



Department
for Work &
Pensions

Government consultation response: Proposed cessation of Income Related Benefits: Estimates of Take-up

Public consultation response

December 2012

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1. Background

On 12 July 2012, the Government published a consultation on the future of the National Statistics publication *Income Related Benefits: Estimates of Take-up*. The consultation set out the proposal to cease publication of the National Statistics series.

The consultation closed on 4 October 2012. Between July and September 2012 the consultation document was downloaded 1,850 times.

Breakdown of responses

The Department for Work and Pensions (DWP) received 47 responses in total, of which 21 responses were from organisations, 10 responses were from central or local government, and 16 were from individuals. **Annex 1** has a full list of individuals and organisations that responded.

Structure of this document

This publication provides the next steps DWP will be taking following consideration of responses to the consultation. It also summarises the main points made by respondents and provides the Government's response.

Not all respondents chose to answer the specific questions asked; many preferred to provide their views in general. We have allocated such responses to the appropriate sections.

2. Next steps

As a result of the positive responses to the consultation, DWP has decided to continue to publish the series. It is planned that the next report publishes data for the years 2010/11 and 2011/12 combined.

3. Summary of consultation responses

This section summarises the main points raised in the consultation with results grouped under each question asked in the report.

Question 1 Do you use information from Income Related Benefits: Estimates of Take-up?

Several responses highlighted the use of take-up statistics in other published works.

Further uses of the statistics highlighted by respondents included the following comments:

Institute for Fiscal Studies (IFS): First, we use it as an input in modelling exercises: for example, to adjust for non-take-up when simulating the future distribution of income given stated benefit policy and when estimating the government revenue implications of benefit reforms. Such modelling would be less accurate in the absence of this information. And second, we look at take-up rates as a matter of direct policy interest in their own right, a vital part of assessing the effects and effectiveness of government policy. Knowing the take-up rates of means-tested benefits is clearly crucial for anyone wishing to understand the welfare system and its impact on the population. For example,

it is impossible to understand fully the income distribution without this (in particular, the number of people with close to zero incomes and the number of pensioners in income poverty despite the existence of Pension Credit) or to gauge how far increases in income-related benefits are likely to reach those in need.

Age UK: The figures are central to the work we carry out encouraging older people to claim their entitlements. The other way that we use the figures is in order to monitor and evaluate pension and benefit policy. This information informs the policy work of Age UK and the way that we try to influence Government and others in order to ensure that current and future older people have adequate incomes.

Save the children: We value the usefulness of the data to research organisations like the Institute for Fiscal Studies who use it in modelling exercises. The data aides the validity of such work and in that sense the data is of both direct and secondary usefulness for organisations like Save the Children.

Child Poverty Action Group (CPAG): In November 2011 CPAG provided expert evidence to the Public Accounts Committee about the problems associated with means-tested benefits. The series provided vital information supporting our contention that heavy means-testing depresses take-up, thereby undermining the effectiveness and efficiency of certain benefits.

Question 2 What would be the effect of not having this information?

Responses included the following comments:

Paul Spicker (Robert Gordon University): This information matters. First, it provides evidence on some of the key dynamics in the process of claiming. Second, takeup is one of the principal tests of effectiveness and efficiency. Third, takeup is also an indicator of effective demand. Fourth, benefits interact. A failure to monitor the interaction of benefits (including the new Council Tax rebates) may compromise the evaluation of welfare reform.

IFS: The government argues that the comparative simplicity of Universal Credit will lead to increased take up, which in turn will underpin reductions in child poverty. Without the baseline data, or indeed data itself on take-up of Universal Credit, we will be unable to evaluate whether Universal Credit is delivering on its key objectives.

Steve McKay (University of Birmingham): Government policy might be seen to be less accountable and transparent on this key issue. This is a long-running issue, and on which information has been available for some time. I suspect external analysts might produce estimates of their own, but they may not generate results that are entirely consistent with the government-produced numbers.

