

Assessment of compliance with the Code of Practice for Official Statistics

Statistics on Household Resources

*(produced by the Department for Work and
Pensions)*

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About the UK Statistics Authority

The UK Statistics Authority is an independent body operating at arm's length from government as a non-ministerial department, directly accountable to Parliament. It was established on 1 April 2008 by the *Statistics and Registration Service Act 2007*.

The Authority's overall objective is to promote and safeguard the production and publication of official statistics that serve the public good. It is also required to promote and safeguard the quality and comprehensiveness of official statistics, and good practice in relation to official statistics.

The Statistics Authority has two main functions:

1. oversight of the Office for National Statistics (ONS) – the executive office of the Authority;
2. independent scrutiny (monitoring and assessment) of all official statistics produced in the UK.

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(produced by the Department for Work and Pensions)

ASSESSMENT AND DESIGNATION

The *Statistics and Registration Service Act 2007* gives the UK Statistics Authority a statutory power to assess sets of statistics against the *Code of Practice for Official Statistics*. Assessment will determine whether it is appropriate for the statistics to be designated as National Statistics.

Designation as National Statistics means that the statistics comply with the *Code of Practice*. The *Code* is wide-ranging. Designation can be interpreted to mean that the statistics: meet identified user needs; are produced, managed and disseminated to high standards; and are explained well.

Designation as National Statistics should not be interpreted to mean that the statistics are always correct. For example, whilst the *Code* requires statistics to be produced to a level of accuracy that meets users' needs, it also recognises that errors can occur – in which case it requires them to be corrected and publicised.

Assessment reports will not normally comment further on a set of statistics, for example on their validity as social or economic measures. However, reports may point to such questions if the Authority believes that further research would be desirable.

Assessment reports typically provide an overview of any noteworthy features of the methods used to produce the statistics, and will highlight substantial concerns about quality. Assessment reports also describe aspects of the ways in which the producer addresses the 'sound methods and assured quality' principle of the *Code*, but do not themselves constitute a review of the methods used to produce the statistics. However the *Code* requires producers to "seek to achieve continuous improvement in statistical processes by, for example, undertaking regular reviews".

The Authority may grant designation on condition that the producer body takes steps, within a stated timeframe, to fully meet the *Code's* requirements. This is to avoid public confusion and does not reduce the obligation to comply with the *Code*.

The Authority grants designation on the basis of three main sources of information:

- i. factual evidence and assurances by senior statisticians in the producer body;
- ii. the views of users who we contact, or who contact us, and;
- iii. our own review activity.

Should further information come to light subsequently which changes the Authority's analysis, it may withdraw the Assessment report and revise it as necessary.

It is a statutory requirement on the producer body to ensure that it continues to produce the set of statistics designated as National Statistics in compliance with the *Code of Practice*.

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1 Summary of findings

1.1 Introduction

1.1.1 This is one of a series of reports¹ prepared under the provisions of the *Statistics and Registration Service Act 2007*². The Act requires all statistics currently designated as National Statistics to be assessed against the *Code of Practice for Official Statistics*³. The report covers the set of statistics produced by the Department for Work and Pensions (DWP), reported in:

- *Family Resource Survey (annual report)*⁴ (FRSAR);
- *Households Below Average Income*⁵ (HBAI);
- *The Pensioners' Income Series*⁶ (PI); and
- *Income-related Benefits: Estimates of Take Up*⁷ (IRBTU).

1.1.2 This report is shorter than normal. In particular, section 3 adopts an 'exception reporting' approach – it includes text only to support the Requirements made to strengthen compliance with the *Code* and Suggestions made to improve confidence in the production, management and dissemination of these statistics. This abbreviated style of report reflects the Head of Assessment's consideration of aspects of risk and materiality⁸. The Assessment team nonetheless assessed compliance with all parts of the *Code of Practice* and has commented on all those in respect of which some remedial action is recommended.

1.1.3 This report was prepared by the Authority's Assessment team, and approved by the Board of the Statistics Authority on the advice of the Head of Assessment.

