

Benefits trends and the introduction of ESA in 3 British cities

This report reports on the changes to JSA claimant counts and the changes to IB/ESA counts since 2006 in Edinburgh, Nottingham and Bristol, taking into account the effect of the introduction of ESA to all new IB claimants in October 2008. As ESA was intended to move more claimants off disability benefits and into work, it was expected that this change to the benefits system would lead to higher JSA counts. In addition to this, a report by Citizens Advice Scotland (2010) found problems with the Work Capacity Assessment of ESA finding higher proportions of applicants fit for work than previously expected by government ministers, with some of these applicants being found clearly not fit for work by Citizens Advice Scotland and their doctors.

This report finds that there is little evidence of a link between ESA and JSA claimant counts in general. However, for those under 25¹, who make up a small proportion of the long term JSA claimants, there is evidence of a link. It appears that a higher number of under 25s have been found fit for work and moved onto JSA when ESA was introduced in October 2008, one year later the number of JSA claimants claiming for over one year rose sharply.

JSA Claims

JSA trends in all 3 cities have been similar. Total JSA claimant counts have dropped slightly from 2006 to mid 2008, then increased to the first quarter of 2010 and then leveled off. In all 3 cities the proportion of total claimants under 25 has remained steady at roughly one third.

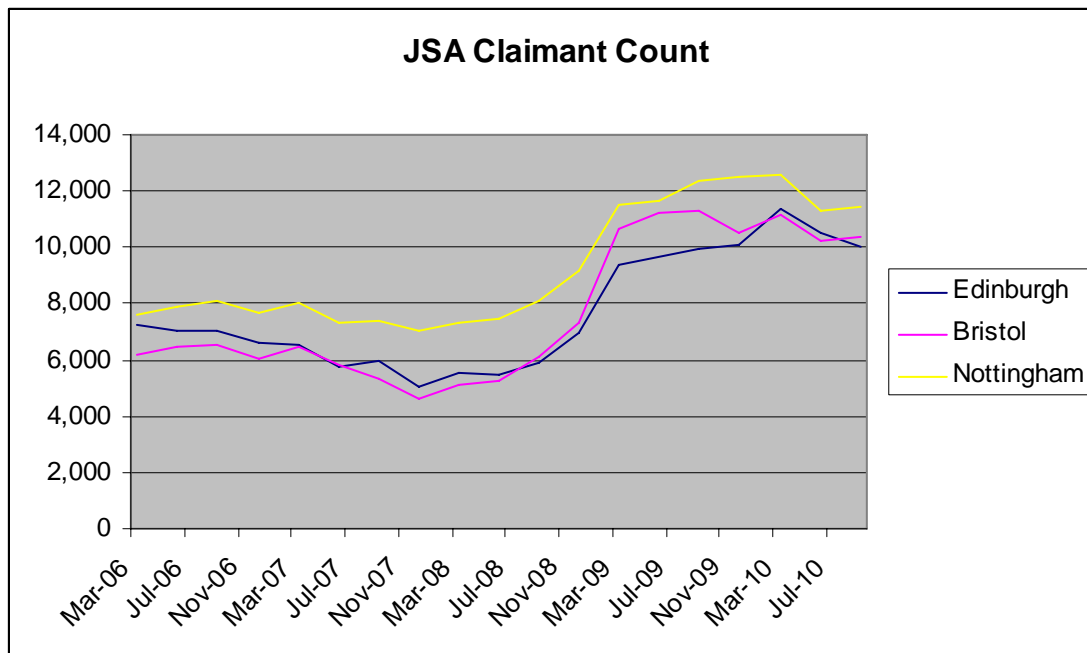


Figure 1

The following figure shows the trend for long-term JSA claimants.

¹ The terms 'youth' and 'young people' both refer to the under 25 age group in this report.

