

# Assessment of compliance with the Code of Practice for Official Statistics

## Statistics on Housing Benefit Recoveries and Fraud, and the Abstract of Statistics on Benefits *(produced by the Department for Work and Pensions)*

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### **About the UK Statistics Authority**

The UK Statistics Authority is an independent body operating at arm's length from government as a non-ministerial department, directly accountable to Parliament. It was established on 1 April 2008 by the *Statistics and Registration Service Act 2007*.

The Authority's overall objective is to promote and safeguard the production and publication of official statistics that serve the public good. It is also required to promote and safeguard the quality and comprehensiveness of official statistics, and good practice in relation to official statistics.

The Statistics Authority has two main functions:

1. oversight of the Office for National Statistics (ONS) – the executive office of the Authority;
2. independent scrutiny (monitoring and assessment) of all official statistics produced in the UK.

### **Contact us**

Tel: 0845 604 1857

Email: [authority.enquiries@statistics.gsi.gov.uk](mailto:authority.enquiries@statistics.gsi.gov.uk)

Website: [www.statisticsauthority.gov.uk](http://www.statisticsauthority.gov.uk)

UK Statistics Authority  
1 Drummond Gate  
London  
SW1V 2QQ

# **Assessment of compliance with the Code of Practice for Official Statistics**

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*(produced by the Department for Work and Pensions)*

## ASSESSMENT AND DESIGNATION

The *Statistics and Registration Service Act 2007* gives the UK Statistics Authority a statutory power to assess sets of statistics against the *Code of Practice for Official Statistics*. Assessment will determine whether it is appropriate for the statistics to be designated as National Statistics.

Designation as National Statistics means that the statistics comply with the *Code of Practice*. The *Code* is wide-ranging. Designation can be interpreted to mean that the statistics: meet identified user needs; are produced, managed and disseminated to high standards; and are explained well.

Designation as National Statistics should not be interpreted to mean that the statistics are always correct. For example, whilst the *Code* requires statistics to be produced to a level of accuracy that meets users' needs, it also recognises that errors can occur – in which case it requires them to be corrected and publicised.

Assessment reports will not normally comment further on a set of statistics, for example on their validity as social or economic measures. However, reports may point to such questions if the Authority believes that further research would be desirable.

Assessment reports typically provide an overview of any noteworthy features of the methods used to produce the statistics, and will highlight substantial concerns about quality. Assessment reports also describe aspects of the ways in which the producer addresses the 'sound methods and assured quality' principle of the *Code*, but do not themselves constitute a review of the methods used to produce the statistics. However the *Code* requires producers to "seek to achieve continuous improvement in statistical processes by, for example, undertaking regular reviews".

The Authority may grant designation on condition that the producer body takes steps, within a stated timeframe, to fully meet the *Code's* requirements. This is to avoid public confusion and does not reduce the obligation to comply with the *Code*.

The Authority grants designation on the basis of three main sources of information:

- i. factual evidence and assurances by senior statisticians in the producer body;
- ii. the views of users who we contact, or who contact us, and;
- iii. our own review activity.

Should further information come to light subsequently which changes the Authority's analysis, it may withdraw the Assessment report and revise it as necessary.

It is a statutory requirement on the producer body to ensure that it continues to produce the set of statistics designated as National Statistics in compliance with the *Code of Practice*.

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# 1 Summary of findings

## 1.1 Introduction

1.1.1 This is one of a series of reports<sup>1</sup> prepared under the provisions of the *Statistics and Registration Service Act 2007*<sup>2</sup>. The Act requires all statistics currently designated as National Statistics to be assessed against the *Code of Practice for Official Statistics*<sup>3</sup>. The report covers the following set of statistics produced by the Department for Work and Pensions (DWP):

- *Housing Benefit Recoveries and Fraud*<sup>4</sup> (HBRF); and
- *Abstract of Statistics for Benefits, National Insurance Contributions, and Indices of Prices and Earnings*<sup>5</sup> (The Abstract).

