
Income Related Benefits Estimates of Take-Up in 2001/2002

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Introduction

Background

This publication contains information on the take-up of the main income-related benefits in Great Britain in financial year 2001/2002: Income Support, Minimum Income Guarantee, Housing Benefit, Council Tax Benefit and Jobseeker's Allowance. Figures for the financial year 2000/2001 are re-presented in this publication alongside new figures. The last edition covered take-up in 1999/2000 and 2000/2001 and was published in March 2003¹.

Take-up is measured in two ways: by expenditure and by caseload. Caseload take-up compares the number of benefit recipients - averaged over the year - with the number who would be receiving if everyone took up their entitlement for the full period of their entitlement. Expenditure take-up compares the total amount of benefit received, in the course of a year, with the total amount that would be received if everyone took up their entitlement for the full period of their entitlement.

Take-up estimates are presented as ranges within which it can be assumed true take-up lies. These 'ranges of true take-up' account for possible biases inherent in estimates from data that is less than perfect. These ranges also account for the effects of sampling variation (otherwise known as sampling error).

Where sample sizes and data sources allow, take-up statistics have been broken down to enable comparisons by gender. In practice, analysis by gender is possible only for Income Support, Minimum Income Guarantee and Jobseeker's Allowance (Income Based). For Council Tax Benefit and Housing Benefit, a gender breakdown of take-up rates has not been possible. This is because the DWP administrative statistics on the receipt of these two benefits do not distinguish the sex of the claimants where the claimant is not also in receipt of Income Support/Minimum Income Guarantee/Jobseeker's Allowance (Income Based).

Care should be taken when interpreting take-up statistics. In particular, an upper limit of, say, 90% to the caseload take-up range does not necessarily mean that at least 10% never take up their entitlement. This is because some of the shortfall in take-up may represent a delay in claiming benefit that is eventually received. Further information is presented on the characteristics of those non-recipients of the benefits who are apparently entitled; and some of the reasons for non-take-up are explored. These results help to explain some aspects of the figures.

The reader should be wary of interpreting changes over time. Year-to-year changes in the ranges do not necessarily indicate that the level of true take-up has changed, since the range in one year usually overlaps with the range in the next. Guidance on the interpretation of differences between 2000/2001 and 2001/2002 has been included in the text that accompanies the results.

National Statistics Quality Review

In the summer of 2003, DWP launched a National Statistics Quality Review of statistics on the take-up of income-related benefits; aimed at establishing whether the report continues to meet the needs of users. It considered user needs along with priorities for the development of the series. The conclusions of the review will be published in 2004 and will be fed in to the next publication.

¹ *Income Related Benefits Estimates of Take-Up in 2000/2001*, (2003) DWP

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Online Access

This report is also available on the internet free of charge: <http://www.dwp.gov.uk/asd/irb.asp>

Structure of the report

This publication is divided into four main chapters and a technical appendix. Chapters 1 - 4 provide the full results covering the income-related benefits. Each chapter begins with a brief description of the benefit, a guide to the tables presented and any particularly important technical considerations where appropriate. The tabulated results plus commentary then follow; and the chapters are rounded off by an analysis of the characteristics of those entitled to but not receiving benefits. Chapter 5 provides an overview of the methodology (including changes since the last edition) and the data sources used. The Appendix describes in more detail how ranges of true take-up have been calculated in this publication.

As with previous publications, estimates of take-up cover only people in private households, since the Family Resources Survey (FRS) surveys only people in private households. In practice this means these take-up estimates omit people living in Residential Care Nursing Homes and some other, mostly small, groups. In addition, because the FRS does not contain sufficient information on the incomes of the self-employed to allow reliable assessment of benefit entitlement, the estimates also exclude the full-time self-employed.

A quick guide to the published tables

There are two basic types of table presented in this publication - one that contains statistics related to the caseload measure of take-up and a second that contains statistics related to the expenditure measure. The following illustrations are intended as a guide to interpreting the tables.

Illustration 1: Understanding tables presenting caseload take-up statistics

Caseload Take-up							
	Year	Pensioners	All Non Pensioners	Non Pensioner groups			All
				Couples with Children	Lone Parents	Others	
							(Thousands)
Number of Recipients	2000/2001	1,660	2,270	260	900	1,110	3,930
	2001/2002	1,640	2,180	250	870	1,060	3,830
Range of Entitled Non-Recipients	2000/2001	110 : 270	120 : 320	10 : 60	0 : 40	100 : 240	240 : 580
	2001/2002	180 : 340	180 : 350	30 : 60	0 : 40	150 : 270	370 : 680
Take-Up Ranges	2000/2001	86 : 94	88 : 95	83 : 95	96 : 100	82 : 92	87 : 94
	2001/2002	83 : 90	86 : 92	80 : 90	96 : 100	80 : 88	85 : 91

Illustration 2: Understanding tables presenting expenditure take-up statistics

Shows the average weekly amount of benefit actually received (by those in private households) based on DWP administrative records.

Averages are used to present a picture of what the 'typical' amount is. Mean (average) amounts unclaimed alone may present a distorted picture of the 'typical' amount where they are pulled up by small numbers of very large values. Presenting the median alongside the mean in this way helps present a more balanced picture of the 'typical' amount unclaimed. These values are based on Family Resources Survey data.

These three groups together represent Non-pensioners.

Expenditure Take-up

	Year	Pensioners	All Non Pensioners	Non Pensioner groups			All
				Couples with Children	Lone Parents	Others	
<i>(Pounds)</i>							
Average Weekly Amounts Claimed	2000/2001	42.8	50.1	51.2	53.9	46.6	47.1
	2001/2002	45.4	51.9	52.5	55.6	48.7	49.2
Average Weekly Amounts Unclaimed	2000/2001	25.8	33.0	33.9	39.0	31.2	30.3
	2001/2002	27.9	37.3	37.3	44.2	35.9	33.3
Median Weekly Amounts Unclaimed	2000/2001	25.0	32.0	31.1	40.1	31.5	28.6
	2001/2002	25.6	35.3	31.5	42.9	34.5	31.3
<i>(Millions of Pounds)</i>							
Total amount Claimed	2000/2001	3,690	5,920	700	2,530	2,690	9,630
	2001/2002	3,870	5,900	680	2,520	2,700	9,790
Total Range Unclaimed	2000/2001	140 : 400	190 : 590	20 : 110	0 : 90	150 : 430	360 : 960
	2001/2002	230 : 530	330 : 730	40 : 140	0 : 110	250 : 540	600 : 1,230
<i>(Percentages)</i>							
Take-Up Ranges	2000/2001	90 : 96	91 : 97	86 : 97	97 : 100	86 : 95	91 : 96
	2001/2002	88 : 94	89 : 95	82 : 94	96 : 100	83 : 91	89 : 94

Shows estimated take-up percentages.

Shows the total amount of benefit estimated to have been left unclaimed, based on Family Resources Survey data.

Shows the total amount of benefit actually received (by those in private households) over the course of the year based on DWP administrative records.

Glossary of Terms

Average

In this publication average is used interchangeably with the word **mean**.

Benefit Unit

This is a single adult or couple, together with any dependent children (as defined under “Child”). An adult living in the same household as his or her parents, for example, is a separate benefit unit from the parents and would be assessed separately for Income Support/Minimum Income Guarantee or Jobseeker’s Allowance.

Confidence Interval

A measure of **sampling error**. A 95% confidence interval for an estimate is the range that will – if sampling error is the only source of error – contain the ‘true’ figure on average 95 times out of 100. Note that in practice there are also other sources of error in the survey and analysis processes.

Couple

A man and woman living together as husband and wife, including cohabitees.

Child

An individual under the age of 16 or an unmarried 16 – 18 year old on a course up to and including ‘A’ level standard (up to and including ‘Highers’ in Scotland).

Entitled

A benefit unit is said to be entitled to receive a benefit if they satisfy the conditions set down in order to qualify to receive the benefit.

Entitled Non-Recipient (ENR)

A benefit unit that is entitled to a benefit but is not receiving it.

Entitlement

Entitlement is the amount of money an entitled benefit unit should receive in benefit.

Grossing Up

The sample of FRS respondents are grossed up to represent the whole household population. Different grossing factors are applied to different types of households in order to correct for over- and under- representation of these household types.

Median

The median unclaimed amount is the value that divides the population of entitled non-recipients, when ranked by their modelled entitlements, into two equal-sized groups. In other words, the median is the exact middle point where half the entitled non-recipients have larger unclaimed amounts and half have smaller.

Modelled as Entitled/modelling entitlement

An assessment of entitlement to each of the income-related benefits is made for each benefit unit on the Family Resources Survey. On the basis of this assessment, benefit units are then classified as Entitled Non-Recipients, Entitled Recipients, Non-Entitled Non-Recipients, or Non-Entitled Recipients. Those benefit units classified as Entitled Non-Recipients and Entitled recipients have been “modelled as entitled”.

Over-modelled

Modelled entitlement for a benefit unit is greater than the amount of benefit they report receiving in response to the Family Resources Survey.

Pensioner

Pensioners are either single people aged at least 60 or, if a couple, both will be termed pensioners if one is aged at least 60 years old. This definition ties in with qualification conditions for the pensioner premium in the various benefits.

Private renter

The private renter’s category used here includes people renting accommodation from Registered Social Landlords.

Recipient

A benefit unit that is in receipt of a benefit.

Response Rate

This is the proportion of households approached by FRS interviewers who agree to take part in the survey. Response rates may vary between different household types.

Sampling Error

The uncertainty in the estimate arising from taking a **random sample** of the population which may not reflect the characteristics of the whole population. The likely size of this error can be identified and expressed as a confidence interval.

Under-modelled

Modelled entitlement for a benefit unit is less than the amount of benefit they report receiving in response to the Family Resources Survey.

Symbols and Abbreviations

BU	Benefit unit	..	Not available
ENR	Entitled Non-Recipient	.	Not applicable/Not possible
ER	Entitled Recipient	-	Nil or negligible
CTB	Council Tax Benefit	2001/2002	Financial Year
HB	Housing Benefit	FRS	Family Resources Survey
IS	Income Support	LA	Local Authority
MIG	Minimum Income Guarantee	<	Less than
JSA	Jobseeker's Allowance		
SAR	Second Adult Rebate		
DSS	Department of Social Security		
DWP	Department for Work and Pensions		

Conventions Used in the Tables

1. Average amounts are rounded to the nearest 10 pence.
2. Amounts claimed and unclaimed are rounded to the nearest £10 million.
3. Caseload figures are rounded to the nearest 10,000.
4. Take-up percentages are rounded to the nearest percentage point.
5. Totals may not equal the sum of their parts due to rounding.
6. Full-time self-employed cases are excluded from all results for all benefits.
7. Those not living in private households are excluded from all results for all benefits.

Summary of Key Results for 2001/2002

Income Support (for non-pensioners)

Take-up between 86% and 95% by caseload

Take-up between 91% and 98% by expenditure

Minimum Income Guarantee

Take-up between 63% and 72% by caseload

Take-up between 73% and 83% by expenditure

Housing Benefit

Take-up between 85% and 91% by caseload

Take-up between 89% and 94% by expenditure

Council Tax Benefit

Take-up between 66% and 72% by caseload

Take-up between 70% and 76% by expenditure

Jobseeker's Allowance (Income Based)

Take-up between 51% and 62% by caseload

Take-up between 58% and 73% by expenditure

Chapter 1

Income Support and Minimum Income Guarantee

Income Support (IS) is paid to those on low incomes who are not in full-time work. It is not paid to single people working 16 hours or more per week, or to couples if the claimant works 16 hours or more per week, or the claimant's partner works 24 or more hours per week. In 2001/2002 it was also not paid to those with capital holdings of £12,000 or more (except those in Residential Care Nursing Homes for whom the upper limit was £16,000 – these cases are excluded from the analysis).

In April 1999 a Minimum Income Guarantee (MIG) was introduced for pensioners paid through Income Support. In April 2001 the applicable amounts were increased by rates greater than increases in the basic state Retirement Pension. In addition both the lower and upper capital limits were raised. This had the effect of increasing the number of pensioners entitled to the Minimum Income Guarantee. The statistics for pensioners that follow have been interpreted with this context in mind.

Men over 60 but under 65 and lone parents may claim either Minimum Income Guarantee/Income Support or Jobseeker's Allowance. For those who have an underlying entitlement to both of these benefits we cannot determine which one they might claim. In practice we know that the vast majority of these cases claim Minimum Income Guarantee/Income Support so for the purposes of estimating take-up we have made the assumption that men over 60 but under 65 and lone parents would claim MIG/IS rather than Jobseeker's Allowance, if they report receipt of neither. Minimum Income Guarantee/Income Support can be paid in conjunction with Housing Benefit and Council Tax Benefit but not with Jobseeker's Allowance.

Guide to tables

Estimates of caseload and expenditure take-up are presented for Income Support for non-pensioners with children and non-pensioners without children in Tables 1.1 and 1.2 respectively. Caseload and expenditure statistics for Income Support by different groups of non-pensioners with children are contained in two tables that follow (Tables 1.3 and 1.4); for different groups of non-pensioners without children, Tables 1.5 and 1.6 present the latest figures. Estimates for take-up of Minimum Income Guarantee on each measure are shown in Tables 1.7 and 1.8 by pensioner family type. Take-up statistics are presented as ranges that reflect the maximum plausible upward and downward effects of bias on the baseline figures². Each range also includes a 95% confidence interval to reflect sampling error. Where ranges are wide, uncertainties as to biases account for the major part.

The statistics presented for Income Support by the groups 'Couples with children' and 'Couples without children' were obtained by combining two years data together. Statistics presented for 2000/2001 are based on analyses of 1999/2000 and 2000/2001 data combined, whilst statistics presented for 2001/2002 are based on analyses of 2000/2001 and 2001/2002 data combined. This was done because sample sizes were too small to produce robust estimates based on a single year's data.

² See Chapter 5 and the Appendix for more details on how the effects of bias are assessed.

For Income Support by different groups of non-pensioners, estimates of unclaimed amounts should be treated with caution. This is because the sample sizes for estimated entitled non-recipients, on which the figures are based, tend to be small.

Readers will notice that components do not always sum to totals in the tables. This is because 95% confidence intervals have been calculated separately for components and totals.

Additional tables are presented in the 'Further Analysis' section which give an indication of where entitled non-recipients of Income Support and Minimum Income Guarantee appeared in the household income distribution for Great Britain.

Technical note on the results in this chapter

The presentation of statistics for Minimum Income Guarantee includes a gender breakdown comprising of 'Single male pensioners' and 'Single female pensioners'. Statistics relating to Income Support for non-pensioners without children include a similar breakdown. However estimates for 'Lone parents' have not been split by gender because the resulting small sample sizes for male lone parents do not allow the calculation of statistically robust results.

The DWP research report No: 197 "Entitled but not claiming? Pensioners, the Minimum Income Guarantee and Pension Credit" provided evidence of significant under-reporting of capital holdings by pensioners responding to the Family Resources Survey (FRS). Estimates of pensioner take-up presented in this chapter have been adjusted to take account of this potentially large source of bias.

In addition there is evidence to suggest that some pensioner respondents to the Family Resources Survey may not correctly identify which benefits they are receiving, resulting in an increase in the number of apparent entitled non-recipients of Minimum Income Guarantee. An exercise conducted in 2002 examined such responses and revealed a substantial number of 'hidden' Minimum Income Guarantee recipients; the estimates of pensioner take-up for 2000/2001 re-presented in this chapter incorporate the results of this research. The findings of the exercise have been extended to cover the latest estimates of pensioner take-up.

Further explanation of the above problems, and how they have been addressed in this publication, is provided in Chapter 5.

Results

Table 1.1: Caseload Take-up of Income Support

	Year	Non-Pensioners with Children	Non-Pensioners without Children	All Non-Pensioners
				<i>(Thousands)</i>
Number of Recipients	2000/2001	1,170	900	2,070
	2001/2002	1,150	940	2,100
Range of Entitled Non-Recipients	2000/2001	10 : 90	70 : 260	80 : 330
	2001/2002	10 : 90	90 : 270	110 : 350
				<i>(Percentages)</i>
Take-Up Ranges	2000/2001	93 : 99	78 : 93	86 : 96
	2001/2002	93 : 99	78 : 91	86 : 95

Note:

2000/2001 estimates for the Range of Entitled Non-Recipients and Take-Up Range for 'Non-Pensioners without Children' and 'All Non-Pensioners' have been revised due to a change in methodology for childless 'Single Females'. See Chapter 5 for more details.

Table 1.2: Expenditure Take-up of Income Support

	Year	Non-Pensioners with Children	Non-Pensioners without Children	All Non-Pensioners
				<i>(Pounds)</i>
Average Weekly Amounts Claimed	2000/2001	97.2	55.0	78.8
	2001/2002	105.3	57.7	83.9
Average Weekly Amounts Unclaimed	2000/2001	59.7	36.6	43.8
	2001/2002	67.7	34.0	44.1
Median Weekly Amounts Unclaimed	2000/2001	45.5	30.4	33.5
	2001/2002	63.5	20.7	34.0
				<i>(Millions of Pounds)</i>
Total amount Claimed	2000/2001	5,900	2,590	8,490
	2001/2002	6,320	2,830	9,150
Total Range Unclaimed	2000/2001	20 : 310	120 : 550	240 : 860
	2001/2002	40 : 350	140 : 530	220 : 880
				<i>(Percentages)</i>
Take-Up Ranges	2000/2001	95 : 100	82 : 95	91 : 97
	2001/2002	95 : 99	84 : 95	91 : 98

Note:

2000/2001 estimates for the Total Range Unclaimed and Take-Up Range for 'Non-Pensioners without Children' and 'All Non-Pensioners' have been revised due to a change in methodology for childless 'Single Females'. See Chapter 5 for more details.

Take-up of Income Support appeared to be lower amongst non-pensioners without children and higher for non-pensioners with children by both caseload and expenditure measures.

However, non-pensioners without children tended to have lower amounts unclaimed than non-pensioners with children.

There is little evidence of a change in overall take-up of Income Support between 2000/2001 and 2001/2002 by both caseload and expenditure measures. This is equally valid for families with or without children.

Table 1.3: Caseload Take-up of Income Support by Non-Pensioners with Children

	Year	Couples with Children	Lone Parents
			(Thousands)
Number of Recipients	2000/2001	170	1,000
	2001/2002	180	980
Range of Entitled Non-Recipients	2000/2001	10 : 20	0 : 70
	2001/2002	10 : 30	0 : 60
			(Percentages)
Take-Up Ranges	2000/2001	89 : 97	93 : 100
	2001/2002	85 : 94	94 : 100

Note:

Estimates for Couples with Children presented for 2000/2001 are based on combined 1999/2000 and 2000/2001 data.

Estimates for Couples with Children presented for 2001/2002 are based on combined 2000/2001 and 2001/2002 data.

Table 1.4: Expenditure Take-up of Income Support by Non-Pensioners with Children

	Year	Couples with Children	Lone Parents
			(Pounds)
Average Weekly Amounts Claimed	2000/2001	108.1	95.3
	2001/2002	119.4	102.8
Average Weekly Amounts Unclaimed	2000/2001	64.0	57.6
	2001/2002	72.0	65.6
Median Weekly Amounts Unclaimed	2000/2001	32.5	54.4
	2001/2002	43.6	65.1
			(Millions of Pounds)
Total amount Claimed	2000/2001	970	4,930
	2001/2002	1,100	5,220
Total Range Unclaimed	2000/2001	10 : 90	0 : 250
	2001/2002	30 : 140	0 : 260
			(Percentages)
Take-Up Ranges	2000/2001	92 : 99	95 : 100
	2001/2002	89 : 97	95 : 100

Note:

Estimates for Couples with Children presented for 2000/2001 are based on combined 1999/2000 and 2000/2001 data.

Estimates for Couples with Children presented for 2001/2002 are based on combined 2000/2001 and 2001/2002 data.

The highest level of take-up of Income Support appeared to be by lone parents, though the extent of the biases which may affect the raw data for couples with children makes it difficult to be certain³.

There is little evidence to suggest that take-up of Income Support changed between 2000/2001 and 2001/2002 for either couples with children or lone parents.

³ Range estimates for lone parents are narrow because the available evidence suggests that the potential for bias in the estimation of numbers of lone parents entitled to but not receiving their income support is very low. This makes us more confident of our estimate of take-up for lone parents than say for 'Couples with children' where, although the estimated range of caseload take-up reaches 94%, it could also be as low as 85%. Refer to Chapter 5 for more detail on how we calculate our range estimates.

Table 1.5: Caseload Take-up of Income Support by Non-Pensioners without Children

	Year	Couples	Single Males	Single Females
				<i>(Thousands)</i>
Number of Recipients	2000/2001	110	430	360
	2001/2002	110	460	380
Range of Entitled Non-Recipients	2000/2001	10 : 30	50 : 150	0 : 100
	2001/2002	0 : 20	80 : 150	10 : 110
				<i>(Percentages)</i>
Take-Up Ranges	2000/2001	79 : 90	75 : 90	78 : 99
	2001/2002	84 : 96	75 : 86	77 : 98

Note:

Estimates for 'Couples' presented for 2000/2001 are based on combined 1999/2000 and 2000/2001 data.

