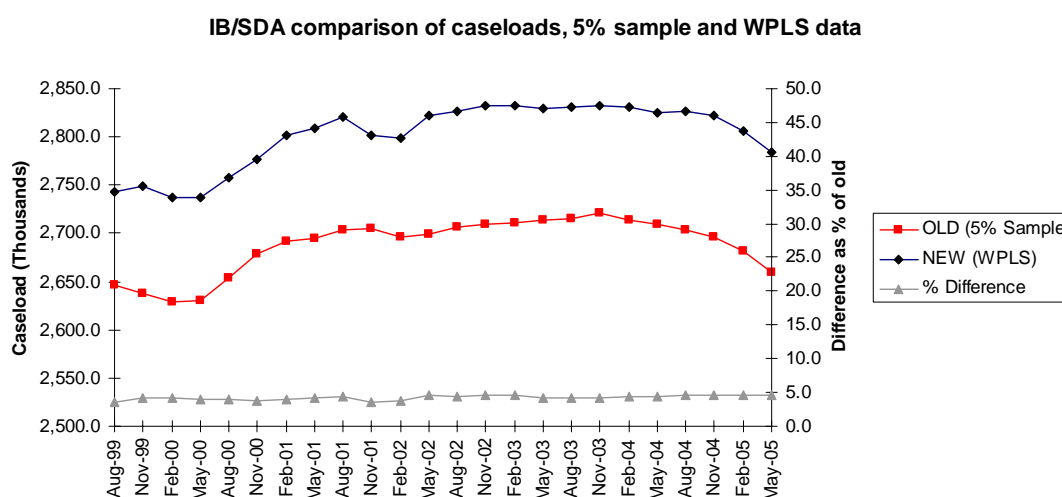


Incapacity Benefit and Severe Disablement Allowance (IB/SDA)

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

The WPLS data series for IB/SDA is available from August 1999. Between August 1999 and May 2005, the WPLS caseload ranged from 3.7% to 4.7% greater than that obtained from the 5% sample data, the equivalent of 97 thousand to 124 thousand cases.



Investigation of August 2004 data revealed that the caseload shown by the 100% data was 122 thousand greater than the 5% sample data. The main causes of this difference have been identified. (See the glossary below for explanations of Retrospection, Sampling Error.) These are:

- 1 **Retrospection** accounts for around 40 thousand cases at August 2004.
- 2 **Sampling Error** around the 5% data means that national IB/SDA totals could be around 14 thousand greater or smaller than the true population value, assuming a 95% confidence interval.
- 3 **Approaching pension age** explains around 12 thousand of the net difference at August 2004. Claimants approaching pension age leave the 5% IB data as they approach pension age and are transferred to the State Pension side of the system. The 100% data continues to pick these cases up as IB, and therefore allows us to include these in the IB caseload.
- 4 **End dates** accounts for about 14 thousand cases at August 2004. This group occurs due to estimated end dates on the 100% data. The end dates are estimated within a six week period. This is because the real end date could be anywhere between the two most recent extracts from the live system. These happen every six weeks.
- 5 **Coverage** explains about 50 thousand of the difference at August 2004. These cases are mainly a combination of live cases that do not appear on the 5% data, and terminated cases that do not leave the 100% data scans until after the claim has ended (often up to 5 months).
- 5 **Others** There were an additional 6 thousand cases on the 100% IB/SDA source data only at August 2004, and which could not be classified into any of the above categories.

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.