

Consultation response: Transforming the ONS's household financial statistics

Household Financial Statistics Transformation Team
Office for National Statistics
31 July 2023



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Quality assurance

This consultation has been carried out in accordance with the government's consultation principles, available here

<https://www.gov.uk/government/publications/consultation-principles-guidance>.

If you have any complaints about the way this consultation has been conducted, please email: external.affairs@ons.gov.uk

Executive summary

This document summarises the responses received to the Office for National Statistics (ONS) consultation 'Transforming the ONS's household financial statistics' and sets out our plans following the feedback.

The consultation ran for 12 weeks from 1 December 2022. It was designed to provide us with information on how our statistics on income, expenditure and wealth are currently used, and to capture feedback on a series of proposals for the longer-term future of our statistics.

Responses to the consultation highlighted the importance of our regular statistics on wealth, income and expenditure for providing valuable insights into the financial well-being of households.

The consultation has allowed us to further understand user needs relating to these statistics. It highlighted:

- the need for ONS to continue to produce its current range of Household Financial Statistics covering income, expenditure and wealth
- while more frequent insights into financial well-being (the proposed household financial indicators) were seen as valuable, they should be developed alongside existing statistics rather than as a replacement
- the need for a coherent set of income, expenditure and wealth statistics in order to produce consistent analysis across the topics
- the issues around the coherence of the statistics, particularly on the topic of income
- the various use cases for expenditure statistics at different levels of granularity
- that users of wealth statistics would value an annual publication but recognised the challenges around sample size and valued the detail in our biennial outputs
- the support for the regular publication of financial well-being statistics, particularly on financial resilience

In taking forward work in this area, we need to balance and phase the improvements we want to make against the resources we have available. Current work is focused on the following developments:

- re-introducing our financial well-being statistics with publications planned on poverty and financial resilience
- the introduction of a new digital diary tool for our field force interviewers to help with data collection from those that take part in our Living Costs and Food (LCF) survey
- developing our research plans for income estimates for small areas in line with our vision for the future of population and migration statistics in England and Wales and feedback from users sought through the [consultation](#) that launched on 29 June 2023
- potentially making our surveys shorter and simpler to reduce respondent burden, at a time when the survey industry faces difficulties engaging respondents

Since publishing the consultation, we've also further explored some of our proposals, including research and testing of changes to some of our household financial surveys. These include:

- research into the collection of wealth data on our Living Costs and Food (LCF) survey
- exploration of methods of collection such as the digital diary for the collection of expenditure
- analysis of alternative data options

More significant change which we had previously planned as part of the HFST project will require further investment. Responses to the consultation will provide a valuable part of the evidence base for securing funding for this work in the future.

We would like to thank all respondents for their valuable feedback, which will continue to guide our work in this area. We will keep users informed of our plans for this work as it develops into the future.

Background

In April 2022, the Office for National Statistics (ONS) initiated the Household Financial Statistics Transformation (HFST) project. This evaluated the current offering of household financial statistics, with the aim of making improvements. These changes were intended to ensure our statistics met the current and emerging needs of policymakers, citizens and other users, are sustainable, and offer value to the taxpayer.

Our ambition for the HFST project was to provide inclusive, coherent and more granular insights into wide aspects of the financial well-being of households. We aimed to do this by producing a coherent suite of anonymised datasets and statistics, representative of the UK population with cross-cutting data on income, expenditure and wealth through a combination of social surveys, alternative data (administrative and non-survey data) and statistical matching.

Since April 2022, we have carried out detailed requirements gathering from a range of users to shape our plans. Alongside this, we have been researching alternative data sources, survey methods and technology solutions to improve our statistics. This aligns with our [longer-term ambitions for population, migration and social statistics](#) and the [GSS work programme on the coherence of income and earnings statistics](#).

We ran this consultation to share our initial thinking, set out proposals for developments and seek views on use cases. Many of these proposals involve longer-term improvements which would be introduced in a phased approach over time. In taking forward work in this area, we will be balancing the user needs with our available resources.

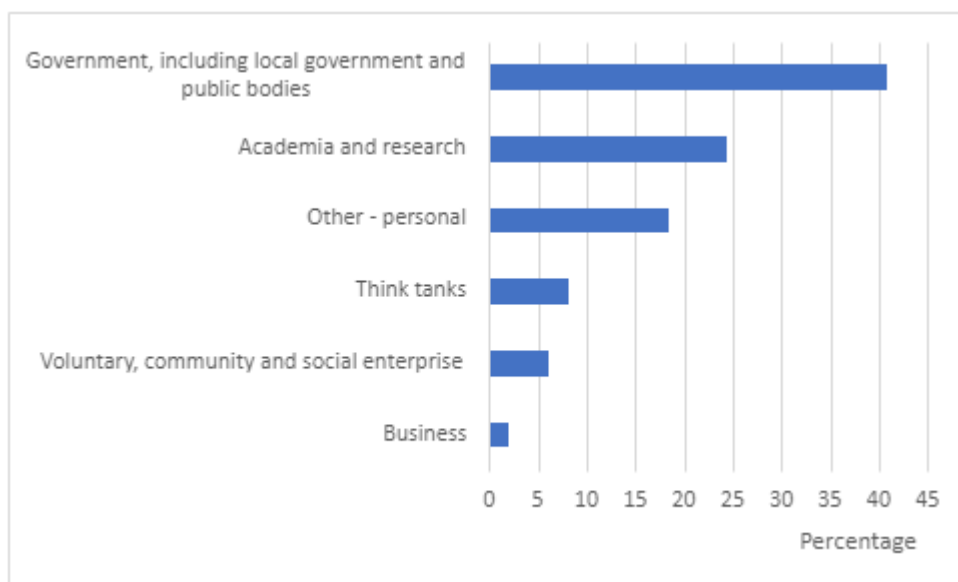
Summary of responses

The consultation ran for 12 weeks, from 1 December 2022 to 23 February 2023. An online event was held on 17 January 2023 to provide information and promote the consultation.

We received a total of 49 responses. These consisted of:

- 20 responses from the government sector, including local government and public bodies
- 1 response from the business sector
- 4 responses from think tanks
- 3 responses from the voluntary, community and social enterprise sector
- 12 responses from the academia and research sector
- 9 responses from other respondents responding in a personal capacity.

Figure 1: Consultation responses by respondent group (percentage)



Responses were received from both individuals and organisations. There were 27 responses on behalf of an organisation and 22 responses from individuals. A list of organisations that responded to the consultation can be found in Annex A.

The consultation consisted of seven sections containing a range of related proposals. Each section and the questions within it were optional. Percentage totals are based on the number of respondents who answered the question and exclude those who did not. Please note, percentages may not sum to 100% because of rounding. Questions where the respondents could choose multiple answer options and the percentage sums exceed 100% are indicated in the analysis.

Detailed responses

Cross-cutting statistics

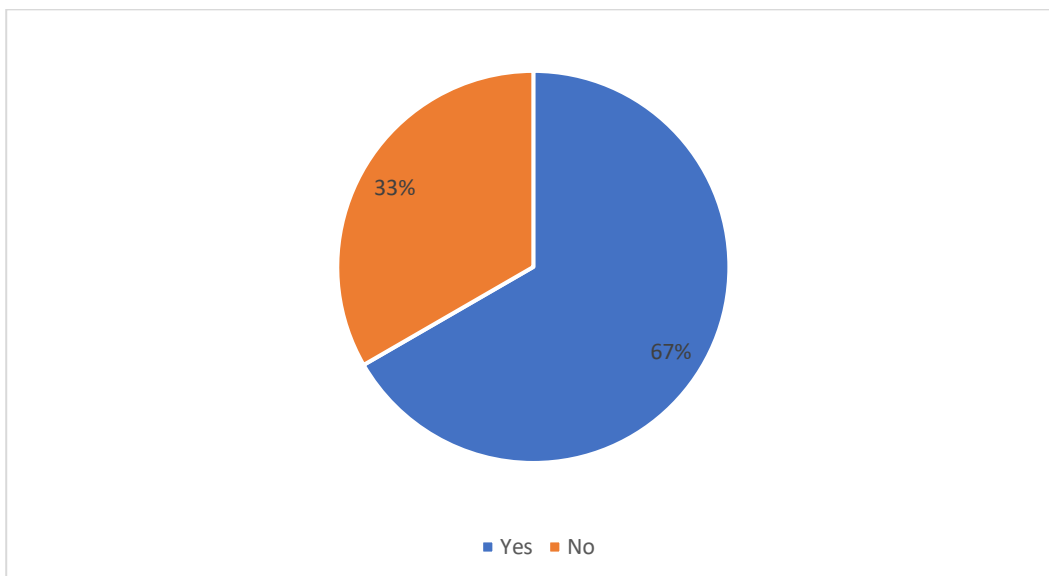
In our consultation, we set out that an important part of the transformation project was to deliver data and statistics to meet user needs for cross-cutting information on income, expenditure, and wealth for UK households. The ambition was that the combination of survey, administrative data and statistical imputation could provide detailed microdata on income, expenditure, and wealth at a household level.

Here are the questions we asked on cross-cutting statistics and a summary of the responses.

Question: Do you have a need for a single coherent set of income, expenditure and wealth statistics? (Asked to all, 45 responses)

Of the respondents who answered this question, the majority (67%) said that they did have a need for a single coherent set of income, expenditure and wealth statistics.

Figure 2: Respondents' need for a single coherent set of income, expenditure and wealth statistics



Question: For what purpose would you use this data? (Asked to all, 37 responses)

A number of respondents told us that they would use cross-cutting data to analyse the interrelationships between income, expenditure and wealth across different population groups, including those with disabilities and minimum wage workers, and with regards to pension provision and adequacy. Many responses mentioned the concepts of financial well-being and financial resilience, with specific examples including estimation of the consequences of shocks, the impact of inflation, household food security, and problem debt; again, with interest in examining how this differs across households with different characteristics, and how this differs over time and between age groups and generations. Other aspects of research and analysis that were highlighted included using the data for modelling in relation to pensions, taxes, and benefits.

