
Ed Humpherson, Director General for Regulation

John Pullinger
National Statistician
(by email)

31 July 2017

Dear John

National Statistics status of Consumer Prices Index including Owner Occupiers' Housing Costs (CPIH)

This letter summarises the Office for Statistics Regulation's review of whether Consumer Prices Index including Owner Occupiers' Housing Costs (CPIH) has met the standards to have its National Statistics status restored.

We published our assessment report in March 2016, identifying a series of Requirements that CPIH had to meet before regaining its National Statistics status. We first considered whether the Requirements had been met in September 2016, the deadline given in the Assessment Report. We concluded that few of the Requirements were met at that point. Since then, ONS has been working to meet these Requirements, and has been particularly active in placing new material in the public domain since November 2016, following a statement you made about CPIH¹. We have considered the position again regularly since then.

On behalf of the Board of the Statistics Authority, I am pleased to confirm the re-designation of CPIH as a National Statistic. In coming to our decision about National Statistics designation, we do not have a view about whether CPIH should be presented as a headline or preferred measure of inflation. Our judgement is simply about whether CPIH, as one possible measure of inflation, complies in full with the Code of Practice for Official Statistics.

Our judgement focuses on the three areas of general concern which formed the basis of our Assessment Report, underpinned by ten detailed Requirements. These three areas are:

- the quality assurance applied to the private rents administrative data
- comparative analysis to monitor the index compared to other data sources
- providing clarity around the role of CPIH through better engagement with users

First, quality assurance of the rents data has improved significantly. I acknowledge the efforts by ONS staff to provide reassurance around the quality of the Valuation Office Agency (VOA) private rents microdata, which are currently unavailable to ONS. The most recent publication of information about quality assurance of this data source represents a comprehensive understanding of quality assurance issues at this point in time.

Second, in response to this Assessment, ONS has developed a suite of comparative analyses to provide assurance to itself and to users about the behaviour of CPIH. These analyses – one comparing different methods of estimating owner occupiers' housing (OOH) costs, and one comparing the CPIH private rents data sources with other data sources – combined with the other quality assurance arrangements in place, represent a more comprehensive account of the assurance of data quality.

¹<https://www.ons.gov.uk/news/statementsandletters/statementonfutureofconsumerpriceinflationstatisticsintheuk>

The third area concerns engagement with users and meeting user needs. Inflation measures are perhaps unique in attracting a very wide range of interested users, ranging from economic policy-makers through to individual members of the public whose lives are all affected in many ways by inflation. How ONS explains the purpose of CPIH and how it fits with other measures of inflation needs to be clear. At the time of our assessment in March 2016, this purpose was unclear. Since then, ONS has clarified what it describes as the 'use case' of CPIH in its role as an economic indicator of inflation, based on economic principles, within a wider family of measures. This greater clarity of purpose has helped us assess whether CPIH does meet the user need for a macroeconomic measure, and we conclude that CPIH does indeed meet the economic 'use case'. However, other elements of this statistical ecosystem are still being debated and need further work. For example, there is more work for ONS to clarify both the purpose and methodology of the experimental Household Cost Indices.

We also considered the nature and volume of ONS's user engagement: through proactively engaging with users, in explaining its decisions and responding to questions. We are satisfied that ONS has increased the volume and improved the tone of user engagement since our assessment in March 2016. This is an area where there is always more that could be done, and we expect ONS to continue to focus attention on user engagement, working closely with interested users, improving their understanding of the different inflation indices it produces, and taking care to engage them fully during the development work on the Household Costs Indices.

In forming our judgement, we have also carefully considered the approach to estimating OOH costs. Throughout this Assessment process, we have heard arguments for and against the different methods to estimate these costs. There is no consensus on a single right way to do this, and this lack of agreement is likely to continue. We consider that ONS's decision to choose the rental equivalence approach over alternative approaches is reasonable, and ONS has published a clear rationale for its decision. But because of the changing nature of the world and the available data, ONS needs to keep the arguments for and against each alternative under review to ensure that it is employing the best method possible. ONS also needs to continue to regularly publish estimates formed on the alternative bases, because, should there be a time when the measures start to diverge, it will be important for ONS to explain this divergence, and to demonstrate that it is alert to changes in the data, and curious to investigate what this means for the future production of CPIH.

Looking to the future, I am pleased that ONS is pursuing access to the VOA private rents microdata, following the passing of the Digital Economy Act 2017. ONS's lack of assurance over these data in 2014 played a significant role in our decision to remove National Statistics status. Though its assurance has improved, as noted above, the best approach will be for ONS to have full access to the microdata, and I encourage you to do whatever necessary to enable ONS to get swift access to these data.

Given the profile and relative infancy of CPIH, some users we spoke to expect to further monitor CPIH themselves before deciding whether and when to use the measure. ONS has a key role to play in supporting all users as they seek to further understand the characteristics and behaviour of CPIH, in order to continue to build up the credibility of CPIH. We will therefore continue to monitor the production and publication of CPIH and supporting material, and ONS's ongoing engagement with users.

