



HM REVENUE AND CUSTOMS
KAI Benefits & Credits

**Child and Working Tax Credits
Statistics**

Geographical analyses

April 2013



A National Statistics Publication
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Child and Working Tax Credits Statistics

Geographical analyses

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Introduction

What are tax credits?

Tax credits are a flexible system of financial support designed to deliver support as and when a family needs it, tailored to their specific circumstances. They are part of wider government policy to provide support to parents returning to work, reduce child poverty and increase financial support for all families. The flexibility of the design of the system means that as families' circumstances change, so (daily) entitlement to tax credits changes. This means tax credits can respond quickly to families' changing circumstances, providing support to those that need them most.

Tax credits are based on household circumstances and can be claimed jointly by members of a couple, or by singles. Entitlement is based on the following factors:

- age
- income
- hours worked
- number and age of children
- childcare costs
- disabilities

For further information about who can claim please refer to the HMRC website:

<http://www.hmrc.gov.uk/taxcredits/index.htm>

Tax Credits are made up of:

Child Tax Credit (CTC)

Brings together income-related support for children and for qualifying young people aged 16-19 who are in full time non-advanced education or approved training, into a single tax credit, payable to the main carer. Families can claim whether or not the adults are in-work.

Working Tax Credit (WTC)

Provides in-work support for people on low incomes, with or without children. A family will normally be eligible for WTC if it contains one of the following;

- a single person who is responsible for a child or young person and works at least 16 hours a week, or
 - a couple that is responsible for a child or young person, and who jointly work 24 hours or more per week (NB. one adult must be working at least 16 hours).
 - a person who is receiving or has recently received a qualifying sickness or disability related benefit and has a disability that puts them at a disadvantage of getting a job, and who works at least 16 hours per week, or
 - a person is aged 60 or over and works at least 16 hours per week, or
- If none of the above apply, then a person will still be eligible for WTC if they are aged 25 and over and work 30 hours or more a week.

CTC is made up of the following elements:-

- **Family element**, which is the basic element for families responsible for one or more children or qualifying young people.
- **Child element**, which is paid for each child or qualifying young person the claimant is responsible for.
- **Disability element**: for each child or qualifying young person the claimant is responsible for if they get Disability Living Allowance for the child.
- **Severe disability element**: for each child or qualifying young person the claimant is responsible for if they get Disability Living Allowance (Highest Care Component) for the child.

Some out-of-work families with children do not receive CTC but instead receive the equivalent amount via child and related allowances in Income Support or income-based Jobseeker's Allowance (IS/JSA). These families are included in the figures, generally together with out-of-work families receiving CTC. In due course, they will be "migrated" to HMRC and paid via the tax credits system.

WTC is made up of the following elements:-

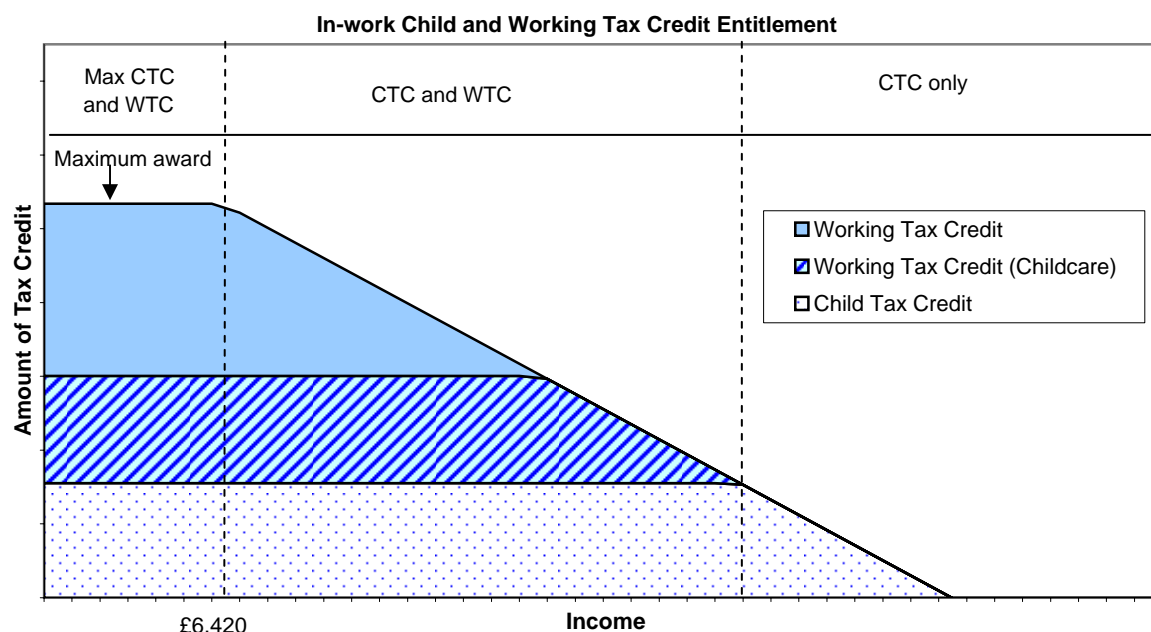
- **Basic element**: which is paid to any working person who meets the basic eligibility conditions
- **Lone Parent element**: for lone parents
- **Second adult element**: for couples
- **30 hour element**: for individuals who work at least 30 hours a week, couples where one person works at least 30 hours a week or couples who have a child and work a total of 30 hours or more a week between them where one of them works at least 16 hours per week.
- **Disability element**: for people who work at least 16 hours a week and who have a disability that puts them at a disadvantage in getting a job and who are receiving or have recently received a qualifying sickness or disability related benefit
- **Severe disability element**: for people who are in receipt of Disability Living Allowance (Highest Care Component) or Attendance Allowance at the highest rate.
- **Childcare element**: for single people who work at least 16 hours a week or couples who both work at least 16 hours a week and who spend money on registered or approved childcare

