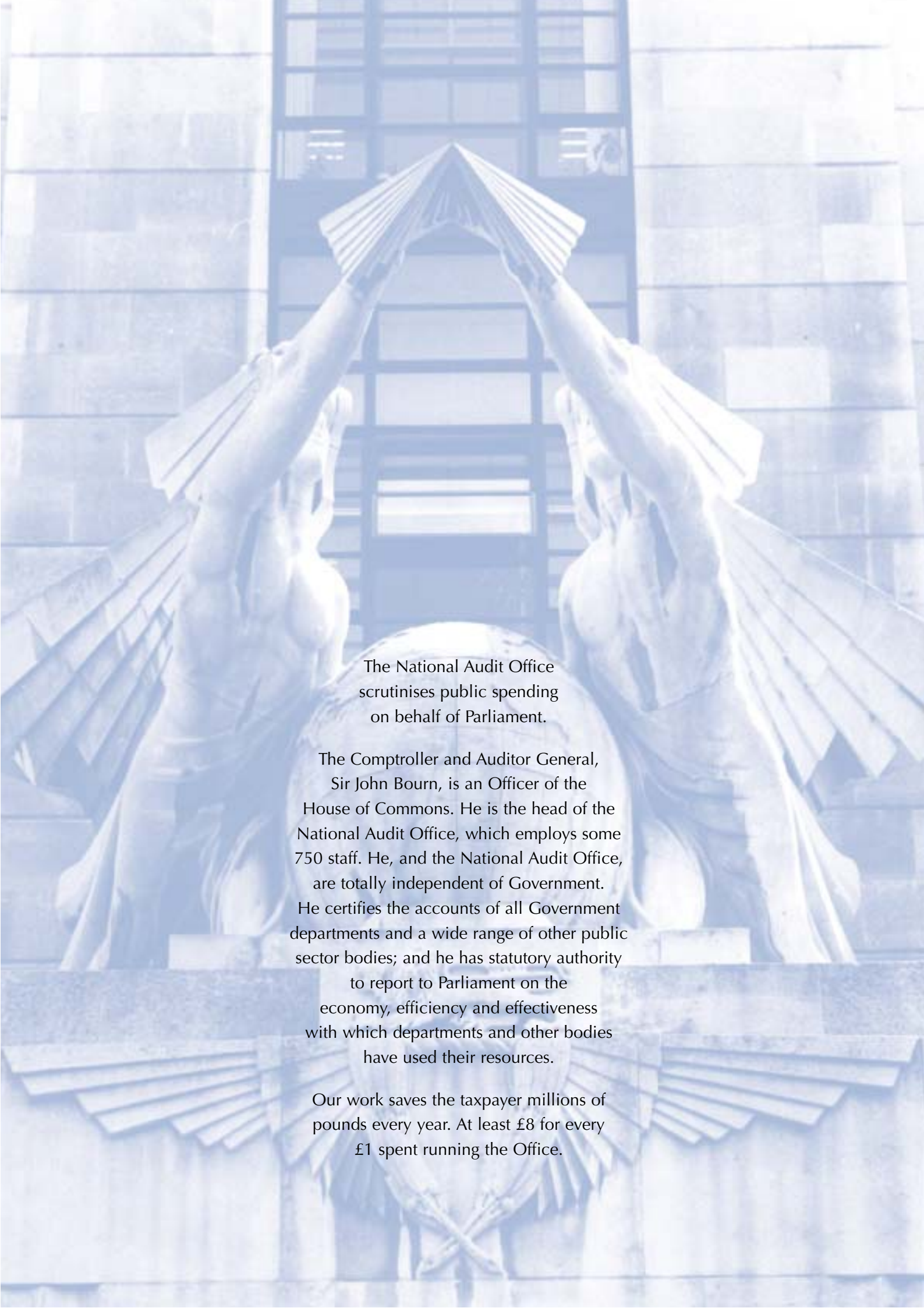


# Tackling pensioner poverty: Encouraging take-up of entitlements

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL  
HC 37 Session 2002-2003: 20 November 2002





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# Tackling pensioner poverty: Encouraging take-up of entitlements



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This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act.

*John Bourn* National Audit Office  
Comptroller and Auditor General 31 October 2002

The National Audit Office study team consisted of:  
Sandy Gordon, Rebecca Sidell and Peter Jones  
under the direction of Jeremy Lonsdale

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**For further information about the National Audit Office please contact:**

National Audit Office  
Press Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

Tel: 020 7798 7400

Email: [enquiries@nao.gsi.gov.uk](mailto:enquiries@nao.gsi.gov.uk)

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## This report examines the action taken by the Department for Work and Pensions, both on their own and with others, to tackle the barriers to take-up of entitlements by pensioners

- 1 The current generation of people of pension age in Great Britain is the most affluent ever, following a continued rise in their average income from occupational pensions and benefits. Yet, in 2000-01, some 2 million pensioners were living in low-income households<sup>1</sup>. The Government has committed itself to ensuring that today's and tomorrow's pensioners are ensured a decent income in retirement. Its stated approach is to address poverty amongst those currently of pension age, ensure past saving is rewarded, encourage future pensioners to save, and provide security for those likely to need to rely on state provision. Welfare benefits, including state pensions, account for half of all total pensioner income, but for some 70 per cent of pensioners, they account for at least half their total income, and in 15 per cent of cases they make up their entire income.



- 2 Pensioners may be eligible for a wide range of benefits. Those on low incomes can claim Minimum Income Guarantee (1.73 million households in February 2002). In 1999-2000 more than 1.7 million received Housing Benefit, 2.6 million Council Tax Benefit, and 1.8 million disability related benefits. The Government has no legal duty to promote the take-up of entitlements where potential recipients do not claim them, only to process benefit claims according to regulations. Equally, there is no requirement on individuals to claim benefits if they do not wish to. The arrangements by which pensioners obtain benefits vary. A claim form for State Retirement Pension is sent out automatically four months prior to retirement. For disability benefits, individuals may be required to undergo a medical examination, while other benefits are means tested. Many benefits are linked, so that being in receipt of one benefit can make a pensioner eligible for others.

<sup>1</sup> This refers to pensioners living in households with income below 60 per cent of contemporary median income, before housing costs, in Great Britain. Department for Work and Pensions (2002a) see bibliography. This is one of the key indicators of low income used by Government to track its progress in tackling pensioner poverty.

- 3 Benefits are administered at different levels. Local authorities administer Housing Benefit and Council Tax Benefit; and the Disability and Carers Directorate of the Department for Work and Pensions administers Disability Living Allowance and Attendance Allowance. The Pension Service (an Executive Agency of the Department for Work and Pensions which, along with Jobcentre Plus and the Disability and Carers Directorate, replaced the Benefits Agency in April 2002) is responsible for delivering State Retirement Pension, Minimum Income Guarantee and Winter Fuel payments, as well as providing forecasts of state pension rights and information about benefits. The Pension Service, which aims to provide a more customer focused service than the Benefits Agency, will be rolled out during 2002 and 2003. Its first major task will be to introduce Pension Credit from late 2003, which subsumes Minimum Income Guarantee, and rewards those with modest savings and additional income.
- 4 This report examines what the Department for Work and Pensions (the Department) both on their own, and with a range of other organisations, have done to tackle pensioner poverty by encouraging pensioners to take up the benefits to which they are entitled, but which, for a variety of reasons, they do not receive. We looked specifically at the barriers to take-up (Part 2); and how successful Government has been in overcoming the barriers, and what more can be done (Part 3). This report is part of a programme of work examining aspects of government services for older people. Our methodology is outlined in Appendix A.

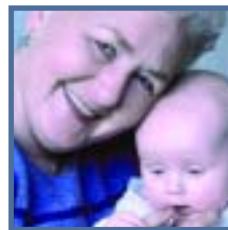
5 The main findings from our examination are:

- Although 2 million pensioners were living in low-income households, between a quarter and a third of entitled pensioners do not claim the Minimum Income Guarantee, and significant numbers do not claim other benefits;
- The structure of the benefits system itself, the way it is administered, and pensioners' attitudes to benefits all create barriers to take-up;
- The creation of The Pension Service in 2002 is a major opportunity to enhance the quality of service provided to pensioners, through a more pro-active and tailored approach than under the Benefits Agency;
- The Department have sought to make the Minimum Income Guarantee easier to claim through a shorter form and a dedicated telephone claim line, but more needs to be done for other benefits;
- Take-up activity was limited under the Benefits Agency and there is considerable scope for increasing take-up through more systematic and focused application of best practice from the campaigns mounted by voluntary sector bodies and local authorities;
- The Pension Service cannot tackle pensioner poverty on its own and, given the wealth of experience existing elsewhere, it would not be cost effective or appropriate for it to try to do so. It is crucial that it develops strategies to work in partnership with other agencies; and
- Many take-up activities are inexpensive and appear to have significant effects. However, limited evidence is available on their overall effectiveness, and better data is needed to allow The Pension Service and other agencies to decide where to concentrate their efforts to encourage take-up.



## On non-take-up amongst pensioners

- 6 Take-up of entitlements amongst pensioners is lower than amongst the population as a whole. In particular:
- between 22 per cent and 36 per cent of pensioners entitled to Minimum Income Guarantee did not claim it in 1999-2000;
  - around one third of pensioners entitled to Council Tax Benefit do not claim it;
  - one tenth of pensioners entitled to Housing Benefit do not claim it; and
  - in 1996-1997 (the most recent data) take-up of Attendance Allowance (available only to those over 65) was estimated at between 40 per cent and 60 per cent.
- 7 Overall, in 1999-2000 between £930 million and £1,860 million in entitlements went unclaimed by pensioners. The average amount of unclaimed Minimum Income Guarantee is £22 per week, although the median unclaimed amount - which takes into account the relatively small number of pensioners with very high entitlements - is £12.80 per week. Both sums can, however, potentially make an important difference. For severely disabled people aged 65 and over, receiving Attendance Allowance can be even more significant, representing up to £56.25 per week plus a £42.25 increase in entitlement to the Minimum Income Guarantee. Many benefits are linked so that being in receipt of one may make a pensioner eligible for others. Our analysis of benefits available to pensioners showed 36 different linkages between 16 of the benefits to which pensioners may be eligible.
- 8 Taking up entitlements can have significant effects on pensioners. It can lead to greater spending on a range of essential items such as nutritious food and heating, increased mobility, the use of a wider range of goods and services, the ability to make large one-off payments that had previously been impossible, and the chance for personal forms of expenditure (e.g. giving presents). It has also been credited as leading to greater independence or autonomy, greater choice, more participation in the community, and an improved sense of identity and dignity. In addition, increased take-up of benefits can also have an impact on the local economy since much of the additional expenditure is made on routine items that are likely to be bought in local shops.





## On the barriers to take up amongst pensioners

- 9 Departmental and academic research has identified more than 20 significant barriers to take-up amongst pensioners, that are known to deter or delay claims. These relate to the benefits system, the way it is administered, and the attitudes of customers. On the basis of our research, we focused on 10 key barriers.
- 10 Our examination highlighted that:
  - pensioners' knowledge is poorest about benefits that supplement low incomes, those for disabled people, and for those people with caring responsibilities. For example, although two thirds of pensioners we surveyed claimed to be receiving income related benefits, only 24 per cent recognised Minimum Income Guarantee as the name for Income Support for those of 60 and over;
  - many pensioners are confused about the benefits they currently receive themselves, and this can result in many misunderstandings or false assumptions that deter application for other benefits;

<b>System</b>	<p><b>Complexity of the overall system</b> - including rules that vary between benefits and frequently change, and complex linkages between benefits</p> <p><b>Means testing</b> - requiring pensioners to provide sensitive information about their income and capital in order to receive a benefit</p>
<b>Administration</b>	<p><b>Leaving the initiative to the pensioner</b> to start the claim process - many pensioners assume they will be informed of entitlements</p> <p><b>Unresponsive or inaccessible channels of communication</b> - the means of communication to obtain information or make a claim may not be appropriate for the client group</p> <p><b>Access to information and advice</b> - many pensioners perceive information as difficult to obtain.</p>
<b>Customer level</b>	<p><b>Ignorance of, and misconceptions about, the benefits available</b> - many pensioners have little or no knowledge of benefits available, especially if they have had little contact with advice agencies</p> <p><b>Difficulty completing forms</b> - some forms are time-consuming and difficult to complete and many pensioners assume the whole process will be difficult.</p> <p><b>Fear of stigma and humiliation</b> - associated with the belief that benefits are "handouts"</p> <p><b>Fear of losing independence</b> - claiming benefits is seen by some as being dependent on the state</p> <p><b>Perception that making a claim is not worth the effort</b> - some make a judgement as to whether the expected gains are worth claiming for, given the assumptions about the arduous process.</p>



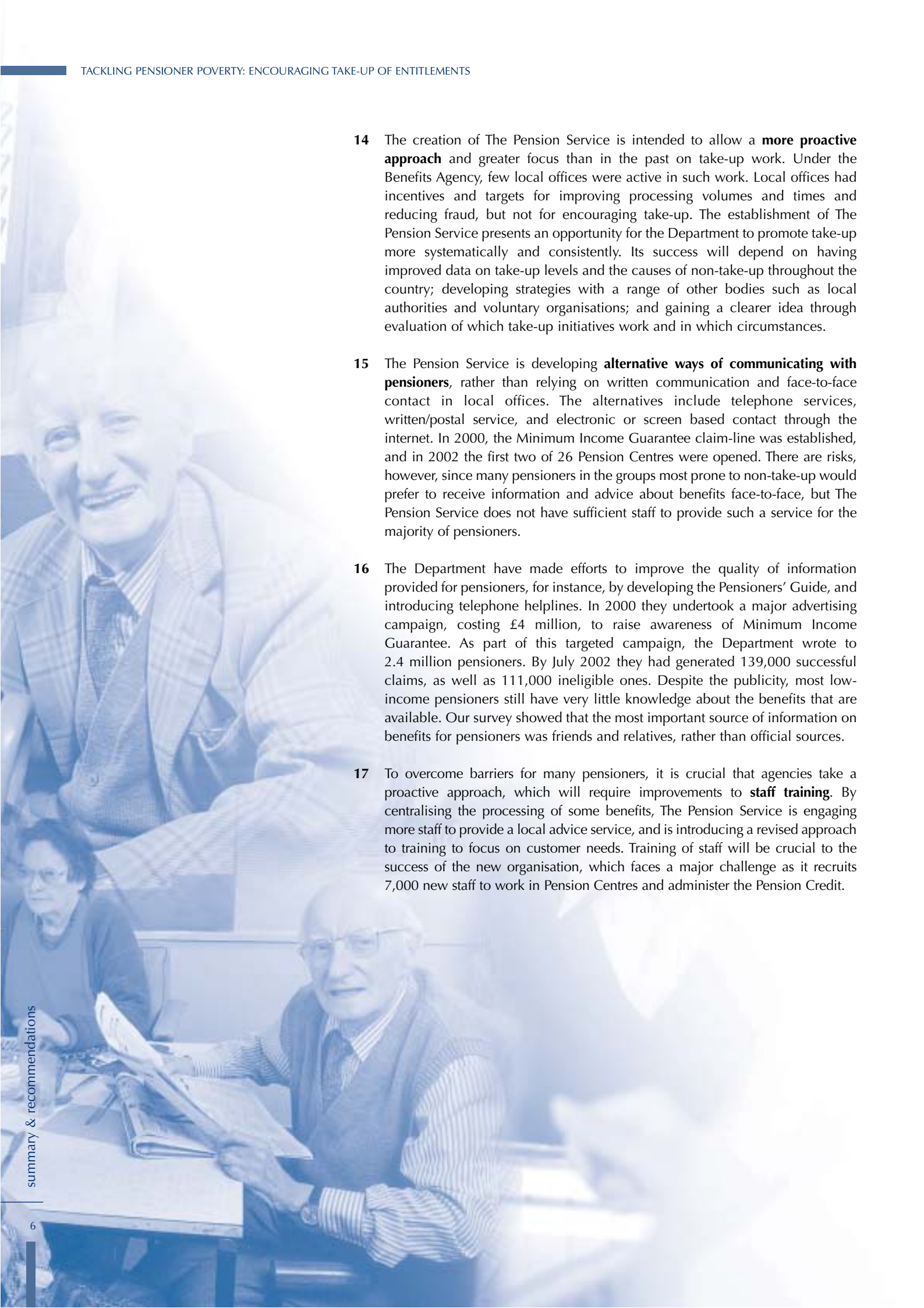
- although the perceived stigma of receiving benefits remains prevalent, particularly with regard to income-related benefits, which many see as "hand-outs", this may be changing slightly since our survey found that more younger pensioners than older ones disagreed with the suggestion that they would lose their independence through claiming benefits;
  - despite all the information provided by the Department, more pensioners find out about benefits through friends, relatives or neighbours. Few in our survey had had any contact with the Benefits Agency, a local council, or an advice agency in the past 2 to 3 years. Those who had were better informed, and were generally satisfied with the help they received; and
  - the most significant triggers to claiming appear to be changes in personal circumstances, such as the death of a spouse or the onset of a disability.
- 11** Pensioners are a very diverse group. Different types of people are affected by different barriers. According to recent Departmental research<sup>2</sup>, some 40 per cent of those not claiming were likely to respond to encouragement to claim their entitlements, while around one quarter would be highly resistant. Our analysis shows that different sources of information - from advertising, via local advisory groups, or via official agencies - impact on different groups to varying degrees, highlighting the importance of a multi-channel approach, such as that planned for the Pension Credit, to tackling low take-up.
- 12** Certain sub-groups are more affected by some barriers than others. For example, many pensioners from ethnic minorities have difficulty reading English, while many pensioners in isolated rural areas experience transport difficulties.

## On the action taken to tackle barriers to take-up

- 13** The Department are aware that the **complexity of the benefits system** and a dislike of providing personal information are significant barriers, and have made certain changes to simplify the claim process. These include:
- most people over 65 will only be asked to complete a statement of circumstances every five years in order to claim Pension Credit and Housing Benefit;
  - the Minimum Income Guarantee claim form has been reduced from 40 pages to 10 pages;
  - changes to the benefits system for people in residential care and nursing homes from April 2002 to align the rates payable with those for Minimum Income Guarantee; and
  - trigger points have been introduced at which pensioners will be contacted and invited to claim benefits based on age and receipt of other benefits.

The introduction of Pension Credit in 2003 raises concerns that the system will become more complex. However, the design of the Pension Credit is intended to be less intrusive and the harmonisation of Pension Credit, Housing Benefit, and Council Tax Benefit rules is intended to enhance pensioners' general understanding of their entitlements.

<sup>2</sup> Costigan et al (1999) see bibliography.

- 
- 14 The creation of The Pension Service is intended to allow a **more proactive approach** and greater focus than in the past on take-up work. Under the Benefits Agency, few local offices were active in such work. Local offices had incentives and targets for improving processing volumes and times and reducing fraud, but not for encouraging take-up. The establishment of The Pension Service presents an opportunity for the Department to promote take-up more systematically and consistently. Its success will depend on having improved data on take-up levels and the causes of non-take-up throughout the country; developing strategies with a range of other bodies such as local authorities and voluntary organisations; and gaining a clearer idea through evaluation of which take-up initiatives work and in which circumstances.
- 15 The Pension Service is developing **alternative ways of communicating with pensioners**, rather than relying on written communication and face-to-face contact in local offices. The alternatives include telephone services, written/postal service, and electronic or screen based contact through the internet. In 2000, the Minimum Income Guarantee claim-line was established, and in 2002 the first two of 26 Pension Centres were opened. There are risks, however, since many pensioners in the groups most prone to non-take-up would prefer to receive information and advice about benefits face-to-face, but The Pension Service does not have sufficient staff to provide such a service for the majority of pensioners.
- 16 The Department have made efforts to improve the quality of information provided for pensioners, for instance, by developing the Pensioners' Guide, and introducing telephone helplines. In 2000 they undertook a major advertising campaign, costing £4 million, to raise awareness of Minimum Income Guarantee. As part of this targeted campaign, the Department wrote to 2.4 million pensioners. By July 2002 they had generated 139,000 successful claims, as well as 111,000 ineligible ones. Despite the publicity, most low-income pensioners still have very little knowledge about the benefits that are available. Our survey showed that the most important source of information on benefits for pensioners was friends and relatives, rather than official sources.
- 17 To overcome barriers for many pensioners, it is crucial that agencies take a proactive approach, which will require improvements to **staff training**. By centralising the processing of some benefits, The Pension Service is engaging more staff to provide a local advice service, and is introducing a revised approach to training to focus on customer needs. Training of staff will be crucial to the success of the new organisation, which faces a major challenge as it recruits 7,000 new staff to work in Pension Centres and administer the Pension Credit.

- 18 There have been a number of successful examples of **partnership working** between government departments, local authorities and the voluntary sector at a national level to share information, develop policy and co-ordinate initiatives. At the local level, although few Benefits Agency offices actively promoted take-up themselves, many had links with local authorities and voluntary bodies.
- 19 Initiatives included data-matching to identify potential benefit recipients, and work with General Practitioners and housing associations to offer people benefit checks. Most of these approaches required collaboration between different agencies. However, no single approach had been adopted widely across the country, and we found little evidence of systematic learning from good practice.
- 20 Until recently, most targeted take-up work was undertaken by voluntary sector bodies such as Age Concern and Citizens Advice Bureaux, and a number of local authorities, all of whom have considerable experience in identifying pensioners who are not taking up their entitlements. Involvement in such work by the Benefits Agency was limited to around 50 offices and, given other corporate priorities, activity was dependent on the initiative of individual offices and the resources available. Very few offices have run targeted take-up campaigns for pensioners in their area. As a result, there is considerable scope for increasing take-up through **more systematic and focused application of best practice**.
- 21 The bodies undertaking active take-up work did not generally record information about the costs and benefits of their activities in a way that makes it possible to compare their effectiveness. In particular, they did not capture the full costs of take-up work, making **evaluation** of the effectiveness of the work impossible. But this reflects their differing objectives and priorities. They have not generally had specific targets for increasing take-up, although at least two local authorities have included such a target in their public service agreements.

