Article

The cost of living, current and upcoming work: June 2022

A summary of ONS' current and future analytical work related to the cost of living.

Contact:
Tess Carter
coordination@ons.gov.uk
+44 1633 851812

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1 . Overview of the cost of living

Since our last update, UK inflation has continued to rise, reaching a 40-year high in April 2022. The continuing challenge surrounding higher fuel and food costs has seen our Consumer Prices Index (CPI) rise by 9.0% in the 12 months to April 2022, up from 7.0% in March. It has also seen our Consumer Prices Index including owner occupiers' housing costs (CPIH) rise by 7.8% in the 12 months to April, up from 6.2% in March. More information on theses figures can be found in our Consumer price inflation, UK: April 2022 bulletin.

In March, we published The cost of living, current and upcoming work: March 2022 article, which provided a first look at our upcoming work related to the cost of living. This article provides an update, outlining the progress we've made, as well as our upcoming and new analytical work.

2 . Our current position

Since the March publication, we have published our Household Costs Indices, UK: fourth preliminary estimates, 2005 to 2021 bulletin, providing insight into the impact of inflation on different household groups. We restarted regularly publishing our CPIH-consistent inflation rate estimates for UK household groups: October to December 2021 article, covering subgroup estimates on a CPIH consistent basis. This follows the publication of our CPI-consistent inflation rate estimates for UK households: 2005 to 2021 article in January 2022.

We published the annual update to our Consumer price inflation basket of goods and services: 2022 article and the updated weights for 2022.This provided the most up-to-date measures that are representative of consumer spending patterns.

We published analysis exploring recent drivers of UK consumer price inflation for parts of the CPIH basket, such as food, non-alcoholic beverages and transport. The analysis aimed to improve our understanding of the role of pass through from Producer Price Indices (PPI), as well as other economic factors, such as supply chain issues, staff shortages, cost pressures in specific sectors, and rising wages.

As part of consumer prices transformation, we have been developing web-scraping capabilities. This has allowed us to use web-scraped supermarket data alongside new and experimental methods to capture price changes of everyday grocery items in our Tracking the price of the lowest-cost grocery items, UK, experimental analysis: April 2021 to April 2022 article. Over the year to April 2022, online grocery price quotes were collected from seven major supermarket retailers' websites. Prices were assessed for 30 everyday food and drink items, covering fresh fruit and vegetables, cupboard staples, chilled products, as well as meat and fish.

We released our Personal inflation calculator to assist in understanding how the rise in inflation affects individuals' expenditure by providing customised information across a number of categories.

We published analysis from the Opinions and Lifestyle Survey (OPN) in The rising cost of living and its impact on individuals in Great Britain: November 2021 to March 2022 article. We also published additional analysis in our Impact of increased cost of living on adults across Great Britain: November 2021 to March 2022 article.

We also published our Recent challenges faced by food and drink businesses and their impact on prices article. This identified how supply chain challenges, increasing costs, and labour shortages have all played a part in increasing the UK's food and beverage prices.

We published our Income, spending and wealth calculator, providing insight into groups that are financially vulnerable with breakdowns available by income, region and household type.

We released our Average household income, UK: financial year ending 2021 bulletin and our Household income inequality, UK: financial year ending 2021 bulletin. Using the Household Finances Survey, they provide a detailed breakdown of disposable income components. A range of income inequality metrics are reported, dating back to 1977, providing both valuable historical insight and a means to monitor the broader impact of changes in the cost of living and/or interventional policies.

We published our annual UK Environmental Accounts: 2022 bulletin, which include energy and fuel use data for 2020. This includes datasets relating to energy, including our Energy use: by industry, source and fuel dataset.

Today we published our Worries about the rising costs of living, Great Britain: April to May 2022 article, which looks into levels of worry around the recent cost of living increase by different groups of the population.

3 . Upcoming work

To accompany the release of May inflation figures, we will publish a synthesis article on 22 June 2022 that brings together and updates evidence from multiple analyses published so far. This will provide a comprehensive and accessible overview of the latest trends in prices and their impact on consumers and businesses.

Prices transformation: using transaction, scanner and administrative data

We plan to use data from Auto Trader on second-hand car prices and information from the Rail Delivery Group on rail ticket sales. These data will increase the number of price points we use on second-hand cars from around 35 popular car models at three different ages to around 400,000 car listing prices. It will also increase the number of rail fare price points to 30 million from an aggregated single annual estimate produced by the Office of Rail and Road.

These data will provide insights into the reasons behind changing prices and the potential to better understand trends (for example, by region for rail fares, or by fuel type for cars). We will publish research using these sources on 28 June 2022 and experimental statistics in November 2022, ahead of including these data in headline consumer price statistics from 2023.

We are continuing to transform the way we measure prices to understand people's spending patterns in a more detailed and timely manner. The work we are undertaking with car and rail price data shows the progress we have made. We continue to work with supermarkets to the increase in the number of price points that contribute to the consumer price inflation basket of goods and services from 180,000 to the hundreds of millions. We will release research using this information in June 2023 and bring these data into our headline inflation numbers in just under two years.

We have published a more detailed plan in our recent Transformation of consumer price statistics: April 2022 article.