Estimates for 'Couples' presented for 2001/2002 are based on combined 2000/2001 and 2001/2002 data.

2000/2001 estimates for the Range of Entitled Non-Recipients and Take-Up Range for 'Single Females' have been revised due to a change in methodology. See Chapter 5 for more details.

Table 1.6: Expenditure Take-up of Income Support by Non-Pensioners without Children

	Year	Couples	Single Males	Single Females
				<i>(Pounds)</i>
Average Weekly Amounts Claimed	2000/2001	65.9	53.5	53.6
	2001/2002	69.7	56.0	56.2
Average Weekly Amounts Unclaimed	2000/2001	46.6	38.8	30.3
	2001/2002	49.7	31.5	33.6
Median Weekly Amounts Unclaimed	2000/2001	43.2	35.7	19.5
	2001/2002	38.4	17.2	19.0
				<i>(Millions of Pounds)</i>
Total amount Claimed	2000/2001	370	1,210	1,010
	2001/2002	395	1,334	1,097
Total Range Unclaimed	2000/2001	20 : 80	80 : 350	10 : 190
	2001/2002	10 : 70	100 : 300	10 : 230
				<i>(Percentages)</i>
Take-Up Ranges	2000/2001	81 : 95	78 : 94	84 : 99
	2001/2002	85 : 98	82 : 93	82 : 99

Note:

Estimates for 'Couples' presented for 2000/2001 are based on combined 1999/2000 and 2000/2001 data.

Estimates for 'Couples' presented for 2001/2002 are based on combined 2000/2001 and 2001/2002 data.

2000/2001 estimates for the Total Range Unclaimed and Take-Up Range for 'Single Females' have been revised due to a change in methodology. See Chapter 5 for more details.

Estimates of Average & Median Weekly Amounts Unclaimed for 'Single Males' are volatile. Readers are warned to avoid making comparisons between years and estimates for other groups.

It is not possible to say which childless group had the highest take-up rate of Income Support by either caseload or expenditure measures.

There is little evidence of a change in true take-up of Income Support between 2000/2001 and 2001/2002 by non-pensioners without children.

Table 1.7: Caseload Take-up of Minimum Income Guarantee

	Year	Pensioner Couples	Single Male Pensioners	Single Female Pensioners	All Pensioners
					<i>(Thousands)</i>
Number of Recipients	2000/2001	260	250	920	1,430
	2001/2002	280	270	960	1,520
Range of Entitled Non-Recipients	2000/2001	110 : 170	80 : 140	230 : 380	450 : 670
	2001/2002	170 : 260	90 : 160	310 : 480	600 : 870
					<i>(Percentages)</i>
Take-Up Ranges	2000/2001	60 : 69	65 : 76	70 : 80	68 : 76
	2001/2002	52 : 62	64 : 75	67 : 75	63 : 72

Table 1.8: Expenditure Take-up of Minimum Income Guarantee

	Year	Pensioner Couples	Single Male Pensioners	Single Female Pensioners	All Pensioners
					<i>(Pounds)</i>
Average Weekly Amounts Claimed	2000/2001	58.2	42.4	33.9	39.7
	2001/2002	62.6	46.5	37.2	43.5
Average Weekly Amounts Unclaimed	2000/2001	27.1	17.1	20.7	21.9
	2001/2002	31.9	23.9	22.2	25.1
Median Weekly Amounts Unclaimed	2000/2001	15.6	10.4	13.6	13.5
	2001/2002	20.6	15.5	16.4	17.0
					<i>(Millions of Pounds)</i>
Total amount Claimed	2000/2001	780	560	1,610	2,960
	2001/2002	900	660	1,870	3,430
Total Range Unclaimed	2000/2001	140 : 280	60 : 140	220 : 460	470 : 820
	2001/2002	250 : 490	90 : 220	340 : 640	730 : 1,260
					<i>(Percentages)</i>
Take-Up Ranges	2000/2001	73 : 85	80 : 90	78 : 88	78 : 86
	2001/2002	65 : 78	75 : 88	75 : 85	73 : 83

Note:

Estimates of Average and Median Weekly Amounts Unclaimed in 2000/2001 exclude 'hidden recipients' cases, whereas no adjustment can be made to figures for 2001/2002. See Chapter 5 for more details.

Take-up of Minimum Income Guarantee appeared to be lower than take-up of Income Support. This result stands for both caseload and expenditure measures of take-up.

The amounts of unclaimed Minimum Income Guarantee were, on average, substantially smaller than the amounts of Income Support left unclaimed by non-pensioners.

Comparisons of take-up between different pensioner family types are difficult to make due to the uncertainty in the extent of potential bias in the estimates of the numbers of entitled non-recipients - represented by the width of the range estimates. However, the evidence does suggest that take-up of Minimum Income Guarantee measured by caseload was higher for single female and male pensioners than for pensioner couples.

Comparisons between 2000/2001 and 2001/2002, for pensioners, are complicated by the rise in MIG rates, relative to Retirement Pension, and the raising of the capital limits, that occurred in April 2001. These changes increased significantly the number of pensioners entitled to Minimum Income Guarantee. The overall changes reported in Tables 1.7 and 1.8 reflect two factors:

- (a) any changes in take-up, between the two years, among the groups who were entitled to MIG in 2000/2001 and would have been entitled in 2001/2002, even if MIG and Retirement Pension had been uprated by the same percentage and the thresholds for capital holdings had remained the same; and

- (b) the rate of take-up among those who were entitled in 2001/2002 but would not have been entitled without the increases, in MIG rates and capital limits, introduced in April 2001.

Detailed examination of the evidence suggests that, among pensioners who would have been entitled to MIG even without the April 2001 increases, caseload take-up across all pensioner groups rose – probably by around 5 percentage points – between 2000/2001 and 2001/2002. However, a lower rate of take-up, under 20%, among those newly entitled to Minimum Income Guarantee led to a fall in aggregate take-up rates for pensioner couples and, to a lesser extent, for single female pensioners, when the average over the year 2000/2001 is compared with the average over the year 2001/2002. For single male pensioners, the two effects came closer to cancelling each other out so, in overall terms; there was little change in the caseload take-up rate between the two years.

Further analysis of those entitled to but not receiving Income Support or Minimum Income Guarantee

In this section we describe the characteristics of those who were entitled to Income Support or Minimum Income Guarantee but were not receiving it (ENRs). In practice, a significant proportion of those appearing to be ENRs will not be true ENRs, and a significant proportion of true ENRs may not be identified in our modelling. Where appropriate, we contrast those identified as ENRs with the characteristics of those that were entitled to and in receipt of Income Support or Minimum Income Guarantee; and in doing so explore some of the possible causes of non-take-up. For some analyses, data from the 2000/2001 and 2001/2002 Family Resources Survey years have been combined to make results more robust. Despite this, the reader is asked to bear in mind that these analyses have not been corrected for the biases that may be inherent in estimates of entitlement to income-related benefits (for more on this see Chapter 5) and so they should be treated with some caution.

Amounts unclaimed

Figure 1.1: Percentage of Pensioner Entitled Non-Recipients and Entitled Recipients by band of entitlement to Minimum Income Guarantee

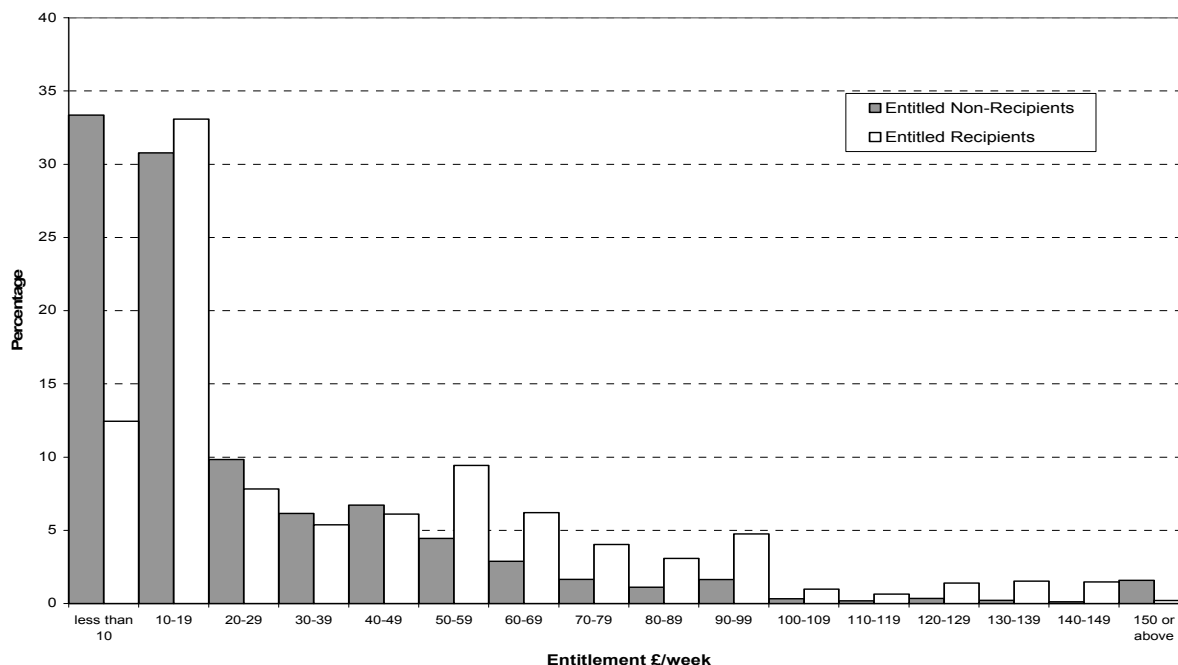


Figure 1.2: Percentage of Non- Pensioner Entitled Non-Recipients and Entitled Recipients by band of entitlement to Income Support

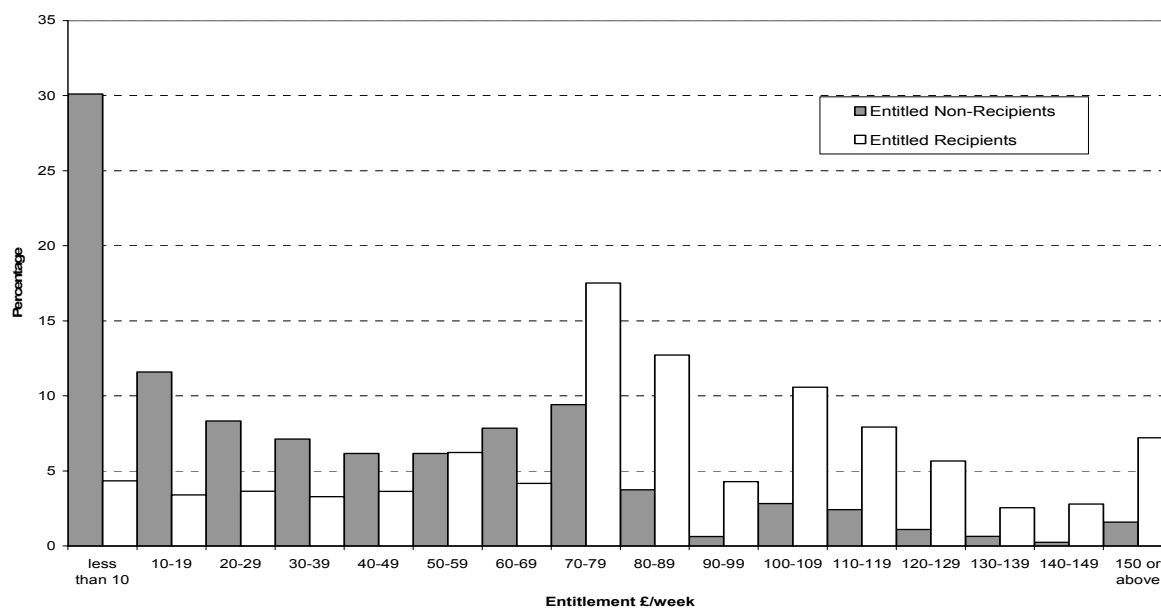


Figure 1.1 and Figure 1.2 show that, on the whole, pensioners/non-pensioners entitled to yet not receiving Minimum Income Guarantee/Income Support tend to be entitled to smaller amounts than their entitled recipient counterparts. The charts also show that the distribution of amounts unclaimed were heavily skewed to smaller amounts – with about one-third of pensioner ENRs and three-in-ten non-pensioner ENRs in the ‘less than £10’ per week entitlement band.

One possible reason why people do not take-up benefit is because they regard the amounts they might receive as not worth the effort of claiming. Alternatively, those with less entitlement may be less confident of their entitlement and therefore do not claim. Whatever the reason, 16% of ENRs were entitled to less than £5 per week compared with only 2% of entitled recipients; and this pattern of difference holds across all family types.

Pensioners, who had lower take-up of Minimum Income Guarantee than other groups that took up Income Support, typically had lower entitlement. 33% of pensioner ENRs in 2000/2001 and 2001/2002 were estimated to have entitlement under £10 per week and 18% under £5 per week.

A follow up study⁴ was commissioned in 2001 of previously interviewed pensioners, who appeared to be ENRs from the FRS. It aimed to identify some of the reasons as to why pensioners did not claim MIG and explored ways in which to encourage claims. Some of the respondent pensioners said they would claim if they only received as little as £2 extra per week. Nearly three-quarters said they would claim if they received an extra £10 per week. 5% of respondent ENRs said they would refuse to claim even if they received an extra £40 per week. This latter finding suggests there may be a small group of ENRs who are highly resistant to applying for MIG regardless of the amount that they would receive. The same research found that three-tenths of apparent pensioner ENRs had become current recipients of Minimum Income Guarantee since their FRS interview. This suggests that non-receipt may be a temporary phenomenon for a significant proportion of entitled non-recipients.

⁴ *Entitled but not claiming? Pensioners, the Minimum Income Guarantee and Pension Credit* (2003) McConaghy, M. Hill, C. Kane, C. Lader, D. Costigan, P. and Thornby, M (ISBN 1 84 123 616 0) For a summary of this report see the following website: <http://www.dwp.gov.uk/asd/asd5/summ2003-2004/197summ.pdf>

Age profile of pensioners

Pensioner ENRs of Minimum Income Guarantee tended to be slightly older than their entitled recipient counterparts. Overall, 56% of pensioner ENRs were 75 years of age or over compared with 47% of entitled recipients of Minimum Income Guarantee. A greater proportion of single female pensioner ENRs were aged 75 or over than either single males or pensioner couples (67%, 49% and 40% respectively). This pattern is repeated amongst those pensioners who were entitled to and in receipt of Minimum Income Guarantee (59%, 34% and 22% respectively).

Tenure profile of pensioners

Figure 1.3: Percentage of Pensioner Entitled Non-Recipients and Entitled Recipients of Minimum Income Guarantee by tenure type

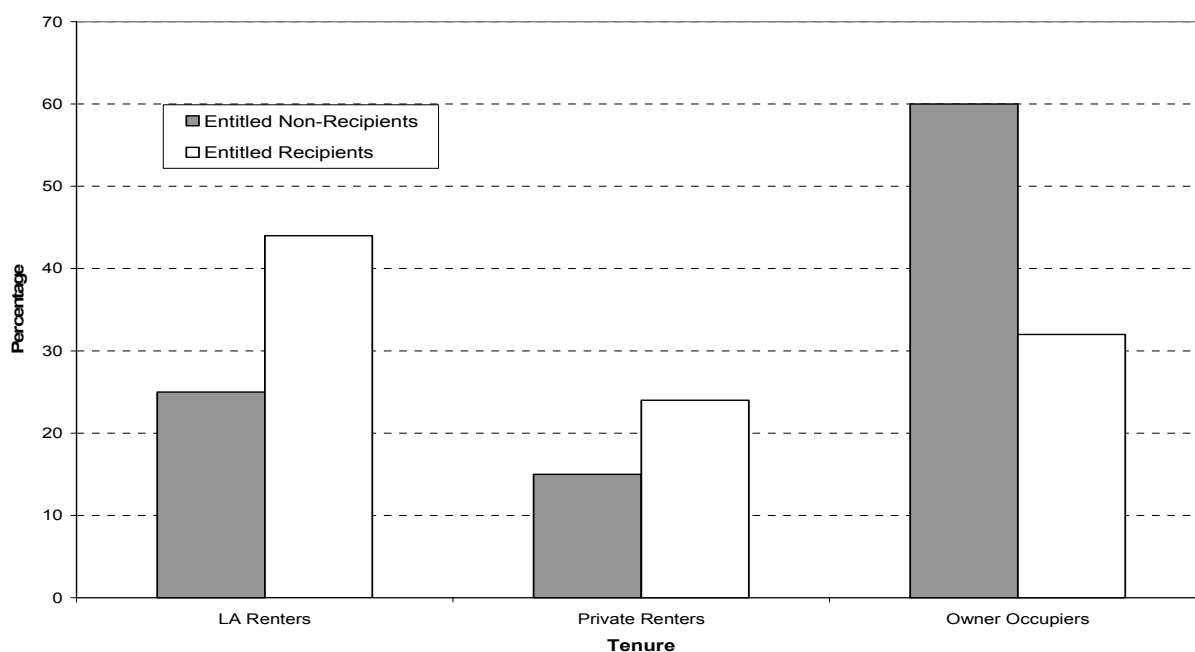


Figure 1.3 shows that 25% of ENRs of MIG were LA Renters compared to 44% of ERs, 15% of Pensioner ENRs were private renters compared to 24% of ERs and 60% of Pensioner ENRs were owner occupiers compared to 32% of ERs.

Receipt of Attendance Allowance or Disability Living Allowance

Overall, 35% of entitled non-recipients were in receipt of Attendance Allowance or Disability Living Allowance compared with 30% of entitled recipients. Among pensioners, the corresponding figures were 35% of ENRs and 39% of entitled recipients.

Getting by on other income

Another possible explanation for non-take-up is that ENRs “get by” on other sources of income. 65% of single ENRs had other income (excluding Housing Benefit and Council Tax Benefit) of more than £75 per week compared with only 33% of entitled recipients. This suggests that, for single people, the existence of significant amounts of other income may be a factor in dissuading them from claiming Income Support or Minimum Income Guarantee. By looking in more detail at different groupings of single people we find that, for certain groups, the differences between ENRs and ERs appear to be greater than for others. For example, 62% of lone parent ENRs had other income in excess of £75 per week, compared with only 20% of ERs. This compares with 76% and 47% respectively for single male pensioners, 78% and 59% respectively for single female pensioners

and 27% and 18% respectively for other singles. It should be noted that some of this variation could be due to the relatively modest sample sizes that the figures are based on.

We get the same result when we look at couples. For pensioner couples there was a significant difference between the percentage of ENRs (47%) and the percentage of entitled recipients (32%) with other income exceeding £100 per week. For couples with children and other non-pensioner couples, there was a significant difference between ENRs and entitled recipients, but only when we examine other income exceeding £150 per week. 63% of couples with children ENRs had income over £150 per week compared with 34% of entitled recipients; and 32% of other couple ENRs had income over £150 per week compared with 16% of entitled recipients. This suggests that the existence of significant amounts of other income may dissuade both single and couple ENRs from claiming Income Support or Minimum Income Guarantee.

The previous analysis includes much income that is taken into account when working out entitlement to Income Support or Minimum Income Guarantee, so it focuses on those with smaller entitlements. If we define 'other income' as benefit income ignored when entitlement to Income Support or Minimum Income Guarantee is assessed, then we can get some idea whether those ENRs with income on top of Income Support or Minimum Income Guarantee were more or less likely to try and 'get by' on the benefit income they already had. For single people, 14% of ENRs and 28% of ERs had other benefit income of more than £75 per week. So, whilst living on other benefit income may have some influence on take-up, it does not appear to have been the main factor for most ENRs. The same conclusion is reached when examining couples: 9% of ENRs and 22% of ERs had other benefit income in excess of £100 per week.

Living with other benefit units

A further possible explanation for non-take-up of Income Support or Minimum Income Guarantee is that ENRs may share resources with others living in the same household. Overall, 29% of ENRs and 25% of entitled recipients shared their household with other benefit units. Of the ENRs living in households with more than one benefit unit, 67% lived with benefit units with more than £150 per week of gross income. This compares to 55% in the case of entitled recipients living with other benefit units. This suggests that the benefit units living with entitled recipients tended to have less gross income (and therefore resources to share) than their counterparts who lived with ENRs, possibly contributing to their decisions to claim.

Benefit awareness and eligibility

The DWP research exploring barriers to pensioner take-up of MIG found that 57% of the apparent ENRs reported that they were unaware of any benefits paid by the government to people on low incomes. However, when the apparent ENRs were asked specifically if they had heard of Income Support or Minimum Income Guarantee, 85% agreed that they had heard of Income Support, but only 28% said they were aware of MIG. Three quarters of ENRs of Minimum Income Guarantee agreed that they would be more likely to apply if most pensioners were entitled to claim. Seven out of ten agreed that they would only claim if they knew they were entitled. The research also suggests that the strongest reasons for resistance to claiming MIG were related to fears of appearing in need, losing independence and the belief that respondents could manage on their own resources.

