

Advisory Panel on Consumer Prices - Stakeholder

11 July 2025



Prioritisation and future work plan

Stephen Burgess

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11/07/2025



Plan for this section

1. Readout for the Panel on the recent [Devereux Review](#) and [The plan for ONS economic statistics](#)
2. Implications for future workplan and priorities
3. **Members of the panel are invited to comment on:**
 - **The scope of the proposed work programme**
 - **The relative priorities across the proposed workstreams**

Background to the Devereux Review

- Independent review commissioned in April following several issues with core economic statistics including prices
- [Terms of reference](#) summarised areas of concern as the “performance and culture” of the ONS
- Review was published on 26th June alongside [The Plan for ONS Economic Statistics](#)

Key recommendations for ONS as a whole

- 1) ONS needs a focused and consistent effort to improve core statistics. Sir Robert commends the new Plan, with its emphasis on end-to-end compilation of core statistics, and continuous improvement
- 2) Separate, at least temporarily, the job of National Statistician from being head of the ONS
- 3) All those with a stake should reflect on the current governance of ONS and the wider statistical system and whether further legislative changes are needed.

The plan for ONS Economic Statistics

- Prices is covered in Annex B4.
- The report acknowledges the many successes in Prices over recent years, including:
 - 1) Transitioning substantial parts of production away from legacy infrastructure
 - 2) Incorporating administrative datasets, including transforming rents data
 - 3) Successes on deflators development and house price production

Milestones set out in the Plan: (1) Consumer prices

March 2026:

- Central data collection to begin move from legacy system into strategic cloud platform
- Grocery scanner data for 50% of market
- First tranche of methods / samples work

March 2028:

- CPI, CPIH, RPI no longer use legacy data collection platform
- Implementation of COICOP18 (possibly on “experimental” basis at this stage)

March 2027:

- Continued legacy reduction work for central collections

Milestones set out in the Plan: (2) House prices

NB: Private rents are not included here as this production process has recently been through a full modernisation programme.

March 2026:

- Full HPI production round moved onto strategic platform
- Interim methods improvements (eg: around imputation for early estimates)

March 2028:

- Iterative implementation of full methods review will start

March 2027:

- Full methods review complete, and implementation plan agreed

Milestones set out in the Plan: (3) Business prices

October 2025:

- Restart publication of monthly PPI / SPPI bulletin and tables

March 2027:

- Improvements complete to sample design and respondent recruitment

March 2026:

- Source data collection for business price statistics migrated to electronic collection system

Planning complete for end-to-end transformation of business prices

March 2028:

- Production system migrated onto strategic platform and away from legacy technologies

Implications for future workplan and priorities

- Spending Review has been concluded for three years, to 2028/29. Core funding will remain similar in nominal terms, with the exception of money ONS has secured to support the 2031 Census
- Some resource is likely to be shifted to Prices as part of the Economic Statistics Plan – but note challenges with new starters, and with ARIES programme formally winding down
- Expectations will also be higher (eg: more on business prices)

Implications for future workplan and priorities

- All of the commitments in the Economic Statistics Plan are high priority
- Many of those overlap with the [Development Plan](#) we published in August 2024
- We will have some modest resource to deliver other continuous improvement not in the Economic Statistics Plan. Our current ranking of priorities is:

High priority	Medium priority	Low priority
Review of retailer stratification methods Implementation of sample / methods changes (separate agenda item) and COICOP18	Seasonally adjusted CPI (separate agenda item) Further HCI development / accreditation Developing measures of accuracy for CPI Quality adjustment	Regional CPIs Barcode pilot Improvements to elementary aggregates OOH methodology Discounting pilot

Discussion

Members of the panel are invited to comment on:

- a. The scope of the proposed work programme
- b. The relative priorities across the proposed workstreams

HCI Update

Luke Michaelides

Office for National Statistics

11/07/2025



Progress and planning ahead

- Successful full annual cycle with new team.
 - Identified and resolved key data issues with HCI specific data sources.
- Focus on production
 - Prioritised stability and quality
 - Annual weights processes completed for the first time
- Development Progress constrained
 - Limited capacity for development work
- Full update in September
 - This will be used to discuss accreditation plans.