We have included more detail about our judgement in an annex to this letter. I, or my team, would be very happy to talk you or ONS through any aspects of this letter, the annex or Code compliance more generally.

I have copied this letter to Ben Broadbent and Andy Haldane at the Bank of England, Dave Ramsden at HM Treasury, Kate Barker, chair of the Consumer Prices Stakeholder Advisory panel, Hetan Shah at the Royal Statistical Society and to Jonathan Athow and Mike Prestwood at ONS.

Yours sincerely



Ed Humpherson
Director General for Regulation

Annex: Review of actions taken by ONS in response to Assessment Report 322 on Consumer Prices Index including Owner Occupiers' Housing Costs

Requirement	Actions taken by ONS to meet Requirements	Office for Statistics Regulation's evaluation of evidence in meeting Requirements
<p>Requirement 1</p> <p>ONS should:</p> <p>a) Establish effective engagement mechanisms with a wide range of users and potential users to build strong ongoing relationships, using means that support debate and draw on the expertise of a wide array of users</p> <p>b) Establish effective engagement mechanisms with its data suppliers, in order to develop and maintain a mutual understanding of the data processing and to understand the future risks to ONS's production of CPIH</p> <p>c) Produce and publish a schedule of user and supplier engagement activities and outline clearly how it will continue to strengthen its ongoing dialogue with users and data suppliers</p> <p>d) Clearly demonstrate how user and supplier feedback will feed into statistical planning for CPIH and update its communication strategy</p>	<p>1a) ONS's <i>User engagement report, Mar 2016 to Jan 2017</i>², published on 3 February 2017, sets out ONS's approach to engaging with users of CPIH, using tailored approaches to reach different audiences. The report includes examples of different modes of engagement used since March 2016, such as its consumer prices newsletter and recent engagement events and meetings. ONS has also used the RPI/CPI group discussion forum on StatsUserNet³ to publicise its articles about CPIH and to respond to user questions.</p> <p>1b) Section 2.1.1 of ONS's published document <i>Quality assurance of administrative data used in CPIH</i>⁴ details ONS's communication with the private rents data suppliers (see evidence for Requirement 5 for further detail about ONS's quality assurance of the administrative data sources). ONS has improved its engagement with the Valuation Office Agency (VOA) over the last year, with</p>	<p>To form our judgement on whether ONS has met this Requirement, we considered:</p> <ul style="list-style-type: none"> • ONS's overall strategy for user engagement. • ONS's dialogue with users. • ONS's communication on the RPI/CPI group StatsUserNet discussion forum. • ONS's engagement with data suppliers. • ONS's presenting a clearer description about the role of CPIH in the context of the family of inflation indices. <p>Positive factors we saw include:</p> <ul style="list-style-type: none"> • ONS has improved its dialogue with a wide range of users since the Assessment which has been more extensive in terms of volume and breadth of users covered; and ONS's greater participation and willingness to respond on the RPI/CPI group StatsUserNet discussion forum in recent months. • ONS has worked to strengthen its engagement with data suppliers, particularly those who supply private rents data: VOA, Welsh Government and Scottish Government. ONS has also established communication channels with other data suppliers. • ONS has also published more-transparent information

²<https://www.ons.gov.uk/economy/inflationandpriceindices/articles/consumerpriceindexincludingowneroccupiershousingcostscpih/userengagementreportmar2016tojan2017>

³<http://www.statsusernet.org.uk/communities/community-home?CommunityKey=3fb113ec-7c7f-424c-aad9-ae72f0a40f65>

⁴<https://www.ons.gov.uk/economy/inflationandpriceindices/methodologies/qualityassuranceofadministrativedatausedincpih>