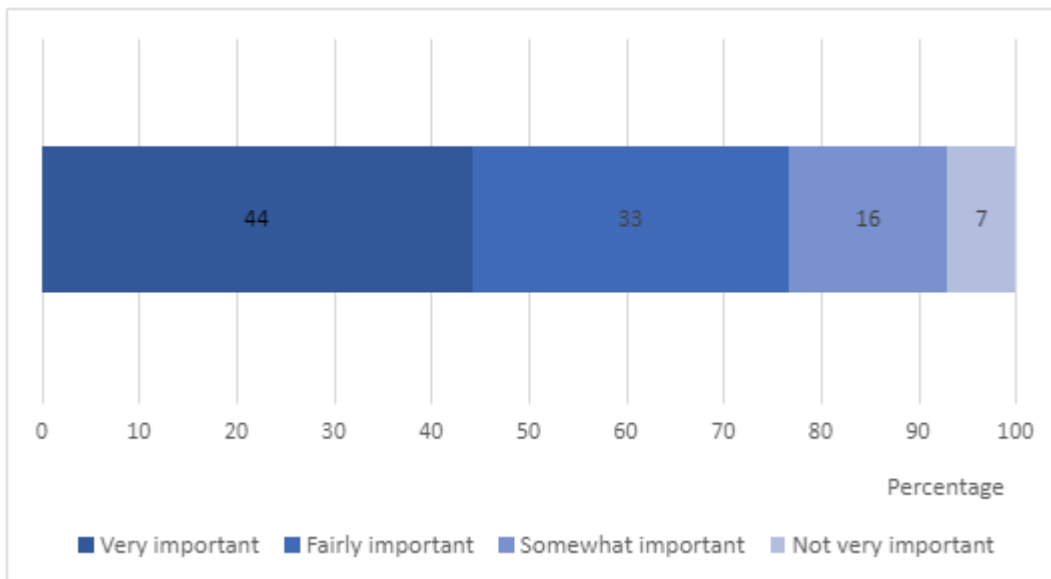
Responses also gave uses of such analysis and research mentioned above, including providing evidence for targeting services, and for both policymaking and monitoring/evaluation of policies.

There were also some challenges and concerns from respondents who have a need for the data and those who don't. Some respondents had specific data needs relating to one or more of the components, but not all three together; and several respondents mentioned a perceived trade-off between the detailed individual measures and a single coherent set of statistics, expressing a concern that the single set of statistics could be of worse quality than the existing data.

Question: How important would these statistics be to you? (Asked to all, 43 responses)

Of the respondents who answered this question, the majority said that these statistics would be very important or fairly important (77% overall).

Figure 3: The importance of cross-cutting statistics



Question: Broadly, what level of cross-cutting microdata is required to meet your needs? (Asked to all, 42 responses)

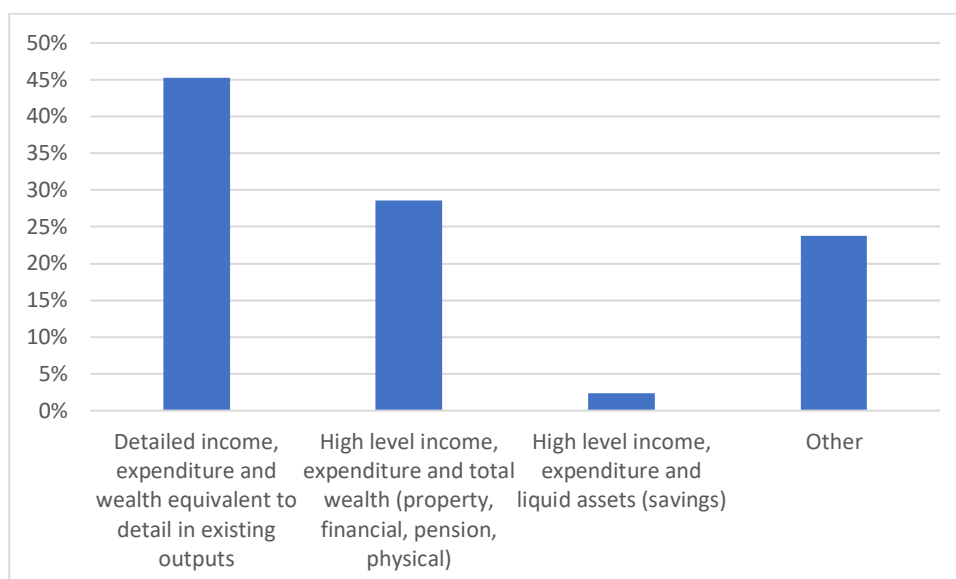
Respondents were given the following options to this question:

- high level income, expenditure, and liquid assets (savings)
- high level income, expenditure, and total wealth (property, financial, pension, physical)
- detailed income, expenditure and wealth equivalent to detail in existing outputs
- other

Those responding with “other” were asked to describe the level required.

Of the respondents who answered this question, the detailed income, expenditure and wealth option was the most common (45%), followed by high level income, expenditure and total wealth (29%).

Figure 4: The level of cross-cutting microdata that is required



Comments from respondents who answered “other” generally had different requirements for the level of data depending on the content. For example, some required detailed expenditure but less detailed income and wealth; others required detailed income only; and others required detailed wealth only. The requirements also varied depending on purpose.

Question: Do you have any additional comments on this proposal? (Asked to all, 21 responses)

A number of respondents welcomed the proposal and the ambition to utilise administrative data. Respondents mentioned that a cross-cutting dataset would strengthen confidence in the data and ability to answer research questions using the data.

There were several comments regarding the coverage of the survey data, including improving coverage of ethnic minorities, those with a disability, households on the lowest incomes and those outside the household population; and the ability to break the data down both into different household groups and different geographical breakdowns. Respondents also provided specific content that they would like to be included, including intergenerational transfers, indirect taxes, demographic information, pensions data and attitudinal questions. One respondent requested all elements of the cross-cutting dataset to be longitudinal, including expenditure.

Other comments included a requirement for a minimum of an annual publication frequency, and for consistency of key questions and design features where possible to limit the impact on existing time series.

A number of respondents noted the requirement to retain the detail and depth of individual sources, with needs for detailed estimates in specific areas. There were some concerns about the reliance on imputation techniques to produce a coherent dataset, and a requirement for transparency of the source of the data (for example whether the data are from survey questions or modelled). There was also a comment regarding the “online first” approach to the survey method with a question around risk of digital exclusion and response bias.

While the ambition to incorporate administrative data was supported by some, there were concerns regarding barriers to accessing administrative data and definitional challenges in using this data.

Our response to questions regarding cross-cutting statistics

We acknowledge the user demand for cross-cutting statistics demonstrated by this consultation. These responses enhance our understanding of the needs for and potential uses of cross-cutting statistics, which will help us in any future developments of household financial statistics.

We have already taken some steps towards this ambition, including closer alignment of the processing systems for income and expenditure data. We have added experimental wealth questions onto the Living Costs and Food survey to investigate the potential of collecting the three topics on the same survey. Analysis of this approach is providing evidence on the data quality and respondent burden to inform future development.

We intend to build on existing research to investigate further the potential for using statistical matching to incorporate data on income and expenditure into the Wealth and Assets Survey.

We will continue to engage with user groups to ensure that the future outputs meet user needs.

Household financial indicators

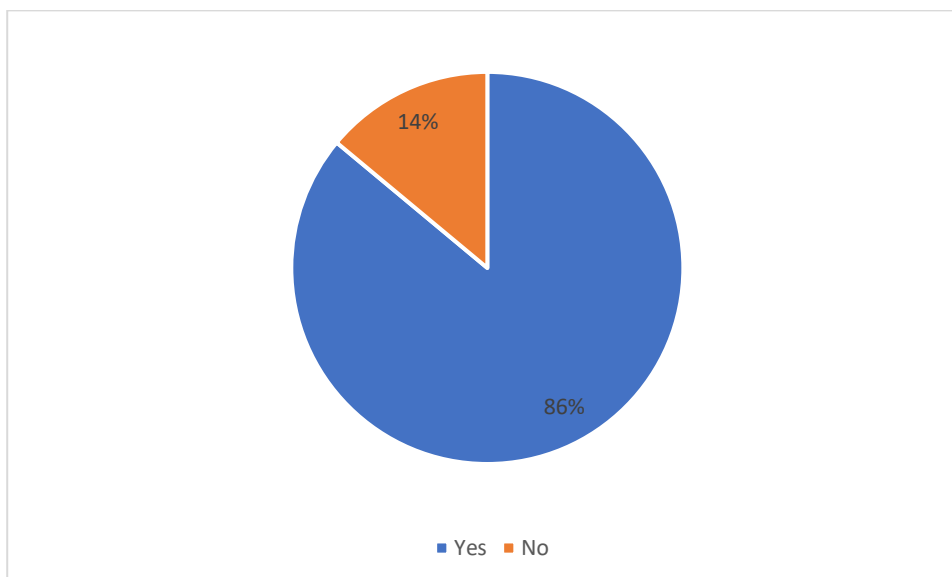
Our initial user research highlighted a need for more timely statistics on income, expenditure and wealth so that household financial behaviours and their interaction with the wider economy can be better understood. In our consultation, we put forward a proposal to produce high-level cross-cutting indicators for use in policy analysis on a quarterly basis.

Here are the questions we asked about this proposal and a summary of the responses.

Question: Should the development of new household financial indicators be prioritised by ONS? (Asked to all, 43 responses)

Of the respondents who answered this question, the majority (86%) said that the development of new household financial indicators should be prioritised by ONS.

Figure 5: Whether the development of new household financial indicators should be prioritised



Question: What use would you make of these statistics and what impact would it have? (Asked to all, 41 responses)

There were a wide range of uses described by the respondents. A considerable number of responses referred to the current economic events including the cost of living and the COVID-19 pandemic as a reason for the importance of the proposed indicators in providing timely household financial data.

