



Department
for Work &
Pensions

Proposals for a new statistical series to count the number of unemployed claimants: Research and Options Document

A summary of DWP research on developing a new experimental statistical series to consistently measure over time, the number of people claiming unemployment related benefits, including a consultation on plans for regular release of official statistics

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1. Executive Summary

The Claimant Count is a measure of *the number of people claiming unemployment related benefits*. Before 2013 this was simply the number of people claiming Jobseeker's Allowance (JSA). Since the introduction of Universal Credit (UC) from April 2013 the Claimant Count is measured as the number of people claiming JSA and the number of Universal Credit claimants placed in the 'Searching for Work' conditionality group.

As more people are brought within the coverage of the Claimant Count, the Claimant Count is set to rise noticeably over time. This will happen irrespective of how the economy performs and is a feature of the design of Universal Credit which brings additional groups of people into 'Searching for Work' conditionality (and therefore the Claimant Count), compared to Jobseeker's Allowance, to help encourage and support these claimants into work.

To address this, we are publishing this research and consultation report to:

1. Summarise options for a new experimental statistical series (in addition to the Claimant Count) which gives a consistent picture of national and local labour market conditions over time (part 1)
2. Seek the views of users on these options, and the scope of any new experimental statistics (part 2 – see separate questionnaire)

The statistics in this report are not Official Statistics but are presented to illustrate the research that has been carried out. These statistics should not be reproduced without this disclaimer and should not be used for policy- or decision-making.

We would like you to tell us whether the new statistics proposed in this paper would be useful and invite your comment on the scope, timing and regularity of any future release. This will help us to publish statistics which offer value to users, subject to the availability and quality assurance of the data.

The consultation runs for 8 weeks from 21st May to 21st July 2018.

2. Introduction

Under Universal Credit, jobseekers who would have previously claimed JSA are included in the 'Searching for Work' conditionality group and included in the Office for National Statistics (ONS) Claimant Count. However, this conditionality group contains a broader span of claimants than under JSA definitions: for example, partners of claimants, people who previously would have only received Housing Benefit or Child Tax Credits, and people who are awaiting a Work Capability Assessment under Universal Credit.

Since the expansion of Universal Credit to all claimant types from May 2016, these 'additional claimants' become increasingly visible, with significant increases in areas where jobcentres have moved to Universal Credit Full Service. This policy decision has the effect of bringing additional people into the Claimant Count compared to the pre-Universal Credit world and consequently the Claimant Count is less reliable as an indicator of changes in labour market performance at both a local and national level.

As a result, the ONS withdrew the Claimant Count from their national Labour Market Statistics Bulletin in March 2017, stating that the Claimant Count was no longer a reliable economic indicator. As well as altering its usefulness as an economic and labour market indicator, the inclusion of additional claimant groups within 'Searching for Work' conditionality has also led to a change in the designation of the Claimant Count statistics. ONS firstly – on 17th June 2015 - removed the designation of National Statistic¹, leaving the Claimant Count with an experimental statistics designation; and later, on 23rd February 2017, withdrew the Claimant Count from their national Labour Market Statistics Bulletin until further notice² - although they continue to publish it on their website³. ONS stated that the change in composition of the count could leave users with a misleading representation of changes in the labour market.

Options to produce a new set of statistics that would better reflect a consistent benefit regime over time, available at a local level, are presented in this paper.

3. Modelling a new statistical series

The key issue facing users of the Claimant Count is that the Universal Credit 'Searching for Work' conditionality group has a materially different composition to those claiming JSA. Although both include many of the same unemployed claimants, the Universal Credit 'Searching for Work' conditionality group takes in a broader group of claimants. This decision was taken to encourage and support a broader group of out of work claimants into work. These groups of additional claimants are as follows:-

Groups of additional claimants

- a. People who are not in work but previously claimed Housing Benefit (HB) only i.e. did not claim JSA;
- b. People whose household previously claimed Child Tax Credit from HMRC, but are not themselves earning more than the Universal Credit administrative earnings threshold; and nor do they have responsibility as the main carer for their child;
- c. People who are the partner of a claimant of Employment and Support Allowance (ESA) or Income Support (IS), but who do not themselves have caring responsibilities, a disability or a limitation on their ability to work.

