

# Household Costs Indices: February 2024 update

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# Questions for APCP-S

Members of the Stakeholder Advisory Panel for Consumer Prices are asked to: -

1. Note the publication update
2. Note the impact of private rental and used car transformation on the HCIs
3. Discuss the historical impacts in the context of the HCI revisions policy

# Publication update

# Publication update

- Next publication: Monday 26 February 2024
- Publication tables will be expanded to include all-household data (Tables 22 to 25) and CPI reconciliation by income decile (Table 27)
- New private rental and used car indices will be introduced with the May (Q1) publication

# HICs: impact of private rents and used cars

# Background

Details of the private rentals (PIPR) and used car transformation have previously been shared with APCP-S

Previous impact analysis has shown the historical impact of including the new data and methods on CPIH and CPI

This presentation shows the impact across the range of HCI subgroups

# Summary of impacts

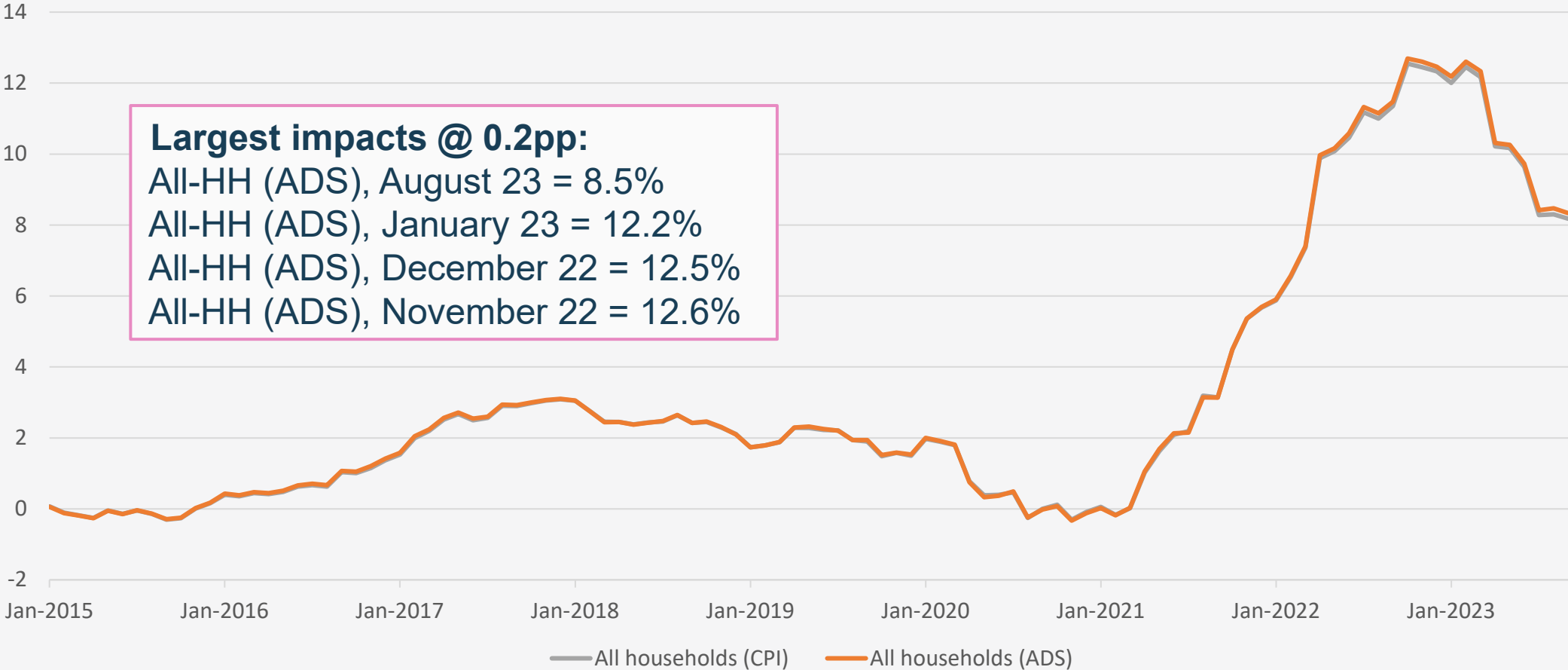
The private renter series is impacted the most, with 70 out of 77 impacts in an upward direction. The largest impact is +0.7 percentage points (pp).

The all-households annual inflation rate is increased by up to 0.2pp in 31 months, with decreases in a further 5 months.

The annual rate for non-retired households is impacted more than retired households, with 45 months impacted, compared with 18 for retired households.

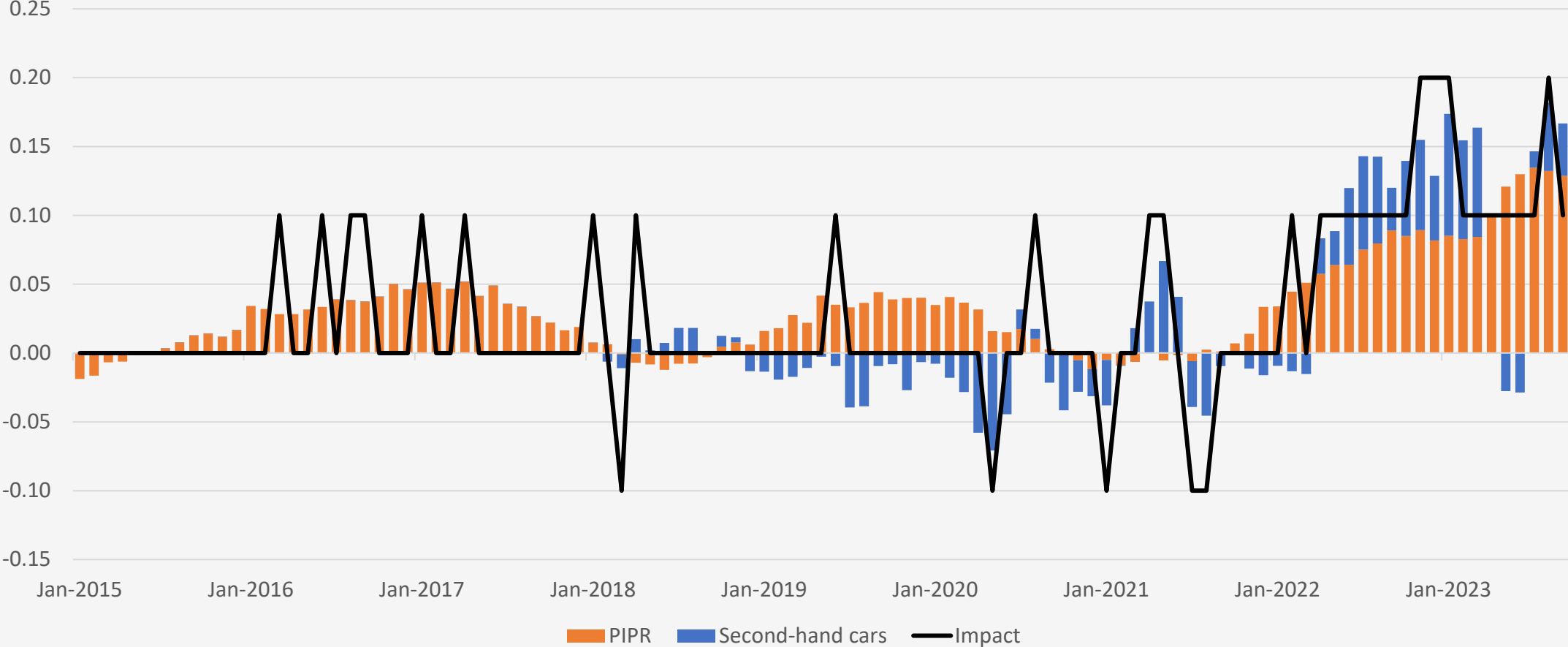
For other breakdowns, impacts are fairly evenly distributed across subgroups at 0.1 and 0.2 percentage points.

