

Article

Consumer price inflation, updating weights: 2025

An overview of the latest annual update of Consumer Prices Index including owner occupiers' housing costs (CPIH) weights.

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1. Main changes

- The weights for the Consumer Prices Index including owner occupiers' housing costs (CPIH) and the Consumer Prices Index (CPI) have been updated to reflect changes in annual household spending patterns.
- The largest falls in weights in 2025 were in the "restaurants and hotels" and "transport" divisions, while "miscellaneous goods and services" saw the largest increase.

2. Overview of updates

Consumer price inflation is an important indicator of how the UK economy is performing. The "shopping basket" of items and their economic importance, typically referred to as "weights", used in compiling the various measures of consumer price inflation are reviewed and updated each year to ensure the indices remain representative of the latest consumer spending patterns. This article focuses on the latest updates and changes to the weights applied within these baskets. More information is available in our Consumer price inflation basket of goods and services: 2025 article.

Adjustments made to previous weights

In the update of weights for 2021 to 2023, we adjusted expenditure where there were clear changes in spending patterns, as the economy recovered from the coronavirus (COVID-19) pandemic. This approach was consistent with international guidance, as outlined in <u>Eurostat's Derivation of harmonised indices of consumer prices (HICP)</u> weights for 2023 methodological note (PDF, 64.3KB) and the approach taken by other countries. More information is available in our <u>Consumer price inflation</u>, updating weights: 2023 article.

Following on from our approach in 2024, as outlined in our <u>previous article</u>, we are now resuming the use of our standard methodology (discussed in <u>Section 5: Data sources and quality</u>). We are using unadjusted expenditure reflecting household spending in 2023 to produce the 2025 Consumer Prices Index including owner occupiers' housing costs (CPIH) and Consumer Prices Index (CPI) weights. The weights for the Retail Prices Index (RPI) were never adjusted for COVID-19. The RPI weights continue to be updated as normal.

Section 3 of our Consumer prices indices technical manual explains the classification structure used in the calculation of CPIH and CPI. Historically, the weights were rounded to integers as parts per thousand of the allitems index at the class level, which is defined as the four-digit classification of individual consumption by purpose (COICOP) level. Subclass level weights (five-digit COICOP, known as COICOP5) would then be rescaled to reflect this rounding. From the 2024 weights update, this integer rounding has been removed from the calculation process. For presentation purposes, weights will be displayed to three decimal places in this article. This change does not apply to the RPI weights.

This article will primarily focus on CPIH. Further detail on the methods discussed in this article can be found in our <u>CPIH compendium</u>, our <u>technical manual</u> and our more detailed <u>2021 weights article</u>.

3. Weights for 2025

Consumer price inflation is the rate at which the prices of goods and services rise or fall. It is estimated using price indices. One way to understand a price index is to think of a large shopping basket containing goods and services typically bought by households. The price index estimates changes to the total cost of this basket by calculating the average of price changes of the items within the basket. Households spend more on some goods and services than others. For example, a 10% increase in the price of petrol will have a much bigger impact on the basket than a similar rise in the price of tea. For this reason, the components of price indices are weighted using the amount we spend on these items, to ensure that it reflects the relative importance of the various items in the average shopping basket.

The various weights used in the calculation of consumer price inflation, along with the items that form the "shopping basket" are reviewed and updated each year. This ensures weights remain representative of overall household expenditure patterns (but not any one specific household), as discussed in our Measuring the changing prices and costs faced by households blog post. It also reflects the introduction of new items into the shopping basket and the removal of old ones. Our Consumer price inflation basket of goods and services: 2025 article explains the annual update to the content of the basket of goods and services.

