1st July 2021

"CPI – a national statistic, but is it a trusted statistic?"

Public Awareness and Attitudes to the May 2021 Inflation Rate of 2.1%

Report of a Survey conducted by Opinium on behalf of Better Statistics CIC

1. Summary:

We find that less than half of people interviewed believe the official inflation rate to be a reliable measure. Overall, the figure is 43% with clear evidence that the belief is higher amongst those with incomes over £30,000 and that the proportion declines as income declines. Indeed, the evidence is that those with incomes of less than £10,000 per annum are only half as likely to believe the measure to be reliable compared to those with incomes of over £80,000 pa.

Nevertheless, in total those who consider the measure to be reliable exceed those who don't by 43% to 25%. There is therefore a large proportion of people who are unsure as to the accuracy of the measure.

Better Statistics therefore advocates that public confidence in headline official statistics such as the measure of inflation should be monitored and targeted, with the targets influencing policy for both the collection and the presentation of those statistics to all elements of our society, as required by the policy for inclusiveness.

2. Introduction:

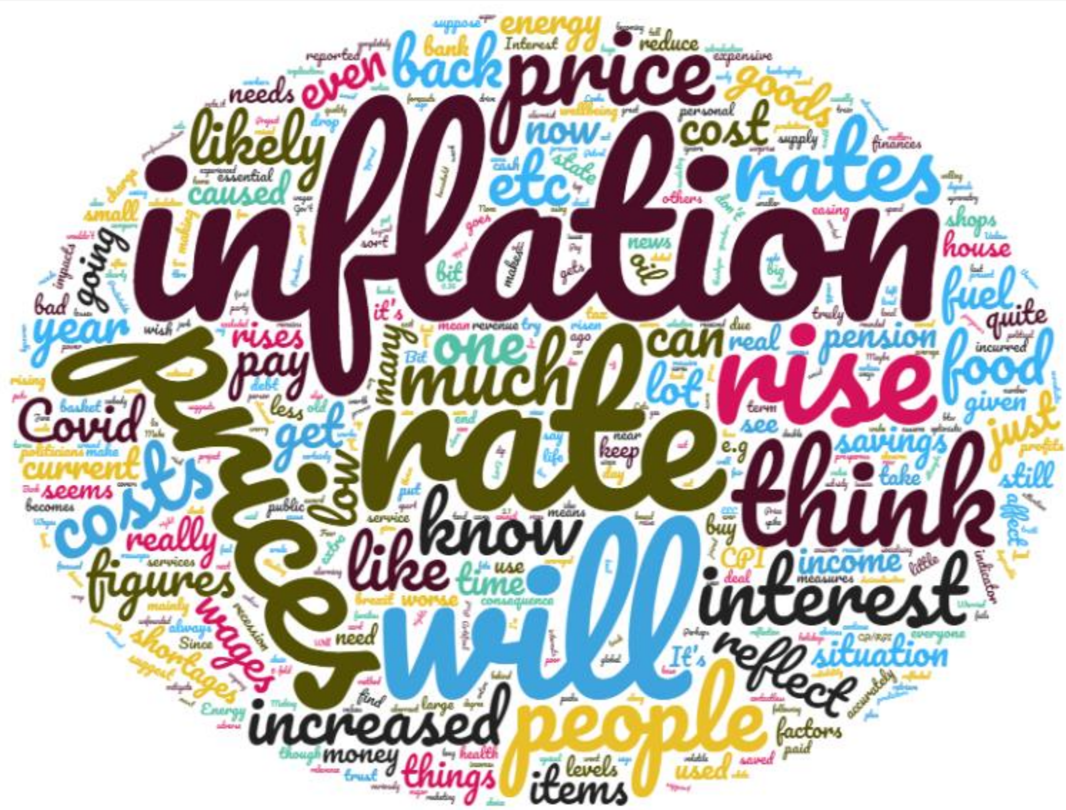
This report is based upon an online survey of 2,000 UK adults conducted from 25th to 28th June 2021. It is a follow up survey to the one concerned with the April inflation rate and provides similar results to the main questions. However, this second survey included some additional questions on respondents' use of various loan products to provide some additional background to the main results. The tabulations for the two surveys can be downloaded using these links ***April results*** and ***May results***.

