House of Commons
Work and Pensions Committee

In-work progression in Universal Credit

Tenth Report of Session 2015–16

Report, together with formal minutes relating to the report

Ordered by the House of Commons to be printed
4 May 2016
Work and Pensions Committee

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Summary

The Department for Work and Pensions (DWP)'s intention to introduce an employment support service for in-work claimants of Universal Credit (UC) holds the potential to be the most significant welfare reform since 1948. If this great potential is to be realised, the DWP needs to nurture teams of Jobcentre Work Coaches carefully. This will require learning on the job, which any reform of course requires, but is even more necessary here in that no one has presented us with evidence of such a reform being operated anywhere else in the world. Further, as any department only has a certain pool of talent to drive reform, an important part of the DWP's welfare reform talent now needs to be directed at developing the full potential of this employment support service for people already in work.

The service will encourage working claimants to increase their earnings through taking on extra work or being paid more. Claimants will be required to take mandatory actions to these ends. While such support and requirements are common for out-of-work claimants, for in-work claimants this is a radical policy departure. The in-work service is potentially revolutionary, promising progress in breaking the cycle of people stuck in low pay, low prospects employment. We congratulate the Government for developing this innovation.

Given there is no comprehensive evidence on how to run an effective in-work service, the DWP will be learning as it develops this innovation. It is therefore right to start with a relatively small-scale scientific trial. The Department is piloting an in-work service led by Jobcentre Plus (JCP) which aims to support low-paid claimants of Universal Credit to increase their earnings to at least the equivalent of 35 hours per week at the National Living Wage, and ultimately become financially independent. It must help confront the structural or personal barriers in-work claimants face to taking on more work, such as a lack of access to childcare and limited opportunities to take on extra hours or new jobs. Employed people self-evidently do not lack the motivation to work and we would therefore expect the use of financial sanctions for in-work claimants to be on a different scale to those imposed on out-of-work claimants. A successful in-work service will also require partnership between JCP and employers to a degree not seen before. It is a very different kind of welfare.

JCP Work Coaches will be central to delivering a successful in-work service. Supporting in-work claimants will require Work Coaches to have additional and enhanced skills; in fact to become a new kind of public servant. Should the pilot be developed into a full national service, around one million working people will be subject to some form of in-work requirements. This will be resource-intensive at a time when DWP budgets are stretched.

While UK unemployment has fallen in recent years, underemployment, where employed people wish to work more hours, has remained stubbornly high. The UK's productivity lags behind other major economies. This challenge is much broader than supporting the lowest paid part-time workers and is a clear case for extending it further up the earnings scale. If in-work progression is to be successful, and its great potential achieved, it will require broad and continuing political support.
1 Introduction

Universal Credit

1. Universal Credit (UC) is being introduced by the Department for Work and Pensions (DWP) to replace six working-age benefits and tax credits. It is scheduled to be fully operational by 2021. UC is intended to improve financial incentives to work. The “legacy” benefits system it will replace is characterised by working hour thresholds, which encourage rigid patterns of low-hours employment. The most notable threshold, often described as a “cliff edge”, is at 16 hours per week: no in-work benefits are paid to someone who works less than 16 hours and no out-of-work benefits are paid to someone who works more than 16 hours. Unsurprisingly, as shown in Figure 1, a disproportionately large number of people work exactly 16 hours per week.

Figure 1: Example “cliff edge”: Weekly hours worked by lone parents, 2013–14


2. In UC, benefit payments are reduced at a consistent rate of 65 pence per pound as earnings increase removing such distortions. UC is less generous than the legacy system for a claimant working more than 16 hours, but more generous for one working less than 16 hours (Figure 2). The Institute for Fiscal Studies (IFS) and the Resolution Foundation note that these provisions risk a new problem of the proliferation of short-hours, low-paid “mini jobs”, in which incomes are topped up by UC. Mini jobs can have poor pay

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1 Lone parent claimants are more likely to be sensitive to these thresholds and work a particular number of part-time hours due to their circumstances. Individuals must work at least 16 hours to receive Working Tax Credits (WTC), for example. At December 2015, 50% of single parent claimants of WTC and Child Tax Credits worked between 16 and 23 hours; 13% worked between 24 to 29 hours; 14% worked between 30 and 34 hours; and 23% worked 35 or more hours. In contrast, 10% of single claimants of WTC without children worked between 16 and 23 hours; 2% worked between 24 to 29 hours; 45% worked between 30 to 34 hours; and 43% worked 35 or more hours. Source: HMRC, Personal tax credits: provisional statistics, December 2015

2 This is referred to as a “taper rate” of 65%. In addition to the taper rate, UC also includes support towards childcare costs. UC claimants can claim back up to 85% of their paid out childcare costs up to a monthly limit of £646 for one child or £1108 for two or more children. See: DWP, Universal Credit and your family, April 2016

3 See, for example, Resolution Foundation, Universal Credit: a policy under review, August 2014; and IFS, ‘The (changing) effects of Universal Credit’ [part of IFS Green Budget], February 2016
progression and career prospects. The Joseph Rowntree Foundation (JRF) also found strong correlation between low pay and job insecurity. Four in ten people on low pay had at least one period of joblessness within the subsequent four years.4

Figure 2: Benefit entitlements by hours worked for lone parent with two children: Universal Credit versus the legacy system


### In-work progression

3. To support low-paid claimants to become ultimately independent of the welfare state, the DWP intends to establish a service to promote in-work progression. This will offer support to low-paid claimants to increase their earnings to at least the equivalent of 35 hours per week at the National Living Wage (the earnings threshold).4 A full in-work service would apply to around one million working people.7 Such claimants might be encouraged to earn more through increased hours or a pay rise in their current job, taking on additional jobs or finding a completely new job. The DWP is currently trialling an in-work service led by Jobcentre Plus (JCP) and will report findings in 2018.

4. Encouraging people to earn more is intended to promote greater financial independence and thereby save public money. It is also a key element of the Government’s plans to improve the UK’s productivity through a higher pay, lower welfare economy.8 An in-work service is, however, a radical departure. It is largely untried in the UK and internationally. The DWP intends to build evidence of what works as it develops the policy over the coming years.

5. We undertook this inquiry to evaluate the DWP’s approach to building the evidence base and make some early practical recommendations about how it could deliver fair and effective support for in-work progression. We will continue to monitor the DWP’s progress. We are grateful to everyone who contributed to the inquiry.

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4 Thompson, S., *The low-pay, no-pay cycle*, Joseph Rowntree Foundation, February 2015, p. 4
5 Note: Assumes two children aged under five, no childcare costs, no unearned income, renting at the Local Housing Allowance rate in a median rent area and paid the National Living Wage
6 DWP (IWP0034), People aged under 25 are subject to a different rate known as the National Minimum Wage
7 *Q86* (Ross James)
8 DWP (IWP0034)
2 The productivity challenge

Lagging productivity

6. Labour productivity measures output, in terms of goods and services produced, per hour worked.9 A country’s ability to improve its standard of living is determined by its ability to raise productivity. A high-productivity economy will tend to grow faster, with consequent positive effects on the public finances.10

7. UK labour productivity has tended to grow by around 2% per year, but it diverged from that of France and Germany since the 1970s and has stagnated since the 2008–09 recession. It has also persistently lagged behind other major economies, as is shown in Figure 3).11 Matching the productivity of the United States would raise UK GDP by 31%.12

Figure 3: Gross Domestic Product per hour worked (US $)


8. The Government’s 2015 productivity plan, Fixing the foundations: creating a more prosperous nation, aspires to achieve a higher pay, lower welfare society through means such as the introduction of the National Living Wage (NLW).13 The DWP told us that

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9 It is most typically measured as Gross Domestic Product per hour worked
10 Harari, D., Briefing paper number 06492: Productivity in the UK, House of Commons Library, 8 April 2016
11 See ref. 10
12 HM Treasury, Fixing the foundations: creating a more prosperous nation, July 2015. Note: GDP per household is not a household income metric as GDP also includes Gross Operating Surplus of corporations and other measures of domestic income/production. HMT calculation: 2014 nominal GDP (YBHA) divided by 2014 ONS household estimates; Quarterly National Accounts, ONS, June 2015 and Families and Households, ONS, January 2015
13 HM Treasury, Fixing the foundations: creating a more prosperous nation, July 2015
“enabling progression in work is central to transforming people’s lives and increasing labour productivity”.\textsuperscript{14} It was also important for government finances. Illustrating the potential fiscal rewards on offer, the JRF found that if each in-work tax credit claimant earned £30 per week extra in 2015–16, equivalent to working less than an hour extra a day at the National Minimum Wage, annual savings to the Exchequer would be £4.1 billion.\textsuperscript{15}