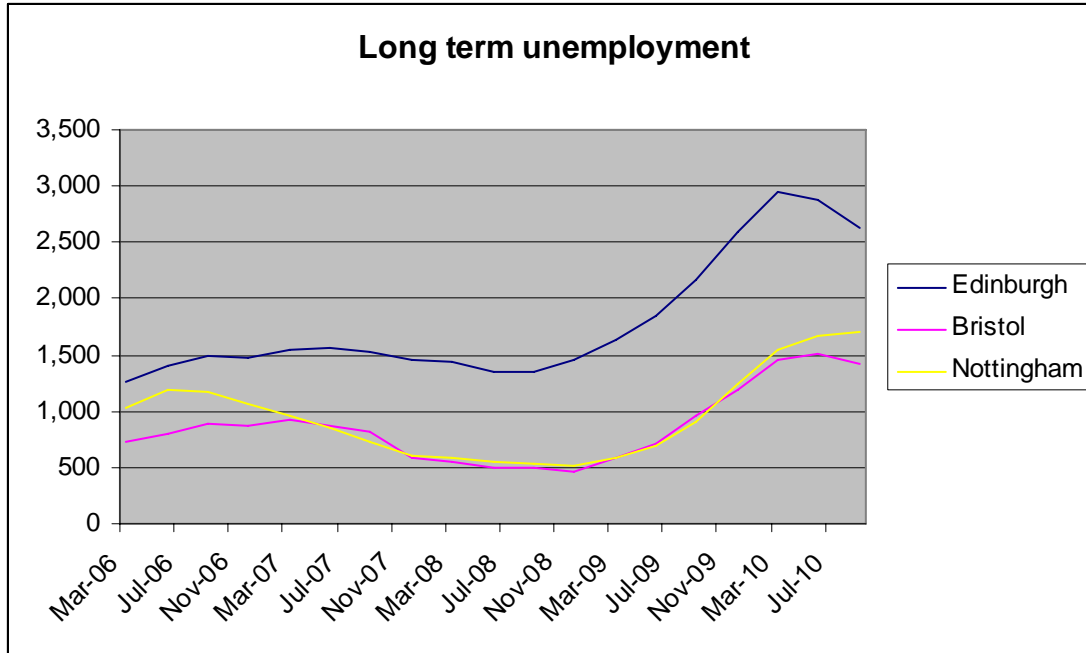


Figure 2²

The trend here is once again similar in all three cities. As the number of total claimants has increased, the number of long-term claimants has also increased, after about a slight delay.

The following figure shows the trend for long term JSA claims among young people.

² All of the statistics used here are for benefit claimants, not unemployment models. Actual unemployment is higher than the claimant rate.

