

House of Commons
Committee of Public Accounts

**TACKLING PENSIONER
POVERTY:
ENCOURAGING TAKE-
UP OF ENTITLEMENTS**

Twelfth Report of Session 2002–03

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Twelfth Report of Session 2002–03

*Report, together with
Proceedings of the Committee, Minutes of
Evidence and an Appendix*

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Committee of Public Accounts

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Footnotes

In the footnotes of this Report, references to oral evidence are indicated by ‘Q’ or ‘Qq’ followed by the question number; references to the written evidence are indicated by the page number as in ‘Ev’.

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TWELFTH REPORT

The Committee of Public Accounts has agreed to the following Report:

TACKLING PENSIONER POVERTY: ENCOURAGING TAKE-UP OF ENTITLEMENTS

INTRODUCTION AND LIST OF CONCLUSIONS AND RECOMMENDATIONS

1. Some 2 million pensioners live in low-income households¹. Despite this, in 1999–2000 (the most recent year for which data are available) between £930 million and £1.86 billion of the main benefits remained unclaimed (**Figure 1**). Pensioners are eligible for a wide range of benefits, but between one-quarter and one-third of entitled pensioners do not claim Minimum Income Guarantee (previously Income Support), one-third Council Tax Benefit and one-tenth Housing Benefit. The latest available figures for the main disability benefit for pensioners—Attendance Allowance—suggest that take-up is between 40 and 60%.²

Figure 1: Non-take-up of benefits amongst pensioners 1999–2000

	Numbers not claiming (000s)	Amount unclaimed (£million)
Income Support/Minimum Income Guarantee	390-770	420-940
Housing Benefit	120-330	150-410
Council Tax Benefit	1040-1390	360-510
Total		930-1860

Source: *Department for Work and Pensions*

2. On the basis of a Report by the Comptroller and Auditor General³, we examined action taken by the Department for Work and Pensions and The Pension Service (created in 2002), both on its own and with others, to tackle the barriers to take-up by pensioners (**Figure 2**). We draw four main conclusions:

- The Department has begun to focus more on increasing levels of take-up of some benefits. The creation of The Pension Service is a positive step, focusing more on pensioners and their needs than administering individual benefits. The success of the new approach will depend on The Pension Service having stretching targets for take-up and improving the quality of information on take-up levels.
- Confusion about the system and difficulties in understanding its complexity are major barriers to take-up. Many pensioners find it difficult to obtain information on benefits, and rely heavily on what friends and relatives tell them. The Department has started to issue better literature and should continue to find simple and imaginative ways of communicating complex information to pensioners, their relatives, and others including health service professionals who come into contact with them, to widen awareness of what benefits are available.

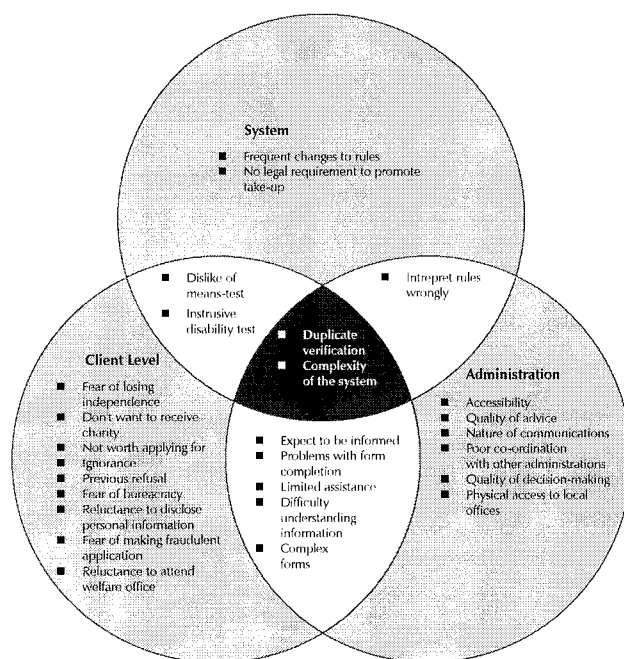
¹ Defined by the Government as households with income below 60% of contemporary median income, before housing costs

² C&AG's Report, paras 6–7

³ C&AG's Report, *Tackling Pensioner Poverty: encouraging take-up of entitlements* (HC 37, Session 2002–03)

- Many other organisations have an interest in encouraging take-up and it would be wasteful to duplicate their efforts. The Department and The Pension Service are developing partnerships, for example locally with local authorities and nationally, through the Partnerships Against Poverty forum. There are also examples of good practice in taking advantage of the contacts that others have with pensioners to provide information, but limited published data on what works. The Department should take a lead in identifying and disseminating successful approaches, so that resources can be targeted effectively.
- Systems for administering benefits in central and local government have grown up separately, and there are technical and data protection barriers to sharing data. As a result, people must still provide the same information to different agencies. There remains significant scope to simplify processes, use information more effectively, and reduce duplication. We have repeatedly expressed concerns about the Department's computer systems and the impact of their weaknesses on customer service.⁴ The Department has an on-going IT strategy, but 2006—the promised date for significant improvements in information technology systems—is nearing without clear evidence of progress.

Figure 2: How barriers to take-up inter-relate



Source: NAO analysis

3. Our more specific conclusions and recommendations are as follows:

On setting targets for improving take-up rates

- Ensuring 3 million households receive Pension Credit by 2006 will be a key driver for encouraging take-up. However, this target lacks ambition, given that it represents a take-up rate (around 73%) similar to that currently achieved for the Minimum Income Guarantee. The Department should make the target progressively more stretching.

⁴ See for example 55th Report from the Committee of Public Accounts, *Fraud and Error in Income Support* (HC 595, Session 2001–02)

- (ii) The Department should also set targets for the take-up of other benefits for pensioners, particularly the disabled. Efforts to meet these targets should use clear, unambiguous information on entitlement to avoid generating large numbers of ineligible claims and overburdening the administration.
- (iii) Information currently gathered on non-take-up levels is inadequate, and makes it difficult for the Department to assess where to concentrate resources. The Department should improve the quality of national information, by developing the Family Resources Survey approach, and using further specific surveys of the type used on disability benefits in 1996–97.
- (iv) Achieving national targets will require action at local level, where much of the most effective take-up work is done. The Department should work with local authorities to develop a clearer understanding of take-up performance, including factors affecting take-up in different parts of the country. This will provide a basis for developing local strategies and setting local targets, of the kind already developed in some authorities.

On simplifying processes and reducing duplication in information collection

- (v) The benefits system for pensioners remains complex and applying for benefits can be onerous. The Department should apply to other benefits the lessons learned from its work to simplify the claims processes for Minimum Income Guarantee and Attendance Allowance.
- (vi) As part of the more proactive approach to encouraging take-up, the Department is widening the use of trigger points so that the claiming system becomes more automatic. It should explore ways of extending this approach to disability benefits.
- (vii) The Department should work with local authorities to ensure that data protection considerations are not an obstacle to increasing take-up. And they should collaborate to enable pensioners, in applying for benefits, to provide the same information through different application processes, despite similar eligibility criteria.

On communicating effectively with pensioners

- (viii) Pensioners have 23 potential entitlements with 36 different linkages between 16 of them. Departmental literature should explain more clearly how benefits inter-relate, so more pensioners realise that claiming only a small amount of one benefit makes them eligible for others.
- (ix) More pensioners find out about benefits through friends, family and neighbours than through official sources. The Department should target information on the wider public through a range of media, including the internet and digital TV. The Department needs to be creative in getting messages across, for example, through popular media such as story lines in a television series.
- (x) Older pensioners are more likely to be poor, and there are also specific factors relevant to ethnic minorities and people with disabilities. The Department should take these factors into account in promoting Pension Credit. To avoid encouraging large numbers of ineligible claims, the Department should tailor its advertising to the target groups, and ensure those on Minimum Income Guarantee are aware they will automatically receive the new benefit.

On working with others in cost-effective ways

- (xi) Almost all pensioners have contact with GP surgeries and practice nurses, and many have dealings with others such as registered social landlords and post offices, who are seen as trusted information sources. The Department should encourage greater use of these contacts to promote take-up.

ON SETTING TARGETS FOR IMPROVING TAKE-UP RATES

4. There are some 11 million pensioners in the United Kingdom and the number is growing. Although, on average, the current generation of people of pension age is the most affluent ever, a significant proportion rely heavily on benefits, which make up more than half of total pensioner income. Taking up benefits can have a significant effect on their income. The average amount of unclaimed Minimum Income Guarantee is £22 per week. For severely disabled people, receiving Attendance Allowance can be even more important, representing up to £56.25 a week, and providing increased entitlement to Minimum Income Guarantee. Higher take-up can lead to increased spending on essential items such as healthy food and heating, as well as allowing greater mobility and independence. It can also have an effect on the local economy.⁵

5. The Government is committed to means-testing as a way of ensuring that those most in need are targeted for assistance. The Department does not have a legal duty to promote take-up of benefits where people do not claim them, and pensioners are not obliged to claim where they do not wish to do so or consider the amounts involved do not justify the effort. In the past, the Department has not set targets for benefit take-up and has not taken a pro-active national approach to identifying entitled non-recipients.⁶

6. However, one of The Pension Service's objectives is to encourage take-up amongst pensioners, and under the 2002 Spending Review the Department has a target of ensuring 3 million pensioner households are in receipt of Pension Credit by 2006. Up to 550 staff (some 3.2% of its workforce in 2003–04) will be involved in co-ordinating and promoting take-up activities for Pension Credit. The target take-up level represents around 73% of eligible pensioners, similar to that achieved on Minimum Income Guarantee. However, as there are expected to be some 4.1 million eligible households this represents an increase in the total number of people obtaining benefits.⁷

7. Although the Department had assumed certain levels of non-take-up in budget discussions with the Treasury, should they over-perform this would not restrict expenditure. The Treasury confirmed there were no disincentives in the system for the Department to hold back on its efforts to improve take-up. Increased take-up would be an automatic claim on the reserve and the Treasury would cover any over-performance against forecast. However, the administrative costs would need to be contained within the department's administrative budget, as an incentive to be cost-effective.⁸

8. The Department does not have targets for the take up of other benefits such as Attendance Allowance, even though these can provide pensioners with very significant sums of money and entitle recipients to higher levels of Minimum Income Guarantee. That said, since 1996 the number of people over 65 claiming Attendance Allowance and Disability Living Allowance has risen by 21%, and the Department expects take-up of Attendance Allowance to increase further as the Minimum Income Guarantee campaign

⁵ C&AG's Report, paras 1.4, 1.20–1.22

⁶ *Ibid*, para 1.11; Qq 39–45

⁷ Qq 151–159; Ev 22 (ref Q 208)

⁸ Qq 35–37, 91–92, 216

and Pensions Credit take-up strategy take effect. The Department is also developing simpler and more targeted claiming and assessment processes.⁹

9. The Department is also working with partners on targeted take-up initiatives. For example, the Disability and Carers Directorate has a national network of 14 Customer Service Managers directly involved in local, regional and national outreach events to promote take-up and a customer service team and a communications team supports events and communication products for external customer organisations.¹⁰

10. The quality and accuracy of the Department's current data on non-take-up levels are inadequate for detailed analysis of the problem. Data are reported in very broad bands and are subject to considerable uncertainty. This makes it hard to assess whether, and by how much, improvements in take-up levels have occurred. In the case of disability benefits, a survey of take-up was last undertaken for 1996–97 and has not been repeated.¹¹

11. Moreover, the way in which the data are gathered, using the Family Resources Survey, does not allow for disaggregation to region or constituency level. This restricts the extent to which sub-national variations can be identified, and limits the Department's ability to set local targets or to focus their resources. Information available to the Department and local authorities on where pensioners live is also incomplete. Local authorities have records of their tenants but not necessarily the wider population. There is no requirement on people to notify the Department of their addresses, although the Department's records are improving, in part as a result of the Winter Fuel Payment exercise where people have an incentive to notify their details.¹²

ON SIMPLIFYING PROCESSES AND REDUCING DUPLICATION IN INFORMATION COLLECTION

12. Many pensioners and those that advise them consider the systems and administrative procedures for claiming benefits to be too complex. In all there are 23 potential entitlements for pensioners, with 36 different linkages between 16 of them (**Figure 3**).¹³

⁹ C&AG's Report, para 1.13; Qq 22–27; Ev 22 (ref Q 208)

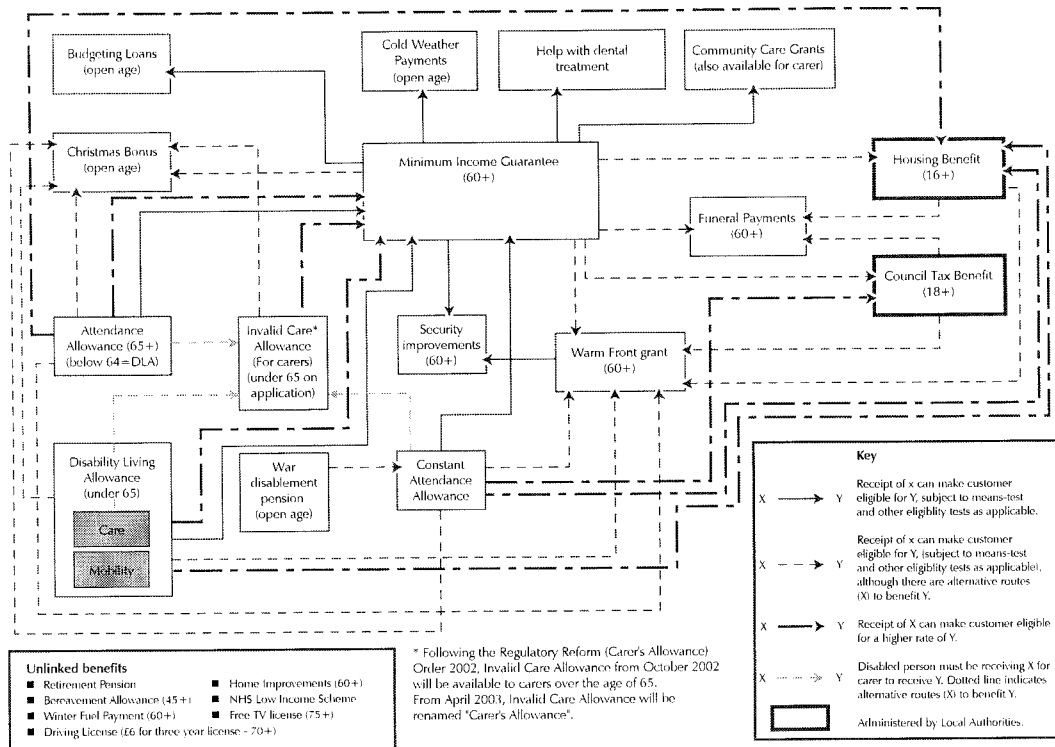
¹⁰ Ev 22 (ref Q 208)