1.2 Decision concerning designation as National Statistics

1.2.1 The Statistics Authority judges that the statistics covered by this report are readily accessible, produced according to sound methods and managed impartially and objectively in the public interest, subject to any points for action in this report. The Statistics Authority confirms that the statistics published in *FRSAR*, *HBAI*, *PI* and *IRBTU* can be designated as National Statistics, subject to DWP implementing the enhancements listed in section 1.5 and reporting them to the Authority by March 2012 (June 2012 for Requirements 2 and 4).

¹ <http://www.statisticsauthority.gov.uk/assessment/assessment-reports/index.html>

² http://www.opsi.gov.uk/Acts/acts2007/pdf/ukpga_20070018_en.pdf

³ <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html>

⁴ <http://statistics.dwp.gov.uk/asd/frs/index.php?page=intro>

⁵ http://statistics.dwp.gov.uk/asd/index.php?page=hbai_arc

⁶ http://research.dwp.gov.uk/asd/index.php?page=pensioners_income_arc#PI_Latest

⁷ http://statistics.dwp.gov.uk/asd/index.php?page=irb_arc

⁸ <http://www.statisticsauthority.gov.uk/assessment/assessment/guidance-about-assessment/criteria-for-deciding-upon-the-format-of-an-assessment-report.pdf>

1.3 Summary of strengths and weaknesses

- 1.3.1 DWP has set up user groups for all these statistics apart from *PI*, and consults with users when making major changes to the statistics. It has published user feedback for all statistics apart from *PI*.
- 1.3.2 DWP carries out thorough quality assurance checks on the data collected using the Family Resources Survey but, consequently, there is a substantial delay between the end of the survey period and publication of the statistics. It publishes detailed information about methods and quality, but it has not published information about the strengths and weaknesses of the statistics in relation to their potential uses.
- 1.3.3 *FRSAR* and *HBAI* contain detailed data tables but limited commentary to aid user interpretation of the statistics.

1.4 Detailed recommendations

- 1.4.1 The Assessment team identified some areas where it felt that DWP could strengthen its compliance with the *Code*. Those which the Assessment team considers essential to enable designation as National Statistics are listed in section 1.5. Other suggestions, which would improve the statistics and the service provided to users but which are not formally required for their designation, are listed at annex 1.

1.5 Requirements for designation as National Statistics

Requirement 1	Take steps to develop a more complete understanding of the use made of <i>PI</i> , the needs of current and potential users, and user views on the service provided. Publish the relevant information and assumptions and use them to better support the beneficial use of the statistics (para 3.2).
Requirement 2	Improve the information about the quality of the statistics included in <i>FRSAR</i> , <i>IRBTU</i> and <i>PI</i> so that it describes the strengths and limitations of the statistics in relation to the range of potential uses (para 3.5).
Requirement 3	Review the balance between users' needs for accuracy and timeliness and consider whether more timely statistics could be produced (para 3.6).
Requirement 4	Improve the commentary in <i>FRSAR</i> and <i>HBAI</i> so that it aids user interpretation of the statistics (para 3.7).

