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**Ed Humpherson, Director General for Regulation**

Graham Farrant  
Chief Executive and Chief Land Registrar  
HM Land Registry  
[by email]

18 September 2018

Dear Graham

### **NATIONAL STATISTICS STATUS OF UK HOUSE PRICE INDEX STATISTICS**

We have reviewed the actions that you and your team have taken in response to our Assessment Report number 336<sup>1</sup> on the UK House Price Index statistics (UK HPI). On behalf of the Board of the Statistics Authority, I am pleased to confirm the designation of these as National Statistics. The assessment team has been impressed by the commitment shown by the UK HPI Working Group and the collaborative approach taken to introduce a range of improvements in response to the Assessment. This approach has ensured that the UK HPI is produced in a way that maximises its public value and gives users confidence.

I have been particularly pleased about:

- the Working Group improving the methods used to produce UK HPI to reduce the scale of revisions to the first estimates, and publishing clear information about their impact;
- the work undertaken to understand the impact of sales transaction processing lags on the quality of UK HPI estimates;
- the proactive engagement with a range of users to understand their use of the statistics, and the steps taken to enhance the value of the UK HPI reports and accessibility of the data;
- the Group's published Development Plan of future improvements in response to users' feedback, which provides a good example for other producers.

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 colleagues through any aspects of this letter, the annex or Code compliance more generally.

National Statistics status means that official statistics meet the highest standards of trustworthiness, quality and value and is something to be celebrated. We invite you to include a statement alongside the statistics which reflects this status.

I am copying this letter to John Pullinger, the National Statistician, David Lockett at HM Land Registry, Frances Pottier at the Department for Business, Energy and Industrial Strategy, Mike Hardie at the Office for National Statistics, Stephanie Harcourt at Land Property Services Northern Ireland and Ailsa Robertson at Registers of Scotland.

Yours sincerely



Ed Humpherson  
Director General for Regulation

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<sup>1</sup> <https://www.statisticsauthority.gov.uk/publication/uk-and-northern-ireland-house-price-indices-phase-2-hm-land-registry-and-partners/>

**Annex: Review of actions taken in response to Assessment Report 336 on the UK and Northern Ireland House Price Indices**

<b>Requirement</b>	<b>Actions taken by HM Land Registry and partners (the partners) and Land and Property Services Northern Ireland (LPS) to meet Requirements</b>	<b>Office for Statistics Regulation's evaluation of evidence in meeting Requirements</b>
<p><b>Requirement 1</b></p> <p>HM Land Registry and partners should explore with key stakeholders what contextual information and insight they want to feature in the UK HPI statistics reports and improve the presentation of these statistics reports to provide such insight.</p>	<p><u>Improved user engagement:</u></p> <p>The HPI Working Group has undertaken more regular direct engagement with users and held a number of events in early 2018 to further develop relationships with key stakeholders and open up additional avenues for feedback. These include:</p> <ul style="list-style-type: none"> <li>• Meeting with key stakeholders with either an economic focus or a focus on the devolved governments of the UK, and agreeing mechanisms for future engagement, to discuss specific areas relating to the UK HPI methods and the commentary presented in the reports.</li> <li>• Holding a number of user workshop events throughout the UK in February and March 2018 with the aim of providing updates to users on recent and planned changes to UK HPI, and to gather feedback on their experience of the statistics.</li> </ul> <p>HM Land Registry has collated the themes of feedback received and maintains a central feedback log, which is monitored to identify themes and larger scale issues. The partners have also summarised this engagement, user feedback themes, and how it has addressed, or plans to address feedback in its recently published Development Plan for UK HPI.</p> <p>The HPI Working Group (via Office for National Statistics (ONS) and HM Land Registry) is also a member of the recently established Cross-Government Housing Statistics Group, which meets quarterly. The group's key focus is on the improvement of the quality, content and presentation of official housing statistics across the UK.</p> <p><u>Improved contextual information and insight</u></p> <p>The partners have included more-detailed commentary at the UK level in its monthly statistics report. In May 2018, they included improved commentary that will be updated quarterly - to coincide with the quarterly Northern Ireland House Price Index release – within each country level</p>	<p><b>Requirement met</b></p> <ul style="list-style-type: none"> <li>• The partners have actively engaged more widely with a range of users across the four countries, and general feedback has been positive.</li> <li>• Helpful that partners have established biannual or annual formal meetings with key stakeholders to discuss the production and presentation of UK HPI – these will be important mechanisms for expert input and challenge.</li> <li>• The inclusion of improved commentary in the country-level reports from May 2018, with plans to update quarterly, and some focussed commentary on a seasonally adjusted series, is a clear demonstration of how the partners are responding to users' feedback and enhancing the value of UK HPI.</li> <li>• The partners have published clear evidence that demonstrates how users' feedback has been considered, reflected in the published <a href="#">UK HPI Development Plan</a> (see Requirement 8).</li> </ul>

