

Chapter 2

Pension Credit

Key results

All Pension Credit

- **Caseload take-up:** between 61% and 70% overall
- **Expenditure take-up:** between 70% and 78% overall
- **Change since 2006-07:** there was evidence of an increase in caseload take-up of around one percentage point
- **Change since 2003-04:** there was evidence of an increase in caseload take-up of around nine percentage points, although there have been slight changes in bias over the period

Guarantee Credit only

- **Caseload take-up:** between 72% and 81%
- **Expenditure take-up:** between 74% and 83%
- **Change since 2006-07:** there was no evidence of a change in caseload take-up
- **Change since 2003-04:** there was evidence of a small increase of about one percentage point in caseload take-up, although we cannot be sure due to changes in bias

Guarantee and Savings Credit

- **Caseload take-up:** between 66% and 80%
- **Expenditure take-up:** between 70% and 83%
- **Change since 2006-07:** there was no evidence of a change in take-up. Caution is required due to the high level of bias associated with this group.
- **Change since 2003-04:** there was evidence of an increase in take-up of perhaps 11 percentage points, although we cannot be sure due to high levels of bias for this group

Savings Credit only

- **Caseload take-up:** between 52% and 58%
- **Expenditure take-up:** between 58% and 63%
- **Change since 2006-07:** there was evidence of an increase in caseload take-up of at least two percentage points, although it is difficult to be certain because of large changes in the levels of bias this year
- **Change since 2003-04:** there was evidence of an increase in caseload take-up of at least six percentage points, although it is difficult to be certain because of large changes in the levels of bias this year

Characteristics of Entitled Non-Recipients (ENRs)

- **Amounts unclaimed:** Entitled Non-Recipients (ENRs) tended to be entitled to lower amounts than Entitled Recipients (ERs)
- **Age profile:** thirty-three per cent of ENRs of Pension Credit were aged 80 or over; the proportion of ERs aged 80 or over was 35 per cent
- **Tenure profile:** eighty-one per cent of ENRs were owner occupiers compared with 47 per cent of ERs
- **Ethnicity:** the greatest proportion of ENRs and ERs of Pension Credit are White. There were proportionately slightly more ENRs than ERs who were White, indicating take-up may have been lower for this group.
- **Other income:** the existence of significant amounts of other income may dissuade ENRs from claiming Pension Credit
- **Whether claiming Housing Benefit:** eighty-six per cent of ERs of PC who were renters were also ERs of Housing benefit (HB). This compares with 37 per cent of ENRs of PC who were ERs of HB.
- **Whether claiming Council Tax Benefit:** seventy-seven per cent of ERs of PC were also ERs of Council Tax Benefit (CTB). This compares with 15 per cent of ENRs of PC who were ERs of CTB.
- **Living with other benefit units:** eighteen per cent of Pension Credit ENRs lived with other benefit units compared with 16 per cent of ERs
- **Region/Country** The North West area had the largest estimated proportion of ERs. The North West and South East areas had the largest portions of ENRs.
- **Disability:** fifty-eight per cent of ENRs had a disabled person in the benefit unit, compared with 70 per cent of ERs
- **Marital status:** sixty-seven per cent of Pension Credit ERs were either divorced, widowed or separated compared with 58 per cent of Entitled Non-Recipients
- **Percentage living in low-income households:** seventy per cent of ENRs of Pension Credit lived in low-income households on the Before Housing Costs measure, compared with 54 per cent once housing costs had been considered

Introduction

Pension Credit (PC) was introduced on 6 October 2003 and replaced the Minimum Income Guarantee (MIG). It is paid to people aged 60 and over who are living on low incomes and guarantees all pensioners a certain level of income.

There are two parts to Pension Credit: the Guarantee Credit (GC) and the Savings Credit (SC). The Guarantee Credit ensures a guaranteed level of income by providing financial help for people aged 60 and over whose income is below a given threshold. The Savings Credit is an extra amount for people aged 65 or over who have made modest provision for their retirement above the level of the basic state pension (such as savings or a second pension). Entitlement to the Guarantee Credit and the Savings Credit is calculated separately, and as a result, pensioners can receive both or either elements of Pension Credit.

Capital below £6,000 is ignored in the calculation of entitlement. There is no upper limit to the amount of capital a person may have, but any amount greater than £6,000 may affect the amount of Pension Credit received (except those in Residential Care or Nursing Homes for whom there is a limit of £10,000 – these cases are excluded from the analysis). An income of £1 per week is assumed for every £500, or part of £500, where capital exceeds £6,000.

In April 2007 the level of Pension Credit was increased by a rate greater than the increase in the basic state Retirement Pension. The statistics that follow have been interpreted with this context in mind.

Men over 60 but under 65 and singles with children may claim either Pension Credit/Income Support or Jobseeker's Allowance (IB). For those who had an underlying entitlement to both of these benefits we cannot determine which one they might claim. In practice we know that the vast majority of these cases would have claimed Pension Credit/Income Support, because DWP administrative data shows that only very small numbers of these groups claim JSA (IB). In particular, analysis of DWP WPLS administrative data confirmed this pattern. It showed an average of 211,000 men aged 60-64 were claiming Pension Credit in 2007-08 while only 7,000 were claiming JSA (IB) over the same period. The 7,000 JSA (IB) recipients represented around three per cent of men aged 60-64 in receipt of either benefit. So, for the purposes of estimating take-up we continue to make the assumption that men over 60 but under 65 would have claimed PC rather than Jobseeker's Allowance if they had not reported receipt of either benefit. Pension Credit could be paid in conjunction with Housing Benefit and Council Tax Benefit but not with Jobseeker's Allowance.

Guide to tables

Estimates of caseload and expenditure take-up are presented for Pension Credit as a whole in Tables 2.1 and 2.2, by pensioner family type. Estimates of take-up for the components of Pension Credit are presented in the following tables: Tables 2.3 and 2.4 for the Guarantee element only; Tables 2.5 and 2.6 for both the Guarantee and Savings Credit; and Tables 2.7 and 2.8 for the Savings Credit only.

Though the table-by-table presentation of estimates are mutually exclusive, readers will notice that some components do not always sum to totals either within tables or to the overall Pension Credit results shown in Tables 2.1 and 2.2. This is because 95 per cent confidence intervals have been calculated separately for components and totals in order to reflect sampling error. Take-up statistics are presented as ranges that reflect the maximum plausible upward and downward effects of bias on

the baseline figures⁴. Where ranges are wide uncertainties due to biases, as opposed to sampling error, are the major factor.

Estimates of unclaimed amounts have been rounded to the nearest pound. This is in line with other publications produced using data from the Family Resources Survey and reflects the level of robustness of these estimates.

Further to this, estimates of Pension Credit unclaimed amounts should be treated with caution. This is because the sample sizes for estimated ENRs, on which the figures are based, tend to be small. Additionally, they are based on a sample that may include a number of false ENRs who cannot be identified and removed, and may not include some true ENRs who have been modelled as Non-Entitled Non-Recipients.

The 'Further Analysis' provides a comparison of the characteristics of ENRs with those of ERs and, in doing so, explores some of the possible reasons for non-take-up. Ethnicity comparisons are provided for the first time in this section, in Table 2.10.

Additional tables in the 'Further Analysis' section give an indication of what proportion of ENRs and ERs of Pension Credit in Great Britain had incomes below 60 per cent of contemporary median income.

Technical note on the results in this chapter

The introduction of Pension Credit resulted in, for a significant number of claimants, entitlements being awarded some time after the introduction of the new benefit in October 2003, but backdated by up to 12 months. This was part of a deliberate policy by the Pension Service to introduce Pension Credit in a staged and managed fashion, to avoid bottlenecks in the number of claims being processed, but without financially disadvantaging customers. Cases where payments were made some time after a pensioner became entitled, but in respect of 2007-08, have been incorporated into both the estimates of recipients and those who were entitled yet not receiving in the following results. This means that the recipient count will differ from recipient counts published by other sources, as it includes recipients who eventually received Pension Credit at a later date, but in respect of 2007-08.

Although the number of backdated claims has fallen between 2006-07 and 2007-08 these figures have still taken account of those claims that were paid in 2008-09, but were backdated to 2007-08. Had the analysis reported in this publication not taken into consideration the effect of backdating, estimates of take-up would have been lower. In 2007-08 the ranges of caseload take-up would have been around one to two percentage points lower.

For previous years, the lower and upper ranges of caseload take-up would have been:

- around 12 to 15 percentage points lower for Pension Credit as a whole in 2003-04
- around three percentage points lower for Pension Credit as a whole in 2004-05
- around two percentage points lower for Pension Credit as a whole in 2005-06
- around one to two percentage points lower for Pension Credit as a whole in 2006-07

The DWP research report No: 197 "Entitled but not claiming? Pensioners, the Minimum Income Guarantee and Pension Credit"⁵ provided evidence of significant under-reporting of capital holdings

⁴ See Chapter 6 and the Appendix for more details on how the effects of the different biases are assessed.

by pensioners responding to the Family Resources Survey. Estimates of take-up presented in this chapter have been adjusted to take account of this potential source of bias.

