Labour market QMI

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To be announced

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1 . Methodology background

National Statistic	
Survey name	Labour market statistics
Frequency	Monthly
How compiled	Sample based surveys and third party data
Geographic coverage	UK
Sample size	
Last revised	31 October 2011

2 . Executive summary

This report is part of a rolling programme of quality reports being introduced by the Office for National Statistics (ONS).This report relates to labour market statistics and aims to provide users with information on the usability and fitness for purpose of these estimates.

This report contains the following sections:

- Output quality

- About the output

- How the output is created

- Validation and quality assurance

- Concepts and definitions

- Sources for further information or advice

3 . Output quality

This report provides a range of information that describes the quality of the output and details any points that should be noted when using the output.

We have developed Guidelines for Measuring Statistical Quality; these are based upon the five European Statistical System (ESS) Quality Dimensions. This report addresses these quality dimensions and other important quality characteristics, which are:

- relevance

- timeliness and punctuality

- coherence and comparability

- accuracy

- accessibility and clarity

More information is provided about these quality dimensions in the following sections.

4 . About the output

Relevance

(The degree to which the statistical outputs meet users' needs.)

Labour market statistics are designed to reflect the various aspects of labour market activity in the UK. They cover:

- employment

- unemployment and the Claimant Count

- economic inactivity

- redundancies

- earnings

- jobs

- vacancies

- labour productivity

- labour disputes

Data for employment, economic inactivity and unemployment and the Claimant Count are also available for the countries and regions of the UK.

The main users of labour market data within government and the Bank of England use the data to make and monitor government policies. There are a wide variety of additional users of labour market data, including businesses, national and local government, academia and the general public. Much of the data is produced using concepts and definitions set out by the International Labour Organisation.

The national and regional labour market statistical bulletins and other website outputs, provide a comprehensive overview of the labour market within the UK. There are regular meetings with user groups to ensure the data are still relevant to the needs of customers.

Timeliness and punctuality

(Timeliness refers to the lapse of time between publication and the period to which the data refer. Punctuality refers to the gap between planned and actual publication dates.)

The GOV.UK release calendar provides 12 months advanced notice of releases.

Every effort is made to meet the publication deadline and it is extremely rare for the publication of data to be postponed. In the unlikely event of a change to the pre-announced release schedule, public attention should be drawn to the change and the reasons for the change should be explained fully at the same time, as set out in the Code of Practice for Official Statistics.

The following list shows, for each of the main sources of labour market estimates, the time between publication and the period to which the estimates refer.

Labour Force Survey (employment, unemployment, inactivity, redundancies) - approx 44 days Workforce jobs - approx 74 days Claimant Count - 34 days Earnings - approx 44 days Vacancies - approx 40 days Labour disputes - approx 44 days

5 . How the output is created

The Office for National Statistics (ONS) produces and publishes a comprehensive and integrated set of labour market estimates each month for the UK as a whole and for each country and region of Great Britain. Data for Northern Ireland are published by the Northern Ireland Statistics and Research Agency.

The data are compiled using a variety of sources. The Labour Force Survey (LFS) is a household survey covering around 50,000 households each quarter. It provides estimates of employment, unemployment, economic activity and inactivity, hours worked and redundancies. Business surveys are used to compile data for workforce jobs, vacancies, average weekly earnings and labour disputes. Administrative data provide the source for the Claimant Count, whilst estimates of labour productivity are compiled using a combination of other survey data.

Information about the Labour Force Survey can be found in the LFS User Guides.

Seasonal adjustment

All the main UK series of labour market estimates are seasonally adjusted (non-seasonally adjusted versions are available). Seasonal adjustment is the process of removing the variations associated with the time of year, or the arrangement of the calendar, from a time series.

For the countries and regions of the UK, only the main aggregates are seasonally adjusted. For smaller areas, only non-seasonally adjusted data are available.

Statistical disclosure control

Statistical disclosure control methodology is also applied to data. This ensures that information attributable to an individual organisation is not disclosed in any publication. The Code of Practice for Official Statistics and specifically Principle 5: Confidentiality, set out practices for how we protect data from being disclosed.

The Principle includes a guarantee to survey respondents to "ensure that official statistics do not reveal the identity of an individual or organisation, or any private information relating to them". More information can be found on the Statistical Disclosure Control Methodology page.

