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Pension Credit: Estimates of Benefit Take-Up 2017/18

Quality and Methodology Information Report

October 2020

Introduction

This note accompanies the Pension Credit: Estimates of Benefit Take-Up report which is available [here](#).

The purpose of this note is to provide further contextual information to aid understanding of the statistics presented in the main report and detailed tables. It outlines points to note as well as strengths and limitations of the information presented in each section of the main report. A detailed description of the methodology used to estimate benefit take-up, assumptions made and detail of the quality assurance process is also presented.

This iteration of the publication is an Experimental Statistic. An experimental statistics label highlights that these statistics are novel and in their development phase. They are published in order to involve users and stakeholders in their development and as a means to build in quality at an early stage.

More information on Experimental Statistics can be found [here](#).

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What do you think?

We are continually trying to improve our report for our users. We welcome any feedback you may have regarding this, and we are also interested in how you use these data in your work. Please contact us at psu@communities-ni.gov.uk.

More information is available on the [DfC website](#).

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1.0 Background Information

The Pension Credit: Estimates of Benefit Take-Up report is intended to give an estimate of the take-up of income-related benefits within the entitled population. The first iteration of this publication will focus on the uptake of Pension Credit. It is anticipated that this will be an annual publication.

The data used in the report is sourced from a combination of cross government administrative data, including Social Security Benefit and HMRC data, representing the 2017/18 tax year.

The statistics within the report will also provide an indication of whether and to what extent Pension Credit is taken up by different demographic groups.

This report provides detail on the key data quality and methodology information relating to the estimation of those potentially entitled to Pension Credit who are not currently receiving.

2.0 Data Sources and Data Gaps

As noted analysis is conducted by linking various administrative data sources to create a picture of income at the household level. All of the various data sources have their own processes in place to ensure their quality. Reporting occurs at an annual income level.

Income available for the Pension Credit calculation includes applicable Social Security Benefits, Working Tax Credit, earnings and savings, and Occupational Pensions.

It is estimated that this data covers approximately 99.5% of those of state pension age.

There are information gaps that could potentially impact the data quality of the PC estimates, namely;

- Weekly earnings

Entitlement rules for Pension Credit relate to weekly income. Therefore income for each benefit unit is based on weekly income at March 2018. As the HMRC data received relates to annual amounts of earnings, weekly earnings are estimated based on the total amount the individual earned within the last 12 months (April 17 – March 18).

- Cohabiting status

Partner matches for the appropriate age group are based mostly on information available on the social security benefit scans, i.e. whether an individual declares a partner on the pensions scans. It is possible that individuals do not notify the

Department of change of circumstance and this can cause individuals cohabiting status to be incorrect. Additionally if a spouse is living in a communal establishment both individuals are considered single benefit units. In practice, if the communal residence is only temporary (*less than 52 weeks*) then these individuals would still be marked as cohabiting. This can cause an overestimation of the number of single benefit units when compared with other data sources such as the Family Resources Survey (FRS) and the Census. This is illustrated in Table 1 below:

Table 1: Percentage of Pensioner Units within FRS and Pension Credit take-up analysis

All Pensioner Units	FRS 2017/18	Pension Credit Take-Up Analysis 2017/18
Single Pensioners	51%	56%
Pensioner Couples	49%	44%

- Other data gaps

There are other known data gaps, such as self-assessed income relating to assets (such as landlord/rental income) and information on private pensions. No information relating to tenure is available.

It should be noted however that this analysis has undergone extensive quality assurance. This includes examination of the entire weekly income distribution which illustrated that the income in this analysis and FRS 2017/18 were in alignment. The methodology was also tested on those already identified from benefit scans as receiving Pension Credit and over 94% of those were captured.

3.0 Pension Credit – Overview¹

Pension Credit is an income-related benefit made up of two elements – Guarantee Credit and Savings Credit. A claimant may receive either or both of these elements depending on their circumstances.

Guarantee Credit (GC) tops up your weekly income to a guaranteed level of £159.35 per week if single and £243.25 if a couple. These are known as the Standard Minimum Guarantee and are the minimum level of income that is guaranteed through GC. If the claimant is responsible for a child, has caring responsibilities or is severely disabled the guaranteed level may increase.