9. A key objective of the Government’s strategy is moving people out of a cycle of long-term low pay. The Resolution Foundation showed that of those who were low paid in 2002, approximately three-quarters (73 per cent) had failed to escape onto consistently higher earnings by 2012. Nearly half (46 per cent) had escaped low pay during the decade, but found themselves back in or at risk of low pay by 2012.\textsuperscript{16} Figure 4 shows trends in low pay.\textsuperscript{17}

Figure 4: The proportion of employees below selected low pay thresholds, 1968 to 2020

![Figure 4: The proportion of employees below selected low pay thresholds, 1968 to 2020](image)


10. The Child Poverty Action Group (CPAG) told us that a comprehensive national strategy on low pay is “urgently” needed. It suggested such a strategy should encourage all employers who can afford to, to pay a true living wage and provide for better earnings progression.\textsuperscript{18} Tony Wilson, Director of Policy and Research at the Learning and Work Institute (LWI), said “simply raising the wage floor” through the introduction of the NLW “is not enough on its own” to address the UK productivity challenge. He said that supporting people out of poverty required earnings higher than the NLW and advocated a broader in-work service involving employers, skills and childcare providers and public services.\textsuperscript{19}

\begin{itemize}
\item \textsuperscript{14} DWP (IWP0034)
\item \textsuperscript{15} Oakley, M., Employment support for a high-wage economy. Joseph Rowntree Foundation, 2015. The calculation is based on the 2015-16 tax and benefit system
\item \textsuperscript{16} Hurrell, A., Starting out or getting stuck? An analysis of who gets trapped in low paid work - and who escapes, Resolution Foundation, November 2013
\item \textsuperscript{17} Note: Low pay is defined as being paid less than two-thirds or less of the median hourly earnings. Figure 4 shows that the NLW will reduce the prevalence of low pay to its lowest level since 1985, from 21 per cent in 2014 to 19 per cent in 2020, Source: Corlett, A. and Gardiner, L., Low pay Britain 2015, Resolution Foundation, October 2015, p. 5
\item \textsuperscript{18} Child Poverty Action Group (IWP0023)
\item \textsuperscript{19} Q12 (Tony Wilson)
\end{itemize}
Ground-breaking and potentially revolutionary

11. Our evidence demonstrated very strong support for the principle of an in-work service for people on low pay. CPAG welcomed both recognition of the difficulties people face in moving out of low pay and the expansion of support.20 Prospects Services, an employment and skills provider, said people capable of part-time or full-time work should not be allowed to settle for working only a few hours each week indefinitely.21 Remploy, an employer of disabled people, acknowledged the policy would help to increase individual earnings and decrease Government expenditure on in-work benefits.22 Tony Wilson said the in-work service could be “revolutionary” in helping claimants find better-paid opportunities that match their skills.23

12. A large-scale employment support service for people who are in work will be ground-breaking.24 It amounts to a revolution in the benefits system. The current pilot is the first time an in-work service will be available to all claimants of in-work benefits below an earnings threshold.25 Furthermore, there are no comparable international precedents on which to draw. The DWP told us that, while there were instances in Canada and the Netherlands of “some state support to increase earnings for small cohorts of people”,26 this was “the first time that any country has made a significant commitment to supporting people through the welfare system to seek to increase their earnings in work”.27 It will therefore be incumbent on the DWP to build the evidence base as the policy is developed.

13. The DWP’s ongoing in-work progression pilot (considered in the next Chapter) aims to raise claimant earnings to at least the equivalent of full-time work at the National Living Wage.28 We heard some calls for the scheme to cover more people.29 Dr Anthony Rafferty, Senior Lecturer at the Manchester Alliance Business School, noted that the group covered is small relative to the 2.6 million people who are underemployed.30 A person may be considered underemployed if they are in part-time or full-time employment but wish to

20 Child Poverty Action Group (IWP0023)
21 Prospects Services (IWP0030)
22 Remploy (IWP0024)
23 Q13 (Tony Wilson)
24 DWP (IWP0034)
25 While a similar service was trialled by the DWP in 2003, it was smaller in scale and focused on specific, largely unemployed, claimant groups. See Hendra, R. et al, Breaking the low-pay, no-pay cycle: Final evidence from the UK Employment, Retention and Advancement (ERA) Demonstration, Research report 765, DWP, 2011. Note: 9,161 people participated in the ERA demonstration. Page 39 of the DWP report shows this involved 6,787 unemployed lone parents volunteering for the New Deal for Lone parents welfare-to-work programme; 2,815 lone parents working-part time and receiving Working Tax Credit; and 6,782 long-term unemployed people aged over 25 who were required to participate in the New Deal 25+ welfare-to-work programme
26 Q106 (Ross James)
27 DWP (IWP0034)
28 People between lower and upper earnings thresholds will be eligible. For a single person aged over 25, for example, the weekly earnings threshold will be between £78.10 and £252.00. The first figure is known as the ‘lower’ level administrative earnings threshold, and is the JSA weekly amount (up to £57.90 for people aged 18 to 24; up to £73.10 for people aged 25 of over; and up to £144.85 for couples both aged over 18), plus an extra £5 for single people and £10 for couples. The higher figure is the ‘upper’ level conditionality earnings threshold, and includes claimants with earnings below a maximum of the equivalent of 35 hours work at the National Living Wage. The National Living Wage is referred to as the National Minimum Wage for those aged under 25. DWP (IWP0034)
29 See, for example, Learning and Work Institute (IWP0031), Community Links (IWP0036), University of York (IWP0029), Remploy (IWP0024), Employment Related Services Association (IWP0032), and Prospects Services (IWP0030)
30 Q37 (Dr Anthony Rafferty)
work more hours.\textsuperscript{31} The proportion of people who are underemployed is higher than the proportion of people who are unemployed and has fallen less in recent years, as shown in Figure 5.

**Figure 5: The rate of UK unemployment and underemployment**

![Figure 5: The rate of UK unemployment and underemployment](image)

Source: Office for National Statistics, Labour Market Statistics, March 2016 (Tables EMP16 & UNEM01). \textbf{Notes:} (1) Figures are not seasonally adjusted. (2) The rate of underemployment is the proportion of total people in employment who are underemployed. (3) The rate of unemployment is the proportion of people who are economically active and not working.

14. Other witnesses suggested extending the in-work progression service to specific groups such as:

- people working part-time or on zero hours contracts who would prefer full-time employment;\textsuperscript{32}
- people with under-utilised skills, such as university graduates working in non-graduate jobs;\textsuperscript{33}
- self-employed UC claimants, who might benefit from “self-employment specialists” to help with growing their business; and\textsuperscript{34}
- young people.\textsuperscript{35}

15. The Employment Related Services Association (ERSA), the main employment services trade body, called on the DWP to “work across departments to see how in-work progression support could be made available on a voluntary basis to all employees who might benefit, regardless of benefit status”.\textsuperscript{36} Remploy concurred that support for in-work

\textsuperscript{31} This includes people working full-time or part-time who wish to work more hours and are available to start working longer hours within two weeks, and their weekly hours worked were 40 or less (for people aged under 18) or 48 or less (for people aged 18 and over). See: Office for National Statistics. \textit{Dataset: Underemployment and overemployment: EMP16, 17 February 2016}

\textsuperscript{32} Citizens Advice Scotland (IWP0012)

\textsuperscript{33} Citizens Advice Scotland (IWP0012)

\textsuperscript{34} Employment Related Services Association (IWP0032). See also: Child Poverty Action Group (IWP0023)

\textsuperscript{35} Employment Related Services Association (IWP0032)

\textsuperscript{36} Employment Related Services Association (IWP0032)
progression should be “available to everyone who wants it”. The LWI suggested that savings in benefit payments resulting from people increasing their earnings could fund a wider service.

Conclusion

16. In-work support in Universal Credit is a radical policy departure, the first of its scale in the world. In promising progress in breaking the cycle of people stuck in low pay, low prospects employment, it could be revolutionary. It is potentially the most significant welfare reform since 1948. We congratulate the Government for developing this innovation.

17. Starting with part-time workers earning less than the equivalent of full-time work at the National Living Wage is sensible. The UK’s productivity challenge, however, is much broader than that. If an in-work service achieves its potential, there is a clear case, in time, for extending it further up the earnings scale.

37 Remploy (IWP0024)
38 Learning and Work Institute (IWP0031). See also: Prospects Services (IWP0030)
3 Building the evidence base

The pilot

18. The DWP’s in-work progression evaluation programme has four key objectives:

(1) identifying the most effective method and level of support;

(2) understanding how employers can best support progression;

(3) identifying the most effective financial levers to drive claimant behaviour without substantial advisor intervention; and

(4) understanding the effect of mandating compliance, setting requirements and imposing conditionality.

