Department for Work & Pensions

DWP Latest Updates

Setting the scene

- We all recognise there has just been an election.
- We are not able to answer any questions around policy.
- The presentation today focuses on analytical updates and developments.
- We develop our statistics in the context of the Code of Practice and are focusing here on some of our methodological developments or data and results recently published.

DWP Statistical Work Programme
https://www.gov.uk/government/publications/dwp-statistical-work-programme/statistical-work-programme

Areas of Research Interest (ARI)

- DWP Areas of Research Interest 2023 - GOV.UK (www.gov.uk) - A comprehensive and concise summary of the topics relevant to DWP.
- Published late last year.
- 61 ARI questions relevant to the breadth of DWP analysis for the next 5-10 years.
- The External Engagement & Science Strategy Team are happy to field queries and help make connections with the appropriate members of the DWP analytical community (EVIDENCE.STRATEGYTEAM@DWP.GOV.UK).
- ARI Database | Search, browse or analyse Areas of Research Interest (ARIs) from UK governmental bodies - Whitehall ARI Database, which draws together all UK government ARI questions in a searchable format for cross reference.

Department for Work & Pensions

Family Resources Survey (FRS)

https://www.gov.uk/government/collections/family-resources-survey--2

team.frs@dwp.gov.uk

Claire Cameron

Family Resources Survey update

Latest edition published in March

- Datasets are now available via UK Data Service, the ONS secure research service and via the Stat-Xplore online tool. You can use Stat-Xplore yourself to create your own FRS tables (2002-03 to 2022-23).

The FRS continues to be one of the country's large-scale household surveys – over 40,000 adults in last year's sample

- However, it remains the case that gaining household response has continued to be challenging
- Consequently, we expect a final achieved sample for 2023-24 of around 17,000 households (approx. 29,000 adults)

The FRS continues to focus on concepts which are core to the DWP policy arena

- income, from work & earnings, pensions, state benefit receipt, or other sources such as investments
- characteristics such as demographics, tenure, disability, carers, child maintenance and childcare
- other facets such as material deprivation, pension participation, household food security & food bank usage

Emphasis on Trustworthiness:

- **Background Information & Methodology** now aligns to the format of the GSS Background Quality Report template
- **Release Strategy** provides transparency of our plans for future years Family Resources Survey: release strategy - GOV.UK (www.gov.uk)

Improvements to Quality:

- Rural-Urban indicators updated to align with Census 2011 classifications
- **Cost-of-Living Payments included** within the relevant income variables on the FRS dataset. Therefore, any derived variables used within the calculation of benefit unit and household income include CoLP amounts as appropriate

Family Resources Survey key developments in 2022-23 data

Added Value:

In response to our annual user engagement exercise (QCON), new questions were added to the FRS questionnaire, to collect information of interest to our users.

Some examples of important new variables:

- SHELTER2: question changed to ask whether the accommodation is supported housing - to help with future planning of adult social care and related benefits.

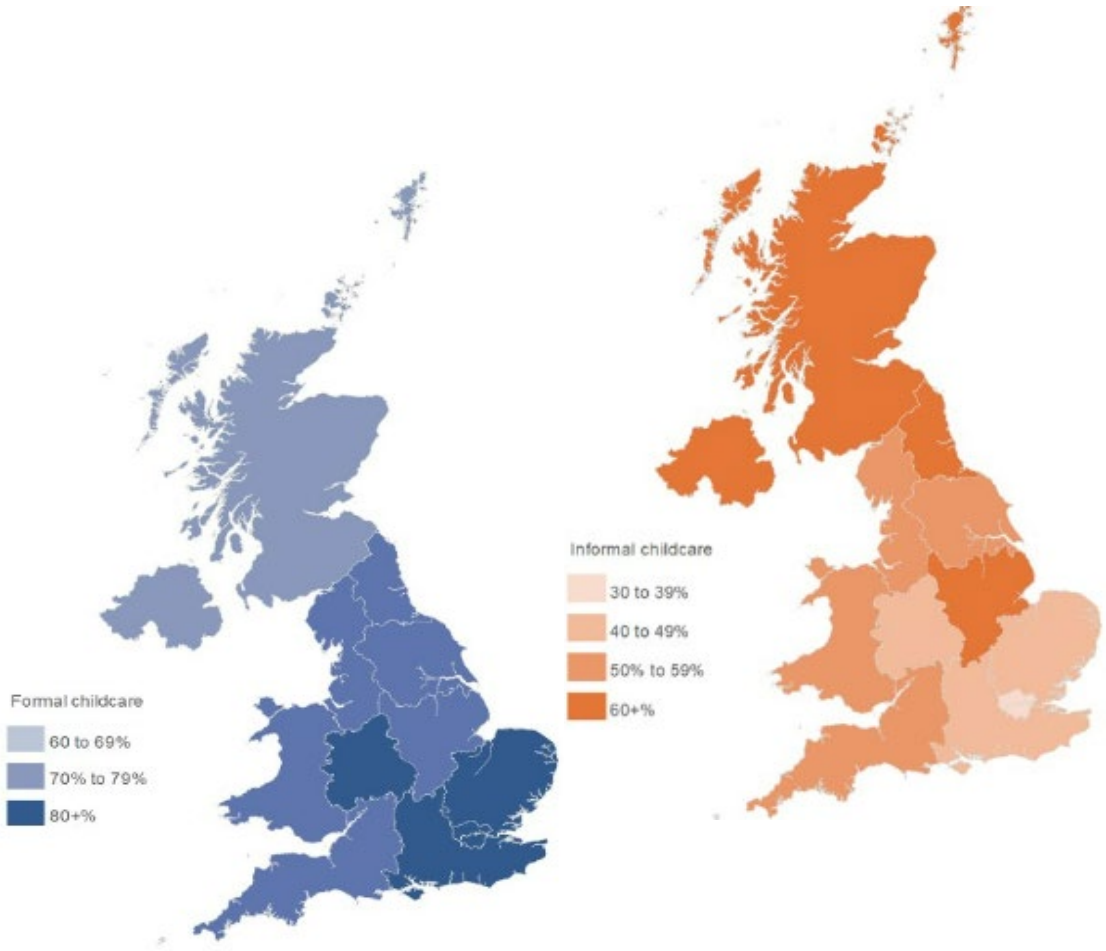
- On the RENTER table:
  - (i) HBUC - to improve information about rent payment arrangements of households receiving Universal Credit;
  - (ii) RECEIPT - amount of rent after deducting benefits paid directly to the landlord/property agent;

- On the CARE table, for Local Authority (LA) paid-for care: CAREPAY and WHOLOO21 - to distinguish between care paid for privately and care paid for by the LA, or where care is paid for by a combination of both LA and private funds.

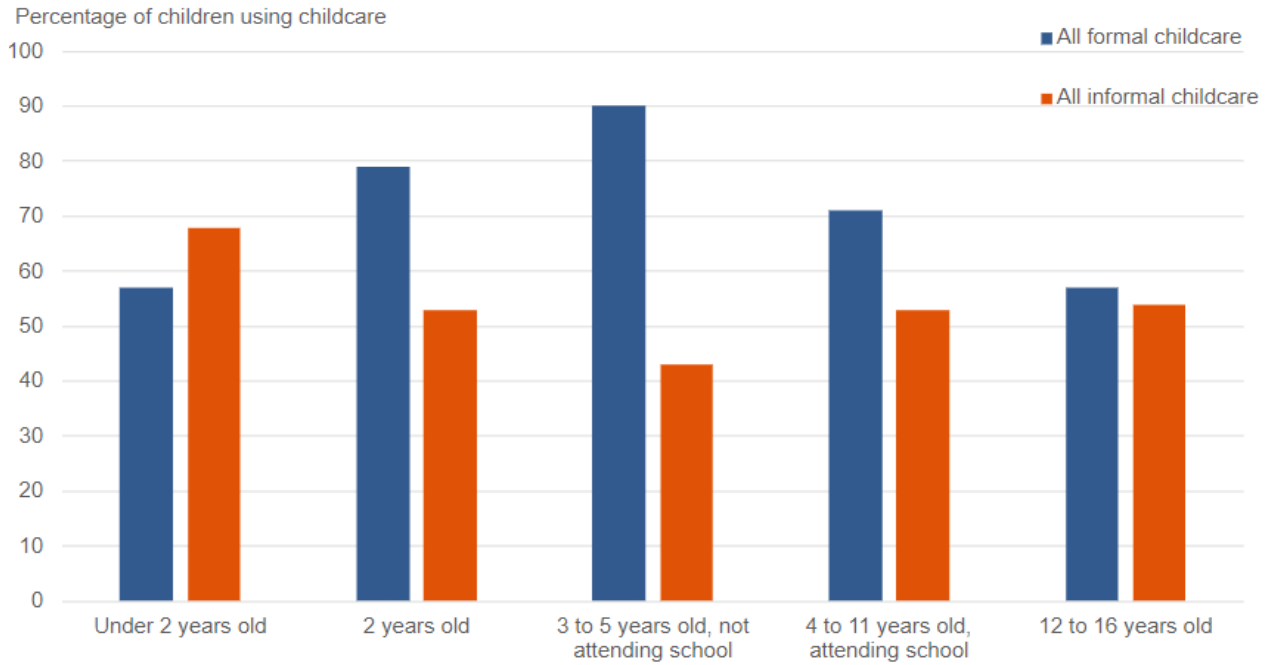
- ACCLEAVE and ACCREASN - to monitor housing stability and identify the types of households who are at most risk of becoming homeless.

Childcare for the first time, the FRS published tables and charts on childcare, drawing on information that has been available in the dataset for over 10 years

Childcare data has been added to the FRS section of Stat-Xplore (in the *Family* section) so users can create their own tables of statistics.



- User input indicated that it would be useful to see differences between types of childcare provider. [Tables 10.2, 10.3, 10.6, 10.7, 10.8]
- FRS data demonstrates how those in receipt of benefits, make use of informal childcare. [See Table 10.8]



- The childcare chapter [Table 10.5] shows how payments differ by age of child, and whether the child is/is not attending school.

Department for Work & Pensions

Households Below Average Income (HBAI)

https://www.gov.uk/government/collections/households-below-average-income-hbai--2

team.hbai@dwp.gov.uk

Dawn McDonagh

HBAI Introduction

- **Annual Accredited Official Statistics focused on UK living standards** - a key source for data and information about poverty estimates and household income.
- It meets **DWP's statutory obligation** to publish a measure of relative and absolute low income, and combined low income and material deprivation for children under section 4 of the Welfare Reform and Work Act 2016.
- **Estimates** for:
    - Average incomes
    - Income inequality
    - Numbers and percentages of individuals (children, working-age adults and pensioners) living in low-income households.

  Also:
    - Material Deprivation
    - Household Food Insecurity
    - Household Food Bank Usage

- **Main findings** presented in our 22/23 Report, our Quality and Information Methodology Report as well as extensive published tables are available on gov.uk.
- **Data** is available on Stat-Xplore, along with a user guide and via the UK Data Service, again with extensive user documentation.
- Please do contact our team mailbox: team.hbai@dwp.gov.uk with feedback and with any queries.

HBAI 22/23 publication and forward look

For HBAI 22/23:

- **Cost of living support schemes** were included in HBAI estimates of household income.
- **Separate adhoc analysis was published** illustrating Cost of Living Support – impact on HBAI FYE 2023 low-income statistics.
- **Use of mixed mode in FRS 22/23** is detailed in an Annex, presenting the effect on the overall FRS sample composition and the degree of impact on HBAI statistics (also separate technical reports are available for 20/21 and 21/22).
- **Changes are assessed against 21/22 or pre-pandemic estimates and trends** and continue to advise users that changes in estimates over recent years should be interpreted being mindful of the differences in data collection approaches across the pandemic period and the effect this had on sample composition.
- **All three-year average estimates remain based on two data points** for any period including 20/21. Next year, the calculation will revert to using three data points.
- **Material deprivation time series resumed**, calculating the changes in the estimates since 19/20 when responses were last comparable. Estimates for 20/21 and 21/22 are presented as individual data points in published charts and we advise users not to make direct comparisons with pre-pandemic estimates.

For HBAI 23/24:

- **Review of Material Deprivation Measures:** as announced in the FRS Release Strategy and Statistical Work Programme, the first results based on the new questions are expected to be published in HBAI 23/24 release in March 2025. Lottie is providing a presentation of the LSE Review.

Department for Work & Pensions

Income Dynamics

https://www.gov.uk/government/collections/income-dynamics-statistics

team.incomedynamics@dwp.gov.uk

Helen Smith

Income Dynamics 2010-2022: persistent low income

Income Dynamics (ID) uses Understanding Society (USoc), managed by the University of Essex, to present findings on persistent low income and movements into and out of low income, and across the wider income distribution. This year we included Wave 13 of USoc, with analysis covering twelve years, from 2010 to 2022.

Persistent low income: headline findings

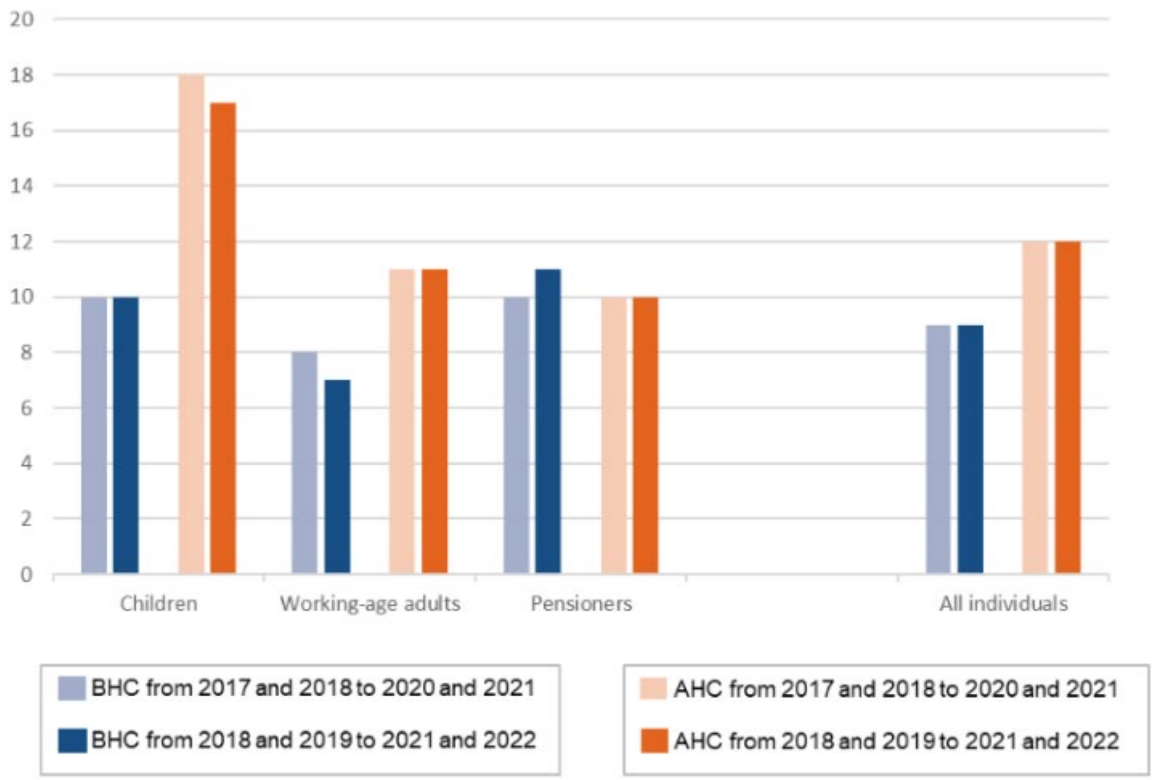


Chart shows rates of **persistent low income** for the two most recent four-wave periods, for children, working-age adults and pensioners, and for all individuals.

