Age UK Consultation Response

Pensioner Poverty: Challenges and Mitigations

Work and Pensions Committee

January 2025

Contact: policy@ageuk.org.uk

Age UK
7th Floor
One America Square
17 Crosswall
London EC3N 2LB

t 0800 169 87 87
f 020 3033 1000
e contact@ageuk.org.uk
www.ageuk.org.uk

Age UK is a charitable company limited by guarantee and registered in England and Wales (registered charity number 1128267 and registered company number 6825798). Registered address: 7th Floor, One America Square, 17 Crosswall, London EC3N 2LB. VAT number: 710 3843 66. The Age UK Group consists of Age UK and its subsidiary companies and charities. ID204775 01/22

About this consultation

This inquiry seeks views on pensioner poverty in the UK. It asks about the state of poverty, including which groups are affected and how. It also asks for views on the role of the State Pension and benefits, how people manage their essential costs, the links with health, social care and housing, and what policy interventions can mitigate poverty.

About Age UK

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and around 120 local Age UKs across England, to help everyone make the most of later life, whatever their circumstances. In the UK, the Charity helps millions of older people each year by providing advice and support. It also researches and campaigns on the issues that matter most to older people.

We are submitting evidence because we have a strong interest in the issue. Our new strategy includes an objective to tackle poverty and reduce inequalities in later life. Through our Advice Line and local partner network we have extensive experience directly supporting older people in financial difficulty.

Summary

- Poverty among people in later life is often overlooked in policy and media debates. Yet many older people’s lives are financially constrained and insecure, leaving them unable to meet their basic needs. The reality of this includes things like very limited use of heating in the home and reduced use of hot water and cooking facilities. This has long been the case for many people but the high cost of living in recent years and the reform of the Winter Fuel Payment have caused additional hardship. We welcome the Committee’s attention to the issue, particularly in light of our ageing population and a number of trends suggesting it is a growing problem.
- Pensioner poverty has increased since its low point in 2012. With further rises to the State Pension age (SPA), increased renting in retirement, insufficient private pension saving and a high rate of poverty among people aged 60-64, there is a risk it could increase further in future.
- Groups at particular risk include private renters, women, people from minoritised ethnic backgrounds, single people, people aged 85+, disabled people and carers. We are also concerned about mixed-age couples, particularly with the SPA set to rise again soon.
- We welcome the commitment to the State Pension triple lock but highlight the significant variation in entitlements and actual incomes people receive, with the majority of pensioners receiving the (less valuable) basic State Pension. The Government should review the purpose of the State Pension and set a target for its long-term value in light of that.
- Age UK believes the Government should do more to support those people who are struggling in the few years before they hit their SPA, in particular people with disabilities and carers, and ideally also those who are long-term unemployed and realistically unable to work again.
- There is a significant problem with many people on very low incomes being entitled to but not receiving benefits. Persistent low take-up of Pension Credit and other benefits is a central issue, made even more critical by the decision to tie the Winter Fuel Payment to Pension Credit. Adding the potential amounts missed out in Pension Credit, Housing Benefit, Attendance Allowance and Council Tax Support (all for pensioners) could mean a total of over £8bn is not going to people eligible for it. The Government should prioritise action on benefit take-up, including much closer targeting (including through improved data sharing), integration/co-ordination of benefit claims, and better resourced advice organisations, backed by a take-up strategy or action plan.

- There is also a significant problem with many people just outside of eligibility for Pension Credit facing hardship and just missing out on ~£4,000 of Pension Credit and potentially up to ~£7,000 in passported benefits. The Government should look at options for reform.
- In the context of persistently high energy prices and the reform of the Winter Fuel Payment, Age UK believes the time is right for the Government to introduce an energy social tariff. This would be a discount on bills for people on low incomes, with eligibility determined through both benefit receipt and data sharing to identify non-claimants.

