

Assessment of compliance with the Code of Practice for Official Statistics

Labour Market Statistics

*(produced by the Office for National
Statistics)*

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About the UK Statistics Authority

The UK Statistics Authority is an independent body operating at arm's length from government as a non-ministerial department, directly accountable to Parliament. It was established on 1 April 2008 by the *Statistics and Registration Service Act 2007*.

The Authority's overall objective is to promote and safeguard the production and publication of official statistics that serve the public good. It is also required to promote and safeguard the quality and comprehensiveness of official statistics, and good practice in relation to official statistics.

The Statistics Authority has two main functions:

1. oversight of the Office for National Statistics (ONS) – the executive office of the Authority;
2. independent scrutiny (monitoring and assessment) of all official statistics produced in the UK.

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ASSESSMENT AND DESIGNATION

Under the provisions of the *Statistics and Registration Service Act 2007*, the UK Statistics Authority has a statutory function to assess sets of statistics against the Code of Practice for Official Statistics, with a view to determining whether it is appropriate for the statistics to be designated, or to retain their designation, as National Statistics.

Designation as National Statistics means that the statistics are deemed to be compliant with the Code of Practice. Whilst the Code is wide-ranging, designation may be broadly interpreted to mean that the statistics meet identified user needs; are produced, managed and disseminated to high standards; and are well explained.

Designation also signifies that, subject to any caveats in this report, the Statistics Authority judges that the statistics are readily accessible, produced according to sound methods and managed impartially and objectively in the public interest.

Assessment reports will not normally comment further, for example on the validity of the statistics as a social or economic measure; though reports may point to such questions if the Authority believes that further research would be desirable.

Designation as National Statistics will sometimes be granted in cases where some changes still need to be made to meet fully the requirements of the Code, on condition that steps are taken by the producer body, within a stated timeframe, to address the weaknesses. This is to avoid public confusion and does not reduce the obligation to comply with the Code.

Designation is granted on the basis of the information provided to the Statistics Authority, primarily by the organisation that produces the statistics. The information includes a range of factual evidence and also assurances by the producer organisation. The views of users are also sought. Should further information come to light subsequently which changes the Authority's analysis, the Assessment report may be withdrawn and revised as necessary.

Once designated as National Statistics, it is a statutory requirement on the producer organisation to ensure that the set of statistics continues to be produced, managed and disseminated in compliance with the Code of Practice.

Contents

Section 1: Summary of findings

Section 2: Subject of the assessment

Section 3: Assessment findings

Annex 1: Suggestions for improvement

Annex 2: Summary of the assessment process and user views

1 Summary of findings

1.1 Introduction

- 1.1.1 This is one of a series of reports prepared under the provisions of the *Statistics and Registration Service Act 2007*¹. The report covers the labour market statistics produced by the Office for National Statistics (ONS) – eleven products in total (see section 2 for details). Chief among these is the Labour Market Statistics Bulletin², a compendium publication, which collates headline information about the labour market.
- 1.1.2 Assessments of compendium publications against the Code of Practice relate to the processes involved in preparing the publication, rather than in producing the statistics that are included. Designation of a compendium publication as National Statistics therefore means that the producer body has, for example: identified and met user needs in terms of the content of the publication; considered the appropriateness of each series for inclusion; and written appropriate commentary.
- 1.1.3 This report was prepared by the Authority's Assessment team, and approved by the Board of the Statistics Authority on the advice of the Head of Assessment.

1.2 Decision concerning designation as National Statistics

- 1.2.1 The Statistics Authority confirms that the statistics on the labour market detailed in section 2 are designated as National Statistics, subject to the Office for National Statistics implementing the enhancements listed in section 1.5: Requirement 6 in April 2010, Requirements 1, 2, 3, 4 and 7 by July 2010 and Requirement 5 by January 2011.

1.3 Summary of strengths and weaknesses

- 1.3.1 ONS's labour market statistics are some of the highest profile statistics produced by government. They are produced to high standards, with appropriate attention given to methods, quality, and burden. Users recognise ONS's labour market statistics as an excellent resource, and welcome the engagement they get from ONS's statisticians.
- 1.3.2 ONS publishes a wealth of material about the labour market, accompanied by documentation and guidance to cater for different audiences, from the layperson to the experienced user. But the volume of information available on the topic can make it difficult for users to find the right material to meet their needs. This might always be an issue for such a broad topic with so many different users, but the situation is exacerbated by ONS's website - many users who contacted us in response to this assessment cited ONS's website as a major barrier to accessibility. This is a long-recognised problem, which ONS

¹ http://www.opsi.gov.uk/Acts/acts2007/pdf/ukpga_20070018_en.pdf

² <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1944&Pos=3&ColRank=1&Rank=272>

has told us it is addressing, although it doesn't expect to implement any changes until early 2011.

- 1.3.3 ONS could do more to make some of the releases accessible to less experienced users. There is also a lack of clear communication of the extent and likely impact of falling response rates on the social surveys underpinning some of the outputs. ONS's website systems do not allow all releases to be published simultaneously at 9.30am, meaning that some releases can be delayed. This can be an inconvenience to users.
- 1.3.4 Many of the more experienced users access data through NOMIS³, a database funded by ONS and hosted by Durham University. This service is highly valued by users as it enables them to extract and analyse a wide range of labour market data.
- 1.3.5 ONS's labour market statisticians engage with key users and tailor outputs to meet the needs of these users. However, they could do more to involve non-government users in working groups and steering groups. ONS could also take a more pro-active attitude towards the administrative systems they rely upon for some of the labour market statistics, working with the owners to ensure that the systems are developed with statistical uses in mind.

1.4 Detailed recommendations

- 1.4.1 The Assessment team identified some areas where it felt that ONS could strengthen its compliance with the Code. Those which the Assessment team considers essential to enable designation as National Statistics are listed in section 1.5. Other suggestions, which would improve the statistics and the service provided to users but which are not formally required for their designation, are listed at annex 1.

