



## Changing Fortunes: geographic patterns of Income Deprivation in the late 1990s

### Key Findings

- Both the number and percentage of people claiming Income Support/income-based Jobseeker's Allowance (IS/JSA-IB) in England fell between 1995 and 1998. These measures – a proxy for income deprivation – also fell over this period in all local authority districts and in 97% of all electoral wards. Even the wards with the highest rates of claiming in 1995 experienced a decline in claim rates.
- The rate of decline was not consistent across all areas and there remain areas with very high rates of claiming in both 1995 and 1998. At regional level, London had the highest rate in 1995 (over 17%) but, along with the South East, experienced the greatest decline by 1998. The North West, North East and Yorkshire and Humberside all experienced the lowest rates of decline. In general, the claim rate in wards with the highest rates in 1995 had the smallest decline. Within a district a fall in overall claim rate was often accompanied (at least temporarily) by increased polarisation at ward level.
- The fall has also not been shared equally across the different groups of people that claim these benefits. The number of unemployed claimants fell most, dropping from 1.6m in 1995 to 0.9m in 1998. Falls were more modest among those aged 60 and over and among lone parent claimants. Conversely, there was a small rise in people who claimed as disabled.
- Decline in this measure of income deprivation at the small area level was determined by two main factors – the composition of the claimant population and its geographical location. This meant that claiming rates fell more if an area's claimant population was mainly comprised of unemployed people rather than people aged 60 and over. In geographical terms areas in London and the South East regions tended to have a greater drop in claiming rates than those in the North East and Merseyside, even where unemployment rates were similar in 1995.

- Child poverty, measured by the numbers of children living in families that claimed IS/JSA-IB, was particularly high in some areas. Over 50% of children were living in poverty in some local authorities in 1995 and over 60% in some wards. By 1998 child poverty had fallen in all districts, although in four local authorities the proportion of children living in poverty on this measure still exceeded 45%. Ward level child poverty had also fallen, even in the 50 wards with the highest rates in 1995. Ward level child poverty in 1998, however, still exceeded 60% in some wards, and was 65% or more in the 10 highest wards.

- the benefit-claiming profiles of the most income deprived areas in 1995 and 1998 (including a description of the four groups) and an assessment of the proportion of IS/JSA-IB claimants living there;
- how income deprived areas fared between 1995 and 1998 in terms of changing numbers, concentrations and types of benefit claimant living in them; and
- the degree to which changes in the benefit claimant profiles of income deprived areas are related to claimants migrating out of, or into, such areas, or to changes in the claimant status of residents in those areas.

## Introduction

In May 2000 the Social Exclusion Unit commissioned a team from the University of Oxford and the London School of Economics to undertake research into the following questions:

- Who are the people that live in deprived areas, and how are the more vulnerable groups distributed across those areas?
- Have inequalities between deprived and non-deprived areas in terms of income, employment and long-term illness/disability increased during the 1990s?
- What is the relationship during the 1990s between deprived areas themselves – did they experience similar changes, or did conditions in some areas improve and in others grow worse in respect of the above characteristics?

The study uses receipt of IS or JSA-IB as a proxy for income deprivation. Whilst this is different from definitions such as the frequently used ‘households below half mean (or median) income’, there is little doubt that Income Support and JSA-IB thresholds entail very low levels of household income – in many cases it could be considered to be a tougher test than the more frequently used measure of half the mean income. These data allow the identification of four groups of claimants: unemployed, those aged 60 and over, lone parents and disabled/other. Using these data – the most robust indicators currently available to answer the above research questions – the study provides a national picture for England of:

## The findings

Change over time was measured for England as a whole and at regional, district and ward levels.

### MEASURING CHANGE OVER TIME

In this report, change between 1995 and 1998 is measured in terms of **percentage point change** in claim rate and **claimant population change**.

Ward X	1995	1998
Number of lone parents	50	45
Adults aged 16–59	200	225
Lone parent claimant rate	25%	20%

Ward X shows a change of five percentage points, and a fall of 10% in the actual numbers of lone parents claiming IS/JSA-IB.