¹¹ C&AG's Report, Appendix B; Qq 6–7

¹² Qq 83–86, 135–141, 201

¹³ C&AG's Report, para 1.10

Figure 3: Linkages between benefits for pensioners



13. How pensioners obtain these benefits varies. A claim form for the State Retirement Pension is sent out four months prior to retirement age, while many of the benefits are means-tested. Individuals are asked to complete forms and demonstrate their eligibility, which requires the Department to scrutinise evidence provided by the claimant. The Department estimates that it costs £53.70 per case to deliver Minimum Income Guarantee (compared with £5.40 per case for Retirement Pension). For disability benefits, claimants may be required to undergo a medical examination, a process which has already been subject to the Committee's examination.¹⁴

14. Older pensioners are likely to be poorer than younger ones, find the system harder to understand, and are more likely to be deterred from claiming as a result. We therefore explored whether there was a case for paying the low-income benefit on a universal basis for older pensioners. There are around 1.8 million pensioner households where the head is 80 or over, compared with some 169,000 pensioners in this group claiming Minimum Income Guarantee. The cost of paying the equivalent benefit to all those of 80 and over, taking account of savings in income-related benefits, would be in the region of £2 billion, set against an estimated administrative saving of about £8.2 million.¹⁵

¹⁴ C&AG's Report, para 1.11; Ev 19 (ref Q 21); 27th Report from the Committee of Public Accounts, *The Medical Assessment of Incapacity and Disability Benefits* (HC 683, Session 2001-02)

¹⁵ C&AG's Report, para 2.10; Qq 16-21; Ev 19 (ref Qq 20-21); *Family Resources Survey 2000-01*, Office for National Statistics and Department for Work and Pensions, 2002

15. The Department accepts that the introduction of Pension Credit in 2003 will add to the complexity of the benefit system, but has no specific plans to simplify the system itself. Instead it sees the task as to simplify claim procedures, and has reduced the length of the claim form for Minimum Income Guarantee from 40 to 10 pages. The Department is also piloting changes to the claim form for Attendance Allowance. This has involved reducing its length and following up a written claim with a telephone call, which has increased the accuracy of information provided.¹⁶

16. Leaving pensioners to take the initiative is also a barrier to take up, and the Department has therefore started to contact them at a number of trigger points. For example, when a person claims Minimum Income Guarantee their eligibility to benefits such as Housing Benefit will be drawn to their attention, and when new pensioners claim their Retirement Pension they are questioned about their income to see whether they are entitled to Minimum Income Guarantee.¹⁷

17. Many pensioners will be entitled to more than one benefit. However, currently they may have to provide the same information to different agencies in applying for different benefits, even where they have similar eligibility criteria. Information gathering and processing activities in central and local government have developed separately and information is not passed between agencies automatically. The Department has started to focus on reducing this duplication and smoothing the processes, and is moving towards arrangements whereby pensioners will not have to deal with different agencies. However, it will be at least 2006 before harmonisation of information requirements is in place because of the need to change IT systems. In the meantime, telephone help lines—such as the Minimum Income Guarantee help line—are one way of collecting information easily, including information on behalf of local authorities.¹⁸

18. There are barriers to passing data between authorities. For example, Data Protection legislation does not permit the Department to share customer information with third parties unless they have consent, with limited exceptions in relation to Housing Benefit and Council Tax Benefit. However, local partnership agreements have overcome this barrier by ensuring that they obtain consent from applicants to share information with local partners. Some local authorities are already data-matching to help identify eligible non-recipients, and to take advantage of this, the Department plan to develop better local links.¹⁹

19. The Department's IT systems remain a major problem. They are in various states of obsolescence and are undergoing major transformation – one of the largest of its kind. Ideally the Department would like to migrate to a new generation infrastructure but is hampered by the need to use the core systems every day. Solutions are emerging but the operation is a major undertaking. On a smaller scale the Department has tried to assist housing benefit sections by providing remote access terminals so they can confirm whether a claimant is in receipt of Income Support, and seconding staff with computer access to local authorities to undertake checks.²⁰

ON COMMUNICATING EFFECTIVELY WITH PENSIONERS

20. Many of the barriers to take-up of benefits amongst pensioners relate to the way in which information is communicated to them and their lack of knowledge about the system. Many pensioners do not know how to apply or perceive the system as too daunting. They can be confused over changes to benefit names, for example, about the change from Income Support to Minimum Income Guarantee when it was advertised in 2001. Research also

¹⁶ C&AG's Report, paras 3.22–3.24; Qq 3–4, 207

¹⁷ Qq 5, 127, 197

¹⁸ Qq 30–32, 69–72

¹⁹ C&AG's Report, para 3.40; Qq 72–75

²⁰ Qq 31, 202–205

suggests that pensioners experience problems finding out about benefits, with more than one-fifth considering it difficult to obtain information.²¹

21. Many pensioners have misconceptions about their entitlements. Some assume the Government has all their details and they will be advised if they are eligible for benefits. This is not the case, and historically the Department has issued information and then left it to people to claim. The Department is now taking a more proactive approach. The creation of The Pension Service—dedicated to handling the needs of today’s and tomorrow’s pensioners—is designed to increase the amount of information available and to focus on individuals rather than on delivering specific products. The new agency will be making information freely available about the rules and entitlements for benefits.²²

22. The Department is developing a range of means of communication, reflecting the diverse nature of the pensioner population. Pensioners will still be able to write (something that the voluntary agencies think is particularly important), and new call centres have been established to allow forms to be completed over the telephone or advice given. The Department has also conducted pilot schemes, which show that visiting pensioners is a very effective way of encouraging claims. Roughly twice the Department’s staff effort—some 2,400 people—will be devoted to the local service compared with under the Benefits Agency, and the Department is working on the assumption that about 20% of pensioners will require some kind of face-to-face assistance. Some of this would be through home visits or through surgeries based in partner organisations’ premises, and the Department would also be involved in training staff from those organisations.²³

23. The Department has a role in educating people about benefits to allay misconceptions, for example, that it is not worth claiming small amounts of particular benefits. The Department is trying to make better information available so that people understand how benefits inter-relate. One method is the Pensioners’ Guide, prepared with assistance from Age Concern, Help the Aged and the Local Government Association, and circulated through various outlets and places where pensioners were likely to go, including Post Offices, GP surgeries, supermarkets and chemists. This booklet brings together a wide range of material in one place, although its size—at 48 pages—may be off-putting for some. The Department has recently researched attitudes towards the Guide, which are very positive.²⁴

24. More pensioners find out about benefits through friends and family than through official sources. This underlines the importance of communicating to a wide audience on pensioner benefits. In considering the marketing of Pension Credit the Department is thinking about how they can target those who advise pensioners, including their families, as well as pensioners themselves. Digital television and internet services are also seen as sources of information likely to be seen by younger people, and the Department accepts the importance of trying imaginative approaches—perhaps through popular media such as a television series—to communicate with pensioners.²⁵

25. Given resource limitations, the Department needs to understand what works in encouraging take-up and in what circumstances. In 2000 the Minimum Income Guarantee campaign involved writing to 2.4 million pensioners, but only generated 139,000 successful claims, as well as 111,000 ineligible ones and cost £4 million. The Department had learned some lessons from that exercise, which had been designed to raise awareness generally, for example how to target those who are newly retired or whose income is just above the

²¹ C&AG’s Report, paras 2.4, 2.10; Qq 99–100

²² C&AG’s Report, paras 1.11, 2.7, 3.7; Qq 10–11, 78, 87

²³ Qq 9, 52–54, 130, 208; Ev 22 (ref Q 208)

²⁴ C&AG’s Report, Box 9; Qq 5, 190–196; Ev 21 (ref Qq 190, 193)

²⁵ C&AG’s Report, para 3.17; Qq 11, 169–173

Minimum Income Guarantee threshold. As a result, the Department will be targeting letters more specifically to individuals for Pension Credit.²⁶

ON WORKING WITH OTHERS IN COST-EFFECTIVE WAYS

26. A number of organisations have an interest and experience in encouraging take-up. Many local authorities are involved as part of their work in combating social exclusion, and have a financial incentive to increase take-up since the Standard Spending Assessment distribution formula links the amount of funding from central government to the number of recipients of Attendance Allowance. A number of local authorities have local public service agreement targets that focus on benefit take-up. Voluntary bodies such as Age Concern and Citizens Advice Bureaux have also been very active, for example, in helping pensioners complete forms, publicising benefits, and undertaking take-up campaigns.²⁷

27. There is little value in the Department trying to duplicate this work. Instead it has started to work with these bodies, for example in producing a good practice guide on take-up with the Local Government Association and others. The Department has also increased contact with local authorities on housing benefit, streamlined the Minimum Income Guarantee claim form with input from a variety of partners, including local government and the voluntary sector, and developed the Your Guide pilot with the Post Office.²⁸

28. Since the establishment of The Pension Service in April 2002 staff have developed contacts with various groups in their localities, and have started to train staff in voluntary bodies, local authorities and GP surgeries so they can identify those eligible for specific benefits. The Department recognises the need to avoid overburdening partners, and is considering the scope for funding them to meet the extra cost of supporting joint initiatives.²⁹

29. There is also much to be gained from working with those who come into contact with pensioners on a routine basis so that they can serve as trusted information sources. A key area for collaboration is with the NHS, since many pensioners visit their GP or have contact with community nurses. The Department has not yet estimated the impact on the health service of increased benefit take-up, for example, in terms of reductions in visits to GPs and savings to the NHS from higher pensioner living standards. However, ensuring health professionals are aware of these benefits to patients and the pay-off for the health service could be an effective way of gaining their greater involvement in take-up work. The Department plan to explore with the Department of Health, the scope for closer working with health professionals, and examining how the effect of such initiatives could be evaluated.³⁰

30. There are a wide range of activities designed to increase take-up, many of which involve collaboration between agencies. These include data matching exercises to increase take-up of both Housing Benefit and Minimum Income Guarantee, benefit surgeries, and targeted campaigns for ethnic minorities and pensioners with visual impairment. Some activities, such as campaigns by Liverpool City Council to encourage take up of Housing Benefit amongst tenants, could be adopted more widely by others, and the Department intends to publicise this as good practice. To date there has been relatively little examination of the cost-effectiveness of different methods of encouraging take-up, but the Department is researching the pensioner population to gain a better understanding about

²⁶ Qq 8, 81, 197

²⁷ C&AG's Report, paras 1.16–1.19; Q 86

²⁸ Qq 10, 28, 146

²⁹ Qq 56, 168; Ev 21 (ref Q 189)

³⁰ Qq 28, 160–167; Ev 21 (ref Q 160)

how they might tailor their approach. The roll-out of The Pension Service and Pension Credit will be evaluated, as will their take-up campaign.³¹

³¹ C&AG's Report, Box 10; Qq 146–150, 209–212; Ev 21 (ref Qq 146–149)

MINUTES OF PROCEEDINGS OF
THE COMMITTEE OF PUBLIC ACCOUNTS

SESSION 2002–03

MONDAY 25 NOVEMBER 2002

Members present:

Mr Edward Leigh, in the Chair

Mr Ian Davidson
Geraint Davies
Angela Eagle
Mr Frank Field

Mr Nick Gibb
Mr Brian Jenkins
Mr David Rendel
Mr Gerry Steinberg

Sir John Bourn KCB, Comptroller and Auditor General, was further examined.

The Committee deliberated.

Mr Brian Glicksman, Treasury Officer of Accounts, was further examined.

The Comptroller and Auditor General's Report on Tackling pensioner poverty: encouraging take-up of entitlements (HC 37) was considered.

Sir Richard Mottram KCB, Permanent Secretary, Department for Work and Pensions, was further examined; and Ms Alexis Cleveland, Chief Executive, the Pensions Service, and Mr Don Brereton, Director, Disability and Carers Group, were examined (HC 120-i).

The witnesses withdrew.

The Committee further deliberated.

* * * * *

[Adjourned until Wednesday 27 November at half past Four o'clock.

* * * * *

MONDAY 24 MARCH 2003

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon
Mr Ian Davidson
Mr George Howarth
Mr Brian Jenkins
Mr George Osborne

Mr David Rendel
Mr Gerry Steinberg
Jon Trickett
Mr Alan Williams

Sir John Bourn KCB, Comptroller and Auditor General, was further examined.

The Committee deliberated.

Mr Brian Glicksman, Treasury Officer of Accounts, was further examined.

* * * * *

Draft Report (Tackling pensioner poverty: encouraging take-up of entitlements), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraph 1 read and agreed to.

Paragraph 2 read, amended and agreed to.

Paragraph 3 postponed.

Paragraphs 4 to 30 read and agreed to.

Postponed paragraph 3 read and agreed to.

Resolved, That the Report, as amended, be the Twelfth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (Reports)) be applied to the Report.

* * * * *

[Adjourned until Wednesday 26 March at half past Three o'clock.]

MINUTES OF EVIDENCE

TAKEN BEFORE THE COMMITTEE OF PUBLIC ACCOUNTS

MONDAY 25 NOVEMBER 2002

Members present:

Mr Edward Leigh, in the Chair

Mr Ian Davidson
Geraint Davies
Angela Eagle
Mr Frank Field

Mr Nick Gibb
Mr Brian Jenkins
Mr David Rendel
Mr Gerry Steinberg

SIR JOHN BOURN KCB, Comptroller and Auditor General, further examined.

MR BRIAN GLICKSMAN, Treasury Officer of Accounts, HM Treasury, further examined.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL: TACKLING PENSIONER POVERTY: ENCOURAGING TAKE-UP OF ENTITLEMENTS [HC37]

Examination of Witnesses

SIR RICHARD MOTTRAM KCB, Permanent Secretary, Department for Work and Pensions, MS ALEXIS CLEVELAND, Chief Executive, The Pension Service, Department for Work and Pensions and MR DON BRERETON, Director, Disability and Carers Group, Department for Work and Pensions, examined.

Chairman

1. Good afternoon. Welcome to the Committee. This afternoon we are looking at tackling pensioner poverty, encouraging take-up of entitlements and we are very pleased to welcome back to our Committee Sir Richard, welcome.

(Sir Richard Mottram) Thank you.

2. You are running a new department, no doubt with your customary skill, and we look forward to hearing from you this afternoon. Would you like to introduce your team?

(Sir Richard Mottram) Yes, on my right is Alexis Cleveland who is the Chief Executive of The Pension Service. On my left is Don Brereton who is the Director of the Disability and Carers Group.

3. Thank you very much. Of course, this is a very important subject because we are talking about very vulnerable people and up to £2 billion in benefits may be going unclaimed. We hope that during the course of the afternoon we will be able to shed some light on how we can improve the situation. Obviously we have a very complex benefit system. It is necessarily complex; always has been. But it leads to fraud and error, as we well know. Perhaps we can just start the meeting, Sir Richard, by asking you a very simple question: what plans do you have to further simplify the benefit claims procedures for pensioners so that we can improve take-up?