Development plan in September

- Panel priorities (from July 2024)
 - Clear list of development tasks agreed by the panel
 - This includes the OSR accreditation process.
- HCI revisions policy
 - Still under review, but not blocker for accreditation process.
 - Options to be presented in September
- September 2025 Panel
 - A proposed development plan
 - Timeline for accreditation
 - Response to stakeholder priorities

Seasonal Adjustment of the Consumer Prices Index

Kevin Sharp

Office for National Statistics

11/07/2025



Aim is to present findings on seasonally adjusted CPI(H) from the NIESR report and seek feedback for its implementation

Members of the panel are invited to provide feedback on:

1. NIESR's main findings
2. Areas of further focus:
 - Using a Direct or Indirect approach
 - Adjusting series where prices are strongly influenced by policy
 - Breaking up the price timeseries into 3 separate periods
 - Revisions Policy
 - Publication and Reporting Strategy
3. The next step timeline at the ONS

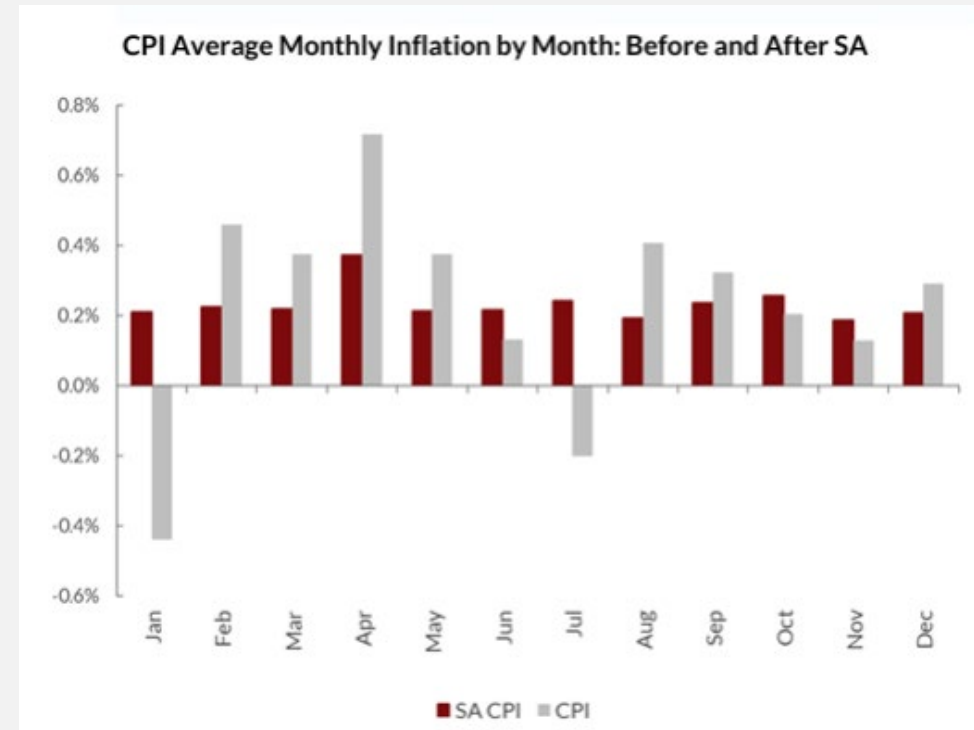
Summary of the NIESR report

Seasonal adjusted CPI(H) gives users clearer insight into underlying inflationary pressures and economic trends

- SA strips out the impact of regular, repeating and predictable seasonal patterns which can mask underlying trends
- Main benefit is in monthly inflation figures where month-on-month comparisons would become more meaningful for economic analysis, monetary policy assessment, and business planning
 - Annual inflation rates are naturally less affected by seasonality

Seasonal adjustment (SA) can be successfully applied to CPI/CPIH data

- Seasonal patterns are found to exist in UK monthly price data
- SA would adjust for repeating price movements such as sales periods in Jan and July and policy induced price increases in April
- Between 75% to 80% of 4-digit COICOP series* and their aggregates were found to be seasonal using standard statistical tests
 - Non-seasonal series would not be adjusted



Recommendation: To use the X-13 ARIMA-SEATS method to seasonally adjust price timeseries across the COICOP hierarchy. This is an established international method used by other NSI's

