



Unemployment by constituency: changes in methodology, 2014

Standard Note: SN06907
Last updated: 17 December 2014
Author: Feargal McGuinness
Section: Economic Policy & Statistics

The Library publishes a monthly research paper, *Unemployment by Constituency*, providing the latest data on the monthly count of people claiming unemployment benefits in each UK parliamentary constituency.

Traditionally, the research paper has shown the number of people resident in each constituency who are claiming Jobseeker's Allowance (JSA). The introduction of **Universal Credit**, a new benefit which replaces income-based JSA and certain other benefits, means that the count of JSA claimants may no longer give an accurate picture of the number of people looking for work in certain constituencies.

Therefore, from December 2014, the headline unemployment count and rate shown in the Research Paper includes (i) people claiming JSA, as well as (ii) people not in employment and claiming Universal Credit.

Universal Credit is being introduced in stages, so as of yet the number of constituencies affected by this change is relatively small. In these seats, the headline count and rate of unemployed claimants will be higher than if it was based on JSA claimants only.

The Library calculates a **claimant rate** for constituencies which shows the number of claimants as a proportion of the economically active population. The methodology for calculating the claimant rates shown in the Research Paper was updated in the December 2014 edition (to be published 17 December 2014) to reflect the latest population estimates for parliamentary constituencies and new Census data for Scotland. The resulting revisions to claimant rates are minor.

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1 Universal Credit and the claimant count

The House of Commons Library *Unemployment by Constituency* research paper presents data on the monthly count of people claiming unemployment benefits in each parliamentary constituency.

Up to November 2014, the paper has shown the number of people claiming Jobseeker's Allowance by constituency. However, income-based Jobseeker's Allowance, along with certain other benefits, is in the process of being replaced by a new benefit called Universal Credit. The rollout of Universal Credit commenced in April 2013 (starting with jobseekers attending Ashton-under-Lyne jobcentre in Tameside) and is progressing in stages. As a consequence, the number of Jobseeker's Allowance claimants may no longer give an accurate reflection of the number of people looking for work in those constituencies affected.

From December 2014, the headline unemployment count and rate shown in the research paper includes (i) people claiming JSA, as well as (ii) people not in employment and claiming Universal Credit. This combined series better represents the total number of unemployed claimants in constituencies where Universal Credit has been introduced, than the number of JSA claimants alone.

Statistics on JSA claimants by constituency are published by the Office for National Statistics (ONS) on its [Nomis website](#).¹

Statistics on Universal Credit claimants are [published](#) by the Department for Work and Pensions (DWP).²

1.1 Out-of-work Universal Credit claimants

People claiming Universal Credit may continue to receive it upon entering employment. Data showing *out-of-work* Universal Credit claimants only were first published by DWP in

¹ www.nomisweb.co.uk

² <https://www.gov.uk/government/collections/universal-credit-statistics>

November 2014 (relating to the number of Universal Credit claimants at October 2014), which means it is now possible to present the statistics on this new basis.

The group of out-of-work Universal Credit claimants may include some people who are no longer seeking work.³ This means the combined JSA/Universal Credit series as published by the Library may be slightly overestimate the total number of unemployed claimants.

1.2 Limitations of the data

Statistics on Universal Credit are experimental, meaning they are new statistics which are still undergoing evaluation. Data for the latest month are provisional (to be finalised the following month).

Statistics on the number of people claiming Universal Credit are rounded to the nearest ten. Thus changes between periods may be slightly over- or understated due to rounding errors. Statistics on JSA claimants are unrounded, although figures for particular groups of claimants (for example, different age groups) are rounded to the nearest five.

1.3 Looking at changes over time

Data on out-of-work Universal Credit claimants by constituency are currently not available for months before October 2014.

This lack of a time series means it is not possible to calculate the annual change in the total number of unemployed claimants (both JSA and Universal Credit) in all cases:

- In **constituencies where Universal Credit had already been introduced a year ago**, it is not possible to calculate annual changes in the total number of unemployed claimants. Of those people claiming Universal Credit one year ago, we do not know how many were out-of-work.
- In **constituencies where Universal Credit was introduced within the past year**, it is possible to calculate annual changes. As there were no Universal Credit claimants a year ago, we can compare the total number of unemployed claimants now (both JSA and Universal Credit) with the number of people claiming JSA a year ago.

However, in the absence of new statistics becoming available, in some future month (when it is more than a year since Universal Credit was introduced) it will no longer be possible to calculate annual changes. This is because we will be comparing against a previous month when there were some people in the constituency claiming Universal Credit but we will not know how many of these were out-of-work.

- In **constituencies where Universal Credit is yet to be introduced**, the number of unemployed claimants is the same as the JSA claimant count and it is still possible to calculate annual changes.

1.4 Claimants by age group and duration

Data on the number of Universal Credit claimants who are out-of-work by age group or duration of claim are currently not published at the constituency level. However, data are available on JSA claimants by age and duration.

³ All claimants currently on Universal Credit were looking for work when they started receiving the benefit, even if they have since stopped looking or have entered employment. This is because the rollout of Universal Credit has so far been confined to jobseekers.

In constituencies where Universal Credit has been introduced, the number of JSA claimants may not reflect the actual number of unemployed claimants in particular age group. This is particularly important for young people, who currently form the majority of the total Universal Credit caseload (both claimants in employment and those out-of-work). Consequently, the Library intends to stop adding new data to the Youth unemployment series on the Library's [Constituency Profiles](#) (intranet link) and the [My Constituency app](#), until further statistical breakdowns become available.

1.5 Where has Universal Credit been introduced?

A list of jobcentres where Universal Credit is live is [published on the ONS website](#).

At November 2014, there were five or more people not in employment and claiming Universal Credit in the following constituencies:

Constituencies where there were people not in employment and claiming Universal Credit at November 2014

Constituencies with at least five out-of-work Universal Credit claimants; Based on provisional data

Altrincham and Sale West	Makerfield
Alyn and Deeside	Manchester Central
Ashton-under-Lyne	Manchester, Gorton
Bath	North East Somerset
Birkenhead	Oldham East and Saddleworth
Blackley and Broughton	Oldham West and Royton
Bolton North East	Pendle
Bolton South East	Preston
Bolton West	Ribble Valley
Bootle	Rochdale
Burnley	Ross, Skye and Lochaber
Bury North	Rossendale and Darwen
Bury South	Rugby
City of Chester	Salford and Eccles
Congleton	Sefton Central
Crewe and Nantwich	Skipton and Ripon
Denton and Reddish	South Ribble
Eddisbury	Southport
Ellesmere Port and Neston	St Helens North
Fylde	St Helens South and Whiston
Garston and Halewood	Stalybridge and Hyde
Hammersmith	Stretford and Urmston
Harrogate and Knaresborough	Tatton
Heywood and Middleton	Unknown
Hyndburn	Wallasey
Inverness, Nairn, Badenoch and Strathspey	Warrington North
Kenilworth and Southam	Warrington South
Kensington	Weaver Vale
Knowsley	West Lancashire
Leigh	Wigan
Liverpool, Riverside	Wirral South
Liverpool, Walton	Wirral West
Liverpool, Wavertree	Worsley and Eccles South
Liverpool, West Derby	Wyre and Preston North
Macclesfield	Wythenshawe and Sale East

Source: DWP, *Universal Credit: monthly experimental official statistics to December 2014*

2 Calculating constituency claimant rates

2.1 Defining a claimant rate

The Library calculates a claimant rate (the 'Library rate') for parliamentary constituencies, based on the number of unemployed claimants as a proportion of the *economically active population aged 16-64*. As noted above, "unemployed claimants" includes people claiming JSA and (from the December 2014 edition of the research paper) people not in employment claiming Universal Credit.

The economically active population comprises people who are either in work or unemployed. Someone who is not in employment and who is not seeking work or available for work is economically inactive. Thus the potential workforce in a constituency is generally better reflected by its economically active population, rather than its overall resident population.

The Office for National Statistics' (ONS) headline claimant rate for local areas is based on the overall population aged 16-64, rather than the economically active population. (It also does not include claimants of Universal Credit.) ONS also publishes a rate on its [NOMIS site](#) based on the economically active population aged 16-64, using data from the Annual Population Survey (APS).

The ILO measure of unemployment (the standard international measure) counts all people looking for and available for work, whether or not they are claiming unemployment benefits. ONS publishes ILO unemployment rates for constituencies based on the APS, but these are subject to a time lag and sampling uncertainty.

2.2 Library denominators: updated methodology

The denominator for the Library claimant rate is the economically active population aged 16-64. This is obtained using Census data for parliamentary constituencies, scaled to reflect population growth in each constituency since 2011.

For the December 2014 edition of *Unemployment by Constituency*, the Library has recalculated the denominators for constituencies in **England, Wales and Northern Ireland** to reflect mid-year population estimates for mid-2013. Denominators for constituencies in **Scotland** have been recalculated based on the latest economic activity data from the 2011 Census and have been scaled to reflect population growth in each constituency up to mid-2013.

It is assumed that the proportion of the population aged 16-64 in each constituency who are economically active has remained constant since the Census.

2.3 Previous updates to methodology

In the June 2014 edition of *Unemployment by Constituency*, the Library recalculated the denominators for England, Wales and Northern Ireland to reflect new data from the 2011 Census. Denominators were scaled to reflect population growth in each constituency up to mid-2012.

Census results for Scotland were released on a different timetable to results for other parts of the UK. In the June 2014 edition, new estimates for the economically active population aged 16-64 in Scottish constituencies were obtained using 2011 Census data on the age structure of the population and the economically active population aged 16-74, in combination with

APS data on economic activity by age for the whole of Scotland. These estimates were adjusted to account for population growth since the Census, up to mid-2012.