

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

**Minutes**

**Friday 2 February 2024  
Hybrid Meeting**

**Members in attendance**

Dame Kate Barker (Chair)  
Jonathan Camfield (Lane Clark & Peacock)  
Richard Gibson (Barnett Waddingham)  
Jenny King (Which?)  
Simon Kirby (Bank of England)  
Ashwin Kumar (Manchester Metropolitan University)  
Jill Leyland (Royal Statistical Society)  
Tara Murphy (HMT)  
Daniela Silcock (Pensions Policy Institute)  
James Smith (Resolution Foundation)  
Geoff Tily (TUC)  
Morgan Wild (Citizens Advice)

**ONS secretariat**

David Beckett  
Natalie Romano

**ONS presenters**

Matthew Corder  
Liam Greenhough  
Natalie Jones  
Chris Payne  
Dawid Pienaar

**ONS observers**

Abi Casey  
Grant Fitzner  
Michael Hardie  
Chris Jenkins

**Outstanding Actions**

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
26.	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.	Ongoing

27.	ONS to table the Prioritisation Framework for discussion at the July 2024 Stakeholder Panel.	Ongoing
28.	ONS to table Ofgem data for discussion at a future Stakeholder Panel when further information was available	Ongoing

### **Actions from today's meeting**

29.	The Secretariat to liaise with Panel members to agree a suitable date for the Panel that will now be held in September.	-
30.	Chris Payne to come back to the Panel with a proposal for how to manage revisions in the HCIs.	-
31.	The Secretariat to table GEKS-Törnqvist for discussion at the April 2024 Panel.	-

## **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 (27 October 2023) were approved.
- 1.3 The minutes from the Joint Panel meeting (27 October 2023) were approved subject to a small change in wording.
- 1.4 It was agreed that action points 15 and 21-25 had been completed and could be removed from the action point list.

## **2. Forward work plan**

- 2.1 David Beckett (DB) presented a forward work plan to the Panel, explaining that the plan aimed to assist with Prices divisional planning while informing Panel members about what was proposed to be presented at Panel meetings throughout the year.
- 2.2 DB gave further details on the proposed agenda items for future Panels which included an update on the implementation of alternative data sources in consumer price statistics, the Office for Statistics Regulation (OSR) review of the Price Index of Private Rents and of Owner Occupiers' Housing costs, research on how to improve the basket of items used for different households in the Household Costs Indices, a more detailed examination of ONS's prioritisation framework, fixed-price tariff data from Ofgem, COICOP18 implementation, an update on RPI, and discussions on the Carli, Jevons and Dutot formulae.
- 2.3 The Panel considered what should be discussed under the Carli, Jevons and Dutot formulae agenda item while noting that a discussion paper written by a Stakeholder Panel member and a discussion paper written by two Technical Panel members would be circulated in advance of the Panel. There was agreement that this agenda item should be discussed in the joint session with the Technical Panel in September.
- 2.4 The Panel welcomed the agenda item relating to the research on how to improve the basket of items used for different households in the Household Costs Indices (HCIs) and noted that time would need to be set aside at April's Panel for discussion on next steps

arising specifically from the findings of the research. The Panel also agreed that time should be set aside to discuss what other development work needed to be carried out on the HCIs to ensure their quality continued to improve.

2.5 The Panel agreed that the suggested agenda items had been allocated to the correct month, that no further agenda items required to be added, and that October's Panel meeting should be moved forward to September.

**Action:** The Secretariat to liaise with Panel members to agree a suitable date for the Panel that will now be held in September.

2.6 The Panel agreed that the forward work plan should be updated and discussed at future Panels, though it should not be discussed at every Panel.

### **3. ADS update – grocery scanner data**

3.1 Dawid Pienaar (DP) spoke to his paper which included an overview of the proposed quality assurance plans for incorporating grocery scanner data into headline inflation in March 2025. The paper had a particular focus on the scope of the impact analyses that will be produced and disseminated later this year, and the proposed parallel run to be undertaken in the months leading up to March 2025.

3.2 DP presented greater detail on the quality assurance mechanisms and the acceptance criteria they help achieve. DP explained that impact analysis is an important quality assurance mechanism which helps judgments to be made against several acceptance criteria such as “that data is quality assured, impacts are assessed, and the methods are fit for purpose” and “that stakeholders are aware and supportive of intended changes”.

3.3 DP explained that in the early stages, the purpose of the parallel run is to ensure that the newly-created pipelines are stable and accessible. However, in the later stages the purpose of the parallel run is to ensure the stability, accessibility and completeness of the end-to-end process. The purpose of the impact analysis is to disentangle the impact of each of the individual significant components in order to contextualise and understand the overall impact of the introduction of the grocery scanner data.

3.4 The Panel asked clarification questions on the resilience of the system subject to major changes to the grocery market, and what contingency plans there were should data not be supplied. A Panel member suggested using the parallel run period to test contingency plans. ONS staff highlighted that contingency plans are available and had been tested in other ADS areas.

3.5 A Panel member noted that the decision on whether to go live will be taken in January 2025 which is a short time after December when there will likely be a larger number of new products introduced into stores because of seasonal trends. ONS staff explained that they were planning ahead so that enough resource will be allocated to ensure the manual labelling process is completed on time.

