

# Access to benefits<sup>1</sup>

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## 1 Introduction

It is unlikely that the European Union will reach its target, set in its Europe 2020 strategy, to lift at least 20 million people out of poverty and social exclusion by 2020. This can be explained in part by the recent financial and economic crisis. Social benefits can contribute to reducing poverty. Benefits can further function as an economic stabiliser in times of crisis, by guaranteeing a certain level of spending power. The European Commission's (2013a) Social Investment Package (SIP) emphasises that well-designed benefit systems, setting the right stimuli for the beneficiary to be active up to her/his potential, enable the social and economic inclusion of different groups. Well-designed benefit systems can contribute to inclusive growth, one of the main objectives of the EU, and to reducing social inequalities. Benefits can further buffer for temporary periods in people's life time where they need support, to avoid falling in poverty, social exclusion, and inability to pay for basic services. Such impacts of poverty can have longer-term consequences, which benefits can contribute to prevent.

All these potentials of social benefits are conditional on benefits reaching their target groups efficiently and effectively (European Commission, 2013b). Nevertheless, many benefits across Europe do not reach everybody who is entitled to them, and thus for example do not lift as many people out of poverty if they would if effectively reaching their target groups. So, it is important to invest more in the proper design, implementation and assessment of social

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policies, as argued in the SIP. Since 2013, the EU's Country Specific Recommendations also call for improved effectiveness and efficiency of Member States' social protection systems.

Eurofound's project on 'Access to benefits in times of crisis' aims to provide information for policy makers who try to respond to these calls. The project takes existing benefits as given. It will not discuss entitlement criteria, and magnitude of benefits, set by national, regional or local governments. While these can play a role in non-take-up which will be touched-upon in the text, these characteristics of the benefit structure are considered particularly political decisions. Rather, the study focuses gaps between on the one hand entitlement according to the set criteria and on the other hand actual take-up by people who are entitled to the benefits. Following the terminology commonly used in the literature for this phenomenon, Eurofound's project deals with 'non-take-up': people who are entitled to benefits according to set criteria, but in practice do not receive them.<sup>2</sup> It argues for policy makers not only to focus on 'over-take-up' or fraud, but also consider non-take-up by groups of people in vulnerable situations who do not have access to the benefits they are entitled to for example because they do not know about the benefit, are unaware how to apply, or suffer from stigma. Often, non-take-up and over-take-up may be caused by the same poorly designed and implemented benefit system; improving it could deal with both over-take-up and non-take-up simultaneously.

This study is limited in its scope. It focuses on monetary benefits, rather than non-take-up of in-kind benefits. Indeed non-take-up of such in-kind benefits have been shown to exist as well (Warin, 2014), including healthcare (Collet et al. 2006; Callan and Keane, 2008; Rode, 2010; Eurofound, 2014a forthcoming), debt advice (Eurofound, 2012), legal and police (Delpeuch et al. 2002) services. Non-take-up of in-kind services is highly relevant, and closely inter-related to non-take-up of monetary benefits, but not the topic of this project. Further research could look at this type of non-take-up and compare it with non-take-up of monetary benefits. In particular, this research deals with 'social monetary benefits', for people in vulnerable situations. While 'social benefit' is not strictly defined here, it would exclude benefits that are clearly not designed to support people in vulnerable situations, such as subsidies for energy-efficient cars. Examples of 'social benefits' that are included are monetary child, minimum income, unemployment, family, disability, care and housing benefits.

This working paper is the first step in Eurofound's project. After presenting a brief overview of the heterogeneity of benefit systems across the EU, it discusses this issue of non-take-up, giving an overview of challenges of measuring it, mapping evidence for non-take-up, discussing the reasons for non-take-up, and highlighting groups in vulnerable situations particularly at risk of

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<sup>2</sup> 'Non-take-up' is used in this paper as a short form of 'non-receipt of benefits one is entitled to', even if it wrongly suggests non-receipt to necessarily reflect a decision of a person not to take a benefit up (Van Oorschot, 1995).

non-take-up. It further presents measures identified in the literature review that reduce the gap between entitlement and take-up.

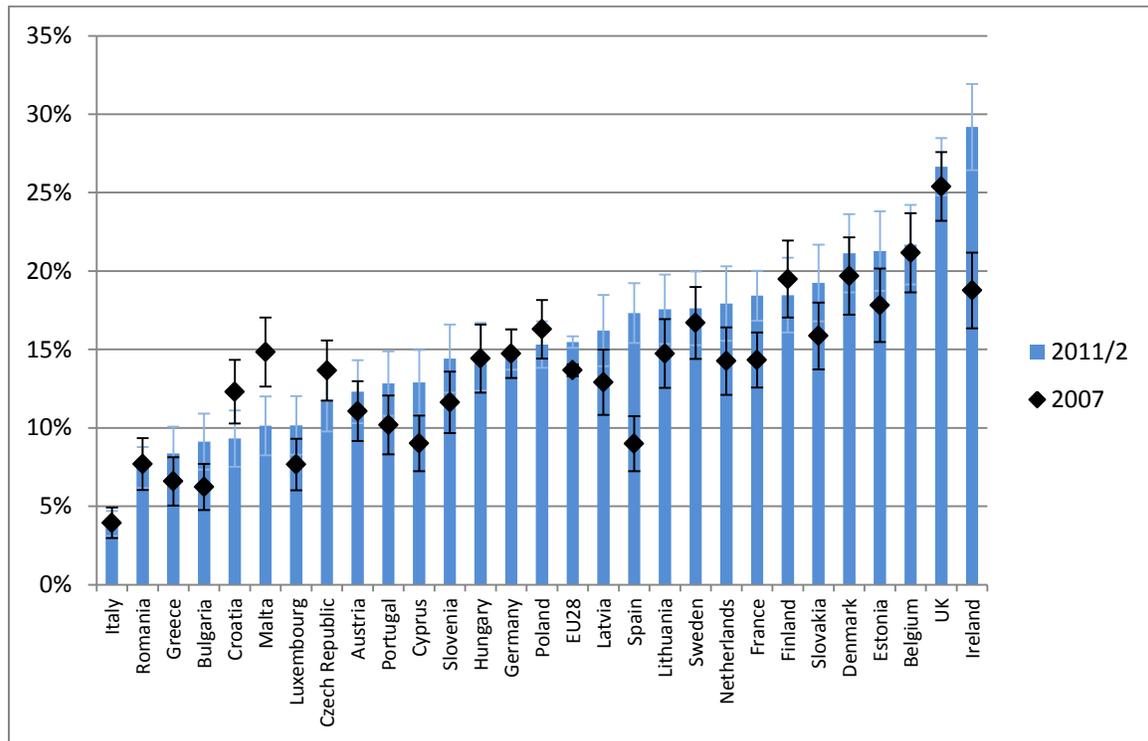
This working paper will feed into a final research report, to be published in 2015. That final research report will document the efficiency as well as the effectiveness of measures to improve take-up of benefits. It builds on case studies of non-take-up from across the EU, exploring the magnitude of the problem, its reasons and groups at risk of non-take-up. Case studies document and assess measures aimed at reducing non-take-up, and measures to simplify application procedures to avoid inefficiencies both for the claimant and the administrative agency. In order to produce a well-informed final report that contributes effectively to the policy debate with useful policy pointers, this internal, introductory working paper is considered key in providing a synthesis on background literature review on non-take-up of monetary social benefits in the EU28.

## **1.1 Benefit systems across the EU**

Benefit system structures differ largely between countries. In this section, this complexity is illustrated by comparing countries, based on data from the European Quality of Life Survey (EQLS) and EU-SILC. While the data say nothing about non-take-up, survey data is particularly interesting because they reveal what benefits people actually receive, rather than looking at laws which only indicate what people are entitled to. Here we look at survey and expenditure data; while in the next section non-take-up will be examined, drawing on research that contrast survey data with legal entitlements.

The EQLS asks respondents if their household has received 'unemployment benefit, disability benefit or any other social benefits' (excluding child benefits and pensions) during 2011/2. The survey asks the same question in each Member States and results can thus be expected to be comparable. Overall, 15% of people in the EU28 reported their households to receive such social benefits. This proportion ranges from 4% in Italy to 29% in Ireland (Figure 1).

**Figure 1** Proportion of population that reports to receive social benefits, 2007 and 2011/2



Note: Question: Q61. Have you or someone else in your household received any of the following types of income over the past 12 months? Please tick 'yes' or 'no' for each source of income. e.) Unemployment benefit, disability benefit or any other social benefits. 'Child benefit (inc. alimony)' and 'Pension' are other response categories; this is to ensure private pensions and alimony is not included, but the data in this figure thus excludes public child benefits and public pensions. 95% confidence intervals are shown.

Source: EQLS 2007 & 2011/2 microdata.

These data give an idea about degrees of variety of the role of monetary benefits (the topic of this working paper) in the various Member States. For example, the proportion of people in Ireland receiving benefits may be relatively high, because public funding of basic services may be low, with a larger role of monetary benefits as a substitute.

There is a mixed picture, and the usual welfare-state groupings do not seem to apply. For example, in some Mediterranean countries (Italy, Greece) a below-average proportion of people receives benefits, but in others (France, Spain) the proportion is above-average. Some Member States that joined the EU since 2004 show above average proportions (Slovakia, Estonia, Lithuania), while others have among the lowest proportions (Romania, Bulgaria, Croatia). This further challenges legitimacy of the usual country-group comparisons, such as between 'New Member States' and the 'EU15' and along welfare regimes (Eurofound, 2012).

