

**UK STATISTICS AUTHORITY
ADVISORY PANEL ON CONSUMER PRICES – STAKEHOLDER**

Minutes

**Friday 30 April 2021
Via Conference Call**

Members in attendance

Dame Kate Barker (Chair)
Jonathan Athow (ONS)
Jonathan Camfield (Lane Clark & Peacock)
Grant Fitzner (ONS)
Daniel Gallagher (HM Treasury)
Richard Gibson (Barnett Waddingham)
Simon Hayes (Bank of England)
Michael Hardie (ONS)
Jenny King (Which?)
Ashwin Kumar (Manchester Metropolitan University)
Jill Leyland (Royal Statistical Society)
Ian Rowson (Independent Policy Analyst)
Daniela Silcock (Pensions Policy Institute)
James Smith (Resolution Foundation)
Geoff Tily (Trade Union Congress)

Secretariat

Andy King (ONS)

Presenter

Chris Payne (ONS)
Sofia Poni (ONS)

1. Introduction, apologies and action

- 1.1 The Chair welcomed everyone to the meeting. There were no apologies.
- 1.2 The minutes from the previous meeting (29 January 2021) were reviewed. The two outstanding actions will be completed at future meetings:

Outstanding actions:

Action: ONS to draft a paper for the Panel to consider how the Johnson Review recommendations map through to the current position, following the development of the Household Costs Indices (HCIs), and whether there are further areas, like user needs, which should also be considered.

Action: ONS to present an update on regional development work.

2. Proposed changes to RPI Revision Policy

- 2.1 Jonathan Athow informed the Panel that the UKSA and HM Treasury are subject to a judicial review following the response to [the consultation on the reform of the Retail Price Index \(RPI\) methodology](#).
- 2.2 Michael Hardie presented the ONS's initial thoughts on how future minor errors in the RPI should be presented. However, there are no plans to change the current RPI revisions policy that, once the RPI is published, the indices are never revised.
- 2.3 The following discussions have been redacted due to the market sensitive nature of the subject.

3. Progress update on private rental development

- 3.1 Michael Hardie gave a verbal update of the ongoing private rental development work.
- 3.2 The following discussions have been redacted due to the market sensitive nature of the subject.

4. Presentation on CPIH-consistent subgroup rates and the HCIs

- 4.1 Chris Payne gave a presentation of the ONS's thoughts on producing sub-group analysis for both CPIH-consistent and HCI inflation indices for 2020. The next HCI publication is scheduled for December 2021, while the CPIH-consistent publication has been delayed due to the current conceptual issues.
- 4.2 Chris presented three options: 1) no change (continue on the current basis); 2) use the current 2018 CPI-based weights and reconcile with the 2020 survey data; or 3) make further, widespread updates to reconcile with updated 2020 National Accounts and Living Costs and Food (LCF) survey data.

- 4.3 ONS is also considering imputation at the all households-level (although there could be potential limitations at the lower-levels) for the CPIH; and specific lower-level imputation for the HCIs, given their focus of subgroups. The Panel were invited to give their views:
- i. A Panel member asked if the ONS's decision is constrained by Eurostat guidance. Chris explained that, for the CPI, ONS aim to be consistent with Eurostat HICP guidance, however there is no clear EU guidance for subgroups as few countries produce subgroup indices. Chris is having discussions with New Zealand, who have considered the issue in producing their household living cost indices.
 - ii. The Panel agreed the importance of understanding of the effects of the pandemic on different groups of the population. In the short-term, one option is that publication could be suspended until the ONS is able to produce a meaningful set of results. However, in the longer term, it is important to have a consistent long-run series for comparison.
 - iii. Where the ONS are unable to publish meaningful sub-group analysis in the short-term, the Panel felt that the ONS should continue to provide helpful insights (published as articles), where possible, to inform discussions.
 - iv. In additional, the Panel encouraged ONS to identify further subgroup inequalities including households where people have been furloughed; self-employed income households; and to include people working from home.
 - v. Chris advised that ONS could add value by using LCF demographic information and the ONS COVID survey to identify additional subgroups including self-employed and, possibly even, furloughed workers.
 - vi. A Panel member noted that there is a big difference between the considerations that the ONS have for the two measure as the HCIs are experimental. This would alleviate the need to suspend the HCIs as there is more flexibility, they can be revised, and they are the best indicator available.
 - vii. A Panel member concluded that making no change was not an option. There was also the suggestion of a workstream to consider how to better manage economic shocks.
 - viii. To summarise, Chris suggested ONS could follow a similar approach taken with the main measures of inflation to produce additional, supplementary analysis to run alongside the consistent main release. He thanked the Panel for their feedback.