# Recommendations

- 22 We recognise the good progress made by the Department and other public bodies working with pensioners to encourage benefit take-up, but more could be done. We are therefore very pleased that the Department accepts all our recommendations, which are as follows:
- a To help focus on its objective of increasing take-up, The Pension Service should set realistic and stretching national targets for take-up of Pension Credit, informed by known levels and causes of non-take-up. Targets should be cascaded down to the local level within The Pension Service (set in terms that reflect the difficulties of assessing take up levels with great precision). The Pension Service should also consider, together with local authorities, the scope for the adoption of local take-up targets, along the lines already developed by some authorities.
  - b To set realistic targets, assess the effectiveness of take-up initiatives and measure trends over time, the Department must have better data on estimated non-take-up, which is currently reported in very broad bands. Whilst we acknowledge that there is limited scope for disaggregating the national estimates, the Department need to work at regional level and with local authorities to develop means of better informing the setting of priorities and appropriate local strategies and to provide a greater understanding of take-up levels amongst particular groups, such as ethnic minorities.
  - c In seeking to encourage high levels of take-up of Pension Credit, The Pension Service must avoid overwhelming the administration in its early stages. To do so, they should take account of previous experience with the introduction of Disability Living Allowance and the Child Support Agency<sup>3</sup>, and will need to work with local authorities and voluntary bodies to stagger the arrival of Pension Credit applications to take into account resources available to process claims.
  - d The Department should continue their research to understand the barriers to take-up amongst particular sub-groups, including ethnic minorities, pensioners living in rural areas, and those with sensory impairment. To enable The Pension Service to tailor its services to the needs of pensioners, it should keep under review changes in the composition of the pensioner population, as well as developments in the provision of public services (eg. electronic delivery methods).
  - e The Department should clarify their position on encouraging take-up of benefits other than the Minimum Income Guarantee, in particular, disability benefits including Disability Living Allowance and Attendance Allowance and should also consider the scope for targets relating to the take-up of these benefits. Taking a client-focused approach, such as demonstrated in the Department's publication of the "Pensioners' Guide" booklet, will mean considering all benefits to which customers might be entitled. Any steps to encourage take-up of these benefits must take account of the need to avoid generating large numbers of ineligible claims and will require clear, unambiguous literature on eligibility.
  - f The Department and others should do more to simplify the process of claiming benefits. In particular, they should take forward the lessons learned from reducing the length of the Minimum Income Guarantee claim form and the current piloting work on simplifying claim forms for Disability Living Allowance and Attendance Allowance. They should also work more closely with local authorities to reduce duplication between the processes for claiming nationally and locally administered benefits, in particular in providing information and verification, with the objective of moving towards a more "one-stop" service.

<sup>3</sup> *Comptroller and Auditor General's report on the Appropriation Accounts, Vol 9 Classes XII and XIII, 1993-94, HC 670-ix, 1993-94.*

- g Given that so many pensioners derive their information about benefits from relatives and friends, rather than from official sources, The Pension Service should look at how it can make pensions and other benefits available to older people better known among a wider audience, rather than just pensioners themselves. And since many pensioners do not apply for benefits because they assume that official agencies and other trusted bodies will have advised them if they are eligible, there is scope for further work, such as benefits awareness sessions, to increase understanding of benefits among other professionals who deal with pensioners, and to overcome the perception that making a claim is not worth the effort.
- h As part of its strategy for encouraging take-up, The Pension Service should make optimum use of pensioners' existing contacts with trusted agencies. Much wider use could also be made of a number of techniques for identifying and contacting pensioners. These could include:
- linking up with health professionals to take advantage of contacts such as the age 75 health checks provided by nurses working with General Practitioners, ensuring that General Practitioners' surgeries have relevant literature on benefits, and organising briefings for district nurses to alert them to benefit issues;
  - working with the Housing Corporation to disseminate more widely good practice demonstrated by some registered social landlords so that all are aware of how they can ensure their tenants receive income to which they are entitled. These activities might include offering tenants benefit checks at appropriate times, increasing awareness of benefits amongst tenants, and benefits training for Housing Officers; and
  - taking advantage of other contacts such as when pensioners apply for grants from the Home Energy Efficiency Scheme, (now marketed as the Warm Front Team in England, although there are separate schemes in place in each of the devolved administrations).
- i Decisions on what resources to allocate to take-up work will need to be made at a local level, based on a strategic view of how best to target different groups. The Pension Service should develop local strategies for communication and outreach, taking into account the strengths and weaknesses of existing services and the needs of specific groups of pensioners in the locality. These strategies will need to be developed closely with local authorities and co-ordinated with their local strategic plans.
- j Decisions about where to concentrate resources on take-up, including take-up of Pension Credit, should be informed by a more consistent approach to evaluating take-up activity. This requires further research into what works, for whom does it work, and in what circumstances. The bodies with an interest in encouraging take-up need to agree a common standard for measuring costs and benefits.
- k The Pension Service cannot overcome barriers to take-up on its own. It needs to work with many other organisations, the voluntary sector and local authorities that have both the experience and contacts to help encourage pensioners to take-up their entitlements. Given its national role, The Pension Service must play a key role in encouraging take-up initiatives and in disseminating good practice and research, but these other organisations need to work with The Pension Service to overcome barriers. The Partnerships Against Poverty forum provides a sound basis for maintaining and developing this working relationship and for taking forward these recommendations.

# Part 1

## Take-up of entitlements by pensioners

1.1 On average, the current generation of people of pension age in Great Britain is the most affluent ever. Yet in 2000-01 some 2 million pensioners were living in low-income households<sup>4</sup>. This report examines what the Department for Work and Pensions (the Department), both on their own, and with a range of other organisations, have done to tackle pensioner poverty by encouraging pensioners to take up the benefits to which they are entitled. We looked specifically at:

- the barriers to pensioners taking up their entitlements (Part 2); and
- how successful Government have been in overcoming the barriers, and what more could be done (Part 3).

1.2 Our report comes at a time of change, with the creation of The Pension Service as an Executive Agency of the Department for Work and Pensions, intended to focus more specifically on the needs of pensioners, and the introduction of a new benefit for pensioners - the Pension Credit, which replaces the Minimum Income Guarantee - from October 2003. Our recommendations are designed to assist the future development of The Pension Service.

1.3 To undertake this examination, we visited Benefits Agency offices, local authorities and voluntary sector organisations involved in take-up work. We also commissioned a survey of low-income pensioners to explore their knowledge and experiences of the benefits system, commissioned qualitative research into the impact of benefit increases, and interviewed a range of professionals in the field. Our methodology is set out at Appendix A.

### The number of pensioners is growing and by 2040 they will make up 25 per cent of the population

1.4 The number of people of state pension age (60 for women and 65 for men) in the United Kingdom is growing. In 2000 there were nearly 11 million. Even taking account of the raising of the retirement age for women, this figure will have increased to 11.9 million by 2011. Projections suggest that, by 2025, one fifth and, by 2040, one quarter of the population will be over state pension age (**Figure 1 overleaf**). Overall, the population over pension age is expected to grow by nearly 50 per cent in the next 40 years.

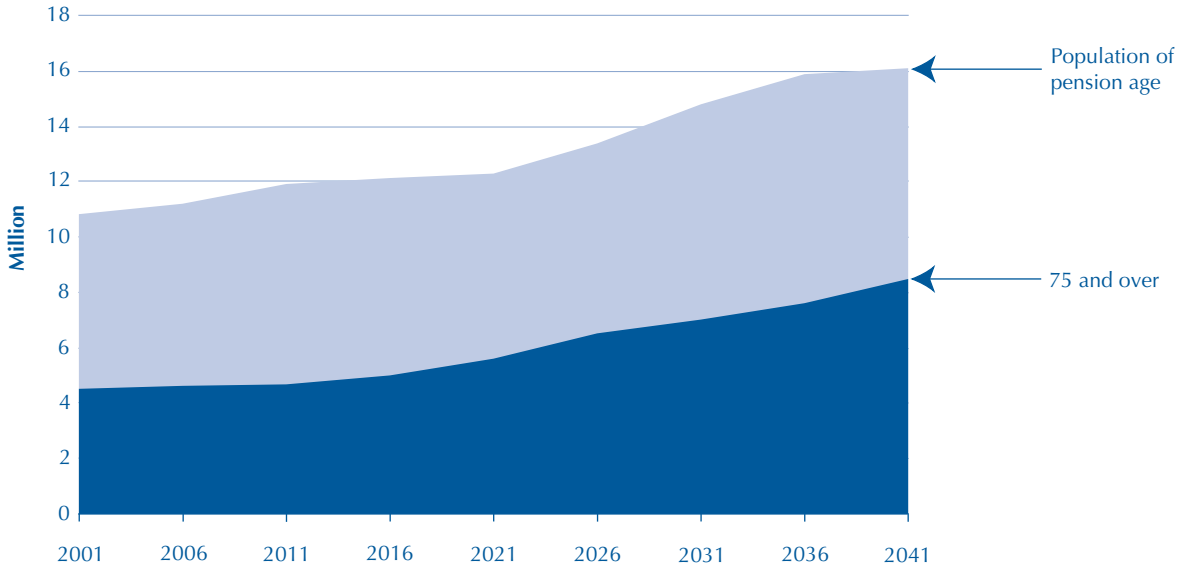
1.5 Given the size and broad age range of the pensioner population, it is inevitably a highly heterogeneous group. However, there are a number of general observations that can be made:

- **the number of older pensioners is growing faster than the pensioner population as a whole:** in 1971, fewer than 30 per cent of all pensioners were 75 or over; by 2025, this figure is projected to be nearly 50 per cent.
- **older pensioners have lower incomes on average than younger pensioners:** the average pensioner household where the head is over 75 has 23 per cent less income than those where the head is under 75.
- **the proportion of pensioners who are from ethnic minority backgrounds is growing:** currently some 3 per cent of pensioners are from ethnic minorities, reflecting the young age structure of ethnic minority communities; however, numbers will grow rapidly as current 35 to 64 year-olds age.

<sup>4</sup> This refers to pensioners living in households with income below 60 per cent of contemporary median income, before housing costs, in Great Britain. Department for Work and Pensions (2002a) see bibliography. This is one of the key indicators of low income used by Government to track its progress in tackling pensioner poverty.

## 1 The projected growth of the pensioner population (millions)

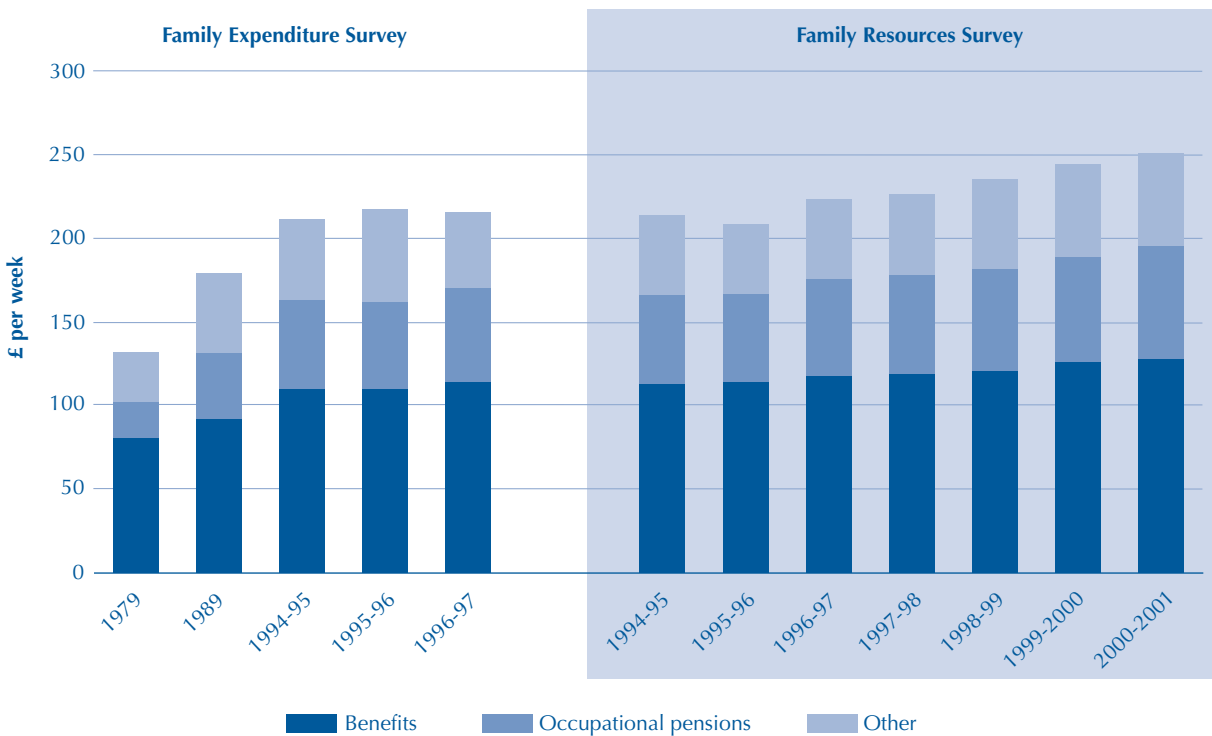
The population over pension age is expected to grow by nearly 50 per cent in the next 40 years, even allowing for the increase in the state pension age for women.



Source: Government Actuary's Department, 2000-based Population Projections for the United Kingdom, 2002

## 2 Pensioner income

Average pensioner income has risen over the past twenty years.



### NOTE

Until 1996-97 these figures were based on the annual Family Expenditure Survey. This was discontinued in 1997 and replaced by the Family Resources Survey, which uses a different methodology and a larger sample size. The results are not directly comparable so both overlapping series are shown.

Source: The Pensioners' Income Series 2000-01, Department for Work and Pensions 2002



## Average pensioner income of all types has risen but state benefits form a major element of income for the majority

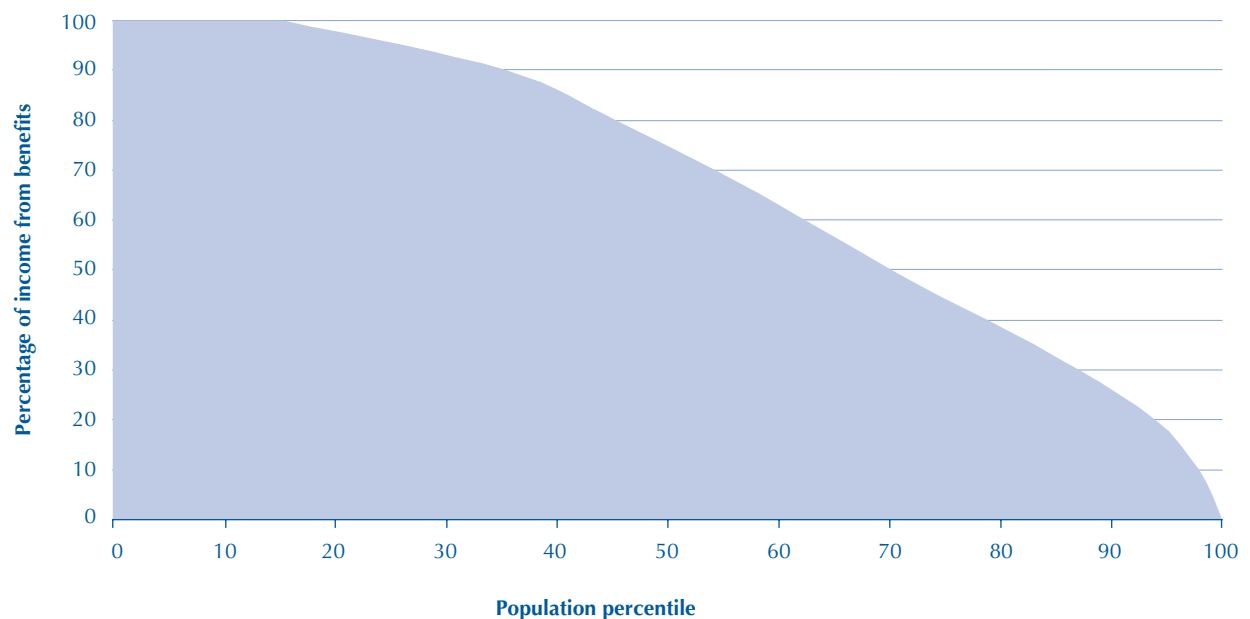
- 1.6 The Government has looked into a broad range of issues affecting pensioners. In 2001 the Performance and Innovation Unit undertook a major review of older people in the workplace. In 2001, a Cabinet Committee for Older People was set up. The Better Government for Older People programme examined a range of ways in which services could be improved. In 2001 the Department of Health published a National Service Framework for Older People, which set standards aimed at promoting older people's health and independence.
- 1.7 Pensioner incomes have been a key area of attention in recent years. The 1998 Green Paper *New Ambitions For Our Country: A New Contract for Welfare* stated that today's and tomorrow's pensioners should have a decent income in retirement. The State Retirement Pension has been increased by 7 per cent above inflation from 1997-98 to 2002-03, and in 1997 the Government introduced Winter Fuel Payments to combat fuel poverty. In their 2002 Departmental report, the Department for Work and Pensions stated that the Government aims to ensure that everyone could enjoy a decent income in retirement. The key elements of this are to:

- address poverty amongst today's pensioners and ensure that their past saving is rewarded in retirement;
- encourage future pensioners to save for their retirement through the private sector where appropriate, and provide security for those likely to need to rely on state provision; and
- further improve and modernise services for today's and future pensioners, tailoring services to meet customer needs, improving efficiency and matching the best service standards achieved by comparable organisations in the public and private sectors.

- 1.8 The picture of pensioner prosperity is mixed. Overall, pensioners have become a more affluent group within society in the past twenty years, with considerably fewer pensioner households in the bottom one fifth of the net income distribution since 1979. A major cause of this increased affluence has been increasing amounts from occupational pension schemes, income from which rose by 162 per cent in real terms from 1979 to 1996-97 for the pensioner population as a whole (Figure 2). However, welfare benefits remain the most significant element of overall pensioners' income - at 51 per cent in 2000-01<sup>5</sup>. In 1999-2000, such benefits made up at least half the income of 70 per cent of pensioners, and for 15 per cent of them, their entire income (Figure 3).

### 3 Proportion of income from benefits

*In 1999-2000, for the majority of pensioners, state benefits were the main source of income.*



*Source: Department for Work and Pensions*

### Box 1: Key benefits for pensioners

- **State Retirement Pension** is paid to men aged 65 plus and women aged 60 plus subject to National Insurance contributions
- **Minimum Income Guarantee** (paid as Income Support) is paid to people over 60 and helps with basic living expenses
- **Housing Benefit** provides help with paying the rent and some service charges
- **Council Tax Benefit** provides help with paying council tax bills
- **Help with health costs** for people aged 60 years and over includes free NHS prescriptions and eye tests.
- **Attendance Allowance** provides financial help for severely disabled people over the age of 65 with the extra costs of care due to the effects of disability.
- **Disability Living Allowance** provides help to severely disabled people under the age of 65 with the extra costs of care due to the effects of disability. The benefit can continue after age 65 in certain circumstances. There is a care component for people who need help with personal care and a mobility component for people who need help getting around.
- **Winter fuel payments** provide pensioners with help towards the costs of fuel bills.

1.9 Pensioners may be eligible for a wide range of benefits, many of which provide entitlement to others (a process known as 'passporting'). The main benefits are summarised in **Box 1**. Pensioners on low incomes, with savings of less than £12,000, can claim Minimum Income Guarantee paid as Income Support. By February 2002, this was taken up by some 1.73 million households, being payable to single pensioners who had a weekly income of less than £92.15 (now £98.15 reflecting the revised 2002-2003 rates) and pensioner couples with less than £140.55 (now £149.80). Many also receive other income-related benefits such as Housing Benefit (1.8 million pensioner households) and Council Tax benefit (2.5 million households), which have eligibility criteria similar to the Minimum Income Guarantee.

