

STATE OF WALES BRIEFING

March 2019

SEFYDLIAD
bevan
FOUNDATION

Out of Work Benefits



State of Wales Briefing: Out of Work Benefits

Key messages

- The rollout of Universal Credit has seen an increase in the number of people claiming out of work benefits whilst actively seeking work.
- The same process has contributed to a fall in number of people claiming Employment and Support Allowance.
- There are far fewer women who are claiming out of work benefits actively seeking work than men.

Why it matters

People who claim out-of-work benefits face a significantly higher risk of poverty than people who are in work. 62% of working age adults who live in household where there is no-one in work live in poverty, compared to 29% who live in households where one but not all working age adults are in work and 17% in households where everyone is in work.¹ Understanding who is claiming out-of-work benefits is key if we are to understand poverty in Wales.

How it is measured

This briefing focuses on the three main out-of-work benefits:

- Job Seekers Allowance (JSA) – A benefit paid to people who are currently unemployed but who are actively looking for work.
- Employment and Support Allowance (ESA) – A benefit paid to people whose ability to work may be affected by an illness or a disability.
- Universal Credit (UC) – A new benefit which is currently being rolled out which replaces six former benefits including JSA and income-related ESA.

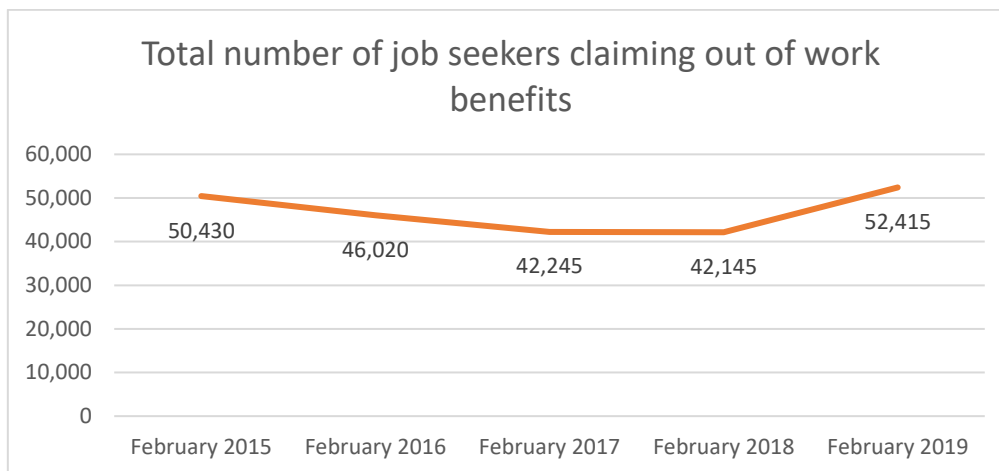
The roll-out of UC has affected the availability of data. A new claimant count dataset combines JSA and UC claimants who are required to look for work. However a similar dataset for ESA claimants and UC claimants whose ability to work is affected by an illness or disability is not yet available.

Over 200,000 people in Wales claim some form of out-of-work benefit. The introduction of Universal Credit has resulted in more people being required to actively seek work than 12 months ago, and hence an increase in the number of job seekers claiming benefits, despite the number of unemployed people decreasing over the same period.

¹ <https://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/Poverty/workingageadultsinrelativeincomepoverty-by-economicstatusofhousehold>

