

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

**Minutes**

**Friday 4 February 2022  
Via Videoconference**

**Members in attendance**

Dame Kate Barker (Chair)  
Jonathan Camfield (Lane Clark & Peacock)  
Grant Fitzner (ONS)  
Daniel Gallagher (HM Treasury)  
Richard Gibson (Barnett Waddingham)  
Michael Hardie (ONS)  
Simon Hayes (Bank of England)  
Michael Keoghan (ONS)  
Jenny King (Which?)  
Ashwin Kumar (Manchester Metropolitan University)  
Jill Leyland (Royal Statistical Society)  
Sofia Poni (ONS)  
Ian Rowson (Independent Policy Analyst), for items 1 to 5.  
Daniela Silcock (Pensions Policy Institute)  
James Smith (Resolution Foundation)

**Secretariat**

Andy King (ONS)

**Presenters**

Joe Barker (ONS)  
David Moran (ONS)  
Chris Payne (ONS), for item 4.

**Observers**

Sam Howlett (ONS)  
Natalie Jones (ONS), for item 5.

## Outstanding Actions

1.	ONS to present an update on regional price development work	Ongoing
2.	ONS to report back to the Panel with their private rental development communications plan	Ongoing
3.	ONS to publish a paper summarising the discussions of the Johnson Review recommendations	Ongoing
4.	ONS to review the reference to the Johnson Review within the terms of reference	To be completed via correspondence before the next meeting
5.	ONS to circulate the index methods framework and criteria for selecting the most appropriate methods	To be completed via correspondence before the next meeting
6.	ONS to produce a projection for the three methods (the current RPI method, the simple revaluation method and the lender's formula method) with a 20% fall in house prices and a 1% increase in interest rates	Ongoing

## **1. Introductions, apologies, and actions**

- 1.1. The Chair welcomed everyone to the meeting. No apologies were received.
- 1.2. The minutes from the previous meeting (22 October 2021) were approved. The action to review the reference to the Johnson Review within the terms of reference has been completed with further discussion at item 6.
- 1.3. The following actions will be considered at future meetings:

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

**Action: ONS to report back to the Panel with their private rental development communications plan.**

**Action: ONS to publish a paper summarising the discussions of the Johnson Review recommendations.**

**Action: ONS to produce a projection for the three methods (the current RPI method, the simple revaluation method and the lender's formula method) with a 20% fall in house prices and a 1% increase in interest rates.**

- 1.4. The following actions will be taken via correspondence before the next meeting:

**Action: ONS to update Panel members on the proposed 2022 publication timetable for the ADS impact analysis and experimental estimates.**

**Action: Panel members to review the APCP-S Terms of Reference by correspondence.**

## **2. Welcome the new Deputy National Statistician (Economic, Social and Environment Group)**

- 2.1. Kate welcomed Michael Keoghan to the Panel. Mike introduced himself to the Panel.

## **3. Update on the Alternative Data Sources Transformation Programme**

- 3.1. Andy King gave an update on the consumer prices Alternative Data Source (ADS) development programme, including covering the proposed changes to the consumer prices transformation timeline. Joe Barker and David Moran presented their work on the development of price indices for rail fares and second-hand cars, based on ADS data.
- 3.2. At the time of publishing these minutes, the accompanying papers are market sensitive, but they will be published alongside future impact analysis.
- 3.3. The Panel acknowledged the huge amount of work the ONS had completed to develop the methods for ADS and the indices using new data sources.
- 3.4. In terms of the changes to the programme timeline, the Panel supported the ONS's decision to delay the inclusion of grocery scanner data, within the headline measures of inflation, until 2024.

