



BANK OF ENGLAND

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17 December 2015

Dear Mike

Proposed changes to RPI in 2016

I refer to your letter of 17 November 2015 addressed to James Bell and Sarah John, which described the 2016 annual update of the basket of RPI items and a periodic review of the location boundaries wherein prices are collected.

A senior committee at the Bank under my chairmanship has considered whether either of those would constitute a fundamental change in the RPI that would be materially detrimental to the interests of holders of relevant index-linked gilts. This pertains to the ONS's and the Bank's obligations under Section 21 of the Statistics and Registration Services Act 2007.

The committee concluded that neither the basket update nor the location boundary review represents a change to the coverage or the basic calculation of the RPI.

A copy of this letter goes to Dave Ramsden and Stephen Farrington at the HM Treasury, to Jonathan Athow, Nicholas Vaughan and Joe Grice at the ONS, and to James Bell and Sarah John at the Bank of England.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ben Broadbent'.

Ben Broadbent
Deputy Governor, Monetary Policy