LFS unemployment and experimental claimant count measure in Northern Ireland
Theme: Labour Market
July 2020

Background

Economic and Labour Market Statistics (ELMS) branch publishes Labour Force Survey estimates of unemployment and the experimental claimant count.

This short paper details the definitional differences between the two measures and provides examples of how an individual could be defined on each measure.

Explaining the difference between LFS unemployment and experimental claimant count

Table 1 provides a comparison of the LFS unemployment and the experimental claimant count data sources, including background information, reporting periods, definitions, and coverage. It also gives details of the main uses for each.

Further information is available on the NISRA and ONS websites.

Labour Force Survey:

https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/labour-force-survey

Experimental Claimant Count:

https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/claimant-count

https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/methodologies/claimantcountqmi

https://www.communities-ni.gov.uk/articles/universal-credit-statistics

https://www.communities-ni.gov.uk/articles/benefits-statistics-summary

Table 1: At a glance - LFS and experimental claimant count data sources explained

	LFS Unemployment	Claimant Count
Overview	The NI LFS is a **sample survey** of around 4,000 households quarterly, carried out by interviewing individuals about their personal circumstances and work.	The experimental claimant count is a measure of the number of people Claiming benefits principally for the reason of being unemployed. It is an **administrative data** source derived from Jobs and Benefits Offices systems.
Reporting period	The LFS provides estimates of both the unemployment level and the unemployment rate on a **monthly basis**, based on rolling three monthly data.	Experimental Claimant count is a monthly series which provides data on the number of claimants for **one particular day each month**.
Definitions	LFS is conducted to International Labour Organisation (ILO) definitions therefore it is used as the **official unemployment measure** in NI and the UK. The internationally agreed definition states that unemployed includes those **without a job** who were able to **start work in the two weeks** following their LFS interview and had either **looked for work in the four weeks** prior to interview or were waiting to start a job they had already obtained.	In March 2018 the NI claimant count measure changed from one based solely on Jobseekers Allowance (JSA) to an **experimental** measure based on **JSA claimants plus out-of-work Universal Credit (UC) claimants** who were claiming it principally for the reason of being unemployed (those in the "searching for work" conditionality regime). Those claiming such benefits may be wholly unemployed and seeking work, or may be employed but with low income and/or low hours, that make them eligible for unemployment-related benefit support. Under UC a broader span of claimants became eligible for unemployment-related benefit than under the previous benefit regime.
Rates	The LFS unemployment rate refers to the **percentage of economically active people aged 16 and over who are unemployed**.	Claimant count rates for the UK and Government Office regions are calculated by expressing the **number of claimants (16-64) who are resident in each area as a percentage of workforce jobs plus the claimant count**.
Coverage	The LFS is based on statistical samples and is therefore **subject to sampling variability**, such that if many samples were drawn, each would give a slightly different result. A confidence interval is a range of values, defined by a lower and upper bound, which indicates the variability of an estimate. ELMS publish 95% confidence intervals around key estimates on a monthly basis to show the range within which the true value would lie in 95 out of 100 samples	The claimant count is based on administrative records and therefore counts **all people claiming unemployment-related benefits**. A snapshot of claimants is taken at a particular time each month and details of each of these claimant including their gender, age and location is captured and summarised in the monthly outputs published on the NISRA website and NOMIS.
Key uses	LFS is the **official unemployment measure** in NI and is widely used for **comparisons at regional level**, due to adherence to internationally agreed definitions.	The administrative nature of the claimant count dataset facilitates **sub-regional analysis** such as Parliamentary Constituency, Local Government District, and Ward.

Changes to claimant count

Universal Credit replaced six existing benefits, including Jobseekers Allowance, and was rolled out in NI for new claimants on a phased geographical basis between September 2017 and December 2018. Those claimants who are receiving a benefit being replaced by UC will be transferred across between 2020 and 2023.

It is still possible to claim a 'new style' JSA if the claimant has been credited with enough National Insurance contributions. The claimant's partner's income and savings won't affect how much is paid in these cases. 'New style' JSA can be claimed for up to 182 days and can be claimed on its own or at the same time as UC. For more information see NI Direct. The majority of people who claim JSA will be unemployed; however those working less than 16 hours a week are still eligible to claim.

