SOCIAL SECURITY COMMITTEE

BENEFIT TAKE-UP

EVIDENCE SUBMISSION FROM POLICY IN PRACTICE

Monday 21 October 2019

Policy in Practice welcomes the opportunity to provide evidence on benefit take-up to the Scottish Social Security Committee. We provide data analytical and support tools to many local authorities, charities and other agencies to assist them to support low-income households.

Integral to this is the targeting of benefit take-up and income maximisation. Through our work with frontline organisations and service users, and through our analysis and research, we have developed an understanding of the volume of unclaimed benefits and the barriers to benefit take-up. We are committed to ensuring that those who need assistance are identified and supported and are given the opportunity to escape the constraints of poverty.

Income maximisation through benefits entitlement is a lifeline that too many households miss out on. We are therefore pleased to present our evidence to the Committee.

What do we know about how much is unclaimed and why?

DWP analysis estimates that over £10 billion of income-related benefits went unclaimed in the UK in the financial year 2016/17.[1] Policy in Practice has undertaken similar analysis using local authority household-level data for low-income households in Wales[2].

1 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/757268/income-related-benefits-estimates-of-take-up-2016-17.pdf

2 Analysis was done using SHBE and CTRS data for 16 of the 22 Welsh Local Authorities

Our analysis found that over one-third of low-income households in Wales are under-claiming benefits.[3] That translates to 75,109 households, of whom over a third (36.3%) are in relative poverty.

Research shows that Pension Credit is a benefit with an especially low take-up rate: DWP data indicates that only 6 out of 10 eligible households claim it. This translates to £3.5 billion of unclaimed money, or an average loss of £2,500 per year per household. Research by Policy in Practice found similar results: 48.9% of eligible households within the low-income cohort in Wales are not claiming Pension Credit (34,655 out of 70,783 households) – this is £22.6 million of unclaimed money.

We also know that a significant amount of Council Tax Reduction (CTR) goes unclaimed. Data published by the Scottish Government shows that there has been a reduction in the number of households claiming Council Tax Reduction over the last six years. The number of households receiving CTR in Scotland fell by 14% between April 2013 and April 2019, from 552,380 to 477,800.[4] A similar reduction has occurred in Wales and England. Although this drop-off cannot be entirely attributed to a decrease in take-up (as it may reflect better economic conditions), this trend does coincide with the introduction of Universal Credit in 2013. There is a risk that since households do not have contact with their local authority under Universal Credit (unlike the previous Housing Benefit (HB) application), knowledge of CTS is reducing. The Welsh Government is concerned about this trend and has commissioned Policy in Practice to undertake research into the relationship of reduced CTR caseload with Universal Credit. This research will be published by the Welsh Government in Spring 2020.

What are the gaps in knowledge/research and how can they be improved?

The major gap in research about benefits take-up relates to households who are not visible as they are not currently claiming any benefits. Although research by Policy in Practice analysed take-up of benefits amongst households in receipt of HB or CTR, it does not capture households who are claiming no benefits at all. Local authority administrative data cannot capture those households who are not engaged with any benefits system - these households are likely to be the most distant from benefit and support agencies.

3 This analysis identifies households who were underclaiming pension credit, JSA-IB, ESA-I, Income Support, Child Tax Credits, and severe disability premia within Housing Benefit and DWP benefits

4 https://www.gov.scot/publications/council-tax-reduction-scotland-annual-report-2018-19/pages/6/

Larger scale analysis, such as that done by the DWP, attempts to overcome this barrier by combining administrative data with Family Resources Survey data. Although this helps uncover some information about households who are underclaiming, the Family Resource Survey does not map easily onto eligibility criteria. For example, it cannot be used to identify households who are eligible for disability benefits such as PIP and DLA, since survey information about disability does not coincide with eligibility criteria for disability benefits. It is also limited in providing an understanding of the take-up of locally administered benefit as the data does not hold postcodes.

