

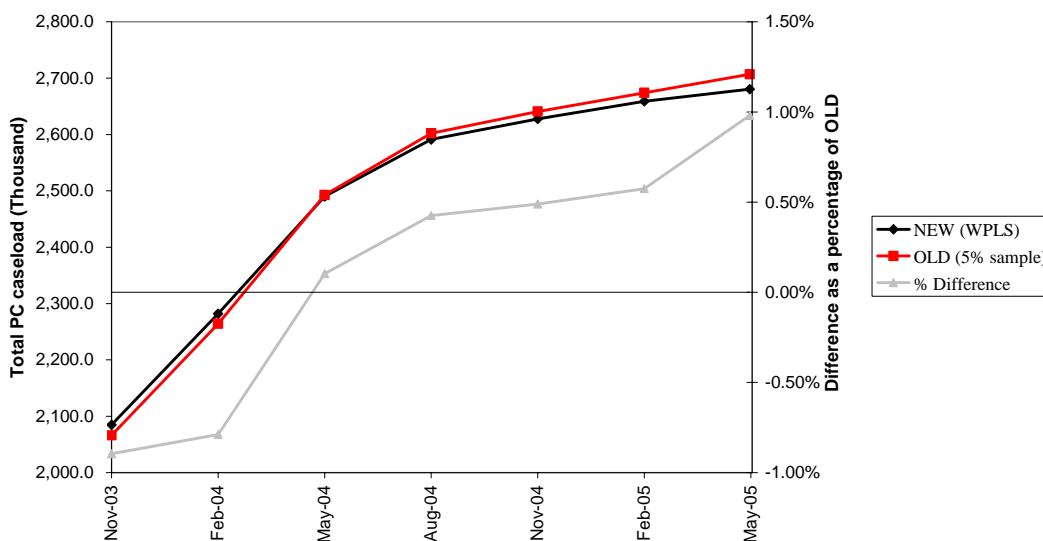
Pension Credit

Work and Pensions Longitudinal Study (WPLS) data compared to currently published 5% sample data

The principal reason for the differences between the 100% data and the 5% sample data is retrospection. See the Glossary below for a detailed description of retrospection.

Pension Credit replaced Minimum Income Guarantee (MIG) on 6 October 2003 and customers were entitled to backdate their claims for up to 12 months. The WPLS quarterly caseload includes live claims according to their claim start date but not their entitlement date.

PC: Comparison of caseloads, 5% sample and 100% data.



As can be seen from the graph, in November 2003 the 100% caseload was approximately 0.9% (19 thousand) higher than the 5% sample caseload. This can be attributed to the large on-flows of new claims, some of which will have entered the computer system after the reference date. Such cases will be absent from the 5% sample data but may appear in the 100%.

This pattern changes from April 2004 onwards, with the 100% caseload being lower than the 5% caseload. This occurs for two reasons. Firstly, more recent data include fewer on-flows and secondly deaths that are entered onto the system after the reference date will be accounted for in the 100% data and this lowers the caseload substantially (24,000 in May 2005). This is because the 5% sample data estimates claim end date, whereas the actual date of death is utilised in the 100% data, and supersedes the estimated end date.

Glossary

Retrospection arises from the delays which occur in practice between some new claims becoming eligible and their entry onto the computer system. If a case has not been added to the computer system by the time the 5% sample data is extracted (the reference date), it will not be counted (although benefit will be paid). The WPLS, however, incorporates information added to the computer system after the reference date.

The addition of such 'late' information is an important source of difference between the caseloads obtained from 5% sample and WPLS data, and generally results in the WPLS including more cases than the 5% sample data.

Late terminations

Delays can exist between a claim terminating and its removal from the computer system. Such cases will be included in the caseload obtained from the 5% sample data. When information is subsequently received that the claim has ended through claimant death, these cases are removed from the 100% data with respect to a point in time. However, any other form of late termination is not accounted for in the WPLS.

Sampling error

By definition, WPLS data yields the true population value. By contrast statistics published from 5% sample data (obtained by rating up by a factor of 20) are subject to sampling error and are actually estimates of the true population value. By chance, an estimate of the population value, obtained from the 5% sample data, may be slightly lower or slightly higher than the true population value.