

# 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

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# Introduction: policy context, data and definitions

## Background

Following the recession in the early 1990s, the British economy enjoyed a period of sustained economic growth and recovery, with, for example, claimant-based unemployment rates nationally falling continuously from mid-1993 to mid-2001, to reach levels last seen in the mid-1970s<sup>1</sup>. The impact of this recovery, however, has not been shared equally by different groups, whether these are defined geographically by area, by category (for example lone parents) or by age (for example children or older working-age adults). These problems have been featured persistently in national and local studies. Thus, national level data shows continuing inequality between regions. The level of child poverty – as measured by the proportion of children living in households with below half the average income – has increased over much of this period, using series such as the Households Below Average Income (HBAI). The position of those aged 50-59, to take another vulnerable age group, has also been a focus of attention, with a steep decline in the proportions of this age group in employment since the late 1970s, although the picture since 1993 suggests some improvement.

Since its election to power in 1997, the Labour government has placed great emphasis on the reduction of poverty, inequality and social exclusion, partly in recognition that overall economic growth will not, on its own, attain such goals. The consequence is an array of policies designed to target these continuing problems (see ‘The policy context’, p 2, for more details),

combining ambitious overall goals – such as the halving of child poverty within 10 years and the elimination of it within 20 years – with a strong emphasis on ‘area-based initiatives’ (ABIs), such as Sure Start, the New Deal for Communities and the development of the National Neighbourhood Renewal Strategy, to help to ensure that mainstream policies reach deprived areas effectively.

One clear conclusion from the preliminary phase of work undertaken by the Social Exclusion Unit and its Policy Action Teams (PATs) on neighbourhood renewal was the lack of consistent data at neighbourhood level. Thus, while national and regional statistics were able to chart some of these inequalities, data at lower levels was often patchy and inconsistent. The PAT18 on ‘Better information’ focused on this problem and pointed to the growing body of administrative data available from government, particularly from the welfare benefits system. Such data formed a key part of the measurement of income and employment deprivation in the new Indices of Deprivation 2000 for England, carried out for the then Department of the Environment, Transport and the Regions (DETR) by Noble and colleagues (Noble et al, 2000). This allowed very up-to-date information to be used to cover all 8,414 wards in England in a consistent way.

These developments proved to be just the first stage in the use of such national administrative data. Further data was made available by the then Department of Social Security (DSS) in a way that allowed consistent time series to be built up and also enabled data to be linked individually, so that the changing patterns could be examined

<sup>1</sup> It is clearly too soon to know whether the events of 11 September 2001 will mark a turning point in this trend, or whether there will simply be a short-term reversal before economic growth resumes.

in greater detail. A first report on this work, carried out for the Social Exclusion Unit and DETR/Department for Transport, Local Government and the Regions (DTLR) (Noble et al, 2001), analysed the changing patterns of receipt of welfare benefits, specifically Income Support (IS) and income-based Jobseekers Allowance (JSA-IB). This included analysis covering the period 1995-98 at different geographical levels in England (for region, district and ward), by different claimant groups (unemployed people, lone parents, children, sick and disabled people, older people) and, for the first time, a 'dynamic' analysis of changing patterns over time using individual level information.

This Joseph Rowntree Foundation (JRF)-funded report substantially carries forward earlier work on administrative data and demonstrates the power of such data to measure changing fortunes over time for different area units throughout England. The report covers the period August 1995-August 2000, with reference to an interim time point in 1998. It 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, cross-sectional information is presented for different area units; moreover, by linking individual claimant data from 1995 to that extracted in 2000, dynamic analyses are also presented of individual claimant level movement into and out of the IS/JSA-IB system.

### The policy context

The overall policy context broadly reflects the way in which inequality and deprivation affect different groups and areas. In practice, these different policy approaches targeting areas or groups overlay each other at the local level, as vulnerable groups tend to be concentrated in particular areas. Thus, lone parents, or children in low-income households, both of whom are specifically targeted in overall policies, are also geographically concentrated. However, it makes sense to distinguish the different policy contexts.

### Area-related policy

While there has been a long history of ABIs to tackle poverty and deprivation since the late 1960s, the resources devoted to such programmes have tended to be relatively small-scale, and the interest and focus of national policy have been at best intermittent. Thus, at times of crisis, such as inner city riots or disorders, there have been bursts of interest – new programmes and additional resources – followed by periods of consolidation and then concern for 'greater coordination' of the wide range of projects and programmes scattered across poor neighbourhoods and inner city areas. These developments fit neatly into a 10-year cycle. From a few scattered initiatives in the 1960s and early 1970s, such initiatives had risen from a marginal status as 'social experiments' to the beginnings of a 'national agenda' by the late 1970s. But it took a further 10 years to move much beyond another burst of initiatives (for example in response to the urban disorders in Liverpool, London and other cities), until the late 1980s, when concern over 'those inner cities' by Mrs Thatcher led to perhaps the first explicit 'national policy' in this field (Cabinet Office, 1988). During the next 10 years, the overall programme of initiatives was combined into a Single Regeneration Budget (SRB) in 1994. By 1997 the arrival of the new Labour government brought a massive increase in the number of ABIs, for example Education and Health Action Zones, with over 25 different ABIs listed in the first two years.

Area-based approaches were given further impetus by the work of the Social Exclusion Unit and its key report *Bringing Britain together* (SEU, 1998), along with the subsequent *National strategy for neighbourhood renewal*, launched in 2000 (Social Exclusion Unit 2000), and the establishment later in that year of the Neighbourhood Renewal Unit in the DTLR. In total this amounts to a substantial programme of work, but in practice it often appears to be a confusing blend of different initiatives, covering different areas and boundaries, with specific programmes targeted at particular groups but only in selected areas (for example Sure Start for young children), and more generic policies aimed at overall neighbourhood renewal (for example the *National strategy for neighbourhood renewal*). While concern is sometimes expressed (McCulloch, 2001) that such an emphasis on

geographical areas to tackle poverty and deprivation is not warranted by the physical distributions of targeted groups (more deprived or poor people live outside such designated areas), it is clear that, overall, the strategy combines ABIs with efforts to ensure that mainstream policies are effectively delivered in deprived areas.

Key questions raised by the area approach for the data analysed for this report are to what extent vulnerable groups are in fact concentrated in particular areas, and whether this is a growing problem over the period studied (1995-2000).

### *Policies targeted at specific groups*

Policies targeted at specific groups also form a major component in the relevant policy background. Broadly, the general thrust is to move claimants of working age from out-of-work means-tested benefits into the workplace. This is to be accomplished by tightening the terms and conditions of eligibility for out-of-work benefits (for example, making availability-for-work tests more stringent and more stringently applied), and at the same time increasing claimants' exposure to various forms of encouragement in this direction (for example, in the New Deal for Lone Parents [NDLP], requiring an initial work-focused interview as a condition of claiming and continuing to receive benefit). Making the alternatives to remaining on IS more attractive is another part of this general strategy. Thus, the significantly enhanced returns and extended taper of the Working Families' Tax Credit (WFTC), in comparison with its predecessor Family Credit, should make work a more attractive option for those with children.

Particularly relevant here are the NDLP and the 'New Deal 50 plus', part of whose function is to reduce the numbers on out-of-work means-tested benefits. Although the analysis here does not represent any formal evaluation of such policies, any reduction over the time period might reflect at least in part the impact of these policies. We do not have access to the complementary WFTC data, which would confirm whether there was an increased flow of, for example, lone parents from IS to WFTC over this time period.

More broadly, the policy objective of reducing child poverty can be seen in a number of initiatives intended to enhance the income of

people with children – by increasing child benefit, providing additions for children of parents on means-tested benefits, tax changes, higher cash grants at birth and a range of improvements or new developments in service delivery for children. It is extremely unlikely that any changes in the proportion of children in families dependent on IS/JSA-IB could be attributed to this broad set of policy developments to reduce (and eventually eliminate) child poverty, but if there is evidence of change, such policies may be at least partly responsible. However, given that some of these changes are related to small improvements in the welfare benefits package, the method adopted – of examining numbers of children living in families in receipt of these same benefits at different time periods – would not pick up such changes. This is one of the potentially key weaknesses of using such administrative data to pick up 'real change': that is, if benefits are enhanced, then they may include more claimants and/or at least may reduce the rate of outflow.

## The data

### *Strengths and weaknesses*

The data analysed in this study was provided by the DSS/Department for Work and Pensions (DWP). They cover extracts of all claimants on IS and JSA-IB for the years 1995, 1998 and 2000. These datasets are 'snapshots' of people in receipt of each of these benefits on a set date. The data for 1995 preceded the introduction of JSA and is therefore in a single dataset. The data for 1998 and 2000 was based on the combination of IS and JSA-IB cases from the JSA system. Individual encrypted National Insurance numbers were used to link data together at individual level for the dynamic analysis, although in this study the dynamic analysis was restricted to the 1995 and 2000 datasets. The IS/JSA dataset is now exceptionally well postcoded, following extensive checking and cleaning using postcoding packages. To allow geographical attribution to be made in a consistent form, the research team built up a specially developed directory of postcodes drawing on the central postcode directories over several years. The geographical reference point was the 1998 ward and district boundaries. It should be underlined that these are not samples, but represent virtually 100% of live cases on the

system at the extract point. The research team ensured that consistent categories were used from one data cut to another.

These DWP datasets represent the numbers of claimants and their dependants, by different categories of benefit. However, they do not provide a direct estimate of the population 'at risk'. In some cases it is possible only to use an internal comparison, for example the changing balance of different claimant groups making up the overall claiming population (percentage of overall claimants). However, in order to determine claim rates, small area population estimates were needed. The starting points were the estimates for the under-16s, 16- to 59-year-olds and those aged 60 and over produced by the Oxford team for Neighbourhood Statistics (Noble et al, 2000). These were adjusted to produce estimates for 1995 and 2000. Overall claim rates are calculated as IS/JSA-IB claimants at the point of time of interest expressed as a proportion of all people aged 16 and over. Claim rates for those aged 60 and over are expressed as a proportion of the population aged 60 and over. Claim rates for other claimant groups are expressed as a proportion of the 16-59 population. Proportions of children under 16 living in families reliant on IS/JSA-IB are expressed as a proportion of all children aged 0-15.

The key strengths of such national administrative data are:

- that they are collected in a consistent way across the country;
- that they are close to 100% of all relevant cases;
- that it is possible to compare areas over time;
- that data from different time points can be linked at an individual level, making it possible to identify not only movements on, off and between different benefit categories, but also geographical movements over time;
- that up-to-date information is available at relatively low cost, as the data is already collected to administer the benefit;
- that the data is checked: benefit claimants have to provide documentary evidence of the validity of their claim.

The strengths of such data are in a sense also its weakness, however. Data is collected only for the purposes of administering the benefit. Other data that may be of high relevance to this analysis

are not available. There is no information about groups *not* on these benefits, for example those who may be eligible but fail to claim them, or who may be in equal or worse levels of income deprivation but are not formally eligible – asylum seekers, for example, or those in very low paid but full-time employment. In principle, some of these groups (such as low-waged families with children) might be picked up if other benefit datasets were included. Thus, the inclusion of WFTC data would add significantly to the information on families with children, and Housing Benefit/Council Tax Benefit (HB/CTB) would add significantly to our information on older people and others. However, such analysis was outwith the parameters of the current study.

The inclusion of these (and other) datasets with linked information would be particularly important for future analysis. In the present study, when people leave ('exit') the benefit, we have no information about their principal reasons for doing so or their destination. It seems very likely from the evidence of other studies that there is a significant flow from IS/JSA-IB to WFTC for families with children, but in the present study it has to be simply recorded as an 'exit' from IS/JSA-IB.

Also, changing administrative entitlement can cause problems for using such data to measure changes in numbers of low-income people over time. If the criteria for entitlement for benefits change, then inevitably any change in claimant numbers over time becomes more complicated to interpret. The impact of the introduction of JSA has been detailed elsewhere (Noble et al, 2001). The introduction of the Minimum Income Guarantee may have brought more people aged 60 and over into the envelope, but this group is not subject to any detailed scrutiny in this study.

### Definitions

#### Claimant

This is anyone in receipt of IS/JSA-IB.

#### Claimant family

This describes the claimant plus their partner, if they have one, and any dependant children.

Claimants have been divided in different ways in this report. First, they have been divided by the status indicator provided by the DWP. This comprises the following four non-overlapping groups.

### (i) Lone parent claimants

This group comprises lone parents in receipt of IS/JSA-IB with one or more dependant children. Those in this category are identified using the DWP's status indicator set in 1995 if the lone parent was in receipt of a lone parent premium and would have subsequently received such a premium had the lone parent premium continued. Lone parents who are eligible for a different premium (perhaps because they are disabled) are not captured in this group. The denominator for this group is the working age population, 16-59.

### (ii) Unemployed claimants

This report uses the 'unemployed' status indicator in the IS/JSA-IB datasets. This captures only those in the unemployment claimant count who are also in receipt of these benefits. It is important to underline that *this is not the same* as the claimant-based unemployment count used by the Office for National Statistics (ONS), NOMIS (National Online Manpower Information System). The ONS measure includes other claimants (those solely on Unemployment Benefit in 1995 and solely on JSA [contribution-based] in 1998). Any rates reported here will thus *understate* the overall levels of unemployment recorded in the full claimant-based rate, and rates measured by the other (for example Labour Force Survey) definitions of unemployment, or rates that include long-term sick or disabled workers (as used in the Indices of Deprivation 2000 measure of employment deprivation).

The standard claimant-based unemployment rate uses an estimate of the *economically active* workforce as the denominator. This is regularly updated for large areas such as Travel to Work Areas, but the only denominator available at ward level is those recorded as 'economically active' in the 1991 Census. In this study, an estimate of the *total* adult population aged 16-59 was used as the denominator. This too will understate the usual method of calculating unemployment rates by a significant amount. Finally, the numerator is the

number of unemployed claimants of IS/JSA-IB, and does not include their partners – this information was not available in a consistent form for this research.

### (iii) 'Disabled and others'

This group includes people in receipt of IS/JSA-IB who are also in receipt of a disability premium. The group also includes 'others' who fall into a number of status indicators, such as short-term sick people and carers. The group excludes those aged 60 or over who have disabilities, as they would be classified with all those aged 60 or over. The denominator for this group is all adults aged 16-59.

### (iv) Claimants aged 60 and over

These are single people or couples where either the claimant or their partner (if they have one) is aged 60 and in receipt of IS. The denominator for this group is the total population aged 60 and over.

Second, claimants can be divided into groups of special interest. This report focuses on two groups:

- *Claimant families with children:* These comprise people in receipt of IS/JSA who have one or more dependant children. This group is further divided into lone parents (defined as above) and 'non-lone' parents. The 'non-lone' parents are people in receipt of IS/JSA-IB with one or more dependant children who are not classified as 'lone parents' (defined as above)<sup>2</sup>. The 'non-lone' parents could fall into any of the three groups: unemployed, 'disabled and others' or those aged 60 and over.
- *Claimants in their fifties:* These comprise people in receipt of IS/JSA-IB who are aged 50-59. They could fall into any of the four groups listed above.

Further details about the data are provided in Appendix A.

<sup>2</sup> The 'non-lone' parents group will in fact include some lone parents who are eligible for different premiums (for example because they are disabled).

## The claim rate and measuring change over time

The study uses a ‘claim rate’ as the basis for many of the estimates. This is simply the number of claimants at a particular point in time over the total relevant population. In some benefit units, claimants will be single-person units, but in others there will be one or more dependants. The ‘claim rate’ therefore significantly understates the total number of individuals in households dependent on IS and JSA-IB. Ideally, it should be possible to combine the number of claimants and their dependants (any partners and/or children) to produce a population of people reliant on these benefits. The data extract provided, however, does not give data on partners in a consistent way.

This report often presents ward level data in the form of ‘deciles’ or 10 equal groups. The ‘top decile’ always refers to the 10% of wards that have the highest rate of claim. The ‘bottom decile’ refers to the 10% of wards with the lowest rate of claim.

The basis of the study is a comparison between the data for 1995 and 2000, with reference also to 1998. There are several different ways of measuring change over time. In this report we use:

- change in number of claimants;
- percentage point change in claim rate;
- percentage growth/decline in claimant numbers;
- average annual rate of growth/decline of claimant numbers.

For example, if there were 500 people claiming IS/JSA-IB in an area in 1995 and 450 in that same area in 1998, this would represent a fall in numbers of claimants of 50 people. If the change in the claim rate is from 25% in 1995 to 20% in 2000, this can be presented as a change of ‘five percentage points’ (or ‘a five percentage point change’). This could also be described as a 10% fall in the actual numbers of people claiming IS/JSA-IB in that area.

As we are able to measure the claim rate at three time points – 1995, 1998 and 2000 – it is possible to measure the average annual rate of growth/decline for 1995-98 and compare it with that for

## Measuring change over time

Ward X	1995	2000
IS/JSA-IB claimants	500	450
Adults aged 16 and over	2,000	2,250
Lone parent claimant rate	25%	20%

The number of claimants in Ward X fell between 1995 and 2000 by 50 claimants, a change of five percentage points (from 25% to 20%), which is a fall of 10% in terms of the actual numbers of people claiming IS/JSA-IB.

the period 1998-2000. This measure assumes that the rate of growth/decline is constant between 1995 and 1998, and between 1998 and 2000.

The overall distributions have also been analysed at ward level by dividing the wards into 10 equal groups (deciles) and comparing them with each other. The 10% of wards with the highest claim rates are referred to as the ‘top’ decile. The study also uses ‘cut points’, for example the value at the threshold point of the top decile, to compare data over time. Thus, in the case studies the ‘cut point’ for the top 10% of areas in 1995 can be used to assess how these same areas are faring in 1998 and 2000.

## About this report

This report analyses the changing patterns of claim rates of IS and JSA-IB during the period of economic growth between 1995 and 2000 using data supplied by the DWP. These benefits are paid only to those out of work (or working fewer than 16 hours a week) and together form a means-tested ‘safety net’ which is paid to some of the poorest families in Britain. In this report we explore the changes that have occurred in the number and composition of these families and focus on two main themes.

### Claimant characteristics

Claimants can be divided into four non-overlapping groups: lone parents, unemployed,

‘disabled and others’, and those aged 60 and over. In addition, two types of claimant are given special consideration in the report: (i) claimants in their fifties, and (ii) families with children. Both of these are priorities in the research interests of the Joseph Rowntree Foundation.

## Location

Economic growth and increased employment has reached all areas but has occurred unequally across the country. Academics and policy makers have given much attention to small areas – usually, but not always, urban areas – where poverty levels are high, employment levels are low and public services are under great pressure. Such concentrations of unemployment/worklessness are often seen as reinforcing factors in deprivation and poverty. At a larger aggregate level, the difference in regional economic growth and employment has led to a heated debate about the so-called ‘North-South divide’. In this report we bring together information about England as a whole, the nine Government Offices for the Regions (GORs), ONS district types<sup>3</sup> and electoral wards. ONS district types can be a useful classification tool, as similar districts throughout England are grouped by some of their socioeconomic characteristics (ONS, 1999). However, of the categories defined by the ONS, two are effectively regional (Inner and Outer London), and this undermines to some extent the distinction from GORs and therefore reduces the analytical power of the ONS district types. In addition, because the ONS district types are a district level classification, they fail to pick up differences between wards in a district.

Chapter 2 presents the picture for England as a whole, using cross-sectional data for 1995, 1998 and 2000, as well as showing movements of individuals between 1995 and 2000. As well as presenting the story for England as a whole, the information is broken down by GORs, and the picture at local authority and ward level is also presented. Chapter 3 focuses on the changing fortunes of three case study areas – Manchester, Hartlepool and Brent – all with high rates of claim in 1995, which have fared differently over the period 1995-2000. Chapter 4 returns to the whole

of England to examine the extent to which polarisation has occurred over this time period – to quantify the extent to which there has been ‘growing apart’. Chapters 5 and 6 focus in on particular groups of claimants: families with children and claimants in their fifties.

<sup>3</sup> While the ONS call this classification ‘family type’, we use a different name to avoid the confusion with families.

# 2

## Claimants in England, 1995, 1998 and 2000

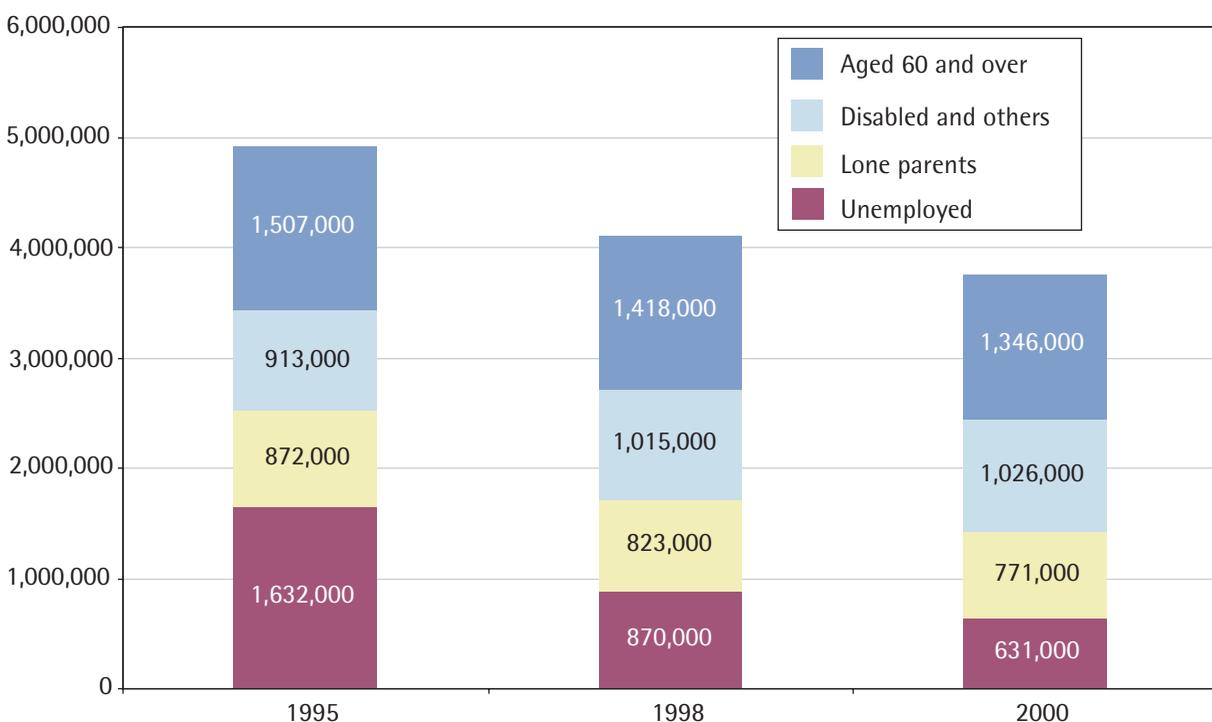
### Growing together: the overall picture for England

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. From Chart 2.1 we see that, while unemployed claimants fell from 1.6 million in 1995 to 630,000 in 2000, claimants in the ‘disabled and others’ category actually increased slightly, from 913,000 to just over 1 million.

As we see from Table 2.1, unemployed people represented 33.1% of the IS/JSA-IB claimant population in 1995; by 1998 this had fallen to 21.1% and by 2000 there had been a further fall to 16.7%. Other groups’ share of the total rose steadily over the period. This was particularly evident in the ‘disabled and others’ group, which rose from 18.5% in 1995 to 24.6% in 1998 and further to 27.2% in 2000. By contrast, the lone parent share showed a relatively modest rise.

If we now turn to examine claim rates, each with their respective denominators, we see from Chart 2.2 that the rate for the unemployed fell steeply, from 5.7% in 1995, to 3% in 1998 and then to

Chart 2.1: Total IS/JSA-IB claims in England in 1995, 1998 and 2000, by claimant group



**Table 2.1: Share of total IS/JSA-IB claims in England in 1995, 1998 and 2000, by claimant group (%)**

	1995	1998	2000
Unemployed	33.1	21.1	16.7
Lone parents	17.8	19.9	20.4
Disabled and others	18.5	24.6	27.2
Aged 60 and over	30.6	34.4	35.7

2.1% in 2000. The lone parent and ‘aged 60 and over’ groups fell but less dramatically, whereas the ‘disabled and others’ group showed a slight rise. This information is tabulated in Table 2.2.

If we now turn to examine this as a change over time of claimant numbers, that is, the increase or decrease in claimant numbers of each group as a

**Table 2.2: Claim rates for 1995, 1998 and 2000, by claimant group (%)**

	1995	1998	2000
Unemployed	5.7	3.0	2.1
Lone parents	3.0	2.8	2.6
Disabled and others	3.2	3.5	3.5
Aged 60 and over	15.0	14.0	13.2

percentage of the stock for that group, the picture in Chart 2.3 emerges.

Chart 2.3 shows the average percentage change in claim numbers. Because three years elapsed between 1995 and 1998 and only two between 1998 and 2000, the yearly average rate of decline or rise in claimant numbers by claimant group allows more meaningful comparisons to be drawn than simply the non-averaged change in claim numbers for each period. For the purpose of describing change in this way, the change is assumed constant between each year for the period 1995-98 and again for the period 1998-2000.

From Chart 2.3 it is clear that the dramatic fall in unemployed claimants witnessed in the period 1995-98 continued over 1998-2000, albeit at a slower rate. It is also important to note that the rate of fall in lone parent claims between 1995 and 1998, which averaged 1.9% per annum, increased to 3.2% per annum from 1998 to 2000. This may be an early indication of success of the NDLP strategy, which was in operation during the latter period. The ‘disabled and others’ group actually increased over both periods. However, the rate of increase over 1998-2000 slowed dramatically compared with 1995-98.

**Chart 2.2: Claim rates for 1995, 1998 and 2000, by claimant group (%)**

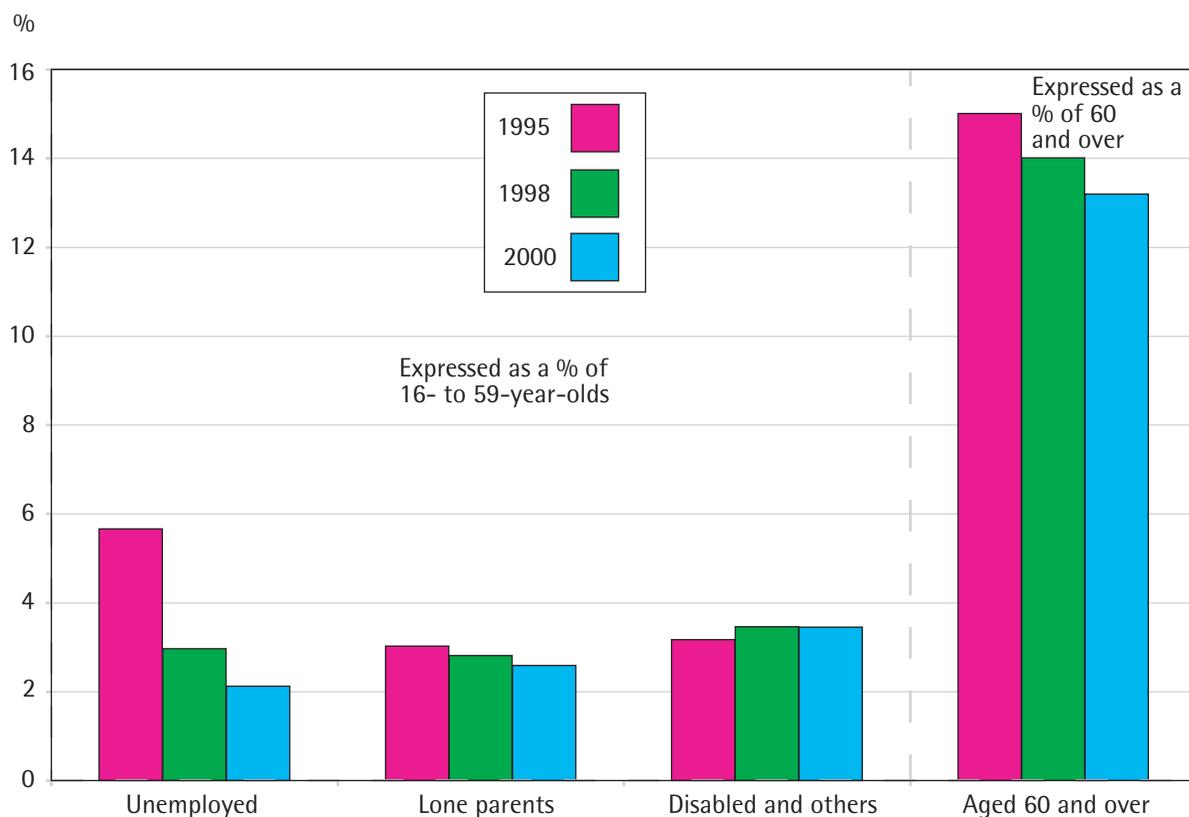


Chart 2.3: Yearly average rate of change in claimant numbers for 1995-98 and 1998-2000, by claimant group

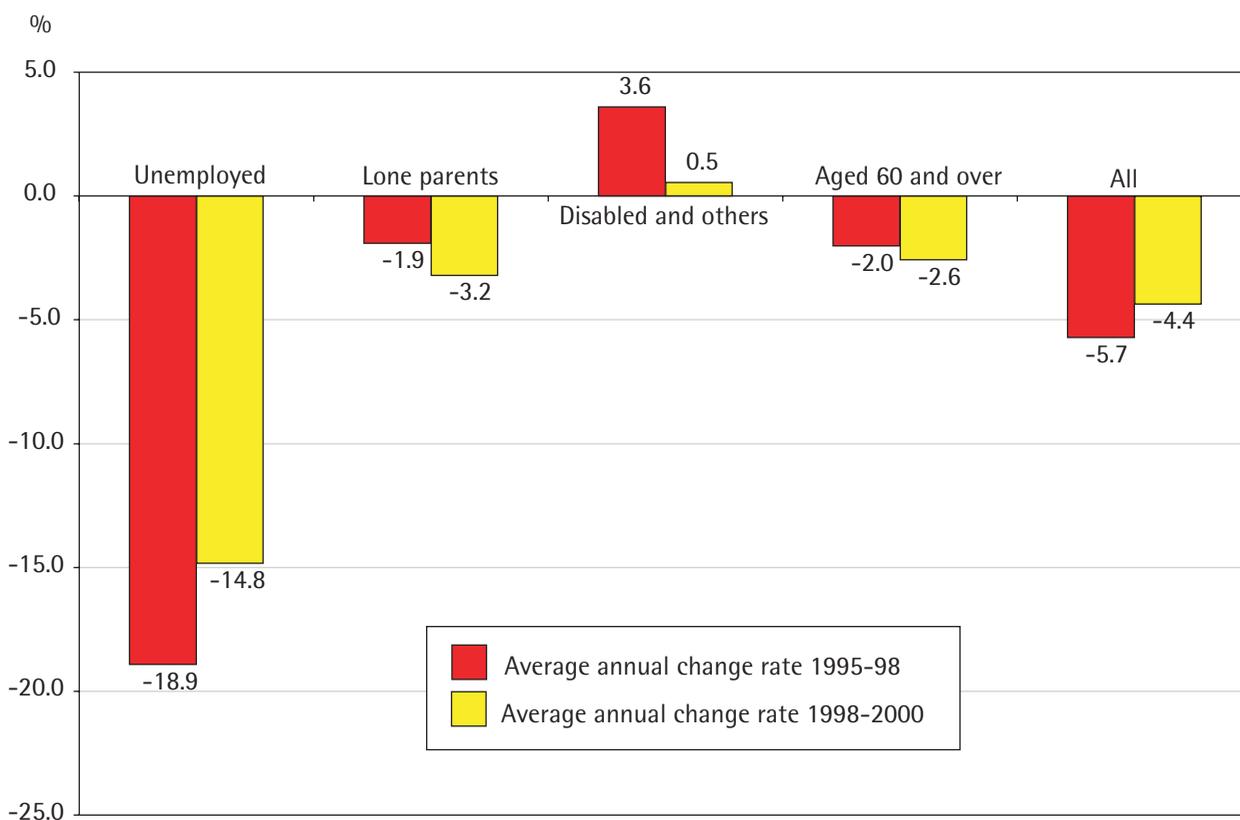


Chart 2.4 shows the contribution to overall decline in claim numbers for the two time periods. Thus, for example, between 1995 and 1998 the drop in unemployed claimants contributed 95.4% of the annual average change during that period, whereas between 1998 and 2000 unemployed claimants contributed 67.9% of the decline. From this it is clear that falls in unemployment, while still the main driver for change in 1998-2000, are of less significance than in the earlier period. However, the contribution to change made by lone parent claimants increased from 6.1% in the first period (1995-98) to 14.8% in the second. The ‘disabled and others’ group, while still pulling in the other direction – that is, tending towards increase rather than decrease – had far less of an impact between 1998 and 2000 (3.1%) than it had between 1995 and 1998 (12.7%).

So far we have described what has happened to the cross-sectional claimant populations for 1995, 1998 and 2000. We have described the stocks of claimants in each year taken as a complete snapshot of all claimants of IS and JSA-IB in August (November for JSA-IB in 2000) of each year. Now we can follow individual claimants over time rather than describing each annual

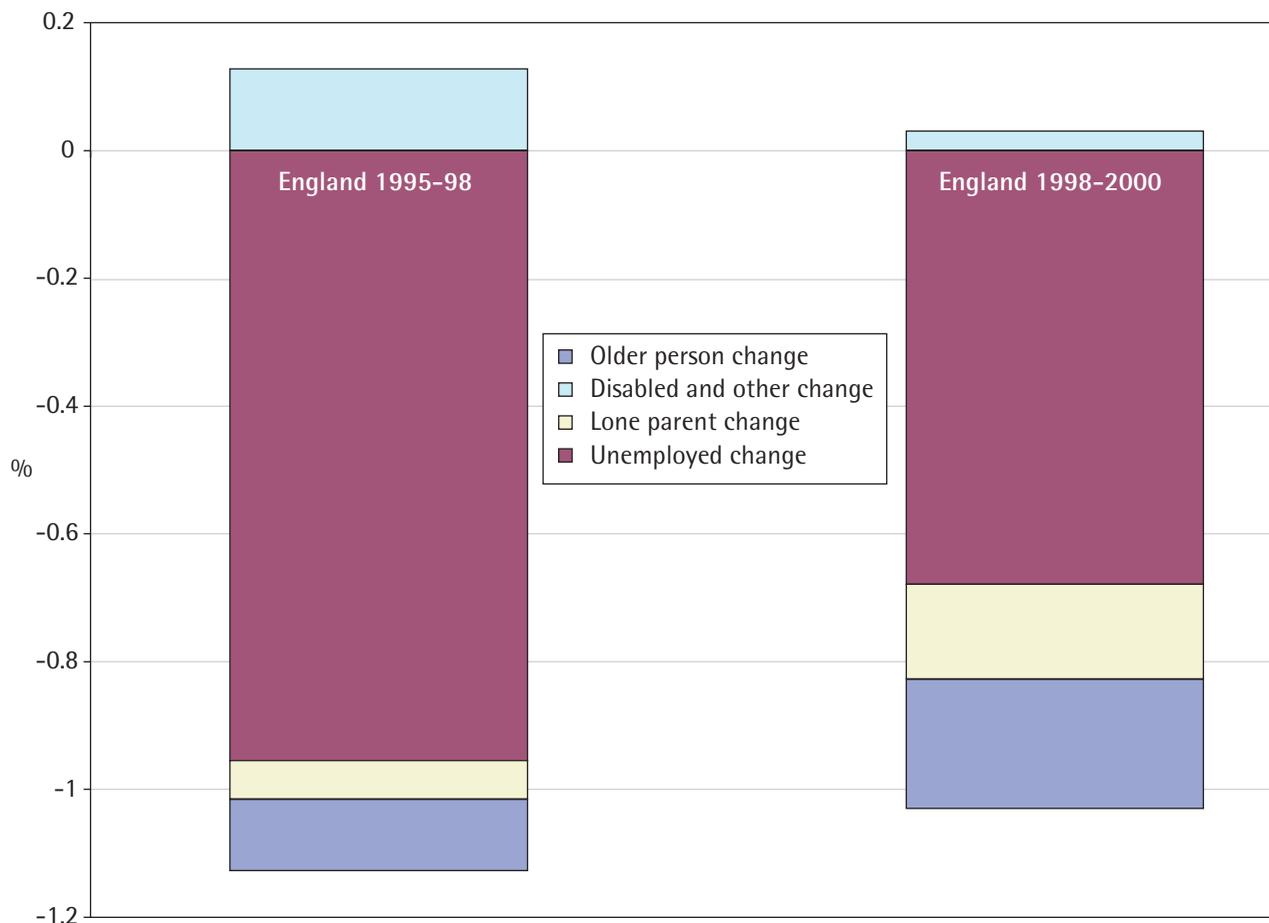
population. In this way we can explore some *dynamic* questions about what has happened between 1995 and 2000, because we can identify claimants who have remained, left or joined our annual stock samples.

### Leaving and remaining on benefits

Because the data we use is produced by the administration of benefits, we are able to identify those who have left benefit and those who are claiming again in 2000 according to their claimant status: as a lone parent, as unemployed, as a disabled person or ‘other’ reason, or because they or their partner is aged 60 or over. This means that we are able to assess how far the changes we have seen in the composition of the caseload are due to claimants changing their status on benefits.

Table 2.3 shows 1995 claimants in all of England by their status and then identifies the percentage of these claimants that have remained on, or reclaimed, benefit, or have left. Overall, just over 53% of all 1995 claimants were not claiming in 2000. Over 69% (around 1,126,000) of the **unemployed claimants** in 1995 had left benefit, while small proportions were lone parents or over

Chart 2.4: Percentage contribution to change in claimant numbers for 1995-98 and 1998-2000, by claimant group



60 in 2000. The changing of status from unemployed to lone parent, 2.5%, can be the result of a single person 'gaining' a child or a couple with children separating. The 3.2% changing from unemployed status to the 'aged 60

and over' group may be explained primarily by either the claimants or their partners, aged 55-59 in 1995, growing older, but may also contain a few cases of new partnering with an older person. However, 15.3% remained or were again

Table 2.3: Transitions of 1995 IS/JSA-IB claimants to 2000

	% remaining on or reclaiming benefit in 2000				Not claiming in 2000	Total
	As a lone parent	As unemployed	As aged 60 and over	As disabled and others		
Lone parent 1995	40.4	2.3	0.6	7.5	49.3	100
Unemployed 1995	2.5	15.3	3.2	10.0	69.1	100
Aged 60 and over 1995	0.0	0.0	49.9	0.3	49.8	100
Disabled and others 1995	4.3	3.3	10.3	47.4	35.8	100
All					53.5	

claiming IS/JSA-IB, showing nearly 250,000 people in this largely static situation.

Over 49% of **lone parents** (around 429,200 people) were no longer claiming benefit in 2000 – but 40% remained, or returned to being lone parents on benefit. Few lone parents became unemployed, only 2.3%, mostly as a result of having to sign on from the point when their youngest child reached the age of 16. Even fewer joined the ‘aged 60 and over’ group, 0.6%, a reflection of the young age profile of lone parents on benefit. Almost 8% of 1995 lone parents remained on or reclaimed benefit in 2000 as ‘disabled and others’, and this reflects perhaps a change of status to being the carer of a disabled person and/or to deteriorating health.

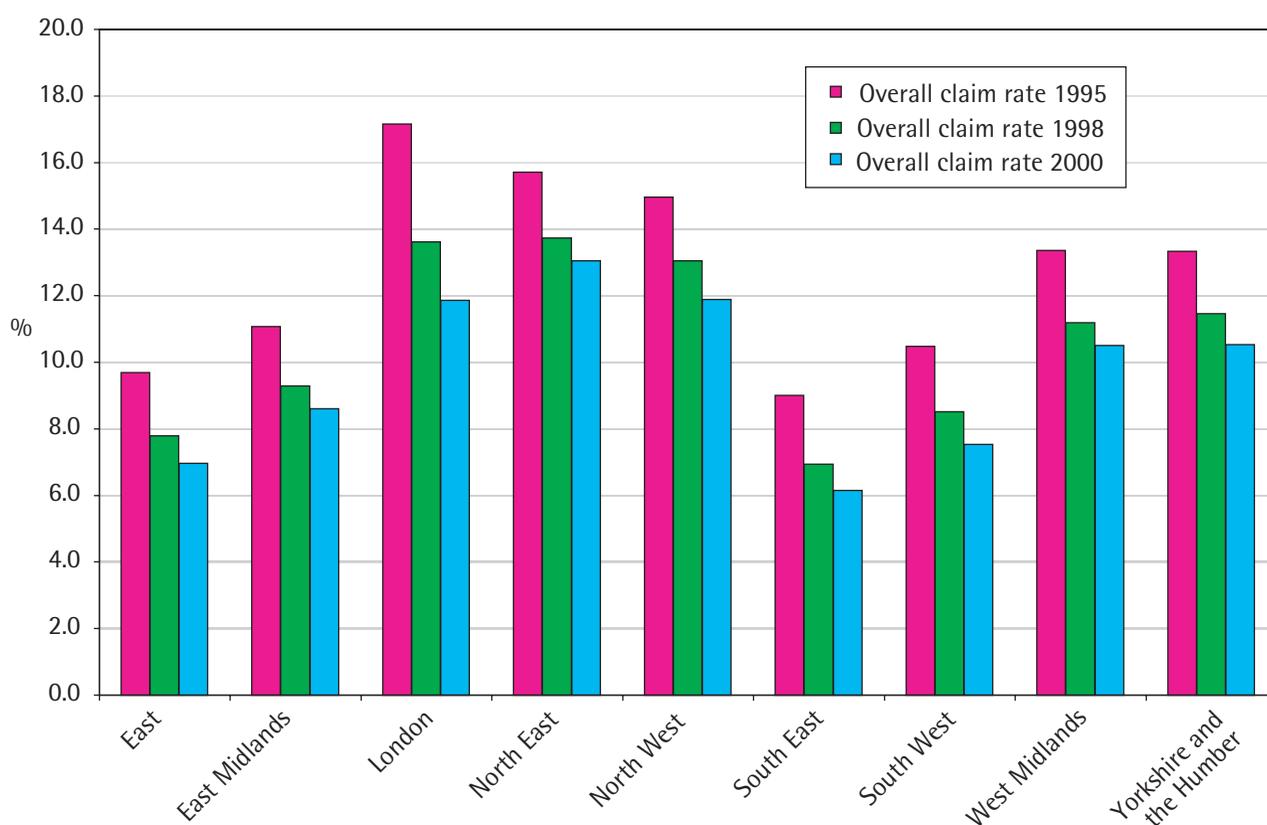
Under 36% of **‘disabled and others’** claimants in 1995 were no longer claiming in 2000. Over 46% (nearly 423,200 people) of them remained on or reclaimed benefit in the ‘disabled and others’ category; a further 10.3% remained on or reclaimed benefit as ‘aged 60 and over’ for reasons of ageing; 4.3% became lone parents on benefit, perhaps owing to childbearing or separating from partners, or through loss of

‘disabled and others’ status because of an improving medical condition. Finally, only 3.3% of the 1995 ‘disabled and others’ group were claiming IS/JSA-IB in 2000 – meaning that few had lost the underlying reason for being given ‘disabled and others’ status on benefit. This contrasts with the contrary flow – of unemployed into ‘disabled and others’ status.

The 1995 **‘aged 60 and over’** group either remained on benefit as ‘aged 60 and over’ (50%), or left benefit (50%); sadly, most such leavers will have died.

Table 2.3 provides priority themes for the discussion of dynamic change. These themes are **‘leaving benefits’**, as shown in the green column, **‘static claimant status’**, shown in the red cells that form the diagonal from top left to bottom right of the table, and the interesting areas of **‘status change’**, which could help explain some of the most notable changes between 1995 and 2000 stocks that we have outlined above. These important status change transitions are shown in blue. They are the status change factors that could strongly influence the large changes in claimant composition – the growth in ‘disabled

Chart 2.5: Overall IS/JSA-IB claim rate for 1995, 1998 and 2000, by region



and others', the rapid declines in unemployment and the slower decline in lone parents which we have identified so far. We will revisit claimant transitions in the next section.

### Growing apart: the regional picture

Turning to the picture at regional level, we examine whether the falls (or rises) in claimants were distributed equally across England. To set the scene, Chart 2.5 shows the claim rates for 1995, 1998 and 2000 across the nine English regions.

The IS/JSA-IB claim rates for all regions fell but, as Chart 2.6 indicates, the average rate of fall was not evenly distributed either across regions or across the two time periods 1995-98 and 1998-2000.

The annual average fall in claimants in the period 1995-98 was greater than for 1998-2000. In particular, the rate of fall slowed down most

(proportionately) in the North East, the East Midlands and the West Midlands.

Chart 2.7 decomposes this by claimant group. The part of the bar above zero on the vertical ( $y$ ) axis indicates the average rate of growth in a group (persistently, the 'disabled and others' group). In all cases, the fall in unemployment contributes less to the average annual change in 1998-2000 than in 1995-98. On the other hand, for lone parents the annual average contribution to the overall decline in claimants was always greater in 1998-2000 than in 1995-98.

The following three charts focus on lone parent claimants, unemployed people, and 'disabled and others' and emphasise the points that emerge in Chart 2.7.

