

Article

Admin-based income statistics, England and Wales: tax year ending 2018

Experimental gross and net, individual and occupied address income statistics for small areas using administrative data from Pay As You Earn, Self Assessment and benefit systems.

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Notice

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The previous edition of this article, [Admin-based income, England and Wales: tax year ending 2016 revised results](#), is available.

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1 . Main changes

- We have incorporated two additional administrative data sources into our experimental admin-based income statistics; these are Personal Independence Payment (PIP) and Universal Credit (UC).
- We have produced admin-based income statistics using this improved methodology for the tax year ending 2018, reflecting the latest time period for which we have all administrative data sources available.

These admin-based income statistics (ABIS) are [Experimental Statistics](#). They have limited use for decision-making, as both the income measure and coverage are in development. If you use these data, please include the Experimental Statistics label in your output. The [income estimates for small areas](#) are the recommended estimates to use for household income for small areas.

2 . Overview

We previously published admin-based income statistics (ABIS) in our [Admin-based income, England and Wales: tax year ending 2016 revised results article](#) in June 2021. This included an [update to the methodology to incorporate self-employment income from HM Revenue and Customs \(HMRC\) Self Assessment data](#) for the first time. The use of these data alongside Pay As You Earn and benefits data allowed us to produce updated Experimental Statistics for the tax year ending 2016.

This article builds on our previous method by including two new benefit datasets from the Department for Work and Pensions (DWP): Personal Independence Payment (PIP) and Universal Credit (UC). This, along with updated data supplies, allows us to produce Experimental ABIS for the tax year ending 2018.

For further information on the methods and data sources used in the creation of the ABIS please see the [ABIS Quality and Methodology Information report](#).

The ABIS form part of [our population and social statistics transformation programme](#), which aims to provide the best insights on population, migration and society using a range of data sources. The findings will form part of the evidence base for the National Statistician's Recommendation in 2023 on the future of population, migration and social statistics in England and Wales.

3 . Incorporating additional data sources

Personal Independence Payment

The admin-based income statistics (ABIS) methodology is still under development and has recently been updated to incorporate [Personal Independence Payment](#) (PIP) from the Department for Work and Pensions (DWP) into our measure.

PIP is a benefit that can be claimed to help with extra living costs if you have both a long-term physical or mental health condition or disability, and difficulty doing certain everyday tasks or getting around because of your condition. It can be claimed alongside work, savings, or most other benefits.

Universal Credit

The ABIS methodology has also recently been updated to incorporate [Universal Credit](#) (UC) from the DWP into our measure.

UC is a benefit to help with living costs for those who are on a low income, out of work or cannot work. UC was created to replace the following legacy benefits and tax credits:

- Child Tax Credit
- Housing Benefit
- Income Support
- Income-based Jobseeker's Allowance
- Income-based Employment and Support Allowance
- Working Tax Credit

[The Government first launched UC in 2013](#) and expects all households claiming legacy benefits and tax credits to have moved across to UC by the end of 2024. While this migration takes place, individuals transferring from legacy benefits to UC are likely to appear in both systems within a given tax year, with individuals remaining [entitled to their legacy benefits for two weeks after making a UC claim](#). The accuracy with which we capture this migration is dependent on the accuracy of the legacy benefits and UC operational systems when closing and opening claims. Future work will develop our understanding of this migration across benefit systems.