# All-households impact (annual % change)

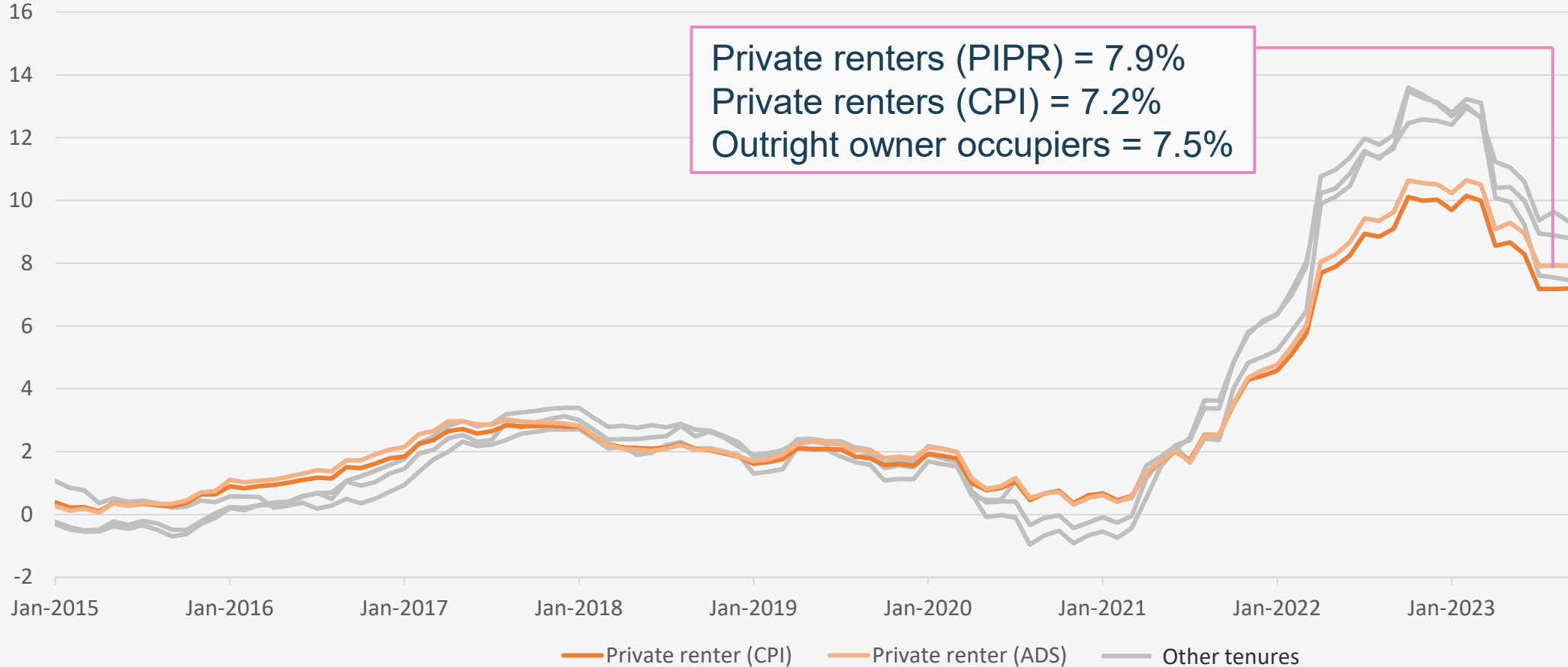




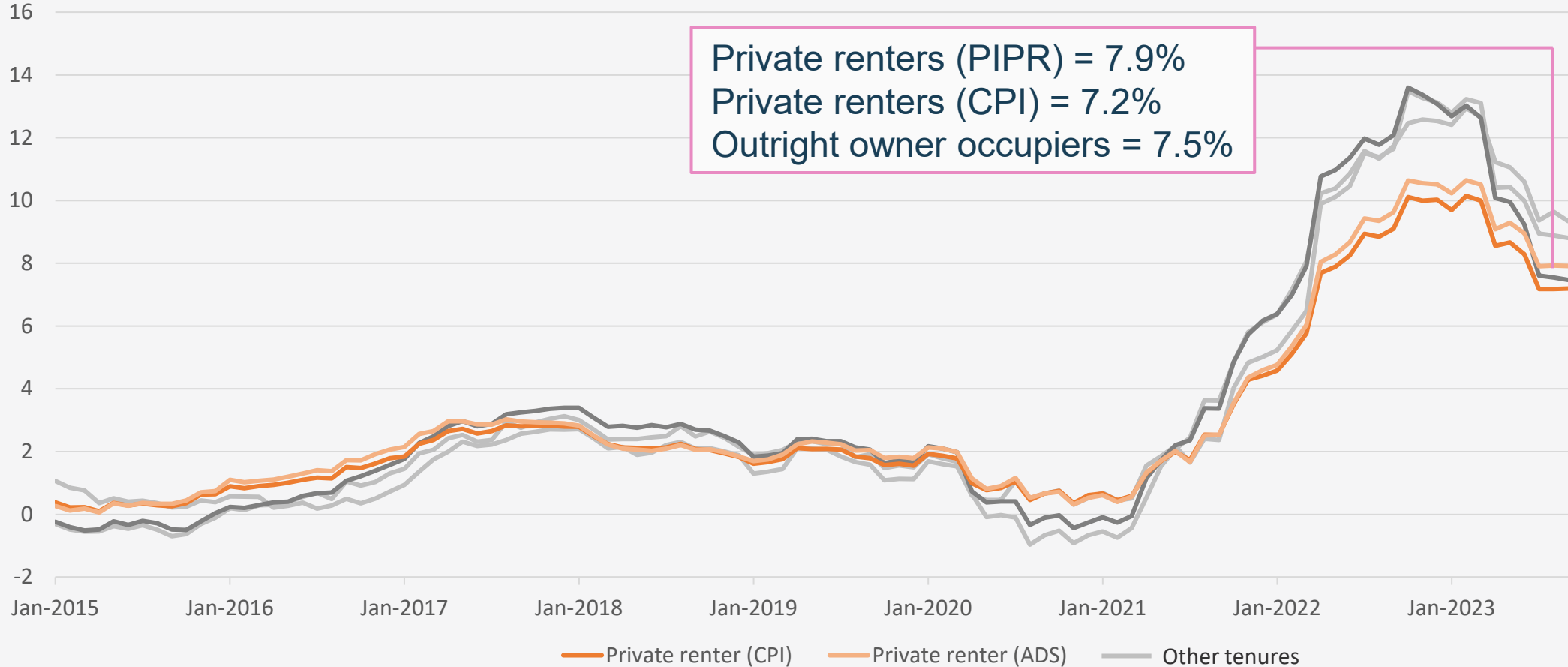
# All-households impact (percentage point)