It is evident that there is a high degree of variability of opinions across the population and that the perceived reliability of the measure of inflation does not always characterise whether people agree with the individual measure, as this table combining results from both the April and the May surveys shows:

	Total	higher than I would have expected	about what I would have expected	lower than I would have expected	Unsure
Total Respondents	4002 100.0%	889 100.0%	1,634 100.0%	520 100.0%	959 100.0%
Very reliable	193 4.8%	67 7.5%	56 3.4%	55 10.6%	15 1.6%
Fairly reliable	1,549 38.7%	346 38.9%	833 51.0%	194 37.3%	176 18.4%
Not very reliable	934 23.3%	223 25.1%	433 26.5%	180 34.6%	98 10.2%

	Total	higher than I would have expected	about what I would have expected	lower than I would have expected	Unsure
Not at all reliable	194 4.8%	61 6.9%	51 3.1%	45 8.7%	37 3.9%
Don't know / unsure	1,132 28.3%	192 21.6%	261 16.0%	46 8.8%	633 66.0%
Reliable (Net)	1,742 43.5%	413 46.4%	889 54.4%	249 47.8%	191 19.9
Not Reliable (Net)	1128 28.1%	284 31.9%	484 29.6%	225 43.2%	135 14.0%

The wide variety of opinion is best evidenced by the detailed responses to the open-ended question asked in the May survey. Those responses are listed in Appendix A and the resultant word cloud provides a colourful illustration of the variety of opinions:



"Would you like to provide any further comment on the current inflation rate?"

The responses reveal a range of attitudes, experience and knowledge and they provide clear evidence of the need for more clarity and explanation of both the process employed and of each month's figures.

To quote a few random examples:

- *Does not affect me, I do not own my own home or own a credit card etc*
- *Does not reflect the inflation rate in the essentials I must spend money on*
- *The use of CPI as opposed to RPI is a cynical choice which allows the present government to reduce the reported value of inflation. It is an inconsistent comparison that allows the quality of life of the population to decrease but inflation to appear at 0% or even positive.*
- *There are other factors like future prospects, long term impact of Brexit, pandemic etc., that makes current inflation rates unreliable predictors of future finances.*
- *Think old rip was more accurate*
- *This rate is only calculated on a very small number of items and cannot truly reflect inflation rate, it is another government con trick.*
- *Too much driven by unjustified fuel price rises*
- *Unless the bank rate rises it will erode savings values as interest rates are so low. From price increases I have seen I would have thought the inflation rate was higher*
- *Given that companies are complaining about delays & extra paperwork now that we have left the EU I was surprise that the inflation rate was not higher than it currently is.*
- *I don't believe that the published inflation rate is an accurate portrayal of costs increases incurred by real people.*
- *I don't know about inflation rate but I think with Brexit goods overall will become more expensive*

To identify relationships in the data which may be less obvious from cross tabulations, we have used the Risk-e software program to analyse the May data and to profile key groups of respondents. The **Risk-e Variability Index (RVI)** determines the relative difference between a subgroup of the sample and the total. For example, in the May survey a total of 11% of respondents have said that they thought the inflation rate was lower than expected, since this was composed of 16% of males and 7% of females, the corresponding indices are 145 for males and 64 for females, meaning that Males are higher by 45% and Females lower by 35%, note that any subgroup with the same 11% incidence would have an index of 100.

All the index examples provided below are significant at a minimum of the 95% confidence level and the full analysis will be available in the forthcoming technical report.

3. Higher or Lower?

As with the April survey, more respondents were inclined to believe that the published inflation rate for May was higher than expected rather than lower than expected.

Moreover, as shown in the table overleaf, people's perceptions as to whether the May rate was higher or lower than their expectation did not differ markedly across the main demographics, except for the difference between men and women already mentioned above.

