

JSA benefit history and benefit receipt

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Introduction

Standard analysis of Jobseeker's Allowance (JSA) tends to focus on the number of people unemployed at any one time and the overall numbers joining the benefit or ending their claim. This misses some important features, including that people may move back and forth between benefit and work or other destinations, in some cases building up an extended period on benefit across several spells.

This ad hoc analysis considers two different age cohorts – aged 22-24 and 32-34 respectively – looking at how much time those who made a new JSA claim in 2010-11 had spent on JSA, and how many claims they had, in the four years *prior* to their current claim. Where an individual leaves JSA for a training allowance (TA), this is treated as an ongoing claim which contributes to the total time on benefit. The analysis also presents, conditional on this previous history, the proportion of the cohort in receipt of JSA in successive weeks over the *following* year.¹

Key points

- For both cohorts, the largest group of claimants was those who have not been on JSA in the previous four years, while a further group had not spent a long time on benefit even if they'd claimed several times before.
- However, a minority had spent a significant part of the previous four years on JSA or a training allowance, in some cases built up across multiple spells.
- This is not a new feature of the labour market: similar claim histories can be seen in cohorts of JSA claimants prior to the recession.
- Although only a minority of claimants, those with more of a previous benefit history were also more likely to be on JSA a year on from their current claim.

Methodology

The analysis combines information from the National Benefits Database and the Juvos Training Allowance Database. It illustrates the position for two cohorts of individuals who made a new claim for JSA in the 2010-11 financial year: young JSA claimants (22-24 yr olds) and those exactly ten years older (32-34 years old).² Those aged 21 or under were not selected because their four year history would include a period when most would not have been eligible for JSA.³ If an individual made more than one JSA claim during 2010-11, the most recent claim was used.⁴

Some individuals were found to have moved directly from JSA to a training allowance (TA) and back to JSA, or did so with only short gaps. Such movements were ignored and rather than being counted as separate JSA claims, as in standard claimant count statistics, were treated as single, continuous period of financial

¹ They may not have been claiming the whole time but could have left for a period and later returned.

² Looking at all people aged 32 or over produced similar results to those for 32-34 year olds

³ Only a small number of 17 year olds are eligible to take up JSA.

⁴ This reduces the proportions with no previous/low history but does not change the overall pattern of results.

support. Consequently, throughout this document references to JSA include, where relevant, intervening periods spent on a training allowance. A detailed methodology is shown at the end of the document.

The data was used to formulate the following measures:

- the percentage of the cohort by the number of JSA claims in the 4 year period prior to the latest claim (categorised by the percentage with 0,1,2,3,4+ spells);
- the percentage of time in the 4 years prior to the latest claim spent in receipt of JSA (categorised by the percentage of claims with less than 6 months, 6-12 months, 1-2 years and 2-4 years); and
- the percentage of individuals in the cohort who were in receipt of JSA over the following 52 weeks, split by their previous JSA history and number of claims combined (ranging from 'no previous' claims to 'very high' combined history)⁵.

Results

JSA benefit history and receipt in 2010-11

Figure 1 shows, for the cohort of 22-24 year olds who claimed JSA in 2010-11, the number of spells and percentage of time on JSA in the four years prior to their latest claim. Figure 2 shows the proportion who were in receipt of JSA over the subsequent 52 weeks, split according to previous combined benefit history. The colours of these lines link back to the equivalent groups in Figure 1. Figures 3 and 4 replicate the analysis for 32-34 year olds.

The analysis shows that 340,000 *individuals* aged 22-24 made a JSA claim in 2010-11, around 13% of all young people aged 22-24.⁶ These individuals made a total of 870,000 *claims* in the current and previous four years, an average of 2.6 claims per person. Similarly, 145,000 *individuals* aged 32-34 made a JSA claim in 2010-11, 7% of all those aged 32-34. They made a total of 237,000 *claims*, an average of 1.6 per person.

The overall picture of the number of individuals claiming JSA, and the total and average number of claims, hides a range of different past experience. For both age cohorts, the largest group is those who had never previously been on JSA, while a further proportion had not spent long on benefit even if they'd claimed several times before. But a minority had spent a significant part of the previous four years on JSA or a training allowance, in some cases built up across multiple spells.

There are a number of particular features to note:

- compared to the older age group, 22-24 year olds who made a claim in 2010-11 included fewer first time claims (27% against 40% for 32-34 year olds) and more with some previous JSA history. In other words there was a greater likelihood of repeat spells amongst the younger group.

