

Access to benefits¹

Eurofound

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 for beneficiaries. 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. Benefits can further buffer for temporary periods in people's life time where they need support to avoid falling in poverty with long-term consequences. Well-designed benefit systems can contribute to inclusive growth, one of the main objectives of the EU, and to reducing social inequalities.

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 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, set by national, regional or local governments. Rather, the study focuses gaps between eligibility and take-up by people who are entitled to the benefits according to these criteria. So, the project concerns people who are entitled to benefits according to set criteria, but in practice do not receive them. Following the terminology

¹ This internal working paper will be combined with evidence from case studies (of gaps between entitlements and take-up, and measures to increase effectiveness and efficiency) into a final report, forthcoming in 2015. Please cite this working paper as: "Eurofound (2015, forthcoming) *Access to benefits*, Publications Office of the European Union, Luxembourg." Contact: Hans Dubois (Hans.Dubois@eurofound.europa.eu) & Anna Ludwinek (Anna.Ludwinek@eurofound.europa.eu), Dublin.

commonly used in the literature for this phenomenon, Eurofound's project refers to this non-receipt as 'non-take-up'.²

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 a highly relevant topic as well, 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. One-time subsidies are also excluded. The study rather focuses on regular public payments, even if of short duration. Examples include 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 role of benefits in 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 non-take-up. It further presents measures identified in the literature review that reduce the gap between entitlement and take-up.

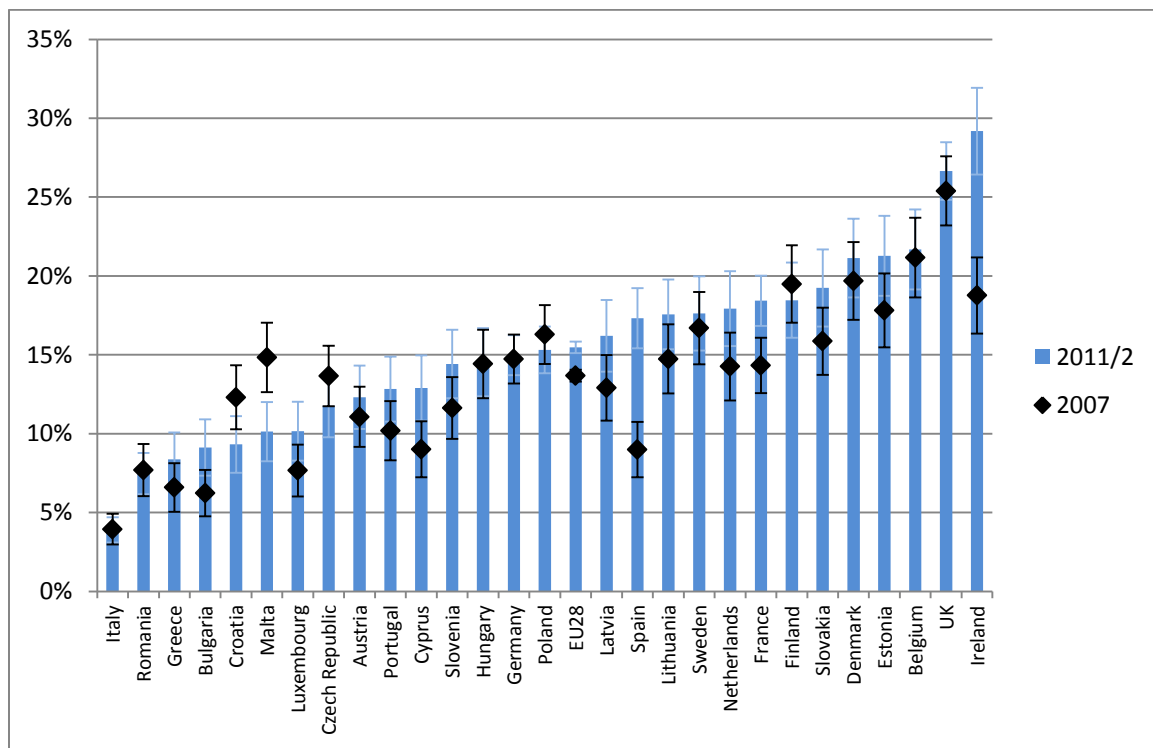
This paper will feed into a final research report, to be published in 2015. That final research report will document the efficiency as well as the effectiveness of measures to improve take-up of benefits. It builds on case studies of non-take-up from across the EU, exploring the magnitude of the problem, 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.

² '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 be a decision of the person who is entitled to the benefit (Van Oorschot, 1995).