<p>annually in line with this planning</p> <p>e) Update its documentation about uses and users of CPIH, taking into consideration the information that it has gathered from its own user engagement and recent consultation, and from user feedback for this re-assessment, and demonstrate a commitment to keep this documentation up to date</p>	<p>monthly operational meetings as well as quarterly strategic meetings.</p> <p>The remainder of Section 2.1 and Section 2.2 of that document also sets out ONS's engagement and communication with the data suppliers of the non-private rents data.</p> <p>1c) and 1d) ONS's <i>User Engagement Report</i>, describes ONS's approach to user engagement since March 2016 and how it has reached out to different audiences and types of users. The report also sets out ONS's future plans for user engagement.</p> <p>1e) ONS published an updated version of its article <i>Users and Uses of Consumer Price Statistics</i>⁵ on 28 October 2016, which presents a description of the different types of known users of inflation indices, and the different types of uses to which they are put.</p>	<p>about its approach to user engagement, its recent engagement activities, and its documentation about users and uses of consumer price inflation statistics. Overall, the <i>User Engagement Report</i> presents a clear description of ONS's approach to engage more widely with a range of users and potential users of CPIH.</p> <p>On the other hand, some users we spoke to were surprised by the National Statistician's statement on 10 November 2016 that included plans to make CPIH a headline measure of inflation from March 2017. In response to concerns raised by users, the RPI/CPI User Group and ONS arranged an open meeting on 24 February 2017, where the National Statistician spoke. On 20 March 2017, ONS published a blog post⁶ to explain the role of CPIH within the ecosystem of inflation indices. On 18 July 2017 ONS published an article⁷ alongside its July 2017 <i>UK Consumer Price Inflation</i> bulletin presenting additional narrative about the role of CPIH alongside other indices.</p> <p>Taking these factors together, our overall judgement is that ONS has met the Requirement.</p> <p><u>Future considerations</u></p> <p>To further enhance the quality and public value of CPIH as a measure of inflation, ONS needs to continue to develop a culture that defaults to open and responsive dialogue. This should cover the wide range of available groups, from its Stakeholder Advisory Panel through to individual users of inflation measures. ONS also needs to maintain its ongoing dialogue with data suppliers.</p>
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⁵ <https://www.ons.gov.uk/economy/inflationandpriceindices/methodologies/usersandusesofconsumerpriceinflationstatistics>

⁶ <https://blog.ons.gov.uk/2017/03/20/measuring-inflation-whats-changed-and-why/>

⁷ <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/measuringchangingpricesandcostsforconsumersandhouseholds/2017-07-18>

<p>Requirement 2</p> <p>ONS should publish coherent, transparent and accessible information about the methods that it uses to produce CPIH, including:</p> <p>a) Presenting a clear rationale about its choice of the rental equivalence approach to measure Owner Occupiers' Housing costs, the alternative approaches that it considered and the strengths and limitations of these approaches in relation to the uses and potential uses of CPIH</p> <p>b) Publishing more-accessible information about the different data sources of private rents that it considered in its development of OOH and the rationale to support its choice of the private rents data sources</p> <p>c) Presenting accessible information about its choice of weights used to produce CPIH, and its rationale to support the use of the data sources used to derive the weights</p> <p>d) Producing a comprehensive narrative across all its supporting documentation that describes the methods used to produce CPIH in a manner that is transparent and accessible to users, and improves its signposting to its existing</p>	<p>2a) ONS published its <i>CPIH Compendium</i>⁸ on 28 October 2016, which has since been updated and republished on 21 March 2017. The <i>CPIH Compendium</i> presents a range of information about CPIH, with a focus on ONS's measurement of Owner Occupiers' Housing (OOH) costs. Section 1 of the document sets out ONS's rationale for its choice of method for estimating OOH costs, and its consideration against a range of criteria to support its choice.</p> <p>On 20 March 2017, ONS also published a blog post⁹ which explained ONS's changes to its inflation measures in its February 2017 publication of <i>UK Consumer Price Inflation</i> and explained the role of CPIH within the landscape of inflation indices.</p> <p>2b) Section 2 and Annex B of ONS's <i>CPIH Compendium</i> details how the OOH measure is constructed, including the different data sources of private rents that it considered in its development of OOH and ONS's rationale to support its choice of the private rents data sources.</p> <p>2c) Sections 2.3 and 2.4 of <i>CPIH compendium</i> set out ONS's rationale for its choice of weights for CPIH,</p>	<p>To form our judgement on whether ONS has met this Requirement, we considered:</p> <ul style="list-style-type: none"> • ONS's publishing in October 2016 its <i>CPIH Compendium</i>. • ONS's updating of the <i>Compendium</i> in March 2017. • ONS's other supporting documentation about the methods, such as its <i>Quality and Methodology Information</i>; and <i>Comparing measures of private rental growth in the UK: 2016</i>. • User feedback about ONS's documentation. <p>Positive factors we saw include:</p> <ul style="list-style-type: none"> • ONS's publishing of a clearer rationale in its <i>CPIH Compendium</i> about its choice of the rental equivalence approach to estimate OOH costs, the criteria it considered in making its choice, and more-accessible information about the different data sources of private rents. • ONS's publishing its rationale for its choice of weights, and responding to users' questions by presenting further detail in its documentation (on 21 March 2017) about the scheduling of updates to weights and about reasons for historic revisions. • The steps that ONS has taken to develop the <i>CPIH Compendium</i> to present more-transparent and accessible information about the methods used to produce CPIH, accompanied by improved signposting of supporting technical articles and analyses. • Positive feedback from several users, who were appreciative of the <i>CPIH Compendium</i>, in giving access to technical information pertaining to CPIH in one place, so increasing its accessibility. Some users felt confident in
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⁸ <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/cpihcompendium/2016-10-13>

⁹ <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/measuringchangingpricesandcostsforconsumersandhouseholds/2017-07-18>

