

# Planning and preparing for later life: A social survey feasibility study

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# Executive summary

The UK pension landscape has undergone significant change over the last decade. It is important that policy makers have robust information in order to understand the attitudes and behaviours that people have, as they plan and prepare for later life. DWP commissioned NatCen Social Research to conduct a feasibility study into the most appropriate and cost effective means to obtain useful attitudinal and behavioural information for work and pensions policy in the area of planning and preparing for later life.

The feasibility study considered how the data requirements identified could be met most appropriately and cost-effectively. Nine existing surveys that collect some information relevant to preparing and planning in later life were identified. The subject content and methodological design of these surveys was reviewed, in light of information for the policy requirements identified. The review revealed significant evidence gaps in both topics and population coverage.

Options for new data collection or manipulation considered, included:

- adapting existing surveys, such as the English Longitudinal Study of Ageing (ELSA)
- combining existing surveys through data fusion
- linking Departmental administrative data to existing surveys, and
- creating a new bespoke survey

An assessment found that in practice, the first three options would be expensive, difficult to implement and would not allow for the flexibility needed by DWP. Creating a new, bespoke survey was identified as being the optimal option to meet the information needs of the DWP bringing a wide range of associated benefits. Undertaking a new survey would represent a significant investment. It would, however offer value for money given the additional evidence it can bring compared with the alternatives. The recommended survey design is:

- a face-to-face cross sectional survey of individuals living in private households in Great Britain, aged 40-75, repeated at 3-5 year intervals
- individuals identified from respondents to the Family Resources Survey (FRS)
- a survey sample size of 9,000 achieved interviews is required to provide statistical power to support analysis of key sub-groups of interest, including the self-employed and carers
- a panel element included to provide rapid access to data on areas relevant to this age group with built-in flexibility to respond to dynamic policy interests
- the use of financial incentives to improve response rates

- propose the enhancement of existing longitudinal surveys – i.e. ELSA and Understanding Society (USoc) – to enhance coverage of longitudinal data on areas of interest

The risks associated with not implementing this programme of research include a lack of information on specific areas of interest for DWP and other government departments (e.g. attitudes to employment in later life, the reasons for working or not working, understanding the training needs of older people and the impacts of reforms). Information provided by a new survey can assist policy leaders to make effective decisions in relation to a wide range of later life challenges

The cost of the recommended new research programme (comprising of development and implementation of a face-to-face FRS follow-up survey, two waves of panel data collection using web-telephone approach and analysis and reporting) is estimated to be in the region of £1.92 million. A range of other design options are also presented for DWP to consider reflecting the importance of cost-effectiveness and value for money.

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# Glossary of terms

<b>Automatic enrolment</b>	The Government introduced a law designed to help people save more for their retirement. This requires all employers to enrol their eligible jobholders into a workplace pension scheme if they are not already in one. In order to preserve individual responsibility for the decision to save, workers have the right to opt out of the scheme.
<b>Decumulation</b>	The process of converting pension savings into a retirement income.
<b>Defined Benefit</b>	A type of occupational pension scheme. In a DB scheme the amount the member gets at retirement is based on various factors. These could include how long they have been a member of the pension scheme and earnings. Examples of DB pension schemes include final salary or career average earnings-related schemes. In most schemes, some of the pension can be taken as a tax-free lump sum. The rest is then received as regular income, which might be taxable.
<b>Defined Contribution</b>	A type of pension scheme. In a DC scheme a member's pension pot is put into various investments such as shares (shares are a stake in a company). The amount in the pension pot at retirement is based on how much is paid in and how well the investments have performed. The pension can usually be accessed from age 55. These are also known as 'money purchase' schemes.
<b>Flexi-access drawdown</b>	When entering decumulation of a pension pot customers can choose to opt for a flexi-access drawdown product. This involves investing a pension pot into a fund or funds, allowing the customer to access flexibly.
<b>New State Pension</b>	The new flat-rate, or single-tier, state pension that applies to everyone reaching State Pension age after 6 April 2016.
<b>Pension Commencement Lump Sum</b>	The lump sum of money you can withdraw from your pension pot tax-free from age 55. Customers can normally take up to 25 per cent as tax-free cash, though some older pensions may allow more.
<b>Postcode Address File</b>	A PAF is a list of addresses (or postal delivery points) compiled by the Post Office. For practical reasons, the sample is confined to those living in private households.

- State Pension** The State Pension is a regular income paid by the UK Government to people who have reached State Pension age. Eligibility and amount payable depend on an individual's record of National Insurance contributions/ credits.
- State Pension age** State Pension age is the earliest age an individual can start receiving their State Pension.

# Abbreviations

AtP	Attitudes to Pensions Survey
BSA	British Social Attitudes Survey
CAPI	Computer-Assisted Personal Interviewing
CAWI	Computer-Assisted Web Interviewing
DB	Defined benefit pension
DC	Defined contribution pension
DD	Flexi-access drawdown
DWP	Department for Work and Pensions
ELSA	English Longitudinal Study for Ageing
ESRC	Economic and Social Research Council
FRS	Family Resources Survey
FT	Full-time
GB	Great Britain
GDPR	General Data Protection Regulation
HAGIS	Healthy Ageing in Scotland study
HMRC	Her Majesty's Revenue & Customs
LFS	Labour Force Survey
NCDS	National Child Development Study
NINO	National Insurance Number
nSP	New State Pension
NSW	National Survey for Wales
PAF	Postcode Address File
PCLS	Pension Commencement Lump Sum
PT	Part-time
SE	Self-employed
SOC	Standard Occupational Classification
SP	State Pension
SPa	State Pension age
USoc	Understanding Society
WAS	Wealth and Assets Survey

# Summary

A number of pension and workplace policy reforms over the last decade have radically altered the context in which people may plan and prepare for later life. The Department for Work and Pensions (DWP) is exploring the scope to gather up-to-date, robust and timely evidence to make an assessment of recent changes and to inform future policy making.

DWP commissioned NatCen Social Research in partnership with the Institute for Employment Studies and the Pensions Policy Institute to conduct a feasibility study for a proposed new programme of research into how people have and intend to plan and prepare for later life.

The project addressed the following research questions:

- What are government's data needs?
- What is the most appropriate and cost-effective means of improving knowledge of how people plan and prepare for later life in terms of work, retirement and pensions decisions?
- What are the strengths and limitations of previous DWP Attitudes to Pensions (AtP) surveys?
- Is there sufficient added value from undertaking a new bespoke survey?
- Would a built-in element of longitudinal data collection or qualitative research be feasible?
- Is there utility in building a panel into the design to facilitate frequent, timely, data collection?
- If a bespoke survey is not recommended, what are the alternative options for collating valid evidence of attitudes to later life?

To address these questions the feasibility study:

- Reviewed existing scoping documentation produced by DWP and conducted stakeholder focus groups to identify information needs
- Reviewed existing available data in relation to the information needs identified
- Identified and considered the options for meeting the information needs, and the strengths, limitations, risks and mitigations related to each option
- Developed a set of costed recommendations for a future research programme based on the findings from these earlier activities.

A modified version of the Total Survey Quality framework (Biemer *et al*, 2014,

Figure 1.1) was used to evaluate different data sources and survey designs, with cost effectiveness replacing the usability/ interpretability criterion (Section 1 and Appendix A).

## Government's data needs

Discussions with government analysts and policy makers revealed that the key areas of interest in the wider context of planning and preparing for later life are:

- how people make decisions to retire in the context of their specific circumstances (including labour market and financial situation) and what would help to keep them in the labour market for longer;
- how people use the new pension flexibilities (freedom and choice) and its consequences; and
- crucially, how the drivers of behaviours and outcomes in these two areas are interlinked.

Other data requirements identified were the ability to look at:

- particular subgroups of interest, such as the self-employed and carers, who are thought to be at risk of not saving enough for retirement
- change at the aggregate (population) level and, for some information requirements, to understand how individual circumstances change over time. In particular, there is an interest in understanding how current attitudes and behaviour are associated with outcomes in later life (Section 1).

## The most appropriate and cost-effective means of improving knowledge

Based on the evidence reviewed it is recommended that DWP invests in a new bespoke survey with a specific focus on attitudes and behaviours related to later life. Several design options were considered, with the following approach recommended as providing data most suited to meet the information requirements identified, and offering the best total survey quality and value for money.

- The design would comprise of two strands of work, outlined below. This combination would provide both in-depth information on change over time for key sub-groups of interest and information about the impact of change in specific behaviours and circumstances of interest on individuals where the rate of change is expected to be rapid.
  - Strand 1: a repeat cross-sectional face-to-face survey, taking place every 3-5 years.

- Strand 2: a built-in bespoke panel enabling a representative subset to be interviewed in between survey waves on subjects of topical policy interest. This element would be an ad hoc web to telephone survey.
- A questionnaire that covers both the financial and employment related aspects of preparing and planning for retirement to ensure that information about both aspects is available for the same individuals.
- Opportunities to run experiments and collect in-depth qualitative information to explore the drivers of changes in behaviours.
- Survey sample to be restricted to individuals aged 40-75, residing in private households in the Great Britain, as this is the group that is the most amenable to behavioural change through policy.
- A large cross-sectional survey sample size of around 9,000 achieved interviews, to allow for subgroup analysis of key groups of interest including the self-employed and carers (Section 6.4.4).
- Sample drawn from the eligible respondents to the Family Resources Survey (FRS) so as to benefit from its financial information and to identify individuals of interest cost effectively. The use of FRS for this purpose is feasible (Section 6.5).
- Enhance survey data by linking to DWP administrative data, such as benefits receipt, time on government training schemes, employment/self-employment history, and HMRC administrative data on National Insurance contributions, income, private pensions and taxes (Section 6.8).

In the context of current DWP requirements, a face-to-face survey is a good option for a new survey on a topic likely to be of low salience, in which detailed information on sensitive and complex topics would be sought. (Section 6.3.3)

The use of particular incentives is recommended with both the cross sectional and panel elements of the survey, as there is strong evidence that their use boosts response rates. (Sections 6.6 and 6.7.3)

The total cost of questionnaire development, one round of face-to-face survey, two waves of panel data collection and analysis and reporting would be around £1.92 million.

The main benefits of this approach are:

- **Control** – the Department can design the survey to correspond exactly to its information needs.
- **Coherence** – information about the financial and employment related aspects of retirement planning will be available for the same individuals from the same source, greatly enhancing the analytical value of the data.
- **Efficiency** – the cost savings from following up FRS respondents will be substantial.

- **Future-proofing** – by creating a bespoke survey, the Department will not depend on decisions made about other data sources it may not be able to influence.
- **Flexibility** – in the intervening years the longitudinal panel would allow the Department to collect information on emerging information needs at short notice and the large sample sizes gives potential to analyse small subgroups that may become of policy interest in the future (Section 7).

## **Strengths and limitations of previous DWP Attitudes to Pensions surveys**

A repeat of a survey along the lines of the previous Attitudes to Pensions survey, last operated in 2012, would not be sufficient to address current and future DWP information requirements. This is because topic and population coverage differences are significant and the size of the sample is too small to support analysis of key subgroups of interest. Attempting to continue on the basis of AtP could potentially restrict the usability and relevance of a new research programme. (Section 5.1.4)

## **Added value from undertaking a new bespoke survey**

The risks of not conducting a new survey are substantial, including:

- A missed opportunity to gather new information on areas such as attitudes to employment, reasons for working and training needs, which are not covered in sufficient scope by existing surveys of older people.
- A missed opportunity to collate significant bespoke evidence with regards to policies that are already implemented. Without the new survey DWP would be reliant on a set of disparate and incomplete evidence sources to inform policy decisions on key groups (Section 6.1). Collecting information and relevant data using a new survey would also allow DWP to create information to inform new policy decisions and prioritise spending in certain areas or certain groups of individuals that are identified to be at risk of inadequate income in retirement.
- Increased risk that policies are less effective at supporting at-risk groups and enabling people to work longer, which could have associated economic costs.

## **Feasibility of a built-in panel element**

A panel, recruited from respondents in a new cross-sectional survey is feasible and would allow for additional data to be collected when needed. It would also provide flexibility and control over mode and topic coverage, which would not be possible by adding questions or modules to existing surveys. Similar panel designs have proved successful for other government surveys.

## **Utility of panel data collection**

In order to facilitate timely and agile data gathering, a panel recruited via a new cross-sectional survey would provide a data collection vehicle capable of providing research information on topical issues. Timely in-depth questioning of particular sub-groups of interest, such as those who have taken advantage of drawdown flexibilities, could be carried out. The panel element could enable experiments looking at preferences and factors influencing behaviours.

Ideally, given unlimited resource, a new bespoke longitudinal survey designed to trace a large sample of the same individuals over time, through mid-age to old-age would produce the greatest depth of analysis. However, such an undertaking would be restrictively expensive, would be costly to maintain and is not recommended. Instead it is recommended that existing longitudinal surveys, such as ELSA and USoc are adapted where possible and that DWP liaise with these surveys to implement new questions that would provide useful data on areas of interest. (Section 6.7.2)

## **Feasibility of a built-in element of qualitative research**

The proposed design of a potential new survey allows for qualitative in-depth follow-up of respondents. Consent to re-contact for this type of research would be sought at the point of survey data collection. Respondents could then be invited to take part in in-depth interviews and focus groups on specific topics and themes of interest to DWP, which are better suited for qualitative methodologies than surveys. This option would be particularly beneficial for attitude-related research.

## **Alternative evidence sources**

Nine existing and past surveys were reviewed against the departmental data requirement. In terms of fulfilling current and future evidence needs these surveys were found to have significant gaps including; (Section 4 and Appendices B and C):

- factors that support carers in employment

- what works for the recruitment, retraining and retention of older workers
- how and when people plan for later life
- incentives and drivers to work in later life
- attitudes of individuals and employers to work and retirement
- changes in economic status in later life, such as retiring early or re-entering the labour market, and the reasons and triggers for them
- barriers, enablers and impacts of working in later life
- causes behind opt-out of automatic enrolment
- how and why pension freedoms are used
- optimising pensions information, advice and guidance
- needs and support requirements of the self-employed.

The scope for adapting existing data sources was explored and the conclusion reached was that adaption would not be sufficient to meet all DWP information requirements for the following reasons:

- Adapting existing surveys would require substantial changes to surveys that are already 'full', such as USoc and ELSA, and in the case of ELSA extending the age range and coverage to include those aged 40-49, which is likely to be highly challenging.
- Data fusion (matching information from two or more surveys) is not sufficient, because there are numerous and important topics of interest to DWP (such as attitudes to employment, reasons for working, training needs) that are not covered in any of the existing surveys and cannot therefore be added to the new combined dataset. In addition, data fusion relies on set of assumptions, which are unlikely to hold given the substantive topics in question.
- Linking administrative data to current surveys would be insufficient to cover the specific information requirements that were expressed in consultations as part of this study. (Section 5.3)

# 1 Introduction

A number of pension and workplace policy reforms over the last decade have radically altered the context in which people may plan and prepare for later life. The Department for Work and Pensions (DWP) is exploring the scope to gather up-to-date, robust and timely evidence to make an assessment of recent changes and to inform future policy making.

DWP commissioned NatCen Social Research in partnership with the Institute for Employment Studies and the Pensions Policy Institute to conduct a feasibility study for a potential new programme of research into how people have and intend to plan and prepare for later life.

The project addressed the following research questions:

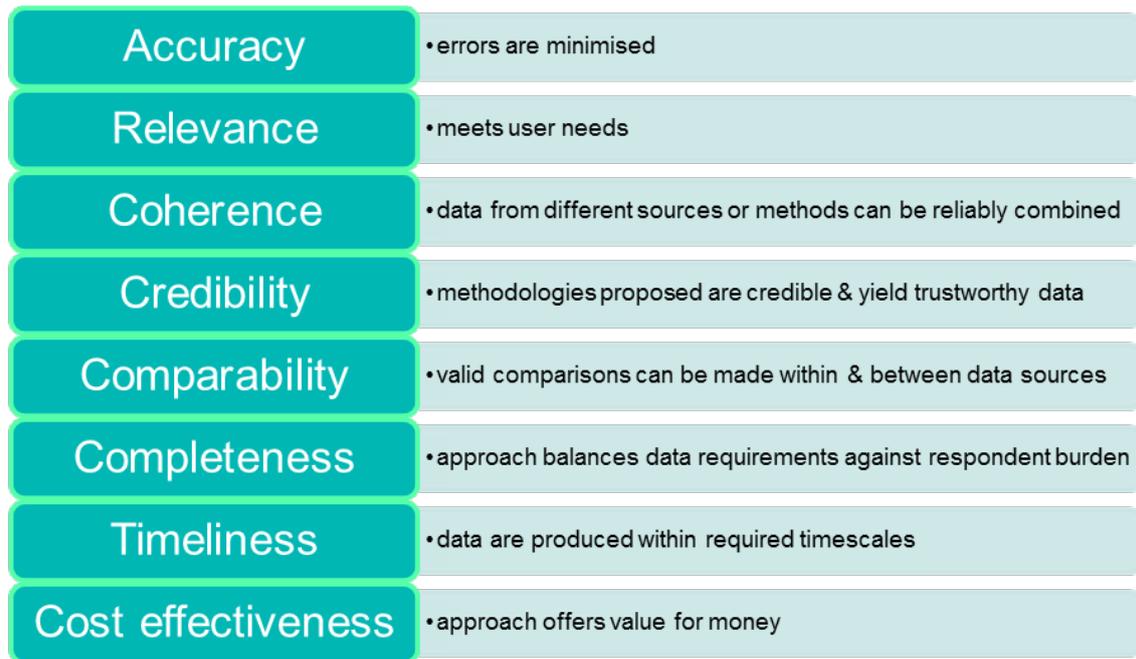
- What are government's data needs?
- What is the most appropriate and cost-effective means of improving knowledge of how people plan and prepare for later life in terms of work, retirement and pensions decisions?
- What are the strengths and limitations of previous DWP Attitudes to Pensions (AtP) surveys?
- Is there sufficient added value from undertaking a new bespoke survey?
- Would a built-in element of longitudinal data collection or qualitative research be feasible?
- Is there utility in building a panel into the design to facilitate frequent, timely, data collection?

