Family Resources Survey
United Kingdom, 2017/18

Background Note and Methodology

March 2019
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Introduction

This note accompanies the main Family Resources Survey 2017/18 report which is available here:


The purpose of this note is to provide further contextual information to aid understanding of the statistics presented in the main report and detailed tables. It outlines points to note as well as strengths and limitations of the information presented in each section of the main report, alternative data sources, as well as changes to the survey this year compared to last year.

A detailed description of the FRS methodology, fieldwork operations, data processing and quality assurance is also presented.

Editorial team

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Feedback

If you have any comments or questions about any aspect of the FRS, or are interested in receiving information on consultations, planned changes, and advance notice of future releases, please contact:

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Background

The Family Resources Survey (FRS) is a continuous survey which collects information on the income and circumstances of individuals living in a representative sample of private households in the United Kingdom. The survey has been running in Great Britain since October 1992 and was extended to cover Northern Ireland in 2002/03.

The primary objective of the FRS is to provide the Department for Work and Pensions (DWP) with information to inform the development, monitoring and evaluation of social welfare policy. Detailed information is collected on respondents' income from all sources including benefits, tax credits and pensions; housing tenure; caring needs and responsibilities; disability; expenditure on housing; education; childcare; family circumstances; child maintenance.

Micro-simulation is central to DWP’s use of the data. Therefore, careful attention is paid to the accurate collection of information followed by meticulous data processing, editing, and quality assurance.

The FRS data are designated by the UK Statistics Authority as National Statistics. The FRS provides the data for a number of other DWP National Statistics publications: Households Below Average Income, Pensioners’ Incomes Series, and Income-Related Benefits: Estimates of Take-up.

The survey contains information of much interest to other government departments and, in particular, is used for tax and benefit policy purposes by Her Majesty’s Revenue and Customs and Her Majesty’s Treasury. The survey is also used extensively by academics and research institutes for social research purposes.
Uses of Family Resources Data

The FRS is used extensively both within and outside the DWP. The main uses are:

**Households Below Average Income (HBAI)**
This publication uses household disposable incomes, adjusted for household size and composition, as a proxy for material living standards or, more precisely, for the level of consumption of goods and services that people could attain given the disposable income of the household in which they live. This publication is available from [https://www.gov.uk/government/collections/households-below-average-income-hbai--2](https://www.gov.uk/government/collections/households-below-average-income-hbai--2).

**Pensioners’ Incomes Series**
The HBAI dataset is used in the Pensioners’ Incomes Series, the Department’s analysis of trends in components and levels of pensioners’ incomes. This report is available from [https://www.gov.uk/government/collections/pensioners-incomes-series-statistics--3](https://www.gov.uk/government/collections/pensioners-incomes-series-statistics--3).

**Income-Related Benefits: Estimates of Take-Up**
Figures are based on a combination of administrative and survey data. The FRS provides information about people’s circumstances, which is used to estimate numbers of people who are not claiming benefits to which they may be entitled. This report is available from [https://www.gov.uk/government/collections/income-related-benefits-estimates-of-take-up--2](https://www.gov.uk/government/collections/income-related-benefits-estimates-of-take-up--2).

**DWP Policy Simulation Model and other policy analysis**
The DWP’s Policy Simulation Model (PSM) is used extensively for the development and costing of policy options. FRS responses are uprated to current prices, benefits and earnings levels and can be calibrated to the DWP Departmental Report forecasts of benefit caseload. Using FRS data has made it possible to model some aspects of the benefit system which could not be done previously, for example severe disability premiums or allowances for childcare costs.

In addition to their use in formal modelling, FRS data play a vital role in the analysis of patterns of benefit receipt for policy monitoring and evaluation, and benefit forecasting.

**Other government departments and the wider research community**
The survey is widely used by other government departments. HM Revenue and Customs, for example, uses the FRS to produce information on the take-up of Child Benefit and Tax Credits (for more information see: [https://www.gov.uk/government/collections/personal-tax-credits-and-child-benefit-finalised-award-statistics-take-up-rates](https://www.gov.uk/government/collections/personal-tax-credits-and-child-benefit-finalised-award-statistics-take-up-rates)).
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The Department for Social Development in Northern Ireland (DSDNI) uses the FRS to produce similar reports to DWP, focused on Northern Ireland (for more information see: https://www.communities-ni.gov.uk/topics/family-resources-survey).

Researchers and analysts outside government can also access the data through the UK Data Service (https://discover.ukdataservice.ac.uk/series/?sn=200017).

The Office for National Statistics produces small area model-based income estimates as the official estimates of annual household income at the middle layer super output area (MSOA) level in England and Wales. The estimates are produced using a combination of survey data from the Family Resources Survey and previously published data from the 2011 Census and a number of administrative data sources.

Points to Note

This section presents contextual detail as well as strengths and limitations of the information presented in each section of the main FRS report.

Income and state support

All income figures are presented gross of tax, national insurance and other deductions from wages except where noted.

It is thought that household surveys underestimate income from both self-employment and investment income. We rely on respondent recall of very detailed financial information across a comprehensive range of income sources. Some of these are hard for respondents to recall. The FRS interviewers ask respondents to check pay-slips, tax returns and other financial paperwork at the time of the face-to-face interview. This helps to improve the reliability of what respondents report they earn.

Relative to administrative records, the FRS under-reports benefit receipt – see Methodology Table M.6. Some respondents do not know or do not have the necessary information to answer specific questions about individual benefits which makes it difficult to collect accurate information – see State Benefits on the Family Resources Survey (WP115). However, one of the strengths of the FRS is that it collects many personal and family characteristics which are not available from administrative sources. This means that the FRS can be used to analyse income and benefit receipt in ways which are not possible from administrative sources alone.

In most cases benefit receipt is analysed at a benefit unit/family level because means-tested benefits are paid on behalf of the benefit unit.

Tenure

As presented in the FRS, the “social rented sector” is a combination of the categories “Rented from Council” and “Rented from a Housing Association”. These categories are combined because some housing association tenants may misreport that they are council tenants. For instance, where their home used to be owned by the council and although ownership has now transferred to a housing association, the tenant may still think that their landlord is the council (local authority).

Disability

The ways in which disabled people have been identified in the FRS has changed over time. From 2002/03, statistics were based on responses to questions about barriers across a number of areas of life; figures from 2004/05 to 2011/12 are based on those reporting barriers across nine areas of life.

From 2012/13 disabled people have been identified as those who report any physical or mental health condition or illness that lasts or is expected to last 12 months or
more, and which limits their ability to carry out day-to-day activities. This new definition is consistent with the core definition of disability under the Equality Act 2010, and complies with harmonised standards for social surveys published in August 2011:


Care

FRS respondents are asked if they receive care from anyone. This includes both professional help – paid-for care from the local authority, health professionals or domestic staff – but it also includes informal care. This is any care where their carer is not doing it as a paid job; it can be for many, or only a few hours a week, and can take several different forms. The survey is intentionally not prescriptive about what counts as care; it could, for example, include going shopping for someone, or helping them with paperwork.

Where respondents are receiving care at least once a week, they are further asked about the nature and frequency of that care.

FRS respondents are also asked if they provide care to someone else, on an informal basis. That person could be living with them, in their household, or they could live somewhere else (outside the household).

Pension Participation

The FRS pension participation reference tables present data for both ‘all adults’ and ‘working-age adults only’. Those over State Pension age are often excluded from analysis of pension participation in other publications, although they could continue to work and participate in pension schemes. The ‘all adults’ category allows data for this group to be represented and also provides continuity across all chapters within the FRS.

Employer-sponsored pensions comprise any company or occupational pension scheme run by an employer including group personal pensions and group stakeholder pensions.

Individual personal pensions include individual stakeholder pensions and retirement annuity contracts as well as individual personal pensions.

Self Employment

The FRS asks a detailed set of questions to capture earnings from self-employment:

- Self-employed respondents are asked questions on their most recent business accounts as submitted to HMRC – dates of the accounts, profit or loss figures, tax and National Insurance amounts.
- They are then asked if they draw money from their business accounts for non-business purposes, such as for payments to themselves, personal spending, paying domestic bills etc. and how much this is per month on average. They are
also asked if they receive other income from their business for personal use, e.g. cash in hand, and how much this is per month on average.

- Those who do not keep annual business accounts and do not draw money for non-business purposes are asked for their income after paying for materials, equipment, goods etc. and whether they make tax and National Insurance payments on this amount.

The FRS does not fully capture information on all types of income in kind accurately – for example, benefits of vehicles, computers and mobile phones purchased by the business that are also for personal use. And these benefits are likely to be more important for the self-employed than for employees.

Therefore, the FRS earnings measures are likely to underestimate the true monetary and other benefits of self-employment. However it is very difficult to quantify this.

Other benefits of self-employment compared to employment are not captured – such as flexibility in working patterns, independence and flexibility in the way money is drawn from the business for example.

The complexity of self-employment circumstances, with irregular income and benefits in kind coming from a range of sources, could also contribute to inaccuracy of information capture.

One of the significant advantages of the FRS is that it has captured self-employment in a consistent way over time. Therefore the trends in self-employment compared to employment are likely to be reasonably accurate.