	<p>report for England, Scotland and Wales, providing better context for each country to help provide insight. Since April 2018, the partners have also included some commentary in the UK report on seasonally adjusted property price indices, as an interim solution in response to user interest.</p>	
<p><b>Requirement 2</b></p> <p>HM and Registry and partners should:</p> <ul style="list-style-type: none"> <li>• continue to monitor how users access the latest statistics and users' feedback about the UK HPI's overall accessibility</li> <li>• consider how it can best improve accessibility if confusion persists</li> </ul>	<p>The partners have introduced a range of improvements to improve accessibility:</p> <ul style="list-style-type: none"> <li>• <b>Improvements to data accessibility.</b> In January 2018 the partners launched an updated online <a href="#">Data Tool</a> and <a href="#">user guide</a> in response to users' feedback, which now includes all available historic/attribute data, a facility to compare up to 5 locations, and options to download data for a number of different levels depending on the users' need.</li> <li>• <b>Improvements to accessibility within reports,</b> by introducing functionality for users to access CSV or Excel versions of all the data, tables and charts presented in the reports</li> <li>• <b>Presenting demonstrations of the <a href="#">Data Tool</a> and its functionality at recent user event,</b> to raise awareness and promote its use</li> <li>• <b>Identified and addressed 'quick wins' to respond to users' feedback on improvement areas.</b> Examples are including a 'call to action box' at the top of the main reports to promote the date of next publication; simplifying the main report page links to remove clutter.</li> <li>• <b>Establishing a plan for strengthening the role of GOV.UK,</b> which includes how the partners plan to expand their reach to users. <ul style="list-style-type: none"> <li>○ HM Land Registry is working with ONS to ensure that the wording of tweets issued on or around monthly publication are agreed by both parties, which will enable ONS to re-tweet the England and Wales tweets issued and strengthen the direct links to GOV.UK.</li> <li>○ ONS has re-structured the UK HPI release on its website to focus the narrative at the national level and removing local level estimates. Users are now directed to GOV.UK to access local data, helping to position the release on GOV.UK as the main UK HPI release.</li> <li>○ The partners are using their LinkedIn forum, individual press releases and social media to direct users to GOV.UK.</li> </ul> </li> </ul>	<p><b>Requirement met</b></p> <ul style="list-style-type: none"> <li>• Clear that the partners have worked hard to introduce a wide range of improvements to the overall accessibility of UK HPI on the GOV.UK website, with the ONS website being used to direct users to the main reports on GOV.UK. The partners are committed to monitoring the overall accessibility of GOV.UK and any misreporting of the statistics, or of the role of the partners in producing UK HPI.</li> <li>• HM Land Registry has invested significant efforts to enhancing its supporting <a href="#">Data Tool</a>, to give users more flexibility in accessing and analysing the data.</li> <li>• Users we spoke to generally happy with accessibility for their needs.</li> </ul>

