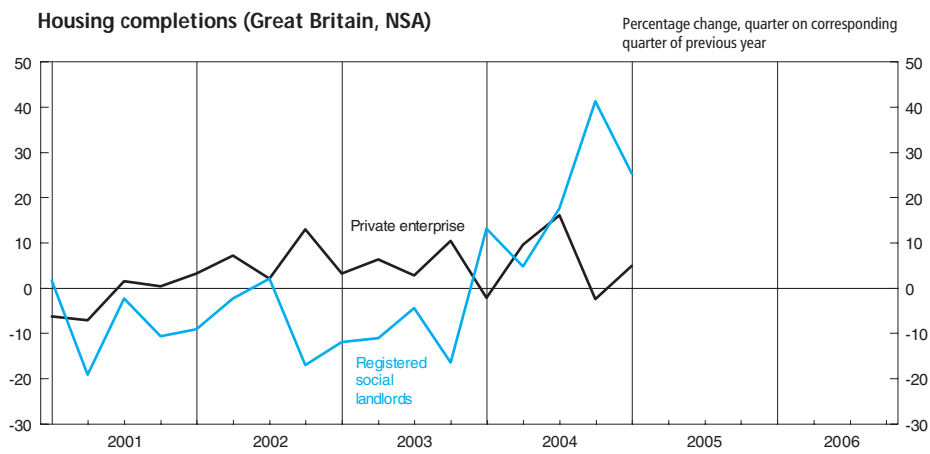
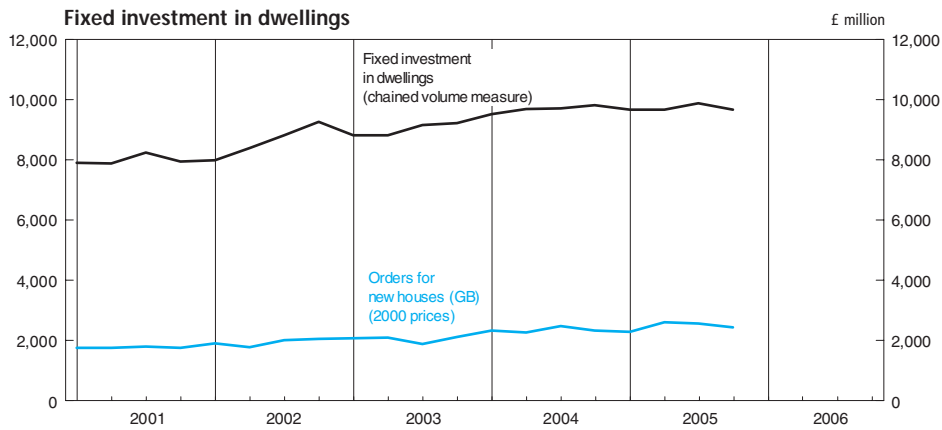
1 Monthly data collection ceased after March 2003. Seasonally adjusted data for Great Britain are no longer updated. Seasonally adjusted data for England are available from the website of the Office of the Deputy Prime Minister (ODPM): www.odpm.gov.uk

2 Includes registered and non-registered social landlords.

3 Series is based on mortgage lending by all financial institutions rather than building societies only, as previously published. This change has been made necessary because of the mergers, takeovers and conversions to plc status affecting the building society sector. The series is based on the ODPM's survey of mortgage lenders (at completion stage), but now includes

all mortgage lenders rather than building societies only. From February 2002, monthly data have been obtained from the enlarged survey and quarterly data from 2002Q2 are based on monthly prices. From September 2005, figures are based on the new Regulated Mortgage Survey (CML/BankSearch). Prices have been chain-linked to adjust for the structural change arising from the new survey.

Sources: Office for National Statistics;
Enquiries: Column 1 020 7533 6010;
Department of Trade and Industry; Column 2 020 7215 1953;
Office of the Deputy Prime Minister;
Columns 3-8 0117 372 8055; Column 9 020 7944 3325



5.5 Number of property transactions^{1,2,3}

Thousands

	Not seasonally adjusted England and Wales	Seasonally adjusted England and Wales ^{4,5}	Not seasonally adjusted England, Wales and Northern Ireland		Not seasonally adjusted England and Wales	Seasonally adjusted England and Wales ^{4,5}	Not seasonally adjusted England, Wales and Northern Ireland
2001	FTAP		FTAR	Jun	129	131	132
2002	1 457		1 497				
2003	1 586		1 627	Jul	152	134	154
2004	1 345		1 397	Aug	166	149	171
2005	1 792		1 838 [†]	Sep	139	133	144
	1 529		1 577	Oct	147	133	151
				Nov	127	131	131
				Dec	118	128	122
		FTAQ					
2001 Q1	327	347	337				
Q2	347	358	359	2003 Jan	131	125	137
Q3	396	368	405	Feb	103	119	109
Q4	387	384	396	Mar	106	119	113
				Apr	101	112	108
2002 Q1	342	375	351	May	101	105	105
Q2	395	404	404	Jun	103	101	107
Q3	457	415	468				
Q4	392	391	404	Jul	132	116	135
				Aug	112	105	116
2003 Q1	340	363	359	Sep	114	104	118
Q2	306	317	320	Oct	120	108	124
Q3	358	325	369	Nov	110	118	113
Q4	340	339	349	Dec	111	113	113
2004 Q1	447	477	457	2004 Jan	157	155	160
Q2	452	470	463	Feb	148	172	152
Q3	494	446	507	Mar	142	150	145
Q4	398	398	410 [†]	Apr	140	156	143
				May	145	155	148
2005 Q1	300	337	310	Jun	167	159	172
Q2	352	356	363				
Q3	447	404	461	Jul ⁶	175	158	179
Q4	430	432	443	Aug ⁶	159	144	163
				Sep	160	145	165 [†]
2006 Q1	392	425	403	Oct	148	144	152 [†]
				Nov	123	123	127
2001 Jan	123	114	127	Dec	128	132	132
Feb	99	117	102				
Mar	105	116	108	2005 Jan	100	103	104
Apr	101	114	105	Feb	102	118	105
May	121	122	126	Mar	98	116	102
Jun	125	122	128	Apr	109	114	112
				May	109	117	113
Jul	132	121	135	Jun	134	126	138
Aug	140	123	143				
Sep	124	124	127	Jul	132	124	136
Oct	140	126	143	Aug	153	133	158
Nov	137	137	141	Sep	163	147	167
Dec	110	122	112	Oct	140	134	144
				Nov	144	145	148
2002 Jan	131	124	134	Dec	146	154	150
Feb	108	126	110				
Mar	104	126	106	2006 Jan	131	134	134
Apr	129	135	132	Feb	126	145 [†]	129
May	137	138	140	Mar	136	146	140

1 Figures are based on counts of the relevant administrative form successfully processed each month. For completions up to and including November 2003, this was the Particulars Delivered form; since December 2003 it has been the Land Transaction Return, associated with the introduction of Stamp Duty Land Tax (although in December 2003 most forms processed were still Particulars Delivered forms). The count of Land Transaction Return forms is based on the month when the Stamp Duty Land Tax certificate is issued. Figures for the latest month includes estimates for returns where a certificate has been issued but the form was not captured on the database at the time the count was taken. These figures are therefore subject to revision the following month.

2 Because of the change in administrative arrangements associated with the introduction of Stamp Duty Land Tax, the figures from December 2003 onwards may not be comparable with the earlier series. In particular, Land Transaction Returns in respect of transactions subject to Stamp Duty Land Tax are being submitted more promptly by conveyancers than Particulars Delivered forms in respect of transactions subject to stamp duty. The overhang of particulars delivered forms into the first quarter of 2004 has boosted the total property transactions processed figures in that quarter.

Other reasons for higher figures since the introduction of Stamp Duty Land Tax include some types of transaction requiring a Land Transaction Return which did not require a Particulars Delivered form, and higher numbers of registering commercial transactions.

3 Because of the time lags involved, the series above should be lagged by one month to give a broad representation of transactions completed in the month. However, this relationship was weaker in the second quarter of 2002, because of the operational pressures in the network of Stamp Offices which delayed the processing of a proportion of property transactions.

4 The Jubilee celebrations meant that the late May bank holiday was taken in June 2002. Seasonal features in the data arising from the May bank holiday will therefore not automatically be removed by the process of seasonal adjustment. Caution should therefore be taken when interpreting monthly movements involving May or June 2002 data.

5 The sum of seasonally adjusted components does not exactly match the unadjusted (definitive) annual total.

6 On 19 July 2004 the Inland Revenue ended the arrangement under which a Stamp Duty Land Tax certificate could be issued even though some of the information had not been provided (the 'light touch' process). This is likely to have reduced the transaction count for July and August by a few thousand.

Source: HM Revenue and Customs; Enquiries: 020 7147 2941

5.6 Change in inventories

Chained volume measures¹

Reference year 2002, £ million

	Mining and quarrying	Manufacturing industries				Electricity, gas and water supply	Distributive trades		Other industries ³	Change in inventories
		Materials and fuel	Work in progress	Finished goods	Total		Wholesale ²	Retail ²		
<i>Level of inventories at end-December 2004</i>	1034	16 155	15 931	19 676	51 762	1726	27 873	26 080	45 284	153 759
	FAEA	FBNF	FBNG	FBNH	DHBM	FAEB	FAJX	FBYN	DLWX	CAFU
2001 Q1	63	-652	325	-133	-459	-214	566	-130	1 215	1 040
Q2	-45	-200	331	224	354	190	-76	-160	1 112	1 375
Q3	93	352	271	32	656	88	519	229	76	1 662
Q4	-15	93	-413	45	-275	-15	-299	1 076	1 647	2 119
2002 Q1	48	118	36	615	769	-63	13	674	-264	1 177
Q2	-30	-82	-159	-128	-369	140	810	1 112	-1 269	394
Q3	-20	-115	341	-263	-37	-66	431	-74	246	480
Q4	-26	-311	-222	-588	-1 121	-110	-643	-94	2 852	858
2003 Q1	-25	540	137	34	711	67	169	167	-986	103
Q2	53	-385	-130	-215	-730	-5	-583	455	423	-387
Q3	-86	-213	-246	279	-180	-41	275	274	2 097	2 339
Q4	1	-34	-266	-228	-528	-1	369	247	2 459	2 547
2004 Q1	7	-89	60	-613	-653	156	40	1 047	938	1 054
Q2	-4	-96	-356	361	-86	-165	1 441	-617	858	1 412
Q3	-41	100	-80	219	274	5	-398	794	185	970
Q4	-1	-24	-271	-38	-408	-82	181	405	2 060	2 497
2005 Q1	-	265	175	-31	500	-108	-10	-168	1 181	1 059
Q2	-28	-213	-69	-245	-160	225	12	-192	1 188	838
Q3	-24	23	-51	34	-109	-39	-49	-10	3	877
Q4	7	-63	412	136	509	406	239	-141	-1 356	-406

1 Estimates are given to the nearest £ million but cannot be regarded as accurate to this degree.

2 Excluding the motor trades.

3 Quarterly alignment adjustment is included in this series. For a description see notes to the *Economic Trends Annual Supplement*. For details of adjustments, see notes section in the Sector and Financial Accounts article in *UK Economic Accounts*.

Sources: Office for National Statistics; Enquiries: Columns 1-8 020 7533 6264; Columns 9-10 020 7533 6031

5.7 Inventory ratios⁴

	Manufacturers' inventories ¹ to manufacturing production				Retail inventories ¹ to retail sales ²	Total inventories ^{1,3} to gross value added
	Materials and fuel	Work in progress	Finished goods	Total inventories		
	FAPG	FAPH	FAPF	FAPF	FAPC	FDCA
2000 Q4	101.4	99.0	100.0	100.2	101.2	100
2001 Q1	97.6	101.0	99.3	99.3	98.9	100
Q2	98.6	105.3	102.8	102.3	96.3	101
Q3	100.9	107.1	103.0	103.6	95.6	102
Q4	103.6	106.8	105.5	105.3	99.2	103
2002 Q1	101.8	104.5	106.1	104.2	100.5	103
Q2	101.8	104.0	106.0	104.1	103.5	103
Q3	100.1	105.0	103.6	103.0	102.4	102
Q4	99.7	105.2	102.0	102.3	100.1	103
2003 Q1	102.8	105.9	102.1	103.5	102.0	102
Q2	100.4	105.0	100.9	102.0	102.6	101
Q3	98.4	102.8	101.6	101.0	102.7	102
Q4	97.3	100.2	99.5	99.1	101.7	103
2004 Q1	96.4	100.2	96.1	97.5	104.3	102
Q2	95.1	97.3	97.1	96.5	99.7	102
Q3	96.3	97.4	98.8	97.6	102.1	103
Q4	95.6	95.2	98.0	96.4	103.7	103
2005 Q1	98.7	97.2	99.5	98.5	103.2	104
Q2	99.9	97.3	99.1	98.8	101.9	104
Q3	101.1	97.4	98.6	99.0	100.6	..

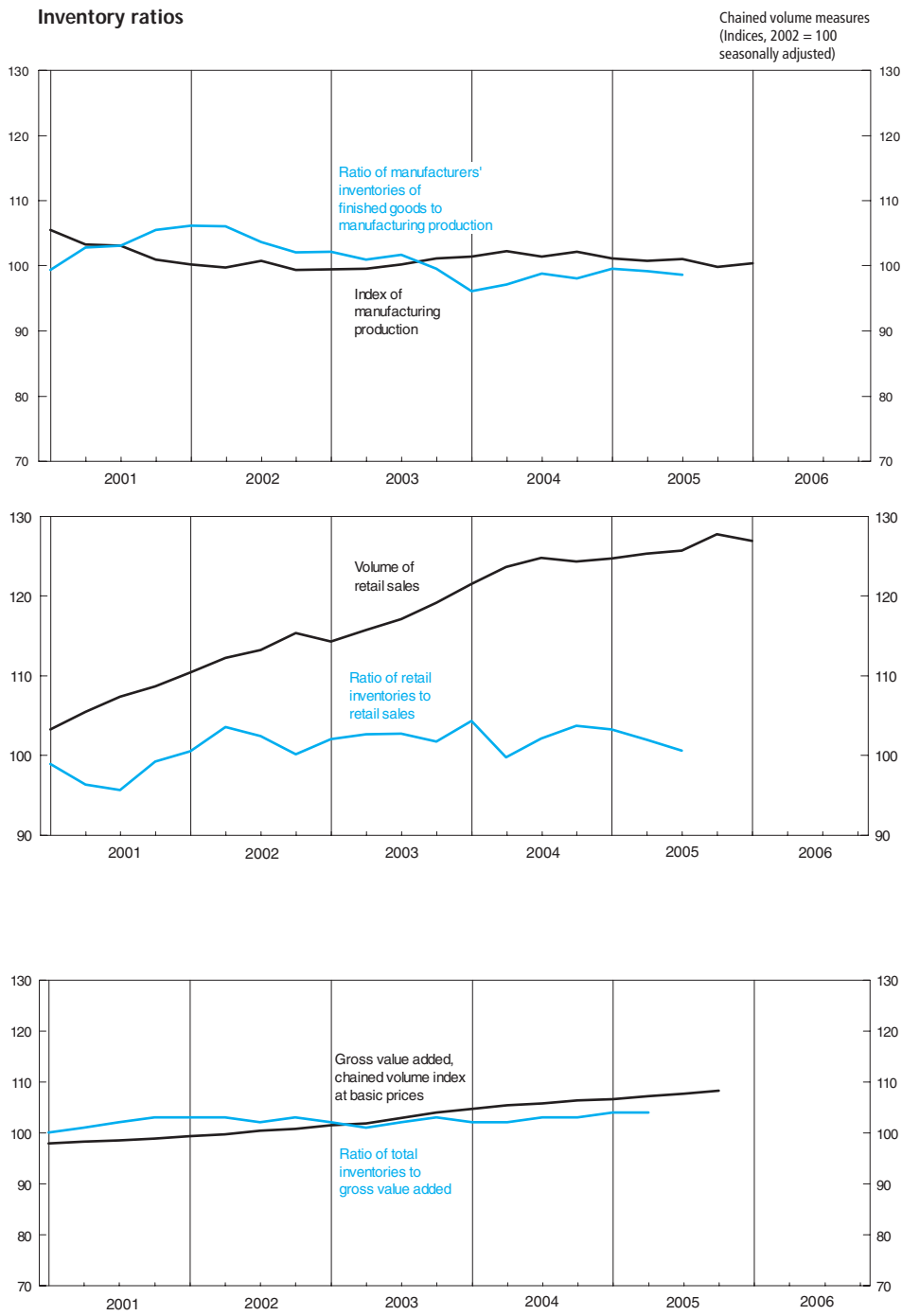
1 Chained volume measure: reference year 2002.

