



Employment & Support Allowance

The emerging impact of ESA in Tower Hamlets

About this briefing: *Employment and Support Allowance (ESA) is a benefit for working age people whose illness or disability limits their ability to work. ESA was introduced in October 2008 for new claimants, and in 2010, DWP began the lengthy process of re-assessing all existing claimants of 'predecessor' incapacity benefits (IB) under the new regime. This briefing provides an interim assessment of the ESA roll out in Tower Hamlets.*

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Key findings

- In May 2013, **12,260 residents were claiming either ESA or IB** in Tower Hamlets – representing 6.2 per cent of the working age population.
- The claim rate rises with age: **18 per cent of residents aged 45-64 claim ESA or IB** in Tower Hamlets - twice the rate nationally (9 per cent) and the second highest in London.
- Three quarters of claimants have been receiving incapacity related benefits for 2 or more years and **almost half (46 per cent) have mental or behavioural disorders** as their primary condition.
- **The roll out of ESA is ongoing.** Of all 12,260 ESA/IB claimants, 45 per cent were receiving ESA, a further 24 per cent were in the ESA assessment phase and 31 per cent were still on 'predecessor' benefits (IB) awaiting re-assessment.
- ESA claimants have to undergo a **Work Capability Assessment (WCA)** – this has been controversial because of the high proportion of claimants found 'fit for work' and ineligible for ESA, and the high number of successful appeals. In Tower Hamlets, during 2008-12, **38 per cent of new ESA claimants who appealed against fit-for-work decisions, were successful** and had their initial decision overturned – similar to the national rate (37 per cent).

- Despite the high proportion of successful appeals, figures on final WCA outcomes (that take into account appeal decisions) show that the proportion deemed fit for work remains significant, especially for new claimants. In Tower Hamlets:
 - 7,800 new ESA claimants undertook the WCA during 2008-12. Of these, **55 per cent were classed as fit for work** and 45 per cent were awarded ESA: 27 per cent were placed in the ESA Work Related Activity Group and 18 per cent in the ESA Support Group. The latter group tend to have more severe functional impairments and are not expected to undertake work related activity. Compared with outcomes nationally, Tower Hamlets had higher proportion deemed fit for work (55 vs. 49 per cent) and a lower proportion in the Work Related Activity Group (27 vs. 32 per cent).
 - 3,700 existing IB claimants were re-assessed during 2010-12. Of these, **29 per cent were assessed as fit for work** and 71 per cent were entitled to ESA: 30 per cent were placed in the Work Related Activity Group and 42 per cent in the Support Group. Tower Hamlets had a higher proportion of Support Group claimants than nationally (42 vs. 32 per cent) and a lower proportion in the Work Related Activity Group (30 vs. 41 per cent).
- **Existing claimants are more likely than new claimants to be awarded ESA** because they are more likely to have long standing and multiple health problems. Indeed, since re-assessments began, the number of ESA Support Group claimants has risen sharply.
- ESA claims are usually time-limited and many claimants will undergo repeat assessments. In Tower Hamlets, **3,400 repeat assessments** were completed for claims that started between 2008 and early 2013. Of these, **29 per cent resulted in a fit-for-work decision**.
- ESA claimants in the Work Related Activity Group can face sanctions if they fail to comply with certain conditions (eg failure to participate in a work related activity). In Tower Hamlets, **570 adverse decisions** were made during October 2008-June 2013 resulting in sanctions.
- From May 2012, eligibility to contributions-based ESA, for those in the Work Related Activity Group, was restricted to 12 months. The main losers are those who don't qualify for income-related ESA (eg due to a partner's earnings or savings). Analysis from CESI, has suggested that, by 2015/16 around **900 claimants in Tower Hamlets could be affected by this change - with an average loss of £2,286 per year in benefit per claimant**.
- During the ESA roll out period (2008-13), the number of residents receiving either IB or ESA has remained around the 12,000 mark. However, when expressed as a percentage of the working age population (which has been fast growing in recent years), **the proportion receiving ESA/IB has, in fact, fallen from 6.8 to 6.2 per cent over the period**. A similar fall in rates is evident nationally, consistent with the general view that the WCA is more stringent than its predecessor.
- The ESA roll-out is not complete and the full impact of the changes will not be clear for some time. DWP is forecasting that, nationally, **claimant numbers and rates will continue to fall till 2015/16 as a result of the re-assessment programme**.
- The WCA remains controversial. At the time of writing, it was reported that ATOS (the company who carry out the assessments on behalf of DWP), was seeking an early exit from their contract with DWP, further discrediting the whole WCA process.

Introduction

Employment and Support Allowance (ESA) is a relatively new benefit which is paid to working age people whose illness or disability limits their ability to work. ESA replaces three benefits: Incapacity Benefit, Severe Disablement Allowance and Income Support (where it is paid on the basis of poor health or disability). In this report, the term IB claimants is used to refer to people claiming one or more of these 'predecessor' benefits.

ESA was introduced by the previous government as part of the 2007 Welfare Reform Act, and in 2012, further restrictions to eligibility rules brought in by the current government following the 2012 Welfare Reform Act.

ESA was first rolled out for new claimants in October 2008, then from late 2010, DWP began the lengthy process of re-assessing all claimants of existing incapacity benefits under the new regime. This process is still ongoing and expected to last well into 2014.

Eligibility for ESA is assessed via the Work Capability Assessment (WCA). The new assessment has attracted significant controversy in recent years because of the high proportion of claimants who were deemed fit for work and ineligible for ESA, and the subsequently high number of successful appeals.

This briefing explores these issues for Tower Hamlets by providing a range of statistics about the introduction of ESA in the borough. The research draws on a range of published DWP statistics, supplemented by local data obtained directly from DWP, through the Freedom of Information Act¹.

The report provides:

- An overview of claimants of incapacity related benefits (ESA & IB) in Tower Hamlets;
- Analysis of the key characteristics of ESA/IB claimants in the borough;
- Statistics about the local outcomes of the ESA Work Capability Assessment;
- Analysis of the impact of the time-limit for contributions-based ESA;
- A review of trends in ESA/IB caseload during the roll-out period 2008-2013.

The analysis is designed to provide an interim assessment of the impact of the roll-out of ESA in Tower Hamlets. A fuller assessment is planned once the roll out is complete.

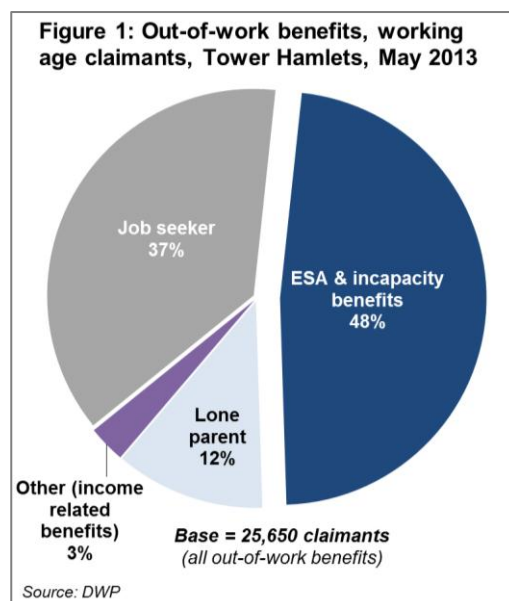
¹ The following DWP data were obtained through FOI requests for Tower Hamlets: WCA outcomes for new claimants; WCA repeat assessments, appeal outcomes for new claimants, and local data on ESA sanctions.