Q: The inflation rate in May 2021 was 2.1%, meaning prices have increased by 2.1% from their price in May 2020. Is that more or less than you would have expected prices to have increased?

		Gender		Age		
	Total	**Male**	**Female**	**18-34**	**35-54**	**55+**
Base: all respondents	2000	977	1023	557	664	780
This is higher than I would have expected (i.e. prices have increased more than I thought they had)	24 %	23 %	25 %	26 %	24 %	22 %
	477	225	252	147	160	171
This is about what I would have expected (i.e. prices have increased as much as I expected)	37 %	40 %	35 %	34 %	35 %	41 %
	743	388	355	189	235	319
This is lower than I would have expected (i.e. prices have not increased as much as I thought they had)	11 %	16 %	7 %	15 %	10 %	10 %
	229	157	72	84	65	80
Unsure	28 %	21 %	34 %	24 %	31 %	27 %
	550	206	344	136	204	210

We therefore examined the profiles of each key group, to see what significant differences there are.

3.1 Higher than expected:

Firstly Risk-e confirms the lack of any correlation between people's perception of the reliability of the inflation rate and their feeling as to whether it was higher or lower than their expectations. In fact, ***both*** those who consider the calculation of inflation to be ***not at all reliable*** and those who consider it to be ***very reliable*** are more inclined to consider that the May figure was higher than expected – with index values of ***161*** and ***152*** respectively.

Other groups with higher indices are those who *work part time (less than 6 hours a week)* and those earning between *£60,000 and £69,999 per annum* both having the same 159 index.

Less dramatic indices are evidenced by those who *normally look out for the inflation rate* (119) and persons *currently with a mortgage* (115).

3.2 Lower than expected:

Most notably, it is people living in the *North East* who have the highest incidence of stating that the May figure is *lower than expected* with an index value of 181.

The only other area with a significantly high Index is *living in or near London* with an index of 125.

Respondents from within households belonging to the social class of *Higher managerial/ professional/ administrative (e.g. established doctor, solicitor, board director in large organisation (200+ employees), top level civil servant/ public service employee, head teacher etc.)* also feel that the inflation rate was lower than their expectation, with an index value of 176.

Possibly, these persons are also linked to the use of loan products such as *Car Financing* (160), *arranged overdraft* (139) and *Mortgage* (133)?

Oddly, those who *no longer use a credit card* also have a higher index rating (130), whereas those presently with a credit card are closer to the average.

4. Reliability?

Although there are more persons accepting the inflation as a reliable measure compared with those who consider it unreliable, they are in the minority at just 42% of respondents.

This is because, in addition to the substantial proportion of respondents (25%) who believe it to be unreliable, there are a surprisingly high proportion of the respondents who are unsure as to whether it is reliable or not. This is particularly true for the Female respondents.

Evidently, there is a major need for the inflation rate to be better explained. Particularly because most respondents are aware that it not only effects them directly by virtue of their experience of changes in prices but that it also influences policies which could affect their future finances.

Q: In general, how reliable a measure do you consider the inflation rate to be of the nation's economic health?

		Gender		Age		
	Total	**Male**	**Female**	**18-34**	**35-54**	**55+**
Base: all respondents	2000	977	1023	557	664	780
Very reliable	6 %	9 %	3 %	10 %	5 %	3 %
	110	83	27	56	32	22
Fairly reliable	37 %	42 %	31 %	36 %	33 %	40 %
	731	411	321	203	220	309
Not very reliable	20 %	24 %	17 %	19 %	20 %	21 %
	408	236	172	108	134	167
Not at all reliable	5 %	6 %	4 %	4 %	5 %	5 %
	98	55	42	22	34	42
Don't know / unsure	33 %	20 %	45 %	30 %	37 %	31 %
	653	192	461	168	245	240
NET: Reliable	42 %	51 %	34 %	46 %	38 %	42 %
	842	494	348	259	252	331
NET: Unreliable	25 %	30 %	21 %	23 %	25 %	27 %
	505	291	214	130	167	208

4.1 Unreliable

As noted in the introduction, people who consider the May figure to be unreliable (25%, 5% of whom say '*not at all reliable'*) includes people who consider that the figure is *too low* (Index 151) and those who consider it *too high* (Index 118).

