

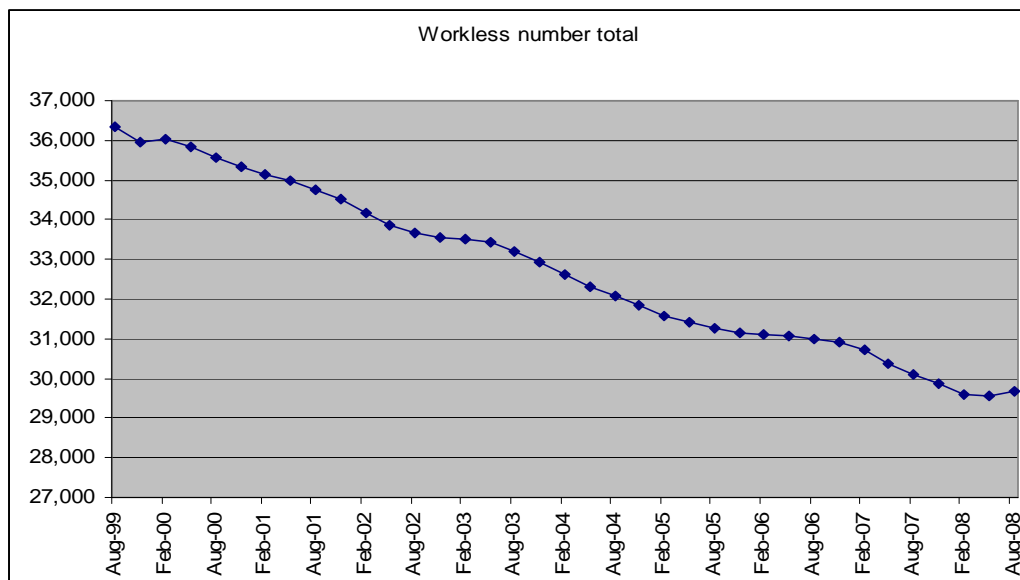
## Evidence Base - Worklessness in Wigan

### Overall worklessness trends

The generally accepted measure for worklessness is the total number of working age people claiming out of work benefits divided by the resident working age population expressed as a percentage, often referred to as the **worklessness rate**.

The overall worklessness figure in Wigan is currently 29,668 (source Department of Work and Pensions - August 2008). This equates to a worklessness rate of 15.6%, which is higher than North West average of 14.8% and compares poorly to the UK average of 11.9%.<sup>1</sup>

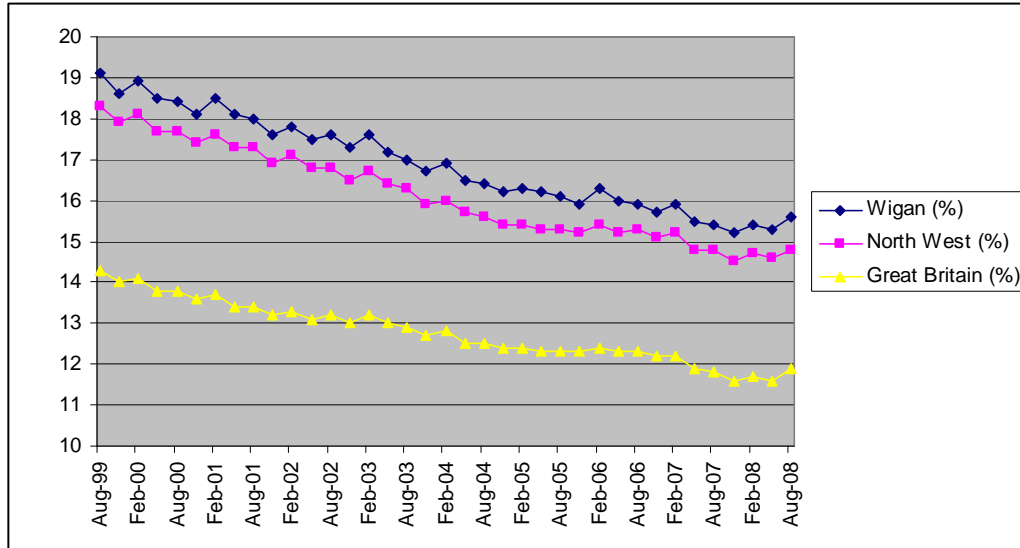
Of the 29,668 people claiming out of work benefits, 16,139 (54.4%) are male and 13,499 (48.5%) are female. The working age population is split 52.6% male to 47.4% female.



**Chart 1 – Overall worklessness trend in Wigan**

Chart 1 illustrates the overall worklessness figure for Wigan had been showing an encouraging decline. However, recent data has reversed this trend. Current labour market conditions dictate that worklessness figures are set to increase against the backdrop of the economic recession.

<sup>1</sup> DWP Benefit Claimants – Working Age Client Group



**Chart 2 – Comparison of worklessness rates<sup>2</sup>**

Chart 2 clearly shows that the worklessness trend for Wigan is reflective of national and regional positions rather than any specific localised interventions. It is also apparent that Wigan has not closed the gap compared to the North West and UK averages.

## Worklessness in deprived areas

### Definition of deprived areas

The most common methodology for indentifying areas of deprivation uses the Government’s Indices of Multiple Deprivation (IMD). IMD figures are based on defined areas each with a population of approximately 1,500 called Lower Super Output Areas (LSOA’s). Within Wigan, based on the latest 2007 IMD figures, there are 49 LSOA’s that are amongst the 10% most deprived in the country in terms of employment. These areas are home to just over 73,000 people or approximately 25% of the total population. The resident working age population is approximately 47,000 people, once again 25% of the total working age population.

