MRC/CSO Social and Public Health Sciences Unit
Consultation Response

Title of consultation
Inquiry on in-work progression in Universal Credit.

Name of the consulting body
House of Commons Select Committee: Work and Pensions Committee.

Link to consultation

Why did the MRC/CSO Social and Public Health Sciences Unit contribute to this consultation?
Welfare systems and welfare reform are important social determinants of health which impact most strongly on groups who experience health inequalities. The Unit has expertise in this area which should be leveraged to inform policy if possible.

Our consultation response
The MRC/CSO Social and Public Health Sciences Unit is responding to the following areas outlined by the Committee:

1. DWP’s plans for in-work progression pilots in 2015/16, and how they should be evaluated
6. In what circumstances would it be appropriate to sanction a Universal Credit claimant who is in work?
7. Is there any UK or international evidence on effective ways of encouraging in-work progression?

Our response:

Executive Summary

- The inclusion of randomised controlled trials in the Government’s in-work progression evaluation strategy is to be welcomed. However, failure to publish full details of all of the trials undertaken, adhering to SPIRIT guidelines for trial reporting, will undermine the credibility of any research undertaken.
- As in-work conditionality has not been implemented previously, there is little evidence on potential impacts. However, there is no reason to suppose effects might differ from those on out-of-work claimants.
Available evidence for the impacts of out-of-work sanctions suggests that these do not support progression and have a range of other negative effects,

- Evidence for in-work progression strategies is limited, but findings from a number of US trials suggest that access to individualised and specialised support, in conjunction with earnings supplements and carefully selected training, can lead to increases in earnings and employment. Sanctioning of in-work claimants is not a feature of successful programmes.
- Any such interventions must be seen in the context of a changing labour market in which it is increasingly difficult for low income workers to progress. A shift in focus to demand-side issues may be necessary to promote in-work progression for this group.

**Background**

The MRC/CSO Social and Public Health Sciences Unit, University of Glasgow conducts world-leading research to understand the determinants of population health and health inequalities, and to develop and test interventions to improve health and reduce inequalities, using a wide variety of methods including qualitative research, the collection, linkage and analysis of social survey and routinely collected data, evidence synthesis, randomised controlled trials and natural experimental studies. The Informing Healthy Public Policy programme has a particular focus on, and expertise in, evaluating the impacts of welfare to work interventions. The Unit receives core funding from the Medical Research Council and the Chief Scientist Office in the Scottish Government Health and Social Care Directorates, as well as grant funding for specific projects from a range of sources. Further information about the Unit is available at [http://www.gla.ac.uk/sphsu](http://www.gla.ac.uk/sphsu).

1. **DWP’s plans for in-work progression pilots in 2015/16, and how they should be evaluated**

1.1 A notable feature of the implementation of Universal Credit is the proposal to undertake randomised controlled trials (RCTs) using powers in Section 41 of the Welfare Reform Act 2012 [1] to conduct experimental trials of different delivery models. The evaluation plan published by the DWP in 2012 identified in-work conditionality as one area for such experimentation [2]. The document provided few details about what form the trials would take, but said that proposals would be set out more fully in future versions of the evaluation strategy. Four years later, a number of trials have been undertaken, and others are planned or in progress, but details remain scarce.

1.2 No further versions of the evaluation strategy have been published although some information was provided in the DWP publication, *Universal Credit at Work, Spring 2015* [3]. This indicated that up to 15,000 claimants would be recruited to take part in trials of in-work support, and that the design of these trials would be informed by ‘early exploratory trials, using legacy benefits.’ Brief details of two such trials are provided. Some further information on trials in progress has been provided in a piecemeal way in response to Freedom of Information requests, but a number of requests have been turned down on the grounds that the trials are in progress and the results will be published in due course.
1.3 It is important for the credibility of the evidence obtained from the evaluation that the design and conduct of the trials is transparent. It is now recognised as good practice in the conduct of clinical trials to publish the trial protocol in advance, so that the results can be appraised in the light of what was originally intended, and in particular to assess completeness of reporting and to guard against the risk of selective reporting of favourable findings.

1.4 There is a standard template available, known as SPIRIT [4], which identifies the elements necessary for clear and comprehensive reporting of trial methods. These elements include: the rationale for the study and the specific research questions, a description of the trial design, study settings, inclusion and exclusion criteria for participants, experimental and standard interventions, the primary and secondary outcome measures, sample size, randomisation and allocation procedures, methods for data collection, management and statistical analysis, arrangements for trial management, monitoring of harms and adverse events, securing ethical approval, obtaining consent from participants, maintaining confidentiality of personal information, and dissemination of trial findings.

1.5 The fact that the trials are in progress is not a reason for withholding information on the methods. Publication of this information, ideally using a standard format, will enhance the credibility of the evaluation, and enable members of the public, parliamentarians and researchers to reach a well-informed view of the key messages of the evidence, and its strengths and weaknesses.

6. In what circumstances would it be appropriate to sanction a Universal Credit claimant who is in work?

6.1 The rationale for introducing sanctions for in-work claimants appears to be that this will support employment retention, increase earnings [5], reduce poverty and incentivise claimants to increase working hours or wages [6]. It is difficult to comment directly on the efficacy of this approach because there is very little evidence on the impact of sanctioning in-work claimants. However, the available evidence on the effects of benefits sanctions on out-of-work claimants suggests that the desired outcomes have not been achieved.

