

Uses and Users of the DWP Lifetime Labour Market Database Publications:

National Insurance Contributions and Qualifying Years Second Tier Pension Provision

Introduction

The Department for Work and Pensions (DWP) annually publish key statistics from the Lifetime Labour Market Database (L2).

The L2 publication contains figures on HMRC collected National Insurance contributions and qualifying years for DWP administered basic state pension; and membership of second tier pension schemes e.g. State Second Pension (S2P) and occupational pension schemes.

The L2 publication is released annually, and contains National Statistics on National Insurance Contributions and Qualifying years, and, Second Tier Pension Provision. Each new publication updates all previously released information, it comprises:

- First Release - with headline figures, graphs, and background information to the publication.
- The DWP Tabulation Tool – the Tabulation Tool provides the user with an interactive tool to select one of thousands of possible tabulations. Tables are available back to 1997 with information broken down by gender, age and earnings.
- Other tables and background information via links on the Tabulation Tool pages (e.g. links to long time series spreadsheets; descriptions of pension schemes). These summary tables are available back to 1978.

Known Uses of the L2 publications

The L2 publications (and underlying datasets) are used by DWP, HMRC and GAD for:

- Providing the evidence base for assessing the potential effect of policy options
- Monitoring current policy and evaluating recent changes
- Monitoring the effect on the pension system of changing economic conditions
- Answering Parliamentary Questions and Freedom of Information requests
- Forecasting pension expenditure

Outside DWP, HMRC and GAD, the internet based publication mechanism means that we cannot understand all the varied uses of these numbers. However, we do know that the L2 publication is used for:

- Providing general information on the National Insurance and pension process for United Kingdom citizens and those living outside the UK who have paid National Insurance since 1997
- Academic research into things such as understanding the volumes of women who elected to pay a reduced rate of NI contributions. This no-longer occurs as it's no longer an option but women could in the past do this and base their pension on their husbands contribution.
- Policy development and evaluation for example the data was used in estimating the impact of the State Pension reforms brought in in April 2010

Analysis of Users

We have conducted an analysis of our users for the L2 publication. There are two parts to the publication, the internal underlying datasets and the publicly available National Statistics comprising the First Release and associated Tabulation Tool and tables.

DWP Underlying Datasets

Access to the L2 datasets is available only to those with a valid business reason that has been approved by DWP's business case team. Under current data security arrangements external users need a sponsor and to have an interest aligned with DWP's current work programme and can access data only on DWP sites. We currently provide the L2 database to the Government Actuary Department (GAD) for modelling and forecasting purposes. Separate to these rules, DWP and HMRC have a data sharing agreement where HMRC provide the data from NIRS and DWP, in return, provide HMRC with the outputs in the form of the L2 database. HMRC use L2 for contribution and pay data and for providing ONS with income figures for the National Accounts released in the Blue Book (<http://www.ons.gov.uk/ons/rel/naa1-rd/united-kingdom-national-accounts/2011-edition/index.html>)

All other users are internal to DWP who use the data for performing analysis, modelling, forecasting, informing policy and answering ad hoc queries (from both internal and external sources) for all aspects of employment covered by the information collected on the P14.

The data is used to assess the historic impacts of various policy decisions, along with how this affects outcomes in later life. The data is also used heavily in the various forecasting models, where it provides accurate information on pension accruals, earnings and the impact of changing working patterns. Main areas of interest are currently pension entitlement and migration.

ONS currently utilise the L2 data in their Improving Migration & Population Statistics (IMPS) & Beyond 2011 projects, as it is currently the only source of administrative data that can estimate both the UK population and international flows. Outputs from L2 have helped to improve the migration elements of the ONS mid-year population estimates and have been utilised in the QA of the 2011 census. Going forward the L2 data is being used as a test environment for the Beyond 2011 project with a view to assessing the benefits of acquiring a 100% version of the data that will allow greater accuracy at sub-Local Authority output areas.

DWP Tabulation Tool

In the aim of identifying our external users, access logs for the period between 28th February 2011 and 3rd April 2011 were obtained for analysis of Tabulation Tool users using Internet Protocol (IP) addresses.

- The vast majority of users of the L2 Tabulation Tool had unidentifiable IP addresses accounting for over 90% of activity during the monitored access period.
- The top identifiable user of the Tabulation Tools was the Dow Jones International News Agency.
- The remaining identifiable users were from councils, universities and government related but independent organisations such as the Health and Safety Executive.

Valid Uses of DWP L2 publications

The L2 publications can be used for:

- Obtaining sample based numbers of people qualifying for basic state pension and/or who have second tier pension provision.
- Finding numbers of people who pay the various classes of National Insurance since 1997 and who have a qualifying year for State Pension.
- Exploring the characteristics of those with basic and second tier pension provision
- Evaluating DWP pension programmes. However, users should be aware that administrative changes in the tax and National Insurance system and in the pension system can and do affect the published numbers. Therefore, users should read footnotes carefully.

Areas of Unmet Need

Customers sometimes request the following:

- More timely release of statistics. These National Statistics are released around 18 months after the reference period. This is to allow for information to be received and processed by HMRC. In 2012 we are improving further to around 12 months.

How to comment and get involved

DWP would like to hear your views on our statistical publications. If you use any of our statistics publications, we would be interested in hearing what you use them for and how well they meet your requirements. Please email DWP at stats-consultation@dwp.gsi.gov.uk or complete the ongoing questionnaire at:

<https://www.gov.uk/government/publications/dwp-statistical-summary-questionnaire>

If you would like to receive occasional e-mails from DWP to directly inform you of documents seeking the views of users, please email general.statistics@dwp.gsi.gov.uk giving details of the DWP publications you use.

In addition to these, DWP use a number of routes to seek user views. For example:

- National Statistics consultations are run for large proposed changes. For example, in 2005 a consultation was held to change the headline data source for benefit statistics.
- Hold six monthly meetings with a selection of users
- New statistics are developed in conjunction with groups of stakeholders to help understand and quality assure output
- Monitor the usage of the DWP website and Tabulation Tool
- Monitor ad hoc analysis requests

Ad hoc comments are also welcome. Please provide such comments to:

stats-consultation@dwp.gsi.gov.uk

For all other enquiries please contact the appropriate person using the list at:

<https://www.gov.uk/government/organisations/department-for-work-pensions/about/statistics#contacts-for-statistics>