

# Assessment of compliance with the Code of Practice for Official Statistics

## Annual Statistics on Hours and Earnings

*(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.

### **Contact us**

Tel: 0845 604 1857

Email: [authority.enquiries@statistics.gsi.gov.uk](mailto:authority.enquiries@statistics.gsi.gov.uk)

Website: [www.statisticsauthority.gov.uk](http://www.statisticsauthority.gov.uk)

UK Statistics Authority  
1 Drummond Gate  
London  
SW1V 2QQ

# **Assessment of compliance with the Code of Practice for Official Statistics**

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## ASSESSMENT AND DESIGNATION

The *Statistics and Registration Service Act 2007* gives the UK Statistics Authority a statutory power to assess sets of statistics against the *Code of Practice for Official Statistics*. Assessment will determine whether it is appropriate for the statistics to be designated as National Statistics.

Designation as National Statistics means that the statistics comply with the *Code of Practice*. The *Code* is wide-ranging. Designation can be interpreted to mean that the statistics: meet identified user needs; are produced, managed and disseminated to high standards; and are explained well.

Designation as National Statistics should not be interpreted to mean that the statistics are always correct. For example, whilst the *Code* requires statistics to be produced to a level of accuracy that meets users' needs, it also recognises that errors can occur – in which case it requires them to be corrected and publicised.

Assessment Reports will not normally comment further on a set of statistics, for example on their validity as social or economic measures. However, Reports may point to such questions if the Authority believes that further research would be desirable.

Assessment Reports typically provide an overview of any noteworthy features of the methods used to produce the statistics, and will highlight substantial concerns about quality. Assessment Reports also describe aspects of the ways in which the producer addresses the 'sound methods and assured quality' principle of the *Code*, but do not themselves constitute a review of the methods used to produce the statistics. However the *Code* requires producers to "seek to achieve continuous improvement in statistical processes by, for example, undertaking regular reviews".

The Authority may grant designation on condition that the producer body takes steps, within a stated timeframe, to fully meet the *Code's* requirements. This is to avoid public confusion and does not reduce the obligation to comply with the *Code*.

The Authority grants designation on the basis of three main sources of information:

- i. factual evidence and assurances by senior statisticians in the producer body;
- ii. the views of users who we contact, or who contact us, and;
- iii. our own review activity.

Should further information come to light subsequently which changes the Authority's analysis, it may withdraw the Assessment Report and revise it as necessary.

It is a statutory requirement on the producer body to ensure that it continues to produce the set of statistics designated as National Statistics in compliance with the *Code of Practice*.

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# 1 Summary of findings

## 1.1 Introduction

1.1.1 This is one of a series of reports<sup>1</sup> prepared under the provisions of the *Statistics and Registration Service Act 2007*<sup>2</sup>. The Act requires all statistics currently designated as National Statistics to be assessed against the *Code of Practice for Official Statistics*<sup>3</sup>. The report covers the following statistics produced by the Office for National Statistics (ONS):

- *Annual Survey of Hours and Earnings*<sup>4</sup> (ASHE), and
- *Low Pay Estimates*<sup>5</sup>.

1.1.2 The Act also allows the National Statistician to request an assessment of other official statistics in order for them to gain National Statistics status. The inclusion of *Patterns of Pay (PoP)* is in response to such a request.

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 judges that the statistics covered by this report are readily accessible, produced according to sound methods and managed impartially and objectively in the public interest, subject to any points for action in this report. The Statistics Authority confirms that the statistics listed in 1.1.1 are designated as National Statistics and has determined that the statistics detailed in 1.1.2 can be designated as National Statistics, subject to ONS implementing the enhancements listed in section 1.5 and reporting them to the Authority by March 2012.

## 1.3 Summary of strengths and weaknesses

1.3.1 ONS statisticians are proactive in their approach to user engagement with the public sector, and users were complimentary about the responsiveness of the producer team and its expertise. ONS collects data electronically from some of the largest employers to reduce the burden on them and is exploring the potential of collecting more data directly from employers' administrative systems.