Chart 2.8 shows that in the East, London, North West and South West regions the annual average rate of decline in lone parent numbers is strikingly higher in the later period than in the former. This would be consistent with more lone parents entering the workforce in that period,

Chart 2.6: Yearly average rate of change in claimant numbers for 1995-98 and 1998-2000, by region

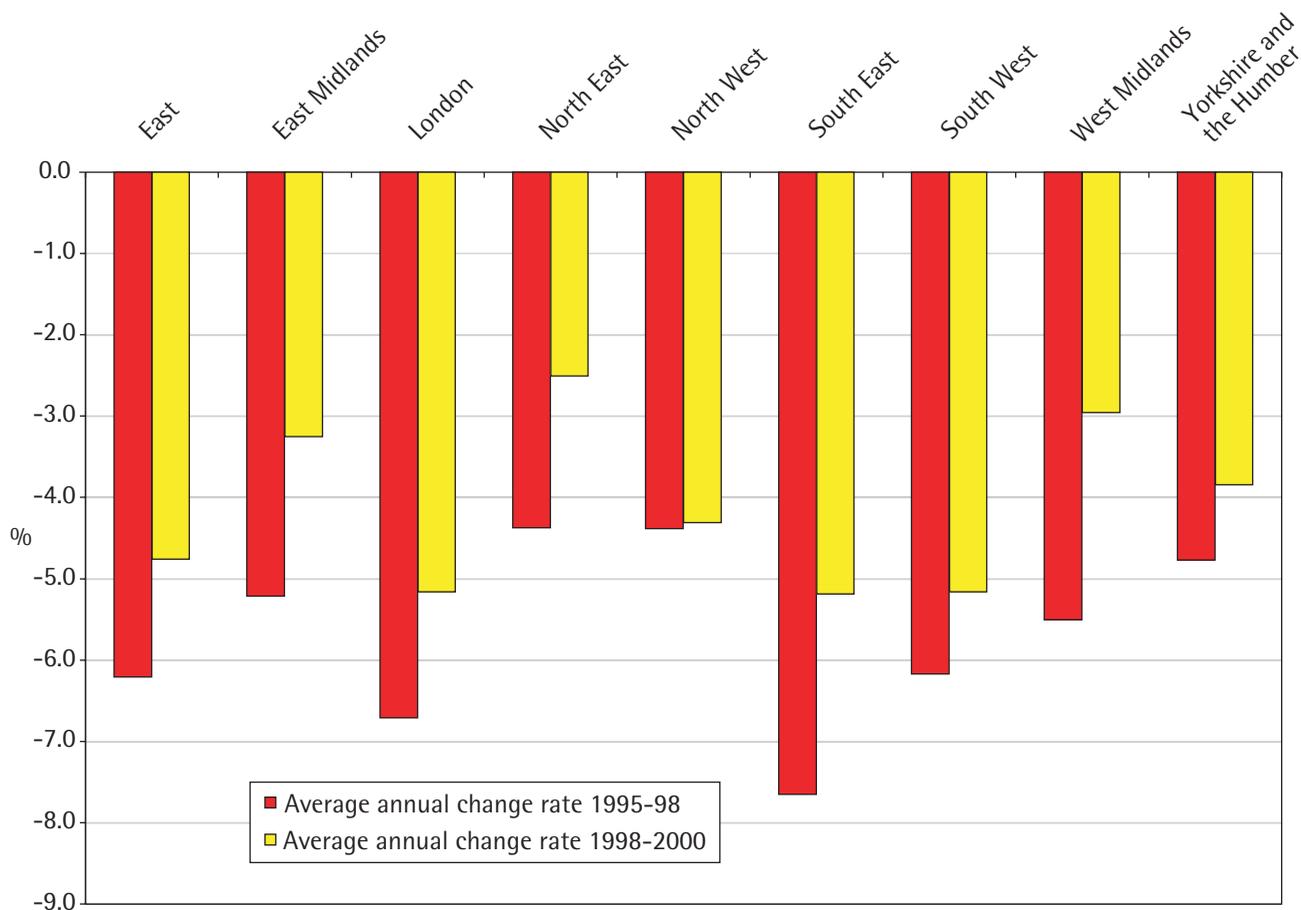
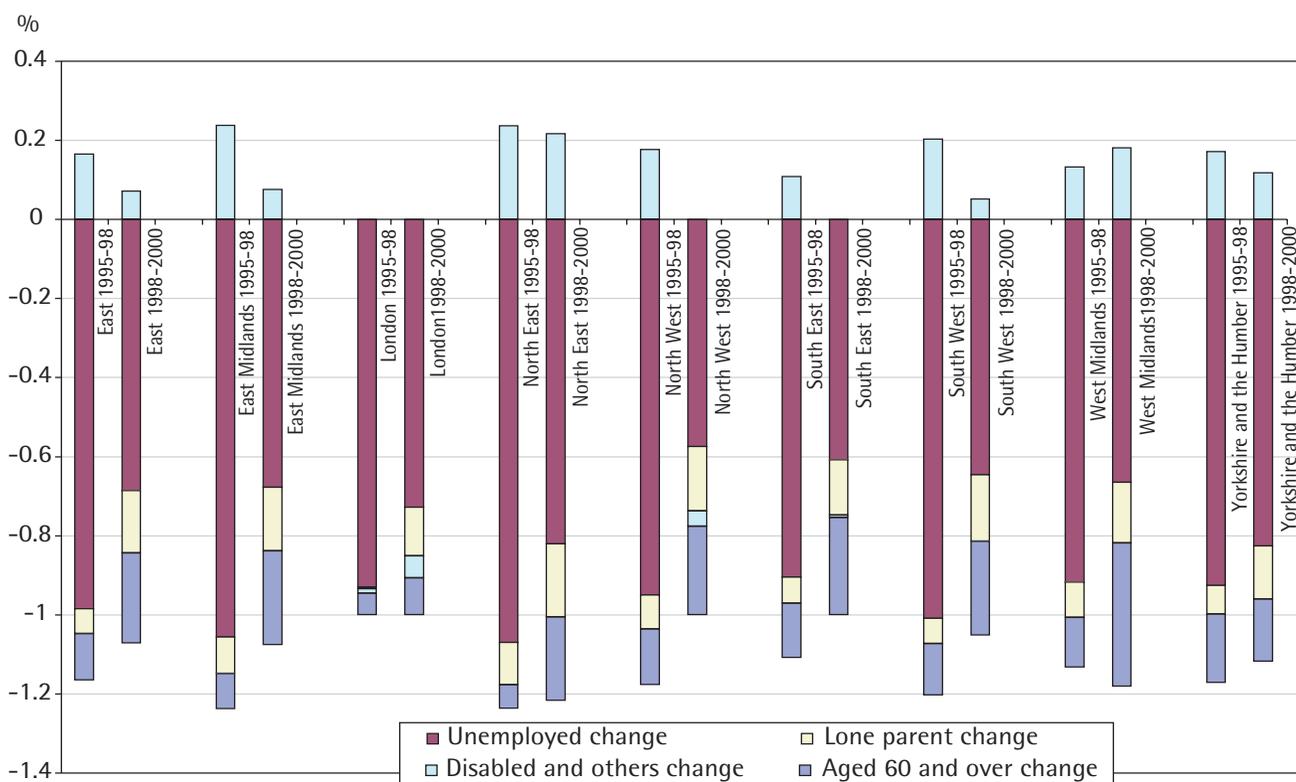


Chart 2.7: Contribution to annual average change for 1995-98 and 1998-2000, by claimant group and by region



perhaps as a result of policy changes orientated at facilitating lone parents entering the labour market, such as the NDLP, the National Childcare Strategy, the Childcare Tax Credit and the minimum wage. By contrast, the annual average rate of decline in lone parents claiming IS for the period 1998-2000 is barely higher than the previous period in the North East and is actually lower in the West Midlands (although, as a percentage of total decline in that period, the contribution made by lone parents in the West Midlands is still greater than in the previous period).

As will be shown in Chapter 5 in greater detail, in all regions the percentage of children aged 0-15 living in families in receipt of IS/JSA-IB fell from 1995 to 1998 and again from 1998 to 2000. The annual average percentage fall in children living in such families presents a different picture. In some, but not all, respects it is consistent with the decline in lone parent claimant numbers related above. Only in London, the North West, the South West and Yorkshire and the Humber is the average annual rate of fall greater in the second period than in the first.

Turning now to unemployed claimants, Chart 2.9 shows that the regions largely divide into those

with an increasing share of unemployed claimants, and those whose share is decreasing. London has consistently the largest share, but after a slight increase between 1995 and 1998 this share declined between 1998 and 2000. The South East and South West regions declined significantly. In contrast, the North East, North West, Yorkshire and the Humber and West Midlands showed a growth in their share in each of the time periods.

Chart 2.10 shows that, although the overall trend in the 'disabled and others' group is one of increase, this is not shared equally by all the regions. In fact, London and the North West show a decline between 1995 and 1998, as well as between 1998 and 2000. In contrast, all other regions except the South East show continual growth in their share of this group of claimants over the time periods.

### Regional differences in 1995 claimant destinations

Have the destinations of the 1995 unemployed claimants differed greatly by region?

Chart 2.8: Yearly average rate of change in lone parent claimant numbers, for 1995-98 and 1998-2000

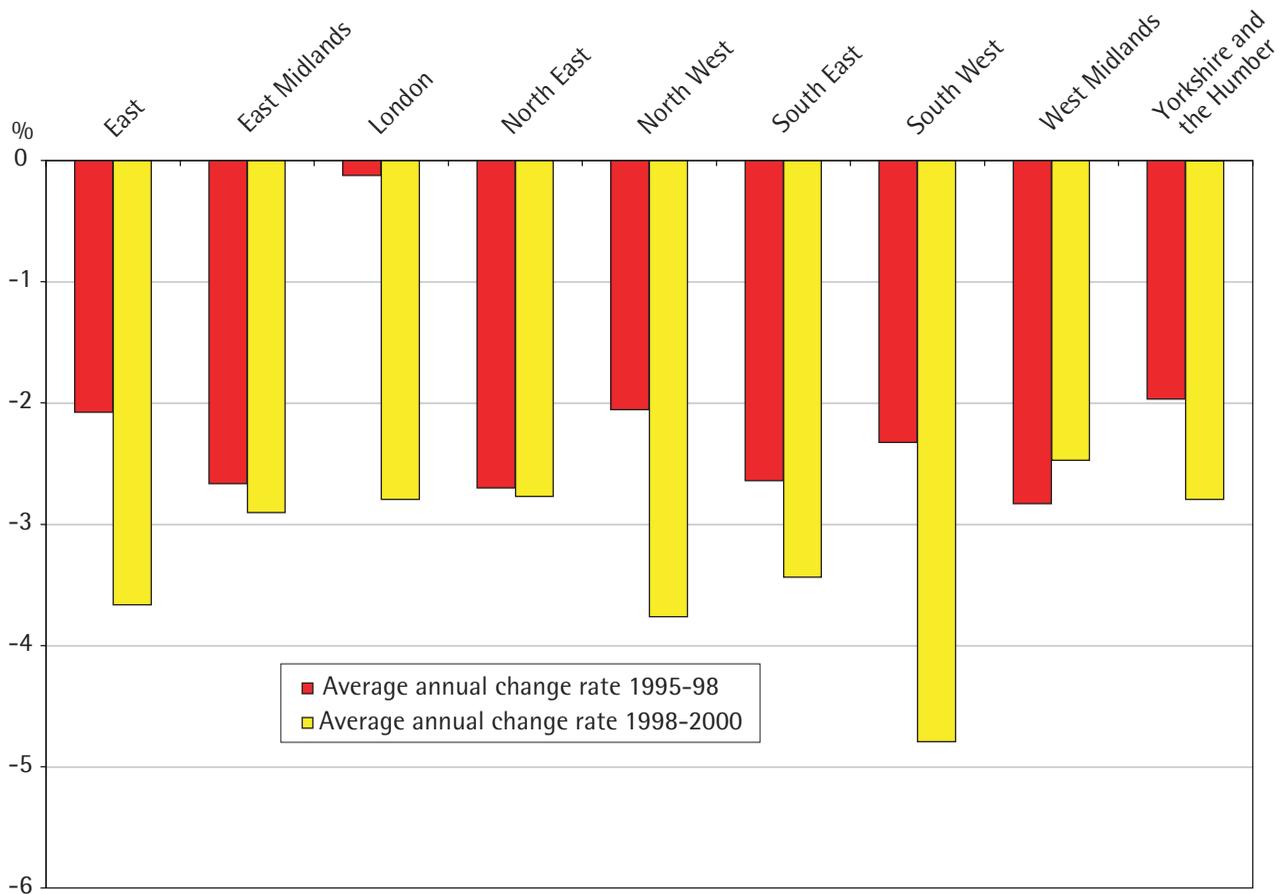


Chart 2.11 suggests substantial differences between regions in the dissemination of 1995 unemployed claimants. The proportion of claimants leaving benefits – shown by the green bars in Chart 2.11 – are highest in the South East, East and South West regions at 73%-75%. Over 250,900 of London’s 1995 unemployed claimants (70%) had left benefits by 2000. However, in the North East only 62% (nearly 67,340 claimants) had left benefits, the lowest proportion for any region, while the North West, Yorkshire and the Humber and the West Midlands had 66%-67%. It follows that larger proportions of claimants have remained on benefit and continue to be defined as unemployed – the red bars in Chart 2.11 – in the regions with lower exit rates. The proportions both remaining on benefit and continuing to be defined as unemployed is over 20% in the North East, almost 18% in Yorkshire and the Humber and West Midlands and just over 16% in the North West; on the other hand, only 11%-12% remained unemployed in the South East, the East and the South West.

The substantial trend of 1995 unemployed people who were on benefits in 2000 but are defined as

‘disabled and others’ (the solid blue bars in Chart 2.11) is common to all regions. However, the proportions follow the underlying trend of falling regional unemployment, ranging from 8.5% (15,900 claimants) in the South East to 11.6% (over 27,200 claimants) and 11.7% (over 12,600 claimants) in the North West and the North East, respectively.

Lone parents have lower exit rates overall, and Chart 2.12 shows how these rates – the green bars – differ between regions. The regional story does not follow the exact same story related above regarding unemployed people, especially when explaining lower exit rates. This is particularly striking for London, which had the fourth highest rate of exits from unemployment but the lowest rate of exits for lone parent claimants, at 42.3% (over 75,300 claimants). The position of the North East is more consistent, with low exit rates in both cases and a lone parent exit rate of 46.4% (just under 26,030 claimants). The regions with higher lone parent exit rates do follow unemployment trends more closely, with the South East, South West and East regions having the highest exit rates, at around 55%-56%. The

Chart 2.9: Regional share of unemployed claimants of IS/JSA-IB in 1995, 1998 and 2000

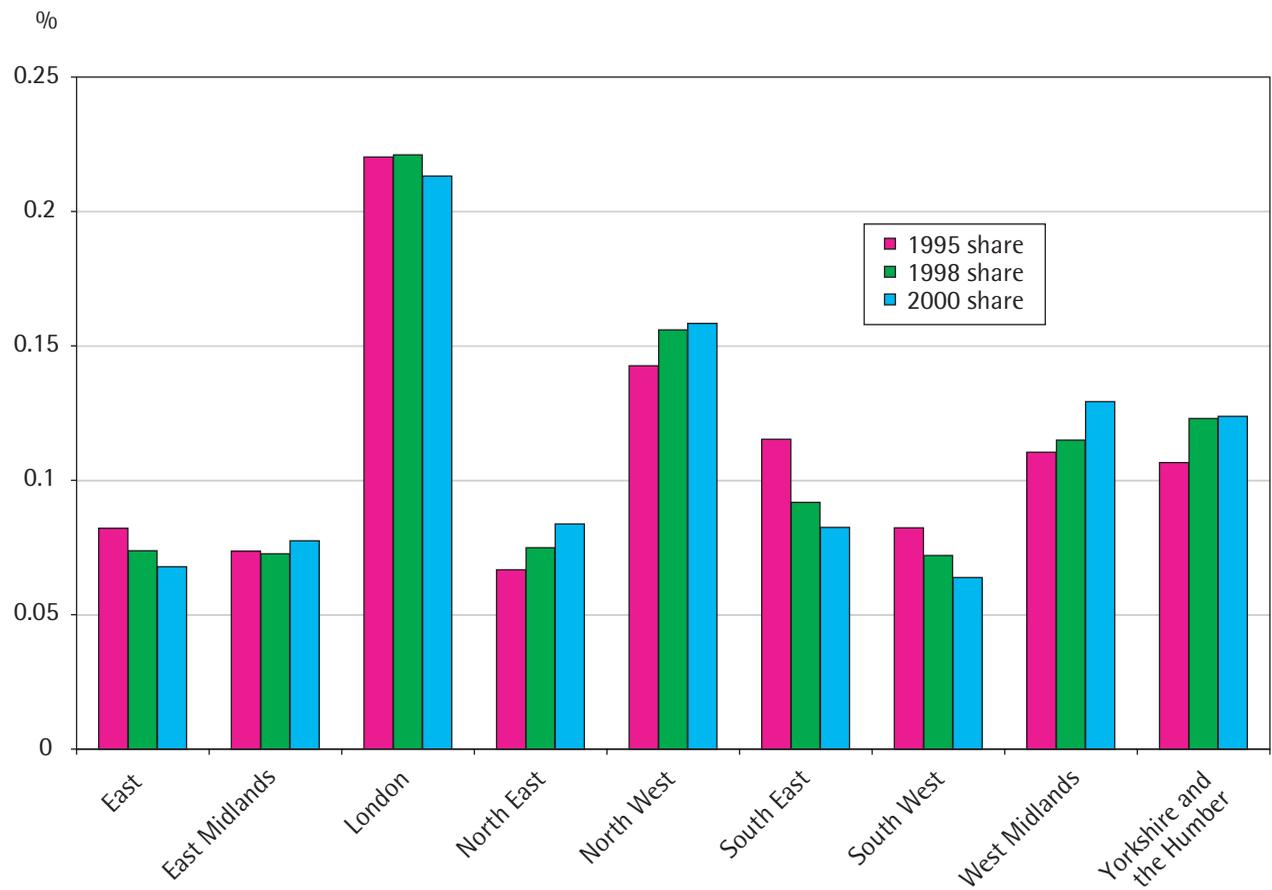
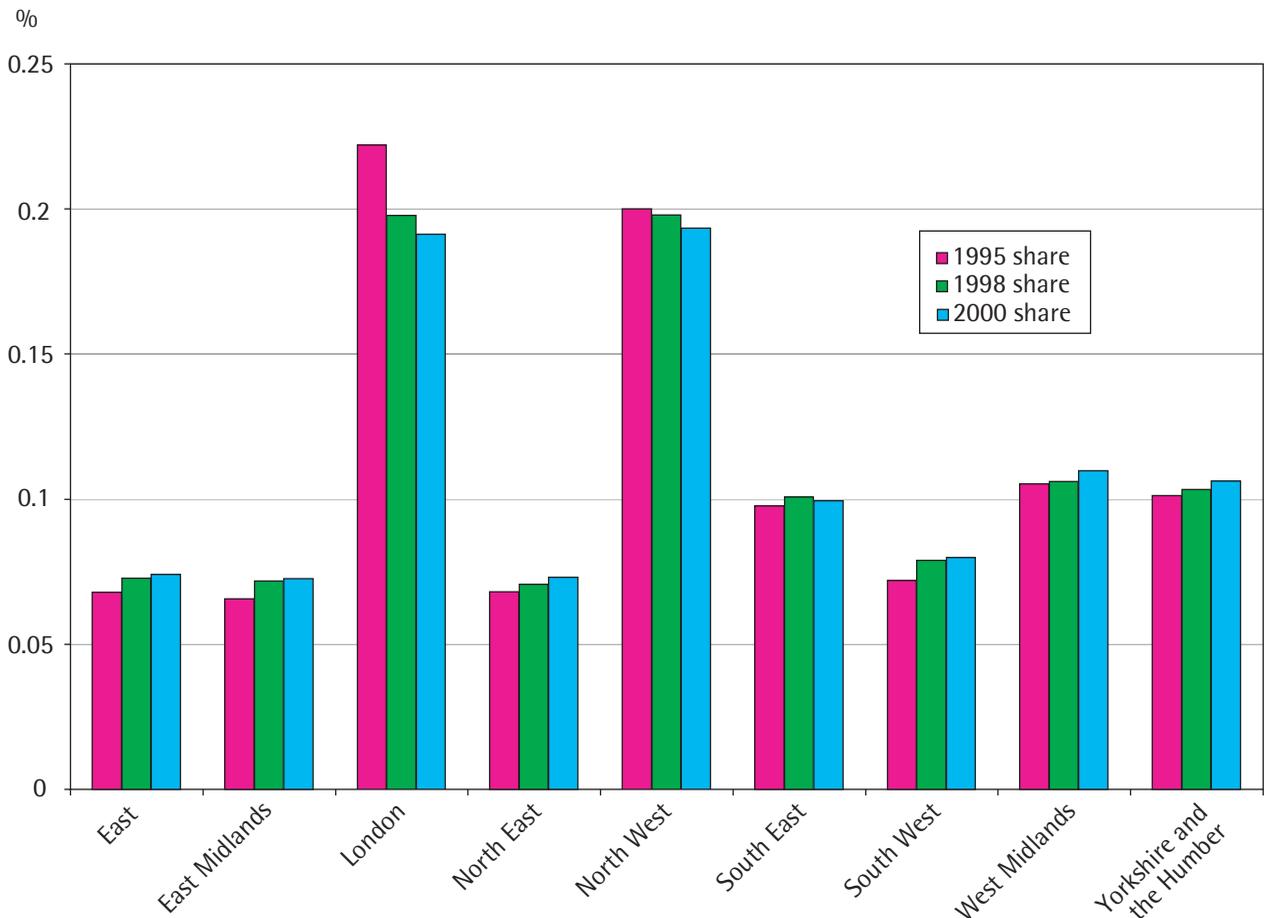
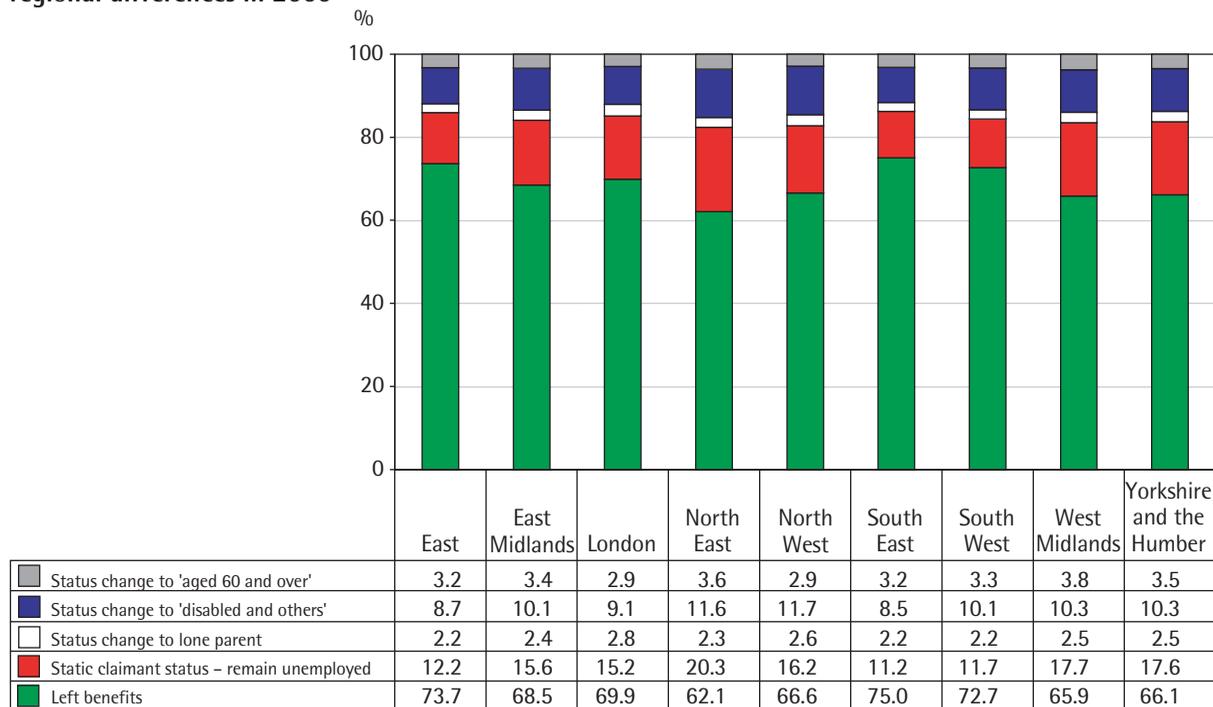


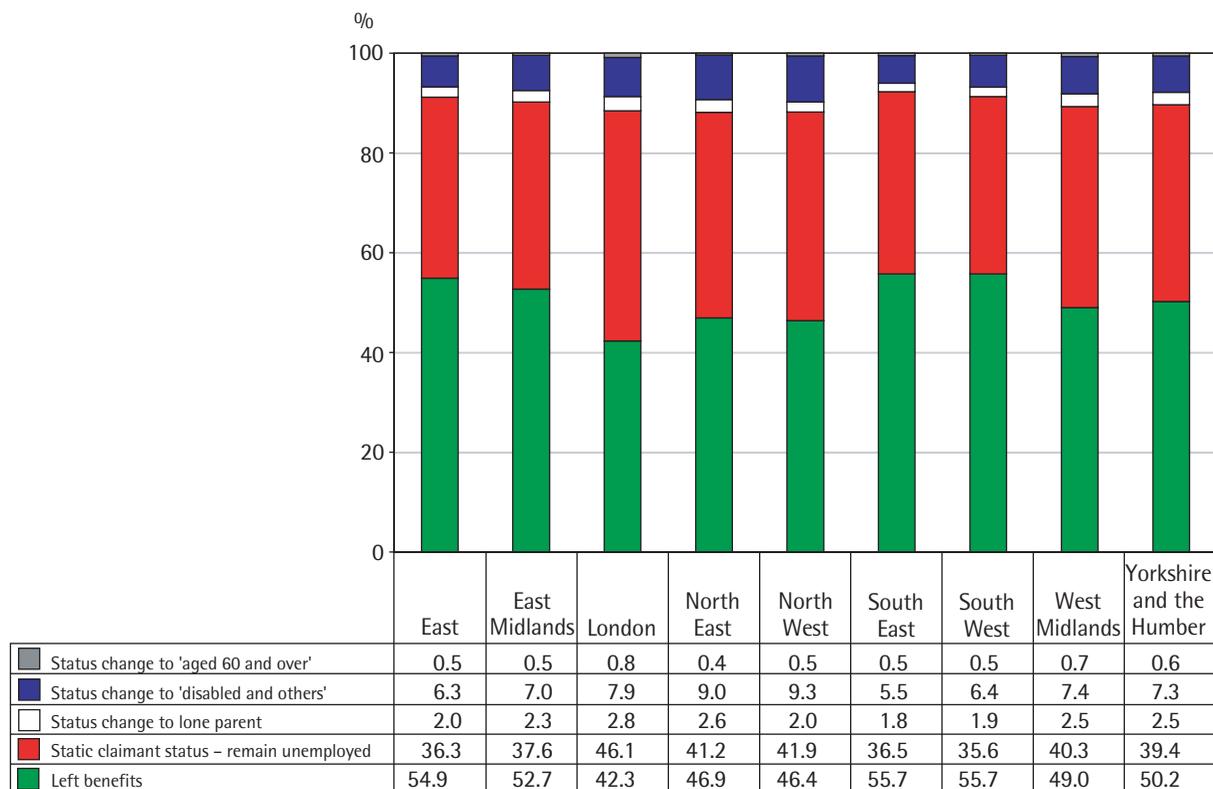
Chart 2.10: Regional share of 'disabled and others' claimants of IS/JSA-IB in 1995, 1998 and 2000



**Chart 2.11: Destinations of IS claimants who were unemployed in England in 1995: regional differences in 2000**



**Chart 2.12: Destinations of IS claimants who were lone parents in England in 1995: regional differences in 2000**



proportion of lone parents in 1995 who are lone parents in 2000 – the red bars in Chart 2.12 – follow the approximate mirror image of the regional exit rates, with the highest proportion in London of 46.1% and the lowest in the South West, East and South East at 36%-37%. A small proportion of 1995 lone parent claimants were still claiming as unemployed in 2000 – 2%-3% across all regions – while a smaller proportion were claiming as ‘aged 60 and over’ in 2000. The proportion of lone parents claiming as ‘aged 60 and over’ in 2000 appears higher in London than elsewhere (at 0.8%), perhaps pointing to an overall older profile of lone parents in London that may, in small part, explain the lower exit rates there.

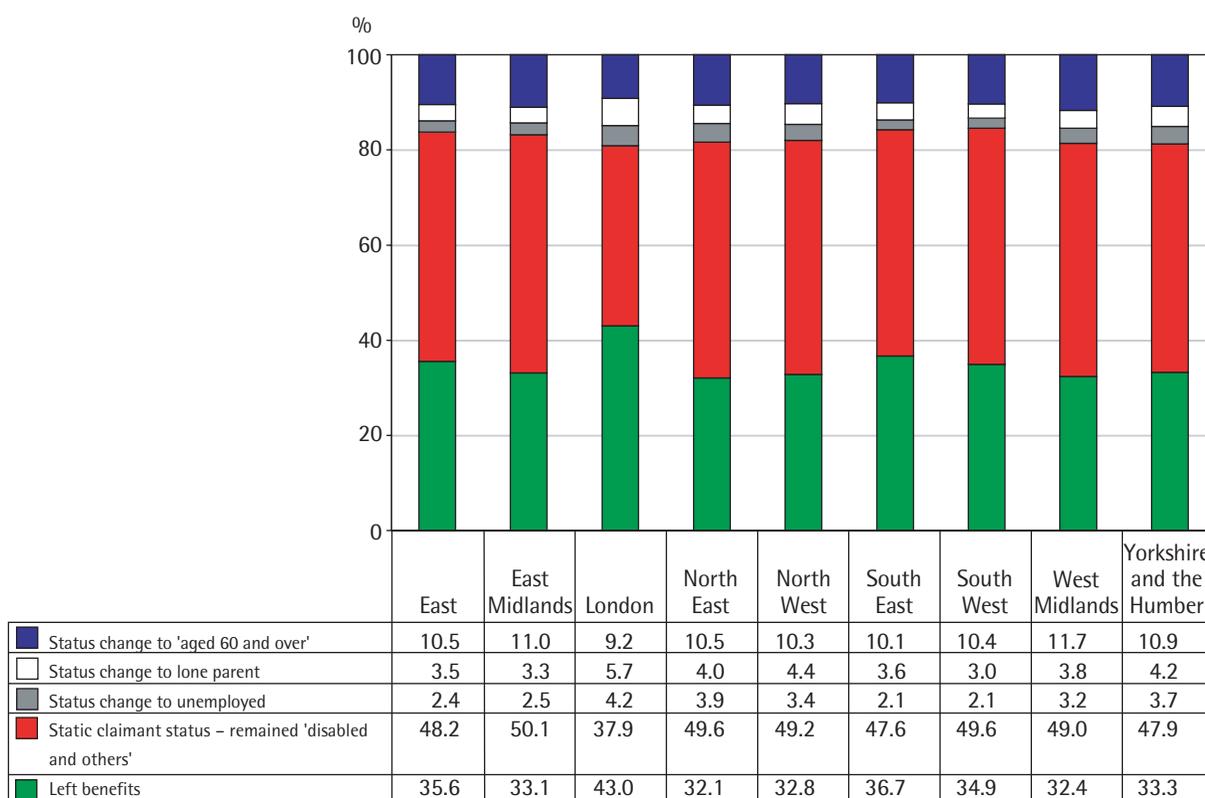
Turning to what we recognised as one of the most notable of status change transitions – that is, the movement from claiming IS as lone parent in 1995 to claiming IS as ‘disabled and others’ in 2000 – the North East and North West have the largest proportions, at 9% or more (representing over 13,500 claimants in the North West and nearly 5,000 claimants in the North East); London has almost 8% (around 14,000 claimants) and the South East only 5.5% (around 5,600 claimants). These regional trends do not exactly follow the

regional profile of exit rates and of static claimant status.

Finally in this section of regional trends in changing claimant status, we turn to the 1995 claimants who were defined as ‘disabled and others’. Chart 2.13 repeats the format of Chart 2.11 and Chart 2.12 for this group.

We see that regional exit rates – those no longer claiming in 2000 – are highest in London, at 43% (around 87,100 claimants). This is a marked difference from the situation relating to lone parents, and different again from the position of unemployed claimants in London. As regards exits from the ‘disabled and others’ status, London is ahead of the South East, East and South West, which have rates of 35%-37%. Lowest regional exit rates are in the North East, West Midlands, North West and East Midlands at 32%-33% (with, for example, around 31,000 claimants leaving benefit in the West Midlands). Although the numbers affected in the North East are not the largest, this region has the lowest exit rates for both unemployed and ‘disabled and others’ claimants, and a low exit rate for lone parents, a consistency that marks it out among the regions.

**Chart 2.13: Destinations of IS claimants who were ‘disabled and others’ in England in 1995: regional differences in 2000**



The proportion of static 'disabled and others' claimant status between 1995 and 2000 is 48%-50% in most regions, with London standing with only 38% remaining on benefit and in the same status. The proportion remaining on benefit but changing definition to unemployed – the grey bar with blue borders – is lower in the South East and South West, at 2%; perhaps this is a reflection of the high overall unemployment exit rates noted above, but this does not really explain why the highest proportion who change status to unemployed are in London and the North East – around 4%. London, the North West, Yorkshire and the Humber and the North East regions do, however, have the highest proportions changing status from 'disabled and others' to lone parents: 4%-6%.

## Overview for local authority districts

Table 2.4 shows overall claim rates in 1995, 1998 and 2000 for the 30 districts with the highest claim rates in 1995. The table also shows the ranks in 1995, 1998 and 2000 and the change in ranks between 1995 and 2000. From this we can see that in all the districts shown there is a fall in claim rates between 1995 and 1998 and again between 1998 and 2000. All areas thus appear to have benefited from the economic upturn of the mid to late 1990s. However, the economic upturn has not lifted all districts at the same rate.

It is apparent that some areas fared relatively well and so 'improved' their position – they moved

**Table 2.4: Claim rates and rankings for the 30 districts with the highest claim rates in 1995**

District	Rate 1995 (%)	Rate 1998 (%)	Rate 2000 (%)	Rank 1995	Rank 1998	Rank 2000	Change in rank 1995-2000
Hackney	32.9	27.2	23.0	1	1	1	0
Tower Hamlets	29.8	24.4	22.1	2	3	2	0
Newham	28.5	24.4	20.4	3	4	5	2
Haringey	27.2	21.0	18.3	4	8	8	4
Knowsley	27.2	24.5	21.8	5	2	4	-1
Manchester	26.6	22.9	20.3	6	6	6	0
Southwark	26.6	20.9	18.1	7	9	9	2
Liverpool	26.1	24.2	21.9	8	5	3	-5
Islington	25.9	22.0	19.6	9	7	7	-2
Lambeth	25.5	19.0	16.3	10	10	13	3
Brent	22.8	16.8	14.5	11	19	27	16
Lewisham	21.9	17.8	15.1	12	13	19	7
Camden	21.7	18.2	14.7	13	12	23	10
Kingston upon Hull	20.6	18.4	16.8	14	11	11	-3
Middlesbrough	20.5	17.7	17.2	15	14	10	-5
Nottingham	20.4	17.4	15.7	16	16	15	-1
Birmingham	20.3	17.6	16.7	17	15	12	-5
Waltham Forest	20.0	15.7	14.3	18	26	28	10
Greenwich	19.7	16.8	14.7	19	20	24	5
Hammersmith and Fulham	19.7	15.5	13.0	20	29	42	22
South Tyneside	19.4	17.0	16.2	21	17	14	-7
Hastings	18.8	16.3	14.5	22	22	26	4
Wolverhampton	18.6	15.4	14.8	23	30	22	-1
Barking and Dagenham	18.6	16.3	15.1	24	23	18	-6
Newcastle-upon-Tyne	18.6	16.4	15.6	25	21	16	-9
Sandwell	18.1	15.5	15.1	26	28	20	-6
Leicester	18.1	15.1	14.3	27	34	29	2
Salford	18.1	15.9	15.0	28	24	21	-7
Hartlepool	18.0	16.9	15.6	29	18	17	-12
Halton	17.8	15.8	14.2	30	25	31	1

Note: The district with the highest claim rate is accorded the rank of 1.

down the rankings. Others experienced a relative ‘deterioration’, which resulted in their moving up the rankings. Some of the big ‘movers’ are striking. Four London Boroughs – Brent, Camden, Waltham Forest and Hammersmith and Fulham – fell in rank by 10 or more places, whereas only one authority – Hartlepool – shows an equivalent rise in rank. Eleven districts moved rank by two places or less and three districts – Hackney, Tower Hamlets and Manchester – did not move at all.

This analysis raises important questions which have major implications for policy. Why do some districts appear to improve dramatically, while others stay the same or deteriorate? Although very detailed analysis is outside the scope of this study, we explore in the next chapter two examples of these big movers – Hartlepool and Brent – and contrast them with an authority that showed no change – Manchester.

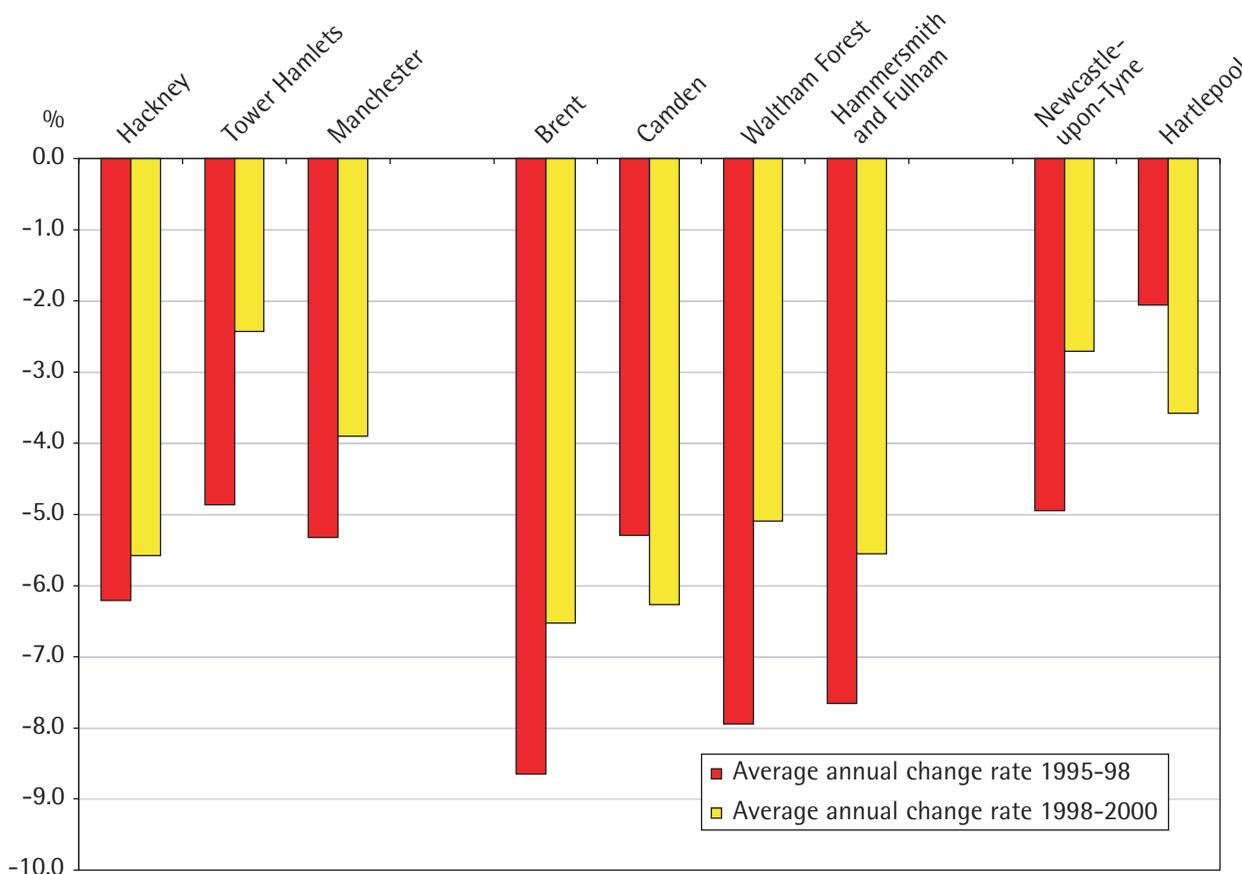
We can get another perspective on these issues by looking at the average annual rate of change for some of these districts. Chart 2.14 shows this

change for some of those moving significantly down in rank between 1995 and 1998 (Brent, Camden, Waltham Forest, Hammersmith and Fulham), for some moving up in rank (Hartlepool and Newcastle-upon-Tyne) and for three districts that did not change in rank but remain at or near the top of the distribution (Hackney, Tower Hamlets and Manchester).

As we would expect, those moving significantly down in rank – that is, where claim rates have dropped further relative to other areas – show the largest falls in claim rates, both between 1995 and 1998 and between 1998 and 2000. For most of these districts the most rapid decline occurred in the earlier period, although for Camden the position is reversed. For those moving up the rankings, the average rate of change was much lower in both time periods. For Hartlepool, the biggest fall in claim rate was in the second period.

Falls in claim rates in Hackney were greater than in other non-movers and approached the rates of improvement experienced by some of those

**Chart 2.14: Average annual change in rate of claim for nine example districts between 1995-98 and 1998-2000**



districts that improved dramatically. However, in spite of the improvements, it retained its position as the 'worst' authority at all three time points.

Further analysis on district level change between 1995 and 2000 are presented for families with children and for claimants in their fifties in Chapters 5 and 6.

### *Exits from unemployment at the district level*

We have already seen substantial differences at regional level in the destinations of 1995 claimants in 2000. We have further seen the importance of regional difference in exits from unemployment both out of IS/JSA-IB entirely and into the 'disabled and others' category. If we now turn to look at the transitions at district level, interesting patterns emerge. Table 2.5 serves to remind us of the percentage of 1995 unemployed people in various statuses in 2000 for the whole of England.

As can be seen, across England, 15.3% were claiming as unemployed at both time points (this

**Table 2.5: Destinations of 1995 unemployed claimants in 2000 (%)**

Still unemployed	15.3
'Disabled and others'	10.0
Off benefit	69.1
Other ('aged 60 and over'/lone parent)	5.7

does not indicate that the claiming was continuous); and 69.1% of 1995 unemployed people had exited from the system. However, this rate is not evenly distributed throughout the local authorities.

Table 2.6 shows the district level exit rate for the 20 districts that show the *least* movement out of unemployment and off benefit. Knowsley shows the fewest exits from unemployment across this period: only 57.7% of the 1995 claimant stock had left benefit. Even in Dudley only 63% had exited – 6% below the national average. Of these bottom 20, 10 are in the North East, three in the North West and three in the East Midlands. All but three fall into the ONS district type 'Mining, manufacturing and industry'.

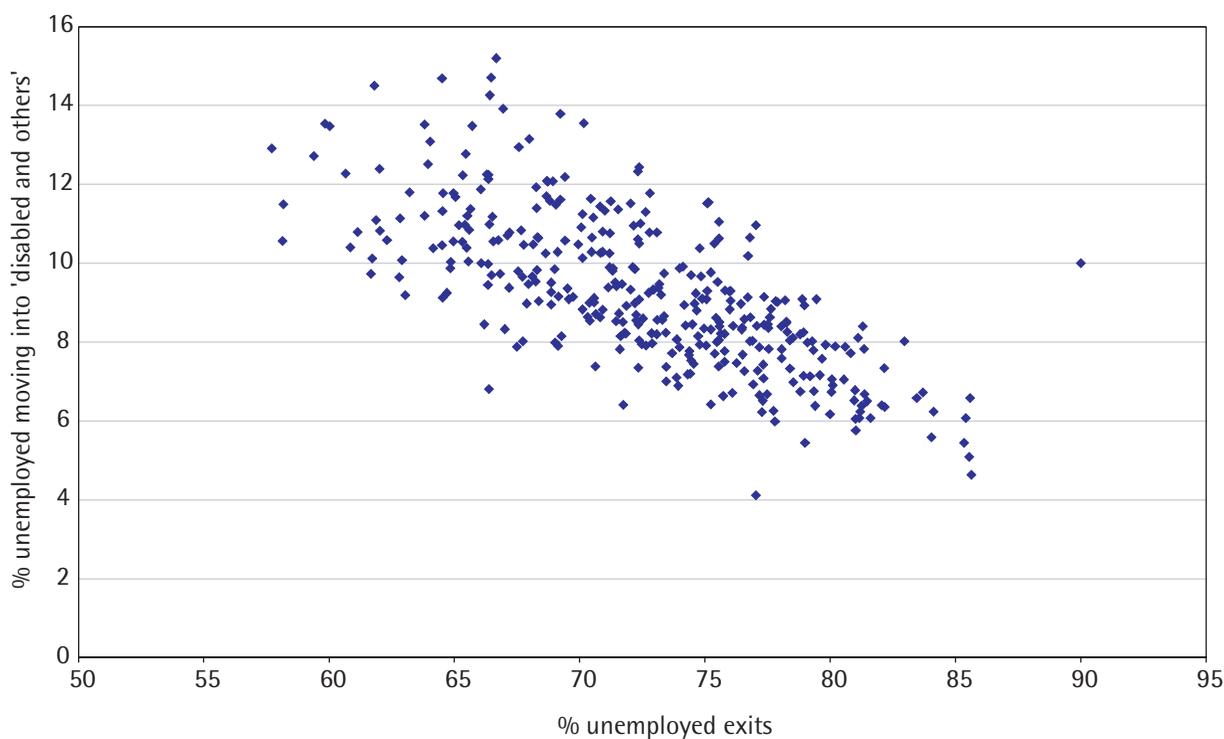
**Table 2.6: The 20 local authorities with the lowest proportion of unemployed claimants in 1995 moving off IS/JSA-IB completely by 2000**

Local authority	ONS district type	GOR	% of 1995 not on IS/JSA-IB 2000
Knowsley*	Mining, manufacturing and industry	North West	57.72
South Tyneside	Mining, manufacturing and industry	North East	58.14
Middlesbrough	Mining, manufacturing and industry	North East	58.17
Liverpool*	Mining, manufacturing and industry	North West	59.39
Newcastle-upon-Tyne*	Mining, manufacturing and industry	North East	59.84
Hartlepool*	Mining, manufacturing and industry	North East	60.03
Tower Hamlets	Inner London	London	60.66
Birmingham	Mining, manufacturing and industry	West Midlands	60.85
Sandwell	Mining, manufacturing and industry	West Midlands	61.14
Kingston upon Hull	Mining, manufacturing and industry	Yorkshire and the Humber	61.67
Stockton-on-Tees	Mining, manufacturing and industry	North East	61.72
Gateshead*	Mining, manufacturing and industry	North East	61.81
Redcar and Cleveland	Mining, manufacturing and industry	North East	61.88
Chesterfield	Mining, manufacturing and industry	East Midlands	62.01
Sunderland	Mining, manufacturing and industry	North East	62.03
Copeland	Mining, manufacturing and industry	North West	62.31
Wear Valley	Mining, manufacturing and industry	North East	62.80
Nottingham	Mining, manufacturing and industry	East Midlands	62.84
Darlington	Coast and services	North East	62.91
Dudley	Urban fringe	West Midlands	63.04

**Table 2.7: The 20 local authorities with the highest proportion of unemployed claimants in 1995 moving into the 'disabled and others' group by 2000**

Local authority	ONS district type	Region	% 1995 unemployed moving into 'disabled and others'
Salford	Mining, manufacturing and industry	North West	15.20
Blackpool	Coast and services	North West	14.71
Stoke-on-Trent	Mining, manufacturing and industry	West Midlands	14.69
Gateshead*	Mining, manufacturing and industry	North East	14.50
Easington	Mining, manufacturing and industry	North East	14.26
Bolsover	Mining, manufacturing and industry	East Midlands	13.92
Burnley	Mining, manufacturing and industry	North West	13.79
Newcastle-under-Lyme	Urban fringe	West Midlands	13.55
Newcastle-upon-Tyne*	Mining, manufacturing and industry	North East	13.54
Carlisle	Coast and services	North West	13.52
Rochdale	Mining, manufacturing and industry	North West	13.48
Hartlepool*	Mining, manufacturing and industry	North East	13.47
Tameside	Mining, manufacturing and industry	North West	13.15
Manchester	Mining, manufacturing and industry	North West	13.08
Mansfield	Mining, manufacturing and industry	East Midlands	12.94
Knowsley*	Mining, manufacturing and industry	North West	12.91
Derwentside	Mining, manufacturing and industry	North East	12.77
Liverpool*	Mining, manufacturing and industry	North West	12.72
Blyth Valley	Urban fringe	North East	12.51
Hyndburn	Mining, manufacturing and industry	North West	12.44

**Chart 2.15: Relationship between the percentage of 1995 unemployed IS claimants who were not claiming IS/ JSA-IB in 2000 and the percentage of 1995 unemployed IS claimants who were 'disabled and others' IS claimants in 2000**



Returning to the picture of unemployed claimants in England, 10% had moved into the category of 'disabled and others' between 1995 and 2000. Table 2.7 lists the 20 districts where the movement to this status is greatest. As can be seen in the top districts, the exit rate to the 'disabled and others' category is as much as 50% higher than the national average. What is immediately striking is that, of these top 20, 10 are in the North West and six are in the North East. In terms of ONS district type, 16 are in the 'Mining, manufacturing and industry' grouping. Five districts appear in both tables (shown by an asterisk in Tables 2.6 and 2.7). What this indicates is that districts in which claimants are moving off unemployment and into work more slowly also tend to have above-average movements into the 'disabled and others' category.

