

Guidelines on the use and interpretation of official statistics on children in out-of-work benefit households.

These tables are Official Statistics. See: <http://www.statisticsauthority.gov.uk/national-statistician/types-of-official-statistics/index.html>.

There are a number of reasons why data accuracy is such that users should treat figures with due caution, and the key issues are documented below.

Data for children in out-of-work benefit households are derived by matching DWP benefit data with HMRC Child Benefit data. Children are matched through the Child Benefit claimant (i.e. parent or guardian), a customer of HMRC, where the Child Benefit claimant or the partner of a Child Benefit claimant is also a DWP benefit claimant.

Care should be exercised in interpretation of the term out-of-work benefit household, which means that at least one parent or guardian is claiming an out-of-work benefit. A distinction needs to be drawn between households where no one in the family unit is working.

Out-of-work benefits include Jobseeker's Allowance, Income Support, Employment and Support Allowance, Incapacity Benefit, Severe Disability Allowance and Pension Credit. However, data for May 2008 predate the introduction of Employment and Support Allowance.

Universal Credit is not included in these statistics.

The take-up rate of Child Benefit has held fairly constant over the past few years at around 96% to 97%. Therefore the child population (up to 16) within Child Benefit is a useful proxy for the child population as a whole. The approach highlighted therefore offers us the best opportunity to match information about children to our data. However, it means that up to 4% of households with children are not available for matching.

In the production of data for 2008, several methodological changes were implemented to improve matching and to control case selection. These changes have improved data accuracy. However, any time-series analyses will be susceptible to discontinuities arising from improvements to the methodology. We estimate that methodological changes for data at May 2008 account for an additional 9,330 children living in Jobseeker's Allowance households, an overall addition of 6,630 children living in out-of-work benefit households (0.28% increase).

Couples with more than one child can elect that both partners receive Child Benefit, with the children allocated between them. This has led to a very small over-count in the number of households we report. Where two DWP benefit claimants form a household unit, and elect to claim Child Benefit in this way, it is not possible to distinguish the roles of claimant and partner of claimant. This has no impact on the number of children we report, but in the number of households.

Steps have been taken to improve quality of data through better partner matching, where a partner of a DWP customer may be responsible for a Child Benefit claim in that family unit. However, there are a small number of children who live in households where a parent or guardian may claim an out-of-work benefit that we cannot identify, due to the absence of partner details on our data.

Child Benefit claims can be backdated by up to 3 months, so retrospection is an issue. To further improve data coverage, subsequent scans of Child Benefit claimants were used to ensure most of the late claims up to the end of each quarter were included.

In 2012, the unavailability of a Child Benefit scan led to a slight change in methodology to enable production of the 2012 tables. We do not expect this to have an impact on outputs, however, please be aware of this when making time-series comparisons. The original methodology has been used to produce data from 2013.

Background Information

Geographical Coverage

Data are published by country, region, local authority and Parliamentary constituency. Data for 2009 and 2010 are also published by 2003 Ward and Lower Layer Super Output Area (LSOA) in England and Wales and Data Zone in Scotland.

Local Authority Boundary Changes

On 1st April 2009, the reorganisation of the Local Authorities of England created nine new unitary authorities (UAs). From May 2009 these changes were reflected in published data.

Parliamentary Constituency Boundary Changes

As at the 2010 United Kingdom General Election, on 6th May 2010, the Parliamentary Constituency boundaries changed. From May 2010 data these changes are reflected in the published data.

Disclosure controls

Published figures are rounded to the nearest ten for larger geographical areas. For smaller geographies such as Ward and Lower Layer Super Output Area, figures are independently rounded to five. Some additional disclosure controls have also been applied that may vary depending on geographical breakdown and nature of information being published. Please refer to the background notes that appear on each data table for further information.

Using this data to calculate proportions

DWP will not calculate proportions of children living in out-of-work benefits. If you would like to calculate the number of children living in out-of-work benefit households as a proportion of all children within a particular geography, we recommend the use of Population Estimates published by the Office for National Statistics to provide the denominator.

Data can be found here:

<http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Population>.

Users should note that both series, the number of children living in out-of-work benefit households and the Population Estimates, are statistical estimates of the true numbers.

