





## Geographic patterns of change of benefit claimants

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Using data from the Department for Work and Pensions, this study explores changing patterns of claim rates of Income Support (IS) and income-based Job Seeker's Allowance (JSA-IB) in England between 1995 and 2000. It carries forward earlier work using administrative data and demonstrates the power of such data in measuring changing fortunes over time for different area units and claimant groups throughout England. Following the recession in the early 1990s the British economy enjoyed a period of sustained economic growth. The impact of this recovery has, however, not been shared equally by different groups, whether these are defined geographically by area, or by claimant group category. The study looked at changes in claim rates by claimant characteristics (lone parents, unemployed, 'disabled and others', those aged 60 and over, families with children, and claimants who are in their fifties) and by location (Government Offices for the Regions (GOs), local authority districts and wards). The analysis showed that:

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-  **Every area has benefited from the strong economic growth between 1995 and 2000. Falling unemployment nationally has had some impact on almost all the most deprived wards.**
-  **Inequality has grown in English wards: there has been increasing polarisation between the wards with high and low claim rates between 1995 and 2000.**
-  **However, there have been very different rates of change in different areas depending on their economic profiles. For example, areas have slower rates of decline in claimant rates if they are (ex) mining, manufacturing or industrial.**
-  **Some types of claimants are less likely to leave benefit and some claimant groups have actually increased both in absolute and proportionate terms. For example, claimants who are defined as 'disabled and others' have increased particularly in the those wards which are middle-ranking in terms of overall claim rates. Numbers of lone parent claimants in England as a whole declined faster between 1998 and 2000 than in the 1995 to 1998 period. The numbers of lone parents leaving the benefit system are significantly lower in the wards where there is a high concentration of claimants.**

The study examines in a consistent way the patterns of change at regional, district and ward level. It also examines what happens to particular groups. Using IS/JSA-IB data for the three time points in 1995, 1998 and 2000, it presents cross-sectional information for different areas. By linking individual claimant data from 1995 to that extracted in 2000, it also presents dynamic analyses of how individual claimants have moved in and out of the IS/JSA-IB system. Key questions which this approach raises are how far vulnerable groups are in fact concentrated in particular areas, and whether this is a growing problem over the period studied (1995-2000).

### Cross-sectional claimant populations for 1995, 1998 and 2000

From 1995 to 1998, the number of claims for the 'out of work' means-tested benefits IS and JSA-IB fell from 4.8 million in 1995 to 4.1 million in 1998 and then further to 3.8 million in 2000. However, not all claimant groups changed at the same rate (see Figure 1).

The dramatic fall in unemployed claimants in 1995-1998 continued between 1998-2000, albeit at a slower rate. It is also important to note that the *rate of fall* in lone parent claims between 1995-1998, which averaged 1.9% per annum, increased to 3.2% per annum from 1998-2000. The 'disabled and others' group actually increased over both periods. However, the rate of increase for this claimant group category between 1998-2000 slowed dramatically compared with 1995-1998.

### Individual claimants over time: leaving and remaining on benefits across geographical areas

Just over 53% of all 1995 IS claimants were not claiming IS/JSA-IB in 2000. However, of those claiming IS in 1995, 15.3% of 'unemployed', 40% of 'lone parents', 46% of 'disabled and others', and 50% of the 'over 50s' were still in the same categories of IS/JSA-IB in 2000.