These observations with regard to 'coverage' (the proportion of people receiving a social benefit), say little about the magnitude of the benefits. Looking at somewhat different benefits

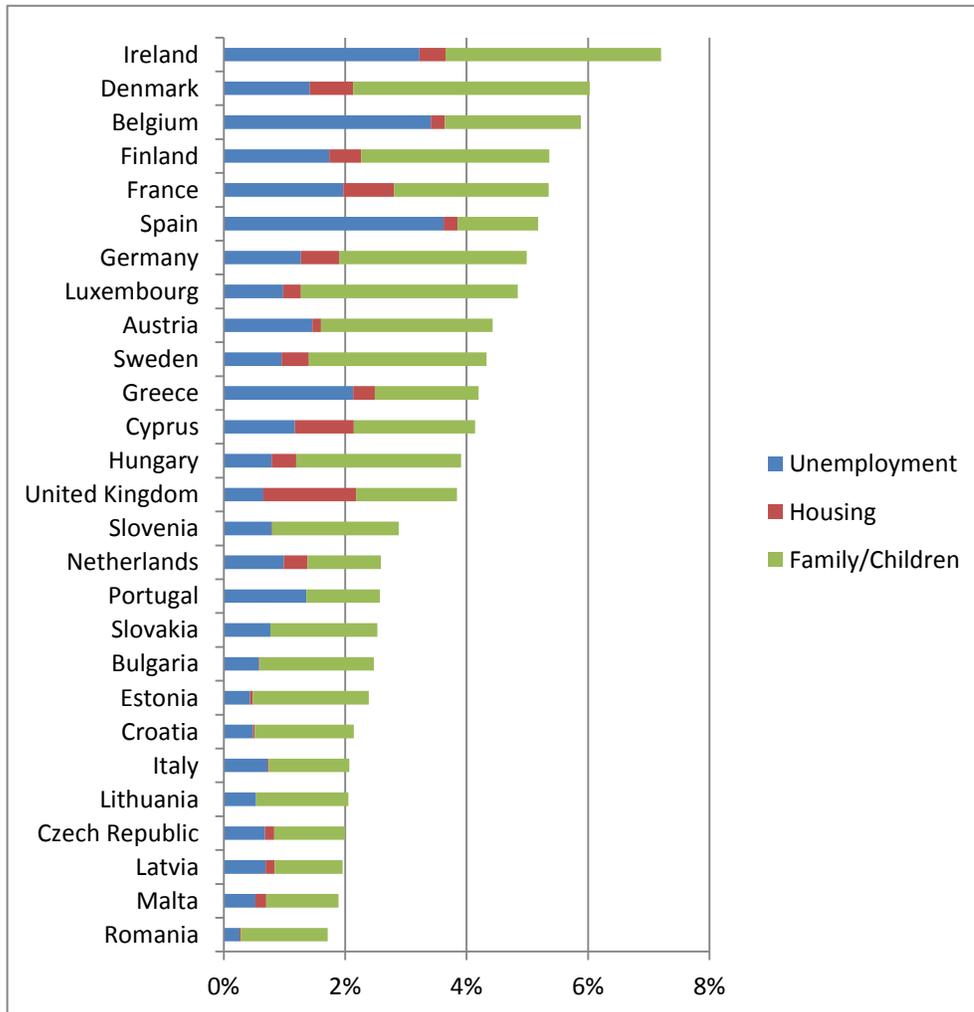
(for example including child benefits) and population groups (for example excluding people aged 65 and over, including only on people of 'working age'), and focusing on individuals rather than households, Van Oorschot (2013) uses European Union Statistics on Income and Living Conditions (EU-SILC) data to categories countries according to two dimensions: wideness of population coverage of the benefits and magnitude. Broadly three groups of countries can be distinguished:

- relatively many people receive benefits, but these benefits are low compared to the medium income in these countries (Denmark, Finland, Netherlands, Sweden, UK);
- few people receive benefits, but they are relatively high (Belgium, Cyprus, Greece, Luxembourg, Poland, Portugal, Spain);
- a group of countries that lies in-between these two extremes, in terms of the proportion of people receiving benefits and the amount their receive (Austria, Bulgaria, Croatia, Czech Republic, Estonia, France, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Slovakia, Slovenia).

International comparison of expenditure on social benefits is a challenge because of the wide range of configurations. Nevertheless, Eurostat data provide a useful impression, based on expenditure on social protection benefits (including pensions and healthcare) included in the European System of Integrated Social Protection Statistics (ESSPROS). Public expenditure on social protection benefits, after tax, ranges from 16% of GDP in Romania and Estonia to 32% in France (2011). Expenditure on means-tested benefits is highest in Ireland (8% of GDP), Netherlands, Spain and the UK (all 4%). They are lowest in Estonia, Bulgaria, Czech Republic, Slovakia, Sweden and Romania (all below 1%). It should be mentioned that spending on such benefits can be difficult to measure as not all countries have reliable information on how much is spent by local governments, in particular if their systems are fragmented.

The types of benefits differ largely across Europe. Figure 2 shows expenditure on three types of benefits. These are by no means all benefits, and countries with low expenditure on these benefits may have large expenditure for example on minimum income schemes, but the three types are monetary benefits of interest for this study. Expenditure on family or child benefits is relatively high in Denmark (3.9% of GDP), Luxembourg and Ireland (both 3.6%). Spain (3.6%), Belgium (3.4%) and Ireland (3.2%) are the countries that spend most on unemployment benefits as a proportion of GDP. Housing benefits take-up a relatively large proportion of expenditure in the UK (1.5%), Cyprus (1.0%) and France (0.8%). Besides this diversity in expenditure on unemployment, housing and family benefits, the meaning of each of these benefits (and their entitlement criteria) differ largely between Member States.

**Figure 2** Expenditure on unemployment, housing and family benefits (% of GDP, after tax, 2011)



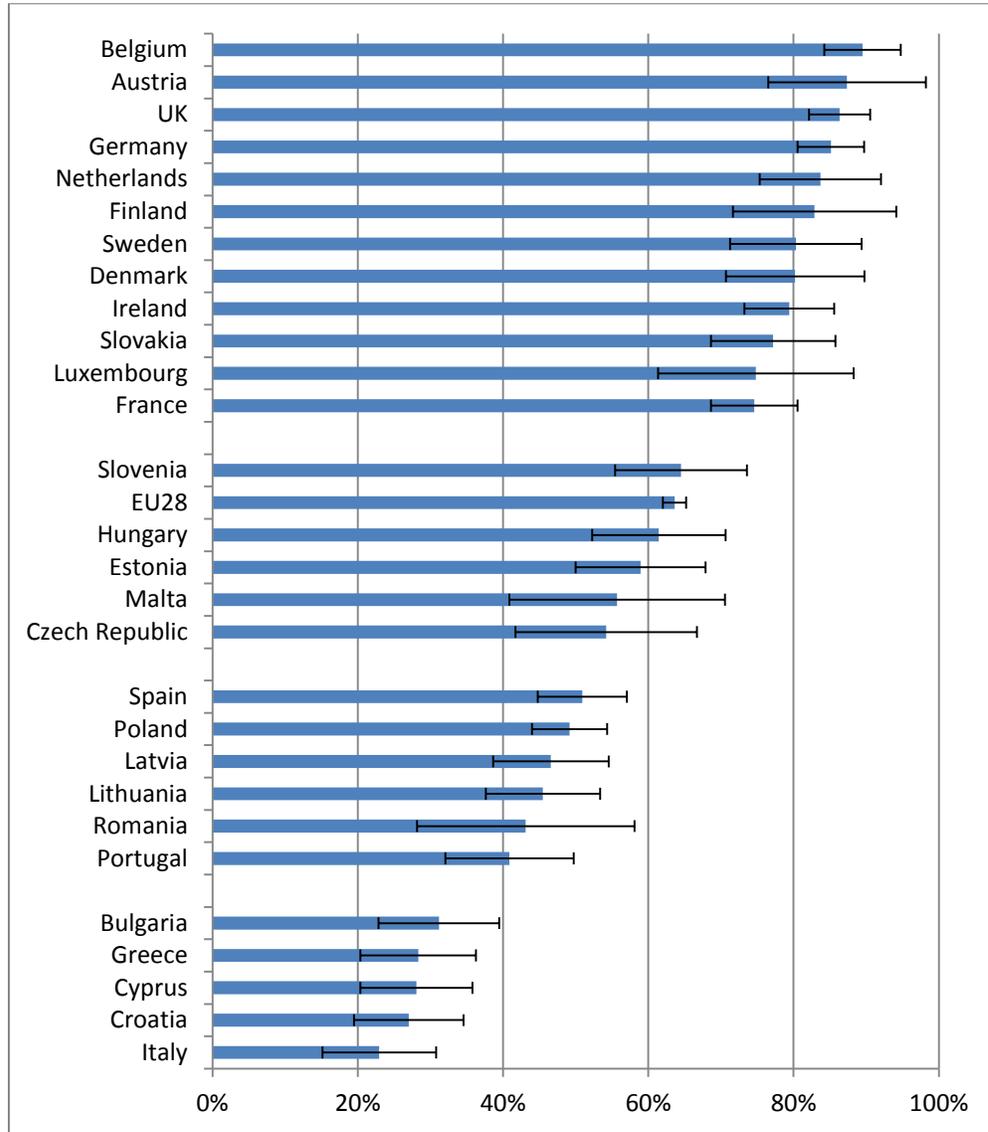
One distinguishing factor of benefits is whether they are ‘targeted’ or ‘universal’. Nevertheless, it is a challenge to precisely define these two terms. Benefits may be targeted at a specific population group, but within this group they may not be means-tested, such as public pensions in the Netherlands. They are targeted in the sense that they target people above a certain age, but universal in that they lack further entitlement criteria, besides having resided in the Netherlands long enough. Benefits can also be targeted to very specific conditions, but these may not include means-testing. An example includes prolonged unemployment benefits for older people which are relatively unlikely to find a job quickly.

While in-work poverty should not be ignored, one important group at risk of poverty and social exclusion are people who report to be unemployed or unable to work due to a long-term illness

or disability. The EQLS shows that in 2011/2 people in the EU28, 11% belongs to that economically inactive group of people, up from 8% in 2007. Almost two-third (64%, down from 65% in 2007) of this group reports their households receives an unemployment, disability or any other social benefit. However, there are large country differences, with the proportion ranging from 23% in Italy to 89% in Belgium.

As can be seen in Figure 3, there is a group of twelve Member States where more over three-quarters of people who are unemployed or unable to work, receive a social benefit. These countries with particularly large population coverage of benefits lift the EU average up, while in almost all other countries, the proportion lies below the EU average. As can be seen in Figure 1, this group of countries also has among the highest proportions of the overall population receiving these type of benefits, ranging from 18% in Sweden to 29% in Ireland, compared to an EU average of 15% (up from 14% in 2007). Exceptions are Luxembourg (10%), Austria (12%) and Germany (15%) which have high take-up only among the group who are unemployed or unable to work. On the other end of the spectrum, Estonia (21%) and Lithuania (18%) have relatively high proportions of overall receipt of benefits, but relatively low among the group of unemployed or unable to work.

**Figure 3** Proportion of social benefit recipients among people who are unemployed or unable to work, 2011/2



Note: 95% confidence intervals are shown, which are large for Romania, Malta, Austria, Luxembourg, Finland, mostly few people in the sample report to be either unemployed, or unable to work due to a long-term illness or disability.

Source: analysis of EQLS 2011/2 microdata.

Non-take-up is certainly not restricted to means-tested benefits (Currie, 2004). This study concerns non-take-up of benefits for people in vulnerable situations, regardless of their degree

of universality, and regardless of whether they are means-tested<sup>3</sup> or not. Nevertheless, in practice, most monetary social benefits have income requirements and thus much of the discussion will focus on this aspect. Benefits can be at the individual level or at the household level. Both are of interest for this research.

Overall, this section has shown that benefit structures differ largely across Member States, and that the typical, rights-based welfare distinctions do not hold. Different country groups can be identified, depending on the type of benefits, whether it is coverage, magnitude of the benefit, aggregate or expenditure, and on the data source used. It is important to keep this diversity in mind when investigating non-take-up across the EU28. Comparison of the various data sources on benefit receipt and expenditure gives a complex picture, with little information about non-take-up. To understand more about non-take-up, one will need to look at tailor-made studies, which will be presented in the next section. Nevertheless, the data presented so far make clear that:

- 1) There are some countries where most data sources indicate that people in vulnerable situations (unemployed, low-income) are particularly unlikely to receive monetary benefits (European Commission, 2013; Van Oorschot, 2014; and the EQLS data presented in Figure 3): Greece, Cyprus, Bulgaria, Romania and Italy. Given the research presented in this working paper, this can probably be explained by a combination of lack of entitlements and high non-take-up.
- 2) Dividing Europe in welfare systems based on rights does not capture the complexities of differences in the role of the various monetary benefits. Different country groups emerge, depending on the type of benefits one looks at, on effective coverage, and on the effective amounts received by beneficiaries.
- 3) Monetary benefit systems differ largely across Europe. The role of monetary benefits is clearly larger in some countries than in others. This does not equate to saying that social protection is better in these countries, as other countries may provide protection more through benefits in kind (e.g. low cost public transport, and healthcare free at the point of usage) rather than through monetary benefits.

