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Date: 24 November 2025

Matt Roberts-Sklar and Simon Kirby  
Head of Sterling Markets Division and Senior Manager of Current Economic Conditions Division  
Bank of England  
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London  
EC2R 8AH

Dear Matt and Simon,

This letter covers the changes to the suite of consumer price inflation statistics that will be implemented in 2026 as part of the standard production cycle. It also covers changes to the suite of consumer price inflation statistics in 2026 made as part of ONS's transformation of consumer price inflation statistics. This work aims to improve the quality and granularity of these statistics by identifying new data sources, improving methods, and developing new systems.

### Issue

A request for the Bank of England to assess the changes to the Retail Prices Index (RPI) proposed by UK Statistics Authority (the Authority) for implementation in 2026.

### Action requested

The Authority is required, under Section 21 of the Statistics and Registration Service Act 2007, to consult the Bank of England before making any changes to the coverage or basic calculation of the RPI, to ask its opinion on whether the proposed changes constitute a fundamental change in the index that would be materially detrimental to the holders of relevant index-linked gilts. You are asked to review the proposed changes outlined below and to respond by Friday 12 December 2025.

### Context

The ONS (as the executive arm of the UK Statistics Authority) aims to ensure the continued high quality of all its statistical outputs including the RPI. [Our policy](#) is to address the shortcomings in the RPI in full at the earliest legal and practical opportunity (in February 2030) by bringing the methods and data sources from the Consumer Prices Index including owner occupiers' housing costs (CPIH) into the RPI.

In earlier statements, the ONS has outlined a policy of focusing development work on our headline consumer prices statistics (CPI and CPIH) while maintaining RPI through "routine changes" and giving due regard to our obligations under the Statistics and Registration Service Act 2007. As work on consumer prices transformation has progressed in the past few years, it has become clear that there is some degree of conflict between maintaining the quality of our headline statistics and keeping changes to RPI "limited and predictable". This is because the CPI transformation programme involves substantial modernisation of sources and systems: if we wanted to preserve existing data sources and systems for use in RPI only, this would require significant investment in legacy systems, and additional resource costs in monthly production. As a result, we are allowing methods and data improvements being applied to CPI to flow through to RPI, where they differ in substance from the elements of RPI that we expect to

be able to address after 2030 - most notably the Carli formula and methodology for owner occupiers' housing (OOH) costs.

The rest of this letter describes what we intend to implement in our consumer price inflation statistics in March 2026, beginning with the more routine changes to coverage, sampling and reference years.

## **Proposals for changes to be implemented in consumer price inflation statistics in March 2026:**

### **1. Annual basket and weights update**

The standard procedures for the annual updating of the baskets are well rehearsed. Although fixed within each year, the contents of the baskets of goods and services and their associated expenditure weights are updated annually to ensure that they are properly representative of household spending patterns. The updating mitigates potential biases that might otherwise occur from not allowing for changing consumer expenditure habits.

Additionally, for the basket refresh this year, we will be aiming to increase the sample for some health items to improve representativity in this area.

The annual update of the suite of consumer price inflation statistics will take effect with the February 2026 indices, which will be published on 25 March 2026. An accompanying article describing the changes to the baskets will be published on the ONS website about a week earlier. A full description of the reweighting and updating process can be found in the [basket article](#) and the [weights article](#). The items in the Consumer Prices Index including owner-occupiers' Housing costs (CPIH), Consumer Prices Index (CPI) and Retail Prices Index (RPI) baskets will be updated in 2026, so that they remain representative of consumer spending and trends.

### **2. Location rotation and re-enumeration**

Approximately 140 locations in the UK are visited each month as part of the local price collection. These locations are carefully selected according to retail turnover and controlled to avoid overlaps with current locations within the sample. To maintain the sample of locations, each year 30 locations are refreshed, either by excluding a location and replacing it with a new one (rotation) or refreshing the list of outlets in the existing location (re-enumeration). We have refreshed a full 30 locations again in readiness for our 2026 collections.

### **3. The introduction of groceries scanner data**

We would like to incorporate groceries scanner data into RPI in March 2026. This is an unusually complex change. In order to incorporate scanner data into our headline consumer prices statistics, we have built a new reproducible analytical pipeline using a Cloud Platform, which is capable of processing big datasets such as these. The pipeline was introduced into RPI last year (March 2025).

