

## 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?

Email:

### 3 What is your organisation?

Organisation:

South West Water

## 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.:**

Consumer confidence in inflation measures and statistics is aided by one main reference measure of inflation that is generally agreed and used across markets, industry and Government.

This does not mean that other measures of inflation are any less valid for specific uses, just that there is one main reference rate which is generally quoted.

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

the CPI, ONS's current headline measure. The CPI is an EU measure, designed by Eurostat to ensure comparable consumer prices statistics across the EU.

**Why? Please provide comments.:**

We are of the view that CPI is the inflation measure which is most recognised by consumers (together with RPI) as a measure of inflation. Owner occupiers housing costs is not generally recognised by consumers as something that is part of general price inflation, which can in extreme circumstances lead to a divergence between the inflation index and consumers understanding and experience of inflation. CPI also has the advantage of already being used by the Government (e.g. for benefits linking) and is comparable across the EU.

### 3. Should its production be governed by legislation?

No

**Why? Please provide comments.:**

We are not convinced that legislation improves the trust and confidence in inflation indices. Accountability of the ONS for producing effective statistical information (e.g. monitored through user surveys and accountability to Government) should be sufficient.

## Section two: Measuring consumer price inflation for different household types

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

No

**Why? How often? Please provide comments.:**

We prefer statistics to have a formal specific basis and for analysis of likely impacts to be left to interested third parties. The experience of inflation on different groups of customers is something that can be left to third party analysis, unless there is an existing survey of defined consumer group behavior that can be easily applied by the ONS.

### 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)**

RPIJ, Component indices of the RPI, Any other RPI index

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

We use sub and analytical indexes of RPI to help understand the causes of change in the main RPI index.

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

RPIJ, Tax and price Index, RPIY, RPI pensioner indices, Component indices of the RPI, Any other RPI index

**Why? Please provide comments.:**

Given the change in status of RPI there are no uses of the sub indices which we couldn't analyse in an alternative way.

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

Yes

**Why? Please provide comments.:**

We think that there needs to be a protocol for considering how changes in CPI and other collection methods for the main inflation impact will be reflected in RPI. This will be helpful for clarity on the situations where RPI will not be frozen and changes made because this is necessary for its continued relevance as a legacy index.

### **Section four: Evolving consumer price statistics**

#### **9 Are the priorities identified by ONS in its forward work plan appropriate?**

Yes

**Why? Please provide comments.:**

We are not aware of any significant omissions from the proposed work plan.

#### **10 Should ONS include council tax in the CPIH?**

Yes

**Why? Please provide comments.:**

If CPIH is retained, then it should contain all relevant measures of housing costs. Council tax is not specifically linked to CPI and is not reflected in other consumer prices indirectly, and therefore should be included in measures of consumer inflation. We would argue that it reflects consumption of local services and there is a degree of consumer choice over the quality of service (through democratic accountability) and the price paid (including choice of house size / rent in the same way that energy efficiency may be part of housing choice).

### **Additional information**

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

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### **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.:**