In addition, there is evidence to suggest that some pensioner respondents to the Family Resources Survey may not correctly report which benefits they are receiving, resulting in an increase in the number of apparent ENRs of Pension Credit. An exercise examining such responses revealed a substantial number of 'hidden' Pension Credit recipients; the estimates of take-up for 2007-08 incorporate the results of this investigation.

Since the previous publication there have been improvements to the way we incorporate the results of this exercise into the estimates of take-up. The results for 2006-07 that are re-presented throughout this chapter have been revised to reflect this improvement.

Further explanations of the above problems, and how they have been addressed in this publication, and of the revisions we have made to 2006-07 results are provided in Chapter 6.

Caution should be taken with expenditure-based Savings Credit results for single females, pensioners couples and all Savings Credit; and both Guarantee and Savings Credit estimates, for the group single males. This is because analysis shows that there is a large difference between the amounts of modelled entitled and amounts claimed for those in receipt for these groups.

For the ethnicity comparisons provided at table 2.10 benefit units have been classified according to the ethnic group of the head of the benefit unit, which means that information about benefit units of mixed composition is lost. Estimates showing breakdowns by ethnicity are presented using three years' FRS data. So the results presented here for 2007-08 are based on FRS data from 2005-06 to 2007-08. Three years' data were combined in this way to reduce the problem of small sample sizes for some groups. However, the figures should still be treated with some caution, as the sample sizes are still small for certain ethnic minority groups, especially in the case of benefit units headed by a person of Mixed ethnicity.

⁵ This report can be found at: <http://www.dwp.gov.uk/asd/asd5/rports2003-2004/rrep197.asp>

Results

Table 2.1: Caseload take-up of Pension Credit

	Year	Pensioner Couples	Single Male Pensioners	Single Female Pensioners	All Pensioners
					<i>(Thousands)</i>
Number of Recipients	2006-07	620	520	1,480	2,620
	2007-08	620	540	1,470	2,630
Range of Entitled Non-Recipients	2006-07	440 : 590	170 : 310	550 : 870	1,180 : 1,730
	2007-08	360 : 540	220 : 330	520 : 880	1,110 : 1,710
					<i>(Percentages)</i>
Take-Up Ranges	2006-07	51 : 58	63 : 76	63 : 73	60 : 69
	2007-08	54 : 63	62 : 71	63 : 74	61 : 70

Table 2.2: Expenditure take-up of Pension Credit

	Year	Pensioner Couples	Single Male Pensioners	Single Female Pensioners	All Pensioners
					<i>(Pounds)</i>
Average Weekly Amounts Claimed	2006-07	54	49	43	47
	2007-08	59	52	46	50
Average Weekly Amounts Unclaimed	2006-07	31	30	26	28
	2007-08	38	31	27	31
Median Weekly Amounts Unclaimed	2006-07	19	18	18	18
	2007-08	22	19	19	20
					<i>(Millions of Pounds)</i>
Total Amount Claimed	2006-07	1,750	1,320	3,310	6,370
	2007-08	1,900	1,450	3,500	6,850
Total Range Unclaimed	2006-07	770 : 1,030	300 : 530	780 : 1,230	1,830 : 2,670
	2007-08	770 : 1,150	390 : 590	760 : 1,300	1,900 : 2,930
					<i>(Percentages)</i>
Take-Up Ranges	2006-07	63 : 69	71 : 82	73 : 81	70 : 78
	2007-08	62 : 71	71 : 79	73 : 82	70 : 78

By caseload, the take-up rate for single female pensioners was greater than or equal to the rate for pensioner couples. Apart from this is not possible to make comparisons between family types on a caseload basis because of overlapping ranges.

By expenditure, the take-up rates for single male and single female pensioners was greater than or equal to the rate for pensioner couples.

Comparisons between 2006-07 and 2007-08 are complicated by the greater rise in Pension Credit applicable amounts, relative to Retirement Pension, that occurred in April 2007. These changes would have brought some pensioners into entitlement to Pension Credit for the first time. At the same time, some pensioners will have moved out of entitlement if their incomes have increased. The overall changes reported in Tables 2.1 and 2.2 therefore reflect two factors:

- any changes in take-up, between the two periods, among the groups who were entitled to Pension Credit in 2006-07 and would have been entitled in 2007-08, even if Pension Credit and Retirement Pension had been uprated by the same percentage; and
- the rate of take-up among those who were not entitled in 2006-07 but who were entitled in 2007-08 due to the increases introduced in April 2007.

For pensioners overall, there appeared to be an increase in caseload take-up of Pension Credit around one percentage point between 2006-07 and 2007-08

Detailed examination of the evidence suggests that the increase would have been slightly more were it not for relatively lower take-up among those newly brought into entitlement by the April 2007 increases.

Considering the evidence for changes in the level of take-up for the three family types presented in the table gives rise to the following conclusions:

- for pensioner couples there was evidence of an increase in caseload take-up, of around three percentage points;
- for single male pensioners there was no evidence of a change in the level of take-up; and
- for single female pensioners there was evidence of a small decrease in the level of caseload take-up of around one percentage point.

Table 2.3: Caseload take-up of Guarantee Credit only

	Year	Pensioner Couples	Single Male Pensioners	Single Female Pensioners	All Pensioners
	<i>(Thousands)</i>				
Number of Recipients	2006-07	190	200	380	760
	2007-08	190	210	400	800
Range of Entitled Non-Recipients	2006-07	60 : 110	20 : 50	60 : 130	140 : 270
	2007-08	60 : 100	60 : 90	60 : 140	190 : 310
	<i>(Percentages)</i>				
Take-Up Ranges	2006-07	64 : 75	81 : 93	75 : 87	74 : 84
	2007-08	66 : 75	70 : 79	74 : 88	72 : 81

Note

Comparisons over time for 'Single Male Pensioners' should be treated with caution due to changes in bias.

Table 2.4: Expenditure take-up of Guarantee Credit only

	Year	Pensioner Couples	Single Male Pensioners	Single Female Pensioners	All Pensioners
	<i>(Pounds)</i>				
Average Weekly Amounts Claimed	2006-07	100	82	68	79
	2007-08	105	87	71	83
Average Weekly Amounts Unclaimed	2006-07	72	76	50	64
	2007-08	83	62	58	68
Median Weekly Amounts Unclaimed	2006-07	63	76	39	54
	2007-08	69	47	46	55
	<i>(Millions of Pounds)</i>				
Total Amount Claimed	2006-07	970	840	1,350	3,160
	2007-08	1,040	940	1,490	3,460
Total Range Unclaimed	2006-07	260 : 450	70 : 200	170 : 370	500 : 950
	2007-08	310 : 450	200 : 320	180 : 470	700 : 1,180
	<i>(Percentages)</i>				
Take-Up Ranges	2006-07	68 : 79	81 : 92	79 : 89	77 : 86
	2007-08	70 : 77	75 : 82	76 : 89	74 : 83

Note

Comparisons over time for 'Single Male Pensioners' should be treated with caution due to changes in bias.

By caseload, take-up of the Guarantee Credit element of Pension Credit was higher than the take-up of Pension Credit for all pensioners in 2007-08. It is not possible to conclude whether take-up of the Guarantee element was higher than Pension Credit using the expenditure-based measure of take-up due to overlapping ranges.

For both the caseload and expenditure measures of take-up it is not possible to determine which family type had the highest level of take-up in 2007-08, since the intervals presented overlap.

There was no evidence of any change in caseload take-up for those entitled to the Guarantee Credit only, between 2006-07 and 2007-08 for pensioners as a whole. Similarly, there was no evidence of a change in take-up for pensioner couples or for single females. There was evidence of decrease in take-up, of two percentage points for single male pensioners, although we cannot be certain of this due to changes in bias.

Overall take-up of the Guarantee Credit would have increased slightly between 2006-07 and 2007-08 had Pension Credit applicable amounts not been increased at a higher rate than the Retirement Pension in April 2007 (see commentary on Tables 2.1 and 2.2 for further explanation).