- 3.5. The ONS were asked about the timing of the on-going rental development work. Michael Hardie commented that it is the ONS's aspiration to include the rental development series in private rents from 2024. The ONS intend to publish analysis later this year and complete a period of parallel running of the new rental series over 2023.
- 3.6. The Panel supported the ONS's proposed changes to the timeline for the ADS development programme.
- 3.7. Parts of the following discussions have been redacted due to the market sensitive nature of the subject.
- 3.8. The ONS were asked to publish their plans for introducing ADS into the measures of consumer price inflation. This point was echoed by another Panel member who stressed the importance of communicating this programme of work, especially given the increased interest in current debates about the cost of living.
- 3.9. Sofia Poni commented that the ONS published their latest plans in the [Transformation of consumer price statistics](#) paper in November 2021, but will publish their updated plans, reflecting the discussion at this meeting, as soon as possible.
- 3.10. The ONS were asked whether the ADS data will impact on the Retail Prices Index (RPI) and the Household Cost Indices (HCIs). Michael Hardie commented that ADS data will not be incorporated in the RPI until 2030. The ADS data will contribute to the CPIH, the Consumer Prices Index (CPI), and the HCIs.
- 3.11. One of the Panel pointed the ONS towards the National Statistics rail fares index published by the Office of Rail and Road (ORR), which is based on the Latest Earnings Nationally Networked Over Night (LENNON) data – the source of ADS which has been used to measure rail fares in the accompanying paper. Joe confirmed that the ONS have shared the accompanying paper and analysis with ORR and the Department for Transport, who were able to provide useful feedback on the indices.
- 3.12. A Panel member asked whether the ADS second-hand cars prices were a measure of advertised prices or actual purchase prices. David confirmed that the second-hand cars data is based on the listed price. He added that the Harmonised Index of Consumer Prices (HICP) methodology states that the listed price is appropriate to use in the absence of a sale price, but the ONS will be carrying out further work to investigate the relationship between the advertised and sale prices.
- 3.13. Given the forthcoming ban on sales of new petrol and diesel cars from 2030, a Panel member urged the ONS to futureproof the construction and the product categories for its second-hand cars index by including an electric car category. David commented that although the market share for hybrid and electric cars is currently small, the ONS are considering the importance of this sector going forward.

#### **4. Update on Weights 2022**

- 4.1. Chris Payne recapped the ONS's plans to prepare the 2022 weights for both the CPIH and the CPI. Consistent with the [approach taken by ONS in its 2021 weights](#), with Eurostat HICP guidance and other countries' approaches internationally, the 2022 weights should be as reflective of 2021 spending as possible, and this should be achieved by making adjustments to estimates of Household Final Consumption Expenditure (HHFCE) for 2020, rather than 2019 as originally proposed.
- 4.2. The new weights have gone through a process of quality assurance with National Accounts.
- 4.3. The development of the weights will be communicated in the Consumer price inflation bulletin ahead of the publication of the annual weights paper on 14 March 2022 and the implementation of the new weights in February's index (published on 23 March 2022).

#### **5. Cost of Living**

- 5.1. Michael Hardie outlined how the ONS had responded to the debate on the cost of living. Michael published a National Statistical blog on [measuring the changing prices and costs faced by households](#).
- 5.2. The ONS delivered at pace the [CPI-consistent inflation rate estimates for UK household groups](#) or CPI-subgroups analysis, which was published on 28 January 2022. The publication reiterated the ONS's view that the HCIs are the best measures for this debate, but the next publication, covering 2020 and 2021, cannot be brought forward and will be published in May 2022.
- 5.3. The Panel were supportive of the prompt response to the recent interest in the cost of living and encouraged the ONS to outline their plans to help inform the current narrative on the cost of living.
- 5.4. The Panel asked whether the ONS intended to publish the HCIs monthly? This would allow the CPIH to provide the macro-economic measure while the HCIs would provide the measurement of cost of living. A Panel member added that a HCI for low-income households would help with this current debate.
- 5.5. Grant Fitzner commented that the ONS had intended to decide on the frequency of the HCIs once their development was complete. He agreed that the decision to publish the HCIs on a quarterly basis could be brought forward, however this would need to be weighed up against competing priorities such as continuing to deliver monthly price statistics and the on-going ADS development programme – and also whether the decision should be made before the HCIs are fully developed.
- 5.6. Grant added that in terms of frequency, Statistics New Zealand, whose model the ONS have broadly followed in developing HCIs, publish both their consumer inflation and household cost index on a quarterly basis.
- 5.7. The Panel encouraged the ONS to consider whether their existing datasets would allow research into how prices for low-cost items have varied and whether there is any evidence of systematic price rises for low-cost items.

- 5.8. Grant reported that the ONS will be publishing a range analysis over the coming months, including developing a personal inflation calculator and working with the Data Science Campus to analyse web-scraped grocery data. However, Grant reiterated that the ONS consider the HCIs the best and most robust way of looking at the impact of inflation across a range of population groups.

## **6. Review of Terms of Reference**

- 6.1. It was agreed that the APCP-S Terms of Reference will be reviewed by correspondence, as there was insufficient time to discuss at the meeting.

## **7. AOB / Summary**

- 7.1. The Chair thanked the Panel for their contributions to today's meeting and the presenters for taking time to attend.

The next Panel meeting will take place at 10:30 on 29 April 2022.