

Advisory Panel on Consumer Prices - Stakeholder

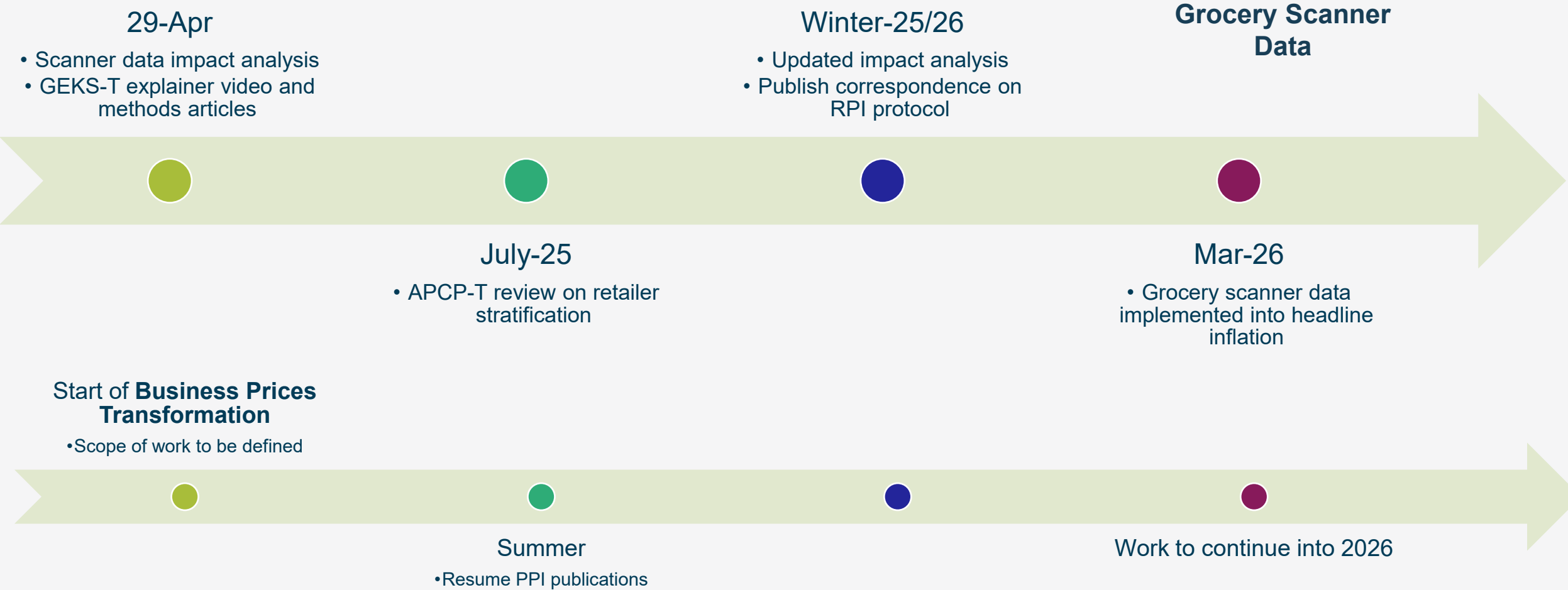
25 April 2025



ADS Update

Michael Hardie

Transformation plan for year ahead



Retailer stratification summary

- For items stratified by retailer, we are exploring three options:

Multiple/independent

Big/small
(2% market share)

Implicit
(no stratification)

- Multiple/independent
 - Currently used, threshold of 10 physical stores in UK
 - Limitations:
 - It equally weights quite different retailers
 - It misrepresents predominantly online retailers with a large market share and limited outlets

Retailer stratification – APCP-T actions

- Agreed that implicit weighting is not a viable option
 - We will not produce any more analysis on this basis
- We will continue to work towards assessing the big/small split for implementation in March 2026
 - Milestone of July 2025 for sharing our analysis and recommendations with the Panels
- Suggested we take a fresh look at the stratification and consider whether the broader approach is correct
 - medium to longer-term objective

APCP-S: OFFICIAL SENSITIVE- Grocery scanner data impact analysis

Emily Hopson

Business Change and Implementation Lead

Prices Division

Background

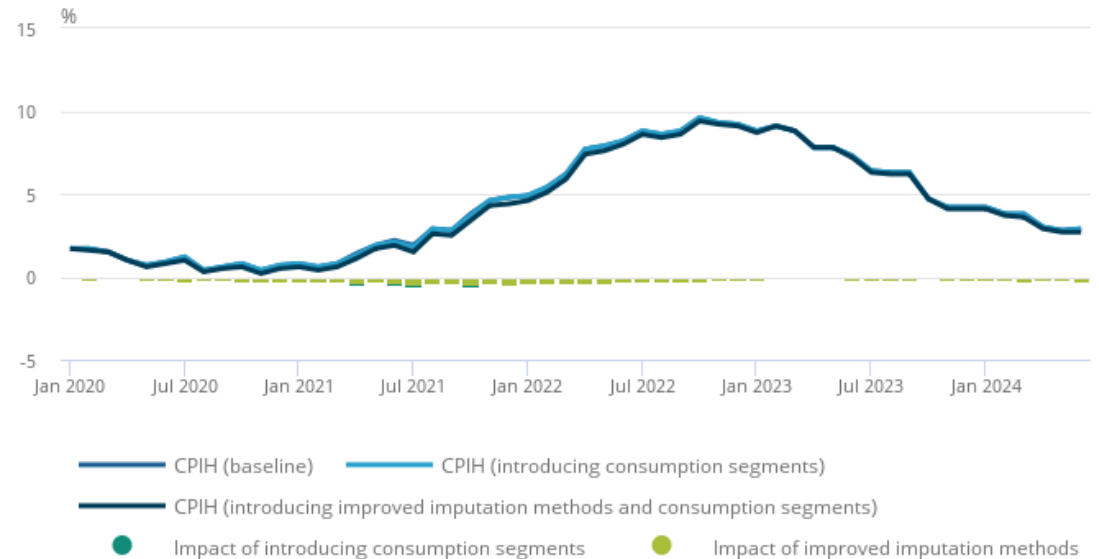
- From February 2025 (published March 2025), we introduced:
 1. improved imputation methods
 2. consumption segments
 3. Northern Ireland private rental price statisticsinto our UK consumer price statistics.
- Due to the complexity of data and methods and the importance of these statistics, we took the decision to **delay the introduction of grocery scanner data**.
- Further quality assurance is required to ensure they are of the **highest quality**.
- We plan to parallel run groceries scanner data for a year before incorporating into live production in **February 2026**.
- Impact analysis including grocery scanner data publication on **29th April**.
 - **This presentation is for you information.**

How we are measuring impact of scanner data

- We present the differences between our series incorporating groceries scanner data and our series using **the improved methods** and **consumption segments** we introduced this year.
- Demonstrate the impact of introducing groceries scanner data **in isolation** from the other changes we introduced in February 2025.