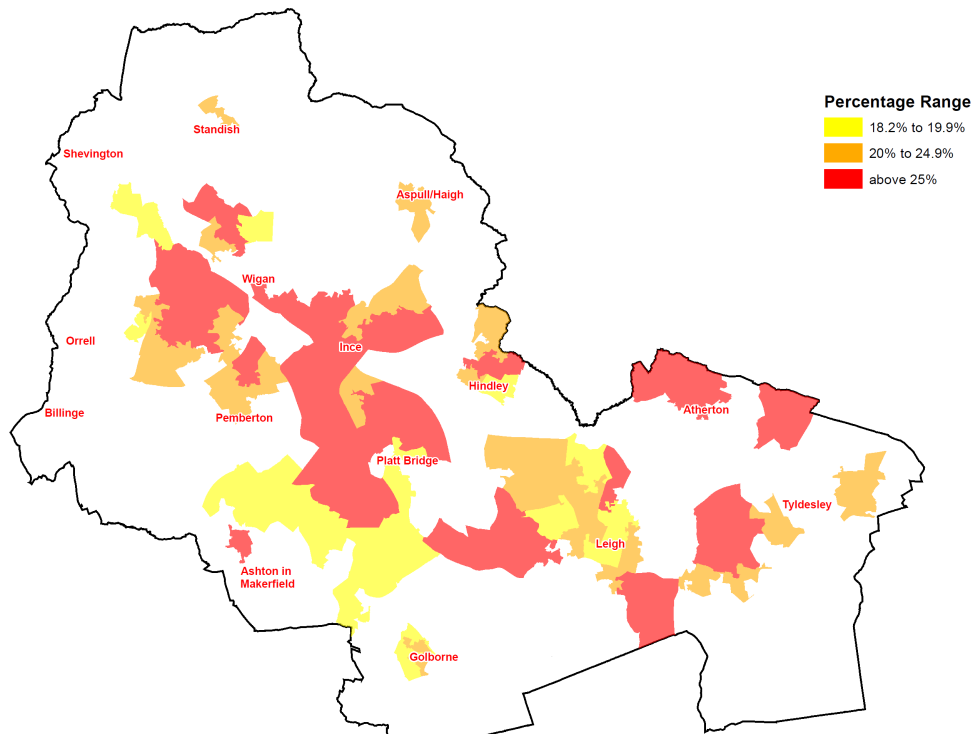
A further definition of a deprived area is provided by the Department of Work and Pensions (DWP) to support the Local Area Agreement and National Indicator (NI) 153. (The measure of working age people on out of work benefits in the worst performing neighbourhoods.) This definition identifies 32 LSOA’s that have a workless rate greater than 25%. The worklessness rate is based on a subset of the Working Age Client Group Benefits, specifically those that are discretionary and income related. A full list of the LSOA’s identified by the DWP is contained in Appendix 2.

<sup>2</sup> DWP Benefit Claimants – Working Age Client Group

Whilst both definitions provide very precise geographic definitions of deprivation, they do not naturally align with natural communities. The action planning process will identify natural communities that can be targeted with specific interventions. Experience of delivering the NRF programme has shown that a strict geographic eligibility criterion is a key barrier to success (post code lottery). There is now an accepted principle that specific interventions to address worklessness, skills and enterprise should target specific natural communities and not be restricted to defined LSOA's. However, for the purposes of consistency with the LAA, analysis of worklessness within deprived areas will be based on the DWP methodology.

**Overall worklessness in DWP deprived areas**

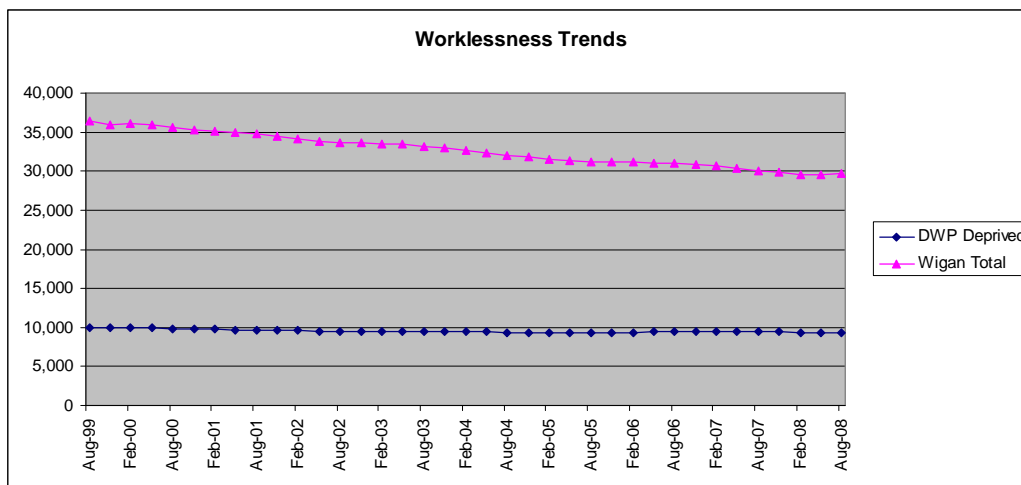
The 32 LSOA's (see Appendix 2) are spread across the Borough.



**Figure 1 – DWP deprivation areas (red)**

As can be seen from Figure 1, the areas of deprivation are spread all over the Borough with no dominant concentration. In May 2007 (LAA Baseline Position), within the highlighted red areas, the number of people classed as workless was 9,481 (32.4% of the working age population). By August 2008, this total had declined to 9,325 (31.84% of working age population), a reduction of 156 from the workless count.<sup>3</sup>

<sup>3</sup> DWP Benefit Claimants – Working Age Client Group



**Chart 3 – Worklessness trends in Wigan**

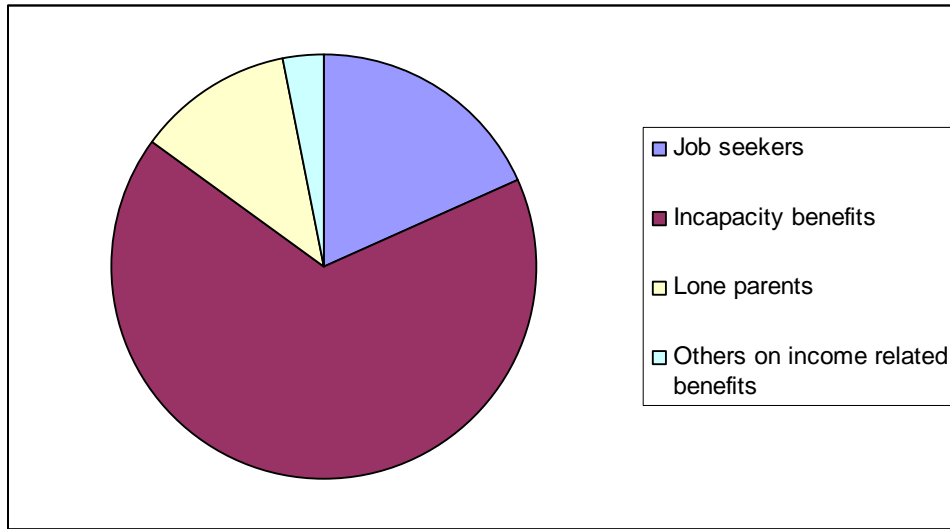
Chart 3 shows the overall worklessness trends in Wigan and the deprived areas. The chart starkly illustrates that within the deprived areas (as defined by the DWP) there has been virtually no reduction in the overall figure for worklessness. In August 1999 the workless total in deprived areas accounted for 27% of the overall figure and by August 2008 this proportion had increased to 31%.<sup>4</sup>

## Breakdown of worklessness in Wigan

There are several definitions of worklessness used by various organisations and Government departments. For the purposes of consistency, people who are claiming Working Age Client Group (WACG) Benefits are considered workless. The WACG Benefits are:

- Job Seekers Allowance (JSA)
- Incapacity Benefit (IB)
- Lone Parents (LP) Benefit
- Others on income related benefits

<sup>4</sup> DWP Benefit Claimants – Working Age Client Group



**Chart 4 – worklessness by WACG claimant type – August 2008.**

Chart 4 illustrates that Incapacity Benefits, Job Seekers Allowance, and Lone Parent benefit claimants represent over 97% of the overall worklessness total. These three claimant groups are analysed further to identify key issues.

