

For immediate release – Weds 19 October 2022

Paul Allin, Honorary Officer for National Statistics at the Royal Statistical Society, said:

“While today’s CPI figure gives some indication of the cost-of-living crisis, it does not give the full picture on the impact the crisis is having on households.

“With interest rates rising fast, the exclusion of mortgage interest payments from CPI means the expected increase in housing costs, which many will see over the next few years will not be reflected in the figures. It also excludes other interest payments, as well as giving more weight to richer households, underweighting insurance premiums and excluding council tax.

“We need faster development of the Household Costs Indices which are designed for measuring inflation as different households actually experience it.”

Notes to editors:

- CPI, which is the EU Harmonised Indicator of Consumer Prices (HICP) for the UK, was designed expressly for purposes such as inflation rate targeting and not for uprating or measuring price pressures on housing. It does not include owner occupier housing costs.
- CPIH, the ONS’s preferred measure, is CPI plus Council Tax and a measure of owner occupier housing costs. However this last is based on the “rental equivalence” method (effectively an estimate of the rent owner occupiers pay to themselves) so does not track the mortgage market or house prices.
- RPI does include mortgage interest payments (but not other interest payments), insurance premiums at full weight and council tax. However, it has technical problems which have resulted in it no longer having national statistics status and the ONS discourages its use. In addition, it does not aim to give all households equal weight although it does exclude the top 4% of households by income and pensioners mainly dependent on state benefits.
- Household Costs Indices (HCIs) are under development by the ONS. They are designed to fill the gap by providing a measure of inflation as close as practical to how households actually experience it. Importantly unlike the other indices they aim to give each household equal weight and includes all interest payments including mortgage interest. They give full weight to insurance premiums and include council tax. In addition to an overall index they are being developed for different household groups such as income deciles, working age vs retired households etc. The [latest published figures](#) refer to December last year but from some point next year ONS aim to publish them quarterly.
- For more information see: https://rss.org.uk/RSS/media/File-library/Policy/2022/A_Consumer_Price_Index_Designed_Specifically_to_Measure_Inflation_as_Experienced_by_Private_Households_18-10-22.pdf?ext=.pdf
- 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://rss.org.uk)