1.1 Benefit systems across the EU

Benefit system structures differ largely between countries. The European Quality of Life Survey (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 reasonably comparable. Overall, 15% of people in the EU28 reported their households to receive an unemployment benefit, disability or any other social benefits. This proportion ranges from 4% in Italy to 29% in Ireland (Figure 1). There is a mixed picture, for example with low proportions in some Mediterranean countries (Italy, Greece) and above average proportions in others (France, Spain). 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).

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 observations with regard to social benefit receipt, say little about the magnitude of the benefits. Looking at somewhat different benefits and population group, 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. In some countries, overall many people of 'working age' receive benefits, but these benefits are low compared to the medium income of that group (Denmark, Finland, Sweden). In other countries, few people receive relatively high benefits (Belgium, Cyprus, Greece, Luxembourg, Poland, Portugal, Spain).

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.

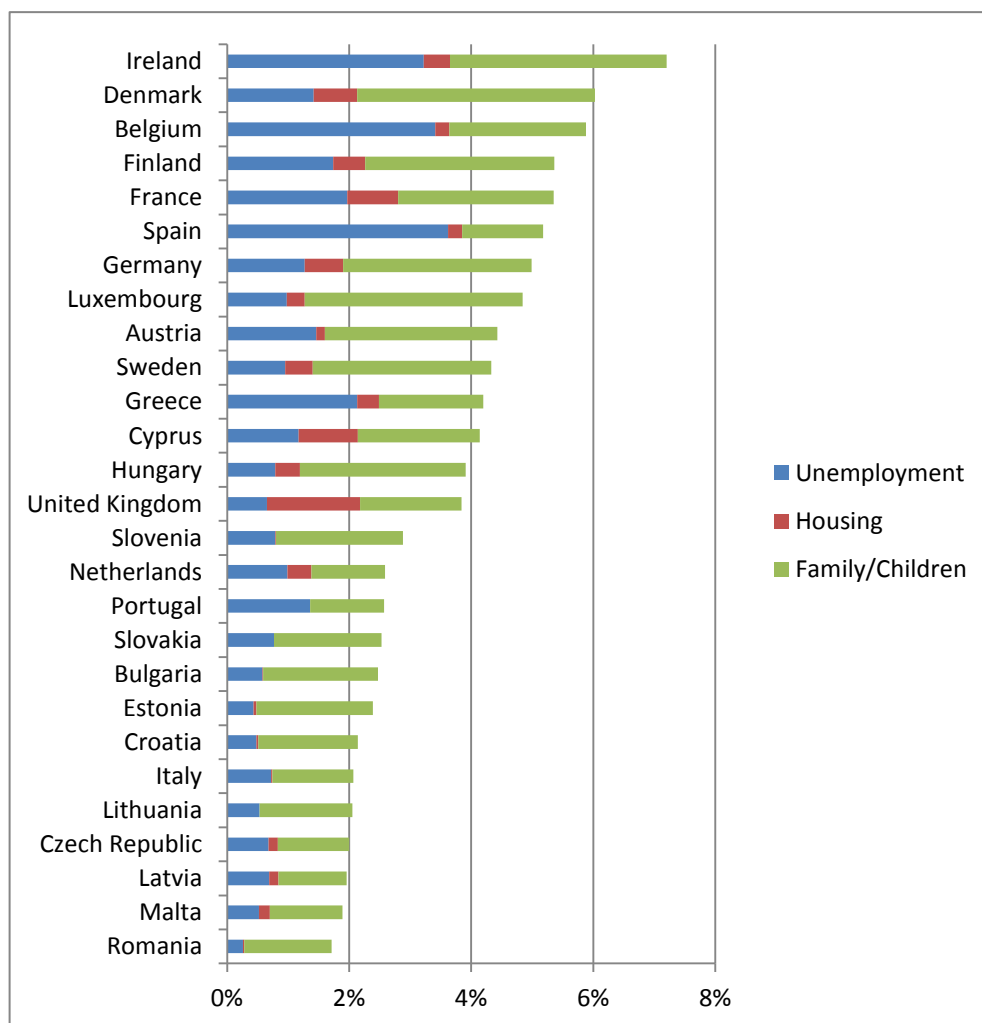
Non-take-up is certainly not restricted to means-tested benefits (Currie, 2004). This study concerns non-take-up of benefits for people in vulnerable situations, regardless of their degree of universality, and regardless of whether they are means-tested or not. Nevertheless, in practice, most monetary 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.

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%).

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 particularly 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. It is important to keep this diversity in mind when investigating non-take-up across the EU28.