Table 2.5: Caseload take-up of Guarantee and Savings Credit

	Year	Pensioner Couples	Single Male Pensioners	Single Female Pensioners	All Pensioners
					<i>(Thousands)</i>
Number of Recipients	2006-07	220	210	820	1,260
	2007-08	230	210	800	1,240
Range of Entitled Non-Recipients	2006-07	110 : 190	40 : 100	190 : 390	350 : 660
	2007-08	70 : 120	40 : 70	190 : 470	310 : 650
					<i>(Percentages)</i>
Take-Up Ranges	2006-07	54 : 67	67 : 84	68 : 81	66 : 78
	2007-08	65 : 76	74 : 86	63 : 81	66 : 80

Table 2.6: Expenditure take-up of Guarantee and Savings Credit

	Year	Pensioner Couples	Single Male Pensioners	Single Female Pensioners	All Pensioners
					<i>(Pounds)</i>
Average Weekly Amounts Claimed	2006-07	53	39	42	43
	2007-08	59	41	44	46
Average Weekly Amounts Unclaimed	2006-07	38	31	33	34
	2007-08	41	34	34	36
Median Weekly Amounts Unclaimed	2006-07	32	26	27	29
	2007-08	36	27	28	30
					<i>(Millions of Pounds)</i>
Total Amount Claimed	2006-07	620	420	1,800	2,840
	2007-08	690	450	1,850	2,990
Total Range Unclaimed	2006-07	230 : 400	70 : 180	350 : 710	650 : 1,220
	2007-08	170 : 280	70 : 150	360 : 880	610 : 1,270
					<i>(Percentages)</i>
Take-Up Ranges	2006-07	61 : 73	70 : 86	72 : 84	70 : 81
	2007-08	71 : 81	75 : 86	68 : 84	70 : 83

Take-up by those pensioners who were eligible for both the elements of Pension Credit was higher than take-up of just the Savings Credit component across all family types (Tables 2.7 and 2.8) and similar to the take-up of the Guarantee component of Pension Credit (Tables 2.3 and 2.4). By both caseload and expenditure, it is not possible to say which family type had the highest or lowest take-up rate of Guarantee and Savings Credit.

Between 2006-07 and 2007-08, there was no evidence of a change in the caseload take-up of Guarantee and Savings Credit. The same conclusion holds when we consider the three family types separately. However, caution is required in interpreting these statistics due to the high level of bias associated with measuring the take-up of Guarantee and Savings Credit for all the family types presented.

Had Pension Credit applicable amounts not been increased at a higher rate than the Retirement Pension in April 2007 the conclusion that there was no evidence of a change in take-up would still hold.

Table 2.7: Caseload take-up of Savings Credit only

	Year	Pensioner Couples	Single Male Pensioners	Single Female Pensioners	All Pensioners
	<i>(Thousands)</i>				
Number of Recipients	2006-07	210	120	270	600
	2007-08	200	120	270	590
Range of Entitled Non-Recipients	2006-07	210 : 310	110 : 160	270 : 380	620 : 830
	2007-08	180 : 240	70 : 90	180 : 230	430 : 550
	<i>(Percentages)</i>				
Take-Up Ranges	2006-07	41 : 50	43 : 51	42 : 50	42 : 50
	2007-08	46 : 54	58 : 64	54 : 60	52 : 58

Note

Comparisons over time for all family types in this table should be treated with caution due to changes in bias.

Table 2.8: Expenditure take-up of Savings Credit only

	Year	Pensioner Couples	Single Male Pensioners	Single Female Pensioners	All Pensioners
	<i>(Pounds)</i>				
Average Weekly Amounts Claimed	2006-07	14	11	11	12
	2007-08	15	12	12	13
Average Weekly Amounts Unclaimed	2006-07	10	8	9	10
	2007-08	11	10	10	10
Median Weekly Amounts Unclaimed	2006-07	9	8	10	9
	2007-08	11	9	9	10
	<i>(Millions of Pounds)</i>				
Total Amount Claimed	2006-07	150	70	160	380
	2007-08	160	70	170	410
Total Range Unclaimed	2006-07	120 : 170	50 : 70	140 : 200	320 : 430
	2007-08	110 : 150	40 : 50	100 : 120	240 : 300
	<i>(Percentages)</i>				
Take-Up Ranges	2006-07	47 : 56	48 : 56	45 : 53	47 : 55
	2007-08	52 : 59	61 : 67	59 : 64	58 : 63

Note

Comparisons over time for all family types in this table should be treated with caution due to changes in bias.

The Savings Credit element of Pension Credit had the lowest rate of take-up on both a caseload and expenditure measure. Take-up appeared to be around three-quarters of Guarantee Credit only take-up (Table 2.3 and 2.4). By caseload and expenditure both single male and single female pensioners appeared to have take-up rates greater than or equal to those for pensioner couples. Aside from this, we cannot be sure if take-up of the Savings Credit differed for single males and single females, for either caseload or expenditure take-up due to overlapping ranges.

The overall caseload take-up of the Savings Credit element has increased between 2006-07 and 2007-08 by at least two percentage points. By family type, there was also a marked increase in take-up for single male pensioners, by at least seven percentage points and for single female pensioners, by at least four percentage points. For pensioner couples there is a lack of conclusive evidence of any change in take-up between 2006-07 and 2007-08.

These increases in take-up are the result of decreases in the estimated number of entitled non-recipients rather than an increase in the number of recipients. The bias in estimating the number of Entitled Non-Recipients of Savings Credit for all family types has changed considerably since 2006-07 and so caution is required in interpreting these results.

Examination of the evidence suggests that take-up of the Savings Credit may have increased by slightly more than observed had applicable amounts not been updated by a greater amount than Retirement Pension in April 2007. This held across all family types.

Further analysis of those entitled to but not receiving Pension Credit

In this section we describe the characteristics of those who were entitled to Pension Credit but were not receiving it (ENRs). The analyses are based on the FRS and have not been corrected for the biases that may be inherent in estimates of entitlement to income-related benefits. The analysis may include those who appear to be ENRs but will not all actually be ENRs, for example, due to them receiving a subsequent backdated Pension Credit claim (for more on this see Chapter 6). So, they should be treated with some caution. Nonetheless, where possible, results relate to those identified as ENRs in our modelling taking into account micro-level information indicating potential 'hidden' recipients of Pension Credit.

In practice, a significant proportion of those appearing to be ENRs will not be true ENRs, and a significant proportion of true ENRs may not be identified in our modelling. In the following further analysis, the sample of those entitled to Guarantee Credit only and Guarantee and Savings Credit have been combined and labelled as 'All Guarantee Credit'. This group corresponds to the group who were entitled to Minimum Income Guarantee prior to October 2003 and the two groups will therefore have similar characteristics. Where appropriate, we contrast those identified as ENRs with the characteristics of those who were entitled to and in receipt of Pension Credit and in doing so explore some of the possible causes of non-take-up. We have also drawn upon results of DWP social research in order to provide a better understanding of barriers to take-up.

For some analyses, data from the 2006-07 and 2007-08 Family Resources Surveys have been combined to make results more robust. For the analysis by ethnicity, data from three Family Resources Surveys has been combined (2005-06, 2006-07 and 2007-08).

Awareness of eligibility to Pension Credit

Research commissioned by the DWP in 2004 attempted to identify reasons why some pensioners were not taking up PC and tried to ascertain what steps DWP could take to remove these barriers. The report⁶, number 234, focused on those who were most likely to be ENRs of Pension Credit. This quantitative research showed that one significant reason for non-take-up of Pension Credit was that some older people felt that they would not be eligible. In many cases the perception of ineligibility was based on a misunderstanding of the rules of entitlement with regard to home ownership, other pensions and savings.

More recent qualitative research, published in 2006 and carried out by IFF Research Ltd⁷, has provided further insight into the barriers that exist to claiming Pension Credit. This report, number 336, suggested that there are three primary barriers that prevent older people from claiming Pension Credit. These are:

- a belief that they are not eligible;
- a concern about how the receipt of Pension Credit would interact with other benefits they were currently receiving;
- a lack of awareness of Pension Credit.

⁶ *Encouraging take up: awareness of and attitudes to Pension Credit* Talbot, C., Adelman, L. & Lilly, R (ISBN 1 84 123 792 2) For a summary of this report see the following website: <http://www.dwp.gov.uk/asd/asd5/summ2005-2006/234summ.pdf>