If a bespoke survey is not recommended, what are the alternative options for collating evidence on attitudes, aspirations and behaviours related to later life? To address these questions the feasibility study:

- reviewed existing scoping documentation produced by DWP and conducted stakeholder focus groups to identify information needs
- reviewed existing available data in relation to the information needs identified
- identified and considered the options for meeting the information needs, and the strengths, limitations, risks and mitigations related to each option
- developed a set of costed recommendations for a future research programme based on the findings from these earlier activities.

A modified version of the Total Survey Quality framework (Biemer *et al*, 2014, Figure 1.1) was used to evaluate different data sources and survey designs.

Figure 1.1 Modified Total Survey Quality framework



Source: Modified from Biemer et al, 2014.

Cost-effectiveness replaced the usability/ interpretability criterion in the original framework – the extent to which survey documentation is clear and survey meta-data are well-managed – to reflect the concern here with evaluating potential designs rather than outputs.

More details on the feasibility study methodology are provided in Appendix A.

This report addresses these research questions and concludes with a recommended approach to government for a new programme of research.

The report includes costs for different research designs. Due to commercial sensitivity these are presented as cost bands. The lower and upper bounds have been fitted around the original cost estimates. The distance between the original estimates and each boundary is based on an adjustment of ten per cent +/- a random factor between zero and three. This means each boundary is between seven and 13 per cent of the original estimate, with lower and higher boundaries adjusted separately. The random adjustment means the total width of the boundaries varies by estimate.

## 2 Context

Historically, existing research into the area of planning and preparing for later life has been divided into topics related to pensions and topics related to employment. A number of existing social surveys cover aspects of both. These include the English Longitudinal Study of Ageing, (ELSA), British Social Attitudes (BSA) and Understanding Society (USoc). DWP previously operated the Attitudes to Pensions Survey (AtP) in 2006, 2009 and 2012.

The pension policy landscape has changed considerably since 2012 when the last AtP survey was run, including:

- introduction of the new State Pension
- removal of the default retirement age
- raising of the State Pension age
- introduction of automatic enrolment into a workplace pension scheme
- initiation of greater pension freedoms (freedom and choice), giving people more control over what they can do with their pensions
- introduction of the right to request flexible working to all workers with at least six months of continuous service

DWP has also launched the Fuller Working Lives agenda to encourage people to stay economically active for longer.

Given these developments, it is important that DWP has up-to-date information on attitudes and behaviours linked to retirement planning in order to:

- understand how recent changes have affected behaviour
- feed into on-going policy development in the area of state and private pensions
- develop an evidence base for policies to retain workers in the labour market
- build an evidence base for financial decision making
- enable deeper subgroup analysis, segmentation and explanatory insight.

There is a potential need for a new research programme with new research instruments to provide this information, developed within budgetary constraints and offering DWP value for money.

## 3 Demand and content of information requirements

### 3.1 Information requirements

Stakeholders identified a broad range of topics in relation to financial planning and employment decisions ahead of retirement. The list of topics was considered too broad to cover in a single study. A prioritisation meeting with DWP Lead Analysts identified topics of most relevance for DWP. Areas where existing data sources do not offer adequate coverage were also identified, mapping the topics of interest on the modules covered by the nine surveys that were reviewed (see Appendix C for a detailed topic coverage summary). How the data would be analysed to inform policy decisions was explored, as well as the potential for analysis in relation to key subgroups.

Figure 3.1 shows the topics of greatest interest. In summary, they can be categorised into three main policy areas: freedom and choice, saving decisions and working and retirement decisions.

#### 3.1.1 Freedom and choice

New pension freedoms give those with defined contribution (DC) pension pots an opportunity to draw out their savings flexibly from the age of 55. Previously, those with DC pensions were required to purchase an annuity or flexible drawdown product if they wished to access their savings (25 per cent could be taken tax-free as a lump sum).

Following the introduction of pension flexibilities it is possible for DC pension holders to withdraw in flexible amounts directly from their pension (with 25 per cent of each withdrawal tax-free), take out their entire pot as a cash lump sum, purchase an annuity or a drawdown product, or do a combination of the above.

DWP is interested in understanding why people do or do not choose different options for accessing defined contribution pension savings, how these fit into their retirement plans, how they engage with the different products and what the consequences of making these decisions are for the future. DWP also wants to explore whether people use pension flexibilities to facilitate continued labour market attachment, or whether it is used to support early labour market exit.

Understanding the key decision-making points and the role of information, advice and guidance has also emerged as an important topic. There is a risk that people will not make optimal decisions when accessing their pensions and it is essential that DWP has robust and up-to-date information in order to assess the extent this is happening and why.

### **3.1.2 Saving decisions**

DWP seeks to ensure that people have an adequate income in retirement. DWP therefore wishes to better understand attitudes people have towards saving for retirement and how this relates to actual behaviour.

This requires collecting information on the savings that people are already making, how they view them, what plans, if any, they have made for their retirement income, whether they expect it to be sufficient, and how this plays out in terms of their financial situation in retirement.

### **3.1.3 Working and retirement decisions**

The Fuller Working Lives agenda focusses on measures that allow and encourage people to stay in work for longer. DWP is particularly interested in the processes in place when taking the decision to retire, the reasons for it and factors that would have allowed people to stay in work for longer.

The specific topics of interest here are: understanding people's current employment situation, access to flexible working, access to training and retraining, employer support for older workers, age-related discrimination, perceived employer attitudes towards older workers, early retirement and reasons for it, as well as aspirations to work later in life and what motivates people to do it.

DWP is particularly interested in looking at the three main areas discussed above together – for the same individuals and in the context of broad social and financial situations – and how the attitudes and circumstances of individuals in these domains interlink with behaviour. This means that the following information is needed from new research:

- for individuals, basic socio-demographic characteristics, employment situation, and
- for households, current income sources and income, pensions available to the household and their value, other investments and their value and value of any property owned.

DWP is less interested in using new research to understand automatic enrolment and State Pension changes as the evidence base is strong and the policy direction is set. There is scope for some inclusion of people's attitudes towards their State Pension provision and automatic enrolment savings.

Figure 3.1 User needs identified as highest priority

A. Private pensions	B. State Pension	D. Employment	
<p><b>A1. Knowledge about private pensions</b> Small block of questions to assess knowledge</p>	<p><b>B4. State Pension</b> Whether know what own SPa is and what they think it is Whether know how much SP is and what they think it is What they think SP will be when they retire How much respondents expect from SP Do they think SP will be enough</p>	<p><b>D8. Current working arrangements</b> Whether works flexible hours Whether has requested flexible working or reduced hours If SE – why; whether would prefer employment Discrimination – whether treated unfairly due to age or ill health Whether support from employer with retirement planning What are employer attitudes towards older workers Other job design factors e.g. autonomy, line manager Preferred working arrangements Working out of choice or necessity Where to go to for advice e.g. right to request flexible working, reasonable adjustments</p>	
<p><b>A2. Freedom and choice</b> Whether has taken any pensions to drawdown Reasons for entering DD (most recent) Whether took PCLS and amount What used PCLS for What happened to rest of the money (annuity/ DD product) Amount in DD product Whether taking income Whether made plan by themselves Explore the role of DD in retirement planning How view PCLS – pension/windfall Satisfied with decision; whether would do it again If considered DD but did not pursue Reasons for not If intends to move to DD When/reasons All 55+ – sources of information about DD Trust in pension providers All 40+ – scams, any experience and confidence recognising them, if accepted and why All 40+ – whether have thought about what to do with DC pensions What are plans for the largest one</p>	<p><b>C. Financial plans for retirement</b></p>	<p><b>D9. Training/skills</b> Whether received training in the past 12 months Broad topic of training Effect of training need Whether would like training and what kind</p>	
<p><b>A3. Automatic enrolment</b> Whether has opted out of pension scheme Reasons for opting out</p>	<p><b>C5. If not retired:</b> Whether have detailed plan for financing retirement What level of income will they need in retirement What are the sources likely to be What they think the income will be Do they think they are saving enough If no pensions, why not Do they intend to start saving What would help to save more Whether they've thought about when they might retire When they intend to retire Why they intend to retire at that time Whether they would like to change Whether they will be able to Plan to leave inheritance; do they view DC drawdown as a way to leave inheritance? Advice taken and awareness of Pension Wise, single body SE– are they saving/ do they need different type of product</p>	<p><b>D10. Return to employment</b> Whether looking for employment What would help to return to employment What kind of employment are they looking for</p>	
<p><b>Demographics and characteristics</b></p>	<p><b>C6. If retired:</b> When retired Why decided to retire (esp. why decided to retire early/late) Whether would have preferred to carry on working What would have help to continue working Whether worked flexible/reduced hours Whether would have liked to work flexibility/reduced hours If options are discussed with employer Employer attitudes to older workers (individual perspective) Whether received any support from employer Would they have done it differently When did they start thinking about it e.g. date in mind? What info would have been helpful to know?</p>	<p><b>D11. General</b> Whether considered changing careers Whether has done anything about it Whether think need to update skills and how</p>	
<p><b>Individual</b> Age; Gender; Ethnicity Working status (FT/PT) Self-employed, SOC Health – general &amp; specific Relationship status Caring responsibilities Economic status (employed/unemployed)</p>	<p><b>Household</b> Tenure status Value of all property and income Total annual income for respondent and partner Any DC pensions &amp; value Any DB pensions and annual income Other investments value</p>	<p><b>Methods</b></p>	
<p><b>Key:</b> DD – drawdown; PCLS – pension commencement lump sum; DC – defined contribution; DB – defined benefit; SPa – state pension age; nSP – new state pension; SE – self-employment; FT/PT – full/part time; SOC – Standard Occupational Classification;</p>			<p>Age range 40-75 Option for longitudinal design – e.g. effect of pension freedoms, changes to employment arrangements Option for full household survey Not looking for time series with any previous survey Need most information every 3-5 years Sample size: 2,000-4,000 (enough for segmentation) Both attitudes and behaviours Consider data linkage/ data fusion</p>

Ideally, satisfying the analytical needs identified would require full information about the household, such as the composition and circumstances of other household members, and how decisions are made.

While information is required about both the individual and the household, a reasonable amount of information needed could all be obtained from one individual in the household on behalf of the entire household. Using a proxy to respond to questions on behalf of the household or other individuals in the household is a common practice of several established surveys (such as the FRS). The type of information that would be required could also be derived from other information collected (for example, tenure, savings, pensions and other variables of interest). Using these techniques means that interviewing the whole household will not be required, and thus the complexity and the cost of the survey will be drastically reduced. An individual, rather than household or couple survey is suggested. Survey work could reasonably be supplemented by smaller scale in-depth qualitative research with households/couples.

The following parameters were identified as part of this study as being the most optimal set of requirements for a robust survey driven by the information needs emerging from discussions with DWP and stakeholders. These parameters could be relaxed, but that would come at the expense of some key information needs and robustness. The parameters identified are detailed below.

- Policy interest in the **self-employed and carers**: there is a concern that these two groups are potentially at risk of under-saving for retirement. Evidence shows, for example, that carers are also at a higher risk of leaving the labour market early. Both of these are small population groups, which mean that the new research programme would need to have a large overall sample size to have a sufficient number of research participants in these groups. A sample size of at least 1,000 self-employed persons and carers is recommended to achieve this. Given that these groups make up around ten per cent of the population an overall sample size of around 9,000-10,000 achieved interviews would be needed.
- Focus on **individuals aged 40-75**: discussion with DWP and consideration of existing evidence regarding the prime age for policy interventions in pensions and later life working, indicated that a future research programme could most usefully focus on this age group. This is a prime age range when individuals make retirement-related decisions and where policy is considered most able to influence behaviours. The selection of a specific age group as the target population means that the research programme will be required to identify people in this age range.
  - The lower limit (age 40) has been identified as the point when most people start considering retirement, and begin planning for later life if they have not done so already. It is also a point when making retirement related decisions can have a positive impact on the amount and type of savings for retirement.

- An upper limit (age 75) would enable information from respondents into their retirement, when the outcomes of their retirement related decisions should be clear. It is also the age when most people are expected to be in retirement and therefore are no longer planning for it.
- Interest in conducting **segmentation analysis**: to look at particular groups of interest. This type of analysis requires a sufficiently large sample size to produce meaningful results.
- Interest in looking at change at both the aggregate (population) level and, for some information requirements to understand **how individual circumstances change over time**. In particular there is an interest in understanding how current circumstances, attitudes and behaviours affect outcomes in later life. To answer this question, ideally the same participants would need to be followed up over time.
- Update information **every three to five years**: the measures of interest are unlikely to change frequently, so DWP does not require frequent collection of time series information. A longitudinal element would cover measures that change either more or less frequently.
- **No interest in maintaining existing time series**: Given recent pension changes, DWP considered that there would be limited value in continuing the former Attitudes to Pensions Survey cross-sectional time series. As the name suggests, the former survey placed a strong focus on gathering information to inform pensions policy decisions in particular. A broader scope, including pensions, but covering later life issues such as employment, training, care responsibilities etc. would maximise the value of the study to current and future policy.
- These analytical requirements shape the requirements of any existing data sources and the design parameters for any new survey. The design parameters are further refined and are summarised in Figure 3.2. These parameters define the target population and allow assessment of the suitability of existing sources (e.g. by considering their population coverage) and inform decisions about the design of any new survey.

Figure 3.1 Study design parameters

Feature	Requirement	Notes
Target population	Adults aged 40-75 years living in private households	For any longitudinal design, a marker of entry into a residential setting would be useful
Geographical coverage	Great Britain (excluding Northern Ireland)	
Sample boosts	Scotland and Wales	Boosts of minority ethnic groups are not required

Discussion with DWP and stakeholders showed that there is an equally large interest in behavioural data as there is in attitudinal information. Stakeholders expressed a desire to access information that would allow exploration of the relationships between individuals' retirement outcomes, behaviours (both before and after retirement), and behavioural drivers (including circumstances, characteristics and attitudes).

Making use of administrative data and adding a longitudinal element would allow DWP to analyse these links in greater depth and explore how an individual's current actual behaviour relates to their previously reported circumstances, characteristics, behaviours, attitudes and future intentions.

In order to explore the link between behaviours and attitudes on a deeper level, DWP could consider the use of qualitative research, for example in-depth interviews with respondents at key decision moments in their lifetime. The qualitative element could be employed on an ad-hoc basis, to explore quantitative findings in more detail.

## 4 Limitations of existing data sources

The following surveys were reviewed against the data requirement identified in Section 3: Attitudes to Pensions (AtP), English Longitudinal Study of Ageing (ELSA), Understanding Society (USoc), Family Resources Survey (FRS), Labour Force Survey (LFS), British Social Attitudes (BSA), Wealth and Assets Survey (WAS), National Child Development Survey (NCDS) and Financial Lives Survey (FLS). The evidence gaps identified are summarised in Figure 4.1 and in more detail in Appendix B and the table in Appendix C.

The gaps identified are large and substantial measures would be required to adapt surveys so that one or more could be repurposed. This suggests that a new programme of research is needed. The review of the topic coverage (Appendices B and C) suggests that no single existing survey covers all the information needs that the DWP currently has with regards to this research programme. Similarly, in terms of population coverage, the surveys reviewed would require major methodological changes to ensure a large enough sample of interest would be interviewed. This project has provided a better understanding of the feasibility of adapting these surveys to the information needs identified. The changes required to ensure a good coverage in terms of topics and population are significant and are discussed in this section.

### 4.1 Gaps in topic coverage

Nine existing surveys were thoroughly reviewed to assess the topic coverage. The requirements for data needs identified were compared with the existing questions on each of these surveys. This comparison reveals that:

- no one existing survey meets all of the data needs identified
- the extent of topic coverage varies across surveys, with some surveys collecting more detailed information on some topics than others
- for some topics of interest, survey coverage is limited or missing altogether (e.g. attitudes to employment, reasons for working, training needs), and
- for some topics of interest, qualitative and experimental data would provide a more detailed understanding of behaviour change and decision making, for example how and when people plan for later life or exploring barriers and enablers to working in later life.

### 4.1.1 Gaps in population coverage

In addition, existing surveys cover different populations: different age groups and geographical regions that in some cases do not map to the design parameters of this study (see Figure 4.1 and Appendix D for a more detailed assessment of population coverage). The requirements presented in Figure 4.1 are based on the information needs identified from the stakeholder focus groups.

Figure 4.1. Summary of evidence gaps – topic and population coverage of existing data sources

Survey	Topic coverage			Population coverage			Gap size
	Freedom & choice	Saving decisions	Retirement decisions	Age	Geo-graphical coverage	Sample size	
<b>Requirement</b>	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	<b>No gap</b>
AtP	Shaded	✓✓✓	✓	✓	✓✓	Shaded	large
ELSA	✓✓✓	✓✓	✓	✓✓	✓	✓✓	medium
USoc	✓	✓	Shaded	✓	✓✓	✓✓✓	medium
FRS	✓	Shaded	✓	✓	✓✓	✓	large
LFS	Shaded	Shaded	✓	✓	✓	✓	large
BSA	Shaded	✓	✓	✓	✓✓✓	Shaded	medium
WAS	✓	Shaded	✓✓	✓	✓✓✓	✓✓	large
NCDS	Shaded	Shaded	✓✓	Shaded	✓✓✓	✓✓	large
FLS	✓✓	✓	✓	✓	✓✓	✓✓✓	large

Key: ✓✓✓ – extensive coverage (either exact questions available on the survey which address all DWP’s points of interest for a certain topic, or several questions available which could be used to derive the exact information necessary); ✓✓ – moderate coverage (some survey questions available which could be used for addressing aspects of each topic of interest, but not all); ✓ – light coverage (few survey questions available which do not cover all aspects of the topics of interest); Shaded cells – no questions present of the survey addressing the topics of interest. The size of the gap is assessed by whether there are specific questions that can be used as they are for DWP information

needs, or whether a combination of the existing variables would yield this information.

