Policy in Practice

karbon homes

NORTH EAST CHILD POVERTY COMMISSION

Unclaimed Benefits in the North East of England

Policy in Practice finds that the total amount of unclaimed income-related benefits and social tariffs in the North East of England is £1.33 billion a year.

Authors: Kate Collins, Miles Hession, Jack Rowlands, Rachael Walker,



Executive summary

Policy in Practice estimates the amount of unclaimed income-related benefits and social tariffs in Great Britain for 2024 is £24 billion a year.[1] Regionally, the spread of eligibility, accessibility, and need, varies, with the North East of England having an estimated £1.33 billion in unclaimed benefits annually across more than 752,000 households.

For every person in the North East, we find £501 per person per year is unclaimed in benefits. This is 40% higher than the £358 unclaimed per person nationally. In line with national findings, unclaimed Universal Credit is the highest fiscal loss to the North East with a potential £690 million unclaimed every year by nearly 70,000 working age people. Pensioners also appear to be significantly worse off as a result of unclaimed benefits, missing out on £357 million a year in Pension Credit, Attendance Allowance, Housing Benefit and passported free TV licences.



Maximising income through the take-up of benefits is essential to support households during the cost of living crisis, to improve health, and to boost local economies. Designing and deploying an effective safety net to support struggling families demands an accurate understanding of the level of unclaimed benefits and the groups not claiming.

This report makes recommendations for regional and local government in the North East, principally to engage with data analytics to proactively identify and reach vulnerable residents we know are not claiming their full benefits entitlements. We also recommend a regional approach to localised benefits schemes, providing regional equity, reducing complexity, and supporting much-needed administrative savings for local government.

Funded by Karbon Homes, and commissioned by the North East Child Poverty Commission, this report examines the effectiveness of the national and local social security system, its reach, and crucially the gaps created by underclaimed benefits across the North East region.

[1] This figure is based on £19 billion in unclaimed benefits, plus £5.2 billion in unclaimed Attendance Allowance

Unclaimed support in the North East

The lack of official and up to date data means many estimates tend to rely on experimental methodologies and figures that are sometimes years old. The methodology employed for estimates in this report is calculated from claim and award data where feasible.

Based on official figures, we estimate around £4.3 billion a year is paid to low income households in the North East through combinations of national and local welfare support, providing financial assistance to children, working age adults, and people of pension age.

That the North East trails behind other areas of the UK financially is not news: average household income, household wealth, and levels of educational attainment are all lower than UK averages in the North East, as are employment rates, pension scheme participation, and home ownership. Regional disparities are felt keenly in the North East.

For every person in the North East, we estimate that £501 worth of benefits goes unclaimed each year, a figure we find to be 40% higher than the national per capita figure of £358 per person per year.

Our estimates for unclaimed benefits are conservative, and where some methodologies are novel, we have sought lowest levels of reasonable take up where possible. Despite this, we find £1.33 billion in unclaimed benefits accounts for around 24% of the total annual welfare spending in the region. Increasing the income for low income households by a quarter has real potential to drive socioeconomic change, improve population health outcomes, and reduce the burden on public services.

Why are benefits going unclaimed?

Benefits go unclaimed due to administrative complexity, a lack of awareness, and increasing fragmentation of support.

- **Administrative complexity:** The sheer complexity of multiple application mechanisms, administering organisations, eligibility criteria and conditionality creates a barrier for many people who are trying to navigate the system and access support.
- **A lack of awareness:** Many claimants are simply unaware that they can claim support given their circumstances or income.
- **Increasing fragmentation of support:** Inadequacy of means-tested benefits is driving a growing plethora of discretionary and other support schemes. This creates postcode lotteries for available support, and unequal conditions to access it.
- **Stigma:** Negative perceptions around claiming benefits may discourage eligible people from engaging in the benefit system

These barriers to social support exist nationally, and somewhat globally, and are well studied and extensively described. When explored through the lens of a regional identity and regional cultural responses to welfare support, we know additional barriers exist in the North East:

- **Reluctance to engage with the state and local agencies:** regional experiences of national back to work programmes vary with evidence in the North East to suggest the lack of available, suitable employment opportunities can drive fears of penalties or sanctions[2].
- **Higher rates of self-reported disability:** 21.4% of residents in the North East state that they have a disability, compared to 17.5% of people in England and Wales.[3] Recent research finds around a third of people living with disabilities are not claiming benefits they could be entitled to, with these rates increasing in more deprived areas.[4] This combination of factors is evidenced in the North East and likely a regional barrier to welfare support.
- **Higher rates of digital exclusion:** one in three people in the North East experience some level of digital exclusion and the region has the joint lowest digital literacy in adults at 28%.[5] Online-first access to benefits, as well as online-first information about benefits, such as Universal Credit's online journal management and digital application process presents a barrier to people with low levels of digital literacy and increasingly the cost of access to online services such as mobile phone contracts and broadband tariffs provides a financial barrier. We find more than £36 million a year in Broadband social tariffs are unclaimed in the North East, driving lower digital literacy development.



[2] Newcastle University eTheses: Social (in) security : exploring welfare reform, poverty and health in North East England

[3] North East facts and figures - E12000001 - ONS

[4] Institute for Fiscal Studies. Living standards of working-age disability benefits recipients in the UK | Institute for Fiscal Studies

[5] Office for National Statistics (ONS) Exploring the UK's Digital Divide.