(Sir Richard Mottram) I do not think we have any plans to simplify the system itself, Chairman. What we are seeking to do—as is brought out very clearly in this Report—is to introduce a new organisation (of which the Chief Executive is Alexis Cleveland) which is much more focussed on pensioners as a group than the old arrangements under the Benefits

Agency were; to simplify as many of the administrative procedures as we can to make it easier for people to claim; to offer them more channels through which they can claim; to draw attention more clearly to them their entitlements; finally, to create a more effective partnership with other organisations who might help and encourage pensioners to claim, and ourselves to offer a more direct local service which is more effective in dealing with pensioners. Right across the board I think this Report identifies areas where we could make improvements and in relation to each of those areas. As the Report also rather helpfully brings out, we are seeking through The Pension Service—through a whole series of other changes—to facilitate a process of claiming by pensioners.

4. Meanwhile the Pension Credit will add to the complexity of the system.

(Sir Richard Mottram) The Pension Credit in one sense adds to the complexity of the system, but in relation to how pensioners deal with claiming Pension Credit, it will not be more complex for them.

5. We can come back to that later if we need to. We see in paragraph 2.16—and we know this already—that a lot of pensioners claim that it is not worth claiming particular benefits, they do not think it is worth the effort. They think there might be rather small sums at stake. But they are not often aware that claiming one benefit or one small sum can lead them to entitlement to others. What are you doing to mend this problem for pensioners?

(Sir Richard Mottram) This comes down to our explaining more clearly to pensioners how all the various benefits inter-relate. The NAO Report I think draws attention to this document—the *Pensioners' Guide*—which is one example of that

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process. We have essentially an education campaign designed to explain to people that if, for example, they claim and are successful in relation to Minimum Income Guarantee that will in turn trigger their entitlement under Housing Benefit. All of those things we are seeking to bring out in an educational campaign. We are also training our staff in The Pension Service—and Alexis can obviously talk about this—so that when pensioners make contact with them (again, this is in the report) if, for example, you are making contact about drawing your Retirement Pension, we are developing a process that will trigger people to think about their entitlement to Minimum Income Guarantee. We will be seeking—when people are claiming Minimum Income Guarantee—to point out to them that this would trigger their entitlement to other benefits like Housing Benefits.

6. Let us now look at your performance. If we read paragraph 1.12 and look at figure 5 (both on page 16) we will see that in some cases you do not know the full extent of non-take-up. For example, if we are looking at disability benefits we see that the data is five years old. Why do you not collect better and more up-to-date data?

(*Sir Richard Mottram*) In relation to each of these areas—and we probably need to look at them separately—we are essentially relying on the *Family Resources Survey* as the Report brings out, together with the possibility of supplementary surveys. That is how we developed the data about disability. For reasons we can discuss which are, for example, touched on in Appendix B to the Report, for all sorts of very good reasons it is very difficult to estimate a category of people who are not claiming. It depends upon their declared assessments of income and there are obviously errors involved, et cetera. That is why we have these fairly wide variations.

7. Let us look for a moment at severely disabled pensioners. If you look at paragraphs 6 and 7 on page 3, you will see there is a very low take-up rate by severely disabled pensioners; losses of up to £100 a week may happen. Why have you not followed this up and set targets to encourage take-up by severely disabled pensioners?

(*Sir Richard Mottram*) The essential reason for that, Chairman, is that in the case of Pension Credit we would be forecasting peoples' entitlement to an income based benefit. In the case of Disability Living Allowance or Attendance Allowance what we would be seeking to forecast are two sets of things, one the incidence of disability and two, how individuals react to their disability. These are allowances essentially to enable people to meet their needs when they face disability. So they are fairly subjective things. It is quite difficult to forecast the numbers of people who are going to be disabled. It is equally difficult to forecast precisely how their needs will lead to those requirements. Up until now our attention has been focussed on trying to simplify the process, to work with other groups (particularly in the voluntary sector), to facilitate people claiming and also with local authorities and so on, and to drive up take-up that way. The Report recommends that we look at this again, and we certainly will look at it again.

8. Could I ask Ms Cleveland about encouraging pensioners to take up benefits? We have heard talk of the Pension Credit coming in. How certain are you that this take-up campaign is going to be any more successful than previous ones. I think for the campaign for the Minimum Income Guarantee you wrote to 2.4 million pensioners which only generated 139,000 successful claims. That is not a very high strike rate, is it?

(*Ms Cleveland*) I think we have learned some lessons from that exercise. It was very much a broad-brush campaign, trying to raise general awareness. With the Pension Credit campaign we are targeting letters far more specifically to individuals. We will obviously be writing to all our Minimum Income Guarantee recipients at the moment because we can just transfer them to Pension Credit automatically, and we will do that. For others we can identify the people who are more likely to receive Pension Credit and we will be writing specifically to them. Then over a period of time we will tackle all pensioners to make sure that we contact everyone.

9. Many low income pensioners obviously prefer face to face contact rather than telephone, but you are very reliant on the telephone. How can you help them in this regard?

(*Ms Cleveland*) I think the telephone is obviously one of the areas we are looking to develop a channel, but also we will still have the on-going postal service which actually many of the voluntary sector people were quite concerned that we might be diminishing because quite often they work with our customers to help them fill in claim forms and such like. So we will continue working with the voluntary sector to enable that channel. We will be increasing the resourcing that we actually put into face to face activity either through surgeries in some of our partner organisations or through home visits, and overall we are more than doubling the amount of resources that we are putting into that activity compared to that which was available in the Benefits Agency.

10. Sir Richard, you are confident you can encourage better partnerships with local authorities and other bodies involved in this field?

(*Sir Richard Mottram*) I am, Chairman, because that is precisely what we have been doing. As the report, I think, brings out, for example we have the "Good Practice Guide" agreed with the Local Government Association. There is a whole range of voluntary bodies of various kinds precisely focussed on income take-up. We have the Partnerships Against Poverty and we think the Partnership has been effective in all sorts of practical ways (for example, the way in which we have streamlined forms). We are quite clear that this is the way for us to go, to be much more outward focussed in the way. The Pension Service works, and we think the report—for instance, box 9 towards the end—sketches out some of these things. The Report shows substantial progress, but there is more we can do, obviously.

11. I hope you will not think this is a facetious question, but how do you get through to people? Should you be trying to be a bit more creative? If we are looking at soaps going on the television like

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EastEnders, could you get a character in there who is a pensioner talking about the difficulty of getting his or her pension?

(*Sir Richard Mottram*) It is not for me to say whether your question is facetious or not, but I do not think that it is at all facetious, no. I think we should be looking at those sorts of ways and I hope the Committee will also feel that the way in which, for instance. The Pension Service presents itself as an organisation—in my view as a newcomer to this process—is completely different to the way in which the Benefits Agency—for all sorts of reasons, not to do with the staff of the Benefits Agency (I am not in any way criticising them)—appeared to people. One of the messages that comes out very clearly in the Report is that pensioners were quite nervous about dealing with the Benefits Agency. They now have a service dedicated to their needs.

Geraint Davies

12. It is estimated that the amount of benefits that remain unclaimed in a given year are something in the region of £930 million to £1.86 billion. What is happening to this money, the interest on the money? Presumably it is simply in a central account going back to the government.

(*Sir Richard Mottram*) The money would not be in our annually managed expenditure so it is a claim on the tax payer that is not arising currently.

13. What would be the impact on the economy of it suddenly being spent, do you think?

(*Sir Richard Mottram*) The impact of it suddenly being spent on the economy, if you spent an extra billion pounds the Chancellor has to find an extra billion pounds, but the impact on the economy, as the Report brings out, would be positive in local areas.

14. The figures are not very good on take-up, are they? Something like 22 to 36% of people who are entitled for Minimum Income Guarantee do not take up.

(*Sir Richard Mottram*) Yes.

15. A third of the council tax benefits are not taken up. 40 to 60% of the Attendance Allowance are not taken up. Is there some sort of interest in the department in not spending all this money?

(*Sir Richard Mottram*) Certainly not. I think that if we take each of the key components separately, in the case of Minimum Income Guarantee as the Report brings out, for a variety of reasons that we could discuss, numbers of people claiming Minimum Income Guarantee had been falling. The Department set about having a take-up campaign and that take-up campaign has been successful in reversing the trend in declining numbers (together with other things like increasing entitlement).

16. Let me just stop you for a second. I think evidence you have suggests that as the amount of entitlement goes down then the take-up is lower, for obvious reasons because people are not so inclined—

(*Sir Richard Mottram*) As the value of the award reduces.

17. Yes, exactly. It is a very complicated system. There is not very much money. Secondly I understand it is the case that a much higher

proportion of people over eighty are eligible for the Minimum Income Guarantee because they are poorer. Have you considered a strategy of providing a universal Minimum Income Guarantee over the age of 80 and limiting means testing between 60 and 80? Have you costed that?

(*Sir Richard Mottram*) I could cost it for you, but it is not a policy that the government has, no.

18. Do you know what the average administration cost per applicant for Minimum Income Guarantee is, for instance?

(*Sir Richard Mottram*) I do not know the answer to that, but Alexis might know. But while Alexis is looking at that, what is absolutely the case is that if you look at different segments, different age cohorts of the pensioner population then older people aged over 80, for instance, are significantly more likely successfully to be claiming Minimum Income Guarantee. They are poorer, they are also more likely to be claiming it. That is the policy that the government has so far followed.

19. What I am getting at is that something like 40% of the people claiming Minimum Income Guarantee are over 80 and we have already heard that nearly a third on average Minimum Income Guarantee are not claimed. A lot of these older people have not benefited from a good education, they are getting on a bit, they are intimidated by the complexity—and also they are very costly to administer—would it not be easier to say that if you are over 80 you get the benefit anyway?

(*Sir Richard Mottram*) Get it without claiming it, you mean?

20. Yes. Would it be possible to provide some sort of note of what the cost of that would be?

(*Sir Richard Mottram*) Giving everyone the Minimum Income Guarantee automatically. Yes.¹

21. It is not clear to me what the figures are because no-one seems to know what the administration cost is either.

(*Sir Richard Mottram*) We can give you that separately.²

22. On the point that has already been raised that different benefits are linked, particularly in reference to page 15 and the table there showing the interactivity, it seems to me a crucial point that the take-up on attendance allowance is only 40% to 60%.

(*Sir Richard Mottram*) Estimated to be.

23. Well it would be nice if we knew the figures, but it is estimated to be only be 40 to 60% and yet getting Attendance Allowance would automatically passport you through to Minimum Income Guarantee and Housing Benefit. So would it not be a good idea to focus in on Attendance Allowances?

(*Sir Richard Mottram*) Can we just comment on that?

(*Mr Brereton*) Entitlement to Attendance Allowance is not income related in any way. It is based on a test as to whether the underlying health condition or disability affects the ability to do every day tasks.

¹ Ev 19

² Ev 19

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24. It would be a good idea to go out into the field and test more people because at the moment only half get the money and obviously these people are not very well, are they?

(*Mr Brereton*) I can come back to those figures in a minute, but the point is Attendance Allowance is not related to income. So it neither passports you to other benefits, nor would you be ineligible if your other income was far in excess.

25. So this table that links through to Minimum Income Guarantee done by the NAO is wrong, is it? Have you got it wrong? It was agreed by you, after all.

(*Sir Richard Mottram*) Yes it was.

(*Ms Cleveland*) The link there, if I can explain, is that if someone is entitled to Attendance Allowance and the Minimum Income Guarantee they are entitled to a higher rate of minimum income.

26. My understanding is that you get up to £56.25 from Attendance Allowance plus an extra £42.25 from Minimum Income Guarantee and if the take-up is only 40 to 60% I think the Department is duty bound to focus in on those people to get a stream of benefits and I wonder why they do not.

(*Sir Richard Mottram*) The answer to that is that we are seeking to focus in on them. It is a question of identifying them through the range of activities that we have talked about already. We cannot simply generate their names off computer systems.

27. I know that. That is a very good answer. Let us go on to the means of doing that because I understand you have spent £4 million on an advertising campaign.

(*Sir Richard Mottram*) In relation to Minimum Income Guarantee.

28. That is right. I wonder why it was not targeted on something else. Four million pounds on that plus 2 million mailings which probably cost, for argument's sake, half a million pounds at least, from which you generated 139,000 claims, which is £32 a claim. Poorer people do tend to get their benefits from post offices. We have 17,000 post offices and I wonder why you do not, for instance, break the number of people you are targeting—something like two million—into twelfths and go round with advisors to post offices picking these people out. In fact, if you processed twelve per month, face to face in the post offices, you could increase the take-up enormously. Have you thought about that? It would be cheaper than doing it by advertising.

(*Ms Cleveland*) One of the things that we looked at—and the Report mentions—is the “*Your Guide*” pilot that we did with the post office, and in part of that we did have surgeries that we actually ran in Post Offices. Actually, I think to get to the potential recipients of Attendance Allowance we may be much better working with GP practices, with community nurses and with some other areas of the voluntary sector who are already dealing with these people.

29. Would you accept, given that there are these 27,000 post offices, that most people on a low income who receive pensions will go there and if you did a rolling advice surgery over a number of months you would actually come face to face with a lot of people?

(*Ms Cleveland*) I think you are unlikely, just by the nature of Attendance Allowance—which is an allowance paid to people who need care—because these people are the ones who are least likely to actually go to the post offices themselves. More often we deal with appointees in those cases.

30. That would be fine, would it not, because ultimately the money would get through to the person needing it if it was via an intermediary. Can I ask you now about complexity and duplication. I understand that people claiming these benefits—and after all there is a passporting through these benefits as we have already said—have to put duplicate information on Housing Benefits, Council Tax, Minimum Income Guarantee. When is that going to be harmonised?

(*Ms Cleveland*) We are making a start on that already. Certainly that is something we are looking to harmonise within Pension Credit as we go forward. I think, when we are talking about a lot of these cases, it is often useful to separate those people who are claiming for the first time—maybe claiming their pension for the first time—from pensioners who then have an entitlement later on.

31. When do we think we will harmonise or do we not have a time frame?

(*Ms Cleveland*) We are talking about at least 2006 because this requires some major changes to our IT systems. Certainly we could not fit it in earlier given the other commitments on Pension Credit in advance of the time. There is a lot going on at the moment in terms of the telephone help lines, in the fact that now we can collect information on behalf of local authorities.

32. Unfortunately a lot of old people do not have telephones let alone the internet.

(*Sir Richard Mottram*) The only point I was going to make is that we are moving from a situation where, if you want to claim Minimum Income Guarantee which you claim from central government and you wanted to claim Housing Benefit and Council Tax benefit you would claim those from the local authorities and these were separate processes. That has been the way in which they were organised. We are changing those processes so that both we and local authorities can work together and if you are a pensioner you have to notify only one of the two of us and we would actually work together. You may say that it is surprising that it has taken this long to do that, but that is the change that we are now making. We are moving away from your having to put in a claim form for Minimum Income Guarantee, you then get notified if you want Housing Benefit, fill in this form, you then pass that form to a local authority—

33. You need not go through the whole thing because obviously it is a very long-winded process. This is one of the problems.