We intend to introduce grocery scanner data for approximately 50% of the market. This will affect the following RPI expenditure categories:

- Food
- Alcoholic drink
- Tobacco

The scanner data will give us a census of transactions for these retailers. More details on how these data are aggregated and used can be found in Annex 1.

As with locally collected data, where we have processes and procedures for managing e.g. store closures, we have built processes into our new system for handling issues with data supply. These are also described in Annex 1.

A further challenge with using scanner data in live production is that a retailer may choose to make improvements to the way that they process their data, that may in turn impact the data that they supply to us and, therefore, the resulting outputs. This is consistent with current practice, for example, the use of national accounts Household Final Consumption Expenditure for (CPI and CPIH) weights, where historical data and methodology revisions can lead to structural breaks in the time series of expenditure levels feeding into the weights process.

#### **4. RPI indices affected by improved imputation methods in the UK House Price Index**

From 20 August 2025, an improvement was made to the existing monthly imputation method for Great Britain in the UK House Price Index (UK HPI). Whereas previously missing values for floor area and number of rooms were set to zero, they are now imputed using the 10 nearest-neighbour imputation method (with the exception of floor area in Scotland).

The UK HPI is used in the calculation of 5 RPI items:

- (410201) Mortgage interest payments (index and weight)
- (410801) Depreciation index
- (410703) Ground rent index
- (440202) Estate agent fees index
- (440218) Surveyors' fees index (also in CPI)

We intend to calculate these indices using UK HPI based on the new imputation method from the March 2026 publication. Impact analysis is provided in Annex 2.

This improvement to UK HPI's existing monthly imputation method is part of the [ongoing programme of improvements to UK HPI production](#) launched in summer 2024 and referenced in our correspondence of 10 January 2025. This programme is improving the sustainability of the production system and identifying potential methodology improvements in preparation for the planned UK HPI methodology review, as discussed with the Advisory Panels for Consumer Prices.

#### **5. Changes to the frequency of price collection**

We currently collect titles from different stores and for different consoles for Computer games (630334) and for Computer game downloads (630372). Prices of the top few games (between three and 10, depending on the retail outlet and type of platform) on an online top 10 list are collected centrally from several major retailers on or around index day (the second or third Tuesday of each month). However, the indices for these items can be volatile given the differing composition of the computer game charts from month to month. We therefore propose collecting prices twice a month for both items. The second collection is likely to happen the week after index week. Analysis is provided in Annex 3.

Similarly, for hotel advance price 1-night (640408), we now propose to collect prices for a second date each month. This will mean doubling the "six weeks in advance" collection, with the extra quotes covering an alternative date - the Thursday after index week.

Further details on these proposals are included in the annexes of this letter. As with previous years' assessments, any impact analysis is provided separately for each individual change.

Please let me know if you have any queries or would like to discuss any of the changes raised in this letter further.

A copy of this letter goes to Carleton Webb at the Bank of England, to Ellie Price, Tara Murphy, Tom Hemingway and Dan Gallagher at the Treasury and to James Benford, Grant Fitzner, Chris Payne and Chris Jenkins here at ONS.

Yours sincerely,

A handwritten signature in grey ink that reads "S. Burgess". The signature is written in a cursive, slightly slanted style.

Stephen Burgess  
Deputy Director, Prices Division (Production), Office for National Statistics

A handwritten signature in grey ink that reads "M. Hardie". The signature is written in a cursive, slightly slanted style.

Michael Hardie  
Deputy Director, Prices Division (Transformation), Office for National Statistics

## **Annex 1: Groceries scanner data**

We would like to incorporate groceries scanner data into RPI in March 2026. This is an unusually complex change. In order to incorporate scanner data into our headline consumer prices statistics, we have built a new reproducible analytical pipeline using a Cloud Platform (CP), which is capable of processing big datasets such as these. The broader coverage of the data has also necessitated changes to the classification structure. Furthermore, we have moved the processing of data collection in the field ('locally collected data') from the existing Ingres legacy system to our new CP system, including a number of changes to the way locally collected data are aggregated. These changes were introduced into RPI last year (March 2025).

