

# Review of re-introduced LFS-derived Labour Market Statistics

(produced by the Office for National Statistics  
(ONS))

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## Introduction

On 13 February 2024, ONS re-introduced its [LFS-derived Labour Market statistics](#) following their [suspension](#) in October 2023 due to quality concerns. In the interim (October 2023–January 2024), ONS published [experimental estimates](#) using alternative data sources. OSR carried out a short review of these estimates against the [Code of Practice for Statistics](#) and [published its findings](#) in November 2023.

Following the re-introduction of the LFS-derived estimates, OSR committed to [carrying out a further review](#) against the Code ahead of the transition to the Transformed Labour Force Survey (TLFS). This report sets out our findings from this short review. It is not a full assessment against the Code of Practice for Statistics, which OSR would usually carry out with a view to awarding the designation of accredited official statistics. In line with our [Official Statistics policy](#), it falls to ONS to determine whether or not the ‘in development’ label should be removed from the statistics and to formally ask OSR to carry out a full assessment for the statistics to become accredited.

This report outlines the actions that we consider are necessary for ONS to take to ensure that the labour market estimates published between now and the transition to the Transformed LFS are as good as they can be, taking into account the context and user need. As part of this review, we have also provided a judgement against the requirements made of ONS when we reviewed the experimental estimates. These are provided in Annex A.

We intend to report on progress against this review’s requirements in summer 2024, depending on ONS’s progress against its current timetable and any issues that may arise.

## Findings

Transparency is a cross-cutting theme of the [Code of Practice for Statistics](#); it encompasses clarity and openness around statistics to ensure trust in them. A key theme that has emerged from this review is the need for improved, clear and open communication. Users welcomed such qualities of communication in the [methodology article](#) which accompanied the recent reintroduction of the reweighted LFS. ONS should continue to build on this clarity in its communications approach and embed it across all its communications, from plans for reweighting to explaining data issues and improvements, to its approach to transitioning from the LFS to the TLFS. This approach builds trust and confidence in the quality of numbers being produced and ensures users can use them appropriately and with proportionate confidence.

### Meeting user need: communication of plans and priorities

Users we spoke to as part of this review generally welcomed the re-introduction of the LFS-based estimates and indicative datasets. These estimates are viewed as an improvement compared with those based on the experimental approach used previously, as these data provide a wider set of labour market metrics such as economic inactivity by reason. However, it was noted that the small sample size is still affecting the quality of the estimates as the results for some of the breakdowns have large sampling variability, so it is difficult to determine if changes reflect real changes in the labour market or appear because of sampling variability, which introduced volatility in the statistics. Falling response rates in surveys such as the LFS and the resulting detrimental impact on the

quality of outputs are also highlighted in the recently published [Independent Review of the UK Statistics Authority by Professor Denise Lievesley CBE](#).

Users were also positive about the improved transparency provided in the reweighting methods article released in advance of the February 2024 labour market publication, particularly ONS's clarity on the need to take account of wider labour market data sources.

However, users noted that while some UK headline series have been modelled back to 2011 to remove the discontinuity introduced by reweighting, not all series have been modelled due to time constraints. This limits users' ability to carry out meaningful time-series analysis for key variables such as job-to-job moves and regional employment and unemployment rates. This discontinuity in the data has had a particularly adverse effect on Scottish and Welsh estimates. The decision to not reweight the Annual Population Survey (APS) data that the Scottish Government and Welsh Government financially contribute towards and use to estimate lower-level regional breakdowns of the labour market data has also led to incomparability between the APS and LFS data.

ONS told us it recognises the user need for a fully reweighted data set but that this would take a significant amount of resource and a further 6 months to complete, which is why ONS prioritised the reweighting of LFS estimates for the period of July to September 2022 onwards. Only UK headline estimates were modelled and scaled back to 2011. ONS told us it is considering the next steps in the coming months.

