



Department
for Work &
Pensions

4th Floor
Caxton House
Tothill Street
LONDON
SW1H 9DA

www.dwp.gov.uk

31st March 2022

Dear Stephen,

Thank you for your letter of 26 January regarding Universal Credit (UC) labour market research. The focus of your letter was on the following areas of research:

- Analysis of UC earnings compared to similar Tax Credit earnings.
- Analysis of HMRC RTI data on earnings from employment.
- Analysis of the Labour Force Survey.
- Analysis of Universal Credit self-employment compared with tax credit self-employment, and a self-employment tracking survey.
- “Benefit combination statistics”: a “time-series comparison of the number of claimants in consistent claimant type groups before and after Universal Credit was introduced”

You posed three questions for my Department to answer. This letter represents the Government’s response to these questions and is being sent jointly by the Minister for Welfare Delivery and the Minister for Employment.

1) Whether the research was carried out, and if it was not carried out, why the Department decided not to do so;

The Department continues to conduct research across several areas regarding the labour market impact of UC. As part of the ongoing UC Employment Impact Evaluation, the Department plans to use HMRC RTI earnings data to compare the outcomes of UC claimants with those under the legacy system, including Tax Credit claimants.

After initial scoping, the Department decided not to carry out analysis of UC using the Labour Force Survey since its low sample size was insufficient for delivering robust estimates. Analysis into UC and self-employment has been carried out. The Department regularly publishes official statistics on the Alternative Claimant Count, alongside accompanying analysis.

This data is available on Stat-Xplore, which provides a time-series comparison of the number of claimants in different groups before and after the introduction of UC.

2) If the research was carried out, why the results have not been published?

Due to the pandemic, the Department reprioritised resource to support both the delivery of its services and the labour market recovery. Therefore, the completion of the self-employment analysis has been significantly delayed and is yet to be published.

3) Is any further research or analysis planned on Universal Credit's labour market impact and if so, when might we expect it to be published?

The Department plans to publish new analysis on the employment impact of UC for a 2018 cohort of single people claiming Jobseekers' Allowance (JSA). This will follow on from previous analysis published in 2017.

In addition to this, the Department is currently conducting analysis into the employment impact of UC for lone parents. This analysis will be published once completed.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Rutley', with a horizontal line underneath.

David Rutley MP
Minister for Welfare Delivery



Work and Pensions Committee

House of Commons | London | SW1A 0AA

Tel 020 7219 5831 Email workpencom@parliament.uk Website www.parliament.uk/workpencom

David Rutley MP
Minister for Welfare Delivery
Department for Work and Pensions

From the Chair

26 January 2022

Dear David,

During our 5 January [evidence session on the Department's Plan for Jobs and employment support](#), we heard about Universal Credit's impact on the labour market, and whether the Department is doing enough to understand that impact.

Tony Wilson, Director of the Institute for Employment Studies, told us:

I think the Department has done a lot of research. There is a lot of user research. There is a lot of commissioned research. It doesn't publish all of that research, and the Committee has had its own issues with trying to access research that the Department has carried out. I think we would all like to see more of that.

[In 2018, the Department published research on the impact of Universal Credit on labour market participation](#), following a [feasibility study](#) in 2014. The 2018 research listed a "range of analysis" that the Department said that it would produce and publish to better understand the labour market impact of UC. As far as we can tell, much of this appears not to have been published, including the following:

UC claimant labour market outcome measures. The Department said that these would measure how many people had found work three months into their claim; how many were still out of work six months in; how many people stay in work for at least three months; and the average earnings of people in work.

- Analysis of UC earnings compared to similar Tax Credit earnings.
- Analysis of HMRC RTI data on earnings from employment.
- Analysis of the Labour Force Survey.
- Analysis of Universal Credit self-employment compared with tax credit self-employment, and a self-employment tracking survey.
- "Benefit combination statistics": a "time-series comparison of the number of claimants in consistent claimant type groups before and after Universal Credit was introduced".

For each of these, I would be grateful if you could tell us:

1) Whether the research was carried out, and if it was not carried out, why the Department decided not to do so; and

2) If the research was carried out, why the results have not been published?

Aside from the 2018 research, we are not aware of any research that the Department has published on Universal Credit's labour market impact since 2018.

3) Is any further research or analysis planned on Universal Credit's labour market impact and if so, when might we expect it to be published?

We would be grateful for a reply by **Friday 25 February**.

Yours sincerely,

A handwritten signature in black ink that reads "Stephen Timms". The signature is written in a cursive style with a horizontal line above the name.

Rt Hon Stephen Timms MP
Chair