

LTB 455/20

18th September 2020

To: All Branches

Dear Colleague,

CWU Submission to HM Treasury and UKSA on Reform of the RPI

The CWU has made the attached submission to the HM Treasury and UK Statistics Authority (UKSA) consultation on reform of the Retail Prices Index (RPI) methodology, which has been endorsed by the NEC.

UKSA has recommended that the methodology used for CPIH (Consumer Prices Index including housing costs) is imposed on the RPI, saying this will make RPI more statistically robust.

The CWU's submission opposes UKSA's proposal, arguing that RPI is the most suitable measure of inflation for assessing the rising cost of living for working households.

CPIH is typically lower than RPI, and the formula used in CPIH has been criticised for downward bias. The proposal could therefore put at risk the ability of trade unions to secure pay settlements that reflect the actual rise in the cost of living experienced by working households. The change is also expected to significantly reduce the value of Defined Benefit pensions, two thirds of which are currently uprated each year in line with RPI.

As agreed by the NEC in endorsing this submission, the CWU will consider all potential avenues to put pressure on the Government to reject the UKSA proposals, including campaigning and lobbying with the TUC and other organisations who oppose the change to RPI.

Any enquiries in relation to the content of this LTB should be addressed to the Head of Research (email: btaylor@cwu.org).

Yours sincerely



Bill Taylor
Head of Research