Wri9tten evidence from the Independent Age COL0051

About Independent Age

Independent Age's mission is to ensure that as we grow older, we all have the opportunity to live well with dignity, choice and purpose. Founded over 150 years ago, we are an established voice for people in later life, their families and carers, we offer free and impartial advice and information and a strong campaigning voice. For information or advice visit www.independentage.org. Registered charity number 210729.

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Introduction and summary

This submission will answer Questions 1, 2, 3 and 5. For questions 1-3 we have provided evidence on older peoples experience of the cost of living, drawing on Independent Age's own cost of living survey, nationally representative polling, in-depth interviews, and calls to our helpline. We launched a survey on 9th June 2022 asking people aged 65 and over to share their experiences of rising costs. The survey is still open, and currently has received responses from 650 people. Respondents have told us about how rising costs have affected their spending and habits, the financial support they have needed, and what needs to change to be able to navigate increased expenditure.

Independent Age strongly welcomes the package of support announced by the Chancellor of the Exchequer in May to support people with the cost of living. This will bring significant relief to many older people on low incomes in the immediate term. However, before the cost of living crisis, pensioner poverty was increasing. Effectively, the support announced in May has brought some older people back to their pre-crisis position of insecurity.

Alongside this package of support, we welcome the Department for Work and Pensions (DWP) increased activity to raise awareness of Pension Credit. The unprecedented cost of living crisis has added a new urgency to the low take-up of Pension Credit. Not only does missing out mean people don't receive the vital income it provides – and the range of other benefits it links people to – but it also means they are more likely to miss out on the emergency support targeted via Pension Credit and other entitlements. Because of low take-up of Pension Credit acknowledged by the Chancellor, up to 850,000 households – potentially an even higher number of individuals – will miss out on £650 of emergency support this year.

Independent Age believes that action to increase Pension Credit uptake must form part of a strategy and be based on evidence if we're to see rapid and meaningful change. As part of a national Pension Credit uptake strategy, there are more targeted actions that could be delivered in the short-term to help people who are struggling financially to receive Pension Credit.

We know from our recent conversations with local authorities that there is an urgent desire to secure all the welfare benefits people are entitled to, particularly in response to the cost-of-living crisis. Local authorities (LAs) who are delivering effective local uptake campaigns are mostly doing so through their own welfare teams. Yet these teams are not statutory, and provision of them is patchy across the country, with close to 20% of LAs having no income welfare team at all[i].

Summary of recommendations
In response to question 2 and the uprating of benefits and State Pensions in future years, Independent Age believes that the government must:

- fulfil its commitment to restore the State Pension triple lock from April 2023, including the inflation element.
- ensure that Pension Credit, and other benefits, are uprated to reflect high inflation in 2023/24 (assuming inflation is higher than earnings growth).

Independent Age recommends that the government should:

- develop a medium-term plan to reduce the length of the period between the inflation reference period and the uprating implementation period.

In response to question 3 and other ways in which the Government should increase support for people on legacy benefits and State Pensions ahead of the next scheduled benefit uprating in Spring 2023, Independent Age recommends that the government should:

- introduce a package of support for older people on low incomes this autumn to address any planned/expected increase in the energy price cap in January 2023. This could include using the proposed mechanisms outlined in the May 2022 cost of living payment announcements.
- review the eligibility and scale of the Warm Homes Discount.
- consider the additional value of a social tariff on energy bills to mitigate the impact of energy price shocks.
- do more to promote other schemes that can help people on low incomes reduce their costs such as broadband social tariffs.
- prioritise income maximisation efforts, by providing local authorities with the means and data to increase uptake of welfare entitlements, including Pension Credit.
- make the Household Support Fund guidance flexible enough to enable local authorities to use this fund to support local income maximisation schemes and identify those in need.
- urgently ensure that all processes for the administration of crisis support payments are robust and able to deal with the volume of payments expected.

In response to question 4 and how the government can act to increase Pension Credit take up to help pensioners with rising living costs, Independent Age recommends that the government should:

- publish a Pension Credit uptake strategy, written in consultation with relevant stakeholders in the public, private, and third sector, setting out short and long-term actions, and what steps the Government will be taking to achieve them over the next 5 years.
- deliver a nationally coordinated, locally run and fully funded scheme to increase Pension Credit uptake as part of the strategy. This should include providing ringfenced funding for local authority welfare teams, which most income maximisation campaigns are run through.