Tapering: is the amount of the award that will be reduced when the household income exceeds a given threshold. Tapering reduces WTC first and then CTC.

The amount of support an eligible family can receive (known as their *entitlement*) varies depending on their income and which tax credit elements they are eligible for. First, a family's maximum possible entitlement is worked out by adding up all the different elements of CTC and WTC that they are eligible for (described on page 2).

A household's actual entitlement is then determined by tapering this maximum amount according to different thresholds. As demonstrated within the diagram below, families eligible for the WTC receive the full entitlement until their annual household income reaches £6,420, after which the amount of tax credits they receive is reduced by 41 pence for each £1 they earn beyond this threshold.

If a household is out-of-work and therefore eligible for the CTC only, they will receive the full entitlement until their annual household income reaches £15,860 (2012-13). After this point, the amount of tax credits they receive is reduced by 41 pence for each additional £1 of income beyond this threshold (note that this is not shown on the diagram below).



Because of the range of possible eligibilities and interactions between the elements, both the maximum award and the shape of the above award profile will be different for every family with different circumstances.

Tax Credits are based on household income. The income used to calculate the award is based on the families' income from the previous tax year, or on their most recently reported circumstances in-year. A family's tax credits award is provisional until finalised at the end of the year, when it is checked against their final income for the year. This publication relates to a snapshot of tax credit support based on these 'provisional' tax credit awards.

What does this publication tell me?

The provisional awards are currently published at the end of April and December. These statistics are as close to real-time as possible and represent the picture as at the beginning of April and December. These are National Statistics and the month of publication is pre-announced a year in advance with the exact date being published in the preceding publication.

Each release consists of two publications: the main publication and the geographical publication. As only a sample of data is used, detailed analysis at the sub-geographical levels is not always possible. The statistics in this release include analysis at the following geographical levels:

- Country and English Region;
- Local Authority (LA);
- Westminster Parliamentary Constituency; and
- Scottish Parliamentary Constituency;

The main publication includes a Country and Region summary, with the geographical publication going to a lower level. This series has been produced bi-annually since the introduction of Tax Credits in April 2003.

Small Area Statistics

Estimates are also provided in a separate publication at Lower Super Output Area and Data Zone for England, Scotland and Wales. These statistics are available

here: <http://www.hmrc.gov.uk/statistics/fin-small-stats.htm>

The small area statistics are based on the finalised award position, but using a family's circumstances as at 31st August rather than as an average across the year. This ensures that the statistics are directly comparable to other published small area statistics, such as Child Benefit.

Who might be interested?

The statistics contained in this publication will be of interest to anyone who is looking for the latest possible data on Tax Credits. Specifically, there are aggregate statistics on who is getting what level of tax credits support as well as breakdowns by various sub-categories - e.g. family composition, family income, work status, and geographical analyses. It may be of interest to academics, thinktanks, political parties interested in the twin aims of Tax Credits: eradicating child poverty and improving work incentives. Equally, it may be of interest to people considering wider questions on government support systems and/or others designing benefit systems. Finally, the geographical analyses might be of interest at the more local level, giving some indication of the level of government support at each Region/Local Authority level.