Figure 4: The average impact to the annual rate of change of CPIH was negative 0.17 percentage points

Indicative impact of transformed methodology on Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month rate, UK, January 2020 to June 2024



Source: Impact analysis of transforming UK consumer price statistics from the Office for National Statistics

Reasons for differences

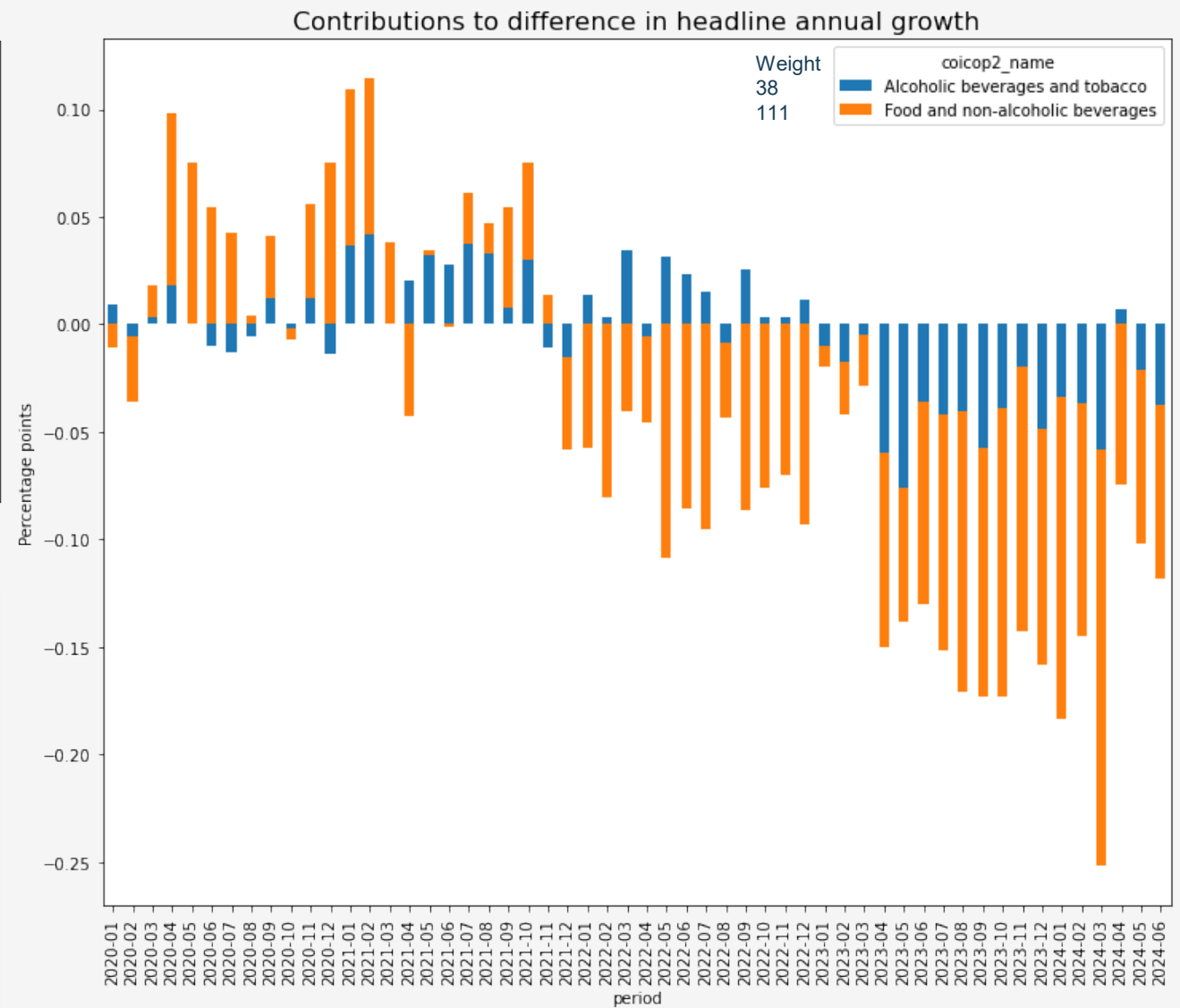
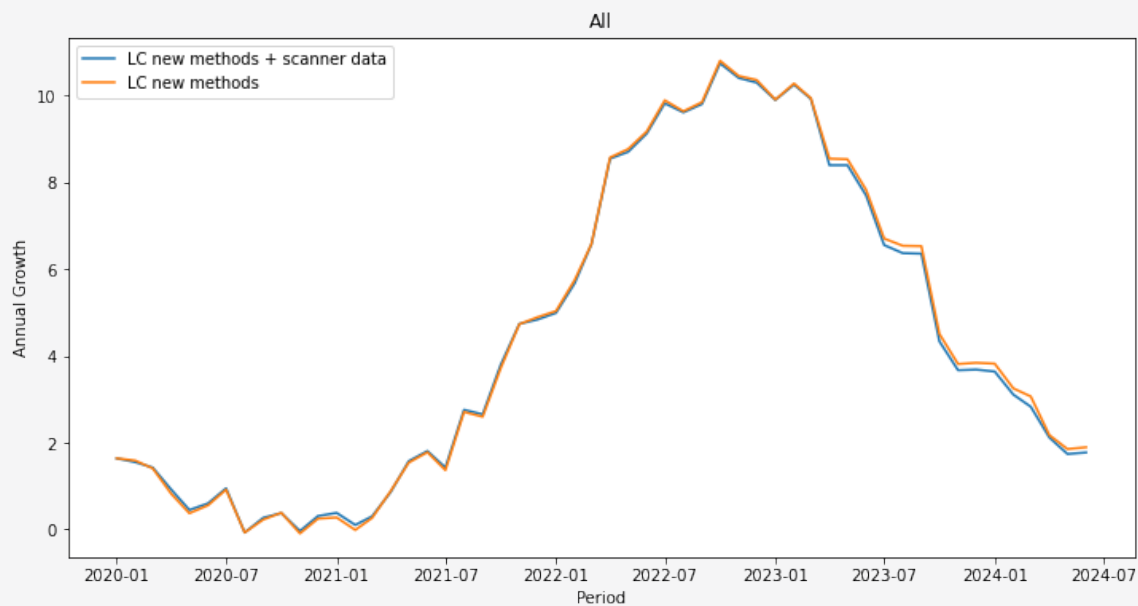
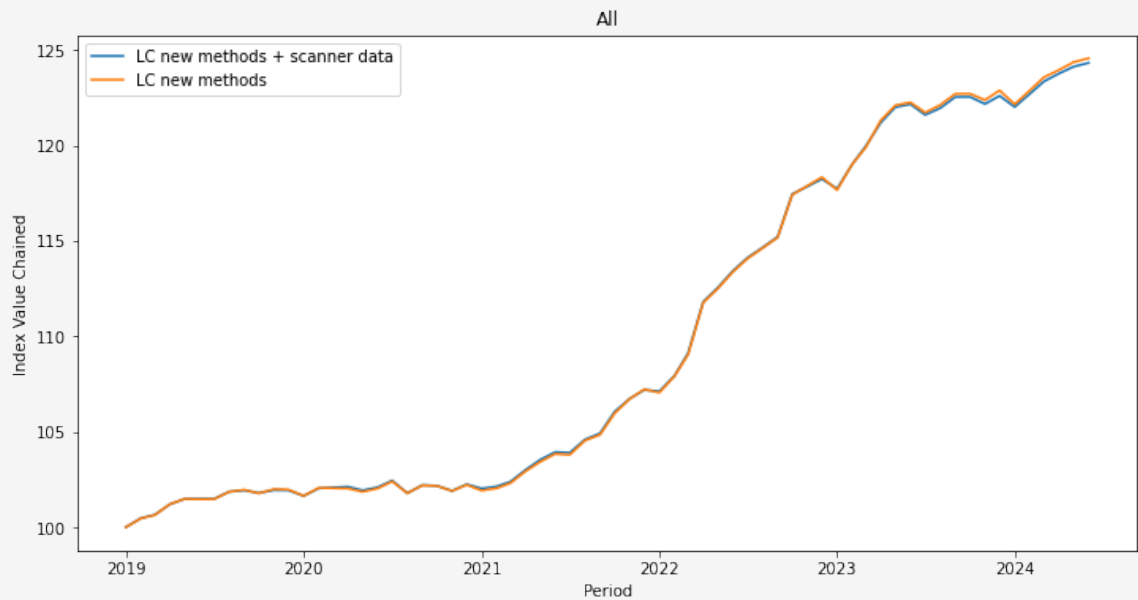
Different
product
coverage

