

# Inflation hits fresh 40-year high of 10.1% as cost of living crisis deepens

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[nflation](#) accelerated in July to 10.1 per cent, the fastest rate since February 1982, official figures have revealed.


The higher than expected jump in the [cost of living](#) comes the day after the Office for National Statistics (ONS) said wages were rising at just 4.7 per cent.

Living standards are now falling more quickly than at any time since detailed records began in 2001.

The ONS said on Wednesday that the Consumer Prices Index (CPI) – the benchmark measure of inflation – rose from 9.4 per cent in June.

When prices were last rising as fast as the 10.1 per cent in July Margaret Thatcher was Prime Minister and The Jam were Number One in the charts with A Town Called Malice.

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The ONS said the sharply higher cost of food and drink, energy

bills and fuel were chiefly responsible for the latest jump in the CPI.

Prices are now rising five times faster than the two per cent target set by the Bank of England putting more pressure on Governor Andrew Bailey.

They are expected to go higher still in the Autumn when huge rises in the cap on energy bills kicks in

That will increase the risk that the Bank's Monetary Policy Committee will vote to increase interest rates by a further half point to 2.25 per cent when it meets next month, further increasing the pressure on households with variable rate mortgages.

Chancellor of the Exchequer Nadhim Zahawi said: "I understand that times are tough, and people are worried about increases in prices that countries around the world are facing.

AFP via Getty Images

"Although there are no easy solutions, we are helping where we can through a £37 billion support package, with further payments for those on the lowest incomes, pensioners and the disabled, and £400 off energy bills for everyone in the coming months.

"Getting inflation under control is my top priority, and we are taking action through strong, independent monetary policy, responsible tax and spending decisions, and reforms to boost productivity and growth."

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Shadow Chancellor Rachel Reeves said: "We must get a grip on rising inflation leaving families worried sick about making ends meet...while the Tories are busy fighting and ignoring the scale of this crisis."

“Labour’s fully-costed plan to freeze the energy price cap will bring inflation down this winter easing the burden on households and businesses.

“And it will mean that households won’t pay a penny more for their energy bills this winter.”

Liberal Democrat Treasury spokesperson Sarah Olney, MP for Richmond Park, added: “Britain is heading for the worst economic crisis in a generation, yet the Prime Minister has clocked off early whilst Sunak and Truss are too busy squabbling amongst themselves.

“Families and pensioners will never forgive this Conservative Government for abandoning them in the middle of a cost of living catastrophe.”

The July level of another measure of inflation, the Retail Prices Index, is usually used as the reference point for rail and London public transport fare rises in the New Year. Today’s figures show that the RPI rose 12.3 per cent in the year to July.

However, the Government this week indicated that national rail ticket price rises would be decoupled from inflation next year and any rise delayed until March.

[Sadiq Khan on Tuesday told the Standard he would “resist” any attempt by the Government](#) to link Tube and bus fares to the inflation rate.