Recommendations for policymakers in the North East

1. **Address benefit take up at the Combined Authority level:** benefit take up campaigns are typically localised to borough or town level, or national; neither of which address the needs, demographics, or identity of a regional population. The Combined Authorities in the North East should consider a regional approach to addressing unclaimed benefits building on successes of regional campaigns in London where more than £110 million in lifetime benefits have been awarded through one Greater London Authority Pension Credit campaign.
2. **Reduce complexity and increase awareness of local and discretionary benefits:** while the majority of the welfare system is based on national policy, localised benefits such as Council Tax Reduction, Local Welfare Assistance, and discretionary grants such as the Household Support Fund are controlled at the local authority level. These local schemes vary in eligibility, access, and generosity, producing a patchwork or postcode lottery of support which is confusing and potentially inequitable for some residents. Furthermore, local authorities could combine both policy and administration of local welfare schemes, strengthen regional identity, use data proactively to support more residents, and provide consistent and equitable support across the region.
3. **Target support through proactive use of administrative data:** Data analytics can be used to proactively identify residents in need, and contact them on the benefits they are missing out on. Local and regional authorities can use the Low Income Family Tracker analytics platform to launch benefits take-up campaigns which can be coordinated at the regional level.
4. **Tackle social tariffs at the regional level:** Northumbrian Water provides a great example of proactive data use to target financial support using Policy in Practice's Better off Calculator with clear higher take up levels than the national average as a result. More can be done with providers of other utilities, broadband, and mobile phone contracts. Local Authorities in the North East should consider partnering with social tariff providers to target proactive support, raise awareness, and ensure eligibility meets local needs.
5. **Automate or 'passport' locally determined support:** and, where possible, locally delivered social tariffs. Automatic enrolment for Free School Meals would maximise take up, and deliver £12.1 million to households as well as £33.5 million to schools in additional pupil premiums. Proactive use of data to automatically enrol eligible pupils is working elsewhere in the country with regional authorities such as the Greater London Authority taking a lead role in supporting local councils to do this. Using data to target Discretionary Housing Payments to households impacted by welfare reforms such as the benefit cap or spare room subsidy reduces stigma and eliminates application complexity, all policy options available at the local and regional level.

Background and context

Where you are born, live, and work matters. And region matters more for people living on low incomes, with higher socioeconomic and health disparities found in the North East than in any other English region. Rising living costs and historically low benefit levels mean that many families on low and middle incomes now struggle to meet their basic outgoings.

This research finds that over £1.3 billion of benefits intended to help these families remain unclaimed in the North East. For every person in the North East, we estimate that £501 worth of benefits goes unclaimed each year, a figure we find to be 40% higher than the national per capita figure of £358 per person per year.

Maximising household income through the take up of benefits is essential to support families and to reduce harm from homelessness, debt, or other crises. The negative impacts of austerity and increased health inequalities have disproportionately affected regions in the North of England, where life expectancy is the lowest in England.[6] Local authorities and public services in the North East have seen higher levels of funding reductions than other parts of the country with significant impacts on health, wellbeing, and local economies.[7]

Within the wider view of regional inequalities sits a largely national system of social security in the form of financial support for households both in and out of work. Nationally, we know at least £24 billion a year is unclaimed. Accurately understanding the level of unclaimed benefits at a regional level and the groups that are missing out is vital for designing policy and proactive interventions intended to support struggling households.

Estimates of unclaimed benefits have previously relied on extrapolation from historic figures and were based on take up of legacy benefits that are currently being replaced by Universal Credit.

In this research, Policy in Practice sets out a methodology that takes an evidence-based and data-led approach to understanding the amount of unclaimed benefits and other support.

This research takes account of the roll out of Universal Credit which has an impact on take up of other benefits such as Council Tax Support. It also accounts for a number of new schemes administered at a local level and a range of social tariffs in the utility sector.

It is hoped that this work gives a more accurate understanding of unclaimed levels of benefits in the North East and informs policy change that gives residents in the North East better access to support.

About Policy in Practice

Policy in Practice helps hundreds of thousands of people each year to access nationally administered benefits, local support including Council Tax Support and a range of discretionary support schemes, support offered by the Scottish, Welsh and Northern Ireland devolved administrations, and a wide range of social tariffs offered by companies in regulated industries.

We believe it should be easy for people to access support. Our Better Off Calculator and LIFT analytics platform assess eligibility for individuals against a fully comprehensive list of support schemes at the national, local and corporate level. This paper breaks down unclaimed support for the main benefits and support schemes.

---

[6] Office for National Statistics (ONS), released 26 January 2024, ONS website, statistical bulletin, Life expectancy for local areas in England, Northern Ireland and Wales: between 2001 to 2003 and 2020 to 2022.

[7] Health Equity in England: The Marmot Review 10 Years On

Unclaimed support in the North East

Calculating benefit take up rates is notoriously difficult. The lack of official and recent data means estimates tend to rely on experimental methodologies and figures that are sometimes years old. Existing estimates are commonly created using previously published figures which are adjusted based on inflation and any new information on take up.