To qualify for GC:

- You must live in Northern Ireland
- You or your partner must have reached Pension Credit qualifying age. Since 15 May 2019, both the claimant and their partner will normally need to have reached PC qualifying age (i.e. State Pension Age for both men and women) to be able to start getting Pension Credit.

Savings Credit (SC) is being phased out, however it is still available in cases where you (and your partner if you have one):

- Are aged 65 or over; and
- Had reached state pension age before 6 April 2016; and
- Have qualifying income above their Savings Credit threshold.

The Savings Credit Threshold determines the level of income at which someone becomes eligible for SC – the threshold is £137.35 per week for singles and £218.42 per week for couples.

The maximum amount of Savings Credit that can be awarded is £13.20 per week for singles and £14.90 for couples.

¹ It should be noted that as this report focuses on Pension Credit take-up for 2017/18, all amounts and thresholds referenced are relevant for the 2017/18 year. For current Pension Credit amounts/thresholds, please visit [NI Direct](#).

3.1 Pension Credit Qualifying Age

Between April 2016 and November 2018, the PC qualifying age for men and women rose to 65 in line with the increase in State Pension age for women. It will then increase in line with further increases in State Pension age for both men and women, so will rise to 66 by October 2020 and to 67 by 2028. More information can be found in Table 2.

Table 2: Breakdown of Pension Credit qualifying ages

Date	Qualifying Age for Women	Qualifying Age for Men
April 2009	60 years	65 years
April 2010	60 years	65 years
April 2011	Between 60 years 5 months and 60 years 7 months	65 years
April 2012	Between 60 years 11 months and 61 years 1 month	65 years
April 2013	Between 61 years 5 months and 61 years 7 months	65 years
April 2014	Between 61 years 11 months and 62 years 1 month	65 years
April 2015	Between 62 years 5 months and 62 years 7 months	65 years
April 2016	Between 62 years 11 months and 63 years 3 months	65 years
April 2017	Between 63 years 8 months and 64 years	65 years
April 2018	Between 64 years 5 months and 64 years 9 months	65 years

To find out the age when you may be able to apply for Pension Credit, you can use the [State Pension age calculator](#).

3.2 How income affects Pension Credit

When determining Pension Credit entitlement (for Guarantee Credit and/or Savings Credit), the amount of Pension Credit you may get depends on your weekly income and the amount you have saved/invested.

The following types of income are taken into account when calculating your Pension Credit:

- State Pension
- occupational (also known as workplace) and private pensions

- most social security benefits like Carer's Allowance
- savings, investments over £10,000 - for these £1 is counted for every £500 or part £500
- earnings after tax and expenses from employment or self-employment, less half of any workplace or personal pension contribution you make

If you have a partner, income and capital for both you and your partner will be summed when calculating Pension Credit entitlement.

The main types of income not counted towards Pension Credit includes:

- Attendance Allowance
- Christmas Bonus
- Disability Living Allowance
- Personal Independence Payment
- Housing Benefit

3.3 Changes to Pension Credit eligibility from 15 May 2019

From 15 May 2019, if you're in a couple you will only be eligible to start getting PC if either:

- You and your partner have both reached Pension Credit qualifying age
- One of you has reached Pension Credit qualifying age and is claiming Housing Benefit (for you as a couple)

If you're not already getting Pension Credit on 14 May 2019, you can backdate your claim. You could still be eligible to get Pension Credit.

You can ask for your claim to be backdated to 14 May or before. You'll need to apply by 13 August 2019 to do this.

You can apply for Universal Credit instead if you're still not eligible.

If you're in a couple and get Pension Credit:

- You'll continue to get Pension Credit after 15 May 2019. If your entitlement stops for any reason, for example your circumstances change, you cannot start getting it again until you (or your partner) are eligible under the new rules.

If you get Pension Credit and you're single:

- From 15 May 2019, you'll stop getting Pension Credit if you start living with a partner who is under Pension Credit qualifying age. You can start getting it again when your partner reaches Pension Credit qualifying age.

4.0 Strengths and Limitations of the Statistics

There are a number of assumptions used in creating a workable dataset for analysis and, as such, there are a number of points to note when interpreting the results.

4.1 Specific Strengths

As the Pension Credit analysis covers the overwhelming majority of the pension population, it allows for geographical analysis including Local Government District (LGD) and Super Output Area (SOA), and other analysis within demographic groups (such as age bands).

