

Transforming ONS Household Financial Statistics

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Overview

- What and why are we transforming
- Work-strands to deliver transformation
- What we have done so far
 - including LCF developments
- [Workplan for statistical outputs 2018 and 2019](#)
- Working in partnership
- User engagement and feedback

What are we transforming?

Living Costs & Food Survey (LCF)	Survey on Living Conditions (SLC)	Wealth and Assets Survey (WAS)
<p>Unit: Survey sample of private households – representative of UK (WAS GB)</p>		
<p>Mode: Face-to-face Computer Assisted Personal Interviewing</p>		
<p>Sample: Stratified 2 stage sampling off PAF: postcode sectors selected as primary sampling unit (PSU) - clusters Addresses within sectors/clusters selected as secondary unit</p>		
<p>Content: Income / tax (employment, property, investments, benefits, pensions) Housing (accommodation, tenure, mortgages, costs (except WAS)) Economic status, occupation, industry, hours worked Basic demographics, education, health Pension contributions</p>		
<p>Exclusive: Detailed expenditure</p>	<p>Exclusive: Rotating module; Longitudinal 6 waves (annual)</p>	<p>Exclusive: Detailed wealth & debt, financial planning; Longitudinal (biennial)</p>

Why are we transforming?

New technology

Access to Admin data

Policy interest in income, consumption and wealth

Greater precision of estimates required

Reducing the respondent burden

3 work-strands to deliver transformation

a) Single household finance survey framework (HFS)



b) Integration of administrative data



c) Administrative data only (small area)



a) Developing the HFS

a) Single household
finance survey
(HFS)



b) Integration of
admin data



c) Admin data only
(small area)

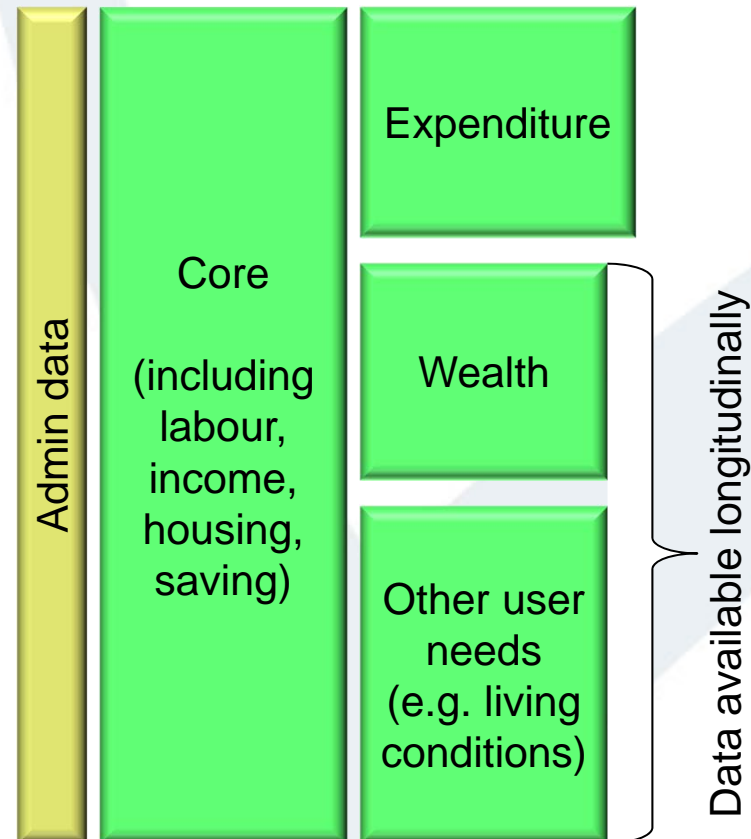


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HFS Vision

- Integrated design providing precise statistics on “core” household finances and living conditions.
- Linked to detailed surveys to meet user needs for income, consumption and wealth statistics.
- Integration of non-survey data to improve the depth and quality of the statistics.
- Use of online collection and digital technology - providing new opportunities to engage with people / households.