The claimant count therefore comprises of the two elements – JSA (existing and 'new style') and UC. The main difference between the two is that the claimant's partner's income and their personal savings won't affect how much JSA they're paid, whilst this is taken into account in UC claims. Furthermore, the majority of people who claim the JSA element will be unemployed but those who work less than 16 hours a week are still eligible. The UC element does not limit the amount of hours you can work but limits the amount you can earn.

Covid-19 had created a large increase in the numbers of people becoming unemployed or having their hours reduced, resulting in very low earnings below the administrative earnings threshold. There may be some persons, previously not eligible for UC due to partner earnings, now eligible as a result of work allowance increases who would now be included within the count.

Relationship between the experimental claimant count and LFS unemployment

Although there is a large degree of overlap between the claimant count and LFS unemployment, it is possible for a person to be within the definition of one measure but not the other.

LFS unemployed but not in the experimental claimant count

The following groups would not be entitled to claim unemployment related benefits but could be looking for and available to start work:
  ➢ young people under 18 who are looking for work but do not take up the offer of a Youth Training place
  ➢ Students looking for part-time work or vacation work people who have left their job voluntarily people with savings of over £16,000.

Within the experimental Claimant count but not LFS unemployed

Similarly, those out of work, capable of, available for and actively seeking work may be eligible to claim JSA/UC but not appear in the LFS measure of unemployment if that person:
  ➢ when interviewed for the survey, states that they are not seeking, or are not available to start work;
  ➢ has done at least one hour's paid work in the week (but less than the 16 hour average as required to be eligible for JSA, depending on income) prior to interview or has a job they are temporarily away from e.g. on holiday;
  ➢ is on a Government training scheme e.g. Steps 2 Success.

Based on this criteria, Table 2 below provides examples of how an individual can be categorised differently in the two series.

Table 2: Examples of LFS employment status and experimental claimant count (CC) eligibility

	LFS unemployed?	CC eligibility?
A lost their job as a secretary three months ago. Every week they visit an employment agency to try to find a new job, which they would like to start immediately as they have little savings remaining.	✓	✓
B is currently receiving training through Steps 2 Success at a local business. B works 15 hours a week and goes to college for 1 day per week.	✗	✓
C works 10 hours a week earning minimum wage. C is trying to find alternative or additional employment with more hours and earnings.	✗	✓
D has been looking after her children for the last few years but is looking for a job now that her children are at school. D's husband works full-time and they have almost £20,000 in savings.	✓	✗
E reported to the interviewer that they worked 36 hours last week as a lorry driver.	✗	✗
F has no job from which F receives any pay or profit. However, F helps in their parents' shop for around 20 hours per week and is not currently seeking additional or alternative employment.	✗	✗
G is a part-time worker who receives Universal Credit ('Working - no requirements' conditionality regime). They are currently furloughed due to COVID-19 and are only receiving 80% of their usual earnings. Their lower pay means they are placed in the 'seeking work' conditionality regime. However, due to the current circumstances they are not currently seeking additional or alternative employment.	✗	✓

In order to get a clearer understanding of how similar the outputs from the two measures are, they have been plotted alongside each other in the chart which follows. The differences across the last 23 years, particularly at times of record highs and lows, can be tracked and quantified.

Please note that, since the LFS outputs are based on rolling three monthly data and the claimant count refers to a single month, the claimant count figure plotted relates to the middle month of the LFS period, i.e. March experimental Claimant Count data is plotted alongside the LFS Feb-Apr period.

