

Response summary: User needs from producer price inflation statistics

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Office for National Statistics
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Background

We undertook a user engagement exercise to better understand user needs for producer price inflation statistics, with the aim of refining and rationalising the published outputs. This took place from 20 March to 22 May 2024 and was part of our continuous improvement strategy following the Office for Statistics Regulation (OSR) review of producer price statistics in 2023. Results of the OSR review can be found in the [OSR Producer Price Indices \(PPI\) Spotlight on Quality report](#).

We wanted to know:

- how and why producer price inflation statistics are used by individuals, teams, and organisations
- what improvements could be made to our current outputs in producer price inflation statistics to better meet user needs

A detailed summary of the questions asked and the proposed changes to existing outputs have been presented alongside this exercise. These can be found in the related documents attached to the overview of the exercise.

Benefits to users

We believe the actions we are taking following this exercise to refine, simplify and rationalise our outputs will make them better for our users whilst also being easier to produce. This will:

- make our datasets more focused
- easier to find
- easier to access
- easier to produce
- and free up capacity in our team to develop statistical products to meet new or emerging needs

We would like to thank all respondents for taking part in the engagement exercise and appreciate the time taken to share their views.

Summary of responses

The engagement exercise received 16 responses from a range of stakeholders. These included businesses, industry bodies, central and local level government, academia, and those responding in a personal capacity.

When we asked what your overall comments on the prospective published outputs were, we received varied responses.

We have grouped these into three categories based upon whether these are within the scope of current improvement work and how feasible they will be to address. The categories are:

- within scope of this engagement or wider improvement work we are currently undertaking
- being considered for future development plans
- out of scope

Within Scope

- **Improvements to the documentation we provide on quality and methodology information (QMI), including metadata for the proposed new datasets and an understanding of the index hierarchy.**

The QMI is currently being updated as part of a wider development of our producer prices statistics ([PPI development plan, October 2023](#)) and we will aim to incorporate the additional information requested.

- **Inconsistencies across the current datasets with respect to the time periods covered.**

For example, Dataset 2 (MM22) covers an eight-month time period, whereas Dataset 8 covers a 5-to-12-month period. In addition, it was noted that there was some inconsistency in which indices were included in which datasets. This is a historical legacy due to how the producer prices have previously been reported. It is anticipated that the revised dataset formats will greatly reduce (or eliminate) these inconsistencies as we are developing the formats from scratch.

- **The structure of the current datasets restricts the ability of some users to conduct further analysis upon the data within them.**

For example, you mentioned the use of merged cells and footnotes. It is intended that the basic structure of the proposed datasets will be simple tables in csv format (with one table

per file). The published datasets may need to include a cover page and a notes page (with the latter potentially including the metadata previously noted), but the page containing the data will contain minimal formatting.

- **A breakdown of the prices indices by industry as well as by product**

Table 4 of the current Dataset 8 does include indices aggregated by industry rather than by product. Where possible (subject to statistical disclosure control), we plan to expand those indices to include their constituent sub-indices (typically at the 2-digit division level of the [Eurostat Statistical Classification of Products by Activity](#)).

Under consideration

Users requested:

- **Expanded commentary within the monthly statistical bulletin.**

For example, to explain price movements or to provide some industry-specific insight. We have a responsibility to keep statistical bulletins focused and accessible and there are limits on how much detail can be included, but we are always happy to help users who have more specific requests or questions. The easiest way to contact us with queries relating to PPIs or SPPIs is by emailing us at business.prices@ons.gov.uk.

- **Greater granularity in the published datasets and item level data, including the weights used to aggregate to the 6-digit index level.**

Our intention is to publish in as much detail as possible (ideally down to the 4-digit class level) but we are limited by our disclosure and confidentiality policies. Whilst these policies mean we are unable to publish indices to a level of detail that meets the needs of every user, they enable us to access and use price data which would not otherwise be available to us. This means the statistics we do publish are as accurate as they can be.

We currently publish indices to the 4-digit level and it is unlikely we will be able to publish indices or price data below this (including item level data). However, we are looking into the publication of weights of lower-level indices as part of the wider producer prices development plan to help users better understand our indices.