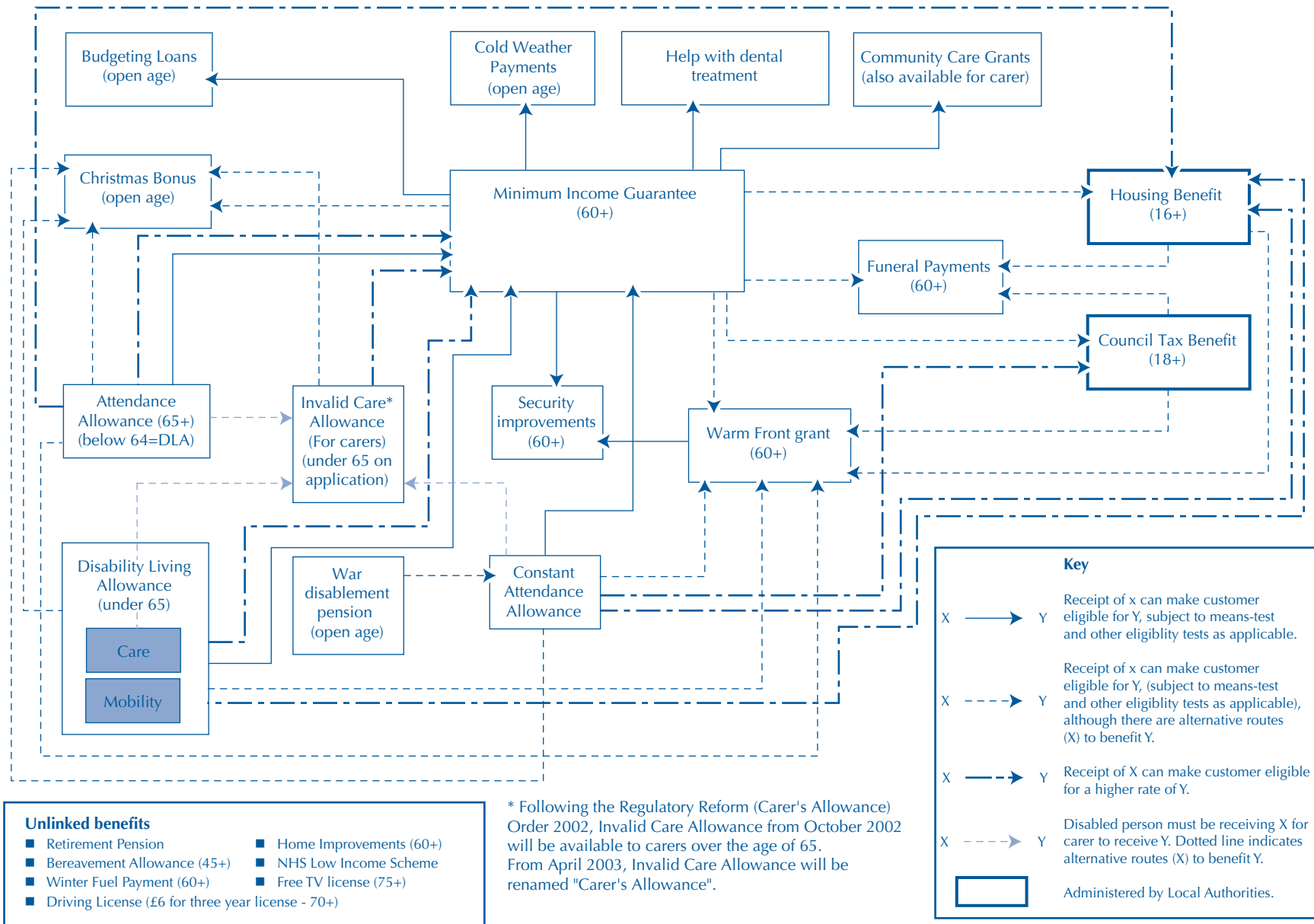
1.10 Many severely disabled pensioners - some 1.8 million in 2001-02 - receive disability-related benefits, such as Attendance Allowance or Disability Living Allowance (depending upon the age at which they claimed). Where they themselves are looking after someone, they may be entitled to claim Invalid Care Allowance (to be renamed "Carer's Allowance" in April 2003). Other assistance can include lump sum payments from the Social Fund; heating and insulation grants through the Home Energy Efficiency Scheme (now marketed as the Warm Front Team in England, although there are separate schemes in place in each of the devolved administrations); free prescriptions, fares to hospital and dental treatment; and free television licences. In all, there are 23 potential entitlements for pensioners, with 36 different linkages between 16 of them. **Figure 4** illustrates the complexity of this system.

### Over 20 per cent of pensioners do not take up all their entitlements

1.11 The arrangements by which pensioners obtain benefits vary. People are sent a claim form for the State Retirement Pension four months before reaching state retirement age. For other benefits, individuals are required to make an application and then demonstrate their eligibility. In the case of Attendance Allowance and Disability Living Allowance, an examination by a specially trained doctor may be required to help establish whether the claimant is entitled to the benefit. A number of benefits are 'means-tested', with the Department taking account of an individual's income and savings over a fixed threshold. The Government has stated that it is committed to means-testing as a way of ensuring that those most in need are targeted. The Department have no legal duty to promote the take-up of entitlements where potential recipients do not claim them, only to process benefit claims according to regulations. Equally, pensioners are under no obligation to take up benefits.



4 Linkages between benefits for Pensioners



1.12 Take-up of benefits is lower among pensioners than among the population as a whole. Figures for 1999-2000 suggest that between 22 per cent and 36 per cent of pensioners (representing between 390,000 and 770,000 households) entitled to the Minimum Income Guarantee did not claim, compared with between 13 per cent and 23 per cent for the population as a whole who did not claim Income Support<sup>6</sup>. The average amount of unclaimed Minimum Income Guarantee is significant - on average £22 a week although the median unclaimed amount, which takes into account the relatively small number of pensioners with very high entitlements, is £12.80 per week - suggesting a total of between £420 million and £940 million a year (Figure 5). This pattern of high pensioner non-take-up is repeated for other benefits. For example, about one third do not claim Council Tax Benefit, and approximately one in ten do not claim their entitlement to Housing Benefit (Figure 5). Figure 6 shows trends over recent years.

1.13 The evidence on take-up levels is less clear for other benefits. For disability-related benefits, the Department commissioned research<sup>8</sup> in 1998 to compare the prevalence of disability with the number of people claiming benefits. Estimates for Disability Living Allowance did not cover over 65s separately, but take-up of Attendance Allowance (available only to over 65s) was estimated at between 40 per cent and 60 per cent for 1996-97. The number of people over

65 claiming these benefits has risen by 21 per cent since 1996, although many claims were unsuccessful. Against this background, the Government is developing a simpler and more targeted claiming process as well as an improved assessment and decision making process before considering any significant disability benefit awareness campaigns.

1.14 Overall, in 1999-2000 pensioners did not claim between £930 million and £1,860 million a year (Figure 5) across all income-related benefits. However, this picture will continue to be subject to change. Since 2001, the number of households receiving Minimum Income Guarantee has risen by 130,000. In October 2003 the benefits system for pensioners will be reformed with the introduction of the Pension Credit (Box 2) to replace Minimum Income Guarantee. The Government estimates that over two million additional pensioners will be eligible for the new savings element of the Pension Credit, and will therefore be brought within the scope of income-related benefits for the first time.

1.15 Increasing the take-up of benefits is an important way of reducing poverty amongst pensioners. In 2000 the Social Security Select Committee recommended that encouragement of take-up of Minimum Income Guarantee be part of a sustained longer-term strategy and encouraged the then Department of Social Security to work with local government and pensioners'

## 5 Amounts of benefit unclaimed<sup>7</sup>

*In 1999-2000 at least 20 per cent of entitled pensioners did not claim the Minimum Income Guarantee, and large numbers failed to claim entitlements to other income-related benefits.*

	Income Support/MIG		Housing Benefit		Council Tax Benefit	
	1998-99 thousands	1999-2000 thousands	1998-99 thousands	1999-2000 thousands	1998-99 thousands	1999-2000 thousands
Recipients*	1410	1390	1820	1740	2580	2480
Numbers not claiming	330-670	390-770	80-220	120-300	920-1220	1040-1390
Percentage of entitled population	68-81%	64-78%	89-96%	85-93%	68-74%	64-70%
	£000	£000	£000			
Amount claimed	2410	2660	3530	3620	1030	1080
Amounts unclaimed	300-720	420-940	90-280	150-410	290-420	360-510
Percentage of total entitlement	77-89%	74-86%	93-98%	90-96%	71-78%	68-75%

\* Figures refer to households in Great Britain (not Northern Ireland), excluding people in residential care.

Source: *Income Related Benefits: Estimates of take-up in 1999-2000*. Department for Work and Pensions 2001.

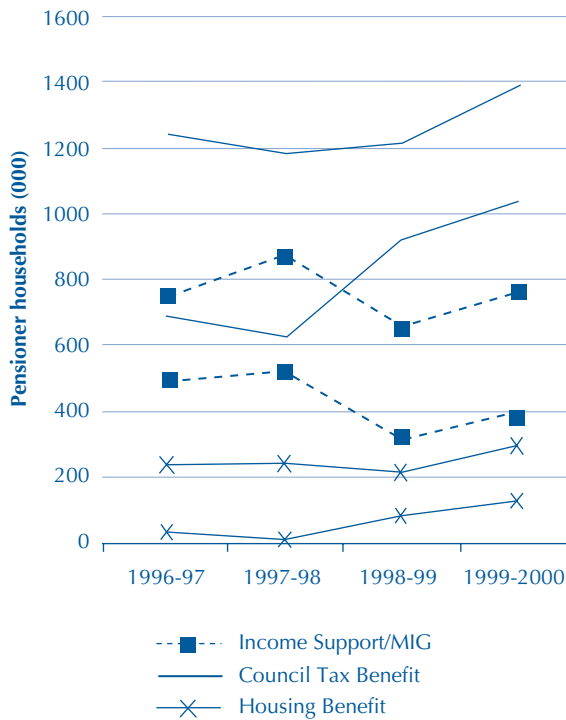
6 *Income Related Benefits: Estimates of Take Up in 1999-2000*, Analytical Services Division, Department of Work and Pensions, 2001.

7 The data summarised above are subject to considerable uncertainty because they are extrapolated from the pensioner households included in the official Family Resources Survey. There are a number of potential sources of error in the data collection and modelling processes used, which explains why the figures above are shown in broad bands. The Department have commissioned research to resolve these and reduce the level of uncertainty. Methodological changes over time also mean that there could be significant differences between years that are not the result of genuine changes in take-up. Appendix B explains how the statistics are calculated and the problems with their interpretation.

8 Department of Social Security (1998) see bibliography.

## 6 Ranges of estimates for numbers of pensioners not claiming income related benefits

Although the numbers are not directly comparable from year to year, hundreds of thousands of pensioners miss out on benefit entitlements annually.



Figures refer to households in Great Britain (not Northern Ireland), excluding people in residential care.

Source: *Income-Related Benefits Estimates of Take-up 1996-97 to 1999-2000*, Department for Work and Pensions

organisations to encourage take-up. In 2002, the Work and Pensions Committee recommended clear and achievable targets for levels of take-up of Pension Credit.

## A range of government agencies and voluntary bodies have an interest in encouraging take-up of benefits

1.16 A range of agencies - in central and local government - and the voluntary sector are involved in encouraging pensioners to take-up their entitlements. **The Department for Work and Pensions** are committed to increasing the take-up of Minimum Income Guarantee. To help ensure pensioners receive all their entitlements, to prepare for the introduction of the Pension Credit, and to improve services to pensioners, the Benefits Agency was replaced in April 2002 by two separate organisations - The Pension Service (**Box 3**) and Jobcentre Plus.

### Box 2: Pension Credit

The Pension Credit will subsume Minimum Income Guarantee from autumn 2003. It is designed to give extra help to the poorest pensioners and also to reward those savers with low and modest incomes who under the current system miss out on the Minimum Income Guarantee. The key features of the Pension Credit will include:

- a guaranteed minimum income for pensioners;
- a reward for saving for retirement;
- revision of the current MIG capital regime;
- abolition of the weekly means test; and
- protection of the position of people on Housing Benefit and Council Tax Benefit.

Source: Chancellor of the Exchequer's Pre-Budget Report 2001 - "Building a stronger, fairer Britain in an uncertain world" (Chapter 5)

### Box 3: The role of The Pension Service

The Pension Service is an Executive Agency of the Department for Work and Pensions, established in April 2002, that is being rolled out across England, Scotland and Wales during 2002 and 2003. It has taken over the pension-related responsibilities from the Benefits Agency, and is intended to provide a unified, modern service to pensioners. Once roll-out is complete, 26 regional Pension Centres will provide a primarily telephone-based service at a national level, linked to a Local Service that will provide home visiting for those who need it and outreach activities in convenient locations.

The main services The Pension Service provides are:

- Delivery of the State Retirement Pension, Minimum Income Guarantee (from October 2003 replaced by the Pension Credit) and Winter Fuel Payments;
- Provision of forecasts of state pension rights, both directly to individuals, and to employers and pension providers for inclusion in combined forecasts;
- Information and guidance about pensions and other benefits;
- A gateway to other benefits provided by the Department for Work and Pensions.

Source: *Department for Work and Pensions*

1.17 **Local authorities** administer two of the key means-tested benefits available to pensioners - Housing Benefit and Council Tax Benefit. They have been involved in promoting take-up of benefits for over twenty years which reflects their commitment to combating social exclusion. In addition to this, since 1998, the Standard Spending Assessment distribution formula has linked the funding that local authorities receive from central government to the number of recipients of Attendance Allowance in the area. From April 2003, Social Services departments will be required to provide benefits advice for users of non-residential and carers' services when they assess service users for charging purposes. Some authorities have promoted take-up as part of their activity to combat local poverty, and many, especially those in large urban areas, have welfare rights units to advise people on benefits entitlement.

1.18 The **voluntary** sector has been at the forefront of take-up initiatives for many years, with considerable activity by a variety of bodies such as Age Concern, Citizens Advice Bureaux and Help the Aged. This has included home visits to help pensioners complete benefits forms, initiatives to raise take-up amongst ethnic minority groups, telephone help-lines providing welfare advice, and national publicity campaigns.

1.19 **Other organisations** also have an interest:

- The Department of Health have promoted take-up through some Health Action Zones, which are partnerships between the National Health Service, local authorities, the voluntary and business sector and local communities, although this has not been targeted specifically at pensioner groups.
- Some funds provided to local partnerships under the New Deal for Communities, administered by the Office of the Deputy Prime Minister, have been used for work to encourage take-up.
- The Legal Services Commission has a duty to establish, maintain and develop Community Legal Services partnerships between the providers of legal advice, including benefits advice. Some partnerships have interpreted this as encompassing outreach work to encourage take-up. Two Community Legal Services-funded pilots in Oldham and Tameside are supplementing this advice work by directly contacting people who may be entitled to benefits.
- Some registered social landlords (or housing associations) have been involved in promoting take-up through raising awareness of benefits.

## Increased take-up of entitlements can have a range of impacts

1.20 Obtaining additional income can have a range of impacts for many pensioners. The average unclaimed amount of Minimum Income Guarantee - £22 a week - represents a significant potential increase in a single pensioner's income. Taking account of existing linkages to other benefits, this sum could be even greater. For instance, Attendance Allowance represents up to £56.25 per week, plus a £42.25 increase in Minimum Income Guarantee entitlement. Research<sup>9</sup> we commissioned found that pensioners who received additional benefits income increased their spending in five main areas (**Box 4**) including greater spending on food, clothing and basic utilities, on enhanced mobility, and on purchasing a wider range of goods and services. Appendix C sets out the findings in more detail. This spending also has health benefits, and research has linked benefit increases to improvements in pensioners' health and vitality, as well as reductions in the number of times they consulted their General Practitioner<sup>10</sup>.

1.21 In addition, those interviewed felt that such additional benefits income had a number of other, less tangible effects. Many experienced enhanced levels of physical independence; they were able to purchase goods and services themselves, and visit friends without being dependent on others. Several had an enhanced feeling of psychological wellbeing, as they felt they no longer had to worry about their financial circumstances. Others mentioned being able to participate more fully in the wider community and having a feeling of belonging, for instance, being able to use the telephone to keep in touch with relatives and friends they could no longer visit. A key theme was the greater sense of identity such increased income gave, particularly in respect of retaining dignity, since some respondents had felt that their situation was demeaning and that they were to some degree dependent on the charity of others.

1.22 Our findings also support previous research identifying the impacts of take-up on the local economy. There is evidence to suggest that pensioners are most likely to spend their increased income purchasing their additional goods and services locally. There is also research<sup>11</sup>, covering all age groups and benefits, that has looked at the impact of raised benefit income on the local economy and on job creation. It found that welfare rights activity appears to have been highly effective in creating extra jobs at less cost, and which are potentially more sustainable, through such injections of revenue than those created through targeted job-creation programmes.

<sup>9</sup> Craig et al (2002) see bibliography.

<sup>10</sup> Abbott and Hobby (1999), Paris and Player (1993) see bibliography.

<sup>11</sup> Fraser of Allander Institute (2001); Alexander and McNicoll (1995), see bibliography.

#### Box 4: Those receiving new funds often spend it in five main areas

1. Respondents spent greater weekly sums on essentials, notably food, but also on clothing and on basic utilities: electricity for heating and lighting, coal, oil and water. In the case of food, several were able to spend more to meet specific needs.
2. A significant number of respondents found their mobility enhanced; they could purchase and use bus passes, several could make more frequent use of cars they owned, while others found they could pay friends to come and help them with their mobility.
3. Respondents were now able to make use of a wider range of goods and services, or use them more often, whereas previously they had had to ration their use. Examples included employment of casual handymen and cleaners, and decorators, and more frequent use of hairdressers.
4. Many respondents mentioned being able to afford "lump-sum" expenditure that had previously been beyond their means. Examples included the purchase of a mobility scooter, a carpet, or a fridge.
5. Several respondents mentioned personal forms of expenditure that had become possible. This included being able to afford presents for family or being able to attend family events.

*Source: Research by the Universities of Hull and York for the National Audit Office 2002*



# Part 2

## Barriers to take-up by pensioners

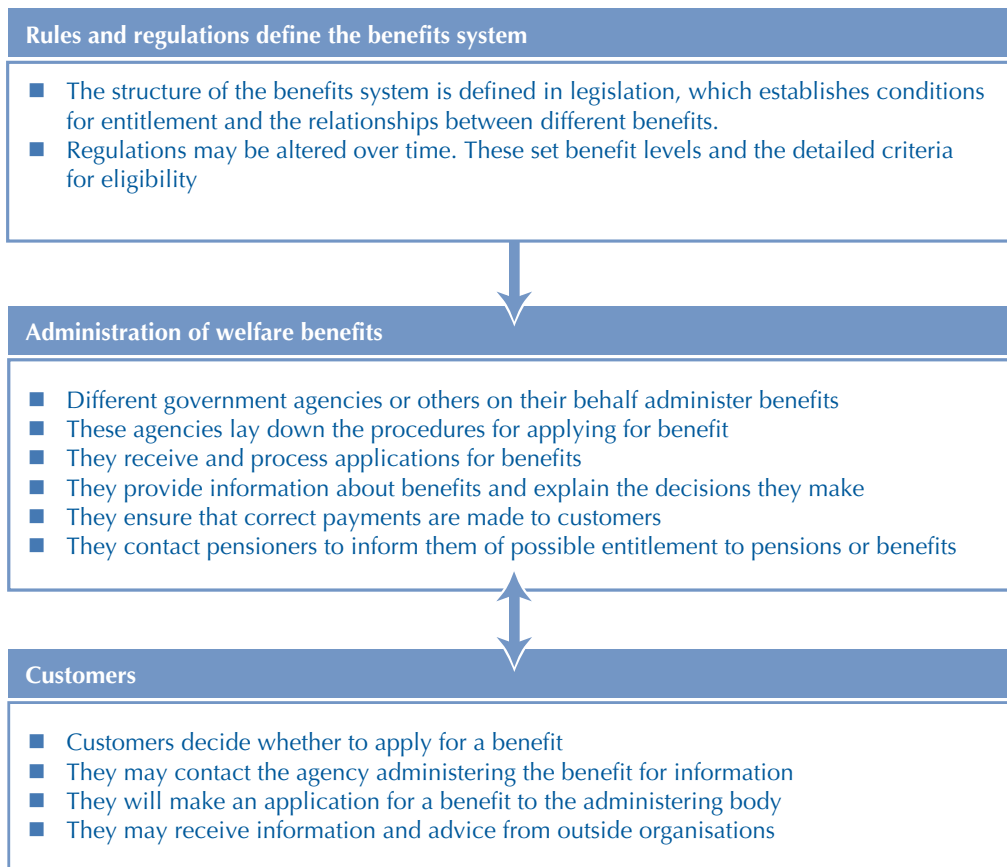
2.1 This Part examines the barriers to take-up of benefits that pensioners experience. It also examines the different effects the various barriers have on particular groups.