1. What is the state of pensioner poverty across the UK? Which groups are most likely to be affected?

Pensioner poverty – as measured by relative income poverty after housing costs – fell from a high of 29.2% in 19997/98 to a low of 13.3% in 2012/13. It has since risen to 16.2% in 2022/23, representing 1.9m people across the UK. Between 2012/13 and 2022/23, the number of pensioners in poverty rose by ~350,000 people. DWP analysis suggests that the 2022/23 figure would have been 18% without the temporary cost of living payments during that period.[1] Our ageing population means that even a flat rate of poverty means increasing numbers of people living in poverty. Regions/nations with higher rates of poverty include the North West (18%), Yorkshire and the Humber (20%), and Inner London (27%).

Groups with higher rates of poverty include single households (22%) and people aged 85+ (21%). Among these, women face especially high rates of poverty, with 23% of both single women above State Pension age and women aged 85+ in poverty. Renters are at a much higher risk, with 34% of social renters and 35% of private renters in poverty. People from minoritised ethnicities also face higher rates of poverty, with 25% of Asian/Asian British and 26% of Black/African/Caribbean/Black British pensioners in poverty. The Joseph Rowntree Foundation estimates that 22% of disabled pensioners are in poverty,[2] while research commissioned by Carers UK finds that 20% of carers aged 65+ are as well.[3]

The relative income poverty measure is not a perfect indicator of poverty. However, it is an official statistic that allows tracking of poverty across three decades. In 2021/22, the poverty threshold for a pensioner couple (£300 pw) was well below the Minimum Income Standard (£392 pw), after removing housing costs. Measured by absolute income poverty (after housing costs), 12.2% of pensioners were in poverty in 2022/23. Measured by the Below Average Resources indicator, 13% of pensioners were in poverty in 2022/23, rising to 18% among single pensioners.[4] Age UK welcomes this new measure but thinks it may underestimate pensioner poverty due to its treatment of liquid assets. Material deprivation captures a broader sense of having unmet needs – 8% of pensioners experienced material deprivation in 2022/23. Similar groups as with relative income poverty were at higher risk, including single people (13%), private renters (23%), and Black/African/Caribbean/Black British people (26%).

None of these measures alone gives a perfect indication of poverty. Taken together, they show that a large minority of pensioners experience poverty/deprivation. This is borne out by Age UK's experience of speaking to, supporting and hearing from older people. Examples include our benefit check services and people writing to us to support our campaigns. The following is a small sample of quotes from people who wrote to support our campaign on the Winter Fuel Payment, when asked how the loss of that money would affect them:

> *I will be unable to put the heating on much at all. It makes it nearly impossible to get washing dry in bad weather, never mind keeping warm.*
>
> *We struggled last year so this year is going to be harder still, we try to use one hour of heating a day.* (Melvyn, 81)

With difficulty – less showers, heating won't be put on very often and only cook with a full oven if possible. (Gillian, 80)

I find it hard enough to make ends meet as it is and I'm already unable to put the heating on much. The little amount we used to get was so helpful and now we've lost that too! (Glyn, 68)

As these quotes indicate, many people were struggling to keep their home warm even before the decision to ration the Winter Fuel Payment (WFP). DWP analysis suggests this decision could increase the number of pensioners living in relative income poverty by 50,000 in FYE 2025 and by 100,000 by FYE 2030.[5] We appreciate that this assumes no increase in Pension Credit take-up and so it may in fact be less than this. However, based on our knowledge of historical changes, we do not believe that Pension Credit take-up will rise substantially, as we explain under Q4.

Looking beyond the sociodemographic groups at higher risk of poverty as shown by official data, we are particularly concerned about four groups of older people.

Firstly, **those who are eligible for benefits but not receiving them**. For example, there are an estimated 700,000 pensioner households missing out on Pension Credit.