WHAT WE HAVE DONE SO FAR

Developing the “core” HFS variables

- Integrated sample design for LCF, SLC and WAS – covering a Financial Year for cross-sectional statistics
- Harmonised questionnaire content:
 - LCF and SLC use the exact same questionnaire for common topics from 2018 – **the Core**
 - WAS shares the same questionnaire content for income from employment and benefits from 2018
- Consistent data processing (editing, imputation and weighting)

HFS core content and linked surveys

CORE (17K LCF/SLC for 2017 onwards)

1. Basic demographics and household structure
2. Economic activity status, occupation, industry, hours worked, number of jobs and type
3. Income and tax, including: employment (inc company cars), property, investments
4. Income from state pension, benefits and tax credits
5. Pension income and contributions
6. *Education**
7. Tenure, number of rooms, rent, mortgages, utility bills, insurance
8. Health general / limiting illness
9. Material deprivation
10. Well-being
11. *Consumption**

Expenditure survey

All expenditure
(inc. weights and measures for food & drink)

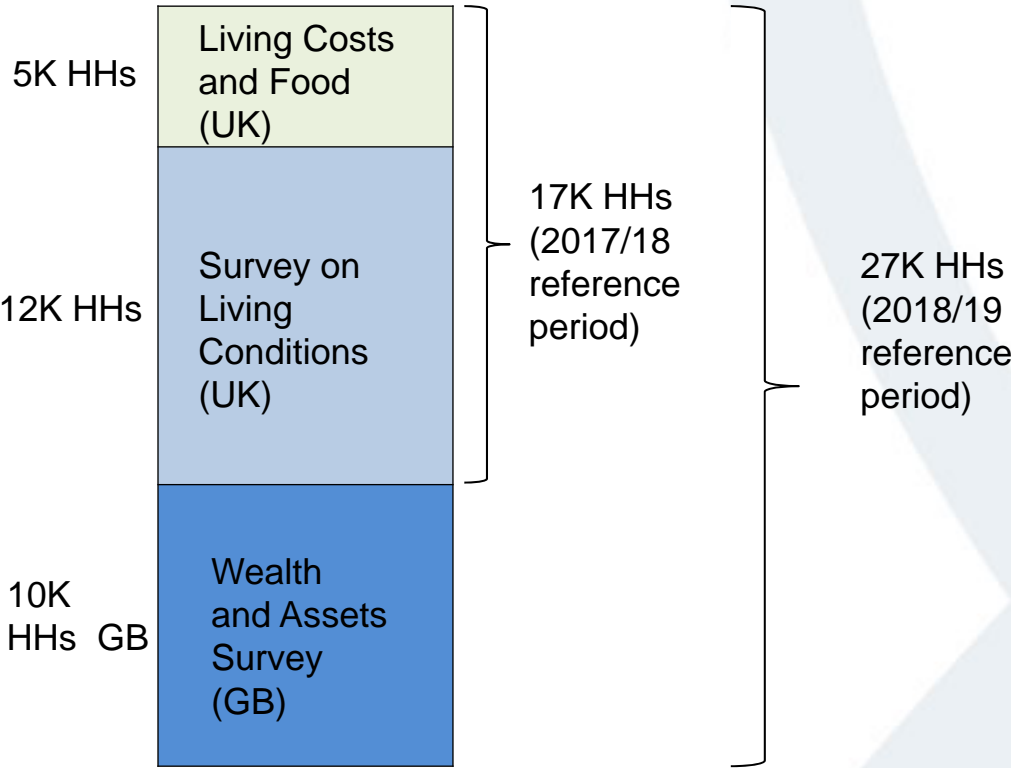
Living Conditions survey

- Rotating module (covers Wealth, *Consumption*, Child health in 2017; wellbeing and housing difficulties 2018)
- Child care, including hours
- Detailed Education

Wealth survey

- Property/land, vehicle, valuables, savings, investments, pension pot
- Debt – loans, credit cards, mortgages, arrears
- Financial planning / attitudes

Household Finance Survey – achieved household sample size per annum (approx.) for core variables



Online collection

- Online test of SLC planned for November 2019.
- Learning from the ONS Labour Market online tests and Understanding Society survey (ISER).