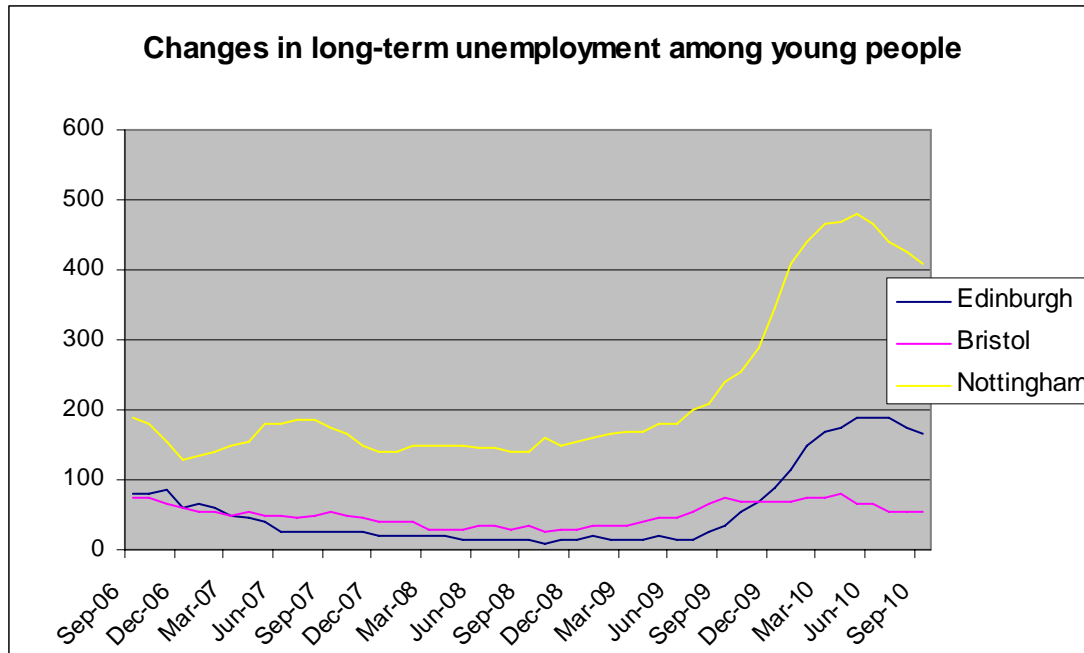


Figure 3

This figure shows a distinct difference in how long term JSA claims has affected young people in the three cities. A similar trend can be observed in Nottingham and Edinburgh, where youth long term JSA claims have seen a sharp increase. Although the total figures may not seem to be too high, this group appears to be among those worst affected by unemployment in these two cities. Interestingly, this trend is not present in Bristol. Youth long term JSA claims have returned to similar levels last seen in 2006.

The proportion of long term JSA claims who are under 25 has actually been decreasing in Bristol since 2009 (due to a steady rise in total long term JSA claims), whereas both Edinburgh and Nottingham have seen an increase (figure 6).

This data shows that there have not been any drastic changes to JSA rates. However, Edinburgh (along with Nottingham) is now struggling with rising long term unemployment among young people, although this rise shows evidence of leveling off and possibly decreasing.

The following three figures display the JSA rate, the proportion of total claimants claiming for over one year and the proportion of long term unemployed under 25. . As the data is displayed as a %, these figures can be used to directly compare the cities to each other.

