

Update 2015-02

## GLA Claimant Count Ward Model 2014

March 2015

### Introduction

The claimant count is currently<sup>1</sup> based on the number of people claiming Jobseeker's Allowance (JSA)<sup>2</sup> and provides a useful - albeit partial - measure of unemployment. Under the welfare reform programme, Jobseeker's Allowance is one of six benefits paid to working age adults that are being merged into Universal Credit (UC). The claimant count does not include any UC claimants.

The Office for National Statistics (ONS) publishes a range of data on the number of claimants but data published in the form of percentage rates are more limited. For this reason, the GLA's Intelligence Unit produces its own labour-force based rates for London. These rates are designed to complement the official population-based rates already produced by ONS.

To produce these rates, the GLA maintains a spreadsheet-based model that generates monthly claimant count rates by age and gender for London boroughs and wards. In addition, the model summarises data on duration of claims. These data are made available via the Social Exclusion Data Team's Knowledge Hub Forum and on the London Datastore. Contact Rachel Leaser on 020 7983 4696 or email [sedata@london.gov.uk](mailto:sedata@london.gov.uk) for details.

The model has been extensively rewritten for 2014 and a back series of rates produced for 2011 onwards. This note explains the basis of the current 2014 model and is designed to accompany the published tables. Specifically, the note outlines:

- What the claimant count measures
- How GLA rates are calculated
- How ONS rates are calculated
- Why GLA and ONS published data differ
- Data available on the websites every month and the reworked back series
- Rounding of claimant count data, categories and precision of estimates
- Revisions to the model and discontinuities over time and in the future
- Guide to available data
- Guidance on reproducing this data in reports and on websites: copyright issues

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<sup>1</sup> This information is correct as at March 2015. Changes to name and/or definitions are likely during 2015 and will be noted on the web pages providing access to the GLA rates.

<sup>2</sup> JSA claimants include those who sign on for National Insurance credits but receive no benefit.

## What the claimant count measures

The claimant count measures only the number of people claiming JSA. As the claimant count is a by-product of the benefits administration system, it only counts those unemployed people who are claiming JSA (whether or not they are actually receiving any benefit). JSA is a welfare benefit for people who are able to work and actively seeking work. There are age and other restrictions on the number of people who can claim the benefit and further restrictions on those who receive a payment. To claim JSA, the minimum age has increased over the years from 16 to 18 with a very few exceptions. The upper age limit is State Pensionable Age. There are currently two forms of JSA; Contributions Based and Income Based, with various criteria to determine eligibility and the rates at which they are paid. In addition, there are claimants who may not receive any benefit payments but may still receive National Insurance credits. People who have been claiming JSA but are subject to sanctions, usually because they are deemed not

to have met the job seeking criteria, are included in the claimant count if they are still claiming JSA (although not in receipt of payment). Some people subject to Sanctions cease to claim JSA and therefore the Department for Work and Pensions cannot tell if they are in work or have other changes of circumstances. These people are not included in the claimant count.

GLA analysis has highlighted that some unemployed people are more likely to be missed by the claimant count than others; these include women, young people and those living in higher income households. This largely reflects the eligibility criteria for JSA. As the claimant count evolves, the groups that are not included may change and it may include some people who are not able to work and therefore would not be included as "unemployed". **For these reasons, the claimant count is best viewed as an unemployment indicator not a comprehensive unemployment measure.**

Under the welfare reform programme, Jobseeker's Allowance is one of six benefits paid to working age adults that are being merged into Universal Credit (UC). The transfer is a gradual process which began in a very limited way in some parts of the North West in April 2013 and is slowly being rolled out across the country. Currently, the claimant count does not include anyone claiming UC. From October 2013, new, single, claimants for UC were accepted at Hammersmith Job Centre. Towards the end of 2014, this was extended to couples, and claimants with dependents, but still restricted to Hammersmith JC+. Claimant count data for parts of Hammersmith & Fulham and smaller numbers in Kensington & Chelsea and Hounslow is therefore missing some of the claimants who would have been included under the old benefit regime. In 2015, this is being further rolled out to other parts of London and by the end of 2017 all claims, including those who had been claiming JSA are expected to have been moved across to UC. There is no information currently on how claimant count data will be constructed, since UC is payable to people both in and out of work and with different work requirements.