<p>technical articles</p>	<p>the weights used to construct the OOH component specifically and the data sources for the weights. From 21 March 2017, ONS included updates to the <i>Compendium</i> to present more detail on the sources and computation of the OOH weights (in Section 2.4 and 2.5), and more detail on the history of revisions. On 13 December 2016, ONS published <i>Impact of inclusion of Council Tax and revised imputed rents on CPIH</i>¹⁰, which sets out the impact of ONS revising weights for imputed rents (used to weight the OOH component), and including council tax in CPIH, from ONS's February 2017 <i>Consumer Price Inflation</i> bulletin, published on 21 March 2017.</p> <p>On 20 March 2017, ONS published the article <i>Consumer Price Inflation, updating weights 2017</i>¹¹. The article is published annually to update users about the new 'shopping basket' of items used to measure consumer price inflation and their economic importance (weight).</p> <p>2d) From October 2016, ONS references most of its recent published articles within the <i>Consumer Price inflation</i> monthly bulletin, and references others in its 'Related publications' links. ONS's</p>	<p>ONS's use of the rental equivalence approach to estimate OOH costs in CPIH, in the context of its use as macroeconomic indicator.</p> <p>On the other hand, there still remains some user criticism of ONS's use of the rental equivalence approach including its suitability for reflecting actual costs faced by households.</p> <p>During this Assessment process, we have heard arguments for and against the different methods to estimate OOH costs. There is no consensus on a single right way to do this, and this lack of agreement will likely continue. We consider that ONS's decision to choose the rental equivalence approach over the alternatives approaches is reasonable, and ONS has published a clear rationale for its decision.</p> <p>Taking these factors together, our overall judgement is that ONS has met the Requirement.</p> <p><u>Future considerations</u></p> <p>While ONS has met the Requirement from the Assessment Report, the changing nature of the world and the available data means that ONS needs to keep the arguments for and against each alternative under review to ensure that it is employing the best method possible. A key part of demonstrating this objectivity will be for ONS to monitor further user questions or requests for clarification and update its published documentation when appropriate to enhance its usefulness. ONS also needs to remain vigilant to ensure that its supporting documentation is readily accessible by its intended audiences.</p> <p>More generally, it is vital that ONS continues to maintain and enhance its support for all users in their use of inflation measures, including through further clarifying the role of CPIH within the family of inflation indices. We consider that this will be key to gain broader user acceptance of CPIH as a measure</p>
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¹⁰ <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/impactofinclusionofcounciltaxandrevisedimputedrentsoncpih/dec2016>

¹¹ <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/consumerpriceinflationupdatingweights/2017>

	Quality and Methodology Information (QMI) page ¹² for consumer prices, which is linked from the monthly bulletin, includes a reference to ONS's <i>CPIH compendium</i> and other supporting analyses.	of inflation.
<p>Requirement 3</p> <p>ONS should improve the accessibility of CPIH statistics and its supporting documentation through its website by:</p> <p>a) Developing clear and logical navigation between <i>Consumer Price Inflation</i>, the associated CPIH data tables and supporting documentation, to ensure that users can easily find the information that they require</p> <p>b) Presenting clearly how <i>Consumer Price Inflation</i> and supporting documentation relate to each other and to other consumer price indices and considering whether some of the supporting documentation could be consolidated</p>	<p>3a) and 3b) ONS has taken steps to improve the navigation and accessibility of CPIH and other inflation measures on the ONS website. From October 2016, ONS now references most of its recent published articles within the <i>Consumer Price inflation</i> monthly bulletin, and references others in its 'Related publications' links. ONS has developed and published its <i>CPIH Compendium</i>, which consolidates a range of methodological information about CPIH. Additionally, ONS has refreshed its Quality and Methodology Information (QMI) page for consumer prices, which is linked from the monthly bulletin, which includes a reference to ONS's <i>CPIH compendium</i> and other supporting analyses.</p>	<p>To form our judgement on whether ONS has met this Requirement, we considered:</p> <ul style="list-style-type: none"> • The improvements that ONS had made to the navigation of <i>UK Consumer Price Inflation</i> and accessibility of supporting documentation and data tables to improve users' experience of using the statistics. • Positive feedback from several users we spoke to, who noted that the navigability of the website had improved significantly compared to the old website. • Comments from some users who felt that there was still scope for ONS to improve the search functionality of its website. <p>Taking these factors together, our overall judgement is that ONS has met the Requirement.</p> <p><u>Future considerations</u></p> <p>ONS will need to continue to monitor the accessibility of its most important analyses, such as its comparative analysis of the VOA private rents data against other sources of private rents data over time to ensure that the latest analyses remain visible and accessible to interested users. ONS should also keep under review its website search functionality and ensure that it provides a good service to its users.</p>
<p>Requirement 4</p> <p>ONS should publish information about</p>	<p>4a) ONS's <i>CPIH Compendium</i> (Section 2) addresses a range of</p>	<p>To form our judgement on whether ONS has met this Requirement, we considered:</p>