Position of entitled non-recipients in the income distribution

This section provides separately, an analysis of the position of ENRs of Income Support and ENRs of Minimum Income Guarantee in the household income distribution for Great Britain. Analysis is presented for income both before and after housing costs for 2000/2001 and 2001/2002, and including and excluding those ENRs in receipt of Attendance Allowance (AA) or Disability Living Allowance (DLA). Estimates for 2000/2001 have been refined to exclude cases at the time of the FRS interview that were entitled but awaiting an outcome of a claim – as do the estimates for 2001/2002. Results for 2000/2001 re-presented below therefore differ from the same analysis presented in the previous report.

The following tables have been produced by combining the data sets used to produce this publication with the data sets used to produce the 'Households Below Average Income' publication. This means we have combined benefit unit based results (take-up statistics) with household equivalised income based results (Households Below Average Income). For some ENRs, their position in the income distribution may be affected by the incomes of other household members. Small sample sizes for the number of ENRs in each quintile prevent a more detailed breakdown.

Table 1.9: Position of ENRs of Income Support in the income distribution

Year / Quintiles		Income Before Housing Costs (BHC)			Income After Housing Costs (AHC)		
		1	2	3 - 5	1	2	3 - 5
All non-pensioners	2000/2001	67%	21%	12%	72%	16%	12%
	2001/2002	70%	18%	12%	74%	14%	12%
Non-pensioners excluding those in receipt of DLA	2000/2001	71%	21%	9%	76%	15%	9%
	2001/2002	74%	17%	9%	77%	14%	8%

Quintile 1 represents the bottom twenty per cent of the population with the lowest household incomes, whereas quintile 5 reflects the top twenty per cent with the highest household incomes.

From Table 1.9, we see that approximately seven-in-ten non-pensioner ENRs of Income Support were in the bottom quintile of the income distribution in 2001/2002, or just under three-quarters after housing costs are deducted from income.

A slightly larger proportion of non-pensioner ENRs of Income Support were in the bottom quintile of the income distribution when those in receipt of DLA were excluded from the analysis, both before and after housing costs.

Table 1.10: Position of ENRs of Minimum Income Guarantee in the income distribution

Year / Quintiles		Income Before Housing Costs (BHC)			Income After Housing Costs (AHC)		
		1	2	3 - 5	1	2	3 - 5
All Pensioners	2000/2001	58%	26%	16%	56%	24%	20%
	2001/2002	65%	22%	13%	63%	21%	16%
Pensioners excluding those in receipt of AA/DLA	2000/2001	68%	22%	10%	66%	22%	12%
	2001/2002	74%	19%	7%	73%	18%	8%

Table 1.10 shows that just under two-thirds of all pensioner ENRs of Minimum Income Guarantee were in the bottom quintile of the income distribution both before and after housing costs in 2001/2002. Around three-quarters of pensioner ENRs not in receipt of AA or DLA were in the bottom quintile of the income distribution both before and after housing costs.

The percentage of entitled non-recipients and entitled recipients living on low incomes

This section provides an analysis of the percentage of ENRs and ERs of Income Support and Minimum Income Guarantee living in low-income households. One commonly used indicator of low income is whether a household is below 60 per cent of contemporary median income – the median being the income below which half the population lie. This indicator of low income is used in the following analysis, which as in the previous section combines benefit unit level take-up data sets with household equivalised income results from the ‘Households Below Average Income’ publication. Again, similar to the previous analysis the position of some ENRs and ERs in the income distribution may be affected by the incomes of other household members. Figures are calculated both before housing costs (BHC) and after housing costs (AHC) for 2000/2001 and 2001/2002. Estimates for 2000/2001 have been refined to exclude cases at the time of the FRS interview that were entitled but awaiting an outcome of a claim – as do the estimates for 2001/2002. Results for 2000/2001 re-presented below therefore differ from the same analysis presented in the previous report.

Table 1.11 shows that, in 2001/2002, six-tenths of pensioners that were entitled to but were not receiving Minimum Income Guarantee lived in low-income households on a before housing costs measure. The proportion after housing costs are deducted was two-thirds of ENRs. For entitled recipients of the benefit, about one-quarter were in households with low income, BHC; on an AHC basis the proportion was three-tenths.

Table 1.12 shows that, before the deduction of housing costs, around two-thirds of ENRs of Income Support were in households below 60% of median income, in 2001/2002, whereas around two-fifths of entitled recipients to the benefit were in this position. When comparing estimates of ENRs and ERs of Income Support in low-income households after housing costs, the difference is much smaller.

Table 1.11: Percentage of ENRs and ERs of Minimum Income Guarantee below 60 per cent of contemporary median income

Year/Percentage			Before Housing Costs (BHC)	After Housing Costs (AHC)
Minimum Income Guarantee	ENRs	2000/2001	52%	60%
		2001/2002	60%	67%
	ERs	2000/2001	27%	43%
		2001/2002	24%	30%

Table 1.12: Percentage of ENRs and ERs of Income Support (non-pensioners) below 60 per cent of contemporary median income

Year/Percentage			Before Housing Costs (BHC)	After Housing Costs (AHC)
Income Support	ENRs	2000/2001	63%	74%
		2001/2002	68%	75%
	ERs	2000/2001	43%	71%
		2001/2002	41%	70%

Housing Benefit

Housing Benefit (HB) is paid to people on low income who rent their home. It is paid to people who claim the benefit once they have been assessed as being eligible, whether or not the claimant is in full-time work, and may be paid alongside other means tested benefits or on its own. The estimates given exclude the full-time self-employed.

In April 2001 Housing Benefit applicable amounts (the amount of income a benefit unit can receive before deductions from benefit are made) for pensioners were increased by more than the basic state Retirement Pension was increased. This will have tended to increase the proportion of pensioner renters entitled to Housing Benefit. The statistics for pensioners that follow have been interpreted with this context in mind.

Guide to Tables

Take-up statistics for Housing Benefit are presented in two main sets of tables. The first set, Tables 2.1 and 2.2, present take-up estimates by caseload and expenditure respectively for different family types. The second set of tables, 2.3 and 2.4, show caseload and expenditure take-up estimates in terms of different tenure arrangements. Note that the tenure type 'Private renters' includes Registered Social Landlords. In common with the other benefits, Housing Benefit take-up statistics are presented as ranges that reflect the maximum plausible upward and downward effects of quantifiable biases in the baseline figures. Each range also includes a 95% confidence interval to reflect sampling error. Where ranges are wide, uncertainties as to biases account for the major part.

Readers will notice that components do not always sum to totals in the tables. This is because 95% confidence intervals have been calculated separately for components and totals.

Additional tables are presented in the 'Further Analysis' section, which give an indication of where entitled non-recipients appeared in the household income distribution for Great Britain and the extent to which the group had incomes below 60 per cent of contemporary median income.

Technical note on the results in this chapter

Estimates for take-up amongst pensioners maybe understated due to a potential deficiency, which has not been possible to quantify. It has not proved possible to adjust the estimates for the potential problem of capital misreporting highlighted in the DWP research report "Entitled but not claiming? Pensioners, the Minimum Income Guarantee and Pension Credit"⁵. See Chapter 5 for further details.

In addition to the deficiencies that may affect estimates of numbers of entitled non-recipients, it is possible that the estimates presented may understate take-up as a result of undercounting recipients. This is because of a suspected undercount in the administrative caseload figures arising from a number of claims awaiting a final

⁵ *Entitled but not claiming? Pensioners, the Minimum Income Guarantee and Pension Credit* (2003) McConaghy, M. Hill, C. Kane, C. Lader, D. Costigan, P. and Thornby, M (ISBN 1 84 123 616 0) For a summary of this report see the following website: <http://www.dwp.gov.uk/asd/asd5/summ2003-2004/197summ.pdf>

decision. Estimates of take-up, expressed as a percentage rate, may be depressed by up to 1 percentage point for pensioners and lone parents respectively and possibly 3 percentage points for other groups.

Results

Table 2.1: Caseload Take-up of Housing Benefit by family type

	Year	Pensioners	All Non Pensioners	Non Pensioner groups			All
				Couples with Children	Lone Parents	Others	
							<i>(Thousands)</i>
Number of Recipients	2000/2001	1,660	2,270	260	900	1,110	3,930
	2001/2002	1,640	2,180	250	870	1,060	3,830
Range of Entitled Non-Recipients	2000/2001	110 : 270	120 : 320	10 : 60	0 : 40	100 : 240	240 : 580
	2001/2002	180 : 340	180 : 350	30 : 60	0 : 40	150 : 270	370 : 680
							<i>(Percentages)</i>
Take-Up Ranges	2000/2001	86 : 94	88 : 95	83 : 95	96 : 100	82 : 92	87 : 94
	2001/2002	83 : 90	86 : 92	80 : 90	96 : 100	80 : 88	85 : 91

Table 2.2: Expenditure Take-up of Housing Benefit by family type

	Year	Pensioners	All Non Pensioners	Non Pensioner groups			All
				Couples with Children	Lone Parents	Others	
							<i>(Pounds)</i>
Average Weekly Amounts Claimed	2000/2001	42.8	50.1	51.2	53.9	46.6	47.1
	2001/2002	45.4	51.9	52.5	55.6	48.7	49.2
Average Weekly Amounts Unclaimed	2000/2001	25.8	33.0	33.9	39.0	31.2	30.3
	2001/2002	27.9	37.3	37.3	44.2	35.9	33.3
Median Weekly Amounts Unclaimed	2000/2001	25.0	32.0	31.1	40.1	31.5	28.6
	2001/2002	25.6	35.3	31.5	42.9	34.5	31.3
							<i>(Millions of Pounds)</i>
Total amount Claimed	2000/2001	3,690	5,920	700	2,530	2,690	9,630
	2001/2002	3,870	5,900	680	2,520	2,700	9,790
Total Range Unclaimed	2000/2001	140 : 400	190 : 590	20 : 110	0 : 90	150 : 430	360 : 960
	2001/2002	230 : 530	330 : 730	40 : 140	0 : 110	250 : 540	600 : 1,230
							<i>(Percentages)</i>
Take-Up Ranges	2000/2001	90 : 96	91 : 97	86 : 97	97 : 100	86 : 95	91 : 96
	2001/2002	88 : 94	89 : 95	82 : 94	96 : 100	83 : 91	89 : 94

Take-up by lone parents was the highest. It is however, difficult to state whether take-up differed amongst other family types.

Overall changes in take-up of Housing Benefit for pensioners between 2000/2001 and 2001/2002 are influenced by the rate of take-up amongst those entitled in both years, and the rate of take-up amongst those that became newly entitled in 2001/2002. Detailed examination of the data suggests that there was no evidence of a change in take-up amongst those pensioners that were entitled in both years. However, a lower rate of take-up amongst those newly entitled to Housing Benefit has resulted in a fall in overall take-up for pensioners.

There is some, though not conclusive, evidence of a fall in take-up for couples with children and a slight reduction in the rate of take-up of 'others' between 2000/2001 and 2001/2002 when measured by caseload or expenditure.

Take-up showed little or no change for lone parents between 2000/2001 and 2001/2002.

Overall take-up of Housing Benefit showed a slight decrease between 2000/2001 and 2001/2002, measured by either caseload or expenditure.

Table 2.3: Caseload Take-up of Housing Benefit by tenure type

	Year	LA Tenants	Private Renters	All
	<i>(Thousands)</i>			
Number of Recipients	2000/2001	2,220	1,710	3,930
	2001/2002	2,110	1,710	3,830
Range of Entitled Non-Recipients	2000/2001	110 : 240	150 : 350	270 : 580
	2001/2002	140 : 260	220 : 430	370 : 680
	<i>(Percentages)</i>			
Take-Up Ranges	2000/2001	90 : 95	83 : 92	87 : 94
	2001/2002	89 : 94	80 : 89	85 : 91

Note:

2000/2001 estimates for the Range of Entitled Non-Recipients and Take-Up Range for 'Private Renters' and the Range of Entitled Non-Recipients for 'All' have been revised due to a change in methodology. See Chapter 5 for more details.

Table 2.4: Expenditure Take-up of Housing Benefit by tenure type

	Year	LA Tenants	Private Renters	All
	<i>(Pounds)</i>			
Average Weekly Amounts Claimed	2000/2001	40.8	55.3	47.1
	2001/2002	42.7	56.9	49.2
Average Weekly Amounts Unclaimed	2000/2001	24.7	34.8	30.3
	2001/2002	25.0	38.6	33.3
Median Weekly Amounts Unclaimed	2000/2001	22.8	33.8	28.6
	2001/2002	24.0	38.1	31.3
	<i>(Millions of Pounds)</i>			
Total amount Claimed	2000/2001	4,710	4,920	9,630
	2001/2002	4,690	5,070	9,790
Total Range Unclaimed	2000/2001	130 : 340	260 : 680	400 : 960
	2001/2002	160 : 370	410 : 920	600 : 1,230
	<i>(Percentages)</i>			
Take-Up Ranges	2000/2001	93 : 97	88 : 95	91 : 96
	2001/2002	93 : 97	85 : 92	89 : 94

Note:

2000/2001 estimates for the Total Range Unclaimed and Take-Up Range for 'Private Renters' and the Total Range Unclaimed for 'All' have been revised due to a change in methodology. See Chapter 5 for more details.

Although we cannot be certain, estimates suggest that the LA tenants group had the highest take-up of Housing Benefit by tenure type in terms of both caseload and expenditure. The ranges for private renters were, on the whole, wider than the ranges for LA tenants. This is due to the greater difficulty faced in determining the direction and extent of biases in the estimates for private renters than for LA tenants, so we have to allow for a wider range of possibilities.

Take-up by those in local authority accommodation showed no clear change between 2000/2001 and 2001/2002 when measured by caseload or expenditure. Conversely, there was a slight fall in take-up by those in private rented accommodation between 2000/2001 and 2001/2002.

LA tenants had smaller amounts of unclaimed Housing Benefit compared to private renters, and their average weekly amount claimed was substantially smaller than that of private renters.

In common with the other income-related benefits, amounts of Housing Benefit left unclaimed had a tendency to be smaller than amounts claimed (Table 2.2). In contrast to Income Support, the distribution of amounts of unclaimed Housing Benefit was not so dominated by the very small amounts (Table 2.2 – note how similar the median and mean amounts unclaimed were).

Further analysis of those entitled to but not receiving Housing Benefit

The following results relate to those identified as entitled non-recipients (ENRs) of Housing Benefit in our modelling: in practice, a significant proportion of these may not have been true ENRs, and a significant proportion of true ENRs may not have been identified in our modelling. Where appropriate, we contrast those identified as ENRs with the characteristics of those that were entitled and in receipt of Housing Benefit (ERs) and in doing so explore some of the possible causes of non-take-up. The reader must bear in mind that these analyses have not been corrected for the biases that may be inherent in estimates of entitlement to income-related benefits (for more on this see Chapter 5) and so they should be treated with some caution.

Figure 2.1 for pensioners and Figure 2.2 for non-pensioners both show the relationship between take-up and size of entitlement to Housing Benefit. Akin to other income-related benefits, those who did not claim Housing Benefit tended to be entitled to smaller amounts than those who did claim. This characteristic can be seen in Tables 2.2 and 2.4 and by reference to Figure 2.1 and Figure 2.2, which both show the percentage of entitled non-recipients and entitled recipients against bands of entitlement to Housing Benefit. One possible explanation for this is that some people may not have considered it worth their while claiming small amounts of benefit.

Figure 2.1: Percentage of Pensioner Entitled Non-Recipients (ENRs) and Entitled Recipients (ERs) by band of entitlement to Housing Benefit

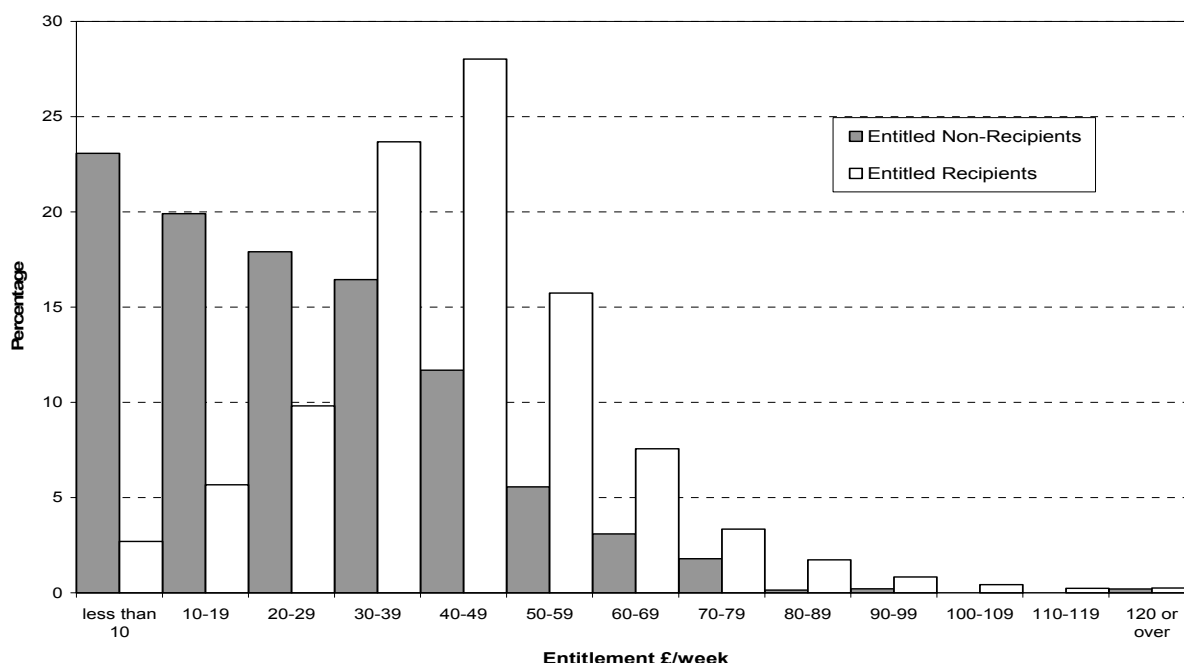
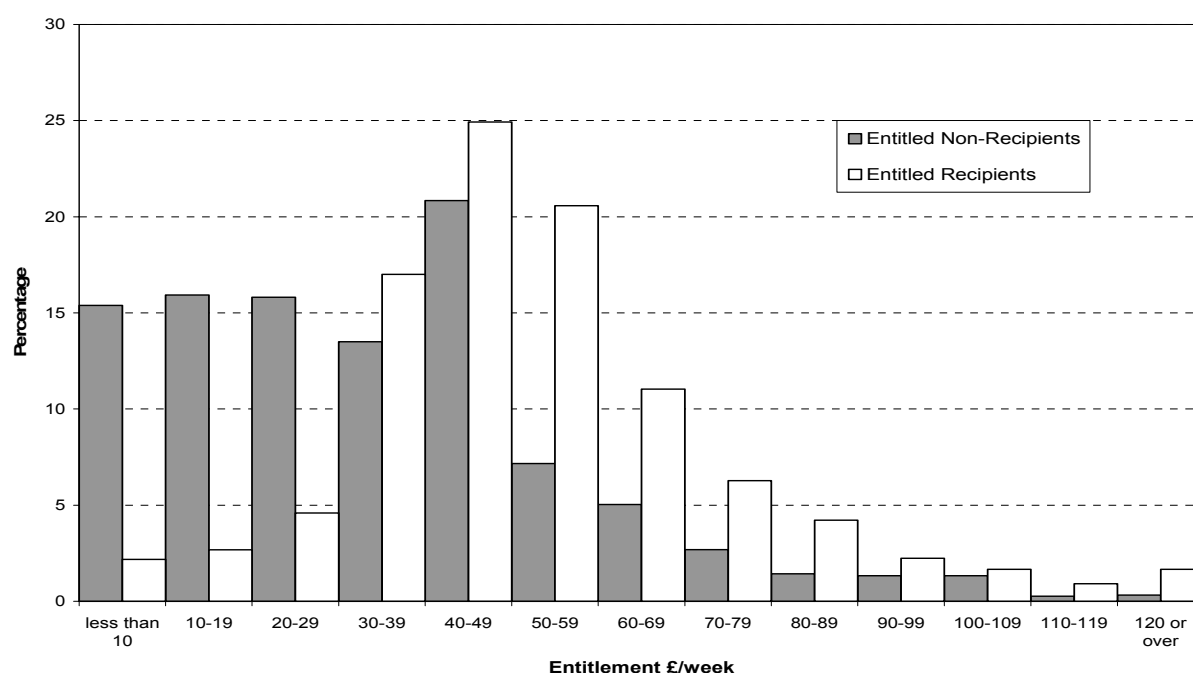


Figure 2.2: Percentage of Non-Pensioner Entitled Non-Recipients (ENRs) and Entitled Recipients (ERs) by band of entitlement to Housing Benefit



Another difference between ENRs and ERs of Housing Benefit was in the percentages that were claiming their entitlement to Council Tax Benefit. For example, 92% of those who claimed Housing Benefit to which they were entitled were also claiming Council Tax Benefit, compared to only 7% of ENRs. Furthermore, 63% of Housing Benefit ENRs were also ENRs of Council Tax Benefit. This is compared to only 5% of entitled recipients of Housing Benefit who were ENRs of Council Tax Benefit.

