

# Abolition of concessionary Employment and Support Allowance (ESA) ‘youth’ National Insurance qualification conditions

Equality impact assessment

March 2011

# Equality impact assessment for abolition of concessionary Employment and Support Allowance (ESA) 'youth' National Insurance qualification conditions

## Brief outline of the policy

### **Current Policy**

1. At present, special arrangements apply which allow certain young people known as ESA 'youth' to qualify for contributory ESA without having to satisfy the usual National Insurance contribution conditions which require all other claimants to have paid a minimum amount of contributions to qualify. ESA 'youth' claimants are disabled people who:
  - are aged 16-19 inclusive, or satisfy the age exception rule if aged between 20 and under 25 (which revolves around rules for education or training);
  - have at least 28 weeks' continuous medical evidence to support a claim for ESA;
  - are not in full-time education;
  - have been resident and present in Great Britain for 26 weeks out of 52 weeks prior to the claim; and
  - do not meet the normal National Insurance contributions requirements.

### **Rationale for intervention**

2. Abolition of the current provision, known as ESA 'youth', that allows those aged 16 to 19 (or 25 if in education) to qualify for contributory ESA without meeting the normal National Insurance conditions will simplify the benefits system and ensure a consistency of treatment for those claiming ESA.

## Policy Objective

3. The objectives are as follows:

- Abolishing the provision puts this group on the same contributory footing as everyone else claiming contributory ESA.
- This change will simplify the benefits system as part of the Government's plans to make it simpler and easier prior to the introduction of the Universal Credit.
- The one year time limit for contributory ESA work-related activity group cases will also apply to ESA 'youth' from April 2012. Placing them on the same contributory footing as everyone else will ensure consistency for all groups whilst simplifying ESA conditionality.

## Policy Outline

4. Abolish the ESA 'youth' provisions so these customers satisfy the same contribution conditions as other groups for April 2012. Those who do not meet the contribution test will be eligible to receive income-related ESA if they fulfil the conditions of entitlement - otherwise they will not receive ESA.

## Impact

5. By 2015/16, the abolishment of ESA 'youth' provisions will affect approximately 15,000 people who would have been claiming contributory ESA.

6. There are three main groups of people affected.

- Those with no other income will get exactly the same amount of income-related ESA that they would have got under the 'Youth' provisions. This is estimated at 20 per cent of those affected.
- An estimated further 70 per cent will qualify for income-related ESA either at the same rate as they would get on contributory ESA, or at a lower rate due to having some other income brought to account. Initial estimates indicate that on average this group will receive around £25 per week less than they would have otherwise received under the 'youth' provisions. However, they may become entitled full Housing Benefit and Council Tax Benefit and eligible for other 'passported' benefits such as free school meals and free prescriptions.
- The remaining 10 per cent are expected not to qualify for income-related ESA because they either have, a partner in full time work, capital over £16,000 or other income taking them above the applicable amount.

# Consultation and involvement

7. As with other Bill measures there has not been any formal consultation with external stakeholders prior to the announcement of this change. However, as part of the Bill process we will now start to engage with both internal and external stakeholders about detailed arrangements for implementation and communication of the intended changes, and propose to develop this further.

## Impact of the abolition of concessionary Employment and Support Allowance (ESA) 'youth' National Insurance qualification conditions

*Note: The Government does not hold data on ESA 'youth' cases, so the equality impacts are assessed on the basis of IB 'youth' cases. As the criteria for qualification are the same we believe this is an accurate proxy.*

### Gender

#### Background and Statistics

8. Currently there are 44,000 men claiming IB 'youth' (including former Invalidity Benefit, Severe Disablement Allowance and or Income Support on the grounds of incapacity), and 33,000 women<sup>1</sup>. This means that men make up around 57 per cent of the caseload. New claimants to ESA show a similar make up with 58 per cent male and 42 per cent female<sup>2</sup>.
9. The abolition of the ESA 'youth' provisions will affect all new 'youth' claims but those who would have received contributory only will be more likely to see a loss in income than those who would have received both contributory and income-related ESA (who would see no loss). Table 1 below shows that for contributory only IB 'youth' cases 57 per cent are male and 43 per cent are female. This is a higher male proportion than for the IB 'youth' customers receiving both contributory and income-related benefits where 54 per cent are male and 46 per cent are female.