Greater data sharing between the DWP and local authorities would help close this gap. Some local authorities in the UK have been innovative in their use of data to identify and target support including benefit take-up. Under Housing Benefit, local authorities had access to rich household-level data which enabled a proactive approach to supporting residents. Under Universal Credit, this data is retained by the DWP who appear reluctant to share it. This reduction in data held by local authorities hinders local authorities being pro-active around benefit take-up. London Councils[5] have recently issued a report (*Supporting Low-Income Londoner's - The future of Local Welfare*, *London Councils, October 2019*) which identifies this lack of data as a serious risk to the local support of residents.

Scottish local authorities hold rich administrative household-level data in respect of Housing Benefit and CTS claimants. Although quarterly CTS returns are made to the Scottish Government of aggregate CTS awards, the rich household-level data remains with the local authority. The Scottish Government could work in partnership with Scottish local authorities to collate this data and use it to inform a centralised campaign. Policy in Practice has successfully worked with the Welsh Government[6] and London local authorities[7] on similar projects.

How can the administration of benefits be improved to maximise take-up? Specific examples would be welcomed.

The 'Digital by Default' nature of Universal Credit and the reduced contact with local authorities such as Housing Benefit risks lowering benefits take-up. The reduction in contact between claimants and local authorities means that vulnerable claimants (for example, those that have learning difficulties, poor English, or who are not digitally able)

[5] https://www.londoncouncils.gov.uk/our-key-themes/tracking-welfare-reforms/local-welfare-provision/supporting-low-income-londoners
[6] http://policyinpractice.co.uk/wales/
[7] http://policyinpractice.co.uk/low-income-londoners-and-welfare-reform-2/

no longer have the holistic support previously offered by most local authorities. This local contact was often the bridge to benefits application and income maximisation. There is the risk that reduction in contact with local authorities will also reduce knowledge around local welfare support such as CTR and DHPs. In addition, by reducing face-to-face support, changes to people's circumstances which make them eligible for certain benefits (for example, a deteriorating health condition) are less likely to be picked up.

Claimants that are not computer-literate, or who do not have access to the internet, face significantly reduced access to information about benefit entitlement. Central Government is 'Digital by Default' and increasingly local authorities are also only providing information online. In some instances, this online information is hard to locate even for those that are computer literate. Policy in Practice recently surveyed information on locally administered CTS in Wales and found that for over half the local authorities surveyed the information was not easily accessible. Simple to use benefit calculators that are easily accessible, through many platforms, would assist understanding of benefit eligibility and advice. Many local authorities, Housing Associations and charities in the UK use the Benefit and Budgeting Calculator to advise on benefit eligibility and often have this available in public spaces as well as online. We know that this is used by over 10,000 citizens per week to check benefit entitlement.

Specific measures could be taken to increase benefit take up;

- Local authorities should use their data to proactively engage with residents. Many already use the LIFT dashboard but this use of data needs to be widespread and funded.
- Central government needs to share data with local authorities to facilitate local targeted take-up.
- The Scottish Government should work in partnership with Scottish local authorities to utilise Housing Benefit and CTR data, held by local authorities, to inform an understanding of gaps in benefit take-up.
- Online information should provide a simple to access route to understanding of benefit eligibility. Public agencies should review access to information and simplify this where necessary.
- Benefit eligibility calculators need to be widespread and easily accessible.
- Central government needs to work in partnership with local and community organisations that come into contact with vulnerable households and could use this relationship to provide face-to-face advice (e.g. local authorities and GP surgeries). The importance of using relationships to ensure take-up has been recognised by the

Government through the "who knows me best?" approach to Universal Credit managed migration.

