

# Benefit take-up and older people

May 2021

## Introduction

The latest figures show that 2.1 million pensioners are living in poverty, yet more than two billion pounds of benefit income is unclaimed every year. This paper sets out the latest figures on benefit take-up, looks at reasons for non-take up, and ways to address this problem.

## Key points

- Nearly a million pensioner households are entitled to, but not receiving, Pension Credit and 200,000 households are missing out on help with rent through Housing Benefit. In a single year £2.2 billion of these two benefits goes unclaimed.
- There are a range of inter-related reasons why people do not claim their entitlements including: lack of awareness, an assumption that they would not be entitled to help, a concern that the process will be complicated, a reluctance to provide personal information, and negative attitudes about receiving benefits or asking for help.
- People may claim support after a change in circumstances or due to encouragement from friends, family, professionals, or advice organisations.
- Ongoing publicity is needed, but it is also important that information is taken out to places where people are and that those in contact with older people, such as trusted health professionals, help identify those in need, encourage them to check entitlements, and refer them to appropriate support.
- Information and advice services need the resources to provide benefit checks and to give people practical help with the process of claiming where necessary.

- The Government should do more to ensure that people receive their entitlements through ongoing national publicity and by exploring ways to improve the systems. There is scope to look at using available data to identify those missing out on support and to join up different benefit systems.
- Ideally people would not need to rely on means-tested benefits to top up their income. However, currently they provide vital support for nearly a quarter of pensioner households, and more needs to be done to reach those who are missing out on support due.

## **Pension Credit and Housing Benefit take-up figures**

Although 2.1 million older people are living in poverty,<sup>i</sup> benefits aimed at those on the lowest incomes often go unclaimed. The Department for Work and Pensions (DWP) regularly publishes estimates of take-up of Pension Credit (which tops up low income) and Housing Benefit (which provides help with rent). The most recent statistics, published in October 2020, are based on 2018-19 figures.<sup>ii</sup> These show:

- 920,000 pensioner households (single people or couples) are entitled to, but not receiving, Pension Credit. This represents 1,150,000 individuals.
- On average they are missing out on £32 a week (£1,664 a year).
- Nearly 2 out of 5 (37%) of pensioner households entitled to Pension Credit are not receiving it.
- 200,000 pensioner households are entitled to, but not receiving, Housing Benefit.
- Around one in seven (14%) of pensioner households who should be getting Housing Benefit are not receiving it.
- On average they are missing out on £62 a week (£3,224 a year) Housing Benefit.
- Overall pensioners are missing out on £2.2 billion a year from Pension Credit and Housing Benefit.

See the appendix for more information about the figures.

### **Are some people less likely to claim benefits than others?**

The Pension Credit figures show little difference in take-up rates between those aged 75+ and younger pensioners. Looking at household type, entitled couples are less likely to claim than single people but there is no difference in rates between single men and single women. However, in terms of numbers, most of those missing out on Pension Credit are single women. This is because there are more single older women than men and, on average, women have lower incomes than men, so they are therefore more likely to need additional support. Around three-fifths of those receiving Pension Credit are single women.

## Pension Credit non-take-up by household type 2018-19

	All	Under 75	75+	Couples	Single men	Single women
% entitled to but not receiving Pension Credit	37%	36%	38%	44%	35%	35%
Numbers missing out (thousands)	920	390	540	230	180	500

The statistics do not provide a breakdown by other characteristics such as ethnicity or disability, nor are there any regional or local breakdowns.

### Housing Benefit

The Housing Benefit estimates show that, among people of all ages, those renting privately are less like to claim than social tenants – 31% are missing out compared to 12% of social tenants. And the amounts unclaimed are higher – on average private tenants are missing out on £63 a week compared to £56 for social tenants.

