

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

Minutes

**Friday 14 July 2023
Hybrid Meeting**

Members in attendance

Dame Kate Barker (Chair)
Jonathan Camfield (Lane Clark & Peacock)
Matthew Corder (ONS)
Grant Fitzner (ONS)
Richard Gibson (Barnett Waddingham)
Michael Hardie (ONS)
Mike Keoghan (ONS), for items 1 & 2
Jenny King (Which?)
Simon Kirby (Bank of England)
Ashwin Kumar (Manchester Metropolitan University)
Jill Leyland (Royal Statistical Society)
James Smith (Resolution Foundation)
Thomas Yeomans (HMT)

Secretariat

David Beckett (ONS)

Presenters

Fred Barnes (ONS)
Chris Payne (ONS)

Observers

Andy Yeap (ONS)

Outstanding Actions

3.	ONS to publish a paper summarising the discussions of the Johnson Review recommendations.	Completed
6.	ONS to produce analysis (of the HCIs) for the three methods of implementing mortgage payments (the current Retail Prices Index (RPI) method, the simple revaluation method and the lenders' formula method) with a 20% fall in house prices and a 1% increase in interest rates.	On hold
12.	The ONS to produce an 'annual' report spanning the period from January 2021 to October 2022.	Completed
15.	The ONS to publish an update to the Consumer Prices Landscape in the autumn of 2023.	Ongoing
17	Circulate Jill Leyland and John Astin's paper on the HCIs, to be discussed at the April meeting alongside Action 6.	Completed

18.	Set aside time on the agenda for July's Stakeholder Panel so Jill Leyland and John Astin's paper on HCIs can be discussed.	Completed
19.	Panel members to provide their thoughts by correspondence to Chris Payne on the level of detail that should be provided in the HCI publication tables.	Completed
20.	Dame Kate to write a letter to the National Statistician to express the Panel's views on HCIs.	Completed

Actions from today's meeting

21.	Chris Payne to work with Jill Leyland to determine what form the RSS HCI event should take and how to involve the media and other stakeholders with the event in the most appropriate way.	-
22.	ONS to contact Panel members before October's Panel meeting with further guidance on their need to manage confidentiality and any potential conflict of interests arising from early access to impact analysis.	-
23.	ONS to provide an update on the prospective Ofgem data source at a future Stakeholder Panel to allow Panel members to comment on when, how and if it should be used.	-
24.	The Secretariat to liaise with the Chair and Panel members to finalise the time and date of the next Panel.	-
25.	The Secretariat to provide the Chair with further information on how regularly the Terms of Reference state Panel membership should be reviewed.	-

1. Introductions, apologies, and actions

1.1 The Chair welcomed everyone to the Stakeholder Panel meeting.

1.2 The minutes from the previous Stakeholder Panel meeting (28 April 2023) were approved.

1.3 It was agreed that action points 3 and 12 should be marked as complete.

2. Update on the Development of Household Costs Indices

2.1 Mike Keoghan (MK) gave an update on the prioritisation process for developing ONS statistics, explaining some of the factors that are considered when taking such decisions. MK noted how important the move to publishing Household Costs Indices (HCIs) on a quarterly basis from October 2023 was, because it will allow a fuller understanding of UK households' experiences of changing prices at a time when inflation is higher than it has been for some time. MK further noted that a decision would have to be taken in the future in terms of what further developments might be possible, but that development work on HCIs in the short term would not be possible. However, it was noted that further development work may be possible after a future spending review.

2.2 The Panel urged ONS to take into account the fact that the methods for RPI would be aligned with that of CPIH from 2030 and noted that neither CPI nor CPIH contain

mortgage interest within their scope, which is going to be particularly important over the next few years. The Panel further noted that there is currently a marked interest in price statistics because of the rising cost of living and that there is a desire and a need for a greater understanding of how different groups are being affected by recent price rises. The Panel explained that they understood that some aspects of development may have to be postponed but preferred that they were postponed rather than ruled out altogether for the time being.

2.3 Chris Payne gave a progress update on the publication of CPIH and CPI-consistent subgroups and confirmed the first quarterly HCI publication would be later in 2023.

2.4 The Panel welcomed Chris's update and then discussed how to publicise the first quarterly HCI publication. The ONS were considering ways to raise awareness of the HCIs. The Panel agreed that it may be helpful for the Royal Statistical Society (RSS) to host an event where HCIs can be showcased and explained.

Action: Chris Payne to work with Jill Leyland to determine what form the RSS HCI event should take and how to involve the media and other stakeholders with the event in the most appropriate way.

