ADVISORY PANEL ON CONSUMER PRICES

Household Costs Indices (HCI) Revisions and Correction of Errors Policy

Expected publication: ONS will publish as an official revisions policy

Purpose

This paper is a draft of the revisions/corrections policy for the Household Costs Indices (HCIs), as part of the development actions the accreditation pathway previously discussed at APCP.

Actions

We invite the Panel's feedback on:

a. Feedback on draft of HCI Revision/Corrections policy.

Draft of the Revisions/Corrections policy

This article details the revisions and corrections of errors policies for the Household Costs Indices (HCI).

1. Introduction

The Household Costs Indices (HCIs) measure changes in prices and costs experienced by different UK household types. Although the HCIs are not yet accredited official statistics, they have potential to be used by government, businesses, and researchers to understand distributional impacts of inflation across households. As part of achieving Accredited Official Statistics status for HCI, is imperative that we are clear, transparent and consistent about how we handle revisions and corrections of errors. This is important as it manages user' expectations and informs published statistics' appropriate use. However, depending on business planning outcomes within the Office for National Statistics (ONS), we aim to seek accreditation by 2030.

Conceptually, the HCIs sit alongside the family of Consumer Price Inflation (CPI) measures, such as Consumer Prices Index including owner occupiers' housing costs (CPIH) and CPI. While the CPIs track expenditure weighted price inflation, the HCIs aim to reflect the change in costs experienced by households, including interest payments and other items outside the CPI scope. This relationship is important context for Section 2, where consistency with CPI/CPIH revision practices is discussed.

This policy distinguishes between the pre-accreditation phase (as Official Statistics in Development) and the post-accreditation phase (as Accredited Official Statistics), recognising that HCIs currently use complex and evolving data sources and methods.

This policy supports the Code of Practice for Statistics (Trustworthiness, Quality and Value) by managing user expectations and ensuring appropriate use of published statistics.

2. How to use this policy

The Office for National Statistics (ONS) has a central Revisions and Correction of Errors Policy which applies generally to ONS' statistics, analysis, and data. However, consumer price inflation statistics have specific revisions and correction of errors policies which apply to the CPIH, CPI and Retail Prices Index's (RPI) published statistics. Consumer price inflation statistics are used in adjusting values, such as fees, charges or incomes. Index-linked gilts, pensions, rail fares and commercial contracts all rely on these statistics for adjustments, and the policy reflects the needs of these users.

The HCIs follow a different publication schedule, reflecting the availability and timing of underlying survey and administrative data. In addition, the HCIs are currently classified as Official Statistics in Development and are not accredited. As a result, they do not fall under the consumer price inflation revisions policies that apply to accredited inflation measures used for indexation.

The Household Costs Indices Revisions Policy and Correction of Errors Policy is stated separately to clearly highlight the differences between them. Within each policy there is information on how each policy is applied, when and how we notify users, and differences between pre-accreditation and post-accreditation practice.

3. HCI Revisions Policy

3.1 Definition

Revisions are updates to previously published statistics, analysis or data that improve quality by incorporating improved methods, additional data sources or statistics that were unavailable at the point of initial publication.

Revisions should not be confused with the correction of errors; revisions are not published to correct a mistake.

Occasionally, consumer price inflation statistics are re-referenced. Re-referencing refers to a rescaling of the indices so that they equal 100 for a given year. Re-referencing is considered a revision only if it affects published inflation rates.

3.2 Household Cost Indices (HCI) Pre-Accreditation Revisions Policy

Our standard practice for the Household Costs Indices (HCIs) before accreditation is to assess revisions on a case-by-case basis. Revisions will aim to establish the HCI timeseries on the best basis ready for accreditation, giving due regard to resource constraints and maintaining a clear reconciliation of differences from CPI and CPIH. This approach reflects the experimental nature of HCIs and the complexity of their data sources.

Methodological improvements are generally implemented on a forward-looking basis. However, prior to accreditation, retrospective revisions may be applied where this is proportionate, technically achievable, and supports establishing the strongest possible HCI time series.

For components that are specific to the HCIs and not part of the CPI or CPIH framework (for example, Mortgage Interest Payments), we will revise for methodological improvements prior to accreditation. For components that are also part of the CPI or CPIH framework (for example, private rentals), we will assess on a case-by-case basis whether methodological improvements should be applied retrospectively prior to accreditation, considering feasibility, user impact, and the need for clear reconciliation with CPI/CPIH.

3.3 Post accreditation practice (Accredited Official Statistics)

Once the Household Costs Indices (HCIs) achieve Accredited Official Statistics status, our revisions practice will align with the approach used for CPIH and CPI. As with those measures, revisions will be made only in exceptional circumstances, reflecting the importance of providing users with a stable and predictable time series suitable for wider adoption and potential use in decision-making.