Where existing surveys cover a wider population than the age group of interest to this proposed research programme (BSA, FRS, USoc and WAS), a subsample of 'eligible' cases could be selected (i.e. those aged 40-75 living in Great Britain). The size of this eligible sample (and of subgroups of interest e.g. carers) would reflect the size of the survey sample. It would impact on the kinds of analyses that can be undertaken and the interpretation of results. When taken together with the limitations of topic coverage of these surveys, it is clear that no one existing survey, as they currently stand, can meet all of the identified data requirements.

DWP has published an Areas of Research Interest paper (DWP, 2018) providing an overview of its priority research areas in relation to Departmental strategic objectives. One of these relates to saving for, and increased security in, later life.

Key research questions in this space include:

- What factors prevent or discourage people, including the self-employed, from saving enough for their retirement?
- What can encourage and enable people to save more and/or work for longer and what role do employers play?
- How does this vary between groups, and why?

In order to address these questions, research programmes are under way covering private pensions, state pensions, fuller working lives and the labour market. Key areas of consideration include care and employment, best practice in the recruitment, retention and retraining of older workers, incentives to work in later life, how people plan and prepare for later life and the reasons behind retirement and work decisions.

A new source of quantitative research information would add value to the range of evidence currently available and would help policy makers better understand what people want, experience and require in later life.

**CONCLUSION:** None of the surveys considered here are sufficient on their own to meet all DWP's information needs in the area of attitudes, aspirations and behaviours related to later life.

## 5 Filling the information gaps

None of the existing surveys meets DWP's information needs both in terms of content coverage and methodology. This means that some form of new data collection or manipulation is required. This could be done in one of the following ways:

- adapting existing surveys either in terms of content coverage or methodology
- combining existing surveys through data fusion
- linking administrative data to existing surveys
- creating a new bespoke survey.

### 5.1 Adapting existing surveys

Adapting existing surveys would provide an opportunity to collect additional data without having to bear the cost of setting up an entirely new survey. However, existing surveys were set up to meet other information needs, and are therefore unlikely to be flexible. This section considers the key surveys reviewed in Section 4 from two perspectives:

- The extent of changes that would be required.
- Practical limitations to making these changes.

Interviews were conducted with representatives from USoc and ELSA management teams, as these were the two surveys where potential for adapting the survey was considered to be the greatest. Both studies welcomed DWP input into new questions and both are longstanding, longitudinal surveys concerned with answering questions about the causes and circumstances that lead to outcomes of interest. They are not designed to look at population level changes or to respond to dynamic policy environments. These two surveys are considered in the next two sections in more detail. The remaining surveys are assessed more briefly.

## 5.1.1 Understanding Society (USoc)

Figure 5.1 summarises the advantages and disadvantages of adapting the survey, USoc to the needs of the new proposed research.

Figure 5.1 Advantages and disadvantages of adapting USoc

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Large sample with sufficient numbers in subgroups for analysis</li> <li>• Longitudinal design, which means that participants' behaviour at one point can be linked to their outcomes at another</li> <li>• Freedom and choice, as well as saving for retirement are covered, but only at a high level</li> <li>• The Pensions module is currently being reviewed, so there is an opportunity to influence this module's content                             <ul style="list-style-type: none"> <li>• DWP is one of the USoc funders and has some influence over the topics to be included on the survey</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Survey is already 'full' and operates on 'one in, one out' principle</li> <li>• Survey cycle is long: fieldwork duration for each wave is two years followed by almost a year for data production. The earliest opportunity to add questions would be the 2020 survey, with results available at the end of 2022</li> <li>• There are substantial gaps in topic coverage</li> <li>• Survey design is not flexible and so it cannot respond (quickly) to changing policy agendas</li> <li>• DWP can influence the content, but it cannot be guaranteed that required changes would be made or remain from wave to wave</li> </ul>

The combination of light coverage of topics of interest and limitations on the number of new questions that can be added means that it is very unlikely that USoc will be sufficient to meet all the information needs on its own. However, its sample size and longitudinal nature are attractive and would facilitate meeting some of the information needs. For instance, it would be possible to follow people who have exercised their pension freedoms and see how a lump sum was spent and whether it has an impact on their financial situation in retirement. The survey is currently reviewing the questions asked about pensions, providing an opportunity for DWP to add a few additional questions on particular topics of interest.

**RECOMMENDATION 1:** Continue working with the USoc team to ensure that key questions of longitudinal importance are included.

## 5.1.2 English Longitudinal Study of Ageing (ELSA)

The advantages and disadvantages of adapting ELSA to meet DWP data requirements are summarised in Figure 5.2.

Figure 5.2 Advantages and disadvantages of adapting ELSA

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Large sample with potentially<sup>1</sup> sufficient numbers in subgroups for analysis</li> <li>• Longitudinal design, which means that participants' behaviour at one point in time can be linked to their outcomes at another</li> <li>• Many topics of interest are covered and some in considerable depth                             <ul style="list-style-type: none"> <li>• DWP is one of the ELSA funders and has more influence over the content than it does for USoc</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The survey covers only England, though a Scottish survey has recently secured funding</li> <li>• The survey does not cover 40-49-year-olds, but includes those aged over 75</li> <li>• There are notable gaps in topic coverage, particularly around employment and attitudinal measures</li> <li>• The survey interview is already lengthy, so it is unlikely that large blocks of additional questions can be added</li> <li>• Survey cycle is long and uncertain: the first survey wave where new questions could be added is Wave 10, with fieldwork starting in 2020 and data released in early 2022</li> <li>• DWP can influence the content, but it cannot be guaranteed that required changes would be made or remain from wave to wave</li> <li>• Survey design is not flexible and so it cannot respond quickly to changing policy agendas</li> </ul>

<sup>1</sup> While ELSA achieves around 10,000 interviews in each wave, the proportion of self-employed in the sample is likely to be lower, as a substantial proportion of the sample would be retired.

The changes to ELSA that would be required to fulfil all of DWP's information requirements are substantial and costly. In particular, it would be necessary to:

- Add questionnaire content (adding around 15 minutes of new questions) to include more on employment related topics and attitudes.
- Expand the geographical coverage of ELSA to include Wales. A new Scottish survey – the Health Ageing in Scotland study (HAGIS) – has recently secured funding but it is unclear to what extent DWP could influence its question content. No equivalent Welsh survey exists and so a new Welsh study would be needed.
- Expand the age range of ELSA (and HAGIS) to cover those aged 40-49.

## **Changing ELSA questionnaire content**

While ELSA has the best topic coverage out of all surveys considered, it still has some substantial gaps. Particularly, many employment-related topics (factors that allow older people to stay in work, perceived employer attitudes, questions related specifically to the situation of the self-employed), trust in pension providers, and pensions automatic enrolment are not covered. The ELSA interview is already long and extending it further would increase respondent burden, which would adversely affect data quality. Alternatively, existing questions could be replaced with new questions. It is estimated that around 15 minutes of new questionnaire material would be needed to cover the gaps identified. However, it is unlikely that 15 minutes of existing questions could be cut to accommodate new DWP questions. Despite this, it would be worth DWP exploring with the ELSA management team whether some gaps in current ELSA coverage can be filled for Wave 10 to ensure that relevant data is available for 50-75-year-olds in England.

## **Covering Scotland and Wales**

The University of Stirling has conducted a pilot of the Healthy Ageing in Scotland study (HAGIS) and funding has just been secured for a first wave. However, its topic coverage and future timings are uncertain. The possibility of using HAGIS should be explored.

There is no equivalent to ELSA in Wales. A new Welsh survey would need an achieved sample size of around 1,000 interviews to be of sufficient size to allow subgroup analysis. It may be possible to use the National Survey for Wales (NSW) as a sampling frame to identify 40-75-year-olds, as it has a large achieved sample size (around 10,000). The possibility of following up NSW respondents could be explored as an alternative to undertaking a screening exercise of the general population to identify those in the target age group, as it would be more cost-effective. However, the costs of setting up a Welsh equivalent of ELSA would be significant.

## **Covering 40-49-year-olds in England (and Scotland)**

The ELSA sample is drawn from respondents to the Health Survey for England (HSE) who gave consent to re-contact and who are then re-contacted every two years. In addition to this a refreshment HSE sample is added to ELSA regularly to keep it representative of the population. The most cost-efficient way of adding 40-49-year-olds to the ELSA sample would be to extend the age range of the refreshment sample to include this age group. Approximately 3,000 interviews would need to be achieved to ensure that the sample is proportionately representative of all age groups of interest. However, this would take several years to achieve, due to the size of the HSE responding sample. A large initial sample is needed to pick people up at 40-49 and maintain numbers over time, especially as the survey topic is of less relevance and interest to those in their forties, so attrition is likely to be greater.

Discussion with a principal investigator associated with the set-up of ELSA highlighted that when it was set up the ambition was to include those aged 40 onwards, but the costs were high and the academic literature showed that there was not the same level or pace of change among the 40-49 age group to justify the investment. Moreover, ELSA struggled to recruit those aged 50-54 as part of Wave 8 refreshment. This suggests that expanding ELSA to cover 40-49-year-olds will be difficult.

### **Cost of extending ELSA**

The total cost of extending ELSA in the way described above (adding Scotland and Wales, adding 40-49-year-olds in England and changing existing questionnaire content without extending the interview length) is estimated at approximately £1.3 to £1.5 million for the first year of operation. The cost would be slightly lower for subsequent years as set up costs have already been incurred. This assumes the same design as for ELSA, with the exception of nurse visits to collect bio-measures, which have not been costed for Scotland, Wales and 40-49-year-olds.

### **Feasibility of extending ELSA**

Discussions with the ELSA teams at NatCen and DWP suggest that extending ELSA to cover Scotland and Wales and 40-49-year-olds in England would be challenging but possible, provided there is a corresponding increase in DWP funding to cover the substantial new costs. This approach would also necessitate spending a significant period of time developing a Welsh equivalent of the survey and waiting for HAGIS to be fully established. This would have implications on DWP's ability to obtain timely evidence to meet its information requirements.

The challenges of changing the ELSA questionnaire coverage also remain. ELSA only includes questions that will provide robust evidence and has long-term policy relevance: it could not be used to address short-term policy needs. In principle, it is possible that a proposal to include 15 minutes of new material could be approved, if the case is made that there is a long-term need for the information. However, there is a risk that a new module is not accepted and instead new questions would need to replace existing questions. This would maintain the current interview length but reduce the information that is available to other users of ELSA data. Current ELSA data is extensively used by a variety of researchers, including its other funders, which means that it will be difficult for DWP to achieve the changes it would require.

The cost of adding 15 minutes of questionnaire material to ELSA as it stands would be in the region of £350,000 to £420,000. Including this additional cost of lengthening the questionnaire with the cost of extending coverage to Scotland, Wales and 40-49-year-olds in England, would increase the total cost of extending ELSA to around £1.6 to £1.9 million. It would also be necessary to

make the same additions to questionnaire material in HAGIS and any potential Welsh equivalent. This may further increase the total cost of extension.

**CONCLUSION:** ELSA is not the optimal way to meet all DWP information requirements. Changes required to the ELSA questionnaire are substantial and will be difficult to achieve. While it may be feasible to scope ELSA to cover the whole of GB, these changes would be costly and take a significant amount of time. A lack of complete control by DWP over ELSA content and the uncertainties created by the way in which it is funded add further risk. However ELSA (and HAGIS) could provide longitudinal data of interest to DWP that USoc may be unable to provide due to questionnaire space constraints.

**RECOMMENDATION 2:** Continue working with the ELSA management team to explore the extent to which additional questions can be included. Contact the HAGIS management team to start a dialogue around the extent to which DWP can input into question content. Contact the Welsh Government to explore whether the National Survey for Wales can be used as a sampling frame for a DWP follow-up survey.

### 5.1.3 British Social Attitudes

Figure 5.3 presents advantages and disadvantages of using the British Social Attitudes (BSA) Survey for collecting the needed information for this study.

Figure 5.3 Advantages and disadvantages of adapting BSA

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Cross-sectional survey covering the whole GB</li> <li>• Flexibility of content, although attitudinal questions preferred</li> <li>• Comparatively quick turnaround: new questions could be included on BSA 2019 and data would be available by the end of the same year</li> </ul>	<ul style="list-style-type: none"> <li>• Comparatively small sample size, which is likely to yield only around 1,500 respondents in the 40-75 age group, which reduces the size of the subgroups considerably</li> <li>• Direct cost associated with larger number of questions</li> <li>• Cross-sectional design: cannot provide data on individuals over time to answer cause and effect questions</li> </ul>

Given its small sample size and attitudinal focus, BSA is not suitable for meeting most of DWP’s information needs. However, it may be suitable for ad-hoc and quick turnaround information needs about attitudes and knowledge around pensions and employment in later life.

**RECOMMENDATION 3:** Review questions DWP adds to BSA to ensure they are in line with information needs.

### 5.1.4 Attitudes to Pensions

AtP was a DWP-funded repeat, cross-sectional, face-to-face survey, last carried out in 2012. The survey covered adults aged 18 and over living in Great Britain. The sample size was small (around 2,000 achieved interviews) and there are noted significant gaps in topic coverage, that relate to the design of the survey prior to changes to the pensions policy landscape since 2012. A rebooted AtP would require a complete redesign to provide data that would address current DWP information requirements.

**CONCLUSION:** A repeat of the Attitudes to Pensions survey would not be sufficient to address current and future DWP information requirements. Attempting to continue on the basis of AtP can potentially jeopardise the usability and relevance of a new research programme.

### 5.1.5 FRS, LFS and WAS

All three surveys cover some topic areas in great depth (pensions and saving in the case of FRS and WAS, and labour market situation in the case of LFS), but omit complete topic areas. This means that substantial additions would be required to cover all DWP's information needs in a single survey. This is unlikely given that FRS and WAS are already lengthy, and LFS is undergoing a streamlining process at present.

**OVERALL CONCLUSION:** While it is possible to enhance existing surveys, this will not be sufficient to meet DWP's information needs, because of limitations to the number of questions that can be added and, in the case of ELSA, age and geographical coverage. However, USoc and ELSA have the potential to provide longitudinal information. It is recommended that DWP continues to work with both management teams to influence the future changes to pension questions on these two surveys. USoc in particular has potential to offer invaluable (albeit light) longitudinal information covering GB.

## 5.2 Combining existing survey sources through data fusion

If no one existing survey source can meet current data needs, could existing surveys be combined to overcome the deficiencies of individual surveys using data fusion techniques?

Data fusion is a technique for combining data (in this case survey data) from more than one data source to form a combined dataset. This is done using statistical techniques such as propensity score matching. It connects the data sources using variables that are the same in both datasets. DWP has used this approach to create a model of labour market transitions combining FRS and LFS data, as well as a model of pensions linking FRS, British Household Panel Survey and administrative data.

While data fusion could be used to create a database that contains information on pension behaviour and employment decisions (say by combining ELSA and WAS) it could be problematic for analysing the relationship between these two domains. This is because data fusion assumes that combined variables from the disparate datasets are conditionally independent, i.e. unrelated to each other once their association with the matching variables is taken into account. This is a fairly strong assumption and difficult to test. There are a number of technical challenges in taking forward this approach and it would be beneficial to explore methodological issues more thoroughly before embarking on such an exercise.

Data fusion cannot overcome the problem that some data required are not collected by existing surveys (see Figure 4.1). It is also restricted by the design of existing surveys. ELSA is the survey with the most comprehensive coverage of topics of interest, so is a good candidate for inclusion in a data fusion exercise. Yet the fact that it covers only England means that data for Scotland and Wales would still be missing.

**CONCLUSION:** Data fusion (combining of existing data sources through statistical matching) has a number of drawbacks in the current situation.

- It requires conditional independence between data sources, which would be very difficult to prove.
- It will not cover topics absent from the surveys that are combined, so the key evidence gaps would remain.
- It is likely to be restricted to England only, as ELSA is the most likely candidate to be included in the analysis.

As a result, data fusion would not be sufficient to meet DWP's information needs relating to preparing and planning for later life. However, data fusion may be useful in helping DWP maximise the potential of existing data sets.

**RECOMMENDATION 4:** It is advised that DWP explore the potential of data fusion as part of a strategy to meet information needs and maximise value from existing data sources.

## 5.3 Administrative data sources

Surveys are not the only sources of data: administrative sources also provide data on individuals. Figure 5.4 summarises the advantages and disadvantages of these data.

Figure 5.4 Advantages and disadvantages of administrative data sources

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Large data sets with reliable small area level data</li> <li>• Good (near 100 per cent) population coverage</li> <li>• Data regularly (sometimes continuously) updated</li> <li>• A record of updates can provide historical information and a consistent time series</li> <li>• More cost-effective than surveys because of size, scope and fact that data have already been collected for operational purposes</li> <li>• Counterfactuals and controls can be selected post hoc</li> <li>• Includes individuals who may not take part in surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Information collected is limited to that required for operational purposes</li> <li>• Definitions used reflect operational needs and may not be compatible with other social research needs</li> <li>• May not include contextual/background information about users</li> <li>• Definitions may change to reflect changes in administrative procedures, making comparison over time more difficult. Such changes are driven by needs of administrative data gathers and not survey designers</li> <li>• Quality issues: some variables may be of lesser importance to administrators (e.g. address information may not be updated); data may be missing or erroneous</li> <li>• Metadata (e.g. variable labels, value labels) may be missing/poor quality</li> <li>• Access to data may be restricted or time consuming</li> </ul>

To address some of the disadvantages, researchers design surveys with the explicit aim of making use of administrative data. Among the existing surveys reviewed, (see Appendix C) ELSA, FRS, NCDS and USoc (plan to) make use of administrative data by linking an individual's survey responses to their individual administrative record for specified sources. The underlying assumption in matching is that an individual appears in both data sets: in the survey and the administrative record and that by using a unique identifier or set of identifiers,

an individual's record can be identified and the data of interest appended to the survey data set.<sup>1</sup>

Linkage is achieved using unique identifiers, such as National Insurance Number (NINO) or name and address. NINOs produce the best match rates but most surveys do not collect this because the information is considered sensitive, the request may also depress consent rates because people may not have this information to hand. The data linkage process therefore suffers from two stages of losses: not all survey respondents consent to data linkage; and not all survey responses of those who have given consent can be linked to their individual administrative record.