We recognise that having a reweighted time series is very important for users. It is crucial to enable comparisons over time. However, we also appreciate that ONS has a finite set of resource and that this reweighting is time consuming and so work needs to be prioritised against the broader TLFS and LFS work programme. We heard from users that they would like some clarity on whether ONS plans to carry out any further modelling of the LFS data back to 2011 below the UK-level estimates of employment, unemployment and inactivity; reweighting of APS data; and reintroduction of the household LFS. More certainty would allow users time to determine any appropriate alternative data sources to meet their needs in this interim period before the switch to the TLFS. To enable users to plan their analysis and work, ONS should be clearer to users about its plans and priorities for the LFS in the coming months. This should include how user needs will be met.

Users in Scotland also highlighted that while the 2021 Census results for England, Wales and Northern Ireland have been published, results from the 2022 Census for Scotland have not been. It is not clear from the information ONS has published what impact the absence of Scottish census data has on the reweighted LFS data and what this means for their use. This should be clearer.

Requirement: To help users to appropriately use the available data and make plans for future analysis, ONS should clearly communicate to users its plans on:

- further reweighting of the LFS, including making it easier for users to understand what population data have been used in the reweighting and explain to users the impacts for use of the lack of Scotland Census 2022 data.
- reintroduction of the currently suspended longitudinal and household LFS data. If these data are not planned to be reinstated, ONS should set out when it expects it these datasets to be available based on TLFS data.

## Accessibility of updates and communications

ONS has recently published several updates on the LFS, such as its [plans for improvement and reintroduction](#) in November 2023 and a [further update](#) to complement the [Impact of reweighting on LFS key indicators: 2024](#) article in early February 2024 ahead of the reintroduction of the LFS-based estimates later that month. However, these outputs are published across the ONS website with no clear signposting, and so users may not have the full narrative as regards changes to the LFS.

Information about the trade-offs from the switch from the experimental estimates back to the LFS is covered in the reweighting article, but as some users may not read the article, ONS needs to consider how this information can be more clearly communicated alongside its results. Users told us they would have liked further detail on the choice of timing for switching back to using the LFS, and while ONS told us that the decision was in part due to the usefulness of the experimental estimates decreasing over time, this does not appear to have been communicated to users very clearly.

ONS has committed to considering how it can present a more joined-up narrative around the LFS. We recognise that exact timings may not always be known but consider that improved communication around the challenges being faced and the steps ONS is taking to overcome these difficulties will help to improve trust in the LFS improvement process and transition to the TLFS.

Requirement: To help users understand and keep up to date with the full narrative around developments to the LFS, ONS should gather this information in one place and make it easily accessible to users.

## Explaining how the data should be used

In its [reweighting methods article](#), ONS helpfully outlines some of the trade-offs it made when deciding to reintroduce reweighted LFS data. In this article, and the labour market bulletins and data tables, ONS clearly provides warnings for users about the ongoing volatility of the LFS, advising caution and for users to refer to a range of sources to piece together the full picture, such as Workforce Jobs, claimant count data and Pay As You Earn Real Time Information (PAYE RTI) estimates; we heard from some users that this advice is welcome. The increase in volatility in the estimates is due to increased sampling variability. We recognise the greater transparency provided by the reweighting methods article but think it could be further improved for the less-experienced users. For example, the comparability and strengths and limitations of these different sources could be better outlined to help guide users on the most appropriate use; this could include better signposting to existing documents such as ONS's [Comparison of labour market data sources](#). More generally, the non-specific use of words like 'volatility' and ONS advising 'caution' do not provide users with enough information to support appropriate use.

To help users to understand the uncertainty around these estimates, ONS publishes the sampling variability (95% confidence intervals) of the headline LFS estimates in the sampling variability section ([Dataset A11](#)) of its [Labour market overview](#) statistical bulletin. However, sampling variability data are not provided by age group, which we understand is one of the key areas that has seen increased sampling variability over the past five months.

Requirement: To enable users to more fully understand the uncertainty around the LFS data, ONS should be clearer in its communication around terms such as 'volatility' and

'caution'. It should also link clearly to the data which demonstrates where this volatility and uncertainty exists to enable appropriate use of the data.