There is some evidence to suggest that people assume they would not be eligible to claim Housing Benefit once they are working⁶. The lack of awareness of the benefit rules could have prevented some from claiming. Analysis of the FRS lends some support to this notion: 17% of ENRs had at least one adult in full-time work compared to only 2% of entitled recipients. Some of this difference may have been due to those with one adult in full-time work generally having smaller entitlements. However the broad finding holds throughout the range of entitlement to Housing Benefit.

Another possible cause of non-take-up for Housing Benefit is following a change of accommodation, those who are entitled may have yet to claim their entitlement. Of those who were entitled to but not claiming Housing Benefit, around 14% had moved into the property within the last six months. The equivalent percentage amongst entitled recipients of Housing Benefit was 10%. This suggests that the amount of time that someone has spent in a property may have a bearing on take-up of Housing Benefit.

The position of entitled non-recipients in the income distribution

This section provides an analysis of the position of pensioner and non-pensioner ENRs in the household income distribution for Great Britain. Analysis is presented for income both before and after housing costs for 2000/2001 and 2001/2002, and including and excluding those pensioner ENRs in receipt of Attendance Allowance (AA) or Disability Living Allowance (DLA), and those non-pensioners in receipt of DLA. Estimates for 2000/2001 have been refined to exclude cases at the time of the FRS interview that were entitled but

⁶ *Into work? The impact of housing costs and the benefit system on people's decision to work* (1995) Ford, J., Kempson, E. and England, J. Joseph Rowntree Foundation, York.

awaiting an outcome of a claim – the same basis as estimates for 2001/2002. Results for 2000/2001 re-presented below therefore differ slightly from the same analysis presented in the previous report.

The following tables have been produced, by combining the data sets used to produce this publication with the data sets used to produce the ‘Households Below Average Income’ publication. This means we have combined benefit unit based results (take-up statistics) with household equivalised income based results (Households Below Average Income). Small sample sizes for the number of ENRs in each quintile prevent a more detailed breakdown.

Table 2.5: Pensioner ENRs position in the income distribution

Year /Quintiles		Income Before Housing Costs (BHC)		Income After Housing Costs (AHC)	
		1	2-5	1	2-5
All Pensioner ENRs	2000/2001	62%	38%	71%	29%
	2001/2002	65%	35%	74%	26%
Pensioner ENRs excluding those in receipt of AA/DLA	2000/2001	68%	32%	77%	23%
	2001/2002	69%	31%	78%	22%

Quintile 1 represents the bottom twenty per cent of the population with the lowest household incomes, whereas quintile 5 reflects the top twenty per cent with the highest household incomes.

Table 2.5 shows around two-thirds of all pensioner ENRs of Housing Benefit were in the bottom quintile of the income distribution, before housing costs. After housing costs the estimate was just below three-quarters. Removing pensioners that were in receipt of AA or DLA raised the proportion of ENRs in the bottom quintile to almost seven-in-ten, before housing costs and to over three-quarters on an AHC basis.

Table 2.6: Non-pensioner ENRs position in the income distribution

Year /Quintiles		Income Before Housing Costs (BHC)		Income After Housing Costs (AHC)	
		1	2-5	1	2-5
All non-pensioner ENRs	2000/2001	74%	26%	85%	15%
	2001/2002	72%	28%	83%	17%
Non-pensioner ENRs excluding those in receipt of DLA	2000/2001	75%	25%	85%	15%
	2001/2002	73%	27%	84%	16%

Table 2.6 shows that over seven-in-ten of non-pensioner ENRs were in the bottom quintile of the income distribution in 2001/2002 before housing costs, and a higher proportion after housing costs. The picture is the same after the removal of non-pensioner ENRs in receipt of DLA.

The percentage of entitled non-recipients and entitled recipients living on low incomes

This section provides an analysis of the percentage of ENRs and ERs living in low-income households. One commonly used indicator of low income is whether a household is below 60 per cent of contemporary median income –the median being the income below which half the population lie. This indicator of low income is used in the following analysis, which as in the previous section combines benefit unit level take-up data sets with household equivalised income results from the ‘Households Below Average Income’ publication. Figures are calculated both before housing costs (BHC) and after housing costs (AHC) for 2000/2001 and 2001/2002. Estimates for 2000/2001 have been refined to exclude cases at the time of the FRS interview that were entitled but awaiting an outcome of a claim – the same basis as the 2001/2002 estimates. Results for 2000/2001 re-presented below therefore differ slightly from the same analysis presented in the previous report.

Table 2.7: Percentage of ENRs and ERs below 60 per cent of contemporary median income

Year/Percentage			Before Housing Costs (BHC)	After Housing Costs (AHC)
Pensioner	ENRs	2000/2001	53%	77%
		2001/2002	56%	79%
	ERs	2000/2001	14%	46%
		2001/2002	11%	35%
Non-pensioner	ENRs	2000/2001	70%	86%
		2001/2002	67%	83%
	ERs	2000/2001	47%	76%
		2001/2002	46%	76%

Table 2.7 shows that before the deduction of housing costs over half all pensioner ENRs lived in households below 60% of median income and that they were around five times more likely than pensioner ERs to be below this threshold. On an AHC basis the proportions of both pensioner ENRs and pensioner ERs that fell below the income threshold were significantly higher.

Estimates for non-pensioners displayed a similar pattern to pensioner figures. Before housing costs, over two-thirds of all non-pensioner ENRs were below 60 per cent median income compared to nearly half of the respective ER group. Similar to pensioners, estimates on an AHC basis were significantly higher.

Chapter 3

Council Tax Benefit

Council Tax Benefit (CTB) is available to those with a Council Tax liability via two routes: Main Council Tax Benefit and Second Adult Rebate. Main CTB is paid to anyone on a sufficiently low income; and those on Income Support or Jobseeker's Allowance (IB) are automatically eligible to full main Council Tax Benefit. Second Adult Rebate (SAR) is paid to single adults with a Council Tax liability living with a second adult on a low income. The primary purpose of this chapter is to look at take-up of main Council Tax Benefit although some tentative estimates for SARs are included.

In April 2001, Council Tax Benefit applicable amounts (the amount of income a benefit unit can receive before deductions from benefit are made) for pensioners were increased by more than the basic state Retirement Pension was increased. This had the effect of increasing the number of pensioners entitled to Council Tax Benefit. In addition to this gross council tax bills continued to increase in real terms. This led to an increase in the size of the population entitled to Council Tax Benefit. On the other hand, falling unemployment worked in the opposite direction for non-pensioners. The following statistics should be interpreted with this context in mind.

Guide to tables

Take-up statistics for main Council Tax Benefit are presented in two sets of tables. The first set, Tables 3.1 and 3.2, present take-up by caseload and expenditure respectively for different family types. The second set of tables, 3.3 and 3.4, show caseload and expenditure take-up estimates in terms of different tenure arrangements. Note that the tenure type 'Private Renters' includes Registered Social Landlords. Statistics on the take-up of Second Adult Rebate are presented in Tables 3.5 and 3.6. In common with the other benefits, Council Tax Benefit take-up statistics are presented as ranges that reflect the maximum plausible upward and downward effects of quantifiable biases in the baseline figures. Each range also includes a 95% confidence interval to reflect sampling error. Where ranges are wide, sampling errors account for only a minority of the range's width, with uncertainties as to biases accounting for the major part.

Readers will notice that components do not always sum to totals in the tables. This is because 95% confidence intervals have been calculated separately for components and totals.

Additional tables are presented in the 'Further Analysis' section, which give an indication of where entitled non-recipients appeared in the household income distribution for Great Britain and the extent to which the group had incomes below 60 per cent of contemporary median income.

Technical note on the results in this chapter

DWP statisticians are less confident of the statistics by tenure type than of the statistics by family type. This is because the DWP administrative data contains insufficient information to enable us to analyse receipt of Council Tax Benefit accurately by tenure type. The tenure breakdown of 'Number of Recipients' shown in Table 3.3 was derived by applying the percentage of Council Tax Benefit recipients in each tenure group, from the Family Resources Survey, to the total number of recipients from the administrative data. To get the average amounts claimed by tenure group, we used what information the administrative data could tell us about amounts claimed by tenure. On balance though, we are confident that the broad patterns shown in the tables are robust.

Similar to figures for Housing Benefit, it is believed that estimates of the number of Council Tax Benefit recipients are understated because of a backlog of claims waiting to be processed. As a result, estimates of take-up are depressed. However, we are not certain of either the size or the allocation of the administrative caseload undercount by family and tenure type.

It is possible that the estimates presented for pensioners may be understated further. This is because it has not proved possible to adjust the estimates for the potential problem of capital misreporting highlighted in the DWP research report "Entitled but not claiming? Pensioners, the Minimum Income Guarantee and Pension Credit"⁷. See Chapter 5 for further details.

⁷ *Entitled but not claiming? Pensioners, the Minimum Income Guarantee and Pension Credit* (2003) McConaghy, M. Hill, C. Kane, C. Lader, D. Costigan, P. and Thornby, M (ISBN 1 84 123 616 0) For a summary of this report see the following website: <http://www.dwp.gov.uk/asd/asd5/summ2003-2004/197summ.pdf>

Results

Table 3.1: Caseload Take-up of Council Tax Benefit by family type

	Year	Pensioners	All Non Pensioners	Non Pensioner groups			All
				Couples with Children	Lone Parents	Others	
							<i>(Thousands)</i>
Number of Recipients	2000/2001	2,360	2,340	300	900	1,130	4,700
	2001/2002	2,370	2,250	290	870	1,090	4,610
Range of Entitled Non-Recipients	2000/2001	1,100 : 1,430	330 : 590	70 : 130	10 : 80	240 : 410	1,450 : 2,000
	2001/2002	1,410 : 1,760	330 : 600	80 : 150	20 : 90	220 : 380	1,760 : 2,340
							<i>(Percentages)</i>
Take-Up Ranges	2000/2001	62 : 68	80 : 88	70 : 81	92 : 99	74 : 82	70 : 76
	2001/2002	57 : 63	79 : 87	66 : 78	91 : 98	74 : 83	66 : 72

Table 3.2: Expenditure Take-up of Council Tax Benefit by family type

	Year	Pensioners	All Non Pensioners	Non Pensioner groups			All
				Couples with Children	Lone Parents	Others	
							<i>(Pounds)</i>
Average Weekly Amounts Claimed	2000/2001	9.2	9.8	11.5	9.8	9.4	9.5
	2001/2002	10.0	10.4	12.3	10.4	9.9	10.2
Average Weekly Amounts Unclaimed	2000/2001	7.6	8.9	8.8	8.5	9.1	8.0
	2001/2002	8.3	9.1	9.8	9.3	9.0	8.5
Median Weekly Amounts Unclaimed	2000/2001	7.5	9.2	9.4	9.1	9.1	8.1
	2001/2002	8.2	9.0	10.5	9.3	8.7	8.5
							<i>(Millions of Pounds)</i>
Total amount Claimed	2000/2001	1,120	1,190	180	460	550	2,320
	2001/2002	1,230	1,210	190	470	560	2,450
Total Range Unclaimed	2000/2001	420 : 580	150 : 280	30 : 60	0 : 40	110 : 200	590 : 860
	2001/2002	590 : 770	150 : 290	40 : 80	10 : 50	100 : 180	760 : 1,060
							<i>(Percentages)</i>
Take-Up Ranges	2000/2001	66 : 73	81 : 89	74 : 86	92 : 100	73 : 84	73 : 80
	2001/2002	61 : 68	81 : 89	69 : 83	91 : 98	75 : 85	70 : 76

Take-up of Council Tax Benefit appeared to be lowest amongst pensioners and highest amongst lone parents when analysed by either caseload or expenditure.

Take-up amongst pensioners appears to have fallen between 2000/2001 and 2001/2002. Examination of underlying evidence suggests that amongst pensioners entitled in both years take-up probably changed little. Whereas amongst those entitled for the first time in 2001/2002 take-up was lower, thereby contributing to the fall at the aggregate level.

Take-up by couples with children may have fallen between 2000/2001 and 2001/2002, possibly due to lower take-up by families newly entitled to the benefit, though we cannot be certain.

For lone parents the evidence of a change in take-up between 2000/2001 and 2001/2002 is not conclusive. There is no change in take-up between years for 'Others'.

There is evidence of a fall in overall Council Tax Benefit take-up between 2000/2001 and 2001/2002 when measured by either caseload or expenditure.

Table 3.3: Caseload Take-up of Council Tax Benefit by tenure type

	Year	LA Tenants	Private Renters	Owner Occupiers	All
	<i>(Thousands)</i>				
Number of Recipients	2000/2001	2,290	1,360	1,050	4,700
	2001/2002	2,150	1,420	1,040	4,610
Range of Entitled Non-Recipients	2000/2001	160 : 310	200 : 360	1,080 : 1,370	1,450 : 2,000
	2001/2002	150 : 300	250 : 410	1,340 : 1,660	1,760 : 2,340
	<i>(Percentages)</i>				
Take-Up Ranges	2000/2001	88 : 94	79 : 87	43 : 49	70 : 76
	2001/2002	88 : 93	78 : 85	39 : 44	66 : 72

Table 3.4: Expenditure Take-up of Council Tax Benefit by tenure type

	Year	LA Tenants	Private Renters	Owner Occupiers	All
	<i>(Pounds)</i>				
Average Weekly Amounts Claimed	2000/2001	9.4	9.7	9.5	9.5
	2001/2002	10.0	10.4	10.4	10.2
Average Weekly Amounts Unclaimed	2000/2001	7.1	9.3	7.9	8.1
	2001/2002	7.4	9.5	8.5	8.5
Median Weekly Amounts Unclaimed	2000/2001	7.3	9.1	8.1	8.1
	2001/2002	7.8	8.8	8.5	8.5
	<i>(Millions of Pounds)</i>				
Total amount Claimed	2000/2001	1,120	680	520	2,320
	2001/2002	1,120	760	560	2,450
Total Range Unclaimed	2000/2001	50 : 120	90 : 180	430 : 580	590 : 860
	2001/2002	50 : 120	120 : 210	570 : 760	760 : 1,060
	<i>(Percentages)</i>				
Take-Up Ranges	2000/2001	90 : 95	79 : 88	47 : 55	73 : 80
	2001/2002	90 : 95	78 : 87	43 : 50	70 : 76

Take-up was higher by those living in Local Authority rented accommodation than by those living in private rented accommodation. Those owning their accommodation had the lowest rate of take-up of Council Tax Benefit. These differences existed when considering either the caseload or the expenditure measure of take-up.

For 'LA Tenants', there appears to have been little or no change in take-up between 2000/2001 and 2001/2002.

For owner-occupiers the evidence suggests that take-up fell between 2000/2001 and 2001/2002. However, amongst those entitled in both years take-up probably changed little, whereas the rate of take-up amongst the newly entitled was lower leading to a drop in the aggregate result.

There is some, though not conclusive, evidence to suggest a slight drop in take-up for private renters between 2000/2001 and 2001/2002. This appears to reflect a lower take-up rate amongst those newly entitled in 2001/2002, alongside little change in take-up amongst private renters entitled in both 2000/2001 and 2001/2002.

In common with the other income-related benefits, average amounts claimed were higher than average amounts unclaimed (Tables 3.2 and 3.4). However, the difference between amounts claimed and unclaimed were smaller for Council Tax Benefit than for other benefits. This effect fed through into the take-up ranges where we found that there was less difference between caseload and expenditure take-up measures in the case of main Council Tax Benefit than there was for other benefits.

Second Adult Rebates

Table 3.5: Caseload Take-up of SAR

All Groups	Year	Second Adult Rebate
		(Thousands)
Number of Recipients	2000/2001	30
	2001/2002	30
Entitled Non-Recipients	2000/2001	240
	2001/2002	230
		(Percentages)
Take-Up	2000/2001	13
	2001/2002	11

Table 3.6: Expenditure Take-up of SAR

All Groups	Year	Second Adult Rebate
		(Pounds)
Average Weekly Amounts Claimed	2000/2001	2.6
	2001/2002	2.9
Average Weekly Amounts Unclaimed	2000/2001	1.7
	2001/2002	1.8
		(Millions of Pounds)
Total Claimed	2000/2001	<10
	2001/2002	<10
Total Unclaimed	2000/2001	20
	2001/2002	20
		(Percentages)
Take-Up	2000/2001	18
	2001/2002	17

Estimates for Second Adult Rebates are given as point estimates as problems with the survey data make the production of ranges impossible. The figures are based on small sample sizes and must be viewed with extreme caution. There is evidence of a slight fall in take-up between 2000/2001 and 2001/2002.

Further analysis of those entitled to but not claiming Council Tax Benefit

The following results relate to those identified as entitled non-recipients (ENRs) of Main Council Tax Benefit (CTB) in our modelling. (These exclude ENRs of the Second Adult Rebate). In practice, a significant proportion of these modelled may not have been true ENRs, and a significant proportion of true ENRs may not have been identified in our modelling. Where appropriate, we contrast the characteristics of those identified as ENRs with the characteristics of those that were entitled and in receipt (ERs) of main Council Tax Benefit and in doing so explore some of the possible causes of non-take-up. The reader must bear in mind that these analyses have not been corrected for the biases that may be inherent in estimates of entitlement to income-related benefits (for more on this see Chapter 5) and so they should be treated with some caution.

Figure 3.1 for pensioners and Figure 3.2 for non-pensioners both show the relationship between take-up and size of entitlement to Council Tax Benefit. As with the other income-related benefits, entitled non-recipients of Council Tax Benefit had a tendency to be entitled to lower amounts than entitled recipients. However, the graph also shows that ENRs were more likely than ERs to have entitlement above £14 per week. In addition, analysis of the FRS also revealed that 79% of recipients were entitled to full Council Tax Benefit compared with 39% of ENRs. It should be noted that far more recipients of Council Tax Benefit were on Income Support / Jobseeker’s Allowance, and therefore had entitlement to full CTB automatically, than ENRs of Council Tax Benefit.

Figure 3.1: Percentage of Pensioner Entitled Non-Recipients and Entitled Recipients by band of entitlement to Council Tax Benefit

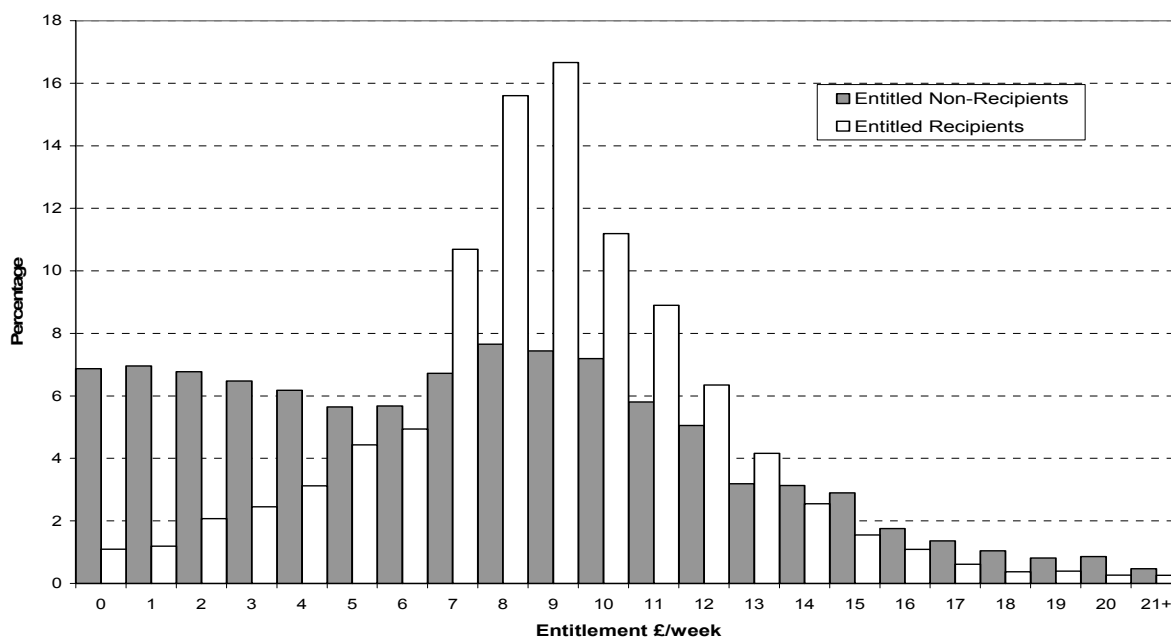
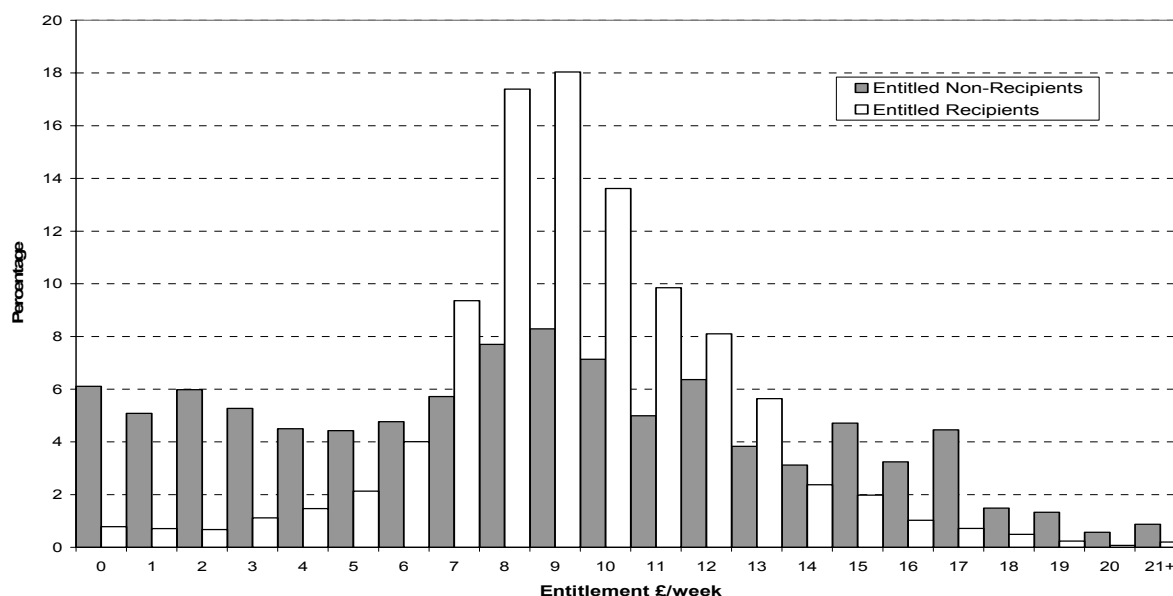


Figure 3.2: Percentage of Non-Pensioner Entitled Non-Recipients and Entitled Recipients by band of entitlement to Council Tax Benefit



Another difference between ENRs and ERs was in the percentages that were claiming their entitlement to Housing Benefit (which is only available to renters) in addition to CTB. Excluding owner-occupiers, we found that 94% of ERs of Council Tax Benefit were receiving Housing Benefit compared to only 22% of ENRs. 58% of ENRs of Council Tax Benefit were also ENRs of Housing Benefit compared to only 2% of entitled Council Tax Benefit recipients.