### England

Between 1995 and 1998 the economy in England has been in a sustained period of growth. As a result the number of people claiming basic means-tested social assistance – IS and JSA-IB – has declined, especially those of working age who have left benefit for work.

Overall, claimant numbers in England have fallen from 4.9 to 4.1 million but this overall fall has not been shared equally across all claimant groups:

- The number claiming for unemployment has fallen most, from 1.6 million in 1995 to 0.9 million in 1998;
- The number of people aged 60 and over, the second largest claimant group in 1995, has dropped slightly from 1.5 to 1.4 million;
- Lone parent claimants also experienced a modest fall (from 0.9 million to 0.8 million);
- The number of claimants in the 'disabled and other' category rose slightly from 0.9 to 1 million.

The unemployed, one third of all claimants in 1995, made up just over a fifth in 1998, while all other groups have grown in proportion.

The number of children in families dependent on IS/JSA-IB has fallen from 2.7 million to 2.3 million.

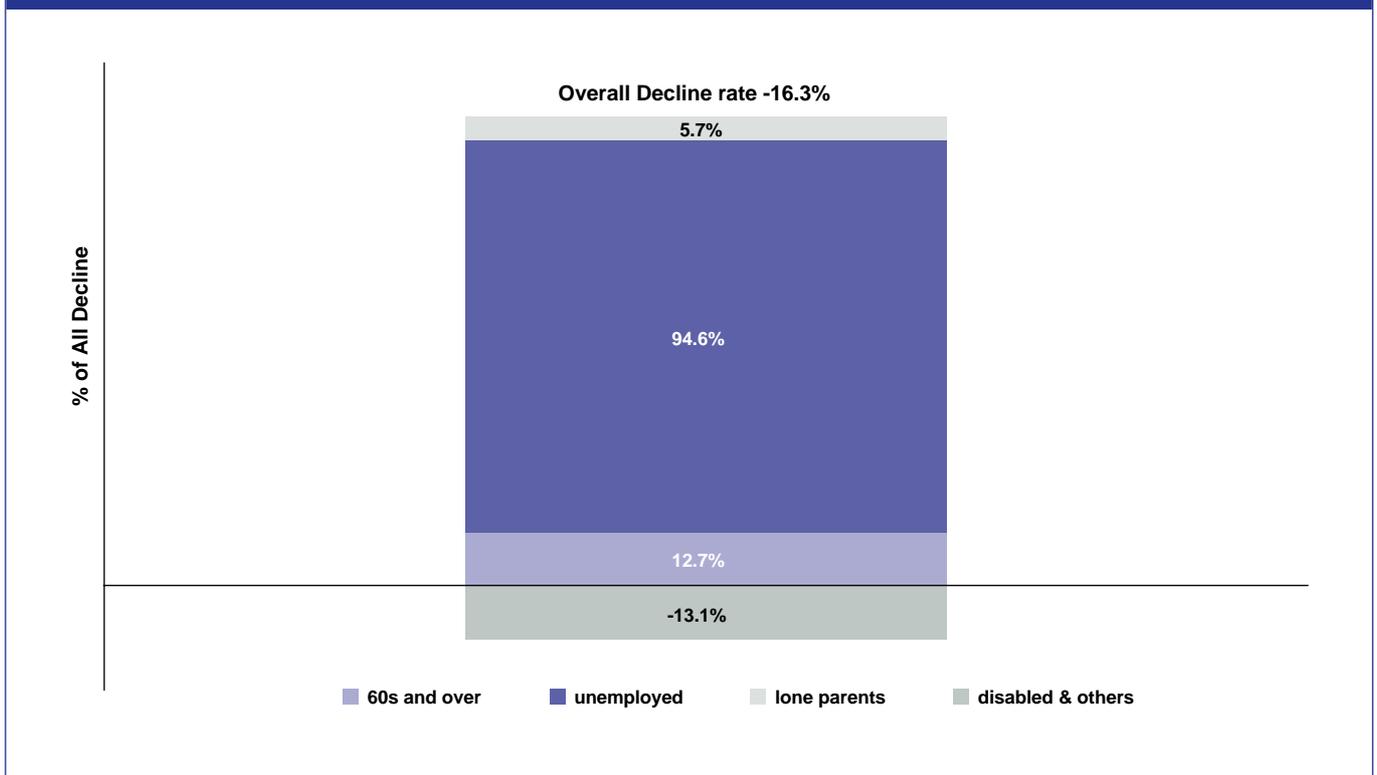
The overall claim rate for IS/JSA-IB, that is the proportion of claimants to the overall population, has dropped by 2.2 percentage points from 12.7% in 1995 to 10.5% in 1998. Looking at the groups individually

