Background Quality Report: Provisional Tax Credit Awards – Dec 2012

Dimension	Assessment by the author
Introduction	***Context for the quality report.*** Tax credits were introduced in April 2003 replacing Working Families' Tax Credit, Disabled Person's Tax Credit and Children's Tax Credit. They are an important part of the Government's policy aims to provide adequate financial incentives to work, reduce child poverty and to increase financial support for all families. - Working Tax Credit tops up the income of families on low or moderate income subject to certain eligibility criteria being met. More information about eligibility can be found on the [HMRC website](#) - Child Tax Credit provides support to families for the children for which they are responsible. Children are eligible up to the 31st August after their 16th birthday or until their 19th birthday if they are in full-time non-advanced education. This publication provides information about: - The number of families receiving Working Tax Credit and Child Tax Credit - Or, equivalent child support through Income Support or income-based Jobseeker's Allowance - The number of children and adults in those families and the level of entitlement being received and distinguishes between those families in and out of work. - In addition, the publication provides information on numbers benefiting from additional Tax Credit elements such as childcare and disability. As the amount of Tax Credit received depends upon the family income and circumstances the data could provide an insight into the affluence of an area together with the families that live there. However, this data does not give an indication of those who do not receive Tax Credits either as a result of being ineligible or through not claiming Tax credits are based on household circumstances and can be claimed jointly by members of a couple, or by singles. Maximum 'untapered' entitlement is based on a variety of different factors such as age of claimants, hours worked, number and age of children, childcare costs and disabilities. A household's actual (tapered) entitlement is then determined by tapering the maximum amount according to income provided for Tax Credits purposes. **iii) Data source and how the data were collected**

	The data are initially based upon the information provided by the claimant in their initial application. Claimants are also sent an annual renewal pack which asks them to confirm that the information held is still accurate. Claimants are also required to inform HMRC if there are changes to their circumstances in the intervening period. KAI received this data from a scan of the NTC system, and it is delivered via the Worthing data warehouse.
	The estimates in the tables for in-work and out-of-work families administered by HMRC are based on data for a random sample of families with awards at the reference date, extracted from the tax credits computer system on that date. The sampling method used and calculations are discussed in the accuracy and reliability section below.
	The estimates for out-of-work families administered by DWP are derived from scans of the benefits systems. These identified all families with children receiving benefits at August 2012. Subsequent matching is then done to NTC to remove families who already appear in TC's.
Relevance	***The degree to which the statistical product meets user needs in both coverage and content.***
	The provisional awards are currently published at the end of April and December. These statistics are as close to real-time as possible and represent the picture as at the beginning of April and December. These are National Statistics and the month of publication is pre-announced a year in advance with the exact date being published in the preceding publication.
	The statistics contained in this publication will be of interest to anyone who is looking for the latest possible data on Tax Credits. Specifically, there are aggregate statistics on who is getting what level of tax credits support as well as breakdowns by various subcategories - e.g. family composition, family income, work status, and geographical analyses. It may be of interest to academics, think-tanks, political parties interested in the twin aims of Tax Credits: eradicating child poverty and improving work incentives. Equally, it may be of interest to people considering wider questions on government support systems and/or others designing benefit systems.
Accuracy and Reliability	***The proximity between an estimate and the unknown true value.***
	Estimates: For Tax Credits, the published tables are based on a random sample of families receiving CTC or WTC at the reference date. The sample comprises 10 per cent of such single adults (with or without children) and 20 per cent of such couples. Each figure in the tables is derived by weighting the relevant sample cases by the inverses of these sampling fractions. The figures in the tables are therefore estimates, but we know how accurate they are. For example, suppose that there are 100,000 couples with a characteristic. This number is not known, and we are to estimate it via the sample. Each couple is sampled with a probability of 0.2. Statistical theory says that there is a 95 per cent probability that the

number sampled will lie between 19,752 and 20,248, and that the resulting estimate will lie between 98,760 and 101,240. At least approximately, then, where an estimate of 100,000 is derived from the sample, the true figure lies between these figures, with a 95 per cent probability. That is, the "95 per cent confidence interval" for the estimate is the estimate itself plus or minus 1,240. The width of the confidence interval varies with the size of the estimate and the sampling fraction, as shown in the table below. For estimates that comprise a mixture of couples and single adults, the figures will lie between the two sets shown, according to the mix.

Confidence intervals for estimates of recipient families

Estimated value	95% confidence interval		As % of the estimate	
	Couples	Single adults	Couples	Single adults
'000	'000	'000		
1	± 0.1	± 0.2	± 12%	± 19%
2	± 0.2	± 0.3	± 8%	± 12%
5	± 0.3	± 0.4	± 6%	± 8%
10	± 0.4	± 0.6	± 4%	± 6%
25	± 0.6	± 0.9	± 2.5%	± 4%
50	± 0.9	± 1.3	± 1.8%	± 2.6%
100	± 1.2	±1.9	± 1.2%	± 1.9%
250	± 2.0	±2.9	± 0.8%	± 1.2%
500	± 2.8	±4.2	± 0.6%	± 0.8%
1,000	± 3.9	± 5.9	± 0.4%	± 0.6%

Each case is further weighted so that the overall total equals an independent count of families with awards.

