



## **Credit where it's due: low uptake of Pension Credit Briefing for Parliamentarians**

### **About Independent Age**

Independent Age is a national older people's charity. We offer free and impartial advice and information, grants for community organisations, and connection services to improve wellbeing and reduce loneliness. In addition, we use the knowledge and understanding gained from our frontline services to highlight the issues experienced by older people who are facing financial insecurity.

### **Introduction**

With pensioner poverty at its highest rate since 2008 and set to increase, and the rising cost of living hitting low-income households, it has never been more important to ensure that older people are receiving all the income they are entitled to. Pension Credit is designed to bring people's income up to a basic minimum level and we have seen the positive, sometimes life-changing, impact it can have on people's lives. Yet uptake has been low since its introduction.

'Pension Credit could be the difference between good health, bad health and survival. Peace of mind hopefully brings better quality of health and that in turn lessens the impact on the NHS.' (Edwina, 71)

### **Key statistics**

- Pension Credit uptake has stagnated below 66% for the last 10 years, with up to 850,000 people above State Pension age still estimated to be missing out in 2019/20.<sup>i</sup>
- In 2019/20, up to £1.7 billion of Pension Credit was not received by people eligible for it. In the last 10 years, roughly £28 billion in Pension Credit has failed to reach those who are entitled to it.<sup>ii</sup>
- Research commissioned by Independent Age in 2020 showed that, at that time, increasing Pension Credit uptake could lift over 400,000 older people out of income poverty, and halve severe income poverty to 4%.<sup>iii</sup>
- Receiving Pension Credit can be worth over £3,300 per year by itself, and can be a gateway to up to £7,000 in additional support.
- Research commissioned by Independent Age in 2020 estimated that low uptake of Pension Credit costs the government £4 billion a year in increased NHS and social care spending.<sup>iv</sup>

### **Recommendation for the UK government:**

Independent Age is calling on the DWP to publish a Pension Credit uptake strategic action plan for the next 5 years, in consultation with key stakeholders.

This call has been echoed by the Work and Pensions Committee in their cost-of-living inquiry report.

### **What is the UK government doing about the low take-up of Pension Credit?**

The government has increasingly recognised the problem of low uptake of Pension Credit. The DWP re-started its national awareness campaigns, paused since the late 2000s, with campaigns in 2020, 2021 and 2022, and established a 'Pension Credit Awareness Day' in 2021.

We welcome this renewed drive to increase uptake. However, there is little evidence so far that these initiatives on their own are having a large enough impact on successful claims. While the government has pointed to a recent increase in applications, we know that some people who apply are not eligible, and the government has not provided evidence of the success rate.

### **How is local government approaching the issue?**

In Spring 2022, Independent Age spoke to five local authorities across the UK who have undertaken campaigns to increase Pension Credit uptake in their areas, or were about to begin one. The local authorities were chosen for their geographical spread, and their variety of sizes. We also spoke to other local, regional and national bodies, and private data software providers who support local Pension Credit campaigns. We saw some excellent examples of good practice, including:

- effectively matching data held by the local authority with government data;
- targeted communication strategies that didn't rely on digital outreach;
- collaboration with local partners to embed communications about Pension Credit into existing relationships; and
- evaluation of successful claims and the challenges identified in their approaches.

### **How is devolved government approaching low benefit uptake?**

Devolved governments are also leading the way on commitments and strategic plans to tackle low benefit uptake more generally.

- As part of the devolution of certain benefits (not including Pension Credit), Sections 8 and 9 of the Social Security (Scotland) Act 2018 require Scottish Ministers to prepare, publish and lay before Parliament strategies to promote the take-up of Scottish social security assistance.
- The Welsh government are devising a Charter to improve the uptake of Pension Credit as part of their *Strategy for an Ageing Society: Delivery Plan 2022*.
- In Northern Ireland, the Department for Communities has a KPI to increase benefit uptake and has committed to developing an anti-poverty strategy following its *Supporting People - Maximising Income through the Uptake of Benefits* benefit uptake strategy.

In England, and in the UK as a whole, there is currently no written strategy for increasing the uptake of benefits, including Pension Credit, and no published strategy for tackling poverty.

There is a huge opportunity for the government to address this issue once and for all, and secure a legacy for older people which aims to ensure they will always receive the money they're entitled to.

### **A Pension Credit uptake strategic action plan should include:**

- Urgent proposals and flexible funding for local authorities to target support at those missing out and get money into pensioners' pockets in the short-term.
- Plans to explore long-term solutions, for example, automatic payments.
- Coordination with plans being delivered across devolved governments.

For more information contact [Public.Affairs@independentage.org](mailto:Public.Affairs@independentage.org)

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<sup>i</sup> *Income related benefits: estimates of take-up: financial year 2019-2020*, Department for Work and Pensions, Feb 2022, available from: <https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-2019-to-2020>

<sup>ii</sup> *Income related benefits: estimates of take-up, DWP, 2022*

<sup>iii</sup> *Income related benefits: estimates of take-up, DWP, 2022*

<sup>iv</sup> Donald Hirsch and Juliet Stone, *The Cost of Pensioner Poverty and Non-Take-up of Pension Credit*,

Independent Age, Aug 2020 available from: <https://www.independentage.org/campaigns/PensionCredit/cost-report>