The FRS does undercount the number of people reporting self-employment compared to the Labour Force Survey, although the trends and proportions by age, gender etc. are consistent across the two surveys. The LFS is considered the definitive source when it comes to information on labour market activity.

For self-employed individuals, net income figures are presented after any deductions which include, but are not limited to tax, national insurance and pension contributions. Where gross income figures are presented these include all of these elements.

**Savings and investments**

The data relating to savings and investments should be treated with caution. A high proportion of respondents do not know the interest received on their assets and therefore around one in ten cases are imputed. It is thought that there is some under-reporting of capital by respondents, in terms of both the actual values of the assets and the investment income.

The FRS does not capture information on non-liquid assets. Therefore property, physical wealth and pensions accruing are not included in estimates of savings and investments. The FRS also does not capture detailed information on expenditure (except for housing costs). Therefore it is not possible to show how households are coping financially.
Adjusting for inflation

Some figures in the main FRS report and the accompanying tables combine several years of income data. In these circumstances, uprating factors are used to adjust for inflation by bringing values from previous years into current price terms. Prior to the 2014/15 FRS report, the Retail Prices Index (RPI) was used to adjust for inflation.

The UK National Statistician recommended in March 2016 that the RPI should no longer be used to adjust for inflation in statistical publications. Since the 2014/15 FRS, the Consumer Price Index (CPI) has been used to adjust for inflation. More information concerning this methodological change can be found here:

Alternative data sources

**Income**
A Guide to Sources of Data on Earnings and Income

[https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandwork
inghours/methodologies/aguidetosourcesofdataonearningsandincome](https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandwork
inghours/methodologies/aguidetosourcesofdataonearningsandincome)

The Effects of Taxes and Benefits on Households


Living Costs and Food Survey


Wealth and Assets Survey

[https://www.ons.gov.uk/releases/wealthingreatbritainwave52014to2016](https://www.ons.gov.uk/releases/wealthingreatbritainwave52014to2016)

Annual Survey of Hours and Earnings

[https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandwork
inghours/bulletins/annualsurveyofhoursandearnings/2018](https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandwork
inghours/bulletins/annualsurveyofhoursandearnings/2018)

Labour Force Survey


Benefits statistics on Stat-Xplore

[https://stat-xplore.dwp.gov.uk/](https://stat-xplore.dwp.gov.uk/)

Households Below Average Income on Stat-Xplore

[https://stat-xplore.dwp.gov.uk/](https://stat-xplore.dwp.gov.uk/)

ONS: explanation of incomes and earnings

[https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandwork
inghours/methodologies/explainingincomeearningsandthegenderpaygap](https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandwork
inghours/methodologies/explainingincomeearningsandthegenderpaygap)

**Tenure**

English Housing Survey


Private Landlords Survey

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Index of Private Housing Rental Prices

https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/previousReleases

More information about housing statistics is available from

https://www.gov.uk/government/collections/housing-research-summaries

https://gss.civilservice.gov.uk/user-facing-pages/housing-and-planning-statistics/

Disability

Life Opportunities Survey


Care

Department of Health Personal Social Services survey of adult carers in England


Pension Participation

Occupational Pension Schemes Survey


Employers' Pension Provision Survey


The Pensions Regulator – DC Trust: a presentation of scheme return data


HMRC Pensions Tables

https://www.gov.uk/government/collections/personal-pensions-statistics

English Longitudinal Study of Aging


Annual Survey of Hours and Earnings pension tables

https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/bulletins/annualsurveyofhoursandearningspensionstables/previousReleases
Self-employment

Understanding Self-employment: a Labour Force Survey follow-up survey by the Department for Business, Innovation and Skills


Department for Business Innovation & Skills report on self-employment


Trends in self-employment in the UK


Labour Market overview UK (including a breakdown of the self-employed)

https://www.ons.gov.uk/employmentandlabourmarket/employmentandlabourmarket/peopleinwork/employmentandlabourmarket/articles/bulletins/uklabourmarket/march2019

Self-employment by ethnicity

FRS changes in 2017/18

Up-rating

From 2016/17 to 2019/20 certain working-age benefits were frozen at 2015/16 cash values.

Benefits excluded from the freeze are:

- Disability Living Allowance
- Personal Independence Payment
- Employment and Support Allowance Support Group component
- UC Limited Capability for Work and Work-Related Activity Element
- Premiums paid to disabled people receiving working-age benefits, where they, their partner and/or their children are disabled
- Carer benefits
- Pension benefits
- Maternity Allowance
- Statutory Sick Pay
- Statutory Maternity Pay
- Statutory Paternity Pay
- Statutory Shared Parental Pay
- Statutory Adoption Pay

In April 2017:

- The Basic State Pension was up-rated by 2.5 per cent in line with the triple lock.
- The new State Pension was up-rated by 2.5 per cent in line with the triple lock.
- In 2017/18, the Standard Minimum Guarantee in Pension Credit was increased by earnings resulting in an increase for a single person from £155.60 a week to £159.35, a cash increase of £3.75
- Working-age benefits such as Jobseeker’s Allowance, Income Support, Universal Credit and Employment Support Allowance (work-related activity group) were frozen at 2015/16 cash values.
- Child benefit, along with some elements of tax credits, was frozen at 2015/16 cash values. Family and childcare elements of tax credit were frozen in cash terms.
Policy changes

Benefit cap
The benefit cap limits the amount of state benefits a non-working household can receive and is applied through Housing Benefit and Universal Credit. Several exemptions apply.

From November 2016 the cap was reduced and tiered. In addition, new exemptions were introduced for claimants receiving Carer’s Allowance, the carer’s element within Universal Credit or Guardian’s Allowance.

Child Tax Credit
For children born from April 2017, a further child element was no longer payable where two or more children were already included in the CTC award (though some exemptions apply). Also, children born from April 2017, would not automatically qualify for the family element.

Council Tax
In England, the Ministry of Housing, Communities and Local Government estimated that the average Band D council tax set by local authorities in 2017/18 represented an increase of 4.0 per cent on 2016/17 levels. In Wales, the average Band D council tax in 2017/18 represented an increase of 3.3 per cent on 2016/17 levels. In Northern Ireland, the Regional Rate for the 2017/18 tax year increased by 1.6 per cent on 2016/17 levels.

Employment and Support Allowance
The work-related activity component was abolished for new claimants of ESA from 3 April 2017.

Housing Benefit
From April 2017, most Local Housing Allowance (LHA) rates were frozen at 2015/16 cash values.

Income Tax
In 2017/18, the income tax personal allowance increased by £500 to £11,500. The threshold for the 40 per cent rate of income tax increased from £43,000 to £45,000.

National Living Wage
In April 2017, the National Living Wage was increased to £7.50 per hour for employees aged 25 years and over. Employees under the age of 25 continue to get the National Minimum Wage, which increased from April 2017 to £7.05 for those aged 21 to 24 years and £5.60 for those aged 18 to 20 years.

Pension Participation
Automatic enrolment has been implemented using a staged approach, starting with the largest employers (250+ employees) in October 2012. Staging entered its final period in 2017/18, with employers who have come into existence since October 2012 beginning their AE duties. As of March 2018, over one million employers had
automatically enrolled over 9 million eligible workers into an automatic enrolment pension scheme.

**Personal Independence Payment**
The roll-out of the final phase of PIP was brought forward from October to July 2015. In March 2016, there were just over 750,000 PIP claims in payment. This rose to just over 1.3 million PIP claims in payment by March 2017 and about 1.8 million by March 2018.

**State Pension**
The new single-tier State Pension launched on 6 April 2016 for people who reach State Pension Age on or after April 2016, to replace the basic State Pension and second State Pension. This consolidated the basic State Pension and additional State Pension into one single amount. The amount paid to individuals may be less, depending on recipients’ National Insurance contributions.

In April 2017, the basic State Pension increased by 2.5 per cent from £119.30 to £122.30 per week. The new State Pension increased by 2.5 per cent from £155.60 to £159.55 per week.

**State Pension Age**
Since 6 April 2010, the State Pension age for women has been gradually increasing. Under the Pensions Act 2011, women’s State Pension age increased to 65 between April 2016 and November 2018. FRS data contained in this report were collected throughout the financial year 2017/18, during which the State Pension age for women increased from 63 years and 9 months to 64 years and 6 months. The changes do not affect the State Pension age for men, which was 65 years throughout the survey year.

From December 2018 the State Pension age for both men and women started increasing, reaching 66 by October 2020.

**Universal Credit**
During the 2017/18 survey year, the rollout of UC for all claimant groups – including those in work, and with childcare responsibilities – continued to take place on an area-by-area basis.

From April 2017, the Universal Credit “taper” was cut from 65 per cent to 63 per cent, meaning workers were able to keep 37 pence in every pound rather than 35 pence (of amounts in excess of the Work Allowance).

The limited capability for work element was abolished for new claimants.

From 1 April 2017, the earnings threshold that applies to the benefit cap exemption for Universal Credit claimants was changed. The change means that for example, after April 2017 a working Universal Credit claimant aged over 25 years in receipt of the Housing element (who is not otherwise exempt from the benefit cap) would have to earn £520 instead of £430 per month to be exempt from the cap.