The Government's official and preferred measure of unemployment is currently ILO<sup>3</sup> unemployment. ILO unemployment measures those people out of work, who are actively looking for work and are available to start work. At a regional level, ILO unemployment is measured by the Annual Population Survey (formerly the Labour Force Survey). The ILO measure is more comprehensive than the claimant count as it includes the many unemployed people who are not eligible for or not claiming JSA.

Despite its limitations, the claimant count is widely used because it is timely (data by age and gender are available monthly around 4/5 weeks after the date of the count) and importantly, because it is available at **ward level** (Map 1). ILO unemployment estimates are not available for wards and even borough level ILO

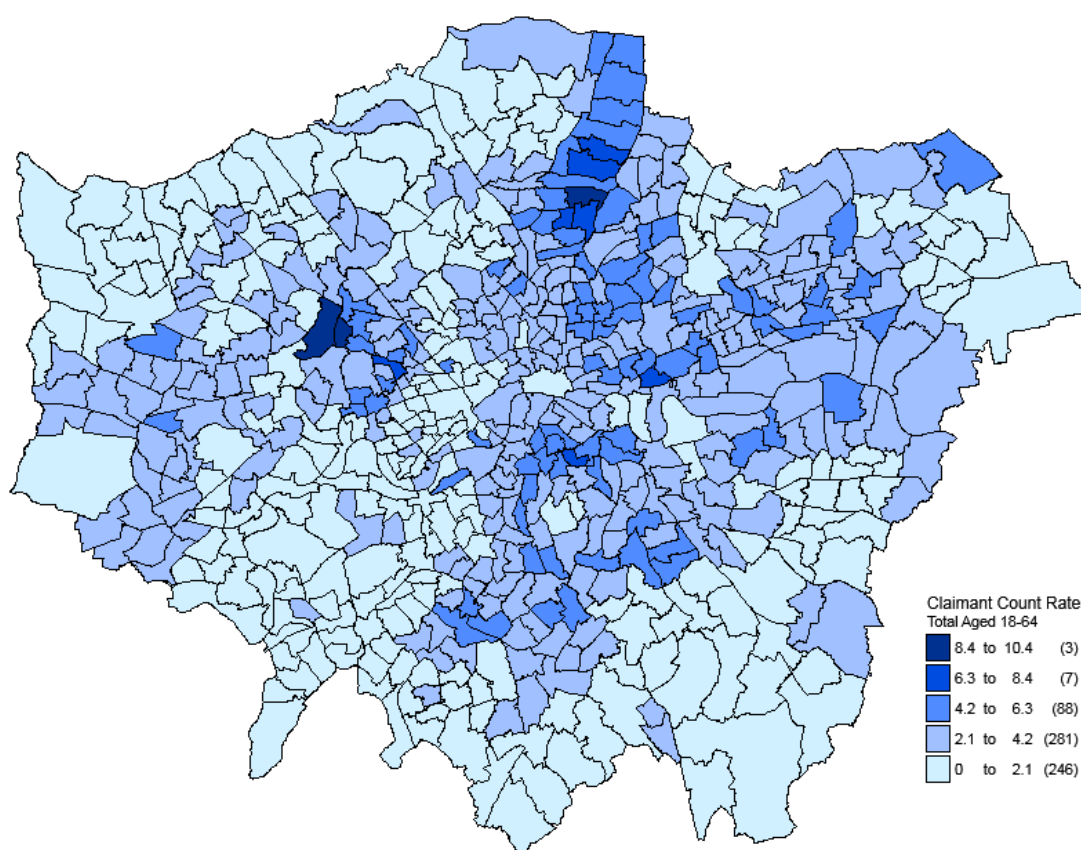
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<sup>3</sup> ILO stands for International Labour Organisation.

estimates (modelled and survey based) have wide confidence intervals and cannot be generated by age or gender with any degree of reliability. Further information on ILO unemployment data for London boroughs can be found in: Intelligence Update 2007-18 (Londoners and the labour market: Key facts) with headline figures produced in DMAG Update 01-2011. Claimant count data by ethnic group take longer to process and are therefore generally available 8/9 weeks after the date of the count. However, this is still more timely than ILO unemployment estimates, which also cannot be reliably generated at borough level.