## Incapacity Benefit analysis for Wigan

There are 19,720 people claiming Incapacity Benefit in Wigan (source DWP – August 2008) and at 66.5% represents the largest single category. This equates to an IB claimant rate of 10.4% of the working age population, which is significantly higher than the North West (9.2%) and UK (7%) averages. Of the 19,720 IB Claimants, 11,220 (56.9%) are male.<sup>5</sup>

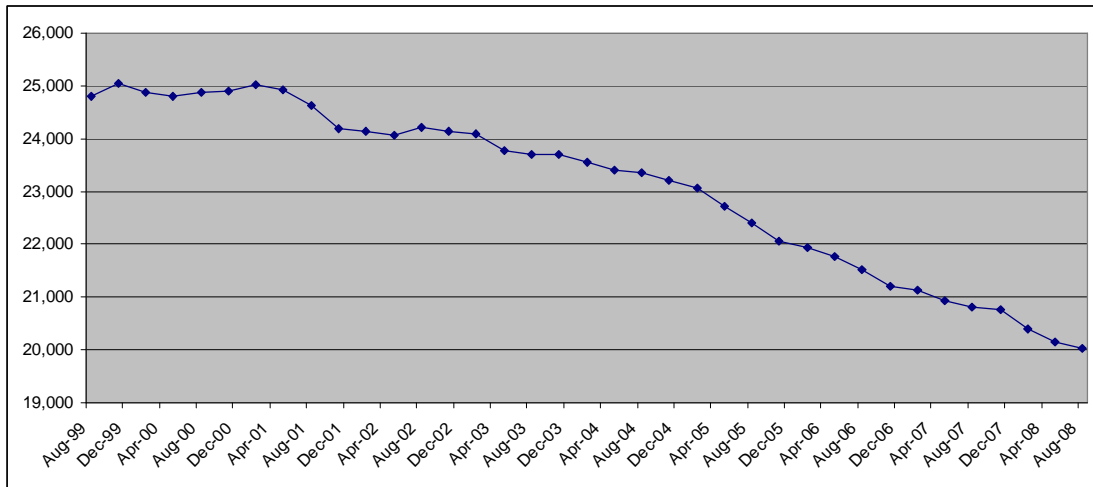


Chart 5 – IB claimant trend

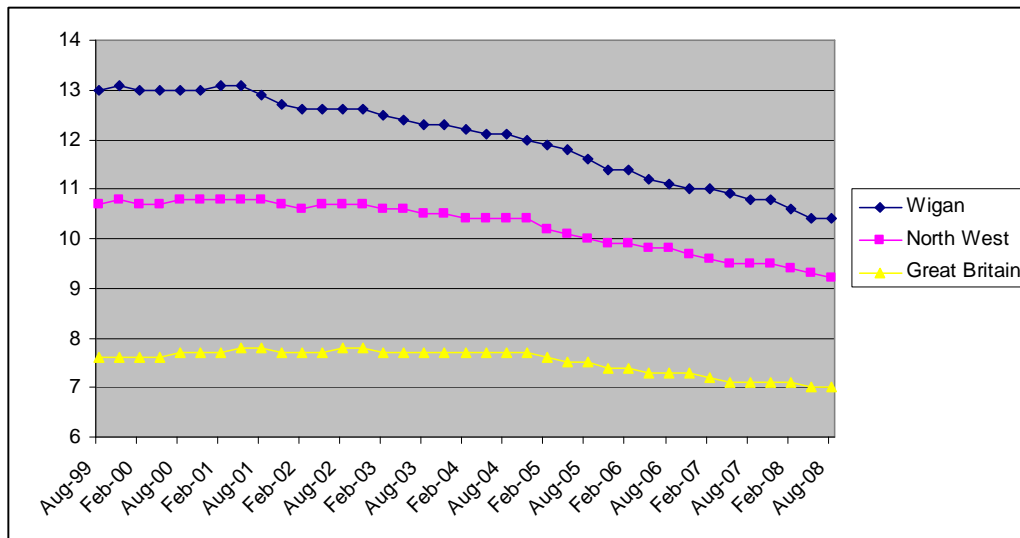


Chart 6 – Comparison of IB claimant rates (as a % of working age population)<sup>6</sup>

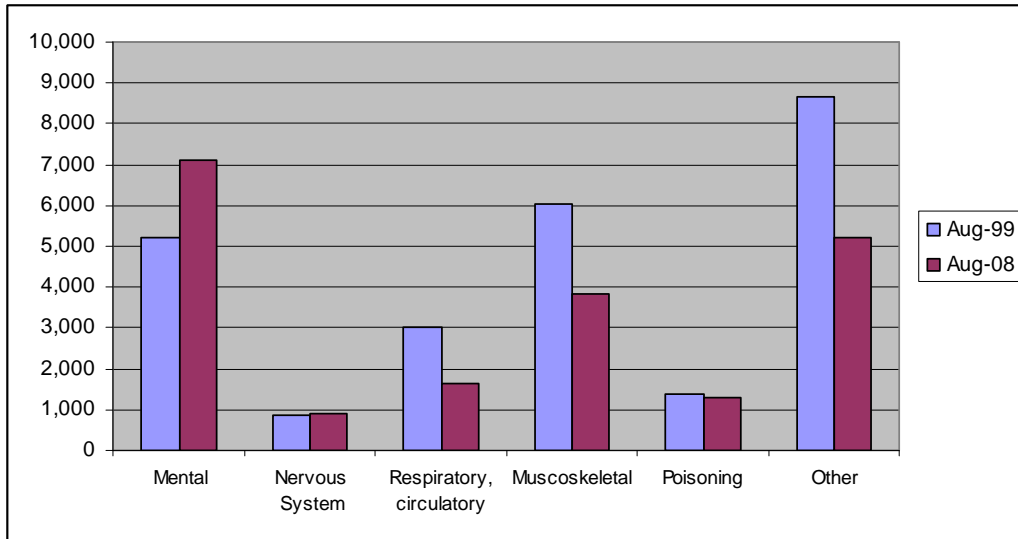
<sup>5</sup> DWP Benefit Claimants – Working Age Client Group

<sup>6</sup> DWP Benefit Claimants – Working Age Client Group

Overall IB Claimant trends would seem to be encouraging with Chart 5 showing a significant decline in overall numbers and Chart 6 indicating that Wigan is reducing the gap in terms of claimant rate with the regional and national averages.