During 2017/18, Universal Credit was progressively rolling out across the UK (this was completed in December 2018, with all new claims in the country now being to
Universal Credit). This means that during 2017/18 some areas of the country were yet to have Universal Credit rolled out to them in full, with claims continuing to be accepted for the benefits it now replaces.

Given the low number of respondents who stated that they were claimants of this benefit, information on Universal Credit recipients has not been presented in this year’s FRS publication.

Questionnaire changes

For 2017/18 questions on tax-free childcare and lump-sum pension were added, in response to the annual consultation on the FRS questionnaire. A block of questions on the level of qualifications and tuition costs, plus a section of material deprivation questions were removed. These changes were made as a result of the FRS no longer having a role in collecting information to meet UK requirements for EU-SILC.

Numerous other minor updates and changes to the questionnaire have been made to reflect changing categories, definitions etc. and in response to feedback on the operation of the questionnaire from interviewers.

Report changes

The FRS report was redesigned in 2014/15 and this year’s report follows a similar style and format, with the return of a dedicated section on self-employment.
Methodology

Population and sample selection

The Family Resources Survey sample is designed to be representative of private households in the United Kingdom.

The sampling frame in Great Britain

The Great Britain FRS sample is drawn from the Royal Mail's small users Postcode Address File (PAF). The small users PAF is limited to addresses which receive, on average, fewer than 50 items of post per day and which are not flagged with Royal Mail’s “organisation code”. An updated version of this list is obtained twice a year.

By using only the small-user delivery points, most large institutions and businesses are excluded from the sample. Small-user delivery points which are flagged as small business addresses are also excluded. However, some small businesses and other ineligible addresses remain on the sampling frame. If sampled, they are recorded as ineligible once the interviewer verifies that no private household lives there.

The sample design in Great Britain

The Great Britain FRS uses a stratified clustered probability sample design. The survey samples 1,417 postcode sectors, from over 12,000 in Great Britain, with a probability of selection that is proportional to size. Each postcode sector is known as a Primary Sampling Unit (PSU).

The PSUs are stratified by 27 regions and by three other variables, described below, derived from the 2011 Census of Population. Stratifying ensures that the proportions of the sample falling into each group reflect those of the population.

Within each region the postcode sectors are ranked and grouped into eight equal bands using the proportion of households where the household reference person (HRP) is in National Statistics Socio-Economic Classification (NS-SEC) 1 to 3. Within each of these eight bands, the PSUs are ranked by the proportion of economically active adults aged 16-74 and formed into two further bands, resulting in sixteen bands for each region. These are then ranked according to the proportion of economically active men aged 16-74 who are unemployed. This set of stratifiers is chosen to have maximum effectiveness on the accuracy of two key variables: household income and housing costs. The table below summarises the stratification variables.

Within each PSU a sample of addresses is selected. In 2017/18, 26 addresses were selected per PSU for April to December. For January to March, 28 addresses were selected per PSU. The total Great Britain set sample size in 2017/18 was 37,885 addresses. Each address had approximately a 1-in-713 chance of being included in the survey. For England and Wales each address had approximately a 1-in-769
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chance of inclusion in the survey. To improve the quality of estimates for Scotland the PSUs in Scotland are over-sampled. Approximately twice the number of PSUs were sampled in Scotland than would be required under an equal-probability sample of the UK. Therefore, 6,530 addresses were selected in Scotland, with approximately a 1-in-440 chance of being included in the survey.

FRS sample stratification variables for Great Britain

<table>
<thead>
<tr>
<th>Regions</th>
<th>19 in England (inc. Metropolitan/non-Metropolitan split; 4 in London)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2 in Wales</td>
</tr>
<tr>
<td></td>
<td>6 in Scotland</td>
</tr>
<tr>
<td>The proportion of households where the HRP is in NS-SEC 1 to 3</td>
<td>8 equal bands</td>
</tr>
<tr>
<td>The proportion of economically active adults aged 16-74</td>
<td>2 equal bands</td>
</tr>
<tr>
<td>The proportion of economically active men aged 16-74 who are unemployed</td>
<td>Sorted within above bands</td>
</tr>
</tbody>
</table>

Each year, half of the PSUs are retained from the previous year's sample, but with new addresses chosen; for the other half of the sample, a fresh selection of PSUs is made (which in turn will be retained for the following year). This is to improve comparability between years.

The sampling frame in Northern Ireland

The sampling frame employed on the Northern Ireland FRS is the POINTER address database. POINTER is the most comprehensive and authoritative address database in Northern Ireland, with approximately 740,000 address records available for selection. This list of domestic properties is maintained by Land and Property Services (LPS), with input from Local Councils, Royal Mail and Ordnance Survey of Northern Ireland (OSNI).

The sample design in Northern Ireland

A systematic random sample of 3,840 addresses was selected for the 2017/18 Northern Ireland FRS from the POINTER address database. Addresses are sorted by district council and ward, so the sample is effectively stratified geographically. Each address had approximately a 1-in-193 chance of being selected for the survey.
Data collection

Data collection in Great Britain
A consortium consisting of the Office for National Statistics (ONS) and NatCen Social Research conducts fieldwork for the FRS in Great Britain on behalf of the Department for Work and Pensions (DWP).

Each month the PSUs are systematically divided between the two organisations and then assigned to the field staff.

Before interviewers visit the selected addresses, a letter is sent to the occupier explaining that they have been chosen for the survey and that an interviewer will call. The letter also explains that the survey relies on the voluntary co-operation of respondents and emphasises that information given in the interview will be treated in the strictest confidence and used only for research and statistical analysis purposes. As a token of appreciation and to encourage participation, a £10 Post Office voucher is included with the letter.

If contact is not made on the first attempt, the interviewer is required to make a minimum of six additional calls to an address. These calls have to be made at different times of the day and on different days of the week, including at least one weekend call. In 2017/18, FRS interviewers averaged over six calls per address before returning the address as a non-contact. Addresses returned as non-contacts or partial refusals can be re-issued to another interviewer where appropriate, in the hope that an interview at the non-responding household can still be achieved. Interviewing at re-issued addresses can be carried out at any point in the remaining survey year.

Data collection in Northern Ireland
In Northern Ireland the sampling and fieldwork for the survey are carried out by the Central Survey Unit at the Northern Ireland Statistics and Research Agency. The responsibilities for programming the survey questionnaire, making annual modifications, initial data processing and data delivery are retained within ONS and NatCen.

Length of interview
Interviews are conducted face-to-face. The length of each fully co-operating interview is recorded by the interviewer. In 2017/18 the mean face-to-face interview length for Great Britain was 56 minutes, but the time varies according to the size of household and its circumstances. The distribution of interview lengths in Great Britain is shown below, with full data in Methodology Table M.7. The timings exclude interviewer time spent preparing for and completing administration tasks after the face-to-face interview and are based on completed audit data from 17,268 fully productive ONS and NatCen interviews.
Multi-household procedures
If more than one household receives mail at an address a single household is interviewed. Multi households are not selected in Northern Ireland.

Ineligible addresses
Addresses containing no private households are classed as ineligible and excluded. The most common types of excluded addresses are non-residential or vacant addresses, and addresses that contain only communal establishments, such as hostels, hotels, and boarding houses.
The FRS questionnaire

FRS interviews are conducted using Computer Assisted Personal Interviewing (CAPI). The questionnaire is divided into three parts. The first part is the household schedule which is addressed to one person in the household (usually the household reference person, although other members are encouraged to be present) and mainly asks household level information, such as relationships of individuals to each other, tenure and housing costs. Next is the individual schedule which is addressed to each adult in turn and asks questions about employment, benefits and Tax Credits, pensions, investments, and other income. Information on children in the household is collected by proxy from a responsible adult. A final section asks the value of investments by type for respondents with savings between £1,500 and £20,000.

Interviewers new to the FRS are briefed on the questionnaire and an annual re-briefing is given to all interviewers on changes to the questionnaire. Those who have been working on the survey for some time also complete a written field report each year, describing their experiences with particular parts of the questionnaire and commenting on how changes are received in the field.

Prior to the start of fieldwork, DWP consults FRS users and draws up a list of possible questionnaire changes. Users are asked to identify individual questions or sections which were no longer of interest. The FRS questionnaire is lengthy and demanding and a key concern is, where possible, to reduce (or at least not increase) its length, so as not to overburden respondents or interviewers. As part of the process of agreeing annual changes, suggestions from contractors are also considered, as well as those arising from an evaluation of feedback from interviewers. Any changes to the questionnaire are checked for consistency with the harmonised standards for Government social surveys.

Consultation of Documentation

Interviewers encourage respondents to consult documentation at all stages of the interview to ensure that the answers provided are as accurate as possible. For some items whether or not certain documents are consulted is recorded on the questionnaire. This assists FRS users in assessing the accuracy of the data.