⁵ No previous = No previous JSA claims. Low = 1 spell, or multiple spells with a cumulative time of less than 6 months. Medium = 2 spells totalling more than 6 months or 2+ spells with a cumulative time of 6-12 months. High = 3 spells totalling more than 1 year or 3+ spells with a cumulative time of 1-2 years. Very High = 4+ spells with a cumulative time of 2-4 years.

⁶ Based on ONS 2010 mid-year population estimates.

Figure 1 – Proportion of individuals aged 22-24 who made a JSA claim during 2010-11 by benefit history in the four years prior to that claim (% of base)

Base: 340,000 individuals making a new claim in 2010-11

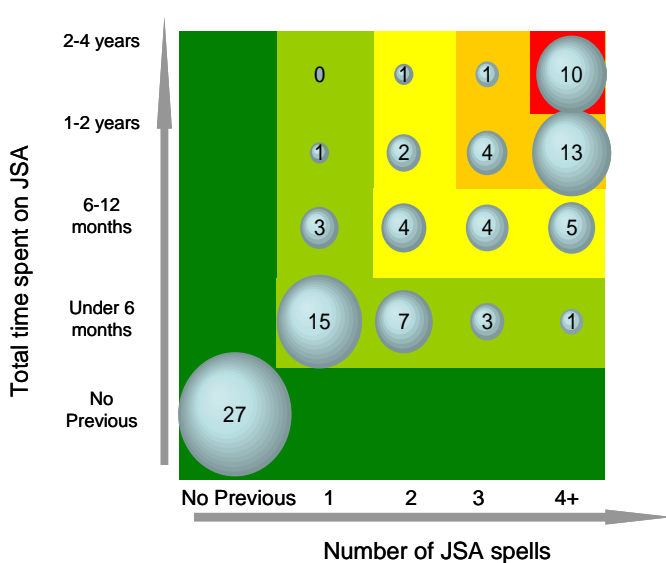


Figure 2 – Individuals aged 22-24 who made a JSA claim during 2010-11, by receipt over the year following that claim

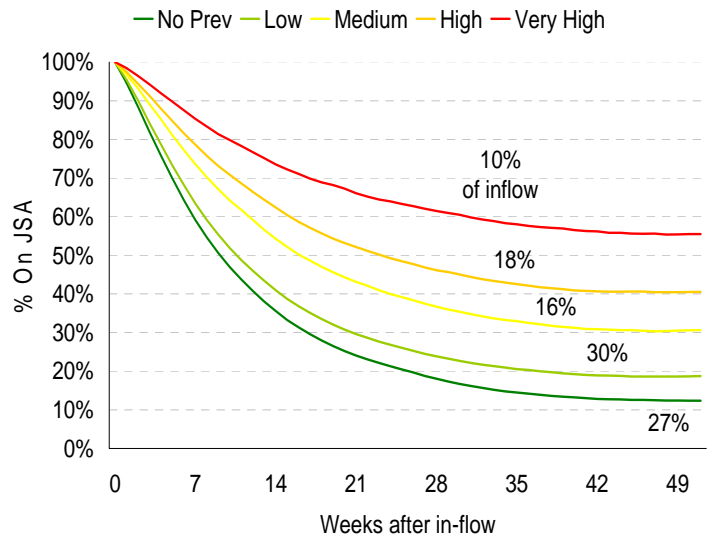


Figure 3 – Proportion of individuals aged 32-34 who made a JSA claim during 2010-11 by benefit history in the four years prior to that claim (% of base)