Secondly**, those whose income takes them just outside of eligibility for Pension Credit** but who face hardship. We have heard from a lot of people in this situation in response to the WFP decision, including John:

Being ineligible for Pension Credit does not indicate wealth. Last year's [WFP] was a lifeline that eased having to make the very real choice between heating and eating. Those just above the Pension Credit cutoff point can easily find themselves in a worse position due to lack of support in many vital areas, including heating and dental costs. (John, 70)

Thirdly, **those with modest incomes but who face high costs due to illness or disability** and are pushed into hardship as a result. A common example is people facing extra, often very high, energy costs, such as Malcolm:

I am long-standing cancer patient with breathing difficulties and other ancillary medical conditions. I am constantly cold and need for the central heating to be on much more than the average person. (Malcolm, 75)

Lastly, **mixed-age couples** are those with one member being above State Pension age (SPA) and the other being below it. As a household they are not eligible for pensioner benefits like Pension Credit, which means they can only receive less valuable working-age benefits. With the SPA at 66, a mixed-age couple with a 5-year gap could include, for example, a 70-year old who has a long-term health condition and is unable to work. According to the IFS, 'in 2022–23, the 90th percentile of age for those in mixed-age couples… was 73 years.'[6] Forthcoming rises in the SPA to 67 and 68 will exclude even older people from Pension Credit in future.

2. How does poverty impact on groups across the lifespan?

People aged 63-65, just under the SPA have a high risk of poverty, at 26% – the highest rate among adults.[7] The recent increase in the SPA from 65 to 66 increased absolute poverty among 65-year olds by 14%.[8] The rise to 67 between 2026 and 2028 is likely to result in another increase in poverty for those just below SPA. While this age group are not 'pensioners', it is important to understand their experience of poverty as it could impact their future poverty risk. While the State Pension may eventually lift some out of poverty, this won't be the case for everyone, and many people may use up any savings they have to while waiting until their SPA.

Other factors among cohorts approaching SPA give cause for concern about future pensioner poverty. Many people either have no private pension savings or are not saving enough for a decent retirement income. For example, at age 60-65, 64% of self-employed people have no private pension savings. This is also the case for people from minority ethnic backgrounds (58%), people with a disability (50%) and single mothers (45%).[9] We note with disappointment that the planned second phase of the Government's pensions review has been shelved. In the absence of concerted policy efforts to increase the rates of private pension saving, this puts even more emphasis on the need for the State Pension to be of adequate value. We have also seen relatively high rates of economic inactivity among people in their 50s and 60s in recent years, up to 27.4% in 2024.[10]

The other major factor is the decline in home ownership, and the expected increase in private sector renting through later life. The proportion of people aged 65+ living in the private rented sector could rise from 4% in 2022 to 13% by 2040.[11] This would expose more people to the risks of private renting, including rent increases, eviction, poor quality, and unmet need for adaptations. At a more basic level, people will need to have enough income to pay rent across 20 years or more of later life. This could be very difficult for people, especially if they have limited private pension income and/or no access to benefits, and if Housing Benefit, local rents or housing supply drastically limit people's options for a suitable property in a suitable location.

Since the introduction of the pension freedoms, people are able to use their pension flexibly, which can be helpful in some circumstances but leads to the risk of people running out of money in later in life. The first users of the pension freedoms are still aged no older than their mid-70s, however we are concerned that this problem will arise in years to come, meaning that more people will ultimately be reliant on income from the state. Some pension schemes are examining how to tackle this problem, which might well mean that in future many people annuitise at some point, although there will still be many people who do not (and it remains to be seen how effective any solutions are at tackling longevity risk). We believe the Government and regulators should be looking in greater detail at how to tackle the problem of longevity risk.

For several years Age UK has been highlighting the difficulties faced by people below the SPA. We continue to believe that given the high poverty rates the Government should do more to support those people who are struggling in the few years before they hit their SPA, in particular people with disabilities and carers, and ideally also those who are long-term unemployed and realistically are unable to work again. The IFS makes similar recommendations to support people just below the rising SPA, and the Committee should consider this issue as it can have knock-on effects on people's income and health once they have passed their SPA.