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<sup>3</sup> The word 'means-tested' is applied loosely in this working paper, and may also refer to 'income-tested' benefits.

## 1.2 Is non-take up a problem?

In the public and policy debate, there is much attention for benefit fraud: take-up of benefits by people who are not entitled to them. The contrary situation, non-take-up by people who are entitled to benefits, receives less attention. Potential reasons are that the problem of non-take-up is seen as relatively a small group, because it is seen as not problematic assuming that people choose not to take up a benefit, and because improving take-up increases public expenditure rather than reducing it. For example, in the UK non-take-up of six income-related benefits together left between GBP7.52 to 12.31 billion unclaimed in 2009-10 (DWP, 2012). Non-take-up of benefits does not need to be an issue when only small amounts are foregone, people genuinely do not want to claim, if non-take-up is only 'frictional' (i.e. the search period between jobs), or if non-claiming only concerns a short period (Van Oorschot, 1995). Furthermore, it implies lower public expenditure if benefits are left unclaimed.

Nevertheless, non-take-up can be a problem for a number of reasons. They are listed below, before continuing with a more detailed discussion of the stabilising function of benefits, and their potential to reduce poverty.

### 1.2.1 Downsides of non-take-up

Non-take-up is problematic for various reasons. The following reasons were compiled from the literature, reflection by Eurofound, and expert input:

1. Benefits miss their purpose if they do not reach people who are entitled to them: This is particularly so if non-take-up is large. Even if not entirely rationally designed, benefits have the potential to reduce poverty, stimulate social and economic inclusion, stabilise the economy, and facilitate payment for basic services such as healthcare. For example, if an employment benefit is designed in a way that it will help people integrate in the labour market, to reach employment objectives in order to make the economy more competitive, it is a problem when people who are entitled to the benefit do not take it up, as they will thus not fall under schemes that stimulate integration.
2. Non-take-up is likely to be a symptom of a badly designed and administrated benefit system, associated not only with non-take-up but also with take-up by people who are not entitled to the benefits. So, by addressing non-take-up, (co-existing) over-take-up is usually also addressed, improving public finances and social justice. There is a clear positive correlation between perceptions of non-take-up and those of over-take-up (Van Oorschot et al. 2014). This is confirmed by more in-depth studies using various data sources: Mastsaganis et al (2010, p. 842) note *“that high rates of non-take up coexist with high rates of ‘overpayment’ suggests that the habitual disregard of administrative matters in Greek social protection is rather unwise, and has proved costly”*.
3. Increase public expenditure in the longer-run for limited costs: While non-take-up saves public funds in the short run, it may not do so in the longer-run. For example, the

inability to pay for healthcare costs may lead to escalating conditions, and failure to prevent social and economic exclusion may make long-term unemployment more likely. Part of cost of social benefit lies in the design, establishment and administration of the benefit. While this working paper suggests that many people do receive the benefits they are entitled to, it is of limited cost to the system as non-take-up 'by expenditure' tends to be lower than non-take-up 'by caseload'.

4. Complicating budgeting: while the number of people who are entitled to a benefit is usually relatively easy to estimate, it is much harder to estimate the proportion that will take-up the benefit. Reduction of eligibility criteria may also not lead to savings if take-up is increased. Expenditure for one year may not predict well the expenditure for the next year, as non-take-up may vary.
5. Address a problem which is recognised by public opinion: The majority (52%) of people in the European countries included in the 2008 European Social Survey agree with the statement "Many people with very low incomes get less benefits than they are legally entitled to" while 21% disagrees (Van Oorschot et al. 2014).
6. Prevent triggering miss-guided reforms: If expenditure on the measure is below that expected, entitlement criteria may be eased (e.g. an increased income threshold) rather than non-take-up being addressed if policy makers are unaware of non-take-up, risking benefits not to reach those in vulnerable situations.
7. Complicating forecasting of the impact: If non-take-up is not considered, prediction of the impact of reforms may be faulty. This is not only a problem for policy-design of the benefit itself, but also relates to interaction with other benefits. For example, if a comprehensive benefit aims to replace several benefits with smaller target groups, it may over-look that people currently depending on one of the smaller benefit may not take-up the more comprehensive one.
8. Creating inequalities: non-take-up implies enhanced inequalities between those who are entitled and take-up the benefit and those who are entitled and do not take-up the benefit. This may be seen as unjust. In particular, it increases inequalities within a group in a vulnerable situation. Furthermore, within those entitled, in particular the most vulnerable situations may not claim them. For example, take a housing subsidy is available for people with an income below a certain threshold. If people with incomes close to that threshold who are well-informed and well-educated claim the benefit, and people with incomes well-below the threshold and who have low education and are ill-informed do not, this will increase inequalities, and imply injustice.
9. Facilitating targeting: there has been a trend in increased targeting of benefits to those groups who are perceived to be most in need (Van Oorschot, 2002), partly in an attempt to reduce public expenditure to balance budgets during the crisis. Without assigning a value judgement on the targeting versus universalist approach as such, the effectiveness of a move towards targeting hinges partly on the issue of non-take-up.

10. Lost opportunity to increase trust in government: Trust in government is among the key indicators that declined during the recent crisis across member States. A recent Eurofound study found that trust is particularly low among people that turn to friends or family whenever they have a problem (for example urgently in need of money), rather than to the government (likely as a consequence of the decreased trust). Decreasing certain types of non-take-up may reach parts of these groups. Evidence shows that people who benefit from certain government programmes tend to score them higher in terms of quality, and it is not unlikely that with that trust in government may increase.
11. Injustice: when benefits are received by people who are not entitled to them, this creates feelings of injustice, but feelings of injustice are also triggered when people who are entitled to benefits do not receive them, in particular if the reason behind non-take-up is not that they do not want the benefit. Not only because of the inequalities this creates, but because people have legal rights which are not enforced. People have the right to these benefits, but somehow they fail to 'realise their right' (Van Oorschot, 1995).

### *1.2.2 Automatic stabilisers*

Benefits can contribute to stabilise the economy in times of crisis by mitigating for shocks in household's disposable income, and thus in consumer demand. In the EU, after a decade of growth, the contribution of labour market incomes to household incomes started to decline in the second quarter of 2008, but was compensated -to some extent- by benefits working as 'automatic stabilisers' (European Commission, 2014).

Stabilising benefits in times of crisis mainly concern those benefits whose receipt is triggered by unemployment. These are not necessarily unemployment benefits, as other benefits (housing, child, minimum income) may also depend on unemployment, or on the low income that results from it. The stabilising impact of benefits differs among countries (European Commission, 2014). It depends on the magnitude and the duration of benefits, as well as the benefit system's capacity to quickly reach those who are entitled to the benefit. For benefits which are triggered by unemployment, replacement rates (i.e. income from benefits as a ratio of lost income from work) are usually below unit, implying some loss of purchasing power for the household. Furthermore, if households expect not to find a new job anytime soon (and income to drop in the near future), expenditure is expected to be adjusted downwards, even with a unit replacement rate.

Analysis of EQLS data shows that indeed the proportion of people in the EU28 who reported their households to receive a benefit, has increased between 2007 and 2011/2 (Figure 1). This average increase at the EU28 level is in particular due to increases in two countries hit relatively hard by the crisis: Ireland (+10%-points) and Spain (+8%-points). However, in some other crisis-

hit countries there is no evidence of large increases in take-up of benefits (Croatia, Greece, Portugal, Cyprus, Hungary, Italy, Romania), which can point toward few entitlements (beyond the scope of this study), but also to large non-take-up. A telling example is that In Spring (March-May) 2010, out of 607 thousand unemployed in Greece, 249 thousand (41%) received Unemployment Insurance benefits (Matsaganis, 2014). Four years later, in Spring 2014, the number of unemployed people had doubled to over 1.3 million, but the number of Unemployment Insurance benefit recipients had declined to just over 100 thousand (8%). Overall the impacts of the crisis on benefits are complex, with on the one hand cuts to balance public budgets, and on the other hands additions to protect groups whose situation has become more vulnerable in the crisis (Eurofound, 2014). Again, the example of Greece is illustrative. Even if 'cutting' was dominant, also some protective measures have been taken (Karamessini, 2014). On the one hand, means-tested supplement to low pensions now granted to people aged 65 and over instead of 60 and over and child tax allowances and family benefits for large families were abolished. On the other hand, these child benefits were replaced by single targeted family benefit with extra amount for each child from the third onwards, and a Minimum Income Guarantee scheme in two areas of the country starting from 1 January 2014 and to be rolled out nationally by 2015.

While EQLS contains information about total household income, it does not measure the magnitude of benefits received. SILC data does take into account the received amount. Analysis of these data points to mixed evidence on how effective benefits have been as automatic stabilisers in the countries hit hardest by the crisis (European Commission, 2014). Per capita public expenditure on social protection benefits in the EU28 went up from EUR6,419 in 2008 (no data for Croatia in 2007) to EUR6,993 in 2011. Increases were largest in many of the Member States that joined since 2004 (Eurostat, 2014). This may reflect some strengthening of the basic social protection systems in early years of EU accession rather than the stabilising impact of benefit take-up triggered by the crisis. Among countries which had joined the EU already before 2004 and were struck most by the crisis, only Ireland shows a large increase in expenditure, while for Greece, Portugal and Spain the increase is lower. This may be partly related to cuts in benefits (beyond the scope of this study), but also to benefits not effectively reaching the people impacted by the crisis.

In short, benefits have played a role in stabilising EU economies during the crisis. While it is hard to compare EU-SILC data with those from EQLS as the types of benefits included differ, analysis of both datasets suggests that the potential stabilising role of social benefits, has been relied upon to limited extend, and only more so in some of the countries (in particular Ireland). It goes too far to argue that this lack of apparent effectiveness has caused the deep impact of the crisis, but it certainly has not prevented it. Non-take-up of benefits is one plausible explanation of this limited stabilising impact, as will be apparent from the literature review presented in this working paper. However, in the context of the crisis it should not be seen separate from cuts in benefit coverage and magnitude to balance public budgets in the short run.

### *1.2.3 Reducing poverty and social exclusion*

Effective benefit systems can contribute to decreasing poverty. Both larger magnitude of benefits, and higher proportions of people being covered by them, have been associated to lower rates of entry into poverty (European Commission, 2014). Loss of employment may lead to poverty, but this can be prevented if the person instantly receives a benefit that maintains income above the poverty threshold. It should be noted that in practice benefits play a role also in preventing poverty among those in work, including people in part-time work, with low-paid work, with many children, and with high living (in particular housing) cost.