However, further analysis of IB claimants by condition, age, duration and geography reveal some underlying issues that are of major concern.

**IB by condition**



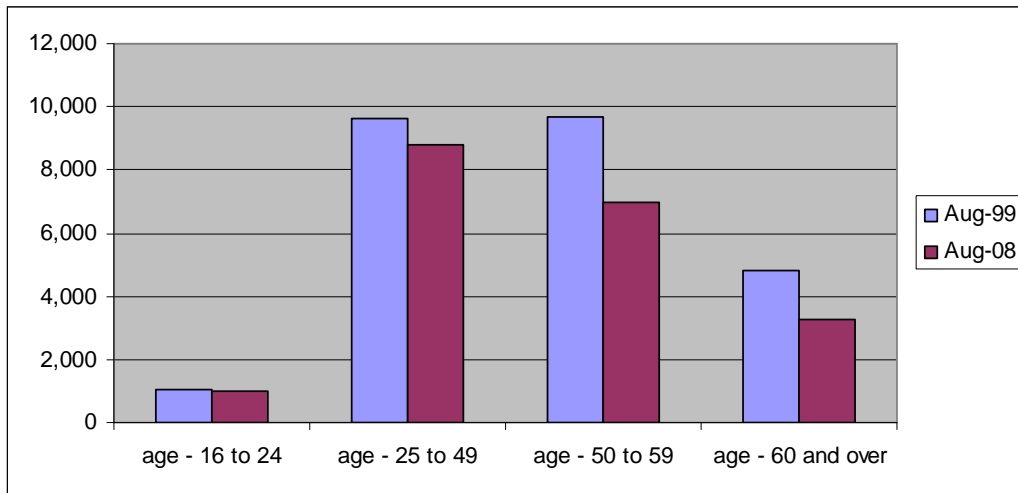
**Chart 7 – comparison of IB by condition<sup>7</sup>**

Chart 7 starkly illustrates the growth in numbers of IB claimants stating mental health as their primary condition. There are now 7,120 IB claimants stating mental health as their primary condition accounting for almost 36% of all claimants. This represents an increase of 36% since August 1999. Mental health is the only claimant condition to show significant growth since August 1999 and now represents the largest category.

Further independent analysis of the mental health category has identified that approximately 50% of the mental health claimants are suffering from stress or depression. The other 50% have relatively more serious conditions such as schizophrenia.

<sup>7</sup> DWP Benefit Claimants – Working Age Client Group

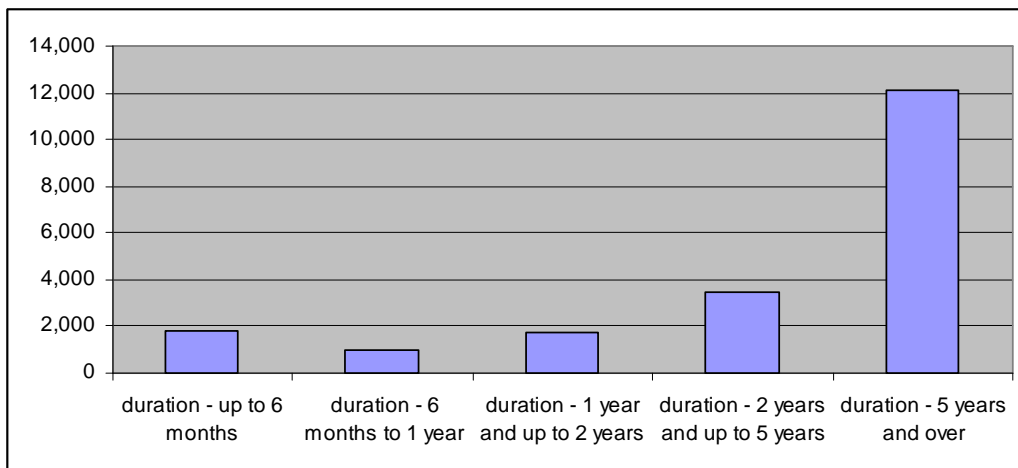
### IB by age



**Chart 8 – comparison of IB by age<sup>8</sup>**

For the period from August 1999 to August 2008, the overall IB claimant count declined by 20%. The majority of this decline was within the 50 plus age range. Of concern is the relatively static number of young people aged 16-24 claiming IB. The proportion of young people claiming IB has increased from 4.2% (August 1999) to 5% (August 2008) of the current IB total.

### IB by duration



**Chart 9 – IB by duration (Aug 2008)<sup>9</sup>**

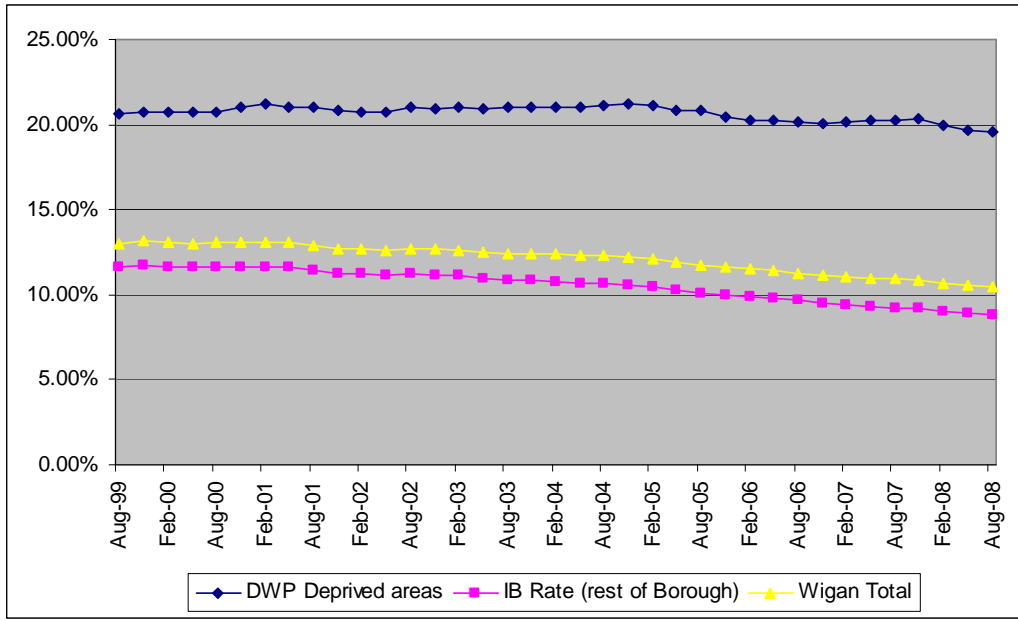
Over 91% of Wigan’s IB claimants have been doing so for 6 months or more, and almost 60% of the claimants have been doing so for over 5 years. Job Centre Plus statistics indicate that a person claiming IB for 2 years or more is

<sup>8</sup> DWP Benefit Claimants – Working Age Client Group

<sup>9</sup> DWP Benefit Claimants – Working Age Client Group

more likely to die or retire rather than secure employment. For Wigan, this equates to over 15,555 IB claimants who are statistically unlikely to ever work again.