One possible explanation for non-take-up is that people might not have got around to claiming their entitlement when they took part in the FRS. We can look for supporting evidence for this hypothesis on the FRS by comparing the length of time ENRs lived in their current accommodation with the same for entitled recipients. The proportion of ERs and ENRs who had moved into a property within the last 6 months were similar, 11% and 12% respectively. This suggests the amount of time that someone had spent in a property was not a major influence on take-up of CTB.

The position of entitled non-recipients in the income distribution

This section provides an analysis of the position of pensioner and non-pensioner ENRs in the household income distribution for Great Britain. Analysis is presented for income both before and after housing costs for 2000/2001 and 2001/2002, and including and excluding those pensioner ENRs in receipt of Attendance Allowance (AA) or Disability Living Allowance (DLA), and those non-pensioners in receipt of DLA. Estimates for 2000/2001 have been refined to exclude cases at the time of the FRS interview that were entitled but awaiting an outcome of a claim – this is the same basis as 2001/2002 estimates. Results for 2000/2001 represented below therefore differ slightly from the same analysis presented in the previous report.

The following tables have been produced, by combining the data sets used to produce this publication and that of the 'Households Below Average Income'. This means we have combined benefit unit based results (take-up statistics) with household equivalised income based results (Households Below Average Income). Small sample sizes for the number of ENRs in each quintile prevent a more detailed breakdown. Quintile 1 represents the bottom twenty per cent of the population with the lowest household incomes, whereas quintile 5 reflects the top twenty per cent with the highest household incomes.

Table 3.7: Pensioner ENRs position in the income distribution

Year / Quintiles		Income Before Housing Costs (BHC)			Income After Housing Costs (AHC)		
		1	2	3-5	1	2	3-5
All Pensioner ENRs	2000/2001	68%	24%	9%	46%	40%	13%
	2001/2002	68%	24%	8%	45%	40%	15%
Pensioner ENRs excluding those in receipt of AA/DLA	2000/2001	71%	24%	6%	49%	41%	9%
	2001/2002	71%	23%	6%	48%	41%	12%

Table 3.7 shows around seven-tenths of pensioner ENRs of Council Tax Benefit were in the bottom quintile of the income distribution before housing costs and just under half after housing costs. The picture was broadly the same excluding pensioner ENRs in receipt of AA or DLA. Table 3.7 also shows that pensioner ENRs were relatively better off after housing costs than before housing costs. This can be explained as the majority of pensioner ENRs were owner-occupiers, many of whom had paid off their mortgages. So when income was analysed after housing costs were taken into account, pensioner ENRs of Council Tax Benefit appeared to be higher up the income distribution.

Table 3.8: Non-pensioner ENRs position in the income distribution

Year / Quintiles		Income Before Housing Costs (BHC)			Income After Housing Costs (AHC)		
		1	2	3-5	1	2	3-5
All non-pensioner ENRs	2000/2001	81%	15%	5%	82%	12%	5%
	2001/2002	71%	18%	11%	70%	18%	12%
Non-pensioner ENRs excluding those in receipt of DLA	2000/2001	82%	15%	4%	84%	12%	4%
	2001/2002	72%	18%	10%	71%	18%	12%

Table 3.8 shows that, in 2001/2002, around seven-tenths of non-pensioner ENRs were in the bottom quintile of the income distribution both before and after housing costs. This was also true for when those in receipt of DLA were excluded from the analysis.

The percentage of entitled non-recipients and entitled recipients living on low incomes

This section provides an analysis of the percentage of ENRs and ERs living in low-income households. One commonly used indicator of low income is whether a household is below 60 per cent of contemporary median income – the median is the income below which half the population lie. This indicator of low income is used in the following analysis, which as in the previous section combines benefit unit level take-up data sets with household equivalised income results from the ‘Households Below Average Income’ publication. Figures are calculated both before housing costs (BHC) and after housing costs (AHC) for 2000/2001 and 2001/2002. Estimates for 2000/2001 have been refined to exclude cases at the time of the FRS interview that were entitled but awaiting an outcome of a claim– this is the same basis as 2001/2002 estimates. Results for 2000/2001 represented below therefore differ slightly from the same analysis presented in the previous report.

Table 3.9: Percentage of ENRs and ERs below 60 per cent of contemporary median income

Year/Percentage			Before Housing Costs (BHC)	After Housing Costs (AHC)
Pensioner	ENRs	2000/2001	60%	52%
		2001/2002	58%	51%
	ERs	2000/2001	29%	46%
		2001/2002	28%	37%
Non-pensioner	ENRs	2000/2001	77%	84%
		2001/2002	74%	79%
	ERs	2000/2001	49%	76%
		2001/2002	49%	76%

Table 3.9 shows that around three-fifths of pensioner ENRs lived in low-income households before housing costs; this is twice the proportion of pensioner ERs. The difference in the percentages between the groups reduced after housing costs were taken into account. After housing costs, half of pensioner ENRs were living with income below the 60 per cent median threshold. Moreover, just under three-quarters of non-pensioner ENRs were in low-income households, compared to around a half of non-pensioner ERs, before housing costs. On an AHC basis, the proportions were just under four-fifths for non-pensioner ENRs, slightly more than the proportion of non-pensioner ERs.

Jobseeker's Allowance

Jobseeker's Allowance (JSA) was introduced in October 1996 and is a benefit with two routes of entry. Claimants who have paid sufficient National Insurance contributions get contribution-based JSA. Those who do not qualify for, or whose needs are not met by contribution-based JSA, may qualify for income-based JSA for themselves and their dependants according to need. The rules for income-based Jobseeker's Allowance are similar to those for Income Support except for the additional requirements that claimants have to demonstrate that they are available for and actively seeking work. **The figures presented in this chapter refer only to the income-based element of Jobseeker's Allowance. This will be referred to from this point on as JSA (IB).**

Men over 60 but under 65 and lone parents may claim either Minimum Income Guarantee/Income Support or Jobseeker's Allowance (IB). For those who have an underlying entitlement to both of these benefits we cannot determine which one they might claim. In practice we know that the vast majority of these cases claim Minimum Income Guarantee/Income Support so for the purposes of estimating take-up we have made the assumption that lone parents and men over 60 but under 65 would claim MIG/IS, rather than Jobseeker's Allowance (IB), if they reported receipt of neither.

Guide to tables

Two tables, 4.1 and 4.2, present caseload and expenditure take-up statistics respectively for Jobseeker's Allowance (IB). Statistics are sub-divided into three non-pensioner family types – couples with children, single males and single females. The take-up statistics have been presented as ranges that reflect the maximum plausible upward and downward effects of bias on the baseline figures. Each range also includes a 95% confidence interval to reflect sampling error. Where ranges are wide, uncertainties as to biases account for the major part.

The statistics presented for couples with children were obtained by combining two years data together. Statistics presented for 2000/2001 are based on analyses of 1999/2000 and 2000/2001 data combined, whilst statistics presented for 2001/2002 are based on analyses of 2000/2001 and 2001/2002 data combined. This was done because sample sizes were too small to produce robust estimates based on a single year's data. Estimates of take-up by childless non-pensioner couples have not been presented since they were not statistically robust.

Readers will notice that components do not always sum to totals in the tables. This is because 95% confidence intervals have been calculated separately for components and totals.

Additional tables are presented in the 'Further Analysis' section, which give an indication of where entitled non-recipients appeared in the household income distribution for Great Britain and the extent to which the group had incomes below 60 per cent of contemporary median income.

Results

Table 4.1: Caseload Take-up of Jobseeker's Allowance by family type

	Year	Couples With Children	Single Males	Single Females	All
					(Thousands)
Number of Recipients	2000/2001	110	470	150	730
	2001/2002	90	410	130	640
Range of Entitled Non-Recipients	2000/2001	10 : 30	170 : 280	110 : 160	300 : 450
	2001/2002	20 : 40	210 : 330	140 : 250	390 : 600
					(Percentages)
Take-Up Ranges	2000/2001	79 : 89	63 : 74	48 : 58	62 : 71
	2001/2002	70 : 81	55 : 67	34 : 48	51 : 62

Note:

Estimates for Couples with Children presented for 2000/2001 are based on combined 1999/2000 and 2000/2001 data.

Estimates for Couples with Children presented for 2001/2002 are based on combined 2000/2001 and 2001/2002 data.

2000/2001 estimates for the Range of Entitled Non-Recipients and Take-Up Range for 'Single Males' and 'Single Females' have been revised due to a change in methodology. See Chapter 5 for more details.

Table 4.2: Expenditure Take-up of Jobseeker's Allowance by family type

	Year	Couples With Children	Single Males	Single Females	All
					(Pounds)
Average Weekly Amount Claimed	2000/2001	122.0	49.4	46.7	60.0
	2001/2002	130.9	50.0	47.5	61.3
Average Weekly Amount Unclaimed	2000/2001	85.7	38.7	39.3	42.5
	2001/2002	95.3	41.0	37.6	44.6
Median Weekly Amount Unclaimed	2000/2001	89.2	41.4	41.4	41.4
	2001/2002	99.0	42.0	42.0	42.0
					(Millions of Pounds)
Total Amount Claimed	2000/2001	710	1,210	360	2,290
	2001/2002	630	1,070	320	2,020
Total Range Unclaimed	2000/2001	60 : 150	310 : 590	200 : 350	640 : 1,030
	2001/2002	90 : 220	360 : 750	230 : 520	760 : 1,440
					(Percentages)
Take Up Ranges	2000/2001	82 : 93	67 : 80	51 : 64	69 : 78
	2001/2002	74 : 87	59 : 75	38 : 58	58 : 73

Note:

Estimates for Couples with Children presented for 2000/2001 are based on combined 1999/2000 and 2000/2001 data.

Estimates for Couples with Children presented for 2001/2002 are based on combined 2000/2001 and 2001/2002 data.

2000/2001 estimates for the Total Range Unclaimed and Take-Up Range for 'Single Males', 'Single Females' and subsequently the Total Range Unclaimed for 'All' have been revised due to a change in methodology. See Chapter 5 for more details.

Take-up appeared to be highest for couples with children and lowest amongst single females by both caseload and expenditure measures.

Overall there was a fall in take-up between the two time periods reported on. For couples with children the evidence suggests a fall in take-up between 1999/2000-2000/2001 and 2000/2001-2001/2002. For both male and female childless singles take-up has fallen between 2000/2001 and 2001/2002.

The fall in take-up may be associated with reductions in the length of spells of unemployment. For example, if claimants typically wait X months before claiming, then a reduction in the duration of eligibility will increase the proportion which X accounts for, and so reduce percentage take-up. Long-term unemployment has been

falling faster than total unemployment over the period and the structure of unemployment has been shifting towards a higher proportion of people on short durations, which may in turn, be having an impact on the take-up of Jobseeker's Allowance (IB).

In common with the other income-related benefits, unclaimed amounts of Jobseeker's Allowance (IB) had a tendency to be lower than amounts claimed resulting in a higher take-up rate by expenditure than by caseload.

Further analysis of those entitled to but not receiving Jobseeker's Allowance (IB)

The following results relate to those identified as entitled non-recipients (ENRs) in our modelling: in practice, a significant proportion of these may not have been true ENRs, and a significant proportion of true ENRs may not have been identified in our modelling. Where appropriate, we contrast them with the characteristics of those that were entitled and in receipt of Jobseeker's Allowance (IB), and in doing so explore some of the possible causes of non-take-up. A caveat the reader must bear in mind is that these analyses have not been corrected for the biases that may be inherent in estimates of entitlement to income-related benefits (for more on this see Chapter 5) and so they should be treated with some caution.

Figures 4.1, 4.2 and 4.3 show the percentage of entitled non-recipients (ENRs) and entitled recipients (ERs) against bands of entitlement to Jobseeker's Allowance (IB) for the three family types shown in Tables 4.1 and 4.2. All three graphs show that smaller amounts were less likely to be claimed.

Figure 4.1: Percentage of Entitled Non-Recipients and Entitled Recipients by band of entitlement to Income Based Jobseeker's Allowance (Couples with Children)

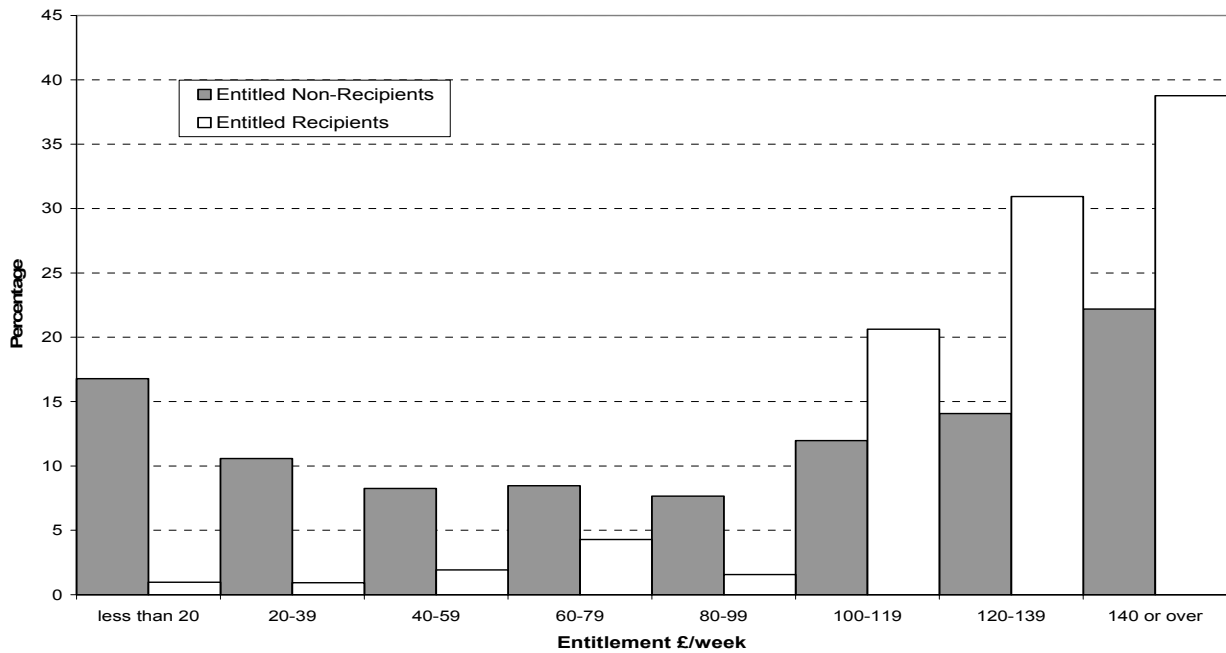


Figure 4.2: Percentage of Entitled Non-Recipients and Entitled Recipients by band of entitlement to Income Based Jobseeker's Allowance (Single Males)

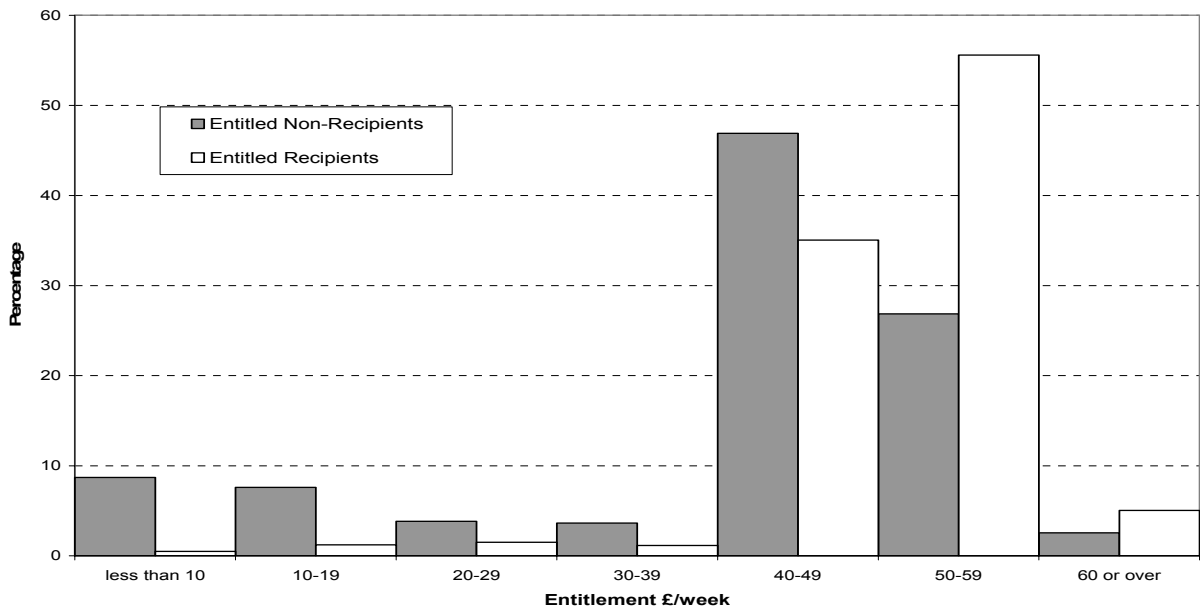
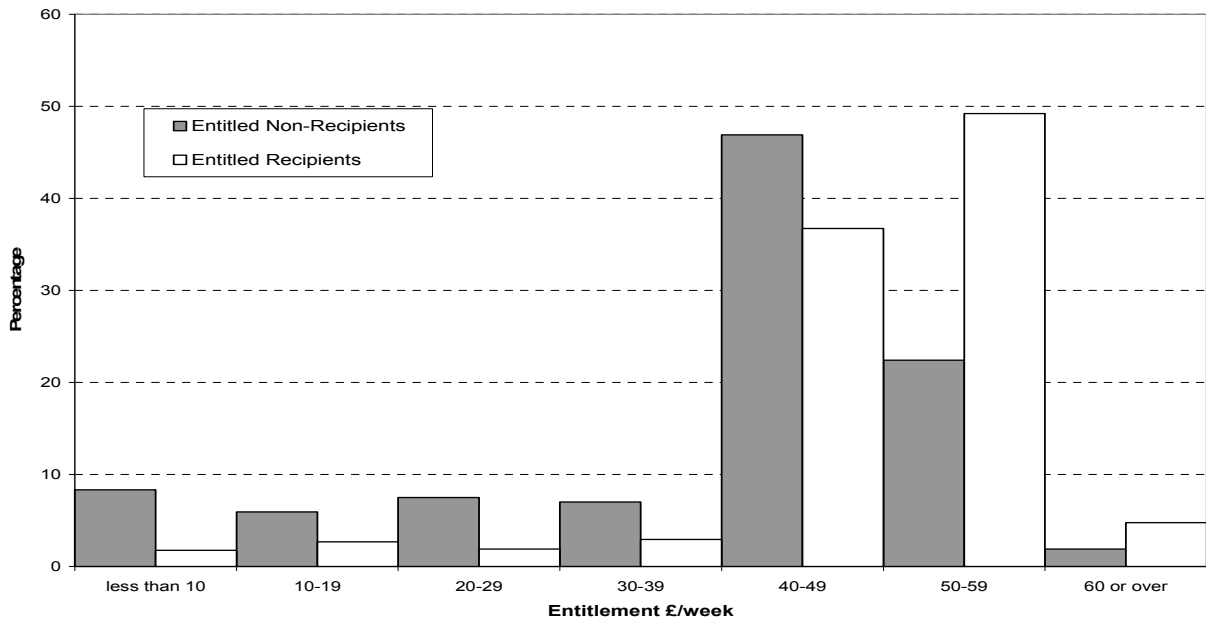


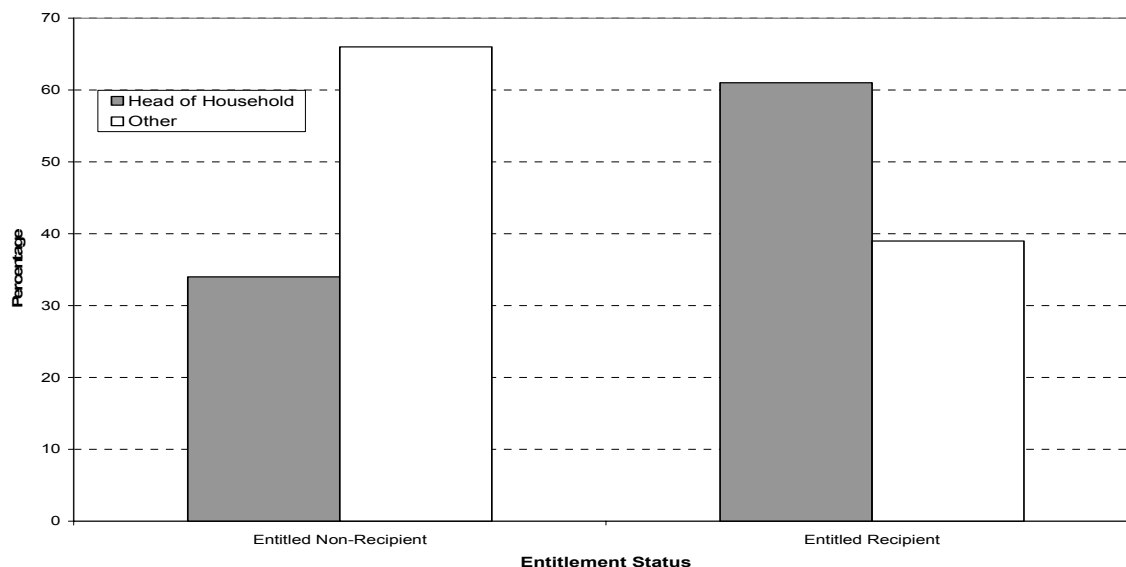
Figure 4.3: Percentage of Entitled Non-Recipients and Entitled Recipients by band of entitlement to Income Based Jobseeker's Allowance (Single Females)



Around 52% of ENRs of Jobseeker's Allowance (IB) fell into the under 25 years of age category, in comparison to 30% of entitled recipients.