- Thirty-three per cent of employees who answered questions on income from employment consulted their latest payslip.
- Twenty-five per cent of employees who answered questions on income from employment did not have a payslip to consult; 17 per cent of all employees could not consult a payslip because their payslips were only received electronically.
- Sixty-three per cent of all reported benefit and payable Tax Credit receipt involved consultation of documentation (a letter from the DWP or HM Revenue and Customs, or a bank statement).
- Forty-eight per cent of households in Great Britain consulted a Council Tax bill or statement in answering questions on their Council Tax payments.
**Response**

In each eligible household, the aim is to interview all adults aged 16 and over, except those aged 16 to 19 who were classed as dependent children. A household is defined as fully co-operating when it meets this requirement and there are fewer than 13 ‘don’t know’ or ‘refusal’ answers to monetary amount questions in the benefit unit schedule (i.e. excluding the assets section of the questionnaire).

Proxy interviews are accepted when a household member is unavailable for interview. In 2017/18, for those households classed as fully co-operating, proxy responses were obtained for 22 per cent of adults.

It should be noted that all data shown in the main body of this publication refer only to fully co-operating households.

Households that are not fully co-operating are further classified as partially co-operating, refusals, or unable to make contact. To be classified as partially co-operating a full interview has to be obtained from the Household Reference Person’s (HRP’s) benefit unit.

**Methodology Table M.1** summarises the household response. The UK-wide sample chosen for 2017/18 consisted of 41,392 households. In total, 4,263 were then found to be ineligible because they were empty or did not contain any private households which left an effective sample of 37,129 households. In total 19,136 households UK-wide fully co-operated (52 per cent), 434 partially co-operated (1 per cent) and 14,443 refused to proceed with the interview (39 per cent). The interviewer was unable to make contact with 2,222 households (6 per cent).

Response rates are calculated as follows:

\[
\text{Response Rate} = \frac{100 \times \text{Number of fully co-operating households}}{\text{Number of eligible households after adjustment}}
\]

The overall response rate for the FRS in 2017/18 was 52 per cent.

When respondents refuse to participate in the FRS, interviewers record up to three reasons for refusal. The most common reasons for refusal in 2017/18 are shown below.

**Reasons for refusal to participate in the FRS, Great Britain, 2017/18**

<table>
<thead>
<tr>
<th>Reason for refusal</th>
<th>Percentage of people who gave a response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Couldn't be bothered</td>
<td>24</td>
</tr>
<tr>
<td>Invasion of privacy</td>
<td>20</td>
</tr>
<tr>
<td>Genuinely too busy</td>
<td>18</td>
</tr>
<tr>
<td>Don't believe in surveys</td>
<td>16</td>
</tr>
<tr>
<td>Concerns about confidentiality</td>
<td>9</td>
</tr>
<tr>
<td>Disliked survey of income</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total number who gave a response</strong></td>
<td><strong>8,454</strong></td>
</tr>
</tbody>
</table>
Methodology Table M.2 shows response rates broken down by region. The North East had the highest response rate where 57 per cent of all households selected responded fully. London had the lowest response rate where only 44 per cent of the chosen households fully co-operated. The variations in response rates reflect those of other major surveys and the Census of Population i.e. response rates are generally lower in large city areas.

Non-response
The lower the response rate to a survey, the greater the likelihood that those who responded are significantly unlike those who did not, and so the greater the risk of systematic bias in the survey results. Unless information is available about the nature and extent of such bias there are likely to be problems in generalising the sample results to the population.

For a United Kingdom survey of the size and complexity of the FRS, the total non-response rate in 2017/18 of 48 per cent is not considered unreasonable. However, any information that can be obtained about the non-respondents is useful both in terms of future attempts to improve the overall response rate and potentially in improving the weighting of the sample results. It is considered a priority for the FRS to obtain as much information as possible about non-respondents. The following sections outline some of the analyses that have been carried out in this area.

FRS non-response and Council Tax band
Comparisons were made by country between 2017/18 Great Britain FRS data and administrative data on the number of households within each Council Tax band. Methodology Table M.3 shows that FRS percentages were similar to those obtained from examining administrative data.

Non-response form analysis
Direct information about the non-responding households is valuable, although by definition difficult to obtain. However, some non-responding households who are not willing to take part in the full survey are willing to provide some basic information by completing a non-response form. Analysis of these forms is used to monitor characteristics of non-respondents and trends in non-response.
Validation, editing, conversion and imputation

In addition to unit non-response, where a household does not participate, a problem inherent in all large surveys is item non-response. This occurs when a household agrees to give an interview, but either does not know the answer to certain questions or refuses to answer them. This does not prevent them being classified as “fully cooperating” households because there is enough known data to be of good use to the analyst (although see the first paragraph of the Response section above for information about non-response to monetary questions).

The fact that the FRS allows missing values at data collection can create problems for users, so missing values are imputed where appropriate. The policy is that for variables that are components of key derived variables - such as total household income and housing costs - or areas key to Department for Work and Pensions analysis, such as benefit receipt, the final data should have no missing information.

In addition to imputation, FRS data are put through several stages of validation and editing before publication. This ensures the final datasets presented to the public are as accurate as possible. The stages are as follows:

Stage one – the interview
One of the benefits of interviewing using CAPI is that in-built checks can be made at the interview itself. This helps to check respondents’ answers at the time, and also that interviewers do not make keying errors. There are checks to ensure that amounts are within a valid range and also cross-checks which make sure that an answer does not contradict a previous response. However, it is not possible to check all potential inconsistencies, as this would slow down the program to an unacceptable degree. Interviewers can override most FRS checks if the answers are found to be accurate when double-checked with respondents.

Stage two – post-interview checks
Once an interview has taken place, data are returned to either ONS, NatCen, or NISRA. At this stage, editing based on any notes made by interviewers takes place. Notes are made by the interviewer when a warning has been overridden, for example, where an amount is outside the specified range, but the respondent has documentation to prove it is correct. Office-based staff make editing decisions based on these notes. Other edits that take place at this stage include amount checks on fixed-rate benefits and, where possible, separating multiple benefit payments into their constituent parts (such as separating Disability Living Allowance into the Care and Mobility components).

Stage three – data conversion
Before further validation, FRS data are converted from CAPI format into SAS-compatible tables. Following DWP specifications, SAS tables are created by ONS, with each table displaying information from different parts of the questionnaire. Both DWP and ONS then carry out validation checks on key input and output variables to
ensure correct conversion to the new format. Checks include ensuring that the number of adults and children recorded is correct, and that records are internally consistent.

Stage four – state support validation

Information on benefit and Tax Credit receipt is one of the key areas of the FRS, and it is very important that this section is thoroughly validated and cleaned.

It is not appropriate to use the imputation methods outlined in stages five and six (below) for benefits data so instead a separate procedure of validation and editing is used. The following types of validation were carried out for 2017/18 FRS data:

Missing values

For cases where a respondent had answered 'yes' to whether they are in receipt of a particular benefit, but did not give the amount received, an imputation decision has been made, depending on the benefit. For benefits such as Universal Credit, where the rate could vary greatly depending on the situation of the respondent, individual benefit assessments have been carried out. However, for benefits such as State Pension, where fewer rates apply, a more general method has been used.

Near-zero amounts

Where benefit amounts are recorded as near-zero, the case is examined individually and an edit decision is made.

Multiple benefits

Any combined benefit amounts (for example where State Pension is paid with Attendance Allowance) are edited by carrying out benefit entitlement assessments on individual cases, while preserving the reported total wherever possible.

Validation reports

Computer programs are run to carry out a final check for benefit entitlement and to output any cases that look unreasonable. All cases detected as a result of this validation exercise are individually checked and edited where necessary.

Stage five – other pre-imputation cleaning

In preparation for imputing missing values, data are made as clean as possible. This involves edits and checks of the following nature:

Weekly amounts

In the FRS, monetary amounts are converted to a weekly equivalent. To calculate this, respondents are usually asked the amount, then the length of time this amount covered. The latter is known as a period code. Period codes are used in conjunction with amounts to derive weekly figures for all receipts and payments. Some variables, such as interest on savings accounts, refer to the amount paid in the whole of the past year. These are also converted to a weekly amount.
Sometimes the period code relates to a lump sum or a one-off payment. In these cases, the corresponding value does not automatically convert to a weekly amount. In order for the data to be consistent across the survey, edits are applied to convert most lump sums and one-off payments to weekly amounts. In the same way, where period codes are recorded as ‘don’t know’ or ‘refused’, these are imputed so that the corresponding amount can be converted to a weekly value in the final dataset.

**Near-zero amounts**

It is not possible for interviewers to enter zero amounts where it is inappropriate to do so. For example, in response to a question on receipt of benefit, a zero amount will result in a warning message being displayed. Some interviewers try to avoid this message by recording near-zero amounts. As a result, all near-zero values are examined and a decision taken as to whether the value is genuine or whether the value should be treated as missing.

**Outliers**

Statistical reports of the data are produced to show individual cases where an amount was greater than four standard deviations from the mean. For the seven largest values over this limit, the individual record is examined and where necessary (if a value looks unrealistic), the case is edited. The outliers remaining in the dataset are verified as being true values by examining other relevant data. Compared with earlier FRS years, only a small number of these edits are now carried out, because of the many range checks in the CAPI questionnaire.

**Credibility checks**

Checks are carried out for the internal consistency of certain variables. For example, one check on mortgage payments ensures that payments to the mortgage from outside the household are not greater than the mortgage payment itself. Such cases are examined and edited where necessary.