(*Sir Richard Mottram*) We are trying to simplify all of those problems.

34. On local authorities obviously it is in the financial interest for people to claim Housing Benefit because it goes through the Housing Revenue Account. Have you done any ball park estimates on due to lack of take-up how much these local

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authorities are losing to give them greater incentives to take-up and make other people take out the money which then goes through their account?

(*Sir Richard Mottram*) I do not know, but I think we could give you that answer.³

Geraint Davies: It would be good if you good. Thank you very much.

Mr Field

35. Sir Richard, how seriously should we take you, coming to the Committee telling us you are very concerned about low take-up and yet is it not right the accounts you submitted, the budget you submitted to the Chancellor, your forthcoming budget assumes that none of these people who are eligible will claim

(*Sir Richard Mottram*) The budget we have submitted to the Chancellor?

36. When you make your bids for expenditure and public expenditure is divided out, you have assumed that the take-up will stay the same.

(*Sir Richard Mottram*) We have two separate aspects about budgeting. One is that we have a three year Departmental Expenditure Limit (DEL), budget which we agree with the Chancellor and we have separately an Annually Managed Expenditure provision and we produce forecasts which we agree with the Treasury and those forecasts are certainly published. If we manage to improve take-up of Minimum Income Guarantee or of Pension Credit then the Annually Managed Expenditure in relation to either of those things will rise and the Chancellor will accept that increase. We are certainly forecasting at certain levels but, for example in relation to Pension Credit, we are seeking substantially to increase both the number of people who will be entitled to Pension Credit compared with Minimum Income Guarantee and therefore the cost. If we over-perform against those forecasts then we would not start restricting the expenditure. There is a difference between Annually Managed Expenditure on benefits and DEL expenditure.

37. So the answer to the question I asked was that you submit estimates to the Chancellor assuming no increase in take-up?

(*Sir Richard Mottram*) No, we submit estimates to the Chancellor based on take-up forecasts at the time we agree them so, for example, there will no doubt be an estimate in the pre-budget report which is based on our best forecast and the Treasury's best forecast of likely take-up. I cannot actually say what that number is, but if we do better than that then we and the Treasury find the money.

38. Looking historically, then, of the budgets that you have made, on how many occasions have your campaigns for take-up been so successful that you had to ask for more money?

(*Sir Richard Mottram*) I would have to go and look at that in terms of when our forecasts have been out. Quite clearly, since we have reversed a downward trend in the number of people claiming Minimum Income Guarantee the cost of Minimum Income

Guarantee over the last two or three years has increased substantially, and I can give you those numbers.⁴

39. You say that you wish to increase substantially the number claiming. What is your target, please?

(*Sir Richard Mottram*) I do not have a target for increasing claimants for Minimum Income Guarantee. What I do have is a target for the number of people who will be claiming Pension Credit by 2006, which is three million households.

40. So you do not have a target for the benefit which is already in operation, but you are happy to have one for one which is not in existence?

(*Sir Richard Mottram*) We get our targets from the public expenditure planning process. I have inherited a suite of targets; they do not include a Minimum Income Guarantee take-up target. The contrast I am seeking to draw is for Pension Credit. We have been given such a target as a result of this Spending Review which implies a commitment inside the Government to try to generate a high level of take-up. But you are right; I do not have a Minimum Income Guarantee take-up target for the current year, for example.

41. And yet the Government is rather keen on targets, is it not?

(*Sir Richard Mottram*) The Government is very keen on targets, yes.

42. And in most other areas there will be targets.

(*Sir Richard Mottram*) In a number of other areas we have targets.

43. Inoculating children, for example, we have targets.

(*Sir Richard Mottram*) We do.

44. Reading abilities, we have targets.

(*Sir Richard Mottram*) Yes.

45. Over the whole stretch, but here is an area dealing with the poorest pensioners, and we do not have a target.

(*Sir Richard Mottram*) We do not have a take-up target, no, we do not.

46. When your colleague spoke earlier about concentrating your campaign on those who are most likely to be eligible, could you tell us who they are?

(*Sir Richard Mottram*) Those who are most likely to be eligible for?

47. For Minimum Income Guarantee. Presumably also for Pension Credit.

(*Sir Richard Mottram*) It would be older pensioners and women, for example. We know the segmentation of poorer pensioners, yes.

48. We know that slightly over half of pensioners are women, so it is still quite a large group, is it not?

(*Sir Richard Mottram*) It is a large group, yes, but I think we found that women are disproportionately found, for example, in the group who are below 60% of median income.

49. That is because they live longer, is it not?

(*Sir Richard Mottram*) It is, yes.

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[Mr Field Cont]

50. So to what extent are you personally visiting the oldest pensioners?

(*Sir Richard Mottram*) Me personally?

51. Not you, though you might want to do some of it just to get a feel of what it is like.

(*Sir Richard Mottram*) I happen to be related to an older female pensioner, yes.

52. Probably most of us are. The Department did a pilot where it found that the most successful way of getting people to claim the MIG was that a friendly person from your Department turned up. It was almost total success. As your pilot showed that was the best way, as it is very good use of caring staff time, as presumably the government wants you to meet some non targets for the take-up of MIG—because it is keen to show that it is genuinely concerned about getting money to the poorest pensioners—why has that pilot (which was incredibly successful) not been rolled out nationally?

(*Sir Richard Mottram*) What we have rolled out nationally is a strategy based on the fact that the pensioner population is actually quite diverse. As the Report brings out, you can—in the horrible jargon word—segment it and we have designed a series of ways, of channels of communication with that diverse pensioner population. And as Alexis said earlier, one of those channels is our local service and we are investing roughly twice the staff effort in that local service compared with under the Benefits Agency. But obviously we have to think about cost effective ways of doing things. Where people do not require that service, there is no reason to supply it to them.

53. So you have not followed up the pilot?

(*Sir Richard Mottram*) Yes, we have followed up the pilot in the sense that we have, quite clearly, as one of our four channels a local service which will visit those pensioners who require that service.

54. How many people are involved in doing that service?

(*Ms Cleveland*) The local service would be about 2,400 people.

55. So we have about four per constituency.

(*Sir Richard Mottram*) Yes.

56. And you think that is adequate.

(*Ms Cleveland*) We have done our segmentation. We have worked out some assumptions about the number of people who require a face to face intervention with us. But that is not the only resource we are looking to bring to bear in this area, and that is why we are working in partnership with the voluntary sector, with local authorities, with GP practices, so that we can actually train up some of their people as well who will be able to identify not just people who might be entitled to Minimum Income Guarantee but also to Attendance Allowance or DLA.

57. Our colleague on the Committee, Mr Davies, who has a thirst for detail, begged for mercy when you started to explain more fully one of the forms.

(*Sir Richard Mottram*) Yes.

58. So we can guess how complicated the whole thing must be at the end of the day.

(*Sir Richard Mottram*) I thought I was making a point which was that we had actually simplified the process.

59. You are trying to simplify it, but in the process of explaining it Mr Davies begged for mercy.

(*Sir Richard Mottram*) No, I think I was just being boring.

60. So goodness knows what the pensioners think. What I would like you to explain to me is what is the advantage of having Pension Credit over going back to proposals which allow those with Pension Income to have the Pension Income disregarded from MIG calculation? It worked for National Assistance; it worked for Supplementary Benefit. One question on the form. When you were explaining the new form Mr Davies, for all our benefits, said we had had enough of you explaining it. If the Government is after simplification, what are the other advantages of having a totally new, massively complex, very expensive system of getting extra help to pensioners when you could have put one single line on the existing form disregarding pensioner income other than the state pension? Why was that not chosen?

(*Sir Richard Mottram*) Disregarding pensioner income other than the state pension in what sense?

61. At the moment you have a disregard for capital.

(*Sir Richard Mottram*) Yes.

62. The pensioners who are caught and made worse off by MIG are those who do not have capital but have income. Practically all those people have income from a second pension. The simplest way, therefore, of making sure they got extra help would have been not to have a Pension Credit, not to have a new benefit, not even to have a new department, but just to say: All we need to do is have a disregard for occupational and private pensions. That would be disregarded when you calculated entitlement to MIG.

(*Sir Richard Mottram*) As I understand your proposal, we would virtually make universal the MIG rate for a pension. Is that right?

63. No, you would say, as you used to and as previous schemes before, you would allow eligibility up to a certain level. So those with, say an additional £40—or whatever figure you want to pick—would have it disregarded for calculations for MIG. What are the advantages of the Pension Credit over a system in which you just ask people one question? You have the information on the application form.

(*Sir Richard Mottram*) Pension Credit is obviously designed to do two things. It is designed to provide what is a fairly targeted benefit, but secondly one which, compared with MIG, takes some account of savings. That is what it is about. We could certainly think about different designs of the pension systems which were less highly targeted, for example. I would have to go away and work out what this would cost, but depending on whether you hold the cost constant or you hold the outcome constant—so to speak—you will produce a multitude of effects. The more you move away from means testing, for example, obviously the less—⁵

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Mr Field: I am not advocating that. The Chancellor tells us that the cost of Pension Credit is going to be 14p on the standard rate of tax so he is not too worried about costs. You are saying that the advantage of MIG is that it takes account of savings. What a disregard would do is take account of income immediately, without any complications.

Chairman

64. This is a very interesting debate, but we are going to have to bring it to a close, I think. Try and answer the question anyway.

(*Sir Richard Mottram*) I will.

65. Now.

(*Sir Richard Mottram*) Can I go away and think about it, Chairman?

66. Yes, all right. It is a sort of policy point. Go away and think about it. I did not quite get your answer to one of Mr Field's questions which was why you have no take-up target for Minimum Income Guarantee.

(*Sir Richard Mottram*) Why we have no take-up target?

67. Yes.

(*Sir Richard Mottram*) We have no take-up targets for lots of aspects of the work of the Department.

68. So there is no reason. You cannot answer that question.

(*Sir Richard Mottram*) It is a piece of history. It is a fact. We do not have a target for Minimum Income Guarantee.

Chairman: All right. We have sorted that one out then.

Mr Steinberg

69. With such a complicated system, it came as no surprise to me that a huge amount of benefits are not actually being taken up and basically the system was not delivering to the people it should deliver to. As I read the Report and got more into the Report and looked at, for example, page 14, which told us in box one the number of key benefits that were available—I think it is eight—and then in figure four the actual linkages of the pensions and the benefits, it did not surprise me at all that it is so complicated. What seems odd to me is that because there is such a linkage anyway, once a person has made an application for a benefit why can that information then not be passed on to other agencies which deal with benefits?

(*Sir Richard Mottram*) It can.

70. Why is it not?

(*Sir Richard Mottram*) It is going to be.

71. Why has it taken so long?

(*Sir Richard Mottram*) I do not know, but I think that central Government deals with the State Retirement Pension and with MIG (and we have talked already about how the disability related benefits are slightly different), local authorities dealt with Housing Benefit and Council Tax Benefit. The weakness has, I think, been that the information gathering and processing activities were separate.

This is not unusual in fact in relation to central and local government. The point we were trying to make is that we are now focussed on that and we are doing something about it.

72. It seems incredible to me that once you have some information that information cannot be put onto a database and that database just given to whoever needs that information.

(*Sir Richard Mottram*) I think there are two dimensions there. I quite agree. One dimension is about data protection so when you put information on a database normally you are not allowed to pass it to anyone else. Secondly—and this is mind-bogglingly tedious—the various information technology systems that the Department has, for instance, make the process of passing information about people in relation to different things extremely difficult. I agree with your general points. Subject to data protection we ought to smooth the process of people interacting with the State, whether they are dealing with central government or local government because they certainly will not understand the difference.

73. Exactly. That is right. The point I was going to make was that once somebody makes an application for, let us say, Housing Benefit, it is probably and likely that they will qualify for Council Tax rebate.

(*Sir Richard Mottram*) It is.

74. And it is possible again that they qualify for the Minimum Income Guarantee.

(*Sir Richard Mottram*) Very likely.

75. So it just seems ludicrous to me that when a person goes along to a local authority to make an application for Council Tax rebate they are not told that they can probably get Housing Benefit and Minimum Income Guarantee at the same time.

(*Sir Richard Mottram*) They are, and indeed—as I think the Report brings out—a number of local authorities now are essentially doing data matching of various kinds and are then pointing people towards: “You are very probably entitled to Minimum Income Guarantee as well”. The key to this is then to ensure that the way in which we work—the Department, The Pension Service—is linked in at local level with local authorities.

76. So The Pension Service is going to take this role on.

(*Sir Richard Mottram*) The Pension Service at a local level is going to work much more actively with local authorities on take-up campaigns of this kind, yes.

77. The emphasis, certainly in my view, has to change. I think there has always been an emphasis to not give information out by departments. I can still remember the attitude of some departments in Durham. I can remember taking up cases and talking to people, and one particular employee of the Benefit Agency actually told me that they were instructed only to answer questions and not to give out information. They were actually instructed to do that. So when somebody went along and asked for information about a particular benefit they got the information on that but the information would have been much more helpful if they had been told “And

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so and so”, but they never were. And apparently they were instructed not to tell them anyway. Has that changed?

(*Sir Richard Mottram*) Here is the former Acting Chief Executive of the Benefits Agency.

(*Ms Cleveland*) I think I was more than acting.

(*Sir Richard Mottram*) That will go down in history. I wish I had not said that. Here is the former Chief Executive of the Benefits Agency. She can talk about what went on in the Benefits Agency. I think there are two things. There is a broad cultural thing and then there is the question about advice. Staff were not meant to give people advice because it was outside their remit.

78. Figure eight substantiates that. Is it true what I was saying?

(*Ms Cleveland*) It is certainly true that our staff were told not to give advice, but that is very different from giving information. They should be making information freely available to people about the rules and entitlements for benefits. Perhaps to reassure you, I went out with some of our local service staff in Durham a couple of weeks ago and that was in a joint activity between the local authority and The Pension Service where there was a surgery being run by the local authority for Housing Benefit queries. Where pensioners had got appointments and at the same time each one of them saw someone from The Pension Service as well.

79. I was actually going to come on to that in a moment or two. It seems clear to me—and I think Mr Davies actually touched on this—that if the amount of unclaimed benefit is something approaching £2 billion—

(*Sir Richard Mottram*) Could be.

80. Could be, yes. It is quite clear that the system is not working. The emphasis has to change from people actually making an application—we see in the Report that there are many, many reasons why people do not make applications—to where the actual departments are going looking for people who need those benefits and are entitled to those benefits.

(*Sir Richard Mottram*) That is precisely what we propose to do.

81. In the campaign that you actually did to search for Minimum Income Guarantee applicants, the Report says that 139,000 were successful applicants, but there were 111,000 unsuccessful ones. Out of the 139,000 who were actually successful, how many of those would have been receiving other benefits? Presumably all of them.

(*Ms Cleveland*) Yes. They would all—99.99%—have been getting some sort of entitlement.

82. So in other words, 139,000 people who were entitled to benefits and who were actually receiving a benefit did not know that they were entitled to Minimum Income Guarantee. That seems absolutely crazy.