Office for National Statistics

The Resident
<Address line 1>
<Address line 2>
<Town>
<County>
<Postcodes>

Segensworth Road
Titchfield, Fareham
PO15 5RR

<Month Year>
<Ref XXXXXX>

Dear Sir/Madam,

I am writing to tell you that the Office for National Statistics is running a UK-wide online study, and we would like you to be a part of it. The study covers a range of topics, including work, retirement, higher education, unemployment and looking after the family or home.

How do I take part?
Here is your household access code. Use this to complete the study following the steps below.

1 2 3 4 5 6 7 8 9 0 1 2

Step 1
Using your computer, tablet or smart phone, go to www.ons.gov.uk/takepart and click 'start now'

Step 2
Enter your access code in the boxes provided

Step 3
Complete the study and submit when done

How long will it take? The study should take between 10 and 20 minutes to complete.

Who should take part? All adults in your household over the age of 16 should take part. Any related adult may respond on the behalf of another household member – they will only be asked about facts, not opinions.

When should I complete it by? You should complete the study by DATE. If you do not take part online by DATE, one of our interviewers may contact you to conduct the study in person. Most people we invite to our studies take part - don't miss your chance to be counted.

What if I need help? If you need help to take part online, please phone us for free on 0800 085 7376. For further information go to our website www.ons.gov.uk/surveys or read the information slip provided.

Thank you for your time
Yours faithfully,
Ian Cope
Ian Cope – Director General

To request a large print or Braille letter, phone us for free on 0800 085 7376.

The information you give us is protected by law and is treated as confidential. It will be used for statistical purposes only. The Office for National Statistics is not linked to any political parties.



LCF DEVELOPMENTS

LCF development and delivering on the NSQR

- Questionnaire development
- Review of paper diary and length
- Review of incentives
- Analysis of under-reporting
- Feasibility study- receipt scanning/OCR
- Review international use of store scanner data

Questionnaire development

- **Combined fuel (gas and electricity)**
 - Improve flow/guidance to reduce burden in recording of combined payments from household bills
- **Combined telecoms (TV, Telephone, Internet packages)**
 - List of services updated
 - Removal of individual service expenditure splits
- **Insurances**
 - Reduction in level of detail collected for policies other than buildings, contents and vehicle insurance
- **High value purchases**
 - Prompt for services and related purchases to avoid the exclusive focus on single items
- **Mobile phone top-ups**
 - Moved from the diary to the questionnaire

Review of paper diary and length

- Diary length

- Diary fatigue exists in our data
- This may be exaggerated by un-natural shopping habits at beginning of diary period
- Using half of diary data caused significantly different estimates and variability of estimates increased. We would need a huge increase in sample size to regain precision ([Survey Methodology Bulletin, Jan 2018](#))

- Paper diary

- Proposals of areas for further research
- Proposed changes to design of diary
- More radical design proposals

Incentive tests

- LCF trial - started June 2018
- Each quota split into 3 groups:
 - £20; £30; £40 (for each responding individual in the household)
- Test which level of incentive offers best value for money and inform longer-term incentive strategy for LCF

Digital technology – receipt scanning

Key findings

- concept does have potential to improve the timeliness of LCF diary processing. However, processing issues impede performance.
- Automatic classification from LCF item descriptions showed promise in improving timeliness.