# Impact by tenure type (annual % change)

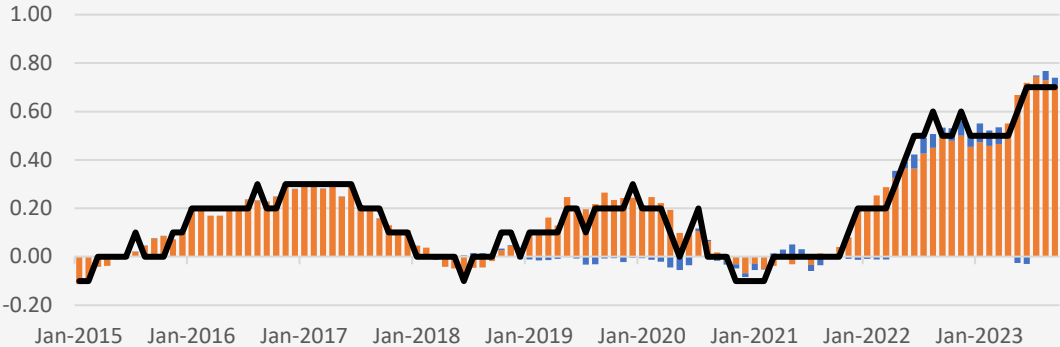


# Impact by tenure type (annual % change)

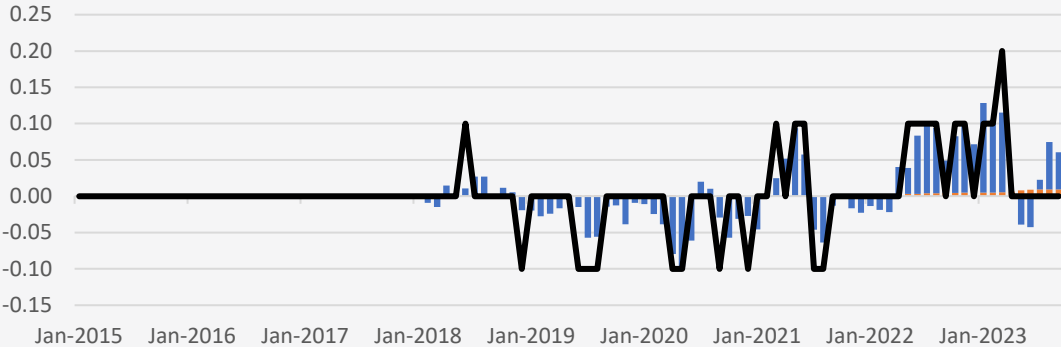


# Impacts on the annual rate by tenure type

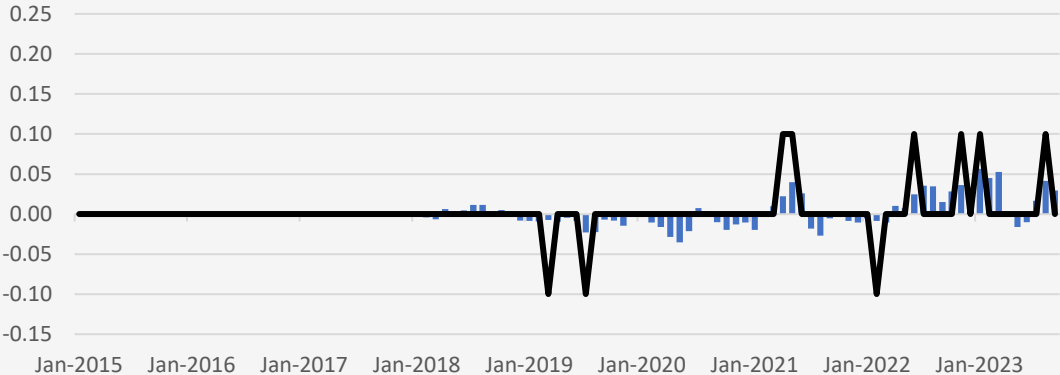
Private renter



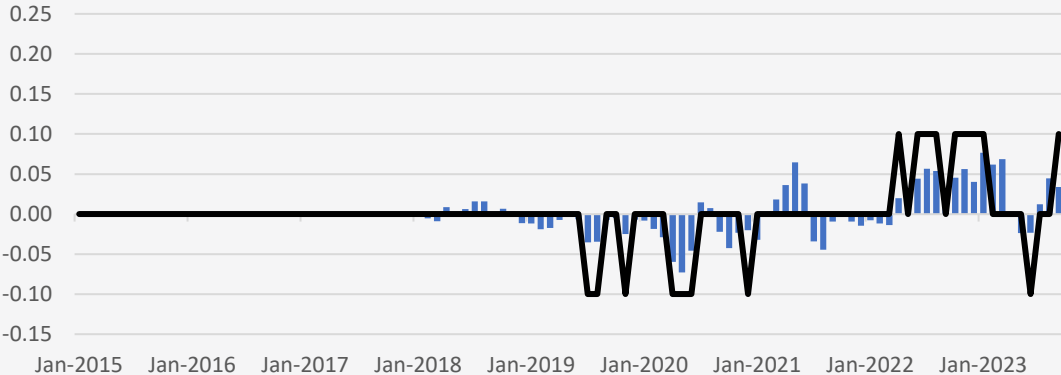
Mortgagor and other owner occupier



Social and other renter



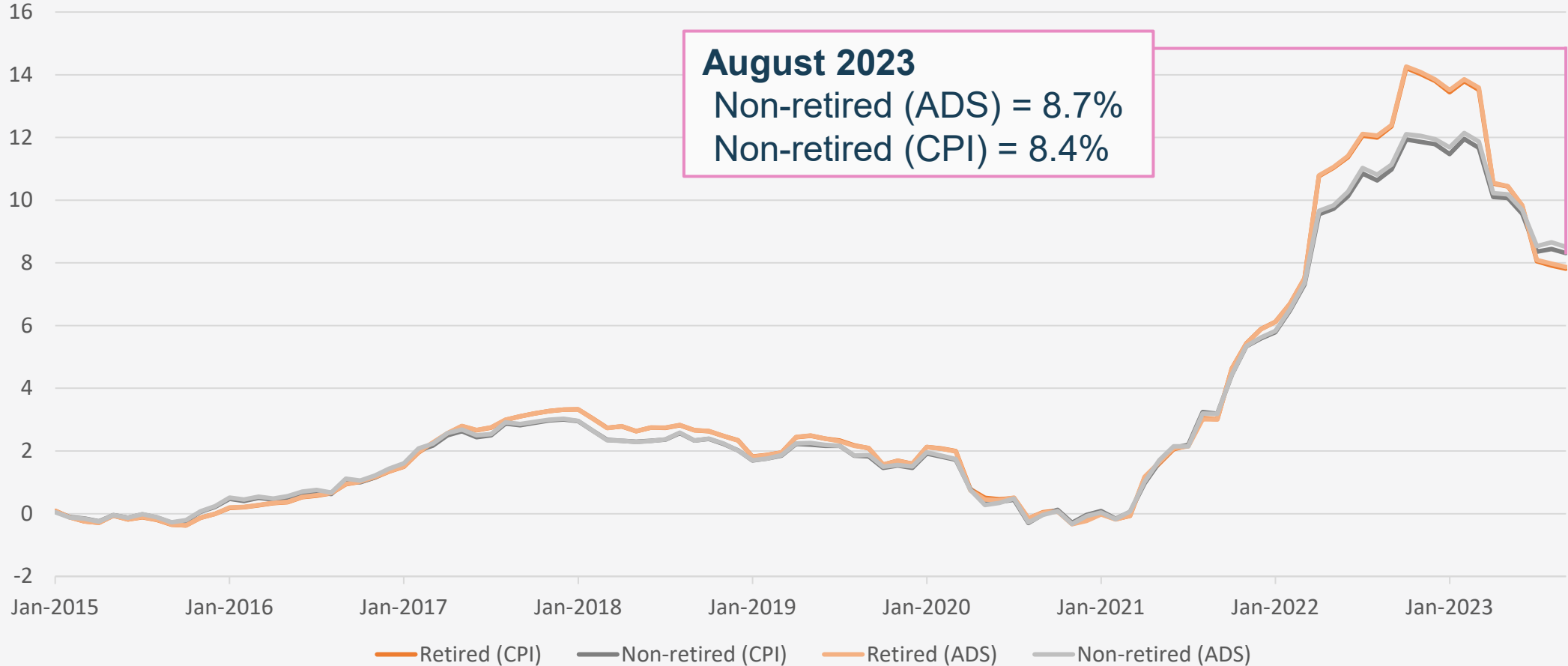
Outright owner occupier



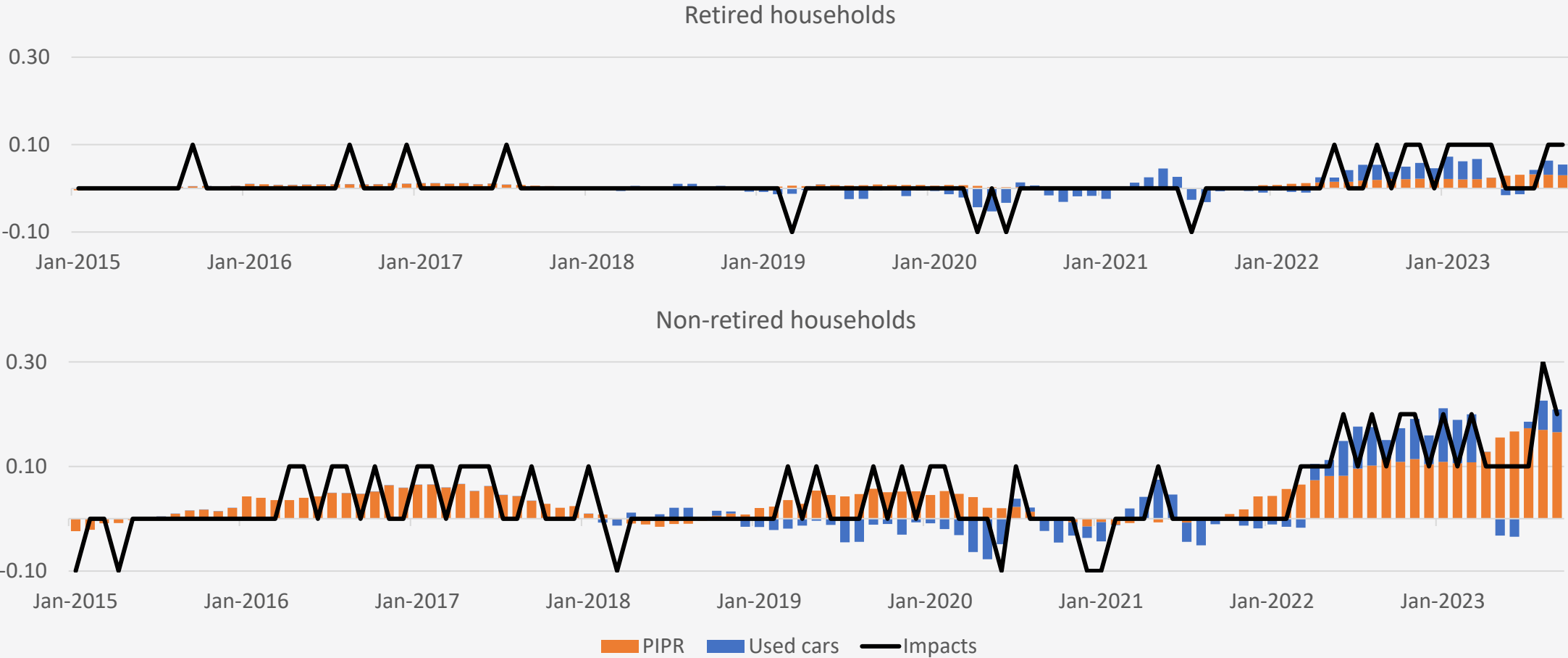
PIPR Used cars Impacts

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# Impact by retirement status (annual % change)



# Impacts on the annual rate by retirement status



# Weights of transformed components

	Actual rentals weight				Second-hand cars weight			
	HICs	CPI	CPIH	RPI	HICs	CPI	CPIH	RPI
2018	8.9%	8.6%	6.9%	7.6%	1.3%	1.8%	1.4%	2.8%
2019	8.9%	8.5%	6.9%	7.7%	1.4%	1.7%	1.4%	2.7%
2020	9.1%	8.4%	6.8%	8.2%	1.4%	1.7%	1.4%	2.0%
2021	9.6%	9.4%	7.4%	7.9%	1.2%	1.6%	1.2%	3.0%
2022	9.1%	8.7%	6.9%	8.4%	1.8%	2.5%	2.0%	3.4%