Question 1: How effectively will the new Cost of Living Payments protect different types of households from increases in the cost of living?

For older people on low incomes the impact of the increased cost of living is particularly challenging as many live on a small, fixed budget with few opportunities to increase their income. Therefore, these older people can be particularly affected by price shocks and find themselves forced to cut back on essentials.

In our recent research on the experiences of older people in poverty we found that many people reported cutting back and felt the impact of the rising cost of living.[ii] For people in later life who rely on the State Pension or welfare entitlements like Pension Credit to live, the cost of living crisis is particularly stark. The State Pension and Pension Credit were only uprated by 3.1% in April 2022[iii], well below the CPI inflation rate of 9% in April 2022.[iv]

> *"The price of everything, food shopping, bills, everything are just rocketing at the moment. I'm just hoping that it will flatten out into next year sometime because I don't know how long we can go on like this." - Christine, 60-70*

As part of Independent Age's research, based on conversations with people experiencing financial hardship, people also explained how they were cutting back on spending to survive on their small budget. Some cut back on energy bills, by heating one room only, wearing many layers, or spending time out of the house. Many also told us they were cutting back on social activities like meeting friends or going for a coffee, going to the cinema or going out for a meal.

> *"I do think twice before having a coffee out. When it's £3 or something I think, 'Well, no I won't'". - Linda, 77*

This qualitative evidence is backed up by recent nationally representative polling of over 2,000 adults aged 65+ in England which we commissioned from YouGov in April 2022.[v] The results showed that 50% of respondents said they were having to cut back on spending compared to spring 2021. Specifically, 46% are having to reduce their spend on heating, 36% on clothing and footwear, 32% on social activities, and 32% on fuel for their vehicle. The results are even starker for those on lower incomes. For example, among those with a gross household income of under £20,000, 62% said they were having to cut back on spending in April 2022 compared to spring 2021 and 60% of this group would switch off their heating some days.[vi] There is also a significant equity issue within older people's experiences of the impact of the cost of living. For example, 47% of older women are feeling anxious about their finances at the moment, compared with 39% of older men.

There were worrying indications about how much further older people could bear rising costs. Half (48%) of those polled could not afford a £50 per month increase in their cost of living.[vii] This is particularly worrying as the Ofgem CEO has recently indicated that the energy price cap will rise by £708 in October 2022 or roughly £59 extra a month.[viii] This pressure can increase the risk of self-disconnection or self-rationing of energy use, which Ofgem has recognised is more likely in households with older people.[ix] This may put some older people, who are already more likely to have multiple health conditions, at risk of harm due to having a cold home in the winter. These concerns have also emerged from calls to Independent Age's helpline[x]:

> *"With the cost of living, I'm really frightened about how I'm going to manage now." - (Anonymous)*

> *"I am worried about next electric bill, as I need to keep the heating on due to medical conditions. I don't know what I will do if I can't pay the next bill."- (Anonymous)*

The initial support measures announced by the government in February and March 2022 were necessary but fell far short of what was needed by older people on a low income. These policies were problematic as they were insufficiently targeted, limited in size, and did little to help those who were not already accessing social security support.

The additional cost of living payments announced in May 2022 target support more effectively and address many of the gaps with the previous announcements. We welcome the scale of the announcement and agree with the government's assessment that a low income pensioner (critically one who receives Pension Credit) would receive a total of £1,500 this year in total from all the measures.[xi] The combined scale of these packages for those who are on low income and in receipt of all the eligible benefits is likely to be sufficient to mitigate most, but not all, of the increase in the cost of energy this year based on the expectations of the autumn price cap and other living costs, for example, food.

It is worth noting that the current package is based on the estimated price cap rise by Ofgem. However, other estimates suggest that the price cap may rise further. Cornwall Insights recently estimated that the price cap will rise to £2980 a year on typical use in October. [xii] This is £200 more than Ofgem have indicated previously, and if correct would mean that the current package falls short for older people living in poverty.

However, it is critical to recognise that at best these measures help some people to return to the circumstances they lived in before the recent rise in the cost of living. Without a sustained effort to reduce poverty in later life, the recent government announcements will remain insufficient to reduce the number of older people languishing in poverty and deprivation. It is therefore critical that the government seizes the moment and takes every available action to improve uptake of Pension Credit. This will ensure as many of those eligible receive the £650 cost of living payment, poverty in later life is reduced in the long term, and it will provide a route if needed to target support more effectively at older people on a low income.