ESA/IB claimants: an overview

In Tower Hamlets, 25,650 residents of working age were claiming out-of-work benefits in May 2013 – representing 13.2 per cent of the working age population.

While a significant proportion were unemployed people receiving Jobseeker’s Allowance (37 per cent of all claimants), the largest group were those on ESA or incapacity benefits, who comprise almost half (48 per cent) of all those on workless benefits.

In May 2013, a total of 12,260 residents² were claiming either ESA or incapacity benefits in Tower Hamlets. This represents 6.2 per cent of the working age population.



The roll out of ESA is not yet complete. Of the borough’s 12,260 ESA/IB claimants, just under half (45 per cent) had been awarded ESA and a further 24 per cent were in the ESA assessment phase. The remaining 31 per cent of claimants were still on ‘predecessor’ benefits (IB) and were awaiting re-assessment under the new regime.

Annual expenditure by DWP on ESA and incapacity related benefits in Tower Hamlets was estimated to be around £66m in 2012/13³, equating to around £103 per claimant per week.

Table 1 ESA and IB claimants (aged 16-64), Tower Hamlets, May 2013		
	Claimants	% total
Incapacity Benefit claimants	3,750	31
ESA claimants:	8,520	69
- ESA: still in assessment phase	2,970	24
- ESA: support/work-related activity group/other	5,560	45
All claimants receiving ESA or IB	12,260	100
<i>Expressed as % of working age population</i>	<i>6.2</i>	

Source: DWP, GLA population projections.

Claimants by age and gender

The majority of ESA/IB claimants are older working age adults: in Tower Hamlets, more than half (57 per cent) of all claimants are aged 45 or over. The percentage of the borough’s population who receive ESA or IB ranges from 1 per cent of younger adults (aged under 25) up to almost one quarter (24 per cent) of those aged 55-59. The fact that older residents are far more likely to claim ESA/IB than younger adults, is consistent with the higher prevalence of health problems among older people.

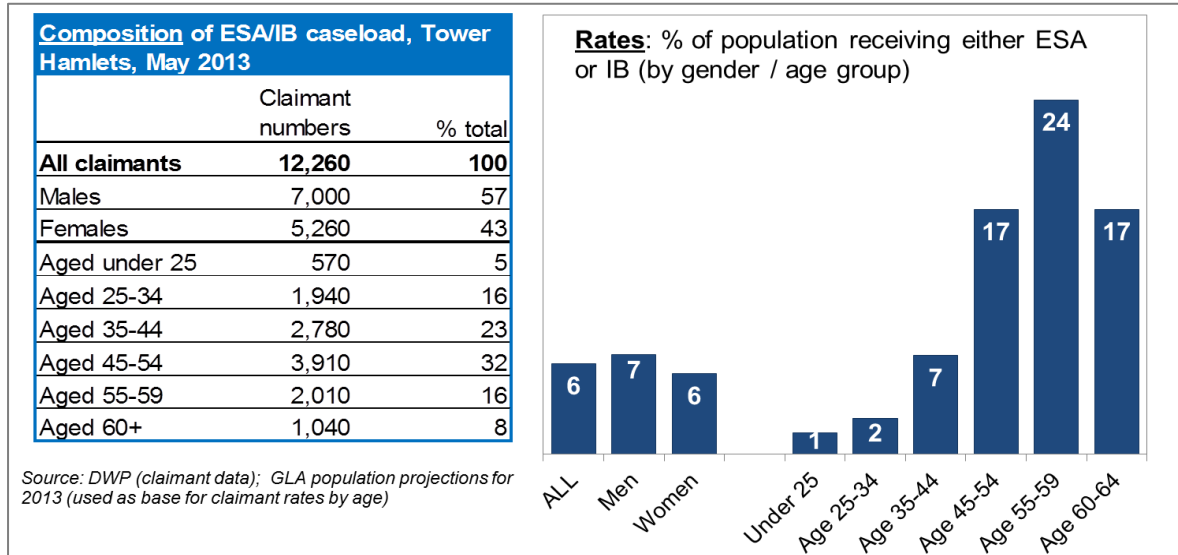
The claim rate for those aged 60 to 64 falls to 17 per cent, due to a lower claim rate of women in this age group (9 vs. 26 per cent for men). This reflects the fact that women

² Statistics relate to claimants aged 16-64 (ie they exclude a small number of IB claimants aged 65 or over).

³ Source: DWP Benefit Expenditure by Country, Region and Local Authority, released December 2013.

(who are retiring now) reach the state retirement age earlier than men, so would normally move off incapacity benefits at this stage and on to other benefits. Overall, men comprise 57 per cent of all IB/ESA claimants.

Figure 2 ESA/IB claimants by age and gender, Tower Hamlets, May 2013



Claim rates by age: areas compared

The percentage of working age residents receiving ESA or IB in Tower Hamlets is the same as the percentage across Great Britain (6.2 per cent), however, this masks considerable differentials by age (Figure 3). Claim rates for those aged 45 and over are far higher in Tower Hamlets than nationally: 18 per cent of residents aged 45-64 are in receipt of ESA/IB in Tower Hamlets – double the rate nationally (9 per cent). However, because the borough has a younger age profile than Great Britain, and proportionately fewer residents in the 45-64 age group, the claim rate for entire working age population is the same in both areas.