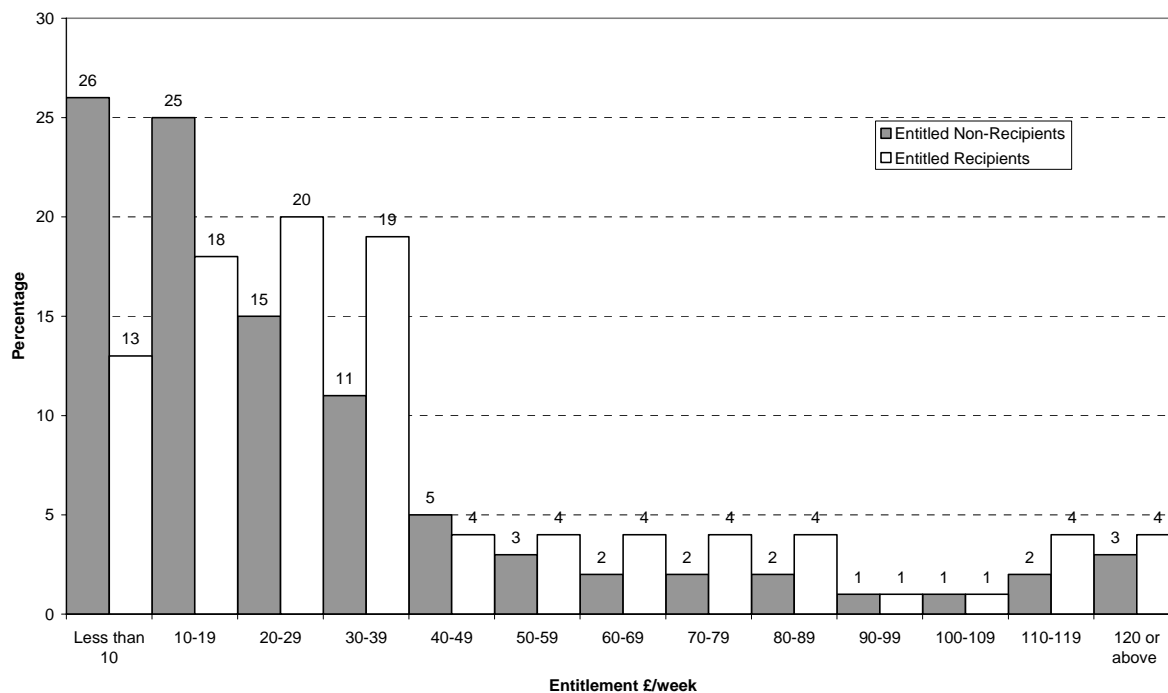
⁷ *Understanding the relationship between the barriers and triggers to claiming Pension Credit*. Bunt, K., Adams L. & Leo, C. (ISBN 1 84123 990 9) The report can be found at the following: <http://www.dwp.gov.uk/asd/asd5/rports2005-2006/rrep336.pdf>

The most common of these was older peoples' perception that they were ineligible, for example because they were working, were in receipt of a (small) occupational pension, that they could 'manage' or that they had been turned down for benefits in the past. Concern about interaction with other benefits was centred on the perception that they would be worse off if they applied. The latter barrier, a lack of awareness of Pension Credit, was relatively minor in comparison to the first two.

The research also found that there were a number of secondary barriers that worked to reinforce the decision not to apply. These centred on the application process and included such things as an unwillingness to disclose financial information and a complicated application process. Some of the issues described above, along with some others, are dealt with in the sections that follow.

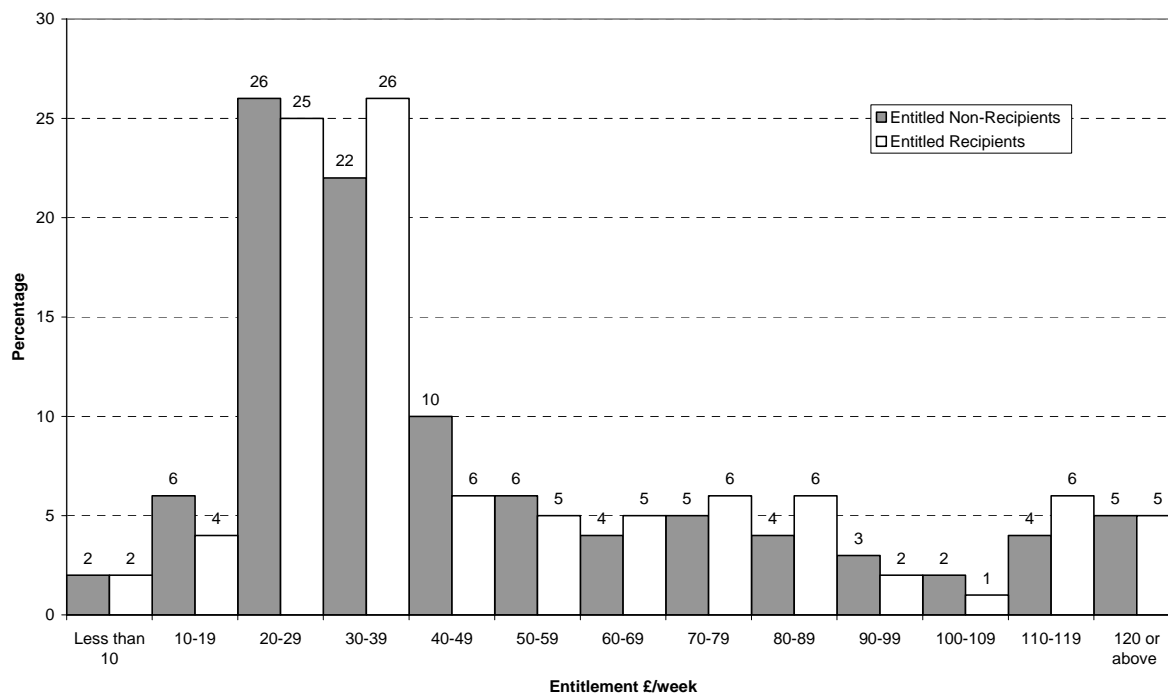
Amounts unclaimed

Figure 2.1: Percentage of Entitled Non-Recipients and Entitled Recipients by band of entitlement to Pension Credit



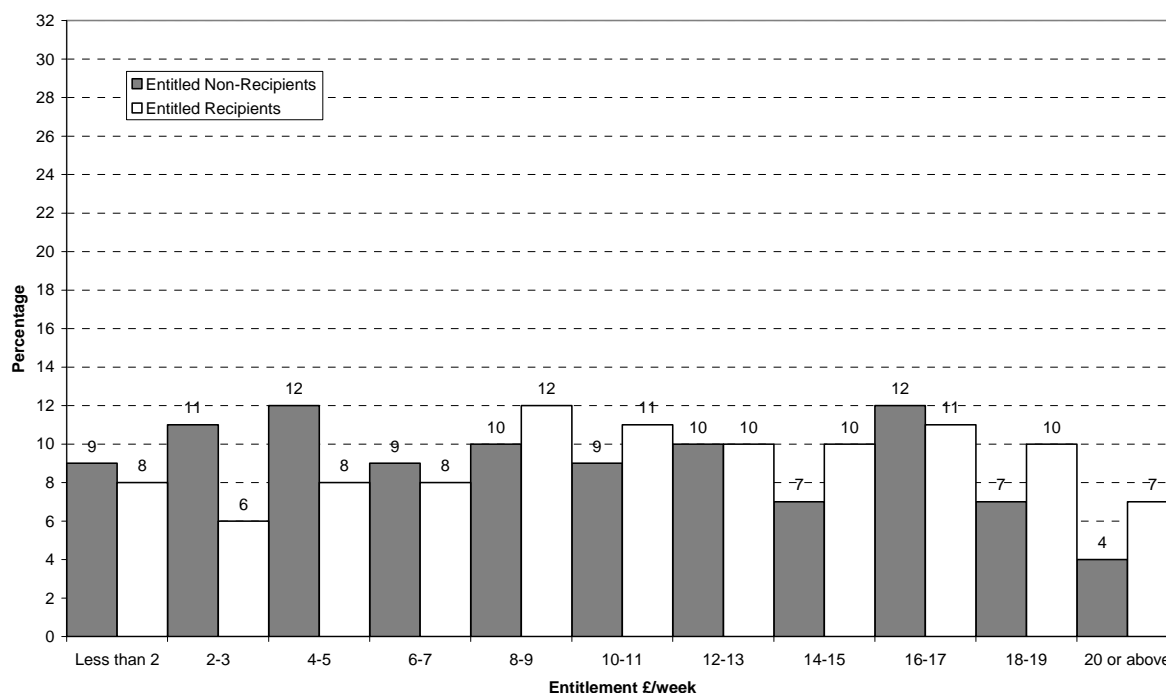
Note: Percentages have been rounded to the nearest whole number.

Figure 2.2: Percentage of Entitled Non-Recipients and Entitled Recipients by band of entitlement to All Guarantee Credit



Note: Percentages have been rounded to the nearest whole number.

Figure 2.3: Percentage of Entitled Non-Recipients and Entitled Recipients by band of entitlement to Savings Credit



Note: Percentages have been rounded to the nearest whole number.

Figures 2.1, 2.2 and 2.3 show the percentage of ENRs and ERs against bands of entitlement to Pension Credit. The numbers above the bars shaded grey show what proportion of ENRs are in each category of entitlement and therefore sum to 100 (although may not due to rounding). The numbers above the bars shaded white show what proportion of ERs were in each category of entitlement. Readers should therefore bear in mind that an equal percentage of ENRs and ERs in any one category does not mean that there is the same *number* of benefit units in that category.

Figure 2.1 shows that, on the whole, ENRs of Pension Credit tended to be entitled to smaller amounts than their ER counterparts, and shows that the distribution of amounts unclaimed was heavily skewed towards smaller amounts.

Figure 2.2, which demonstrates entitlement amounts for those entitled to the Guarantee element (with or without the Savings Credit element), shows that the picture is not as clear for this group. There was a large group of both ENRs and ERs who were in the entitlement bands '£20 to £29 per week' and '£30-£39 per week'. A large proportion of these were pensioners who had income at or just above the Basic State Pension.

