

Summary of Index of Private Housing Rental Prices User Feedback

Coverage: **GB**

Date: **25 April 2014**

Geographical Area: **Region**

Theme: **Economy**

Theme: **People and Places**

Summary of Recent Index of Private Housing Rental Prices User Survey

In January 2014, the Office for National Statistics (ONS) carried out a user engagement exercise to understand how the experimental Index of Private Housing Rental Prices (IPHRP) was received by users since first publication in June 2013. The engagement was carried out via a short questionnaire utilising the Survey Monkey facility, and asked questions regarding how IPHRP is used, perceived limitations and strengths and how users would like to see the index improved. This report provides a high-level summary of the feedback received along with an initial ONS response regarding how the feedback will be taken forward.

In total there were 34 completed responses to the IPHRP user survey. In the main, the feedback was positive:

- 70% of respondents rated the statistical service provided for IPHRP as very good or good.
- IPHRP statistics are used for a variety of different purposes including benchmarking, modelling and forecasting, research, policy development and decision making.
- 67% of respondents were satisfied or very satisfied with the ease of access of IPHRP statistics.
- A wide variety of organisations use IPHRP on a regular basis including local government, central government, central banks, universities and third sector organisations.
- 72% of respondents rated the background information content of IPHRP statistics as very good or good.
- 78% of respondents felt that the regional level at which IPHRP statistics are currently published are not sufficient for their needs.

In addition to this information, respondents volunteered suggestions which they felt would improve the IPHRP. These suggestions fall under five main categories which are detailed further in this report, along with a summary of the feedback received and an initial response regarding how ONS may take on board the feedback.

Index of Private Housing Rental Prices Feedback

1. IPHRP should be calculated at a sub-regional level, in particular at local authority level

The most prevalent response to the user survey was in relation to the geographic level at which IPHRP is published. Users from local authorities pointed out how crucial IPHRP statistics are for them in assessing current rental affordability and the potential need for new housing developments in the future. Some respondents proposed calculations at a level below local authority level, for instance by ward.

ONS response: It is clear that the IPHRP is proving extremely useful in helping local authorities plan for the future and that there is a demand for the same statistics to be calculated and published at a local authority level. However, much of the raw data (to calculate IPHRP) comes from the Valuation Office Agency (VOA) in the form of regional aggregates only. As such, further discussions will need to be held with the VOA (and providers in the Welsh and Scottish government) to determine the feasibility of local authority level figures. Once these conversations have taken place, a note summarising the discussions and any potential development will be published alongside the IPHRP. These discussions should take place in the near future, with the aim to publish a full response detailing the potential availability of a sub-regional IPHRP by the Q3 IPHRP publication (likely to be 24 October 2014).

2. Perceived low increase in rent levels

Another popular comment related to a perception that IPHRP was underestimating increases in rental prices. Other indices were cited as providing higher increases in rental inflation. These alternative indices measure different rents compared to IPHRP (such as focusing on new rental prices only or including social housing rents). Some respondents also identified that an official index measuring just the flow of rents (i.e. advertised/new rental prices) should be developed alongside IPHRP.

ONS response: While it is clear that IPHRP effectively measures the ongoing change in renting residential property from private landlords for all renters, it is also clear there is a demand for a separate calculation which would illustrate the change in price in renting residential properties for new renters. This development would need to be discussed further with those departments who provide ONS with the raw data for IPHRP. It is proposed that this topic should also be considered alongside the publication of data at a sub-regional level.

With regards to the misconception regarding the scope of IPHRP, it is proposed that ONS publish a 'methods explained' article covering IPHRP. This will fully document the scope of the index and the methodology used whilst placing the index in context compared to other measures of rental prices. It is proposed that this article will be published by September 2014.

3. Supplementary data to accompany the index

A small number of respondents raised the possibility of including an estimate of the average rental price level to accompany the index. Similarly, a few respondents requested a UK-wide figure rather than the status quo which is for Great Britain.

ONS response: Theoretically it would be possible to include average rental price levels. However, VOA already publishes average rental price levels and is in the process of considering how they can improve their methodology. Therefore ONS would be reluctant to duplicate this work and publish separate rental levels. ONS will also discuss this further with the providers of rental price data in the Scottish and Welsh government.

With regards to improving the coverage of IPHRP to include Northern Ireland, this was always a long term aim during the initial development. Northern Ireland is currently excluded from the price index due to coverage of Northern Ireland data being insufficient for inclusion. Northern Ireland Housing Executive (NIHE), responsible for collecting private rental data, is currently undertaking a programme of development to improve the timeliness and extend the coverage of Northern Ireland data. ONS will aim to work with NIHE during the second half of 2014 to include Northern Ireland data in the index (and ultimately publish a UK aggregate) in 2015.

4. Requests for methodological clarity

A number of respondents passed comment on their understanding of IPHRP methodology and asked for extra clarity over issues such as sample size, data collection methodology etc. Some respondents also requested further clarity regarding similarities and differences between IPHRP and other rental indices. A number of suggested changes to methodology were also proposed, which included having indices by type of dwelling, and including public rents as part of IPHRP. Finally a number of users also asked for more details regarding the assumption of 18 months as the average rental agreement with private landlords.

ONS response: Further to these comments, it is acknowledged that more detail could be made available regarding the methods used to produce IPHRP. Therefore, ONS will publish a 'methods explained' article to fully document IPHRP methodology. This will include more details on the use of the average 18 month rental agreement. The comments asking for a comparison between IPHRP and other rental indices has also been acknowledged and will be covered in the 'methods explained' article. It is worth noting that IPHRP was not designed to include public rents, and therefore there are no plans to include this going forward. Further consideration of possible disaggregation of IPHRP by type of dwelling will be considered further as part of the discussions with data suppliers mentioned above.

5. Frequency of Publication

Some respondents pointed out that IPHRP is calculated on a monthly basis but is released on a quarterly basis. These respondents expressed an interest in receiving the index on a monthly basis.

ONS response: IPHRP is calculated on a monthly basis, so it would be possible for IPHRP to be published on a monthly basis. This matter will be given further consideration, taking into account any potential developments (in light of the feedback detailed above) and resources.

Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

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