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Introduction

This publication presents data from the Pension Credit (PC) Quarterly Statistical Enquiry (QSE), which covers claimants in Northern Ireland. Its main purpose is to:

- Give summary analyses which show the key features of the PC population
- Provide a basic summary of the main features of PC and how they affect numbers of recipients and amounts of benefit in payment
- Provide a menu of the types of analysis which can be produced from the QSE data set (additional analysis can be obtained from the contact point on this page)



Pension Credit

People aged 60 and over-Guarantee Credit applies

Guarantee Credit replaced the Minimum Income Guarantee (MIG), Income Support for people aged 60 and over on 6 October 2003.

For claimants aged 60 or over, the Guarantee Credit guarantees an income of £109.45 (single person) or £167.05 (couples). This is the standard minimum income guarantee, which is the minimum amount the Government say they need to live on.

Extra amounts will be added to the standard minimum income guarantee for those who have:

- Relevant housing costs
- Severe disabilities
- Caring responsibilities

The resultant amount is the customer's appropriate minimum income guarantee (if the customer is not entitled to any extra amount(s), their appropriate minimum income guarantee will be the amount of the standard minimum income guarantee).

Entitlement to the Guarantee Credit will be calculated by comparing the customer's income with their appropriate minimum income guarantee amount. The Guarantee Credit will make up any shortfall between the two totals.

Guarantee Credit: Income-what will be taken into account

The Guarantee Credit concentrates on the main sources of income available to people over 60, not going into every penny of income from every source. Consequently, the level of intrusion into people's private affairs will be radically reduced compared to MIG.

The categories of income that are relevant to calculating the Guarantee credit (such as state retirement pension, second pensions, assumed income from capital, earnings and certain benefits) are set out in legislation-Annex 3 provides a full list of what is taken into account, this differs from MIG, which specified that all income was taken into account unless specifically excluded.

This makes the PC assessment transparent and reflects the fact that some of the less common or more obscure income streams will be ignored. For example, the following were taken into account in MIG, but are completely ignored in PC.



- Cash in lieu of concessionary coal
- Student grants and loans
- Payments from family/friends and charitable payments
- Payments for children-such as child maintenance and child benefit
- Strike pay

In MIG, claimants and their partners were excluded from any help if they worked more than 16 or 24 hours a week respectively. There is no hours limit for claimants or their partners in PC, although earnings are taken into account.

Savings and investments-what will be taken into account

In MIG, people were excluded from any help if they had savings of £12,000 or more (or £16,000 for care and nursing home residents), PC abolishes this rule. Savings below a threshold of £6,000 (£10,000 for those in care homes) will have no effect on entitlement. Unlike MIG, details of savings below £6,000 (or £10,000 for those in care homes) will not be recorded.

The other main change in PC is that less income is assumed from capital (£1 in every £500 or part thereof over the threshold, rather than £1 in every £250 under MIG). This means that customers can have an amount of capital that would have previously disqualified them from MIG, but does not disqualify them from PC.

Unlike MIG, compensation payments made in consequence of a personal injury to the claimant or their partner will also be ignored.

People aged 65 or over-Savings Credit applies

Single people age 65 or over (and couples where one member is 65 or over) may be entitled to a Savings Credit. This will reward pensioners who have modest income from savings and/or income from a second pension.

The Savings Credit will be calculated by taking into account any qualifying income above a fixed threshold – called the savings credit threshold. The threshold is £82.05 for single people (£131.20 for couples).

The Savings Credit will give customers a cash addition calculated at 60% of the amount by which their qualifying income (up to the level of the standard minimum guarantee) exceeds the savings credit threshold. The maximum Savings Credit is £16.44 per week (£21.51 a week for couples). Only qualifying income above the level of the savings credit threshold will be rewarded. For example, a customer who does not the full basic state pension, but has other qualifying income (such as a second pension) only the amount of the total above the level of the threshold will be rewarded through the Savings Credit.

Single customers whose appropriate minimum guarantee does not include any additional amounts (i.e. - it is the same as the standard minimum



guarantee) will qualify for the maximum Savings Credit if they have qualifying income of £109.45 (for a couple the figure is £167.05). The reduction will apply if their income is above that level.

