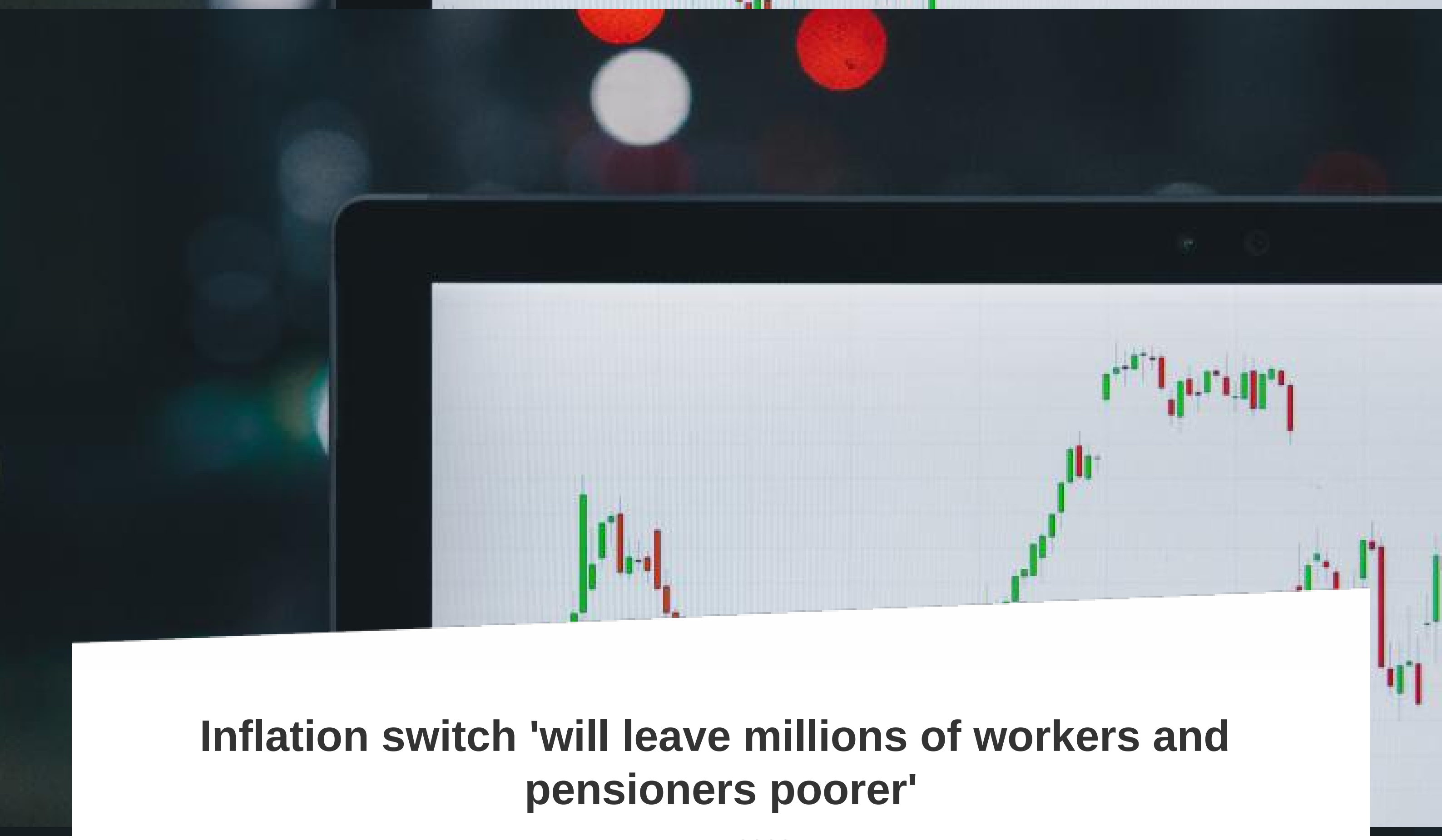

Inflation switch 'will leave millions of workers and pensioners poorer'

11 Mar 2020

Proposed changes to inflation rates announced alongside the Budget will hit ordinary workers and pensioners hard, the GMB Union has warned. [1]

Under the changes, the methodology of the Retail Prices Index (RPI) would be ‘aligned’ with the lower CPIH rate from February 2025.

RPI is widely used to uprate pay and benefits for workers and members of ‘many’ pension schemes.

It is typically around 1 per cent higher than the CPIH rate.

Trade unions argue that RPI is the best measure of ordinary working people's costs because the rate excludes the highest earning households and includes mortgage costs. CPIH controversially only uses rental data to estimate housing costs, and it measures items such as non-UK students' tuition fees and stockbrokers' charges.

The UK Statistics Authority has said that the changes would 'turn the RPI into CPIH by another name.'

Tim Roache, GMB General Secretary, said:

'These proposals will be a hammer blow for millions of working people and pensioners.

‘This might be presented as a technical issue but if this goes through it will end up costing millions of workers and pensioners their full, hard-earned compensation.

GMB
UNION

‘Turning RPI into a zombified version of the flawed and controversial CPIH measure will drive down many people’s standard of living.

‘We would support sensible reforms to RPI, as recommended by the House of Lords Economic Affairs Committee, and it is deeply disappointing that the Government looks set to ignore that option.

‘Ministers say they want to level up the economy but they are hitting millions of workers and pensioners in their pockets instead.’