3. Are there international comparisons we could learn from?

It is difficult to compare pension incomes across countries with very different systems. For example, while the UK system pays a flat rate to everyone who meets the qualifying criteria, some countries' systems are linked to people's earnings during their working life – this means that people on lower incomes may relatively do better in the UK, even where the UK spends less on the State Pension overall. However, we note that the UK's outlook for the SPA (68) is higher than all EU member states except Sweden.[12] As explained in Q2, a high SPA can mean some people just below it struggle financially, especially if they are too ill to work, and/or use up any (pension) savings earlier than planned. Age UK researched people in this situation in our 2023 report *Waiting for an age*.[13]

The UK has a slightly higher rate of income poverty among people aged 65+ (15.5%) than the OECD average rate (13.1%). We note that this data is for 2018 although there some variation in reference year across the countries listed, and is based on a different measure than the 60% relative income poverty measure.[14]

4. To what extent does the current State Pension and other pension age benefits prevent pensioner poverty?

This question can be approached from two different angles: 1) *take-up* of benefits, and 2) *adequacy* of the State Pension and benefits.

Benefit take-up
We outline the problem of take-up here, and the solutions under Q10 and Q11.

Many pensioners miss out on benefits they are entitled to. Only 65% of households who should receive Pension Credit (PC) do so, according to the latest official estimates (for 2022/23). That equates to 700,000 households, and potentially 830,000 individuals. It represents £1.3bn that could be going to help meet people's needs. Take-up has fluctuated between 61% and 66% since 2010 – it is persistently low. The need to increase take-up has been given additional urgency given that it is now the main way of being eligible for the Winter Fuel Payment. Those missing out on PC may also miss out on other benefits that it passports people to, including Housing Benefit, Council Tax Support, NHS costs, Warm Home Discount and the free TV licence. These can potentially add up to £7,000 pa or more.

We welcome the recent Government campaign to increase PC take-up – we hope it will make a difference. However, we remain concerned that this isn't sufficient to substantially (and quickly) raise take-up. Public awareness campaigns in previous years have had little impact. While there has been a large increase in PC applications recently, many were found to be ineligible. Of the PC claims cleared during the w/c 11/11/24, 54% were rejected.[15] What's more, previous policy changes, including linking the free TV licence and some cost-of-living payments to receipt of PC, have not had as much impact on take-up as one might have expected.

Take-up issues apply to other pensioner benefits. Around 240,000 households could be missing out on £890m of Housing Benefit, particularly important in light of the rising number of older renters.

People also miss out on Attendance Allowance and Council Tax Support. There are no official figures for these but Policy in Practice estimates that 1.1m older people missed out on £5.2bn of Attendance Allowance in 2023. It is clear from Age UK's benefit claim support programmes that Attendance Allowance (and to a lesser extent Personal Independent Payment) is often the most significant benefit people are missing out on, with more Attendance Allowance usually identified than Pension Credit. Policy in Practice also estimates that 541,000 pensioners are missing out on £903m of Council Tax Support.[16] Adding the potential amounts missed out through Pension Credit, Housing Benefit, Attendance Allowance and Council Tax Support (all for pensioners) could mean a total of over £8bn is not going to people eligible for it.

The barriers to claiming benefits are well established but below is a list of factors. It is key to remember that many people experience *multiple barriers* together. Age UK's view is that there is a limit to Government's ability to overcome these barriers, especially for people with severe health and/or cognitive problems. That makes the case for as much automation and integration/co-ordination between benefit processes as possible.

- People assuming they are ineligible, e.g. because they own their home or have some savings.
- Lack of awareness of benefits. In Age UK information and advice services, this consistently comes through as the most frequently cited reason people had not previously claimed benefits.
- Having a physical or mental health condition or disability (including sensory impairments).
- Cognitive decline or lack of mental capacity.
- Low literacy or numeracy – an estimated 6 million people aged 50+ have difficulties with basic maths, and the same number have difficulties with reading.[17]
- Stigma or embarrassment about 'claiming benefits'.
- Digital exclusion.
- Not having (trusted) family or friends to help.

Increased take-up would reduce poverty. Research by Loughborough University estimated that (circa 2017) 100% take-up of Pension Credit would lift 450,000 people out of poverty, reducing pensioner poverty to its lowest ever level.[18]

Adequacy of the State Pension
The State Pension can prevent poverty for people who have a high value State Pension supplemented by other sources of income. A full new State Pension is worth £11,502 pa. The 'Minimum' Retirement Living Standard for a single person is £14,400 pa and most people will be able to make up the gap with private pension or other savings. It is also worth pointing out that many pensioners live in couples, for whom the Minimum standard is £22,400, meaning the couple can reach this standard if they both have a full new State Pension. However, it is important to bear in mind the following points.