2 Classes 64-65 excluding activity headings 6510 and 6520, retail distribution of motor vehicles and parts, and filling stations.

3 Including quarterly alignment adjustment. For details of adjustments see notes section in the Sector and Financial Accounts article in *UK Economic Accounts*.

4 This table has not been updated for this issue of *Economic Trends*.

Source: Office for National Statistics; Enquiries: Columns 1-6 020 7533 6264



5.8 Retail sales, new registrations of cars and credit business (Great Britain)

	Value of retail sales per week: total (average 2000=100) ¹	Volume of retail sales per week (average 2000=100) ¹								Consumer credit (£ million) ³			
		Predominantly non-food stores								New registrations of cars (NSA, '000s) ²	of which		
		All retailing	Predominantly food stores+	Total+	Non-specialised stores	Textile, clothing and footwear stores	Household goods stores	Other stores	Non-store retailing and repair+		Total net lending ⁴	Credit cards ⁵	Other lending ⁵
Average weekly sales in 2000 (£ million)	3 984	3 984	1 712	2 045	361	536	533	615	226				
	EAQV	EAPS	EAPT	EAPV	EAPU	EAPX	EAPY	EAPW	EAPZ	BCGT	RLMH	VZQX	VZQY
2001	105.9	106.1	104.1	107.8	106.0	109.4	109.6	105.9	106.0	2 577.5	17 586 [†]	6 284 [†]	11 381 [†]
2002	110.6	112.2	108.2	115.5	110.5	121.0	117.8	111.6	113.3	2 682.0	21 286	7 613	13 709
2003	113.7	116.3	111.9	121.1	113.8	128.9	122.3	117.4	107.0	2 646.2	20 147	8 909	11 389
2004	118.7	123.2	116.5	129.6	118.0	139.1	130.8	127.0	116.9	2 598.8	22 995	9 961	13 013
2005	119.8 [†]	125.7 [†]	119.5 [†]	131.9	119.4 [†]	143.8	131.2	129.3	117.4 [†]	2 443.3	17 036	6 132	10 905
2001 Q1	102.8	103.2	102.7	103.9	104.8	105.0	105.9	100.6	100.4	704.2	3 323 [†]	1 355 [†]	2 158 [†]
Q2	105.5	105.4	103.5	106.9	106.6	107.0	109.7	104.5	105.8	617.7	4 607	1 695	2 871
Q3	107.1	107.3	104.5	109.4	107.5	110.9	110.5	108.3	110.1	725.6	4 051	1 219	2 810
Q4	108.1	108.6	105.4	111.3	107.7	114.0	113.2	109.4	108.5	530.0	5 605	2 015	3 542
2002 Q1	109.5	110.4	106.7	114.1	109.3	118.3	115.7	111.7	105.6	758.7	5 054	1 958	3 207
Q2	110.5	112.2	107.9	115.9	110.1	120.4	117.3	114.1	110.7	650.0	4 734	1 669	3 021
Q3	111.2	113.2	108.9	116.3	112.7	122.5	118.2	111.2	118.4	744.6	6 085	2 031	3 985
Q4	112.9	115.3	110.8	118.3	113.2	123.9	121.0	114.2	121.1	528.7	5 413	1 955	3 496
2003 Q1	112.3	114.3	110.0	118.8	111.7	126.1	118.2	117.0	107.3	737.6	4 882	2 250	2 734
Q2	113.1	115.7	111.6	120.3	113.3	127.5	122.4	116.2	105.8	642.7	5 495	2 517	2 942
Q3	114.4	117.1	112.6	122.0	115.3	130.7	123.6	117.1	106.1	742.8	5 133	2 157	2 936
Q4	115.9	119.1	113.4	124.9	117.0	132.1	126.3	122.1	109.4	523.1	4 637	1 985	2 777
2004 Q1	117.7	121.5	114.6	128.3	117.1	137.2	128.7	126.8	112.4	762.2	6 026	2 464	3 516
Q2	119.2	123.6	116.2	130.3	119.9	139.7	130.4	128.3	117.8	629.8	5 811	2 435	3 320
Q3	119.8	124.8	117.4	131.8	121.0	140.3	133.8	128.8	118.3	709.9	5 728	2 601	3 104
Q4	119.1	124.3	117.6	130.5	118.4	140.8	132.2	127.3	119.3	496.9	5 430	2 461	3 073
2005 Q1	119.3 [†]	124.7 [†]	118.8 [†]	130.2 [†]	121.1 [†]	141.4 [†]	130.8 [†]	125.3	118.8 [†]	697.9	5 914	2 426	3 504
Q2	119.7	125.3	119.1	131.1	118.5	143.9	130.0	128.2 [†]	119.6	594.4	4 495	1 331	3 065
Q3	119.8	125.7	119.7	131.9	118.5	143.7	130.2	131.0	114.5	677.1	3 488	1 233	2 250
Q4	121.0	127.7	121.1	134.5	121.5	146.3	134.9	131.7	115.8	473.9	3 139	1 142	2 086
2006 Q1	120.2	126.9	121.2	132.7	122.1	145.0	132.4	128.4	117.1	..	2 473	1 091	1 389
2004 Jan	117.9	121.1	114.2	128.0	116.1	137.2	127.4	127.6	111.2	199.6	2 042 [†]	662 [†]	1 380 [†]
Feb	117.5	121.1	114.5	127.8	117.6	135.7	128.8	126.1	111.1	92.3	2 034	589	1 445
Mar	117.8	122.1	115.0	128.9	117.5	138.4	129.6	126.8	114.4	470.3	2 121	1 381	740
Apr	118.5	122.6	115.4	129.4	118.8	139.5	129.2	127.0	114.7	191.1	1 429	663	766
May	119.3	123.6	116.3	130.3	120.9	140.5	129.8	127.4	118.6	197.6	2 193	738	1 455
Jun	119.8	124.3	116.9	131.1	120.0	139.1	131.9	129.9	119.5	241.1	1 984	902	1 082
Jul	119.1	123.9	116.4	130.8	119.2	137.2	133.9	129.4	117.6	188.2	1 887	907	980
Aug	119.7	124.6	117.6	131.4	122.4	141.8	132.8	126.5	115.6	87.3	1 962	920	1 041
Sep	120.5	125.8	118.0	132.8	121.4	141.6	134.6	130.2	120.9	434.4	1 943	827	1 116
Oct	119.9	124.9	117.9	131.5	120.1	142.3	132.1	128.2	118.3	171.8	1 643	727	916
Nov	120.0	125.3	118.1	132.0	120.7	141.2	135.8	127.5	119.5	175.6	1 985	893	1 092
Dec	117.7	123.1	117.0	128.6	115.2	139.3	129.5	126.4	119.9	149.5	1 810	773	1 036
2005 Jan	119.8	125.1	119.6	130.3	121.1	140.2	132.7	124.9	120.0	180.0	2 230	963	1 268
Feb	119.2	124.7	118.7	130.0	121.0	142.1	130.5	124.2	122.4	77.5	1 669	716	953
Mar	119.1 [†]	124.3 [†]	118.2 [†]	130.4 [†]	121.1 [†]	141.9 [†]	129.6 [†]	126.5 [†]	114.9 [†]	440.4	2 228	936	1 292
Apr	119.3	124.9	118.7	130.4	118.7	143.2	129.3	127.1	121.9	178.9	1 119	89	1 030
May	118.9	124.7	118.7	130.3	117.3	143.2	129.4	127.6	118.3	189.2	1 642	768	874
Jun	120.6	126.1	119.7	132.2	119.4	145.1	131.0	129.6	118.9	226.3	1 415	308	1 108
Jul	119.9	125.3	120.0	130.8	116.8	142.7	129.3	130.1	116.0	175.3	1 051	338	713
Aug	119.6	125.4	118.6	132.0	119.1	143.5	129.9	131.5	116.7	84.2	1 379	463	917
Sep	119.9	126.2	120.3	132.7	119.6	144.7	131.1	131.3	111.7	417.6	1 192	419	773
Oct	120.3	126.7	120.7	133.0	120.5	143.8	131.9	132.0	114.6	153.9	1 240	564	676
Nov	121.2	127.8	121.4	134.5	122.2	150.0	131.9	130.5	115.1	160.8	819	315	503
Dec	121.5	128.5	121.3	135.8	121.7	145.4	139.7	132.4	117.4	159.2	1 152	303	849
2006 Jan	119.7	126.3	120.5	132.2	121.0	142.2	133.3	129.0	117.2	154.0	1 222	585	637
Feb	120.2	126.7	121.3	132.6	120.5	146.3	131.7	128.4	113.7	74.8	1 201	451	750
Mar	120.6	127.5	121.8	133.2	124.1	146.3	132.3	127.8	119.7	..	281	215	66

1 Great Britain only, excluding the motor trades. Information for periods earlier than those shown is available from ONS Newport (tel 01633 812509).

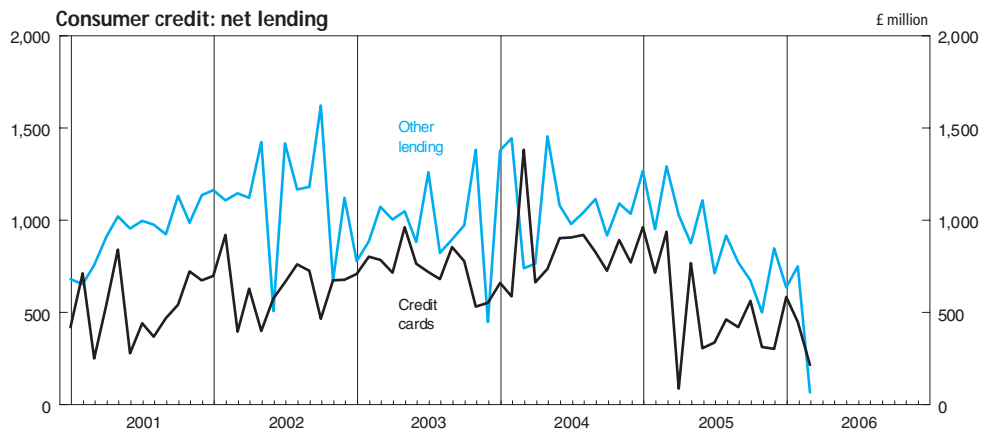
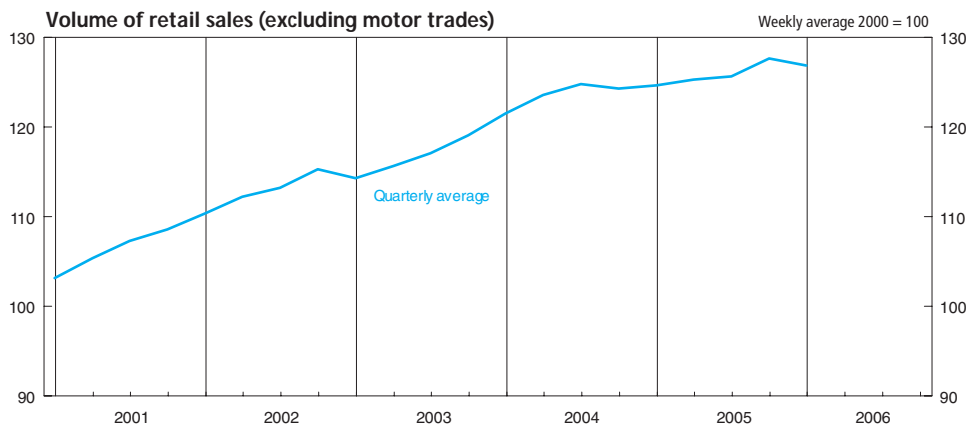
2 Seasonally adjusted data are not published in *Economic Trends*. Data up to 1998 are published in the *Economic Trends Annual Supplement*.

3 Covers all institutions providing finance for consumers, including loans by banks on personal accounts and on bank credit cards and charge cards, by insurance companies, retailers and other specialist lenders, but excluding loans for house purchase.

4 Net lending equals changes in amounts outstanding adjusted to remove distortions arising from revaluations of debt such as write-offs.

5 These figures fall outside the scope of National Statistics.

Sources: Office for National Statistics;
Enquiries: Columns 1-9 01633 812713; Columns 11-13 01633 812782;
Department for Transport;
Enquiries: Column 10 020 7944 3077.



5.9 Inland energy consumption: primary fuel input basis

Million tonnes of oil equivalent

Seasonally adjusted and temperature corrected ¹ (annualised rates)							
	Coal ²	Petroleum ³	Natural gas ⁴	Nuclear	Primary electricity ⁵		Total
					Wind and natural flow hydro ⁶	Net imports ⁷	
	FDAI	FDAJ	FDAK	FDAL	FDAM	FDAW	FDAH
2001	43.1	76.6	96.7	20.8	0.4	0.9	238.6
2002	40.0	75.3	98.7	20.0	0.5	0.7	235.3
2003	42.9	74.9	97.7	20.0	0.4	0.2	236.1
2004	42.0	77.4	100.0	18.1	0.6	0.6	238.9
2005	42.9 [†]	79.3	95.6 [†]	18.6	0.5	0.7	237.6 [†]
2001 Q1	45.6	75.8	108.8	19.9	0.3	1.1	251.5
Q2	44.6	73.3	93.1	19.0	0.4	0.9	231.3
Q3	42.5	79.4	84.6	21.8	0.5	0.9	229.7
Q4	39.8	77.8	100.6	22.6	0.5	0.7	242.0
2002 Q1	42.1	77.9	108.2	21.2	0.6	0.6	250.6
Q2	35.8	76.3	95.9	20.0	0.7	1.0	229.6
Q3	38.4	76.2	88.3	19.9	0.5	0.2	223.5
Q4	43.6	70.8	102.6	18.9	0.4	1.1	237.4
2003 Q1	42.9	72.7	108.1	21.0	0.3	0.3	245.3
Q2	44.9	78.5	92.7	20.6	0.5	0.1	237.3
Q3	41.9	73.8	85.6	19.7	0.5	-0.1	221.4
Q4	41.8	74.6	104.5	18.6	0.4	0.4	240.3
2004 Q1	43.5	71.0	111.2	20.2	0.5	0.4	246.8
Q2	40.6	79.4	97.2	17.2	0.6	0.6	235.5
Q3	41.0	77.1	86.8	17.9	0.8	0.7	224.4
Q4	42.9	82.1	105.1	17.3	0.6	0.8	248.8
2005 Q1	45.8 [†]	79.1	108.3	19.3	0.5	0.5	253.5 [†]
Q2	40.7	79.8	93.3 [†]	18.3	0.6	0.7	233.4
Q3	38.7	77.3	83.5	19.6	0.5	0.7	220.4
Q4	46.4	81.2	97.2	17.1	0.5	1.0	243.2
2003 Jul	43.8	74.5	82.7	18.1	0.5	—	219.6
Aug	42.5	69.8	82.8	17.7	0.5	0.3	213.6
Sep	39.3	77.1	91.4	23.5	0.4	-0.6	231.0
Oct	46.4	76.0	98.3	18.5	0.3	—	239.6
Nov	36.5	70.6	104.4	17.6	0.3	0.3	229.8
Dec	42.5	77.3	110.7	19.7	0.4	1.0	251.6
2004 Jan	41.9	83.0	109.6	18.6	0.6	0.7	254.6
Feb	44.2	62.3	113.2	19.6	0.5	0.6	240.4
Mar	44.4	67.8	110.7	22.3	0.4	—	245.5
Apr	42.7	81.0	102.1	18.1	0.5	0.5	244.9
May	37.4	86.3	100.0	16.7	0.6	0.4	241.5
Jun	41.6	70.8	89.4	16.8	0.6	0.8	219.9
Jul	38.8	88.9	86.3	19.7	0.6	0.8	235.1
Aug	42.7	67.3	84.6	17.3	0.8	0.7	213.4
Sep	41.7	75.3	89.3	16.8	0.9	0.6	224.5
Oct	44.9	89.3	100.4	18.0	0.8	1.2	254.5
Nov	43.7	72.5	106.0	16.8	0.5	0.7	240.3
Dec	40.0	84.6	108.7	17.0	0.5	0.7	251.5
2005 Jan	44.8 [†]	83.1	110.5	21.5	0.6	0.6	261.0 [†]
Feb	48.1	67.4	107.7	19.0	0.5	0.3	243.0
Mar	44.6	86.7	106.6	17.5	0.4	0.6	256.4
Apr	42.4	78.1	98.7 [†]	17.8	0.5	0.6	238.2
May	38.1	81.0	96.1	19.3	0.6	1.0	236.2
Jun	41.5	80.4	85.0	17.9	0.6	0.6	226.0
Jul	39.3	68.2	81.4	21.4	0.5	0.6	211.3
Aug	40.4	77.1	78.9	21.4	0.5	1.0	219.4
Sep	36.5	86.7	90.2	16.0	0.6	0.4	230.4
Oct	41.9	75.8	95.9	16.7	0.6	0.9	231.8
Nov	51.5	84.4	97.8	17.5	0.5	1.0	252.8
Dec	45.7	83.3	97.9	17.0	0.3	1.0	245.1
2006 Jan	51.8	80.7 [†]	97.8	19.9	0.4	0.8	251.5
Feb	51.2	85.4	96.2	18.7	0.3	0.2	252.0

1 For details of temperature correction see DTI energy statistics website at www.dti.gov.uk/energy/inform/dukes/dukes2005/01longterm.pdf

2 Includes solid renewable sources (wood, straw and waste), a small amount of renewable primary heat sources (solar, geothermal, etc.) and net foreign trade and stock changes in other solid fuels.