³ Previously called the National Online Manpower Information System

1.5 Requirements for designation as National Statistics

- Requirement 1** Communicate clearly the falling response rates on the Labour Force Survey and the implications for data quality (para 3.22).
- Requirement 2** Make short-term improvements to ONS's website, for example to aid navigation around the various labour market outputs, and publish plans for future improvements (para 3.42).
- Requirement 3** Analyse users' views about the recently revised Labour Market Statistics Bulletin, and the other labour market outputs, to ensure their relevance and clarity of presentation (para 3.46).
- Requirement 4** Take appropriate steps to deposit business survey data with the relevant national archive (para 3.48).
- Requirement 5** Ensure all releases are issued at 9.30am on the day of release (para 3.51).
- Requirement 6** Review the list of those with pre-release access to the labour market statistics, with a view to reducing it in time for the April Labour Market Statistics Bulletin (para 3.52).
- Requirement 7** Publish a Statement of Administrative Sources (para 3.54).

2 Subject of the assessment

- 2.1 Labour market statistics are among the highest profile and most closely monitored official statistics. An understanding of the labour market is vital for effective economic policy.

History of LM statistics

- 2.2 Labour market (LM) statistics are collected from three main sources. Before 1980, the focus was on estimates of the number of jobs, using information collected from employers, and administrative data covering the number of people claiming unemployment benefits (the claimant count). In 1984 the Labour Force Survey (LFS) was introduced. This household survey collected information on individuals' employment status. This source became increasingly important as the coverage of the claimant count data began to be questioned in the 1980s. In 1992 the LFS became a quarterly survey, and it has continued in much the same format since then. In 1995 responsibility for LM statistics transferred from the Department of Employment to the Central Statistical Office (now the Office for National Statistics).
- 2.3 The Labour Market Statistics Bulletin (LMSB) was introduced in April 1998, following user consultation. It brought together the different components of labour market data which had previously been published separately. LMSB introduced monthly reporting on the LFS, and presented unemployment statistics based on the standard international definition. The Claimant Count is still published in LMSB; it is provided by the Department for Work and Pensions (DWP) from administrative records.
- 2.4 ONS took responsibility for producing the Civil Service Statistics from the Cabinet Office in 2006. ONS introduced a development programme, and replaced the existing data collection with a new Annual Civil Service Employment Survey (ACSES).

Sources of LM statistics

- 2.5 ONS collects a range of information on the labour market through surveys of households and businesses, and from administrative sources:
- The LFS is the primary source of LM data for the UK. It is a household survey providing data on employment, unemployment and economic inactivity according to the International Labour Organisation (ILO) definitions. The LFS is conducted according to European Union Regulation⁴, and results are provided to the European Commission. The LFS is a continuous survey. Eurostat core requirements make up about a third of the questions in the survey, which ensures some level of consistency across countries. In addition to the core requirements, an ad hoc module is run each year on a topic defined by Eurostat. For example, the 2010 ad hoc module is *reconciliation between work and family life*.

⁴ http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/legislation

- A series of business surveys are the basis for data on workforce jobs and vacancies. These surveys are conducted under the *Statistics of Trade Act 1947*⁵. Business surveys allow more accurate analysis by industry sector than the LFS because they provide more robust classification of the activities of businesses.
- The main administrative source used in the production of LM statistics is the Claimant Count. Other administrative sources are used to provide information on Government Supported Trainees, vacancies, civil service employment and public sector employment.

2.6 LMS includes some data from sources that are outside the scope of this assessment:

- The Annual Business Inquiry (ABI). Part 1 of the ABI collects employment data for businesses (part 2 collects financial data). This is an important source of employment data, but the survey is in the process of being replaced by a new Business Register and Employment Survey, which will be assessed later in 2010.
- The Annual Survey of Hours and Earnings is due to be assessed as part of a group of earnings statistics in 2011.
- Average Weekly Earnings was the subject of Assessment Report 19⁶.

LM statistics products

2.7 The LMSB covers most aspects of labour market activity in the UK, including employment, unemployment and the number of people claiming unemployment benefits, economic inactivity, redundancies, the number of jobs, the number of vacancies and labour disputes. It is released every month.

2.8 There is a range of other releases covering different areas of the labour market. Those included in this assessment are:

- *Labour Force Survey (LFS) datasets*⁷.
Headline estimates from the LFS are released in LMSB, and full LFS datasets are released quarterly. Although the LFS is largely analysed in terms of the characteristics of individuals, there has been increasing interest in variables which relate to households, and currently the survey estimates are weighted separately for this purpose. This means that two databases are produced which give slightly different results, one with the data grossed up to represent the UK population structure ('individual files') and one with the data grossed up to represent the UK household structure ('household level files'). Issues arising from the differences between the two datasets are discussed under Principle 3.
- *Annual Population Survey (APS) datasets*⁸
The APS combines data from the LFS with additional data collected by boosting the LFS sample in different regions (primarily Wales and Scotland). The datasets are released quarterly and cover data from the

⁵ <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=14121&More=Y>

⁶ <http://www.statisticsauthority.gov.uk/assessment-reports/index.html>

⁷ <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=14365&Pos=6&ColRank=1&Rank=272>

⁸ <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=15150&Pos=2&ColRank=1&Rank=272>

previous 12 months. By comparison, the quarterly LFS datasets only cover data from 3 months. The larger sample in the APS dataset allows socio-economic analysis at lower geographical levels including unitary and local authorities, counties and parliamentary constituencies.

