Quantitative Evaluation of the Pension Credit Payment Study

Lucy Radford
Acknowledgements ........................................................................................................................ iii

Summary .......................................................................................................................................... 1

1. Introduction and Background.................................................................................................... 2
   1.1. Background and rationale ................................................................................................. 2
   1.2. Aims and objectives of the evaluation ................................................................................ 2
   1.3. Evaluation methodology ................................................................................................... 3
       1.3.1. The data behind the pilot ............................................................................................ 3
       1.3.2. Study Design ............................................................................................................... 3
       1.3.3. Sampling .................................................................................................................... 5
       1.3.4. Study delivery ............................................................................................................. 6
       1.3.5. How take-up was measured ....................................................................................... 6
       1.3.6. Unsuccessful claims for Pension Credit and customer contacts .............................. 7

2. Impact on take-up .................................................................................................................... 8
   2.1. Payment group and Visits group impacts ...................................................................... 8
   2.2. Sub-group analysis of Pension Credit Take-up ............................................................ 9

3. Cost-Effectiveness .................................................................................................................. 12
   3.1. Measuring cost-effectiveness ........................................................................................... 12
       3.1.1. Payment group ........................................................................................................... 12
       3.1.2. Visits group ............................................................................................................... 12
   3.2. Summary ............................................................................................................................ 14

4. Unsuccessful claims and customer contacts ........................................................................... 15

5. Conclusions ............................................................................................................................. 16

Appendix A ....................................................................................................................................... 17

Tables

Table 1: Characteristics of study groups .................................................................................... 6
Table 2: Total cost of providing the DWP Visiting service to the 2,000 sample claimants ........ 13
Table 3: Summary of costs and impacts for Payment and Visits groups ............................... 14
Table 4: Summary of Payment group contact with DWP ......................................................... 15

Figures

Figure 1: Design of the Pension Credit Payment Study ........................................................... 4
Figure 2: Cumulative Pension Credit Take-Up (% of sample) .................................................. 8
Figure 3: Take-up by Estimated Weekly Entitlement ............................................................... 11
Figure 4: Payment group: sample size (bars) and take-up rate (line) by estimated weekly entitlement amount ................................................................. 11
Figure A.1: Take-up by Age Group ......................................................................................... 17
Figure A.2: Take-up by Gender ............................................................................................... 17
Figure A.3: Take-up by Couple Status ...................................................................................... 18
Figure A.4: Take-up by Estimated Pension Credit Type ........................................................ 18
Figure A.5: Take-up by Receipt of Disability Benefit ............................................................... 18
Figure A.6: Take-up by Receipt of Occupational Pension ..................................................... 19
Figure A.7: Take-up by Whether Customer has Savings ....................................................... 19
Acknowledgements

The analysis which underpins this study, and the early analysis of the results, was carried out by Graham Jones at the Department for Work and Pensions. We are grateful to Graham for all the work he did during this study.
Summary

Aims and methods

In order to explore ways of using data more effectively in the administration of Pension Credit, the Department for Work and Pensions (DWP) ran a small study where a sample of 2,000 people were paid their estimated Pension Credit entitlement without them first having made a claim (henceforth referred to as the ‘Payment group’). Payments were made directly into their bank accounts, and stopped after 12 weeks. Participants received letters at the beginning and end of the study which explained the study and also provided information on how to submit a claim for Pension Credit.

In order to provide a comparison for this quantitative analysis, a second sample of 2,000 people, also estimated to be eligible for but not in receipt of Pension Credit, were referred to DWP Visiting (an operating arm of the DWP who specialise in providing face-to-face assistance to vulnerable customers unable to access the Department’s services through other channels), henceforth referred to as the ‘Visits group’. Those individuals who were happy to receive a visit and be assisted with the claims process received a visit from a DWP Visiting officer and were assisted through the claims process.

Impact on take-up levels

Our analysis shows that Pension Credit take-up was low for both study groups, with 8.6 per cent of the Payment group and 13.1 per cent of the Visits group making a successful claim for Pension Credit. By comparison, the take-up rate for the remaining population of customers estimated to be eligible but not in receipt of Pension Credit (from which the two samples were drawn) was 2.9 per cent over the same period. This shows that some marginal increases in take-up can be attributed to the study.

Take-up levels were also compared for different sub-groups (for example age, gender, couple status, estimated entitlement to type of Pension Credit). For each sub-group, take-up was highest in the Visits group, generally by around 3.5 per cent.

Cost-effectiveness of each method

Paying customers their estimated entitlement without them first making a claim cost around £3,800 for each successful award of Pension Credit in the Payment group. In comparison, the service provided by DWP Visiting to the Visits group cost around £600 for each successful award of Pension Credit.
1. Introduction and Background

This chapter starts by outlining the policy and research background to the study, and follows with a discussion of the study, including the aims and objectives, and a description of the evaluation methodology.

Chapter 2 presents analysis on the take-up rate for each study group, the net impact of the study and sub-group analysis. Chapter 3 details the cost-effectiveness analysis, and Chapter 4 presents data on the proportion of successful claims, unsuccessful claims and customer contacts for the Payment group.

1.1. Background and rationale

It is currently estimated that between 32 and 38 per cent of pensioners who are entitled to Pension Credit\(^1\) are not claiming it\(^2\). Non-take-up of benefits remains a significant reason why a proportion of pensioners remain in poverty. The DWP wished to assess the effect on take-up rates of paying an estimated entitlement.

The Department for Work and Pensions (DWP) has been investigating whether the data it already holds on individuals – from its own administrative records and those of HMRC – might be effectively and appropriately used in the administration of Pension Credit, both to identify and pay those people who appear eligible. It is not possible to pay Pension Credit automatically with sufficient accuracy, due to the level of information required for each individual at the point of claim, but in order to explore the concept further, DWP ran a small study (between November 2010 and March 2011) where a sample of just under 2,000 people were paid their estimated Pension Credit entitlement without them first having made a claim. Payments were made directly into their bank accounts, and stopped after 12 weeks.

The aim of the study was to see how the information already available to the DWP might be used more effectively in the administration of Pension Credit.

1.2. Aims and objectives of the evaluation

The key aims of the evaluation were to:

- provide information about how a system which uses personal information to pay people Pension Credit is received by recipients, and the reasons for their subsequent take-up behaviour;

\(^1\) Pension Credit is a means-tested benefit for older people which tops up weekly income to a guaranteed minimum level of £137.35 for a single person or £209.70 for a couple (figures correct as of March 2012).

test the net impact of the payments on subsequent Pension Credit take-up.

There were four key outputs as part of this study evaluation; the first was a publication of interim findings\(^3\) which briefly covers both aims detailed above. The final three outputs are this report, detailing the quantitative results (second aim above), a qualitative report detailing the final outcomes for the first aim given above, and a short synthesis report summarising the quantitative and qualitative evidence. All three of these final outputs are being published concurrently.

### 1.3. Evaluation methodology

The quantitative element of the evaluation will draw on a range of customer-level data extracted from DWP operating systems. Some of this data is held on established databases that are regularly used for statistical and analytical purposes. The evaluation also draws on data that was collected purely for the purpose of delivering and evaluating the study. This section provides details on the methodology and available data.

#### 1.3.1. The data behind the pilot

A dataset consisting of data from DWP and Local Authority benefit systems and HMRC PAYE tax returns was used to assess whether non-recipient customers were entitled to Pension Credit, and to calculate their estimated entitlement. Where we believed customers were part of a couple, only the older partner was included in this population dataset. This is because Pension Credit is paid to benefit units, rather than to individuals. A benefit unit will either consist of a single pensioner or a couple (only one member of the couple needed to be over women’s state pension age for the couple to be eligible for Pension Credit). In the case of a couple, either member may make a claim on behalf of the benefit unit. This dataset was then matched with administrative data on State Pensions, because the study concerned only people receiving State Pension paid directly into their bank account. All these eligible cases were then put into a final population dataset.

#### 1.3.2. Study Design

Figure 1 shows the design of the overall study. The dotted lines show that everyone selected in each group is included in the analysis regardless of their participation in the study, while the formula at the bottom shows how the impacts of the study groups (shown in Chapter 2) are calculated.

---

In order to assess the impact on take-up of paying people without them initially having to make a claim, (the so-called 'Payment group), it was necessary to include a second group of participants in the study who received an alternative service as a logical comparator.

**Figure 1: Design of the Pension Credit Payment Study**

Total population of people estimated as eligible for Pension Credit (PC), minus those who do not receive State Pension via bank or Post Office account.

- 2,000 people selected at random into the **Payment** group
- 2,000 people selected at random into the **Visits** group
- The rest – i.e. the eligible non-recipient (ENR) group

- Some exclusions made prior to contact – notably, people who had died or made a claim very recently
- Group passed to DWP Visiting
- Receive no directed assistance but provided with usual assistance if they contact the Pensions Service

- Contact and payment
- Home visit
- Some selected out prior to contact, through administrative or individual choice

- Successful Claims
- Successful Claims
- Successful Claims

This second study group, the so-called 'Visits group', were referred to DWP Visiting who carried out their service of assessing claimants and providing home visits to help with the claims process. DWP Visiting, in partnership with Local Authorities and voluntary sector organisations, provide a face-to-face...
service which is directly targeted on vulnerable customers with particular needs and those with complex or highly sensitive situations which cannot be met in more cost effective ways, for example through self service and telephony channels.

Compared to alternative methods of encouraging take-up such as direct mail and outbound telephony, the delivery cost of paying people without them initially making a claim is relatively high, and it might be expected to have a significant and tangible impact on take-up. Similar considerations apply to visits, which is why this was chosen as the comparator service (although encouraging benefit take-up is not the main role for DWP Visiting4).

Those participants in the population dataset not randomly assigned to one of the two study groups were also monitored during the study period to assess the impact on take-up when nothing is done to promote it, hereafter known as the remaining eligible non-recipient (ENR) group.

1.3.3. Sampling

For the Payment group, a sample of 2,000 was drawn at random from the population dataset. After the sample was drawn further clerical checks were made to remove cases where the customer had recently made a claim for Pension Credit, where the customer had died in the time since the sample was drawn, or for other operational reasons. A further 17 cases were removed at a later stage after the participants opted out. This left a sample of 1,838 who were participants in the study (Payment group), and who received their estimated entitlement for the 12 week study period.

Another sample of 2,000 was also drawn at random from the population dataset. This sample (Visits group) was assigned a visit from DWP Visiting. As with the Payment group further checks were made to remove customers who had recently claimed, or recently died. An additional check was carried out by DWP Visiting, and as a result a further 34 cases were removed from the sample as they had received a visit within the six months prior to the start of the pilot. The final sample of 1,966 cases was then passed to DWP Visiting who carried out their service. There were further sources of sample attrition from that point: the Visiting service includes pre-assessment checks so not all 1,966 cases would have been contacted to book a visit, some would have been un-contactable at the time of booking; some would have refused a visit, and some would have opted out or been unavailable at the time of the visit.

Those remaining in the population dataset (approximately 1.2 million customers) made up the third study group, the remaining eligible non-recipients (ENRs).

---

4 DWP Visiting helps those most in need to access necessary community services, for example warm front, home help and home adaptations/fltings such as hand rails etc.
As the samples were randomly drawn from the population, the characteristics from each group would be expected to be similar. Table 1 shows the basic characteristics from each group and shows that they are indeed similar.

**Table 1: Characteristics of study groups**

<table>
<thead>
<tr>
<th></th>
<th>Payment</th>
<th>Visits</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age (median)</td>
<td>76</td>
<td>76</td>
<td>77</td>
</tr>
<tr>
<td>Estimated entitlement (median)(^{5})</td>
<td>£18.00</td>
<td>£17.00</td>
<td>£17.50</td>
</tr>
<tr>
<td>Female</td>
<td>57%</td>
<td>57%</td>
<td>57%</td>
</tr>
<tr>
<td>Male</td>
<td>43%</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>Guarantee Credit (GC) only</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>GC &amp; Savings Credit (SC)(^{6})</td>
<td>32%</td>
<td>29%</td>
<td>31%</td>
</tr>
<tr>
<td>SC only</td>
<td>58%</td>
<td>62%</td>
<td>60%</td>
</tr>
</tbody>
</table>

1.3.4. Study delivery

The study delivery phase ran from 15 November 2010 to 18 March 2011. During this time, following a written communication, the Payment group members received three four-weekly payments of their estimated Pension Credit entitlement, directly into their bank account. Another letter was sent ahead of the final payment, reminding participants that the study was due to end and reiterated how they could make an actual claim for Pension Credit via the standard Pension Service claim line.

For the Visits group, visits were carried out during the study delivery phase with DWP Visiting staff helping those who were ultimately eligible to make a claim for Pension Credit.

1.3.5. How take-up was measured

For all three study groups take-up of Pension Credit was assessed by measuring the proportion of the given sample that went on to make a successful claim for Pension Credit since the start of the study (as shown in the formula at the bottom of Figure 1).

For the Payment and Visits groups the original sample of 2,000 participants were included in the analysis, rather than only including those who participated in the study. This is known as Intention to Treat (ITT) analysis and aims to avoid any bias entering the analysis that, due to drop-outs, may not occur randomly.

---

\(^{5}\) Rounded to nearest 50 pence  
\(^{6}\) For more details of the difference between guarantee and savings credit please see: [http://www.direct.gov.uk/en/Pensionsandretirementplanning/PensionCredit/DG_10018692](http://www.direct.gov.uk/en/Pensionsandretirementplanning/PensionCredit/DG_10018692)
The net impact of the study was assessed by comparing take-up in the Payment group with take-up in the Visits group.

DWP administrative data was used to identify successful Pension Credit claims. The National Benefits Dataset (NBD) used for the analysis in this report is an established dataset which is used for the reporting of all National Statistics on benefit caseloads and average weekly amounts. The sample cases were compared with the NBD and all cases which had started a Pension Credit claim since the start of the study were identified.

To ensure that take-up was identified in all sample cases where it had occurred, we also compared the NBD to partners, where we had previously identified couples in the population dataset. This was in case the partner rather than the sample claimant (who was assigned as the older partner for the purpose of the study) made the successful claim.

This process was carried out for both the Payment group and the Visits group. The net impact could then be determined as the difference between the take-up rate for the Payment group and the take-up rate for the Visits group.

The take-up for the remaining eligible non-recipient group was also measured by comparing the sample with the NBD and identifying all those cases which had made a claim since the start of the study. This figure then shows what level of take-up can be expected if no additional action is taken to promote the take-up of Pension Credit.

1.3.6. Unsuccessful claims for Pension Credit and customer contacts

To assess the total overall behavioural impact of the study, data collected by the Pension Credit claim line was analysed and compared with the Payment group to identify how many of the sample made a claim which was unsuccessful, or made a claim but did not complete the process. Reasons for not completing the process include the customer withdrawing their application or the customer having died before the process is complete. This data is then combined with the proportion we know made a successful claim for Pension Credit to indicate the overall impact of the study.
2. Impact on take-up

This chapter details the impacts for the Payment group and the Visits group, and also the net impact for the Payment group. The final section of this chapter details sub-group analysis.

2.1. Payment group and Visits group impacts

Figure 2 shows the impacts of the different methods for encouraging Pension Credit take-up on the sample groups. The impacts shown are the cumulative proportions of the samples to have made a successful claim for Pension Credit at weekly intervals between 12th November 2010 and 26th August 2011.

Figure 2: Cumulative Pension Credit Take-Up (% of sample)

By the end of August 2011 (approximately 5 months after the end of the study), 8.6 per cent of the Payment group had made a successful claim to Pension Credit. This is compared to 13.1 per cent of the Visits group and 2.9 per cent of the remaining eligible non-recipients. So the Payment group had a take-up rate of around two thirds that of the Visits group, but around three times that of the remaining eligible non-recipients (ENRs).

The main impact of increased take-up for the Visits group occurred during the study period, whilst the impact for the Payment group continued after the study period. This difference in timing is due to the set-up of the study and the service provided by DWP Visiting (for those in the Visits group). For those in

7 When grossing up to the overall population we would expect take up of the payment sample to be in the range 7.6 per cent to 9.6 per cent, and for the visits sample to be in the range 11.9% to 14.3%.
the Visits group, claim forms were completed during the visit and submitted immediately. As all visits occurred during the study period, the main take-up impact also occurred during the study period. For those in the Payment group, payments were made until the end of the study, at which point participants were reminded about how to claim, spreading the main impacts over the study period and the period just after it, as there was no real incentive to put in a formal claim for Pension Credit during the study.

As can be seen in Figure 2 the lines for both intervention groups appear to be flattening out, suggesting that the main impacts of the study have been reached and we would not expect to see significant additional impacts in the following months.

As stated earlier, the net impact of the study is the difference between take-up in the Payment group and take-up in the Visits group, and can be estimated with a margin of error of 1.6 per cent\(^9\). The net impact is -4.5 per cent (±1.6 per cent) which indicates that take-up in the Payment group is significantly lower\(^9\) than take-up in the Visits group.

### 2.2. Sub-group analysis of Pension Credit Take-up

Sub-group analysis of the three samples looks at the impacts shown above, broken down based on the following factors\(^{10}\):

- age;
- gender;
- couple Status;
- estimated entitlement to type of Pension Credit (guarantee credit, savings credit, or both – at the time of the study there was no housing credit, Housing Benefit being paid and administered separately from Pension Credit);
- receipt of a disability benefit;
- receipt of an occupational pension;
- whether or not have savings.

Using the factors above, 18 sub-groups were identified; these are shown in Figures A.1 to A.7 in Appendix A.

For each sub-group, take-up was found to be highest in the Visits group.

Despite take-up in the Payment group being lower than that in the Visits group for all sub-groups, there were a number of groups (11 out of 18) in the

---

\(^{8}\) A margin of error expresses the amount of random sampling error in a survey’s results. It was calculated using the standard formula for a margin of error for comparing proportions using a pooled proportion. This is similar in nature to a confidence interval.

\(^{9}\) Significant at the 90% level, meaning that the observed difference is not purely down to chance.

\(^{10}\) Due to limitations of the data available, breakdowns by other sub-groups (e.g. ethnicity) have not been possible.
Payment group where take-up was higher (though only just in some cases) than the overall impact for the sample. These groups (and their take-up levels) were:

- those aged 60-69 (9.9 per cent compared to 8.6 per cent for the whole Payment sample);
- those aged 70-79 (10.1 per cent);
- those aged 80-89 (8.8 per cent);
- males (10.6 per cent);
- couples (11.2 per cent);
- those entitled to both guarantee and savings credit (10.8 per cent);
- those entitled to savings credit only (8.7 per cent);
- those not receiving a disability benefit (9.6 per cent);
- those receiving an occupational pension (8.7 per cent);
- those not receiving an occupational pension (9.7 per cent);
- those with no savings (11.3 per cent).

As the results above show there is no one sub-group that performed greatly better than the rest. The results, along with those which were just below the impact for the sample, show a small degree of fluctuation around the average.

Entitlement for each participant was estimated by DWP at the start of the study and is based on data held by the DWP and HMRC. Figure 3 shows the take-up for each study group against estimated entitlement to Pension Credit and Figure 4 shows the sample size (bars) and take-up (line) by estimated entitlement bands for the Payment group.

Figure 3 shows that take-up was highest for the Visits group, for all levels of entitlement. For those in the Visits group there were peaks in take-up for those estimated to be entitled to £10 to £20, £40 to £50 and over £70. For those in the Payment group the peaks in take-up were smaller and occurred where estimated entitlement was £20 to £30 and £60 to £70. As shown in both Figures 3 and 4 those in the Payment group who were estimated to be entitled to between £40 and £60 were least likely to have a successful claim. As shown in Figure 3 take-up for those in the control (ENR) group increased gradually as the estimated entitlement increased.
Figure 3: Take-up by Estimated Weekly Entitlement

Figure 4: Payment group: sample size (bars) and take-up rate (line) by estimated weekly entitlement amount
3. Cost-Effectiveness

3.1. Measuring cost-effectiveness

The cost-effectiveness of the Payment cases in the study is assessed by measuring the average cost per successful award:

\[
\frac{\text{total cost of Pension Credit payments to whole Payment sample}}{\text{total number of successful claims in Payment sample}}
\]

This formula uses the total cost of payments made to the 2,000 participants in the Payment group. All 2,000 sample participants are included here as we are again using an ‘intention to treat’ approach. The figures are provided for the sake of completeness, the study was not intended to test the potential of either Payment or Visits as a scaleable delivery model.

3.1.1. Payment group

The cost-effectiveness of the Payment group is assessed by measuring the average direct gross cost per award. The average direct cost per award is calculated as the total amount paid to the Payment group during the study, divided by the total number of the Payment group who made a successful claim to Pension Credit since the start of the study.

The total cost of payments to the 2,000 participants over the 12 weeks of the study was £652,800 (rounded to the nearest £100). As shown in Chapter 2, 8.6 per cent of this sample group (171 cases) went on to make a successful claim to Pension Credit. This gives a gross average cost per award of around £3,800 (rounded to the nearest £100) for the Payment group.

3.1.2. Visits group

As for the Payment group, the cost-effectiveness of the Visits group was assessed by measuring the average direct cost per award. The average direct cost per award for the Visits group is calculated as the total cost to DWP Visiting of providing their services to the 2,000 sample cases, divided by the total number of the Visits group that made a successful claim to Pension Credit since the start of the study.

Unlike the Payment group, calculating the overall cost for the Visits group was not so straightforward and required some assumptions to be made. As not all 2,000 claimants in the sample would have received a visit (some would have been triaged out by DWP Visiting and some would have opted out) it is not sensible to generate a total cost based on the assumption that all 2,000 received a visit.
The DWP Visiting costs can be broken down into two parts; the cost of booking and administration; and the cost of the actual visit. The entire sample is assumed to have incurred administration and booking costs, but only those who actually received a visit are assumed to incur the cost of the visit itself. As we know that not all 2,000 claimants received a visit, we can use DWP Visiting data to approximate how many did receive a visit.

DWP Visiting data was used to estimate the proportion of the total sample who received a visit. This analysis showed that approximately 54 per cent of the sample (1,080 cases) had a visit booked which was dated on or before the date the DWP Visiting referral was closed. We therefore estimate that 1,080 claimants in the sample received a visit from the DWP Visiting team. We then assume that the remaining 46 per cent (920 cases) required some resource to either triage out, or attempt to book a visit. This analysis is supported by clerical feedback received from two (of the 55) areas during the study, which showed that between 59 per cent and 62 per cent of the sample in each area had received a visit.

Using the above analysis provides the total cost for the Visits group shown in Table 2.

**Table 2: Total cost of providing the DWP Visiting service to the 2,000 sample claimants**

<table>
<thead>
<tr>
<th>Service Received</th>
<th>Number Receiving</th>
<th>Approx Cost of Service(^{11})(^{12})</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visit (including booking call and admin)</td>
<td>1,080</td>
<td>£103</td>
<td>£111,240</td>
</tr>
<tr>
<td>Booking call &amp; / or admin</td>
<td>920</td>
<td>£39</td>
<td>£35,880</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>£147,120</strong></td>
</tr>
</tbody>
</table>

As Table 2 shows, the total cost of providing the DWP Visiting service to the 2,000 sample claimants was estimated at £147,120. As shown in Chapter 2, 13.1 per cent of this sample group (261 cases) went on to make a successful claim to Pension Credit. This gives a gross average cost per award of around £600 (rounded to the nearest £100) for the Visits group.

It is important to note that we have been unable to estimate offsetting costs due to diversion of resource. Due to the requirements of this study, DWP Visiting were required to divert some of their resources away from their normal customer base (that of vulnerable groups) to take forward cases from the study sample. The effects of this have not been accounted for in this analysis, due to insufficiencies with the data.

---

\(^{11}\) These costs are year to date unit costs for 2009/10 supplied by DWP Visiting

\(^{12}\) Figures rounded to the nearest pound
3.2. Summary

Table 3 summarises the total costs, proportion of successful claims and gross costs per award for both the Payment and Visits groups.

Table 3: Summary of costs and impacts for Payment and Visits groups

<table>
<thead>
<tr>
<th>Sample</th>
<th>Total Cost</th>
<th>Impact</th>
<th>Cost per Award&lt;sup&gt;13&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment</td>
<td>£652,800&lt;sup&gt;14&lt;/sup&gt;</td>
<td>8.6%</td>
<td>£3,800</td>
</tr>
<tr>
<td>Visits</td>
<td>£147,120</td>
<td>13.1%</td>
<td>£600</td>
</tr>
</tbody>
</table>

To note, the total costs shown in Table 3 are different for each sample group, but are comparable in that they are the respective costs associated with each method of encouraging take-up. Also the costs detailed above only reflect the costs to the Department of encouraging take-up, they do not reflect the full cost of paying Pension Credit (either programme or administrative expenditure) to those participants who go on to make a successful claim. Nor do they reflect the effects of resource diversion. So to summarise:

- For the Payment group the total cost is the cost of estimated Pension Credit payments to the 2,000 sample claimants during the 12 week study period, it does not include any associated costs with claimants making a claim, which could include a visit from the DWP Visiting service; or of subsequent Pension Credit payments following a claim;
- For the Visits group the total cost only includes the cost of providing the DWP Visiting service to the 2,000 sample claimants, it does not include the cost of Pension Credit payments for those who made a successful claim.

---

<sup>13</sup> Figures rounded to nearest £100
<sup>14</sup> Figure rounded to nearest £100
4. Unsuccessful claims and customer contacts

This chapter details the number of participants in the Payment group who made a claim that was unsuccessful, or who made contact with the Department regarding Pension Credit but made no claim.

DWP data showed that around 13.4 per cent of the 2,000 participants in the Payment group had some form of Pension Credit activity. Around 0.7 per cent made contact but did not submit an application, while around 12.7 per cent made contact and did submit an application for Pension Credit. The data also shows that around 2.3 per cent submitted an application but did not complete the claims process due to death or other reasons. 1.8 per cent made a claim that was unsuccessful, or was still in progress at the time of this analysis\textsuperscript{15}. Table 4 summarises this.

Table 4: Summary of Payment group contact with DWP

<table>
<thead>
<tr>
<th>Activity</th>
<th>Proportion (of 2,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact and claim</td>
<td>12.7%</td>
</tr>
<tr>
<td>Contact but no claim</td>
<td>0.7%</td>
</tr>
<tr>
<td><strong>Total making contact and / or claim</strong></td>
<td><strong>13.4%</strong></td>
</tr>
<tr>
<td>Successful claim</td>
<td>8.6%</td>
</tr>
<tr>
<td>Did not complete claims process</td>
<td>2.3%</td>
</tr>
<tr>
<td>Unsuccessful claim or claim still in progress</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Total contact and claim</strong></td>
<td><strong>12.7%</strong></td>
</tr>
</tbody>
</table>

We are unable to identify which participants made either no claim or an unsuccessful claim, so it has not been possible to compare the characteristics of those who made a successful claim with those who did not.

\textsuperscript{15} The analysis in this report is correct as of November 2011
5. Conclusions

This study considered whether it is possible to use data held by the DWP and HMRC to pay Pension Credit directly to customers deemed eligible but not receiving it, without them first having to make a claim.

While this evaluation has not looked specifically at how well we can estimate eligibility for the study participants themselves, earlier analysis shows that it is not possible to simply pay Pension Credit without a claim with sufficient accuracy, due to the level of financial information required for each individual at the point of claim.

The study provides useful evidence about the extent to which paying customers for a short period without them initially having to make a claim impacts on take-up.

Levels of take-up following a period of receiving estimated Pension Credit payments without first making a claim are lower than might have been expected – only 8.6 per cent went on to make a successful claim and only 13.4 per cent of the Payment group made any contact with the DWP regarding a claim for Pension Credit. The qualitative report (published alongside this report) found that even following the study payments, perceptions of ineligibility and of not needing the additional money remained strong barriers to claiming.

Levels of take-up in the Visits group are better, but still remain relatively low. Of the 2000 participants in the Visits sample only 13.1 per cent made a successful claim to Pension Credit.

Looking at the costs associated with each method of encouraging take-up provides an indication of the suitability of the method as a means of encouraging take-up long term. The cost per award for the Payment group is considerably higher than for the Visits group, and as shown in Chapter 2 the level of take-up in the Visits group was significantly higher than that in the Payment group. However, DWP Visiting remains a costly intervention which is reserved for the most vulnerable of DWP’s customers and for the most complex of cases, so any consideration about using DWP Visiting to promote take-up generally would necessarily involve difficult decisions about the re-allocation of resources.
Appendix A

Figures A.1 to A.7 below show take-up for each sub-group as discussed in Chapter 2.\(^{16}\)

**Figure A.1: Take-up by Age Group**

![Bar chart showing take-up by age group.](chart)

**Figure A.2: Take-up by Gender**

![Bar chart showing take-up by gender.](chart)

\(^{16}\) To note the sample sizes for those entitled to guarantee credit only and those aged ninety and over, for both the payment sample and visits sample, were less than 200, so these figures should be treated with caution.
Figure A.3: Take-up by Couple Status

Figure A.4: Take-up by Estimated Pension Credit Type

Figure A.5: Take-up by Receipt of Disability Benefit
Figure A.6: Take-up by Receipt of Occupational Pension

Figure A.7: Take-up by Whether Customer has Savings
The Department for Work and Pensions (DWP) recently ran a study which used data held by the Department to pay a random sample of individuals their estimated Pension Credit entitlement, for a short period, without them having first claimed. Final evaluation findings are published in two reports. This publication contains analysis of the quantitative net impact of the estimated payments on subsequent Pension Credit take-up, and its cost-effectiveness. The qualitative report, published alongside, contains findings from research with participants which explored attitudes to this approach and reasons for subsequent Pension Credit take-up.

If you would like to know more about DWP research, please contact: Carol Beattie, Central Analysis Division, Upper Ground Floor, Steel City House, West Street, Sheffield S1 2GQ.

http://research.dwp.gov.uk/asd/asd5/rrs-index.asp