### There are a large number of potential barriers to take-up of benefit entitlements by pensioners

2.2 The processes for obtaining benefits vary between entitlements (paragraph 1.11), although in each case they involve three key elements (**Figure 7**). An **individual** must apply to the **agency administering the**

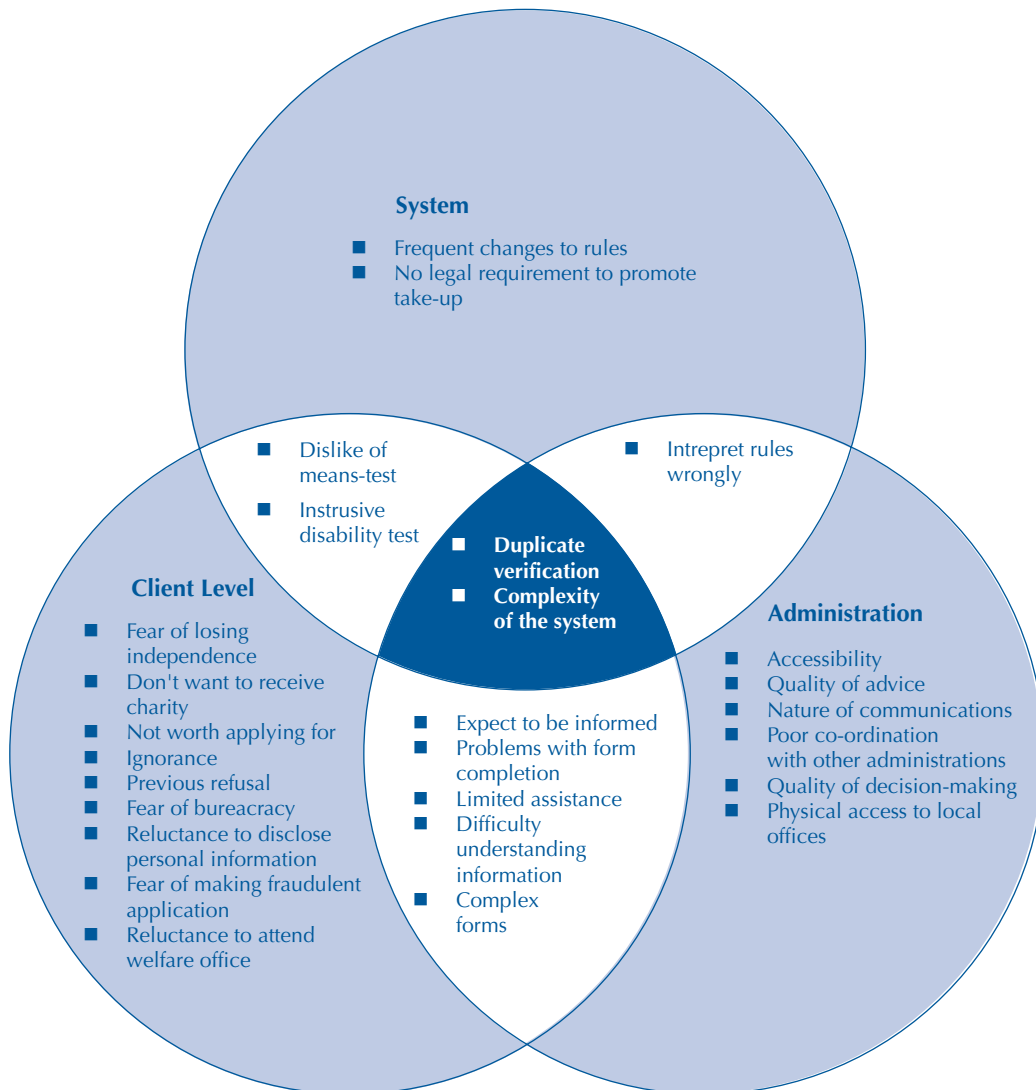
**benefit** (for example, their local authority or The Pension Service). The agency, operating within the **rules and regulations of the benefits system laid down in law**, makes a decision on eligibility. Particular barriers to take-up are associated with each of these three elements - the individual, the administration, and the system. These barriers have been the subject of research by government departments (including the Departments of Social Security and Work and Pensions), academics, and interest groups over a number of years. Appendix D summarises the barriers identified in recent research. Many are closely linked and overlap. **Figure 8** illustrates the interrelationship between barriers that exist at the level of the system, administration and the customer.

#### 7 There are three key elements in the process of claiming benefits





## 8 How barriers to take-up inter-relate



Source: NAO analysis

### Our research has highlighted a number of key barriers

2.3 Evidence both from our survey of low-income pensioners and from our fieldwork visits to Benefits Agency offices, local authorities and Age Concern offices supports previous research. On the basis of this work, as well as of a review of existing research, we have grouped the main barriers to take-up for pensioners into the categories summarised in **Figure 9**. These are discussed in turn in paragraphs 2.4 to 2.26. Part 3 then examines what action has been taken to tackle them.

### Barriers related to the benefits system and the way it is administered

2.4 **The complexity of the benefits system** is widely seen as a major barrier to take-up. Our survey of low-income pensioners found that the main reason for not making an application was that respondents did not know how to apply, or perceived the system as too daunting. There have been numerous changes to the core means-tested benefit for pensioners, which have added to the complexity of the rules. This is then reflected in the design and length of claim forms. Advice agencies commented that even welfare advisers and professionals working with older people are, at times, unable to understand the system.

## 9 The key barriers to take-up for pensioners

### Benefits system and administration level

- Complexity of the system (rules and administration)
- Means-testing
- Leaving the initiative to start the claim process to the pensioner
- Unresponsive or inaccessible channels of communication
- Access to information and advice

### Client level

- Ignorance of, and misconceptions about, the benefits available
- Difficulty completing forms
- Fear of stigma and humiliation
- Fear of losing independence
- Perception that making a claim is not worth the effort

2.5 The complexity of the system as a barrier to take-up is related to a variety of factors including:

- confusion over changes to benefit names, such as Income Support becoming Minimum Income Guarantee (and soon to be the Pension Credit);
- confusion over the different capital limits for entitlement to different benefits;
- the separate verification processes for the Benefits Agency and local authorities, which means that pensioners have to present the same documents as evidence, and answer similar questions for different claims;
- a lack of understanding of "passported" benefits (those that become available once one has been claimed) and the effects they can have; and
- a reluctance to claim unless people are sure they will qualify; 88 per cent of respondents to our survey agreed that they would only want to claim if they were sure they were entitled.

2.6 **Means-testing.** There is a consensus in the research<sup>12</sup> that means-tested benefits are on the whole likely to have lower take-up rates than contributory benefits such as the State Retirement Pension. The administration holds records of contributions from which entitlement to contributory benefits can be identified, but this is not the case with means-tested benefits. Some pensioners consider questions about their income and capital, required to allow assessments of levels of wealth to be taken into account, intrusive, and this can act as a deterrent to claiming means-tested benefits. The annual request from local authorities for information to renew claims for Housing Benefit and Council Tax Benefit, combined with the requirement to present the same information to the Benefits Agency, now The Pension Service, for claims for Minimum Income Guarantee, has heightened the perceived level of intrusiveness. Given that benefits related to income are a key part of the Government's strategy to target welfare spending on those who are most in need, this is an issue that needs to be addressed if the strategy is to be delivered.

However, pensioners' reluctance to claiming means-tested benefits may also be understood in terms of their perceptions of different benefits. The considerably higher take-up of Housing Benefit compared to Minimum Income Guarantee (paragraph 1.12) could, for example, illustrate a more positive attitude towards one means-tested benefit compared to another.

- 2.7 **Leaving the initiative to the pensioner.** Research has shown that many pensioners assume that the Department will know who is and is not eligible for particular benefits, and that Benefits Agency offices, local authorities or others with whom they have contact, such as General Practitioners, will inform them of their entitlements. Our survey of pensioners showed that, without assistance, many did not find out that they were entitled to one or more benefits until they experienced a life-changing event, such as bereavement, or becoming ill or disabled.
- 2.8 Our survey showed that the majority of pensioners would claim immediately if they found they were eligible for a benefit that they were not currently receiving. Other research<sup>13</sup> has found that part of the reason for non-take-up is the time lag between becoming eligible and submitting a claim for benefit. The Department measured this in a follow-up study to the Family Resources Survey, and found that of those assessed as having an unclaimed entitlement in 1995-96, only 28 per cent had submitted a claim by the time of the follow-up study in 1998, with over three-quarters of these claiming successfully.
- 2.9 **Unresponsive or inaccessible channels of communication.** If the means of communications are not appropriate to the needs of the client group, this can present a barrier to take-up. Research<sup>14</sup> indicates that older pensioners and those with more complex enquiries are reluctant to use the telephone because they do not want to disclose personal matters over the telephone, while others are deterred because they are hard of hearing. There is also consistent evidence<sup>15</sup> that pensioners have been reluctant to visit Benefits Agency offices, even though they believed such a visit was necessary to make a claim. Reasons for this reluctance

<sup>12</sup> Craig et (2002); Van Oorschot (1995) see bibliography.

<sup>13</sup> Van Oorschot (1995) see bibliography.

<sup>14</sup> Chang et al (2001) see bibliography.

<sup>15</sup> Costigan et al (1999); MORI survey (2002); Van Oorschot (1995) see bibliography.

included the need to travel (which incurred cost or required assistance), a dislike of the environment at the Benefits Agency office, and concern about physical obstacles such as stairs.

**2.10 Access to information and advice.** Research shows that pensioners experience problems obtaining relevant information about benefits and about the claims process. **Figure 10** suggests that more than one fifth of pensioners find it difficult to obtain information on a range of benefits. Our research also shows that it is amongst the most dependent older people, with the lowest income and little or no savings, that obtaining benefit information is perceived as most difficult. However, a substantial number of pensioners interviewed for our survey responded that they did not know how easy or difficult it is to get information on pensions and benefits, suggesting that either they had not tried to do so, or that some one had obtained the information on their behalf.

**Barriers related to individuals and the way they perceive the claiming process**

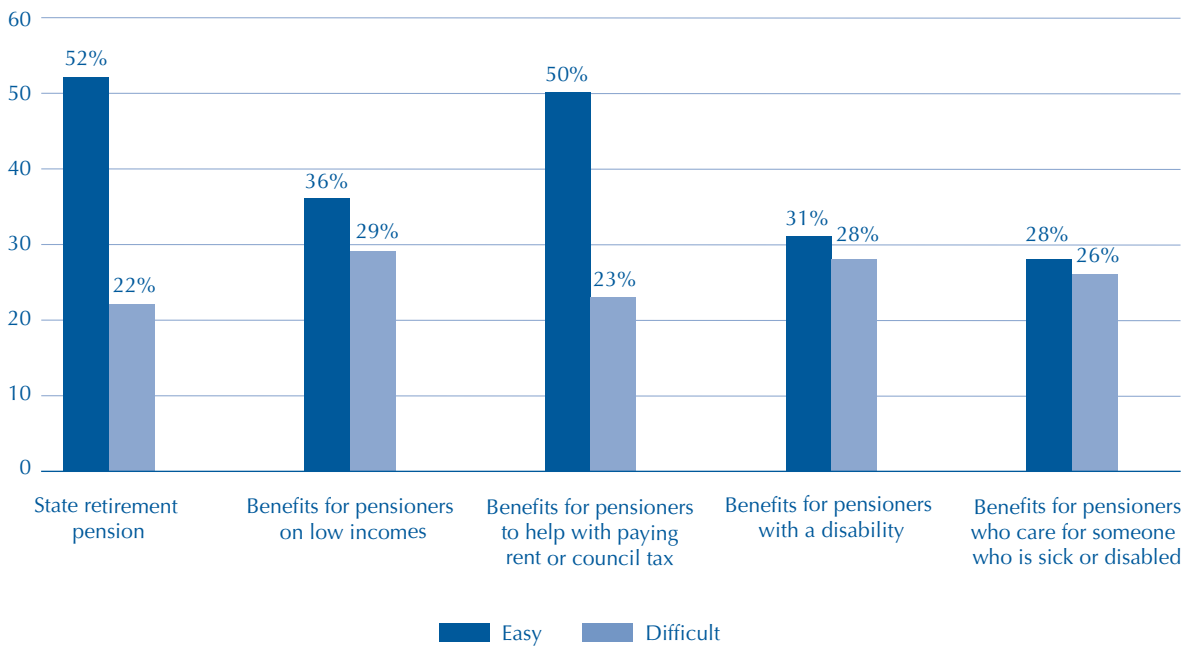
**2.11 Ignorance of, and misconceptions about, the benefits available.** Pensioners are very unlikely to apply for benefits about which they know little or nothing. Many have only a limited understanding of the benefits system. Our research suggests that many pensioners have little or no knowledge even of those benefits that they currently receive.

**2.12** A lack of knowledge can lead to a number of misunderstandings or false assumptions. These include that:

- pensioners who receive occupational pensions, or who are home-owners, are automatically ineligible for any benefits;
- those who received one benefit will not be eligible for others;
- making a claim for an additional benefit will result in the loss of existing entitlements; and
- in order to obtain any benefits, applicants must attend a local office.

**10 Ease of access to information about benefits**

*Q. How easy or difficult would you say it is to get information about the following.*



Source: NAO/MORI survey 2002

**2.13 Difficulty completing forms.** Some claim forms are long and time-consuming to complete, and there is evidence that some pensioners assume this is always the case and are therefore deterred because they think the completion process will be arduous. It may also involve disclosing personal information, for instance about savings or medical conditions, and sending sensitive documents in the post for verification. There is also evidence from our survey that for those pensioners who perceive their standard of living to be poor (ten per cent of those surveyed), postal communication is unwelcome. We found that Benefits Agency offices did not always provide much assistance to pensioners with form completion.

**2.14 Fear of stigma and humiliation.** Although some benefits such as the State Retirement Pension are seen as entitlements, there is long-standing evidence that many older pensioners do not wish to be seen to claim benefits or to receive (what they themselves perceive as) "charity" or a "hand-out from the state". Attitudinal resistance to claiming amongst older pensioners in particular has been observed by benefits advisors interviewed during the course of this study, which reflects commonly held assumptions that objections to claiming on the grounds of stigma decrease with successive generations. Analysis from our survey also found clear differences between different pensioner age groups. However, reluctance to claim tends to apply more to means-tested benefits than to disability or universal benefits, such as free television licences or free prescriptions. Research<sup>16</sup> has shown that many pensioners are particularly negative towards Income Support (now Minimum Income Guarantee), which they associate with people they consider lazy or unwilling to work. Many who feel there is a stigma associated with claiming entitlements prefer to make do, rather than have to reveal their lack of income to others.

**2.15 Fear of losing independence.** Underlying some pensioners' resistance to claiming means-tested benefits and disability benefits is the desire to remain - and be seen to remain - as independent as possible for as long as possible. One interest group has, for example, suggested that some pensioners have a fear of being forced into residential care if, through making a claim for disability benefit, their disability needs are interpreted as too great by officials. Research<sup>17</sup> also indicates that pensioners are reluctant to admit to an inability to cope and therefore often adopt an "I can manage" approach rather than seeking help. However, our survey found that this may be changing. Of the pensioners our consultants interviewed, 45 per cent strongly disagreed with the statement that they would lose their independence by claiming benefits and only 5 per cent strongly agreed. Responses to the statement

also differed by age: 50 per cent of pensioners aged 60 to 74, and 37 per cent of those aged over 75, strongly disagreed with the statement.

**2.16 Perception that making a claim is not worth the effort.** Where a pensioner is, or is of the belief that they are, entitled to only a few pounds of benefit, they may decide that it is not worth the effort of making a claim. If they perceive the claim process to be onerous or intrusive they may feel that the effort required would outweigh the advantages of the additional money gained. They may also think that by claiming a benefit they will lose their entitlement to those they already receive. Our survey showed that at least 20 per cent of pensioners would be reluctant to claim benefit because they believed it was not worth the effort. Such an attitude may overlook the fact that considerable further "passport" benefits could be available, irrespective of the monetary value of the initial award. However, a key message from our survey was that, even when administrative and information barriers were removed, pensioners' perceived standards of living were a key driver for - or barrier to - taking up benefits. Many would simply not claim if they did not feel they needed the additional income.

## Barriers to take-up affect different pensioner groups in different ways

**2.17** The pensioner population is heterogeneous. There is an age difference of more than 40 years between the youngest and the oldest pensioners; there are considerable variations in pensioner income levels (see Part 1); and our survey showed that attitudes to benefits vary widely even among low-income pensioners. It is therefore not surprising that barriers to take-up should affect different groups of pensioners in different ways.

**2.18** Research<sup>18</sup> for the former Department of Social Security divided pensioners who appeared to be entitled to Income Support, but were not receiving it, into three groups based on attitudes to claiming benefits. Some 40 per cent were classified as "low resisters", for whom the main barriers were ignorance and inertia. This group had low resistance to idea of claiming and could be expected to respond to encouragement and information. "Medium resisters" (38 per cent), had some attitudinal resistance to the idea of claiming, and "high resisters" (22 per cent) were least likely to respond to encouragement to claim their entitlements.

<sup>16</sup> Costigan et al (1999); Van Oorschot (1995) see bibliography.

<sup>17</sup> Costigan et al (1999) see bibliography.

<sup>18</sup> Costigan et al (1999) see bibliography.

2.19 An analysis undertaken by MORI for our examination classified low-income pensioners into seven broad segments (Figure 11). This indicates that, although attitudes are diverse, there are groups which tend to have common characteristics. Two of these - the "informed" (16 per cent) and "proactive" (8 per cent) groups - are likely to take direct action to inform themselves about benefits. The analysis also identified a mainstream group of around 20 per cent, identified as "reluctant recipients", who receive benefits, but do not have positive attitudes towards the system. Another segment of relatively old but well-off pensioners, who were classified as "reluctant enthusiasts" (14 per cent), feel that they do not need benefits but see the benefits system as an effective way of improving living standards for those who rely on it. The remaining three groups, comprising some 40 per cent of low-income pensioners, would be likely to experience significant barriers to taking up entitlements. These centred around issues of physical immobility, lack of information and cynicism and lack of confidence in engaging with the benefits system.<sup>19</sup>

## Certain groups experience specific barriers

2.20 Barriers affect different groups of pensioners to varying degrees. Some affect particular groups in specific ways. We examined specific barriers for three pensioner groups - those living in rural areas, those with sensory impairments and those from ethnic minority groups.

### Pensioners living in rural areas

2.21 People of pension age are not distributed evenly across the country, and some rural areas have a high proportion of older people. The districts with the highest proportions in 2000 were Conwy in Wales and Torbay in Devon, where one in four people were over state pension age. High proportions of older people were also found in areas along the south coast of England, including East Sussex, Dorset and the Isle of Wight. There is some research evidence<sup>20</sup> that take-up rates are lower in rural than in metropolitan areas, although official data does not permit such analysis.

2.22 An ability to travel to where benefits advice is available is a major barrier to take-up for pensioners living in rural areas. A survey by the Countryside Agency - "Rural Services in 2000" - suggested that 58 per cent of rural households lived more than 12 kilometres away from a Benefits Agency office, although this was subject to regional variations. The areas where availability of

advice was poorest were those with relatively few large urban centres and, therefore, fewer Benefits Agency offices within easy travelling distance. Benefits Agency offices have been closed in parts of Wales in recent years and services centralised, making advice less accessible<sup>21</sup>. This has made people more reliant on telephone contact, although 7 per cent of pensioners do not have a telephone, and many still prefer face-to-face contact. In some instances, the only contact a pensioner living in a rural area may have is the district nurse or General Practitioner, whose awareness of benefits may be limited, and who may have little time available to discuss such issues with pensioners.

### Pensioners with sensory impairment

2.23 In 1996 (the most recent year for which figures are available), some 70 per cent of pensioners over the age of 75 were registered with a visual impairment. Nearly half of those aged between 61 and 80, and 93 per cent of those over 80 were either deaf or hard of hearing. A national survey<sup>22</sup> of people with disabilities conducted by the Department in 1996-97 found that over 50 per cent of blind and partially sighted pensioners are unsure about their benefit entitlement. One in ten knew of benefits to which they might be entitled but had not claimed them either because of lack of information or because they found the claims process too worrying.

2.24 People with sensory impairments face additional barriers to accessing both paper-based and telephone-based channels for applying for benefits. The Royal National Institute of the Blind have found that, as well as having difficulty completing forms and reading letters, blind people often find it hard dialling unfamiliar telephone numbers. Many people who lose their sight in later life regard it as an inevitable part of getting older, and so do not request assistance or advice. And the Royal National Institute for Deaf People have reported that deaf people can find it hard to communicate in writing. These problems are exacerbated by the length of some claim packs, and such people can find it hard to access telephone based form-completion services.

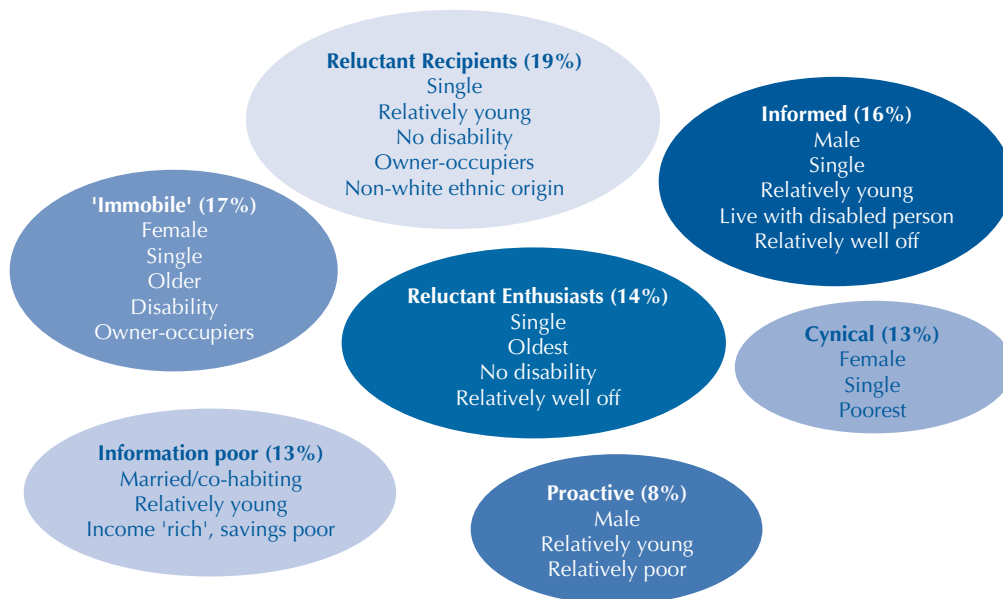
19 The groups are not mutually exclusive. Rather, the profiles highlight general tendencies towards or relative concentrations of certain population sub-groups falling into each segment. Respondents who have characteristics common to more than one group are allocated to the group with which they have the strongest statistical association.