Accreditation marks the point at which HCIs are considered sufficiently mature that routine or frequent revisions would risk undermining user confidence. Accordingly, methodological improvements, whether to HCI specific components or components shared with CPI/CPIH, will not generally be applied retrospectively once the series is accredited. Instead, improvements will be implemented on a forward-looking basis unless a compelling case exists that a revision is in the public interest.

This approach ensures consistency with the revision practices of CPIH and CPI, supports coherence across the inflation framework, and provides a predictable revision environment for users. Any post-accreditation revision, if required, will be clearly communicated through the HCI statistical bulletin and supporting documentation, including an explanation of the rationale, scale, and impact.

4. Correction of Errors Policy

4.1 Definition

Despite having quality control measures in place, mistakes may be found in our statistics. Corrections of errors are amendments made to published statistics in response to mistakes identified after initial publication. Identifying and notifying users of errors is an important part of transparency, which helps to sustain public confidence in line with the Code of Practice for Statistics.

Corrections should not be confused with revisions. Corrections address mistakes, whereas revisions incorporate improved methods, additional data sources or statistics that were unavailable at the point of initial publication. Errors may occur from not carrying out the calculations correctly, where we have identified that a method, we have applied was incorrect, or if there was an error in the input data.

4.2 Household Cost Indices (HCI) Pre-Accreditation Correction of Errors Policy

Before accreditation, the Household Costs Indices (HCIs) remain in a developmental phase, where data sources, systems, and methods are still maturing. During this period, our priority is to establish the strongest, most reliable historical time series possible.

4.2.1 Headline HCI Statistics

When errors are identified in the published headline HCI figures:

- Historical data will be corrected in the next release to ensure the series reflects the most accurate values available.

- A correction notice banner will be issued if the unrounded discrepancy in the headline/subgroup annual growth rate exceeds 0.1 percentage points, or if multiple errors cumulatively within a month exceeds this threshold.
- Errors smaller than 0.1 percentage points will still be corrected but will not trigger a banner; instead, they will be described in the bulletin or supporting documentation.

This threshold aligns with the fact that headline HCI growth rates are published rounded to one decimal place in line with user needs and expectations. Where revisions arise from CPIH, CPI or RPI and affect the HCIs downstream HCI will apply the CPI/RPI revisions policy.

4.2.2 Aggregation Tables and Supplementary Microdata

For disaggregated subgroup tables (e.g., by income decile, tenure, retirement status, or households with and without children) and supplementary data such as weights and contributions:

- All errors will be corrected going forward, including corrections to historical subgroup indices and data series
- A bannered correction notice will be issued only if the unrounded annual growth rate error (or cumulative monthly errors) in a subgroup exceeds 0.1 percentage points.
- Errors below this threshold will be documented within table notes or a relevant bulletin section, but without a banner notice.

This approach reflects the developmental nature of the HCIs and the need to strengthen quality prior to full Office for Statistics Regulation accreditation.

4.3 Post-Accreditation Practice (Accredited Official Statistics)

Once the HCIs achieve Accredited Official Statistics status, correction-of-errors practice will align with the approach used for CPIH and CPI. Given the potential for wider use, including in economic analysis, policy decisions, and contractual indexation, stability and predictability become paramount.

4.3.1 Headline/Subgroup HCI Statistics

After accreditation:

- Historical data will not be amended, even when errors are identified.
- Corrections will be implemented only going forward, beginning with the next published index.
- A Correction notice banner will be issued only where the unrounded headline/subgroup annual growth rate error exceeds 0.1 percentage points, or where cumulative errors exceed this threshold.
- Smaller errors will be documented within the bulletin or associated tables.

This is consistent with international guidance from the International Labour Organisation (ILO) and other National Statistical Institutes (NSIs), including Statistics Canada.

4.3.2 Aggregation Tables and Supplementary Microdata

For subgroup indices and supplementary data:

- No retrospective corrections will be made to historical subgroup or supplementary series.
- All corrections will apply only to the next published release.
- A correction notice banner will be issued using the same 0.1 percentage point threshold applied to headline corrections.
- Corrections below this threshold will be noted only within the affected tables.
- A bannered correction notice will not appear in the headline index release unless the headline measure itself is affected.

This post-accreditation approach ensures consistency with CPIH/CPI practice, supports coherence across the inflation framework, and provides stable expectations for users.

5. Glossary

Indexation – this refers to the process of adjusting values, such as fees, charges or incomes, based on changes in a reference price index. This is commonly done to account for inflation and maintain purchasing power over time, or to ensure that tax liabilities are appropriately adjusted to reflect changes in asset values.