

Statistical bulletin

Household Costs Indices for UK household groups: January to March 2024

Household Costs Indices, 12-month growth rates, expenditure shares and contributions for UK household groups and all-households.

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Table of contents

1. [Main points](#)
2. [Overview of the Household Costs Indices inflation rates](#)
3. [Household Costs Indices by income decile](#)
4. [Household Costs Indices for other groups of households](#)
5. [Household Costs Indices data](#)
6. [Glossary](#)
7. [Measuring the data](#)
8. [Strengths and limitations](#)
9. [Related links](#)
10. [Cite this statistical bulletin](#)

1 . Main points

- Overall, UK household costs, as measured by the Household Costs Index (HCI), rose 4.4% in the year to March 2024, slowing from the annual rate of 5.3% in January 2024.
- Over the past three years, the all-households inflation rate has followed the fifth income decile most closely; costs for these households rose 4.3% in the year to March 2024, compared with rises of 5.0% for high-income households (decile 9) and 3.9% for low-income households (decile 2).
- By tenure type, mortgagor and other owner-occupier households had the highest annual inflation rate of 5.5% in March 2024, reflecting rising mortgage interest payments; by contrast, the rate for outright owner occupiers was the lowest, at 3.3% in the year to March.
- Private renters' HCI inflation rate was higher than social and other renters in the year to March 2024, at 4.6% and 4.3%, respectively; this follows a period between October 2023 and January 2024, where the two groups had similar inflation rates.
- Non-retired households continued to experience a higher annual rate of inflation (4.8% in March 2024) than retired households (3.4%).
- The annual inflation rate for households with children fell to 4.8%, and the rate for households without children fell to 4.2% in the year to March 2024.

These are official statistics in development, and we advise caution when using these data, as estimates may be revised because of methodological improvements. Priorities for development are discussed with our Advisory Panels. For more information, see [Section 7: Measuring the data](#).

2 . Overview of the Household Costs Indices inflation rates

The Household Costs Indices (HCIs) complement the Consumer Prices Index including owner occupiers' Housing costs (CPIH) and the Consumer Prices Index (CPI), which show how the prices of goods and services consumed by all households in the UK change over time. They do this by providing insight into the inflationary experience of different household groups.

Consumer price statistics measure the change in price of a "fixed basket" of goods and services, as described in our [2017 guide to CPI](#). For the HCIs, the weight of each component in a household group's "fixed basket" is based on the average household's share of expenditure ("democratic" weights). By contrast, the CPIH and CPI baskets reflect the total share of expenditure across all households in the UK ("plutocratic" weights). The HCIs also include changes in mortgage interest rates, stamp duty and other costs related to the purchase of a dwelling. These are omitted from CPI and estimated using equivalent rental prices in CPIH, reflecting its different use case (see our [Measuring changing prices and costs for consumers and households article](#)). Further differences are described in our [Household Costs Indices for UK household groups quality and methodology information \(QMI\)](#).

HCIs annual inflation rates for the most recent three months are presented in Table 1.

Table 1: Household Costs Indices (HCI) annual inflation rates, UK, March 2023 and January to March 2024

	Mar 2023	Jan 2024	Feb 2024	Mar 2024
All Households	12.3	5.3	4.7	4.4
Income decile 2	13.2	4.8	4.2	3.9
Income decile 3	12.9	4.9	4.3	4.1
Income decile 4	12.7	4.8	4.3	4.0
Income decile 5	12.2	5.2	4.5	4.3
Income decile 6	12.0	5.3	4.7	4.4
Income decile 7	11.5	5.4	4.8	4.5
Income decile 8	11.4	5.7	5.0	4.7
Income decile 9	11.4	5.9	5.2	5.0
Mortgagor and other owner occupier	12.6	6.6	5.9	5.5
Outright owner occupier	12.7	4.2	3.6	3.3
Private renter	10.0	5.1	4.8	4.6
Social and other renter	13.1	5.2	4.5	4.3
Retired	13.6	4.2	3.6	3.4
Non-Retired	11.7	5.7	5.0	4.8
With children	11.7	5.8	5.1	4.8
Without Children	12.5	5.1	4.5	4.2

Source: Household Costs Indices from the Office for National Statistics

Notes

1. The first- and tenth-income deciles are not included here as the composition of these groups can be unusual and may therefore be influenced by unrepresentative expenditures.