20 Craig et al (2002) see bibliography.

21 Third Report from the Select Committee on Welsh Affairs. Session 1999-2000. Social Exclusion in Wales.

22 Department of Social Security (1998) see bibliography.

## 11 Pensioner typology



### Proactive

This is a relatively small group (8% of all respondents), characterised by a strong tendency to make contact with various agencies that provide information and advice about benefits, such as the Benefits Agency and the local council/housing office.

### Informed

'Informed' pensioners make up 16% of the sample. This group is characterised by a need to make it their business to be well-informed about all the different types of benefits available to them. Unlike the 'proactive' group, however, they tend not to contact local agencies for this information. There is no one particular source of information that they use more than others, but this group does tend to be quite receptive to advertising and publicity campaigns (on tv, radio and in the local press).

### Reluctant recipients

One in five (19%) pensioners are found in this group, which contains what might be considered as the 'mainstream' of low income pensioners (this is just about the largest group) who feel that they need money from the state, but find the whole benefit system daunting. They believe there is too much complexity and bureaucracy in the system, and dislike having to visit their local benefits office. They are only likely to make a claim if they are sure it will be successful.

### Information poor

This group (13% of the total) tend to consider that information about benefits or entitlements is not as easy to obtain as they would like. This might raise concerns that individuals characterised in this way are not claiming all the benefits to which they are entitled, due to a lack of information about what is available and how to make a claim. However, members of this group are more likely to have applied for a benefit and been refused, therefore, their information needs might reflect a lack of clarity about why they are not entitled. At the same time, these pensioners are relatively well off (using savings as a proxy for wealth) and, therefore, simply may not be entitled to the means-tested benefit for which they applied. However, it is important to remember that their entitlement could change with the introduction of the Pension Credit.

### Cynical

This group (13%) tend to regard their standard of living as quite poor, but do not believe that claiming benefits would make any difference to their situation. 'Cynical' pensioners are the least informed about the benefits available.

### Immobile

The main characteristic of this relatively large group (17%) is that they find it difficult to travel to local agencies or information/advice centres.

### Reluctant enthusiasts

While this group (14% of the total) has the lowest perceived need for state benefits, and dislike taking handouts from the state, they are the most likely to regard the benefit system as an effective vehicle for improving standards of living for those who rely on this source of income.

Source: MORI

## Pensioners from ethnic minorities

2.25 Recent analysis shows that ethnic minority groups generally have a younger age structure than the white population. This reflects past immigration and fertility patterns. To date only very limited quantitative research has been undertaken exploring the relationship between ethnicity and take-up of benefits. Qualitative research, however, suggests that many ethnic communities face greater poverty than their white counterparts, and provides evidence of specific barriers that ethnic minorities face in accessing benefits.

2.26 Pensioners from ethnic minorities potentially face multiple barriers to accessing and taking up benefits. Some are the same as for other groups of pensioners, while others are more specific to them, or are exacerbated. For example:

- Ethnic elders are less likely to speak English than other people from ethnic minorities. Many ethnic minority pensioners do not read or write English, making it more difficult for them to obtain information or complete claim forms. Some older pensioners do not read their first language either, reducing the effectiveness of translated material. Such factors make them more dependent on assistance in accessing the benefits system.

- In addition, ethnic elders who do not speak English have been found to be reluctant to visit Benefits Agency offices because of the possibility that they might not be understood by English speaking staff. Even where there are interpreters, pensioners may still find it an uncomfortable experience, because they may have to wait some time before an interpreter becomes available.
- Those from ethnic minority groups may also face greater administrative difficulties<sup>23</sup>, for example, in providing acceptable evidence to support claims, such as a marriage certificate.
- Pensioners from minority ethnic communities are also less likely to have come into contact with the benefits system. Many more use informal advisers than have direct contact with the Benefits Agency or local authorities. They are also less likely to use public services in general, relying instead on community-based services that may not be able to cater for all information and advice needs.
- Some minority ethnic communities are more likely to live in extended family households, which has been shown to have an impact on take-up. Research by the Joseph Rowntree Foundation found strong negative perceptions of claiming benefits amongst the Bangladeshi, Pakistani and Chinese communities. Amongst Chinese households in particular they found a tendency to dislike relying on government support.

# Part 3

## Action to overcome barriers to take-up

3.1 This Part of our report examines the efforts that have been made to overcome the barriers to take-up identified in Part 2. In some cases, a number of actions have been taken to deal with a specific barrier, while certain initiatives may seek to address several different barriers to take-up. **Figure 12** shows how the actions we examine in this part of the report address the ten barriers identified in Part 2. We examine the efforts made to:

- simplify the benefits system and the regulations that govern it;
- develop the administrative arrangements for dealing with pensioners;
- expand the range of ways in which pensioners are able to claim benefits;
- simplify claim forms;
- contact pensioners directly to combat negative perceptions and overcome reluctance to claim;
- provide improved information and advice to pensioners;

### 12 Actions taken to remove the key barriers to take-up

Barrier	Government action	Paragraph reference
Complexity of the system	<ul style="list-style-type: none"> <li>■ simplify benefit rules and regulations</li> <li>■ trigger points for making claims</li> <li>■ new administrative arrangements - creation of The Pension Service</li> </ul>	<p>3.2 - 3.6 3.6 3.7 - 3.11</p>
Means testing	<ul style="list-style-type: none"> <li>■ simplify benefit rules and regulations - Pension Credit, claim forms</li> </ul>	<p>3.4 - 3.5 3.22 - 3.25</p>
Leaving initiative to start the claim to pensioners	<ul style="list-style-type: none"> <li>■ Trigger points</li> <li>■ MIG take-up campaign</li> </ul>	<p>3.6 3.26 - 3.29</p>
Unresponsive or inaccessible channels of communication	<ul style="list-style-type: none"> <li>■ Developing a range of different channels for claiming benefits</li> </ul>	<p>3.18 - 3.21</p>
Quality and comprehensiveness of benefit advice	<ul style="list-style-type: none"> <li>■ Training</li> <li>■ Providing help and advice</li> <li>■ Collaboration with advice agencies</li> </ul>	<p>3.30 - 3.33 3.12 - 3.17 3.34 - 3.41</p>
Ignorance of benefits available	<ul style="list-style-type: none"> <li>■ Improved information for pensioners</li> <li>■ Advertising</li> <li>■ Collaboration between agencies administering benefits</li> </ul>	<p>3.12 - 3.17 3.28 - 3.29 3.38 - 3.41</p>
Difficulty completing forms	<ul style="list-style-type: none"> <li>■ Improved claim forms</li> <li>■ Providing help and advice</li> <li>■ Streamlined claim process</li> </ul>	<p>3.22 - 3.25 3.12 - 3.17 3.18 - 3.21</p>
Fear of stigma and humiliation	<ul style="list-style-type: none"> <li>■ Changing names of benefits</li> <li>■ Improved channels of communication (not having to visit offices)</li> <li>■ Advertising</li> </ul>	<p>3.26 3.18 - 3.21 3.28 - 3.29</p>
Fear of losing independence	<ul style="list-style-type: none"> <li>■ Take-up campaigns</li> <li>■ Advertising</li> <li>■ Collaboration with organisations in contact with pensioners</li> </ul>	<p>3.26 - 3.29; 3.36 - 3.41 3.28 - 3.29 3.34 - 3.41</p>
Perception that claim not worth making the effort	<ul style="list-style-type: none"> <li>■ Take-up campaigns</li> <li>■ Collaboration with organisations in contact with pensioners</li> </ul>	<p>3.26-3.29; 3.36 - 3.41 3.34-3.41</p>



- improve the training of staff who deal with pensioners; and
- develop partnerships with other government bodies and voluntary sector organisations.

## The benefits system remains highly complex and there has been only limited success in introducing simplifications

- 3.2 Benefit regulations are complex because they have to be able to cater for a wide range of individual circumstances. Amendments and additions over time have exacerbated the problem. The rules for the core means-tested benefits have been changed to target them more effectively at people in need. However, this has added to the number of benefit rates, and means that different rules apply to people in different circumstances. The Government has recognised that Income Support, of which Minimum Income Guarantee is a variation, is one of the most complex benefits. Attendance Allowance and Disability Living Allowance are also complex because of their detailed entitlement rules and also because the interpretation of those rules can be changed by court judgements and decisions of the Social Security Commissioners, some of which are contradictory.
- 3.3 The Committee of Public Accounts have commented on a number of occasions on how complexity can facilitate fraud and give rise to error<sup>24</sup>. At the same time, such complexity makes it difficult for staff to become expert in more than one benefit and therefore see connections between benefits. The Department have acknowledged that complexity is an issue and that the benefits system needs to strike a balance between tailoring benefits to individual circumstances and achieving administrative simplicity.
- 3.4 The Pension Credit (Box 2, paragraph 1.14) - to be introduced from 2003 - is, in structure, more complex than the Minimum Income Guarantee, and a recent Audit Commission report<sup>25</sup> suggests that its introduction - with the associated changes to allowance and entitlement rules involved - risks imposing further complexity on the Housing Benefit system. The key aim of The Pension Service, however, in administering the Pension Credit, is not to pass this complexity onto the customer, but ensure that as far as customers are concerned, it becomes just another part of their pension entitlement. The Pension Credit is designed to make it easier for pensioners to claim their entitlements. Some aspects of the claims process will be simpler than under Minimum Income Guarantee. In particular, it will mean that most pensioners over the age of 65 will only be asked for a statement of their circumstances every five years, rather than annually. This is intended both to reduce the burden for pensioners and to simplify benefit

administration. The Department have also made a specific commitment to simplifying Housing Benefit; awards will follow the same pattern as Pension Credit, so that, from April 2003, pensioners will no longer be asked to renew their claim every year.

- 3.5 The benefits system for people in residential care and nursing homes has been simplified. Since April 2002 there has been just one rate of Income Support for pensioners, paid as Minimum Income Guarantee, and the same benefit rules apply to people living in residential homes as to those supported in their own homes. All assessments for benefits have since been recalculated for pensioners already in residential care or nursing homes, and all new customers from April 2002 will receive normal Minimum Income Guarantee allowances and premiums and will subsequently migrate to Pension Credit when it is introduced.
- 3.6 Recognising that there are major obstacles to simplifying the benefits system structure itself quickly, the Department aim to make the process of receiving benefits more automatic for pensioners by contacting them at a number of "trigger points" around the benefits system (Box 5). From October 2001 the Department rolled out a new service under which by April 2002 all customers contacting the Retirement Pension telephone claim line are offered information about the Minimum Income Guarantee. This approach will be developed further by using data-matching techniques to identify customers aged over 60 receiving a new award for one or more benefits, including Attendance Allowance and Housing Benefit. These pensioners are targeted with a mailshot providing information about Minimum Income Guarantee, and when it is introduced, Pension Credit, and how to apply for it.

## The creation of The Pension Service will allow greater focus than in the past on take-up work

- 3.7 The administration of the benefits system is also complex. Various pensioner entitlements are administered by local authorities, by three different government departments and their agencies, and by the central and local offices of the Benefits Agency (The Pension Service and Jobcentre Plus from April 2002). In his 2000 report, *State Earnings-Related Pension Scheme: The Failure to Inform the Public of Reduced Pension Rights for Widows and Widowers*, the Comptroller and Auditor General concluded that the administration of state pensions work might be so significantly different from that of other benefits as to require more unified management. In line with this, the Department created The Pension Service in April 2002 to provide a single gateway to all benefits for pensioners (see paragraph 1.16, Box 3).

<sup>24</sup> For example, 32nd report of the Committee of Public Accounts 1999-2000 (HC 521).

<sup>25</sup> Audit Commission (2002) see bibliography.

### Box 5: Examples of Minimum Income Guarantee Trigger Points - "Key Life Events"

- Attain the age of 60 and in receipt of Disability Living Allowance
- Aged 60 and over and awarded Disability Living Allowance/Attendance Allowance
- Attain the age of 60 and in receipt of Invalid Care Allowance
- Aged 60 and over and awarded Invalid Care Allowance
- Attain the age of 60 and in receipt of Incapacity Benefit
- Aged 60 and over and awarded Incapacity Benefit
- Attain the age of 60 and in receipt of Housing Benefit/Council Tax Benefit
- Aged 60 and over and awarded Housing Benefit/Council Tax Benefit.
- Reaching ages 75 or 80 where Minimum Income Guarantee is not in payment and a potential entitlement to Minimum Income Guarantee has been identified

3.8 To help inform work on take-up of benefits for pensioners, the Department - through the Partnerships Against Poverty forum - conducted an informal survey of Benefits Agency offices to establish the levels of activity and to identify good practice. Although the results were not statistically valid, and therefore must be treated with caution, they did provide sufficient information to assist us in selecting offices to visit. The survey found that the role of Benefits Agency offices varied widely across the country, with only 49 out of 400 offices actively promoting take-up. Nearly all those that were active were working in partnership with local authorities or the voluntary sector. Thirteen offices were undertaking targeted work that involved contacting potential benefit claimants directly (Figure 13). Although their main administrative responsibility for pensioners was Minimum Income Guarantee, some offices were also involved in local take-up campaigns that focused on a wider range of benefits, including Attendance Allowance. Those offices that undertook targeted activity allocated between 0.3 and three staff to take-up work. Only two of these offices measured the number and value of successful claims generated by this work.

#### 13 Benefits Agency activity to encourage pensioners to take up benefits

*Relatively few Benefits Agency offices actively promoted benefit take-up. Of those that did, under half undertook activity targeted at pensioners.*

	National survey (49 active offices)	NAO office visits (20 offices)
Local radio/TV publicity	7	1
Roadshows, surgeries	11	7
Joint working with local authorities and/or interest groups	45	15
Targeted take-up campaigns	13	10*

\* Includes two general campaigns that included pensioners

*Source Department for Work and Pensions, National Audit Office*

3.9 The small number of local Benefits Agency offices involved in take-up work, and the limited resources deployed, reflects the fact that, while local managers had discretion about where to deploy resources, they operated within nationally-set targets for such factors as processing time, accuracy and volumes, and for combating fraud. They did not have specific targets for encouraging take-up and their performance was not measured in those terms, although, the Department did undertake a national Minimum Income Guarantee take-up campaign in 2000 (paragraph 3.26).

## Box 6: Better Government for Older People service delivery prototypes

The 5 methods of service delivery tested were:

- Information surgeries
- Home visits
- Benefits bus
- Telephone advice line
- Video-conferencing/ IT kiosks

The research found that:

- information surgeries and home visits encouraged claims;
- surgeries were relatively poorly attended;
- home-visits were more successful when likely non-recipients had been targeted previously, for instance by data matching;
- certain take-up activities were much more effective for younger pensioners than older pensioners. These included, for example, benefits roadshows and the use of benefits buses;
- telephone advice lines were less used by older pensioners; and
- IT-based information outlets were little used.

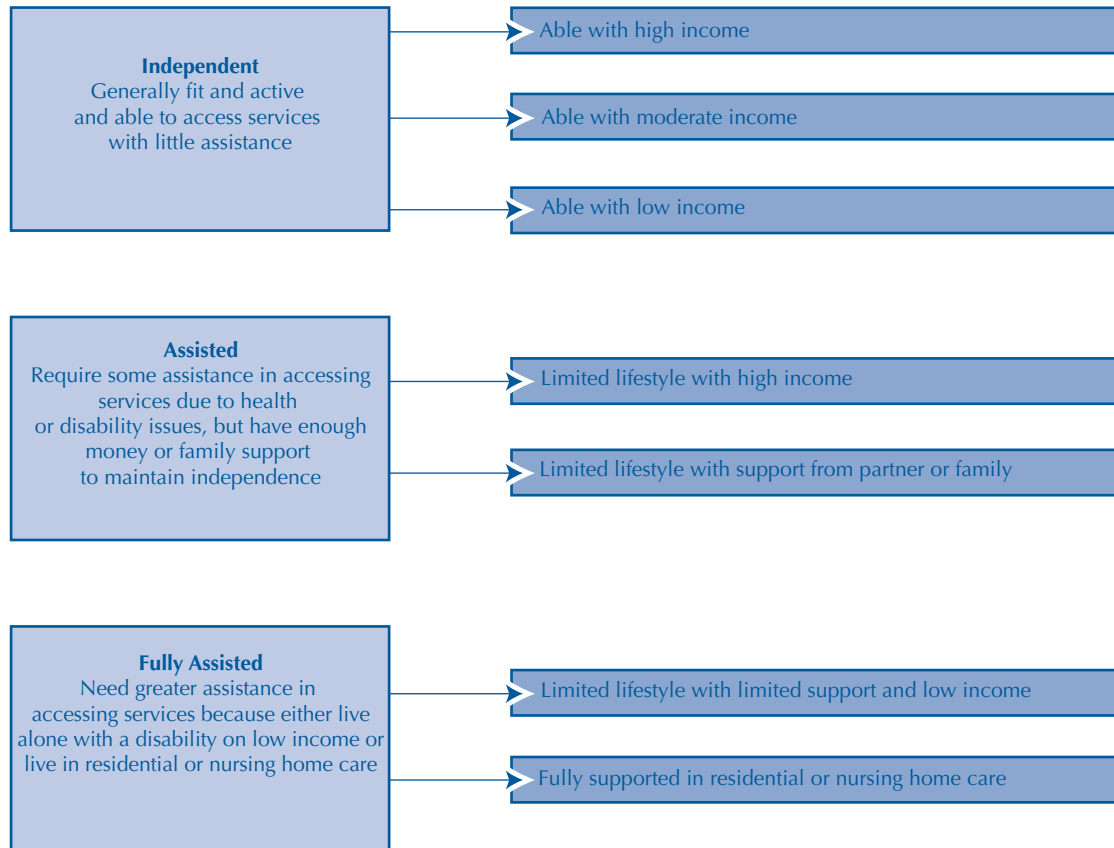
3.10 Among local authorities, take-up work was often linked with council priorities such as increasing the income of local people or increasing their Standard Spending Assessment grant (paragraph 1.17). At least two local authorities have public service agreements that include targets for increasing the take-up of Minimum Income Guarantee. In one case the target is for 85 per cent of entitled pensioners receiving Housing Benefit to receive Minimum Income Guarantee by 2004. Half the authorities we visited employed 2 or 3 staff to undertake take-up work, who concentrated on organising mailshots or other targeted activity. Others used up to 30 welfare rights advisers to undertake outreach work and home visits. Most local authorities had links with other local organisations with an interest in take-up.

3.11 In areas where local authorities had existing arrangements, it would not have been sensible for the Benefits Agency to take the lead in take-up work or to duplicate activity, and in any case other organisations were better placed to understand local circumstances (paragraphs 1.17 to 1.19). The Pension Service, however, aims to deliver a service that will encourage take-up. Its initial priority will be to manage the introduction of the Pension Credit (Box 2, paragraph 1.14). There is a Public Service Agreement target<sup>26</sup>, published in the Spending Review 2002, for 3 million pensioner households to be in receipt of Pension Credit by 2006. The Pension Service has committed itself to delivering, by 2006, "a radically improved service to customers", working with other organisations such as local authorities and voluntary bodies, and envisages delivering some services jointly. Through research (such as that carried out as part of the Better Government for Older People programme - see Box 6), it has developed an understanding of its client group and designed a segmentation strategy (Figure 14) that builds upon the premise that not all pensioners want or need the same level of service provision.

## Efforts are being made to improve the provision of information to pensioners, but many rely heavily on friends and relatives

3.12 In Part 2 we noted that many pensioners have very little knowledge about how the benefits system works or what benefits are available. Information about benefits is produced in a series of leaflets that are distributed to benefits offices, post offices, other organisations that work with pensioners, local authorities, and on the internet. Leaflets are also available in large print, braille and audio versions, and in a range of languages. Many local authorities produce their own publicity material about benefits, including those administered by the Department. Age Concern publishes "*Your Rights - a guide to money benefits for older people*", designed to explain to older people and their advisers the benefits available.

## 14 The segmentation strategy for The Pension Service



3.13 The Department have sought to address concerns about the lack of benefits knowledge by improving their literature and by providing more information through organisations which support and advise pensioners. In February 2001, the Department for Work and Pensions launched the "*Pensioners' Guide*" booklet aimed at bringing together information better, also available on the Department's website. This augmented previous benefit-specific leaflets by consolidating in one place national and regional information on benefits and services for pensioners, including benefits administered by different government departments and agencies. The booklet directs pensioners to a number of sources for further information or to make a benefit claim. In consultation with older people and a number of representative bodies, the Department also published in 2001 a new information leaflet (MIG1L) on Minimum Income Guarantee which explains eligibility criteria and how to claim.

3.14 Our survey of low income pensioners showed that amongst the more vulnerable, a more tailored approach is needed to providing access to information and advice about pensions and benefits, with pensioners in the survey showing a strong preference for face to face contact. Interviews with staff involved in promoting take-up locally supported this. So whilst there is

significant evidence to show that for many pensioners the telephone is an obvious and acceptable means of accessing services, the view of many practitioners is that those with the most negative attitudes towards benefits were more likely to be persuaded to apply by a face to face approach, for instance by health or social care professionals.

3.15 We found during our visits to Benefits Agency offices that assistance for pensioners in completing claim forms had been patchy. Local managers told us that providing assistance to pensioners was time-consuming. When a Minimum Income Guarantee form could take up to 45 minutes to complete, and an Attendance Allowance claim approximately one and a half hours to complete, this had influenced decisions on how resources were deployed. One quarter of the Benefits Agency offices we visited provided help with form completion at the office. Another quarter stated that they directed pensioners to the voluntary sector for help with form completion. Local Age Concern offices and Citizens Advice Bureaux saw this as an important element of their work, but some offices expressed concern about the extent to which they were relied on.

