

Statistical bulletin

Services producer price inflation, UK: January to March 2020

Quarterly estimates monitoring the changes in prices charged for services provided to UK-based customers for a range of industries.



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1 . Main points

- The annual rate of growth for the Services Producer Price Index (SPPI) was 1.7% in Quarter 1 (Jan to Mar) 2020, up from 1.4% in Quarter 4 (Oct to Dec) 2019.
- The quarterly rate of growth for the SPPI was 0.7% in Quarter 1 2020, up from 0.4% in Quarter 4 2019.
- Professional, scientific and technical activities provided the largest upward contribution to both the annual and quarterly rate.

2 . Things you need to know about this release

Coronavirus (COVID-19)

During the coronavirus (COVID-19) pandemic, we are working to ensure that we continue to publish the Services Producer Price Index (SPPI).

The price collection for this quarter's publication has been largely unaffected. However, we have streamlined our bulletin so that we can focus on coronavirus-related analysis to support decision-making across the UK. For this reason, this quarter's SPPI bulletin does not include its regular detailed analysis; the SPPI [datasets](#) continue instead to be published as usual.

As this situation evolves, we are developing a contingency plan to meet potential scenarios depending on the amount of data that are able to be collected both through our in-house surveys and by our external data suppliers to ensure we are still able to produce the SPPI over the coming months. These include considering incorporating fewer prices into the indices, using the previous month's movements to construct the latest estimates and reducing the level of detail published. Users will be informed of any changes to how the SPPI is constructed.

Methodology changes

The Office for National Statistics (ONS) will be implementing important methodological improvements to the Producer Price Index (PPI) and SPPI by summer 2020. These include moving from fixed-base weights to annual chain-linking, which will improve the accuracy of these statistics; and aligning SPPI to the [international Statistical Classification of Products by Activity \(CPA\)](#).

We will pre-announce the exact date when these changes will be implemented over the coming few months in order to give users as much notice as possible. Detailed technical information, including impact analysis, will be made available in advance of this change.

About the SPPI

The SPPI provides a measure of inflation for the UK services sector. It is constructed from a statutory quarterly survey, which measures changes in the price of services provided to UK-based customers for a range of industries. Individual SPPIs are available, which provide information on price change for a selection of services industries. These individual price indices are also aggregated together to create a services industry SPPI with limited coverage (it does not provide full coverage of the "services sector").

The services sector is estimated to account for around 80% of the UK economy based on its weight in gross domestic product (GDP). We do not produce an index for every industry in the services sector and so the SPPI is a partial, best estimate of the overall inflation to UK businesses in the services sector. The SPPIs presented in this statistical bulletin are estimated to represent 59% of the total services sector at industry level. The SPPI's coverage of the services sector at Standard Industrial Classification (SIC) class, division and section level is available in the [SPPI user guidance and methodology article](#).

As resources allow, we will continue to review the existing indices and expand coverage through developing indices for new industries. As such, the SPPI will change composition from time to time but will always remain our best estimate of inflation in the UK services sector. You should consider that coverage may change over time when deciding which indices best meet your needs.

The figures presented in this statistical bulletin are considered provisional for the latest two quarters and may be revised as late data are received.

All figures presented in this statistical bulletin are calculated on a gross sector basis unless otherwise stated and all index numbers exclude Value Added Tax (VAT). None of the indices presented in this bulletin are seasonally adjusted.

Every five years, SPPIs are rebased and their weights updated to reflect changes in industry.

3 . Links to related statistics

In addition to the data included within this statistical bulletin, the following detailed datasets are available.

Details of when the annual and monthly inflation rates were previously higher than, lower than, or at the same rate as the current quarter are shown in the [Services producer price inflation \(SPPI\)](#) records.

A summary of the revisions to SPPI data is available in the [SPPI revision triangles](#).

Other important measures of inflation and prices include the [Consumer Prices Index \(CPI\)](#) and the [Producer Price Index \(PPI\)](#).

The Consumer Price Index estimates the rate at which the price of goods or services bought by households rise or fall using price indices.

The Producer Price Index measures changes in the prices of goods bought and sold by UK manufacturers, including price indices of materials and fuels purchased (input prices) and factory gate prices (output prices).

4 . Quality and methodology

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the [Services Producer Price Indices QMI](#).

If you would like more information about the reliability of the data, the latest [SPPI standard errors](#) were published on 4 December 2017. The article presents calculated standard errors for the period between Quarter 1 (Jan to Mar) 2016 and Quarter 3 (July to Sept) 2017, for both quarter-on-quarter and 12-month growth. A previous [SPPI standard errors article](#) presents the calculated standard errors for the period Quarter 2 (Apr to June) 2012 to Quarter 1 (Jan to Mar) 2016.

[Guidance on using indices in indexation clauses](#) (2015) has been published. It covers producer prices, services producer prices and consumer prices.

Detailed information on the methods used to compile the SPPI is available in the [SPPI manual](#).

After EU withdrawal

As the UK leaves the EU, it is important that our statistics continue to be of high quality and are internationally comparable. During the transition period, those UK statistics that align with EU practice and rules will continue to do so in the same way as before 31 January 2020.

After the transition period, we will continue to produce our inflation statistics in line with the UK Statistics Authority's [Code of Practice for Statistics](#) and in accordance with internationally agreed statistical guidance and standards.