

Consumer Prices Index (CPI)¹: Price Indicators used in 2003

In order to keep the Consumer Prices Index (CPI) representative of consumer spending patterns, the items that are priced in compiling the CPI are kept under review. This article explains this review process and, in particular, how and why the items are chosen. It also lists the basket of items priced in 2003.

The CPI shopping basket

The most useful way to think about the CPI is to imagine a 'shopping basket' full of goods and services on which people typically spend their money. We review the basket each year to keep it as up to date as possible, and to reflect changes in buying patterns and the establishment of new products. Items are dropped from the basket when they become more difficult to find in the shops or no longer typical of what most people spend their money on.

When the annual changes to the basket take place, the collectors price both the old items and the new items in the January price collection. The figures for each year can then be linked together to produce longer term price indices, and meaningful comparisons between different years can be made. Between chain links, the basket of goods and services is kept fixed. These procedures ensure that when items are dropped or added to the basket the index is not distorted.

Price indicators

So the key question is what to include in the basket? It would be both impractical and unnecessary to measure price changes of every item bought by every household. In practice, it is sufficient to select a number of representative items to give a measure of the price movements of a broad range of similar items. We call these items *indicators*.

The CPI is classified in accordance with the internationally agreed classification CIOCOP - classification of individual consumption by purpose. Within each class of the index, a number of items are selected for pricing. The price movements of the items selected, when taken together, give a good estimate of the change in the level of prices of the class as a whole. For example, there are over 20 indicators for bread and cereals which, when combined together, give an estimate of the overall change in prices for this class. The prices of more than 650 indicators are collected each month to compile the CPI.

The prices collected for the CPI have to be 'weighted' together to produce the index, with a weight proportional to expenditure on items in the entire class, and not just the importance of the items chosen as indicators. Thus the relative importance (or weight) given to bread and cereals in our typical shopping basket will reflect average household spending on bread and cereal products as a whole and not just average expenditure on the chosen indicators.

The selection of price indicators

A number of factors need to be taken into account when choosing price indicators. Firstly, the number and type of indicators need to take account of both the weight of each class and the variability of the price indicators over time and relative to each other. Secondly, they must be easy to find, and representative of the latest spending patterns. Thirdly, indicators should be available for purchase throughout the year (except for items that are clearly seasonal).

For example, in the case of fuel and lubricants, it is only necessary to monitor three price indicators: unleaded petrol/ultra low sulphur petrol, ultra low sulphur diesel and motor oil. These give a comprehensive coverage of fuel and lubricant products and the weights to attach to each indicator are relatively easy to determine from the expenditure of the different types of fuel. Thus while a reasonable sample of quotes is required to get reliable figures for this important section of the index, the number of indicators needed is small relative to the weight of the class. In contrast, the fruit class of the index, which has a weight of around one-quarter of that for fuel and lubricants, has 23 price indicators. This is mainly because, whilst price movements for fruit as a whole may be no more volatile

¹ Prior to 10 December 2003 the CPI was published in the UK as the Harmonised Index of Consumer Prices (HICP).

than for petrol, there is considerable variation between different fruit as well as between different shops.

Within each class there is usually a point at which the choice of indicators and the precise weights attached to them becomes a matter of judgement. For example, within the fruit class, avocado pears and peaches are together taken to represent stone fruits, although other representations would be possible and equally valid using for example cherries.

Indicators should be well defined so that changes in the recorded prices from month to month reflect only the changes in price, not any changes in the products observed. However, sometimes a relatively wide definition is used to accommodate rapidly changing consumer tastes, for instance clothing where fashions can change very rapidly. If the definitions were too specific in these cases it would be very difficult for the price collectors to find the examples of the items in the shops.

ONS puts a lot of effort into ensuring the CPI is up to date and representative of consumer spending patterns. Commodity analysts keep in touch throughout the year with market trends and report back to the office as they see the retail environment changing. We also monitor press reports and trade journals and get feedback from the people who go out to collect prices in shops across the UK each month.

Another major source of information comes from the diaries filled in by people taking part in the ONS Expenditure and Food Survey. This continuous survey, formed in April 2001 by merging the Family Expenditure Survey and National Food Survey, records expenditure patterns of private households. The information allows the ONS to ensure that the goods and services that the average household spends its money on are appropriately represented in the basket.