Independent Age welcomes the recognition by government that targeted measures using existing welfare entitlements are likely be insufficient at reaching those in need in later life. The Chancellor himself acknowledged in the Government's cost of living announcement that using Pension Credit alone as a delivery mechanism for further financial support is not sufficient to support those on low incomes because take up of the entitlement is relatively low. But we are pleased the government has used a mixture of means to support those people in need of extra support and is providing a payment to all those eligible for the Winter Fuel Payment. While not as targeted as it could be, this is the best mechanism currently available at short notice to get money to those on low incomes in later life and reduces the risk of many people falling through the gaps of different schemes.

While this cost of living package is substantial, it also remains insufficient to deal with the full breadth of the cost of living for older people on low incomes. It is important to recognise that increases in other costs including food – with recent analysis suggesting food inflation could soon hit its highest level in 20 years[xiii] – fuel and water bills means that many older people will have to cut back on their spending and may ration things like their energy use or food to make ends meet. This is reflected in Independent's Age online survey where 44% of over 65s said they would find the £700 payment for pensioners 'helpful but not enough'.[xiv]

Furthermore, older people have told us about unexpected costs such as repairing their roof, car repairs, and replacing expensive household items like boilers and white goods. The current package of support does not address these costs. Schemes like the Household Support Fund, while important, may end up being primarily used to address the rising cost of routine bills rather than unplanned costs. Ensuring these schemes are sufficient is important especially as older people may draw down further on any savings they have to pay for daily costs and therefore may lack the means to pay for unplanned costs like replacing a boiler. We believe local authorities need to be given as much flexibility as possible on the use of the Household Support Fund to meet the different needs of their communities.

It is also worth noting that the design of these measures means that people with more complex circumstances for energy bills do not get adequate support to meet their needs. These include those older people who use prepayment metres (which have a higher Ofgem price cap) and those living in large homes that are harder to heat.

The blunt nature of these measures also means there are significant 'cliff edges' for those just outside of eligibility. For example, a person just outside the eligibility threshold for Pension Credit would lose out on £650 of extra support despite being in a similar position to someone in receipt of the financial support. Furthermore, those born just after 25 September 1956, will not be eligible for the Pensioner payment (the cost of living payment for those eligible for the Winter Fuel Payment) even if they are retired.[xv]

With these gaps in mind, it is vital that urgent action is taken to boost uptake for Pension Credit to ensure all those in need gain access to this crucial entitlement. Pension Credit remains the best way to top up the income of older people struggling financially, particularly as it opens the door to other entitlements such as the Warm Home Discount and support with housing costs. Yet uptake remains woefully low at 66% (73% for the Guarantee Credit element). Full uptake of Pension Credit would also help avoid the situation where crisis support is unable to reach people in later life. While we strongly welcome the government new support for people on income-related entitlements, because of low take-up of Pension Credit up to 850,000 households will miss out on £650 of emergency support this year.

If the government tackled the problem of low Pension Credit uptake, many older people living in poverty would see a long-term increase in their income that they can rely on – which will be 'baked in', avoiding the uncertainty and imperfections of government crisis support. Until the government succeeds in getting Pension Credit into the pockets of everyone eligible, it is failing to support many older people during this cost of living crisis and in the future.

Question 2: What approach should the government take to the uprating of benefits and State Pensions in future years?

The issue of pensioner poverty pre-dates the cost of living crisis. Government data shows that the proportion of pensioners living in relative income poverty (after housing costs) rose from 13% in 2012/13 to 18% in 2019/20.[xvi] Also, many people hover just above the poverty line, or cycle in and out of poverty. Analysis commissioned by Independent Age found that two in five older people spent at least one year in poverty in the nine-year period analysed.[xvii] We believe there could be even more pensioners in poverty in future, particularly in light of the growing number of older people renting who therefore have to pay rental costs indefinitely from sometimes limited incomes.

Before inflation started rising sharply in 2021, we at Independent Age heard from people living on low incomes who were struggling to get by. They were being forced to make the kind of cutbacks – using as little energy as possible, skipping meals – that are now much more common during the cost of living crisis. Research we commissioned from Loughborough University showed that full uptake of Pension Credit would significantly cut pensioner poverty but not eliminate it – an estimated 12% of pensioners would remain in poverty.[xviii] All this suggests the possibility that Pension Credit, the State Pension and other benefits fall short in terms of their value being enough to eliminate poverty, but further analysis would be needed to confirm this.