Base: 145,000 individuals making a new claim in 2010-11

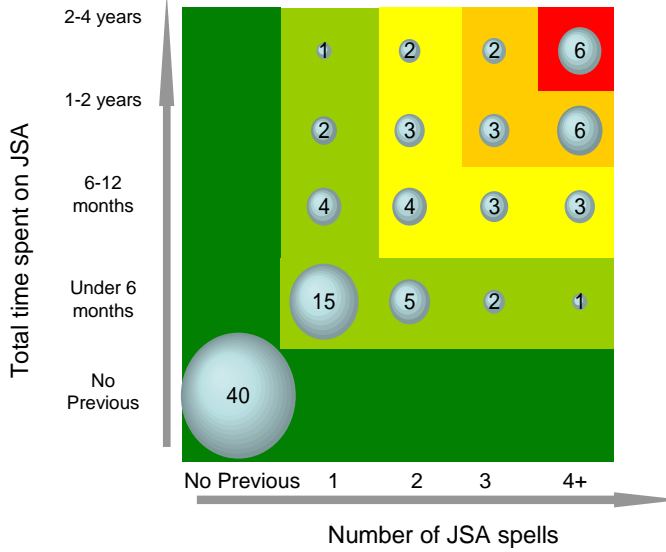
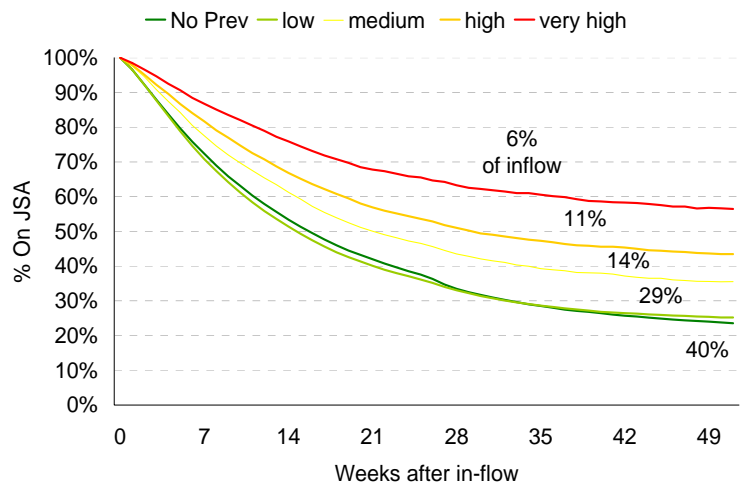


Figure 4 - Individuals aged 32-34 who made a JSA claim during 2010-11, by receipt over the year following that claim



- among those with a previous JSA spell, young people had experienced a larger average number of claims and spent longer overall on JSA in the preceding four year period than the older age group:
 - the younger group had more 3 and 4+ spells than older people – 11% versus 9% for 3 spells and 29% versus 16% for 4+ spells;⁷
 - 68% of young people had spent under a year on JSA against 76% for 32-34 year olds.
- as a result, although still a minority of all claimants, a larger proportion of young people had a combined history of receipt that was 'high' (18% versus 11%) or 'very high' (10% versus 6%).

⁷ Figures may not sum due to rounding

- for both age groups, those with more combined history of benefit receipt were more likely to be in receipt of JSA over the subsequent twelve months - for the younger group, 12% of the 'no previous' group were on JSA 12 months later compared to 55% for the 'very high' group.
- younger people were relatively less likely to be on JSA over the following 12 months. This was most pronounced for those with low levels of benefit history: of those with no claims in the previous four years, 12% were still on JSA a year later against 24% of the older age group. Among those with more of a history on benefit, the two age groups exhibited similar rates of subsequent receipt.

Benefit history of annual cohorts 2004-05- 2011-12

Figures 5 and 6 show JSA histories for 22-24 and 32-34 year olds covering the period from 2004-05 to 2011-12. Between 2004-05 and 2007-08 benefit history remained fairly stable - the proportion for whom this was their first recent claim was 27% for younger claimants and 35% for older ones; the figures for those with high or very high history were 28% for younger people and 21% for older claimants.

Figure 5 – Proportion of individuals aged 22-24 who made a JSA claim in a particular financial year by benefit history in the four years *prior* to that claim