1.3.2 The releases lack information about the uses and the users of the data and commentary on pension statistics. The releases also lack information about the methods adopted; the main sources of bias and other errors with the statistics;

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<sup>1</sup> <http://www.statisticsauthority.gov.uk/assessment/assessment-reports/index.html>

<sup>2</sup> [http://www.opsi.gov.uk/Acts/acts2007/pdf/ukpga\\_20070018\\_en.pdf](http://www.opsi.gov.uk/Acts/acts2007/pdf/ukpga_20070018_en.pdf)

<sup>3</sup> <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html>

<sup>4</sup> <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2010-results/stb-ashe-2010.pdf>

<sup>5</sup> <http://www.ons.gov.uk/ons/rel/ashe/low-pay/april-2010/index.html>

and other sources of earnings statistics and coherence between those statistics.

## 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.

## 1.5 Requirements for designation as National Statistics

<b>Requirement 1</b>	Take steps to develop a more complete understanding of the use made of the statistics by non-government users, and publish the information (para 3.1).
<b>Requirement 2</b>	Ensure that systematic and transparent planning arrangements are adopted so that users are made aware of any planned changes to the statistics or methodology; ONS should consider how planned changes might affect the intended uses and users of the statistics, and publish this information (para 3.3).
<b>Requirement 3</b>	Provide more information about the main sources of bias and other errors associated with these statistics (para 3.9).
<b>Requirement 4</b>	Investigate the options for allowing all businesses to provide survey returns electronically (para 3.13).
<b>Requirement 5</b>	Provide information on the quality and reliability of statistics in relation to the range of potential uses (para 3.17).
<b>Requirement 6</b>	Improve the commentary and analysis in the releases to aid user interpretation. The releases should also include commentary on pensions statistics (para 3.18).
<b>Requirement 7</b>	Ensure that users are informed of the new arrangements for accessing <i>Patterns of Pay</i> , and ensure that access is made as straightforward as possible (para 3.20).
<b>Requirement 8</b>	Explore the feasibility of providing weights for data within the Virtual Microdata Laboratory (para 3.21).
<b>Requirement 9</b>	Work to maximise the exchange and re-use of data, to avoid duplicating requests for information (para 3.28).



## 2 Subject of the assessment

- 2.1 The Annual Survey of Hours and Earnings (ASHE) is a UK-wide survey that collects a range of data on hourly, weekly and annual earnings, working patterns, and a range of further information relevant to understanding earnings statistics.
- 2.2 Data are collected by ONS for GB and by the Northern Ireland Statistics and Research Agency (NISRA) for Northern Ireland. ONS is responsible for publishing information for the UK and GB. Participation in the survey is statutory under the *Statistics of Trade Act 1947*<sup>6</sup> for GB, and *Statistics of Trade and Employment (Northern Ireland) Order 1988*<sup>7</sup> for Northern Ireland.
- 2.3 *ASHE* presents information about hourly, weekly and annual earnings by sex, work pattern, industry and occupation. In the most recent *ASHE*, detailed provisional results for the latest year and final results for previous years are published, along with a high-level time series presented from 1997 to 2010. Supplementary tables are published alongside the release, which provide detailed information for different geographies, including parliamentary constituencies. Statistics are also presented on both workplace and residence bases<sup>8</sup>. Tables are provided for individual years, with provisional results for the latest year and final results for previous years.
- 2.4 Supplementary tables are also released in February each year, which include UK statistics presented by pension category for each employee's gross weekly earnings, and percentage contribution; and the employer's percentage contribution. Data are broken down by age, occupation<sup>9</sup>, industry<sup>10</sup>, and size of employer<sup>11</sup> with data by sex, part-time and full-time employees available on request.
- 2.5 *Low Pay Estimates* is published at the same time as *ASHE* and provides information about the number of individuals earning below the National Minimum Wage<sup>12</sup>. Statistics are published by sex, age, and part-time and full-time employees.
- 2.6 *Patterns of Pay* is published four months after the *ASHE* and *Low Pay Estimates* releases. It presents an analysis of the most recent survey results and provides comparisons over time. The release examines changes in pay by: gender; age; sector; industry; region, and country. Supplementary tables present time series data from 1997 to 2010.

