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Don't forget that you can access the published SPI National Statistics at http://www.hmrc.gov.uk/stats/income_distribution/menu.htm for income distributions and http://www.hmrc.gov.uk/stats/income_tax/menu.htm for projections.

Introduction

Welcome to the first edition of the Survey of Personal Incomes Bulletin.

Our intention is that this Bulletin, which has been circulated to all members of the SPI User Group and SPI users, will provide detailed information on the latest Survey. We are circulating this more widely than just the User Group members.

We have therefore decided to cancel the Annual SPI User Group Meeting for this year. Following discussions about a provisional agenda, it became apparent that there was insufficient substantive material to warrant a full meeting.

We have no intention of disbanding the SPI User Group as we feel that it is an effective forum for discussions concerning the SPI, but we have simply taken the step of canceling this years meeting. Assuming that we have a full agenda again next year we intend to hold a meeting.

We hope this is acceptable to all members and our aim is not to limit the discussions that normally take place but to encourage them to occur over email instead of at the traditional meeting.

2004/05 Survey of Personal Incomes

Delay to P14s

This was discussed at last years SPI User Group and concerned the Departmental delay in processing employer end-of-year P14 forms for the 2004/05 tax year. This delay in processing led to a reduction in the quality of the income estimates on the SPI and it was decided that a redelivery of the data at a later stage would be the best option.

This redelivery took place in August (4 months later than the original delivery) at which point the data quality was in line with previous surveys.

National Statistics Tables

Following the delay in producing the SPI file there was a subsequent delay to the release of the National Statistics Tables. The UK level tables (3.1 to 3.10) were released two months later than normal at the end of December, with the sub-regional tables (3.11 to 3.15a) published at the end of January.

Following the introduction last year we have continued to provide confidence interval estimates for three of the sub-regional tables, namely 3.13, 3.14 and 3.15 in the associated “a” tables.

Improving the income estimates

As part of the ongoing methodological improvements to the SPI, we made two changes to the process of attributing income to an individual. The result is that we are making better use of our administrative data and reducing our reliance on imputation methods.

Historically there have always been a small number of PAYE (COP) records where we have been unable to match administrative records together and therefore attribute income to the record. These records have been left in the sample and featured in the imputation process. For this survey, after some analysis to determine that the cases were not biased in any way, it was decided to drop the cases from the survey and re-gross the remaining cases.

We also, for the first time, included unused information from the PAYE assessment records. Assessments can be carried out on (Non Self Assessment) PAYE individuals if their income and tax details are complicated and the tax system falls short of administering and calculating their tax liability. This can happen where an individual has several jobs, or “unusual” sources of income.

Both of these improvements have led to a more accurate and complete income estimate for the PAYE (COP) records.

SPI National Statistics covering tax year 2005/06 will be released on the following dates:

Tables 3.1 to 3.10 –
Wednesday 31st October

Tables 3.11 to 3.15a –
Friday 30th November

Changes to the Self Assessment (SA) Data

Although around 1 million cases, mainly in employment, were refined out of SA, we nevertheless increased the size of the SA sample by around 15,000. This means we have a significant increase in the number of self-employed cases which will improve the precision of estimates of this part of the population.

Changes to the Imputation Process

There were a couple of changes to the imputation process for the 2004/05 survey, including a new method for imputing savings income, amendments to the targeting and value of imputing dividends as well as catering for the trend in tax motivated incorporations (paying yourself in dividends).

Public Use Tape

The PUT was supplied to the UK data archive on the 10 May 2007. This was a couple of weeks later than usual due to the 2 month delay in publication of the National Statistics based on the Survey of Personal Incomes.

In response to an observation made by a user in 2006 the list of variables was amplified to include the relationships between the aggregate income variables. It has always been recognised that the creation of the composite records for the highest earners in order to preserve anonymity has made it impossible to fully replicate the National Statistics tables produced from the SPI. The breakdown of these records by Government Office Region and industry classification has now been extended to include the percentage of each record attributable to the various income criteria used in the NS tables. All figures can now be calculated on the same lines as the SPI except the highest income range. This will allow improved analysis by different income streams as required.



Data Dictionary

A new annex was added this year to clarify the relationship of PAYE codes and coding adjustments to the final SPI variables. Definitions have been expanded to include not only the SA box numbers but also the relevant COP code involved. The derivation of variables, such as the various income ones, now shows the links from the individuals tax record, whether that is self assessed or by way of PAYE, to the aggregate figures used in the Survey more fully.

2005/06 Survey of Personal Incomes

Delay to P14s

We were expecting the processing of 2005/06 P14s not to have been affected by the delay in processing the 2004/05 P14s. Unfortunately it seems to again have affected the quality of the income data on the PAYE (COP) data. Whilst the effect is less serious than in 2004/05 we are still not back to the level of previous surveys.

Although there are some concerns we have decided that it would not be in the best interests of users to delay the SPI again, and have instead attempted to make better use of the National Insurance data that we receive from NIRS2. Work had previously been carried out on the comparison between PAYE (COP) and NIRS2 data but the methodology was never progressed. Differences occur between the two systems because of the way P14s are handled as well as timing and extract differences.



Improving the income estimates (again)

Although the methodology for this process has not yet been finalised we are planning to make better use of the National Insurance (NIRS2) data on income.

