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Next Publication:

To be announced

Pension Credit Estimates of Take-Up in 2005-06

The Department for Work and Pensions today published the latest estimates of the take-up of Pension Credit in Great Britain. The publication provides estimates for 2005-06 and represents estimates for 2004-05.

Take-up is measured in two ways: by caseload and by expenditure. **Caseload take-up** compares the *number of Pension Credit recipients*, averaged over the year, with the number who would be receiving if everyone took up their entitlement for the full period of their entitlement. **Expenditure take-up** compares the *total amount of Pension Credit received*, in the course of a year, with the total amount that would be received if everyone took up their entitlement for the full period of their entitlement. So take-up would reach 100 per cent only if all those eligible claimed, and *did so for the full duration of their entitlement*.

In addition to the main take-up statistics for Pension Credit, the latest publication includes some further analysis of the characteristics of those pensioners who did not take-up their entitlements and compares take-up over time, between 2003-04 and 2005-06.

All figures relate to private households only (see note 2 in Notes for editors). Statements on changes in take-up refer to changes in take-up **as a percentage of entitlement**, not to changes in numbers of recipients or total amounts received.

Key results are:

Total Pension Credit take-up in 2005-06 was in the range of 60 per cent and 69 per cent by caseload (please refer to notes 4, 5, 6 and 7 in Notes for editors) and 70 per cent and 78 per cent by expenditure.

Total amount of Pension Credit unclaimed was between £1,620 million and £2,510 million. The average number of pensioners entitled to Pension Credit and yet not claiming it was between 1.17 million and 1.74 million. In contrast, there were 260 million people claiming £5,860 million of Pension Credit.

Guarantee Credit only between 190 and 330 thousand people were not claiming benefit entitled to them, representing a percentage take-up of between 69 per cent and 80 per cent by caseload.

Guarantee and Savings Credit caseload take-up was between 68 per cent and 82 per cent in 2005-06 and there were between 270 and 570 thousand people not claiming benefit they were entitled to; this compared to 1.25 million people claiming both elements of Pension Credit.

Savings Credit only between 660 and 850 thousand people were not claiming the Savings element of Pension Credit, representing a caseload take-up percentage of between 42 per cent and 48 per cent.

Comparisons in take-up of Pension Credit between 2004-05 and 2005-06 are complicated by a greater rise in PC rates, relative to Retirement Pension, in April 2005. These changes would have increased the number of pensioners entitled to Pension Credit. Among pensioners who would have been entitled to PC even without the April 2005 increases, caseload take-up rose, possibly by around three percentage points. However, a lower rate of take-up among those newly entitled to PC meant that there was no evidence of any change in the aggregate take-up rate between the two years (see note 9).

Patterns in take-up over time, since 2003-04, suggest that for Pension Credit as a whole there was an increase of around four percentage points.

Among pensioners judged, on an initial assessment, to be entitled to Pension Credit in 2005-06 and not claiming it (see note 10):

- One-in-three were assessed as entitled to less than £10 per week, 18 per cent to less than £5 per week. Of those who were entitled to and receiving Pension Credit, 13 per cent were assessed as entitled to less than £10 per week, and six per cent to less than £5 a week.

- A third were aged 80 or over. This compares to 37 per cent of Entitled Recipients who were aged 80 or over.
- More than three-quarters were owner-occupiers, compared to 46 per cent of Entitled Recipients.
- Eleven per cent were renting local authority accommodation. This compares to more than one-quarter of Entitled Recipients.
- Around one-quarter were in receipt of Attendance Allowance or Disability Living Allowance. This compares to around one-third of Entitled Recipients who were in receipt of either of these two benefits.
- Seven-in-ten single pensioners reported other income (besides Council Tax Benefit and Housing Benefit) of over £105 per week; for couple pensioners, more than four-fifths had income exceeding £150 per week.
- More than three-fifths lived in low-income households – below 60 per cent of the median income of the population as a whole, on the ‘income Before Housing Costs’ measure; and around a half were below this threshold after housing costs are deducted from income.

Notes for editors

1. "Pension Credit Estimates of Take-Up in 2005-06" is a National Statistics publication, released by the Department for Work and Pensions (DWP): ISBN 978-1-84695-798-7. Questions about the figures can be referred to Carly Gray (020 7962 8222) of the DWP Incomes Monitoring Division, Department for Work and Pensions, Room 452, The Adelphi, 1-11 John Adam Street, London WC2N 6HT. Requests for copies of the publication should be directed to this address. Alternatively, a copy of the publication in PDF format is available via the DWP internet site: <http://www.dwp.gov.uk/asd/irb.asp>. Questions about DWP policy should be referred to DWP press office (020 7238 0866).