### **Working with scanner data**

As with locally collected data, where we have processes and procedures for managing e.g. store closures, we have built processes into our new system for handling issues with data supply.

### **The treatment of missing scanner data retailers**

The use of scanner data in ongoing production requires us to have a pre-determined process for the situation where a) a data feed for one or more retailers is not supplied in a given month, and b) a data feed for one or more retailers is suspended indefinitely.

In these situations, our new system will impute the missing retailer index by temporarily excluding it from the aggregation structure, and then applying the month-on-month change in the resulting consumption segment (or higher-level aggregate, if necessary) to the previous month's index for the missing retailer.

If the data are also not supplied in the subsequent months, we will continue to impute the missing index in this manner and if necessary, we will assess on a monthly basis whether to re-introduce locally collected data for this retailer. Should the data supply be resumed at a later date without a redelivery of the missing datasets, then we will impute the missing datasets in a manner that is consistent with the imputed index.

If we were to only receive 1- or 2-weeks' worth of data in a given month (for example, should a cyber-attack delay supply of data), we would seek to calculate unit prices from the 1- or 2-weeks' worth of data that are available.

We consider that such imputations are part of our proposed process for using scanner data and would not need further assessment under SRSA07 and would appreciate if you could confirm your understanding on this matter.

### **Re-supply of scanner data**

A further challenge with using scanner data in live production is that a retailer may choose to make improvements to the way that they process their data, that may in turn impact the data that they supply to us and, therefore, the resulting outputs.

This is not inconsistent with current practice. For example, the use of national accounts Household Final Consumption Expenditure for (CPI and CPIH) weights, where historical data and methodology revisions can lead to structural breaks in the time series of expenditure levels feeding into the weights process.

However, we have been notified by all of our scanner data retailers that they are rebuilding the pipelines that they use to supply us with data. While we do not expect this to change the data that they send to us, there is nonetheless a small possibility that this may happen (they are providing us with historical data to assess this point). It is possible that such a re-delivery may occur after the consultation process with you concludes, but before we implement the change in March 2026.

As per the above, we consider that such a re-delivery would be in line with our standard processing. We expect any change to the impact analysis provided prior to March 2026 to be negligible. However, if this is not the case, and changes result in impacts to the headline rate at 1dp, then we are happy to notify you of this change.

## **The impact of introducing groceries scanner data**

We intend to introduce grocery scanner data for approximately 50% of the market. This will affect the following RPI expenditure categories:

- Food
- Alcoholic drink
- Tobacco

The scanner data will give us a census of transactions for these retailers. Data are manually classified to consumption segments. We determine unique products using a combination of SKU code, store type and unit of measurement, and manually identify relaunches. We then use expenditure and quantity data to derive size-adjusted average prices across three weeks of the month. We also include price promotions, multibuy offers and discriminatory discounts. We account for refunds (where possible), and remove “reduced-to-clear” lines (where possible) and “junk” observations (for example, products with erroneous or incomplete data for the size or unit of measurement), and use price relative fences and a dump price filter for outlier detection.

More detailed background on the methodology described above can be found in our article [Introducing grocery scanner data into consumer price statistics](#). (More information can also be found by referring to our earlier articles<sup>1</sup>, [Research into the use of scanner data for constructing UK consumer price statistics](#), [Date trimming for consumer prices alternative data sources](#), [Outlier detection for grocery scanner data in consumer price statistics](#) and [Classification of new data in UK consumer price statistics](#).)

Elementary aggregate indices are constructed using the GEKS-Törnqvist method over a 25-month window, and the time-series is updated using a “mean-splice-on-published” extension method. The methodology is described in more detail in our article, [Introducing multilateral index methods into consumer price statistics](#). Scanner data retailers are given weights according to their market share from the Annual Business Survey. They are then aggregated together with shop type indices from our locally-collected data. The weight of the relevant local-collection stratum is reduced by the turnover of the scanner data retailers and we do not include locally-collected price quotes for these retailers. We then aggregate up to region, then consumption segment levels. RPI Section and higher-level aggregates are constructed using the current Lowe methodology. Our article [Introducing alternative data into consumer price statistics: aggregation and weights](#) describes in more detail how groceries scanner data are integrated with locally collected data and aggregated.

