

Advisory Panel on Consumer Prices - Stakeholder

5 September 2025



Basket quality review

Stephen Burgess

Office for National Statistics

05/09/2025



Update on progress (**Note: Market Sensitive**)

- **July 2025 APCP-S meeting:** Stefan Ubovic presented the “CPI deep dive” report. The panel welcomed the report, asked for ONS to identify some potential “quick wins” to address for March 2026, and requested an update at September panel.
- **Updates:**
 - 1) We are making good progress on recruiting extra price collection resources (through extra funding under the Economic Statistics Plan). This gives us some scope to increase samples in a targeted way on selected items.
 - 2) The two divisions involved were heartened by the positive feedback at July’s panel and will commit some resources to make the “CPI deep dive” a regular annual process. We would keep APCP-S sighted on further rounds of recommendations and progress against existing ones.

Specific recommendations (**Note: Market Sensitive**)

Recommendation	Proposed Next Steps
1. Video games – increase frequency and sample size	Production teams happy to implement for 2026 annual round
2. Video games – track only original releases	Production teams happy to implement for 2026 annual round
3. Revisit ADS for air fares (and possibly hotels)	Aim to improve hotels sample and methods further for 2026 annual round; we cannot credibly commit to an ADS solution yet.
4. Develop index day / holiday adjustment (eg: for airfares)	Investigate as part of work on seasonally adjusted CPI
5. Expand sample coverage for health items	Lower priority, but Production teams investigating feasibility for 2026
6. Explore PHIN as possible ADS (health)	ADS solution would take longer to develop – not a “quick win”
7. Review sources for Wales / Scotland / NI once per year	Possibility for NHS dental charges. Need to weigh up costs and benefits
8. Review market shares and structures once per year	Need to agree a process; would not have an impact in March 26
9. Item-level information readily available	Need to agree a process; would not have an impact in March 26
10. Carry out a similar review in future	Resources provisionally agreed internally. Detail to be revisited next year.

CPI development plan

Luke Michaelides

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05/09/2025



Overview (to be published 18th September)

Refreshed the top sections to remove old references and duplicate material

Included links to the new Economic Statistics Plan

Added in a new continuous improvement section to cover smaller improvements made within the team

Removed low priority work which we don't currently have resource to take forward

Priority vs complexity

- Added a table to summarise the complexity of the different workstreams and provide an overall difficulty score
- Additional explainers for each workstream to cover the difficulty in more detail

Table 1: summary of workstreams

Project	Priority	Data	Systems	Methods	Overall Difficulty
Grocery scanner data	High	New data sources are being introduced	Existing cloud-based systems can be used	High methodological development needed	3
Removal of legacy platforms	High	Existing data can be used; no major changes expected to input sources.	Significant system redevelopment required	Existing methods remain largely unchanged; focus is on system infrastructure rather than methodological innovation.	5
COICOP 2018 Implementation	High	Existing data with harmonisation required	New system-level updates required	High methodological development needed	5
Review of shop type	Medium	Possible updates to input weights	Existing cloud-based systems can be used	High methodological development needed	4

Emerging priorities

- Inclusion in this plan does not guarantee delivery
- Final decisions will depend on prioritisation outcomes and any emerging priorities throughout the next 12 months (**this list is non-exhaustive**)
- We will continue to bring papers for specific workstreams where relevant to the panels

Questions/ discussion

The Panel is asked for feedback on the first four sections (in particular the usefulness of the summary table and difficulty ratings)

Future focus of the Panel, and Stakeholder Panel future discussion plan

David Beckett

Office for National Statistics

05/09/2025



Future focus of the Panel

Future discussion plan

Q1 2025

- PIPR methodology
- Workstream update

Q2 2025

- Seasonally-adjusted CPI
- Workstream update

Future discussion plan

Q3 2026

- Workstream update & prioritisation

Q2 2026

- Household costs indices
- Workstream update

Household Costs Indices

Luke Michaelides

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05/09/2025



Purpose

- Outline roadmap toward HCI accreditation as an Accredited Official Statistic.
- Highlight key challenges, including:
 - Limited resources within ONS
 - Competing priorities in economic statistics
- Emphasise continuous improvement despite constraints

Asks from the Panel

1. The proposed accreditation roadmap and development pathway.
2. Opinions on options for the HCI Revision Policy/Corrections.