The methodology used for estimates provided in this analysis is calculated from claim and award data where feasible. The calculations break benefits down into constituent parts to provide more detailed take up estimates.

Based on our widely published 2023 report which found £18.7 billion a year in unclaimed benefits, and our report with Money Saving Expert which found an additional £5.2 billion a year in unclaimed Attendance Allowance, we have adapted our methodology for the North East, and combined it with analysis of population level data for the region using the Family Resources Survey and 2021 Census to understand the view from the North East.



Table 1: Unclaimed benefits in the North East by households and annual value

Benefit	Eligible households not claiming	Estimated unclaimed
DWP/HMRC benefits		
Universal Credit	69,384	£691 million
Attendance Allowance	34,362	£161 million
Carers Allowance	25,648	£102 million
Pension Credit	32,139	£110 million
Child Benefit	18,391	£38 million
Housing Benefit (pension age)	16,413	£81 million
Locally administered benefits		
Council Tax Support	61,088	£61 million
Free School Meals	26,306	£12 million
Healthy Start	5,244	£2 million
Social tariffs and energy support		
Water social tariffs	94,199	£18 million
Broadband social tariffs	291,916	£36 million
Warm Home Discount	43,410	£7 million
Free TV licences	33,952	£6 million
Total	**752,452**	**£1,325 billion**

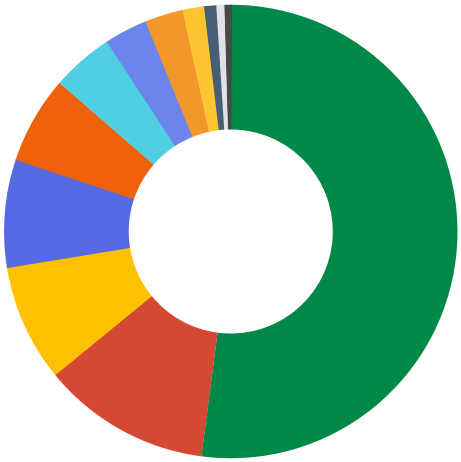
The total amount of unclaimed support in the North East is likely to be considerably higher than the amount shown in the table above because it excludes a number of other discretionary support schemes and disability benefits.

For example, local authorities in the North East distributed Discretionary Housing Payments (DHPs) worth £5.7 million in the year to March 2023, while the total Household Support Fund (HSF) allocated to the North East since its introduction in October 2021 stands at more than £121 million to March 2024.[8] The government has also pledged to spend £12.6 billion on energy efficiency support nationally by 2028.[9] Many people are unaware that this support is available, yet they cannot technically be classed as unclaimed because they are awarded on a discretionary basis. We also do not include estimates for the value of unclaimed working age disability benefits as we believe it is not currently possible to devise a method to obtain a defensible estimate. This is because no data is available on the severity of disabilities that would lead to benefit eligibility. However, if only 10% of Personal Independence Payments was unclaimed this would total £134 million a year.

[8] DWP, Use of Discretionary Housing Payments: financial year 2022 to 2023 - GOV.UK; DWP, Families in need encouraged to check for local cost-of-living support as 26 million awards already made - GOV.UK.

[9] Department for Energy Security and Net Zero and HM Treasury, Families, business and industry to get energy efficiency support - GOV.UK

£1.3 billion unclaimed value in the North East by benefit



- 52.1% UNIVERSAL CREDIT
- 12.1% ATTENDANCE ALLOWANCE
- 8.3% PENSION CREDIT
- 7.7% CARERS ALLOWANCE
- 6.1% HOUSING BENEFIT (PENSIONERS)
- 4.6% CTS
- 2.8% CHILD BENEFIT
- 6 % OTHERS
  - % Broadband
  - % Water
  - % Free school meals
  - % Warm Homes
  - % TV Licence
  - % Healthy Start

Breaking down unclaimed benefits by Combined Authority

The picture of benefit eligibility and take-up levels is not static across the different combined authority areas in the North East region. The table below provides a fuller breakdown of the estimated distribution of non-claiming eligible households and of total unclaimed benefits across the Tees Valley Combined Authority and the future North East Combined Mayoral Authority.



Table 2: Unclaimed benefits by North East Combined Authority area.

Benefit	Tees Valley		North East Mayoral Combined Authority	
	Eligible households not claiming	Estimated unclaimed	Eligible households not claiming	Estimated unclaimed
DWP/HMRC benefits				
Universal Credit	17,751	£177 million	51,633	£514 million
Attendance Allowance	8,791	£41 million	25,571	£120 million
Carers Allowance	6,562	£26 million	19,086	£76 million
Pension Credit	8,222	£28 million	23,917	£82 million
Child Benefit	4,705	£10 million	13,686	£28 million
Housing Benefit (pension age)	4,199	£21 million	12,214	£60 million
Locally administered benefits				
Council Tax Support	15,629	£16 million	45,459	£46 million
Free School Meals	6,730	£3 million	19,576	£9 million
Healthy Start	1,342	£0.5 million	3,902	£1 million
Social tariffs and energy support				
Water social tariffs	24,100	£5 million	70,099	£14 million
Broadband social tariffs	74,683	£9 million	217,233	£27 million
Warm Home Discount	11,106	£2 million	32,304	£5 million
Free TV licences	8,686	£1 million	25,266	£4 million
Total	**192,505**	**£339 million**	**559,947**	**£986 million**

The total value of unclaimed benefits across the area of the Tees Valley Combined Authority stands at £339 million, with an estimated 192,500 eligible households not currently claiming. For the future North East Mayoral Combined Authority area, there are almost 560,000 households eligible for benefits that they are not currently claiming, with a total value of £986 million in unclaimed benefits.