2023	8.9%	7.9%	6.4%	8.0%	1.8%	2.5%	2.1%	3.2%

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2021	9.6%	9.4%	7.4%	7.9%	1.2%	1.6%	1.2%	3.0%
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# HCI revisions policy

# Revisions policy for Household Costs Indices

We will not routinely revise published estimates

However, while the HCIs are official statistics in development, we may make occasional revisions:

- to incorporate major methodological developments, or
- for other special cases

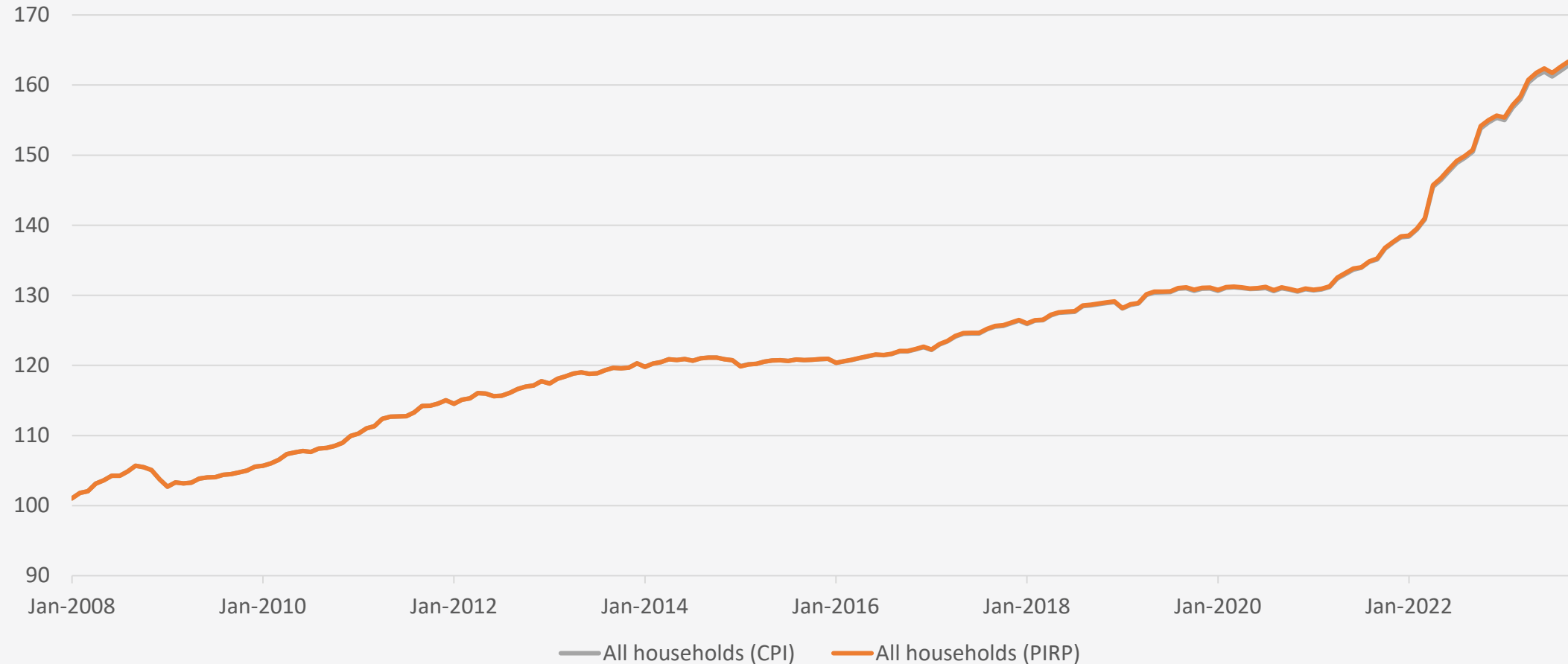
# Considerations for HCIs revisions

Reasons for revising	Reasons against revising
Utilises best data and methods for used cars and private rentals	Inconsistent with published consumer prices estimates – CPIH, CPI and RPI will not be revised
Reliability of the private renter subgroup dependent on the private rental data	Inconsistent with (intention of) published HCI revisions policy
	Inconsistent treatment of rail fares / precedents for future transformation