Under Universal Credit, all of these groups are defined within the 'Searching for Work' conditionality group, and are, therefore, part of the Claimant Count. It follows that future years will naturally see a higher Claimant Count than is currently the case (other things being equal, in respect to wider economic and labour market conditions).

¹ <https://www.nomisweb.co.uk/articles/892.aspx>

² <https://www.ons.gov.uk/news/statementsandletters/publicationarrangementsfortheclaimantcount>

³ <https://www.nomisweb.co.uk>

Throughout this document, these groups of claimants are collectively referred to as 'additional claimants'.

Treatment of 'JSA Credits Only' and 'Universal Credit Work Capability Assessment' cases

The proposals in this paper suggest excluding the following groups of claimants from a new measure:

- a. those who receive National Insurance Credits only (i.e. are not paid) since this group does not exist under Universal Credit and thus for consistency should be removed from the entire series;
- b. people who report they are not fit for work, and are awaiting a Work Capability Assessment (WCA) under Universal Credit. Before Universal Credit, these people would instead have claimed ESA, and would not have counted towards the Claimant Count. This issue has only emerged since users were consulted by ONS on integration of Universal Credit within the Claimant Count.

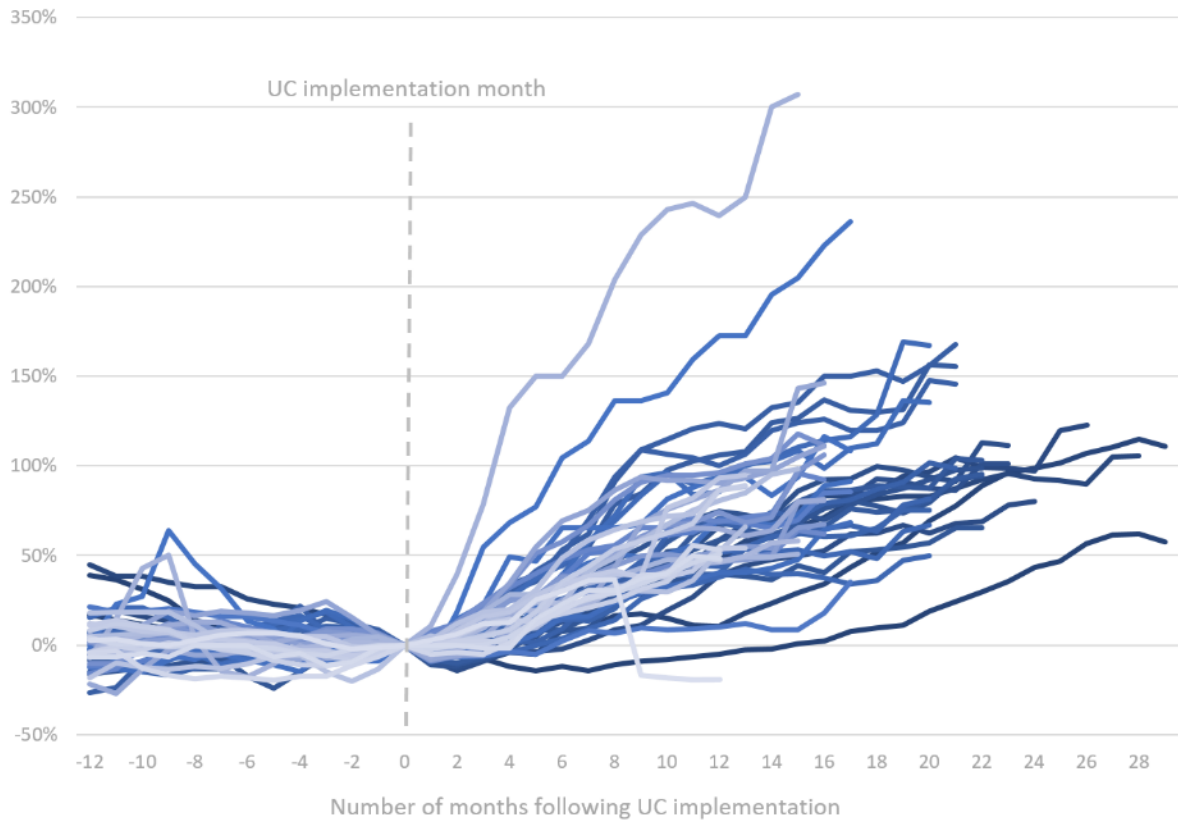
Implementation of Universal Credit

The effect on the Claimant Count has been observed gradually since Universal Credit implementation began in 2013. For many months the effect of these additional claimants on the Claimant Count was very small, firstly because the implementation of Universal Credit was confined to a minority of the country, and secondly, because early on, claims tended to be simple (referred to as Universal Credit Live Service) e.g. single jobseekers who would have claimed JSA, if that benefit was still available in their area.

From 2016 however, the implementation of Universal Credit Full Service (UCFS) has opened Universal Credit to a far greater volume of claims from 'additional claimants'.

These 'additional claimants' have had a clear influence on Claimant Count statistics: areas which have moved to Universal Credit Full Service have seen significant increases in the Claimant Count, in marked contrast to other areas yet to roll out (chart 1).

Chart 1: Percentage change in Claimant Count from month of Universal Credit implementation in each Jobcentre Plus office (phases 1-3 only)



Source: NOMIS

Looking ahead, the nationwide roll-out of Universal Credit for new claims is scheduled to reach completion later this year⁴. DWP therefore expects that - other things being equal - there will be a material increase in the local and nationwide Claimant Count. This increase will happen irrespective of the labour market and changes in the wider economy.

⁴ <https://www.gov.uk/government/publications/universal-credit-transition-to-full-service>