Provided users are clear about what the claimant count does and doesn't measure, it can be a very useful tool for local area profiling and has a range of applications. Research<sup>4</sup> by ONS has suggested that the claimant count is a leading indicator of labour market turning points in the economy.

**Map 1 GLA claimant count rates (%) by ward, December 2014**



Source: GLA calculations using ONS Claimant Count data, December 2014 and GLA population projections (SHLAA capped 2013 round)

<sup>4</sup> Labour Market Turning Points, Craig Lindsay, Labour Market Trends, November 2003

## Official ONS claimant data and rates

Claimant count data are made available every month by ONS via NOMIS, a website for official labour market statistics ([www.nomisweb.co.uk](http://www.nomisweb.co.uk)). Data on the number of claimants are available by age, duration of claim and gender, down to ward and super output area level. All data by age and duration are rounded to the nearest five.

In addition to counts, ONS publishes percentage rates. **ONS rates, also referred to as ‘proportions’, express the claimant count as a proportion of the working age population.** While population-based rates can be useful, there is also demand for labour force-based rates, as they exclude the part of the population that is termed “economically inactive”, that is, not participating in the labour market and therefore not “at risk” of unemployment. Labour force based rates are inevitably higher than population based rates.

Which type of rate is most appropriate really depends on the aim of the exercise in question (ie why the data are being compared). Rates that express claimants as a percentage of the labour force are sometimes preferred as they provide more sophisticated controls for differences in the composition of local populations. This is an important issue in London as economic activity rates differ significantly between areas and groups within the population. In contrast, ONS population based claimant count rates can be very useful for consideration alongside other benefits data (eg Employment Support Allowance and Income Support), which are often expressed as a proportion of the population.

**Figure 1 Derivation of GLA and ONS claimant count rates**

<b>ONS claimant count rate (%)</b>	=	$\frac{\text{Claimant count}}{\text{Population}} \%$
<b>GLA claimant count rate (%)</b>	=	$\frac{\text{Claimant count}}{\text{Persons economically active (excluding full-time students)}} \%$

*NB: GLA rates are calculated for a range of age groups within the working age population.*

ONS population based claimant rates have a number of other limitations. First, they are not published by age and second, the population base is more out of date, as they use mid-year estimates, which are published over a year later and not used as denominators for some time after that. The ward level claimant count rates, are currently using the 2013 population base. A backdated series has not been produced, so rates are not available for all dates and where wards have changed there is not a consistent set of data. The design of GLA rates overcomes all these limitations.

**Table 1: ONS and GLA claimant count rates for boroughs, December 2014**

	Claimant rates (%)	
	ONS (% population)	GLA (% labour force)
City of London	1.2	1.9
Barking & Dagenham	2.9	5.7
Barnet	1.6	2.7
Bexley	1.5	2.8
Brent	2.7	4.9
Bromley	1.3	2.6
Camden	1.7	3.3
Croydon	2.0	3.9
Ealing	2.2	4.1
Enfield	2.6	5.1
Greenwich	2.4	4.4
Hackney	3.1	5.6
Hammersmith & Fulham	2.2	3.7
Haringey	3.0	5.6
Harrow	1.4	2.5
Havering	1.7	3.2
Hillingdon	1.4	2.9
Hounslow	1.7	3.0
Islington	2.4	4.6
Kensington & Chelsea	1.6	2.7
Kingston upon Thames	1.1	1.9
Lambeth	2.9	5.0
Lewisham	2.9	5.0
Merton	1.7	2.8
Newham	2.6	5.3
Redbridge	1.8	3.5
Richmond upon Thames	1.0	1.8
Southwark	2.8	5.0
Sutton	1.3	2.5
Tower Hamlets	2.7	5.2
Waltham Forest	2.8	5.4
Wandsworth	1.6	2.7
Westminster	1.7	3.0
London	2.1	3.9

Source: GLA & Office for National Statistics

Note: ONS rates are calculated as a percentage of the total population aged 16-64, whereas GLA rates are calculated as a percentage of the labour force (excluding full-time students) aged 18-64.