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<sup>6</sup> <http://www.legislation.gov.uk/ukpga/Geo6/10-11/39/contents> /contents

<sup>7</sup> <http://www.legislation.gov.uk/nisi/1988/595/contents/made>

<sup>8</sup> Workplace basis allocates all hours and earnings information to the location of the employer, based on the employer's postcode. Residence basis allocates hours and earnings information to the employee's home address, based on the employee's postcode

<sup>9</sup> <http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/soc2010/index.html>

<sup>10</sup> <http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/standard-industrial-classification/index.html>

<sup>11</sup> Size of employer relates to the number of individuals employed by a company

<sup>12</sup> [http://www.direct.gov.uk/en/Employment/Employees/TheNationalMinimumWage/DG\\_10027201](http://www.direct.gov.uk/en/Employment/Employees/TheNationalMinimumWage/DG_10027201)

- 2.7 The sample for the survey is obtained from PAYE<sup>13</sup> (Pay As You Earn) records, which are administered by HM Revenue & Customs (HMRC). Around 1 per cent of all employees in the UK (about 260,000 employees) are included in the sample. Employees are selected according to the two last digits of their National Insurance number<sup>14</sup>, and information is collected directly from each person's employer. The same two digits are used each year enabling the creation of a longitudinal dataset for analysis.
- 2.8 A longitudinal database of survey data is held securely on ONS's Virtual Microdata Laboratory<sup>15</sup> (VML). The VML maintains the confidentiality and security of the sensitive microdata and allows approved researchers<sup>16</sup> to undertake complex analysis on earnings and hours statistics.
- 2.9 Methods used in the production of statistics from the survey have changed several times over the survey's history. ASHE was called the New Earnings Survey (NES) until 2004; during 2004 new methods were introduced and ONS began to collect supplementary information in order to improve coverage<sup>17</sup>. In 2007 and 2008, further changes were made to the sample design to improve the quality of the results<sup>18</sup>.
- 2.10 The outputs from the survey are put to a range of uses, including:
- by the Low Pay Commission<sup>19</sup> to monitor the effect of the National Minimum Wage, and to set its level;
  - by the public and private sector for pay review purposes;
  - by the public sector for labour market policy assessment; and
  - by Eurostat<sup>20</sup> for comparisons between European Union Member States<sup>21</sup> on earnings and labour costs in the European Union<sup>22</sup>.
- 2.11 ONS told us that the production of these statistics costs £1.5m.

<sup>13</sup> <http://www.hmrc.gov.uk/payee/intro/basics.htm>

<sup>14</sup> The allocation of National Insurance numbers is random; effectively making the sample a random selection.

<sup>15</sup> <http://www.ons.gov.uk/ons/about-ons/who-we-are/services/vml/index.html>

<sup>16</sup> <http://www.ons.gov.uk/ons/about-ons/who-we-are/services/vml/accessing-the-vml/how-to-access-the-vml/index.html>

<sup>17</sup> <http://onlinelibrary.wiley.com/doi/10.1111/j.1467-985X.2007.00475.x/full>

<sup>18</sup> Cotterell, B. (2007) *Optimal sample size reduction for the Annual Survey of Hours and Earnings*. Survey Methodology Bulletin No. 61 <http://www.statistics.gov.uk/ssd/ssmb/SMB61.pdf>

<sup>19</sup> The Low Pay Commission advises the Government on the implementation of the National Minimum Wage. <http://www.lowpay.gov.uk/>

<sup>20</sup> <http://epp.eurostat.ec.europa.eu>

<sup>21</sup> [http://europa.eu/about-eu/countries/index\\_en.htm](http://europa.eu/about-eu/countries/index_en.htm)

<sup>22</sup> Data are provided to Eurostat under European Union Council Regulation (EC) No 530/1999, [http://europa.eu/legislation\\_summaries/employment\\_and\\_social\\_policy/situation\\_in\\_europe/c10937\\_en.htm](http://europa.eu/legislation_summaries/employment_and_social_policy/situation_in_europe/c10937_en.htm)

