



Department  
for Work &  
Pensions



# Universal Credit: In-Work Progression Randomised Controlled Trial

Summary research findings

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# Summary

## 1.1 Introduction and background

When Universal Credit (UC) is fully rolled out, around seven million households will be in receipt of the benefit, of which around three million will be in work. This will be new territory for the government's employment services. For the first time, the Department for Work and Pensions (DWP) will work with individuals to help them stay in employment and, where appropriate, support and encourage them to increase their earnings.

This report presents summary findings of the evaluation of the DWP's In-Work Progression (IWP) Randomised Controlled Trial (RCT). The trial was designed to test the effectiveness of differing intensities of support and conditionality provided to current UC claimants in low-paid work or low-income households.<sup>1</sup> This is part of the DWP's wider 'Test and Learn' approach to support the development of an effective in-work offer under UC.

The IWP RCT was initially introduced in ten Jobcentre Plus offices in April 2015. Mirroring the roll out of UC, the trial began a wider roll out to Jobcentre Plus offices across the country<sup>2</sup> from December 2015, and soon became a national trial. Recruitment onto the trial ended in March 2017 and delivery of the interventions ended on 31 March 2018. In total 30,709 claimants passed through the trial and were available for analysis.<sup>3</sup>

The RCT had three treatment groups:<sup>4</sup>

- Frequent Support (formerly known as Group 2) claimants met with their Work Coach **fortnightly** to get support and review agreed actions;
- Moderate Support (formerly known as Group 1) claimants met with their Work Coach every **eight weeks** to get support and review agreed actions;
- Minimal Support (formerly known as Group 3) claimants had an initial telephone appointment and a follow-up telephone call eight weeks after starting the trial.

Agreed actions were mandatory for participants in the Frequent and Moderate groups, and voluntary for participants in the Minimal Support group.

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<sup>1</sup> Only those working individuals and households whose income fell between the Administrative Earnings Threshold (AET) and the Conditionality Earnings Threshold (CET), were eligible to participate in the trial – this group is known as the 'Light Touch' conditionality group.

<sup>2</sup> With the exception of two areas – *Musselburgh* and *London Bridge*.

<sup>3</sup> DWP administrative data shows that 42,452 participants were issued with a trial start marker, however, for various reasons a number of cases had to be excluded or were not available for analysis. Please see Impact Analysis for further details <https://www.gov.uk/government/publications/universal-credit-in-work-progression-randomised-controlled-trial>.

<sup>4</sup> Previously the three trial groups have been referred to as Group 1 (Moderate Support), Group 2 (Frequent Support), and Group 3 (Minimal Support). These groups have been renamed and re-ordered to aid reader understanding.

### 1.1.1 Evaluation approach

The purpose of this research was to understand the impact of the trial in supporting UC claimants to increase their earnings and progress in work, and this was done through comparing hard and soft outcomes<sup>5</sup> between each of the trial groups. The trial evaluation comprised two main strands: an impact assessment using HMRC and DWP administrative data conducted by DWP analysts, and two waves of longitudinal quantitative and qualitative research with trial participants conducted by independent research organisation Ipsos MORI. This research was supplemented by qualitative research with employers (conducted by Ipsos MORI) and Work Coaches (conducted by DWP).

The DWP impact assessment focused on the earnings impact of the trial and was based on the sample of 30,709 trial participants. Using HMRC's Real Time Information (RTI) earnings data, linked to DWP administrative datasets, the impact assessment compared earnings outcomes between the treatment groups across two measures:

- The earnings impact (in British pounds) for each participant in each of the three groups 52 weeks after their trial start date.
- The percentage of claimants who have seen earnings progression of at least 10 per cent since their trial start date.

The evaluation conducted by Ipsos MORI considered the impact of the trial on participants' self-reported earnings and also looked at a range of intermediate outcomes, such as changes in attitudes and behaviours and take up of training. The quantitative research was conducted in two waves. Trial participants were initially surveyed three months after joining the trial, and then again at 15 months: 2,698 trial participants were surveyed at wave one and 1,206 at wave two. The reduction in sample size at wave two resulted from sample attrition, primarily linked to difficulties re-contacting participants. This external evaluation also comprised 60 in-depth interviews with trial participants at wave one, 30 follow-up interviews at wave two, and 30 qualitative interviews with employers in low-paying sectors.

## 1.2 Implementation and delivery

The trial was delivered through Work Coaches and contact with them was the primary way in which claimants experienced the trial. Work Coaches provided support and encouragement to trial participants to think about progression – for example by increasing hours, or seeking out progression opportunities within or beyond their current employer – as well as referring participants to job-related training or the National Careers Service for further advice and support. Training provided to Work Coaches ranged from written guidance, talking to and observing colleagues, or more intensive training delivered by the IWP project team and Learning and Development staff.

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<sup>5</sup> Hard outcomes include our main impact measures of earnings, as well as other readily quantifiable outcomes such as changes in hours or moving jobs. Softer outcomes relate to more subjective factors such as changes in attitudes and motivation.

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The RCT design was supported by a dedicated compliance function, who conducted on-going checks and assisted sites in delivering the trial in line with expectations. This compliance function was crucial to maintaining the integrity of the trial and ensuring robust findings.

