

## Monitoring Review Progress Report

### Coherence and Accessibility of Official Statistics on Income and Earnings

**Publication date – February 2015**

*This Monitoring Review Progress Report aims to highlight work in response to recommendations made within the Authority's Monitoring programme. Relevant parties and partners who have been assigned actions are encouraged to inform the Authority of progress on a regular basis or after any substantive action has been undertaken. The Monitoring Review Progress Report also gives the Authority the ability to provide further comment on progress if it is deemed appropriate.*

The Authority published the Monitoring Review Report *Coherence and Accessibility of Official Statistics on Income and Earnings* in February 2015<sup>1</sup>. The published Report contained 24 findings and 14 associated recommendations for the Office for National Statistics (ONS), Department for Work and Pensions (DWP) and Her Majesty's Revenue and Customs (HMRC) to progress.

The aim of the Review was to consider the way in which official statistics about income and earnings, and their components, are presented, with a particular focus on:

- **Coherence** – the extent to which official statistics drawn from different sources, and about different components of income and earnings, complement one another; also, whether there are any significant gaps in the statistical picture.
- **Accessibility** – the extent to which users of official statistics on income and earnings are able to find, understand and use the statistics; and whether related statistics are presented in ways that help users to understand the interrelationships.

The Review identified that there is a wide range of official income and earnings statistics that report on different aspects of income and earnings for UK households and individuals. This range of statistics could be more coherent and comprehensive. There are differences between the statistics that are not always well explained, which can create a confusing picture for users, and it is difficult to obtain an overall view of the key factors and movements in income and earnings statistics. Accessibility of these statistics could also be improved. Of the 14 recommendations made in the Review's Report, our Report highlighted the following priority areas for improvement:

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<sup>1</sup> <https://www.statisticsauthority.gov.uk/publication/the-coherence-and-accessibility-of-official-statistics-on-income-and-earnings/>

- The Government Statistical Service (GSS) should engage with a range of stakeholders to develop solutions to address the timeliness of statistics on income from self-employment – **Recommendation 2**.
- Producers and users should work together to improve accessibility to the wide range of statistics available and their underpinning data, and to improve guidance on their strengths and limitations, particularly in relation to their use – **Recommendations 5, 8, 12 and 13**.
- Statistical producers should consider how best to provide users with more themed analyses in a way that remains current and sustainable – **Recommendation 6**.

### *Income and Earnings Event*

In July 2015, the UK Statistics Authority held an event for key stakeholders to consider how official statistics on income and earnings can better serve the public good in the future. The event was designed for statistics producers from the Government Statistical Service (GSS) to present to the audience about recent and proposed changes and improvements to income and earnings statistics, and provided an opportunity for the audience to feed back on whether the proposals were in line with their expectations, and prioritised appropriately. The key themes raised by users at the event were:

- Timely data on self-employment income was a key gap.
- There was recognition that this was a complex area with lots of different statistics and lots of different users needs, and it would be wrong to over-simplify and combine sources without considering the different user needs.
- The increased timeliness of statistics from surveys would increase their value.
- While the UK perspective was important it was essential that devolved administrations were not forgotten, and the need for regional and local statistics.
- The need for more collaboration and raising awareness between statistics producers and expertise outside government.

*A summary statement from the Authority on the progress and impact of this work can be found below, followed by a detailed progress update against individual recommendations.*

## Statement from the UK Statistics Authority

### *Progress against recommendations*

**Annex 1** sets out the reported progress against each of the Recommendations from this Review, based on written updates submitted by ONS, DWP and HMRC to the Authority.

There are 14 recommendations set out in the Review's Report, and reported progress against these is generally found to be limited or moderate. The progress that has been seen tends to relate to specific statistics outputs. Progress has been slower for those recommendations that require collaborative working within and between government departments to improve the coherence and accessibility of income and earnings statistics to a range of users.

Positive developments include:

- ONS's recent publication of experimental estimates of median household income using a 'nowcasting' approach in October 2015 (although note comments from DWP on this on page 21)
- DWP's improvements to the presentation and commentary in some of its publications and improved timeliness of its release of microdata on the UK Data Archive;
- an initial cross-government discussion with support from the GSS Good Practice Team to consider options to better identify the overall picture for income and earnings in the UK;
- some initial cross-government discussions to consider the feasibility of options for developing more timely estimates of income from self-employment.

With the reported progress having been much slower than we would have expected against recommendations that require joint working to improve coherence, this should be a particular focus in the next phase. As the UK's National Statistical Institute, and as the producer of the majority of income and earnings statistics included in the Review's scope, there is an expectation that ONS should take the lead in driving forward improvements in coordination with DWP and HMRC. Until recently, the programme of work has lacked senior ownership and other priorities have meant that progress has been slow despite the National Statistician endorsing the Review's findings at the Income and Earnings event.

It is important to note that there are wider contextual factors that have affected statistics producers during this period. It is in recognition of these that we endeavoured to prioritise within our recommendations. ONS told us that "While collaborative work has started in the production of plans to develop self-employment income estimates, more themed and timely analysis for different groups of interest and an overall narrative of incomes and earnings, progress has been slower than planned due to the tight financial situation producer departments face". DWP highlighted that "As a whole DWP has limited statistical resources due to increased demand as a result of the once in a generation welfare reform changes taking place and tightening budget constraints. DWP is therefore focusing its resources on products of high public value and that are required for key decisions and policy making, and overall we have to consider developments here alongside other developments in DWP".