(*Sir Richard Mottram*) When Alexis said that she agreed, what we are actually talking about is Retirement Pension. Everyone we expect would have been getting retirement pension. How many of them would also have been getting other benefits we do not really know.

83. Time is beginning to run out. One of the things that also amazed me was on page 16, paragraph 1.12. It was the fact that 10% of pensioners who are eligible to claim Housing Benefit—which is something to the value of £410 million—and 30% of those also able to claim Council Tax Benefit—something like £500 million worth of benefits—were just not doing so. I do not think it is right that pensioners who are able to claim that amount of money are not actually being told that that money is there for them. There must surely be a system whereby local authorities know where their pensioners are and could actually approach those pensioners.

(*Sir Richard Mottram*) They would know in the case of their own tenants, for example, yes. They obviously know in relation to their tenants. They would not know the population as a whole in their area.

84. They would also know every single pensioner, presumably, within their boundary. The point I am trying to make is that local authorities know where their pensioners are.

(*Sir Richard Mottram*) Why would they know where all their pensioners were?

85. The reason why I know this is that during the general election campaign we were able to get lists of all our pensioners so that information must be available.

(*Sir Richard Mottram*) It is the electoral roll.

86. It must be.

(*Sir Richard Mottram*) What we are now doing is—and I want to be very clear about the “we” here—we, central Government, we, my Department, have an agreement with the Local Government Association and the central Government generally agreed in the last Public Spending Review 2002 a public service agreement framework with the Local Government Association which includes, as one of their priorities, a focus on the needs of older people. I have forgotten the precise title, but it is roughly that. In that context a number of local authorities are progressively agreeing local public service agreement targets which incentivise them to deliver improved services. A number of them are focussing on this question of benefit take-up. Central Government and local government are working together to try to drive up take-up of MIG alongside driving up take-up of Housing Benefit, for example, by data matching of various kinds.

87. My final point is that it is my view that the whole emphasis should change from people having to depend upon applying for benefits to government departments and local authorities actually going out and finding those people perhaps by knocking at doors and finding out who are actually entitled to those benefits. That is where the emphasis has got to change.

(*Sir Richard Mottram*) We are doing that. I do not know whether I should say this or not. Some people may not necessarily want the Government knocking on their door. We operate within the framework of the law and within the framework of data protection. We support all of the various initiatives which are identified in this document. I would not want to argue that the State is going to go knocking on the door of every old age pensioner.

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88. It does not have to be the State; there are such things as voluntary organisations.

(*Sir Richard Mottram*) Voluntary organisations, absolutely, yes.

89. In conjunction with the State.

(*Sir Richard Mottram*) And then voluntary organisations can certainly relate back to us and challenge us, which is one area that we are very keen to go on and we have actually developed a partnership with them accordingly.

Chairman

90. If you were entirely successful you would cost Gordon Brown £1.9 billion.

(*Sir Richard Mottram*) Yes.

91. We have to put more of the emphasis on achieving success on to voluntary organisations such as Age Concern, have we not? Because how much incentive is there on you to be successful?

(*Sir Richard Mottram*) How much incentive is there on us to be successful?

92. Yes.

(*Sir Richard Mottram*) If we go back to Pension Credit—and I do not want to go round the loop again on the target for Minimum Income Guarantee—we only have I think ten public service agreement targets, ten. One of them is about take-up of Pension Credit. There is a pretty big incentive on us to get the take-up of Pension Credit right. I can assure you that the success of Pension Credit is one of our Secretary of State's top priorities and he spends quite a bit of time talking to me and to Alexis about whether we are going to do it or not.

Mr Gibb

93. What is the current level of the Minimum Income Guarantee?

(*Sir Richard Mottram*) The current level of the Minimum Income Guarantee—I carefully wrote this down—is £98.15 for a single person and £149.80 for a couple.

94. What is the full basic state pension for a single person?

(*Sir Richard Mottram*) The full basic state pension for a single person is £75.50.

95. So there is a £23 difference. Is that right?

(*Sir Richard Mottram*) Roughly, yes.

96. Is that the level of Income Support effectively that would be received by such a person if they were only on the basic state pension if they applied for a Minimum Income Guarantee?

(*Sir Richard Mottram*) Yes. If they had no other income.

97. What would be the cost to the Exchequer if the Minimum Income Guarantee was part of the full basic state pension, ie it was a universal benefit, and then netting off the income tax that the wealthier pensioners would pay on an extra income.

(*Sir Richard Mottram*) I am sure I brought that with me.

98. Perhaps we can come back to that once you have the answer. Why was the name of the Minimum Income Guarantee changed to that from Income Support? What was the reason for the name change?

(*Sir Richard Mottram*) I think—although I was not present at the time—that it was because there was a stigma attached to the phrase “Income Support”. So it was a question of stigma and Minimum Income Guarantee was felt to be a better title.

99. Do you think there has been some confusion with this name, Minimum Income Guarantee? Have you had evidence that some pensioners thought that you were talking about the basic state pension when referring to the Minimum Income Guarantee level?

(*Sir Richard Mottram*) Yes.

100. What effects has that had on those people? Has it had a detrimental effect on pensioners to suddenly find they are not entitled to something they thought they were going to be receiving? In my constituency I have a lot of people who had assumed they were going to be getting a pay rise up to this level and then found their hopes shattered by the fact that it was only available to people who qualified for Income Support.

(*Sir Richard Mottram*) I do not personally have quantitative evidence about that. I can imagine that effect happened in some cases; I just do not know how many. Could I answer your earlier question now? I am sorry I did not do it immediately.

101. Yes, please.

(*Sir Richard Mottram*) If the basic state pension was to be increased to the level of Minimum Income Guarantee in April 2003 the net public expenditure cost would be around £10 billion and this would rise to £31 billion by 2020.

102. Per year. That is quite a lot.

(*Sir Richard Mottram*) Yes.

103. Can I ask you about the policy of general governments, both Conservative and Labour, over many years now, to shift revenue raising to the local level. I do not recall, in any of the areas that I have lived in, ever seeing a Council Tax rise of less than the rate of inflation—or even at the level of inflation—it is always significantly more. Given that most pensioners—well all pensioners, indeed—receive an income that is no more than index linked, the maximum amount most pensioners receive increases every year with the rate of inflation.

(*Sir Richard Mottram*) No.

104. Who gets more than the rate of inflation?

(*Sir Richard Mottram*) The retirement pension has actually been rising by more than the rate of inflation and, of course, the Minimum Income Guarantee has been rising by significantly more than the rate of inflation.

105. That is if you qualify.

(*Sir Richard Mottram*) Yes. Pensioners' incomes generally have certainly been rising by more than the rate of inflation.

106. Every year?

(*Sir Richard Mottram*) In recent years.

107. In the last couple of years, but not generally.

(*Sir Richard Mottram*) I would have to go away and define recent.

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[Mr Gibb Cont]

108. But have they been rising by more than the rate of Council Tax increases?

(*Sir Richard Mottram*) Speaking from the benefit of my previous department, there is substantial variability in the rates at which Council Tax has been rising in different authorities. I do not want to get into which ones it has been rising fastest in and which ones the least fast. It varies in quite an interesting way across the country, so there is no generalisation that you can make. But I would agree that if you took the average increase in Council Tax it has been higher than inflation. Certainly under this Government and under the previous Government as far as I can remember.

109. And higher than the average increase in income of pensioners.

(*Sir Richard Mottram*) Not necessarily, because, for example, Minimum Income Guarantee has been rising by substantial sums in some years. But actually poorer pensioners would, in any case, be entitled to relief on their Council Tax.

110. Are you relaxed by this whole shift of policy then from raising revenue nationally to raising revenue locally? You think it has no effect—is what you are saying—on the living standards of pensioners?

(*Sir Richard Mottram*) It depends on how far you go back as to whether the shift exists because actually there was a substantial shift of the cost of local government being put onto the national exchequer under the previous government. Under the present government, as I said earlier, Council Tax has been rising by varying amounts in different authorities.

111. Do you know many authorities apart from Wandsworth and Westminster in years gone by where there have been Council Tax rises of less than inflation?

Angela Eagle: The Wirral.

(*Sir Richard Mottram*) The Wirral. Liverpool. This is a very dangerous game where I do mastermind on local councils and I realise I have to pick one from each political persuasion. I think I will stop doing it.

Mr Gibb: 112. I do not care about political parties. What I am interested in are pensioners who, year on year, are faced with Council Tax rises that are more than the rate of inflation. I honestly cannot remember a single year in any of the areas I have lived in where the Council Tax rise has not been more than inflation and yet most people's incomes—particularly people who are just below the Minimum Income Guarantee level—do not see their incomes rising by more than inflation. From what I can gather from your answers you see no real problem here. You do not recognise the problem that I am identifying.

(*Sir Richard Mottram*) I am sorry; I was going to make a slightly different point, which is that there may be variability in the way in which Council Tax has been rising. If you wish I can give you the data for any number of years you like because it is published. I happen to know that from my previous department. It has been generally rising by more than inflation. If you were a pensioner who was well-off in the sense that they were above the sorts of levels we have been talking about but was not a well-off person, then

that, amongst other potential rises in the cost of living, would indeed be a serious concern. And I would not wish to minimise it.

113. What is your Department's answer to that problem. It is bringing more people into what might be regarded as poverty, ie less than half national income. What are you doing about it? Is there a problem here? Are more and more pensioners being dragged into the definition of poverty as a result of this phenomenon or is this not really a big issue?

(*Sir Richard Mottram*) The definition of poverty that is used in these papers is about income, not expenditure. There are other ways of thinking about the minimum income that pensioners need in order to lead a satisfactory life where it would show up, but we do not have a particular policy in relation to one level of expenditure. The level of Council Tax is governed by a dialogue between central government and the LGA and the amount the Exchequer wishes to put in.

114. It is one of the biggest areas of government policy that is causing a diminution in living standards for the people I represent in Bognor Regis. There is a very large pension population and they complain to me all the time that this one issue is causing them more grief than almost anything else. And you do not seem to have any care about it really. There seems to be a bit of insouciance about this.

(*Sir Richard Mottram*) Not in the least. My position is slightly different. It is not a matter for the Department for Work and Pensions what is the Council Tax. I am not being facetious. The Council Tax in Bognor Regis is determined by the council in Bognor Regis, not by my Department. It is one element in the expenditure that pensioners have to face. It is not a policy which is in my gift. That is the only point I am making. I am not in any way minimising the problems for individuals of course.

115. Can I just ask you about the *Pensioners' Guide* you referred to. Is that a guide that pensioners can have?

(*Sir Richard Mottram*) Yes, absolutely.

116. How many pages is that?

(*Sir Richard Mottram*) It is 48 pages of fairly large print.

117. It is quite a large paged document for many people.

(*Sir Richard Mottram*) Yes.

118. Does that not typify the kind of complexity we are talking about here?

(*Sir Richard Mottram*) It does.

119. One final question, why was it decided to pay the winter fuel payment separately? I presume everybody who is in receipt of a basic state pension is entitled to a winter fuel payment. Why was it paid as a separate cheque?

(*Sir Richard Mottram*) I do not know the answer to that.

(*Ms Cleveland*) A lot of it is to do with the methods of payment for pensions. We produce 20 week order books ahead of time and if we had been doing it all as ACT payments—Automatic Credit Transfer—into bank accounts, that is something we could have

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considered. But while we have pensioners on order books given the time when the announcements were made we missed the chance to get an order.

120. You have it now, do you? It is now part of the state pension, is it?

(*Ms Cleveland*) No, it is not now part of the state pension.

121. Why is that then if it was just a transitional thing?

(*Ms Cleveland*) Because we are still paying over half our pensioners by order book at the moment.

122. Why cannot it just be added to the annual figure and divide by 52?

(*Ms Cleveland*) It depends when the announcement is actually announced, getting it into the right order in the form.

123. So it is an administrative matter when you announce the payment time.

(*Ms Cleveland*) Yes.

124. Can you not change the announcement of the payment time?

(*Ms Cleveland*) We probably could but we have set up a system for dealing with this, which we had to do when it was first announced.

125. And it is still cheaper to pay it by separate cheques in the post than it is just to add it to the Basic State Pension?

(*Ms Cleveland*) Given the changes we would have to make to the retirement pension computer system, then yes it would be. When we start moving the cases through to ACT then that is the time when you could start paying it automatically through that route. But it is not part of the retirement pension. It actually comes from the Social Fund.

(*Sir Richard Mottram*) It is not simply, as I understand it—I was not around at the time—a separate payment because of an administrative set of reasons; it was a separate payment because the Government wished it to be a separate payment.

Mr Jenkins

126. That is quite a good introduction to a story I want to tell you. A few years ago, after the winter fuel allowance was introduced, I was walking down the street one day and I was stopped by this gentleman who was 60 years old but not a pensioner. He said, “I have not got my winter fuel allowance yet”. So I said, “I am surprised, but it would be a big exercise so it might take a little time”. I said, “You have claimed haven’t you?” “No, why should I claim?” I said, “How would they know who you are and where you are then?” He said, “Well it never stops them when they are sending for income tax”. And people believe the State has all the information, all the details on them and what they will get through the post will be what they are entitled to. How will you overcome that?

(*Sir Richard Mottram*) I think we have to explain to them that this is not the case and that, for example, in relation to the State Retirement Pension we actually contact people. We could, I suppose, try to universalise that approach, but up until now we have had a system whereby we educate people about the

opportunity to claim these benefits and we leave it to them. But I agree there is this potential for misunderstanding.

127. One of the things which I did ask a minister in this government a few years ago is that when a pensioner gets their pension book and they open it and there is a little slip, et cetera, they know exactly what they are entitled to, why have we never put a slip inside that says, “Please fill in what your income is. Is it just as pension? What other income do you have? Please total it, detach the slip and send it back to us.” Then we would know exactly what the income of that pensioner was and see whether they were therefore entitled to the Minimum Income Guarantee.

(*Sir Richard Mottram*) Perhaps we should explain to you what we are now going to do in relation to pensioners because effectively we will orchestrate a process that will lead to that conclusion.

(*Ms Cleveland*) Certainly when pensioners first claim, when people are claiming their retirement pension, we will be asking them questions in relation to their income to see if they are entitled in the first instance to Minimum Income Guarantee and the second instance Pension Credit. We will be able to do that in a single transaction at that time. It is more difficult where you have people whose income is diminishing over time or the entitlement to Minimum Income Guarantee goes up over that period and we are relying more on advertising and through the contact that both we and our partners will have with those people in the future.

128. So you are going to ask these people that? How are you going to ask them? It is not going to be a 48-page booklet, surely? How are you going to contact them and how are you going to get those details off them?

(*Ms Cleveland*) What we are largely going to do if people ask for a claim form is we will give them a claim form. If they phone up our Minimum Income Guarantee telephone line we will take the information over the telephone. They are the easy to reach customers; they are the sort of self-selectors. The people who do not really know about it and are not making those approaches to us, we are looking to seek out through working with our partner organisations who are actually out in the community and coming into these people either through medical contact or through other aspects.