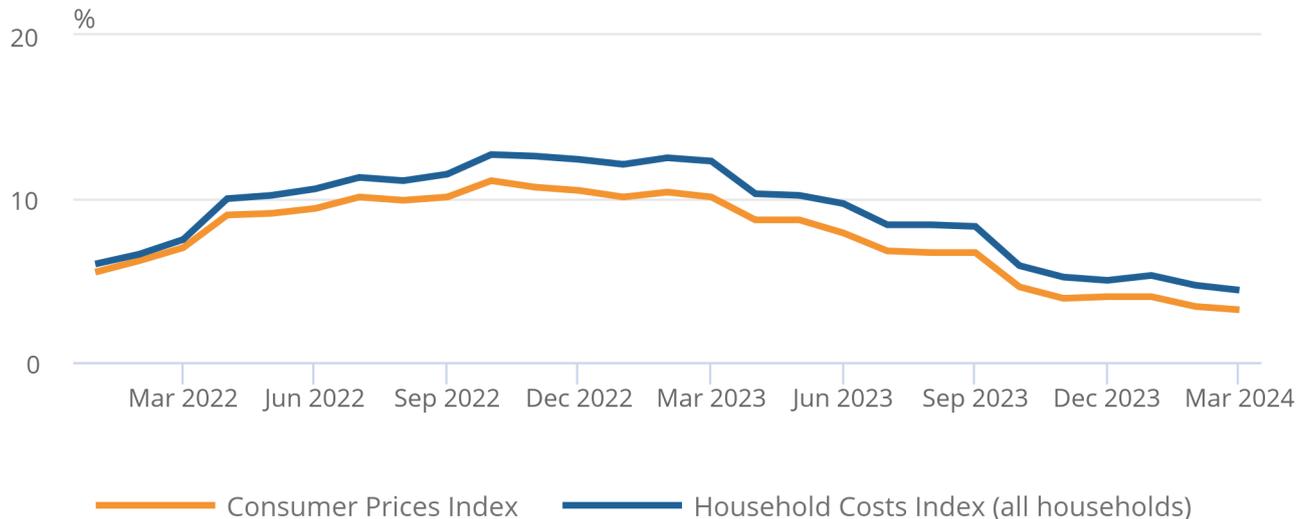
In the most recent month, March 2024, the all-households HCI annual rate was 4.4%, compared with a CPI annual inflation rate of 3.2% (Figure 1).

Figure 1: In the 12 months to March 2024, household costs rose by 4.4%

Household Costs Index (HCI) and Consumer Prices Index (CPI) annual inflation rates (%) for all households, UK, January 2022 to March 2024

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Household Costs Index (HCI) and Consumer Prices Index (CPI) annual inflation rates (%) for all households, UK, January 2022 to March 2024



Source: Household Costs Indices and the Consumer Prices Index from the Office for National Statistics