While acknowledging that making improvements is challenging, it is worth noting that several recommendations in the Review's Report are consistent with messages in the National Statistician's *Better Statistics Better Decisions Strategy*<sup>2</sup> for the GSS, such as the need for statistics to "keep pace with a fast changing world... and to respond rapidly when new issues arise where the evidence base is absent or contested" and "making sure that key data used for decision-making are available to all, subject to the protection of confidential personal data". Some of the messages are also consistent with the recently published interim findings of the *Independent review of UK economic statistics (Bean Review)*<sup>3</sup>, where the first strategic recommendation is to "Refocus the culture of ONS towards better meeting user needs".

### ***Impact on Official Statistics***

Should progress to address the Review's recommendations not accelerate, there is a danger of the UK statistics system failing to meet the legitimate and identified needs of users and not deriving full public value from its resources.

ONS told us that it "has been working closely with DWP and HMRC since the publication of the Monitoring Review in February to develop work-streams in these priority areas, with the awareness that priorities and resources would be influenced by the Spending Review 2015 and Bean review of economic statistics".

Given the greater clarity on budgets following publication of the Spending Review 2015 and with interim findings from the *Bean Review* also now available, we expect to see much more progress during the first half of 2016. We will be asking ONS, DWP and HMRC for a joint update in May 2016 and will be looking for that to demonstrate more extensive progress, particularly in addressing the following areas:

- The GSS should engage with a range of stakeholders to develop solutions to address the timeliness of statistics on income from self-employment – ***Recommendation 2.***
- Producers and users should work together to improve accessibility to the wide range of statistics available and their underpinning data, and to improve guidance on their strengths and limitations, particularly in relation to their use – ***Recommendations 5, 8, 12 and 13.***
- Statistical producers should consider how best to provide users with more themed analyses in a way that remains current and sustainable – ***Recommendation 6.***
- Statistical producers should do more to explain and quantify how methodological differences between related statistics contribute to the different results, and present advice on whether one measure is preferable to another for a particular use – ***Recommendation 4.***

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<sup>2</sup> [https://www.statisticsauthority.gov.uk/wp-content/uploads/2015/12/images-betterstatisticsbetterdecisionsstrategyfor2015to202\\_tcm97-44175-5.pdf](https://www.statisticsauthority.gov.uk/wp-content/uploads/2015/12/images-betterstatisticsbetterdecisionsstrategyfor2015to202_tcm97-44175-5.pdf)

<sup>3</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/481452/Bean\\_review\\_-\\_Interim\\_Report\\_web.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/481452/Bean_review_-_Interim_Report_web.pdf)

We expect this update to include more information about how individual recommendations have been or are being addressed, supplemented by an overarching narrative on progress.

Due to the importance of the statistics included within the Review's scope, the Director General for Regulation is considering which National Statistics merit a re-assessment against the *Code of Practice for Official Statistics*<sup>4</sup>, as part of the 2016/17 Programme of Assessment.

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<sup>4</sup> <https://www.statisticsauthority.gov.uk/monitoring-and-assessment/code-of-practice/>

## Annex 1 Table of Recommendations and reported progress

Findings and Recommendations	Progress reported by statistics producers by December 2015 <i>(future plans are shown in italics)</i>	Monitoring and Assessment team comment
<b>Answering the questions posed by an increasingly complex and diverse society (paras 3.5 to 3.11)</b>		
<p>Meeting user needs is not always about collecting more data – users point to the need for a more coherent and consistent approach across official statistics, more creative application of what already exists and providing better access and information to help users to help themselves. This is in keeping with the Statistics Authority’s Strategy. Official statistics need to be presented in such a way that they respond to greater user demand to help to answer questions about an increasingly complex and diverse society. Statistical producers need to consider whether their statistics are as helpful as they can be and demonstrate a desire to enhance their usefulness (<b>para. 3.11</b>).</p> <p><b><u>We recommend</u> that statisticians should consider whether the statistical outputs they are producing are keeping pace with a changing society and help to tell the story, engaging with users to inform their reflections. They also need to consider how to supplement average measures with other indicators of income and earnings (para 3.11). - <u>Recommendation 1</u></b></p>	<p><b>ONS update:</b> Since the publication of the Monitoring Review of Income &amp; Earnings Statistics, ONS has:</p> <ul style="list-style-type: none"> <li>introduced regular publication of “real Average Weekly Earnings (AWE)” (deflated using CPI) as part of the monthly labour market statistics (since October 2015);</li> <li>expanded the analysis provided as part of the Annual Survey of Hours and Earnings (ASHE) release to include an analysis of factors that affect pay for different groups and how these impact on public and private sector pay;</li> <li>published a short story and interactive chart looking at how the distribution of pay has changed over time the impact of the National Minimum Wage;</li> <li>developed a set of earnings growth measures which identify the prevalence of earnings growth in the UK economy using the ASHE and Labour Force Survey (LFS) datasets. Published in the Economic Review in December 2015, this work supplements the existing set of earnings measures that are published in a manner which has been well received by users.</li> <li>published new measures of Real Household Disposable Income alongside the quarterly National Accounts and price indices for different types of household. These measures supplement average measures of income and earnings.</li> </ul> <p>ONS has been working closely with users to ensure that income statistics reflect the needs of users. This has been through a</p>	<p><b><u>Moderate reported progress</u></b></p> <p>We welcome these developments which demonstrate improved analyses for particular statistics, but feel the various analyses are not as accessible as they should be.</p> <p>ONS should therefore work to ensure that these analyses are accessible to a range of users (not just users of specific statistics) and disseminated in ways that help to present a coherent picture of income and earnings.</p> <p>At the launch of the ASHE results in November 2015, users posed a range of questions about earnings,</p>

	<p>combination of speaking at events and bilateral correspondence. For example, ONS organised an 'Economic Well-being' seminar as part of the 'Economic Forum' series, in order to both share recent developments and get user input into plans for future development of income and wealth statistics. The measures presented in the 'Effects of Taxes and Benefits on Household Income' (ETB) and related outputs have been supplemented with an enhanced range of income inequality indicators, focussing on coherence across a range of measures (e.g. Gini, S80/S20, P90/P10 &amp; Palma)</p> <p><b>DWP update:</b> DWP already includes commentary in the Family Resources Survey (FRS)/ Households Below Average Income (HBAI) / Pensioners Income (PI) reports, putting the results into policy, economic and demographic context as far as possible. DWP keeps this under review each year. In HBAI, DWP presents a number of income measures and distributional analysis. In PI, DWP also includes distributional analysis and analysis on the components of income. DWP aims to reflect user feedback in its publication e.g. adding tables if queries had been raised during the year.</p>	<p>such as the gender pay gap, for which answers were not available, highlighting the need for ONS to better anticipate policy and user interest and reflect this in its analyses plans.</p> <p>DWP commentary is generally seen as helpful and the responsiveness to user feedback is appreciated.</p>
<p><b>Meeting growing demand for statistics about the self-employed (paras 3.12 to 3.20)</b></p>		
<p>There is a clear user need for more robust and timely statistics on income relating to self-employment. Without this, the picture of the labour market is only partial, and does not reflect the extent of the changing composition of the employment in the UK. We recognise the challenges associated with addressing this gap, and that the solution is not straightforward (<b>para. 3.20</b>).</p> <p><b>We recommend that the GSS, under the leadership of the National Statistician, continues to engage with this debate and works to develop a swift solution to address</b></p>	<p><b>HMRC update:</b> HMRC has started detailed discussions with the Annual Survey of Hours and Earnings (ASHE) team at the ONS around different options for releasing earlier self-employment estimates using Self-Assessment administrative data or publishing nowcasts for the Survey of Personal incomes. <i>Over the coming months HMRC and the ONS will work together to assess the feasibility and benefits of the different options and then start to put together a new series based on the preferred option.</i></p> <p><b>ONS update:</b> <i>In addition, ONS is developing further analysis of the self-employed group within the labour force, including some analysis of</i></p>	<p><b><u>Limited reported progress</u></b></p> <p>The Monitoring and Assessment team highlighted this recommendation as a priority for improvement and one where user engagement would be helpful. It is good to see plans for more progress</p>

<p><b>this gap in official statistics. Users are keen to contribute to these discussions that could be convened in the form of an expert group (para. 3.20).</b></p> <p><b>- <u>Recommendation 2</u></b></p>	<p><i>earnings for people who have moved from being an employee to self-employment and vice versa, and will be publishing this work before the end of the year.</i></p>	<p>and we hope that users will be able to contribute.</p>
<p><b>Examining distributions and the extremes of income and earnings (paras 3.21 to 3.24)</b></p>		
<p>Users highlighted difficulties in carrying out analysis at the upper and lower end of the income distribution. There is a user need for statistical publications and supporting guidance to present more information on distributions.</p>	<p><b>ONS update:</b> To meet the need for more detailed information about the distribution of income, ONS devoted substantial resource to an analysis of the 2015 Annual Survey of Hours and Earnings dataset. This analysis moved beyond reporting the simple means and medians of the distribution and was presented in the December 2015 edition of the Economic Review. It presented (a) the full income distribution, (b) analysis of the proportion of jobs paying at or around the National Minimum Wage (NMW) and (c) evidence of compression in the earnings distribution immediately above the NMW. While technical in its approach, this work was presented in a variety of accessible formats - including through digital and social media content - and was made available on the release day of ASHE datasets: supporting new data with analysis to aid user understanding.</p> <p>ONS outputs such as ETB are already entirely focussed on distributions. <i>In addition, in early 2016, ONS will be publishing new thematic analysis looking at inequalities in income &amp; wealth which will draw from a range of sources in order to better consider the full range of the distribution. The use of administrative information to supplement survey data should deliver significant improvements to users ability to analyse the extremes of the distribution. ONS is undertaking a programme of work to deliver this aim as part of the Census Transformation Programme. As a first step, ONS has recently received initial (limited) administrative data from DWP and is currently undertaking experimental work to link this information to survey records.</i></p>	<p>No specific recommendation was given to address this finding, however the evidence suggests progress has been made and that more is planned.</p>



	<p>In November 2015, ONS published a methodological paper on the distribution of income, consumption and savings within a National Accounts framework. This explicitly considered the coherence of micro and macro sources of income data, and also represents a significant step towards moving beyond simple averages in National Accounts based estimates.</p> <p><b>HMRC update:</b> HMRC already publishes estimates for those earning over £1 million broken down by age, income source etc. and make an anonymised version of the survey available at the data archive where approved researchers can carry out their own analysis of the micro data.</p> <p><b>DWP update:</b> DWP already publishes distributional analysis in HBAI and PI. Datasets are available through the data archive for researchers to carry out their own analysis of the micro data. But detailed analysis at the top and bottom of the income distribution will be limited by sample sizes as based on a household survey, FRS.</p>	
<p><b>Recognising coherence between different sources and explaining differences (paras 3.25 to 3.34)</b></p>		
<p>Official statistics include only limited explanation of the differences between different but related statistics. This can present issues of inconsistency as well as incoherence, which can have an adverse impact on user confidence in the statistics. The most striking example is the differences between ASHE and AWE, which are not explained. The Authority considers this to be a serious shortcoming (<b>para. 3.31</b>).</p> <p><b><u>We recommend</u> that ONS develops and publishes its analysis plan as a matter of priority, setting out its intention in 2015 and beyond to answer key questions</b></p>	<p><b>ONS update:</b> ONS has kept users informed of changes to the AWE series by applying revised under-20 employees factors. Some key users have also given feedback to producers that there are fewer differences in the data sets to investigate throughout 2015 and hence this is no longer a key priority. Data provided at the ASHE launch event in November compared LFS longitudinal data and ASHE results on earnings growth for the continuously employed, finding a consistent story from each dataset.</p> <p>As part of the release of ETB in June 2015, ONS launched a new supporting 'Methodology and Coherence' paper. This provided a detailed comparison with HBAI, covering methods, concepts &amp; trends, as well as analysis of coherence with other sources of</p>	<p><b><u>Limited reported progress</u></b></p> <p>There is no reported progress related to plans to explaining difference between ASHE and AWE, and communicating these plans with users.</p>