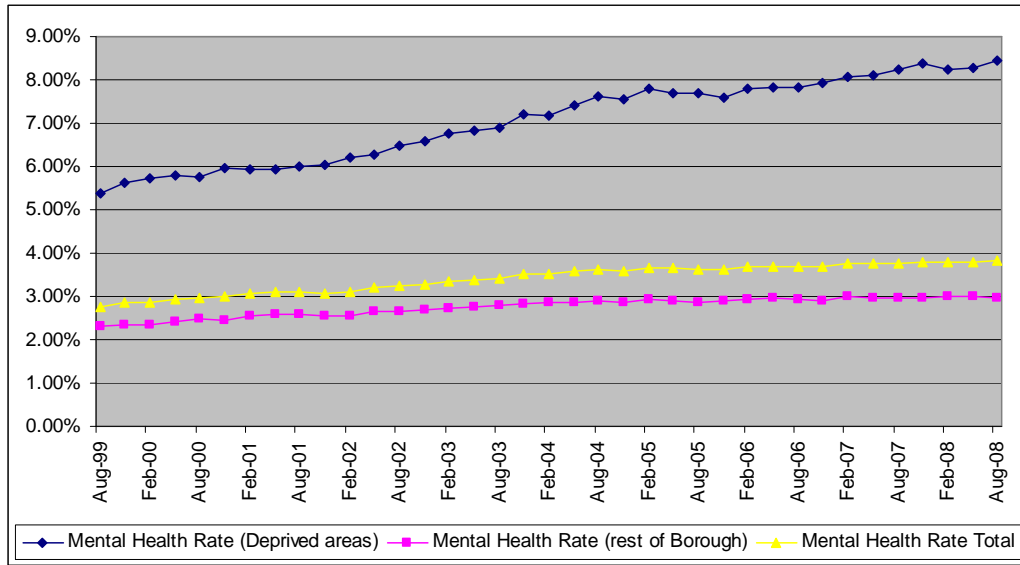
**IB in deprived areas**



**Chart 10 – IB Trends in Wigan (as a % of working age population)<sup>10</sup>**

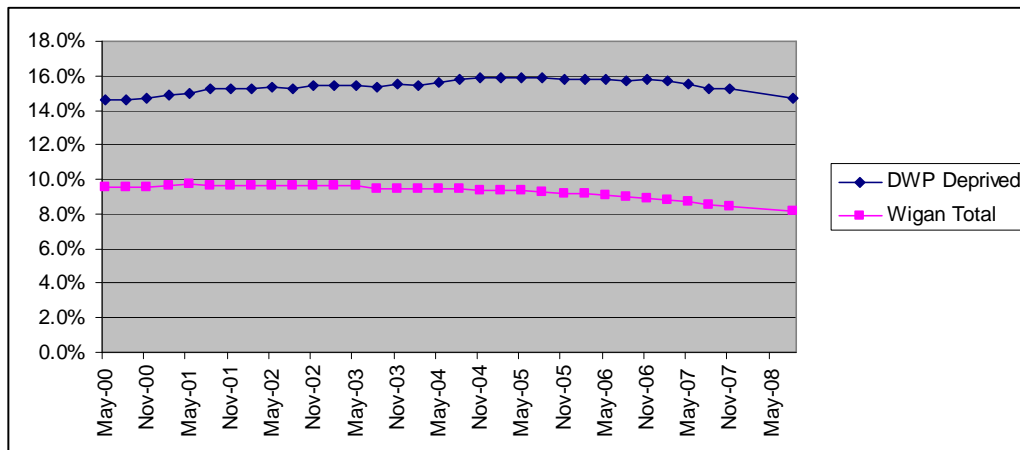
Chart 10 shows that as a percentage of the working age population, the IB claimant rate in the deprived areas has hardly changed since August 1999 compared to a significant reduction in the overall rate for Wigan.

<sup>10</sup> DWP Benefit Claimants – Working Age Client Group



**Chart 11 – IB Mental Health Trends in Wigan (as a % of working age population)<sup>11</sup>**

The numbers of people claiming Incapacity benefit due to Mental Health issues has increased across Wigan generally. However, Chart 11 illustrates that the rate of increase in the deprived areas is higher than the overall increase across Wigan.



**Chart 12 – Trend in Wigan of people claiming IB for more than 2 years (as a % of working age population)<sup>12</sup>**

Chart 12 indicates that there increasing numbers of long term IB claimants within the areas of deprivation, whilst at the same time there has been a

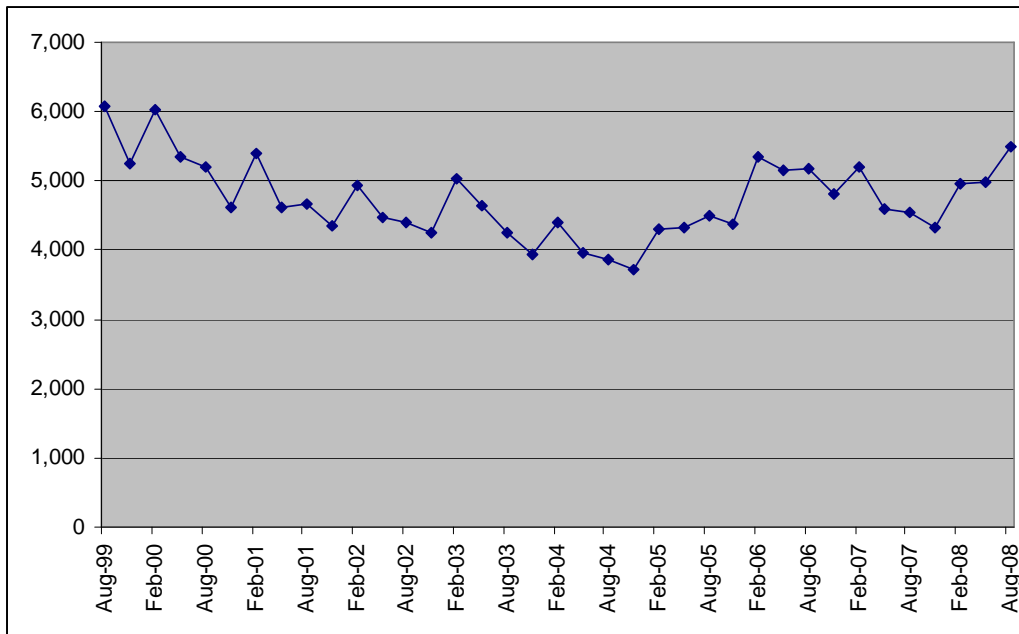
<sup>11</sup> DWP Benefit Claimants – Working Age Client Group

<sup>12</sup> DWP Benefit Claimants – Working Age Client Group (Note due to errors reported by DWP February and May 2008 data omitted)

steady decline of long term claimants across Wigan generally. This is despite a decline in the numbers of people claiming IB due to the traditional conditions (respiratory, musco-skeletal) which in the past were the main long term complaints for people claiming IB.

## Job Seekers Allowance analysis

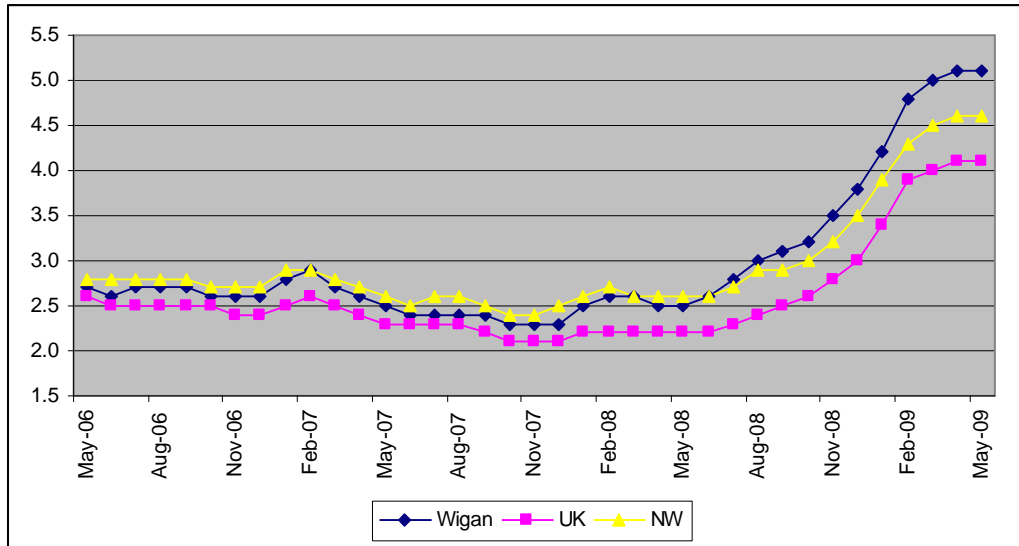
The second largest category are people claiming Job Seekers Allowance (JSA) at 18.5% of the overall total. This equates to 5,470 people claiming JSA in Wigan represents 2.9% of the resident working age population which is higher than the North West average (2.8%) and above the UK average (2.4%). More worryingly recent performance has seen a significant upturn in JSA claimants.



**Chart 13 – JSA claimants in Wigan<sup>13</sup>**

Further scrutiny of JSA figures reveals a sustained increase in claimants after August 2008. Of course the increase in JSA claimants is inter-twined with current economic performance. With the uncertainty of the current economic climate, it would not be unexpected to further increases in JSA in the future.

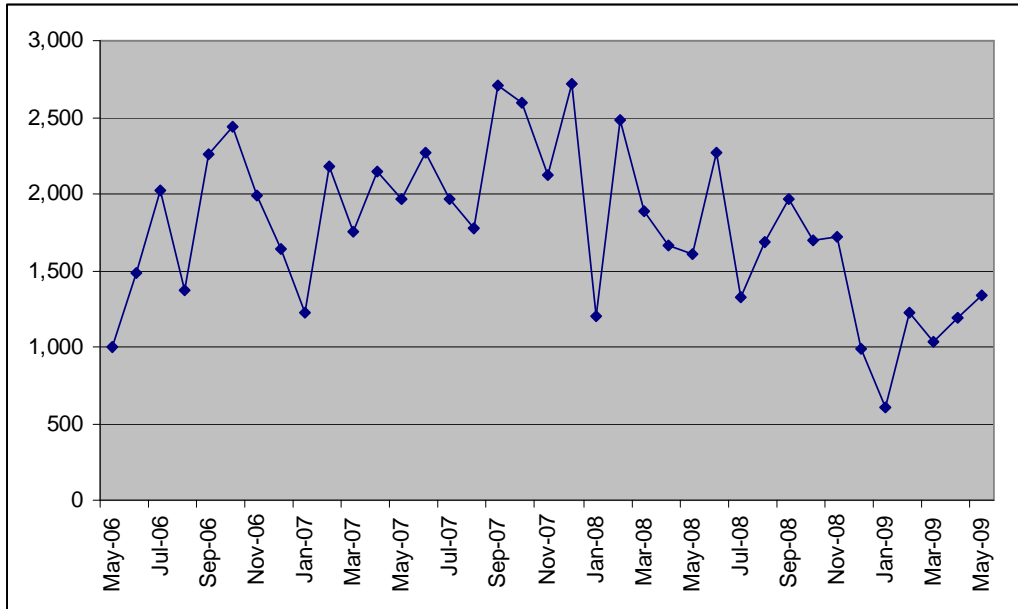
<sup>13</sup> DWP Benefit Claimants – Working Age Client Group



**Chart 14 – Comparison of claimant rates (as a % of working age population)<sup>14</sup>**

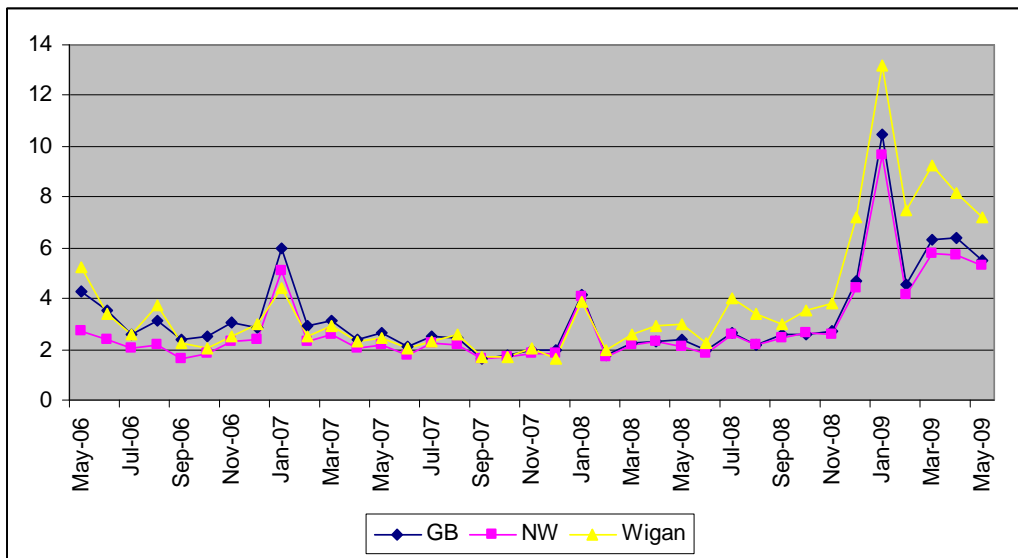
In terms of JSA claimant numbers, Wigan can be seen to be reflective of the regional and national trends in terms of direction. In the first half of the decade, Wigan performed relatively well compared to the regional and national averages maintaining a significant gap in performance. However, since 2005, regional and national comparisons had begun to close this gap. More recently both regional and national figures have experienced a lower rate of JSA claimants than the borough average.