The reweighting of the LFS and its impact, including the discontinuity introduced to some series, are explained in the methods [article](#) and in the [Employment in the UK](#) bulletin. However, some users pointed out that the methods article and the published improvement plan are focussed at the UK level, and so they would like to have seen more information on how improvements to the LFS data at a country and regional level have been implemented and what this means for using the data.

Requirement: To help users more fully understand how the reweighted data can be used at the sub-UK level, ONS should include more explanations about what the reweighting improvements mean for the use of this data.

## **Communication of data quality issues and improvements**

[ONS's response](#) to our letter setting out our intention to carry out this short review demonstrates its commitment to data quality and describes the impact of the improvements already in place. The team told us that while the improvement work is ongoing and that it is starting to see improvements to the data quality, the full impact of the improvement work has yet to be seen.

ONS has been carrying out thorough quality assurance of the LFS data. It uses a range of techniques, including looking at confidence intervals, sampling variation and QA input from key stakeholders such as the devolved nations, and compares the LFS data with similar administrative sources to understand the strengths and limitations of the estimates so that this information can be shared with users. We recognise, though, that despite having robust procedures in place, errors may occur, for example, the recent error in ONS's processing of the Northern Ireland LFS data which resulted in [NISRA not being able to publish NI LFS-based estimates on 12 March 2024](#). This error was discovered during the final quality assuring of the data and before publication, which demonstrates the importance of good-quality assurance. We recognise ONS is investigating what led to the error and intends to take steps to ensure that this does not happen again.

Information advising users of the recent NI LFS data processing error and its implications for the data could be more consistent. This information was included on the [ONS release calendar](#), the [operational note](#) that was circulated to users, and while the latest [Employment in the UK release](#) published 12 March highlights the Northern Ireland data issue and its impact prominently, this is not replicated in the UK labour market overview release, and so this key information could be missed by some users. Additionally, ONS communicated in its March 2024 release that it would not be publishing regional LFS data for Scotland and Wales, however ad hoc regional LFS data for [Scotland](#) and [Wales](#) were published by ONS. We recognise that this ad hoc data was to respond to Scottish Government and Welsh Government needs. However, the availability of data for Scotland and Wales should have been signposted from the releases. ONS has told us that it is looking at how to best signpost to this data from the release and we advise that this should be completed as soon as practicable.

Requirement: To help users interpret the data appropriately and gain the most value from them, ONS should take a consistent and clear approach to communicating data quality issues and improvements.

## Transition to the TLFS

Users have welcomed the reintroduction of the LFS-based estimates, but as the LFS continues to go through a period of instability, users of the data would also like greater clarity about the process of transition to the TLFS and how this links with improvement plans for the LFS as the two are increasingly interlinked. This includes the criteria and evidence that ONS is using to guide the transition and any further improvements to the LFS. Providing a better understanding of the criteria ONS is using will help assure users' trust in labour market data.

ONS has previously been transparent with users on its governance of the TLFS by [publishing its governance process](#) in response to one of the [recommendations from our ongoing review of the TLFS](#).

Requirement: To support users' confidence during the transition to the TLFS, ONS should publish updated information setting out the principles and quality criteria it will consider in making further LFS improvements and the transition to the TLFS.

While information in the Employment bulletin on planned improvements to the LFS signposts users to the [TLFS update](#) published in November 2023 and the [Impact of reweighting on LFS key indicators: 2024](#) article also focusses on the TLFS as the long-term solution, this could lead some users to believe that there are no plans to make any further improvements to the existing LFS, which is not the case.

We recognise that ONS intends to publish a plan setting out further improvements and developments for the LFS data shortly as well as its plans for the TLFS development work. These publications should give users an indication of what they can expect and when.