Figure 3 ESA/IB claim rates by age, Tower Hamlets & GB compared, May 2013

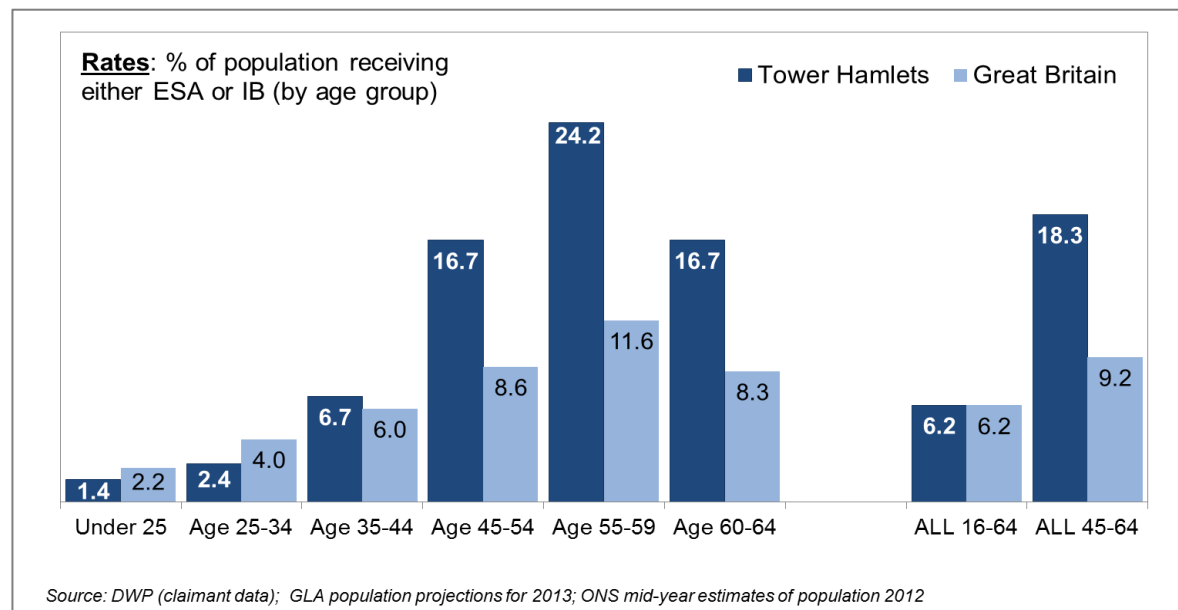
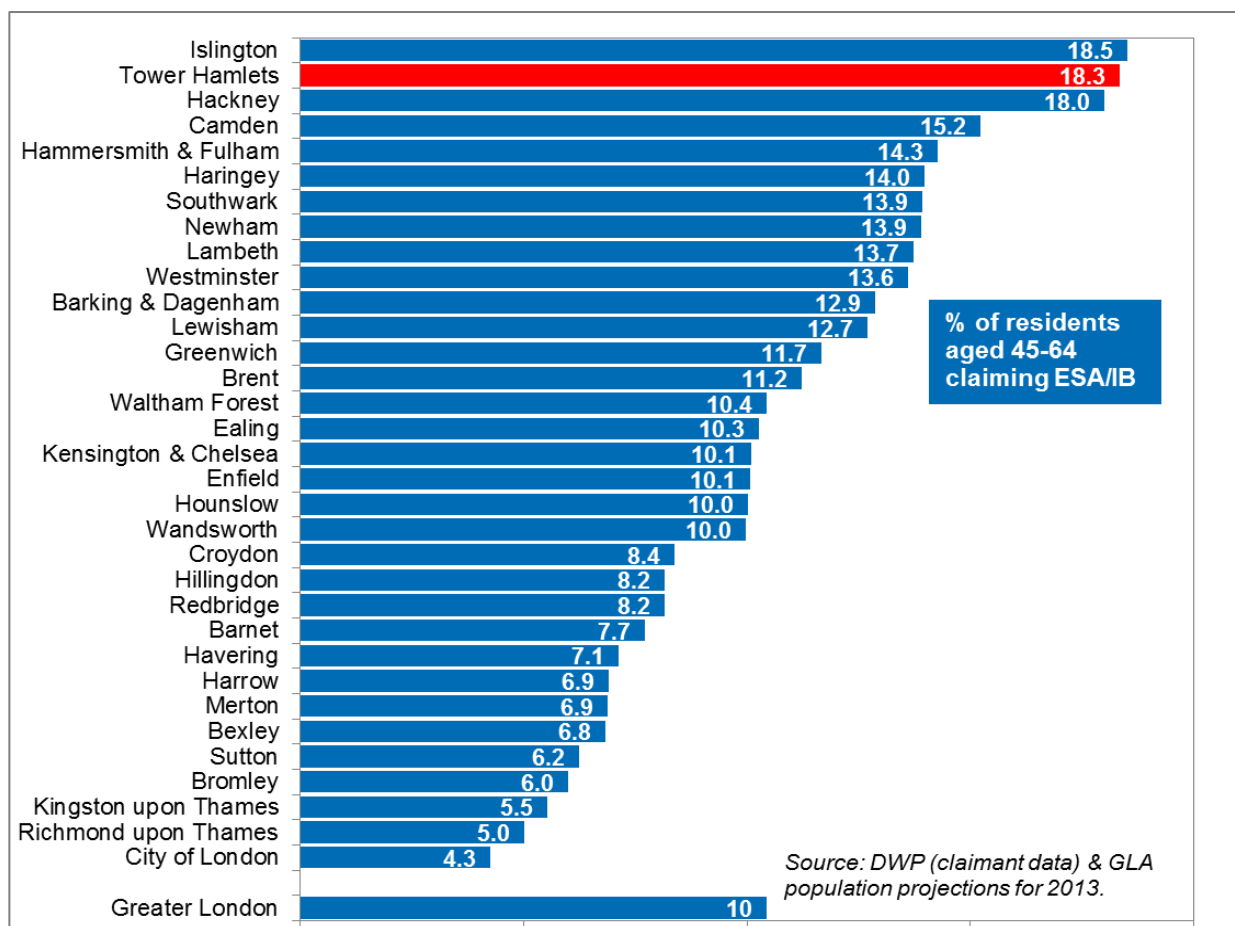


Figure 4 compares the claim rate for the 45-64 age group across London Boroughs. Islington, Tower Hamlets, and Hackney have the highest claim rates in London for this age group – all around 18 per cent.

Figure 4: ESA/IB claim rate for the 45-64 age group, London Boroughs, May 2013



Claimants by duration of claim

Many ESA/IB claimants have been on incapacity related benefits for some years. Three quarters of claimants have been receiving incapacity related benefits for 2 or more years, and 58 per cent have been receiving benefits for 5 or more years (Table 2). Similar claimant patterns by duration are evident across London and GB.

Table 2 ESA/IB claimants by length of claim, Tower Hamlets, May 2013						
	TOTAL	Length of claim*				
		Up to 6 months	6 months to 1 year	1 to 2 years	2 to 5 years	5 years and over
Claimants	12,260	1,240	800	1,060	2,020	7,130
% total	100	10	7	9	16	58

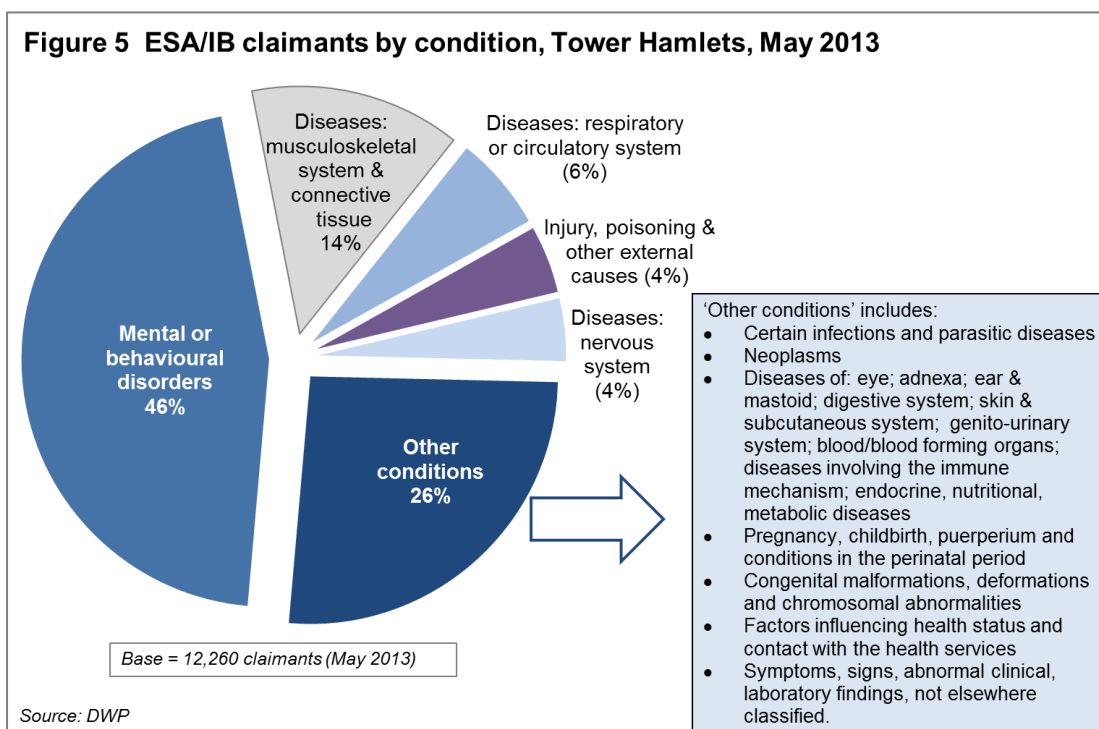
Source: DWP (NOMIS) *Figures relate to the date for first claim for either IB or ESA. So for ESA claimants previously in receipt of IB, the duration relates to the IB claim start date.