In the case of single men and women the majority of ENRs of Jobseeker's Allowance (IB) were young adults who were not the head of the household. This was true for 71% of single males and 73% of single females. Further analysis of these showed that around seven-in-ten of the single females and single males were young people living with their parents.

Figure 4.4 shows the relationship between benefit receipt by entitled people and status within the household. In the case of those who did not claim, just over one-third were the head of their household. In contrast, about three-fifths of those who did claim were the head of their household.

Figure 4.4: Status in Household for Entitled Non-Recipients and Entitled Recipients

One possible explanation for non-take-up is that some people may not claim the moment they become eligible to receive Jobseeker's Allowance (IB). This may happen for several reasons. For example, some people may just take a few days to get around to claiming and others may choose not to claim in the short term, hoping that they will find employment quickly. We can get some feel for the extent of this behaviour by examining the FRS data as people may not have got around to claiming benefit at the time of their FRS interview. The data showed that for ENRs, around 20% had been unemployed for less than 1 month compared with 12% for entitled recipients. This suggests that length of time unemployed was a factor affecting take-up of Jobseeker's Allowance (IB). Length of time spent unemployed may also be a factor in the difference in take-up between single females and single males. Analysis of DWP administrative records⁸ lends tentative support to this notion. The average inflow rate⁹ for single males was 51% between May 2001 and February 2002, compared with 61% for single females. The average outflow rate¹⁰ over the same period was 61% for single males and 70% for single females. This suggests that single females had a tendency to have shorter spells on Jobseeker's Allowance (IB) compared to males.

The position of entitled non-recipients and entitled recipients in the income distribution

This section provides an analysis of the position of entitled non-recipients and entitled recipients of Jobseeker's Allowance (IB) in the household income distribution for Great Britain. Analysis is presented for income both before and after housing costs for 2000/2001 and 2001/2002.

The following table has been produced, by combining the data sets used to produce this publication with the data sets used to produce the 'Households Below Average Income' publication. This means combining benefit unit based results (take-up statistics) with household equivalised income based results (Households Below Average Income). For some ENRs and ERs, their position in the income distribution may be affected by the incomes of other household members. Small sample sizes for the number of ENRs in each quintile prevent a more detailed breakdown. Estimates for 2000/2001 have been refined so that – like the estimates for 2001/2002 – they exclude cases that were, at the time of the FRS interview, awaiting the outcome of a claim. Results for 2000/2001 re-presented below therefore differ slightly from the same analysis presented in the previous report.

⁸ Analyses of Jobseeker's Allowance Quarterly Statistical Enquiries August 1997 – August 2002 and terminated claims.

⁹ Inflow rate = numbers coming onto benefit / total number on benefit

¹⁰ Outflow rate = numbers leaving benefit / total number on benefit

Table 4.5: Jobseeker's Allowance (IB) ENRs and ERs position in the income distribution

Year /Quintiles		Income Before Housing Costs (BHC)		Income After Housing Costs (AHC)	
		1	2 - 5	1	2 - 5
All ENRs	2000/2001	60%	40%	62%	38%
	2001/2002	67%	33%	69%	31%
All ERs	2000/2001	77%	23%	80%	20%
	2001/2002	76%	24%	79%	21%

Quintile 1 represents the bottom twenty per cent of the population with the lowest household incomes, whereas quintile 5 reflects the top twenty per cent with the highest household incomes.

Table 4.5 shows that before housing costs around two-thirds of Jobseeker's Allowance (IB) ENRs were in the bottom quintile of the income distribution in 2001/2002. ERs had a higher risk of being in the bottom quintile on the income distribution, with three-quarters in the bottom quintile of income, before housing costs and four-fifths on an after housing costs basis in 2001/2002.

The percentage of entitled non-recipients and entitled recipients living on low incomes

This section provides an analysis of the percentage of ENRs and ERs living in low-income households. One commonly used indicator of low income is whether a household is below 60 per cent of contemporary median income – the median income is the income below which half the population lie. This indicator of low income is used in the following analysis, which as in the previous section combines benefit unit level take-up data sets with household equivalised income results from the 'Households Below Average Income' publication. Again, similar to the previous analysis the position of some ENRs and ERs in the income distribution may be affected by the incomes of other household members. Figures are calculated for income both before housing costs (BHC) and after housing costs (AHC) for 2000/2001 and 2001/2002. Estimates for 2000/2001 have been refined to exclude cases that, at the time of the FRS interview, were entitled but awaiting the outcome of a claim – this is the same basis as estimates for 2001/2002. Results for 2000/2001 re-presented below therefore differ slightly from the same analysis presented in the previous report.

Table 4.6: Percentage of ENRs and ERs below 60 per cent of contemporary median income

Year / Percentage		Before Housing Costs (BHC)	After Housing Costs (AHC)
		Living below 60% median	Living below 60% median
All ENRs	2000/2001	57%	63%
	2001/2002	64%	70%
All ERs	2000/2001	68%	82%
	2001/2002	71%	81%

Table 4.6 shows that before housing costs just under two-thirds of ENRs were living in low-income households in 2001/2002. After housing costs are deducted the estimate is seven-in-ten. ERs had a higher risk of living in low-income households.

Chapter 5

Methods and Data Sources

The statistics presented in this publication are based on the following definitions of take-up:

Caseload:

$$\frac{\text{Avg no. of Benefit Units (BUs) receiving benefit}}{\text{Avg no. of BUs receiving benefit} + \text{Avg no. of BUs entitled but not receiving benefit}}$$

Expenditure:

$$\frac{\text{Total amount of benefit received in the course of the year}}{\text{Total amount of benefit received} + \text{Total amount of benefit unclaimed}}$$

Take-up estimates are presented as ranges and are calculated in three stages. First, the baseline estimates are obtained from a combination of administrative data and Family Resources Survey (FRS) data. Secondly, an assessment of the biases in these estimates is made, using various sources of information, and range estimates are calculated. Finally, a 95% confidence interval is placed around the range estimates to take account of the potential effects of sampling variation. It can then be assumed that true take-up lies within the resulting range estimates.

The Baseline Estimates

The DWP administrative records contain information on recipients (Rs) of Income Support, Minimum Income Guarantee and Jobseeker's Allowance (IB), and DWP statistical extracts from LA administrative records contain information on Rs of Housing Benefit and Council Tax Benefit. Analysis of the FRS produces information on entitled non-recipients (ENRs). Using the definition of caseload take-up given above for each benefit gives a simple formula for baseline take-up:

$$\text{Caseload take-up} = \frac{R_{admin}}{R_{admin} + ENR_{FRS}}$$

where subscripts refer to the data source.

The formula for baseline expenditure take-up is as follows:

$$\text{Expenditure take-up} = \frac{R_{admin} \times \pounds R_{admin}}{(R_{admin} \times \pounds R_{admin}) + (ENR_{FRS} \times \pounds ENR_{FRS})}$$

with £R and £ENR being the average weekly amounts received by recipients and unclaimed by entitled non-recipients.

Calculation of Error Ranges

We attempt to allow for the potential bias in the baseline estimates before applying the 95% confidence intervals. Earlier work¹¹ has identified five sources of error that can significantly distort the baseline estimates of caseload take-up:

- over-statement of entitlement - this occurs when a benefit unit that is not truly entitled to benefit is calculated, by an analyst, to be entitled;
- under-statement of entitlement - this occurs when a benefit unit that is truly entitled to benefit is calculated, by an analyst, not to be entitled;
- under-reporting of benefit receipt in the FRS - this occurs when someone receiving the benefit fails to report receipt in the FRS interview. For example, under-reporting may occur as misreporting if a person receiving £70 a week Retirement Pension and £5 Minimum Income Guarantee, reports that they actually receive £75 Retirement Pension;
- inaccurate grossing-up of FRS counts - as the FRS is a survey of only a sample of the population, counts derived from the FRS need to be grossed-up - i.e. multiplied up to reflect the true numbers of various family types and people of different ages in the population - to give meaningful estimates of the actual number of recipients or entitled non-recipients in the population. Inaccurate grossing-up will result in either under or over-estimation of the number of recipients or entitled non-recipients in the population;
- payment of benefit to non-entitled benefit units - again this is fairly self-explanatory. It may occur for several reasons: administrative error, inaccurate information given to the benefit office or delays in responding to a change in circumstances.

An assessment of the extent of these errors must be made from available evidence, which unfortunately is often ambiguous. Generally though, it is possible to identify upper and lower limits on the likely extent of each error. These limits for individual errors are then grouped together to generate upper and lower bounds on the true number of entitled non-recipients. Of the errors listed above, only the last affects the count of recipients, but no adjustment is made because the definition of take-up allows for the inclusion of non-entitled recipients. Hence, the range of true take-up can be calculated from the recipient counts and the range for ENRs.

To produce estimates of true expenditure take-up, further information is required about the effect of errors on the estimated amounts which entitled non-recipients do not claim. At present there is insufficient information to tell whether these estimated amounts are systematically different from the true amounts left unclaimed. Without any extra information it is assumed that the estimated amount unclaimed is an unbiased estimator of the true amount unclaimed.

The range of true expenditure take-up is therefore calculated by combining the measured average amount received and the average estimated amount unclaimed with the higher and lower limits of true caseload take-up. For instance, if the true range of caseload take-up is from 65% to 80%, and the average claimed amount is £20, and the average unclaimed amount is estimated to be £5, then the range for true expenditure take-up will be from $(65 \times 20)/[(65 \times 20)+(35 \times 5)]$ to $(80 \times 20)/[(80 \times 20)+(20 \times 5)]$ i.e.: from 88% to 94%.

¹¹ *Analytical Notes: Number 3. The take-up of income related benefits: Inaccuracies in the estimation of take-up rates*, (1994) Gordon Harris, DSS.

This calculation is based on the assumption that estimates of the average amount unclaimed are accurate. In practice this may not always be the case, and so we cannot be as confident that true expenditure take-up lies within the range presented here as we can that true caseload take-up lies within its range. The average weekly amount unclaimed is presented as a single estimate as insufficient information is available to allow identification of a range. In practice, the 'All' average amount unclaimed is a weighted average of the average amounts unclaimed by each family/tenure type, where the weights are the baseline estimates of the number of entitled non-recipients.

Assessing the Extent of Errors in Baseline Estimates

In the process of moving from baseline estimates to take-up ranges, the key analytical work comes in estimating upper and lower limits for the five different sources of error, and then in assessing how these errors interact. This has to be done separately for each benefit and each family type, and where applicable, tenure type. A detailed account of the procedures involved is given in the Appendix and a broad summary is provided below.

The main errors, for which the baseline estimates may require correction, are: incorrect assessment, by analysts, of FRS cases' entitlement to benefit; failure to identify benefit recipients accurately; and failure to gross correctly the FRS-based count of the number of entitled non-recipients.

To gauge the possible extent of incorrect entitlement assessment, we identify the grossed-up number of FRS cases reporting receipt of a benefit but appearing to be not entitled (NERs); and then compare this to the grossed FRS count of recipients. The existence of these NERs can be due to the actual payment of benefit to not-entitled benefit units, but it can also be due to under-estimation of entitlement which might lead us to misclassify some truly entitled recipients as not entitled. More seriously, it can also lead us to misclassify some truly entitled non-recipients as not entitled, which results in a downward bias in our estimate of the total number of entitled non-recipients. The larger the number of NERs in relation to the FRS count of recipients, the greater the allowance we make for under-estimation of entitlement. Prior to publication of the 1997/1998 estimates we assumed that the incidence of over-estimation of entitlement - people wrongly added to the count of those entitled - equalled the incidence of under-estimation (the proportion of truly entitled people falsely regarded as non-entitled). However, since then where we have found evidence of a significant difference in the incidence of under-estimation and over-estimation of entitlement, we have taken it into account. For 2001/2002, we have found evidence of a significant difference within modelling entitlements to Council Tax Benefit.

The accuracy of the modelling of eligibility to Minimum Income Guarantee for pensioners in 2001/2002 has improved – when judged by comparing modelled entitlements with amounts received, for those reporting receipt in the FRS - compared to 2000/2001. This may reflect the reduced proportion of pensioners receiving disability premia – for which eligibility is more difficult to model - because increases in pensioner premia led to pensioners qualifying for the latter rather than for disability premia. To assess the possible extent of incorrect identification of benefit receipt, we consider the possible causes. One such cause could be that people are awaiting the outcome of a benefit claim; the FRS allows us to identify such cases. Another cause is confusion between benefits, where people are receiving more than one benefit. We seek to identify the number of such cases; for some cases it is possible to re-classify some people, with confidence, as recipients. For CTB, there are particular problems with identifying benefit receipt, partly because of confusion with the single person's Council Tax discount; these have been considered in detail.

We also use a comparison of the grossed FRS count of recipients and the equivalent count from the administrative data. Where the FRS count falls short of the administrative count, this can be taken as evidence of: under-reporting of benefit receipt, leading to under-estimation of take-up (via over-estimation of numbers entitled to but not receiving their benefit); or as under-grossing of the entitled population, leading to over-estimation of take-up (via under-estimation of numbers entitled to but not receiving their benefit). This ambiguity can lead to wide ranges of estimated take-up (notably 'Single male pensioners' in Minimum Income Guarantee) because the ranges have to cater for both possibilities. For some groups (notably lone parents in Income Support) the FRS yields less of a shortfall and thereby allows the estimation of a narrower range.

Methodological changes introduced since the last edition

Changes to assumptions made about the extent to benefit under-reporting

Earlier on it was mentioned that where there is a shortfall between the grossed FRS count of recipients and the figure from administrative data, this could be taken as evidence of under-reporting of benefit receipt. One possible explanation of this misreporting is that respondents to the FRS are confused about which benefits they receive but are more confident about the total amount they are paid. In previous editions of this publication, for groups where the comparison between the survey and administrative data sources indicated a shortfall in reported benefit receipt, a proportion of the difference was assumed to lead to over-estimation of the numbers entitled to but not receiving the benefit in question. This approach to estimating the size of error emanating from benefit under-reporting continues to be employed in the latest take-up estimates. However, where the shortfall in the grossed FRS count of recipients compared to number from benefit data is larger than 10%, information on the extent to which apparent entitled non-recipients may be in receipt of other benefits - as evidence of potential benefit confusion - is incorporated in the calculation 2001/2002 take-up estimates. This refinement to methodology affects estimates of take-up for the following groups: Income Support 'childless females'; Jobseeker's Allowance (IB) 'childless males' and 'childless females'; and Housing Benefit 'private renters'. Estimates of caseload and expenditure take-up for 2000/2001 have been revised on this basis to allow a better comparison with the latest results. Where aggregate estimates of take-up that span these groups have changed, the revised figures have also been presented in the relevant chapter tables. Both the 2000/2001 published and the revised estimates are presented in Table 5.1.

Table 5.1: 2000/2001 previously published and revised estimates of take-up for groups affected by a change in methodology

	Caseload	Expenditure
<u>Income Support (non-pensioners)</u>		
Single females without children		
2000/2001 published estimate	78% : 91%	84% : 96%
2000/2001 revised estimate	78% : 99%	84% : 99%
Non-pensioners without children		
2000/2001 published estimate	78% : 89%	82% : 93%
2000/2001 revised estimate	78% : 93%	82% : 95%
All non-pensioners		
2000/2001 published estimate	86% : 95%	91% : 97%
2000/2001 revised estimate	86% : 96%	91% : 97%
<u>Jobseeker's Allowance (IB)</u>		
Single males without children		
2000/2001 published estimate	63% : 74%	67% : 80%
2000/2001 revised estimate	63% : 74%	67% : 80%
Single females without children		
2000/2001 published estimate	47% : 57%	50% : 63%
2000/2001 revised estimate	48% : 58%	51% : 64%
<u>Housing Benefit</u>		
Private Renters		
2000/2001 published estimate	83% : 93%	88% : 96%
2000/2001 revised estimate	83% : 92%	88% : 95%

Data Sources

The Family Resources Survey

The Family Resources Survey was used for all four benefits to analyse entitled non-recipients. During the financial year 2001/2002 the FRS interviewed 25,320 households in Great Britain. The structure and wording of the questionnaire, along with the advice given to interviewers, is continually under review. Further information on the design of the survey is contained in the FRS Report¹².

Administrative data

Income Support and Minimum Income Guarantee

The administrative source for data on recipients was the Income Support Quarterly Statistical Enquiry (QSE). This is a quarterly 5% sample taken in May, August, November and February of each year. The QSE is in two parts; the first part covers all cases, the second part is a subset of the first part covering the institutional population. Since the take-up estimates are concerned with the private household population, subtracting the institutional population from the "all cases" caseload count produced quarterly caseload counts for the private household population. The four quarters' data were averaged to produce a caseload for the calendar year.

The definition of 'lone parents' used in the analysis of the QSE for this publication differs from that used in the published QSEs. Here, we simply define lone parents as single people with dependant children. This includes those who are classified as 'Disabled' in the published QSEs.

Housing Benefit and Council Tax Benefit

There were two administrative sources for data on recipients: the 1% samples of Housing Benefit and Council Tax Benefit records taken in May of each year and the 100% caseload counts taken in May, August, November and February of each year.

For Housing Benefit, the 1% samples contained detailed information on family type, tenure, level of rent and amount of Housing Benefit received. For Council Tax Benefit, the 1% samples contained detailed information on family type, amount of Council Tax paid and amount of Council Tax Benefit received. The 100% caseload counts contained sufficient information for both Housing Benefit and Council Tax Benefit to enable disaggregation into family types for the 'without Income Support' cases but did not contain this information for the 'with IS' cases. For the 2000/2001 estimates, these proportions were taken from the May 2001 1% sample and then adjusted to the population total derived from the average of the four quarterly caseload counts (as the average of the four quarters is a more reliable measure of average caseload for the whole year). A similar approach was adopted for the 2001/2002 estimates.

For Council Tax Benefit there was insufficient information in either the 1% samples or the 100% quarterly caseload counts to enable us to accurately disaggregate the data needed into tenure types. Data on the number of recipients of Council Tax Benefit were split by tenure type using information from the Family Resources Survey. Data on the average amount of Council Tax Benefit received was taken from the limited information available from the 1% samples.

Jobseeker's Allowance (Income Based)

The administrative source for data on recipients was the Jobseeker's Allowance Quarterly Statistical Enquiry (QSE). This is a quarterly 5% sample taken in May, August, November and February of each year. A small proportion of claimants have entitlement to both contributions and income based Jobseeker's Allowance but actually receive income based Jobseeker's Allowance. Within this publication such cases are counted as recipients of income based JSA.

¹² For more information about this publication please visit the following website: <http://www.dwp.gov.uk/asd/frs>

Adjustments

Private Household Adjustment

Since the estimates rely on the FRS and administrative data sources it is essential that the data from these sources cover, as near as possible, the same population. The FRS only covers private households, whereas administrative data contains information on all recipients of the benefit regardless of circumstances. To achieve the necessary consistency across the data sources, a number of cases had to be removed from the administrative data.