Definition: in relative low income for any three out of the most recent four waves.

Before Housing Cost rates are lowest for working-age adults, and slightly higher for children and pensioners. **After Housing Cost** rates are highest for children.

Persistent low income rates are lower than HBAI (single-year) rates, and are relatively **stable over time**.

Income Dynamics 2010-2022: income mobility

Short-term movements into and out of relative low income (‘entries and exits’)

Across the most recent two-waves (2020-21 to 2021-22), similar numbers of individuals entered into as exited from low income.

Before Housing Costs:

- 38% of those who were in low income in 2020-21 exited from it.
- 8% of those who were not in low income in 2020-21 entered into it.

Exit rates are higher than entry rates because they are based on a smaller denominator.

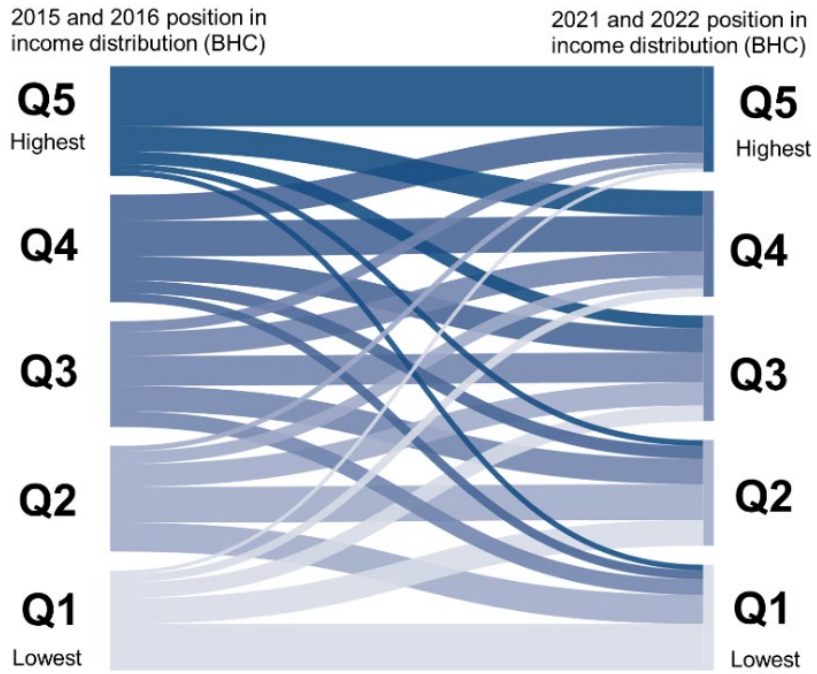
Analysis of how different household-level changes are associated with these movements found that:

- changes in earnings, benefits and employment were closely linked to movements into and out of low income.
- changes in amount of full-time work were more closely linked to movements into and out of low income than changes in any amount of work or changes in working status (e.g. a change from not working to working and vice versa)

Longer-term movements across the full income distribution

Comparing position in 2021-22 to 2015-16:

- Most movement towards the middle of distribution
- Less movement at the top and bottom



Income quintiles divide the individual income distribution into five equally- sized groups. Q5 have the highest income.

Department for Work & Pensions

Pensioners' Incomes (PI) and Take-up

https://www.gov.uk/government/collections/pensioners-incomes-series-statistics--3
https://www.gov.uk/government/collections/income-related-benefits-estimates-of-take-up--2
pensioners-incomes@dwp.gov.uk
irb.takeup@dwp.gov.uk

John Bilverstone

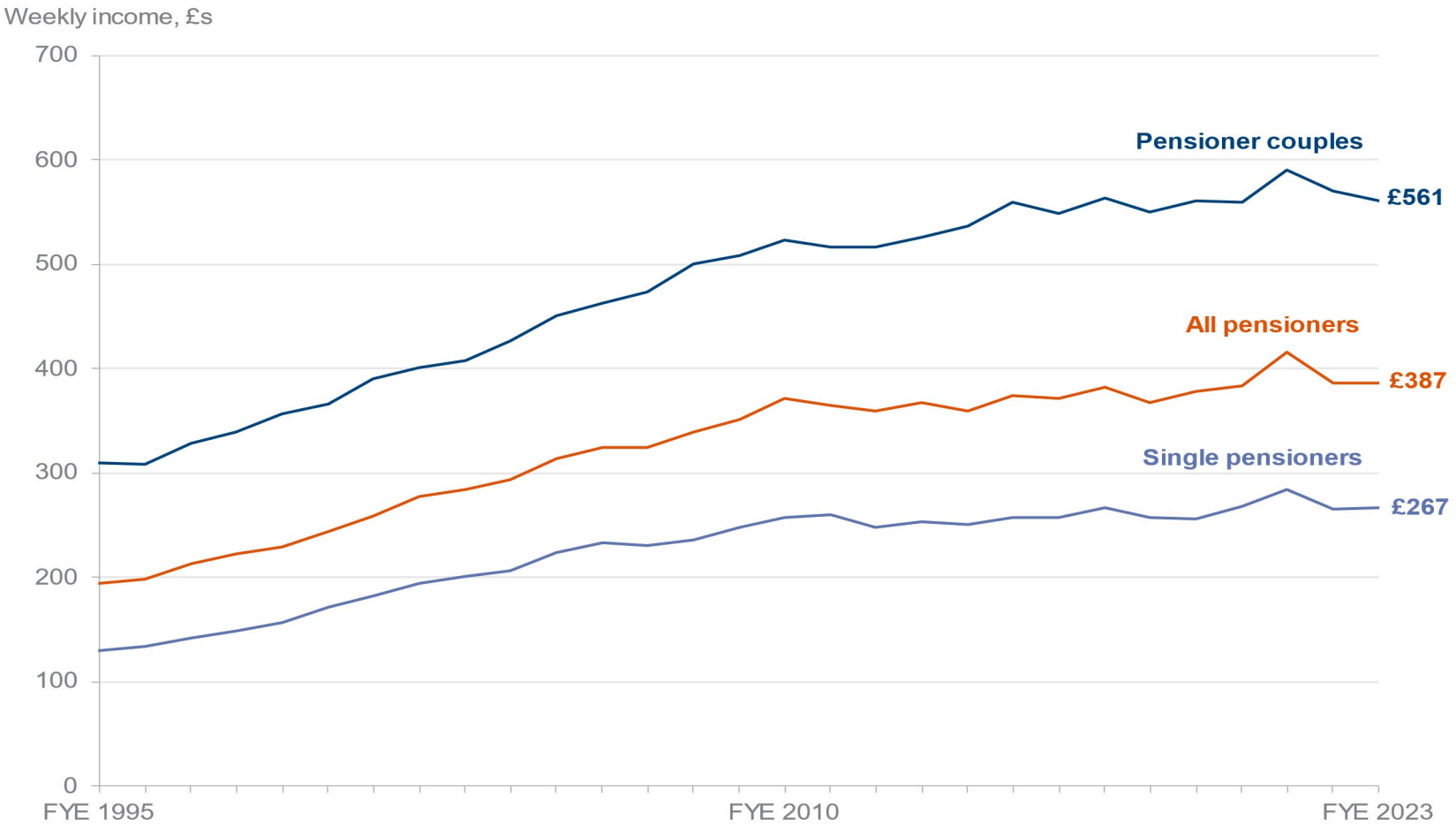
Pensioners' Incomes (PI) introduction

- Annual Accredited Official Statistics publication which reports on pensioners' incomes from the FRS.
- The statistics examine how much income pensioners get each week and where they get that income from. They look at how their incomes have changed over time and variations in income between different types of pensioners.
- Estimates are normally based on a sample of around 7,000 pensioners in private households in the UK. For financial year 22/23, there were 9,390 pensioner units in the sample.
- We added two new tables to the table pack this year in response to user feedback. One shows the overall income distribution, and the other new table shows the number of pensioner units with income from State Pension and state benefits only.
- PI data is available to users on Stat-Xplore as well as on the UK Data Service (UKDS).
- In financial year 22/23, PI estimates also included Cost of Living Payments.

Pensioners' Incomes (PI) latest results

Pensioners' incomes have increased since 1995

Average median weekly income of pensioners (after housing costs) in financial year ending (FYE) 2023 prices (£)



- In FYE 2023, pensioners had an average median income of £387, which was a statistically significant increase from FYE 1995, when it was £195.
- The average median income for pensioner couples was £561 per week. Single pensioners had an average income of £267 per week. This difference is statistically significant.

Income-related benefits: estimates of take-up introduction and latest results

- Annual statistical publication which reports on the take-up of benefits.
- Take-up refers to the receipt of benefits someone is entitled to - by caseload (% of eligible people) and expenditure (% of money claimed).
- FRS data is matched to administrative records to produce estimates for the main income-related benefits – currently Pension Age only – Pension Credit and Housing Benefit (for pensioners).

Overall PC caseload and expenditure figures for FYE 2022

6 out of 10 of those entitled to PC claimed the benefit

73% of the total amount of PC that could have been claimed was claimed

Overall HB (for pensioners) caseload and expenditure figures for FYE 2022

8 out of 10 of those entitled to HB (for pensioners) claimed the benefit

84% of the total amount of HB (for pensioners) that could have been claimed was claimed

Income-related benefits: estimates of take-up challenges

- We began development work on a take-up measure for UC but are unable to complete this work during the managed migration of claimants onto UC as part of the UC roll-out programme. Whilst there are still large numbers of people in receipt of legacy benefits & credits, a UC take-up rate would not provide the full picture of what was happening for the entitled working-age population.

- To develop a methodology that takes account of both UC and legacy benefits & credits there are several complex conceptual and methodology issues we are having to work through, for example in defining and calculating the estimate of Entitled Non-Recipients and their entitled amounts, as well as developing our understanding of new datasets for this analysis.

- Our release strategy document on our publication home page will be updated when we start to develop a UC and legacy benefits & credits take-up measure.

Unfulfilled Eligibility

- DWP has a new publication called "**Unfulfilled eligibility in the benefit system Financial Year Ending (FYE) 2024"**
- The publication can be found via the following link : Unfulfilled eligibility in the benefit system: financial year 2023 to 2024 estimates - GOV.UK (www.gov.uk)
- This publication estimates how much extra money benefit claimants could be getting if they told us accurately about their circumstances. These people are already getting some money on a certain benefit but may not be getting all the money they could be eligible for on this benefit – we call this unfulfilled eligibility.
- These unfulfilled eligibility estimates are based on information that was previously included in the Fraud and Error in the Benefit System statistics as Claimant Error underpayments. They were removed and reclassified and are now published separately following a planned review of the fraud and error statistics.
- This publication does not cover the take-up of benefits and so is a separate publication to the one we produce annually.
- For further information please contact : **enquiries.fema@dwp.gov.uk**

Department for Work & Pensions

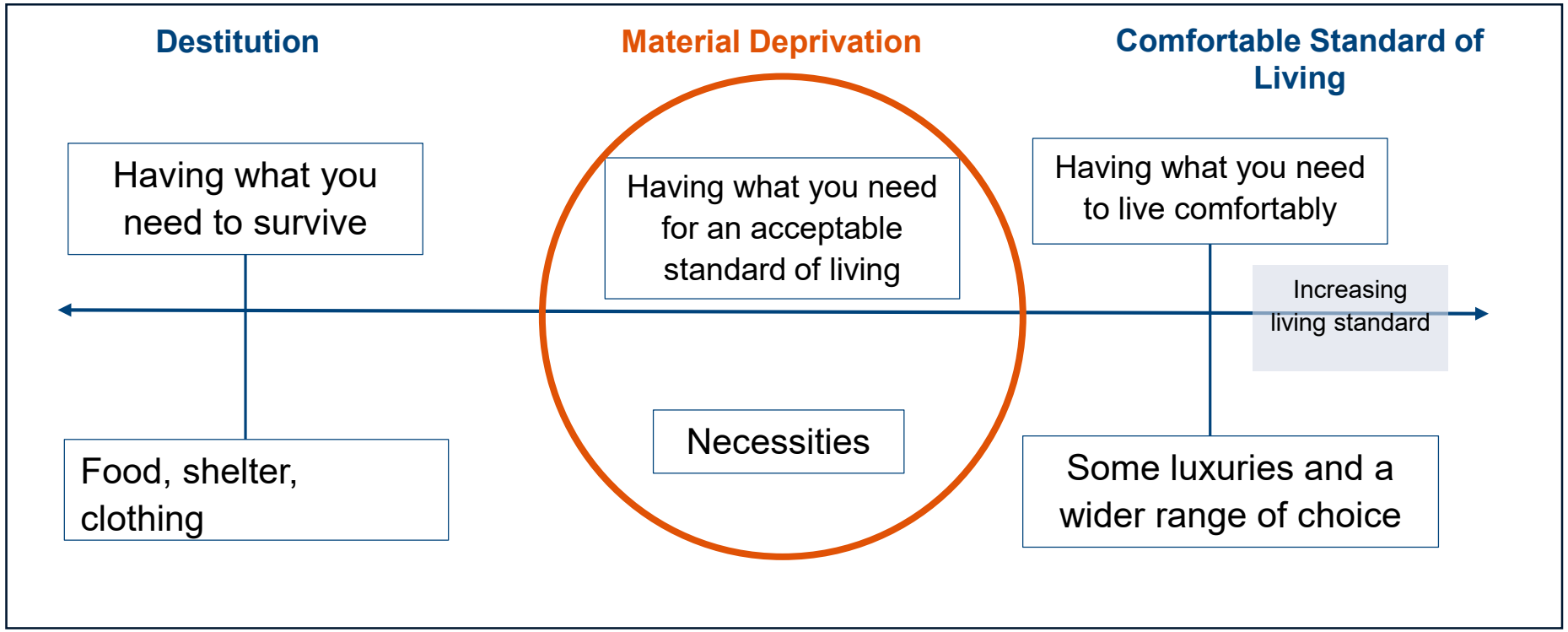
Material Deprivation Review

Review of UK Material Deprivation Measures (publishing.service.gov.uk)

Lottie Devaney

Introduction: what is material deprivation?