Those claimants who are still on IB, awaiting re-assessment under the ESA regime, are typically longer term claimants: the majority have been claiming for more than five years and have an older age profile than those on ESA.

Claimants by condition

DWP publishes information about the type of health condition that underlies claims for ESA or IB. Figure 5 shows Tower Hamlets claimants by their primary condition and this illustrates the large number of varied and diverse conditions that claimants face.

In May 2013, almost half (46 per cent) of all ESA/IB claimants in the borough had mental or behavioural disorders as their primary condition, similar to the national average (45 per cent). Fourteen per cent had conditions of the musculoskeletal system and connective tissue. This includes a very wide variety of different health problems that affect people’s ability to work (eg spinal problems, problems with legs and arms, chronic arthritis). The profile of claimants by condition in Tower Hamlets is broadly similar to that regionally and nationally.



ESA claimants by ethnicity

Note: Ethnicity data are incomplete - they are only available for around three quarters of ESA claimants (those who provided the information) and are not available, at all, for those on predecessor Incapacity Benefits.

Table 3 shows the ethnic profile of ESA claimants in Tower Hamlets (where known). White British and Bangladeshi claimants comprise the two largest groups in the ESA population – comprising 37 and 35 per cent of claimants respectively. Black residents comprise 11 per cent of claimants and residents from White Other group comprise 6 per cent of claimants.

When compared to the ethnic composition of the working age population generally, residents from the Other White ethnic group are significantly under-represented in ESA caseload. This ethnic group is extremely diverse and includes residents from a mix of ethnic backgrounds (eg residents from Western and Eastern Europe, Australia, America etc) – the majority of these residents are overseas-born⁴ and are typically concentrated in the younger adult age groups where ESA claim rates tend to be lower.

Groups who are significantly over-represented in the ESA population include: the Bangladeshi population, the Black African group and the White British group.

Table 3 ESA claimants by ethnicity, Tower Hamlets, May 2013

	ESA claimants		Population aged 16-64 (2011)	Difference in p.points (rounded)
	Number	% total	% total	
All ethnic groups	6,560	100	100	
All White groups:	2,820	43	51	-8
White British	2,430	37	33	+4
White Irish	100	2	2	-0
Other White	280	4	15	-11
All Asian/Asian British groups:	2,540	39	33	+6
Bangladeshi	2,320	35	26	+9
All other Asian groups	230	4	7	-3
All Black/Black British groups:	720	11	7	+4
Black Caribbean	270	4	4	+1
Black African	390	6	2	+4
Other Black	70	1	1	-0
Mixed ethnic groups	180	3	3	-1
Chinese	40	1	4	-3
Other	250	4	2	+1

Source: DWP; Office for National Statistics (2011 Census).
 Notes: Ethnicity data were missing for 1,960 ESA claimants (23 per cent of caseload)

As the roll out of ESA continues, it is possible that the ethnic profile of claimants may change. IB claimants who are waiting to be re-assessed are typically older than those already on ESA, and the ethnic profile of residents in the borough varies across age groups (eg White British residents in Tower Hamlets have an older age profile than Bangladeshi residents). Therefore, once IB re-assessments are complete, the ethnic profile of ESA claimants may look slightly different.

⁴ LBTH Residents by Country of Birth, 2011 Census topic report (September 2013).

The Work Capability Assessment

To be entitled to ESA, claimants have to undergo a Work Capability Assessment (WCA). The assessment is, in general, considered to be more stringent than its predecessor - the Personal Capability Assessment - which was used to determine eligibility for Incapacity Benefit.

The WCA is used to assess capability for work and eligibility for ESA. The tests, which are part of the assessment, are designed to determine whether a person has a 'limited capability for work' and whether they are capable of 'engaging in a work-related activity'. The WCA assigns claimants to one of three groups:

- **'Fit for work' group: not eligible for ESA.** These claimants are found fit for work and expected to return to work. The claimant can move on to other benefits (eg Jobseeker's Allowance – the main benefit for unemployed people seeking work), and/or can leave their claim open and appeal against the decision.
- **ESA Work Related Activity Group:** the claimant is found to have a limited capability for work at the time of the assessment, so is eligible for ESA. However, it is expected that the claimant could return to work with the right support. Claimants in this group can face sanctions (a reduction in benefit) if they fail to do work related activities as agreed with their advisor.
- **ESA Support Group:** claimants in this group have an illness or disability that has a severe effect on their ability to work. This group are deemed to have a limited capability for both work, and for work related activities. Claimants typically have significant functional impairments, and are provided with unconditional support.

Benefit rates are typically higher for those on ESA (or IB) compared to JSA. For example, full rates for those in the ESA Support and Work Related groups are £106.50 and £100.15 per week respectively compared to a JSA rate of £71.70 per week. Similarly the long-term rate of IB was considerably higher at £101.35 per week. **So, there is a significant financial loss for many of those who are re-assessed and found fit for work.**

The WCA has been hugely controversial from the outset and has attracted criticism from a range of welfare rights and disability organisations. There is particular concern about how the test takes account of mental health problems and fluctuating conditions, and about the conduct of Atos Healthcare staff who undertake the assessments on behalf of the DWP⁵.

In response to the many stories of unfair treatment in the ESA claiming process, Citizens Advice Bureaux has launched a [campaign](#) to make sure that the ESA itself is 'Fit for work', and is calling on the government to make fundamental reforms to how the ESA process works. The scale of the issue is illustrated by the fact that, over the last year (October 2012 to September 2013), bureaux had helped with **465,602** ESA problems nationally.

Furthermore, local case study research⁶, undertaken in East London in 2011, has highlighted the stress and anxiety caused by the assessment process. The report

⁵ House of Commons Library, The WCA for ESA, [Briefing Note SN/SP/5850](#), Nov. 2012

⁶ [Try being in my Shoes](#), Social Action for Health, September 2011

concluded that ‘the burden of people’s conditions, coupled with the stress of disputing an unfair decision is being exacerbated further by the appeals process being a bureaucratic and drawn out process..... it is making people fearful, angry, desperate and despondent’.

While some changes have been made to the WCA following internal reviews by the Government⁷, the proportion of claimants being found fit for work, and the proportion of successful appeals leading to overturned decisions, remains significant. The following section explores statistics relating to outcomes of the WCA for claimants in Tower Hamlets.

WCA statistics

Statistics about WCA outcomes are provided separately here for:

- New claimants: outcomes of initial assessments (October 2008 to November 2012);
- Incapacity Benefits claimants who are being re-assessed under the new WCA regime: outcomes of initial assessments (October 2010 to November 2012);
- Claimants undergoing repeat assessments (October 2008 to February 2013).

In the case of new claimants, a significant number close their claim before the assessment takes place (Table 4). During the period October 2008 to November 2012, a total of 13,000 new claims for ESA were made in Tower Hamlets, and over one third were closed before assessment took place. DWP research⁸ suggests that the reason many ESA claims are closed before assessment is because the person’s health condition improved (and they either returned to work or moved on to a different benefit).

In the case of IB-reassessments, the proportion of re-assessed claimants who withdrew their claim is far smaller (less than three per cent). This is not surprising as these claimants have typically been claiming IB for some time, and tend to have long-term conditions.

To assess WCA outcomes consistently, the statistics that follow all relate to outcomes of completed assessments. Figures on the outcomes of initial assessments have been adjusted to include outcomes of appeals.

Table 4 ESA claims and completed assessments, Tower Hamlets		
	IB re-assessments (October 2010 to November 2012)	New claims (October 2008- November 2012)
All claims over period	4,020	13,000
Number closed before assessment	130	4,700
Number still in progress	190	600
All completed assessments	3,700	7,800

Source: DWP (Data are rounded: IB figures to nearest ten, new claims to nearest 100).

⁷ [Independent Review of the WCA](#) – Professor Malcolm Harrington (year 1, 2 and 3) November 2012

⁸ Barnes, H. et al (2011), ‘Unsuccessful Employment and Support Allowance claims – qualitative research’ <http://statistics.dwp.gov.uk/asd/asd5/rports2011-2012/rrep762.pdf>

WCA outcomes in Tower Hamlets

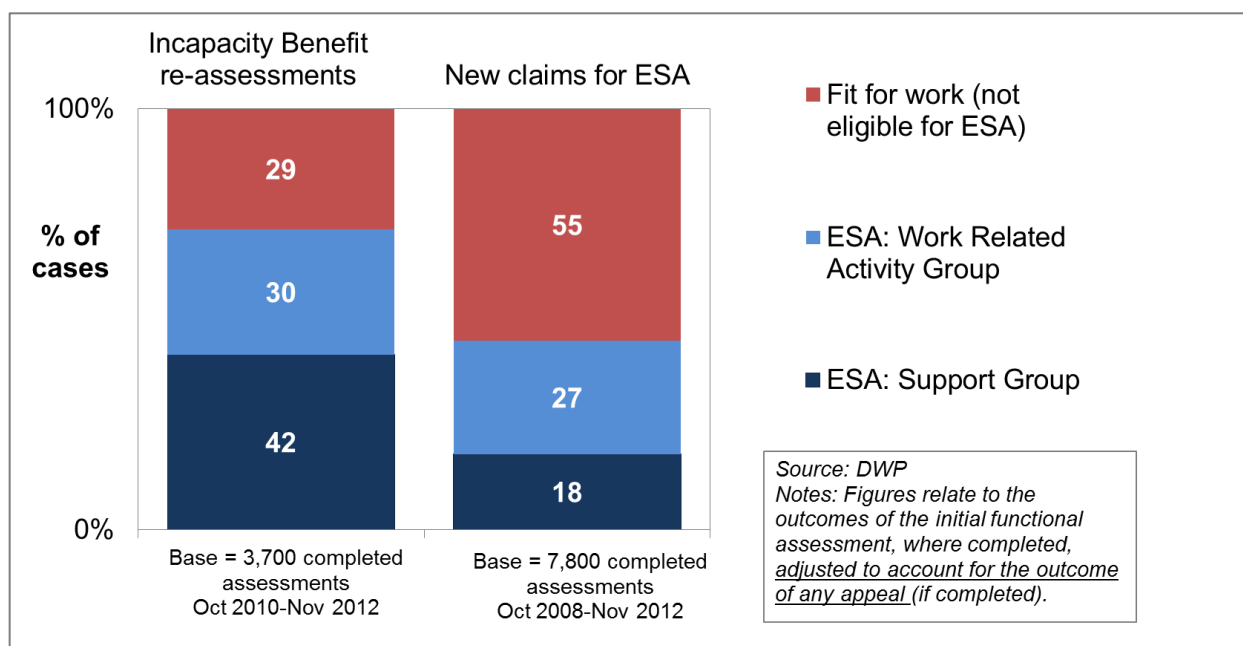
Figure 6 compares WCA outcomes for IB claimants being re-assessed to those of new claimants. During the period October 2010 to November 2012, in Tower Hamlets, a total of 3,700 **IB claimants were re-assessed** under the ESA regime and undertook the Work Capability Assessment. Of these:

- Just under one third (29 per cent) were assessed as ‘fit for work’ and were not entitled to ESA.
- 71 per cent were entitled to ESA: 30 per cent were placed in the Work Related Activity Group and 42 per cent were placed in the Support Group (*NB figures rounded*).

The outcomes for new claimants were very different. In general, new claimants were far less likely to be found eligible for ESA and more likely to be found fit for work. During the period October 2008 to November 2012, in Tower Hamlets, a total of 7,800 **new ESA claimants** undertook the Work Capability Assessment. Of these:

- More than half (55 per cent) were assessed as ‘fit for work’ and not entitled to ESA.
- 45 per cent were entitled to ESA: 27 per cent were placed in the Work Related Activity Group and 18 per cent were placed in the Support Group.

Figure 6 WCA outcomes (adjusted for appeal outcomes), Tower Hamlets



New claimants were far less likely to be allocated to the ESA support group than IB claimants being re-assessed (18 vs. 42 per cent of outcomes). DWP analysis⁹ suggests that the reason IB claimants are more likely to be eligible for ESA (and more likely to be in the ESA support group) than new claimants, is because a greater proportion are likely to have long standing and multiple health conditions.

⁹ DWP, ESA: Outcomes of WCA, Great Britain, DWP Quarterly Official Statistics Bulletin, 30 April 2013.

Similar patterns are evident both regionally and nationally, with new claimants far more likely to be found fit for work than IB claimants being re-assessed (Table 4).

WCA outcomes: areas compared

Table 5 compares WCA outcomes in Tower Hamlets with those across London and Great Britain.

In the case of **IB claimants** being re-assessed, the overall proportion of Tower Hamlets claimants who were found to be eligible for ESA was similar to the rate nationally (71 per cent vs. 73 per cent), and a bit lower compared with London (75 per cent). However, Tower Hamlets had a higher proportion of ESA Support Group claimants than those nationally or regionally, and a lower proportion of ESA Work Related Activity Group claimants.

In the case of **new ESA claimants**, Tower Hamlets had a similar proportion of claimants who were allocated to the support group to the rate regionally and nationally. However, the borough had a higher proportion of new claimants being found fit for work compared with the national and regional averages: 55 per cent of new claimants in Tower Hamlets were found fit for work compared with 49 per cent nationally and 51 per cent in London. Conversely, the borough had lower proportion of ESA claimants in the Work Related Activity Group than regionally or nationally.

