

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

Minutes

**Friday 27 September 2024
Hybrid Meeting**

Members in attendance

Stakeholder Panel

Dame Kate Barker (Chair)
Richard Gibson (Barnett Waddingham)
Jenny King (Which?)
Simon Kirby (Bank of England)
Ashwin Kumar (Manchester Metropolitan University & Institute of Public Policy and Research)
Jill Leyland (Royal Statistical Society)
Tom MacInnes (Citizens Advice)
Tara Murphy (HMT)
Ian Rowson (Independent Policy Analyst)
Geoff Tily (TUC)

Technical Panel

Ian Crawford (University of Oxford)
Peter Levell (Institute for Fiscal Studies)
Jens Mehrhoff (German Bundesbank)
Paul Smith (University of Southampton)
Rupert de Vincent Humphreys (Bank of England)

ONS secretariat

Rifah Abdullah
David Beckett
Richard Harris
Aimee North

ONS presenters

Ian Boreham
Abi Casey
Tanya Flower
Mike Hardie
Chris Payne

ONS observers

Stephen Burgess
Grant Fitzner

1.1 The Chair welcomed everyone to the joint Panel meeting.

2. ADS Impact analysis and readiness impact assessment

- 2.1 Mike Hardie (MH) summarised the transformation timeline for ADS groceries implementation, explaining that the aim was to publish letters relating to proposed changes to RPI by January 2025 before the new processes go live in March 2025.
- 2.2 MH then explained the quality assurance processes that were being put in place to ensure the project was a success. A deep dive quality assurance panel will be held in November and December with a view to quality assuring the impact analysis, ensuring the results are plausible and align with wider economic conditions, and identifying the main narratives ONS should focus on when disseminating the results. The panel will also provide feedback on the ONS communications strategy in terms of whether it's sufficient to effectively communicate the new methods, data sources and impacts to the wide range of stakeholders that use ONS price statistics.
- Action:** Joint Panel members to e-mail Mike Hardie if they wish to be involved with the deep dive quality assurance panel.
- 2.3 MH further explained that the Australian Bureau of Statistics (ABS) and Stats New Zealand (SNZ) would review the ONS plan to ensure it aligned to best practice and fully considered all risks. MH noted that other areas of focus in the review would include ABS and SNZ sharing views on managing retailer relationships, quality assuring aspects of the code (particularly around GEKS-T and splicing), and feeding back their views on the ONS communications plan. MH noted that it would also be helpful to hear how ABS and SNZ had incorporated the new methods and processes into their monthly statistical production round.
- 2.4 A two hour virtual Joint Stakeholder and Technical Panel will also be held at the beginning of November where members can provide feedback on the final impact analysis for CPIH, CPI, and RPI. The proposed publications and wider engagement to update stakeholders on the changes will also be discussed.
- 2.5 The Panel noted that no external assurance workshops would be held for this phase of ADS and agreed that they were not required. The Panel restated their belief that it would be helpful for ONS to produce a public-facing document to describe GEKS-T that is less complicated than the already-published website article but more substantial than the proposed video explainer.
- 2.6 Abi Casey talked the Panel through the readiness assessment criteria which included stakeholder communications, data quality, methods, systems development, testing, and the implementation of new processes.
- 2.7 The Panel asked how sure ONS were that the platform was safe from cyber attack. MH explained that Security at ONS had assessed the platform and were confident that it was secure. However, ONS are commissioning an independent company to carry out an additional assessment to be absolutely sure.
- 2.8 The Panel queried whether ONS would have the requisite level of computing power in the future when very large data sets would be used to calculate consumer price inflation. MH explained that ONS had invested in additional computing power to allow monthly production to proceed with no issues. The Panel welcomed this development but noted

that in the past ONS had been able to carry out ad-hoc analyses at short notice to provide the Panels with analysis. The Panel therefore noted that they would like this helpful approach to be able to continue in the future, regardless of the size of the data sets used, so work wasn't delayed.

- 2.9 Ian Boreham (IB) gave an update on rents transformation, explaining that development work has been carried out throughout 2024 to allow the Price Index of Private Rents (PIPR) to include Northern Ireland prices in March 2025.
- 2.10 Tanya Flower (TF) summarised some of the issues relating to methods, beginning by explaining that the current aggregation structure will continue to be used for non-grocery COICOP categories. However, for grocery categories, consumption segments will be used rather than items.
- 2.11 The Panel queried whether the new system possessed the flexibility to change the order of aggregation so regional indices could be produced as well as consumption segment indices. TF explained that ONS hoped that such flexibility would exist in the future and that this was a development workstream on ONS's workplan.
- 2.12 Chris Payne (CP) explained that ONS currently publish raw price quote data from local price collection and item indices for the majority of the basket of goods and services. However, after groceries data have gone live it will not be possible to publish all price quotes. As a result, to determine how this change will affect their stakeholders, CP explained that ONS have launched a microdata feedback survey with a deadline of 23 October for responses.

3. Update on RPI-related transformation risks

- 3.1 Chris Payne (CP) presented the ONS plans for implementation of transformed scanner data indices in the Retail Prices Index. CP outlined areas where ONS had been planning to mitigate potential risks, relating to the process for making changes to RPI in line with the Statistics and Registration Services Act 2007.
- 3.2 The Panel queried what the ONS plans were in the instance that there were issues with data supply from a retailer, asking specifically whether the local collection contract was flexible enough to allow additional price quotes to be collected if necessary, and whether the capacity to collect additional price quotes at short notice was possessed by the company ONS has contracted with.
- 3.3 CP explained that if there were issues that meant that data supply for some consumption segments weren't available, the proposed course of action from ONS was to impute the price movement from a higher level of the COICOP hierarchy. The Panel encouraged ONS to ensure that such an approach had been analysed thoroughly beforehand, in case it ever needs to be implemented.
- 3.4 The Panel queried whether the use of web-scraped data could be a solution to data supply risks. CP explained that this may be possible in the future but that the capacity to do so does not currently exist and that there would be issues to overcome in terms of matching web-scraped prices with the correct COICOP category.

4. The use of elementary aggregates in the compilation of consumer price indices

- 4.1 Jill Leyland (JL) spoke to her paper, summarising some of the history around how the formula effect affected indices produced by the ONS and the way they were used by other organisations.
- 4.2 The Panel welcomed the paper and discussed viewpoints on the advantages and disadvantages associated with using Carli, Jevons and Dutot indices. There was broad agreement that the paper took a more balanced and nuanced view than some recent commentary.
- 4.3 JL committed to taking on board the comments from Panel members and amending the paper where appropriate, before explaining that she would welcome further thoughts by correspondence.

Action: Joint Panel members to e-mail further comments on the paper to Jill Leyland.

- 4.4 JL noted that once she'd had time to consider all the points raised by correspondence the paper would likely be published by the Royal Statistical Society.

5 AOB / Summary

- 5.1 The Chair thanked Panel members for their contributions to the meeting and the ONS for their presentations and papers.
- 5.2 The date of the next Joint Panel meeting was still to be determined but it was agreed that the Secretariat would e-mail Panel members to determine their availability before agreeing a date.

Action: Secretariat to contact Joint Panel members to organise the date of the next Joint Panel.