In Chart 2.15 we explore this further to see if there is a relationship across all local authorities between rates of exit from unemployment and off benefits, and rates of exit from unemployment to 'disabled and others' status.

It is clear that an inverse relationship does exist. As unemployment exits to employment increase, exits to 'disabled and others' decrease. For these areas the movement from unemployment to disability status rather than into work is an important dynamic. These areas are typically mining and manufacturing areas, often in the North. In those areas where the rates of exit from unemployment off the benefit system are lowest, the over fifties face particular problems. These findings are discussed further in Chapter 6.

Map 2.1 shows all the local authorities in England, divided into 10 groups or 'deciles', with ranges for the proportion of unemployed claimants in each decile moving off benefits by 2000.

Map 2.2 shows all the local authorities in England, divided into 10 groups or 'deciles', with ranges for the proportion of unemployed claimants in each decile claiming as 'disabled and others' in 2000.

## The picture at ward level

The data we are using for these analyses has the advantage that it can reveal patterns at very small units of analysis. In view of the difficulty in

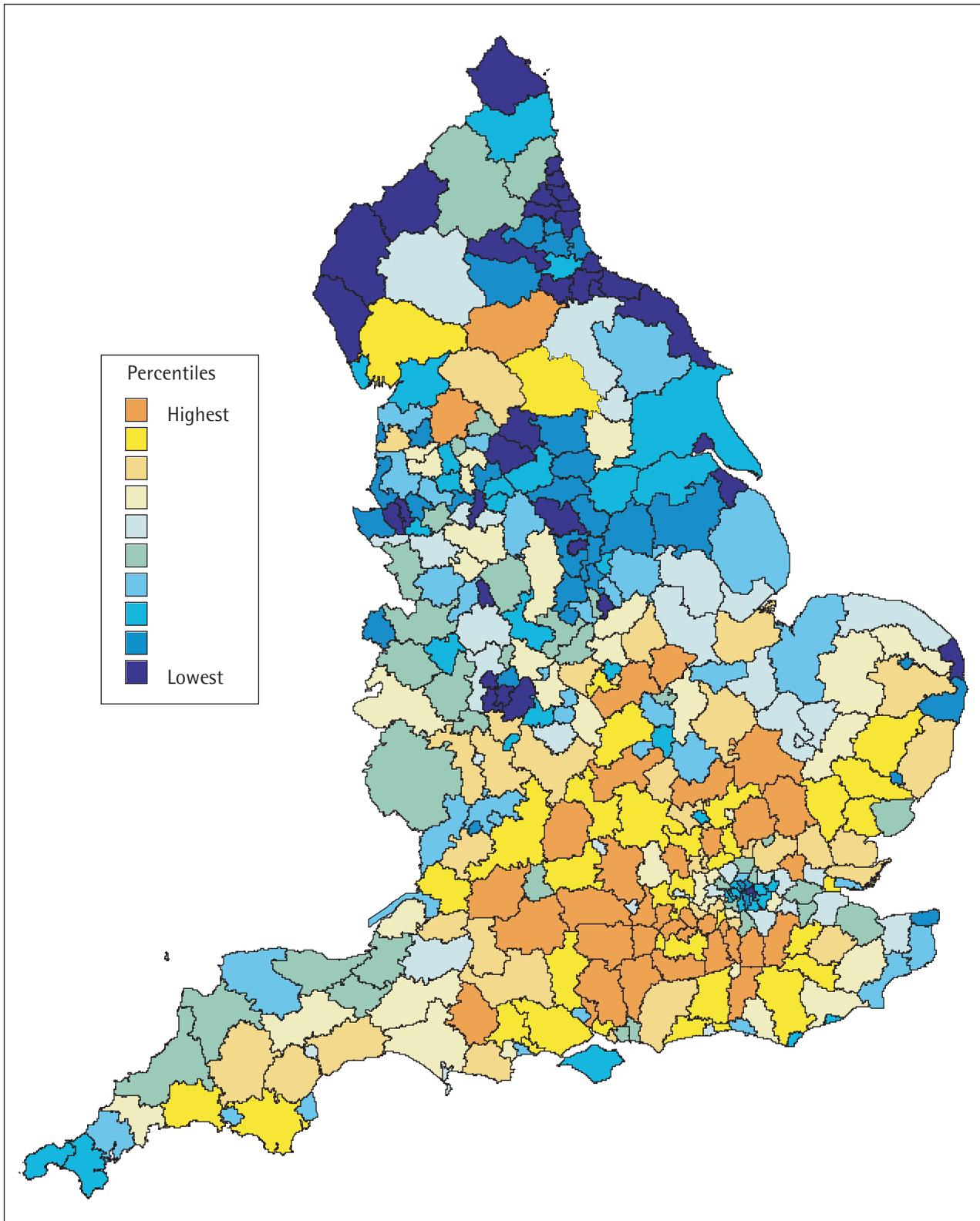
producing a range of subdistrict denominators against which to measure claim rates, our analyses are restricted to electoral wards as they existed in April 1998.

Table 2.8 describes the claim rates in 1995, 1998 and 2000 for the 50 wards with the highest claim rates in 1995. The table shows the ranks for these wards for 1995, 1998 and 2000 and allows us to see how wards have moved over this time period. It is worth noting that, in the context of 8,414 wards in England, movement of a few places is not very significant. The table does, however, give some notion of general trends. With the exception of two Liverpool wards – Everton and Breckfield – all wards in the 'worst' 50 improved between both periods. The deterioration in the two Liverpool wards was slight and in respect of Breckfield was apparent only between 1995 and 1998.

Large movers out of the top 50 were principally in London boroughs. If we look at the top 50 wards ranked by their 2,000 claim rates, wards that had moved into the top 50 had moved by less than 100 places since 1995. Table 2.9 shows districts in which there has been a change in ward ranking of at least 50 places.

This chapter so far has shown the overall trends for claimants in England at various levels of geographical analysis. There has been an overall fall in claimant numbers during the 1995-2000 period in England and in every region. This has translated to improvements in most districts and in a majority of wards. However, improvement has occurred at different rates and there is evidence of widening differences in the geographical concentration of claimants and in claim rates, and thus of some 'growing apart'. Cutting across geographical differences in speed of claimant decline are varying profiles of decline by differing types of claimant. The unemployed claim rate has declined most, but the speed of this decline has fallen from 1998-2000 compared with 1995-98. On the other hand, the lone parent claim rate has also declined, although far more slowly than the rate for the unemployed; but this decline has been faster in 1998-2000 than in the previous period. Lastly, the rate for claimants who are 'disabled and others' has increased, but the speed of this increase is slower in the 1998-2000 period.

Map 2.1: Proportion of 1995 unemployed claimants moving off benefits in 2000: local authorities



Map 2.2: Proportion of 1995 unemployed claimants claiming as 'disabled and others' in 2000: local authorities

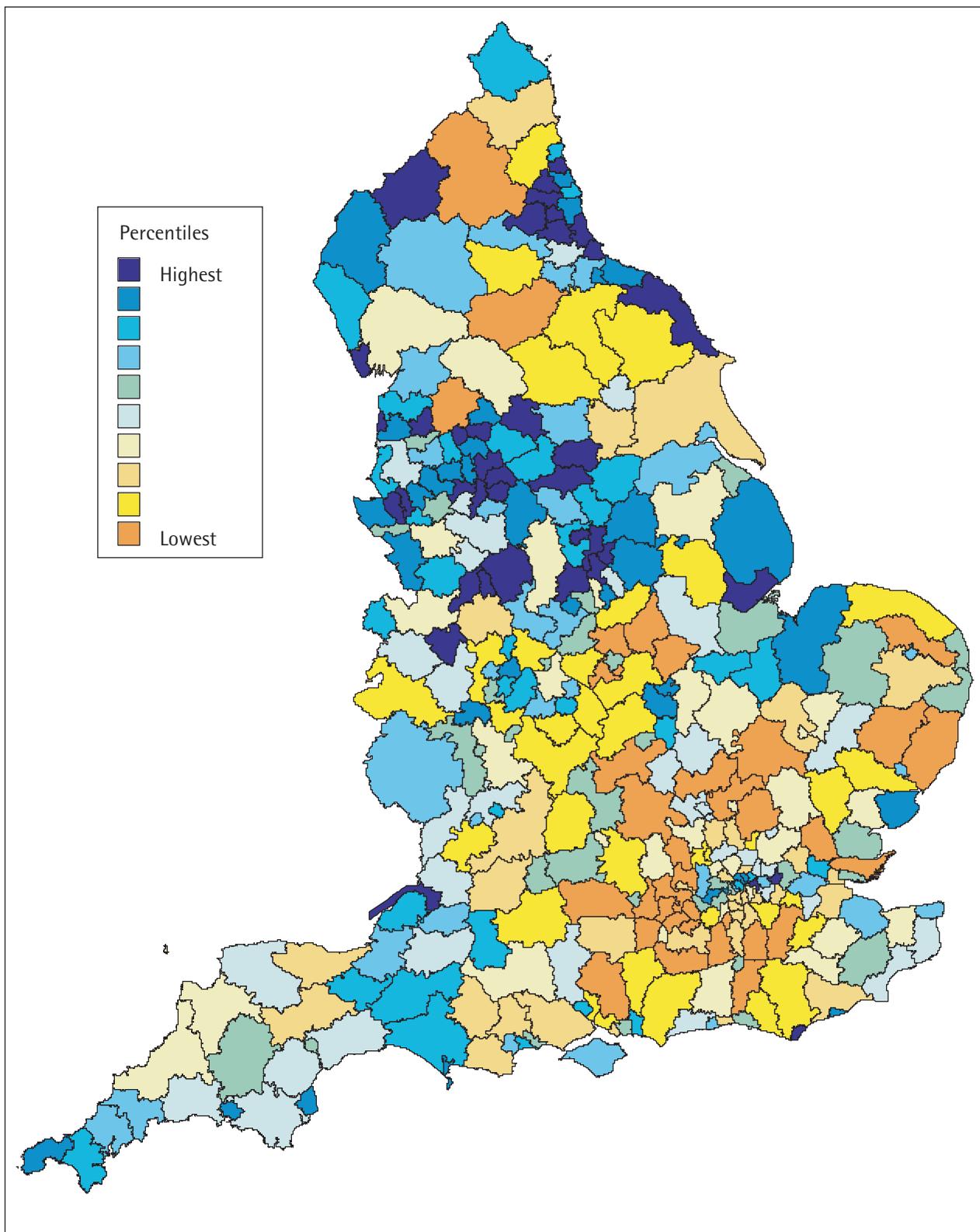


Table 2.8: Claim rates and rankings for the 50 wards with the highest claim rates in 1995: 1995, 1998 and 2000

Ward name	District name	Rate 1995 (%)	Rate 1998 (%)	Rate 2000 (%)	Rank 1995	Rank 1998	Rank 2000	Change in rank 1995-2000
Granby	Liverpool	50.3	41.3	35.7	1	5	9	8
Longview	Knowsley	49.9	46.0	41.3	2	2	2	0
Princess	Knowsley	47.8	44.0	37.4	3	3	4	1
Pier	Thanet	46.5	38.3	35.8	4	6	7	3
Everton	Liverpool	44.8	46.5	49.6	5	1	1	-4
Vauxhall	Liverpool	44.1	42.8	40.9	6	4	3	-3
Westdown	Hackney	42.7	32.8	27.4	7	37	70	63
Bradford	Manchester	42.0	36.0	31.1	8	13	29	21
Northwood	Knowsley	41.9	38.3	35.8	9	7	8	-1
St Hilda's	Middlesbrough	41.9	37.0	36.5	10	10	5	-5
Queensbridge	Hackney	41.4	35.8	30.8	11	14	31	20
Chatham	Hackney	41.0	32.5	27.6	12	40	68	56
Liddle	Southwark	40.7	29.4	24.6	13	81	134	121
West City	Newcastle-upon-Tyne	40.5	34.9	32.4	14	18	15	1
Carlton	Brent	40.4	33.9	31.8	15	25	24	9
Spitalfields	Tower Hamlets	40.3	30.3	23.0	16	67	216	200
Coleraine	Haringey	40.3	33.9	30.4	17	26	33	16
Blackwall	Tower Hamlets	40.0	31.7	27.1	18	49	74	56
Chaucer	Southwark	39.8	27.1	19.7	19	141	416	397
Bruce Grove	Haringey	39.7	32.2	26.3	20	42	96	76
Bidston	Wirral	39.6	37.4	33.6	21	9	11	-10
Sparkbrook	Birmingham	39.5	34.2	31.7	22	22	25	3
Ethelbert	Thanet	39.4	33.0	29.4	23	36	45	22
Lansbury	Tower Hamlets	39.4	31.0	30.1	24	60	37	13
Central	Manchester	39.1	33.1	26.8	25	35	83	58
Friary	Southwark	38.9	31.7	29.4	26	48	43	17
Regent	Great Yarmouth	38.6	33.1	30.2	27	32	35	8
Harpurhey	Manchester	38.5	35.7	33.2	28	15	13	-15
Birkenhead	Wirral	38.5	34.1	31.8	29	24	21	-8
Eastdown	Hackney	38.4	31.8	26.7	30	46	86	56
Thorntree	Middlesbrough	38.3	36.1	35.2	31	12	10	-21
Cherryfield	Knowsley	38.3	35.6	33.4	32	16	12	-20
Stratford	Newham	38.2	30.2	24.1	33	68	166	133
Benchill	Manchester	38.2	33.3	29.9	34	30	38	4
Ardwick	Manchester	38.1	34.2	31.8	35	23	22	-13
Stonebridge	Brent	38.1	32.7	29.0	36	39	49	13
Aston	Birmingham	38.1	33.4	32.3	37	29	18	-19
Tottenham Central	Haringey	38.0	33.1	29.3	38	34	47	9
Kirkby Central	Knowsley	37.6	36.4	32.3	39	11	16	-23
Linacre	Sefton	37.6	34.8	31.6	40	19	26	-14
Breckfield	Liverpool	37.4	38.0	35.8	41	8	6	-35
Myton	Kingston upon Hull	36.8	33.4	29.3	42	27	48	6
Castle	Hastings	36.7	30.9	28.5	43	62	58	15
St Pancras	Camden	36.7	32.2	25.3	44	43	115	71
Roundwood	Brent	36.7	29.5	24.0	45	78	171	126
Plaistow	Newham	36.6	28.9	23.9	46	91	175	129
Somers Town	Camden	36.6	31.9	25.2	47	45	118	71
Wycliffe	Leicester	36.6	29.2	26.9	48	85	80	32
Weavers	Tower Hamlets	36.5	31.1	26.4	49	57	92	43
Speke	Liverpool	36.4	34.7	31.2	50	20	27	-23

Note: The ward with the highest claim rate is accorded the rank of 1.

**Table 2.9: Wards in the top 50 in 2000 which have risen (towards higher rates of claim) by more than 50 ranks since 1995**

Ward name	District name	Change in rank between 1995 and 2000
Portrack and Tilery	Stockton-on-Tees	-98
Elswick	Newcastle-upon-Tyne	-96
Pirrie	Liverpool	-84
Burngreave	Sheffield	-75
Monkchester	Newcastle-upon-Tyne	-71
Beechwood	Middlesbrough	-65
Walker	Newcastle-upon-Tyne	-64
Pallister	Middlesbrough	-55
Melrose	Liverpool	-55
Dovecot	Liverpool	-52

### *Explaining ward level exits from IS of people who were unemployed and on IS in 1995*

There are therefore a number of cross-cutting influences on claimant decline and on individual claimant transitions. To explore these further, and to try and move towards an explanation of small area change, we model the single largest factor influencing claimant decline – the exit rates from unemployment – between 1995 and 2000 at the ward level for all of England.

What would we expect to influence ward level exit rates from unemployment? At the individual level, the health and educational qualifications and work experience of the claimant, together with the length of their current spell of unemployment, would be strong predictors of their leaving benefit. We do not have such data; but we do have reliable and robust data at the ward level of certain measures of economic activity and of the stock of human capital from recent research on small area deprivation. Age is also important, and we do have individual claimant ages in our data, which can be aggregated at ward level to take into account the demographic composition of each ward's stock of unemployed claimants in 1995.

However, as we have shown previously, the speed of unemployed exits varies regionally according to larger economic and structural factors which are acting above the ward and individual level. A region is too large a geographical area from which to ascribe labour market effects. Travel-To-Work areas have been

created to describe geographical boundaries of local labour markets, but the boundaries of these tend to be stretched by higher-income commuters who are very unlike our sample of unemployed social assistance claimants. For this reason we have used district level economic indicators to test ward level outcomes. First, we used an indicator of net job growth over the 10-year period up to 1998<sup>4</sup>. Second, we used the ONS district type. These vary from 'Prosperous England' to 'Mining, manufacturing and industry' in economic profile – the first, designating areas of strong growth and the latter, areas of more traditional extractive and industrial economy that have experienced greater decline over the past 20 years.

Using these explanatory variables, we can model ward level exits from IS for people who were unemployed and on IS in 1995 using both ward level and district level data. To do so we employed a technique called 'multi-level modelling'. This allows the 'contextual' effects (for example economic structure) of the district on the ward level exits to be tested alongside the characteristics of the ward itself (for example demographic makeup). It allows specific questions to be asked, for example whether a ward in Bristol and one in Manchester with similar ward level characteristics might have a different level of exits from unemployment simply because of their location, that is, because of broader differences between the two cities. We list these explanatory variables in more detail in Appendix C. The results from the model showed that ward level rates of exit from unemployment could be related to both ward and district level factors; that is, characteristics of a district seem to have an impact on exit rates above and beyond ward level characteristics.

The model confirmed many of the explanations discussed in this chapter for the low or higher rates of exit from unemployment. In particular, it demonstrated that low exit rates were associated with the following characteristics:

- deprived areas with high rates of unemployment in 1995;
- a greater proportion of the unemployed population being 'long-term' (that is, over 12 months);

<sup>4</sup> Supplied by G. Bramley of Heriot-Watt University.

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

All these factors suggest a population less able to exploit any growth in employment that might exist. The growth (or not) of employment was measured at the district level over a 10-year period (1988-98). Where growth had occurred, a positive effect on exits was recorded. Looking at the broad character of a district, as captured through its classification into the seven ONS district types, it is also clear that other wide-scale factors have an important impact on ward level exits above and beyond the characteristics of the individual wards. When contrasting the seven types of area, it is clear that districts in 'Prosperous England' and 'Educational centres and Outer London' both have similarly higher rates of exit than districts classified into other groups – for example 'Inner London', 'Rural areas', 'Urban fringe', 'Coast and services' and 'Mining, manufacturing and industry'. Districts in the last category had substantially lower exit rates than all the other district types.

While this chapter has shown the national picture at various levels, and has analysed how small areas have participated in national trends, it has also shown how varied these trends can be at the local level. Turning back to Table 2.4, we see that the relative trajectories of some of the 'worst' local authority districts have varied considerably. There have been significant losers and gainers as well as those that have stayed constant between 1995 and 2000. The next chapter focuses on the changing fortunes of three areas, all with high rates of claim in 1995, yet with different outcomes by 2000.

# Focusing on places: Manchester, Hartlepool and Brent

The differential impact of the economic growth of the mid to late 1990s on different areas of the country and across different claimant groups was discussed in Chapter 2. We now illustrate this variable effect by taking three case study areas. All three are areas of considerable disadvantage, but each fared differently in the prevailing economic conditions in the late 1990s.

Manchester was selected because it was a district that in 1995 had a relatively high overall claim rate (26.6%) and, although this had fallen in 2000 by 6.3 percentage points to 20.3%, it maintained its relative position as the district with the sixth highest claim rate in both 1995 and 2000.

Hartlepool, on the other hand, experienced a drop in its claim rate of just 2.4 percentage points (from 18% in 1995 to 15.6% in 2000) and its relative position changed dramatically. From a rank of 29th highest claim rate in 1995, it moved to 17th highest in 2000 – a 12-place rise in position. Most of the change in rank occurred between 1995 and 1998 (from 29th to 18th).

Brent represents a mover in the opposite direction. Its overall claim rate dropped from 22.8% to 14.5% (a fall of 8.3 percentage points). This resulted in its relative position falling from 11th to 27th over the period 1995-2000. Before we look at each case study district in turn, we can look at the claim rates for subgroups of claimants in the three areas (see Table 3.1) and then examine the share that claimants of particular types contributed to the overall claimant numbers in a district.

Of the three districts, Brent and Manchester had the highest rates of unemployment in 1995 – 11.2% and 11.1%, respectively. By 2000 the position had changed. Manchester's unemployment had dropped to 4.2% and Brent's to 3.6%; but Hartlepool's had dropped only to 4.4% – so that, of the three districts, Hartlepool moved from having the lowest rate of unemployment in 1995 to having the highest in 2000. An interesting story, which we shall pick up later, is in respect of the 'disabled and others'

**Table 3.1: Claim rates for different IS/JSA-IB claimant groups in the case study areas, 1995, 1998 and 2000**

		Lone parents	Unemployed	Disabled and others	Aged 60 and over
		Expressed as % of 16-59s			Expressed as % of 60 and over
Manchester	1995	6.9	11.1	8.2	27.9
	1998	6.3	6.3	9.0	27.7
	2000	5.5	4.2	8.5	27.8
Hartlepool	1995	4.2	8.6	4.9	19.2
	1998	4.1	6.5	5.5	18.8
	2000	3.8	4.4	6.2	18.7
Brent	1995	5.2	11.2	6.6	21.8
	1998	4.6	5.5	5.5	21.8
	2000	4.1	3.6	5.2	21.1

category. The rate of claim here actually increased in Manchester and Hartlepool over the period, whereas in Brent it dropped. By looking at the share of the overall claimant count in each area made by each of the claimant groups, we can begin to understand how the change in claim rates for the individual groups impacts on the change in the overall claim rate for each area. Chart 3.1 illustrates the share of each claimant type of the total claimants in the three areas at each point in time.

In 1995 unemployed claimants made up the greatest share of the claimant total for each of the three areas. The largest proportion of unemployed claimants was in Brent, and the next largest was in Hartlepool. By 2000, Hartlepool had the greatest proportion of unemployed claimants of the three areas, possibly reflecting slower economic growth in the area.

In the discussions that follow, we focus on each of the areas we have identified and, in various ways, track their fortunes between 1995 and 2000. In particular, we move below the district level and examine what happens to individual wards within a district. Do rates of claim in these change at the same rate? Are wards in the top decile of wards

in the country in 1995 similarly placed in 2000 – that is, have their *relative* positions changed? Beyond these cross-sectional analyses, we can use the individually linked records described in Chapter 2 to track the origins and destinations of individual claimants in the various categories. One of the ways in which we can do this is by using a ‘transition matrix’, which takes the 1995 stock of claimants and locates them in the various claimant categories five years later in 2000.

## Manchester

Manchester has remained in the same relative position (6th) in the league table of district claim rates at each of the three time points of the study. However, as we have seen, this is in the context of falling claim rates in all areas. Within Manchester itself, the claim rate fall has not been even across all the 33 wards. From Chart 3.2 we can see that Central ward, which had the second highest claim rate in 1995, did relatively well over the period; by contrast, Harpurhey’s

**Chart 3.1: Claimant group share in Manchester, Hartlepool and Brent in 1995, 1998 and 2000**

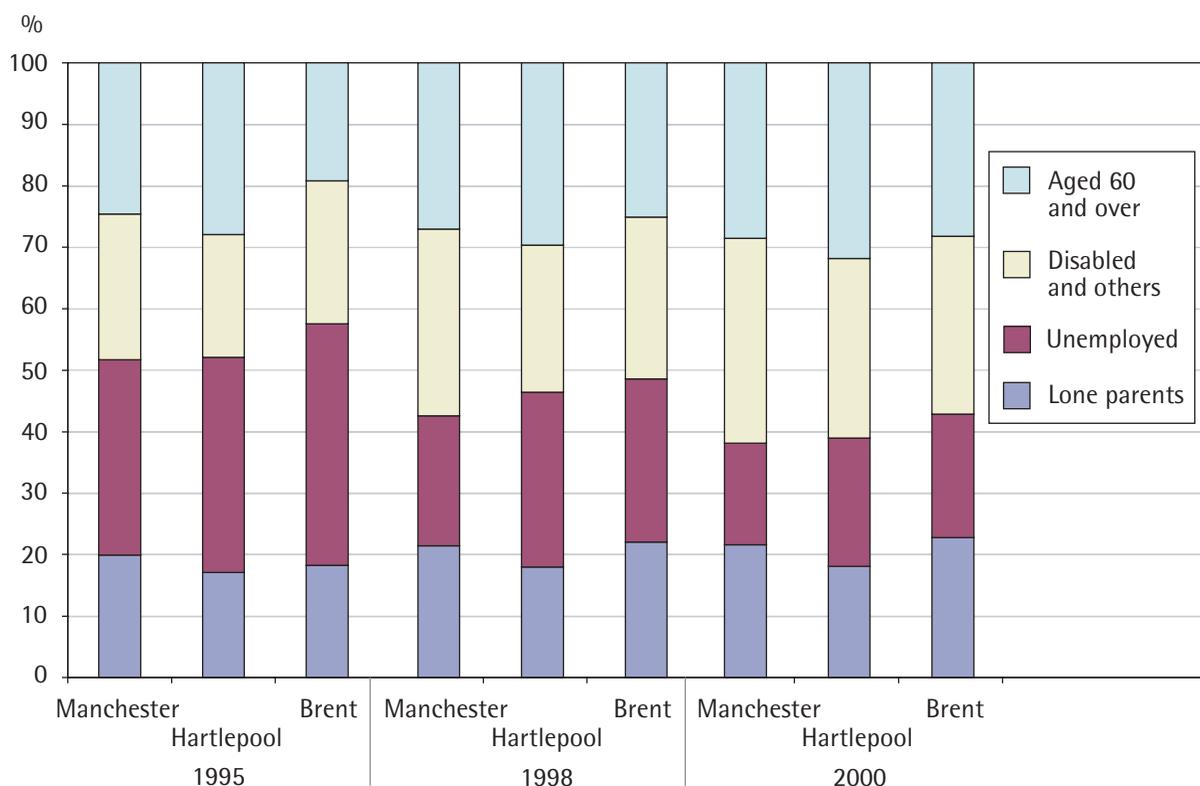
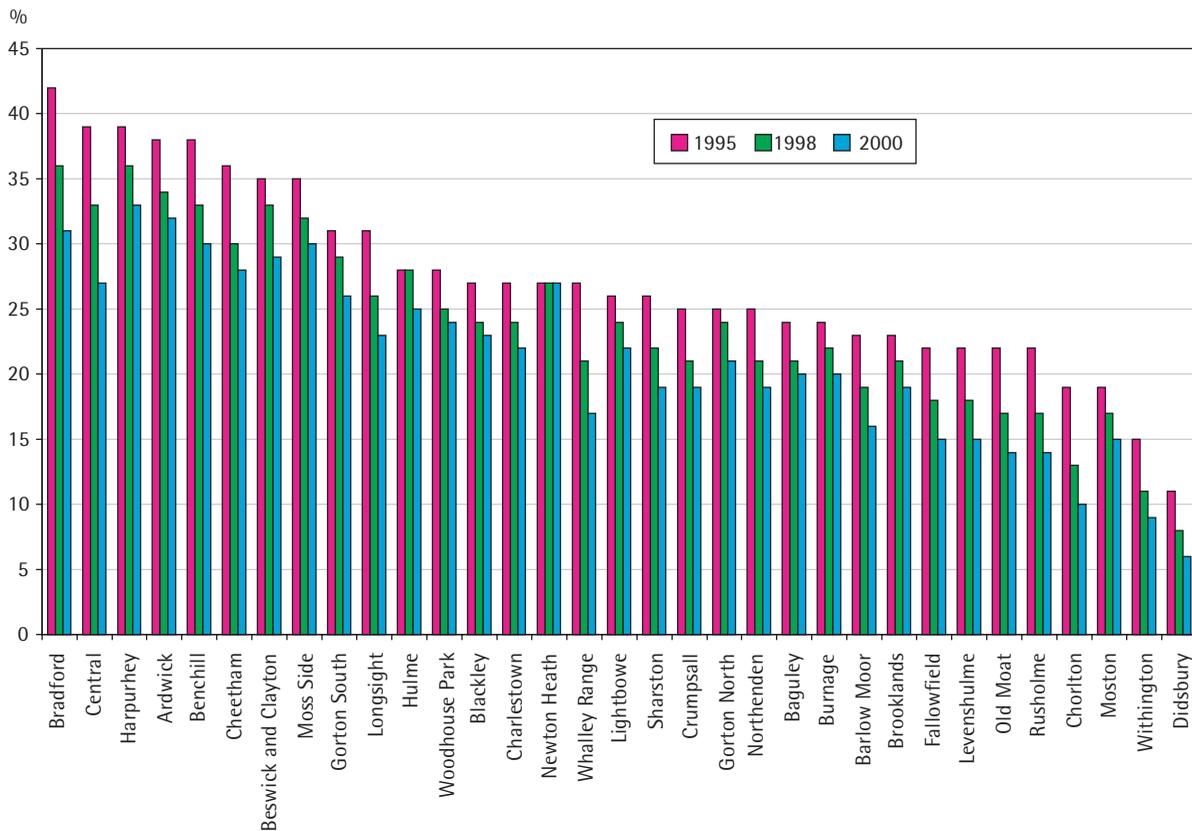


Chart 3.2: Manchester claim rates in 1995, 1998 and 2000, by descending 1995 claim rates



improvements have been more modest, and Newton Heath has failed to improve at all.

Looking at Map 3.1, we can see this differential improvement clearly. The 1995 picture divides the claim rate range into equal bands. These ranges are preserved for 2000 and so enable us to determine absolute change between the two areas. The cross-hatching shows the wards that are part of the ‘worst’ decile of wards in England at each of the two time points. By comparing the patterns of cross-hatching, we can see the changing relative position of wards. In absolute terms, the improvements in Whalley Range,

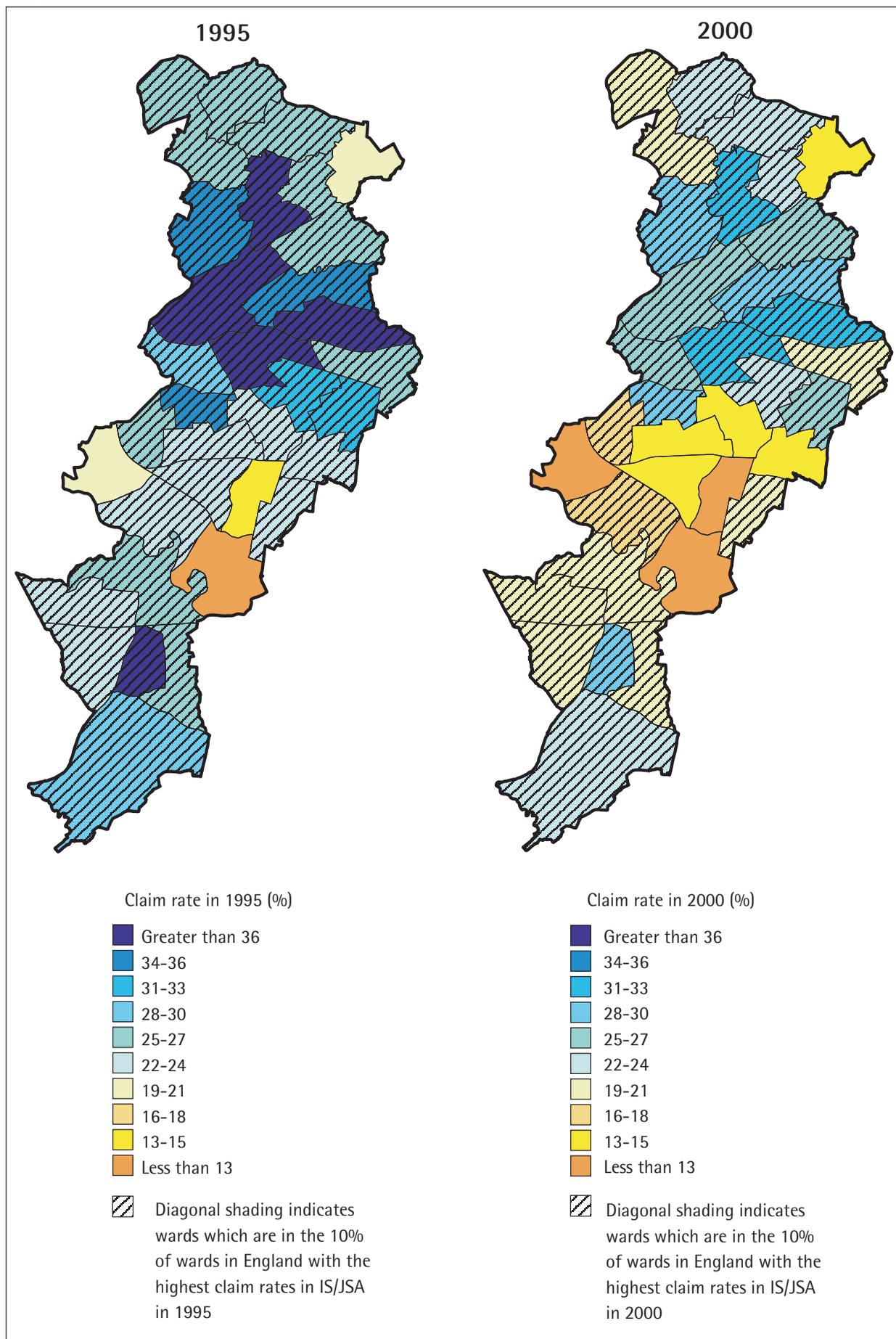
Sharsten and Northenden wards are striking. The improvements in Old Moat, Fallowfield, Rusholme and Levenshulme cause them to fall out of the decile of wards with the highest rates of claim in the country by 2000.

If we move to look at the destinations of 1995 claimants in 2000 across the whole of Manchester (Table 3.2), we find that for all groups the percentage of claimants present in the same category in 2000 as in 1995 is higher than for England as a whole (see the transition matrix Table 2.3, in Chapter 2).

Table 3.2: Transition matrix for Manchester: the destinations in 2000 of 1995 claimants

	Remaining on or reclaiming benefit in 2000				Not claiming in 2000
	As a lone parent	As unemployed	As aged 60 and over	As disabled and others	
Lone parent 1995	48.5	2.1	0.6	11.0	37.8
Unemployed 1995	3.5	17.9	2.7	14.0	61.9
Aged 60 and over 1995	0.0	0.0	54.5	0.2	45.3
Disabled and others 1995	5.1	3.4	10.5	51.7	29.3
All					35.9

Map 3.1: IS/JSA claim rates by ward – Manchester, 1995 and 2000

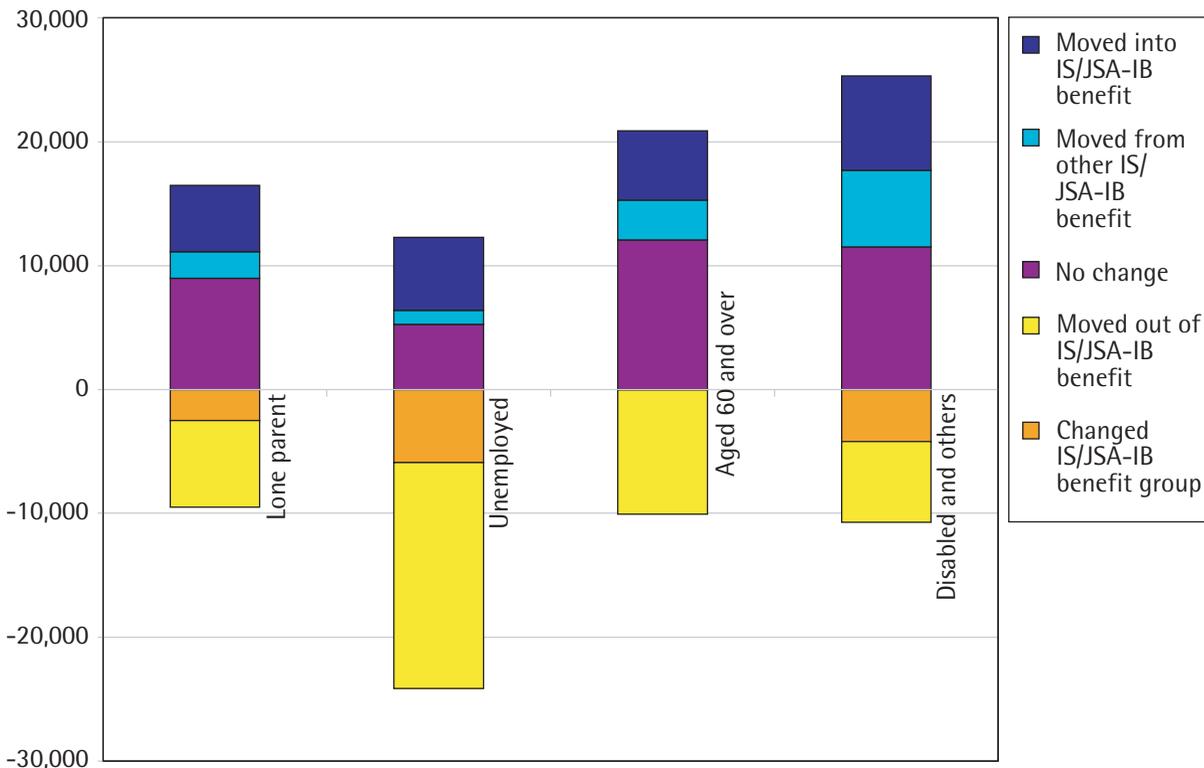


Larger percentages of both lone parents and unemployed claimants end up as ‘disabled and others’ for Manchester than for England overall: for lone parents 11% (compared with 7.5% for England) and for unemployed claimants 14% (10% for England) end up in that group.

To complete the picture, in addition to the ‘stayers’ (those who remained on, or reclaimed, IS/JSA-IB in 2000 in the same capacity) and the ‘leavers’ (those who claimed IS/JSA-IB in 1995 but not in 2000, or who had changed IS/JSA-IB claimant group by 2000) reflected in the transition matrix, we need to examine the position of ‘joiners’, that is, people who were present in 2000 but were not there in 1995. Chart 3.3 shows the ‘stayers’, ‘leavers’ and ‘joiners’ in the period 1995-2000 in Manchester.

Thus, for example, the purple depicts claimants who were claiming in 1995 and 2000 and had not changed claimant group (the ‘stayers’). People represented below the x-axis are 1995 claimants who either were not claiming in 2000 (in yellow) or had changed to another IS/JSA-IB benefit group (in orange). Together, these are called ‘leavers’. Above the x-axis, the dark blue depicts those who entered the benefit group and were present in 2000 but had not been claiming at all in 1995. Those in light blue were claiming in 2000 and had claimed in 1995, but within a different benefit group. These two groups in blue are referred to as ‘joiners’. It is clear that in Manchester the majority of the ‘leavers’ were unemployed. When the ‘joiners’ are taken into account, it is particularly striking that recruits to the ‘disabled and others’ group outstrip those leaving that group.

Chart 3.3: ‘Stayers’, ‘leavers’ and ‘joiners’ in Manchester, 1995–2000



## Hartlepool

Hartlepool is an area whose relative position in the league table of claim rates has risen sharply in the period 1998-2000, indicating a less dramatic fall in claim rates than that seen in other areas. Again, the position within Hartlepool is varied, although, as we can see from Chart 3.4, claim rates in the six wards that had the highest claim rates in 1995 fell relatively modestly over the period. Indeed, in Brus ward claim rates actually rose in 1998, only to fall back to 1995 levels by 2000. Rossmere is unusual for wards in the more deprived end of the distribution, in that the rate of claim fell quite sharply between 1995 to 2000, indicating significant improvement in that ward's fortunes.

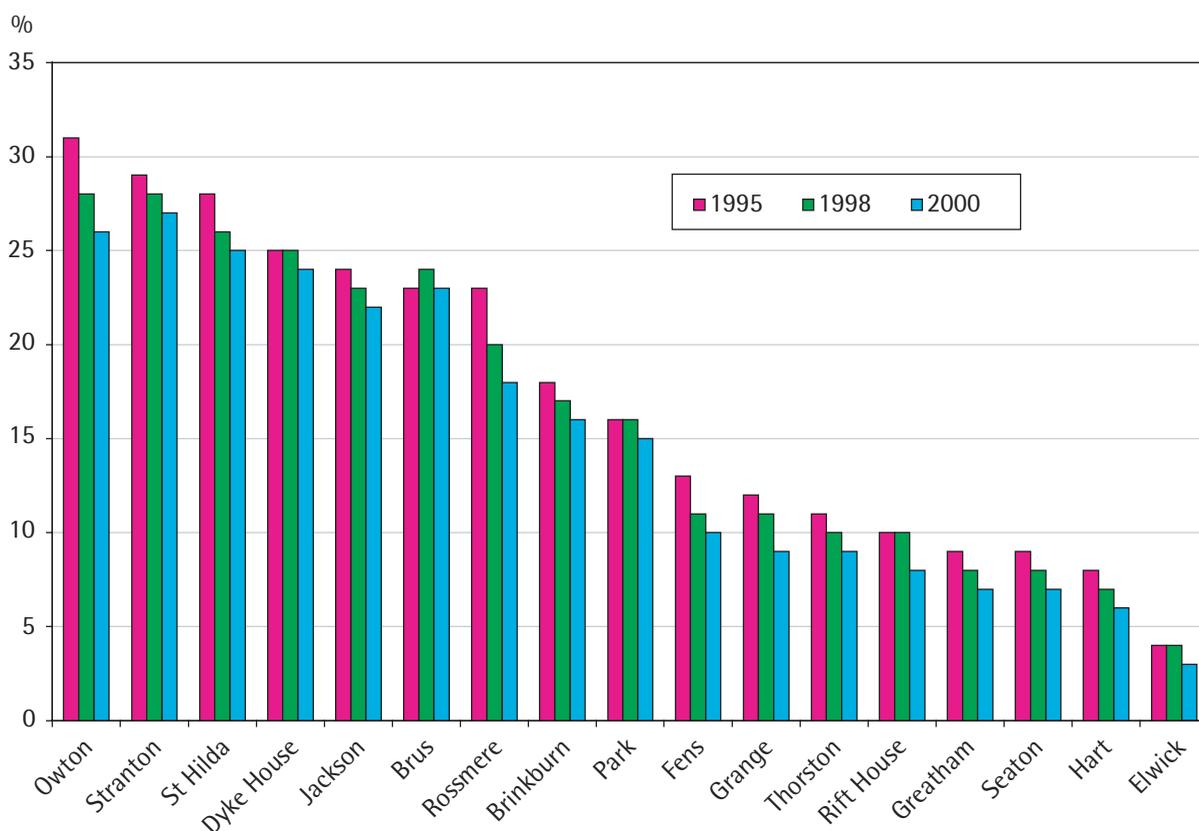
Map 3.2 reflects this position. Taking the absolute measures, that is, looking at the two maps using frozen cut points, it is clear that five of the six wards with the highest claim rates in 1995 were still in the same band in 2000 – the north east part of the borough has improved little over the period. Examining the relative position, we find that eight of the borough's wards were in

the 'worst' decile of wards in England in 2000, whereas in 1995 only seven were in that position.

If we look at the transition matrix and consider destinations of 1995 claimants, we find, as with Manchester, that those remaining on the Hartlepool dataset in 2000 in the same capacity as in 1995, exceeded the rate for England as a whole (see Table 2.3 in Chapter 2). This is particularly noteworthy for unemployed claimants: where in England only 15.3% were in that capacity five years on, for Hartlepool the figure stood at 21.4%, with a correspondingly lower exit rate. Exits from both the unemployed and lone parent groups to 'disabled and others' were also significantly higher than the figures for England overall. It is this persistent unemployment and the relatively high transitions to the 'disabled and others' category that begins to account for the borough's deteriorating position.

If we take into account the 'joiners', the worsening position of Hartlepool over the five-year period is explained further. Although the unemployed 'leavers' exceed the 'joiners', this was not the case with 'disabled and others', where the net position was one of increasing stock.