The proposed methodology, along with detail of the calculations and entitlement rules we have applied, has been discussed with analysts from the Continuous Improvement Team within the NI Pension Centre. This has played a significant role in quality assuring both our methodology and approach to identifying cases that are potentially entitled but not receiving (PENR).

4.2 Specific Limitations

Private Pension – It is not possible to include private pension amounts within the overall income calculation. This may result in an underestimation of an individual's income and therefore identifying cases as PENRs incorrectly. However, information from the FRS 2017/18 indicates that for pensioners, approximately 1% of gross income comes from these type of pensions so it is not envisaged to have a significant impact on our take-up estimates.

If an individual is in a communal establishment less than 52 weeks and are previously cohabiting they are assessed as a cohabiting couple for their PC claim. However there is no way to determine their length of stay. Therefore, if an individual has an address recorded which is deemed 'communal', it is assumed that they are/will be residing for 52 weeks or longer and therefore will be deemed a single person for the purpose of their PC claim.

Carer Premium/Severe Disability Premium additions - As referenced earlier, it is necessary to increase the Appropriate Minimum Guarantee where the claimant is severely disabled or has caring responsibilities. Whilst we are able to identify Carer's Allowance receipt for an individual/couple, it is not clear who is being cared for in this instance. As a result, an

assumption has been made that Carer's Allowance being paid to either/both pensioners in the household, will directly determine if a person is entitled to Severe Disability Premium at either the Higher/Lower rate, if at all.

Universal Credit (UC) – UC was introduced on a phased basis in September 2017 and this data source is not currently included. However the number of claimants for the 2017/18 year is relatively low (*3,280 at March 2018*)². As UC is being rolled out it will affect the take-up estimates in the future as eligibility for current benefits changes.

Potentially Entitled Non-Recipient (PENR) - When examining PENR cases, there is significant complexity in applying the necessary eligibility rules. The Pension Credit Take-Up analysis is not designed specifically to apply all elements of criteria, to the same extent as an application for Pension Credit would. As a result, there are limitations around payments such as Housing Costs (Ground Rent, Service Charges etc.).

4.3 Reasons for Non-Take-Up

It is difficult to completely identify the reasons for non-take-up of Pension Credit. There is no indicator on our data to clarify this exactly, however it may be useful to consider some broad factors which may have an impact. The amount of Pension Credit a person may be entitled to may affect that person's interest in applying – our analysis showed that within the PENR group, 28% were estimated to be entitled to £9.99 or less per week. Take-up of the benefit may also be affected by factors such as the attractiveness of the benefit, lack of awareness of their entitlement, any perceived stigma associated with receiving the benefit, or other factors. In 2015, Eurofound published research into the various issues relating to take-up of various benefits across a number of EU member states which is available [here](#).

5.0 Data Quality

To determine whether statistical outputs are of sufficient quality, they are measured against the five quality dimensions of the European Statistical System (ESS)³.

² <https://www.communities-ni.gov.uk/articles/universal-credit-statistics>

³ <https://ec.europa.eu/eurostat/web/quality>

- **Relevance:** Production of these statistics may be of interest to policy colleagues within the Make the Call Wraparound Service who aim to ensure people are getting all benefits, supports and services that they are entitled to. They will also be relevant to fulfil a commitment to the Public Accounts Committee relating to producing robust estimates of benefit uptake rates for pensioners.
- **Accessibility and Clarity:** It is intended that this report will be published annually on the Department's website. In this iteration, the publication will be provided in PDF format, with supporting tables in Excel form. This formatting may be subject to revisions with future iterations. There is a statement on data sources and quality at the end of the PDF report, with further detail available in the Background, Quality and Methodology report which is also published.
- **Accuracy:** Data entries for the information are checked by the database team in the first instance, who carry out a partial validation exercise, and then by the analytical team responsible for conducting the analysis. Statistics are produced in SQL Server Management Studio. These statistics are classified as experimental statistics as they are new official statistics undergoing evaluation. Figures within the publication and tables are checked by both Deputy Principals within the team and by the G7 Statistician responsible for the work area.
- **Timeliness:** It is anticipated that the publication will be produced on an annual basis. Data reported on will be determined by the latest available combination of cross government administrative data that is available (currently this is for the 17/18 year).
- **Coherence and Comparability:** The SQL code used to generate figures for the report will be stored and used for future publications. This also allows for refinements to certain assumptions. If the methodology is altered in any way, this will be detailed in future releases.