(*Sir Richard Mottram*) It is not a 48-page form.

129. You said earlier on you are doubling the resources for face to face interviews. How many people totally are going to be involved in face to face interviews with the pensioners.

(*Ms Cleveland*) In terms of our own staff it is about 1800 people dealing with face to face.

130. As a percentage of all claimants, how many would be processed face to face?

(*Ms Cleveland*) The assumption we have made in terms of dealing with all interactions with our pensioners is that about 20% of pensioners will require some sort of face to face activity. That may not be just through our staff; it may be through partner organisations as well.

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131. The voluntary sector, these partner organisations, groups like Age Concern, are trying to get this higher take-up. At the present time the record shows over 30% do not claim Council Tax benefit. So are we still going down that route?

(*Ms Cleveland*) I think the move generally—and I think it is a move mirrored in the local authorities as well in the Department—is to stop thinking about individual products, benefit by benefit, to actually think about the individual needs of the customer. So that when you are looking at their overall entitlement you look at access to all benefits and entitlements they might have rather than just individual products.

132. The simplest one is obviously the pension itself. Almost universally picked up, collected, sent out. The second must be Council Tax Benefit, surely.

(*Sir Richard Mottram*) I would have thought so, yes.

133. The second most popular, the most claimed, must be Council Tax Benefit, and yet these people—with the surgeries and all the things they do—miss a third of people who would be eligible for Council Tax Benefits in their own area. Can you imagine what the percentage of missed rate is, with all these complicated add on bits and pieces?

(*Ms Cleveland*) I think that is a fair point. Clearly from the statistics and as this Report shows the number of Council Tax recipients is the largest.

134. You have done all this work, work with your partners and, as you know, areas differ. In some areas there are a very high number of pensioners; others have a relatively low number of pensioners. Do you actually match resources to the demand?

(*Ms Cleveland*) Yes, that is what we are trying to do, certainly in terms of looking at the population based across each of the geographic areas.

135. Excellent. So which area is the highest take-up area?

(*Ms Cleveland*) What do you mean by take-up?

136. Of benefits.

(*Ms Cleveland*) Where do we have the largest number? I can get that information; I do not have it immediately to hand.

137. You mean you do not have a league table?

(*Ms Cleveland*) No, we do not have league tables.

138. You do not pick up the worst area, do a blitz and try to find out how to drive it up?

(*Ms Cleveland*) Sorry, I missed the question.

139. If you have any strategy with regard to looking at areas to develop best practice, to pass best practice on, you must have a league table.

(*Ms Cleveland*) We do not have league tables. We do not measure take-up at that sort of low level.

(*Sir Richard Mottram*) We have a problem which is that in order to have a league table—for example at constituency level or local authority district level—we would need to know not only the number of people who are in receipt of these benefits, but the number of people who are not in receipt of them but who are entitled and the data that we are using for the estimates, for example, if you take Minimum Income Guarantee Table in 5 on page 16 is data is at aggregated level which cannot be disaggregated in that way because of the nature of the way in which it

is collected. I cannot tell you how many entitled non-recipients there are in individual constituencies because we simply do not have the data. So we could not generate a league table of take-up because that would require us to know. We can tell you the number of people who are receiving these benefits. In the case of Bognor Regis presumably we would know, but we could not tell you how many entitled non-recipients there were in Bognor Regis because the data is not available at that local level for statistical reasons.

(*Ms Cleveland*) If we had that we could achieve a 100% take-up.

140. No, I do not think you could.

(*Sir Richard Mottram*) Do you see the point?

141. I see the point entirely. What you are saying is that you are working in a fog, you do not know what the total number of claimants could be in any area, therefore you have no plan to develop the take-up rate in any specific area. Certain areas do better than others, but we do not know because there is no way of assessing them. Best practice from one area cannot be transmitted to another area because we do not know if it is best practice. We are going to make no progress at all until we have developed some strategies to do some risk assessment as to which strategy works and the money we are spending on large advertising campaigns we may as well save and add to the benefits.

(*Sir Richard Mottram*) Actually I did not say any of those things.

142. It sounded like that.

(*Sir Richard Mottram*) I do not quite think so. I made a much more tightly defined point which is about the way in which we generate information on those who are entitled but are not claiming. This is particularly in relation to Minimum Income Guarantee. There are data matching things we can do at local authority level in relation to things like Housing Benefit and Council Tax Benefit which will help you identify people who you think should claim and are not claiming and you can approach them. The whole of this Report is about different strategies that we are following to drive up take-up, but we simply do not have data at local level. We live in a free society, actually.

143. I know we do. It is not actually free; you have to pay for everything in our society and some of the pensioners do not have enough funds to pay and that is what we are trying to do, overcome that problem.

(*Sir Richard Mottram*) Quite so.

Chairman: I am going to have to stop you there because we are running short on time.

Mr Rendel

144. May I start with a very particular query which I did raise during the summer adjournment debate earlier this year where I talked about my constituent Mr Ashby. He is one of those who had become over 60 during the time the winter fuel payments were introduced and therefore was told he was eligible some years later for back payment. He got some back payment but he found he was refused the payment for the year 2000–01 because he was told he was too late in his claim. We made a bit of a fuss about this

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and I am happy to say eventually we were able to persuade the Department to pay up because the original claim form had no cut off date on it and the accompanying letter simply said, and I quote from the letter: "It would be helpful if you could return your completed claim form along with any supporting documents within four weeks." Just because it would be helpful if you do that does not appear to indicate a cut off period. I am happy to say that the Department, after we went to the Ombudsman, has paid up. However, as far as I know other people in the same situation have not been given their back payments for that particular year if they also were late. The minister in his reply to me said he would draw it to the attention of his Department, but I have not heard anything about that so far. Has the Department now decided to pay up for all those late claims on the grounds that the original form and the original letter were not sufficiently explicit. The Ombudsman has already found that in the case of my constituent.

(Sir Richard Mottram) I do not know, I am afraid. I will find out.⁶

(Ms Cleveland) I do not know.

145. I would be grateful if you could because I know you are still discussing that and it is some time since the summer adjournment debate.

(Sir Richard Mottram) Yes.

146. Moving on to other matters, are you aware that Liverpool City Council has recently introduced a pro-active policy of phoning people about Housing Benefits to try to encourage them to take up Housing Benefit if they are eligible to do so. As a result, some 3000 residents in the first year of this scheme have now been able to claim between them a million pounds extra Housing Benefit which they had not previously claimed. If you are aware of this, do you have any plans to introduce that nationwide or even to encourage other local authorities to introduce a similar scheme?

(Sir Richard Mottram) The answer to that is that it would actually be a matter for local authorities generally. We have an increasingly active dialogue with them both about sharing best practice and about performance standards across Housing Benefit. I think, from my previous incarnation my experience would be that if Liverpool City Council are producing that result it will rapidly get round the system that that is what they are doing. The way in which they have changed the handling of a number of their processes, for example, and in particular the much more active use of a call or contact centre, is well known across local government. I happen to know this myself from my previous experience.

147. So are all other local authorities now introducing similar schemes?

(Sir Richard Mottram) It would be a matter for all local authorities.

148. Are you encouraging them to?

(Sir Richard Mottram) I do not know. Whether we are doing that particular precise thing I do not know, but we are certainly, as I said, under the performance standard initiative, encouraging them to drive up take-up.

149. But you do not know about this particular scheme? Whether it has been spread round more widely?

(Sir Richard Mottram) I will let you know.⁷

150. Perhaps I can encourage you to spread it more widely if you are not already doing so. It sounds like it is an extremely effective scheme, given that you are so keen to encourage take-up.

(Sir Richard Mottram) We will certainly spread it, but as I say, I think we will find that if it is working well in my experience some of the innovations in that Council are being spread round the local authority system. They have a particularly articulate and able chief executive.

151. You said, I think, that Pension Credit take-up target was three million pensioner families.

(Sir Richard Mottram) Households.

152. My understanding is that that is for the year 2005/2006.

(Sir Richard Mottram) For 2006.

153. And my understanding is that the Department estimates that in that year there will actually be 4.1 million households eligible.

(Sir Richard Mottram) Possibly, yes.

154. I think those are departmental figures.

(Sir Richard Mottram) They are, yes, but I can explain why I say possibly.

155. All right. That seems to me to indicate that you are aiming at a take-up target of 73%.

(Sir Richard Mottram) On those numbers, yes.

156. In the third year of operation of the Pension Credit. The current take-up for MIG, according to paragraph 6 of the Report on page 3 is somewhere between 64% and 78%.

(Sir Richard Mottram) Correct.

157. So your target take-up, it seems, is somewhere in the middle of the current range of estimates of the current take-up.

(Sir Richard Mottram) Yes.

158. Does that not seem a rather feeble target. I thought the whole point was to increase take-up and you are talking about three years hence having something which is very similar to what it is now.

(Sir Richard Mottram) It is not feeble in the sense that we would be moving from a situation where we have currently about 1.8 million households entitled to and drawing MIG. We would be adding another 1.2 million households which, I think, is quite a challenge.

159. You are always introducing new benefits or changing benefits. There are always going to be absolute changes. The point is to get the take-up up, the percentage of those who are eligible increasing year on year, and that does not seem to be increasing. Three or four years hence you are aiming at the target of what you have now.

(Sir Richard Mottram) We are aiming at a target which is in the range as we forecast it now, yes.

160. I would suggest that is a fairly feeble target. Let me go on to another question and first of all declare an interest as my wife is a general

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practitioner. Paragraph 1.20 tells us that an increase in take-up leads to better pensioner health, including amongst other things fewer visits to GPs. What estimate have you made of the potential savings to the health service for each extra pensioner who takes up their full benefit entitlement?

(*Sir Richard Mottram*) I do not think we have made such an estimate.⁸

161. You have not made any estimate at all?

(*Sir Richard Mottram*) No.

162. Pity. I would have thought that would be interesting information, not least because you might be able to persuade the Health Service that it was worth you doing this in a rather more vigorous fashion.

(*Sir Richard Mottram*) I think it is a matter that we would need to work on jointly with the Department of Health. Can I look at what they are doing and see if we can help you in any way.

163. Look at what the Health Service is doing?

(*Sir Richard Mottram*) Yes.

164. Yes, although I would have thought it was up to you to increase take-up rather than the Health Service.

(*Sir Richard Mottram*) It is up to us to increase take-up but effectiveness of GPs is something we would work with them on.

165. That is the part I want to come on to in a sense, because what I think would be very interesting for GPs would be to know how much of whatever Health Service saving you can find would result from fewer visits to GPs. That is one thing that might encourage them to try to increase the take-up and make it more easy for you to persuade them that they were a useful resource.

(*Sir Richard Mottram*) That is a very good point, if I may say so.

166. I am sure the GPs would like to hear that. According to paragraph 3.41 the GPs and their surgeries have been encouraged to increase take-up locally but not nationally. I think, Ms Cleveland, you were saying earlier that you thought you were now using—or had at least plans to use—GPs more on a national basis. Is that right?

(*Ms Cleveland*) I think it is probably the nurses in GP practices rather than the GPs themselves. I am certainly using them as an information outlet, yes.

167. Do you have plans to do that or are you already encouraging it?

(*Ms Cleveland*) It is already happening in some places.

168. Since this report, presumably.

(*Ms Cleveland*) Yes, it is really since the Pension Service started in April and as we have been building up our local service, as we have appointed people into those roles—partnership roles—in the local service, they have been gradually making contact with various groups in their localities, and the ones that are appropriate are the ones that deal with pensioners in their particular areas.

169. We have talked a lot today about who can encourage pensioners to take up their rights and people have talked, quite rightly, about voluntary agencies being one of the important organisations. I would have thought also you might have found that children of pensioners were a resource that could be used. Do you have at present, or do you plan to have any sort of booklet that can be given to the children of pensioners to say how they can encourage their parents to take up benefit?

(*Sir Richard Mottram*) I do not know whether we have any such plan, but I would have said that this guide, as a child myself of a pensioner, I have read it and it seems to me to be quite interesting.

170. I would have expected you to have read it anyway.

(*Sir Richard Mottram*) Yes, of course.

171. But do you have any specific plans to use children of pensioners as a resource?

(*Sir Richard Mottram*) I think children of pensioners as a group are a useful resource.

(*Ms Cleveland*) One of the channels that is mentioned in the Report is the use of the Intranet and other electronic methods. The use of Internet by pensioners is growing, but it is still very small. The use of it by some of our partner organisations and by the children of pensioners—again I declare my position on that—we are actually making all that information available (pensioner guides, all our leaflets, claim forms) on the Internet.

172. I am pleased to hear that.

(*Sir Richard Mottram*) Digital TV is another example I think. I think, myself, that younger people are going to be more comfortable with accessing digital TV.

173. Are you actually going to target the children along the lines of: Are your parents getting all the benefits they should? Can you help them get some benefits? That is a line, to specifically target the children, some of whom may be only too happy to see their parents a little bit richer towards the end of their lives.

(*Sir Richard Mottram*) They would indeed. One of the things—and this is touched on very briefly in the Report—in relation to advertising/marketing campaigns for Pension Credit we are thinking about how we can address those people who advise and help pensioners alongside pensioners themselves. The children of pensioners are obviously a target audience.

Mr Davidson

174. I wonder if I could pick up a question of the Department's attitude in co-operation or otherwise with pensioners. I had a pensioner coming to see me in tears on Friday because she was saying that she had apparently applied late for her pension and she is now receiving it.

(*Sir Richard Mottram*) A Retirement Pension.

175. A retirement pension, yes. She is now getting it but the Department will not pay her back to the time from when she would have been eligible and she

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has been told she is going to have to take it off to a tribunal or something similar. That does not sound like a co-operative, helpful department, does it?

(*Ms Cleveland*) It does not, but it sounds like a department who is applying the law as it stands, which is about the back dating of retirement pension. It is set down in legislation periods to which we can back date the claim. We do try to interpret quite generously when the claim was first deemed to be made, but under law we cannot back date it—⁹

176. Have you raised with the Government the fact that this is a very difficult position and sought to get the law changed at all?

(*Ms Cleveland*) The ministers are aware of the position on this.

177. I think you can understand why, when something like that happens, the impression that is given of the Department is not a constructive and helpful one, and it just confirms everybody's view that you are, by and large, as difficult as possible and unless you can find your way through the system they are really not interested in you. Having set it in that context, the more I have been listening to you the more depressed I am, actually (and I do not think it is funny).

(*Sir Richard Mottram*) Sorry, I was just wondering if this was the effect I had.

178. There is that as well, but the fact that you cannot identify and seem to have no estimates whatsoever about how many people in a constituency like mine would actually be eligible, that you are not able to have any sort of league tables whatsoever, you cannot compare (because you do not have any statistics) my area with a couple of other major housing estates in Glasgow to see who is doing best and who is doing worst; the fact that it does not seem to have bothered you very much up to now, you have not done anything about it, I find upsetting. You do not have statistics—it would appear—about the lack of take-up, you have targets for one benefit but not for the other 22 or so benefits. Am I entitled to feel aggrieved about all that on behalf of poor people in my area?

