
Chair of the UK Statistics Authority, Sir Andrew Dilnot CBE

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Dear John

WORK WITH THE VALUATION OFFICE AGENCY ON CPIH

Thank you for your letter dated 26 September 2014, setting out ongoing work by the Office for National Statistics (ONS) and the Valuation Office Agency (VOA) on the owner occupiers' housing component of CPIH.

The Authority has carefully considered the methodological changes being proposed by the ONS, and agrees it would be appropriate to implement these as part of the next annual update of consumer price indices, to be published in March 2015.

As you note in your letter, the same data are of course used to measure private rental prices across the suite of consumer price inflation statistics. While initial analyses have shown there would be no appreciable impact on the RPI, Section 21 of the *Statistics and Registration Service Act 2007* requires the Authority to consult on any change to the index with the Bank of England¹.

I would be grateful if the ONS could now commence this process, to confirm with the Bank of England that the change would not constitute a fundamental change in the index which would be materially detrimental to the interests of holders of relevant index linked gilts.

I am copying this letter as yours.

Yours sincerely



Sir Andrew Dilnot CBE

¹ Section 21 of the Act sets out that, "Before making any change to the coverage or the basic calculation of the retail prices index, the Board must consult the Bank of England as to whether the change constitutes a fundamental change in the index which would be materially detrimental to the interests of the holders of relevant index-linked gilt-edged securities." Available in full at: <http://www.legislation.gov.uk/ukpga/2007/18>.