

Statement

10 January 2013

Consultation on the Retail Prices Index

The Board of the UK Statistics Authority has accepted the recommendations of the National Statistician in respect of price indices following the recent public consultation on this.¹

In 2010, the Statistics Authority invited the National Statistician to investigate the systematic differences between the Consumer Prices Index (CPI) and Retail Prices Index (RPI), and undertook a statutory assessment of Consumer and Retail Price Indices.²

The National Statistician has completed a work programme and public consultation to address this issue. The findings of this were that the current formulation of the RPI fails to meet international standards, and she has recommended the creation of a new index to be known as RPI-J.

In recognition of the continuing user need for the existing RPI in its current form, for example in the index-linked gilts market and in the indexation of private pension payments, the National Statistician has also announced that, for the foreseeable future, the production and publication of the RPI will continue.

Andrew Dilnot, Chair of the UK Statistics Authority, reported to the House of Commons Public Administration Select Committee in September 2012 that, once the current price indices work programme had concluded, the Authority would undertake a wider review of the governance arrangements and structures supporting the production of price indices to ensure that these statistics best meet user needs in the future.

Accordingly, once the National Statistician's recommendations have been implemented in March 2013, the Authority will appoint an independent expert to lead this broader review, and to report to the Board of the Authority. The Authority will publish a further statement about the review in due course.

As with all National and candidate National Statistics, the new suite of inflation statistics will be subject to independent assessment by the Authority under the supervision of the Authority's Head of Assessment. The Board of the Authority has asked for this statutory assessment to be completed by summer 2013.

In addition, in light of the National Statistician's work programme and the methodological shortcomings now known to be associated with the RPI, the Board of the Authority has asked that these statistics should be re-assessed immediately to determine whether or not they merit continued designation as National Statistics.

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For media enquiries about this Statement please contact +44 (0)7786 892263

¹ <http://www.ons.gov.uk/ons/rel/mro/news-release/rpirecommendations/rpinewsrelease.html>

² <http://www.statisticsauthority.gov.uk/assessment/assessment/assessment-reports/assessment-report-79---consumer-price-indices.pdf>