(*Sir Richard Mottram*) I would have thought not, because I think that the point I was making was a very narrow and technical point about our having absolutely confident data about those people who were entitled but were not drawing some of these benefits. I was making a statistical point. The thrust of the Report—and the thrust of what the Department is trying to do—is, I think, quite the opposite, if I may say so, to the way in which it is being presented. What the Department has set out to do—and I can say this because I was not responsible for this, so in that sense I can be detached about it—is to move from a situation where we had a Department that was focussed on benefits to a Department which is now focussed particularly in relation to The Pension Service on thinking about the needs of pensioners. I believe that is a fundamentally different way of our seeking to deliver a service to your constituents. That is point number one. Point

number two—and then I will stop—is that the whole Department, in everything we are seeking to do with our staff, is now encouraging a much more active partnership with local government, the voluntary sector and so on, and as part of that process The Pension Service is recruiting many thousands of new staff with a different focus to their work.

179. So it is not as bad as it was.

(*Sir Richard Mottram*) It is not only not as bad as it was, it is designed to be a lot, lot better.

180. In response to one of my colleagues you said just a moment ago, when you were talking about exchange of information, that people do not want the government knocking on their door.

(*Sir Richard Mottram*) I said they might not want the Government knocking on their door I think.

181. Well, the record will show. If they are turning up on their door saying, "I am here to give you money" then certainly the attitude in my constituency would be, "Thank you very much". Do you understand that there is a distinction here between the perspective that you seem to have that people would not welcome—or might not welcome—people coming along and offering them money, and my certainties as a local representative that yes, they would.

(*Sir Richard Mottram*) This is a problem I no doubt have in the way I communicate. What we were saying is that we want to work with local groups, for instance, in your area to generate confidence amongst pensioners that they can get what they are entitled to. We absolutely agree with you that that is the right way forward.

182. They might have to take the Department to a tribunal in arrears.

(*Sir Richard Mottram*) They would only have to take the Department to a tribunal to get their pension in arrears because the law requires us that they cannot get it—

183. That is a bit like saying, "It was a bad boy who did it and ran away; it wasn't me".

(*Sir Richard Mottram*) We are officials; we operate within the framework of the law.

184. But you can understand that you are part of a system from which many people are alienated. Therefore there is a glaring change that requires to be done and I would have thought that that is something you ought to be addressing. I find this difficult to believe as well, you were telling me earlier on that the systems you have for different benefits cannot speak to each other. Is that right? So information you have collected about one sort of benefit application then cannot be communicated elsewhere. You just physically cannot do it.

(*Sir Richard Mottram*) The point I was making was that there are issues about the way in which we share data even within the Department, which we are actively tackling.

185. What does that mean, "Issues about the way in which we share data". You can do it but you do not.

(*Sir Richard Mottram*) No, there are all sorts of boring technical issues about how, if we hold information on you for one purpose—even if you leave to one side data protection—we can then

⁹ Note by witness: Ms Cleveland was interrupted before finishing this sentence, which should have the following words added, "more than 3 months".

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ensure that if, for example, you as an individual change your address that you notify the Department once and we ensure that all our systems have your revised address. Things like that which we can explain to you in great detail.

186. We only have ten minutes left. The fact that we have to spend some time discussing this, it seems to me is an indication of management failure in the Department that you have not had these issues resolved some time ago.

(*Sir Richard Mottram*) I assure you that if they were easily resolvable we would have resolved them.

187. But you are not there to deal with the easy problems. A man of your seniority is there to deal with difficult problems.

(*Sir Richard Mottram*) Precisely.

188. Are you saying that difficult problems it should be acceptable that they are not dealt with?

(*Sir Richard Mottram*) No, of course not.

189. Good. I am very glad to hear that. Can I just clarify in terms of the voluntary sector do you fund or help fund campaigns by the voluntary sector to assist take-up? Clearly many of the voluntary organisations will not have adequate funding to do, effectively, what is your job for you.

(*Sir Richard Mottram*) I do not know, is the answer to that question.¹⁰ There are organisations we would be funding. Whether we are funding them particularly for the take-up campaigns I do not know.

190. The fact that you do not know whether or not you have funding available to do that is a cause of some concern. Referring to the 48-page Report, how many pensioners do you think will sit down and read it?

(*Sir Richard Mottram*) Which 48-page document?

191. The *Guide to Benefits*.

(*Sir Richard Mottram*) I would think that a number of pensioners could sit down and read it.

192. What sort of number?

(*Sir Richard Mottram*) How many have read it? I do not know. Four and a half million have been issued. How many have been read I do not know.

193. You have no assessment as to how effective the production of these millions of documents has been?

(*Sir Richard Mottram*) As far as I know, the feedback on it is positive. We can give you the data we have on it.¹¹

194. The feedback is undoubtedly positive, I would have thought, in the sense that you are clearly making an effort, but it is a question of how effective it is, is it not? How many people have claimed as a result of this 48-page document? Do you know that?

(*Ms Cleveland*) We do not have that. We know from the survey that we have done that 60% of the people who received it contacted one of the organisations that were actually mentioned in the guide. That is not necessarily just DWP; it may be local authorities or a voluntary sector.

195. So as a result of you issuing a document an additional burden would fall on voluntary organisations whom you would not then fund to respond. Demand was generated to the voluntary organisations.

(*Sir Richard Mottram*) Demand was generated on us.

(*Ms Cleveland*) And the voluntary organisations were consulted.

196. They were consulted rather than going to them.

Angela Eagle

197. I think this is a pretty good Report, but I would like to ask Miss Cleveland how you see the new Pension Service developing so that you can target the campaigns on Minimum Income Guarantee and obviously Pension Credit when it comes into being more effectively than getting the 139,000 successful and 111,000 unsuccessful result of the targeted campaign that was run last year.

(*Ms Cleveland*) Can I take that in two stages? In terms of people who are newly becoming pensioners, when we are actually taking a claim for Retirement Pension we also, at that time, collect income information in relation to that person in order to do a full assessment of their overall pension entitlement, which would include the Pension Credit element of it. So that is capturing the people who may have come through with Income Support entitlement but also picking up at that stage, those having an entitlement to Pension Credit, and certainly picking up the savings reward element of that. In terms of the other current pensioners, clearly we are going to pick up all the cases currently receiving Minimum Income Guarantee because we are just transferring those across. We are looking to use our data information about people who have recently made claims to Minimum Income Guarantee but who have been perhaps slightly above the threshold, perhaps due to small amounts of occupational pension or due to capital. Again we can identify some of those, so we would be targeting them directly. Then, in terms of the general marketing campaign that would be going on at the same time, we are writing individually to pensioners. We are staggering that over a period of time; we cannot do it all at once because we need to make sure that we learn the lessons from some of the other new benefits that were introduced to make sure we can actually cope administratively with processing that number of cases.

198. In terms of the 75% target take-up for Pension Credit, am I right in thinking that that is actually 75% of a larger figure than would be eligible for Minimum Income Guarantee?

(*Sir Richard Mottram*) Yes.

199. By definition the benefit is more generous and even though it looks like it is a target in the same ball park it actually involves significantly larger numbers.

(*Sir Richard Mottram*) Yes, it is broadly 75% of four million households whereas the total MIG population, so to speak, is about two million households, depending on the range.

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200. So the target, although it is the same percentage, it would be an increase in terms of numbers.

(*Sir Richard Mottram*) Yes. It is in the same ball park, but it is doubled.

201. When I was at the Department, I was astonished to discover that the Department did not know where pensioners lived. If they were claiming by ACT clearly there is a home address, but up until that time there would be no reason to collect the home addresses of pensioners who claim via post offices. There was work being undertaken to see what could be done to remedy that. Where have you got with that work? Do we now know where our pensioners live, or are we still having difficulty trying to contact them?

(*Ms Cleveland*) We have much better information both as to where pensioners live and also where future pensioners, particularly men, live. This is one of the benefits of the winter fuel exercise, that people are actually updating us with their addresses; it is a big incentive for people to tell us where they live. It is beginning to make an improvement in the number of claim packs that were sent out to pensioners, actually getting through to people. We were getting a lot back of "not known at this address" but those numbers are now decreasing as the quality of the addresses is improving. So that is an on-going issue, and we hope at some stage to be able to have the addresses of all our pensioners and we are also looking to transfer more cases through to Automatic Credit Transfer and we will pick up more information there.

202. The other thing that astonished me when I first got into the Department was the very primitive nature of the IT and the huge modernisation process was put into place to begin to develop not only screens that had some colour on but might actually use Windows. Also IT systems that could talk to each other across benefits. How is that going? Clearly it is important in that it enables you to do some of this work in guiding people through the system rather than expecting people to know the system.

(*Sir Richard Mottram*) If I can speak broadly then, if you like, Alexis can tell you a bit more about the precise process in relation to pension service modernisation. I, too, when I joined this Department, was amazed to discover that traditionally people did not have PC's or Windows based systems and we are rolling out, across the whole Department, PC's which use Windows and I think recently we rolled out the hundred-thousandth such PC. This is the biggest IT modernisation project of its kind in Europe, if not in the world. Most of the big mainframe systems we use are happily known as legacy systems and are in various stages of obsolescence. The big problem in relation, in particular, to the core Income Support system—which is the one we are talking about here—is that ideally you would like to migrate that system on to a new generation set of computers but you have to use it every hour of every day and we have yet to find a way of migrating that system on to a new platform. So that is an area we are working on at the moment. There are many emerging ways in which you can try to get round that problem. This is some of what I was alluding to earlier. Amazingly enough, none of them are actually simple. We have a really serious

problem. The scale of the operation in relation to the investment that was put in historically and the nature of that investment—which was all in ICL computers—has in itself created a set of issues for us.

203. Perhaps Ms Cleveland you could talk about the work that is being done at the moment to try to integrate Housing Benefit. Of course, not everyone who claims Housing Benefit is a pensioner and receiving Council Tax Benefits systems. There are 409 different systems in 409 different local authorities with the systems that the Pension Service is going to be running.

(*Ms Cleveland*) Clearly the Housing Benefits and Council Tax Benefits are matters for the local authorities. One of the things we have tried to do to actually get better information through to Housing Benefit sections, for example, is providing remote access terminals.

204. RATS, yes, I know.

(*Ms Cleveland*) Yes. Through that, for their case loads, they can actually check to see whether someone is actually in receipt of Income Support. It is a quick verification for them in terms of taking that forward. We are hoping in the longer term to be actually able to provide that sort of direct link through as well for our local service staff in portable access terminals.

205. There is an increasing trend, is there not, for secondment across from the one system to other so that you may have a benefit expert available in the local authority—one stop shop or whatever—so that you can give that information directly with, of course, security cleared access into your systems.

(*Ms Cleveland*) I think the Report actually identifies some cases of good practice in terms of taking that forward. We have had, from local authorities, a response ranging from positive to very positive in terms of wanting to work closely with The Pension Service. That is good for us in terms of take-up, but it is also good for local authorities under their responsibilities for fairer charging and the requirement on them to give benefit advice to people when they are charging for services. It is not just in the Housing Benefit area; it goes across the whole of the social services that they provide.

206. We have talked a lot about pension take-up and the Pension Credit, which is important, but the Disability Benefits are also important, particularly things like Attendance Allowance, and can increase a pensioner's income by a significant amount. What are you doing in the newly evolving pension service to try to cover that particular area of benefit entitlement?

(*Ms Cleveland*) We are looking at the total pension entitlement and that would include Attendance Allowance if that was appropriate in the case and then we are offering sign-posting through the Department through to the Disability and Care Directorate. They are looking at ways to modernise their services and going through the same sorts of processes of looking at claim forms, looking at telephone services et cetera.

207. How happy are you with the simplification of the claim forms. You have an extremely complex system of passported benefits as the table in this

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Report demonstrates. But it is also extremely difficult for anyone, let alone an older person, to fill in, these forms. The 40-page Income Support form has been taken down to ten pages, but equally the Disability Benefit application forms can be complex. Can I ask Mr Brereton if work is being done to simplify them. I am aware of the tension between simplification and getting accurate information.

(*Mr Brereton*) Probably the most interesting trial we have had so far is reducing by about half the length of the Attendance Allowance claim for pensioners over 75, then following up information that was given on paper by a telephone call. This has had two effects. One, it has made it much easier to fill in. Secondly, we have had more accurate information from pensioners of what their actual needs are. When they sit down with a form we often think that they tend to understate their requirements because they are often proud of their independence and therefore they tend to write up their abilities to do household and personal tasks. We have a number of pilots going on not just in simplification but more effective communication with pensioners.

208. One last question. Again, when I arrived at the Department, take-up activity was absent probably completely. What percentage of the time of your staff and resources are you planning to devote to this area now?

(*Sir Richard Mottram*) Can I go away and think about that. I would have said that the way in which we are re-engineering most of the processes of The Pension Service is actually designed to facilitate people getting the benefits they are entitled to, but whether I could put a particular figure on it I do not know.¹²

Mr Rendel

209. I had an opportunity in Question Time this afternoon to ask the minister about the lack of information on the cost effectiveness and different ways of encouraging take-up and how she planned to make sure she was using her resources in the best possible ways and what further plans she had to increase the monitoring of cost effectiveness of different schemes and she merely referred to the NAO Report and said that it has proved very difficult in the past, or words to that effect. And then she went on to read out what was clearly the answer to the question she had expected me to ask but which I actually had not asked, so that exercise was fairly futile. What I would therefore like to ask you, if I may, is what plans you have for improving the monitoring and cost effectiveness of different take-up schemes because at present it seems that we just do not know whether they are really working or not.

(*Sir Richard Mottram*) I think the broad answer to your question is that we have been doing quite a lot of research on different aspects of the pensioner population and how that might give us messages about how we might tailor our approaches to different segments of the pensioner population (a ghastly phrase, but I think you know what I mean) and we are also researching the triggers which would encourage people to apply. Things like that. As we

move forward with both the roll-out of The Pension Service itself and with the Pension Credit as a benefit, then that will be evaluated like all of our departmental programmes. When we have the take-up campaign that we were alluding to earlier we will build in a requirement to evaluate the effectiveness of each component part of that campaign, and then that will then feed into lessons as we go forward as to how we should better tailor our messages.

210. If you are doing that take-up campaign as you introduce the scheme to begin with, then you have nothing to compare with, have you?

(*Sir Richard Mottram*) We have some of the lessons we have learned from the MIG campaign, for example. Nothing to compare it with in what sense?

211. Currently you have a scheme in place—MIG if you like—and you have found that it is not universally taken up, so you have introduced various schemes to try to encourage take-up in different ways, and you would hopefully be able to monitor how much the increase of take-up has gone up for each scheme you have introduced. In practice I understand that has been very difficult to do as you have been changing the scheme and introducing new bits to the scheme and changing the name and God knows what else. It is difficult to identify what was the real result of a particular take-up scheme. If you are having a scheme to try to encourage take-up on a completely new type of benefit—or given an entirely new name—then it is difficult to see how you can monitor how effective that take-up is because you are not starting from a platform of a take-up of 50% and seeing if it rises to 60%; you are starting at nothing as it is a completely new scheme. There is nothing to monitor it against.