### 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 has established a survey user group which meets twice a year and includes representatives from other government departments, but does not include anyone from outside government. ONS received some feedback from a range of users who have contacted the ASHE helpdesk with queries about estimates. In 2010, ONS were invited to take part in the Low Pay Commission's annual workshop which was attended by a range of researchers. ONS used this to gain feedback on the use of ASHE from researchers. ONS has been invited to take part in the 2011 workshop. Aside from the survey user group, ONS does not proactively engage with users of the survey. As part of the designation as National Statistics, ONS should take steps to develop a more complete understanding of the use made of the statistics by non-government users, and publish the information<sup>23</sup> (Requirement 1). We suggest that ONS refer to the generic classes of use put forward in the Authority's Monitoring Brief: *The Use Made of Official Statistics*<sup>24</sup> in meeting this requirement.
- 3.2 The survey user group discusses the survey questionnaire, sampling methods and other aspects of the survey; however the agenda and minutes of the user group meetings are not published. We suggest ONS publish the agenda and minutes of survey user group meetings and encourage participation from non-government users.
- 3.3 During 2006, ONS held a consultation on its strategic work programme, the results<sup>25</sup> of which are published on its website. The consultation sought users' views about a proposed 10 per cent cut to the sample size. During 2007 ONS reduced the sample size by 20 per cent<sup>26</sup>. Users told us that they had not been adequately consulted before the changes were implemented; the changes affected the quality of the statistics and the ways that they were able to use them. The Devolved Administrations and government departments within England and Wales have subsequently provided funding to restore the sample to its original size, and this was implemented in 2009. ONS told us that it intends to maintain the current sample and bear the full costs from 2012, when the current funding arrangement ends. ONS has published details of the changes to the sample in a *Summary Quality Report for the Annual Survey of Hours and Earnings*<sup>27</sup> (SQR ASHE). The Assessment team considers that users should be consulted more extensively if changes of a similar scale are

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<sup>23</sup> In relation to Principle 1, Practice 2 of the *Code of Practice*

<sup>24</sup> <http://www.statisticsauthority.gov.uk/assessment/monitoring/monitoring-briefs/monitoring-brief-6-2010---the-use-made-of-official-statistics.pdf>

<sup>25</sup> <http://www.ons.gov.uk/ons/about-ons/consultations/closed-consultations/2007/ons-s-statistical-work-programme-phase-2/index.html>

<sup>26</sup> <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/labour-market/annual-survey-of-hours-and-earnings/changes-to-ashe-in-2007.pdf>

<sup>27</sup> <http://www.ons.gov.uk/ons/guide-method/method-quality/quality/quality-information/business-statistics/summary-quality-report-for-annual-survey-of-hours-and-earnings--ashe-.pdf>

planned in future. As part of the designation as National Statistics, ONS should ensure that systematic and transparent planning arrangements are adopted so that users are made aware of any planned changes to the statistics or methodology; ONS should consider how planned changes might affect the intended uses and users of the statistics, and publish this information<sup>28</sup> (Requirement 2).

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<sup>28</sup> In relation to Principle 1, Practice 3 and Protocol 1, Practice 7 of the *Code of Practice*

### 3.4 Principle 2: Impartiality and objectivity

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

- 3.5 ONS publishes these statistics in an orderly manner. The statistics are presented impartially and objectively. They are available free of charge on ONS's website and can be accessed from the National Statistics Publication Hub.
- 3.6 ONS receives quarterly dataset samples from HMRC. These datasets are used to ensure employers are sent the questionnaire for each individual employee that is sampled. During February 2010, ONS identified an error in the HMRC sample frame. As a result, the dataset contained approximately 140,000 erroneous records. ONS immediately informed government users about the error and the potential delay in releasing 2010 data. Government users were given updates on the situation in March, July and September 2010. However the delay was not announced publicly until 5 November 2010, five days before the scheduled release date of the 10 November 2010. We suggest that ONS ensure that users from all sectors are informed about potential delays well in advance of the scheduled publication date.

### **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.**

- 3.7 No incidents of political pressures, abuses of trust or complaints relating to professional integrity, quality or standards were reported to or identified by the Assessment team.

