



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

23 October 2020

Sir David Norgrove
Chair, UK Statistics Authority
1 Drummond Gate
London
SW1V 2QQ

Dear David,

At the Budget in March, the Government and UK Statistics Authority (UKSA) launched a joint consultation seeking views on whether UKSA's intended approach to reform the Retail Prices Index (RPI) should be implemented at a date other than 2030, and, if so, when between 2025 and 2030. The consultation closed for responses on 21 August.

As you know, under current legislation, the UKSA Board requires my consent as Chancellor before fundamental changes which would be materially detrimental to the interests of the holders of specific index-linked gilts, as judged by the Bank of England, can be made to RPI. The last of these specific index-linked gilts matures in 2030. The consultation sought to inform me of the relevant impacts of reform in order that I could make this assessment. The relevant impacts that I have been able to consider in this assessment are those on the holders of index-linked gilts, the index-linked gilt market and the consequent impacts on the public finances.

Having considered the responses submitted to the consultation, I am informing you and the Board that while, like my predecessor, I see the statistical arguments of the Board's intended approach to reform RPI, in order to minimise the impact of UKSA's reform to RPI on the holders of index-linked gilts, I will be unable to offer my consent to the implementation of such a proposal before the maturity of the final specific index-linked gilt in 2030.

After this specific index-linked gilt has matured, the UKSA Board can implement changes to RPI unilaterally. You will be aware from the responses to the consultation, that there have been widespread calls from users of RPI – particularly index-linked gilt holders – for the authorities to provide certainty on the future of the index in the outcome of the consultation. I recommend that we both are mindful of this when we issue our joint response.

RISHI SUNAK