Areas for Further Discussion

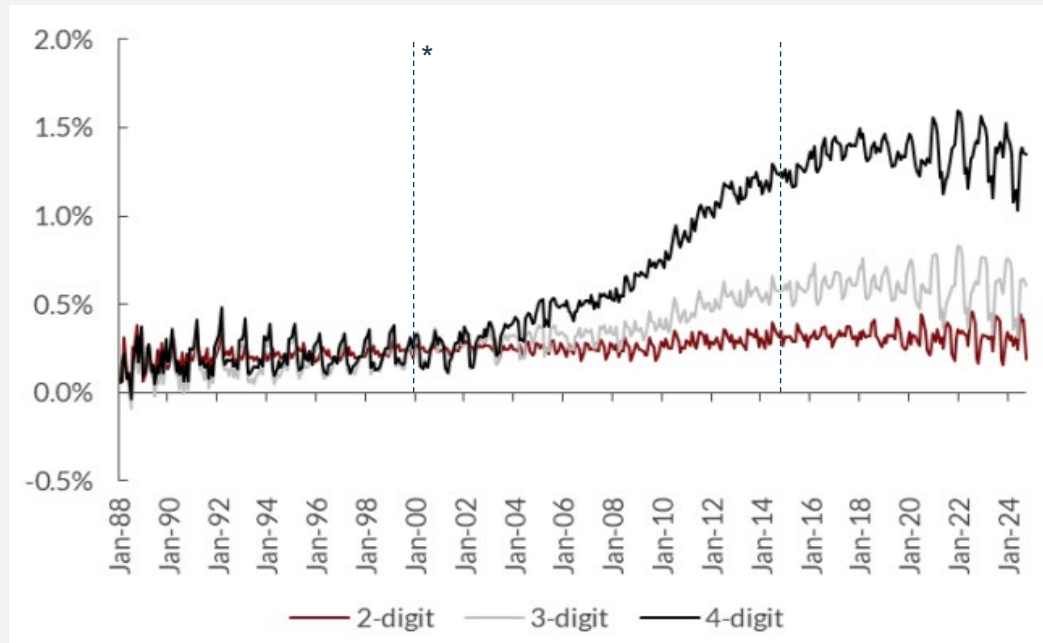
The choice of direct and indirect generally depends on context and preference:

	Direct	Indirect
Definitions	Each price series is seasonally adjusted separately, including each aggregate across the COICOP hierarchy.	Component series are seasonally adjusted directly, and aggregates are created from adding up these series.
Main benefits	Leads to best possible adjustment in each aggregate series and is conceptually simpler	Leads to additivity across the COICOP hierarchy which can be a desirable feature for users
Risks	Users may prefer the additivity property, and this could be lost without great benefit if the results are similar	Aggregates could have residual seasonality if insignificant seasonal patterns in components add up, however this can be tested for
NSI using approach	Canada, France, Germany, Japan, Mexico, Norway	Australia, ECB, Russian Fed, US, UK ONS (discontinued SARPIY)
Other indices	Bank of England's M4 measure	ONS uses the indirect approach across most other outputs

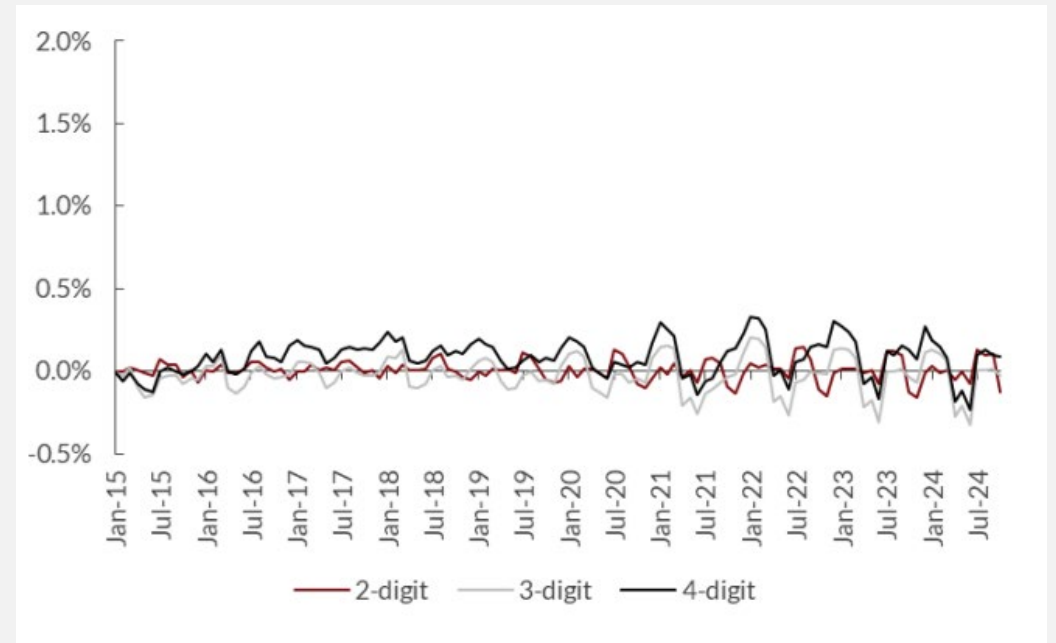
There is divergence between direct and indirect up to 1.5% at the all items CPIH level