3. Household Costs Indices paper discussion

3.1 Jill Leyland spoke to her paper, explaining the key potential next steps in HCI development while noting that discussion on this may be more limited as the ONS would be pausing development work after the HCI systems had been improved and quarterly publication had commenced. Jill also detailed what outstanding issues there were that needed to be resolved and what HCIs may be used for and/or replace in the future.

3.2 The Panel agreed that the paper provided a helpful summary of the work that had taken place on the run up to publication of quarterly HCIs and that it also provided a useful summary of ways by which HCIs could continue to be developed in the future.

3.3 There was some discussion around other outstanding HCI development work, such as changing the coverage base from domestic to national. Chris Payne confirmed that some countries have adopted a semi-national approach by excluding spending by foreign visitors but not capturing resident expenditure overseas (more information is provided in the ONS article, "[Coverage differences between the HICP and national consumer price indices](#)") The Netherlands were the only country that ONS are aware of that have fully implemented a national approach. This is achieved through a survey of tourist expenditures and by making use of published HICPs (Harmonised Index of Consumer Prices). As this was a topic of interest it was agreed that ONS would contact the Dutch statistical agency to determine the extent to which their price indices differed when using the national approach as opposed to the domestic approach.

Action: ONS to contact the Dutch statistical agency to determine the extent to which their price indices differed when using the national approach as opposed to the domestic approach and to ask if there were any particularly important lessons they learned when carrying out this work

3.4 There was general support for Jill and John's paper, and the priorities it suggested for future work. Some panel members queried whether the extensive use of the Jevons formula was appropriate.

3.5 It was noted that at a previous Panel a majority of Panel members thought that, as the CPIH consistent subgroups were less useful than HCIs in terms of describing households' experiences, there was not an ongoing need for them after HCIs begin to be published on a regular basis and in fact that continuing to publish them would be unhelpful. However, it was noted that this view was not unanimous. The ONS would factor this advice into its decision on whether to publish the subgroups analysis in future.

4. Alternative Data Sources and Rents Transformation

4.1 Michael Hardie (MH) gave an update on progress with Alternative Data Sources, confirming that used cars were due to be incorporated into headline consumer price statistics in March 2024 and that groceries scanner data was due to be incorporated into headline consumer price statistics in March 2025.

4.2 Parts of the following discussion have been redacted due to the market sensitive nature of the subject.

4.3 MH provided an update on rents development, detailing some of the plans for communication and engagement. An impact analysis is planned to be published in November 2023 while December 2023 to February 2024 will see in-depth engagement with key stakeholders.

4.4 MH noted that he had engaged with ONS's legal team to seek advice on any formal agreement required for some Panel members to see the impact analysis before it's published. Further advice will be communicated with the Panel before October.

Action: ONS to contact Panel members before October's Panel meeting with further guidance on confidentiality and their need to manage any potential conflict of interests arising from early access to impact analysis.

4.5 MH noted that a decision had been taken to delay rents development for Northern Ireland. CPI, CPIH and RPI currently use separate Kantar data for Northern Ireland, and this would now continue into 2024. As such, development work will continue for Northern Ireland throughout 2024.

5 Potential future data source improvement

5.1 Fred Barnes (FB) explained that a new data source from Ofgem had been made available to ONS which would allow expanded coverage of the gas and electricity items used to calculate CPI and CPIH. FB further explained that the new data source would be particularly helpful because our sample currently includes variable tariffs but no fixed-price tariffs.

5.2 Parts of the following discussion have been redacted due to the market sensitive nature of the subject.

5.3 FB also explained that ONS's recommendation was to introduce the change in February 2024 rather than mid-year in 2023 or in February 2025. This is because it would give ONS more time to quality assure the new dataset, to communicate the changes with stakeholders and to assess any impact there may be.

5.4 The Panel welcomed the opportunity for the new data source to be considered and agreed that its inclusion should not be rushed. As such, it was agreed that the ONS would continue development work to enable the new data to be introduced in February 2024 as part of the annual update, as long as further assurances had been received relating to the permanency of the data source.

Action: ONS to provide an update on the prospective Ofgem data source at a future Stakeholder Panel to allow Panel members to comment on when, how and if it should be used.

6 Update on RPI

6.1 The following discussion has been redacted due to the market sensitive nature of the subject.

7 AOB / Summary

7.1 The Chair thanked Panel members for their contributions to today's meeting and the ONS for their presentations and papers.

7.2 It was noted that the next Panel was currently scheduled for Friday 27 October but that this may not be the most suitable date because of when school holidays fall.

Action: The Secretariat to liaise with the Chair and Panel members to finalise the time and date of the next Panel.

Action: The Secretariat to provide the Chair with further information on how regularly the Terms of Reference state Panel membership should be reviewed.