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



1.1.1 Automatic stabilisers

Benefits can also 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. They do not need to be unemployment benefits, as other benefits (housing, child, minimum income) may also depend on unemployment, or on the low income that comes with 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 can be 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). Nevertheless, in some other crisis-hit countries there is no evidence of increased take-up of benefits (Croatia, Hungary, Italy, Romania), which can point toward few entitlements (beyond the scope of this study), but also to large non-take-up.

Furthermore, while EQLS contains information about total household income, it does not measure the magnitude of benefits received. Analysis of SILC data, which does take into account the received amount, also 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. It should be mentioned that when expenditure on social protection is measured as a proportion of GDP, increases have been highest in crisis-struck countries, mainly because of a decrease of in GDP.

In short, benefits have played a role in stabilising EU economies during the crisis. Nevertheless, benefits have not always played the role one would have expected. It may go too far to argue that this lack of apparent effectiveness has caused the deep impact of the crisis, but it certainly has not avoided 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.

1.1.2 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, these may include people in part-time work, with low-paid work, with many children, and with high living (in particular housing) cost.

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 simulated means-tested. 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.

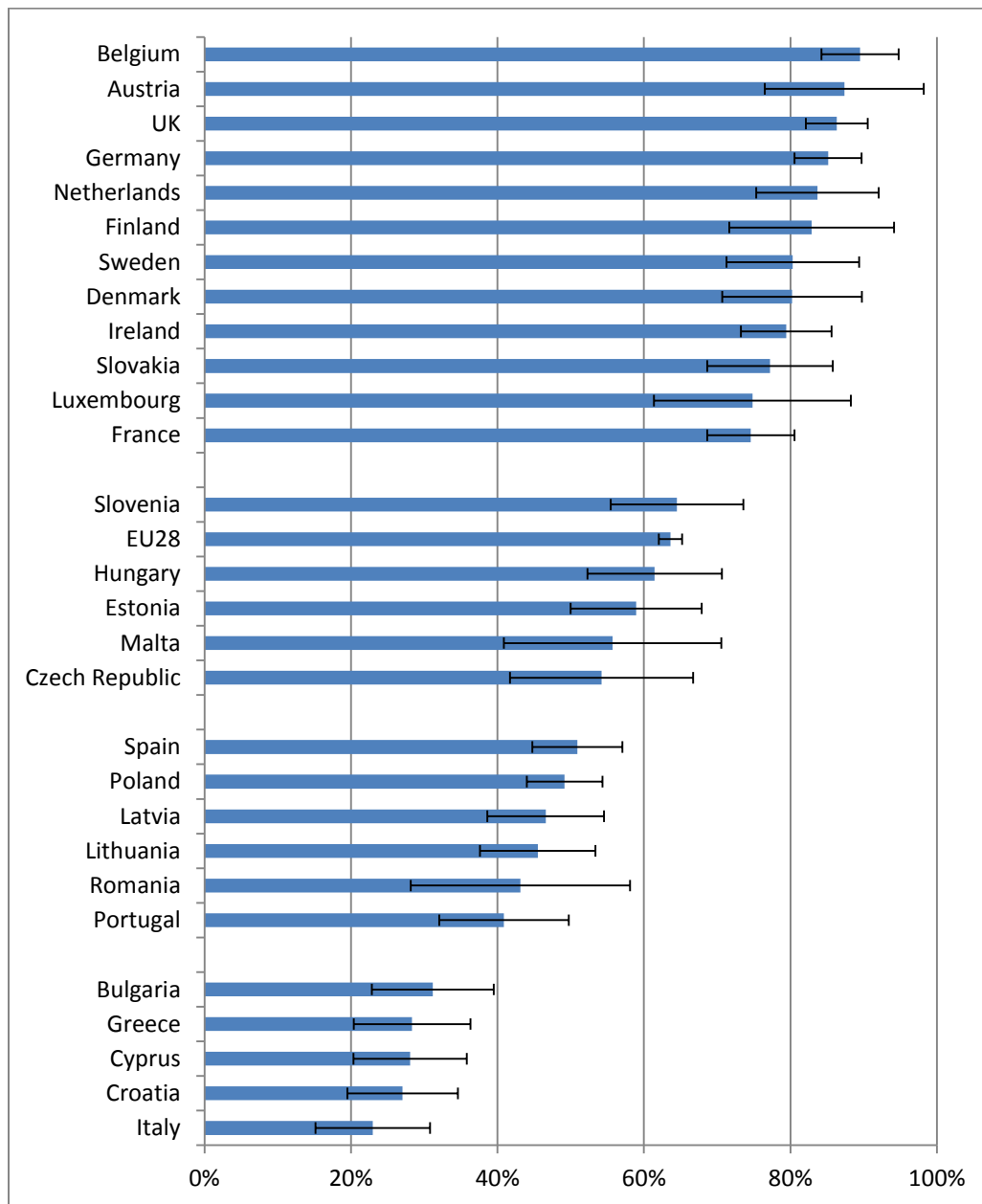
Research also suggests that unemployment (Ferrarini et al. 2014) and minimum income (Nelson and Fritzell, 2014) benefits have mitigated adverse health effects during the financial crisis. In some countries these benefits come with health insurance and thus contribute to ensuring access to healthcare, 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).