6 . Validation and quality assurance

Accuracy

(The degree of closeness between an estimate and the true value).

One aspect of measuring accuracy is reliability, which can be measured using evidence from analyses of revisions to assess the closeness of early estimates to subsequently estimated values. Revisions spreadsheets containing the data behind these analyses are made available with statistical bulletins.

Another way of indicating the accuracy of the data is to measure sampling variability. Most of the labour market estimates published in the statistical bulletins are based on statistical samples and, as such, are subject to sampling variability. If many samples were drawn, each would give a slightly different result. For each of the main series, 95% confidence intervals are routinely published. It is expected that in 95% of samples the range would contain the true value.

Details of the sample sizes and response rates for the Labour Force Survey (LFS), a major component of labour market statistics, are published in regular Performance and Quality Monitoring Reports.

Response rates for the LFS have shown a downward trend, falling from just under 80% in the early 1990s to around 50% by mid-2011. Declining response rates can have a negative impact on the quality of the estimates and need to be understood so that measures can be taken to arrest the decline and, where evidence of this is found, targeted to counter non-response.

Other forms of non-sampling error are difficult to measure. These include coverage in surveys, processing and measurement errors and non-response.

Coherence

(The degree to which data that are derived from different sources or methods, but which refer to the same phenomenon, are similar.)

Estimates for employment and for jobs could be expected to behave in a similar fashion. Similarly, it could be expected that unemployment and the claimant count would match one another's movements. However, in the short-term at least, these two series can move in opposite directions. Although both measure similar phenomena, each are derived from separate sources and have a number of basic differences.

Employment and jobs

Data for employment are taken from the Labour Force Survey (LFS) and reflect the number of people in employment. Jobs data are sourced from the workforce jobs (WFJ) series and measure the number of jobs in the economy. Both are sample surveys and therefore subject to sampling variability. They also have other fundamental differences. For example, those people with more than one job would appear once in the LFS, but their jobs would appear more than once in WFJ. The LFS does not cover those living in most types of communal establishments, whilst the WFJ excludes unpaid family workers. However, the two series do move broadly in line with each other. A comparison of estimates of jobs from the LFS and the WFJ is published as part of the regular labour market release.

The headline measure of public sector employment is based on administrative records and surveys of public sector organisations. While the LFS provides the UK's primary measure of the number of people in employment as a whole, it does not provide a fully reliable measure of the total number of employees in the public sector; neither does it provide a fully reliable measure of employment by industrial sector. This is because the LFS is a household survey, with sector classifications based on responses from individuals.

We know that when interviewed for the LFS, some people incorrectly classify themselves as working in the public sector. An example is employees of bodies such as universities who tend to incorrectly classify themselves as being in the public sector. Universities are, in fact, part of the private sector in the national accounts. Similarly, employees of private sector companies providing contracted out services to the public sector can also incorrectly classify themselves as public sector employees. The LFS thus overestimates public sector employment and the difference tends to change over time. The long-term movement in the two series are similar although the short-term changes can, however, show relatively large differences in movement, for example, because the LFS is subject to sampling variability.

The classification problem of the LFS relating to public sector employment also applies to the LFS classification of the industries in which respondents work. The problem has been identified in Quality Reviews of the LFS and of employment and jobs statistics.

Unemployment and Claimant Count

The figures for unemployment are collected using the LFS and reflect the number of people who, in accordance with the guidelines set out by the ILO, are unemployed. This means they are out of a job, have actively sought work in the 4 weeks prior to their interview and are available to start work in the following 2 weeks.

The LFS is a sample survey and therefore subject to sampling variability. The Claimant Count reflects the number of people claiming Jobseekers' Allowance (JSA). There are also more fundamental differences between the two sources. For example, not everyone who is unemployed is eligible to receive JSA whilst others choose not to make a claim. Both series follow similar paths, although they can behave differently in the short-term. Different movements can easily occur, for example, when unemployed people who are not claiming benefits find jobs or move into education or retirement or cease looking for work, tending to reduce unemployment but not the Claimant Count and thus causing the two series to converge. The following table shows a list of factors that can contribute to convergence or divergence of the two measures.