The first phase of the programme is a pilot designed to test the effect on UC claimant earnings of interview-based support in Jobcentre Plus (JCP). The pilot will run UK-wide for three years from February 2015, with a final evaluation report in 2018. It has a target sample of 15,000 claimants by autumn 2016, randomly selected by National Insurance number.39

19. The DWP is evaluating its pilot in-work progression scheme using a Randomised Controlled Trial (RCT). An RCT tests participants subject to a policy change against a control group not subject to the change. It is widely thought to provide the clearest evidence of the effect of a policy intervention, particularly where the change is experimental in nature.40 Participants in the DWP pilot are randomly assigned to one of three groups of 5,000 claimants:41

- Group 1: required to attend interviews with JCP Work Coaches every eight weeks;
- Group 2: required to attend interviews with JCP Work Coaches every two weeks;
- Group 3 (control group): participate in an initial telephone interview and a further telephone interview after eight weeks to consider progress.

Participants in groups 1 and 2 agree mandatory actions to increase their earnings, whereas the actions of group 3 participants are voluntary.42 The interviews explore options for the claimant to increase their hours, take a second job, or secure a more lucrative job. Failure to meet mandatory actions may result in claimants losing their benefit payments. We consider this conditionality in Chapter 5.

39 DWP (IWP0034)
41 Q145 (Ross James). Claimants who are unable to work or earn more due to caring responsibilities or because of health conditions or disabilities are not required to participate. Recent victims of domestic violence; prisoners; recently bereaved people; or people undergoing treatment for drug or alcohol addiction are also excluded from the pilot. Self-employed claimants who are eligible for separate support with setting up their own business are also excluded
42 DWP (IWP0034)
20. Alongside the pilot, the DWP’s business case for a full in-work service, due to be prepared in 2017, will incorporate the findings of externally led trials, run by employers, social enterprises and other agencies. These trials target both sectors where progression is typically more limited and specific groups of individuals. Organisations responsible for delivering the relevant externally-led trials include:

- Timewise Foundation, a social enterprise, which is trialling support for 100 low-income parents through promoting higher quality flexible and part-time work;

- Goals UK, a recruitment company, which is trialling in-work support for 150 people who are working part-time; and

- the UK Futures Programme, which is trialling new ways of designing jobs and support in aiming increase pay in the retail and hospitality sectors.

Transparency

21. Witnesses were concerned about a lack of published information about the pilot. The University of Glasgow’s Social Sciences Unit said, “details remain scarce” and said this contravention of standard reporting guidelines (see below) threatened to undermine the credibility of the trial. Citizens Advice Scotland told us that any information about the DWP’s approach had emerged only in response to Freedom of Information requests.

22. The DWP initially told us that the pilot was launched in 10 Jobcentres in April 2015. Additional information on the number and characteristics of participants, only made available in response to our requests, showed 500 to 700 participants were included in the initial stage of the pilot. The pilot was then extended to a further 80 JCP offices from December 2015. The DWP did not provide us with a breakdown of the participants’ characteristics. Standard trial reporting guidelines state that a trial should include information on what it will measure, the number and characteristics of claimants involved, and interim trial findings. ERSA called for the DWP to publish such information.

23. One year from the start of the DWP’s in-work progression pilot, there is insufficient information in the public domain about the number and characteristics of participants and effects on their pay and employment. Making such information more freely available would strengthen the credibility of the pilot, raise awareness of the in-work service and allow other experts to appraise the results of the trial. Greater

43 DWP (IWP0034)
44 DWP (IWP0034)
45 DWP (IWP0034)
46 See, for example, Q76 (Faye Goldman), Reed in Partnership (IWP0001), Employment Related Services Association (IWP0002), Citizens Advice Scotland (IWP0001), Parkinson’s UK (IWP0005), Mind (IWP0028), Remploy (IWP0024), Oxfam GB (IWP0016), Gingerbread (IWP0026), Boycott Workfare (IWP0020), Centrepoint (IWP0005), and University of Glasgow, Social and Public Health Sciences Unit (IWP00001)
47 University of Glasgow, Social and Public Health Sciences Unit (IWP0001)
48 See also Boycott Workfare (IWP0002). For examples of FOI requests see, DWP, In-Work Progression Randomised Control Trial – Lines to Take, April 2015; DWP In-Work Progression Randomised Control Trials – Q&A, April 2015; and DWP In Work progression Randomised Control Trial – Awareness for our people in Service Centre, April 2015
49 DWP (IWP0034)
50 DWP, Universal Credit in-work progression: facilitator led training brief V10.4, November 2015
51 Standard guidelines for trial reporting refer to the Standard Protocol Items: Recommendations for Interventional Trials (SPIRIT) guidance. For further information, see: SPIRIT, 2013
52 Employment Related Services Association (IWP0032)
transparency will make for better policy. We recommend the DWP regularly publish basic information about the nature and outcomes of its pilot. The first such publication should, at the latest, coincide with the Government response to this Report.

Testing alternative forms of support

24. Though the LWI described the pilot as a “good start” in testing in-work progression,33 we heard varied calls for different approaches to be evaluated. Several witnesses said that in-work claimants would benefit from more flexible in-work support than offered by face-to-face interviews with JCP Work Coaches.54 Emma Stewart, Joint Chief Executive of the Timewise Foundation, suggested that, following an initial face-to-face consultation, email might be a more effective form of communication for in-work claimants.55 Respondents to the DWP’s 2013 call for in-work progression ideas from the private, public and voluntary sector suggested coaching sessions by telephone or video call.56

25. We also considered the role of financial rewards. A smaller 2003 DWP pilot, the Employment Retention and Advancement (ERA), trialled a tri-annual retention bonus of £400, paid for two years to participants who consistently worked more than 30 hours per week, alongside JCP-led in-work advice. It demonstrated that in-work support and financial bonuses could help some groups of claimants to progress in work, effects that were still evident at the end of a five-year follow-up period.57 The DWP told us that it would review the use of financial levers in future.58

26. Other witnesses said that the DWP should more actively test delivery by the voluntary, community and private sectors.59 ERSA suggested that many providers have greater experience than JCP in assisting particular groups of people.60 Centrepoint, a national charity, was already providing successful in-work support for homeless young people. Inclusion London was also performing a similar role for disabled people.61

27. Ross James, Head of UC labour market policy at the DWP, explained that the DWP was seeking to ensure the validity of the trial by isolating the effects of the pilot from those of support from non-JCP providers.62 The DWP emphasised that private and voluntary

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53 Learning and Work Institute (IWP0031)
54 DWP, In-work progression: supporting information for Work Coaches (IWP0044): section 1.3 states that the preferred method of contact for all Group 1 and 2 claimant interviews is face-to-face. On more flexible in-work support, see, for example, Learndirect Limited (IWP0007), Reed in Partnership (IWP0001), Remploy (IWP0024), PCS Union (IWP0009), University of York (IWP0029), Child Poverty Action Group (IWP0023), Barnardo’s (IWP0037), Working Families (IWP0040), Community Links (IWP0036), and Centrepoint (IWP0005)
55 Q17 (Emma Stewart). See also: Community Links (IWP0036), and Barnardo’s (IWP0037)
56 DWP, call for ideas: extending labour market interventions to in-work claimants, January 2013
57 Hendra, R. et al, Breaking the low-pay, no-pay cycle: Final evidence from the UK Employment, Retention and Advancement (ERA) demonstration, Research report 765, Department for Work and Pensions, August 2011. There were 9,000 participants. Sustained employment and long-term earnings gains were seen among more highly educated lone parents and the previously long-term unemployed parents. The policy did not proceed beyond the trial.
58 DWP (IWP0034)
59 See, for example, Qq 30-31 (Tony Wilson), Association of Employment and Learning Providers (IWP0033), Employment Related Services Association (IWP0032), Prospects Services (IWP0030), Business in the Community (IWP0013), Learndirect Limited (IWP0007), Remploy (IWP0024), Wheatley Group (IWP0008), Mark Cosens MA MIEP (IWP0004), Inclusion London (IWP0011), Mind (IWP0028), Gingerbread (IWP0026), Oxfam GB (IWP0016), Community Links (IWP0036), National Housing Federation (IWP0018), and Centrepoint (IWP0005)
60 Employment Related Services Association (IWP0032)
61 Centrepoint (IWP0005) and Inclusion London (IWP0011)
62 Q145 (Ross James)
sector groups had important roles in supporting in-work progression and that the RCT was one part of a wider strategy to build the evidence base. \[^{63}\] Tony Wilson acknowledged this rationale but called for a subsequent evaluation to draw on learning from “broader and deeper” approaches. \[^{64}\]

### Outcome measures

28. Three measures are used to evaluate the effects of UC:

1. the number of claimants moving into work;
2. the number of claimants in sustained employment (in 3, 6, or 12 months); and
3. the number of claimants whose earnings increase.