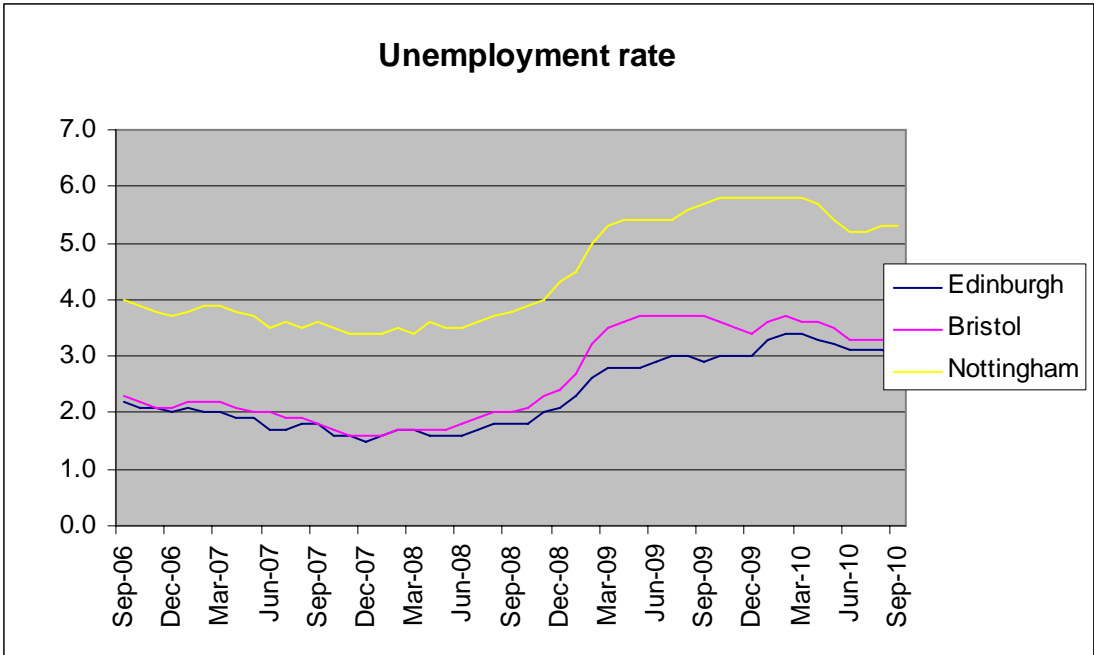


Figure 3

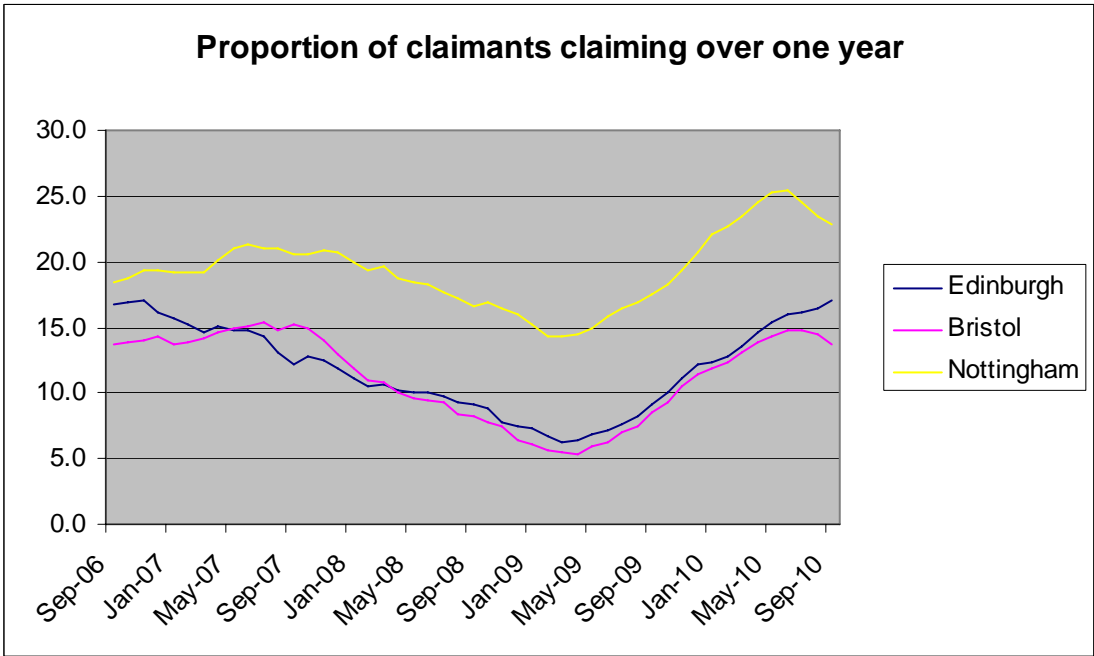


Figure 4

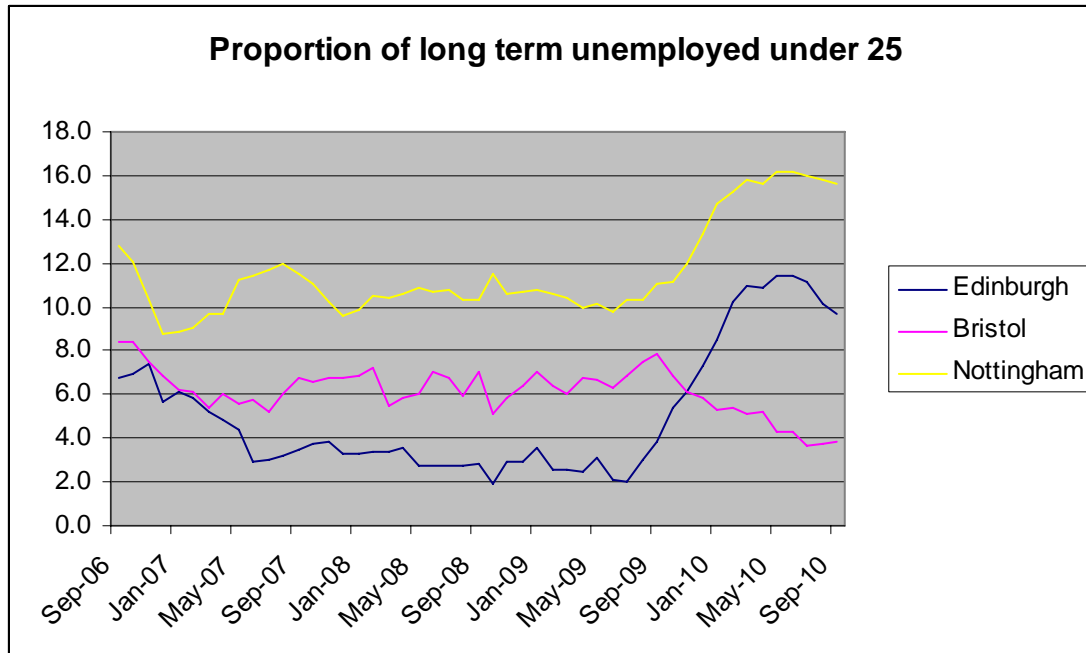


Figure 5

Incapacity Benefit to Employment and Support Allowance switch

In October 2008 ESA was introduced for all new disability claimants who would have previously claimed IB. ESA was intended to offer more support to those with disabilities to help them into employment, and to put more people with disabilities who are capable of working onto JSA instead of ESA. Therefore it was expected that this