

## DWP announces error in latest Households Below Average Income publication

On 23 April 2007, the Department for Work and Pensions announced that an error had occurred when producing the latest Households Below Average Income publication, because incorrect population estimates were used to generate the dataset for 2005/06, upon which the publication was based. The IFS Briefing Note 73, *Poverty and Inequality in the UK: 2007*, was based on the same dataset and therefore suffers from similar errors.

The error does not affect the calculation of disposable income of each household in the HBAI dataset, a process which is checked and verified by researchers at the Institute for Fiscal Studies. Instead, the error affects the grossing factors, which are produced by statisticians at the Department for Work and Pensions, and used to weight the sample of households so that they are representative of the UK private household population in 2005/6.

The DWP has today issued revisions to key estimates of relative and absolute poverty in 2005/6. The revisions mean that each household in the original sample is now deemed to represent the circumstances of slightly more individuals in the population. The revisions tend, therefore, to increase estimates of the number of individuals in relative or absolute poverty; they have less impact on measures of the risk of poverty or on summary measures of inequality. But many of the changes are too small to be seen in the revised, rounded, estimates of poverty published today by the Department for Work and Pensions: the exception is that the number of working-age adults in both relative and absolute poverty in 2005/6 has been revised upwards by 0.1 million, measuring incomes both BHC and AHC.

The revision does not alter the assessments made by IFS researchers after Budget 2007 of the prospects for child poverty in 2010/11. An expanded version of this assessment is published today by the Treasury Select Committee as part of its enquiry into Budget 2007 (Fifth Report of Session 2006–07, *The 2007 Budget* (HC 389)).

The Department for Work and Pensions plan to re-release the full set of statistics derived from HBAI 2005/6 in the first half of May, and the IFS will publish a revised set of conclusions to IFS Briefing Note 73 at that time.

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### Notes to editors:

1. IFS Briefing Note 73 is available on the IFS website and was published 28 March 2007: <http://www.ifs.org.uk/bns/bn73.pdf>
2. If you have any queries regarding this publication, please contact the following authors: Mike Brewer ([mike\\_b@ifs.org.uk](mailto:mike_b@ifs.org.uk)) and Alistair Muriel ([ali\\_m@ifs.org.uk](mailto:ali_m@ifs.org.uk)) on 020 7291 4800.