Data sources to quantify ‘additional claimants’

DWP holds a broad span of data on benefit and tax credit systems. The main data sources used for this research are those generated by the following benefits:

- Universal Credit
- Jobseeker’s Allowance
- Employment and Support Allowance, and its predecessor benefits
- Income Support
- Housing Benefit
- Carer’s Allowance, Disability Living Allowance, Personal Independence Payment
- Pension Credit
- Tax credits (via HMRC, for both working tax credit and child tax credit)

All of these benefit or tax credits have their own Official Statistics releases⁵ and the overall quality of the data is consistent with their designation. All data is held at the level of the individual, as identified by their encrypted national insurance number, together with information on claimants’ location and a limited range of personal characteristics (for example gender and age). These detailed datasets are not currently available to Office for National Statistics (ONS), hence DWP are leading on this research.

Taken together, these data show which individuals are receiving benefits or tax credits, and of those, which would form additional groups treated as jobseekers under Universal Credit conditionality. To derive this group of additionals, it is necessary to check all of these sources in turn, as each presents a possible exclusion from the definition of ‘jobseeker’. Thus the data allows us to determine, for each local area, whether an individual is:-

⁵ <https://www.gov.uk/government/organisations/department-for-work-pensions/about/statistics#dwp-statistics-and-contacts-by-theme> & <https://www.gov.uk/government/statistics/child-and-working-tax-credits-statistics-finalised-annual-awards-2015-to-2016>

1. Claiming JSA – excluding those who receive National Insurance Credits only (i.e. are not paid) since this group does not exist under Universal Credit.

Or

2. Claiming Universal Credit in the ‘Searching for Work’ conditionality group, and

- are fit for work (that is, are not awaiting a Work Capability Assessment)
- are not self-employed, in the start-up period
- are not otherwise earning in excess of the administrative earnings threshold

Or

3. part of an ESA claim as the partner of the main claimant and are themselves fit for work

Or

4. part of a Housing Benefit, Child Tax Credit or Income Support claim, and

- Have no evidence of earnings in excess of the administrative earnings threshold
- Have no evidence of disability (i.e. not in receipt of another disability benefit)
- Have no evidence of caring responsibilities, be that for a young child or someone else who receives a disability benefit

Groups 3 and 4 above form the ‘additional claimants’ referenced throughout this paper. DWP has assessed numbers in each of the categories above including the ‘additional claimants’ categories newly subject to work search conditionality under Universal Credit.