The majority of respondents who had a need for a single coherent set of income, expenditure and wealth statistics also said that the development of household financial indicators should be prioritised. Many of the uses described for household financial indicators were similar, if not the same, as the purposes given for the cross-cutting data. This includes research and analysis relating to financial well-being and debt and providing evidence for the development and evaluation of policy; including more reactive work relating to emerging and urgent policy needs. As in previous questions, there were some uses referring to specific content, including children's social care, disabled households, older people, and minimum wage earners.

Other uses of the proposed indicators included to replace data currently bought from other providers, and to improve the quality and timeliness of models using current data. Several respondents commented on the use of this data to provide and allocate support services.

A number of respondents commented that while they supported the proposed indicators, this was with the assumption that these would be additional outputs, and not a replacement of the current detailed data available. Respondents who did not support the development of these indicators gave reasons including a lack of justification for the prioritisation of these over other developments; and a sense of caution and requirement to better understand the quality of the proposed indicators before considering their use.

Question: What frequency and timeliness would you need for such statistics to be useful? (Asked to all, 39 responses)

There were varying responses to the required frequency ranging from monthly to biennial. The most common frequency was quarterly, followed by annual. A number of respondents suggested biannual, and others did not have a preference.

Comments regarding the requirement for quarterly data described how this would be most useful for policy analysis, and there was an understanding of the trade-off between detail and higher frequency releases. While some respondents required data on a monthly basis, others commented that quarterly would account for seasonality and provide a more accurate representation of the current landscape.

Several responses questioned whether quarterly data would be necessary for some of the financial measures, with the reason that there may not be much change over this period of time. Others specified that the granularity and accuracy of the data was more important than receiving it more frequently. A number of respondents requested both quarterly high-level data, and annual releases of more detailed data.

With regards to timeliness, as with frequency there were a range of responses, ranging from the eight-week lag proposed up to one year. While timeliness was of most importance to some respondents, to others it was less important; and this requirement often varied according to circumstances or use of the data.

Further responses to this question included the requirement for one single source of household financial indicators to be produced by ONS to be used widely (rather than several organisations producing their own); and that the timeliness and frequency was of less importance than providing commentary on the interpretation of the data.

Question: Are there any financial topic areas not covered in this proposal that you would like to see included? (Asked to all, 31 responses)

Responses to this section covered a wide range of specific and general content, some of which was mentioned in previous answers. This included:

- demographic information including age, ethnicity, household composition, health issues, and level of education
- housing tenure and data relating to mortgages
- data on debt including seeking debt advice, problem debt, arrears, debt owed to family and friends, student loan debt, other unsecured and secured debt

- income including equivalised disposable household income before and after housing costs; and median, lower quartile and upper quartile household income data
- financial well-being including subjective measures
- data relating to poverty and material deprivation, including food security and fuel poverty
- pensions data including contributions, access, consolidation and decumulation
- children's social care
- economic situation of previous generations
- taxable and non-taxable capital gains

Question: Do you have any further comments about the integration of this new product into our suite of household financial statistics? (Asked to all, 14 responses)

A range of responses were received for this question, including additional content required and some comments regarding the methodological aspects of the proposals. There were several comments in general support of producing more timely and frequent data on household finances.

With regard to content, responses included requirements for indicators to include demographic characteristics, geographical breakdowns, and content relating to mortgages, debt and indicators of household stress. A number of responses commented on the need for the sample size to be large enough to analyse the data across multiple aspects.

Several responses acknowledged the ambition to utilise administrative data, while there were a number of comments relating to the reconciliation of admin and survey sources, the frequency and timeliness of admin sources, the potential gaps in coverage from these sources, and the value of retaining surveys to provide data not covered by administrative data. A number of comments concerned the potential differences between new datasets and existing datasets, and requested guidance to be provided to understand how to compare to previous time series.

Other responses to this question included the requirement to retain individual and household level data in any outputs; a request for comparability to

international sources; and a question about how potential sub-annual estimates would be analysed alongside annual estimates.

Our response to questions regarding household financial indicators

The consultation demonstrates strong support to continue exploring development of a new household financial indicators output. Research to date has focussed on exploring the feasibility and quality of producing quarterly statistics from our annual Survey of Living Conditions, as part of a project funded by HMT's Economic Data Innovation Fund.

When considering the future work in this space, we will balance the user needs for these statistics with our available resources, and the feedback to ensure these are complementary rather than detrimental to existing statistics. We also recognise the importance of providing clear guidance and information to assist users in understanding our outputs, and the differences between them.

Future direction of the ONS's income publications

Our current suite of income statistics is produced from multiple different sources. We made a joint commitment in 2021 alongside DWP and HMRC to review the user need for a single set of UK level household income statistics across government, as part of the [vision for coherence of income and earnings statistics](#) and associated [workplan](#).

A fully integrated cross-government suite of coherent household income statistics is still a long-term ambition. In the medium term, we propose to continue to collect detailed survey-based income data, as it is an important user requirement for cross-cutting analysis alongside expenditure and wealth.

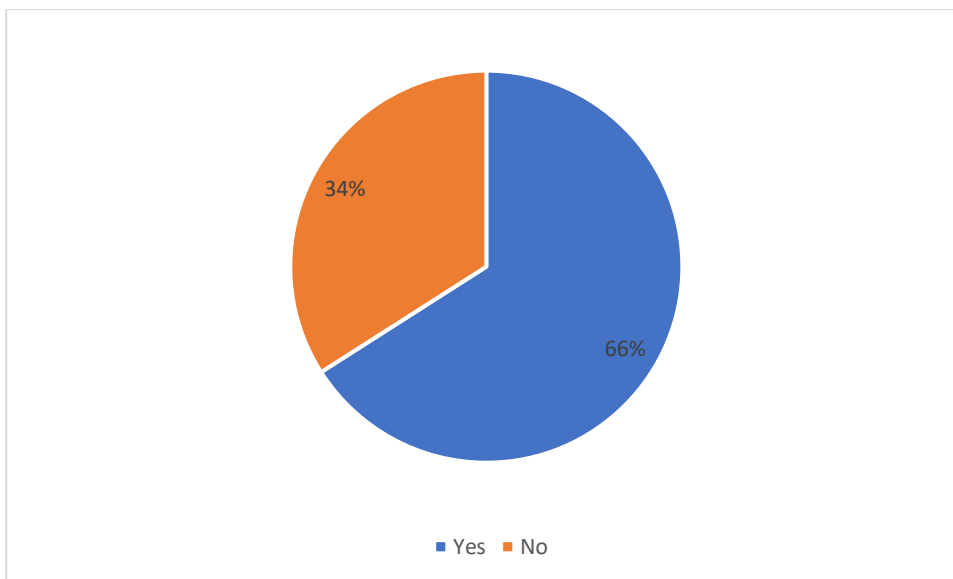
We currently publish two sets of estimates of income at the small area level. In the longer term, we propose aligning our subnational measures where possible and are exploring a mix of data sources and modelling techniques.

Here are the questions we asked on ONS income statistics and a summary of the responses.

Question: Are you a user of ONS income statistics? (Asked to all, 46 responses)

Of the respondents who answered this question, the majority (66%) said that they were users of ONS income statistics.

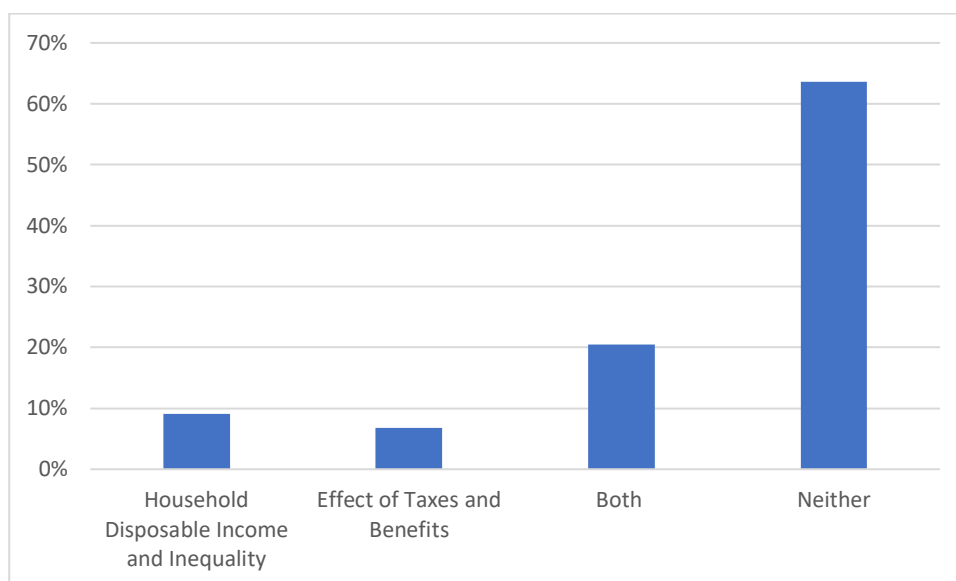
Figure 6: Whether respondent is a user of ONS income statistics



Question: Are you currently a user of the [Household Disposable Income and Inequality \(HDI\)](#) or the [Effects of Taxes and Benefits \(ETB\)](#) outputs? (Asked to all, 44 responses)

Of the respondents who answered this question, the majority (64%) are not current users of either of the outputs, while 20% are users of both.

Figure 7: Current users of HDII and ETB outputs



Of the respondents who said they were users of ONS income statistics in the previous question, 48% said they currently use neither of the outputs listed.

Question: Do you have any comments on the production of the [Household Disposable Income and Inequality \(HDII\)](#) or the [Effects of Taxes and Benefits \(ETB\)](#) outputs? (Asked to all, 15 responses)

The outputs were seen by some users as valuable outputs which should be retained in either their current or a modified form; however other respondents made little or no use of them due to their limitations. Requirements that would make the outputs more useful for respondents included more demographic information and geographical disaggregation. There was also a requirement for quarterly data, for different measures of income such as income after housing costs, and to include additional income - for instance inheritances and pension lump sums.