## 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.**

- 3.8 ONS introduced the survey in 2004 to replace the New Earnings Survey (NES)<sup>29</sup>. ONS revised the methods underpinning NES in response to recommendations in the National Statistics Quality Review of the Distribution of Earnings Statistics<sup>30</sup>. These changes<sup>31</sup> include: new weighting methods; imputation for non-responses, and questionnaire re-design. ONS has reproduced historic NES data using ASHE methods for the period 1998 to 2003 to provide users with a consistent time series. ONS published an article<sup>32</sup> on its website which reports analyses of the impact of the changes. In 2007 and 2008, the survey sample size was reduced by twenty per cent (see paragraph 3.3). ONS optimised the sample to minimise the impact on the quality of estimates at the UK level with the largest sample reductions occurring in industries where earnings were least variable. However, users told us that they were concerned with the quality of regional and sub-regional data as a result of the sample size reduction and felt the redesign of the survey did not meet their needs.
- 3.9 Data are provided for employees in PAYE schemes relating to a given reference date, usually in April each year. Data are also collected about bonuses and overtime payments; bonuses relate to those paid in the week of the reference date. Some limitations of the hours and earnings statistics are explored in *ASHE* and *SQR ASHE* (see paragraph 3.3) but, more information is required to understand the limitations of the survey. For example, it is unclear how the bias introduced through excluding bonus payments is accounted for within the survey. The survey was designed to collect information about those in employment and excludes earnings derived from business ownership, such as dividends, and income from self-employment. As part of the designation as National Statistics, ONS should provide more information about the main sources of bias and other errors associated with these statistics<sup>33</sup> (Requirement 3). In meeting this Requirement, we suggest that ONS assess the impact of excluding bonuses from weekly pay estimates and provide links to information on income and hours worked by business owners and the self-employed.
- 3.10 ONS has thorough desk instructions to ensure that quality assurance processes are consistently applied. The quality assurance processes include a systematic procedure for checking data, and the producer team liaises regularly

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<sup>29</sup> <http://www.ons.gov.uk/ons/about-ons/who-we-are/services/unpublished-data/business-data/ashe/index.html>

<sup>30</sup> <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/labour-market/annual-survey-of-hours-and-earnings/review-of-distribution-of-earnings-statistics.doc>

<sup>31</sup> <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/labour-market/annual-survey-of-hours-and-earnings/methodology-for-the-2004-annual-survey-of-hours-and-earnings.pdf>

<sup>32</sup> <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/annual-survey-of-hours-and-earnings--an-analysis-of-historical-data-1998-2003/annual-survey-of-hours-and-earnings--an-analysis-of-historical-data-1998-2003-.pdf>

<sup>33</sup> In relation to Principle 4, Practice 2 of the *Code of Practice*

with ONS's data collection areas that are responsible for contacting businesses to query unusual values.

- 3.11 *SQR ASHE* includes information about the use of the Standard Occupational Coding 2000 and Standard Industrial Classifications 2007 which enable international comparisons to be made. *SQR ASHE* also includes information about the methods that are used to compile these statistics. It is not clear which outputs the information about quality and methods within *SQR ASHE* applies to. We suggest that ONS clearly state within all published quality information to which outputs the quality information refers.



## 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.**

3.12 ONS has assured us that it takes all necessary steps to protect the confidentiality of the data it collects. The guidance that is provided alongside the survey questionnaire informs employers that data confidentiality will be protected and no estimates will be released which allow the disclosure of any personal identity. ONS has published a Disclosure Control Policy<sup>34</sup> which explains how respondents' confidentiality will be maintained. We suggest that ONS include a link to the Disclosure Control Policy from the ASHE web page.

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<sup>34</sup> <http://www.ons.gov.uk/ons/guide-method/best-practice/disclosure-control-policy-for-tables/index.html>

## 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.**

- 3.13 In order to minimise the burden placed on respondents, ONS provides large businesses with the option of returning data for their employees electronically. Given that the survey samples individuals, large businesses can potentially have many survey questionnaires to complete. Returning the requested data electronically helps to reduce the burden on large businesses because it enables a more direct transfer of data from the businesses accounting systems. As part of the designation as National Statistics, ONS should investigate the options for allowing all businesses to provide survey returns electronically<sup>35</sup> (Requirement 4).
- 3.14 ONS regularly monitors the level of burden experienced by data suppliers and publishes details about how compliance burden is measured<sup>36</sup>. ONS is currently exploring how the use of existing administrative data and new electronic data collection methods can reduce the burden on respondents to ASHE.

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<sup>35</sup> In relation to Principle 6, Practice 1 of the *Code of Practice*

<sup>36</sup> <http://www.ons.gov.uk/ons/rel/uncategorised/office-for-national-statistics-simplification-plan/ons-simplification-plan-2009/ons-simplification-plan-2009-.pdf>

## 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.**

- 3.15 ONS has published a business plan<sup>37</sup> which documents its priorities and projected expenditure for statistical activities during the period 2011-2015.
- 3.16 ONS cut the survey sample in 2007 and 2008 because of a reduction in funding. The producer team and survey users told us that devolved administrations and other government departments provided the necessary funding for the sample to be re-instated to its original size in 2009, with these organisations contributing towards the £1.5m annual cost of the survey. One user told us that they were opposed to the principle of providing the necessary resource to re-instate the sample. The producer team told us that from 2012, when the current agreement on funding ends, ONS will maintain the survey's sample size and bear the full costs.