Chart 3.4: Hartlepool claim rates in 1995, 1998 and 2000, by descending 1995 claim rates



Map 3.2: IS/JSA claim rates by ward – Hartlepool, 1995 and 2000

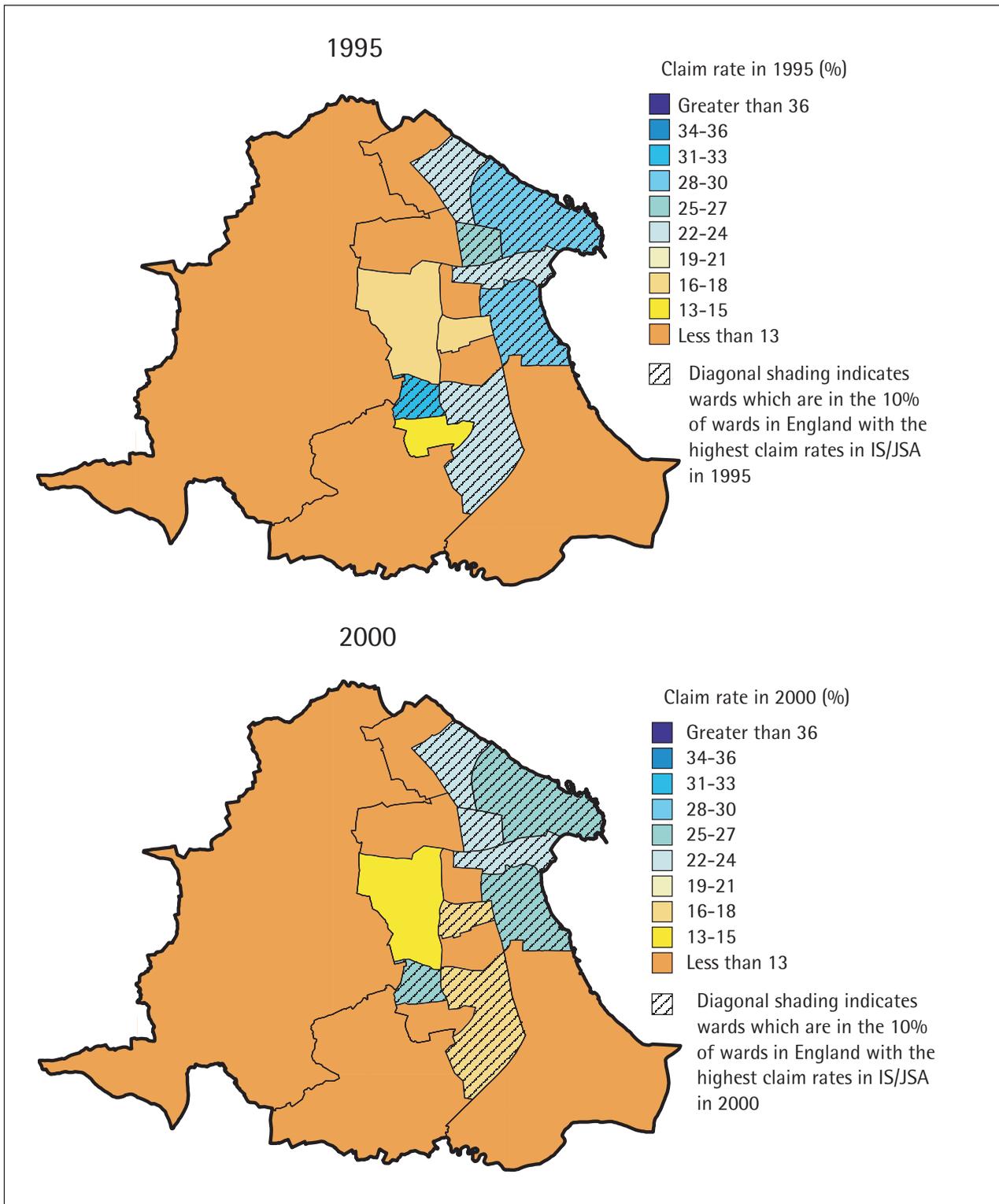
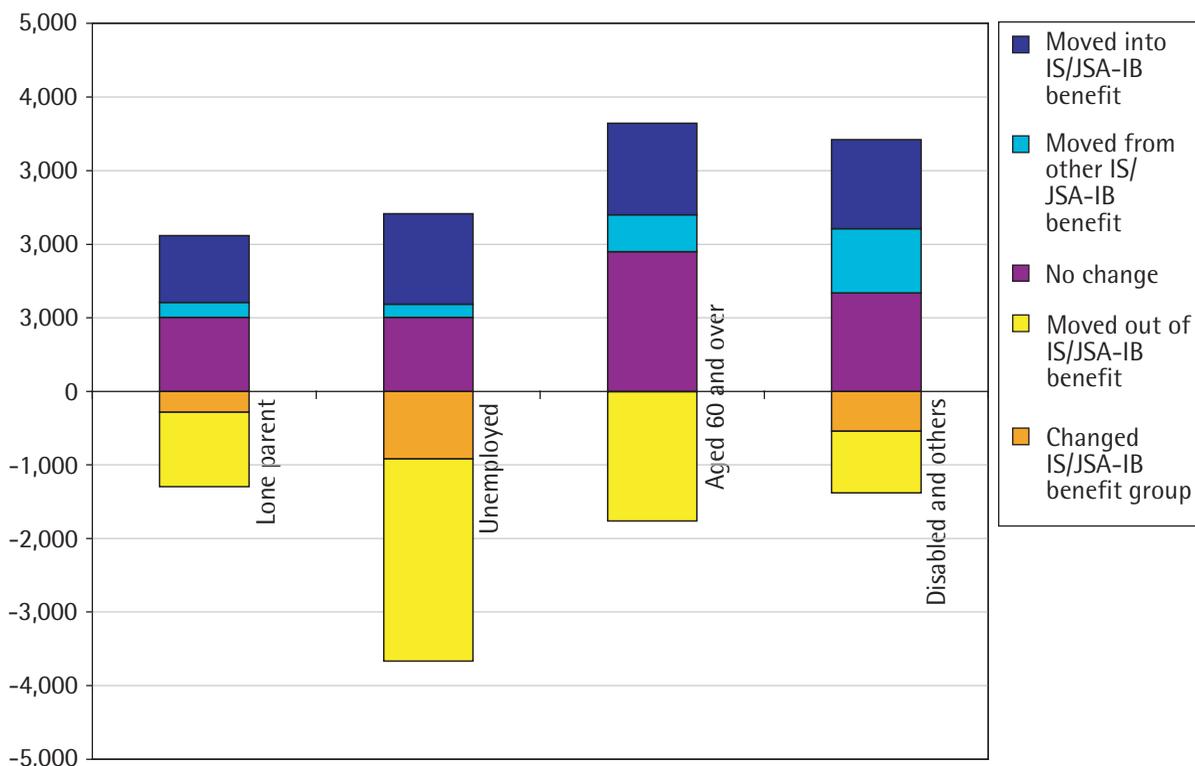


Table 3.3: Transition matrix for Hartlepool: the destinations in 2000 of 1995 claimants

	Remaining on or reclaiming benefit in 2000				Not claiming in 2000
	As a lone parent	As unemployed	As aged 60 and over	As disabled and others	
Lone parent 1995	43.6	2.9	0.4	9.0	44.1
Unemployed 1995	2.2	21.4	3.5	14.0	58.8
Aged 60 and over 1995	0.0	0.0	51.8	0.2	47.9
Disabled and others 1995	3.7	4.3	11.9	49.2	30.7
All					35.5

Chart 3.5: 'Stayers', 'leavers' and 'joiners' in Hartlepool, 1995-2000



## Brent

Brent was selected as a case study area because, over the period of study 1995-98, the rate of claiming IS/JSA-IB fell relatively more than in many other areas, and in consequence its position moved from the district with the 11th highest claim rate in 1995 (22.8%) to the district with the 27th highest claim rate in 2000 (14.5%).

What accounted for this dramatic improvement in fortunes? And did the whole borough improve evenly?

In Chart 3.6 we see that the improvement in claim rates is striking among most of the wards with high claim rates in 1995 (the left hand part of the chart). In particular, wards such as Roundwood and St Andrew's show spectacular improvement. The improvement in Carlton, Stonebridge and Harlesden, while less dramatic, is still significant.

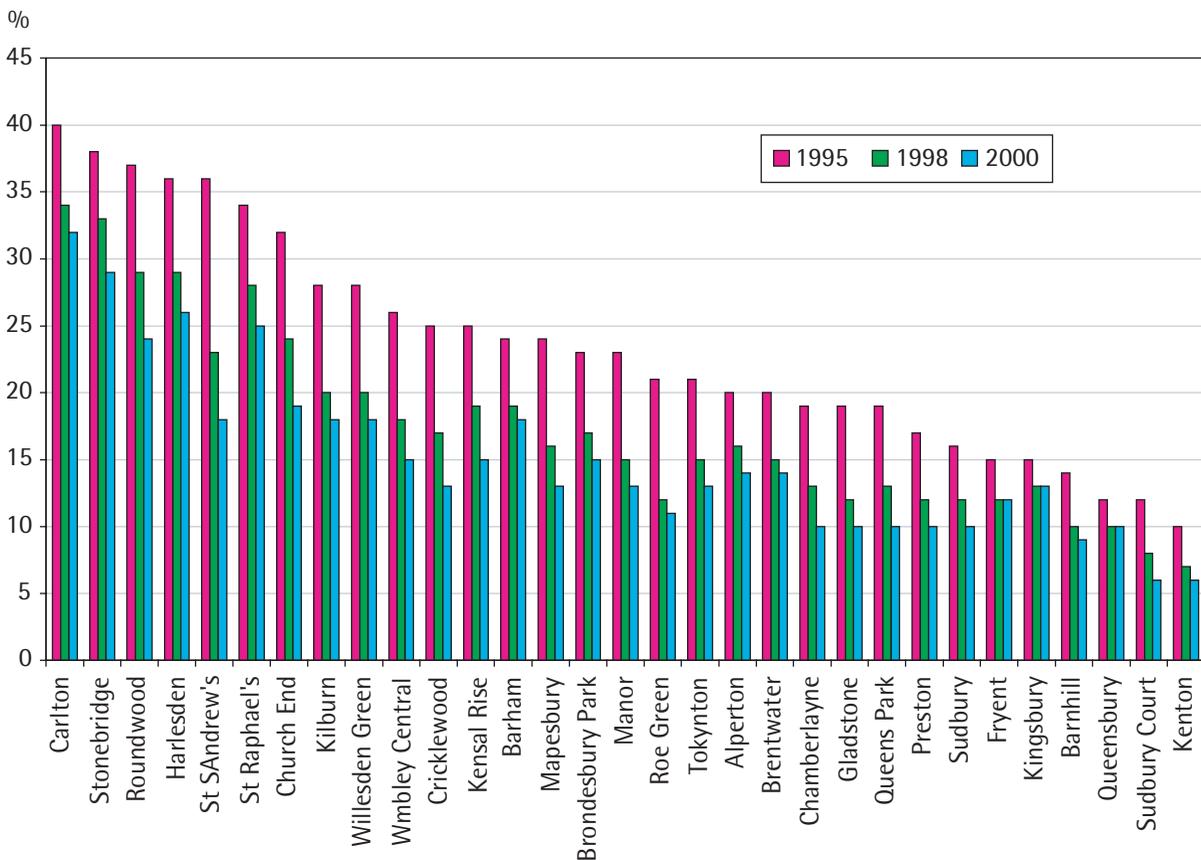
Map 3.3 illustrates this improvement, with many wards in the higher parts of the 1995 distribution (the blue areas) moving to much lower rates of

claim in 2000. Only Stonebridge, Harlesden, Roundwood, St Raphael's and Carlton remain in the blue part of the spectrum.

If we look at wards in the English 'worst' decile in 1995 and again in 2000, we find that, although there were 19 wards in the 'worst' decile in 1995, there were only 10 wards in that decile in 2000.

Turning to the destinations of the 1995 stock of claimants (Table 3.4), we find for unemployed claimants a picture very close to the overall England picture. Thus, around the same proportion are claiming as unemployed in 2000 in Brent (15.8%) as in England (15.3%). Slightly fewer (8.9% versus 10%) of unemployed people are claiming as 'disabled and others'. Where the picture changes dramatically is for lone parents and 'disabled and others' group. For lone parents, a greater proportion (45.7%) are claiming as lone parents in Brent five years on than in England as a whole. But perhaps the main finding here is in respect of the 'disabled and others' group: where nationally 47.4% are claiming in the same capacity in 2000, in Brent only 33% are. Exits from this category are

Chart 3.6: Brent claim rates in 1995, 1998 and 2000, by descending 1995 claim rates



Map 3.3: IS/JSA claim rates by ward – Brent, 1995 and 2000

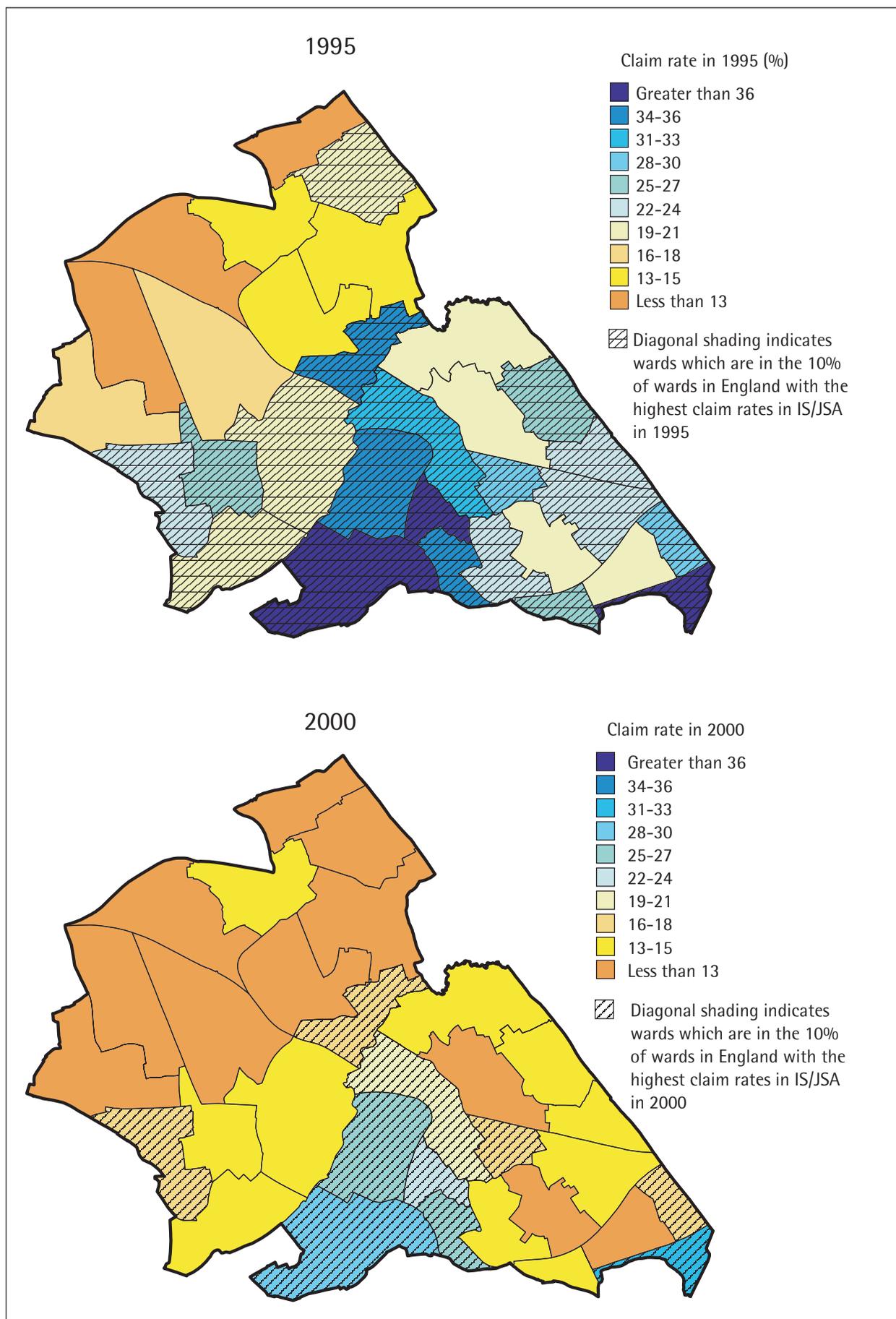


Table 3.4: Transition matrix for Brent: destinations in 2000 of 1995 claimants

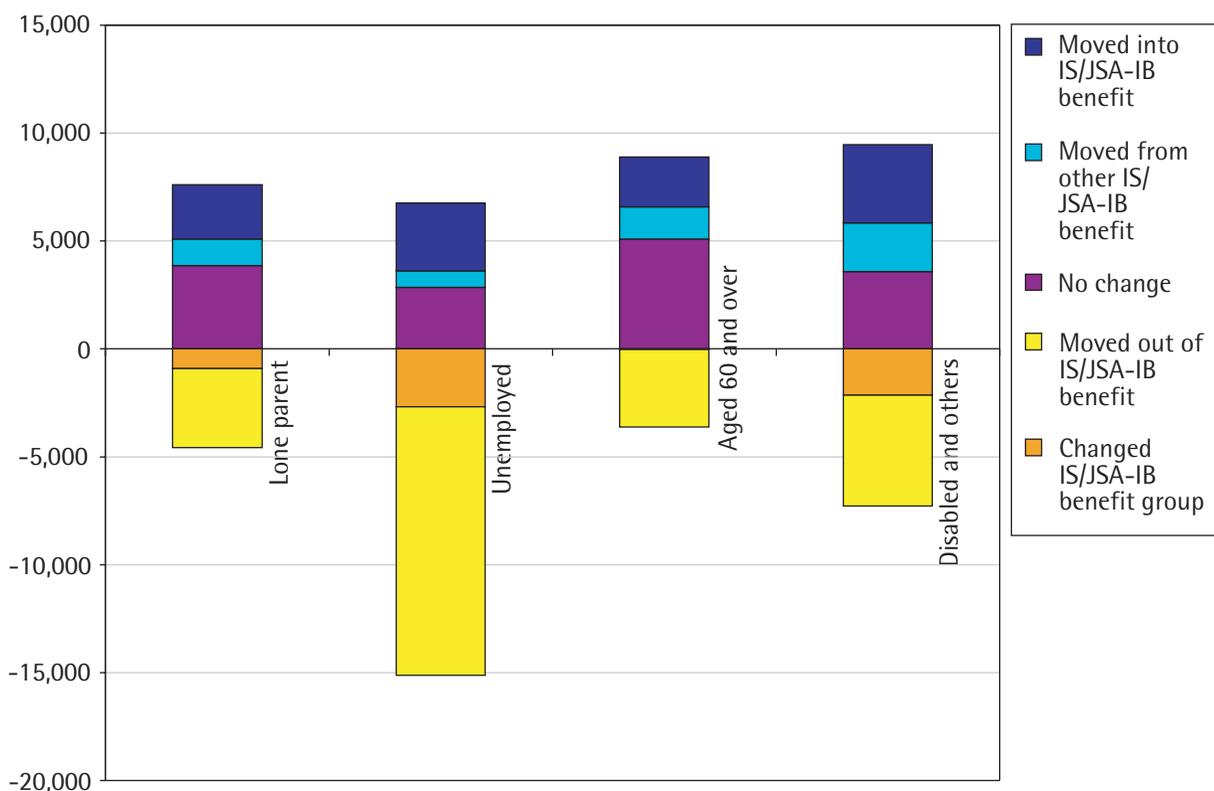
	Remaining on or reclaiming benefit in 2000				Not claiming in 2000
	As a lone parent	As unemployed	As aged 60 and over	As disabled and others	
Lone parent 1995	45.7	2.6	0.7	7.5	43.5
Unemployed 1995	2.9	15.8	3.0	8.9	69.2
Aged 60 and over 1995	0.0	0.0	58.5	0.4	41.1
Disabled and others 1995	6.5	5.1	8.1	33.0	47.2
All					43.2

dramatically higher, as are exits to other categories such as the unemployed or lone parents. Whether this is a reflection of differential activity of the New Deal for Disabled People, of the fact that the degree of disability is such that these transitions can be made, or simply that the labour market in Brent is so buoyant that it is able to offer employment to people with a disability more readily is difficult to ascertain from this data. What is clear, however, is that the combined impact of the unemployed exit rate and the net loss from the ‘disabled and others’ category goes a long way to explaining the improved picture for Brent.

Chart 3.7 quantifies this and adds the ‘joiners’ to the picture. When this is done, we can see that ‘joiners’ to the ranks of the unemployed group do not counterbalance the ‘leavers’. The same is true to a lesser extent for the disabled group. Even for lone parents, ‘joiners’ are a smaller group than ‘leavers’.

This chapter has shown the changes between 1995 and 2000 for three case study areas. We now return to the whole of England to examine the extent to which polarisation has occurred over this time period – to quantify the extent to which there has been a ‘growing apart’.

Chart 3.7: ‘Stayers’, ‘leavers’ and ‘joiners’ in Brent, 1995-2000



# 4

## Concentration, inequality and polarisation

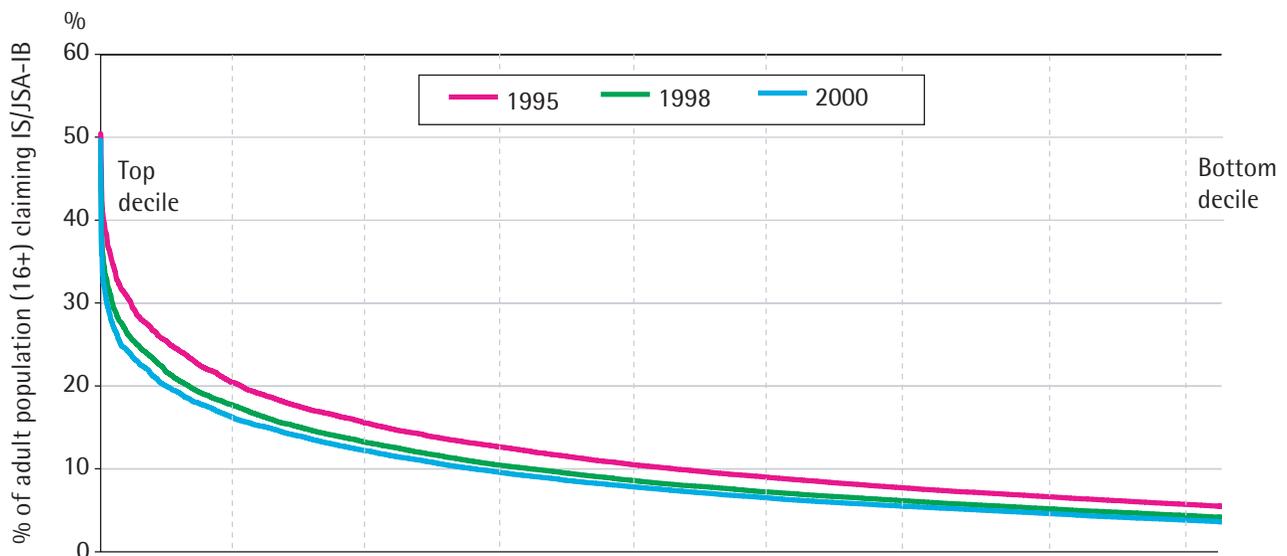
### Introduction

Policy makers are concerned that deprived neighbourhoods do not benefit as much as non-deprived areas from national economic growth, that they contain a growing proportion of those excluded from opportunity, and that the gap between deprived neighbourhoods and the rest of the country is growing. This chapter analyses the extent to which there has been an increased concentration of claim rates in deprived areas and the evidence for increasing polarisation between these and other areas for the period 1995-2000. We also explore profiles of small area inequality. Readers are reminded that this analysis is based on electoral wards, that these rarely exactly depict 'neighbourhoods' on the ground, and that the population of electoral wards differs greatly. Some urban wards in Sheffield and Birmingham, for example, are as large as small districts in other parts of England. Additionally, readers should be

reminded that the 'claim rate' for means-tested 'out-of-work' social assistance benefits is not an exhaustive measure of small area deprivation.

Starting with 1995, we ranked every English ward by the proportion of adults that claimed IS (the claim rate). This was repeated using IS/JSA-IB data for 1998 and 2000. The wards with the highest claim rates we call the top of the distribution, and those with the lowest claim rates, the bottom. Chart 4.1 shows the ranked wards for 1995, 1998 and 2000, with the top of the distribution – the highest claim rates wards – on the left. We calculated 'cut points' at each 10% of the ranked distribution of 8,414 wards to produce deciles. The 10% of wards with the highest claim rates are the top decile group and consist of the 841 wards in the ranking, from the very highest to the 90th percentile point. The remainder of all the wards are allocated decile groups accordingly and numbered 2nd down to 10th, the bottom decile.

Chart 4.1: English ward claim rates in 1995, 1998 and 2000



## Have claim rates become more concentrated in deprived areas between 1995 and 2000?

While Chart 4.1 gives a very good overall picture of the overall difference in claim rates between wards and how skewed the distribution is, we will leave further discussion of this overall picture for later in the chapter and first concentrate on what has happened between 1995 and 2000 to the concentration of claimants – do a higher proportion of claimants live in the areas with highest claim rates?

Table 4.1 shows each decile group's percentage share of all claimants, together with its percentage share of the adult population. Several trends should be noted. First, 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). If all claimants were spread equally across the distribution, then each decile group would have 10%; thus, the top decile would have over three times such an equal share. There is therefore a concentration of claimants in the 'worst' areas. However, a second and equally important point for policy makers is that such concentration still leaves 50% of claimants *outside* of the top quintile, which raises questions about the benefits and disadvantages of targeting policy on the 'worst' neighbourhoods. The third point of importance is that the population is also concentrated in the highest claiming ward deciles but is less concentrated there than claimants. Concentration of the adult population in the top deciles means that in 1995 around 16% lived in the top decile, around 14% in the 2nd and 12.5% in the 3rd, compared with around 6% in the bottom decile and 7% in the 9th. The fourth point of major importance is that concentration of claimants is *increasing* in the top deciles and that

this trend is opposite to the concentration of the adult population.

## Are some areas 'left behind' by economic growth?

Is there evidence to support the argument that there has been a very different experience of economic growth in the wards with the highest claim rates in 1995 than in other areas? Our approach is first to outline the underlying changes in composition and the transitions of claimants at the top (that is, the highest claim rate) and bottom (that is, the lowest) of the distribution to see if there is any difference in the profiles of change between 1995 and 2000, and thus to assess the ways in which the most deprived areas have been 'left behind', if at all.

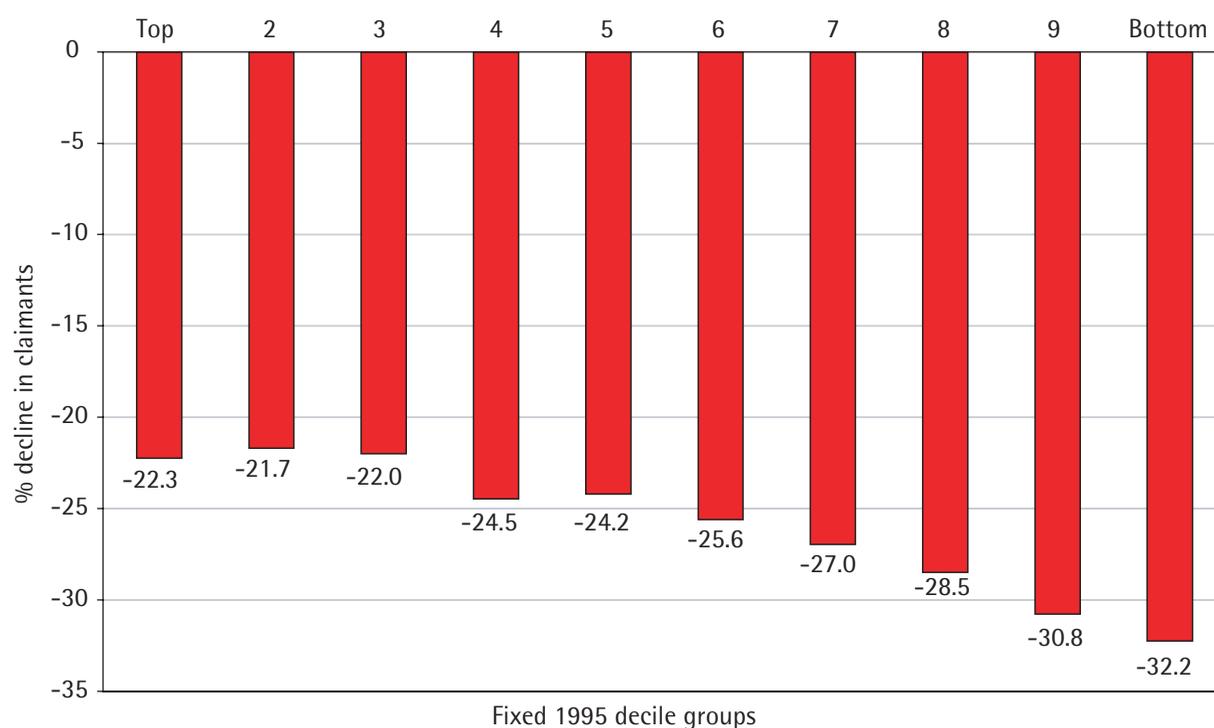
Chart 4.2 shows the underlying rate of decline in claimant numbers for the whole 1995-2000 period for each decile group (holding the 1995 decile groups constant). Decline has therefore been occurring in the wards with high claim rates as well as in the wards with lower claim rates. Few wards with high claim rates have got worse. We can, however, assert that there is little evidence that small areas are being 'cut off' from economic growth.

But there is evidence of a differential decline in rates. Chart 4.2 shows an overall trend that the percentage fall in claimant numbers in the bottom deciles has been greater than in the topmost deciles. The rates of decline in the bottom four decile groups are between 27% and 32%, while the top three decile groups have declines of around 22%. However, Chart 4.2 also gives an indication that the relationship between decline and claim rate is not perfectly linear. The top three decile groups appear to have very similar

**Table 4.1: Concentration of claimants and underlying populations, by decile group**

% share	Top	2nd	3rd	4th	5th	6th	7th	8th	9th	Bottom
<i>Each decile group's share of claimants</i>										
1995	32.7	19.0	13.4	9.5	7.3	5.5	4.6	3.4	2.6	1.8
2000	33.3	19.5	13.7	9.4	7.2	5.4	4.4	3.2	2.4	1.6
<i>Each decile group's share of adult population (aged 16 and over)</i>										
1995	15.8	13.9	12.5	10.8	9.8	8.7	8.5	7.3	6.6	6.1
2000	15.5	13.6	12.4	10.8	9.8	8.8	8.6	7.4	6.8	6.3

Chart 4.2: Percentage decline in IS/JSA-IB claimant numbers, 1995–2000, by decile group of wards



decline rates, and the 5th decile group (around the median) has a slightly slower decline than the 4th. Overall, this is clear evidence of widening *relative* differences between the top and bottom of the distribution: the wards with higher claim rates have declined less than the wards with the lowest claim rates. Reconsidering this change in a different light – in terms of the absolute numbers of claimants that are leaving benefits – a more subtle appreciation of this difference between decile groups emerges. We have already seen in Table 4.1 that the wards with the highest claim rates contained the vast majority of claimants. Indeed, wards with high claim rates often (but not always) had thousands of claimants in 1995, while wards with the lowest claim rates usually had less than a hundred. This means that, even while the ‘worst’ wards had claim rates that fell more slowly, they hide the largest *absolute* falls in claimants leaving benefits. Chart 4.3 shows the claim rates in 1995 and 2000 for the decile groups of wards.

The fall in percentage points is far higher in the wards with highest claim rates; for instance, the top decile group fell by over 6%, from 26.4% to 20.3%, and the second by almost 4%, from 17.4% to 13.6%, while the bottom decile group fell only by around 1%, from 3.7% to 2.4%. A clearer indication of the size of these claimant populations leaving benefits is that the top decile

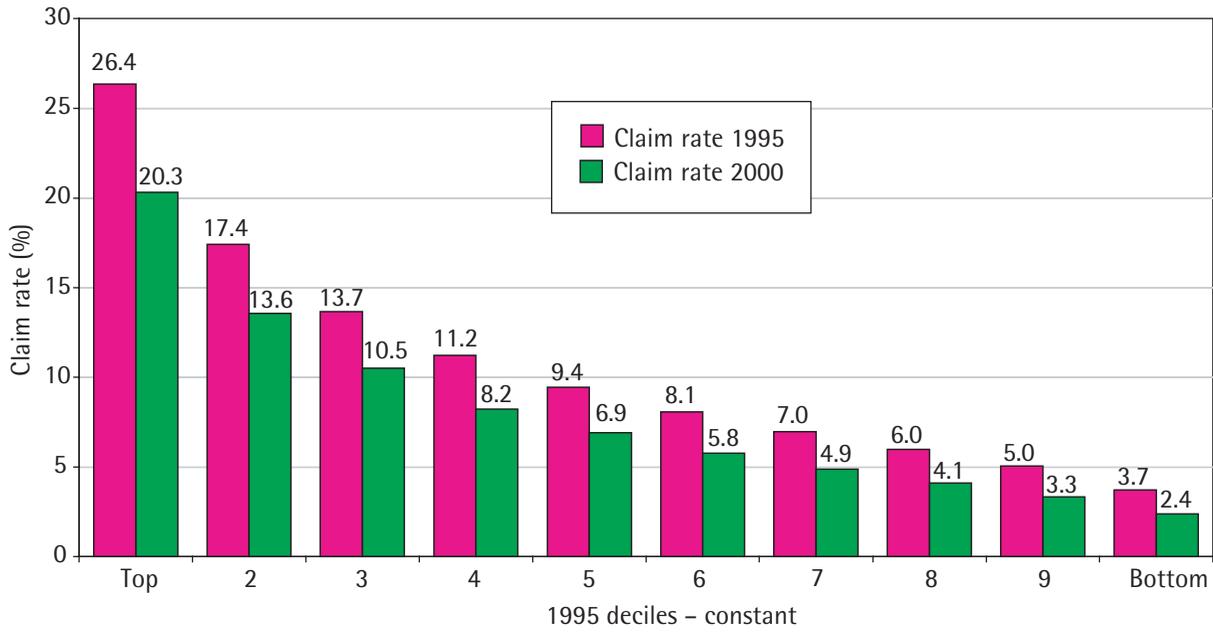
group contained 1.6 million claimants in 1995 and 360,000 less in 2000, while the bottom decile group had only 89,000 claimants in 1995 and 29,000 fewer in 2000.

This means that the wards with the highest claim rates and large proportions of all of England’s claimants contributed most to the national fall in claimants. Chart 4.4 indicates that 50% of the total decline was as a result of falling claimant numbers in the top two decile groups. This evidence suggests that the most deprived neighbourhoods have to some extent been sharing in economic growth, and that some of the claimants living there have benefited from this economic growth.

But does this contribution of claimant numbers hide differences in the underlying causes of change between the most deprived and least deprived areas? Perhaps, it could be argued, falling unemployment, for instance, had a *weaker* impact in the most deprived areas.

Chart 4.5 indicates that this is not the case. It shows the contribution of each claimant group to the decline in each decile group between 1995 and 2000. A fall in unemployed claimants is the largest factor in each decile group, contributing 88%-90% to all decline in the topmost decile groups and 76%-80% in the bottom decile groups.

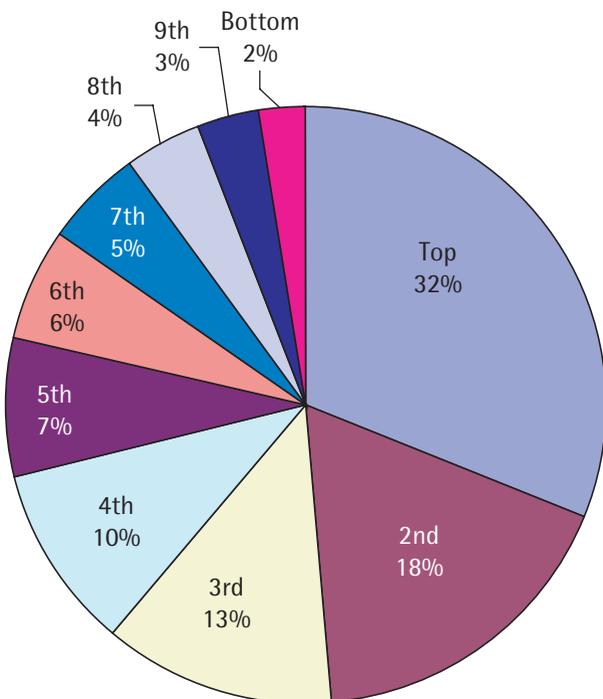
Chart 4.3: Ward claim rates for IS/JSA-IB in 1995 and 2000, by 1995 decile groups



If we turn to the countervailing impact of growing numbers of ‘disabled and others’ claimants – shown by the portions of the bars above the zero line on the *x*-axis – then the strongest contribution is in the 2nd to 5th decile groups; the contribution in the top and bottom decile groups is lower, at between 5% to 6% in both cases. There is no clear trend in the contribution of

falling lone parent claimants across the decile groups, and the contribution of falling numbers of claimants aged 60 and over seems highest in the lower end of the distribution, in the 6th to 9th decile groups. Overall, the contribution made is fairly constant across all deciles, but with a strong positive association to the contribution of declines in working-age claimants in the topmost decile. Regional effects and claimant composition seem important at this stage when we remember the impact of high claim rates in London in 1995 and the relative difference in the profiles of lone parents and of claimants labelled as ‘disabled and others’ from Chapter 2.

Chart 4.4: The contribution of each decile group of ward claim rates to the overall decline in claimants of IS/JSA-IB in England, 1995–2000



So far we have explored the potential differences in trends between wards with high and low claim rates, but we have done this using cross-sectional samples in 1995 and 2000. We have found evidence of relative polarisation resulting from different rates of decline, but have also found strong evidence that counters assertions that the wards with the highest claim rates have had a different experience of change from those in the rest of the country. Indeed, the ‘worst’ neighbourhoods appear to have had a better experience in some regards and to have contributed most to overall decline. Should we revise these conclusions when we take into account the dynamic picture of claimants leaving or remaining on benefits?

Chart 4.5: Contribution to decile group decline in claimant numbers in 1995–2000, by claimant type

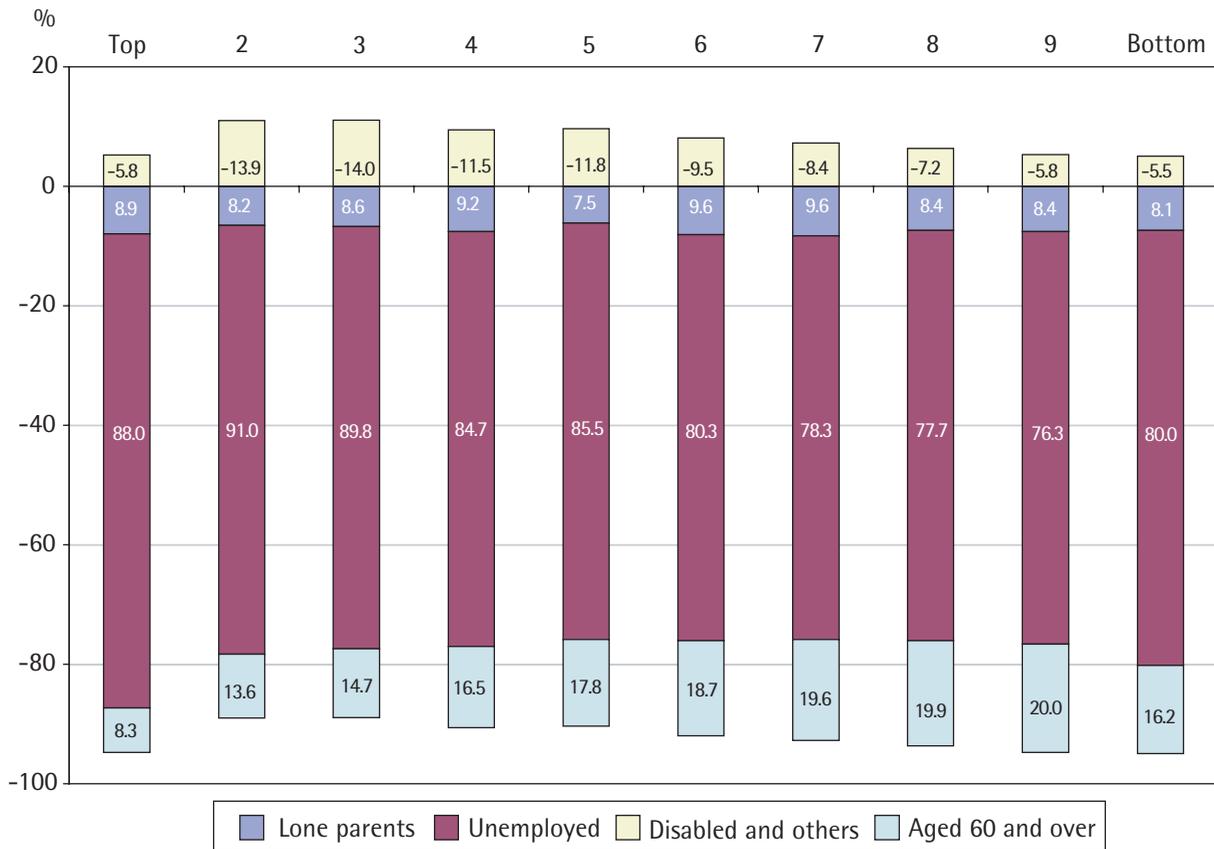
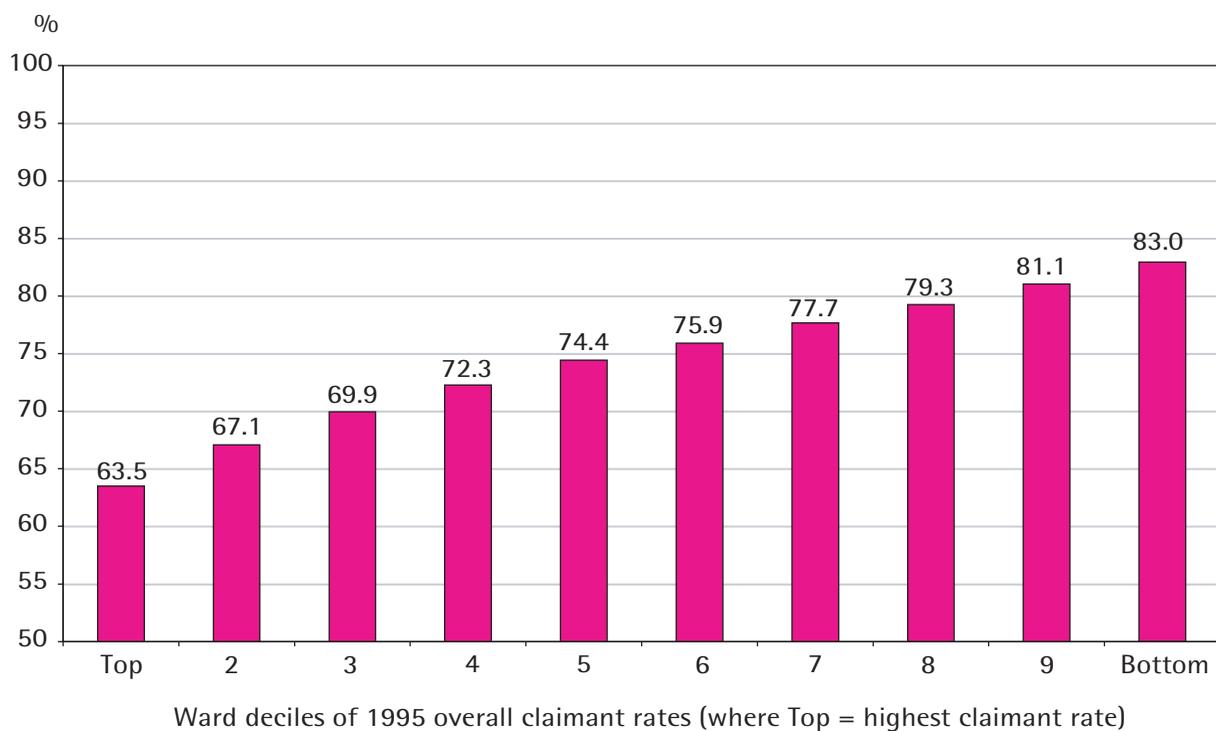


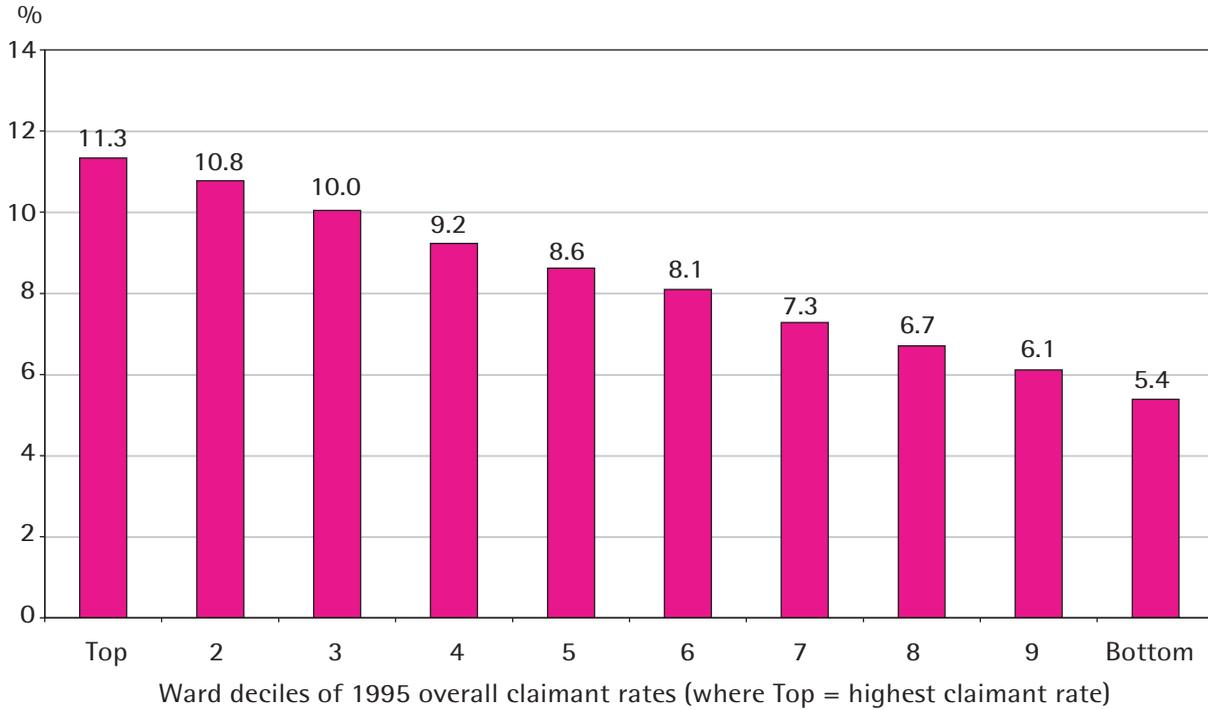
Chart 4.6: Proportion of unemployment claimants in 1995 who have left benefits by 2000, by 1995 overall claim rate ward decile (%)



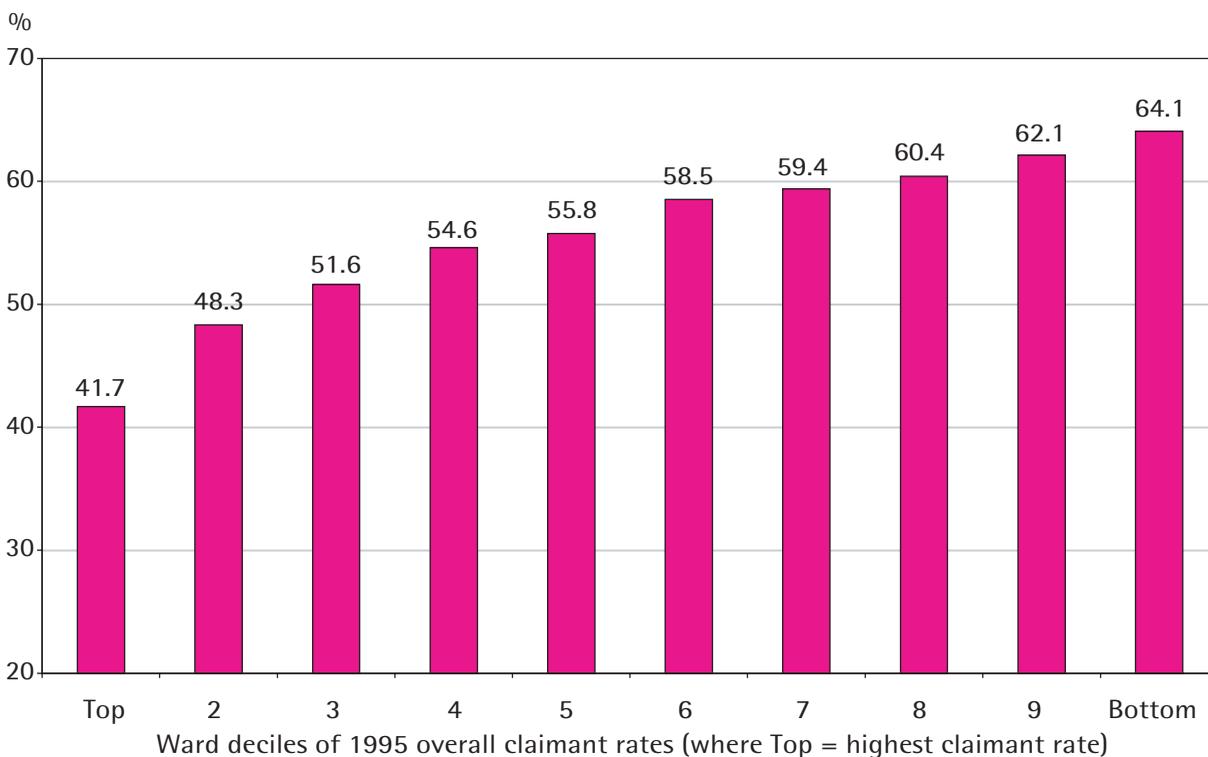
Are exit rates for 1995 claimants different in the high claim wards? Chart 4.6 shows the exit rates for unemployed claimants in 1995, by 1995 decile groups of overall claim rate. The top decile

group has exit rates of 64%, and there appears to be a negative linear relationship of exit rate to claim rate, so that in the bottom decile group

**Chart 4.7: Transitions from unemployed claimants in 1995 to 'disabled and others' claimants in 2000, by 1995 overall claim by rate ward decile of 1995 overall IS claimant rate**



**Chart 4.8: Transitions from lone parent claimant status in 1995 to leaving benefits by 2000, by ward decile of 1995 overall IS claimant rate**



there is a higher exit rate of 83%. We can clearly say that the probability of leaving benefit if you were an unemployed claimant in 1995 was lower in wards with high claim rates. The difference in Chart 4.6 is amplified by the scale of the  $y$ -axis, and it is therefore important also to remember that the exit rate of the top decile group is 77% of the bottom decile group – again emphasising how exiting unemployment has been a shared experience across wards with widely varying claim rates.

But we know that not all of unemployed claimants exit benefits and that some remain on, or reclaim, benefits but change status. Chapters 2 and 3 showed how the change from unemployed to ‘disabled and others’ was particularly prominent. Chart 4.7 shows the proportion of unemployment claimants in 1995 that make this transition. The proportion of unemployment claimants claiming disability or ‘other’ benefits by 2000 is over 11% in the top decile group of wards (representing nearly 65,000 claimants), but is around half this rate, 5.4%, in the bottom decile group (under 1,700 claimants). Again, we see an apparent linear relationship to ward claim rate. Of course, these transition rates are part of the explanation of lower overall exit rates, but it is clear that both leaving benefit and remaining on benefit but changing from unemployed to ‘disabled and others’ status is linked in some way to the underlying claim rate.

Chart 4.8 additionally shows that the exit rates (that is, the percentage leaving IS) for 1995 lone parent claimants are also lower in the wards with high claim rates. Only 42% of 1995 lone parents in the top decile group had exited benefit by 2000. Chart 4.8 shows how large the percentage point difference is for the top decile group to the 2nd group: seven percentage points. However, given the prevalence of London wards in the top decile group, it is unclear how far this is a ward level phenomenon. Exit rates are 64.1% in the bottom decile group, and the overall evidence is similar to exit rates for unemployed claimants – an underlying negative relationship to ward claim rate.

But the difference in exit rates between wards arising from 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 36%-39%. The difference between the top and 7th decile group is minimal – around one percentage point. The overall story is one of a similar and low exit rate for such claimants, independent of ward claim rate.

## Inequality: are the gaps between deprived wards and the rest of England widening?

Measuring inequality is a difficult and technically complex subject. The highest possible inequality would be if all claimants lived in a single ward and in the rest of the country there were none, while the lowest possible inequality would mean that each ward had the same proportion of its population claiming means-tested ‘out-of-work’ benefits.

### *The giants and dwarves of inequality*

Returning to the curve on Chart 4.1 that represents the rates of claim for each ward in England for 1995, each point on this curve represents an individual ward. Drawing a vertical line from the curve to a point on the  $x$ -axis would show the relative ‘height’ of each ward. The height of this point would be the claim rate for that ward. One could picture wards with large claim rates as being ‘giants’, whereas those with low claim rates would be ‘dwarves’<sup>5</sup>.

A diagrammatic version of this is shown in Chart 4.9. Here we can see the ‘giants’ in the spectrum of English wards. These wards have the highest claim rates – the ‘top’ 50 had rates of 35%-50% in 1995 and have already been identified and discussed in Chapter 2. These ‘giants’ include Liddle ward in the London Borough of Southwark, with a claim rate of 40.7% in 1995. Readers might recognise this ward as the Peckham of the television series ‘Only Fools and Horses’, with high densities of social housing. But readers would only recognise the ward as it was seen in the television series in 1995: subsequent large-scale regeneration programmes have largely

<sup>5</sup> See Pen (1971) where he uses the analogy in reference to income inequality.

transformed the area, an example of the changes that have occurred in specific small areas alongside the more general strong economic growth in this area of London.

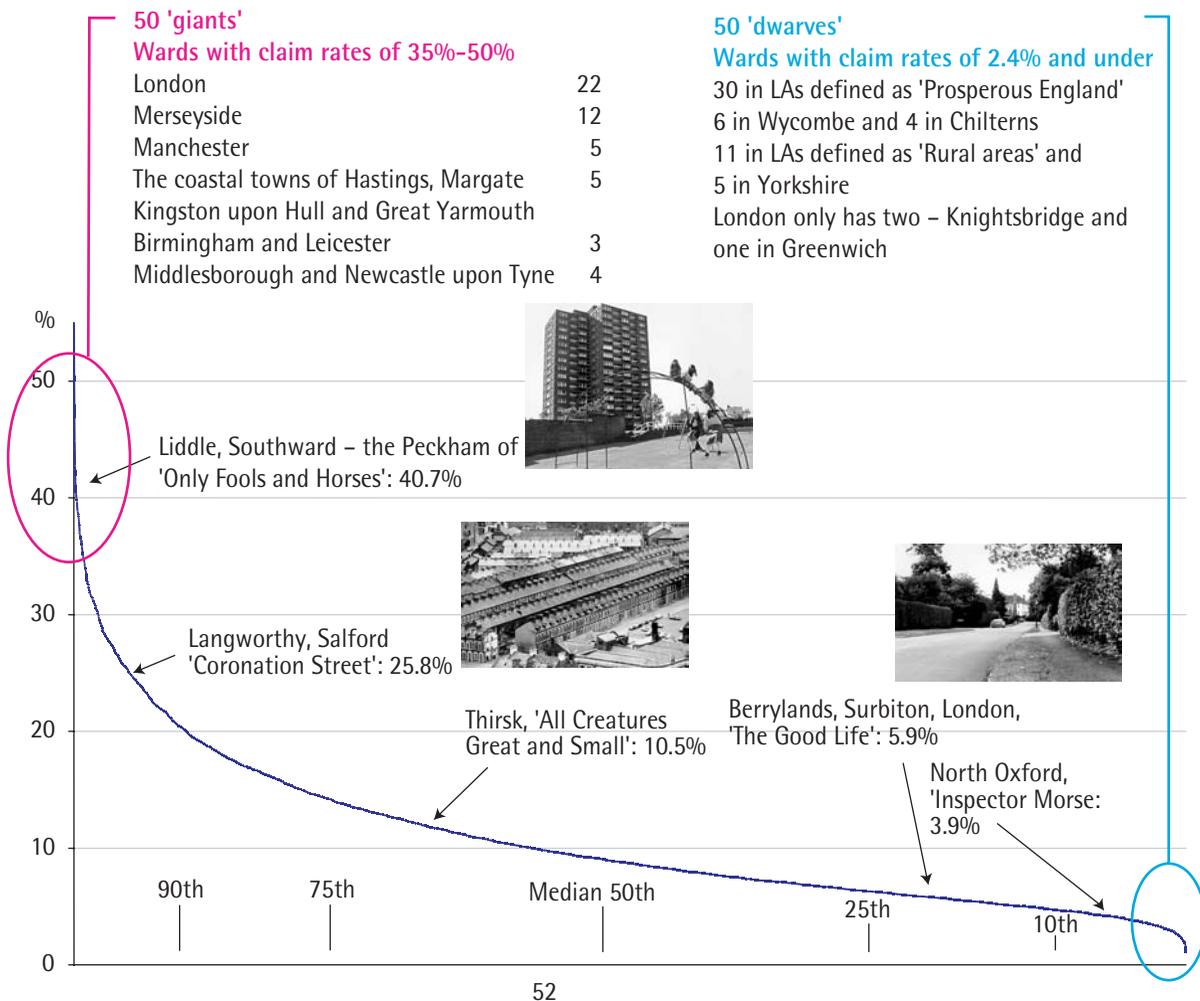
At around the 95th percentile point is Langworthy ward in Salford, a fairly deprived area of terraced housing famous as the original site of the fictional 'Coronation Street'. At around the 62nd percentile point is the town of Thirsk in North Yorkshire. This small market town is in a region with fairly high unemployment and is surrounded by a rural agricultural economy. It is famous as the area of the James Herriot veterinary practice television series 'All Creatures Great and Small', and in 1995 10.5% of its adult population were claiming IS.

In the final quarter of the distribution, at around the 24th percentile point, is the ward of Berrylands. In Surbiton in suburban south west London, it is characterised by semi-detached

housing and resembles the area of the television series 'The Good Life'. It has a 5.9% claim rate. The 'dwarves' are apparent by the 10th percentile point, and at around the 5th percentile point is North ward in Oxford – the home of the fictional Inspector Morse – with a claim rate of 3.9%.

The last 50 wards are the smallest 'dwarves', where less than 2.4% of adults claimed IS in 1995. Chart 4.9 gives a summary of what these 50 'dwarves' look like: 30 are in local authority districts characterised as 'prosperous England' by the ONS, and a further 11 are classified as in 'rural areas'. Wycombe in Berkshire has six of the 50 shortest 'dwarves' and the nearby Chiltern district a further four. However, it is important to note that 'dwarves' are not all in the South or the South East: four of the 50 wards with the lowest claim rates are in rural Yorkshire, and there are others in the North West.

Chart 4.9: Distribution of 1995 IS ward claim rates



## Has overall inequality grown?

We could repeat the analogy of ‘dwarves’ and ‘giants’ for each year, and this is effectively shown in Chart 4.1 by the curves for 1998 and 2000. From this we see that claim rates have fallen throughout the distribution but that there is still a high degree of inequality, and that at the ends of the spectrum many of the wards are the same. Table 4.2 shows a selection of percentile points for both 1995 and 2000 alongside the claim rate for the wards at these percentile points.

One simple inequality measure is to compare the ratio of the claim rates at two percentile points. The ratios are produced by, for example, dividing the claim rate at the 90th percentile by the claim rate at the 10th percentile. This figure, or ratio, indicates the disparity or inequality between these two parts of the distribution. The greater the ratio, the more disparity or inequality there is. The ratio of the 90th percentile point to the 10th gives a measure of inequality across the majority of the distribution (but misses out the top and bottom decile groups, where as we have already seen large skews are present). Other ratios, for instance, that of the 25th or the 10th to the 50th (the median), give a measure of the inequality in the bottom half of the distribution, and similar comparisons can be made for the top half using the ratios of the 75th and 90th to the median. One advantage of using these ratios is that it enables us to compare the ratios between 1995 and 2000, and thus to compare consistent measures of inequality that are sensitive to different parts of the distribution.

**Table 4.2: Ward level claim rates in England for IS/JSA-IB in 1995 and 2000 (percentile points across each year’s distribution)**

% claim rate	1995	2000
Highest ward – Top	50.5	49.6
99th percentile point	34.0	26.8
95th "	25.0	19.8
90th "	20.1	15.9
75th "	13.5	10.4
50th "	8.7	6.2
25th "	6.0	4.0
10th "	4.6	2.9
5th "	3.9	2.4
1st "	2.8	1.5
Lowest ward bottom	1.0	0.3

Table 4.3 shows a range of ratios for both 1995 and 2000. The measures that cover the majority of the distribution show that, overall, inequality between English wards has grown. There is increasing polarisation between the top and the bottom, as can be seen by the fact that the ratio between the 90th and 10th percentile points has increased by almost 26%, while that between the 75th and 25th percentile points has increased by 14%. Turning to the top half of the distribution, the ratio of the 90th percentile to the 50th (the median) has increased by 10% and the ratio of the 75th to the 50th, by 7.2%. This suggests that there is increased ‘stretching’ of the distribution at the top of the top half. The bottom half of the distribution is the mirror image of this change: the ratio of the 50th percentile to the 10th has increased by 14%, in fact slightly more than that between the 90th percentile and the 50th. Inequality in the middle portion of the distribution in the bottom half has also increased, with the ratio between the 50th and 25th percentile points increasing by over 6%.

The problem in using these comparisons of ratios is that they miss out parts of the distribution – in particular, the tallest ‘giants’ and shortest ‘dwarves’. A more comprehensive measure of inequality requires us to examine claim rates of every ward, rather than at the percentile markers, and to measure the inequality between them.

A difficulty arises in using measures of inequality that cover all of England’s wards, in that the results reflect the choice of measure used. Each measure or index of inequality is sensitive to different parts of the distribution, and therefore the conclusions can differ according to the measure chosen. However, a comparison of various results can allow firm conclusions to be drawn and a more sophisticated picture of inter-ward inequality to be described. Readers who are interested in the methodology and wish to see a full set of results are referred to Appendix B. The remainder of this section merely discusses the conclusions that can be drawn from the analysis that is described in more detail there.

Overall, inequality across all wards in England has grown between 1995 and 2000 by between 24% and 40% – with the latter estimate using measures sensitive to the bottom part of the distribution. This result confirms the pattern shown in Table 4.3, that measures sensitive to the bottom part of the distribution give higher

**Table 4.3: Inequality in English ward claim rates for IS/JSA-IB by a comparison of ratios of different percentile points, 1995–2000**

Ratio	Across whole distribution		Top half		Bottom half	
	90th/10th	75th/25th	90th/50th	75th/50th	50th/10th	50th/25th
1995	4.41	2.27	2.31	1.56	1.91	1.45
2000	5.55	2.58	2.54	1.67	2.18	1.54
% change	25.9%	14.0%	10.1%	7.2%	14.4%	6.3%

estimates of growing inequality; but it also shows that overall growth in inequality is *greater* when the whole of the distribution is included and the changing distance between the tallest giants and shortest dwarves is taken into account. These results also confirm the picture emerging from the earlier analysis in this chapter, which showed slower percentage declines in claimant numbers in wards with the highest claim rates.

### What role do regions play in changing ward inequality?

Policy makers regard the argument that there is growing inequality between the North and the South of England as contentious. In 1999 the Cabinet Office published figures to argue that inequality within regions was as big a problem as inequality between them (Cabinet Office, 1999). By using the more sophisticated inequality measures described in Appendix B, we can distinguish what has happened both within and between the English regions in the changes to inequality between wards. Has growth in inequality between wards occurred mainly as a result of wards moving in line with different rates of regional growth, or have differences between wards within regions had greater impact on the growth of inequality at the national level?

The picture is complex. Table B2 in Appendix B summarises the picture for 1995. This table shows, for various inequality measures, the contribution that each region's 'within-region' or intra-regional inequality makes to the overall inequality between wards across the country as a whole in 1995. It also contains a row that shows the contribution of inter-regional inequality to the overall ward inequality. From this table it is clear that intra- or within-regional inequality is the biggest contributor. Depending on the inequality measure used, between 85.7% and 82.5% of overall inequality in 1995 is accounted for by *intra*-regional inequality, with the balance being

accounted for by *inter*-regional inequality. The table shows the individual region's contribution and ranking.

However, inter-regional inequality is still relevant. When we estimate the contribution of regional effects on growing ward inequality between 1995 and 2000, the importance of growing division between regions becomes apparent. Inter-regional inequality has been the second or third most important factor explaining the increase in inequality between wards, alongside growing inequality within the South East and East regions (see Table B3 in Appendix B). There is also a divergence in the contribution of northern and southern regions in their intra-regional contributions to overall growth in inequality. Only the North West among the northern regions provided much explanation for increased growth in ward level inequality, and estimation of its contribution was difficult because it seemed to focus largely on increases in inequality among wards with lower claim rates. This means that the main regional factors that explain growing inequality between wards are the combination of intra-regional inequality in the southern regions and inter-regional inequality. There is, therefore, little comfort for those who wish strenuously to deny any foundation to the 'North-South divide', but at the same time there is ample evidence that the complexities of the situation cut across this simplistic description.

How much of these regional effects is to do with underlying differences in economic profile? Evidence suggests that inequality between the ONS district types is growing faster than mere regional profiles suggest, and it is this that may explain much of the regional patterns of inequality. The gap between 'Prosperous England' and other district types, as described by the ONS, has grown more than the gap between the South East and North East.

Readers who wish to see the underlying tables that support these conclusions are referred to Appendix B.

### Growing apart?

The evidence for increased inequality, small increases in concentration and overall polarisation certainly support a view that all wards are growing with the economy but are also growing apart. However, there are important qualifications that must be borne in mind. There has been an increasing concentration of claimants in the wards with the highest claim rates; but this does not alter the fact that around half of all claimants live *outside* the top quintile (1,682 wards) of wards. There is little evidence to substantiate statements 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. Indeed, the evidence is that the growth of claimants treated as ‘disabled and others’ seems to be less than average in the top decile. There is a slower speed of decline in the highest claim rate areas, but this difference in speed of decline should not be overstated. It hides the fact that the wards with highest claim rates have experienced much higher declines in claimant numbers – 50% of the total fall in English claimants stems from the top 20% of wards. However, exit rates are lower for unemployed and lone parent claimants in the wards with the highest claim rates.

The result of these changes is that overall inequality has grown substantially between English wards, and that there is evidence of polarisation. Regional influences are strong in growing ward level inequality, but the socioeconomic profile of areas should also be taken into account.

# Claimant families with children

## Introduction

One of the government's main priorities is to help parents in receipt of 'out-of-work' means-tested benefits back into employment. The government has also made clear its commitment to eliminate child poverty within the next 20 years<sup>6</sup>. Financial and other support has been made available to realise these objectives in the form of numerous initiatives throughout the country, administered both centrally (for example WFTC) and as ABIs (for example Sure Start). It is therefore most important to have detailed information about the location and characteristics of low-income families with children in England, a significant subset of whom are in receipt of IS/JSA-IB.

In this chapter we analyse change in claiming profiles of parents between 1995 and 2000 for England as a whole and by region, ONS district type, local authority district and ward decile group. Two categories of claimant parents have been identified in the data: lone parents and 'non-lone' parents (see Chapter 1 for definitions). As well as presenting the changes relating to claimant parents between 1995 and 2000, we also describe the changes for children of IS/JSA-IB claimants.

<sup>6</sup> Speech by Tony Blair on 18 March 1999, quoted in Bradshaw (2001, p 16).

Exit from benefit for 'non-lone' parents does not necessarily imply an end to unemployment in that family. If the 'non-lone' parents are in fact couple parents, only one parent (often the man) need get a job to cause them both to leave benefit, potentially resulting in hidden female unemployment.

## The situation in England

In 1995 there were 1.4 million parent claimants. By 2000 this number had dropped to 1.07 million. Table 5.1 shows the claimant parents in both 1995 and 2000, distinguishing lone parents from 'non-lone' parents.

Lone parents' share of the parent-claiming population increased from 62.3% to 72.0% between 1995 and 2000. Despite a decline in numbers for both groups, the percentage decline for 'non-lone' parent claimants was nearly four times as great as for lone parents.

What happened to the claimant parents of 1995? Using individual level linked data for 1995 and 2000, it is possible to present the claimant status of parents in 2000 who claimed IS in 1995. Table 5.2 shows this information for lone parents and 'non-lone' parents.

**Table 5.1: Parents claiming IS/JSA-IB in 1995 and 2000**

	Number in 1995 (rounded to nearest 1,000)	Number in 2000 (rounded to nearest 1,000)	% change in numbers between 1995-2000
Lone parents	871,000	771,000	-11.5
'Non-lone' parents	527,000	300,000	-43.1

**Table 5.2: Claimant status in 2000 of claimant parents from 1995 for lone and 'non-lone' parents**

	% remaining on or reclaiming IS/JSA-IB in 2000				Not claiming in 2000	Total
	As a lone parent	As unemployed	As aged 60 and over	As disabled and others		
Lone parents	40.4	2.3	0.6	7.5	49.3	100
<i>'Non-lone' parents</i>						
Unemployed	2.4	13.5	1.8	11.1	71.2	100
Aged 60 and over	0.3	0.0	59.7	0.3	39.7	100
Disabled and others	11.3	2.9	3.9	39.1	42.8	100
All 'Non-lone' parents	6.0		-		58.3	100

The table is not as straightforward as in previous chapters because 'non-lone' parents is not a statistical group, whereas 'lone parents' is. It is possible to say that, of the 871,000 lone parent claimants in 1995, 40.4% remained on, or were reclaiming, IS/JSA-IB as lone parents in 2000; 49.3% were not claiming IS/JSA-IB; 7.5% were claiming IS/JSA-IB as 'disabled and others'; and so on. The 'non-lone' parents, however, first had to be broken down by claimant status in 1995 into 'unemployed', 'aged 60 and over' and 'disabled and others' status. As can be seen, 71.2% of 1995 claimant unemployed 'non-lone' parents were not claiming in 2000; 39.7% of 1995 claimant 'non-lone' parents aged 60 and over were not claiming in 2000; and 42.8% of 1995 'disabled and others' 'non-lone' parents were not claiming in 2000. It is also possible to say that, of the 527,000 1995 claimant 'non-lone' parents, 6% had moved to claimant lone parent status in 2000 and 58.3% were no longer claiming IS/JSA-IB in 2000. The exit rates are therefore highest for the 'non-lone' parents who were unemployed in 1995.

While the percentage of lone parents who claimed in 1995 but were not claiming in 2000 is lower than for 'non-lone' parents, it is important to point out that more 1995 claimant lone parents left the benefit system than 'non-lone' parents. Just over 429,000 of the 1995 claimant lone parents were not claiming in 2000, whereas just over 307,000 of the 1995 claimant 'non-lone' parents were not claiming in 2000.

If we now break down the claimant parents by age, it can be seen that all three age groups have

reduced in number between 1995 and 2000 (see Chart 5.1).

Looking at the rate of decline in Chart 5.2, the number of claimant parents aged under 26 has fallen by 28.2%; the number of claimant parents aged 26-35 has fallen by 30.1%; and the number of claimant parents aged 36 and over has fallen by 12.7%.

The largest percentage decline has therefore been among younger parents – particularly in the age band 26-35. This echoes other findings and may be explained partly by the fact that younger parents find it easier to move into work (Noble et al, 1998). Owing to the smaller percentage fall of claimant parents aged 36 and over, this age group makes up a slightly larger proportion of all claimant parents in 2000 than in 1995.

If we group claimant parents by how many dependant children they have, it can be seen that the numbers of claimants with 1 child, 2 to 3 children and 4 or more children fell between 1995 and 2000 (see Chart 5.3).

As Table 5.3 shows, the number of children aged 0-15 living in families reliant on the 'out-of-work' means-tested benefits IS/JSA-IB fell over the study period, from 2.7 million in 1995 to just over 2 million in 2000. The average rate of decline in the percentage of children aged 0-15 living in families in receipt of IS/JSA-IB was greater in the period 1995-98 than in the period 1998-2000.

Chart 5.1: Number of parents in receipt of IS/JSA-IB in 1995 and 2000, by age

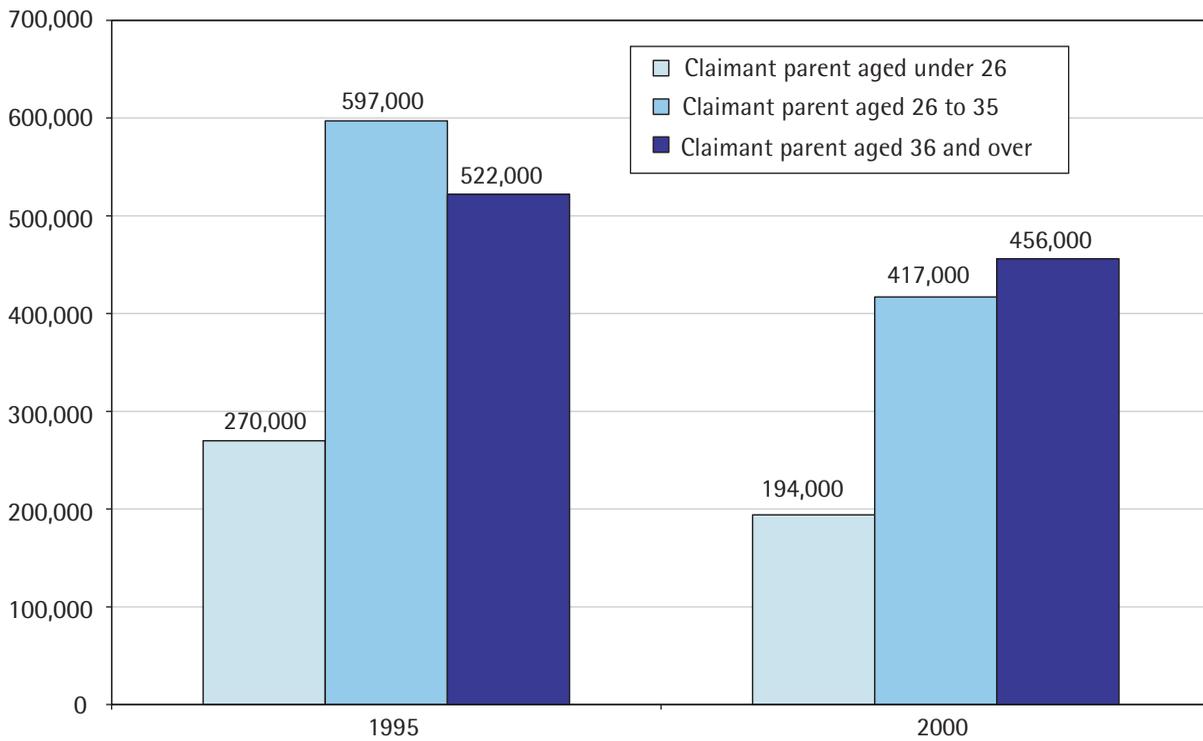


Chart 5.2: Change in number of claimant parents in 1995-2000, by age

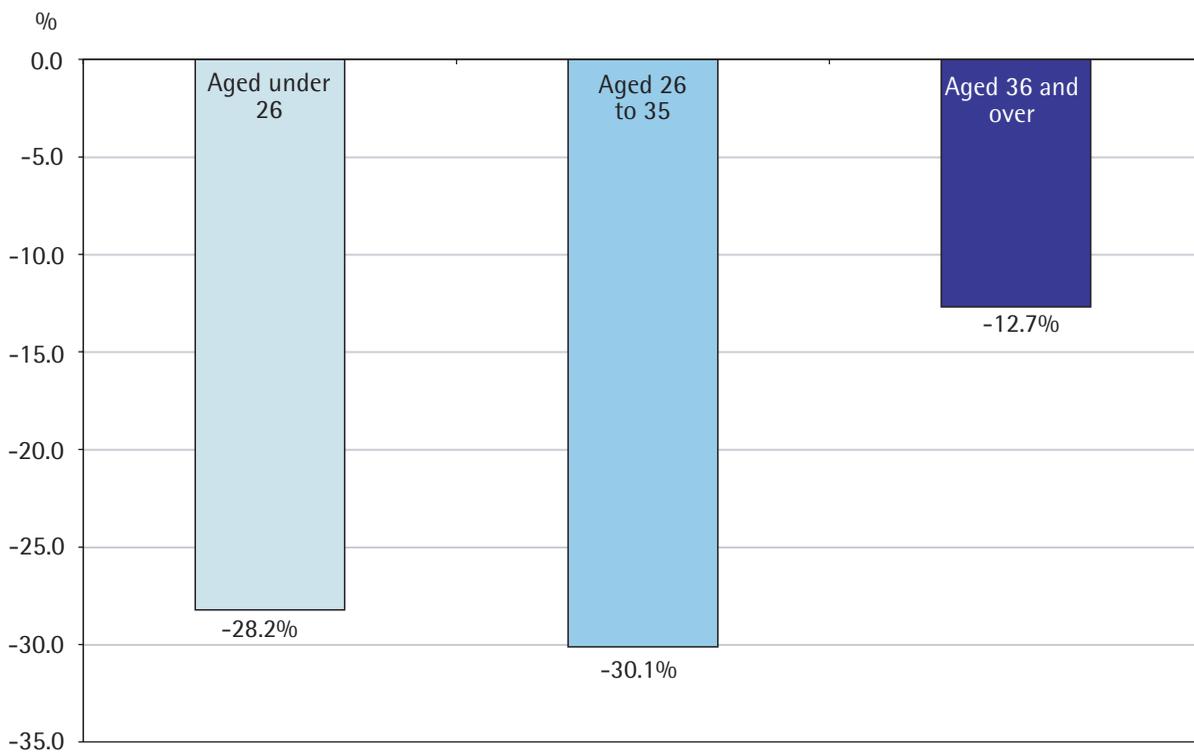
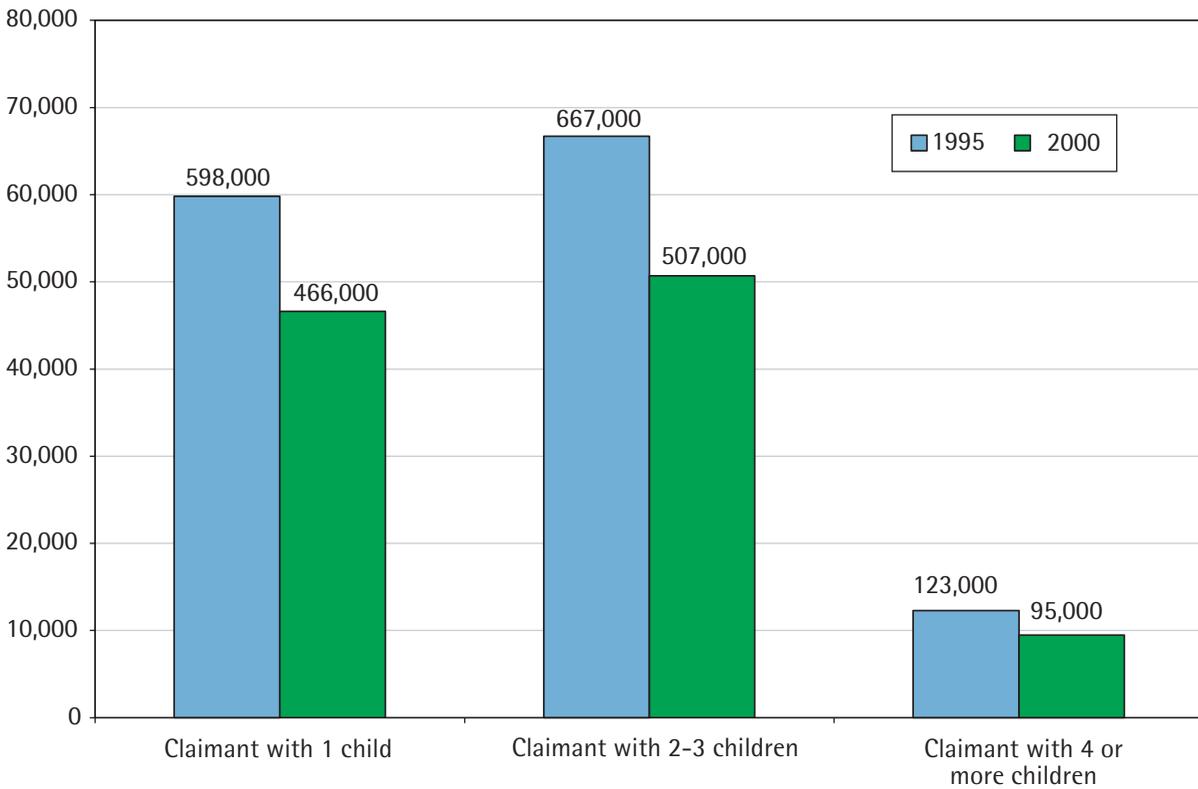


Table 5.3: Number of children living in families in receipt of IS/JSA-IB in 1995, 1998 and 2000

1995	2,704,000
1998	2,296,000
2000	2,067,000

Rounded to nearest 1,000

Chart 5.3: Number of parents in receipt of IS/JSA-IB, by banded numbers of dependant children



### The regional picture

Chart 5.4 shows the number of parents in receipt of IS/JSA-IB by region for lone parents and 'non-lone' parents. Numbers fell in every region for both parent groups between 1995 and 2000.

London had the most lone parents in 1995 (around 178,000) and 2000 (around 168,000), and the most 'non-lone' parents in 1995 (just over 103,000) and in 2000 (just under 58,000).

Chart 5.4: Number of parents in receipt of IS/JSA-IB in 1995 and 2000, by region and parent status

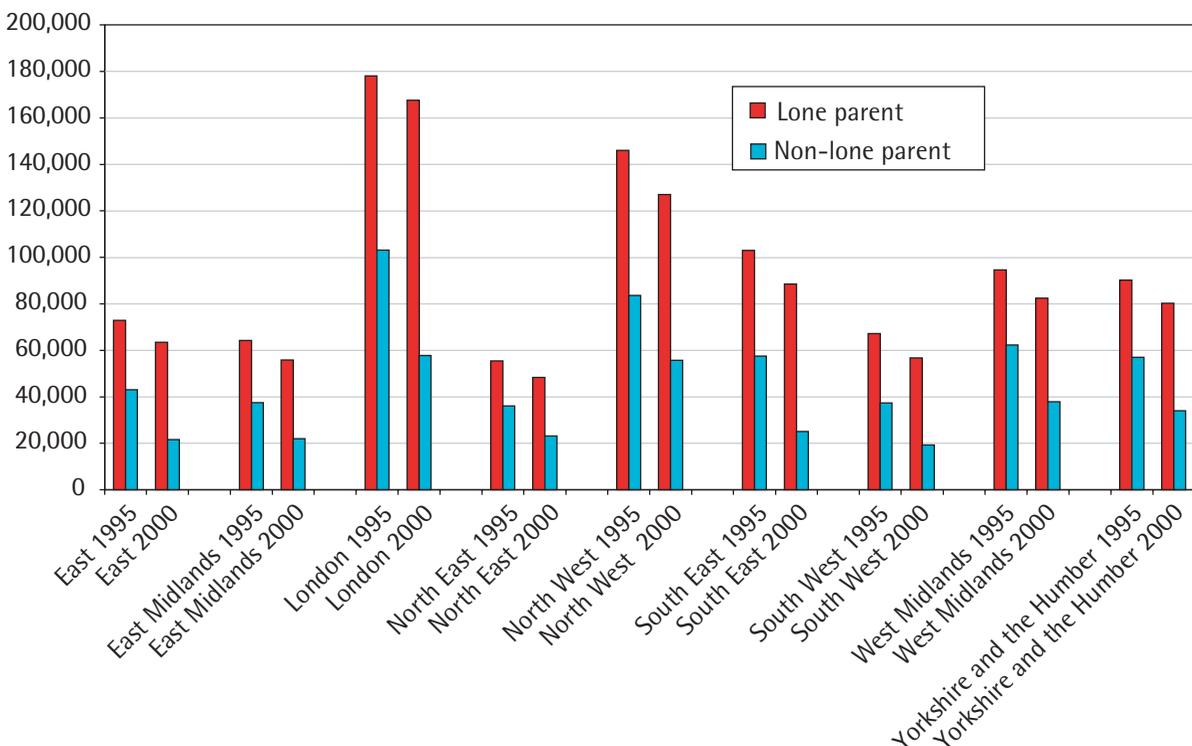
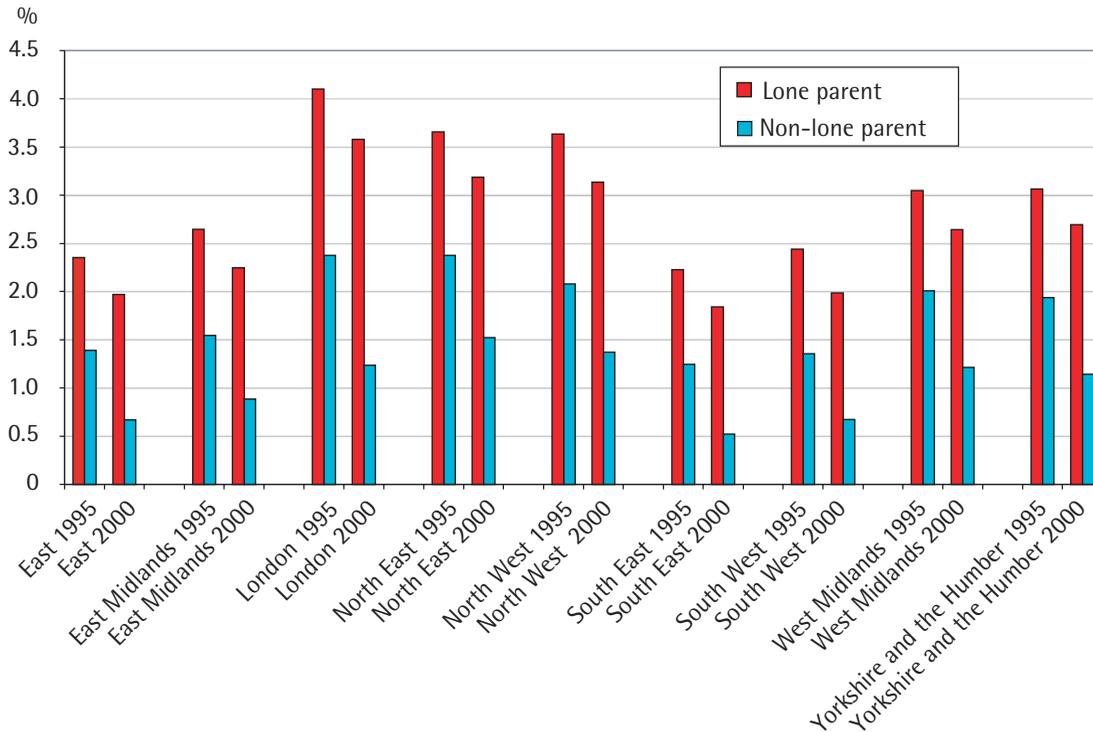


Chart 5.5 shows the same information in terms of claim rates for lone parents and 'non-lone' parents in 1995 and 2000. The claim rates fell for both parent categories in every region during this time period.

Chart 5.6 presents this information in terms of rates of change between 1995 and 2000. As we saw in the previous section on England, as a

whole the rate of decline in lone parent claimants was much smaller than for 'non-lone' parent claimants. This is also the case for each of the regions. The rate of decline for lone parent claimants was smallest in London and greatest in the South West. The rate of decline for 'non-lone' parent claimants was smallest in the North West and greatest in the South East.

**Chart 5.5: Claim rates for parents in 1995 and 2000, by region and parent status**



**Chart 5.6: Rates of change for claimant parents in 1995-2000, by region and parent status**

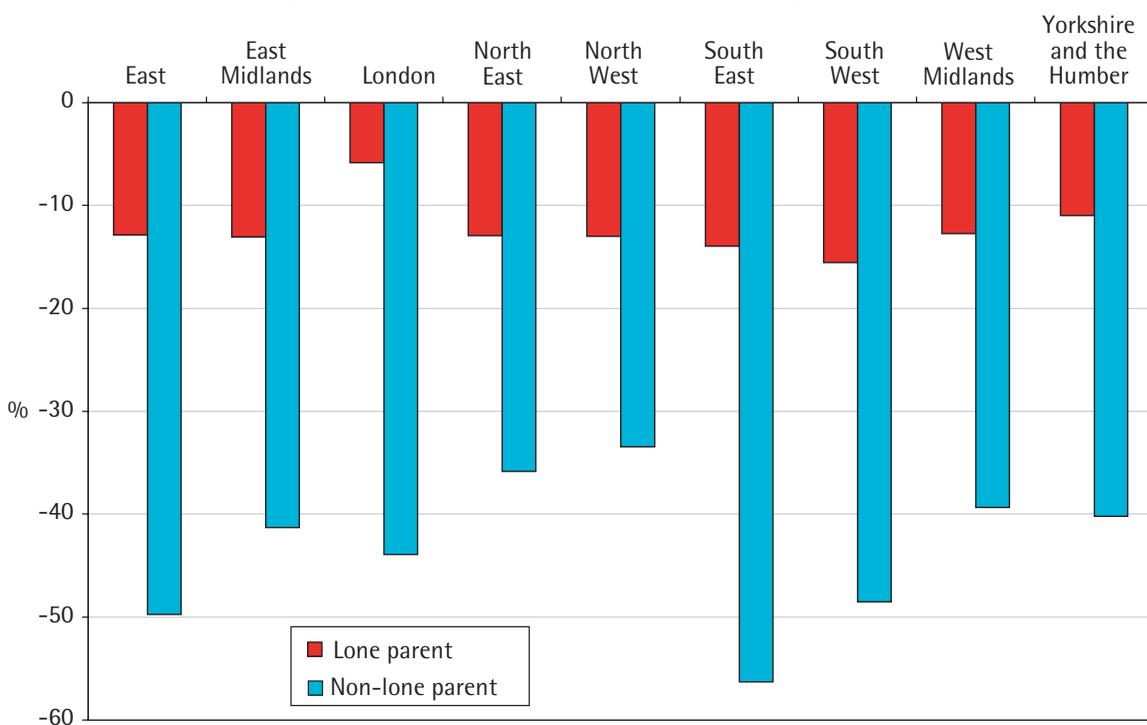
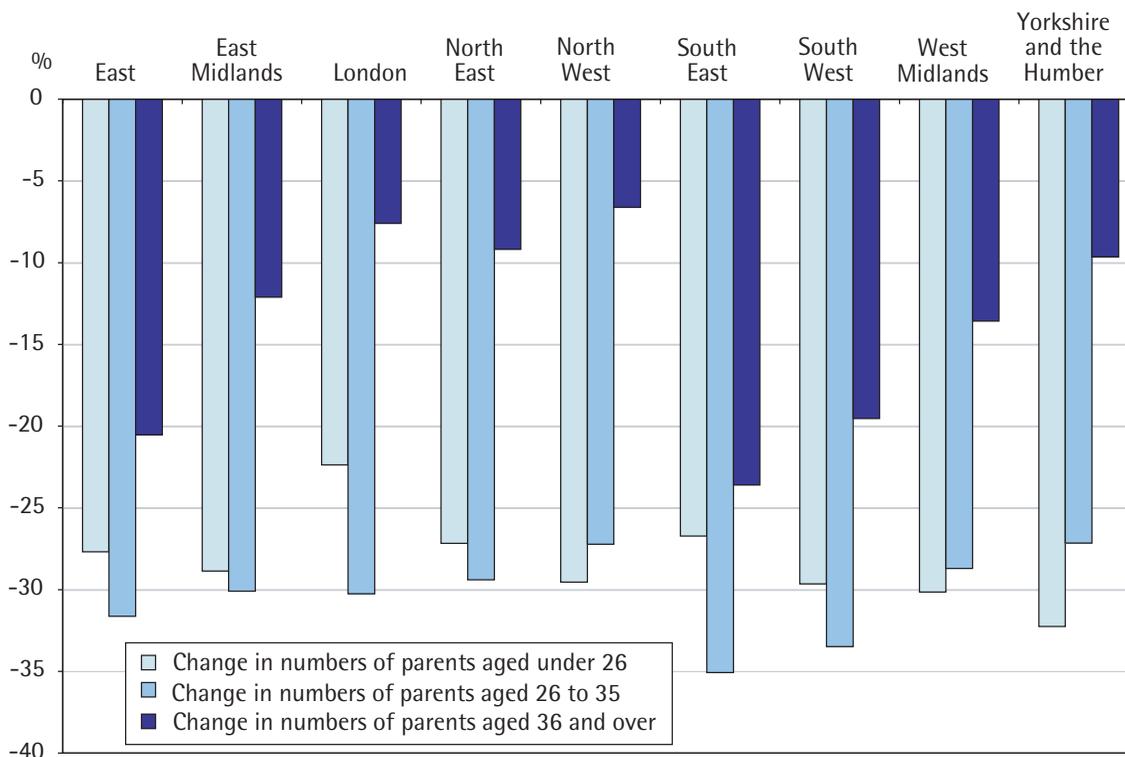


Chart 5.7 shows the variation between regional rates of change for claimant parents by age. For claimant parents aged under 26, the greatest rate of change was in Yorkshire and the Humber and the smallest rate of change was in London; for those aged 26-35, the greatest rate of change was in the South East and the smallest was in the North West; and for those aged 36 and over, the greatest rate of change was in the South East and the smallest was in the North West.

in the South East and the smallest was in Yorkshire and the Humber and the North West; and for those aged 36 and over, the greatest rate of change was in the South East and the smallest was in the North West.

**Chart 5.7: Rate of change for claimant parents in 1995–2000, by region and parent age**



**Chart 5.8: Number of 0- to 15-year-olds living in families in receipt of IS/JSA-IB in 1995, 1998 and 2000, by region**

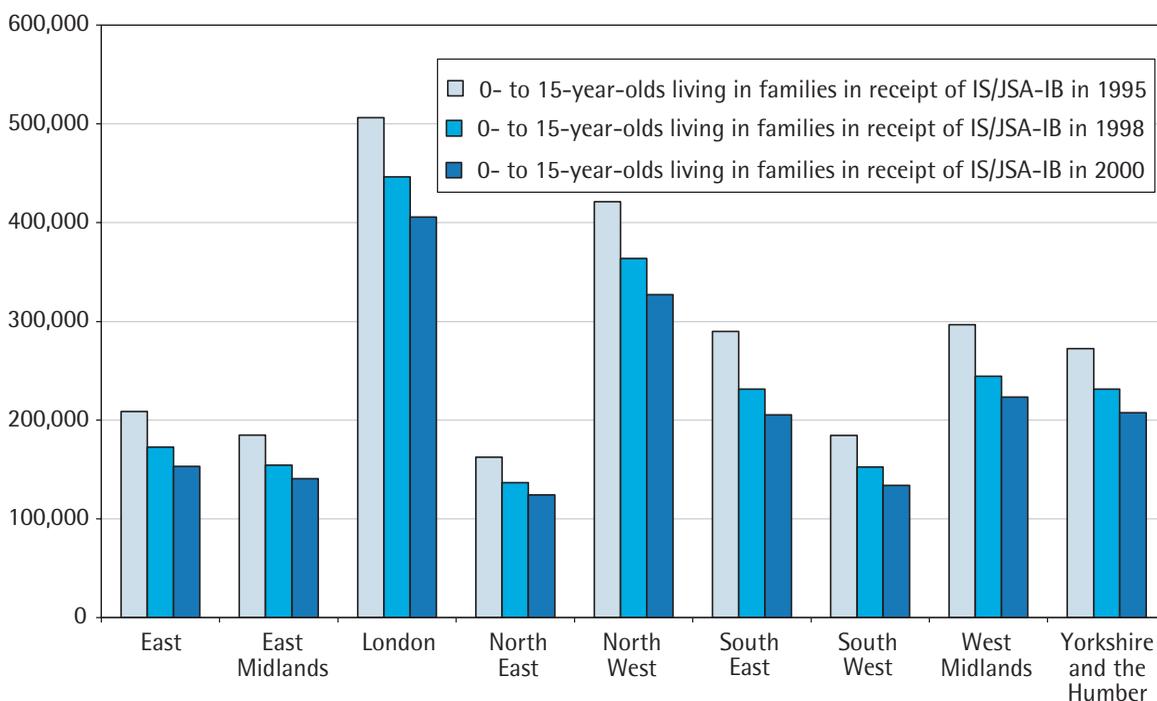
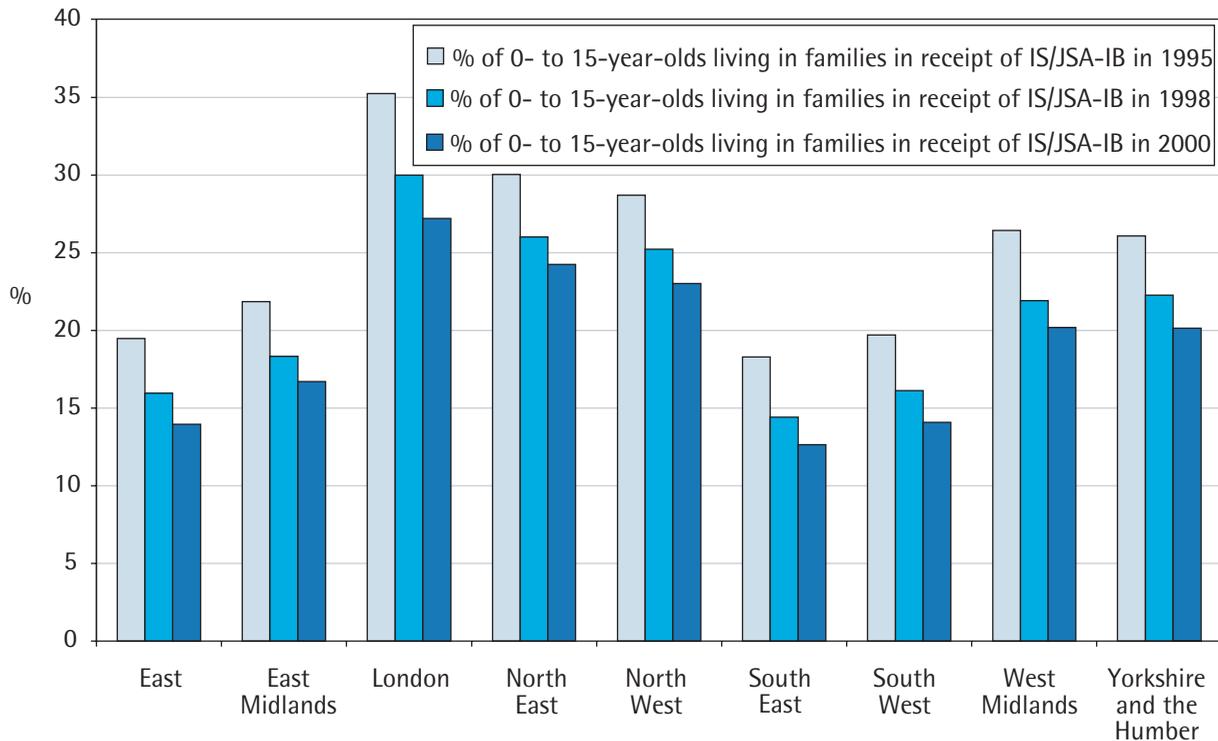


Chart 5.8 shows that the greatest numbers of 0- to 15-year-olds living in families in receipt of IS/JSA-IB for 1995, 1998 and 2000 were in London, followed by the North West. The numbers in each region fell between 1995 and 1998 and between 1998 and 2000. London also had the highest percentage of its 0- to 15-year-olds living

in families in receipt of IS/JSA-IB at the three time points, followed by the North East. Chart 5.9 shows the same information as percentages. London had the highest rate for each of the three time points, followed by the North East. The lowest rate each time was in the South East.

