

Background Quality Report: Personal Pensions Statistics PEN1, PEN2, PEN2.1 & PEN2.2, and PEN6

Dimension	Assessment by the author
Introduction	<p data-bbox="544 331 959 369"><i>Context for the quality report.</i></p> <p data-bbox="544 405 1406 539">The following tables provide the latest estimates of personal pension contributions based principally on data that providers of personal pensions submit to HM Revenue and Customs (HMRC) using the statistical return APSS107.</p> <p data-bbox="544 573 1406 707">Table PEN1 shows contributions to personal pensions by source and nature of contribution, annually since 1990-91 according to personal tax year. Table PEN1</p> <p data-bbox="544 775 1406 1077">The statistical information is derived from the APSS107 return except for contributions to Retirement Annuity Contracts (RACs) which are derived from the HMRC Survey of Personal Incomes. Contributions from the self employed are derived from more detailed information supplied by pension scheme providers showing the status of scheme members. This is also used in the preparation of pensions table PEN3, which shows a complete breakdown of scheme membership by status. Table PEN3</p> <p data-bbox="544 1144 1406 1279">Table PEN2 shows the combined number of contributing scheme members and value of contributions analysed by different categories of personal pension scheme. Table PEN2</p> <p data-bbox="544 1346 1406 1447">Table PEN2.1 shows the non-stakeholder scheme element of Table PEN2, Table PEN2.1</p> <p data-bbox="544 1514 1406 1615">Table PEN2.2 shows the stakeholder scheme element of Table PEN2 Table PEN2.3</p> <p data-bbox="544 1682 1406 1917">The information in these tables relates to personal pension schemes into which contributions have been made either by the scheme member, their employer or by way of a Government minimum contribution (in respect of contracted out schemes). Figures are released each February in respect of contributions made during the personal tax year ending on 5th April of the previous year.</p> <p data-bbox="544 1951 1406 2004">Information is analysed by personal tax year because contributions to personal pensions are eligible for tax relief at the</p>

tax payer's relevant marginal rate for the year. Personal pension contributions have been paid out of taxed income. Occupational pension contributions on the other hand receive tax relief at source.

Contributions by individuals are shown in PEN1 & 2 inclusive of basic rate income tax relief claimed from HMRC by pension scheme operators on behalf of scheme members (although are reported on a net basis on the APSS107). Higher and additional rate tax payers have to claim the outstanding element of the tax relief from HMRC. These extra amounts of relief are not treated as personal pension contributions.

Employer sponsored schemes include Group Personal Pensions and contracts set up by an employer with a pension provider. Non-Employer sponsored schemes are contracts set-up by a financial institution and offered for sale to the public, and include schemes arranged via Trade Unions or other bodies.

Individuals can have more than one personal pension and the information in Tables PEN1 & 2 relates to the numbers of scheme accounts receiving a payment and not to the numbers of scheme members in receipt of a payment, which will be fewer.

Table PEN6 provides broad estimates of the cost of occupational and personal pension tax relief based on published National Statistics aggregates and HMRC derived estimates of the rate at which tax relief is being given.

[Table PEN6](#)

This cost covers relief in respect of employers and individuals' occupational and personal pension contributions, tax relief from the tax exemption of investment funds' income and gains, offset by the taxation of pensions in payment. Both public and private sector schemes are included.

In preparing PEN6 employer pension contributions are treated as if they were part of employee remuneration and the tax relief derives by virtue of their being exempt from both employee income tax and national insurance contributions. Employer pension contributions are also exempt from employer national insurance contributions (although employee national insurance contributions are computed before allowance for pension contributions so there is no element of pension relief).

PEN6 is primarily based on aggregate contribution data on personal pensions from Table PEN1 and occupational pensions data supplied by the ONS. These are then combined with average marginal tax rates for individuals contributing to pensions to estimate the cost of relief. The marginal tax rates estimates are taken from HMRC's Survey of Personal Incomes, a link to which is provided below:

[Survey of Personal Incomes](#)

