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Sent by email only

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Dear Ed

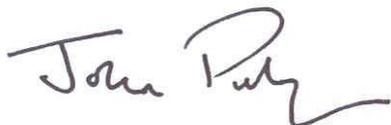
**The Coherence and Accessibility of Official Statistics on Income and Earnings**

Thank you for your letter dated 10 June 2016 regarding progress on meeting the recommendations of the Income and Earnings Monitoring Review. As requested, I attach an action plan (annex A) that addresses the three areas you identified in your letter. The update provided in May covers work for other areas of the review. Some key outputs from the plan are:

- Publication of a revised and updated guide to income and earnings statistics this summer. As a web-based document, this will provide a hub enabling users to link to relevant data and analysis;
- Improved publication of Family Resources Survey (FRS) results with data visualisations and more data for the expert user;
- Publication of experimental data from HMRC's PAYE Real Time Information system in Autumn 2016; and
- A report on the current sources of data for self employment income, due in September 2016.

I believe that the action plan will fulfil the requirements of the Income and Earnings Review. I will provide a further update at the end of the year when much of the plan should have been delivered. I am copying this letter to Jonathan Athow and Glenn Everett at ONS, Sean Whellams at HMRC and Neil McIvor at DWP.

Best wishes

**John Pullinger**

## ANNEX A

### Action plan for areas identified for improvement from Income & Earnings Review – July 2016

Area for improvement	Output/activity	Target date	Description
Engaging with a range of stakeholders to develop solutions to address the timeliness of statistics on income from self-employment	Family Resources Survey (FRS) 2014/15 publication.	28 June 2016 <b>(Completed)</b>	Included new analysis of self-employed earnings and also putting into wider context of other income components for total family income.  <a href="https://www.gov.uk/government/statistics/family-resources-survey-financial-year-201415">https://www.gov.uk/government/statistics/family-resources-survey-financial-year-201415</a>  We hope this adds a new perspective to the public debate making best use of the strengths of the FRS.
	Mixed Income (Self employed earnings) Compilation Methods  Commissioned a report by Deloitte under the Management Call Off arrangement.	Project will start August 2016 Draft report by 30 September 2016	Objective of this research is to explore sources of data and information that ONS can collect/source that will address known gaps in HMRC data on the self-employed (both in terms of scope and timeliness).
	Feasibility of nowcasts of income from self employment	31 December 2016	HMRC will look at the feasibility and value of producing nowcasts of self-employment incomes up to the current year based on OBR forecasts for aggregate self-employed income. The timescale for investigating the feasibility of this is December 2016. The findings will then be presented to the ONS Earnings Stakeholder panel to inform the direction of these statistics.
	Using data from the making	2019	As outlined in the link below, as part of 'Making Tax Digital' the self-employed will be moving from April 2018 to provide quarterly

	Making Tax Digital to provide more timely statistics on self-employment.		<p>updates of their income and expenditure etc. This change may allow HMRC to produce much more up to date information on the self-employed. Once this information starts to become available HMRC, in collaboration with other stakeholders, will investigate how best to make this information available on a timely basis.</p> <p><a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/484668/making-tax-digital.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/484668/making-tax-digital.pdf</a></p>
Improving accessibility to the wide range of statistics available and their underpinning data, and improving guidance on their strengths and limitations	Family Resources Survey 2014/15, Households Below Average Income 2014/15, Pensioners' Incomes Series 2014/15.	28 June 2016 <b>(Completed)</b>	<p>Publication format improved to make use of new DWP dissemination template focusing on more visual and accessible presentation of headline results. Alongside the headline results there is a suite of tables for more expert users in Excel and/or ODS format as appropriate.</p> <p>We also have detailed Background and Methodology notes that include details of methodology, alternative sources of information and information on the strengths and limitations of the results. Again we are using new DWP templates.</p> <p><a href="https://www.gov.uk/government/statistics/family-resources-survey-financial-year-201415">https://www.gov.uk/government/statistics/family-resources-survey-financial-year-201415</a></p> <p><a href="https://www.gov.uk/government/statistics/households-below-average-income-199495-to-201415">https://www.gov.uk/government/statistics/households-below-average-income-199495-to-201415</a></p> <p><a href="https://www.gov.uk/government/statistics/pensioners-incomes-series-financial-year-201415">https://www.gov.uk/government/statistics/pensioners-incomes-series-financial-year-201415</a></p> <p><a href="https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-201415">https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-201415</a></p> <p>We will continue to use this new format for future publications. Datasets for FRS/HBAI/PI 2014/15 are being sent to the UK data Service. The availability of the datasets for researchers will be dependent on the processing time by the UK Data Service.</p>
	Development of DWP statistics pages on gov.uk	30 June 2016 <b>(Completed)</b>	<p>We have redesigned the main <u>DWP Statistics</u> page on gov.uk so that all of our regular publications are grouped into themes. 'Income and Living Standards' has been included as a theme, so visitors</p>