- *Labour Market Regional Statistical Bulletins*⁹.
In addition to LMSB there is a series of separate monthly releases covering Wales, Scotland and each of the government office regions in England. The releases provide a regional breakdown of the analysis presented in LMSB.
- *Labour Market Local Area Indicators*¹⁰.
A quarterly publication presenting labour market data from the Annual Population Survey at a local authority level. The topics include employment, unemployment, economic inactivity, claimant count, and earnings.
- *Public Sector Employment Bulletin*¹¹.
A quarterly bulletin providing analysis of the number of people employed in the public sector in the UK. It includes analyses of headcount and full time equivalents by the type of public sector organisation and industry.
- *Annual Civil Service Statistics*¹².
An annual bulletin providing analysis of the number of civil servants in the UK. It includes analyses by age, gender, grade, national identity and region of employment.
- *Work and Worklessness Among Households*¹³.
An annual publication presenting analysis of economic activity among households in the UK, based on LFS data.
- *Workforce jobs*¹⁴.
Released in LMSB, this series provides estimates of the number of jobs in the UK economy. The workforce jobs series is mainly based on data from business surveys, but also uses LFS data and administrative sources.
- *Vacancies*¹⁵.
Released in LMSB, these data cover the number of job vacancies in the UK, by industry type. The data come from an ONS survey of businesses.
- *Labour Disputes*¹⁶.
Released in LMSB, these data cover the number of stoppages due to labour disputes in the UK and the number of working days lost. Data are collected by ONS from a range of sources, primarily employers and Trade Unions.

Users and uses of LM statistics

2.9 LM statistics are used to monitor progress towards government targets. DWP has the policy responsibility for an overarching target *PSA Delivery Agreement 8: maximise employment opportunity for all*¹⁷. Progress is measured by a number of indicators mostly using LFS data.

⁹ <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=5838&Pos=2&ColRank=1&Rank=272>

¹⁰ http://www.statistics.gov.uk/downloads/theme_labour/LALM_statistical_indicators_Jul09.pdf

¹¹ <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=13615&Pos=&ColRank=1&Rank=422>

¹² <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=2899&Pos=&ColRank=1&Rank=422>

¹³ <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=8552&Pos=1&ColRank=1&Rank=224>

¹⁴ <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=8286&Pos=1&ColRank=1&Rank=272>

¹⁵ <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=13311&Pos=1&ColRank=1&Rank=192>

¹⁶ <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=8289&Pos=3&ColRank=1&Rank=272>

¹⁷ http://www.hm-treasury.gov.uk/d/pbr_csr07_psa8.pdf

- 2.10 There is a wide variety of other users of LM data including local authorities, businesses, academia and the public. One of the means of accessing the LM data is through NOMIS, a website funded by ONS, which provides access to many of the detailed labour market datasets. NOMIS is widely used, including by local authorities in the production of their local economic development plans. NOMIS provides access to very detailed data, the most disclosive of which can only be accessed when ONS grants the user a Chancellor of the Exchequer's Notice (a Notice), a form of data access agreement.
- 2.11 Eurostat use labour market data to monitor the European Employment Strategy¹⁸ and economic and monetary policy in the European Union.
- 2.12 Over the last ten years there have been a range of reviews of the labour market statistics produced by ONS. In 2002 there was a review of the framework for labour market statistics, and this was followed by Quality Reviews of the LFS and employment and jobs statistics¹⁹. There has been a review of the benchmarking of the workforce jobs series²⁰ and a Eurostat review of the LFS²¹. There are also triennial reviews of the surveys underpinning the labour market statistics.

LM statistics in the Devolved Administrations

- 2.13 LMSB includes information about the UK as a whole. Each Devolved Administration also produces its own labour market publications. For Scotland and Wales, these are primarily based on ONS data. Both devolved administrations pay ONS for a 'boost' to the sample of the Annual Population Survey, to ensure that more data is collected for their respective countries. This enables more detailed analysis. In Northern Ireland, the collection of LM data is the responsibility of the Department of Enterprise, Trade and Investment (DETI). DETI collects data through its own Labour Force Survey, a Census of Employment, and other surveys and administrative sources. DETI provides this information to ONS, to enable ONS to present a complete picture for the UK.
- 2.14 The labour market publications from Scotland, Northern Ireland and Wales are covered by Assessment reports 27, 29 and 33 respectively.

¹⁸ <http://ec.europa.eu/social/main.jsp?catId=101&langId=en>

¹⁹ <http://www.ons.gov.uk/about-statistics/methodology-and-quality/quality/nat-stats-qual-revs/qual-revs-by-theme/labour-market/index.html>

²⁰ http://www.statistics.gov.uk/downloads/theme_labour/wfjreport.pdf

²¹ http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-09-020/EN/KS-RA-09-020-EN.PDF

3 Assessment findings

Principle 1: Meeting user needs

The production, management and dissemination of official statistics should meet the requirements of informed decision-making by government, public services, business, researchers and the public.

- 3.1 ONS uses a number of fora to engage with users of labour market data:
- the Labour Market Topic Group for central government users;
 - participation in the Central and Local Government Information Partnership (CLIP), to communicate with the local government sector;
 - an LFS Steering Group, which includes government users and the Bank of England, to engage with central government users of the LFS; and
 - an LFS User Group, which includes users from the local government sector, academia, and the media.
- 3.2 These current groups cater well for users of LFS data, and for government users of the wider range of labour market outputs. ONS statisticians told us that there are plans to reinvigorate the (long established but currently dormant) Labour Market Statistics User Group in the coming year. This would be a positive step to ensure that non-central government users of labour market outputs have a forum to provide views and be involved in developments.
- 3.3 ONS runs public consultations on the major decisions impacting on users, and publishes the outcome of these consultations. For instance, ONS recently consulted on the implications of changes to the female state pension age²². ONS consults the LM Topic Group and LFS Steering Group on issues that it considers do not warrant full public consultation. However, this limits engagement on these issues to government users (and the Bank of England). We suggest that ONS invite relevant experts from the user community outside government to participate in the LM Topic Group and LFS Steering Group.
- 3.4 ONS carries out triennial reviews of the surveys used for labour market statistics, and consults users as part of these reviews. Most users who contacted us in response to this assessment were satisfied with the engagement they receive from the ONS statisticians, and many were very positive. ONS LM statisticians keep a log of ad hoc user engagement, and monitor this to ensure that they are meeting users' needs. ONS also provides a dedicated Labour Market telephone helpline, publicised in the LMSB.

²² <http://www.ons.gov.uk/about/consultations/consultation-on-labour-market-statistics>

Principle 2: Impartiality and objectivity

Official statistics, and information about statistical processes, should be managed impartially and objectively.