Which publication should I use?

Generally, if you are content with less timely statistics, use the finalised awards data publication. If you are more concerned with getting the latest up-to-date information that may not align exactly with finalised data further down the line, use the provisional awards data. Sticking to the finalised award data will also mean the figures will align with other published data on Tax Credits such as information in HMRC's Departmental Accounts.

Provisional awards vs finalised awards

It is important to recognise that the finalised awards statistics are not a revision of the provisional statistics. The provisional numbers relate to the caseload position at a snapshot point in time, based on the family circumstances we have been informed of by each family prior to that particular time. The finalised awards relate to the complete retrospective picture for the year, based on a finalised view of family incomes and circumstances. The caseload population will be different between the two publications as a result of HMRC knowing the complete finalised picture of the award.

At the start of the year, the tax credit award will be a provisional award reflecting the reported circumstances as at 6th April (the start of the tax year). Over the course of the year, a family's circumstances may or may not change. As and when a family's circumstances change, the provisional award is updated each time with the latest set of circumstances and a new provisional award re-calculated. It is only at finalisation (usually four to nine months after the end of the tax year) that the family's circumstances for the whole year are known and a finalised award can be calculated. As a result, the finalised award statistics are not available until around 12 months after the end of the entitlement year in question. Given this lag in availability of data, there is some value in looking at a snapshot of families' circumstances at any given time to give some indication of the level of support one might expect to see subsequently at finalisation.

To illustrate the difference, let us look at a family that has one change of circumstance throughout the year, moving from in-work to out-of-work in January of any one year:



The snapshot data looking at the provisional award in December will model entitlement for the whole year on the basis that the family is in-work for the whole year (since we do not know about the move out-of-work at that time). It is not until finalisation - and thereby in the finalised award data publication - that the family's entitlement will be modelled on the basis of 9 months in-work and 3 months out-of-work.

So the figures for provisional awards are more up to date, but are subject to retrospective change. The sizes of these changes can be seen by comparing the data for selected dates in finalised awards with data published earlier on provisional awards at the same snapshot dates. The provisional award data tables classify families according to the levels of their entitlement at the reference date, modelled from data on their circumstances and their latest annual incomes reported and processed by that date. The actual amount being received at that date can be lower, due to the recovery of earlier overpayments. The tables describe as "recipients" all families with positive modelled entitlement, though in some cases the payments are reduced to zero. For more details, see the Technical Note.

What information do the tables contain?

CTC and WTC are claimed by individuals, or jointly by couples, whether or not they have children (described as "families" in this publication). These tables cover families who had claimed, and were eligible for, CTC (or the equivalent via benefits) or WTC at 1 April 2013 (the "reference date") and who were recipients at that date.

From April 2007, the tables exclude families whose modelled entitlements are tapered to zero due to their income levels. These families were originally included because they may, retrospectively, have positive entitlements at finalisation. However, this is no longer at all likely for the majority of such families. Their numbers have been swelled by families whose youngest children have left full time education, who continue to satisfy the qualifying conditions for WTC (see above), but whose incomes are sufficient to taper the WTC entitlements to zero.

These tables show the number of recipient families receiving Child Tax Credit (CTC) and Working Tax Credit (WTC) in each local authority (county, district and unitary authority) and in each Westminster and Scottish parliament constituency at 1 April 2013.

The tables are consistent with the figures of recipient families in each country of the United Kingdom, and in each Region, shown in Tables 8.1 and 8.2 of "Child and Working Tax Credit Statistics. April 2013" (the "main publication"). This table is reproduced in this volume.

The local authority and constituency of each sample case was identified using the postcode held on the tax credits computer system. These postcodes were matched to the August 2012 National Statistics Postcode Look-up file supplied by the Office for National Statistics.

Some cases had postcodes not appearing in the look-ups. These, and cases with no postcode, are allocated to "Foreign and not known".

Out-of-work families

A family is defined as being out-of-work at the reference date if there is no adult working for 16 hours or more per week. In addition it includes couples with children who jointly work less than 24 hours per week. These families can fall into two categories:

- 1) Families administered by HMRC who are receiving their child support through CTC
- 2) Families administered by DWP and claiming their child support through benefits

Child Tax Credit was introduced in April 2003 and any application since then falls under 1), whereas families who were receiving out-of-work benefits prior to April 2003 and remain so will fall under 2) – with a policy to eventually migrate all out-of-work cases over to HMRC in time. Therefore, out-of-work caseload numbers falling under 2) is an ever decreasing population.