The difference in rates shown in this table illustrates that the composition of populations in different areas leads to differences in claimant count rates. The GLA method gives the highest claimant count rate in Barking & Dagenham, whereas Haringey has the highest ONS rate. On the other hand, Barking & Dagenham has the same ONS rate as Lambeth and Lewisham, but the GLA rates for these boroughs are clearly lower, due to higher economic activity rates.

## GLA claimant rates

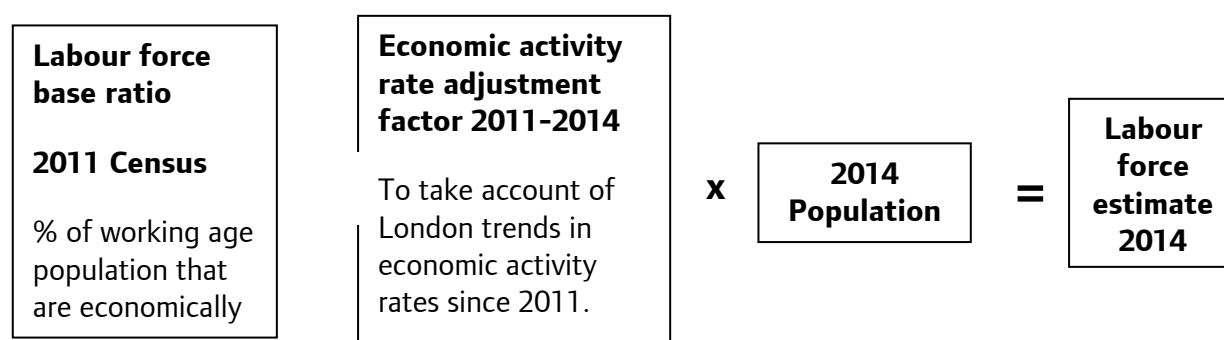
The GLA rates are designed primarily for monitoring labour market exclusion and this is the main rationale for using a labour force-based rate. The rates are intended to provide an indication of how the resident workforce is faring in the labour market and to provide like for like area comparisons. **The GLA percentage rates express the claimant count in a borough or ward as a percentage of economically active residents in that area, excluding economically active full-time students.**

Economically active people are those who are either in work or who are unemployed and looking for work (ie the labour force). Full-time students who are economically active are excluded from the base as they are largely ineligible for unemployment-related benefits and also because their exclusion provides a more meaningful comparison between areas as the student population is not uniform across London or within boroughs. As the GLA base is the labour force, which is a subset of the population, GLA claimant rates are higher than ONS rates (See Table 1).

## How the GLA calculates local labour force estimates

The labour force data used in the model are estimates produced by the GLA's Demography and Policy Analysis team. The 2014 estimates are generated by applying 2011 Census data on economic activity, adjusted for changes in London's economic activity rates between 2011 and 2014, to the GLA ward population projections for 2014.

**Figure 2: Derivation of 2014 labour force base for local areas**



*Note: All calculations are age and gender specific*

The **population adjustments** are age and gender specific and will be updated annually to come into line with the latest population projections for that year. Currently, 2014 labour force estimates are consistent

with GLA 2013 round of population projections<sup>5</sup>. The base is kept for 13 months with January claimant count rates produced on both the previous year's and the new year's base to allow differences due to changes in the population base to be identified. The wards are "frozen" at 2011 boundaries. This is because data needed to create and update the labour force estimates is derived from the Census and/or based on these boundaries and is not available for updated boundaries. The claimant count itself is available not only for these frozen boundaries but is also released through NOMIS<sup>6</sup> for super output areas and updated wards<sup>7</sup>.

The **economic activity rate adjustment** is derived from the Annual Population Survey. It is a very large sample survey but even so, the data are not sufficiently robust to derive change figures below regional level. The changes in economic activity (EA) rates by age and gender between 2011 and 2014 for London as a whole have been used to update the 2011 Census ratios at ward level.