NIESR also show divergence can be reduced by splitting the timeseries (right)

All Items CPIH
% Deviations of Direct vs Indirect (1988 to present)



All Items CPIH
% Deviations of Direct vs Indirect (2015 to present)



Direct vs Indirect Estimation:

Recommendation:

- The ONS employs the direct estimation of all SA CPI and CPIH series, except for Division 4 which includes policy-induced variables
- If the ONS decides to implement indirect estimation, this should be done in a staged manner after the publication of the direct estimates has been in place for some time

Discussion Points:

- Is there a strong demand for either method?
- Would a staged approach be confusing to users?
- Any additional details needed that would help inform this decision?

Policy induced price indices:

Recommendation:

The ONS employs the direct estimation of all SA CPI and CPIH series, except for Division 4 which includes policy-induced variables.

Discussion Points:

- Would we rather define policy induced price changes as seasonality to be adjusted for?
 - Energy bills are driven by both OFGEM price caps and global market forces
- Where is the cut off?
 - e.g Rail travel has recurring RPI linked price increases and Tobacco has additional levies applied at consistent intervals
- Any additional details needed that would help inform this decision?

Breaking up the timeseries

Recommendation:

We recommend breaking up the CPI/CPIH series and setting the values pre-2015 as given (subject to review) and updating the SA series from 2015 to present

Discussion Points:

- **Benefits:**

- Data pre 2015 would not be subject to revisions
- Uses multiple models to account for the changing nature of seasonality and the presence of large outliers

- **Risks:**

- This reduces the amount of data that can provide value to the modelled seasonal patterns
- Not used across other ONS outputs
- Issues above can be accounted for using more detailed modelling method by index

Revisions are a natural part of SA and there is a scale on frequency:

	Concurrent	Partial Concurrent	Current
Definitions	Models and their parameters are recalculated each period as the latest data comes available	Model and model parameters updated on a less frequent basis, with latest data using current model	Models are calculated and fixed with the latest data adjusted using current model
Main benefits	Generally leads to better quality and stability in the results with smaller revisions. Recommended by NIESR	Good balance between resources needed and quality. Used across ONS and recommended by Eurostat	Less resources needed and can lead to good results with enough data
Risks	Resource intensive, especially on a monthly basis	Doesn't factor in the latest data which can improve estimates	Models do not factor in the latest data with generally larger revisions
NSI using approach (revision period)	<ul style="list-style-type: none"> • Australia (Every quarter) • Germany (Every month) • Norway 	<ul style="list-style-type: none"> • Mexico (Every year) • Pakistan (every 6 months) • Russian Fed (Estimated every month, parameters and outliers once per year) • UK SARPIY (annual review) 	<ul style="list-style-type: none"> • ECB • Canada (Every Jan for last 3 years) • France (Every January) • Japan • US (Every Feb, updates last 5 years)

Revision Policy

Recommendation:

To revise all the SA series each month. If the ONS follows the recommendation of splitting up the series into three, this would mean updating within the last sub-period (2015 to present)

Discussion Points:

- How best to communicate the nature of revisions?
- Earlier data can be fixed if we break the timeseries into 3 or compartmentalise the revision window
- Is there a preference from the panel on either option?
- Any additional details needed that would help inform this decision?