3 Excludes non-energy use.

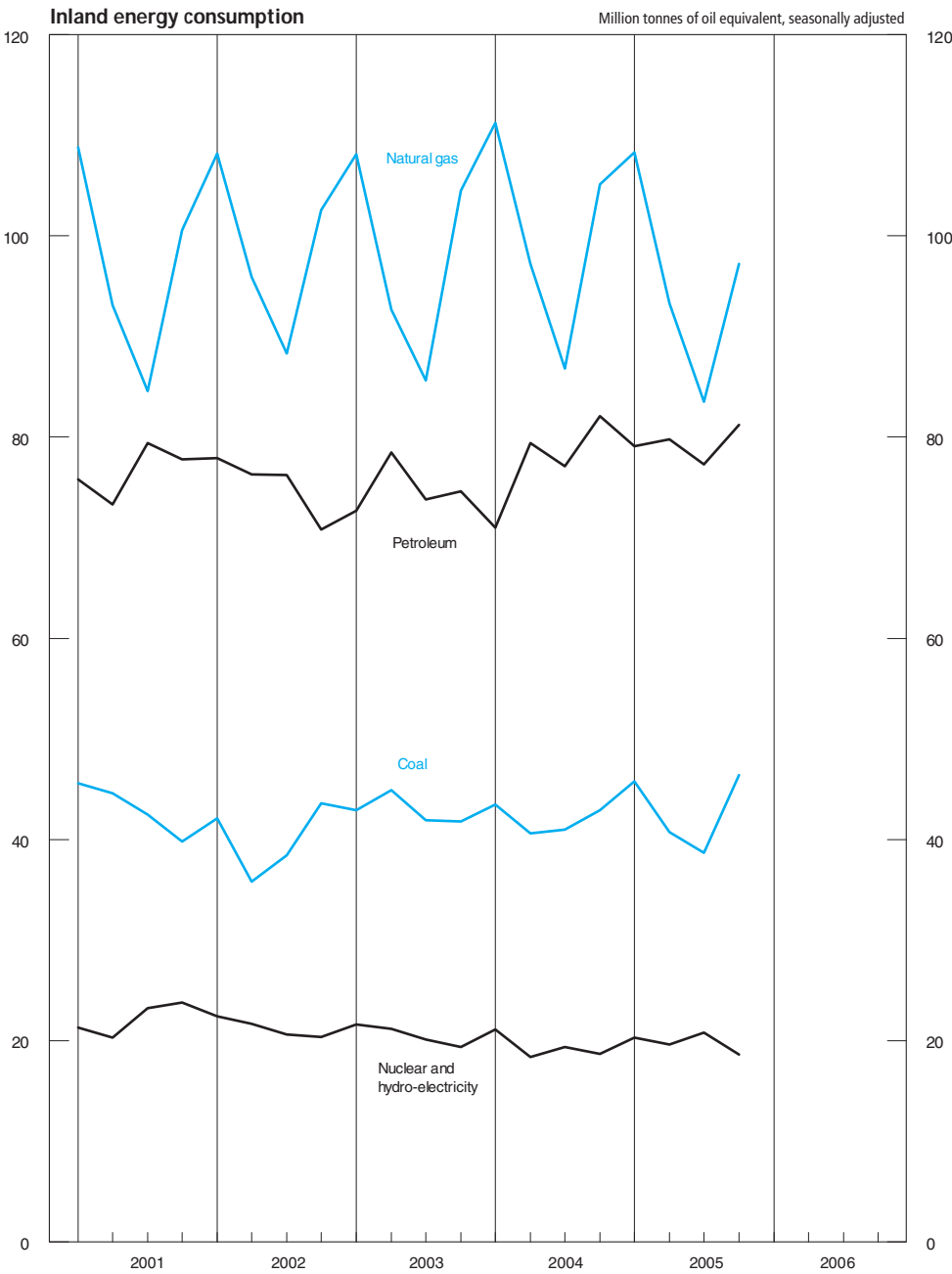
4 Includes gas used during production, colliery methane, landfill gas and sewage gas. Excludes gas flared or re-injected and non-energy use of gas.

5 Not temperature corrected.

6 Includes generation by solar photovoltaics (PV). Excludes generation from pumped storage stations.

7 Not seasonally adjusted.

Source: Department of Trade and Industry; Enquiries: 020 7215 2698



6.1 Sterling exchange rates and UK reserves¹

Not seasonally adjusted

	Sterling exchange rate against major currencies ²								UK inter- national reserves ⁴ at end of period (£ million)	Sterling exchange rate index 1990 = 100
	Japanese yen	US dollar	Swiss franc	Euro ³	Danish kroner	Norwegian kroner	Swedish kronor	Hong Kong dollar		
	AJFO	AUSS	AJFD	THAP	AJFK	AJFJ	AJFI	AJFU	THFE	AGBG
2001	174.90	1.4400	2.430	1.6087 [†]	11.987	12.944	14.886	11.2335	27 773	105.8
2002	187.84	1.5026 [†]	2.334	1.5909	11.821	11.953	14.570	11.7265	26 566	106.0
2003	189.34	1.6346	2.197	1.4456	10.742	11.562	13.189	12.7337	25 724	100.2
2004	198.10 [†]	1.8320	2.276 [†]	1.4739	10.965 [†]	12.342 [†]	13.453 [†]	14.2707	25 908	104.1
2005	200.14	1.8197	2.265	1.4629	10.901	11.718	13.577	14.1477	28 018	103.3
2001 Q1	172.26	1.4584 [†]	2.424	1.5814 [†]	11.7988	12.965	14.230	11.3765	30 457	104.5
Q2	174.19	1.4208	2.487	1.6280	12.1436	13.039	14.847	11.0866	30 632	106.4
Q3	174.67	1.4380	2.432	1.6152	12.0231	12.928	15.203	11.2092	29 662	106.1
Q4	178.45	1.4428	2.375	1.6111	11.9887	12.845	15.264	11.2548	27 773	106.1
2002 Q1	188.79	1.4260	2.396	1.6263	12.0863	12.700	14.895	11.1230	28 053	106.9
Q2	185.29	1.4630	2.329	1.5923	11.8379	11.956	14.564	11.4015	28 623	105.3
Q3	184.85	1.5495	2.305	1.5747	11.6973	11.662	14.538	12.0871	27 950	105.7
Q4	192.42	1.5720	2.304	1.5716	11.6733	11.494	14.285	12.2547	26 566	106.0
2003 Q1	190.67	1.6017	2.189	1.4937	11.0987	11.313	13.709	12.5030	26 388	102.3
Q2	191.90	1.6194	2.163	1.4256	10.5851	11.344	13.032	12.6352	25 199	99.1
Q3	189.14	1.6108	2.209	1.4300	10.6264	11.794	13.103	12.5605	26 954	99.2
Q4	185.64	1.7065	2.228	1.4334	10.6591	11.796	12.913	13.2305	25 724	100.2
2004 Q1	197.07 [†]	1.8391	2.306 [†]	1.4708	10.9571	12.703 [†]	13.507 [†]	14.2983	25 266	104.1
Q2	198.21	1.8052	2.305	1.4992	11.1529	12.387	13.712	14.0831	25 178	105.2
Q3	199.95	1.8189	2.285	1.4877	11.0633	12.478	13.627	14.1861	25 382	104.8
Q4	197.18	1.8648	2.206	1.4388	10.6958	11.798	12.966	14.5080	25 908	102.4
2005 Q1	197.53	1.8904	2.234	1.4424	10.7362	11.889	13.092	14.7449	25 801	102.9
Q2	199.56	1.8559	2.276	1.4744	10.9788	11.863	13.572	14.4506	26 844	104.3
Q3	198.44	1.7844	2.273	1.4635	10.9160	11.534	13.709	13.8685	26 728	102.9
Q4	205.02	1.7481	2.275	1.4706	10.9687	11.584	13.935	13.5546	28 018	103.2
2006 Q1	204.86	1.7528	2.272	1.4570	10.8723	11.697	13.623	13.5963	..	102.5
2003 Jul	192.72	1.6242 [†]	2.209	1.4277 [†]	10.613	11.828	13.130	12.6671	25 785	99.4
Aug	189.42	1.5950	2.200	1.4286	10.617	11.800	13.186	12.4395	26 550	99.0
Sep	185.29	1.6131	2.219	1.4338	10.649	11.755	12.994	12.5590	26 954	99.2
Oct	183.76	1.6787	2.220	1.4334	10.651	11.807	12.917	12.9962	26 131	99.8
Nov	184.47	1.6901	2.250	1.4426	10.729	11.832	12.973	13.1201	26 617	100.4
Dec	188.70	1.7507	2.214	1.4246	10.602	11.749	12.850	13.5923	25 724	100.3
2004 Jan	193.82 [†]	1.8234	2.262 [†]	1.4447	10.760 [†]	12.425 [†]	13.203 [†]	14.1598	25 329	102.4
Feb	199.16	1.8673	2.324	1.4774	11.008	12.983	13.566	14.5165	24 689	104.8
Mar	198.22	1.8267	2.332	1.4890	11.092	12.701	13.752	14.2349	25 266	105.0
Apr	194.04	1.8005	2.337	1.5022	11.182	12.458	13.775	14.0381	25 377	105.2
May	200.69	1.7876	2.293	1.4894	11.082	12.222	13.594	13.9374	24 819	104.6
Jun	199.91	1.8275	2.285	1.5050	11.189	12.482	13.767	14.2499	25 178	105.8
Jul	201.66	1.8429	2.294	1.5023	11.170	12.730	13.818	14.3740	24 579	105.9
Aug	200.87	1.8216	2.297	1.4933	11.105	12.437	13.725	14.2077	25 189	105.2
Sep	197.32	1.7922	2.265	1.4676	10.916	12.268	13.337	13.9777	25 382	103.3
Oct	196.54	1.8065	2.229	1.4455	10.751	11.895	13.093	14.0707	25 557	102.2
Nov	194.76	1.8603	2.177	1.4311	10.635	11.658	12.877	14.4662	25 757	101.7
Dec	200.23	1.9275	2.212	1.4401	10.705	11.841	12.928	14.9890	25 908	103.2
2005 Jan	193.97	1.8764	2.217	1.4331	10.664	11.783	12.979	14.6292	25 840	102.1
Feb	198.10	1.8871	2.248	1.4499	10.791	12.064	13.172	14.7185	26 080	103.3
Mar	200.51	1.9078	2.237	1.4440	10.753	11.821	13.126	14.8801	25 801	103.2
Apr	203.34	1.8960	2.267	1.4652	10.916	11.980	13.433	14.7865	26 103	104.4
May	197.70	1.8538	2.258	1.4611	10.877	11.805	13.428	14.4439	26 595	103.6
Jun	197.64	1.8179	2.302	1.4952	11.132	11.805	13.854	14.1362	26 844	104.9
Jul	195.99	1.7509	2.267	1.4547	10.850	11.523	13.717	13.6141	25 950	102.1
Aug	198.48	1.7943	2.266	1.4592	10.885	11.551	13.631	13.9444	25 437	102.8
Sep	200.86	1.8081	2.287	1.4761	11.009	11.527	13.779	14.0356	26 728	103.9
Oct	202.62	1.7640	2.273	1.4674	10.950	11.490	13.835	13.6823	26 435	103.1
Nov	205.41	1.7341	2.274	1.4719	10.980	11.522	14.080	13.4469	27 482	103.2
Dec	207.02	1.7462	2.279	1.4725	10.976	11.740	13.889	13.5390	28 018	103.3
2006 Jan	204.09	1.7678	2.259	1.4582	10.880	11.724	13.568	13.7079	27 602	102.7
Feb	205.95	1.7470	2.281	1.4637	10.926	11.801	13.672	13.5566	27 672	102.8
Mar	204.53	1.7435	2.276	1.4500	10.819	11.567	13.629	13.5288	..	102.1

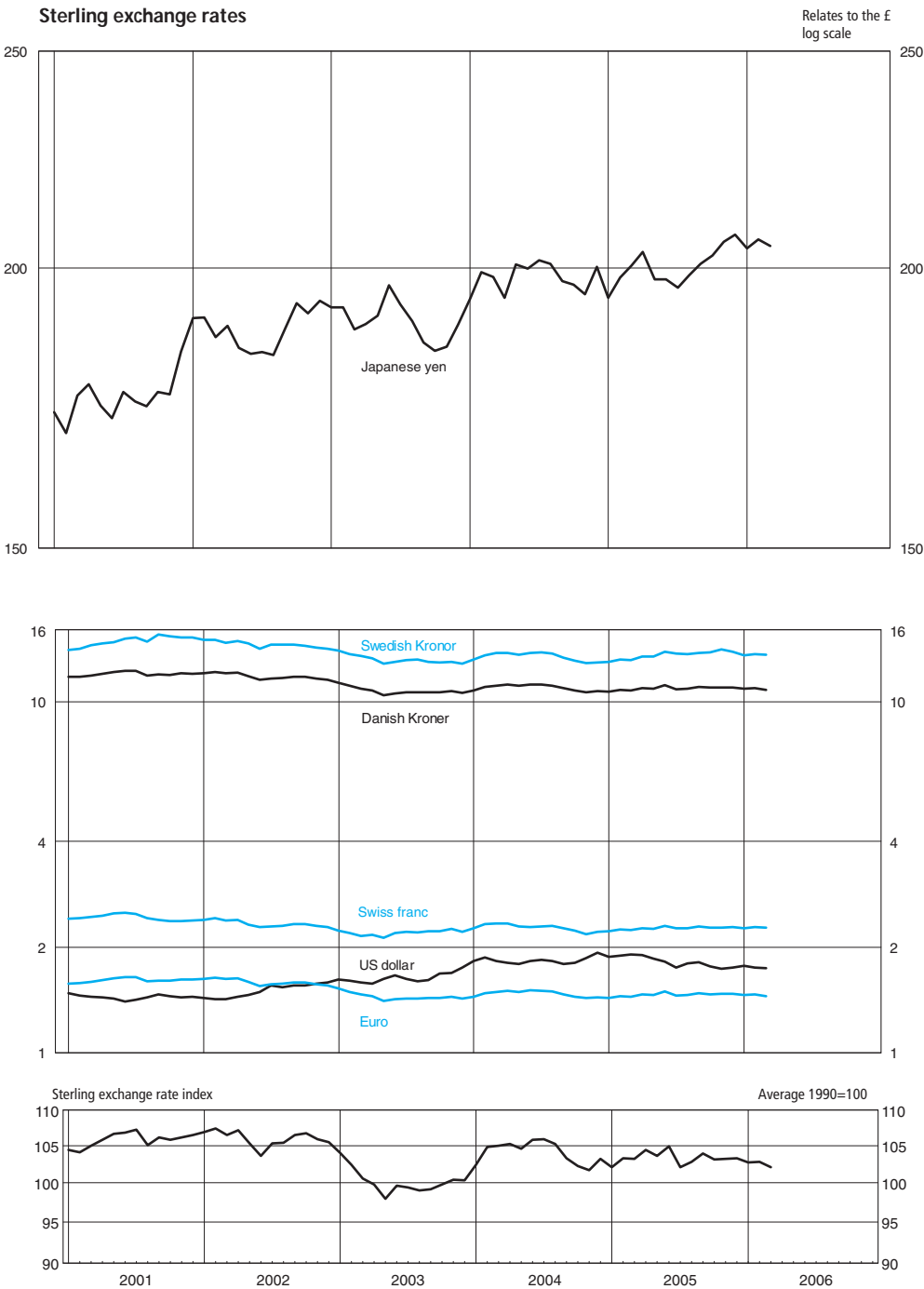
1 These figures fall outside the scope of National Statistics.