Department for Work and Pensions / HM Revenue and Customs benefits

National benefits administered by the Department for Work and Pensions (DWP) and HM Revenue and Customs (HMRC) make up the lion's share of unclaimed support.

The DWP has an ongoing, high profile take up campaign for Pension Credit and has published take up figures for Pension Credit and pension age Housing Benefit. A similar level of effort to increase take up of Universal Credit would help to boost awareness for nearly 70,000 working-age households in the North East who are unaware of their potential eligibility.

Locally administered benefits

Nationally, take up is even lower for locally administered benefits than national benefits. More people are eligible to claim Universal Credit than Council Tax Support, as non-dependent adults living “at home” do not have a Council Tax liability. This means that although fewer households in the North East are eligible for Council Tax Support the number of households not claiming remains high because the take up rate for Council Tax Support is only 62%, in line with national trends. However the North East does outperform some take up estimates: the take up rate for Healthy Start is 63% nationally, but 80% in the North East. Similarly water social tariffs are unclaimed at a much lower rate nationally than in the North East where take up appears to be around 47% outstripping national take up rates of 17%.

Discretionary support schemes such as Local Welfare Assistance (LWA), Discretionary Housing Payments, the Household Support Fund, Section 13a Council Tax support and the Hardship Fund, while not technically unclaimed, are not widely known. This leads to fewer applications and potential for money not to reach those that need it most.

Social tariffs and energy support

Social tariffs and support for energy costs are widely underclaimed yet they are increasingly important because of rising bills.

Energy bills are falling from their post pandemic peak but are still 50% higher than they were in 2021. Certainty around energy bills is currently available until March 2024 currently, but repeated rounds of national conversation and uncertainty result each time the price cap is moved.

Water companies expect to see water bills increase substantially to support necessary investment in infrastructure, and funding for social tariffs will also increase. Northumbrian Water’s use of Policy in Practice’s Better Off Calculator has been used to maximise awareness and increase access to their Watersure scheme and the region benefits from a much higher rate of water social tariff take up at 47% compared to 17% nationally.

The picture for broadband tariffs is more in line with national findings and continues to be the most heavily underclaimed benefits with 19 out of 20 eligible households missing out. Many social tariffs involve some form of passporting via the receipt of means tested benefits, so the issue of non take up of means tested benefits is often compounded.

How does the North East compare nationally?



This report builds on existing research by Policy in Practice on unclaimed benefits in Great Britain, which found that £19 billion of support goes unclaimed each year and our report on £5.2 billion a year in unclaimed Attendance Allowance. We estimate that unclaimed benefits in the North East make up around 5.7% of this figure, despite the population of the North East sitting at 3.9% of the UK population.

Distributed evenly as a per capita figure, unclaimed benefits in the North East is £510 per person per year. Nationally, unclaimed benefits per capita stands at £358 per year per person. Unclaimed benefits in the North East per capita are around 42% higher than the value of national per capita figures, exacerbating regional disparities. These findings provide a clear directive for policymakers looking to reverse this trend.

Demographics

Demographically, the North East differs from the national picture in a number of ways.[10] It is notably whiter than the rest of England and Wales, with 93% of total residents compared to 81.7% of England and Wales identifying as white or white British. The North East also has a much higher proportion of residents born within the UK. Its total working age population (aged 16-64 for official statistics, at odds with state pension age for benefits at 66 in 2024) stands at just over 1.6 million, out of a total of 37.5 million across England and Wales. North East residents are also much more likely to be born in the UK than their counterparts in other regions, with 93.2% of people in the North East being UK born compared to 83.2% across England and Wales as a whole.

The North East's demographics indicate factors that may affect the level of unclaimed benefits in the region. For example, according to data from the 2021 census, the population of the North East region is slightly older than the average across England and Wales, with 20.4% of residents in the North East aged 65 and over, compared to 18.4% in England and Wales. More people over the state pension age means a higher number of claims not being made in the region for crucial financial support such as Pension Credit, Attendance Allowance, and passported support such as Council Tax Support and social tariffs.

Compared to the entire population of England and Wales, people in the North East are more likely to self-report as having a disability, or as being in bad or very bad health. 21.4% of residents of the North East state that they have a disability, compared to 17.5% across England and Wales. 7% of people in the North East describe their health as bad or very bad, higher than the average of 5.2% amongst the total English and Welsh population. Like age, higher levels of disability have a direct impact on the levels of unclaimed support for benefits such as Personal Independence Payments, Attendance Allowance, or Severe Disability Premiums as people with a disability face multiple barriers to claiming.

The North East also has a higher proportion of individuals providing unpaid care, with 5.7% of residents providing 20+ hours of unpaid care a week, compared to the average of 4.5% across England and Wales. Higher levels of unpaid care will mean more Carer's Allowance is likely to be unclaimed.