3.16 Pensioners who found the system too complex or information difficult to obtain were most likely to prefer to receive advice during a home visit, which is the most resource-intensive form of take-up work. One in ten pensioners surveyed had had a home visit from Benefits Agency or local authority staff to discuss which benefits they might be entitled to or (in a few cases) for help with completing a claim form. Nearly all of those found the visit easy to arrange, despite the limited availability of such services. Help from outside agencies was effective in increasing knowledge. Those who had experienced home visits or other contact with agencies were relatively well-informed about benefits. The Pension Service intends to employ more local service staff to provide information and face-to-face contact than under the Benefits Agency, including a visiting service.

3.17 However, despite efforts to improve official information, our survey showed that the most common way in which pensioners found out about benefits was through informal networks. Thirty seven per cent of respondents had found out about benefits through friends, relatives or neighbours, many more than through any other source (Figure 15). Advice from friends and relatives was also the third most important trigger to initiating a claim. Advertising is important in raising awareness of benefits, although the relative importance of informal information channels suggests that advertising and

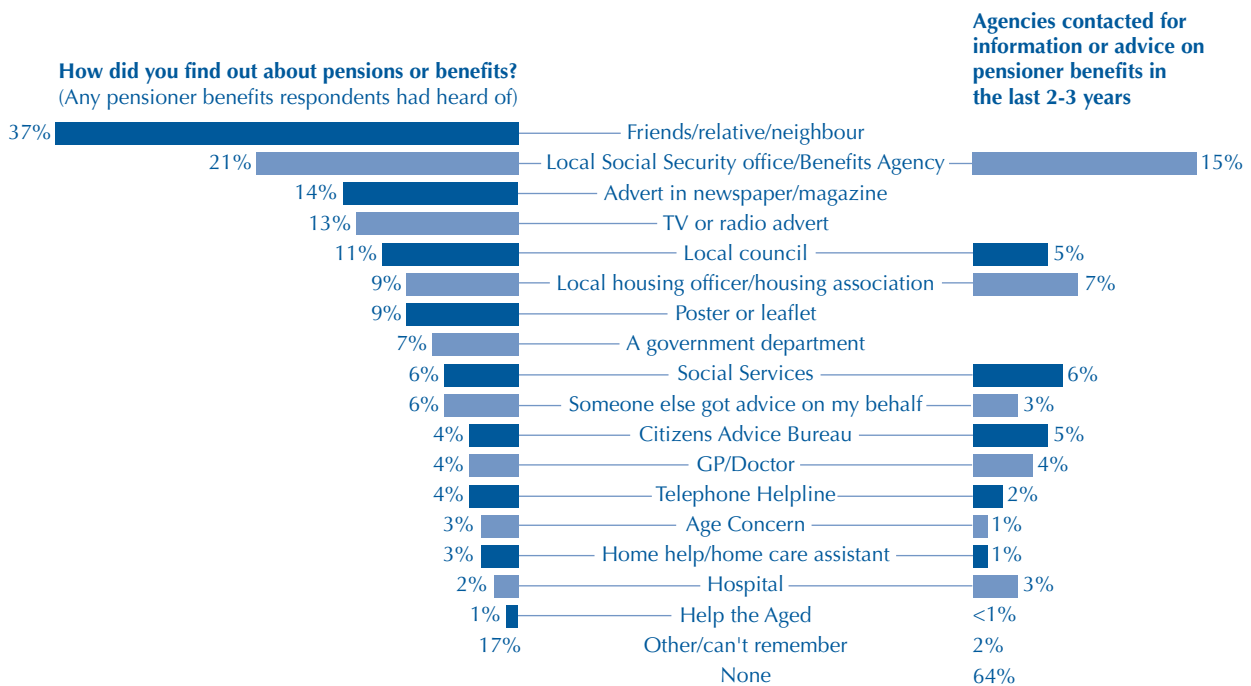
publicity to raise awareness of benefits should be aimed as much at the population in general, and pensioners' families in particular, as at pensioners themselves.

## The Department are introducing alternative channels for pensioners to claim benefits

3.18 Whereas the Benefits Agency relied mainly on benefit applications made by post and dealt with queries by written correspondence, The Pension Service will make four main channels of communication available: telephone services (the main channel); written/postal services; in person, face-to-face services; and electronic/screen-based services (including internet, digital television and web enabled mobile devices). A telephone claim line for Minimum Income Guarantee was introduced in May 2000, following research<sup>27</sup> which showed that pensioners did not like visiting Benefits Agency offices for a variety of reasons and also that people's attitudes about benefits and the benefits system were key barriers to take-up. The belief was that the claim line would enable a greater proportion of eligible pensioners to claim Minimum Income Guarantee than if they had to apply through Benefits Agency offices. Figure 16 lists the telephone help-lines and claim lines currently available for pensioners.

### 15 Obtaining information about benefits

*Informal contacts were the most important way pensioners found out about benefits, and few had contact with official agencies.*



Percentages add up to more than 100 because respondents could give more than one answer to each question.

Source: MORI

## 16 Department for Work and Pensions telephone help lines and claim lines for pensioners

Help lines/Claim lines	Cost to customer	Introduced	Description
Minimum Income Guarantee Claimline	Free phone	2000	For customers aged over 60 wanting to claim the Minimum Income Guarantee.
Retirement Pension teleclaims service	Local rate	2000	For customers wanting to claim state Retirement Pension.
Winter Fuel Payment Helpline	Local rate	1998	For information about Winter Fuel Payments for people over 60.
Veteran Helpline	Free phone	1992	Helpline for general enquiries about all aspects of War Pensions.
Benefits Enquiry Line	Free phone	1991	Confidential advice and information about social security benefits for people with disabilities, their representatives and carers. Also offers help with claim form completion for certain benefits.
Language Line*			Provides help for people who do not have English as their first language and involves three way conversation between customer, staff and an interpreter.

\* Service available to Department for Work and Pensions staff to help them deal with customers, not directly to the public.

3.19 Evidence on the success of telephone claim lines is mixed. Some 63 per cent of callers to the Minimum Income Guarantee claim line agreed that they found it less embarrassing to claim over the phone than at a Benefits Agency office. The Department's own research<sup>28</sup> found that 81 per cent of callers interviewed were satisfied with the service they received. This related to factors such as getting through to an operator quickly and being able to complete a claim form at the first attempt. Among those callers who were dissatisfied (19 per cent), the main complaint was that they were required to give too much information. However, more than half of callers said they would encourage others to use the claim line.

3.20 Other research, however, such as from the Better Government for Older People pilots<sup>29</sup>, shows that this approach is not effective for all pensioners; only 20 per cent of participants in our survey said they would ideally like to obtain benefits information by telephone. During our visits to local offices, we also found some concerns about the quality of some of the work from the claim line. Six offices reported inaccuracies and poor spelling in claim forms completed by the tele-claims centre, and six also reported receiving incomplete forms. However, the Department continues to offer traditional postal channels for making claims for those pensioners reluctant to use the telephone.

3.21 More recently, pilot projects have been undertaken to develop new computer-assisted and internet-based ways for processing claims. From May 2002, two of the proposed 26 Pension Centres (Box 3) began to operate

as call centres (with longer opening hours than benefits offices), where the entire claim process is completed over the telephone by an operator supported by information technology. Retirement Pension and Minimum Income Guarantee claims can now also be completed on the internet, and in June 2002 the Department started a pilot scheme to provide information about benefits through interactive digital television. It is too early to say how successful these approaches will prove.

### Improvements have been made to the Minimum Income Guarantee claim form but more remains to be done with others

3.22 The complexity of claim forms is a problem for pensioners (paragraphs 2.4 - 2.5, 2.13). In October 2001, in consultation with both pensioners and their representative organisations, the Department reduced the number of pages pensioners had to complete in applying for Minimum Income Guarantee, from 40 pages to just 10 pages and made the questions easier to understand. This represented the first major change to the form since its introduction (as Income Support) in 1988. However, a series of five supplementary forms, completed over the telephone by Benefits Agency staff, were needed to capture any additional information that could no longer be recorded in the form. **Box 7** summarises the key changes made.

<sup>28</sup> Bunt et al (2001) see bibliography.

<sup>29</sup> Chang et al (2001) see bibliography.

## Box 7: Key changes in the shortened Minimum Income Guarantee claim form (MIG 1)

Key changes include:

- Restructuring of the sequence of parts better reflects pensioners' circumstances. The part "about work", for example, appears later in the shortened claim form and consists of 2 main questions instead of the 8 questions in the 40-page form. Also, under the part on "special circumstances" pensioners are no longer asked if they are claiming for anyone who is pregnant.
- The part on "other benefits" is considerably shorter and less detailed. It replaces four pages of questions in the 40-page form with 3 questions.
- The shortened form does not request detailed information about pensions where as the 40 page-form had 4 pages of detailed questions.
- There are also fewer questions about being in residential care or a nursing home in the standard claim form (MIG 1) because a separate form (MIG 1R) was introduced for pensioners in residential care and nursing homes.

3.23 The Department have not yet evaluated the success of the shortened claim form. However, staff in some local Benefits Agency offices told us that the shortened form was seen as a significant improvement and was believed to have resulted in more claims. In other offices, however, there were some concerns about the five supplementary forms that Benefits Agency staff had to complete over the phone, although this is not required in the majority of cases; and, also concerns that while the form was easier for pensioners, it was more difficult for staff to process.

3.24 More limited improvements have been made to the length and complexity of disability benefit claim forms. Changes have been made to improve their legibility and the size of the answer boxes has been increased. At the time of our work, the Department were also testing shorter and simpler forms for claimants aged 75 and over. The trial Attendance Allowance form has been reduced from 34 to 16 pages by focussing more specifically on the key information needed to determine entitlement. Depending on the results of the pilot, changes will be made to the standard claim form.

3.25 There is also some scope for reducing duplication between claim forms and integrating claims for Minimum Income Guarantee, Housing Benefit and Council Tax Benefit. In the past, when a Benefits Agency office received an application for Income Support, the applicant was normally sent an additional form about Housing Benefit and a Council Tax Benefit claim form to submit to the relevant local authority. However, this form did not elicit all the information required by the local authority, which then had to send out its own application forms. To avoid such duplication, speed up claims and reduce inconvenience for pensioners, some Benefits Agency offices had arranged with the local authority to send out the authority's claim forms directly. One office we visited had also avoided duplicating the verification process with the local authority by adopting a single process.

## The Department undertook a nationwide campaign in 2000, which boosted the take-up of Minimum Income Guarantee

3.26 In Part 2 we reported that many pensioners had negative perceptions of Income Support, which they associated with dependency. To counter this, in 1999, Income Support for pensioners was renamed Minimum Income Guarantee. In support of this change, to encourage applications for the Minimum Income Guarantee and to encourage use of the telephone claimline (paragraph 3.14), the Department ran a national take-up campaign between May and November 2000. Pensioners who appeared to have an income below eligible levels and

were not claiming, were identified by matching data gathered from the Department's benefits systems and the Local Authority Housing Benefits Matching Service. This information was then used to send out approximately 2.4 million mail-shots to pensioners.

3.27 In April 2001, shortly after the national take-up campaign, the capital rules for Minimum Income Guarantee were changed to make pensioners with savings up to £12,000 eligible. As a result, some pensioners whose applications had previously been turned down were now entitled to claim Minimum Income Guarantee and a further mailshot was sent to 100,000 pensioners who had previously been unsuccessful or who had been excluded from the original mailshots. Some Benefits Agency offices and voluntary sector groups kept records of those pensioners just above the previous capital limits, and made contact with them when the changes were implemented. However, this was not universal, and in many areas pensioners had to take the initiative to re-apply themselves.

3.28 A national television advertising campaign between May and November 2000 supported these mail-shots and was designed to encourage use of the Department's new tele-claim service. The advertisements, which featured well known figures, were intended to challenge the perceived stigma by emphasising that Minimum Income Guarantee was an entitlement. The response rate to the campaign was higher than the Department had expected (**Figure 17**) and research into the advertising campaign indicated that it raised awareness of Minimum Income Guarantee among pensioners from 42 per cent to 76 per cent.

3.29 Despite the publicity, and although two thirds of pensioners in our survey claimed to be receiving income-related benefits, only 24 per cent recognised Minimum Income Guarantee as the name for Income Support for those over 60. The campaign also generated a lot of ineligible claims; 55 per cent of the claims received were unsuccessful. Staff in benefits offices told us that these included claims from pensioners who were already receiving Income Support and who thought Minimum Income Guarantee was different. The views of Benefits Agency offices and local authorities on the local impacts of the Minimum Income Guarantee campaign varied. Five Benefits Agency offices had seen a significant increase in claims, although one suggested that the impact was reduced by the extent of previous take-up work.

## New staff training programmes are being developed to increase cross-benefit knowledge

3.30 To ensure that pensioners receive the guidance they need to navigate the benefits system and obtain accurate, up-to-date advice on the full range of benefits potentially available to them, benefits staff need to understand the relationships between benefits. Failure to correctly advise and raise awareness can contribute to low take-up. Benefits staff attitudes are also an important factor in how pensioners perceive the benefit system.

## 17 Evaluation of the Minimum Income Guarantee campaign

- The Department estimated before the campaign that they would achieve an 18 per cent (or 450,000) response rate to their mailshots.
- By late January 2001, **834,000** enquiries had been received - representing over 30 per cent of the 2.4 million pensioners whom the Department identified as potentially eligible non-recipients.
  - **469,000** claim line calls were taken from pensioners
  - **365,000** freepost requests for claim forms were received
  - **182,000** pensioners made a claim (22 per cent of claim line calls and claim form requests)
  - **82,000** were successful (45 per cent of all claims)
- Under the second tranche in March 2001 38,760 pensioners responded to the letter or 38 per cent of those contacted.
  - **7,752** pensioners made a claim (20 per cent)
  - **3,876** were successful (50 per cent of all claims)

By April 2001 over 1 million pensioners had contacted the Department in response to the take-up campaign. It is difficult to measure precisely the extent to which the Minimum Income Guarantee campaign and other initiatives increased take-up levels due to the concurrent changes to the benefits rules in April 2001. However, by July 2002 250,000 additional claims had been generated, of which 139,000 were successful.

- The advertising campaign cost £4.3 million. The total cost of the MIG project, including setting up the tele-claims centre and developing an electronic claim form and necessary staff training was £14 million.



### Box 8: Examples of good practice in promoting cross-benefit awareness by the Benefits Agency.

- Four Benefits Agency offices we visited had seconded staff to local authorities and voluntary sector bodies.
- Portsmouth Benefits Agency had two full time staff seconded to a local authority initiative ("Portsea Access Point") to provide benefits advice and promote take-up.
- In Ipswich an Income Support decision-maker was seconded to the local Age Concern office for outreach work. This was effective for "on the spot" verification of claims.
- Benefits Agency staff in Plymouth and Brighton have been seconded to New Deal for Communities projects working to encourage take-up.
- Secondment opportunities have been utilised for the six pilots for Care Direct in the south west of England. The Benefits Agency in Bath, for example, has had four members of staff on secondment to the pilots.

3.31 Under the Benefits Agency, all staff, except visiting officers and reception staff, were trained intensively on a single benefit and were subsequently given only very limited training on others. Training staff in more than one benefit proved to be very difficult because of the complexity of the rules and the need to keep staff up to date with any changes in procedure or legislation. Poor retention rates at some Benefits Agency offices, especially in London, had accentuated the need for new recruits to be fully operational on their main benefit as quickly as possible to ensure processing targets were met. As a result, in such offices, there was very little time available for training on other benefits. Nevertheless, we did see examples of good practice for promoting cross-benefit awareness (**Box 8**).

3.32 Customer relations training for Benefits Agency staff varied considerably across the country. It was not related to specific client groups and was often patchy because of both course and staff availability. At a typical Benefits Agency office, such training consisted of telephone handling techniques; "life events" training (covering alcohol and drug awareness, mental illness and homelessness); dealing with vulnerable groups (for example, customers with hearing and sight impairments); dealing with potentially violent persons; interviewing the public; and producing "better letters". Some offices we visited did more. One office circulated regular local "Community Relations Awareness" briefings and another had several staff taking National Vocational Qualifications in Customer Services.

3.33 Under The Pension Service, staff will only have to be trained in those aspects of benefits that apply to pensioners. Much of the complexity of Income Support arises from the rules relating to work, which are less likely to apply to retired people. The Pension Service is also recruiting 7,000 new staff to work in the Pension Centres, administer Pension Credit and provide the local service. There is, therefore, a significant opportunity for training to be re-orientated to focus on the customer. The Department recognise the need to improve the quality of customer focused training for staff under The Pension Service and have designed new training packages for The Pension Service staff. These packages include a two-week customer relations training programme for all staff who deal with pensioners by telephone, and training for local service staff in meeting the needs of older people. The Pension Service's effectiveness in providing a high quality service will depend crucially on how well staff are trained.

## Box 9: National collaboration to encourage benefit take-up

- The Benefits Agency undertook a range of local level partnerships with the voluntary sector and local authorities through its **Better Government for Older People programme** between 1998 and 2000. These included partnerships with Age Concern and local Citizens Advice Bureaux (CAB). Activities included Age Concern training of Benefits Agency staff, forming a network of information officers from the various partners to attend surgeries, and running a benefits bus for rural areas from which claims could be made.
- The Department have initiated co-operation and consultation with national voluntary organisations and local authorities by establishing a national **Partnerships Against Poverty** forum which aims to tackle poverty and social exclusion and examine how pensioner take-up of benefits can be improved. They have two guides to enhance good practices - the "At a Glance Guide" for Minimum Income Guarantee and the "Good Practice Guide" which updates the 1995 Local Government Association guide to benefit take-up. Both were published in August 2002. A subgroup for Black and Minority Ethnic Elders was formed to address their specific needs and examine how to break down the barriers for these groups, and the Department have commissioned a major research project to support this.
- In February 2001, the Department for Work and Pensions launched the first edition of the "**Pensioners' Guide**" booklet (paragraph 3.13). A second edition was published in May 2002. Age Concern, Help the Aged and the Local Government Association were closely involved in its development through the *Partnerships Against Poverty* group.
- The Department for Work and Pensions, Department of Health and local authorities have collaborated to establish six pilot schemes in the south west of England, offering 24-hour telephone service for people aged 60 years or over and their carers and relatives. It provides, in one place, information and advice to help pensioners retain their independence and helps them to make decisions about their care and support needs. The service also provides information on a wide-range of issues including pensions, benefits and other financial matters.
- The Department for Work and Pensions collaborated with the Post Office in the **Your Guide** pilot which was run in around 270 Post Offices in Leicestershire and Rutland from September 2001 to March 2002. The aim was to improve access to Government services including promoting the take-up of the Minimum Income Guarantee. This included the targeted use of a new leaflet to encourage take-up and Post Office staff providing help with claiming.



## The Department have worked in partnership with others at both national and local level

3.34 The Department cannot overcome barriers to take-up on their own. Other organisations may be more knowledgeable about the needs of the community or have a local presence. Those providing services and advice to pensioners locally may also be more trusted as points of contact. It is therefore crucial for the Department and other organisations to work in partnership with each other. In practice, a variety of collaborative arrangements have been developed at national and local level. These arrangements will form a key part of the Department's approach to encouraging take-up of the Pension Credit when it is introduced.

3.35 Nationally, the Department for Work and Pensions have the lead responsibility for older people. The Department have initiated co-operation on issues related to benefit take-up with other government departments, local government and the voluntary sector at national level. This has resulted in some major initiatives (**Box 9**) for sharing experiences and developing co-ordinated policies.

3.36 To identify local partnership initiatives, we used national surveys conducted by the *Partnerships Against Poverty* group, and visited Benefits Agency offices, local authorities, and other organisations that appeared to have run successful programmes to encourage pensioners to claim benefits to which they were entitled. We found that a variety of approaches had been used (**Figure 18**), with local authorities at the forefront of much of this activity. The national survey found that at least 215 local authorities were engaged in some work to promote benefit take-up. At least 130 had carried out take-up campaigns or were sharing information about entitled pensioners with other local authority departments or outside organisations to support their take-up work. The survey also estimated the extra benefit raised by these campaigns at £58 million a year by generating 48,000 awards of benefits to pensioners.

3.37 **Box 10** overleaf describes the key features of some of the most successful individual take-up initiatives we examined, and highlights the outcomes of the work. The approaches included:

- the use of demographic data to target pensioners who are likely to be eligible for a benefit they are not receiving. Local authorities have access to Housing Benefit and Council Tax Benefit information that can be used to identify pensioners who are below the Minimum Income Guarantee threshold but are not receiving it;

- using local triggers such as applications for social care or visits to General Practitioners' surgeries to identify potential benefit recipients and offer advice covering all benefits;
- working with registered social landlords to target residents of sheltered housing, raise awareness of benefits, and encourage people to come to advice surgeries for a benefits check; and
- producing tailored information for people who have particular difficulties accessing the system, and combining this with training for advisers to make contact with them directly.

3.38 The majority of successful take-up initiatives involved collaborative working. All the active Benefits Agency offices we visited (paragraph 3.8) were in partnership with local authorities, and all but one of the voluntary sector initiatives involved working in partnership. In six of the areas, these had been developed into more formal partnerships where local organisations met regularly to raise awareness of benefits, share information or address problem cases and issues. However, none of the approaches we encountered was in use systematically across the country. Different activities were undertaken according to the resources at the disposal of welfare advice units, the willingness of different bodies to work together, the availability of data or opportunities for contacts, and local priorities. Few were aware of the activities similar organisations were undertaking or how successful they were. The Pension Service is appointing customer liaison managers for each local authority area who will be responsible for developing local partnerships to provide an improved level of local advice service.