In terms of demographics, it is older men who are more inclined to take this view with males aged 55 to 64 having an Index value of 130 and those aged 65+ an index of 128.

4.2 Reliable:

On the other hand, the 42% of people who consider the official inflation figure to be reliable have a relatively higher social class profile, in particular respondent in the *Higher Managerial/ Professional and Administrative* groups have an index of 127.

Indeed, the strength of the relationship is yet more strongly shown by the relative indices for various income groups, as shown on the following table by household income:

Description	Number	%	Key%	Index
Total saying Very / Fairly reliable	868	43.4	43.4	100
£100,000 a year or more	43	2.2	68.8	159
£60,000 to £69,999 a year	52	2.6	63.5	146
£70,000 to £79,999 a year	56	2.8	60.9	140
£50,000 to £59,999 a year	91	4.6	58.9	136
£40,000 to £49,999 a year	156	7.8	52.5	121
£30,000 to £39,999 a year	259	12.9	49.1	113
Total £30,000 a year or more	***657***	***32.9***	***54.7***	***126***

By contrast, those with a lower income are much less inclined to consider it to be reliable although many of them are simply unsure as to the reliability.

With regard to any direct relationship between *reliability* and *expectation,* both those who believed that the May rate was "*about what I would have expected"* and those who believed that "*this is lower than I would have expected"* have relatively higher proportions who believe that the measure is likely to be reliable, with indexes of 126 and 124 respectively. Notably, however, the demographic group with the highest index for considering the rate to be reliable were *Males aged 25-34*, with an index of 151.

It is interesting to speculate on the details of the financial arrangements of some of these persons because those using one or more type of loan product also exhibit a higher incidence for believing in the reliability of the rate, for example:

Category	Index
Currently use car financing	124
Currently use pay day loan / short term financing	124

Appendix A: Listing of Responses to: "Would you like to provide any further comment on the current inflation rate?"

About correct
All the time it contains house prices and one off purchases, the basket of goods will overstate any issues.
Artifical high prices blaming Covid 19 to increase their profits
As a public service worker, my wages are not rising as quickly as inflation. This is therefore a real terms cut in pay.
As expected but monthly figures depend on top many variables e.g. Weather employment crop failure etc.
Bit high but controlable
Brexit caused this more than anything
brexit seems to be driving prices up as shortages cause price increase plus businesses returning are charging more to try and retrieve lost revenue
can affect cost of govt borrowing
Caused by Brexit
Company's are jumping on the band wagen increasing there prices even though they are already making big profits
Council tax, utility bills, food and lots more have increased far more than the official inflation rate.
different rates for vastly different products e.g one for food; one for fuel; one for consumables; one for property; white goods etc
Does not correlate with observed price increases.
Does not effect me, I do not own my own home or own a credit card etc.
Does not reflect the inflation rate in the essentials I must spend money on
Doesn't include some important items
Don't trust the reported figure as it doesn't represent typical spending
figures are manipulated by our useless government
food inflation alone is at least 20% - the figures are a lie
from price increases I have seen I would have thought the inflation rate was higher
Given that companies are complaining about delays & extra paperwork now that we have left the EU I was surprise that the inflation rate was not higher than it currently is.
Going on my own monthly costs I think it is understated