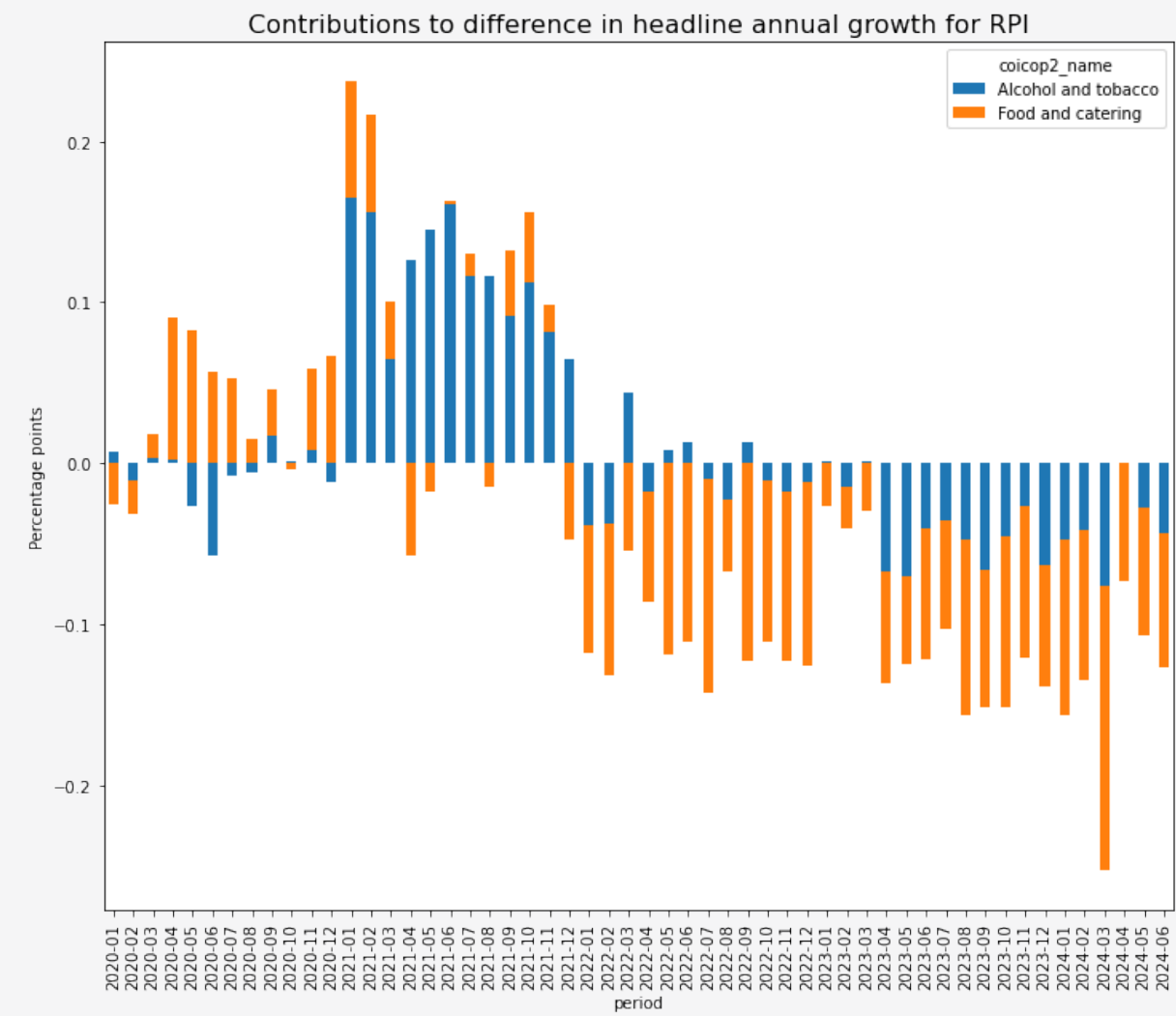
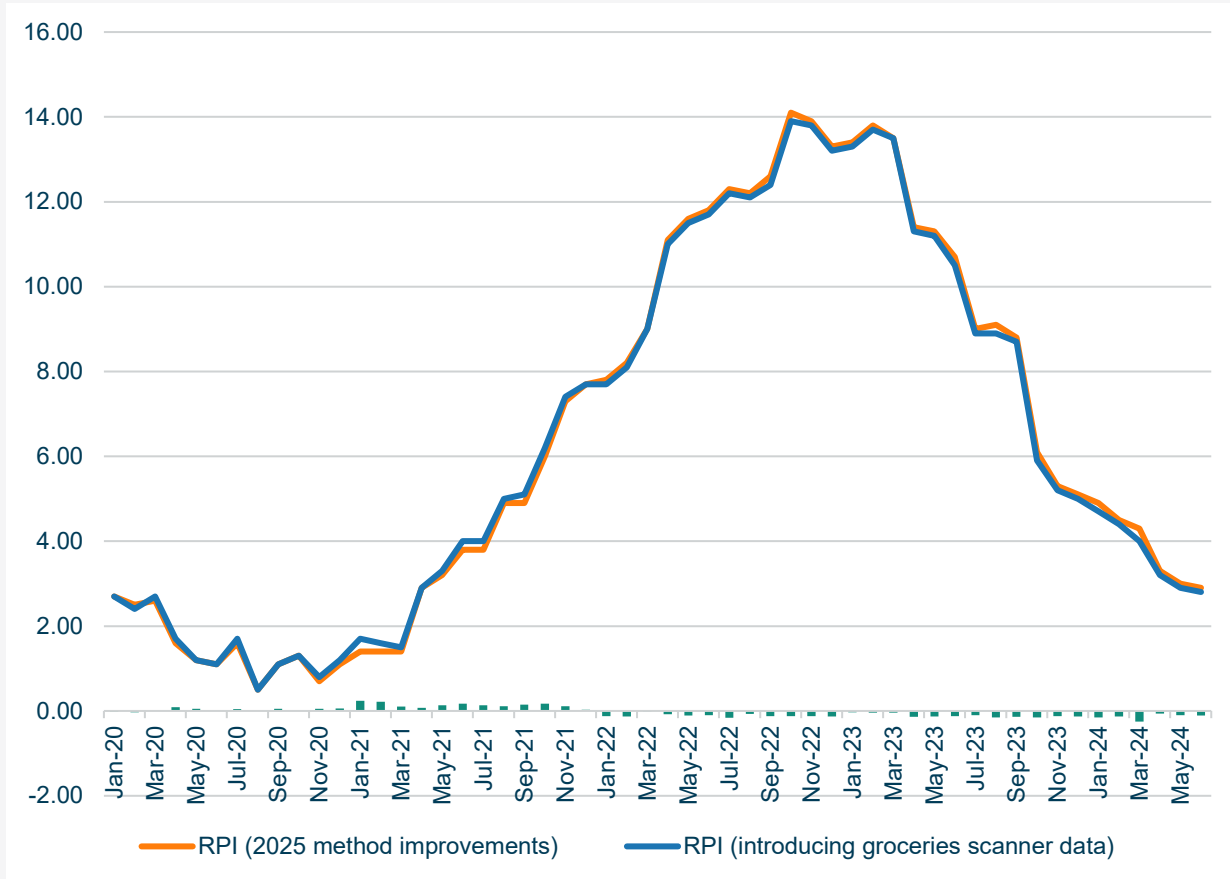
Different
treatment of
promotions