[10] Unless otherwise cited, all statistics in this section drawn from Census 2021 North East facts and figures - E12000001 - ONS

Economic and labour indicators

In 2021, the latest year for which regional figures are available, the North East had an estimated GDP of £65 billion, representing 2.85% of the total UK GDP of £2,227 billion. GDP output per head for 2021 stood at £24,575 per head for the North East, the lowest of all regions in the UK and almost £10,000 less than the UK average of £33,967 per head for the same year.[11] Between 2010 and 2021, the North East's GDP grew by an average of 0.9% a year, below the UK average of 1.2%.[12] One of the two UK regions most economically affected by the pandemic (along with Scotland), the North East ended 2021 with a GDP 5.2% below pre-pandemic levels.[13] The region's GDP has begun to recover, however, showing positive quarter-on-quarter growth across 2022 when many other English regions did not. [14]

Compared to the overall picture across the UK, the census results show that the North East has a lower proportion of residents in employment, and a higher proportion of economically inactive residents.[15] The 52.2% of North-East residents who are employed are more likely to be in low-paid and low-skilled jobs than many of their counterparts in other UK regions. As of April 2023, full-time workers in the North East had the lowest median weekly earnings of all UK regions, at £614 a week.[16] 14% of those working in the North East in 2022 were in low-paid jobs, earning less than two-thirds of average UK hourly pay.[17] A higher proportion of employees in the North East can be found in lower-skilled jobs compared to the rest of the UK, with 18.9% of workers in the North East involved in occupations classified as being of elementary skill level, compared to 15.1% across the UK as a whole.[18]



[11] House of Commons Library Regional and National Economic Indicators - House of Commons Library

[12] Office for National Statistics (ONS), released 25 April 2023, ONS website, statistical bulletin, Regional economic activity by gross domestic product, UK: 1998 to 2021

[13] Ibid.

[14] Office for National Statistics (ONS), released 18 May 2023, ONS website, statistical bulletin, GDP, UK regions and countries: July to September 2022

[15] Nomis, Labour Market Profile - North East); ONS Census 2021, 'Custom Area Profile - North East' Build a custom area profile - Census 2021, ONS

[16] House of Commons Library, Average earnings by age and region - House of Commons Library

[17] Office for National Statistics (ONS), released 26 October 2022, ONS website, statistical bulletin, Low and high pay in the UK: 2022; ONS, released 1 November 2023, ONS website, dataset, Jobs paid below minimum wage by category

[18] Nomis, Labour Market Profile - North East

Debt, wealth, and housing

The North East performs worse than any other UK regions in terms of levels of personal debt and financial resilience.[19] Adults in the North East are more likely to be in financial difficulty and to have low financial resilience than those living elsewhere in the UK. In January 2023, 43% of those in the North East reported not being able to cope financially, or finding it very difficult or quite difficult to do so, the highest proportion of any region in England.[20] The North East has been the region with the highest insolvency rate every year since 2008; in 2022, the rate stood at 32.4 per 10,000 adults, with every other region having a rate of under 30 per 10,000.[21]

As might be expected from the above, the North East is one of few regions in the UK where median household wealth is now lower than 2006 after inflation is accounted for, with a fall of 17% between 2006 and 2020. Median household wealth in the North East is the lowest of all UK regions, at £168,500; this is just one-third of average household wealth in the South East. Regional disparity in household and individual wealth has increased over time, and the North East is calculated to have the second most unequal distribution of wealth after London.[22]

One of the main factors contributing to low levels of wealth in the North East is the relatively low level of home ownership. The 2021 Census found the North East to be the region with the second-lowest home ownership (outright or shared) across England and Wales, at 60.7%.[23] Conversely, the region had a higher-than-average proportion of households in the socially rented sector, at 22% compared to 17% across England and Wales, as well as a lower-than-average proportion renting privately.[24]

Properties in the North East tend to do better in terms of energy efficiency and EPC ratings than those in other parts of England and Wales: 43.3% of the region's domestic properties fell into the top three EPC bands (A-C) in 2019 compared to the national average of 40.4%, while more recent data put the median energy efficiency score of North East dwellings at second only to London.[25]



[19] Demos, 'The Double Whammy: Mapping the UK's Personal Debt'

[20] Financial Conduct Authority, 'Financial Lives 2022' (Key findings from the FCA's Financial Lives May 2022 survey)

[21] The Insolvency Service, Commentary - Individual insolvencies by Location, Age and Gender, 2022 - GOV.UK

[22] Office for National Statistics (ONS), released 7 January 2022, ONS website, statistical bulletin, Household total wealth in Great Britain: April 2018 to March 2020; Office for National Statistics (ONS), released 7 January 2022, ONS website, statistical bulletin, Distribution of individual total wealth by characteristic in Great Britain: April 2018 to March 2020.

[23] Office for National Statistics (ONS), released 5 January 2023, ONS website, statistical bulletin, Housing, England and Wales: Census 2021

[24] Office for National Statistics (ONS), released 5 January 2023, ONS website, statistical bulletin, Housing, England and Wales: Census 2021

[25] House of Commons Library, released 5 July 2022, Debate Pack, Energy efficiency of homes in the north of England; Office for National Statistics (ONS), released 1 November 2023, ONS website, article, Energy efficiency of housing in England and Wales: 2023.