1) 13% of pensioners have no sources of income other than the State Pension and any benefits.
2) The majority (68%) of State Pension recipients receive the pre-2016 State Pension rather than the new State Pension (nSP). While comparisons are complex, a full basic State Pension (bSP) at £169.50 pw is significantly lower than a full nSP at £221.20 pw.
3) Many people receive less than the full State Pension (old or new). For example, 10% of nSP recipients receive less than 75% of the full pension.
4) The frozen income tax personal allowance means a growing number of people have a State Pension income higher than the personal allowance. For example, in 2024/25 we estimate that 1.2m recipients of the basic State Pension are in this situation.

Taken together, these points show that the Government should not be complacent about the value of the State Pension. Age UK welcomes the commitment to the triple lock for the rest of this parliament, not least to boost the State Pension incomes of people without a full pension and/or with no other sources of income. However, we recognise the long-term fiscal uncertainty from the triple lock. The Government should review the purpose of the State Pension and set a target for its long-term value in light of that.

Adequacy of pensioner benefits
The Pension Credit standard minimum guarantee for a single person is £218 pw or £11,344 pa – a little lower than a full nSP. Again, this compares to the 'Minimum' Retirement Living Standard for a single person at £14,400. The standard Pension Credit rate for couples is £332.95 pw, which compares to £375.39 pw as measured by the Minimum Income Standard for couple pensioners (excluding rent, childcare, Council Tax and water).[19]

The key issue with Pension Credit adequacy is that many people are just outside of eligibility on account of having a slightly too high income, and struggle financially. Age UK has heard from many people in this situation since the reform to the Winter Fuel Payment. Here are some example quotes illustrating the sense of worry, hardship and anger people have at just missing out on Pension Credit and all the support that it passports people to.

> *Contrary to popular belief, being ineligible for Pension Credit does not indicate wealth. Last year's payment was a lifeline that eased having to make the very real choice between heating and eating. Those just above the Pension Credit cutoff point can easily find themselves in a worse position due to lack of support in many vital areas, including heating and dental costs.* (John, 70)
>
> *I'm a widow and unable to pay my gas bills as it is the now. I will end up further into arrears and won't have my heating on at all. I am not entitled to Pension Credit.*

This is also borne out in the fact that many people apply for benefits but are then found to be ineligible. The latest available data on Pension Credit applications show that half of claims cleared between April and November 2024 were not awarded (i.e. ineligible). We see this through local Age UKs supporting older people to check their eligibility and apply for benefits. In one of our funded advice projects, of the people supported and found not to be eligible, 79% had never received benefits before and were found to have no entitlement. This confirms the sense shared by local Age UKs that there has been an increase in people speculatively looking into benefits but being found ineligible, i.e. people facing sufficient hardship that it prompts them to take action but having an income above the Pension Credit (or other benefit) threshold. The Government should review the steep cliff edge with Pension Credit – too many people just outside of eligibility miss out on potentially thousands of pounds per year.

On Attendance Allowance, Age UK hears from older people who feel the lack of a mobility component in that benefit (in contrast to Personal Independence Payment) is unfair and leads to a lack of support for people with mobility problems.

In recent polling, half of respondents (all ages) thought that the current benefits system does somewhat/very poorly at ensuring older people have security in retirement, compared to only 26% thinking it does somewhat/very well. Among people aged 55-75 it rose to 57% thinking it does this somewhat/very poorly.[20]

5. What essentials should the State Pension and other pension age benefits provide?

Given that some people have no or very little income in addition to their State Pension, and indeed may not have a full State Pension, it is worth comparing lower incomes to measures of basic living standards. In Q4 we showed that a full new State Pension (£11,502 pa) is short of the 'Minimum' Retirement Living Standard for a single person (£14,400 pa). This equates to 80% of that standard. This living standard sets out a basket of goods that should '[Cover] all your needs, with some left over for fun', including essentials such as:

- 'Food – Around £50 a week on groceries, £25 a month on food out of the home, £15 per fortnight on takeaways.'
- 'Clothing and personal – Up to £630 for clothing and footwear each year.'
- 'Transport – No car, £10 per week on taxis, £100 per year on rail fares.'