Different data
frequency

Different index
methodologies

Headline impact CPI and RPI





Average impacts on the annual and monthly rate of change of CPI and RPI

CPI

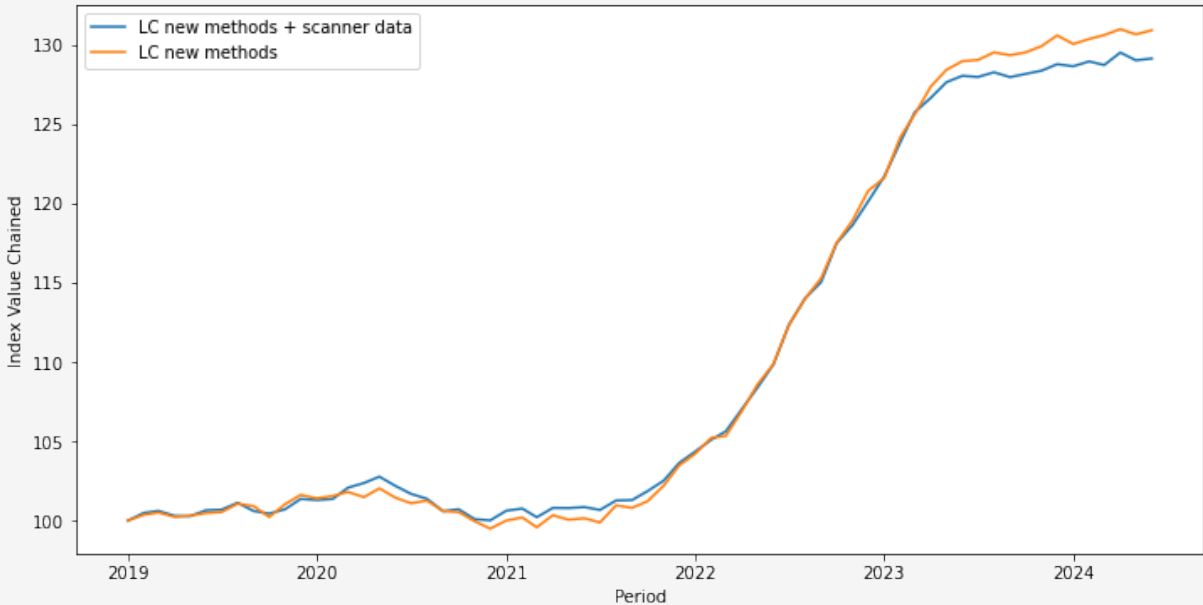
Year	Average annual growth difference (percentage points)	Average monthly growth difference (percentage points)
2019	-	0.00
2020	0.03	0.01
2021	0.04	0.00
2022	-0.05	0.00
2023	-0.12	-0.01
2024 (up to June)	-0.14	0.01

RPI

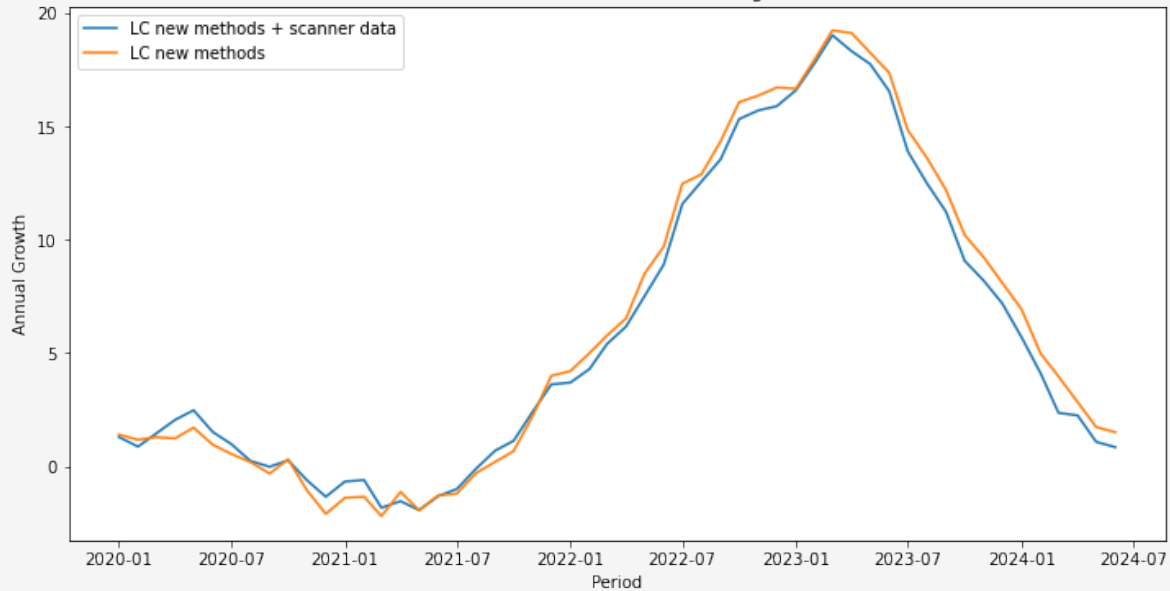
Year	Average annual growth difference (percentage points)	Average monthly growth difference (percentage points)
2019	-	0.00
2020	0.03	0.01
2021	0.14	0.00
2022	-0.11	-0.01
2023	-0.11	-0.01
2024 (up to June)	-0.13	0.01