Challenges identified

- Varying receipt formats
- Quality of receipts/extracted text
- Differences between receipt item text and LCF item descriptions (accuracy levels achieved by the classifier too low)

Further work

- Refining automated COICOP coding model from LCF item descriptions
- More widely in ONS discussions are ongoing with the UK's largest retailers to gain access to store scanner data

Liaison with other organisations

- Household Budget Survey innovative tools and source task force:
 - Modernise data collection methods for HBS
 - Share experiences of development between Member States
 - Present to 2019: development of system inventory; identification of potential generic tools for development and sharing
 - 2020 to 2024: implementation of systems (for use in 2025 HBS)
- Understanding Society - [Understanding household finance through better measurement](#)

b) Integration of administration data

a) Developing the HFS



b) Integration of admin data

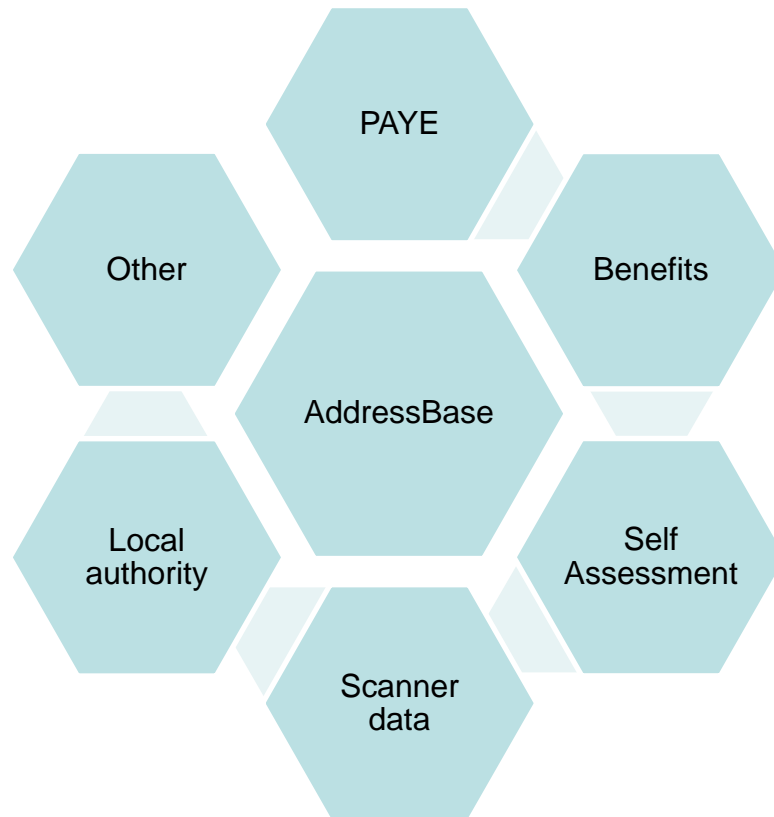


c) Admin data only (small area)