Real-time indicators

We have replaced our fortnightly Coronavirus and the social impacts on Great Britain bulletin with our fortnightly Public opinions and social trends, Great Britain (POST) bulletin. This provides social insights on daily life and events, including impacts on health and well-being, the cost of living, and goods shortages from the Opinions and Lifestyle Survey (OPN).

Specifically, this series includes estimates of the proportion of adults in Great Britain reporting an increase to their cost of living. It provides further estimates of the cause of the increase (for example, energy, food or fuel costs) and any actions they are taking to reduce the costs and their levels of worry about the rising costs. We also collect data on the proportion of people struggling with their rent, mortgage, and energy bills or using more credit than usual.

Our fortnightly Business insights and impacts on the UK economy (BICS) bulletin continues to provide rapid analysis on business turnover, workforce, prices and supply chain disruption. Using data from BICS, we have focused analysis on prices bought and sold by businesses, comparing estimates over time and how this differs by industry and business size.

Going forward, we will continue to monitor how businesses have been affected by recent increases in prices (for example, if they had to change suppliers, discontinue lines of sales, or make redundancies). We plan to continue our estimates on the impact of increasing gas and energy prices on production and/or suppliers.

We continue to use financial transaction data on card transactions, direct debit and bank transfers to analyse how consumer behaviours and business payments may be changing in response to rising prices and the potential impact on the economy. As these data are supplied and owned by private sector organisations, in many cases they may not be made publicly available. However, we will look to publish where appropriate.

Income, spending and wealth

Our statistics on income and wealth are critical to understanding their impact on household finances. Our main source of information on household incomes is the Household Finances Survey (HFS). As well as providing incredibly detailed information on how much households earn and receive in benefits, this source also asks what households spend their money on. This allows us to estimate how their cost of living might have changed. We have a collaborative cross-GSS plan to strengthen income and earnings statistics.

Using the HFS, we will be publishing analysis on the redistributive role of taxes and benefits on income and income inequality for the financial year ending (FYE) 2021 on 22 July 2022.

We are investigating the feasibility of more timely data from the HFS survey, which is currently available on an annual basis. This will start with an initial focus on questions of affordability and the cost of living from the Survey of Living Conditions. We will look to provide insights from quarterly HFS data from April 2021 onwards, as datasets become available.

Our Family Spending in the UK bulletin uses the Living Costs and Food Survey to report on spending and consumption by households across the UK. The datasets have extensive breakdowns of spending and provide insights into differences in region, age, household composition, employment status, and more. Our Family spending in the UK: April 2020 to March 2021 bulletin, which will be published 18 July 2022, will look at FYE 2021, providing insight on how consumption and spending changed during the coronavirus (COVID-19) pandemic.

We will use household income data collected by the HFS alongside house price data to create measures of Housing Purchase Affordability across Great Britain on the 20 June. The upcoming analysis will provide insights across a wide range of house prices and household incomes at a country and regional level.

Energy

We continue to monitor seven-day rolling average for the wholesale gas price using the National Grid's system average price in our weekly Faster Indicators publication.

We are in discussions with other government departments and energy market insight specialists to establish data feeds for us to monitor both supply and demand, including potential data from smart meters.

As outlined above, data collected from the OPN and BICS will continue to provide us with insights into how rising energy prices affect businesses and individuals, and changes they are making to adapt to the new costs.

We publish our Energy efficiency of housing in England and Wales article on an annual basis, using Energy Performance Certificates (EPCs). Through the Integrated Data Service and other platforms, we are looking to further develop insights around energy and housing, with aims to link the EPC data to additional data sets.

We have released several data tables related to business energy spending from our Annual Business Survey and our Annual Purchases Survey. On 5 August, we will publish analysis on these data and wider sources to provide insights on the distribution of energy spending across businesses, and which industries are the most energy intensive.

We will continue to publish our new quarterly Climate change insights, UK publication, which includes insights on energy, energy security and climate change.

4 . Future Developments

The Office for National Statistics (ONS) is committed to providing evidence and analysis to central government, devolved administrations and the public about the impact these factors are having across the population. Through the wide range of data we have available, and developments in how we gather and analyse it, we will continue to ensure our evidence provides clear insights and impacts of the rising cost of living.

We will continue to update on our progress approximately three months from the date of publishing.

5 . Provide feedback

We welcome users' views about ideas for statistics and analysis, identification of gaps, offers of data, and expertise to further develop our work. Please email us at coordination@ons.gov.uk.

6 . Publication schedule for June to August 2022

- 1 June: Business insights and impacts on the UK economy (BICS) (subsequent publications fortnightly)
- 3 June: UK Environmental Accounts 2021
- 9 June: Economic activity and social change in the UK, real-time indicators (subsequent publications weekly)
- 10 June: Public opinions and social trends (POST), Great Britain (subsequent publications fortnightly)
- 10 June: Worries about the rising costs of living, Great Britain: April to May 2022
- 20 June: Housing Purchase Affordability in Great Britain: 2021
- 22 June: Prices output theme day (subsequent publications monthly)
- 22 June: Overview of inflation and the cost of living: June 2022 (synthesis article)
- 24 June: Retail sales, Great Britain: May 2022 (subsequent publications monthly)
- 18 July: Family spending in the UK: April 2020 to March 2021
- 22 July: Effects of taxes and benefits on UK household income: financial year ending 2021 (provisional date)
- 5 August: Business energy spending in ONS business surveys
- 12 August: Climate Change Insights (subsequent publications quarterly)