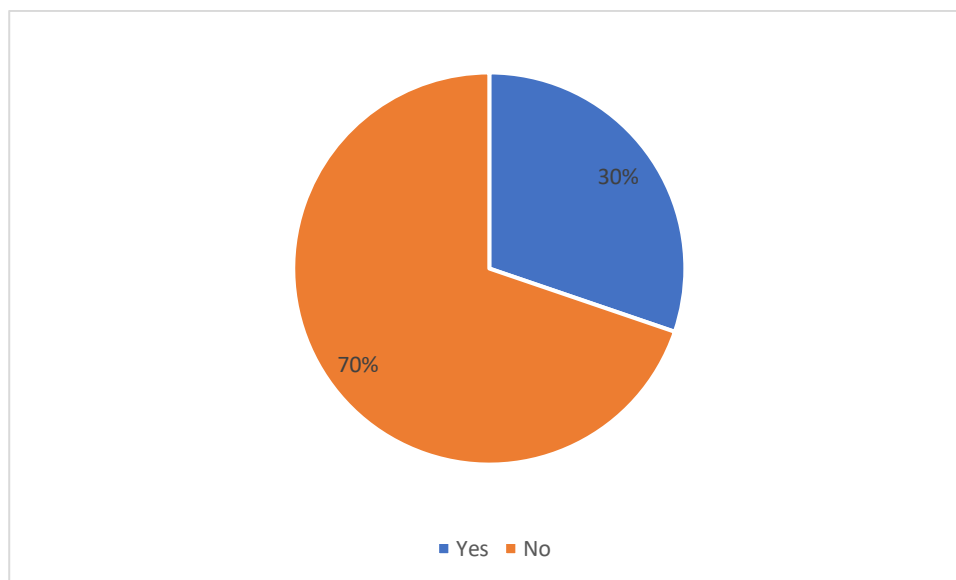
A number of responses discussed the differences between ONS income outputs and the DWP's Households Below Average Income (HBAI) output which is based on the Family Resources Survey (FRS). The differences between the measures of income and their differing publishing schedules were described by some users as "unhelpful" and as "confusing", and users noted a lack of clarity on which measures they should use for different purposes. Users highlighted where they used FRS data instead of ONS

outputs, but there was also support for ONS income outputs to be continued. A number of responses referenced the potential to merge the FRS and HFS data; and the requirement for the ONS outputs not to duplicate the HBAI outputs.

Question: Are you a current user of our subnational income estimates? (Asked to all, 43 responses)

Of the respondents who answered this question, the majority (70%) were not current users of our subnational income estimates.

Figure 8: Whether respondent is a user of subnational income statistics



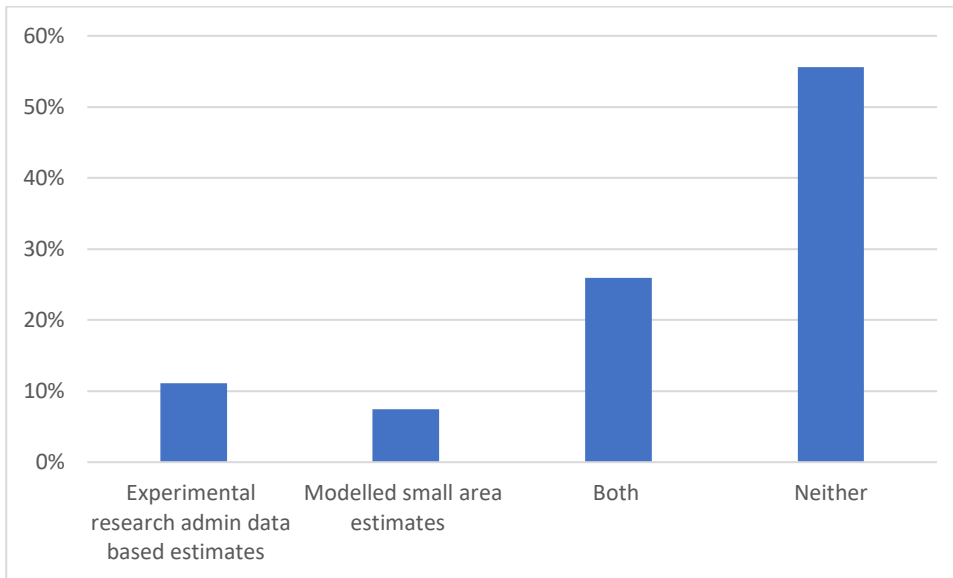
Question: Which of our subnational income statistics do you use? (Asked to all, 27 responses)

Respondents were given the following options:

- Experimental research administrative data based estimates
- Modelled small area estimates
- Both
- Neither

Of the respondents who answered this question, the majority (56%) used neither of the listed estimates, while 26% used both.

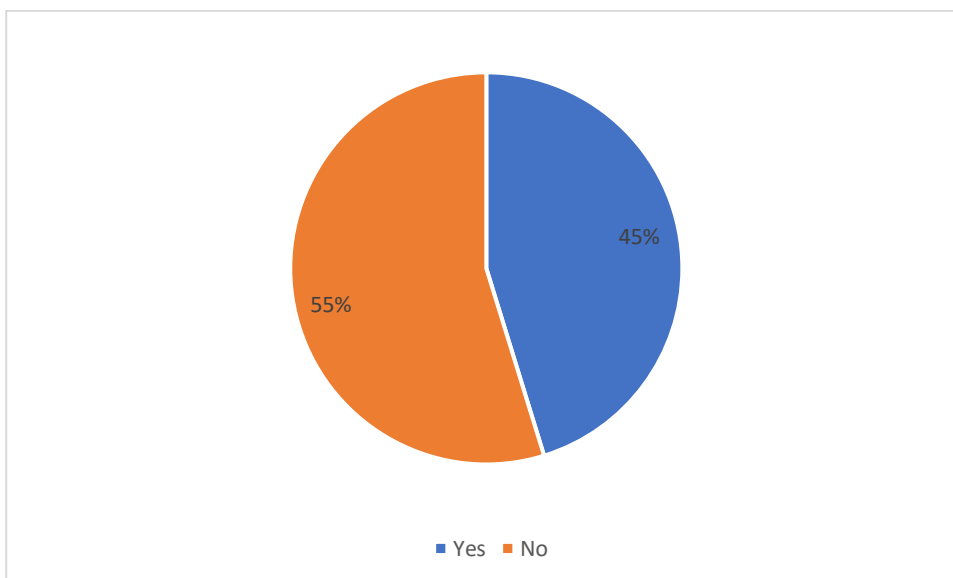
Figure 9: Users of subnational estimates



Question: Do you use our [national estimates of income](#)? (Asked to all, 42 responses)

Of the respondents who answered this question, more than half (55%) said they did not use our national estimates of income.

Figure 10: Whether respondent is a user of national estimates of income



Question: Do you have feedback on using either our national or sub-national estimates of income? (Asked to all, 15 responses)

The responses received to this question ranged from required content and geographical breakdown, to timeliness, coherence and methodological considerations. Requirements for content included level of education, country of birth and age breakdown; and the ability to match to other sources to enable analysis by other characteristics. With regard to geographical dissemination, several users requested availability at the “smallest level possible”, at Local Authority level; and coverage of Wales, Scotland, and Northern Ireland. Several responses requested annual, regular releases; with improved timeliness to receive data close to the current time period.

A number of responses commented on the use of the mean measure of household income having limited value in comparison with distributional data to identify differences within the population of small areas. The Admin-Based Income Statistics (ABIS) outputs were of potential high interest in the future following further development, and there was a suggestion to consolidate both sub-national estimates into a single picture. Continuing on this theme, further comments mentioned the coherence of these outputs alongside the children in low-income families output from DWP; and the ONS’s National Accounts Regional Household Disposable Income estimates.

The importance of presenting these estimates in understandable forms to the general public was also highlighted.

Question: At what level of geographic granularity do you require income estimates? (Asked to all, 26 responses)

Respondents gave a range of answers to this question, some utilising statistical geographical areas and other administrative geographical areas. These included:

- UK countries
- Local Authority
- Regional/ITL1
- Parliamentary/MSP constituency
- Lower Layer Super Output Areas (LSOAs)
- Middle Layer Super Output Areas (MSOAs)

- Neighbourhood/town
- Ward
- Urban/rural
- Property/household

Respondents were able to give multiple responses to this question, and several described different levels of geography depending on use and perceived differences in quality. The most common geographic granularity mentioned across responses was Local Authority, followed by LSOA and regional.

Question: At what frequency do you require income estimates? (Asked to all, 25 responses)

The most common response to this question was annual, with 66% of respondents expressing this requirement; followed by quarterly, required by 17% of respondents. A number of respondents expressed a requirement for both annual and quarterly statistics, with less detailed quarterly estimates followed by more detailed annual estimates. There were also several responses requesting a smaller lag between data collection and release.

Question: Do you have any comments on the proposal to align our subnational and national estimates of income through statistical modelling? (Asked to all, 12 responses)

The responses to this question were generally in support of the proposal, commenting on the potential advantages and value of constructing a single, coherent set of outputs. However, there was a requirement from several respondents to have more detail and clarity on the proposed modelling to be able to comment further.

There was a comment regarding whether and how to constrain subnational figures to the national total and the potential negative impact of this on the usability of estimates at a local level. Another concern regarded the matching of definitions across sources, for example, the definition of a household. The respondent commented that in areas with more variety in household types, differing definitions could affect the estimates; while there could also be mismatch between income estimates and expenditure estimates, which may

be for a different unit. As mentioned in previous questions, there was also a requirement for distributional estimates rather than mean income.

Our response to questions regarding the future direction of the ONS's income publications

We acknowledge the user need for the ONS to continue to produce income statistics and the importance of the income data to be collected alongside both expenditure and wealth. We also recognise the risk of reliance on external sources to produce our outputs.