the claim rate among the unemployed group has dropped most – from 5.7% to 3% – a 2.7 percentage point fall. Other groups' claim rates have fallen more modestly – those aged 60 and over by 1 percentage point and lone parents by 0.2 percentage points. The rate for disabled and others has risen slightly from 3.2% to 3.5%.

Overall, claimant *populations* have fallen by 16.3%, but different groups of claimants have made different contributions to this overall decline (Figure 1):

- Unemployment is the biggest driver of change, explaining 95% of the decline;
- Decline in the number of claimants aged 60 and over accounts for a further 12.7% of overall change;
- Decline in lone parent claimants contributed a further 5.7% of all change;
- The second biggest driver of change after unemployment is the counterbalancing growth (13.1%) in disabled/other claimants.

Figure 1: Contribution to Overall Claimant Change by Claimant Groups, England IS/JSA-IB 1995-1998



## Regional Level

English regions had very different rates of claim for IS/JSA-IB in 1995, but these had all fallen by 1998 (Figure 2):

- London had the highest rate of claim in 1995 at over 17%, but this had fallen by 1998 to 13.6%;
- The North East, which had fallen more slowly from 15.7% to 13.7%, was the region with the highest claim rate in 1998;
- The North West had a 15% claim rate in 1995 and this fell to 13% in 1998;
- Both Yorkshire and the Humber and the West Midlands had 13.4% claim rates in 1995 and these fell to 11.5% and 11.2% respectively;
- East Midlands had a 11.1% claim rate in 1995 that fell to 9.3% in 1998;
- The South East had a claim rate of 10.5% in 1995 and 8.5% in 1998;

- London and the South East had the largest decline in numbers claiming despite being at opposite ends of the regional profile of claim rates in 1995 (Figure 3);
- The North East, North West, and Yorkshire and the Humber had the lowest rates of decline.

As with the national picture, change in unemployment-related claiming is the major factor in every region. Falling numbers of those aged 60 and over claiming IS/JSA-IB have occurred in all regions but have had least effect on the decline in London and the North East, and most effect in Yorkshire and the Humber and the North West.

Lone parent claimants have also contributed to decline in claimant numbers in all regions, except London. This has been most marked in the North East, the West Midlands and East Midlands.

