

INCOME RELATED BENEFITS: ESTIMATES OF TAKE-UP, PROPOSED CESSATION OF THE NATIONAL STATISTICS SERIES

Introduction

The Department for Work and Pensions (DWP) produces a wealth of statistics on a regular basis in standard publications, as well as producing additional ad-hoc analyses in response to identified needs. The Department constantly aims to keep statistics relevant and useful. In the current climate, with increasingly limited resources, it is critically important that our statistical outputs reflect our users' priorities.

This document invites comments on DWP's proposal to cease publication of the annual **Income Related Benefits: Estimates of Take-up** report. This consultation will run for 12 weeks from 12th July 2012 to 04th October 2012.

We are considering discontinuing the publication of *Income Related Benefits: Estimates of Take-up*. This would mean that the last publication in this series was February 2012, covering the period 2009/10. This proposal reflects a number of factors:

There has been an increased demand for new statistics to measure new policies in relation to Welfare Reform and other Departmental priorities.

A reduced number of statistical staff because of the need to focus on the other National Statistics outputs the Department is responsible for. The cessation of *Income Related Benefits: Estimates of Take-up* will lead to a cost saving of approximately 2 full time equivalents which means these resources can focus on the delivery of priority statistics.

Take-up statistics are published as ranges that are relatively wide in relation to the range locations. This feature limits the usefulness of the statistics because of the associated uncertainty and difficulty in identifying trends over time. In particular users are currently warned that Pension Credit estimates should be treated with caution due to small sample sizes. Uncertainty is set to increase for results published from 2011/12 because the Family Resources Survey sample size has fallen from 25,000 to 20,000.

The relevance of *Income Related Benefits: Estimates of Take-up* as a statistical series for existing benefits is limited because many of these benefits will be replaced by Universal Credit. Universal Credit is scheduled to be introduced in October 2013 with full migration scheduled to take place over several years. Other benefits are also being reformed in the coming years.

Background

The National Statistics publication *Income Related benefits: Estimates of Take-Up*¹ contains information on the take-up of the six main income-related

¹ The full National Statistics publication can be found at:
http://research.dwp.gov.uk/asd/index.php?page=irb_arc

benefits in Great Britain: Income Support, Pension Credit, Housing Benefit, Council Tax Benefit, Jobseekers' Allowance (Income-Based) and Employment and Support Allowance (Income-Related). The statistics are typically derived from aggregate administrative data and the Family Resources Survey (FRS). The latest report covers the financial year 2009/10 and provides a time series of take-up back to 1993/94, for applicable benefits.

Take-up is measured in two ways - by expenditure and by caseload:

- *Caseload take-up* compares the number of benefit recipients, averaged over the year, with the number who would be receiving if everyone took up their entitlement for the full period of their entitlement.
- *Expenditure take-up* compares the total amount of benefit received, in the course of a year, with the total amount that would be received if everyone took up their entitlement for the full period of their entitlement.

Where sample sizes and data sources allow, take-up statistics are analysed by family type and tenure.

The team producing *Income Related Benefits: Estimates of Take-up* ran a user feedback exercise between December 2010 and May 2011 with the aim of understanding the relevance of the statistics. The exercise was sent to known DWP and external users and just 20 responses were received. The results of the consultation can be found here

http://research.dwp.gov.uk/asd/income_analysis/aug_2011/irb_est_take-up.pdf

The user feedback exercise received responses from 20 users, half of which were internal. There were no more than 11 users of tables for each benefit (Pension Credit and Council Tax Benefit had 11, JSA had 7). The main uses of the statistics were identified as follows:

- Increase awareness of benefits
- Policy Development
- Comparing methodology with Her Majesty's Revenue and Customs Tax Credit take up report.
- Estimating future benefit counts and benefit expenditure
- Briefings and ad hoc queries
- Lobbying

Stopping the series would not lead to the end of the collection of data used to estimate take-up statistics. Data is sourced from the Family Resources Survey and administrative systems which will continue to be available. Hence the series could be re-started if priorities and available resources were to change in the future.

Options

The following options are alternatives to the Department's proposal of ceasing the publication.

Option 1 – do nothing

This option is to continue to publish the statistics in their current form.