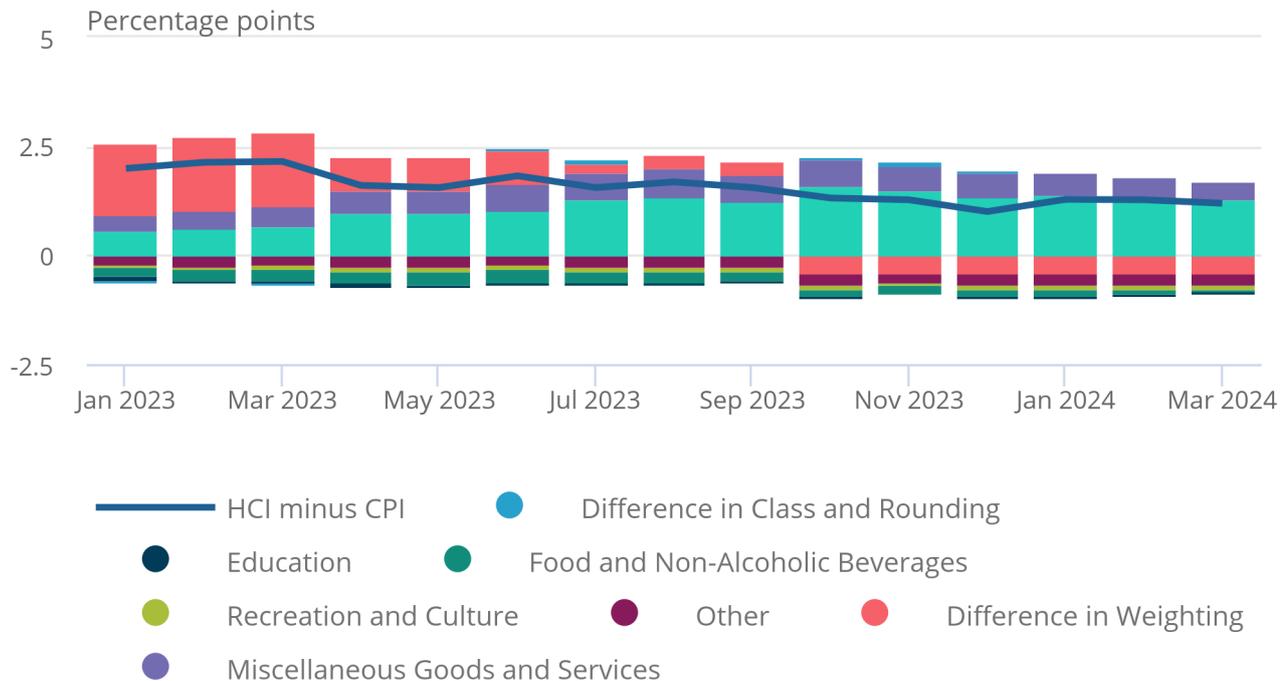
Figure 2 shows the contributors to differences in the annual inflation rates for CPI and the all-households HCI over the period January 2023 to March 2024. In the most recent three months, the largest difference came from housing and household services, which contributed 1.30 percentage points more to the all-household HCI rate in March 2024. The main difference in this division is the inclusion of owner occupiers' housing costs in the HCIs. Over the same period, the use of democratic weights has partially offset this, lowering the all-household HCI relative to CPI (decreasing by 0.37 percentage points in March 2024). This is primarily because the democratic approach gives more weight to falling gas, electricity, and other fuel prices.

Figure 2: Housing was the largest difference between the HCI and CPI in March 2024

Contributions to the difference in annual inflation rates (percentage points), all-households Household Costs Index (HCI), less Consumer Prices Index (CPI), UK, January 2023 to March 2024

Figure 2: Housing was the largest difference between the HCI and CPI in March 2024

Contributions to the difference in annual inflation rates (percentage points), all-households Household Costs Index (HCI), less Consumer Prices Index (CPI), UK, January 2023 to March 2024



Source: Household Costs Indices and the Consumer Prices Index from the Office for National Statistics

Notes:

- Contributions to the difference may not sum to the difference between CPI and all-households HCI annual inflation rates because of rounding.
- Differences because of classification and rounding arise from the use of unrounded weights for HCIs compared with rounded weights for CPI, and price uprating at the Class level for HCIs compared with Sub-class for CPI.
- Differences because of weighting refers to the use of democratic weights, compared with plutocratic weights for CPI.
- Differences because of classification and rounding in January 2024 to March 2024 are not currently available because of data availability (for more information please see Section 7: Measuring the data).

While the all-households HCI measure differs from CPI, different household groups experience inflation in different ways. Over the most recent three years, the all-households rate has followed the rate for households in income decile 5 more closely than other income deciles. Therefore, subgroup breakdowns of the HCIs provide greater insight into how households are affected by inflation. The following sections provide more information on HCIs by income decile, tenure type and other groups of households.