	to improve accessibility of data		can easily browse all publications related to this subject area in one place. Each of the publications is briefly described under the theme heading, allowing visitors to decide which are the most relevant to them.
	Updated version of the guide to sources of income and earnings statistics article (in HTML format)	31 July 2016	Web-based article giving details about the different sources of income and earnings statistics and their strengths and weaknesses. This is being coordinated by ONS, and will be published on their website, but has been produced in collaboration with DWP and HMRC. The guide will provide a "home page" for users wanting to access
	Release of coherent microdata regarding the Effects of Benefits and Taxes on Household Income (ETB) 1977-2014/15	31 July 2016 (dependent on processing time by UK Data Service)	ONS are currently preparing new coherent microdata sets for ETB covering all years for which data are available, including the latest period, improving their accessibility to researchers
	1977-2014/15 ETB data available in beta data explorer	31 July 2016	ONS are currently adding data up to 2014/15 (most recent period available) to ONS's data explorer tool. This will provide users with new ways to explore the UK's longest running and most detailed income data series and easily create custom tables and charts.
	HMRC are currently investigating the feasibility of publishing more timely information on employment using Real Time Information (RTI) PAYE data.	Autumn 2016	A new publication would have the potential to include a range of labour market statistics such as taxable pay and the number of employees with paid employment each month. HMRC has established a steering group including HM Treasury, DWP and ONS representatives to advise on the development. Assuming the challenges in using this data can be overcome an experimental statistics publication will be released. This will be used to seek user input.
	Moving DWP data from	30 November 2016	In November 2016 DWP will cease to update the Tabulation Tool and will look to move data into Stat-Xplore ,which is a more modern

	Tabulation Tool to Stat Xplore		<p>and user-friendly tool. DWP are doing a consultation with users from June 24<sup>th</sup> for a month, to get feedback on which data should be moved and the priority. The data that is being considered to be moved includes:</p> <ul style="list-style-type: none"> <li>• Disability Living Allowance, including a breakdown of cases that are in payment or entitled but not in payment;</li> <li>• Attendance Allowance, including a breakdown of cases that are in payment or entitled but not in payment;</li> <li>• Employment and Support Allowance;</li> <li>• Pension Credit;</li> <li>• Carer's Allowance.</li> </ul> <p>Stat-Xplore allows users to create their own tables and download them as xlsx, xls, csv, zip or xml, applying filters and creating new breakdowns which can be saved to use them again. Stat-Xplore also includes the ability to query data via an Open Data API which allows you to freely harness Stat-Xplore data in your own applications.</p> <p><a href="https://www.gov.uk/government/statistics/tabulation-tool-questionnaire-statistical-notice">https://www.gov.uk/government/statistics/tabulation-tool-questionnaire-statistical-notice</a></p>
	Reconciliation between Annual Survey of Hours and Earnings (ASHE) and monthly Average Weekly Earnings (AWE)	31 December 2016	Article examining and explaining the differences between ONS's two main sources of earnings statistics.
	Family Resources Survey (FRS) 2015/16, Households Below Average Income 2015/16, Pensioners'	February/March 2017	Following Lean 6 Sigma review of FRS processing we have been able to make changes to our end-to-end processing approach to improve timeliness. All 3 National Statistics outputs to be published in a more timely fashion in 2017 and beyond.