PRICE INDICATORS USED TO COMPILE THE CONSUMER PRICES INDEX IN 2003

01.1 Food

01.1.1 Bread and Cereals

Large White Loaves - Sliced and Unsliced	Small Brown Loaf
Large Wholemeal Loaf	Bread Rolls
Pita Bread	French Stick / Baguette
Flour	Rice
Pasta	Breakfast Cereals
Muesli	Cereal Snacks
Plain Biscuits	Chocolate-Coated Biscuits
Sponge Cakes	Doughnuts
Pack of Individually Wrapped Cakes	Fruit Pies
Crackers	Plain and Chocolate Wafers
Frozen Pizzas	Dehydrated Noodles / Pasta
Rice	

01.1.2 Meat

Beef

Rump Steak	Braising Steak
Mince	Topside
Frozen Burgers	

Lamb

Loin Chops - Home and Imported	Lamb Shoulder
Lamb Leg	

Pork

Loin Chops	Shoulder
Bacon Gammon	Bacon Back

Chicken

Fresh / Chilled Whole Chicken	Frozen Whole Chicken
Fresh Chicken Pieces	Frozen Chicken Pieces

Other Meats

Frozen Turkey	Pork Sausages
Cooked Meats	Meat Pies
Canned Meats	

01.1.3 Fish

White Fish Fillets	Salmon Fillets
Canned Tuna	Fish Fingers
Frozen Prawns	

01.1.4 Milk, Cheese and Eggs

Full-Fat, Semi-Skimmed and Skimmed Milk - Shop-Bought and Delivered	
Milk Products	
Yoghurt	Fresh Cream
Flavoured Milk	Powdered Baby Formula
Fromage Frais	Chilled Pot Dessert
Cheddar - Home-Produced and Imported	Selected Speciality Cheeses
Cheese Spread	Cheese Slices
Various Sized Eggs	Infant Formula

01.1.5 Oils and Fats

Margarine / Low Fat Spread	Cooking Oil
Home-Produced and Imported Butter	

01.1.6 Fruit

Cooking Apples	Dessert Apples
Pears	Bananas
Plums	Nectarines
Strawberries	Grapes
Oranges	Grapefruit
Avocado Pears	Peaches
Kiwi Fruit	Organic Fruit
Various Canned Fruits	Salted Peanuts

01.1.7 Vegetables

White Loose and Pre-Packed Potatoes - Old and New Varieties	Potato Flavoured Snacks
Crisps - Single and Multi-Packs	Fresh Tomatoes
Frozen Chips	Cauliflower
Cabbage	Sprouts
Carrots	Mushrooms
Onions	Broccoli
Green Pepper	Lettuce
Cucumbers	Pre-Packed Salads
Organic Vegetable	Canned Baked Beans
Canned Tomatoes	Frozen Peas
Canned Sweet Corn	Vegetarian Meals
Vegetarian Meat	
Vegetable Pickles and Preserves	

01.1.8 Sugar, Jam, Honey, Syrups, Chocolates and Confectionery

Sugar	Various Jams
Ice Cream	Frozen Confectionery
Gum – chewing and bubble	
Various Selected Popular Brands of Sweets, Chocolates and Mints	

01.1.9 Food Products (not elsewhere classified)

Canned and Packet Foods - eg Soup, Stock Cubes	
Various Sauces - Tomato and Brown Sauce, Mayonnaise	
Baby Food	Diet Aids - eg Slimfast
Ready Cooked Meals	

01.2 Non - Alcoholic Beverages

01.2.1 Coffee, Tea and Cocoa

Tea Bags	Ground Coffee
Instant Coffee	Hot Milk Drink

01.2.2 Mineral Water, Soft Drinks and Juices

Various Pure Fruit Juices	Squashes
Mineral Water	Various Fizzy Drinks
Energy Drinks	

02.1 Alcoholic Beverages (Off Sales)

02.1.1 Spirits

Whisky	Vodka
Gin	Brandy
Spirit Based Drinks	

02.1.2 Wine

White Wine	Red Wine
Sparkling Wine	Fortified Wine
Bottled Cider	

02.1.3 Beer

Canned Lager	Canned Draught Flow Bitter
Bottled Lager	

02.2 Tobacco

Selected Brand Cigarettes
Hand Rolling Tobacco

Cigars

03.1 Clothing

03.1.2 Garments

Men's Clothing

Suit
Trousers - Formal, Casual
Fleece
Jumper
Tracksuit Bottoms
Shorts
Underwear

Coat
Casual Jacket
Jeans
Various Shirts
T-Shirts
Replica Football Team Shirt
Socks

