

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:

ABAP

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.:

There is confusion, due to the range of 'inflation' or 'price change' measures and a tendency for the relevant authorities to 'shop' for the one that is best for them - e.g.: CPI is used for state pensions (as part of the triple lock) but the generally higher RPI is used for rail fare increases and student loan interest.

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

Other (please provide details).

Why? Please provide comments.:

CPIH is better than CPI but it needs to be improved (e.g. to have a better method of measuring housing costs than 'rental equivalence', also to include Council Tax). The UK Government has no direct control over CPI methodology, resulting in compromises that work if measuring difference in inflation across the European Union (the various EU HICPs) but which do not work when measuring UK inflation, for example when owner-occupied housing costs are left out of CPI due to no agreement across the EU on their measure.

My pension had been linked to RPI, but is now linked to CPI. I have not seen the evidence that CPI is a better measure of inflation than RPI and remain deeply concerned by the annual difference in RPI and CPI rises (CPI annual increases are currently around 1% below RPI annual increases). It is also unacceptable that, for example, my CP- based pension rise takes no account of owner-occupied housing costs.

Of the current indices, I prefer RPI. However, if RPI is now deemed unsuitable as a national statistic, I would welcome the development of a Household Inflation Index.

3. Should its production be governed by legislation?

No

Why? Please provide comments.:

It is better that production is governed by an independent body. If governed by legislation, the index's methodology might not be modified quickly enough when necessary.

Section two: Measuring consumer price inflation for different household types

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

Yes

Why? How often? Please provide comments.:

This is, however, a lower priority. What is needed first is an overall Household Inflation Index that better reflects the cost of living than does CPI

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

Using a payments-based approach.

Why? Please provide comments.:

A payments-based approach best reflects a pensioner's expenditure

Section three: The RPI

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

RPI pensioner indices

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

My BA pension increases followed RPI until 2011 when the switch was made by the Trustees to CPI. The BA Pension Trustees still aspire to provide (the usually higher) RPI increases. They had, in April 2015, proposed an increase halfway between the relevant CPI and RPI increases. This proposal has resulted in a court case, to take place in early 2016, between IAG, the owners of British Airways and the BA Pension Trustees.

Most BA pensioners would prefer the higher RPI rises, although arguably, some current BA workers would prefer the lower CPI rises as they consider that that would slightly better protect the two BA pension schemes (APS and NAPS) if RPI rises were to remain higher than CPI rises. The Trustees, however, had a solvency plan prior to 2010 which used future RPI increase assumptions and which was agreed between BA and the Trustees

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

Why? Please provide comments.:

The issue for me as a BA Pensioner and possibly others, is that RPI is currently rising at approximately 1% per annum more than CPI. I accept that RPI may be flawed but have not seen CPI to be a better measure. However, the fact that this 1% gap would appear to be caused mostly by changes in the method of collecting clothing data and that this gap is generally bigger in the UK than it is in most other countries. leads me to argue that both RPI and CPI?CPIH should be discontinued and replaced by an index that better addresses these accuracy problems

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

Yes

Why? Please provide comments.:

If RPI is flawed, then it should not be used. I am not convinced that it is flawed and there remain strong academic arguments in favour of RPI over CPI. As the use of RPI is embedded in legislation (e.g. for Gilts), then either it should be replaced by a less flawed index (RPIJ, CPIH) or it's methodology should be changed to remove the flaws.

Section four: Evolving consumer price statistics

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

No

Why? Please provide comments.:

We need an index which better measures our inflation such as a Household Inflation Index. In the meantime work should concentrate on reducing the 'formula effect' difference between RPI and CPI

10 Should ONS include council tax in the CPIH?

Yes

Why? Please provide comments.:

Council Tax does not depend on income, therefore it should be included in CPIH

Additional information

Do you have any further comments relevant to this consultation?

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

Any index which takes no account of owner-occupied housing costs is not a true measure of inflation

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.: