

Ed Humpherson
Office for Statistics Regulation
[by email]

28 March 2017

Thank you for your e-mail response on the update we provided you with on 16 December 2016. You highlighted two areas where you would like to see further progress: improved statistics on income from self employment and accessibility of data and analysis on income and earnings generally.

On self employment, the key issue is the lack of a comprehensive, timely data source that would allow better analysis of income for this sector of the labour force. Current data from tax returns, used in National Accounts and elsewhere, has a relatively long time lag compared to data for other indicators. Self employment income is declared as part of the Income Tax Self-Assessment process, and taxpayers do not have to file returns until 9 to 10 months after the end of the year in question.

My experience at HMRC, and supported by more recent comments from current HMRC colleagues, is that there is no data from which it is possible to make meaningful inferences on self-employed income. ONS has commissioned work to look for alternative, more timely, data sources. This work has not identified anything comprehensive and those sources identified would have at best a marginal impact on current data.

The conclusion we have reached is that there is no real possibility of bringing new data sources to bear on the issue of self-employed income in the near future. There are future developments that might help here, for example the HMRC 'Making Tax Digital' programme, which could provide a more real time source. The implementation of such a programme is, however, not imminent.

This does not mean we will not remain alert to new data sources. But I do think we need to manage our expectations about what can be achieved in the short term.

On accessibility, progress here has been slower than I would have liked. However, ONS Digital Publishing team are in the process of developing "theme" pages on the ONS website, including one on Income and Earnings, which will cut across both the ONS taxonomy and include links to GSS outputs from other departments. This work is being prioritised alongside other development work on the ONS website, but we expect to deliver in the first half of 2017. Also, the comparison of ASHE and AWE, which has been delayed through a combination of focussing on bringing the ASHE release forward and resourcing issues on the team, is now in train and is expected to in the next month or so. Additionally, further analysis on the gender pay gap is in preparation for publication in June 2017

and the addition of an overarching commentary to the monthly labour market release which began earlier this year gives a further opportunity to explain movements in earnings on a regular basis.

Over the next year much of the focus of ONS will be on how PAYE tax data can be used to improve outputs on earnings and income. ONS are already working with HMRC on the quality assurance of their RTI PAYE data, identifying issues in the data and how the RTI data compares to current ONS outputs, in advance of publication later this year. Also, the Income Working Group, originally set up to cover work relating to the Census, is expanding to cover work across the GSS with the chair moving from Census to the Labour Market team in ONS.

I would also like to take this opportunity to highlight the successful launch of the integrated Living Costs and Foods Survey (LCF) and Survey on Living Conditions (SLC) in January 2017, which represents a crucial first stage of the transformation of statistics on household finances. These ongoing developments will lead to great improvements in the quality and coherence of income distribution statistics. The integrated LCF and SLC collection means that from the 2017 reference year onward, ONS's Effects of Taxes and Benefits on Household Income (ETB) series and the UK's EU Statistics on Income and Living Conditions (EU-SILC) data should be fully coherent, which represents substantial progress in this area, beyond what was set out in the Authority's recommendations.

I am happy to keep you updated on the progress we make. However, as the landscape has changed since the original review took place I would welcome the opportunity to consider how these updates should take place.

A handwritten signature in black ink, appearing to read 'Jonathan Athow', with a stylized flourish at the end.

Jonathan Athow

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