3 . Household Costs Indices by income decile

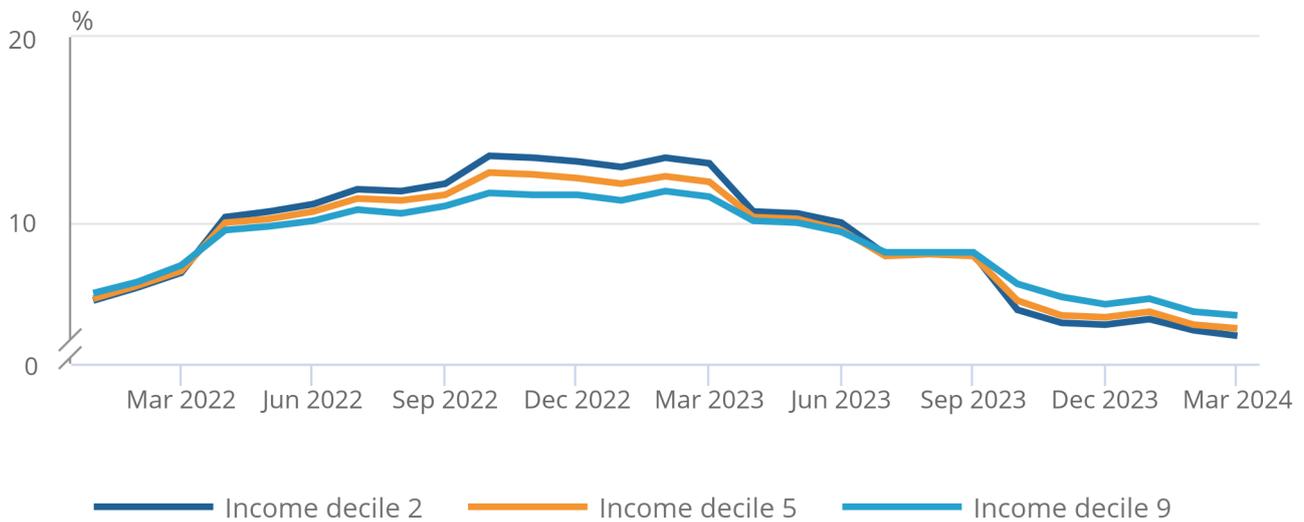
Figure 3 shows the Household Costs Indices (HCIs) annual inflation rate for income deciles. In contrast to the period between April 2022 and June 2023, high-income households (as represented by the ninth income decile) experienced higher growth in household costs. In the year to March 2024, they saw prices rise 5.0%, compared with 3.9% for low-income households (as represented by the second income decile). The gap of 1.1 percentage points has narrowed since October and November 2023, when it was 1.4 percentage points.

Figure 3: High-income households experienced higher inflation rates in March 2024

Household Costs Indices (HCI) annual inflation rates (%) by income decile, UK, January 2022 to March 2024

Figure 3: High-income households experienced higher inflation rates in March 2024

Household Costs Indices (HCI) annual inflation rates (%) by income decile, UK, January 2022 to March 2024



Source: Household Costs Indices from the Office for National Statistics

Notes:

1. The second and ninth deciles are used to represent low- and high-income households rather than the first- and tenth-income deciles, as the composition of these groups can be unusual and may therefore be influenced by unrepresentative expenditures

However, this does not necessarily reflect the longer-term picture. In the year to October 2022, low-income households faced the higher HCI inflation rate by a margin of 2.0 percentage points. Indeed, cumulatively in the five years to March 2024, costs increased 28.6% for low-income households compared with 28.2% for high-income households.

Differences between groups are influenced by the interaction between price movements and expenditure weights. Differences in spending patterns mean that, if a particular group of households spends more on a product with a relatively high inflation rate, they will experience a greater increase in costs relative to other households. Figure 4 shows which spending categories contributed to higher household cost inflation for high-income households between January 2022 and March 2024.

In the most recent three months, higher annual inflation for high-income households was primarily a result of housing and household services. Within this division, mortgage interest payments increased the annual rate for high-income households by 0.95 percentage points more than for low-income households. Lower electricity, gas, and other fuel prices reduced the rate more for low-income households, adding a further 0.60 percentage points to the gap. Restaurant and hotel prices also contributed more to high-income households' inflation rate (0.26 percentage points).