For Income Support, cases in residential care or nursing homes were excluded from the administrative data. Asylum seekers, people receiving urgent case payments and those staying in hospital long term (over 6 weeks) were also excluded. Asylum seekers and people receiving urgent case payments were excluded from the administrative data for Jobseeker's Allowance.

Self-employed adjustment

Income of the full-time self-employed on the FRS is very difficult to assess. Sufficiently accurate assessment for modelling benefit entitlement is almost impossible. For this reason all full-time self-employed cases were excluded from the FRS data. In order to exclude them from the take-up estimates completely, it was necessary to exclude them from the administrative data as well. These exclusions affect all the benefits except Income Support and Jobseeker's Allowance, for which the full-time self-employed are ineligible anyway.

For Housing Benefit and Council Tax Benefit, estimates of the proportion of recipients who were self-employed were made from the FRS. These were then applied to the administrative data.

High eligible rents

A further adjustment was made to cases with very high rents. Housing Benefit cases above a high level of rent were excluded from both the administrative and FRS data. This exclusion avoids volatility in the estimate of ENR average amounts, due to outliers with large rents in the small ENR sample. Although there were very few such outliers, grossed up they would represent a significant amount of unclaimed benefit. In this way large variations in estimated expenditure take-up could result from the sampling process rather than from real changes in claimant behaviour.

To reduce such volatility, a high rent cut off was incorporated; this was set at the 99th percentile of eligible rent for Housing Benefit recipients from administrative data. Cases with rent above this level were excluded from the take-up estimate. Similar adjustments were made for Income Support and Jobseeker's Allowance (Income Based) to exclude cases with very high housing costs. Again this was set at the 99th percentile for each family type which could then be applied to the FRS ENRs in that family type.

Other data exclusions

Several other small groups were excluded from the Income Support and the Jobseeker's Allowance analyses. In some circumstances 16 and 17 year olds without dependants can be eligible for Income Support or Jobseeker's Allowance. These circumstances are very difficult to model on the FRS. For this reason all 16 and 17 year old benefit units without children have been excluded from the administrative and FRS data.

Because of the various adjustments to the data sources outlined above and because the counts of numbers receiving benefit and amounts received are taken from statistical enquiries and caseload counts, estimates may differ from those in other published sources.

Grossing Up

The take-up statistics are all based on grossed up FRS data. The grossing system used is designed to make grossed estimates more accurate and reliable. The grossing scheme controls the population estimates of benefit units and households, taking into account variables like tenure and Council Tax Band as well as the age, sex and

marital status variables. Department for Work and Pensions statisticians, in consultation with other departments, are continuing to review the grossing methodology for the DWP Family Resources Survey and have released in response to user demand a regime designed to provide more robust population estimates for Scotland. This regime has not been adopted for the production of take-up estimates in this edition. At a GB level the effects of the regime on take-up results would be negligible. The FRS grossing regime will be considered further, in 2004, in pursuit of a regime that would:

- take account of the revision of population and related estimates in light of the 2001 Census, once all the relevant revisions are made;
- take account of new evidence from comparisons of Census data and FRS data; these comparisons will be conducted by the Office for National Statistics; and
- if possible, match FRS-based estimates for all countries and regions to official population estimates.

Problems

Take-up by pensioners

Misreporting of capital holdings by pensioners

A 1998 follow-up survey of pensioner FRS interviewees who appeared to be entitled non-recipients of Income Support indicated that a substantial proportion had savings above the upper capital limit of £8,000. Problems with establishing what savings pensioners hold are partly a cultural phenomenon, with savings being regarded as a more private matter than income. But other obstacles include difficulties in recalling what assets are held, especially for those with an array of assets or whose finances their partner or another person has managed. The DWP research report number 9 “Comparing Strategies for Collecting Information on Personal Assets”¹³ pinpointed, through cognitive probing of a small number pensioners, strengths with existing asset questions in the FRS and weaknesses to which solutions are suggested. It also reports that there are inherent difficulties in any survey in eliciting accurate information on personal assets amongst pensioners.

In 2001 the DWP commissioned the Office for National Statistics (ONS) and the National Centre for Social Research to undertake another survey of pensioners who appeared to be entitled non-recipients of Minimum Income Guarantee. The results are published in the DWP research report no. 197 ‘Entitled but not claiming? Pensioners, the Minimum Income Guarantee and Pension Credit’. Participants in the survey were drawn from people interviewed on the FRS between October 1998 and March 2001. Those selected were pensioners whose financial circumstances at the time of their FRS interview suggested that they were ENRs. On re-interview, a few respondents reported that they were in fact in receipt of Minimum Income Guarantee or Income Support at the time of their original FRS interview. For these respondents information on their savings and investments were not sought, as they were effectively ‘hidden’ recipients.

The study found that 17% of those classified as ENRs as a result of their original FRS interview were, at the time of re-interview, ineligible for Minimum Income Guarantee because of excess capital holdings.

However, several years had elapsed between the original FRS interviews and the interviews conducted in the survey of Minimum Income Guarantee entitled non-recipients, so some of the 17% may have represented a change in circumstances. Respondents whose apparent change in assets between the two interviews resulted in crossing the £8,000 capital threshold and entailed an increase of at least £1,000 or more were asked further questions to establish whether or not the change was plausible. A significant proportion of pensioner respondents disagreed with the apparent change in savings and investments, but a substantial proportion, over 40%, did not.

¹³ A copy of this report can be found at: <http://www.dwp.gov.uk/asd/asd5/WP9.pdf>

Taking into account this information the possibility that all of the 17% of the surveyed ENRs of Minimum Income Guarantee under-reported their capital holdings at their original FRS interview was discounted. The minimum plausible proportion of pensioner ENRs that may have misreported the value of their savings and investments consistent with the results of the survey was 10% and a maximum was assumed at 14½%. These are the best estimates of the percentage of ENRs failing to report to the FRS capital holdings exceeding £8,000.

These results can be incorporated into the error analysis framework (described earlier). This is done by classifying the misreporting of capital by pensioners as over-statement of entitlement error - when a benefit unit that is not truly entitled to benefit is calculated, by an analyst, to be entitled.

The limits of potential capital misreporting are approximately half of those based on the 1999 DSS “Overcoming Barriers...” research and had the effect of reducing 2000/2001 estimates of take-up of pensioner Minimum Income Guarantee at both the bottom and top end of the caseload range estimate.

The survey also revealed that of those that made a claim for the benefit since their original FRS interview (and on re-interview reported capital holdings of less than £8,000), 8% were unsuccessful. Failed claims could be a result of administrative errors by the Benefit Office or due to the claimant being ineligible. With respect to the measurement of take-up, 8% unsuccessful claims amongst apparent ENRs indicates a level of modelling error by the analyst, assuming ineligibility is the cause of failed claims. This figure has been incorporated into the error analysis framework as a minimum level of error associated with over-statement of entitlement.

The effect of these findings on the 2000/2001 estimates of caseload take-up for pensioners are presented in Chapter 5 of ‘Income Related Benefits Estimates of Take-Up in 2000/2001’.

In April 2001 the upper capital limit for eligibility to Minimum Income Guarantee was raised from £8,000 to £12,000. The extent to which pensioners in 2001/2002 may have under-reported capital holdings against the higher threshold, based on evidence from the FRS follow-up study, is judged to be the same as that compared to the £8,000 capital limit. In addition, the finding that underpins a minimum level of modelling error in 2000/2001 has also been rolled forward to estimates of Minimum Income Guarantee take-up in 2001/2002.

It does not seem likely that the problem of misreporting of capital by pensioners is exclusive to Minimum Income Guarantee. The 2001 survey of entitled non-recipients of Minimum Income Guarantee contains information on the proportion of these pensioners who reported that they had more than £16,000, the upper capital limit for Housing Benefit and Council Tax Benefit. Though some of these pensioners maybe apparent entitled non-recipients of Housing Benefit and/or Council Tax Benefit as well, for the significant remainder who are ENRs of Housing Benefit and/or Council Tax Benefit but not ENRs of Minimum Income Guarantee we have no information. This means it has not been possible to make adjustments to estimates of take-up of Housing Benefit and Council Tax Benefit by pensioners for capital misreporting. Therefore it is possible that these estimates may under-state take-up.

‘Shortfall’ of reported Minimum Income Guarantee recipients on the FRS

For many years the count of pensioner recipients of Income Support and in recent years Minimum Income Guarantee, drawn from the FRS and its predecessor the Family Expenditure Survey, has fallen well short of the count from the Department’s administrative records. The latter has a very high degree of accuracy and therefore the shortfall has raised questions regarding the quality of the survey count. There are two possible reasons for a ‘shortfall’ in the number of Minimum Income Guarantee recipients reported on the FRS. These are:

- The survey may be securing interviews from the right number of low-income pensioners, but some of these are not correctly identifying which benefits they are getting – e.g. someone receiving £72 Retirement Pension and £20 Minimum Income Guarantee may report it as £92 Retirement Pension.
- The survey may be securing interviews from too few low-income pensioners, or the way in which the survey counts are grossed up to national counts – the grossing regime – may yield too low a number of low-income pensioners. (The regime is designed to get the total number of pensioners correct.)

The first explanation would imply that we might be overstating the number of entitled non-recipients, because some of them are really ‘hidden’ recipients of Minimum Income Guarantee. The second would imply we might be understating the number. Our uncertainty, as to the relative contribution of the two explanations, accounted for approaching half of the 380,000 range of uncertainty in the estimate presented for 1999/2000, which reported between 390,000 and 770,000 pensioners were not taking up their entitlement. The range stems from allowing for the possibilities that, at one extreme, most might be due to ‘hidden’ recipients and at the other extreme, most might be due to an undercount of low-income pensioners.

DWP commissioned the ONS to carry out an exercise to establish how many of the apparent ENRs in 2000/2001 were actually recipients of Minimum Income Guarantee at the time of the FRS interview, in order to help narrow the take-up range. The research involved comparing pensioner cases modelled as ENRs with the Department’s benefit records. The process of datamatching that followed revealed several ‘hidden’ recipients of Minimum Income Guarantee but also helped to confirm the modelled status of entitled non-recipients for many cases.

Table 5.2: Distribution of outcomes to datamatching apparent ENRs of Minimum Income Guarantee in 2000/2001 with DWP MIG/RP/WFP benefit records

	Pensioner Couples	Pensioner Single Males	Pensioner Single Females	All Pensioners
<i>Number</i>				
Hidden Recipients	11	10	89	110
Confirmed/Probable ENR	182	112	336	630
Uncertain ENR	3	2	13	18
Cases to exclude	9	7	30	46
Total	205	131	468	804
<i>Percentage of total (minus excluded cases)</i>				
Hidden Recipients	6%	8%	20%	15%
Confirmed/Probable ENR	93%	90%	77%	83%
Uncertain ENR	2%	2%	3%	2%
Total	100%	100%	100%	100%

As Table 5.2 shows the datamatching exercise revealed that 15% of apparent entitled non-recipients of Minimum Income Guarantee in 2000/2001 were ‘hidden’ recipients of the benefit and most of these were single female pensioners.

The above information is incorporated into the error analysis framework by considering the extent to which the numbers of ‘hidden’ recipients amongst the apparent pensioner ENRs accounted for the ‘shortfall’ between the total number of recipients of Minimum Income Guarantee reported on the FRS and the count from DWP administrative records. This was done by prescribing lower and upper limits to the grossed up estimate of ‘hidden’ recipients; the former was the number of cases with this classification and the latter included the additional possibility that ‘uncertain ENR’ cases could have been ‘hidden’ recipients of Minimum Income Guarantee. This resulted in estimates of minimum and maximum contributions that ‘hidden’ recipients amongst apparent ENRs may have had towards the difference in MIG counts between the two data sources. The remainder of any ‘shortfall’ was attributed to grossing inaccuracies, which also had lower and upper bounds.

Further details of the research and how results helped narrow the 2000/2001 take-up range for Minimum Income Guarantee can be found Chapter 5 of ‘Income Related Benefits Estimates of Take-Up in 2000/2001’.

In 2001/2002 the ratio of grossed FRS recipients to the comparable count from administrative data suggests there is a possibility that the proportion of apparent ENRs that were ‘hidden recipients’ of Minimum Income Guarantee may have changed in 2001/2002. For pensioner groups where the shortfall between the survey and

administrative recipient result has increased compared to the estimate in 2000/2001, this indicates a possible rise in the incidence of under-reporting. In this circumstance, in addition to the proportion identified as ‘hidden recipients’ in 2000/2001 we assume an additional percentage increase of up to 2 percentage points. Similarly, judgement is applied where the evidence suggests a fall in the possible level of ‘hidden recipients’; a figure lower than the 2000/2001 proportion is assumed.

The datamatching research allowed the identification and removal of specific individual ‘hidden recipients’ from the ENR count in the calculation of mean and median amounts of Minimum Income Guarantee unclaimed in 2000/2001. This is not possible for the latest estimates. For comparisons between years the following 2000/2001 results should be used.

Table 5.3: Average and median weekly amounts unclaimed of Minimum Income Guarantee without exclusions for identified ‘hidden recipients’ in 2000/2001

	Pensioner Couples	Pensioner Single Males	Pensioner Single Females	All Pensioners
<i>Average Weekly Amounts Unclaimed, £s</i>				
2000/2001 ‘standard’ estimate	28.1	17.0	22.5	23.2
<i>Median Weekly Amounts Unclaimed, £s</i>				
2000/2001 ‘standard’ estimate	16.1	11.0	15.2	14.2

Modelling of the overlap between Jobseeker’s Allowance and Income Support

The rules for eligibility to Income Support and Jobseeker's Allowance (Income Based) are very similar and so when we model a benefit unit as entitled to IS, they will usually have an underlying entitlement to JSA (IB) as well. The main difference in the eligibility criteria is that in order to receive JSA (IB) a benefit unit must be available for and actively seeking full time work. However we have not been able to model this work search activity using the FRS without classifying large numbers of recipients of JSA (IB) as ineligible - because the FRS does not report them as actively seeking work. By not modelling work the search criteria we leave large numbers of benefit units modelled, initially, as ENRs of both IS and JSA (IB). To classify these benefit units as ENRs of **either IS or JSA (IB)**, we have used a series of rules.

Firstly, DWP administrative data shows that only very small numbers of lone parents and pensioners claim JSA (IB), so we have assumed that all lone parents and pensioners modelled initially as ENRs of both IS/MIG and JSA (IB), are classified as ENRs of IS/MIG only. Secondly, we classify all carers who are modelled initially as ENRs of both IS and JSA, as ENRs of IS only. Thirdly, the DWP administrative data shows that only very small numbers of people with disabilities claim JSA (IB). So those people who, in response to FRS questions, say either they are unable to work at all, or they are unable to work full time because of their health, are classified as ENRs of IS only. Remaining cases initially modelled as entitled to both IS and JSA (IB) are classified as ENRs of JSA (IB) only.

Dealing with those awaiting the outcome of a claim for benefit

When a person claims benefit there is often a delay between the date of claim and the date they receive a decision on their claim. This causes problems when estimating the number of ENRs. If a person says that they are not receiving, say, Housing Benefit at the time of their FRS interview, but we model them as entitled, they are initially classified as an ENR. This may be false in cases where the FRS respondent is awaiting the outcome of an eventually successful claim. In reality the respondent was actually in receipt in respect of the time of the FRS interview, and should not be classified as an ENR.

For Income Support, Minimum Income Guarantee, Housing Benefit, Council Tax Benefit and Jobseeker's Allowance (IB) the ranges of take-up take account of these pipeline effects. The FRS asks whether or not they are awaiting the outcome of a claim. We use this information to assess the extent of under-reporting of benefit receipt due to people awaiting the outcome of a claim.

The number of non-recipients who are awaiting the outcome of a claim is taken from the FRS. We then make an assessment about the proportion of these non-recipients who are likely to be successful in their claim. To do this we make use of evidence from the FRS about the proportion who are entitled. These assessments are added to others we make about the under-reporting of benefit receipt.

The existence of pipeline cases tends to depress the estimate of take-up below its true level. By making allowance for pipeline cases we shift the take-up ranges higher.

Rent restrictions

A rent restriction occurs when the Local Authority administering the Housing Benefit system decides that a private tenant is paying an unreasonably high rent and as a result employs a lower rent for the purposes of calculating Housing Benefit. Prior to January 2nd 1996 the criteria used to determine whether rent was unreasonably high were not known. It was not therefore possible to model the decisions using the FRS. Making no allowance for rent restrictions would have been wrong however since the count of entitled non-recipients may have been inflated.

After January 1 1996, Local Authorities implemented new rent restriction rules. Most private tenant Housing Benefit claims were referred to the Rent Officer Service under a specific set of rules for determining whether or not to restrict the rent for the purposes of processing the claim. Also after 6 October 1996, new rent restrictions rules were implemented for single claimants under the age of 25.

The Rent Officer Service carries out the following assessments of a claimant's rent:

- A significantly high rent determination - which determines whether the claimant's rent is higher than that paid for similar tenancies and dwellings;
- A size related rent determination - which determines whether the claimant's rent is larger than is necessary for their means;
- An exceptionally high rent determination - which determines whether the lowest of the claimant's rent or either of the previous rent determinations is still "exceptionally high".

The lowest of the rent determinations and the actual rent paid (known as the appropriate rent) is compared with a 'local reference rent'. The local reference rent is defined as the midpoint of 'reasonable market rents' as determined by the Rent Officer. Where the local reference rent is higher than the appropriate rent, the maximum rent to be taken forward into the Housing Benefit assessment is the appropriate rent. Up until October 1997 where the appropriate rent was highest, the maximum rent to be taken forward was the local reference rent plus half the difference between the local reference rent and the appropriate rent. From October 1997 onwards this "50% top up" was removed so that the maximum rent taken forward where the appropriate rent was highest was the local reference rent.

In the case of single claimants under the age of 25, a single room rent determination is made. The single room rent determination is defined as the midpoint of 'reasonable market rents' for accommodation in which the tenant has exclusive use of one room only and other than that shares a (or has no) kitchen, shares a toilet and makes no payment for board or lodging. Then the maximum rent is calculated by comparing the single room rent with the maximum rent calculated above. Where the maximum rent is lower than the single room rent, the maximum rent is carried forward in the calculation of Housing Benefit. Where the maximum rent is higher than the single room rent, the single room rent applies.

It is possible to roughly model all Rent Officer determinations, except the exceptionally high rent determination, using a combination of Rent Officer Statistics (collected by the Office of the Deputy Prime Minister) and the Family Resources Survey. Average referred rents and average rent reductions, for each type of determination were taken from the Rent Officer Statistics. For Scotland the average of referred rents and rent reductions across all government office regions of England and Wales (excluding London and the South East) are taken as proxies.

For the size related rent determination, average reductions by region and type of dwelling from the Rent Officer Statistics were applied to the rents for FRS dwellings modelled as being “too large”. In the case of the significantly high rent determination, average referred rents from the Rent Officer Statistics were split by region and quartile. For each quartile within each region, the average referred rents were used as thresholds. For those FRS cases breaching the thresholds, a significantly high rent determination was calculated using the average percentage reduction in rent derived from the Rent Officer Statistics. A similar approach to this was adopted for the single room rent determination.

Only certain tenancies (assured shorthold) are restricted by law and these were isolated on the FRS using variables relating to tenure and the date the tenancy began.

Construction of take-up ranges

Introduction

Chapter 5 explains in broad terms how estimates of take-up are calculated. This Appendix goes into rather more detail. It begins by re-capping the sources of error that can affect the baseline estimates of take-up. It subsequently describes in some detail, how we estimate the size of these errors; describes the additional assumptions required to obtain unambiguous estimates of take-up; presents an example of how all this works in practice; and closes with some observations about the general effects of the different assumptions.

The five sources of error

Chapter 5 described the five potential sources of error that can introduce bias into estimates of take-up. To reiterate they are:

- Over-statement of entitlement to benefit – known as Error A;
- Under-reporting of benefit receipt – known as Error B;
- Under-statement of entitlement to benefit – known as Error C;
- Inaccurate grossing-up – known as Error D;
- Payment of benefit to non-entitled benefit units – known as Error E.

The formula used for calculating caseload take-up – first presented in Chapter 5 - shows that we take our count of benefit recipients direct from DWP administrative records; so it cannot be affected by any of the errors A to D listed above. The administrative counts will include some people who are not actually entitled to receive benefit, Non-entitled recipients (NERs), and thus this data can be affected by error E. However, this error is disregarded and not introduced into our results because the DWP definition of take-up allows for non-entitled benefit units to be included in the recipient count. So the accuracy of the recipient count we use is not affected by any of the errors listed above.

However all five errors affect the accuracy in our estimation of the number of entitled non-recipients (ENRs). To correct this estimate it is necessary to estimate the size of errors A to E. Once this is done we can then adjust the initial estimate of the number of ENRs to give us an unbiased estimate of the true figure. Combining this with the recipient count we can arrive at an unbiased estimate of the take-up rate.