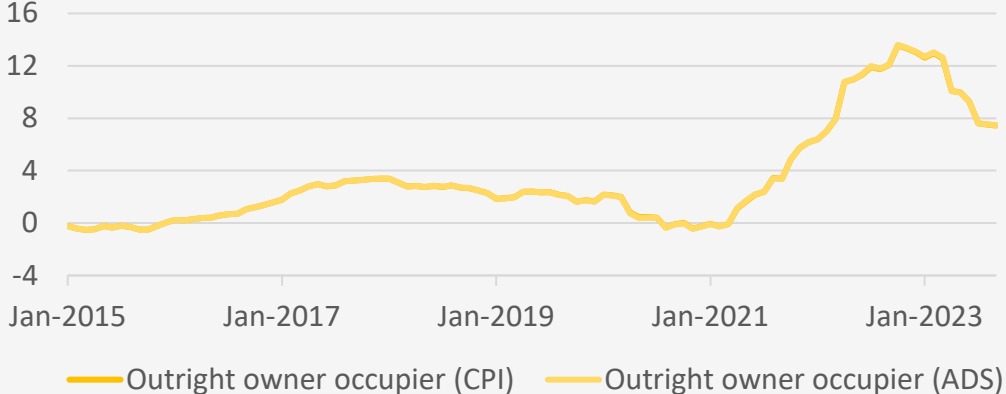
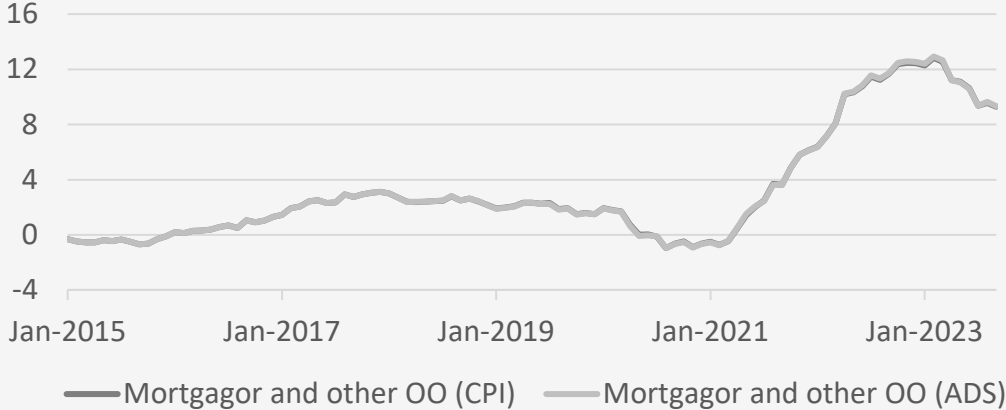
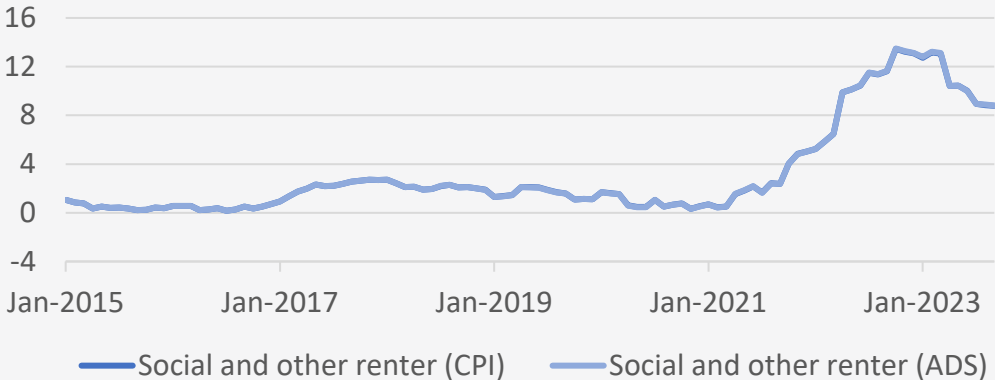
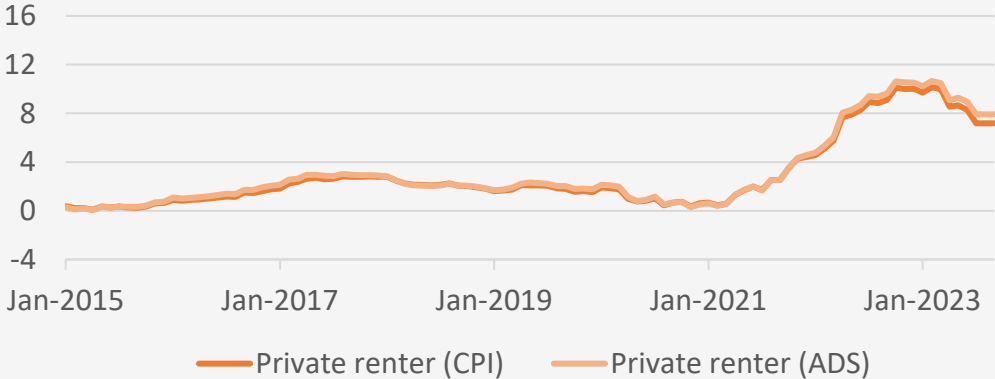
# ANNEX

Further charts

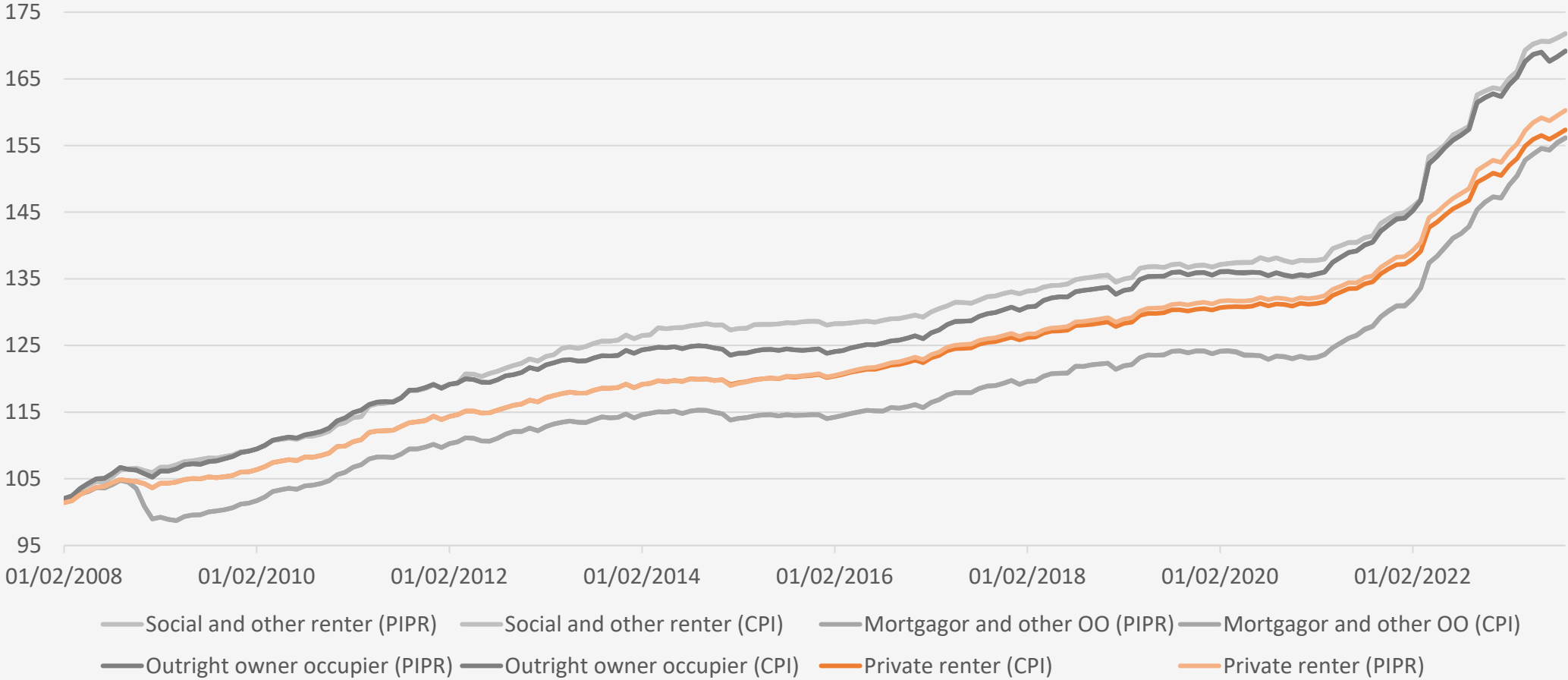
# All-households impact (index, 2007=100)