Age UK: These figures are important and are regularly used in the media and

elsewhere. If the DWP does not update the estimates we expect old, increasingly out of date, figures will continue to be quoted or new figures will be produced based on much more limited analysis or small scale survey data.

Adrian Sinfield (Edinburgh University):

- It would deprive policymakers and analysts of essential evidence for evaluating benefit effectiveness:
- It would be an even greater loss given increasing reliance on means-testing:
- It would further weaken [poverty] preventive strategies
- It would limit comparisons with new benefits:
- It would hamper attempts to improve take-up:
- It would deprive policymakers and analysts of an internationally recognised and valued indicator:
- More analysis and research on take-up, not less, is urgently needed to inform and improve means-tested/income-related policies.

Question 3 Have you any other views or comments on the proposal to discontinue the statistics?

A selection of responses to this question follows:

CASE: Since the specific benefits covered comprise public expenditure of (at rough calculation) of upwards of £50bn per annum, this is in itself a compelling reason to maintain the statistics. A great deal of attention is directed to estimates of fraud and error in the benefit system, another series produced by DWP. It is equally important to understand the numbers and characteristics of those who fail to take up entitlements, who suffers hardship as a result, and how this changes over time. These are critical questions for designing effective policy. More generally, we use the statistics in tax-benefit modelling estimates of the effects of the current policy system and potential reforms. They are an important component in a proper assessment of the UK in international comparisons of the effects of taxes and benefits, for example, using EUROMOD. They are vital to any assessment of the costs and benefits of means-testing as opposed to other approaches to targeting.

IFS: Take-up should be of utmost policy interest. Of all statistics that the Department for Work and Pensions could track, the fraction of eligible people who are taking up its benefits is one of the most important, and even more so at a time when substantial reforms to the welfare system are being implemented. Uncertainty [in the take-up ranges] here is not so large that we get no useful information: on the contrary, we have a good idea of which groups take up benefits more than others, and which benefits tend to have higher take-up rates than others, especially when patterns persist over several years.

Age UK: Age UK has welcomed the protection for pensioners in the new [Council Tax Support] system however we are very concerned that because local authorities will need to meet claims from a cash limited budget they will have little incentive to encourage take-up and indeed will benefit financially if there are fewer older people claiming support in their area.

CPAG: Should the series cease as suggested, the last take-up data available will be for 2009/10, resulting in a gap of at least five years before information on Universal Credit (UC) take-up will be captured (assuming information is gathered for the first full year of UC operation 2014/15). It seems reasonable to assume that such data will not be available until 2016/17.

IFS: If no estimates of take-up rates were produced in those intervening years, any analysis of the effects of the introduction of Universal Credit on take-up rates would be far less robust.

HoC library: We note that HMRC has for some years been publishing figures for Child Benefit and Tax Credits take-up statistics, similar to the benefit take-up figures from the DWP. Maybe this is an opportunity to draw these efforts together to produce an overall analysis for benefits and the new credit and at the same do so within the resource constraints faced by both organisations.

Question 4 Which if any of the options do you prefer and why?

There was wide support to continue with the publication in its current form (Option 1). Many respondents highlighted that the alternative options were significantly inferior.

4. Government response

Summary

Due to increased demand on the limited statistics-producing resource because of Welfare Reform changes, resource savings needed to be identified to deliver the new requirements. *Income Related Benefits: Estimates of Take-Up* was put forward as a potential candidate for cessation. The consultation included the option to stop the series along with alternative options that sought to continue take-up statistics albeit in a different format. The main reason take-up statistics was selected for consultation was because the publication only achieved limited readership and occasional engagement from the user community for ad hoc statistics. The consultation was run in line with National Statistics protocols in order to provide an opportunity for the user community to feed in views about the proposed termination. The responses received have persuaded DWP to continue to publish the publication. DWP will take account of comments raised in planning take-up reports once Welfare Reforms are implemented.