There are some limitations relating to the extent to which the data can be interrogated for modelling purposes. For example, further work is required to establish the reliability of data on the number of people awaiting a Work Capability Assessment under Universal Credit (who would be excluded in a new measure since they are not required to undertake full work search at this stage), or for individuals whose partner works more than 24 hours a week, but who themselves are either unemployed, or earn less than the administrative earnings threshold. Under Universal Credit, these people would be subject to work search conditionality, whereas under tax credits no work search conditionality would have applied, so they would not have featured on the Claimant Count.

4. Options

This section sets out two possible options for a new statistical series.

In broad terms, Option 1 'lifts' the historic Claimant Count to what it would have been under a "Universal Credit world". Option 2 adjusts the current Claimant Count to 'remove' additional claimants in order to continue to derive a measure of JSA jobseekers.

Both options suggest removing JSA Credit Only cases and those claimants awaiting a Work Capability Assessment under Universal Credit, from any new experimental series. Thereafter the options take different approaches to controlling for 'additional claimants' cases. DWP is committed to giving transparency to these options, and welcomes views on them. They are framed as follows:

Option 1 – a new form of the ‘JSA & UC searching for work’ Claimant Count

To lift the historic Claimant Count to what it would have been under a “Universal Credit world” and to count more accurately current jobseekers, the option:

- (a) takes the number of people on JSA (minus Credits Only cases)
- (b) adds the number of people on Universal Credit ‘Searching for Work’ conditionality (excluding those awaiting a Work Capability Assessment)
- (c) adds the number of people identified as ‘additional claimants’ each quarter back to 2012

This option excludes any claimant on either Universal Credit or legacy benefits, who would not be expected to seek work for example those exempt for reason of ill health or disability, or having carer responsibilities.

It is based entirely on existing data with no need for modelling or scaling factors and forms a count of jobseekers at a point in time. Thus, further breakdowns of the statistics (for example by age, by gender) and more detailed analyses would be possible.

It would support Local Authority and Parliamentary constituency level statistics in a consistent series from 2012.

Timeliness of the statistics is under review as it depends on the availability of the data sources set out in section 3, but published data would likely relate to a count date between 1 and 3 months in arrears.

The approach could be seen as providing a transitional series until Universal Credit is fully implemented, after which the ONS Claimant Count statistics will again fulfil users’ needs for a local area labour market indicator.

Worked example (illustrative, GB August 2017):

Claimant Count = 771k (comprising 445k JSA and 326k UC SfW)

JSA excluding Credit Only = 409k

UC SfW excluding WCA = 277k

Number of “additional” = 511k

Option 1 adjusted count = 1,197k (comprising 409k+277k+511k)

Option 2 – an adjusted JSA series (controls Universal Credit numbers for the effect of ‘additional claimants’)

Adjust the current Claimant Count to estimate and remove the number of additional cases from the Universal Credit part of the count:

(a) takes the number of people on JSA (minus Credits Only cases)

(b) scales down the remaining Universal Credit ‘Searching for Work’ group (excluding those awaiting a Work Capability Assessment) to **estimate** how many *would have been* on JSA (as opposed to being ‘additional claimants’ not on JSA) by applying a scaling factor.

Under this option, statistics would again be available at Local Authority and Parliamentary constituency level statistics in a consistent series from 2012 - but would not form an explicit count of jobseekers – instead the figures will have been derived at an aggregate level by applying local level scaling factors. This limits the ability to provide additional meaningful breakdowns of the statistics e.g. at granular levels, or to track cohorts of claimants over time to derive benefit duration measures.

Timeliness of the statistics is under review as it depends on the availability of the data sources set out in section 3, but published data would likely relate to a count date between 1 and 3 months in arrears.

The series would provide a definition of the Claimant Count more akin to the pre-Universal Credit definition of JSA-only jobseekers but would need to be continually created even after Universal Credit is fully implemented.

