

Equalisation of State Pension Age: Implications for DWP Client Statistics

Introduction

This paper describes the impact of the Equalisation of State Pension Age (ESPA) on DWP Client Statistics. It explains how we have accommodated ESPA, making necessary changes as consistently as possible across our different products, and provides advice and guidance for users.

Background

Between 6 April 2010 and 5 April 2020 the age at which women may receive their State Pension (SP) will gradually rise to age 65 bringing it in line with the current State Pension Age (SPA) for men. It will increase in one-month steps; women will be grouped by date of birth and all those born in the same month will be eligible for their SP on the same date. The timetable for the rollout is shown in **Annex B**. The SPA is increasing to 68 for men and women between 2024 and 2046.

The minimum qualifying age for Pension Credit will increase for both men and women on the same timescale as ESPA; also for both men and women:

- the minimum qualifying age for a Winter Fuel Payment will increase from 60 to 65; and
- the maximum qualifying age for working-age benefits (IS, JSA, BB, ESA) will equalise at 65.

For general information about the change to State Pension age, please see: [this link](#)

Strategy for handling the change

Our benefit caseload statistics will, by design, reflect the gradually changing SPA and so our principle has been to reflect this as closely as possible in any derivations we use. As a result we are adopting a phased approach based on the customer's age at the statistical reference point.

The Office for National Statistics (ONS) will move to a working-age definition of 16-64 for everyone from April 2010. They will provide alternative measures for a gradually changing SPA and the old definition on a quarterly basis, for a limited period. DWP legacy Departmental Strategic Objective and Public Service Agreement indicators will use the old definition.

Implications for DWP Client Statistics and advice for users

The main implication is simply to be aware that part of the increases/decreases in our statistics will be driven by ESPA changes rather than a real change in benefit receipt. Where time series comparability is vital we recommend restricting analysis to under 60s for working-age groups, or over 65s for pension-age benefits.

Benefit caseload and flows statistics

ESPA will increase the number of working-age benefit recipients and reduce the number of pension-age recipients. The caseload statistics use the quarter end as the 'reference point' so breakdowns are based on age at quarter end. However, for

benefit flows it is the age as at the date of on or off flow, which provides the 'reference date'.

Working-age/Pension-age splits

For Carer's Allowance, Disability Living Allowance and Incapacity Benefit/ Severe Disablement Allowance benefit statistics a working-age/ pension-age split is provided. We have created an 'age of retirement' variable on our main base datasets showing the date a customer reaches State Pension age. This variable will be used to define the below/ above State Pension age split, ensuring our breakdowns mirror the actual gradual shift in definitions. Only women below State Pension age will be counted as working-age benefit claimants.

Statistics for the "working-age client group" will be accompanied by the following note:

The age at which women reach State Pension age is gradually increasing from 60 to 65 between April 2010 and April 2020. Throughout this period, only women below State Pension age are counted as working-age benefit claimants.

Proportion of Population Note

Throughout the next decade, and in line with the extension of the female State Pension age, the working-age and pension-age population definitions will change.

Although population estimates will be available via the ONS, robust estimates of the gradually shifting population below and above State Pension age will not be available. As a result, there will be several limitations on how we can produce and use percentage of population tables.

Option One: Use a 16-60 working-age population estimate and corresponding 16-60 working age benefit caseload. This option will omit individuals who are, under the change in State Pension age rules, now categorised as below State Pension age. This ignores the recent policy change and may miss some minor behavioural effects associated with it. However, it does produce a consistent time-series and allows some robust comparison over time.

Option Two: Using a 16-64 working-age population estimate in conjunction with a complete working age benefit caseload (i.e. reflecting the changing female State Pension age). This option includes people in the population estimate who are simply not eligible to claim a working age benefit as they are over State Pension age. As the policy change progresses over the next 10 years, the numbers who are eligible for working age benefits will grow. Hence, all other things being equal, the proportion of the population claiming working age benefits will grow. Despite producing a potentially misleading time series, this option produces numbers which include the effects of the policy change and are well suited to comparisons across geographical areas at the reference date.

