



Part of the Department  
for Work and Pensions

# The new Pension Credit

## **A review of the campaign to May 2004**

## FOREWORD

Pension Credit represents a radical approach to tackling pensioner poverty and for the first time is rewarding pensioners who have saved. Eight months on from its introduction, Pension Credit is playing a vital role in helping to give more money to the people who need it most.

There are now over 3 million pensioners benefiting by getting Pension Credit, with over 2.2 million (in 1.83 million households) getting extra money every week compared with the old system. The average weekly award is £42.42 and the average gain compared to the old system is now £15.14 per week.

The success of Pension Credit so far, has been down in no small part to the carefully planned and managed take-up campaign. It was vital that we learned the lessons of past experiences and, by using a more targeted approach to potential customers, we are able to provide a better and more efficient service that enables take-up to grow quickly, but steadily.

We are now ready to take this process on to the next stage.

### Moving ahead

We will build on the good progress already made by encouraging every eligible person to apply. This means reaching out to those across our communities who have not responded so far. Everyone can play a part in this including family, friends and MPs.

The Pension Service is contacting those most likely to be entitled to Pension Credit and who haven't yet applied. Home visits will play a key role focusing on the more vulnerable customers and any who have not responded to our direct mailing.

Activity in the community, working with partner organisations such as local authorities, Age Concern and Help the Aged to offer a joined-up service is key. We are offering a face-to-face service for the most vulnerable customers. This will be supported by media advertising with a local focus – helping to overcome any misconceptions or perceived barriers to applying for Pension Credit.

The record investment that we have made over the last few years has enabled us to create The Pension Service and to successfully deliver Pension Credit. It also means that in the future we will be able to deliver high levels of service at a reduced cost. So as we move forward and restructure The Pension Service, we remain committed to working closely with our partners, and to our Public Service Agreement. Customers will see no reduction in the service that they get from us.

This report shows that we are making good progress and that with even more hard work we can continue to get more money to the people who need it most.



MALCOLM WICKS  
Minister of State for Pensions

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# A review of the campaign to May 2004

## **Section 1**

## **Progress to Date**

### Introducing Pension Credit

- 1.1. Pension Credit was introduced in October 2003 and is central to the Government's aim to combat poverty amongst pensioners and promote security and independence for all in retirement.
- 1.2. The three key objectives of Pension Credit are to:
  - i. Tackle pensioner poverty;
  - ii. Reward instead of penalise past saving; and
  - iii. Make it easier for pensioners to take up their entitlement.
- 1.3. Under the Minimum Income Guarantee (MIG), irrespective of how low their income was, people were excluded from any help if they had savings of more than £12,000 (£16,000 for care and nursing home residents). Pension Credit abolishes this rule. It also addresses the long-standing practice in the social security system that penalised people who had made modest provision for their retirement, for example through a pension and/or savings. Prior to the introduction of Pension Credit, those in receipt of MIG lost a pound for every pound of occupational pension they received. Those pensioners with income just above the MIG level could find they were no better off than pensioners who had saved nothing during their working lives. Pension Credit ensures that pensioners who have made modest provision for their retirement are rewarded.
- 1.4. In addition, Pension Credit has been designed to make it easier for people to take up their entitlement – with a simplified application form and process, less intrusion and a dedicated application line to help pensioners through the application process. There are more generous rules - from age 65, most pensioners will not have to report changes in pensions and savings, normally for a period of up to five years. This moves away from the weekly means test of the past.
- 1.5. Pension Credit is key to tackling poverty amongst today's pensioners whilst ensuring that it pays to have saved. Pension Credit ensures:
  - a minimum guaranteed income for those aged 60 and over so they need not live on less than £105.45 a week (£160.95 a week for pensioner couples) – those with severe disability, caring responsibilities and/or certain housing costs may be entitled to extra amounts;
  - for the first time, those aged 65 or over who have made modest provision for their retirement may be rewarded with as much as £15.51 a week (£20.22 for couples). Even those people with incomes of up to £144 a week (£212 for couples) stand to gain.

### Ensuring Pensioners Claim Their Entitlement

- 1.6. We want all pensioners to claim what is theirs. To ensure we move towards this vision we have a Public Service Agreement (PSA) target committing us to pay Pension Credit to at least 3 million households by March 2006. Since the PSA target was set, we have refined our estimate of the number of households eligible for Pension Credit, using more up-to-date information from the Family Resource Survey for 2002/03. This is reflected in the latest estimate, which shows that for the year 2004/05 a total of around 3.75 million households are eligible for Pension Credit. Our target of at least 3 million households to be receiving Pension Credit by March 2006 is unchanged. We are determined to reach these eligible households and offer them the opportunity to take up their entitlement.
- 1.7. This document reviews the first part of the campaign to introduce Pension Credit, during which all pensioner households have been invited to apply.

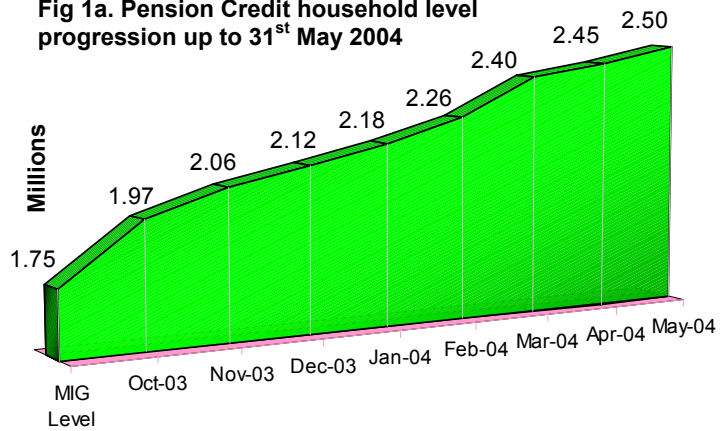
**Progress to Date**

**1.8.** Significant progress has been made towards our Public Service Agreement (PSA) target to be paying Pension Credit to at least 3 million pensioner households by March 2006. A pensioner household means a single recipient or a recipient couple. We estimate that 3 million households equates to around 3.7 million individual customers.