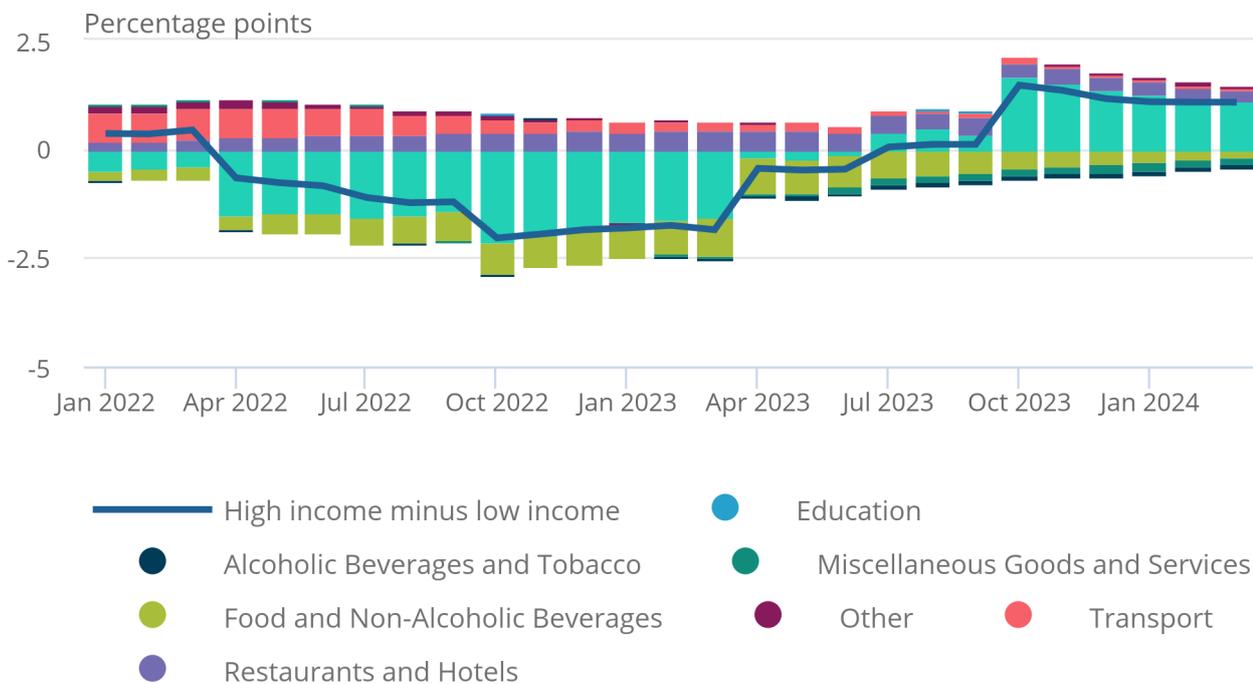
Partially offsetting effects from food and non-alcoholic beverages (0.17 percentage points), miscellaneous goods and services (0.13 percentage points), and alcohol and tobacco (0.12 percentage points) made a greater contribution to inflation for low-income households.

Figure 4: Mortgage interest payments contributed to higher inflation for high-income households in March 2024

Contributions to the difference between the Household Costs Index (HCI) annual rate (percentage points), high-income households less low-income households, UK, January 2022 to March 2024

Figure 4: Mortgage interest payments contributed to higher inflation for high-income households in March 2024

Contributions to the difference between the Household Costs Index (HCI) annual rate (percentage points), high-income households less low-income households, UK, January 2022 to March 2024



Source: Household Costs Indices from the Office for National Statistics

Notes:

- Contributions to the difference between subgroups may not sum to the difference because of rounding.
- The second and ninth deciles are used to represent low- and high-income households rather than the first- and tenth-income deciles, as the composition of these groups can be unusual and may therefore be influenced by unrepresentative expenditures.
- Positive contributions are contributing to higher inflation for high-income households, or lower inflation for low-income households.
- Negative contributions are contributing to higher inflation for low-income households, or lower inflation for high-income households.

