

The Rt Hon Rachel Reeves MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
Westminster  
London  
SW1A 2HQ

*By email*

22 November 2024

Dear Chancellor,

The Royal Statistical Society (RSS) was surprised by the announcement that RPIX will be used to uprate university tuition fees given both RPI and RPIX have been officially discredited as measures of consumer inflation.

This is another instance of a practice, developed under the previous administration, whereby there is an inconsistent use by government of the various indicators of consumer price inflation. RPI is used, among other things, to determine interest on student loans, air passenger duty, and other items that households pay for, while the Consumer Prices Index is used to uprate benefits and public sector pensions.

This use of two different rates is illogical, particularly given the official position on RPI. It gives rise to the accusation that the government is cynically profiting by “inflation shopping” from the disparity between the inflation rates of the two indices. Since the choice of index will impact people’s incomes and outgoings, there are real-life consequences to this issue.

CPI, as the EU Harmonised Index of Consumer Prices for the UK, was designed for macroeconomic purposes and not for uprating (as the relevant EU regulations<sup>1</sup> set out). It does not reflect household experience well, particularly that of lower-income households. The note, by Citizens Advice, the Financial Fairness Trust and the RSS, sent some weeks ago to some of your officials (attached for convenience), elaborates on this.

As you will be aware, the ONS has been developing the Household Costs Indices (HCIs) which aim to measure inflation as closely as possible to the actual experience of households. Only a limited amount of work remains before accredited status can be applied for. As “household” rather than macroeconomic indices this makes them a natural successor to RPI for the purposes for which it has traditionally been used. This will enable a more coherent approach by government, namely the use of the HCIs for uprating purposes and CPI (or CPIH) for macroeconomic purposes.

We appreciate that government finances may limit what can be done at the moment and, also, that you may wish to wait for HCIs to gain accredited status before using them. But we urge you to:

---

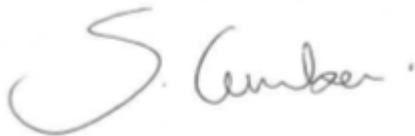
<sup>1</sup> Regulation [2494/95](#) and subsequently Regulation [2016/792](#)



- i) set out now a policy for the use of these indices by government as well as ensuring that the ONS has the resources to continue the development of the HCIs.
- ii) When updating by inflation, state clearly which inflation measure is being used with an explanation as to why it is the most appropriate.

We are copying this letter to the Secretary of State for Education, the National Statistician, the Chair of the UK Statistics Authority and the Director General for Regulation at the Office for Statistics Regulation. We will be publishing this letter on the RSS website shortly.

Yours sincerely,



Dr. Sarah Cumbers  
Chief Executive Officer



Dr. Andrew Garrett  
President