- 3.5 ONS's labour market statistics are presented impartially and objectively, and accompanied by useful, neutral commentary. ONS pre-announces changes to methods and consults on them if they are considered significant.
- 3.6 There have been some errors in the content of outputs, delays to releases and accidental pre-release of material, but ONS has handled these situations in accordance with the Code.
- 3.7 Most recently, in May 2009, some of the market sensitive data in LMSB was inadvertently released via the ONS's Time Series Data Service²³ into the public domain before the scheduled publication time. ONS brought forward the publication of LMSB from the pre-announced date (13 May 2009) to 2pm on 12 May 2009. ONS notified all key stakeholders of the change and put a statement on its website to ensure that other users were aware. The cause of the accidental early release was investigated and ONS has taken action to avoid further incidents. This is summarised in a statement²⁴ published on ONS's website.
- 3.8 ONS publishes most LMS on the internet, free of charge. ONS does charge for some supplementary services, for instance particularly large data requests. There is also a charge for access to the detailed ABI employment data available through NOMIS. ONS told us that this charge covers the administrative burden associated with managing the Notices.
- 3.9 There is internal ONS guidance for staff that outlines the circumstances when charging is acceptable. The guidance is not particularly clear, and is not publicly available. We suggest that, in the interests of transparency, ONS produces and publishes clear pricing policies for the provision of supplementary statistical information.
- 3.10 ONS has a departmental revisions policy, and there is a separate, more detailed revisions policy covering labour market statistics.

²³ <http://www.statistics.gov.uk/statbase/tsdhelp.asp>

²⁴ <http://www.ons.gov.uk/about/newsroom/statements/premature-release-of-lms.html>

Principle 3: Integrity

At all stages in the production, management and dissemination of official statistics, the public interest should prevail over organisational, political or personal interests.

- 3.11 ONS statisticians are involved in press briefings at the time of statistical releases: this ensures that statistical experts can comment publicly on statistical issues.
- 3.12 In February 2009, the publication of LFS data on non-UK born workers attracted some criticism in the press after ONS brought forward the release to coincide with the release of other LFS data. ONS was accused of being politically motivated. The Authority's Monitoring and Assessment Note²⁵ made some recommendations for future handling and presentation of the data, but found no evidence to question the integrity of the production of the statistics.
- 3.13 No other incidents of political pressure or abuse of trust were reported to or identified by the Assessment team in the course of this assessment.

²⁵ <http://www.statisticsauthority.gov.uk/assessment/monitoring-and-assessment-notes/monitoring---assessment-note-3--ons-news-release-on-uk-born-and-non-uk-born-employment.pdf>

Principle 4: Sound methods and assured quality

Statistical methods should be consistent with scientific principles and internationally recognised best practices, and be fully documented. Quality should be monitored and assured taking account of internationally agreed practices.

- 3.14 ONS produces the LMS indicators according to European and international best practice where possible. There are some deviations from international standards, such as the definition of working age in the UK being different to that used in some other European countries (due to the age that children leave education). This is explained in the ONS releases, and comparable statistics are presented where possible.
- 3.15 ONS produces a range of documentation about LM statistics. The online Labour Market Guide²⁶ explains the concepts and definitions relating to the labour market, the methods, sources and outputs. The cycle of triennial reviews of the surveys ensures that good basic documentation is available about users, uses and costs. The statistical releases are open and clear about the quality of the data and the summary quality reports provide further information for each output. Most outputs have links to further background documentation presenting detailed information about quality and methodology, aimed at more expert users. For instance, there is a detailed ten-volume LFS User Guide²⁷ available on ONS's website.
- 3.16 Many reviews have been conducted of the products being assessed, or of the underlying surveys. These include the Triennial Reviews, Quality Reviews, and European Reviews which apply at least in part to UK outputs. These reviews help to ensure continuous improvement in statistical processes. However, there is not always a clear, published follow-up to the reviews to describe the action taken in response to recommendations or to provide reasons for not taking any action.
- 3.17 ONS told us that the issues raised in reviews are taken forward through the labour market work programme, which is discussed by the LFS Steering Group and/or LM Topic Group. However, this limits the discussion of these issues to government users. We suggest that ONS publishes its plans in response to the reviews of labour market statistics outputs and surveys. One way to do this would be to consult upon its labour market work programme. This would give users the opportunity to feed in their views and priorities. This is also discussed under Principle 7.
- 3.18 ONS told us that where recommendations from reviews have not been progressed it is often due to resource constraints, or a desire to maintain the continuity of outputs. While continuity is important, this must be balanced against the advantages to be obtained from change. Making changes to major surveys such as those that underpin the LMS can be difficult, in part due to the number of different users and other stakeholders to consider. Within ONS different teams are responsible for sources, analysis and methodology. It is likely that this lack of a single, clear lead in ONS tends to make it difficult to

²⁶ <http://www.ons.gov.uk/about-statistics/user-guidance/lm-guide/index.html>

²⁷ <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=1537>

implement change. For instance, it is taking the UK much longer than any other European country to introduce the standard European reference week for the LFS. We suggest that ONS review the governance of the LFS and other LM surveys, with a view to enabling statisticians to effect necessary change.

