Title of consultation
Universal Credit – In-work Progression

Name of the consulting body
House of Commons Work and Pensions Committee

Link to consultation

Why did the MRC/CSO Social and Public Health Sciences Unit contribute to this consultation?
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Social security systems are important social determinants of health which impact strongly on groups who experience health inequalities. Reforms to these systems, such as intensifying the use of sanctioning and conditionality more widely, could have important implications for population health and 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, University of Glasgow is responding to the following questions outlined by the Committee for this Inquiry’s written evidence:

1. What barriers do people face to progressing in work, either by working more hours or increasing their pay?
4. What role, if any, should conditionality or sanctions play in encouraging and supporting in-work progression?
5. What evidence is there for what works to help people progress in work?
6. What further evidence does the Government need?
7. What data does the Government need to collect to measure the success of this policy?
8. What more could the Department do to help in-work claimants increase their earnings and progress in work?

Abbreviations used in this response:
CC: Claimant Commitment
DWP: Department for Work and Pensions
IWP: In-work progression
RCT: Randomised controlled trial
The Committee: Work and Pensions Select Committee
UC: Universal Credit
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. The Unit’s research uses 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 social security reform. The Unit receives core funding from the Medical Research Council and the Scottish Government Chief Scientist Office, 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.

Response
Q. 1 What barriers do people face to progressing in work, either by working more hours or increasing their pay?

There are a number of potential barriers to in-work progression (IWP) for people already in work. Some people may lack confidence or motivation, but even for those who do not, it is not clear that opportunities for progression always exist, either within their current employment or in a new post. The authors of a report summarising twelve large US randomised controlled trials (RCTs) of IWP progression trials observed that one important reason for somewhat disappointing effects was lack of availability of suitable jobs, particularly in the industries in which participants were most likely to be employed.¹ In the UK, long-term structural changes have led to an increase in unskilled, ‘flexible’ jobs which offer few progression opportunities.² Many respondents to the Department for Work and Pensions’ (DWP) Universal Credit Family Survey reported that the hours mandated in their Claimant Commitment (CC) were too high, for reasons including a lack of progression opportunities.³ Employers may simply not have a need to extend employees’ hours,⁴ and indeed part of the Government ‘offer’ to employers on Universal Credit (UC) has been that it will increase the pool of workers available for short term jobs of only a few hours per week, on an as-needed basis.⁵

In addition, personal circumstances may act as barriers to progression, or they may mean it is in fact inappropriate to require workers to progress. Difficulties managing caring responsibilities, health issues, and existing employment may render additional progression efforts extremely challenging, particularly where existing jobs have unpredictable hours.⁶ Only two in five Universal Credit Family Survey respondents felt that their CC took account of their personal circumstances, and fewer than half thought their commitments were achievable. A quarter said it was very or fairly difficult to complete their job search hours; 51% of these said this was because of child care responsibilities, and 23% said there were insufficient jobs to apply for.³ While support for childcare costs and free nursery hours is currently provided, issues with childcare centre around availability as well as cost, particularly for many jobs in the retail, catering and care sectors, which involve non-traditional hours when child care is frequently unavailable.⁷

Lack of qualifications may also act as a barrier to advancement. Since 2010, funding for English further education colleges and apprenticeships has been cut by 45%,⁸ and consequently opportunities for people to upskill have diminished substantially. Additionally, there is evidence that employers have responded to the in-flow of skilled EU migrants by failing to invest in training for those at the lower end of the jobs market in the UK.⁹

It seems that some aspects of the UC system may also act as barriers to labour market progression. There is evidence that highly educated and/or skilled claimants have been pressured to take jobs for which they are overqualified.¹⁰ This may mitigate against IWP for
individual claimants, but it is also likely to have negative impacts on the economy as a whole, as poor job fit and underutilising potential both undermine productivity.\(^{11}\) In addition, there is evidence that receiving a sanction may hinder IWP, an issue to which we return below.

