

Statistical bulletin

Household Costs Indices for UK household groups: April to June 2024

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

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Release date:
28 August 2024

Next release:
28 November 2024

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1 . Main points

- Overall, UK household costs, as measured by the Household Costs Index (HCI), rose 2.5% in the year to June 2024, slowing from the annual rate of 4.5% in March 2024.
- Over the past three years, the all-households inflation rate has followed the fifth income decile most closely; costs for these households rose 2.3% in the year to June 2024, compared with rises of 3.3% for high-income households (decile 9) and 1.7% for low-income households (decile 2).
- By tenure type, mortgagor and other owner-occupier households had the highest annual inflation rate of 3.7% in the year to June 2024, reflecting rising mortgage interest payments; by contrast, the rate for outright owner occupiers was the lowest, at 1.3% in the year to June 2024.
- Private renters' HCI inflation rate was higher than social and other renters in the year to June 2024, at 3.2% and 1.9%, respectively.
- Non-retired households continued to experience a higher annual rate of inflation (2.9% in the year to June 2024) than retired households (1.2%).
- The annual inflation rate for households with children fell to 2.9% and the rate for households without children fell to 2.3%, in the year to June 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: Data sources and quality](#).

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), and show how the prices of goods and services consumed by 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 (HCIs) annual inflation rates UK, June 2023 and April to June 2024

	Jun-23	Apr-24	May-24	Jun-24
All Households	9.8	3.1	2.7	2.5
Income Decile 2	10.0	2.4	1.9	1.7
Income Decile 3	9.9	2.7	2.3	2.0
Income Decile 4	9.8	2.6	2.2	2.0
Income Decile 5	9.7	2.9	2.5	2.3
Income Decile 6	9.8	3.1	2.7	2.4
Income Decile 7	9.6	3.4	3.0	2.7
Income Decile 8	9.7	3.6	3.3	3.0
Income Decile 9	9.7	3.9	3.7	3.3
Mortgagor and other owner occupier	11.1	4.3	4.1	3.7
Outright owner occupier	9.4	2.0	1.5	1.3
Private renter	8.3	3.7	3.3	3.2
Social and other renter	10.0	2.6	2.2	1.9
Non-Retired	9.8	3.6	3.2	2.9
Retired	9.9	1.9	1.4	1.2
With children	10.0	3.5	3.2	2.9
Without Children	9.8	2.9	2.5	2.3

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.

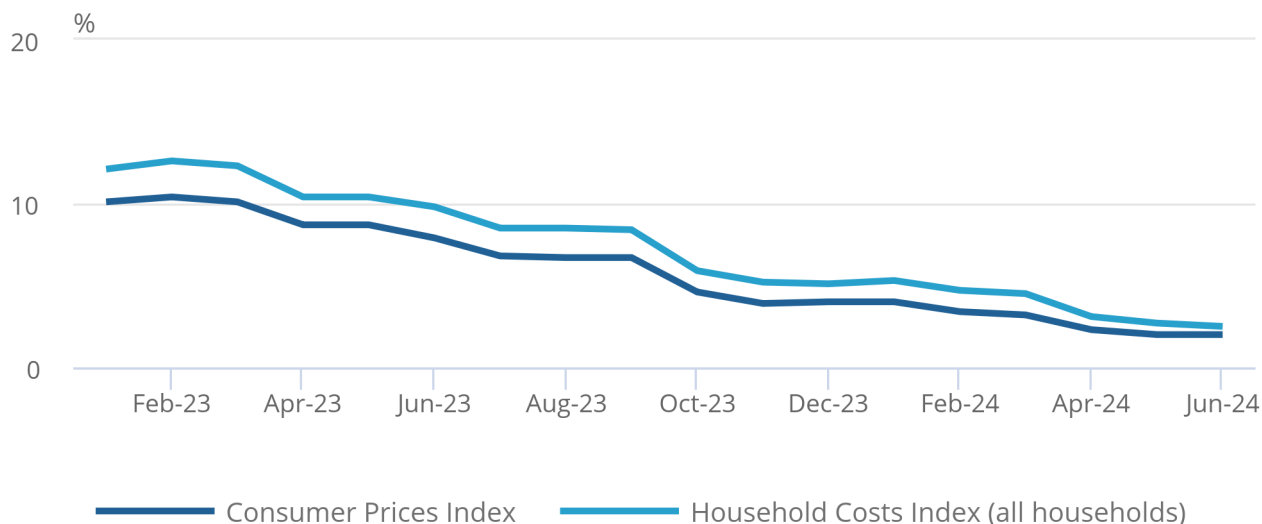
In the most recent month, June 2024, the all-households HCI annual rate was 2.5%, compared with a June CPI annual inflation rate of 2.0% (Figure 1).