# Impact by tenure (annual % change)

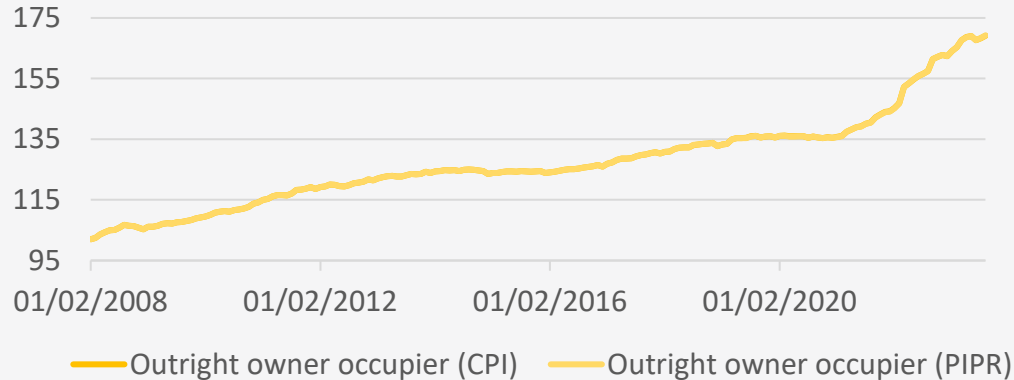
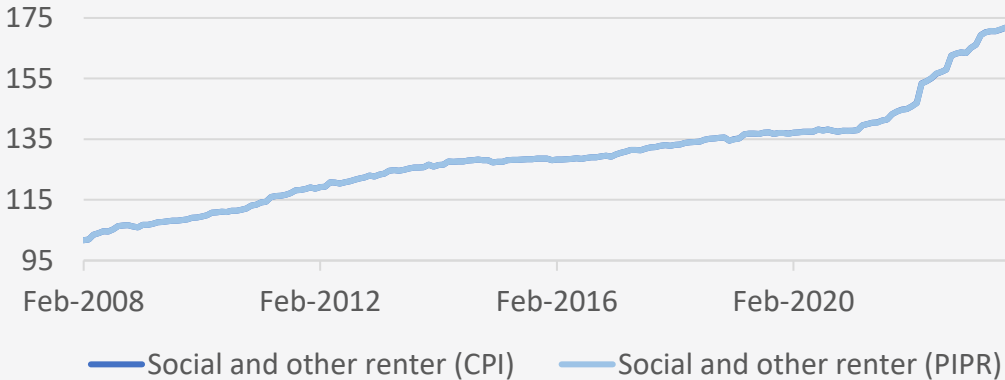
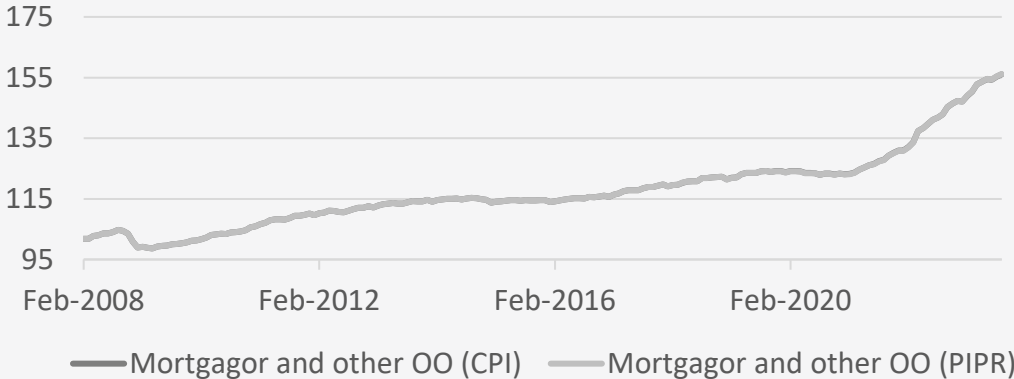
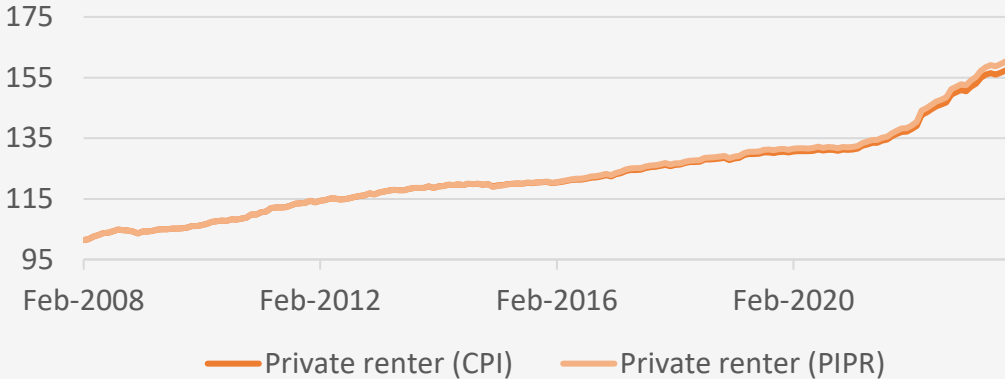


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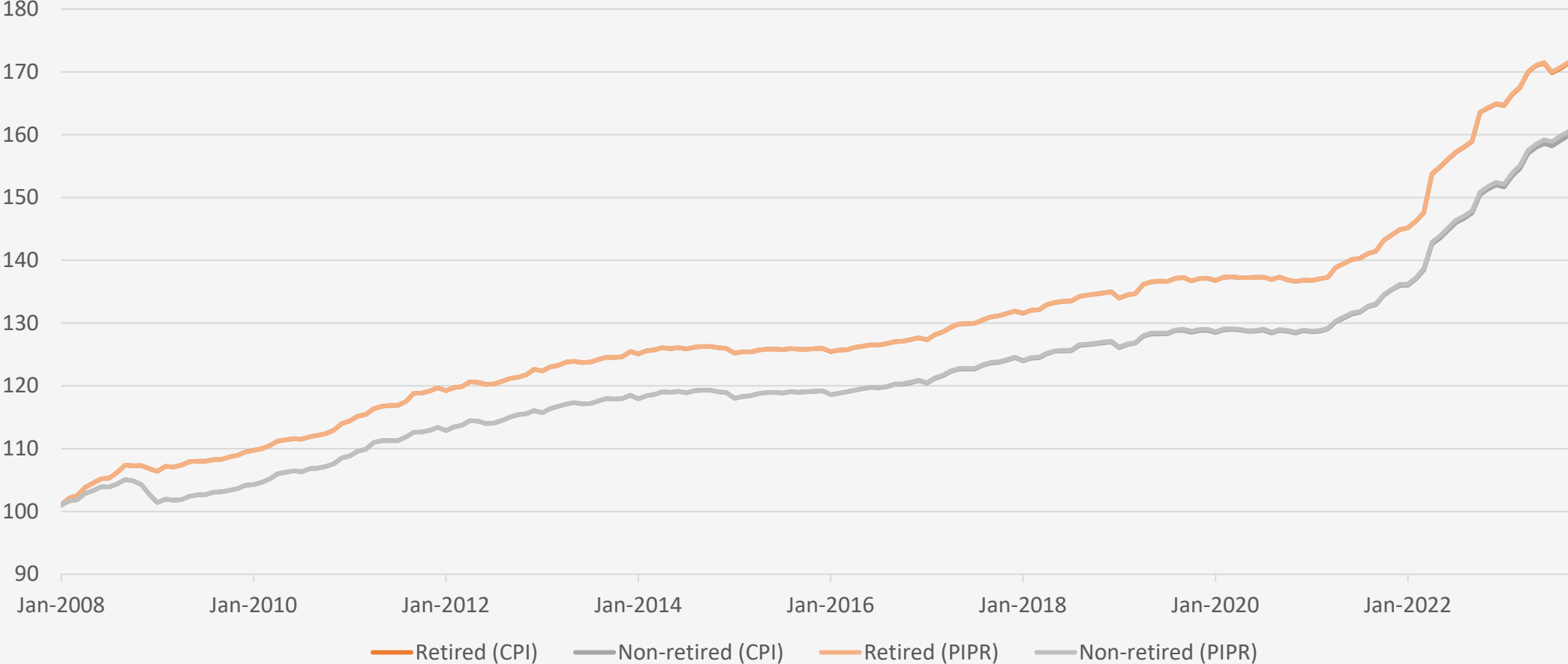