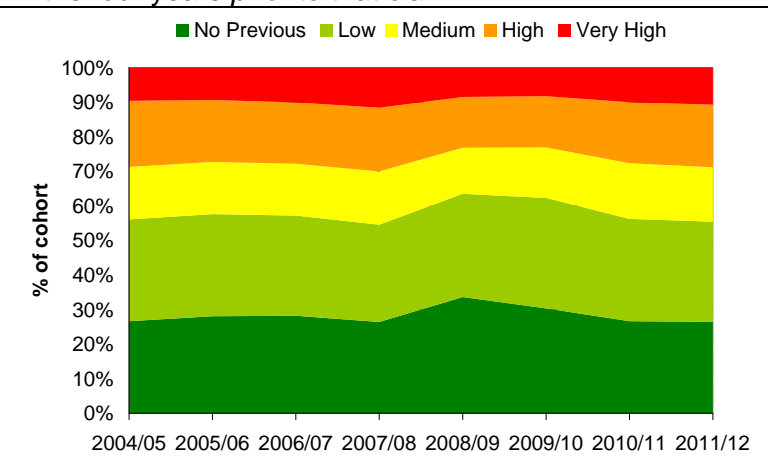
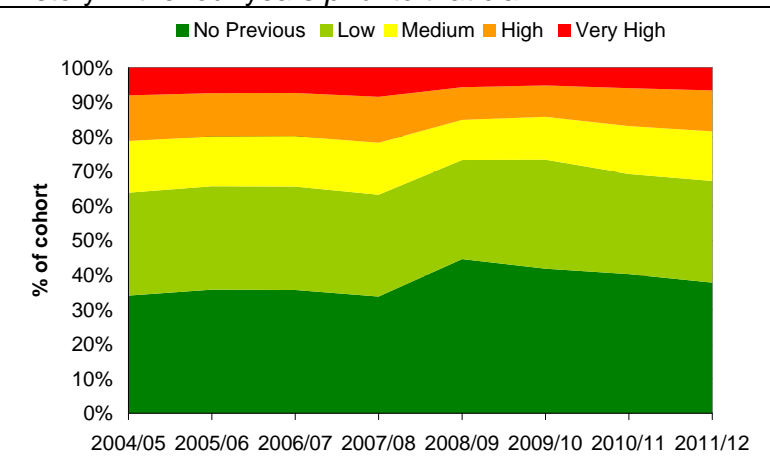


Figure 6 – Proportion of individuals aged 32-34 who made a JSA claim in a particular financial year, by benefit history in the four years *prior* to that claim