Figure 1: Household costs rose by 2.5% in the 12 months to June 2024

Household Costs Index (HCI) and Consumer Prices Index (CPI) annual inflation rates for all households, UK, January 2023 to June 2024

Figure 1: Household costs rose by 2.5% in the 12 months to June 2024

Household Costs Index (HCI) and Consumer Prices Index (CPI) annual inflation rates for all households, UK, January 2023 to June 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 June 2024. In the most recent three months, the largest difference came from housing and household services, which when compared with CPI, contributed 1.38 percentage points more to the all-household HCI annual rate in June 2024. The main difference in this division is the inclusion of owner occupiers' housing costs in the HCIs.

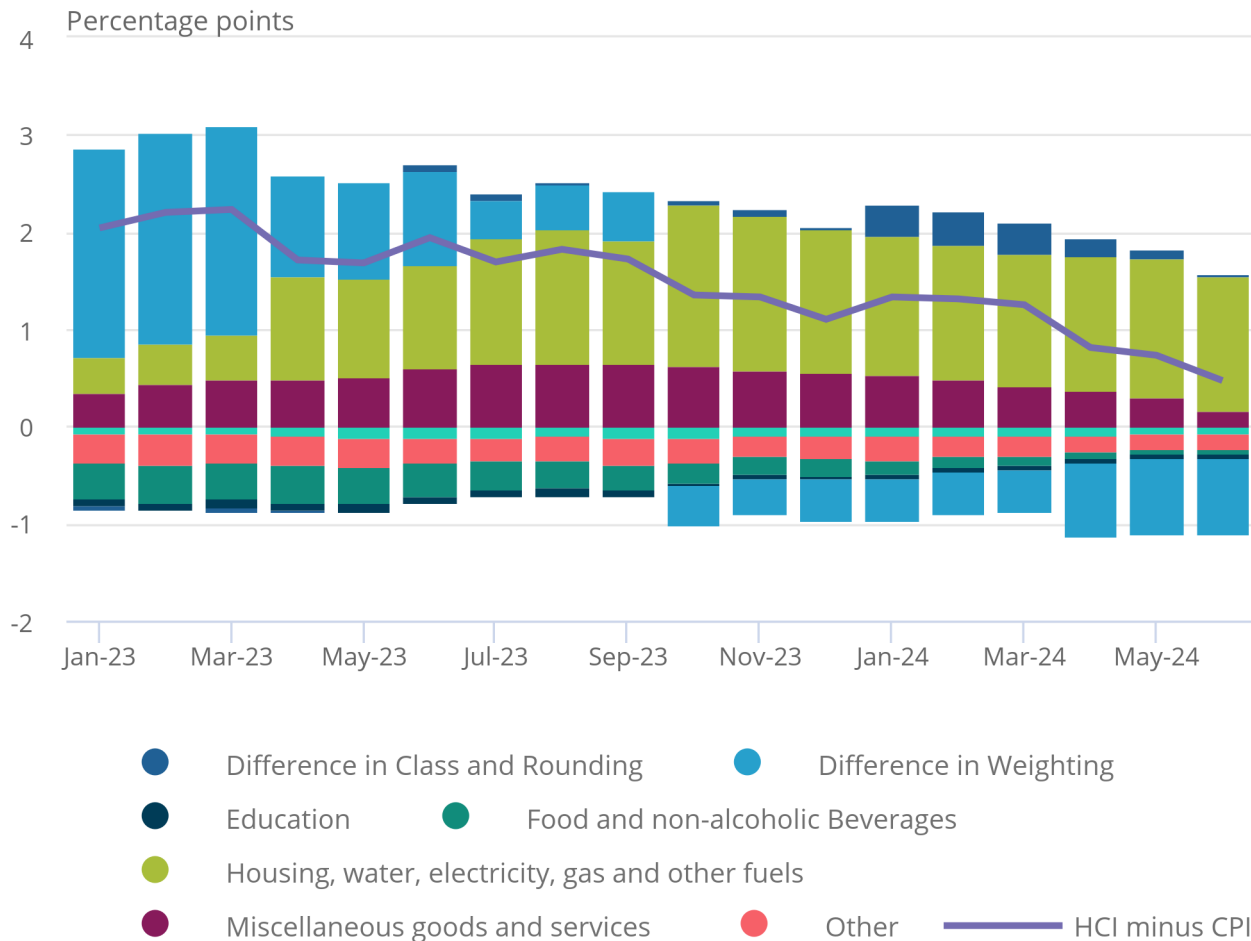
Over the same period, the use of democratic weights has partially offset this, lowering the all-household HCI relative to CPI (decreasing by 0.80 percentage points in June 2024). This is primarily because the democratic approach gives more weight to falling gas, electricity and other fuel prices.