**Stage six – imputation**

The responses to some questions are much more likely to have missing values than others. For example, it is very unlikely that a respondent will refuse to give or will not know their age or marital status; whereas it is much more likely that they will not be able to provide precise information on the amount of interest received from their investments.

Two areas where missing values are a problem are (1) income from self-employment and (2) income from investments. Data in the tables provided in this publication include imputed values. Elsewhere however, missing values are left to remain in some variables (such as hours of care).

**Methodology Table M.4** illustrates the extent of missing values. Of the 12.7 million set values in the 2017/18 FRS dataset, one per cent were originally recorded as either ‘don’t know’ or ‘refused’. Out of 280,119 missing values, approximately 96 per cent were then imputed. The main imputation methods are summarised below, in the order in which they were applied.
**Closing down routes**

As with any questionnaire, a typical feature of the FRS is a *gatekeeper question* positioned at the top of a sequence of questions, at which a particular response will open up the rest of the sequence. If the gatekeeper question is answered as 'don't know' or 'refused' then the whole sequence is skipped.

A missing gatekeeper variable could be imputed such that a further series of answers would be expected. However, these answers will not appear because a whole new route has been opened. For example, if the amount of rent is missing for a record and has since been imputed, any further questions about rent would not have been asked. From the post-imputed dataset, it will appear that these questions should have been asked because a value is present for rent.

For this reason, where the gatekeeper question has been skipped the onward routes should be closed down. In most cases, gatekeeper variables are of the 'yes/no' type. If missing, these would be imputed to 'no', assuming that if a respondent does not know whether an item is received or paid, then it is not.

**Hot-decking**

This essentially looks at characteristics within a record containing a missing value to be imputed, and matches it up to another record with similar characteristics for which the variable is *not* missing. It then takes the known variable and copies it to the missing case. For example, when imputing the Council Tax Band of a household, the number of bedrooms, type of accommodation and region are used to search for a case with a similar record. This method ensures that imputed solutions are realistic, and allows a wide range of outcomes which maintain variability in the data.

**Algorithms**

These are used to impute missing values for certain variables, for example variables relating to mortgages and to Council Tax. The algorithms range from very simple calculations to more sophisticated models, based on observed relationships within the data and individual characteristics, such as age and gender.

**‘Mop-up’ imputation**

This is achieved by running a general validation report of all variables and looking at those cases where missing values are still present. At this stage, variables are examined on a case-by-case basis to decide what to impute. Credibility checks are re-run to identify any inconsistencies in the data caused by imputation, and further edits are applied where necessary.

All imputations, by each of the methods above, are applied to the un-imputed dataset via a transaction database. This ensures auditability in that it is always possible to reproduce the original data.

**Points to note with imputed data**

- Whilst several processes are used to impute missing values, it should be remembered that they represent only a very small proportion (typically 1 per cent) of the dataset as a whole.
Imputation will have a greater effect on the distribution of original data for variables that have a higher proportion of non-response, as proportions of imputed data will be higher.

As mentioned above, in certain situations, imputed values will be followed by 'skipped' values. It was decided in some cases that it was better to impute the top of a route only, and not large amounts of onward data. For a small proportion of imputations it is not possible to close down a route. These cases are followed by 'skipped' responses (where a value might otherwise be expected).

Stage seven – derived variables

Derived variables (DVs) are those which are not created by the original interview, but instead are made by combining information, both within the survey and from other sources.

They are created at the FRS user’s request. Their main purpose is to make it easier for users to carry out analysis and to ensure consistent definitions are used in all FRS analyses. For example, \textit{INDINC} is a DV which sums all components of income to find an individual’s total income. This is possible because of the various sources collected by the survey. As new information is collected in the survey, the relevant DVs are updated as necessary.

Review of FRS processing to improve timeliness

ONS and DWP jointly conducted a review of FRS processing during 2015/16 using Lean Six Sigma process improvement methodology. Lean Six Sigma provides a systematic framework for analysing process flows with a view to improving the quality of outputs and removing non-value-adding steps and waste. The review identified a number of improvements to existing FRS processes which have enabled DWP to bring forward the annual publication date of the FRS by more than three months, when compared with earlier years.

DWP and ONS will continue to work together over the next few years to improve the timeliness and efficiency of the various FRS processes.
Grossing

The 2017/18 FRS publication presents tabulations where the percentages refer to sample estimates grossed-up to apply to the whole population.

Grossing-up is the term given to the process of applying factors to sample data so that they yield estimates for the overall population. The simplest grossing system would be a single factor e.g. the number of households in the population divided by the number in the achieved sample. However, surveys are normally grossed by a more complex set of grossing factors that attempt to correct for differential non-response, at the same time as they scale up sample estimates.

The system used to calculate grossing factors for the FRS divides the sample into different groups. The groups are designed to reflect differences in response rates among different types of household. They have also been chosen with the aims of DWP analyses in mind. The population estimates for these groups, obtained from official data sources, provide control variables. The grossing factors are then calculated in a way which ensures the FRS produces population estimates that are as close as possible to the control variables. As an example, a grossed FRS count of the number of men aged 35-39 would be consistent with the ONS population estimates of the same group.

In developing the grossing regime careful consideration has been given to the combination of control totals, and the way age ranges, Council Tax Bands and so on, are grouped together. The aim has been to strike a balance so that the grossing system will provide, where possible, accurate estimates in different dimensions without significantly increasing variances.

Some adjustments are made to the original control total sources so that definitions match those in the FRS, e.g. an adjustment is made to the demographic data to exclude people whose residence is not a private household. It is also the case that some totals have to be adjusted time-wise, to correspond to the FRS survey year which runs from April to March.

A software package called CALMAR, provided by the French National Statistics Institute, is used to reconcile control variables at different levels and estimate their joint population. This software makes the final weighted sample distributions match the population distributions through a process known as calibration weighting. It should be noted that if a few cases are associated with very small or very large grossing factors, grossed estimates will have relatively wide confidence intervals.

A review of the FRS grossing methodology was carried out by the ONS Methodological Advisory Service in 2013. A number of relatively minor

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1 The FRS stratified sample structure is designed to minimise differential non-response in the achieved sample. Grossing is then designed to account for residual differential non-response.

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methodological improvements were made as a result, with the grossing calculations updated to use 2011 Census data at that point.

Both Great Britain and Northern Ireland data use the same CALMAR software to reconcile control variables at different levels, and estimate their joint population. There are minor differences between the methods used to gross the Northern Ireland sample as compared with the Great Britain sample:

- Local taxes in Northern Ireland are collected through the rates system, so Council Tax Band is not applicable as a control variable.
- Northern Ireland housing data are based largely on small-sample surveys. It is not desirable to introduce the variance of one survey into another by using it to compute control totals; therefore tenure type is not used as a control variable.

Details of the control variables used in the grossing regimes for Great Britain and Northern Ireland are shown on the following pages.

### Grossing regime for Great Britain 2017/18

<table>
<thead>
<tr>
<th>Control variables used to generate grossing factors for private households</th>
<th>Groupings</th>
<th>Source of data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependants aged 16-19 years old</strong></td>
<td>England, Wales, Scotland</td>
<td>DWP estimates using data derived from ONS and HMRC</td>
</tr>
</tbody>
</table>

---

### Control variables used to generate grossing factors for private households

<table>
<thead>
<tr>
<th>Variable</th>
<th>Groupings</th>
<th>Source of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit units (with children)</td>
<td>England and Wales (combined), Scotland</td>
<td>HMRC Child Benefit data</td>
</tr>
<tr>
<td>Benefit units (with children)</td>
<td>Lone parents: Male, female</td>
<td>Labour Force Survey estimates</td>
</tr>
<tr>
<td>Households (Tenure type)</td>
<td>Local Authority/Housing Association renters, private renters, owner occupiers</td>
<td>Ministry of Housing, Communities and Local Government (MHCLG)</td>
</tr>
<tr>
<td>Households (Council Tax Band)</td>
<td>A and Not Valued Separately, B, C-D, E-H/I</td>
<td>Valuation Office, Scottish Government</td>
</tr>
<tr>
<td>Households (Region)</td>
<td>North East, North West, Yorkshire and the Humber, East Midlands, West Midlands, East, London, South East, South West, Scotland and Wales</td>
<td>ONS (England) Welsh Government (Wales) Scottish Government (Scotland)</td>
</tr>
</tbody>
</table>

### Grossing regime for Northern Ireland, 2017/18

<table>
<thead>
<tr>
<th>Variable</th>
<th>Groupings</th>
<th>Source of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals (Age/sex)</td>
<td>Male Children: 0-9, 10-19</td>
<td>Office for National Statistics (ONS)</td>
</tr>
<tr>
<td></td>
<td>Female children: 0-9, 10-19</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Female adults: 16-24, 25-29, 30-34, 35-39, 40-44, 45-49, 50-59, 60-69, 70-74, 75-79, 80+</td>
<td></td>
</tr>
<tr>
<td>Benefit units (with children)</td>
<td>Lone parents</td>
<td>Department for Communities Northern Ireland (DfCNI) estimates</td>
</tr>
<tr>
<td>Households</td>
<td></td>
<td>Northern Ireland Statistics and Research Agency (NISRA)</td>
</tr>
</tbody>
</table>
Reliability of estimates

All survey estimates have a sampling error attached to them, calculated from the variability of the observations in the sample. From this, a margin of error (confidence interval) is estimated. It is this confidence interval, rather than the estimate itself, that is used to make statements about the likely ‘true’ value in the population; specifically, to state the probability that the true value will be found between the upper and lower limits of the confidence interval. In general, a confidence interval of the estimate plus or minus two standard errors is used to state, with 95 per cent confidence, that the true value falls within that interval. A small margin of error will result in a narrow interval, and hence a more precise estimate of where the true value lies.