Figure 2.3 shows that for Savings Credit, while unclaimed amounts tended to be fairly evenly distributed, claimed amounts were skewed towards larger amounts.

Pension Credit ENRs were twice as likely as ERs to be in the 'less than £10' per week entitlement band. At the upper end of entitlement, ERs were more likely to be entitled to £60 per week or more compared with ENRs: 14 per cent of ENRs fell into this category compared to 22 per cent of ERs.

This suggests that one possible reason why people do not take-up benefit is because they regard the amount they might receive as not worth the effort of claiming. However, IFF's research found that the consideration of the amount they could receive was only a minor barrier to claiming Pension Credit. It was found that older people had a very limited awareness of the range of Pension Credit entitlements and were unaware that it could be awarded at different levels. The research suggested that a more

likely barrier was perceived ineligibility and it may therefore be the case that those pensioners with lower entitlement amounts may be less confident of their entitlement, perceiving themselves to be ineligible, and therefore do not claim. Whatever the reason, 13 per cent of PC ENRs were entitled to less than £5 per week compared with six per cent of ERs.

Age profile

In this section we look at how age may affect the take-up of Pension Credit, particularly focussing on those ENRs and ERs who were aged 80 and over.

Table 2.9: Percentage of Entitled Non-Recipients and Entitled Recipients 80 and over by family type

	Pension Credit Overall		All Guarantee Credit		Savings Credit	
	ENRs	ERs	ENRs	ERs	ENRs	ERs
Pensioner couples	19%	22%	14%	19%	25%	28%
Single males	31%	24%	25%	23%	38%	26%
Single females	43%	44%	43%	43%	43%	48%
All pensioners	33%	35%	30%	34%	36%	37%

Table 2.9 shows for pensioners overall ERs were slightly more likely than ENRs to be aged 80 or over, whether PC as whole or either type of Pension Credit is considered.

As far as pensioner couples and single female pensioners were concerned the same result held. For single males, the reverse was true, whereby ENRs were more likely than ERs to be aged 80 or over.

Tenure profile

Figure 2.4: Percentage of Entitled Non-Recipients and Entitled Recipients of Pension Credit by tenure type

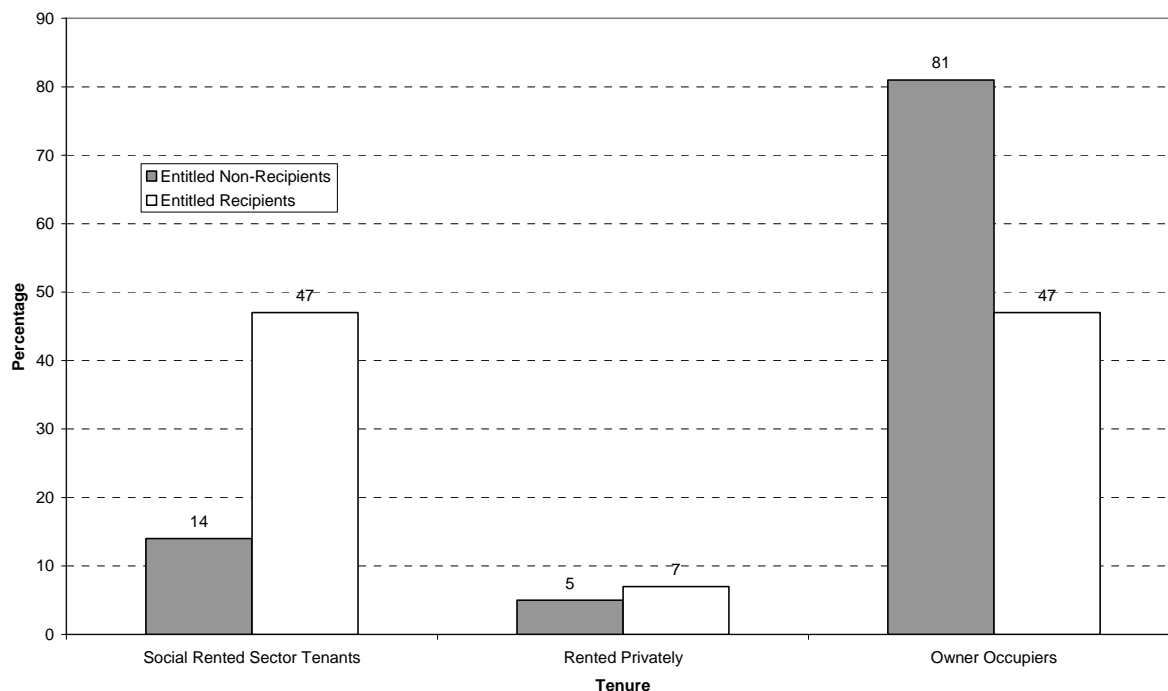


Figure 2.4 shows that 14 per cent of ENRs of Pension Credit were social rented sector tenants compared with 47 per cent of ERs; five per cent of ENRs were private renters compared with seven per cent of ERs; and 81 per cent of ENRs were owner-occupiers compared with 47 per cent of ERs. It is possible that this large difference between ERs and ENRs who were owner-occupiers was due to some pensioners believing that they were not eligible for Pension Credit if they own their own home.

Ethnicity

Table 2.10: Percentage of Entitled Non-Recipients and Entitled Recipients of Pension Credit by ethnicity

	Year	White	Mixed	Asian	Black	Other
						(percentages)
Entitled Non-Recipients	2006-07	95	0	2	1	1
	2007-08	95	0	2	1	1
Entitled Recipients	2006-07	94	0	3	2	1
	2007-08	93	0	3	2	1

Note:

Estimates for 2006-07 are based upon 2004-05, 2005-06 and 2006-07 data

Estimates for 2007-08 are based upon 2005-06, 2006-07 and 2007-08 data

Table 2.10 presents the distribution of ENRs and ERs by ethnicity. Readers should bear in mind that an equal percentage of ENRs and ERs for any ethnic group does not mean that there is the same number of ERs and ENRs in that category.

The greatest proportion of ENRs and ERs of Pension Credit are White. There were proportionately more ENRs than ERs who were White indicating that take-up may have been lower for this ethnic

group. The opposite is true of the Black and Asian ethnic groups. The differences are small were in each case.

Other income

Another possible explanation for non-take-up is that ENRs manage with other sources of income. The IFF research quoted above found that one reason for perceived ineligibility was that they were able to 'cope' with the income they had.

For Pension Credit as a whole, 77 per cent of single pensioner ENRs had other income (excluding Housing Benefit and Council Tax Benefit) of more than £105 per week compared with 67 per cent of ERs. This suggests that, for single people entitled to Pension Credit, the existence of significant amounts of other income may be a factor in their decision not to claim. The same applies when looking at pensioner couples, where 72 per cent of Pension Credit ENRs and 65 per cent of ERs had other income exceeding £180 per week. This suggests that the existence of significant amounts of other income may dissuade ENRs from claiming Pension Credit.

By looking in more detail at the family type of pensioners we find that for certain groups, the differences between ENRs and ERs appear to be greater than for others. For Pension Credit overall, 88 per cent of single male pensioner ENRs of PC had other income greater than £75 per week; this compares with 84 per cent of ERs. The corresponding figures for single female pensioners were 92 and 93 per cent respectively. This suggests that existence of other income may be more significant for single males than single females in the decision not to claim Pension Credit.

The previous analysis includes income that is taken into account when working out entitlement to Pension Credit, so it focuses on those with smaller entitlements. If we define 'other income' as all the benefits that are ignored when entitlement to Pension Credit is assessed (such as Housing Benefit, Council Tax Benefit, Attendance Allowance and Disability Living Allowance), then we can get some idea whether ENRs were more or less likely to try to manage with the benefit income they already had.

For single pensioners, six per cent of ENRs and 35 per cent of ERs had benefit income of more than £75 per week. For pensioner couples, seven per cent of ENRs and 18 per cent of ERs had benefit income that was greater than £100 per week. This suggests that ENRs may not be trying to manage with the benefit income they already receive. In fact, those with higher benefit income may be more aware of their entitlement through contact with the benefits system and therefore more willing and likely to claim PC.

One further reason why ENRs might not claim their entitlement is because they believe having 'other pensions' prevents them from being entitled to Pension Credit. This was a finding of the report number 336 quoted above. Table 2.11 (below) shows that ENRs were more likely to be in receipt of an occupational pension than ERs. If they believed this made them ineligible, this may have contributed to their decision not to claim Pension Credit.

Table 2.11: Percentage of ENRs and ERs who were in receipt of an occupational pension by PC type

Pension Credit Type	Entitled Non-Recipients	Entitled Recipients
Pension Credit Overall	35%	22%
All Guarantee Credit	21%	15%
Savings Credit	49%	41%

Whether claiming Housing Benefit

Another difference between ERs and ENRs of Pension Credit was in the percentages who were claiming their entitlement to Housing Benefit (which is only available to renters) in addition to any entitlement that they had to PC.