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

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

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Contributions to the difference in annual inflation rates, all-households Household Costs Index (HCI) less Consumer Prices Index (CPI), UK, January 2023 to June 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 subclass 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 June 2024 are not currently available as a result of data availability (for more information please see [Section 7: Data sources and quality](#)).

While the all-households HCl 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 HCl's provide greater insight into how households are affected by inflation. The following sections provide more information on HCl's by tenure type, income decile and other groups of households.

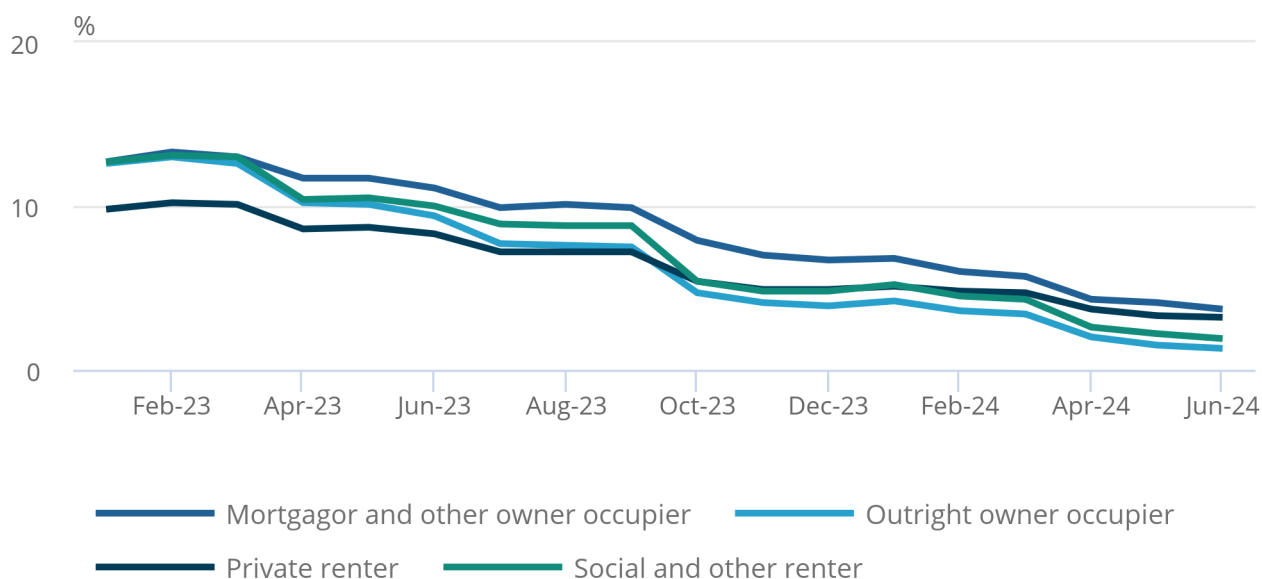
3 . Household Costs Indices by tenure type