The pilot focuses on measuring the number of claimants who earn more. \[^{65}\] Witnesses said this could incentivise an individual to take on a second job or move to a new role when they might be better served staying in their current position. \[^{66}\] Barnardo’s, a national charity for vulnerable children, expressed concern that the earnings focus could prompt individuals to take low-skilled jobs, which “may not be the best decision for their long-term earnings prospects”. \[^{67}\] Other witnesses stressed that undertaking work-related training alongside existing employment may lead to a greater longer-term progression. \[^{68}\] We variously heard that the DWP should consider measuring promotions, job stability, take-up of training, and acquisition of skills and qualifications as part of a “broader and long-term approach” to measuring the effects of in-work support. \[^{69}\]

### Conclusion

29. There is no comprehensive evidence on which to determine how to deliver an effective in-work service. The DWP will therefore be learning on the job. As the risks and potential rewards are both high, it is vital the DWP carefully builds a broad evidence base. The randomised controlled trial is a commendable start. The pilot will, however, only give a partial picture.

30. **If the policy is to be successful, and achieve its great potential, we recommend the DWP direct the best of its welfare reform talent at developing the service. As part of its wider assessment of in-work progression, we recommend the DWP test more flexible forms of contact in addition to face-to-face interviews and draw more widely on voluntary, community and private sector-led support. It should also consider broader measures of progress alongside earnings and clarify any plans or timescales to incorporate financial bonuses in in-work schemes.**

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[^63]: DWP (IWP0034), Q132 (Ross James)
[^64]: Q30 (Tony Wilson)
[^65]: DWP, In-work progression: supporting information for Work Coaches (IWP0044), see section 5
[^66]: See, for example, Business in the Community (IWP0013), Employment Related Services Association (IWP0032), Barnardo’s (IWP0037), Child Poverty Action Group (IWP0023), and Centrepoint (IWP0005)
[^67]: Barnardo’s (IWP0037)
[^68]: See, for example, Employment Related Services Association (IWP0032), Association of Employment and Learning Providers (IWP0023), Gingerbread (IWP0026), Working Families (IWP0040), Boycott Workfare (IWP0020), National Numeracy (IWP0006), and Professor Jane Millar, University of Bath (IWP0002)
[^69]: See, for example, Qq 24-25, 28-29 (Dr Anthony Rafferty, David Finch, Emma Stewart), Learning and Work Institute (IWP0031), Employment Related Services Association (IWP0032), Learndirect Limited (IWP0007), Child Poverty Action Group (IWP0023), Citizens Advice Scotland (IWP0012), Prospects Services (IWP0020), University of York (IWP0029), National Housing Federation (IWP0018), Crisis (IWP0015), and Professor Nick Bailey, University of Glasgow (IWP0014)
4 A personalised in-work service

The Work Coach

31. Work Coaches are front-line DWP staff based in Jobcentres. Their main role is to support claimants into work by challenging, motivating, providing personalised advice and using knowledge of local labour markets. This involves conducting work-focused interviews and agreeing tailored “Claimant Commitments”. A job description is shown in Appendix 1. At February 2016, 11,000 whole-time equivalent Work Coaches supported nearly 745,000 out-of-work claimants across Great Britain. Each Work Coach is responsible for a caseload of around 100 unemployed claimants and conducts 10 to 20 claimant interviews per day.

Resourcing a personalised service

32. In addition to supporting unemployed claimants, Work Coaches will be responsible for helping employed claimants in the pilot in-work service. In-work UC claimants will receive support from the same Work Coach throughout their claim. This will help to build a relationship with their Work Coach and provide continuity of support, an intention that was widely endorsed in evidence. Ross James said that the pilot would determine if Work Coaches need new skills in order to support in-work claimants, though his instinct was that “it is an extension of what we deliver already”. In contrast, Rt Hon Priti Patel MP, Minister for Employment, described discussions with in-work claimants as “a more bespoke discussion” to understand the individual and their circumstances. The DWP’s training material states an in-work progression interview requires a more in-depth conversation than other claimant interviews. Providing a wide scale personalised in-work service would undeniably be resource intensive and will add to existing JCP workload.

33. Work Coaches will also be responsible for several additional measures, announced in the 2015 Spending Review:

- more frequent interviews at the Jobcentre for unemployed claimants in the early stages of their benefit claims;

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70 The DWP introduced the Work Coach role in 2013, and is largely similar to the previous advisor role. See: DWP press release, Jobseekers to start signing new Claimant Commitment today, 14 October 2013

71 Personal correspondence with DWP officials showed that there were 10,799 whole-time equivalent Work Coaches as at February 2016

72 Office for National Statistics, Claimant Count data. As at February 2016, there were a total of 744,515 JSA and out-of-work UC claimants. Out-of-work benefits include: JSA and UC, as well as Income Support for people who do not qualify for JSA or Employment and Support Allowance (paid to people who have limited capacity to work because of sickness or disability) and do not have enough money to live on

73 Personal correspondence with DWP officials

74 DWP (IWP0034). See also: Q116 (Ross James). For examples of praise for personalised support see Community Links (IWP0036), Oxfam GB (IWP0015), and Crisis (IWP0015)

75 Q107 (Ross James)

76 Qq 119, 151 (Priti Patel)

77 DWP, Universal Credit in-work progression: facilitator led training brief V10.4, November 2015, p. 35

78 See, for example, Employment Related Services Association (IWP0032), Learning and Work Institute (IWP0031), Prospects Services (IWP0030), University of York (IWP0029), University of Glasgow, Social and Public Health Sciences Unit (IWP0021), Working Families (IWP0040), Gingerbread (IWP0026), Child Poverty Action Group (IWP0023), Remploy (IWP0024), Mind (IWP0028), Community Links (IWP0036), Crisis (IWP0015), and Centrepoint (IWP0005)
following the introduction of a new Work and Health Programme from 2017, supporting a large number of long-term unemployed or disabled claimants who would have been referred to contracted welfare-to-work providers under existing schemes;

• greater co-location of JCP offices with other local services such as council benefit teams and health services;\textsuperscript{79} and

• JCP will offer advice, particularly on traineeships and apprenticeships, to 12 to 18 year old school pupils.\textsuperscript{80}

34. A full JCP-led in-work service could apply to around one million people.\textsuperscript{81} Policy Exchange, a think tank, indicated that this would mean increasing footfall across the JCP estate by around 325,000 claimants a week, almost a quarter of the existing JCP footfall.\textsuperscript{82} Yet the DWP faces tight resource budget restrictions. It must reduce its day-to-day spending by 19\% between 2015–16 and 2019–20,\textsuperscript{83} a reduction of 41\% compared with 2010–11.\textsuperscript{84} In light of budgetary pressures, several witnesses were concerned that JCP would lack the capacity to add personalised in-work support to its existing services.\textsuperscript{85} CPAG was concerned that this would result in “a poor quality programme”, suggesting claimants already feel rushed in Jobcentres.\textsuperscript{86} Gingerbread, a charity that supports single parents, said the pilot will need to assess whether an in-work service is feasible when rolled out on a wider scale.\textsuperscript{87}

35. In response, the Minister told us that the DWP recruits Work Coaches “depending on the need locally within the community”.\textsuperscript{88} Ross James acknowledged that “to work with 1 million [in-work] claimants, we need to think very carefully about how we differentiate the service”. He said this might involve providing online support in lieu of face-to-face interviews.\textsuperscript{89} Policy Exchange favoured giving JCP flexibility in dealing with an increased number of claimants by, for example, trialling expanded use of group or digital support for those in need of relatively little intervention.\textsuperscript{90}

\footnotesize{\textsuperscript{79} HM Treasury, \textit{Spending Review and Autumn Statement 2015}, Cm 9162, November 2015, para 1.129

\textsuperscript{80} DWP, \textit{Press release: Jobcentre Plus advice rolled out to schools}, 14 January 2016

\textsuperscript{81} Q86 (Ross James)

\textsuperscript{82} Garaud, P. and Oakley M., \textit{Slow progress: improving progression in the UK labour market}, Policy Exchange, March 2013. Note: this assumes a monthly average of the use of JSA-style conditionality, with fortnightly appointments staggered across two weeks evenly