**1.9.** Pension Credit became payable on 6<sup>th</sup> October 2003, with early applications invited from April 2003. All appropriate existing Minimum Income Guarantee (MIG) cases – a total of 1.8 million households – were successfully transferred to the new entitlement between April and September 2003. Two-thirds of these households received extra money as a result of Pension Credit. Also during April to September 2003, we invited those applying early for Pension Credit to apply additionally for MIG in advance of their Pension Credit entitlement starting. This led to the MIG household levels increasing by 50,000 and represented a significant financial gain to these poorest households.

**1.10** In line with our plans, we have seen the progression of Pension Credit households exceed 2.4 million by April 2004, as depicted in the adjacent chart. This progression has continued throughout April and May 2004. The latest figures show that at the end of May 2004 there are around 2.50 million households (3.03 million individuals) receiving Pension Credit.

**Fig 1a. Pension Credit household level progression up to 31<sup>st</sup> May 2004**

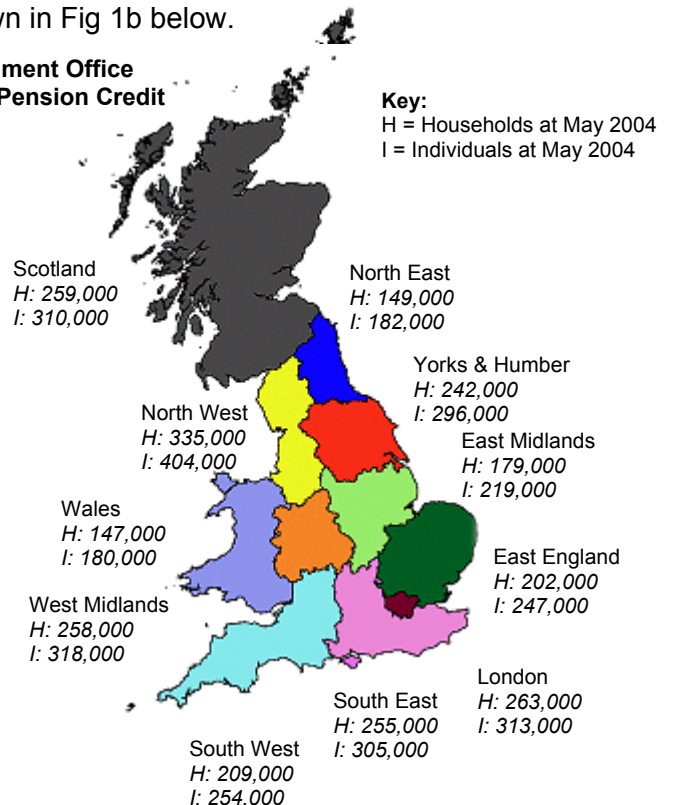


**1.11** The household level has now risen by 43% from its MIG level of 1.75 million at April 2003, an overall increase of around 750,000 households. The level of households and individuals for each of the 11 regions is shown in Fig 1b below.

**Fig 1b. Pension Credit household levels by Government Office Region as at 31<sup>st</sup> May 2004 and increases through Pension Credit**

Region	Apr 03	May 04	Rise
East England	133	202	69
East Midlands	120	179	58
London	210	263	54
North East	103	149	46
North West	242	335	93
Scotland	184	259	76
South East	168	255	87
South West	135	209	73
Wales	101	147	46
West Midlands	185	258	73
Yorks & Humber	169	242	73

*Note:*  
 1. Household levels in thousands rounded  
 2. Totals may not sum due to rounding



# A review of the campaign to May 2004

## **Section 2**

# **Pensioners Better Off**

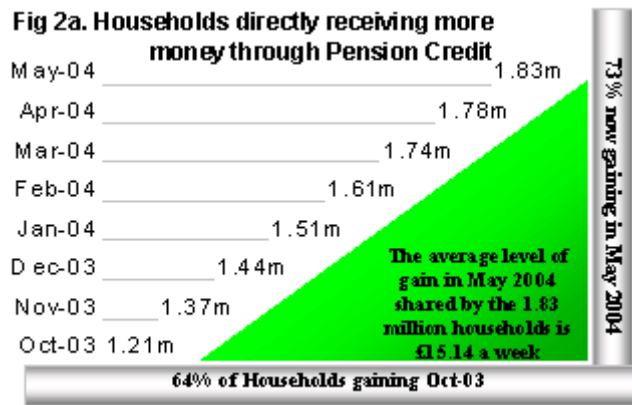
**How Pensioners are Better Off with the Introduction of Pension Credit**

**2.1** There are three main ways that pensioners gain financially from the introduction of Pension Credit:

- Firstly, simplified, more generous rules – for example, payments from family or friends and charitable payments, taken into account under MIG, are completely ignored under Pension Credit;
- Secondly, by rewarding pensioners who made modest provision for their retirement;
- Thirdly, by qualifying for more help, or help for the first time with their council tax and housing costs as a result of their award of Pension Credit.

**2.2** In terms of Pension Credit itself, as at 31<sup>st</sup> May 2004 there are 1.83 million households (2.22 million individuals) who are receiving more money directly as a result of the introduction of Pension Credit.

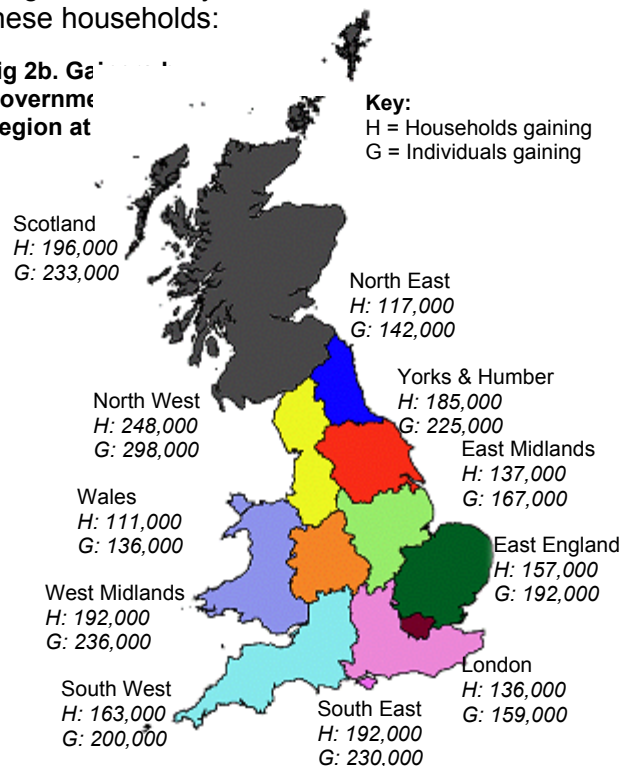
The 1.83 million households directly gaining represent 73% of all households receiving Pension Credit at the end of May 2004. The number and proportion of households gaining have risen in each of the months since October 2003 and this positive trend is set to continue with increased take-up levels. Fig 2a opposite shows the households gaining in the eight months to May 2004.