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.

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. 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, 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 the following reasons:

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. For example:
 - Failure to reduce poverty: a benefit that is designed to reduce poverty is ineffective if it does not reach the people entitled to the benefit. These people will hence not be lifted out of poverty, distorting the intended welfare impact.
 - Failure of activation policies: 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. 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.
3. 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.
4. 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.
5. Decrease 'over-take-up': badly designed and administrated benefit systems have not only been associated with non-take-up but also with take-up by people who are not entitled to the benefits. By addressing this cause of non-take-up, (co-existing) over-take-up is also addressed, improving public finances and social justice.
6. 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.
7. Facilitating targeting: there has been a trend in increased targeting of benefits to those groups who are perceived to be most in need, 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.
 8. 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.
 9. Injustice: when benefits are received by people who are not entitled to them, this creates feelings of injustice. The same may hold true when people who are entitled to benefits do not receive them, in particular the reason behind non-take-up is not that they do not want the benefit. They have the right to these benefits, but somehow they fail to 'realise their right' (Van Oorschot, 1995).

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 2), 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. Intended beneficiaries could be identified and the benefit implemented. 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 of the respondents can be used to assess if he/she fulfils the criteria, such as earning income below a certain threshold or being unemployed. These surveys may also include information on the take-up of a specific benefit, or estimates of benefit receipt can be made based on more general questions with regard to income from benefits.

Administrative data, from government registers, is then used to calculate the proportion of people who actually take-up of benefits. These proportions can then be compared to the survey-based estimates of the proportion of people who are entitled to a benefit.

There are examples where administrative data for individuals is 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. In particular, they match three administrative data sources: 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) with 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 Challenges in estimating gaps

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 lots of 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:
 - o 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).
 - o 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).
 - o 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.
 - o 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.

- Entitlement assessment criteria are at the discretion local governments (*langdurigheidstoeslag* in the Netherlands, *leefloon* 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.

Information for certain households and individuals may also be missing entirely, 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. For example, if survey data is used for estimating benefit receipt, this may suffer from underestimation as survey data tends to show somewhat lower take-up than administrative data (Hernanz et al. 2004). 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.

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; Matsaganis et al. 2014). This working paper aims to learn from these past literature reviews, and provide an update of the situation in the EU28. It combines all gaps identified in recent 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), and 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.

Only the most conservative estimate reported for each identified study is recorded in Table 2. 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 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%, 57% and 47% are reported.

Table 2 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</i>)	2005	57%	Bouckaert, N. & Schokakert, 2011
	Unemployment benefit (<i>Wachttuitkering</i>) – estimate refers to 18-24 year old unemployed with low education only.	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	2004	29%	Matsaganis et al. 2010
Ireland	Family Income Supplement	2005	70%	Callan & Keane, 2008
Luxembourg	Minimum guaranteed income	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>Langdurigheidstoelag</i>)	2008	59%	Tempelman et al. 2011; Tempelman and Houkes 2012
Portugal	Minimum guaranteed income (<i>RMG</i>)	2001	72%	Rodrigues, 2008
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%	Baumberg et al. 2012
	Jobseeker's allowance	2009/10	33%	Baumberg et al. 2012
	Housing benefit	2009/10	16%	Baumberg et al. 2012
	Council tax benefit	2009/10	31%	Baumberg et al. 2012
	Pension credit	2009/10	32%	Baumberg et al. 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.

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

2.5 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 over 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 35 estimates in Table 2), and very few are below 10% (3, all in the UK); 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;
- 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. 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).

3 Exploring the gaps

Regardless of its precise magnitude, 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? The 'cost-benefit approach' offers a useful and frequently applied perspective. It will be discussed below, before presenting a broader set of explanations for non-take-up. Finally, this section will build on these explanations to highlight some population groups in vulnerable situations particularly at risk of non-take-up.