Weight changes between 2024 and 2025

Our consumer price inflation weights reflect the best available understanding of what households spent their money on at the time they were produced. Our Consumer price statistics revisions policy means that indices are not revised historically. While source data are often revised at a later date, these revisions are not taken into the calculation of weights, meaning that only the latest year's data are used in each weights update. As such, the changes in weights between years may reflect changes in data sources, methods and definitions, as well as changes in spending patterns. These improvements were introduced in Blue Book 2024, as discussed in our Advanced aggregate estimates article, and affect the current set of weights. For this reason, the weights should not be used to analyse trends in consumer spending over time. This weights update represents our best estimates of current consumer spending and will not be revised.

The 2025 weights have seen two separate updates, in line with the "double update" methodology introduced in our <u>Assessing the Impact of methodological improvements on the Consumer Prices Index methodology</u> from 2017. These are:

- the first update of weights for the January 2025 set of indices, where expenditure for 2023 is price updated to December 2024 (<u>Section 5: Data sources and quality</u> includes further details on price updating)
- the second update of weights for the February to December 2025 indices, where the expenditure for 2023 is price updated to January 2025

Tables 1 and 2 present the Consumer Prices Index including owner occupiers' housing costs (CPIH) and the Consumer Prices Index (CPI) divisional level classification of individual consumption by purpose (COICOP) weights, respectively.

Typically, changes in weight between years can be caused by two main factors. These are:

- a change in the underlying expenditure used to calculate the weight
- a change in the price factor applied to price update the expenditure (a method where we apply price change to the expenditure to align it with the price reference period)

Weights are relative, so any change in weight caused by these two factors will cause a relative reallocation of weight elsewhere in the basket. More information is available in <u>Section 5: Data sources and quality</u>.

The weight for the owner occupiers' housing costs (OOH) component of CPIH rose to 170.735 parts per thousand in 2025.

Table 1: CPIH division level weights, 2024 to 2025

CPIH Division	2024 February to December weight (ppt)	2025 Weight January update (ppt) [Note 2]	2025 February to December weight (ppt) [Note 2]
0.1 Food and non-alcoholic beverages	91.327	89.411	90.194
0.2 Alcoholic beverages and tobacco	31.600	30.351	30.910
0.3 Clothing and footwear	47.305	49.760	48.124
0.4 Housing, water, electricity, gas and other fuels	298.854	299.591	301.205
Of which owner occupiers' housing costs	164.926	169.988	170.735
0.5 Furniture, household equipment and maintenance	50.426	47.963	46.864
0.6 Health	21.156	22.576	22.746
0.7 Transport	109.334	106.510	106.000
0.8 Communication	18.635	19.567	19.572
0.9 Recreation and culture	115.120	118.791	119.177
10. Education	23.980	24.904	25.496
11. Restaurants & hotels	117.126	110.633	109.535
12. Miscellaneous goods and services	75.137	79.941	80.176
Total	1000.000	1000.000	1000.000

Source: Consumer price inflation from the Office for National Statistics

Notes

- 1. A double weights update was introduced in 2017. The first update of weights covers the January period only. The second update covers the period February to December.
- 2. The rounding of higher-level weights to the nearest integer has been removed in 2024 weights. They are presented here to three decimal places.

The change when comparing the February 2025 update with the January 2025 update is mainly driven by any notable movement in price update factor (effectively a result of the price changes we see between December and January). Any change when comparing the January 2025 updated weights with last year's weights is because of changes in expenditure (comparing underlying expenditure used in this update with the expenditure used last year) and any notable movement in the price update factor.

Table 2: Consumer Price Index division level weights, 2024 to 2025

CPI Division	2024 February to December weight (ppt)	2025 Weight January update (ppt) [Note 2]	2025 February to December weight (ppt) [Note 2]
0.1 Food and non-alcoholic beverages	113.146	111.488	112.570
0.2 Alcoholic beverages and tobacco	39.150	37.845	38.579
0.3 Clothing and footwear	58.607	62.047	60.063
0.4 Housing, water, electricity, gas and other fuels	131.339	126.650	127.848
0.5 Furniture, household equipment and maintenance	62.474	59.805	58.490
0.6 Health	26.211	28.150	28.389
0.7 Transport	135.456	132.809	132.296
0.8 Communication	23.087	24.399	24.427
0.9 Recreation and culture	142.624	148.123	148.743
10. Education	29.709	31.054	31.821
11. Restaurants & hotels	145.109	137.950	136.709
12. Miscellaneous goods and services	93.088	99.680	100.066
Total	1000.000	1000.000	1000.000