**Chart 5.9: Percentage of 0- to 15-year-olds living in families in receipt of IS/JSA-IB in 1995, 1998 and 2000**



### Local authority districts

The number of 0- to 15-year-olds living in families in receipt of IS/JSA-IB fell for all local authorities in England between 1995 and 2000 (excluding data for the Isles of Scilly and the City of London). The local authorities that had the greatest fall in numbers of children living in families in receipt of IS/JSA-IB between 1995 and 2000 were Birmingham, Manchester and Liverpool. Even so, these remained the top three districts in 2000 in terms of the sheer numbers of 0- to 15-year-olds living in families in receipt of IS/JSA-IB.

Table 5.4 shows the percentage of 0- to 15-year-olds living in families in receipt of IS/JSA-IB in 1995, 1998 and 2000 for the top 20 districts on this measure in 1995. The percentage of 0- to 15-year-olds living in families in receipt of IS/JSA-IB also fell for all local authorities in England between 1995 and 2000 (excluding data for the Isles of Scilly and the City of London). The main story is focused on London. Tower Hamlets had the highest percentage of 0- to 15-year-olds living in families in receipt of IS/JSA-IB at all three time points. The three districts that saw the greatest *fall* in percentage of 0- to 15-year-olds living in families in receipt of IS/JSA-IB between 1995 and 2000 were Tower Hamlets, Hackney and Haringey. Westminster fell in rank between 1995 and 2000 by 23 places. By contrast, Islington actually rose in rank by five places.

**Table 5.4: Percentage of 0- to 15-year-olds living in families in receipt of IS/JSA-IB in 1995, 1998 and 2000, for the top 20 districts on this measure in 1995**

District	0-15s living in families in receipt of IS/JSA-IB						Change in rank 1995-2000
	in 1995 (%)	in 1998 (%)	in 2000 (%)	Rank in 1995	Rank in 1998	Rank in 2000	
Tower Hamlets	65.9	54.5	49.7	1	1	1	0
Hackney	55.8	47.9	43.0	2	2	3	1
Haringey	52.8	43.7	40.4	3	7	6	3
Newham	52.5	46.1	40.6	4	3	5	1
Knowsley	51.2	45.9	41.2	5	4	4	-1
Southwark	49.1	39.1	36.8	6	10	9	3
Islington	48.9	44.9	43.2	7	5	2	-5
Manchester	47.5	40.3	39.0	8	8	8	0
Liverpool	47.2	44.0	40.3	9	6	7	-2
Lambeth	46.6	37.3	34.9	10	13	10	0
Nottingham	44.6	36.8	34.5	11	14	12	1
Camden	44.4	39.5	34.6	12	9	11	-1
Lewisham	42.2	35.8	32.4	13	16	17	4
Hammersmith and Fulham	41.8	37.5	34.2	14	11	14	0
Greenwich	41.2	37.4	34.5	15	12	13	-2
Barking and Dagenham	40.4	35.9	33.5	16	15	15	-1
Middlesbrough	40.2	34.5	33.0	17	17	16	-1
Brent	39.8	32.0	29.6	18	21	23	5
Waltham Forest	39.7	32.3	29.5	19	20	24	5
Birmingham	39.6	33.6	31.1	20	19	19	-1
Kingston upon Hull	38.4	34.0	31.2	21	18	18	-3
Newcastle-upon-Tyne	36.8	31.8	30.9	22	22	20	-2
South Tyneside	36.3	31.4	29.7	23	25	22	-1
Sandwell	36.1	29.8	28.7	24	30	26	2
Halton	36.0	31.3	30.1	25	26	21	-4
Salford	35.5	31.1	29.3	26	27	25	-1
Hartlepool	35.1	31.4	28.6	27	24	27	0
Hastings	35.0	31.8	28.1	28	23	29	1
Westminster	35.0	28.6	24.2	29	34	52	23
Wolverhampton	34.6	27.9	26.2	30	40	36	6

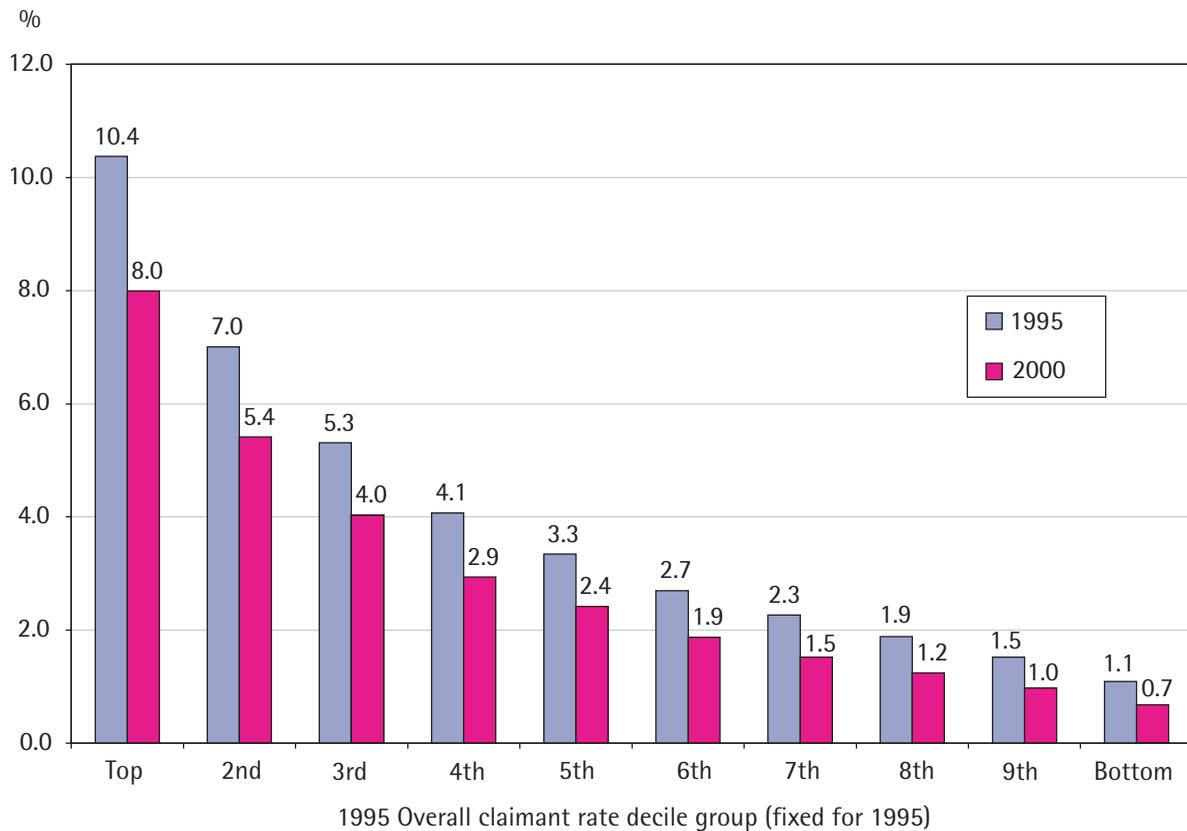
### Ward level concentrations

It has been shown in the previous sections of this chapter that both the numbers and the proportions of claimant parents fell between 1995 and 2000. This is also the case for most areas, even on a small spatial scale. This section explores the ways in which the patterns of claiming by parents have changed at ward level.

Chart 5.10 shows the claim rates for parent IS/JSA-IB claimants for 1995 and 2000 as a percentage of 16- to 59-year-olds. The wards have been divided into 10 equal groups by the overall claim rate for 1995. So, for example,

wards in the top decile of the 1995 overall claim rate had an average claim rate for parent claimants of 10.4% in 1995 (shown as a percentage of 16- to 59-year-olds in 1995); this had fallen to 8% by 2000 (shown as a percentage of 16- to 59-year-olds in 2000). The chart shows that the claim rate for parent claimants fell between 1995 and 2000 for each of the deciles. The greatest percentage point drop (2.4 percentage points) occurred in the ‘top’ decile (the ward decile with the highest overall claim rate in 1995).

**Chart 5.10: Claim rates for parent IS/JSA-IB claimants in 1995 and 2000, by fixed ward deciles of the 1995 overall IS/JSA-IB claim rate**



Looking at the same information in terms of percentage drops in numbers, it can be seen that in the top decile (that is, with the highest 1995 claim rates) there was a 21% fall in numbers of parent claimants, compared with a 34.5% drop in the bottom decile. However, this should not be allowed to mask the fall in actual numbers (see Table 5.5). While the top decile has the smallest percentage decline in numbers of parent claimants, it has the greatest drop in actual numbers of parent claimants (a fall of more than 101,000 people).

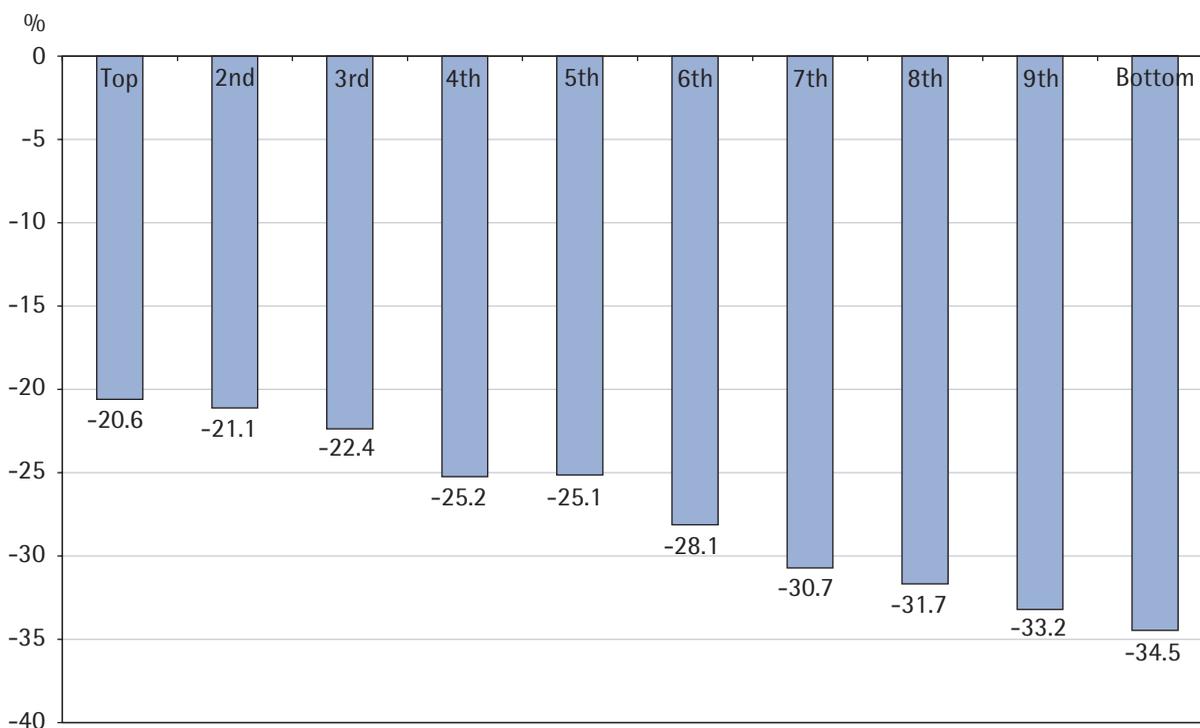
Table 5.5 also shows the fall in numbers of parent claimants who are lone parents. While the pattern of percentage decline in number for all parents is fairly linear (Chart 5.11), it is less linear for lone parents, most notably in the top five deciles (Chart 5.12).

**Table 5.5: Fall in numbers of IS/JSA-IB claimants (for all parents and lone parents), 1995-2000**

1995 overall claim rate decile	Fall in numbers of claimant parents between 1995 and 2000	Fall in numbers of claimant lone parents between 1995 and 2000
Top	-101,000	-32,000
2nd	-59,000	-17,000
3rd	-43,000	-13,000
4th	-31,000	-10,000
5th	-23,000	-7,000
6th	-18,000	-7,000
7th	-17,000	-6,000
8th	-12,000	-4,000
9th	-10,000	-3,000
Bottom	-7,000	-2,000

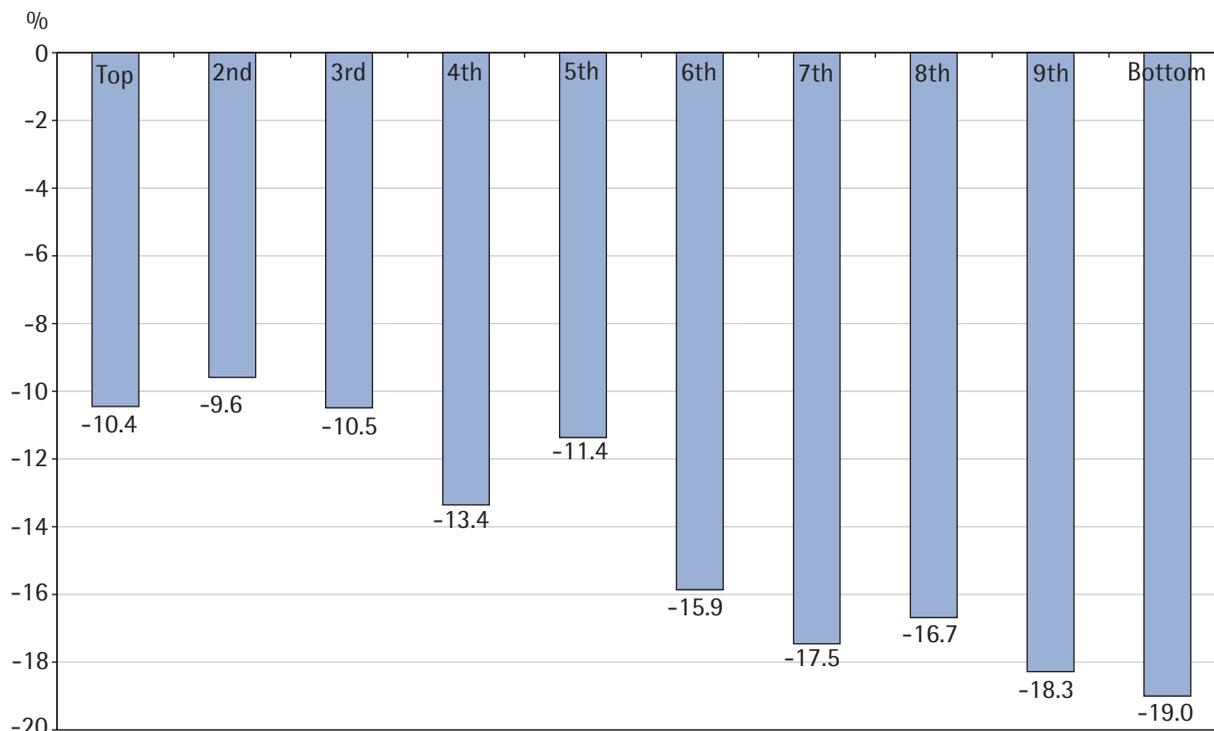
Note: Rounded to the nearest thousand

**Chart 5.11: Decline in numbers of parent IS/JSA-IB claimants in 1995–2000, by decile groups of wards ranked by overall 1995 IS claim rate**



Ward deciles by 1995 overall claim rate

**Chart 5.12: Decline in numbers of IS/JSA-IB claimant lone parents in 1995–2000, by decile groups of wards ranked by overall 1995 IS/JSA-IB claim rate**



1995 overall claim rate deciles

The percentage of 0- to 15-year-olds living in families in receipt of IS/JSA-IB fell for the vast majority of wards in England. On this measure, of the 841 wards in the 'worst' 10% in 1995, just under 98% saw a fall in claim rate on this measure between 1995 and 2000.

This chapter so far has shown the overall trends for claimants with children in England at various levels of geographical analysis. Rates of claimant families with children have declined, but lone parents 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.

When the numbers of children in families claiming IS/JSA-IB are considered instead of their parents, the concentration of children on means-tested benefits becomes very marked. In the local authority districts with the highest rates in 1995, most of which were London authorities, there were districts with between 40% and 66% of 0- to 15-year-olds in families claiming these benefits. Concentration at the ward level in 1995 was between 66% and 85% in the top 50 wards, with the highest proportion of children aged 0-15 in families claiming these benefits. However, these rates declined by 2000 throughout the high claim rate wards (see Table 5.6).

**Table 5.6: Percentage of 0- to 15-year-olds living in families in receipt of IS/JSA-IB in 1995, 1998 and 2000, showing the top 50 wards on this measure in 1995**

Ward name	District name	1995 (%)	1998 (%)	2000 (%)	Rank 1995	Rank 1998	Rank 2000	Change in rank 1995-2000
Blackwall	Tower Hamlets	85.2	65.7	56.6	1	8	40	39
Granby	Liverpool	84.7	69.7	71.1	2	6	3	1
Princess	Knowsley	83.5	74.9	68.5	3	1	5	2
Vauxhall	Liverpool	77.1	71.8	71.2	4	3	2	-2
Longview	Knowsley	77.1	64.5	58.9	5	12	25	20
Chatham	Hackney	76.3	58.4	49.3	6	40	103	97
Bidston	Wirral	76.2	71.4	67.7	7	4	7	0
West City	Newcastle-upon-Tyne	75.2	71.0	72.1	8	5	1	-7
St Andrew's	Brent	74.7	38.9	28.0	9	574	1189	1180
Northwood	Knowsley	74.6	63.8	62.4	10	16	12	2
Blackfriars	Salford	73.2	63.7	66.9	11	17	8	-3
Coleraine	Haringey	73.2	64.5	58.8	12	13	26	14
Middleton West	Rochdale	73.1	56.2	45.4	13	64	189	176
Cherryfield	Knowsley	73.0	62.2	63.4	14	23	10	-4
St James'	Tower Hamlets	73.0	56.0	47.2	15	66	141	126
Bruce Grove	Haringey	73.0	60.1	47.2	16	32	142	126
White Hart Lane	Haringey	72.6	60.6	57.0	17	29	34	17
Ordsall	Salford	72.2	65.2	57.6	18	9	31	13
St Dunstan's	Tower Hamlets	72.2	54.2	56.6	19	90	39	20
Smithdown	Liverpool	71.7	72.1	69.0	20	2	4	-16
Tottenham Central	Haringey	71.6	58.2	55.2	21	41	50	29
Wenlock	Hackney	71.5	57.5	56.1	22	53	42	20
Bradford	Manchester	71.3	53.6	54.0	23	98	60	37
Spitalfields	Tower Hamlets	70.9	55.2	45.6	24	72	178	154
Queensbridge	Hackney	70.2	61.0	50.6	25	26	87	62
Park	Haringey	70.1	64.9	62.1	26	10	14	-12
Weavers	Tower Hamlets	70.0	56.7	47.4	27	61	132	105
Central	Manchester	69.9	54.5	52.4	28	86	72	44
Hardwick	Stockton-on-Tees	69.6	61.2	48.4	29	25	115	86
Lansbury	Tower Hamlets	69.2	58.6	54.1	30	38	59	29
Cantril Farm	Knowsley	69.2	58.6	59.7	31	37	20	-11

Table 5.6: contd.../

Ward name	District name	1995 (%)	1998 (%)	2000 (%)	Rank 1995	Rank 1998	Rank 2000	Change in rank 1995-2000
Thorntree	Middlesbrough	69.2	61.9	56.9	32	24	36	4
Westdown	Hackney	69.0	50.2	42.4	33	148	266	233
St Pancras	Camden	68.7	52.2	47.2	34	116	140	106
St Hilda's	Middlesbrough	68.4	57.6	55.3	35	51	48	13
Limehouse	Tower Hamlets	67.8	57.6	54.2	36	50	58	22
Somers Town	Camden	67.8	50.7	46.2	37	140	161	124
Holy Trinity	Tower Hamlets	67.4	55.4	51.1	38	70	81	43
East India	Tower Hamlets	67.4	60.5	57.8	39	30	29	-10
Speke	Liverpool	67.2	63.1	57.2	40	19	33	-7
Redcoat	Tower Hamlets	66.9	55.6	50.7	41	68	83	42
Abercromby	Liverpool	66.9	63.3	66.2	42	18	9	-33
St Stephens	Newham	66.6	46.3	33.6	43	232	712	669
Grangetown	Redcar and Cleveland	66.6	60.9	55.7	44	27	47	3
High Cross	Haringey	66.5	60.8	57.8	45	28	30	-15
Kirkby Central	Knowsley	66.4	64.1	54.4	46	15	56	10
St Peter's	Tower Hamlets	66.4	57.2	46.9	47	54	148	101
Beckton	Newham	66.3	57.7	54.6	48	48	54	6
Clubmoor	Liverpool	66.2	62.4	53.6	49	22	67	18
Beechwood	Middlesbrough	66.1	57.1	56.7	50	55	37	-13

### Explaining ward level exits from IS in 1995 for lone parents in England

There are therefore a number of cross-cutting influences on claimant decline and on individual claimant transitions. To explore these further, and to try to move towards an explanation of small area change, we have modelled the exit rates of lone parents at ward level.

As with our previous model in Chapter 2, we used district level economic indicators of net job growth over the 10-year period up to 1998 and ONS district type. The last district level explanatory variable used was childcare provision for the under-fives. Using the same 'multi-level modelling' technique, we found that both the ward level demographic and socioeconomic indicators, together with the district level variables described above, significantly predicted rates of lone parent exits. That is, wards with high levels of deprivation, high rates of unemployment in 1995 and high proportions of long-term unemployment among the unemployed group had lower rates of exits while controlling for the other variables in the model. Wards in which lone parents were

relatively older, had a higher number of children or higher proportions of children under four, or in which there were higher proportions of teenage lone parents, all had relatively lower rates of exits.

As with the unemployed exits, districts that experienced relatively higher rates of job growth between 1988 and 1998 contained wards with relatively higher rates of lone parent exits. However, when ONS types of district were explored the results were quite different. Although districts defined as 'Prosperous England' had relatively higher rates of exits, 'Inner London' and 'Educational centres and Outer London' had the lowest rates of exit, unlike the unemployed exits model. The rate of lone parent exits from wards classified as 'Inner London' was 13 percentage points lower than that from wards in 'Prosperous England' while controlling for all other variables in the model.

The final variable in the model was a measure of childcare. This was positively related to lone parent exits. The greater the level of childcare, as measured at the district level, the higher the rate of exit of lone parents from out-of-work means-tested benefits.

# Claimants in their fifties

## Introduction

Policy makers have become increasingly concerned at the decreasing participation of people aged 50-64 in the labour market. In 1979, 84% of men aged 50-64 were working, but this had fallen to 64% by 1993 (Burkitt, 2001, p 35). The rise of the phenomenon of 'early retirement', and especially the role of 'out-of-work' benefits for unemployment and incapacity in withdrawal from work, has been a major concern for analysts (Campbell, 1999; Performance Innovation Unit, 2000). There is, however, increasing evidence that people in their fifties have participated fully in the strong economic growth that has occurred since 1993, with employment rates for men aged 50-64 recovering to the same level in 2000 as in 1990 (Robinson and Burkitt, 2001, p 35). Despite such improvement, employment rates for men are

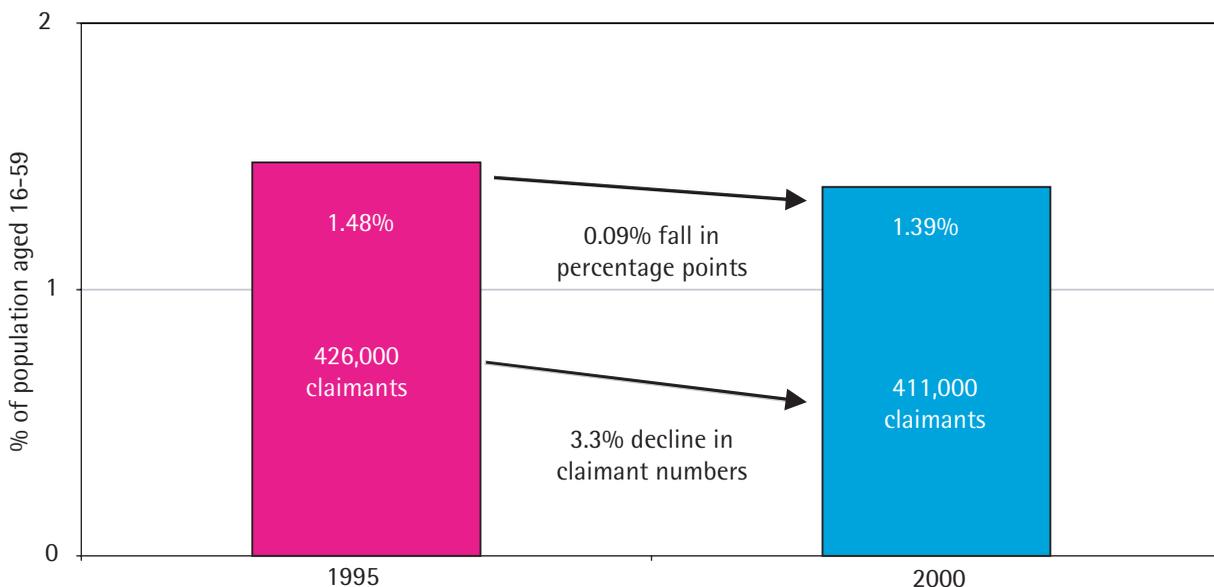
still only 69% – 15% lower than in 1979; and men and women in their fifties still experience age discrimination by employers and others (House of Commons Select Committee on Education and Employment, 2001).

## The situation in England

Chart 6.1 suggests that this age group of claimants of IS/JSA-IB has shared in the overall improvement in work participation. Their claim rate has fallen (measured as a percentage of all 16- to 59-year-olds), from 1.48% in 1995 to 1.39% in 2000.

The decline from 426,000 to 411,000 claimants is at a much slower rate of decline than that for all claimants and for families with children, discussed

**Chart 6.1: Claimants of IS/JSA-IB in their fifties in 1995 and 2000**

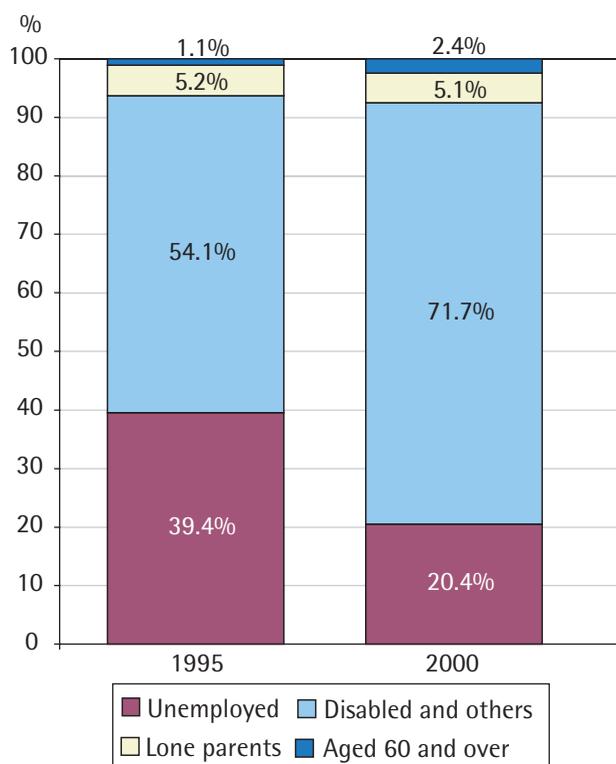


in previous chapters. This slower decline of claimants in their fifties means that they form a growing proportion of all claimants, rising from 10.9% to 16.9% of the ‘working age’ population on IS/JSA-IB between 1995 and 2000 – an important point for the design and implementation of welfare to work and regeneration policies.

Age alone does not explain the slower decline, because many in this age group claim benefit because of sickness and disablement. Chart 6.2 shows that 54% were in the ‘disabled and others’ category in 1995 but that this rose to 72% in 2000, while the proportion claiming as unemployed fell from 39% to 20%. Only a small proportion of 50- to 59-year-old claimants is made up of lone parents – 5% in both years – and an even smaller proportion fall into the ‘aged 60 and over’ group – presumably because their partner is aged 60 or over.

Table 6.1 shows the different trends both within the 50-59 group and between this group and other claimants. ‘Disabled and others’ 50- to 59-year-olds rose by 28% compared with almost 7% for the under fifties, while unemployed claimants declined more slowly than their younger counterparts: 50% as opposed to 63%.

**Chart 6.2: Composition of IS/JSA-IB claimants in their fifties (1995-2000)**



**Table 6.1: Growth and decline of unemployed and ‘disabled and others’ claimants, 1995-2000, by age**

% growth/decline	Under 50	50-59
1995-2000		
Unemployed	-62.7	-49.9
‘Disabled and others’	6.9	28.3

One of the most striking changes in claimant composition outlined in Chapter 2 was the growth of the ‘disabled and others’ group as an opposing trend to the overall decline. Table 6.2 shows that the 50-59 age group played a large part in this trend. While declining numbers of claimants in their fifties contributed around 1.2% to the total decline in English claimant numbers, they also accounted for 57.8% of growth in the ‘disabled and others’ group. At the same time, declining numbers of unemployed claimants in their fifties made an 8.4% contribution to the overall decline in unemployed claimants.

So far, there certainly is evidence that claimants in their fifties are participating in economic growth – claimant numbers have fallen, especially for the unemployed – but they have had slower declines than younger claimants. However, there is also evidence that claimants in their fifties have had very mixed and divergent experiences: there has been a large growth in the numbers claiming as ‘disabled and others’. This suggests that age and disability/sickness are factors that influence ‘growing together and growing apart’ in the late 1990s for the 50-59 age group. We now turn to analyse regional and other factors.

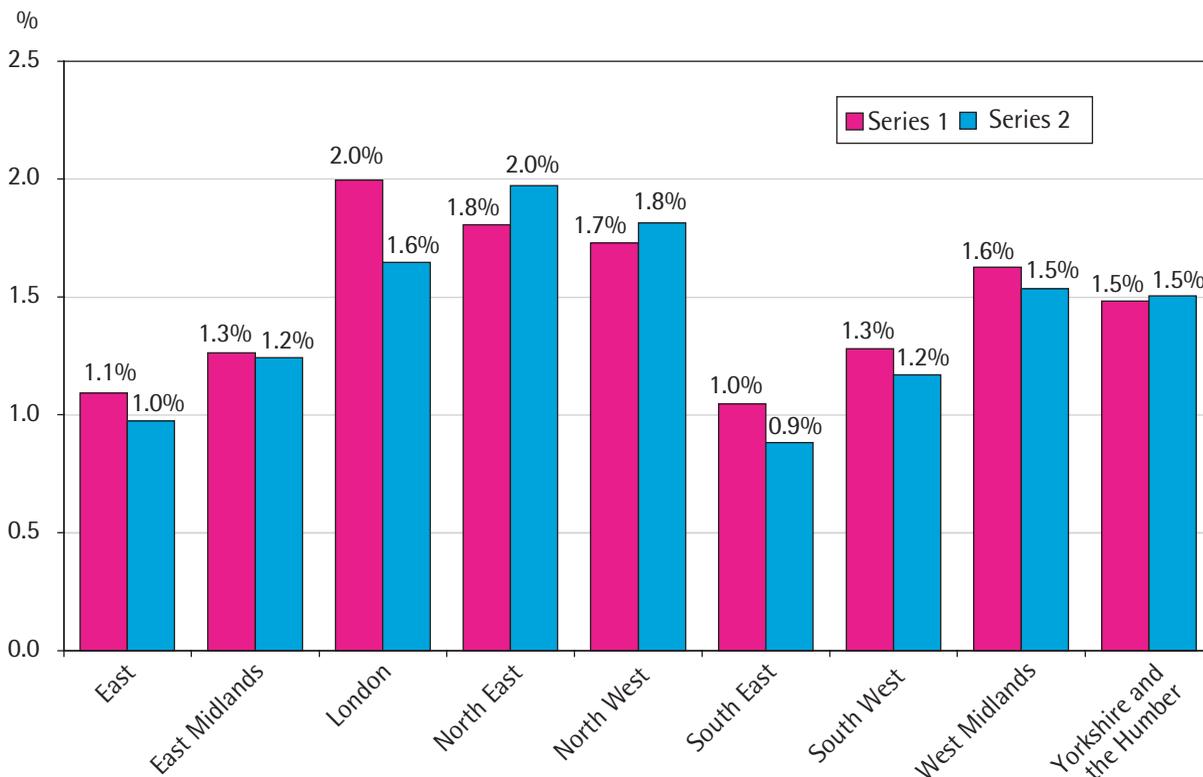
### Regional trends

The twin trends of growing together and growing apart suggest both differential and divergent

**Table 6.2: The contribution of claimants in their fifties to the 1995-2000 change in IS/JSA-IB (%)**

Contribution to overall decline in IS/JSA-IB	1.2
Contribution to decline of unemployed claimant numbers	8.4
Contribution to growth of ‘disabled and others’ claimant numbers	57.8

Chart 6.3: Regional claim rates for IS/JSA-IB claimants in their fifties, 1995 and 2000



experience within overall improvement, and Chart 6.3 supports such a profile for regional claim rates for people in their fifties. Regional differences in 1995 were large; but by 2000 these had increased in some of the high claiming regions, while in other regions, often those with lower claim rates, rates declined. In 1995, London had the highest claim rate for people in their fifties: 2%. The other regions with above-average (1.48% – see Chart 6.1) claim rates in 1995 were the North East (1.8%), the North West (1.7%), the West Midlands (1.6%) and Yorkshire and the Humber (1.5%).

In 2000, London and the West Midlands had experienced a fall in claim rates to 1.6% and 1.5% respectively. However, the other regions with above-average 1995 rates either had hardly changed, as in Yorkshire and the Humber, or had actually experienced a growth in claim rates, as in the North East and North West.

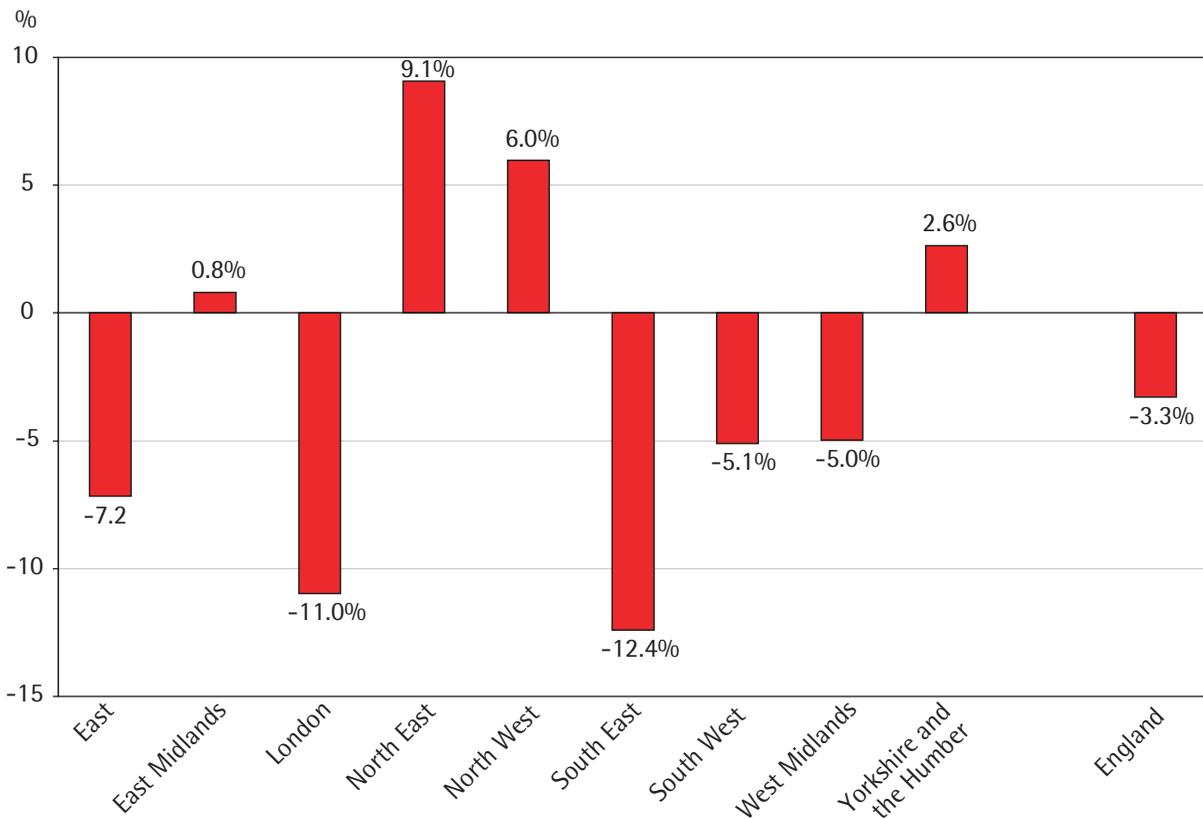
The difference in regional trends is more clearly noticeable in the percentage growth or decline in 50- to 59-year-old claimants shown by Chart 6.4. All the northern regions experienced growth in numbers of claimants in their fifties: the North East a 9% increase, the North West a 6% increase and Yorkshire and the Humber a 2.6% increase. The East Midlands hardly changed (a modest 0.8%

increase), while all other regions had declines of 5% or more – greater than the English average. The South East and London had the largest decline in numbers, 12.4% and 11% respectively.

Chart 6.5 shows that London was the largest contributor to overall claimant decline – around 67% – largely because of its large numbers of claimants in their fifties in 1995 and strong local economic growth. Other regions making strong contributions to the decline in numbers were the South East (42%), the West Midlands and the East (with around 17% each), and the South West (with just under 13%). Above the zero line, and acting against the overall trend of decline, were the northern regions with a growth in the number of claimants. The North West was the largest contributor to countervailing growth (29% of the overall change), with the North East next (almost 18%), followed by Yorkshire and the Humber (8%) and the East Midlands (with almost 2%).

These differences in regional trends could be described as largely dividing on a North-South distinction if we crudely combine the North East, the North West and Yorkshire and the Humber as ‘the North’. This distinction is weakest in terms of 1995 claim rates (Chart 6.3) because London is a strong southern representative of a region with

Chart 6.4: Regional rates of growth and decline in claimants of IS/JSA in their fifties, 1995–2000



high claim rates alongside the three ‘North’ regions. But as soon as we look at change between 1995 and 2000, we see that there is a less ambivalent North-South distinction. All three northern regions saw increased claim rates between 1995 and 2000, whereas other regions were flat or showed a decrease (Chart 6.3). All three northern regions experienced growth in claimant numbers (joined by the East Midlands) whereas other regions saw a decline (Chart 6.4). Therefore these same regions were the only ones contributing to countervailing growth in English claimant numbers, while the other regions had participated in the overall decline in numbers (Chart 6.5).

But talk of a ‘divide’ would probably overstate the case. We have already seen that all regions and all small areas benefited from economic growth and declining overall claimant numbers of all ages. However, the slower declines and faster growth in the ‘disabled and others’ status experienced by older claimants in the northern regions show that this was not true for all claimants in their fifties. Indeed, claim rates worsened in northern regions, and this should warn policy makers of a worrying divergence in

Chart 6.5: Regional contribution to decline in IS/JSA-IB claimants in their fifties, 1995–2000

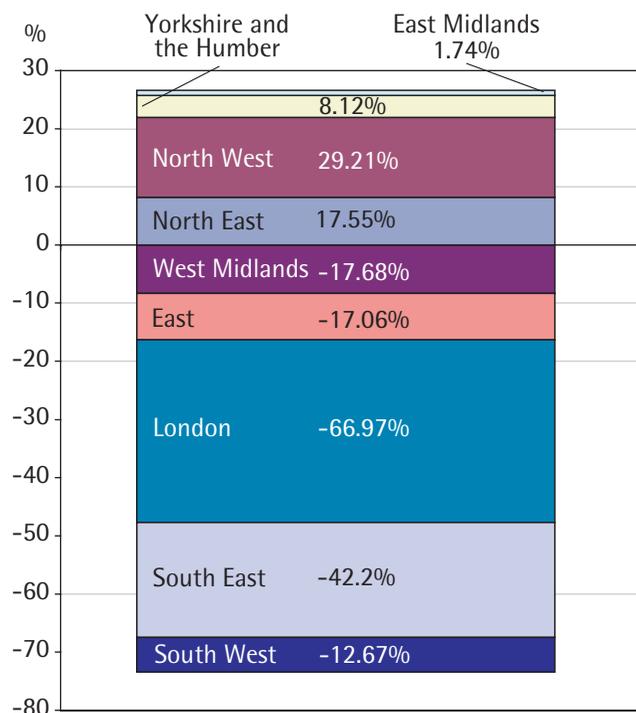
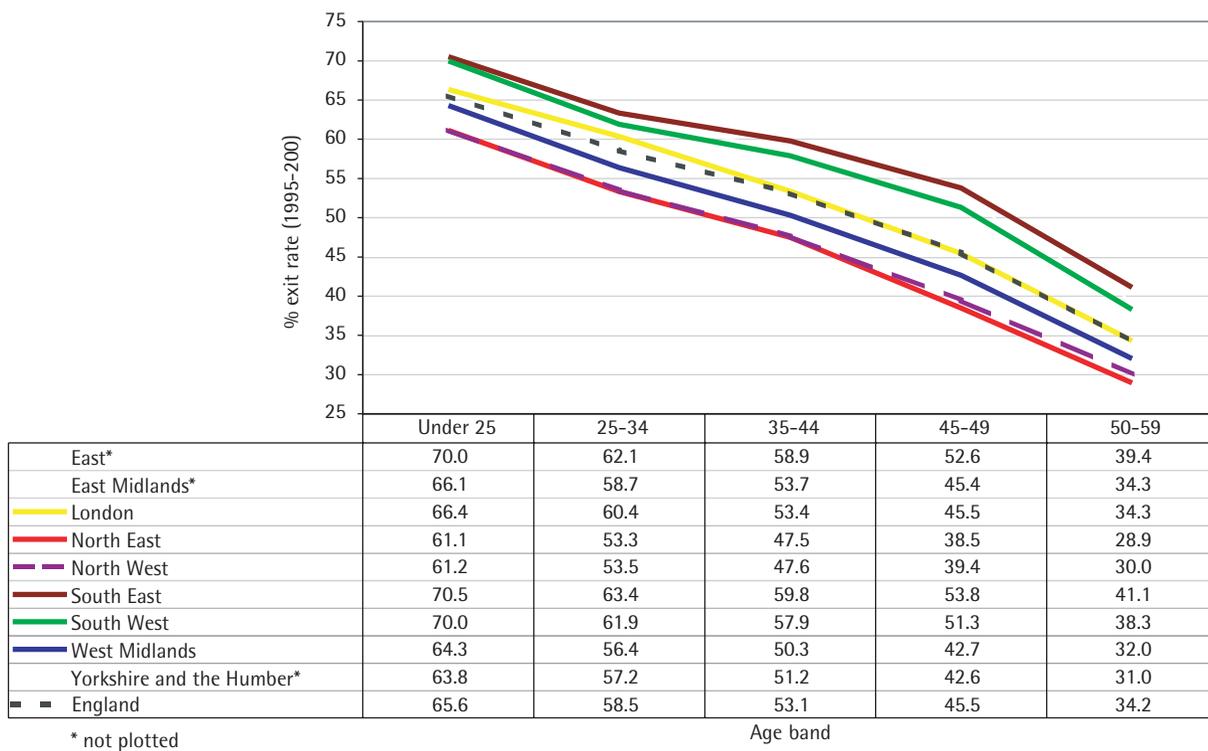


Chart 6.6: Age-banded benefit exit rates, by region



the regional experience for this age group following the recent economic upturn.

This divergent experience is also evident when we look at 1995 claimants' destinations in 2000. Claimants in their fifties have much lower overall exit rates than other claimants. Chart 6.6 shows the overall difference in exit rates by age for all claimants under 60 and the regional differences. The trends of each region were largely the same: the younger benefit age groups – those claimants under 25 – had the highest rate of exit by 2000. In stark contrast, those claimants in the 45-59 age band had much lower rates of benefit exit; in some regions the rate for the oldest age band was half that of the youngest group. This general trend is further complicated by regional differences, which are clear from our previous discussion in Chapter 2.