Figure 3: Mortgagor and private rental households experienced the highest inflation in the 12 months to June 2024

Household Costs Indices (HCI) annual inflation rates by tenure type, UK, January 2023 to June 2024

Figure 3: Mortgagor and private rental households experienced the highest inflation in the 12 months to June 2024

Household Costs Indices (HCI) annual inflation rates by tenure type, UK, January 2023 to June 2024



Source: Household Costs Indices from the Office for National Statistics

Notes:

1. The methodology for calculating changes in private rental prices was updated in February 2024; for more information, please refer to [Section 7: Data sources and quality](#).

Figure 3 shows the differences in the annual inflation rates for the different tenure groups over the period January 2023 to June 2024. In the most recent three months, outright owner-occupier households have experienced the lowest inflation rates over the last three months, with the all-household Household Costs Indices (HCIs) annual rate being 1.3% in the year to June 2024, followed by social renters seeing 1.9%, in the year to June 2024.

In comparison, Mortgagor households have seen the highest inflation rates in the most recent three months, with inflation being 3.7% in the year to June 2024. Similarly, private renter households also experienced similar rates of inflation, with the annual rate to June 2024 being 3.2%, narrowing the overall HCI gap between the two to 0.5 percentage points in the year to June 2024.

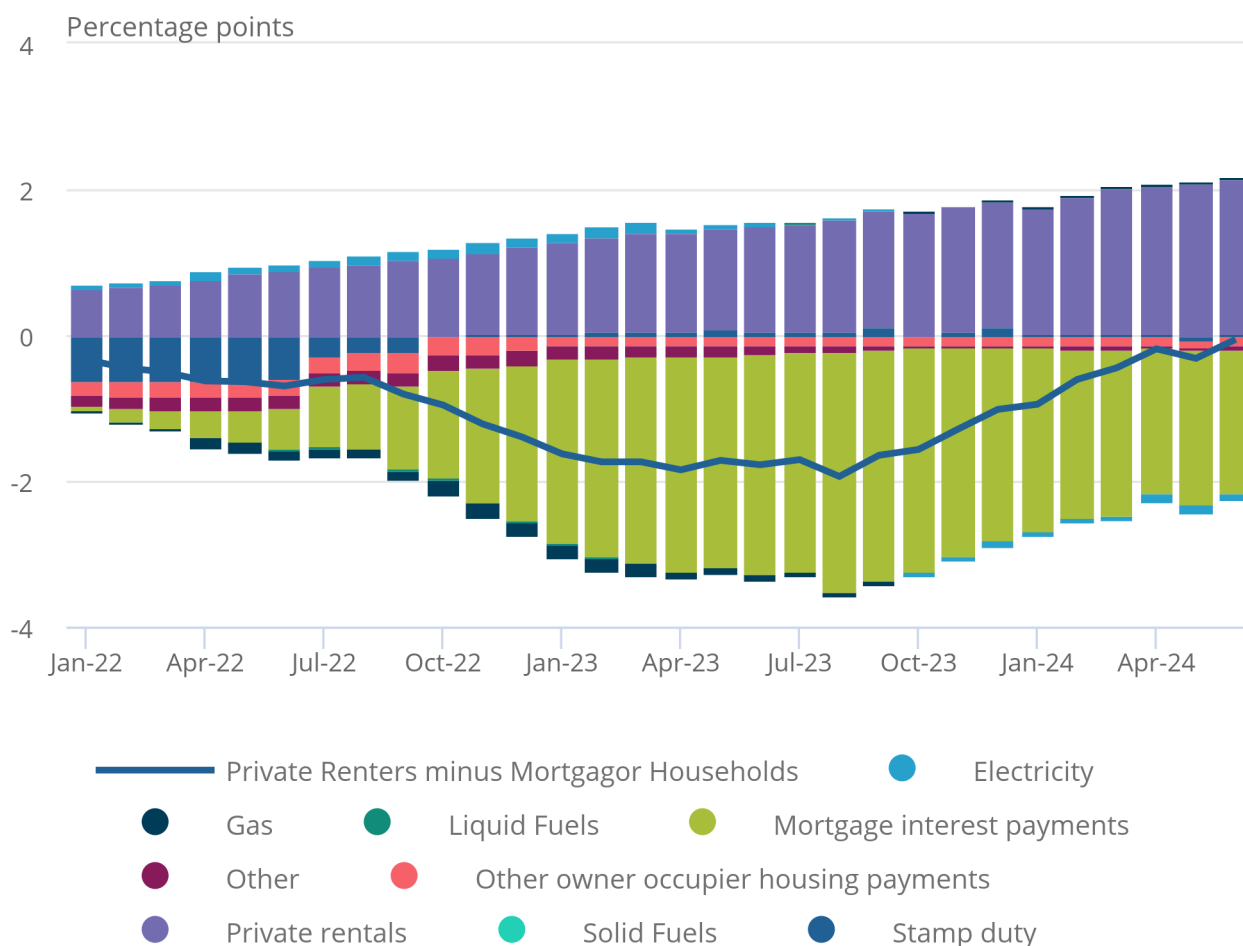
This was primarily a result of housing and household services. Within this division, Mortgage interest payments contributed 2.0 percentage points to the annual rate for mortgagor households. Similarly, private rental costs, contributed 2.2 percentage points to the annual rate for private rental households.

