

Dear Sir or Madam

**UKSA Consultation on Measuring Consumer Prices: The Options for Change,  
June 2015**

The Office of Manpower Economics (OME) provides an independent secretariat to eight Pay Review Bodies which make recommendations impacting 2.5 million workers within their remit groups. These total around 45% of public sector staff and a pay bill of £100 billion. It is therefore important that Review Body advice to Government is based on the best and most appropriate data possible. Therefore, this response makes some observations relevant to two questions in the consultation. I have consulted members of the eight Review Bodies and this, therefore, represents a collective response on their behalf.

**Question 4** asked whether ONS should seek to measure changes in prices, as experienced by different households, and why. Such information would be useful to the Pay Review Bodies. I highlight two specific issues below.

The work of the Review Bodies includes assessment of (real terms) wages growth experienced by the various occupational remit groups. There are large income variations within and between occupations, which in turn are reflected in household income and expenditure. The Pay Review Bodies would therefore welcome the development of consumer price indices as experienced by a range of different household types according to measures of household income and expenditure.

Secondly, variations in changes in real earnings experienced by individuals and groups across different local areas, including UK countries and/or regions, are of interest to the majority, if not all, Review Bodies. Therefore, the development of price indices for different regions of the UK would help many of the Review Bodies to improve the evidence base underpinning their advice to Government.

**Question 9** asked whether the priorities identified by ONS in its forward work plan are appropriate. Review Bodies are frequently provided with evidence from stakeholders on 'cost of living' changes which, as the Johnson review sets out, are not what standard price indices are intended to measure. The Review Bodies would therefore support plans to develop cost of living indices, to improve their assessments of what pay changes might mean for the living standards of the various Review Body remit groups.

Finally, from the perspective of the Armed Forces Pay Review Body in particular, getting the housing component of CPIH right is very important, because discussions about charging for military housing are highly relevant to their deliberations.

Review Bodies and the OME recognise that the ONS will face a large number of demands from different data users, and will need to make sometimes difficult prioritisation decisions about the data it collects and publishes. Hopefully, however, these comments will be helpful in shaping that thinking.