CPI deep dive

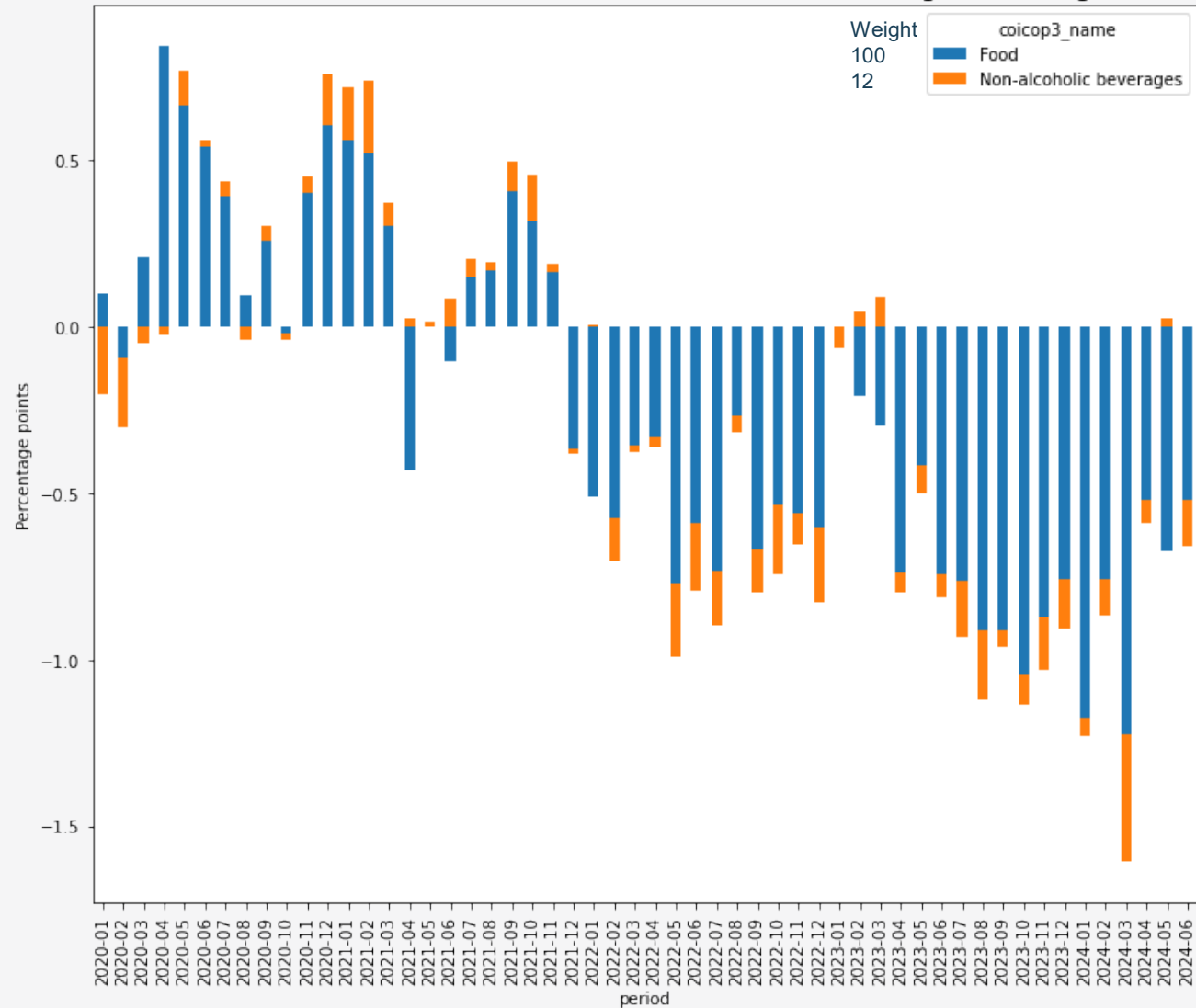
Food and non-alcoholic beverages