Table 2.12: Percentage of renter Pension Credit ENRs and ERs who were ENRs and ERs of Housing Benefit, by PC type

Pension Credit Type	PC Entitled Non-Recipients		PC Entitled Recipients	
	ENRs of Housing Benefit	ERs of Housing Benefit	ENRs of Housing Benefit	ERs of Housing Benefit
Pension Credit Overall	43%	37%	6%	86%
All Guarantee Credit	46%	36%	5%	88%
Savings Credit	40%	38%	9%	82%

Table 2.12 shows that we found that 86 per cent of ERs of Pension Credit as a whole were in receipt of Housing Benefit compared with only 37 per cent of PC ENRs. Forty-three per cent of ENRs of Pension Credit were also ENRs of Housing Benefit compared with only six per cent of entitled Pension Credit recipients. These proportions were similar when looking at ENRs and ERs of All Guarantee Credit and Savings Credit separately.

This result is consistent with the fact that recipients of the Guarantee Credit who rent their home are automatically entitled to Housing Benefit under benefit rules.

Whether claiming Council Tax Benefit

Similar to the previous section, we have examined the differences between ERs and ENRs of Pension Credit in terms of the percentages of each group who were claiming their entitlement to Council Tax Benefit in addition to any entitlement that they had to PC.

Table 2.13: Percentage of Pension Credit ENRs and ERs who were ENRs and ERs of Council Tax Benefit, by PC type

Pension Credit Type	PC Entitled Non-Recipients		PC Entitled Recipients	
	ENRs of Council Tax Benefit	ERs of Council Tax Benefit	ENRs of Council Tax Benefit	ERs of Council Tax Benefit
Pension Credit Overall	66%	15%	16%	77%
All Guarantee Credit	65%	15%	12%	80%
Savings Credit	67%	15%	23%	68%

Table 2.13 shows that 77 per cent of ERs of Pension Credit as a whole were in receipt of Council Tax Benefit compared with only 15 per cent of PC ENRs. Sixty-six per cent of ENRs of Pension Credit

Pension Credit

were also ENRs of Housing Benefit compared with 12 per cent of entitled Pension Credit recipients. These proportions were broadly similar when looking at ENRs and ERs of All Guarantee Credit and Savings Credit separately.

This result is consistent with the fact that recipients of the Guarantee Credit who have a Council Tax liability are automatically entitled to Council Tax Benefit under benefit rules.

Living with other benefit units

A further possible explanation for non-take-up of Pension Credit is that ENRs may share resources with others living in the same household. This may lead potentially entitled pensioners to believe they are ineligible for Pension Credit. Overall, 18 per cent of ENRs and 16 per cent of ERs shared their household with other benefit units. Looking separately at the components of Pension Credit shows that 23 per cent of ENRs and 17 per cent of ERs of All Guarantee Credit were living with other benefit units in the household. This compares with 17 per cent and 13 per cent respectively for Savings Credit.

Of the ENRs living in households with more than one benefit unit, 74 per cent lived with benefit units with more than £150 per week of gross income. This compares with 65 per cent in the case of ERs living with other benefit units.

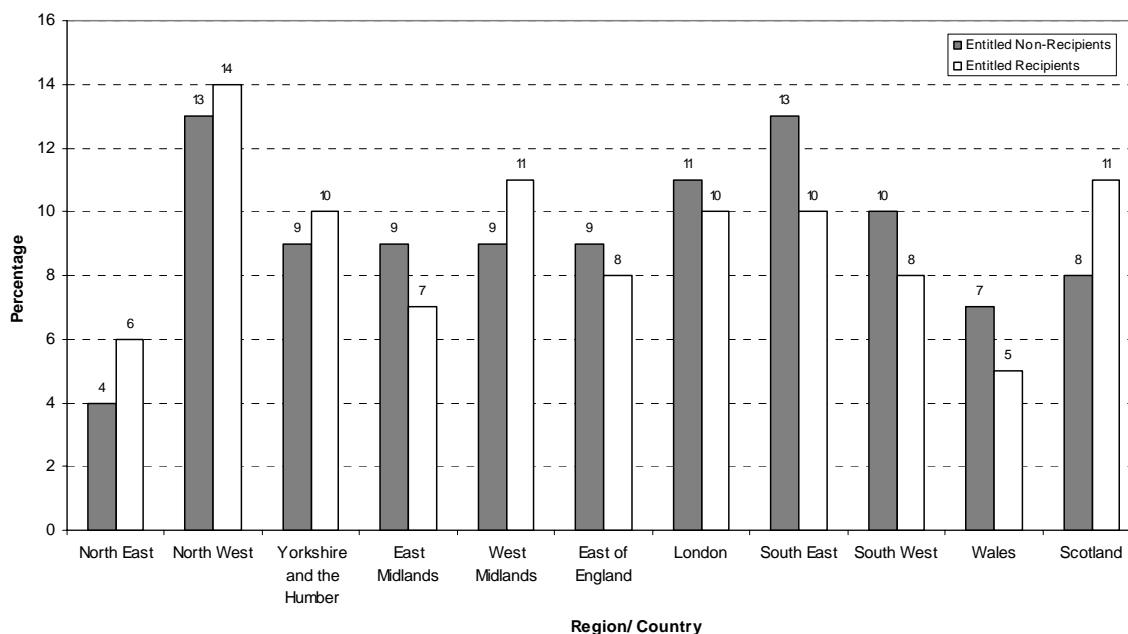
This suggests that the benefit units living with ERs tended to have less gross income (and therefore less resources to share) than their counterparts who lived with ENRs, possibly contributing to their decision to claim.

Region/Country

Figure 2.5 presents the distribution of ENRs and ERs by region/country. The numbers above the bars shaded grey show what proportion of ENRs lived in each region/country, and therefore sum to 100 (although may not due to rounding). The numbers above the bars shaded white show what proportion of ERs lived in each region/country. Readers should therefore bear in mind that an equal percentage of ENRs and ERs in any region does not mean that there is the same *number* of ERs and ENRs in that category.

The North West area had the largest estimated proportion of ERs. The North West and South East areas had the largest proportions of ENRs. There were proportionately more ENRs than ERs in the East of England, the South East, London, the East Midlands, the South West and Wales, indicating that take-up may have been lower in these areas in 2007-08. However, the differences were not large.

Figure 2.5: Entitled Non-Recipients and Entitled Recipients of Pension Credit by Region / Country



Note: This chart is based on a combination of 2006-07 and 2007-08 data. Percentages have been rounded to the nearest whole number.

Disability

Seventy per cent of ERs had at least one disabled person in the benefit unit (defined as disabled according to the Disability Discrimination Act), compared with 58 per cent of ENRs. This suggests that take-up of Pension Credit in 2007-08 may have been higher among benefit units containing at least one disabled person. .

Marital status

The DWP research report 234 found that pensioners who were divorced, separated or widowed were more likely to claim their entitlement to Pension Credit than others, perhaps suggesting that pensioners without the support of their former partner are likely to feel vulnerable and in need of help from others. Evidence from the FRS (displayed below in Table 2.13) supports this finding with a greater proportion of ERs being divorced, widowed or separated compared with ENRs.

Table 2.14: Percentage of ENRs and ERs who are divorced, widowed or separated by PC type

Pension Credit type	Entitled Non-Recipients	Entitled Recipients
Pension Credit Overall	58%	67%
All Guarantee Credit	57%	69%
Savings Credit	59%	62%

The percentage of Entitled Non-Recipients and Entitled Recipients living on low incomes

This section provides an analysis of the percentage of ENRs and ERs of Pension Credit and its components, who were living in low-income households. One commonly used indicator of low income is whether a household is below 60 per cent of contemporary median income – the median is the income below which half the population lie. This indicator of low income is used in the following analysis which combines benefit unit level take-up datasets with household equivalised income results from the 'Households Below Average Income' publication⁸.

Since 2005-06, HBAI's measurement of the income distribution has been based on incomes in the UK as a whole, and use the OECD equivalisation scale. This comes from the 2004 Spending Review that stipulated that the child poverty measure should be measured on these bases.

This section compares those in Great Britain on the take-up dataset against the UK median based on OECD equivalisation using the HBAI dataset. Take-up estimates are presented for the population in Great Britain, but the definition of 'low income' has used the UK median to be consistent with low-income estimates published in the 'Households Below Average Income' report. Previous analysis has shown that the inclusion of Northern Ireland produces estimates that are virtually indistinguishable whether using GB or UK medians. The position of some ENRs and ERs in the income distribution may have been affected by the incomes of other household members. Figures are calculated both Before Housing Costs (BHC) and After Housing Costs (AHC) for 2006-07 and 2007-08.

Note that the results for 2006-07 presented in Tables 2.15, 2.16 and 2.17 will differ slightly from those previously published because the improvements mentioned at the beginning of the chapter and described in more detail in Chapter 6.