Positioned between destitution, where you lack what you need to survive, and a low but comfortable standard of living with resources to afford some luxuries.



Introduction: why have we reviewed the measures?

Context

The Code of Practice for Statistics requires regular reviews of the HBAI Accredited Official Statistics.

The Office for Statistics Regulation also made several recommendations in relation to the official UK material deprivation measures in 2021, including reviewing the questions that underpin them.

Objectives

Review 3 sets of material deprivation items and methodologies:

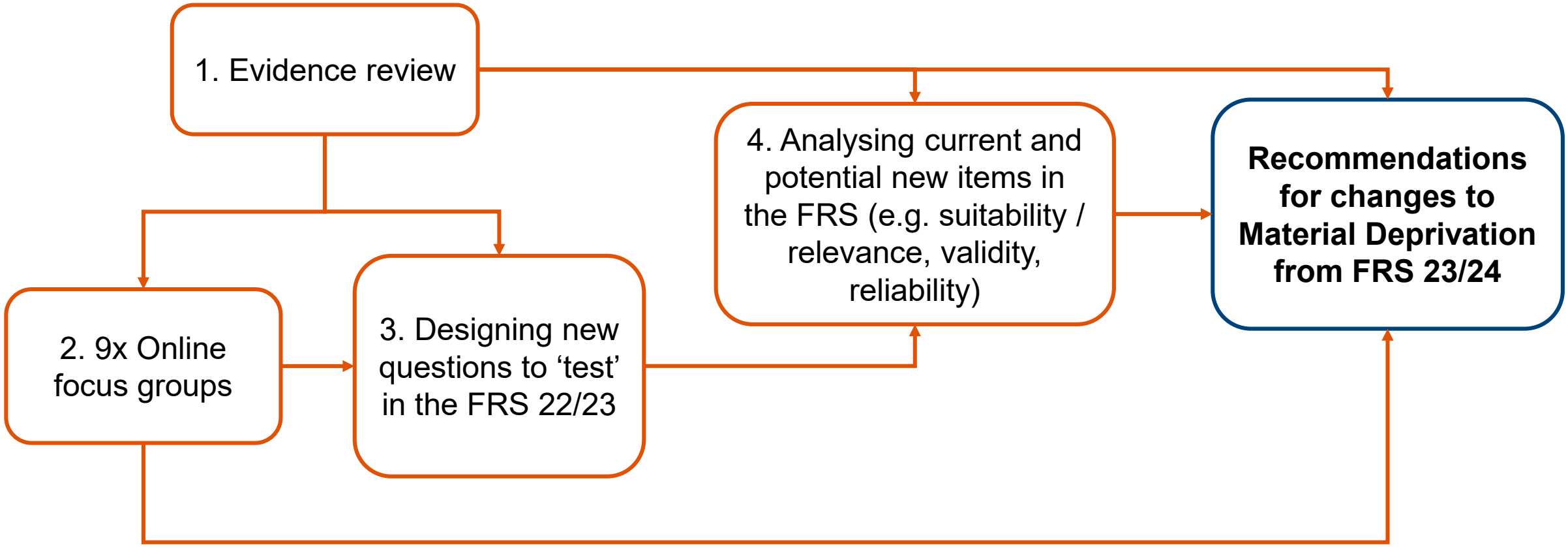
- Children - last updated 10/11
- Pensioners - introduced 08/09
- Working-age – published 2020/21, last reviewed 03/04

The advantages and disadvantages of developing a core set of questions for the whole population alongside measures aimed at working-age adults, children and pensioners;

Whether the advantages of updating the material deprivation measures outweigh the disadvantages.

Review Process: there are 4 components which fed into the recommendations of which necessities to include.

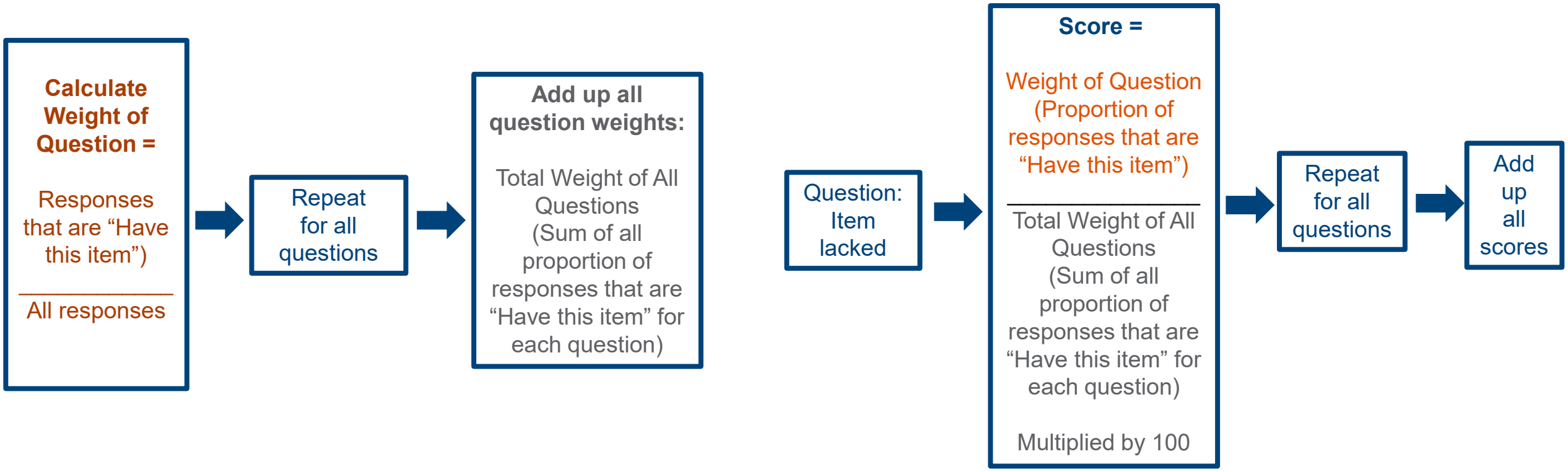
There are 4 components which fed into the recommendations of which necessities to include.



Current approach: prevalence weighting

Different definition and threshold of material deprivation for pensioners but prevalence weighting is currently used for all groups.

Prevalence-weighted score: gives greater weight to lacking those items that are more commonly held or where ownership is more widespread. **Means that if you lack the same items one year your score may be higher/lower than the previous year.**



Revised Questions: previous approach pensioners

Material deprivation for pensioners

Asked if they can access 15 items…

Given the "score of item", if they indicate that they don't have an item for any reasons except f) or g) in the following list:

a) I do not have the money for this
b) This is not a priority for me on my current income
c) My health/disability prevents me
d) It is too much trouble/too tiring
e) There is no one to do this with or help me
f) This is not something I want
g) It is not relevant to me
h) Other reason

If total weighted score is over 20 – then "materially deprived"

1	At least one filling meal a day
2	Go out socially at least once a month
3	See friends or family at least once a month
4	Take a holiday away from home for at least a week, once a year
5	Able to replace cooker if it broke down
6	Home kept in good state of repair
7	Heating, electrics, plumbing and drains working
8	Have a damp-free home
9	Home kept adequately warm
10	Able to pay regular bills without cutting back on essentials
11	Have a telephone to use, whenever needed
12	Have access to a car or taxi, whenever needed
13	Have hair done or cut regularly
14	Have a warm waterproof coat
15	Able to pay an unexpected expense of £200*

Revised Questions: previous approach children

Material deprivation for children

Parents are asked if they can afford 21 items for children…

Given the "score of item", if they cannot afford the item.

a) Child/ren/Adults has/have this
b) Child/ren/Adults want but cannot afford this
c) Child/ren/Adults don't want or need; doesn't apply

If total weighted score is over 25 – then "materially deprived"

Combined with low-income measure (50% or 70% of median) in the HBAI Accredited Official Statistics. Deprivation alone and combined with all low income measures is also available on stat-xplore.

1	Holiday away from home one week a year not with relatives
2	Make savings of 10 pounds a month or more
3	At least one week's holiday away from home with family
4	Money to spend on self each week
5	Replace worn out furniture
6	Home contents insurance
7	Replace broken electrical iteams
8	Money to decorate home
9	Enough bedrooms for every child 10+ years & of different gender
10	Keep house warm
11	Keep up to date with bills
12	Attend organised activity once a week
13	Outdoor space/facilities to play safely
14	Have friends round for tea or a snack once a fortnight
15	Leisure equipment such as sports equipment or a bicycle
16	Hobby or leisure activity
17	Go on school trip at least once a term
18	Go to a playgroup at least once a week
19	Eat fresh fruit and/or vegetables every day
20	Celebrations on special occasions
21	Have a warm winter coat

Revised Questions: previous approach working age

Material deprivation for working age adults

A subset of the children material deprivation questions.

Adults are asked if they can afford 9 items…

Given the "score of item", if they cannot afford the item.

a) Adults has/have this
b) Adults want but cannot afford this
c) Adults don't want or need; doesn't apply

If total weighted score is over 25 – then "materially deprived"

Combined with low-income measure (50% or 70% of median) in the HBAI Accredited Official Statistics. Deprivation alone and combined with all low income measures is also available on stat-xplore.

1	**Make savings of 10 pounds a month or more**
2	**A holiday away from home for at least one week a year, not staying with relatives**
3	**Money to spend on self each week**
4	**Replace worn out furniture**
5	**Home contents insurance**
6	**Replace broken electrical iteams**
7	**Money to decorate home**
8	**Have a warm winter coat**
9	**Keep up to date with bills**

Revised Questions: expanded reasons for lacking and new questions for all individuals.

Accepted

New items, including a standardised set of household level questions.

A standardised and shortened list of reasons for lacking items for all ages

- **I do not have the money for this**
- **This is not a priority for me on my current income**
- **My health/disability prevents me**
- ~~**It is too much trouble/too tiring**~~
- ~~**There is no one to do this with or help me**~~
- This is not something I want
- **It is not relevant to me**
- **Other reason**

To assess the impact of moving to the revised material deprivation measure we split the FRS sample in 2023/24 with 75% of respondents asked the revised questions and 25% asked the previous questions.

To be decided

- Approach to weighting items
- Approach to affordability
- The threshold score
- Approach to household measure
- Presentation of new measures

Revised Questions: pensioners.

Household		Pensioner	
New	Old	New	Old
Able to pay bills	Able to pay bills	Annual break away from home	Annual holiday at least a week
Money aside unexpected expenses	Able to pay unexpected expense of £200	3 meals a day	1 filling meal a day
Replace/repair appliances	Able to replace cooker if broken	Go out socially monthly	Go out socially monthly
Home good state of dec/repair	Home in a good state of repair	See friends/ family monthly	See friends/ family monthly
Home adequately warm	Home adequately warm	Without regular money worries	
Home damp free	Home damp free	Fresh fruit/ veg daily	
Reliable transport	Access to car/ taxi whenever needed	Regular dental appointments	
Heating/ electrics/ plumbing	Heating/ electrics/ plumbing	Small amount of money for self	
Reliable internet			Have hair done or cut regularly
Computer/ tablet			Warm winter coat
Home contents insurance			Have use of telephone, whenever needed
11 items		8 items	

Revised Questions: new questions children and working age

Household		Children	
New	Old	New	Old
Able to pay bills	Able to pay bills	School trips	School trips
Money aside unexpected expenses	Regular savings	3 meals a day	
Replace/repair appliances	Replace/repair electrical goods	Fresh fruit/veg daily	Fresh fruit/veg
Home good state of dec/repair	Decent state of decoration	Comfortable clothes	
Home adequately warm	Home adequately warm	Organised weekly activity	Organised weekly activity
Home damp free		Friends round monthly	Friends round fortnightly
Reliable transport		Toys/games age suitable	Leisure equipment
Heating/ electrics/ plumbing		Enough bedrooms	Enough bedrooms
Reliable internet		Toddler/nursery/playgroup weekly	Toddler/nursery
Computer/ tablet		Place for homework	
Home contents insurance	Home contents insurance	Annual break	Family holiday
	Holiday		Hobby or leisure activity
	Replace worn out furniture		Celebrations
	Money for self		Warm winter coat
			Outdoor space
11 items		11 items	

Household		Working Age	
New	Old	New	Old
Able to pay bills	Able to pay bills	No regular money worries	
Money aside unexp expenses	Regular savings	Regular pension payment	
Replace/repair appliances	Replace/repair electrical goods	3 meals a day	
Home good state of dec/repair	Decent state of decoration	Fresh fruit/veg daily	
Home adequately warm	Home adequately warm	Clothes for work/job interview	
Home damp free		Regular dental appointments	
Reliable internet		Annual break away from home	Annual holiday at least a week
Computer/tablet		Go out socially monthly	
Reliable transport		See friends/family monthly	
Heating/electrics/plumbing		Small amount of money for self	Small amount of money for self
Home contents insurance	Home contents insurance		
11 items		10 items	

Next Steps: LSE Recommendations To Be Considered

DWP will be reviewing the following recommendations provided in the LSE Review:

1. Type of Approach:

a. Additional research to establish if a simple count measure would have led to substantially different estimates of material deprivation over the last decade, compared to current prevalence weighting, if not move to a simple count measure.
b. If prevalence weighting is continued, that a number of items and activities should be given a weight of one irrespective of prevalence rates.
c. Analysis of the extent of income gradients in people reporting that they, or their children, lack items or activities due to not wanting or needing them.

2. Setting the Threshold:

a. Develop a composite standard of living measure which could include information on savings, debts and food security, and recognises differences in needs/costs faced by different types of household, e.g. Lone Parents/disabled Households
b. Combination of statistical analysis and judgement is used to decide where the new thresholds are set based on the relationship between the new measures and the composite standard of living measure.

3. March 2025 Publication:

a. DWP publishes new series in HBAI based on estimates of material deprivation alone.
b. DWP headline statistics for combined measures are based on AHC rather than BHC.
c. DWP report on details of the decisions made and both material deprivation estimates.