<p>posed by users in relation to ASHE and AWE; we would encourage ONS to seek appropriate channels to communicate this plan, to ensure that key users outside government are sufficiently engaged and have an opportunity to shape this development in the future (para. 3.32). - <u>Recommendation 3</u></p>	<p>income/earnings (e.g. AWE, Gross Household Disposable Income (GDHI) &amp; EU Statistics on Income and Living Conditions (EU-SILC)), explaining differences where possible.</p> <p>In November 2015, ONS published a methodological paper on the distribution of income, consumption and savings within a National Accounts framework. This explicitly considered the coherence of micro and macro sources of income data, and also represents a significant step towards moving beyond simple averages in National Accounts based estimates.</p>	
<p>There is a lack of producer guidance that provides an explanation of reasons for differences between statistical outputs that measure similar aspects of income and earnings (para. 3.34).</p> <p><b><u>We recommend</u></b> that statistical producers do more to explain and quantify how methodological differences between related statistics contribute to the different results, and present advice on whether one measure is preferable to another for a particular use (para. 3.34). - <u>Recommendation 4</u></p>	<p><b>ONS update:</b> Following the publication of data on the 'growth of median earnings for the continuously employed' alongside ASHE in 2014 and ONS analysis of the 'median growth rate of earnings for the continuously employed', ONS published an article to identify the differences between these measures and their respective uses. This work helped to identify which statistic is more relevant for different forms of economic analysis - the former for questions about the evolution of the income distribution, the latter for questions about the extent of spare capacity and the degree of inflationary pressure in the labour market.</p> <p>Guidance is also given about when to use which measure of earnings in "A guide to sources of data on earnings and income". Each section contains information on:</p> <ul style="list-style-type: none"> <li>• What it measures</li> <li>• What information can be extracted from the measure</li> <li>• Its limitations</li> <li>• Main uses and strengths</li> </ul> <p><i>ONS is intending to build on this document to make it more accessible (following the launch of the new ONS website) and more helpful to users. As a PDF it already has over 500 web-hits</i></p>	<p><b><u>Limited reported progress</u></b></p> <p>This is an area that still requires further work – which needs to be integrated across departments.</p> <p>This issue, relating to average measures of earnings, was raised in correspondence between the Chair of the UK Statistics Authority, the Trades Union Congress (TUC) and HM Treasury, which demonstrated the continued scope for misunderstanding and misuse of these official statistics, and reiterated the need for greater progress in</p>

		<p>addressing this Recommendation.</p> <p>The original Monitoring Review recognised the January 2015 publication of ‘A guide to sources of data on earnings and income’, but recommended that its usefulness be maximised through a range of measures which have not been addressed – see Recommendation 8</p>
<p><b><i>Presenting better and more relevant income and earnings statistics for households and individuals (paras 3.35 to 3.37)</i></b></p>		
<p>Users have different needs in relation to the types of preferred measures presented in statistics on income and earnings. Some users have a strong interest in measures at a household level, in order to explore topical household level themes. Other users are more concerned about measures relating to individuals.</p>		
<p><b><i>Communication of detailed assumptions and methodology (paras 3.38 to 3.40)</i></b></p>		
<p>User feedback throughout this Review has highlighted the need for statistical producers to ensure that any supporting guidance on the assumptions and methodology underpinning these statistics goes beyond simply listing the processes involved in deriving the statistics (<b>para. 3.40</b>).</p> <p><b><u>We recommend</u> that statistical producers review their guidance to ensure that it:</b></p> <p><b>a. presents the relative strengths and limitations of</b></p>	<p><b>ONS update: <u>See ONS response to Recommendation 4.</u></b></p> <p>The feedback received by the Authority in relation to ETB suggested that the current explanation of assumptions and methodology in the accompanying article provided was too detailed for non-expert users (while providing expert users with what they need). As a result, the June 2015 publication provided a new, concise summary of the methodology as part of the background notes for the main bulletin</p> <p><b>DWP update:</b> HBAI and PI have separate methodology reports</p>	<p><b><u>Limited reported progress</u></b></p> <p>We welcome the reported progress, but note that the updates provided relate to 4 official statistics outputs out of a possible 15 identified in the Review and that this was highlighted as a priority</p>

<p>the different official income and earnings statistics, particularly in relation to their use</p> <p>b. presents sufficient detail of the assumptions that underpin the statistics, suitable for expert users, and on the underlying data sources</p> <p>c. summarises the key assumptions, to aid accessibility to less-expert users (para. 3.40).</p> <p>- <b><u>Recommendation 5</u></b></p>	<p>outlining details for expert users, while FRS has a specific methodology chapter. All publications refer to other sources of data that are available. All publications included a link to the recently published “A guide to sources of data on earnings and income”. Key information to help less expert users is included in each publication (FRS/HBAI and PI).</p>	<p>area for improvement. The Review also highlighted specific examples of where guidance could be improved (AWE, National Accounts, and Deflators), which have not been addressed.</p>
<p><b>Adding value by bringing official statistics together (para. 3.41)</b></p>		
<p>Government statisticians should add value by bringing official statistics on income and earnings together to present a more coherent picture of trends in the UK. This could also draw on related analysis and research from outside government. There is also a user need for access to more thematic publications that include analysis of areas of emerging interest (para. 3.41).</p>	<p><b>ONS update:</b> <i>In early 2016, ONS will be publishing new thematic analysis looking at inequalities in income &amp; wealth which will draw from a range of sources in order to better consider the full range of the distribution.</i></p> <p><i>To accompany release of persistent income poverty data in 2016, ONS will also publish more thematic analysis, bringing this together with other (non-monetary) indicators, such as long-term worklessness.</i></p>	<p>No specific recommendation was given to address this finding. There looks to be interesting plans for future analyses although no visible progress as yet.</p>
<p><b>Identifying the overall picture (paras 3.42 to 3.47)</b></p>		
<p>There is a lack of information that identifies the overall picture in trends in income and earnings, that sets out what official statistics are available, when they are published, and if they complement one another (para. 3.42).</p> <p>ONS has been working in collaboration with other statistical producers including DWP, BIS and HM Treasury to publish a one-off analysis article that will explore trends in income and earnings. Despite initial plans to publish this analysis in early 2015, this work has been impacted by a lack of resources in several departments. There is hope to re-energise this work, with ONS possibly taking a leadership role. (para. 3.44).</p>	<p><b>ONS update:</b> <i>With support from the GSS Good Practice Team, ONS will be setting up a small working group to take forward the recommendation in the Review to better identify the overall picture for income and earnings in the UK. This would particularly focus on helping users answer key policy questions. Issues to explore include how to build on the recently published “A guide to sources of data on earnings and income” and make best use of digital platforms such as the ONS Beta website, visual.ons and <a href="http://www.gov.uk">www.gov.uk</a>. A “scrum”, organised by the Good Practice Team, took place in November 2015 which made some suggestions for how a compendia publication could work as a web-based product.</i></p>	<p><b><u>Limited reported progress</u></b></p> <p>The Monitoring and Assessment team highlighted this recommendation as a priority for improvement and look forward to the plans identified being taken forward.</p> <p>We acknowledge that some meetings and</p>

<p><b><u>We recommend</u> that statistical producers consider how best to provide users with more themed analyses in a way that remains current and sustainable; we suggest that this could be addressed by the publication of an annual compendium, supplemented by a regular series of analysis and articles. We consider that these analyses should present statistics for different groups and levels and help users to answer key policy questions (para. 3.47). - <u>Recommendation 6</u></b></p>	<p><i>ONS has also developed a range of themed analysis for different groups and levels in order to answer key policy questions. For example, progress has been made towards estimates of (a) price indices, (b) nominal income and (c) real income measures for sub-groups of the household population. This work builds on previous work on variations in the inflation experience of UK households, and has identified a range of conceptual challenges to completion. It will draw on both the recommendations of the UKSA Monitoring Review and the Johnson Review of Consumer Prices Statistics. Outputs from this work are likely to be published as part of ONS' response to the recent consultation on Consumer Prices Statistics.</i></p>	<p>internal collaboration have taken place, but there is not yet any published outcome from these discussions.</p>
<p>ONS is keen to explore the value of estimates of household disposable income (HHDI), produced as part of the National Accounts, to develop more-timely estimates of income at an economy-wide level. (para. 3.45).</p> <p><b><u>We recommend</u> that ONS explores the value of developing existing estimates of household disposable income in providing more timely estimates of income (para. 3.45). - <u>Recommendation 7</u></b></p>	<p><b>ONS update:</b> published new measures of Real Household Disposable Income alongside the quarterly National Accounts and price indices for different types of household. These measures supplement average measures of income and earnings.</p> <p>Following the development of a new methodology and consultation with a range of users from within government and external organisations, ONS published in October experimental estimates of median household income and associated inequality measures for 2014-15 financial year. This is the first edition of a new experimental release designed to provide provisional estimates of measures of the distribution of household income significantly ahead of the main estimates produced from household surveys. This helps meet the considerable user demand for more timely data on household incomes.</p>	<p><b><u>Moderate reported progress</u></b></p> <p>We welcome these developments, and consider that the focus should now be on ensuring these analyses and their interpretation are presented in a more accessible way for users of income and earnings statistics.</p>

<b>Identifying which statistics best meet different needs (paras 3.48 to 3.52)</b>		
<p>Users identified a clear need for better information about the relative strengths and limitations of the different official statistics on income and earnings, and in particular, guidance about what statistics would best serve different user needs, and the relationships between statistics (para. 3.49). There is scope for statistical producers to review the structure of data sources and statistics as part of their longer term plans (para. 3.50).</p> <p>ONS has been working in collaboration with other statistical producers including DWP and HMRC to produce a guide to official income and earnings statistics. This guide was published on ONS's website on 30 January 2015 (para. 3.51).</p> <p><b><u>We recommend that future versions of the guide to official income and earnings statistics should: include guidance on which source(s) are most appropriate for different uses, including a contrast of sources that attempt to measure the same things, in order to optimise their appropriate use by different users. This guide should also remain current and should be publicised through a range of fora (para. 3.51).</u></b></p> <p><b><u>- Recommendation 8</u></b></p>	<p><b>DWP update:</b> DWP highlighted the new 'Guide to Sources on Income and Earnings' produced by ONS in its publications and on its gov.uk pages. <i>ONS is considering how to update this document and DWP expect to contribute to that.</i></p> <p><b>ONS update:</b> <i>ONS are also investigating, in discussion with DWP, the potential for integrating its household financial surveys. This is to better exploit commonalities in design and coverage and improve consistency. ONS and DWP are sharing knowledge and expertise. ONS is developing plans for the increased use of on-line data collection and of administrative data. These plans are subject to the outcome of the 2015 Spending Review.</i></p>	<p><b><u>Limited reported progress</u></b></p> <p>The Monitoring and Assessment team highlighted this recommendation as a priority for improvement so we welcome the plans, but are disappointed at the progress to date – including that the 'Guide to Sources on Income and Earnings', has not been updated since January 2015 to better meet user needs.</p>
<p>Producers of official statistics on income and earnings should continue to work together in order to add value to and to enhance the utility of their income and earnings statistics, for users within and outside government. Previous reviews have identified a lot of these issues, but an ongoing commitment to address the issues has not been established in a way that is sustainable (para. 3.52).</p>		<p><b><u>No reported progress</u></b></p>