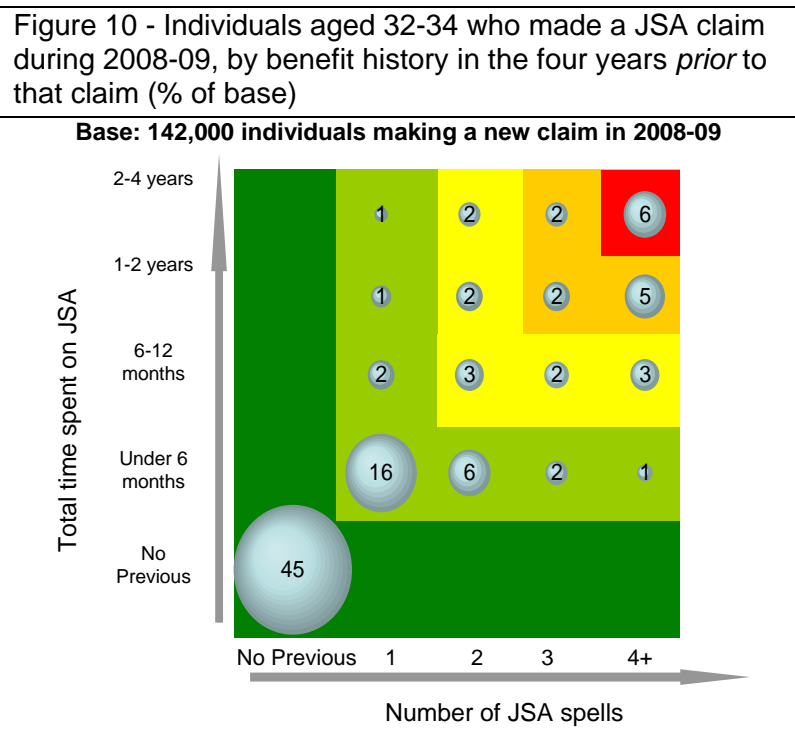
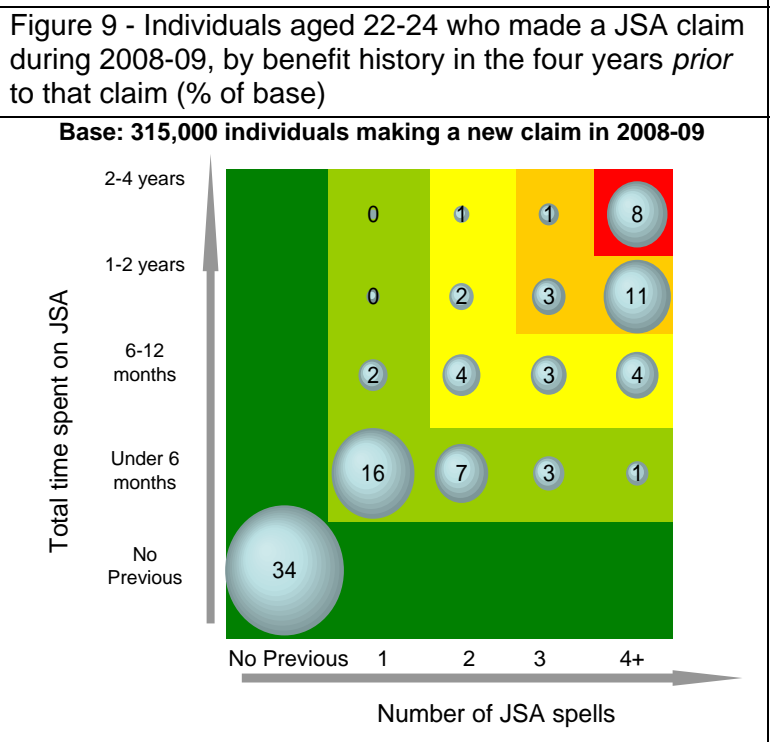
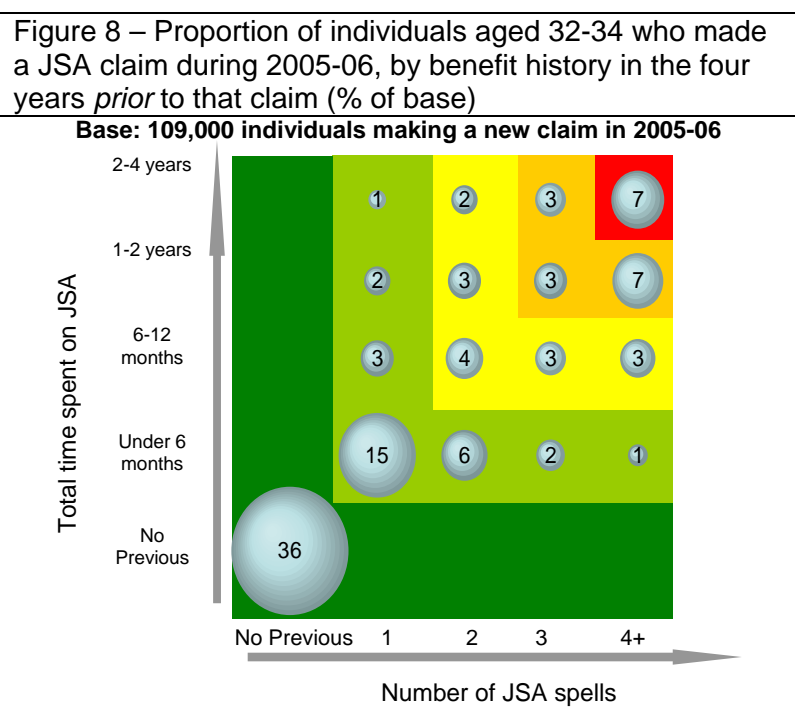
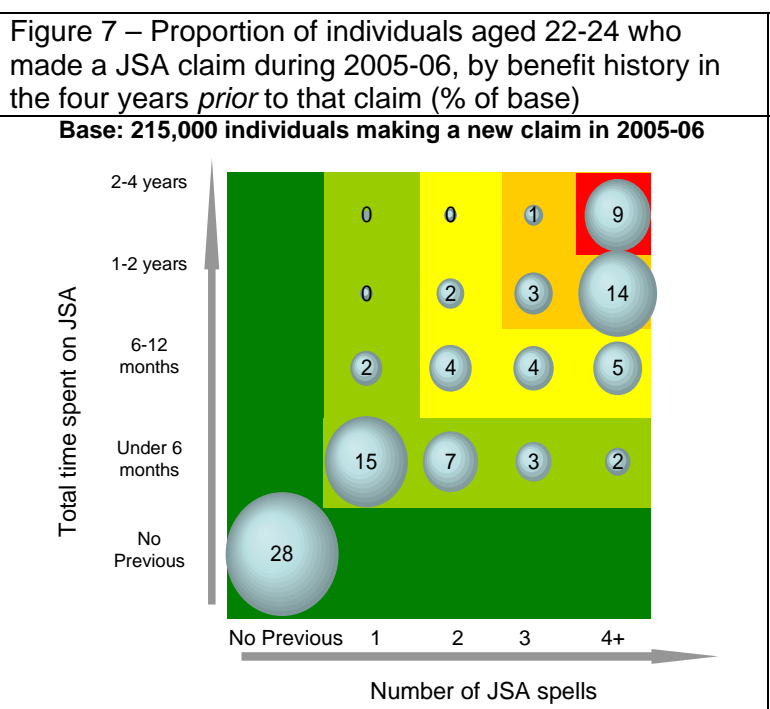
The effect of the recession can be seen during the years 2007-08 to 2008-09. As a result of the increase in new claims, the proportion for whom this was the first recent claim rose to 34% and 45% respectively amongst younger and older claimants. The proportion with high or very high history fell to 23% and 15%. Since 2008-09 the proportions have settled back towards their pre-recession levels (albeit at higher absolute volumes).