The responses to the consultation show that there is user confusion and challenges in relation to the various ONS and non-ONS income outputs. While our longer-term ambition continues to be a fully integrated cross-government suite of coherent household income statistics, in the interim, we have improved the [income and earnings statistics guide](#) which can be used to understand the sources and coverage of official statistics. This complements our [income and earnings interactive tool](#) which bring all these statistics together into a single location. We will continue to keep these publications updated while also working on further improvements to our cross-departmental information on official income statistics.

We currently publish two sets of income estimates at the small area level: the national statistics [small area income estimates which cover England and Wales](#), and the experimental [admin-based income statistics for England and Wales](#).

Responses to the consultation highlighted these subnational statistics are currently less widely used than our UK level estimates. The timeliness of the badged national statistics, and the experimental nature of the admin-based estimates mean these outputs are likely to be less used than our more frequently released national estimates. We are reviewing the frequency of these publications and exploring whether both outputs are required in order to meet user needs.

The ONS is also currently consulting on our ambitious [proposals to create a sustainable system for producing essential, up-to-date statistics about the population](#), primarily using administrative data, complemented by survey data and a wider range of data sources. Responses to the consultation will inform

our future research to develop the admin-based estimates of income, among a wider set of population characteristics.

Changes to expenditure data collection

We proposed, in the medium term, dropping some specific areas of food data collection not required to code to 5-digit Classification of Individual Consumption by Purpose (COICOP) level. In the longer term, we intend to explore meeting data requirements for food brought home through alternative data sources rather than collecting directly from household members.

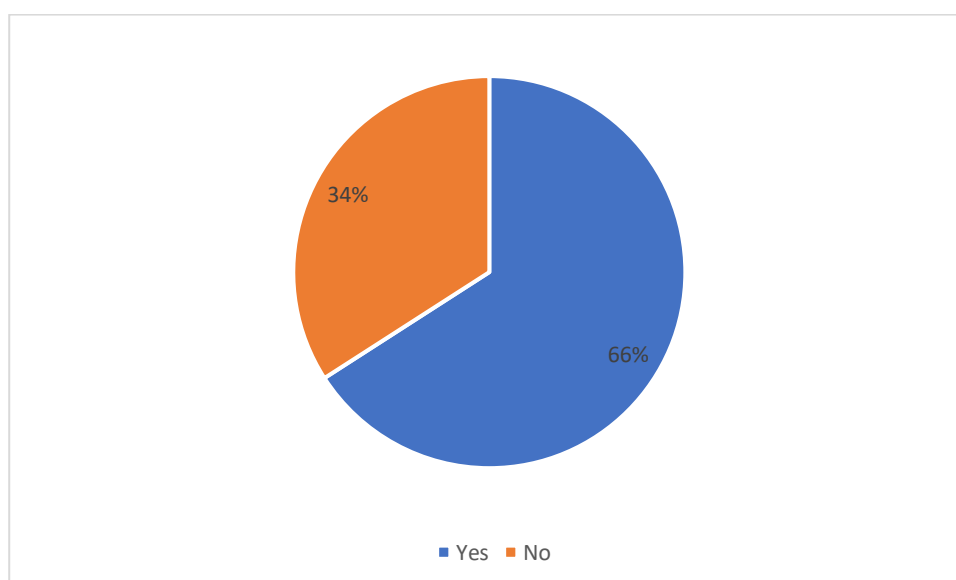
We are also exploring whether there is an ongoing need to collect diary data directly from children, or whether this expenditure data could be recorded by proxy through a responsible adult in the household.

Here are the questions we asked and a summary of the responses.

Question: Are you a user of ONS expenditure statistics? (Asked to all, 44 responses)

Of the respondents who answered this question, the majority (66%) were users of ONS expenditure estimates.

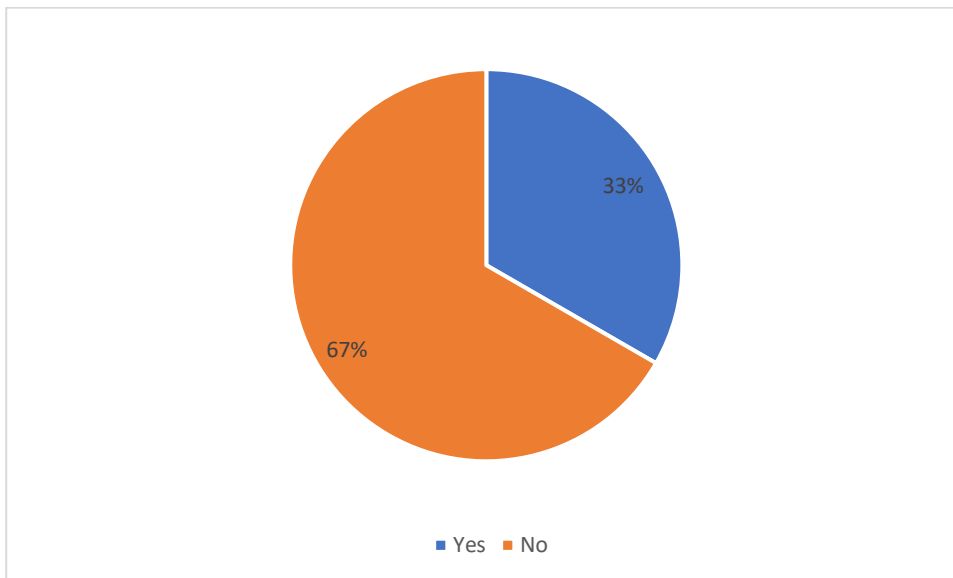
Figure 11: Whether respondent is a user of ONS expenditure statistics



Question: Are you a user of detailed food expenditure data? (Asked to all, 45 responses)

Of the respondents who answered this question, the majority (67%) were not users of detailed food expenditure data.

Figure 12: Whether respondent is a user of detailed food expenditure data



However, of the respondents who answered yes to the previous question, almost half (48%) are users of detailed food expenditure data.

Question: What impact would it have for you if we reduced the content as set out in this proposal? (Asked to all, 27 responses)

Of the 27 responses to this question, around a third said that there would either be no impact, or limited impact to reduce the content as proposed. One respondent commented on a potential positive impact if the change allowed for a larger sample size; and another commented on the lesser burden to respondents of collecting at a less detailed level. The proposal to explore alternative data sources was also supported by a number of respondents.

Respondents provided a range of impacts at varying levels of detail as to how the reduction in content would affect them. At a high level, responses included reducing how useful this information is for making informed decisions; the importance of managing change so that the data continue to align with other sources; and a concern about accuracy, both of the data itself, and where it is used within existing models.

More specific concerns regarded the use of the food diaries in LCF to provide an accurate measure of households' diets, whereby the proposed changes would reduce the quality of data, making it less useful for research, and in turn impacting on policymaking. The long time series of data was highlighted as crucial to understanding trends; and the availability of information on income and employment linked to households' food spending and nutrition was identified as particularly important to investigate the impact of shocks such as the COVID-19 pandemic on household nutrition.

A number of responses commented on the use of LCF data, particularly on portion sizes and free food, to understand the impact of inflation and the cost-of-living crisis on different households; and to understand food insecurity. The removal of weights and measures was highlighted as impacting on the ability of the data to be used to analyse consumer behaviour, for example trading down and other responses to price changes and affordability; and the reduction in food coding would also reduce the ability to do granular analysis.

Question: Do you have any additional comments on this proposal? (Asked to all, 12 responses)

There was support in these responses for the proposed measures to reduce respondent burden and diary fatigue; on the condition that data quality would not be reduced. Respondents required more evidence on the possible impact of the new methods on the scope and quality of the data following the proposed changes.

There were mixed responses regarding the use of alternative data sources. While there was some support, there were concerns about the impact including breaking the time series, biases in the data, and losing the connection between socio-demographic information and expenditure. A further limitation was raised that supermarket scanner data may not include all food and drink purchases and may not cover discount grocery stores. A

suggestion was raised to investigate the use of banking data instead of, or alongside, supermarket scanner data.

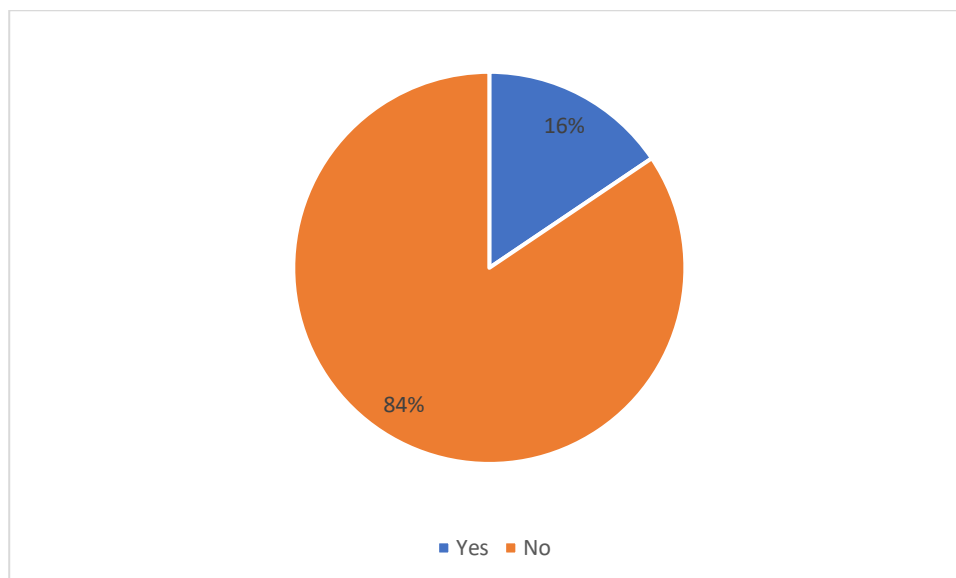
A number of responses focused on the proposed reduction in detail in some categories, with respondents requesting continued detail in specific categories of expenditure. There were concerns about potential impacts on modelling, and limiting the ability to conduct policy-relevant, impactful research. Further responses related to the omission of weights affecting the estimation of impact that food prices have on consumers, and the general view that, in the current cost-of-living crisis, the higher quality information can be, the better.