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<sup>37</sup> <http://www.ons.gov.uk/ons/about-ons/our-organisation/corporate-documentation/index.html>

## Principle 8: Frankness and accessibility

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

- 3.17 ONS provides measures of the quality of survey estimates, based on the coefficient of variation<sup>38</sup> (cv), within the detailed tables that are published alongside the releases. However, these measures do not provide any context or guidance about the quality and reliability of the statistics in relation to their potential uses. Furthermore, the use of cvs may be confusing for users who are more accustomed to using confidence intervals. Some cvs, along with other information about quality are included within the release but the information is not comprehensive. As part of the designation as National Statistics, ONS should provide information on the quality and reliability of statistics in relation to the range of potential uses<sup>39</sup> (Requirement 5). In meeting this Requirement, we suggest that ONS include an explanation of coefficient of variation and the relationship with confidence intervals.
- 3.18 ONS includes commentary within the releases, comprising factual summaries about the accompanying tables and charts. Contextual information about the reasons for changes and the potential impact of factors such as declines in the economy and changes to the labour market are absent. ONS does not provide commentary on the pensions statistics, which are provided as supplementary tables on its website. As part of the designation as National Statistics, ONS should improve the commentary and analysis in the releases to aid user interpretation. The releases should also include commentary on pensions statistics<sup>40</sup> (Requirement 6). We suggest that in meeting this requirement ONS should consider the points detailed in Annex 2.
- 3.19 Tables are provided in Excel format, encouraging re-use of the statistics. Tables are accessible only from links within a PDF document, making accessing the detailed estimates difficult. ONS told us that the development of the ONS website should improve accessibility to the tables.
- 3.20 The *PoP* release was published within the *Economic and Labour Market Review*<sup>41</sup> (*ELMR*), an online journal. *ELMR* ceased in May 2011 and it is unclear how future *PoP* releases will be published. As part of the designation as National Statistics, ONS should ensure that users are informed of the new arrangements for accessing *PoP*, and ensure that access is made as straightforward as possible<sup>42</sup> (Requirement 7).
- 3.21 ASHE data are available through the VML, including a panel data set which allows longitudinal analysis. The panel data set does not include weights which would allow the creation of correctly-weighted aggregate estimates. The lack of weighting affects the inference that can be made from any analysis of the panel data set. As part of the designation as National Statistics, ONS should explore

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<sup>38</sup> [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Glossary:Coefficient\\_of\\_variation](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:Coefficient_of_variation)

<sup>39</sup> In relation to Principle 8, Practice 1 of the *Code of Practice*

<sup>40</sup> In relation to Principle 8, Practice 2 of the *Code of Practice*

<sup>41</sup> <http://www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/may-2011online-edition/index.html>

<sup>42</sup> In relation to Principle 8, Practice 4 of the *Code of Practice*

the feasibility of providing weights for data within the Virtual Microdata Laboratory<sup>43</sup> (Requirement 8).

- 3.22 Some other official statistics provide information about earnings, and measure aspects that the survey statistics do not cover. For example, ONS publishes monthly information about *Average Weekly Earnings*<sup>44</sup> (*AWE*), and the *Labour Force Survey*<sup>45</sup> (*LFS*) on gross earnings of people in households in the UK. Other earnings information is provided in *Survey of Personal Incomes*<sup>46</sup> (*SPI*) produced by HMRC<sup>47</sup>. *ASHE* provides some information about the *AWE* and *LFS* earnings data but does not discuss the *SPI* or alternate sources. We suggest that ONS produce a guide to earnings statistics, including information on their appropriateness of use. We further suggest that ONS work with other producers of official earnings statistics in compiling such a guide.

