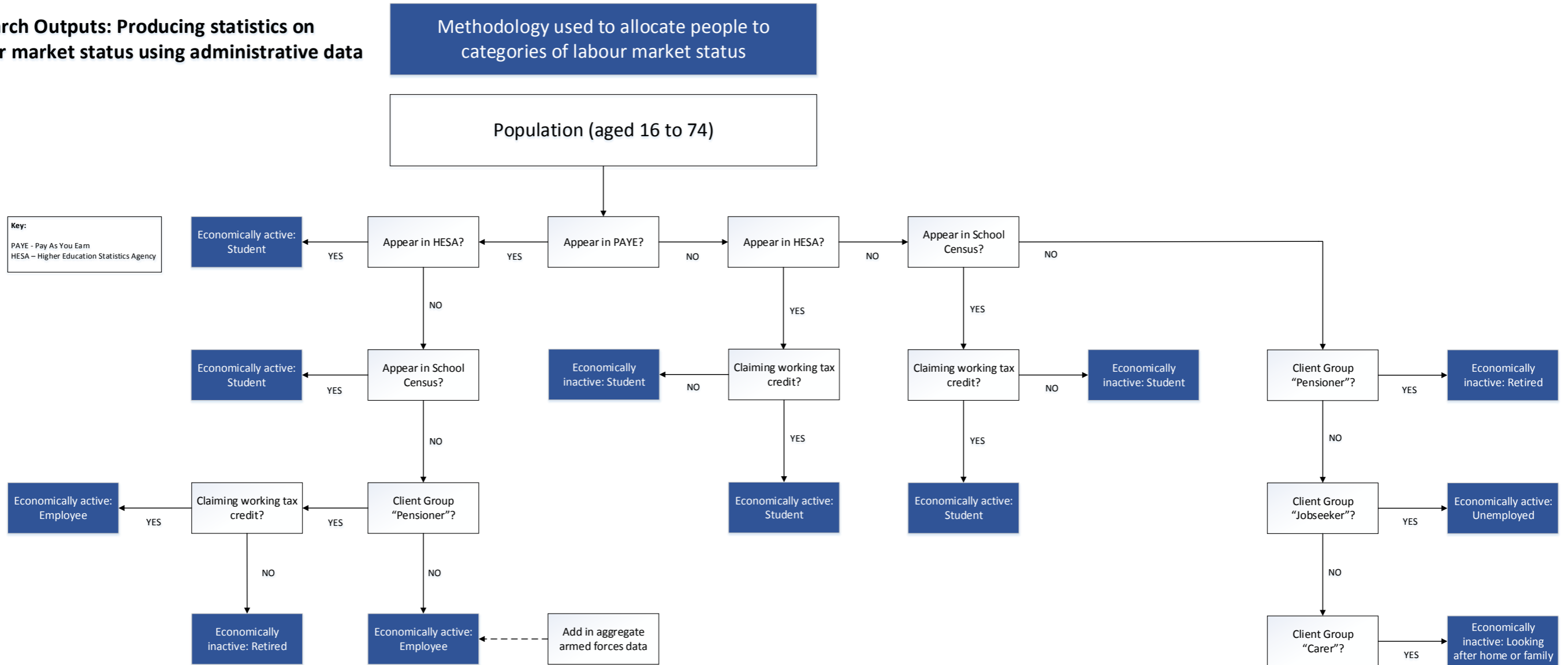


Research Outputs: Producing statistics on labour market status using administrative data

Methodology used to allocate people to categories of labour market status



Key:
 PAYE - Pay As You Earn
 HESA - Higher Education Statistics Agency

Notes:

1. These Research Outputs are not official statistics on labour market status.
2. Data Source: Pay As You Earn (PAYE) employment and pension data, tax credits data and Child Benefit data from HM Revenue and Customs and benefits data from the Department for Work and Pensions (DWP).
3. As the Research Outputs are limited to the above data sources, some aspects of labour market status are not evaluated, for example, self-employment identified through Self Assessment.
4. The economically active unemployed category only captures individuals in receipt of Job Seekers Allowance (JSA). This is an underestimate of the unemployed population because, although they are related, the two are definitionally different.
5. We are unable to distinguish between earnings and pensions in our current PAYE data supply. Therefore, some individuals will have been incorrectly allocated to the economically inactive retired category when they were actually in employment.
6. Only individuals in receipt of benefits are captured in the inactive categories. Not everyone entitled to benefits will be in receipt of them and not everyone who would self-report as a member of an inactive category on the census will be entitled to receive benefits.
7. The current methodology is reliant upon client groups within the DWP benefit data. As DWP roll out Universal Credit we will need to adapt the methodology to work alongside this new data source.
8. The reference period is currently a tax year, this means we 'overestimate' some categories, such as employment. For example, individuals who have been employed with periods of unemployment which are less than a year (even if they claimed JSA) are allocated to the employed category.