Figure 2: Regional Rates of IS/JSA-IB claiming 1995 and 1998

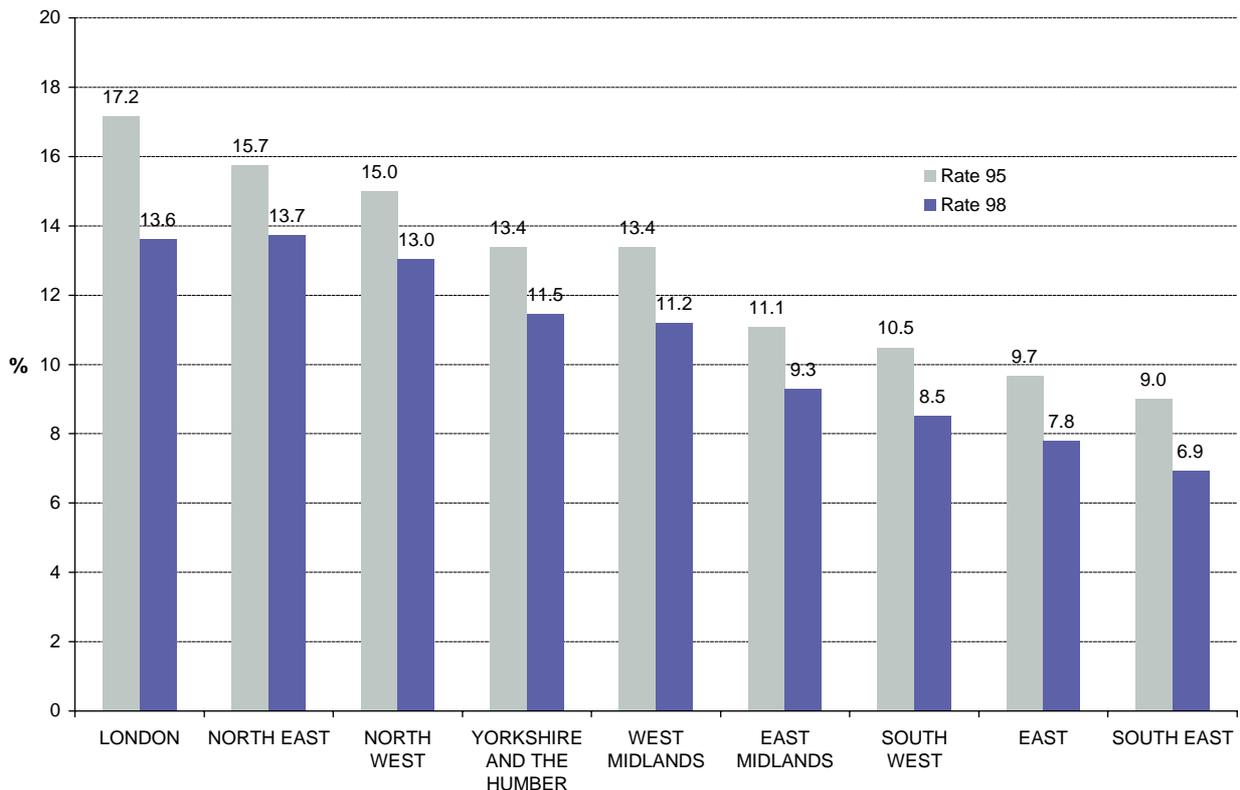
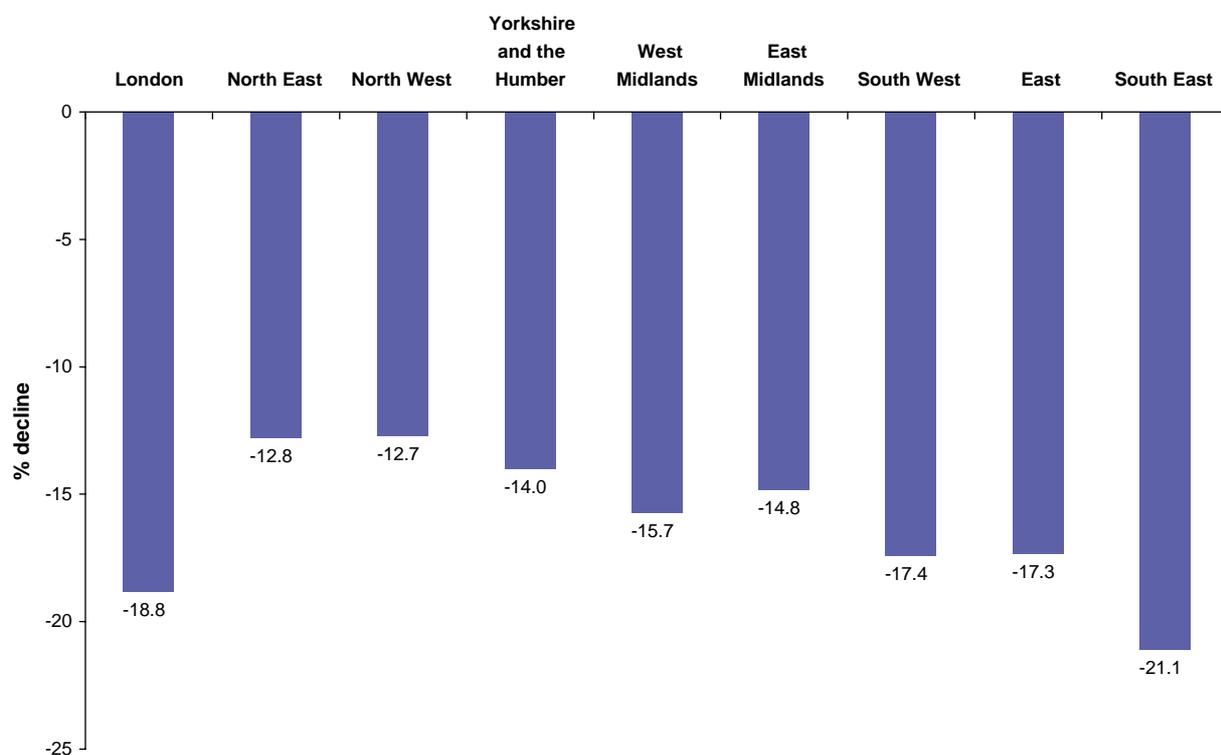


Figure 3: Percentage decline in numbers of IS/JSA-IB claimants 1995-1998 by Region



### Local Authority District Level

The average claim rate across districts fell from 11.1% to 9.2%. District claim rates have fallen across all districts but remain very unequally distributed.

Dividing the 354 districts into deciles according to their claim rate in 1995, the top decile – the most income deprived districts – had a claim rate of approaching twice the national average (Table 1).

The top (most income deprived) decile in 1995 had a claim rate of 21.6% but this had fallen to 18.3% by 1998. This 3.3 percentage point fall represented a 14.6% drop in numbers of claimants.

The bottom (least income deprived) decile group in 1995 had a claim rate of 5.7% in 1995 and this fell to 4.3% in 1998 – a 1.4 percentage point decline representing a 23.4% decline in the number of claimants. The ‘worst’ districts therefore saw the smallest percentage point fall in claimants but the greatest fall in claim rates.

As was seen at national and regional level, change in unemployment is the major driver behind the decline in claim rates across all decile groups at the local authority district level.

Table 1: Local Authority District Rates of claim for IS/JSA-IB 1995-1998 England, by frozen 1995 deciles

	1995	1998	% claimant growth/decline	% point change
England	12.7%	10.5%	-2.2%	-16.3%
<b>Frozen 1995 Deciles</b>				
Top	21.6%	18.3%	-3.3%	-14.6%
2nd	15.7%	13.2%	-2.5%	-15.4%
3rd	13.6%	11.5%	-2.1%	-15.6%
4th	12.0%	10.0%	-2.0%	-15.7%
5th	10.5%	8.6%	-1.9%	-16.7%
6th	9.6%	7.8%	-1.8%	-17.3%
7th	8.6%	6.9%	-1.7%	-17.8%
8th	7.5%	6.0%	-1.5%	-18.2%
9th	6.7%	5.2%	-1.5%	-20.1%
Bottom	5.7%	4.3%	-1.4%	-23.4%

Table 2 shows that the rate of claim in Hackney in 1995 is around 2.5 times the national rate. All the 20 most income deprived districts are metropolitan areas with large populations. In 1995 seven out of the 10 districts with the highest claiming rates were in London (the other three were all in the North West region).

By 1998 claim rates had fallen across the country and even in the most income deprived districts. Claim rates had dropped by over five percentage points in many cases – especially in the London districts. Apart from Hackney, which remains at the top of the table in both years, there was a trend for many London districts to move down the ranking. The trend for the most income deprived districts in the North West – Knowsley, and Liverpool especially – was upward.

Claim rates for unemployed people followed the pattern for all claimants. Claim rates for lone parents were far lower than those for the unemployed, but they also declined between 1995 and 1998 in the majority

of the most income deprived 20 districts. The notable exceptions were Newham where rates increased by 0.8 percentage points, Barking and Dagenham by 0.4 percentage points and Greenwich by 0.1 percentage points. Rates for lone parent claimants in Liverpool and Kingston upon Hull were static over the period.

Claim rates in 1995 for disabled claimants in the three most income deprived districts were over 9% of the working age population (Knowsley, Liverpool and Hackney). Eleven out of the highest ranking 20 districts for disabled and other claimants have had *growing* rates of claim – Liverpool, Manchester, Tower Hamlets, Islington, Easington, Salford, Blackburn with Darwen, Wirral, Halton, and Hammersmith and Fulham. Almost all the districts with *falling* claim rates were in London.