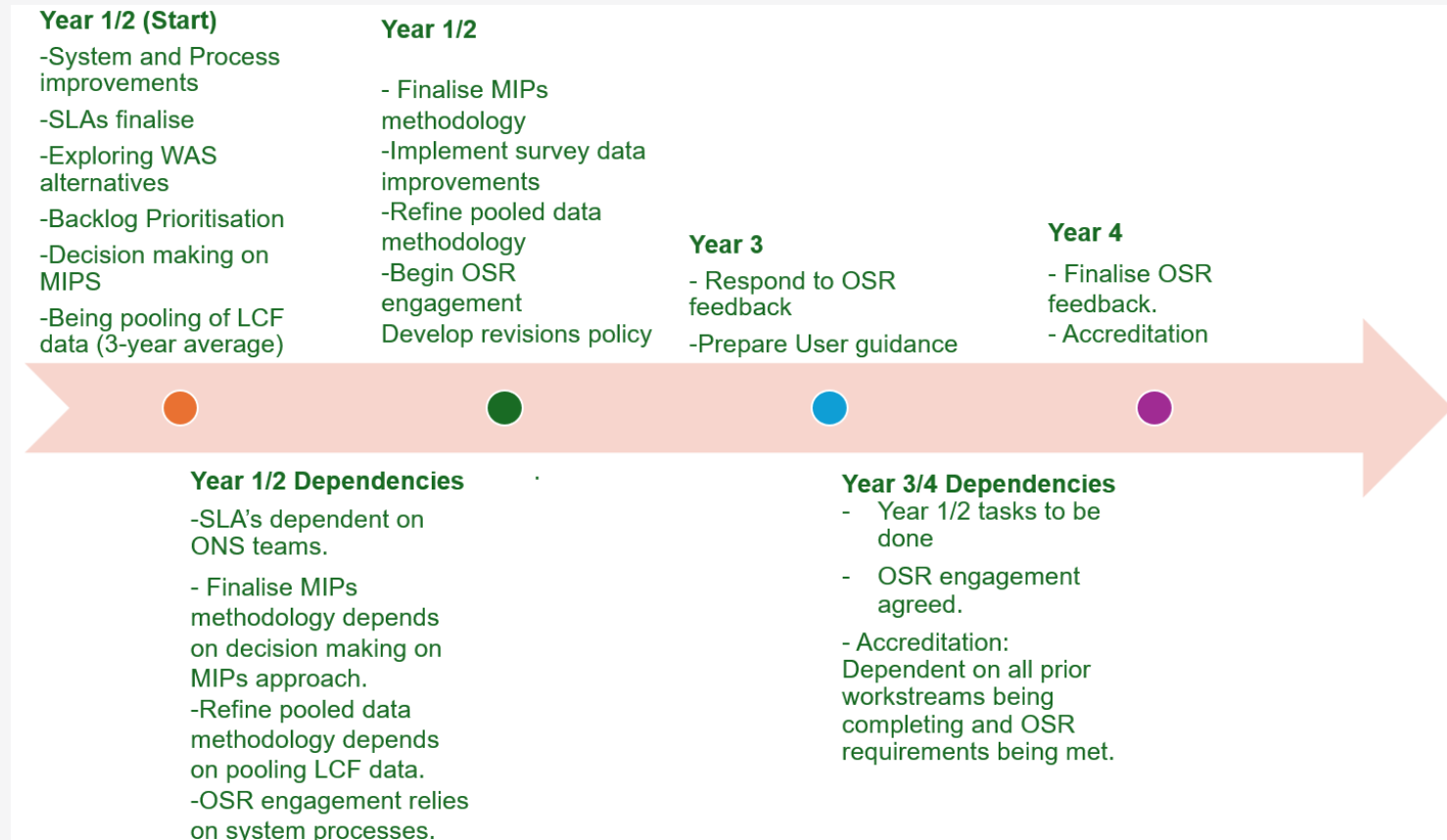
Background

- HCIs measure price and cost changes across UK household types.
- In live production for under 2 years; currently Official Statistics in Development
- Development pathway depends on resource availability.
- Accreditation by OSR would confirm trustworthiness, quality, and value under the Code of Practice.