If non-take-up were effectively addressed, by how much would poverty decrease? Fuchs (2009) estimated for 2003 that the poverty rate for Austria would have been reduced from 12.8% (and the Gini from 0.258) to 10.0% and 0.238 with full take-up of all means-tested benefits. Other estimates of the reduction of the poverty rate with perfect targeting are at 0.5 percentage points in the UK and France, by 0.7 in Sweden, and by 2.8 percentage points in Poland. These estimates are for a poverty line at 60% of median equivalent household income. In general the impact is more pronounced when the poverty line is set lower. (Matsaganis et al, 2008) Reducing non-take-up thus in particular alleviates the most extreme poverty.

Research also suggests that unemployment (Ferrarini et al. 2014) and minimum income (Nelson and Fritzell, 2014) benefits have mitigated adverse health effects during the financial crisis. In some countries these benefits come with health insurance and thus contribute to ensuring access to healthcare, in others benefits may just do so by contributing to the household income and thus its ability to free-up resources to access healthcare (Eurofound, 2014a forthcoming).

## **2 Mapping the gaps**

This section presents an overview of gaps identified in the literature. Before listing all identified gaps and the estimated magnitude of these gaps (Table 1), a short overview of types of non-take-up is presented, methodologies used to estimate the gaps are discussed and methodological challenges are identified.

### **2.1 Types of non-take-up**

Different types of non-take-up have been identified (Van Oorschot, 1995). In particular, non-take-up can be:

- Partial (only taking-up part of the amount one is entitled to) or full;
- temporary (delayed take-up) or permanent (from eligibility till the moment eligibility expires); it should be noted here that people may exit from take-up (Warin, 2014);
- primary (not applying) or secondary (applying, but not receiving even if entitled).

Gaps can be estimated in terms of ‘caseload’: the number of entitled people or households who do not receive the benefit as a proportion of the total number of people entitled to the benefit. In the literature identified, this is the most common approach. Nevertheless, some studies give a second estimate (Matsaganis et al. 2010; Fuchs, 2007; Callan and Keane, 2008), in terms of ‘aggregate expenditure’: total expenditure on the benefit as a proportion of what the expenditure would have been if all (and only those) people (or households) who are entitled would receive the benefit.

The project comprises all these types of non-take-up. Nevertheless, the estimates presented in this section will mostly be in terms of ‘caseload’ and concern full non-take-up.

## **2.2 Methods to identify gaps**

If it would be straightforward to identify and count the people who are entitled to a benefit, but do not receive it, the problem would be easily solved. Entitled beneficiaries could be identified and the monetary benefit transferred. Methodological challenges are thus inherent to the problem of non-take-up. Regardless, several studies have sought to quantify the size of this gap, between entitlements and take-up. How have they done so?

Survey data is the most common source of information to ‘simulate’ if people are entitled to a benefit. Answers by the respondents can be used to assess if he/she fulfils the criteria, such as earning income below a certain threshold or being unemployed. This results in an estimation of the proportion of people entitled to a benefit in a country, and can then be compared to the actual proportion of people who receive a benefit according to administrative data, for example from government registers. If the proportion of people who are entitled (according to the survey-based estimate) lies above the proportion of people who actually receive a benefit (according to the administrative data), this suggests non-take-up.

A problem is that if over-take-up is high (and thus administrative data point towards a larger take-up), this may mask non-take-up. When in the same survey questionnaire from which entitlement is simulated there is information about receipt of the benefit, this problem can be addressed, as one can directly see if a respondent who seems entitled to a benefit reports to receive that benefit.

There are examples where administrative data for individuals are available both on actual receipt and entitlement by them. In order to estimate non-take-up of the healthcare allowance in the Netherlands, Tempelman and Houkes (2012) match of different administrative datasets: tax registers with information on receipt of the healthcare allowance (and data on personal and household income, the most relevant source of income - labour, welfare benefits, pensions-, household wealth, housing status), municipal registers (data on gender, age, civil status, nationality, type of residential permit, the number of children in the household and municipality), and data on the municipality (population size, job vacancies). While the matching

exercise leaves them with missing data for about one-tenth of the Dutch (registered) population, and still estimates need to be made, it is close to an administrative source on non-take-up. Another example, where direct data on non-take-up is available, without need of matching to get the variables needed to assess entitlement is the DWP in the UK (Hernanz et al. 2004).

### 2.3 Addressing challenges in estimating gaps

Challenges of estimating non-take-up have been discussed in the literature. In response to these challenges, researchers usually provide a range of estimates, applying numerous sensitivity analyses. Challenges not only come from the fact that data about take-up and entitlement are usually not included in the same database, but also from the requirement to connect these data to a range of demographic variables in order to do meaningful analyses on the reasons behind non-take-up and to identify risk-groups.

Surveys may ask for receipt of benefits and include demographic variables, but not explicitly whether people are entitled. In any case, this question may identify non-take-up among people who think they are entitled, not among those who do not know they are entitled. So, when estimating non-take-up, entitlement needs to be estimated, or 'simulated'. Simulation of entitlement is a challenge when:

- Lack of data needed to assess entitlement for the particular household or individual, or not easily measured, whether in the survey or administrative data sources. Examples:
  - Special subsistence benefit (*Individuele bijzondere bijstand*) in the Netherlands: the individual needed to make costs for exceptional circumstances (such as the purchase of glasses or a washing machine) while not being able to cover that with wealth or (if 18-20 year old) by parents. One way around this is to rely on approximation of fulfilment of this criteria, for example by setting an income and wealth threshold, along with more conservative estimates based on the assumption that someone needs to have been at least for three years in a row on a low income in order not to be able to cover an exceptional expense (Tempelman et al. 2011).
  - Pension benefit to uninsured elderly (*Pensión de jubilación no contributiva*) in Spain: residence in the EU for the past 10 years or refugee status is required, but these data are not included in the surveys used for estimation (Matsaganis et al. 2010).
  - Minimum pension supplement (*EKAΣ*) in Greece: tax data includes detailed information about incomes (among the entitlement criteria), but only includes a dummy variable for age (65 or more, or below) which plays a role in eligibility.
  - Sometimes either net or gross income is registered, while the other is needed to assess entitlement. The country's tax model can then be applied to the data to

transfer gross into net income, or vice versa. Data on assets, often important for means-testing of social benefits, is also limited in survey data such as EU-SILC.

- Entitlement assessment criteria are at the discretion local governments (*langdurigheidstoelag* in the Netherlands, *leefloon/Revenu d'intégration* in Belgium). One solution is to start collecting data about the specific thresholds each office or municipality applies, and make estimates for the catchment area of each municipality separately. Results for a small number of municipalities (as representative as possible of the population of municipalities) could also be extrapolated to the national level.
- Entitlement is at discretion of social assistance officers, with case-based flexibility (such as the 2011 Third Party Payer System, covering out-of-pocket healthcare costs in Luxembourg, Eurofound, 2014a forthcoming). While this makes it particularly challenging to estimate non-take-up (in particular with lack of assessment guidelines at the social assistance offices), estimates could concern people who do not contact the social assistance offices, even if they fulfil the basis criteria.

When data on benefit entitlement and benefit receipt come from two different sources, it is already a challenge to ensure these data to refer to the same year (Levy, 2009). Nevertheless, it is even more of a problem to ensure the reference period of the survey or administrative data match the period relevant for the assessment of the entitlement precisely:

- Sometimes a monthly average of reported yearly income is used, while the benefit assessment criteria rather include monthly income (Horáková et al. 2013; Becker, 2012).
- Benefits may be assigned based on assessment of any specific moment in time for a fixed period. An example is the Family Income Support in Ireland. Entitlement depends, among others, on whether income lies below a certain threshold (varying with the number of children). Nevertheless, once it is assigned, it is paid for 52 weeks, regardless of changes in the beneficiary's income in this period (Callan and Keane, 2008).

Data on benefit receipt may also be unavailable or incomplete. If unavailable in the survey or database where the data on fulfilment of criteria comes from, estimates need to come from different sources, or databases need to be coupled. Both come with challenges. Nevertheless, even if data on benefit receipt is in the same survey where data on entitlement criteria come from, it may not be specific enough about the benefit of interest, respondents may misclassify benefits in particular when they are received jointly with other benefits (Matsaganis et al. 2010) or it may not include full information about the amount received, which makes it harder to identify partial non-take-up.

Certain households and individuals may also be missing entirely from the databases, on benefit take-up and on entitlement criteria. This may be due to underrepresentation of certain groups in surveys. It may also be due to the fact that many surveys (for example EU-SILC) exclude up-

front homeless and people who live in institutions such as hospitals, prisons, and care homes for elderly or disabled people. Levy (2009) estimates for example that women aged 65 or over to be underrepresented in SILC by 20%. Even in administrative data sources a specific group may not be included, such as in Greece where people with very low income are not included in tax registers, because they are exempted from submitting a tax declaration (Matsaganis et al. 2010). Missing data on groups in vulnerable situations is of particular concern for the purpose of this study.

Even if representative, survey and administrative data suffer from errors, for example in income data, a variable that is often essential to estimate eligibility for, and take-up of, a benefit (Amétépé, 2012). Survey data is particularly prone to biases. Importantly if survey data includes information about benefit receipt, there is clear evidence that people tend to underreport benefit receipt (Bargain et al. 2007; Hernanz et al. 2004), leading to over-estimations of non-take-up. Usually, comparison with administrative data of total benefit receipt in the population can serve to get a better picture about potential biases (see for example Adam and Brewer, 2005). There are different explanations, such as higher non-response among benefit recipients and insufficient weighting to correct for this, and stigma which refrains respondents from revealing to interviewees that they receive a certain benefit. Recall errors are also among the problems (Matsaganis et al. 2010).

Beside inaccuracies, there are additional complexities in comparing non-take-up over time, across countries and across benefit programmes. For example, eligibility criteria may differ over time, countries and programmes, and may be associated with different measurement problems. Legislative rules may also be miss-interpreted by researchers.

Researchers have tried to address these problems. They have applied methods such as data cleaning (Hancock and Barker, 2005; Matsaganis et al. 2010), defining non-take-up in multiple ways interpreted as upper and lower bounds (Bargain et al. 2012; Tasseva, 2012; Fuchs, 2007), allowing for modelling errors (Hernandez and Pudney, 2007; Zantomio et al. 2010), estimating bounds of non-take-up rates by allowing for underreporting, assessing the reliability of both survey data and micro-simulation results (Tasseva, 2012), and asking respondents of surveys for their social security numbers and permission to access their administrative data (Callan Keane, 2008).

## **2.4 Gaps identified in literature review**

Gaps between entitlements and take-up have been identified for several EU28 Member States in previous major literature reviews spanning the past three decades (Van Oorschot, 1995; Hernanz et al. 2004). This working paper aims to learn from these past literature reviews, and provide a comprehensive update of the situation in the EU28. It combines all gaps identified in recent international reviews used to introduce the topic when investigating a national situation

(for example Goodship and Finn, 2014) or when the key topic of interest of the publication was not non-take-up (Matsaganis et al. 2014), with Eurofound’s own literature review.