The take-up estimates are based on cross government administrative data which combines a number of data sources, all of which have their own processes in place to ensure their quality. When producing the take-up estimates, all content has been independently quality assured by different members of the team to ensure the methodology is robust. The methodology has also been discussed with analysts from the Continuous Improvement Team within the NI Pension Centre. This has played a significant role in quality assuring both our methodology and approach to identifying the PENR cases. All commentary in the publication is reviewed by the team and the relevant policy areas to ensure the information presented is accurate and meets user needs.

Annex 1: Glossary and Definitions

Average

Within the publication, 'average' is used interchangeably with 'mean'.

Adult

All those individuals who are aged 16 and over, unless defined as a dependent child (see Child).

Benefit unit

This is a single adult or a couple living as married, together with any dependent children. An adult living in the same household as his or her parents, for example, is a separate benefit unit from the parents. From January 2006 same-sex partners (civil partners and cohabitees) are also included in the same benefit unit.

Child

A dependent child is defined as an individual aged under 16. A person will also be defined as a child if they are 16 to 19-years old and they are:

- Not married nor in a Civil Partnership nor living with a partner; and
- Living with parents; and
- In full time non-advanced education or in unwaged government training.

Cohabiting Couple

Two adults, of same or different sex, who are married (spouse), or from January 2006 in a civil partnership (partner), or are assumed to be living together as such (cohabitee).

Communal Establishment

The definition of a communal establishment is based on the Census 2011 definition⁴. Communal establishments have been identified where possible by comparing publically available communal address lists with the address information present on the administrative data. Key words present in the address have also been used to identify care homes, folds and

⁴ https://census.ukdataservice.ac.uk/media/51180/2011_dec2012_ni_definitions.pdf

other communal establishments. Examining the number of adults at a particular address also helps to identify potential communal addresses.

Entitled

A family is said to be entitled to receive a benefit if they satisfy the qualifying conditions for that benefit.

Entitlement

Entitlement is the amount an entitled family is estimated to be paid in benefit, according to modelling.

Household

A single person or group of people living at the same address as their only or main residence, who, either share one meal a day together or share the living accommodation (i.e. living room). A household will consist of one or more benefit units.

Income distribution

This is the spread of incomes across the population.

Local Government District (LGD)

In 2014-15 Northern Ireland was divided into 11 Local Government Districts. The Local Government Districts do not carry out the same range of functions as those in the rest of the United Kingdom, e.g. they have no responsibility for education, for road building or for housing. Their functions do include waste and recycling services, leisure and community services, building control and local economic and cultural development.

Mean

The mean weekly amount claimed or unclaimed is the average, found by adding up the amount for each benefit unit in a population and dividing the result by the total number of benefit units

Median

The median weekly amount claimed or unclaimed is the amount at which half the population are above and half the population are below.

Potentially Entitled Non-Recipients (PENR)

A family that is modelled to be entitled to a benefit but is not receiving it is said to be a PENR.

Savings

Savings refer to;

- Individual Savings Accounts (ISA's)
- Venture Capital trusts (VCT's),
- Private Pension Plots (PPP's),
- Interest from current accounts

Please note the most up to date information available was for the 2016/17 tax year.

State Pension Age

The State Pension age for women has been gradually increasing since April 2010. The changes do not affect the State Pension age for men, currently 65 years. From December 2018, the State Pension age for both men and women will start to increase to reach 66 in October 2020. For further guidance on calculating State Pension eligibility age see [here](#).

Take-up

Take-up refers to the receipt of benefits that an individual/couple is entitled to – in this case, those receiving Pension Credit are referred to as an entitled recipient. Those who have been identified as potentially entitled to Pension Credit but not receiving it are referred to as Potentially Entitled Non-Recipients (PENRs).

Benefit take-up is estimated both by caseload and expenditure take-up:

- caseload take-up compares the number of benefit recipients, as recorded at a specific point in time (April 2018), with the estimated number that would be receiving if everyone who was entitled to the benefit claimed it.
- expenditure take-up compares the total amount of benefit received, as recorded at a specific point in time (April 2018), with the estimated total amount that would be received if everyone who was entitled to the benefit claimed it.

The calculation to determine Pension Credit take-up rate is:

Entitled Pension Credit Recipients

Entitled Pension Credit Recipients + Potentially
Entitled Non-Recipients for Pension Credit