(*Sir Richard Mottram*) I do not think it is a completely new scheme. It has a different name and it has a set of target pensioners, some of whom are already receiving an existing benefit. Some of the lessons we have learned from the MIG take-up campaign are quite clearly relevant as to how we would persuade pensioners to take on a related benefit. We have ideas about that bit of the population, which we would now be targeting alongside the existing MIG recipients, for example.

212. I quite understand that you have learned some lessons and you think you know what worked and what did not, but it is a matter of thinking you knew what worked because up to now there has been no real figurative monitoring of what has worked and what has not. That is what the NAO report says, anyway.

(*Sir Richard Mottram*) I think what the NAO reports says is something slightly different which is that we need a more structured approach to evaluation both on what we do in relation to take-up and in what other authorities do in relation to take-up and we have, for example, in the *Good Practice Guide* that we alluded to earlier—that we agreed with the LGA—that focusses on this issue so that at each level (central government, local government) we will think about a more structured approach to evaluation. But we have certainly sought to evaluate—and the NAO report touches on this—the consequences of the various steps we took in the MIG take-up campaign and we would argue that,

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although we cannot be precise because different component parts of it overlapped—and this will be true I think in relation to Pension Credit as well—that campaign was actually cost effective, it was worth spending that money to produce that result.

Mr Jenkins

213. Looking at the overall situation with regard to pensioners have you thought about looking—no doubt you have—at the take-up (I know it is not quite the same) for the free TV licences for the over 75's?

(*Sir Richard Mottram*) I have not personally looked at the take-up of the free TV licences, but it is a very interesting question. Do you mean what percentage?

214. What percentage, yes. Numbers.

(*Sir Richard Mottram*) I do not know the answer to that, I am afraid. Shall I find out for you?¹³

215. Yes, please, I would love to know the answer.

Chairman

216. Thank you very much for coming to see us this afternoon. We have forborne to ask any questions of the Treasury about what would happen if these campaigns were successful and suddenly the £2 billion disappeared out of your account, but we will leave that for another day. Actually, as you are sitting there, why do you not answer it?

(*Mr Glicksman*) The Chancellor is very keen to encourage high take-up and if I could just come in on a point that was made earlier, there is no incentive whatsoever in the system on the Department to hold back on its efforts for take-up. In effect, it has an automatic claim on the reserve and the Treasury covers any over-performance by the department against its forecast.

(*Sir Richard Mottram*) The only constraint we have, of course, is that we have to do this—this is not in any way to disagree with the point that has just been made, which is a fundamentally important point—we have to do this within the DEL that we have agreed with the Treasury over a three year period. I am not complaining about this; it is absolutely right. That means that should incentivise us to think about the cost effective ways of driving up take-up because that is what we should be doing. We work very closely with the Treasury actually on all the forecasting and on this whole area and they never suggest to us that we should hold back.

Chairman: Thank you very much for that. We are all, I hope, pushing at an open door. There is may be up to 200 thousand pensioners—the poorest pensioners—who are not claiming what they should and I am sure we are all trying to work together and our report will make this point. I will not labour the point about Minimum Income Guarantee. Mr Field has made the point; I have made the point. I am sure we will return to the issue of targets, particularly for Pension Credit and perhaps a more challenging target on Pension Credit. I think your target is three million by 2006, with an estimated 4.1 million who are going to be eligible so we will return to this in our report. Meanwhile, it only remains for me to thank you all very much for coming this afternoon; we are very grateful.

¹³ Ev 23**APPENDIX 1****Supplementary memorandum submitted by the Department for Work and Pensions**

Question 20: The cost of providing a pension at MIG levels for all pensioners over 80

In 2003–04, the estimated cost to the National Insurance Fund of increasing the basic state pension to the level of the MIG for those aged 80+ would be in the region of £3 billion.

In 2003–04, the estimated net increase to public expenditure as a result of increasing the basic state pension to the level of the MIG for those aged 80+ would be in the region of £2 billion. The net cost takes account of savings in income-related benefits.

Question 21: The administrative savings if means-testing limited to the under 80s

We estimate that Retirement Pension costs about £5.40 per case to deliver compared with about £53.70 for means tested entitlements like Income Support and Minimum Income Guarantees. About 169,000 people over the age of 80 claim Minimum Income Guarantee. Multiplying this caseload by the difference in cost produces a figure of about £8.2 million. Any saving would be offset partly by the additional cost of running two rates of retirement pension.

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[Continued

Question 34: Any ball park estimates on due to lack of take-up how much local authorities are losing to give them greater incentives to take-up and make other people take out the money which then goes through their account?

Only Housing Benefit payments to pensioners who live in Local Authority properties go through the Housing Revenue Account (HRA). If a pensioner has a private landlord this would not go through the HRA. The subsidy that LAs receive fluctuates depending on the caseload.

However, LAs can increase the amount of funding they receive through Revenue Support Grant based on the Standard Spending Assessment. For example, one factor used to determine the amount of the Standard Spending Assessment is the number of pensioners receiving Attendance Allowance. This would effect the distribution of the grant to local authorities, not the overall pot.

Question 38: Of the budgets that you have made, on how many occasions have your campaigns for take-up been so successful that you had to ask for more money?

In the past five years (covering the financial years 1997–98 to 2001–02) the department has not had to ask Parliament for more money to cover higher take-up of Minimum Income Guarantee (MIG) than predicted.

Expenditure on MIG has been as follows (figures in millions):

Income Support for Elderly/Minimum Income Guarantee—expenditure and out-turn

£ million, cash	1997–98	1998–99	1999–2000	2000–01	2001–02
Departmental Report:	1997	1998	1999	2000	2001
Cash or resource basis:	Cash	Cash	Cash	Cash	Resource
Provision	3,878	3,776	3,827	4,052	4,540
Actual Spending	3,773	3,619	3,781	3,984	4,486
Under (-) / over (+) spend	- 105	- 157	- 47	- 68	- 55

Note: 2000–01 plans were on a cash basis, published out-turn on a resource basis. To ensure consistency we have quoted the unpublished cash out-turn.

Questions 60 and 63: What is the effect of having Pension Credit over going back to proposals which allow those with occupational and private pensions to have the Pension Income disregarded from MIG calculation? So those with, say an additional £40—or whatever figure you want to pick—would have it disregarded for calculations for MIG

The following compares the income of a single person with a private pension of £40 per week (a) on MIG (b) on MIG with a £40 private/occupational pension disregard (c) on Pension Credit. (It assumes all are in receipt of the full basic state pension):

- (a) £117.45
- (b) £142.10
- (c) £126.10

The cost of the disregard of up to £40 of private/occupational pension would be £1.3 billion on top of the full cost of MIG (for 100% of potential claimants). This assumes current savings behaviour though that might change with a disregard (see below).

The cost of PC on top of MIG in a full year would be £2 billion (calculated on a slightly different basis because our estimates for budgetary purposes are based on actual and projected levels of take up).

Pension Credit delivers a progressive savings credit and thus a higher level of income than MIG, to a larger number of people than a disregard restricted to private occupational pensions.

A disregard would not deliver the progressive withdrawal of state entitlements offered by Pension Credit. Set at £40, someone with between £40 and £60 of private pension income would be no better off. That perceived unfairness is addressed by Pension Credit.

Two million people in receipt of SERPs second pensions, but without an additional occupational pension, may benefit from the PC savings credit, but not from this income disregard. Nor would people with income from non-pension savings, or earnings benefit, as they would from Pension Credit. A £40 disregard extended to SERPS income would be considerably more costly than Pension Credit—an additional £3 billion per year on top of the full cost of MIG.

Restricting it to private/occupational pensions, on the other hand, discriminates against other forms of income, notably SERPs, other savings and earned income. All of these are worth encouraging for those on lower incomes, for whom a private occupational pension may not be the best option.

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[Continued

Question 144: Has the Department decided to pay for all late Winter Fuel payment claims on the grounds that the original form and the original letter were not sufficiently explicit?

The Department is looking into the issues raised by the individual case referred to by David Rendel MP during the hearing.

Question 146–149: Are you aware that Liverpool City Council has recently introduced a proactive policy of phoning people about Housing Benefits to try to encourage them to take-up Housing Benefit if they are eligible to do so? If you are aware of this, do you have any plans to introduce that nationwide or even to encourage other local authorities to introduce a similar scheme?

We are aware of the scheme and will include it as an example of good practice in the next edition of the Performance Standards which is due for update in April 2003.

Question 160: What estimate have you made of the potential savings to the health service for each extra pensioner who takes up their full benefit entitlement?

While it is a reasonable assumption that pensioners who receive their full benefit entitlement will live healthier lives, we do not have estimates of the savings to the National Health Service.

Discussions are taking place with the Department of Health, to look at ways of improving older people's independence by ensuring they receive their entitlements to benefits and health care. This work would build on successful local initiatives that have taken place, for example the Rotherham Active in Later Life (RAILL) project, run by Age Concern, which provides health promotion activities for older people in local leisure centres at six locations. As part of this future development, we will be exploring the scope for closer working with GPs and other health professionals and examining how we can evaluate the effect of such initiatives.

Question 189: Funding the voluntary sector to assist take-up?

We appreciate the importance of the work to increase take-up of entitlements undertaken by voluntary organisations and, as the report acknowledges, we now work much more closely with them. This in turn helps facilitate their objectives.

We are considering the scope for funding, for example to meet their extra costs in supporting joint initiatives with the local service of The Pension Service.

Questions 190 and 193: Any assessment the 48 page Pensioners' Guide?

Since February 2001, 4.5 million copies of the Pensioners' Guide have been distributed. This equates to coverage of 40% of the total pensioner population of 11.5 million. The guides have been issued through various outlets: many have been requested via the orderline. The remainder have been sent to outlets which are frequented by pensioners such as Post Offices, GP surgeries, supermarkets. Lloyds Chemists, WRVS Meals on Wheels service and distributed at DWP events and through mailings to charities etc.

We have recently conducted evaluation research into people's attitudes to the Pensioners' Guide. The research found very positive and enthusiastic reactions across the range of people interviewed.

The age of the respondents for the research spread from 56 to 86 years, although half of them were under 65. The interviews were split fairly evenly by sex. There were three audio users (one blind) and overall, three from ethnic communities.

- The Guide was described as a “bible” and a “reference document”.
- It was felt to be handy to have that amount of information in one place.
- It was felt to be a good handy size, easy to read, clear and simple without seeming patronising.
- The “Question and Answer” style was liked as it helped the less confident through the book. And it helped people feel that they were entitled to receive benefits without having to feel embarrassed or uncomfortable about it.
- No-one complained about the cost of producing the Guide which reflects well on its perceived value to the target audience.
- People coming up to retirement liked the Guide to see what they may be entitled to.
- People already retired liked the information on other things available to them (not necessarily benefits) eg; adult learning, voluntary work, reduced prices into galleries

We plan to include a questionnaire in the Guide from April 2003 which will give recipients an opportunity to provide direct feedback.

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[Continued

Question 208: What percentage of the time of DWP staff and resources are you planning to devote to take-up activity?

PENSION CREDIT

During the take-on period for Pension Credit, April 2003–September 2004, the Pension Service will be implementing a marketing and communications campaign to encourage take-up of Pension Credit as an entitlement. It will involve targeted mailshots to most pensioner households encouraging those who are most likely to be eligible to apply for their Pension Credit. To complement this, we will be working in partnership with Special Interest Groups to deliver additional local and national communications and take-up activities/events.

On average, up to 550 Pension Service staff (approximately 3.2% of The Pensions Groups' total workforce in 2003–04) will be involved in co-ordinating and promoting take-up activities at both national and local level. In addition to the staff involved directly in promoting take-up, an average of up to 2,500 additional full-time staff (approximately 14.5% of The Pensions Group's total workforce in 2003–04) will be required to handle the high volumes of contacts and process applications during the period to September 2004. Through this the Department will be able to make significant progress towards achieving its PSA target of 3 million households in receipt of Pension Credit by 2006.

HOUSING BENEFIT AND COUNCIL TAX BENEFIT

Local authorities are responsible for undertaking take-up campaigns for Housing and Council Tax Benefit. We do not hold information on the amount of their staff time allocated to initiatives to increase take-up of these benefits.

However, in April 2002, DWP issued to all local authorities the Housing and Council Tax Benefit Performance Standards. The guide sets performance standards for local authorities administration of Housing and Council Tax Benefit schemes. Local authorities are advised that to meet the standard they need to:

- Make their benefits services available to people with special needs, including “people who are vulnerable because of their age”.
- Offer “home visits to claimants who have difficulty reaching the office by public transport because of age, illness or disability”.
- Have “a written strategy or plan to encourage take-up of HB/CTB that goes beyond the first step of raising awareness, to ensuring that eligible claimants are enabled to make successful claims, addressing issues of customer service, availability of help and advice, and access”. This should include “work to identify and target information at particular groups”, including “under-claiming groups, such as elderly private tenants”.

LAs can be said to be performing above standard if they, for example:

- Have “procedures in place to recognise when a claim is from someone vulnerable or with a disability and ensure that the claim is dealt with appropriately”.
- “Co-operate with The Pension service on national campaigns to promote the take-up of non HB/CTB benefits such as MIG”.

ATTENDANCE ALLOWANCE AND DISABILITY LIVING ALLOWANCE

On AA and DLA our policy is to work with partners on targeted take-up initiatives. Staff in the Disability and Carer Directorate are proactive in making contact with a wide range of local, regional and national voluntary welfare rights organisations. And we expect take-up of AA to increase through other initiatives such as the MIG campaign and Pension Credit take-up strategy. Disability and Carers' Service has a national network of 14 Customer Service Managers directly involved in local, regional and national Outreach events to promote the take up of DLA and AA. There is a directorate Customer Service Team and a Communications Team which directly supports the network by planning and co-ordinating events and developing suitable communication products and publicity material for external customer organisations.

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[Continued

Question 213–214: Looking at the overall situation with regard to pensioners have you thought about looking—no doubt you have—at the take-up (I know it is not quite the same) for the free TV licences for the over 75s. What percentage and numbers?

In 2001–02, the BBC issued 3.9 million free TV licences. Our estimates suggest that this represents almost total take-up for the Over 75 licences. It is not possible to provide exact take-up rates because the numbers for the eligible population are based on a household survey which is subject to sampling variation.

We will look into any lessons we can learn from the high take-up of television licenses, although the parallels with income-related benefits are limited.

January 2003

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SESSION 2002–03

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1	Collecting the Television Licence Fee (HC 118)	18/12/02
	Government Reply (Cm 5770)	06/03/03
2	Dealing with pollution from ships (HC 119)	09/01/03
	Government Reply (Cm 5770)	06/03/03
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