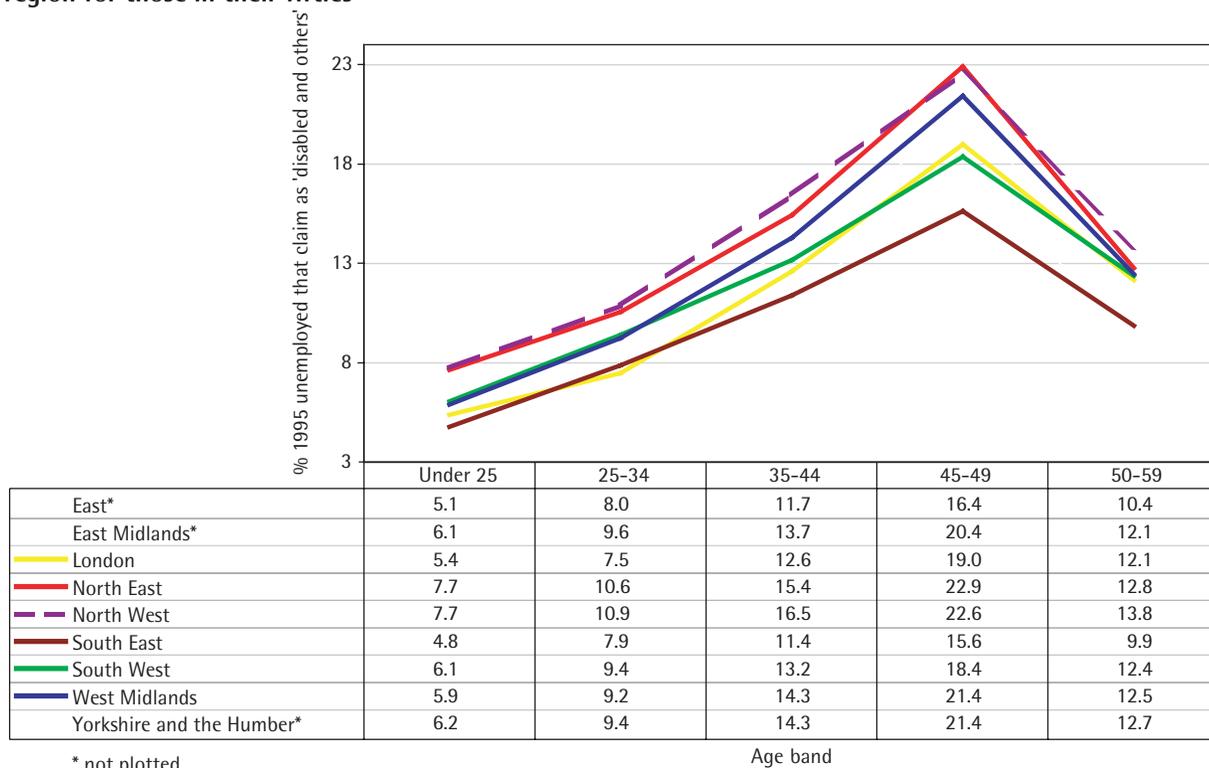
A similar trend can be seen by examining the age bands by ONS district type. Exit rates for 'Prosperous England' were higher than any of the regional exit rates and, not surprisingly, higher than for any other ONS district type. In contrast, the 'Mining, manufacturing and industry' areas had exit rates of 60% of the youngest age group, but these fell to a dismal 29% of 54- to 59-year-olds exiting benefits by 2000. 'Inner London', and the 'Coast and services' areas fare little better,

revealing the difficulty for older benefit populations in these areas.

Chart 6.7 shows how the other main transition between 1995 and 2000 for the over fifties – between unemployed status in 1995 and the 'disabled and others' group in 2000 – differed by age and region. The transition between unemployment and disability rises rapidly with age, but increases most sharply for those claimants over 35, with the peak in the 45-49 age group. The peak in this age group is largely because many claimants in the older age band became part of the 'aged 60 and over' category by 2000 and hence reduced the overall proportion changing from unemployment to the 'disabled and others' status. The areas of the North East, the North West and the West Midlands fared the worst, showing the fate of a former industrial workforce in regions of high unemployment.

These age and regional profiles mean that the position for those in their fifties is one of significant relative disadvantage. Chart 6.8 shows the destinations in 2000 of unemployed claimants in their fifties in 1995, by region. The lowest regional exit rates (green bars) are 34% in the North East and between 37% and 40% in the North West, the West Midlands and Yorkshire and the Humber. By contrast, the highest exit rates

Chart 6.7: Transitions between unemployment in 1995 and 'disabled and others' status in 2000, by age band and region for those in their fifties



are in the South East, South West and East regions (53%, 50% and 50% respectively).

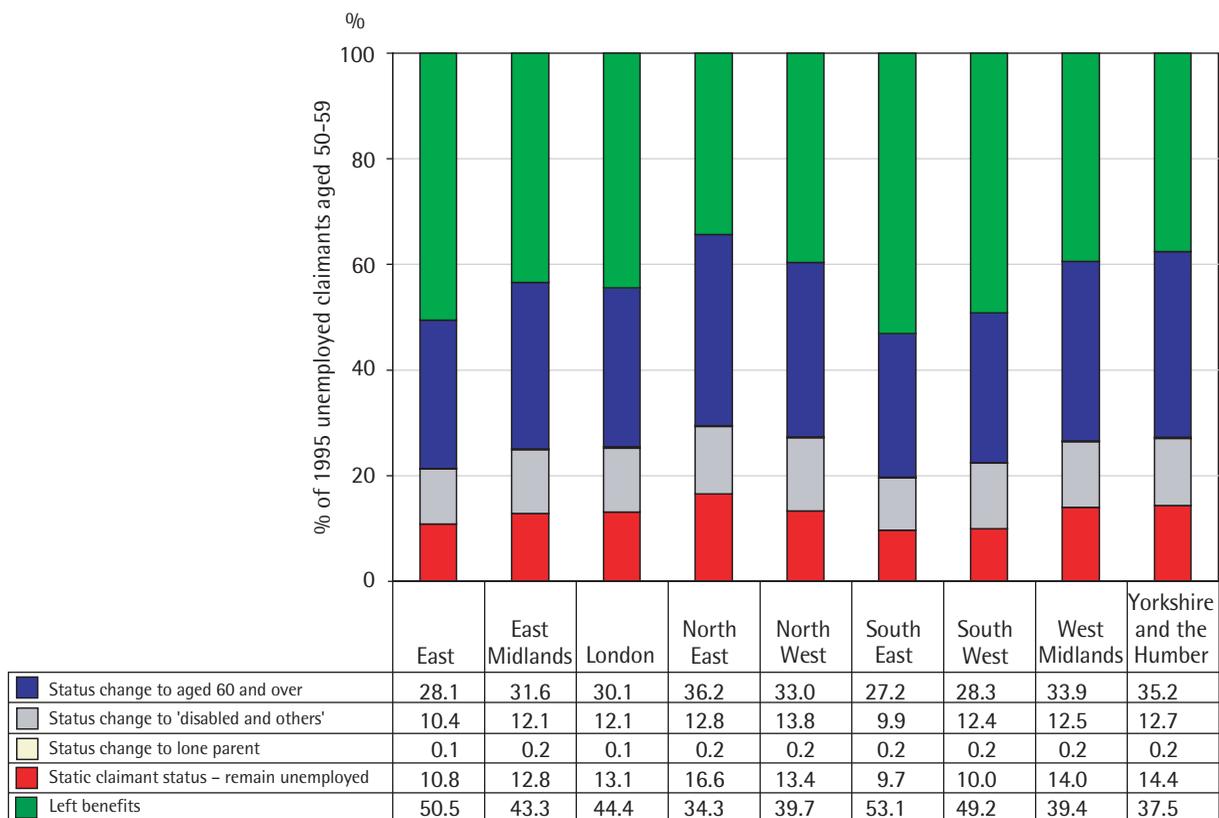
However, we know that much of the change between 1995 and 2000 is also explained by those who remain on benefits, and Chart 6.8 also shows that there are larger proportions who remain on benefits but move into the 'aged 60 and over' group. Larger proportions making this transition suggest an underlying older claimant profile, even within the 50-59 group, and thus an underlying demographic cause for lower exit rates alongside regional economic causes. The three northern regions are joined by the West and East Midlands in having 32%-36% of 1995 claimants in their fifties claiming benefit as the 'aged 60 and over' five years later. The East, South West and South East have rates of 27%-28%, with London at 30%. A 'North-South' divergence is also less apparent when we look at the proportion of 1995 claimants in their fifties that were claiming in 2000 and had changed their status to 'disabled and others'. While the three northern regions had some of the highest proportions of claimants making such a transition – and the North West seems to stand out as having had almost 14% of claimants doing so – there is little to choose between the experience of the South West, Yorkshire and the Humber and the West and East Midlands. On the

other hand, for the South East and East regions, around 10% of claimants in their fifties made this transition.

The transitions of 1995 'disabled and others' claimants show much less regional variation. A smaller proportion of these claimants left benefits in the northern regions than in the South East, South West and East, but the overall range was between 25% and 30%, and London and the Midland regions had very similar rates. Static claimant status – those who were still claiming or had reclaimed benefit as 'disabled and others' – shows little variation between regions, with an overall range between 30.6% and 32.5% – little sign of strong divergence or of a polarised experience. It appears that regional variation in transitions, together with the relative size of fairly static stocks of 'disabled and others' claimants with less variation in transition profile, explain the overall differences in the regional experience of claimants in their fifties.

What is the overall effect of these changes in composition and transitions on inter-regional shares and concentration of claimants? Chart 6.9 shows that between 1995 and 2000 the two largest regional shares of claimants in their fifties remained London and the North West. However,

Chart 6.8: Destinations in 2000 status of unemployed claimants in their fifties in 1995, by region



the North West's share grew from over 16% to almost 18%, while London's declined from just over 20% to under 19%. The three northern regions all increased their share. The North East – the smallest in both years – grew from 6.4% to 7.3%, while Yorkshire and the Humber's share also grew, from 10.3% to 10.9%. The East Midlands too increased its share. All other regions lost their share, with the South East experiencing the largest drop outside London. The cumulative effects seem to suggest a growing North-South divergence in the concentration of claimants between 1995 and 2000, despite the fact that London remains the region with the largest share.

### Different and divergent geo-economic factors

Despite the picture shown by Chart 6.9, regional differences tend to overstate geographical explanations at the expense of underlying socioeconomic structural causes. Chart 6.10 shows that in 1995 claim rates for 50- to 59-year-olds were highest in 'Inner London' (2.8%),

'Mining, manufacturing and industrial' areas (2%), 'Coast and services' district areas (1.7%) and 'Education centres and Outer London' areas (1.7%). All have lower claim rates in 2000, except 'mining, manufacturing and industrial' areas, where claim rates rose very slightly but remain shown at 2% due to rounding. Percentage point falls mark large absolute declines in numbers of claimants and are most marked in 'Inner London' and 'Education centres and Outer London' – again, a reflection of how large the claimant populations were in these areas in 1995 and the relative strength of economic growth in these types of area over the period. This again confirms that people in their fifties have been improving their work participation rates during recent economic growth.

However, relative decline shows a more marked difference by type of area. When we measure the proportional decline, that is, the difference between 2000 and 1995 as a proportion of 1995 claimant numbers, this has been greatest in the 'Prosperous England' areas (13.6%), 'Inner London' (12.3%) and in 'Education centres and Outer London' areas (10.3%). On the other hand, claims by people in their fifties in 'Mining,

Chart 6.9: Regional shares of claimants of IS/JSA-IB in their fifties, 1995–2000

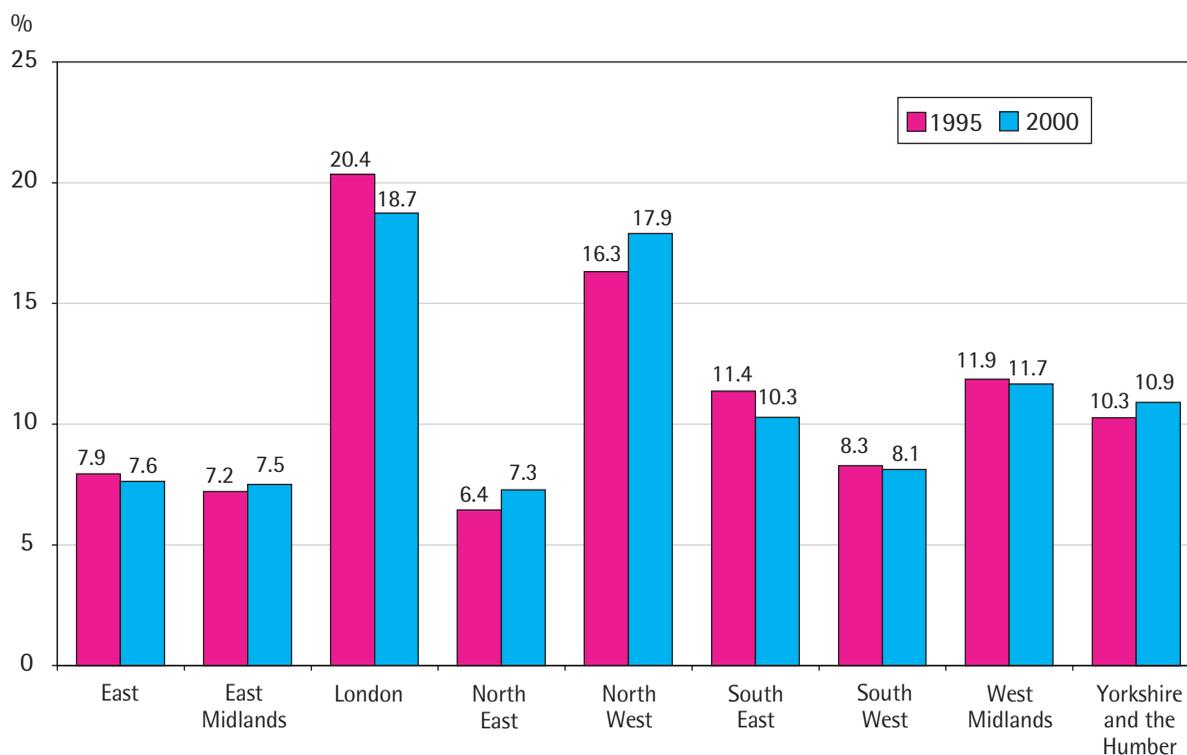
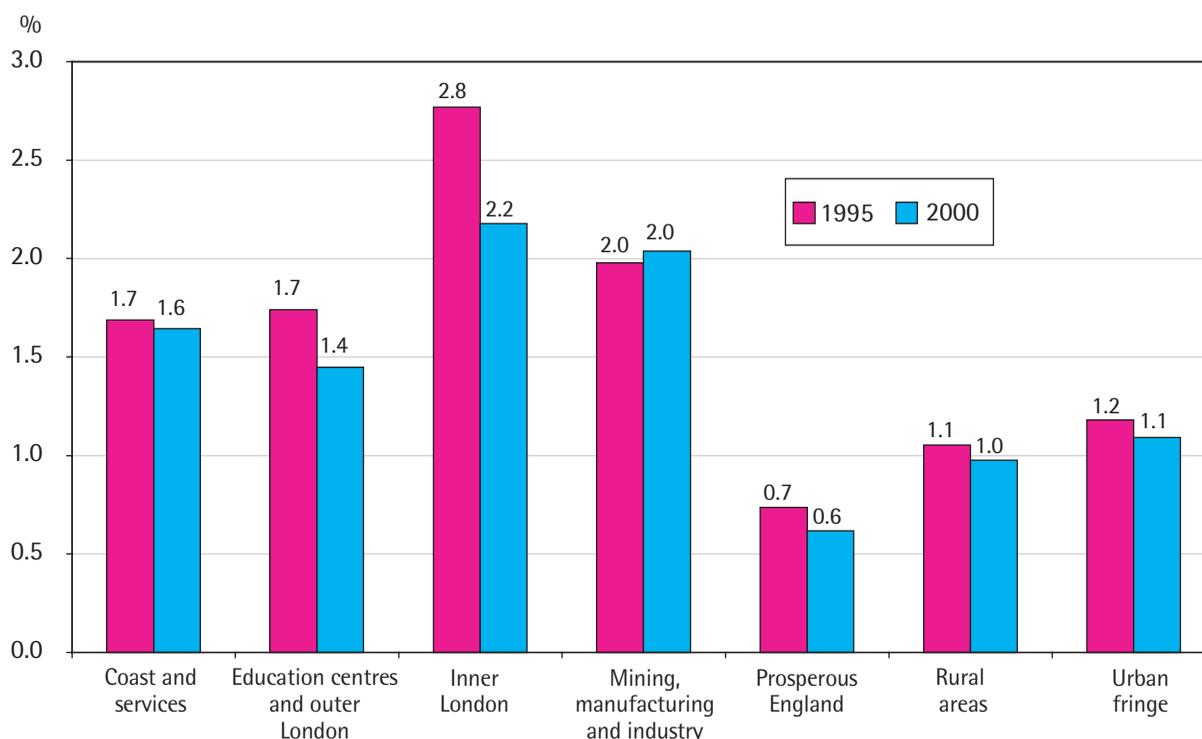


Chart 6.10: Claim rates for people in their fifties, 1995–2000, by ONS district type



manufacturing and industrial' areas have risen by 3.5%, and there has been a very small increase in claims in 'Coast and services' areas (0.2%). This suggests that our previous evidence of a divergence between regions in the North and the South is a reflection of underlying economic

differences. Cutting across these regional differences in rates of decline, however, is a divergent pattern of growth and a decline for 'disabled and others' and unemployed claimants, respectively.

**Chart 6.11: Growth and decline in unemployed and 'disabled and others' claimants of IS/JSA-IB, 1995–2000, by ONS district type**

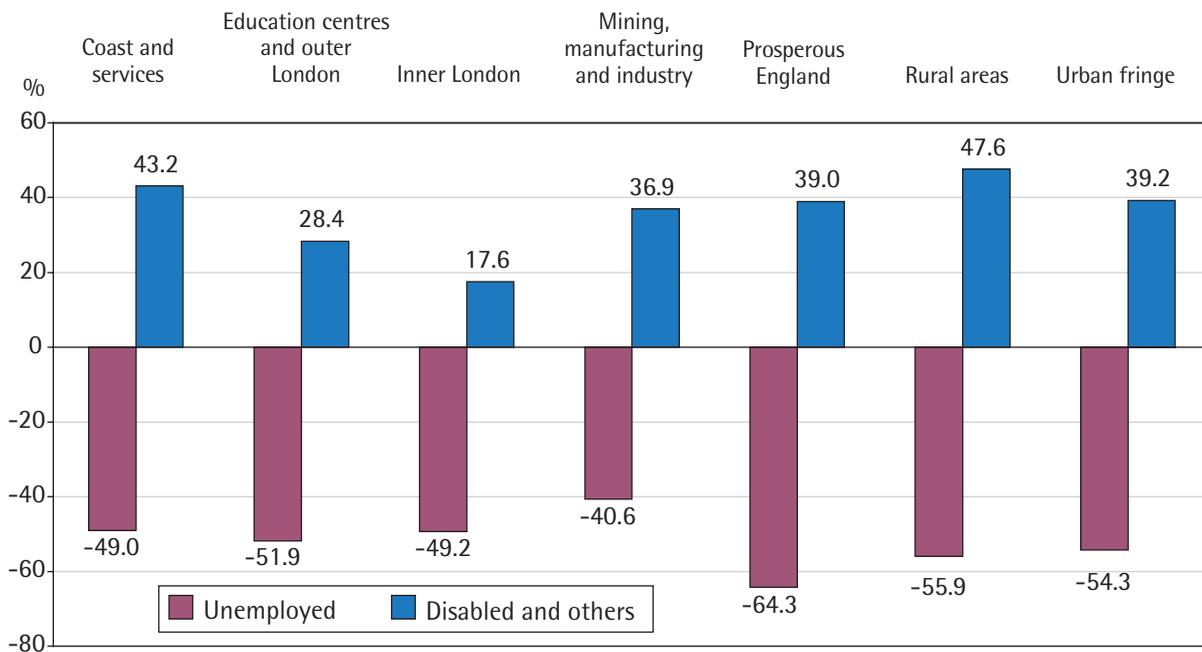
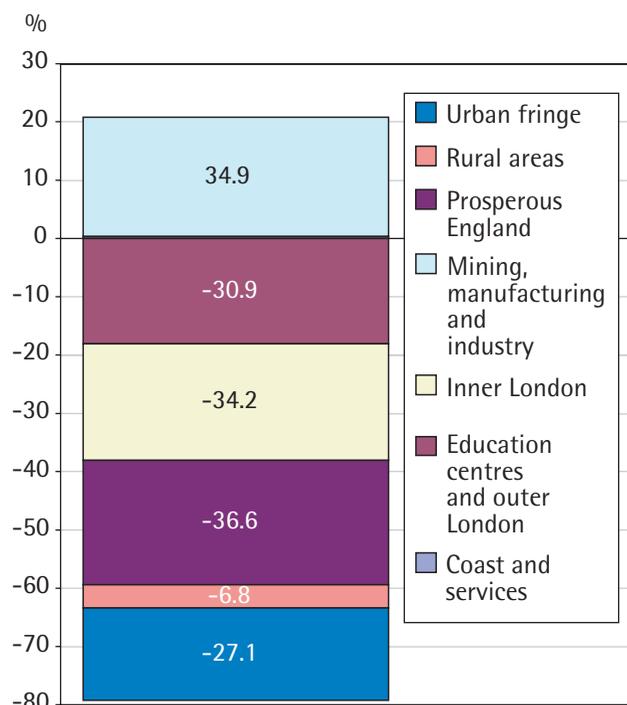


Chart 6.11 shows the numeric growth and decline for unemployed and 'disabled and others' claimants in their fifties across the ONS district types. The decline in unemployed claimants of this age follows predictable lines, being strongest in 'Prosperous England' (64.3%) and weakest in 'Mining, manufacturing and industrial' areas (40.6%). The growth in claimants in their fifties defined as 'disabled and others', however, is less predictable, being largest in 'Rural' areas (47.6%), 'coast and services' areas (43.2%), 'Urban fringe' (39.2%) and 'Prosperous England' (39%). Indeed, it is London that stands out as having lower growth rates of claimants in their fifties in the 'disabled and others' group: 17.6% for 'Inner London' and 28.4% for 'Education centres and Outer London'.

Chart 6.12 shows that claimant numbers in 'Mining, manufacturing and industrial' areas have grown and have made a large countervailing contribution (the light blue segment of the bar shown above the zero line) of growth against the overall decline in claimant numbers. 'Coast and services' areas made a very small countervailing contribution, but by less than 1%, which is too small to be shown graphically. Claimant numbers in all the other ONS district types have declined and contributed to the overall decline of around 27%–37%, with 'Rural' areas making a smaller contribution of almost 7%.

**Chart 6.12: Contribution to overall decline in claimants in their fifties on IS/JSA-IB, 1995–2000, by ONS district type**



How have underlying claimant transitions from 1995 contributed to this picture of different speeds of decline and divergence between geo-economic areas?

Chart 6.13: ONS district type profiles of the 2000 status of 1995 unemployed claimants aged 50–59

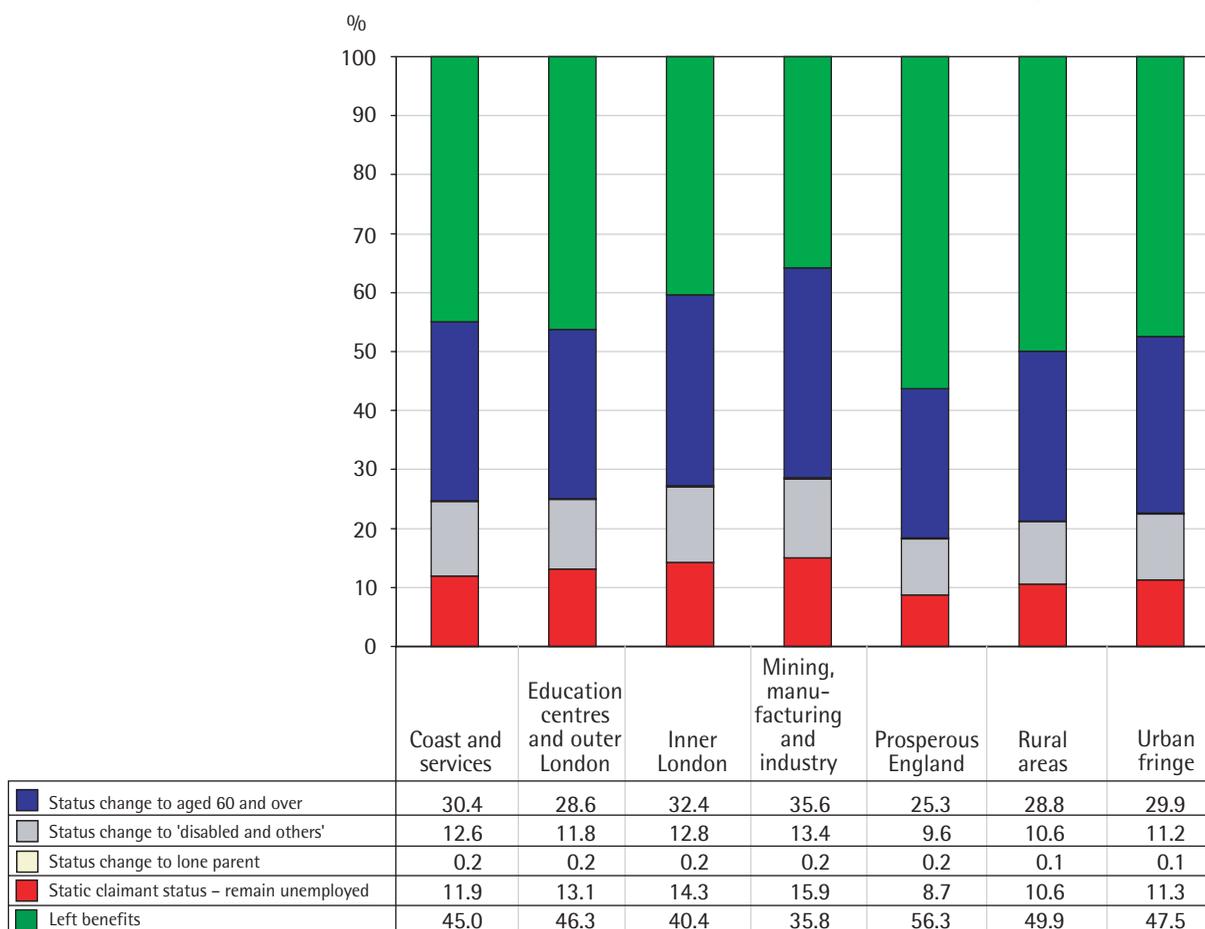


Chart 6.13 shows that exit rates (green bars) for the 50-59 unemployed claimant group in 1995 vary, from 56% in ‘Prosperous England’ to 36% in ‘Mining, manufacturing and industry’ areas.

The proportion of 50-59 year old unemployed claimants remaining on or reclaiming benefit as unemployed shows a similar relationship, with only 9.6% in ‘Prosperous England’, 13.4% in ‘Mining, manufacturing and industry’ areas and 12.8% in ‘Inner London’. Higher proportions of claimants in the low exit rate areas also move into the ‘aged 60 and over’ group, suggesting an older profile. The change of status from unemployed to ‘disabled and others’ also seems to fit more closely the profile of exit rates than the previous regional breakdown – with only 9.6% making that transition in ‘Prosperous England’ but 13.4% in ‘Mining, manufacturing and industry’ areas and 12.8% in ‘Inner London’.

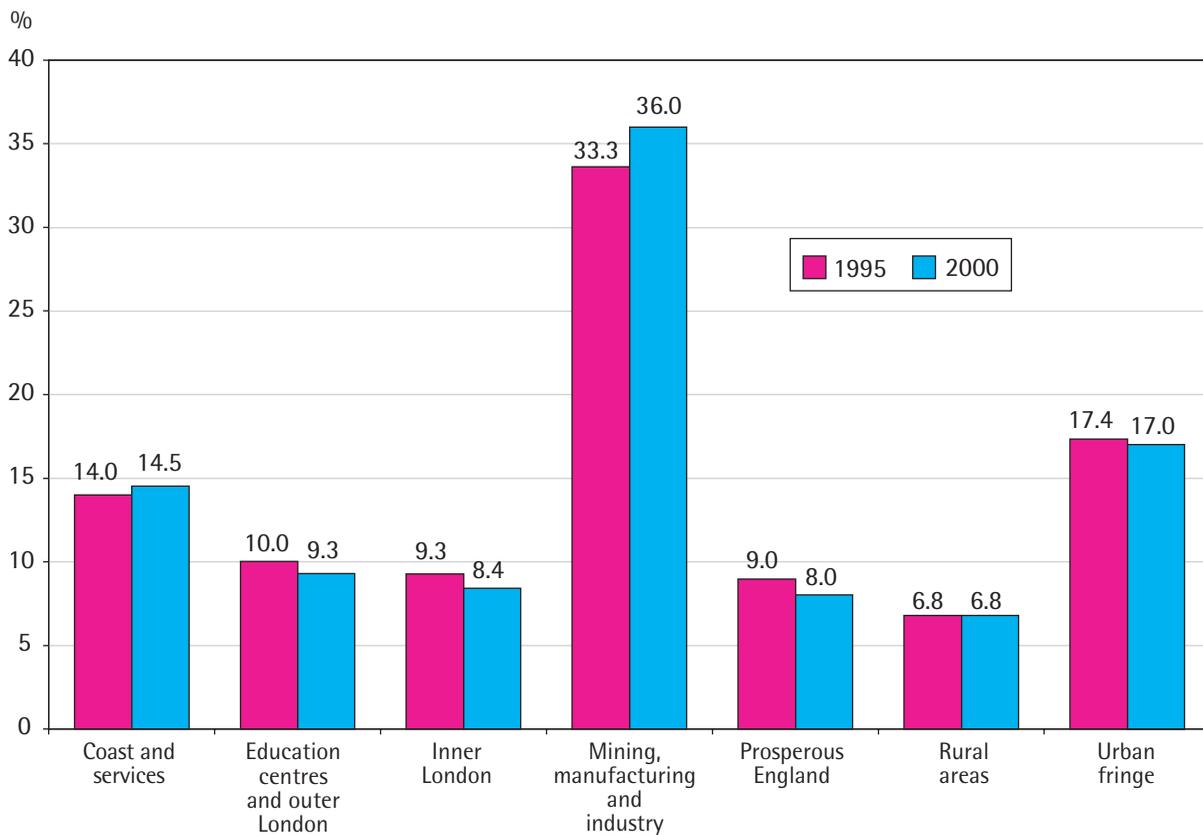
Once more, we can report that there is relatively little difference in profile for ‘disabled and others’ claimants in their fifties, even when split between ONS district type areas, although there is slightly

greater difference than between the regional breakdowns shown above. Exit rates range between 32% and 25%. Static claimant status shows less variation – between 30% and 33% – while the proportion moving into ‘aged 60 and over’ status on benefit range only between 38% and 42%. There is little divergence in this group.

What are the overall effects of these changes in claimant numbers and underlying transitions off benefit on the inequality between areas as defined by this ONS categorisation of geo-economic status? Is there increasing polarisation in the share of claimants between these areas in the proportion of claimants in their fifties that live there? Chart 6.14 shows that the dominant position of ‘Mining, manufacturing and industrial’ areas in 1995, when they had 33% of all claimants in their fifties, had increased to 36% by 2000.

This gain in share has been at the expense of all the other ONS district type areas except the ‘coast and services’ areas, where it increased its share from 14% to 14.5%, and the ‘Rural’ areas, which kept a constant 6.8% share.

Chart 6.14: Shares of claimants of IS/JSA-IB in their fifties, in 1995 and 2000, by ONS district type



### Ward level claimant concentrations

Having shown how important regional and locational structural economic factors have been in explaining the changing profile of claimants in their fifties, we now turn to the ward level and look at all wards according to the proportion of their population claiming IS/JSA-IB. The wards with the highest overall claim rates for IS/JSA-IB have the highest claim rates for the 50- to 59-year-old group. The top (highest claims) decile group had claim rates of 3.1% in 1995 which fell to 2.9% in 2000. However, the 2nd and 3rd decile groups' claim rates remained constant or declined very little. Decline across decile groups is less clearly linear at the top half of the distribution, where the top decile declined at 10.4% – faster than the 2nd and at the same rate as the 3rd, and where the 5th decile group declined less than the 4th.

How has the decline of the unemployed and the 'disabled and others' claimants been influenced by ward concentration? Chart 6.15 shows that this overall decline in claimants is made up of divergent trends in unemployed claimants and 'disabled and others'. There is a fairly

straightforward negative relationship between the decline of unemployed claimants and concentration, but the growth of the 'disabled and others' claimants does not mirror this: the highest rates of growth tend to be in the middle 3rd to 7th deciles. This partly explains the patterns of overall decline, because these decile groups have higher proportions of 'disabled and others' claimants in their fifties. However, it is unclear how far the London effect – because London wards are overrepresented in the top deciles – or other regional or geographical economic effects are having an influence on the decline.

These differential declines have tended to increase the proportion of claimants that are aged 50-59 in the middle of the distribution, as shown in Chart 6.16. Such a trend follows an underlying distribution that sees a higher proportion of all claimants in their fifties in the lower decile groups of ward claim rate in both years, and it has repercussions for targeting programmes for this age group outside of the most deprived wards.

Remember that the highest decile group of wards have the largest claimant populations; thus, even lower rates of decline and growth in these deciles

Chart 6.15: Decline and growth in unemployed and 'disabled and others' claimants of IS/JSA-IB, 1995-2000, by decile group of overall claim rate

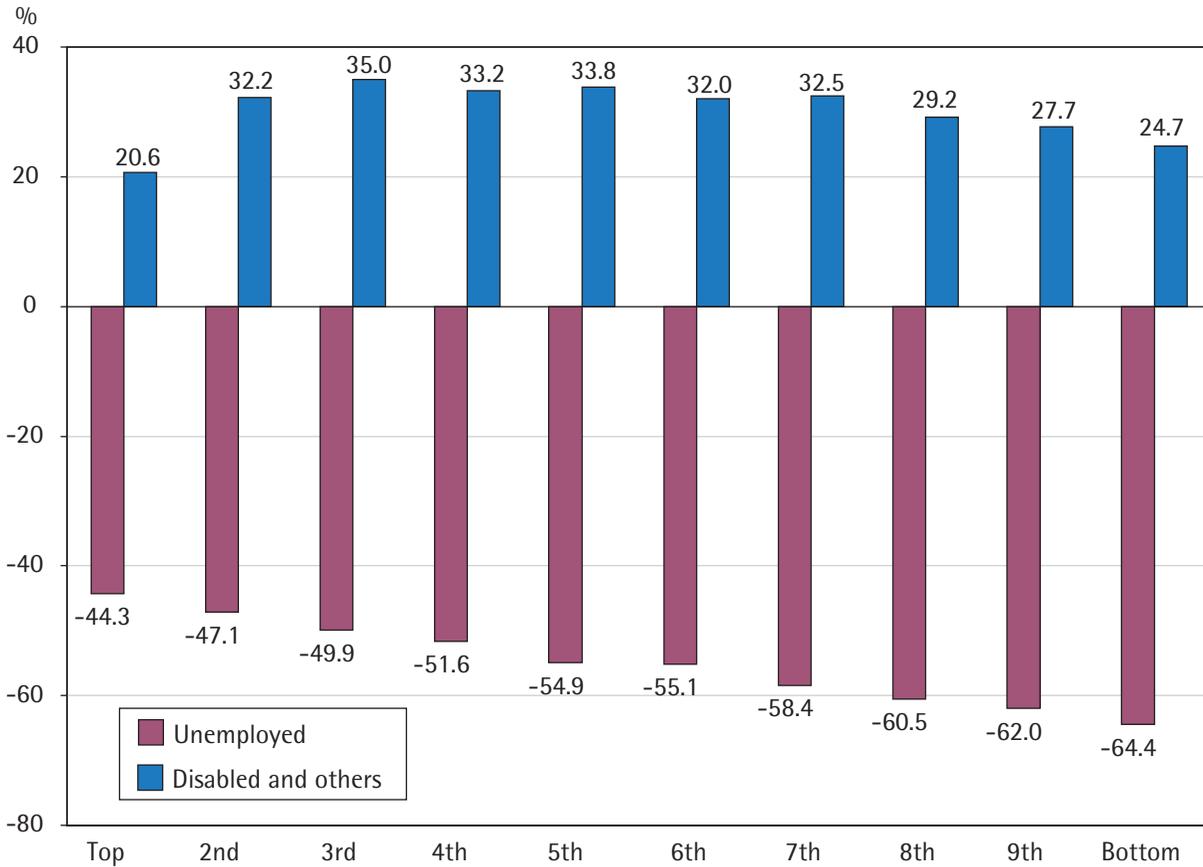
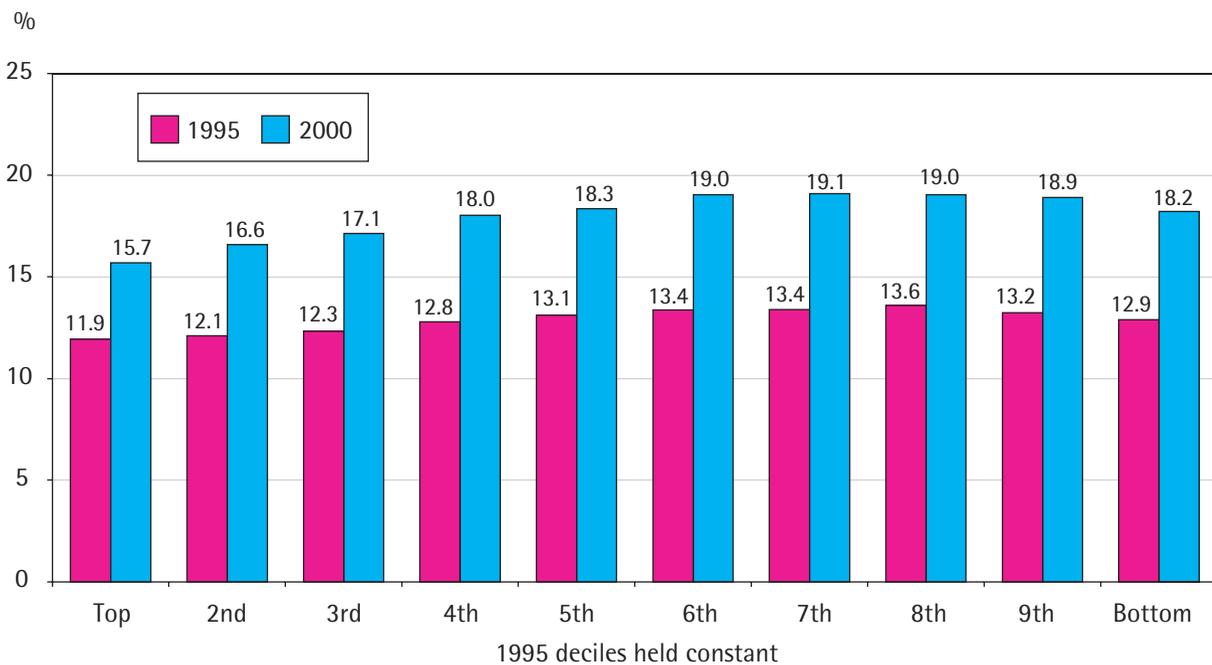
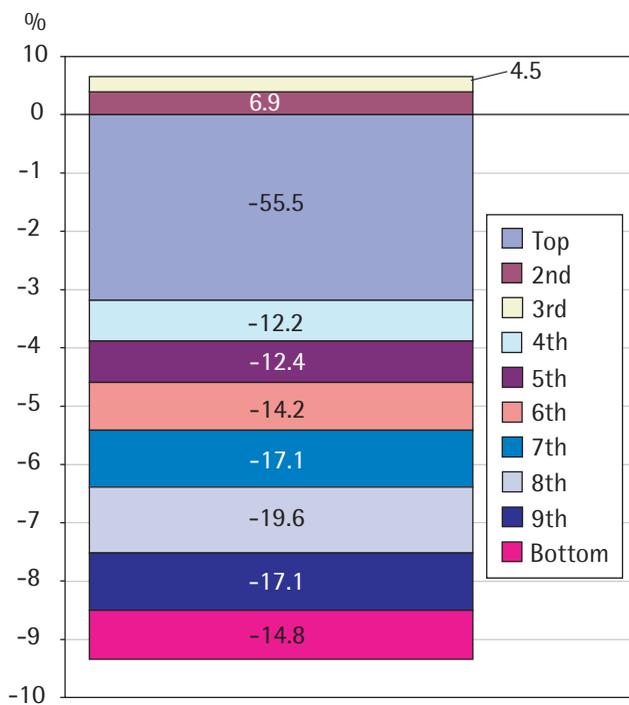


Chart 6.16: Claimants in their fifties as a percentage of working age claimants of IS/JSA-IB, 1995 and 2000, by deciles of overall ward claim rate



**Chart 6.17: Decile group contributions to the decline in numbers of claimants of IS/JSA-IB in their fifties, 1995-2000**



had large absolute effects on the numbers of claimants leaving, staying on or joining benefits. To illustrate this, Chart 6.17 shows how far each decile group contributes to the overall national decline (3.3% – see above) of claimants in their fifties.

### Small area concentrations

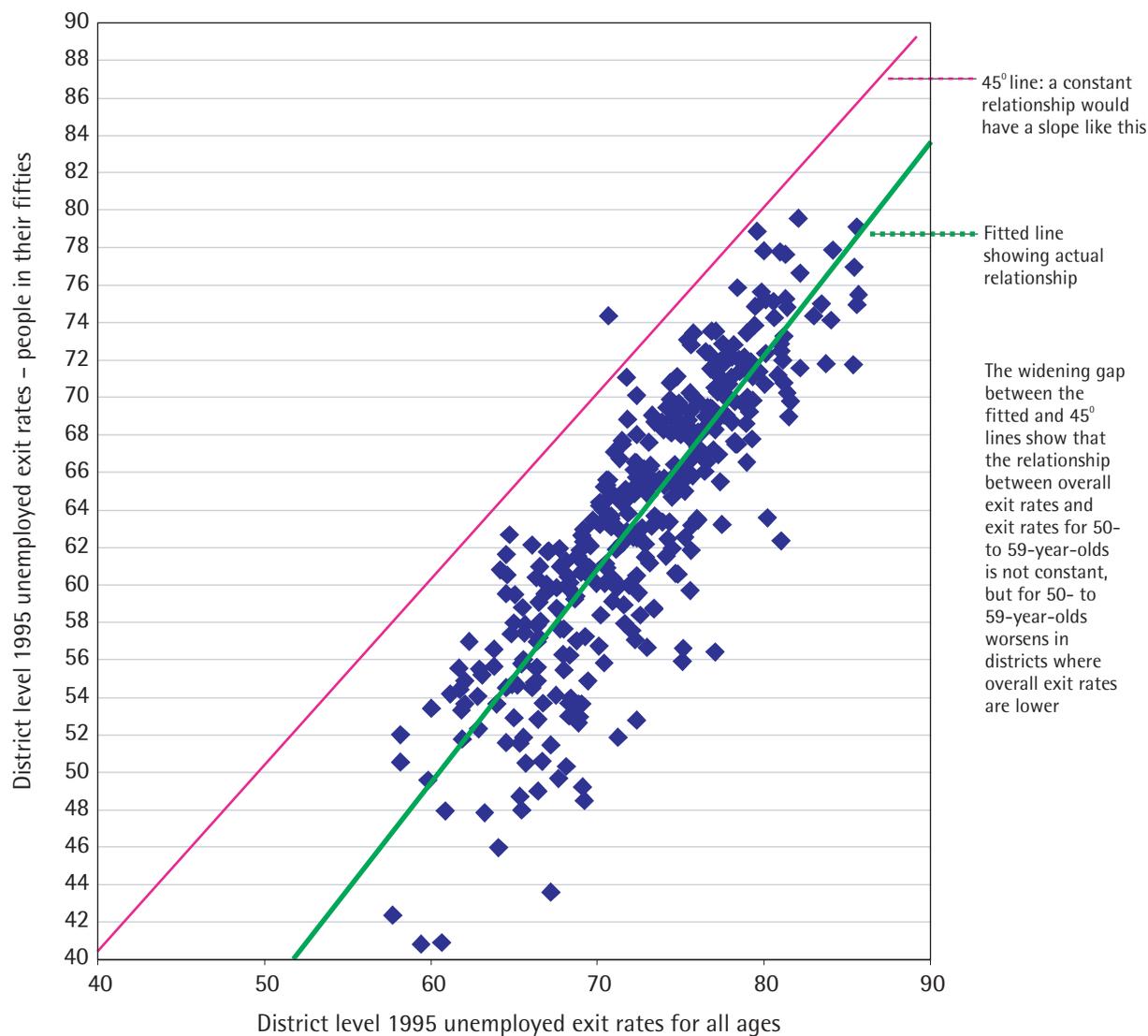
So far we have explored the experience of claimants in their fifties as part of the national picture broken down by region, ONS district type and overall ward claimant rate for all IS/JSA-IB claimants. We now focus on client group and on smaller area analysis, to see how far concentrations of such claimants exist and how much their situation changed between 1995 and 2000. To do so, we alter our underlying measure of concentration to the specific claim rate for the 50-59 age group, measured as a percentage of the 16-59 age group. We are unable to move towards a more demographically exact claim rate measuring 50- to 59-year-old claimants as a proportion of the 50- to 59-year-old population, because small area population estimates are not precise enough.

Why this change of emphasis? It is important for policy makers to be able to link structural and small area phenomena. We have shown already how much less favourably the 50-59 age group has experienced the economic growth between 1995 and 2000 than their younger counterparts, and that this experience cuts across slower speed growth in regional and economic areas for the ‘disabled and others’ category. A number of policies that are responding to the problems of work participation for people in their fifties have already been put in place. The New Deals in employment policy for people in their fifties, for disabled people and for long-term unemployed people provides a range of national schemes of personal advisers to further a return to work for this age group of claimants, together with training, work placements and subsidies and in-work monetary and training incentives. Alongside these national schemes are a range of ABIs through the SRB and New Deal for Communities, which are operating to improve work participation for all age groups alongside other area regeneration aims. Combining targets for policy that are defined by demographic profile and by area is a difficult task for ‘joined-up’ policy making, and in this section we identify the areas of highest concentration of claimants in their fifties at local authority and at ward level.

What difference does moving to a more specific measure of claim rate for the over fifties make to an underlying assessment of the effects of concentration? The most dramatic difference is that, for the first time in this report, we can identify the areas and claimant populations that have had worsening claim rates – already shown at the regional and ONS district type level.

Declining claim rates are mostly driven by exits from unemployment, and Chart 6.18 shows the relationship between district level unemployed claimant exits and exits for unemployed claimants in their fifties since 1995. The ‘good’ news from Chart 6.18 is that higher rates of overall claimant exits are strongly associated with higher rates of exits for claimants in their fifties. However, the ‘bad’ news is that the relationship between rates for all and rates for the 50-59 age group claimants worsens in districts with lower exit rates. Not only is the overall chance of leaving benefits if you are unemployed worse in these districts, but the relative chance for a 50- to 59-year-old is worse than for all unemployed people.

**Chart 6.18: Relationship between the exits of 1995 unemployed claimants for all ages compared with those for unemployed claimants in their fifties**



The differential exit rates at district level help to explain why 38% (135) of all English local authorities have worsening claim rates for the 50-59 age group and why this is accompanied by a real growth in numbers of claimants. However, some of these worsening claim rates are due to small changes in underlying populations, and because we have only two years of data it is difficult to generalise about the overall trend between these years in such cases. When we use an absolute cut-off point of either an increase in 50 claimants or of a 0.1 percentage point, we can still identify 80 districts – 23% of all English districts – that have unambiguously deteriorated in claim rates and claimant numbers for 50- to 59-year-olds. Northern regions within the ‘Mining, manufacturing and industry’ category make up 50% (40) of these districts. This confirms our

findings from previous sections in this chapter. However, the other 50% also confirms the widespread nature of the problems of this age group and of their growing ‘disabled and others’ numbers across regional and economic categories.

How far do these districts with worsening absolute and relative trends match the districts with the highest claim rates? Table 6.3 shows the 30 districts with the highest claim rates for 50- to 59-year-olds in 1995 and their position in 2000. Alongside the claim rates for each year, the table also shows the proportion of all IS/JSA-IB claimants who were in their fifties in both years to give an indication of how far claiming in that age group is concentrated in the high claim rate districts. Each district is given a ranking on the basis of its 1995 claim rate and a further ranking

on its position in 2000. There is no exact match between the 'worsening' with the 'worst' original claim rates. Indeed, all of the London districts in the 'top' 30 have improved – their claim rates have declined, the numbers of claimants have fallen, and their relative rankings have improved. However, Greenwich, Barking and Dagenham, which are not in the top 30 districts with the highest claim rates in 1995, have in fact deteriorated. Urban areas in the West Midlands, Birmingham and Wolverhampton in particular (see Table 6.4) have improved, but Stoke-on-Trent, Telford and Wrekin and Staffordshire have

deteriorated (Table 6.3) although they were not in the 'worst' 30 in 1995. It is mainly the high claim areas in the North East and North West, but also some in the South West (Penwith and Torbay in particular), together with Thanet in the South East, that share the combination of high incidence and worsening profile.