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<sup>1</sup> Taken from the Work and Pensions Longitudinal Study, May 2010

<sup>2</sup> ESA statistics taken from the Work and Pensions Longitudinal Study, May 2010

**Table 1: IB 'youth' by type and gender**

Type	Female	Male
Contributory only	43%	57%
Both	46%	54%
Total	43%	57%

*Source: Work and Pensions Longitudinal Study, May 2010*

### **Risk of negative impact and mitigation**

10. This policy is likely to affect more men than women; and given those in the contributory only group are most likely to see a loss in income, there is a possibility that the change is more likely to affect men.
  
11. In mitigation, it is estimated that the vast majority (around 90 per cent) of those affected will qualify for income-related ESA as they typically have low levels of other income and capital compared to other contributory ESA groups. The amount received under income-related ESA will usually be the same or lower than the contributory amount depending on other income. Some people may become entitled to passported benefits such as free prescriptions as a result of receiving income-related ESA instead of contributory.

## **Disability**

### **Background and Statistics**

12. The definition of disability for the purposes of equality impact assessment is now that contained in the Equality Act 2010, and was previously that defined by the Disability Discrimination Act<sup>3</sup>. As ESA is only available to those with limited capability for work due to being disabled or having a health condition, most ESA 'Youth' cases are likely to be covered by the Equality Act 2010 disability definition and so these reforms have considerable significance for disabled people<sup>4</sup>.
  
13. Table 2 shows the distribution of IB 'youth' claimants by primary medical condition, with mental and behavioural conditions being the most common (55 per cent). People with diseases of the nervous system recorded as their primary condition make up the next largest group (16 per cent).

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<sup>3</sup> The Equality Act generally defines a disabled person as someone who has a mental or physical impairment that has a substantial and long-term adverse effect on the person's ability to carry out normal day-to-day activities. This differs slightly from the definition in the DDA, which also required the disabled person to show that an adversely affected normal day-to-day activity involved one of a list of capacities such as mobility, speech, or hearing.

<sup>4</sup> Around 90 per cent of ESA and incapacity benefits recipients are 'disabled' using self reported information in the Family Resources Survey 08/09 on whether the customer is disabled under the terms of the DDA which was in force at the time of the survey.

14. Table 2 also shows that the proportions of IB ‘youth’ customers receiving contributory IB only with each medical condition are roughly the same for those receiving both contributory and income-related IB. This suggests that the impact of the policy on those affected should be similar regardless of condition.

**Table 2: IB ‘youth’ claimants by medical condition and benefit type**

Recorded Primary Medical Condition	Contributory IB	Both Contributory and Income Related	Total
Mental and Behavioural impairments(F00 - F99)	55%	56%	55%
Diseases of the nervous system (G00 – G99)	16%	15%	16%
Symptoms, signs and abnormal clinical and laboratory findings, not elsewhere classified (R00 - R99)	12%	11%	11%
Congenital Malformations, Deformations and Chromosomal Abnormalities (Q00 – Q99)	7%	5%	6%
Other	11%	13%	11%
Total	100%	100%	100%

Source: DWP Information Directorate: Work and Pensions Longitudinal Study, May 2010

Note: figures may not sum due to rounding

15. Table 3 shows the most common condition breakdowns for the non IB ‘youth’ caseload.

**Table 3: IB non ‘youth’ claimants by medical condition**

Recorded Primary medical Condition	Percentage
Mental and Behavioural impairments(F00 - F99)	43%
Diseases of the Musculoskeletal system and Connective Tissue. (M00 - M99)	18%
Symptoms, signs and abnormal clinical and laboratory findings, not elsewhere classified (R00 - R99)	11%
Diseases of the nervous system (G00 – G99)	6%
Diseases of the Circulatory System (I00 – I99)	5%
Other	17%
Total	100%

Source: DWP Information Directorate: Work and Pensions Longitudinal Study, May 2010

16. Comparing the condition shares for IB 'youth' and non IB 'youth' claimants (tables 2 and 3) suggests that IB 'youth' claimants may be more likely to have long-standing conditions. In particular, it shows that:

- mental and behavioural impairments are more prevalent for IB 'youth' than non-IB 'youth';
- musculoskeletal conditions do not show up in the top 88 per cent of the conditions of the IB 'youth' caseload, whereas 18 per cent of the non-IB 'youth' caseload have these conditions;
- diseases of the nervous system and congenital malformations, deformations and chromosomal abnormalities are more prevalent for IB 'youth' than non-IB 'youth'.

