The Rt Hon. Elizabeth Truss MP

Chief Secretary to the Treasury

Unit 1, Horse Guards Rd,

Westminster

London

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Dear Ms Truss, 31 July 2018

**GOVERNMENT USE OF DIFFERENT INTEREST RATES**

Thank you for your further letter of 28 March.

My Executive Committee has asked me to write to you again, because we are still unclear on your explanation of the Government’s continued use of various inflation measures for different purposes. It would be helpful if you could expand on why the reduction of the national debt means that the continuation of this practice, including the use of discredited measures, is acceptable.

In my last letter, I also raised excessive price increases by the mobile phone provider EE. You state that it would not be appropriate for Government to interfere with the pricing practices of a commercial organisation. However, EE provides a service that falls under the auspices of Ofcom. We would urge you to press regulators such as Ofcom and Ofgem, to put a limit on price increases by such companies, while their customers’ wages and pensions are experiencing low growth.

In addition, the annual increase in “regulated” train fares, which includes most season tickets, is set directly by the Department of Transport at RPI. Why is this considered appropriate?

In your reply you also state that you want to see CPI (H) display a track record as a national statistic before you consider its use, and that the ONS are modelling back this index. We would be interested to hear the characteristics that you are looking for in the CPI (H) measure, and how it might be used in future.

The PSPC accepts that it is difficult to arrive at an accurate measure of increases in the cost of living, but we find the selective use of these indices unfair and damaging to public confidence and would appreciate your response to the points raised in this letter.

Yours sincerely

Lisa Ray

General Secretary

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