The process of obtaining informed consent to data linkage varies from survey to survey. Most surveys ask participants to opt in, asking them explicitly for consent to link their survey responses to their individual administrative records for specified sources. Some surveys ask for consent verbally, others require written consent. The introduction of new legislation under GDPR in May 2018 means some of these established ways of asking for consent on surveys will need to be reviewed and revised in line with recommendations concerning data protection of individual respondents.

There are a number of data sources that could potentially contain data of relevance to DWP's information needs around attitudes and behaviours related to planning and preparing for later life. These include:

- HM Revenue & Customs (HMRC) data on employment/ self-employment history, National Insurance contributions, income, private pensions and taxes
- DWP data on benefits receipt; time on government training schemes, and state pension.

These two data sources cover only a limited number of topics that have been identified as being of interest to DWP. They would therefore not be suitable for meeting DWP's information needs on their own. Some of this administrative data is already linked or is in the process of being linked to existing surveys that were reviewed in Section 4. While this does enhance the value and usefulness of the data from these surveys more generally, it would not be sufficient to fill the gaps that have been identified in these surveys.

Data linkage would have potential to enhance any new survey. This will be discussed in Section 6.8.

**CONCLUSION:** Using administrative data on its own or linking it to existing surveys is not sufficient to meet all DWP's information needs. However, it will add value to any new survey that is designed.

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<sup>1</sup> The data set provided to analysts does not contain the unique identifiers used for matching: this protects the anonymity of the survey respondents.

**OVERALL CONCLUSION:** Adapting existing data sources is not sufficient to meet all DWP information requirements for the following reasons:

- Adapting existing surveys would require substantial changes to surveys that are already 'full', such as USoc and ELSA, and in the case of ELSA extending the age range to include those aged 40-49, which is unlikely to be feasible.
- Data fusion (matching information from two or more surveys) is not sufficient, because there are topics of interest that are not covered in any of the existing surveys and cannot therefore be added to the new combined dataset.
- Administrative data in itself and its linkage to existing surveys is also not sufficient, because the administrative data that is available does not cover the information gaps in current surveys.

A new data source will give the most complete picture of DWP areas of interest.

## 6 A new data source

Data requirements identified indicate a need for quantitative and qualitative data on individuals aged 40-75 living in England, Scotland and Wales. A new survey would provide quantitative data and opportunities for a qualitative follow-up of groups of interest. A survey could also be used to collect experimental data, for example exploring the factors (e.g. messaging) that encourage people to choose to defer taking their pension or to work for longer. The survey should:

- have a large sample size to support subgroup and segmentation analyses
- collect detailed information on pensions and employment, suggesting a long questionnaire
- provide information on change over time, both at the macro and micro level
- make use of DWP and HMRC administrative data through data linkage
- support experiments and in-depth qualitative research to explore the drivers of behaviour in more detail.

These design features would ensure the survey meets the data requirements identified.

### 6.1 Rationale for a new survey

There are several unique benefits to DWP of a new survey that make it desirable over and above other data sources and approaches, despite the significant financial commitment.

- **Topic coverage** – ability to collect information on a much greater range of topics of interest and in greater depth than is currently possible.
- **Flexibility** – DWP can design the survey to reflect its policy interests and make changes to the survey's design and topic coverage as required to reflect changes in the policy landscape.
- **Focus** – data collection and analysis towards population groups that are of higher policy interest, such as those closer to retirement, the self-employed and carers.
- **Control** – over how data are defined, collected and when they will be available, ensuring the survey supports DWP requirements.

The risks associated of not implementing this programme of research include:

- a missed opportunity to gather systematic information on specific areas of interest for DWP and other government departments and stakeholders, for example, attitudes to employment, or reasons for working and training needs, caring responsibilities and needs

- reliance on piecemeal assessment of the effectiveness of relevant initiatives, rather than benefitting from economies of scale in research, via an holistic picture of the outcomes and impacts of changes to work and pensions policies for individuals.

**RECOMMENDATION 5:** A new survey (with a plan for data linkage) is recommended. Qualitative research and experimentation, to gain a greater depth of understanding around the drivers of behaviour is also recommended. In terms of the total survey quality framework, a new survey would provide relevant, coherent data.

## 6.2 What kind of new survey?

This section considers what kind of new survey would provide an appropriate and cost-effective means of improving knowledge of how people plan and prepare for later life in terms of work, retirement and pensions decisions.

### 6.2.1 Cross-sectional or longitudinal survey

A new survey could take one of two forms: a repeat cross-section or a longitudinal design. Cross-sectional surveys collect data at a point in time from a sample. The survey may be repeated at intervals with a fresh sample and data from each survey compared to identify macro-level changes over time. Cross-sectional surveys are well-suited to comparing subgroups. Longitudinal surveys, in comparison, collect data from the same individuals over time, involving repeated data collection activities. The design allows the analyst to compare the same individuals over time and undertake micro-level analysis. Both designs have strengths and weaknesses, which are summarised in Figure 6.1.

Figure 6.1 Strengths and weaknesses of cross-sectional and longitudinal designs

Survey type	Strengths	Weaknesses
Longitudinal	<ul style="list-style-type: none"> <li>• Useful for establishing causal relationships</li> <li>• Enables the dynamics of change to be caught, the flows into and out of particular states and the transitions between states</li> <li>• Gathers data contemporaneously rather than retrospectively, thereby avoiding the problems of selective or false memory</li> <li>• Enables change to be analysed at the individual/micro level</li> </ul>	<ul style="list-style-type: none"> <li>• Time-consuming – it takes a long time for the studies to be conducted and the results to emerge</li> <li>• Problems of sample mortality heighten over time and diminish initial representativeness</li> <li>• Conditioning effects – repeated interviewing of the same sample changes their behaviour</li> <li>• Problem of securing participation as it involves repeated contact</li> <li>• Data are typically complex to analyse</li> </ul>
Cross-sectional studies	<ul style="list-style-type: none"> <li>• Comparatively quick to conduct</li> <li>• Comparatively cheap to administer and easier to analyse</li> <li>• Limited conditioning effects as subjects only participate once</li> <li>• Stronger likelihood of participation as it is for a single time</li> <li>• Charts aggregated patterns</li> <li>• Large samples enable inferential statistics to be used, e.g. to compare subgroups within the sample</li> </ul>	<ul style="list-style-type: none"> <li>• Do not permit analysis of causal relationships</li> <li>• Sampling not entirely comparable at each round of data collection as different samples are used</li> <li>• Can be time-consuming as background details of each sample have to be collected each time</li> <li>• Only permit analysis of overall, net change at the macro-level through aggregated data</li> </ul>

Based on Cohen, L., Manion, L. and Morrison, K. (2007) Research methods in education, 6th edition, Routledge

**CONCLUSION:** A cross-sectional survey repeated at intervals will be the most efficient way of measuring change in the population. Because rapid change is not anticipated at the macro level, the cross-sectional survey could be repeated every three to five years, though this assumption should be kept under review in light of on-going policy developments.

However, DWP is interested in data segmentation, to look at subgroups and make comparisons, as well as looking at micro level change to assess the effectiveness of pensions and flexible working policies. This suggests that in addition to a cross-sectional survey some form of periodic and rapid data collection via a panel is optimal.

**RECOMMENDATION 6:** Undertake a repeat cross-sectional survey every 3-5 years.

## 6.3 Mode of cross-sectional survey

The suitability of different modes of data collection was considered for a new cross-sectional survey, taking into account the requirements that a new survey should collect detailed, high quality information on pensions and employment, as well as provide data for use by DWP and other government analysts that supports segmentation analysis and identifies change over time. Specifically, the survey should be representative of the GB population aged 40-75 living in private households and the data produced should be accurate, valid and unbiased.

The following data collection modes were considered in detail:

- **Face-to-face** – often considered the ‘gold standard’, this is still the predominant mode used by large-scale government-funded surveys, involves a survey interviewer visiting the respondent to carry out an interview using computer-assisted personal interviewing (CAPI). The interview can include a self-completion questionnaire.
- **Web** – participation in a self-completion questionnaire that is accessed via the internet, sometimes referred to as computer-assisted web interviewing, or CAWI.
- **Mixed-mode** – specifically web-telephone and web face-to-face, where people are first invited to take part in a web survey, with non-responders then contacted by telephone or face-to-face.

A postal survey was ruled out early on because the new survey questionnaire would be lengthy (over 45 minutes) and involve complex routing, making it unsuitable for paper. Data quality is a problem with postal surveys due to high levels of missing data, lack of control over who completes the questionnaire and low response rates. A mixed mode, web-postal survey is not advisable for similar reasons. Telephone is also not recommended due to issues with being able to construct a sampling frame with a high level of population coverage, and also low response rates (Peytchev *et al*, 2010).

Figure 6.2 summarises the strengths and weaknesses of the different modes considered in relation to the following criteria:

- **Questionnaire length** – the cross-sectional survey would be at least 45 minutes in length.
- **Survey topic saliency** – the survey topic – attitudes and behaviours related to later life – may not be perceived to be relevant to everyone invited to take part.

- **Questionnaire content** – the survey would collect attitudinal, behavioural and factual information including detailed questions on finances and pensions.
- **Respondent selection** – information would be collected from selected individuals within the household who are within the target age range.
- **Representativeness** – the extent to which the proposed survey is representative of the GB population, aged 40-75.
- **Cost**- the survey must represent value for money for the government.
- **Timeliness** – how quickly survey results are available.

Figure 6.2 Strengths and limitations of different modes

	Web	Mixed mode (web/face-to- face/telephone)	Face-to-face
Questionnaire length	++	+++	+++
Survey topic saliency	+	+	++
Questionnaire content	+	+++	+++
Respondent selection	+	+	+++
Representativeness	+	+++	+++
Cost efficient	+++	++	+
Timeliness	+++	++	+

Key: +++ most appropriate mode for respective criteria; ++ appropriate mode for respective criteria; + least appropriate mode for respective criteria.

### 6.3.1 Web surveys

Use of the internet is becoming more wide-spread. Recent internet use (defined as use in the last three months) in the 65-74 age group has increased from 52 per cent in 2011 to 80 per cent in 2018 and, among those defined as retired by the LFS, usage was 64 per cent in 2018. By comparison, recent internet use among the 34-54 age group was 99 per cent and among the 55-64 age group it was 92 per cent (ONS, 2018).

Major longitudinal surveys have been experimenting with various forms of online data collection for some time – for example, around 40-50 per cent of participants in USoc now complete the survey online. The Office for National Statistics (ONS) is currently trialling online data collection on the Labour Force Survey. It has run two large-scale online take-up tests, involving relatively short questionnaires (around 11 and 18 minutes) that achieved response rates of between 20-31 per cent depending on the design features of the test. Around a quarter of those responding were aged 65 or over (Phelps, 2017).

**CONCLUSION:** A web survey of 40-75-year-olds is feasible.

### **Web access panels**

A web access panel is a particular type of web survey in which people are specifically recruited to join a panel and are invited to complete regular online surveys. Web panels are considered a potential and feasible data collection option as they could offer a cost-effective way to target particular groups, such as those aged 65-75, the self-employed and carers. However, panels are typically omnibus surveys: space is sold by the question or minute and funders of questions have little or no control over other content in the rest of the interview.

Given the length of the questionnaire anticipated it is unlikely a proprietary web panel could accommodate all the material in one questionnaire. It would be feasible to break the questionnaire into chunks, which are run over a number of waves of the panel, but this would introduce differential non-response, as not all respondents will take part in each wave and have a detrimental impact on the utility of the data obtained.

There are also quality issues with some web access panels, particularly those using non-random probability samples. A review of web panels by the American Association for Public Opinion Research (AAPOR) concluded that the quality of online panels can vary greatly due to differences in sampling and refreshment and as a consequence estimates produced for the same variables across panels can vary considerably (AAPOR, 2010).

**CONCLUSION:** Whilst proprietary web panels offer a relatively cheap way to survey 40-75-year-olds about planning and preparing for later life, the extent and level of detailed information required is beyond what could be accommodated in a proprietary panel. A bespoke web survey would afford DWP complete control over its design and content so ensuring relevance, credibility and comparability.

### **Is a web-only mode appropriate for the cross-sectional survey?**

A web-only survey has several advantages over a face-to-face survey:

- It would be significantly cheaper than a face-to-face survey.
- Respondents can complete the interview at their own convenience, though there is no evidence that this translates into higher response rates.

- It can afford a sense of greater privacy, improving reporting of sensitive behaviours (Kreuter *et al*, 2008; Lind *et al* 2013), though this effect may diminish over time as concerns about web privacy grow.

However, in a survey of this type and length, aimed at 40-75-year-olds there are notable disadvantages and risks:

- **Coverage bias** – there is a small but significant group of the target population that do not have/ use the internet who are older, less well-educated and less well off, whose attitudes and behaviours are likely to be different to those who do take part.
- **Non-response bias** – those not taking part in the survey are likely to be significantly different from those who do take part, thus skewing the results and posing a threat to representativeness of the sample. The groups not engaging with the survey are likely to have different circumstances, attitude and behaviours to those taking part, affecting the accuracy and credibility of the results.
- **Restrictions on interview length**, limiting topic coverage and depth.
- **Restrictions on the cognitive complexity of questions** that can be asked, as there is no interviewer to help/motivate respondents.
- **The low salience of the survey topic** – without an interviewer to sell the survey on the doorstep there is a significant risk that the survey would achieve a low response rate and more importantly, high non-response bias.

**CONCLUSION:** A web-only survey, whilst being cheaper, more convenient and private for participants has a number of significant risks in terms of data quality and credibility that mean it is not suitable as the only survey mode for the cross-sectional survey.

### 6.3.2 Mixed mode (web-first with face-to-face and/ or telephone follow-up)

Mixed mode surveys involve the same survey questions being asked of all sample members but being administered in different modes. Sample members are invited to take part via the cheapest mode first (e.g. web), with a more expensive mode used to follow up non-responders (e.g. telephone and/or face-to-face). There is no comprehensive list of email addresses, so potential respondents would have to be invited to participate using postal invites. A mixed mode survey has several advantages:

- It saves money on fieldwork costs, which account for the largest part of the overall survey cost. However, development costs are higher as the questionnaire needs to be programmed to be suitable in multiple modes (Roberts, 2007).

- Sample coverage limitations of web surveys can be overcome, with those not able or willing to access a web survey being invited to participate in another mode.
- Response rates are higher than web-only, and can be “*on a par with good response rates from high quality single mode studies*” (Dex and Gummy, 2011, p2).

However, there are limitations:

- Mode effects resulting from different questions stimuli (aural vs visual) and interviewer effects mean that there is a risk that responses to certain types of question may not be comparable across modes.
- Up-front development time is longer, as questionnaire design and contact strategies are more complex.
- Initial reliance on a postal survey invitation.
- Restricted interview length and question complexity as questionnaire has to work on the web.
- Savings may not be as large as anticipated if response to the initial mode is low.

These last two limitations are of particular concern to the new cross-sectional survey proposed. Whilst mixed mode surveys have achieved high response rates on longitudinal surveys such as USoc, response rates to web-first, mixed mode surveys of the general population have been much lower.

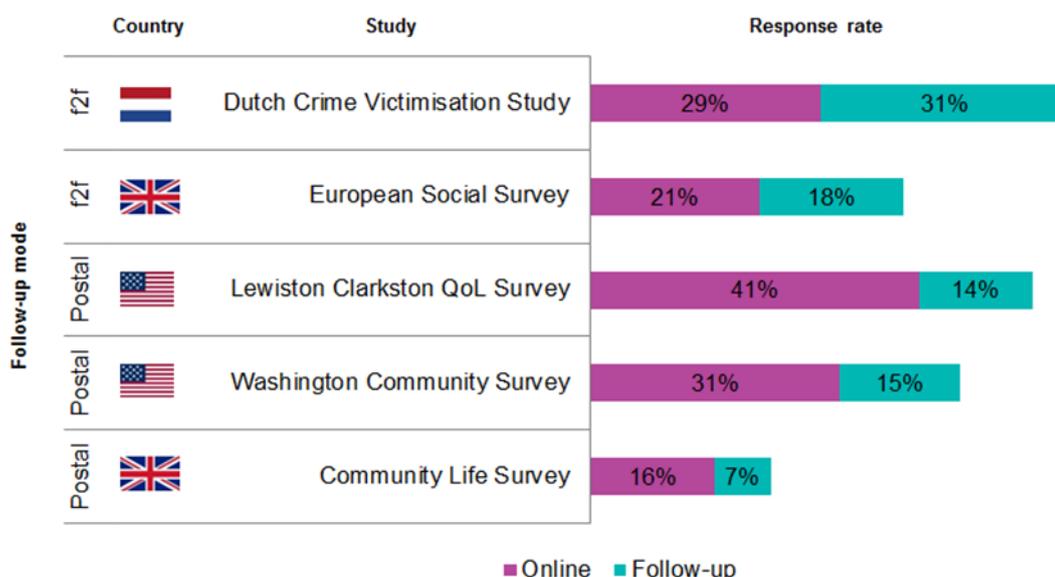
Figure 6.3 shows several examples of response rates achieved using web-first approaches on cross-sectional surveys, with postal and face-to-face follow-ups, and in different countries that involve the use of incentives (Klausch *et al* 2015; Humphrey 2013; Messer and Dillman 2011; Smyth *et al* 2011; Cabinet Office 2016). Both the level of participation achieved online and via follow-up mode varies widely. Postal follow-up increases response by around 25-30 per cent, face-to-face approximately doubles that achieved online.<sup>2</sup> In contrast, BSA achieved a response rate of 46.5 per cent in 2016 (BSA 2016), with indications that it reached over 50 per cent in following years (technical reports awaiting publication in 2018).

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<sup>2</sup> The examples from the US included in

Figure 6.3 are surveys carried out in relatively small geographies with local sponsors. In later studies carried out by Dillman (2013) with wider geographies response rates are much more comparable with those achieved in the UK.