2 Subject of the assessment

- 2.1 The assessment covers four releases about household income published by DWP, all of which use data from the Family Resources Survey (FRS). FRS is an annual survey which has been conducted since October 1992. Prior to this DWP used income data from the Family Expenditure Survey to compile the statistics presented in *HBAI*, *PI* and *IRBTU*.
- 2.2 The FRS has a stratified clustered probability sample design. In 2009/10 48,315 UK addresses were included in the sample and it achieved a response rate of 58%. DWP commissions the Office for National Statistics⁹ (ONS) and the National Centre for Social Research¹⁰ (NatCen) to administer the FRS for Great Britain (GB). The fieldwork for the survey in Northern Ireland is managed by the Department for Social Development (DSDNI) and is currently carried out by the Northern Ireland Statistics and Research Agency¹¹. NatCen is responsible for maintaining the electronic questionnaire and ONS is responsible for sampling in GB and initial data validation for the UK. From April 2012, it is proposed that the FRS will adopt the questions from ONS's General Lifestyle Survey (GLF)¹² which collect data required by the EU on income and living conditions. The GLF will then be discontinued.
- 2.3 *FRSAR*, first published in 1994, presents statistics on the incomes and circumstances of private households in GB (prior to 2002/03) or the UK (from 2002/03). The report includes statistics on income and state support receipt, tenure, savings and investments, carers and disability, and occupation and employment. *HBAI* was first published in 1988. In its present form it provides statistics on the income distribution¹³ of individuals in the UK by a number of breakdowns including region, gender, ethnicity, family type, disability and economic status. It also presents statistics on material deprivation by the same breakdowns¹⁴ as well as information on the composition of low income groups. The statistics include adjustments for household size and composition, to reflect the extent to which households of different size and composition require different levels of income to achieve the same standard of living. *PI*, first published in 1995, presents statistics on the level and sources of income of UK pensioners by a number of breakdowns including age, region, ethnicity and household composition. Finally, *IRBTU*, first published in 1993, presents statistics on the take-up rate of income related benefits¹⁵ and analysis of those missing out on their entitlements by such characteristics as region, housing tenure and characteristics¹⁶ of the benefit unit¹⁷. The statistics are compiled

⁹ <http://www.ons.gov.uk/ons/index.html>

¹⁰ <http://www.natcen.ac.uk/>

¹¹ <http://www.nisra.gov.uk/>

¹² <http://www.ons.gov.uk/ons/rel/ghs/general-lifestyle-survey/2009-report/index.html>

¹³ Income is equivalised to take account of household size and composition.

¹⁴ In 2004/05 DWP introduced a suite of questions to measure material deprivation amongst families with children. In May 2008, DWP introduced a suite of questions to measure material deprivation amongst pensioners.

¹⁵ The income related benefits covered are: Income support and employment allowance, Pension Credit, Housing Benefit, Council Tax Credit and Jobseeker's Allowance.

¹⁶ For example, ethnicity.

¹⁷ A benefit unit is a single adult or a co-habiting couple, with or without children.

using modelling based on the FRS to estimate the number of eligible non-recipients¹⁸ and existing administrative data¹⁹ on benefits claimants and recipients. The releases all cover the financial year and are usually published annually.

- 2.4 Government departments, including DWP and HM Treasury, use the statistics to monitor performance against poverty related targets, for example those set out in the *Child Poverty Act, 2010*²⁰. They also use the related datasets to model the take-up of credit entitlements and to assess the impact of other government policies. Academics use the statistics to inform research into financial inclusion and other poverty related themes, and to forecast future income distributions. Researchers also use the statistics on income to inform their selection process for recruiting suitable participants to take part in income-related research programmes. Charities use the statistics to monitor affordable housing and characteristics of household wealth and spending. The statistics are also used by a variety of organisations in the production of other research reports and articles, for example in ONS's *Social Trends*²¹.
- 2.5 DWP has reported that it costs around £5m per year to produce its statistics on household resources.

¹⁸ Eligible non recipients are benefits units that are entitled to benefit, but that are not currently claiming the benefits that they are entitled to.

¹⁹ The statistics presented in *IRBTU* are produced using DWP's Income Support database, Jobseekers Allowance database and Pension Service database, and also extracts from the Single Housing Benefit Databases and the Rent Officer data databases owned by Local Authorities.

²⁰ <http://www.legislation.gov.uk/ukpga/2010/9/contents>

²¹ <http://www.ons.gov.uk/ons/rel/social-trends-rd/social-trends/social-trends-39/social-trends-full-report.pdf>