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Data sources and suppliers



- Ordnance Survey
- HMRC
- DWP
- Supermarkets
- Local authorities
- Others

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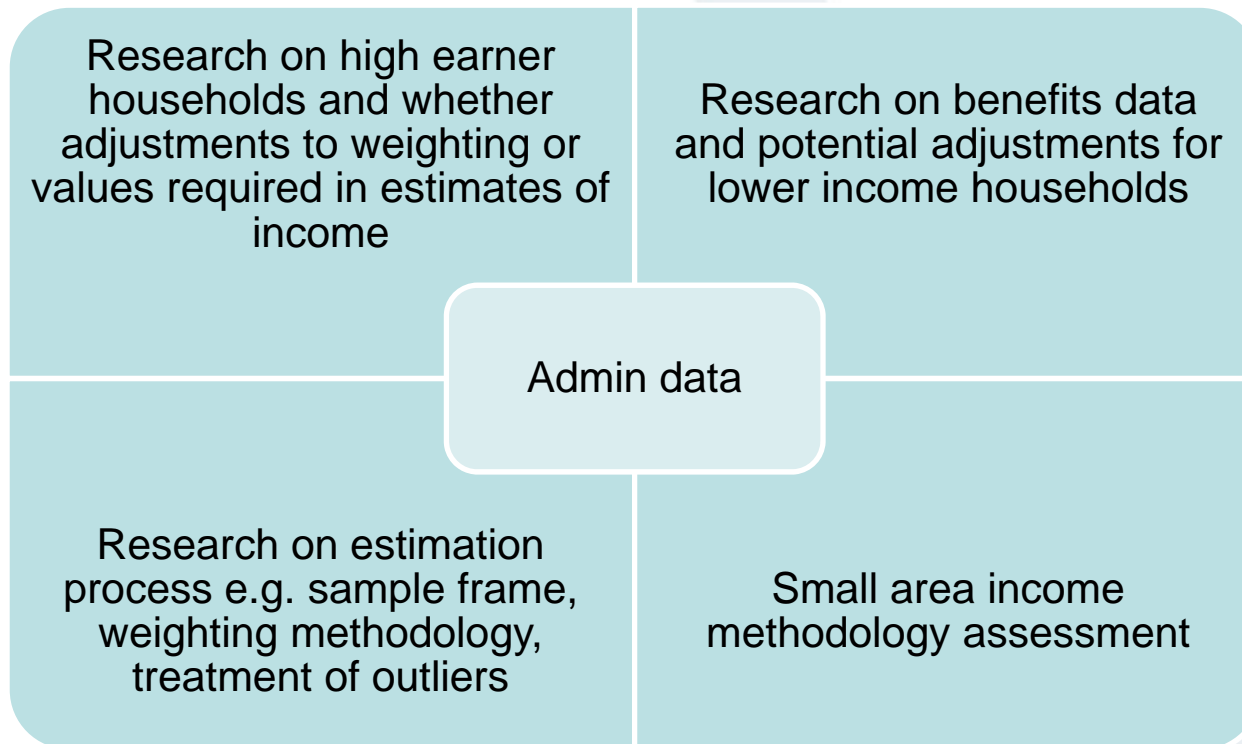


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Small area income research

- [Census Admin](#) data project
- Partial coverage of income so far
- Publishing further research by end 2018 and Autumn 2019
- Methodology review for modelled small area income statistics

Priorities for using admin data





OUTPUT WORKPLAN

Proposed workplan (1) – regular outputs

Effects of taxes and benefits	Date	Comment
Effects of taxes and benefits: nowcasting	JULY 2018	Existing methodology and dataset (LCF)
Effects of taxes and benefits: disposable income	By end FEB 2019 (provisional)	NEW dataset (HFS)
Effects of taxes and benefits: final income	By end MAY 2019 (provisional)	NEW dataset (HFS)

Proposed workplan (2) – regular outputs

Wealth in Great Britain	Date	Comment
Wealth in Great Britain: early indicators	AUG 2018	WAS Round 6, 18 months of data)
Wealth in Great Britain	JUNE 2019 (provisional)	WAS Round 6 (NEW – reporting in FYs) 2015/16 to 17/18
Wealth in Great Britain: early indicators	By end JULY 2019 (provisional)	WAS Round 7, 6 months of data (NEW – reporting in FYs)
Wealth in Great Britain: early indicators	OCT 2019 (provisional)	WAS Round 7, 12 months of data (NEW - reporting in FYs)

Proposed workplan (3) - regular outputs

EU-SILC	Date	Comment
Cross sectional delivery 2017	OCT 2018	NEW dataset (HFS)
Longitudinal delivery	MAR 2019	NEW dataset (HFS)
Cross sectional delivery 2018	OCT 2019	NEW dataset (HFS)