Table 1 gives an overview of gaps between entitlement and take-up since 2000. In practice, because most survey and administrative data come available after a few years for more in-depth analysis, and because analysis and publication costs time, the most recent evidence identified refers to gaps from 2010. Given the numerous methodological challenges identified above, only the most conservative estimates for each study are recorded. For example, non-take-up of the Family Income Supplement in Ireland is estimated at between 70% and 81%, of guaranteed minimum income in Belgium at between 57% and 76%, and of UK’s Family Credit and Working Families’ Tax Credit -depending on the survey used for estimation- at between 47% and 54%. Only the most conservative estimates, of respectively 70% (Ireland), 57% (Belgium) and 47% (UK) are reported.

**Table 1** Conservative estimates of gaps between entitlements and take-up identified in literature, 2004-2014

Country	Benefit	Year (latest)	Magnitude	Reference
Austria	Subsistence support ( <i>Hilfe zur Sicherung des Lebensunterhalts</i> )	2003	56%	Fuchs, 2007
Belgium	Guaranteed income ( <i>Leefloon/Revenu d’intégration</i> )	2005	57%	Bouckaert, N. & Schokakert, 2011
	Unemployment benefit for 18-24 year old with low education ( <i>Wachttuitkering</i> )	2007	13%	Van Hemel et al., 2009
Bulgaria	Heating allowance	2007	Over 60%	Tasseva, 2013
	Child allowance	2007	39%	Tasseva, 2013
	Benefit for young children	2007	Over 60%	Tasseva, 2013
	Guaranteed minimum income	2007	Over 60%	Tasseva, 2013
Czech Republic	Housing allowance	2010	70%	Jahoda and Špalková, 2012
	Material need benefit ( <i>sociální dávky hmotné nouze</i> )	2010/11	72%	Horáková et al. 2013
Finland	Social assistance for people with low incomes and high costs	2003	40%	Bargain et al. 2007
France	Minimum guaranteed income ( <i>RSA</i> )	2010	64%	Domingo & Pucci, 2014
Germany	Social assistance ( <i>Grundsicherung</i> ) for the employable (benefits for long term unemployed as well as for employed person with income below the minimum subsistence level), for persons beyond the legal retirement age (65+) and in cases of permanent earning incapacity, and for some special cases, for example for long-term disabled persons younger than 18 (disabled since birth).	2007	41%* 46%**	*Becker, 2012 **Bruckmeier and Wiemers, 2012
Greece	Minimum pension supplement ( <i>EKAΣ</i> )	2004	60%	Matsaganis et al. 2010
	Pension benefit to uninsured elderly ( <i>Συνταξη ανασφαλιστων υπερηλικων</i> )	2004	29%	Matsaganis et al. 2010

Hungary	Regular social assistance ( <i>rendszeres szociális segély</i> )	2003	43-45%	Firle and Szabo, 2007
Ireland	Family Income Supplement	2005	70%	Callan & Keane, 2008
Luxembourg	Minimum guaranteed income ( <i>revenu minimum garanti</i> )	2007	65%	Amétépé, 2012
Netherlands	Special subsistence benefit for participation of school-going children ( <i>Categoriale bijzondere bijstand voor de participatie van schoolgaande kinderen</i> )	2008	47%	Tempelman et al. 2011
	Housing benefit ( <i>Huurtoeslag</i> )	Mid-2008 until mid-2009	18%	Tempelman et al. 2011
	Care benefit ( <i>Zorgtoeslag</i> )	2008	17%	Tempelman et al. 2011
	Special subsistence benefit ( <i>Individuele bijzondere bijstand</i> )	2008	43%	Tempelman et al. 2011
	Long-term supplement ( <i>Langdurigheidstoeslag</i> )	2008	59%	Tempelman et al. 2011; Tempelman and Houkes 2012
Portugal	Minimum guaranteed income ( <i>RMG</i> )	2001	72%	Rodrigues, 2008
Slovakia	Benefit in Material Need ( <i>pomoc v hmotnej núdzi</i> )	2009	79%*	World Bank, 2011
Spain	Minimum pension supplement ( <i>complementos por mínimos</i> )	2004	20%	Matsaganis et al. 2010
	Pension benefit to uninsured elderly ( <i>pensión de jubilación no contributiva</i> )	2004	40%	Matsaganis et al. 2010
UK	Income support/Employment & support allowance	2009/10	11%	DWP, 2012
	Jobseeker's allowance	2009/10	33%	DWP, 2012
	Housing benefit	2009/10	16%	DWP, 2012
	Council tax benefit	2009/10	31%	DWP, 2012
	Pension credit	2009/10	32%	DWP, 2012
	Basic state pension	2009/10	3%	Baumberg et al. 2012
	Child benefit	2009/10	4%	Baumberg et al. 2012
	Tax credits for families with children	2009/10	6%	Baumberg et al. 2012
	Tax credits for people without children	2009/10	71%	Baumberg et al. 2012
Family Credit and Working Families' Tax Credit	2002	47%	Adam & Brewer, 2005	

Note: the most conservative estimates for each study have been reported. \* recalculated: non-beneficiaries as a proportion of total qualifying.

So far, no evidence of non-take-up of monetary benefits since the year 2000 has been identified for Croatia, Cyprus, Denmark, Estonia, Italy, Latvia, Malta, Lithuania, Poland, Romania, Slovenia and Sweden. Nevertheless, for some of these countries there is evidence of pre-2000 non-take-up. An example is Denmark where non-take-up of housing benefits for non-pensioners in 1992 was estimated at 33% (Hansen and Hultin, 1997).

## 2.5 Patterns

### 2.5.1 Overall patterns

The recent gaps identified in the literature and presented in Table 1 are unlikely to be comprehensive. There may well be more benefits in more countries where non-take-up could be identified. Nevertheless, it should be mentioned though that authors of the studies may have selected the specific benefits because they expected non-take-up to occur. There may be other benefits where this is not the case. Furthermore, studies which point toward absence of non-take-up may be less likely to be published. Still, some conclusions can be derived from this mapping-exercise:

- there is evidence of non-take-up from more than half of EU Member States, in countries that are otherwise very diverse in terms of welfare design;
- the vast majority of the conservative estimates of non-take-up is above 40% (25 of the 36 estimates in Table 1), and very few are below 10% (3 in the UK and 1 in Slovakia); even when assuming some degree of over-estimation, this suggests that the phenomenon is far from marginal;
- evidence of non-take-up has been identified across a wide range of different types of monetary social benefits;
- evidence of non-take-up is often not restricted to one benefit in each country, but rather applies to several types of benefits in most of the countries examined;
- no (published or unpublished) research has been identified from the other EU Member States showing that non-take-up is not an issue, suggesting absence of evidence of non-take-up rather to be due to lack of research than to absence of the phenomenon;
- the issue of non-take-up is persistent in that past literature reviews have identified the phenomenon consistently over the past decades in a wide range of EU Member States;
- non-take-up differs largely across countries and across types of benefits.

Some of the studies in Table 1 also estimate over-take-up. It is interesting that these estimates generally lie below the estimates for non-take-up. For example, non-take-up of the BMN in Slovakia is (168 thousand) compared to an estimated over-take-up of 14 thousand (World Bank, 2011). Similarly, Callan and Keane (2008) estimate that over-take-up of the Family Income Supplement in Ireland concerns around 9 thousand cases, compared to 44 thousand cases of non-take-up. These comparisons of the scale of the problems, makes it all the more remarkable that much of media and policy attention focuses on fraud.

### *2.5.2 Cross-national patterns*

It is hard to identify patterns among countries. There is more variation in non-take-up between benefits than between countries, with non-take-up being high for certain benefits in a wide range of countries. The range of estimates for countries for which research exists for four or more benefits is telling: in the UK non-take-up varies from 3% for the basic state pension to 71% for tax credits for people with children, in Bulgaria from 39% for the Child allowance to over 60% for a range of other benefits, and in the Netherlands from 17% for the care benefit to 59% for long-term supplement.

While the problem thus needs to be sought in the benefit design principally, institutional and cultural differences between countries may still matter (Matsaganis et al. 2010). For example, having a more fragmented benefit structure may cause higher non-take-up (??) and more centralised structures (UK) may have lower non-take-up. Nevertheless, this is challenging to demonstrate, and a one-shop-office, may make fragmented administration look centralised to the user. Countries with traditions of more administrative data collection, and connected databases, may also show lower non-take-up. Third, countries with weak administration, are likely to show both more fraud and more non-take-up. Lower trust in government, may be caused by this, and contribute to it.

Data from the European Social Survey shows that in in Croatia, Romania, Poland, Hungary, Slovenia, Portugal, Greece, Spain and Slovakia perception of both overuse (fraud) and underuse (non-take-up) are above average. Latvia, Estonia, Finland and Bulgaria perceive low overuse of benefits, but high underuse. In other countries non-take-up is perceived to be high by relatively few people. In Denmark, Sweden, the Netherlands, France and Germany perceptions of both overuse and underuse are well below the European means. Countries that have high perceptions of overuse, but low perceptions of underuse are the United Kingdom, Ireland, Belgium, Czech Republic and Cyprus. (Van Oorschot et al. 2014) Such perceptions are important, both for the feel of urge to take policy-action and because they say something about perceptions of quality of society, an important aspect of quality of life (Eurofound, 2012). Nevertheless, the fact that almost all these countries (Netherlands, France, Germany, UK, Belgium, Czech Republic), non-take-up of important benefits has been estimated to be similarly high as elsewhere in Europe, suggests that these perceptions may not reflect reality very well.

## **3 Exploring the gaps**

Regardless of the precise magnitude of the gaps, the above gap-mapping exercise makes clear that non-take-up is an issue across the EU. How can these gaps between take-up and entitlement be explained?

A challenge in explaining non-take-up is to avoid a one-sided perspective. A person may not take-up a benefit because she/he does not know about its existence. Should this be labelled:

'not being aware' or 'not being informed'? Is the system too complex, has the person not put enough effort into finding-out about benefits, or has society not provided the potential beneficiary with resources to find-out about the benefit? Is the person overly sceptical that the government would actually be able to help-out, or has the system not generated enough trust? The answer probably has multiple dimensions. In exploring the reasons for non-take-up, Van Oorschot's (1995) suggestion is followed in distinguishing between the individual, administrative, and scheme level. Furthermore, a broader level is added, 'societal', which may not be directly related to the benefit, but still have an impact. Besides incorporating multiple dimensions, this approach allows for a clear framework, along the levels to which initiatives to decrease non-take-up can be directed (see next section, 'Reducing the gap').

Before discussing the reasons for non-take-up along these four levels, another useful and frequently applied explanatory framework (the 'cost-benefit approach') will be briefly explained and critically discussed. Finally, in exploring the gaps, this section will highlight some population groups in vulnerable situations particularly at risk of non-take-up. These are groups for which non-take-up has been relatively high consistently, according to various studies, with few studies pointing to the contrary. In addition, they are groups among which non-take-up is not only more common, but non-take-up also poses a larger problem for them.