Figure 6.3 Individual response rates in selected mixed mode surveys



In terms of the representativeness of web-first, mixed mode surveys, Hamlyn *et al* (2015) showed that all the various formulations of web-postal trialled on the Community Life Survey over-represented those aged 50-74 even more acutely than a pure face-to-face method. Their web-postal sample included a lower concentration of social renters, non-Native English speakers, low earners and people with lower levels of education.

**CONCLUSION:** Whilst a mixed mode, web-first survey with a face-to-face follow up would achieve a higher response rate than a web-only survey, the low saliency of the topic and the length and complexity of the questionnaire introduce considerable uncertainty regarding what the response rate to such a survey would be and the accuracy and relevance of the data produced. Field testing of such a design would be needed to assess the viability of this option and to determine the most effective design features (e.g. contact and incentive strategies).

### 6.3.3 Face-to-face survey

Face-to-face data collection has a number of advantages over other modes in the context of this survey:

- Single mode, face-to-face studies of the general population generate the highest response rates compared with telephone (Hox and De Leeuw, 1994) and web (Mafreda *et al*, 2008).
- A face-to-face interviewer can motivate and encourage participants to take part and complete a complex survey, using visual cues and building

personal rapport with the respondent. This is particularly beneficial when the survey topic is likely to be of low salience (to particular groups of interest) as is likely to be the case for this proposed survey.

- Face-to-face surveys asking for detailed financial information, such as AtP and FRS achieve response rates that are higher than surveys such as FLS that use web-first methods (50-60 per cent compared to around seven per cent).
- The interviewer can also undertake the enumeration of all adults in the household and the random selection of the respondent(s) with accuracy. Errors made in the selection of the adults to interview can affect survey estimates.
- The face-to-face interviewer is trained to identify both visual and verbal cues that suggest the respondent is encountering difficulties with the survey task and where appropriate provide more guidance. The face-to-face interviewer can also seek clarification where the initial response from a respondent is unclear or inadequate.
- The sampling frame used for most government face-to-face surveys is the Postcode Address File (PAF) and this provides very good coverage of the population.

However, face-to-face surveys have some disadvantages:

- They are expensive.
- Fieldwork periods are longer than other modes.
- Data quality can be adversely affected by the presence of the interviewer, particularly in the case of sensitive topics, where under-reporting of certain behaviours may occur and attitudinal topics, where positivity (acquiescence) bias can be a problem. Sensitive questions include those seen as being an invasion of privacy, such as questions about finances (Tourangeau and Yan, 2007). These issues can be addressed to some extent through the use of self-completion modules and the construction of construct specific answer options for attitude statements (Sarvis *et al*, 2010).
- The sample would require clustering, which has a negative impact on sample precision.<sup>3</sup> Sample stratification can offset the impact of clustering to some extent (these concepts are explained in more depth in Section 6.4.1).<sup>4</sup>

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<sup>3</sup> Clustering – refers to when the total population is divided into clusters (smaller groups of people), a random sample is selected from these clusters, and respondents from each cluster are then selected to be interviewed.

<sup>4</sup> Sample stratification – identifying homogeneous groups within a population prior to sampling and sampling separately from these groups.

**CONCLUSION;** A face-to-face survey has a number of benefits for DWP over other modes, particularly in terms of accuracy, credibility and comparability. However, this comes at a higher cost and sampling and questionnaire design will require care to minimise the impacts of clustering and interviewer effects.

**OVERALL CONCLUSION:** In the context of current DWP requirements, a face-to-face survey is a good option for a new survey on a topic of low salience, in which detailed information on sensitive and complex topics would be sought. A mixed mode, web-first data collection strategy would be cheaper but the viability of this option is untested, particularly in terms of its ability to produce data of sufficient quality to meet DWP information requirements.

**RECOMMENDATION 7:** A first cross-sectional survey should be face-to-face but the survey programme should build in assessing the viability of a mixed mode, web-first survey that could be introduced at a later date.

## 6.4 Design considerations

This section outlines the design considerations for a new cross-sectional survey. A strategy and information to enable evaluation of different options is presented, rather than a detailed design. A random probability sample is suggested (which most major government surveys are based on), although different sampling strategies are considered.

### 6.4.1 Sampling design

The resident population of Great Britain live mostly in private households although an estimated 1.7 per cent live in communal establishments.<sup>5</sup> Nearly a half of adults living in communal establishments are aged 16-24, and thus not in the scope of the proposed survey. Due to the wide variety of institution types (e.g. halls of residence, prisons, staff accommodation, and residential care) drawing samples from these types of addresses is complex (and expensive) so not normally recommended for this type of survey.

**RECOMMENDATION 8:** Exclude those living in communal establishments.

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<sup>5</sup> Figure for England and Wales, 2011 census

A large face-to-face survey is only financially viable if a clustered sample is drawn, so that the first stage of the sample is taken from a number of areas which are compact enough to allow an interviewer to cover them without undue mileage. Clustering is not required for telephone and web-only surveys. Because geographical clusters tend to contain similar households, this will have an effect on the precision of the estimates. However, the areas selected can be stratified prior to sampling to increase the precision of the estimates. A wide range of stratification factors are available at the area level (e.g. proportion of elderly households, proportion of households from an ethnic minority) and those that correlate highly with the key measures of interest will be those that produce precision gains.

**CONCLUSION:** A face-to-face survey sample needs to be clustered to make fieldwork cost efficient. This has a negative impact on the precision of survey estimates, but can be offset by stratifying the sample using variables that are strongly correlated with the key measures of interest.

**RECOMMENDATION 9:** Region and the proportion of self-employed adults (aged 40-74 if available) are potential stratifiers but further work could be undertaken using the FRS to identify the most appropriate stratifiers.

## 6.4.2 Screening

The population of interest to this survey is not all adults and so an extra stage will be required to identify addresses which contain those aged 40-75. The most common way of doing this would be to carry out a door-step screening process, whereby the interviewer is given a list of addresses to contact. Upon making contact they then ascertain whether there is anyone of that age group living in the household. The issued sample would need to be larger than the achieved sample not only to account for non-response to both the screening and main interview, but also for the number of households that will not be eligible. The assumption of eligibility and therefore of the issued sample size could be calculated nationally, or on an area by area basis, based on the population structure of each region.

The addition of door-step screening would add cost to the survey as a number of households would be visited that do not contain eligible adults. Different options for reducing this extra cost are considered.

- Include in the advance letter, a request that the household contacts the survey organisation if there are no eligible adults at the address. There are potential risks to this approach, as it may seem an easy option for the householder to make this claim, even if untrue, in order to prevent an interviewer calling.
- Adopt a quota sampling design rather than a random probability design. Under this design, the interviewer would not have to visit all addresses

that had been issued, but just those until the quota of adults had been reached. This quota could be set to achieve a number of adults in the required age range, or could be more sophisticated: for example achieving quotas in two age bands and by gender. However, the drawback of quota sampling is that the sample will tend to be biased towards those people most often at home and easy to contact. In addition, because the survey is not based on a probability sample, it is not statistically valid to calculate sampling errors and confidence intervals on the estimates derived from it.

- Identify those aged 40-75 via another survey, and re-approach them for a further interview. This method would also allow oversampling, if required, of people with other characteristics identified in the source survey of interest, such as carers and the self-employed. This design is discussed further in Section 6.4.5 and Section 6.5.

**CONCLUSION:** A process for identifying and selecting the target group of interest to DWP (i.e. those aged 40-75) is needed. Using an existing survey as the sampling frame would be an efficient way of constructing the sample frame as there would be no need to undertake a screening exercise: information from the source survey could be used to identify eligible individuals.

### 6.4.3 Sample size and sampling units

Two options are presented to illustrate the analytical power of different achieved sample sizes – to achieve interviews with a) 4,000 and b) 9,000 individuals aged 40-75 in Great Britain.

An important consideration on the set sample size, and on the resulting precision of the estimates, will be whether one adult aged 40-75 per household is selected or whether, if there are two or more adults at an address, all of them are interviewed. One option would be to enumerate all adults in the household and randomly select one for interview. However, because people in this age group tend to be clustered in households, it will be cheaper to achieve, for example, 4,000 or 9,000 interviews with individuals if all eligible individuals in a household are selected. Clustering within households (the degree to which people in a household are similar) will be more significant than clustering within areas (as people living in the same household by definition share many characteristics and may make decisions together), and is likely to have a large impact on the precision of estimates. Interviewing only one adult per household would therefore improve precision but be more expensive.

An alternative strategy would be to sample the same number of addresses and then select and attempt interviews with all eligible adults at the address. This will result in larger samples of adults (approximately 6,000 or 12,000 given the two sample size options above). If all adults can be interviewed at one

interviewer visit, this is an economic way of boosting the sample size. However, as outlined above, it is likely that the clustering effect within households is relatively large, so the gains in terms of precision of estimates will not be as large as boosting the sample by selecting more addresses.

Achieved sample sizes of 4,000 or 9,000 will give a robust basis for estimating at a national level. It is important to consider, however, the estimated size of subgroups in the achieved sample and what the precision of the estimates for these groups will be. Table 6.1 shows the estimated achieved sample sizes based on a survey drawn across Great Britain.

**Table 6.1 Illustration of subgroup sizes from different achieved sample sizes**

	Total achieved sample	
	4,000	9,000
Age group		
40-49	1,380	3,105
50-64	1,720	3,870
65-75	900	2,025
Countries		
England	3,460	7,785
Wales	200	450
Scotland	340	765
Subgroups of interest		
Self-employed	480	1,080
Carers	400	900

DWP is interested in understanding the situation of self-employed and carers on aggregate, but also in more detail by looking at self-employed and carers with different characteristics separately. These are relatively small subgroups, both comprising around ten per cent of the population, which means that a relatively large sample size is required to achieve a subgroup size that is sufficient enough for this level of analysis.

Table 6.1 shows that this sample size would still generate a relatively small sample size for Wales, which would make further subgroup analysis within countries difficult. It may, therefore, be necessary to draw a much larger initial sample, or to oversample certain groups. This is discussed in more detail in Section 6.4.5.

**CONCLUSION:** The size of the achieved sample needs to be large enough to provide a data set with sufficient statistical power to facilitate subgroup

analysis. A large sample could be achieved by increasing the number of addresses issued or by interviewing more than one person in the household. Whilst the latter option would be a cost-effective way of boosting sample size, it would have a significant detrimental impact on the precision of estimates.

### 6.4.4 Sample precision

Alongside the expected sizes in individual subgroups it is important to consider the precision of the estimates that would result from analysing these subgroups. Confidence intervals can be calculated around estimates showing the likely range within which the true estimate lies. Confidence intervals around estimates depend not only on the sample size, but also on the variable analysed. So, for example, on the same sample size, the confidence interval around a characteristic that 25 per cent of the population has (and 75 per cent do not) would be different from one where 50 per cent did (and 50 per cent did not). Table 6.2 illustrates estimates of the confidence intervals around estimates for a number of achieved sample sizes. It is important to note that these estimates do not take account of the clustering effects outlined in Section 6.4.3. The clustering effect will increase the width of the intervals.

Table 6.2 Illustration of confidence intervals (95%) around estimates for different subgroup sizes

Subgroup size	Confidence interval		
	10% have (90% do not)	25% have (75% do not)	50% Have (50% do not)
9,000	±0.6%	±0.9%	±1.3%
4,000	±0.9%	±1.3%	±1.5%
2,000	±1.3%	±1.9%	±2.2%
1,000	±1.9%	±2.7%	±3.1%
500	±2.6%	±3.8%	±4.4%
250	±3.7%	±5.4%	±6.2%

So, as an example, if a total achieved sample size of 4,000 gave a sample of around 500 self-employed and of those self-employed 25 per cent said they had a certain type of pension, then one could be relatively confident that the true value lay between 21 per cent and 29 per cent. The comparable figure for a survey with a total size of 9,000 would be between 22 per cent and 28 per cent. Given the importance of information on the self-employed and another small subgroup – carers – to DWP, it is recommended that a larger sample size of 9,000 cases is considered. However, a smaller sample is feasible provided subgroups are boosted in some other way.

**RECOMMENDATION 10:** Given the importance of data on the self-employed and carers, it is recommended that a relatively large sample size of 9,000 is considered or, that other methods of boosting subgroup sizes are considered.

### 6.4.5 Oversampling (boosting) groups of interest

Given the sample sizes that would be achieved in some of the subgroups, and the estimated precision of the estimates, a much larger overall achieved sample would be required or some form of over-sampling would be necessary for some of the groups, in order to allow viable segmentation within those groups. A larger achieved overall sample will be expensive, so it would be better to target any increase in the sample by oversampling groups of interest to the analysis. Oversampling at a regional level is very straightforward and a possible doubling of the number of addresses selected in Scotland would allow for more detailed subgroup analysis. (A higher proportion of addresses could also be selected in Wales if results were to be disaggregated from England and Wales totals).

Oversampling of other, non-geographical groups is not as straightforward. It can be achieved by oversampling addresses in areas where there is a high proportion of adults with the desired characteristic, or by sampling proportionately more of those areas where there is a high prevalence of the chosen characteristic (for example, the self-employed). All over-sampling will entail reweighting at the analysis stage when the population results are presented.

Oversampling can also be carried out at the individual level rather than the area level but, because information about the adults at an address is not known in advance, this will require either a large scale screening exercise to identify characteristics of the population (discussed in Section 6.4.2), or the use of an existing survey. The option of using another survey, possibly the FRS as the source survey, was considered and is discussed in Section 6.5.

**CONCLUSION:** Oversampling of particular subgroups of interest is necessary to ensure sufficient numbers and statistical power for segmentation analysis. The use of an existing survey as the sampling source would provide an economical way to boost subgroup sample sizes, providing it contains data on key groups of interest.

## 6.5 Using the FRS as the sample source

This section looks at the possibility of using the FRS as a source survey for a new cross-sectional survey.

The FRS is based on a sample of 20,000 fully co-operating households in the United Kingdom. The FRS includes a question on whether respondents consent to be re-contacted for follow up research on a related topic by a social research organisation, asked of those interviewed in person (and not by proxy). Using the FRS as the sampling source has several advantages to be explored:

- It could be used to identify households of interest (those containing adults aged 40-75) without the need for a doorstep screening exercise, and would therefore be more cost-efficient.
- Provide a cost-effective means of oversampling groups of particular interest where a proportionally large sample is needed for analysis (the FRS already has an over-sample in Scotland).
- Contribute potential efficiencies in the length of questionnaire required for the new survey, omitting questions asked in the earlier interview or checking whether anything has changed.
- Supply considerable information on the characteristics of non-responders that could be used for modelling survey non-response and developing non-response weights.
- An individual's survey responses are linked to administrative sources, possibly yielding additional data and opportunities for looking at changes over time.
- It will reduce the burden on potential respondents as some of the information would already be available from FRS and would not need to be collected again.

Discussion with the DWP FRS team indicates this option is feasible.

The size of sample that could be generated from following up FRS participants who have agreed to re-contact in one year of the survey is shown in Table 6.3.

Table 6.3 Estimated size of sample that could be achieved from FRS in any one year

	No.	%		
		Of full FRS issued sample	Of FRS adults 40-75	Of issued sample
FRS Adults 40-75	16,493	54%		
Agree to follow-up	8,081		49%*	
Issued sample	8,081			
<b>Achieved interviews</b>	<b>4,445</b>			55%
Subgroup sizes				
England	3,540			
Scotland	690			
Wales	210			
Self-employed	370			
Carers	650			

Figures based on 2015/16 FRS unweighted data

\* Consent to recontact is only asked of those interviewed in person, so whilst the consent rate is high (around 80 per cent) proxies are not asked the consent question and this depresses the number of cases with consent to follow up.

The success of using the FRS would rest on those interviewed being willing to be re-interviewed, and there will be a further level of non-response in addition to the non-response to the original FRS. The response rate to the original FRS is approximately 55 per cent. A similar level of response is considered likely to the follow-up, assuming an incentive is used to boost response (see Section 6.6). The combined (net) response rate will be less than 50 per cent and work would need to be done to look at, and if possible, correct for biases that may occur. FRS data on non-responders will be useful in estimating and correcting for non-response biases that occur.

Table 6.3 indicates that achieved sample sizes for key subgroups of interest are quite small and that sampling from more than one year of FRS would be needed. A potentially more complex option might be to use administrative data sources to draw an additional sample of self-employed people to include as part of the new survey. This option would introduce complexity at the analysis stage if the two sources are to be used together but would ensure that the survey includes sufficient numbers to provide estimates with acceptable levels of precision, see Section 6.4.4.

**CONCLUSION:** The FRS would provide an efficient means of drawing a sample for a new cross-sectional survey. A major advantage of this is that the FRS can be used to find those in the desired age range, and a considerable amount of relevant information will already have been collected from these individuals. This will mean that the questionnaire can be shorter, plus it allows for more sophisticated modelling of those who do not respond. Sampling from more than one FRS year will be necessary if the recommended sample of 9,000 is to be achieved.

**RECOMMENDATION 11:** Use the FRS as the sample source for the new survey.

## 6.6 Maximising response to cross-sectional survey

Meta-analyses of experimental evidence on the impact of incentives on response rates to postal, interviewer-administered and web surveys have shown that monetary incentives are more effective than non-monetary incentives of the same value. Response rates also increase with the value of the incentive but with diminishing returns, and prepaid incentives are more effective than promised incentives (Göritz 2006; Singer *et al*, 1999; Church, 1993).

Given this evidence and the low saliency of the survey topic, the offer of an unconditional financial incentive would have a positive impact (the effect of the incentive is likely to be in the region of five percentage points) on response and would be feasible if the FRS were used as the sampling frame, as those mailed and invited to take part would be people known to be in the target age range for the survey. If a PAF sample were drawn, then as discussed in Section 6.4.2, a large sample would need to be selected initially and screened to identify those in the target age range. In this scenario it would be inefficient to use an unconditional incentive, as a large proportion of cases initially selected would be screened out.

