

The coherence and accessibility of income and earnings statistics

Poverty and Deprivation Event: Statistics for Action Royal Statistical Society, London, 10 February 2015

Ed Humpherson

The Authority's Review of the Coherence and Accessibility of Official Statistics on income and earnings was published on 13 February 2015¹.

The main message I want to convey is this: you could look at the system of official statistics on income and earnings and be quite critical: pick holes and find flaws. And while our report is honest about problems, we don't think that'd be too valuable – instead, what really adds value is to look at this as a very significant opportunity for improvement: to create official statistics that shine a line on important questions in new, flexible ways.

Let me start by saying a few words about the Authority. Our core activity is assessing Official Statistics against the Code of Practice and designating them as National Statistics – which means that:

- i. they comply with the Code;
- ii. they meet user needs;
- iii. they can be trusted as the best available estimate; and
- iv. they add value to a wide range of users.

We also intervene, through letters from Sir Andrew Dilnot, in cases of misuse of Official Statistics - this is our highest profile activity.

But if that was all we did, we'd be missing something. Both assessment and public intervention are statistics-specific. But statistics also need to represent a complete system – taken together, they should provide relevant insights on the state of the world – to inform debate and serve the wider needs of society.

To answer that systemic question, we have a different tool: we call it Monitoring. It's under this Monitoring banner that we've done our review of income and earnings statistics.

So a few words on the review: launched in April 2014, it asked the question "Are official statistics serving the public good by informing debate and supporting decisions".

We set 2 criteria – coherence and accessibility. Our approach was to hold a mirror up to the producers of Official Statistics by talking to a wide range of users – 35 different organisations – and capture the value they see in the statistics.

Lots of users who attended the conference contributed, and I'd like to thank you – we would have had a very empty report without you.

So what I'm going to do is to pick out just three of our findings. Let's start with Figure 1 in the report. This is our attempt to put all the income and earnings statistics in the UK on a single page. It's clear that there are a lot – indeed this was one of the hardest parts of the report to produce: every time we think we've nailed it, someone said there's a statistical series we've missed. It's also clear that this landscape creates questions about coherence – how to make sure all these different sources relate to one another.

¹ <http://www.statisticsauthority.gov.uk/assessment/monitoring/monitoring-reviews/monitoring-review-1-2015---the-coherence-and-accessibility-of-official-statistics-on-income-and-earnings.pdf>

There are also questions about accessibility – some of these sources are hard to find, and are released at different times. In fact I must confess that I didn't even know about the existence of some of these releases when we started on the review – for example, I hadn't come across EU-SILC, which is in fact a rich resource. So our first finding is that it is a complex landscape.

Our second finding is that it is challenging to produce income and earnings statistics. Generally speaking, we find that producers try to respond to these challenges. There are lots of ways we illustrate this challenging task in our report, but let me pick out one – through a graph first used in the last November's ASHE publication. It shows very different trajectories of earnings for those in continuous employment – growing at around 4 per cent per annum – and the whole workforce, for whom earnings are growing at less than 1 per cent per annum. In this context, it's hard to identify the 'typical' experience – means and medians mask quite important compositional effects.

Our third finding is where we're most positive. The issues of coherence and accessibility are well recognised by ONS, HMRC and DWP, and they're seeking to do something about it. On coherence, our main recommendation is that there should be more drawing together, less focus on individual releases, more aggregation – in effect, a compendium. So we welcome the ONS's new Economic Well Being release. And on accessibility, it's good to see the guide to income and earnings statistics published last week by ONS. While there's a lot more to do on both coherence and accessibility, these innovations are a good start.

We also make some longer term proposals. It's worth saying that, if you were asked to design a system for income and earnings statistics, you wouldn't start with the current system, or anything like it – with different releases on different basis from different producers covering different time periods.

For all that, we don't propose a radical overhaul – each of the series has an audience, a user base, real value added. Instead, we propose rethinking the system from within – making more of what is currently done, deploying four principles:

- serving the public good;
- making better use of existing data;
- users as a resource; and
- cultivating a spirit of curiosity.

I won't go through them all but, at their heart, the principles have at their heart the idea that the producers are at their best when not solely focussed on getting the numbers out for the next release, but when they think about how to maximise the value of their work for a wide range of users: recognising patterns, acknowledging links, painting a picture – and that picture should not be a detailed still life, but a broad landscape.

I hope I have stimulated your appetite to read our report. We'll be following up with further engagement events.

Finally, let me close where I began – we're very optimistic that the system can be improved and real value can be enhanced.