### **3.1 The cost-benefit approach and its limitations**

Non-take-up is frequently explained by the perceived 'cost' of taking-up the benefit being higher than the perceived gain of receiving the benefit, in terms of utility (Hernanz et al. 2004; Fuchs, 2009; Amétépé, 2012). As Tempelman and Houkes-Hommes (2012) note: *"The most common explanation is that people make a rational choice between the utility they expect from the benefit and the effort required for take-up (transaction costs)."* Cost can be high because of characteristics of the benefit system (time consuming application procedures), of the individual (low education) or an interaction between society and individual (stigma). Expected gains (in terms of utility) may be low when the duration of the benefit is expected to be short, the amount to be low and is expected to hardly improve quality of life, and the chance of being granted the benefit low.

This approach is useful in explaining whether someone who is entitled to, and is informed of, a benefit will apply for the benefit. It serves well to incorporate a broad range of factors and facilitate estimation of the importance of these factors, and modelling the decision process of potential beneficiaries and the impacts of reforms. Nevertheless, the approach also has its limitations:

- First, by seeing take-up of benefits as a rational cost-benefit calculation by the potential claimant, it fails to incorporate factors that lie outside of the decision process of people who are entitled to the benefit. Lack of knowledge about the application procedures can to some extent be attributed to the cost of acquiring that knowledge; it is harder to argue that lack

of knowledge of the very existence of certain benefits is due to an explicit decision that the costs of finding out about the benefit's existence are too large, which would imply that people at least have some idea about the possibility that such a benefit may exist. Another example of a factor which may not be incorporated in the decision process includes errors in the system, such as inaccurate assessment of fulfilment of the entitlement criteria. Temporary non-take-up may also come from delays in the application process, sometimes related to fears by the evaluators of failing to detect fraud. An example comes from the UK where personal independence payments, for which it is common to wait several months, as a face-to-face assessment, by a private contract agency, is part of the award process (The Guardian, 2014; BBC, 2014).

- Second, by taking non-take-up as a rational decision after carefully balancing costs and benefits, it is easy to dismiss non-take-up as unproblematic. Some of the variables included in the equation are problematic though in themselves, such as stigma and distrust in the system. Nevertheless, other cost-benefit factors may not seem problematic at first sight. For example, why would it be problematic if someone considers the expected cost of finding-out about an application procedure too high to apply? This may become problematic if these costs are higher for excluded populations, for people with low literacy, or for people without internet connection. Furthermore, by suggesting that it is a decision of the potential claimant, one may oversee that the complexity of the system plays a role. Why would it be a problem if someone does not apply because he/she expects the benefit will not be granted anyhow, and thus the expected gains to be lower than the expected cost? This may become problematic if it concerns people who lost trust in public administration, or who expect to be discriminated against. It is certainly a problem if those who are entitled misjudge (underestimate) their chance of getting the benefit.

### **3.2 Explaining non-take-up**

Some of the research presented in Table 1, estimating non-take-up, does not investigate the issue in-depth. The estimation is rather a side product of the publication dealing with other themes, such as poverty (Jahoda and Špalková, 2012) or analyses of benefit-receiving groups (World Bank, 2011). Other research presents detailed analysis to explain non-take-up, often based on quantitative analysis. Overall, the issue of non-take-up is a complex one, with various potential explanations. Many reasons play some role simultaneously, to different degrees, depending on the specific benefit and context, with some reasons being more important for certain population groups while others are experienced by others. Nevertheless, it is clear that explanations are related to individual, administration, scheme or societal level characteristics, or interactions between these levels. Most attention will be devoted to the 'individual' and 'administration' level as these are the focus of this study, where benefit design is taken for granted.

### 3.2.1 Individual

#### *Attractiveness of benefit*

Non-take-up can be explained by the attractiveness of the benefit for the individual person or household. Low value of the benefit, short duration of the benefit and conditionality requirements may result in unattractiveness of the benefit and thus contribute to non-take-up. The effective amount of the benefit may also depend on the tax system (Hernanz et al. 2004). Most of the research that calculates non-take-up in terms of expenditure, besides only focusing on non-take-up in terms of proportion of people/households who do not take-up the benefit find lower proportions for the first (Fuchs, 2007; Matsaganis et al. 2010; Callan and Keane, 2008). This implies that those who take-up the benefit, on average, have larger than average entitlements. This may indicate that the higher the benefit, the more likely people are to take it up. Another clear indication is that non-take-up generally increases with income in multi-variate analyses of non-take-up where income is included.

Whether a benefit is deemed attractive to the individual, is not only determined by the characteristics of the benefit. It also depends on characteristics of the household. Households with urgent needs may find even a small benefit attractive enough to apply to. This may for example explain relatively low non-take-up among people with children in France for the minimum income scheme (Domingo and Pucci, 2014), even if this may also partly be explained by lower perceived stigma if benefit is for household with children (Fuchs, 2009). People who expect to find employment very soon, may also not apply to an unemployment benefit.

Sometimes the magnitude of a benefit is not fixed, but for example decreases with income. When the benefit is low, in particular as this usually means the need is lower as well, take-up can be expected to be lower. An example comes from the Netherlands (Tempelman and Houkes, 2012), where non-take-up is lower among people entitled to higher healthcare allowances (*zorgtoeslag*). A similar situation applies to the housing benefit (*huurtoeslag*), but differences are less marked most likely because the minimum housing allowance is higher than the minimum care allowance.

Even in cases where non-take-up is really a choice based on financial attractiveness, the household may not count future money equally, but may later regret not having applied (Currie, 2004). This is also referred to as 'irrational' time-inconsistent preferences. Furthermore, benefits which decrease in magnitude with household income may mean relatively little to households with higher incomes (and low benefits) if they do not have problems making ends meet, but they may mean much to households with higher incomes with problems making ends meet, for example because of debt problems. Non-take-up among them is problematic, and may not be their choice.

#### *Unawareness of benefit or application procedure*

Besides attractiveness, knowledge about existence of the benefit is an important factor. Knowledge tends to be lower among people who are 'new to need', are new to a system (because they come from abroad), who have low access to information, and have lack of social networks which can inform them.

People may know about the existence of a benefit, but can be unaware of their entitlement. Non-take-up of the French minimum income scheme is particularly high among people in employment with low wages (Domingo and Pucci, 2014), the 'working poor'. This may be due to the relatively low amount of the benefit for people who have some income from work, but other reasons include the higher opportunity cost of time needed for application and that people may assume they are not entitled to the benefit if they are in employment. Another example comes from analysis of non-take-up of the Dutch healthcare allowance, home owners have higher non-take-up (Tempelman and Houkes, 2012). While this is partly due to high income, miss-perception about entitlement also plays a role. Home owners are argued to more often believe they are not entitled to the allowance. They will consider their house an asset which makes them ineligible, when, in fact, they are eligible as eligibility does not depend on assets, but solely on income. A problem is that estimation of the impact of lack of knowledge is often based on interpretation of coefficients in regression models for variables 'age' or 'education'. This assumed that the impact of age on the probability to take-up a benefit can solely be explained by older people having more lack of knowledge. Such indirect measures ignore for example that stigma may be higher among older people. Similarly for education, while it is harder to think of alternative explanations there, it may actually be lower trust among people with low education that explains higher non-take-up. Overall, it is challenging to derive causal relations from the quantitative analyses.

### *Stigma*

Perceived stigma may also be a reason for people failing to acknowledge, or not wanting to enforce, their entitlement (Fuchs, 2009; Terracol, 2012). This may concern two types of stigma. 'Personal stigma' concerns a person's own feeling that claiming benefits is shameful. 'Social stigma' concerns the feeling that other people judge claiming benefits to be shameful and to confer a lower social status. For example, with regard to the UK's Jobseeker's Allowance, 20% of claimants report some personal stigma compared to 30% of non-claimants. While only a small part of 'non-claimants' in this survey may be entitled to the benefit, results suggest that stigma may explain some of the non-take-up. (Baumberger et al. 2012)

### *Other*

People may also not have time to apply or find-out about a benefit, because of work, care commitments, or other reasons. They may claim the benefit with a delay, after a period of non-

take-up. They may also have lack of trust in government, not believing that they will actually receive any benefit or not trusting confidential data to the government. They may experience low perceived likelihood to successfully apply. People may be further be entitled, and know this, but refuse to acknowledge it because of pride, because they have no feeling of need, or as protest against the system. People may also lack the will, or knowledge of the possibility, in appealing against administrative errors. Trust in appeal mechanisms may also be low.

### *3.2.2 Administration*

#### *Resource-intensive, inaccessible or complex claiming process*

Non-take-up can sometimes be explained by cost-intensive procedures, such as the need to go to a welfare office which may be at large distance for certain people. Besides the claiming process, such cost may also be incurred to fulfil the conditionality requirement, such as in Bulgaria where monthly visits to an employment agency are required for continued receipt of an unemployment benefit. When applications are only welcomed on-line, people with no access to internet are likely to experience higher non-take-up. Inaccessible or expensive information phone lines may also contribute to higher non-take-up. The claiming process may also be time-consuming for the applicant, which in particular may matter for people with high opportunity costs such as working poor and people with care commitments. Limited capacity of the administrative body may contribute to inaccessibility. The claiming process managed by the administrative body may also be complex, with numerous forms to fill-out and unclarity on how to proof eligibility. Lack of communication during the claiming process may exacerbate this.

#### *Inadequate application processes*

The application process may also be inadequate, with rejections based on administrative procedures rather than on compliance with the entitlement criteria. While the benefit may be designed for example for people with incomes below a certain threshold, and would not exclude people without an address, standard forms may require an address and are not accepted, or cannot be submitted, unless the address box is filled-out.

Administrative errors may also take place. For example, it has been argued that stepped-up efforts to weed out ineligible claimants, has inevitably come with some eligible recipients seeing their benefit suspended (Leventi and Matsaganis, 2013).

#### *Stigmatising claiming process*

The application procedure may invite for stigma. Such stigma is also referred to as 'institutional stigma' (Baumberg et al. 2012). For example, if a lot of emphasis is laid on proving that a person is disabled, the process can be perceived as humiliating. In a UK survey, 46% of respondents strongly disagreed with the statement 'People are generally treated with respect when they claim benefits?' (Baumberg et al. 2012). In areas where there is a close community and social

officers may be personal acquaintances of the applicant, stigma may also be a particularly large barrier when the process requires contact with these officers. For example, this may explain higher non-take-up of subsistence support in remote rural areas in Austria (Fuchs, 2009). Administration could also signal too much that they try to detect fraud, rather than to reach those who are entitled, discouraging households to apply even if they are entitled to a benefit.

#### *Other*

Limited payment modalities (or ineffective dissemination of these options) could be an issue with benefit payments only to be made by bank transfer, which could be a problem for people without a bank account. There have also been cases where payment of a benefit is suspended because of financial mismanagement or crisis-measures of the paying institutions. An example is the OEK rent benefit for private sector employees, the main housing benefit in Greece, which was suspended for 2010 (Leventi and Matsaganis, 2013).