Factors widening the gap (for example, unemployment increasing according to LFS while Claimant Count falls)	**Factors narrowing the gap (for example, Claimant Count rising while unemployment falls, as measured by the LFS)**
Inactive people who are not claiming JSA, and thus not in the claimant count, starting to look for work (and becoming unemployed according to the LFS), perhaps when they see the job market improve. They may not bother when they believe few jobs are available.	Unemployed people, who are not claiming benefits, moving into education, retirement , or just ceasing to look for work, perhaps when they perceive few jobs are available.
People becoming unemployed but not eligible for JSA, and thus not in the claimant count, for example,, people with savings above the JSA personal threshold, where partners work more than the maximum average hours per week threshold, or people leaving their job voluntarily.	Unemployed people, who are not claiming benefits, finding work.
Existing JSA claimants beginning to seek work. While JSA claimants should actively seek work, some may not do so and thus would not count as unemployed in the LFS.	Existing JSA claimants ceasing to seek work.
Claimants employed for just a few hours a week but not enough to lose benefits becoming unemployed.	Unemployed JSA claimants finding work for less than 16 hours a week but still being eligible to claim JSA.

A comparison of estimates of unemployment and claimant count is published in the monthly Labour Market statistical bulletin.

Comparability

(The degree to which data can be compared over time and domain.)

Labour market estimates come from a wide variety of sources. These different series were introduced at different times and therefore have differing start dates. However, when methodological changes or other effects such as benchmarking, are made to the latest data, every effort is made to ensure that all previous data are amended to make them directly comparable. In addition, data can be modelled using more than one source to create a longer comparable time series, for example, estimates of employment and unemployment going back to 1971.

Estimates for the Claimant Count, which go back to 1971, are estimated on a basis consistent with the current coverage. This recasting approach is based on actual historical information about people previously included in former counts. It is not practical to adopt the reverse approach and construct a series that estimates what the figures would now be on some former basis. There would be no sound basis for the required assumptions about how people would currently behave under a previous administrative system that no longer exists.

The Claimant Count, derived from an administrative source, is subject to distortions as a result of changes to benefit rules. There have been 10 such changes significant enough to have warranted a recast of the Claimant Count series (that is, they are taken into account in the consistent, seasonally adjusted series, which goes back to 1971) as well as many additional changes that have either not caused a discontinuity in the definition or have not been significant enough to warrant a recast of the series (22 such changes were listed in an article in the November 1995 edition of Labour Market Trends). An article was published in the April 1998 edition of Labour Market Trends on the effect of Jobseeker's Allowance (JSA) on the claimant count.

Although the LFS is carried out using International Labour Organisation (ILO) guidelines in many countries, not all interpret or apply those guidelines in exactly the same way. For example, a common term is "working age". Countries have different statutory school-leaving and retirement ages. Until August 2010, the UK used a "working age" definition based on men aged from 16 to 64 and women aged from 16 to 59. In August 2010, the UK dropped this "working age" definition and introduced new series based on those aged from 16 to 64 for both men and women. Eurostat, the Statistical Office of the European Community and the Organisation for Economic Co-operation and Development (OECD) both gather data from their members and adjust them to publish comparable estimates.

7 . Sources for further information or advice

Labour market estimates are published every month and include tables, text and charts.

The data are widely available, generally free of charge, through a range of media. Labour market statistical bulletins, associated data tables and time series datasets are available from the ONS website. The Labour market statistical bulletins contain additional textual analysis and charts that supplement the data in the tables.

A highly disaggregated dataset, which covers a wealth of data for local areas, is available free from the NOMIS website.

A labour market statistics helpline can be contacted by email (labour.market@ons.gov.uk) and the ONS customer contact centre can be contacted by telephone (0845 601 3034).

8 . Accessibility and clarity

(Accessibility is the ease with which users are able to access the data, also reflecting the format in which the data are available and the availability of supporting information. Clarity refers to the quality and sufficiency of the release details, illustrations and accompanying advice.)

Our recommended format for accessible content is a combination of HTML webpages for narrative, charts and graphs, with data being provided in usable formats such as CSV and Excel. Our website also offers users the option to download the narrative in PDF format. In some instances other software may be used, or may be available on request. Available formats for content published on our website but not produced by us, or referenced on our website but stored elsewhere, may vary. For further information please refer to the contact details at the beginning of this report.

For information regarding conditions of access to data, please refer to the following links:

- Terms and conditions (for data on the website)

- Copyright and reuse of published data

- Pre-release access (ended from 1 July 2017)

- Accessibility