

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:

The Pension Protection Fund

Section one: Measuring prices across the economy

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

Not Answered

Why? Please provide comments.:

The PPF was established to pay compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover PPF levels of compensation.

The PPF is a statutory fund run by the Board of the Pension Protection Fund ("the Board"), a statutory corporation established under the provisions of the Pensions Act 2004. The PPF became operational on 6 April 2005.

On 10 July 2009 the Board of the PPF was also given the responsibility of being the scheme manager for the Financial Assistance Scheme (FAS). FAS provides assistance to members of eligible underfunded defined benefit schemes that started to wind-up between 1 January 1997 and 5 April 2005, or between 6 April 2005 and 27 March 2014 where an employer insolvency event occurred before 6 April 2005.

Our interest in this consultation stems from our compensation payments being explicitly linked to consumer price inflation. Any changes that affected CPI, or any subsequent knock-on changes to PPF-specific legislation that affected our compensation, would have operational and financial implications for us. We are therefore very keen that the ONS maintains an accurate, timely and reliable index. We have no strong views on whether that should be CPI or CPIH.

If the ONS does introduce changes to CPI, we would stress the need for a significant lead-in time. We might be required to amend some of our internal processes and communicate the change with a wide variety of stakeholders – for example members, pension scheme trustees and pension scheme sponsors. There may also be impacts upon our investment strategy that require careful thought. We have inflation-linked liabilities and wish to carry no inflation risk so we follow an inflation-hedging policy of investing in inflation-protected instruments. There might be various primary or secondary impacts that we would need to take into account.

We suspect that there will be many other large financial institutions similar to the PPF – for instance insurance companies or investment banks – that will have similar risk management needs to us.

Overall we would suggest any changes are announced at least twelve months ahead of being introduced.

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

Not Answered

Why? Please provide comments.:

3. Should its production be governed by legislation?

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

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

Because of the absence of a CPI-index-linked gilt market, In its modelling work and hedging the PPF has to make assumptions about the likely future difference between RPI and CPI inflation. It is, therefore, important for it to understand the historical differences between the two. This requires statistics on the RPI component indices.

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

Why? Please provide comments.:

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

Not Answered

Why? Please provide comments.:

Section four: Evolving consumer price statistics

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

Not Answered

Why? Please provide comments.:

10 Should ONS include council tax in the CPIH?

Not Answered

Why? Please provide comments.:

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?

Very satisfied

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