**Q.4 What role, if any, should conditionality or sanctions play in encouraging and supporting in-work progression?**

There is very little evidence on this question, primarily because no other high income country has attempted to implement such a policy. In the UK context, it is still relatively early in the implementation period, and such data as would permit a robust quantitative evaluation have not been made available (see response to Q.6 below). It is not possible to identify the direct effect of conditionality or sanctions in the In-Work Progression RCT as all groups in the trial were exposed to conditionality, sanctions, varying degrees of contact with Work Coaches, and in most cases increased financial incentives to work.\(^ {12}\) A survey of a small sample of the RCT respondents reported that ‘there was no evidence of different outcomes depending on reported experience of sanctions’ after 15 months,\(^ {13}\) but this does not appear to account for potentially varying characteristics of sanctioned claimants. However, there is a large body of quantitative and qualitative evidence on the effect of sanctions on out of work recipients, and there is no compelling reason to suspect that the effect of a sudden loss of income would differ markedly for in-work recipients.

The Government’s response to the Committee’s Inquiry on benefit sanctions cites several quantitative studies as evidence that sanctions are “effective at moving people into work”.\(^ {14}\) Two of the four studies cited show that sanctions increase exits from welfare, but provide no evidence on the employment effects.\(^ {15,16}\) The remaining two show that sanctions do increase job finding rates, but have negative impacts on job quality and earnings.\(^ {17,18}\) These studies represent only a small fraction of the available evidence, but to date a comprehensive synthesis of the effects of sanctions on labour market and wider outcomes has not been conducted. We are conducting a scoping review of these studies which will provide a much needed overview of the available evidence, but it is clear that many studies corroborate the findings that sanctions tend to lead to poor quality jobs, lower earnings, and disconnection from both work and welfare.\(^ {19-23}\)

The only qualitative research of which we are aware on the effects of conditionality and sanctions on UC recipients who are already in work is from the ESRC funded Welfare Conditionality Project. The large qualitative sample included 58 UC claimants, who moved in and out of work over the course of the study. Of these, five were sanctioned while in employment, some for missing appointments due to being at work.\(^ 6\) Most of the qualitative evidence on sanctions is from studies or first-hand reports of the experiences of unemployed people. The Committee has seen a great deal of this evidence in responses to a number of previous inquiries. Collectively, the evidence strongly suggests that being sanctioned may hamper efforts to find work. The ability to pursue employment opportunities is likely to be curtailed if one lacks the means to eat, wash, launder clothing, travel to jobs, interviews or training, access Internet facilities, or use mobile phones to contact employers.\(^ {24-26,10}\) There is evidence that sanctions and other sudden benefit reductions can lead to worsening health, suicide attempts, alcohol abuse, and addiction relapses.\(^ {6,27,28}\) Finding or maintaining employment in such circumstances is likely to be extremely challenging.

**Q.5 What evidence is there for what works to help people progress in work?**

*Evidence from previous studies*

There is limited evidence on interventions designed to encourage IWP. A synthesis of findings from 12 US IWP RCTs for single parents indicated that features such as earnings supplements, individualised support, access to funds for training, and staff with specialist knowledge of local
labour markets and training opportunities could have some positive impacts on earnings and progression. Generic coaching was not helpful. However, most of the traditional approaches to IWP trialled in these studies had disappointing results.¹

As a result, more recent US studies have adopted a new approach to IWP. ‘Career pathway’ programmes collaborate strategically with employers and industry to identify sectors with skills shortages which provide good quality jobs and clear progression opportunities. Workers are supported to gain initial qualifications, and can then continue to upskill progressively while in employment. Sectors include the allied health professions, IT, and hi-tech manufacturing. Typically a broad range of in-work supports is also provided, including coaching, child care and transport expenses, and post-employment advice.²⁹ They do not involve financial sanctions for non-compliance. Several of these studies are currently in progress, and thus far only short-term impacts are available.