3.1 The cost-benefit approach and its limitations

Non-take-up is frequently explained by the 'cost' of taking-up the benefit being higher than the 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 a benefit will apply for the benefit. It serves very well to incorporate a very 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. Important limitations are the following:

- 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. For example, non-take-up may result from 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 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). 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.
- 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? Actually, 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.

3.2 Stages in benefit take-up where problems may occur

In the literature review for this paper, several areas have been identified where things can go wrong. While some of the literature does not investigate the non-take-up in-depth, and the estimation of non-take-up is more a side product of the publication dealing with other themes, such as poverty (Jahoda and Špalková, 2012), others present detailed analysis to explain non-take-up, often based on quantitative analysis. Some studies take the cost approach while others do not. Problems which can contribute to non-take-up in the various stages of take-up of a benefit are discussed: characteristics and awareness of the benefit, entitlement, and finally the application procedure, assessment of entitlement and payment. These headings try to avoid assuming knowledge about the causality. For example, the headings suggest 'the application procedure' as an area where things can go wrong, rather than limiting the cause to either 'lack of knowledge of procedures' or 'complexity of procedures'.

3.2.1 Benefit

Non-take-up can be explained by the nature of the benefit in relation to the characteristics of the households. In particular, the attractiveness of the benefit for the 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.

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 could well indicate that the higher the benefit, the more likely people are to take it up.

Whether a benefit is deemed attractive, 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 for example in France for the minimum income scheme (Domingo and Pucci, 2014), even if this could also be explained by lower perceived stigma if benefit is for household with children (Fuchs, 2009). The effective amount of the benefit may also depend on the tax system (Hernanz et al. 2004).

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.

Sometimes the benefits are no fixed amount, but their magnitude is dependent on certain criteria. When the amount is low, in particular as this usually means the need is lower as well, take-up can be expected to be lower. In particular for the healthcare allowance (*zorgtoeslag*), it also applies to some extent to the housing benefit (*huurtoeslag*), but there even the minimum amounts are much higher, and as expected the difference in non-take-up between those receiving much and those receiving less is thus lower.

It is important to note that it is not only the amount that matters, as a low amount can be of large importance for someone with little resources. So, it may make more sense to think of the amount relative to income. Nevertheless, when the amount is flexible, it usually is lower for people with lower need, so there is a double reason to expect that non-take-up will be lower.

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

3.2.2 Entitlement

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, mis-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.

People may be further be entitled, but refuse to acknowledge this because of pride, because they have no feeling of need, or as protest against the system.

Perceived stigma may also be a reason for people failing to acknowledge, or not wanting to enforce, their entitlement (Fuchs, 2009; Terracol, 2012). 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.

3.2.3 Application, assessment and payment procedures

Non-take-up may also be caused by problems related to the application process, including unawareness of how to apply, or the time and effort it costs to apply. This can differ largely between benefits and individuals.

The application procedure may further invite for stigma. For example, if a lot of emphasis is laid on proving that a person is disabled, the process can be perceived as humiliating (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 in remote rural areas in Austria of subsistence support (Fuchs, 2009).

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).

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).

People without access to the payment modality (for example a bank account), whether perceived or real (people may not know of other payment options), are at risk of non-take-up.

3.3 Explaining non-take-up

Overall, the issue of non-take-up is a complex one, with various potential explanations. Most likely, all the above mentioned reasons play some role simultaneously, to different degrees, depending on the specific benefit and context. Nevertheless, it is clear that explanations are based on interactions between predominantly individual-level and system-level characteristics.

Table 3 seeks to reflect this dual perspective, in summarising the various reasons for non-take-up discussed in this section. Measures to reduce the gap (see next section) can be aimed at one of these sides, or at both the personal and system level.

Table 3 Explaining non-take-up: interacting system and personal characteristics

Personal	System
Limited trust in government support	Inconsistent performance, corruption, bad data protection, little attention for privacy
Unaware of existence of benefit, limited investment of time in finding out about available benefits	Little dissemination, many changes in benefit structure, badly accessible information
Unaware of claiming process, limited investment of time in finding out about claiming procedure	Complex claiming procedure, many changes in application process
Unaware of entitlement, wrong assumptions on entitlement	Bad dissemination, lack of addressing mal-assumptions,
Not worth the effort. Future income not appreciated enough (even if later regret), high opportunity costs (for example because time badly needed for care at home)	Benefit too low or lots of effort needed to claim
Perceived stigma	Little attention for privacy, ill-designed application procedure and positioning of the benefit
Lack of appealing against errors, incomplete applications	Administrative error

3.4 Highlighting groups in vulnerable situations

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, in studies of some benefits, single-households are more at risk of non-take-up than larger households. Higher cost of finding-out about the benefit and application procedure as it cannot be shared, lower household income. In other studies, though, larger households are more at risk. Uncertainty about what will happen with the income or

assets from the other (more complex). Also with regard to age, findings differ across benefits and across countries. For example, 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 also shows mixed results, with sometimes couples having higher non-take-up (Domingo and Pucci, 2014) and sometimes single people (Tempelman and Houkes-Hommes, 2012).