¹² <https://www.ons.gov.uk/economy/inflationandpriceindices/qmis/consumerpriceinflationqmi>

<p>the quality of the CPIH statistics that:</p> <p>a) Demonstrates that it has addressed users' concerns about how it produces CPIH, in a transparent, coherent and accessible way</p> <p>b) Presents appropriate measures of quality, that support users' in their evaluation of CPIH and of its appropriateness for its use</p> <p>c) Describes the potential sources of error and bias in measuring Owner Occupiers' Housing costs using the rental equivalence approach, and how it mitigates for them. This should include evidence to support the suitability of using a proxy measure of costs associated with owning, maintaining and living in one's own home</p> <p>d) Considers the implications of any broader developments in rents that may impact on the accuracy of CPIH, and publicise and invite user comment on the impact and treatment of these developments</p> <p>e) Explores the development of measures of accuracy of CPIH, ideally aided by engaging with the international community in its work to explore methods to estimate</p>	<p>users' concerns about CPIH. Initially, ONS publishing its <i>CPIH Compendium</i> raised a number of different questions on the RPI/CPI group StatsUserNet discussion forum about a number of aspects, but in particular questions seeking clarification about ONS's choice of weights, scheduling of weights and reasons for revisions (see 2 c)). On 21 March 2017, ONS published an updated version of its <i>CPIH Compendium</i> that addresses some of the questions raised by users, particularly in relation to the weights used for CPIH. ONS also plans to explore data sources that could allow a regional breakdown of the stratum weights.</p> <p>4b) ONS published an updated <i>Quality and Methodology Information</i> document¹³ on 21 March 2017 which presents a consideration of the quality of CPI, CPIH and RPI against the European Statistical System quality dimensions. ONS also presents in Section 1.2 of the <i>CPIH Compendium</i> a range of quality measures that it has considered in its decision to use rental equivalence to estimate OOH over alternative measures.</p> <p>4c) ONS dedicates a section in its <i>CPIH Compendium</i> (section 3:</p>	<ul style="list-style-type: none"> • The material presented in ONS's <i>CPIH Compendium</i> and <i>Quality and Methodology Information</i>. • ONS's consumer price inflation development plan. • Feedback from users about the quality of CPIH. <p>Positive factors we saw included:</p> <ul style="list-style-type: none"> • ONS's publishing in its <i>CPIH Compendium</i> its response to users' concerns about CPIH. • ONS demonstrating in its <i>Compendium</i> how it mitigates for potential sources of error and bias in measuring OOH costs and its future plans to address some of these sources. • ONS's increased transparency about its consideration of broader developments in rents that may impact on the accuracy of CPIH and its plans to develop measures of accuracy for CPIH. • ONS responding to users' concerns on the RPI/CPI group StatsUserNet discussion forum in a much more engaged way than it had previously. Several users we spoke to commented positively about ONS's use of this discussion forum to update them on various developments, and to attempt to respond to their questions. • Confidence expressed by some users in CPIH as a measure of inflation, in the context of considering it as a macroeconomic indicator. They felt confident in the quality of CPIH, and about ONS's assurance of the private rents data in particular. • ONS's plans to develop measures of accuracy of CPIH. <p>Some users we spoke to are less satisfied about aspects of quality, for example through the use of a proxy measure of</p>
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¹³ <https://www.ons.gov.uk/economy/inflationandpriceindices/qmis/consumerpriceinflationqmi>

<p>the accuracy of CPIH</p>	<p>Maintaining the quality of the OOH component) of CPIH to describing the potential sources of bias and error that might impact on the precision of the index; and how it mitigates for these where possible, or plans to address in the future. The document discusses the arguments for using a proxy to measure owner occupiers' housing costs.</p> <p>4d) The <i>CPIH Compendium</i> (Section 3.5.1) presents a consideration of the implications of broader developments to rents and other factors that may affect data availability, such as potential introduction of rent controls.</p> <p>4e) ONS published its <i>Consumer Prices Development Plan</i>¹⁴ on 28 October 2016, updated on 21 March 2017. The updated plan now includes a section on planned work for developing measures of accuracy for CPIH during the course of 2017 and 2018.</p>	<p>household costs.</p> <p>Taking these factors together, our overall judgement is that ONS has met the Requirement.</p> <p><u>Future considerations</u></p> <p>It will be important for ONS to continue to monitor CPIH's behaviour as part of its ongoing reassurance to users about its quality and to remain vigilant to broader developments to private rents, any impact on its data sources and impact on the accuracy of CPIH, as part of ONS's planned work to measure its accuracy.</p> <p>It will also be important for ONS to continue to engage with a broad range of users to ensure that documentation relating to the methods used to produce CPIH remain relevant and accessible to interested users.</p>
<p>Requirement 5</p> <p>ONS should strengthen its quality assurance arrangements for administrative data used to produce CPIH and publish information about them. ONS should:</p> <p>a) Work with its data suppliers to</p>	<p>5 a) b) d)</p> <p>On 6 December 2016 ONS published <i>Owner occupiers' housing costs in CPIH: quality assurance of administrative data</i>¹⁵, which sets out ONS's enhanced quality assurance of the administrative private rents data sources that it uses to estimate</p>	<p>To form our judgement on whether ONS has met this Requirement, we considered:</p> <ul style="list-style-type: none"> • ONS's published information regarding the practices it undertook to assure the quality of the private rents data from the VOA. • ONS's published information regarding its quality assurance arrangements for other data sources used in

