

## ADVISORY PANEL ON CONSUMER PRICES – TECHNICAL

**Feasibility study into producing regional CPIH inflation rates for UK regions****Purpose**

1. This paper sets out work carried out by the University of Southampton exploring the feasibility of producing regional breakdowns of CPIH.

**Actions**

2. Members of the Panel are invited to:
  - a) Comment on the methodology used to produce provisional regional indices
  - b) Comment on next steps for the project

**Background**

3. On 10 November 2017 ONS published work carried out by the University of Southampton exploring the feasibility of producing regional price indices on a CPIH basis. This is intended to provide valuable additional evidence for decision makers.
4. Producing regional price indices is currently a medium priority on the [Consumer prices development plan](#), but links to other high priority development work looking at price indices for subgroups of the population on a CPIH basis, as well as the development of Household Costs Indices. It also links in to Economic Statistics Centre of Excellence work exploring [regional economic indicators](#).
5. There are, however, a number of challenges with producing regional price indices. The national price quote collection has small sample sizes at the regional level, and the lack of expenditure weights at the item level are also an issue. The paper presents some practical solutions to these problems and also provides confidence interval estimates, though these do not account for all the stages in the price collection design.

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**List of Annexes**

<b>Annex A</b>	Feasibility study into producing CPIH consistent inflation rates for UK regions
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**Annex A – Feasibility study into producing CPIH consistent inflation rates for UK regions**

1. <https://www.ons.gov.uk/economy/inflationandpriceindices/methodologies/feasibilitystudyintoproducingcpihconsistentinflationratesforukregions>