2 Average of daily telegraphic transfer rates in London.

3 Prior to January 1999, a synthetic Euro has been calculated by geometrical averaging the bilateral exchange rates of the 11 Euro-area countries using "internal weights" based on each country's share of the extra Euro-area trade.

4 International reserves data are all valued at end-period market prices and exchange rates. They additionally include other reserve assets such as repos (sale and purchase agreements) and derivatives. Full details are shown in Table 1.21 of *Financial Statistics*.

Source: Bank of England; Enquiries: 020 7601 4342



6.2 Monetary aggregates^{1,2}

	M0					M4				
	Amount outstanding ³ (NSA)		Amount outstanding		Velocity of circulation: ratio	Amount outstanding (NSA)		Amount outstanding		Velocity of circulation: ratio
	£ million	Annual percentage change	£ million+	Annual percentage change		£ million	Annual percentage change	£ million+	Annual percentage change	
	AVAD	VQNB	AVAE	VQMX	AVAM	AUYM	VQLC	AUYN	VQJW	AUYU
2001	37 319	8.0	34 998 [†]	7.0	29.76	942 594 [†]	6.7	941 316 [†]	7.7	1.09
2002	39 540	6.0	37 234	7.9 [†]	28.99	1 008 751	7.3	1 006 966	6.3	1.08
2003	42 317	7.0	39 995	7.3	28.49	1 081 299	7.3	1 079 180	7.2	1.07
2004	44 466	5.1	42 278	6.0	28.29 [†]	1 179 208	9.3	1 173 763	8.6	1.03
2005	47 093	5.9	44 269	5.1	27.94	1 328 049	12.8 [†]	1 322 233	11.4 [†]	0.97
							VQRY			
2001 Q1	32 489	8.4	33 115 [†]	7.1	29.91	905 746 [†]	8.2 [†]	900 357 [†]	8.3	1.10
Q2	32 896	6.5	33 283	6.8	30.01 [†]	921 500	7.6	914 080	7.6	1.10
Q3	33 797	6.2	33 940	6.8	29.68	937 099	8.4	936 195	8.4	1.08
Q4	37 319	8.0	34 998	7.4	29.44	942 594	6.7	941 316	6.6	1.08
2002 Q1	35 157	8.2	35 546	7.5 [†]	29.09	955 216	5.7	950 356	5.8	1.09
Q2	36 225	10.1	36 641	8.9	29.12	975 727	6.1	967 511	6.1	1.09
Q3	36 511	8.0	36 671	8.2	28.95	989 433	5.9	989 866	5.9	1.08
Q4	39 540	6.0	37 234	7.1	28.78	1 008 751	7.3	1 006 966	7.3	1.07
2003 Q1	37 184	5.8	37 886	6.2	28.84	1 020 661	7.2	1 017 656	7.2	1.07
Q2	38 403	6.0	38 906	7.7	28.36	1 048 158	7.9	1 040 528	7.9 [†]	1.06 [†]
Q3	39 348	7.8	39 513	7.9	28.42	1 051 176	6.6	1 051 618	6.6	1.07
Q4	42 317	7.0	39 995	7.6	28.35	1 081 299	7.3	1 079 180	7.2	1.06
2004 Q1	39 812	7.1	40 572	7.2	28.35	1 101 926	7.8	1 099 214	7.9	1.05
Q2	41 109	7.0	41 415	5.8	28.30	1 133 432	8.0	1 125 216	8.0	1.04
Q3	41 748	6.1	41 805	5.5	28.20	1 148 480	9.0	1 149 073	9.1	1.03
Q4	44 466	5.1	42 278	5.5	28.30	1 179 208	9.3	1 173 763	9.2	1.02
2005 Q1	42 395	6.5	42 648	5.5	27.99	1 216 920	10.6	1 213 372	10.6	1.00
Q2	42 656	3.8	42 978	4.3	28.14	1 250 498	10.6	1 240 800	10.5	0.98
Q3	43 969	5.3	44 069	5.4	27.80	1 277 131	11.5	1 276 312	11.6	0.96
Q4	47 093	5.9	44 269	5.2	27.83	1 328 049	12.8	1 322 233	12.8	0.95
							VQLC			
2003 Jul	38 938	8.0	39 183 [†]	8.0	..	1 036 753 [†]	7.3	1 039 260 [†]	7.2	..
Aug	39 579	7.9	39 391	7.9	..	1 040 309	6.2	1 039 796	6.3	..
Sep	39 348	7.8	39 513	7.7	..	1 051 176	6.6	1 051 618	6.6	..
Oct	39 416	7.3	39 706	7.2 [†]	..	1 055 028	6.4	1 054 297	6.3	..
Nov	40 149	8.0	40 060	8.2	..	1 070 564	7.1	1 067 934	7.1	..
Dec	42 317	7.0	39 995	7.4	..	1 081 299	7.3	1 079 180	7.3	..
2004 Jan	40 222	8.0	40 223	7.7	..	1 080 319	8.7	1 089 314	8.7	..
Feb	39 448	6.8	40 239	6.8	..	1 087 910	8.4	1 095 884	8.4	..
Mar	39 812	7.1	40 572	7.1	..	1 101 926	7.9	1 099 214	7.9	..
Apr	40 799	5.7	40 769	5.7	..	1 109 179	7.6	1 106 297	7.4	..
May	40 668	4.7	41 054	5.3	..	1 121 193	8.2	1 117 905	8.2	..
Jun	41 109	7.0	41 415	6.4	..	1 133 432	8.0	1 125 216	8.0	..
Jul	41 115	5.6	41 352	5.5	..	1 133 334	9.2	1 134 264	9.0	..
Aug	41 489	4.8	41 387	5.1	..	1 143 250	9.8	1 144 706	10.0	..
Sep	41 748	6.1	41 805	5.8	..	1 148 480	9.0	1 149 073	9.0 [†]	..
Oct	41 721	5.8	42 017	5.8	..	1 158 430	9.6	1 158 999	9.7	..
Nov	42 222	5.2	42 075	5.0	..	1 166 766	8.9	1 165 392	9.1	..
Dec	44 466	5.1	42 278	5.7	..	1 179 208	9.3	1 173 763	9.0	..
2005 Jan	42 700	6.2	42 478	5.6	..	1 177 472	9.2	1 188 862	9.4	..
Feb	41 757	5.9	42 593	5.8	..	1 189 111	9.5 [†]	1 199 419	9.7	..
Mar	42 395	6.5	42 648	5.1	..	1 216 920	10.6	1 213 372	10.6	..
Apr	42 188	3.4	42 708	4.8	..	1 223 632	10.5	1 221 462	10.6	..
May	42 426	4.3	42 809	4.3	..	1 242 114	11.1	1 239 599	11.2	..
Jun	42 656	3.8	42 978	3.8	..	1 250 498	10.6	1 240 800	10.5	..
Jul	43 127	4.9	43 356	4.8	..	1 256 340	11.1	1 257 081	11.1	..
Aug	44 078	6.2	43 911	6.1	..	1 255 434	10.0	1 257 565	10.1	..
Sep	43 969	5.3	44 069	5.4	..	1 277 131	11.5	1 276 312	11.4	..
Oct	43 926	5.3	44 226	5.3	..	1 288 291	11.5	1 291 399	11.7	..
Nov	44 644	5.7	44 403	5.5	..	1 306 569	12.2	1 305 550	12.2	..
Dec	47 093	5.9	44 269	4.7	..	1 328 049	12.8	1 322 233	12.8	..
2006 Jan	45 567	6.7	45 266	6.6	..	1 319 763	12.2	1 331 874	12.2	..
Feb	44 367	6.2	45 230	6.2	..	1 333 278	12.3	1 344 430	12.2	..

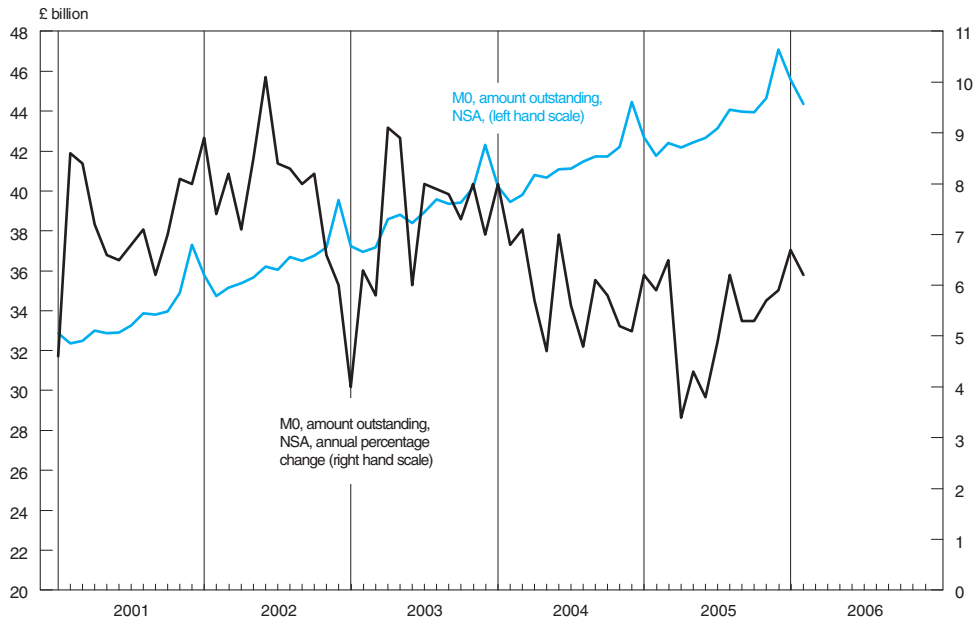
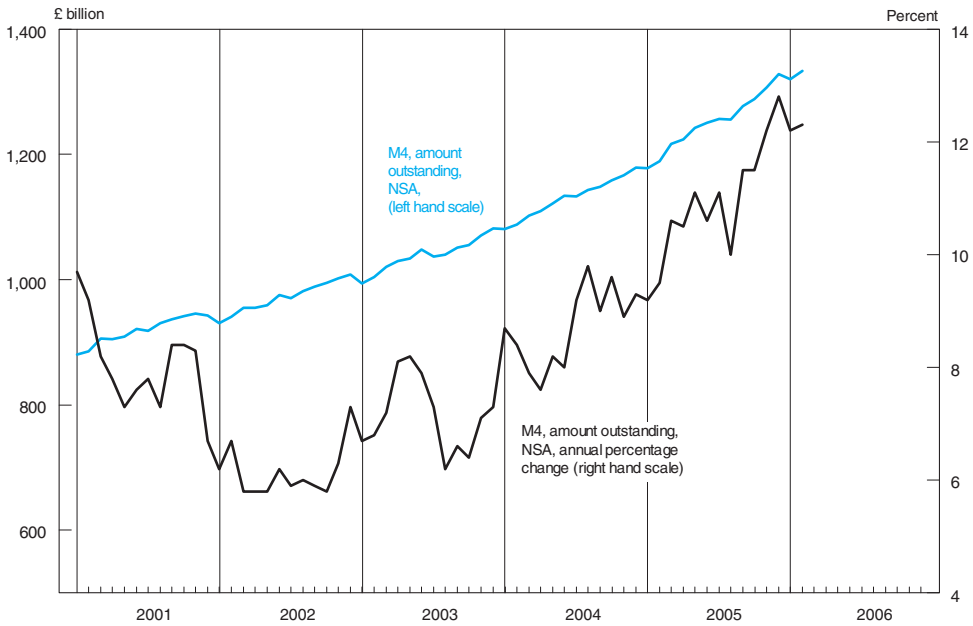
1 A fuller range of monetary aggregates is published monthly in *Financial Statistics*.