Completed trials included the WorkAdvance trial of sector-based training and intensive in-work coaching, and the Work Advancement and Support Center (WASC) trial which provided career coaching, funded skills training and simplified access to in-work financial supports in ‘one-stop’ centres. Final results from WorkAdvance were encouraging, with substantially higher employment for most groups of participants and higher earnings for some of the programmes. However, there was highly selective screening for the trial, meaning that only very motivated participants were recruited. Nonetheless, the intervention group performed better than the control group.³⁰ The WASC trial found that in sites where funding for training was successfully delivered, participation in training increased substantially. In these sites, earnings were also higher after 3 years, but effects faded somewhat by 4 years.³¹

The Health Professionals Opportunity Grant programme (HPOG) provides low income individuals with training in high demand, well paid healthcare roles. An array of other services and supports are also offered. Early results show a positive impact on enrolment in training, and no impact on employment but a small positive effect on earnings after 5 quarters.³² Interim findings from the Pathways for Advancing Careers and Education evaluation of nine varied careers pathways programmes suggest that eight of these had positive and significant impacts on their primary outcomes 18-24 months into the trial. It is of note that earnings were the primary outcome in only one of the studies; the remainder focussed on education and training for their interim outcomes, reflecting the long time frame over which effects on employment or earnings are expected to manifest. The programme with earnings as a primary outcome provided six months of customised IT and financial services training, followed by a six month internship, to motivated participants. After 18 months, average quarterly earnings were 53% higher for the intervention group over two quarters ($1895). None of these programmes involved benefits sanctions for non-participation, but two could suspend programme services for respondents who failed to attend weekly advisory meetings. The study will report employment and earnings impacts for all of the programmes at 36 and 72 months.³³

Evidence from Universal Credit
Although the Government has now conducted several evaluations of Universal Credit, there are issues with the reporting of these which limit understanding of the effects of on employment, earnings, and IWP. In our response to the first Inquiry into In-work progression under Universal Credit, we welcomed the Government’s intention to test in-work conditionality using RCTs, but noted that the credibility of any evidence thus generated was seriously undermined by the lack of research protocols published prior to the trials commencing, in line with SPIRIT reporting guidelines.³⁴,³⁵ The Government responded to the Committee’s recommendation on this topic by providing somewhat more information via a dedicated webpage. However, the response also reiterated that they only wished to publish any information when it was ‘fully assured’.³⁶ This appears to misunderstand the purpose of the SPIRIT guidelines. It is now standard and expected practice to publish full details of a trial’s methods in advance of the trial beginning, to
guard against selective reporting, and publication of study protocols is increasingly becoming the norm for observational studies.

Detailed information on study methods and design such as the characteristics of the respondents, how they were recruited, how randomisation was conducted (and by whom), and what outcome data were collected, is vital so that readers can assess the risk of recruitment and selection bias, how representative the sample are of the wider population, and whether pre-specified outcomes are reported. Without this information, it is not possible to determine how robust or reliable the findings are. Although further information is now available via the IWP RCT webpage, the updated Universal Credit Evaluation Framework 2016, and in the final reports of the completed UC evaluations, it still falls well short of the SPIRIT requirements and is insufficient to permit other researchers to appraise the quality of the research.

The Government’s acceptance of the Benefit Sanctions Inquiry’s recommendation regarding evaluation of sanctions and conditionality within UC is to be welcomed. However, their intention to have this internal research ‘quality assured’ by a panel of external experts mirrors the approach taken to previous evaluations, and suggests that once more the information required to appraise the methodology may not be in the public domain. The use of an expert panel to appraise methods has not always proven successful. It is essential that full protocols are made publicly available.