People age 65 or over – may be entitled to an assessed income period

Single people age 65 or over (and couples where one member is age 65 or over and the other at least 60) may not need to report any changes in money set aside for retirement for up to 5 years. This is called an assessed income period. An assessed income period will normally be set for 5 years. During this time customers will not need to report changes to any:

- Second pensions (such as work pensions, stakeholder pensions, state second pensions, private pensions)
- Income from annuities
- Income from capital

They will need to report any other changes in circumstances. A shorter period may be set if:

- The money the customer has set aside for retirement is likely to change within 12 months of the decision on Pension Credit entitlement
- In couple cases, the other member reaches age 65 within 5 years. For example, in the case of a customer aged 67 whose partner is aged 62, the assessed income period would be set to run until the partner's 65th birthday

During an assessed income period income from second pensions and annuities will be automatically up rated using information provided by customers about the rate and timing of any increases.

PC Quarterly Statistical Enquiry

The PC QSE is a 5% sample of all PC claimants, which is conducted, in the last weekend in February, May, August and November of each year.

Using the Publication

The first four sections of this publication give a summary of the trends in the overall caseload and average benefit payment. This includes detailed analysis of: the main groups of PC recipients (section 2); duration of current claim (section 3) and regional comparisons (section 4). The remaining sections look at the main features of the PC scheme and how they affect benefit payments, e.g. entitlement for partners, housing etc.



Further advice and analysis

This publication contains only a limited range of analyses, which can be produced from the PC QSE. Further advice on their use or requests for additional analysis should be made to the contact point on page 1.

People in a hospital for more than 52 weeks

People in a hospital for more than 52 weeks receive a reduction in their amount of PC. For the first 52 weeks PC is normally paid in full, then the case becomes a permanent hospital admission case. In couple cases, after 52 weeks, both members of a couple are treated as single people and are required to make separate claims.

Asylum seekers and other types of persons from abroad

This group could claim IS prior to 3 April 2000 under certain circumstances. Their personal allowance was reduced by 10%. Changes to the benefit rules were introduced in February 1996. Only those asylum seekers who made an application when they first arrived in the UK, or whose countries had been declared an upheaval country were able to claim IS or income-based Jobseeker's Allowance. Entitlement ceased in the event of an initial negative decision from the Home Office on the asylum seeker's asylum application, and benefit was no longer payable during the asylum appeal process. Asylum seekers in receipt of benefit when the changes were introduced were covered by transitional protection up until the next negative Home Office decision on their application. The Home Office have been funding IS payments to asylum seekers since April 1999, however from 3 April 2000 persons claiming asylum are excluded from the National Asylum Support Service (NASS) that has been set up by the Home Office to manage such claims, or Local Authorities. Asylum seekers who claimed IS prior to 3 April 2000 were entitled to IS at the 'urgent cases' payment rate. Transitional protection for these cases will continue until there is a relative change of circumstances.



Deductions from benefit

Amounts can be deducted from PC and paid to a third party where the claimant is in debt for or has difficulty meeting the cost of a basic amenity, such as water or fuel, and it is essential to safeguard the continued supply of that amenity. Deductions from PC can also be made to enable the recovery of statutory and other liabilities, for example rent and child maintenance payments, as well as enabling the recovery of overpayments of departmental benefit and social fund loans.

The main conditions for making a deduction are:

- The claimant must have a debt (arrears) before they can be considered for the scheme:

- Normally, each deduction for arrears is set at 5% of the adult personal allowance;

- The maximum aggregate deduction for arrears is 15% of the adult personal allowance;

- A priority order is used where more than three deductions can be taken;

Deductions can exceed the 5 or 15% maximum where they are to cover liabilities for current consumption as well as arrears.



Glossary of Terms and Conventions

Glossary of Terms

Capital

Claimants and/or partner's capital assets e.g. savings, investments, or property other than their home

Couple

Two persons either married or living together as husband and wife

Income taken into Account

See Annex 3

Family Type

Whether *single* or *couple*

GOR

Government Office Region

Hospital Case

A person whose normal requirements are modified to the rate payable for a *single* hospital in-patient

Length of Time on PC

Duration of current period in receipt of Pension Credit (breaks of less than one week are ignored) The duration reported in the PC QSE also takes into account the time in receipt of MIG