It's worth noting that a significant 30% of pensioners have incomes below the PLSA Minimum standard. Further, 52% of pensioners reach only the Minimum standard, with a minority of 17% reaching the Moderate of Comfortable standards.[21]

The 'Minimum' Retirement Living Standard builds on the most basic essentials people need, such as those measured by the material deprivation index. Items in this include having at least one filling meal a day, being able to replace a cooker if it broke down, keeping your home adequately warm, and being able to pay an unexpected expense of £200.

This is an important and complex question that needs to factor in housing costs – which Housing Benefit does not fully cover for all low-income renters[22] – and additional costs people face around disability or health conditions. We would like the Government to conduct a review of pensioner income adequacy, looking at the role of the State Pension and other benefits in covering essentials, and reaching a sustainable settlement on achieving this for all pensioners.

6. How do pensioners in poverty manage food, energy and housing costs with the income they have?

Many older people take pains to avoid going into debt. This could be largely a generational attitude. For people on low incomes, this can mean their first thought when money is tight is to ration spending on things like food and energy, even to dangerous levels. This has long been the case, well before the Winter Fuel Payment decision. Age UK reported in February 2024 that 43% of over 60s reported recently cutting back on heating or powering their homes – equivalent to 6.9 million older people cutting back on energy to make ends meet. Close to a quarter (23%) reported cutting back on food and groceries.[23]

This has only been exacerbated by the WFP decision. Polling conducted in September 2024[24] found that to manage financially this winter:

- More than half (55%) of pensioners (66+) said they would have to turn down or reduce the hours they use heating at home. This increased to 63% for more disadvantaged pensioners.
- A quarter (25%) of pensioners (66+) said they will have to reduce the length/number of baths or showers that they take. Thise rose to 36% for those on pensioner benefits.
- One in 10 (10%) said they would have to reduce the number of hot meals they eat, rising to 15% for more disadvantaged pensioners.

Again, this comes through clearly in what older people told us:

> *[We will use] extra layers, extra blankets, water bottles. Early [to] bed and late mornings to keep warm... Sparingly with heating. Less bath/showers and using washing machine. Extra soups for body warmth means more expense.* (Maureen, 87)
>
> *We will stay in one room with our gas fire on its lowest setting.*

7. What impact does the cost of living have on the health of pensioners in poverty? What impact does this have on the NHS and social care?

Many older people are sensitive to high energy prices and feel forced to ration their energy consumption to unhealthy levels. In polling from January 2024 (i.e. before the Winter Fuel Payment decision), 36% of people aged 66+ said they were somewhat/very worried about the impact of energy prices on their health. This was higher among people aged 60-74 at 44%. This can be deeply stressful. One person recently told us:

> *I’m a retired lady with [an] ongoing health issue, [I] live on my own… I really need help for [my] energy bill but seems [there is no support for me]... All so confusing and worrying. I struggle to sleep due to worry about [whether] to have my heating on.*

8. What measures to offset the impact of the cost of living on pensioners are most effective? How do these vary in the devolved nations?

The various cost-of-living payments provided by the Government in 2022-23 helped to offset the impact of the high cost of living. The DWP estimates that without these, pensioner poverty would have been 2% higher.[25] The fact that some payments were universal will have offset the fact that some people on the lowest incomes missed out on the targeted payments because they were not getting the Pension Credit they were entitled to.

As energy costs have become higher in recent years, Age UK believes the time is right for the Government to introduce an energy social tariff. This would be a discount on bills for people on low incomes, with eligibility determined through both benefit receipt and data sharing to identify non-claimants.[26] This would help support all pensioners living below the poverty line with their energy costs, in addition to the Warm Homes Discount which provides additional support for Pension Credit claimants.

9. How effective are discretionary payments such as the Household Support Fund? How can support be more effectively targeted at pensioners in poverty?

