



Hidden statistics for the housing supplement

Background and rationale for the audit

The Swedish National Audit Office has audited non-take-up of the housing supplement, called “hidden statistics”. The housing supplement is a social insurance benefit to help achieve a reasonable standard of living and to promote a reasonable housing standard for old-age pensioners and recipients of sickness and activity compensation. Responsibility for processing the housing supplement is shared between two agencies; housing supplement for recipients of sickness and activity compensation is dealt with by the Swedish Social Insurance Agency, while housing supplement for old-age pensioners is dealt with by the Swedish Pensions Agency. In 2018 central government costs for housing supplement amounted to about SEK 5.1 billion to recipients of sickness and activity compensation and about SEK 9 billion to old-age pensioners.

A first step in the Swedish NAO’s audit was to find out whether the extent of hidden statistics can be regarded as consistent with the Riksdag’s ambition to keep them as low as possible. There was particular focus on identifying groups where hidden statistics are comparatively high. The Swedish NAO also analysed the existence of financial vulnerability among households estimated to be potentially eligible for housing supplement but not receiving it. The purpose is to illustrate the consequences of the estimated current level of hidden statistics.

The audit is based on statements by the Riksdag Committee on Social Insurance to the effect that as low a level of hidden statistics as possible should be the target, and that means-tested housing benefits are of particular significance in reducing the risk of financial vulnerability. Observations from analysing the extent of the problem in turn constitute a reference point for the Swedish NAO’s assessment of the adequacy of the measures taken by the Social Insurance Agency and the Swedish Pensions Agency. The assessment is based on several criteria, that according to the Swedish NAO create the conditions for tackling hidden statistics effectively. The criteria are described in Chapter 1.3 and refer for example to the importance of systematic estimates of the extent of the problem and of adapting efforts to the particular needs of the target group.

Social insurance benefits must reach the individuals and households that are entitled to them. This assumes that the distribution policy initiatives are relevant. When those who are potentially eligible for housing supplement do not receive the benefit for some reason, this gives rise to “hidden statistics”, which means a reduction in the relevance of social insurance measures. The problem of hidden statistics for the housing supplement has been pointed out for more than the last 15 years and has prompted measures, above all on the part of the

Pensions Agency. Despite this, estimates indicate that the hidden statistics are still relatively high.

There may be many reasons for non-take-up by those potentially eligible for the benefit; for example a complicated regulatory framework and unawareness of the entitlement to housing supplement. It may also be because the insured person, due to cognitive functional impairments or advanced age, has special support needs in contacts with government agencies to enable them to complete an application.

Some hidden statistics in the housing supplement are probably unavoidable, for example if those potentially eligible deliberately refrain from applying for the benefit for some reason. In the opinion of the Swedish NAO, a reasonable point of departure in the work of the agencies should be as far as possible to minimise the risk of inadequacy in their measures, leading to hidden statistics.

In all, the Swedish NAO considers that there is a risk of already vulnerable groups being adversely affected and ultimately of decreased trust in the social insurance system. The audit questions are therefore:

- How great are the hidden statistics for the housing supplement?
- To what extent does loss of income lead to financial vulnerability among people potentially eligible for, but not receiving, the housing supplement?
- Are the efforts of the Swedish Social Insurance Agency and the Swedish Pensions Agency sufficient to ensure that hidden statistics for the housing supplement are as low as possible?

Audit findings

The hidden statistics for housing supplement continue to be relatively high, exacerbating the financial vulnerability of already vulnerable groups

The Swedish NAO's estimate of the hidden statistics for 2016 shows that almost a quarter of potentially eligible recipients of sickness and activity compensation and about one third of potentially eligible old-age pensioners risk not receiving the housing supplement, despite the fact that they may be entitled to the benefit. This corresponds to about 40,000 recipients of sickness and activity compensation and about 129,000 old-age pensioners.

The analysis also shows that more than half of the people included in the hidden statistics are classed as financially vulnerable, which means that their economic standard falls below 60 per cent of the median. If these people had received the housing supplement, the percentage of financially vulnerable people would have decreased by 10 percentage points among recipients of sickness and activity compensation and 30 percentage points among old-age pensioners.

Central government expenditure on the housing supplement was about SEK 12.7 billion in 2016. The Swedish NAO's calculations show that if everyone deemed eligible for housing

supplement had also taken up the benefit, the cost would have increased by about SEK 3 billion. In the opinion of the Swedish NAO, the public finance expenditure that lower hidden statistics entail constitutes a relevant measure in terms of reduced financial vulnerability among recipients of sickness and activity compensation and old-age pensioners.