- 3.19 The suitability of the estimation systems used on the LFS has also been the subject of discussion for many years. As outlined in para 2.8 ONS produces two separate databases reflecting the two estimation systems: one using household weights and one using individual weights. ONS told us there has been research into the issue in the past and that the production of a single coherent database is being considered as part of future developments. The LFS User Guide describes some of the differences between the two databases and when each should be used. However, there is no published information about the levels or quality of estimates of key indicators derived from the two databases, for example employment and unemployment, or an explanation of the differences. We suggest that ONS publish fuller documentation on the differences between the two databases.
- 3.20 The response rates for surveys – the percentage of those contacted who complete the survey – are an important factor in determining the quality of the output. The response rate for the LFS has been declining in recent years. The total response rate for July to September 2009 was 56%; 10 years ago it was over 70%. This is a common problem affecting different surveys run by different organisations in the UK and in other countries. While it is difficult to make relevant comparisons across countries because of the differing survey strategies, legislation and socio-economic situations, other National Statistics Institutes tend to achieve at least 80% response rate in their Labour Force Surveys. The UK often misses the targets set by Eurostat for the achieved sample size.
- 3.21 ONS has told us that it is taking steps to address this problem as far as resources allow, through extra training for the Field Force staff who conduct the interviews, and a project to investigate the characteristics of non-respondents. There are further ways to tackle the problem, but at additional cost.
- 3.22 ONS publishes the survey response rates and provides quality indicators, including sampling errors, which will reflect the falling response rate. However, there could be more communication of the extent of the problem, including the possible impact on respondent bias, and the likely implications for users if the trend continues. As part of the designation as National Statistics, ONS should communicate clearly the falling response rates on LFS and the implications for data quality²⁸ (Requirement 1). This is not an ONS or LFS specific issue. With more resources, ONS could undertake more detailed research which may be applicable beyond LM statistics. We suggest that ONS put together proposals for further research and work with other producers and users to identify priorities, establish feasibility and take the proposals forward.
- 3.23 ONS is involved in European and other international work on Labour Market Statistics. ONS statisticians attend the Eurostat Labour Market Statistics Group, Task Force meetings, methodology workshops and conferences. ONS contributes to the development and design of 'ad hoc modules' for inclusion in

²⁸ In relation to Principle 4 Practice 2 of the Code of Practice.

the LFS, as required by Eurostat. ONS is also represented at OECD conferences and meetings on LM statistics.

- 3.24 The LFS and APS are part of a wider ONS project to develop an Integrated Household Survey (IHS). The IHS will collate the responses from questions that are asked on a number of social surveys. This will produce a dataset of core variables, with estimates provided to a higher precision and lower geographic level than the separate surveys provide. We were told that the first results from the IHS should emerge in September 2010. This is a significant development and has involved changes in the methodology for each of the surveys involved, but there is little information on this available to users. In particular, there is no readily-accessible discussion of the impact on each of the relevant surveys. ONS statisticians told us that work is underway to address this, but when we conducted this assessment the most recent update available on ONS's website was almost two years old. We suggest that ONS provides users with more up-to-date information on the IHS, including details of any possible impact on the surveys involved, and the information derived from them.
- 3.25 Some users told us that they needed longer time series. The LFS provides a rich source of detailed consistent data back to 1992, and the *LFS Historical Quarterly Supplement - Seasonal Quarters*²⁹ release provides estimates for the spring quarters from 1984 to 1991. The workforce jobs series provides a much longer time series than LFS, with total workforce jobs going back to 1959. Modelled estimates of employment, unemployment, economic inactivity and hours worked are available back to 1971. Other data series are typically only available for about ten years. ONS told us that the availability of longer time series is limited by continuity issues and costs.
- 3.26 NOMIS allows users to download and analyse a range of detailed, local area data on the labour market. Users value this service highly. Information on data quality is provided through a file of standard errors for local authority level headline data, but this is not displayed prominently and there are no other clear references to data quality. Many users of the detailed ABI data available through NOMIS download more detailed breakdowns, but there is no guidance on whether the data are sufficiently robust at the lowest level to support the resulting analysis. The ABI is not within scope of this assessment, but NOMIS is an important tool for users accessing LM data. ONS told us that when data from the Business Register and Employment Survey replace the ABI a more complete set of standard errors will be available. In the meantime, we suggest that ONS provides users of NOMIS with more guidance on data quality and the level of detailed analysis that the data available will support.

²⁹ http://www.statistics.gov.uk/onlineproducts/lms_hqs.asp

Principle 5: Confidentiality

Private information about individual persons (including bodies corporate) compiled in the production of official statistics is confidential, and should be used for statistical purposes only.

- 3.27 ONS has assured us that it takes all necessary steps to protect the confidentiality of the data it collects. This includes data suppression and aggregation to ensure individuals and businesses cannot be identified. ONS has developed statistical disclosure control policies for different types of statistical outputs, to protect confidentiality whilst meeting users' needs.
- 3.28 NOMIS provides users with access to more detailed data than is available elsewhere, under the same disclosure rules to protect confidentiality. However, users can apply to ONS for a *Chancellor of the Exchequer's Notice* (a Notice) – a form of data access agreement – which provides a legal gateway for users to access potentially disclosive employment data from the ABI. Typically this information is used by local authorities to inform their economic development plans.
- 3.29 ONS told us that it is very rare for users to break the conditions of a Notice - there are no recorded cases in recent years - but that there are policies in place in the event that it does happen.

Principle 6: Proportionate burden

The cost burden on data suppliers should not be excessive and should be assessed relative to the benefits arising from the use of the statistics.

- 3.30 ONS reports the estimated costs of responding to business surveys in its annual Simplification Plan³⁰. ONS told us that the burden on respondents is a key factor when considering survey developments. For instance:
- ONS has a project to develop the short term business surveys which are used to supply data for the Workforce Jobs series. By improving its methods ONS has been able to reduce the sample size without affecting the quality of the estimates.
 - When ONS assumed responsibility for the Civil Service Statistics in 2006 it dropped questions that had no clear use.
- 3.31 The ONS Simplification Plan also includes information on the burden imposed on respondents to social surveys, in terms of the length of time it takes to complete the surveys. There is no information on the burden of the Civil Service Statistics data collection, which is viewed as an administrative data collection.
- 3.32 Participation in household surveys is voluntary, and ONS produces letters and leaflets to encourage those contacted to respond. The leaflets inform the householders what the information is used for and why it is important that they respond.
- 3.33 Completion of the business surveys is a statutory requirement under the *Statistics of Trade Act 1947*. This is an important factor in helping ONS achieve a high response rate to business surveys. ONS told us that its emphasis is on engaging with businesses and helping them complete the forms, rather than focussing on the statutory obligation. For ONS as a whole, the non-response team typically takes on around 3000 'cases' each year, and the vast majority of the non-responding businesses are persuaded to provide responses. In 2008/09 only 4 businesses were actually prosecuted for non-response.
- 3.34 Larger businesses receive survey forms from ONS quite regularly, and so are aware of what is required. Businesses that are selected for a survey for the first time are sent information about ONS, the survey process and the confidentiality of the data supplied. ONS engages with small businesses through the National Statistics Small Business Forum, which includes representatives from the Confederation of British Industry, the Federation of Small Businesses and the British Chamber of Commerce. ONS told us that this raises awareness of what ONS does, and enables small businesses to provide feedback to ONS. As a result of recent feedback, ONS is reviewing the content of leaflets, the timing of reminders and aspects of the training for the telephone contact team. The current leaflets provided to businesses do not include any information on the reason the data they supply is so important and how it is used. We suggest that ONS ensures the information supplied to businesses covers the importance of their data and what it is used for, to encourage participation through informed consent.