In 1995 there were five districts in England where over half their children under 16 were living in families claiming IS/JSA-IB. Tower Hamlets had over two thirds of its children in such families.

**Table 2: Highest districts in 1995 all IS/JSA-IB claimants: changes in claim rates and ranking 1995 and 1998**

	1995 claim rate	1998 claim rate	% point change	% claimant growth/decline	Rank 1995	Rank 1998
Hackney	32.9%	27.2%	-5.7%	-17.5%	1	1
Tower Hamlets	29.8%	24.4%	-5.4%	-13.8%	2	3
Newham	28.1%	24.4%	-3.7%	-13.6%	3	4
Haringey	27.3%	21.0%	-6.3%	-20.4%	4	8
Knowsley	27.2%	24.5%	-2.7%	-8.9%	5	2
Manchester	26.7%	22.9%	-3.8%	-15.5%	6	6
Southwark	26.6%	20.9%	-5.7%	-22.7%	7	9
Liverpool	26.2%	24.2%	-2.0%	-9.2%	8	5
Islington	26.0%	22.0%	-4.0%	-13.3%	9	7
Lambeth	25.5%	19.0%	-6.5%	-23.6%	10	10
Brent	22.7%	16.8%	-5.9%	-23.5%	11	19
Lewisham	21.9%	17.8%	-4.1%	-18.0%	12	13
Camden	21.8%	18.2%	-3.6%	-15.3%	13	12
Kingston upon Hull	20.6%	18.4%	-2.2%	-13.4%	14	11
Middlesbrough	20.6%	17.7%	-2.9%	-14.8%	15	14
Nottingham	20.5%	17.4%	-3.1%	-14.4%	16	16
Birmingham	20.3%	17.6%	-2.7%	-13.8%	17	15
Waltham Forest	20.0%	15.7%	-4.3%	-22.1%	18	26
Greenwich	19.7%	16.8%	-2.9%	-13.1%	19	20
South Tyneside	19.5%	17.0%	-2.5%	-13.2%	20	17
<b>England</b>	<b>12.7%</b>	<b>10.5%</b>	<b>-2.2%</b>	<b>-16.3%</b>		

Ranked by 1995 claim rate

There has been a decline in the proportion of children from families claiming IS/JSA-IB between 1995 and 1998 in almost all areas. Tower Hamlets has fallen from almost 66% to around 55%. Other areas experienced lower rates of decline. For example, the percentage of children in families on IS/JSA-IB in Greenwich fell from 41% to 37% and in Liverpool from 47% to 44%.

### Ward level

All 8,414 wards in England were ranked by their 1995 claim rate, divided into ten equal groups (deciles) where the top decile is the most income deprived 10% of wards and the claim rates of each group calculated. The claim rates of these same groups of wards (i.e. the 'frozen deciles') were then calculated for 1998.

There has been a fall both in claim rate and in claimant numbers in every decile (Table 3).

**Table 3: Ward rates of claim for IS/JSA-IB 1995-1998 England by frozen 1995 Deciles**

	1995	1998	% point change	% claimant growth/decline
Top	26.3%	22.4%	-3.9%	-14.9%
2nd	17.4%	14.8%	-2.6%	-15.0%
3rd	13.6%	11.4%	-2.2%	-15.4%
4th	11.2%	9.1%	-2.1%	-17.1%
5th	9.4%	7.6%	-1.8%	-17.4%
6th	8.0%	6.4%	-1.6%	-18.0%
7th	6.9%	5.5%	-1.4%	-19.1%
8th	6.0%	4.6%	-1.4%	-20.2%
9th	5.0%	3.8%	-1.2%	-21.8%
Bottom	3.7%	2.7%	-1.0%	-23.8%

At ward level, as at the other spatial levels, change in unemployment still drives the decline in claiming – even in the most income deprived wards – and is still by far the largest factor.

Decline in the number of claimants aged 60 and over is most marked in the middle of the decile distribution, while for lone parent claimants it is fairly evenly spread across all deciles. The countervailing increase in disabled/other claimants is highest in the 2<sup>nd</sup> and 3<sup>rd</sup> deciles and lowest in the top and bottom deciles.