Each instance of employment or occupational pension within a year generates a P14. The P14s, which are received from each employer, record how much was earned/paid in that employment and also in total for the year to date. Each P14 is loaded on to NIRS2 however only the final P14 of the year (for an individual) is loaded on to COP, as this should contain the cumulative amount for the whole year.

Unfortunately the accumulation of income across P14s sometimes does not work, and thus the estimate on COP is not complete. We are attempting to use the NIRS2 data to help fill in any gaps in the COP data and provide a more complete picture of income.

Changes to the Self Assessment (SA) Data

The main change is that we are reviewing the way we calculate the grossing factors. The review is still ongoing but it is likely to lead to a small increase in the estimate of the number of taxpayers. There were very few changes in the SA forms for 2005-06 so there is not much else to report.

Changes to the Imputation Process

There are no planned changes to the imputation process for 2005/06.

National Statistics Tables

There are no plans to make any additions or amendments to the published tables for the 2005/06 survey. The tables will be published as per normal at the end of October (UK level) and end of November (sub-regional).

Planned Developments

Self Assessment

As a result of the Carter Review of HMRC's online services, there will be future changes to the SA filing deadline. These will mean we have a fairly complete set of SA data somewhat earlier than currently (about 2 months earlier) although this won't mean an earlier SPI as we still have to wait till April for the P14 data. Carter should also mean further increases in online filing.

There will be a new pension schedule for 2006-07 only, due to changes in the pension rules introduced at the start of the 2006-07 tax year, followed by a complete redesign of the individual main SA tax form and most of the schedules to be implemented for tax year 2007-08. The partnership return is similarly due to be redesigned for 2008-09.

Thematic Mapping

At last year's User Group meeting there was a presentation on a website in development to better display the National Statistics tables and specifically the geographical tables. Unfortunately due to budget cuts and constraints this project has been put on hold, therefore we are unlikely to be able to make interactive geographic mapping tools available at this time.

We are, however, investigating alternative methods of presenting our geographical data, such as basic thematic maps displaying the information in tables 3.13, 3.14 and 3.15.

Any thoughts that you may have on better methods of presentation, especially for the geographical data, would be well received.

Longitudinal SPI

The Statistics Commission (www.statscom.org.uk) are currently undertaking a review of taxation data and are due to publish their proposals after their 12th July meeting. One of the recommendations is likely to be to investigate whether it is possible to produce a longitudinal version of the SPI.

We have therefore begun to look in to the feasibility of the proposal, specifically looking at the availability of data, data coverage, sample sizes, potential uses and costs of producing a longitudinal SPI.



Statistics Commission

Closing Remarks and Feedback

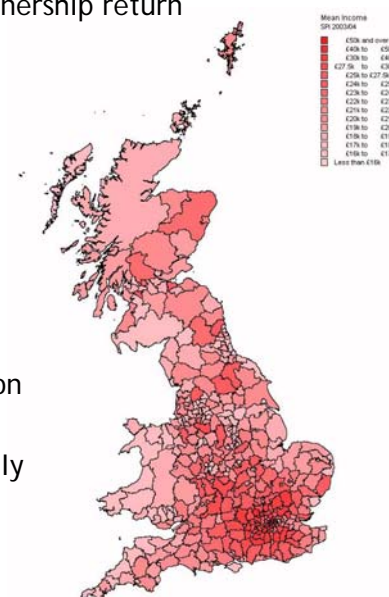
We hope that you have found this Bulletin of interest. The aim was to replicate the information that would have been provided if a User Group meeting had been called.

If there is anything that you have not found the answer to, or if you have any comments on the content or quality of this Bulletin then please feel free to contact us at the address on the following page.

Alternatively if you have any requests for information or analysis from the Survey of Personal Incomes, or if you would like to make some suggestions about the coverage of the SPI or the published National Statistics tables, then please contact us as well.

Finally, we have always had user discussions at the end of each meeting and I would urge you to send us any thoughts that you may have voiced at a meeting.

Many Thanks,
Adrian Tuff



Annex

SPI Sample Numbers

Survey Year	SA ^{1 2}	Non-SA COP ²	Claims	Total
1990-91	20k	50k	5k	75k
1991-92	20k	50k	5k	75k
1992-93	20k	50k	5k	75k
1993-94	20k	50k	5k	75k
1994-95	20k	50k	5k	75k
1995-96	20k	50k	5k	75k
1996-97	45k	25k	5k	75k
1997-98	50k	25k	5k	80k
1998-99	75k	45k	10k	130k
1999-00	100k	50k	10k	160k
2000-01	100k	100k	10k	210k
2001-02	200k	100k	10k	310k
2002-03	200k	200k	10k	410k
2003-04	205k	220k	10k	435k
2004-05	220k	325k	10k	555k
2005-06	220k	330k	10k	560k

¹ SA was introduced in 1996/97. Prior to this its equivalent was called CODA.

² Switched to electronic surveys in 1996/97.

Acronyms

<i>COP</i>	Computerisation of Pay-as-you-earn - the business system that administers the PAYE system
<i>HMRC</i>	Her Majesty's Revenue & Customs
<i>NIRS2</i>	National Insurance Recording System 2 - the business system that administers the National Insurance system
<i>PAYE</i>	Pay-as-you-earn
<i>PUT</i>	Public Use Tape - anonymised version of SPI lodged with UK Data Archive.
<i>SA</i>	Self Assessment
<i>SPI</i>	Survey of Personal Incomes



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