<p><b><u>We recommend</u> that the National Statistician takes a leadership role in establishing and supporting a network of statistical producers and users to develop momentum for this cross-working; and to develop a continuous engagement strategy that involves a range of statistical producers and users (para. 3.52).</b> - <b><u>Recommendation 9</u></b></p>		
<p><b>Navigating the range of official statistics (paras 4.3 to 4.6)</b></p>		
<p>ONS's website continues to present barriers to accessibility. The Authority supports ONS's decision to focus its efforts on developing a new website. This will require some patience from users but we are encouraged by the way that ONS is systematically engaging users (<b>para. 4.4</b>).</p> <p>Users find it difficult to navigate their way across the various official websites and data portals in order to identify and locate available income and earnings statistics. The Authority considers that the new Statistics Release Calendar on GOV.UK has the potential, in lieu of a single portal, to help users to find their way but users have found the transition of many official statistics to GOV.UK has reduced their accessibility (<b>para. 4.6</b>).</p> <p><b><u>We recommend</u> that the National Statistician facilitates solutions to the problems with the GOV.UK Statistics Release Calendar, and considers commissioning his Good Practice Team to issue guidance on how to communicate statistics through GOV.UK to best effect (para. 4.6).</b> - <b><u>Recommendation 10</u></b></p>	<p><b>DWP update:</b> The gov.uk publication pages for each FRS-based output were revised and updated alongside the last publications so the key documents and messages for users should be clear with improved sign posting to additional information, including the new guide to sources of data on earnings and income published by the Office for National Statistics. This Guide was also referenced in individual publications. Advice on accessing datasets is also available. DWP spoke to the Good Practice Team when developing its most recent FRS and PI publications and followed good practice e.g. in spreadsheet presentation.</p> <p><b>ONS update:</b> Improvements are being made to the GOV.UK calendar and ONS is currently developing its Beta ONS website (beta.ons.gov.uk) and will be seeking to use this to best promote statistics in this area.</p>	<p><b><u>Limited reported progress</u></b></p> <p>We acknowledge the DWP and ONS developments, but there are still a number of priority enhancements to the release calendar on GOV.UK that were agreed between ONS and the Government Digital Service (GDS) that have not been progressed due to resource constraints at the Cabinet Office and competing priorities for the GDS.</p> <p>With GDS funding increased as part of SR15, GDS have committed to progressing the backlog of enhancements to the calendar in the new financial year.</p>



Facilitating timely access to official statistics (paras 4.7 to 4.19)		
<p>Timely access to official statistics and the datasets that underpin them is critical to better informed decisions. Despite some limited improvements, there have been some slippages in timetables in recent years, for a number of reasons. There is also scope for producers to minimise the lag from publishing the headline statistics to publishing detailed datasets and regional and local statistics.</p> <p><b><u>We recommend</u> that DWP: shares with users the outcomes of its FRS process review and what it has done to optimise HBAI and FRS schedules (para. 4.11); provides better information for users about the cross-sectional EU-SILC data that Eurostat publishes for the UK and its strengths, limitations and possible applications (para. 4.11); and reviews its arrangements for making datasets available through UKDS in a more timely manner (para. 4.15). - <u>Recommendation 11</u></b></p> <p><u>We consider</u> that it will be important for HMRC to keep users of its Survey of Personal Income statistics regularly appraised of its strategic plans for exploiting Real-Time Information to improve official statistics, including their timeliness (para. 4.12).</p> <p><u>We consider</u> that ONS might consider its scope for prioritising investment in ASHE systems within the resource it has available to it (para. 4.13).</p>	<p><b>DWP update:</b> DWP, in collaboration with ONS, are currently conducting a review of FRS processing with a view to improving the timeliness of the release of FRS and related publications and datasets. Information on EU-SILC was published in the latest FRS and HBAI publications in June. On the June publication day, datasets (End User Licence and Secure access versions) for FRS/HBAI/PI were all sent to UK Data Service and made available via the UK Data Archive in early August. Datasets were also released to its government users with relevant MOU/SLAs. DWP will be aiming in the future to continue to be in a position to deliver datasets to the UK Data Service on publication day, reflecting the Code of Practice</p> <p><b>ONS update:</b> <i>In addition to the work on nowcasting, ONS also intend to publish initial survey based estimates of the distribution of income in February 2016, 4 months earlier than in previous years.</i></p> <p><b>HMRC update:</b> HMRC reported that developments with Real-Time Information are moving but are waiting for some decisions from senior stakeholders, therefore will probably be able to say more on this in the near future.</p>	<p><b><u>Limited reported progress</u></b></p> <p>The DWP processing review has been delayed and we received feedback identifying technical differences of opinion between ONS and DWP regarding the value of nowcasting. Timeliness of DWP statistics remains a concern which currently inhibits the usefulness of the statistics.</p>
Promoting flexibility of access and supporting re-use (paras 4.20 to 4.24)		
<p>Users very much appreciate the availability of interrogation tools like StatXplore and NOMIS and want statistical</p>	<p><b>DWP update:</b> DWP has continued to roll out Stat-Xplore on its main welfare reforms, with the monthly Universal Credit statistics being</p>	<p><b><u>Limited reported progress</u></b></p>