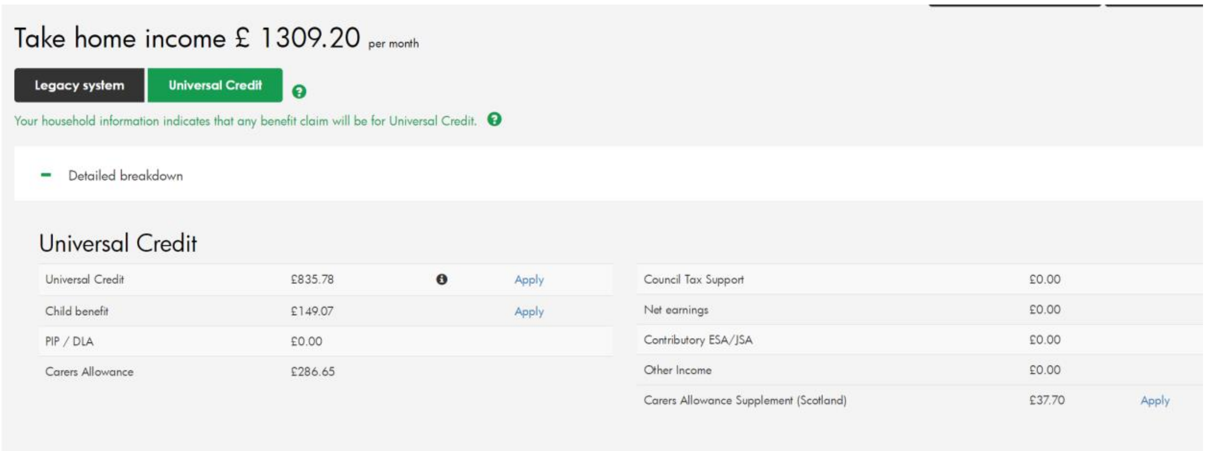
How far is it possible for technology to create a more automated system, that uses information gathered for other reasons to award benefits automatically? What would the advantages/disadvantages be of greater automation?

Technology can facilitate better data-sharing between government departments (both central and local) and to some extent this is already in place. For example, Child Benefit information is already shared with the DWP for Universal Credit administration purposes. However, there are still widespread gaps. An example would be that all those receiving state pension below Pension Credit level should be automatically invited to apply for Pension Credit. Likewise, if someone experienced a change of circumstances which may make them eligible for other benefits, this should automatically be followed-up. Our experience is that this does not occur even within the same Government department. An example being the significant number of households that were in receipt of means-tested benefits from the DWP who were eligible for, but not receiving the Severe Disability Premium, even though this is also administered by the DWP.

Universal Credit provides an opportunity to provide greater automation of benefit take-up as it merges out-of-work benefits with benefits for those in work. This provides greater centralised visibility over low income households which could be used to inform eligibility for other benefits. In addition, Universal Credit administration requires up-to-date income information allowing an even greater understating of household circumstances.

If Universal Credit data was shared with public bodies outside the DWP there is the opportunity to increase benefit take up. This is because engagement can build on already existing relationships. Shared data is also likely to improve claimants' experience of the benefits system, since they would not have to disclose the same information to other agencies.