Focussing on the most income deprived 5% of wards at each time point, the overall claim rate drops from

30.2% in 1995 to 25.9% in 1998 – a 4.3 percentage point drop (Table 4). This drop occurs for all groups and is greatest for the unemployed (5.9 percentage point drop) and smallest for lone parents (0.2 percentage point drop).

**Table 4: Claim rates for the top 5% (vigintile) of Wards for all IS/JSA-IB claimant groups in 1995 and 1998**

Separate Top Vigintiles for each group	1995	1998
All claimants	30.2%	25.9%
Unemployed	14.5%	8.6%
Lone parents	3.2%	3.0%
Disabled and others	9.0%	7.8%
60s and over	32.6%	32.1%

Moving further to the very top of the ward distribution, all wards among the most deprived 50 wards in 1995 had a lower rate of claim in 1998. There is thus evidence that the economic recovery has reached down to ward level across the country even to areas with the highest levels of unemployment in 1995.

Rates for child poverty at ward level – as measured by proportions of children in families that claim IS/JSA-IB – also fell between 1995 and 1998. However, there were still in 1998 some wards with over 65% of the children in families reliant on IS/JSA-IB.

### Case Study Areas

Eight Local Authority District areas were selected as case studies for a more detailed investigation of changes in the claimant population and claim rates. These areas were: Thanet, Haringey, Newham, Lambeth, Leicester, Middlesbrough, Kingston upon Hull and Knowsley.

These case studies provided a mechanism to examine in detail within particular areas whether claiming in wards all changed at the same rate throughout the area and how this change relates to regional and national change over the same time period.

It was also possible to track claimants between 1995 and 1998 to examine how far change in claimant groups was due to changes of status within the claimant population rather than claimants joining or leaving and the extent to which such inflows and outflows were the result of people moving into or out of the local authority rather than leaving or entering benefit.

Within the case study areas selected the movement of individuals, linked by encrypted National Insurance numbers, was examined. The analysis measured movement into, or out of, benefits or between claimant groups (i.e. lone parents, unemployed, those aged 60 and over or disabled and others), and between geographical areas.

- Generally, across England a large proportion (63.4%) of individuals who were unemployed in 1995 were no longer on out of work means tested benefit by 1998. These individuals had been replaced by a far smaller number of people in 1998, leading to an overall decline in both the unemployed and, driven largely by the falling number of unemployed, total claim rate.
- The size of this overall decline varied between areas. Cases study areas in the South and Midlands were close to the English average, those in the North generally showed a lower rate of decline.
- The case study areas in the North in 1995 tended to have a higher proportion of their claimant population made up of lone parents, those aged 60 and over, or disabled and others – groups which all showed a smaller decline over the period. This in part explains their relatively lower declines in income deprivation. The disabled and others group actually grew in some areas over the period.

A more extensive and detailed account of the case study findings is contained in the full report (see Further information).

## Further information

More information is available in the full report 'Changing Fortunes: geographic patterns of Income Deprivation in the late 1990s' ISBN 185112 4721 Price £10 available from:  
Publications Sales Centre  
Department for Transport, Local Government and the Regions  
Cambertown House, Goldthorpe Industrial Estate  
Goldthorpe  
Rotherham S63 9BL  
Tel: 01709 891318  
Fax: 01709 881673

Further copies of this summary are available from:

David Walters  
Housing Support Unit  
Department for Transport, Local Government and the Regions  
2/C6, Eland House  
Bressenden Place  
London SW1E 5DU  
Fax: 020 7944 4527  
Email: [h.r.summaries@dtlr.gov.uk](mailto:h.r.summaries@dtlr.gov.uk)

Summaries of all completed DTLR regeneration projects are also available via the DTLR web site:  
<http://www.regeneration.dtlr.gov.uk>

The DTLR publishes free information leaflets on a range of housing topics. For a copy of the Housing Publications Order Form please contact:

Free Literature  
PO Box No 236  
Wetherby LS23 7NB  
Tel: 0870 1226 236  
Fax: 0870 1226 237  
Email: [dtlr@twoten.press.net](mailto:dtlr@twoten.press.net)