Out-of-work benefits – job seekers

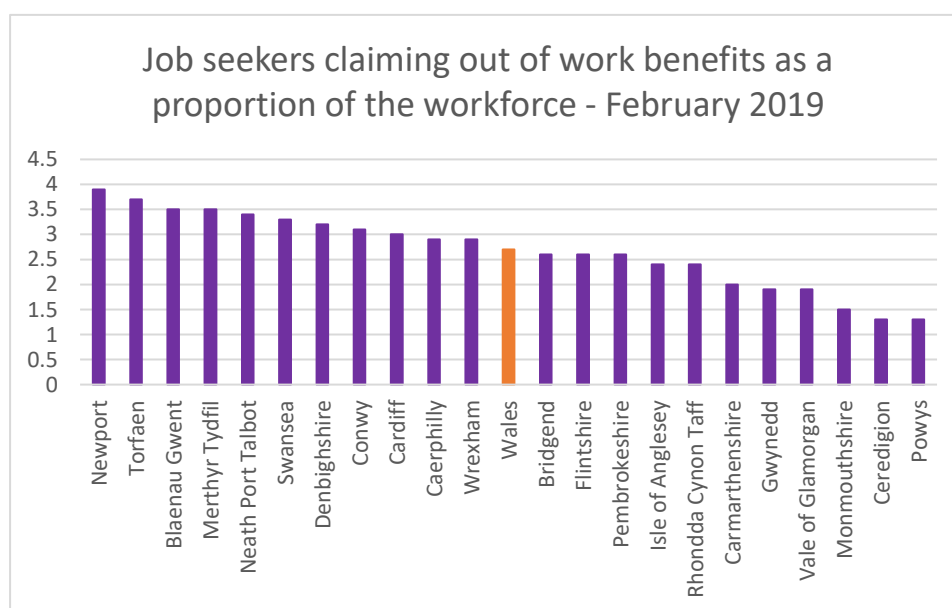
The picture across Wales



Source: Claimant Count, via NOMIS

- The number of job seekers claiming out-of-work benefits has increased sharply in the twelve months between February 2018 and February 2019
- One reason for this increase is that under Universal Credit more people are required to look for work than under JSA. As the rollout of Universal Credit continues the number of people who are claiming out-of-work benefits who will be required to apply for work is expected to increase.
- The number of job-seekers claiming out-of-work benefits in Wales could therefore continue to increase even if unemployment continues to fall, with important implications for service providers.

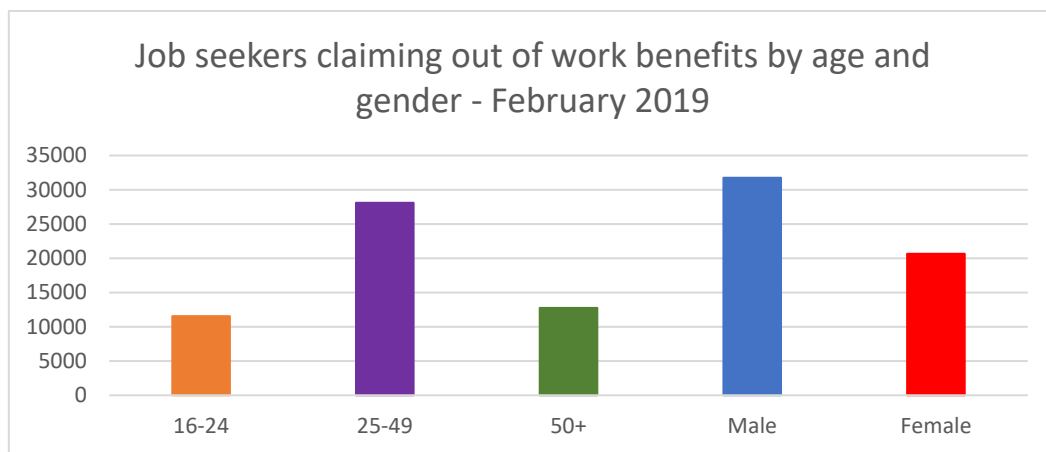
The picture at local authority level



Source: Claimant Count, via NOMIS

- Job-seekers who claim out-of-work benefits form a higher proportion of the workforce in south east Wales than in the rest of the nation with 3.5% or more of the workforce claiming these benefits in Newport, Torfaen, Blaenau Gwent and Merthyr Tydfil.
- Cardiff is the local authority with the highest number of job seekers claiming out-of-work benefits (7,295) followed by Swansea (5,195) and Newport (3,695).
- In four local authorities in Wales, fewer than 1,000 people were claiming out-of-work benefits and were job-seekers; Anglesey, Powys, Monmouthshire and Ceredigion.