6.2 A number of reviews of quantitative evidence on the effects of sanctioning suggest that claimants who are sanctioned are less likely to enter employment and more likely to experience severe hardship. Where they do enter employment, jobs tend to be less secure and more poorly paid than those obtained by claimants who are not sanctioned [7] [8]. Studies of sanctioned claimants from the United States have consistently shown that those at highest risk of sanctioning are those who are most disadvantaged and face the greatest barriers to labour market involvement [9]. More recent studies suggest that sanctioned claimants have higher rates of welfare exit. However these exits are more likely to be to no job or very poorly paid jobs than to jobs that pay above benefit levels [10]. Earnings growth is also lower for sanctioned claimants [11]. Many sanctioned claimants in the US become ‘disconnected’, having no apparent source of income and very high rates of poverty [12].
6.3 A growing body of evidence from service providers, local councils and charities (many examples of which have been submitted to this committee) highlights the numerous negative impacts of benefits sanctions on claimants. It is clear that those who are sanctioned face yet greater barriers to progression as they lack the means to eat, wash, launder clothing, travel to jobs, interviews or training, access Internet facilities, or use mobile phones to communicate about potential employment opportunities [13] [14] [15] [16]. Should these effects be replicated in the case of in-work claimants, they are likely to be counterproductive in the context of attempts to progress in work.

6.4 Current evidence does not support the use of sanctions to support in-work progression. Studies of out-of-work claimants suggest that sanctions may have a negative effect on in-work progression. Since the effects on employment and earnings outcomes, as well as hardship, poverty and a host of other outcomes appear to be primarily negative for out-of-work claimants, we cannot envisage circumstances in which sanctioning of in-work claimants is likely to be appropriate or effective.

7. Is there any UK or international evidence on effective ways of encouraging in-work progression?

7.1 Again, there is limited evidence on the efficacy of approaches to in-work progression. A number of RCTs have been conducted in the United States. These Employment Retention and Advancement (ERA) studies trialled a wide range of different approaches to promoting retention and advancement among single parents (these included different types of job coaching and service provider, earnings supplements, encouraging training, tailoring and targeting services and service providers having strong links to employers). Another US RCT evaluated a programme aimed at working adults which included career coaching, skills development and support in identifying and claiming a wider range of in-work supports. One RCT in the UK (UK ERA) provided job coaching, training fees and bonuses for maintaining employment to a group of in-work lone parents.

7.2 Of the 12 US ERA programmes, only three were found to have consistent impacts on employment and earnings. There was evidence of positive impacts on employment and earnings for earnings supplements\(^1\), provision of individualised support by a for-profit provider with close ties to industry, and similar provision delivered by a community-based organisation. Two of the three successful programmes did not mandate participation after respondents had entered employment. However, the majority of participants in all studies remained poor or near-poor by the end of the study periods, even where there were improvements in employment and earnings [17].

7.3 Working age adults in the US study saw higher earnings three years into the study, although these effects appeared to fade. Access to funds for training, and

\(^1\) These supplements were paid in addition to any Earned Income Tax Credits for which individuals were eligible as a result of working. It is interesting to note that although the social security system for out-of-work claimants in the US is highly conditional, there are no conditions attached to receipt of EITC.
knowledgeable advice about the best type of training to pursue were identified as effective approaches. By contrast, generic coaching was not helpful [18]. In UK ERA, although training increased, effects on earnings and employment for working lone parents were minimal and short term earnings gains were not sustained. This may have been due to the complex incentive structure or to a lack of specialist knowledge on the part of advisors [19].

7.4 Overall, the available evidence suggests that individualised and highly skilled support and advice, coupled with meaningful, funded training opportunities and earnings supplements are most likely to generate positive, sustained outcomes for in-work claimants. Sanctioning in-work claimants does not appear to have been linked to success in any of the North American programmes. Both community and private sector providers delivered successful programmes.

7.5 This evidence must be seen in the context of a changing labour market which offers far fewer well paid, long-term jobs than previously. The authors of the US ERA report point out that one important reason for their lack of success was lack of availability of suitable jobs, particularly in the industries in which participants were most likely to be employed [17]. Long-term structural changes have led to an increase in unskilled, ‘flexible’ jobs which offer few progression opportunities [5]. The continuing focus on the individual characteristics of low paid workers risks obscuring the very real demand-side issues which prevent them from progressing in work.

References

11. Fording, R.C., S.F. Schram, and J. Soss, *Do Welfare Sanctions Help or

12. Loprest, P. and A. Nichols, Dynamics of being disconnected from work and TANF, in 2011, The Urban Institute: Washington D.C.


When was the response submitted?
18 January 2016

Find out more about our research in this area
http://www.sphsu.mrc.ac.uk/research-programmes/po/

Who to contact about this response
Dr Marcia Gibson
MRC/CSO Social and Public Health Sciences Unit
Tel: +44 (0)141 353 7554
Email: marcia.gibson@glasgow.ac.uk