More recently, we frequently hear through our services and research about people forced to make severe cutbacks, including using less energy in the home, buying less food and skipping meals, and avoiding using public or private transport. We reported on this in a recent series of briefings.[xix] See below the case study of Daniel, who we interviewed at the end of 2021 when inflation was relatively low compared to its current rate.

Case study 1: Daniel
Daniel is in his 70s and lives alone in a small flat in North East England. He relies on the State Pension as his main source of income. In the last few months of 2021, rising energy and transport bills have been an increasing source of concern for him. He is worried that the State Pension isn't increasing quickly enough to keep pace with inflation and is frustrated that older people are being forced into increasingly difficult financial positions. As prices increase, he is starting to limit how frequently he uses his car, and how often he turns on the heating in his flat.

Daniel's story exemplifies the struggle many older people have felt watching prices rise rapidly while their income from the State Pension and other benefits remains fixed, and in many cases low. A large number of older people depend on the State Pension and other benefits for their income. Government figures show that 5% of pensioner couples and 19% of single pensioners have no source of income other than the state pension and benefits.[xx] Further, government 2019 figures show that fewer than half of people eligible for the new State Pension receive the full amount.[xxi] For these people, it is essential that the system of uprating is effective.

There is a very high level of support for the principle of using uprating to ensure people have an adequate income. In our recent polling conducted in April 2022, we asked people aged 65+ 'Generally speaking, to what extent would you support or oppose the following measures to better support older people on a low income'. Almost all respondents (96%) supported 'an increase in the value of the State Pension', far higher than all the other options.[xxii]

In addition, we know that even small differences or shortfalls in the value of benefits compared to the price of goods can have a significant impact on people's ability to afford the basics. In Independent Age's April 2022 polling, one in eight (12%) respondents aged 65+ said they could not afford a £10 per month increase in their cost of living. This rose to one in five (21%) for respondents with a household income of less than £20,000.

One problem with the current process – as illustrated in Daniel's story – is the seven-month gap between the reference period for inflation (September) and the implementation of uprating (the following April). As many observers have commented, this has meant a rate of 3.1% uprating for the State Pension and other benefits for older people from April 2022, by which time inflation had hit 9% and is expected to rise even higher.[xxiii] This leaves many people with a significant shortfall, which won't be corrected until April 2023. CPI inflation jumped to 4.2% by October 2021 and 5.1% by November 2021 and rose continually thereafter. Indeed, the energy price cap rose by 12% in October 2021, meaning the September reference period immediately became a poor measure of inflation for the following April.

Therefore, older people whose income is mainly from the State Pension and other benefits could face 18 months (October 2021 to March 2023) in which their income loses significant real terms value (assuming inflation continues to rise or stay elevated). For many people, particularly those who are 'older old' (75+) or in ill health, this period of struggle will lead to severe hardship and worsening health. In recent polling we commissioned, nearly half (44%) of respondents aged 65+ said they felt very of fairly anxious about their finances at the moment.[xxiv] Our interviews with older people in winter 2021/22 illustrated the mental health impacts of living on a low income. See case study 2, Christine, below.

Case study 2: Christine

Christine is aged 60-70 and lives alone in Yorkshire. She lives off Pension Credit, and a small private pension her husband left her when he died. Her low income is a constant source of worry for her, and she has to be constantly vigilant about money. She keeps a written record of all her outgoings and monitors all her spending to make sure she sticks to a strict budget. Her low income means she is frequently anxious about money and has to constantly check her spending.

> *"Constant headache, always. Constantly having to keep a check on everything I spend. Not just now and again, constantly. And I do and I am careful, and I do make my money go round, but it's not easy."*

Ideally, there would be a shorter gap between the inflation reference period (September) and the point of uprating (April). This would reduce the chance of inflation far outstripping the value of social security payments, although we appreciate that this is not a frequent occurrence. We note the Chancellor's recent comments that it is difficult to shorten this gap due to the limitations of the government's IT systems (or 'operational changes'[xxv]).[xxvi] However, ensuring benefit uprating more closely matches the current rate of inflation would be a better way to help people cope with high inflation than emergency support measures, which, welcome as they are, encounter eligibility and implementation gaps. We ask the government to develop a medium-term plan to reduce this uprating gap.