Incomes Series 2015/16.		
Development of new Income Dynamics publication (experimental statistics) based on Understanding Society	February/March 2017	<p>We have a new legal requirement in the Welfare Reform and Work Act to publish an annual measure of persistent low income. We are developing Income Dynamics to meet this requirement. Users can provide feedback as we develop this new analysis.</p> <p><a href="https://www.gov.uk/government/publications/income-dynamics-statistics-background-information-and-request-for-feedback">https://www.gov.uk/government/publications/income-dynamics-statistics-background-information-and-request-for-feedback</a></p>
Providing access to underlying HMRC data – public use tapes	Annual	<p>HMRC will include a new section in the next Personal Incomes Statistics publication explaining that an extensive time series of anonymised and non-disclosive Survey of Personal Incomes (SPI) data called the Public Use Tape (SPI PUT) is available at the UK Data Archive to which the latest SPI will be added. The 2013-14 SPI PUT is expected to be publically available in August 2016. We are also planning to publish the two outstanding years (2011-12 and 2012-13) in the summer of 2017. We also plan to make improvements in the timeliness of making this data available in future periods.</p>
Providing access to underlying HMRC data - Datalab		<p>HMRC also has a detailed data catalogue which is available at:</p> <p><a href="https://www.gov.uk/government/publications/hmrc-data-catalogue">https://www.gov.uk/government/publications/hmrc-data-catalogue</a></p> <p>This was made available as part of HMRCs open data strategy (see: <a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/89258/open-data-strat.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/89258/open-data-strat.pdf</a>)</p> <p>In addition, HMRC has detailed information about the HMRC Datalab at:</p> <p><a href="https://www.gov.uk/government/organisations/hm-revenue-customs/about/research">https://www.gov.uk/government/organisations/hm-revenue-customs/about/research</a></p> <p>The HMRC Datalab allows researchers to access anonymised HMRC data (including the SPI) in a government accredited secure environment to carry out high quality analysis. The link includes the</p>

			<p>process to follow to access the Datalab and provides information on which datasets are currently available at:</p> <p><a href="https://www.gov.uk/guidance/hmrc-datalab-datasets-available">https://www.gov.uk/guidance/hmrc-datalab-datasets-available</a></p> <p>HMRC will continue to update this information as and when new datasets are made available via the HMRC Datalab.</p> <p>Access to HMRC data is granted via the Commissioners for Revenue and Customs Act 2005. The HMRC Datalab is not able to legally grant access to its data without following the terms specified in the legislation. A lot of the proposals recommended in the report 'Response to the ONS consultation on the Approved Researcher Scheme' are already in place including acceptance of from international researchers (as long as they are affiliated, employed or studying at a UK university).</p>
Considering how best to provide users with more themed analyses in a way that remains current and sustainable	The guide to earnings and income described above will provide the basis of a “hub” for access to data and analysis. Some of the work above will provide articles and analysis as well as access to data.		
	Nowcast estimates of household income	31 July 2016	Early/provisional 2015/16 estimates of median equivalised disposable income and measures of income inequality, ahead of final estimates published in the annual article Household Disposable Income and Inequalities.
	Impact of bonus payments	31 August 2016	Analysis of the impact of bonus payments on earnings growth on 2015/16
	Self employment income	30 September 2016	Article planned summarising the current data sources for self employment income and options for further work.
	Gender pay gap analysis article	31 October 2016 (to accompany the ASHE release)	An article examining some of the underlying factors that affect the gender pay gap, drawing on a number of different sources including ASHE and LFS.
	Low pay article	31 October 2016 (to accompany the ASHE release)	Analysis of people paid below the minimum wage and will include some analysis of the impact of the National Living Wage.
	ASHE/AWE reconciliation	31 December 2016	Article examining and explaining the differences between ONS's two main sources of earnings statistics.
	Admin Data Census Income research outputs	2016	Personal income distributions, at local authority level, calculated from a subset of personal level administrative data from DWP and HMRC.

	PAYE/RTI analysis	30 June 2017	Depending on results of HMRC work on publishing new statistics using RTI data, an article looking at differences in employment and earning trends using ASHE, AWE and RTI
	Admin Data Census Income research outputs	2017	Household and personal income distributions, at LSOA level, calculated from a subset of personal level administrative data from DWP and HMRC. Modelled administrative and survey-based income estimates (details to be decided).
	Transformation of existing household income surveys	Initial harmonised data collection in 2017 moving towards full integration in subsequent years	ONS is transforming its collection of data and production of statistics on household income by developing an integrated survey and production system, also taking advantage of new technologies and data sources. This will provide greater coherence and opportunities for a thematic approach to analysis as well as increasing sample sizes for key variables leading to improved precision overall and at lower levels of geographies.