Table 5 Outcomes of Work Capability Assessments, Tower Hamlets compared with London and Great Britain (adjusted for appeal outcomes)				
	Number	Outcome as a % completed assessment caseloads		
	Tower Hamlets	Tower Hamlets	London	Great Britain
IB re-assessments: October 2010 to November 2012				
Any outcome (completed assessments)	3,700	100	100	100
ESA (all)	2,630	71	75	73
- ESA: Support Group	1,540	42	38	32
- ESA: Work Related Activity Group	1,100	30	37	41
Fit for work (not eligible for ESA)	1,070	29	25	27
New ESA claims: October 2008 to November 2012				
Any outcome (completed assessments)	7,800	100	100	100
ESA (all)	3,500	45	49	51
- ESA: Support Group	1,400	18	18	19
- ESA: Work Related Activity Group	2,100	27	31	32
Fit for work (not eligible for ESA)	4,300	55	51	49
Source: DWP				
Notes:				
1. Figures relate to the outcomes of the initial functional assessment, where completed, <u>adjusted to account for the outcome of appeal</u> (by month of claim start).				
2. While these figures are adjusted for the outcomes of appeals, DWP advises that the figures may under-estimate the proportion who are awarded the benefit because full impact of more recent appeals, some of which may still be ongoing, will not yet be reflected.				

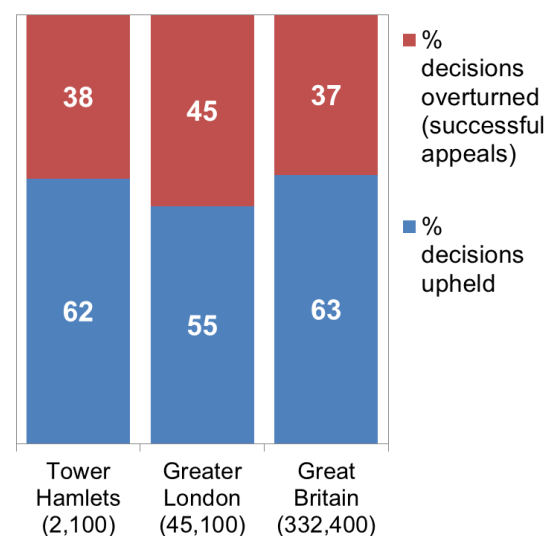
Appeal outcomes for new ESA claimants

The WCA statistics presented in the preceding section have been adjusted to take into account of the outcomes of any appeals (where completed). Some claimants who were classed as fit for work following the WCA, went on to appeal against the decision, and a significant proportion have had the initial decision overturned, and were consequently awarded ESA.

Figures are available on the outcomes of appeals for **new claimants** which illustrate the scale of the issue (Figure 7). In Tower Hamlets, 2,100 claimants appealed against the initial WCA decision over the period 2008-2012, and, of this group, 38 per cent had the initial decision overturned and were awarded ESA. The proportion of appeals that were successful in Tower Hamlets is similar to that nationally, but lower than the London rate (45 per cent).

Figure 7 Outcomes of appeals against Fit for Work decisions (new claims)

October 2008-May 2012



Source: DWP. Outcome recorded is the final DWP decision, or where not available, the ATOS recommendation. Figures relate to appeals against initial assessment decisions.

The figures emphasise the significant problems with the current assessment process. Indeed, at the time of writing, it was reported in the press that ATOS (the company who carry out the assessments), was seeking an early exit from their contract with DWP, further discrediting the whole WCA process.

The appeals process is already complex and lengthy, but quite recently (October 2013), DWP introduced new rules that meant anyone wanting to appeal a fit-for-work decision can only do so after they have asked the DWP to 'reconsider' their decision, in other words, to look at their decision again. As this is a required step on the way to making an appeal it is called 'mandatory reconsideration'. Statistics are not yet published on these, but CAB believes this will result in thousands of people being wrongly forced to survive on no income at all.

Repeat assessments: outcomes

ESA claims are usually time-limited and run until the initial or latest 'prognosis period' ends. As a result, many claimants will undergo repeat assessment(s), which, in effect, starts the assessment process again. In Tower Hamlets, around 3,400 repeat assessments were completed for ESA claims that (originally) started between October 2008-February 2013. While these assessments relate mainly to new ESA claims, they also cover some cases that were originally migrated from Incapacity Benefits¹⁰.

In Tower Hamlets, 71 per cent of repeat assessments led to an ESA award and 29 per cent resulted in a fit-for-work decision. Outcomes for repeat assessments are far more likely to result in entitlement to ESA, than initial outcomes for new claims. This is because

¹⁰ DWP has estimated that, nationally, around 21 per cent of repeat assessments (for the period covered above) were originally migrated from Incapacity Benefits.

existing claimants who undergo repeat assessments are more likely to have a long-term condition.

Table 6 Outcomes of <u>repeat</u> functional assessments, (claims started between October 2008-February 2013)			
	Tower Hamlets	Greater London	Great Britain
	% totals		
All claims (=100%)	100	100	100
Entitled to ESA:	71	74	76
- ESA Support Group	38	37	34
- ESA Work Related Activity Group	32	38	42
Fit for Work	29	26	24
Base (number of repeat assessments)	3,400	99,700	988,500

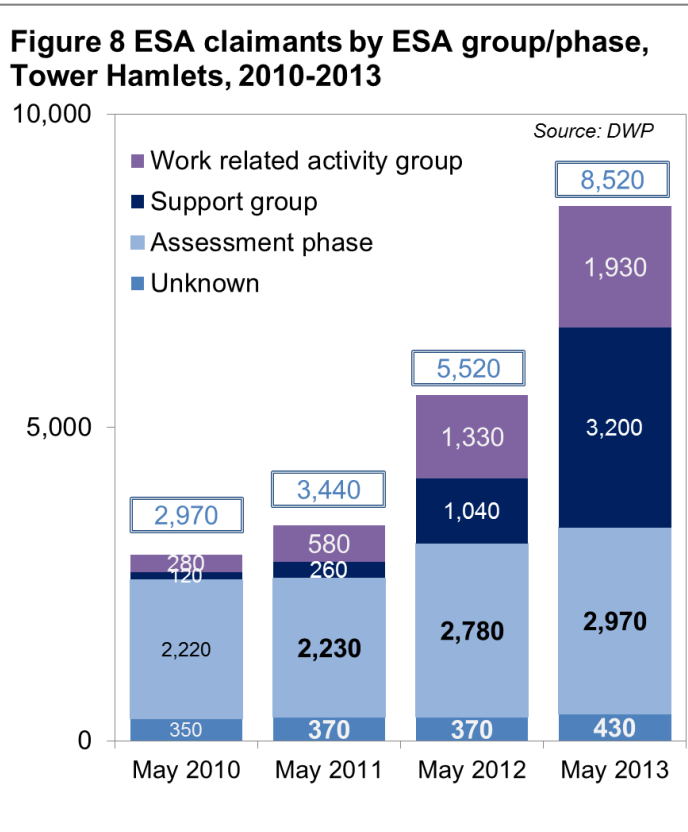
Source: DWP
 Notes: Figures refer to outcomes of repeat functional assessment where assessment has been completed. Figures include some claimants originally migrated from Incapacity Benefits as well as new claimants. Figures are not adjusted for appeal outcomes.

Table 6 compares outcomes for repeat assessments in Tower Hamlets to those regionally and nationally. Overall, the borough had a higher proportion of fit-for-work outcomes, and a lower proportion of ESA work-related activity group claimants, than GB or London. The differentials observed between areas are broadly similar to the patterns for initial IB re-assessments. [Note: unlike earlier WCA outcomes, the figures on repeat assessments were not adjusted for appeal outcomes, so final outcomes may differ].

ESA claimants by phase 2010-2013

As re-assessments of IB claimants in the borough continue, the number and proportion of ESA claimants who are in the Support Group is likely to rise, as the re-assessed claimants join the new claimants on ESA. This is because people still waiting to be re-assessed are more likely to have long-term conditions. Indeed, a review of the caseload data for the last four years shows the impact of the re-assessments of IB claimants on the profile of ESA claimants (Figure 8).