We also appreciate that ONS intends to make the publishing of high-quality employment data one of its priorities for 2024/25 and plans to align resources with these priorities. We recognise that given the LFS-based estimates are published monthly, the teams involved work within tight timescales and that the monthly labour market production timetable does not allow much contingency should an issue arise. The teams working on the production of the LFS-based estimates are also those working on the TLFS, and so extra work required on one can impact the other. Therefore, we hope that this priority focus and resource realignment can help to bolster and further support the transformation and production of these important labour market statistics.

Requirement: To further support users during the transition to the TLFS, ONS should publish its plans for further improvements to the LFS as soon possible, making it easy for users to find on the website. These should include plans, priorities and progress and how its human, financial and technological resources are being used to deliver labour market statistics that serve the public good using LFS and, in future, TLFS data during this transition period.

**Annex A – Update on OSR judgements: OSR’s review of experimental Labour Market Statistics produced by the Office for National Statistics (ONS)**

Requirement	Actions taken and commitments made by ONS to meet the requirement	Judgement
ONS should publish detailed information:		
a) setting out how and why it decided to withdraw the LFS data (including explaining why it was suitable for previous releases and not anymore)	This requirement has been met through the information published in an accompanying methodology <a href="#">article</a> .	This requirement has been met.
b) clearly setting out for users what LFS data is being used as the base to apply the growth rates calculated from the PAYE RTI and Claimant Count data under this new experimental method	In the November release, the new method is highlighted upfront, and a clear link to the methods article, which is again even clearer on what the base LFS data used are and what is applied to these base data, is provided.	This requirement has been met.
c) explaining why it used the Claimant Count and PAYE RTI data to contribute to an alternative measure. This should include the strengths, limitations, and appropriate use of the alternative measure and why these data sources were chosen in preference to other labour market data sources such as Workforce Jobs. ONS should also set out the extent to which Claimant Count and PAYE RTI are appropriate proxies for the concepts being measured to aid understanding of quality and support appropriate use and clearly link these from published releases.	<p>This requirement has been met through the information published in accompanying methodology <a href="#">article</a>.</p> <p>ONS has also taken this feedback into account when reintroducing LFS-derived data. One of the graphs in the methods article published on 5 February to support the reintroduction of reweighted LFS data compares reweighted RTI and LFS data. It shows the extra volatility inherent in the LFS data versus the RTI data. This then supports ONS’s message about how to use the data and feeds into the trade-offs ONS has made in deciding to reintroduce the LFS data.</p>	This requirement has been met.
ONS should publish suitable information on the methodology underpinning the new experimental method, its approach	The methods article is clear on the methodology used. It links to the plans to improve the quality of LFS, and an explanation of why April–June 2023 data are suitable to use as a base.	This requirement has been met.

<p>to quality assurance (including its assurance of the quality of the LFS data used) and whether international standards are being met.</p>	<p>It is clear in the <a href="#">Employment in the UK release</a> that international definitions are being met, and there was some discussion of this in the methods article published on 5 February.</p>	
<p>ONS should ensure that its communication supports the use of the statistics, is easily accessible for users and is transparent about the evidence base supporting any assertions made.</p>	<p>More information has been provided in the <a href="#">November release</a> and <a href="#">methodology article</a> compared to the information provided in October. The information about the evidence base and strengths and weaknesses of the data and future improvement plans seems much more coherent and complete.</p>	<p>We will continue to monitor this through the transition.</p>
<p>When publishing any other indicative labour market data, including from the TLFS, ONS should include information on its quality, purpose, and use and limitations that helps users understand what they can and cannot use these data for.</p>	<p>ONS has agreed to implement clearer signposting around the published user request for TLFS data, and in response to increased media coverage of the user request, ONS has published <a href="#">this statement</a> making it clear to users that the TLFS data are both indicative and experimental and that no weight should be put upon them.</p>	<p>This requirement has been met.</p>
<p>ONS should identify what lessons can be learnt to more effectively and transparently manage and pre-empt quality issues in the future, including balancing transformation and ongoing production.</p>	<p>ONS has made publishing high-quality published statistics on employment one of its key priorities for 2024/25.</p>	<p>We will continue to monitor this through the transition.</p>