### **3.2.3 Scheme**

#### *Complexity and instability*

At the scheme-level, if the benefit has been in existence for long, and has changed little, it is more likely that people who are entitled to them, know about their existence. Overall, more complex benefit schemes, with multiple benefits, could be expected to show larger non-take-up.

#### *Stigmatising benefits*

Stigma may be attached to the characteristics of the benefit itself, in particular if it is clearly identifiable as dependent on a specific disadvantaged situation, inhibiting people to become benefit claimants (Van Oorschot, 2002).

### **3.2.4 Society**

Explanations of non-take-up may also lie on the societal-level. As discussed in the section on 'Patterns', some country-level factors which have not directly to do with the benefit, may increase non-take-up. For example, access to bank accounts may be particularly difficult and stigma for specific issues (poverty, disability) high. Stigma of certain benefit-related conditions can also be a society-wide phenomenon. It may also be more common for some societies to make benefit-recipients feel that they 'have failed'.

## **3.3 Highlighting groups in vulnerable situations**

Basically, there are two types of non-take-up: non-problematic and problematic non-take-up. The first includes people who do not take-up a benefit because they think it is too low and genuinely feel no need. While the definition of this group is somewhat blurred, some groups

obviously fall in this category. An example includes people who formally would be entitled to a tiny (e.g. 1EUR) amount of housing benefit in a system where this benefit decreases gradually with income. These are people at the better-end of the range of people in vulnerable situations the benefit is meant for, or the benefit may not have been designed only for people in vulnerable situations.

Such non-take-up could still be seen as problematic. For example, it challenges the objectives of the benefit and these groups can be in very vulnerable situations (and incomes still low compared to the country average). They are a problem given the long term costs for society, for example via lower than optimal consumption (the automatic stabiliser function), lower than optimal investment in human capital (such as schooling of children), or consequent reduced access to public services (such as increased inability to pay for healthcare). Nevertheless, non-take-up among groups with larger need seem of greater concern. The low magnitude of the benefit may be a problem in itself, but benefit design is beyond the topic of this working paper. Also, some people may not apply for benefits because they have undeclared income, and may not feel (and may not be) entitled or be afraid that a benefit application may trigger closer scrutiny by tax authorities. Here it is the undeclared income that need to be addressed, not the non-take-up. The second group involves non-take-up by people who would need the benefit but do not receive it. This group may well include people for which the cost of claiming is too high, rather than the benefit being too low. When highlighting groups in vulnerable situations in this section, the focus will be on this second group.

For some groups evidence is mixed. A similar population group can be at risk of high non-take-up in one context, but show lower non-take-up in another. Overall, groups at risk of non-take-up vary depending on the benefit scheme, on the country and on the period in time. For example:

- Age: the material need benefit in the Czech Republic has among the highest estimates for non-take-up rates among people aged 65+, at 97.9% compared to proportions ranging between 64.1 (0-17) and 78.1 (18-24) for age groups below 65 (Horáková et al. 2013). The same holds true for social assistance in Germany where non-take-up is estimated at 68% for 65+ compared to 39% for people under 65 (Becker, 2012). But non-take-up is much lower for older people for example in the Netherlands (Tempelman and Houkes-Hommes, 2012).
- Household composition: sometimes single people are more at risk of non-take-up than larger households (Tempelman and Houkes-Hommes, 2012). Higher cost of finding-out about the benefit and application procedure as it cannot be shared, lower household income. Sometimes couples having higher non-take-up (Domingo and Pucci, 2014). This may be due to uncertainty about what will happen with the income or assets from the other person in the household (more complex).
- Employment status: In France non-take-up of the RMA tends to be higher among people in employment (Domingo and Pucci, 2014). They may think they are not entitled, have

little time to find-out about the benefit, and experience higher opportunity costs of claiming. In contrast, in case of the Hungarian 'regular social assistance, non-take-up is lower among people who are entitled to the benefit but are attached to the labour market (Firle and Szabo, 2007). This could be explained by this group to be relatively socially integrated and receive information through their networks.

For other groups, evidence is less ambiguous. Regardless of the complex picture and the diverse benefit and country contexts, the literature reviewed points into the direction of some risk groups. People in the following vulnerable situations are generally more at risk of non-take-up, and if they do, it has particularly bad consequences, with little research pointing to the contrary.

- **Experiencing social isolation.** Social networks play an important role in spreading knowledge about benefits and application procedures (Currie, 2004). Information reaches people who are socially isolated less. Geographical factors may play a role (remote rural areas), but in urban areas about equal proportions are socially excluded (Eurofound, 2014b forthcoming). People in segregated housing poorly reached by social workers may also belong to this group. They may be well-connected among them, but are isolated as a community as a whole.
- **Having migrated.** Migrants have a higher chance of non-take-up (Tempelman and Houkes-Hommes, 2012; Fuchs, 2009), in particular those with low qualification (Amétépé and Hartmann-Hirsch, 2010). While not all studies investigate this, no examples of the contrary were encountered in the literature review. Non-native households may have language difficulties, which increase the effort required for obtaining the benefit (Riphahn, 2001; Currie, 2004), and in particular recent migrants (including mobile EU citizens who seek employment opportunities elsewhere in the EU in the context of the crisis) may experience the barrier of having to find their way in a system that is new to them (Eurofound, 2014a forthcoming).
- **Being 'new to need'.** People who recently became entitled to a benefit have been shown to be more likely not to take it up. For the Dutch care supplement, non-take-up in 2008 was particularly high among people who were not yet entitled in 2006 (Tempelman and Houkes-Hommes, 2012). Furthermore, if people have been entitled to other benefits (and taking them up), they are usually better able to find their way through the system.
- **Being at risk of higher stigmatisation.** Partly this group overlaps with the 'new-to-need'. Research that looked at the issue of stigmatisation, found it to be a significant barrier to taking-up a benefit, and we were unable to identify evidence pointing to the contrary. This includes people with mental health problems and disabilities if the benefit is related to these conditions. People in close communities, in particular rural areas, seem more at risk of stigma to take-up benefits. It may also include households without children, which most research shows have higher non-take-up, while there are a number of explanations, it includes larger stigma if benefits are not for children. For the

Hungarian RSA higher non-take-up among higher educated is also explained by higher stigma among this group. (Firle and Szabó 2007, Fuchs, 2009; France)

- ***People without fixed address or bank account.*** Not much research on the relation between non-take-up and having a fixed address and/or bank account was identified. Nevertheless, it seems evident that this group is at risk of non-take-up both because of expected payment problems (De Wispelaere and Stirton, 2012), complexities in demonstrating entitlement in application procedures, and falling outside of databases which may allow for being pro-actively approached. A group which clearly falls under this heading are homeless, which are not only at higher risk of non-take-up because of not having a fixed address and a bank account, but also because of reasons behind homelessness (FEANTSA, 2013).
- ***Experiencing with financial strain while owning a home.*** Often think they are not entitled or that they need to dispose of their assets before receiving benefits. Examples of elevated non-take-up among home owners include the healthcare allowance in the Netherlands, housing allowance in the Czech Republic and France, minimum income in Luxembourg, and social assistance in Finland. While part of this can be explained by this group being richer (and thus in less need) (Bargain et al. 2007), this is certainly not the case for many of them, including for example widowed (survival) pensioners in Czech Republic with among the highest non-take-up and high levels of home ownership.

Non-take-up generally increases with income. As discussed above, people who do not claim because they feel no need for the small benefit are not highlighted in this section as groups in vulnerable situations. Nevertheless, some of the few studies which include income as an 'ordinal' rather than a 'continuous' variable come to an interesting conclusion. In a Finish study, non-take-up of social assistance was generally lower for low-income groups, but for the bottom 10% incomes non-take-up was relatively high (Bargain et al 2007). A Dutch study identified a similar pattern, with the probability of take-up for the households with the lowest income (below 120 percent of the social minimum) is lower than for households with an income between 120 and 160 percent of the social minimum (Tempelman and Houkes-Hommes, 2012). Income is probably not the cause of this relatively high non-take-up in the bottom income groups. Social and health problems may not only result in low incomes, creating a need for benefits, but may also occupy those afflicted to such an extent that they lack the conditions (such as strength, motivation or capabilities) required for take-up of benefits (Tempelman and Houkes-Hommes, 2012). Furthermore, people in the bottom income groups are likely to include some of the vulnerable situations identified above, in particular being socially isolated, having migrated, and not having a fixed address or bank account.

## 4 Reducing the gap

In this section, mechanisms are discussed that can contribute to reducing the gaps, by acting on the four levels discussed in the section on 'Explaining non-take-up'. While these various

mechanisms are discussed separately, it has been argued that gaps are hardly reduced by one measures which addresses one aspect of the problem alone, but rather by addressing 'the whole bundle' simultaneously (Currie, 2004). This section gives a short overview only. In the forthcoming research report by Eurofound, in-depth case studies of initiatives and policies aimed at reducing non-take-up, and making application procedures more efficient, will be presented. In this section, most attention will be devoted to the 'individual' and 'administration' level as these are the focus of this study, where benefit design is taken for granted.

## **4.1 Individual**

Non-take-up can be reduced by providing the required information for potential beneficiaries about existence of the benefit (Engels, 2001; Hernanz et al. 2004).

### *4.1.1 Media attention*

Media campaigns can reduce non-take-up. In the Netherlands, there was a national campaign in 2006 with regard the care supplement. Potentially as a consequence, non-take-up was relatively low in 2006, at 11%. The subsequent gradual increase to 17% in 2008, has been attributed to the decreasing impact of the 2006 campaign (Tempelman et al. 2011). Not only explicit campaigns help. For example, Bruckmeier and Wiemers (2012) argue that the public debate about claiming conditions and means-testing in the run-up to 2005 reforms of the benefit system, as well as information campaigns by the public labour agencies and other institutions like unions, decreased non-take-up of social assistance in Germany. Campaigns can also be narrowly targeted at groups which are likely to be entitled but not take-up a benefit.

### *4.1.2 Information provision and outreach services*

Government services can play an important role in reaching-out to potential beneficiaries. Naturally the administrative body can provide clear access to information, and for example provide multi-media and multi-language information may also help (Eurofound, 2012). But approaches can even be more proactive, reaching-out to potential beneficiaries. Examples are the Dutch city Nijmegen providing potential recipients with more information on their social rights (Matsaganis et al. 2010). Government websites and information leaflets are another option.

There are also semi-public bodies or private non-profit organisations that play an important role. A2B in northern Ireland helps older people access the benefits they are entitled to. If there is a third party with direct financial interest in take-up of the benefit, this can in particular contribute to lower non-take-up rates. An example is the housing benefit (*huurtoeslag*) in the Netherlands. Non-take-up is argued to be relatively low, partly because social housing corporations have an incentive to point-out to those entitled to the benefit that they can apply

for it (Tempelman et al. 2011), because it increases tenants' ability to pay and thus secures income for the corporations.