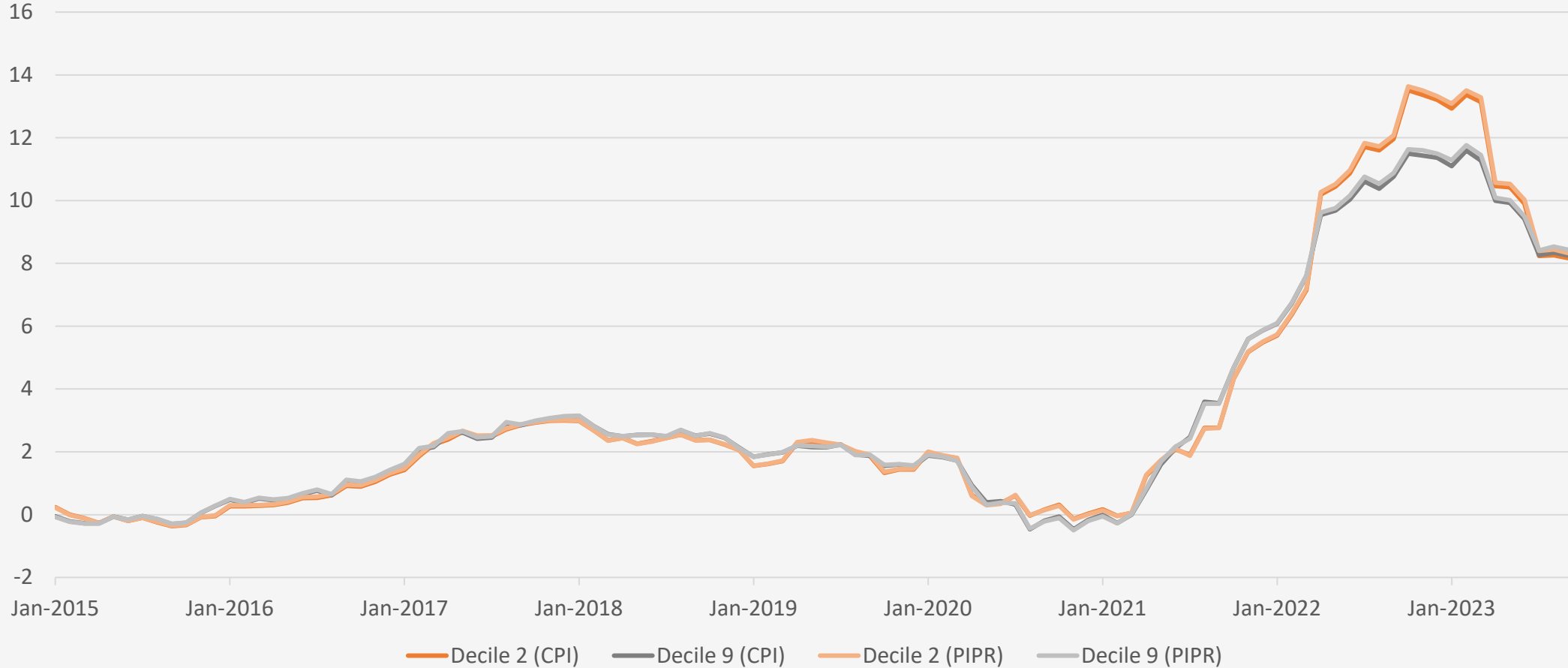
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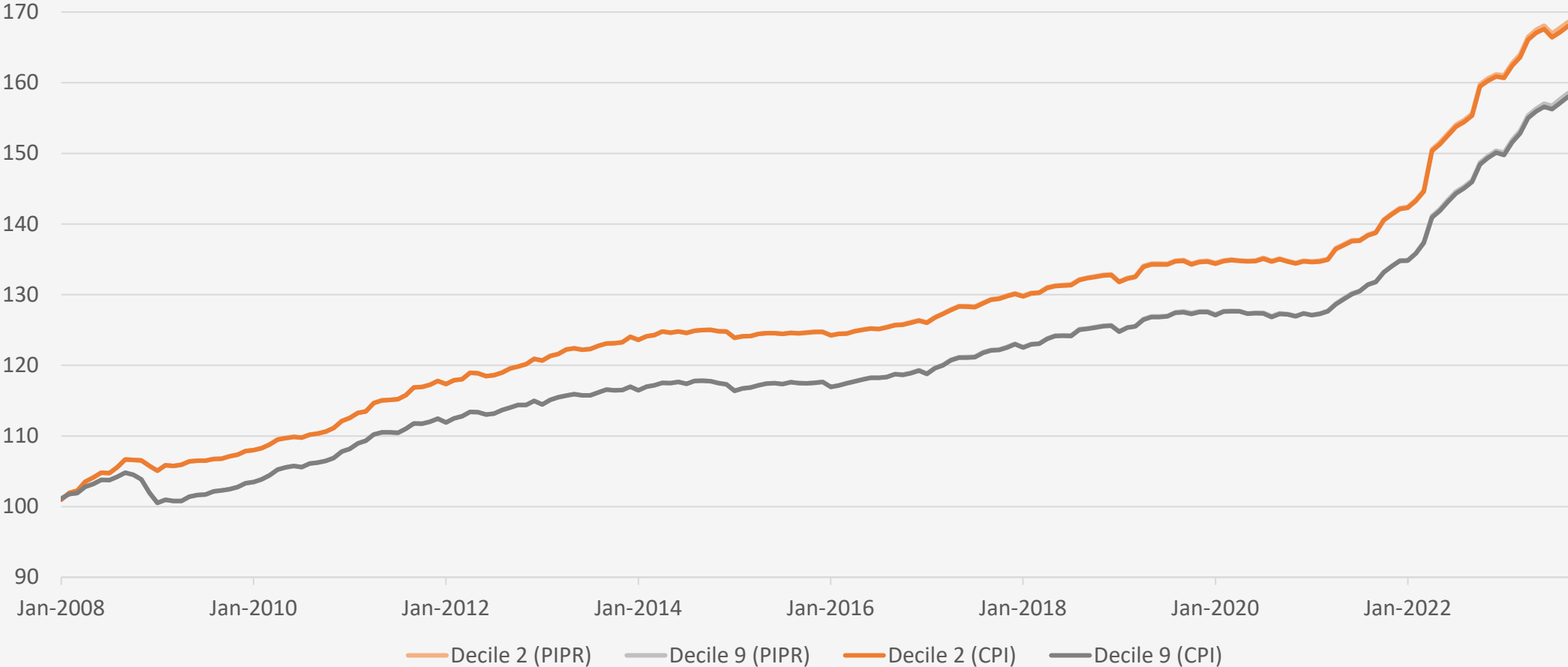
# Impact by retirement status (index, 2007=100)



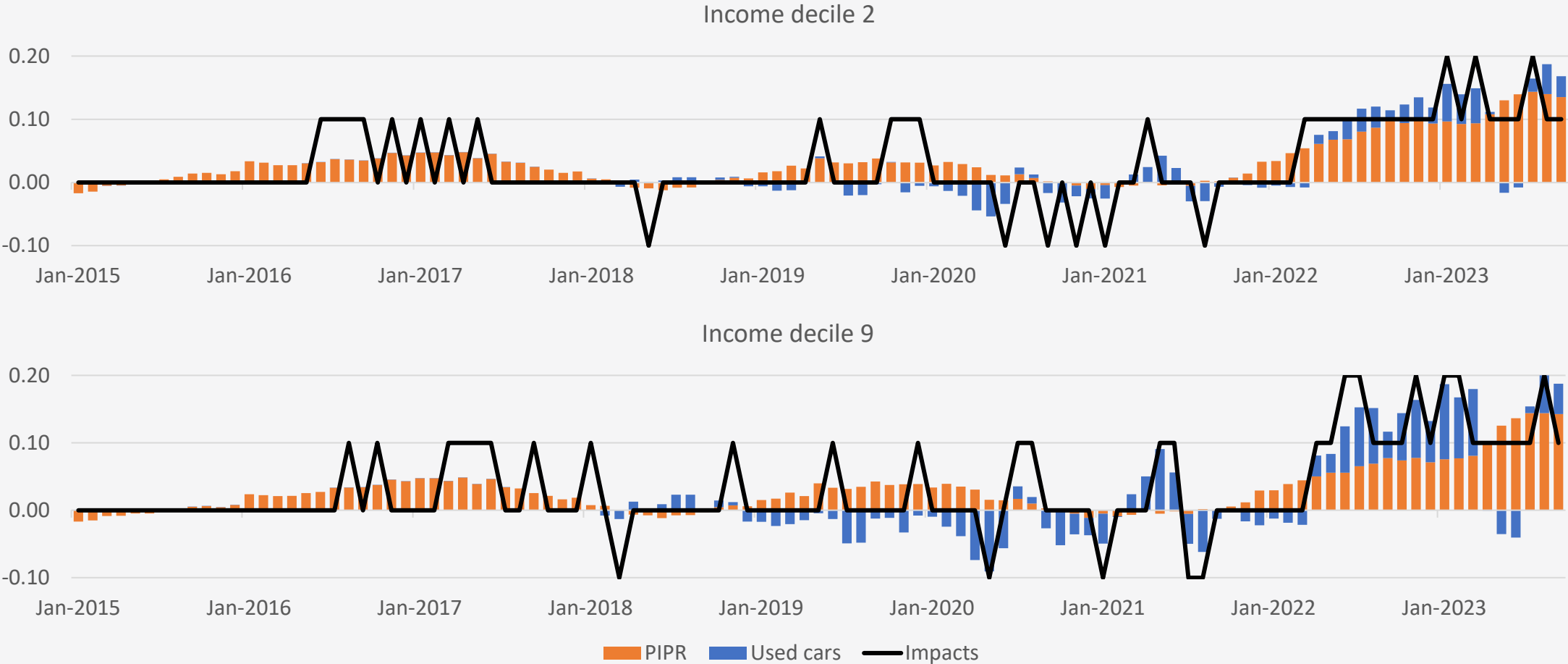
# Impact by income (annual % change)