3 Assessment findings

- 3.1 DWP has created separate groups for users of the statistics presented in *HBAI*, *FRSAR* and *IRBTU*. These groups include users mainly from government departments and meet at least once a year to discuss proposed changes to the publications and potential new methods. DWP told us that the UK Data Archive²² also hosts a separate FRS user group for academics. During 2009, DWP conducted an open consultation on the content of *FRSAR* and published the results on its website²³. During 2010 and 2011 DWP undertook two consultation exercises to better understand the uses made of *HBAI* and *IRBTU* and to determine whether the releases meet users' needs. DWP published the outcome of the consultations on its website²⁴. DWP also maintains a record of all user queries it receives, and has introduced changes to the publications based on feedback from users. For example, it recently introduced in *IRBTU* additional analysis of benefit take up by government office region and ethnicity, following requests from users.
- 3.2 DWP does not host a user group specifically for users of *PI*, but during 2011 it tried to obtain the views of these users via an online survey. DWP told us that it received a low response to the survey and has not published the results. However, DWP told us that it receives queries and requests from users of *PI*, and that there is demand for the statistics. As part of the designation as National Statistics, DWP should take steps to develop a more complete understanding of the use made of *PI*, the needs of current and potential users, and user views on the service provided; publish the relevant information and assumptions and use them to better support the beneficial use of the statistics²⁵ (Requirement 1).
- 3.3 *HBAI*, *FRSAR*, *IRBTU* and *PI* all include information about the methods used to compile the statistics. Several users told us that, generally, they found the explanations in the releases about methods and technical aspects of statistical production clear and useful. The assessment team considers that, although there is methods information available to users within *IRBTU*, it does not clearly set out how the data are compiled to produce the statistics on benefit take-up. We suggest that DWP improve the information about methods within *IRBTU* so that it clearly sets out how the data are compiled.
- 3.4 DWP told us that the methods that it uses to compile income statistics is slightly different from that used by other European countries. DWP includes measures of income that are excluded by other European countries when compiling income statistics, for example the value of free school meals or free TV licences. DWP also deducts contributions to private pensions from incomes. We suggest that DWP clarify within the poverty publications how the methods used for measuring income differ from other European measures of income, to aid international comparisons.

²² <http://www.data-archive.ac.uk/>

²³ http://research.dwp.gov.uk/asd/frs/2007_08/frs_publication_content_%20review_2009.pdf

²⁴ The outcome of DWP's *IRBTU* consultation can be accessed at:

http://statistics.dwp.gov.uk/asd/index.php?page=irb_arc. The outcome of DWP's *HBAI* consultation can be accessed at: http://research.dwp.gov.uk/asd/index.php?page=hbai_arc. The outcome of DWP's *HBAI* usage survey can be accessed at:

http://research.dwp.gov.uk/asd/index.php?page=hbai_arc#usage_survey.

²⁵ In relation to Principle 1, Practice 5 of the *Code of Practice*.

- 3.5 ONS has published a useful Summary Quality Report (SQR) for the *FRSAR*²⁶. DWP also publishes information about the quality of the statistics within *FRSAR*, *HBAI*, *IRBTU* and *PI*; this includes a description of the accuracy of the statistics, potential sources of error or bias, and the coherence of the statistics. However, it does not provide sufficient information about the strengths and weaknesses of the statistics presented in *FRSAR*, *IRBTU* and *PI* in relation to their potential uses. As part of the designation as National Statistics, DWP should improve the information about the quality of the statistics included in *FRSAR*, *IRBTU* and *PI* so that it describes the strengths and limitations of the statistics in relation to the range of potential uses²⁷ (Requirement 2).
- 3.6 Initial checks of the survey data are carried out by ONS, and DWP subsequently carries out its own checks on the data. This lengthy quality assurance process causes a lag of roughly 14 months between the end of the FRS survey period and the publication of *FRSAR*, *HBAI*, *PI* and *IRBTU*. The 2009/10 *IRBTU* has been delayed for an additional 9-10 months due to developmental work. The assessment team has not seen sufficient evidence that DWP has assessed the extent to which the quality assurance procedures create an appropriate balance between accuracy and timeliness in accordance with users' needs. As part of the designation as National Statistics, DWP should review the balance between users' needs for accuracy and timeliness and consider whether more timely statistics could be produced²⁸ (Requirement 3).
- 3.7 *FRSAR* and *HBAI* are large releases which include many tables of statistics but very little commentary to assist users' understanding of the statistics. *FRSAR* does not include a summary of the main points so it is difficult for users to interpret the statistics and extract the main messages. The releases all provide information about household resources in the UK but DWP does not publish information about how the findings in the releases relate to one another. As part of the designation as National Statistics, DWP should improve the commentary in *FRSAR* and *HBAI* so that it aids user interpretation of the statistics²⁹ (Requirement 4). In meeting this requirement DWP should consider the points detailed in Annex 2.
- 3.8 There has been a delay in the 2009/10 FRS data being deposited at the UK Data Archive following a DWP data security review. DWP has been working to establish the discrepancy between its own data security requirements and the UK Data Archive's practices which enable researchers to access the data under licence. During the course of the assessment, DWP has deposited the FRS End User Licence dataset at the UK Data Archive, but it still has not deposited the Special User Licence dataset. Also during the course of the assessment, DWP has published information about the reason for the delay on its website³⁰, and has been working to resolve the issue as quickly as possible.