<p><b>Requirement 3</b></p> <p>Land and Property Services Northern Ireland should publish NI HPI in such a way that key information published in historic reports is easily accessible to users, by delivering a level of openness that meets users' needs and in line with established government standards.</p>	<p>Land and Property Services Northern Ireland (LPS) have addressed this in several ways:</p> <ul style="list-style-type: none"> <li>• <a href="#">Revisions tables</a> now published as CSV files from February 2018 alongside the NI HPI statistics report, to support the revisions table published within the statistics report:</li> <li>• Publishing an accessible <a href="#">note</a> on its website, about how users can access historic reports if they need to (although latest report includes the most up to date time series).</li> </ul>	<p><b>Requirement met</b></p> <ul style="list-style-type: none"> <li>• The link and supporting text highlights that previous historical reports are available on request. The text provides a clear explanation about the information that is available in the current report and the reasons why comparisons with historic reports should be treated with caution.</li> <li>• The longer revisions tables provide greater transparency about the extent of historical revisions.</li> </ul>
<p><b>Requirement 4</b></p> <p>HM Land Registry and partners should:</p> <p>a. Clearly demonstrate how they have considered these stakeholder views in their presentation of the UK HPI and in their future development plans for the statistics.</p> <p>b. Continue to promote their recently established LinkedIn Forum and demonstrate how they will use feedback from this Forum to inform their development plans.</p>	<p>a) Recent stakeholder engagement (as described for Requirement 1) generated a lot of useful feedback, including focussed discussions with key stakeholders about:</p> <ul style="list-style-type: none"> <li>• recent methods changes to UK HPI and their impact;</li> <li>• the volatility of some of the local authority estimates and the inclusion of additional text in the country reports explaining the reasons for volatility and stronger caveats for local estimates;</li> <li>• the inclusion of additional commentary in the UK and individual country reports to provide better context and increase insight.</li> </ul> <p>Key stakeholders were all keen on scheduled engagement going forward.</p> <p>b) A LinkedIn User forum was introduced in August 2017, with invites sent to known users and a social media campaign. HM Land Registry continue to publicise the forum on any published blogs or articles about UK HPI. After the user events in early 2018, the membership of the forum has increased. At the Scottish User event, there was feedback that a Yammer account would be accessible for staff in Scottish Government and this is being pursued.</p> <p>A summary of other changes already introduced following user feedback are detailed under Requirement 2.</p>	<p><b>Requirement met</b></p> <ul style="list-style-type: none"> <li>• Clear the partners have established more meaningful dialogue with key stakeholders, and are more aware of their interests and concerns. They have also actively responded to feedback by investigating or introducing improvements to enhance the statistics' value.</li> <li>• Very positive that there are plans to set up regular engagement channels with these key stakeholders in future</li> <li>• We spoke to some of these key stakeholders who told us they were now more confident in their use of UK HPI.</li> <li>• The partners have now published a <a href="#">Development Plan for UK HPI</a>, which summarises their recent engagement activities and reflects how they will use</li> </ul>

		the feedback to inform its future plans (see Requirement 8).
<p><b>Requirement 5</b></p> <p>Taking into account users' views, HM Land Registry and partners should:</p> <p>a. Develop methods that enable production of the UK HPI with a level of revisions that commands user confidence</p> <p>b. Publish transparent information about the methods changes, including the temporary adjustment factor, and comprehensively quantify their impact, and supporting analyses to aid users' interpretation</p> <p>c. Publish more-transparent information about the operational backlog in HM Land Registry including quantifying the impact of this on the UK HPI and information about when this backlog is likely to be resolved</p> <p>d. Embed within their production process practices for monitoring revisions and appropriate</p>	<p>a) From 12 December 2017 the UK HPI included an adjustment to the methodology when calculating the first estimate for a particular month, to reduce its sensitivity to the impact of new build transactions. This approach was developed by methodologists within ONS. Several options were tested, with the chosen method selected by assessing the resulting size and direction of revisions to the first estimates. As a result, the scale of revisions to the first estimate of annual change to average house price in the UK during the course of 2018 has reduced and is more stable (now within a tolerance range of 0.8%).</p> <p>b) This change was communicated to users prior to its implementation in the '<a href="#">About the UK HPI</a>' section of the release, which included links to a <a href="#">blog</a> (published on 15 November 2017) and an associated article (published end-November 2017). This article was subsequently replaced with an enhanced <a href="#">Quality and Methodology</a> report, which presents details of the methods change and its impact, the use of a temporary adjustment factor, and supporting analysis. In responding to Requirement 6 the partners have also rationalised their published methods information.</p> <p>c) Further detail about the HM Land Registry operational backlog has been included in Section 4.4 of <a href="#">About the UK HPI</a>, with a reference to HM Land Registry's <a href="#">speed of service</a> and its <a href="#">future plans</a> which present information about average completion times for new applications. This delay does not affect existing title applications, which account for around 90 per cent of the properties that make up the index. HM Land Registry is using several avenues to address the operational delays including recruiting additional staff. The partners have provided assurance to us that this delay is not adversely impacting on the robustness of the UK HPI estimates; since its December 2017 methods changes reduces the sensitivity of the impact of new build transactions.</p> <p>d) A revisions time series is maintained by ONS at a regional and country level and used to monitor revisions over time. ONS also compares the latest monthly data deliveries with previous months, to</p>	<p><b>Requirement met</b></p> <ul style="list-style-type: none"> <li>• Users' feedback to us suggests that they are positive about the recent changes to the methodology and generally more confident in UK HPI overall. Some users raised a question about potential divergence during 2017 of UK HPI from other measures of house prices, and wanted to understand this more. In response, ONS investigated the matter by acquiring microdata used to produce another house price index, to reproduce the UK HPI and identify reasons for differences. In July 2018, ONS published an updated article <a href="#">Comparing house price indices in the UK</a>. In it, ONS confirmed that the main reason for the 'divergence' was related to the different coverage of the house price data, rather than due to the different methods used; and the observed divergence in average house price growth in the UK has started to converge during the course of 2018.</li> <li>• The partners have published accessible, transparent information about the recent methods changes, and their impact. This information has been aimed at a lay audience (through its blog) supported by more technical explanations in its <a href="#">Quality and Methodology</a> report, aimed at expert users.</li> </ul>

