

# Bank of England

Stephen Burgess and Michael Hardie  
Office for National Statistics  
Government Buildings  
Cardiff Road  
Newport  
NP10 8XG

**Clare Lombardelli**  
Deputy Governor, Monetary Policy

17 January 2025

Dear Stephen and Michael

## Proposed changes to RPI in 2025

Thank you for your letter dated 10 January, addressed to Matt Roberts-Sklar and Simon Kirby, covering the following planned changes to the Retail Prices Index (RPI):

- i) the 2025 annual update of the basket of RPI items (including both the contents and their associated expenditure weights);
- ii) the annual refresh of location rotation and re-enumeration;
- iii) the inclusion of fixed price energy tariffs;
- iv) the changes to the low-level item methodology for mobile phone applications;
- v) the changes to how data are processed, in preparation to move the production of RPI off legacy platforms; and
- vi) the incorporation of data from the Northern Ireland Housing Executive (NIHE) into the ONS's measure of private rentals.

I chaired a Senior Advisory Committee to consider these changes. In line with Section 21 of the Statistics and Registration Service Act 2007, we considered whether any of these changes constitute a “fundamental change” in the RPI which would be “materially detrimental” to the interests of holders of relevant index-linked gilts (ILGs).

Our view is that **none of these changes represents a fundamental change in the coverage or basic calculation of the RPI which would, on the balance of probabilities, be materially detrimental to the interests of holders of relevant ILGs.**

The content of this letter may be confidential. Please ensure you handle this information in accordance with the instructions set out in the Bank of England Information Security Classification Scheme available here: [b-o-e.uk/iscs](https://www.bankofengland.co.uk/iscs) or from the Bank upon request.

Bank of England | Threadneedle St | London | EC2R 8AH  
+44 (0)20 3461 4444 | [www.bankofengland.co.uk](https://www.bankofengland.co.uk)



On items (i) and (ii), we concluded that both the annual update of the basket of RPI items and the annual refresh of location rotation and re-enumeration are the sort of routine “maintenance” changes required to ensure the RPI remains consistent with its purpose.

On item (iii), we viewed the inclusion of fixed price energy tariff as akin to adding a new gas and electricity item under the usual annual update of items, which does not change the expenditure area represented in the RPI and so was not a change to the coverage of the RPI. The methodology for measuring the stock of fixed tariffs is used elsewhere in the RPI (e.g. for private rent and telecommunications). Therefore, we did not view this as a change to the basic calculation. We did, however, note that within the back run of data used for the impact assessment, the 2022-23 period saw large negative impacts on headline RPI. The effects reflect an unprecedented rise in gas prices over that period. While it is possible that this could happen in the future, this is unlikely to be a central expectation over coming years. Subsequent falls in energy prices had shown that potential for the inclusion of fixed price tariffs to also push up on the RPI. By June 2024, the ONS’s impact assessment suggests the cumulative impact on the RPI is only modestly negative. The overall impact is also expected to be limited by the smaller weighting of fixed energy tariffs within the RPI. We concluded that the change, on the balance of probabilities, would not be materially detrimental to the interests of holders of relevant ILGs.

On (iv), we agreed with the ONS’s view that given the limited turnover of the mobile app best seller chart, the proposed switch from tracking the price of certain positions in the chart to tracking the price of specific apps does not represent a fundamental change to the coverage or basic calculation of the RPI.

The Committee noted the ONS’s intention to submit the introduction of groceries scanner data in 2025 for assessment ahead of its inclusion into consumer prices, including the RPI, in March 2026. Changes to how data are processed covered in (v) have, in part, been made in preparation for this. All are judged to not be fundamental changes or materially detrimental. Looking at each change individually:

- On the changes to imputation of base prices for replacement products and seasonal items, the Committee noted the change in imputation for locally collected prices brought this into line with the central collection (where prices can be accessed from other, non-store sources). Therefore they did not view this as a fundamental change to the coverage or basic calculation of RPI.
- On the change to the categorisation structure of groceries, the Committee judged that this did not represent a fundamental change to the coverage or basic calculation of the RPI. The Committee noted that in principle restructuring classification of items should not impact the RPI’s calculation. Notwithstanding this, there are some cases where a change to the stratification of basket items, has resulted in small change to the weights applied to them, with a corresponding negligible impact on the RPI.
- On the transfer to a new Cloud platform, the Committee noted the need for a more sophisticated computing system to support the introduction of groceries scanner data.

---

Members judged that this change to the ONS's data processing infrastructure did not represent a fundamental change to the coverage or basic calculation of the RPI itself.

Finally, on item (vi) on the incorporation of NIHE data into the ONS's measure of private rentals, we noted the application of the Price Index of Private Rents (PIPR) methodology brings the measurement of rents data in Northern Ireland into line with Great Britain, where this methodology was introduced by the ONS in March 2025 and assessed by the Committee in 2023<sup>1</sup>. We also noted there is precedent for the use of nowcasting lagged data series and judged that its use for the latest month's private rent data for Northern Ireland does not represent a fundamental change to the basic calculation or coverage of the RPI, nor is materially detrimental to the interests of relevant ILG holders.

A copy of this letter goes to Mike Keoghan, Grant Fitzner, Jason Zawadzki, Chris Payne and Chris Jenkins at the ONS, Dan Gallagher at HM Treasury, and to Matt Roberts-Sklar, Simon Kirby and Carleton Webb here at the Bank of England.

Yours sincerely



Clare Lombardelli

---

<sup>1</sup> See letter from Ben Broadbent to Michael Hardie, November 2023, <https://www.ons.gov.uk/file?uri=/news/statementsandletters/correspondenceonproposedchangestothetailpriceindexrpi/lettertoonsreproposedchangestorpiin2024secondhandcarsandprivaterents.pdf>