### What about other benefits?

There are no similar take-up estimates for other DWP benefits such as Attendance Allowance, Personal Independence Payment or Carer's Allowance, or for the means-tested Council Tax Reduction which is run by local authorities (although, for pensioners, the rules are set by national Government). However, we know from our information and advice services that many older people are missing out on these benefits and other types of support.

### Why are so many people missing out?

There are a range of inter-related reasons why people do not claim their entitlements. Feedback from the work of Age UK and others shows that barriers include:

- Lack of general awareness of Pension Credit and other benefits.
- A view that these 'aren't for people like me'. Even if people have heard of benefits like Pension Credit, they may assume they will not be entitled to help - for example, because they are a homeowner or have a small private pension.
- Sometimes people have claimed in the past and been turned down and do not realise that they may now qualify because things have changed.

- People may be put off by the process or the need to provide personal information – although, in practice, claiming may be more straightforward than they expect.
- Some older people have negative attitudes towards benefits – they do not like the idea of asking for help or feel they can manage with what they have – even if that means cutting back.
- People may assume that because they receive a State Pension, and sometimes other support such as Attendance Allowance, if they were due anything else, they would have received it automatically.
- They may think, even if successful, they would not receive very much so it would not be worth the effort of applying. However, as seen above, people can be missing out on substantial amounts and even those only entitled to a small award could find this ‘passports’ them to other support.
- Some may worry that claiming a benefit such as Pension Credit, might disrupt or reduce other benefits they are already receiving, whereas it is likely to make no difference or in some cases have a positive impact.

### **Research on barriers to take-up**

While there has been little recent research around take-up, the situation is unlikely to have changed much since a DWP study which explored barriers faced by older people who they identified as likely to qualify for Pension Credit but who had not claimed.<sup>iii</sup> The results suggested ‘perceived ineligibility’ is a primary barrier to claiming. When asked to name the main reason for not claiming, around two-thirds (65 per cent) gave reasons linked to assuming they would not be entitled – for example saying their income was too high or they would not be entitled due to savings. Ten per cent said they could manage without, and only 4 per cent said they had not heard of it. Just 2 per cent said the main reason was because the process was too complicated and 1 per cent said they felt bad about asking for it.

Awareness was generally quite high, although knowledge low. And while a response linked to perceived ineligibility was the first barrier mentioned by most people, further questions showed that the majority felt the process would be difficult or had negative attitudes to benefits. For example, three-fifths (62 per cent) agreed that they did not like asking for benefits and a similar proportion (58 per cent) said the process of applying for Pension Credit would be too long or complicated. The researchers concluded these were important secondary barriers that reinforced the decision not to make a claim. Overall, these findings are in line with those set out above based on our experience.

## **What encourages people to claim?**

While someone may read about benefits, or hear about unclaimed entitlements in the media, this may not be sufficient to overcome the barriers listed above. Claims may be prompted by, for example:

- A change in circumstances: people may look for help after a life event that results in a drop in income or extra financial pressures – this could be stopping work, a bereavement, or the onset of health problems bringing extra expense.
- Encouragement from people they know: family or friends may suggest claiming after hearing about available benefits and someone may feel much more inclined to claim if a friend tells them they have done so successfully.
- Encouragement from trusted professionals such as health and care staff.
- When identified by organisations such as Age UK, even if they have not specifically asked about available benefits. For example, people may be receiving another Age UK service or may seek help with a problem such as an unexpected bill, care needs, or a housing problem, and during the discussion the adviser may offer a benefits check.

The change to provide a free TV licence only to those aged 75+ receiving Pension Credit will increase awareness and is likely to prompt some additional claims. It remains to be seen how many as those affected may still face the barriers set out above, for example, assume they will not be entitled or not want to go through the process.

## **Tackling the issue**

### **Getting the right messages out**

Ongoing general awareness raising is important and, in some cases, will lead directly to a claim. However, if people assume they do not qualify for help, they may not respond to general messages. To deal with this we need to address misconceptions and find ways to encourage people to find out more and check their entitlement in a way that suits them – this could be an online benefits calculator, a telephone call or through face-to-face support.