1.1.2 Section 3 of this report adopts an ‘exception reporting’ approach – it includes text only to support the Requirements made to strengthen compliance with the *Code* and Suggestions made to improve confidence in the production, management and dissemination of these statistics. This abbreviated style of report reflects the Head of Assessment’s consideration of aspects of risk and materiality<sup>6</sup>. The Assessment team nonetheless assessed compliance with all parts of the *Code of Practice* and has commented on all those in respect of which some remedial action is recommended.

1.1.3 This report was prepared by the Authority’s Assessment team, and approved by the Board of the Statistics Authority on the advice of the Head of Assessment.

## 1.2 Decision concerning designation as National Statistics

1.2.1 The Statistics Authority judges that the statistics covered by this report are readily accessible, produced according to sound methods and managed impartially and objectively in the public interest, subject to any points for action in this report. The Statistics Authority confirms that the statistics published in *Housing Benefit Recoveries and Fraud* and *Abstract of Statistics for Benefits, National Insurance Contributions, and Indices of Prices and Earnings* are designated as National Statistics, subject to DWP implementing the enhancements listed in section 1.5 and reporting them to the Authority by September 2012.

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<sup>1</sup> <http://www.statisticsauthority.gov.uk/assessment/assessment-reports/index.html>

<sup>2</sup> [http://www.opsi.gov.uk/Acts/acts2007/pdf/ukpga\\_20070018\\_en.pdf](http://www.opsi.gov.uk/Acts/acts2007/pdf/ukpga_20070018_en.pdf)

<sup>3</sup> <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html>

<sup>4</sup> [http://research.dwp.gov.uk/asd/asd1/hb\\_ctb/recoveries\\_and\\_fraud\\_data/index.php?page=recoveries\\_and\\_fraud\\_data](http://research.dwp.gov.uk/asd/asd1/hb_ctb/recoveries_and_fraud_data/index.php?page=recoveries_and_fraud_data)

<sup>5</sup> <http://research.dwp.gov.uk/asd/index.php?page=abstract>

<sup>6</sup> <http://www.statisticsauthority.gov.uk/assessment/assessment/guidance-about-assessment/criteria-for-deciding-upon-the-format-of-an-assessment-report.pdf>

### 1.3 Summary of strengths and weaknesses

- 1.3.1 DWP produces *The Abstract* using previously published statistics, and achieves a high response rate for the return from local authorities on housing benefit recoveries and fraud. DWP statisticians have a good understanding of the uses of the statistics within DWP, but have not been proactive in identifying and engaging with other users of the statistics. DWP has published little information about the uses of the statistics.
- 1.3.2 The releases provide little commentary to describe the statistics and the context in which they are produced.

### 1.4 Detailed recommendations

- 1.4.1 The Assessment team identified some areas where it felt that DWP could strengthen its compliance with the *Code*. Those which the Assessment team considers essential to enable designation as National Statistics are listed in section 1.5. Other suggestions, which would improve the statistics and the service provided to users but which are not formally required for their designation, are listed at annex 1.

### 1.5 Requirements for designation as National Statistics

<b>Requirement 1</b>	Take steps to develop a more complete understanding of the use made of these statistics, publish the relevant information and assumptions, and use them to better support the use of the statistics (para 3.1).
<b>Requirement 2</b>	Publish a timetable of statistical releases for twelve months ahead (para 3.2).
<b>Requirement 3</b>	Improve the accessibility of <i>The Abstract</i> by making the data available in an alternative, reusable, format (para 3.3).
<b>Requirement 4</b>	Confirm that future changes to methods or classifications will be announced in advance of the <i>HBRF</i> release (para 3.4).
<b>Requirement 5</b>	Include a statement in the <i>HBRF</i> release on the nature and extent of revisions (para 3.6).
<b>Requirement 6</b>	Improve the accessibility of the <i>HBRF</i> statistics (para 3.7).
<b>Requirement 7</b>	Review the methods used in <i>HBRF</i> to impute for non-response and other erroneous data, estimate the effect of this on published estimates, consider alternative approaches, and publish the outcome (para 3.8).