Notwithstanding these issues with the DWP’s approach to evaluation, some evidence has emerged from the RCT and other studies with samples of UC recipients. Findings from the IWP RCT showed small positive effects on earnings for the moderate and frequent contact groups 52 weeks after random assignment. Qualitative evidence from the UC evaluation and other studies indicates that if the client’s Work Coach is supportive, recognises any barriers to employment, and facilitates access to training or other services which are in line with the client’s needs and aspirations, respondents report positive experiences and feel that the support has indeed helped them to progress. However, if clients feel pressured to apply for unsuitable posts or to meet job search requirements which exceed their capabilities, the experience is demotivating and could hinder progression. The findings of the UC Family Survey suggest that the latter experience was more common, as “for the most part” claimants struggled to meet the conditions of their CC.

Q.6 What further evidence does the Government need?

Evidence from well conducted and reported research on the impacts of UC on employment, earnings, and IWP is urgently needed. Evidence on the impacts of conditionality and sanctions on all groups is still lacking. Given the importance of social security as a determinant of health, evidence for UC’s impact on health, wellbeing, and social outcomes is also required as a matter of urgency. Finally, it is likely that placing employment requirements on a considerable proportion of the working age population will have impacts on the labour market as a whole by increasing competition for existing positions. Robust quantitative studies indicate that the net benefits of active labour market programmes are low, because participants often find jobs at the expense of other workers. Further UC evaluations should seek to establish UC’s impact on outcomes such as wages and labour demand.

Q.7 What data does the Government need to collect to measure the success of this policy?

The data needed to evaluate many of UC’s impacts, and those of other recent social security reforms, are currently available in routinely-collected administrative datasets. The scale of the datasets, their geographic coverage and the availability of longitudinal data following individuals over time make them particularly well suited to address questions such as the impacts of in-
work conditionality on progression. These can be particularly powerful when combined with similar data from fields such as health. UK Government policy statements provide strong support for sharing administrative data for research, and they have invested heavily in the infrastructure to undertake such work safely and securely through the ESRC/UKRI. 43

Despite successful research outcomes from administrative data linkage in many other fields, efforts to persuade the DWP to provide access to administrative data for research have stalled. To our knowledge, at least two independent groups of researchers have been engaged in time-consuming data access negotiations with the DWP for some years without success. One of these is seeking to conduct research on the health impacts of sanctions, as recommended by both the Public Accounts Committee’s inquiry into the sanctions system44 and the Work and Pensions Committee Benefit Sanctions Inquiry. 38 In response to the latter, the DWP stated: “The Department is already supporting elements of the research in this space and it has made sanctions data available to external researchers via the Administrative Data Research Network to look at health outcomes”14 (emphasis added). We believe that statement is inaccurate as no data have yet been made available to the researchers although discussions are on-going.

Q.8 What more could the Department do to help in-work claimants increase their earnings and progress in work?

As discussed in the response to Q.3 above, evidence for IWP interventions is limited. However there are indications from large US studies that strategic collaboration with industry to identify skills shortages in well-remunerated sectors, combined with funded training to gain progressively higher skills in these sectors, may assist in increasing earnings and job security. Provision of personalised coaching from staff who are knowledgeable about training and work opportunities also seems to be helpful.1,31-33 Notably, all of the US interventions include assistance to access to in-work supports such as tax credits, childcare funding, and other cash or in-kind benefits, but very few involved mandatory participation or sanctions.

The very limited qualitative evidence on IWP in UC suggests that supportive interactions with Work Coaches who empathise with individual circumstances are experienced as helpful.3,6 Flexibility in the types of activity that may count towards a CC, and how available discretionary funding may be used, could assist claimants to increase their engagement with work.6 For instance, allowing voluntary work, training, and counselling to count toward job-seeking hours, and using the Flexible Support Fund to pay for training which is in line with recipients’ needs and aspirations could improve progression prospects.40 Unrealistic expectations about the number of hours it is possible to search for work are not helpful, particularly when applied to people with health problems or caring responsibilities.3,6 Generic training courses are also unhelpful, and may divert effort from activities which are more likely to lead to IWP.6

References


When was the response submitted?
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Find out more about our research in this area
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