4. Whole population measure of material deprivation:

A number of recommendations for further research to develop this measure were made, without which it was recommended material deprivation is measured at the individual-level.

Next Steps

The updated items were included in the 2023/24 edition of the Family Resources Survey and estimates using the new measure will be published in March 2025.

Once the data is available, we will undertake **further analysis to finalise the new measures and provide details of the decisions made**. This will be published alongside the new measures in March 2025.

To allow us to assess the impact of moving to the revised material deprivation measure we split the FRS sample in 2023/24 with 75% of respondents asked the revised questions and 25% asked the previous questions. This assessment will also be published alongside the revised measures in March 2025.

Department for Work & Pensions

Below Average Resources: A new measure of poverty

Below Average Resources: developing a new poverty measure - GOV.UK (www.gov.uk)

Team inbox: TEAM.POVERTYSTATS@DWP.GOV.UK

Emma Macrae, Andrew Blacklock

Contents

- Overview of the Below Average Resources (BAR) measure
- Insights from the BAR measure
- Further development

BAR Overview

- Background
- The proposed SMC framework

The SMC proposed a new framework to better reflect the nature of poverty

The Social Metrics Commission (SMC) are an independent, non-partisan commission formed in 2016 by Baroness Stroud.

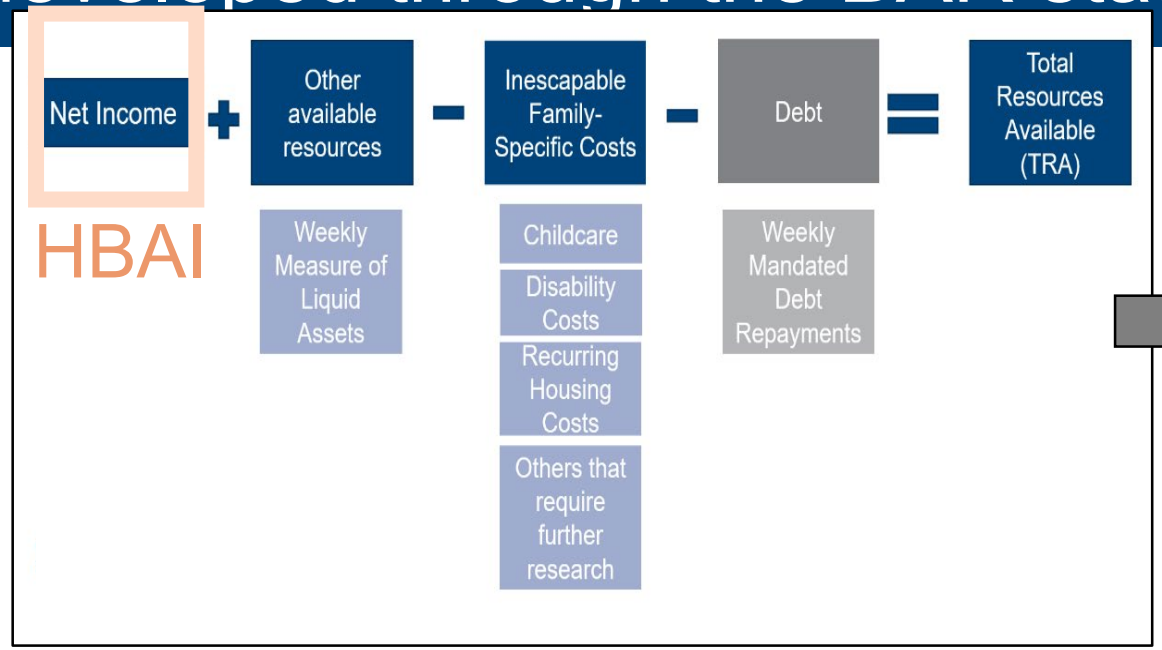
They aim to **develop a new approach to poverty measurement that both better reflects the nature and experiences of poverty** that different families in the UK have and that can be used to **build a consensus around poverty measurement and action in the UK.**

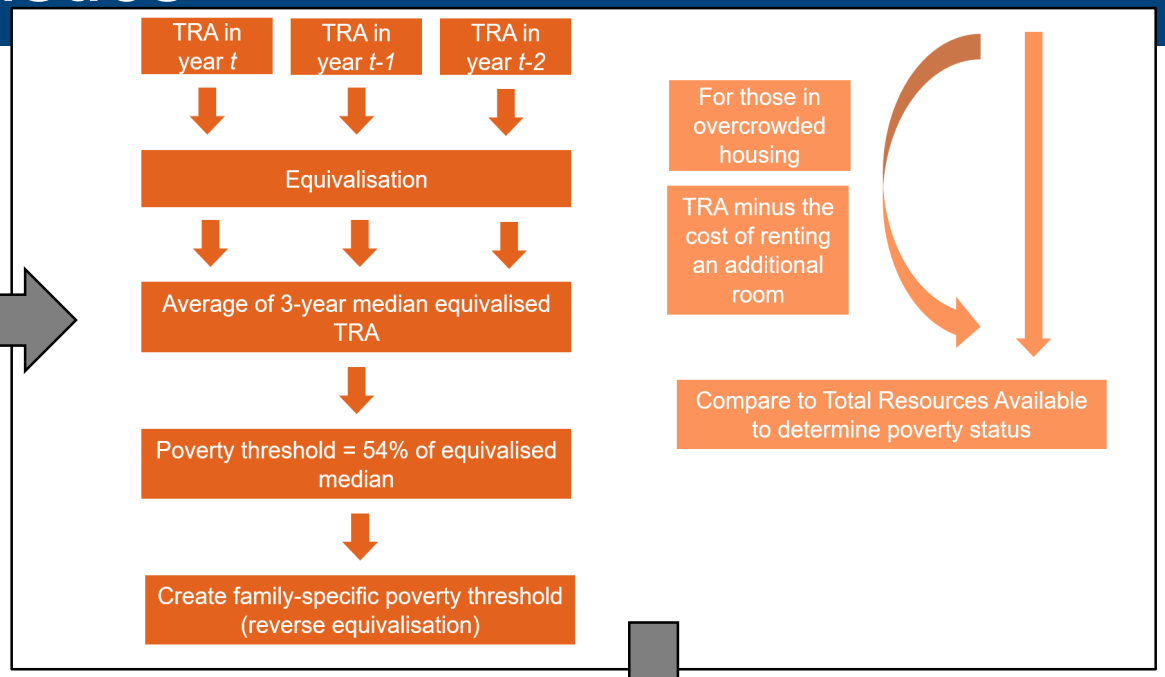
The SMC published their methodological approach in 2018, and have subsequently published methodological updates and further analysis.

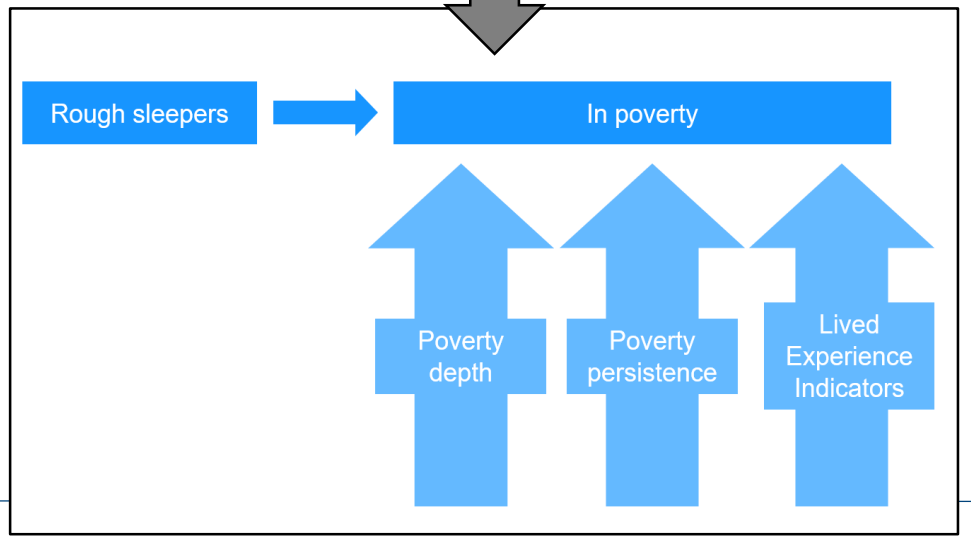
Their approach **builds on existing measures** by accounting for families' additional costs/savings and addressing some methodological limitations with current measures.

SMC
Social Metrics Commission

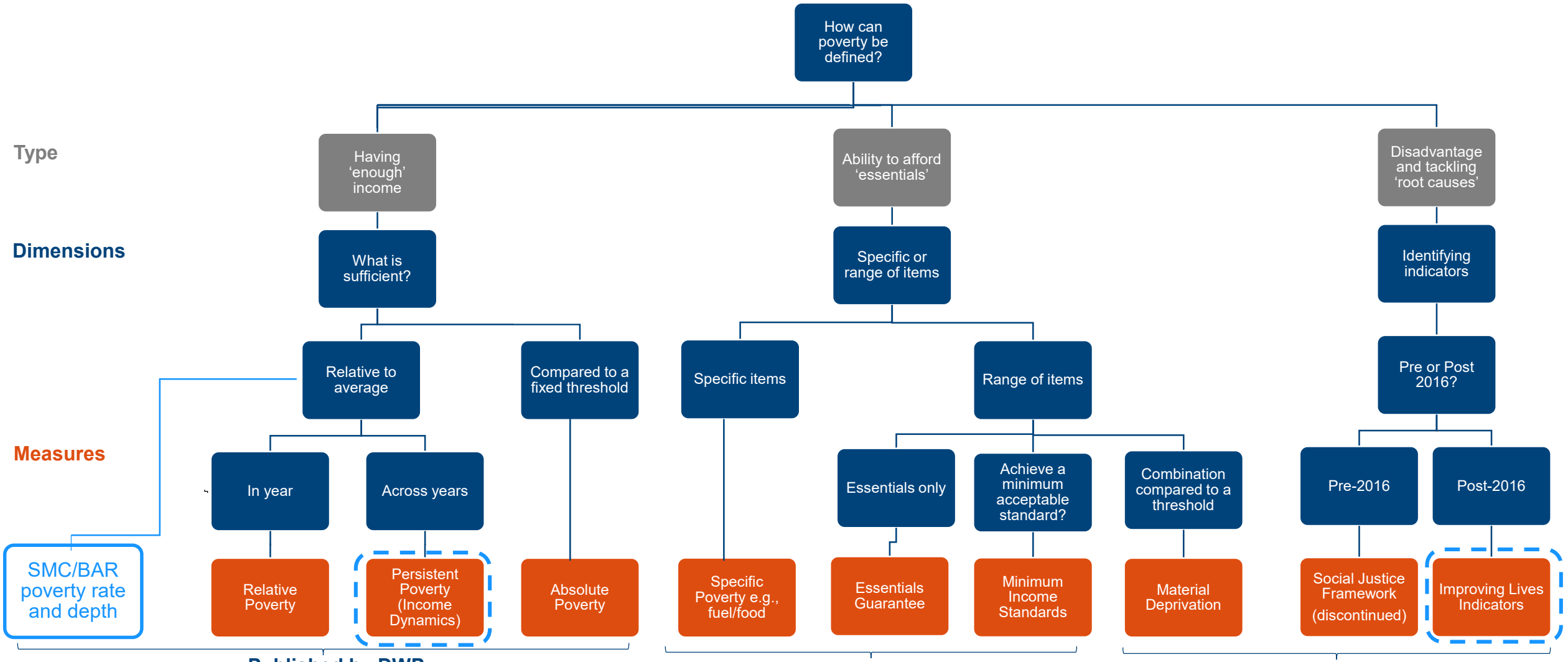
The SMC proposed framework, developed through the BAR statistics







The new framework expands upon and cuts across existing poverty measures



DWP develops the SMC's measure through the BAR statistics

Office for Statistics Regulation review of income-based poverty statistics (2021) recommendation:

"DWP and ONS should assess how the SMC recommendations can be implemented in their own work to enhance the public value of their statistics. Any planned developments to the statistics should also be communicated in an open and transparent way."

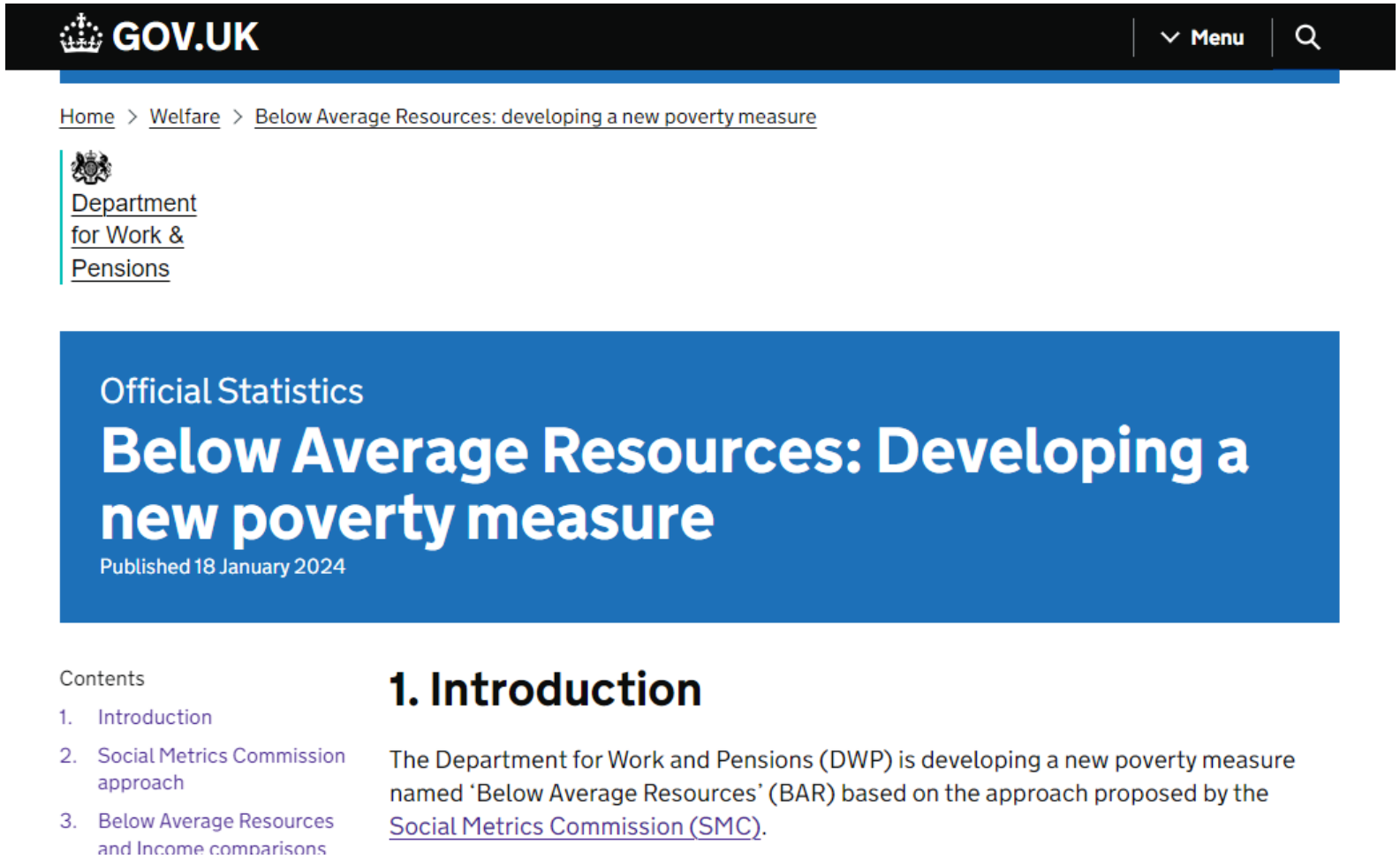
DWP announced plans to develop a new measure based on SMC approach (2019).