The sample in Great Britain for the FRS, as described earlier, is selected using a stratified multi-stage design, based on addresses clustered within postcode sectors. As a result, FRS sampling error is not just dependent on the variability among units in the sample (whether households or individuals), but is also a function of variability within and between postcode sectors. For example, if a sample characteristic is distributed differently by postcode sector (i.e. is clustered) the sampling variability is greater overall than would occur in a simple random sample of the same size. Therefore, the complex (actual) sampling error is normally greater than the standard error calculated under the assumption of simple random sampling.

The size of the actual standard error relative to the standard error calculated under the assumption of simple random sampling is represented by the design factor, which is calculated as the ratio of the two. Where the standard errors are the same, the design factor equals one, implying that there is no loss of precision associated with the use of a clustered sample design. In most cases, the design factor will be greater than one, implying that the estimates based on the clustered sample are less precise than those for a simple random sample of the same size. Conversely a design factor of less than one implies the estimate is more precise than would be obtained from a simple random sample.

Methodology Tables SE.1 to SE.9 provide standard errors, design factors and confidence intervals for a selection of variables from the 2017/18 FRS. An example of how to interpret figures in this table follows:

Example: Standard errors for household composition, table SE.1

Table SE.1 shows that 71.5 per cent of households did not contain any children.

The standard error is estimated as 0.4 per cent. This is the final estimate after taking into account the design factor.

The design factor for this variable is 1.1. That is, the effect of using a clustered sample rather than a simple random sample is a loss in precision of 10 per cent on standard errors. In contrast, a design factor of 0.9 would have denoted a gain in precision of 10 per cent.
The 95 per cent confidence interval (of plus or minus two standard errors) is therefore between 70.7 and 72.3 per cent. That is, if sampling error is the sole source of error, in 95 out of 100 samples the percentage of households without children will lie within this range.

The sampling errors shown are likely to be slightly larger than the true sampling errors because the software used for the calculation does not take into account the improvement in precision due to post-stratification.

See the following paper for information on estimating variance and confidence intervals in special circumstances e.g. where the occurrences of a response in the sample are very small:


In addition to sampling errors, consideration should also be given to non-sampling errors. Sampling errors arise through the process of random sampling and the influence of chance. Non-sampling errors arise from the introduction of some systematic bias in the sample compared with the population it is supposed to represent. As well as response bias, such biases include inappropriate definition of the population; misleading questions; data input errors; data handling problems; or any other factor that might lead to the survey results systematically misrepresenting the population. There is no simple control or measurement for such non-sampling errors, although the risk can be minimised through careful application of the appropriate survey techniques from the questionnaire and sample design stages through to analysis of results.
Linking FRS data to administrative data

FRS data for consenting respondents are linked to DWP administrative data via matching routines using a combination of date of birth, initial of forename, full forename, surname, sex, postcode sector (i.e. the first half plus first digit of second half) and full postcode.

Names and addresses of respondents are kept confidential. Only a small team of named staff at DWP can carry out the linking, under secure working conditions which apply an appropriate degree of user access control. Linked data are thereafter anonymised, and furthermore are only used for research and statistical purposes.

The FRS is in the process of implementing a methodological change in our approach to linking survey cases to administrative data. The work for 2017/18 data has not been completed and assessed by the time of publication in March 2019. Therefore we are unable to produce Methodology Table M.8 this year. See the Background Note and Methodology for FRS 2016/17 for the latest published M.8 table, which shows the percentage of adults in receipt of DWP benefits for the survey year, according to FRS and administrative data.

**Methodology Table M.6** compares the grossed number of benefit recipients in the FRS 2017/18 data, with the total caseload on benefits from administrative data sources. For almost all benefits, and as in previous years, the FRS numbers in receipt are below those seen in administrative data.
Glossary

This glossary gives a brief explanation for each of the key terms used in the Family Resources Survey (FRS). Further details on these definitions, including full derivations of variables, are available on request from the FRS team at team.frs@dwp.gov.uk.

Adult
All individuals who are aged 16 and over are classified as an adult, unless the individual is defined as a dependent child. All adults in the household are interviewed as part of the FRS.

Age
Respondent’s age at last birthday (at the time of the interview).

Automatic Enrolment
Automatic enrolment requires all employers to enrol their eligible workers into a workplace pension scheme if they are not already in one. The staged timetable began in October 2012 for larger firms, with enrolment for all employers completed in 2018. In order to preserve individual responsibility for the decision to save, workers can opt out of the scheme. To be eligible for automatic enrolment, the jobholder must be at least 22 years old, under State Pension age, earn above the earnings trigger for automatic enrolment, and work or usually work in the UK. For more information see https://www.gov.uk/workplace-pensions

Benefit Unit or Family
A benefit unit may consist of: a single adult, or a married or cohabiting couple, plus any dependent children. Same-sex partners (civil partners and cohabitees) have been included in the same benefit unit since January 2006. Where a total for a benefit unit is presented (such as total benefit unit income) this includes both income from adults plus any income from children. There are various types of benefit unit:

- Pensioner couple: Benefit units headed by a couple where the Head of the benefit unit is over State Pension age. Note that this differs from definitions used in the Households Below Average Income, Income Dynamics and Pensioners’ Incomes Series reports, which define a benefit unit as a pensioner couple if either the head or their partner is over State Pension age.

- Pensioner couple, married or civil partnered: Benefit units headed by a couple where the Head of the benefit unit is over State Pension age and the couple are either married or in a civil partnership.
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- **Pensioner couple, cohabiting**: Benefit units headed by a couple where the Head of the benefit unit is over State Pension age, and the couple are neither married nor in a civil partnership.

- **Single male pensioner**: Benefit units headed by a single male adult over State Pension age.

- **Single female pensioner**: Benefit units headed by a single female adult over State Pension age.

- **Couple with children**: Benefit units containing two adults, headed by a non-pensioner, with dependent children.

- **Couple with children, married or civil partnered**: Benefit units containing two adults, headed by a non-pensioner, with dependent children and the couple are either married or in a civil partnership.

- **Couple with children, cohabiting**: Benefit units containing two adults, headed by a non-pensioner, with dependent children and the couple are neither married nor in a civil partnership.

- **Couple without children**: Benefit units containing two adults, headed by a non-pensioner, with no dependent children.

- **Couple without children, married or civil partnered**: Benefit units containing two adults, headed by a non-pensioner, with no dependent children and the couple are either married or in a civil partnership.

- **Couple without children, cohabiting**: Benefit units containing two adults, headed by a non-pensioner, with no dependent children and the couple are neither married nor in a civil partnership.

- **Single with children**: Benefit units containing a single adult (male or female), headed by a non-pensioner, with dependent children.

- **Single male without children**: Benefit units containing a single male adult, headed by a non-pensioner, with no dependent children.

- **Single female without children**: Benefit units containing a single female adult, headed by a non-pensioner, with no dependent children.

**Benefits**
Financial support from the Government. Most of these benefits are administered by DWP. The major exceptions are Housing Benefit and Council Tax Reduction, which are administered by local authorities. Child Benefit is administered by HM Revenue and Customs, who also administer Tax Credits.

These are not treated as benefits, but both Tax Credits and benefits are included in the term State Support. Tax Credits will ultimately be superseded by Universal Credit.
Benefits are often divided into income-related benefits and non-income-related benefits. In assessing entitlement to the former, the claimant’s income and savings will be checked against the rules of the benefit. In contrast, eligibility for non-income-related benefits is instead dependent on the claimant’s circumstances (a recent bereavement, for example), rather than their income and savings. A list of the main state benefits can be found under: Income related- benefits, and Non-Income related-benefits, having been divided into the relevant category.

Disability-related benefits is the term used to describe all the benefits paid on the grounds of disability. These are Personal Independence Payment, Disability Living Allowance, Severe Disablement Allowance, Attendance Allowance, Armed Forces Compensation Scheme, Industrial Injuries Disablement Benefit and Northern Ireland Disability Rate Rebate. Before 2008/09 Incapacity Benefit was also in this group. The number of people on Incapacity Benefit (IB) and Severe Disablement Allowance (SDA) has been steadily decreasing over time, as both were replaced by Employment Support Allowance from October 2008. Sample sizes for IB & SDA are now too small to be presented separately in this publication.