\textsuperscript{83} HM Treasury, \textit{Budget 2016}, Departmental Resource Budgets (Resource Departmental Expenditure Limit excluding depreciation), HC 901, March 2016, p. 91. The DWP’s estimated resource budget (for day-to-day spending) in 2015-16 was £6.2 billion. Its planned resource budget for 2019-20 is £5.4 billion. This represents cumulative real growth of -19\%. In 2010-11, the DWP’s resource budget was £9.1 billion (see National Audit Office, \textit{A short guide to the Department for Work and Pensions}, June 2015, p. 8). This represents cumulative real growth of -41\%

\textsuperscript{84} We will examine the implications of these planned changes for resourcing and capability in our inquiry into \textit{The Future of JCP}. The Department plans to achieve savings through reducing the size of its estate by 20\% and co-locating JCP offices with local authorities. See: DWP, \textit{Press release: DWP settlement at the Spending Review}, 25 November 2015

\textsuperscript{85} See, for example, Working Families (IWP0040), Employment Related Services Association (IWP0032), Learning and Work Institute (IWP0031), Prospects Services (IWP0030), PCS Union (IWP0009), Gingerbread (IWP0026), and Child Poverty Action Group (IWP0023)

\textsuperscript{86} Child Poverty Action Group (IWP0023)

\textsuperscript{87} Gingerbread (IWP0026). See also Q18 (Julia Waltham)

\textsuperscript{88} Q88 (Priti Patel)

\textsuperscript{89} Q86 (Ross James)

\textsuperscript{90} Garaud, P. and Oakley M., \textit{Slow progress: improving progression in the UK labour market}, Policy Exchange, March 2013}
Training Work Coaches

36. Work Coach training and recruitment will need to adapt to reflect the additional demands of the role. The DWP is aiming to train 3,000 Work Coaches to support pilot participants fully by summer 2016. These Work Coaches will receive “substantial” additional face-to-face training, including:

- case studies of different claimant types, circumstances or needs;
- supporting information about the pilot for Work Coaches;
- “case conferencing” to discuss the best approach to take in a challenging real-life scenario; and
- for 300 Work Coaches and line managers, a trial of professional accreditation for supporting in-work and out-of-work UC claimants (see Appendix 2).

Working Families, a charity for working parents and carers, recommended the DWP use the pilot to “consider the training needs of the work coaches, given how important and sensitive their role is”. Barnardo’s called for “specific accreditation” for Work Coaches delivering the in-work service, given the particular requirements of in-work support.

Structural barriers

37. Emma Stewart told us that effective in-work support would “change the competencies” of Work Coaches:

It is not simply a question that you can say to out-of-work workers, “Here is a list of jobs. Can you go and apply for them and I will help you with your CV?” It is a very different kind of intervention, so there is a capacity and a competency issue that we need to address there.

These additional demands on Work Coaches were, she argued, in contrast to the general move in recent years from tailored JCP interventions towards broader coaching.

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92 DWP (IWP0041)
93 DWP (IWP0041). The key topics covered in the training include: the purpose and significance of in-work progression, the benefits to in-work claimants; eligibility criteria for participating in the pilot; conducting interviews with participants in the two treatment groups, including focusing on earnings progression rather than rigidly focusing on hours, finding opportunities, providing support and encouragement, applying mandatory requirements and holding challenging conversations. It also covers the in-work Claimant Commitment and agreeing reasonable activities tailored to an individual’s circumstances
94 Q107, 112 (Ross James)
95 DWP, In-work progression: supporting information for Work Coaches (IWP0044)
96 Q112 (Ross James)
97 DWP (IWP0041)
98 Working Families (IWP0025)
99 Barnardo’s (IWP0037)
100 Q17 (Emma Stewart)
101 Q17 (Emma Stewart)
102 Q35 (Emma Stewart)
38. DWP training material outlines the perceived barriers that Work Coaches should consider, as shown in Table 1.

**Table 1: Work Coach support must consider in-work claimants’ perceived barriers to progression**

<table>
<thead>
<tr>
<th>Claimants’ individual circumstance or perceived barrier</th>
<th>Tailored support that Work Coaches should provide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified or motivated claimants who lack relevant experience</td>
<td>Identify their transferable skills and how they can sell these to prospective employers</td>
</tr>
<tr>
<td>Claimants who feel comfortable in their current employment</td>
<td>Manage their expectations and fully consider their current circumstances</td>
</tr>
<tr>
<td>Claimants who are currently in work but are unable to progress</td>
<td>Increase their confidence in their ability to explore different opportunities</td>
</tr>
<tr>
<td>Claimants who think they are low paid because they are low skilled</td>
<td>Support them to increase their skills and/or qualifications, which could include additional support with CVs and application forms</td>
</tr>
<tr>
<td>Claimants who have no direction at present</td>
<td>Focus them on the advantages of working and increasing their financial independence, using their own initiative to drive the requirements</td>
</tr>
</tbody>
</table>

Source: DWP, In-work progression: supporting information for Work Coaches (IWP0044)

39. Analysis by Policy Exchange demonstrates the variety of individual circumstances that will face Work Coaches. Of the one million people eligible for the scheme as currently conceived, a large majority of the group are not currently looking for additional employment. Substantial minorities have caring responsibilities, including many lone parents with school age children. Nearly half have low, or no, formal qualifications. Structural barriers may relate to skills, qualifications and confidence; health conditions; access to transport; and caring responsibilities. The LWI noted that there are “very different barriers and motivators for different groups”.

40. People with ill health or a disability may have limited scope to increase their working hours. Similarly, the availability of adequate childcare can be a key determinant of the ability of parents to take on additional work. Emma Stewart advocated specialist Work Coaches to assist specific groups such as single parents or disabled claimants. Other witnesses suggested Work Coaches should help claimants find appropriate childcare and signpost claimants to suitable training opportunities.

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104 See, for example, Q17 (Emma Stewart), Q78 (David Massey), Learning and Work Institute (IWP0031), Employment Related Services Association (IWP0032), Gingerbread (IWP0026), Working Families (IWP0040), Child Poverty Action Group (IWP0023), Oxfam GB (IWP0016), Barnardo’s (IWP0037), Remploy (IWP0024), Money Advice Service (IWP0022), Citizens Advice Scotland (IWP0012), National Numeracy (IWP0006), Centrepoint (IWP0005), and Professor Jane Millar, University of Bath (IWP0002)
105 See, for example, Q17 (Emma Stewart), Business in the Community (IWP0013), Community Links (IWP0036), Prospects Services (IWP0030), Wheatley Group (IWP0008), and University of York (IWP0029)
106 Learning and Work Institute (IWP0031)
107 Disability Benefits Consortium (IWP0017). See also: Professor Jane Millar, University of Bath (IWP0002)
108 Citizens Advice Scotland (IWP0012)
109 Q35 (Emma Stewart)
110 On childcare see, for example, Qq23-28 (Dr Anthony Rafferty and Emma Stewart), Q30 (Tony Wilson), Child Poverty Action Group (IWP0023), Gingerbread (IWP0026), Professor Jane Millar, University of Bath (IWP0002), University of...
Working with employers

41. Tony Wilson emphasised the potentially “revolutionary” role of Work Coaches in identifying local opportunities for people on low pay to increase their earnings.\textsuperscript{111} To achieve this, Work Coaches must engage with employers to understand their needs better.\textsuperscript{112} The Minister said the three-way relationship between the claimant, the Work Coach and the employer was “crucial”:\textsuperscript{113}

The work coach can pick up the phone, effectively, to an employer, and say, ‘This claimant has only been working X hours right now. He or she now feels they are ready to work more hours or develop or be supported into a new role’. That kind of interaction changes the relationship in a way that did not exist previously.\textsuperscript{114}

The DWP’s pilot includes qualitative research with Work Coaches and employers to understand the effectiveness of the three-way relationship.\textsuperscript{115}

42. Pauline Crellin, Head of UC Labour Market Policy at the DWP, told us that the Department is taking a more systematic approach to identify and act on labour market needs at a national and, in particular, local level.\textsuperscript{116} The Minister acknowledged this would be a substantial change in the relationship between Work Coaches and employers, which had been “somewhat passive” to date.\textsuperscript{117}

43. We heard that encouraging employers to redesign jobs to incorporate more flexibility or opportunities for progression would be a key component of Work Coach engagement.\textsuperscript{118} But no one should underestimate the pressure this change will put on employers. Tony Wilson said that working with employers “feels like the big gap” in the DWP’s current approach.\textsuperscript{119} Higher-grade posts, for example, were often not advertised as flexible working opportunities. In some industries in particular, line managers tended to be responsible for large numbers of employees and therefore had little insight into individual skills, circumstances and potential.\textsuperscript{120} The DWP claims that, with Work Coach help, employers will be able to design and advertise a greater range of job opportunities, including those that are short-term, irregular or flexible in nature. Employers will also have access to a wider pool of job applicants, via the DWP’s Universal Jobmatch service.\textsuperscript{121}