3.39 There is considerable scope for more widespread local collaboration. More use could be made of data matching. The Remote Access Terminal System (RATS) has been operational since 1994, and has also been used to generate lists of potentially eligible non-recipients by tracking claimants in receipt of Minimum Income Guarantee/Income Support, but not Housing Benefit. Four Benefits Agency offices out of the twenty we visited had recently made use of RATS in their take-up work targeted at pensioners.

3.40 There are limitations on the exchange of information between the Department and third parties. Data protection legislation does not permit the Department to share customer information unless they have consent, with limited exceptions in relation to the administration of Housing Benefit and Council Tax Benefit. However, local partnership agreements have overcome this barrier by ensuring that they obtain consent from applicants to share information with local partners. Another limitation is the skills base; only five of the Benefits Agency offices we visited had staff trained in data-matching techniques.

## 18 Initiatives to increase take-up of benefits

Type of initiative	Examples
<b>Advice services</b>	
<i>Advice and information centres</i>	These centres are often run by local welfare right units, with assistance from Citizens Advice Bureaux. Some local Age Concern offices also provide advice sessions. Advice centres have been run from various locations, such as local libraries, community centres and sheltered housing. Benefits Agency staff have been involved on occasions.
<i>Benefits advisers in GP practices</i>	Weekly advice sessions have been provided at General Practitioner practices by Citizens Advice Bureau staff. They were designed to improve access to Citizens Advice Bureau advisory services for those living in rural areas. In some cases, General Practitioners would refer patients they believe required advice.
<i>Outreach</i>	Various people are involved in the provision of outreach services including trained volunteers, specialist Benefits Agency visiting officers and social services staff. They are sent out to provide advice on eligibility and how to complete claim forms correctly, as well as more general advice, for example on coping with bereavement. Outreach services take a number of forms including home visits, advice surgeries, a benefits bus that formed a back-up to the surgeries, and a presence at one-stop-shops.
<i>Home Visits</i>	Home visits are provided by both the Benefits Agency as part of their outreach work and also by local welfare rights units, county and district councils, Citizens Advice Bureaux and Age Concern. Such visits are often the result of data-matching exercises. The face-to-face contact is appreciated by many pensioners.
<i>Telephone Help-lines</i>	In addition to national help-lines run by the Department for Work and Pensions, there are numerous telephone help-lines for pensioners providing detailed benefits advice, run by organisations such as Age Concern, the RNIB, and Citizens Advice Bureaux.
<i>Information Kiosks</i>	Information kiosks provide general benefits advice and inform users of the time and location of surgeries for those people requiring a one-to-one personal service. These featured in some of the Benefits Agency Better Government for Older People pilot projects.
<i>Distribution of leaflets and Information Packs</i>	Leaflets and information packs are produced and sent to pensioners who have been identified as potential eligible non-claimants. Leaflets advise pensioners of the benefits available and offer them home visits or provide a help line number to phone. In some initiatives, leaflets advised pensioners of forthcoming benefits roadshows where a wide range of local organisations including the Benefits Agency and the local council, provided advice and information about local services. Leaflets were also placed in some General Practitioner waiting rooms.
<i>Internet Services</i>	This is not a widespread initiative and where adopted has involved the introduction of an internet café for older people. Training sessions were available for those wishing to use the internet.
<b>Data-matching</b>	Data matching exercises employed in some areas target those pensioners who have been eligible for various benefits. Sources of identification include health centres, Council Tax Benefit and Housing Benefit records. Once targeted, the individuals can be contacted regarding possible entitlement and advised on further action.
<b>Publicity</b>	In terms of publicity campaigns, a variety of methods are used to promote benefit awareness among either targeted groups or the population at large. Methods include leaflet drops, posters, information packs, radio slots and newspaper articles. These aim to address the stigma often associated with benefits by promoting a positive view of claiming.

Source: NAO analysis

## Box 10: Take-up initiatives

Organisation **Social Regeneration Unit, London Borough of Newham**

Approach Data-matching with Housing Benefit records and mail-shots

Details This ongoing campaign identifies eligible non-recipients by looking at Housing Benefit and Council Tax records. The information is accessible through a data warehouse. This integrates existing databases into a single database that can generate lists of pensioners - and other groups - not claiming. Mail-shots are then sent out in batches each month to encourage a claim to be made. The data warehouse is used not only to increase take-up, but also to improve anti-fraud and debt recovery work.

Outcomes More than 870 people in Newham successfully claimed extra benefits worth in excess of £2m between 1997 and 2001. This included more than 600 pensioners receiving Income Support averaging £22 per week. The campaign also helped Newham to obtain extra central government funding worth over £400,000.

Organisation **Essex County Council Social Services Benefits Team**

Approach Social Services financial assessment records

Details Records from the Social Services financial assessment computer system were used to identify pensioners who were potentially under-claiming. This system holds information from pensioners that determines the level of charges they should pay for services. After identifying pensioners, letters were sent out stating the amount the Benefits Team thought they might be entitled to, with a tear-off slip to return for more information. A general mail-out was sent to pensioners because some do not disclose their financial situation to Social Services and prefer to pay the full rate or are exempt from a charge. A thorough benefits check was performed over the phone for anyone who returned a slip. If they required help with claim forms, they were referred to the Citizens Advice Bureau.

Outcomes By February 2002, 4,633 service users had been contacted and benefit checks have been carried out on a further 369 people appealing against their charging assessment. Of these, 522 cases (10.5%) show an estimated or actual benefit gain averaging £46.81 per week per service user identified.

Organisation **Derbyshire County Council Welfare Rights Service, North Derbyshire Health Authority, Rural Services Commission and High Peak Citizens Advice Bureau**

Approach General Practitioners identify pensioners who may be in need of benefits advice

Details Welfare Rights Service and Citizens Advice Bureau officers were invited into General Practitioner surgeries for weekly confidential advice sessions. Where General Practitioners think a patient may be entitled to a benefit but not claiming it they can refer them to the Citizens Advice Bureau service. Welfare advice leaflets are kept up to date in the surgery by welfare advice staff.

Outcomes Approximately £650,000 raised for new claimants in 2001-02.

Organisation **Welfare Rights and Money Advice Service, Neighbourhood & Housing Services, Bristol City Council**

Approach (a) Benefits take-up in sheltered housing schemes - "The Sheltered Schemes Project" and (b) Publicity on Disability Living Allowance and Attendance Allowance

Details The Welfare Rights and Money Advice Service (a) targeted local authority and housing association sheltered schemes as part of a series of take-up initiatives by the council. Short introductory talks were given to residents who were then offered individual appointments for a benefits check and any further help they needed with making the claim. The Service, as part of a separate and ongoing campaign, also (b) distributed leaflets and advertisements to target people missing out on Disability Living Allowance and Attendance Allowance - which are perceived as the most "valuable" unclaimed benefits. This second approach compensated for the limited number of staff available to pursue this work.

Outcomes (a) In the first 18 months, raised over £1 million per year in one third of the sheltered housing in Bristol (b) Raised on average an estimated £1.6 million per year since 1996.

## Box 10: Take-up initiatives *continued*

Organisation	<b>Bolton Benefits Agency - Better Government for Older People team</b>
Approach	Targeting pensioners from ethnic minorities
Details	<p>Bolton Benefits Agency office was involved in one of the Better Government for Older People pilots. A team was assigned to promote take-up amongst pensioners by:</p> <ul style="list-style-type: none"> <li>■ providing benefits advice surgeries one morning a week, at a voluntary organisation for Asian elders;</li> <li>■ helping Asian elders fill in benefit claim forms;</li> <li>■ having a staff member who could communicate to Asian pensioners in Gujarati;</li> <li>■ translating leaflets and posters into Gujarati and distributing them in local mosques, temples and shops;</li> <li>■ delivering a talk to Asian carers informing them of the benefits they could claim.</li> </ul>
Outcomes	Take-up not recorded.

Organisation	<b>Notting Hill Housing Trust, London</b>
Approach	In-house benefits advice for residents in sheltered accommodation
Details	<p>The Trust has not run a specific take-up campaign, but its staff encourage take-up as an integral part of their routine work. Housing officers' tasks include the maximisation of tenants' income. A full benefits check is included as part of the induction process when a person moves into Trust accommodation and also if a tenant later falls into arrears with the rent. Care staff will help with claim form completion if required.</p> <p>The Trust has had a full-time benefits adviser for more than 10 years whose role it is to maximise benefits for tenants. He provides benefits training for Housing Officers, Housing Advisers and care staff, runs occasional surgeries and helps residents with appeals and complex cases. All tenants receive a quarterly newsletter that usually contains some information about benefits. There is also a disability awareness group with its own newsletter that includes benefits information.</p>
Outcomes	Take-up is not recorded, although the Trust is in the process of establishing a system to monitor the outcome of take-up work.

Organisation	<b>Royal National Institute of the Blind, Yorkshire and Humberside</b>
Approach	Targeting pensioners with visual impairments
Details	<p>The take-up campaign comprised several components:</p> <ul style="list-style-type: none"> <li>■ leaflets were produced on cassette and in braille;</li> <li>■ training sessions were provided for over 50 different organisations to enable workers to pass on information about benefits to the visually impaired;</li> <li>■ press releases were sent to local and talking newspapers, resulting in widespread coverage; and</li> <li>■ a volunteer was recruited to assist visually impaired people with the completion of Attendance Allowance claim packs.</li> </ul>
Outcomes	By April 2001, 368 visually impaired people had received advice, of whom 51 had been awarded extra benefits and these had been worth a total £90,000 per annum.

Organisation	<b>EAGA Partnership</b>
Approach	Benefits eligibility checks for people eligible for home energy efficiency measures and central heating
Details	EAGA administers grants for central and local government, the devolved administrations and energy suppliers for home energy efficiency and central heating. Customers eligible for these schemes include over-60s eligible for the main income-related or disability-related benefits. Under a number of schemes, including those funded by the Scottish Executive, people aged 60 or over are offered a "Benefits Health Check" by trained advisers, usually over the telephone. Alternatively customers can fill in a 4-page questionnaire, and home visits can be arranged if required.
Outcomes	From April to August 2002, 6111 customers were contacted under the Scottish Executive scheme, of whom 2,194 received a benefit health check, and 503 were entitled to further benefit totalling £305,500 per annum. Some would have become eligible for home energy efficiency or central heating grants as a result.

## Box 11: The advantages and disadvantages of different approaches to take-up

Type of initiative	Advantages	Disadvantages
National advertising	<ul style="list-style-type: none"> <li>■ Raises general awareness</li> <li>■ May support local initiatives by raising awareness and have combined effect in promoting take-up</li> <li>■ Can generate a large number of claims</li> <li>■ Reaches a wider audience than just pensioners themselves</li> </ul>	<ul style="list-style-type: none"> <li>■ People claim who are not eligible and may be discouraged from claiming benefits in the future when they may be eligible</li> <li>■ The information is not specific enough, which causes confusion</li> <li>■ Can raise false expectations of entitlements because it is too general</li> <li>■ Can create an unnecessary increase in the workload of offices (there is experience of this from both Minimum Income Guarantee and Winter Fuel Payments)</li> </ul>
Data-matching	<ul style="list-style-type: none"> <li>■ Makes use of existing data to effectively identify a target group</li> <li>■ Lists of potentially eligible non-recipients can be produced relatively quickly</li> <li>■ Can generate a large number of claims</li> <li>■ Can be combined with other take-up activities</li> <li>■ Not too labour intensive compared to outreach work</li> </ul>	<ul style="list-style-type: none"> <li>■ Can lead to unwanted attention and cause offence to some</li> <li>■ May need to be combined with face-to-face contact to provide the necessary encouragement, but this can make the approach expensive</li> <li>■ There can be some confidentiality issues with sharing data</li> </ul>
Outreach and advice surgeries	<ul style="list-style-type: none"> <li>■ Builds up contacts in the community and becomes established and trusted</li> <li>■ This helps to overcome fear of dealing with bureaucracies if Benefits Agency /Pension Service staff are in a neutral location and are seen to be approachable</li> <li>■ Can go out to where the need is and help people who may not otherwise have come forward - for example in areas with ethnic minorities or disabled pensioners</li> <li>■ Face-to-face contact is popular</li> </ul>	<ul style="list-style-type: none"> <li>■ Outreach conducted by Benefits Agency / Pension Service may be perceived as a threat to the autonomy and independence of the voluntary sector bodies if conducted on their premises</li> <li>■ Labour intensive compared to data-matching and the associated mailshots</li> </ul>
Collaboration with key professionals such as General Practitioners	<ul style="list-style-type: none"> <li>■ Likely to make contact with hard-to reach groups who may otherwise not have been contacted</li> <li>■ Encouragement by "figures of authority" can add some perceived "legitimacy" to making a claim</li> </ul>	<ul style="list-style-type: none"> <li>■ Pensioners may be unwilling to discuss income related issues with General Practitioners, care-workers, housing wardens</li> <li>■ Medical professionals may see promoting take-up as an inappropriate additional burden on them</li> </ul>
Joint working with voluntary sector and local authorities	<ul style="list-style-type: none"> <li>■ Cross-promotion of benefits raises awareness amongst pensioners and Benefits Agency/Pension Service and local authority staff</li> <li>■ Taps into already established networks</li> </ul>	<ul style="list-style-type: none"> <li>■ Need to maintain contact as it can be difficult to rebuild trust once it has broken down</li> </ul>

3.41 There is also scope for more work with the National Health Service. Some local authorities have approached General Practitioners and encouraged them to identify potential Attendance Allowance claimants, while Box 10 highlighted collaboration between a General Practitioner practice and Citizens Advice Bureau and Welfare Rights Service staff. In some instances, General Practitioner receptionists have been offered benefits awareness training; in others, posters and leaflets about take-up campaigns have been distributed to General Practitioner surgeries as part of local take-up initiatives, although this is not widespread. Given the health benefits associated with obtaining benefits amongst their patients described in Part 1, greater use of the routine contact that district nurses, General Practitioners, and practice nurses attached to surgeries have with pensioners (for example, 75 year checks that many practices offer) would seem to offer a sensible and cost-effective approach.

## Many take-up initiatives are relatively inexpensive but there has been little systematic evaluation of costs and benefits

3.42 The creation of The Pension Service provides an important opportunity for the wider adoption of the range of activities examined above, many of which are relatively inexpensive. In order to decide how and where to focus its efforts, The Pension Service needs to be able to evaluate what works, why, and in what circumstances. This requires an understanding of:

- the advantages and disadvantages of different approaches;
- the receptivity of different groups to different types of activity; and
- the relative costs and benefits of specific types of activity.

3.43 The activities we examined had both advantages and disadvantages, depending largely on the pensioner group being targeted (Box 11). For example, the national Minimum Income Guarantee campaign generated a large number of new claims but many unsuccessful ones as well, because the approach targeted a very wide audience. Local outreach work is much more resource-intensive and focused, but may be more likely to make successful contact with people from hard-to-reach groups.

3.44 Because attitudes to claiming benefits vary and different people experience different barriers, some non-recipients of benefits may require more effort to reach and some may be relatively more expensive to contact than others. Our research (paragraph 2.19) indicated that different groups of pensioners were likely to respond to different approaches to contacting them. For example, some were more likely to respond to national

advertising, while others might prefer contact with local agencies. Decisions on what resources to allocate to take-up work will need to be made at a local level, based on a strategic view of how best to target different groups.

3.45 The Department commissioned independent evaluations of the Better Government for Older People prototypes (Box 6 on page 32) and the national Minimum Income Guarantee campaign (Figure 17 on page 37), and some health sector-related initiatives have commissioned independent evaluations of their impact on pensioners' health (paragraph 1.20). All but one of the local authorities we visited produced detailed reports on their take-up activities, including a calculation of the results achieved. Most monitored the progress of each claim they encouraged and calculated an annualised benefit gain based on the increases eventually obtained. These estimates ranged from £250,000, for an authority with just two staff, to £4 million a year. However, where they had not been able to arrange with the relevant Benefits Agency office to monitor the result of claims, some local authorities relied on estimations of the success rate of claims and the average amount gained. Consequently, it is not possible to compare the Department's take-up work directly with local activity.

3.46 Two county councils had calculated the amount of benefits payments generated for every £1 of funding received for take-up work, by dividing the amount of annualised benefits and arrears by the additional funds used. In these terms, some initiatives were very cost-effective, raising between £20 and £50 per pound of funding. However, due to the lack of a standard method of calculation of the costs and gains of take-up initiatives, it is unclear whether the full costs of take-up projects, such as the salaries of permanent staff, are taken into account in the calculations. Often costs were absorbed into the general running costs of the organisations.

3.47 Many of the most apparently effective local activities involved joint working and the use of unpaid volunteers, for instance by voluntary organisations. Although most agencies measured the number of claims or enquiries generated by their work, voluntary bodies were not usually in a position to identify the outcomes of claims. On the ground, practitioners used judgement to decide which activities are worth pursuing. Cost-effectiveness was not, however, the only factor: local priorities, scope to reach groups not otherwise targeted, impact on the organisation, and the amount of external co-operation available were also factors.

3.48 In order to ensure robust measurement of the costs and benefits of take-up campaigns, it would be necessary to identify the costs and outcomes attributable to take-up activity across organisations, which would involve agencies sharing data. Box 12 overleaf illustrates how costs and benefits have been identified by one take-up initiative and the additional information needed to give a more accurate picture of the cost-effectiveness of take-up work.



## Box 12: Measuring costs and outcomes of take-up activity

### Costs

Annual expenditure of the project:

- Staff salaries, national insurance and superannuation (welfare advice officer dedicated to project)
- Administrative wages
- Travel and subsistence
- Printing and stationery costs, telephone and postage, recruitment etc
- Purchase of equipment dedicated to project
- Producing handbooks etc

[All of the above assume that the costs relating to take-up initiatives can be recorded separately from those relating to other activities.]

Costs of training staff of partner organisation promoting welfare advice service (General Practitioners, District Nurses, Health Visitors etc)

Additional information needed for accurate cost - cost per hour of other staff involved in project:

- managing project
- generating data to identify pensioners to contact with offer of welfare advice
- promoting welfare advice service
- advising pensioners to use welfare advice service
- giving welfare advice

Number of hours worked on each of above which would have been available for other duties

### Outcomes

- Numbers of enquiries generated as compared with number of people targeted
- Numbers of claims made as a result of initiative, compared with above
- Numbers of successful claims as a result of initiative, compared with above
- Benefit payments (in £) generated by type of initiative and by type of benefit
- Weekly benefit figures annualised by multiplying by 52
- Amounts of arrears actually paid by type of benefit

NB: Claim forms sent out with mailshots were coded to identify claims resulting from mailshot initiative

Source: *North Derbyshire Rural Development Agency Project Annual Report, amended by National Audit Office*

# Appendix A

## Methodology

1 We adopted a variety of methods to collect evidence to assess progress in tackling barriers to take-up of benefits amongst pensioners. The methods were chosen in order to:

- identify the barriers to take-up;
- identify the impacts of non-take-up of benefits on pensioners;
- examine how successful the government has been in overcoming these barriers to take-up, taking into account the experiences of different subgroups of pensioners; and
- to obtain examples of good practice in order to make recommendations for future take-up activities under The Pension Service.

### Literature review

2 We reviewed and analysed existing Departmental and official publications, academic research and practitioner literature in order to identify barriers to take-up. The barriers to take-up identified in each were collated in a table to demonstrate the common barriers. We used this analysis to inform our examination of the range of take-up activities in operation and how far they tackled the known barriers. Findings from Departmental surveys relating to preferred service delivery methods were also reviewed, such as the evaluation of the Income Support pilots, which we compared and contrasted with the findings from our own survey of low income pensioners.

### Quantitative survey of low income pensioners

- 3 We commissioned MORI to undertake a survey of low-income pensioners. They conducted 497 in-home face-to-face interviews of a sample drawn from the top ten percent most deprived wards in the UK using the multiple-index of deprivation. The research consisted of two phases - a pilot study across three locations in England involving twenty-four interviews; and, then the main stage survey.
- 4 The key aims of the survey were to evaluate the accessibility of benefits advice and information; to assess the comprehensiveness of this advice and

information; and to gauge pensioners' understanding of the benefits system. To achieve this, the survey focussed upon the following issues:

- awareness and knowledge of key benefits and pensions;
- preferred means of receiving advice on pensions and benefits;
- reasons for applying for pensions and benefits;
- barriers to take-up;
- contact with agencies providing information and advice on pensions and benefits;
- ease of accessing local agencies and organisations;
- incidence of home visits by pensions and benefits advisors; and
- attitudes towards claiming benefits.

### Qualitative analysis of the impacts of increased income

- 5 The University of Hull and University of York were jointly commissioned to undertake in-depth interviews with pensioners looking at the impacts of additional benefit income on their lives. The research was undertaken between February 2002 and April 2002. There were twenty-five respondents in total who were recruited from four sites covering both urban and rural areas. The focus was upon minority ethnic respondents in two urban areas and white British in two rural or deeply rural areas. The sites were Leeds/Bradford, York/North Yorkshire, North Cumbria and Derby/Nottingham. The researchers were provided with a person specification that was circulated to local advice agencies known to be working with older people. As take-up campaigns had been mounted in two of the areas, agencies in those areas were well placed to identify pensioners.
- 6 A common topic guide was used for each interview covering a range of basic headings, such as "accounts of benefits claimed and the claiming process" and "use to which benefits had been put, reasons for decisions and relationship to identified social and economic needs". Each interview was tape-recorded, transcribed and

analysed manually. The research was undertaken within the framework of ethics and safety established by the Social Research Association.