The 2014 ward claimant count model is a completely new version of the previous ward model. The purpose of this revision is to take into account a number of significant factors:

- 2011 Census data on economic activity rates and populations,
- changes to both the lower age limit and to the state pension age (and therefore the age to which unemployment benefits are payable).
- changes to the NOMIS output,
- a new method for uprating economic activity rates.

This means that all rates produced cover the 18-64 age range for both men and women, including the rates produced from this model for each month back to 2011.

A back series has also been created using the same methods, so that 2011 economic activity rates from the Census have been applied to the 2011 ward population figures to produce the labour force base for the 2011 claimant counts. 2012 and 2013 labour force estimates were produced by applying London wide economic activity rate adjustments to the economic activity rates which were then applied to the ward population estimates by age and sex for each year. Rates are produced on both the previous and new year's labour force base for January each year to allow for comparisons to be made.

## Monthly data tables currently available from the GLA model

The final output of the new model consists of an Excel workbook for each year, ie separate workbooks for 2011, 2012, 2013 and 2014. Included in the workbook are sheets for each month with data from eight tables for each ward in the 32 London boroughs, for each of the boroughs and the City of London (ward data are not available for the City due to its small population) and for the GLA constituency areas. A ninth table, including the basic rates (persons, males and females) as given in Table 1 along with the ward's rank on that variable is also included. Comparator information for Inner, Outer and Greater London, plus England and England & Wales are given. Additionally, a more user friendly "front end" for the experienced or casual user is included, allowing the user to find a single table for a set of areas, for example wards in a single borough for a single date. A separate file including the basic rates monthly from January 2011 as a time

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<sup>5</sup> GLA capped SHLAA based projections used. The 2013 round of projections is produced in 2014, using the latest available (2013) data on births, deaths, migration etc.

<sup>6</sup> NOMIS is the online service through which the Office for National Statistics releases many of its official labour market and other statistics

<sup>7</sup> Most recent wards available as at March 2015 are 2013 electoral wards, which are the same as 2011 frozen wards for London.

series format, which incorporates a set of charts to allow the user to select up to six areas for comparison, has been produced. All these files are available through the GLA Datastore and the London Social Exclusion Data Forum on the Knowledge Hub. Updates noting changes and information available regarding Universal Credit are also on the Knowledge Hub. Additionally, an Instant Atlas format dataset and front end are being made available.

## Age and duration categories

The model generates data by ward by gender, age and duration of claim. Data by age is presented for three age groups within the main claimant age group (18 to pensionable age) as shown in Table 2.

It should be noted that there are a very few unemployed 16 and 17 year olds that are eligible for Jobseeker's Allowance (for whom special circumstances apply) Counts of these have therefore been subtracted from the total for the 16-24 age group to give a figure for 18-24. As these counts are rounded, this may result in a degree of error in the published figures. With the changes to school leaving age and the introduction of Universal Credit, this issue is set to become even less important. More detailed count data by age and duration are available direct via NOMIS (more detailed data is only available via NOMIS for counts only not rates).

**Table 2 Monthly tables and age and duration categories used (2012 model)**

Tables produced each month	Age groups	Duration of Claim
Table 1 Claimant count and rates by gender	18-24	Up to 13 weeks
Table 2 Claimant count and rates by age, persons	25-44	14-26 weeks
Table 3 Claimant count by age, males	45-64	27-52 weeks
Table 4 Claimant count by age, females		53-104 weeks
Table 5 Claimant count, young claimants by age		Over 104 weeks
Table 6 Claimant count by duration, persons		
Table 7 Claimant count by duration, males		
Table 8 Claimant count by duration, females		
Table 9 Summary ward rankings by gender		

## Claimant count data for Super Output Areas

The GLA model uses ward geography. However since October 2004, ONS has published claimant count data by age and duration down to lower level Super Output Area (LSOA). While these data are useful, their application is limited (when analysed by age and duration) as the numbers are very small and are rounded to the nearest five. The GLA has no plans to incorporate data by LSOA into the model, as it would be very



difficult to produce meaningful or reliable rates by age at this level. However, count data are available freely on NOMIS, where data for larger areas of interest can be constructed.