Development Progress since July 2024

- **May 2025 publication** delivered under new team structure
 - First successful annual weights update.
 - Resolved practical challenges with data sources.
 - Drafted structured development plan based on feedback.
- **Process improvements**
 - Automated tasks (e.g., Stamp Duty calculations).
 - Increased efficiency and reduced resource demands.
 - No broader development underway due to resource limits.
- **Growing user interest**
 - DWP used HCI data to analyse child poverty impacts.
 - User survey added to August 2025 publication to explore further usage.

HCI Accreditation Pathway



System and Process Improvements (Medium-Term)

- **Key Enhancements for HCI System Accreditation:**
- **Quality Assurance**
Strengthen QA processes to meet Accredited Official Statistic standards.
- **System Functionality**
Improve internal checks and align with best practice.
- **Methodology Updates**
 - Review student loan repayment estimates:
Currently based on Plan 1 loans only (pre-2012).
Other loan types now prevalent—requires update.
 - Consider treatment of high-cost credit products (e.g., payday loans)
Reflect full range of household financial experiences.

Survey Data Improvements (Short to Medium-Term)

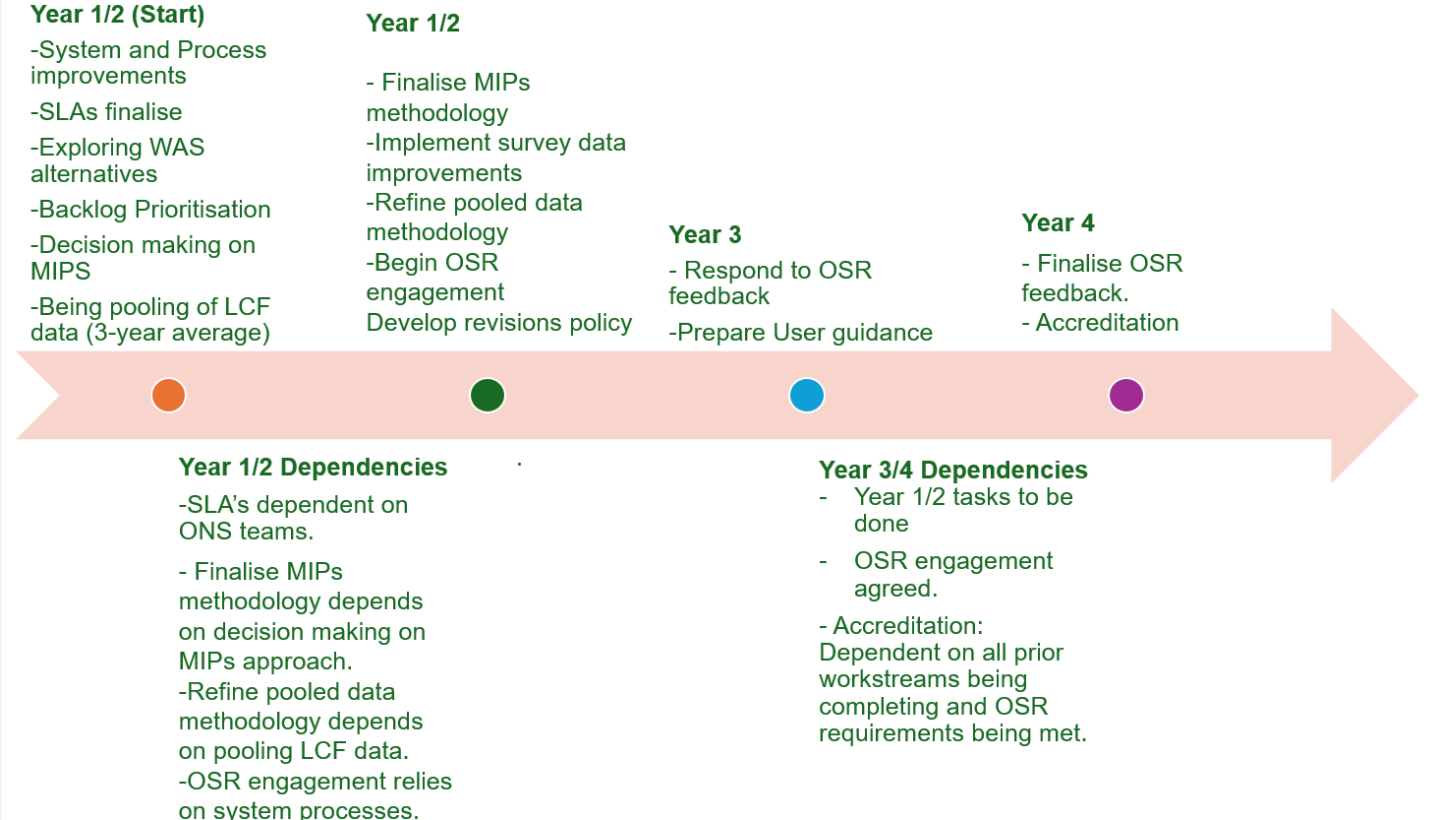
- **Robust Production Cycles**
Collaborate with delivery partners to improve timeliness and QA of LCF data.
- **Support via ES Recovery Plan**
Enhance LCF/WAS, increase interviewer capacity, streamline collection.
- **Pooling LCF Data (3-Year Average)**
Improve sample robustness and stability of subgroup estimates.
- **Alternatives to WAS**
Explore timely sources (e.g., Bank of England interest data) due to WAS reliability concerns.
- **Outcome**
More reliable expenditure weights and reduced reliance on delayed data.
- **Mortgage Interest Payments (MIPs)**
Deciding on which options to take forward.