<table>
<thead>
<tr>
<th>Income-related benefits (United Kingdom)</th>
<th>Non-income-related benefits (United Kingdom)</th>
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<tr>
<td>Council Tax Reduction</td>
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<td>Employment and Support Allowance (income-related element)</td>
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<td>Extended Payments (Council Tax Reduction and Housing Benefit)</td>
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<td>Housing Benefit</td>
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<td>Income Support</td>
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<td>Jobseeker’s Allowance (income-based element)</td>
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<td>Pension Credit</td>
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<td>Social Fund – Funeral Grant</td>
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<td>Universal Credit</td>
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<td></td>
<td>Industrial Injuries Disablement Benefit</td>
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<td>Jobseeker’s Allowance (contributory element)</td>
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<td></td>
<td>Personal Independence Payment (Daily Living and Mobility components)</td>
</tr>
</tbody>
</table>
### Income-related benefits (Northern Ireland)
- Northern Ireland Other Rate Rebate
- Northern Ireland Rate Rebate through energy efficient homes
- Northern Ireland Rate Relief
- Rates Rebate

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</tr>
</tbody>
</table>

### Child
A dependent child is defined as an individual aged under 16. A person will also be defined as a child if they are 16 to 19 years old and they are:
- Not married nor in a civil partnership nor living with a partner; and
- Living with parents/a responsible adult; and
- In full-time non-advanced education or in unwaged Government training.

### Child Benefit
This is a non-income related benefit in terms of eligibility, but remains taxable in households where one adult is earning more than £50,000 per annum.

### Council Tax
The tax is based on a set of bands that a property’s value falls into, and is evaluated accordingly by each council. Its headline rate is based on two adults per household.

### Disability
The definition of disability used in this publication is consistent with the core definition of disability under the Equality Act 2010. A person is considered to have a disability if they “have a physical or mental impairment that has a ‘substantial’ and ‘long-term’ negative effect on their ability to do normal daily activities”. Where by ‘substantial’ means more than minor or trivial, and long-term is meant by 12 months or more. However, some individuals classified as disabled and having rights under the Equality Act 2010 are not captured by this definition:
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- People with a long-standing illness or disability who would experience substantial difficulties without medication or treatment.
- People who have been diagnosed with cancer, HIV infection or multiple sclerosis and who are not currently experiencing difficulties with their day-to-day activities.
- People with progressive conditions, where the effect of the impairment does not yet impede their lives.
- People who were disabled in the past and are no longer limited in their daily lives are still covered by the Act.

This definition of disability differs from that used for Economic status.

https://gss.civilservice.gov.uk/guidances/harmonisation/0-harmonised-principles/

**Economic status**

This classification follows the harmonised output category for economic status, based on respondents' answers to the survey questions. All definitions conform to the International Labour Organisation (ILO):

- **Employee**: where respondents have an arrangement with an employer, whereby work is done in exchange for a wage or salary. This would include those doing unpaid work in a business that a relative owns.

- **Self-employed**: where respondents report regular working activities, which over time are responsible only to themselves (and not an employer). Various groups are classified as self-employed, including farmers, doctors in private practice and some builders, as well as anyone whose job is habitually done on a freelance basis (e.g. journalists or musicians). The self-employed include anyone doing work for their own business, but which is currently unpaid.

Several respondents have more than one job. The FRS identifies which of these is their ‘main job’. This is the job which the respondent says is the dominant activity. Where they cannot decide, the number of hours worked will determine which is the main job. This process of categorisation also applies to respondents who are employees in one job but self-employed in another; whilst the survey will capture information on both of these jobs, only one can be their main job.

- **Unemployed**: Adults who are under State Pension age and not working, but are available and have been actively seeking work in the last four weeks; includes those who were waiting to take up a job already obtained and were to start in the next two weeks.

- **Economically inactive**: Individuals who are both out of work, and not seeking / not available to work. There are several sub-categories:
  - **Retired**: individuals who are over State Pension age, or say they are now retired.
  - **Student**: individuals who have not completed their education.
Looking after family/home: working-age individuals who are looking after their family and/or their home.

Permanently sick or disabled: working-age individuals who have been sick, injured or disabled for longer than 28 weeks.

Temporarily sick or disabled: working-age individuals who have been sick, injured or disabled for less than 28 weeks. Note that the sick or disabled definitions are different to that used for Disability, as they are based on different questions that are only asked of working-age adults who are not working.

Other inactive: all respondents not already classified above.

Employment status
This classification is equivalent to Economic status but includes those in employment only.

Ethnic group
The ethnic group to which respondents consider that they belong. FRS categories of ethnicity are in line with the Government Statistical Service’s’ harmonisation principles:

- White
- Irish Traveller
- Mixed/ Multiple ethnic groups
- Asian/ Asian British
- Indian
- Pakistani
- Bangladeshi
- Chinese
- Any other Asian background
- Black/ African/ Caribbean/ Black British
- Other ethnic group

Sample sizes for 'Gypsy, Traveller or Irish Traveller' are small. In Northern Ireland, 'Irish Traveller' is included in 'Other ethnic group', whereas elsewhere 'Gypsy or Irish Traveller' is included in 'White'. The group 'Arab' is included in 'Other ethnic group'.

Harmonised Principles
The harmonised principles contain harmonised definitions, survey questions, standards for administrative data and standards for presentation. They have been developed by topic groups, after wide consultation with producers and customers across the GSS and beyond.
Further information is available via the Government Statistical Service’s harmonisation website: https://gss.civilservice.gov.uk/guidances/harmonisation/

**Full-time education**
Individuals registered as full-time at an educational establishment. Students on sandwich courses are coded as working, or studying, depending on their position at the time of interview.

**Head of benefit unit**
If the **Household Reference Person** does not belong to the **benefit unit**, then the Head of benefit unit is simply the first person from that benefit unit, in the order they were named in the interview. If the Household Reference Person does belong to the benefit unit, they are also the Head of that benefit unit.

**Household**
A household consists of one person living alone or a group of people (not necessarily related) living at the same address, who share cooking facilities and share a living room or sitting room or dining area. A household will consist of one or more **benefit units**. Where a total value for a household is presented, such as total household income, this includes both income from adults plus any income from children.

**Household Reference Person (HRP)**
The highest income householder.

- In a single-adult household, the HRP is simply the sole householder (i.e. the person in whose name the accommodation is owned or rented).
- If there are two or more householders, the HRP is the householder with the highest personal income, taking all **sources of income** into account.
- If there are two or more householders who have the same income, the HRP is the elder.

Where we refer to ‘Head’ in tables relating to households, this is the HRP. The **Head of benefit unit** will not necessarily be the HRP.

**Individual**
An **adult** or **child**. Where ‘People’ are presented, this is all individuals.

**Informal carers**
Individuals who provide any regular service or help to someone. That person can be within or outside of their household, and might be sick, disabled or elderly; this description excludes those who give this service or help as part of a formal job.
Marital status
This is the person’s de facto marital status:

- **Married / Civil partnership**: currently married or in a civil partnership, and not separated from spouse (excludes temporary absences).
- **Cohabitating**: not married nor in a civil partnership, but living as a couple; includes same-sex couples.
- **Single**: is not currently cohabiting and has never been married nor in a civil partnership.
- **Widowed**: widowed and not currently cohabiting.
- **Separated**: married or in a civil partnership, but separated from spouse and is not currently cohabiting.
- **Divorced / Civil partnership dissolved**: marriage or civil partnership legally dissolved and is not currently cohabiting.

Pension

- **Employer-sponsored pension**: schemes that are set-up and run by the employer.
- **Group personal pension**: some employers who do not offer an occupational pension scheme may arrange for a pension provider to offer their employees a personal pension instead. The employer may have negotiated special terms with the provider which means that administration charges are lower than those for individual personal pensions. Although they are sometimes referred to as company pensions, they are not run by employers and should not be confused with occupational pensions, which have different tax, benefit and contribution rules.
- **Group stakeholder pension**: like Group Personal Pensions, an employer can make an arrangement with a pension provider and offer their employees a Group Stakeholder Pension (see Stakeholder Pension).
- **Occupational pension**: an occupational pension scheme is an arrangement an employer makes to give their employees a pension when they retire. Employees may become a member of an employer’s pension scheme on a voluntary basis. As of October 2017 the Occupational Pension Schemes regulations introduced restrictions on the Early Exit charges for those aged 55+, who are eligible to access the pension freedoms.
- **Personal pension**: a pension provided through a contract between an individual and the pension provider. The pension which is produced will be based upon the level of contributions, investment returns and annuity rates; a personal pension can be either employer provided (see Group Personal Pension) or privately purchased (see Private pension).
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- **Private pension**: includes occupational pensions (also known as employer-sponsored pensions) and personal pensions (including stakeholder pensions). People can have several different private pensions at once.

- **Stakeholder pension**: enables those without earnings, such as non-earning partners, carers, pensioners and students, to pay into a pension scheme. Almost anybody up to the age of 75 may take out a stakeholder pension and it is not necessary to make regular contributions. For more information, see: [https://www.gov.uk/personal-pensions-your-rights](https://www.gov.uk/personal-pensions-your-rights).

**Pension Credit**
The qualifying age for Pension Credit has been increasing gradually to 66, in line with the increase in the State Pension age for women to 65 by November 2018 and the further increase to 66 for both men and women by October 2020. The changes do not affect the State Pension age for men, which is 65 years in 2017/18.