Women's Clothing

Blouses
Dresses
Jeans
Tops
Cardigan
Coats
Rainwear
Underwear
Nightwear

Skirts
Trousers
T Shirt
Shorts
Jackets
Jumper
Swimwear
Tights

Children's Clothing

Shirts
Shorts
Skirts
Jacket
Jumpers
Sports Tops
Infants' Babygro / Sleepsuit

Jeans
Trousers
Dresses
Fleece
Sweatshirts
Fashion Tops
Infants' Dungarees

03.1.3 Other Clothing and Clothing Accessories

Men's Tie
Cycle Helmet
Knitting Wool

Ladies Scarf
Baseball Caps

03.1.4 Cleaning, Repair and Hire of Clothing

Dry-Cleaning

03.2 Footwear Including Repairs

Boots
Sandals
Wellingtons
Adventure Shoes
School Shoes

Casual Shoes
Sports Shoes
Slippers
Formal Shoes

04.1 Rents

Local Authority Rent
Private Unfurnished Rent
UK Holiday Accommodation

Private Furnished Rent
Registered Social Landlord Rent

04.3 Regular Repair and Maintenance of the Dwelling

04.3.1 Materials for Maintenance and Repair

Ready Mixed Filler
Wallpaper Paste
Varnish
Taps
Hardboard

Wallpaper
Paint
Paintbrush
Ceramic Tiles
Softwood

- 04.3.2 Services for Maintenance and Repair
 - Charges for Particular Jobs by Plumbers, Electricians and Decorators
 - Local Authority Repairs and Maintenance Charges
 - Hire of Domestic Steam Wallpaper Stripper
 - Gas Service Charges

04.4 Other Services Related to the Dwelling

- 04.4.1 Water Supply
 - Average Water Charges

- 04.4.3 Sewerage Collection
 - Average Sewerage and Environmental Charges

04.5 Electricity, Gas and Other Fuels

- 04.5.1 Electricity
 - Average of the Electricity Companies' Tariffs

- 04.5.2 Gas
 - Average of the Gas Companies' Tariffs

- 04.5.3 Liquid Fuels
 - Kerosene

- 04.5.4 Solid Fuels
 - Coal
 - Smokeless Fuel

05.1 Furniture, Furnishings and Carpets

- 05.1.1 Furniture and Furnishings
 - Outdoor Furniture - eg Plastic Patio Set
 - Dining Room Furniture - eg Table, Chairs
 - Bedroom Furniture - eg Wardrobe, Beds, Wall Hanging Mirror
 - Living Room Furniture - eg Armchair, Sofa Bed, Bookcase, Table Lamp
 - Kitchen Furniture - Various Kitchen Units

- 05.1.2 Carpets and Other Floor Coverings
 - Selected Carpets
 - Rug
 - Other Floor Coverings - Laminate

05.2 Household Textiles

- Curtains
- Duvet
- Bed Sheet
- Shower Curtain
- Fabric Roller Blind
- Duvet Cover
- Towels

05.3 Household Appliances

- 05.3.1/2 All Major Appliances and Small Electrical Appliances
 - Cooker - Electric
 - Fridge - Freezer
 - Dishwasher
 - Washing Machine
 - Selected Small Appliances - eg Iron, Food Processor, Kettle
 - Cooker - Gas
 - Microwave Oven
 - Vacuum Cleaner
 - Gas Fire

- 05.3.3 Repair of Household Appliances
 - Electrical Service Charges
 - Charge Various Electrical Equipment Repairs - eg Washing Machine

05.4 Glassware, Tableware and Household Utensils

- Kitchen Equipment - eg Ovenware, Saucepan, Scissors, Plastic Food Container
- Tableware - eg Mug, Crockery Set, Cutlery Set
- Glassware - eg Tumbler, Wine Glasses
- Flower Vase

05.5 Tools and Equipment for House and Garden

Smoke Alarm	Light Bulbs
Batteries	Lawn Mowers
Edge Trimmers	Gardening Equipment
Power Tools – eg Hammer Drill	Other Tools – eg Screwdriver
Door Handles	Power Points
Ladders	

05.6 Goods and Services for Household Maintenance

05.6.1 Non-Durable Household Goods

Washing Powder	Washing Liquid
Dish Washer Powder	Aluminium Foil
Bin Liners	Household Cleaner
Cleaning Cloths	Bleach

05.6.2 Domestic Services and Household Services

Domestic Help	Window Cleaning
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06.1 Medical Products, Appliances and Equipment

06.1.1 Pharmaceutical Products

NHS Prescription Charges	Multi-Vitamins Tablets
Selected Medicines - eg Indigestion Tablets, Aspirin, Pain Killer Tablets	

