

Template for response

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, or via post to:

*Consumer Prices Consultation team
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Response from: ***Unite the Union to ONS consultation on Measuring Consumer Prices: the options for change***

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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:

The RPI and CPI are different measures of inflation and there are valid reasons for them to be different.

Unite believes the RPI is a better measure of the increase in prices and the cost of living than the CPI. The CPI and CPI-type methodology may have some merit as an economic indicator of inflation across the wider economy, but it does not in our view measure the increase in the perceived cost of living.

*Unite rejects the downgrading of the RPI and agrees with many of the arguments made by Dr Mark Courtney in **retaining the RPI as the main uprating index**, including consideration that it is currently by far the most used index by the private sector for uprating purposes and has a degree of familiarity and trust, that in the current climate, any new index would struggle to replicate.*

The RPI is used in most wage negotiations in both the private and public sector. It is hard to reconcile changes in this regard with the Government's intention to continue to use RPI for index-linked gilts. It is also used for student loans and regulated ticket prices. It appears as if the Government's preference for CPI and RPI has more to do with political and economic expediency rather than statistical merit.

RPI is also still commonly used for determining increases in private pensions from DB schemes and pension schemes commonly purchase government issued RPI indexed linked gilt bonds as a match for their liabilities.

Housing costs (including mortgage interest payments) are important issues that need to be included in measuring the cost of living.

Unite shares, along with the TUC, sympathy with the Royal Statistical Society's (RSS) argument for a return to first principles, and to the long-understood distinction that there should be separate measures for macroeconomic and household purposes. We also share the TUC's scepticism of RSS arguments for a new 'household inflation index' measure, which may serve only further to confuse. However, should the RPI be re-instated then it should be 'unfrozen', and coverage and methodology reviewed to keep it up to date across areas suggested by the RSS.

Unite's response to the ONS consultation on RPI, October 2012 is available at:

<https://api.groupdocs.com/v2.0/shared/files/c402cca949c2f7f4a2df14e2778acbab2deb9522fe5f46ff02cd427c6e089944?render=true>

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:

RPI and CPI serve different purposes, but RPI should be the main uprating index.

3. Should its production be governed by legislation?

- a. Yes
- b. No

3a. Why? Please provide any comments below:

Governance arrangements should inspire confidence and trust by the user community and wider public.

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:

Indices by income decile and pensioner/non-pensioner indices would be useful.

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:

This depends on whether the index is for household or macroeconomic purposes.

Section Three: The RPI

6. Do you use the following indices?

- | | |
|---|--------|
| i. RPIJ ¹ | Yes/No |
| ii. Tax and price Index | Yes/No |
| iii. RPIY ² | 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:

¹ RPI calculated using formulae that meet international standards

² 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:

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

There should be no 'freezing'.

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:

10. Should ONS include council tax in the CPIH?

- a. Yes
- b. No

10a. Why? Please provide your comments below: