

Revisions to the Universal Credit component of the Claimant Count

Revisions to the Claimant Count arising from moving from out of work Universal Credit claimants to those required to seek and be available for work.

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1 . Background

The Claimant Count is a measure of the number of people who are claiming benefit principally for the reason of being unemployed. Between October 1996 and April 2013, it was measured using the number of people claiming Jobseeker's Allowance (JSA).

In April 2013, the Department for Work and Pensions (DWP) introduced Universal Credit (UC) to replace a number of means-tested benefits, including income-based JSA. Since then, we have been working with DWP to produce figures incorporating unemployed claimants of UC with those people claiming JSA to produce a Claimant Count reflecting both benefits.

The initial pathfinder roll-out of UC only covered a limited subset of claimants at a small number of Jobcentre Plus offices. Since then, the coverage of the benefit has expanded both geographically and in the type of claimants receiving the benefit. Although UC is now available at all Jobcentre Plus offices in Great Britain, there are still limits on the types of claimant receiving the benefit, with different coverage in different parts of the country. The roll-out to full coverage is expected to extend beyond 2020.

At first there was no information available on the number of UC claimants. Later, a series became available that included all claimants of UC, rather than just unemployed claimants. Although these methods initially gave an undercount, then an overcount, the size of UC rollout at the time meant the overall impact on the Claimant Count was small.

Most recently a combined JSA and UC estimate has been used, which has included those UC Claimants who were identified by DWP as "out of work". DWP's method for identifying those who were out of work was based on information on whether claimants had any earnings over a 4-week period, including the count date. Those without earnings were identified as out of work. Having no earnings did not guarantee that the out of work claimant was claiming for unemployment reasons in the particular month contributing towards an overcount. At the same time, this method would identify any claimant who had earnings over a 4-week period including the count date as in work, rather than whether or not they were in work on the count date, contributing towards an undercount. It was not clear which of these 2 effects was the largest.

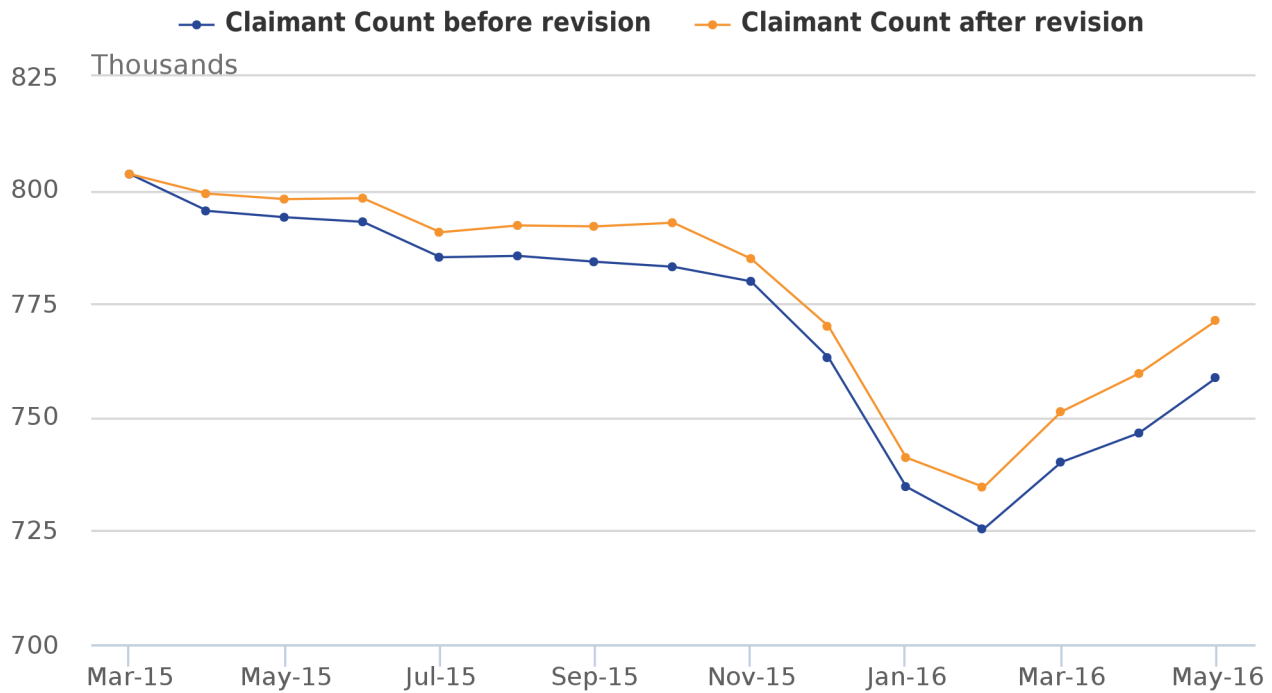
2 . Revised series

From the labour market releases on 17 August 2016, DWP are able to provide information identifying those Universal Credit claimants who were required to be available for and seeking work on the relevant count date. This information is available for periods from April 2015 to the latest data. Although this leads to a discontinuity due to the improvement in the definition of Universal Credit claimants included within the Claimant Count, between March and April 2015, the size of this discontinuity is small.

The figures below shows the Claimant Count series prior to and after the revision to the UC series, up to May 2016. Figures for June and July 2016 are included in the August 2016 labour market release.

Figure 1: Revision to Claimant Count from improved Universal Credit component

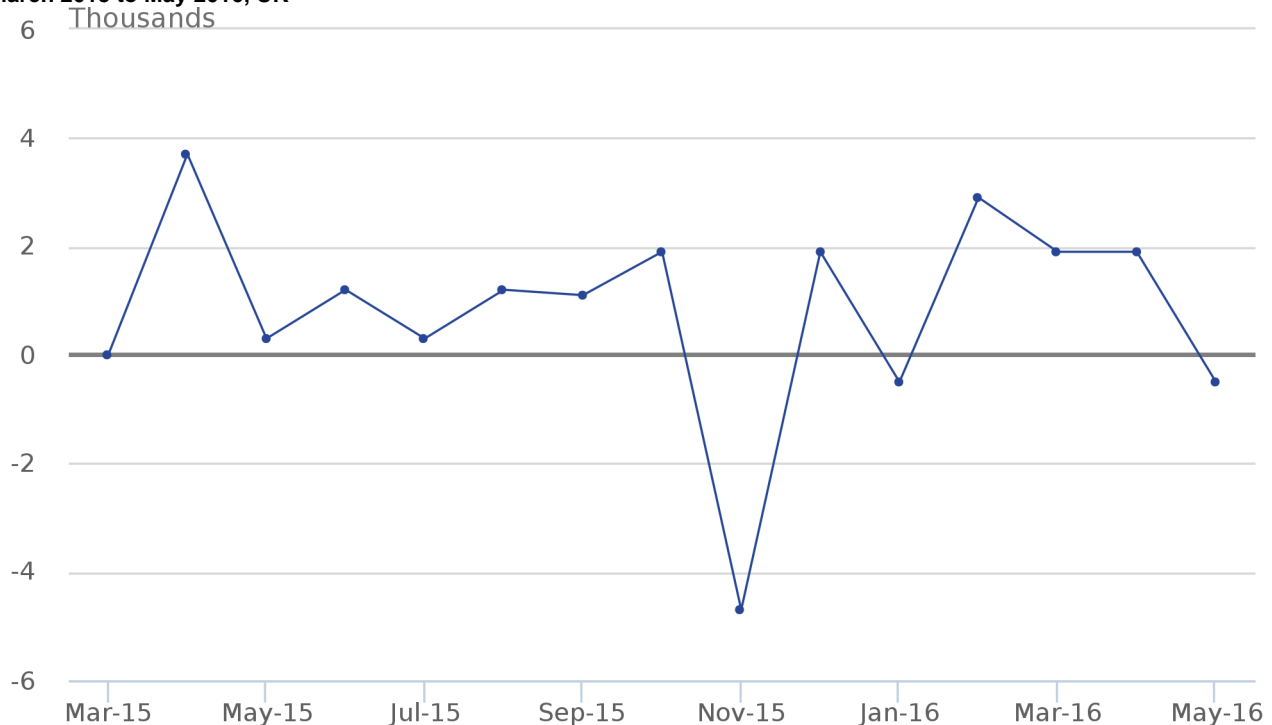
March 2015 to May 2016, UK



Source: Office for National Statistics, Department for Work and Pensions

Figure 2: Revision to monthly change in the Claimant Count

March 2015 to May 2016, UK



Source: Office for National Statistics, Department for Work and Pensions

As can be seen from the graphs, the revisions to the series have been upward. This is because the number of claimants that were being wrongly considered as in work on the count date, due to earnings during the month, exceeded the number of out of work claimants who were not required to be available for and seek work.

The revisions have not changed the general pattern of the Claimant Count.

3 . Next steps

Although this latest revision brings us towards a final definition of the Claimant Count, there is still further work to do before we can consider the new Claimant Count to be a National Statistic.

The new revised Claimant Count still only includes claims from the DWP Live Service and not from the new Full Universal Credit Service. Although the number of cases within the Full Service is currently small, it will be important to have these included within the Claimant Count before significant expansion of the Full Service.

Also, until we have all cases transferred into the Full Universal Credit Service, it is unlikely that we will be able to produce any reliable statistics relating to claimant flows or duration within the Claimant Count.