Digital exclusion

The North East is one of the most digitally excluded regions in the UK, with an estimated one in three residents experiencing some level of digital exclusion. 12.1% of the region's residents were classified as internet non-users in 2019, while the proportion of the population possessing all of the fundamental digital skills was one of the lowest in the UK, at 71% compared to the UK average of 79%. Data from 2023 found the region to have the joint-highest rate of low digital capability amongst adults at 28%. The same study also found a link between lack of digital skills and financial vulnerability, with the least digitally capable adults in the UK saving five times less money than those with the highest capability, as well as being fourteen times more likely to struggle immediately after a financial shock.

[26] Institute for Public Policy Research, ADDRESSING DIGITAL EXCLUSION IN NORTH EAST ENGLAND

[27] Office for National Statistics (ONS), released 4 March 2019, ONS website, article, Exploring the UK's Digital Divide.

[28] Lloyds Bank, 2023 Consumer Digital Index

Child poverty in the North East

The North East's disproportionate rate of child poverty is long-standing and long-documented.[29] As of 2021/22, more than one in three children in the North East were classified as living in poverty after housing costs were taken into account, making the region the second highest in terms of child poverty across the whole of the UK. Children from the North East who have a disability or come from minority ethnic groups are even more likely to be in poverty, with 64% of the latter group estimated to be in poverty, the highest such rate in the country. Around seven in ten of all children in the North East who are in poverty after housing costs are in families where at least one adult is working, while nearly half of children in lone parent families in the region are in poverty after housing costs. Overall, child poverty in the North East has increased by more than 34% since 2014/15, the steepest rise seen in any region of the UK in the same period.[30]

As the NECPC has repeatedly highlighted, child poverty in the North East is intimately bound up with national benefits policy, and is often disproportionately disadvantaged by it.[31]

12% of children in the North East are living in families affected by the two-child limit, which has restricted means tested benefits support to families' first two children since 2017.[32] Across the North East, areas more strongly affected by the limit tend to also have higher rates of child poverty. Nearly 130,000 children in the North East are in households receiving reduced Universal Credit due to debt deductions, representing an additional £57.6 million a year in lost income or an average of £75 a month per family.

The most common kind of deduction in the North East is the repayment of the Universal Credit 'advance' to cover the delay in receiving the first payment, with 52% of all deductions in the North East falling under this category. The issue of Universal Credit debt deductions disproportionately affects the North East; two-thirds of all children in households receiving Universal Credit in the Middlesbrough constituency are affected by these deductions.[33]



[29] Demos, 'The Double Whammy: Mapping the UK's Personal Debt'

[30] IPPR, 2020, Child Poverty and Devolution in North East England.

[31] Written evidence from the North East Child Poverty Commission BPI0023; North East Child Poverty Commission submission Civil Society Shadow report for the UN Committee on Economic, Social and Cultural Rights (UN CESCR).

[32] End Child Poverty, 'Every Parliamentary Constituency is now blighted by the impact of the two-child limit' NECPC, 'New Data Reveals 1 in 8 North East Children Hit by "Cruel" Two-Child Limit'

[33] NECPC, 'Debt Deductions Mean 130,000 North East Children Receiving Less UC'

Why are benefits unclaimed?

Failure to claim benefits is driven by a complex interaction of factors. These include administrative barriers, a lack of awareness of support mechanisms, stigma, conditionality, increased fragmentation of support and perceived or real low value.

Administrative complexity

The social security system in the UK is made up of a complicated web of interacting benefits. The sheer complexity of multiple application mechanisms, administering organisations, eligibility criteria and conditionality creates a barrier for many people who are trying to navigate the system and access support.

Universal Credit seeks to reduce this complexity by rolling the main means tested benefits together into a single application and payment. However, a number of support schemes sit outside of Universal Credit and require a separate application and assessment. Households need support to navigate the system, as evidenced by the work that councils and third sector organisations do to drive benefit take up.

The difficulty of accessing support has been made worse by the gradual removal of embedded council support due to the ending of working age Housing Benefit, as well as recent reductions in funding for the advice that is essential to help households claim support.

Dealing with this complexity ratchets up pressure on people in poverty, exacerbating the stress that goes hand-in-hand with not having enough money. In a recent paper, Kayley Hignell, Director of Policy at Citizens Advice, highlighted how navigating the benefit system frequently overloads claimants' cognitive bandwidth, and that this can prevent them from finding work or accessing the right support. Claimants must become experts in the system's intricacies and know which hoops to jump through, all whilst dealing with financial pressure.

Whilts some aspects of the claim application are unavoidably complicated due to the nature of specific situations and the requirement to means test access, the system as a whole needs to avoid adding unnecessary pressure wherever possible.

A lack of awareness

Many claimants are simply unaware that they can claim support given their circumstances or income.

While Universal Credit brings a number of nationally administered benefits together, claimants may be unaware that there are also separate application processes for local support and social tariffs. Locally administered benefits have some of the lowest claim rates, a problem likely to have been exacerbated by Universal Credit being publicised as a 'one-stop' benefit without fully delivering on this promise.

Councils therefore have an essential role to play in maximising take up of local support schemes such as Council Tax Support (CTS) in England. They can simplify their scheme design and application processes to help residents understand and access support.