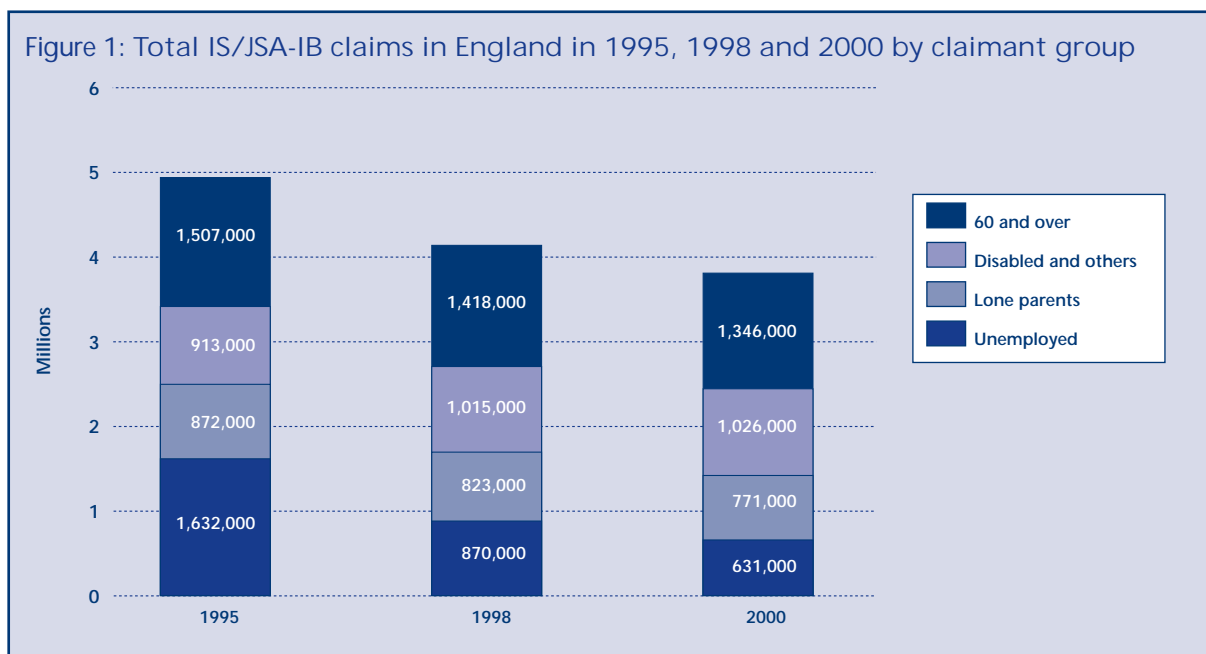
The proportions of unemployed claimants leaving IS/JSA-IB are highest in the South East, East, South West and London regions (70-75%) and lowest in the North East, North West, Yorkshire and the Humber and the West Midlands regions (62-67%).

Lone parents have lower exit rates overall. Similar to unemployment trends, the South East, South West and East regions have the highest exit rates for lone parent claimants (55-56%). However, London has the lowest rate of exits for lone parent claimants (42.3%).

As regards exits from 'disabled and others' status, London is ahead (43%) of the South East, East and South West (35-37%). Lowest regional exit rates are in the North East, West Midlands, North West and East Midlands at 32-33%.

Low ward-level exit rates from unemployment were associated with the following ward-level characteristics:

- high level of multiple deprivation;
- high rate of unemployment in 1995;
- a greater proportion of the unemployed population being 'long-term' unemployed (i.e. over 12 months);



- a high level of ill health;
- a lower level of adult qualifications;
- a lower rate of children staying on at sixth form; and
- a relatively older unemployed population.

### Concentration, inequality and polarisation

Roughly one-third of all claimants live in the top 10% of wards with the highest claim rates, indeed over half of all claimants live in the top 20% (quintile). However, such concentration still leaves 50% of claimants *outside* of the top quintile.

Decline in claimant numbers is occurring in the wards with high claim rates as well as the rest. However, the claim rates in the wards with higher claim rates have declined less than in the wards with the lowest claim rates.

The exit rates (i.e. percentage leaving IS) for 1995 lone parent IS claimants are also lower in the wards with high claim rates. Only 42% of 1995 lone parents in the top decile group exit benefit by 2000.

But the difference in exit rates between wards due to the claim rate is far less for the 'disabled and others' group. For this group the overall claimant rate concentration has *very little effect* on the rate of exit for these claimants. The difference in exit rate between the top decile group and bottom is only between 36% and 39%. The difference between the top and seventh decile group is minimal – around one percentage point.

Overall inequality across all wards in England has grown between 1995 and 2000. The gap between 'Prosperous England' and other district types as described by the Office for National Statistics (*Population Trends*, Spring 2000, ONS) has grown more than the gap between the South East and North East.

### Families with children

The percentage decline between 1995 and 2000 in terms of numbers of 'non lone' parent IS claimants was nearly four times as great as for lone parent IS claimants. Rates of claim for families with children have declined but lone parent claimants have had a much slower decline than other claimants with children, especially those who were defined as unemployed. Rates for older parent claimants have declined more slowly than those for parents aged under 35. London – an area with high numbers and high claim rates for lone parents – has experienced

much lower declines than other regions for lone parent claimants.