\textsuperscript{111} \textsuperscript{13} (Tony Wilson)
\textsuperscript{112} \textsuperscript{30} (Tony Wilson), Learning and Work Institute (IWP0031), Employment Related Services Association (IWP0032), Learndirect Limited (IWP0007), Disability Benefits Consortium (IWP0017), Crisis (IWP0015), and Child Poverty Action Group (IWP0023)
\textsuperscript{113} Q108, 135, 120 (Priti Patel)
\textsuperscript{114} Q119 (Priti Patel)
\textsuperscript{115} Q132 (Ross James)
\textsuperscript{116} Q95 (Pauline Crellin)
\textsuperscript{117} Q94 (Priti Patel)
\textsuperscript{118} See, for example, Employment Related Services Association (IWP0032), Learning and Work Institute (IWP0031), Gingerbread (IWP0026), Work Coaches (IWP0007), Disability Benefits Consortium (IWP0017), Crisis (IWP0015), and Working Families (IWP0025)
\textsuperscript{119} Q30 (Tony Wilson)
\textsuperscript{120} See, for example, Q17 (Emma Stewart), Q68 (Faye Goldman), Learning and Work Institute (IWP0031), and Business in the Community (IWP0013)
\textsuperscript{121} DWP, In-work progression: supporting information for Work Coaches (IWP0044), see section 3
44. David Coutts, Head of Human Resources at FirstGroup plc, a transport company, stressed that to succeed, support for in-work progression needed to match available employees accurately to the job specification. This required employers to engage with the in-work progression policy and understand its potential advantages to them. We heard, however, that employers “were almost universally unaware” of the scheme.

**Conclusion**

45. For in-work progression to succeed, Jobcentre Plus (JCP) Work Coaches will need to be a new kind of public servant, possessing new skills and operating on a new agenda. They will need to address structural barriers to progression, such as access to childcare, skills development and job opportunities, on a personalised basis. They will also need to understand local labour markets and engage with employers to a far greater extent than they have done before. Compared to the existing role of moving people out of work into employment, this will require the DWP to nurture Work Coaches with a substantially expanded set of skills. Should a full service be delivered in-house by JCP, supporting an estimated one million in-work claimants will also entail a sharp increase in JCP workload.

46. **We recommend the DWP uses its pilot to evaluate fully:**

   - the skills, experience and training needs of Work Coaches; and
   - the number of Work Coaches required to deliver a full in-work service.

   *This assessment should be used to estimate the budget required to provide such a service.*

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122 Q54 (David Coutts)

123 See, for example, Business in the Community (IWP0013), Remploy (IWP0024), Learndirect Limited (IWP0007), Mark Cosens MA MIEP (IWP0004), and Reed in Partnership (IWP0001)
5 Conditionality

Evaluation

47. Conditionality in welfare requires people to behave in a certain way to access benefits. Such conditions tend to be enforced by penalties known as “sanctions” that reduce, suspend or end such access.\(^\text{124}\) The DWP’s in-work progression pilot will test the extent to which conditionality and financial sanctions encourage claimants to increase their earnings.\(^\text{125}\) It is the first time that all claimants of in-work benefits below an earnings threshold will potentially be subject to sanctions. These could be imposed if a claimant fails to satisfy agreed actions such as attending an appointment, participating in a training course or applying for a job. Such actions will be set out in individual UC Claimant Commitments.\(^\text{126}\) The DWP said that failure to meet in-work requirements without good reason would result in reduced UC payments “as a last resort”.\(^\text{127}\)

48. Matthew Oakley, senior researcher at the Social Market Foundation, a policy thinktank, supported extending conditionality to in-work UC claimants to encourage them to engage with support.\(^\text{128}\) Several organisations, however, cautioned that there was limited evidence of the particular effects of conditionality on in-work claimants and called for a full evaluation.\(^\text{129}\) Our predecessor Committee recommended “the Government does not proceed with in-work sanctions until robust evidence is available from the pilots to demonstrate that in-work conditionality can be effectively applied”.\(^\text{130}\) The Government partly accepted the recommendation, but said UC claimants outside the pilot will continue to be subject to the current light-touch regime until it had enough evidence from the pilot.\(^\text{131}\) We heard calls for the publication of data on sanctioning of in-work claimants.\(^\text{132}\) Pauline Crellin said sanctions were “an integral part of the trial” and said the DWP intended to publish statistics once it had “meaningful data”.\(^\text{133}\)

Appropriate conditions

49. Witnesses concurred with our predecessor Committee that conditionality is most effective where claimants lack motivation or have negative attitudes towards employment.\(^\text{134}\) Barriers to pay progression for people who are already in work are more likely to relate

\(^{124}\) Watts, B., et al., Welfare sanctions and conditionality in the UK, Joseph Rowntree Foundation, September 2014

\(^{125}\) DWP (IWP0034)

\(^{126}\) DWP (IWP0034)

\(^{127}\) DWP, Universal Credit in-work progression: facilitator led training brief V10.4, November 2015; and DWP (IWP0034)

\(^{128}\) Oakley, M., Employment support for a high-wage economy, Joseph Rowntree Foundation, November 2015; and Garaud, P. & Oakley M., Slow progress: improving progression in the UK labour market, Policy Exchange, March 2013

\(^{129}\) See, for example: Q13 (Tony Wilson), Oakley, M., Employment support for a high-wage economy, Joseph Rowntree Foundation, November 2015, Community Links (IWP0036), Employment Related Services Association (IWP0032), University of York (IWP0029), Remploy (IWP0024), University of Glasgow, Social and Public Health Sciences Unit (IWP0021), Disability Benefits Consortium (IWP0017), Crisis (IWP0015), Citizens Advice Scotland (IWP0012), and Parkinson’s UK (IWP0003)


\(^{132}\) See, for example, Child Poverty Action Group (IWP0023), and University of York (IWP0029)

\(^{133}\) Q150 (Pauline Crellin)

to structural or personal circumstances, as outlined in Chapter 4.\textsuperscript{135} The DWP’s research found the majority of UC claimants working 30 hours per week were looking for ways to increase their hours (86%) and their income (77%).\textsuperscript{136} Remploy added that, for some disabled people, being in employment is a huge success and in-work conditionality should reflect this.\textsuperscript{137} Prospects Services said the DWP must therefore give “considerable thought and sensitivity” to setting conditions for claimants already demonstrating desirable behaviours and motivations by working.\textsuperscript{138}

50. Some witnesses believed that in-work support should be entirely voluntary,\textsuperscript{139} while others said sanctions might only be appropriate for continual breaches of the terms of a Claimant Commitment.\textsuperscript{140} ERSA suggested limiting conditionality to “requiring individuals to engage initially with the in-work service”.\textsuperscript{141} Other witnesses drew attention to potential inconsistencies between sanctions and claimants’ ability to work. Business in the Community (BITC), a business charity, commented that a sanction could limit a claimant’s ability to travel to work.\textsuperscript{142} The University of York said claimants might miss Jobcentre appointments because of work commitments.\textsuperscript{143} The Association of Employment and Learning Providers (AELP), a national trade association for skills and employment providers, said applying financial sanctions in a scheme designed to increase an individual’s income was “pointless”.\textsuperscript{144}

51. A number of witnesses suggested in-work conditionality must also reflect the local availability of work. Some sectors are characterised by unpredictable hours or limited part-time work.\textsuperscript{145} Pauline Crellin confirmed that Work Coaches should consider shift patterns and the availability of additional hours in setting reasonable in-work conditions.\textsuperscript{146}