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<sup>43</sup> In relation to Principle 8, Practice 6 of the *Code of Practice*

<sup>44</sup> <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/august-2011/earnings-dataset.html>

<sup>45</sup> <http://www.ons.gov.uk/ons/about-ONS/surveys/a-z-of-surveys/labour-force-survey/index.html>

<sup>46</sup> [http://www.hmrc.gov.uk/stats/income\\_distribution/inc-distribution-note.pdf](http://www.hmrc.gov.uk/stats/income_distribution/inc-distribution-note.pdf)

<sup>47</sup> <http://www.hmrc.gov.uk>

## **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.**

3.23 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.**

- 3.24 The Code requires National Statistics releases to be issued at 9.30am on the day of publication. ONS's website systems historically did not enable releases to be published simultaneously, which meant that there was sometimes a delay beyond 9.30am. ONS reviewed this matter as part of its web development programme, and has informed the Statistics Authority that its website is now able to issue National Statistics releases at 9.30am.
- 3.25 ONS has published a list<sup>48</sup> of all individuals who have been granted pre-access release to these statistics.
- 3.26 Survey data are available through NOMIS<sup>®</sup> <sup>49</sup> a website funded by ONS and hosted by Durham University. NOMIS<sup>®</sup> allows users to download and analyse a subset of data from the survey for the UK, on both a workplace<sup>50</sup> and a residence basis<sup>51</sup>.

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<sup>48</sup> <http://www.ons.gov.uk/ons/guide-method/the-national-statistics-standard/code-of-practice/compliance/annual--pre-release-access/annual-survey-of-hours-and-earnings.html>

<sup>49</sup> <https://www.nomisweb.co.uk/Default.asp>

<sup>50</sup> Workplace data are available for 1997 to 2010

<sup>51</sup> Residence data are available for 2002 to 2010

### **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.**

- 3.27 ONS uses HMRC's PAYE administrative database as a sampling frame for the survey. The Assessment team considers this a good example of maximising the use of administrative information for statistical purposes.
- 3.28 ONS told us it is in the early stages of a project exploring the possibility of using data from administrative sources more directly in producing annual statistics on hours and earnings. ONS is investigating the collection of earnings data directly from employers' payrolls as these hold variables required for the survey. From October 2013, HMRC will mandate the collection of PAYE data – national insurance and income tax – from employers<sup>52</sup> when or before payments are made. These developments have the potential to allow more data to be provided through administrative systems, streamlining data provision, reducing the burden on data suppliers and improving efficiency and quality. As part of the designation as National Statistics, ONS should work to maximise the exchange and re-use of data, to avoid duplicating requests for information<sup>53</sup> (Requirement 9). We suggest that ONS liaise with HMRC to achieve this.

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<sup>52</sup> <http://www.hmrc.gov.uk/rti/index.htm>

<sup>53</sup> In relation to Protocol 3, Practice 3 of the *Code of Practice*



## Annex 1: Suggestions for improvement

A1.1 This annex includes some suggestions for improvement to ONS, 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.

- |                      |   |
|----------------------|---|
| <b>Suggestion 1</b>  | Refer to the generic classes of use put forward in the Authority's Monitoring Brief: <i>The Use Made of Official Statistics</i> when documenting use (para 3.1)   |
| <b>Suggestion 2</b>  | Publish the agenda and minutes of survey user group meetings and encourage participation from non-government users (para 3.2).  |
| <b>Suggestion 3</b>  | Ensure that users from all sectors are informed about potential delays well in advance of the scheduled publication date (para 3.6).  |
| <b>Suggestion 4</b>  | Assess the impact of excluding bonuses from weekly pay estimates and provide links to information on income and hours worked by business owners and self-employed (para 3.9).   |
| <b>Suggestion 5</b>  | Clearly state within all published quality information to which outputs the quality information refers (para 3.11).   |
| <b>Suggestion 6</b>  | Include a link to the Disclosure Control Policy from the ASHE web page (para 3.12).   |
| <b>Suggestion 7</b>  | Include an explanation of coefficient of variation when providing information about the quality and reliability of statistics in relation to the range of potential uses (para 3.17).                                       |
| <b>Suggestion 8</b>  | Consider the points detailed in Annex 2, in seeking to improve the statistical releases (para 3.18).  |
| <b>Suggestion 9</b>  | Produce a guide to earnings statistics, including information on their appropriateness of use. We further suggest that ONS work with other producers of official earnings statistics in compiling such a guide (para 3.22). |
| <b>Suggestion 10</b> | Work with HMRC to maximise the exchange and re-use of administrative data on hours and earnings (para 3.28).  |

## Annex 2: Compliance with standards for Statistical Releases

- A2.1 In October 2010, the Statistics Authority issued a statement on *Standards for Statistical Releases*<sup>54</sup>. Whilst this is not part of the *Code of Practice for Official Statistics*, the Authority regards it as advice that will promote both understanding and observation of the *Code*. In relation to the statistical releases associated with these ASHE statistics, this annex comments on compliance with the statement on standards.
- A2.2 In implementing any Requirements of this report (at paragraph 1.5) which relate to the content of statistical releases, we encourage the producer body to apply the standards as fully as possible.