Another issue is whether the CPI measure of inflation is a sufficiently accurate barometer of inflation experienced by people on lower incomes. Recent work by the Institute for Fiscal Studies (IFS) suggests that current high inflation driven by rapidly rising energy prices means inflation is significantly higher for people on lower incomes.

> '[A]s the poorest households spend more of their total budget on gas and electricity, we now see inflation hitting the poorest households harder. In April, the bottom 10% of the population in terms of income faced an inflation rate of 10.9%...'[xxvii]

This 10.9% rate is significantly higher than the 9% CPI rate for the same month. In addition, it is worth noting that older households (both in general, and those on lower incomes) tend to put a higher proportion of their spending towards energy costs.[xxviii] Recent IFS analysis supports this suggesting that older households over time tend to spend an increasing amount on energy.[xxix] This becomes particularly challenging when someone is bereaved of their partner, or goes through a separation, and is then potentially paying the same energy costs but on a reduced household income.

Regarding the State Pension, the government should fulfil its repeated commitment to reinstate the triple lock when making the uprating decision for 2023/24. In what is likely to be a high inflation environment, it is particularly important that the government honours the inflation element of the triple lock. A significant level of uprating will be needed in light of the real terms cut in value people are currently experiencing (in 2022/23). In 2021, the government suspended the earnings element of the triple lock, and while we acknowledge that the COVID-19 pandemic caused unusually high earnings growth, we are concerned about the risk of the government suspending the inflation element of the triple lock on the grounds that its high rate is somehow anomalous or inaccurate. This will mean older people on a low income miss out twice.

Pension Credit is not explicitly subject to the triple lock, and the legislative requirement is only to uprate the Guarantee Credit element at least in line with earnings.[xxx] However, it will be essential that Pension Credit uprating for 2023/24 reflects high inflation (assuming it is higher than earnings growth). Again, a significant level of uprating will be needed in light of the real terms cut in value people are currently experiencing (in 2022/23). We would be very concerned if the government sought to avoid this commitment by arguing that the high level of inflation was, again, somehow anomalous or inaccurate. The key point here is that the value of Pension Credit (and other benefits) must reflect the high levels of inflation we are seeing.

Recommendations:

1. The government must fulfil its commitment to restore the State Pension triple lock from April 2023, including the inflation element.
2. The government must ensure that Pension Credit (and other benefits) is uprated to reflect high inflation in 2023/24 (assuming inflation is higher than earnings growth).
3. The government should develop a medium-term plan to reduce the length of the period between the inflation reference period and the uprating implementation period.

Question 3: Following the Chancellor's announcement on 26 May, are there other ways in which the Government should increase support for people on legacy benefits and State Pensions ahead of the next scheduled benefit uprating in Spring 2023?

We welcome the Chancellor's package of support announced on 26th May and are glad that the government acknowledges the struggle millions of older people on low incomes face due to the cost of living crisis. As described above, while the package represents a substantial set of measures, it is only a temporary solution to the current rises in energy costs, and are unlikely to be sufficient to meet the full breadth of the rising cost of living over the coming winter.

The measures are not likely to be sufficient for the expected increase in the energy price cap in January. Ofgem are minded to move from twice-yearly price cap reviews to quarterly reviews, subject to consultation, which would mean prices changing every January.[xxxi] If this proceeds as planned, this means there will be a gap in support between the final cost of living payments in autumn (which are primarily intended to deal with the price cap rises this year) and the rise in benefits and entitlements in April 2023, during which we will likely see a further rise in the energy price cap affecting bills from January. While it is too soon to say by how much the energy price cap may rise, it remains very likely it will rise again. All the current measures will only address the expected increases in the price cap this year. It is critical that government urgently consider a package this autumn to ensure that older people on low income are supported to pay for any increase in energy bills during the winter, when energy usage will undoubtedly need to rise for many due to falling temperatures. Without additional support there remains a high risk of self-disconnection or self-rationing at a time when the consequences of doing so are at their greatest.

Other measures also need to be considered to mitigate the impact of energy price shocks. This should include reviewing the eligibility and scale of the Warm Home Discount and considering the additional value of a social tariff on energy bills. The government should also do more to promote other schemes that can help people on low incomes reduce their costs such as broadband social tariffs.[xxxii]

In addition to energy costs, more support may be required to respond to general inflation. The Bank of England has recently projected that CPI inflation may be 11% by October this year.[xxxiii] While the government's package can be effective in mitigating the cost of energy, it alone is insufficient in dealing with the full cost of living increases, especially as these welfare entitlements will see a real terms reduction in their value.