Changes that affect this publication

A number of policy changes that affect Tax Credits were introduced on 6th April 2012 as part of the Coalition Government's announcements in the June 2010 Budget and the 2010 Spending Review. These include:

The removal of the second income threshold;

The introduction of a disregard for income falls, at £2,500;

A new working hours condition for couples with children. At least one adult must work 16 hours or more per week, and their combined working hours must be 24 hours or more in order to be eligible for WTC.

The abolition of the 50+ elements.

The removal of the second income threshold means that most families that used to receive the Family Element or less are no longer entitled to receive anything. As a result some categories in this publication have been changed. The previous distinction between In-work families receiving 'More than the Family Element' 'the Family element' and 'Less than the Family Element' has been removed, and will now be referred to as 'CTC Only'.

User Engagement

Bespoke analysis of tax credits data is possible although there may be a charge depending on the level of complexity and the resources required to produce. If you would like to discuss your requirements, to comment on the current publications, or for further information about the tax credits statistics please use the contact information at the beginning of this publication, or from the HMRC website:

<http://www.hmrc.gov.uk/statistics/contacts.htm>

We are committed to improving the official statistics we publish. We want to encourage and promote user engagement, so we can improve our statistical outputs.

We would welcome any views you have using the link to the feedback form below. We will undertake to review user comments on a quarterly basis and use this information to influence the development of our official statistics. We will summarise and publish user comments at regular intervals.

<http://www.hmrc.gov.uk/statistics/feedback.htm>

National Statistics Review

A formal review of our National and Official Statistics publications was held between May and August 2011. Over 130 responses were received from a broad range of users.

A report summarising the responses received has been published, with a final report identifying the future proposals being published during 2013.

<http://www.hmrc.gov.uk/statistics/tc-stats-results.htm>

Sampling uncertainty

The figures are subject to sampling uncertainty. Figures based on fewer than 25 cases are shown as "-". For more details of the sample, and the sampling errors associated with the figures in the tables, see Appendix B.

Table 1 : Time Series of families in receipt of tax credits by country and region in England, December 2007¹ to April 2013

Thousands

Area Codes	Total in receipt (out-of-work and in-work families)																
	United Kingdom ²	Great Britain	England and Wales	England	England									Wales	Scotland	Northern Ireland	Foreign and not known
					North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West				
K02000001	K03000001	K04000001	E92000001	E12000001	E12000002	E12000003	E12000004	E12000005	E12000006	E12000007	E12000008	E12000009	W92000004	S92000003	N92000002	n/a	
3 Apr 2007 ¹	6,017	5,801	5,276	4,956	290	749	549	448	570	509	670	688	482	321	525	197	19
4 Dec 2007	5,886	5,675	5,166	4,854	283	731	540	440	562	497	658	671	473	313	509	190	21
5 Apr 2008	6,043	5,831	5,309	4,989	289	751	555	452	578	511	680	690	484	321	522	195	17
4 Dec 2008	6,019	5,810	5,295	4,975	287	750	555	453	576	508	683	682	482	320	515	194	15
1 Apr 2009	6,131	5,917	5,393	5,069	291	761	565	462	584	519	699	698	490	324	523	197	17
1 Dec 2009	6,174	5,963	5,444	5,118	292	766	569	466	591	524	719	699	492	326	519	199	13
1 Apr 2010	6,304	6,085	5,556	5,224	297	780	581	475	602	535	737	715	502	332	529	203	16
1 Dec 2010	6,279	6,063	5,541	5,211	296	779	579	473	603	532	737	711	501	330	522	203	13
3 Apr 2011	6,381	6,157	5,628	5,294	300	792	587	479	613	542	749	724	509	334	529	207	17
1 Dec 2011	5,697	5,493	5,030	4,729	268	714	530	427	554	474	690	624	448	301	463	192	12
1 Apr 2012	5,768	5,562	5,093	4,790	270	722	535	432	560	479	703	634	455	303	469	195	12
1 Dec 2012	4,686	4,507	4,135	3,887	219	597	437	345	459	374	610	491	356	248	372	165	14
1 Apr 2013	4,793	4,614	4,235	3,983	223	610	446	354	470	383	627	504	365	252	380	169	10

Footnotes

¹ Prior to April 2007, the geographical breakdowns did not include out-of-work families, therefore to be consistent only statistics from April 2007 are shown.

² Includes Foreign and not known

Note:

(1) Between each April and December families' awards are stopped (a) at 31 August if their only qualifying child falls out of entitlement at that date, or (b) in the autumn if they fail to return their Annual Declaration for the previous year. This introduces some seasonality into the figures.