## **Setting the baseline**

We have used the new CP system to produce a “baseline” CPI and RPI, produced according to the current system specification. This provides a consistent baseline to use for comparisons with the impact analysis, also produced on our CP system.

The differences between our all-items published data and our baseline measures are small (after accounting for the current system specification). These differences can be accounted for by small historical ad-hoc adjustments that can’t be readily replicated. Unlike the existing process, we have not used quotes that were rejected in January to set base prices. Differences also arise over the pandemic period, where it was not possible to replicate the imputation methods for unavailable items.

We have also made an improvement to the way that seasonal base prices are imputed. Previously, the base prices for “out-of-season” seasonal items were set by carrying the latest available price forward. We now set these base prices by using the overall COICOP4 inflation rate. For example, if men’s shorts are introduced in April, we would use the overall COICOP4 index for Garments to impute the base prices when they become available again. This change also accounts for part of the difference between published data and our baseline scenario.

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<sup>1</sup> Please note that, as these are historical articles, the content does not necessarily reflect the current suite of change proposals. For example, the decision on stratifying shop-types by market share has been postponed.

## Annex 2: Impact of UK HPI imputation on RPI

The UK House Price Index (UK HPI) is used in compiling several items within the Retail Prices Index (RPI). These are mortgage interest payments, ground rent, depreciation, and estate agents' and surveyors' fees (see section 12.5 of the [CPIH Technical Manual](#)). From 20 August 2025, an improvement was made to the existing monthly imputation method for Great Britain in the UK House Price Index (HPI) to reduce initial overestimation of new build estimates in provisional estimates, as part of a sequence of improvements being made to HPI production systems and methods to ensure statistical quality. However, this was not immediately carried through into RPI.

The improved imputation approach better accounts for the challenges associated with data timeliness for new build properties, for which some property characteristics are often unavailable when early estimates are produced. Under the previous method, if the number of rooms was unknown for a given property, the value was set to "missing", whereas the new method imputes an estimated value using a technique called 10 nearest-neighbour imputation. For floor area, the previous method set the value to zero if it was unknown, whereas the new method (for England and Wales only) uses 10 nearest-neighbour imputation. The previous method was prone to upward bias in early estimates of HPI growth, particularly for the new build breakdown which carries [~9% weight](#) in headline HPI inflation rates. More detail is available in two papers presented to the Advisory Panel on Consumer Prices (Technical) in [January 2025](#) and [April 2025](#). Figure 1 in the first paper illustrates the rate at which more property attributes data become available over time. This panel agreed that the proposed approach was an improvement on the old method, and subsequently the change was also endorsed by the cross-government HPI working group in May 2025.

Given the complexity involved in reworking and comparing many successive vintages of published HPI series, we have only been able to compare the old and new HPI production methods on a relatively short sample of data, from February to September 2025. In order to illustrate the potential impact of these HPI changes on the RPI, we have had to make a number of assumptions. We have done this in order to be as transparent as possible, but this may not be representative of what would happen if house prices were to behave very differently. Further, we have not modelled the potential effect of the change on any RPI weights, or on any index values before January 2025.

To compare the series and avoid a step change in February, we have estimated the January prices based on a comparison of HPI monthly rates between new and old series. The ratio of these has been applied to the monthly increase between January and February on the old basis, and the result used to backwards impute for January. Comparable vintages of data have been used to calculate and compare the monthly rates.

Table 1 shows the estimated impact of the HPI changes on the 12-month rates for all-items RPI and relevant RPI sections. The overall effect is to reduce the RPI 12-month rate by around 0.1 percentage points on average, with some variation from month to month. The effect is generally downward because a more mature estimate of HPI is used to create the January data, which (as a revised HPI estimate) is less affected by HPI imputation than the provisional estimates used throughout the remainder of the year.