- Requirement 8** Publish information on the quality and reliability of the statistics in *The Abstract* in relation to the range of potential uses (para 3.9).
- Requirement 9** Improve the commentary in the releases so that it aids user interpretation of the statistics (para 3.10).
- Requirement 10** Review the pre-release access lists for *HBRF* and *The Abstract* and ensure that they meet the requirements of the *Pre-release Access to Official Statistics Order (2008)* (para 3.11).

## 2 Subject of the assessment

- 2.1 *Housing Benefit Recoveries and Fraud (HBRF)* is a quarterly release that presents statistics on the volume of fraud, activities undertaken to detect fraud, and the amount of housing benefit that has been incorrectly overpaid to claimants. Housing and council tax benefits are administered by local authorities (LAs) and it is their responsibility to detect and follow up fraud and errors. DWP publishes statistics for Great Britain, and at LA, county and regional level, based on data supplied voluntarily by LAs. *HBRF* was introduced in April 2008 and replaced *Housing Benefit Quarterly Fraud Statistics*<sup>7</sup>. Data are collected using a template completed by LAs, with a series of built in consistency and logic checks to reduce the potential for error.
- 2.2 DWP includes links to other fraud and error statistics and its other National Statistics in the annex to *HBRF. Fraud and Error in the Benefit System*<sup>8</sup> includes statistics on fraud and error relating to all benefits, most of which are administered by central government departments. DWP has published a document explaining the methods and definitions used to produce the statistics in *HBRF*<sup>9</sup>.
- 2.3 *The Abstract of Statistics for Benefits, National Insurance Contributions, and Indices of Prices and Earnings (The Abstract)* is an annual publication containing information about the factors used to uprate benefits from 1974 onwards, the rates of benefit, selected deflators, benefit rates in real terms, and links to previously published content. *The Abstract* uses the Consumer Prices Index and Retail Prices Index for the calculation of real values. Earnings statistics from the Annual Survey of Hours and Earnings are used to calculate rates as a percentage of average earnings. The prices and earnings inputs are published by the Office for National Statistics, with prices data re-indexed by DWP to a chosen year. The *Social Security Administration Act 1992*<sup>10</sup> requires the level of benefits to be reviewed annually to determine whether they have retained their relative value to the general level of prices; there is a statutory requirement for some benefits to be uprated in line with prices. *The Abstract* provides a reference source for those who wish to compare the real value of benefits over time.
- 2.4 HBRF data is used to provide briefing for Ministers and DWP officials, monitor the impact of change in policy, and to answer Parliamentary Questions. Users are informed of updates through the DWP news and announcements webpage and via mailings. *The Abstract* aims to provide a reference source for users interested in benefit uprating and the value of benefits in real terms and relative to earnings.
- 2.5 DWP are currently liaising with a sample of Local Authorities to create an estimate of the cost of collecting HBRF data.

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<sup>7</sup> [http://research.dwp.gov.uk/asd/asd1/hb\\_ctb/performance/index.php?page=performance](http://research.dwp.gov.uk/asd/asd1/hb_ctb/performance/index.php?page=performance)

<sup>8</sup> [http://research.dwp.gov.uk/asd/asd2/index.php?page=fraud\\_error\\_arc](http://research.dwp.gov.uk/asd/asd2/index.php?page=fraud_error_arc)

<sup>9</sup> [http://research.dwp.gov.uk/asd/asd1/hb\\_ctb/recoveries\\_and\\_fraud\\_data/hbrf\\_info.pdf](http://research.dwp.gov.uk/asd/asd1/hb_ctb/recoveries_and_fraud_data/hbrf_info.pdf)