2. These estimates cover only those people living in private households – i.e. they do not cover people in residential care and nursing homes nor does it cover those without accommodation – because the Family Resources Survey (the main source of information for estimating the number of Entitled Non-Recipients) is a survey of private households only. Also, the estimates do not cover full time self-employed people because information from the survey on the incomes of these people is not sufficient for an accurate assessment of their entitlement to income-related benefits.

3. Counts of recipients and Entitled Non-Recipients refer to numbers of benefit units; a benefit unit is a single adult or a couple, together with any dependent children. The data used to estimate take-up comes from two main sources. Counts of the numbers of benefit recipients are taken from the DWP's own administrative records. The numbers of benefit units not taking up their entitlement to benefit are estimated using the sample of households from the Family Resources Survey – an annual survey conducted for the DWP which achieves a response from about 28,000 households in the UK (26,000 in Great Britain). Estimates relate to financial years, i.e. years from April to the following March and to the private household (see note 2) population in Great Britain.

4. Estimates of take-up are presented as ranges within which true take-up is expected to lie. These 'ranges of true take-up' account for biases that may be present in estimates from data that is less than perfect. Initial estimates have, as far as possible, been adjusted for possible biases. The ranges also account for the effects of sampling variation or sampling error (see note 8).

5. Estimates of the total amount of benefit claimed, and the total number of benefit recipients, exclude claims being processed but not yet settled. Some of these claims will result in awards of benefit. It is believed that estimates of the number of recipients of all income related benefits are understated because of a backlog of claims waiting to be processed.

6. The figures published today take account of the effect of backdated awards. We have been able to identify the number of pensioners who received their award in 2006-07, but received a backdated amount as a lump sum in respect of 2005-06, and have amended both our recipient count, and the number of Entitled Non-Recipients accordingly. If the Department had not taken into account the effect of the significant amount of backdating that occurred with Pension Credit, estimates of take-up would have been lower.

7. The DWP research report No: 197 "Entitled but not claiming? Pensioners, the Minimum Income Guarantee and Pension Credit" provides evidence of significant under-reporting of capital holdings by pensioners responding to the Family Resources Survey (FRS). Estimates of the take-up of Pension Credit have been adjusted to take account of this potentially large source of bias. A summary of this report can be found at: <http://www.dwp.gov.uk/asd/asd5/summ2003-2004/197summ.pdf>. Furthermore, there is evidence to suggest that some pensioner respondents to the Family Resources Survey may not correctly identify which benefits they are actually receiving, resulting in an increase in the number of apparent Entitled Non-Recipients of Pension Credit. An exercise examining such responses revealed a substantial number of 'hidden' Pension Credit recipients; the estimates of pensioner take-up for 2005-06 incorporate the results of this investigation.

8. Sampling variation or sampling error is the uncertainty in an estimate due to taking a random sample of the population that may not reflect the characteristics of the whole population. The Family Resources Survey is a random sample from the private household population which means estimates of take-up are affected by sampling variation.

9. Care should be taken when interpreting changes in take-up over time because it is not possible to identify a single estimate of true take-up. Year on year changes in the ranges do not necessarily mean that the true level of take-up has changed.

Where results are presented for the separate elements of Pension Credit, comparisons over time for pensioner couples should be treated with particular caution, due to changes in biases for this group.

10. While estimates of the total number of Entitled Non-Recipients (ENRs) seek to allow for biases (see note 4), it is not possible to correct the 'characteristics' figures. We have been able to account for those cases modelled to be ENRs, but who are found to be 'hidden recipients' by a datamatching exercise between the FRS and DWP benefit records (see note 7). In practice however, a significant proportion of those appearing to be ENRs will not be true ENRs and some who are truly ENRs will not have been modelled as such. Therefore, estimates of the characteristics of pensioner ENRs should be treated with some caution.

11. The rounding conventions used in the publication are as follows: average amounts are rounded to the nearest ten pence; amounts claimed and unclaimed are rounded to the nearest £10 million; caseload figures are rounded to the nearest 10,000; and take-up percentages are rounded to the nearest percentage point.