A particular concern is the expected rise in the cost of food. In our online survey, 25% of over 65s already say that food has increased above what they are able to pay. And 25% said that their food shop has increased by £50 a month.[xxxiv] However, there is an expectation that food prices will rise further. The Institute of Grocery Distribution recently said that food price inflation is likely to reach 15% this summer. If accurate this would increase the risk of people skipping meals or buying cheaper produce to lower costs.

There needs to be a recognition that further support is likely to be required to respond to the full breadth of the rise in the cost of living. Furthermore, the government should consider longer term strategies to reduce the levels of poverty in later life, particularly through increasing uptake of Pension Credit which can have a dramatic impact on poverty in later life.

The government should prioritise income maximisation efforts, in particular by providing local authorities with the means and data to increase uptake of welfare entitlements for those eligible, including Pension Credit. There are particular steps that the government can take immediately, for example, making the Household Support Fund guidance flexible enough to enable local authorities to use this fund to support local income maximisation schemes and identify those in need.

The government should also urgently ensure that all processes for the administration of crisis support payments are robust and able to deal with the volume of payments expected. We have observed delays with receiving the council tax rebate. In our online survey 17% said they haven't received the rebate despite believing they were eligible.[xxxv] It is important that there are no delays in the administration otherwise this could force people into arrears and potentially debt.

Recommendations
The government should:

4. Introduce a package of support for older people on low incomes this autumn to address any planned/expected increase in the energy price cap in January 2023. This could include using the proposed mechanisms outlined in the May 2022 cost of living payment announcements.
5. Review the eligibility and scale of the Warm Homes Discount.
6. Consider the additional value of a social tariff on energy bills to mitigate the impact of energy price shocks.
7. Do more to promote other schemes that can help people on low incomes reduce their costs such as broadband social tariffs.
8. Prioritise income maximisation efforts, by providing local authorities with the means and data to increase uptake of welfare entitlements, including Pension Credit.
9. Make the Household Support Fund guidance flexible enough to enable local authorities to use this fund to support local income maximisation schemes and identify those in need.
10. Urgently ensure that all processes for the administration of crisis support payments are robust and able to deal with the volume of payments expected.

Question 5: How can the government act to increase Pension Credit take up to help pensioners with rising living costs?

Call for a national Pension Credit uptake strategy
Independent Age is calling on the government to build on its recent awareness raising activity and deliver a strategic action plan to significantly improve the uptake of Pension Credit. The unprecedented cost-of-living crisis has added a new urgency to the low take-up of this benefit. We know there are no quick-fix solutions, but we believe there are more targeted actions that could be delivered in the short-term and long-term, to help people who are struggling financially. This includes working more closely with local partner organisations including local authorities, charities, housing associations, and local businesses, and collaborating with local welfare teams to support good practice.

The government has many willing partners in the voluntary, private, and public sector (including local authorities), who want to work together to raise Pension Credit uptake.

However, to be co-ordinated and effective this work must take place within a structure and must have mechanisms by which partners can hold the DWP to account.

Independent Age is calling on the DWP to write and publish a Pension Credit uptake strategy for the next 5 years, in consultation with key stakeholders. The uptake strategy, or action plan, should contain both short-term and long-term actions to raise the uptake of Pension Credit, and set out clear criteria for success of the strategy. The government should consider enshrining this strategy in legislation as a statutory responsibility of the department, to guarantee government accountability and transparency in improving the uptake of Pension Credit. This commitment is in place in Scotland where 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.

There are further positive examples of devolved government commitments to improving benefit uptake across the UK. 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.

We welcome that the DWP are exploring options for automating aspects of Pension Credit application and payment in the longer term, but we are concerned that these options may not be carried forward without a strategy to underpin them. We also urge the DWP to be bold when looking at automatic payment options, including deducing what they feel is an acceptable margin of error to allow automatic payments to take place.

The short-term actions in the strategy should focus on maximising the effectiveness of awareness raising, on both a national and local level, as well as improving the DWP's data sharing capabilities.