**RECOMMENDATION 12:** A £10 unconditional incentive is recommended for use with an FRS sample.

## **6.7 Design options for a panel element and consideration of longitudinal research**

A panel element of the study could provide quick turnaround data on topical issues in between waves of the periodic cross-sectional survey

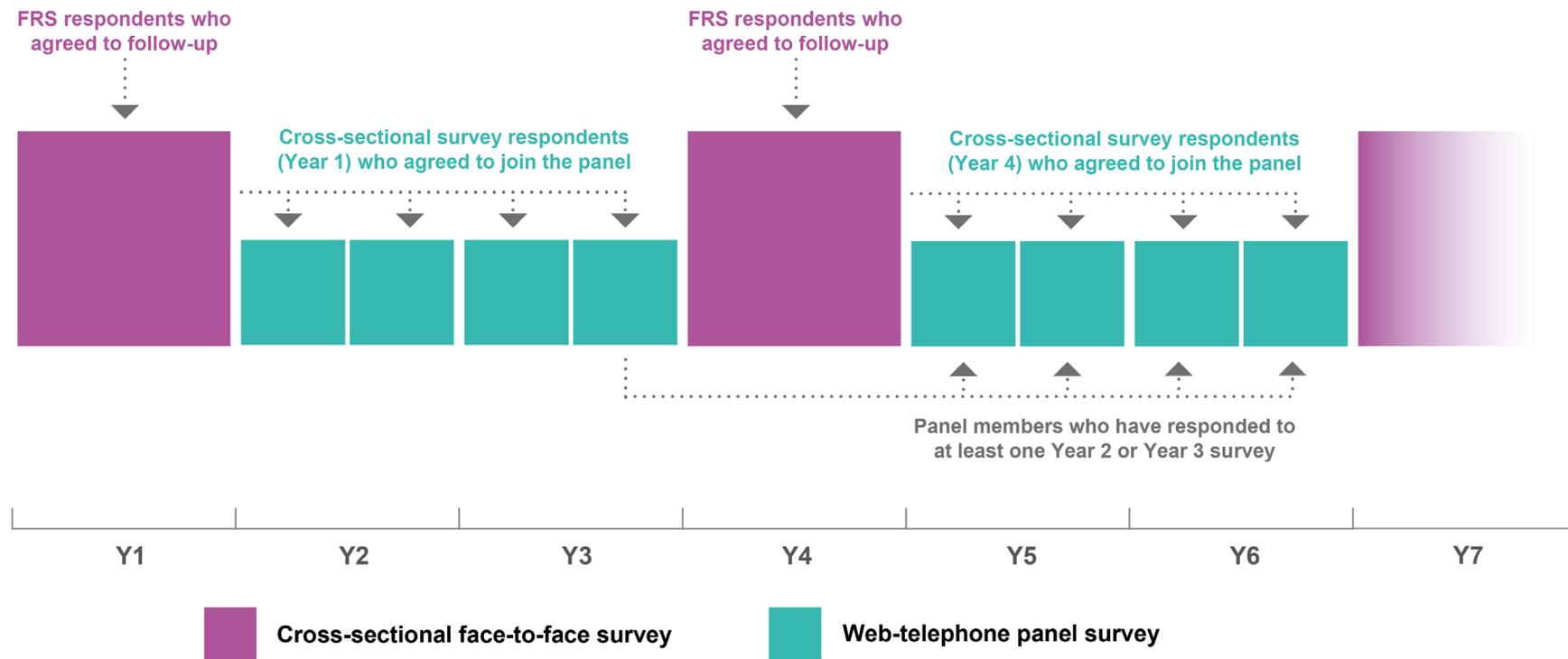
### **6.7.1 Quick turnaround data collection using a panel**

Building in a panel element via a cross-sectional survey, would provide a means of collecting additional data quickly, cost efficiently and of good quality. The panel could be used to:

- explore emerging policy questions or issues in more depth than would be possible in a single survey interview
- follow up particular groups of interest
- collect longitudinal data on issues that are likely to change quickly
- run experiments (e.g. to explore drivers of behaviour or effects of messaging)
- identify cases for in-depth qualitative follow up studies.

The benefits of this approach are the panel's flexibility and responsiveness. However, the panel would require additional funding to set up and maintain, and the effect of cumulative non-response wave on wave means it would require refreshment every two to three years. The repeat cross-sectional survey could be used to refresh the panel. Figure 6.4 shows how this design would work assuming two waves of panel survey in a year and a fresh cross-sectional survey every three years.

Figure 6.4 Illustration of repeat cross-sectional design with panel element



At the end of a cross-sectional survey, respondents are asked whether they would like to join a panel, where they would be asked to complete a short questionnaire (of up to 15 minutes) relatively frequently, around two or three times per year. This level of frequency would pick up on changes that may occur more frequently, such as pension drawdown or changes in employment, and help keep people engaged and so minimise attrition. People who do not respond to one of the questionnaires would be re-contacted at subsequent waves unless they explicitly opt out or do not respond to several questionnaires.

**CONCLUSION:** A panel, recruited via the cross-sectional survey is feasible and would provide a flexible data collection vehicle capable of providing data on emerging policy issues. However, there are additional costs associated with its set-up and subsequent data collection rounds and the extent to which the panel could provide longitudinal data is limited to those areas where change is expected to be more rapid. This would be a useful addition, if funds allow.

## 6.7.2 Longer term data

A quick turnaround panel would be less efficient in capturing changes that take place less frequently, and respondents would be unlikely to complete frequent surveys over the years that are required to observe these changes. This type of data is better captured using a full longitudinal design, such as that used by ELSA or USoc.

Two questions were considered.

- What would be the value of longitudinal data?
- How best are these longitudinal data needs met?

### Longitudinal data needs

Longitudinal data would provide an understanding of the relationship between attitudes and behaviours at the individual level. This would be particularly valuable in understanding the impact of pension freedoms and extending flexible working opportunities on individual's financial situation over time.

### Meeting longitudinal data needs

Two options were considered: the creation of a new, bespoke longitudinal survey; and making more use of existing longitudinal surveys such as ELSA or USoc, with some potential modifications. The advantages and disadvantages of these approaches are summarised in Figure 6.5.

Figure 6.5 Comparison of the advantages and disadvantages of a new longitudinal survey with use of existing ones

	New longitudinal survey	Use of existing longitudinal survey(s)
Advantages	<ul style="list-style-type: none"> <li>• DWP has control over the design, content and frequency of data collection, and the long-term future of the survey</li> <li>• Space in the questionnaire for more in-depth exploration of topics of interest</li> </ul>	<ul style="list-style-type: none"> <li>• Cost efficient, as full cost of survey shared with other funders (ESRC, other government departments)</li> <li>• Proven methodology that produces high quality data</li> <li>• Include more salient topics, such as health that boost response rates</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>• The viability of a new longitudinal survey focussed on pensions planning for later life is unproven</li> <li>• Long term commitment, with the risk that the value of study investment will not be realised for many years, as it will take several rounds of data collection (and up to 35 years) to capture sufficient numbers of cases where change has occurred</li> <li>• Costly</li> <li>• The need for new information every three to five years is not frequent enough to build loyalty to the survey and the attrition is therefore likely to be high</li> </ul>	<ul style="list-style-type: none"> <li>• Less control over the design, content and frequency of data collection, and the long-term future of the survey</li> <li>• Limitations on the extent to which the questionnaire can be amended to incorporate DWP's needs</li> </ul>

**CONCLUSION:** Longitudinal data would be useful for some aspects of policy, answering research questions that could not be addressed using a repeat cross-sectional survey. However, the creation of a new longitudinal survey would be expensive and risky.

Existing longitudinal surveys, such as ELSA and USoc could potentially be used more effectively, and it is recommended that DWP liaise with these surveys about running questions that would provide useful data on areas of interest.

**OVERALL CONCLUSION:** In addition to a new repeat cross-sectional survey longitudinal data would be useful to address some policy questions. These data could be provided by enhancing existing longitudinal surveys such as ELSA and USoc as far as is possible. In addition, a panel, recruited via the cross-sectional survey would provide greater flexibility to follow up groups of interest and respond to emerging policy issues at an additional cost.

**RECOMMENDATION 13:** A cross-sectional survey with a short-term panel element, refreshed every three years is recommended. ELSA and USoc should be utilised to provide information on longer term, slower paced changes.

### 6.7.3 Survey mode for a quick turn-around panel

To make the panel option cost-effective, subsequent waves of data collection (following up those interviewed for the cross-sectional survey who agree to further research) could be undertaken using a web only or mixed mode approach. These modes have been adopted on several surveys that include a panel design.

- The Taking Part survey (survey on cultural participation for the Department for Digital, Culture, Media & Sport), where respondents are recruited to an online panel after a face-to-face interview. They are then invited to complete quarterly ten-minute online questionnaires. The aim of the panel is to track changes in participation across years (and across quarters in the case of sports).
- The NatCen Panel recruits from BSA and Scottish Social Attitudes surveys. Respondents in this panel are invited to complete a web survey with non-responders being followed up by telephone every few months.
- National Travel Survey (for the Department for Transport) is preparing to launch its own panel. Specific design is still being discussed.

The Taking Part panel is designed to be web-only whereas the NatCen Panel involves both web and telephone. The latter design addresses the problems of sample coverage and non-response bias that arise in web-only designs, discussed in Section 6.3.1. The choice of telephone rather than face-to-face follow-up is a pragmatic one: telephone data collection is cheaper than face-to-face particularly as non-responders to the web will be less clustered.

**RECOMMENDATION 14:** A mixed mode, web telephone data collection strategy for the panel survey offers a good compromise between the high cost of face-to-face and the risks of lower data quality from a web-only survey.

### Maximising response to the panel

Table 6.4 shows the estimated numbers achieved at the first interview after the FRS and at subsequent follow-up, allowing for sample attrition and non-response (but without any replacement to compensate for attrition). The figures are based on the number of adults interviewed on the FRS so there will be some clustering of adults within households.

Table 6.4 Illustration of sub-group sizes achieved following up FRS respondents

	Size of achieved sample		
	Round 1	Round 2	Round 3
GB	9,000	4,250	4,037
Self-employed	1,080	510	484
Carers	900	425	404

The numbers are based on the following assumptions (based on experience with the NatCen Panel, which uses a similar design), which would need to be tested:

- eighty per cent of respondents of the face-to-face survey (Round 1) agree to be followed up for the panel
- of those, 60 per cent respond to the web-telephone survey in the next three to six months (Round 2)
- five per cent of the sample opts out at Round 2
- response to the second web-telephone survey in three to six months is 60 per cent (Round 3).

It should be noted that, in addition to non-response to the face-to-face survey and panel rounds, there will be non-response to the original FRS. After taking into account those who do not agree to a follow-up, and those who then do not cooperate at follow up, the cumulative response rate may be below ten per cent. However, as outlined above, one of the advantages of using a follow-up survey is that a considerable amount of information is known from the FRS about those who do not respond, and this can be used in modelling to mitigate this, to a certain extent.

Table 6.4 also illustrates the impact of the initial size of the achieved cross-sectional (Round 1) sample size on the likely number of interviews at subsequent rounds of the panel. Some refreshment of the panel will be

required in subsequent rounds. This could be done from the FRS and or administrative data records.

**RECOMMENDATION 15:** Regular panel refreshment, boosting key groups of interest, would reduce the impact of panel attrition on the net sample size.

As discussed in Section 6.6, the use of an unconditional £5 incentive would boost response rates to subsequent rounds of data collection.

**RECOMMENDATION 16:** An unconditional £5 incentive, offered at each round of data collection, would boost response to the panel survey.

## 6.8 Combining a new survey with administrative data

As discussed in Section 5.3, administrative data have a number of advantages, particularly when they are used in combination with survey data. It is recommended that their use be planned for in the design of any new survey. The DWP would be able to do this using the same GDPR-compliant approach as it does for the FRS. To achieve this, unique identifiers need to be obtained from survey respondents to allow linkage to take place to:

- HMRC data on employment/self-employment history, National Insurance contributions, income, private pensions and taxes
- DWP data on benefits receipt; time on government training schemes, and state pension.

## 6.9 Future-proofing a new survey

If a new survey is commissioned, this will represent a sizeable investment for DWP. As such the design needs to be flexible and agile enough to accommodate any reasonable changes that may be needed to its content or population coverage over time, so that it continues to deliver quality data that is accurate, coherent, credible, comparable, complete, timely and cost-effective. This will be challenging and require careful planning and on-going development work. However, there are various strategies that could be built-into the initial survey design that would afford more flexibility. These are summarised below.

- **Timescales** – build in time for regular questionnaire review, to ensure the questionnaire continues to meet user needs.

- **Questionnaire modularisation** – allow for rotating question modules, meaning more topics can be covered.
- **Panel design** – more detailed questions can be asked of specific groups of interest.
- **Collecting consent to data linkage** – allows for use of administrative data and the advantages this brings (see Section 5.3).
- **Collection of email and telephone contact details** – allows for contact using other (cheaper) modes of data collection.

## 6.10 Questionnaire development and cognitive testing

An important stage in developing a new research instrument, particularly one which has the potential to become a periodically repeated substantial cross-sectional survey, is the pre-testing stage, thus time and resources should be built-into the project to ensure that the newly developed instrument is fit for purpose. This stage could usefully involve a questionnaire development period, exploratory work (workshops or expert panel reviews of the questionnaire with relevant stakeholders), cognitive testing, and piloting. Section 6.11.2 presents the assumptions made for the costing of the questionnaire development and cognitive testing stages, which should be considered as the minimum requirements before the survey is taken into the field.

### 6.10.1 Questionnaire development

As evidenced by the review of existing sources, various areas of interest to DWP are not covered by other surveys - at all, or in sufficient depth, thus new modules to reflect recent changes will need to be developed from the outset.

Although some pre-existing and cognitively tested questions can be 'borrowed' from existing surveys (AtP, WAS, FRS, USoc, ELSA etc.) some adaptation will be needed for any new survey or module to enhance an existing survey, to ensure they are asked in the most comprehensible and clear way for the specific participants in the project, and for the data collection mode(s). It is also recommended that time is dedicated to reviewing the questionnaire with relevant stakeholders in two expert panel review workshops.

### 6.10.2 Cognitive testing

Once the questionnaire has been agreed with the DWP, it should be thoroughly tested with participants before being taken into the field. New and existing questions on other surveys that are adapted would also benefit from cognitive testing as part of questionnaire development.

Cognitive interviewing methods allow researchers to examine the mental processes people go through when answering survey questions. The sensitivity

and viability of questions can also be assessed, by probing participants to discuss their willingness to provide honest answers to the survey.

In general, about 20 survey questions can be probed on and tested in a one-hour cognitive interview. Two rounds of iterative testing each with approximately 12 respondents are recommended to ensure that changes made to the survey questions after the first round improve them.

Pre-testing a survey is considered to be a standard practice in questionnaire development and, although cognitive testing is an intensive process, which will incur additional costs for the project, the benefits outweigh the costs. Cognitive testing will allow DWP to ensure that the survey instrument is comprehensible and clear for the respondents and thus the data generated is valid, reliable and of high quality.

### 6.10.3 Piloting

Another recommended pre-testing method is piloting. This is the final step of questionnaire and survey design, where the proposed new survey is tested in the field on a smaller scale. Pilots are also considered best practice in survey research and for a relatively small cost would allow DWP to identify any potential issues with the questionnaire and fieldwork procedures. For example, a pilot will give DWP a sense of the flow of the new questionnaire, any question wording problems not picked up the cognitive testing stage and how contact and fieldwork procedures work. It is recommended that at least 100 interviews with respondents from the FRS are conducted for the pilot survey.

**CONCLUSION:** Spending time and resource on getting the questionnaire right through questionnaire design, cognitive testing and piloting will be crucial for ensuring that collected data is of high quality.

**RECOMMENDATION 17:** Include a cognitive testing and pilot stage in the survey set-up.

## 6.11 Estimated costs

Ballpark costs have been estimated for the following options:

- enhancing ELSA to cover all populations and topics of interest
- new cross-sectional survey following the recommended design
- panel surveys to follow the cross-sectional survey
- analysis
- alternative design options for the new cross-sectional survey.

Costs have been generated using NatCen’s standard costing tool and draw on organisational experience of costing and delivering similar research in the past. Note that all scenarios assume that research commences in 2019. The costs will need to be adjusted for inflation if the study is commissioned later. All costs are approximate and may change due to changes in underlying assumptions.

### 6.11.1 Enhancing ELSA

While enhancing ELSA is not the recommended option, costs have been estimated for comparison for a scenario where it is extended to cover Scotland, Wales and 40-49-year-olds in England and changing the survey content to replace 15 minutes of existing survey material without lengthening the questionnaire. The total cost of doing this is around £1.3 to £1.5 million for the first year of operation. The costs will be slightly lower for the following waves, as set-up costs (including costs related to revising the questionnaire) will not be incurred. Assumptions and breakdown of costs are shown in Table 6.5.

Table 6.5 ELSA enhancement assumptions and costs

	<b>Adding Scotland</b>	<b>Adding Wales</b>	<b>Adding 40-49-year-olds in England</b>	<b>Revising the questionnaire</b>
Mode	F2F	F2F	F2F	
Sample source	Scottish Health	PAF	Health Survey for England	
Issued sample	2,500	5,714	833	
Not eligible	0%	65%	0%	
Response rate	60%	50%	60%	
Achieved sample	1,500	1,000	500	
Interview length	75 minutes	75 minutes	75 minutes	
Incentive value	£20	£20	£20	
Incentive type	Unconditional	Unconditional	Unconditional	
Approximate cost	£480,000 - £570,000	£530,000 - £610,000	£240,000 - £280,000	£59,000 - £73,000

The cost of extending the current ELSA questionnaire (covering England only) by 15 minutes is estimated to be around £350,000 to £420,000 per wave. This would be additional to the cost of extending current geographical and age coverage. Assuming an extension of questionnaire length is required, the total cost of enhancing ELSA increases to around £1.6 to £1.9 million. However, it would also be necessary to make the same additions to questionnaire material in equivalent Scottish and Welsh surveys, which may further increase the total cost.