Some of the non-take-up is among groups who choose not to take-up the benefit because they feel no immediate need for it, and judge the benefit to be too low for the perceived needed effort. While such non-take-up could still be seen as problematic for example because it challenges the objectives of the benefit and these groups can be in very vulnerable situations, non-take-up among groups with larger need seem of greater concern.

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.

- ***Socially isolated.*** 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).
- ***Lowest income groups.*** Although, in general, the probability of take-up increases when income decreases (see above), in particular with benefits that decrease with income. Nevertheless, those with the lowest income or wealth (or with debts) have been shown to have relatively low take-up (Tempelman and Houkes-Hommes, 2012).
- ***Low educated.*** While low education is associated with low income and social isolation, it is a factor in itself as access to information, and internet literacy which matters when reliance in information and application is increasingly on e-tools (often to increase efficiency), tends to be worse among this group.
- ***Migrants.*** Migrants have a higher chance of non-take-up (Tempelman and Houkes-Hommes, 2012; Fuchs, 2009). 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).

- **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.
- **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 (Fuchs, 2009).
- **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.

4 Reducing the gap

In this section, mechanisms are discussed that can contribute to reducing the gaps. The first (increasing awareness) and the second (effective referral) mostly act at the level of the individual level of those who are entitled, while the third (adjusting benefit design) and the fourth (simplifying application procedures and increasing efficiency) act rather at the system level. While these various mechanisms are discussed separately, it has been argued that gaps are hardly reduced by individual measures, but rather by addressing 'the whole bundle' simultaneously (Currie, 2004).

4.1 Effective referral

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).

In addressing other social and medical issues, social and health services may be alerted to potential problems with regard to non-take-up. 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.

Vice versa, 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 & Struyven, 2013).

4.2 Increasing awareness

Non-take-up can be reduced by providing the required information for potential beneficiaries about existence of the benefit and clear information about application procedures (Engels, 2001; Hernanz et al. 2004). Media campaigns, home visits and information websites can all contribute (Tempelman et al. 2011). Multi-media and multi-language information may also help (Eurofound, 2012). This section narrowly deals with awareness raising of existence of the benefit, while the role of awareness raising with regard to the application process is left for the section below on 'Simplifying application procedures'.

General 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). 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.

Government services can play an important role in 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), and the City Council Benefit Maximisation Team in the UK city Liverpool. 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. For example, the tax authorities could notify households of their eligibility, if tax declaration data allows assessing eligibility, during their tax declaration. 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.

4.3 Adjusting benefit design

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 will 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.

People with debts or with no 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 is incorrect. 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)

Furthermore, 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.

It can also help to merge certain benefits, so that it is easier to oversee what is available, and to avoid making too frequent and too many changes to the system. 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.”

4.4 Simplifying application procedures and increasing efficiency

Simplification of administrative procedures and considerations of the interactions between different programmes have been identified as potential solutions by earlier research (Hernanz et al. 2004).

Simplifying the application process and making it more comprehensible 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 payment mode may be an issue, for example because a considerable number of Europeans lack a bank account which may be needed for (or at least facilitate) benefit receipt. To reduce non-take-up, either or instituting robust modalities of payment can be established that reach all intended beneficiaries (De Wispelaere and Stirton, 2012) or access to bank accounts may be guaranteed.

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 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 (ΕΚΑΣ), 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) Actively contacting people who are entitled about the administrative steps they need to follow for take-up can also help. While a benefit in kind, rather than a monetary benefit, this was shown in the case of healthcare insurance in Slovenia (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).

Conclusions

Many people across the EU28 do not receive the 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.

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. This working paper is a first step in Eurofound's project on 'Access to benefits in times of crisis' to fill this gap.

Macro-level estimates of non-take-up suggest the problem to be prevalent in many EU Member States, for a wide range of social benefits. These estimates further suggest the problem to be persistent and large, with non-take-up proportions often far into the double digits. Nevertheless, it is clear that there are methodological problems, and it would be good to mirror these macro-level estimates with impressions from the ground, to investigate how closely they reflect the real situation. Eurofound's project will address this by applying a multi-method approach in investigating specific gaps in depth.