Figure 4: Mortgage interest and rental payments contributed to higher inflation for mortgagor and private renter households, respectively, in June 2024

Contributions to the difference between the Household Costs Indices (HCI) annual rate, private renter households minus mortgagor households, January 2022 to June 2024

Figure 4: Mortgage interest and rental payments contributed to higher inflation for mortgagor and private renter households, respectively, in June 2024

Contributions to the difference between the Household Costs Indices (HCI) annual rate, private renter households minus mortgagor households, January 2022 to June 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.

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 mortgagor and private renter households between January 2022 and June 2024.

4 . Household Costs Indices for other household groups

The overall Household Costs Indices (HCIs) annual growth rate decreased from 4.5% in March 2024 to 2.5% in June 2024.

The decline largely resulted from a reduction in electricity, gas and other fuel prices, along with slower growth in the cost of food and non-alcoholic beverages, and miscellaneous goods and services. As a result, the contributions to the all-households HCI from these three categories dropped by 0.67 percentage points, 0.33 percentage points, and 0.33 percentage points, respectively, between March and June 2024.

Similarly, households who spent a higher proportion of their basket on mortgage interest payments had 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 (2.9%) and those with children (2.9%). Retired households (1.2%) and households without children (2.3%) experienced lower levels of inflation (Table 1).

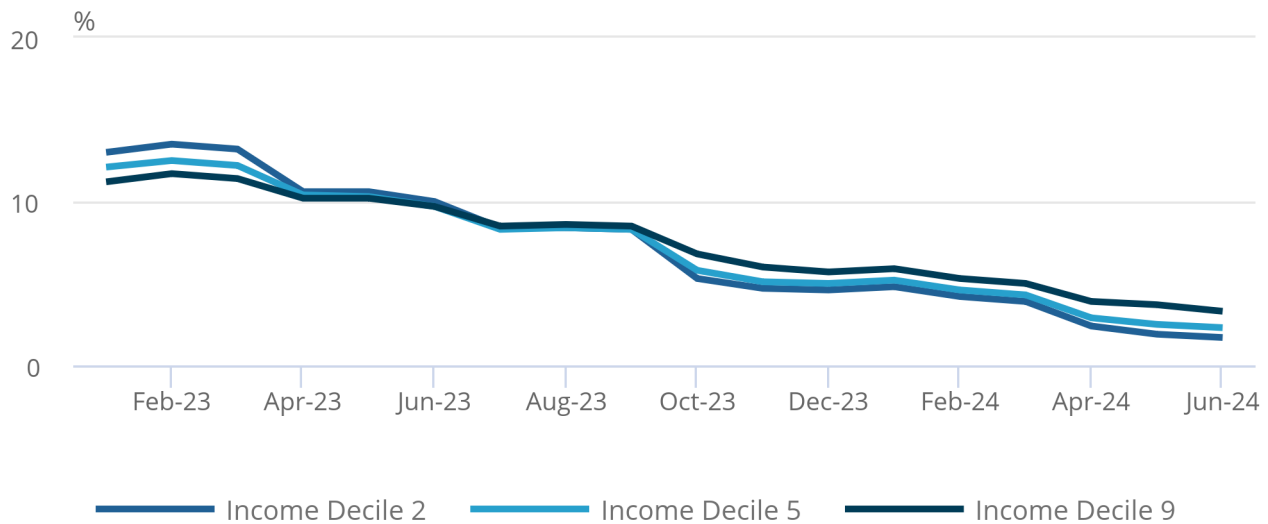
Higher inflation for high-income households (decile 9) in the year to June 2024 was a result of higher contributions from mortgage interest payments (0.83 percentage points more than low-income households). Falling gas, electricity and other fuel prices, reduced the rate more for low-income households, with the difference between high- and low-income households being 1.01 percentage points. This resulted in an annual rate of 3.3% for high-income households compared with 1.7% for low-income households (decile 2) (Figure 5).