Alongside this, it is important to address other barriers – for example providing explanations and reassurance that the process will be straightforward and putting out messages to help counter any negative feelings about claiming benefits.

Messages aimed at friends, families, and professionals, to encourage and support the older people they are in contact with, are also important.

## **Taking information to where people are**

Finding ways to reach people and encourage them to find out about entitlements is one approach, but we should also look at ways to take information and advice out to where people are. For example, many older people who are missing out on support will be in contact with health professionals or receive other types of support or services. These providers, who are already known and trusted, can help identify older people in need, encourage them to check entitlements, and make appropriate referrals to organisations that provide information and advice for further support. Some local Age UKs work in partnership with GPs and other service providers to reach low income people and also ensure those receiving help from another of their services, such as a Handyperson scheme, are referred to help to check benefits where appropriate.

## **Access to information and advice services**

While some people will be able to complete applications on their own or with family support, others may need help from organisations with knowledge of the different types of financial support and the skills to provide practical and sympathetic assistance to navigate complicated systems. This is particularly important for people who have health problems and may be entitled to benefits such as Attendance Allowance which can involve a lengthy application. However, many local advice services are under great pressure especially following the challenges of COVID-19. Age UK services have been affected by difficulties seeing clients face-to-face, pressure on services, and reduced income. It is essential that local information and advice services have the resources they need to offer the advice and support that people need to claim any benefits due.

## **The Government should be doing more to ensure that people receive their entitlements**

The Government ran a targeted 12-week campaign to raise awareness of Pension Credit starting in February 2020 and has an online Tool Kit, mainly aimed at organisations working with older people, but has not carried out any high-profile national work to encourage take-up in recent years.

Age UK would like to see the Government taking a more proactive ongoing role in promoting benefit take-up. However, in addition, it needs to look at ways to make the systems work better with less emphasis on individuals having to seek out information.

## **More joined up systems**

Ideally people would receive their entitlements automatically and people sometimes question why this does not happen. However, although the Government has a range of information such as tax and benefit data, it does not know everything that would be needed about someone's personal and financial circumstances to determine

entitlement. It would only be possible to pay benefits automatically if there were significant changes to the benefit rules which might simplify systems - but this could also make them less fair as they would not be targeted as closely to individual circumstances.

In 2011, the DWP ran a small study making payments to 2,000 people based on their estimated Pension Credit entitlement.<sup>iv</sup> This was made without condition for 12 weeks after which people needed to make a claim to check actual entitlement and, if they qualified, continue to receive payments. Unfortunately, there was only a small increase in take-up following the payments. The evaluation found many of the barriers persisted - some still felt they would not be eligible, others did not claim due to inertia, were unclear what they needed to do, or had negative attitudes about claiming.

Age UK believes there is scope for the DWP to work with other government departments to look again at what data is available and test out other ways to encourage claims, especially as technology has moved on over the last ten years.

Another approach is to ensure different benefits are more joined up. For example, at one time, if someone claimed Pension Credit, they could claim Housing Benefit (help with rent) and Council Tax Benefit at the same time. Now, people must contact their local council separately to claim help towards their rent and council tax. At some point Housing Benefit will be replaced by support with housing costs within Pension Credit but this change has been delayed by the slow roll out of Universal Credit and is not planned to happen until at least 2023. Closer links and data sharing between the DWP and local authorities could ensure that if an older person claimed one of these benefits, they would automatically be assessed for the other two.