Development was paused due to the COVID-19 pandemic (2020).

DWP announced plans to **resume development of the measure (March 2023)** the **Below Average Resources** (BAR) statistics.

The first publication and consultation

- First set of ‘Official Statistics in Development’ implementing the framework (Jan 2024)
- Analysis comparing the impact of the changes on poverty rates
- Consultation on proposed approach to seek user feedback



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Department for Work & Pensions

Official Statistics

Below Average Resources: Developing a new poverty measure

Published 18 January 2024

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2. Social Metrics Commission approach
3. Below Average Resources and Income comparisons

1. Introduction

The Department for Work and Pensions (DWP) is developing a new poverty measure named ‘Below Average Resources’ (BAR) based on the approach proposed by the Social Metrics Commission (SMC).

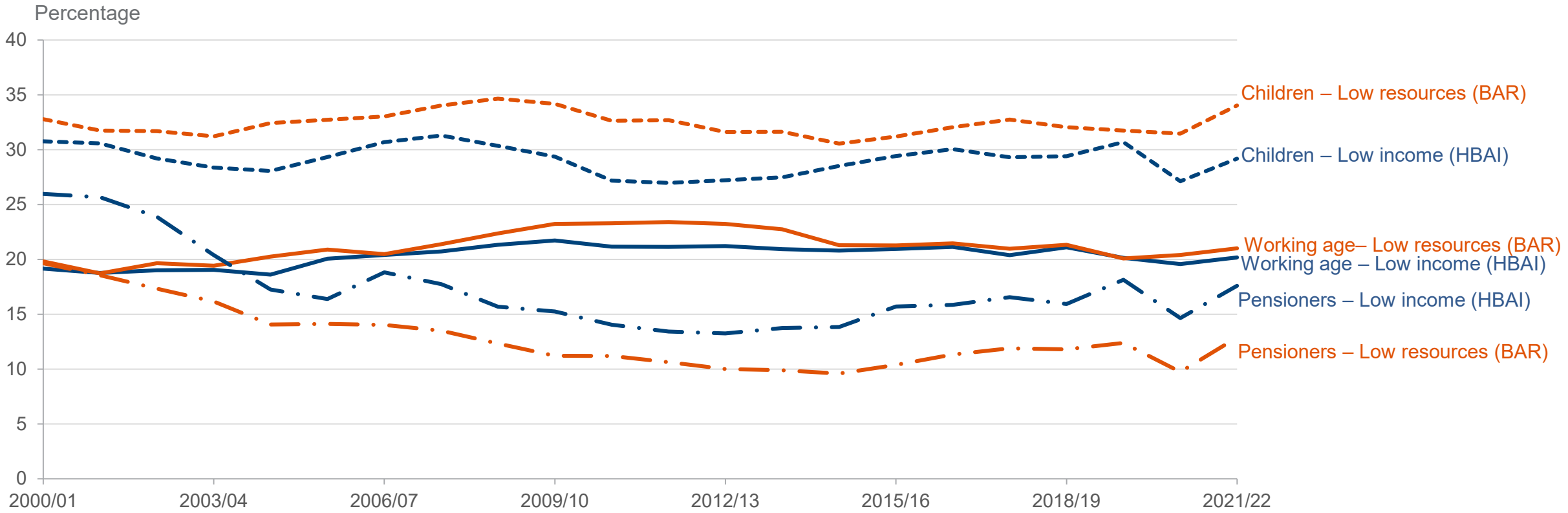
Key findings

- Overall poverty rates
- Relationship with household food insecurity and material deprivation
- Impact of methodological changes

Overall poverty rates

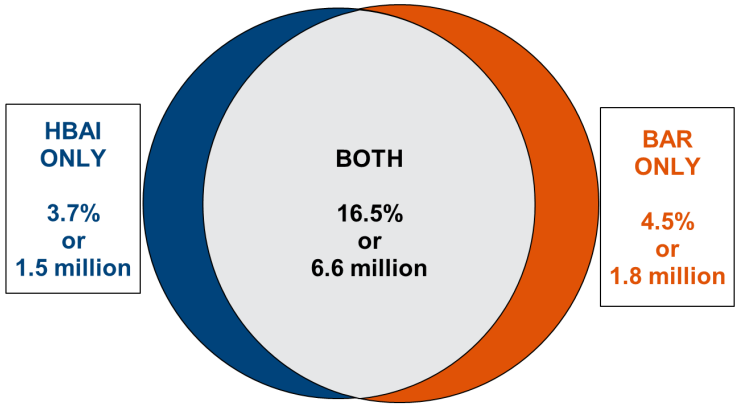
Generally, the BAR measure **does not fundamentally change the view of which groups have the highest (or lowest) poverty rates**.

However, groups with **higher poverty rates tend to have even higher poverty rates (and vice versa)** on the BAR measure, compared to DWP's Households Below Average Income (HBAI) relative poverty after housing costs (AHC) measure. **i.e. increasing the view of inequality between groups.**

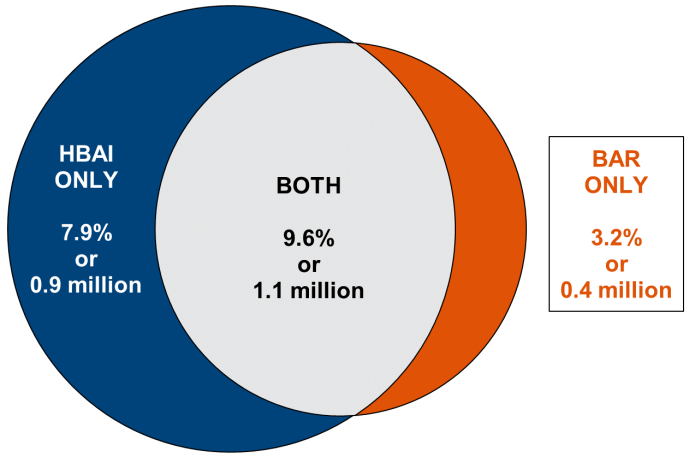


Types of people in poverty

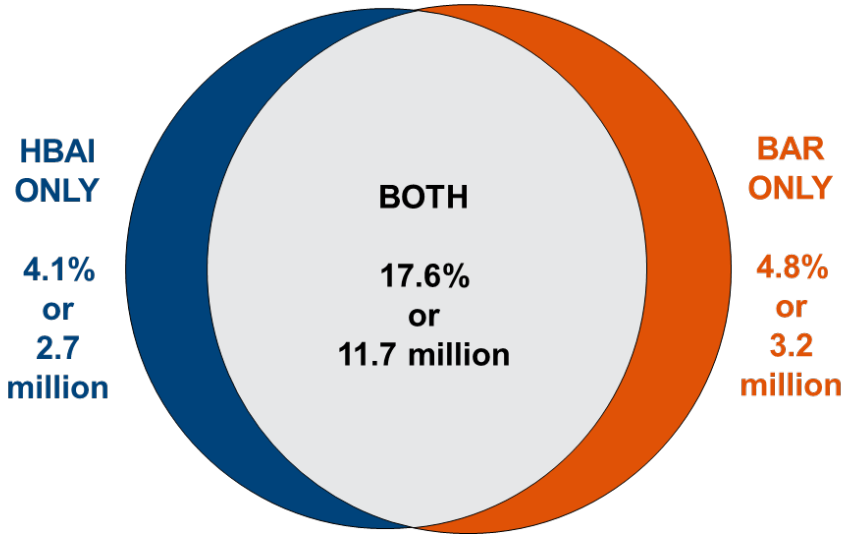
Working Age



Pensioners

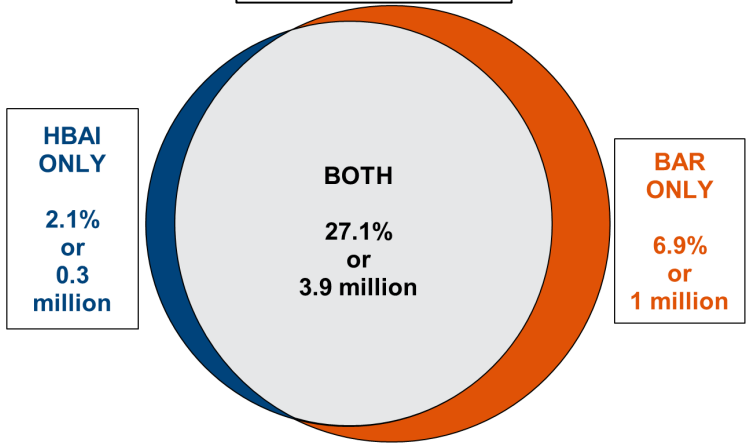


All individuals

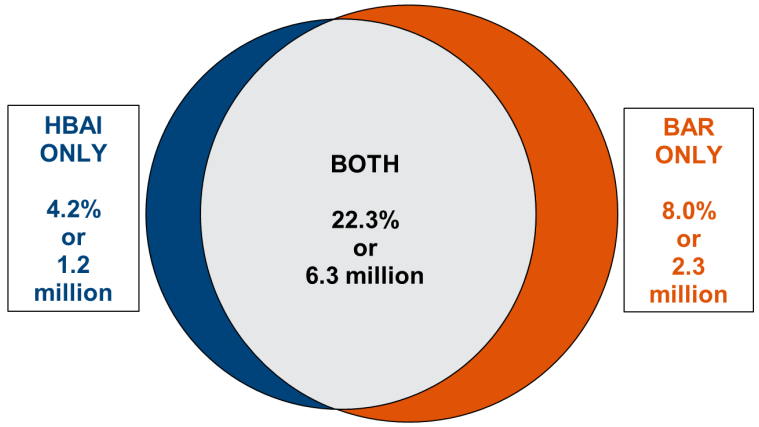


Proportion of population in **low resources only**, **relative low income AHC only**, or both.