Figure 1: Seasonally adjusted LFS unemployment and claimant count, 1997 – 2020
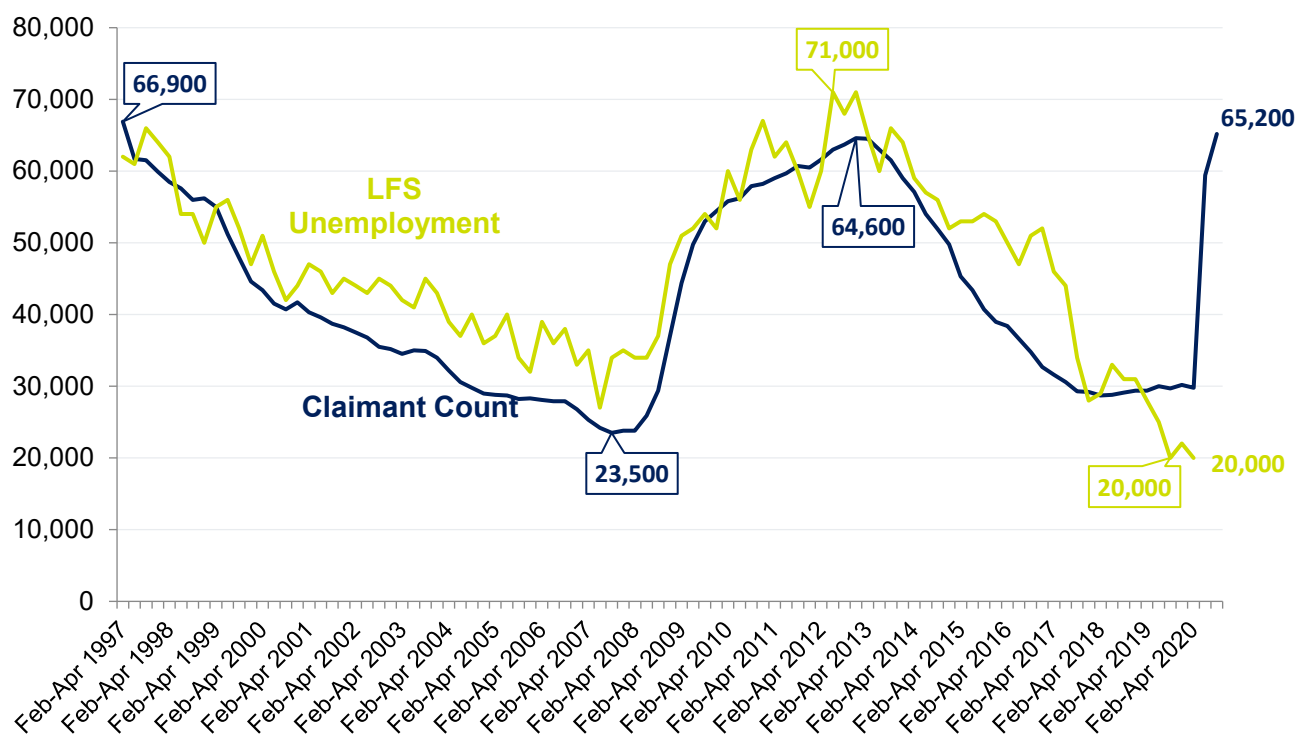
Notes:
1. LFS unemployment is based on aged 16 and over
2. Claimant count includes all claimants aged 16-64.
3. Claimant count relates to the middle month of the LFS period, i.e. March Claimant Count data is plotted alongside the LFS Feb-Apr period
4. The chart plots LFS data for Feb-Apr 1997 to Feb-April 2020 and Claimant Count data for March 1997 to May 2020.
5. Please note there is not equivalent LFS data for the April and May 2020 Claimant Count figures.

Figure 1 shows that there is a similar overall trend between LFS unemployment and the claimant count for most of the time series shown. The variable nature of the LFS unemployment count highlights the sampling variability associated with survey estimates.

In 1997 both series were relatively high as a result of the early 1990s recession. However, over the 10 years which followed, the economy recovered and the unemployment rates fell, with a record low claimant count of 23,500 recorded in 2007. These lows immediately preceded the 2008 economic downturn, where LFS unemployment reached a record high of 71,000 by mid-2012. For around five years both LFS and claimant count gradually fell, but due in part to the definitional change in the claimant count with the introduction of universal credit, the LFS unemployment continued to fall while the claimant count levelled off.

The most recent figures show a clear divergence in the two measures. Whilst the LFS unemployment is currently at a joint low, having fallen to 20,000 in August-October 2019 and again in February-April 2020, the impact of the COVID-19 pandemic can been seen in the latest claimant count figures for April and May. Updated figures are available in the accompanying spreadsheet.