## 6.11.2 New cross-sectional survey

For the new cross-sectional survey the recommended design, a face-to-face follow-up of the Family Resources Survey has been costed. For comparison the PAF option has also been costed. Achieved sample size has been assumed to be the same for both scenarios to ensure that costs are comparable. Analysis and reporting costs have not been included. Table 6.6 shows the assumptions that have been made and the approximate cost associated with the two scenarios.

Table 6.6 Cross-sectional survey assumptions and costs

	<b>PAF survey</b>	<b>FRS follow-up</b>
Mode	F2F	F2F
Sample source	PAF	FRS
Issued sample	51,429	15,000
Not eligible	65% <sup>1</sup>	0%
Response rate	50%	60%
Achieved sample	9,000	9,000
Interview length	60 minutes	45 minutes
Incentive value	£10	£10
Incentive type	Conditional	Unconditional
Approximate cost	£2.1 – £2.6 million	£1.3 - £1.5 million

<sup>1</sup> Includes households not containing anyone aged 40-75 and non-residential addresses

We have also costed for a cognitive testing exercise ahead of the first survey. We have assumed two rounds of cognitive interviewing with 12 interviews carried out in each round. The approximate cost of this exercise is between £48,000 and £59,000.

## 6.11.3 Panel survey

Separate costs have been estimated for the first wave of the lighter touch panel survey and a subsequent wave to reflect the efficiency savings achieved in subsequent waves. Costs and assumptions are presented in Table 6.7.

Table 6.7 Panel survey assumptions and costs

	<b>First wave</b>	<b>Subsequent wave</b>
Mode	Web-telephone	Web-telephone
Sample source	Agree to follow-up in cross-sectional survey	Agree to follow-up in cross-sectional survey

Issued sample	7,083	6,728
Response rate	60%	60%
Achieved sample	4,250	4,037
Web-telephone split	60/40	60/40
Interview length	15 minutes	15 minutes
Incentive value	£5	£5
Incentive type	Unconditional	Unconditional
Approximate cost	£160,000 - £190,000	£130,000 - £160,000

The total cost of one wave of cross-sectional survey including design, cognitive testing and two waves of panel survey is around £1.6 - £1.9million.

### 6.11.4 Analysis costs

Costs for this approach will be driven by the amount and complexity of the analysis, as well as importantly the ease of data access and data management. A small number of tables could be run for up to £5,000, whereas a significant multi-year analysis programme can be in the region of £250,000-300,000. Many analysis projects are in the range of £25,000-50,000, and a composite day rate of around £550 to £670 could be used to calculate costs.

If a comprehensive report is assumed for all three rounds of data collection recommended, then the estimated combined cost rises from between £1.6 and £1.9 million to approximately £1.92 million.

### 6.11.5 Alternative design options

The cost of the recommended design for new cross-sectional data collection would be a substantial investment. This section presents some alternative lower cost design options for comparison and consideration. The design features that have the strongest link to cost are sample size and mode of data collection. Relaxing requirements for either of these (i.e. reducing the sample below 9,000 or not using face-to-face interviewing) reduces the cost of the survey, but at the same time also reduces its ability to collect data that meets DWP's information needs.

Reducing the sample size affects the precision of the results and scope for sub-group analysis and segmentation. In particular, 9,000 represents the sample size required to achieve enough interviews with the self-employed and carers from FRS follow-up. An alternative would be to sample these two groups from government held administrative data, such as those carers in receipt of Carers Allowance from DWP records. The quality of the contact information in such sources is uncertain and there are challenges with coverage, for example not all carers are in receipt of Carers Allowance. Therefore, it is safer to assume that

response rates will be lower than in the case of FRS follow-up, which reduces fieldwork efficiency.

An achieved sample size of 4,000 comprising of 2,000 cases followed up from FRS and 1,000 cases each of carers and the self-employed followed up from administrative sources has been assumed for costing purposes. It is important to note that oversampling the self-employed and carers to this degree makes the combined sample very inefficient. It is therefore recommended that when analysing the total population only the FRS follow-up sample is used and administrative samples are used only when sub-group analysis is required. This will render the sample too small for conducting segmentation analysis, where the recommended sample size is 4,000.

Changing the interview mode to either web-telephone or web only reduces the response rate and the amount of information that can be collected as the interview length will have to be shorter (a 30-minute interview has been assumed here). This in turn makes it unlikely that all DWP's information needs can be met. A web only option has the additional drawback of excluding people who do not have access to internet or are not confident internet users, particularly among older sample members. This in turn can render the results unrepresentative for the population as a whole.

Five scenarios involving different combinations of sample size and mode are shown in Table 6.8.

Table 6.8 Alternative design options assumptions, drawbacks and costs

	<b>Recommended design</b>	<b>Alternative scenario 1</b>	<b>Alternative scenario 2</b>	<b>Alternative scenario 3</b>	<b>Alternative scenario 4</b>	<b>Alternative scenario 5</b>
Mode	F2F	Web-telephone	Web	F2F	Web-telephone	F2F
Sample source	FRS	FRS + 2 admin sources	FRS + 2 admin sources	FRS	FRS	FRS + 2 admin sources
Achieved sample	9,000	4,000	4,000	2,000	2,000	4,000
Interview length	45 minutes	30 minutes	30 minutes	45 minutes	30 minutes	45 minutes
Drawbacks						
<i>Sample too small for segmentation</i>		X	X	X	X	X
<i>Sample too small for analysing self-employed and carers</i>				X	X	
<i>Off-line population excluded / representativeness</i>			X			
<i>Some topics not covered</i>		X	X		X	
Approximate cost						
	£1,270,000 - £1,520,000	£280,000 - £330,000	£180,000 - £220,000	£500,000 - £580,000	£170,000 - £200,000	£1,060,000 - £1,260,000
Approximate cost including analysis and reporting						
	£1,290,000 - £1,640,000	£320,000 - £400,000	£230,000 - £270,000	£550,000 - £660,000	£210,000 - £250,000	£1,080,000 - £1,320,000
Approximate cost including analysis, reporting and two follow up panel waves						
	In the region of £1,920,000					

Note: the achieved sample size that was assumed for the panel surveys is only feasible if the sample from the recommended option is followed up.

# 7 Conclusions and recommended approach

The UK pension landscape has undergone significant change over the last decade, including a greater level of flexibility introduced by the pension freedoms, alongside changes to the State Pension and State Pension age, and the introduction of automatic enrolment. The effect of these changes is only starting to manifest itself and may not be known for several years.

Government spending on pensions and other policies around retirement is vast and is only likely to grow given the ageing population. It is therefore important that policy decisions in this area are made wisely and are based on detailed understanding of how people approach retirement planning, both in terms of attitudes and behaviours.

DWP commissioned NatCen Social Research, together with the Institute for Employment Studies and the Pensions Policy Institute to assess DWP's evidence needs in relation to retirement and to recommend a research programme that would be best-suited to fill these evidence needs.

Discussions with DWP, other government Departments and stakeholders revealed that the key areas of interest in the wider context of attitudes and behaviours related to planning and preparing for later life are:

- how people make decisions to retire in the context of their specific circumstances (including labour market and financial situation) and what would help to keep them in the labour market for longer;
- how people use the new pension flexibilities (freedom and choice) and its consequences; and
- crucially, how the drivers of behaviours and outcomes in these two areas are interlinked.

Discussions with DWP and other government analysts also revealed four main analytical requirements for this information:

- Focus on individuals aged 40-75, i.e. a group whose behaviour DWP is most likely to be able to influence
- A data set containing sufficient numbers of self-employed individuals and carers to allow for subgroup analysis
- Detailed, up-to-date information every three to five years
- An understanding of how decisions around retirement play out later in life (particularly in relation to freedom and choice) at the individual level.

The content and population coverage of existing surveys, including Attitudes to Pensions, ELSA and others was reviewed. These surveys tended to focus either on financial planning for retirement or employment-related decisions, but

not on both at the same time. Furthermore, none of the more detailed surveys offered sufficiently large sample sizes for required subgroup analysis. Based on the evidence of this review adapting existing data sources would not be sufficient to meet all DWP information requirements for the following reasons.

- Adapting existing surveys would require substantial changes to topic coverage. In the case of USoc and ELSA these surveys are already 'full'. Moreover the age range for ELSA would need to be extended to include those aged 40-49 and significant work to extend geographic coverage to Wales and Scotland would also be required. These changes would be highly challenging, costly and take a long time to bed in.
- Data fusion (matching information from two or more surveys) is not sufficient, because there are topics of interest that are not covered in any of the existing surveys and cannot therefore be added to the new combined dataset.
- Administrative data in itself and its linkage to existing surveys is also not sufficient because the available administrative data does not cover the information gaps identified in existing surveys.

Based on the evidence presented, it is recommended that DWP considers the scope to invest in a new bespoke survey on people's attitudes, aspirations and behaviours when planning and preparing for later life. Several design options were considered with the following approach being judged the one that would provide data most suited to meet the information requirements identified, offering the best total survey quality and value for money:

- Repeat cross-sectional survey, taking place every three to five years, with scope for a quick turn-around panel element enabling timely and agile access to respondents in intervening years. This combination would provide both in-depth information on change over time for key sub-groups of interest and information about the impact of change in specific behaviours and circumstances of interest on individuals where the rate of change is expected to be rapid.
- Opportunities to run experiments (for instance around messaging) and collect in-depth qualitative information to explore the drivers of changes in behaviours.
- Questionnaire that covers both the financial and employment related aspects for preparing and planning for retirement to ensure that information about both aspects is available for the same individuals.
- Survey sample restricted to individuals aged 40-75, residing in private households in Great Britain, as this is the group whose behaviour is most amenable to change through policy.
- A large cross sectional survey sample size of around 9,000 achieved interviews, to allow for subgroup analysis of key groups of interest including the self-employed and carers.

- Sample drawn from the eligible respondents to the FRS so as to benefit from its wealth of financial information and to identify individuals of interest cost effectively.
- Enhance survey data by linking to DWP and HMRC administrative data on benefits receipt; time on government training schemes, state pension employment/self-employment history, National Insurance contributions, income, private pensions and taxes.

The main benefits of this approach are:

- **Control** – DWP can design the survey to correspond exactly to its information needs.
- **Coherence** – information about the financial and employment related aspects of retirement planning will be available for the same individuals from the same source, greatly enhancing the analytical value of the data.
- **Efficiency** – the cost savings from following up FRS respondents will be substantial.
- **Future-proofing** – by creating a bespoke survey, DWP will not depend on decisions made about other data sources it may not be able to influence.
- **Flexibility** – lighter touch, non-time-series years allow DWP to collect information on emerging information needs at a short notice and the large sample sizes gives a potential to analyse small subgroups that may become of policy interest in the future.

Designing and setting up a high-quality survey is resource intensive. The recommended design would use the FRS as the sample source to maximise cost efficiencies from sampling. The face-to-face survey design maximises data quality and depth and breadth of topic coverage, with a mixed mode web then telephone design providing a cost-effective means of collecting follow up information in between main survey years. More than one year's worth of FRS respondents would need to be followed up to ensure sufficient numbers in subgroups of interest.

ELSA and USoc were not found to have the breadth of topic coverage, and in the case of ELSA, breadth of population and geographical coverage to meet all DWP information requirements. However, a number of long-term longitudinal data requirements were identified. It is recommended that DWP continue to work with the ELSA and USoc management teams to ensure these surveys carry key questions.

A complete list of the report's recommendations is compiled in Appendix E.

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# Appendix A Feasibility study aims and methods

## Aims and objectives

The aim of this feasibility study was first to map the information needs of the Department for Work and Pensions and recommend an optimal research design to meet these needs.

The more detailed objectives were to:

1. Scope and synthesise evidence needs and policy gaps;
2. Test the demand and viability of a new survey;
3. Review the utility of the AtP survey and other existing sources of data;
4. Assess the methodological options and challenges;
5. Provide a range of costed options for the proposed research; and
6. Suggest a recommended approach for the optimal research design.

The study focused on DWP's information needs and on research with individuals. Research with employers was out of scope.

## Methodology

The feasibility study was divided into four work packages, outlined below. The first three work packages ran in parallel and informed each other. Prior to Work Package 4 commencing, the results from the first three were analysed and discussed in detail with DWP. The work packages corresponded to:

- Work package 1 (WP1) – Review scoping documentation produced by DWP and conduct stakeholder focus groups to identify information requirements to inform key policy decisions. This work package corresponded to the first two objectives listed above.
- Work package 2 (WP2) – Review existing data in relation to the information requirements identified in WP1. This work package corresponded to the third objective.
- Work package 3 (WP3) – Review the methodological options given the information requirement identified as part of WP1. This work package corresponded to the fourth objective.
- Work package 4 (WP4) – Synthesise results from the first three work packages to inform a recommendation for the future research

programme. Cost the recommended options. This work package corresponded to the fifth and sixth objectives, listed above.

## **Work package 1**

Relevant documents were reviewed alongside the analysis of the outcomes of three focus groups with key stakeholders to ensure a comprehensive understanding of the policy context and evidence gaps. The focus groups included stakeholders from policy and analytical backgrounds and were led by the Pensions Policy Institute and the Institute for Employment Studies. The stakeholders were either pensions or employment experts representing different governmental departments and organisations (e.g., Department for Education, Department for Business, Energy and Industrial Strategy, Treasury, Department of Health, Financial Conduct Authority, Money Advice Service, and more). The focus groups were conducted over a period of two weeks in January-February 2018. The stakeholders discussed how exploring people's attitudes to preparing and planning for later life was of paramount importance, so that they can better assess how people are reacting to policy changes, shape future policy decisions and service provision.

The focus groups were followed by a prioritisation meeting with the Lead Analysts in DWP State and Private Pensions.

## **Work package 2**

The aim of Work Package 2 was to review existing social surveys including Attitudes to Pensions in light of the information requirements identified. Questionnaires and technical reports for nine large surveys were reviewed and coverage was mapped against the defined topics of interest. A workshop was held with NatCen survey experts to gain insight into topic coverage and methodologies.

The nine surveys that were reviewed as part of this work package were:

- ELSA – English Longitudinal Study of Aging
- USoc – Understanding Society
- FRS – Family Resource Survey
- LFS – Labour Force Survey
- BSA – British Social Attitudes
- AtP – Attitudes to Pensions
- WAS – Wealth and Assets Survey
- NCDS – National Child Development Survey
- FLS – Financial Lives Survey

### **Work package 3**

This work package systematically considered how the data requirements could be met. This included consideration of existing data sources (surveys and administrative data), analytical methods (such as data fusion) and of new data collection (in the form of a survey).

### **Work package 4**

The findings from the first three work packages were synthesised in Work Package 4 to arrive at a set of recommendations for a future research programme. The recommended scenarios were costed using NatGen's standard in house survey costing tool.

# Appendix B Review of existing surveys

This section presents an analytical summary of the main existing social surveys in this field, in terms of survey content, design and methodology.

## Attitudes to Pensions surveys (AtP)

AtP was a cross-sectional time-series survey which was last conducted in 2012, with slight alterations to the content from the previous waves (2006 and 2009), with a sample of about 2,000 adults aged 18-69.

The survey was concerned with three broad policy areas and these are reflected in the topics covered. The policy areas were: workplace pension reforms (automatic enrolment and freedom and choice), State Pension reforms (increase in State Pension age, single tier SP) and redefining retirement (working longer, more flexible arrangements, ending the default retirement age). The policy areas of interest were reflected in the latest wave of the AtP as follows: the survey covered details about knowledge and expectations of SP and SPa, financial planning, private pensions, including questions on freedom and choice and automatic enrolment, decumulation and risk behaviour. Some questions on working in later life were also included, covering expectations, reasons and attitudes to working in later life; however these topics are not covered in a lot of depth.

Nonetheless, the DWP AtP did not cover all the topics deemed to be currently relevant and priorities for a new research programme: although AtP did ask about the economic activity of the respondents, there were no questions specifically aimed at the self-employed, people working flexible/ reduced hours, those looking to return to work later in life, their training and skills needs, as well as some of the subthemes identified concerned with understanding more about people's current working arrangements (see Appendix C). Although some of this information could be derived from existing questions, what was missing from the AtP survey was a set of questions looking at participants' perceptions of employer's attitudes to older workers and how these could have played a role in retirement decisions made by the respondents. The survey had a clear focus on pensions, and less so on employment in later life – a topic of increased interest since 2012.

## **English Longitudinal Study of Ageing (ELSA)**

ELSA is a biennial longitudinal survey of individuals aged 50 and over who live in private households in England and are interviewed face-to-face. The sample covers 10,000 people and participants are sourced from a long-running national survey- Health Survey for England.. Interviews are conducted with sample members, as well as with partners, however long the duration of the current relationship. The panel is refreshed periodically to account for attrition arising from various reasons, including ageing, death of panel members and people withdrawing from the study altogether.

ELSA asks questions about health and whether respondents will be able to work later in life. Other areas that are covered are financial needs, whether people will receive or leave any inheritance, and saving for later life. ELSA covers whether respondents expect to pay for any future long-term care and who they think should pay for care. The survey also asks more in-depth questions about respondents' knowledge about who pays for care and what plans they have made to support their care needs. This is followed by questions around financial stability, living standards and respondents' expectations of how much they will receive from their State Pension and their private pension.

ELSA extends to topics on general economic activity, including reasons for leaving employment and whether respondents are self-employed. It asks questions about why respondents work beyond State Pension Age and includes in-depth questions regarding respondents' knowledge and expectations of their private pensions. Although there are questions about whether respondents are looking for work, these are only asked of people who are temporarily away from work. Further questions ask respondents what they have done with the lump sum they received.

ELSA therefore covers some of the topics of interest in this feasibility study, however there are clear limitations. ELSA interviews people aged 50 and over, which means that a key segment of the population of interest is not covered. There are areas that are only lightly covered such as attitudes to employment and retirement and how these influence decision making. More detailed questioning would provide a richer source of evidence for policy, including whether retired individuals would prefer to carry on working and what help they would need to continue working (see Appendix C).