(2) For each date, these data describe awards current at that date, based on incomes and circumstances reported and processed by that date. The publication "Child and Working Tax Credits Statistics. Finalised awards" gives retrospective figures based on later information, including in particular incomes and other details reported during the following tax year at finalisation.

Table 2 : Recipient families receiving Child or Working Tax Credit in each country and English region, April 2013

Thousands

	Area Codes	With children							With no children	Total Families		
		Out-of-work		WTC and CTC		CTC only		Childcare element ²		Number	Range ¹	
		Families	Children	Families	Children	Families	Children					Families
United Kingdom ³	K02000001	1,481.3	2,829.7	1,885.3	3,372.1	857.7	1,728.6	445.8	569.0	4,793.3	±	4.6
Great Britain	K03000001	1,422.9	2,719.1	1,818.6	3,253.3	825.2	1,658.3	429.4	547.7	4,614.3	±	4.6
England and Wales	K04000001	1,309.7	2,521.4	1,675.1	3,020.7	760.0	1,530.2	392.0	490.0	4,234.8	±	4.6
England	E92000001	1,231.2	2,374.0	1,580.5	2,857.1	714.3	1,438.8	371.3	456.8	3,982.9	±	4.6
North East	E12000001	72.7	134.9	83.4	142.0	34.6	67.2	18.0	32.6	223.4	±	2.1
North West	E12000002	185.7	352.1	243.8	437.4	96.9	191.0	69.2	83.5	610.0	±	3.6
Yorkshire and the Humber	E12000003	130.3	254.3	179.5	327.5	77.8	155.1	41.7	58.7	446.3	±	3.0
East Midlands	E12000004	98.3	190.7	140.5	248.5	71.0	141.6	35.3	44.3	354.0	±	2.7
West Midlands	E12000005	148.8	293.5	183.3	343.8	85.1	171.2	43.3	53.2	470.4	±	3.1
East	E12000006	113.9	218.0	151.3	268.9	80.1	163.6	31.2	38.0	383.3	±	2.8
London	E12000007	241.1	474.5	252.8	479.1	80.6	162.0	50.3	52.2	626.7	±	3.6
South East	E12000008	148.2	282.0	202.8	359.0	105.9	218.4	46.8	46.9	503.8	±	3.3
South West	E12000009	92.2	174.1	143.1	250.9	82.4	168.6	35.5	47.3	364.9	±	2.7
Wales	W92000004	78.4	147.4	94.6	163.6	45.7	91.4	20.7	33.3	251.9	±	2.3
Scotland	S92000003	113.2	197.6	143.5	232.6	65.2	128.1	37.4	57.6	379.6	±	2.8
Northern Ireland	N92000002	55.1	104.1	63.0	112.5	30.1	65.1	15.5	20.6	168.8	±	1.8
Foreign and not known	n/a	3.3	6.5	3.6	6.3	2.4	5.2	0.9	0.8	10.2	±	0.5

Footnotes¹ Subtract and add this to obtain the boundaries of the 95% confidence interval for the number: See Appendix.² Families benefiting from the childcare element are included in those receiving CTC & WTC or CTC Only, and are not counted separately in the total numbers³ Includes Foreign and not known

