EVALUATING BENEFIT SANCTIONS AND IN-WORK CONDITIONALITY

Thank you for your letter of 12 February. Your letter referred to the Government's response to your recent report on benefit sanctions and asked me to set out how the National Audit Office would design an evaluation to robustly assess the effectiveness and value for money of in-work conditionality.

I welcome the Government's acceptance of your central recommendation that they evaluate the effectiveness of reforms to welfare conditionality and sanctions. However, given the possibility we may need to consider the effectiveness of any evaluation the Government does in the future, it would not be appropriate for me to say exactly how they should do it. I have instead set out below some broad principles the Department could consider as it designs any evaluation.

- **Good impact evaluation requires a robust counterfactual.** Any impact evaluation is likely to require a comparison of the effects of conditionality on those people that are subject to conditionality, compared to those that are not. This can be done with varying degrees of rigour. My report *Evaluation in Government*¹ sets out in more detail how the rigour of evaluation designs can be assessed.

- **Pre-implementation pilots are useful when carried out correctly.** In the past, we have seen examples where, in the rush to implement, government has launched programmes without making best use of pilots to test the planned approach.² It is also important that the pilot is representative of what will actually be implemented. Our report on the Department's Pathways to Work scheme found, for example, that although early results from its pilot appeared positive, this was because it was sampling from those that enquired about incapacity benefits, rather than those who were accepted onto them, making the results appear more positive than they actually were.³

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• There should be a clear plan for using the evidence. If the Department were to roll out in-work conditionality without completing its work on the evidence base, we would expect it to have a sound mechanism for assessing impact 'in-flight', and a clear plan for using the results of the evaluation to make informed decisions on whether to continue roll-out. Without this, it will be harder for the Department to show how its decision-making aligns with the evidence. The Committee of Public Accounts addressed these issues in their examination of the Troubled Families Programme.⁴

• Carrying out trials in a live environment can be challenging - technically, ethically and politically. For example, generating a robust comparison may require the Department to operate a regime in which conditionality is applied differently to different people, as it did for its recent Randomised Controlled Trial of In-Work Progression. This could lead to challenges around fairness and potentially confusion over what conditionality applies. It can also be difficult to create a clear comparator group in an environment such as the Department's which is subject to ongoing change and development. The In-Work Trial varied both the amount of support and the conditionality regime, making it harder to isolate the impact of the conditionality regime.

• Openness to challenge is important. The use of independent, external expertise in the design, conduct and interpretation of evaluation results is one way in which the Department could helpfully ensure alternative viewpoints, and technical expertise, are considered. The What Works Centre for Local Economic Growth has offered some thoughts on this approach within its policy area, which you may find helpful.⁵

This is not an exhaustive list of factors to consider, but I hope it is helpful to you as you consider this important issue.

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⁴ https://publications.parliament.uk/pa/cm201617/cmselect/cmpubacc/711/71105.htm