change to the benefits system would raise the number of people claiming JSA. The following 3 figures display the changes over time for IB and ESA counts and for the three cities. The vertical black line marks the introduction of ESA for new claimants.

It is worth noting that IB/ESA data is only available up to February 2010.

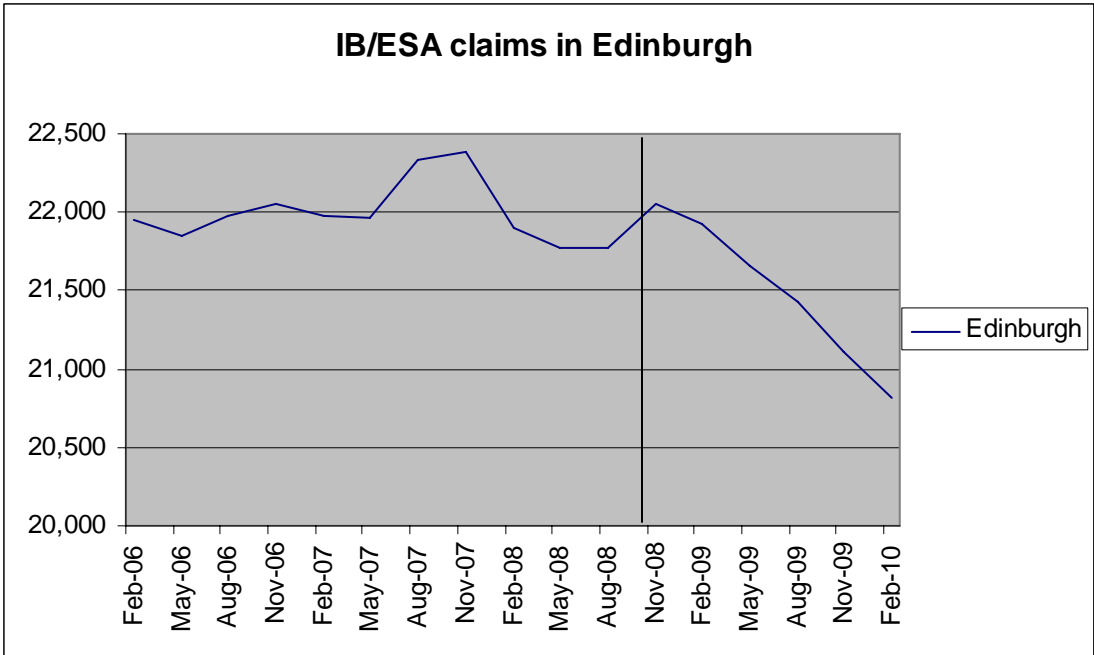


Figure 6

This figure for Edinburgh shows a clear decline in IB/ESA claimants after ESA was introduced in October 2008. Over one year the claimant count dropped by about 1000.