**Table 1: Estimated impact of the changes on section and headline RPI 12-month growth rates**

	Weight (parts per thousand)	Impact on 12-month growth rate							
		Feb 25	Mar 25	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25
Headline RPI	1000	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.2	-0.1
Mortgage interest payments (MIPs)	39	0.0	0.0	0.0	-0.1	0.0	-0.1	-0.1	-0.1
Housing depreciation	75	-0.1	-0.1	-0.5	-0.9	-1.2	-1.8	-1.8	-1.1
Ground rent within Section 4107	3.9 (of 8 for whole section)	-0.1	0.0	-0.2	-0.5	-0.6	-0.9	-0.9	-0.6
Estate agents' fees and Surveyors' fees within Section 4402	2.3+0.2 (of 23 for whole section)	0.0	0.0	0.0	-0.1	-0.1	-0.2	-0.2	-0.1

### Annex 3: Changes to the frequency of price collection

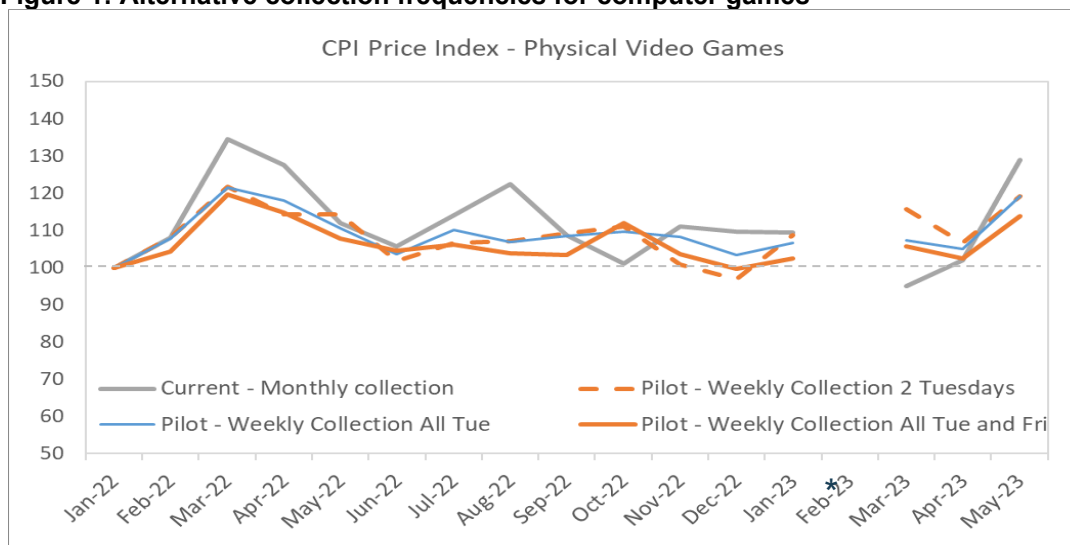
#### Chart collection

We currently collect titles from different stores and for different consoles for Computer games (630334) and Computer game downloads (630372).

However, as these items can be fairly volatile, we carried out a short-term pilot study in 2022-23 of additional prices to analyse how best to reduce this volatility. One way of reducing the volatility would be to collect the same number of titles but on a more frequent basis. The graph below shows how the computer games index would look based on different options (Figure 1),

- Collecting two Tuesdays a month
- Collecting every Tuesday
- Collecting every Tuesday and Friday

**Figure 1: Alternative collection frequencies for computer games**



Note: February 2023 is missing

All three options appeared to be less volatile than the current method. We weighed up the benefits from the reduced volatility against the additional collection costs and propose moving to collecting twice a month for both computer games and computer game downloads, with the second collection likely happening the week after index week. We also considered an option to collect more titles but without changing the frequency of collection, but that had less impact on volatility.

#### Hotels

There are two overnight hotel items:

- 640406 Hotel – 1 night price
- 640408 Hotel – advance price 1 night

Prices for 640406 are collected the day before index day for a nominal stay on index night. The second item (640408, introduced in the 2025 basket) is the same except that prices are collected six weeks in advance of index day. The aim of introducing the new item was to reduce the volatility caused by the traditional collection method which resulted in reduced sample sizes due to rooms being unavailable.

We propose a further change in 2026, to collect prices for a second date each month for 640408 (hotel, advance price, 1 night). This will mean doubling the six weeks in advance collection, with the extra quotes covering an alternative date - the Thursday after index week. We believe that choice will continue to offer good sample sizes (due to the advance collection), reduce month-to-month volatility in the overall hotels index and remain in line with international best practice.

To help manage collection costs, we will also remove the traditional item in March 2026. We consider that the majority of bookings made the day before travel would be by businesses, not consumers.