5. Progress updated on the development of Alternative Data Sources

- 5.1 Sofia Poni presented a verbal progress update on the development of Alternative Data Sources (ADS). She began by thanking the Panel for their feedback and advice at January's meeting.
- 5.2 On 6 April 2021, ONS published two methodology papers: one on [classification of new data](#) and the second, a landmark paper on [scanner data research](#), which included the first retailer scanner data indices.
- 5.3 The ADS development has continued with a discovery phase and an alpha phase for building the new system. By the end of June 2021, ONS will have completed a proof of concept, which will determine the timing of the rest of the development project. The parallel run will be a minimum of 12 months with no changes or modifications to the production process.

- 5.4 ONS are starting to plan for development post-2023. They anticipate making further incremental changes bringing ADS methodology to other item categories and continuing improvements to the methods used.

6. Development of the Statistics Users Network

- 6.1 Susie Quick, from ONS's External Affairs Team, gave a presentation to the Panel on ONS's initial thinking around engaging with wider statistics users through the [Statistics Users Network](#) (SUN) forum.
- 6.2 Currently, SUN usage is quite patchy with some area being actively used, while others less so. The ONS are trialling a new broad structure based on the ten Office for Statistics Regulation (OSR) statistical domains, which is widely recognised and user friendly. ONS are keen to encourage two-way dialogue and have suggested wider stakeholder engagement around statistical releases, specific stakeholder content e.g. technical papers, FAQs, etc.
- 6.3 The Panel were invited to give their thought on the development of the SUN:
- i. The Panel were pleased to hear that ONS are considering improving the SUN and felt that it could be incredibly useful. Some of the online discussions are very informative. However, the ONS need to build on the existing content which could include encouraging users to comment on statistics, publicising the SUN, continuing engagement with the [Statistics User Forum](#), etc.
 - ii. One Panel member commented that the current SUN could be considered presentationally outdated which might be a barrier to user engagement. Susie felt that the content and ease of use would counter the SUN's appearance.
 - iii. Another suggestion was that the structure reflected the type of users e.g. policy development researchers or journalists to share content or ask questions relevant to their role.
 - iv. The Panel were invited to provide comments or feedback on the SUN to susie.quick@ons.gov.uk.

7. Technical Panel Update – April 2021

- 7.1 Grant Fitzner gave an update on the Technical Panel meetings held on 16 April 2021, which focused on the ADS development, including:
- i. Dealing with product churn in web-scraped clothing data: product grouping methods;
 - ii. Approximating Sales Quantities for Web Scraped UK Grocery Data; along with
 - iii. Classification of Alternative Data Sources. Lenders' formula method for mortgage interest repayments; and
 - iv. Current mortgage interest payments methodology: a review.

8. AOB / Summary

- 8.1 Jonathan Athow noted that the ONS have been reviewing the cost implications of online publications and will be making changes to the content of published releases. The Consumer price inflation release will be largely unchanged, although the House Prices Index (HPI) and Producer Price Index (PPI) publications will be scaled back.
- 8.2 The 2020 ACP Annual Report will be published in the near future.
- 8.3 The Chair appreciated the earlier comments from ONS that the Panel's feedback has contributed to development work and thanked the Panel for their further contribution.

The next Panel meeting will take place at 10:30 on 23 July 2021.