As a result of these limitations, and the different population estimates required for each purpose, we will no longer present statistics as a proportion of working age population via the Tabulation Tool.

Nomis however, will continue to make percentage of population figures available. Their percentages of population receiving state benefits will be calculated using populations aged 16-64 for both men and women. However, the benefit statistics

figures used within their calculation will reflect the true State Pension age of the claimant (See Annex A). This corresponds to Option Two above. This methodology will be used across all the Labour Market Statistics on Nomis.

For clarification of this Nomis figures will be accompanied by the following note:

'Percentages of population receiving state benefits have been calculated using populations aged 16-64 for both men and women. The age at which women reach State Pension age is gradually increasing from 60 to 65 between April 2010 and April 2020. Hence, until April 2020, some women included in the population figure are not eligible to be part of the count of working age benefit claimants. There will be some time series discontinuity over this period, with trends partly reflecting the changing eligibility criteria.'

Should users wish to create their own age specific percentage of population breakdowns, for example, males aged 16-64 and females 16-59, ONS mid-year population estimates are available here: <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=15106> and Government Actuary's Department's population projection figures from here: <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=8519>. However, in order to create a consistent series throughout the transitional period, we suggest using a 16-60 age breakdown for the numerator and denominator in all calculations.

Further guidance for users

Standard footnotes will be attached to all output tables affected by ESPA providing guidance for users. A full list of impacts by product is given in Annex A.

For more information contact:

Sarah Fulton

Telephone: 0191 2168999

Email: sarah.fulton1@dwp.gsi.gov.uk

Annex A: Impact of ESPA by statistical product

Product Name:	Impacts for users
<p><i>DWP statistics are available via the tabulation tool using the following link:</i> http://statistics.dwp.gov.uk/asd/index.php?page=tabtool</p>	
<p>Benefit Statistics: (Statistical Summary and Tabulation Tool from WPLS)</p>	<p>Some impact Statistics will reflect gradually changing SPA definition and so there will be changing baseline in the working-age and pensioner populations throughout the next decade. Statistics as a percentage of working-age population will no longer be published. Alternative ways to obtain statistics as a percentage of working-age population are provided in this note.</p>
<p>Benefit Statistics: (Tabulation Tool from 5% sample data)</p>	<p>Some impact As with the WPLS Tabulation Tool, statistics will reflect the gradually changing SPA definition and so working-age benefit caseloads will increase and pension-age benefit caseloads will reduce. Working-age/ pension-age client group breakdowns are no longer provided via the 5% sample data.</p>
<p>Neighbourhood Statistics</p>	<p>Some impact Neighbourhood level statistics will show similar impact as overall benefit caseloads.</p>
<p>HB/CTB Caseload</p>	<p>Minimal impact Housing benefit and council tax benefit are household benefits. It is possible that a couple claiming these benefits may consist of a person of 'working age' and a person of 'pensioner age'. Unlike statistics for other DWP Client Groups, a large proportion of HB / CTB recipients do not claim an out-of-work benefit, so it is not possible to follow the same methodology used for these statistics. The statistics for HB / CTB are therefore presented solely in terms of age of the recipient (if a single recipient) or the eldest age of recipient / partner (if a couple). A range of age groups are published, including 16 to 64 and 65 and over.</p>
<p>Early estimates</p>	<p>Minimal impact However estimates may be affected by gradually changing working-age population throughout the next decade.</p>
<p>ESA Benefit Statistics</p>	<p>Minimal impact The discontinuity described above could occur but as ESA is a new benefit it might be harder to assess how much is a natural change to numbers and how much is dependent on ESPA.</p>
<p>Employment Programmes (via Tabulation Tool)</p>	<p>Minimal Impact Statistics will reflect gradually changing SPA definition and so there will be changing baseline throughout the next decade.</p>
<p>Migration Statistics</p>	<p>Minimal impact. Standard notes will accompany statistics.</p>

Children in Out-of-Work Benefit Households	Minimal impact Statistics will reflect gradually changing SPA definition and so there will be changing baseline in the working-age and pensioner populations throughout the next decade.
Disability Living Allowance (DLA) and Attendance Allowance (AA)	No Impact Eligibility for Disability Living Allowance and Attendance Allowance will remain unchanged. To qualify for DLA, the Person must be aged under 65 and for AA the person must be 65 or over.