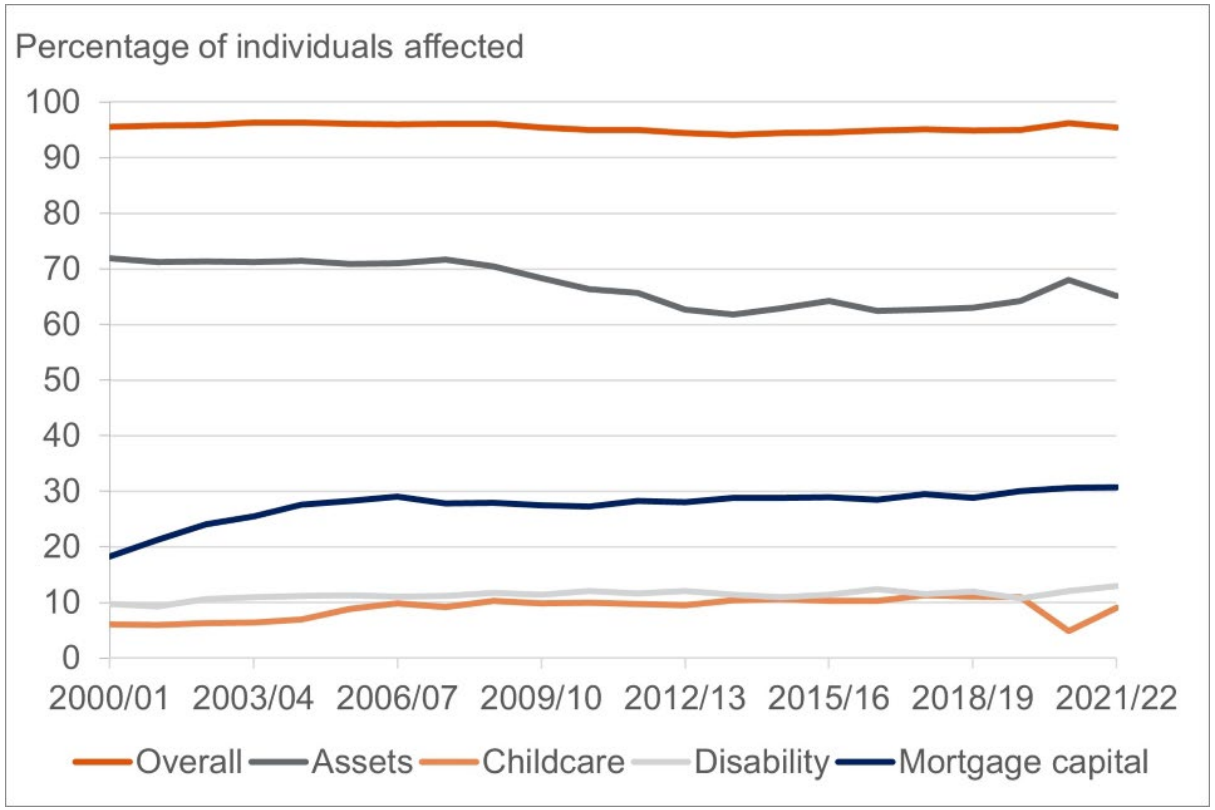
Children



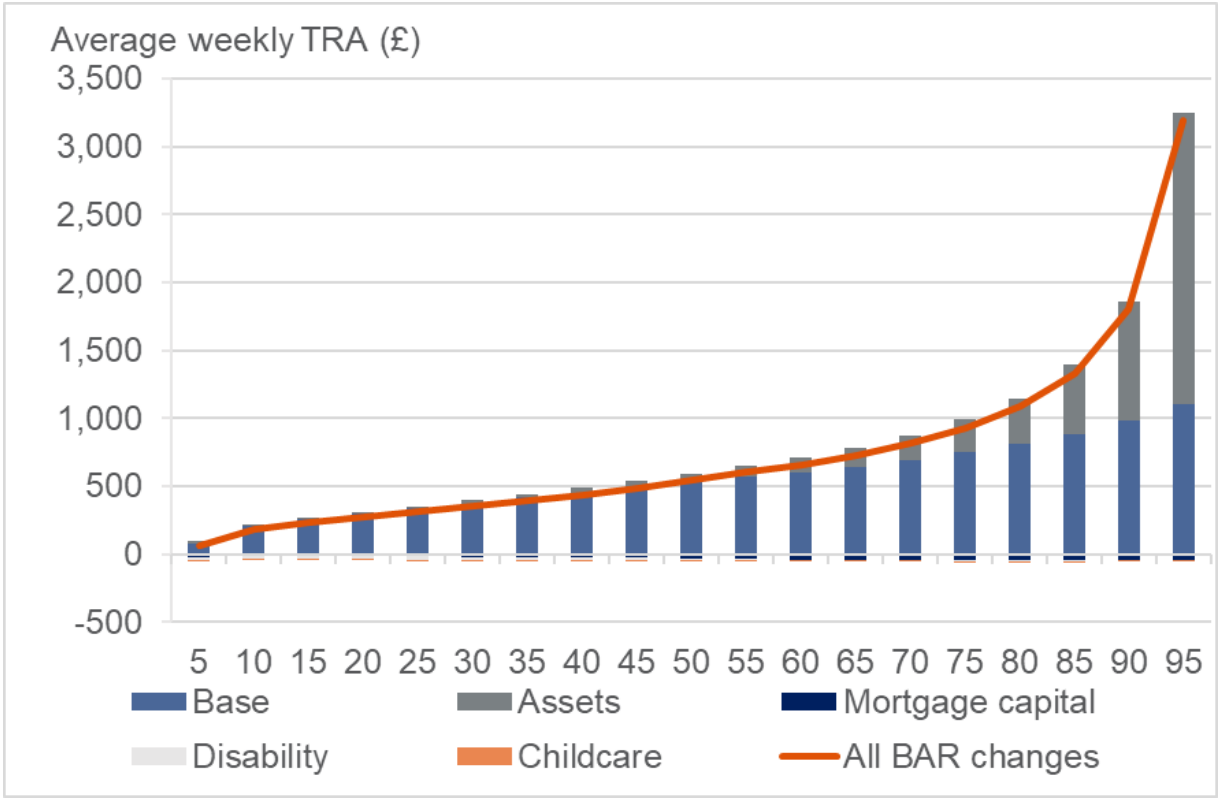
Disabled Family Member



Impact of resources components

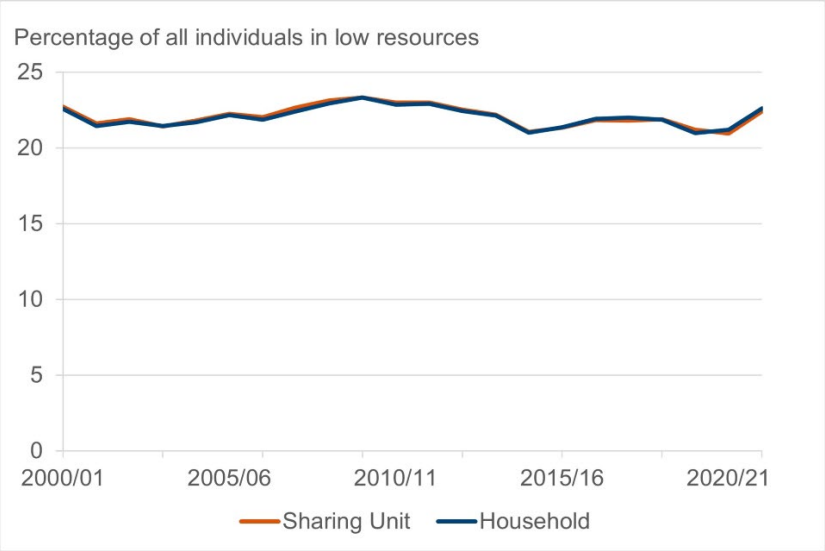


Over 95% of individuals have at least one component

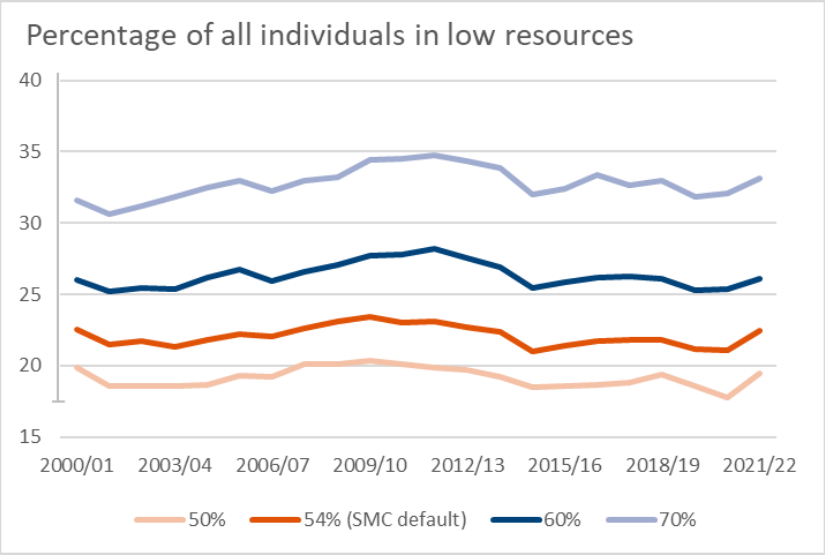


Impact of the components varies across the income distribution

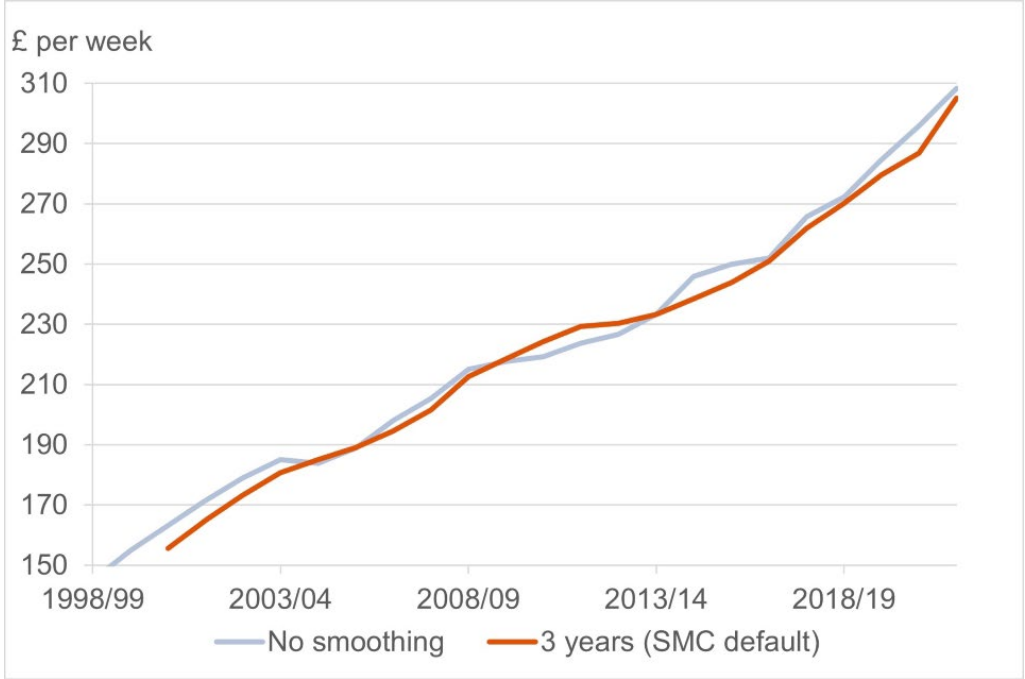
Impact of poverty estimation method changes



1) On average, the change from household to sharing unit has minimal impact



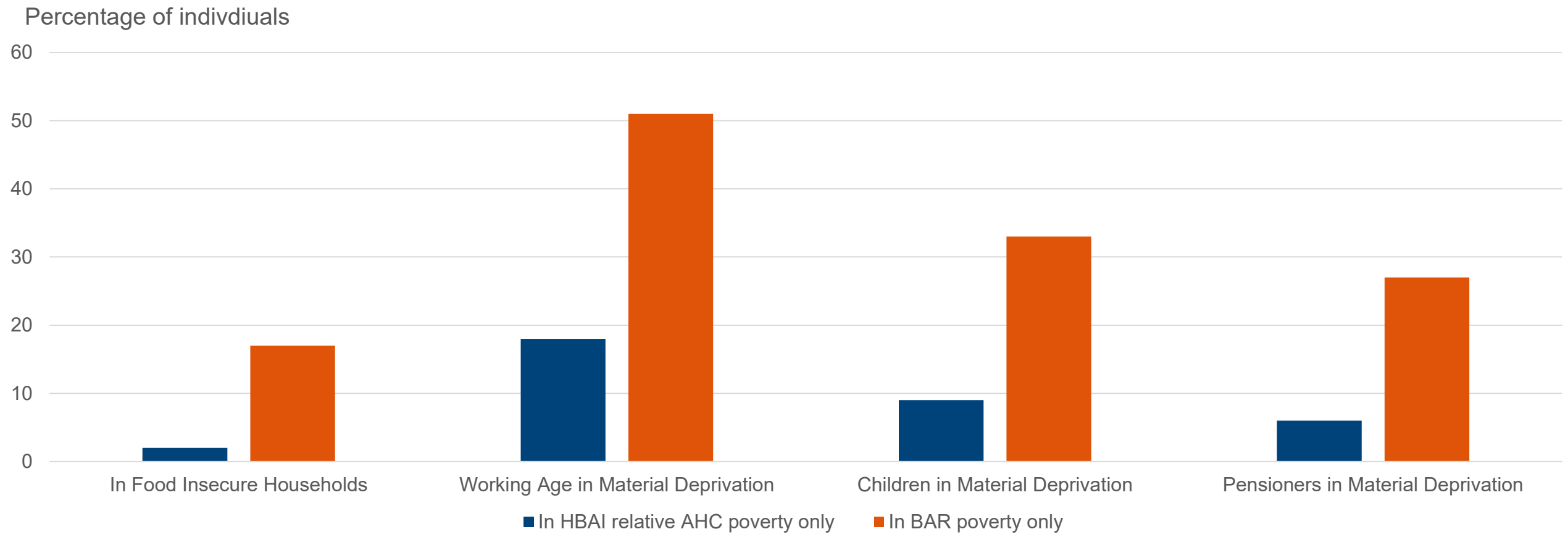
2) The higher the threshold, the more people in poverty



3) Smoothed threshold continues to rise after the 2009 recession – counteracts lower poverty rates post-recession

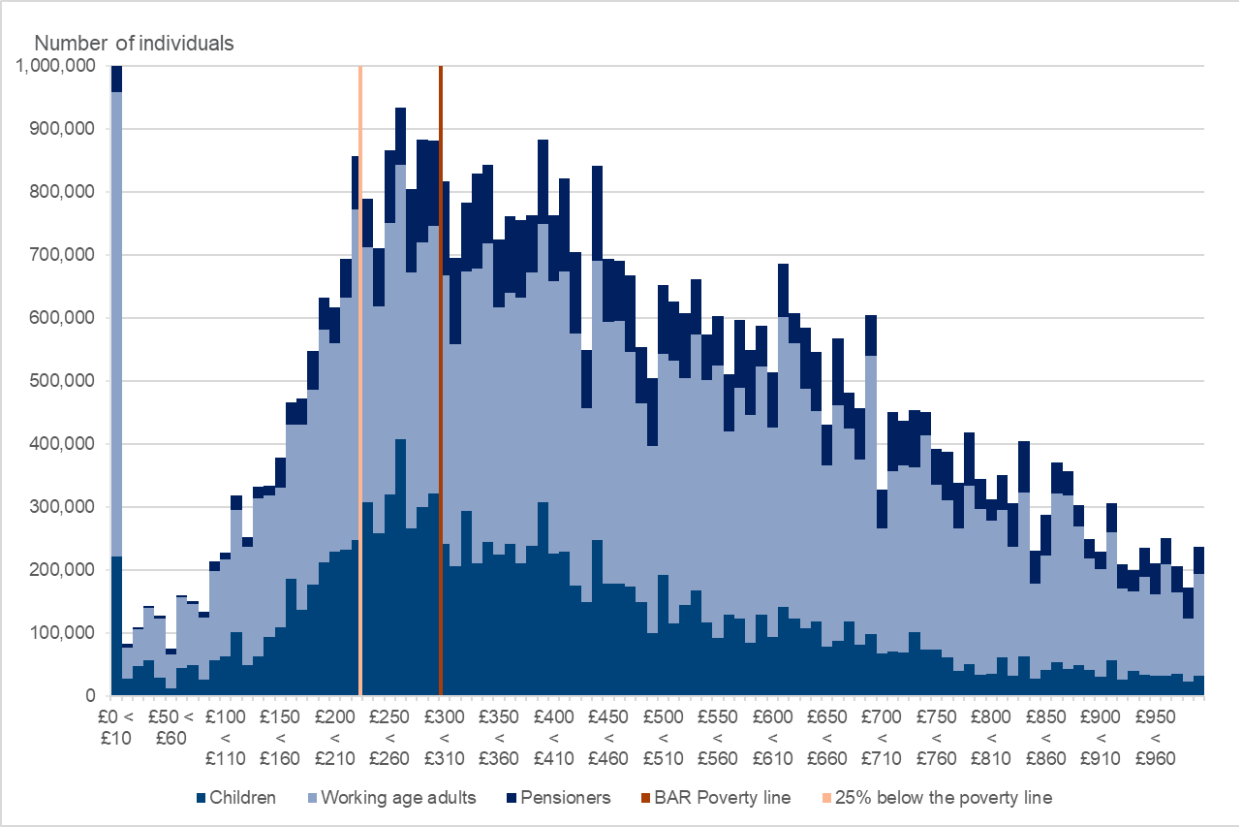
Relationship with material deprivation and food insecurity

