

Evaluation of the Pension Credit payment study

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The Department for Work and Pensions (DWP) recently ran a study which paid a sample of individuals their estimated Pension Credit¹ entitlement without them having first claimed, in order to test subsequent take-up, and explore their attitudes to this approach. It is currently estimated that between 32 and 38 per cent of pensioners who are entitled to Pension Credit are not claiming it². Overall, while participants were generally happy with government using their data to make payments of an income-related benefit, and generally valued the extra income received, take-up of Pension Credit did not greatly increase.

Aims and objectives

The overall aim of the study was to see how the information already available to DWP might be used more effectively to ensure that pensioners get the help that is available through Pension Credit. The results from the study are published across a quantitative report and a qualitative report.

The study involved a random sample of 2,000 people, deemed to be eligible but not in receipt of Pension Credit, who were selected to receive their estimated Pension Credit entitlement without them first making a claim (referred to as the Payment sample). Payments lasted for 12 weeks and ahead of the final payment participants received a letter reminding them that this was their last payment, and providing information about how to make a claim.

A further sample of 2,000 people also deemed to be eligible but not in receipt of Pension Credit, were referred to DWP Visiting (an operating arm of the DWP who specialise in providing face-to-face assistance to vulnerable customers unable to access the Department's services through other channels) to potentially receive a visit and assistance with the Pension Credit claims process (referred to as the Visits sample). This second sample was designed to provide a comparator with which to compare the results from the Payment sample. The quantitative study used these results to determine the net impact of the payments on subsequent Pension Credit take-up.

The qualitative research involved in-depth interviews with a sample of 40 participants from the Payment sample. The aim of this research was to consider the experiences of study participants, including their attitudes to government using personal information to estimate their entitlement to Pension Credit, and to receiving payment without a prior claim, as well as to explore why, after having received their entitled amount for a number of weeks, participants subsequently did or did not go on to make a claim for Pension Credit.

Key findings from the quantitative study

Some increases in take-up can be attributed to the study, but these were only marginal. Take-up of Pension Credit was low in both study groups with 8.6 per cent of the Payment group subsequently going on to make a successful claim, and 13.1 per cent of the Visits sample going on to make a successful claim. This is compared to 2.9 per cent in the remainder of the eligible non-recipient population (i.e. those customers deemed to be eligible but not in receipt of Pension Credit who were not randomly selected for one of the study samples).

¹ Pension Credit is a means-tested benefit for older people which tops up weekly income to a guaranteed minimum level of £137.35 for a single person or £209.70 for a couple (figures correct as of March 2012).

² http://statistics.dwp.gov.uk/asd/income_analysis/feb2012/tkup_full_report_0910.pdf

In addition, cost-effectiveness analysis showed that both methods of promoting take-up were expensive. Paying customers their estimated entitlement without them first making a claim cost around £3,800 for each successful award of Pension Credit achieved in the Payment sample, and DWP Visiting providing their service cost around £600 for each successful award achieved in the Visits sample.

Key findings from the qualitative study

Why they did not claim

As the results from the quantitative analysis show, the majority of participants (around 1,800) in the Payment sample did not go on to make a successful claim to Pension Credit. There were a number of factors which contributed to respondents not claiming.

Some respondents retained the view that they would not be entitled despite being told they could be eligible, and even though some felt as if they needed the money. This was the case for people who had never claimed before, but also for those who had previously been found ineligible.

Inertia and forgetfulness were also a barrier in some cases, as well as people not understanding the study or feeling they did not know how or where to claim. These respondents said they would have benefited from more prompting and reminders to claim. Participants received two letters during the study, one at the beginning and one at the end, including details of how to submit a claim for Pension Credit.

Some respondents appeared resistant towards claiming because of their underlying attitudes towards claiming benefits, often as a result of past negative experiences of the benefits system. Concerns about feeling they were ineligible were amplified by anxieties about the upheaval of the claims process itself, and a worry that they might have to give the money back if they were wrongly paid, leaving them to feel that it was not worth applying.

Why they did claim

The quantitative analysis showed that a relatively small number of participants in the Payment sample went on to make a successful claim for Pension Credit. They did so for a number of reasons.

The study raised awareness of Pension Credit itself, with some respondents having not heard about it before. Some had heard of it but did not know about the entitlement rules, or did not expect to be entitled. Some had previously been turned down and had expected to still be ineligible; the study made them aware that they could be entitled and this encouraged them to make a claim.

For some respondents receiving the extra money had made a significant difference, in terms of their ability to pay for goods and services and their sense of financial security, and they wanted this to continue.

For others, the reminder letter at the end of the study had been the specific prompt which instigated the claim.

A number of additional, external, factors often supported these triggers:

- encouragement from family or a spouse, who sometimes helped them to overcome their inhibitions; and from independent advisers (such as those from Age UK), who provided knowledge and practical support in applying; and
- some thought that the level of Pension Credit had generally increased to a point where claiming was now worthwhile for them.

Awareness of the study

Opt-out of the study appeared to have been minimised by the simplified process of engaging respondents in the study, where no additional input was required, and its timing over the winter and Christmas period, where the additional income was appreciated.

Respondents appreciated receiving information about the study by letter, which they found reassuring and credible. The letter was felt to be clear, concisely worded and covered the key points, in particular confirmation that any money received during the study would not have to be paid back. It was also

thought to be credible because of the use of official logos and contact details, and because people were not required to provide any personal information.

There was a general perception that the study was voluntary, with respondents choosing not to opt out for a variety of reasons, including the value placed on the additional income received during the study.

Experience of the study

The principle of the government taking the lead in assessing and awarding Pension Credit payments was, on the whole, acceptable to respondents, who appreciated being told about an entitlement they may not have known about or thought they were ineligible for before. It was least acceptable to those who felt they were more than capable of sourcing and applying for benefits and also for those who made claims for Pension Credit as a result of the study which proved unsuccessful. This led those individuals to question the government's ability to undertake assessments without any input from customers.

Respondents were generally accepting of the government using their personal information as long as it was not shared outside government departments.

Conclusions

Nine months after the study had commenced, 8.6 per cent of the Payment sample had made a successful claim to Pension Credit. Looking at the costs associated with paying Pension Credit without the customer first making a claim, the cost per award for the Payment sample was high, with each successful award costing around £3,800. This, therefore, suggests that whilst this payment approach yields some increase in take-up outcomes, these were marginal and come at significant cost.

Although people were generally supportive of the aims of the study, were happy to receive the payments and had few concerns about the use of personal data, it remains the case that for the majority of participants the estimated payments did not lead to a claim for Pension Credit. Participants cited a number of reasons for not claiming. These included entrenched perceptions of ineligibility and the feeling they did not need the money; not claiming because of health issues, or simply forgetting; and misunderstandings about the study and confusion around how to apply. The conclusions from both evaluations show clearly the difficulties inherent in trying to improve Pension Credit take-up, especially when perceptions of ineligibility and of not needing the additional money available remain strong barriers to claiming for some.

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The full report of these research findings is published by the Department for Work and Pensions (ISBN 978 1 908523 58 7. Research Report 795. March 2012).

You can download the full report free from: <http://research.dwp.gov.uk/asd/asd5/rrs-index.asp>

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