<sup>10</sup> <http://www.legislation.gov.uk/ukpga/1992/5/contents/enacted>

### 3 Assessment findings

- 3.1 DWP statisticians engage with other DWP officials who use HBRF statistics through the internal Data User, Steering and Management groups. DWP provides information for users through announcements on its website and the circulation of a bulletin, but has not published any documentation about the use and users of these statistics. A centrally managed email address is used to collate feedback and invite queries. In 2009 DWP published a consultation<sup>11</sup> on the future of *The Abstract*, gaining some insight into the use of these statistics. Responses were received from the House of Commons Library, the Institute for Fiscal Studies and the Work and Pensions Select Committee as well as a number of DWP divisions. As part of the designation as National Statistics, DWP should take steps to develop a more complete understanding of the use made of these statistics, publish the relevant information and assumptions, and use them to better support the use of the statistics<sup>12</sup> (Requirement 1). We suggest that DWP refer to the types of use put forward in the Statistics Authority's Monitoring Brief, *The Use Made of Official Statistics*<sup>13</sup> when documenting use.
- 3.2 No date has yet been published for the next release of *HBRF*. A publication date is available on the National Statistics Publication Hub for the next edition of *The Abstract* but this information is not on DWP's website. As part of the designation as National Statistics, DWP should publish a timetable of statistical releases for twelve months ahead<sup>14</sup> (Requirement 2).
- 3.3 *The Abstract* presents data in tables within a PDF release file. As part of the designation as National Statistics, DWP should improve the accessibility of the data by making them available in an alternative, reusable, format<sup>15</sup> (Requirement 3).
- 3.4 DWP has announced changes to methods and classifications used to produce HBRF statistics, such as changes in collection methods, alongside the release on the 'news and announcements' section of its website or in the notes of the corresponding release. As part of the designation as National Statistics, DWP should confirm that future changes to methods or classifications will be announced in advance of the statistical release<sup>16</sup> (Requirement 4).
- 3.5 *The Abstract* combines previously published statistics to calculate the value of a range of benefits in real terms and as a proportion of average earnings. The calculations used are set out in *The Abstract* and can be replicated by users. We suggest that DWP investigate whether there are alternative approaches that could be used for the provision of these statistics; for example, a spreadsheet-based template could enable users to choose different indices for deflation.

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<sup>11</sup> [http://research.dwp.gov.uk/asd/asd1/abstract/abstract\\_consultation\\_response.pdf](http://research.dwp.gov.uk/asd/asd1/abstract/abstract_consultation_response.pdf)

<sup>12</sup> In relation to Principle 1, Practices 2 and 5 of the *Code of Practice*

<sup>13</sup> <http://www.statisticsauthority.gov.uk/assessment/monitoring/monitoring-briefs/monitoring-brief-6-2010---the-use-made-of-official-statistics.pdf>

<sup>14</sup> In relation to Principle 1, Practice 4 and Protocol 2, Practice 2 of the *Code of Practice*

<sup>15</sup> In relation to Principle 8, Practice 6 of the *Code of Practice*

<sup>16</sup> In relation to Principle 2, Practice 4 of the *Code of Practice*

- 3.6 Both releases follow DWP's policy for revisions<sup>17</sup> but do not state this within the releases or explain the nature and scale of the revisions that have been made. As part of the designation as National Statistics, DWP should include a statement in the releases on the nature and extent of revisions<sup>18</sup> (Requirement 5).
- 3.7 Data tables for previous releases of *HBRF* are available from the *HBRF* landing page but previous first releases are not accessible. As part of the designation as National Statistics, DWP should improve the accessibility of these statistics<sup>19</sup> (Requirement 6).
- 3.8 The data used to produce *HBRF* statistics are returned by LAs using a standard template; around 90 per cent of LAs respond. DWP includes a note alongside the statistics stating that no imputation is made for missing values. DWP statisticians told us that they expect the effect of this on the statistics to be negligible, but that they have not quantified this effect. Returned data that cannot be fully validated are also excluded from the estimates. As part of the designation as National Statistics, DWP should review the methods used to impute for non-response and other erroneous data, estimate the effect of this on published estimates, consider alternative approaches, and publish the outcome<sup>20</sup> (Requirement 7).
- 3.9 The 'Methodology and Definitions'<sup>21</sup> document for *HBRF* provides information about the quality and reliability of the statistics and the quality assurance processes used in the collection of data but there is no corresponding documentation published for *The Abstract*. *The Abstract* is based on previously published data but does not include information about the quality of these inputs or links to existing material about quality. As part of the designation as National Statistics, DWP should publish information about the quality and reliability of the statistics in *The Abstract* in relation to the range of potential uses<sup>22</sup> (Requirement 8).
- 3.10 *HBRF* presents a range of key findings comparing the most recent quarter with that for the same period of the previous year, followed by range of graphs to illustrate the monetary value of overpayments and the processes around the investigation and follow up of fraud. No context is offered to explain the process undertaken in the detection and investigation of fraud and there is little explanation of, and narrative about, the patterns in the statistics and discontinuities. *The Abstract* presents times series for a range of benefits along with some explanatory notes on the calculation of the series. The release would benefit from further explanation of the policy and economic context and the eligibility criteria for benefits. As part of the designation as National Statistics, DWP should improve the commentary in the releases so that it aids user interpretation of the statistics<sup>23</sup> (Requirement 9). We suggest that in meeting this requirement DWP should consider the points detailed in annex 2.