Backlog Prioritisation & Supporting Actions (Medium to Long-Term)

- **Backlog Prioritisation**
 - **Interest Expenditure Variables:** WAS delays impact reliability; consider increasing update frequency (cost/response burden trade-off).
 - **Methodological Enhancements:** Expand student loan repayment coverage; align payment methodologies across HCI items.
- **Strathclyde Research – Quick Wins**
 - Explore short-term insights into household inflation experiences.
 - Use HCI bulletin for more exploratory analysis.

HCI Accreditation Pathway

- 1. The proposed accreditation roadmap and development pathway.



Revisions Policy (Short-Term)

- **Current Practice**
 - No formal HCI policy; revisions handled case-by-case.
 - Aim to avoid revisions unless necessary.
- **ONS & CPIH/CPI/RPI Policies**
 - CPIH/CPI: Revisions only in **exceptional cases**.
 - RPI: **Never revised**.
- **Options for HCI Revisions Policy**
 - **1. Revise for all improvements**
 - Accurate, consistent, but resource-intensive.
 - **2. Revise only for HCI-specific changes**
 - Aligns with CPI/CPIH, but less comprehensive.
 - **3. Case-by-case approach** (*recommended short-term*)
 - Flexible, pragmatic, but less predictable.

Correction of Errors Policy (Short-Term)

- **Establishing a Clear Framework for HCIs**
- **Current Status**
HCIs lack a formal correction of errors policy.

Proposed Approaches

1. ONS Central Policy

- Comprehensive framework.
- Corrects errors promptly, with limited exceptions.

2. CPI/CPIH/RPI Policy (*Recommended*)

- Avoids retrospective corrections.
- Focuses on correcting errors going forward.

- **Recommendation**

Align with **CPI/CPIH approach** to support consistency, reflect current HCI practice, and ease transition toward accreditation.

Asks from the Panel

2. Opinions on options for the HCI Revision Policy/Corrections.

Any other business

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