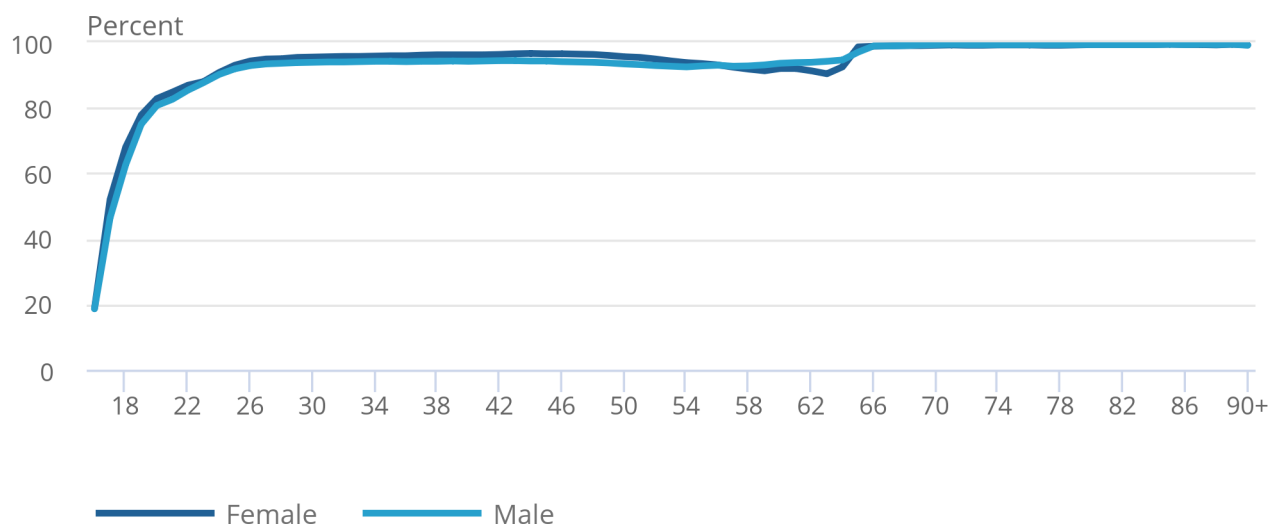
The impact of including new data sources

Figure 1: Percentage of individuals in our population base (SPD, V3.0, 2018) with identified administrative income information reaches over 90% by age 24 years

By age and sex, women and men aged 16 years and over, England and Wales, tax year ending 2018

Figure 1: Percentage of individuals in our population base (SPD, V3.0, 2018) with identified administrative income information reaches over 90% by age 24 years

By age and sex, women and men aged 16 years and over, England and Wales, tax year ending 2018



Source: Office for National Statistics – Admin-based income statistics

We were able to identify income information from at least one ABIS data source for 92.5% of individuals aged 16 years and over in England and Wales (on our population base, [Statistical Population Dataset \(SPD\), V3.0, 2018](#)). Further information on the SPD and how it is used in the ABIS production can be found in our [ABIS Quality and Methodology Information report](#).

Figure 1 shows how the ABIS coverage varies by age and sex. Coverage increases for both sexes from below 20% at age 16 years, to over 90% by age 24 years, remaining over 90% after this age.

Lower coverage for younger ages may be because of the higher proportions of young people in full-time education. The increase in coverage from age 21 years onwards for both sexes would be expected, as individuals typically finish education and move into the labour market. [Feasibility research into admin-based labour market status](#) (ABLMS) for the tax year ending 2016 supports this explanation, finding that the proportions of ABLMS "Unallocated" and "Economically Inactive: Student" were high for 16- to 17-year-olds, decreasing through the 18 to 24 years and 25 to 34 years age groups. This suggests that these individuals were in a transition period out of full-time education and into economically active status groups.

ABIS coverage remains stable during working ages, with coverage trends similar for women and men. Coverage rises slightly around State Pension age, which reflects the inclusion of State Pension data in the ABIS. During the tax year ending 2018, the State Pension age for men was 65 years. Under the Pension Act 2011, women's State Pension age was increasing from 63 to 65 years over the period of April 2016 to November 2018.

Who is included in the admin-based income statistics

In the tax year ending 2018, 92.5% of individuals aged 16 years and over in England and Wales who appeared in our population base ([SPD, V3.0, 2018](#)) had income information available in the ABIS data sources.