The Social Insurance Agency has not worked sufficiently systematically to reduce hidden statistics

The Swedish NAO's estimate shows that the problem of hidden statistics in 2016 is so extensive that it justifies targeted measures by the Social Insurance Agency, in particular for recipients of activity compensation. The Swedish NAO notes that the Social Insurance Agency has not measured hidden statistics on a regular basis as a reference for further measures. In the opinion of the Swedish NAO this means that the Social Insurance Agency has not addressed the problem of hidden statistics in the housing supplement for recipients of sickness and activity compensation sufficiently systematically. The Swedish NAO notes that the Social Insurance Agency initiated some measures in spring 2019 for the purpose of reducing the risk of hidden statistics. For example, work has started on profiling in the housing supplement in order to discover people who are potentially eligible.

The Pension Agency's efforts to reduce hidden statistics could be developed

The Swedish NAO's estimate of hidden statistics for old-age pensioners in 2016 shows that the hidden statistics are not at a level that can be regarded as compatible with the Riksdag's intentions. The Swedish NAO also notes that the Government's governance in recent years has been focused on hidden statistics in the housing supplement for old-age pensioners. Consequently, the Pensions Agency has worked continually on reducing the risk of hidden statistics and for example has regularly measured the extent of hidden statistics. However, the Swedish NAO notes that there is no established exchange of experience between the Pensions Agency and the Social Insurance Agency, for example as regards methods of estimating the extent of hidden statistics or analysis of the reasons for hidden statistics. The Swedish NAO notes further that in recent years the Pensions Agency has implemented informative measures and for example started to identify various life situations when groups of pensioners need targeted information about housing supplement. The Swedish NAO nevertheless wishes to point out that the Pensions Agency could continue to develop efforts to reduce the risk of hidden statistics, in particular as regards identifying measures that reach groups that are overrepresented in the hidden statistics.

Automated information retrieval is a step in the right direction

A challenge of processing the housing supplement is that it requires relatively extensive information retrieval to implement correct means testing. The Swedish NAO takes a positive view of the measures implemented by the Social Insurance Agency and the Pensions Agency, which aim to increase the degree of automation in processing, not least to reduce the

administrative burden on those insured. However, the Swedish NAO notes that the Social Insurance Agency and the Pensions Agency do not have direct access to monthly income data from the Swedish Tax Agency for processing the housing supplement. In the opinion of the Swedish NAO, the monthly data from the Tax Agency could be a way to streamline and simplify processing of the housing supplement, for example by being able to identify changes in income among the target group.

The importance of taking into account the target group's special needs

In light of the fact that the application procedure for the housing supplement is relatively complicated, the Swedish NAO would like to emphasise the importance of the agencies as far as possible taking into account the target group's special support needs in this process. The specialised working method of the Social Insurance Agency means for example that different case officers handle sickness and activity compensation and housing supplement, which may entail a risk that information about the insured person's special support needs is not passed on to a sufficient extent from the case officer dealing with the main benefit to the housing supplement case officer.

The agencies do not focus on the hidden statistics problem in quality assurance of cases of refusal

One reason for hidden housing supplement statistics may be that those potentially eligible do not have the capacity to gather sufficient supporting documentation on their own. One way to discover non-take-up of the benefit by those potentially eligible, despite entitlement, is to analyse the measures taken by the investigating agency during processing. The Swedish NAO notes that neither the Social Insurance Agency nor the Pensions Agency has performed quality assurance of cases of refusal of housing supplement. Thus no follow-up has been made of whether sufficient measures have been taken to adapt the processing to the individual's special needs due to disability, for example.

Recommendations

The Swedish NAO makes the following recommendations to the Swedish Social Insurance Agency and the Swedish pensions Agency:

- establish exchange of experience on measuring methods and special measures to reduce the risk of hidden statistics,
- in the context of quality assurance and application of the obligation to investigate housing supplement cases, focus in particular on cases of refusal and special needs of those insured due to disability,
- ensure that the procedures for communication and exchange of information within the agencies contribute to adapting the processing of housing supplement as far as possible to the special support needs of applicants.

The Swedish NAO makes the following recommendations to the Government:

- investigate the possibilities of increased automation of information retrieval in processing the housing supplement. There should be particular focus on conditions for extending direct access to the Swedish Tax Agency's taxation database to include the housing supplement social insurance benefit at the Swedish Social Insurance Agency.
- task the Social Insurance Agency, in the same way as the Pensions Agency, with regular estimation of hidden statistics for the housing supplement, as well as reporting measures taken to reduce the risk of hidden statistics.