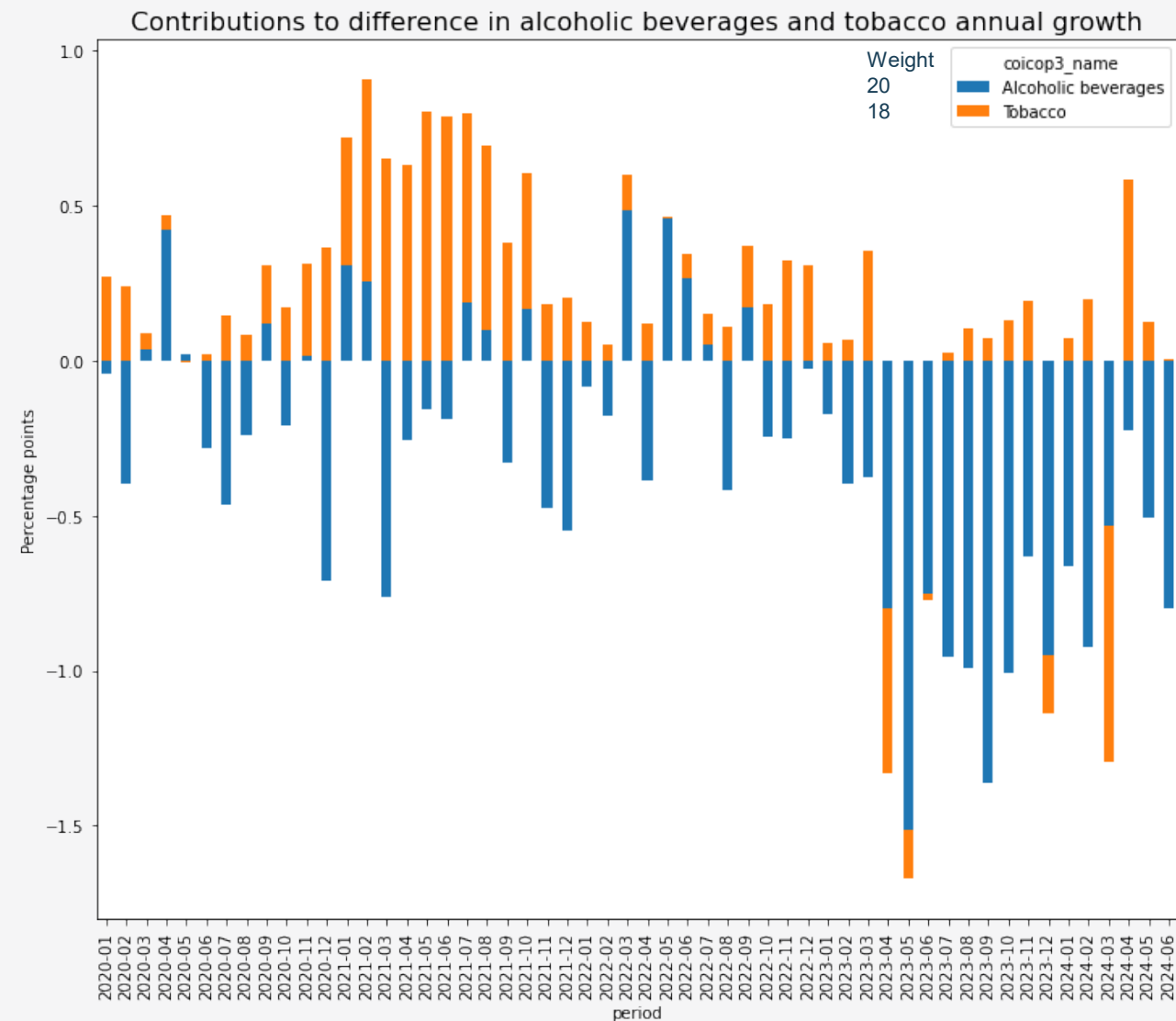
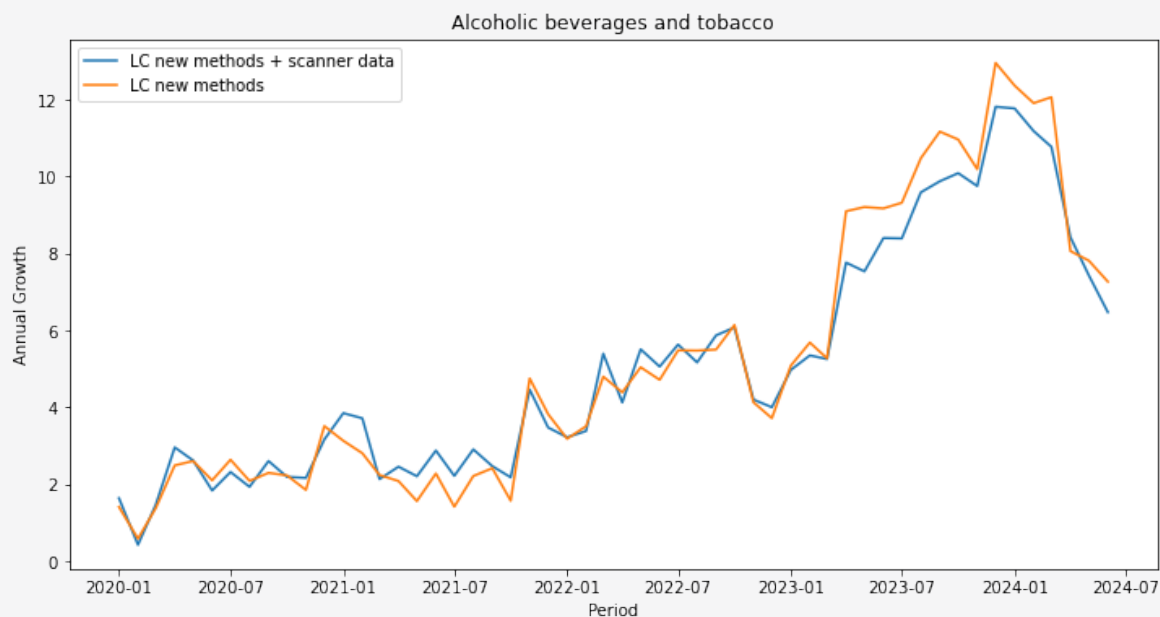
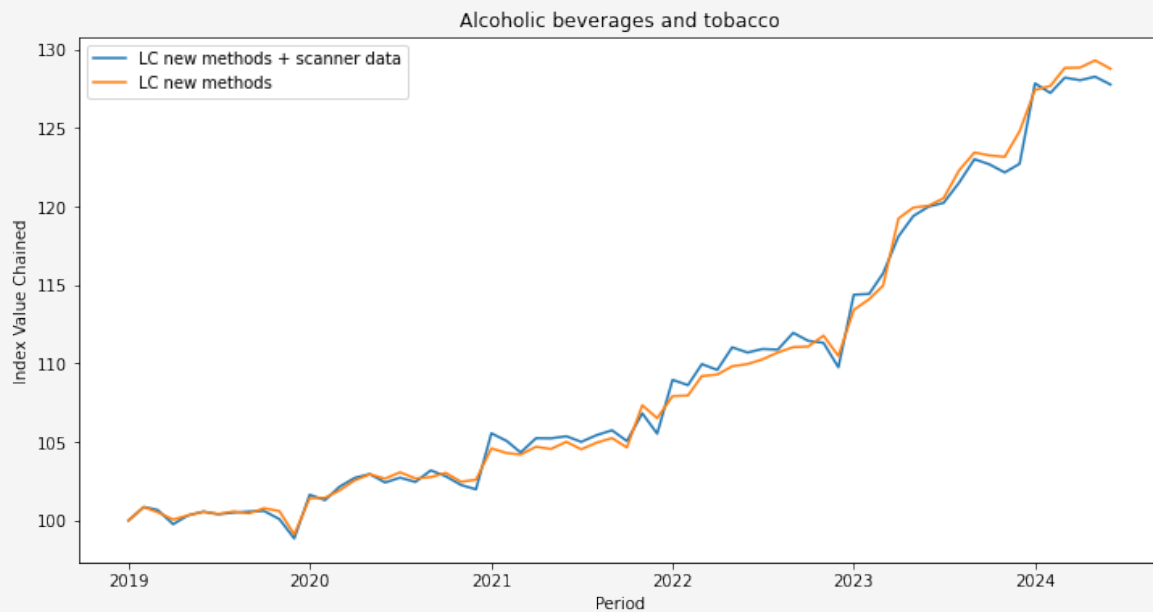