Source: Consumer price inflation from the Office for National Statistics

Notes

- 1. A double weights update was introduced in 2017. The first update of weights covers the January period only. The second update covers the period February to December.
- 2. The rounding of higher-level weights to the nearest integer has been removed in 2024 weights. They are presented here to three decimal places.

Annex A in our <u>accompanying dataset</u> presents the more detailed weights for CPIH, CPI and the Retail Price Index (RPI). The most notable changes this year are explained in the following subsections, focusing on CPIH.

Division 7: Transport

This division has shown a fall in weight of 2.82 parts per thousand (ppt) when comparing the January 2025 weight with the weight used for February to December 2024. The largest contribution to the fall came from the COICOP5 for diesel (which has seen a fall in weight of 1.15 ppt) and petrol (which has seen a fall in weight of 1.50 ppt). Both saw falls in underlying expenditure of over 10%, which was offset by increases in the price update factor applied. These falls in weight were offset by smaller increases in other areas of the division.

Division 9: Recreation and culture

This division has seen an increase in weight of 3.67 ppt when comparing the January 2025 weight with the weight used for February to December 2024. This was driven by an increase of 1.43 ppt in the COICOP5 for participation in recreational events (caused by a 21.7% increase in underlying expenditure) coupled with an increase of 3.0% in the price update factor. It was also caused by the COICOP5 for package holidays, which saw a 2.85 ppt increase in weight compared with 2024. This was driven by an increase in underlying expenditure of 25.2%, offset by a 6.8% fall in price update ratio. This increase reflects the continued increase in holiday activity following the coronavirus (COVID-19) pandemic.

Division 11: Restaurants and hotels

Division 11 has seen a fall of 6.49 ppt when comparing the January 2025 weight with last year.

The COICOP5 for restaurants, cafes and dancing establishments fell by 3.53 ppt compared with the 2024 weight. There was a small increase in underlying expenditure, which was offset by a fall in price update factor. This meant the resultant expenditure used in the weights update was flat compared with 2024. For this reason, the fall was driven by a relative reallocation of weight caused by changes elsewhere in the basket.

Similarly, the COICOP5 for fast food fell by 1.26 ppt compared with 2024. With underlying expenditure flat, the fall was driven by weight changes elsewhere in the basket.

The COICOP5 for hotels and motels fell by 1.73 ppt compared with the 2024 weight. The underlying expenditure was relatively flat when compared with last year, however, there was a fall in price update factor which contributed to the decrease in the 2025 weight.

Division 11 saw a further fall of 1.10 ppt in the second update of weights. This was mainly driven by a seasonal fall in price for hotels and motels between December and January.

Division 12: Miscellaneous goods and services

This division has increased in weight by 4.80 ppt when comparing the January 2025 weight with the weight used for February to December 2024. The change in weight is caused by small movements across the division but notably:

- the COICOP5 for articles for personal hygiene increased by 0.97 ppt, which was driven by a 22.4% increase in underlying expenditure and offset by a fall in price update factor of 8.5%
- there was an increase of 2.07 ppt in the COICOP5 for childcare services, which was driven solely by an increase in the underlying expenditure used in the weights update with the price ratio flat.

4. Consumer price inflation weights data

Consumer price inflation, updating weights: Annex A, Tables W1 to W3

Dataset | Released 18 March 2025

The latest annual update of consumer price inflation weights.