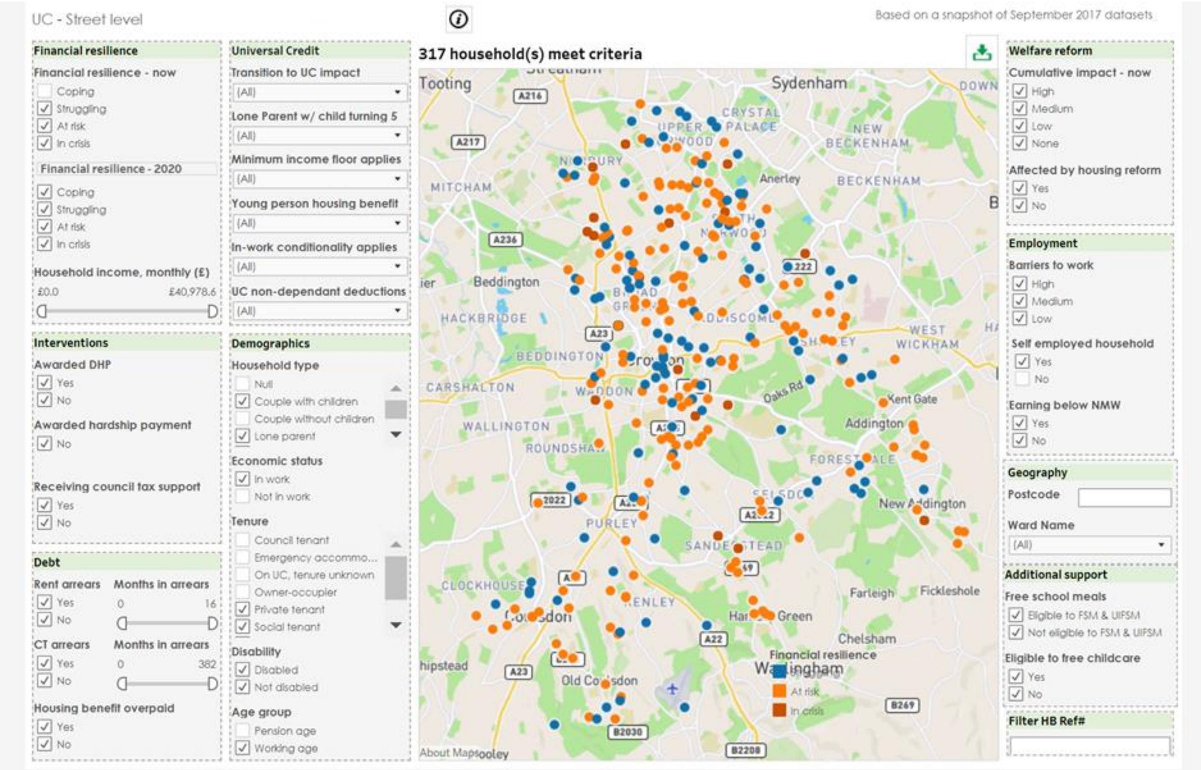
Technology can also help people navigate the welfare system and understand what benefits they are eligible for. Online benefit calculators, such as the Benefit and Budgeting Calculator, allow people to find out which benefits they are eligible for. This knowledge can empower people to make their own decisions on benefit application and income maximisation. Because the calculator personalises information, it not only signposts users to eligible mainstream benefits but also highlights less well known additional support, such as the Best Start Foods card and the Warm Homes Discount. An example of the information available to users is given below:



What can we learn from previous campaigns to increase take-up? Specific examples of projects or approaches that improved benefit take-up, particularly those that were evaluated, would be welcomed.

The Royal Borough of Greenwich use the LIFT dashboard as part of their benefits take-up work. By using administrative data from the dashboard, they have identified £20m per annum in unclaimed benefits. They successfully contacted 55 households eligible for the Severe Disability Premium, and in doing so delivered an annual increase in support of over £180,000. Greenwich acknowledged the difficulty in increasing benefits take-up: previous campaigns using mailshots and phone calls were resource heavy and saw a response rate of only 10%. By using administrative data through the dashboard, they could be 'smarter and targeted' with their support. For example, they identified households who were in receipt of ESA and financially in crisis (i.e., households whose income did not cover their costs). They then focused on these households and encouraged them to make an application for PIP or DLA if they were eligible. This data-led approach aligns with the duty to promote take-up through administrative data outlined in Scotland's Social Security Act 2018.

The possibilities for proactive benefit take-up using data analysis is illustrated below. This shows how large and complex datasets can be narrowed down by those impacted change and allows the local authority to engage with those most at risk.



Haringey Council also used the dashboard to proactively promote benefits take-up. They reach out to mixed-age couples who were eligible for pension credit ahead of the May 2019 deadline (from when mixed-age couples have been unable to make new claims for pension credit). They identified 236 households who had lost an average of £9,842 a year; by targeting support to these households, the council helped households claim up to £2.3 million unclaimed pension credit.

The Benefit and Budgeting Calculator (previously referenced) allows individuals to take control of their own benefits take-up and enables advisors to provide wider ranging support. More widespread and mainstream access to tools such as this would enable those that are able to simply seek out relevant and personalised information. It would also enable those who come into contact with vulnerable claimants, who many not be experts in the benefit system, to provide benefit take-up advice. This approach has been used by Guinness Housing Association who have used the calculator to claim many thousands of pounds of benefit for their tenants[8].

What kinds of eligibility criteria ensure better take-up?