We welcome the extension of the Household Support Fund (HSF) to March 2026, especially in light of the fact that many people will lose the WFP this winter. This fund is enabling some local authorities (LAs) to provide cash payments of up to £300 to low-income pensioners, which could make a big difference. We also welcome that some of this funding can support LA outreach and income maximisation activity. Indeed, helping people access benefits will make a longer-term difference to their finances and wellbeing than one-off payments.

However, there are obvious limitations to the HSF and similar discretionary payments. They are generally one-off payments, as mentioned – they do nothing to tackle persistent poverty. Each LA has a finite amount of money which local residents of all ages essentially compete for until it runs out. There is lots of variation, with some areas being more generous, accessible, etc., than others. LAs and local charities helping distribute the support (including local Age UKs) report tight timescales, budget uncertainty, etc., that makes planning and staffing decisions difficult.

A key issue is that where eligibility for support is based on receipt of Pension Credit or other benefits, this simply exacerbates the problem – those people who are eligible for but not receiving those benefits, who are the *most* in need, miss out on yet another element of support linked to those benefits. Similarly, where people have to apply for support via the LA, those who face barriers that prevent them from applying for benefits will also be unable to apply for this support, e.g. people who are digitally excluded.

In sum, the HSF is welcome and valuable but has limitations and should not be seen as a direct replacement for income lost from the WFP or as a solution to deep/persistent poverty.

10. What is needed to improve access and take up of Pension Credit and other social security support for pensioners in poverty?

We welcome the public awareness campaigns on Pension Credit run by the DWP. They are extensive, creative, well-intentioned and will have some impact. Ultimately however, they have had limited impact on overall take-up in recent years, despite the need to receive Pension Credit to receive a free TV licence and cost-of-living payments. There is a need for 1) much closer targeting, 2) better integration/co-ordination of claim processes between multiple benefits, and 3) better resourced advice organisations.

On closer targeting, we welcome that the DWP has identified and written to 120,000 people receiving Housing Benefit thought to be eligible for Pension Credit but not receiving it. We remain open-minded about what the impact of this might be but note that the result of a pilot exercise in 2023 was that '27.5% of those DWP wrote to in the refined criteria subsequently made a successful PC claim.'[27] However, that is an improved claim rate compared to the control group, and we welcome that trial and this more innovative approach as moving in the right direction.

Better integration/co-ordination of claim processes would include any ways to combine or strongly link the multiple benefits and premiums/additions that pensioners may be eligible for. Where someone is eligible for multiple of these, the processes and order of applying for these can seem impossible, especially for those facing the barriers outlined above. We welcome the Government's plan to merge Pension Credit and Housing Benefit. However, we note that this is planned to take well over a year and that questions and risks remain, such as whether it would be delivered locally or centrally, how to reconcile different eligibility criteria and the risk that people have their claims stopped during the transition process.

We also strongly welcome DWP plans to better link Pension Credit, Attendance Allowance and State Pension applications. Such co-ordination should make it easier for someone once they are in touch with the system about benefit A to then access benefits B and C. The Government should continue, prioritise, resource and evaluate this work. And we welcome the ideas set out by the IFS in its recent report, including the need to make it easier for people to move from means-tested benefits in the working-age system to those for pensioners.[28]

Age UK (nationally, locally and in the nations), other advice organisations and local authority welfare benefit teams are all crucial in supporting people to be aware of benefits they are eligible for and to complete applications. Local Age UK advice teams are trusted, local, patient, impartial, friendly and used to supporting older people with multiple challenges. They frequently chase up delayed decisions and challenge incorrect decisions. However, all these services are under financial pressures, not least in light of the increase in employer national insurance contributions. The Government must ensure that there is a sector of such services across the country sustainably resourced to help people apply for benefits.

All these strands should be set out in a published Government action plan or strategy, as happens in Scotland.[29] This would help embed benefit take-up as a priority and hold the Government accountable for delivery.

As discussed, there will always be some people who simply cannot apply for benefits. Given this, automation of benefits or as close to this as possible, requiring little to no action from people eligible, is the long-term ideal. We appreciate there are challenging issues here with regards to sharing a range of data across government departments.