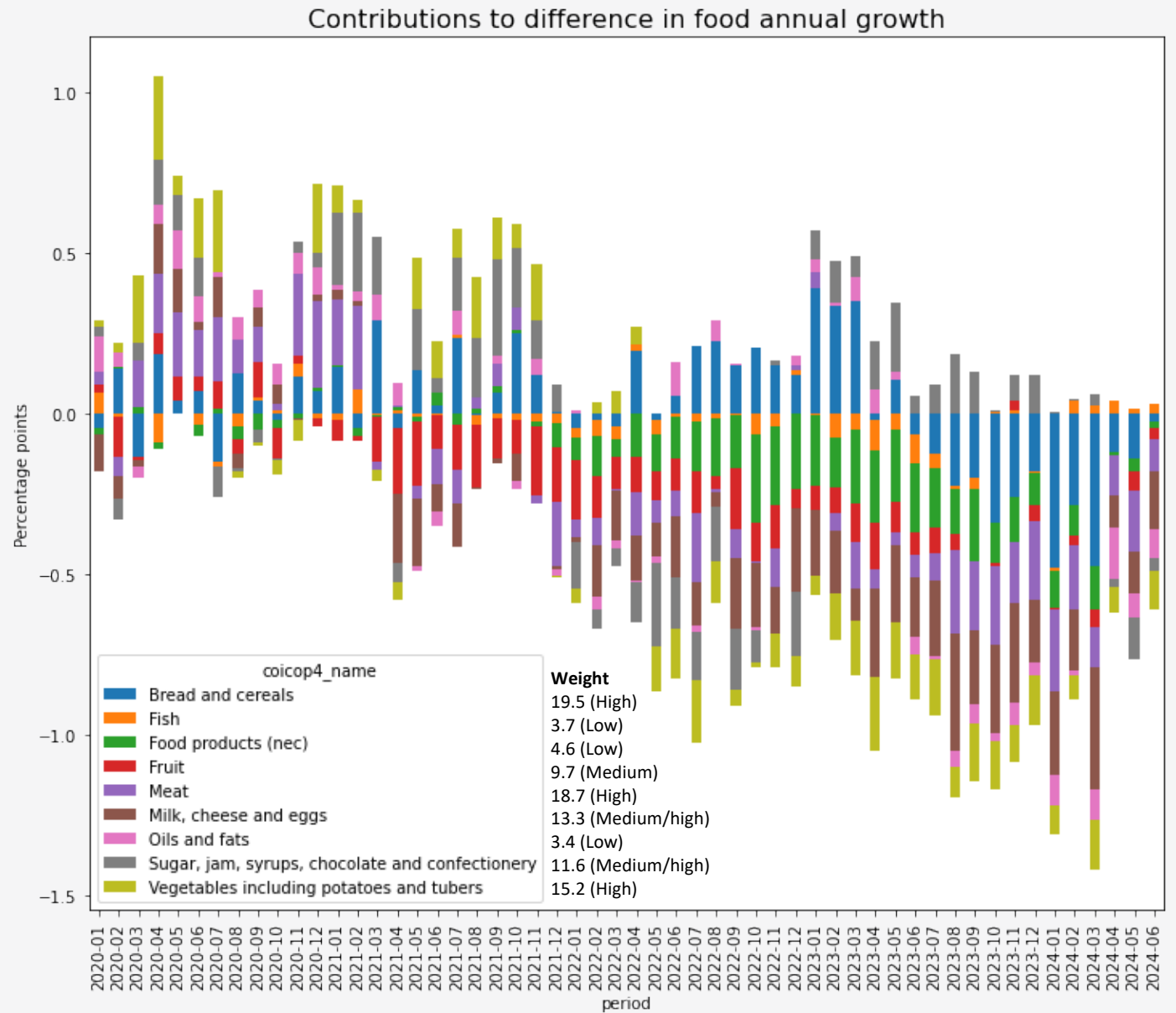
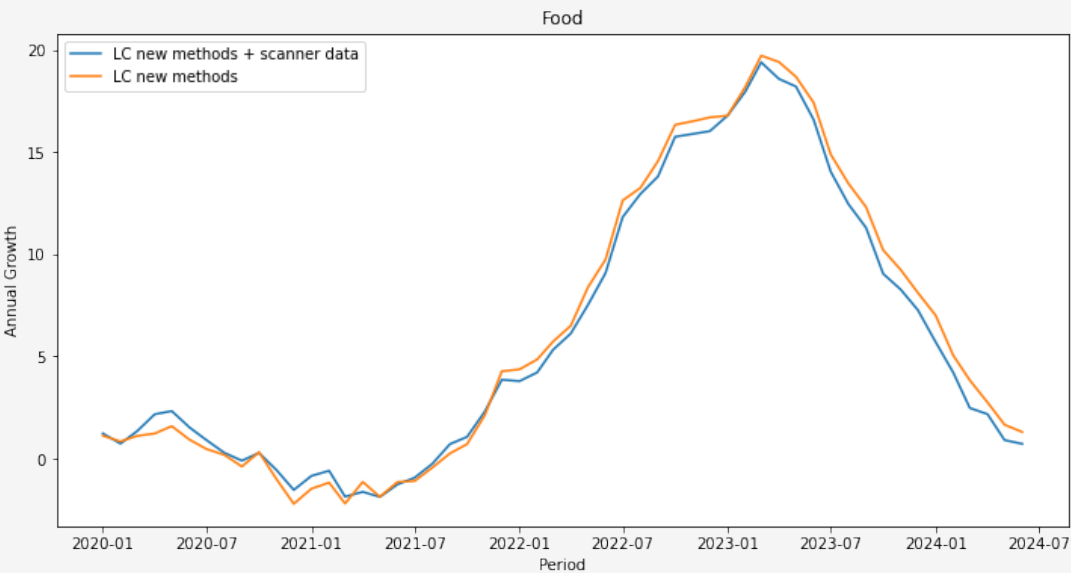
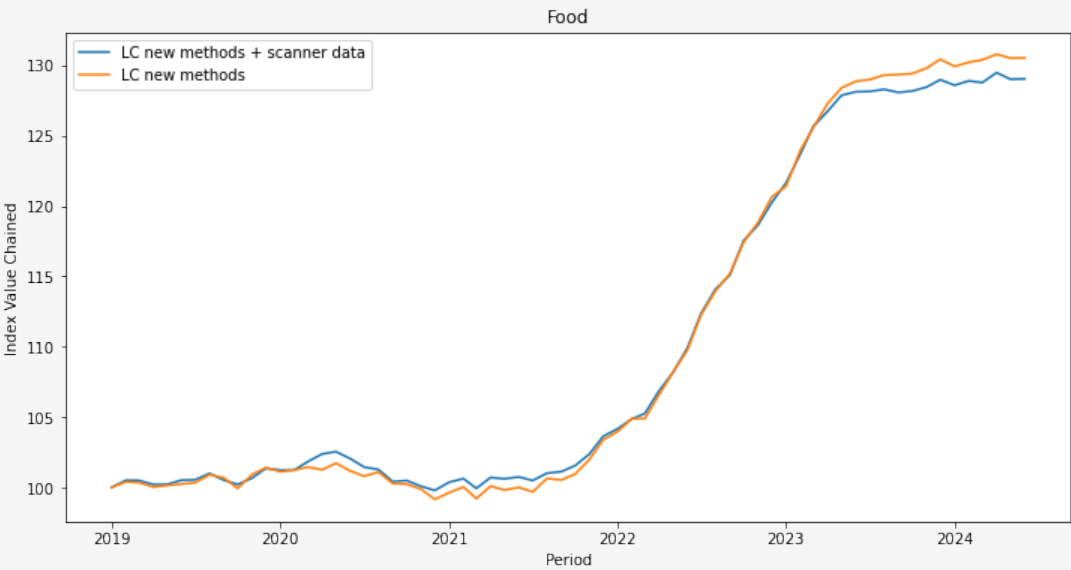
Food and non-alcoholic beverages