Equality characteristics and age

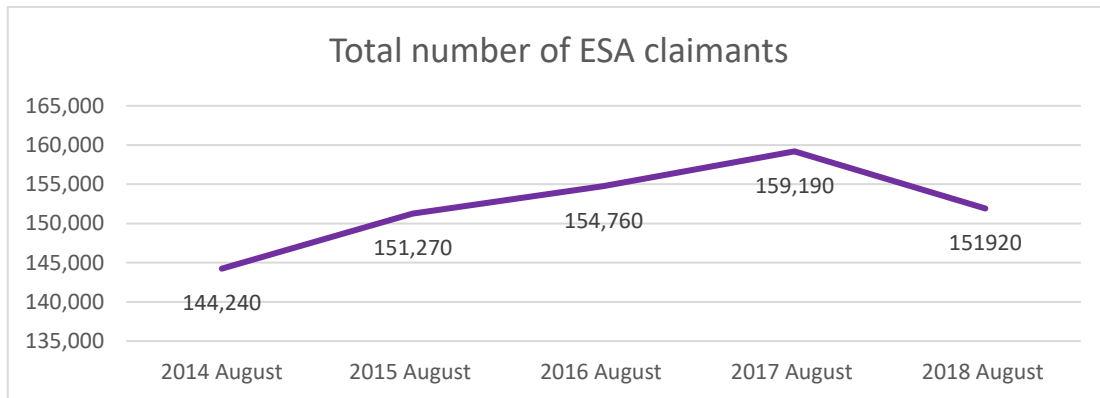


Source: Claimant Count, via NOMIS

- Significantly more males claim out of work benefits whilst actively looking for work. This is consistent with higher male economic activity rates.
- At present the “claimant count” dataset does not provide a breakdown of claimants by ethnicity. The most recently published data on the number of JSA claimants highlights that over 90% of JSA claimants in Wales are white.

Employment and Support Allowance (ESA)

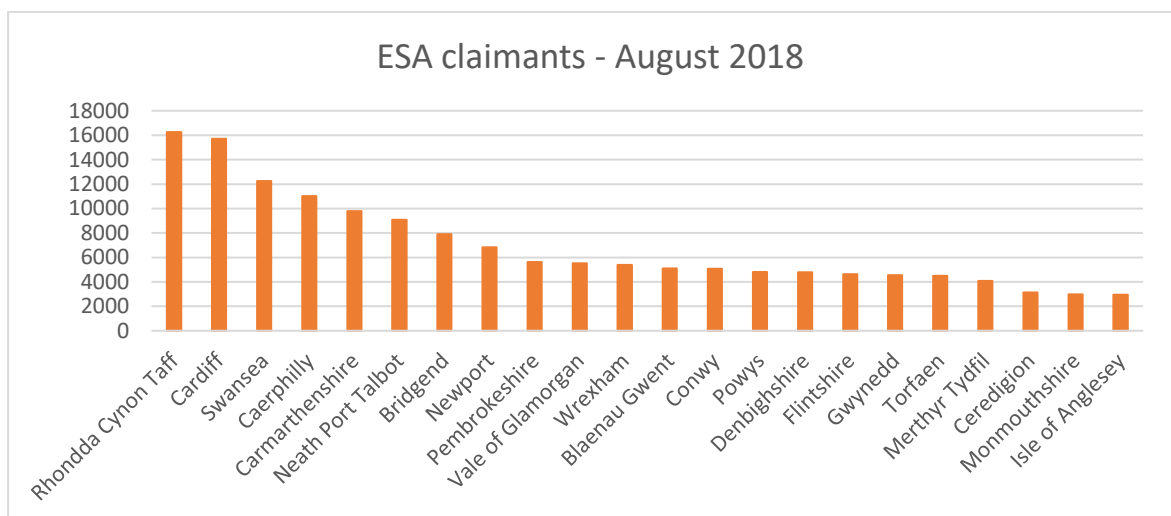
The picture across Wales



Source: DWP Benefits, Work and Pensions Longitudinal Study (WPLS), benefit claimants - employment and support allowance, via Nomis

- Having increased steadily for 4 years the number of ESA claimants decreased significantly in the twelve months between August 2017 and August 2018.
- One reason for the sharp decrease between August 2017 and 2018 is that income-based ESA is being replaced by Universal Credit. 71% of the reduction in ESA claimants is attributable to a reduction in income-based claimants. As the rollout continues, we can expect to see the number of ESA claimants decrease further.
- There is currently no dataset that combines the number of ESA claimants and the number of Universal Credit claimants who have an illness or disability that affects their ability to work.