### **Rounding of claimant count data, categories and precision of estimates**

In June 2004, ONS started rounding claimant count data by age and duration to the nearest five. As counts were no longer precise, rates based on very low counts were less reliable. The tables currently produced are therefore designed to provide as much data as can be done to a reasonable standard but to eliminate poor quality data where the numbers are very small. Despite this, small numbers need to be regarded with caution and rates based on these numbers should not be considered reliable.

Even when considering data for larger groups, users need to bear in mind that GLA rates are estimates NOT precise measures. The count is rounded and the labour force base is an estimate, so all rates have a degree of error attached to them.

### **Comparing data over time**

Modelled claimant count rates using a labour force base have been produced for over 15 years by GLA with continual modifications in the update of the labour force base, but also a number of major changes which mean that data from one model are not comparable with data from previous models. Data produced using the new (2014) GLA model should not be compared with the data from previous models. For this reason the back series to 2011 was created.

With the change to Universal Credit, data for some wards, most notably in Hammersmith & Fulham, and to a lesser extent Kensington & Chelsea and Hounslow do not include new claimants who would previously have been entitled to Jobseekers Allowance. Figures for claimants in these areas therefore need to be treated with extra caution. A note of the overall numbers by borough claiming Universal Credit is available, but there are currently no figures published at ward level. As Universal Credit is rolled out, what is included in the claimant count will change. In the short term, the count will be changed to a count of Jobseekers Allowance and when the new claimant count is extended to include claimants of Universal Credit it is not clear at the time of writing exactly which categories of claimants will be included – it may be wider than the current definition, including people who are not subject to work related activity criteria, that is not required to be actively seeking work.

## Historical data availability

**Table 3: GLA claimant count modelled estimates: a guide to available data**

	Claimant count data for months:				
Date:	Aug 1999 January 2004	February to May 2004	Jun 2004 to Dec 2007	Jan 2008 to Aug 2013	Jan 2011 ongoing
Model	1991 based model	2004	2004 modified	2008	2014
Ward boundaries	1991	2002	2002		2011
Labour force	1991	Mid 2004	Mid-year as appropriate		
Age categories	16-19 20-24 25-34 35-44 45-54 55-59 60+	<i>Feb May:</i> 16-24 25-34 35-44 45-54 55-PA*	Working age 16-24 25-44 45-PA* rates by age and gender available from Jan 2005	Working age 16-24 25-44 45-PA* ward level tables on rates by age no longer include a gender split.	Working age (18-64) 18-24 25-44 45-64
Duration categories (in weeks)	Up to 6 wks 7-13 wks 14-26 wks 27-52 wks 53-104 wks 105-156 wks Over 156 wks	Up to 6 wks 7-13 wks 14-26 wks 27-52 wks 53-104 wks 105-156 wks Over 156 wks	< 14 wks 14-26 wks 27-52 wks 53-104 wks 105 wks+		< 14 wks 14-26 wks 27-52 wks 53-104 wks 105 wks+

\* PA=up to pensionable age (59 for women and 64 for men)

## How to access data via the GLA's website

Data tables from the model are made available every month via the GLA's [Datastore](#) or on the [London Social Exclusion Data Forum](#) on the LGA's Knowledge Hub.

Additionally, official claimant count data direct from the Office for National Statistics is available via NOMIS ([www.nomisweb.co.uk](http://www.nomisweb.co.uk)).

Reproducing this data in reports and on websites: copyright issues

As monthly data tables are based on data from both the Office for National Statistics and the GLA, users are advised to take care over reproducing data and ensure they follow copyright guidance. Specifically if organisations want to reproduce this data (via reports or websites) they should:

- Ensure that the relevant source is acknowledged/visible on each table.
- Ensure that the data are reproduced accurately and not misrepresented in any way.
- Ensure that appropriate copyright statements are visible somewhere in the report:
  - (i) Claimant count data are © Crown Copyright 2015
  - (ii) Copyright © Greater London Authority 2015

The GLA is happy to share the data with local authorities and other agencies and will give permission for tables to be made available via other organisations websites provided organisations ensure the above conditions are met. Additionally the GLA require:

- (i) That this guidance note is made available to accompany the tables.
- (ii) That the data are made freely available to others (ie not sold on).

