

OBR Budget Forecast: CPI Inflation (Q3)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Previously published	2.8	2.6	1.9	2.0	2.0	2.0
Used in June forecast	2.9	2.6	1.9	2.0	2.0	2.0

Up-rating of benefits, tax credits and public service pensions is based on the September CPI forecast for the given year. For example, 2011-12 benefit levels will be calculated by applying the September 2010 CPI inflation rate (3.1%).

The OBR forecast assumes up-rating is based on the Q3 estimate except in the current year where an estimate for the month of September is used.

In the case of the June forecast, however, the OBR used the Q3 figure for CPI in 2010-11 (2.9%) for up-rating. This was because an updated September estimate (2.8%) was not available until the final stages of the forecast.