This leaves 7.5% of individuals in our population base who we have not been able to identify any income information for in the ABIS data sources. This inability to identify income information could be because:

- the individuals have a genuine zero income for that time period, therefore the ABIS methodology is correct in not identifying any income information for them
- the individuals have income information that has not been captured in the current ABIS methodology

There are a variety of reasons why we may not be capturing all income information. This includes:

- missing whole income components in our ABIS methodology, which should otherwise be included to produce a complete measure of an individual's income, but are missing as we have yet to identify or include the relevant administrative data sources (for example, property income)
- missing whole income components in our ABIS methodology, which should otherwise be included to produce a complete measure of an individual's income, but are missing as it is unlikely they can be captured through administrative data sources (for example, cash in hand income)
- missing the income of individuals from a particular administrative income data source, potentially because of data errors at source or errors introduced during the data processing stages
- failing to link individuals in the population base (SPD, V3.0, 2018) to their recorded income in the administrative data sources, because of missing or unavailable pseudonymised identifiers in the source data

Our [ABIS Quality and Methodology Information \(QMI\) report](#) contains further information on:

- income components captured ([Section 5: Concepts and definitions](#))
- the main data sources used to produce the ABIS ([Section 6: Main data sources and their accuracy](#))
- the data linkage methods used ([Section 6: How we process the data](#))

Our ABIS methodology remains under development, therefore we hope to address some of these issues with ongoing improvements.

Our ambition is to put administrative data at the centre of our official income statistics, supported by data from our social surveys, which will continue to be fundamental for measuring aspects of household finances not captured in other sources. This approach constitutes a shift from predominantly survey-based estimates supported by administrative data.

The Office for National Statistics (ONS) have recently opened a [Household Financial Statistics Consultation](#), seeking views on our ambitious plans to transform our household financial statistics. Users are invited to consider our proposals for this transformation and provide responses to this consultation by Thursday 23 February 2023.

4 . Admin-based income statistics data

[Admin-based income statistics, data for individuals, England and Wales: tax year ending 2018](#)

Dataset | Released 20 December 2022

Data to Lower layer Super Output Area for experimental gross and net individual income statistics using administrative data from Pay As You Earn, Self Assessment and benefit systems.

[Admin-based income statistics, data for occupied addresses, England and Wales](#)

Dataset | Released 20 December 2022

Data to Lower layer Super Output Area for experimental gross and net occupied address income statistics using administrative data from Pay As You Earn, Self Assessment and benefit systems.

5 . Future developments

Ongoing development of the admin-based income statistics (ABIS) demonstrates the potential to use administrative data sources to measure income for small areas in England and Wales. To further improve these experimental statistics, future work will include:

- comparing our current ABIS methodology against recommended household income guidance to establish which income components are still outstanding in our measure
- investigating the feasibility of capturing these outstanding income components using administrative data, such as capturing property income through HM Revenue and Customs' Self Assessment data
- continuing with general methodological improvements to the ABIS measure, such as exploring the potential to improve our capture of Income Tax and National Insurance amounts
- exploring methods to account for missingness in the ABIS measure, such as data imputation
- comparing the ABIS with the [income estimates for small areas](#), currently the recommended estimates to use for household income for small areas, and investigating causes of any differences identified

The ABIS will also be strengthened by the iterative development of the Statistical Population Dataset (SPD) which is used as the ABIS population base. The introduction of new methods and data sources, as well as improved linkage methods will help improve the coverage of the SPDs. Further information on the development of the SPDs can be found in our [Admin-based population and migration estimates: research update](#).

Feedback

We welcome feedback on the methods used to produce these experimental admin-based income statistics and the planned future developments. Please email your feedback to Admin.Based.Characteristics@ons.gov.uk.

We also invite users to provide responses to the [Household Financial Statistics Consultation](#) by Thursday 23 February 2023. This consultation is seeking views on our ambitious plans for the transformation of our household financial statistics.

6 . Related links

[Admin-based income statistics QMI](#)

Methodology | Released 20 December 2022

Quality and Methodology Information (QMI) for admin-based income statistics in England and Wales, detailing the strengths and limitations of the data, methods used, and data uses and users.

[Income and earnings statistics guide](#)

Methodology | Last revised 2 March 2022

Explains the relationship between income and earnings data and outlines the statistics produced by the ONS, Department for Work and Pensions and HM Revenue and Customs.

[Income estimates for small areas, England and Wales: financial year ending 2018](#)

Statistical bulletin | Released 5 March 2020

Small area model-based income estimates covering local areas called Middle layer Super Output Areas (MSOAs) in England and Wales.

7 . Cite this article

Office for National Statistics (ONS), released 20 December 2022, ONS website, article, [Admin-based income statistics, England and Wales: tax year ending 2018](#)