Furthermore, databases (in particular the SILC databases used for many of the estimates reviewed in this study) allow assessment of the situation only with a time-lag. 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.

In some countries, there is no evidence of non-take-up. This may be due to absence of the problem, but it may also just point to a lack of research, or our limited ability to identify the research in particular if not published in English. In investigating the issue of non-take-up, Eurofound will look in particular at the countries and/or benefits where there is absence of evidence for non-take-up. The research will thus contribute to getting a more complete picture of the situation.

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 proofing 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.

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': "*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. By writing this working paper, Eurofound hopes to have contributed by compiling and synthesising available evidence. Eurofound further aims to answer the call of the SPC by complementing the evidence gathered with evidence from expert meetings and an in-depth analysis from non-take-up of benefits in specific countries.

Overall, while a considerable number of studies has been identified that estimate the magnitude of gaps and (fewer) that explain gaps, hardly any of the identified studies investigates how 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.

Bibliography

Adam, S. and Brewer, M. (2005), Take-up of Family Credit and Working Families' Tax Credit

Amétépé, F. (2012), The effectiveness of Luxembourg's minimum guaranteed income, *International Social Security Review*, 65(1): 99-116.

Bargain, O., Immervoll, H., Viitamäki, H. (2007), How tight are safety-nets in Nordic countries? Evidence from Finnish register data, IZA Discussion Papers, No. 3004, Institute for the Study of Labor (IZA)

Baumberg, B., Bell, K., Gaffney, D. (2012), Benefits Stigma in Britain, Elizabeth FinnCare, University of Kent

BBC, *Disabled benefit delays a 'fiasco', say MPs*, 20 June.

Becker, I (2012) Finanzielle Mindestsicherung und Bedürftigkeit im Alter, in: *Zeitschrift für Sozialreform* 2/2012

Bouckaert, N. and Schokkaert, E. (2011), A first computation of non-take-up behaviour in the 'leefloon'.

Bruckmeier, K. and Wiemers, J. (2012), A new targeting – a new take-up? Non-take-up of social assistance in Germany after social policy reforms, IAB discussion paper, No. 10/2011, Institute for Employment research.

Bruckmeier, K., Pauser, J., Riphahn, R.T., Walwei, U. and Wiemers, J. (2013), Mikroanalytische Untersuchung zur Abgrenzung und Struktur von Referenzgruppen für die Ermittlung von Regelbedarfen auf Basis der Einkommens- und Verbrauchsstichprobe 2008, IAB.

Callan, T. and Keane, C. (2008), *Non-take-up of means-tested benefits: National Report for Ireland*.

Collet M., Menahem G., and H. Picard (2006), Logiques de recours aux soins des consultants des centres de soins gratuits. Enquête Précalog 1999-2000 » Questions d'Economie de la Santé, n° 113.

Currie, J. (2004), *The take up of social benefits*, NBER Working Paper 10488

De Wispelaere, J. and Stirton, L. (2012), A disarmingly simple idea? Practical bottlenecks in the implementation of a universal basic income, *International Social Security Review*.

Delpeuch T. Dumoulin L., et M. Kaluszynski. 2002. « Le non-recours à la police et à la justice », in P. Warin (dir.), *Le non-recours aux services de l'Etat. Rapport de recherche pour le DGAFP*. Grenoble : CERAT.

Domingo, P. and Pucci, M. (2014), Impact du non-recours sur l'efficacité du RSA « activité » seul, *Économie et Statistique* 467-468: 117-140.

Engels, D. (2001), *Nicht-Inanspruchnahme zustehender Sozialhilfe-Leistungen*, Köln.

Eurofound (2012), *Household debt advisory services in the European Union*.

Eurofound (2014a forthcoming), *Access to healthcare in times of crisis*.

Eurofound (2014b forthcoming), *Rural and urban Europe*.

European Commission (2013a) Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020, COM(2013) 83

European Commission (2013b), The coverage rate of social benefits, Research note 9/2013

European Commission (2014), Employment and Social Developments in Europe 2013

Eurostat (2014), Online database.

Ferrarini, T., Nelson, K, Sjöberg, O. (2014), Unemployment insurance and deteriorating self-rated health in 23 European countries, *Journal of Epidemiol Community Health* 68:657-662

Fuchs, M. (2007), Social Assistance – no thanks? Empirical Analysis of non-take up in Austria, Euromod Working Paper No. EM4/07

Fuchs, M. (2009), Social Assistance – No, Thanks? The Non-Take-up Phenomenon and its Patterns in Austria, Germany and Finland after 2000, European Centre for Social Welfare Policy and Research, Policy Brief September 2009

Goodship, D. and Finn, F. (2014), Take-up of benefits and poverty: an evidence and policy review. Centre for Economic and Social Inclusion.