2 These figures fall outside the scope of National Statistics.

3 The monthly figures for M0 give the average of the amounts outstanding each Wednesday during the calendar month.

Source: Bank of England; Enquiries: 020 7601 5467

Monetary aggregates



6.3 Counterparts to changes in money stock M4^{1,2}

£ million, not seasonally adjusted

	Purchases by the M4 private sector ⁴ of:			External and foreign currency financing of public sector		UK banks and building societies					
	Public sector net cash requirement ³	Central government debt	Other public sector debt	Purchase of British government stocks by overseas sector		Public sector contribution M4	Sterling lending to the M4 private sector	External and foreign currency transactions	Net non-deposit sterling liabilities	External and foreign currency counterparts	M4
				AVBZ	Other						
	1	2	3	4	5	6	7	8	9	10	11
	ABEN	RCMD	AVBV	AVBZ	AQGA	AVBF	AVBS	AVBW	AVBX	VQLP	AUZ
2001	-2 749 [†]	7 526	192 [†]	318	4 194	8 844 [†]	82 573 [†]	-21 607	-10 815	-17 732	58 994 [†]
2002	18 316	-9 148	-110	-897	1 588	11 544	107 553	-25 113	-25 149	-22 630 [†]	68 835
2003	38 829	-31 962	-472	10 378	-3 067	-7 048	127 819	-27 161	-20 341	-40 602	73 271
2004	41 387	-30 771	-1 181	2 235	-157 [†]	7 044	156 085	4 380 [†]	-67 477	1 986	100 030
2005	41 425	-13 248 [†]	-541	28 600 [†]	85	-880	155 508	30 810	-34 856 [†]	2 297	150 580
2001 Q1	-12 408	3 243	-268	-2 356	3 734	-3 342 [†]	30 986 [†]	-7 719	1 254	-1 630 [†]	21 179 [†]
Q2	6 422 [†]	2 972	233	4 549	1 000	6 077	21 177	-7 261 [†]	-4 325	-10 811	15 668
Q3	-6 103	4 439	96 [†]	-2 931	1 287	2 649	15 809	7 220	-8 836	11 438	16 842
Q4	9 340	-3 128	131	1 056	-1 827	3 460	14 601	-13 847	1 092	-16 729	5 305
2002 Q1	-6 180	2 873	-260	-1 045	2 398	-123	24 577	-7 089	-3 172	-3 647	14 193
Q2	7 087	-4 266	102	-266	-1 001	2 188	24 515	1 613	-8 069	879	20 247
Q3	399	-2 120	93	-1 960	208	540	34 146	-8 547	-11 077	-6 380	15 063
Q4	17 010	-5 635	-45	2 374	-17	8 939	24 315	-11 090	-2 831	-13 482	19 332
2003 Q1	-318	-4 248	32	1 934	430	-6 038	21 775	2 357	-4 432	854	13 663
Q2	16 294	-8 454	-210	2 855	-2 099	2 676	34 669	-1 532	-6 969	-6 485	28 846
Q3	5 852	-10 522	-185	980	-1 222	-7 056	30 471	-2 300	-17 743	-4 501	3 372
Q4	17 001	-8 738	-109	4 609	-176	3 370	40 904	-25 686	8 803	-30 470	27 390
2004 Q1	281	-11 958	-534	978	1 670	-11 518	34 788	30 397	-33 204	31 089	20 463
Q2	11 692	-1 846	-343	2 204	-136	7 162	37 493	4 568	-16 199	2 227	33 024
Q3	7 215	-11 055	-25	125	-1 441	-5 430	51 905	-15 857	-16 348	-17 424	14 268
Q4	22 199	-5 912	-279	-1 072	-250 [†]	16 830	31 899	-14 728	-1 726	-13 906	32 275
2005 Q1	-2 504	-5 479 [†]	-394	7 592 [†]	1 411	-14 558	31 595	18 241	2 046 [†]	12 061	37 325
Q2	16 507	-5 935	-230	5 512	-305	4 523	34 881	17 500	-21 074	11 683	35 830
Q3	8 307	-2 563	105	8 891	-815	-3 857	52 484	-8 189	-13 694	-17 895	26 742
Q4	19 115	729	-22	6 605	-206	13 012	36 548	3 258	-2 134	-3 552	50 683
2003 Jul	-6 066	-2 472	-235	-1 339	880	-6 555	7 695 [†]	-900	-11 353 [†]	1 319	-11 112 [†]
Aug	3 454	-5 675	53	228	-771	-3 166	5 269	-9 972	11 432	-10 971	3 563
Sep	8 464	-2 375	-3	2 091	-1 331	2 665	17 507	8 572	-17 823	5 151	10 921
Oct	-1 576	-5 271	-96	-1 161	3 016	-2 766	23 364	-21 906	5 433	-17 729	4 125
Nov	5 551	1 071	-41	7 050	-49	-518	9 725	8 850	-2 980	1 751	15 077
Dec	13 026	-4 538	28	-1 280	-3 143	6 654	7 815	-12 630	6 350	-14 492	8 188
2004 Jan	-14 375	493	-292	-786	3 019	-10 368	20 704	7 285 [†]	-18 931	11 090 [†]	-1 311
Feb	-68	-4 662	237	1 267	225	-5 536	4 735	12 057	-3 581	11 015	7 675
Mar	14 724	-7 789	-479	497	-1 574	4 386	9 349	11 055	-10 691	8 984	14 099
Apr	-2 239	-2 121	-158	-1 908	80	-2 530	10 447	6 561	-7 175	8 548	7 303
May	3 207	-1 617	-26	1 168	-68	328	8 540	3 210	325	1 974	12 402
Jun	10 724	1 892	-159	2 944	-148	9 364	18 506	-5 203	-9 349	-8 295	13 319
Jul	-6 886	-4 326	139	-947	-117	-10 243	14 255	940	-5 114	1 770	-162
Aug	3 256	2 294	-106	3 248	409	2 605	15 576	-6 240	-1 700	-9 080	10 240
Sep	10 845	-9 023	-58	-2 176	-1 733	2 208	22 074	-10 557	-9 534	-10 114	4 190
Oct	-1 486	-2 332	-118	1 345	-56	-5 337	15 016	-5 602	5 877	-7 002	9 954
Nov	9 024	190	-43	-1 944	286	11 401	2 124	-1 068	-2 775	1 161	9 682
Dec	14 661	-3 770	-118	-473	-480	10 766	14 759	-8 058	-4 828	-8 065	12 639
2005 Jan	-16 815	-4 445 [†]	-2	990 [†]	1 714	-20 539	16 638	-3 748	6 055	-3 024	-1 593
Feb	651	1 849	-161	2 457	-406	-523	4 563	14 823	-7 219	11 961	11 644
Mar	13 660	-2 884	-231	4 145	103	6 504	10 394	7 166	3 210	3 124	27 274
Apr	-960 [†]	1 263	-263 [†]	1 912	-37	-1 909	8 592	2 499	-2 466	550	6 716
May	5 157	-4 025	178	-588	-129	1 768	14 765	18 823	-14 632	19 282	20 724
Jun	12 310	-3 173	-145	4 188	-139	4 664	11 524	-3 822	-3 976	-8 149	8 390
Jul	-8 426	638	57	2 274	-551	-10 556	18 439	-1 493	-544	-4 318	5 846
Aug	4 761	635	107	1 904	-150	3 449	5 005	-13 263	3 910	-15 317	-900
Sep	11 972	-3 835	-59	4 713	-114	3 250	29 040	6 567	-17 060	1 740	21 796
Oct	-4 847	616	-240	3 175	-187	-7 833	12 284	1 657	5 057	-1 705	11 164
Nov	9 020	-2 171	212	1 056	-210	5 795	-103	14 169	-1 828	12 903	18 034
Dec	14 942	2 284	6	2 374	191	15 050	24 367	-12 568	-5 364	-14 750	21 485
2006 Jan	-21 205	663	56	829	1 100	-20 215 [†]	8 776	22 109	-18 951	22 381	-8 281
Feb	1 714	-5 665	9	2 332	28	-6 246	16 720	-4 800	7 846	-7 104	13 520

For most periods the relationships between the columns are as follows:
6=1+2+3-4+5; 10=4+5+8; 11=1+2+3+7+9+10

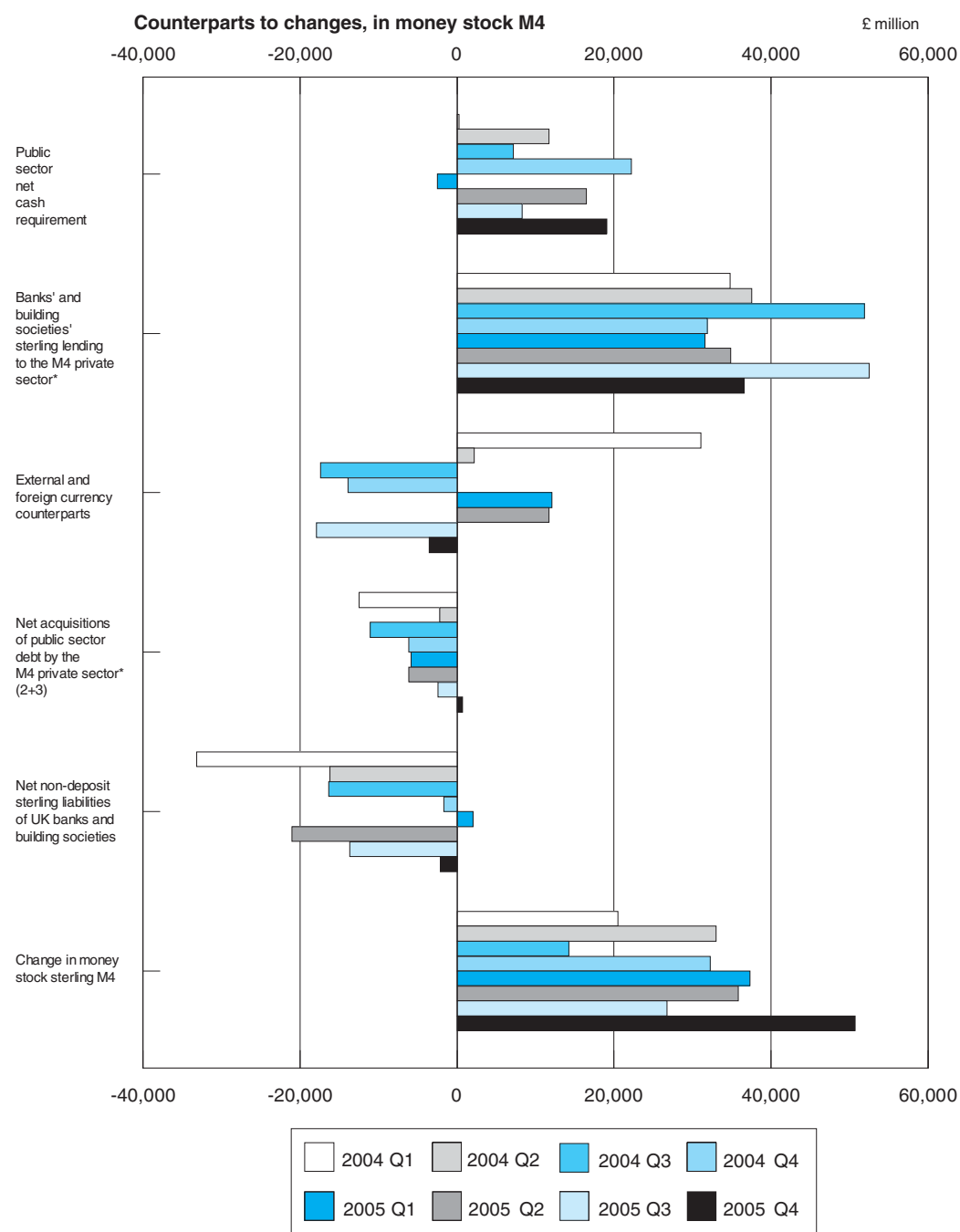
1 A wider range of figures is published monthly in *Financial Statistics*.

2 These figures fall outside the scope of National Statistics.

3 Formerly the public sector borrowing requirement.

4 Comprises all UK residents other than the public sector, banks and building societies.

Source: Bank of England; Enquiries: 020 7601 5467



*Private sector other than banks and building societies

6.4 Public sector receipts and expenditure

£ million, not seasonally adjusted

	Public sector current expenditure							Public sector current receipts								
	Current expenditure on goods and services	Subsidies	Net social benefits	Net current grants abroad	Other current grants	Interest paid to private sector and RoW	Total current expenditure	Operating surplus	Taxes on production	Taxes on income and wealth	Taxes on capital	Other current taxes	Compulsory social contributions	Interest /dividends from private/ RoW	Rent and other current transfers	Total current receipts
	GZSN	NMRL	ANLY	GZSI	NNAI	ANLO	ANLT	ANBP	NMYE	ANSO	NMGI	MJBC	ANBO	ANBQ	ANBS	ANBT
2002	210 654	5 266	123 288	-539	24 218	21 534	384 421	16 278	138 450	142 716	2 381	20 360	63 410	4 852	2 426	390 873
2003	231 543	6 243	130 308	-855	28 780	22 721	418 740	17 293	145 894	144 021	2 416	22 660	71 540	4 836	2 123	410 783
2004	246 734	6 609	137 402	-428	31 784	23 612	445 713	17 260	154 525	154 570	2 881	24 171	78 709	5 368	2 058	439 542
2005	263 375	7 086	142 216	-420	32 172	26 244	470 673	18 322	158 837	172 258	3 154	25 374	84 547	5 267	1 978	469 737
2002 Q1	50 871	1 204	30 075	12	5 409	5 236	92 807	4 037	32 685	45 805	556	4 812	17 103	1 158	670	106 826
Q2	52 712	1 332	29 977	-126	6 067	5 437	95 399	3 933	33 940	28 544	607	5 172	15 142	1 187	512	89 037
Q3	53 264	1 360	30 500	-375	6 845	4 631	96 225	4 099	35 828	35 492	619	5 221	15 278	1 230	743	98 510
Q4	53 807	1 370	32 736	-50	5 897	6 230	99 990	4 209	35 997	32 875	599	5 155	15 887	1 277	501	96 500
2003 Q1	56 276	1 207	30 829	-75	7 227	5 321	100 785	4 217	34 077	46 210	545	5 204	17 222	1 243	661	109 379
Q2	57 925	2 044	31 540	-185	7 388	5 813	104 525	4 118	36 490	29 368	606	5 807	17 670	1 169	484	95 712
Q3	58 272	1 461	32 810	-295	6 709	5 398	104 355	4 269	36 546	36 110	631	5 829	18 245	1 173	491	103 294
Q4	59 070	1 531	35 129	-300	7 456	6 189	109 075	4 689	38 781	32 333	634	5 820	18 403	1 251	487	102 398
2004 Q1	60 283	1 488	32 922	-222	8 197	5 467	108 135	4 443	36 891	47 563	650	5 703	20 830	1 171	511	117 762
Q2	61 075	1 802	33 720	-187	7 532	5 662	109 604	4 044	38 405	31 614	731	6 135	18 663	1 347	526	101 465
Q3	61 961	1 505	34 171	-36	8 601	5 829	112 031	4 106	38 784	39 204	759	6 188	19 105	1 399	511	110 056
Q4	63 415	1 814	36 589	17	7 454	6 654	115 943	4 667	40 445	36 189	741	6 145	20 111	1 451	510	110 259
2005 Q1	64 125	1 863	33 560	-374	9 382	6 424	114 980	4 394	37 298	54 120	713	6 004	22 330	1 428	504	126 791
Q2	64 529	1 583	34 745	2	7 416	6 471	114 746	4 206	39 397	34 792	804	6 467	20 203	1 249	501	107 619
Q3	66 837	1 753	35 859	-104	8 140	6 276	118 761	4 789	40 651	43 632	844	6 680	20 821	1 331	484	119 232
Q4	67 884	1 887	38 052	56	7 234	7 073	122 186	4 933	41 491	39 714	793	6 223	21 193	1 259	489	116 095

Source: Office for National Statistics; Enquiries: 020 7533 5987

6.5 Public sector key fiscal indicators¹

£ million², not seasonally adjusted

	Surplus on current budget ³		Net investment ⁴		Net borrowing ⁵		Net cash requirement		Public sector net debt	
	General government	Public sector	General government	Public sector	General government	Public sector	General government	Public sector	£ billion ⁶	Percentage of GDP ⁷
	ANLW	ANMU	-ANNV	-ANNW	NNBK	-ANNX	RUUS	RURQ	RUTN	RUTO
2002	-4 978	-7 331	10 752	10 487	-16 011	17 818	16 421	19 310	349.0	32.5
2003	-20 454	-22 331	15 037	15 103	-35 806	37 434	38 214	38 521	380.2	33.5
2004	-19 995 [†]	-21 118 [†]	17 756 [†]	17 279	-37 751 [†]	38 397 [†]	41 321	42 324	421.9	35.5
2005	-14 985	-15 440	26 582	26 841 [†]	-41 567	42 281	41 849 [†]	41 384 [†]	462.7 [†]	37.4
2002 Q1	11 284	10 701	4 891	4 515	6 248	-6 186	-6 383	-6 119	314.6	30.4
Q2	-9 168	-9 750	1 068	997	-10 481	10 747	7 126	7 045	321.5	30.7
Q3	-730	-1 165	2 618	2 463	-3 448	3 628	-145	1 329	325.5	30.6
Q4	-6 364	-7 117	2 175	2 512	-8 330	9 629	15 823	17 055	349.0	32.5
2003 Q1	5 839	4 952	5 942	6 186	-331	1 234	-1 305	-208	346.3	31.8
Q2	-11 834	-12 358	2 015	1 824	-14 083	14 182	16 404	16 266	354.8	32.1
Q3	-4 247	-4 623	3 444	3 440	-7 753	8 063	6 036	5 903	360.1	32.1
Q4	-10 212	-10 302	3 636	3 653	-13 639	13 955	17 079	16 560	380.2	33.5
2004 Q1	6 193 [†]	5 933 [†]	5 556 [†]	5 570	637	-363 [†]	486	1 003	381.1	33.2 [†]
Q2	-11 545	-11 840	3 383	3 179	-14 928 [†]	15 019	11 577	11 690	393.9	33.8
Q3	-5 389	-5 716	4 021	3 785	-9 410	9 501	6 968	7 370	399.7	34.0
Q4	-9 254	-9 495	4 796	4 745	-14 050	14 240	22 290	22 261	421.9	35.5
2005 Q1	8 164	8 011	8 341	8 961	-177	950	-2 098	-2 625 [†]	419.8	35.0
Q2	-11 160	-11 561	4 307	4 271 [†]	-15 467	15 832	15 940 [†]	16 364	435.1 [†]	36.0
Q3	-1 731	-1 621	5 980	5 841	-7 711	7 462	8 457	8 280	442.6	36.2
Q4	-10 258	-10 269	7 954	7 768	-18 212	18 037	19 550	19 365	462.7	37.4
2006 Q1	13 198	12 685	9 565	9 172	3 633	-3 513	-3 798	-3 269	459.0	36.6