**2.3** As at 31<sup>st</sup> May 2004, the overall average level of gain shared by these 1.83 million households amounts to £15.14 per week. Of these households:

- 1.28 million of the poorer pensioner households are rewarded for having modest retirement income and/or savings
- 479,000 households with weekly incomes above the guarantee level are rewarded for having modest retirement income and/or savings
- 270,000 more households are now receiving Pension Credit that did not take up their entitlement to MIG

**Fig 2b. Gain by Government Region at**



**2.4** The chart opposite shows the regional breakdown of households and individuals gaining. Figures include those gaining through being rewarded for having modest retirement income and/or savings, and those who did not take up their MIG entitlement.

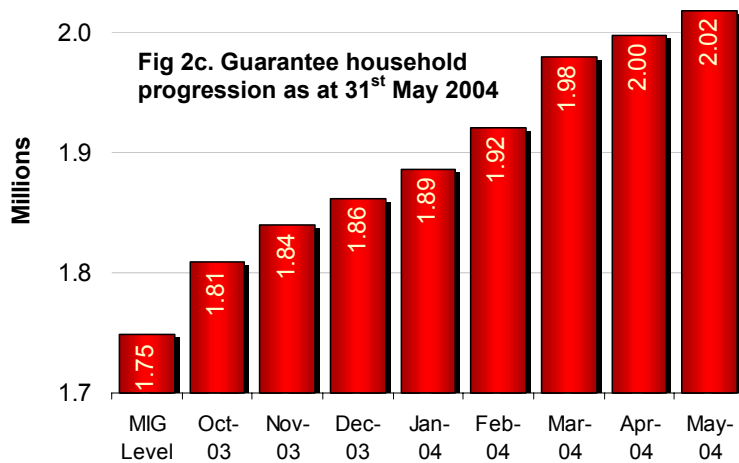
**2.5** On top of the main help that Pension Credit provides, there is additional help for pensioners through Housing Benefit and Council Tax Benefit. With the introduction of Pension Credit around 2 million pensioner households now qualify for more help, or qualify for help for the first time, with their council tax and/ or rent.

**Targeting the Poorest Pensioners**

2.6 Even before the introduction of Pension Credit, the Government had made significant inroads into tackling pensioner poverty. The latest figures available show that by 2002/3 absolute pensioner poverty (the number living below the 1996/7 low-income threshold) had fallen by two-thirds, or 1.8 million. The number in relative poverty (those below the contemporary low-income threshold) had also fallen by half a million and shows that we have actually helped the poorest pensioners, narrowing the gap at a time of rapid income growth.

2.7 The campaign has throughout sought to identify those customers most in need and to build upon the MIG household level by targeting those entitled to MIG, but not claiming it, and encouraging them to take-up Pension Credit (hereafter referred to as “guarantee households”). We have made real and significant progress in removing large numbers of pensioners from poverty with the introduction of Pension Credit.

2.8 Including the increases generated during the advance application period, the campaign has added an extra 270,000 guarantee households, representing a 15% increase to the level of 1.75 million households under MIG. The adjacent chart Fig 2c details the progression in guarantee households.



2.9 Guarantee households also get full entitlement to Housing Benefit and Council Tax Benefit. This marks a major advance in the fight against pensioner poverty.

**Rewarding Pensioners Who Have Made Provision For Their Retirement**

2.10 As at 31<sup>st</sup> May 2004, a total of 1.76 million pensioner households are being rewarded for making modest provision for their retirement, for example through savings. This represents 70% of all households receiving Pension Credit, with levels increasing progressively each month. Figures for the eight months to May 2004 also show that 87% of all new households during this period are being rewarded for making such provision. This marks a significant step towards meeting one of the key objectives of Pension Credit, rewarding and not penalising saving for retirement. The table below, Fig 2d, shows the numbers being rewarded in this way for the past eight months.

Month	Households	Individuals
October 2003	1.26 million	1.39 million
November 2003	1.35 million	1.58 million
December 2003	1.40 million	1.66 million
January 2004	1.46 million	1.73 million
February 2004	1.54 million	1.84 million
March 2004	1.67 million	2.00 million
April 2004	1.71 million	2.05 million
May 2004	1.76 million	2.11 million

Fig 2d. Numbers rewarded for making modest retirement provision

## SECTION 2. Pensioners Better Off

### Weekly Rates in Payment to Pension Credit Households

**2.11** As at 31st May 2004, the average weekly rate of Pension Credit in payment to the 2.50 million households is £42.42. The average weekly rate will change further throughout the course of the year due to progressive increases in the number of households receiving Pension Credit.

