

Public sector impact studies

Welfare Payments: Using Data to Tackle Hidden Poverty





The problem

Despite being a central hub of the UK financial industry, the London borough of Islington is one of the six most deprived in London. One in ten residents is over the age of 65, and a staggering one-third of these older residents live in income-deprived households. A significant barrier to their wellbeing is the 'uptake gap' with hundreds of pensioners eligible for Pension Credit but not claiming it.

This is more than a missed payment, it is a missed opportunity to avoid further hardship. Pension Credit acts as a passport to other essential support, such as the Winter Fuel Allowance and cost-of-living payments. When vulnerable residents miss out on this income, their health and living conditions deteriorate, leading to a failure demand on local government. The result is a cycle of reactive crisis management and escalating costs for adult social care and the NHS.

This public sector impact study is based on a talk at **Productivity Pitches**, a series of events hosted by the **Institute for Government** and **The Productivity Institute**, which aims to share and support ways to improve public sector performance levels. The talk is available to watch on the [Institute for Government's website](#).



The innovation

Islington Council's Income Maximisation (IMAX) team decided to develop a new strategy. Instead of waiting for residents to call them once their situation is already unacceptable, they decided to develop a more proactive model. The intervention is built on three pillars:

1. *The LIFT dashboard:* The council partnered with Policy in Practice to use the Low-Income Family Tracker (LIFT) dashboard. This tool integrates existing council data, such as housing benefit and council tax support records, to identify households that are statistically likely to be eligible for Pension Credit but are not currently receiving it.
2. *Targeted outreach:* Rather than relying on generic advertisements, the team sends targeted, personalised letters to identified households. These letters provide a direct name and extension for a dedicated officer, followed by telephone handholding to guide residents through the complex application process. The team recognises that trust takes time, often running multiple campaigns to reach those who did not respond the first time.
3. *Keep it simple for the resident:* By utilising the data the council already holds, officers can complete most of a benefits assessment before even speaking to the resident. This reduces the administrative burden on the pensioner, requiring them to answer fewer questions and making the process feel supportive rather than intrusive.





The impact

The IMAX project has demonstrated that proactive data use delivers a triple dividend - financial gains for residents, savings for the council, and improved public health.

- *Substantial income gains:* Across six campaigns, the team contacted 1891 households, achieving a 62% success rate for those who engaged. This resulted in an additional £3.8 million in annual income for Islington's pensioners from Pension Credit alone.
- *Unlocking passported benefits:* The successful claims unlocked an additional £310,000 in other benefits (such as Attendance Allowance) and an estimated £120,000 in passported support like the Warm Home Discount and Winter Fuel payments.
- *Social care savings:* The intervention identifies and supports carers within the household. By making 13 carers more financially resilient and preventing just one year's worth of residential care admissions, the council estimated a preventative saving of approximately £545,000.
- *Improved wellbeing:* Beyond the numbers, residents reported feeling more financially secure and validated by the council, leading to better mental health and reduced social isolation.



Takeaways

The project exposes a basic flaw in how public services are funded, namely that the organisation that pays for an intervention is often not the one that benefits from the savings. While the council funds the outreach team and data analysis, the financial gains show up elsewhere, through fewer crisis payments and hospital admissions for the NHS and central government. Even with this mismatch, the project shows that investing locally in financial resilience is one of the most effective ways to reduce long-term pressure on the state as a whole.

The model works because it combines smart data use with sustained human support. Housing benefit data helps identify households likely to be missing out on income, but data alone is not enough. Many older residents are wary of official systems or overwhelmed by the complexity of welfare claims. A single letter rarely changes that. Success depends on trusted officers who follow up, guide people through the process, and stay involved until claims are resolved.

The project also highlights a growing risk in the shift toward centralised administration. Its success relies on councils having detailed visibility of local data. As Universal Credit moves control and data to the Department for Work and Pensions, councils risk losing the ability to spot struggling households early. Without that line of sight, preventative support becomes impossible. Future gains in public sector productivity will therefore depend on strong data-sharing arrangements that allow local teams to intervene before problems escalate into crises.

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