4 . Household Costs Indices for other groups of households

The factors affecting Household Costs Indices (HCI) inflation rates for income deciles also affected the experiences of other groups of households. In the year to March 2024, mortgage interest payments increased by 36.1% while electricity, gas and other fuel prices fell by 18.3%. Therefore, those groups who spent a higher proportion of their basket on mortgage interest payments saw higher annual household cost inflation rates than those who spent a greater proportion on household energy bills. As a result, higher annual inflation rates were experienced by non-retired households and mortgagor households, while outright owner occupiers had the lowest rate across the tenure types (Table 1).

Similarly, in the year to March 2024, higher inflation for households with children was a result of higher contributions from mortgage interest payments (0.66 percentage points more than for households without children), and falling gas, electricity and other fuel prices (0.21 percentage points). This resulted in an annual rate of 4.8% for households with children compared with 4.2% for those without children (Figure 5).

However, the latest inflation rates do not necessarily reflect households' experience over a longer period of time. Cumulatively, in the five years to March 2024, household costs rose more for households without children (28.5%) than for those with children (27.8%).

Figure 5: Households with children experienced higher inflation in March 2024 than those without

Household Costs Indices (HCI) annual inflation rates (%) by households with and without children, UK, January 2022 to March 2024

Figure 5: Households with children experienced higher inflation in March 2024 than those without

Household Costs Indices (HCI) annual inflation rates (%) by households with and without children, UK, January 2022 to March 2024



Source: Household Costs Indices from the Office for National Statistics

5 . Household Costs Indices data

[Household Costs Indices for UK household groups. reference tables](#)

Dataset | Released 30 May 2024

Household Costs Indices inflation rates, indices, weights and contributions for income deciles, tenure types, retirement status and households with and without children.

6 . Glossary

Equivalisation

Equivalisation is the process of accounting for the fact that households with many members are likely to need a higher income to achieve the same standard of living as households with fewer members. It considers the number of people living in the household and their ages, recognizing that a two-person household is unlikely to need double the income of a single-person household. This analysis uses the [modified Organisation for Economic Co-operation and Development \(OECD\) equivalisation scale \(PDF, 165KB\)](#).

Disposable income

Disposable income is that which is available for consumption, and is equal to all income from wages and salaries, self-employment, private pensions and investments, plus cash benefits less direct taxes.

Households are grouped into deciles (or tenths) based on their equivalised disposable income, with decile 10 being households with the highest equivalised disposable income and decile one the lowest equivalised disposable income. The second and ninth deciles are more stable, so users may wish to consider these in their analysis.

Expenditure deciles

Households are grouped into deciles (or tenths) based on their equivalised expenditure. The highest-expenditure decile (decile 10) is the 10% of households with the highest equivalised expenditure. Similarly, the lowest expenditure decile (decile one) is the 10% of households with the lowest equivalised expenditure.

Households with children

A child is defined as any person aged under 16 years. For the purposes of the Family Spending report, people who are aged under 18 years and unmarried are also classed as children. A household is classified as a household with children if at least one member of the household is a child.

Owner-occupier households

Outright owner-occupier households are defined as any household in which the residents own the property outright and use it as their primary or non-primary residence.

Mortgagor and other owner-occupier households are defined as any household that is buying their primary or non-primary residence property with a mortgage, or own part of the property (for example, paying both rent and mortgage).

Renter households

Private renter households are defined as any household that rents their property from a private sector landlord. It excludes households who live in their property rent free.

Social and other renter households are defined as any household that rents their property from a council or a registered social landlord or lives in their property rent free.

Retired persons and households

A retired person is defined as anyone who describes themselves in the Living Costs and Food Survey (LCF) as "retired" or anyone over minimum National Insurance pension age describing themselves as "unoccupied" or "sick or injured but not intending to seek work". 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.