11. Are there sufficient data to enable efficient targeting of support? Are there delivery mechanisms that allow effective targeting?

Our understanding is that there is some good practice in terms of DWP and LAs sharing data with each other to enable better targeting of information about which residents/households may be eligible for benefits.[30] This data includes:

- Whether a household receives Pension Credit, Housing Benefit or other benefits.
- Whether the household is of State Pension age.
- Detailed data on households' income and capital, from benefit applications.

Some LAs use analytics software, such as the LIFT platform provided by Policy in Practice, which helps LAs more closely target households missing out on support. That has a positive impact on take-up although comes with a cost to the LA.

But we also understand that data sharing is inconsistent, with some LAs facing more severe resource or capability limitations and/or different legal risk appetite with regard to data sharing. LAs vary in terms of having in-house teams or funding external welfare advice services, with funding often uncertain or short-term. Some data comes from HMRC which faces legal barriers to sharing data.

In sum, it appears that there is a lot of data, of different types, held by difference local and national agencies that could enable closer targeting of benefits information, were it used consistently to its maximum potential. We appreciate there are various challenges, risks and barriers but urge the Government to examine in greater detail the role of greater data sharing.

[1] Cost of Living Support: Impact on Households Below Average Income FYE 2023 low-income statistics - GOV.UK
[2] UK Poverty 2024: The essential guide to understanding poverty in the UK | Joseph Rowntree Foundation
[3] Carers UK and WPI Economics, Poverty and financial hardship of unpaid carers in the UK (2024)
[4] SMC-2024-Report-Web-Hi-Res.pdf
[5] Winter Fuel Payments eligibility change - Letter from the Secretary of State for Work and Pensions
[6] IFS Report Means-tested support for people approaching and beyond state pension age
[7] IFS Report Means-tested support for people approaching and beyond state pension age
[8] Latest increase in state pension age from 65 to 66 led to income poverty rates among 65-year-olds more than doubling | Institute for Fiscal Studies
[9] Changing Journeys: How we save, work and retire | Phoenix Group
[10] Economic labour market status of individuals aged 50 and over, trends over time: September 2024 - GOV.UK
[11] IA-Report-FINAL-19.07.pdf
[12] SN06546.pdf
[13] waiting-for-an-age-report-january-2023.pdf
[14] ca401ebd-en.pdf
[15] Pension Credit applications and awards: November 2024 - GOV.UK
[16] Missing-out-2024_23bn-of-support-is-unclaimed-each-year.pdf
[17] Low literacy and numeracy skills lead to difficulties accessing essential services and benefit entitlements, says Age UK.
[18] The cost of pensioner poverty and non-take-up of Pension Credit | Independent Age
[19] View PDF
[20] Ipsos Jul 24_Benefit Cap_Public_Tables.xlsx
[21] Why we need to change how we age | Discover | Age UK
[22] Stop the freeze: permanently re-link housing benefits to private rents | Joseph Rowntree Foundation
[23] cold-at-home-energy-and-col-report.pdf
[24] Kantar online polling of 1034 UK adults aged 66+ for Age UK, conducted 17th to 30th September 2024. Percentages have been scaled up to the UK age 66+ population by Age UK using Office for National Statistics mid-year population estimates for 2022. More than three quarters of pensioners - equivalent to 9.2 million - spent their Winter Fuel Payment on fuel related costs last year
[25] Cost of Living Support: Impact on Households Below Average Income FYE 2023 low-income statistics - GOV.UK
[26] https://www.ageuk.org.uk/siteassets/documents/reports-and-publications/reports-and-briefings/safe-at-home/age-uk-energy-public-policy-report-march-2023.pdf
[27] Pension Credit 'Invitation to Claim' Trial - GOV.UK
[28] IFS Report Means-tested support for people approaching and beyond state pension age
[29] 2. Introduction - Social Security (Scotland) Act 2018: benefit take-up strategy - October 2021 - gov.scot
[30] Written questions and answers - Written questions, answers and statements - UK Parliament