
Director General for Regulation

John Pullinger
National Statistician
Office for National Statistics
By email

4 November 2015

Dear John,

Index of Labour Costs and Hours

My team recently commenced the assessment of the Index of Labour Costs and Hours (ILCH) currently published quarterly by ONS as experimental statistics. I am grateful to the statisticians in the team for the positive way that they have engaged with us thus far in this work.

I understand that ONS developed these statistics following its Quality Review of the Distribution of Earnings Statistics¹. These statistics are a variant, for a UK audience, of the Labour Cost Index², which is required to be produced for Eurostat, and it is to ONS's credit that it has sought to meet a user need in this way.

However, the assessment team's preliminary investigations suggest a lack of clarity with users about the purpose and quality of ILCH, and the extent of user engagement in the development of these experimental statistics more widely. This immediately points to gaps in practice against a number of areas of the *Code of Practice for Official Statistics* around meeting user needs and user engagement. We also consider that the apparent lack of intense use of these statistics by key potential users does not fit well with the concept of 'value' that the National Statistics badge encompasses.

I therefore consider that it would severely limit the value of the assessment for ONS and take up the valuable time of the statistics team, ONS's senior management and the assessment team to proceed at this time. On this basis I have asked my team to suspend work on this assessment, with the intention that ONS considers – in conjunction with key potential users – the appetite for and the production of these statistics for a UK audience.

I would appreciate updates from ONS as it decides how it is going to take these statistics forward.

Yours sincerely,



Ed Humpherson

¹ www.ons.gov.uk/ons/guide-method/method-quality/quality/quality-reviews/theme/labour-market/nsqr-14/nsqr-series-report-no--14--review-of-distribution-of-earnings-statistics-doc

² http://ec.europa.eu/eurostat/statistics-explained/index.php/Hourly_labour_costs