Figure 5: High-income households experienced higher inflation rates in June 2024

Household Costs Indices (HCI) annual inflation rates, by income decile, UK, January 2023 to June 2024

Figure 5: High-income households experienced higher inflation rates in June 2024

Household Costs Indices (HCI) annual inflation rates, by income decile, UK, January 2023 to June 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.

In the most recent month, private renters experienced a headline inflation rate of 3.2%, narrowing the overall HCI gap to mortgage households to 0.5 percentage points in the year to June 2024.

5 . Data for Household Costs Indices

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

Dataset | Released 28 August 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

Equivalised

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, recognising 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 1 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 1) 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 . Data sources and quality

Changes in the current publication

This publication has corrected an error found in previous publications of [Household Costs Indices \(HCIs\) for UK household groups](#) regarding comparisons with the Consumer Price Index (CPI). This relates to using an outdated CPI weights file and affects Figure 2 in the bulletin and its commentary, as well as Tables 26 and 27 in the [datasets](#). The impact is estimated to increase the contribution of democratic weighting to the difference between HCI and CPI by up to a maximum of 0.51 percentage points in January 2023 when HCI annual inflation was 12.1%, while decreasing the contribution of other categories. All CPI publications and all HCI data are unaffected by this change.

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](#)).

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 have been compiled using the weights for February to December 2023. We will look to update once the underlying survey data become available.

For this August 2024 publication, we have been able to integrate new household-level variables in the calculation of expenditure weights for non-mortgage interest payments and incorporate previously unavailable Stamp Duty variables for the most recent years. The coverage of non-mortgage interest payments has been improved by imputing the Living Costs and Food Survey dataset with payments of interest on overdrafts, which are not covered in the questionnaire. However, all types of interest payments are captured in the aggregate expenditure for the interest payments on debt category (12.6.9).

With the introduction of this new variable, only household-level distributions for interest payments on loans are not captured in the household-level dataset. We aim to include calculations for interest payments on loans in due course. This has improved the quality of the data as we previously had to proxy the household-level distribution for these categories from other forms of payments. These improvements mean the proxy method is no longer applied on HCI weights for interest payments on debt (12.6.9) up to and including February 2014, and for Stamp Duty (04.2.2) in 2022 and 2023.

As part of integrating the new-household variables described in "Further data improvements", we have taken the opportunity to update the weights calculation for the Household Costs Indices (HCIs). This includes using more recent Living Costs and Food Survey datasets and incorporating revised price uprating factors for the "Other OOH payments (4.2c)" series (as described in the correction notice in [Household Costs Indices for UK household groups: January 2022 to September 2023](#)). These changes have led to revised HCI weights distributions across all household groups.

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.

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](#).

8 . Related links

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

Bulletin | Released 14 August 2024

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

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

Bulletin | Released 14 August 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.

9 . Cite this statistical bulletin

Office for National Statistics (ONS), released 28 August 2024, ONS website, statistical bulletin, [Household Costs Indices, UK: April 2024 to June 2024](#)