

# **UK STATISTICS AUTHORITY**

## **Draft Minutes**

**Wednesday, 9 January 2013  
Boardroom, London**

### **Present**

#### **UK Statistics Authority**

Mr Andrew Dilnot (Chair)  
Professor David Rhind  
Professor Sir Adrian Smith  
Mr Richard Alldritt  
Dr Colette Bowe  
Dame Moira Gibb  
Dr David Levy  
Ms Jil Matheson  
Mr Glen Watson

#### **Secretariat**

Mr Robert Bumpstead  
Mr Mervyn Stevens

#### **Other attendee**

Mr Derek Bird (Office for National Statistics)

#### **Apologies**

Mr Partha Dasgupta

**1. Apologies**

Apologies were received from Mr Dasgupta.

**2. Declarations of interest**

The Chair acknowledged the likelihood that members of the Authority Board would have pensions or investments with returns linked to the Retail Price Index (RPI), but commented that he was confident that this would not affect the meeting's discussion or decisions.

**3. Chair's opening remarks**

The Chair noted that in 2010 the Authority had invited the National Statistician to investigate the systematic differences between the Consumer Prices Index (CPI) and Retail Prices Index (RPI), and the Authority's Monitoring and Assessment team had carried a statutory assessment of Consumer and Retail Price Indices at that time.

**4. Outcome of the National Statistician's Consultation on Improving the Retail Price Index (RPI) [SA(13)01]**

4.1 Ms Matheson introduced a paper which reported on the outcome of her recent public consultation on options for improving the RPI. The consultation had been prompted by the need to address the gap between the estimates produced by the RPI and the Consumer Prices Index (CPI). The ONS research programme had found that the use of the arithmetic formulation (known as the 'Carli' index formula) in the RPI was the primary source of the formula effect difference between the RPI and the CPI, and that this formulation did not meet current international standards.

4.2 In developing her recommendations, Ms Matheson had noted that there was significant value to users in maintaining the continuity of the existing RPI's long time series without major change, so that it might continue to be used for long-term indexation and for index-linked gilts and bonds in accordance with user expectations. Her recommendations had been discussed at the meeting of the Consumer Prices Advisory Committee (CPAC) on 8 January. Ms Matheson reported on the discussions of CPAC.

4.3 Ms Matheson invited the Authority to accept her recommendations that:

- i. a new RPI-based index should be published from March 2013 using a geometric formulation (Jevons), known as RPIJ;
- ii. the formulae used at the elementary aggregate level in the RPI should remain unchanged; and
- iii. improvements to the measurement of private housing rents from using an alternative data source should be implemented in the February 2013 RPI indices (published on 19 March 2013).

4.4 Following discussion, the Authority agreed to accept the National Statistician's three recommendations. The meeting noted the proposed use of an alternative data source for the measurement of private housing rents would be subject to consultation with the Bank of England and, if necessary, the consent of the Chancellor of the Exchequer.

4.5 The meeting also agreed that:

- i. in the light of the National Statistician's work programme and the methodological shortcomings now known to be associated with the RPI, these statistics should be

reassessed immediately to determine whether or not they merited continuing designation as National Statistics;

- ii. once the National Statistician's recommendations had been implemented in March 2013, the Authority would initiate reviews of the governance arrangements and structures supporting the production of price indices to ensure that these statistics best meet user needs in the future; and
- iii. as with all National and candidate National Statistics, the new suite of inflation statistics would be subject to independent assessment by the Authority, and that this statutory assessment should be completed by summer 2013.

4.6 The meeting also noted the proposed arrangements for announcing these developments on 10 January.

**5. Any other business**

There was no other business.

# UK STATISTICS AUTHORITY

## *Agenda*

***Wednesday, 9 January, 2013  
Telephone Conference, 14:15 to 15:15***

**Chair: Andrew Dilnot**  
**Apologies: Partha Dasgupta**

1	Apologies and declarations of interest Chair's opening remarks		-
2	Outcome from the National Statistician's Consultation on Improving the Retail Price Index (RPI), October to November 2012	SA(13)01  Ms Jil Matheson	1
3	Any other business		-

**UK STATISTICS AUTHORITY**

SA(13)01

***Outcome of the National Statistician's Consultation  
on Improving the Retail Prices Index (RPI)***

The National Statistician's announcement has now been published on the website of the Office for National Statistics as per the link below:

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