³⁰ <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=14683&Pos=&ColRank=1&Rank=272>

3.35 The vacancy survey collects the minimum information required by Eurostat – the number of vacancies that the sampled organisation had on a set date. Some users would like ONS to collect more data about vacancies. The 2009 triennial review states that ‘changes are not proposed at the current time as they would require a more complex structural survey to be developed. This would increase the cost to both business and government’.

Principle 7: Resources

The resources made available for statistical activities should be sufficient to meet the requirements of this Code and should be used efficiently and effectively.

- 3.36 ONS has directorate-level business plans, but no composite organisational business plan. Estimating the resources directed towards labour market statistics outputs is very difficult because the data come from many sources, are put to many different uses, and the work of the different teams is not usually limited to a single topic. As an indicator, ONS told us that the total costs in 2008/09 of the two main surveys underpinning the labour market statistics, the LFS and APS, were £14.4m and £5.8m respectively.
- 3.37 The production of labour market statistics outputs appears to be adequately resourced to produce data at the current level of quality. However, it is not clear that there are sufficient resources to support the range of developments and improvements that are likely to be required to ensure that the statistics continue to meet users' need in future years – for example, to address the problems arising from the falling response rates on the LFS. As a result, it is important that resources are directed towards the highest priority developments. ONS told us that the labour market work programme is kept under review by the Labour Market Topic Group. As discussed in Principle 4, this limits discussion to government users, but other users also have views on priorities, which ONS should seek to take account of.
- 3.38 ONS has taken steps to rationalise its outputs where possible, to make savings. This has been done in consultation with users. For example, in 2008, following a user consultation, the frequency of the publication of the Regional Labour Market Statistical Bulletins was reduced from monthly to quarterly, to reduce costs. The data in these Regional Bulletins are still available on the website on a monthly basis, with the headline data released in the LMSB each month. During the redevelopment of the short term business surveys ONS has taken steps to rationalise data collection to reduce costs, for example by moving from monthly to quarterly collection of the number of jobs in the production industry. ONS told us that other savings measures are being considered.
- 3.39 The LFS and APS are funded by a consortium of government departments. The nature of consortium funding and government planning cycles places certain risks on the continued availability of funding. This is acknowledged in the project risk registers for the surveys, but there is no accompanying mitigation strategy. ONS told us that it is reviewing the risk registers. We suggest that ONS pays particular attention to putting in place mitigation strategies during its review of the LFS and APS risk registers.

Principle 8: Frankness and accessibility

Official statistics, accompanied by full and frank commentary, should be readily accessible to all users.

- 3.40 ONS produces a wide range of documentation about its labour market statistics, catering for all types of users. Each release describes or provides links to methodological and quality information and includes full, neutral commentary. The statisticians produce a range of articles analysing particular features of the data, or explaining recent developments. For example, there is a useful, timely article comparing unemployment data and GDP data over the three most recent recessions³¹ on ONS's website. Such analyses are also published in articles in the Economic and Labour Market Review (ELMR).
- 3.41 Unfortunately, the value of this impressive breadth of published material is substantially reduced because it is so difficult for users to find the information they need on ONS's website. Almost every key user who contacted us cited ONS's website as a major barrier to accessibility. The LM statistics are particularly affected, because there are so many outputs; it is very difficult for the user to find what they are looking for, even if they know that it has been published. Nor does the website meet accessibility standards for those with special needs. In some areas there is an over-reliance on documents in PDF format, which make the data difficult to search for or to re-use.
- 3.42 This is a long recognised problem. ONS told us that it has a development programme to launch a new website, but this will not deliver any improvements until the start of 2011 at the earliest. As part of the designation as National Statistics, ONS should make short-term improvements to ONS's website, for example to aid navigation around the various LM outputs, and publish plans for future improvements³² (Requirement 2). This will assure users that the matter is being taken seriously, that ONS is taking all possible steps to improve accessibility, and will provide a timescale for the delivery of the new website.
- 3.43 ONS takes steps to ensure that its labour market statistics are publicised to known users. The publication dates for all statistical releases are announced on the National Statistics Publication Hub. The LMSB includes a helpline contact telephone number under each table. Data are available for download, and users told us that they value the engagement of the ONS statistical teams who respond to requests. Users also greatly value NOMIS, which provides excellent access to LM data – this is particularly important given the accessibility issues with ONS's website.
- 3.44 ONS revised LMSB in November 2009, following consultation within government. ONS told us that most users, especially the media, were broadly content with the changes, although some government users told us they felt that their comments had not been addressed. ONS told us that the revised version was intended to improve accessibility for users, particularly journalists. The revised version has improved the commentary and presentation, but we think that it would benefit from further improvement. For the layman, the release

³¹ <http://www.statistics.gov.uk/cci/nugget.asp?id=2294>

³² In relation to Principle 8 Practices 4 and 5 of the Code of Practice.

is quite large and unwelcoming – it is almost 50 pages long, but does not contain a list of contents or an index. The tables do not all adequately highlight the time period and age groups covered, and there are examples of graphs presented side-by-side with differing scales. It was suggested to us that some of the commentary, which focuses on levels rather than rates, is likely to lead to misinterpretation, particularly by the media, as it presents a convenient story ('the highest since...') without conveying the wider context.