¹⁴ <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/consumerpricesdevelopmentplan/2016-10-11>

¹⁵ <https://www.ons.gov.uk/economy/inflationandpriceindices/methodologies/owneroccupiershousingcostsincpihqualityassuranceofadministrativedatadec2016>

<p>address those limitations in its quality assurance that have been identified in this assessment report; including strengthening its current Service Level Agreements and any other formal agreements with its data suppliers</p> <p>b) Publish information about its strengthened quality assurance arrangements for its administrative data sources and its judgement about the quality of the statistics, taking account of what it has learned from reviewing and improving its existing quality assurance arrangements; and update its published Statement of Administrative Sources to clearly and accurately list all the administrative data sources and assurance arrangements used to produce CPIH</p> <p>c) Embed within its operational procedures practices for keeping its quality assurance arrangements under review</p> <p>d) Take into account the standards set out in the <i>Quality Assurance of Administrative Data</i> Regulatory Standard during its planning and development phase to introduce private rents administrative data for Northern Ireland into its production of CPIH</p>	<p>OOH costs in CPIH – using private rents data supplied by VOA, Welsh Government and Scottish Government.</p> <p>On 31 January, ONS published <i>Quality assurance of administrative data used in CPIH (QAAD)</i>¹⁶ which covers all administrative data sources used to produce CPIH. Subsequently, ONS has begun to engage directly with more suppliers, to increase its understanding about data quality and seek further assurances of the data sources. ONS has reflected these further assurances in an update to its published QAAD documentation, on 19 July 2017.</p> <p>5 c) ONS has included in its operational practices plans to review its quality assurance of administrative data sources annually, as set out in Section 6 of its QAAD documentation, including reviewing its existing Service Level Agreements.</p>	<p>the compilation of CPIH.</p> <ul style="list-style-type: none"> • Users' feedback about how assured and confident they are about the quality of CPIH. <p>Positive factors we saw include:</p> <ul style="list-style-type: none"> • ONS's clear demonstration of how it has strengthened its engagement with the suppliers of rents data and of its improved assurances of the VOA private rents data in particular, given the nature of the issues that originally led to CPIH being de-designated as a National Statistic. • ONS's recent progress towards building up a fuller assurance of other administrative data sources. • Users' feedback about how assured and confident they are about the quality of CPIH, and in the steps taken by ONS to assure of the private rents administrative data sources in particular. <p>The updated material published on 10 May 2017 and 19 July 2017 demonstrates that ONS has strengthened its assurances of the private rents data sources and has adequate assurance over many other data sources. ONS is continuing to further strengthen its communication with some data suppliers to further understand the assurances of these other sources. ONS plans to further update its QAAD documentation to reflect its latest understanding of these assurances. It is clear that ONS has worked to investigate and manage the risks of material error to CPIH appropriately and has embedded practices to review its assurances within its ongoing production of CPIH.</p> <p>Considering these factors, our overall judgement is that ONS has met the Requirement.</p>
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¹⁶ <https://www.ons.gov.uk/economy/inflationandpriceindices/methodologies/qualityassuranceofadministrativedatausedincpih>

