

From: Chris Giles
Sent: 21 July 2017
Subject: Quality of the Retail Prices Index as an official statistic

Dear Sir,

I am writing in reference to the Retail Prices Index and the responsibilities of UKSA under the 2007 Statistics and Registration Services Act and the supplementary notes to the Act.

The Act (Section 21) compels the Board to compile, maintain and publish the Retail Prices Index every month.

The Act (Section 7) compels the Board to safeguard the production and publication of official statistics that serve the public good (7(1)). It compels the Board to promote and safeguard the quality of official statistics (7(3)). It defines the quality of official statistics with reference to their impartiality, accuracy, relevance and coherence with other official statistics (7(4)).

The Retail Prices Index is an official statistic.

The National Statistician has been clear in his letter of 9 March 2016 to Sir Andrew Dilnot that the Retail Prices Index does not meet basic quality thresholds. He said: "Put simply, I believe that the RPI is not a good measure of inflation and does not realistically have the potential to become one". He pledged not to make any improvements to the RPI unless "to not do so would inhibit the improvement of CPIH and the Consumer Prices Index". He said this inaction would be performed "with due consideration to the requirements of the Statistics and Registration Services Act 2007".

I believe the ONS is in breach of the Act, with reference to the Retail Prices Index, and the Board is not adequately performing its duty for the following reasons.

- 1) To accept the RPI is "not a good measure of inflation" and propose to do nothing about it is in breach of the Board's duty to promote and safeguard the quality of official statistics under Section 7 of the Act.
- 2) Under Section 8 of the Act, the Board has not reported its concern about the quality of the RPI to the National Statistician despite the National Statistician being clear it is "not a good measure"
- 3) Under Section 9 of the Act, the Board has not maintained standards of official statistics with reference to the RPI, nor published guidance or advice as required by the Act
- 4) Under Section 28 of the Act, the Board must seek to minimise the burdens (including financial burdens) it imposes on other persons. In failing to correct known errors in the RPI, the Board is imposing large financial burdens, among others, on taxpayers who have issued long-dated financial instruments linked to the RPI, to students who have interest rates on loans linked to the RPI and rail passengers, who have their fares linked to the RPI. These financial burdens are a direct consequence of the Board's current unwillingness to improve the quality of the RPI.

I appreciate these are serious matters and expect the Board to treat them seriously. I therefore do not expect an immediate response, but would like to be kept informed regularly of the progress of your deliberations.

Yours sincerely
Chris