### Appropriate identification of the statistics being released

- A2.3 The title of the *ASHE* release is the same as the survey's name. This can be confusing for users of the statistics and we suggest ONS use a title which provides a clear indication of the statistics released. The titles of the releases include the period to which the statistics relate, however, some of the individual charts and tables do not. The geographical coverage of the statistics is not included in the titles of releases.
- A2.5 The *ASHE* and *Low Pay Estimates* releases use appropriate headings and logos for a National Statistics product. The *PoP* does not include a National Statistics logo and does not indicate within the content of the article that the data presented are National Statistics. The releases clearly identify the producer organisation, and include the name and contact details of the responsible statistician.

### Include commentary that is helpful to the non-expert and presents the main messages in plain English

- A2.6 The releases provide a factual description of the changes, including increases and decreases, but do not include a summary identifying the main messages. *PoP* includes a useful summary at the start which outlines the content of the article. The language used in releases is mostly straightforward, with some explanation of technical terms within the main text. However, more could be done to provide explanation of technical terms.
- A2.7 The releases do not include information providing context to the figures included, for example: an extended time series; or information on changes in the labour market or economy which could lead to changes in earnings or the number of hours worked. The releases do not include explanations of why these statistics are important, to whom, and for what they are likely to be used.

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<sup>54</sup> <http://www.statisticsauthority.gov.uk/news/standards-for-statistical-releases.html>

## **Use language that is impartial, objective and professionally sound**

A2.8 The text used in the releases is impartial and evidence based. The descriptions of proportions, changes and trends in the releases are appropriate. However, the releases do not provide enough information about the quality of the statistics used to make these statements.

## **Include information about the context and likely uses**

A2.9 The releases include little information about the policy and operational context of the statistics, and do not include information about how these statistics are used, including whether the statistics are used to monitor government targets and what they show in the context of those targets. The releases would benefit from more comprehensive information within the commentary and graphics about the reliability of the statistics. It would be appropriate to comment on the uses to which people are likely to put the statistics.

## **Include, or link to, appropriate metadata**

A2.10 The releases include some information about the sources and the methods used to compile the statistics and include a methods section which provides information on any changes to definitions and methods, and adequate description of these changes, including numerical comparisons would improve the releases. The releases include links to more detailed information on the methods used.

A2.11 The releases indicate that the most recent statistics are provisional. It would aid users' interpretation of the statistics, if data were marked as provisional in the charts and tables within the release. All releases refer to other sources of hours and earnings information providing users with information on the coherence of the statistics. This could be improved by providing information on the differences between different sources, potential reasons for differences and indicating which sources are most appropriate for particular uses.

## Annex 3: Summary of assessment process and users' views

A3.1 This assessment was conducted from April to September 2011.

A3.2 The Assessment team – Gary Wainman and Ruth James – agreed the scope of and timetable for this assessment with representatives of ONS in April. The Written Evidence for Assessment was provided on 30 May. The Assessment team subsequently met the ONS during June and July to review compliance with the *Code of Practice*, taking account of the written evidence provided and other relevant sources of evidence.

### Summary of users contacted, and issues raised

A3.3 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.

A3.4 The Assessment team received 17 responses from the user consultation. The respondents were grouped as follows:

Government departments	9
Devolved administrations	2
Regional agencies	2
Other	4

A3.5 All the responses received to the user consultation carried out as part of this assessment were from within the public sector. These users regard ASHE statistics as extremely valuable. Uses are diverse, including: calculation of the differences in cost between different areas; policy formulation; and assessing the coverage of the National Minimum Wage. Many users require accurate data for small geographical areas and were concerned that methodological changes eroded the quality of the data for these uses. Users were complimentary about the responsiveness of the producer team and their expertise. Some users would like more detailed methodological information. Users reported difficulty in accessing statistics.

A3.6 Users expressed concern over ONS's lack of consultation over methodological changes, including the 2007 twenty per cent sample cut but acknowledged the level of engagement has improved.

### Key documents/links provided

Written Evidence for Assessment document



