

Samantha Beckett Second Permanent Secretary & Deputy CEO

Ed Humpherson
Director General for Regulation
Office for Statistics Regulation
[by email]

7 July 2021

Dear Ed

Assessment of the Living Costs and Food Survey

Thank you for your assessment of the Living Costs and Food (LCF) Survey against the Code of Practice for Official Statistics. I am grateful for the work of your team in reviewing and identifying improvements to increase the quality and the public value of one of our key household surveys.

ONS is committed to addressing the OSR recommendations and we will deliver several parallel streams of work over the coming months:

1. Urgent stabilisation of the Living Costs and Food Survey systems and data processes

In response to an [announced error](#) impacting on the Retail Price Index, ONS launched an urgent improvement project in March 2021 with additional resources. The project will deliver short-term improvements to the LCF including modernising key components of the processing systems, introducing stronger business change management and strengthening quality assurance through improved processes, tools and extended internal review procedures. In line with OSR recommendations, we will also expand the scope of this work to review our management of the full risks associated with the design and delivery of the survey.

A dedicated Steering Committee has been set up to provide oversight and assurance in the development and management of these changes. With several of the quality assurance improvements currently being implemented, the project will complete a detailed evaluation of the existing processing systems in July, before delivering initial processing upgrades in October and larger scale processing improvements by March 2022.

2. Strengthen our engagement strategy and identify short-term improvements to meet wider user needs

We will improve our engagement with the LCF stakeholder and user communities, both internally and externally. This includes, over the next six months, strengthening the role and membership of the existing LCF Steering Group as well as engaging more closely with a wider range of users at a working level to improve our understanding of their needs for expenditure data. We will look, in particular, at

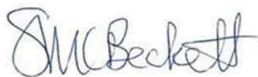
requirements around data breakdowns and identify potential short-term improvements to the existing LCF survey, including additional strategies to improve response rates and considering short-term changes to the LCF sample sizes.

3. A fundamental review of expenditure data collection options

We recognise the challenges in continuing to conduct the LCF as it currently stands, against a backdrop of a general fall in survey response rates and increased demand for high-quality, highly granular expenditure data. We are planning to commission an external review of our future options for the collection of household expenditure data, drawing on both academic expertise and experiences from other National Statistical Institutes. This work will establish detailed user requirements for survey-based expenditure data that cannot currently be met by any alternative data sources, in line with ONS strategy, and identify options for improvements to our surveys, methods and practices to meet such needs. The external options review will aim to report by March 2022 and we will consider a range of options to take forward its findings, including within ONS wider plans for an integrated Household Finances Survey.

We will report back to you on a quarterly basis starting in September 2021, outlining our progress, as well as continuing to keep our users regularly informed throughout this process.

Yours sincerely

A handwritten signature in blue ink that reads "SMBeckett". The signature is written in a cursive, slightly stylized font.

Sam Beckett

Second Permanent Secretary & Deputy CEO