- 7 Further information about this research can be found at Appendix C.

## Visits to Benefits Agency offices, local authorities and voluntary sector bodies

- 8 We visited twenty Benefits Agency offices, ten local authorities, five Age Concern offices, one disability benefits centre and one housing association in England. We selected our sample of Benefits Agency offices on the basis of an internal Department for Work and Pensions survey that included some reference to take-up activities. From the survey responses we selected offices that were undertaking targeted take-up work, and also some offices that had reported not doing any specific take-up work. This provided useful comparisons of the range and extent of take-up activity by Benefits Agency offices. We also included in our sample two Benefits Agency offices that had taken part in the Better Government for Older People Prototypes.
- 9 We identified local authorities engaged in take-up work through internet searches and interviews with a range of organisations. We visited specific initiatives that had adopted an innovative approach to take-up. Age Concern offices were approached in relation to their responses to a survey about take-up activity by the Department's Partnerships Against Poverty group.
- 10 For each visit we undertook semi-structured interviews based upon a framework of questions modified slightly for each type of organisation. These were circulated prior to the visits. At the Benefits Agency offices questions related to staff training, contact with pensioners, external relations, the nature and extent of take-up work, the barriers to take-up experienced locally and the impact of national take-up campaigns. At the local authorities and Age Concern offices, the focus of the questions was mainly upon specific take-up initiatives and external relations.

## Review of the benefits system for pensioners

- 11 We mapped the linkages between the means-tested and disability benefits available for pensioners by reviewing the wide range of information available on benefits from both the Department and the voluntary sector. A key source from the voluntary sector was Age Concern's 2002 edition of "Your Rights: a guide to money benefits for older people".

## Consultation with the Department and other bodies

- 12 We have consulted widely with the Department on a range of issues. This involved meeting with teams responsible for the pension strategy; planning and implementation of The Pension Service and Pension Credit; Minimum Income Guarantee and the national take-up campaign in 2000; the Partnerships Against Poverty programme; disability and carers benefits; take-up statistics; and, communication strategies. For several of the visits to Benefits Agency offices we collaborated with staff from the Department's Internal Assurance Service, which was mutually beneficial.
- 13 We have also liaised with the Local Government Association and the Legal Services Commission in order to develop further awareness of issues at the local level related to promoting take-up of benefits. We attended a Local Government Association Welfare Rights Advisers meeting which led to numerous contacts being made across the country. This fed into our selection of field visits and increased awareness of a range of take-up initiatives around the country.

## Consultation with an expert panel

- 14 We organised an expert panel to comment on both our methodology and emerging findings. The members of the panel were:
- Anne Corden, Research Fellow, Social Policy Research Unit, University of York
  - Dr Kate Davidson, Research Fellow and Lecturer, Centre for Research on Ageing and Gender, University of Surrey
  - Arthur Fleiss, Social Research Division, Analytical Services Directorate, Department for Work and Pensions
  - Lorna Reith, Chief Executive, Disability Alliance
  - Peter Searle, Head of Strategy, Pensioner Client Group Directorate, Department for Work and Pensions
  - Sally West, Policy Officer (Incomes), Age Concern
  - Richard Wilson, Policy Officer (Incomes), Help the Aged

# Appendix B

## Benefit take-up data for pensioners

- 1 The take-up statistics included in Part 1 of this report (Figures 5 and 6) are estimates produced by the Department for Work and Pensions. There are a number of limitations to the data. This Appendix summarises how they are produced and discusses their limitations.

### Caseload take-up figures for Income Support, Housing Benefit and Council Tax Benefit

- 2 The caseload take-up figures for Income Support, Housing Benefit and Council Tax Benefit (Figure 5) show the numbers and percentages of those entitled to the benefits who actually receive them. The estimates are presented as ranges and are calculated in three stages:

- (i) A figure (the baseline estimate) showing the percentage of entitled benefit units<sup>30</sup> who actually receive a particular benefit is calculated using the following formula:

$$\text{Caseload take-up} = \frac{\text{Number of recipients of benefit}}{\text{Number of recipients of benefit} + \text{Number of entitled non-recipients}}$$

The figures for the number of recipients are obtained from Departmental records, whilst the figures for entitled non-recipients are obtained via the Family Resources Survey (FRS). This is an annual survey with responses from around 24,000 households commissioned by the Department. The survey includes questions that allow an assessment of whether the household would be entitled to income-related benefits.

- (ii) An assessment of the sources of error that could distort the baseline estimate is then made. Sources of error are taken into account, including:
- an analyst calculating a household not entitled to benefit, as being entitled;
  - an analyst calculating a household entitled to benefit, as not being entitled;
  - benefit recipients not reporting the benefits they receive to the survey; and

- the results from the survey sample being grossed-up incorrectly (The sample results have to be multiplied up in order to reflect the true numbers of recipients/non-recipients in the population as a whole).

It is possible to identify the upper and lower limits of the likely extent of each error, and by totalling these, gain lower and upper limits on the estimated number of non-recipients.

- (iii) The range of the estimate is adjusted to take account of the potential effects of sampling error, by which the size of the survey sample limits the accuracy of the estimates derived from it.

The final figure is a lower and upper estimate of the percentage of entitled households who actually receive a particular benefit.

### Limitations of the estimates

- 3 Using surveys, such as the Family Resources Survey, is the only method of establishing information and estimates about eligible non-recipients because the Department does not have information about the contents of individual's bank accounts. However, as a result there are a number of limitations to the estimates. These are:

- **Certain types of pensioner are excluded from the estimates**

The Family Resources Survey only covers people in private households. The figures, therefore, omit pensioners in residential care and nursing homes.

- **The under reporting of capital holdings by pensioners**

Research for the Department in 1998 discovered that there was significant under-reporting of capital by pensioners responding to the Family Resources Survey. Pensioners who could not qualify for Income Support because their savings were too high were under-reporting these capital holdings, and were thus appearing as entitled non-recipients. Adjustments have been made to the Income Support figures in order to take this problem into account. However, it has not been possible to quantify the

<sup>30</sup> A pensioner unit is defined as a single (non-cohabiting) person over state pension age or a couple (married or cohabiting) where the man, defined as the head, has reached state pension age. State pension age is 65 years for men and 60 years for women.

effect this problem has had on estimates of take-up for Housing Benefit and Council Tax Benefit. Thus, no adjustments have been made to these figures, and there is a possibility that the estimates understate take-up.

#### ■ **Delays in claiming can affect caseload take-up estimates**

When individuals claim benefit there is often a delay between the date of the claim and the date they are awarded the benefit. This causes problems when estimating the number of entitled non-recipients. If a person is entitled to benefit at the time of their FRS interview, and has applied for it, but not yet received a decision, they may be modelled as entitled but not receiving. If their claim went on to be successful, they would have been falsely classified as entitled non-recipients. The ranges of take-up are adjusted in order to take this effect into account.

#### ■ **The difficulty of determining trends over time**

It is not possible to determine long-term trends using the Department's take-up estimates because:

- a It cannot be certain if a year to year change in the range of possible take-up percentages indicates a rise in the true level of take-up. This is because the range in one year usually overlaps with the range in the next.
- b Only Income Support take-up figures for 1997-98 onwards have been revised to take into account distortions caused to the figures by pensioners underreporting capital holdings.
- c Methodological changes in the production of the statistics from year to year mean that there could be significant differences between years that are not the result of genuine changes in take-up.

## Attendance allowance take-up statistics

- 4 The take-up estimates for Attendance Allowance referred to in Part 1 (paragraph 1.13) were taken from research commissioned by the Department in 1998. Take-up was calculated by dividing the estimated total number of recipients of Attendance Allowance by the estimated total entitled population. Information on whether or not individuals were in receipt of Attendance Allowance was available from the Family Resources Survey. Follow-up interviews with participants in the 1996-97 Family Resources Survey were used to estimate the size of the total entitled population. People were determined as eligible or not eligible for Attendance Allowance by matching data from the survey with questions in the Attendance Allowance claim form.

### Limitations of the estimates

- 5 Questions in the disability follow-up survey matched the claim form questions to varying degrees. Furthermore, adjudication officers determining actual eligibility have access to far more medical evidence than only the claim form. The Department compensated for this by using proxy variables in their statistical model. However, the wide margins of error of the estimated take-up rate, at around 20 per cent, reflects the uncertainty attached to this procedure.
- 6 The statistics in this report relate to 1996-97. The Department have not produced more recent estimates of take-up of Attendance Allowance.

# Appendix C

## The impact of additional benefit income for older people

### Summary of report prepared by Professor Gary Craig of University of Hull and Professor Jonathan Bradshaw of University of York

This study, undertaken by the Universities of Hull and York, explored the impact of additional benefit income, particularly of Attendance Allowance (AA) and Minimum Income Guarantee (MIG), for older people. It was based on a literature review, secondary data analysis and a qualitative study. The secondary analysis explored the impact of non-take up through the Poverty and Social Exclusion Survey together with the Family Expenditure Survey and the Family Resources surveys. This work complemented the qualitative interviews which were conducted with 25 older people, all of whom fell within the 'hard-to-reach' category, being either residents of rural or deeply rural areas, or members of minority ethnic groups. Many of the latter did not have English as their first language and some older widows spoke no English. The interviews were conducted in four areas in England: Cumbria, York and North Yorkshire, Derby/Nottingham and Leeds. The qualitative interviews were particularly important since secondary data analysis was unable to provide robust evidence on the changes likely to result from increased income.

The respondents to the qualitative interviews were recruited through advice agencies or local services, including GP practices, and fitted a person specification which required that they had received at least an additional £5 per week income, from a claim made between 3 and 18 months before the interview. In fact most of the respondents, who were aged between 59 and 89, received considerably in excess of this, receiving between £50 and £100 weekly. The majority of the respondents had started receiving Attendance Allowance - typically at higher rate - for the first time, the remainder generally receiving some combination of Income Support/Minimum Income Guarantee (although few were fully aware of the existence of MIG) and other benefits. Only one fifth of those interviewed had any income other than from state benefits (usually from occupational pensions) and their income prior to additional benefit was in the range of £100 to £180. The increase in income was thus typically of the order of at least 50 per cent. Given that the Department of Work and Pensions research suggests that nearly two million people may not be claiming AA and a further 750,000 may not be claiming Minimum Income Guarantee, to which they are entitled, this suggests the magnitude of the unclaimed income differentials.

Supporting evidence in this study suggests the economic impact that increased income might make in local communities: in the areas covered by our research, the total annual unclaimed income for Attendance Allowance/Minimum Income Guarantee was estimated to be of the order of £175million. Our qualitative study showed that most of the additional income which had been received by our respondents was spent within the local economy.

Most of the respondents had some disability and several were almost completely housebound before they had received their additional benefit income. Very few suggested they had been managing financially before their recent successful claims and the picture painted by them was of a life severely, sometimes painfully, constrained by having inadequate money to meet their needs. For most, their 'very hard' life consisted of 'going without', with a familiar litany of juggling acts, typically between purchasing food and paying bills. Some had had to make very difficult decisions such as cashing in an endowment policy early, thus losing some of its predicted value, because they needed cash sooner rather than later. Barriers to take-up were familiar ones: for example, confusion about the benefit system and what were seen as a series of rapid changes to nomenclature and entitlement, stigma, lack of knowledge and feelings of guilt, especially amongst older old people. These barriers were exacerbated in the case of those with limited mobility and for those for whom English was not a first language. Older women of Asian origin had often not been accustomed to managing money and were further disadvantaged in accessing the benefit system. Those living in rural areas often did not access information or services at all easily. For many entitled non-claimants, the claiming process happened as a matter of chance, for example during medical or carer consultations, as a result of the support of friends, because there happened to be a local welfare rights take-up campaign, or knowing someone else who had successfully claimed. None of the claimants interviewed had been able to manage the claiming process without some help from others; none had been approached directly or indirectly by the Benefits Agency.

Secondary data analysis suggests that the benefits to local economies are likely to be significant. For example, in just one of our fieldwork sites (Cumbria), it appears that around £34 million per annum may be lost to the local economy (and it is, as we noted, the local economy), as a result of non-take-up of AA and MIG alone. This equates to approximately 800 jobs, a significant contribution to the rebuilding of a local economy hit by the impact of Foot and Mouth Disease.

This study follows many others in demonstrating the broader economic significance of welfare rights take-up campaigns, quite apart from the social, health and economic impacts on the older people themselves. All local authority areas will be missing out on substantial sums of unclaimed benefit income; amongst the groups most likely to be missing out are older old people, those for whom English is not a first language, women, those with limited mobility and those living in remote areas far from services or advice agencies.

Our literature review explored the impacts which (non) take up might have. There was a notable gap in research here, at least compared with the wealth of research available on barriers to take up. We presented general evidence on how different levels of income might affect pensioners (in terms of their spending, saving and financial independence). The existing evidence on the impact of (non) take up is grouped around the impact on health and the wider economic impact. Research on the health impact of benefit increase has suggested both health gain over time and reductions in GP consultations. Evidence on the wider impact of welfare rights activity from Glasgow (The Fraser of Allander Institute, 2001) suggests that benefit income, spent in the local area, offers substantial job-creation opportunities for often deprived communities. Our analysis suggests that additional income not only impacts on spending power, thus bridging the gap between needs and income, but has other important impacts, including on psychological and physical health and well-being, mobility and on the adequacy of the immediate physical environment (housing maintenance and heating, for example). All these gains contribute to the social integration of older people into the wider community.

How was this additional money used? Our quantitative study found that it was most likely that the additional income would be used on housing (including repairs), food, transport and leisure. The qualitative study bore this out; in this context, the additional income came as a huge relief to most, although more than one-third still felt that they had not enough money on which to meet their needs. Things were generally now 'more comfortable' and they now had 'peace of mind'. The extra expenditure was applied to five areas of their lives.

- i respondents spent greater weekly sums on essentials, notably food but also clothing and on the basic utilities: electricity for heating, lighting, coal, oil and water (including for basic physical hygiene for a disabled man whose water was metered). In the case of food, several disabled people were able to spend more to meet specific needs such as ready-made or delivered meals (from a nearby pub) or diabetic food, or to travel further afield to access appropriate food from specialist outlets. This is in line with wider evidence that poorer people are generally forced to eat poorer food, with consequences for nutrition and health.
- ii a significant number found their mobility enhanced; they could purchase and use bus passes, several could use cars which they owned more frequently as they could now afford petrol and maintenance more easily, others noted they could now pay friends to come and help them with their mobility, for example, helping them get in and out of cars. Several virtually housebound people now had the ability to use the telephone more readily, buy a larger television or a newspaper which helped them feel in touch. Regular social contact was an important part of these people's lives and had been limited by their inadequate income.
- iii Respondents were now able to make use of a much wider range of goods and services or use them more frequently compared with previously when they had to ration their use. Typical here were the employment of casual handymen and gardeners, cleaners and decorators, window cleaners, and more frequent use of hairdressers. Whilst some of these services would have been recognisable as types of care on which Attendance Allowance would normally be spent, such as helping people to get up in the morning, dressing and help with mobility, others were on the periphery of being 'care services' but were critical to people's sense of independence.
- iv Fourthly, many respondents mentioned large 'lumpy' items of expenditure which had been completely beyond their means previously but which they were now able to buy outright or at least save for. Examples here included the purchase of a mobility scooter or the lump sum down payment for a disability car. It also included purchasing the equipment necessary to link into a local care alarm system, bedding, a Hoover or a fridge, or paying for more expensive maintenance of a house - one element of housing costs which typically gets put to one side during periods of financial difficulty. Interestingly, none of these respondents had thought of applying to the Social Fund for a grant or loan, the social assistance scheme which was in principle available to meet many of these needs. One woman had been able to have her first week-long holiday for a long time and many clearly had not thought of having holidays at all; the Poverty and Social Exclusion Survey suggests that about one fifth of poorer pensioners are unable to afford holidays because they cannot afford one. Another woman had had part of her garden gravelled over which made ongoing maintenance by her sons more manageable.

- v Finally, several respondents reported very personal forms of expenditure which had become possible as a result of the additional income. Most notably, about one-third mentioned being able to afford presents for children, grandchildren or at special cultural events such as Christmas or Eid. Two Pakistani respondents had been able to save enough to make a return journey to Pakistan. And several simply bought things they liked for the first time for many years. One man had had a shopping trip to a nearby town and bought four pairs of shoes and a range of garments as he thought it might be his last such trip. Several respondents had begun to set aside money for a decent funeral when the time came, one unavoidable form of expenditure which has traditionally been a very great source of anxiety for older people. Some forms of expenditure were related very specifically to particular people's needs; for example one man now in receipt of AA had been able to buy a new fridge. He had not been able to reach the top shelf of his old one because he was in a wheelchair.

What difference did this make to their lives? For most of the respondents, it was possible to understand the impact of the additional income in terms of various dimensions of citizenship, understood as the ability to participate as fully as possible in society.

One dimension was that of **independence**. Most respondents talked about their enhanced level of physical independence, that is their ability to move, to access goods and services, make contacts and so on without being dependent on others. This might mean marginal but highly significant changes in their lives; for example one man was buying an electrically-powered wheelchair which enabled him to reach the nearby town centre, just a mile away but too far for him to manage unaided, and visit his former workmates. Another had bought a cordless phone so he could go into the garden by himself and not worry about his frailty or ability to contact others. This was often about regaining a sense of independence which had begun to slip away from them, or holding onto things which gave them pleasure and satisfaction, such as the ability to see the birds in the garden. Important also was the contributory sense of independence, of enjoying peace of mind and not continually worrying about money. And many respondents now found that once more they had some element of choice in their lives; not being so constrained financially, they could avoid the painful choices of 'heating or eating'. In a few cases they were now faced with the possibility of making a choice as to whether to spend money or save it.

The second dimension which appeared strongly was that of **participation**, being part of a wider community in which they could play an equally important, if different, part and with which they now felt they could engage more fully. This might be reflected in forms of interdependence where they were able to pay for small services rendered by friends, or more generally in the ability to be a physical part of the community. For a disabled man now with a powered scooter, it meant being able to get to the shop singlehandedly and then 'just walk in by myself'. For others it was being able to get out and about by using their car, feeling part of a wider community. In the case of some respondents, the sense of belonging was reflected in the desire to stay in a community where they felt comfortable and known and which they were now able to see, might again be a possibility. This sense of belonging was manifested in innumerable small acts - going to the pub, shops, day centres, visiting friends, going out to get fish and chips - from which lack of money had increasingly debarred them.

Finally, people's lives were changed by the additional income in terms of how it reaffirmed their **identity**. This links strongly to the possibilities of wider engagement with the surrounding community, but it is also about meeting the cultural expectations placed upon people as to how they should behave both in everyday lives and in respect of special events. One clear manifestation of this was through being able to buy presents both for special events but also as measures of gratitude, for example to a friend who had done shopping for a respondent throughout the year. An important aspect of identity was that of dignity; respondents had felt their situations were demeaning, that they were dependent often on the charity of others. With the additional income, their lives had changed to the point where they had reasserted some self-respect. This was manifested in being able to pay their way and to do so without the accompanying feelings of anxiety and stress - and the associated deterioration in their health - with which they had previously had to live.

**Gary Craig, Paul Dornan, Jonathon Bradshaw, Ruth Garbutt, Sara Mumtaz, Alia Sayed and Antoinetta Ward.**



# Appendix D

## Barriers identified from research and literature reviews

Barriers identified	Original research			Based on experience	Reviews and analysis of research		
	NAO local fieldwork 2001-02	NAO/ MORI survey 2002	Costigan et al. (DSS)	Age Concern (2001)	Mayhew (2002) (DWP)	Stanley (1999) (DSS)	Van Oorschot (1995)
<b>System</b>							
1 Poor co-operation between administrations							●
2 The verification process	●						
3 Complexity of the system overall	●	●					●
4 Dislike of means-tested benefits							●
<b>Administration</b>							
5 Too many forms to fill in about eligibility					●		
6 Long and complex claim forms	●		●	●	●		●
7 Lack of information and confusion			●	●		●	●
8 Problem of physical access to Benefits Agency office			●		●		
9 Expect to be informed of entitlement (ie. leaving the initiative to the pensioner)			●		●	●	
<b>Customer-level</b>							
10 Difficulty with completing claim forms						●	●
11 Failure to reapply when rules change or circumstances change				●			
12 Difficulty understanding information		●				●	
13 Lack of basic knowledge about benefits and rules	●	●	●	●	●		●
14 Reluctance to disclose personal information (financial and health related)	●		●	●	●		

Barriers identified	Original research			Based on experience	Reviews and analysis of research		
	NAO local fieldwork 2001-02	NAO/ MORI survey 2002	Costigan et al. (DSS)	Age Concern (2001)	Mayhew (2002) (DWP)	Stanley (1999) (DSS)	Van Oorschot (1995)
15 Aversion to visiting Benefits Agency offices	●	●	●		●		●
16 Do not want to receive charity because do not view benefits as being an entitlement / Stigma associated with receipt of benefit	●		●	●	●	●	●
17 Fear of refusal		●	●		●		
18 Fear of debt (e.g. if benefit overpayments have to be repaid)	●		●		●		
19 Fear that mistakes would be seen as dishonest or fraudulent						●	●
20 Fear of losing independence		●	●	●	●		
21 Do not like to deal with bureaucracy/ anxiety about dealing with officials			●	●	●	●	
22. Too much bother / not worth the effort for the amount of benefit		●	●		●		●

Source: NAO analysis.

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