<p>producers to make more datasets available through those services – the potential for the re-use of data is significantly reduced where the statistical producer only publishes large numbers of tables. Users are frustrated by a lack of information and good sign-posting about what data are available and want access to long and consistent time series supported by guidance on how to deal with discontinuities in time series as a result of changes in methodology.</p> <p><u>We consider</u> that good signposting should be a minimum requirement and improvements should represent a quick win for statistical producers.</p> <p><b><u>We recommend</u> that ONS, DWP and HMRC communicate better with users about what data are available, and where, including time series; and that ONS works with users to make ASHE data available in a more helpful form (para. 4.23). - <u>Recommendation 12</u></b></p>	<p>released via Stat-Xplore and extra information for Personal Independence Payment (PIP) being introduced over summer 2015. As part of the latest upgrade to the Stat-Xplore software in November 2015, DWP launched an Open Data API which is the latest addition to the Stat-Xplore suite. The Open Data API will support data publishers to build their own third-party interactive reports and applications that retrieve data direct from Stat-Xplore and automatically update every time DWP release new data. DWP are looking to transfer heavy use datasets from the static TabTool to Stat-Xplore, to enable greater usability. <i>DWP is also keen to explore the future use of Stat-Xplore in the survey context – DWP has not used it for survey data before so DWP needs to understand the issues for its use for survey-based data and test this out fully.</i></p> <p>The gov.uk publication pages for each Family Resources Survey (FRS) based-output were revised and updated alongside the last publications so the key documents and messages for users should be clear with improved sign posting to additional information, Advice on accessing datasets is also available. Time series data for HBAI and PI results are included in the latest year’s publication, with some time series analysis included in FRS.</p> <p><b>ONS Update:</b> Actions being taken forward by ONS include implementing the new Virtual Microdata Laboratory (VML). A new, modern, fit for purpose VML environment has been implemented, providing access to highly detailed microdata for approved researchers to carry out statistical research.</p> <p>The new VML is:</p> <ul style="list-style-type: none"> <li>• A secure Citrix Cloud based solution, hosted in a government approved data centre within the UK mainland</li> <li>• Pan government accredited, able to hold data up to and</li> </ul>	<p>The Monitoring and Assessment team highlighted this recommendation as a priority for improvement.</p> <p>We welcome the improvements reported by DWP, particularly in its continued roll out of Stat-Xplore, which we view as a useful tool.</p> <p>We welcome those developments planned by ONS. There has been no update presented on ASHE data which was central to the recommendation. We consider that communication to users will be an essential part of addressing this recommendation.</p>
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	<p>including OFFICIAL SENSITIVE (BIL 4,2,2).</p> <ul style="list-style-type: none"> <li>• Can be accessed from any government department or facility connected to the Public Services Network (PSN)</li> <li>• Fully scalable, able to grow and shrink according to research demand.</li> <li>• Able to host the latest Secure 2011 Census micro and origin destination data.</li> <li>• Designed using a 64 bit architecture, allowing researchers to use the latest modern 64 bit statistical software packages.</li> </ul> <p>ONS is also making more use of NOMIS and web data access tools for ASHE and Effects of Taxes and Benefits datasets.</p>	
<p><b>Facilitating equality and ease of access (paras 4.25 to 4.34)</b></p>		
<p>When users know what datasets are available, and where to access them from, those who can obtain licences for accessing detailed datasets are able to realise substantial benefits for their research. However, many users experience difficulties accessing those datasets, to the point that some have been discouraged from applying altogether.</p> <p><b><u>We recommend that ONS, DWP and HMRC work with the UKDS, VML and the HMRC Datalab to provide guidance tailored to researchers outside academic organisations that clearly explains the criteria, process and timings for granting licences, including dispelling any myths, and that they make this guidance available alongside the statistics (para. 4.31). - <u>Recommendation 13</u></u></b></p>	<p><b>DWP update:</b> On FRS publication day datasets (End User Licence and Secure access versions) for FRS/HBAI/PI were all sent to UK Data Service and made available via the UK Data Archive in early August. Datasets were also released to its government users with relevant MOU/SLAs. DWP will be aiming in the future to continue to be in a position to deliver datasets to the UK Data Service on publication day, reflecting the Code of Practice. Advice on accessing datasets is also available on its gov.uk pages.</p> <p><b>ONS update:</b> <i>Work is underway to communicate and promote methods of access to data for research. The ONS Access to Data and VML teams are looking to improve the website sections explaining what data can be made available, the process for requesting access to data, setting out a clear expectation for time taken to scrutinise applications.</i></p> <p>In addition, ONS is currently reviewing the criteria used to grant Approved Researcher status, that enables lawful access to its data. A public consultation has taken place, with an aim to take a set of recommendations to the National Statistician for approval early in the</p>	<p><b><u>Limited reported progress</u></b></p> <p>The Monitoring and Assessment team highlighted this recommendation as a priority for improvement.</p>