S14000051	Orkney and Shetland	0.4	0.8	0.7	1.1	0.7	1.5	-	0.4	2.1	0.2
S14000052	Paisley and Renfrewshire North	1.7	3.2	2.9	4.6	1.1	2.0	0.9	1.1	6.8	0.4
S14000053	Paisley and Renfrewshire South	2.1	3.5	2.6	4.1	0.9	1.6	0.8	1.3	6.9	0.4
S14000054	Perth and North Perthshire	1.6	2.8	2.5	4.1	1.6	3.1	0.7	1.1	6.7	0.4
S14000055	Ross, Skye and Lochaber	0.9	1.9	1.7	2.9	1.0	2.2	0.4	0.7	4.3	0.3
S14000056	Rutherglen and Hamilton West	2.9	4.8	3.5	5.5	1.6	2.9	1.0	1.5	9.5	0.4
S14000057	Stirling	1.5	2.4	1.8	2.9	0.9	1.8	0.4	0.9	5.0	0.3
S14000058	West Aberdeenshire and Kincardine	0.5	1.0	1.4	2.2	0.9	1.9	0.4	0.4	3.1	0.3
S14000059	West Dunbartonshire	2.9	4.9	2.7	4.2	1.0	2.0	0.7	1.2	7.8	0.4
N92000002	NORTHERN IRELAND	55.1	104.1	63.0	112.5	30.1	65.1	15.5	20.6	168.8	1.8
N06000001	Belfast East	2.5	4.5	2.8	4.6	1.3	2.6	0.8	1.0	7.6	0.4
N06000002	Belfast North	5.1	9.7	4.5	7.9	1.2	2.6	1.1	1.4	12.2	0.5
N06000003	Belfast South	2.4	4.3	2.5	4.3	0.8	1.6	0.7	1.0	6.7	0.4
N06000004	Belfast West	5.8	10.9	5.1	8.4	1.2	2.4	1.4	1.3	13.4	0.5
N06000005	East Antrim	2.2	3.9	2.7	4.5	1.4	2.9	0.9	0.8	7.0	0.4
N06000006	East Londonderry	3.2	6.1	3.5	6.3	1.7	3.8	0.7	1.3	9.7	0.4
N06000007	Fermanagh and South Tyrone	2.3	4.2	3.8	7.5	2.2	4.8	1.0	1.5	9.8	0.4
N06000008	Foyle	5.0	9.4	4.7	7.7	1.4	2.9	0.9	2.0	13.1	0.5
N06000009	Lagan Valley	1.8	3.3	2.6	4.5	1.6	3.4	0.8	0.7	6.7	0.4
N06000010	Mid Ulster	2.8	5.7	3.8	7.3	2.2	5.3	0.9	1.1	9.8	0.4
N06000011	Newry and Armagh	3.7	6.9	4.1	8.0	2.3	5.4	0.7	1.4	11.4	0.5
N06000012	North Antrim	2.7	4.9	3.3	6.1	1.9	4.1	0.7	1.0	8.9	0.4
N06000013	North Down	1.7	3.1	2.7	4.5	1.1	2.2	0.8	0.9	6.4	0.4
N06000014	South Antrim	2.1	3.9	3.0	5.6	1.9	4.0	0.9	0.7	7.7	0.4
N06000015	South Down	3.0	5.9	3.9	7.4	2.2	4.9	0.8	1.1	10.1	0.5
N06000016	Strangford	2.2	4.3	2.5	4.6	1.5	3.1	0.7	0.8	7.0	0.4
N06000017	Upper Bann	3.4	6.4	4.3	7.6	2.4	5.0	1.1	1.3	11.4	0.5
N06000018	West Tyrone	3.2	6.3	3.2	5.8	1.7	3.9	0.7	1.5	9.6	0.4
n/a	FOREIGN AND NOT KNOWN	3.3	6.5	3.6	6.3	2.4	5.2	0.9	0.8	10.2	0.5

Footnotes

¹ Subtract and add this to obtain the boundaries of the 95% confidence interval for the number: See Appendix.

² Families benefiting from the childcare element are included in those receiving CTC & WTC or CTC Only, are not counted separately in the total numbers

Appendix A: Technical Note

Current entitlement

There is a single claim form covering both Child and Working Tax Credits, and entitlement is calculated jointly. Awards run to the end of the tax year, and are based on the element values, thresholds, etc shown at Appendix B.

An annual award is calculated by summing the various elements to which the family is entitled. Unless the family is receiving Income Support, income-based Jobseeker's Allowance or Pension Credit, this sum is reduced if the family's annual income (see below) exceeds the relevant income threshold. The reduction is 41 per cent of the excess over the threshold.

Annual income and tapering of awards

For 2012-13 awards, the initial calculation of a family's entitlement is based on its relevant income in 2011-12, which is reported for the final calculation of the 2011-12 award or on the claim form. Relevant income comprises gross annual taxable income from social security benefits (except pensions) and from employment or self employment, less pension contributions; plus annual income from savings, property, state and private pensions and other sources (but excluding maintenance) in excess of £300. For claims by couples, entitlement is based on their joint annual income.

Final entitlement for 2012-13 is based on 2012-13 income if that is more than £2,500 lower than the income in 2011-12, or exceeds it by more than £10,000. However, the first £2,500 of a fall in income or the first £10,000 rise in income in 2012-13 is disregarded in calculating the tax credit due for that year. The family can report an estimate of its income in 2012-13 at any time, and the award will be recalculated using this income. After the end of the year the award is finalised when the 2012-13 income is known.

Changes of circumstances

A family's circumstances (number of children, hours worked, childcare costs, disabilities etc) can change within the year. To calculate the annual award, the year is then split into the periods between which the family's circumstances changed. Entitlement is calculated for each period, based on the annual values shown in Appendix B but scaled down to the number of days in the period. The rate of entitlement attributed to each case for this publication is that for the period spanning the reference date.