12. The DWP research report "Encouraging take-up: awareness of and attitudes to Pension Credit" identifies reasons as to why some pensioners were not taking up Pension Credit and also identifies steps DWP could take to remove these barriers. A summary of the report can be found at: <http://www.dwp.gov.uk/asd/asd5/summ2005-2006/234summ.pdf>

13. More recent qualitative research, published in 2006 and carried out by IFF Research Ltd, has provided further insight into the barriers that exist to claiming Pension Credit. The report can be found at the following: <http://www.dwp.gov.uk/asd/asd5/rports2005-2006/rrep336.pdf>

14. The main results can be found in Tables 1 to 5 overleaf.

Table 1: Pension Credit: take-up by family type in 2004-05 and 2005-06

Family Type	Year	Caseload	Expenditure
Pensioner Couples	2004-05	(53% : 61%)	(64% : 71%)
	2005-06	(54% : 63%)	(65% : 76%)
Single Male Pensioners	2004-05	(60% : 71%)	(73% : 81%)
	2005-06	(57% : 69%)	(67% : 77%)
Single Female Pensioners	2004-05	(65% : 73%)	(76% : 82%)
	2005-06	(63% : 72%)	(72% : 80%)
Total	2004-05	(61% : 69%)	(72% : 79%)
	2005-06	(60% : 69%)	(70% : 78%)

Note:

Comparisons over time for Pensioner Couples and Single Female Pensioners should be treated with caution due to changes in biases.

Table 2: Guarantee Credit only element of Pension Credit: take-up by family type in 2004-05 and 2005-06

Family Type	Year	Caseload	Expenditure
Pensioner Couples	2004-05	(55% : 68%)	(60% : 72%)
	2005-06	(62% : 76%)	(72% : 88%)
Single Male Pensioners	2004-05	(73% : 84%)	(77% : 87%)
	2005-06	(64% : 79%)	(66% : 81%)
Single Female Pensioners	2004-05	(78% : 89%)	(81% : 91%)
	2005-06	(75% : 84%)	(78% : 88%)
Total	2004-05	(70% : 81%)	(74% : 83%)
	2005-06	(69% : 80%)	(74% : 86%)

Note:

Comparisons over time for Pensioner Couples and Single Female Pensioners should be treated with caution due to changes in biases.

Table 3: Guarantee Credit and Savings Credit elements of Pension Credit: take-up by family type in 2004-05 and 2005-06

Family Type	Year	Caseload	Expenditure
Pensioner Couples	2004-05	(69% : 81%)	(74% : 85%)
	2005-06	(63% : 78%)	(65% : 80%)
Single Male Pensioners	2004-05	(66% : 83%)	(69% : 84%)
	2005-06	(68% : 87%)	(71% : 88%)
Single Female Pensioners	2004-05	(70% : 82%)	(75% : 85%)
	2005-06	(69% : 83%)	(74% : 86%)
Total	2004-05	(70% : 81%)	(74% : 85%)
	2005-06	(68% : 82%)	(72% : 85%)

Note:

Comparisons over time for Pensioner Couples and Single Female Pensioners should be treated with caution due to changes in bias es.

Table 4: Savings Credit only element of Pension Credit: take-up by family type in 2004-05 and 2005-06

Family Type	Year	Caseload	Expenditure
Pensioner Couples	2004-05	(41% : 47%)	(44% : 50%)
	2005-06	(42% : 48%)	(48% : 54%)
Single Male Pensioners	2004-05	(44% : 55%)	(46% : 58%)
	2005-06	(40% : 49%)	(44% : 52%)
Single Female Pensioners	2004-05	(44% : 52%)	(48% : 56%)
	2005-06	(41% : 49%)	(45% : 53%)
Total	2004-05	(43% : 50%)	(47% : 54%)
	2005-06	(42% : 48%)	(47% : 53%)

Table 5: Amounts claimed and unclaimed for Pension Credit in 2004-05 and 2005-06

	Year	Pension Credit	Guarantee Credit only	Guarantee & Savings Credit	Savings Credit only
Average Weekly Amount Claimed	2004-05	£40.70	£71.40	£37.60	£9.80
	2005-06	£43.20	£75.00	£40.10	£10.60
Average Weekly Amount Unclaimed	2004-05	£23.40	£56.00	£28.90	£8.10
	2005-06	£26.40	£59.90	£31.80	£8.40
Median Weekly Amount Unclaimed	2004-05	£14.90	£42.20	£24.00	£7.80
	2005-06	£16.40	£50.30	£25.70	£8.30
Recipients (Thousands)	2004-05	2,570	730	1,250	600
	2005-06	2,600	740	1,250	610
Range of Entitled Non-Recipients (Thousands)	2004-05	(1,140 : 1,630)	(170 : 310)	(280 : 530)	(590 : 770)
	2005-06	(1,170 : 1,740)	(190 : 330)	(270 : 570)	(660 : 850)
Total Claimed (£ millions)	2004-05	£5,460	£2,710	£2,440	£300
	2005-06	£5,860	£2,910	£2,600	£340
Range Estimate of Total Unclaimed (£ millions)	2004-05	(£1,460 : £2,070)	(£540 : £950)	(£450 : £840)	(£260 : £340)
	2005-06	(£1,620 : £2,510)	(£490 : £1,000)	(£470 : £1,000)	(£300 : £390)