



Poverty and social exclusion: Review of take-up of cash transfers

Background

The Wales Centre for Public Policy (WCPP) was commissioned by the Welsh Government to conduct a review of international poverty and social exclusion strategies, programmes and interventions. As part of this work, the Centre for Analysis of Social Exclusion (CASE) at the LSE was commissioned to conduct a review of the international evidence on promising policies and programmes designed to reduce poverty and social exclusion across twelve key policy areas. This briefing summarises the findings on take-up of cash transfers.

Introduction

Interventions designed to increase take-up of cash transfers (i.e. benefit payments) can maximise available support and tackle both individual barriers to take-up (e.g. stigma, knowledge, perceived costs) and administrative/scheme-related factors (e.g. complexity, level of support).

Greater understanding of current take-up levels in Wales and the development of robust evaluation strategies are essential.

'Passporting' of benefits (e.g. through streamlined or automated cross-enrolment) can increase take-up and could be applied to some devolved benefits.

Such solutions can operate in conjunction with localised interventions which are better suited to build local knowledge, adopt suitable pro-active outreach activities, and can provide effective support to particularly vulnerable households.

Evidence of policy effectiveness

The importance of adequate social security and minimum income protection in relation to poverty reduction has long been established and evidenced across multiple country contexts. Changes in benefit levels and in coverage are key drivers of changes in poverty, in terms of headcount and poverty gap, while there is evidence that the decline in generosity of the income support element of social security has contributed to stagnating (or even increasing) poverty rates in Europe, despite growth of average incomes and of employment.

Automation is effective at improving take-up and can decrease fragmentation, ensuring that best practices are shared.

There is good evidence that take-up has an impact on poverty. Incomplete take-up affects the anti-poverty performance of European benefit systems, reducing the extent to which benefits reduce poverty. In comparison to a 'full-take-up' scenario, imperfect take-up increases the poverty rate in the UK by 4% with respect to a poverty line at 60% of median household income. Imperfect take-up has an even greater impact for people at the bottom of the income distribution. Increasing take-up can thus make a difference, especially for the poorest.

The evidence on passporting and automation, and local, integrated approaches to improving take-up was reviewed.

Passporting and automation

Improving the administration of social security can increase take-up, as non-take-up is less likely to occur when benefit receipt is initiated automatically; for instance, when entitlement is based on administrative data. Auto-enrolment (that is, matching administrative data and using it to identify eligible people and automatically enrol them) overcomes important barriers to take-up such as inertia, lack of awareness and knowledge and, potentially, stigma. Moreover, by focusing on the administration of benefits, non-take-up is framed as a failure of administrators rather than claimants. Beyond relieving claimants from a burden and easing the process, the policy signals an 'endorsement' by the authorities which can reduce stigma.

In the US, there are ongoing efforts to explore linkages between social security programmes and the potential for automatic or streamlined cross-enrolment opportunities. The Supplemental Security Income (SSI) is a means-tested benefit paid to two groups of people with limited income or financial resources: blind or disabled people (including children), or those aged 65 and over. Varying by state, SSI recipients can also receive medical assistance (Medicaid) and their application for SSI can serve as an application for food assistance e.g. the Supplemental Nutrition Assistance Program (SNAP).

Evaluation of SSI/SNAP Combined Application Projects (CAP) showed that enrolling SSI recipients automatically into SNAP increased SNAP participation. In the period between 2000-2008 CAP states saw an average relative increase in SNAP participation of 48%.

Potential for auto-enrolment can be evaluated in relation to nationally administered benefits such as Pension Credit, as well as benefits administered at the local level. It could be

considered as a strategy to facilitate Council Tax Reduction take-up.

Streamlined cross-enrolment practices have been trialled in Scotland, where families entitled to some devolved grants are identified from their Housing Benefit and Council Tax Reduction records and sent pre-completed forms to be signed to release the payment or even paid automatically with no signature necessary.

Making automation part of a central take-up strategy would decrease fragmentation and ensure best practices are shared. In general, automation can be explored as a means to deliver a system of 'passporting' benefits which would make it easier and quicker to apply for social security support in Wales.

Local initiatives can integrate a range of interventions, from the provision of information to advice and assistance in claiming.

Local, integrated approaches

Local, integrated approaches include a range of elements that can address individual drivers of non-take-up. They can involve the provision of information about the benefits as well as advice and support with the application process. They rely on partnerships with key actors in civil society – this facilitates outreach through informal networks but can also leverage on trusted relationships, affecting attitudes and norms related to stigma.

Many studies have explored the role of information in relation to take-up. What they find is that its impact on participation is mediated by the characteristics of the target population, type of benefit and type of information.