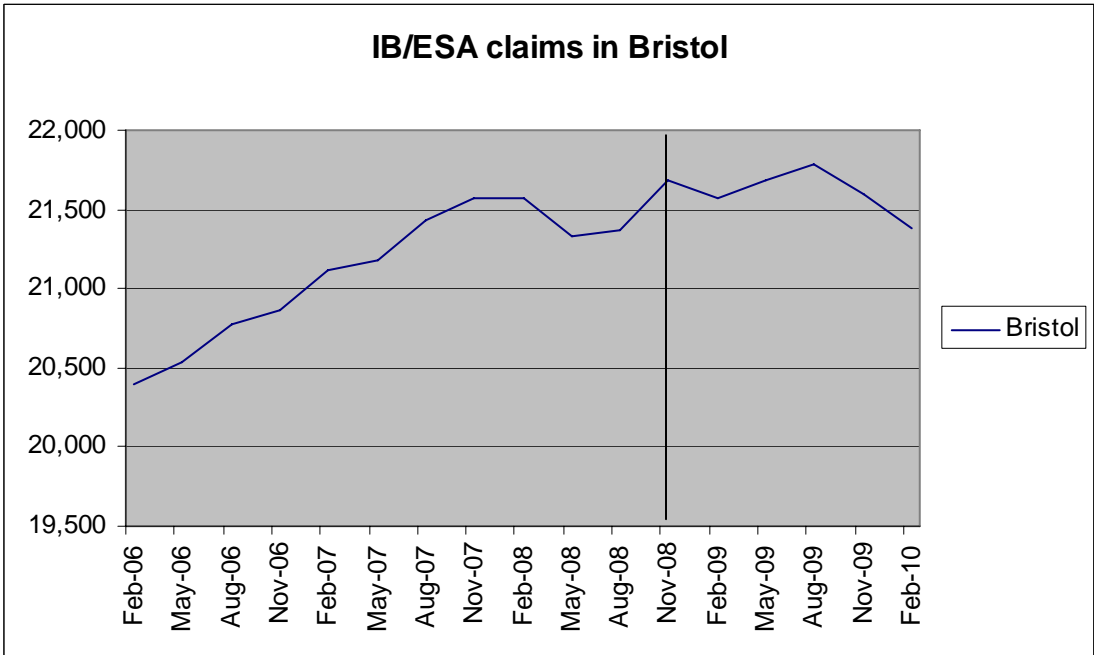


Figure 7

This figure for Bristol shows the IB/ESA count has seen little change since the introduction of ESA. The count rose slightly after October 2008 by about 200, although it has since been decreasing.