Publication and reporting strategy

Recommendation:

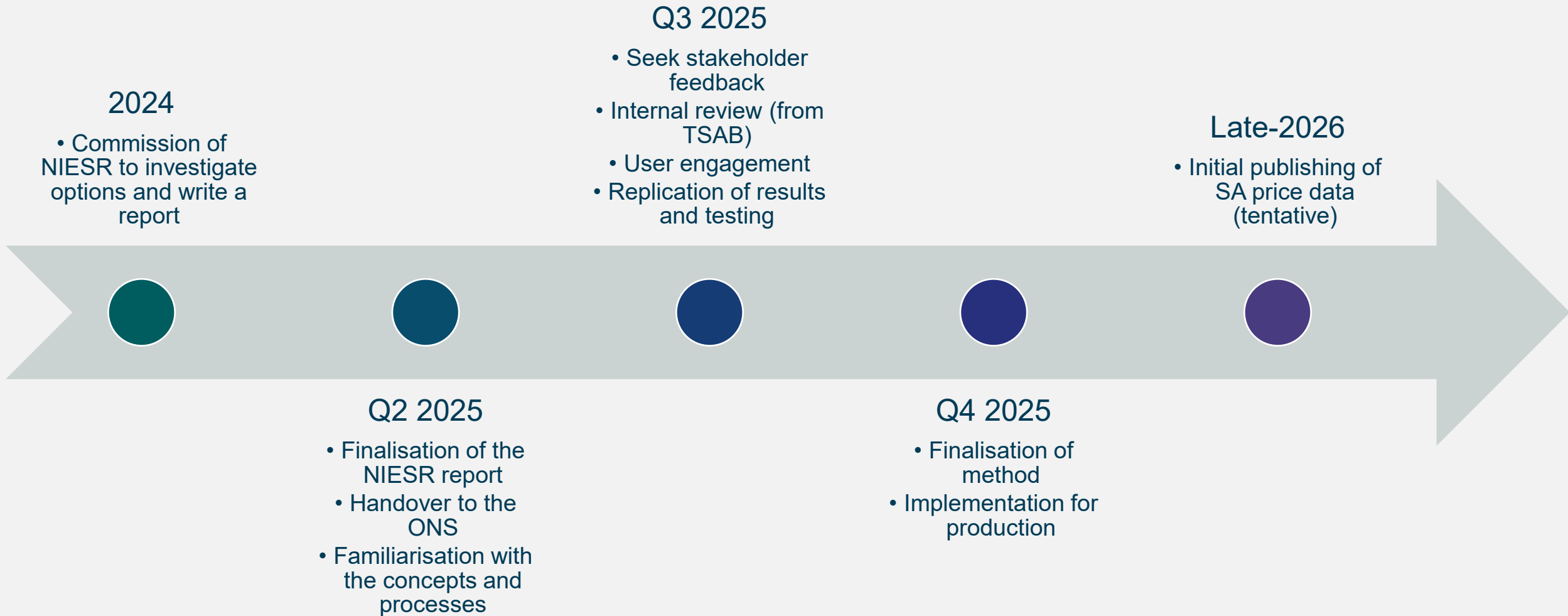
- (a) The current estimate of the current monthly SA inflation is reported in the main points of the CPI Bulletin
- (b) There is an additional section on the SA data for the past year in comparison to the original series, plus some comments on major revisions (this section can be every month or less frequently)
- (c) CPI Tables 58 and 59 are updated each month

Discussion Points:

- We would be introducing a revisable data point to the non-revisable CPI bulletin and tables – how best to communicate this?
- What are the preferences of the panel on publishing these data?

Next Steps

Proposed timeline for seasonal adjustment project



UK House Price Index Improvements

Aimee North

Office for National Statistics

11/07/2025



HPI monthly imputation methods improvement

- Issue: generally-downwards price revisions between provisional and final HPI estimates, driven by over-estimation of new build price in early provisional HPI estimates.
- Source of bias: delayed availability of property attributes data for new builds in early provisional HPI estimates.
- Action: implement a methodology improvement to HPI's monthly imputation for Great Britain.
- Engagement: this methods improvement has been developed alongside engagement with APCP-Technical in [Jan-25](#) and [Apr-25](#), and with the cross-government UK HPI Working Group (joint owners of UK HPI).