	new year.	
<p>The National Statistician has recently commissioned a full review of the Approved Researcher criteria and process used to grant lawful access. This review will be informed by a full, public, consultation exercise which will launch in February 2015. This review is expected to conclude with the National Statistician agreeing updated criteria and processes in June 2015, which will clarify who may access ONS microdata (<b>para. 4.34</b>).</p> <p><b><u>We recommend</u> that HMRC and DWP reflect on the findings of this review, and how far its findings could be implemented within their different legal contexts (para. 4.34). - <u>Recommendation 14</u></b></p>	<p>The Steering Group for this review have now presented their recommended changes, together with the wider findings of the public consultation exercise. The consultation exercise identified considerable frustration that there is no consistent approach to controlled data access across Government, and a desire for the ONS review to improve this situation going forward, and NSEG members agreed that they should seek to address this.</p> <p>As a result, the National Statistician decided to delay his decision on how the Approved Researcher scheme should be updated until he has had the opportunity to explore whether, and how, he may be able to harmonise some data access controls and procedures more widely. These controls are governed by a range of different legislation, and the ability to harmonise may be limited in some cases, but it may prove helpful to be able to explain these restrictions. The Approved Researcher review is being led by Guy Goodwin, the ONS Director of Social and Analysis. John Pullinger has asked Heads of Professions to identify an appropriate contact to work with Guy Goodwin’s team in this next stage of their work.</p>	<p><b><u>Limited reported progress</u></b></p>
<p><b>Engaging users to improve official income and earnings statistics (paras 4.35 to 4.36)</b></p>		
<p>Good user engagement represents a key element of supporting the interpretation and re-use of the statistics. Members of existing user groups gave positive reports although mostly they tended to work within government departments. Using a wider range of mechanisms would allow producers to reach a more diverse range of users (<b>para. 4.35</b>).</p> <p><u>We consider</u> that statistical producers could approach engagement more creatively, and to better effect. The users we spoke with had an appetite to work constructively with</p>	<p><b>ONS update:</b> Users at the event in July expressed interest in continuing to work together. <i>Government producers will be pro-active in seeking users’ input, including from the “looking forward” event, in the development of their outputs, and when taking forward the other work-streams.</i></p> <p>Examples of responding to user feedback include:</p> <ul style="list-style-type: none"> <li>• Nowcasting methodology for household disposable income (see recommendation 9)</li> </ul> <p>ONS have been working closely with users to ensure that income statistics reflect the needs of users. This has been through a</p>	<p>There was not a specific recommendation to address this finding, but the evidence suggests moderate progress is being made.</p>

<p>statisticians to improve official statistics (para. 4.36).</p>	<p>combination of speaking at events and bilateral correspondence. For example, ONS organised an 'Economic Well-being' seminar as part of the 'Economic Forum' series, in order to both share recent developments and get user input into plans for future development of income and wealth statistics.</p> <p>Methodological papers on nowcasting household income and the distribution of income, consumption &amp; savings in National Accounts have been published with the explicit aim of allowing users to input and add value at an early stage of development. ONS have also been using social media tools (in particular Twitter) to engage with a wider range of users and seek feedback on these and other developments.</p> <p><b>DWP update:</b> DWP played a key part in the Family Finances User Event on 1 July presenting headline results from each of the 4 publications and responding to user queries. Discussion on the day already highlighted some ways to improve this annual event in the future which is organised by UK Data Service. DWP were also represented at the UKSA follow-up event on 2 July. DWP continue to respond to queries received via Team Inboxes to e.g. provide clarification on the publications/results DWP has produced.</p> <p>DWP analysts have some reservations about ONS's use of 'nowcasting' which it has communicated to ONS. From DWP's HBAI experience this year, media commentators and others can speculate on forthcoming results based on an Institute of Fiscal Studies nowcast, and the published figures have always to date shown a very different picture. DWP believes this may have a negative effect on trust of the official statistics, work against coherence and confuse users; next year there will be two '2014/15' median income results in the public domain. All the evidence suggests that the income distribution changes slowly over time so DWP does not feel that there is value in a nowcast.</p>	
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<b>Supporting the regional and local agenda (paras 4.37 to 4.40)</b>		
<p>Users told us that a perceived lack of reliable and timely statistics at a local level, such as by local authority, is a limitation of statistics on income and earnings. We recognise that there are some good examples of income and earnings statistics that are published at a local level (<b>para. 4.37</b>).</p> <p><u>We consider</u> that addressing the demand for regional and local analysis need not necessarily require new data collections. Instead, producers could go a long way towards addressing the demand by making users more aware of what is already available, especially the rich resource of the Survey of Personal Incomes (<b>para. 4.40</b>).</p>	<p><b>ONS update:</b> HMRC reported at the July user event that the Survey of Personal Incomes would be better promoted and public use tables would be made more readily available. ONS recently published the latest small area income statistics, (although these are for 2011/12 so not particularly timely unfortunately).</p> <p><b>DWP update:</b> DWP already publishes regional estimates in FRS/HBAI and PI. But given sample sizes DWP are not in a position to publish more detailed local area information. Stat-Xplore does publish detailed geographical information based on administrative data.</p>	<p>No specific recommendation was given to address this finding – this is covered by earlier recommendations around engaging with users. There is limited evidence of user engagement in the updates from statistics producers</p>

## **Annex 2      Glossary of Terms**

API	Application Programming Interface
ASHE	Annual Survey of Hours and Earnings
AWE	Average Weekly Earnings
BIS	Department for Business, Innovation & Skills
DWP	Department for Work and Pensions
ETB	Effects of Taxes and Benefits
EU-SILC	EU Statistics on Income and Living Conditions
FRS	Family Resources Survey
GSS	Government Statistical Service
HBAI	Households Below Average Income
HMRC	Her Majesty's Revenue and Customs
LFS	Labour Force Survey
LCFS	Living Costs and Food Survey
MOU	Memorandum of Understanding
NSEG	National Statistics Executive Group
ONS	Office for National Statistics
PI	Pensioners' Income Series
SA	Self Assessment
SLA	Service Level Agreement
SPI	Survey of Personal Incomes
UKSA	UK Statistics Authority
WAS	Wealth and Assets Survey