

UK STATISTICS AUTHORITY

Draft Minutes
Monday 1 July 2019
Via Teleconference

Present

UK Statistics Authority

Sir David Norgrove (Chair)
Mr Jonathan Athow
Ms Helen Boaden
Professor Sir Ian Diamond
Professor David Hand
Professor Jonathan Haskel
Ms Sian Jones
Ms Nora Nanayakkara
Professor Sir Adrian Smith
Professor Anne Trefethen

Also in attendance

Mr Nick Bateson
Mr Iain Bell
Mr Owen Brace
Vanessa Holden (Secretariat)
Amy Williams (Secretariat)

Apologies

Mr Ed Humpherson

1. Apologies

- 1.1 Mr Humpherson had recused himself from the meeting. There were no other apologies.

2. Declarations of interest

- 2.1 There were no new declarations of interest.

3. Background

- 3.1 The Chair opened discussion, saying he wanted to update the Board on the conversation with the Chancellor on the subject of RPI. He began by reminding members of recent activity with regard to the Retail Prices Index (RPI).
- 3.2 In mid-2018, the Authority had opened discussions with HM Treasury, to better understand the current uses of the RPI, and establish options for transitioning away from the measure.
- 3.3 At the same time, the Lords Economic Affairs Committee had commenced an inquiry into the uses of the RPI. When the Committee reported in December 2018, it concluded that the Authority was potentially in breach of its statutory duties. It recommended that the Authority fix issues with the measurement of clothing prices, and that the Chancellor accept these recommendations.
- 3.4 In January 2019, the Authority Board sought the National Statistician's formal advice on the RPI. Sir David had written to the Governor of the Bank of England on 18 February, setting out the Authority's proposals that:
- i. the RPI be abolished; and
 - ii. recognising that this was a longer-term solution, that the methodology of the CPIH be adopted within the RPI.
- 3.5 On receipt of the Governor's confirmation that these proposals constituted fundamental and materially detrimental change to gilt holders, Sir David wrote to Chancellor on 4 March, setting out the Authority's proposals.
- 3.6 On 24 June, the Authority Chair had met with the Chancellor to discuss plans for the publication of the Government's response to the Authority's proposals. This followed the passing of the original timing of publication set out in the Spring Statement. Although officials from ONS and HM Treasury had made progress in developing a coordinated response to the Authority's proposals, the Chancellor had suggested that any announcement regarding the Authority's proposals should be put to an incoming Chancellor.

4. Discussion

- 4.1 Board members discussed how and when best to communicate the Authority's proposals publicly, in light of the Chancellor's view it was an issue for his successor. Points raised in conversation included:
- i. the possible market impacts of any announcement;
 - ii. the Authority's obligations, and duty in protecting and promoting the integrity of statistics; and
 - iii. how the Government might respond to the Authority's proposals.
- 4.2 On the basis of this discussion, and considering the time that had passed since the Committee's report, Board members were minded to take action to formally respond to the committee, including outlining their proposed changes to RPI, as quickly as possible. The challenge was therefore one of practicality, in particular, that an orderly announcement would be of utmost importance on this market sensitive issue.

- 4.3 The Debt Management Office (DMO) had advised that the only point in July during which the Authority might publish its proposals without compromising upcoming RPI-linked gilt auctions was on 7am on 3 July.
- 4.4 As the issues here were complex, and the need to have clear messages absolutely paramount, board members agreed that it would not be possible to coordinate communications effectively for this date. They wanted to fully understand all aspects of the communication approach and asked the Director for Communications to bring a comprehensive plan for communicating the Authority's proposals publicly, to the next meeting of the Authority Board.

5. Close

- 5.1 There was no other business.
- 5.2 The next meeting of the Authority Board would take place on 30 July 2019.

All papers from this meeting have been published on the UK Statistics Authority website, at: <https://www.statisticsauthority.gov.uk/news/uk-statistics-authority-statement-on-the-future-of-the-rpi/>