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Our ref: FOI/030517

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Dear Brian Harrison,

Re: Freedom of Information request

Thank you for your request for information under the Freedom of Information Act, which we received on 03 May 2017.

You requested the following information;

- The source of the historic data on average earnings in column Q of Table 1.6 of the Economy supplementary tables.
- How these figures are derived from Office for National Statistics (ONS) figures.

I can confirm that the average earnings figures up until the third quarter of 2016 in our supplementary economy tables are derived from the ONS data that was available at the time. Since we published our supplementary economy tables on 8 March 2017, the ONS have revised data for 2016 in some instances.

The source of all the figures used in Table 1.6 are set out in the footnotes below the table. Average earnings are explained in row 103. Average earnings is equal to wages and salaries divided by employees. Wages and salaries is equal to total compensation of employees (ONS identifier: DTWM) minus employers social contributions (ONS identifier: ROYK). Employees is equal to total employment (MGRZ) less self-employed (MGRQ).

Compensation of employees and employers social contributions can be found in the ONS publication 'UK Economic Accounts' and total employment and self-employment can be found in the ONS 'Labour Market Statistical Bulletin'. They can also be found by searching for the four digit codes provided ONS website, or by following the links below:

- total compensation of employees (DTWM):
<https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/dtwm/qna>
- employers social contributions (ROYK):
<https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/royk/ukea>
- total employment (MGRZ):
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/timeseries/mgrz/lms>
- self-employment (MGRQ):
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/timeseries/mgrq/lms>

We use the measure of average earnings (rather than the official ONS measure of average weekly earnings, although the two measures are conceptually similar) because it allows us to fit the earnings forecast directly into the National Accounts framework on which our economy forecast is based – and, in particular, the National Accounts measure of wages and salaries, which is an important determinant of tax receipts.

You may also be interested in the section of our website which explains how we do our forecast for average earnings:
<http://budgetresponsibility.org.uk/forecasts-in-depth/the-economy-forecast/income/#averageearnings>

If you have any other queries about this letter, feel free to contact OBR enquiries at obrenquiries@obr.gsi.gov.uk.

Yours sincerely

Freedom of Information Unit
Office for Budget Responsibility

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If you are not happy with this reply, you may request a review by writing to OBR Enquiries, Office for Budget Responsibility, 20 Victoria Street, London SW1 0NF or by email to obrenquiries@obr.gsi.gov.uk.

Any review request must be made within 2 months of the date of this letter. It would assist our review if you set out which aspects of the reply concern you and why you are dissatisfied.

If you are not content with the outcome your complaint, you may apply directly to the Information Commissioner for a decision. Generally, the ICO cannot make a decision unless you have exhausted the complaints procedure provided by the OBR. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.