## Further information

Other information on the subject of unemployment indicators can be found in Intelligence Update 15-2010

If you have comments about the data or would like further information, please contact the GLA Intelligence Unit's Social Exclusion Data Team on 020 7983 4696 or by e mail: [sedata@london.gov.uk](mailto:sedata@london.gov.uk)

## Appendix 1. GLA local area labour force estimates for the 2014 model

This appendix explains how the resident labour force base, which underpins the GLA claimant count model, is calculated.

2011 Census data on economic activity by age and sex are taken from Commissioned Table CT0223. An economic activity rate is calculated for each ward and borough for each age sex group as:

$$\frac{\text{Economically Active In employment (exc full-time students)} + \text{Economically Active Unemployed (exc full-time students)}}{\text{Total population (inc full-time students)}}$$

The age sex groups used at this stage are 18-24, and 5-year age bands to 60-64, separately for males and females.

These are the rates for 2011. They are applied to the total mid year population estimates for each age/sex group for 2011 to produce an economically active population figure. These form the denominators of the claimant count rate for 2011.

Note that the claimant count for age 18-24 is now constructed as

$$CC18-24 = CC16-24 - CCunder17 - CC17$$

To produce a rate for subsequent years, the change in the rate for each age sex group at London level is applied to the rate for that age sex group for each ward. The change in rate is taken from the Annual Population Survey (APS).

The APS is used because it is the largest annual dataset that includes economic activity data by age and sex. Nevertheless, it is not reliable enough to produce robust rates at lower geographical levels, so it assumed that the change in the rate for London can be applied to all its constituent wards. Timing of the data and the data release determine what can be used in the model. Since the APS collects information current at the time of interview, the data are retrospective. Change over the previous year is applied to the denominator for the current year. As the model is updated generally in February (for the January claimant count), the most up-to-date APS dataset available at that time is normally the October-September dataset for the previous year. So in February 2014 the APS data would relate to October 2012-September 2013.

Therefore to produce the updated denominator for 2012, ward level economic activity rates from the Census are adjusted using the change seen in the APS for each age sex group (using the same definitions, so excluding full-time students from the numerator and including them in the denominator) at London level between 2009-10 and 2010-11. (Note that the England and England and Wales denominators are calculated using the change in APS rates for the same time period, but using the relevant national figures from the APS applied to the national population figures.)

The new economic activity rate for each age sex group in each ward is therefore calculated as:

$$\text{Local2} = (\text{London2}/\text{London1}) * \text{Local1}$$

where 1 represents the original year's rate and 2 represents the new year's rate.

Where the rate in Year 2 is higher than in Year 1, this formula is modified to prevent the new rate becoming greater than 100% for any ward, using:

$$\text{Local2} = 1 - ((1 - \text{London2}) / (1 - \text{London1})) * (1 - \text{Local1})$$

These new rates are then applied to the relevant total population figure for each age sex group in each ward to give the estimate of economically active (non-full-time-student) residents to form the denominator for the rates. These are then summed within each ward to produce the age group required to match the claimant count data.

## The GLA population projections

Every year, the GLA produces population projections by borough and ward. The projections are produced using models that take account of fertility, mortality, migration and housing development. In Spring 2014 the 2013 round capped household size SHLAA ward projections were released.

The ONS mid-2011 population estimates form the base for the projection at borough level, with small changes at ages under 4, and the projections incorporate borough and ward level births and deaths up to mid-2012. Projected births and deaths follow the ONS mid-2010 based national population projection assumptions about the future course of fertility and mortality in England. The 2013 round projections include growth in housing capacity at the borough and ward level after 2013 as determined by the 2013 Strategic Housing Land Availability Assessment (SHLAA).

It is the 2013 Round SHLAA ward projections that have been used in the claimant count model. For more information on GLA projections see the London Datastore:

<http://data.london.gov.uk/datastore/package/gla-demographic-projections>

## More information

A full working copy of the spreadsheet used to produce the denominators is available on request. A copy of the ward claimant count model, which generates the GLA rates, is also available by special request. For more information about the modelling process, please contact the GLA's Social Exclusion Data team ([sedata@london.gov.uk](mailto:sedata@london.gov.uk)).