06.1.2/3 Other Medical and Therapeutic Products

Condoms	Plasters
Spectacle Frames	Prescription Lenses
Contact Lenses	Contact Lens Fluid

06.2 Out-Patient Services

06.2.1/3 Medical Services and Paramedical Services

Eye Test Charges	
Non NHS Medicine Referral Services - eg Physiotherapy	

06.2.2 Dental Services

NHS Dental Charges	Private Dental Exam
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06.3 Hospital Services

Nursing Homes	Hospital Charges
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07.1 Purchase of Vehicles

07.1.1a New Cars

New Cars

07.1.1b Second Hand Cars

Second Hand Cars

07.1.2/3 Motorcycles and Bicycles

New Motorcycles and Mopeds	Second-Hand Motorcycles and Mopeds
Adult Bicycle	Child Bicycle

07.2 Operation of Personal Transport Equipment

07.2.1 Spare Parts and Accessories

Selected Spare Parts and Accessories - eg Wiper Blades, Battery, Tyres	
Car Steering Lock	

07.2.2 Fuels and Lubricants

Ultra Low Sulphur / Unleaded Petrol	Ultra Low Sulphur Diesel
Motor Oil	

07.2.3 Vehicle Maintenance and Repairs

Vehicle Service	Labour Charge for Vehicle Repairs
Automatic Car Wash	Roadside Recovery Services

07.2.4 Other Services	
Mot Test Fee	Car Park Charges
Driving Lesson Fee	Driving Test Fees
Road Tolls	Self-Drive Car and Van Hire Charges

07.3 Transport Services

07.3.1 Passenger Transport by Railway	
British Rail Fares	London Transport Fares
Northern Ireland Rail Fares	Eurostar Fares

07.3.2 Passenger Transport by Road	
Bus Fares	Minicab Fares
Coach Fares	Taxi Fares

07.3.3 Passenger Transport by Air	
Air Fares	

07.3.4 Passenger Transport by Sea and Inland Waterway	
Various Ferry and Sea Fares	

08.1 Postal Services

Postal Charges

08.2/3 Telephone and Telefax Equipment and Services

Mobile Phone Charges	Cost of Directory Enquiries
Line Rental	Telephone Rental
Call Charges	Operator Charges
Connection Fees	Cordless Phones
Cable Phones	Subscription to the Internet

09.1 Audio-Visual Equipment and Related Products

09.1.1 Reception and Reproduction of Sound and Pictures	
Colour Televisions - Including Portables	Video Recorder
Portable CD/Radio Cassette Player	Personal CD Player
Mini-Disc Player	DVD Player
Car CD/Radio	
09.1.2 Photographic, Cinematographic and Optical Equipment	
Camcorder	Cameras - Including Disposable
09.1.3 Data Processing Equipment	
PCs	PC Printer
PC Peripherals	
09.1.4 Recording Media	
Pre-Recorded and Blank Video Cassettes	CDs
Pre-Recorded DVDs	Recordable CD-R
Selected CD-Roms	Camera Film
09.1.5 Repair of Audio Visual Equipment and Related Products	
Charge Various Electrical Equipment Repairs - eg TV, PC	

09.2 Other Major Durables for Recreation and Culture

09.2.1/2 Major Durables for In/Outdoor Recreation	
Caravans	Boats

09.3 Other Recreational Items, Gardens and Pets

09.3.1 Games, Toys and Hobbies	
Selected Toys - eg Soft Toys, Construction Toys, Dolls - Including Some Toys Purchased over the Internet	
Computer Consoles	Computer Games
Board Games	Jigsaw Puzzles

09.3.2 Equipment for Sport and Open Air Recreation
Exercise Equipment - eg Set of Dumb-Bells, Exercise Bicycle
Camping Equipment - eg Sleeping Bag
Sports Equipment - eg Golf Balls, Football

09.3.3 Gardens, Plants and Flowers
Fertiliser
Compost
Selected Varieties of Plants, Bushes, Cut Flowers, Seeds
Garden Sundries - eg Garden Spade, Large Decorative Plant Pot

09.3.4/5 Pets, Related Products and Services
Canned Dog Food
Complete Dry Dog Food
Pet Flea Drops
Vets' Fees
Dog Kennel Boarding Fees
Canned Cat Food
Single Serve Cat Food
Animal Cage
Annual Booster Injection
Cat Litter