In an ideal world the exact size of the errors A to E would be known. This would enable us to fully and unambiguously correct for them and publish a single unbiased point estimate of true take-up. Unfortunately we only have subjective estimates about the likely size of each error. This means in most cases we have to assume that each error could be as high as say X or as low as say Y. Assuming high and low values for the size of each error results in high and low estimates for true take-up. It is these high and low estimates that constitute the range estimate that we publish.

Estimating the size of the errors

We only have a rough idea about the size of errors A to E because the evidence available to us is often ambivalent and scarce in nature. The main evidence we bring to consider is the following two statistics:

- the percentage of grossed-up FRS recipients modelled as not entitled. We refer to this as ‘s’ and it can be written as the number of non-entitled recipients (NERs) in the FRS divided by the number of recipients of the benefit in the FRS:

$$s = \frac{NER_{FRS}}{R_{FRS}}$$

- the ratio of the grossed-up FRS count of recipients to the administrative count of recipients. We refer to this as ‘t’ and it can be written as:

$$t = \frac{R_{FRS}}{R_{admin}}$$

Clues provided by ‘s’

We estimate the number of ENRs using the FRS. The FRS contains detailed information about household composition, income, employment and savings. Using this information we mimic the benefit rules and estimate whether or not a benefit unit is entitled or not entitled to receive the benefit; this process is known as modelling entitlement. The ‘s’ statistic is affected by errors in modelling entitlement and by the receipt of benefit by non-entitled people. The more modelling error there is, the larger ‘s’ will be. The more NERs there are, the larger ‘s’ will be. Though not conclusive, ‘s’ gives us useful clues about the likely size of errors A, C and E.

Modelling errors A and C arise where we are unable to accurately assess a benefit unit’s true entitlement because we do not have a full picture of their relevant circumstances. This can happen for a number of reasons. Firstly, whilst the FRS contains a large amount of detail relevant to calculating benefit entitlement, it does not necessarily contain all the detail required. Also respondents, for whatever reason, may not provide us with fully accurate accounts of their circumstances. With imperfect data, there are bound to be some errors in identifying which benefit units are entitled to a benefit. In the absence of any evidence to the contrary, errors A and C are assumed to be symmetrical in size. We shall take a look at the other evidence we use to consider whether or not this assumption is valid later in the text. Even when we assume errors A and C are of equal size, their effects are unlikely to cancel out because error A will typically add more to the count of ENRs than error C subtracts from it. So it is important to estimate the size of errors A and C.

If ‘s’ is, say, 10% then this could imply that there are substantial modelling errors. Alternatively, modelling errors might be small and the 10% value for ‘s’ might mainly reflect receipt of benefit by people not truly entitled. To get over this ambiguity we assume the first scenario when setting the upper limit for error C (and by assumption error A, when other evidence suggests the errors are equally likely). So the upper limit is set at s%. We set the lower limits for errors A and C to (s/3)%. We do not set the lower limits to zero because it seems unlikely that A and C could ever be zero.

An important point to note here is that the assumptions we use for the upper and lower limits of each error do not go to the extreme bounds of plausibility. However, wide ranges are used where the available evidence suggests that there is a wide range of plausible assumptions.

The size of error E is determined in the same way as the size of errors A and C except that the upper limit is capped at 15% because it seems unlikely that the proportion of recipients not entitled to benefit could exceed 15%.

Clues provided by 't'

The 't' statistic provides some evidence about the likely size of errors B and D, the under-reporting of benefit receipt and grossing errors respectively. If we knew our grossing-up was perfect then a 't' of less than 100% would provide a strong indication of the size of error B. Conversely, if we knew that under-reporting was unlikely, then a 't' of less than 100% would provide strong evidence of the size of error D.

In practice it is possible that both sources of error will occur simultaneously. So 't' may reflect both under-reporting and grossing problems. It should also be remembered that even if we knew that under-reporting did not occur for a particular group, the value of 't' itself would only be an indicator of the impact error D on the number of ENRs. Because 't' is a measure for recipients, it cannot be assumed that it gives an accurate indication of the size and direction of errors in grossing-up the number of ENRs. Assumed upper and lower limits for error D do not reflect the size of the error in the population, but the likelihood of the error generating an inaccurate count of ENRs.

A further complication is that, even if we knew grossing was not a problem and we attributed a low value of 't' to under-reporting, this under-reporting would not necessarily introduce a large error in the estimate of the number of ENRs. This is because benefit units not reporting receipt of benefit will only appear to be entitled if they also report too low a total income. If all that happens is they, for example, misreport their Minimum Income Guarantee as Retirement Pension, and so the correct total income is reported, they will not be falsely classified as ENRs.

In setting the upper limit for the size of error B we need to make an assumption about the percentage of under-reporting cases that will generate false ENRs. We do this by calculating the proportion of recipients on the FRS who are modelled to be entitled to more than they report receiving. This 'over-modelling' could be due to under-reporting of the Income Support amount or our failure to accurately mimic the benefit rules, alternatively it could be due to under-reporting of total income. This last reason is the condition that needs to be in place alongside failure to report receipt, in order to generate a false ENR case. So the percentage of FRS recipients 'over-modelled' gives an indication of the upper limit of the proportion of benefit units failing to report receipt who would also be modelled as entitled and therefore falsely classified as ENRs. This is another example where our assumptions about errors do not go to the extreme bounds of plausibility.

Chapter 5 describes how we use information in the FRS about outstanding benefit claims to assess the extent to which under-reporting of benefits is due to people awaiting the outcome of a claim for benefit. In practice we express the number of cases awaiting the outcome of a claim and who appear to be entitled, as a percentage of the administrative data recipient count. We add this to the value of 't' before working out the size of the upper limit of error B. This is done because these 'pipeline cases' are not genuine ENRs – they have already submitted a claim.

In setting the lower limit for error B we assume that there is no under-reporting of benefit except that represented by the 'pipeline case' percentage.

So a low value of 't' may reflect some or all of the following:

- under-grossing – error D;
- under-reporting generating false ENRs – error B;
- under-reporting NOT generating false ENRs;
- pipeline cases generating false ENRs – error B.

The interaction between errors B and D is difficult to disentangle, therefore we must come to judgements about the likelihood of there being an under-reporting or grossing problem.

For high values of 't' we must also allow for the possibility that we have over-grossed the estimate of ENRs. For values of 't' that are close to 100% we make the assumption that under-reporting, under-grossing and over-grossing all may have occurred. For values of 't' that are significantly higher than 100% the assumptions are simplified; we assume no possibility of error B or of under-grossing. We also assume that there is no possibility of over-reporting benefit receipt.

Finally we check that the assumed level of error B is consistent with the uncorrected/crude measured level of take-up. Without this check it would not be possible to assume a level of error B which could occur given the estimated number of ENRs.

Tables A1 to A3 summarise the assumptions we make about the upper and lower limits of the sizes of errors B and D. Note that under-grossing assumptions are labelled D1 and over-grossing assumptions are labelled D2. Note also that outstanding claims cases are labelled as 'pipeline %'.

Table A1: Values/ranges of error B

	Error B	
Size of pipeline adjusted 't'	Lower limit	Upper limit
< 90%	Pipeline%	$(X*(100\text{-pipeline adjusted 't'})\%) + \text{pipeline}\%$
90% - 95%	Pipeline%	$(X*(100\text{-pipeline adjusted 't'})\%) + \text{pipeline}\%$
95% - 100%	Pipeline%	$(X*(100\text{-pipeline adjusted 't'})\%) + \text{pipeline}\%$
100% - 105%	Pipeline%	Pipeline%
105% - 110%	Pipeline%	Pipeline%
110% - 120%	Pipeline%	Pipeline%
120% and over	Pipeline%	Pipeline%

Where X = percentage of under-reporting cases that could generate false ENRs

Table A2: Values/ranges of error D1

Error D1		
Size of Pipeline adjusted 't'	Lower limit	Upper limit
< 90%	$Y\% * (100 - ('t' + B \text{ upper}))\%$	$(100 - \text{pipeline adjusted 't'})\%$
90% - 95%	0%	$(100 - \text{pipeline adjusted 't'})\%$
95% - 100%	0%	5%
100% - 105%	0%	5%
105% - 110%	0%	$(100 - \text{pipeline adjusted 't'})\% + 10\%$
110% - 120%	0%	0%
120% and over	0%	0%

Where Y = proportion of the difference between the administrative data count of recipients and the FRS count of recipients.

Table A3: Values/ranges of error D2

Error D2		
Size of Pipeline adjusted 't'	Lower limit	Upper limit
< 90%	0%	0%
90% - 95%	0%	$(\text{pipeline adjusted 't'} - 100)\% + 10\%$
95% - 100%	0%	5%
100% - 105%	0%	5%
105% - 110%	0%	$(\text{pipeline adjusted 't'} - 100)\%$
110% - 120%	$(\text{pipeline adjusted 't'} - 100)\% - 10\%$	$(\text{pipeline adjusted 't'} - 100)\%$
120% and over	$(\text{pipeline adjusted 't'} - 100)\% - 10\%$	$(\text{pipeline adjusted 't'} - 100)\%$

Asymmetry of errors A and C

Earlier it was mentioned that in the absence of any evidence to the contrary we assume that errors A and C are symmetrical in size. This section describes the evidence we use to determine whether or not A and C are in fact asymmetrical in size.

The main analytical tool we use is a comparison of modelled entitlement to reported receipt for those benefit units reporting receipt on the FRS. We work out the proportion of cases we model as entitled to more than they report receiving – this is termed ‘over-modelling’. We also work out the proportion of cases we model as entitled to less than they report receiving – this is known as ‘under-modelling’. We assume that errors A and C are asymmetrical in size for any group where there is a greater than ten percentage points difference between ‘over-modelling’ and ‘under-modelling’. However we only adjust our assumptions for the upper and lower limits of A and C where the s statistic is above 10%, for it is only above this level that we believe asymmetry in the size of A and C will have a significant impact upon estimated take-up. In 2001/2002 ‘couples with children’ entitled to Council Tax Benefit satisfied these criteria, so A and C were assumed to be asymmetrical.

When a group does satisfy the criteria for assuming errors A and C are asymmetrical we adjust the upper and lower limit assumptions for A and C in the following way. If the evidence suggests that error A is less likely to occur than error C, we take the ratio of ‘over-modelling’ to ‘under-modelling’ and multiply it by the upper and lower limits of error A. If the evidence suggests that error C is less likely to occur than error A, we take the ratio of ‘under-modelling’ to ‘over-modelling’ and multiply it by the upper and lower limits of error C.

The need for judgement

From the discussion so far it is clear that setting plausible ranges for errors A to E is a complex exercise that involves analytical judgement because we have no objective way of measuring the size of the errors.

Additional assumptions required

Once the upper and lower limits are decided for each of the errors A to E, the team need to make some additional assumptions in order to calculate unambiguous corrected take-up figures.

Firstly we need to make an assumption about the level of true take-up in cases affected by error C. This is important because, if we assumed take-up was zero for these cases, it would imply a large number of cases were falsely classified as not entitled due to ‘under-modelling’ of entitlement. This would mean we were assuming a large downward bias in our baseline estimate of ENRs due to error C. If on the other hand we assumed take-up was 100% for these cases, it would imply that no cases were falsely classified as not-entitled due to ‘under-modelling’. This would mean we were assuming no downward bias in our estimate of ENRs due to error C. We label this additional assumption error ‘a’.

Secondly we need to make an assumption about the level of true take-up amongst cases affected by error A. This is important because, if we assumed take-up was zero for these cases, it would imply a large number of cases falsely classified as ENRs due to ‘over-modelling’ of entitlement. This would mean we were assuming a large upward bias in our baseline estimate of ENRs due to error A. If on the other hand we assumed take-up was 100% for these cases, (seems unlikely unless there were large amounts of fraud/mistakes) it would imply that there were no cases falsely classified as ENRs due to ‘over-modelling’. This would mean we were assuming no upward bias in our estimate of ENRs due to error A. We label this additional assumption error ‘b’.

Again, judgement is required when setting the levels of these take-up rates and in practice these assumptions are given upper and lower limits.

The final step is to bring all of these assumptions about errors and take-up rates in the presence of errors together in two combinations: one that gives us maximum take-up rate and one that gives us a minimum take-up rate. Table A4 summarises the appropriate combinations.

Table A4: Error combinations that yield the maximum and minimum limits for true take-up

Error	For minimum true take-up	For maximum true take-up
A	Lower	Upper
B	Lower	Upper
C	Lower	Upper
D1	Upper	Lower
D2	Lower	Upper
E	Upper	Lower
'a'	Upper	Lower
'b'	Lower	Upper

One of the things to note from table A4 is that we combine the upper limit for error A with the upper limit for error C when solving for maximum true take-up and the lower limit for both A and C when solving for minimum true take-up. This may not seem intuitive, given the preceding discussion. However, we make an additional assumption that these are the only plausible combinations of these errors, modelling error is either very likely (upper limits for A and C), or not very likely (lower limits for A and C).

An example

The following section explains how the above methodology was used to produce a range of true take-up of Housing Benefit by lone parents in 2001/2002. Lone parent's take-up of Housing Benefit has been chosen as it is one of the more straightforward statistics to calculate, with relatively small potential for bias.

The initial step in estimating take-up is to collect the administrative data on the number of lone parent recipients and the average amount they receive. Next the Family Resources Survey (FRS) is analysed to give estimates of the number of entitled non-recipients (ENRs) and the average amount they leave unclaimed. We can then combine these figures to produce the baseline estimates of take-up. In 2001/2002 the baseline estimates for lone parent's take-up of Housing Benefit were as follows:

Administrative data	Family Resources Survey data
Recipients = 870,775	Entitled non-recipients = 55,908
Average weekly receipt = £55.63	Average weekly unclaimed = £44.17
	Non-entitled recipients = 45,754
	Recipients = 872,079
Baseline caseload take-up = $870,775 / (870,775 + 55,908) = 94\%$	
Baseline expenditure take-up = $(870,775 * £55.63) / (870,775 * £55.63 + 55,908 * £44.17) = 95\%$	

The next step is to assess the likely extent of the errors that might have distorted these baseline estimates. As explained earlier in this Appendix, this is done in part by examining the values of 's' and 't': where 's' is the proportion of grossed-up FRS recipients modelled as not entitled and 't' is the grossed-up number of FRS recipients divided by the count of recipients from the administrative data. For Housing Benefit of lone parents in 2001/2002 's' = 5.2% (45,754/872,079) and t = 100.1% (872,079/870,775). In addition, the number of lone parents who had submitted a claim for Housing Benefit, were awaiting the outcome of this claim and appeared to be entitled at the time of their FRS interview (pipeline cases), represented 2.5% of the administrative data count of lone parent recipients.

It is now possible to assess the extent of errors A to E. Errors A and C are assumed to be symmetrical in size for lone parents since 's' is well below 15%. So the general assumptions of a lower limit of s/3% and an upper limit of s% can be followed for both A and C. Since 's' is only 5.2% this is going to give a small adjustment to the baseline estimate for modelling error.

The value of 's' provides clues to the size of error E. We need to make a judgement about the extent to which mistakes and fraud can lead to someone actually being not entitled at all when in receipt. An analysis of the percentage of FRS recipients 'over-modelled' and the percentage 'under-modelled' helps here. In 2001/2002 we 'over-modelled' 18% of lone parent recipients of Housing Benefit (remember this means we modelled them to be entitled to more than they were actually receiving) and we 'under-modelled' 15%. But 's' tells us that despite 'under-modelling' 15% of lone parent recipients of Housing Benefit, we only modelled just over 5% of them to be not entitled at all. This suggests that the proportion of recipients likely to be not entitled to benefit at all is quite low. So we make the judgement that in case of lone parents the upper and lower limits for error E should be set at the same levels as those for errors A and C.

The value of 't' gives us clues about the size of errors B and D, the under-reporting and grossing errors respectively. Tables A1-A3 presented earlier on in the chapter show the general approach to setting the levels of errors B and D. For 2001/2002 there were a number of lone parents who had put in claims for Housing Benefit at the time of their FRS interview and were awaiting the outcome of those claims, known as pipeline cases, which amounted to 2.5% of the administrative data count. As the 't' stat is 100%, we assume that the under-reporting error, error B, emanates entirely from pipeline cases.

Though the 't' stat is equal to 100%, we must consider both the possibility of under-grossing and over-grossing.

Table A2 shows the general rule we use for setting the upper and lower limits of error D1 (under-grossing). We assume that the lowest plausible assumption for error D1 is zero and that all of the difference between the FRS estimate of recipients and the administrative count of recipients is due to under-reporting. For the upper limit we assume that the error for under-grossing the number of entitled non-recipients can be no larger than 5%, so the upper limit is set at 5%.

In setting the upper limit for over-grossing error D2 we recognise that since 't' is equal to 100%, so we estimate the same likelihood of over-grossing as under-grossing occurring.

To summarise, the upper and lower limits of errors A to E for lone parents of Housing Benefit are:

	Lower limit	Upper limit
Error A	1.7%	5.2%
Error B	2.5%	2.5%
Error C	1.7%	5.2%
Error D1	0%	5%
Error D2	0%	5%
Error E	1.7%	5.2%

The final step is to set levels for take-up by those affected by error A ('b') and take-up by those affected by error C ('a'). 'a' is set relative to the assumed level of true take-up and 'b' is set relative to 'a' such that 'b' is always smaller than 'a'. This is because we expect take-up by those truly not-entitled but modelled as entitled ('b') will be lower than take-up by those truly entitled but modelled as not entitled ('a'). We set different levels for these assumptions depending upon whether we are calculating the upper end of the true take-up range or the lower end of the true take-up range.

With all the assumptions set it is then possible to calculate an adjusted caseload take-up rate using any combination of the assumptions together with the baseline take-up rate. Table A4 summarises the combinations

of assumptions that give the lowest plausible estimate of true take-up and the highest plausible estimate of true take-up.

To produce the highest plausible estimate of true take-up, errors A, B, C and D2 are set to their upper limits; errors D1 and E are set to their lower limits; 'a' is set to its lower limit and 'b' to its upper limit. In practice this means setting A and C errors at 5.2%, error B at 2.5%, error D1 at 0%, error D2 at 5%, error E at 1.7%, 'a' at 0% and 'b' at 95% to give a plausible upper limit to take-up of 100%.

To produce the lowest plausible estimate of true take-up, errors A, B, C and D2 are set to their lower limits; errors D1 and E are set to their upper limits; 'a' is set to its upper limit and 'b' to its lower limit. In practice this means setting A and C errors at 1.7%, error B at 2.5%, error D1 at 5%, error D2 at 0%, error E at 5.2%, 'a' at 17.2% and 'b' at 60% to give a plausible lower limit to take-up of 96%.

Finally a range of true expenditure take-up estimates is calculated using the estimates of average claimed and unclaimed amounts, combined with the upper and lower bounds of true caseload take-up. This means the lower bound for true expenditure take-up is $96 * \text{£}55.63 / ((96 * \text{£}55.63) + (4 * \text{£}44.17))$ i.e. 97%; and the upper bound is $100 * \text{£}55.63 / ((100 * \text{£}55.63) + (0 * \text{£}44.17))$ i.e. 100%.

So the range of true caseload take-up of Housing Benefit for lone parents in 2001/2002 (before allowance for the effects of sampling error) is from 97% to 100%.

The relative importance of different assumptions

Because of interactions between the errors it is not possible to fully attribute each error with its part in the overall adjustment of the take-up rate from the baseline estimate to the estimate of true take-up. However it is possible to make a number of general points.

Errors A and C have their greatest impact on the estimated upper limit of true take-up. This is down to the fact that we fully expect take-up by those falsely estimated to be entitled to benefit to be lower than take-up by those falsely estimated to be not entitled to benefit (hence our assumption for 'a' is always larger than our assumption for 'b'). So, despite the fact that in most cases our assumptions about the overall chances of A and C occurring are symmetrical, we assume that error A has the greatest effect on the baseline take-up estimate. This difference is accentuated for higher levels of A and C, and it is these higher levels that we assume when estimating the upper limit for true take-up.

Error B also has its greatest impact on the estimated upper limit of true take-up. This is simply because error B inflates the baseline estimate of entitled non-recipients above its true level so the appropriate correction for this is to adjust the number of ENRs downwards when calculating true take-up. The larger the assumption we use for error B, the larger the downward adjustment to the ENR count we will make and hence the higher we will push our estimate of true take-up.

Error D has much less impact on the results. A given percentage error in grossing-up the baseline estimate of ENRs will have its greatest impact when the ENR estimate is relatively large, i.e. when true take-up is relatively low. So the greatest effect of error D will be on the lower limit of true take-up. In the example described above, the assumptions for error D have little impact on the final estimates because the baseline estimate of take-up is very high.

Assumptions on the receipt of benefit by non-entitled people have little impact overall since error E only comes into play indirectly in combination with the other errors. For example error E will reduce the impact of error A on the baseline estimate of take-up since those who receive benefit when they are truly not entitled cannot be falsely added to the estimate of entitled non-recipients.

Income Related Benefits Estimates of Take-Up in 2001/2002

This publication contains information on the take-up of the main income-related benefits in Great Britain in 2001/2002: Income Support, Minimum Income Guarantee, Housing Benefit, Council Tax Benefit and Jobseeker's Allowance.

The report brings together information from DWP benefit records and the Family Resources Survey to provide estimates of take-up amongst the private household population in Great Britain in 2001/2002