Independent Age's recommendations to increase Pension Credit uptake, as part of a national Pension Credit uptake strategy delivered by the DWP, include commitments to:

- **Strengthen awareness raising activity, including:**
    - Produce plans from DWP to trial data-driven targeted communication at a household level by phone and letter, alongside broader media campaigns. This approach has proved effective in many local authorities.
    - Conduct a project with the Local Government Association to evaluate if and how the DWP's Pension Credit toolkit is being used by local authorities, to address feedback and make any improvements needed.
    - Research exploring whether incorporating Attendance Allowance awareness raising activity into strategies for Pension Credit could increase the effectiveness of uptake campaigns. Some local authorities we spoke to found it effective to take an 'Attendance Allowance first' approach, as the benefit is not means tested so it is easier to target households that may be missing out.
    - Explore options for private sector organisations, for example energy companies, banks, internet providers, and pension providers, to work with the DWP to support eligible customers to claim Pension Credit using their existing data.

- **Improve data sharing with local authorities, including:**
    - Ensure DWP's phone advisors receive explicit guidance on implied consent and what information can be shared with case workers in local organisations, including local authorities and charities, as many local authorities and

    charities have struggled with inconsistent approaches to sharing case data when liaising with DWP.
  - Provide a 'data offer' from the DWP for local authorities who want to run Pension Credit campaigns. This could include data such as claimant count by ward, 65+ population, percentage of 65+ population claiming Pension Credit, and Income Deprivation Affecting Older People Index (IDAOPI) by ward.
  - Evaluate support for local authorities to help assess the impact of local take-up campaigns, including call sampling Pension Credit claimants and case monitoring.
  - Review the criteria for the Apollo list (a list of approved organisations that case data can be disclosed to as representatives) and measures to make it easier for non-statutory local authority income welfare/advice teams to be placed on this list.
  - Establish easier processes for local authorities to use data for awareness raising activity under their current Memorandums of Understanding. This should include better communication from the DWP on how data can be used without making a request to the DWP, and faster responses to these requests.
  - Extend the sharing of household data on Pension Credit claimants beyond the administration of the 2022 Household Support Fund to support LAs working to increase the uptake of Pension Credit in their areas.

- **Ensure adequate and flexible funding for local authorities, including:**
  - A nationally coordinated, locally run and fully funded scheme to increase Pension Credit uptake. This should include providing ringfenced funding for local authority welfare teams, which the vast majority of income maximisation campaigns are run through.

Why are broad brush awareness raising campaigns not enough?
We know from speaking to older people that there are several barriers which prevent them from accessing Pension Credit, including a lack of awareness of the entitlement or the perception that they will not be eligible for this support. This implies some awareness raising is needed but we know from speaking to several local authorities that awareness raising can have limited impact unless it is targeted and sustained.

Recent polling carried out by YouGov on behalf of Independent Age found that 42% of respondents aged 65+ in England would be unlikely to apply for Pension Credit if they found they were struggling financially.[xxxvi] Furthermore, of those who said they were unlikely to apply for Pension Credit and not already receiving it, when asked why, 83% said they didn't think they would be eligible and 20% said they 'don't think it is for people like them'.

Independent Age's work investigating Pension Credit awareness raising good practice on a local authority level has shown that past DWP national awareness raising campaigns have likely failed to have significant impact for several reasons. This includes not being:
- sufficiently data-driven, with poor targeting;
- joined up with local authorities and their networks, and existing streams of work;
- underpinned by a framework or strategy for how the DWP will work to improve Pension Credit uptake over a number of years.

To our knowledge, there doesn't seem to be any mechanism for evaluating the success of the campaigns regarding how many people successfully received Pension Credit as a result of the activity, or reviewing lessons learned. As far as we know, the DWP do not record the rate of successful applications (i.e., what percentage of applications made through the claim line or via the website go on to be successful). We welcome the intent behind the resources produced by the DWP, but with HM Government branding, they are difficult for charities and local authorities to use. We believe the money spent on these resources could be better placed furthering our recommendations above. In addition, government awareness raising directs people to the government website, however local authorities have found that entitled non-recipients often require more support to establish eligibility, and to claim, so need directing to welfare teams or local charity advice lines.

This demonstrates that without a clear strategy to reach the people missing out and efforts to combat stigma, broad media campaigns may continue to result in little impact.

Recommendations:

11. The government should publish a Pension Credit uptake strategy, written in consultation with relevant stakeholders in the public, private, and third sector, setting out short and long-term actions, and what steps the Government will be taking to achieve them over the next 5 years.
12. The government should deliver a nationally coordinated, locally run and fully funded scheme to increase Pension Credit uptake as part of the strategy. This should include providing ringfenced funding for local authority welfare teams, which most income maximisation campaigns are run through.

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