## **Will we ever solve the problem of take-up?**

Whereas virtually everyone claims their State Pension, for the reasons set out above, it is unlikely that we will ever reach 100% take-up of means-tested benefits. Looking back, we can see that this is not a new problem, incomplete take-up was also an issue with the benefits that preceded Pension Credit – the Minimum Income Guarantee, Income Support, and before that Supplementary Benefit. The quote below looks very familiar but in fact comes from a report published in 1947 referring to the means-tested support available at that time.<sup>v</sup>

*‘There still appear to be some old-age pensioners who are unaware of the scheme; some who do not apply because they are unwilling to submit to enquiries about their means (which inquiries they may believe to be more stringent than they are in fact); and others of a stubborn independence of character who regard supplementary pensions as ‘charity’ for which they refuse to ask.’*

As well as the problem of take-up, means-tested benefits are complicated and expensive to administer, and can seem very unfair to people who just miss out due to modest savings or private pensions.

In an ideal world, everyone would be able to build up a decent retirement income through the State Pension and other resources such as private savings so would not need to rely on means-tested supplements. However, at present we are a long way from that situation. Many people rely on their State Pension for most of their income, which, on average, is around £8,000 a year. Consequently, means-tested benefits play a vital role for many. Just under a quarter (23%) of pensioner households receive one or more benefits (mainly Pension Credit, Housing Benefit and/or Council Tax Reduction)<sup>vi</sup> and, as set out in this paper, many more should be receiving them.

Overall, while we should work towards reducing the need for reliance on means-tested support, as things stand now, we need to do much more to ensure that people receive the benefits that they are entitled to.

## Appendix – More about the take-up figures

### Pension Credit

In 2018-19 1.6 million pensioner households received, on average, £59 a week.

	<b>Numbers entitled but not receiving benefit</b>	<b>Proportion entitled but not receiving</b>	<b>Total annual amount unclaimed</b>	<b>Average (mean) amount unclaimed</b>
Central estimate	0.9 million	37%	£1.6 billion	£32 a week/ £1664 a year
Range	0.8m -1 million	35% - 39%	£1.3 - £1.8bn	

### Housing Benefit

In 2018-19 1.2 million pensioner households received, on average, £88 a week.

	<b>Numbers entitled but not receiving benefit</b>	<b>Proportion entitled but not receiving</b>	<b>Total annual amount unclaimed</b>	<b>Average (mean) amount unclaimed</b>
Central estimate	200,000	14%	£650,000 £510,000-	£62 a week/ £3224 a year
Range	160,000 to 240,000	12 -16%	£790,000	

The total Pension Credit and Housing Benefit unclaimed in 2018-19 was between £1.8 to 2.6 billion with the central estimate being £2.2 billion.

### Notes

- Someone claiming Pension Credit or Housing Benefit may be doing so as a single person or on behalf of themselves and their partner if they have one (and or any dependent children). So, we can refer to ‘pensioners’, ‘pensioner households’ or ‘pensioner families’.
- DWP presents the figures as a central estimate and a range ‘within which the true value lies’. This paper generally uses the central estimate.

Age UK

1-6 Tavistock Square

London WC1H 9NA

T 0800 169 80 80 F 020 30033 1000

E [contact@ageuk.org.uk](mailto:contact@ageuk.org.uk)

[www.ageuk.org.uk](http://www.ageuk.org.uk)

Age UK is a charitable company limited by guarantee and registered in England (registered charity number 1128267. Registered address is Tavis House, 1-6 Tavistock Square, London WC1H 9NA. VAT number 710 3843 66.

---

<sup>i</sup> <https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2020>, table 6.3tr

<sup>ii</sup> <https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-2018-to-2019>

<sup>iii</sup> *Pension Credit eligible non-recipients: Barriers to claiming*. DWP, 2012.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/214374/rrep819.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/214374/rrep819.pdf)

<sup>iv</sup> <https://www.gov.uk/government/publications/qualitative-evaluation-of-the-pension-credit-payment-study-rr795>

<sup>v</sup> *Report of a Survey Committee of the problems of Ageing and the Care of Old People* chaired by B Seebom Rowntree, Nuffield Foundation, 1947.

<sup>vi</sup> <https://www.gov.uk/government/statistics/pensioners-incomes-series-financial-year-2019-to-2020> table 3.5