<p>escalation procedures to identify and resolve any future issues</p>	<p>help identify large changes between data series. Quarterly Working group meetings are scheduled where any risks, issues, developments and user feedback are discussed. As ONS is responsible for the methodology of the UK HPI - in collaboration with Land and Property Services Northern Ireland - any methods changes would follow standard ONS escalation procedures to identify and resolve future issues. Commissioning work externally</p>	<ul style="list-style-type: none"> <li>• The partners have been more transparent about HM Land Registry's operational delay to processing new build transactions. The partners have also provided assurance that any potential impact of this delay on the robustness of the UK HPI is being mitigated by the recent change to methods; and that the UK HPI's robustness is evidenced by the smaller scale and stability of revisions to the first estimate of annual change to average house prices.</li> <li>• The partners have published clear information about their respective roles, and the responsibilities relating to the methods and data issues (see Requirement 8). As part of this, ONS staff are taking more proactive steps to monitor revisions, to identify more quickly any potential issues in future.</li> </ul>
<p><b>Requirement 6</b></p> <p>Taking into account users' views, HM Land Registry and partners should continue to update and rationalise their published information about methods used to produce the UK HPI and its quality, to reflect the recommendations from the 2016 peer review of methods; and planned changes to the methods.</p>	<p>The partners have rationalised published information about methods used to produce the UK HPI and its quality, based on advice from the GSS Good Practice Team and Quality Centre and users' feedback. Guidance on methods and quality of UK HPI is now presented in 4 key reports, accessed from a <a href="#">'Guidance' landing page</a> on GOV.UK:</p> <ul style="list-style-type: none"> <li>• A <a href="#">Quality and Methodology article</a> published in April 2018 and updated in July 2018 – which combines all related information about methods and quality previously published in separate articles, including information about the recent methods changes and impact.</li> <li>• <a href="#">About the UK HPI</a> will continue to provide summary information on different aspects of UK HPI, however it has been restructured and updated in line with the <a href="#">Quality and Methodology information article</a>.</li> <li>• <a href="#">UK House Price Index Quality Assurance of Administrative Data</a> - Given the multiple administrative data sources used in the UK HPI,</li> </ul>	<p><b>Requirement met</b></p> <p>Clear that the partners have responded to users' feedback and sought advice on best practice to rationalise its published guidance, and making these more accessible from GOV.UK instead of making some documents available on the ONS website only, as had been done previously.</p>