The picture at Local Authority level

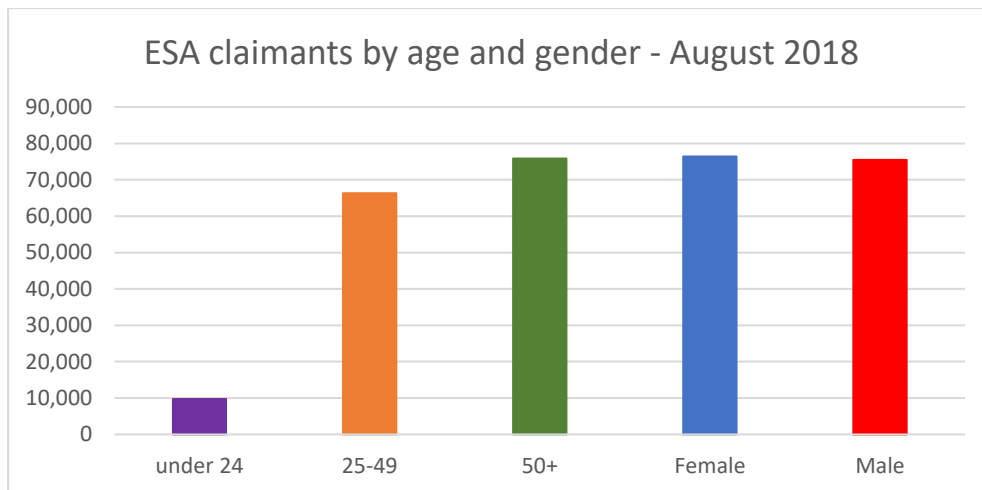


Source: DWP Benefits, Work and Pensions Longitudinal Study (WPLS), benefit claimants - employment and support allowance, via Nomis

- In four Welsh local authorities there are over 10,000 ESA claimants; Rhondda Cynon Taff (16,260), Cardiff (15,710), Swansea (12,240) and Caerphilly (11,010).
- 3 of the 4 local authorities which had the lowest number of job seekers claiming out of work benefits also have the lowest number of ESA claimants; Anglesey, Monmouthshire and Ceredigion.

Equality characteristics and age

There are important differences between who claims ESA and who claim out of work benefits whilst actively seeking work.



Source: DWP Benefits, Work and Pensions Longitudinal Study (WPLS), benefit claimants - employment and support allowance, via Nomis

- The number of people claiming ESA increases with age. This is in contrast with claimants of out-of-work benefits that are seeking work where the 25-49 age group has a higher number of claimants.
- Slightly more females claim ESA than males. This is in sharp contrast with claimants of out-of-work benefits that are seeking work where there are 50% more males claiming support than females.
- Minority ethnic groups account for a far smaller percentage of ESA claimants than out of work benefits for job seekers. Just 2% of ESA claimants come from a minority ethnic background compared with 6% for out of work benefits for job seekers.

State of Wales Briefings

This briefing is one of a series produced monthly on key topics produced exclusively for Bevan Foundation subscribers.

Find out more about this and the other benefits we offer our subscribers by visiting www.bevanfoundation.org or email info@bevanfoundation.org.

About the Bevan Foundation

The Bevan Foundation is Wales' most innovative and influential think tank. We develop lasting solutions to Wales' most challenging problems.

We are independent of government or any political party, and are funded by subscriptions, donations, grants from charitable trusts and foundations and commissions.

We have made every effort to ensure that the data in this briefing is accurate and up to date at the time of writing. However, we cannot be held responsible for any error or omission in the briefing or change in the source data.



145 & 145a High Street, Merthyr Tydfil, CF47 8DP

www.bevanfoundation.org

info@bevanfoundation.org

T: 01685 350938

Registered charity no. 1104191

Company no. 4175018