## **Understanding Society (USoc)**

The United Kingdom Household Longitudinal Study (UKHLS), known as Understanding Society (USoc), began in 2009. It is an annual longitudinal household survey, looking at micro-level change at both the household and individual levels. The same individuals are re-interviewed in successive waves and, if they split-off from original households, these adults continue to be

interviewed along with any additional adults who live with them as part of their new household. Young people are interviewed once they reach the age of 16; young people aged 10-15 are asked to complete a short self-completion questionnaire. The USoc study is a successor to the British Household Panel Survey (BHPS) with sample members from the latter being incorporated into the former from Wave 2 onwards. The USoc sample size is large: interviews are conducted with 32,000 households, averaging to about 90,000 individuals. There are core questions, rotating core questions and some that are asked only once (stable demographic characteristics or questions related to specific events). In recent waves the survey has moved to a sequential mixed mode (web first design) although a core sample continues to be interviewed face-to-face.

USoc asks some questions about the expected age when the individual will retire, whether they own various assets (home, vehicle) and are expecting to sell them in the future. It covers questions about expectations to receive an income from savings, investments or a private pension when they retire, as well as receiving an inheritance or financial support from a partner, renting a property, and other sources of income. The survey contains a module that asks about positive and negative aspects of retirement and later life, including not having enough income to get by, feeling lonely and isolated, but also having time to travel and socialise. There is also a section which asks respondents whether they expect to do any paid work (part-time or freelance) after reaching retirement age and how they expect their income after retirement to compare to their pre-retirement income. Some questions on care of elderly or disabled adults either living with the respondent or not are also covered in the questionnaire. This survey collects detailed information about employment and current working patterns, which can be useful in deriving variables of interest for a potential new research programme.

The questionnaire does not include questions on awareness of SP and SPa, reasons for returning to work after retirement, care planning for later life, or questions on freedom and choice as it relates to private pensions. Some topics are covered quite lightly, and are not specifically designed for older adults, e.g. training, career prospects, and working arrangements post-retirement (see Appendix C).

## **Family Resource Survey (FRS)**

The FRS is a continuous cross-sectional household survey which collects information on a representative sample of private households in the United Kingdom since 1992. The sampling is done using a postcode address file technique (PAF).<sup>6</sup> PAF is the only available sampling frame in the UK that covers almost all of the general household population. Face-to-face interviews

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<sup>6</sup> PAF is a list of addresses (or postal delivery points) compiled by the Post Office. For practical reasons, the sample is confined to those living in private households. People living in institutions (though not in private households at such institutions) are excluded, as are households whose addresses were not on the PAF.

are conducted with 20,000 private households. Information is held at the household level, individual level and the 'benefit unit' level (i.e. a single adult or a married or cohabiting couple and any dependent children).

The FRS covers topics around pension savings, knowledge and the effects of automatic enrolment on participation. Additionally, questions explore State Pension deferral or whether respondents are receiving Pension Credit. The survey collects information on individuals who have caring responsibilities, some information on respondents who are self-employed and general employment status. The FRS contains a question on the main reason for retiring below the State Pension age. FRS covers respondent's health conditions, including disabilities and whether respondents are experiencing poverty later in life. The survey also includes a measure of material deprivation for pensioners.

FRS asks some questions about whether individuals have taken out a lump sum, how much they have withdrawn, what they did or intend to do with the money they have withdrawn and how much is left in their pension pot afterwards. The survey does not ask detailed questions about the State Pension, private pensions or retirement. For example, there is no exploration of whether retired individuals would have preferred to continue working or if they were offered any support from their employer. Attitudes and behaviours within the topic areas of interest are therefore not sufficiently covered in the survey (see Appendix C).

## **Labour Force Survey (LFS)**

The LFS is a continuous national survey providing information on the employment circumstances of the UK population aged 16 and over since 1973. It is the largest household study in the UK and provides the official measures of employment and unemployment. The survey interviews about 37,000 households quarterly face-to-face or by telephone. The ONS is currently developing a new online survey that will replace the LFS in the next few years. The quarterly survey has a panel design whereby households stay in the sample for five consecutive quarters (or waves), with a fifth of the sample replaced each quarter. Thus there is an 80 per cent overlap in the samples for each successive survey.

The LFS covers topics including primary employment (employer or self-employed) and collects data on those looking for work. It explores the kind of employment people undertake. The survey focusses on areas that are of interest such as: whether individuals work flexible or reduced hours; whether individuals have received training in the past 12 months; and individuals' behaviour towards returning to employment. It asks respondents about working past State Pension age. Additionally, the survey asks about whether respondents have retired due to health reasons.

Although the LFS covers some important areas of interest with regards to returning to employment and general labour market circumstances, there are

limitations towards exploring preferences, attitudes and reasons for behaviours, specifically towards pension and retirement topics (see Appendix C?). It is beyond the scope of this survey to ask detailed questions about pensions, as it is mostly concerned with the employment aspect, thus the topics of interest for the DWP related to pensions are not covered in sufficient depth.

## **British Social Attitudes (BSA)**

The BSA survey series, which has been running since 1983, is an annual cross-sectional survey designed to produce annual measures of attitudes in Great Britain from 2,500 people aged 18 and over. This is a random probability sample survey, which collects individual level information via a face-to-face interview.

The questionnaire contains a number of 'core' questions, which are repeated in most years, as well as a series of modules on various social issues. Some of these modules are asked on a regular basis, while others are only commissioned for certain years. Some relevant topics for this project are included in the BSA. In the core section of the BSA, questions on people's attitudes to various aspects of public policy are included. These comprise questions on attitudes to policies on State Pensions spending in the context of benefits spending. Additionally, the core modules include questions on attitudes to spending on pensions and general population retirement, as well as labour market participation. In certain years, BSA included modules exploring who is responsible for ensuring people have enough money to live on in retirement and questions on fuller working lives, retirement, and pensions' questions asked of both employees and those describing themselves as retired (see Appendix C).

The BSA survey allows for new modules to be added each year, however only the core questions are asked regularly. The BSA would not be a viable option for the new research programme, given its small sample size that would render subgroup analysis impossible. The BSA existing questions do not cover the relevant topics in sufficient depth, thus new modules would need to be developed. The BSA interviews a representative sample of the general population aged over 18, but the new research programme would only be concerned with people aged over 40, thus a large proportion of data would not be needed for the analysis. The emphasis of the survey is on attitudes, rather than behaviours.

## **Wealth and Assets Survey (WAS)**

The Wealth and Assets Survey (WAS) is a biennial, face-to-face, longitudinal survey of GB private households, which gathers information on: assets; savings and debt; saving for retirement; how wealth is distributed among households or individuals; and factors that affect financial planning. A random probability sample is selected using PAF, and interviews are conducted with adults aged

16 and over. Information is collected at the individual and household level. The survey was launched in 2006 and so far there have been five waves of data collection, the last in 2014-16. To moderate the impact of attrition the panel has been refreshed with new cohorts at Waves three, four and five.

WAS focuses on four categories of wealth and assets: property, physical, financial and private pensions. It covers many of the topics of interest, however the main focus of the survey is wealth, assets and savings rather than preparing for or working later in life, and thus these areas are covered substantially less. Nonetheless, the last wave of WAS, Wave 6, does include a section on pensions, Pension Wise and other pension sources, which might suggest a fuller coverage in future waves. Data is collected on reasons for saving or not saving, both personal and circumstantial, on reasons for retiring, knowledge of automatic enrolment, expectation for length of retirement, retirement age, income and potentially carrying on working. WAS also has an entire section on attitudes to saving for retirement and one on pensions, which asks respondents questions to check their understanding of the pension system and knowledge around different types of pensions, and attitudes to risk. This survey also collects information about self-employment and these variables could be used to investigate their retirement plans and savings.

WAS does not cover in-depth issues related to employment in later life, nor issues related to flexible or part-time working in later life. The other areas that are not covered sufficiently or at all in this survey include freedom and choice related topics for self-employed participants (although these could potentially be derived by combining the demographic information, i.e. whether they are self-employed, and questions related to freedom and choice). WAS does not include any questions of interest on state pension, nor around decisions to continue working or retire; what type of help, information, advice and resources they would require for it; whether they would benefit from training or re-training, changing careers and their employers' attitudes to flexible working later in life.

## **National Child Development Survey (NCDS)**

The National Child Development Study (also known as the 1958 Birth Cohort Study) is a continuing longitudinal study, following the lives of more than 17,000 people born across England, Scotland and Wales in a single week of 1958. To date, there have been nine waves of data collection, with the next one scheduled to run in 2019 (age 61). The questions differ from round to round, reflecting the stage of the life course of the cohort at that time. The sample is selected using birth and school records with around 10,000 active participants. The panel is not refreshed for this study. The current age of cohort members is 60, and as such it does not provide information on the wider population of interest.

NCDS covers the reasons why respondents have taken early retirement and whether they will work past a certain age. The survey asks further questions about what age people would expect to retire; what age people would prefer to retire and whether they think their health will limit whether they are able to

continue working. NCDS covers areas such as respondents receiving inheritance and their relationship to private pensions in-depth, asking questions about accessing funds. Although there are some questions around behaviours and expectations, the questions are limited in terms of depth and exploration of attitudes and behaviours (see Appendix C).

## **Financial Lives Survey (FLS)**

The Financial Lives Survey is a general population survey conducted by the Financial Conduct Authority online and face-to-face with approximately 13,000 people. The first wave was conducted in 2017, with adults aged 18 and over. The online survey used an address-based online surveying design, that is, addresses were randomly selected across the UK and an invitation letter was sent to each selected address inviting up to three adults (aged 18 or over) to complete the survey online. The face-to-face interviews were conducted in England, Scotland and Wales with people over 70 and people aged 18-69 who had not used the internet during the previous year. It achieved a low response rate (around seven per cent).

The survey is comprised of a core section (demographics, attitudes, assets and debt, and product holdings); participants were then selected to answer a product module (on retail banking, retail investments, mortgages, consumer credit, pension accumulation or decumulation, advice) and shorter sets on questions (guidance, insurance, unbanked or self-employed banking, savings and access, frauds and scams etc.)

Comparing the topic coverage of FLS with the information needs required for a new survey, Appendix C shows that whilst some topics of interest are covered in a lot of depth by FLS (e.g. financial planning for retirement, and freedom and choice), others not covered at all. The next wave will be commissioned in 2018.

# Appendix C Topic coverage in existing surveys

DWP’s information needs were mapped to the content of existing surveys known to contain some information of relevance on preparing and planning for later life. Figure C1 illustrates the extent to which information needs are covered, and to what level of detailed, by existing surveys.

**Figure C1. Extent to which existing surveys cover topics of interest**

Topics			ELSA	Under- standing Society	FRS	LFS	BSA	AtP	WAS	NCDS	FLS
A. Private pensions	Knowledge about private pensions	Small block of questions assessing knowledge of private pensions	✓ ✓		✓		✓		✓ ✓	✓ ✓	✓
	Freedom and choice	SE - are they saving/ do they need a different type of product									
		Whether has taken any pensions to drawdown	✓ ✓ ✓	✓	✓				✓ ✓ ✓		✓
		PCLS	✓ ✓ ✓		✓ ✓			✓	✓ ✓	✓ ✓	✓ ✓

Topics			ELSA	Under- standing Society	FRS	LFS	BSA	AtP	WAS	NCDS	FLS
		What happened to rest of money (annuity/DD product)	✓ ✓ ✓		✓				✓ ✓	✓ ✓	✓ ✓
		General behaviour/knowledge	✓ ✓ ✓	✓				✓ ✓	✓ ✓ ✓		✓ ✓
		Who they get information from	✓ ✓ ✓						✓ ✓		✓ ✓ ✓
		Trust in pension providers							✓		✓
	Automatic enrolment	Opted for pension scheme						✓	✓		✓
		Reasons for opting out						✓			
B. State Pension	State Pension	Knowledge of SPa	✓ ✓ ✓					✓ ✓			
		Knowledge of SP	✓ ✓				✓ ✓ ✓	✓ ✓ ✓			

Topics			ELSA	Under- standing Society	FRS	LFS	BSA	AtP	WAS	NCDS	FLS
C. Financial plans for retirement	If not retired	Expectations of SP	✓ ✓				✓ ✓ ✓	✓ ✓			✓ ✓
		Plan for financing retirement	✓ ✓	✓			✓	✓ ✓	✓		✓ ✓
		Level of income in retirement	✓ ✓ ✓	✓ ✓				✓ ✓ ✓	✓		✓ ✓
		Saving	✓ ✓	✓			✓	✓ ✓ ✓	✓ ✓ ✓		✓ ✓
		Expected age of retirement	✓ ✓ ✓	✓	✓ ✓		✓ ✓ ✓	✓	✓ ✓	✓ ✓	✓
		Sources likely to be used	✓ ✓ ✓	✓			✓	✓ ✓	✓		✓
	If retired	Whether preferred to carry on working	✓				✓ ✓	✓	✓		
	What help needed to continue working	✓				✓ ✓	✓				

Topics		ELSA	Under- standing Society	FRS	LFS	BSA	AtP	WAS	NCDS	FLS
	Whether worked flexible/reduced hours	✓				✓ ✓				
	Employer support					✓ ✓				✓
	Reflections e.g. what information would have been good to know, when did they start thinking about it									
D. Employment	Current working arrangements	✓ ✓	✓		✓ ✓ ✓	✓	✓		✓ ✓	
	If SE, whether prefer employment									
	Discrimination - age/ill health					✓				✓
	Employers attitudes					✓				

Topics	ELSA	Under- standing Society	FRS	LFS	BSA	AtP	WAS	NCDS	FLS
	Working out of choice or necessity	✓				✓	✓		
	Preferred working arrangements	✓	✓		✓	✓		✓	
	Where to go for advice		✓			✓			
Training/skills	Whether received training past 12 months	✓ ✓			✓ ✓ ✓			✓ ✓ ✓	
	Broad topic of training	✓		✓ ✓	✓			✓ ✓	
	Effect of training need								
	Whether would like training/what kind								
Return to employment	Whether looking for employment	✓			✓ ✓ ✓			✓	

Topics	ELSA	Under- standing Society	FRS	LFS	BSA	AtP	WAS	NCDS	FLS
General	What would help return to employment	✓			✓ ✓				
	Kind of employment looking for				✓ ✓				
	Whether considered changing careers					✓			
	Whether has done anything about it								
	Whether think need to update skills/how				✓	✓			

Key: ✓✓✓ – extensive coverage (either exact questions available on the survey which address all DWP’s points of interest for a certain topic, or several questions available which could be used to derive the exact information necessary); ✓✓ – moderate coverage (some survey questions available which could be used for addressing aspects of each topic of interest, but not all); ✓ – light coverage (few survey questions available which do not cover all aspects of the topics of interest) ; Red text – topics not covered by any surveys; Shaded cells – no questions present in the survey addressing the topics of interest.

## Appendix D Population coverage in existing surveys

Table D1 Comparison of existing survey designs with data requirements

Survey	Target population	Geographical coverage	Type of survey	Sample size	Frequency of data collection
<b>Requirement</b>	<b>40-75</b>	<b>GB</b>	<b>Longitudinal /cross-sectional</b>	<b>10,000 individuals</b>	<b>3-5 years</b>
AtP	18-69	GB	Cross-sectional	2,000 individuals	Three waves (2006, 2009, 2012)
ELSA	50+	England	Longitudinal	10,000 individuals	Biennial
USoc	16+ (also 10-15)	UK	Longitudinal	90,000 individuals	Annual
FRS	16+ <sup>1</sup>	GB & NI	Cross-sectional	19,000 private household <sup>2</sup>	Continuous
LFS	16+	GB & NI	Longitudinal (5 consecutive quarters)	37,000 households	Continuous
BSA	18+	GB	Cross-sectional	2,500 individuals	Annual
WAS	16+ <sup>3</sup>	GB	Longitudinal	20,000	Biennial
NCDS	People born in one week in March 1958	GB	Longitudinal	10,000 individuals	Periodic
FLS	18+	UK	Cross-sectional	13,000 individuals	Wave 1 completed - date of next wave unknown

<sup>1</sup> Except those aged 16-19 who are classed as dependent children.

<sup>2</sup> Achieved sample size for 2015/16 was 19,326.

<sup>3</sup> Excluding those aged 16-18 currently in full-time education.

## Appendix E List of recommendations

1. Continue working with the USoc team to ensure that key questions of longitudinal importance are included.
2. Continue working with the ELSA management team to explore the extent to which additional questions can be included. Contact the HAGIS management team to start a dialogue around the extent to which DWP can input into question content. Contact the Welsh Government to explore whether the National Survey for Wales can be used as a sampling frame for a DWP follow-up survey.
3. Review questions DWP adds to BSA to ensure they are in line with information needs.
4. It is advised that DWP explore the potential of data fusion as part of a strategy to meet information needs and maximise value from existing data sources.
5. A new survey (with a plan for data linkage) is recommended. Qualitative research and experimentation, to gain a greater depth of understanding around the drivers of behaviour is also recommended. In terms of the total survey quality framework, a new survey would provide relevant, coherent data.
6. Undertake a repeat cross-sectional survey every 3-5 years.
7. A first cross-sectional survey should be face-to-face but the survey programme should build in assessing the viability of a mixed mode, web-first survey that could be introduced at a later date.
8. Exclude those living in communal establishments.
9. Region and the proportion of self-employed adults (aged 40-74 if available) are potential stratifiers but further work could be undertaken using the FRS to identify the most appropriate stratifiers.
10. Given the importance of data on the self-employed and carers, it is recommended that a relatively large sample size of 9,000 is considered or, that other methods of boosting subgroup sizes are considered.
11. Use the FRS as the sample source for the new survey.
12. A £10 unconditional incentive is recommended for use with an FRS sample.
13. A cross-sectional survey with a short-term panel element, refreshed every three years is recommended. ELSA and USoc should be utilised to provide information on longer term, slower paced changes.
14. A mixed mode, web telephone data collection strategy for the panel survey offers a good compromise between the high cost of face-to-face and the risks of lower data quality from a web-only survey.

15. Regular panel refreshment, boosting key groups of interest, would reduce the impact of panel attrition on the net sample size.
16. An unconditional £5 incentive, offered at each round of data collection, would boost response to the panel survey.
17. Include a cognitive testing and pilot stage in the survey set-up.