52. We heard varied calls for conditionality to account for personal circumstances. Individuals eligible to participate in the pilot with disabilities, health conditions or caring responsibilities\textsuperscript{147} may be unable to increase work commitments.\textsuperscript{148} Barnardo’s were among

\begin{itemize}
\item Outlook 2013; Association of Employment and Learning Providers (IWP0033), Employment Related Services Association (IWP0032), Learning and Work Institute (IWP0031), Community Links (IWP0036), Child Poverty Action Group (IWP0023), Gingerbread (IWP0026), and Remploy (IWP0024)
\item See, for example, Employment Related Services Association (IWP0032), Community Links (IWP0036), University of York (IWP0029), Working Families (IWP0040), Child Poverty Action Group (IWP0023), and Boycott Workfare (IWP0020)
\item DWP, Universal Credit Extended Gateway Evaluation, December 2015
\item Remploy (IWP0024). Claimants who are unable to work or earn more due to caring responsibilities or because of health conditions or disabilities are not required to participate in the DWP’s pilot
\item Prospects Services (IWP0030)
\item See, for example, Association of Employment and Learning Providers (IWP0033), Remploy (IWP0024), Child Poverty Action Group (IWP0023), Gingerbread (IWP0026), and Working Families (IWP0040)
\item Employment Related Services Association (IWP0032)
\item Business in the Community (IWP0013). See also: Citizens Advice Scotland (IWP0012)
\item University of York (IWP0029)
\item Association of Employment and Learning Providers (IWP0033)
\item See, for example, Q40 (Emma Stewart), Q52 (David Coutts), Business in the Community (IWP0013), Working Families (IWP0040), Employment Related Services Association (IWP0032), Prospects Services (IWP0030), Community Links (IWP0036), Citizens Advice Scotland (IWP0012), Barnardo’s (IWP0037), Oxfam GB (IWP0015), Gingerbread (IWP0026), Child Poverty Action Group (IWP0023), Crisis (IWP0015), Centrepoint (IWP0005), and University of York (IWP0029)
\item On eligibility, see ref. 41
\item See, for example, Employment Related Services Association (IWP0032), Association of Employment and Learning Providers (IWP0033), Learning and Work Institute (IWP0031), Parkinson’s UK (IWP0003), MS Society (IWP0019), Inclusion London (IWP0011), Mind (IWP0028), Disability Benefits Consortium (IWP0017), Barnardo’s (IWP0037), Child Poverty Action Group (IWP0023), Gingerbread (IWP0026), Working Families (IWP0040), Remploy (IWP0024), Citizens Advice Scotland (IWP0012), Wheatley Group (IWP0008), and Crisis (IWP0015)
\end{itemize}
those who argued that individuals who had recently moved into work should be given time to establish themselves into their new role before being required to find more work.\textsuperscript{149} Other witnesses recommended taking into account training and study commitments in setting in-work conditionality.\textsuperscript{150}

53. Work Coaches are required to consider the individual circumstances of claimants involved in the pilot, including caring responsibilities, mental and physical health, travel to work, and skills and motivation in agreeing a Claimant Commitment.\textsuperscript{151} The Minister told us that as in-work conditionality “is much more focused on the individual” than for out of work claimants, inappropriate conditions and financial sanctions would not be imposed.\textsuperscript{152}

54. We heard concerns, however, that the discretion afforded to Work Coaches, people with a “work-first approach”, in applying in-work conditionality could cause problems.\textsuperscript{153} Disability charities were concerned that Work Coaches would not be equipped to appraise fairly the work capabilities of people with progressive health conditions.\textsuperscript{154} While existing DWP guidance mentioned “identifying and addressing barriers to progression”,\textsuperscript{155} it lacked detail on how this would operate in practice.\textsuperscript{156} Witnesses told us comprehensive guidance could promote consistency in the application of in-work conditionality and better distinguish it from requirements of out-of-work claimants.\textsuperscript{157} This guidance might include case studies highlighting what may or may not be reasonable to expect of different types of claimants.\textsuperscript{158}

**Involving employers**

55. The DWP told us that pilot participants are encouraged to discuss opportunities for more or better-paid work with their current employer.\textsuperscript{159} Faye Goldman, Campaign Manager for work inclusion at BITC, expressed concern that employees may not be comfortable discussing in-work conditionality with their employer.\textsuperscript{160} Similarly, line managers may not be equipped to discuss benefit claims with employees, especially if they received limited information from Work Coaches.\textsuperscript{161}

56. Some witnesses advocated involving employers in the formulation of Claimant Commitments.\textsuperscript{162} Mind, a mental health charity, stressed the importance of ensuring that:

\begin{itemize}
  \item \textsuperscript{149} Barnardo’s (IWP0037). See also: Employment Related Services Association (IWP0032)
  \item \textsuperscript{150} See, for example, Child Poverty Action Group (IWP0023), Gingerbread (IWP0026), Barnardo’s (IWP0037), and Centrepoint (IWP0005)
  \item \textsuperscript{151} DWP, Universal Credit in-work progression: facilitator led training brief V10.4, November 2015, and DWP (IWP0034)
  \item \textsuperscript{152} Qq 151-152, Q156 (Priti Patel)
  \item \textsuperscript{153} Barnardo’s (IWP0037)
  \item \textsuperscript{154} See, for example, Parkinson’s UK (IWP0003), MS Society (IWP0019), Mind (IWP0028), Inclusion London (IWP0011), and Disability Benefits Consortium (IWP0017)
  \item \textsuperscript{155} Universal Credit in-work progression: facilitator led training brief V10.4, November 2015
  \item \textsuperscript{156} See, for example, Inclusion London (IWP0011), Parkinson’s UK (IWP0003), and MS Society (IWP0019)
  \item \textsuperscript{157} See, for example, Q10 (Emma Stewart), Learning and Work Institute (IWP0031), MS Society (IWP0019), Parkinson’s UK (IWP0003), Disability Benefits Consortium (IWP0017), Barnardo’s (IWP0037), and Child Poverty Action Group (IWP0022)
  \item \textsuperscript{158} Barnardo’s (IWP0037)
  \item \textsuperscript{159} DWP (IWP0034)
  \item \textsuperscript{160} Q80 (Faye Goldman)
  \item \textsuperscript{161} Q81 (Faye Goldman)
  \item \textsuperscript{162} See, for example, Employment Related Services Association (IWP0032)
\end{itemize}
employers understand the pressure being placed on claimants to increase working hours and allow for progression. It will be extremely detrimental to someone’s mental health if they are being pushed to work more hours, but their employer is unable or unwilling to allow this.  

Involving employers could also enable the Work Coach to assess the feasibility of an in-work claimant earning more at their current workplace. Ross James told us, however, that Work Coaches would not update the Claimant Commitment with input from the claimant’s employer.

Conclusion

57. The case for in-work conditionality backed up by financial sanctions is so far untested. Employed people self-evidently do not lack the motivation to work, and there is strong evidence that their barriers to earning more tend to be structural or due to personal circumstances, rather than motivational. The claimant’s opportunities for progression are also dependent on the needs of the employer. Conditionality is less likely to be effective in these circumstances. Requiring an individual to pay a financial penalty can, in some cases, work against the aim to increase their earnings.

58. We would expect the use of financial sanctions for in-work claimants to be low in comparison to out-of-work claimants. It is a very different kind of welfare. We welcome both the Department’s commitment to follow the evidence on the efficacy of sanctions for in-work claimants and its intention to publish sanctions data. We recommend the Department publish the number and rate of in-work sanctions, by claimant characteristics and JCP district, on a quarterly basis from autumn 2016.

59. We recommend the DWP publish more comprehensive guidance for Work Coaches on applying in-work conditionality. This guidance should incorporate how to account for individual circumstances relating to skills, confidence, health, caring responsibilities, access to both care and transport, and the availability of additional local work, in setting in-work conditions. We further recommend the guidance sets out circumstances when it would be appropriate and constructive to take into account input from an employer in establishing the reasonable conditions of a Claimant Commitment.
Conclusions and recommendations

1. In-work support in Universal Credit is a radical policy departure, the first of its scale in the world. In promising progress in breaking the cycle of people stuck in low pay, low prospects employment, it could be revolutionary. It is potentially the most significant welfare reform since 1948. We congratulate the Government for developing this innovation. (Paragraph 16)

2. Starting with part-time workers earning less than the equivalent of full-time work at the National Living Wage is sensible. The UK’s productivity challenge, however, is much broader than that. If an in-work service achieves its potential, there is a clear case, in time, for extending it further up the earnings scale. (Paragraph 17)

3. One year from the start of the DWP’s in-work progression pilot, there is insufficient information in the public domain about the number and characteristics of participants and effects on their pay and employment. Making such information more freely available would strengthen the credibility of the pilot, raise awareness of the in-work service and allow other experts to appraise the results of the trial. Greater transparency will make for better policy. We recommend the DWP regularly publish basic information about the nature and outcomes of its pilot. The first such publication should, at the latest, coincide with the Government response to this Report. (Paragraph 23)

4. There is no comprehensive evidence on which to determine how to deliver an effective in-work service. The DWP will therefore be learning on the job. As the risks and potential rewards are both high, it is vital the DWP carefully builds a broad evidence base. The randomised controlled trial is a commendable start. The pilot will, however, only give a partial picture. (Paragraph 29)

5. If the policy is to be successful, and achieve its great potential, we recommend the DWP direct the best of its welfare reform talent at developing the service. As part of its wider assessment of in-work progression, we recommend the DWP test more flexible forms of contact in addition to face-to-face interviews and draw more widely on voluntary, community and private sector-led support. It should also consider broader measures of progress alongside earnings and clarify any plans or timescales to incorporate financial bonuses in in-work schemes. (Paragraph 30)

6. For in-work progression to succeed, Jobcentre Plus (JCP) Work Coaches will need to be a new kind of public servant, possessing new skills and operating on a new agenda. They will need to address structural barriers to progression, such as access to childcare, skills development and job opportunities, on a personalised basis. They will also need to understand local labour markets and engage with employers to a far greater extent than they have done before. Compared to the existing role of moving people out of work into employment, this will require the DWP to nurture Work Coaches with a substantially expanded set of skills. Should a full service be delivered in-house by JCP, supporting an estimated one million in-work claimants will also entail a sharp increase in JCP workload. (Paragraph 45)
7. We recommend the DWP uses its pilot to evaluate fully:
   - the skills, experience and training needs of Work Coaches; and
   - the number of Work Coaches required to deliver a full in-work service.