<p>In meeting this Requirement, we suggest that ONS consider the implications of the Authority's <i>Administrative Data Quality Assurance Toolkit</i>.</p> <p>We further suggest that ONS update its supporting documentation for CPIH to include specific reference to the latest development plans to implement private rents administrative data from the Northern Ireland Housing Executive in its production of CPIH, to keep its users informed of this development.</p>		<p><u>Future considerations</u></p> <p>Whilst meeting the Requirement as set out in the Assessment report, we judge that ONS needs to build on the work that it is doing to embed a proactive approach to quality assurance within its working practices, including the further development and maintenance of ongoing relationships with each of its data providers using a risk-based approach.</p>
<p>Requirement 6</p> <p>ONS should:</p> <p>Publish, and keep up-to-date, comparative analysis that demonstrates the quality and suitability of its estimate of Owner Occupiers' Housing costs in CPIH, on an ongoing basis and over a sustained period of time. This should include comparisons with as wide a range of other data sources as practicable, and include detailed explanation of the movement in CPIH over time compared to other sources, in a way that provides robust reassurance to users that its estimate of Owner Occupiers' Housing costs over time can be understood and trusted by users</p>	<p>6) Since late 2016, ONS has published a series of articles describing its comparisons of private rents sources:</p> <ul style="list-style-type: none"> i. <i>Comparing measures of private rental growth in the UK: 2016</i> published on 28 October 2016¹⁷ which compares the private rents data sources used in CPIH to other rental price sources ii. subsequent updates to include more insightful analyses and an attempt to provide more explanation about reasons for differences between ONS's Index of Private Housing Rental Prices (IPHRP) and other sources of average rents, the 	<p>To form our judgement on whether ONS has met this Requirement, we considered whether ONS was demonstrating due diligence in its assurance and consideration of different data sources.</p> <p>We consider that ONS's comparative analysis of its OOH series with other rental prices series, along with analyses of different ways of estimating OOH costs (described in 7b), has demonstrated this due diligence. We consider that these analyses together provide a measure of reassurance about the quality of CPIH, and enable ONS to monitor the behaviour of CPIH against other private rents measures. Users spoke positively of ONS's ongoing work to explore and understand trends in the data. We welcome ONS's plans to access additional private rents data sources for additional comparative analyses. We therefore judge that ONS has met the Requirement.</p>

¹⁷ <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/comparingmeasuresofprivaterentalgrowthintheuk/2016>

	<p>most recent of which was published on 18 July 2017¹⁸.</p> <p>To enhance future comparative analyses of different sources of private rents, ONS told us that it is in the process of accessing further data sources and plans to update these documents quarterly.</p>	<p><u>Future considerations</u></p> <p>It is important for ONS to maintain and enhance this level of reassurance by continuing to publish and develop these analyses, adopting a spirit of open inquiry of its data sources.</p>
<p>Requirement 7</p> <p>ONS should:</p> <p>a) Include more-explicit reference in <i>Consumer Price Inflation</i> and supporting documentation to its production of an alternative measure of Owner Occupiers' Housing costs for its quarterly submission to Eurostat, to enhance transparency of its production of consumer price statistics</p> <p>b) Develop an increased understanding of the difference between its measures of Owner Occupiers' Housing costs using both the rental equivalence and net acquisitions approaches, through an analysis of the different time series' and an attempt to explain the difference in the historical trends presented for each index, and publish this</p>	<p>7a) ONS's <i>UK consumer price inflation</i> bulletin now includes explicit reference to its publication of alternative measures of OOH on a quarterly basis, with reference to its quarterly articles <i>Understanding the different approaches of measuring owner occupiers' housing costs</i>¹⁹ (last updated on 13 June 2017).</p> <p>7b) Since October 2016, ONS has published quarterly analyses presented in <i>Understanding the different approaches of measuring owner occupiers' housing cost</i>, which compares the different approaches of measuring owner occupiers' housing costs over time and explaining differences in these measures. To supplement its quarterly update of its analyses published on 10 January 2017, ONS published <i>Understanding the different approaches of measuring OOH: weights analysis</i>²⁰. This</p>	<p>We judge that ONS has met this Requirement through:</p> <ul style="list-style-type: none"> • Including explicit references to its production of alternative measures of OOH in <i>Consumer Price Inflation</i> and other material. • Presenting its series of analyses in <i>Understanding the different approaches of measuring owner occupiers' housing costs</i> as part of its due diligence. • ONS's response to users' queries about the analyses. To date, ONS appears to have been responsive in its approach to respond to queries on the RPI/CPI group StatsUserNet discussion forum and using these queries as a channel to inform its plans for future analyses. The proactive approach taken by ONS in presenting and developing these particular analyses has been positive. <p>Some users we spoke to thought that using this analysis to monitor CPIH over time played an important role in understanding and explaining when and how the series may diverge through changes in the economy. Users expressed keenness for ONS to update it regularly.</p>

¹⁸ <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/comparingmeasuresofprivaterentalgrowthintheuk/aprtojune2017>

¹⁹ <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/understandingthedifferentapproachesofmeasuringowneroccupiershousingcosts/quarter1jantomar2017>

²⁰ <https://www.ons.gov.uk/releases/understandingthedifferentapproachesofmeasuringowneroccupiershousingcostsoohweightsanalysis>