Hansen, H and Hultin, M.L. (1997), Actual and Potential Recipients of Welfare Benefits with a Focus on Housing Benefits, 1987-1992, Statistics Denmark

Hernanz, V., Malherbet, F., and Pellizzari, M. (2004), *Take-up of Welfare Benefits in OECD Countries: A Review of the Evidence*, DELSA/ELSA/WD/SEM(2004)2. Paris: OECD.

Horáková et al. (2013), *Příjmová chudoba a materiální deprivace v České republice podle indikátorů EU - vývoj v důsledku krize, fiskální konsolidace a sociální reform*, http://praha.vupsv.cz/Fulltext/vz_363.pdf

Jahoda, R. and Špalková, D. (2012), Housing-induced poverty and rent deregulation: a case study of the Czech Republic. *Ekonomický časopis / Journal of Economics*, Bratislava: EÚ SAV, roč. 60, č. 2, s. 146-168.

Levy, H. (2009), *Take up rates of means-tested benefits for the elderly in Spain*. Institute of Social and Economic Research, University of Essex.

Matsaganis, M., Levy, H. and Flevotomou, M. (2010), Non-Take Up of Social Benefits in Greece and Spain, *Social Policy & Administration*, Vol. 44, No. 7, pp. 827–844.

Matsaganis, M., Ozdemir, E. and Ward, T. (2014), The coverage rate of social benefits, Research note 9/2013. Brussels: European Commission.

Matsaganis, M., Paulus, A., and Sutherland, H. (2008), The take up of social benefits. Research Note.

Nelson, K. and Fritzell, J. (2014), Welfare states and population health: The role of minimum income benefits for mortality, *Social Science and Medicine*, pp. 63-71.

Rode, A. (2010), Le non-recours aux soins des populations précaires. Constructions et réceptions de normes. (Non take-up of services amongst vulnerable populations. The construction and Access to benefits in times of crisis Working Paper 12 September 2014

Hans Dubois

acceptance of norms.) Thèse de doctorat de science politique. Université Pierre Mendès France, Science Po Grenoble.

Rodrigues, C. (2008), *Distribuição do rendimento, desigualdade pobreza: Portugal nos anos 90*. Coimbra: Edições Almedina.

Tasseva, I.V. (2013), Evaluating the Performance of Means-Tested Benefits in Bulgaria, ESRC, No. 2012-18

Tempelman, C. and Houkes-Hommes, A. (2012), What stops households from taking up much needed benefits? SEO, Discussion paper no 70.

Tempelman, C. Houkes, A. and Prins, J. (2011), Niet-gebruik inkomensondersteunende Maatregelen, SEO-rapport nr. 2011-31, SEO Economisch Onderzoek.

Terracol A. (2002), Analysing the take up of means-tested benefits in France. Presented at the 57th European meeting of the Econometric Society

The Guardian, *Iain Duncan Smith's delusional world of welfare reform*, 12 August.

Trbola R., and Sirovátka T. (2006), Efektivnost sociálních transferů při eliminaci chudoby v České republice. [The effectiveness of social transfer payments in the course of poverty elimination in the Czech Republic.]. Praha: VÚPSV - výzkumné centrum Brno, 2006. - 66 s. - ISBN 80-87007-02-6

Van Hemel, L., Darquenne, R., Struyven, L., Vanderborght, Y. and Franssen, A. (2009), Een andere kijk op hardnekkige jeugdwerkloosheid: Aanbevelingen en succesfactoren bij de inschakeling van laaggeschoolde jongeren. Koning Boudewijnstichting, Brussel.

Van Oorschot, W. (1995), *Realizing rights: multilevel approach to non-take-up of means-tested benefits*. Aldershot: Avebury, Ashgate Publishing Limited.

Van Oorschot, W. (2002), Targeting welfare: on the functions and disfunctions of means-testing in social policy.

Van Oorschot, W. (2013), Comparative welfare state analysis with survey-based benefit reciprocity data, *European Journal of Social Security*, Vol 15, No 3, 224-248.

Van Parys, L. and Struyven, L. (2013) Withdrawal from the public employment service by young unemployed: a matter of non-take-up or of non-compliance? How non-profit social work initiatives may inspire public services, *European Journal of Social Work*, 16:4, 451-469

Warin, P. (2014), What is the non-take-up of social benefit? Books&Ideas, 9 June 2014.