This assessment should be used to estimate the budget required to provide such a service. (Paragraph 46)

8. The case for in-work conditionality backed up by financial sanctions is so far untested. Employed people self-evidently do not lack the motivation to work, and there is strong evidence that their barriers to earning more tend to be structural or due to personal circumstances, rather than motivational. The claimant’s opportunities for progression are also dependent on the needs of the employer. Conditionality is less likely to be effective in these circumstances. Requiring an individual to pay a financial penalty can, in some cases, work against the aim to increase their earnings. (Paragraph 57)

9. We would expect the use of financial sanctions for in-work claimants to be low in comparison to out-of-work claimants. It is a very different kind of welfare. We welcome both the Department’s commitment to follow the evidence on the efficacy of sanctions for in-work claimants and its intention to publish sanctions data. We recommend the Department publish the number and rate of in-work sanctions, by claimant characteristics and JCP district, on a quarterly basis from autumn 2016. (Paragraph 58)

10. We recommend the DWP publish more comprehensive guidance for Work Coaches on applying in-work conditionality. This guidance should incorporate how to account for individual circumstances relating to skills, confidence, health, caring responsibilities, access to both care and transport, and the availability of additional local work, in setting in-work conditions. We further recommend the guidance sets out circumstances when it would be appropriate and constructive to take into account input from an employer in establishing the reasonable conditions of a Claimant Commitment. (Paragraph 59)
Appendix 1: JCP Work Coach job description

The typical Work Coach role involves:

(a) Having an assigned caseload of UC, JSA, Employment Support Allowance & Income Support claimants, providing consistency and continuity of service for the claimant;

(b) Delivering personalised advice to claimants, identifying challenges to support them into work and supporting their commitment to job search actions;

(c) Supporting claimants to develop the skills and activities they need to look for and obtain sustained employment, using online sources, and making timely decisions, based on the needs of the claimant, to refer them to appropriate support;

(d) Coaching claimants to take responsibility for getting themselves into work, sustaining work, and increasing their wages, by developing their employment opportunities from initial job offers into a career;

(e) Building positive relationships with claimants that encourage, motivate and build trust through coaching, recognition and praise, and encouraging more stretching goals and achievements;

(f) Reviewing the claimants’ Work Plan or other documentation to confirm the claimant is available and actively seeking employment, through gathering accurate information;

(g) Identifying conditionality issues by taking appropriate and timely action, keeping the claimant fully informed throughout;

(h) Proactively developing an in-depth knowledge of the local labour market, while recognising the roles that employers have in helping our claimants secure employment;

(i) Ability to confidently use digital services, navigate and coach others to use digital job search methods i.e. job search websites, email, uploading documents, and social media;

(j) Deciding the level, frequency and intensity of contact they have with each claimant by managing their own diary;

(k) Promoting high attendance rates at group sessions by explaining the advantages of employment support to the claimant; and

(l) Being accountable for the decisions made during interviews with claimants to help move them back into sustained employment or prepare for work.

Source: DWP (IWP0043)
Appendix 2: UC Work Coach accreditation

**Overview:** UC Work Coach accreditation provides an externally recognised accreditation for Work Coaches, bringing them more in line with established professions such as Human Resources. There are 3 accreditation stages: essential, certificate and diploma:

1. **Essential level:** internal accreditation where service managers observe work coaches as part of the Department’s Quality Assessment Framework (QAF) process. Work Coaches must be assessed as achieving ‘best practice’ in all QAF observations to achieve the Essential standard. Most of the Work Coaches involved in the accreditation trial by the end of 2015 completed essential level.

2. **Certificate level:** Work Coaches progress to the City and Guilds level 4 Certificate in ‘Managing the Delivery of Services to Customers’. This consists of four mandatory modules, plus one out of three additional modules. Two of the mandatory modules are developed specifically for the Work Coach role on understanding the labour market and coaching. It will take around 6 months to complete the certificate level.

3. **Diploma level:** A number of Work Coaches with relevant staff management experience will be suitable to progress to the City and Guilds level 4 Diploma in operational delivery. The level 4 Diploma consists of two mandatory modules. It will take between 2 and 5 months to complete.

Source: DWP (IWP0045)
Formal minutes

Wednesday 4 May 2016

Members present:

Rt Hon Frank Field, in the Chair

Ms Karen Buck  Richard Graham
John Glen  Jeremy Quin

Draft Report (In-work progression in Universal Credit), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 59 read and agreed to.

Appendices agreed to.

Summary agreed to.

Resolved, That the Report be the Tenth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Monday 9 May 2016 at 3.30pm]
Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry page of the Committee’s website.

Wednesday 3 February 2016

Tony Wilson, Director of Policy and Research, Learning and Work Institute, David Finch, Senior Economic Analyst, Resolution Foundation, Emma Stewart MBE, Joint Chief Executive Officer, Timewise Foundation, Dr Anthony Rafferty, Senior Lecturer in Employment Studies, Alliance Manchester Business School University of Manchester, and Julia Waltham, Head of Campaigns and Policy, Working Families

Q1–50

Monday 29 February 2016

Faye Goldman, Campaign Manager (Work Inclusion), Business in the Community, David Massey, Senior Manager, UK Commission for Employment and Skills, and David Coutts, Head of Human Resources (Corporate, Policy and Planning), FirstGroup plc

Q51–84

Monday 7 March 2016

Rt Hon Priti Patel MP, Minister of State for Employment, Pauline Crellin, Head of Universal Credit, Labour Market Policy and Partnership Division, and Ross James, Universal Credit Labour Market Transformation and Test and Learn Division, Department for Work and Pensions

Q85–156
Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee’s website.

IWP numbers are generated by the evidence processing system and so may not be complete.

1. Association of Employment and Learning Providers (IWP0033)
2. Association of Pension & Benefits Claimants CIC (IWP0038)
3. Barnardo’s (IWP0037)
4. Boycott Workfare (IWP0020)
5. Bromley Experts By Experience CIC (IWP0035)
6. Business in The Community (IWP0013)
7. Centrepoint (IWP0005)
8. Child Poverty Action Group (IWP0023)
9. Citizens Advice Scotland (IWP0012)
10. Community Links (IWP0036)
11. Crisis (IWP0015)
12. Department for Work and Pensions (IWP0041)
15. Department for Work and Pensions (IWP0045)
17. Disability Benefits Consortium (IWP0017)
18. Dr. Anthony Rafferty & Dr. Jay Wiggan (IWP0010)
19. Employment Related Services Association (ERSA) (IWP0032)
20. Gingerbread (IWP0026)
21. Inclusion London (IWP0011)
22. Learndirect Limited (IWP0007)
23. Learning And Work Institute (IWP0031)
24. Mark Cosens (IWP0004)
25. Mind (IWP0028)
26. Money Advice Service (IWP0022)
27. Mrc/Cso Social and Public Health Sciences Unit, University Of Glasgow (IWP0021)
28. Ms Society (IWP0019)
29. National Housing Federation (IWP0018)
30. National Numeracy (IWP0006)
31. Oxfam GB (IWP0016)
32. Parkinson’s UK (IWP0003)
33. PCS Union (IWP0009)
34 Professor Jane Millar (IWP0002)
35 Professor Nick Bailey (IWP0014)
36 Prospects Services (IWP0030)
37 Reed in Partnership (IWP0001)
38 Remploy (IWP0024)
39 University of York (IWP0029)
40 Wheatley Group (IWP0008)
41 Working Families (IWP0025)
42 Working Families (IWP0040)
List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee’s website.

The reference number of the Government’s response to each Report is printed in brackets after the HC printing number.

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