²⁶ <http://www.ons.gov.uk/ons/guide-method/method-quality/quality/quality-information/social-statistics/index.html>

²⁷ In relation to Principle 4, Practice 3 and Principle 8, Practice 1 of the *Code of Practice*

²⁸ In relation to Principle 4, Practice 2, Principle 7, Practice 5, Protocol 1, Practice 6 and Protocol 2, Practice 1 of the *Code of Practice*

²⁹ In relation to Principle 8, Practice 2 of the *Code of Practice*

³⁰ <http://research.dwp.gov.uk/asd/frs/>

3.9 In 2005, DWP started a work programme to link FRS data to other sources of income data with the purpose of validating survey data and allowing longitudinal analysis. It has introduced a consent question to the FRS, which has enabled it to start linking data for validation purposes. We suggest that DWP publish an updated data linking strategy which explains the extent to which initial objectives are being met, plans for future data linking work, and information about the extent to which the outcomes will address users' quality needs.

Annex 1: Suggestions for improvement

A1.1 This annex includes some suggestions for improvement to DWP's income statistics in the interest of the public good. These are not formally required for designation, but the Assessment team considers that their implementation will improve public confidence in the production, management and dissemination of official statistics.

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|---------------------|--|
| Suggestion 1 | Improve the information about methods within <i>IRBTU</i> so that it clearly sets out how the data are compiled (para 3.3). |
| Suggestion 2 | Clarify within the poverty publications how the methods used for measuring income differ from other European measures of income, to aid international comparisons (para 3.4). |
| Suggestion 3 | Publish an updated data linking strategy which explains the extent to which initial objectives are being met, plans for future data linking work, and information about the extent to which the outcomes will address users' quality needs (para 3.9). |

Annex 2: Compliance with Standards for Statistical Releases

- A2.1 In October 2010, the Statistics Authority issued a statement on *Standards for Statistical Releases*³¹. Whilst this is not part of the *Code of Practice for Official Statistics*, the Authority regards it as advice that will promote both understanding and compliance with the Code. In relation to the statistical releases associated with the Statistics on Poverty, Benefit Take Up and Household Resources, this annex comments on compliance with the statement on standards.
- A2.2 In implementing any Requirements of this report (at paragraph 1.5) which relate to the content of statistical releases, we encourage the producer body to apply the standards as fully as possible.

Appropriate identification of the statistics being released

- A2.3 The title of each release clearly describes the period to which the statistics relate. Only the title of *FRSAR* indicates the coverage of the statistics. None of the releases includes a statement about the frequency of publication, although it is possible to deduce this from the commentary. The National Statistics logo is clearly displayed on all releases. The releases clearly identify the originating department and provide contact details for the responsible statistician. The first section of all releases includes a background/introduction section that outlines the structure of the report, identifying the main topics that the report covers. It is reasonably clear which statistics are new.