3.6 A Panel member noted that before responsibility to analyse the scanner data is handed over to the statistical production team, ONS should be able to assure themselves that the team is able to carry out the analysis in a way that adheres to the usual time constraints of the monthly round. ONS staff agreed with this sentiment and explained that organisation-wide planning is taking place in ONS to ensure that data science capability continues to improve.

- 3.7 A Panel member questioned whether there will be enough analysis of segmentation so that differences in the impact analysis will be understood. ONS staff highlighted these discussions will be included in the impact analysis to be released in July.
- 3.8 The Panel suggested sharing the plans for peer review with other National Statistical Institutes who have made similar changes. The Panel also discussed the need to incorporate a flexible communications and stakeholder engagement strategy into the plan.
- 3.9 The Panel agreed that the plans create sufficient confidence to allow the ONS to take an informed decision in terms of whether to go live in March 2025.

#### **4. ADS update – private rents and second-hand cars**

- 4.1 Following the publication of rents and second-hand cars impact analysis on 1 December 2023, the ONS conducted a range of user engagement sessions with users. Natalie Jones (NJ) summarised the feedback received following these sessions which included the questions received, recommendations suggested and further data requested.
- 4.2 NJ provided an update on the ONS's readiness assessment for going live with rents and second-hand cars in March 2024, and the areas considered for this decision. DP talked the Panel through work relating to a delivery of improved data that had been provided for second-hand cars and the potential risk relating to this alongside risk mitigation strategies.
- 4.3 The Panel praised the processes followed in terms of preparing and publishing the impact analysis and thanked the ONS for involving Panel members in the way they did. The Panel discussed the market response to the published impact analysis and noted that the feedback ONS received was consistent with discussions Panel members were aware of, particularly around housing benefit policy and Broad Rental Market Area analysis.
- 4.4 On the ONS's readiness assessment, a Panel member urged the ONS to continue to exercise caution with data deliveries. While there were contingency plans in the event of any problems with new data, invoking such options soon after go-live may reduce confidence in those new sources and methods. The Panel member highlighted this caution because of the potential knock-on effects on user confidence in the move to grocery scanner data in 2025.

#### **5 Impact analysis of the new private rents and used car indices on the Household Cost Indices (HCIs) and HCI revisions policy**

- 5.1 Chris Payne (CP) provided an update on what will be included in the Household Cost Indices (HCIs) publication in February and May as a response to feedback from the publication in December 2023.
- 5.2 CP presented the impact analysis of the new private rental index and used-car indices on the HCIs including what impact there was on all households, retired households and tenure-type subgroups.

5.3 CP explained that the current HCI revision policy was to not routinely revise published estimates, with the caveat that revisions could happen after major methodological developments or in special cases. CP then summarised some of the arguments for and against revising the HCIs as a result of the transformed private rents and used car indices.

5.4 The Panel's view was that the HCIs should be revised when the impact of the change is sufficiently large and that the effect from inclusion of the new private rental index was sufficiently large to warrant a revision. The Panel also thought that any revision threshold should be clearly explained and should include an assessment of the benefits associated with revising against the resource required to implement such a revision.

5.5 The Panel further noted that while it is currently possible to carry out such revisions, when the HCIs are a badged national statistic they should be consistent with other consumer price statistics and rarely revised because of their potential use in contracts.

**Action:** Chris Payne to come back to the Panel with a proposal for how to manage revisions in the HCIs.

## **6 Seasonally-adjusted CPI and the Consumer Prices Development Plan**

6.1 Given some wider interest in a seasonally-adjusted CPI, Matthew Corder (MC) presented slides on the ONS's consideration of a seasonally-adjusted CPI and practical questions surrounding its production. This was presented alongside the consumer prices development plan, last published in July 2023, to highlight how a seasonally-adjusted CPI could fit alongside other divisional priorities.

6.2 In commenting on the development plan the Panel agreed that,

- The development of HCIs for sustainable quarterly production should be removed from the plan as HCIs are now published on a quarterly basis. However, a new entry should be added as a medium priority for the development of the HCIs for national statistic status.
- The entry relating to the shopping price comparison tool and personal inflation calculator should move from high priority to medium priority.
- The barcode pilot should move from medium to low priority.
- Improvements to owner occupiers' housing costs net acquisitions should be removed from the development plan.
- The inclusion of financial intermediation services indirectly measured in CPIH should be removed from the development plan.

6.3 Having assessed seasonally-adjusted CPI against the amended plan, the Panel determined that seasonally-adjusted CPI should be ranked as a medium priority.

## **7 Communicating the impact of GEKS-Törnqvist on our Consumer Price Statistics**

7.1 Liam Greenhough (LG) introduced a presentation that aimed to address some of the commonly-raised questions about the GEKS-Törnqvist multilateral index methodology

such as whether the method is too complex, whether the inclusion of dynamic elementary aggregate samples in CPI through new alternative data sources means there is no longer a fixed basket, and whether the use of GEKS-Törnqvist affects what the index is measuring.

7.2 The Panel request that this item was tabled again at the next Panel when there would be more time to discuss it fully.

**Action:** The Secretariat to table GEKS-Törnqvist for discussion at the April Panel.

## **8 AOB / Summary**

8.1 The Chair thanked Panel members for their contributions to the meeting and the ONS for their presentations and papers.

8.2 MC informed the Panel this would be his last Panel meeting. The Panel thanked MC for his contributions to the Panel during his tenure.

The next Panel meeting will take place at 10:30 on Friday 26 April.