17. IB 'youth' customers are more likely to be claiming Disability Living Allowance as well as IB than the IB population as a whole. Currently 87 per cent of IB 'youth' customers are also claiming Disability Living Allowance compared to 60 per cent of all IB customers<sup>5</sup>. This suggests those affected may be more likely to need more support compared to all IB customers.

18. This picture is reinforced by the results for the initial Work Capability Assessment for ESA claimants, for those aged under 21 (a possible proxy for ESA 'youth' claimants). Whilst the proportion placed in the Work Related Activity Group is similar at 29 per cent for claimants aged under 21, compared to 25 per cent for all claimants. The proportion going into the Support Group is over twice as high at 23 per cent for claimants aged under 21, compared to 9 per cent for all claimants.<sup>6</sup>

### **Risk of negative impact and mitigation**

19. The abolition of the ESA 'Youth' provisions is more likely to have an impact on disabled people because ESA is directly targeted at people with health conditions that limit their ability to work. There is a risk that the affected group will be more likely to need more support because of their condition than all ESA customers.

20. In mitigation to these risks, those with low or no other income can apply for income-related ESA regardless of condition, and it is estimated that around 90 per cent will successfully qualify. Those who require more support are likely to qualify for the Enhanced Disability Premium and/or Severe Disability Premium which will increase their chances of being able to claim income-related ESA as claimants who qualify for these premia can have higher levels of other income before they are disqualified from claiming income related ESA. Those eligible for

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<sup>5</sup> Source: DWP Information Directorate: Work and Pensions Longitudinal Study, May 2010

<sup>6</sup> Based on internal analysis of the data used to compile the report: *ESA: Work Capability Assessment by Health Condition and Functional Impairment: October 2010*.  
[http://research.dwp.gov.uk/asd/workingage/esa\\_wca/esa\\_wca\\_26102010.pdf](http://research.dwp.gov.uk/asd/workingage/esa_wca/esa_wca_26102010.pdf)

income-related ESA may also benefit from passported benefits such as free prescriptions.

## Race

### Background and Statistics

21. Although ethnic minority groups generally have higher rates of worklessness than the majority of the population<sup>7</sup>, survey evidence suggests that people from ethnic minority groups, other than those of mixed ethnicity, are less likely than white people to claim incapacity benefits.

22. Ethnicity data is not available for IB 'youth' customers specifically; the following statistics refer to the incapacity benefits population as a whole. The risk that ethnic minority groups are more likely to be affected by this measure is low, as survey evidence indicates that there is a lower proportion of ethnic minority people on incapacity benefits (7 per cent) than in the working-age population as a whole (11 per cent).

**Table 4: Proportion of incapacity benefit customers by ethnicity**

Ethnicity	Incapacity benefits	Working Age Population
White	93%	89%
Ethnic minority	7%	11%

Source: Based on the Family Resources Survey 2006/07, 2007/08, 2008/09

23. Table 5 below shows that a low proportion (10 per cent) of new incapacity benefits claimants are from an ethnic minority, or 13 per cent if the unknowns are excluded.

**Table 5: Incapacity Benefit claimants by ethnic group with a duration one year or less, February 2008**

Ethnicity	Percentage
White	67%
Mixed	1%
Asian or Asian British	4%
Black or Black British	3%
Chinese or other ethnic group	2%
Unknown/prefer not to answer	25%

Source: Work and Pensions Longitudinal Study February 2008

<sup>7</sup> NAO Report Feb 2008, *Increasing Employment Rates for Ethnic Minorities*

### **Risk of negative impact and mitigation**

24. The abolition of ESA 'youth' provisions will apply equally across all races, although there is a risk that white recipients may be more likely to be affected. In mitigation, those individuals with low or no other income may apply for income-related ESA which is paid at the same rate. It is estimated that overall around 90 per cent of those affected will qualify for income-related ESA. This offers some protection against the risk that ESA claimants from any specific ethnic group may be more likely to be affected.

## **Age**

### **Background and Statistics**

25. Whilst claimants need to be under 25 at the point of an ESA 'youth' claim, they can continue receiving the benefit beyond 25. Table 6 below shows around 60 per cent of customers claiming IB 'youth' are under the age of 25. Although as the policy only affects new claims to ESA 'youth' all those affected would be initially aged under 25.

