Household Costs Indices highlight gap between official inflation measure and household experience

The ONS has today published Household Costs Indices for July to September 2026, once again showing that many households are experience higher inflation than is reflected by the Consumer Prices Index (CPI).

The CPI inflation figure for September suggested that prices had risen by 3.5% since September 2025. The overall Household Costs Index (HCI) showed an increase of 3.9%.

All household groups for which HCIs are published experienced higher inflation than shown by CPI. Inflation was particularly high for Low-Income Households (income decile 2) and Social Renters, who both showed increases of 4.1%.

The latest figures continue a pattern seen since September 2021. During the period from 2013 to 2021, when inflation was generally low and stable, differences between CPI and HCIs were often small. Since then, however, CPI has consistently reported lower inflation than that experienced by households. Since September 2021, CPI suggests prices have risen by 28.2%, compared with 33.4% recorded by the overall HCI.

Unlike CPI, HCIs include interest payments, including mortgage interest and student loan repayments, while giving full weight to insurance premiums. They also aim to weight households equally whereas CPI uses a "whole economy" weighting meaning that higher spending, normally richer, households have greater weight in the index.

This difference is particularly important when prices of essentials, such as food and energy, which make up a higher proportion of low-income household spending, are rising faster than other products.

Sarah Cumbers, Chief Executive of the RSS, said, "These figures once again show the need for the inflation experienced by households to be measured as accurately as possible. The further rise in energy prices scheduled for January will only increase the need. We are pleased, therefore, that ONS now has a credible plan to further develop HCIs to accredited status and urge it to proceed as quickly as possible."

Notes to editors:

- The latest Household Costs Indices figures, April to June, can be found here: https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/householdcostsindicesforukhouseholdgroups/julytoseptember2026
- The RSS has long been campaigning for the Household Costs Indices as a better measure of household inflation, and a replacement for the now discredited Retail Price Index.

- The Consumer Price Index is also the EU Harmonized Index for Consumer Prices (HICP) for the UK. It was developed for use in international comparison and other macroeconomic needs such as inflation targeting.
- RPI, which was originally developed to reflect household experience, has been officially discredited since 2013 and is scheduled to be calculated in the same way as CPIH (CPI plus a measure of owner occupier costs and council tax) from 2030 thus losing its household character.
- HCIs are still being developed and while calculated on a monthly basis are currently only published once a quarter.
- Key differences between HCIs and CPI include:
    - HCIs weight households equally whereas weights for CPI and CPIH reflect overall household spending so give more weight to higher spending (normally richer) households.
    - HCIs include mortgage interest and other owner occupier costs HCIs include insurance premiums at full weight.
- The Royal Statistical Society (RSS), founded in 1834 is a charity which promotes statistics, data and evidence for the public good. We are one of the world's leading learned societies and the only UK professional body for all statisticians and other data professionals.