They can also address the problem of low CTS take up amongst people moving from legacy benefits to Universal Credit by amending CTS regulations so that new claims for Universal Credit can automatically be accepted as an application for CTS. Councils that do this see significantly higher CTS take up amongst Universal Credit recipients.

Increasing fragmentation of support

There is now a growing and increasingly complicated system of locally administered discretionary support schemes that are designed to fill the gaps in the mainstream benefits system. The localised and discretionary nature of these schemes creates a postcode lottery for the availability and level of support, as well as unequal conditions against which support may be given.

Help generally goes to those who already know about the schemes and can navigate often complicated application processes, rather than those most in need. Regional differences in provision are also driven by available local funding.

Councils in areas with higher poverty such as the North East often have lower council tax receipts, resulting in smaller budgets, have greater difficulty collecting local taxes, and see higher rates of household debt. This can lead to a lack of available funding for local discretionary support schemes with local authorities in pooper financial states being unable to top up national pots or explore widening localised schemes.

This discretionary support has become increasingly important to households, yet the persistent and ongoing decline in the real terms value of mainstream benefits means they are widely seen as insufficient to meet bills, driving further fragmentation.

Policy in Practice's evaluation of Local Welfare Assistance in London found that discretionary benefits, originally designed to help in an emergency, are increasingly needed to top up income from means-tested benefits for day to day essentials. North East authorities allocated £5.2 million in 2022-2023 in Discretionary Housing Payments, more than 125% of their allocation, the second highest percentage of allocation nationally behind Wales which spent 155% of its allocation.[34] More affluent regions spend less of their Discretionary Housing Budgets with some local authorities underspending their allocation, making the case for more proportional distribution of funding, highlighting the case for funding reform.

Inadequate benefit levels have led to a growing need for means tested social tariffs in the utility and regulated sectors. Much of this support is determined on a company specific basis resulting in further complexity and geographical variation.

Northumbrian Water is committed to eradicating water poverty and has set aside an unprecedented £65 million of financial support for its customers next year.

Northumbrian Water is proactive in their approach to customers in financial hardship. Making the application for social tariffs straightforward is key for people facing financial difficulties. The company uses analytics to identify financially vulnerable customers, where their Extra Care support team use Policy in Practice's Better Off Calculator to see if they are claiming all the benefits they should be.

They have signposted customers to more than £1.7 million-worth of potential unclaimed benefits this year alone, and a total of over £6 million since the scheme began in 2019. In some cases their assessment has helped customers access over £3,000 in unclaimed benefits.

Northumbrian Water

[34] DWP, Use of Discretionary Housing Payments: financial year 2022 to 2023 - GOV.UK

Stigma and other barriers to claiming

The stigma and shame attached to claiming benefits is a major factor driving non take up of benefits and support amongst people who are eligible but who choose not to engage with the benefit system at all. Research by Ben Baumberg, Kate Bell and Declan Gaffney found that one in four survey respondents gave at least one stigma-related reason for delaying or not claiming benefits they were eligible for. They suggest that this perception is driven by an increase in the prevalence of negative media coverage around benefit claiming, especially stories that focus on reciprocity and effort on the part of benefit claimants. The DWP has said that the negative perception of Universal Credit when it was introduced contributes to lower levels of take up.

The pandemic and cost of living crisis is helping to change attitudes to benefits. Many more people have had to claim support as they have faced unemployment and problems with financial resilience. It is too early to tell whether this is leading to a sustained rise in benefit take up rates, or whether rising caseload numbers are solely the result of widening eligibility within the population.

A majority of people in the UK now support increased spending on social security and four in five people disagree that claiming benefits is something people should be ashamed of. Reluctance to claim due to stigma is therefore less likely to be about what we ourselves think about other benefit claimants and more to do with perceptions of what others might think of us if we were to claim.

More widely accessible benefits such as Child Benefit or the Coronavirus Job Retention Scheme have lower levels of stigma and see higher take up as a result. In-work benefits, such as tax credits, also seem to attract less stigma as claimants cannot be accused of 'choosing' to remain on benefits rather than working.

As a benefit that covers people both in and out of work, Universal Credit should, in theory, attract less stigma than Jobseekers Allowance and other legacy benefits covering those who are out of work only, although this cannot be verified without official take up data.

A related factor behind the non-take up of benefits is the deliberate barriers in the system that act as gatekeepers to access, which journalist Sam Freedman refers to as "ordeals". Examples include arduous disability assessments and the threat of sanctions inherent in-work search conditionality.

Whilst there is political debate around whether it is ethical to base eligibility on people's behaviour, Freedman makes a crucial point about such measures: "They often don't work, usually because the policy designer has misunderstood the motivations of those in need." 'Negative' activation policies, as opposed to 'positive' measures such as employment support and skills training, imply that claimants need to be coerced to look for work.

Whilst these measures are intended to ensure people don't receive benefits they are not entitled to, they can also prevent those who are eligible from claiming.

Recent research by the Institute for Fiscal Studies highlighted the deterrent effect that work-search conditionality has on claiming benefits for unemployed single parents. Many are unwilling or unable to deal with stringent conditionality rules and the threat of sanctions, especially when periods of unemployment are anticipated to be short-term.