Worked example (illustrative, GB August 2017):

Claimant Count = 771k (comprising 445k JSA and 326k UC SfW)

JSA excluding Credit Only = 409k

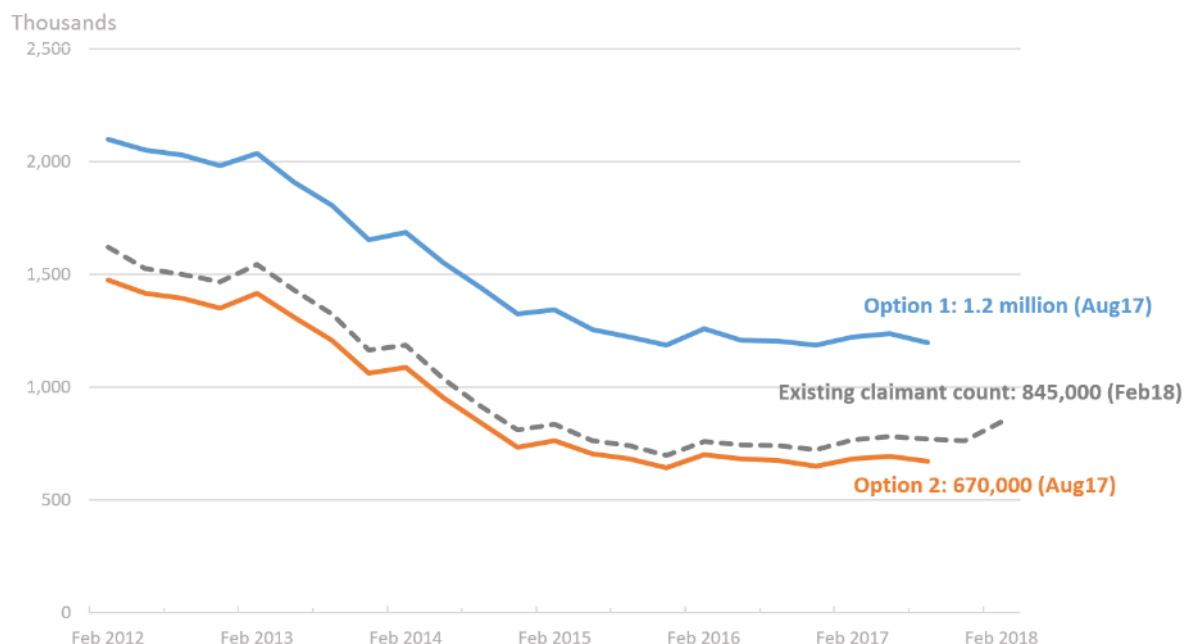
UC SfW excluding WCA = 277k

Scaling factor applied to remaining UC SfW = 94% at Aug17 x 277k (*scaling factor derived by estimating the historic proportion of ‘additional’ relative to JSA and the progress of UC implementation*)

Option 2 adjusted count = 671k (comprising 409k+262k)

Chart 2 illustrates, for GB, how options 1 and 2 compare to the existing Claimant Count series. The Claimant Count shows a notable increase in recent months as additional Universal Credit claimants are included in the count. Options 1 and 2 control for this artificial effect by providing an alternative measure which – critically – is consistent over time albeit defined differently under each option. Currently, only data to August 2017 has been modelled.

Chart 2: Claimant Count, Option 1 and Option 2 (illustrative), GB



In tabular form, Options 1 and 2 compare as follows:

	Option1(UC equivalent series)	Option2 (JSA equivalent series)
consistent back-series to 2012	✓	✓
available at LA and Constituency level	✓	✓
excludes JSA-Credit Only & UC cases awaiting WCA	✓	✓
timeliness: potentially published 1-3 months after count date	✓	✓
based on counting individuals	✓	X
based on modelling/scaling factors	X	✓
supports additional measures (such as durations on benefits, lower level geographies)	✓	X
is consistent with UC definitions of unemployed claimants	✓	X
is consistent with JSA definitions of unemployed claimants	X	✓

5. Proposed scope

DWP welcomes feedback on other breakdowns which users feel are necessary, though some developments may be more easily achieved than others, and some may be hampered by the current availability of data or its quality.