7 . Measuring the data

Further data improvements

It has not been possible to update the weights for 2024 in line with the standard methodology for consumer prices. This is because of delays in processing the underlying survey data and the need for further ongoing quality assurance. Instead, the most recent estimates will be compiled using the weights for February to December 2023. We expect the underlying survey data to be available in time for our [subsequent bulletin, publishing on 28 August 2024](#), and we will therefore revise at this point as an exception to incorporate updated weights back to January 2024.

For 2022 and 2023, the household-level variable used to calculate expenditure weights for stamp duty was also not available to us. The stamp duty weights have instead been derived using our standard proxy methodology, which is described in more detail in our [Household Costs Indices for UK household groups quality and methodology information \(QMI\)](#).

As part of the development process for implementing the Household Costs Indices (HCI) as a quarterly publication, we have rationalised the calculation for non-mortgage interest payments while we seek to make further improvements. Some interest data are not collected as part of the Living Costs and Food Survey and must therefore be calculated separately. All types of interest payments are captured in the aggregate expenditure for the interest payments on debt category (12.6.9). However, household-level distributions for interest payments on loans and overdrafts are now proxied from other forms of interest payment. We plan to implement these improvements in our August 2024 publication and, as part of the planned revision, we will revise the historical series to incorporate these additional variables.

Changes in the current publication

In line with the Consumer Prices Index including owner occupiers' housing costs (CPIH) and Consumer Prices Index (CPI), we have introduced improved private rental and second-hand cars indices in February 2024 (as described in our [Impact analysis on transformation of UK consumer price statistics: private rents and second-hand cars, December 2023 article](#)). Specific impact analysis for the Household Costs Indices will be published as part of the [papers for the February meeting of the Stakeholder Advisory Panel for Consumer Price Statistics \(APCP\)](#).

We have also aligned our rounding with best practice for consumer prices indices. As a result, contributions to the difference are now calculated from unrounded contributions and presented to two decimal places. This has resulted in small differences from our previously presented estimates, which were calculated from rounded contributions. Tables 6, 11, 16, 21, 26 and 27 of our [Household Costs Indices for UK household groups reference tables](#) are affected.

Households and the cost of living

To help people understand how the rise in inflation affects their expenditure, we have produced a [Personal inflation calculator](#). The calculator allows users to enter the amount they spend to produce an estimate of their personal inflation based on those spending patterns.

Our [Shopping prices comparison tool](#) shows how the average prices of items have changed over time.

Quality

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in our [Household Costs Indices for UK household groups QMI](#).

8 . Strengths and limitations

Household prices

Data constraints make the estimation of inflation rates for different household groups challenging in practice. In particular, an analysis of household-group-specific inflation rates would ideally use price indices and expenditure weights specific to each household group. This would reflect the fact that different households will purchase goods and services from different outlets and therefore face different prices.

However, such data are not available and we have used national price indices as an approximation. There are also challenges that arise from the data sources that we have available for us to calculate the expenditure shares. These limitations do not impede the validity of the chosen methodology and its robustness. For more information, please see our [Methodology to calculate CPIH-consistent inflation rates for UK household groups](#).

9 . Related links

[Consumer price inflation, UK: April 2024](#)

Bulletin | Released 22 May 2024

Price indices, percentage changes, and weights for the different measures of consumer price inflation.

[Private rents and house prices, UK: May 2024](#)

Bulletin | Released 22 May 2024

Price Index of Private Rents (PIPR) measures private rent inflation for new and existing tenancies. UK House Price Index measures house price inflation.

[Role of owner occupiers' housing costs in the Household Cost Indices, UK: 2023](#)

Article | Released 26 February 2024

The impact of higher mortgage interest rates on household costs, on average and by different household subgroup.

[Average household income, UK: financial year ending 2022](#)

Bulletin | Released 25 January 2023

Final estimates of average household income in the UK, with analysis of how these measures have changed over time, accounting for inflation and household composition.

[Shopping prices comparison tool](#)

Interactive tool | Released 3 May 2023

Search the tool to see how the average prices of hundreds of shopping items are changing.

[Personal inflation calculator](#)

Interactive tool | Released 19 June 2023

Use our inflation calculator to see how increases in the cost of living have affected you in the past year.

10 . Cite this statistical bulletin

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