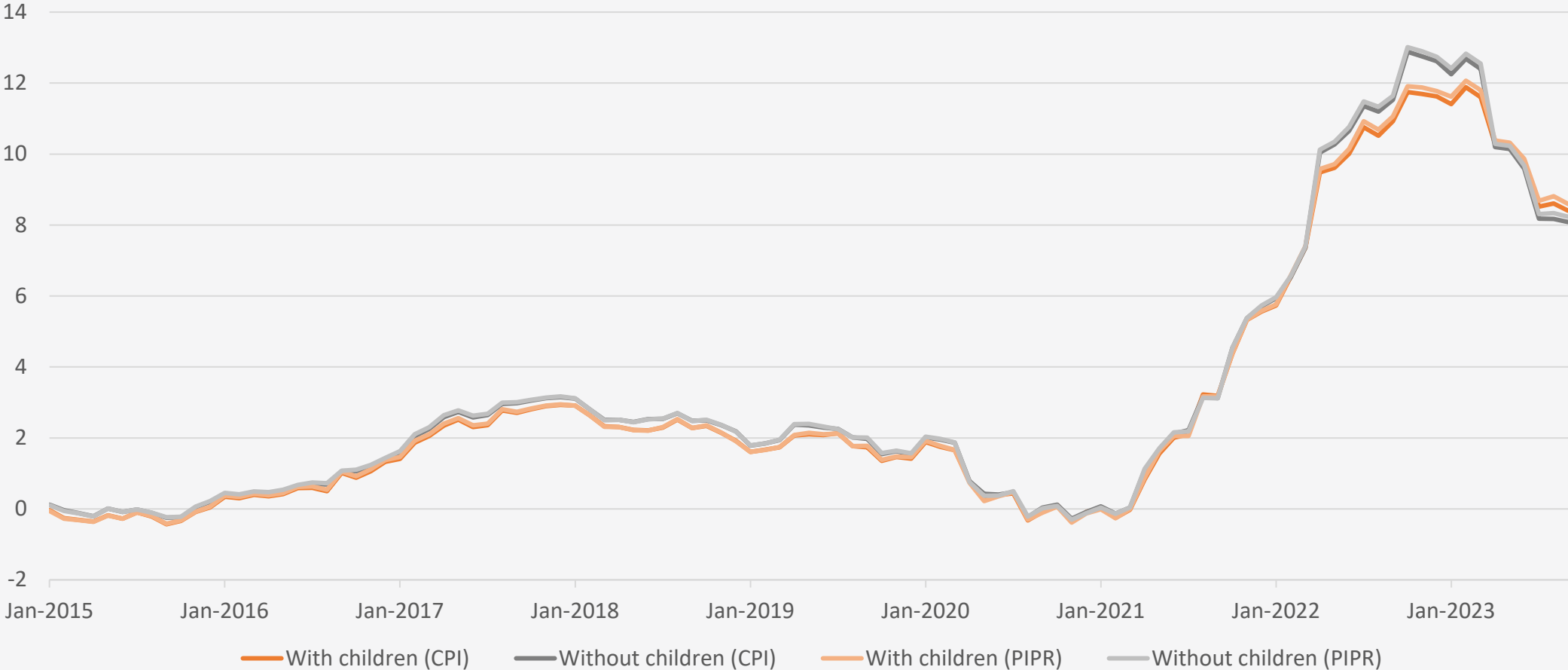
# Impact by income (index, 2015=100)



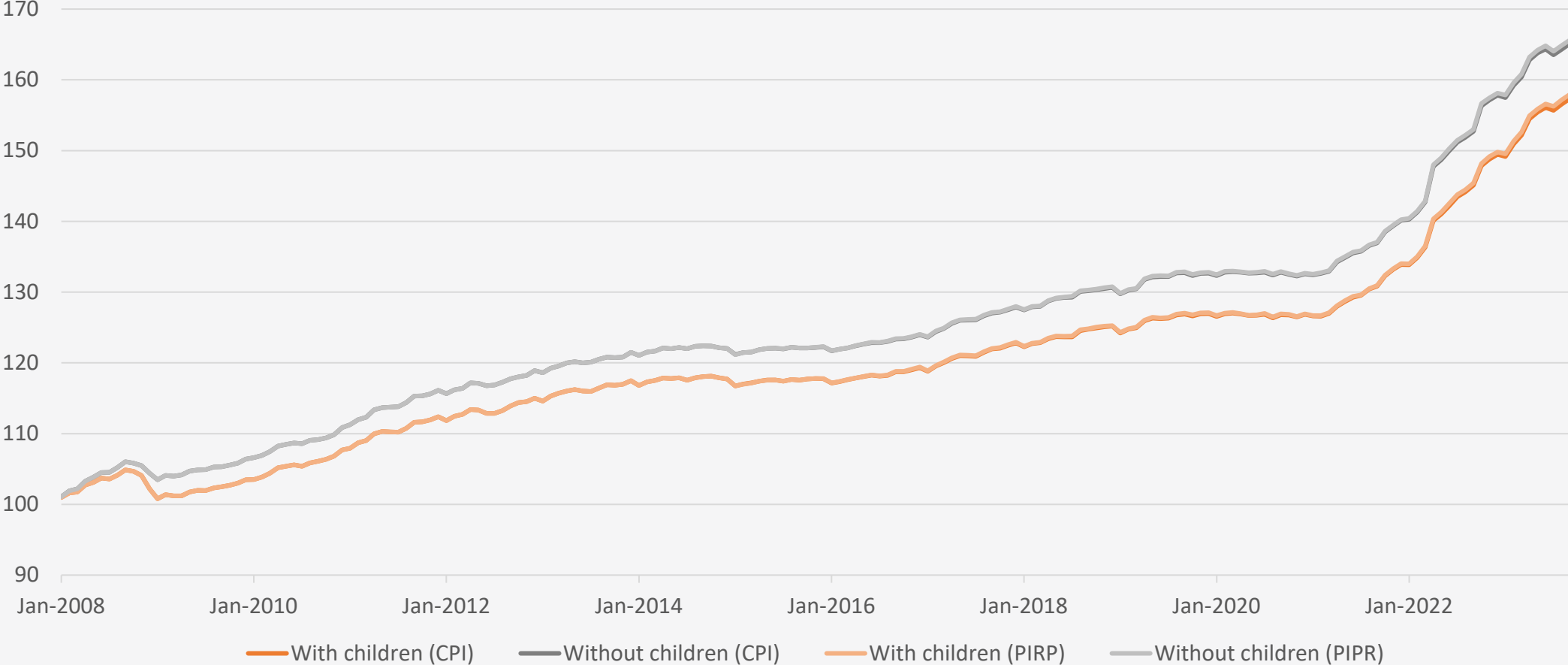
# Impacts by income decile (pp)



# Impact by HH composition (annual % change)



# Impact by HH composition (index, 2007=100)



# Impacts by household composition (pp)