Contributions to difference in food and non-alcoholic beverages annual growth







Consumption segment case study

Cheddar cheese

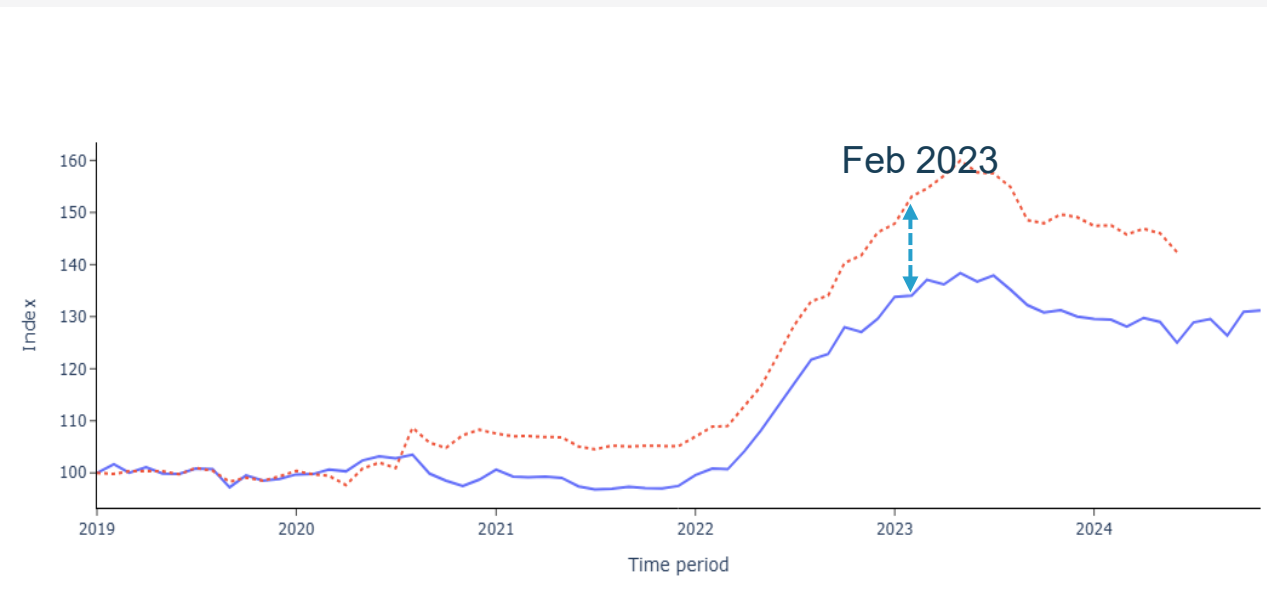


Scanner data and LC had different movements in Feb 2023

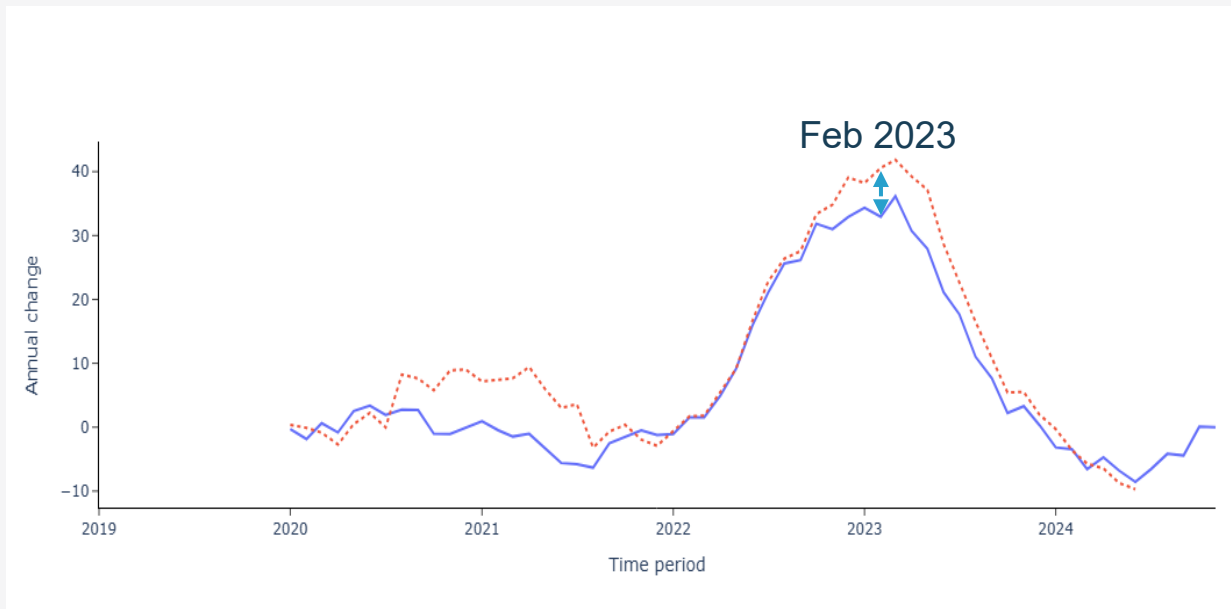


In Feb 2023, Cheddar cheese index had negative monthly growth in scanner + LC index, positive monthly growth in LC index

Index



Annual growth



Categories
scenario_8
— CP0114501: Cheese, cheddar
scenario_7
... CP0114501: Cheese, cheddar

Promotional impact causing differences

Difference caused by promotion on cheddar cheese in that month



Questions

OSR Review

Rob Kent-Smith
Rishi Vaidya



Compliance check of ONS's CPI and CPIH statistics

- Rishi Vaidya
- April 2025



Aims

- The focus is specifically on ONS's approach to transforming its consumer price statistics.
- We aim to address the following questions:
 1. Is ONS effectively handling the transformation of consumer price statistics, including engaging with users to understand whether proposed improvements meet their needs and being transparent about what it is doing?
 2. Is ONS adequately assuring itself and users about the quality of statistics produced using new data and methods?





In scope

- Effective handling of the transformation, in particular quality assurance and engagement with key users
- Quality of transformed statistics, including impact analyses
- Methodology change to GEKS-T





NOT in scope

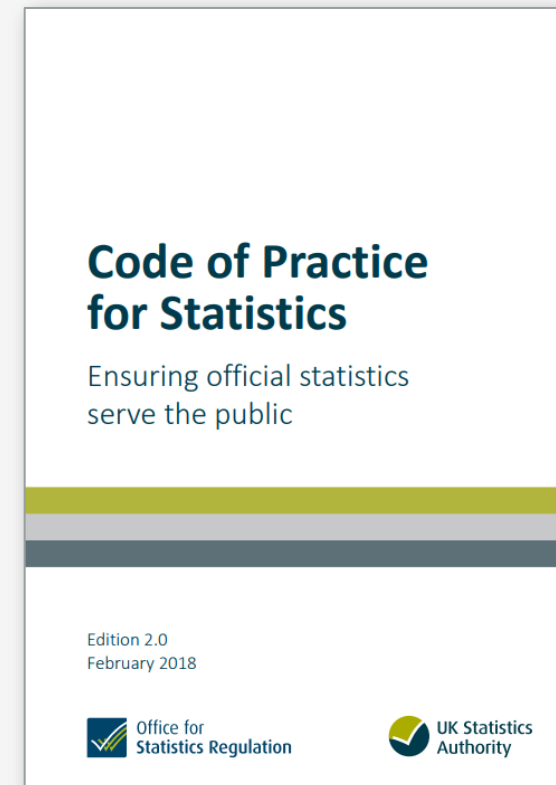
- Replacing CPI and CPIH with RPI
- Rental equivalence and measures of owner occupiers' housing costs will not be directly covered
- Although part of the transformation process, PIPR is predominantly covered by the separate process (Assessment) that was carried out in 2024
- HCIs, except to be aware that CPI and CPIH changes will in most cases also affect HCIs





Code of Practice for Statistics

- For anyone who produces or communicates statistics in Government
- Based on three pillars – trustworthiness, quality and value



Principles support the pillars

Trustworthiness

People, systems, processes

Honesty & integrity

Independent decision
making & leadership

Orderly release

Transparent processes
& management

Professional capability

Data governance

Quality

Robust data, method
and statistics

Suitable data sources

Sound methods

Assured quality

Value

Statistics that serve
the public good

Relevance to users

Accessibility

Clarity & insight

Innovation & improvement

Efficiency &
proportionality

... and practices underpin the principles

Our approach



Desk research



Engagement with key
users



Review evidence
gathered against
Code (primarily
focusing on Value
& Quality)



Compliance check approach

- Short, focused review of to what extent the stats meet standards of the Code
- Often a high-level investigation
- Objectives are to:
 - confirm compliance in areas of focus
 - identify any immediate enhancements
 - evaluate steps and focus for a full re-assessment
- Based on material in public domain and information from users and stakeholders



Any questions?