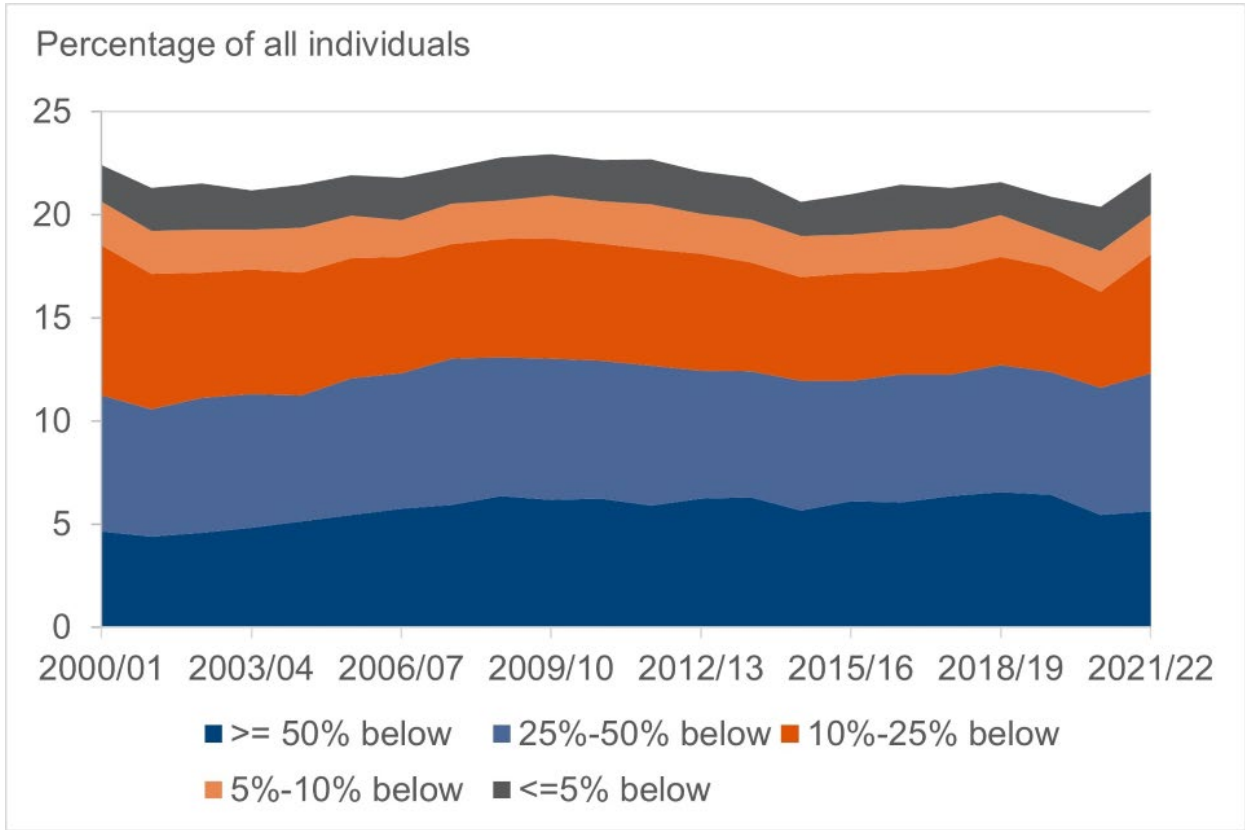
Material deprivation and household food insecurity **rates are higher for those counted as being in poverty on the BAR measure** in comparison to those counted as being in poverty on the relative HBAI AHC measure, **suggesting BAR better captures disadvantaged individuals**.



Food security rates are a 2-year average of FYE 2020 & 2022, Material deprivation rates are a 9 year average (FYE 2012 – 2020)

Poverty depth



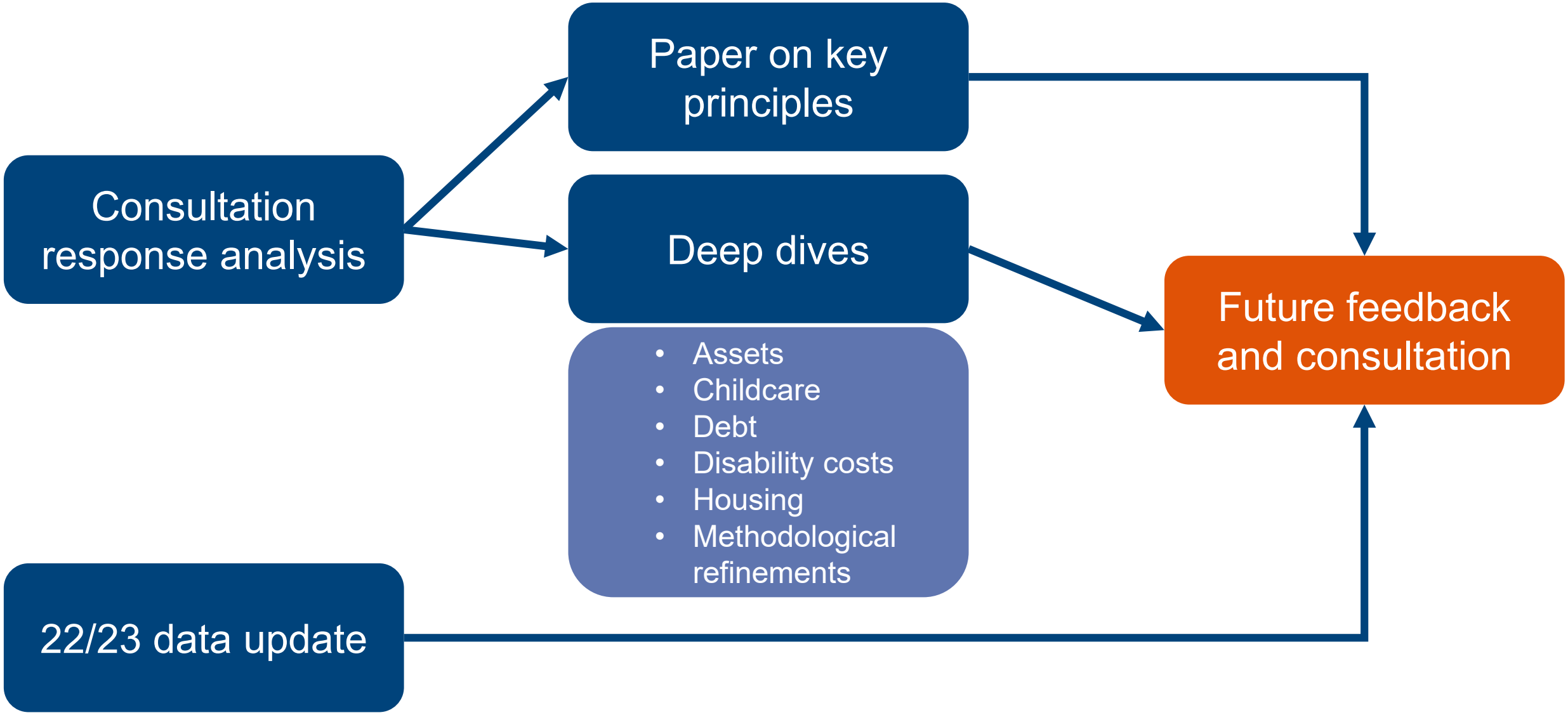


In FYE 2022, most of those below 25% of the poverty line were children and working age adults

Deeper poverty is rising (1ppt between FYE 2021 and FYE 2022)

Further development

Ongoing development



Keep in touch

Look out for:

- Updates on our work Below Average Resources: developing a new poverty measure - GOV.UK (www.gov.uk)
- Further updates from the SMC The Social Metrics Commission - a new measure for poverty in the UK

Get in touch with the BAR Poverty Statistics team:
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- BAR : team.povertystats@dwp.gov.uk

DWP Statistical Work Programme

https://www.gov.uk/government/publications/dwp-statistical-work-programme/statistical-work-programme

Department for Work & Pensions

Family Resources Survey Transformation: integrating administrative data

https://www.gov.uk/government/publications/family-resources-survey-transformation-integrating-administrative-data-into-the-frs

donncha.burke@dwp.gov.uk
frs.transformation@dwp.gov.uk

Don Burke

Background: Linking FRS respondents to their admin records

In 2007, we started asking FRS respondents for consent to link their survey responses to administrative data.

We linked consenting respondents by Name, Address, Postcode and Date of Birth to the department's Customer Information System to get their National Insurance Numbers.

On average, around 66% of respondents consented, and with a successful match rate of around 80%, our effective match rate was just over 50%.

GDPR 'Public Task', [GDPR Article 6(1)(e)] provides an alternative to consent as the lawful basis for linking and since 2018 we have linked all FRS respondents to their admin records on this basis.

This change, together with improvements in our linking methodology, means that we can link at least 95% of FRS respondents to their admin records.

We now have a five-year time series of 'lookup files' (FRS1819 to FRS2223) consisting of FRS identifiers and encrypted NINOs which we use to link respondents to admin data sources.

.

Background: benefits of integrating admin data

We are looking to integrate DWP benefits and HMRC PAYE, SA, tax credits and child benefit administrative data (plus some other sources) into the FRS with the aim of:

Eliminating the long-standing undercount of benefits and tax credits. The initial assumption being that this undercount is largely due to respondent misreporting.

Improving accuracy of employment and self-employment income. We will do this by getting actual earnings information directly from PAYE and Self Assessment records.

Adding analytical power. We will add more information which is not currently available on the survey, from administrative sources.

Reducing costs and respondent burden. With the use of administrative data, we can shorten the questionnaire by dropping many benefit and income questions.

Improving timeliness. Use of administrative data can reduce the time required to produce the final survey data. This is because a) most administrative extracts are available shortly after the end of survey year and b) use of these administrative datasets will reduce the need for survey data and editing.

FRS Transformation: main work strands

a) Lookup file development

b) DWP benefits, HMRC tax credits and child benefit

c) HMRC RTI PAYE data for employment and occupational pensions

d) HMRC Self-Assessment

e) Other administrative data sources (e.g. HMRC savings data, Child Maintenance)

f) Grossing review

g) Non-response research

h) End to end process review, including questionnaire redesign

FRS Transformation: HMRC RTI PAYE and Self Assessment

RTI PAYE:

HMRC has provided us with an initial share of RTI PAYE records matched to FRS respondents covering the survey years 2018-19 and 2019-20.

Our analysis shows a close match between RTI and FRS employment income values for most respondents but with a significant minority of mismatches:

- People reporting employment on the FRS but no RTI records

- People not reporting employment on the FRS but with RTI records

We are consulting with HMRC colleagues to try to resolve these mismatches.

Self Assessment:

DWP currently receives an annual Self Assessment (SA) extract covering sole trader/partnership taxable profit.

Our analysis, using shows that FRS estimates of self-employment income are significantly higher than SA taxable profit – even for linked respondents who say they have consulted their tax return. This finding is consistent with other research in this area.

We suspect the reasons behind this may include misreporting of taxable profits by FRS respondents.

Also, some respondents may be reporting income that is paid via dividends or PAYE as self-employment income in the cases where they are actually company directors.

We are in the process of agreeing a fuller HMRC SA data, covering other elements of SA (e.g. dividend income), and a further RTI PAYE data share with HMRC.

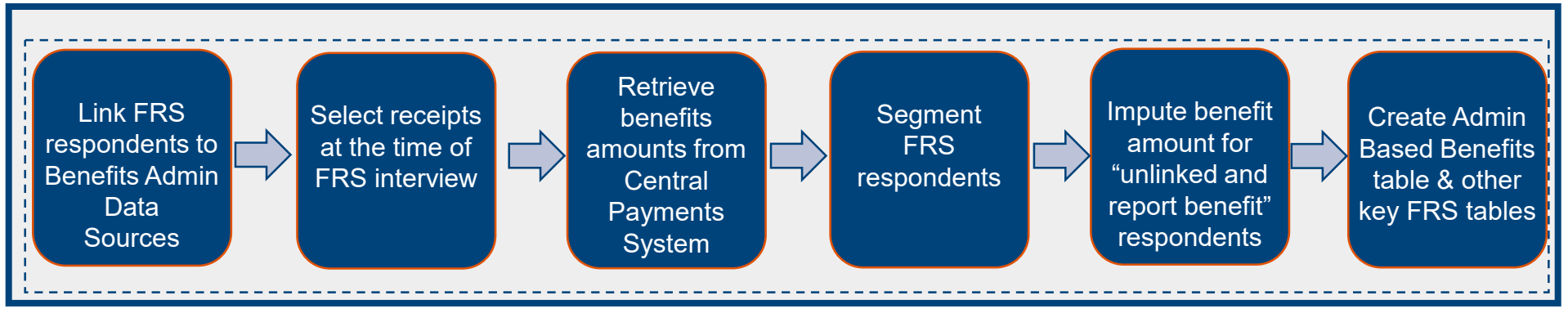
Benefits: Long-standing caseload undercount across all benefits

Table M.6: Receipt of state support, FRS and administrative data, 2022 to 2023, Great Britain

	FRS 2022 to 2023				Administrative data	
Benefit/Tax credit received	Ungrossed percentage	Grossed number (1,000s)	Grossed percentage	Number (1,000s)	Percentage	Percentage difference
All Benefit units	**100**	**34,500**	**100**	**34,500**	**100**	
Income Support	[low]	180	1	170	[low]	6
Pension Credit	3	1,000	3	1,370	4	-27
Housing Benefit	6	2,000	6	2,510	7	-20
Council Tax Reduction	12	3,900	11	4,500	13	-13
Universal Credit	8	3,000	9	4,290	12	-30
All in-work Benefit units	**100**	**21,800**	**100**	**21,800**	**100**	
Working Tax Credit	2	400	2	600	3	-33
Child Tax Credit	3	600	3	760	3	-21
All Adults	**100**	**51,000**	**100**	**51,000**	**100**	
State Pension	30	11,300	22	11,470	22	-1
Attendance Allowance	2	800	2	1,420	3	-44
Carer's Allowance	1	800	2	950	2	-16
Employment and Support Allowance	2	1,100	2	1,660	3	-34
All individuals aged 16 or over	**100**	**52,500**	**100**	**52,500**	**100**	
Disability Living Allowance	2	800	2	700	1	14
Personal Independence Payment	5	2,600	5	3,140	6	-17

