JOINT PANEL ON CONSUMER PRICES

Consumer Price Inflation Statistics' (CPIH, CPI and RPI) Clarified Revisions and Correction of Errors Policy

Expected publication: Alongside minutes.

Purpose

1. This paper presents draft wording for a revised policy on revisions and corrections of errors in consumer price inflation statistics (CPIH, CPI, and RPI). This includes clarifications on how the policy will be applied, in what circumstances users will be notified and how they will be notified.

2. It should be noted that the policy wording is still in draft stage and discussions around how the correction of errors is reported are ongoing.

3. The policy will be published externally and will replace the current consumer price inflation statistics' revisions and correction of errors policy

Actions

4. We invite the panel's input on the draft policy in this paper after the presentation on the policy in the joint panel. We would particularly welcome input on the following questions:
    a. Do you have any concerns about the revisions and correction of errors policy?
    b. Does the draft's approach to correcting errors strike the right balance between transparency and maintaining trust in the data?

5. It is advised that panel members are familiar with the current consumer price inflation statistics' revisions and correction of errors policy and ONS central revisions and correction of errors policy.

Background

6. Consumer price inflation statistics currently have a revisions policy that was published externally in 2017.

7. Last year ONS developed a central revisions and correction of errors policy which provides users with definitions and a clear separation of revisions and correction of errors. This ensures transparency and clarity for users.

8. The June CPI error related to Vehicle Excise Duty (VED) highlighted limitations in the current policy, particularly around user understanding and expectations of how consumer price inflation statistics manage errors.

9. We reviewed our existing consumer price inflation statistics revisions policy using ONS' central policy, international guidance from the International Labour Organisation's consumer prices handbook and other NSIs' practices (including Statistics Canada and Statistics Australia).

10. This review confirmed that the current consumer price inflation statistics revisions policy could lead to user confusion because of the policy having no clear definition for revisions and correction of errors not being present in the current policy.

11. Clarifying the policy publicly will help safeguard ONS' reputation and ensure we are transparent and meeting the Code of Practice of Statistics standards, addressing the Deveraux Review and ONS' Plan for Economic Statistics.

Proposed revisions and correction of errors policy wording

12. The key clarifications include adopting the central policy's definitions, reaffirming our revisions policy, codifying our correction of errors policy and outlining how the policy applies to aggregation tables and supplementary microdata.

13. It is worth noting that we did not adopt the central policy in full due to the uniqueness of RPI being a legal obligation of for ONS and because consumer price inflation statistics' use in indexation.

14. The draft policy removes the previous threshold of a 0.1 percentage point discrepancy in the annual growth rate of headline consumer price statistics. This had limited error reporting to only those exceeding this level. By removing this threshold, the policy promotes greater transparency by ensuring all identified errors are reported, regardless of size.

15. Below is the clarified consumer price inflation statistics draft policy wording for input.

Revisions and Correction of Errors Policies for Consumer Price Inflation Statistics

This article details the revisions and correction of errors policies for Consumer Prices Index including owner occupiers' housing costs (CPIH), Consumer Prices Index (CPI) and Retail Prices Index (RPI).

1. Introduction

Consumer price inflation statistics are important indicators of how the UK economy is performing. They are used in many ways by individuals, government, businesses, and academics. Inflation statistics impact on everyone in some way as they affect interest rates, tax allowances, benefits, pensions, savings rates, maintenance contracts and many other payments.

As consumer price inflation statistics are used in indexation it is imperative that every effort is made to ensure all data are included in the first release of any month's figures to avoid the need for revisions and correction of errors in published statistics.

Being clear, transparent, and consistent with revisions and corrections of errors is important as it manages users' expectations and informs published statistics' appropriate use. This approach also ensures that we are proactively meeting the Code of Practice for Statistics.

2. How to use the policies

The Office for National Statistics (ONS) have 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 Consumer Prices Index including owner occupiers' housing costs (CPIH), Consumer Prices Index (CPI) and Retail Prices Index's (RPI) published statistics. This is because consumer price inflation statistics are used in adjusting values, such as fees, charges, or incomes. Specific examples of these uses include index-linked gilts, pensions, rail fares and commercial contracts.

The Consumer Price Inflation Statistics Revisions Policy and Correction of Errors Policy are stated separately to clearly highlight the differences between them. Within each policy there is information on

- how the policy is applied,
- in what circumstances users will be notified,
- how users will be notified

3. Revisions

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.

3.1. Consumer Prices Index including owner occupiers' housing costs (CPIH) and Consumer Prices Index (CPI) Revisions Policy

Our standard practice for the Consumer Prices Index including owner occupiers' housing costs (CPIH), and Consumer Prices Index (CPI) is to not revise when methodological improvements are introduced. They are only revisable in exceptional circumstances due to the uses to which consumer price inflation statistics are put (notably indexation). These uses mean that consumer price inflation statistics are market sensitive and it is imperative that every effort is made to ensure all data are included in the first release of any month’s figures and that revisions are avoided.

The CPIH has been revised twice since its launch in 2013. The first revision was on 24 March 2015, which incorporated improvements to the measurement of owner occupiers’ housing costs (OOH). The second was on 21 March 2017, incorporating council tax and revised weights for OOH. In both cases, the full back series (to 2005) was revised. Both revisions were made before CPIH gained 'Accredited Official Statistics’ status.

The CPI has seen revisions in 1996 and 2006.

At the time of writing, we do not expect to make further revisions. However, if revisions were required, users would be alerted to any updates to the CPIH or CPI through the monthly consumer price inflation statistical bulletin.

3.2. Retail Prices Index (RPI) Revisions Policy

Once the Retail Prices Index (RPI) is published, it is never revised in line with statutory requirements.

4. Correction of Errors

Despite having quality control measures in place, mistakes may be found in our statistics. Correction of errors are amendments that are made to published statistics in response to the identification of mistakes following their 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 of errors are not published to 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.

4.1. Consumer Prices Index including owner occupiers' housing costs (CPIH), Consumer Prices Index (CPI) and Retail Prices Index (RPI) Correction of Errors Policy

4.1.1 Errors in published headline consumer price statistics

Where incorrect data have been identified in headline CPI, CPIH or RPI annual growth rate publications, a public correction will be issued via a correction notice. These identified errors are reported at the top of the affected release in a blue collapsible banner titled “Correction.” This acts as a note on the publication that an error has been identified and includes details on the nature of the mistake. This is in line with the central Revisions and Correction of Errors Policy.

However, the data in the original publication will not be amended to reflect the correct data. This is consistent with international guidance from the International Labour Organisation’s (ILO) and other National Statistical Institutes (NSIs), including [REDACTION] and Statistics Canada.

The following month’s published index will be calculated based on the correct information. However, the index history in this publication will not be corrected as we only correct errors going forward. To provide additional clarity the next published index following an error will feature a main point describing the error and notices on the impacted tables.

4.1.2 Errors in published aggregation tables and supplementary microdata

As well as the headline consumer price inflation publications, we also publish aggregation tables and supplementary microdata. Aggregation tables are published to the Classification of Individual Consumption According to Purpose’s (COICOP) subclass (five-digit) description level. These aggregation tables include indices to three decimal places. However, aggregation tables’ three decimal place data are not accredited official statistics.

Where incorrect data have been published in aggregation tables or supplementary microdata the publication will not be amended, however, the error will be highlighted at the top of the release and affected data tables via a correction notice. The aggregation tables and supplementary microdata featured in the following month’s published index will include the correct information going forward without correcting previous months and notices on the impacted tables to ensure user awareness.

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.