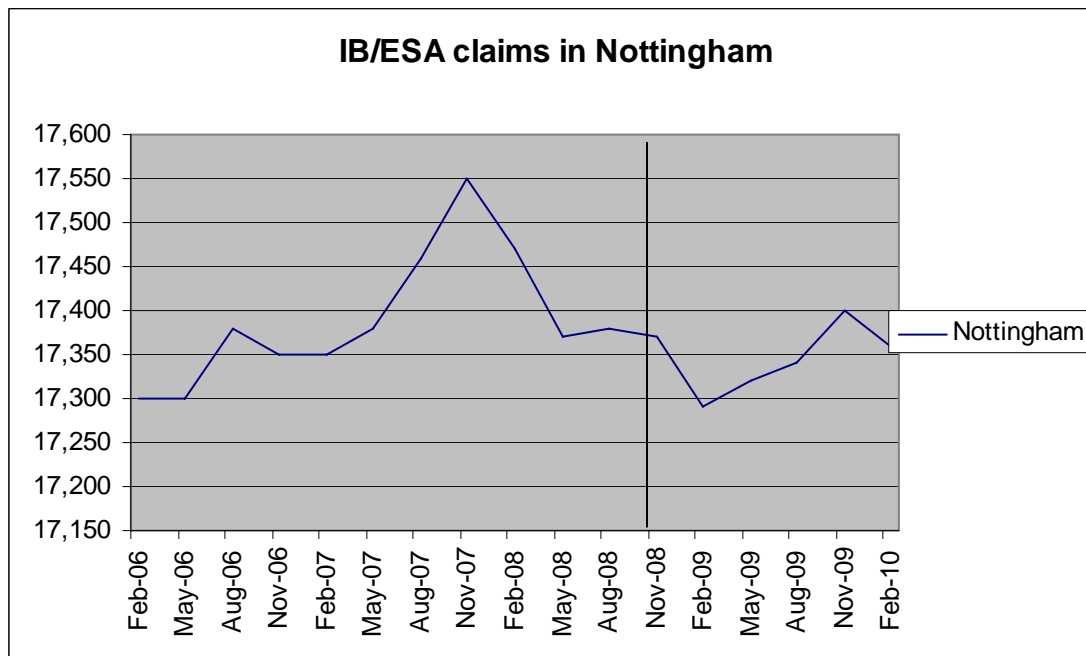


Figure 8

This figure for Nottingham indicates that the introduction of ESA had little effect on the Nottingham IB/ESA claimant count. The count was already dropping before the introduction of ESA and although it dropped slightly more after its introduction, it soon rose again.

Data from the total JSA claimant count in figure 1 has shown that after October 2008, the JSA count rose more sharply by several thousand over several months before leveling off. This alone could indicate that the switch to ESA has put more claimants onto JSA who would have previously claimed IB. However, the data for each city does not support this. The highest reduction in the IB/ESA count was in Edinburgh and was only about 1,300. The changes in IB/ESA claimant counts in Nottingham and Bristol do not indicate that a significant number of people with disabilities have been put onto JSA.

However, the sharp increases in long term JSA claims among young people in Nottingham and Edinburgh have occurred one year after this switch. As this increase is among those who have been on JSA for a year or longer, it indicates that a higher number of those who began claiming JSA after October 2008 have not been able to find employment.

Data on IB and ESA from the DWP shows that the largest reduction in IB/ESA claims has been from the 'Under 25' group. In Edinburgh the IB/ESA count decreased by 6% between November 2008 and February 2010. This figure rises to 18% for Under 25s. In Bristol, where the average reduction was only 1%, this figure rises to 14% for Under 25s. In Nottingham the average reduction was below 1%, which rises to 5% for Under 25s (Nomis, 2010). In all three cities the Under 25 age group was faced with the largest reductions proportionate to their original size.

However, as some other age groups have a larger total count they have faced a larger overall reduction, although this has been a smaller proportion of their original size. This should have a similar effect on general long term unemployment trends. Although long term unemployment has risen, there is no way to verify if this is due to an influx of people with disabilities or due to the general increase in unemployment. The proportion of JSA claimants claiming for over one year has raised in all 3 cities, yet Nottingham and Bristol saw only small changes in IB/ESA counts, indicating no link between these two issues.

Conclusion

Whilst the switch to ESA does not seem to have caused a significant influx to JSA (except, perhaps, in Edinburgh), it may have had some impact on long term JSA claims. In general, this impact does not appear to be too significant. As we are in a recession, rises in unemployment and long term unemployment are to be expected.

However, one issue does stand out. Under 25s appear to be the most affected by restricting access to ESA, and have also seen the sharpest increases in long term JSA claims. This indicates that young people with disabilities may be being found fit to work by the work capacity assessment, but are finding it difficult to secure employment. Interestingly, the proportion of the total JSA count who are under 25 has not changed much, and remains at about one third. This is not too surprising as the number of under 25s not being able to claim ESA and the amount becoming long term JSA claimants is rather small.

It is possible that because the numbers for long term JSA claims under 25 are in the hundreds, rather than the thousands, they do not show up as significant changes in the total JSA claimant counts. This is a small number of the total JSA count who have seen a significant increase proportionate to their size.