



Department for Work and Pensions' Pension Credit: keeping more than three million pensioners out of poverty

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EDS is a key Department for Work and Pensions (DWP) business partner, we provide critical support for the delivery of their Pension Credit scheme.

### **The challenge**

In 2001 estimates suggested 2 million UK pensioners were living in low-income households and that more than 20 per cent were not taking up their full benefits entitlement. This left the DWP facing a twofold challenge, convincing pensioners who have worked solidly for 40 years to accept what they perceive to be a 'government handout', and dispelling the image that they will face intrusive questioning and long hours trying to decipher a complicated application form.

In response to this, the Pension Credit was developed to combat poverty and provide security in retirement by encouraging pensioners to claim their benefit entitlements. The scheme helps address pensioner poverty by guaranteeing everyone over sixty an income of £109 per week and was designed specifically to remove take-up barriers, to be more in tune with pensioners' thinking, and to reward saving by making sure that those who had worked hard to save modest amounts would gain from having done so.

### **Improving Public Services and Making a Difference**

Under the Minimum Income Guarantee (MIG - the scheme Pension Credit replaced), communication with pensioners had been through written correspondence or face-to-face interviews in local offices. This left many feeling confused, isolated and unsupported. To avoid this with the Pension Credit, the DWP recruited EDS to develop a Customer Relationship Management (CRM) solution to encourage take-up and drive the scheme forward.

The new programme and supporting system adopted a different approach – one that included a freephone national telephone number for taking applications electronically and a direct mail campaign to say to the 7.5 million UK pensioners "pick it up, it's yours". EDS worked closely with voluntary organisations to reinforce the message to housebound and disabled pensioners in need extra support, and designed a CRM solution to act as a 'gateway' through which pensioners are encouraged to take up further entitlements, such as housing benefit.

### **Programme Success and Takeup**

Customers have found the Pension Credit application process to be refreshingly simple. The results speak for themselves, between April 2002 and March 2004 the Pension Service paid £4.5 billion in MIG payments to 1.8m customers whereas between April 2004 and March 2005 £6.1 billion was paid in Pension Credit to 2.7 million customer households.

By November 2005 2.7 million households were already receiving pension credit, many of these being the poorest and most vulnerable.

An independently administered survey found that nine out of ten customers who applied for Pension Credit were happy with the application process and service.

Pension Credit won:

- UK Public Sector CRM Project of the Year (CRM Magazine, May 2004)
- Project of the Year for 2004 (Institute of Project Management)
- Three internal DWP CIO awards

In addition, EDS' back office support and pension credit solution enabled the DWP to process 4 million customer calls and connect 6 million pensioner households with critical benefits information through the mail within just 14 months of the programme's launch. To date EDS have sent out over 15 million direct mailings to Pension Credit customers.

### **Scale and Complexity**

For EDS, getting the system up and running was anything but simple. Approached by the DWP in June 2002, EDS was given less than a year to meet the go-live date of 7 April 2003.

The Pension Service set an initial claim-taking period of 18 months for Pension Credit. This meant the programme could expect to handle about 5 million extra calls and process 2 million new claims in the first two years after its introduction. EDS designed a scalable solution to manage this influx as well as the demands of the national direct mail campaign. The proposed approach allowed all the data needed for campaign management and mailshot activities to be stored within the DWP's own networks at an EDS Service Delivery Centre.

With the automated telephony system in place, EDS deployed a new electronic application form, information gathered from pensioners over the phone is transcribed and the completed application form is mailed to pensioners to be signed and forwarded to one of 28 local pensions centres. The system also prints and mails council tax/housing benefit forms for those who require them.

As a telephone application is being processed in the system a benefits entitlement monitor runs alongside the main application and advises agents on the potential entitlement of the caller and a virtual diary system allows agents to schedule return calls to pensioners.

To support pensioners throughout the application process, EDS implemented IT capability (LANS (Local Area Networks), desktops and systems) across four new customer contact centres. It also work with BT to integrate them into a single virtual operation supported by DWP trainers across all four sites. The NAO has noted that, "the way in which the enabling information technology [for Pension Credit] was delivered played an important part in the success of Pension Credit".

### **What the client said**

*"The Pension Service successfully introduced a new benefit, Pension Credit, which continues to lift pensioners out of poverty. The on-time delivery of the enabling information technology was a key element in the project's success. This was achieved through building internal capability and creating a culture where the project team, along with a number of different suppliers, collaborated together to achieve a single goal: to say to pensioners 'Pick it up. It's yours'."*

**The Pension Service**