Government will screw me over on pay rise again this year as it will be below inflation once again
Great question I like more of these
High, but likely to decrease as the gyrations from a year ago exit the calculations
Hope it goes down sooner than later
Hopefully savings rates will improve in the near future as a result of inflation.
how much people have saved and now spending
I am fairly confident with the easing of lockdown the inflation rate would return to pre-pandemic levels
I am interested as it affects My pension increases.
I am old enough to remember inflation over 8% so the current levels are good
I am rather unfamiliar with inflation rates of each countries as I have just recently moved to London.
I assume an increase as the fuel prices are going up pretty fast.
I can see the inflation rate getting higher in the coming year. The entire economy of the world is going to get worse during this coming year and it will only begin to recede in 2022/23
I didn't know that was the rate - I can't remember seeing it on the news
i do not know what this means
I do not trust 'official' figures wherever they come from ; there are too many ways of concealing the truth, especially by regularly failing to compare like with like. Deliberate confusion to mislead us.
I don’t really know what it means.
I don't believe that the published inflation rate is an accurate portrayal of costs increases incurred by real people.
I don't know about inflation rate but I think with Brexit goods overall will become more expensive
I don't really know q whole lot about it to be honest
I don't really understand inflation so I couldn't say much more
I don't think it accurately describes cost increases - they feel much more than 2% and incomes don't ever increase to buffer against it.
I expect it to rise
I expected it to go up because of Brexit causing supply chain problems

I find that prices fluctuate all the time and quite often we can find items at a reduced cost if you are prepared to look around.
I have noticed quite large price increases in the supermarkets and/or a decrease in the contents - not necessarily a reduction in the size of the packaging. Bit sneaky.
i suppose if it gets too high it's a sign that the country is in trouble but a few % is expected
I suppose the government are trying to recuperate financial losses somehow which were inevitable during lockdown and the pandemic and, unsurprisingly, it falls to the general public to have to stump up the extra cost.
I think it is at what would be considered a good level of inflation, needs to be above 0 in order the lessen the risk of deflation
I think it is less than I expected
I think it may increase further as prices will still increase and it is unlikely that companies will reduce them even if the wholesale costs reduce
I think it was inevitable prices would go up as petrol pump prices have rocketed from the initial slump of 2020 in oil prices. Energy costs are a major part of the economic costs of taking products to the customer or shops or even services so an increase was always likely.
I think it will drop back to under 2%. The reason for the rise is the opening up of the economy.
I think it’s a bit of a one off rise and suspect it’s largely unlikely to be sustained
I think it’s likely to get worse, given the economic impacts of COVID
I think that the inflation rate is one of the measures used to set pension increases.
I think that we are about to experience a boom & bust situation as in the 1920's followed by a depression something like the 1930's
I think they just charge more for items and keep wages low so everyone is struggling
I wish the bank rate would be put up, so interest rates would increase
I wish they worked it out just on food
I’m only interested in the CPI in September each year as this establishes my civil service pension increase
I do not know enough about it.
If it's between 0 & 3, I don't panic (I just tell Dad how much he is actually 'losing' on is cash savings!) Anything more & I'd 'Batten Down The Hatches'...
I’m hoping it won’t increase further but have a feeling there will be more hikes
I'm not very interested in the inflation rate because it covers a lot of things I don't buy so it doesn't affect me much
In the face of the current pandemic it seems reasonable

Inflation is likely to rise significantly with fuel prices and house price increases
Inflation is too high and interest rates should go up and quantitative easing should be stopped, it is creating greater inequality.
Inflation items used are stupid
Inflation rate goes up much faster then other things like wages meaning eventually people will have less spending power and more people will end up in poverty as inflation rises faster/higher then wages
inflation rate impacts differently on people depending on their life stages
Inflation rates are a bit of a blunt weapon; for someone on a low income a small rise in inflation rate could have a significant impact if these are concentrated on food items rather than others, resulting in their personal inflation rate being much higher than the published figure.
Inflation should be less in the coming months as economy is getting better
Inflation will eat into the nations debt
Interest rate is extremely low...getting nothing back on your savings
Interest rates go higher?
is about what i would have thought from shopping experience
Is affecting pensioners more. Food and utility costs typically are a larger proportion of their income
It can be influenced by things outside of the immediate economy like oil prices or house prices if CPIH
It can only rise as the fiscal stimulus package kicks in.
It does not matter what system the politicians use the actual answer is on the shelves in shops and prices are definitely higher
It is bund to go higher with increased demand caused by the amount of money people saved during the lock down and now spending it.
It is high because of shortages of fresh fruit and veg, and general supplies.
It is higher than the massaged figures suggest
It is increased artificially by suppliers that lot money during Covid
It is just the beginning thanks to an incompetent government and leaving Europe.
It is likely to get considerably higher.
It is likely to go higher before falling back again.
It is likely to increase
It is lower than I would have expected the pandemic to have raised it.
IT IS LOWER THAN WHAT I THOUGHT IT WOULD BE
It is particularly bad given the low levels of interest earned

