

## Methodology - Sections 1, 2 and 3

The following notes are for the interpretation of Persons of Working Age and their Children. A full description of the methodology used to produce these analyses and the possible uses that can be made of the data is available from the contact point listed.

These analyses are based on data collected through the administration of the individual benefits and tax credits. They are designed to give a good indication of the size of the population on these benefits and/or tax credits and how this changes over time. However, they are affected by changes to the conditions of entitlement and to the existence of the benefits/tax credits themselves. This includes such things as: the replacement of Family Credit and Disability Working Allowance with Working Families' Tax Credit and Disabled Person's Tax Credit respectively. No attempt has been made to adjust the series for such factors.

### Summary of methodology

The analysis of Persons of Working Age and their Children have been constructed by matching 5% samples for the individual benefits/ tax credits that they cover, with the exception of Disabled Person's Tax Credit. Due to the low number of individuals receiving Disabled Person's Tax Credit each person was included in these analyses rather than using a sample. People in these individual samples are selected using the last two digits of the National Insurance number (NINO). This sampling scheme ensures that the same set of people will be selected for each individual benefit/ tax credit and time period that they have a live claim.

(Note: The analysis of Persons of Pensionable Age has been constructed by matching 100% scans for the individual benefits that they cover).

To produce the client group analyses, a common "snapshot" date is chosen and the NINOs for each person claiming a benefit or receiving a tax credit on this date are selected. The NINOs are then matched to produce an overall data set for those who are claiming at least one benefit or receiving a tax credit on the snapshot date. The individual data items used for the various analyses (e.g. age, sex, number of children) are then taken from the source data sets and additional variables are then derived (e.g. statistical group, family type).

This methodology gives a "best estimate" of the overall number of claimants of benefits and recipients of tax credits. However, there are some minor limitations (for example, the sample of JSA claimants is taken about two weeks before the snapshot date). The best estimates of the numbers claiming each benefit or receiving each tax credit are still given by the individual samples from which the data are drawn. Benefit statistics are published by Statistics and Research Branch, Department for Social Development and tax credit statistics are published by Inland Revenue Analytical Services Division.

### Family type and "People on benefits"

The Family Type analyses in section 1.2 are based mainly on claimants who receive additional amounts of benefit for their partner and/or children and young adult dependants. These amounts are payable for all partners and dependants of claimants of means tested benefits, which are received by the majority of claimants covered by these analyses. The main gap comes from claimants of Incapacity Benefit/Severe Disablement Allowance where additional benefit is payable only to those who have a partner who is not working and is looking after children. For Disability Living Allowance, partner and/or children information is not required since claimants make a claim in their own right from birth to pensionable age. For Jobseeker's Allowance, Contributory and Credits, no additional payment is made for partners or children.

However, Statistics and Research Branch have been able to match partner's and dependant's details in this publication from other data sources i.e. Child Benefit and Child Support Agency. This has reduced the percentage of 'Not Known' cases from 35% to 28% at August 2001. The 'Not Known' group is made up of the remaining Incapacity Benefit, Severe Disablement Allowance and Disability Living Allowance cases. It includes a small number (1% at August 2001) who receive allowances for dependants but not partners.

In sections 1.6,1.7 and in the Children's section, the analysis is based on Children of Working Age Claimants where we have been able to match details from either the Key Benefits themselves or from Child Benefit and Child Support Agency scans. There are a small number of children where their age is not known. It is assumed for the purposes of the relevant sections that they are '15 or less'.

## **Statistical groups**

Claimants have been allocated to statistical groups to give an indication of the main reason why they are claiming benefit (see Definitions and Conventions). This is only one of the possible ways in which claimants could be classified and alternative classifications are possible.

In sections 1.10 and 2.3, claimants of key benefits and recipients of tax credits have been divided into groups based mainly on the type of benefit and/or tax credit they receive. This gives an indication of the main reason why they are claiming a benefit and/or receiving a tax credit. As WFTC and DPTC awards can remain in payment after employment has ended (they are paid for six months irrespective of circumstances), those people who also receive a key benefit (other than DLA) are allocated to the appropriate group based on the benefit received. For example, a person receiving WFTC who also receives IS as a lone parent has been allocated to the "Lone Parent" group. This explains why the numbers in some groups shown in this bulletin can differ from those shown in the separate DSD and IR benefit and tax credit publications.

## **Transitions analyses**

The transitions analyses shown in section 1.3 of this bulletin are produced by matching the "snapshot" data for the stock of claimants with a live claim at the end of each quarter. By matching claimants who appear in different quarters, we can get an indication of how many move on, off and between the benefits that are included. These analyses do not cover all claimants who come on and go off these benefits over the period covered by the analyses. For example, they do not cover those claims of very short duration, which start and end between the "snapshot" dates.

Also, as they are based on matching NINOs of claimants of these benefits, they do not cover all possible movements into and out of the benefit system. For example, if a claimant leaves Income Support because his partner claims Jobseeker's Allowance, the analyses will not capture this change. The transitions analysis shown in section 1.10 of this bulletin additionally shows movements between benefits and tax credits. They are subject to similar constraints as the analysis in section 1.3 described above.

The importance of these "missing flows" will depend mainly upon the use that is made of the data. If, for example, we want to analyse the number of different benefits that a claimant receives over a three-year period, these analyses should be able to produce a good measure of it. However, if we were attempting to produce a similar analysis based on benefit units, we could miss a significant number flows - for example, where the partners in a couple alternate as to who makes the claim for a benefit when the family circumstances change.

## **IS claimants on Government Training schemes**

Prior to the introduction of JSA, people on Government Training schemes could claim Income Support. When JSA was introduced in October 1996, these claimants now had to claim Income-based JSA. They are not included in the client group analysis in this bulletin as validated source data are not currently available.

## **Clerical Cases**

Some of the claims to each of the key benefits featured in this bulletin are not administered using the relevant DSS computer system. These claims are administered clerically and make up a very small proportion of people of working age who claim a key benefit.