Similarly, Working Tax Credit recipients have been reluctant to migrate to Universal Credit due to the imposition of greater conditionality, whether actual or perceived.

Recommendations for policymakers

Throughout the UK, people need to be protected from poverty. This protection is even more important in already deprived areas such as the North East as the cumulative impact of years, or generations, of poverty appear now in statistics such as lower life expectancy and lower educational attainment. These trends of greater regional disparity could take generations to reverse and plugging the gap of unclaimed benefits is one of the many powerful tools available to support people in need.

Organisations working on the front line, especially local authorities, see the impact of inadequate levels of support. Too many households are turning to food banks as their housing support increasingly fails to cover their rent, and children's needs are not being met as support is too low.

Government at the regional and local level may lobby for changes to generosity in national benefit schemes, but in reality have very little control over these country-wide schemes, such as Universal Credit. And while the generosity of welfare support remains a major issue, this report, and the recommendations we make are built on the premise that the systems in place are available and operational, but they need to achieve greater reach.



Locally, there is much the regional government can do:

1. **Address benefit take up at the Combined Authority level:** benefit take up campaigns are typically localised to borough or town level, or national; neither of which address the needs, demographics, or identity of a regional population. The Combined Authorities in the North East should consider a regional approach to addressing unclaimed benefits building on successes of regional campaigns in London where more than £110 million in lifetime benefits have been awarded through one Greater London Authority campaign.
2. **Reduce complexity and increase awareness of local and discretionary benefits:** while the majority of the welfare system is based on national policy, localised benefits such as Council Tax Reduction, Local Welfare Assistance, and discretionary grants such as the Household Support Fund are controlled at the local authority level. These local schemes vary in eligibility, access, and generosity, producing a patchwork or postcode lottery of support which is confusing and potentially inequitable for some residents. Furthermore, local authorities could combine both policy and administration of local welfare support, strengthen regional identity, use data proactively to support more residents, and provide consistent and equitable support across the region. The regional authorities in the North East, along with North East local authorities should consider standardising and unifying their locally determined schemes.
3. **Target support through proactive use of administrative data:** Data analytics can be used to proactively identify residents in need, and contact them on the benefits they are missing out on. Local and regional authorities can use the Low Income Family Tracker analytics platform to launch benefits take-up campaigns which can be coordinated at the regional level.
4. **Tackle social tariffs at the regional level:** Northumbrian Water provides a great example of proactive data use to target financial support using Policy in Practice's Better off Calculator with clear higher take up levels than the national average as a result. More can be done with providers of other utilities, broadband, and mobile phone contracts. Local Authorities in the North East should consider partnering with social tariff providers to target proactive support, raise awareness, and ensure eligibility meets local needs.
5. **Automate or 'passport' locally determined support:** and, where possible, locally delivered social tariffs. Automatic enrolment for Free School Meals would maximise take up, and deliver £12.1 million to households as well as £33.5 million to schools in additional pupil premiums. Proactive use of data to automatically enrol eligible pupils is working elsewhere in the country with regional authorities such as the Greater London Authority taking a lead role in supporting local councils to do this. Using data to target Discretionary Housing Payments to households impacted by welfare reforms such as the benefit cap or spare room subsidy reduces stigma and eliminates application complexity, all policy options available at the local and regional level.

Recommendations for practitioners

This report identifies £1.3 billion of social security and other support that is unclaimed each year in the North East. Whilst highly significant, this figure seriously understates the problem caused by underclaiming because it cannot cover the whole range of financial support available, and goes only as far as to recognise the fiscal impact of unclaimed benefits.

Poverty is curable: the physical and mental health impacts of having an insecure or inadequate income can be lifelong. Children being raised in poverty fare worse at school, have fewer opportunities for further and higher education, and are more likely to work in lower-paid, low-skilled professions as adults.[35]

Older people living in poverty face reduced healthy life expectancy, with twice as many years of poor health as older people in more affluent areas.[36] With lower than average pension participation and higher rates of reported disability in working age people in the North East, the policy choices made now to support older people will also be the future safety net today's working age community will need.

Changing the trajectory of poverty and its role as a social determinant of health is not a quick fix, but using data to target financial assistance can be. Policy in Practice works with more than 70 local authorities to use their administrative data for good by targeting support and understanding their residents' needs.



[35] The long shadow of deprivation: differences in opportunities - GOV.UK

[36] Health and Wellbeing | The State of Ageing 2023-24

Policy in Practice understands that families in poverty are unable to meet their essential needs as a result of living on too low an income. They waste time and mental energy because government departments aren't able to talk to each other effectively. Front line practitioners, local and regional government, and advice agencies would benefit from use of proactive data management and tools to increase take up of benefits. These include the Better Off Calculator and LIFT, the Low Income Family Tracker.

- We help two million people each year to check their eligibility for support through our free benefit calculator on GOV.UK
- We help companies such as Northumbrian Water to check the eligibility of their customer base for unclaimed benefits, and integrate Better Off assessments into existing customer journeys
- Our local authority clients use our LIFT analytics platform to proactively identify residents in need, and contact them about the benefits they are missing out on

We are streamlining access to benefits by bringing different silos of support together, giving people the clarity and confidence they need to make positive decisions.

Contact us to learn more about how we help people on lower incomes to access unclaimed support.