<sup>14</sup> Nomis – Claimant count figures



**Chart 15 – Notified vacancies to Job Centre Plus.**

Although the number of vacancies reported in Wigan fluctuates wildly from month to month, recent figures indicate a general decline from October 2007 onwards. Although a sharp recovery has been experienced, this level is largely comparable to the bottom end performance in previous years.



**Chart 16 – Comparison of JSA claimants per notified vacancies.<sup>15</sup>**

Chart 16 illustrates the number of JSA claimants to a single notified vacancy. Again the Wigan average has largely mapped the trends experienced by the

<sup>15</sup> Jobcentre Plus vacancies (February 2009)

North West and Great Britain, with peaks of activity reflecting seasonal nature of the job market. Latest data, however, have shown seasonal increases exacerbated by the economic recession. In this respect Wigan appears to have been more affected by these conditions than its comparators. The last 3 months of data show Wigan experiencing higher JSA to vacancy rates than either the North West or Great Britain. Whilst the historical trend dictates figures will remain broadly constant at February 2009 levels, further redundancies may well drive figures up further.

### JSA by age

	Wigan (numbers)	Wigan (%)	North West (%)	Great Britain (%)
Aged 18-24	3,200	33.3	31.5	28.9
Aged 25-49	5,040	52.4	54	54.8
Aged 50 and over	1,315	13.7	14	15.7

**Table 1 – JSA claimants in Wigan by age (May 2009)<sup>16</sup>**

Whilst the overall figures in Wigan compare relatively well for overall JSA claimant counts, there are higher than average proportion of young claimants compared to the regional and national averages.

### JSA by duration

	Wigan (numbers)	Wigan (%)	North West (%)	Great Britain (%)
Up to 6 months	6,875	71.5	71.7	73.1
6 to 12 months	1,920	20	19.8	18.7
Over 12 months	825	8.6	8.6	8.2

**Table 2 – JSA claimants in Wigan by duration (May 2009)<sup>17</sup>**

Table 2 illustrates there is a slightly higher proportion of 6 to 12 months claimants compared to the regional and national averages. Further analysis of this is required with specific focus on the “on flow” rates to JSA. It may be reflective of the increasing skills requirements for employment. Wigan also has a higher proportion of long term unemployed and this may again be indicative of inappropriate skills within the working age population.

### JSA in deprived areas

9.4% of the working age population (2,844 people) in the deprived areas are claiming JSA. This is over twice the UK average and significantly higher than the overall average of 5.1% for the Borough.

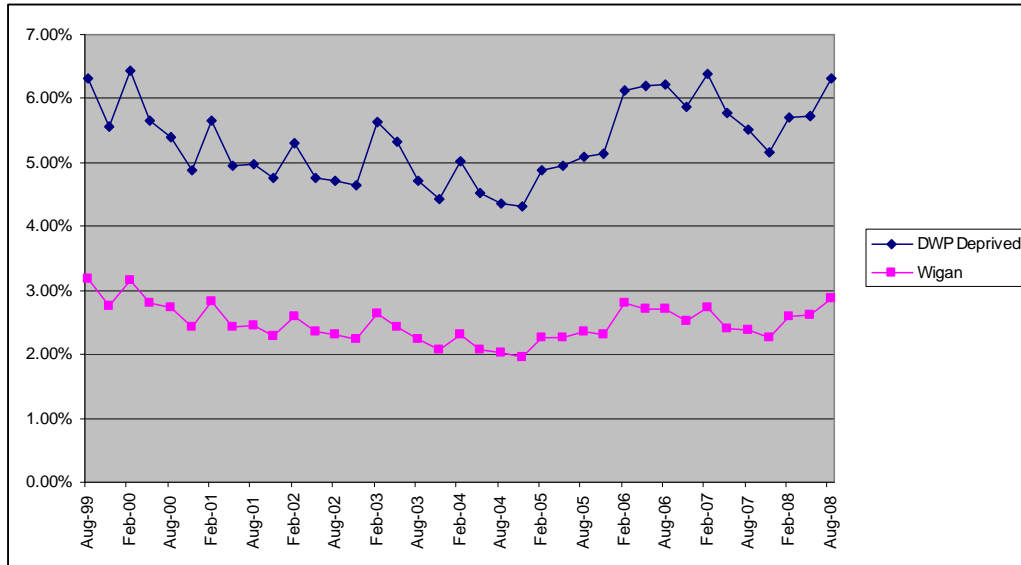
Over 35% (965 people) of the claimants aged 25 and under live in the deprived areas.<sup>18</sup>

<sup>16</sup> ONS claimant count with rates and proportions

<sup>17</sup> ONS claimant count with rates and proportions

<sup>18</sup> ONS claimant count with rates and proportions (February 2009 figures)

It is not possible from public statistics to define the proportion of long term unemployed living within the deprived areas. However, it would be reasonable to assume that there is a higher concentration of long term unemployed living in these areas.



**Chart 17 - JSA Claimant Count Trends in Wigan (as a % of working age population)<sup>19</sup>**

The JSA claimant rate for Wigan and the deprived areas is reflective of national trends. Furthermore, there does seem to a slight narrowing of the gap between the claimant rates for Wigan and the deprived areas, which is encouraging. There have traditionally been relatively high levels of mainstream support to assist JSA claimants to return to work from such organisations as Job Centre Plus. It should also be recognised that the there has comparatively little or no targeted interventions into the deprived areas.

<sup>19</sup> ONS claimant count with rates and proportions

## Lone Parent (LP) Benefit analysis

There are 3,540 people claiming Lone Parent Benefit in Wigan accounting for 11.9% of the workless total.