No Fixed Abode/ Persons Without Accommodation

Persons who have no permanent accommodation or who are homeless

Partner

One of a married or unmarried *couple* living together

Single

A claimant who is not living as a member of a *couple*

Statistical Group

The main groups of claimants

Tariff Income

The amount of weekly income assumed on capital



Inflow

Cases which have come onto PC since the previous extract and PC is in payment at the end of the quarter

Outflow

Cases where PC was in payment at the end of the previous quarter, but have since left PC

Conventions

IS	Income Support
JSA	Jobseeker's Allowance
£pw	Pounds per week
GOR	Government Office Region
PC	Pension Credit
DSD	Department of Social Development
0	Nil
-	Not applicable
*	Numbers less than 100 are not displayed due to DSD Confidentiality Policy
**	Percentages based on numbers less than 100 are not displayed due to DSD Confidentiality Policy
***	Amounts based on numbers less than 100 are not displayed due to DSD Confidentiality Policy
..	Not available



Annex 1: Technical Details

1. What is the PC Quarterly Statistical Enquiry?

The Pension Credit (PC) Quarterly Statistical Enquiry (QSE) is a sample survey that collects information on the number and characteristics of claimants receiving PC in Northern Ireland (NI). This is used to produce estimates for the whole of the population of PC claimants. Samples are taken at the end of February, May, August and November each year.

2. What is it used for?

The results are used to: provide information to monitor and evaluate PC; answer parliamentary questions and similar queries; inform costings of possible changes to the PC scheme and expenditure forecasts; and answer queries from the public, researchers, academics, etc.

3. Who is included?

The PC QSE includes all people who are recorded as having entitlement to receive benefit on the enquiry date. This is based on claims held on the Income Support computer system (ISCS) on that day. It therefore misses some claims where entitlement had not been established at that point in time, but is subsequently backdated.

4. Data sources and validation procedures

The information in the PC QSE is taken directly from the ISCS, which administers the benefit.

5. Rating up of results

The QSE is now based on a sample of approximately 1 in every 20 PC claimants (5% of the population). The sample data shown in each table is rated up by a factor of 20 to give estimates for the whole population of PC claimants.

6. Undercount

The number and proportion of claims with short durations will be undercounted. This is because a small number (compared to the overall figures) of new awards had not been added to the ISCS by the date of the date extract.



Annex 2: Sampling Errors

The analyses in the Pension Credit (PC) Quarterly Statistical Enquiry are subject to 'sampling error'. That is, there is a chance that the number of cases in the sample with certain characteristics (e.g. with children) may produce rated up population estimates that are in fact higher or lower than the true value in the population. The effects of these sampling errors are indicated below in the table of confidence intervals. The figures in this report are the best estimate based on the sample data. The true number will lie in a range around the estimate. The 95% confidence interval means that there is only a 1 in 20 chance that the actual value lies outside this range. Usually this interval is approximately symmetric so, for example, an estimate of 10,000 is really showing that the true value lies in the range of 9,146 to 10,854.

The figures in the table below give the 95% confidence intervals for the true value in the population, based on the estimated value from the 5% sample. This method applies only to estimates of numbers of claimants and not to other characteristics, e.g. amounts of benefits.

Estimated Value	95% Confidence Interval	Confidence interval as a % of the estimate
100	+/-86	+/-86%
200	+/-121	+/-61%
300	+/-148	+/-49%
400	+/-171	+/-43%
500	+/-191	+/-38%
600	+/-209	+/-35%
700	+/-226	+/-32%
800	+/-242	+/-30%
900	+/-256	+/-28%
1,000	+/-270	+/-27%
2,000	+/-382	+/-19%
3,000	+/-468	+/-16%
4,000	+/-540	+/-14%
5,000	+/-604	+/-12%
6,000	+/-662	+/-11%
7,000	+/-715	+/-10%
8,000	+/-764	+/-10%
9,000	+/-811	+/-9%
10,000	+/-854	+/-9%
20,000	+/-1,208	+/-6%
30,000	+/-1,480	+/-5%
40,000	+/-1,709	+/-4%
50,000	+/-1,910	+/-4%
100,000	+/-2,702	+/-3%
200,000	+/-3,821	+/-2%
300,000	+/-4,679	+/-2%

Warning: Figures 600 or less should be used with caution.



