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**Chair of the UK Statistics Authority, Sir David Norgrove**

Lord Forsyth of Drumlean  
Chair, Economic Affairs Committee  
House of Lords  
London  
SW1A 0PW

16 July 2018

Dear Lord Forsyth,

I am writing with additional information the Committee requested when we gave evidence on 12 June. These are attached at Annex A.

I would also like to take this opportunity to reaffirm the position of the UK Statistics Authority that the Retail Prices Index (RPI) is not a good measure of inflation<sup>1</sup>, does not have the potential to become one, and we strongly discourage its use. Its continued publication is a result of the legislation and the way it is built into a range of contracts.

We continue to encourage users to move away from the RPI to better measures, while recognising that there is never likely to be a single measure of inflation that captures all individual experiences of price changes or meets all user needs. The Consumer Price Index including owner-occupiers' housing costs (CPIH) and the Consumer Price Index (CPI) are both National Statistics, and the Office for National Statistics (ONS) are developing new Household Cost Indices with a particular focus on the experience of different household types. They have set out for users the different characteristics of these different families of indices<sup>2</sup>.

We welcome the statement by the Chancellor on 25 April that the direction of travel is away from the RPI to the CPIH. The Governor of the Bank of England has also made the case against the use of RPI<sup>3</sup>.

We have seen the use of RPI decline over time. Nonetheless, like the Committee we see continuing uses of the RPI that are difficult to justify. I have for example said publicly that I am concerned by its use for student loans and rail fares.

As we discussed, the issues around the use of RPI are complex, often reflecting decisions and contracts made many years ago. Changes will need to be carefully planned and coordinated. The UK Statistics Authority and ONS look forward to playing their parts in making the changes that are needed.

Yours sincerely



**Sir David Norgrove**

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<sup>1</sup> [UK Statistics Authority Statement, March 2018](#) following [ONS note, Shortcomings of the RPI, March 2018](#)

<sup>2</sup> [ONS Measuring prices and costs for consumers and households, March 2018](#)

<sup>3</sup> [Lords Economic Affairs Committee, Governor of the BoE evidence, Jan 2018](#)