HPI monthly imputation methods improvement

From January 2025 (month 1) data:

- Discontinue the temporary “new build pooling” approach implemented in 2020
- Apply the following imputation improvement:

Variable	Current	Future
Floor area	England & Wales: set to zero Scotland: set to zero	England & Wales: imputed using 10 nearest-neighbour imputation Scotland: set to zero
Number of rooms	Great Britain: missing indicator	Great Britain: imputed using 10 nearest-neighbour imputation

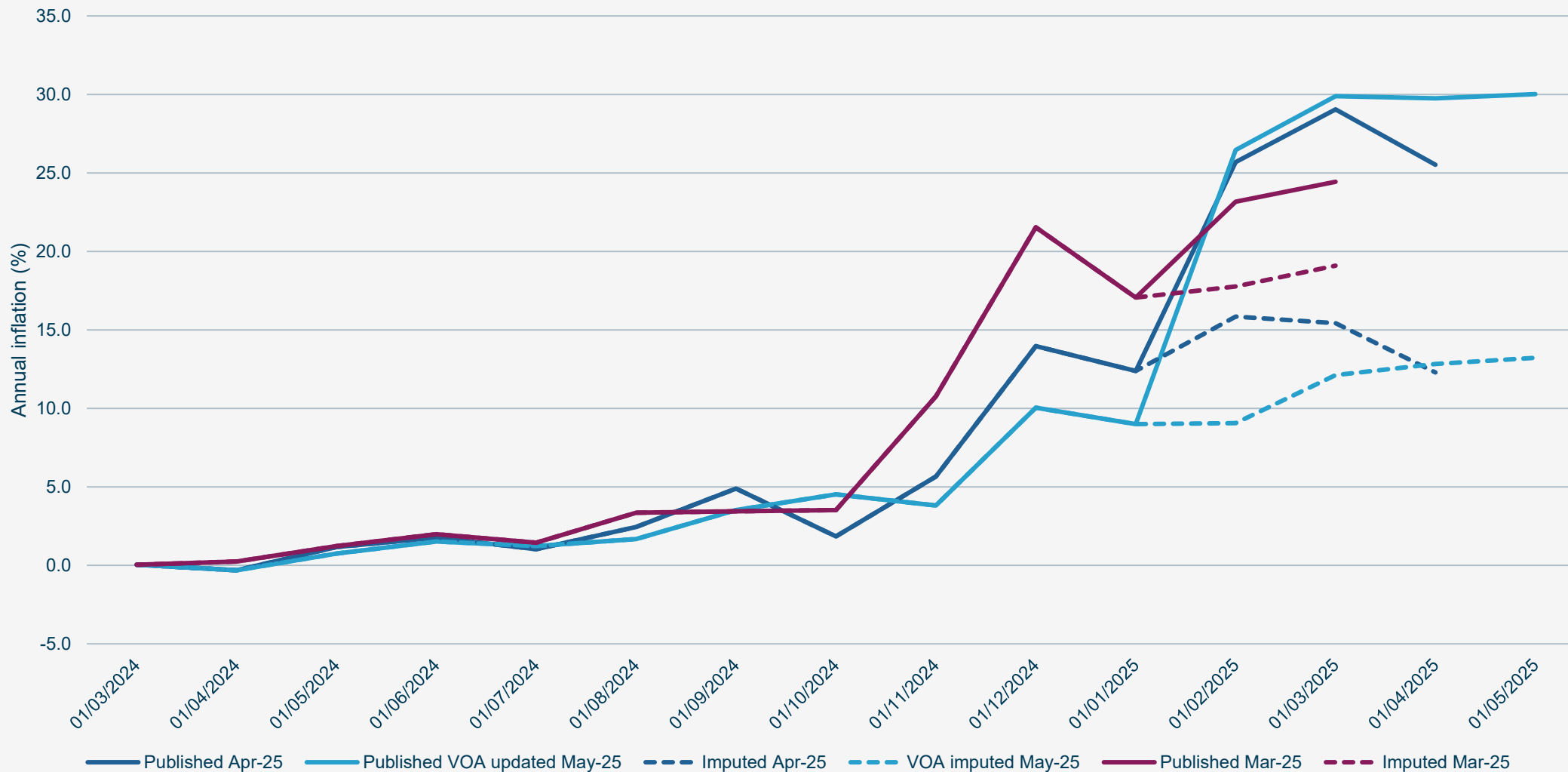
Why improve imputation?

- Missing floor area values are “set to zero” in the monthly regression model data, but “imputed” in the fixed basket.
- Floor area and number of rooms data tends to be missing for new builds for a few months until the property record is created in the attributes dataset.
- During this period, the difference between the monthly data and fixed basket characteristics lead to over-estimation of new build price.
- By imputing these missing characteristics in the monthly data, we target the source of this over-estimation in provisional new build HPI estimates, and improve UK HPI statistics quality.