Finally, there was a request for an additional measure of the use of food banks and people needing to borrow to pay for food.

Question: Are you a user of detailed child expenditure data collected within the diary? (Asked to all, 45 responses)

Of the respondents who answered this question, the majority (84%) were not users of detailed child expenditure data collected within the diary.

Figure 13: Whether respondent is a user of detailed child expenditure data collected within the diary



Question: What impact would it have for you if child expenditure was no longer separated out within micro datasets available on the [Secure Research Service](#)? (Asked to all, 18 responses)

Of the responses to this question, more than half said that there would be no impact or no major impact on their current use of LCF data; although a number of respondents had not used this data in the past but recognised the potential for use in the future.

Several respondents commented that there would be a detrimental impact and that child expenditure data was important to identify whether children are more likely to make their own spending decisions, and whether this varies by different household types. There was also a concern that there would be an impact on comparability with the current LCF outputs.

Question: Do you have additional comments on the proposal to record spending data for children by proxy through a responsible adult in the household? (Asked to all, 9 responses)

Responses to this question varied from support to concern. Of the responses supporting the proposal, the comments included this approach being preferable to removing child data completely. They also included the potential positive impact if the proposed change would preserve most of the analytical value of the data, while allowing better sample sizes at lower geographic units.

However, a number of responses raised concerns regarding the proposal. Potential issues included the accuracy of answers by proxy (particularly for older children due to reasons of privacy and unawareness of everyday expenditure), and the choice of “responsible adult”. Further to this, several responses mentioned reasons why child-reported expenditure was important, including as a measure of a child’s financial well-being; recognising children’s rights to be included in national statistics; and for use in research including on obesity, social media use, and the relationship between children’s expenditure and household and neighbourhood factors.

Our response to questions regarding changes to expenditure data collection

We acknowledge that some users have requirements for the detailed expenditure data discussed in this section, but also recognise that some uses of this data identified from the responses would not be recommended due to limitations of the data. For example, use of the data to estimate nutrition intake may be limited due to underreporting of food data.

We have carried out analysis of the impact of collection of weights and measures on data quality. We are considering the findings from this analysis alongside the cost of collection. We will present detailed proposals for change to relevant stakeholders to assess the impact of any potential change to the collection of this data.

We have also carried out analysis of the existing child expenditure data to assess their quality. Subject to available resources, we will further explore options for different ways to collect this data more flexibly. These may include collecting the data at a different frequency, collecting via proxy, and/or collecting by different means for children of different ages. We will engage with relevant users to fully assess the impact of any potential change to the collection of this data.

Linking to other elements of this consultation, subject to available resources, we will also pursue improvements to the collection of this data, including streamlining the diary collection process, to reduce respondent burden and improve the quality of the data collected.

Re-introducing financial well-being, poverty and material deprivation

We propose exploring the user need for financial resilience, material deprivation and poverty statistics over the coming months, with a view to reintroducing statistics on the topics, possibly within an annual financial well-being publication.

Here are the questions we asked and a summary of the responses.

Question: Would you be interested in ONS producing more on the following topics? (Asked to all, 43 responses)

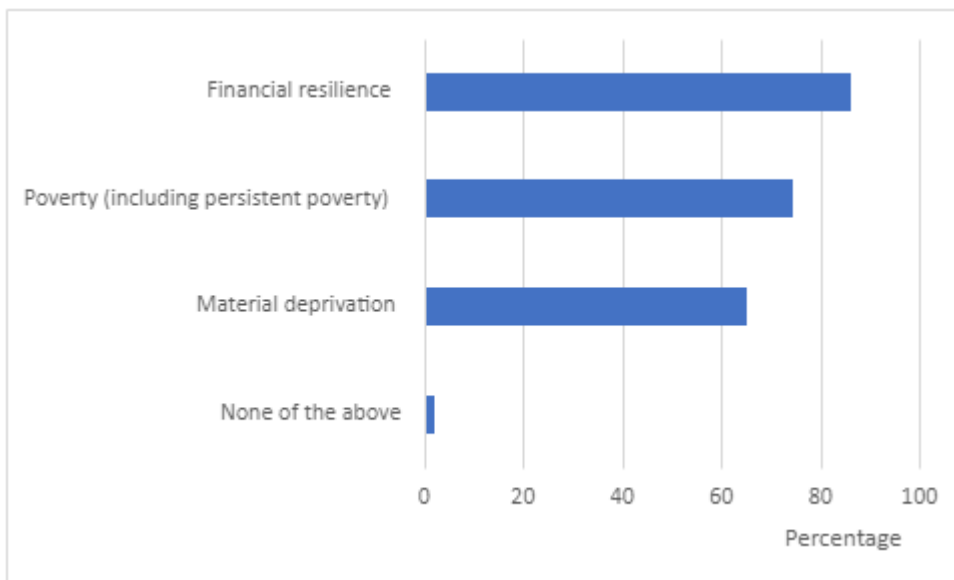
The options given for this question were as follows, and users were able to select more than one option:

- Financial resilience
- Poverty (including persistent poverty)
- Material deprivation
- None of the above

Of those who responded to this question, 86% were interested in ONS producing more on financial resilience, 74% were interested in poverty and 65% in material deprivation.

Please note that the multiple-choice selection for this question for the first 9 responses. The total numbers of responses to each option may therefore have been higher if the multiple choice was possible for all respondents.

Figure 14: Interest in ONS producing more on financial resilience, poverty and material deprivation



Question: If answered none of the above, please specify below. (Asked to all, 6 responses)

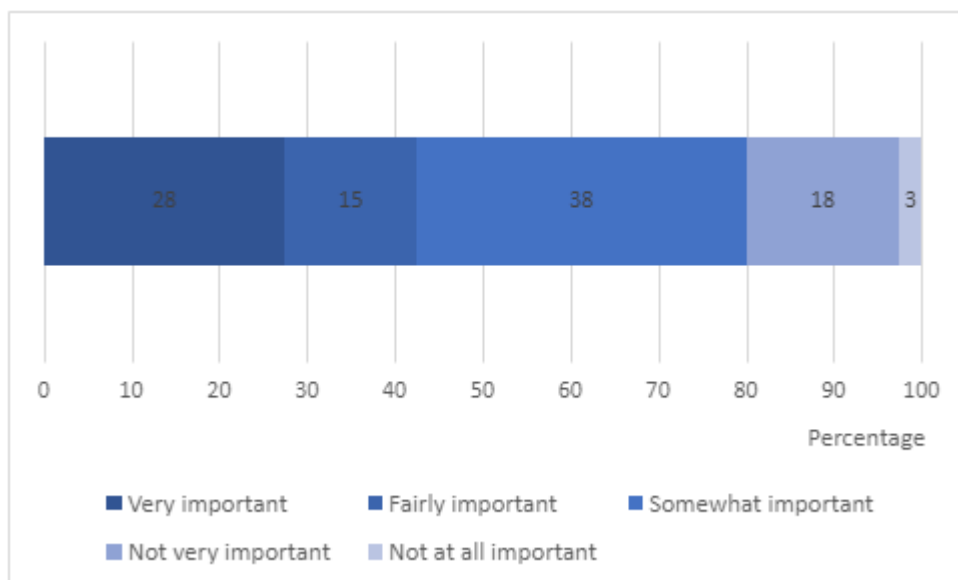
This question was designed to be answered only by respondents who answered “none of the above” to the previous question, meaning that they had no interest in the ONS producing more on any of the three topics. However, most responses here came from respondents who said they did have an interest in the ONS producing more on the topics in question.

Comments included trust in the ONS to provide this information rather than other organisations, and the importance of regular measures of financial resilience to provide information that can be used to develop policy and support strategies. There were also responses specifying that the use of this data was reliant on availability of data by geographic disaggregation.

Question: How important is international comparability on material deprivation statistics to you? (Asked to all, 40 responses)

The most common response was “somewhat important”, with 38% of respondents choosing this option. Overall, 43% of respondents said that international comparability was either “very important” or “fairly important”.

Figure 15: Importance of international comparability



Question: Please provide the reasoning behind your answer. (Asked to all, 20 responses)

Of the respondents who answered “very important”, reasons centred around the requirement for data to provide a reference point to compare the UK to other countries, which is beneficial from both a policy and research perspective. Similarly, respondents who answered “fairly important” also commented on the ability to benchmark UK performance on these topics.

The reasons given by respondents who answered “somewhat important” also commented on being able to compare and benchmark the UK against other countries, and the impact on policy. However, several of these respondents spoke of their focus being on the UK (including comparisons across UK countries), rather than international comparisons. Respondents who answered “not very important” also had more of an interest in comparisons between UK nations or had only a personal interest in the data.

Please note that this question was missing from the word version of the consultation questionnaire document for the first five weeks of the consultation. Respondents who downloaded this copy in order to respond would therefore have not had the opportunity to answer this question.

Question: Do you have any further comments on the content or frequency of financial well-being, poverty or material deprivation statistics? (Asked to all, 22 responses)

A number of respondents reiterated the requirement for the production of statistics on these topics; to provide evidence to inform policy and provide support services. There was an appreciation that detailed information on these topics may not be available from other sources, demonstrating that there is value in ONS producing these. Respondents’ comments also conveyed that the proposed cross-cutting dataset could add further value in being able to analyse these topics, alongside the other aspects of household finances. There were also a range of responses covering topics of content, coherence and outputs.