The following guides describe the quality and methodology information for the relevant series:

- Population Estimates – <http://www.ons.gov.uk/ons/guide-method/method-quality/quality/quality-information/social-statistics/quality-and-methodology-information-for-mid-year-population-estimates.pdf>.

- Benefit claimants –
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/205180/statistical_summary_quality.pdf.

We strongly advise against creating proportions that include the age group 16-18, because for child Benefit entitlement for particular child often ends at the age of 16. As a result, fewer young people aged 16-18 years are subsequently matched to DWP claimants.

It may be possible to compare small area resident child populations from the 2011 census (<http://www.ons.gov.uk/ons/guide-method/census/2011/index.html>) on 27 March 2011 with the numbers of children in out-of-work benefit households at the end of May 2011.

Whilst this will provide helpful and useful proportions for many small areas, users should exercise caution over the extreme values (e.g. areas with more than 95% of households on out-of-work benefits). Whilst these areas are likely to have high proportions on out-of-work benefits, the very extreme values are likely to be due to the date differences, issues with the out-of-work benefit data described above or issues with reporting of census population (see: <http://www.ons.gov.uk/ons/guide-method/census/2011/the-2011-census/census-coverage-survey/trout--catfish-and-roach---the-beginner-s-guide-to-census-population-estimates.pdf>).

Notes on out-of-work benefits

Income Support

Income Support (IS) is intended to help people on low incomes who do not have to be available for employment. It can normally be claimed by people who are:

- aged 16 or over
- not working or working under 16 hours per week (and/or with a partner working under 24 hours)
- not required to be available for full-time employment
- and in receipt of insufficient income to meet prescribed needs.

The main types of people who receive it are lone parents, the long and short-term sick, people with disabilities and other special groups such as Carers.

The amount of IS that a claimant can receive depends mainly upon:

- their age
- whether they have a partner
- whether they have special needs such as a disability or caring responsibilities
- whether they have liabilities for certain types of housing costs such as mortgage interest payments.

The maximum amount that a claimant can receive is normally reduced by income from other types of benefits or other sources.

Lone Parent Obligations

The Lone Parent Obligation policy came into effect from 24 November 2008; Lone Parents (LPs) with a youngest child aged 12 or over were no longer able to make a new or repeat claim for Income Support (IS) solely on the basis of their parental status. Existing IS LPs with a youngest child aged 12 or over had their eligibility removed over a period of time commencing 2nd March 2009. From October 2009 this policy was extended to LPs with a youngest child aged 10 or 11 and from October 2010 the policy was extended to LPs with a youngest child aged 7 or over. The Welfare Reform Act 2012 introduced further changes and from May 2012, lone parents will only be eligible to claim Income Support until their youngest child is five years old. Most affected LPs will leave IS and claim Jobseeker's Allowance (JSA). However, there are exceptions to these rules where the youngest child can legitimately be over the ages mentioned above. Similarly, some former LPs remain on IS for other reasons (e.g. they have a long term caring responsibility and claim Carer's Allowance).

Jobseeker's Allowance

Jobseeker's Allowance (JSA) was introduced on 7 October 1996. It replaced Unemployment Benefit and Income Support for unemployed people and brought them together in a unified benefit with two routes of entry. It can be claimed by people who are available for and actively seeking employment, including those in remunerative work for less than 16 hours a week on average, and by people on a government approved training scheme.

Employment and Support Allowance

Employment and Support Allowance (ESA) replaced Incapacity Benefit (IB) and Income Support (IS) paid on the grounds of incapacity for new claims from 27th October 2008. Starting in October 2010 (in trial areas), most claimants who receive IB, SDA and IS paid on the grounds of illness or disability will be assessed to see if they qualify for ESA. If they qualify for ESA their IB, SDA or IS claim is converted into an ESA claim. For claimants who were previously in receipt of IB or SDA, their benefit will be converted to contributory ESA; if they were previously in receipt of IS their benefit will be converted to income-related ESA. In the same way as with IB, contributory ESA can be paid with an income-related top up and a transitional addition if appropriate.

Incapacity Benefit

Incapacity Benefit (IB) replaced Sickness Benefit and Invalidity Benefit from 13 April 1995. It is paid to people who are assessed as being incapable of work and who meet certain contribution conditions. Assessment is through the Personal Capability Assessment (PCA) which measures the claimant's ability to perform a range of everyday activities. Starting in October 2010 (in trial areas), most claimants who receive IB, SDA and IS paid on the grounds of illness or disability will be assessed to see if they qualify for ESA.

