



Better Statistics CIC

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Ed Humpherson,
Director General,
Office for Statistics Regulation

By email via: DG.Regulation@Statistics.gov.uk

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Dear Ed.

Thanks for your comprehensive and prompt reply to my previous email.

Of course we are delighted that the ONS published the impact analysis and we would appreciate its continuation to later periods, whenever that may be possible. Preferably the extended impact analysis should be published as soon as practical after the main index publication in March, though not at the same time to avoid confusion.

Please be assured that we recognise there are many calls on the resources of both the ONS and the OSR; nevertheless we would argue that regulatory consideration of these inflation measures should be given the highest priority. Not only do the various measures underpin many Government decisions, they are also used by organisations large and small who rely upon them for deciding whether they should charge a little more for their goods or services and, possibly pay their staff more. There is also the charity sector which advises and helps people who have financial problems arising from the increasing cost of living relative to their income. The accuracy and immediacy of the monthly figures together with the (currently published quarterly) HCI's are therefore some of the most important figures provided by UKSA for the public good.

That being the case, it seems to us that the issue of the CPIH measure requires more immediate attention than your reply suggests may be the case; particularly because it is the inflation measure preferred by the ONS and given prominence on the ONS dashboard of key statistics. I quote some of the advice Better Statistics have received on this subject from a variety of correspondents:

- *"with regard to the just published December value of 4.2% for CPIH, the error revealed by the figures for October suggest that a more accurate rental reading would give us an increase of 4.7%".*
- *"the use of the 14-month lag for the rental data in both CPI and CPIH to represent actual private rents is not compatible with the acquisition principle which is the basis for CPI and by extension CPIH."*

- *“a further concern with using the rental data in the CPIH is its use for those paying rent to meet their housing needs as well as its use as a proxy for those owning property; consequently any error in this data is magnified because of the weight it assumes within the index.”*

It has also been pointed out that a potential consequence of the use of the 14 month stock could imply that the official rental series will show an inflationary increase later this year, just as rents may be falling.

Moreover, whilst we accept that UKSA is independent of Government, we consider it ironic that the PM’s target to halve inflation would probably have been missed, had a revised CPIH been in use in 2023. Meanwhile the RPI inflation index, which ONS plans to replace by CPIH, dropped from 13.4% in December 2022 to 5.2% in December 2023.

Irrespective of those considerations, we appreciate your proposal to seek our opinions at a suitable moment to assist with your assessment both of the CPIH and (later) the HCl’s. It then occurred to me that it could be very helpful if we were to focus our next inflation seminar solely on these measurement issues. As you are aware, we have conducted Inflation seminars in 2022 and 2023 and it seems to be sensible that 2024 should focus on measurement, especially in the light of the above comments.

We therefore propose that this year’s seminar shall be run in association with the RSS and the Inflation Statistics User Group, and that the conference committee will include Paul Allin, Jill Leyland and Tony Cox as well as 2 or 3 representatives from Better Statistics. Our purpose would be for an open exchange of opinions and we would welcome a representative from the OSR to join the committee (we will also invite someone from the ONS). We would hope that the seminar will be able to consider suggestions for improvement, rather than confine ourselves to a review of the difficulties!

Insofar as Better Statistics has any agenda, it is our desire that inflation statistics should be better understood by the public, so we aim for less complex methods in the belief that will improve trust while maintaining quality.

It is proposed that Better Statistics would act as the administrator for the event, which would probably be a hybrid event hosted by the RSS. The committee is collectively responsible for the call for contributions, suggesting potential speakers and the final programme, so it is not an onerous task, but it is important!

I hope you will consider this proposition favourably,

With all good wishes for 2024,

Yours sincerely,



Tony Dent,
Better Statistics CIC