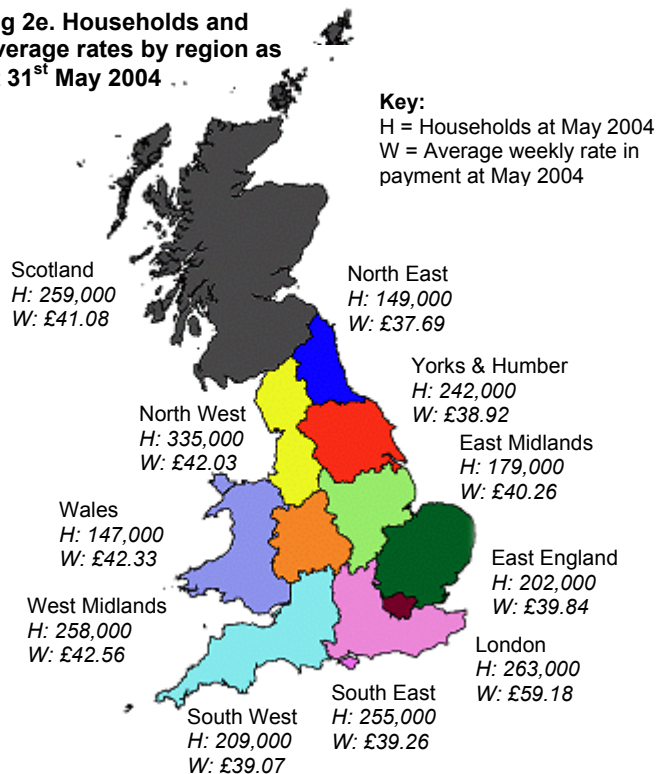
2.12	The average weekly rates and total spend for each month since Pension Credit was introduced are shown in the table opposite. Levels have changed in line with the increase in households during this period. Monetary values since March 2004 take account of the April 2004 uprating.	Month-end	No. of Households	Average Weekly Rate	Total Spend Weekly
		Oct-03	1.97m	£47.13	£92.6m
		Nov-03	2.06m	£45.00	£92.6m
		Dec-03	2.12m	£44.20	£93.6m
		Jan-04	2.18m	£43.50	£94.8m
		Feb-04	2.26m	£42.59	£96.4m
		Mar-04	2.40m	£41.37	£99.3m
		Apr-04	2.45m	£41.67	£102m
		May-04	2.50m	£42.42	£106m

**2.13** The regional breakdown of households and average weekly rates as at 31<sup>st</sup> May 2004 is shown in fig 2e below.

Rates vary between regions depending on underlying pensioner income. Regions where there are more pensioners on low incomes tend to have higher average awards, with these households having their incomes “topped up” to the guarantee level.

London region for example, which has the highest average weekly rate of £59.18, also has the highest proportion of guarantee households at 88% of all Pension Credit households. Conversely, those regions with lower average weekly rates have a lower proportion of guarantee households. In North East region, for example, the proportion of guarantee households is less than 78%.

**Fig 2e. Households and average rates by region as at 31<sup>st</sup> May 2004**



**Backdating of Pension Credit Entitlement**

**2.14** Special arrangements have been put in place to ensure that customers do not lose out during the take-on campaign, when applications are taken over an extended period. Customers whose applications are successful in the period up to October 2004 will have their entitlement backdated to 6<sup>th</sup> October 2003 (or to the date of entitlement if this is later). The 2004 Budget statement allows for this 12-month backdating provision to continue for applications made after October 2004. Significant sums of money are now being paid to pensioners as a result of these backdating provisions. Analysis of the payments made during May shows that those gaining most are the poorest pensioners, with the average backdated payment for guarantee households amounting to £1010.

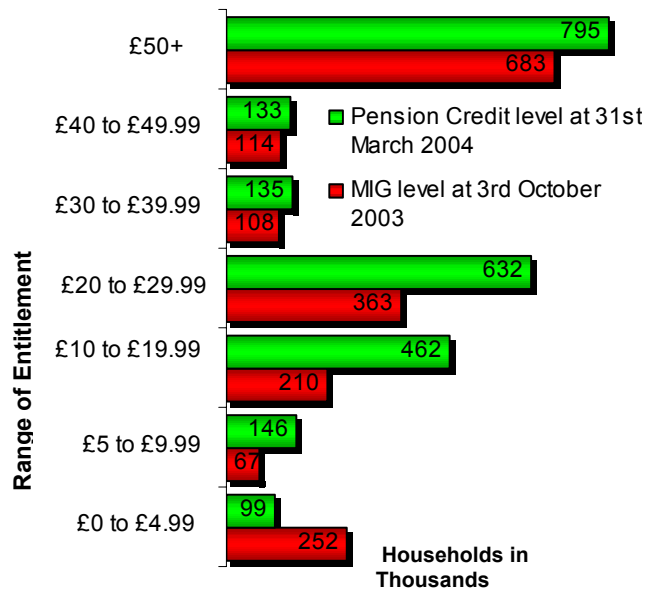
**More Households Receiving More Money**

**2.15** The introduction of Pension Credit has seen more households receive more money than they would have under MIG. By comparing the level of MIG awards in early October 2003 with those Pension Credit awards in March 2004, we can determine the changes in the numbers of households in each of a range of monetary bands. By using March 2004 figures, this avoids the impact of the increased amounts through uprating in April 2004. For example, 270,000 more households are receiving between £20 and £30 a week – a rise of 74% on MIG levels. There has also been a significant reduction in the numbers receiving less than £5 a week with the introduction of Pension Credit. This is due to pensioners being rewarded for making modest provision for their retirement and seeing their weekly entitlement lifted to a higher band level. At March 2004, there were 152,000 fewer awards of less than £5, a reduction of 61% on MIG levels. This marks further progress in paying more money to pensioners in support of the objective to combat poverty and promote security and independence in retirement for today’s and future pensioners.

**2.16** A summary of the comparison between monetary awards to the 1.8 million MIG households at the 3<sup>rd</sup> October 2003, with the awards to the 2.4 million Pension Credit households at the 31<sup>st</sup> March 2004 (the last month before uprating) shows the following:

- 112,000 more households receiving more than £50 a week, a rise of 16% on MIG levels
- 46,000 more households receiving £30 to £50 a week, a rise of 21% on MIG levels
- 269,000 more households receiving £20 to £30 a week, a rise of 74% on MIG levels
- 252,000 more households receiving £10 to £20 a week, a rise of 120% on MIG levels
- 79,000 more households receiving £5 to £10 a week, a rise of 118% on MIG levels

**Fig 2f. Comparison of monetary award volumes between MIG and Pension Credit**



# A review of the campaign to May 2004

## **Section 3**

# **The Marketing Strategy**

### Evaluating the Marketing Strategy

**3.1** The Pension Credit marketing campaign has been designed specifically to target and phase marketing activity throughout the take-on period for Pension Credit. This ensured that our systems were able to meet the level of demand generated. A series of communication products and initiatives has been deployed to promote awareness and generate take up of Pension Credit. Central to this has been the use of direct mail, TV and press advertising. Evaluation of the marketing strategy is important to determine what works best and so to help us in our aim of ensuring that everyone who is entitled to Pension Credit receives it.

### Writing to All Pensioner Households

**3.2** At the outset of the campaign there were around 2 million households eligible for Pension Credit, not receiving MIG. As a means of targeting those likely to be eligible for Pension Credit, households were grouped according to their known circumstances to be sent personalised mailing packs. We have now completed the initial phase of the campaign where we have written to all pensioner households. In the next phase we will continue to use personalised mailings as part of our marketing strategy.

**3.3** There are 12 million people aged 60 or over in Great Britain, equating to 8.6 million households. Those households already receiving MIG were sent a letter prior to April 2003 advising them that they would be transferred to Pension Credit as of the 6<sup>th</sup> October 2003. A mailing programme for the remaining 6.8 million households commenced in April 2003 and was completed by the end of April 2004. Direct mail volumes were planned to align to a phased take-on period and to ensure that the customer experience was not compromised as a result of too much demand being generated in the early months.

**Fig 3a. Cumulative mailing volumes issued to pensioner households for the initial phase of the campaign**



### Media Advertising and Local Campaign Activities

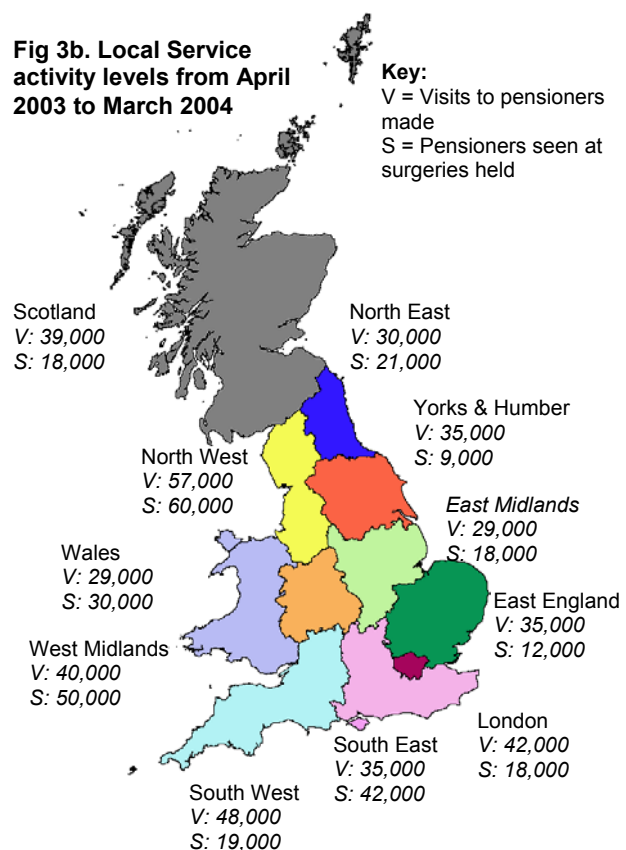
**3.4** TV advertising commenced in September 2003, aimed primarily at the target pensioner audience, with a secondary focus on friends and families. The objective of the TV advertising campaign has been two-fold. Firstly to generate awareness and shift attitudes about applying for government entitlements amongst pensioners, so that they enquire about and/or apply for Pension Credit. Secondly, to build up awareness in families and communities of the existence of Pension Credit, so that people enquire and/or apply on behalf of related pensioners.

**3.5** Press advertising also commenced in September 2003 and both national and regional newspapers have been used to raise awareness of Pension Credit and encourage people to enquire about or apply for Pension Credit. Advertising supported and helped increase the likelihood of response to the direct mail packs by building and maintaining the profile of Pension Credit throughout the mailing programme.

## SECTION 3. The Marketing Strategy

**3.6** Additionally, a controlled campaign at local level has been carried out by our local service through closer working with partner organisations. The local service organisation is deployed over geographical clusters, addressing the needs of the 12 million pensioners in the 11 regions. The main partner organisations are well known, for example Help the Aged, Age Concern, Citizens Advice. However, there are around 7,000 other key partners with whom we have been working at the local level to ensure that the awareness of, and the opportunity to apply for Pension Credit is communicated.

**3.7** During the period April 2003 to March 2004, our local service staff have seen over 700,000 pensioners and activity volumes by region are shown in the adjacent chart fig 3b.



### Responses to the marketing messages

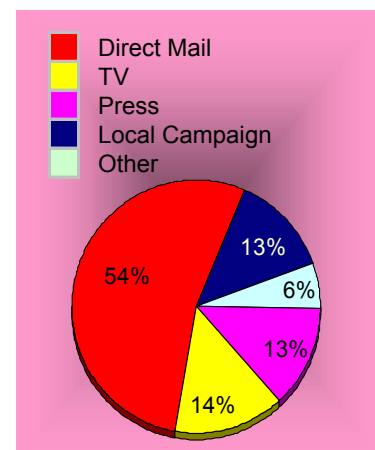
**3.8** The principal route for issue of applications has been through the Pension Credit application line and marketing messages and products have directed customers to this application channel in the first instance. However, not all calls generate an application for Pension Credit. Many are from pensioners asking general questions regarding Pension Credit, triggered by the marketing messages and over 50,000 information leaflets have been issued. Additionally, there have been many thousands of calls received asking for a home visit to help complete the application form. We are determined that all vulnerable pensioners have the opportunity to apply for Pension Credit and the option of a home visit helps us to meet the needs of those who are vulnerable.

**3.9** Response to communication channels is cumulative and each channel also drives response in its own right (as discussed in paragraphs 3.4 and 3.5 above). Analysis of information collected on those calls generating a positive outcome between May 2003 and March 2004 is as follows:

- 866,000 responded to direct mail
- 233,000 responded to TV/Radio
- 214,000 responded to press adverts
- 213,000 responded to local campaigning

**3.10** The key marketing driver for the initial phase of the campaign has been direct mail, which accounts for 54% of customer responses leading to positive outcomes. As we enter the second phase of the campaign, direct mail will still be used to generate demand as part of the revised contact strategy. There will however be an increasing emphasis on other methods of direct customer contact, through visits and contact by telephone.

**Fig 3c. Response levels by marketing channel from May 2003 to March 2004**



# A review of the campaign to May 2004

## **Section 4**

# **The Customer Experience**

## SECTION 4. The Customer Experience

### Customer Research on the Application Process

**4.1** With the introduction of Pension Credit, we have aimed to deliver a high quality customer experience from initial contact through to application handling. For many customers, calling the application line will be the only occasion they will talk to a member of The Pension Service about their application. As part of our continuous programme of maintaining high customer standards, independent research was commissioned to assess callers' satisfaction with the application process. Research was carried out in late 2003, with over 400 callers to the application line interviewed about their experience. It found that customer reaction to the Pension Credit application line was very positive. The main findings of the research study are detailed in the following paragraphs

**4.2** Most said they were able to make contact at their first attempt and that their application was dealt with fully at that point. Callers were overwhelmingly satisfied with each of a range of elements of the application line measured, with over four in five very satisfied. Particularly positive ratings were given for the manner, friendliness and politeness of the application line staff.

**4.3** The majority of respondents were aware that their call to the application line was free of charge. Callers were overwhelmingly happy with the amount of time they spent on the phone to the application line, with the vast majority of calls lasting less than 20 minutes.

**4.4** The results of the survey indicate that the application line operators provide clear information to callers. Nine out of ten respondents who were taken through the full application on the phone by our trained staff, said that the process and application form were well explained to them. Of those surveyed, who subsequently had no entitlement to Pension Credit, around 75% were told when they called that they were unlikely to be eligible. Of those told they would not be eligible, four-fifths said they were given a clear explanation of the reasons why. Important in this is that the application line staff have managed customer expectations honestly and sensitively. This has been very much appreciated by our customers.

**4.5** Of course we will strive to do even better, but the independent survey confirms that a high quality customer experience is being delivered. This has been further recognised through a major industry award for the successful development and implementation of the Pension Credit Customer Relationship Management System. The award recognises and rewards achievement in the field of customer relationship management. Industry recognition at this level supports our public message of modernisation and improvement in the customer experience. It also reflects successful management of IT projects within The Pension Service.

**4.6** The managed, phased approach to Pension Credit take on has proved successful. The publicity has been very effective in raising customer awareness and encouraging

**Fig 4a. Key findings from independent research survey on satisfaction with the application line**

Customer Experience Factor	Agree/agree strongly
The Pension Credit mailing is clearly laid out	88%
The Pension Credit mailing is easy to understand	80%
Application completed on first call to the application line	89%
Staff have a good telephone manner	99%
The application process was explained well	93%
The call took less than 20 minutes	93%
Length of time spent on the phone was acceptable	96%
The instructions about what to do with the form were clear	86%
The completed form was easy to understand	85%
Overall satisfied with the process	89%

## SECTION 4. The Customer Experience

take up, and the application line, local service and pension centres have reacted very well to the demand generated by the campaign.

### Customer Research on the Marketing Messages

**4.7** Research has also been carried out on the impact of the marketing messages on the pensioner population. A survey of over 1,000 pensioners has been regularly carried out, aimed at measuring the extent of awareness and understanding of the messages around Pension Credit. The marketing messages aim to alert pensioners and their families to the introduction of Pension Credit - a new entitlement for the pensioner population, what it stands for, is it for them, and how to get it. The research gives valuable customer feedback on the success of the marketing messages and allows for opportunities for improvement to be identified and addressed.

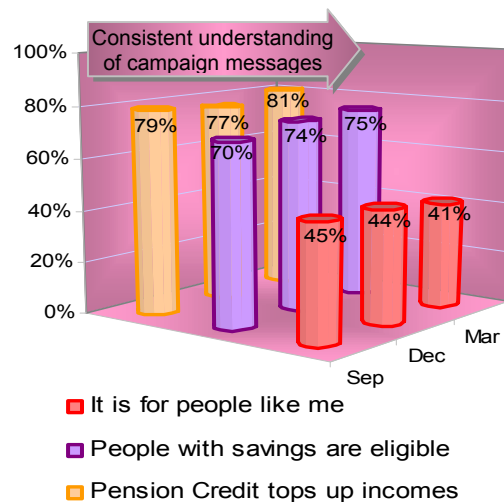
**4.8** The survey has shown an increasing awareness of Pension Credit in the six months to March 2004:

- 84% of those surveyed had seen some form of advertising in March 2004 compared to only 20% in September 2003;
- 82% of those surveyed had seen TV advertising in March 2004 compared with only 18% in September 2003;
- 32% of those surveyed had seen press advertising compared to only 7% in September 2003.

From a customer experience perspective, it is important for pensioners to realise what Pension Credit stands for. It is also important a clear message is given that not everyone will be eligible for Pension Credit. Of those pensioners who have seen advertising, a further set of questions was addressed to establish a level of understanding of Pension Credit. This provides a measure of success in the marketing of Pension Credit – see fig 4b below.

**4.9** The research findings show a degree of consistency in customer understanding from September 2003 to March 2004. There has been a consistently high appreciation of the key objectives of Pension Credit to increase the income of the poorer pensioners and to reward saving for retirement. As not all households will be eligible for Pension Credit, the expectation is that less than half of those surveyed will believe it is for them, as the chart confirms.

**Fig 4b. Measurement of awareness of advertising – results at quarterly intervals**



### Customer Experience at the Local Level

**4.10** At the local level our local service organisation has engaged with partners from local authorities and voluntary organisations to meet pensioner needs and encourage them to apply for Pension Credit. This is one of the many messages of appreciation received:

*"I was very impressed with the way my Pension Credit application was dealt with and the prompt reply I received".*

## SECTION 4. The Customer Experience

- 4.11** There are now 14 Joint Teams (teams from Local Authorities and The Pension Service working together in a single management structure), with national rollout now planned. Success has already been evident and working in partnership, Somerset County Council and The Pension Service won the 2004 Local Government Chronicle Awards “Joined-Up Government Initiative of the Year”.
- 4.12** In recognition of the need to allow partners a greater involvement in pensioner welfare matters, legislation has been amended to enable designated partners to receive and verify benefit claims/applications from older people. Work is well underway towards implementation and a pilot has been set up to test the processes and the impact on the application process.

# A review of the campaign to May 2004

## **Section 5**

# **The Application Line**

**Call Volumes**

**5.1** Pensioners are encouraged to apply for Pension Credit by contacting the application line. Calls are made to a freephone number and 3.78 million customer calls have been received at the four sites nationwide up to 31<sup>st</sup> May 2004. This includes 842,000 calls made during the advance application period from April to September 2003. For the eight months up to May 2004, the total of 2.94 million calls received gives a monthly average of 367,000.

**Performance Standards**

**5.2** Under the published performance standards within The Pension Service Customer Charter, we aim for telephone calls to be answered within 30 seconds, and our Service Delivery Agreement for 2003/04 stated that we would answer 88% of calls. We aim to deliver a high quality service to callers to the application line and our performance achievement up to 31<sup>st</sup> May 2004 confirms that we have answered the challenge brought about by the campaign. For the 14 months ending May 2004:

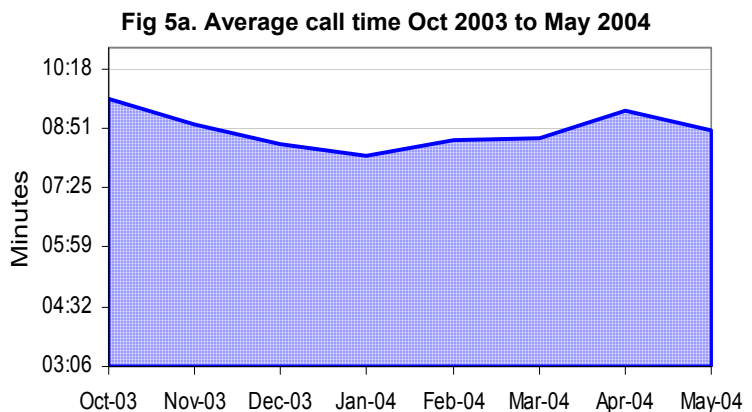
- 97% of calls have been answered, and
- 94% of calls have been answered within 30 seconds

This is a significant achievement and one that underpins the quality customer experience of applying for Pension Credit. It is also a measure of the success in organising new systems and processes to meet the customer demand generated by the introduction of Pension Credit.

**5.3** The importance we place on the customer experience is also reflected in the very low level of complaints made to the application line. Recognised complaint handling procedures have been in place since the onset of operations and, of the 3.77 million calls made to the application line, only just over 10,000 have so far resulted in a complaint being made. The complaint rate of 0.3% is considerably better than the industry average of 3% for call centre operations. Our commitment to have in place trained and expert staff to deal with customer calls results in fewer complaints and although we aim for every caller to be satisfied, complaints are at a minimum.

**Call Times**

**5.4** Another measure of success is the length of time for the average customer call handled by the application line. We estimated that it would take customers less than twenty minutes to complete the telephone application process. The average call time for all calls handled, inclusive of these application calls is less than ten minutes as seen in fig 5a adjacent.



**Applications Issued**

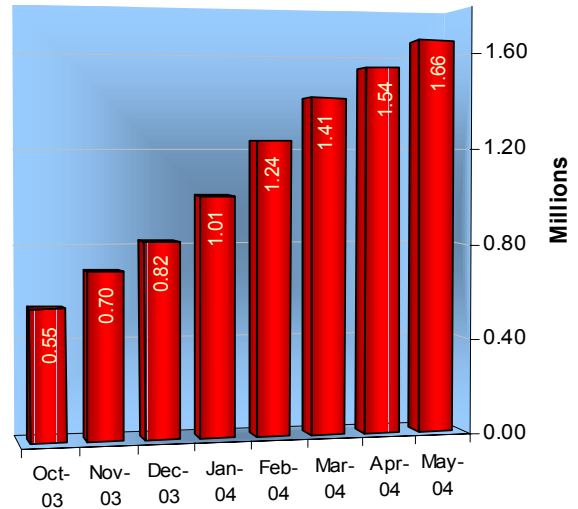
**5.5** As at 31<sup>st</sup> May 2004 there have been 1.66 million application forms issued by the application line in response to customer requests. Fig 5b adjacent shows the cumulative level issued so far. This includes:

- 1.24 million applications where the information has been given during the call and a completed form is sent out for the customer to sign and return for processing
- 425,000 applications where the customer has requested a form for self completion

Three quarters of customers have opted for telephone application completion and the flexible approach through the offer of self-completion helps us preserve the customer experience our pensioners are looking for when they contact the application line.

**5.6** A customer promise has been introduced to ensure that customers are aware of what to expect once they make an application. The promise advises customers who call the application line that their application will be dealt with in four to six weeks of all necessary documents being received by the pension centre processing the application. We aim to ensure that those customers calling the application line understand the application process and the part they have to play in it. Application processing times are dealt with in more detail in Section 6 – Application Handling

**Fig 5b. Cumulative application forms issued by the application line up to 31<sup>st</sup> May 2004**



*Note Figures for October include 360,000 applications issued during the advance application period from April to September 2003*

# A review of the campaign to May 2004

## **Section 6**

# **Application Handling**

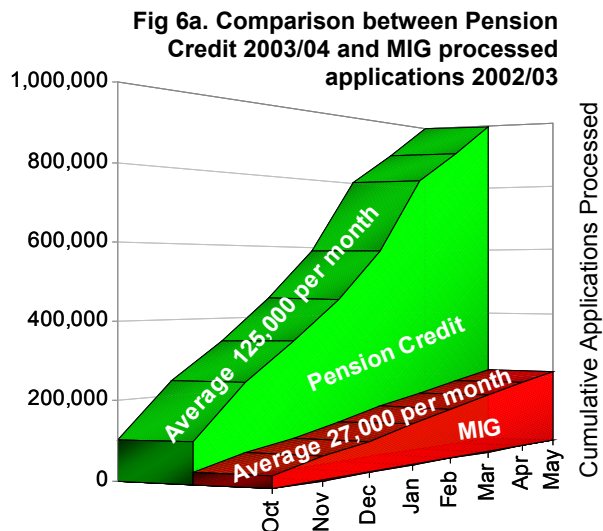
**Applications Returned**

**6.1** Processing of Pension Credit applications is carried out through a national network of pension centres. As at 31<sup>st</sup> May 2004, a total of 1.22 million applications have been returned by customers to pension centres. A number of applications remain with pensioners and although the majority of applications are returned to pension centres within two weeks of issue, some pensioners do take longer to return the form. In the next phase of the campaign we will be contacting directly those pensioners who have not returned their application. We are determined that all those who are eligible complete the application process and receive their entitlement.