1 National accounts entities as defined under the European System of Accounts 1995 (ESA95).

2 Unless otherwise stated.

3 Net saving, plus capital taxes.

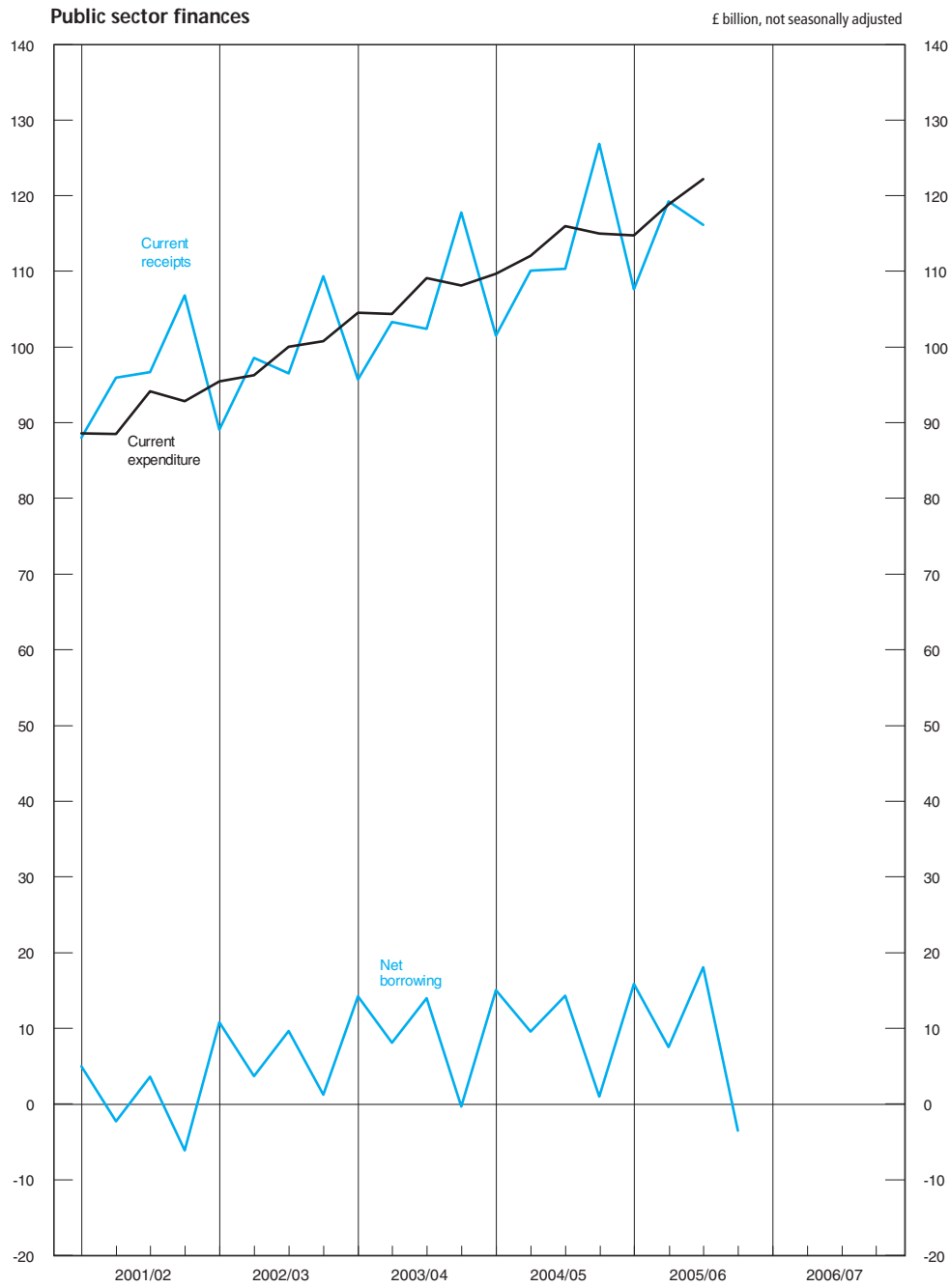
4 Gross capital formation, plus payments less receipts of investment grants, less depreciation.

5 Net borrowing equals net investment minus surplus on current budget.

6 Net amount outstanding at end of period.

7 Net debt at end of the month, gross domestic product at market prices for 12 months centred on the end of the month.

Source: Office for National Statistics; Enquiries 020 7533 5984



6.6 Consumer credit and other household sector borrowing

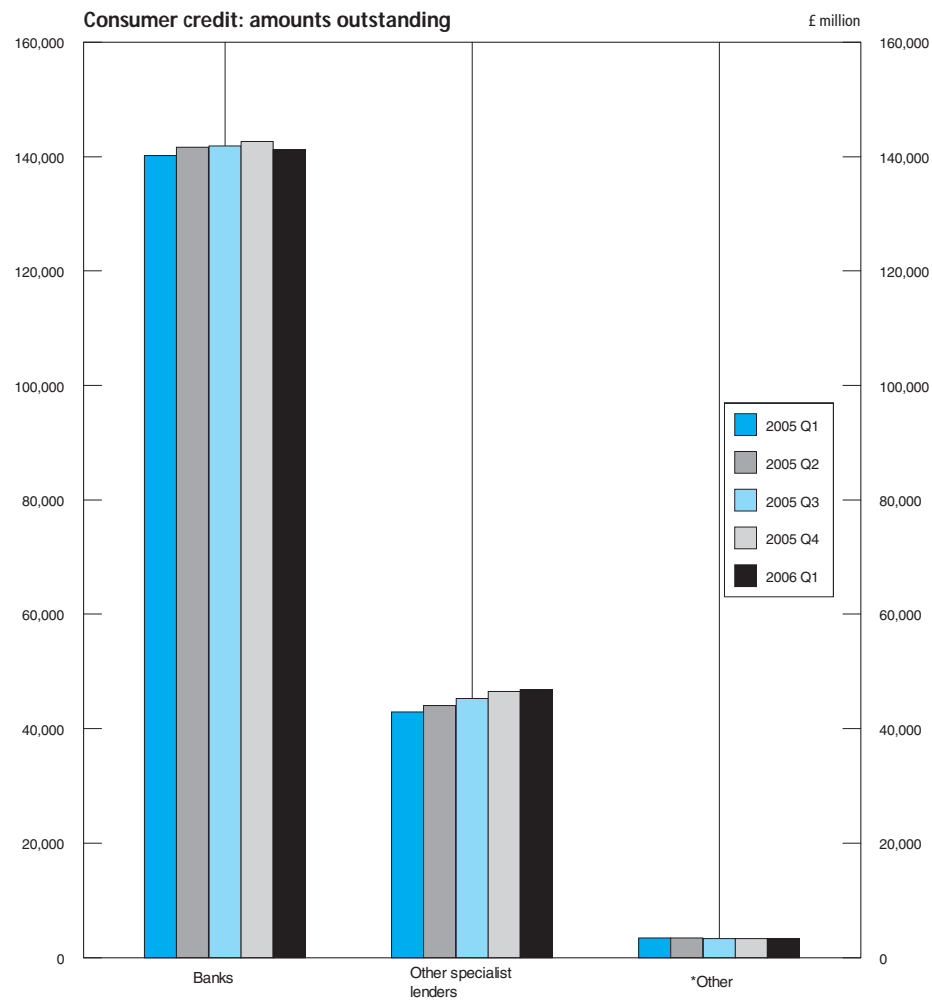
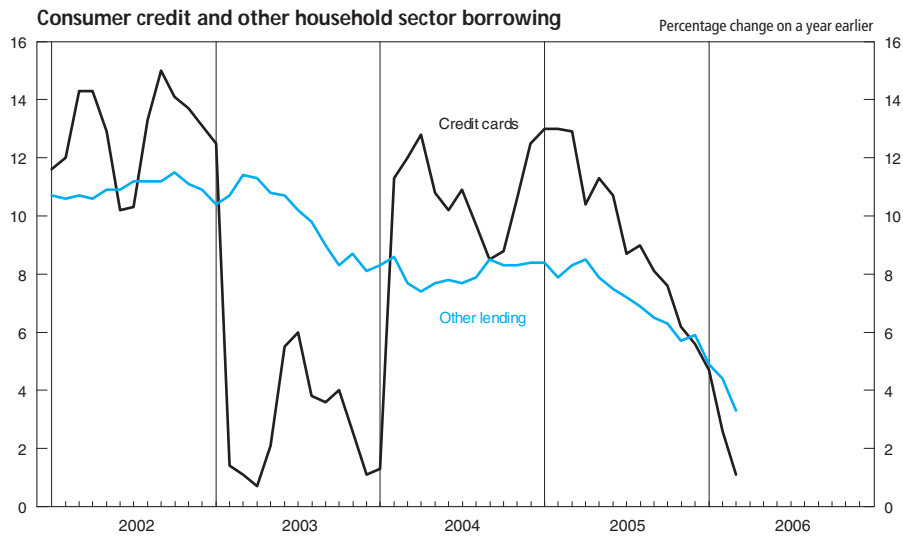
£ million

Consumer credit									
	Total net lending	of which		Banks	Building societies	Other specialist lenders	Retailers	Insurance companies	Loans secured on dwellings (NSA) ²
		Credit cards ¹	Other lending ¹						
Amounts outstanding	VZRI	VZRJ	VZRK	VRVV	VZRG	VZRH	RLBO	VZQZ	AMWT
2001 Q1	129 096 [†]	38 012 [†]	91 143 [†]	95 840	411	29 123 [†]	2 524 [†]	1 229	546 179
Q2	133 029	39 417	93 630	100 380	423	28 332	2 509	1 221	561 121
Q3	135 990	39 993	95 992	103 416	446	28 469	2 522	1 206	576 957
Q4	140 846	41 761	99 033	107 700 [†]	435	29 099	2 477	1 178	591 152
2002 Q1	144 225	43 405	100 882	110 949	462	29 198	2 506	1 183	606 222
Q2	147 174	43 430	103 758	113 122	458	29 637	2 574	1 193	625 670
Q3	152 988	45 942	106 992	118 393	520	30 404	2 561	1 196	652 553
Q4	157 090	47 241	109 838	120 967	606	31 821	2 530	1 182	675 180
2003 Q1	156 408	43 825	112 592	116 654	622	35 682	2 523	1 033	695 615
Q2	160 987	45 792	115 167	119 499	668	37 449	2 221	933	718 271
Q3	164 248	47 593	116 587	121 838	732	38 757	2 168	824	746 267
Q4	166 263	47 755	118 587	122 764	762	39 923	2 140	701	774 548
2004 Q1	170 168	49 024	121 165	127 031	750	39 734	2 074	690	799 589 [†]
Q2	174 530	50 447	124 047	130 721	777	40 115	2 041	698	826 812
Q3	178 142	51 684	126 400	133 799	836	40 873	1 991	676	854 443
Q4	182 126	53 688	128 484	137 187	904	41 478	1 931	661	877 525
2005 Q1	186 520	55 308	131 268	140 238	947	42 901	1 869	651	893 256
Q2	189 243	55 805	133 394	141 664	978	44 032	1 812	642	917 071
Q3	190 541	55 907	134 587	141 832	1 066	45 321	1 774	538	942 470
Q4	192 553	56 626	135 969	142 651	1 110	46 554	1 744	520	967 063
2006 Q1	191 313	55 884	135 464	141 218	1 158	46 821	1 688	507	..
2003 Jan	157 700 [†]	47 477 [†]	110 223 [†]	121 311 [†]	599 [†]	32 033	2 541 [†]	1 143	..
Feb	154 651	43 628	111 023	119 780	613	30 348	2 538	1 089	..
Mar	156 155	43 768	112 386	116 316	629	35 462	2 511	1 033	..
Apr	157 359	44 156	113 203	116 856	654	36 549	2 492	990	..
May	159 122	45 059	114 063	117 973	654	36 706	2 474	959	..
Jun	160 615	45 658	114 957	119 202	681	37 534	2 216	933	..
Jul	162 090	46 315	115 775	120 680	694	37 697	2 200	904	..
Aug	163 234	46 871	116 363	121 635	709	37 677	2 199	868	..
Sep	163 984	47 560	116 424	121 661	721	38 821	2 160	824	..
Oct	165 199	47 954	117 246	121 892	727	39 884	2 152	776	..
Nov	166 056	47 852	118 204	122 640	725	40 128	2 150	732	..
Dec	166 040	47 585	118 455	122 592	736	39 994	2 132	701	..
2004 Jan	167 477	48 094	119 382	125 301	746	38 524	2 087	686	..
Feb	169 147	48 548	120 599	126 700	749	38 831	2 037	684	..
Mar	170 108	49 028	121 080	126 974	759	39 491	2 065	690	..
Apr	171 408	49 812	121 596	128 478	769	39 534	2 066	697	..
May	172 720	49 917	122 803	129 182	785	39 794	2 043	700	..
Jun	174 262	50 319	123 943	130 662	789	40 208	2 037	698	..
Jul	176 048	51 359	124 689	132 075	801	40 353	2 024	692	..
Aug	176 934	51 420	125 514	132 382	809	40 772	1 995	684	..
Sep	177 942	51 612	126 330	133 800	821	40 991	1 984	676	..
Oct	179 141	52 187	126 954	135 245	832	41 000	1 966	669	..
Nov	180 958	52 946	128 012	136 226	847	41 526	1 944	664	..
Dec	181 932	53 545	128 387	136 964	879	41 498	1 923	661	..
2005 Jan	183 738	54 325	129 413	138 241	896	41 755	1 903	658	..
Feb	184 990	54 864	130 127	138 969	911	42 128	1 877	655	..
Mar	186 538	55 359	131 179	140 334	958	42 668	1 862	651	..
Apr	186 900	54 974	131 927	140 711	940	42 936	1 837	648	..
May	188 074	55 568	132 506	141 144	964	43 129	1 825	645	..
Jun	188 938	55 688	133 250	141 655	992	44 099	1 810	642	..
Jul	189 461	55 816	133 645	141 904	1 029	44 152	1 791	638	..
Aug	190 226	56 067	134 159	142 106	1 048	44 437	1 790	544	..
Sep	190 372	55 778	134 595	141 705	1 052	45 477	1 768	538	..
Oct	191 059	56 137	134 922	141 407	1 072	46 646	1 759	532	..
Nov	191 565	56 222	135 343	141 687	1 082	46 805	1 743	526	..
Dec	192 454	56 531	135 923	142 554	1 082	46 590	1 736	520	..
2006 Jan	192 646	56 863	135 783	142 673	1 100	46 507 [†]	1 721	514	..
Feb	192 121	56 284	135 836	142 048	1 125	46 401	1 703	511 [†]	..
Mar	191 447	55 966	135 481	141 220	1 176	46 564	1 682	507	..

1 Since January 1999, a more accurate breakdown between credit card and other lending has been available. Credit card lending by other specialist lenders can now be separately identified and is included within the credit card component. Data from January 1999 onwards are therefore not directly comparable with earlier periods.