Detail

The Government would like to thank all those people and organisations who offered their views and advice in response to this consultation.

The responses to the consultation have shown that the *Income Related Benefits: Estimates of Take-up* report is well regarded by the user community despite the limitations of the relatively wide confidence limits. The statistics published within the report are used to understand the mechanics of the benefits system by social policy commentators. They are also used as inputs to respected independent models of the economy.

As a result of the responses received the Government has decided to continue with the publication. At this stage our outline future plans are:

The next publication will be in its current form presenting statistics on the following income-related benefits: Income Support, Employment Support Allowance, Jobseekers Allowance, Pension Credit, Housing Benefit and Council Tax Benefit.

The next report will be a combined report showing results for 2010/11 and 2011/12 and will be published around Spring 2014.

Further thought will be given to the scope of published statistics for the 2012/13 report because this is the last full year of data prior to welfare reform. For example whether a single combined estimate showing ‘take-up of any benefit or tax-credit’ can be produced.

Universal Credit will begin to be rolled out in 2013/14. DWP statisticians will publish take-up statistics for Universal Credit as soon as robust estimates are available.

With the introduction of Universal Credit there will be a number of methodological and formatting changes for the published report. For this reason, DWP may initially produce Universal Credit take-up statistics as ‘experimental statistics’.

As a National Statistic, planned publication dates for future publications will be made available in advance on the publication hub as longer term plans are confirmed.

The next DWP take-up report will not cover take-up of Tax Credits and Child Benefit which will continue to be published by Her Majesty’s Revenue and Customs. This split of take-up reporting across Departments will be kept under review.

DWP will continue to work with Department for Communities and Local Government to assess the feasibility of measuring the take-up of Council Tax Support which replaces Council Tax Benefit from April 2013. Details of the range of schemes need to be determined by Local Authorities by the end of January 2013.

DWP are not seeking to extend the measurement of take-up for non-income related benefits. This is because, under existing take-up statistics methodology, the FRS is limited in its capacity to record the non-income eligibility characteristics used in the DWP assessment for benefits such as Personal Independence Payments (PIP) to be implemented in April 2013. For example, it would need to ask detailed questions on how individuals are capable of managing a range of tasks. Detailed work was carried out and published in 2007 on the feasibility of a new methodology to produce take-up statistics for Attendance Allowance and Disability Living Allowance at the following URL: <http://research.dwp.gov.uk/asd/asd5/rports2007-2008/rrep442.pdf>. Subsequent

investigations failed to identify an approach that was both sufficiently robust and cost-effective.

Annex 1 Organisations and individuals responding to the consultation on Income Related Benefits: Estimates of take-up

Adrian Sinfield (Edinburgh University)

Advice Agencies Avon

Age UK

Aids Trust

Baroness Lister (House of Lords)

Blackpool CAB

CASE

Chartered Institute of Housing

Child Poverty Action Group

Citizens Advice

Department of Business Innovation and Skills

Elizabeth Finn Care

Fran Bennett

Greater London Authority

Greensquare group Housing

Hanover Housing

Her Majesty's Treasury

House of Commons library

Institute for Fiscal Studies

Jonathan Bradshaw (University of York)

Julia Slade

Kevin Brennan (MP)

Lambeth LA

Leeds Council

London School of Economics

Meg Howarth

Member of Public

MIND in Croydon

Newcastle LA

Paul Dornan (journalist)

Paul Lewis (journalist)

Peabody Housing

Richard Hutton

Robert Gordon University
Royal National Institute for the Blind
Save the Children
SCOPE
Scottish Government
Social Security Advisory Committee
Steve Wilcox (University of York)
Strategic Society
TUC
Stephen McKay (University of Birmingham)
Adrian Sinfield (University of Edinburgh)
Welsh Assembly
Weston and N.Somerset D.I.A.L
Work and Pensions Select Committee