

# Template for response

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The Authority encourages respondents, where possible, to provide their submissions [online](#).

Where you would prefer to respond via email or on paper, please use this template and return the submission via email to [cpi@ons.gsi.gov.uk](mailto:cpi@ons.gsi.gov.uk), or via post to:

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## Section One: Measuring prices across the economy

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

- a. Yes
- b. ~~No~~

#### 1a. Why? Please provide any comments below:

While different measures of inflation are appropriate for different purposes, ONS currently identify a headline measure of inflation (the CPI) and they should continue to do so in support of a transparent public narrative on inflation. However ONS should continue to publish a wide range of inflation indices, where that meets user needs.

If yes:

**2. What should this measure be?**

- a. 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 re-assessment is due to commence shortly). The index is a UK measure, designed by ONS to meet UK needs.
- b. 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.
- c. other (please provide details).

**2a. Why? Please provide any comments below:**

If ONS do identify a main measure of inflation, it should be a good measure of the average increase in prices across the whole economy and, as such, a suitable macroeconomic indicator of inflation.

It should be recognised by UKSA/ONS as a high quality statistic through national statistic status. It should also be expected to have a good degree of longevity both as a national statistic and as the 'main measure'.

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

- a. Yes
- b. No

**3a. Why? Please provide any comments below:**

The production of any measure of inflation should be supported by a robust form of governance to ensure credibility and the production of the highest quality of statistics.

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

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

- i. Yes
- ii. No

#### 4a. Why? How often? Please provide any comments below:

This could be an interesting analytical series, but it could also create some communication challenges for the ONS and may risk confusing the inflation narrative. For example ONS would need to provide clarity regarding any different methodologies and approaches used in their compilation. If developed, these should be published less frequently, to avoid competition or confusion with a regularly-published main measure of inflation.

*If yes:*

**5. How should ONS seek to do so?**

- i. Using a payments-based approach.
- ii. On the same basis as existing measures such as CPI.
- iii. Via another means (please provide details)

**5a. Why? Please provide any comments below:**

N/A - the approach to compilation of statistics is properly a matter for the independent UKSA and ONS.

## Section Three: The RPI

### 6. Do you use the following indices?

i. RPIJ <sup>1</sup>	Yes/No
ii. Tax and price Index	Yes/No
iii. RPIY <sup>2</sup>	Yes/No
iv. RPI pensioner indices	Yes/No
v. Component indices of the RPI	Yes/No
vi. Any other RPI analytical- or sub- index	Yes/No

#### 6a. If yes, for what purposes? Please provide any comments below:

The Government uses many of the inflation indices listed alongside others, where appropriate, for analysis, contracts and other purposes. Moreover a wide variety of indices are used across the private sector.

<sup>1</sup> RPI calculated using formulae that meet international standards

<sup>2</sup> RPI excluding Mortgage Interest Payments and indirect taxes

**7. Do you agree that the below indices should be discontinued?**

- |  |        |
|--|--------|
| i. RPIJ                                    | Yes/No |
| ii. Tax and price Index                    | Yes/No |
| iii. RPIY                                  | Yes/No |
| iv. RPI pensioner indices                  | Yes/No |
| v. Component indices of the RPI            | Yes/No |
| vi. Any other RPI analytical- or sub-index | Yes/No |

**7a. If yes, why? Please provide any comments below:**

Many of these indices are used by both government and firms and ONS should consider whether they may cause significant disruption if withdrawn.



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

The existing position is widely understood by Government and other stakeholders: ONS/UKSA are committed to only making routine changes to the RPI, such as the annual update of the basket and weights. Before making any change to the basic calculation of the RPI, ONS/UKSA must consult the Bank of England as to whether the change constitutes a fundamental change in the index which would be materially detrimental to the interests of the holders of relevant index-linked gilt-edged securities. If the Bank of England considers that the change constitutes a fundamental change, it cannot be made without consent of the Chancellor of the Exchequer. HMT would therefore expect to be fully engaged before any changes are proposed.

It would be useful for ONS/UKSA to provide more detailed guidelines, where possible, on what is within the scope of a routine change and what isn't.

The government remains committed to using RPI e.g. in existing index-linked gilts which currently run out to 2068, and HMT and DMO have a long-established practice whereby the market is consulted prior to the introduction of any new type of debt instrument.

## Section Four: Evolving Consumer Price Statistics

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

- a. Yes
- b. No

**9a. Why? Please provide your comments below:**

Our priority remains the continued publication of high quality statistics to give HMT, other institutions and the public full trust and confidence. We welcome the ongoing work to improve CPIH. ONS will need to satisfy UKSA and other stakeholders of the quality of the series in order for it to achieve re-designation as a national statistic.

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

- a. Yes
- b. No

**10a. Why? Please provide your comments below:**

N/A - the approach to compilation of statistics is properly a matter for the independent UKSA and ONS.