### Claimants in their fifties

The combination of disability and being aged 50-59 seems to have a strong association with remaining on benefit. Claimants in their fifties account for 57% of the overall growth in claimants designated 'disabled and others' between 1995 and 2000.

Regional trends show a divergence in the speed of decline in claimants in their fifties between Northern and Southern regions especially. However, much less regional divergence is apparent in the 'disabled and others' group of claimants. It is also clear that much of the regional trend is due to underlying structural economic change because areas labelled as 'mining, manufacturing and industry' had clear trends in having divergent *growth* in 'disabled and others' claimant numbers and are over-represented in the Northern regions.

At the ward level, rising claim rates and rising numbers of claimants in their fifties are occurring outside of the 'worst' wards and may be missed by area-based initiatives that target those areas with the greatest deprivation.

### Conclusions

This evidence suggests that *every area* has benefited from economic growth, because falling unemployment nationally has had some impact on almost all the most deprived wards.

However, there have been very different rates of change in different areas – the areas with the highest numbers and proportions of claimants in 1995 have tended to be slower to participate in the overall national economic growth. This is true not only at the small area ward and local authority district level but also at the regional level – with strong evidence that it is the underlying economic profiles that matter rather than simply the regional geographies which often dominate public debate. These locational influences - regional and socio-economic profile - overlie one another. While small areas with high incidence of unemployment and claimants do decline more slowly, they have even slower rates of decline if they are (ex) mining, manufacturing or industrial areas. For example and in simple terms, claimants in wards of Inner London with high claim rates in 1995 are leaving benefits at a greater rate than those in wards of similar claim rates in, say, Newcastle or Liverpool.

The evidence is not only that some types of claimants are less likely to leave benefit, but also that some claimant groups have actually increased both in absolute and proportionate terms. For claimants who are defined as 'disabled and others' absolute numbers of claims have risen and claim rates have also risen. It is also the case that claimants in their fifties are also disproportionately disadvantaged in Northern mining, manufacturing and industrial areas. Lone parent claimants in England as a whole have declined faster since 1998 than in the 1995 to 1998 period. London in particular has witnessed a dramatic percentage decrease in numbers of lone parents between 1998 and 2000, after a period of almost negligible decline. The analysis of change between 1995 and 2000 also shows that the exits of lone parents from benefit is significantly lower in the wards where there are high concentration of claimants.

The evidence is thus that England is both growing together (i.e. most areas are improving) and growing apart (i.e. different areas and claimant groups are not enjoying this improvement equally).

One result of these different patterns of change is that inequality has grown in English wards. There has been increasing polarisation between the wards with high and low claim rates between 1995 and 2000.

Although there has been an increasing concentration of claimants in the wards with the highest claim rates in terms of the proportion of the total, there is little evidence that the most deprived areas are cut off from economic growth. Claimant populations in the high claim areas have had very similar forces driving down numbers – mainly falling unemployment. The slower speed of claimant decline in the high claim rate areas should not necessarily be seen as a 'policy failure'. It hides the fact that the wards with the highest claim rates in 1995 have experienced much higher declines in claimant numbers – 50% of the total fall in English claimants stems from the 'top' 20% of wards.

Further insights would be gained if the analysis were taken further to the individual level, to explore the ways in which location and personal characteristics influenced the probability of leaving benefit between 1995 and 2000.

## About the project

The research was undertaken by a team from Oxford University and the LSE. The study used IS and JSA-IB claimant data provided by the Department for Work and Pensions. These data have been provided to the research team solely for the purposes of this research in an anonymous form but included postcodes to allow for small area spatial analysis, and an encrypted National Insurance Number so that a longitudinal data set could be produced.

To calculate claimant rates the study used (a) for 1998: population denominators based on the ward-level estimates produced for the DTLR's Indices of Deprivation 2000; (b) for 1995: 1991 Census of Population data, as corrected in the Estimating with Confidence (EWC) project revisions were used and interpolated to converge with the 1998 estimates; (c) for 2000: the 1998 ward-level estimates were extrapolated and constrained to ONS's mid-2000 District level estimates.

## How to get further information

The full report, *Growing together or growing apart? Geographic patterns of change of Income Support and income-based Jobseeker's Allowance claimants in England between 1995 and 2000* by Martin Evans, Michael Noble, Gemma Wright, George Smith, Myfanwy Lloyd and Chris Dibben, is published for the Foundation by The Policy Press (ISBN 1 86134 409 0, price £15.95).