

Q. Why has the CSPI series changed?

A. The Corporate Services Price Index (CSPI) has been rebased, which means that the weighting patterns of all components in the index have been updated to reflect corporate-service market-shares in the new base year. The index has also been re-referenced from 1995=100 to 2000=100. This is a standard and regular practice when using a base-weighted index .

Q. What are the changes?

A. The CSPI has undergone a five-yearly rebasing exercise. The index-weights at all levels have been updated and the series have been re-referenced to the year 2000. The rebased CSPI dataset contains thirty-two industry-level price indices, including a new index for banking (loans and interest bearing deposits) and a redeveloped CSPI for business-telecommunications. The headline CSPI series is now published in both Net Sector Output (NSO) and Gross Sector Output (GSO) format. The net series is scoped to monitor the corporate-service activity provided to other businesses and government organisations, *outside* the corporate-services sector. The gross series is scoped to monitor the provision of corporate services to *all* businesses and government organisations. The previous practice of publishing the headline CSPI, both including and excluding *property rental payments*, arose from the high weighting this industry received in the 1995 based series. The 2000 rebasing of CSPI has assigned a smaller weight against *property rental payments* through the introduction of the Office for National Statistics (ONS) Annual Business Inquiry (ABI) data as a source for the weight.

Following a dedicated CSPI turnover survey in 2001, the number of respondents and product items used in the quarterly CSPI survey has risen substantially to 1500 and 5000 respectively. This compares to the PPI respondents and product items of 3000 and 9000 respectively.

Q. How has the story changed?

A. The rebased CSPI depicts an overall, slower rate of growth than the preceding 1995 based series. The CSPI indicates a short period of negative price growth in both the net-sector and gross-sector series, around the year 1999. The reduced and negative growth of the CSPI series may be attributed to a number of sources.

- The impact of rebasings on the headline CSPI growth, contributes around half of the growth reduction between 1998 to 2000 and then rapidly accounts for nearly all the growth change in subsequent quarters.
- The impact of the re-introduction of the redeveloped telecommunication CSPI makes up almost all the remaining growth difference, with a larger contribution to growth reduction (causing a short period of negative growth) around 1999 when the telecommunication-service prices were in strong decline. The introduction of the redeveloped business-telecommunication series, which replaces a relatively flat industry index, with a steep and long term decline in prices, reflects better the market understanding of the data providers, Ofcom.
- The impact of the new banking index has been a relatively small positive growth to the headline CSPI.

Q. Why should I have confidence in the new series?

A. The improvements represent the largest investment of methodological development for CSPI since the series was first published. As a result of rebasing, the structure and weights of the series have been updated and are now based on improved and expanded data sources. The weighting methodology has been improved and consistently applied across all industries covered by the survey. The introduction of the new banking index has increased the number of published, industry-level CSPIs to thirty-two, providing coverage of an estimated fifty five per cent of net corporate service activity in the UK.

Q. Where can I find out more information?

A. Further questions may be directed to the Corporate Service Price Index branch at the ONS: Keith Hermiston (head of branch) at keith.hermiston@ons.gov.uk or telephone 01633 813493.