Relevance	<p><i>The degree to which the statistical product meets user needs in both coverage and content.</i></p> <p>The information augments the data collected by the Office For National Statistics on pension contributions.</p> <p>The information published in Tables PEN1 & PEN2 is relevant in the context of understanding trends in the numbers of individuals making long term savings provision, whilst PEN6 provides an insight into the cost of pension tax relief in the context of recent policy changes aimed at limiting the cost by imposing lifetime and annual allowance restrictions on the sums eligible for relief.</p>
Accuracy and Reliability	<p><i>The proximity between an estimate and the unknown true value.</i></p> <p>The source data for producing tables PEN1, PEN2, PEN2.1 and PEN 2.2 are based on annual returns that all personal pension providers are obliged to complete. Validity and credibility testing is conducted to ensure the accuracy of returns and suspect data is queried with the pension provider.</p> <p>The results are checked against the amounts of basic rate tax relief repaid to pension schemes to ensure consistency.</p> <p>The publication date for Tables PEN1 & 2 was moved from October to the following February to allow additional time for the forms to be returned, improving the accuracy of the first published estimates.</p> <p>The accuracy of PEN6 is largely determined by the accuracy of the aggregate contribution information in PEN1 and supplied by the ONS and the SPI, Confidence intervals in respect of the SPI are supplied towards the end of the following report:-</p> <p>Personal Income Statistics</p>
Timeliness and Punctuality	<p><i>Timeliness refers to the time gap between publication and the reference period. Punctuality refers to the gap between planned and actual publication dates.</i></p> <p>The tables are published annually in February, and revised in September to a pre-announced date. An earlier publication date could compromise accuracy.</p> <p>These statistics are published to a pre-announced timetable in line with the National Statistics Code of Practice. Release dates are announced on the UK Statistics website and the HMRC National Statistics website.</p> <p>National and Official Statistics: Scheduled updates</p>
Accessibility and	<p><i>Accessibility is the ease with which users are able to access</i></p>

<p>Clarity</p>	<p><i>the data, also reflecting the format in which the data are available and the availability of supporting information. Clarity refers to the quality and sufficiency of the metadata, illustrations and accompanying advice.</i></p>
	<p>The statistics are published on the HMRC website below and are free to all users.</p> <p>Supporting information is provided in the personal pensions Full Statistics Release which gives background information on each table, describes methodologies, and provides hyperlinks to references, contact details and feedback.</p> <p>Pension Statistics</p>
<p>Coherence and Comparability</p>	<p><i>Coherence is the degree to which data that are derived from different sources or methods, but refer to the same topic, are similar. Comparability is the degree to which data can be compared over time and domain.</i></p>
	<p>Historical data for pension contributions (Table PEN1) goes back to 1990-91. Lifetime and annual contribution limits apply in respect of tax relief available on pensions scheme contributions and in recent years these limits have fallen. However, there are no estimates on the effect this has might have had on personal pension scheme contributions.</p>
<p>Trade-offs between Output Quality Components</p>	<p><i>Trade-offs are the extent to which different aspects of quality are balanced against each other.</i></p>
	<p>The response rate achieved by February is felt sufficient to afford accuracy in the provisional estimates published at that date. Revisions are made in September if the estimates have changed sufficiently by then.</p>
<p>Assessment of User Needs and Perceptions</p>	<p><i>The processes for finding out about users and uses, and their views on the statistical products.</i></p>
	<p>There is a link to HMRC survey for customers to give feedback and comments on the statistics:</p> <p>HMRC Official Statistics Feedback</p> <p>Customers can also register their interest in Personal Pension statistics through Survey Monkey website:</p> <p>Registering Interest in Personal Pension Statistics</p> <p>There is regular contact with HMRC and HMT colleagues to ensure that the data collected from the APSS107 meets their information requirements.</p>
<p>Performance,</p>	<p><i>The effectiveness, efficiency and economy of the statistical</i></p>

<p>Cost and Respondent Burden</p>	<p><i>output.</i></p> <p>The information requested on the APSS107 from personal pension providers is likely to be readily available from their management information systems.</p> <p>The annual respondent burden in completing and returning the forms is likely to be around £50k-£75k.</p> <p>There are no internal estimates of the cost to HMRC of processing the returns, but the forms are keyed centrally and processed electronically, minimising the cost of preparation and publication. The information is used to provide control totals for account level information separately collected electronically from pension providers.</p>
<p>Confidentiality, Transparency and Security</p>	<p><i>The procedures and policy used to ensure sound confidentiality, security and transparent practices.</i></p> <p>All returns and datasets are handled in line with HMRC policy on confidentiality and access. There is no statistical disclosure risk in these statistics.</p> <p>Confidentiality and Access</p>