It is still quite low
It is what can be expected given the situation we are experiencing from the likes of Brexit, Covid etc
It needs to slow down so prices decrease.
It seems to bear little resemblance to the actual higher price increases I and everyone I know is experiencing.
It sets the train & internet fees, a lose/lose situation...
It should not be assumed that a positive rate of inflation is desirable.
It was expected to pay back the debt incurred by Covid
It was very obvious it was going to rise because of the bodged brexit deal and the affects on finance due to Covid 19
It will get worse the longer we are out of the European Union.
It will increase
It will increase as raw materials get more expensive
It will keep rising for a while yet
IT WILL PUSH UP THE STATE PENSION NEXT YEAR
It’s one indicator and needs to be viewed as such
It’s only one month. Let’s see what the longer term trend is.
It’s very bad news as wages aren’t going up at all
It's a big subject but hopefully, we are beginning to see business getting back to some sort of normality the economy will start to improve etc
IT'S BASED ON AVERAGE SHOPPING / SPENDING, WHICH MIGHT NOT BE THE SAME AS MINE.
It's been quite low for some time, I think.
It's day light robbery
its expected that the rate would increase and i think it will go higher as fuel prices are the highest for sometime
It's higher than the government says it is
it's loosely linked to bank interest rate and is therefore of interest to me over and above cost of living implications
It's not accurate as some rices have increased by u to 50% so averaged out it's more like 5-10%
It's selective in what is included. Petrol prices are excluded and have probably increased over 5%
its too high when people are already struggling and pay is not going up
Lets see interests upped a bit then!
Looks as if Brexit is having an impact on prices

Make me worry about cost of borrowing increases
Making it unaffordable to do any non essential shopping or socialising as prices rocketing too much
Maybe the banks will increase the interest on savings
Meaningless
More professionalism
My pay rise is lower than inflation rate
My personal inflation rate is higher than the published CPi/RPI
No comment. I don’t know enough to make a comment
Not accurate for low spenders
Not accurate for most families: e.g. council tax up 5%, energy prices up 9% (or more) etc etc
not sure how it works apart from price rises of products
Not the best
not worth becoming obsessed with it
Only that it is no a good representation of the inflation rate that most household experience
Only to be expected because of massive government borrowing
Only to be expected in view of the current economic state.
Pay rises do not tend to increase by rate of inflation and house prices definitely don't reflect it
Perhaps retailers have increased their prices above the rate of inflation. I have certainly experienced this.
Post Brexit, if inflation increases and nobody really notices or cares it will suggest a symmetry with the time the UK joined the EEC when inflation took off amid the introduction of decimalisation.
Predictable
Price of fuel is alarming
Prices always increase above the stated rate of inflation.
Prices are bound to go up to make up for Covid closures
Prices are escalating because of shortages in many products, caused variously by Brexit and by people having more disposable income as a consequence of not having holidays or nights out. This is aberrant and not an accurate reflection of the economy doing well and people being more prosperous. It is also caused by retailers thinking that they should be compensated for loss of revenue during lockdown - even though many of them received a high degree of subsidy and support.
Prices keep increasing ,they get rounded up since using contactless more.
prices on things that i buy have risen a lot more than 2.1%
Probably a spike, inflation is back, a lot of cash in the economy and some shortages will drive up prices for a while

