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For immediate release

We need faster development of the Household Costs Indices if we're to tackle the cost of living crisis, says the Royal Statistical Society

The publication of [today's experimental Household Costs Indices \(HCIs\)](#) are welcome but the Royal Statistical Society (RSS) argues their development needs greater priority. In the last quarter of 2021, the latest HCI figures show that nearly all household groups experienced higher inflation than official figures indicated.

Unlike the Consumer Prices Index (CPI) and ONS's lead measure, CPIH (which is CPI including owner occupiers' housing costs based on rents and not actual costs), HCIs aim to measure inflation as actually experienced by all households, including those on low-incomes.

President of the RSS, Prof. Sylvia Richardson, recently [wrote to the National Statistician](#) calling for their development to be accelerated and for a commitment to monthly publication, alongside the other indices.

The letter stresses that the cost of living crisis underlines the need for the HCIs to be given more priority so the impact of inflation on households as a whole, and on different groups of households, is better measured.

HCIs aim to reflect the impact of inflation on what households actually pay out and to enable the experience of different groups including those on different incomes and different circumstances to be compared. The HCIs are especially important at a time when poorer households are feeling intense pressure over the cost of living. CPI and CPIH – the current official inflation measures – do not give equal weight to all households. They look at overall spending in the economy which means higher spend, richer households have greater weight. HCIs are designed to give equal weight to all households – meaning that they better reflect the experiences of poorer households.

HCIs also include a wider range of costs – including, for example, student loan repayments which are increasingly a burden for young people and are not currently reflected in the official statistics that inform decision-making. They also include interest payments including those on mortgages, credit cards, overdrafts and bank loans.

Stian Westlake, Chief Executive of the Royal Statistical Society, said: "The cost of living crisis is unlikely to be over quickly, with more and more households now struggling to meet basic needs. Only with the right data can we make the right decisions and we need a measure of inflation, such as the HCIs, which properly assesses the impact on all households."

Note to editors

- HCIs are based on proposals from the Royal Statistical Society and the RPI-CPI User Group, specifically the 2015 paper [Towards a Household Inflation Index](#) which the ONS has used as the starting point.

- CPI is the EU's Harmonised Index of Consumer Prices (HICP) for the UK, and controlled by EU rules, and CPIH is an extension including a measure of owner occupier costs known as rental equivalence and also council tax. HICPs were specifically developed for international comparisons and for purposes such as inflation targeting. They follow macroeconomic principles and theory.
- CPI and CPIH are weighted according to overall spending in the economy on different items. This means that higher spending, normally richer, households have greater weight. RPI is weighted similarly although it excludes the top 4% highest earners and pensioners mainly dependent on state benefits. HCIs weight all households equally (as far as practical).
- HCIs measure household owner occupier costs directly including mortgage interest payments, stamp duty, estate agent and legal fees and dwellings insurance. RPI also includes these with the exception of stamp duty. Owner occupier costs are excluded from CPI. CPIH uses a rental equivalence measure. Neither CPI, CPIH nor RPI include other interest payments.
- The Royal Statistical Society (RSS), founded in 1834, is one of the world's most distinguished and renowned statistical societies. It is a learned society for statistics, a professional body for statisticians and a charity which promotes statistics, data and evidence for the public good. Today the RSS has around 10,000 members around the world. [@RoyalStatSoc](https://www.rss.org.uk)