¹ *Some families were not required to report their 2011-12 income, but only to notify HMRC if it differs sufficiently from the latest reported income to affect the level of entitlement. For these cases the latest reported incomes have been taken as proxies for 2011-12 incomes.*

Backdating

Initial claims can be backdated by up to one month. Changes of circumstance that can potentially increase the value of awards are backdated to when they occurred, or to a date one month before they were reported, whichever is later. Changes that can potentially reduce the value of awards are backdated to when they occurred. However, none of these backdated changes affect the figures in these tables, which are for the reference date and based on information taken into account by the reference date.

Receipt of CTC and WTC awards, and level of CTC

The rate of receipt attributed to each sample family for these tables is the entitlement modelled using the information on circumstances and income taken into account by the reference date.

This may not equal the actual amount being received. This can be reduced to eliminate or minimise prospective overpayments for the year, or to recover previous years' overpayments (overpayments can arise when backdated changes of circumstances that reduce awards, or higher incomes, are reported).

Families without children can only receive WTC. Out-of-work families with children can only receive CTC. The maximum award (before tapering) of in-work families with children includes both WTC and CTC. The tapering is deemed to reduce WTC first, so families for which the reduction through tapering exceeds the modelled level of WTC are shown as receiving CTC only.

Payees in couples; and frequency of payment.

For couples, CTC (plus any WTC up to the level of the childcare element) is paid to the main carer of the children, as nominated in the claim. WTC (in excess of any childcare element) is paid to the adult working for at least 16 hours per week. If both work for at least 16 hours per week then the couple can nominate the payee.

Families are asked to choose between weekly and four-weekly payment of CTC and WTC (separately).

Main-worker

This is defined as the adult working the most hours.

Civil partnerships

Couples in civil partnerships can claim tax credits as couples. Such couples are included as normal in the tables showing families according to the gender of the main earner, or of the recipient of CTC.

Data sources

The estimates in the tables for in-work families are based on data for a random sample of families with awards at the reference date, extracted from the tax credits computer system on that date.

The estimates for out-of-work families with children are based on data at 1 April 2013. The estimates for families receiving CTC at that date are based on a scan of the tax credits system taken at that date. The estimates for families receiving their child support via benefits are based on scans of the benefits systems. These identified all families with children receiving benefits at August 2008. The estimates are restricted to families that had qualifying children in Child Benefit awards at February 2013 and were not claiming tax credits at 1 April 2013. However, the split shown at Table 2.1 (in the the Main Publication) of out-of-work families between those receiving their child support via each system takes account of the estimated movement in the split by 1 April 2013.

Note that this method works because families receiving their child support via benefits can have moved to CTC between August 2008 and April 2013 (for example, when they move into work), but movement in the opposite direction is not possible. Also, since April 2004, all new families receive their child support via CTC, not benefits. An aggregate allowance has however been made for the relatively small number of babies born between August 2008 and April 2013 to families receiving their child support via benefits at the latter date.

Appendix B: Sampling method and sampling error

The tables are based on a random sample of families receiving CTC or WTC at the reference date. The sample comprises 10 per cent of such single adults (with or without children) and 20 per cent of such couples. Each figure in the tables is derived by weighting the relevant sample cases by the inverses of these sampling fractions¹.

The figures in the tables are therefore estimates, but we know how accurate they are. For example, suppose that there are 100,000 couples with a characteristic. This number is not known, and we are to estimate it via the sample. Each couple is sampled with a probability of 0.2. Statistical theory says that there is a 95 per cent probability that the number sampled will lie between 19,752 and 20,248, and that the resulting estimate will lie between 98,760 and 101,240. At least approximately, then, where an estimate of 100,000 is derived from the sample, the true figure lies between these figures, with a 95 per cent probability. That is, the "95 per cent confidence interval" for the estimate is the estimate itself plus or minus 1,240.

The width of the confidence interval varies with the size of the estimate and the sampling fraction, as shown in the table below. For estimates that comprise a mixture of couples and single adults, the figures will lie between the two sets shown, according to the mix.