The chart shows, that over the last year in particular, the number of claimants who are now allocated to the ESA Support Group has risen much faster than the number allocated to the Work Related Activity Group. Between May 2012 and May 2013, the number of Support Group claimants has trebled – a percentage rise of 207 per cent while the number in the Work Related Activity Group rose by only 45 per cent.



Over the last year, the percentage of ESA claimants who are now allocated to the Support Group has doubled from 19 to 38 per cent, while the proportion in the Work Related Activity Group has remained stable at just under one quarter. The proportion still in the assessment phase continues to fall and now stands at 35 per cent (Table 7).

Table 7 ESA claimants by ESA phase / group, Tower Hamlets, 2010-2013				
	May 2010	May 2011	May 2012	May 2013
	% total			
All ESA claimants	100	100	100	100
In assessment phase	75	65	50	35
Work related activity group	9	17	24	23
Support group	4	8	19	38
Unknown	12	11	7	5
<i>Base (all claimants)</i>	<i>2,970</i>	<i>3,440</i>	<i>5,520</i>	<i>8,520</i>

Source: DWP

Conditionality and sanctions

Claimants who are allocated into the Work Related Activity Group are considered to be capable of engaging in work related activities and, for many claimants in this group, access to the full rate of ESA is conditional on participation in work-focused interviews and/or undertaking certain work-related activities. Claimants can face sanctions if they fail to comply with conditions and will lose some of their benefit payment.

Conditionality and sanctions have been part of ESA since it was introduced in 2008, but sanction rules were changed, and made more punitive, from December 2012. The amount of the benefit sanction is typically higher now and sanctions can continue even after the claimant has complied with the requirements on them.

DWP statistics indicate that, nationally (across Great Britain), 173,000 decisions about ESA sanctions were made between October 2008-June 2013, resulting in 76,000 adverse decisions (ie sanctions applied). The majority of sanctions were made because of a failure to participate in a work-related activity (including failures to participate in the Work Programme), and the remainder due to a failure to attend a mandatory interview.

	Table 8 Number of ESA sanctions decisions and adverse decisions, 2008-2013		
	October 2008 to 30th June 2013		
	Tower Hamlets	Greater London	Great Britain
Total number of sanction decisions	990	21,240	172,750
Of which, number that were adverse decisions	570	11,600	76,300
<i>% adverse</i>	<i>58</i>	<i>55</i>	<i>44</i>

Source: DWP Information, Governance & Security Directorate: Sanctions & Disallowance Decisions Statistics Database.

In Tower Hamlets, 990 decisions about ESA sanctions were made between October 2008-June 2013, resulting in 570 adverse decisions. The percentage of decisions that were adverse was higher in Tower Hamlets than nationally (58 vs. 44 per cent).

Changes to contributory ESA: the impact of the time limit

There are two types of ESA:

- Contributory ESA: for those who have paid enough national insurance contributions
- Income-related ESA: which is means-tested and paid to those on low incomes

In some circumstances, claimants can get both contributory ESA and income-related ESA. For both types, claimants still have to pass the WCA to be eligible.

Table 9 ESA claimants by payment type and phase of ESA, Tower Hamlets, May 2013				
	All ESA claimants	ESA phase/group (where known)		
		Assessment phase	Work related activity group	Support group
All ESA claimants	8,520	2,970	1,930	3,200
Contributions based only	940	350	150	440
Both income & contributions based	590	100	60	430
Income based	6,490	2,480	1,690	2,320
No payments – NI credits only	490	40	20	10
				% total
All ESA claimants	100	100	100	100
Contributions based only	11	12	8	14
Both income & contributions based	7	3	3	13
Income based	76	84	88	73
No payments – NI credits only	6	1	1	0

Source: DWP (figures exclude a small number of claimants whose ESA phase was unknown)

In Tower Hamlets, figures for May 2013 (Table 9) show that of all ESA claimants: around three quarters were on income-based ESA; 11 per cent were on contributory ESA; 7 per cent were on both types, and the remaining 6 per cent were receiving national insurance credits only¹¹. Claimants in the Work Related Activity Group are less likely to receive contributory ESA than those in the Support Group. This reflects a difference in eligibility criteria, introduced in 2012 (as a result of the Welfare Reform Act), which meant that eligibility to contributions-based ESA for those in the Work Related Activity Group was restricted to one year only (from May 2012 onwards).

The main losers are ESA claimants who have other income coming in (eg savings or partner’s earnings), meaning after the 12 month period, they will fail to qualify for income-related ESA. Table 10 charts the change in the number of claimants in the Work Related Activity Group, who were receiving contributory ESA only in Tower Hamlets, over the period of the change.

In February 2012, there were 210 claimants in the Work Related Activity Group who were receiving contributory ESA – representing around 4 per cent of all ESA claimants. In May

¹¹ ‘Credits only’ claimants are those who do not satisfy the contribution conditions for contributory ESA and are not entitled to Income-related ESA. In these cases, the claimant is credited with National Insurance contributions.

2012, when the change was brought in, the number halved to 100 – representing almost 2 per cent of claimants.

Table 10 Claimants in the work related activity group (contributions-based), Tower Hamlets, 2012-2013

	Feb 2012	May 2012	Aug 2012	Nov 2012	Feb 2013	May 2013
All ESA claimants	4,880	5,520	6,240	7,150	7,750	8,520
WRAG group (contributions only)	210	100	110	140	160	150
Expressed as % of all claimants	4.3	1.8	1.8	2.0	2.1	1.8

Source: DWP

While the initial impact of this particular change appears to have been relatively small, the overall impacts will be far more significant. The time limit restriction will continue to effect claimants on an ongoing basis as people reach the 12 months limit - which people are more likely to do as time passes. Also, as the roll out continues the volume of ESA claimants will rise and more claimants will potentially be affected.

Indeed, recent estimates from the Centre for Economic and Social Inclusion¹² suggest that, by the year 2015/16, **around 910 claimants in Tower Hamlets could be affected** by the time limit – leading to an average loss of £2,286 per claimant per year.

Trends in IB/ESA caseload in Tower Hamlets 2008-2013

Figure 9 shows how IB and ESA claimant numbers have changed during the roll out period – the chart illustrates the phasing out of IB. At the current rate of progress, it looks likely the roll out will be complete in Tower Hamlets by the end of 2014.

Overall, the total number of residents receiving either IB or ESA has remained relatively stable over the last five years hovering around the 12,000 mark in Tower Hamlets (caseload has ranged between 11,700 and 12,460 over the period). However, when expressed as a percentage of the population, the percentage of residents on IB/ESA has fallen from 6.8 to 6.2 per cent (Table 11). This is because the Tower Hamlets population has been growing relatively fast in recent years. GLA estimates show that the borough's working age population has grown by over 20,000 between 2009 and 2013 – a rise of 12 per cent. So while total ESA/IB claimant numbers have seen little change, the proportion of the population receiving ESA or IB has fallen.

Nationally, the claimant rate has seen a similar fall, though in London the fall in the rate was fairly marginal.

