

**RESTRICTED - POLICY**

Ms Gill Saunders  
Secretary  
Social Security Advisory Committee  
New Court  
48 Carey Street  
London WC2A 2LS

**The Social Security (Miscellaneous Amendment) (No. 2?) Regulations 2008**

Dear Ms Saunders

As requested at the meeting of the Committee on 2<sup>nd</sup> April 2008, please find attached a supplementary note to the original Explanatory Memorandum. This note contains an expanded version of the table which appears in the Equality Impact Assessment showing the number of Pension Credit claims broken down into various categories and the length of time taken to make the claim (i.e. the incidence of “backdating”), and a further table which sets out the estimated costs and savings of the simplification package in the wider context of other pensions measures.

Paul Needham  
State Pension Division  
Room 2W60  
Quarry House  
Leeds  
Tel 0113 2324949

**RESTRICTED - POLICY**

**Addendum to SSAC Explanatory Memorandum**

**Estimated numbers and types of Pension Credit claims affected by the reduction in the time for claiming (backdating)**

1. The Department has estimated the numbers of customers that could be affected by proposals to reduce the time for claiming Pension Credit from twelve to three months. These estimates are included in the table below:

**Table 1: Estimate of the incidence of extending the time for claiming (known as backdating) in Pension Credit in 2006/7 by customer group**

	Total successful claims for Pension Credit	Number of successful claims within the group that were backdated for 3 months or less	Number of successful claims within the group that were backdated for more than 3 months		Number of successful claims within the group that were backdated for 12 months	
	Number	Number	Number	% of successful claims	Number	% of successful claims
<b>All successful claimants</b>	276,610	170,000	110,000	40%	70,000	25%
<b>Males</b>	124,210	80,000	40,000	35%	30,000	20%
<b>Females</b>	152,400	90,000	60,000	40%	40,000	25%
<b>Under 75</b>	188,310	130,000	50,000	30%	30,000	15%
<b>75+</b>	88,300	40,000	50,000	60%	40,000	40%
<b>In receipt of AA/DLA</b>	112,200	70,000	40,000	40%	30,000	25%
<b>Not in receipt of AA/DLA</b>	164,410	100,000	60,000	35%	40,000	25%

Source: DWP experimental statistics on-flows onto Pension Credit in quarters May 2006 to February 2007

Notes:

- Total successful claims have been rounded to the nearest 10 cases.
- Estimates of the percentage of successful claims by period of backdating have been rounded to the nearest 5 percentage points.
- Estimates of the number of successful claims by period of backdating have been rounded to the nearest 10,000 cases.
- Due to rounding the numbers of successful claims by period of backdating may not sum to the total number of successful claims
- Care should be taken when interpreting the table. As the Department does not routinely collect information on Pension Credit backdating periods, these have been estimated by comparing the date entitlement starts and the date Pension

## RESTRICTED - POLICY

Credit is put into payment. Estimated backdating periods therefore include unknown periods of time that are due to processing, evidence gathering and verification work which routinely accompany every claim for Pension Credit.

- On-flows measure the total number of spells on benefit that commenced within a quarter. They do not include flows where people have moved out of one area and into another while remaining on the benefit.

### Estimated costs and savings of the changes

2. The proposals to reduce the time for claiming periods (referred to as backdating) for Pension Credit and Housing Benefit/Council Tax Benefit for pensioners, the backdating periods in Housing Benefit and Council Tax Benefit for those of working age, and the changes to Pension Credit rules on absence abroad, are part of a package of measures aimed at improving the claims process for pensioners and simplifying certain rules. These measures will enable claims for HB/CTB to be taken alongside claims for Pension Credit and forwarded directly to the Local Authority, and allow for the introduction of an indefinite Assessed Income Period for those Pension Credit customers aged 80 or over or who have an Assessed Income Period spanning their 80<sup>th</sup> birthday (benefiting most customers aged 75 or over). They also deliver simplified arrangements for Pension Service Staff and local authority staff to help deliver the improved service.
3. It is important that all of these initiatives are considered as key components of a wider set of pension measures, rather than individual changes. Other measures include the up-rating of the Pension Credit standard minimum guarantee this year by 4.2% (more than the earnings commitment made for Pension Credit over the long term) and the one-off additional amount with the Winter Fuel Payment for the winter of 2008/09.
4. The costs and savings associated with the wider set of pension measures along with the estimated savings produced by the time for claiming/backdating proposals and costs of the Pension Credit temporary absence abroad proposal, are set out in the table below:

**Table 2: Estimates of costs/savings**

	2008	2009	2010	2015	2020	2030	2040	2050
<b>£ million, 2007/8 prices</b>								
<b>Total pension measures</b>	<b>575</b>	<b>-25</b>	<b>0</b>	<b>0</b>	<b>75</b>	<b>150</b>	<b>200</b>	<b>250</b>
<i><b>Of which:</b></i>								
<b>Pension Credit backdating</b>	<b>-55</b>	<b>-100</b>	<b>-95</b>	<b>-70</b>	<b>-65</b>	<b>-55</b>	<b>-45</b>	<b>-40</b>
<b>Housing Benefit / Council Tax Benefit backdating</b>	<b>-35</b>	<b>-70</b>	<b>-70</b>	<b>-70</b>	<b>-65</b>	<b>-70</b>	<b>-80</b>	<b>-110</b>
<b>Absence abroad</b>	<b>1.0</b>	<b>2.0</b>	<b>2.0</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>

## RESTRICTED - POLICY

Source: DWP modelling

Notes:

- Negative figures represent net savings.
- The total set of wider pensions measures includes the simplification package and spending on other pension measures in 2008/09, 2009/10 and 2010/11.
- Figures relate to financial years.
- Estimates represent combined administrative and benefit costs/savings
- total estimates for the wider portfolio of pensions measures have been rounded to the nearest £25m.
- Estimates for individual measures have been rounded using the following convention: figures over £100 million have been rounded to the nearest £10 million, figures between £10m and £100m rounded to the nearest £5 million and figures less than £10 million have been rounded to the nearest £0.5 million.
- Other pension measures include the up-rating of the Pension Credit standard minimum guarantee this year by 4.2% (more than the earnings commitment made for Pension Credit over the long term, the relevant average earnings figure was 3.5%) and the one-off additional amount with the Winter Fuel Payment for the winter of 2008/09
- Simplification package includes the following measures: Automatic forwarding of Housing Benefit/Council Tax Benefit claim details taken alongside a Pension Credit claim to the Local Authority, without the need for a signed claim form; Reduction of the maximum Housing Benefit/Council Tax Benefit backdating period from 12 to 3 months; Reduction of the maximum Pension Credit time for claiming period from 12 to 3 months; Increasing the length of time Pension Credit recipients may be abroad without losing their entitlement from 4 to 13 consecutive weeks; and the introduction of an indefinite Assessed Income Period for those Pension Credit customers aged 80 or over or who have an Assessed Income Period spanning their 80th birthday (benefiting most customers aged 75 or over).
- Estimated costs and savings are consistent with the 2008 Budget settlement but it should be noted that they are based on a set of assumptions and are subject to change as new data becomes available.
- Estimated costs/savings of the Pension Credit backdating and absence abroad measures have been projected forward from 2011 in line with the growth in the long-run forecast of expenditure on Pension Credit.
- Estimates of the anticipated HB/CTB backdating savings are based on the Single HB Extract (HBSD-IAD scan)<sup>1</sup>. The backdating variable in the Single HB Extract was introduced relatively recently (April 2007) such that we have no means of corroborating the data's robustness against historical data. These concerns should be allayed with time as the scan data improves.
- Estimated savings from the Housing Benefit/Council Tax Benefit backdating measure have been projected forward from 2011 in line with the growth in the long-run forecast of expenditure on Housing Benefit and Council Tax Benefit.

---

<sup>1</sup> HBSD-IAD scan is a case level dataset of HB/CTB claims, extracted directly from LA computer systems