


<p><b>A hybrid (in person/zoom) Seminar, to be held on Thursday 23<sup>rd</sup> May 2024</b></p> <p><b>National Liberal Club, 1 Whitehall Place London, SW1A 2HE (TBC)</b></p>	 <p>Better Statistics CIC</p>
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## **Inflation 2024 – Are we using the right measures?**

### **Call for Contributions:**

**“Confused about the rate of inflation? You have every right to be...” was the title of an article by [Andrew Sentance](#) in the Times of 23<sup>rd</sup> January 2023, pointing out “no one is using or referring” to CPIH, the official measure of inflation provided by the Office for National Statistics (ONS).**

Now, more than a year later, public awareness of CPIH remains at less than half that of the RPI, with claimed familiarity even lower. In addition, recent developments have again called into question the methods employed to calculate CPIH. The lack of awareness of this measure is particularly unfortunate because almost every member of our adult population has some lived experience of the effects of inflation, it is therefore vital that the public should have confidence in how it is recorded.

We are therefore seeking contributions that explore the following questions:

- **Is CPIH fit to take on the role currently played by RPI?**
- **How can we improve communications of complex statistics?**

Of course, the public may not consider measuring the rate of inflation to be complex – historically it has been understood as the “*change in cost of a fixed basket of goods...*” and we believe the public recognises that different people have different experiences of inflation. An observation that has led to the development of the Household Cost Indices (**HCI**s), as proposed by Jill Leyland and John Astin in 2015<sup>1</sup>. These are produced by the ONS on a quarterly basis and the ONS also introduced a [Household Cost Calculator](#) in March 2023, for individuals to check the inflation rate of households similar to their own<sup>2</sup>.

We are also concerned with the usage made of the various different measures, noting that the recent rise in inflation had severe effects for many households, as evidenced by organisations such as Citizens Advice and the Trussell Trust commenting on the increased number of households resorting to foodbanks to

<sup>1</sup> See [History](#) for the timeline for the development of inflation indices prepared by Jill Leyland.

<sup>2</sup> The BBC have a similar [personal inflation calculator](#).

survive. Moreover, that increase had followed from the CPI and CPIH measures showing considerably lower increases than the RPI over the 9 years from 2013 to 2022, with the latter index showing one and a half times the rate of inflation measured by the others (CPIH at 23%, CPI at 24% and RPI at 36% over the period). So the question arises:

- **Has the decision to remove the status of a National Statistic from the RPI contributed to the increase in households unable to make ends meet?**

Meanwhile the HCIs for low income households are more in line with the RPI as a measure of inflation as experienced by the average household. So a further question is:

- **Should one of the HCI measures replace the RPI?**

We are also concerned to review the *methods* used for some of the indices, noting that the ONS adjusts the HCI's for the weights of the different products used in different households, but they do not adjust for use of different brands; for example lower income households have reacted to the increase in prices by buying more value, own brand or lower quality products. On the other hand the ONS is intending to increase the use of large data sets with automated on-line scraping of websites, probably requiring yet more complicated formulae.

Further questions we therefore wish to explore at the seminar are:

- **If people change behaviour due to inflation should this change the index?**
- **Is it better to have a readily understood index than a truly accurate one?**
- **is it possible to have one index when they are used for different purposes?**
- **Is the CPI the right indicator to use for uprating working age benefits?**
- **What next for the Household Cost Indices?**

***We are seeking 10/15 minute presentations on the subjects outlined above and we will be pleased to consider ideas for a panel discussion on one or more of the main topics. We will also be pleased to publish any full papers we receive on the [Inflation](#) web page.***

**Who should contribute?** There was an astonishing 887 responses to the consultation of 2020 “[A consultation on the Reform to Retail Prices Index \(RPI\) Methodology](#)” and we would like to hear from as many of them as possible! This is a topic that affects everyone so we'd love to hear from:

- Pension Funds – particularly any person or organisation associated with the request for a judicial review of the 2020 consultation.
- Insurance Companies - what view of inflation do they take in considering risk?

- Government– e.g. Department of Work and Pensions, Treasury, Local Authorities
- Non- Governmental Bodies - Bank of England, Office for Budget Responsibility,
- Charitable Institutions – Citizens Advice, Trussell Trust
- Associations – Trade Unions, CBI, IoD, FSB, etc
- Other organisations – Research Institutes, train companies, etc.

We will also welcome contributions from **economists** and other interested parties such as the Institute for Fiscal Studies, who may have views on the suitability of a macroeconomic measure as a replacement of the RPI.

### **Timetable:**

The deadline for contributions is Thursday 25<sup>th</sup> April and the program will be published on Tuesday 30<sup>th</sup> April. The meeting will start at 2.15 pm and close at 4.45 pm on the 23<sup>rd</sup> May 2024; convening for coffee and networking from 1.30 pm.

### **Conference Committee**

- Tony Cox – Chairman of the RPI / CPI user group within the Stats User Forum
- Iain MacKay - Director Better Statistics CIC
- Phyllis Macfarlane - Director Better Statistics CIC
- Jill Leyland - represents the Royal Statistical Society on the National Statistician's "*Advisory Panel on Consumer Prices – Stakeholder*"
- Vicky Pryce – Chief Economics' Advisor, CEBR and member Better Statistics Advisory Committee
- Paul Allin – Honorary Fellow for National Statistics, Royal Statistics Society

**Please send contributions to [Tony@betterstats.net](mailto:Tony@betterstats.net) no later than 25<sup>th</sup> April 2024**

To sponsor this event or any BSC activity contact Alex Happe -  
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