Awareness raising efforts are particularly effective if they are targeted at the people who are entitled to benefits. Public authorities, because of data availability, are in a relatively favourable position to do this. Tax authorities could notify households of their eligibility, if tax declaration data allows assessing eligibility, during their tax declaration. An example is the City Council Benefit Maximisation Team in Liverpool (UK) which uses data on housing benefit take-up to assess whether people are entitled to other benefits and make them aware of that (Eurofound, 2015 forthcoming). Private non-profit organisations can also actively target groups which are more likely to be eligible, for example when it concerns pension benefits to focus on people above (or just before) the pension age, or their acquaintances, rather than to rely on general population campaigns. Home visits and information websites can all also contribute (Tempelman et al. 2011). One could also think of examples similar to that of debt-advice services in Ireland posting promotional material in job agencies, as unemployed are more likely to be over-indebted (Eurofound, 2012).

#### *4.1.3 Referral by social services*

Public services or NGO which address issues beyond non-take-up can play an important role in referring potential beneficiaries to agencies which can help them in accessing benefits, or to make them aware of the benefits they are entitled to. An example is FAWOS in Vienna, an organisation that tries to help people who are at risk of losing their homes because they can no longer afford it. Clients often have a broad range of problems, and many do not take up the benefits they are entitled to. So, while the organisation's purpose is to address housing insecurity, it spends much time on assisting people to access benefits. Another example is the Healthy Homes programme in Liverpool, which aims to prevent low quality housing making home visits in carefully selected neighbourhood (Eurofound, 2015 forthcoming), but it also refers people to Liverpool's 'Benefit Maximisation Service' when the suspicion arises that households may not claim benefits they are entitled to.

#### *4.1.4 Referral to other services*

Sometimes non-take-up is a result of broader issues. Simply pointing-out existence of the benefit, or how to apply, may than not provide be effective. When non-take-up is addressed, it can be important to look at the broader situation. The best solution is not always to narrowly address non-take-up. More holistic approaches with councillors developing trusting relations with people who are entitled, may provide an answer (Van Parys and Struyven, 2013), and referral to other support services (mental healthcare, social support) may also be needed.

## 4.2 Administration

Simplifying the application process and making it easier to understand can reduce non-take-up. It can also be effective to arrange the screening of applications in a more transparent and objective way, reducing the uncertainty related to the claiming process. (Engels, 2001; Hernanz et al. 2004)

The probability of non-take-up is larger in schemes where the initiative to start the claiming process is left to the applicant (Van Oorschot, 2002). This is for example argued to explain why the minimum pension supplement (*complementos por mínimos*) in Spain has a relatively low non-take-up, estimated at between 19.9% and 24.1%. In contrast, the Greek minimum pension supplement (EKAΣ), where the applicant has to take the initiative by submitting proof of low income (even if social insurance institutions notify minimum pension recipients) and non-take-up is estimated at between 60.3 and 66.5%. (Matsaganis et al. 2010) Another example showing that actively contacting people who are entitled about the administrative steps they need to follow for take-up can help comes from mandatory healthcare insurance in Slovenia. Although health insurance may be a benefit in kind rather than a monetary benefit, it serves as an illustration. During the crisis many newly unemployed were left without insurance, even if they were entitled to receive it free of charge. Ending up in a situation they were unfamiliar with, they failed to comply with the eight-day deadline to 'change their status'. The number of uninsured thus rose to over 11,000 in 2011. Because the national health insurance fund proactively started contacting people who were without the mandatory insurance for 20 days or more, this figure has been reduced to less than 3,000 by 2013 (Eurofound, 2014a).

Non-take-up is particularly decreased by automatic or default enrolment (Currie, 2004), but that may not be possible for all benefits and individuals. It often may require enhanced data collection by administrative agencies, or/and linkage of administrative databases. The advantages (such as decreased non-take-up of benefits by people who are entitled, as well as decreased take-up by people who are not entitled) have to be carefully balanced with the disadvantages (in particular privacy issues).

To reduce non-take-up, robust modalities of payment can be established that reach all intended beneficiaries (De Wispelaere and Stirton, 2012). If a benefit is specifically to be spent on a service, such as housing or healthcare, transaction costs for households can be lowered by paying the benefit directly to the service provider or insurer rather than to the individual households (Tempelman and Houkes-Hommes, 2012). The service provider choice can still be left with the household.

Many of the benefit systems have been designed decades ago. Recent ICT developments may not have been factored-in fully. Complete overhaul may thus sometimes be more effective than incremental changes in making the systems more effective.

### 4.3 Scheme

Entitlement criteria and size of the benefit are taken as a given for this research, but some remarks will be made on how adjusting benefit design can decrease non-take-up. These remarks do not concern major characteristics or rationale of the system (which this research leaves aside for governments to decide upon), but some points are made which policy-makers may want to consider carefully when designing or adjusting a benefit scheme.

Sometimes entitlement criteria include next year's income, and estimates need to be provided beforehand. In this case, people with debts (or without assets) may refrain from take-up to avoid the risk of having to pay back (part of) the benefit when their estimate of next year's income results to have been an underestimation. This can be avoided by basing the benefit on last year's income, which is known by the tax authorities. (Tempelman and Houkes-Hommes, 2012)

Overall, also, the more straight-forward the entitlement criteria, the less likely there will be administrative errors or misperceptions among people who are entitled. If everybody (basic income), or everybody above a certain age is automatically entitled, non-take-up is unlikely.

It can also help to merge certain benefits to facilitate understanding of entitlements. Merging benefits and 'branding' them well, may also reduce stigma. For example, commenting on a reform in Germany, Bruckmeier and Wiemers (2012, p. 8) argue that *"Prior to the reform, a typical person eligible to SA [Social Assistance] either never participated in the labour market or was only marginally employed in the past. Hence, the old SA was widely regarded as a basic safety net for a fringe group of society and dependency on SA was perceived as stigmatising (Becker/Hauser, 2005: p. 175). Since 2005, all workers whose [unemployment benefit] entitlements are exhausted can become dependent on SA, even if they look back on a work history of many years of full-time employment. This may have led to a shift in the public attitude towards SA after the reform, i.e. the perception that anyone can become dependent on SA should have reduced stigmatisation and therefore increased the take-up of SA."*

Contribution-based benefits also have been argued to suffer less from stigma (Baumberg et al. 2012). Lastly, making too frequent and too many changes to a scheme is likely to decrease understanding.

### 4.4 Society

Broader measures can be taken in society which would prevent non-take-up. Examples include providing people with resources to access information, for example addressing internet illiteracy. This resonates with Sen's 'capabilities approach'. Creating a tolerant culture, with less sense of stigmatisation, and nourishing trust in government can also help.

## Conclusions

Many people across the EU28 do not receive the monetary social benefits they are entitled to. This is a persistent problem that prevents benefits from fully fulfilling their purpose, whether this concerns poverty reduction, facilitating early investment in children, assisting people back to the labour market, avoiding bad quality housing, preventing reduced access to healthcare or stabilising the economy. Addressing non-take-up by increasing effectiveness of benefits systems is likely to simultaneously reduce over-take-up.

Non-take-up has been the subject of research. While some studies specifically on non-take-up have had a more international perspective (Hernandez et al. 2004), overall analysis has mainly been done at the national level. Less effort has gone into mapping the situation across the European Union to inform policy makers and other stakeholders in Europe. This working paper is a first step in Eurofound's endeavour to fill this gap.

Macro-level estimates were identified of non-take-up are available for a broad range of different types of benefits (just under forty in total) in over half of the EU Member States with widely varying welfare systems. The literature review not only shows that the non-take-up is a relevant problem across Europe, but it also suggests the problem is persistent and gaps are of considerable magnitude. Almost all estimates of proportions of people who are entitled to a benefit but do not receive it, are far into the double digits. Nevertheless, it is clear that there are methodological problems in these macro-level estimates. While much has been done to address these challenges, it would be good to mirror macro-estimates with impressions from the ground, investigating with a multi-method approach whether these estimates reflect reality, whom are affected in particular, and what likely explanations are. Eurofound's project will address this by applying a multi-method approach in investigating specific gaps in depth.

Furthermore, survey-based estimates of non-take-up allow assessment of the situation only with a time-lag. Release of micro-datasets happens usually months or years after the fieldwork has been finished, and research and publication times add to this. Eurofound's project aims to provide a current up-to-date picture of non-take-up in specific case studies, by drawing on qualitative methods and local data where available.

This working paper found no evidence of non-take-up, or absence thereof, in some Member States. The discussion above suggests that this likely can be explained by lack of research, or our limited ability to identify the research in particular if not published in English. The next steps of Eurofound's project will provide an answer to this. In investigating the issue of non-take-up, Eurofound will make sure to include case studies on some schemes in countries where evidence for non-take-up is lacking so far. It will also include case studies of schemes for which no research on non-take-up was identified in this working paper, but for other schemes in the countries schemes were identified. The research will thus contribute to getting a more complete picture of the situation of non-take-up.

With regard to explaining non-take-up, this literature review has identified mostly quantitative research. This research tests hypotheses, based on significance of household or individual characteristics, available in the datasets. This approach has limitations in proving causality, and in identifying the latent variables behind the proxies in the equations. It is important to complement this research with more qualitative approaches, to get a better understanding of the reasons behind non-take-up. Nevertheless, with some notable exceptions (Van Parys & Struyven, 2012), it has been hard to identify qualitative research in this area. Eurofound's project on 'Access to benefits in times of crisis' aims to complement the qualitative evidence with more qualitative approaches, such as conducting interviews with people who do not receive benefits they are entitled to, with representatives of groups in vulnerable situations, and with stakeholders who are closely involved.

Not all types of non-take-up are equally problematic. The literature review points to some groups which are relatively prone to non-take-up and for whom it is likely to be particularly problematic. Again, most of this evidence has come from quantitative studies, where proxies are interpreted. For example, quantitative results may show higher non-take-up of a certain rural, which could be argued to support a hypothesis that stigma may be higher in these areas. Nevertheless, to really understand the situation in specific cases, identifying groups in vulnerable situations and the reasons for non-take-up, it is important to complement these findings with in-depth case studies of gaps. Furthermore, explanations for non-take-up and groups in vulnerable situations which are presented in this working paper are largely based on theory. More empirical evidence is needed for a better understanding of the situation.

The Social Protection Committee wrote in a recent report on 'Social protection systems in the EU: financing arrangements and the effectiveness and efficiency of resource allocation' that "*[a] comparative assessment at the most aggregate level can reveal potential challenges, but they need to be followed up by an in-depth analysis taking into account the national context.*" Some of the studies mentioned in this working paper already provide an in-depth analysis of the national context. This working paper contributed by compiling and synthesising available evidence. Eurofound further aims to answer the call of the SPC by complementing this literature review with evidence from expert meetings and an in-depth analysis of specific instances of non-take-up in various EU Member States.

Overall, a considerable number of studies have been identified that estimate the magnitude of gaps. Several also seek to explain the gaps. Nevertheless, hardly any study has been found that presents an in-depth analysis of how these gaps can be reduced, even if some make some remarks about measures that could be taken. Eurofound's project contributes aims to fill the void, building on policy assessments that may be available in the national literature, adding to it with analysis and interpretations, it will present a number of case studies of initiatives and policies that have sought to decrease non-take-up.

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