This currently takes 2 Full Time Equivalents to produce, and would require the cessation of other work to resource.

Option 2 – publish the same range of benefits using a simplified methodology

The Department is able to produce initial estimates using a less robust alternative methodology. It would be possible to produce “raw” unadjusted take-up estimates via DWP’s internal Policy Simulation Model. But this will not be to National Statistics standards.

This approach simplifies the process by removing some of the resource intensive steps currently in place to adjust FRS data. However the resulting series would be biased and the resource savings would be modest.

This would take an estimated 0.6 Full Time Equivalents. Hence an estimated saving of 1.4 Full Time Equivalents compared with Option 1. This would also need significant development work for the 2013/14 survey year when Universal Credit is introduced.

Option 3 – Publish a publication for a reduced set of benefits

We have considered the option of continuing to publish take-up statistics on a reduced number of benefits. For example, there may be a case for retaining Pension Credit as this is affected to a lesser extent by the introduction of Universal Credit for working-age households. However, Pension Credit will be affected through the mechanism to pay pensioners’ rent via Housing Benefit which will transfer to Pension Credit as a Housing Credit from October 2014.

Hence if there is sufficient user demand it may be possible to continue to produce take-up estimates for a reduced set of benefits which itself would be determined from user feedback. This could either be the full or reduced methodology.

Whilst Pension Credit take-up statistics may have more continued relevance, it is also worth noting they are more complex due to the additional data linking process that is in place to adjust for under-recording of the benefits, and are subject to relatively small sample sizes.

To publish results for Pension Credit on the simplified methodology outlined in Option 2 would take approximately 0.5 Full Time Equivalents which is a saving of 1.5 Full Time Equivalents compared with Option 1. However this will also need some development work for the introduction of Housing Credit.

Consultation questions

In order to fully understand the implications of the proposal, DWP would appreciate user responses to the following questions:

1. Do you use information from Income-related Benefits: Estimates of Take-up?

2. What would be the effect of not having this information?
3. Have you any other views or comments on the proposal to discontinue the statistics?
4. If you are not in favour of the main proposal, which if any of the options do you prefer and why?

Timing

This consultation will run from 12th July 2012 and will close on 04th October 2012. A report on the results from this consultation process will be published via the statistical section on the Department for Work and Pensions website by 03rd January 2013.

How you can respond to this Consultation

Responses and or queries on this should be sent to:

Email: IRB.TAKEUP@DWP.GSI.GOV.UK

Or

Simon Lunn
Surveys Branch (DWP)
Caxton House (Zone 2E)
Tothill Street
London
SW1H 9NA

Or

Tel: 020 7449 5361

When responding, please tell us whether you are doing so as an individual or representing the views of an organisation. If you are responding on behalf of an organisation, please make it clear who the organisation represents, and where applicable, how the views of members were assembled.

Please ensure your response reaches us by 4th October 2012

Freedom of Information

The information you send us may need to be passed to colleagues within DWP and published in a summary of responses received.

All information contained in your response, including personal information, may be subject to publication or disclosure if requested under the Freedom of Information Act 2000. By providing personal information for the purposes of the public consultation exercise, it is understood that you consent to its disclosure and publication. If this is not the case, you should limit any personal information which is provided, or remove it completely. If you want the information in your response to the consultation to be kept confidential you should explain why as part of your response, although we cannot guarantee

to do this. We cannot guarantee confidentiality of electronic responses even if your IT system claims it automatically.

More information about the Freedom of Information Act can be found on the website of the Ministry of Justice www.justice.gov.uk

Feedback on this consultation

We value your feedback on how well we consult. If you have any comments on the process of this consultation (as opposed to the issues raised) please contact:

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Email: caxtonhouse.legislation@dwp.gsi.gov.uk

In particular, please tell us if you feel that the consultation does not satisfy the consultation criteria in the Government Code of Practice on Consultation or if you wish to make any suggestions as to how the process of consultation could be improved.

If you have any requirements that we need to meet to enable you to comment, please let us know.

The responses to the consultation will be published by the end of 2012, in a report that will summarise the responses we have received and any action we may take as a result of them. We will also give reasons why it has not been possible to take some comments into account, if that is the case, in the consultation response summary.