Proposed workplan (4) - regular outputs

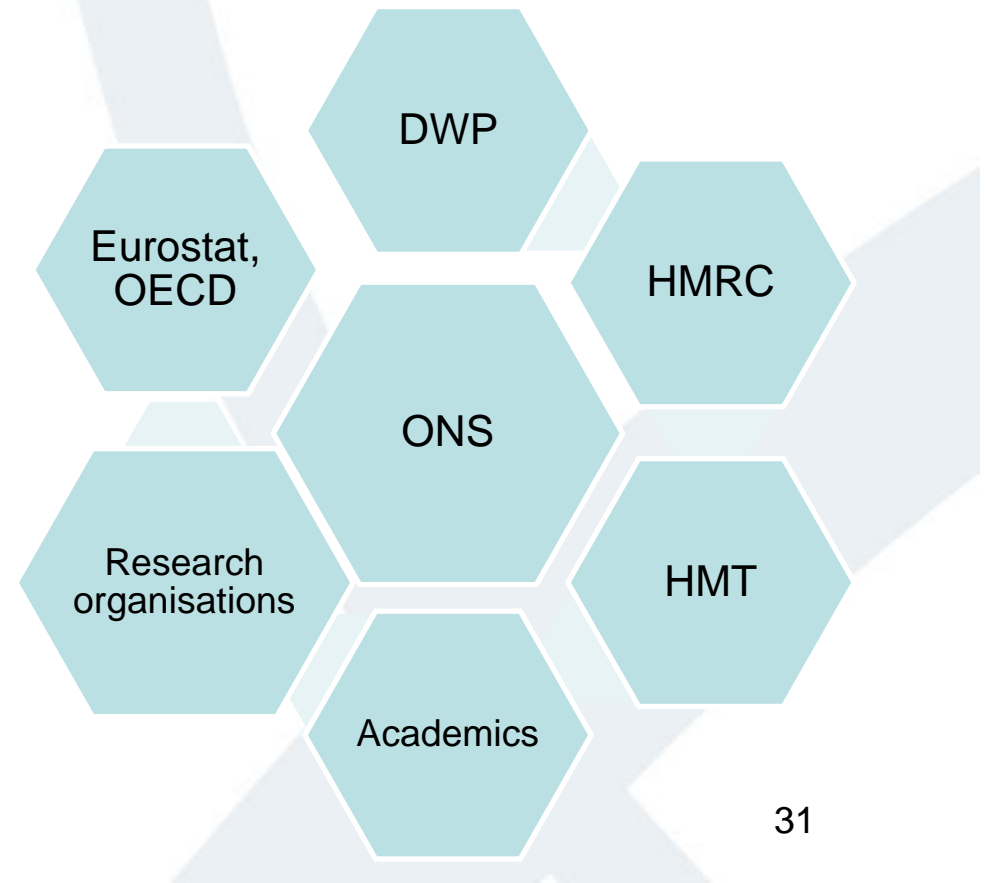
Family Spending	Date	Comment
Family Spending 2018	JAN 2019 (provisional)	LCF module - NEW – intend to calibrate to HFS disposable income deciles

Proposed workplan (5) – research outputs

Research outputs	Date	Comment
Research paper on methods for adjusting HFS survey data for high income households.	By end 2018 (provisional)	Illustrate with HFS dataset (2017-18), and LCF datasets.
Statistical matching LCF/SLC	By end of MARCH 2019 (provisional)	Would allow analysis of same households with income and consumption patterns, to NUTS 2 level.
Statistical matching LCF/SLC/WAS	NOV-DEC 2019 (provisional)	Further statistical matching to include Wealth and Assets variables.
Administrative data and estimation methods	DEC 2019 (dependent on availability of administrative data)	How administrative data may be used in sample design and estimation processes.

Working in partnership

- With data suppliers, statistical producers, OGD, researchers, Eurostat/OECD
- Sharing benefits across analytical community



User engagement and feedback

- Stakeholder meetings planned for later this year and 2019
- Opportunity to highlight topics of interest today
- Welcome feedback on priorities for research and use of admin data
- Contact: Hie@ons.gov.uk