- 3.45 There is scope for improvement in other releases as well. The Work and Worklessness Among Households statistical release is particularly unclear. The information presented in the headline table is not adequately explained. It is difficult for non-experts to understand why the information is different to that presented elsewhere and indeed what the purpose of the release is. ONS told us that the release will be the subject of a consultation in 2010, to establish whether the analysis is relevant and meets users' needs. Similarly, ONS told us that there is limited interest in the Local Area Indicators publication and the user need will be reviewed in the coming year. Much of the user need for the publication is met by NOMIS.
- 3.46 As part of the designation as National Statistics, ONS should analyse users' views about the recently revised Labour Market Statistics Bulletin, and the other LM outputs, to ensure their relevance and clarity of presentation³³ (Requirement 3).
- 3.47 Some users who contacted us had specific requests for additional documentation. For instance, some felt that discrepancies between data sources have not been properly explained. We think it quite likely that this information exists, but that it is not possible to find it on ONS's website. For example, ONS regularly publish detailed analysis of the differences in coverage between the workforce jobs series and LFS estimates of employment. Reconciliation analysis is also the subject of frequent articles in ELMR, but these can be hard to find. We suggest that as part of the engagement with users, ONS establishes where there are gaps in the existing documentation and seek to fill these gaps.
- 3.48 LFS and APS microdata are made available to users through the UK Data Archive³⁴ at Essex University. This is governed by the 'Approved Researcher' scheme, which allows access to detailed data provided that the research use is fully described and strict conditions of access are adhered to. ONS does not have a comparable policy for archiving business survey data. As part of the designation as National Statistics, ONS should take appropriate steps to deposit business survey data with the relevant national archive³⁵ (Requirement 4).

³³ In relation to Principle 8 Practice 2 of the Code of Practice.

³⁴ <http://www.data-archive.ac.uk>

³⁵ In relation to Principle 8 Practice 7 of the Code of Practice.

Protocol 1: User engagement

Effective user engagement is fundamental both to trust in statistics and securing maximum public value. This Protocol draws together the relevant practices set out elsewhere in the Code and expands on the requirements in relation to consultation.

3.49 The requirements for this Protocol are covered elsewhere in this report.

Protocol 2: Release practices

Statistical reports should be released into the public domain in an orderly manner that promotes public confidence and gives equal access to all, subject to relevant legislation.

- 3.50 All ONS releases are accessible through the National Statistics Publication Hub. ONS publishes a full timetable of releases, and announces any changes to the timetable. In general, the labour market releases are timely, with LMSB published two months after the reference time period. The Civil Service Statistics are published ten months after the reference time period. This is an improvement since 2005, when ONS took over responsibility for the statistics from Cabinet Office, but the timeliness was queried by users. ONS told us that the production schedule is affected by a commitment to produce data on salaries of Senior Civil Servants in time for a Cabinet Office Review Board. We suggest that ONS considers how it can reallocate its resources to better meet the user need for timely Civil Service Statistics.
- 3.51 The Code requires National Statistics releases to be issued at 9.30am on the day of publication. The exact release time of market-sensitive statistics, such as the LMSB, is very important to some users, and they need to access the statistics as soon as they are released. ONS's website systems do not enable releases to be published simultaneously, which means there is sometimes a delay beyond 9.30am. ONS informed us that this matter is being reviewed as part of the web development programme, which is due to be completed in early 2011. As part of the designation as National Statistics, by January 2011, ONS should ensure all releases are issued at 9.30am on the day of release³⁶ (Requirement 5).
- 3.52 The current list of those with pre-release access to the labour market statistics is extensive, covering almost 90 recipients. ONS is undertaking a corporate review of pre-release access lists, but we understand that this is taking a long time to complete. As part of the designation as National Statistics, ONS should review the list of those with pre-release access to the labour market statistics, with a view to reducing it in time for the April LMSB release³⁷ (Requirement 6).

³⁶ In relation to Protocol 2 Practice 4 of the Code of Practice.

³⁷ In relation to Protocol 2 Practice 7 of the Code of Practice.

Protocol 3: The use of administrative sources for statistical purposes

Administrative sources should be fully exploited for statistical purposes, subject to adherence to appropriate safeguards.

- 3.53 The main administrative sources used in the production of LM statistics are held by the Department for Work and Pensions (DWP), and relate to the number of claimants of unemployment related benefits. Administrative sources from the Department for Business, Innovation and Skills, and the Devolved Administrations are used to provide information on Government Supported Trainees (a component of Workforce Jobs). Administrative data on vacancies are available from Jobcentre Plus, but the coverage is limited, so the data are only used to supplement the ONS vacancy survey. The Civil Service Statistics release is also based on administrative data. The release analyses data on civil service employment, which government departments provide from their administrative human resources databases.
- 3.54 As a department, ONS uses a lot of administrative data, and we think that it could be more pro-active in managing and developing this resource. ONS statisticians told us that they do engage with the owners of the sources they use – for instance, they are involved as users on the statistical advisory group for a DWP data warehouse project. However, at the time of writing ONS had not published a Statement of Administrative Sources. We are not aware of a clear strategy for maximising the use of administrative data and ensuring that such sources are developed with statistical purposes in mind. As part of the designation as National Statistics, ONS should publish a Statement of Administrative Sources³⁸ (Requirement 7).

³⁸ In relation to Protocol 3 Practice 5 of the Code of Practice.

Annex 1: Suggestions for improvement

A1.1 This annex includes some suggestions for improvement to ONS Labour Market statistics, in the interest of the public good. These are not formally required for designation, but the Assessment team considers that their implementation will improve public confidence in the production, management and dissemination of official statistics.

