

National Insurance Numbers stock categorisation

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Background

The DWP Customer Information System (CIS) provides a repository of National Insurance Numbers (NINo) records and biographical data for all NINos issued by DWP and its predecessor organisations. The NINo provides a unique numerical link between the individual and their National Insurance Contributions held on the HMRC National Insurance and Pay as you Earn Recording System (NPS).

In 2007 DWP completed work to categorise the 76.8 million National Insurance Numbers held on the DWP CIS database for United Kingdom. This was the most thorough and exhaustive analysis of the NINo stocks ever undertaken by DWP or any of its predecessor organisations.

Some of the analyses has since been used in answer to Parliamentary Questions and is thus in the public domain but in the interests of transparency the full suite of results are published herein.

Methodology

To complete the exercise, the NINos held on DWP CIS were matched against all the DWP benefit systems, Child Benefit records, Tax Credit records, National Insurance Contribution records and Electoral Register records. The aim was to identify and categorise those NINos showing any activity on these databases in the last 3 years to 2007.

For the purposes of the exercise individual NINo accounts were grouped into 3 high level categories; active accounts, deceased accounts and inactive accounts. Active accounts were designated as those showing any activity on the databases shown above in the previous 3 years.

The NINo stock increases every year due to NINos being allocated to young people reaching the age of 16 and individuals entering the UK from abroad who require a NINo for employment purposes.

There are legitimate reasons why the number of NINos is greater than the number of the adult population. For example there are UK citizens living abroad who continue to pay UK tax and contributions, and there were 1.1m UK citizens living abroad in receipt of UK social security benefits. However there are also instances where NINos are no longer in use and the account holder is not known to be deceased, and they have been categorised as inactive.

Once a NINo is allocated it needs to remain on the Department's computer system. This is because the NINo provides a permanent numerical link between the individual and their National Insurance Contribution record, which in turn can determine entitlement to benefits and State Pension for the individual. For example in 2006/07 a total of 80,398 claims for State Pension were made by those no longer resident in the

UK. Some of these accounts will have been inactive prior to the claim for State Pension.

In order to provide an accurate link to individual National Insurance Contributions records details need to be retained under one unique reference number.

So, there are a number of reasons why the number of NINOs held on the CIS database will always be greater than the number of the current UK population. Thus the CIS database cannot be regarded as a population register or to provide an accurate indication of the number of adults resident in the UK.

Results

As a result of the thoroughness of the 2007 NINo Stock exercise it was determined a subsequent exercise was not immediately required, as the numbers and categorisation would not have altered significantly. Due to financial constraints it has been agreed not to progress a further exercise in the foreseeable future.

Headline 2007 NINo Stock Categorisations:

- 55.1 million Active accounts – i.e. those showing current or recent use of the NINo.
- 16.8 million accounts relating to people who are now deceased.
- 4.9 million inactive accounts – i.e. those showing no recent activity (and which do not fall into the deceased person account category) such as people who have moved abroad

Active accounts - 55.1 million are categorised as follows:

- On Benefit in UK/On DWP systems in the last three years – 29 m;
- Employed/Self Employed showing activity on one of the following systems in the last three years – Tax Credits System, National Insurance and Pay as you Earn Recording System, DWP Longitudinal Study (includes those abroad who are paying voluntary national insurance contributions) – 23.4 m;
- On benefit abroad in the last three years – 1.1 m;
- NINo allocated to overseas nationals showing activity in the last three years – 0.9 m;
- On an Electoral register within the last three years – 0.7m.

Deceased accounts – 16.8 million

- Deceased records are kept because a partner may make a claim for a contributory benefit, which is dependant on the contribution record of the deceased individual and retaining the NINo as part of the deceased

person's records guards against the NINo being used as part of an identity fraud.

Inactive accounts - 4.9 million are categorised as follows:

- Inactive accounts 3.7 m – The majority of these accounts have shown no activity since the data was migrated from the old system to the Departmental Central Index (the predecessor to CIS) when it was created in 1988;
- Foreign Nationality Marker – There has been no activity on these accounts for over three years, an assumption has been made that these foreign nationals have now left the UK – 0.7 m;
- Foreign address held - There has been no activity on these accounts for over three years, they all hold a foreign address, an assumption has been made that they are residing abroad – 0.5 m.

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