5. Data sources and quality

The update of consumer price inflation weights is predominantly based on national accounts Household Final Consumption Expenditure (HHFCE) data at a two-year lag, as discussed in our Consumer trends user guide. In normal times, these are deemed to be representative of household spending patterns of the calendar year "t-1" (the previous calendar year to which the weights take effect). This means that for the latest set of consumer inflation weights, we are using 2023 expenditure (known as the weights reference period) consistent with the latest <u>published national accounts</u>, which represents the most complete and comprehensive set of household spending data available to us. Full details are available in <u>Section 8 of our technical manual</u>.

Once we have our expenditure data, we then apply a process known as "price updating". We apply this price update process for methodological reasons. The Consumer Prices Index including owner occupiers' housing costs (CPIH) and the Consumer Prices Index (CPI) are Laspeyres-type price indices, or more specifically 'Lowe' price indices (see Section 3.3 of our technical manual for more details). To achieve a Lowe price index, the weights reference period (the period which our expenditure data represent) should be the same as the price reference period (the period to which we compare our monthly prices). Whatever source is used for expenditure weights, given the delays in collecting and processing these data, the weight reference period will always predate the price reference period, noting that CPIH and CPI use a "double update" methodology introduced in our Assessing the Impact of methodological improvements on the Consumer Prices Index methodology from 2017.

To bring our expenditure in line with the price reference period, it is adjusted for any price change over the interval between the weights reference period and the price reference period. In other words, the expenditure is revalued at price reference period prices to align with a Laspeyres-type methodology. In the case of 2025 CPI and CPIH weights, this means we apply a factor to the underlying expenditure based on the change in price between December 2024 and the average of 2023 for the initial weights update. The second update moves the price change to reference January 2025 prices. This price updating is applied at the lowest level, so at the five-digit classification of individual consumption by purpose (COICOP) level. Our approach is consistent with international guidance, as outlined in Eurostat's Harmonised Index of Consumer Prices (HICP) methodological manual (PDF, 10.6MB), which underpinned the development of CPI.

Therefore, any significant change in price between weights updates will most likely lead to a subsequent change in weight.

6. Future developments

The all-items Consumer Prices Index (CPI) and Consumer Prices Index including owner occupiers' housing costs (CPIH) series incorporate price information from a wide range of goods and services. From March 2025 onwards, the process for aggregating this detailed information has changed, as a necessary step towards incorporating larger and more granular datasets into CPI. Goods and services are allocated into "consumption segments" for different categories of expenditure. In some cases, we have currently defined these consumption segments to correspond to one "item" for which the Office for National Statistics (ONS) tracks prices over time. In cases where more comprehensive source data are available, or expected to be available in the future, a consumption segment will typically include much more than just one item. However, for simplicity we continue to refer to "items" in the publication and detailed briefing note. More detailed methods information is available in our technical manual.

7. Related links

Consumer price inflation, updating weights: 2024

Article | Released 11 March 2024

Consumer Prices Index including owner occupiers' housing costs (CPIH), overview of the latest annual update of weights.

Consumer price inflation basket of goods and services: 2024

Article | Released 11 March

The "shopping baskets" of items used in compiling the various measures of consumer price inflation are reviewed annually. The items in the baskets change so that the measures are up to date and representative of consumer spending patterns.

Consumer price inflation basket of goods and services: 2022

Article | Released 14 March 2022

The "shopping baskets" of items used in compiling the various measures of consumer price inflation are reviewed annually. The items in the baskets change so that the measures are up to date and representative of consumer spending patterns.

Consumer price inflation, updating weights: 2021

Article | Released 15 March 2021

An overview of the latest annual update of Consumer Prices Index including owner occupiers' housing costs (CPIH) weights.

Coronavirus (COVID-19) and Consumer Price Inflation weights and prices: 2021

Article | Released 11 February 2021

This article describes our approach to calculating weights and collecting reference prices for 2021 in the context of the coronavirus (COVID-19) pandemic.

Consumer price inflation, updating weights: 2022

Article | Released 14 March 2022

An overview of the latest annual update of Consumer Prices Index including owner occupiers' housing costs (CPIH) weights.

8. Cite this article

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