

# Bank of England

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Dear Stephen and Michael,

## Proposed changes to RPI in 2026

Thank you for your letter dated 24 November 2025, addressed to Matt Roberts-Sklar and Simon Kirby, covering the following planned changes to the Retail Prices Index (RPI):

- i) the 2026 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 introduction of scanner data supplied by supermarkets for food, non-alcoholic beverages, alcoholic beverages and tobacco ('groceries');
- iv) the changes to the imputation methods for the UK House Price Index (HPI);
- v) the changes to the sampling of hotel overnight stays; and
- vi) the changes to the sampling of computer games items.

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).

The committee concluded that none of the items (i), (ii), (iv), (v) or (vi) represents a fundamental change in the coverage or basic calculation of the RPI.

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On items (i) and (ii), Committee members 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 (iv), regarding the changes to the imputation methods in the UK HPI, the committee judged the change to be a refinement of the basic calculation, rather than a fundamental change. While not directly relevant to its judgement that the change was not a fundamental one to the basic calculation nor coverage of the RPI, the committee did, nonetheless, note the impact assessment completed by the ONS was based on a sample period of less than one year.

On items (v) and (vi), the changes to frequency of price collection for computer game items and 1-night hotel stays outlined in your letter were judged to not represent material changes to the items and/or services covered, rather the timing of when they are collected. The committee did note that the changes to the 1-night hotel stay were likely to result in marginal reductions in the volatility and seasonality of the RPI. They are also the sort of routine improvements we would expect to be identified and implemented over time.

In respect of item (iii), the committee welcomed the flagship innovation to the measurement of prices for groceries, using supermarket scanner data to increase the number of products tracked, as well as the data points for each product each month. This builds on the progress the ONS initiated in 2023 and 2024 when it introduced similar methodology for rail fares and used cars respectively. The updated aggregation formula and introduction of within-year weight changes for individual products is viewed as **a fundamental change in the basic calculation of the RPI**.

While this change is significant, **the evidence does not indicate that, on a balance of probabilities, the change would be materially detrimental to the interests of holders of relevant ILGs**. In the 6-year sample period provided by the ONS, the updated data sources and methodologies resulted in aggregate indices close to the published series, and below levels that the Bank would consider to be material.

In addition to the update discussed above, the committee also noted the growing use of increasingly complex, third-party data in the calculation of consumer prices. This creates a new set of quality assurance challenges, and the committee encouraged the ONS to continue with its efforts to ensure that its processes are robust to these new challenges.

A copy of this letter goes to James Benford, Grant Fitzner, Chris Payne and Chris Jenkins at the ONS, Daniel Gallagher, Tom Hemingway, Ellie Price and Tara Murphy at the Treasury, and to Matt Robert-Sklar, Simon Kirby, and Carleton Webb at the Bank of England.

Yours sincerely



Clare Lombardelli