With regard to specific content, responses mentioned the inclusion of a wider range of unavoidable costs, such as childcare and costs of disability; and of different aspects of poverty, including food poverty, fuel poverty and water

poverty. There were a number of debt-related content requirements, including the proportion of households or individuals behind on household bills, access to debt advice and solutions, bankruptcy, and County Court Judgements. There were also requirements to link financial well-being to pensions data, including automatic enrolment and pension drawdown. Two further content requirements were the inclusion of attitudinal questions regarding individual financial circumstances, and the suggestion of collecting poverty or material deprivation information from children who have experiences unique to those of their parents.

A number of responses commented on the requirement for coherence with different sources. These included the DWP Family Resources Survey, Understanding Society, and the National Survey for Wales. Several respondents also provided details of questions used in their own surveys to assess financial well-being and requested the consideration of the ONS to include these. On geographical coherence, there were differing responses regarding the relative importance of international comparability and comparability between UK countries only.

Respondents also described the desired outputs for these topics. Multiple responses requested more timely data on either a quarterly or monthly basis, although the requirement for detailed data was also noted. Several responses commented on the need for breakdowns by age, geographical breakdowns such as urban/rural, and to identify households with low-paid or minimum-wage workers; along with individual level data on poverty to be available as well as household level.

There were a number of comments related to the DWP releases covering similar topics, and the implications of this for the use of ONS outputs. Related to this, a number of responses commented on the added value of the ONS producing poverty measures based on different elements of household finances such as income, expenditure or savings; and of consulting with users about the best definitions to use.

Our response to questions regarding re-introducing financial well-being, poverty and material deprivation

We recognise the strong support for the ONS to produce outputs that complement existing statistics on these topics and have already taken some steps towards this. We have re-introduced material deprivation questions to

the SLC, following operational changes to the SLC due to COVID-19 restrictions and changes in Eurostat reporting requirements following the UK's exit from the EU. We are also undertaking research into a potential new method for asking questions on material deprivation with an ambition to reduce respondent burden.

We are also committed to filling evidence gaps. This includes delivering on our previously communicated commitments to publish an output on poverty in summer 2023 using internationally comparable data for 2019, and to introduce a new financial well-being output by spring 2024. These outputs will be informed by the consultation responses, by collaborating with users in a newly formed Income and Poverty Expert Group, and through use of the SLC survey data collected in recent years alongside other sources.

We recognise the feedback on the similarity to other outputs, particularly DWP's poverty statistics. Our focus will be on producing statistics to fill evidence gaps and drawing on our unique position to produce financial well-being statistics. These will combine cross-topic data, such as using wealth data, to explore the ability to sustain income shocks.

Longitudinal data collection

We currently collect longitudinal income and wealth data via the [Survey on Living Conditions \(SLC\)](#) and the [Wealth and Assets Survey \(WAS\)](#). In this consultation, we asked for feedback from users to help shape the future design of longitudinal data collection for the income and wealth elements.

Here are the questions we asked on longitudinal data collection and a summary of the responses.

Question: What value does longitudinal wealth and income statistics bring to you? (Asked to all, 34 responses)

Responses to this question ranged from little value or not used, to personal interest and general use, through to respondents for whom longitudinal data is critical in their work.

A number of responses commented on how being able to see how the financial well-being of households and individuals changes over time provides a wide range of information. Uses of this included to develop and evaluate policy, to identify the impact of both temporary and lasting changes in the financial and economic landscape, and to capture household and individual responses to shocks, for example the COVID-19 pandemic and rising cost-of-living.

Some specific areas of research using longitudinal statistics were described, including the effects of receiving inheritances and gifts on economic outcomes, understanding wealth accumulation and inequality across the UK, and the impact of intra- and intergenerational mobility. Other uses of longitudinal data included tracking and better understanding persistent poverty, for modelling; and for research into problem debt. There was also interest in qualitative longitudinal data alongside quantitative data.

A number of responses mentioned required periods for longitudinal data to cover, both in general terms (for example, 'the longer the better'), and relating to specific times and events (for example changes in health, and through an economic cycle).

While longitudinal data was noted as being valuable for a number of respondents, there were others who did not share the same views. Several responses mentioned the complexity of processing and analysing longitudinal data being a barrier to its use. Another commented that more coherent cross-sectional data was seen as more of a priority than longitudinal data. A time series of consistent data was mentioned as crucial for assessing trends, but there was a concern raised that following households over waves can lead to biases in the data due to attrition. Finally, the potential to link to longitudinal administrative data was mentioned as an opportunity to increase the value of longitudinal income and wealth data.

Question: What frequency and panel-length on both income and wealth longitudinal statistics would be ideal for your uses? (Asked to all, 24 responses)

The most common answer to the question of frequency was annual. A number of responses commented that the more frequently the data could be received, the better; while other responses said that biennial is adequate.

Some responses commented on the requirement being different for income and wealth, with wealth seen as less variable, meaning less frequent outputs would be acceptable.

With regards to panel length, the responses varied. A number of responses required as long a panel length as possible, with 10 years stated by several respondents, and others stating more than 20. Other responses did not give a length in years, however, they mentioned specific life events that they would like to see captured, for example, school age, getting married, and having children. On the other hand, several responses commented on the effect of attrition on a longer panel length leading to a small sample size and potential bias, and suggested a shorter panel would be better on this basis.

Question: Do you have any additional comments on this section? (Asked to all, 12 responses)

Responses to this section included specific content requests, methodological considerations and outputs. Additional questions requested include the region where the respondent's parents grew up, attitudinal information regarding assets for long-term saving, and intentions of passing assets to future generations. A number of responses commented on potential outputs, including making datasets more accessible in order to maximise their use, and providing UK country-level breakdowns and breakdowns by age.

Several methodological considerations were highlighted, including the potential for a sample design to follow the offspring of core sample members, the potential for admin data to provide the possibility of extra longitudinal analysis, and the current attrition rates between waves. Specific longitudinal methods were described, including a core and module approach, and rotation of respondents out of the sample.

Finally, a number of responses reiterated the importance of longitudinal data, expressing desire for this to continue on the topics of income and wealth and, in one response, requesting the extension of longitudinal data to cover expenditure.

Our response to questions regarding longitudinal data collection

We recognise the need for and use of longitudinal data and appreciate that requirements vary between users. Following their first interview, WAS respondents are interviewed every two years over a period of 10 years, while SLC respondents are interviewed every year over a period of five years. Therefore, both SLC and WAS respondents may be interviewed up to six times (waves) during their total time on the survey.

We recognise the level of attrition to be a concern for many users, and the need to mitigate the effects of this and explore methods for improving response. We also recognise that user requirements for longitudinal design can vary between the topics of income and wealth, and therefore different designs may be necessary in the future.

We appreciate respondent feedback about the difficulty of using longitudinal datasets, and we will explore making more use of the existing longitudinal data in our own analysis, as well as improving the accessibility and useability of the datasets in the future.

Increasing the frequency and timeliness of our wealth statistics

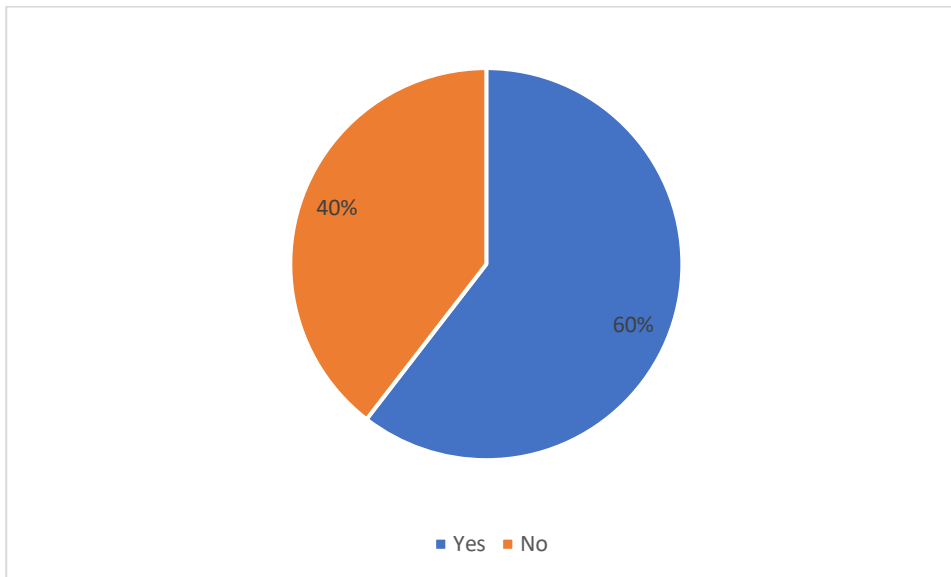
Our wealth data is currently collected over a two-year period, usually with a lag of around 20 months to publication and published every two years. We sought feedback on different options to transform and improve this, for example to publish wealth statistics and produce wealth microdata annually, and to reduce the current time between reference period and publication to 12 months.

Here are the questions we asked and a summary of the responses.

Question: Are you a user of ONS' wealth statistics? (Asked to all, 43 responses)

Of the respondents who answered this question, 60% were users of ONS wealth statistics.

Figure 16: Whether respondent is a user of the ONS's wealth statistics



Question: Which components of our wealth statistics do you use?
(Asked to all, 30 responses)

Respondents were given the following options:

- Net property (value of residences minus mortgage debt)
- Physical (household contents, vehicles)
- Private pension
- Net financial (savings or investments minus financial liabilities)
- All components

70% of respondents used all components of the ONS's wealth statistics. Including respondents who used all components plus those who used only some of the components, overall, 93% of respondents used net financial wealth, property and pension wealth were both used by 87% of respondents, and 73% of respondents used physical wealth.