Annex 3: Income – What Will Be Taken Into Account For Pension Credit

The categories of income that are relevant to calculating the Guarantee Credit element are set out below. The majority of these will also be treated as qualifying income and rewarded through the Savings Credit element (the few exceptions are listed at the end). A full or partial disregard applies to certain types of income – in these cases any amount disregarded will not be taken in account in the Guarantee Credit assessment or rewarded through the Savings Credit.

- Payments from Retirement Pension. This includes Category A, B, C, D retirement pension, any age addition, State scheme pension credits on divorce, graduated retirement benefit, SERPS. A notional amount will be applied for those who have deferred their state retirement pension
- Bereavement Allowance
- Widow's Benefit
- Widow's Pension
- Widowed Parent's Allowance. The first £10 will continue to be ignored
- Widowed Mother's Allowance. The first £10 will continue to be ignored
- Carer's Allowance
- Industrial Injuries Benefit. Including Industrial Injuries Disablement Benefit, reduced earnings allowance, workmen's compensation and pneumoconiosis scheme, and industrial death benefit. Any element paid in respect of mobility needs or attendance will be ignored
- All foreign social security benefits similar in nature to the above
- Regular payments from occupational and personal pension schemes. This includes UK and foreign equivalents
- Payments from retirement annuity contracts
- Payments from non-pension annuities (such as a home income plan). If from a home income plan, or similar and an associated loan is secured on the person's home, the interest the person has to pay on that loan will continue to be offset



- Earnings. This includes employer's sick pay and maternity pay, statutory sick pay, statutory paternity pay and statutory adoption pay. The earnings disregards that previously applied in MIG have been carried forward into PC. Single pensioners will be entitled to a £5 disregard on their earnings, couples a £10 disregard and a £20 disregard will be applied in other prescribed cases (those currently entitled to the higher disregard will continue to receive it). Earnings that are disregarded will not be taken into account in the Guarantee Credit assessment or rewarded through the Savings Credit
- Income from boarders/lodgers. PC will continue to ignore the first £20, plus 50% of the balance of the payment from each boarder where meals are provided
- War disablement and war widow's/widower's pensions (including overage infirm allowance). The first £10 will continue to be ignored. The whole of any war widows supplementary pension – paid in addition to the normal pension to certain pre-1973 war widows – will continue to be ignored, as will the first £10 of other war pensions
- Foreign war disablement and war widow's/widower's pensions. The first £10 will continue to be ignored
- Royalties and payments made under the Public Lending Rights Scheme. An earnings disregard will continue to apply if the payments relate to the claimant's (or their partner's) own work
- Pension paid by the German or Austrian Governments to victims of National Socialist persecution. The first £10 will continue to be ignored
- Assumed income from capital. Normally actual income deriving from capital assets will be ignored, but an income (of £1 per week in each £500 or part thereof) will be assumed, based on the total value of the customer's capital assets in excess of £6,000 (or £10,000 for people in residential care or nursing homes). Certain types of capital (for example the person's home) will be excepted from the deemed income rule (of £1 in every £500 or part thereof) by any actual income received will be taken into account in the assessment. These are:
 - Income from subtenants. The first £20 a week of rent from a subtenant will be ignored. This simplifies the previous MIG rates (abolishing the separate rule for heating)
 - Regular payments from trusts. Payments relating to a trust set up to compensate the claimant (or their partner) for a personal injury will be ignored. The previous MIG disregards that applied to payments from a discretionary trust will continue to apply in PC



- The capital value of the right to receive:
 - income under a life interest or from a life rent;
 - any rent if the customer (or their partner) is not the freeholder or leaseholder;
 - income from an annuity, or the surrender value of such an annuityAny actual income paid will be taken into account in full.

The following categories of income are taken into account in the assessment for the Guarantee Credit, but are not treated as qualifying income for purposes of the Savings Credit:

- Incapacity Benefit
- Severe Disablement Allowance
- Maternity allowance
- Contribution based Jobseeker's Allowance
- Working Tax Credit
- Spousal maintenance payments

Concessionary or ex-gratia payments in lieu of any of the categories of income listed in this annex will be treated in the same way as actual payments of the income in question.



Annex 4: Main changes to benefit rules

Pension Credit replaced the Minimum Income Guarantee (MIG) adding a Savings Credit element to the guarantee element already present under MIG. Claimants receiving MIG on 6 October 2003 were automatically transferred onto Pension Credit.