Generally, simple eligibility criteria which can be easily communicated and understood encourages high take-up. Child Benefit has very simple eligibility criteria: any household responsible for a child and with income below a set threshold is eligible. It also has an extremely high take-up rate: in 2016-17, the Child Benefit take-up rate was 93%, compared to 83% for Child Tax Credit and 65% for Working Tax Credit.[9] Policy in Practice is increasingly providing analysis for local authorities in England who are examining the possibility of simple criteria for localised support, particularly CTS. An example would be a guaranteed award set at a percentage of liability for all those with income below a threshold. These simplified criteria enable councils to provide a straightforward, easy to understand, message for take-up and promotion.

Complex criteria for eligibility appear to have the effect of reducing take-up. Disability benefits such as PIP and ESA have complicated eligibility criteria and an application process which involves many steps. In turn, they have low take-up rates: 43% of ESA applicants do not make it to the Work Capability Assessment stage of their application.[10] As well as deterring eligible people from applying for these benefits, the inherent complexity means that eligible claimants can be incorrectly denied benefits. 6% of people assessed for PIP and ESA were wrongly denied benefits the first time around.[11] This will affect take-up, since whilst some people will stay engaged with the system and appeal a wrongful decision, others will disengage after the first decision.

A further example of complexity deterring take-up is the severe disability premium part of legacy benefits which is frequently under-claimed. Since it is a premium added to other benefits rather than a benefit in its own right, many households who are eligible for it do not know that it exists. In addition, due to its complicated eligibility criteria, many households will unknowingly become eligible due to a change of circumstances, such as an adult child moving out of the home. Policy in Practice found that there are 16,408

[8] http://policyinpractice.co.uk/the-guinness-partnership-client-story-the-benefit-and-budgeting-calculator/

[9] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/763597/Child_Benefit__Child_Tax_Credit_and_Working_Tax_Credit_take-up_rates_2016_to_2017.pdf

[10] https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/829/82904.htm

[11] https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/829/82904.htm

households in Wales who are eligible for a severe disability premium within a DWP benefit and who are not receiving it, and another 306 who are eligible for a severe disability premium within their Housing Benefit but not receiving it.

Universal Credit introduces greater simplicity to the benefits system for working-age households. Previously low-income households had to ascertain which benefits they should apply for, and which agencies administered these benefits. Universal Credit unites benefit support for those in work and those out-of-work and so does not require application to different agencies if economic circumstances change. This simplification was initially welcomed by all parties in the hope that it would increase benefit take-up and smooth transition into, or out of, work.

However, early indications are that some claimants are reluctant to claim Universal Credit or do not make it through the application process. There are a number of reasons for this including the wait for first payment, lower benefit rates for certain groups of claimants, the digital nature of application, and ongoing reputational damage. Policy in Practice, along with other research and support groups, has made representations to Government on how the benefit could be improved. Many of these submissions can be found at http://policyinpractice.co.uk/publications/.

However, even if Universal Credit was amended to overcome the main issues that deter some claimants, reputational damage may be harder to overcome. This illustrates that simplified eligibility alone is not sufficient to increase take-up. It needs to go hand-in-hand with adequate information and support to claim, adequate benefit rates, and flexibility around the needs of claimants.

About Policy in Practice

Policy in Practice is a socially-minded software company that works with councils, government, housing and community organisations to target and improve welfare support for people. Combining cutting-edge tech, insightful data and expert analysis, we help organisations to understand what's working, what can be improved, and how.

Our award-winning Benefit and Budgeting Calculator helps around 10,000 people every day find out what support they may be eligible for. Our data analytics services help organisations find relationships in datasets and visualise the drivers of poverty. We use our policy expertise to drive change via research, publications, media coverage and blog posts.

We have provided evidence to Government Select Committees around our research into the causes and impact of poverty and have undertaken research in collaboration with central Government, local government, and external agencies (such as JRF).

To learn more about our work in Wales, London or with other councils, and how this could be applied in Scotland, please contact us using the contact details below.

Contact

Louise Murphy, Data Analyst, Policy in Practice
louise@policyinpractice.couk

Telephone 0330 088 9242
Email hello@policyinpractice.co.uk
Visit www.policyinpractice.co.uk