**Table 6: Age of IB 'youth' customers**

Age	Percentage of Caseload
16-17	1%
18-24	58%
25-29	42%
30-34	0%
Over 35	0%
Total	100%

*Source: DWP Information Directorate: Work and Pensions Longitudinal Study, May 2010*

*Note: figures may not sum due to rounding*

26. When considering recent new claims to ESA, the proportion from younger age groups is higher than for the existing caseload. Table 7 shows that for new ESA claims in the year to May 2010, 15 per cent were under the age of twenty-five, 29 per cent of these customers are still 50 and over.

**Table 7: Age of new ESA customers in the year up to May 2010**

Age	Percentage of Caseload
16-17	1%
18-24	14%
25-34	18%
35-44	24%
45-49	13%
50-54	12%
Over 55	17%
Total	100%

*Source: DWP Information Directorate: Work and Pensions Longitudinal Study, May 2010*

*Note: figures may not sum due to rounding*

### **Risk of negative impact and mitigation**

27. Removing the ESA 'youth' provisions is more likely to affect young disabled people. However, this does not mean that they do not want, or are unable to, work. The Government is committed to promoting employment prospects for younger people, with and without health conditions, by investing in employment support, apprenticeships and further education.

28. In mitigation, it is estimated that the vast majority (around 90 per cent) of those affected will qualify for income-related ESA. The amount received under income-related ESA will usually be the same or lower than the contributory amount depending on other income. Some people may become entitled to passported benefits such as free prescriptions as a result of receiving income-related ESA instead of contributory.

### **Gender Reassignment**

29. The Department does not hold information on people of transgender people and it is not likely that this will be available in the future. However the Government does not envisage an adverse impact on these grounds.

### **Sexual Orientation**

30. The Department does not hold information on sexual orientation of claimants and it is not likely that this will be available in the future. However the Government does not envisage an adverse impact on these grounds.

## **Religion or Belief**

31. The Department does not hold information on the religion or beliefs of claimants and it is not likely that this will be available in the future. However the Government does not envisage an adverse impact on these grounds.

## **Pregnancy and Maternity**

32. The Department only holds information on pregnancy and maternity where it is the primary reason for incapacity on ESA, or if someone is receiving free milk vouchers on Income Support. It cannot therefore be used to accurately assess the equality impacts; however, the Government does not envisage an adverse impact on these grounds.

## **Monitoring and evaluation**

33. DWP is committed to monitoring the impacts of its policies and we will use evidence from a number of sources on the experiences and outcomes of the protected groups.

34. We will use administrative datasets to monitor trends in the benefit caseloads for the protected groups and in the level and distribution of benefit entitlements. The administrative data will provide robust material for age and gender although not, as a rule, for the other protected groups.

35. We will use survey data (for example the Family Resources Survey and Labour Force Survey) to assess trends in the incomes of the protected groups and in the employment outcomes.

36. We will use qualitative research and feedback from stakeholder groups to assess whether there are unintended consequences for the protected groups, and whether the policy is result in adverse consequences for particular groups.

37. We will utilise feedback from Departmental employee networks and internal management information. For example we will monitor the level of appeals and complaints in order to assess the broader impact of the policy.

38. We will draw on broader DWP research where appropriate, as well as any research commissioned specifically as part of the evaluation of the measure.

39. The material in this Equality Impact Assessment covers the equality groups currently covered by the equality legislation, i.e. age, disability, gender (transgender), and ethnicity. For the age and gender strands we have good quality information from both the administrative and survey data, while for ethnicity and disability we have reasonable information from the survey data.

From 2011 sexual orientation, religion and pregnancy/maternity will also be covered by the equality legislation; with the exception of maternity, these groups will not be captured in the Departmental administrative information. We have requested for information on religion and sexual orientation to be included in the main survey used for low income and poverty analysis from April 2011. Also, as part of our actions in the context of the data requirements under the Equality Act, we are looking across DWP activities to identify and address further gaps in data provision wherever reasonable.

## Next steps

40. The measure will be introduced in the Welfare Reform Bill. The Equality Impact Assessment will be regularly reviewed and account will be taken of the responses to consultation on the legislation and operational considerations.

## Contact details

41. Daniel Groves at the Department for Work and Pensions (email: [daniel.groves@dwp.gsi.gov.uk](mailto:daniel.groves@dwp.gsi.gov.uk)) can answer any queries regarding this instrument.