Clear messaging can increase take-up even for people who have not responded in the past. However, these effects remain short-term

(meaning that repeated notices and engagement may be necessary to increase take-up each year). Simpler information can boost claiming and better information about potential benefits further increases this figure.

Receiving reminders and information improves enrolment and combining these measures with assistance with the claiming process increases take-up even more. However, those who apply and enrol as a result of such interventions are generally less disadvantaged. This suggests that different take-up interventions may be better suited to reach different populations and policy makers should be mindful of the effect of these interventions on targeting.

The incentives associated with a certain benefit also play a key role: diminishing returns of advertising campaigns in relation to Pension Credit suggest that there is a dynamic relationship between the means of communication, types of benefit and the characteristics of the target population.

Providing personal assistance with the claiming process produces generally positive impacts on take-up. These services are more expensive than the simple provision of information, but their costs should be assessed in relation to the significant 'multiplier effect' that increased take-up has on the local economy.

Lack of assistance can significantly lower take-up, especially for certain groups. The closure of Social Security Administration field offices in the US, which provided assistance with filing applications for disability-related benefits, was shown to lead to a significant decline in the number of disability benefit recipients in surrounding areas. This was explained by the fact that 1) potential applicants faced greater costs because they must travel farther for in-person assistance and 2) still-open offices became congested.

Closures also reduced targeting efficiency and discouraged more vulnerable and disadvantaged applicants, who face greater barriers in accessing alternatives to the closed field offices. In fact, people with lower

socioeconomic status and educational levels were also less likely to use online alternatives. The discouragement effects were found to persist for at least two years after an assistance office closed. A less efficient administration and negative experiences with the process both undermine engagement.

There is convincing evidence of the importance of proactive approaches to building partnerships and engaging social networks. Social networks can play an important role in:

- Identifying and involving recipients who may otherwise find it difficult to reach services;
- Communicating information;
- Providing advice and support with application procedures; and
- Increasing trust in the assessment process.

These partnerships can engage communities through a diverse, layered approach, employing a range of communication channels, culturally appropriate messengers and local, familiar, trusted, less stigmatised and more accessible settings.

In summary, local initiatives that integrate a range of interventions (the provision of information, assistance with the claiming process and partnership building) result in approaches that can, by engaging key target groups, and relying on peer support, weaken norms against take-up and thus increase the propensity to claim. These approaches help to identify and reach potential claimants, decrease the costs of acquiring information about entitlements and the claiming process for claimants, while also attempting to make the claiming process appropriate and positive.

Promising actions

The review concludes with promising actions to consider in the Welsh context as emerging from the analysis of the international literature:

1. Automation is effective at improving take-up and can decrease fragmentation, ensuring that best practices are shared. Facilitating

the process of claiming can address important barriers to take-up, such as inertia, lack of awareness and knowledge and, potentially, stigma. Priorities should include:

- Auditing existing data sharing arrangements and evaluating potential synergies in order to identify opportunities for automation.
 - Useful lessons can be drawn from the Scottish initiative to link a number of devolved grants to Housing Benefit or Council Tax Reduction records.
- Alternative claiming routes must be offered to fix potential administrative errors and reduce exclusion.
 - There should be an assessment of whether automated systems increase ‘simplicity’, as this cannot just be assumed. There is evidence that often administrative simplicity does not translate to simplicity for claimants. Evidence of the lived experience of claimants and administrators can offer insights.

2. Local initiatives can integrate a range of interventions, from the provision of information to advice and assistance in claiming. Partnerships with civil society actors leverage established relationships of trust, which can be crucial to reach and support the most vulnerable claimants and account for attitudes and norms related to stigma (see Case Study 2). However, these types of programmes often lack robust evaluation. Evaluation should consider:

- Which specific elements of the initiatives work;
- For whom they work (which is particularly important to identify ‘left-behind’ groups and develop adequate strategies to reach them);
- Whether the initiative has produced benefits beyond the target population;
- Outcomes (e.g. improved take-up) rather than just output indicators (e.g. increased service contacts); and
- The extent to which there is deadweight.

Find out more

For the full report see Bucelli, I., and McKnight, A. (2022). *Poverty and social exclusion: review of international evidence on take-up of cash transfers*. Cardiff: WCPP.

About the Wales Centre for Public Policy

Here at the Centre, we collaborate with leading policy experts to provide ministers, the civil service and Welsh public services with high quality evidence and independent advice that helps them to improve policy decisions and outcomes.

Funded by the Economic and Social Research Council and Welsh Government, the Centre is

based at Cardiff University and a member of the UK’s What Works Network.

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