- **Guidance on how to splice datasets and indices when method changes have altered the composition or methodology of an index.**

Whilst we would aspire to provide this, it is not always possible, especially if there are cases where sub-categories of indices have moved across multiple indices. However, we will investigate ways to make this possible in future.

- **Return to a shorter revision period (currently 12 months, previously 5 months).**

Some of the data used comes from operational or administrative sources and this would exclude their use. In addition, while most data returns are received within the first three months following their request, a small number are returned up to 12 months later. This question is currently being considered as part of a wider review.

Out of scope

Users requested:

- **Forecasting similar to that undertaken by US Bureau of Labor Statistics and the Bank of England (for CPI).**

As an organisation the ONS has no formal responsibilities for forecasting macroeconomic time series and hence we are not proposing to conduct forecasting for the producer price inflation statistics.

- **An industry-specific point of contact within Business Prices.**

Business prices is a relatively small team and as such we are not resourced to have contacts for each of the industries included within PPI and SPPI.

- **Inclusion of PPI statistics from other OECD countries.**

Due to the potential limitations on the bulletin mentioned earlier in this response, it may be more appropriate to include links to these datasets within more static publications, such as our QMI documentation.

- **Monthly publication of SPPI data.**

Due to data collection challenges, we are currently only able to publish estimates for services producer price inflation on a quarterly basis. Increasing the frequency of the SPPI publications is not currently within the scope of planned improvement and development work.

However, we are currently reviewing our samples and data sources for PPI and SPPI and may revisit the possibility of a monthly SPPI publication in future if these improved samples and data sources allow.

- **A currency-based index.**

We intend to continue publishing a price index, currently based at 100 in 2015. It should be noted that the prices of imported materials, which includes additional fees such as tariffs and transportation costs, are converted prior to being incorporated within the calculations.

- **Regional-level assessments.**

Whilst we agree that such a set of data may be useful, it would potentially require a significant uplift in the survey size and have potential repercussions for the timeliness of the publications.

- **Indication of potential supply bottlenecks mentioned in the commentary in the statistical bulletin.**

Unfortunately, this is not directly measured within the producer price surveys and we would be reliant upon our survey respondents commenting on this within their data returns. Such comments are typically only included when there are significant changes in the price returned.

- **Restarting the publication of industry-specific bespoke indices (covering labour and other costs in addition to material costs).**

Whilst we would hope that the additional detail (in terms of granularity and additional data characteristics, such as weights) would enable users to develop their own bespoke indices, we are not currently anticipating publishing bespoke indices.

Our actions

The purpose of this engagement exercise was to gain a better understanding of user needs for producer price inflation statistics. This ensure changes made to future publications and accompanying data better meet these needs.

We have concluded from the feedback gathered that the new outputs will be an improvement compared with the current datasets and the rationalisation and refinement will better meet the basic needs of most of our users.

We are now using the feedback gathered to refine and develop the new outputs which were proposed as part of this exercise. We are also using the feedback to further improve our outputs as part of wider ongoing development work that we are currently undertaking (see our [PPI development plan, October 2023](#) for further details of this work).

Over the next 6-to-12-month period, we will:

- begin publication of improved datasets once the proposals have been updated to take account of the feedback received. This will include:
- merging some of our existing datasets which present the same or similar information
- reducing the total number of separate datasets
- removing duplications of information and series
- removing data and information that is outdated, unnecessary or confusing to users

- introducing data and information which adds to the quality of our statistical outputs and datasets (for example, appropriate dataset titles and descriptions)

To help users adjust to using the datasets in their new format there will be a transitional period which will be communicated with users. We will also:

- publish an updated version of our QMI which will reflect our current methods, strengths, limitations, and appropriate uses of the data we create and publish. Metadata for the proposed new datasets and an understanding of the index hierarchy will also be included
- continue to review our data and methods as part of our strategy for continued improvement, consulting users as appropriate

Getting in touch

We welcome feedback on the results of this engagement exercise. Please email business.prices@ons.gov.uk

Accessibility

All material relating to this consultation can be provided in braille, large print or audio formats on request. British Sign Language interpreters can also be requested for any supporting events.

Quality assurance

This consultation has been carried out in accordance with the government's consultation principles, available here <https://www.gov.uk/government/publications/consultation-principles-guidance>.

If you have any complaints about the way this survey has been conducted, please email: external.affairs@ons.gov.uk.



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