This suggests that, although the recession has led to an increase in the number of claimants, the proportion with sizeable accumulated benefit histories is not a new feature of the labour market, as broadly similar patterns were seen in the years leading up to 2008.

It is also notable that 32-34 year olds, despite having spent a decade longer in the labour market, were consistently less likely to have claimed JSA previously over the last four years. This implies that it is not uncommon for those who claim when young to later settle down to more stable patterns of work.

JSA histories for earlier cohorts from 2005-06 and 2008-09

The diagrams below present similar analysis to that in Figures 1 and 2, but based on cohorts making a JSA claim in 2005-06 and 2008-09. The number of *individuals* experiencing unemployment before the recession – 215,000 22-24 year olds and 109,000 32-34 year olds in 2005-06 – was significantly lower than the equivalent figures in 2010-11 – but the overall patterns of claim history were broadly similar.



Annex: Methodology for linking JSA and Training Allowance Spells

Background

Under the New Deal and Flexible New Deal programmes, some JSA claimants were placed on training allowances (TA). Most TA spells were for a few weeks at a time. In the case of the New Deal this usually happened between 10-12 months for young people and 22 -24 months for adults. This had an effect on the dynamics of the claimant count. Those who went on a TA and later returned to JSA were counted as a new and separate JSA claim, preventing them from building up long durations on JSA claims while increasing the number of separate spells. This affects the picture of long term unemployment and repeat claims.

Methodology

There are two main assumptions regarding linking TA and JSA spells:

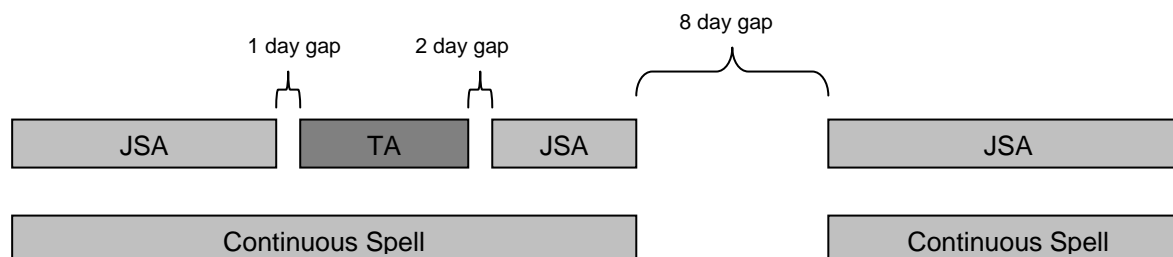
1. TA spells without an end date have been excluded; and
2. if there is a gap of up to and including 7 days between one or more TA and JSA spells they are combined into single spell.

There were over a million TA starts between June 2006 and 2012. About 10,500 TA spells do not have an end date. Although it would be possible to impute end dates based on typical TA durations, for this analysis these TA spells have been excluded; the consequence is that the time on JSA/TA might be slightly underestimated.

Most people claiming a Training Allowance had subsequent or previous spells on JSA⁸. Almost all TA spells (over 95%) preceded by a JSA spell started within 1 day of the JSA claim ending. For TA spells with a subsequent JSA spell, 67% had a gap of only a day, 71% started within a week and 81% within one month. It was judged reasonable to treat spells on JSA/TA as continuous periods of financial support if people returned JSA as soon as their training allowance ended. However, gaps of up to a week were ignored in order to allow for the time it can take to process claims. Figure A1 shows an example: after linking, the number of spells reduces from three short spells – two on JSA and one on TA - down to one longer single spell.

The result of this for the analysis is that the number of JSA inflows are reduced slightly (because some JSA spells have been linked to prior JSA spells through TA spells), the number of previous JSA spells are reduced slightly and JSA spell durations are increased.

Figure A1 – Linking JSA and TA spells



⁸ Training allowance spells preceded and followed by a benefit other than JSA are not included in this analysis.