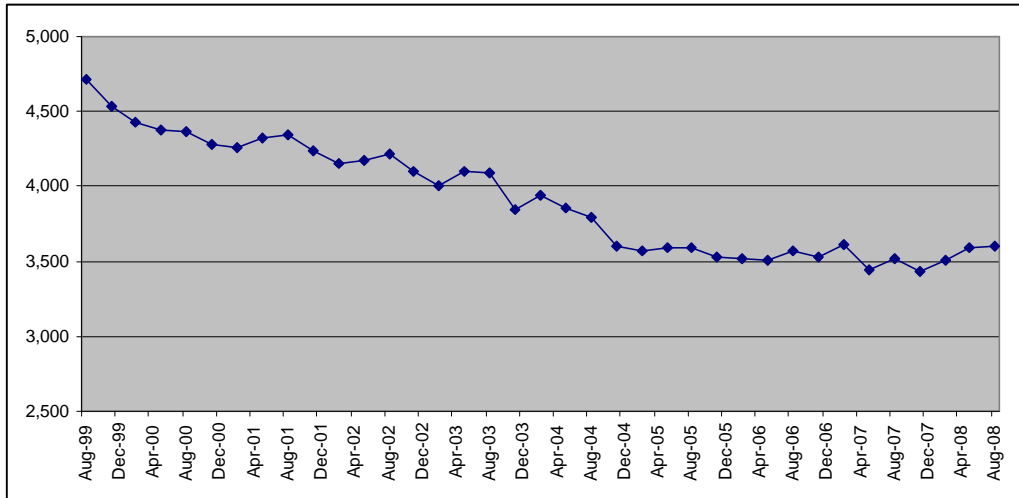


Chart 18 – Lone Parent Benefit claimant count<sup>20</sup>

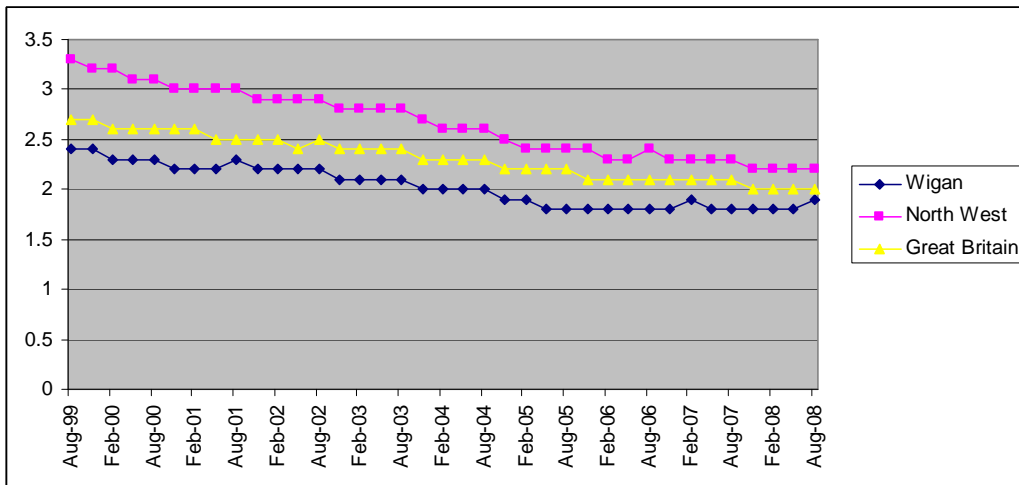


Chart 19 – Comparison of LP claimant rates (as a % of working age population)<sup>21</sup>

Chart 18 shows that LP claimant rates have remained static since 2005, and Chart 19 shows this is reflected in the regional and national trends. It is encouraging to note that Wigan has a significantly lower LP claimant rates than the regional and national averages. There may be a correlation between

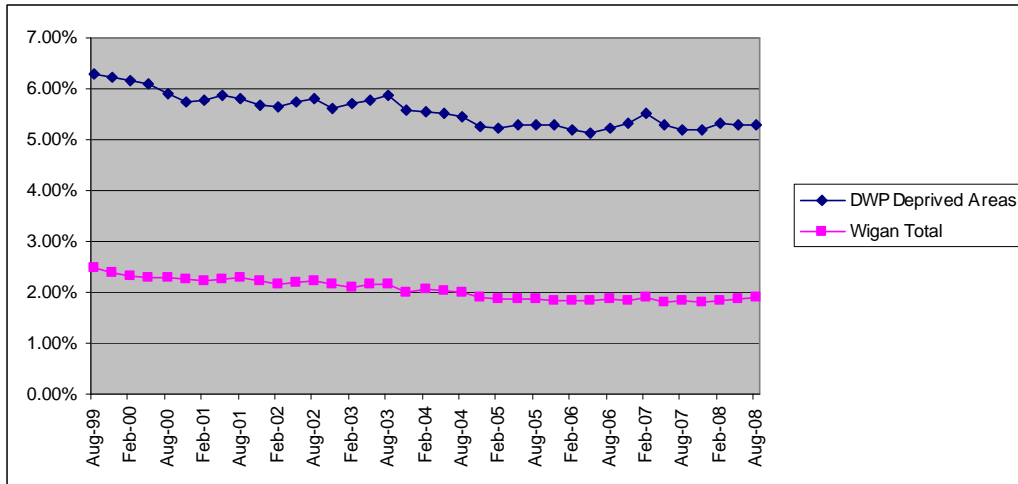
<sup>20</sup> DWP Benefit Claimants – Working Age Client Group

<sup>21</sup> DWP Benefit Claimants – Working Age Client Group

the static LP claimant rates and the teenage pregnancy rates that will require further investigation.

### Lone Parent Benefit claimants in deprived areas

Within the deprived areas, there are 1,549 people claiming Lone Parent Benefits. This represents a claimant rate of 5.3%, significantly higher than the Borough rate of 1.9%, the North West rate of 2.2% and the UK rate of 2%. Over 43% of all Lone Parent Benefit claimants live in the deprived areas.<sup>22</sup>



**Chart 20 – LP Claimant Rate Trends in Wigan (as % of working age population)<sup>23</sup>**

Chart 20 does indicate a recent narrowing of the gap between the deprived areas and the overall Wigan rate. This may be reflective of the teenage pregnancy interventions targeted into the deprived areas.

## Identified Priorities

The evidence base analysis clearly identifies the priorities for action if levels of worklessness are to be significantly reduced in the Borough to ensure the LAA targets are achieved. These priorities are:

- **Priority 1** – Reduce overall levels of worklessness in the deprived communities.
- **Priority 2** – Reduce the number of people claiming Incapacity Benefit due to mental health issues across the Borough.
- **Priority 3** – Reduce the number of young people (under 25) claiming Incapacity, Job Seekers Allowance, and Lone Parent benefits.

<sup>22</sup> DWP Benefit Claimants – Working Age Client Group

<sup>23</sup> DWP Benefit Claimants – Working Age Client Group