Table 2.15: Percentage of ENRs and ERs of Pension Credit below 60 per cent of contemporary median income

		Year/Percentage	Before Housing Costs (BHC)	After Housing Costs (AHC)
Pensioners	ENRs	2006-07	66%	55%
		2007-08	70%	54%
	ERs	2006-07	34%	33%
		2007-08	36%	33%

Table 2.15 shows that, in 2007-08, 70 per cent of pensioners who were entitled to but were not receiving Pension Credit lived in low-income households on the BHC measure. This fell to 54 per cent on an AHC basis. For ERs of the benefit, around one-third were in low-income households on both a BHC and AHC basis.

⁸ *Households Below Average Income (HBAI) 1994/95-2007/08*, (2009) DWP. For access to the publication see the following website: <http://www.dwp.gov.uk/asd/hbai.asp>

Table 2.16: Percentage of ENRs and ERs of All Guarantee Credit below 60 per cent of contemporary median income

Year/Percentage			Before Housing Costs (BHC)	After Housing Costs (AHC)
Pensioners	ENRs	2006-07	74%	74%
		2007-08	75%	74%
	ERs	2006-07	35%	39%
		2007-08	38%	38%

Table 2.16 shows that, on a Before Housing Costs basis, 75 per cent of ENRs of Guarantee Credit were in households below 60 per cent of median income in 2007-08, whereas just 38 per cent of ERs of All GC were in this position. These proportions were similar on the After Housing Costs measure.

Table 2.17: Percentage of ENRs and ERs of Savings Credit below 60 per cent of contemporary median income

Year/Percentage			Before Housing Costs (BHC)	After Housing Costs (AHC)
Pensioners	ENRs	2006-07	59%	38%
		2007-08	65%	34%
	ERs	2006-07	33%	21%
		2007-08	32%	19%

Table 2.17 shows that the estimates of ENRs and ERs in low income for Savings Credit Before and After Housing Costs were lower than for All Guarantee Credit and Pension Credit as a whole. Sixty-five per cent of ENRs were below 60 per cent of contemporary median income on the Before Housing Costs measure; this fell to 34 per cent after housing costs were deducted from income. ERs of Savings Credit were less likely to be below this threshold on both the Before and After Housing Costs measures.

In summary, Tables 2.15, 2.16 and 2.17 show that for Pension Credit overall and for each type considered separately ENRs were approximately twice as likely as their ER counterparts to be in relative low income on both the AHC and BHC measures.

Trends in take-up over time

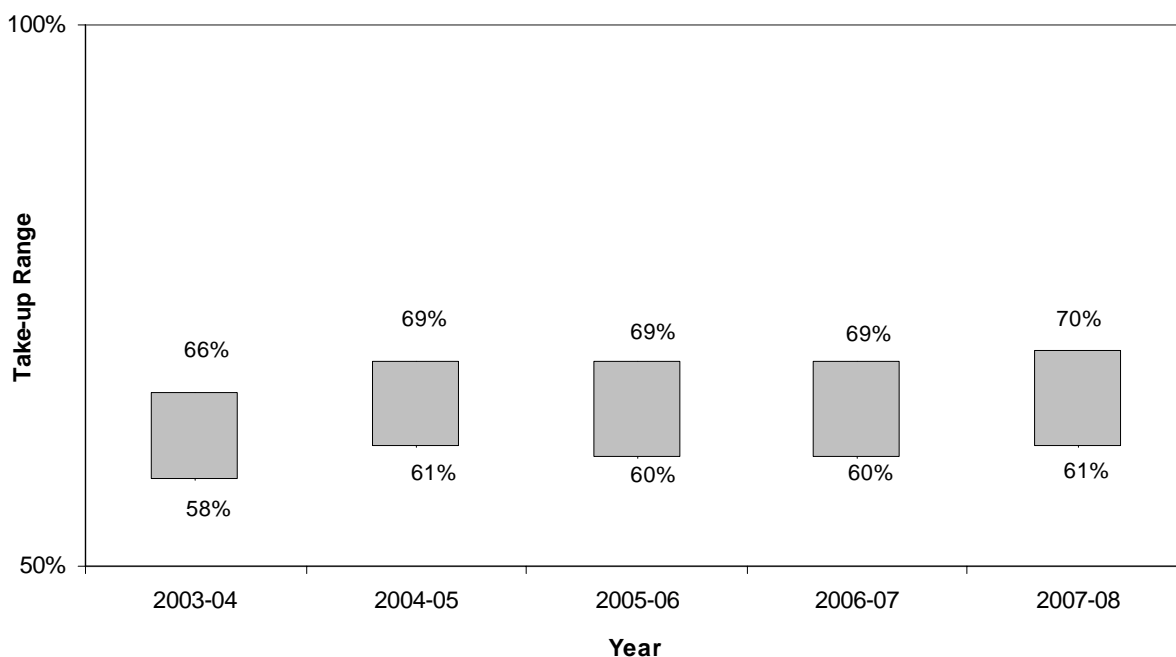
The following section focuses on caseload take-up of Pension Credit since its introduction in 2003-04, and highlights any changes in caseload take-up since then.

Comparing take-up over time is not straightforward. Our estimates of the range within which take-up lies allow for biases, which can change from year to year; but we cannot be sure of the extent or effects of changes. Additionally, the ranges overlap from one year to the next. The statements made below which accompany the charts allow for the above complications as best we can. By making use of all the available evidence we are able to give conclusions about changes since 2003-04 which may not seem to be apparent or intuitive based only on an inspection of the chart.

The methodology used to determine the direction and extent of take-up has been changed to make it more consistent, and gives a more accurate reflection of the level of change. As a result, the changes may differ from conclusions given in previous publications.

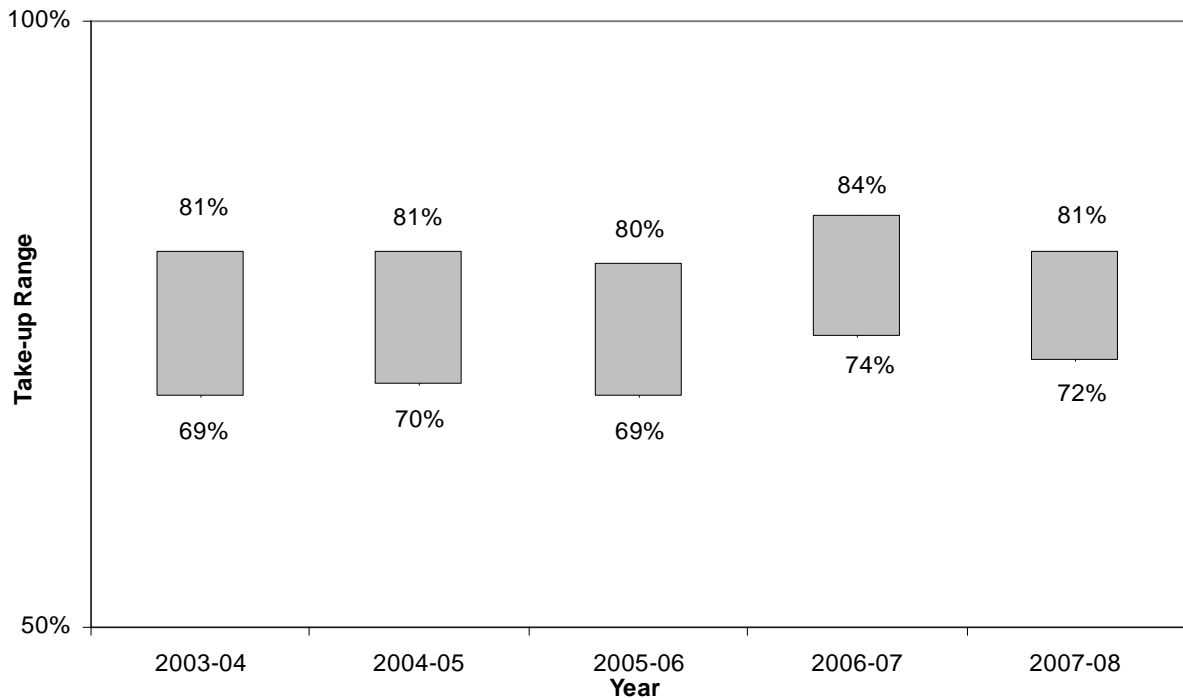
As explained at the beginning of this chapter, and in more detail in Chapter 6, the take-up ranges presented here in respect of 2006-07 have been revised since the previous publication.