Coverage and content

Under either option, statistics will be a measure of individuals claiming unemployment benefit; there is no proposal to create a household-level statistic.

As now, users need geographical breakdowns, showing a benefit measure of unemployment in specific localities. The most important of these are Local Authority and Parliamentary Constituency-level figures.

DWP proposes that figures will be at the level of:

- Great Britain, countries and regions - and within that
 - numbers in each Parliamentary Constituency
 - numbers in each Local Authority

Further consideration on the availability of administrative data sources for Northern Ireland is required to determine if UK level statistics are feasible for the options presented.

At this stage we are not proposing to seasonally adjust our estimates. DWP will review periodically the extent of interest in seasonally adjusted statistics, alongside the suitability of the data for seasonal adjustment.

Figures will relate to the number of jobseekers at a point in time (second Thursday of the month in line with Universal Credit and ONS Claimant Count statistics), rather than providing information on flows and durations at least initially.

Figures will be available by gender and age.

Timing and frequency

DWP is committed to releasing statistics in an orderly and transparent manner. DWP proposes to:

- publish these figures every quarter (4 times a year) to coincide with the release date for Labour Market Statistics. This will be reviewed after a period of initial release and an assessment of the usefulness of these experimental statistics
- set the reference date of the statistics as the second Thursday of the month
- Release provisional experimental statistics around three calendar months after the reference date. This will allow a degree of retrospection to take place as the eligibility of some cases can take several weeks to resolve before it is known if

they are on the caseload or not. Further work will be undertaken to explore if the timeliness of the statistics can be improved.

Dissemination

DWP is committed to the accessibility of official statistics. Key to this is that access will be free, and as easily accessible as possible within the platform architecture DWP uses. The current approach is to accompany a published release with a parallel dataset release on StatXplore⁶, which enables users to drill into the datasets should they wish to do so. This may only be possible under option 1.

The statistics could also be accompanied by interactive maps and storyboards of the main messages if users would find this useful.

As with existing publications, there will be an accompanying background information and methodology note. This will set out the purpose of the statistics and definitions used. It will also set out the data sources used, their known limitations, and any confidentiality considerations which may apply.

DWP is aware that the ability to access official statistics varies among the population: different users have different needs, which would include needs of people with disabilities. Wherever possible, DWP releases will use accessible communication formats. DWP encourages users to make suggestions on how we can improve their experience in this regard.

Placement alongside Universal Credit statistics

DWP recently consulted on an extension to the coverage of these statistics, and has updated its release strategy⁷ to set out the direction of travel of these releases.

The current Universal Credit ‘Searching for Work’ conditionality group statistics support several audiences, including those interested solely in Universal Credit implementation, and also resource planning within Government. There is no proposal to remove or alter this series.

⁶ <https://stat-xplore.dwp.gov.uk>

⁷ <https://www.gov.uk/government/publications/universal-credit-statistics-background-information>

6. Status of new statistics

A key part of the new [Code of Practice for Statistics](#) concerns the relevance of statistical products:

V1.3 User satisfaction with the relevance and usefulness of the statistics and data should be reviewed routinely. This should consider the timeliness, accessibility, clarity and accuracy of the statistics and data.

We will work to the following principles in developing any new series:

- be of appropriate quality
- give a rounded and impartial view - be produced impartially, and free from political influence
- include sufficient background and methodology information
- be presented in a politically neutral manner
- be useful, easy to access, remain relevant and support understanding of important issues

Any new series will be published as experimental statistics to aid understanding of trends in local areas. It is the assessment of both DWP and ONS that users would gain greater value from an additional statistical series. DWP is committed to engaging with users, and will shape this series towards their needs.

7. Next Steps

Once we have considered all of the responses to this consultation we will publish a response on gov.uk within 12 weeks of the consultation end date. We will include a summary of the responses and an explanation of how we decided what to prioritise.