

**Abstract for “Social Transfers in Kind in the United Kingdom and Finland: Micro Level Measurement and Distributional Impact”**

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Although the Canberra Handbook (2011) highlights the value of including social transfers in kind (STIK) within household income microstatistics, in practice they are commonly excluded due to the challenges associated with measurement. This paper examines the measurement and distribution of in-kind benefits in two countries that do produce distributional analysis of income including STIK, the United Kingdom and Finland. These countries represent different welfare regimes, with different distributions of cash- and near-cash income.

Whilst estimates of the distributional impact of STIK for these countries have previously been reported in cross-national studies (e.g. OECD, 2012; and Aaberge, Langorgen & Lindgren, 2013), such studies are constrained by data availability and typically allocate the average value of public services to beneficiaries, assuming that individuals receive the average benefits in their respective groups. The current paper presents work carried out at the national level, which has allowed the production of considerably more detailed estimates, through imputing the value of benefits in kind to each country's Household Budget Survey. The primary aim of this paper is to describe the methods and the distributional impacts based on country level sources, and to contrast these with the estimates available from the aforementioned cross-national studies.

We start by reviewing the structure and volume of social transfers in kind in the UK and Finland, based mainly on macro data and general government expenditure statistics. We then describe the country-level methodologies to estimate social transfers in kind at micro level, starting with a comparison of the extent of transfers that have been imputed. For instance, the UK has estimated in-kind benefits from education, health, housing, and transportation while Finland has covered education, health, and social care. Due to institutional arrangements of social benefits, some inclusions/exclusions might be important when comparing the two countries. We therefore discuss the identification of the beneficiaries, along with the data and techniques used to value the benefits received.

The UK has recently made various enhancements to its measurement of STIK and is currently working to further expand the in-kind benefits covered, while Finland is currently making a transition to exploiting more micro-level register data. We therefore also discuss these changes and their impact on the measures of redistribution. Finally, we turn to the distributional impact of STIK, considering the national results and contrasting these with the available cross-national experiments and studies.

## **Tentative Outline**

1. Introduction
2. Volume and structure of STIK in the UK and Finland
3. Imputation of STIK to Household Budget survey
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  - 3.3 Comparison of the methods
  - 3.4 Future developments
4. Distributional impact of STIK in the UK and Finland
  - 4.1 Results from the Household Budget Surveys
  - 4.2 Results from other studies (OECD; Aaberge *et al.*, others)
5. Conclusions