Statutory Sick Pay

Statutory Sick Pay (SSP) can be paid by the employer for up to 28 weeks. If the incapacity continues beyond the 28 week period, the period of SSP will be regarded as the customer having spent 28 weeks on the short term low rate. The claimant/beneficiary will be eligible to receive the short term higher rate from the onset of their claim to incapacity benefit.

Severe Disablement Allowance

Severe Disablement Allowance (SDA) replaced Non-Contributory Invalidity Pension and Housewives Non-Contributory Invalidity Pension from 29 November 1984. Until April 2001, people who were incapable of work and did not satisfy the contribution conditions for IB could claim SDA. People had to be aged between 16 and 65 when they made their claim. There is no upper age limit for receiving the allowance once it has been awarded. People had to have been incapable of work for at least 28 weeks. Anyone who became incapable of work before their 20th birthday could qualify on this basis alone. People who became incapable of work after their 20th birthday also had to

prove they had been 80% disabled for at least 28 weeks. Starting in October 2010 (in trial areas), most claimants who receive IB, SDA and IS paid on the grounds of illness or disability will be assessed to see if they qualify for ESA.

Pension Credit

Pension Credit (PC) replaced the Minimum Income Guarantee (MIG) from October 2003. It is designed to ensure that help is still directed at pensioners at the lower end of the income scale and, in addition, to reward those people who have made modest provision for their retirement.

Pension Credit guarantees that no-one aged over the female State Pension age need live on an income of less than a guaranteed amount. These amounts increase if pensioners have caring responsibilities, are severely disabled or have housing costs. The guarantee credit works by topping up pensioners' weekly income to the guaranteed amount.

To be entitled to Pension Credit, the applicant must over the female State Pension age and living in Great Britain. In the case of a couple, either may claim if both are over the female State Pension age but only one partner can get Pension Credit at any one time. MIG households were automatically transferred to Pension Credit. However, there are still a small number of MIG claimants, whose partner is aged 60 or over and could claim Pension Credit, but who in the majority choose not to do so.

The age at which men and women reach State Pension age is gradually increasing. Under current legislation, State Pension age for women will equalise with State Pension age for men at 65 in 2018. Both men's and women's State Pension age will increase from 65 to 66 between December 2018 and October 2020. The Pensions Bill 2013-14 contains provision for a State Pension age of 67 to be reached by 2028. The first quarterly statistical summary to be affected was the November 2010 publication and the first early estimates to be affected were released in June 2010. These changes introduce a small increase to the number of working age benefit recipients and a small reduction to the number of pension age recipients. There are also changes to the way we report benefit recipients as a proportion of the working population.

More information can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207966/esa.pdf.

For general information about the change to State Pension age, please see:

<https://www.gov.uk/calculate-state-pension>

Notes on Child Benefit

Child Benefit (CB) is a universal benefit paid by HMRC to those responsible for children (aged under 16) or qualifying young people. The latter includes:

- a) those in full-time non-advanced education or (from April 2006) on certain approved vocational training courses and who are under 19, or are aged 19 and have been on the same course since their 19th birthdays. (Note: those reaching 19 up to 9 April 2006 ceased to qualify on their 19th birthdays);
- b) those entered for future external examinations, or are in the period between leaving education (or exams finishing) and the week containing the first Monday in September (or similar dates after Easter and in early January, if earlier), and are not in work (there are slight variations for Scotland);
- c) c) those aged under 18 who have moved directly from full-time education to being registered for work or training with the Careers service or with Connexions.

From January 2013, an income charge will be applied to taxpayers whose income exceeds £50,000 in a tax year and who are in receipt of Child Benefit, and to taxpayers whose income exceeds £50,000 and whose partner is in receipt of Child Benefit.

Further information is available at: <http://www.hmrc.gov.uk/budget2012/tiin-0620.pdf>

For information on DWP statistics please refer to our website:

<https://www.gov.uk/government/organisations/department-for-work-pensions/about/statistics>.

More information on Child Benefit Data can be found at:

<https://www.gov.uk/government/collections/child-benefit-geographical-statistics>.

DWP
June 2014