2 These figures fall outside the scope of National Statistics.

Source: Office for National Statistics; Enquiries: Columns 1-8 01633 812782



* Other is the sum of retailers, insurance companies and building societies

6.7 Analysis of bank lending to UK residents^{1,2}

£ million, not seasonally adjusted

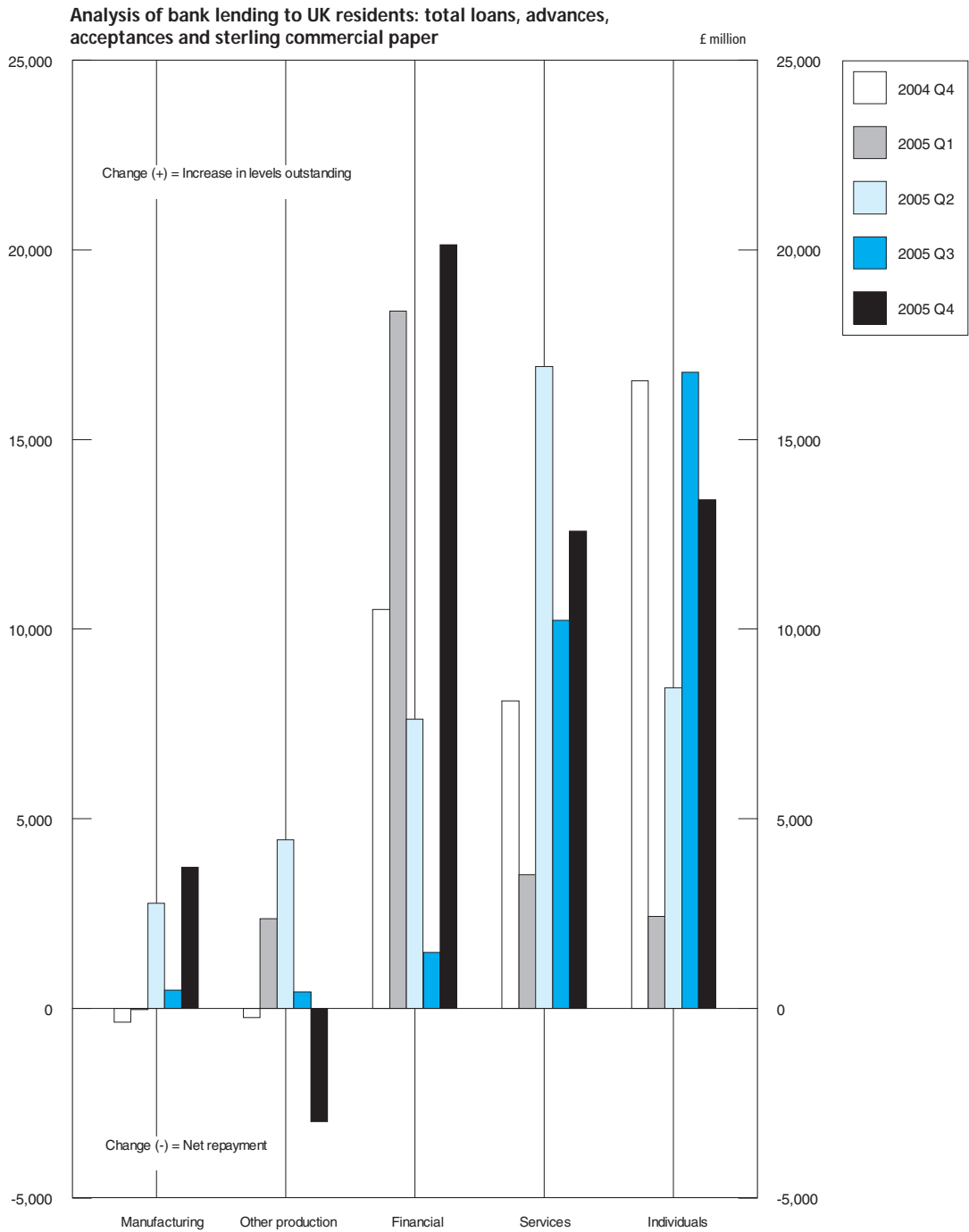
	Manufacturing ³	Other production	Financial	Services	Individuals	Total loans, advances and acceptances
Total loans, advances, acceptances and sterling commercial paper						
Amounts outstanding						
	TBSF	BCEX	BCFH	BCFR	TBTW	TBSA
2004 Q4	41 315	33 801	472 689	276 838	667 615	1 492 258
2005 Q1	41 160	36 157	490 833	280 213	667 560	1 515 924
Q2	43 892	40 642	497 342	296 820	674 527	1 553 222
Q3	44 538	41 118	501 621	307 164	689 722	1 584 162
Q4	48 568 [†]	38 312	526 272	318 447	702 175 [†]	1 634 536 [†]
Of which in sterling						
	TBUF	BCEY	BCFI	BCFS	TBVW	TBUA
2004 Q4	29 102	30 870	244 248	258 166	666 816	1 229 202
2005 Q1	29 449	32 943	243 282	261 801	666 693	1 234 167
Q2	30 466	36 853	250 928	277 027	673 685	1 268 959
Q3	31 060	37 571	260 562	284 904	688 579	1 302 676
Q4	31 509 [†]	34 754	272 454	294 997	701 220 [†]	1 335 165 [†]
Changes in sterling						
	TBWF	BCEZ	BCFJ	BCFT	TBXW	TBWA
2004 Q4	-424	-476	5 318	7 083	16 490	27 991
2005 Q1	347	2 073	-3 040	3 635	2 351	5 366
Q2	1 285	3 933	11 816	15 835	8 498	41 368
Q3	594	718	9 634	7 985	16 492	35 424
Q4	450	-2 927	11 892	11 797	13 681 [†]	35 123 [†]
Changes in foreign currencies						
	TBYF	BCFA	BCFK	BCFU	TBZW	TBYA
2004 Q4	50	230	5 208	1 024	64	6 577
2005 Q1	-383	296	21 428	-109	75	21 307
Q2	1 488	517	-4 193	1 096	-42	-1 133
Q3	-116	-288	-8 164	2 249	292	-6 028
Q4	3 269	-64	8 252	788	-270	12 498 [†]
Facilities granted						
Amounts outstanding						
	TCAF	BCFB	BCFL	BCFV	TCBW	TCAA
2004 Q4	80 540	67 658	532 527	387 539	754 796	1 846 944
2005 Q1	81 873	69 889	548 189	392 410	754 583	1 891 719
Q2	85 567	73 990	556 131	413 779	762 253	1 930 349
Q3	83 697	75 025	565 990	422 977	782 659	1 988 039 [†]
Q4	87 320 [†]	75 903	592 080	439 004	792 985 [†]	1 988 039 [†]
Of which in sterling						
	TCCF	BCFC	BCFM	BCFW	TCDW	TCCA
2004 Q4	51 962	53 583	284 725	347 690	753 817	1 491 778
2005 Q1	53 213	54 298	281 451	351 019	753 551	1 493 532
Q2	53 016	57 655	286 953	369 369	761 236	1 528 229
Q3	51 639	58 229	300 707	375 208	781 324	1 567 107
Q4	52 314	57 978	311 304	388 427	791 769 [†]	1 602 021 [†]
Changes in sterling						
	TCEF	BCFD	BCFN	BCFX	TCFW	TCEA
2004 Q4	741	1 556	5 837	12 516	15 823	36 473
2005 Q1	1 251	715	-5 348	3 329	2 209	2 155
Q2	80	3 381	12 278	18 984	8 978	43 701
Q3	-1 377	573	13 754	5 948	21 687	40 584
Q4	675	-361	10 597	14 922	11 484 [†]	37 548 [†]
Changes in foreign currencies						
	TCGF	BCFE	BCFO	BCFY	TCHW	TCGA
2004 Q4	-69	704	4 803	983	85	6 506
2005 Q1	158	1 487	21 216	1 621	60	24 543
Q2	3 023	194	644	1 884	-35	5 710
Q3	-898	245	-6 965	2 812	306	-4 501
Q4	2 219	712	10 422	1 789	-206	15 446 [†]

1 Comprises loans, advances (including under reverse repos), finance leasing, acceptances, facilities and holdings of sterling commercial paper issued by UK residents, provided by reporting banks to their UK resident non-bank and non-building society customers. This analysis is based on the 1992 Standard Industrial Classification and excludes lending to residents in the Channel Islands and the Isle of Man who are classified as non-residents for statistical purposes from end-September 1997. Holdings of investments and bills and adjustments for transit items are no longer included. For a more detailed breakdown of these data see *Financial Statistics* Table 4.5B.

2 These figures fall outside the scope of National Statistics.

3 Includes lending under the DT1 special scheme for domestic shipbuilding.

Source: Bank of England; Enquiries: 020 7601 5360



6.8 Interest rates and yields¹

	Last Friday						Last working day		Percentage rate
	Treasury bill yield ²	Inter-bank 3 months bid rate ³	Inter-bank 3 months offer rate ³	Sterling certificates of deposit 3 months bid rate	Sterling certificates of deposit 3 months offer rate	Selected retail banks: base rate	3 month US Treasury bills rate	3 month Euro-dollar rate	Average of working days
									British government securities: long-dated ⁴ - 20 years
	AJRP	HSAJ	HSAB	HSAL	HSAM	ZCMG	LUST	AJIB	AJLX
2002	3.92	3.94	3.96	3.90	3.94	..	1.20	1.35	4.83
2003	3.90	3.95	3.98	3.95	3.98	..	0.93	1.10	4.64
2004	4.75	4.81	4.84	4.78	4.82	..	2.18	2.56	4.77
2005	4.48	4.57	4.59	4.57	4.61	..	3.92	4.51	4.39
2002 Jan	3.90	3.97	4.03	3.97	3.99	4.00	1.73	1.86	4.81
Feb	3.91	3.97	4.00	3.91	3.95	4.00	1.76	1.85	4.83
Mar	4.04	4.09	4.16	4.09	4.11	4.00	1.76	2.00	5.11
Apr	3.98	4.06	4.13	4.05	4.06	4.00	1.74	1.86	5.13
May	4.04	4.09	4.13	4.09	4.11	4.00	1.71	1.82	5.18
Jun	3.97	4.06	4.09	4.05	4.07	4.00	1.67	1.83	5.02
Jul	3.75	3.94	3.97	3.92	3.94	4.00	1.68	1.75	4.90
Aug	3.86	3.91	3.97	3.91	3.93	4.00	1.66	1.80	4.64
Sep	3.81	3.88	3.91	3.85	3.86	4.00	1.54	1.74	4.45
Oct	3.73	3.88	3.91	3.85	3.87	4.00	1.42	1.64	4.59
Nov	3.86	3.94	3.98	3.94	3.95	4.00	1.21	1.42	4.64
Dec	3.92	3.94	3.96	3.90	3.94	4.00	1.20	1.35	4.62
2003 Jan	3.79	3.88	3.91	3.88	3.89	4.00	1.16	1.29	4.44
Feb	3.49	3.59	3.64	3.60	3.62	3.75	1.18	1.30	4.39
Mar	3.51	3.57	3.61	3.57	3.59	3.75	1.12	1.25	4.54
Apr	3.47	3.55	3.58	3.54	3.56	3.75	1.11	1.28	4.67
May	3.44	3.54	3.57	3.55	3.55	3.75	1.09	1.22	4.46
Jun	3.50	3.55	3.59	3.55	3.56	3.75	0.89	1.09	4.39
Jul	3.32	3.36	3.40	3.36	3.38	3.50	0.94	1.06	4.65
Aug	3.53	3.54	3.57	3.54	3.56	3.50	0.97	1.11	4.68
Sep	3.59	3.66	3.67	3.63	3.65	3.50	0.94	1.13	4.76
Oct	3.81	3.86	3.90	3.85	3.87	3.50	0.94	1.13	4.88
Nov	3.86	3.90	3.94	3.90	3.92	3.75	0.92	1.12	4.95
Dec	3.90	3.95	3.98	3.95	3.98	3.75	0.93	1.10	4.83
2004 Jan	4.00	4.05	4.10	4.06	4.08	3.75	0.90	1.08	4.75
Feb	4.11	4.11	4.16	4.12	4.14	4.00	0.94	1.07	4.78
Mar	4.24	4.30	4.33	4.30	4.32	4.00	0.93	1.05	4.67
Apr	4.31	4.35	4.39	4.35	4.37	4.00	0.96	1.11	4.87
May	4.54	4.56	4.59	4.55	4.59	4.25	1.06	1.24	4.98
Jun	4.65	4.77	4.79	4.74	4.78	4.50	1.31	1.56	5.00
Jul	4.80	4.86	4.89	4.87	4.88	4.50	1.42	1.64	4.92
Aug	4.77	4.88	4.90	4.88	4.90	4.75	1.57	1.78	4.81
Sep	4.73	4.82	4.86	4.83	4.85	4.75	1.68	1.98	4.76
Oct	4.73	4.81	4.84	4.82	4.84	4.75	1.87	2.14	4.68
Nov	4.69	4.77	4.80	4.76	4.80	4.75	2.20	2.38	4.58
Dec	4.75	4.81	4.84	4.78	4.82	4.75	2.18	2.56	4.44
2005 Jan	4.71	4.79	4.81	4.77	4.81	4.75	2.48	2.75	4.44
Feb	4.79	4.87	4.90	4.86	4.90	4.75	2.72	2.90	4.53
Mar	4.82	4.90	4.93	4.88	4.92	4.75	2.73	3.04	4.74
Apr	4.75	4.86	4.88	4.85	4.89	4.75	2.84	3.18	4.60
May	4.70	4.79	4.81	4.78	4.82	4.75	2.93	3.31	4.41
Jun	4.57	4.69	4.73	4.69	4.73	4.75	3.06	3.51	4.29
Jul	4.48	4.54	4.56	4.53	4.57	4.75	3.35	3.67	4.33
Aug	4.43	4.52	4.54	4.51	4.55	4.50	3.44	3.84	4.34
Sep	4.45	4.52	4.55	4.52	4.56	4.50	3.47	4.07	4.26
Oct	4.47	4.54	4.56	4.53	4.57	4.50	3.89	4.24	4.36
Nov	4.46	4.55	4.58	4.54	4.58	4.50	3.86	4.41	4.25
Dec	4.48	4.57	4.59	4.57	4.61	4.50	3.92	4.51	4.14
2006 Jan	4.45	4.52	4.54	4.51	4.55	4.50	4.37	4.69	3.81
Feb	4.44	4.51	4.53	4.49	4.53	4.50	4.51	4.81	3.96
Mar	4.47	4.54	4.56	4.53	4.57	4.50	4.50	4.98	4.15

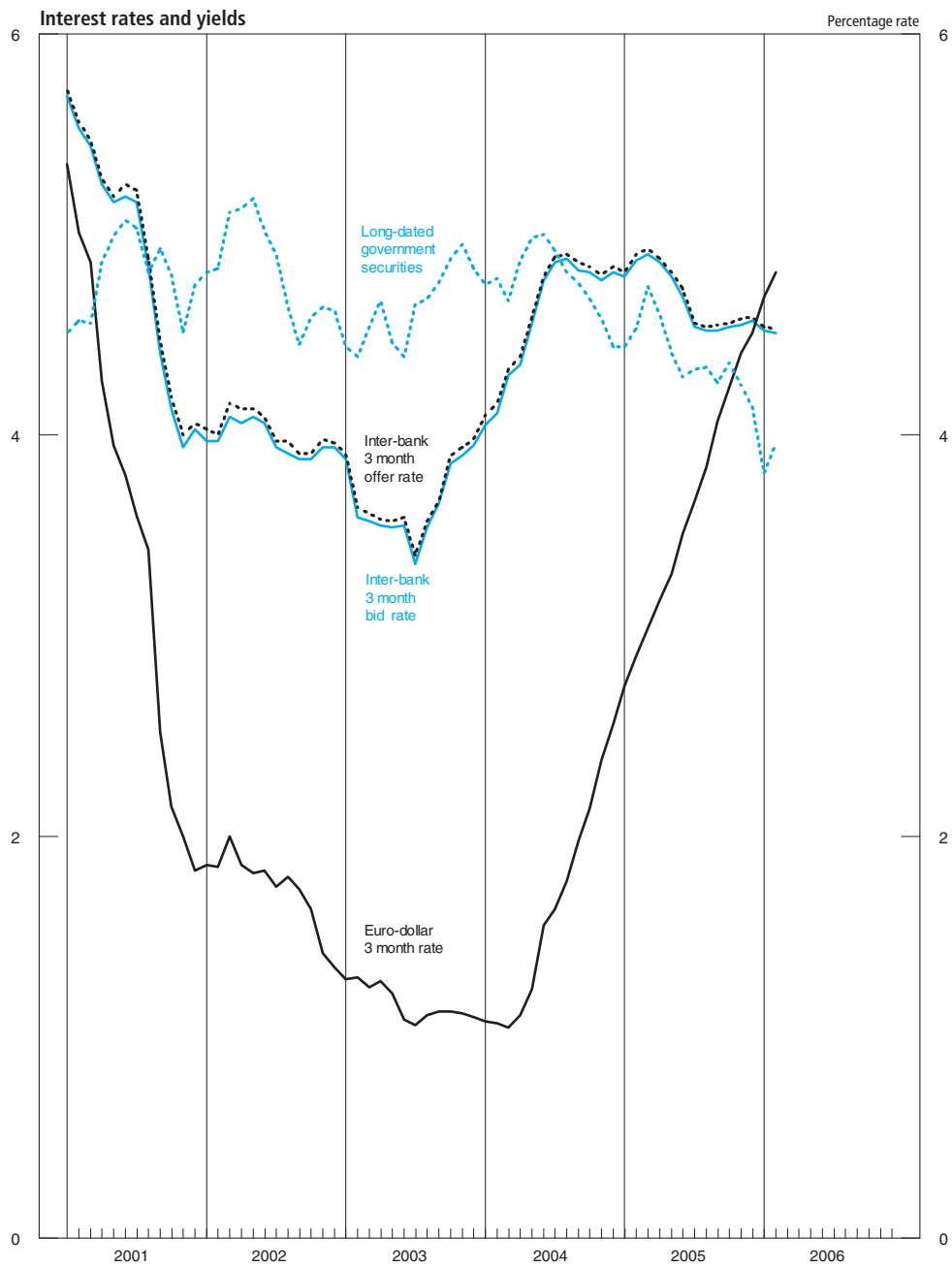
1 These statistics fall outside the scope of National Statistics.