09.4 Recreational and Cultural Services

09.4.1 Recreation and Sporting Services
Squash Court Hire
Night-Club Admission
Charges for Exercise Classes
Golf Green Fees
Evening Classes
Admission to Football Matches, Swimming Pools, Leisure Centres, Leisure Parks and Other Attractions
Slimming Clubs
Private Health Club / Gym Membership
Ten-Pin Bowling Session
Horseracing Admissions

09.4.2 Cultural Services
Television Licence Fees
Rentals for DVD and Video Cassette Recorder
Satellite Dish and Camcorder
Cable TV Subscriptions
Film Processing
Admission to Cinemas, Theatres, Dancing, Historic Monuments, and Other Attractions
Rentals for Various Types of TV
Rentals for Video / DVD Films
Satellite TV Subscriptions
Digital Connection Fee

09.5 Books, Newspapers and Stationery

09.5.1 Books
Adult and Children's Fiction and Non-Fiction Paperback and Hardback Books
- Including Some Books Purchased over the Internet

09.5.2 Newspapers and Periodicals
National Daily Newspapers
Provincial Newspapers
Adults' Periodicals
Sunday Newspapers
Magazines
Children's Periodicals

09.5.3/4 Misc. Printed Matter, Stationery, Drawing Materials
Ball Point Pen
Envelopes
Printer Paper
Clear Sticky Tape
Writing Paper
Greeting Card
Inkjet Cartridge

09.6 Package Holidays

Package Holidays to a Selection of Foreign Destinations
Package Holidays to UK Destinations

10.0 Education

Private School Fees
Evening Classes
Private University Fees
International Student Fees

11.1 Catering Services

11.1.1 Restaurants and Cafes

Restaurants

Restaurant Main Course
Restaurant Cup of Coffee
Pub Cold Snack
Restaurant Lunch

Restaurant Sweet Course
Pub Meals (Hot and Cold)
Burgers In Bun – Eat In

Take-Away and Snacks

Fish and Chips
Burgers In Bun - Takeaway
Sandwiches
Tea
Ethnic Take-Away
Soft Drinks

Pasties / Savoury Pies
Kebabs
Coffee
Caffe Latte
Pizza Delivery / Takeaway
Crisps

Beer 'On' Sales

Draught Bitter
Draught Stout
Bottled Cider

Draught Lager
Bottled Lager

Wines and Spirits 'On' Sales

Whisky
Wine
Spirit Based Drink
Soft Drinks

Vodka
Liqueurs
Mixer

Catering

Cost of Catering for a Function

11.1.2 Canteen Meals

Staff Restaurant Main Course
Staff Restaurant Hot Snack

Staff Restaurant Sweet Course
Prices for School Meals

11.2 Accommodation Services

Youth Hostel Association
Other Accommodation Services

Halls of Residence

12.1 Personal Care

12.1.1 Hairdressing and Personal Grooming Establishments

Hairdressing Fees

Full Leg Wax

12.1.2/3 Appliances and Products for Personal Care

Disposable Nappies
Various Cosmetics - eg Lipstick, Face Cream, Perfume, Mascara
Toiletries - eg Toilet Soap, Toothpaste, Deodorant, Shower Gel, Shampoo, Hair Gel,
Permanent Hair Colourant, Disposable Razors, Sunscreen Cream / Lotion

Tissues

12.3 Personal Effects (not elsewhere classified)

12.3.1 Jewellery Clocks and Watches

Watch
Various Items of Personal Jewellery

Charge for Watch Repairs

12.3.2 Other Personal Effects

Umbrella
Sports Bag
Sunglasses
Push Chairs

Handbag
Picture / Photo Frame
Child Seat

12.4 Social Protection

Residential Home Fees
Nursery Fees
Local Authority Supported Residents In Retirement Homes

Child Minder Fees
Play-Group Fees

12.5 Insurance

12.5.2 House Contents Insurance
Home Contents Insurance Premiums

12.5.3 Health Insurance
Dental Insurance
Subscriptions to Private Medical Plans

12.5.4 Transport Insurance
Vehicle Insurance
Foreign Holidays Insurance

12.6 Financial Services (not elsewhere classified)

12.6.2 Other Financial Services

Foreign Exchange Commission	Bank Fees
Unit Trust Fees and Commissions	Stockbroker's Fees

12.7 Other Services (not elsewhere classified)

Surveyors' Fee for House Valuation	Cost of Basic Funeral / Cremation
Fee for Birth and Death Certificates	Marriage Licences
Passport Fee	Solicitors' Will Drafting Fee
Delivered Flowers	
Charges for Advertisements In Newspapers - Local and National	