	<p>the partners have presented information about the quality assurance of data sources in a separate document, as the level of detail may be more suited to technical users.</p> <ul style="list-style-type: none"> <li>• <a href="#">Comparing house price indices in the UK</a> – This annual article, first published in June 2017, and updated July 2018, presents analysis and explanation of how the different measures of house prices in the UK differ. This has received a lot of user interest in its own right given the large number of non-official measures of house prices in the UK.</li> </ul>	
<p><b>Requirement 7</b></p> <p>HM Land Registry and partners should:</p> <p>a. Publish prominent, accessible information about their quality assurance of data used to produce the UK HPI and NI HPI</p> <p>b. In publishing this information, include clear guidance about the strengths and limitation of each source and the reliance users can place of the statistics</p> <p>c. Continue to engage with HMRC to seek appropriate assurances about its Stamp Duty Land Tax data used to produce house price estimates for Northern Ireland, presented in both the NI HPI and the UK HPI.</p>	<p>a) In November 2017 the partners published information about the Quality Assurance of Administrative Data for each data source used to produce both UK HPI and NI HPI. This information is presented in a <a href="#">single location</a> on GOV.UK, which can be accessed from the main <a href="#">UK HPI guidance landing page</a>, providing users with easy access to all relevant quality information.</p> <p>b) The partners also published an <a href="#">executive summary</a> of the quality of the data sources, to summarise the assurance levels sought for each source. This summary also sets out the ongoing actions being taken by the partners to strengthen its assurance of some of these sources.</p> <p>c) LPS statisticians have engaged with HMRC statisticians and IT specialists responsible for the Stamp Duty Land Tax (SDLT) live system. This has improved their understanding of the data collected by HMRC, and of the various validation routines run at the point of data entry to the SDLT system, which ensures that returns cannot be submitted without key information entered. This has provided reassurance to LPS statisticians about the quality of the data and of the robustness of the validation routines carried out by LPS following receipt of the data. LPS are therefore confident that the data received from HMRC is of sufficient quality to produce reliable results for the NI HPI.</p>	<p><b>Requirement met</b></p> <p>The partners have undertaken a lot of work to better understand the data sources used to produce both NI HPI and UK HPI, and in doing so has improved relationships with data suppliers. This insight has been published in a clear, accessible way for users to understand the quality assurance and implications on quality of UK HPI. This investigation has also highlighted areas of action for the team to continue to monitor and address, to further improve the quality of the data.</p>

<p><b>Requirement 8</b></p> <p>HM Land Registry and partners should:</p> <ul style="list-style-type: none"> <li>• reflect on how their arrangements can be strengthened to better anticipate and effectively address methods and data issues, such as the ongoing issue relating to revisions</li> <li>• manage the development of the UK HPI, so that they are well placed to:</li> <li>• clearly set the future strategic direction for the statistics</li> <li>• clarify and communicate publicly the ongoing statistical work programme</li> </ul> <p>This will ensure that the UK HPI continues to evolve to meet users' needs.</p>	<p><u>Working group arrangements</u></p> <p>The partners have emphasised that their Working Group that creates and publishes the UK HPI each month is relatively unique, with the four key contributors based in different administrations within the UK, each with their own areas of responsibility. They understand the need for clarity for their users and for assurances to be given that any issues will be dealt with in a clear and transparent way.</p> <p>In July 2018, the partners published a 3-year <a href="#">Development Plan for UK HPI</a> that clearly sets out the roles and responsibilities of each Working group member, and how these arrangements will ensure that methods and data issues will be dealt with more effectively in future. The partners are clear that any feedback or issues relating to data or methodology will be the responsibility of ONS in collaboration with LPS and will be discussed at their quarterly Working Group meetings.</p> <p><u>Work planning</u></p> <p>As part of future planning for UK HPI, the Working Group has created a feedback log to record customer interaction, including general feedback, compliments, complaints and an action backlog. Each concern raised is reviewed and designated as a quick win, medium win or major task. The partners shared a draft feedback log with the Assessment team which they will continue to monitor.</p> <p>The recently published <a href="#">Development Plan</a> sets out the future strategic direction for UK HPI: by summarising user feedback themes from the partners' recent engagement activities; how they have responded to improvements identified as 'quick wins'; and the partners' medium and longer-term plan for specific work packages to address other feedback.</p>	<p><b>Requirement met</b></p> <ul style="list-style-type: none"> <li>• The partners have worked hard to engage with a broad range of users to understand their experience of using the statistics. They have published transparent information about the feedback received, the actions taken to address 'quick-wins' and a development plan for medium and longer-term developments, with clear milestones.</li> <li>• The published <a href="#">Development Plan</a> includes clearer information about the partners' arrangements as a Working Group, and the roles and responsibilities of each member at different stages of the production process. This includes a clearer sense of how the partners' have strengthened their arrangements to ensure that methods and data issues are resolved effectively.</li> </ul>
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