When we turn to the rankings, some of the 'worst' areas that have had large falls in claim rates and claimants are still deprived – particularly the London authorities of Tower Hamlets, Hackney, Islington and Newham. Even so, the relative

**Table 6.3: The 30 local authority districts with the highest claim rates for people in their fifties on IS/JSA-IB, 1995 and 2000**

District	% Claim rate <sup>1</sup>	% of IS <sup>2</sup>	% claim rate <sup>1</sup>	% of IS/JSA-IB <sup>2</sup>	% decline/growth 1995-2000	Rank 1995	Rank 2000	Change in rank 1995-2000
Tower Hamlets	3.9	15.9	3.1	16.4	-21.1	1	4	3
Hackney	3.4	11.0	3.1	14.9	-8.1	2	3	1
Liverpool	3.2	12.0	3.4	16.7	8.2	3	1	-2
Knowsley	3.1	11.4	3.3	15.6	4.7	4	2	-2
Islington	3.0	12.2	2.9	16.0	-3.6	5	6	1
Newham	2.9	10.9	2.6	13.7	-11.1	6	8	2
Manchester	2.9	11.6	3.0	16.2	2.5	7	5	-2
Southwark	2.8	10.6	2.5	14.4	-11.0	8	12	4
Haringey	2.6	9.8	2.3	13.3	-11.9	9	22	13
Birmingham	2.6	13.5	2.4	16.1	-7.2	10	16	6
Hastings	2.5	13.8	2.5	18.2	-1.5	11	11	0
Brent	2.5	11.5	1.9	14.9	-23.1	12	28	16
Thanet	2.5	14.6	2.6	20.5	3.5	13	9	-4
Lambeth	2.5	10.2	2.1	13.5	-16.0	14	26	12
South Tyneside	2.4	12.6	2.6	17.2	6.7	15	10	-5
Camden	2.4	12.4	2.3	17.1	-4.9	16	21	5
Penwith	2.4	16.0	2.7	24.3	14.4	17	7	-10
Sandwell	2.4	14.6	2.3	18.2	-2.2	18	18	0
Torbay	2.3	15.1	2.4	23.3	4.3	19	13	-6
Wolverhampton	2.3	13.3	2.1	16.4	-9.0	20	25	5
Blackpool	2.3	16.1	2.3	19.4	-2.5	21	20	-1
Kingston upon Hull	2.3	11.4	2.4	16.0	4.4	22	15	-7
Middlesbrough	2.3	10.8	2.4	14.6	6.9	23	14	-9
Lewisham	2.3	10.6	2.0	13.8	-12.8	24	27	3
Nottingham	2.2	11.0	2.2	14.7	-2.7	25	24	-1
Hammersmith and Fulham	2.2	12.5	1.9	16.5	-13.9	26	30	4
Salford	2.2	12.7	2.3	17.6	5.1	27	19	-8
Waltham Forest	2.2	11.1	1.9	15.2	-11.9	28	29	1
Redcar and Cleveland	2.2	11.9	2.2	16.8	3.6	29	23	-6
Hartlepool	2.1	12.1	2.4	16.2	10.2	30	17	-13

Notes: <sup>1</sup> Claimants in their fifties as % of 16-59 population

<sup>2</sup> Claimants in their fifties as % of all IS/JSA-IB claimants aged 16-59

changes in rankings between London and other districts suggest that London is improving, either faster than or contrary to other districts with high claim rates. Brent and Lambeth have experienced large declines and real moves in the rankings of more than 10 places against other London and non-London authorities.

Table 6.4 also shows another potential lesson for policy targeting: the proportion of claimants in their fifties has risen in all districts whose claim rates have either declined or risen. This suggests that there does need to be some thought about targeting and the design of programmes to meet this more disadvantaged group. It would appear that job growth has not been sufficient in some areas to draw in those at the back of the job queue, especially people in their fifties, who also may have some form of disability. In 2000 such claimants represented around a fifth to a quarter of IS/JSA-IB claimants in some districts, for instance Torbay, Penwith and Thanet, and it is unlikely that the current allocation of resources between the employment-based New Deals or

within area regeneration programmes reflects this growing and changing profile.

Most ABIs operate in areas smaller than the district level – either in parts of or in a combination of parts of wards. One important issue for small area targeting, therefore, is by how much the difference between the ‘worst’ districts and the ‘worsening’ districts identified above is reflected at the small area level.

Table 6.4 shows that the 50 ‘worst’ wards in 1995 for claimants in their fifties reveal a quite varied picture of change by 2000. There are wards in which the claim rate rose, but there is no overall clear pattern of worsening trends in the ‘worst’ areas. Liverpool, for example, has three wards in which claim rates worsened (Everton, Vauxhall and Breckfield) in the top 50; but at the same time, in Granby, shown in Table 2.8 as the ward with the highest overall claim rates in England, rates have fell. Neighbouring Knowsley was shown as a district in the top 30 in Table 6.3 and had overall worsening claim rates for the 50-59

**Table 6.4: The 50 wards with the highest claim rates for people in their fifties on IS/JSA-IB**

Ward	District	1995		2000		% decline/ growth 1995- 2000	Rank 1995	Rank 2000	Change in rank 1995- 2000
		% Claim rate <sup>1</sup>	% of IS <sup>2</sup>	% claim rate <sup>1</sup>	% of all IS/JSA-IB <sup>2</sup>				
Pier	Thanet	7.8	15.4	7.6	21.1	-2.7	1	3	2
Spitalfields	Tower Hamlets	7.3	20.4	3.2	17.9	-45.3	2	45	43
Everton	Liverpool	7.0	14.7	11.0	21.6	39.5	3	1	-2
St Hilda's	Middlesbrough	6.8	15.5	5.6	15.4	-24.6	4	8	4
Longview	Knowsley	6.5	12.4	5.8	13.3	-19.3	5	7	2
Granby	Liverpool	6.5	12.9	5.6	17.3	-14.7	6	9	3
Blackwall	Tower Hamlets	5.9	14.8	3.5	13.8	-33.1	7	41	34
St Dunstan's	Tower Hamlets	5.9	19.8	3.2	15.8	-42.4	8	46	38
Ardwick	Manchester	5.7	15.3	4.5	15.8	-15.7	9	20	11
Chaucer	Southwark	5.7	13.3	3.0	17.3	-42.6	10	47	37
St James'	Tower Hamlets	5.6	16.1	3.8	17.1	-22.6	11	35	24
Lansbury	Tower Hamlets	5.6	13.3	4.6	16.4	-9.5	12	18	6
Carlton	Brent	5.6	13.5	4.6	15.0	-15.2	13	19	6
Sparkbrook	Birmingham	5.6	15.4	4.5	16.4	-15.4	14	22	8
Vauxhall	Liverpool	5.6	12.2	7.7	18.9	29.4	15	2	-13
Princess	Knowsley	5.5	11.1	4.6	12.7	-15.2	16	16	0
Regent	Great Yarmouth	5.4	12.2	6.1	19.4	16.4	17	6	-11
Bidston	Wirral	5.3	12.9	5.4	16.3	-1.1	18	12	-6
Harpurhey	Manchester	5.3	13.2	5.5	17.3	5.6	19	11	-8
Weavers	Tower Hamlets	5.3	14.7	3.6	15.5	-25.6	20	38	18
Myton	Kingston upon Hull	5.3	14.3	4.9	18.1	-9.3	21	14	-7
Queensbridge	Hackney	5.2	12.1	5.1	17.6	-3.1	22	13	-9
Limehouse	Tower Hamlets	5.2	16.5	4.0	17.1	-13.1	23	30	7

Table 6.4: contd.../

Ward	District	1995		2000		% decline/ growth 1995- 2000	Rank 1995	Rank 2000	Change in rank 1995- 2000
		% Claim rate <sup>1</sup>	% of IS <sup>2</sup>	% claim rate <sup>1</sup>	% of IS/JSA-IB <sup>2</sup>				
Castle	Hastings	5.1	12.5	4.8	16.0	-12.6	24	15	-9
Central	Manchester	5.1	13.3	3.8	16.3	-11.5	25	34	9
Redcoat	Tower Hamlets	5.1	18.3	4.2	18.4	-15.4	26	29	3
Cheetham	Manchester	5.1	14.9	4.2	17.3	-14.0	27	26	-1
Daneshouse	Burnley	5.1	16.4	3.3	16.6	-34.9	28	44	16
Aston	Birmingham	5.0	13.7	3.8	13.1	-23.5	29	33	4
Breckfield	Liverpool	5.0	12.8	6.3	18.2	12.6	30	4	-26
Coldhurst	Oldham	4.9	20.7	3.4	19.0	-27.1	31	43	12
Eastdown	Hackney	4.8	12.6	3.6	15.1	-25.8	32	39	7
West City	Newcastle-upon-Tyne	4.7	12.1	4.4	15.3	-8.4	33	24	-9
St James	Tendring	4.7	18.4	4.3	24.1	-2.0	34	25	-9
Cantril Farm	Knowsley	4.7	13.8	4.5	18.2	-3.8	35	21	-14
Wycliffe	Leicester	4.6	13.6	3.6	16.1	-21.3	36	37	1
Portrack and Tilery	Stockton-on-Tees	4.6	13.8	6.2	20.4	39.6	37	5	-32
St. Mary's	Tower Hamlets	4.6	16.5	2.3	16.7	-39.1	38	50	12
Wenlock	Hackney	4.6	11.9	4.6	15.4	4.8	39	17	-22
Knowsley Park	Knowsley	4.6	16.4	4.2	19.7	-12.2	40	28	-12
Stonebridge	Brent	4.5	11.5	3.5	12.6	-27.4	41	40	-1
Church Street	Westminster	4.5	15.7	2.7	16.3	-21.0	42	49	7
Central St Leonards	Hastings	4.5	12.5	5.6	18.5	16.1	43	10	-33
Westdown	Hackney	4.4	10.2	4.0	15.3	-6.0	44	32	-12
Lawrence Hill	Bristol	4.4	12.5	3.7	13.0	-10.2	45	36	-9
Shadwell	Tower Hamlets	4.4	17.4	2.9	17.0	-20.0	46	48	2
Plaistow	Newham	4.4	12.2	3.4	15.8	-17.2	47	42	-5
Central and Falinge	Rochdale	4.4	16.3	4.0	17.1	-7.8	48	31	-17
Monkchester	Newcastle-upon-Tyne	4.4	13.3	4.4	14.5	-6.6	49	23	-26
Alexandra	Lancaster	4.4	14.8	4.2	17.2	-10.1	50	27	-23

Notes: <sup>1</sup>Claimants in their fifties as % of 16-59 population

<sup>2</sup> Claimants in their fifties as % of all IS/JSA-IB claimants aged 16-59

age group, but Table 6.4 reveals that all of its 'worst' wards improved and had falling claim rates in 2000. London wards all had high falls in claim rates but they are not alone. Many of the 'worst' wards in northern ex-industrial areas also experienced substantial absolute and relative declines in the numbers of claimants in their fifties. This trend seems to be strong across region and concentration, although the declines in London wards are the greatest and these wards rose the most in the rankings in relative terms.

Returning to the wards in Liverpool and Knowsley, two districts of long-term structural unemployment in Merseyside, a closer look at all Liverpool's wards shows that there has been a growth in claim rates for people in their fifties

across the distribution, throughout the city. There are some exceptions in the middle and lower end of the city's wards, but even the two wards with lowest claim rates – Church and Grassendale – had increases in rate and number of claimants. Granby, singled out from other Liverpool wards in the top 50 in Table 6.4 by having high 1995 claim rates but falling claim rates in 2000, is a real exception in Liverpool. Knowsley's experience at the ward level is completely different. All its wards with the highest claim rates had declining claim rates for claimants in their fifties, but the other wards – particularly in the middle ranks – experienced rises in such claim rates. This pattern seems to fit the national pattern of decile group changes, with slower declines in the wards just outside those with the highest claim rates.

### Growing apart?

There was a much lower decline in the numbers of claimants in their fifties between 1995 and 2000, but there is strong evidence that unemployed 50- to 59-year-old claimants have in general been a part of national employment growth. In aggregate they have grown together with the rest of the population. However, the combination of disability and being in their fifties seems to have a strong association with remaining on benefit. Claimants in their fifties account for 57% of the overall growth in 'disabled and others' claimants between 1995 and 2000. Regional trends show a divergence in the speed of decline in claimants in their fifties, especially between northern and southern regions. 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 such as 'Mining, manufacturing and industry' show clear trends of divergent growth in claimant numbers and are overrepresented in the northern regions. Claimant numbers in most other types of economic area declined. Overall, the geographical picture was one of divergence rather than polarised trends: claimant numbers in their fifties were declining and people were leaving benefits throughout England but this was occurring at different speeds. Age and disability rather than location stood out in the description of change (or the apparent lack of change) between 1995 and 2000.

At the small area level, there are districts and wards in which claim rates for the over fifties group have increased in line with regional and ONS district types, but also in some districts and wards outside the worsening regions and ONS district areas. Within the 'worst' districts with the highest claim rates, the situation was not always mirrored in the 'worst' wards with the highest claim rates. In the national profile, the rate of decline was slowest in the 2nd and 3rd deciles of wards (when ranked by claim rate). This means that 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 ABIs that target those areas with the greatest deprivation.

# Conclusion

Has everyone in every area benefited from the strong economic growth between 1995 and 2000? We have addressed this question through the detailed analysis of those receiving means-tested 'out-of-work' social security benefits at the national and smaller area level. We have also been able to look at how individuals have fared since 1995 because we have been able to link individual claimant records together.

Our evidence suggests that the short answer to one part of the question is that *every area* has benefited from this growth, because falling unemployment nationally has had some impact on almost all of the most deprived wards. But for those who would like to herald this fact as justifying the central claim of 'trickle down' theory – that everywhere will benefit in its turn – there are critical qualifications to bear in mind.

First, there have been very different rates of change in different areas, and 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 that often dominate public debate. These locational influences – regional and socioeconomic profiles – overlie one another. While small areas with a high incidence of unemployment and claimants do decline more slowly, they have additionally slower rates of decline if they are (ex-) 'Mining, manufacturing and industrial' areas. For example, and in simple terms, claimants in wards of 'Inner London' with high claim rates in 1995 were leaving benefits at a greater rate than those in wards of similar claim rates in, for instance, Newcastle-upon-Tyne or Liverpool.

Second, when we turn to the question of whether everyone is benefiting from economic growth, then the evidence is not only that some types of claimant are less likely to leave benefit, but also that some claimant groups have actually increased, in both absolute and proportionate terms. For claimants who are defined as 'disabled and others', absolute numbers of claims have risen and claim rates have also gone up. Increased numbers of claimants aged 50-59 explain 57% of the increase in these claimant groups, and the *combination of age and disability* seems to be such a significant factor that it cuts across strong explanations from regional and economic factors. Indeed, the structural factors of economic profile at district level and above are far more important in explaining the increase in claimants in their fifties than are wards with high claim rates. It is in the middle ranking wards that increases in claimants in their fifties have been greatest. However, 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 more rapidly since 1998 than in the 1995-98 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. Other regions – the East, the North East and the South West – have also witnessed substantial percentage decreases in lone parent numbers in the second period. However, the analysis of change between 1995 and 2000 also shows that the exits of lone parents from benefit is significantly lower in wards having a high concentration of claimants.

This means that there are people left behind in places that have benefited, and places that have been left behind when it comes to particular

types of claimant. The evidence therefore is that England is both growing together and growing apart, and that the reasons for this dual trajectory are a complex interaction of location and individual characteristics. Because these influences overlap and reinforce one another in ways that are not always expected, the outcomes of these differential and divergent changes confound one-dimensional explanations and responses.

One result of these different patterns of change is that inequality has grown in the English wards. There has been increasing polarisation between wards with high and low claim rates from 1995 to 2000. The regional pattern of this growing inequality is strong, with inequality within the fastest growing regions in the South, and inequality between regions together accounting for the major part of increasing inequality.

What are the potential lessons from this analysis for policy makers? There is much that policy makers can take comfort from. 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 being 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.

However, although we have found that all areas have benefited, not all areas have benefited to the same extent, and not all people in all areas have benefited. A growing proportion of claimants face multiple barriers to leaving benefit – because of age, disability, or caring responsibilities for children and others, or because they live in areas where there are high concentrations of claimants. These areas may have other characteristics which hinder their participation in the overall national economic growth. This suggests that both ABIs and mainstream programmes have to be maintained, but perhaps they should be readjusted to take into account the overlapping

needs of disadvantaged people and disadvantaged areas.

In this report we have focused more on location than on the individual characteristics of claimants. We have analysed the pattern of change through the claimants living in each area, but 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. Such work is left to future research, but would bring together the policy issues that face those working in both area-based and mainstream policy initiatives. The practical policy challenge is enormous. While Beveridge may have famously posited five giants (want, disease, ignorance, squalor and idleness) (Beveridge, 1942), in the year 2000 there were still 3.8 million IS/JSA-IB claimants in England, and roughly half of them lived in the 20% of wards with the highest claim rates – some 1,680 small areas. The giants faced by the people living in these areas are no less fierce: low income (want), health inequality (disease – in part the legacy of heavy manufacturing industry and mining), educational disadvantage (ignorance), run-down neighbourhoods (squalor) and lack of opportunities for employment (idleness). The chances of beating these giants depend to a certain extent on where you live.

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# A

## Appendix A: Data and methods

### The data

This study uses individual level claimant data for Income Support (IS) and income-based Jobseeker's Allowance (JSA-IB) provided by the Department for Work and Pensions (DWP). The datasets contain individual level records for all claimants of these benefits for all of England at a set date in August 1995, then again in August 2000 (IS) and in November 2000 (JSA-IB). This data has been provided to the research team solely for the purposes of this research in the form of a restricted anonymised extract that preserved the confidentiality and the anonymity of individual cases but included postcodes to allow for small area spatial analysis, and an encrypted case reference number that allowed individual records to be joined between annual datasets for longitudinal analysis. The research team strictly adhered to the requirements to maintain the confidentiality of such data and to ensure that no claimant could be recognisable from any analysis undertaken. We present only aggregate information in this report, and attempt no analysis below ward level. No tables have been released that contain only a few cases.

Previous work undertaken by members of the research team has demonstrated that the information in this data is of good quality. Totals and profiles calculated using this data closely correspond with other administrative data, such as the Department of Social Security (DSS)/DWP Quarterly Statistical Enquiry (QSE), which is currently based on a 5% quality checked sample from these 100% scans, and a claimant count measure of unemployment, drawn from the National Online Manpower Information System (NOMIS) (Noble et al, 2001, Appendices A and B). This is not to say that the data is perfect: inevitably, there are small numbers of

misclassifications and miscoding in all administrative data (for example older people or children with ages that could not be correct), but these represent very insignificant numbers overall.

Consistency over time is a problem for administrative data that changes when underlying policy instruments change. This is true for this data too, but not to the detriment of the analysis we present. There is a consistency of 'unit' over time: the individual claimants in 1995 and 2000 represent 'benefit units' (essentially, claimant plus any partner and/or any dependent children). One drawback of the data is that information on partners is not consistently available between 1995 and 2000.

The 1998 and 2000 data reflect policy changes from the introduction of JSA in October 1996. At that point, claimants whose resources were below prescribed levels and who were required to 'actively seek work' received JSA rather than IS. JSA falls into two categories: 'income-based' (IB) which is the same as the previous IS for unemployed claimants, and 'contribution-based' JSA. This latter group has not been included, as previously they had been part of the National Insurance based Unemployment Benefit claimants. There were also changes in entitlement arising from the change from unemployment benefit to JSA, making trends much more difficult to establish clearly. In this report, any references to 'JSA' refers only to *income-based* JSA (JSA-IB).

The treatment of lone parents on IS also changed in 1997 with the withdrawal of entitlement to the lone parent premium for new claimants. But the DWP continued to categorise lone parents in the data on the basis of their being one of the major 'claimant groups', and we have used this categorisation (see Chapter 1).

## Interpreting the data

The data provides an administrative record of everyone who is claiming (is being paid) the means-tested social assistance benefits IS (in 1995) and the IS and JSA-IB (in 2000). To be included in the data, therefore, people had to be both eligible and actually claiming. These prerequisites mean that receipt of benefits, and hence inclusion in these datasets, cannot be taken as an exact measure of poverty or income deprivation. There are people who are as poor or poorer who either do not qualify for benefit or who qualify but do not make a claim. Even those included in the data may not meet other criteria that are frequently used for measures of poverty, such as 'households below half mean (or 60% of median) income'. However, there is no doubt that IS and JSA-IB represent low income, and in many cases a lower measure of income deprivation than 50% of the mean (or 60% of the median) household income.

It is also important to underline that IS and JSA-IB claimants who are unemployed are a large subset of all unemployed people and are not a complete and equivalent sample of all unemployed people. Similarly, IS and JSA-IB claimants do not represent all of 'the workless' who may claim no benefit or alternative benefits – in particular, Incapacity Benefit or Severe Disablement Allowance – but again, they are a large subset of them.

While these limitations of the data point to its few weaknesses as an analytical tool, it is important to recognise the strengths of the data, in particular its comprehensiveness and consistency and the potential explanatory and descriptive power that flows from these qualities.

- First, the sheer numbers on these benefits – nearly five million claimants in 1995 (not counting any partners or dependant children) – mean that a large proportion of those likely to be defined as 'poor' by most other criteria will be included in this study.
- Second, the data provides a consistent source of information on income deprivation and change over time at both national and local levels, using 'claim rates' – the claimant population as a proportion of the appropriate underlying population – as a proxy measure. It is currently the only comprehensive set of data available between censuses to enable this.

## Geography and denominators

Small area analyses of the data rely on geo-coding using postcodes from the individual level data records. But there were significant boundary changes at both local authority and ward level in England between 1995 and 2000, and it was necessary to employ a consistent set of boundaries. We used 1998 boundaries in order to be consistent with the previous 1995-98 analysis and with current protocols of the Office for National Statistics (ONS) and the Neighbourhood Renewal Unit. Also, using different boundaries would have threatened confidentiality where changing boundaries could, in theory, identify small numbers of cases that had changed their geographical definition.

To calculate 'claimant rates', population denominators were needed. For 1998, the study used population denominators based on the ward level estimates produced for the DETR Indices of Deprivation 2000 (ID, 2000)<sup>7</sup>. For 1995, the 1991 Census data, as corrected in the Estimating with Confidence (EWC) project revisions, were used and interpolated to converge with the 1998 estimates. These procedures used a look-up table developed for the ID 2000 project to convert 1991 populations to 1998 ward boundaries. The updating initially makes the assumption of smooth overall change over the period 1991-98, but ward level totals were controlled to ONS mid-year district level estimates for 1995. To provide 2000 ward estimates, the 1998 ward level estimates were extrapolated and constrained to mid-2000 ONS district estimates.

No alternative reliable data source was available to provide any other transitional procedure. Thus, in areas with significant housing demolition or new building, the estimated data may lead or lag behind the true position.

<sup>7</sup> See Penhale and Nobel (2000) for the way these 1998 estimates were derived using updated Census information, electoral registers and benefit population data.

# B

## Appendix B: Inequality measures<sup>8</sup>

Chapter 4 employs a number of statistical measures of inequality, and this appendix provides a brief description of them together with a fuller set of results for the decomposition of ward level inequality by region and by ONS district type, and subsequent analysis of change in the respective shares of these subgroups of the English sample of wards. Readers who wish to pursue a wider literature on measuring inequality and decomposing such measures by subgroups are directed to the References on page 83.

to be sensitive to different parts of the distribution; see the description given below. The four GEs present bottom-sensitive and top-sensitive results running from left to right. The results show that bottom-sensitive measurement gives the highest growth in inequality: almost 40%, compared with around 24% for top-sensitive measures. These results both confirm and enlarge on the picture of changing inequality given by the comparison of percentile point ratios in the previous parade. Inequality is growing, and the bottom of the distribution has changed more rapidly than the top – again confirming the picture from the earlier analysis in Chapter 4 that showed slower declines in claimant numbers in the wards with the highest claim rates.

### Measuring overall inequality

Table B1 shows results from analysis using four inequality measures. The Gini coefficient, which is sensitive to the middle of the distribution, shows an 11.4% increase in inequality between English wards from 1995 to 2000. The other three results shown come from a group of inequality measures called ‘general entropy’ (GE) measures. These statistical measuring tools can be calibrated

### Methodological notes

#### The Gini coefficient

The Gini coefficient is given by

$$G = 1 + (1/N) - [2/(m.N^2)] \left[ \sum_{i=1}^n (N - i + 1)(y_i) \right]$$

<sup>8</sup> The notation and explanations in this appendix are drawn from the notes by Professor Stephen Jenkins that accompany the Stata programs he has written for statistical measurement of inequality using that software package.

**Table B1: Inequality between English wards, 1995–2000**

	General entropy group of measures				Gini coefficient (Middle sensitive)
	bottom sensitive			top sensitive	
	GE(-1)	GE(0)	GE(1)	GE(2)	
1995	0.191	0.168	0.170	0.196	0.323
2000	0.266	0.215	0.210	0.243	0.360
% change	39.6%	28.1%	23.8%	23.6%	11.4%

where population of wards,  $i = 1, \dots, n$ , and with claim rate  $y_i$ . The measure is based on ward observations being ranked in ascending order of  $y_i$ .

### The general entropy class of measures

We use these measures for two main reasons.

1. Unlike the Gini coefficient, and unlike the percentile point ratios, these measures can be used to analyse subgroups (the technical term is **decompose**) of the whole sample. In our case, this allows analysis of subgroups of regions and ONS district types. In making such subgroup analysis, these measures also differentiate between inequality *within* and *between* such subgroups.
2. While all measures of inequality are sensitive to various parts of the distribution, the GE class of measures can be specified so as to be sensitive to such differences and thus can be used in tandem to obtain a balanced analysis that takes into account such sensitivity overall.

The indices from this class of measure use a single parameter (called the **alpha** or  **$\alpha$  parameter**) and are abbreviated to  $GE(\alpha)$ . The inequality indices differ in their sensitivities to value differences in different parts of the distribution, depending on the value of the  $\alpha$  parameter. Positive values of  $\alpha$  are sensitive to value differences at the top of the distribution, while decreasing and negative values are more sensitive to differences at the bottom of the distribution.  $GE(0)$ , the value presented in the main tables of this report, is the mean logarithmic

deviation;  $GE(1)$  is also known as the Theil index, while  $GE(2)$  is half the square of the coefficient of variation.

The GE class of inequality indices is given by the following formula:

$$GE(\alpha) = \frac{1}{\alpha(1-\alpha)} \left[ \left[ \sum_{i=1}^n (f_i)(y_i/m)^\alpha \right] - 1 \right] \alpha^{-1}, \alpha^{-1}$$

### Decomposing ward inequality by region

GE measures also allow for total ward inequality to be broken down ('decomposed') by subgroups of wards. Government Office for the Region (GOR) is the subgroup we used to assess the strength of regional influences on English ward inequality. GE measures allow estimates of both inequality within regions and inequality between regions, which, when summed make up, total ward level inequality. Readers are referred to the methodological notes for further explanations of these calculations and formulae.

We used each region's within inequality measure as the basis for *intra-regional* inequality and the measure of inequality between regions as *inter-regional* inequality. To obtain regional shares of inequality, each intra-regional inequality score is weighted by the proportion of all English wards contained within it. The sum of these weighted scores gives total intraregional inequality share. The scores for interregional inequality, when added to this total intra-regional share, sum to total inequality.

**Table B2: Intra-regional ward level inequality in 1995, compared with inter-regional ward level inequality**

Ranked by GE(-1)	GE(-1)		GE(0)		GE(1)		GE(2)	
	%	ranking	%	ranking	%	ranking	%	ranking
South East	16.0	1	16.1	2	16.5	2	17.5	2
North West	15.9	2	14.4	3	13.8	3	13.7	3
<b>Between region</b>	<b>14.3</b>	<b>3</b>	<b>16.8</b>	<b>1</b>	<b>17.9</b>	<b>1</b>	<b>17.5</b>	<b>1</b>
London	9.0	4	7.9	7	7.1	8	6.4	8
East	8.7	5	9.0	4	9.2	4	9.5	4
East Midlands	8.1	6	8.4	5	8.6	5	8.9	5
South West	8.0	7	8.3	6	8.5	6	8.6	6
West Midlands	7.3	8	7.6	8	7.8	7	8.0	7
Yorkshire and the Humber	6.5	9	6.0	9	5.7	9	5.5	9
North East	6.3	10	5.5	10	4.9	10	4.5	10

Table B2 shows the 1995 regional shares of ward inequality using GE measures. These show that in 1995 the largest share of inequality was within the South East (16%-17.5%), within the North West (15.9%-13.7%) and between regions (14.3%-17.5%). The rankings of these three largest factors in regional inequality share are sensitive to inequality measures in that the bottom sensitive measure (GE(-1)) seems to rank intraregional inequality within these regions as higher than interregional inequality. However, the other measures place interregional inequality as having the biggest share.

There is also a consistent picture across inequality measures for the regions with the lowest shares. Intraregional inequality shares are lowest in Yorkshire and the Humber (5.5%-6.5%) and in the North East (4.5%-6.3%). London's share seems particularly sensitive to choice of measure, ranking 4th using bottom-sensitive measures (GE(-1)) 9%, but 7th and 8th using top-sensitive measures (6.4%-7.9%).

Because the GE measures are ordinal numbers, the rankings should always be preferred to the cardinal measures given by the percentages. These are included to illustrate the approximate size of shares of the differing regional components of ward inequality.

Using the change in weighted regional inequality scores between 1995 and 2000, we can estimate each intraregional contribution to overall change in inequality alongside the contribution made by growing inter-regional inequality. Table B3

shows the results from this analysis. Interpretation focusing on the rankings rather than cardinal numbers is again preferred.

The largest contribution to growth in ward level inequality from regional factors is shown to be inequality within the South East region and inter-regional inequality. Inequality within the North West is a larger contributor – ranked 2nd – in bottom-sensitive measures than in top-sensitive measures – ranked 4th-6th. Inequality within the East is also a large contributor to inequality but is ranked 2nd for top-sensitive measures and 4th for bottom-sensitive measures. There is greater consistency of results across measures when the bottom rankings are compared. Growing inequality within London, the North East and Yorkshire and the Humber are consistently placed as the three lowest contributors to overall increases in inequality.

To establish how far geo-economic factors influenced changing ward level inequality, the same exercise in decomposition and weighting was repeated for ONS district types.

Table B4 shows very consistent rankings across inequality measures and indicates that inter-district type inequality was not only most important of all measures, but also had a larger between-group factor than the regional decomposition – pointing to the differences in economic profiles that underlie widening inter-regional inequality.

**Table B3: Intra-regional contribution to growth in ward inequality in England in 1995–2000, compared with inter-regional contribution to growth in ward inequality**

Ranked by GE(-1)	GE(-1)		GE(0)		GE(1)		GE(2)	
	%	ranking	%	ranking	%	ranking	%	ranking
South East	19.2	1	18.7	1	19.6	1	22.3	1
North West	12.3	2	10.6	4	9.4	6	9.2	6
<b>Between region</b>	<b>11.5</b>	<b>3</b>	<b>15.1</b>	<b>2</b>	<b>15.2</b>	<b>2</b>	<b>11.8</b>	<b>3</b>
East	11.3	4	12.7	3	14.1	3	15.9	2
East Midlands	10.6	5	10.5	5	10.4	4	10.3	5
South West	8.4	6	9.4	6	10.0	5	10.6	4
West Midlands	7.3	7	7.7	7	7.9	7	8.1	7
London	6.6	8	5.4	9	4.7	9	4.1	9
Yorkshire and the Humber	6.4	9	5.4	8	4.9	8	4.6	8
North East	6.4	10	4.6	10	3.7	10	3.1	10

Table B4: Contribution to growth in ward inequality in England in 1995–2000, by ONS district type

	GE(-1)		GE(0)		GE(1)		E(2)	
	%	ranking	%	ranking	%	ranking	%	ranking
Between ONS district types	26.3	1	31.5	1	32.3	1	29.4	1
Prosperous England	20.7	2	21.9	2	23.2	2	25.6	2
Urban fringe	15.5	3	15.6	3	15.4	3	15.6	3
Rural areas	11.7	4	12.2	4	12.8	4	14.1	4
Coast and services	6.6	6	6.9	5	7.1	5	7.6	5
Mining, manufacturing and industry	8.1	5	5.9	6	4.6	6	3.9	6
Inner London	5.1	8	3.2	7	2.4	7	1.9	8
Education centres and outer London	6.1	7	2.8	8	2.1	8	1.9	7

## Further methodological details

Each  $GE(\alpha)$  measure can be broken down into subgroups as follows:

$$GE(\alpha) = GE_W + GE_B$$

where the expression  $GE_W(\alpha)$  is ‘within-group inequality’ and  $GE_B(\alpha)$  is ‘between-group inequality’.

This means that each subgroup’s ‘within-group inequality’ and the total ‘between-group inequality’ can be expressed as follows:

$$GE_W(\alpha) = \sum_{k=1}^{k=K} [v_k^{1-\alpha}] \cdot [(s_k)^\alpha] \cdot GE_k(\alpha)$$

where  $v_k = N_k/N$ , ie the number of observations (in our case, wards) in subgroup  $k$  divided by the total number of observation (wards) (forming the subgroup population share), and  $s_k$  is the share of total claim rate held by  $k$ ’s ward members (their subgroup income share).

$GE_k(\alpha)$ , inequality for subgroup  $k$ , is calculated as if the subgroup were a separate population, and  $GE_B(\alpha)$  is derived assuming every person within a given subgroup  $k$  received  $k$ ’s mean income,  $m_k$ .

# C

## Appendix C: Models of exit from IS/JSA-IB for unemployed and lone parent claimants

### Introduction

Throughout this study, differences in rates of IS/JSA-IB receipt between various groups and regions have been explored. In this appendix an attempt is made to explain why these differences might exist through a multivariate statistical analysis. This was achieved by exploring the relationship between exits from IS/JSA-IB and individual and area characteristics.

Because of the relatively low number of variables available at the individual level and the very large number of individual cases, it was decided to aggregate the exit data up to ward level, recording them as a proportion. This proportion was then used as the independent variable in a series of exploratory models. The models therefore attempted to predict ward level rates of exit. Two types of exit were analysed: those of individuals who were unemployed in 1995 and those who were lone parents in 1995. Because the denominators for some wards were very small, it was decided to smooth the estimate spatially. This was achieved by 'shrinking' the estimate, where appropriate, to the district rate (that is, when the standard error is very large and the variation of the estimates with a district is not great) (Noble et al, 2000).

Variations between different geographical areas were identified in many parts of this report. There were, for example, significant differences in rates and changes in the rates between different types of district grouping (that is, ONS classified). In order to test whether these regional differences were due simply to the types of ward that made up these larger areas (that is, a compositional effect) or whether there was

something intrinsic in the regional type that could explain these differences (that is, a contextual effect), a multilevel model was used<sup>9</sup>.

Multilevel models allow these two important aspects to be modelled appropriately within the same analysis. They acknowledge the hierarchical nature of the data, in this case wards situated within districts, and allow for wards within a district to be more similar to each other than to wards in other districts, a situation sometimes known as **spatial auto-correlation**. This is important, especially because the ward proportions in this study have been spatially smoothed, generating greater amounts of spatial autocorrelation where it already existed. If a standard regression approach were used, one of its fundamental assumptions – that there is no dependency among the error terms – would have been violated. Strictly speaking, it would be most appropriate to model a proportion through a general binomial response model. However, there are a number of problems with the use of such a model; the coefficients are hard to interpret, and binomial response multilevel models are still in an early stage of development. This analysis was intended to be exploratory, and so an ordinary multilevel model was used. As such, all the coefficients are expressed as percentage point differences in the exit rate (see p 94 for further details of the technique used).

<sup>9</sup> This particular type of model can be fitted using the MLwiN programme: see Rasbash et al (2000).

All independent variables were transformed into 'z-scores' in order to help with the stability of the model and to aid in the interpretation of the coefficients. This means that the constant in the models represents the predicted rate for a ward with average scores across all the explanatory variables. The coefficients for each of the predictor variables represents the difference in exit rates related to a standard deviation change of 1 for that variable. This means that the coefficients can be compared, with caution, to assess the relative impact the different predictor variables on exit rates.

## Results for the model of exits from IS/JSA-IB for unemployed claimants

We shall first take the exit rates from IS/JSA-IB of those unemployed in 1995. Initially, a null model is run with only a constant present (see Table C1). This initial model partitioned the variance between the two specified levels: within-district or ward level variance (level 1) and the between-district variance (level 2). The size of the level 2 variance (19.872) compared with the district level variance (26.978) indicates that wards within a district were more similar to each other than to all wards across the country, in other words that low or high rates of exit were not simply 'pockets' in contrast to neighbouring areas. Whether this was due to the actual clustering of ward level characteristics in a district or some wider kind of district level effect was then tested in two further models.

The second model included a series of ward level predictor variables. If the district level variation could be 'explained' by these variables, then the conclusion that there was a wider district level effect would seem less convincing. The ward level variables added to the model represented a series of indicators that might be expected to have an influence on exit rates from unemployment. The Index of Multiple Deprivation 2000 (Noble et al, 2000), a general measure of area deprivation, was used as a base variable against which the impact of more specific indicators could be tested. So, for example, in reference to the proportion of 16- to 59-year-olds who were unemployed in 1995, the Index of Multiple Deprivation would capture the general conditions excluding individuals from work, such as low human capital, illness or poor

geographical access to centres of economic activity, allowing the unemployment rate to indicate the impact of a labour surplus. The proportion of unemployed people who had been unemployed for over 12 months attempts to capture the size of a residual group that lack either the skills or the motivation to move into work. It of course requires other variables to control for the general effect of a lack of employment opportunities. The proportion of 25- to 59-year-olds with no qualifications and the number of 16-year-olds not staying on to take post-16 educational opportunities attempt to capture the impact of low human capital impacting on individuals' ability to move into work. The age of unemployed people tests whether older unemployed people find it harder to gain employment. Because a proportion of those unemployed in 1995 will not have been able to move into employment because of illness and death, the health domain from the ID 2000 is used to assess the impact of a relatively high rate of ill health on exit rates.

All these indicators were statistically significant at the 99% confidence level and explained over half of both the level 1 and level 2 variance. This demonstrates that a considerable amount of the difference between districts results from the individual characteristics of the wards within them. That is, districts that have a relatively low rate of exits between 1995 and 2000 are made up of wards with the particular 'harmful' characteristics listed above. It is still possible, and indeed likely, that these particular characteristics result from a regional effect, otherwise there is no reason why they would cluster spatially; however, these regional effects seem to impact through these specific pathways.

In the third model, a series of district level predictor variables was added in an attempt to explain more of the inter-district variation. The first variable measured the level of growth in jobs in the district between 1988 and 1998. This represented a broad long-term measure of economic growth and associated labour demand. Second, a set of dummy variables was used to represent the set of ONS district types discussed throughout this report. The base category was set to 'Prosperous England', so all the other types were compared with this set of wards. This meant that the constant now became the predicted exit rate for a ward within the 'Prosperous England' family of districts with

average scores on all the other predictor variables. An increase in the constant's value would be expected because of the relatively higher rate of exits in 'Prosperous England' districts.

These new predictors explained about another 30% of the remaining level 2 variance. The growth of jobs between 1988 and 1998 has a positive effect on average districts' exit rates. Districts that are classified as 'Educational centres and Outer London' are not significantly different in their predicted exit rates from 'Prosperous

England', but all other types of district had significantly lower rates. Districts classified as 'Mining, manufacturing and industry' had on average a 5 percentage point lower exit rate than 'Prosperous England', even controlling for all the ward level characteristics listed above and the growth or not of jobs from 1988 to 1998. It seems likely that the de-industrialisation associated with these areas has had an especially pernicious impact on individuals' chances of escaping unemployment in the late 1990s.

**Table C1: Exit model from IS/JSA-IB for unemployed claimants**

Variables	Null model		Model 1		Model 2	
	Parameter	Standard error	Parameter	Standard error	Parameter	Standard error
<i>Fixed effects: level 1 (ward)</i>						
Constant	73.121	0.282	73.276	0.165	75.563	0.300
Index of multiple deprivation			-1.540	0.133	-1.497	0.133
Proportion of 16-59 population unemployed in 1995			-1.058	0.095	-1.114	0.095
Proportion of unemployed in 1996 who had been unemployed for over 12 months			-0.678	0.061	-0.659	0.061
Proportion of 25- to 59-year-olds with no qualifications			-0.539	0.092	-0.531	0.092
Proportion of 16-year-olds not staying on in education			-0.185	0.053	-0.205	0.053
Average age of unemployed			-0.944	0.044	-0.973	0.045
Health domain			-0.863	0.107	-0.705	0.107
<i>Fixed effects: level 2 (local authority district)</i>						
Growth in jobs 1988-98					0.396	0.154
ONS district classifications						
1 Prosperous England (base)						
2 Educational centres and outer London					-0.848	0.704*
3 Inner London					2.124	0.857
4 Rural areas					2.228	0.452
5 Urban fringe					2.914	0.411
6 Coast and services					2.914	0.504
7 Mining, manufacturing and industry					5.129	0.507
<i>Random effects</i>						
Level 1 variance	26.978	2.103	11.757	0.185	11.739	0.185
Level 2 variance	19.872	0.313	8.986	0.718	6.155	0.504

\* Insignificant at the 0.05 level

Notes: All variables have been transformed into z-scores, Null model – with only a constant present, Model 2 – ward level variables added, Model 3 – district level variables added.

## Results for the model of exits from IS/JSA-IB for lone parent claimants<sup>9</sup>

The same structured approach to exploring the hierarchies of wards in districts was applied to a study of exits of lone parents from IS/JSA-IB benefits (see Table C2).

When the variance was partitioned in the null model, the variance at the district level was greater than at the ward level. This implies a greater degree of similarity in exit rates within districts than between districts. However, the use of the shrinkage technique may have increased the amount of similarity. There are generally

fewer lone parents than unemployed people in a ward, and therefore the shrinkage technique will have had greater impact. An interpretation of this finding should therefore be made with caution.

The first model introduced a series of ward level predictor variables. The first three of these were the same as those used to predict exits from unemployment, and the same theoretical justification is made for these indicators in the case of lone parents. The other four variables relate specifically to lone parents. The number of children a lone parent had might limit their ability to work because of the cost or difficulty of accessing childcare. The proportion of lone parents who were teenagers when they had their

**Table C2: Exit model from IS for lone parent claimants**

Variables	Null model		Model 1		Model 2	
	Parameter	Standard error	Parameter	Standard error	Parameter	Standard error
<i>Fixed effects: level 1 (ward)</i>						
Constant	55.092	0.337	55.226	0.241	57.885	0.340
Index of multiple deprivation			-2.141	0.144	-2.053	0.144
Proportion of 16-59 population unemployed in 1995	-0.782	0.139	-0.678	0.138		
Proportion of unemployed in 1996 who had been unemployed for over 12 months			-0.435	0.086	-0.376	0.086
Average number of children in lone parent families			-0.170	0.061	-0.191	0.061
Proportion of lone parents who had a teenage first birth			-0.499	0.078	-0.498	0.078
Proportion of lone parents who have one child under the age of four			-0.418	0.076	-0.423	0.076
Average age of lone parent			-0.485	0.093	-0.466	0.093
<i>Fixed effects: level 2 (local authority district)</i>						
Childcare provision					0.541	0.162
Growth in jobs 1988-98					0.558	0.175
ONS district classifications						
1 Prosperous England (base)						
2 Rural areas					0.133	0.511*
3 Coast and services					-2.513	0.573
4 Urban fringe					-2.737	0.465
5 Mining, manufacturing and industry					-5.054	0.578
6 Educational centres and outer London					-9.346	0.811
7 Inner London					-13.330	1.002
Level 1 variance	30.113	2.103	25.875	0.408	25.848	0.407
Level 2 variance	38.521	0.313	19.316	1.546	7.443	0.650

\* Insignificant at the 0.05 level

Notes: All independent variables have been transformed into z-scores, Null model – with only a constant present, Model 2 – ward level variables added, Model 3 – district level variables added.

first child might indicate a disruption to either education or early employment and therefore to the development of skills that might have aided the attainment of employment. Lone parents with at least one child under the age of four might find taking work more difficult because of the need to find childcare that is more easily available to older children through schooling. Controlling for the above variables, it was predicted that the age of the lone parent might have a detrimental effect on the chances of the parent finding work, just as it was for non-lone parent adults.

All these variables were statistically significant and together explained about half of the level 2 variance. However, they explained far less of the ward level variance. It is likely that this is due to the shrinkage technique rather than to any interesting facet of the geography. The direction of the relationships was as expected.

The second model introduced the same district level indicators as had been used for the unemployed model and one additional indicator. The extra one was a measure of district level childcare provision for the under fives in 2000. This measure included full-time equivalent places with: day nurseries, playgroups/preschools, child minders, nursery schools, primary schools (nursery pupils) and primary schools (infants). It was calculated as a ratio of the number of under fives in the district by full-time equivalent places.

Interestingly, the number of childcare places had a significant positive impact on the rate of exits. Importantly, this was true with many other ward and district level factors controlled for. It therefore seems unlikely that this relationship can be easily explained away by other economic or demographic factors. The measure of growth in jobs had a similar positive impact on lone parent exits, as had been the case with unemployed people. However, the relationship between the different types of district, as measured by ONS regional classifications, was quite different. Although districts within the 'Prosperous England' grouping had the highest rate of exits, as was the case with unemployed people, it was 'Rural' areas that had a similar relatively high rate rather than 'Educational centres and Outer London'. The latter, in stark contrast to the employed situation, had a relatively low rate. The expected rate was nine percentage points lower than that of wards in 'Prosperous England'. The greatest contrast, however, was with 'Inner London' districts. These

had a rate only two percentage points lower than 'Prosperous England' districts for unemployed people. For lone parent exits this difference was 13 percentage points.

In other words, there appears to be a very important negative 'London effect' on lone parent exit rates that is not captured by any of the other variables entered into the model. This, along with the finding on childcare provision, would seem important areas for further work.

## Note on the multilevel method used

The particular multilevel model used in this analysis was a variance components model or a differential intercept model. This type of model allows the intercept of the model to vary between higher level units, in this analysis between districts.

The usual regression relationship is expressed as

$$y_i = a + bx_i + e_i \quad (1)$$

where the subscript  $i$  refers to an individual ward or, in terms of the predicted value, as

$$\hat{y}_i = a + bx_i \quad (2)$$

Developing this standard form into one that recognises the hierarchical structure of the data, the predicted value of ward  $i$  in district  $j$  may be expressed as

$$a_j = a + u_j \quad (3)$$

$$\hat{y}_{ij} = a + bx_{ij} + \epsilon \quad (4)$$

where the intercept is allowed to vary between districts through the random parameter  $u_j$ . In the present study this allows the average ward rate within a district,  $a_j$ , to vary between districts; in other words,  $u_j$  is the amount by which the intercept in district  $j$  varies from the value for the global intercept  $a$ . The full model can be written as

$$y_{ij} = a + bx_{ij} + u_j \quad (5)$$

Taking equations (2) and (4) for the predicted values, the situation being modelled can be illustrated diagrammatically. The heavier line in the figures is the 'global' estimated slope and the lighter lines are the estimated slopes for individual districts. Part A shows a single 'global' slope. This equation may be an appropriate model if wards within a district are no more similar to each other than to all wards across the country. If wards within a district are more similar to themselves than to all other wards, then the model illustrated in diagram B will be the most appropriate. In this situation, the variation of  $u_j$  across all wards is large compared with  $e_j$ .

