

Background

Please confirm you have read and understood this important background information.

Yes, I have read and understood the information on this page.

About you

1 What is your name?

Name:

2 What is your email address?

3 What is your organisation?

Organisation:

Severn Trent PLC

Section one: Measuring prices across the economy

1 Should ONS identify a main measure of price change across the economy?

Yes

Why? Please provide comments.:

Yes, we can see the value of a main measure of price change if it can be demonstrated to be representative of consumer price changes in the UK.

We believe there remains a need for retention of other inflation measures, namely RPI. As well as being the longest running inflation measure, RPI has been a mainstay of the UK water and sewerage service industry since privatisation. It has been used in setting prices and financing the sector and the water industry has made extensive use of the market for RPI index linked debt.

We are supportive of the stated plan to maintain the production of RPI. It has and remains an important factor in the confidence and stability in the sector. Its use is also deeply embedded in financial instruments, commercial contracts and pension. Due to the long term nature of these sectors there is a need to continue publication and maintain confidence in RPI.

2 If you answered 'yes' to question 1a, then what should this measure be?

the CPIH, as recommended in the Johnson review. The CPIH includes owner-occupiers' housing costs. It does not currently hold the National statistics designation (although its reassessment is due to commence shortly). The index is a UK measure, designed by ONS to meet UK needs.

Why? Please provide comments.:

While the RPI methodology does not meet international standards it has reflected owner occupied housing costs which we believe is an important inclusion to reflect UK housing costs.

CPIH would be the preferential to CPI as it includes the cost of owner occupied housing costs.

3. Should its production be governed by legislation?

Yes

Why? Please provide comments.:

Section two: Measuring consumer price inflation for different household types

4 Should ONS seek to measure changes in prices as experienced by different households?

Not Answered

Why? How often? Please provide comments.:

5 If yes, how should ONS seek to do so?

Not Answered

Why? Please provide comments.:

Section three: The RPI

6 Do you use the following indices? (Please select those that you use)

Component indices of the RPI, Any other RPI index

If yes, for what purposes? Please provide comments.:

RPI is the main measure of inflation used in the water and sewerage industry.

RPIJ has been discussed historically as an alternative to RPI due to use of the geometric (Jevons) formula.

7 Do you agree that the following indices should be discontinued? (Please select those that you suggest should be discontinued)

Why? Please provide comments.:

As stated earlier, we support the continuation of publication of RPI.

No strong view on the continuation of the above measures. RPIJ does not currently meet international standards so it is not a credible alternative to RPI.

8 Do you have any views on what 'freezing' changes to the RPI should mean in practice?

Not Answered

Why? Please provide comments.:

We believe the development of the measure needs to continue while it continues to be one of the prominent measures of inflation used in industry and financing sectors.

Additional information

Do you have any further comments relevant to this consultation?

Do you have any further comments relevant to this consultation?:

User satisfaction

Overall, how satisfied were you with this online consultation service today?

Satisfied

Please tell us if there are any specific areas for improvement, or if you have any other comments.: