**Autumn Statement 2022**

**Briefing for Parliamentarians**

**Cost of living and the low uptake of Pension Credit**

**About Independent Age**

Independent Age is a national older people’s charity. We offer free and impartial advice and information, grants for community organisations, and connection services to improve wellbeing and reduce loneliness. In addition, we use the knowledge and understanding gained from our frontline services to highlight the issues experienced by older people who are facing financial hardship.

**Summary and key messages**

As an organisation supporting older people on the lowest incomes, we want to ensure that every step is taken to quickly help those struggling to cope with the rising cost of living. Increases in costs, including food, rent, energy and water bills, mean that many of the people we take calls from are cutting back on their spending and may ration essentials to make ends meet.

*Pension Credit really changed my life for the better. It meant I could eat better food, therefore be healthier and I could be warmer. I got other benefits too like help with my glasses and dental treatment. I started to live again. I expect there are many people today who don’t know about Pension Credit. The government needs to tell us what is available (Anisah, 86)*

**The Autumn Statement is a crucial opportunity for the government to:**

* Ensure that the State Pension and benefits keep pace with the real cost of living by uprating them in line with inflation.
* Urgently set out further support to address the cost-of-living crisis from April 2023 for older people living in financial hardship, including the 850,000 older households entitled to Pension Credit but not receiving it.
* Maximise the impact of existing welfare policies, including Pension Credit, to ensure that government support is reaching people living on the lowest incomes.

***Low uptake of Pension Credit***

Pension Credit is designed to bring people’s income up to a basic minimum level. At Independent Age we have seen the positive, sometimes life-changing, impact it can have on people’s lives. Yet uptake has been low since its introduction.

* According to the latest published government figures, **850,000 people above State Pension age are estimated to be missing out on Pension Credit they are entitled to**[[1]](#endnote-2)**.**
* In the last 10 years, roughly **£28 billion in Pension Credit has failed to reach those who are entitled to it**.
* Receiving Pension Credit can be worth more than £3,300 per year[[2]](#endnote-3) by itself and can be a gateway to up to £8,000[[3]](#endnote-4) in additional support through things like Council Tax Reduction, a free TV license, free prescriptions and the Warm Home Discount.
* According to the DWP there has been a recent 275% increase in Pension Credit claims, but it remains unclear whether these are successful applications or claims being made by people who are not eligible for Pension Credit.
* Without a clear and sustainable strategy to improve Pension Credit take-up, the government cannot be sure that Pension Credit is reaching the right people and providing them with a basic minimum level of income.
* Furthermore, due to the low take up of Pension Credit, the Treasury cannot use it as a mechanism to effectively target support at older people living on the lowest incomes, for energy bills and the rising cost of living.

**Recommendation for the UK government**

Independent Age is calling on the DWP to publish a Pension Credit uptake strategic action plan for the next 5 years, in consultation with key stakeholders.

This call has been echoed by the Work and Pensions Committee in their cost-of-living inquiry report.

**Key statistics**

* Pension Credit uptake has stagnated below 66% for the last 10 years, according to latest government figures from 2019/20.[[4]](#endnote-5)
* Research commissioned by Independent Age in 2020:
  + showed that, at that time, increasing Pension Credit uptake could lift over 400,000 older people out of income poverty, and halve severe income poverty to 4%.
  + estimated that low uptake of Pension Credit costs the government £4 billion a year in increased NHS and social care spending.[[5]](#endnote-6)

**What is the UK government doing about the low take-up of Pension Credit?**

The government has increasingly recognised the problem of low uptake of Pension Credit. The DWP re-started its national awareness campaigns, paused since the late 2000s, with campaigns in 2020, 2021 and 2022, and established a ‘Pension Credit Awareness Day’ in 2021.

We welcome this renewed drive to increase uptake. However, there is little evidence so far that these initiatives on their own are having a large enough impact on successful claims. While the government has pointed to a recent increase in applications, we know that some people who apply are not eligible, and the government has not provided evidence of the success rate.

**How is local government approaching the issue?**

In Spring 2022, Independent Age spoke to five local authorities across the UK who have undertaken campaigns to increase Pension Credit uptake in their areas or were about to begin one. The local authorities were chosen for their geographical spread, and their variety of sizes. We also spoke to other local, regional and national bodies, and private data software providers who support local Pension Credit campaigns. We saw some excellent examples of good practice, including:

* effectively matching data held by the local authority with government data;
* targeted communication strategies that didn’t rely on digital outreach;
* collaboration with local partners to embed communications about Pension Credit into existing relationships; and
* evaluation of successful claims and the challenges identified in their approaches.

**How is devolved government approaching low benefit uptake?**

Devolved governments are also leading the way on commitments and strategic plans to tackle low benefit uptake more generally.

* As part of the devolution of certain benefits (not including Pension Credit), Sections 8 and 9 of the Social Security (Scotland) Act 2018 require Scottish Ministers to prepare, publish and lay before Parliament strategies to promote the take-up of Scottish social security assistance.
* The Welsh government are devising a Charter to improve the uptake of Pension Credit as part of their *Strategy for an Ageing Society: Delivery Plan 2022.*
* In Northern Ireland, the Department for Communities has a KPI to increase benefit uptake and has committed to developing an anti-poverty strategy following its *Supporting People - Maximising Income through the Uptake of Benefits* benefit uptake strategy.

In England, and in the UK, there is currently no written strategy for increasing the uptake of benefits, including Pension Credit, and no published strategy for tackling poverty.

**A Pension Credit uptake strategic action plan for the UK should include:**

* Urgent proposals and flexible funding for local authorities to target support at those missing out and get money into pensioners’ pockets in the short-term.
* Plans to explore long-term solutions, for example, automatic payments.
* Coordination with plans being delivered across devolved governments.

For more information contact [Public.Affairs@independentage.org](mailto:Public.Affairs@independentage.org)

1. *Income related benefits: estimates of take-up: financial year 2019-2020*, Department for Work and Pensions, Feb 2022, available from: <https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-2019-to-2020> [↑](#endnote-ref-2)
2. Eligible pensioners urged to apply for Pension Credit in new campaign, Department for Work and Pensions, April 2022. Available from: https://www.gov.uk/government/news/eligible-pensioners-urged-to-apply-for-pension-credit-in-new-campaign [↑](#endnote-ref-3)
3. Credit where it’s due: Ending the £3.5 billion Pension Credit scandal, Independent Age, 26 June 2019, see independentage.org/credit-where-its-due-pension-credit. Calculation updated October 2022 [↑](#endnote-ref-4)
4. *Income related benefits: estimates of take-up: financial year 2019-2020*, Department for Work and Pensions, Feb 2022, available from: <https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-2019-to-2020> [↑](#endnote-ref-5)
5. Donald Hirsch and Juliet Stone, *The Cost of Pensioner Poverty and Non-Take-up of Pension Credit*, Independent Age, Aug 2020 available from: <https://www.independentage.org/campaigns/PensionCredit/cost-report> [↑](#endnote-ref-6)