**Applications Processed**

**6.2** Up to 31<sup>st</sup> May 2004, a total of 1.15 million applications have been processed by pension centres, of which 150,000 were processed during the advance application period from April to September 2003. In the eight months since the introduction of Pension Credit in October 2003, the one million applications processed average 125,000 applications per month. This compares with a total of 218,000 MIG applications processed during the corresponding period from October 2002 to May 2003 (a monthly average of 27,000).

**6.3** Almost five times as many applications have been handled through Pension Credit. It has been a significant achievement of The Pension Service to respond to the challenge of increased workload volumes and deliver a high quality service and a high quality customer experience. The adjacent chart fig 6a compares the cumulative volumes of applications processed between Pension Credit and MIG.



**Successful Applications**

**6.4** The success rate of applications is another significant achievement with the introduction of Pension Credit. Of the 1.15 million applications processed as a result of the campaign for the period up to 31<sup>st</sup> May 2004, a total of 863,000 have been successful. The success rate of 75% for the Pension Credit campaign compares favourably to the success rate of MIG applications. For the year 2002/03, 74% of MIG applications processed that year were successful. The higher success rate of Pension Credit applications is a positive indication that despite five times more applications, the success of the phased and targeted take-on, and the clear messages given to customers, has resulted in fewer unsuccessful applications.

**Clearance Times**

**6.5** Another measure of success achieved by The Pension Service has been the time taken to process applications. Customers who contact the application line to apply for Pension Credit are told that their application will be processed within four to six weeks of the required evidence being produced relating to their application. The average time to clear Pension Credit applications in each of the last three months has in fact been just over 9 days, with the average for the campaign to date standing at 11.8 days. This

## SECTION 6. Application Handling

takes account of all Pension Credit applications processed up to the 31<sup>st</sup> May 2004 and measures from the point all appropriate evidence has been supplied by the customer, up to the point at which the customer is notified of the decision. It clearly shows that the commitment to meet the customer promise has been followed through. This compares favourably with the average clearance time of over 12 days for MIG applications for the 2002/03 year, and shows that despite the five-fold increase in applications being handled, clearance times have not been compromised; rather they are being significantly improved upon.

# A review of the campaign to May 2004

## **Section 7**

# **The Way Forward**

### The Next Phase

- 7.1** For 2004/05, the real and significant achievements of the first phase of Pension Credit introduction will be built upon, and we will make further progress towards achieving the Public Service Agreement target of 3 million households receiving Pension Credit by March 2006. By the end of April 2004, we had written to all 6.8 million pensioner households, making them aware of Pension Credit and how to apply for it. The TV and press advertising campaigns have also been instrumental in re-enforcing the take-up messages, as indeed have the efforts of our local service and their work with partners. This effectively marks the end of the initial contact phase of the take-up campaign, where efforts were concentrated on targeting as wide an audience as possible to generate awareness and understanding of Pension Credit.
- 7.2** The focus of the campaign for the year 2004/05 will now shift towards targeting those who have not yet responded to our approaches but we know are likely to be entitled to Pension Credit. This group of people can, by definition be hard to reach and may be reluctant to apply. During this phase of our campaign we will build on the progress we have made so far, by refining our communications and marketing activity to reach those customers more effectively. Our approach includes writing again to these pensioner households, raising awareness that they may be entitled to a backdated payment. We will also continue to make home visits, focusing on the more vulnerable customers and those who have not yet responded to our mailing activity.
- 7.3** The 2.5 million households already signed up for Pension Credit means that there are still more eligible households who will require further, more directly focused contact to persuade them to take-up their entitlement. We are determined to reach those remaining of the estimated 3.75 million households eligible for Pension Credit. We have learned valuable lessons during the short time the campaign has already been running and we will put this to effective use as we enter the next phase of the campaign.
- 7.4** We have been very successful in terms of customer take-up of the higher monetary awards of Pension Credit. The significant increase in the level of guarantee households shows that we are addressing the needs of the poorer pensioners. The challenge for the way forward will be to find and persuade those customers who may perceive their entitlement as low, to take-up Pension Credit. It is important that these customers take-up their entitlement – it will make a difference to their lives. The task of persuading these customers to take-up entitlement will be difficult and is not being under-estimated. For the year ahead we have developed a more refined and co-ordinated marketing strategy to target eligible households.

### Addressing and Overcoming Reluctance to Take-Up

- 7.5** We accept that some customers will be reluctant to take up their entitlement. Some may be put off by what they perceive as means testing, others may perceive it as only a small reward to be received. We are emphasising the reforms that Pension Credit brings with it – for example, we have reduced the number of changes people aged 65 or over have to report and the backdating arrangements means that customers can receive a backdated payment of entitlement of up to 52 weeks.
- 7.6** For the year ahead we have developed a more refined and co-ordinated marketing strategy to target eligible households:
- We are writing again to those households believed to be eligible for Pension Credit but have yet to respond. We have learned from the campaign so far, and are including testimonials and good news stories from customers to assist in overcoming reluctance to take-up;

## SECTION 7. The Way Forward

- TV and press advertising will continue with new products designed to address the issues preventing take-up by those eligible customers;
- We are working more closely with partner organisations to ensure our harder-to-reach customers are fully aware of Pension Credit and are supported in their take-up of entitlement;
- We are developing specific initiatives; for example, ethnic minority press and radio, advertising for carers, to ensure we address the difficulties that some groups face and support them in taking up their entitlement.

**7.7** We are actively seeking ways to improve the customer experience for ethnic minority customers and provide support for our staff in doing so. Reluctance to take up Pension Credit may be related to issues of perception, language and literacy. We are examining solutions to these through the development and deployment of tools and systems that provide for a step-by-step guide to overcome the language barriers. This includes the greater use of audio/visual products. Investment in new products for ethnic minority customers and improved information and focus for staff at the local level will provide additional improvements to the customer experience.

**7.8** The overall emphasis will be placed on more local and specific campaign activity with more direct customer contact, giving greater opportunity to address and overcome the reluctance to take-up.

**7.9** The significant progress on take-up we have already made in combating pensioner poverty makes us even more determined to ensure that all customers with entitlement to Pension Credit, do indeed take-up their entitlement.