Annex B: State Pension age for women affected by ESPA

Equalisation of Spa timetable for woman born on or after 6 April 1950 and before 6 April 1959, based on date of birth	
Date of birth	Date they reach State Pension age
6 April 1950 to 5 May 1950	6 May 2010
6 May 1950 to 5 June 1950	6 July 2010
6 June 1950 to 5 July 1950	6 September 2010
6 July 1950 to 5 August 1950	6 November 2010
6 August 1950 to 5 September 1950	6 January 2011
6 September 1950 to 5 October 1950	6 March 2011
6 October 1950 to 5 November 1950	6 May 2011
6 November 1950 to 5 December 1950	6 July 2011
6 December 1950 to 5 January 1951	6 September 2011
6 January 1951 to 5 February 1951	6 November 2011
6 February 1951 to 5 March 1951	6 January 2012
6 March 1951 to 5 April 1951	6 March 2012
6 April 1951 to 5 May 1951	6 May 2012
6 May 1951 to 5 June 1951	6 July 2012
6 June 1951 to 5 July 1951	6 September 2012
6 July 1951 to 5 August 1951	6 November 2012
6 August 1951 to 5 September 1951	6 January 2013
6 September 1951 to 5 October 1951	6 March 2013
6 October 1951 to 5 November 1951	6 May 2013
6 November 1951 to 5 December 1951	6 July 2013
6 December 1951 to 5 January 1952	6 September 2013
6 January 1952 to 5 February 1952	6 November 2013
6 February 1952 to 5 March 1952	6 January 2014
6 March 1952 to 5 April 1952	6 March 2014
6 April 1952 to 5 May 1952	6 May 2014
6 May 1952 to 5 June 1952	6 July 2014
6 June 1952 to 5 July 1952	6 September 2014
6 July 1952 to 5 August 1952	6 November 2014
6 August 1952 to 5 September 1952	6 January 2015
6 September 1952 to 5 October 1952	6 March 2015
6 October 1952 to 5 November 1952	6 May 2015
6 November 1952 to 5 December 1952	6 July 2015
6 December 1952 to 5 January 1953	6 September 2015
6 January 1953 to 5 February 1953	6 November 2015
6 February 1953 to 5 March 1953	6 January 2016
6 March 1953 to 5 April 1953	6 March 2016
6 April 1953 to 5 May 1953	6 May 2016
6 May 1953 to 5 June 1953	6 July 2016
6 June 1953 to 5 July 1953	6 September 2016
6 July 1953 to 5 August 1953	6 November 2016
6 August 1953 to 5 September 1953	6 January 2017
6 September 1953 to 5 October 1953	6 March 2017
6 October 1953 to 5 November 1953	6 May 2017
6 November 1953 to 5 December 1953	6 July 2017
6 December 1953 to 5 January 1954	6 September 2017
6 January 1954 to 5 February 1954	6 November 2017
6 February 1954 to 5 March 1954	6 January 2018
6 March 1954 to 5 April 1954	6 March 2018

6 April 1954 to 5 May 1954	6 May 2018
6 May 1954 to 5 June 1954	6 July 2018
6 June 1954 to 5 July 1954	6 September 2018
6 July 1954 to 5 August 1954	6 November 2018
6 August 1954 to 5 September 1954	6 January 2019
6 September 1954 to 5 October 1954	6 March 2019
6 October 1954 to 5 November 1954	6 May 2019
6 November 1954 to 5 December 1954	6 July 2019
6 December 1954 to 5 January 1955	6 September 2019
6 January 1955 to 5 February 1955	6 November 2019
6 February 1955 to 5 March 1955	6 January 2020
6 March 1955 to 5 April 1955	6 March 2020
6 April 1955 to 5 April 1959	65th birthday