¹² Centre for Economic & Social Inclusion, The local impacts of welfare reform: an assessment of cumulative impacts and mitigations, August 2013

Figure 9 Number of IB and ESA claimants, Tower Hamlets, 2008-2013

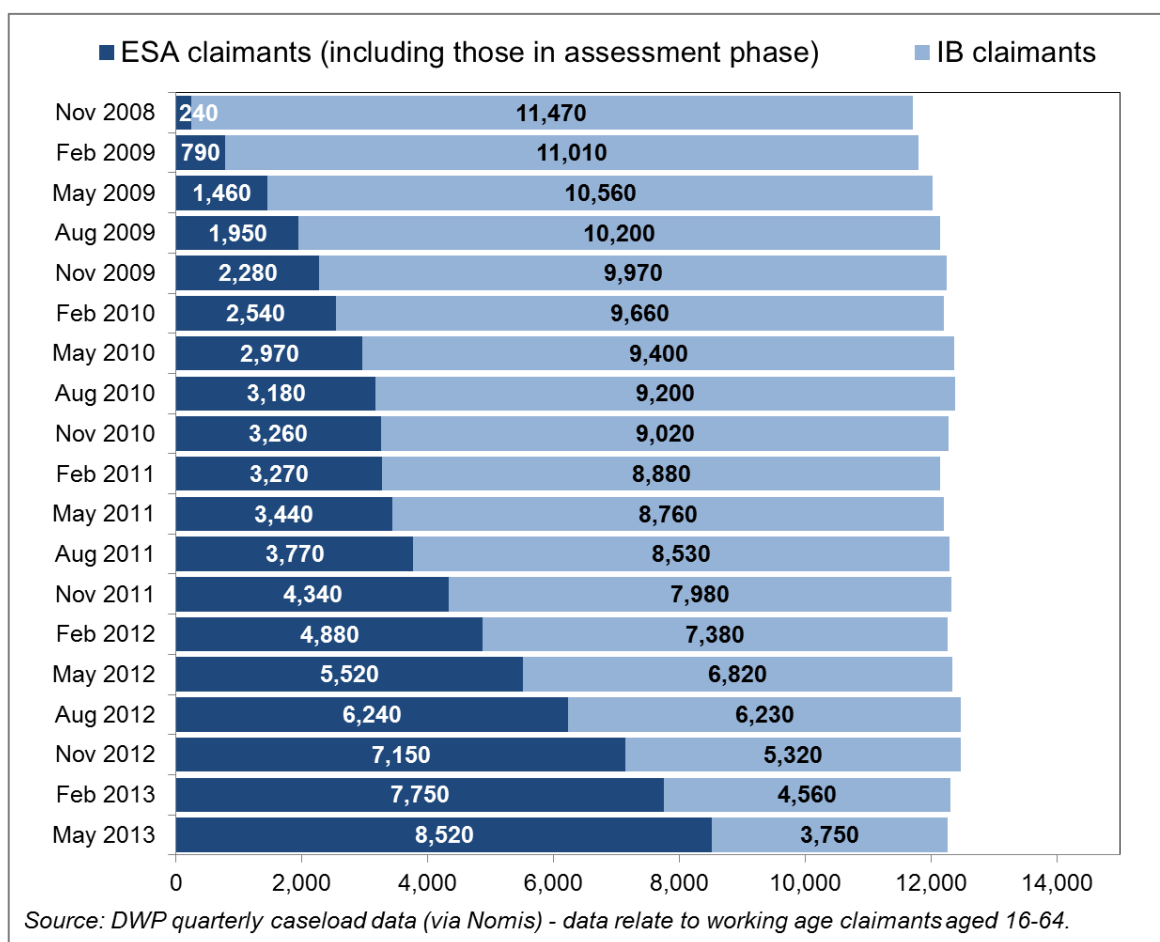


Table 11 ESA /IB claimants as a percentage of the population, 2009 – 2013

	Number ESA/IB claimants		All ESA/IB as % of working age population*		
	Tower Hamlets	Tower Hamlets	Tower Hamlets	Greater London	Great Britain
May 2009	12,030	6.8	5.6	6.7	
May 2010	12,370	6.7	5.7	6.6	
May 2011	12,200	6.4	5.6	6.4	
May 2012	12,340	6.4	5.6	6.3	
May 2013	12,260	6.2	5.5	6.2	
Change 2009-2013	230	-0.6	-0.1	-0.5	

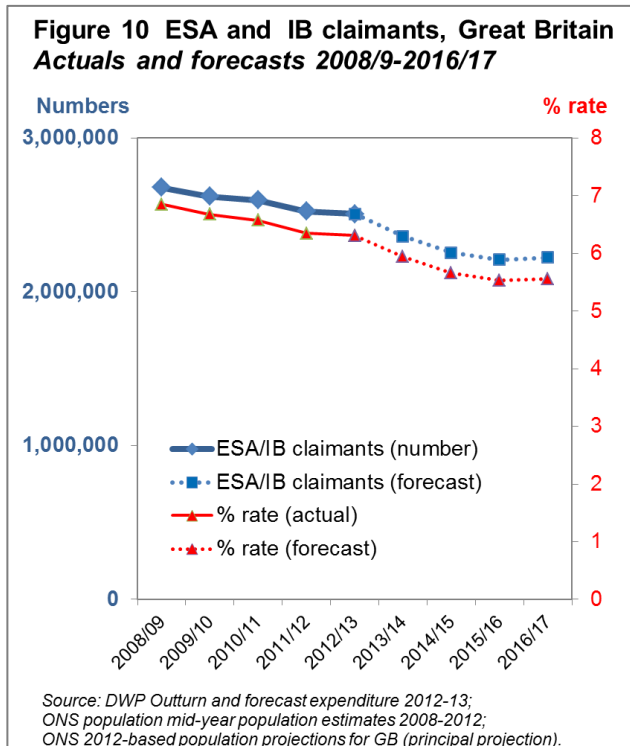
Source: DWP (Claimant data); ONS & Greater London Authority (for population base)
 * GLA population projections (2012 round) have been used as the population base for the rates for Tower Hamlets, whereas figures for London and GB use ONS Mid-year population estimates.

Future trends

The fall in rates locally is consistent with the fact that ESA is considered to have more restrictive eligibility criteria than its predecessor, and also continues a long term downward trend in claimant rates for sickness and incapacity related benefits over the last decade.

When considering trend data, it needs to be borne in mind that the ESA roll-out is not complete. Many claimants have still to be re-assessed under the new regime, and others are still in the lengthy process of appeals and repeat assessments. For this reason, the full impact of the ESA roll out will not be clear for some years yet.

Nationally, the DWP expects caseload to fall in coming years as a result of the re-assessment programme (Figure 10). The DWP’s latest forecasts, published as part of the 2013 Autumn Statement, predict that claimant numbers will continue to fall nationally from 2.5m in 2012/13 down to 2.2m in 2015/16¹³. This would mean that the proportion of the working age population receiving benefits would fall from 6.3 to 5.5 per cent in Great Britain.



After 2015/16, when most of the re-assessment process will be complete, figures are predicted to plateau then to slowly rise again in future years. If Tower Hamlets follows national trends, then a further fall in the claim rate is highly likely in 2014 as the roll out continues.

Further information

This Briefing was produced by the Council’s Corporate Research Unit. Research briefings provide timely and in-depth analysis of data about Tower Hamlets and are designed to improve the use and sharing of data across the Partnership. Contact details for the Corporate Research Unit are:

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¹³ DWP, [Outturn and forecast expenditure 2012-13](#) (Autumn statement 2013)