Figure 2.6: Pattern over time in caseload take-up of Pension Credit



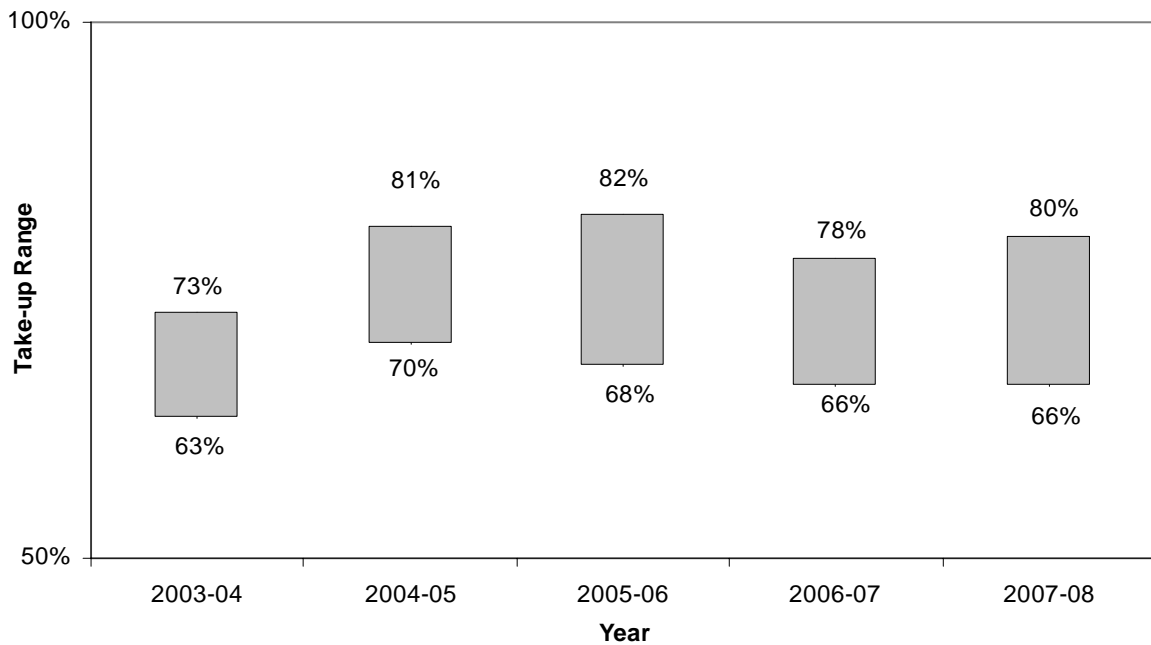
Between 2003-04 and 2007-08 there was evidence of an increase in take-up of around nine percentage points for Pension Credit as a whole although there has also been a slight change in measurement bias over the period. An analysis of take-up among only those pensioners who would have been entitled if Pension Credit applicable amounts had not been increased in real terms between 2003-04 and 2007-08 suggests take-up increased by a greater extent, by around ten percentage points. This implies that there was a relatively low take-up by those pensioners brought into entitlement by higher applicable amounts.

Figure 2.7: Pattern over time in caseload take-up of Guarantee Credit only



Since 2003-04, there is evidence of a small increase of about one percentage point in the take-up of the Guarantee element of Pension Credit, although we cannot be certain due to changes in bias over the period. An analysis of take-up among only those pensioners who would have been entitled if Pension Credit applicable amounts had not been increased in real terms between 2003-04 and 2007-08 suggests take-up may have increased by a greater extent, around 3 percentage points for this group. This implies that there was a relatively low take-up by those pensioners brought into entitlement by higher applicable amounts.

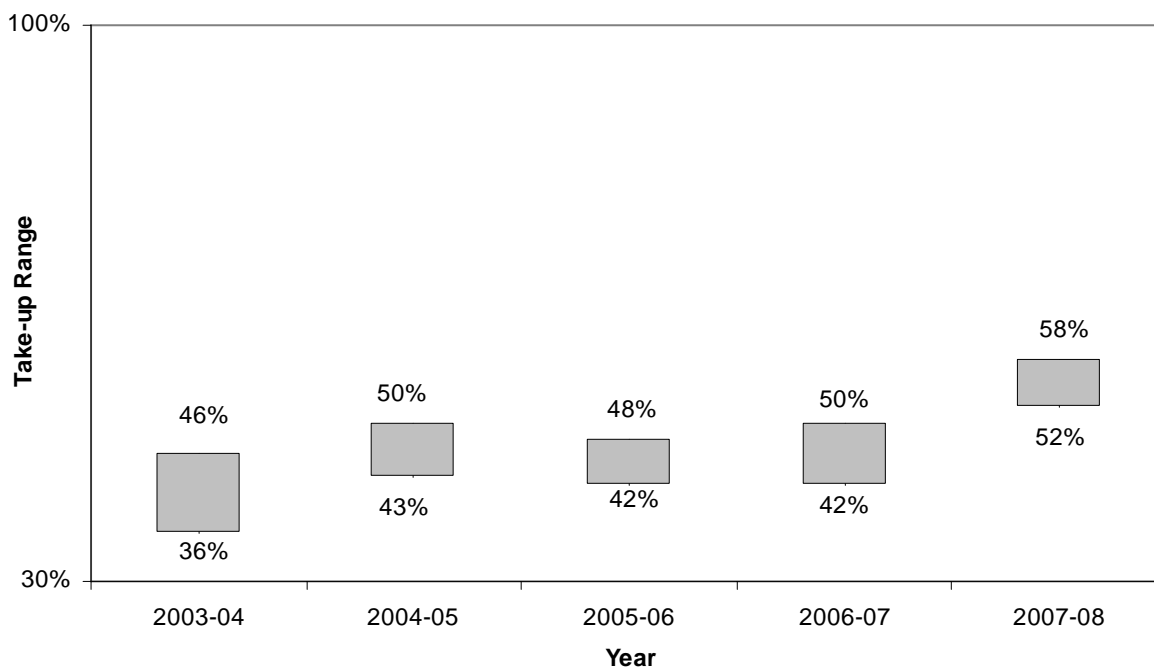
Figure 2.8: Pattern over time in caseload take-up of Guarantee and Savings Credit



Pension Credit

Since 2003-04, there was evidence to suggest that there was an increase in take-up of the Guarantee and Savings element of perhaps eleven percentage points, although we cannot be sure due to high levels of bias for this group. An analysis of take-up among only those pensioners who would have been entitled if Pension Credit applicable amounts had not been increased in real terms between 2003-04 and 2007-08 suggests take-up would still have increased by around eleven percentage points for this group.

Figure 2.9: Pattern over time in caseload take-up of Savings Credit



Since 2003-04, there was evidence to suggest an increase in take-up, by at least six percentage points, for the Savings Credit element of Pension Credit, although it is difficult to be certain because of large changes in the levels of bias this year.

An analysis of take-up among only those pensioners who would have been entitled if Pension Credit applicable amounts had not been increased in real terms between 2003-04 and 2007-08 suggests take-up of the Savings Credit would have increased by more than this.

Figure 2.10: Pattern over time in caseload take-up of Income Support/Minimum Income Guarantee and Guarantee Credit

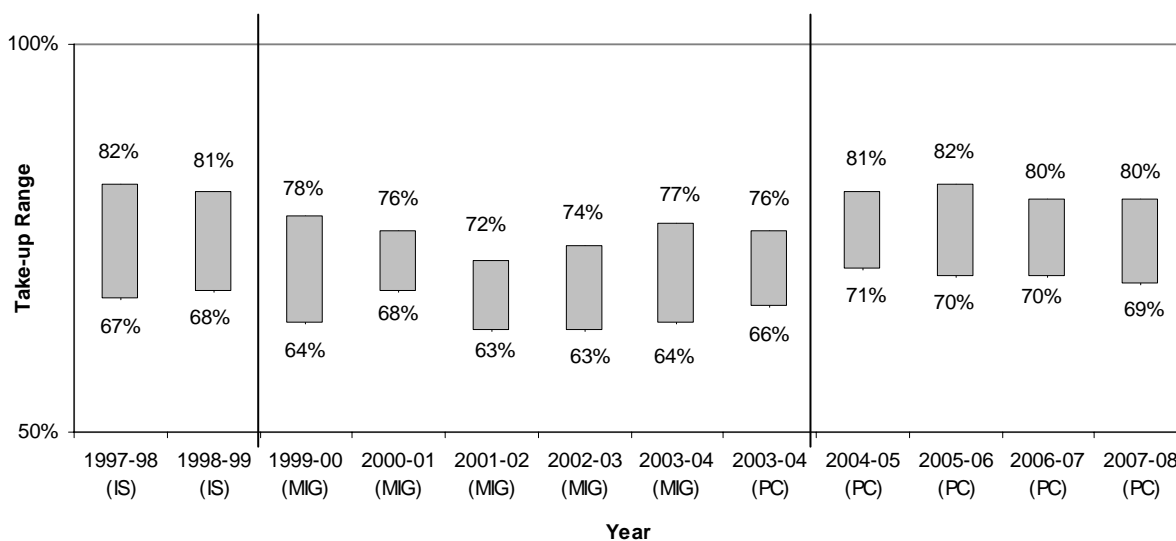


Figure 2.10 shows the take-up of Income Support, the Minimum Income Guarantee and the Guarantee Credit element of Pension Credit (with or without the Savings Credit element) over the period 1997-98 to 2007-08. Caution should be employed when interpreting the chart, as the benefits and biases associated with measuring the take-up of these benefits has changed over time.