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| Suggestion 1 | Invite relevant experts from the user community outside government to participate in the Labour Market Topic Group and LFS Steering Group (para 3.3). |
| Suggestion 2 | Produce and publish clear pricing policies for the provision of supplementary statistical information (para 3.9). |
| Suggestion 3 | Publish its plans in response to the reviews of labour market statistics outputs and surveys (para 3.17). |
| Suggestion 4 | Review the governance of the LFS and other LM surveys, with a view to enabling statisticians to effect necessary change (para 3.18). |
| Suggestion 5 | Publish fuller documentation on the differences between the ‘individual’ and ‘household’ databases (para 3.19). |
| Suggestion 6 | Put together proposals for further research into falling response rates and work with other producers and users to identify priorities, establish feasibility and take the proposals forward. (para 3.22). |
| Suggestion 7 | Provide users with more up-to-date information on the IHS, including details of any possible impact on the surveys involved, and the information derived from them (para 3.24). |
| Suggestion 8 | Provide users of NOMIS with more guidance on data quality and the level of detailed analysis that the data available will support (para 3.26). |
| Suggestion 9 | Ensure the information supplied to businesses covers the importance of their data and what it is used for, to encourage participation through informed consent (para 3.34). |
| Suggestion 10 | Pay particular attention to putting in place mitigation strategies during ONS’s review of the LFS and APS risk registers (para 3.39). |

Suggestion 11

Establish where there are gaps in existing documentation on the labour market statistics and seek to fill these gaps.(para 3.47).

Suggestion 12

Consider how it can reallocate its resources to better meet the user need for timely Civil Service Statistics (para 3.50).

Annex 2: Summary of assessment process and users' views

- A2.1 This assessment was conducted from October 2009 to February 2010.
- A2.2 The Assessment team – Jacob Wilcock and Rachel Beardsmore - agreed the scope of and timetable for this assessment with representatives of ONS in October. The Written Evidence for Assessment was provided during November. The Assessment team subsequently met with ONS statisticians during December and January to review compliance with the Code, taking account of the written evidence provided and other relevant sources of evidence.

Summary of users contacted, and issues raised

A2.3 Part of the assessment process involves our consideration of the views of users. We approach some known and potential users of the set of statistics, and we invite comments via an open note on the Authority's website. This process is not a statistical survey, but it enables us to gain some insights about the extent to which the statistics meet users' needs and the extent to which users feel that the producers of those statistics engage with them. We are aware that responses from users may not be representative of wider views, and we take account of this in the way that we prepare assessment reports.

A2.4 The Assessment team received 28 responses from the user consultation. The respondents were grouped as follows:

Government	19
Media	2
Academic	2
Other	5

A2.5 Generally, users were satisfied with the LM data and with the communication by and engagement with ONS. Users commented on the extensive, high quality and timely data as well as the very good commentary and in-depth analysis that is available. Government users felt 'fully engaged', through regular meetings and the 'concerted efforts' of ONS to keep them informed of developments. Non-government users tended to refer to ONS being 'helpful', and engaged with ONS through web consultations rather than regular meetings. All those who used NOMIS thought it was an excellent resource, and some wanted more data or information to be made available through it. This was in stark contrast to the very critical comments from users about the ONS website.

A2.6 Users often had specific individual questions or problems with ONS's Labour Market statistics. For example, many users had specific requests for more detailed data. There were a few recurring comments. One was about time-series being short, possibly because back data would not be consistent; a second was about occasional errors found by users in LFS datasets; and a third was about the need for clear information or better investigations of discrepancies between estimates from different data sources. The most common request was for more detailed data, although it was noted that the

existing information is not sufficiently robust to provide the level of detail required.

A2.7 Other specific concerns included the impact of declining response rates on the APS and LFS sample sizes, the timeliness of Civil Service Statistics, some instances of poor communication, requests for more guidance and more frequent regional Public Sector Employment data.

Key documents/links provided

Written Evidence for Assessment document

List of assessment reports published to date³⁹

1. Statistics from the National Drug Treatment Monitoring System
National Treatment Agency for Substance Misuse
2. Recorded Crime in Scotland
Scottish Government
3. Statistics on Enrolments at Schools and in Funded Pre-School Education in Northern Ireland
Department of Education, Northern Ireland
4. Road Casualty Statistics
Department for Transport
5. UK Energy Sector Indicators
Department of Energy and Climate Change
6. Statistics on Road Freight
Department for Transport
7. Prison Population Projections
Ministry of Justice
8. Migration Statistics
Office for National Statistics
9. Statistics on International Development and the ODA:GNI Ratio
Department for International Development
10. The Scottish Health Survey
Scottish Government
11. Scottish House Condition Survey
Scottish Government
12. Scottish Crime and Justice Survey
Scottish Government
13. Statistics on Children Looked After by Local Authorities in England
Department for Children, Schools and Families
14. Statistics on Children Looked After by Local Authorities in Scotland
Scottish Government
15. Statistics on Children Looked After by Local Authorities in Wales
Welsh Assembly Government
16. Statistics on Children Looked After by Health and Social Care Trusts in Northern Ireland
Department of Health, Social Services and Public Safety, Northern Ireland
17. Wealth in Great Britain
Office for National Statistics
18. Statistics on the National Child Measurement Programme
NHS Information Centre
19. Average Weekly Earnings
Office for National Statistics
20. Energy Statistics
Department of Energy and Climate Change
21. 18 Weeks Referral to Treatment Statistics
Department of Health
22. Agriculture in the UK and selected crop and livestock statistics
Department for Environment, Food and Rural Affairs

³⁹ Published reports are available at: <http://www.statisticsauthority.gov.uk/assessment/assessment-reports/index.html>

23. Child Benefit Statistics
Her Majesty's Revenue and Customs
24. Producer Price Indices
Office for National Statistics
25. Services Producer Price Indices
Office for National Statistics
26. Scottish Household Survey outputs
Scottish Government
27. Scottish Labour Market Statistics
Scottish Government
28. Special Assessment of the 2011 Censuses in the UK: Phase 1
Office for National Statistics, the General Register Office for Scotland and the Northern Ireland Statistics and Research Agency
29. Labour Market Statistics for Northern Ireland
Department of Enterprise, Trade and Investment, Northern Ireland
30. Child and Working Tax Credit Statistics
Her Majesty's Revenue and Customs
31. Emissions Statistics
Department of Energy and Climate Change
32. Council Tax Levels set by Local Authorities
Department for Communities and Local Government
33. Welsh Labour Market Statistics
Welsh Assembly Government
34. UK Labour Market Statistics
Office for National Statistics