Expected impact on UK HPI and RPI

- The Jan-25 and Apr-25 APCP-T papers and more recent impact analysis all concur that implementation of this imputation improvement substantially reduces over-estimation of new build price in provisional UK HPI estimates, reducing the size of UK HPI's downwards revisions.
- RPI will not be affected in 2025. ONS will continue to produce a parallel run of HPI: on both the current-method and improved-method basis. HPI-based data for use in RPI will continue to be produced on the current method without the imputation improvement.
- This improvement will be included in the autumn 2025 RPI Protocol Letter, aiming for it to feed into RPI from February 2026's annual round.

UK new build annual inflation: published vs proposed



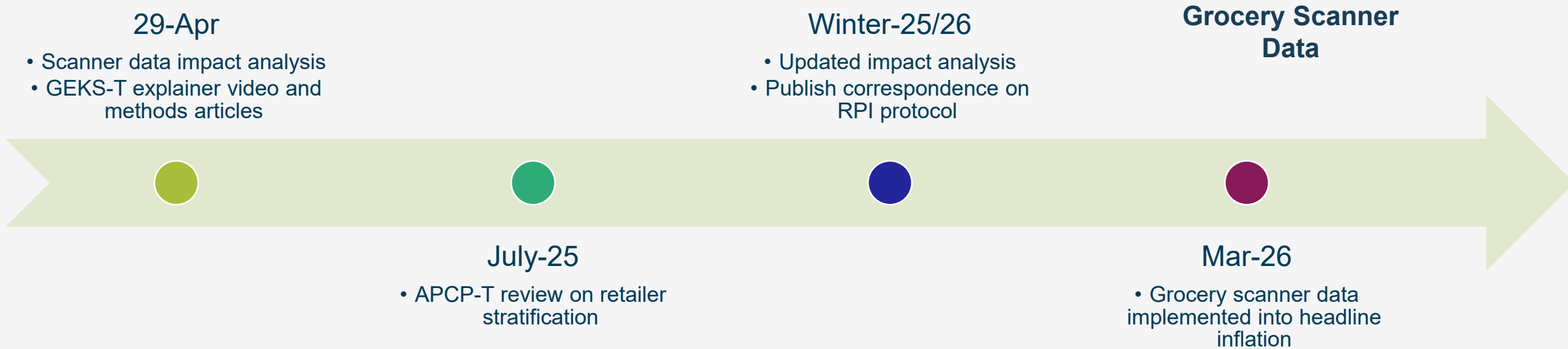
Next steps

- Expected date of implementation: 20 August 2025 UK HPI release.
- Public announcements:
 - APCP-T January 2025 and April 2025 papers are published and links are included in UK HPI releases.
 - 18 June's UK HPI release announced "we expect to make an improvement to HPI imputation methods in the coming months".
 - 16 July's UK HPI release is expected to confirm the intended implementation date and link users to the April 2025 APCP-T paper.
- UK HPI monthly imputation methods improvement is expected to be included in the autumn 2025 RPI Protocol Letter, aiming to feed into the HPI-based RPI input data from next annual round (February 2026).

ADS Update

Tanya Flower
Office for National Statistics

Transformation plan for year ahead



Update on scanner data parallel run

- The parallel run has started without any issues and we are running monthly curiosity sessions with production colleagues alongside support from the core economist team
- As part of this curiosity, we have identified some additional anomalies which we are now implementing solutions for
- We are also working on developing our curiosity checks to enable production teams to understand the drivers behind the monthly movements, for example whether it is coming from the existing local collection or the ADS grocery retailers

Retailer stratification

- We are sharing analysis on the impact of changing the retailer-type stratification at July's APCP-T
- Stratification decisions are independent of the decision to integrate groceries scanner data into consumer price statistics (the parallel run is using the current multiples/independents method)

Microdata

- In response to our [user consultation](#), work is now ongoing to define additional outputs to support the move to incorporating groceries scanner data
- User engagement sessions are being planned for late and end Summer 2025 to ensure these outputs meet user requirements

Technical manual

- We are planning to update our [CPI Technical Manual](#) alongside the integration of groceries scanner data in March 2026
- The current format is not user-friendly, so we are proposing to move to a sequence of mini-manuals which collates content on similar topics, as well as a landing page to link all content together. This will also make it easier to incorporate all the required content on groceries scanner data
- **Question: would any panel members be interested in reviewing the proposal for these mini-manuals? We can also share drafts if useful**