<sup>17</sup> [http://research.dwp.gov.uk/asd/policy/DWP\\_Revisions\\_Policy\\_final.pdf](http://research.dwp.gov.uk/asd/policy/DWP_Revisions_Policy_final.pdf)

<sup>18</sup> In relation to Principle 2, Practice 6 of the *Code of Practice*

<sup>19</sup> In relation to Principle 8, Practice 4 of the *Code of Practice*

<sup>20</sup> In relation to Principle 4, Practice 1 of the *Code of Practice*

<sup>21</sup> [http://research.dwp.gov.uk/asd/asd1/hb\\_ctb/recoveries\\_and\\_fraud\\_data/hbrf\\_info.pdf](http://research.dwp.gov.uk/asd/asd1/hb_ctb/recoveries_and_fraud_data/hbrf_info.pdf)

<sup>22</sup> In relation to Principle 4, Practice 2 and Principle 8, Practice 1 of the *Code of Practice*

<sup>23</sup> In relation to Principle 8, Practice 2 of the *Code of Practice*

3.11 Pre-release access (PRA) is provided for *HBRF* and *The Abstract* and those with access are listed on the DWP website<sup>24</sup>. However, the PRA lists are not available directly from the relevant releases and it is not clear to which edition of the release they refer. Some entries on the lists are for groups rather than specific individuals so the number of people with PRA is not clear. The *Pre-release Access to Official Statistics Order (2008)*<sup>25</sup> requires that lists refer specifically to job title and organisation rather than departments or offices and that the lists be released before or at the same time as the statistics. As part of the designation as National Statistics, DWP should review the pre-release access lists for *HBRF* and *The Abstract* and ensure that they meet the requirements of the *Pre-release Access to Official Statistics Order (2008)*<sup>26</sup> (Requirement 10).

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<sup>24</sup> [http://research.dwp.gov.uk/asd/index.php?page=publish\\_PRA1](http://research.dwp.gov.uk/asd/index.php?page=publish_PRA1)

<sup>25</sup> <http://www.legislation.gov.uk/uksi/2008/2998/made>

<sup>26</sup> In relation to Protocol 2, Practice 7 of the *Code of Practice*

## Annex 1: Suggestions for improvement

A1.1 This annex includes some suggestions for improvement to DWP's Abstract of Statistics on Benefits and statistics on housing benefit recoveries and fraud, in the interest of the public good. These are not formally required for designation, but the Assessment team considers that their implementation will improve public confidence in the production, management and dissemination of official statistics.

- |                     |   |
|---------------------|---|
| <b>Suggestion 1</b> | Refer to the types of use put forward in the Statistics Authority's Monitoring Brief, <i>The Use Made of Official Statistics</i> when documenting use (para 3.1).   |
| <b>Suggestion 2</b> | Investigate whether there are alternative approaches that could be used for the provision of <i>The Abstract</i> statistics; for example, a spreadsheet-based template could enable users to choose different indices for deflation (para 3.5). |
| <b>Suggestion 3</b> | Consider the points detailed in annex 2, in seeking to improve the statistical releases (para 3.10).  |

## **Annex 2: Compliance with Standards for Statistical Releases**

- A2.1 In October 2010, the Statistics Authority issued a statement on *Standards for Statistical Releases*<sup>27</sup>. While this is not part of the *Code of Practice for Official Statistics*, the Authority regards it as advice that will promote both understanding and compliance with the *Code*. In relation to the statistical releases associated with *HBRF* and *The Abstract Statistics*, this annex comments on compliance with the statement on standards.
- A2.2 In implementing any Requirements of this report (at paragraph 1.5) which relate to the content of statistical releases, we encourage the producer body to apply the standards as fully as possible.