**Region**
Regional classifications are based on the standard statistical geography of UK Regions: nine in England, and a single region for each of Wales, Scotland and Northern Ireland. Tables will also show statistics for the United Kingdom, Great Britain, and England as a whole. Some split London into Inner and Outer where there is sufficient data to provide meaningful comparisons.

**Savings**
The total value of all liquid assets, including fixed-term investments. Pound amounts are informed by responses to questions on the value of assets or, in some cases, estimated from the interest on the savings. Note that banded savings do not include assets held by children in the benefit unit/household.

Where tables show “no savings”, this category includes cases where the respondent either said they had no accounts/investments, refused to answer, didn’t know, or where some accounts/investments were recorded but none of them yielded any interest/dividends.

The FRS asks questions about all savings and investments products, including bank/building society accounts, and stocks and shares. These products go by many names. In this publication, the products are labelled as follows:

- **Basic bank account**: This type of account is similar to a current account. Payments can be received from other sources and it can pay bills by direct debit, but unlike a current account there are no overdraft facilities. Withdrawals can be made from cash machines and, in some cases, over the counter of the bank or building society itself.
• **Current account**: This includes all accounts at both banks and building societies, which are used for day-to-day transactions; with a cheque book and/or bank card. Overdraft facilities may be offered.

• **Company share schemes/profit sharing**: Some companies provide extra rewards or bonuses to their employees depending on the profitability of the company. In publicly traded companies, this often takes the form of shares in the company. This label is given to any scheme which follows this general principle.

• **Credit union**: A credit union is a financial co-operative similar in many respects to mainstream building societies. Its members both own and control the credit union, which is run solely for their benefit. All members of a specific credit union must share what is known as a "common bond" i.e. they must be connected in some way to the other members of that credit union. The members pool their savings into a single ‘pot’ from which loans can be made to members of the credit union. Members who have deposited money receive an annual dividend, while those to whom money is lent have to pay interest on the loan.

• **Endowment policy (not linked)**: An endowment policy taken out to repay a mortgage but no longer used to do so. This is where the mortgage has either been paid off or, more usually, converted to a different method of repayment. The respondent has decided to retain the endowment as an investment in its own right, even though it is no longer intended to repay the mortgage.

• **ISA**: An Individual Savings Account (ISA) pays interest on a tax-free basis.

• **Investment trust**: See *Unit trusts*.

• **National savings bonds**: All types of National Savings investments in this category are collected on the survey, except Easy Access and Investment accounts:
  
  - **Fixed Rate Savings Bonds**: replaced new issues of FIRST Option Bonds.
  - **National Savings Certificates**: yield earnings in either a fixed or index-linked manner, for lump sum savings of £100 or more. Maximum earnings are obtained after five years and interest on investments is tax free.
  - **National Savings Income Bonds**: minimum purchase is £2,000 and a maximum holding of £250,000; interest is paid monthly, and is gross of tax.
  - **Children's Bonus Bonds**: can be bought for any child aged under 16 as a five-year accumulating investment; interest is paid gross of tax.

• **NS&I savings accounts**: The National Savings & Investments (NS&I) Investment Account and Direct Saver.

• **Other bank/building society account**: Accounts belonging to adults recorded under categories "savings account, investment account/bond, any other account with bank building society, etc.”
• **Post Office card account (POCA):** This type of account can only be used to receive benefits, State Pensions and/or Tax Credit payments. No other payments, such as Housing Benefit, occupational pensions, or wages can be paid into it. Payments can only be collected over the counter at a Post Office and will not incur any charges or accrue interest on money contained therein. Due to the limited capability to receive payments, these accounts are included or excluded in tables as noted.

• **Premium bonds:** Investments which do not earn interest, but are entered in a monthly draw for tax-free money prizes.

• **Stocks and shares:** This includes all bonds, debentures and other securities which are usually traded on the financial markets. Bonds issued by the UK or foreign governments, or local authorities would also be recorded here. A share is a single unit of ownership in a company. 'Stocks' is the general term for various types of security issued by companies to raise financial support. If respondents are members of a shares club they will be included with those owning stocks and shares.

• **Unit trusts:** A collectively managed investment in the financial markets, where investors buy 'units' of a fund, which invests in shares, stocks, Gilts, etc. Dividends are paid net of tax. The data presented for Unit Trusts also includes Investment Trusts, since these two assets are collected together in the FRS.

• **Any other type of asset:** This is a catch-all category for the small numbers who own the following two assets:
  
  • Gilts or Government bonds: these raise money for the UK Government by offering a secure investment, usually over a fixed term, and with a set rate of interest, although some are index-linked. Interest is paid half-yearly. Gilts can be bought and sold. At the end of the fixed term the holder will be repaid the original purchase price. The value of the gilt is its current market price, which might be higher or lower than the original purchase price.
  
  • Save As You Earn: a three, five or seven-year monthly savings scheme for employees. At the end of that period, the employee can either use the savings to buy the shares in their company or cash in the accumulated investment.

The above products cover all types of savings. Some of them are grouped together in other ways in the tables:

• **Direct payment account:** A direct payment account is one that can accept electronic payment of benefits via BACS (the Banker’s Automated Clearing System). The types of accounts included in this grouping are:
  
  • Current Account
  
  • National Savings and Investments Savings Accounts
  
  • Savings, investments etc.
Sources of income

- **Wages and salaries**: for a respondent currently working as an employee, income from wages and salaries is equal to: gross pay before any deductions, less any refunds of income tax, any motoring and mileage expenses, any refunds for items of household expenditure and any Statutory Sick Pay or Statutory Maternity Pay, plus bonuses received over the last 12 months (converted to a weekly amount) and any children's earnings from part-time jobs.

- **Self-employed income**: the total amount of income received from self-employment gross of tax and national insurance payments, based on profits (where the individual considers themselves as running a business) or on estimated earnings/drawings otherwise. Excludes any profits due to partners in the business. Any losses are recorded as such.

- **Investments**: Interest and dividends received on savings and investments. See **Savings and investments** for details of investments covered by the FRS.

- **Tax Credits**: Income from **Tax Credits**.

- **State Pension plus any PC**: for any adults who are over State Pension age, any State Pension plus any **Pension Credit** which is received; these benefits are shown together because of known problems with separating these amounts for pensioners.

- **Other pensions**: payments received from pension schemes, including occupational, stakeholder or personal pension schemes; employee pensions for surviving spouses, annuity pensions, trusts and covenants.

- **Disability benefits**: payments received from any of the benefits payable due to disability – see **Benefits**.

- **Other benefits**: payments received from any of the other **Benefits**.

- **Other sources**: payments from all other sources including, for example, babysitting, allowances from absent spouses including child maintenance, organisations, royalties, odd jobs, sub-tenants, educational grants, alimony and Healthy Start Vouchers.

State Pension age

Since 6 April 2010, the State Pension age for women has been gradually increasing. Under the Pensions Act 2011, women’s State Pension age increased to 65 between April 2016 and November 2018. FRS data contained in this report were collected throughout the financial year 2017/18, during which the State Pension age for women increased from 63 years and 9 months to 64 years and 6 months. The changes do
not affect the State Pension age for men, which was 65 years throughout the survey year.

From December 2018 the State Pension age for both men and women started increasing, reaching 66 by October 2020.


State support
An individual is in receipt of state support if they receive one or more Benefits, or are being paid Tax Credits.

Tax Credits
Working Tax Credits and Child Tax Credits are paid by HM Revenue & Customs. Tax Credits are being phased out, as they are replaced by Universal Credit.

Tenure
This is the basis on which the head of household is resident in their dwelling. Types of renting or ownership as classified as follows:

- **Social renting:** includes all cases where the landlord is either the local authority, or a housing association.
- **Private renting:** all cases where the property is rented from a private landlord, including those on a rent-free basis.
  - Rent-free accommodation is any provided free by an employer or by an organisation to a self-employed respondent, provided that the normal activities of the tenant are to further the cause of the organisation (e.g. Church of England clergy). Accommodation is not classed as rent-free if anyone, apart from an employer or organisation, is paying a rent or mortgage on a property on behalf of the respondent.
- **Buying with a mortgage:** includes local authority and housing association part-own/part-rent, and shared ownership arrangements.
- **Owned outright:** households who pay neither rent, nor any mortgage or loan used to purchase the property. These households may have other loans secured on their property for which information is collected on the FRS. However, these payments are excluded from the costs of housing.

Prior to 2008/09, social renting was split into council and housing association groups. This division was removed because it was found to be unreliable. Comparison with administrative data showed that a significant number of housing association tenants wrongly reported that they were council tenants. A split between furnished and unfurnished private renting was also removed in 2008/09.
Universal Credit

Universal Credit is a working-age benefit. It supports those on low incomes with their housing and living costs, as well as child and childcare support where appropriate. Universal Credit replaces all of the following income-related state-support: income-based Jobseeker’s Allowance, income-related Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit and Housing Benefit. It replaces the numerous payments these benefits would have given with a single, usually monthly payment, administered by DWP.

Working

All respondents whose employment status was employed or self-employed, irrespective of full-time or part-time working patterns.

Working-age

Adults (see Adult and Child) under State Pension age.