Confidence intervals for estimates of recipient families				
Estimated value	95% confidence interval		As % of the estimate	
	Couples	Single adults	Couples	Single adults
'000	'000	'000		
1	± 0.1	± 0.2	± 12%	± 19%
2	± 0.2	± 0.3	± 8%	± 12%
5	± 0.3	± 0.4	± 6%	± 8%
10	± 0.4	± 0.6	± 4%	± 6%
25	± 0.6	± 0.9	± 2.5%	± 4%
50	± 0.9	± 1.3	± 1.8%	± 2.6%
100	± 1.2	± 1.9	± 1.2%	± 1.9%
250	± 2.0	± 2.9	± 0.8%	± 1.2%
500	± 2.8	± 4.2	± 0.6%	± 0.8%
1,000	± 3.9	± 5.9	± 0.4%	± 0.6%

¹ Each case is further weighted so that the overall total equals an independent count of families with awards.

Appendix C: CTC and WTC elements and thresholds

	Annual rate (£), except where specified									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Child Tax Credit										
Family element	545	545	545	545	545	545	545	545	545	545
Family element, baby addition ¹	545	545	545	545	545	545	545	545	-	-
Child element ²	1,445	1,625	1,690	1,765	1,845	2,085	2,235	2,300	2,555	2,690
Disabled child additional element ³	2,215	2,215	2,285	2,350	2,440	2,540	2,670	2,715	2,800	2,950
Severely disabled child additional element ⁴	865	890	920	945	980	1,020	1,075	1,095	1,130	1,190
Working Tax Credit										
Basic element	1,525	1,570	1,620	1,665	1,730	1,800	1,890	1,920	1,920	1,920
Couples and lone parent element	1,500	1,545	1,595	1,640	1,700	1,770	1,860	1,890	1,950	1,950
30 hour element ⁵	620	640	660	680	705	735	775	790	790	790
Disabled worker element	2,040	2,100	2,165	2,225	2,310	2,405	2,530	2,570	2,650	2,790
Severely disabled adult element	865	890	920	945	980	1,020	1,075	1,095	1,130	1,190
50+ return to work payment ⁶										
16 but less than 30 hours per week	1,045	1,075	1,110	1,140	1,185	1,235	1,300	1,320	1,365	-
at least 30 hours per week	1,565	1,610	1,660	1,705	1,770	1,840	1,935	1,965	2,030	-
Childcare element										
Maximum eligible costs allowed (£ per week)										
Eligible costs incurred for 1 child	135	135	175	175	175	175	175	175	175	175
Eligible costs incurred for 2+ children	200	200	300	300	300	300	300	300	300	300
Percentage of eligible costs covered	70%	70%	70%	80%	80%	80%	80%	80%	70%	70%
Common features										
First income threshold ⁷	5,060	5,060	5,220	5,220	5,220	6,420	6,420	6,420	6,420	6,420
First withdrawal rate	37%	37%	37%	37%	37%	39%	39%	39%	41%	41%
Second income threshold ⁸	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	40,000	-
Second withdrawal rate	1 in 15	1 in 15	1 in 15	1 in 15	1 in 15	1 in 15	1 in 15	1 in 15	41%	-
First income threshold for those entitled to Child Tax Credit only ⁹	13,230	13,480	13,910	14,155	14,495	15,575	16,040	16,190	15,860	15,860
Income increase disregard	2,500	2,500	2,500	25,000	25,000	25,000	25,000	25,000	10,000	10,000
Income fall disregard ¹⁰	-	-	-	-	-	-	-	-	-	2,500
Minimum award payable	26	26	26	26	26	26	26	26	26	26

¹ Payable to families for any period during which they have one or more children aged under 1.

² Payable for each child up to 31 August after their 16th birthday, and for each young person for any period in which they are aged under 20 (under 19 to 2005-06) and in full-time non-advanced education, or under 18 and in their first 20 weeks of registration with the Careers service or Connexions.

³ Payable in addition to the child element for each disabled child.

⁴ Payable in addition to the disabled child element for each severely disabled child.

⁵ Payable for any period during which normal hours worked (for a couple, summed over the two partners) is at least 30 per week.

⁶ Payable for each qualifying adult for the first 12 months following a return to work.

⁷ Income is net of pension contributions, and excludes Child Benefit, Housing benefit, Council tax benefit, maintenance and the first £300 of family income other than from work or benefits. The award is reduced by the excess of income over the first threshold, multiplied by the first withdrawal rate.

⁸ For those entitled to the Child Tax Credit, the award is reduced only down to the family element, plus the baby addition where relevant, less the excess of income over the second threshold multiplied by the second withdrawal rate.

⁹ Those also receiving Income Support, income-based Jobseeker's Allowance or Pension Credit are passported to maximum award with no tapering.

¹⁰ Introduced from 6 April 2012, this drop in income is disregarded in the calculation of Tax Credit awards.