2 Average discount rate expressed as the rate at which interest is earned during the life of the bills.

3 Spread of rates over the day in the inter-bank sterling market; from June 1982 rates are the spread at 10.30 am.

4 Averages of Wednesdays until February 1980; from March 1980 figures are the average of all observations (three a week); from January 1982 average of working days. Calculated gross redemption yields - see *Financial Statistics Explanatory Handbook*.

Source: Bank of England; Enquiries: 020 7601 4342



6.9 A selection of asset prices

Not seasonally adjusted

	Producer price indices (2000 = 100)		Housing: ODPM all lenders mix adjusted house price index (2002 = 100)			Average price of agricultural land in England (1995 = 100) ²
	Plant and machinery bought as fixed assets by motor vehicle industry	Manufactured output: motor vehicle industry	New dwellings ¹	Second-hand dwellings ¹	All dwellings ¹	
	PVJL	PQIR	WMPN	WMPP	WMPQ	BAJI
2001	102.0	95.4	90.3	95.7	95.1	155
2002	100.2	95.2	108.7	111.6	111.2	144
2003	99.5	94.6	126.4	129.0	128.7	147
2004	98.9	96.1	138.6	144.6	143.9	162
2005	99.4	97.3	147.6	152.4	151.8	..
2001 Q1	102.9	95.4	90.8	92.1	92.1	156 ³
Q2	103.1	95.5	90.8	96.0	95.4	148 ³
Q3	101.2	95.4	94.1	99.4	98.8	160 ³
Q4	101.1	95.4	95.4	96.9	96.8	154 ³
2002 Q1	101.0	95.6	100.0	100.0	100.0	130 ³
Q2	100.5	95.5	106.5	108.4	108.2	139 ³
Q3	100.0	94.9	111.0	116.1	115.5	152 ³
Q4	99.2	94.9	117.1	121.8	121.3	148 ³
2003 Q1	99.1	94.6	119.3	124.0	123.4	136 ³
Q2	99.7	94.1	127.2	127.3	127.2	148 ³
Q3	99.9	94.5	127.9	131.1	130.7	179 ³
Q4	99.5	95.1	131.8	133.7	133.4	141 ³
2004 Q1	98.8	95.5	130.8	135.2	134.6	155 ³
Q2	99.3	96.2	137.8	143.1	142.5	155 ³
Q3	98.9	96.3	143.1	149.6	148.9	175 ³
Q4	98.8	96.5	142.6	150.7	149.8	170 ³
2005 Q1	99.2	96.9	145.1	150.1	149.5	211 ³
Q2	99.0r	97.0	146.5	151.6	150.9	189 ³
Q3	99.7	97.5	149.0	154.5	153.8	..
Q4	99.8p	97.8	149.6	153.7	153.1	..
2006 Q1	99.3p	98.0p	..	..	..	..
2004 Jan	98.8	95.0	131.5	136.0	135.4	..
Feb	98.2	95.4	129.4	134.7	134.1	..
Mar	99.3	96.2	131.6	134.8	134.4	..
Apr	99.1	96.3	135.9	141.1	140.5	..
May	99.5	96.3	136.7	142.9	142.2	..
Jun	99.2	95.9	140.9	145.3	144.7	..
Jul	98.8	96.2	142.5	148.5	147.8	..
Aug	98.9	96.3	142.3	150.4	149.5	..
Sep	99.1	96.3	144.5	149.9	149.2	..
Oct	98.9	96.5	144.4	151.1	150.3	..
Nov	99.1	96.5	143.0	150.9	150.1	..
Dec	98.4	96.5	140.4	150.1	149.0	..
2005 Jan	98.9	96.6	143.9	149.6	148.9	..
Feb	99.4	96.9	144.0	148.7	148.1	..
Mar	99.2	97.1	147.4	151.9	151.3	..
Apr	98.8r†	96.9	144.6	150.8	150.1	..
May	99.3	97.1	146.9	151.3	150.8	..
Jun	98.9	97.1	148.0	152.6	152.0	..
Jul	99.9	97.4	149.7	154.3	153.7	..
Aug	99.4	97.4	148.8	154.4	153.7	..
Sep	99.7	97.6	148.5	154.8	154.0	..
Oct	100.2	97.8	151.1	153.0	152.7	..
Nov	99.8	97.7	146.9	154.2	153.4	..
Dec	99.5p	97.8	150.9	153.8	153.3	..
2006 Jan	99.3p	97.9	156.1	155.5	155.3	..
Feb	99.3p	97.9p	151.4	153.9	153.5	..
Mar	99.4p	98.1p	..	..	..	..

1 Series are based on mortgage lending by all financial institutions rather than building societies only, as previously published. This change was made necessary because of the mergers, takeovers and conversions to plc status affecting the building society sector. The series are based on the Office of the Deputy Prime Minister's 5% survey of mortgage lenders (at completion stage), but now includes all mortgage lenders rather than building societies only. From February 2002, monthly data has been obtained from the enlarged survey and quarterly data from 2002Q2 are based on monthly indices. From September 2005, figures are based on the new Regulated Mortgage Survey (CML/BankSearch).

2 Because of some changes in coverage, the revised series from 1993Q1 is not directly comparable with the old series. From this date, prices of all sales of agricultural land exclude some transfers in order to come closer to estimates of market determined prices. However, the new series does not represent exactly competitive open market values. Sales are now analysed and recorded on the basis of when the transactions actually took place. Further information is available on the DEFRA website at www.statistics.defra.gov.uk/esg/default.htm. Data before 1993 remain on the previous basis.

3 Provisional estimates.

Sources: Office for National Statistics, Enquiries: Columns 1-2 01633 812106; Office of the Deputy Prime Minister, Enquiries: Columns 3-5 020 7944 3325; Department of Environment, Food and Rural Affairs; Enquiries: Column 6 01904 455326

Measures of variability of selected economic time series¹

	Table number(s)	Identifier	Period covered	Average percentage changes				MCD or QCD	\bar{I} / \bar{C} for MCD (or QCD) span
				$\bar{C}I$	\bar{I}	\bar{C}	\bar{I} / \bar{C}		
Quarterly series									
National income and components: chained volume measures, reference year 2002									
Gross value added (GVA) at basic prices	2.1	CGCE	Q1 1990 to Q4 2005	0.6	0.1	0.6	0.2	1	0.2
Households' final consumption expenditure	2.5	NPSP	Q1 1990 to Q4 2005	0.8	0.3	0.7	0.4	1	0.4
Gross fixed capital formation	2.2, 2.7	NPQT	Q1 1990 to Q4 2005	1.6	0.8	1.3	0.7	1	0.7
Exports of goods and services	2.2	IKBK	Q1 1990 to Q4 2005	2.0	1.0	1.5	0.7	1	0.7
Imports of goods and services	2.2	IKBL	Q1 1990 to Q4 2005	1.9	0.9	1.6	0.6	1	0.6
Real households' disposable income	2.5	NRJR	Q1 1990 to Q4 2005	1.0	0.8	0.7	1.1	2	0.4
Current prices									
Gross operating surplus of private non-financial corporations	2.11	CAER	Q1 1990 to Q4 2005	2.6	1.8	1.6	1.1	2	0.4
Other quarterly series									
Construction output ²	5.2	SFZX	Q1 1990 to Q4 2005	1.2	0.7	0.8	0.9	1	0.9
Households' saving ratio ³	2.5	NRJS	Q1 1990 to Q4 2005	0.9	0.7	0.5	1.5	2	0.4
Monthly series									
Retail sales (volume per week) ²									
Predominantly food stores	5.8	EAPT	Jan 1990 to Dec 2005	0.6	0.6	0.2	2.4	3	0.8
Predominantly non-food stores	5.8	EAPV	Jan 1990 to Dec 2005	1.0	0.9	0.4	2.4	3	0.7
Non-store retailing and repair	5.8	EAPZ	Jan 1990 to Dec 2005	2.0	1.9	0.5	3.6	4	0.9
Index of industrial production									
Production industries	5.1	CKYW	Jan 1990 to Dec 2005	0.6	0.5	0.2	2.9	4	0.8
Manufacturing industries	5.1	CKYY	Jan 1990 to Dec 2005	0.6	0.5	0.2	2.4	3	0.9
Average earnings: whole economy ²	4.6	LNMQ	Jan 1990 to Dec 2005	0.5	0.3	0.4	0.7	1	0.7
Exports of goods ⁴	2.13	BOKG	Jan 1990 to Dec 2005	2.8	2.6	0.8	3.5	3.0	1.0.9
Imports of goods ⁴	2.13	BOKH	Jan 1990 to Dec 2005	2.2	2.1	0.7	2.9	3	0.8
Money stock - M0 ⁵	6.2	AVAE	Jan 1990 to Dec 2005	0.6	0.3	0.5	0.6	1	0.6
Money stock - M4 ⁵	6.2	AUYN	Jan 1990 to Dec 2005	0.7	0.3	0.6	0.5	1	0.5

1 For a fuller description of these measures see article 'Measuring variability in economic time series' in *Economic Trends*, No 226, August 1972.

The following are brief definitions of the measures.

CI is the average month to month (quarter to quarter for quarterly series) percentage change without regard to sign in the seasonally adjusted series.

\bar{C} is the same for the trend component.

\bar{I} is the same for the irregular component, obtained by dividing the trend component into the seasonally adjusted series, except for those series which are seasonally adjusted using an additive model, see footnotes 3 and 5.

\bar{I}/\bar{C} is therefore a measure of the size of the relative irregularity of the seasonally adjusted series.

The average changes \bar{I} and \bar{C} can also be computed successively over spans of increasing numbers of months (quarters). MCD (QCD), months (quarters) for cyclical dominance, is the shortest span of months (quarters) for which \bar{I}/\bar{C} is less than 1 and therefore represents the minimum period over which changes in the trend, on average, exceed the irregular movement.

MCD cannot exceed 6 even if \bar{I}/\bar{C} exceeds 1 for 6-month periods.

2 Series relate to Great Britain.

3 The figures in the tables were obtained from an additive analysis of the households' saving ratio so CI, \bar{I} and \bar{C} are differences in percentage points.

4 The figures have been updated as described in an article in *Economic Trends*, No 320, June 1980.

5 As the irregular component for M0 and M4 is obtained by subtraction of the trend rather than by division, the figures for CI, \bar{I} and \bar{C} are expressed as percentages of the trend level in the preceding month.

Source: Office for National Statistics; Enquiries: 020 7533 6294

Index of sources

Abbreviations

DEFRA – Department for Environment, Food and Rural Affairs.

ODPM – Office of the Deputy Prime Minister.

	Table	Source	Further statistics (where available)
Asset prices	6.9	Office for National Statistics DEFRA ODPM	
Average earnings	1.1, 4.6	Office for National Statistics	First Release Labour Market Trends Monthly Digest of Statistics
Balance of payments (current account)	2.13	Office for National Statistics	First Release Financial Statistics UK Economic Accounts
Banking		Bank of England	Financial Statistics
Banking loans, advances and acceptances	6.7		
British government securities (long dated) 20 years yield	6.8	Bank of England	
Capital account summary, analysis by sector	2.10	Office for National Statistics	
Cars (see also Motor Vehicles)			
Production	1.1, 5.3	Office for National Statistics	News Release
Registration	5.8	Department of Transport	
Change in inventories			
By industry	5.6	Office for National Statistics	First Release
Manufacturing	1.1		Monthly Digest of Statistics
Ratios	5.7		
Total	2.2		
Claimant count (see Unemployment)			
Coal (see also Energy)	5.9	Department of Trade and Industry	Energy Trends
Consumer prices index	1.1, 3.1	Office for National Statistics	First Release Focus on consumer price indices Labour Market Trends
Commercial vehicles, production (see also Motor vehicles)	5.3	Office for National Statistics	News Release
Construction industry			
Index of output (see also)			
Industrial production)	1.1, 2.8	Office for National Statistics	
Orders received	5.2, 5.4	Department of Trade and Industry	Construction Statistics
Output	5.2	Department of Trade and Industry	
Corporations		Office for National Statistics	
Financial corporations			Financial Statistics UK Economic Accounts
Capital transfers	2.10		
Gross saving	2.10		
In relation to gross domestic product	2.3		Monthly Digest of Statistics
Non-financial corporations			First Release
Allocation of primary income account	2.11		Financial Statistics
Capital account, net lending/net borrowing	2.12		UK Economic Accounts
Gross operating surplus	2.11		
Gross saving	2.10		
Property income received/paid	2.11		
Resources	2.11, 2.12		
Secondary distribution of income account	2.12		
Uses	2.11, 2.12	Office for National Statistics	
Consumer credit	5.8, 6.6	Office for National Statistics	Consumer Trends Financial Statistics
Counterparts to changes in money stock M4	6.3	Bank of England	Financial Statistics Press Notice

Credit business (see also Hire purchase)	5.8	Office for National Statistics	Financial Statistics
Current balance (see also Balance of payments)	2.13	Office for National Statistics	First Release Financial Statistics UK Economic Accounts
Dwellings (see also Housing)	5.4	Office for National Statistics ODPM	
Earnings (average)	1.1, 4.6	Office for National Statistics	First Release Labour Market Trends Monthly Digest of Statistics
Economic activity (Labour Force Survey)	4.1, 4.2, 4.3	Office for National Statistics	First Release Labour Market Trends
Electricity (see also Energy)	5.9	Department of Trade and Industry	Energy Trends
Employees in employment	4.1, 4.2, 4.3, 4.4	Office for National Statistics	First Release Labour Market Trends Monthly Digest of Statistics
Energy	5.9	Department of Trade and Industry	Energy Trends UK Energy Statistics
Household final consumption expenditure on energy products	2.6	Office for National Statistics	Monthly Digest of Statistics
Output index for energy and water supply	5.1		Monthly Digest of Statistics
Primary fuel input: total, coal, petroleum, natural gas and primary electricity	5.9	Department of Trade and Industry	Energy Trends
Engineering industries		Office for National Statistics	News Release
Sales and orders: total, home market and export	1.1, 5.2		Monthly Digest of Statistics
Eurodollar-3-month rate (see also Interest rates)	6.8	Bank of England	Financial Statistics
Exchange rates	1.1, 6.1	Bank of England	First Release Financial Statistics
Expenditure (see also Total final expenditure)	2.2, 2.3	Office for National Statistics	Monthly Digest of Statistics UK Economic Accounts
Exports		Office for National Statistics	
Of goods	1.1, 2.13		First Release Monthly Digest of Statistics
Price index	1.1, 2.14		First Release UK Economic Accounts
Volume indices	2.14		First Release UK Economic Accounts
Of goods and services	2.2, 2.3		First Release UK Economic Accounts
Of passenger cars, commercial vehicles	5.3		News Release
Orders; engineering industries	5.2		News Release
Price indices	2.14		First Release UK Economic Accounts
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