Include commentary that is helpful to the non-expert and presents the main messages in plain English

- A2.4 *PI*, *IRBTU* and *HBAI* include a summary of the main results at the start of the release but *FRSAR* does not. All of the releases include a section which explains definitions and concepts in a good level of detail. However, the complex nature of the topic area means that the narrative is still quite technical which could make the releases inaccessible for the non-expert user. *PI* and *IRBTU* present detailed narrative alongside the statistics which in places goes beyond describing rises and falls in the data, and suggests potential reasons for observed changes. For example, *IRBTU* puts forward tentative reasons as to why eligible individuals may not access benefits. Similarly, *PI* suggests possible reasons for age differences in pensioner income. *FRSAR* and *HBAI* do not provide the same level of commentary alongside the statistical tables and graphs that are presented in the release. These releases should include more depth of narrative which draws out the main messages from the data and provides users with an appropriate context within which to interpret statistical trends.

Use language that is impartial, objective and professionally sound

- A2.5 The language used in all releases is objective and impartial throughout. The descriptive statements used are demonstrably consistent with the statistics.

³¹ <http://www.statisticsauthority.gov.uk/news/standards-for-statistical-releases.html>

Include information about the context and likely uses

A2.6 *HBAI* refers to the *Child Poverty Act 2010* and says that the *HBAI* statistics will be used to monitor six indicators in relation to the Act. The relevant statistics presented in *HBAI* are described in relation to these indicators. *PI*, *FRSAR* and *IRBTU* could be improved by including more information about the policy and operational context within which the statistics have been produced and will be used. *FRSAR* and *HBAI* include sections which present information about the main uses made of the statistics. *FRSAR*, *IRBTU* and *PI* do not include adequate information about the strengths and weaknesses of the statistics in relation to their potential uses.

Include, or link to, appropriate metadata

A2.7 The releases link to other useful and related statistical outputs and research. For example, *HBAI* links to *Poverty and Income Inequality in Scotland*³². Similarly, *IRBTU* compares the statistics that are presented on benefit take-up and marital status with findings from other published research, and suggests possible reasons for the findings. The releases could go into more detail about the degree to which the statistics presented are similar to other official statistics that relate to poverty, and discuss which sources are most appropriate for particular uses.

A2.8 All releases include detailed and useful information on the accuracy of the statistics and identify potential sources of error or bias. All releases include useful information on the data sources and methods used to compile the statistics. *FRSAR* has a detailed methodology section which describes sampling, data collection, how the data are validated, edited, and grossed, and how the statistics are compiled. This section also describes the use of harmonised concepts and questions and provides links to further information. *PI* presents less detailed methodology information but includes links to where users can find further details. The methods information presented in *IRBTU* could be improved by clarifying how each data source is used and how the statistics are compiled.

³² <http://scotland.gov.uk/News/Releases/2011/05/12142035>

Annex 3: Summary of assessment process and users' views

A3.1 This assessment was conducted from July to November 2011.

A3.2 The Assessment team – Emma Bowditch and Ruth James – agreed the scope of and timetable for this assessment with representatives of the DWP in July. The Written Evidence for Assessment was provided on 30 July. The Assessment team subsequently met DWP during August to review compliance with the *Code of Practice*, taking account of the written evidence provided and other relevant sources of evidence.

Summary of users contacted, and issues raised

A3.3 Part of the assessment process involves our consideration of the views of users. We approach some known and potential users of the set of statistics, and we invite comments via an open note on the Authority's website. This process is not a statistical survey, but it enables us to gain some insights about the extent to which the statistics meet users' needs and the extent to which users feel that the producers of those statistics engage with them. We are aware that responses from users may not be representative of wider views, and we take account of this in the way that we prepare assessment reports.

A3.4 The Assessment team received 22 responses from the user consultation. The respondents were grouped as follows:

Government	12
Research Institution/Think Tank	6
Charity/non-profit sector	2
Other public sector	1
Private sector	1

A3.5 Users were complimentary about the range of data that are available and generally considered the commentary and technical guidance to be comprehensive. One user felt that the methods information provided in *IRBTU* needed to be clearer but several other users were complimentary about the methods information available for the releases. Users generally considered the statistical teams within DWP to be very helpful and responsive. Some users identified timeliness as an area of concern. Several users mentioned that, at the time of consultation, they were still unable to access the full *FRS* dataset through the UK Data Archive. Some users also requested further disaggregation of the data in order to distinguish between rural and urban areas.

Key documents/links provided

Written Evidence for Assessment document