### **Appropriate identification of the statistics being released**

- A2.3 The releases have titles that describe their content. *HBRF* indicates the coverage of the release but does not have the title at the head of the first release nor does it describe the period to which it relates or the frequency of the publication. *The Abstract* has a title which describes the period to which it relates but does not indicate the coverage or frequency of the release.
- A2.4 *HBRF* uses standard logos and headings; *The Abstract* uses the standard logos but not the standard headings. Both include the name of the originating department and contact details for the responsible statistician. Both releases include a brief introduction but lack a full description of the statistics being presented and their use.

### **Include commentary that is helpful to the non-expert and presents the main messages in plain English**

- A2.5 *HBRF* includes a summary that sets out key findings in bullet points. The majority of the release is in the form of a sequence of graphs to illustrate the statistics but does not provide an explanation of the process that links them and how the different stages of the process connect together. In some cases, the graphs are not labelled consistently or with the most appropriate scale. Some of the terms used, such as 'cautions' and 'sanctions policy', are not defined.
- A2.6 Statistics in *The Abstract* are presented as a series of tables in PDF format. They are available in a reusable format on request but it is not made clear to users that this is possible. The release provides some description of the purpose of the statistics, the history of benefits uprating, and a brief outline of the process by which they are derived – but provides little commentary or economic or policy context to support the statistics.

### **Use language that is impartial, objective and professionally sound**

- A2.7 The language used in the releases is impartial and professionally sound. Descriptive statements are consistent with the statistics presented.

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<sup>27</sup> <http://www.statisticsauthority.gov.uk/news/standards-for-statistical-releases.html>

### **Include information about the context and likely uses**

- A2.8 *HBRF* contains some background notes about the history and use within DWP of the statistics but does not include adequate information about the wider uses of the statistics and the policy context within which they are produced. *The Abstract* does not include a discussion of the uses of the statistics.
- A2.9 *HBRF* is supported by information about the quality of the statistics but *The Abstract* does not.

### **Include, or link to, appropriate metadata**

- A2.10 *HBRF* includes some information about the methods and sources used to produce the statistics in the background notes of the release. A document on methodology and definitions provides additional information on the data collection and quality assurance process used.
- A2.11 Neither release provides an indication of the nature and scale of revisions that take place.

## Annex 3: Summary of assessment process and users' views

A3.1 This assessment was conducted from January to April 2012.

A3.2 The Assessment team – Catherine Barham and Neil Wilson – agreed the scope of and timetable for this assessment with representatives of the Department for Work and Pensions in February. The Written Evidence for Assessment was provided on 16 March. The Assessment team subsequently met DWP during March to review compliance with the *Code of Practice*, taking account of the written evidence provided and other relevant sources of evidence.

### Summary of users contacted, and issues raised

A3.3 Part of the assessment process involves our consideration of the views of users. We approach some known and potential users of the set of statistics, and we invite comments via an open note on the Authority's website. This process is not a statistical survey, but it enables us to gain some insights about the extent to which the statistics meet users' needs and the extent to which users feel that the producers of those statistics engage with them. We are aware that responses from users may not be representative of wider views, and we take account of this in the way that we prepare Assessment reports.

A3.4 The Assessment team received 9 responses from the user consultation. They were grouped as follows:

Central government	4
Local government	2
Suppliers	3

A3.5 Some users noted that they had not used these products before but were potential users of the statistics now that they were aware of them. A user noted that *The Abstract* was a useful reference source that met their needs well but that it might be appropriate to consider how this is produced now that it is in a reduced form. Suppliers understood how to submit their data but did not feel they had been adequately consulted about changes to the data collection system. One of the suppliers was not clear about the purpose of the DWP collection exercise.

### Key documents/links provided

Written Evidence for Assessment document