Average - 20%

Benefits: approach to integration

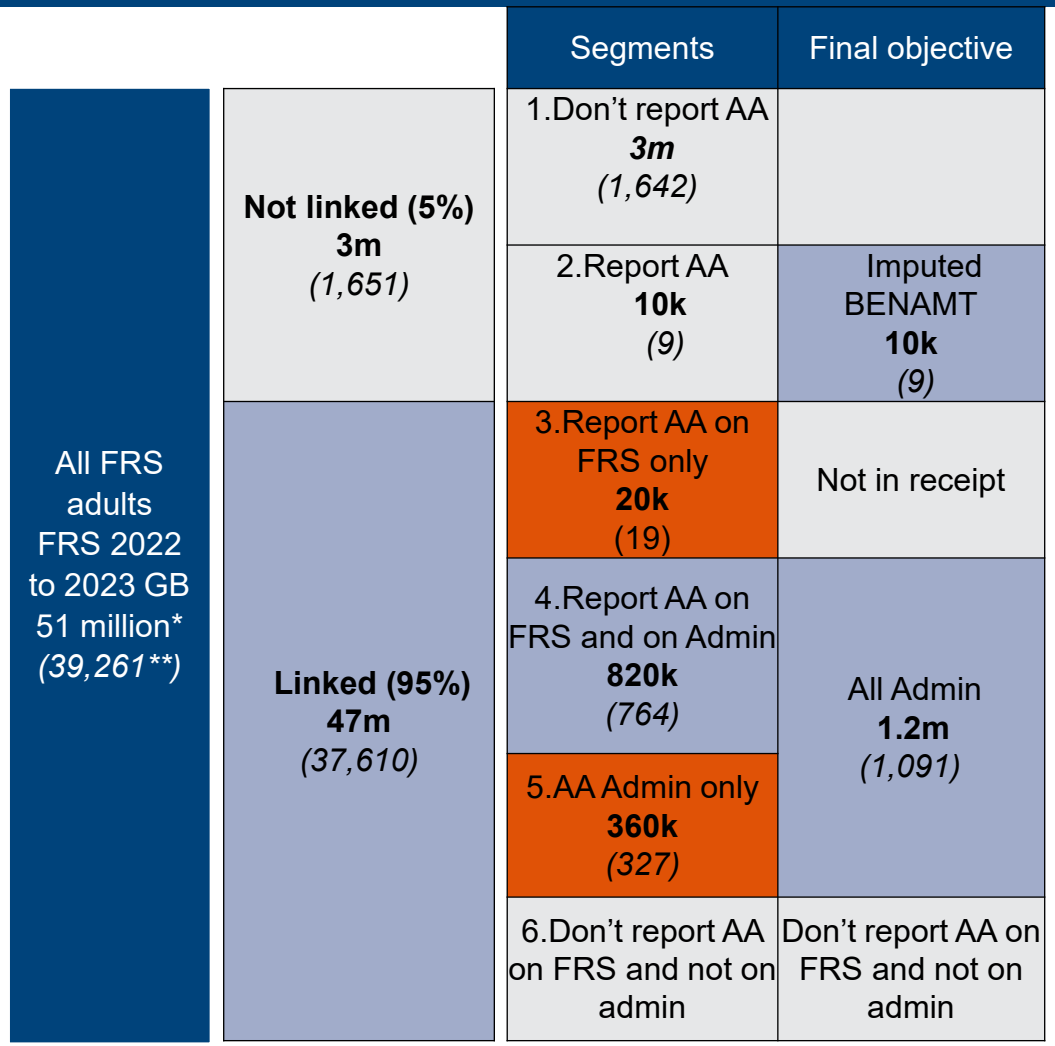


- **GMS**: General Matching Service holds most of the benefits:

Attendance Allowance, Disability Allowance, Carer's Allowance and Industrial Injury Disability Benefit,
Jobseeker's Allowance, Employment and Support Allowance and Income Support
State Pension and Pension Credit
Maternity Allowance, Bereavement Support Payment

- **UC**: Universal Credit (UCOS & UC Full Service)
- **PIP**: Personal Independence Payment
- **HB**: Housing Benefit
- **HMRC**: Child Benefit, Child Tax Credit & Working Tax Credit ,
- **CPS**: Central payment System

Benefits: segmentation analysis – Attendance Allowance



All FRS respondents fall into one of six segments:

1. Unlinked and do not report AA on the FRS
2. Unlinked and report AA on the FRS
3. Linked and report AA on the FRS but no AA administrative record exists
4. Linked and report AA on the FRS and an AA administrative record exists
5. Linked and do not report AA on the FRS but an AA administrative record exists
6. Linked and do not report AA on the FRS and no AA administrative record exists

Benefits: segmentation analysis – all benefits, FRS2223

FRS2223 GB grossed estimates of numbers in benefit receipt (1,000s)

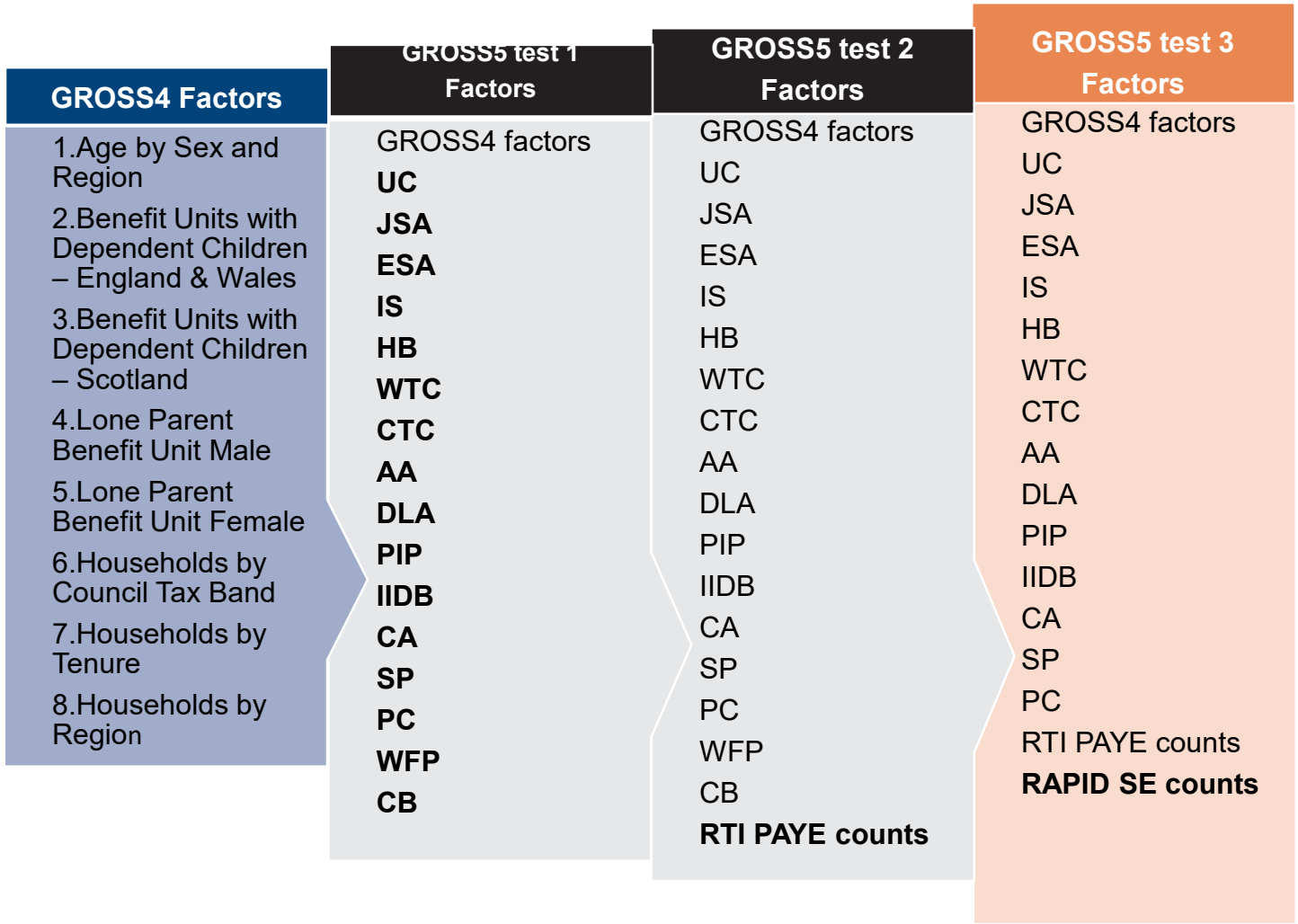
Segment	UC	ESA	HB	WTC	CTC	AA	DLA	PIP	CA	SP	PC	CB
1) Not Linked and don't report benefit	2,680	2,750	2,700	2,760	2,740	2,760	2,760	2,730	2,750	2,540	2,750	2,570
2) Not Linked and report benefit	**90**	**20**	**60**	**10**	**30**	**10**	**10**	**30**	**10**	**220**	**10**	**200**
3) Linked and report on FRS only	40	30	70	100	90	20	90	20	20	120	30	350
4) Linked and report on FRS and Admin	**3,000**	**1,020**	**1,820**	**320**	**720**	**820**	**630**	**2,440**	**750**	**10,960**	**910**	**4,860**
5) Linked and report on Admin only	**720**	**200**	**250**	**120**	**170**	**360**	**390**	**390**	**270**	**80**	**230**	**1,710**
6) Linked and don't report benefit on FRS and on admin	44,460	46,970	46,080	47,670	47,240	47,020	47,420	45,460	47,180	37,050	47,040	41,300
All GB adults	**50,980**	**50,980**	**50,980**	**50,980**	**50,980**	**50,980**	**51,300**	**51,070**	**50,980**	**50,980**	**50,980**	**50,980**
Grossed % linked	97%	98%	97%	98%	96%	99%	99%	99%	99%	98%	99%	96%
Grossed % unlinked	3%	2%	3%	2%	4%	1%	1%	1%	1%	2%	1%	4%
Administrative count (average across 2022-2023)	4,910	1,530	2,500	600	1,100	1,380	1,250	3,120	930	11,360	1,320	6,610
FRS self-reporting count	3,120	1,070	1,950	430	840	850	730	2,490	780	11,300	950	5,410
FRS admin-linked count	3,800	1,240	2,130	450	920	1,190	1,030	2,860	1,030	11,260	1,150	6,770
FRS survey only undercount	-36%	-30%	-22%	-28%	-24%	-38%	-42%	-20%	-16%	-1%	-28%	-18%
FRS admin-based remaining under count	-23%	-19%	-15%	-25%	-16%	-14%	-18%	-8%	11%	-1%	-13%	2%
% of the undercount using admin data resolves	38%	37%	33%	12%	31%	64%	58%	59%	167%	-67%	54%	113%

Remaining undercount after linking admin data and grossing suggests that the FRS sample is biased in ways that are not being corrected for by the current grossing regime

- which lead us to review grossing methodology.

On average we are solving 65% of the undercount

Grossing: revised approach with additional controls



Addition of control totals for:

- All the main benefits
- RTI PAYE
- Self-employment (SA + UC SE + TCs SE)

Enables us to resolve the benefit undercount, while maintaining representativeness of other key measures e.g. employment, self-employment.

Imputation

With linking, we now have comprehensive coverage of benefit receipt and payments for 95% of respondents from administrative data. The issue then is what to do with the 5% we cannot link.

One of the aims of transformation work is to reduce the survey data collection – to reduce cost and respondent burden. We only want to continue to collect information via interview if the information is not reliably available from administrative sources.

Therefore, we plan in the future to retain simple yes/no questions on benefit receipt and drop all other benefit questions from the interview. We will use credibility checks to minimise benefit misreporting by the 5% unlinked.

We have developed a combination of imputation, calculation, and hot-decking routines to impute monetary amounts, with the techniques used varying depending on the benefit.

Benefits: illustrative results

We have put the various elements of our research together to create a five-year test series of integrated benefits tables covering the FRS survey years up to 2022 to 2023. In doing so we have refined our approach, which is to:

1. Link the 95% of respondents with NINOs to each of the administrative benefit sources in turn, identifying receipt at the time of interview (Segment 4 and 5 respondents).
2. Identify benefit awards, deductions, and repayments for linked respondents from CPS.
3. Use self-reported benefit receipt for unlinked respondents and impute receipt (Segment 2 respondents).
4. Discard self-reported benefit receipt for linked respondents if no benefit records exist (Segment 3 respondents).
5. Apply an experimental grossing factor (incorporating benefits, RTI PAYE and SA as new control totals) to produce grossed estimates of benefit receipt which match the actual benefit populations.
6. Combine the results to create administrative data-based FRS benefits tables, populating the relevant parts of additional FRS tables – Adult, Benunit, Household.

Benefits: illustrative results – Universal Credit 2022-23

Caseload (Thousands)	
Administrative caseload	4,910
FRS caseload estimate	3,120
FRS caseload estimate, integrating admin data	3,800
FRS caseload estimate, integrating admin data, revised grossing	4,910
Coverage - FRS estimates as a percentage of administrative caseloads	
FRS caseload	64%
FRS caseload estimate, integrating administrative data	78%
FRS caseload estimate, integrating administrative data, revised grossing	100%
Mean award £ (weekly/monthly)	
Administrative caseload	704
FRS caseload estimate	818
FRS caseload estimate, integrating admin data	723
FRS caseload estimate, integrating admin data, imputing values for unlinked cases	725
FRS caseload estimate, integrating admin data, imputed values for unlinked cases, revised grossing	695
Median award (weekly/monthly)	
Administrative caseload	648
FRS caseload estimate	757
FRS caseload estimate, integrating admin data	676
FRS caseload estimate, integrating admin data, imputing values for unlinked cases	680
FRS caseload estimate, integrating admin data, imputed values for unlinked cases, revised grossing	653
Annual expenditure £m	
Administrative caseload	41,500
FRS caseload estimate	30,700
FRS caseload estimate, integrating admin data	33,000
FRS caseload estimate, integrating admin data, imputing values for unlinked cases	33,100
FRS caseload estimate, integrating admin data, imputed values for unlinked cases, revised grossing	40,900
Published (expenditure tables)	43,400

Full illustrative results across all benefits are available here:

family-resources-survey-transformation-benefits.ods (live.com)

Next steps

The next phase of FRS transformation work will focus on integrating HMRC RTI PAYE and Self Assessment data. We are currently working with HMRC colleagues on an agreement to share these data sources on an on-going basis and anticipate the next data share will occur during Summer 2024.

We will also begin work on other data sources during the summer, particularly HMRC savings and DWP Child Maintenance data.

We expect to complete work on an FRS integrated with administrative data on benefits and earnings by March 2025, with a view to releasing the data as part of an experimental release. Our intention is to include details on how the use of administrative data might affect HBAI low-income estimates.

We will engage with a variety of users on the experimental data, future plans to reduce the amount of information collected via the survey, and how that might affect our end-to-end survey requirement.

Any questions?

Publication with accompanying excel tables are available here:

Family Resources Survey Transformation: integrating administrative data into the FRS - GOV.UK (www.gov.uk)

For further discussion, please do get in touch:

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