<p>analysis as part of its wider work to monitor, understand and explain CPIH over time compared to other data sources and methods</p> <p>In meeting this Requirement, we suggest that ONS investigate the methods adopted by other countries to estimate OOH, and take these into account as part of its continuous improvement of CPIH statistics.</p>	<p>analyses attempts to estimate the impact of the different methodological approaches on CPIH, and the trends over time. On 13 June 2017, ONS published its latest quarterly update to this analysis²¹.</p>	<p><u>Future considerations</u></p> <p>It will be essential for ONS to continue to demonstrate this curiosity in monitoring how the different measures compare over time, taking any further actions necessary in relation to the production of CPIH, and in being responsive to user queries.</p>
<p>Requirement 8</p> <p>ONS should improve the accessibility of the CPIH data and microdata by:</p> <p>a) Ensuring that the CPIH data published monthly on its website and published in response to ad hoc requests are clearly labelled and accessible to users</p> <p>b) Investigating the feasibility of it regularly submitting CPIH microdata to the VML, a practice that would be consistent with other ONS economic statistics</p> <p>c) Continue its engagement with the Government Data Sharing Policy process with a view to gaining record-level administrative data from the Valuation Office Agency, to enhance its ability to quality assure the data</p>	<p>8a) As set out in evidence for Requirement 3), ONS has improved the navigation and accessibility of CPIH and other inflation measures on its website. User-requested data and data tables are more easily accessible from ONS's Prices landing page.</p> <p>8b) Since December 2016, all price quotes, item indices, weights and mapping frameworks that underpin the production of RPI, CPI and CPIH from January 1996 to December 2016 have been made available on the VML. Since December 2016, microdata have been updated monthly following the 9.30am release.</p> <p>8c) ONS has developed a business case for access to VOA's private rents microdata.</p>	<p>We judge that ONS has met the Requirement through:</p> <ul style="list-style-type: none"> • Improving accessibility of CPIH data published monthly on its website and published in response to ad hoc requests. • The timelier provision of microdata that underpin CPIH for more-expert users (with the exception of private rents microdata for England, which are currently unavailable to ONS). • ONS's development of a business case for future access to VOA's microdata, which we are satisfied is being prioritised by ONS. • Users' feedback, who told us that they considered that the navigability of ONS's website had improved particularly compared to the old website. <p><u>Future considerations</u></p> <p>We consider that ONS should progress its business case for future access to VOA's microdata swiftly, making use of the powers conferred by the Digital Economy Act 2017.</p>

²¹<https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/understandingthedifferentapproachesofmeasuringowneroccupiershousingcostsoohweightsanalysis>

<p>Requirement 9</p> <p>ONS should:</p> <p>a) Strengthen its process for determining whether pre-release access is still needed and its process for permitting new individuals to gain access to pre-release data</p> <p>b) Review the list of those with pre-release access for CPIH, with a view to minimising the numbers of individuals included in line with the Pre-release Access Order, and inform the Authority of the justification for each inclusion</p>	<p>9a) and 9b) On 21 March 2017, ONS published a reduced pre-release access list²² alongside its publication of <i>UK consumer price inflation</i>, in response to the National Statistician announcing a new pre-release protocol.</p> <p>On 15 June 2017, the National Statistician announced²³ that “pre-release access to ONS statistics will stop with effect from 1 July 2017” apart from in exceptional cases.</p>	<p>We judge that ONS has met the Requirement through its implementing the National Statistician’s policy of stopping pre-release access to ONS’s statistics, from 1 July 2017.</p>
<p>Requirement 10</p> <p>ONS should:</p> <p>a) Allocate adequate resources to the production of CPIH to take account of the Requirements from this Assessment report, and the increasing importance of CPIH as an economic indicator</p> <p>b) Publish an annual work programme, which includes a clear demonstration of the strategic direction of CPIH in a coherent and comprehensive manner, taking into account users’ views</p> <p>c) Incorporate in all future business</p>	<p>10) ONS published its <i>Consumer Prices Development Plan</i>²⁴ on 28 October 2016, and subsequently updated it on 21 March 2017 to reflect its planned work to develop measures of accuracy for CPIH. ONS reviews its development plan annually through its advisory panels and plans to publish an updated plan in the Autumn.</p>	<p>We judge that ONS has met this Requirement through the publication of a comprehensive work programme.</p> <p><u>Future considerations</u></p> <p>We welcome ONS’s reviewing its Work Programme annually, since this work programme is high profile, with high demand for new work and research that will require ONS to remain aware of different demands on its resource and be flexible to ensure that the production and development of CPIH is properly resourced. This includes monitoring developments in web-scraping and scanner data sources, and using these data in conjunction with more traditional data sources.</p>

²² <https://www.ons.gov.uk/releases/ukconsumerpriceindicesfeb2017>

²³ <https://www.statisticsauthority.gov.uk/wp-content/uploads/2017/07/Letter-from-John-Pullinger-to-Sir-David-Norgrove-15-June-2017.pdf>

²⁴ <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/consumerpricesdevelopmentplan/2016-10-11>

<p>plans work to review published documentation to ensure that it enables users to keep abreast of developments to CPIH and to easily locate and access this documentation</p> <p>d) Ensure that records are maintained and published showing the relationship between the statistical planning process, the work programme, the allocation of resources and the outcomes relating to the development of CPIH</p>		
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