Question: Which of the following options would be your preference for wealth data timeliness and frequency? (Asked to all, 32 responses)

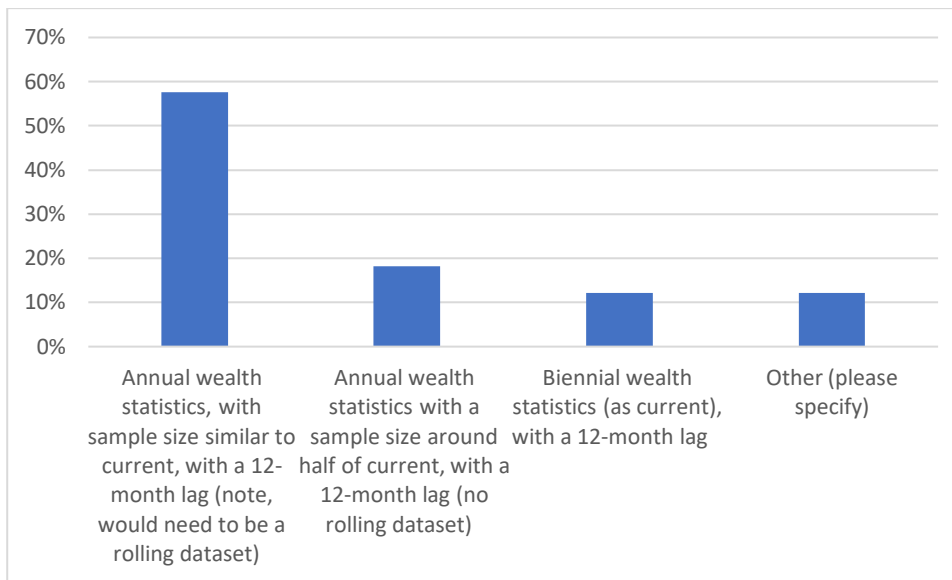
Respondents were given the following options:

- Annual wealth statistics, with sample size similar to current, with a 12-month lag (note, would need to be a rolling dataset)
- Annual wealth statistics with a sample size around half of current, with a 12-month lag (no rolling dataset)

- Biennial wealth statistics (as current), with a 12-month lag
- Other (please specify)

The most popular option was “Annual wealth statistics, with sample size similar to current, with a 12-month lag”, which 58% of respondents chose as their preference.

Figure 17: Preference for wealth data timeliness and frequency



Question: If other, please specify (Asked to all, 5 responses)

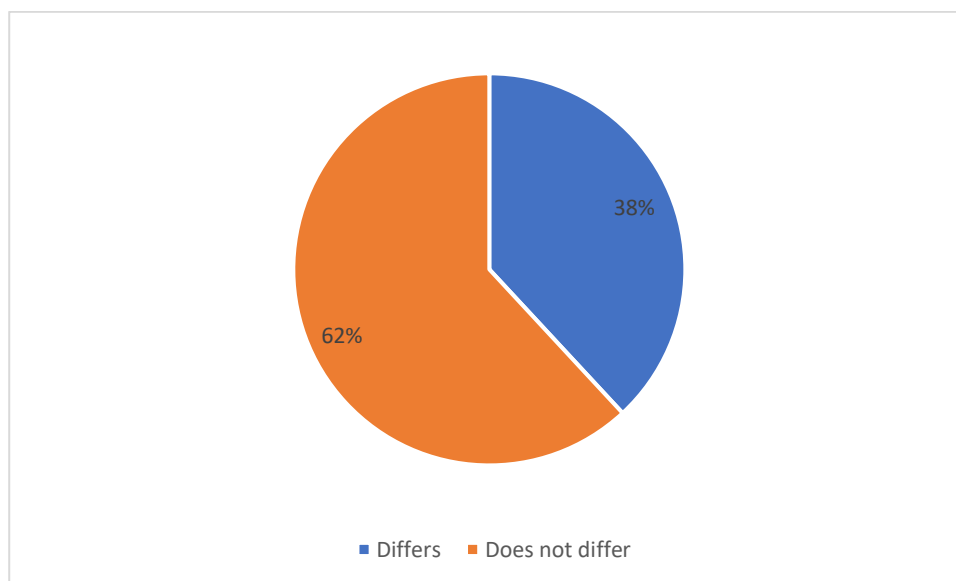
Comments included the difficulty of choosing without fully understanding the limitations of each option, and the requirement for the chosen option to include a suitable cohort of older people. A number of responses referenced the timeliness aspect, with differing opinions. While one response commented that reducing the 12-month lag would be the most important factor, another specified that timely data may not be preferable at the expense of a smaller sample.

Question: Does your preference for wealth data timeliness differ across the components of our wealth statistics? If so, please specify. (Asked to all, 21 responses)

Of the respondents who answered this question, the majority (62%) had no different preferences across the wealth components.

Please note that the setup of this question was working incorrectly for the first four respondents, not allowing the same answer for different components, and only allowing a maximum of three choices.

Figure 18: Whether preference for wealth data timeliness differs across components



Where respondents said their preference for timeliness differed across components, there was no clear pattern or agreed preference for any specific component.

Question: Do you have any comments or feedback on the frequency or timeliness of wealth statistics that you would like us to consider? (Asked to all, 15 responses)

A range of responses to this question reflected the differences in requirements and use of wealth data, and concerns about aspects of each of the options proposed. Several respondents commented that the annual availability and sample size consideration made the rolling dataset the preferred option, as the increased frequency was not desired above maintaining the sample size. However, concerns about this approach were also raised including comparability issues and statistical implications of using the combined rolling sample. Comments on the positives of a non-rolling

annual approach included that it would provide more flexibility for users to do analysis; however, the smaller sample size of this option was seen as a drawback. Other respondents commented that the current biennial release is sufficient. Reasons included the wealth aspect of household finances being less variable than other aspects, sample size requirements, and the precedent in other international surveys for wealth information to be released less frequently than income information.

Additional comments regarding the frequency and timeliness suggested that both annual and biennial releases may be helpful, with the former having less detail and the latter containing full detail. The time lag between data collection and publication was also raised as something to be improved, regardless of the frequency of the outputs. Furthermore, responses commented on the need to improve the sampling at the top of the wealth distribution, with suggestions of exploiting more administrative data, focusing on business wealth, and/or using weights to correct for under sampling at the top of the distribution.

Along with comments relating to frequency and timeliness, a number of responses related to the outputs. The relationship between income, wealth and expenditure was raised as a requirement, along with the ability to break down the data geographically. There was a suggestion to draw from the ONS's human capital work, which relates to wealth, well-being, and health as well as other economic and social factors. There was a further suggestion that incorporating business wealth would improve the overall picture of wealth distribution. The consistency in variable names and definitions across waves of data was also raised as an important element to using the outputs.

Our response to questions regarding increasing the frequency and timeliness of our wealth statistics

We recognise that most respondents preferred an option of annual wealth statistics, in line with our proposal, and that preference for the timeliness of wealth data generally did not differ across the wealth components. We recognise that respondents generally agreed that maintaining the current sample size is a requirement.

We will consider respondents' feedback on the relative benefits of the different designs in the future as we explore options for wealth data collection

and release. This is intrinsically linked to the longitudinal design discussed in the previous section.

We appreciate that the time lag between data collection and release is important to our users. We are continuing to develop improvements to our processing of wealth data by introducing a more automated and efficient pipeline for data processing, which will reduce processing time and improve the timeliness of our outputs.

And finally...

Question: Do you have any other comments about this consultation?
(Asked to all, 18 responses)

The responses to this question covered a range of topics, including general support for the ambitions of the project, comments on alternative data and modelling, specific content and coverage requests, and requirements for outputs. Several respondents requested continued communication, contact and input into discussions as the project develops. There was also a request for more open forums for discussion about how to use the statistics when released.

Respondents welcomed the consideration of alternative data, with the awareness that there needs to be further development to provide the quality and usability required. There were some concerns raised over the use of alternative data. These included the stability and frequency of the supply, definitional differences to survey data, the ability to link to survey data, and ensuring effective reporting of how administrative data are used.

Several responses mentioned the timeliness and frequency of outputs across several of the topics in the consultation. While more timely and frequent data on financial indicators were welcomed, there were requirements to maintain the detail of existing outputs. A number of responses also referred to the proposal of using statistical modelling, stating that further information and detail was necessary to understand the potential benefits that this could provide.

Many respondents reiterated the particular requirements in terms of the content and coverage of household finance data, which had also been specified in previous questions. These included:

- publishing breakdowns by disability status alongside other demographic characteristics
- publishing geographical breakdowns, including UK nations and regions for the proposed household financial indicators
- publishing geographical breakdowns to small areas for the more detailed outputs
- improving the coverage of groups with key protected characteristics.
- providing information about those not living in households
- improved reporting of benefits data to better capture incomes of low-income households
- improved coverage of high-income households
- publishing additional breakdowns by age group, including the older population

A number of responses commented on the access and usability of the outputs, including the timely release of microdata to ensure maximum value. The potential discontinuity between existing outputs was raised as a concern, and the possibility of being able to link ONS datasets to other datasets was also highlighted as a requirement for several respondents. The usability of outputs was noted as needing improvement, with opinions that the publications are currently difficult to use and not all available information is being used as widely as it could be. Noting that the DWP outputs are outside the transformation project, the difference in these estimates was raised as a source of confusion, alongside the suggestion to align timings of outputs. Finally, there was a comment that the “sustainable” part of the aspiration for “a sustainable suite of statistics on poverty and financial well-being” was not fully explained through the detail provided.

Our response to any other comments

We would like to thank all respondents for their valuable feedback, which will continue to guide our work in this area. We will keep users informed of our plans for this work as it develops into the future.

Annex A – List of organisations that responded

Bank of England
Centre on Household Assets and Savings Management, University of Birmingham
Cyngor Gwynedd
Defra
Department for Energy Security and Net Zero
DWP
Experian
Greater London Authority (GLA)
HM Treasury
HMRC
Institute for Fiscal Studies
Intergenerational Foundation
Joseph Rowntree Foundation
Low Pay Commission
Money and Pensions Service
Older People's Commissioner for Wales
Public Health Scotland
Scope disability charity
SME Alliance Limited
StepChange Debt Charity
The NIHR Children and Families Policy Research Unit (NIHR CPRU)
The Pensions Regulator
The Resolution Foundation
University of Hertfordshire, University of Essex and University College London
Welsh Government
Women's Budget Group



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