Producers cheat by making packs smaller for the same price
Project Fear did, and still do, project that we would be back living in caves following Brexit, but all the predictions of recession, double dip recession, and national bankruptcy have proven to be lies and alarmist and completely unfounded as the country continues to thrive, and does so beyond even the most optimistic forecasts. Every day there is good news about a further advancement in the UK economy that suggests the EU economy, and the general global finances, are falling behind us and reaching out to be included in our success and revived fortunes.
puts pressure on base rate
Reports say the rise in inflation is likely to be temporary before returning to a lower rate, as a consequence of comparison with the early pandemic situation a year ago.
seems very unfair as many have not even have any increase in their income
Temporary
The figures used do not truly reflect the increase in prices/costs.
The government (and the Bank of England) need to take moderate measures now to tackle inflation. A small rise in interest rates should be introduced now (for example from the current 0.1% up to 0.25%) to send out the right messages. Unfortunately our politicians are so cowardly they will probably not be willing to do this to take control of the situation quickly. Instead they will try to ignore the problem to avoid adverse headlines until it becomes a huge issue and then they will have a knee jerk reaction and raise interest rates a large amount which will be much more damaging.
The higher inflation rate has been brought about mainly because petrol prices have risen more now than in the last 10 years.
The inflation rate can gives a unrealistic image of prices, it is manipulated by luxury goods and outliers. The price of essential products real people buy is significantly higher than the quoted 2.1%!
The inflation rate is a very poor indicator of economic wellbeing as it just reports on the prices of a random selection of goods, most of which we don't need anyway. Basing our assessment of the health of the economy on monetarised factors like RPI / CPI fails to take into account more important factors such as wealth inequality, the impact of the economy on the environment and social wellbeing.
The inflation rate is not calculated on the sort of basket of goods and services that I use, so it is of limited interest and relevance.
The inflation rate really increased a great deal about 13%
The inflation rate will be expected to rise more in the next year too.
The inflation rate will increase in the near future primarily due to the increase in the price of oil and increased wages.
The inflation rate does not reflect the actual price increases in food, energy costs faced by the majority of the population. Those at the lower end of the income scale are disproportionately affected.
The mechanism used to calculate the inflation rate does not reflect the true rise in cost of living for most people.

The only time I want to know about the inflation rate is when it affects the rise I will get in my state pension. I think this is in October but would have to check with others.
the pandemic has to be paid for!
The price of oil has probably caused this, I expect it to drop back in June.
The rate is not accurately calculated, and for most people, is usually higher than estimated. As Brexit continues to bite, and in the wake of the pandemic, I expect the inflation rate to rise further.
The real inflation rate is substantially higher, I think. I pay more attention to the US figures and these are clearly being finessed - mainly by excluding food and energy costs because they are "historically volatile" (I mean, who needs _food_ or _energy_!? Energy costs are up 27%. btw). Since 2010 the US money supply has been increased 6-fold in ill-advised attempts to goose the economy. Those costs will have to be paid.
The reliability of the Inflation rate depends on how it's calculated. Since Thatcher first was PM the method of calculation has been manipulated to reflect favourably on the Gov't in Power and it has been fragmented to serve party political purposes.
The use of CPI as opposed to RPI is a cynical choice which allows the present government to reduce the reported value of inflation. It is an inconsistent comparison that allows the quality of life of the population to decrease but inflation to appear at 0% or even positive.
There are other factors like future prospects, long term impact of Brexit, pandemic etc., that makes current inflation rates unreliable predictors of future finances.
think old rip was more accurate
This rate is only calculated on a very small number of items and cannot truly reflect inflation rate, it is another government con trick.
to be expected with the Covid situation - and more importantly Brexit.
Too high
too much driven by unjustified fuel price rises
Unavoidable rise, given the costs of pandemic
unless the bank rate rises it will erode savings values as interest rates are so low.
Unless the inflation is high, most people wouldn’t notice.
Various international things affect the inflation rate, price of energy etc, which is not reflected in the local economy.
Wages need to increase along with the inflation rate.
Will it mean a rise in interest rates for savers?
will rise further
will this put up state pension rate up the same amount?
Worried it will continue to rise but being 60 odd have lived thru very high rates before and it gets sorted
Yes it makes the pay award to the health workers laughable