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Grossing factors for National Statistics from DWP Family Resources Survey

Department for Work and Pensions statisticians have been reviewing the grossing methodology for the DWP Family Resources Survey (FRS). The FRS is used as a source for National Statistics on income distribution and on the take-up of income-related benefits.

The FRS grossing regime used to date has ensured that FRS-based estimates for Great Britain match population estimates derived from other National Statistics sources. However the regime has not sought to ensure that estimates for individual countries or regions match population estimates for those countries or regions. The exception is Scotland, where an interim regime announced in 2002 introduced improved population counts for Scotland. As a consequence, it has not been possible to produce reliable estimates of the **number** of individuals in households below various income levels for countries – other than Scotland – or regions.

A new regime has been devised, which improves the accuracy of regional-level counts drawn from the FRS. Other changes are expected to improve the accuracy of national counts; they deliver a better match with population estimates from the Office for National Statistics (ONS). The new regime aligns FRS grossing factors to ONS population estimates of individuals by age, sex and region. The previous regime controlled for numbers of singles and couples, based on applying fixed cohabitation rates derived from historical data to ONS population estimates by marital status. Although the new regime still controls for numbers of lone parents and overall number of families with children (based on a combination of survey and DWP administrative data), overall cohabitation rates in FRS results are now more a reflection of survey findings than of external constraints on the grossing.

DWP statisticians have also incorporated changes in population counts, and related counts, following the 2001 Census. The post-Census revisions reduced the estimated number of males by around three quarters of a million – of whom around half were in the 25-39 age group – and the number of females by around 100,000.

Revised grossing factors, incorporating both the new grossing regime and the revised population counts, have been calculated for all the years for which full-year FRS data is available, from 1994-95 onwards.

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Implications for FRS-based National Statistics released by DWP

Family Resources Survey annual report

The next annual report, on the 2003-04 dataset, will employ the new grossing regime and population counts. There will be no revisions to previous reports; each report covers a single year. The report will include details of the new grossing regime methodology and will highlight any significant changes outside those expected due to the regime change. Datasets with revised grossing factors will be available to FRS users through the normal channels, for all years from 1994-95 onwards.

Households Below Average Income (HBAI) statistics

The full FRS-based series, from 1994-95 onwards, will be revised to incorporate both the new grossing regime and the revised population counts, when results for 2003-04 are released on 30 March 2005.

DWP statisticians have consulted external experts on an issue concerning the monitoring of progress on the Public Service Agreement target to reduce child poverty. The relevant PSA Technical Note stated that this target would be monitored via HBAI, using the HBAI '1998/99 baseline figures and methodology.' The revision of population counts does not constitute a change in HBAI methodology; but it could be argued that a change in the FRS grossing regime does constitute a change in methodology. Following the consultation with external experts, DWP statisticians have decided that the main results in HBAI should employ the

new grossing regime; while key results, using the most up-to-date population counts but the previous grossing regime, will be provided in an appendix.

The view of DWP statisticians, in relation to income statistics, is that results using the new grossing regime are likely to be more accurate at national, as well as regional, level, and should be used for all purposes.

Pensioners' Incomes series

The 2003-04 edition of the Pensioners' Incomes series will include revised results from 1994-95 onwards, incorporating the new grossing factors and population counts. This will be released on 6 April 2005.

Take-up of income-related benefits

The next, and subsequent, editions of the statistics on the take-up of income-related benefits will employ the new grossing regime and revised population counts. As the estimates of take-up routinely allow for imperfections in the FRS grossing regime, the effects are expected to be small, for many results; but may be larger for others. The next edition in the series, or a separate press release, will report on the effects of the new regime and population counts.

Notes for Editors

1. The Family Resources Survey (FRS) collects information on the incomes and circumstances of private households in the United Kingdom. The survey covered around 29,000 households in Great Britain in 2003-04. The FRS grossing regime allows FRS data to be scaled up to provide estimates of the numbers of households, in Great Britain, with various characteristics – e.g. with income below the national average. The process of grossing involves scaling-up the FRS to estimates of population, households and to a number of other key totals which come from a variety of National Statistics sources. Several Government Statistical Service surveys adopt this approach to weighting survey data.
2. Details of the new grossing regime are available in "The New Family Resources Survey Grossing Regime" which can be obtained from Joe.Bosak@dwp.gsi.gov.uk or on the Internet via <http://www.dwp.gov.uk/asd/frs/reports/index.asp>
3. There has been no change in the grossing regime or population counts used for Northern Ireland, which was added to the FRS in 2002-03.
4. The new regional regime aligns FRS-based estimates to regional populations by age and sex. This should improve regional and national estimates in instances where differential responses by age, sex and region are a significant influence on the accuracy of the statistics concerned. But some elements of the grossing system are only applied at national level; other factors potentially related to non-response do not enter the grossing at all; and sample sizes are smaller at regional level. For these reasons, regional results based on the FRS still need to be treated carefully.
5. The change in the grossing regime entails changes in the selection of types of counts – e.g. whether these are regional or only national – for which DWP statisticians seek to align grossed FRS counts with counts from external sources. The change in population counts entails changing the numbers in these external counts. Both changes are being introduced at the same time, to minimise the volume of revisions to FRS-based statistics.
6. For the HBAI low-income statistics, the effects of grossing changes on previously published counts of children, working-age adults, pensioners and 'all individuals,' below 60% of median income, have been investigated. 'Below 60% of median income' is a commonly used indicator of low income or poverty. The effects of the change in grossing regime alone are small. In any one year, changes in percentages do not exceed 1 percentage point; changes in numbers do not exceed 0.1 million for children, working-age adults or pensioners and 0.2 million for 'all individuals.' In general, the effects on any given published series in different years are zero or all in the same direction; exceptions are numbers of working-age adults, for income before and after housing costs, and numbers of children and 'all individuals,' for income after housing costs. The combined effects of the change in the grossing regime and the revised population counts are modest. In any one year, changes in percentages do not exceed 1 percentage point; changes in numbers do not exceed 0.1 million for children, 0.2 million for pensioners and 'all individuals,' 0.3 million for working-age adults; from 1996/7 onwards, the effects on any given published series in different years are zero or all in the same direction.
7. Statistical questions on the FRS grossing regime should be addressed to Joe Bosak, Department for Work and Pensions (020 7962 8987). Statistical questions on low income estimates for Great Britain should be addressed to Simon Lunn, Department for Work and Pensions (020 7962 8232).