Revisions: The provisional numbers relate to the caseload position at a snapshot point in time, based on the family circumstances we have been informed of by each family prior to that particular time. The finalised awards (published in April each year) relate to the complete retrospective picture for the year, based on a finalised view of family incomes and circumstances. The caseload population will be different, (so it should be noted that they are NOT a revision as such for this reason) between the two publications as a result of HMRC knowing the complete finalised picture of the award.

Timeliness and Punctuality	*Timeliness refers to the time gap between publication and the reference period. Punctuality refers to the gap between planned and actual publication dates.*
	The publication dates are published in the preceding publication and produced in order to give us enough time to produce the analysis, quality assure it and to get it into the right format for publication. It is down to KAI to agree an appropriate publication date. All publications have been published on the pre-announced date.
Accessibility and Clarity	*Accessibility is the ease with which users are able to access 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.
	The Provisional Tax Credits publication is released through UK National Statistics publication Hub which is a gateway to all UK National Statistics.

The statistics are available to download in both PDF and Excel formats directly from our website. The Excel version is available so that people can directly access the statistics and incorporate them in to their analysis or reports.

The low level LSOA data is also made available through the Neighbourhood Statistics website to ensure that it reaches the widest audience possible.

The HMRC website conforms to a number of accessibility criteria – more information can be found on the website itself:

HMRC Accessibility

The statistics themselves are only available in either Excel or PDF versions, but also information is provided over the telephone when customers contact us about the statistics.

There is also an accessibility statement on the Neighbourhood Statistics website:

Neighbourhood Statistics Accessibility |
| **Coherence and Comparability** | *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.* |
| | One of the recommendations that arose from the UKSA review was that further explanation was needed as to the purpose of each of our similar publications, and who would benefit most from each one. We extended the introductions to include details of why each one was different, and how they could be most beneficial to users.

It became impossible to fully compare with the previous publications due to numerous policy changes regarding Tax Credits, in particular at Spending Review 2010. Changes in geographical boundaries and area codes also have an impact on time series analysis. |
| **Trade-offs between Output Quality Components** | *Trade-offs are the extent to which different aspects of quality are balanced against each other.* |
| | The Provisional Tax Credit Statistics in December will model entitlement for the whole year; even though they are a snapshot picture compiled using the data at the end of November. It is not until finalisation (and thereby in the finalised award data publication) |

	that a complete retrospective picture for the year, based on a finalised view of family incomes and circumstances, is known. So, the trade-off that should be considered is that figures for provisional awards are more up to date, but are subject to retrospective change. The sizes of these changes can be seen by comparing the data for selected dates in finalised awards with data published earlier on provisional awards at the same snapshot dates. The provisional award data tables classify families according to the levels of their entitlement at the reference date, modelled from data on their circumstances and their latest annual incomes reported and processed by that date. The actual amount being received at that date can be lower, due to the recovery of earlier overpayments. The tables describe as "recipients" all families with positive modelled entitlement, though in some cases the payments are reduced to zero.
Assessment of User Needs and Perceptions	*The processes for finding out about users and uses, and their views on the statistical products.*
	A formal review of our National and Official Statistics publications was held between May and August 2011. Over 130 responses were received from a broad range of users. A report summarising the responses received was published in May 2012, with a summary of the results presented here. User Consultations: HMRC recognises the importance of consulting on policy, legislative and operational change and has set out its approach on HMRC.gov.uk. When it is appropriate to run a formal, public, written consultation exercise, HMRC Tax Credit Statistics do so in accordance with the Cabinet Office guidelines. Informal consultation, surveys and reviews are also conducted periodically. We also maintain a spreadsheet containing every request we receive from users, which include the general public, Parliamentary Questions, OGD's, Local Councils, etc.
Performance, Cost and Respondent Burden	*The effectiveness, efficiency and economy of the statistical output.*
	The Tax Credit Data are derived from Bi-Annual Scans for a single entitlement year from our live NTC system based in Telford. The operational cost of producing each scan is minimal after the initial cost of setting up the regular scan. These scans are needed for other purposes aside from the production of National Statistics and for this reason need to be viewed as on-going operational costs. The internal time spent (staff resource time) producing the statistics is approximately 100-120 hours work over two different grades

	It should be noted that as there is no burden on the respondent (survey time) for the production of these statistics, it would be plausible to assume that the resource allocation would be lower than for comparable published statistics produced by other government departments. However, there is no data available to support this claim.
Confidentiality, Transparency and Security	***The procedures and policy used to ensure sound confidentiality, security and transparent practices.***
	HMRC records management is designed to ensure HMRC compliance with: ▪ the Data Protection Act 1998 (DPA); ▪ the Public Records Act 1967 (PRA); ▪ the Freedom of Information Act 2000 (FOI) (in particular the Code of Practice on Records Management issued under s46 FOI which requires that public authorities have effective record-keeping arrangements in place); and ▪ HMRC's own policies for the efficient management of its information. Controlled Access Folders (CAFS) are used for the working production of the Provisional Tax Credit Statistics. Housekeeping checks are performed on the folder to ensure clarity of ordering and naming conventions. Information retrieved and published is for anonymised counts. With regard to Confidentiality, prior to the date and time of publication, the data is classified as restricted and is only made known to those involved in the publication process. As part of the Ministerial Submission Process, designated individual would have access to the published version twenty-fours hours before the release of the publication.