### **Trial delivery**

Qualitative research found that Work Coach confidence in delivering the IWP trial varied. More confident Work Coaches felt that IWP was a natural expansion of their role. Others had difficulty delivering the intervention at the beginning of the trial. For these Work Coaches the practical experience and support provided by the project team was key to helping them overcome initial challenges.

There was also variation in how the trial was delivered, with some Work Coaches providing a basic level of support (for example, simply reviewing actions agreed in the Claimant Commitment), while others used their time with trial participants to have a more meaningful conversation about career aspirations. This was mirrored in the qualitative research with participants, which found variation in their experiences of Work Coach support, as discussed further in section 1.3.

Variation in delivery meant that in some cases claimants did not experience the frequency of meetings specified in the trial design. Administrative data shows that on average participants in the Frequent Support group had 21.0 meetings over 52 weeks (compared to the intended 26); those in the Moderate Support group had 9.8 meetings (compared to the intended 6) and the Minimal Support group had 2.5 meetings (compared to the intended 1). Despite variation, the data shows that the relative differences in the frequency of support and conditionality offered across all three groups broadly reflected the original trial design. As such we can be confident that the trial operated to a high level of fidelity allowing robust conclusions to be drawn.

## **1.3 Claimant impact findings**

Findings from this section are drawn from the DWP Impact Assessment and Ipsos MORI external evaluation, and focus on impact on earnings among trial participants.

### **1.3.1 Earnings progression**

The DWP Impact Assessment considered two key measures: the average weekly earnings of each treatment group and the proportion of participants in each group who had seen earnings progression of 10 per cent or more. This analysis is based on 30,709 trial participants, 52 weeks after they started on the trial.

For both progression measures, the results indicate statistically significant differences in progression for the Frequent and Moderate Support groups when compared to the Minimal Support group.

In week 52:

- Frequent and Moderate Support participants earned £5.25 and £4.43 more respectively than Minimal Support participants.

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- The proportion of participants who had increased their earnings by 10 per cent or more was 2.9 and 2.4 percentage points higher in the Frequent and Moderate Support groups respectively than the Minimal Support group.

While these findings are encouraging, it is important to note that the recorded impacts are small in magnitude and need to be tracked over a longer time period in order to see if progression is sustained.<sup>6</sup> Furthermore, the external evaluation did not detect a statistically significant difference in (self-reported) earnings growth at wave two between the treatment groups. This lack of statistical significance is likely due to the smaller sample size in the external evaluation (1,206 participants at wave two).

The external evaluation found a number of key factors that could impact claimants' chances of increasing their earnings in addition to differences in intensity of support and conditionality. For example, across the trial as a whole, there were statistically significant differences in progression outcomes between those participants that undertook job-related training and those that didn't, with the former group seeing a greater increase in earnings on average.

The qualitative research also found that progression outcomes were associated with participants' personal motivation and their relationship with their Work Coach. In particular, for claimants with lower levels of motivation and greater barriers to progression, success was far more closely linked to the type of support offered. In these cases, the motivational aspects of the Work Coach role were crucial. The qualitative research found that even if some practical barriers to progression were addressed, a failure to deal with more personal and motivational issues meant these claimants often did not achieve an increase in earnings over the course of the trial (although they had put in place foundations for progression by completing training or moving jobs). In cases where personal motivation was low, and the support offered was limited, this often led to claimants remaining 'stuck' or dropping out of the labour market altogether.

### 1.3.2 Intermediate outcomes

The secondary trial outcomes – measured through the external evaluation – were to understand the extent to which IWP support has helped participants build a foundation for long-term or future progression by, for example, improving their skills. Overall, there were some encouraging findings for participants in the Frequent Support group: this group was more likely than others to report positive outcomes resulting from actions they had undertaken to progress. They also reported fewer barriers to progression at wave two than at wave one.

Among participants as a whole, a large majority (91 per cent) had undertaken a number of actions to progress in work, most commonly looking for a new job (in place of or alongside their existing job) and requesting additional hours. The number of actions taken was consistent across the groups, although there were differences in relation to specific actions. For example, at wave two, Frequent Support participants were more likely than other participants to have been on a training course to improve their qualifications or skills (33 per cent, compared to 24 per cent for the Moderate Support group and 26 per cent for the Minimal Support group). They were also more likely than other groups to report that the actions that they had undertaken had

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<sup>6</sup> DWP analysts intend to conduct a longer-term analysis when the data becomes available.

resulted in a new job (22 per cent, compared to 16 per cent for the other two groups) or increased hours (45 per cent compared to 37 per cent for the Moderate Support group and 33 per cent for the Minimal Support group).

At both waves, participants saw the main barriers to progression as the lack of available full-time jobs, their own health issues and their lack of skills or qualifications. Frequent Support group participants reported fewer barriers at wave two than at wave one, whereas the number of barriers increased slightly for those in the other groups.

### **1.3.3 Sanctions data**

Analysis of DWP administrative data found that overall 2.4 per cent of trial participants received a sanction. The Frequent Support group had the highest sanction rate at 3.1 per cent, compared to 2.6 per cent for the Moderate Support group and 1.5 per cent for the Minimal Support group. There was a statistically significant difference in the sanction rates for participants in Frequent and Moderate groups compared with the Minimal Support group. This would be expected given that these two groups had more frequent mandatory meetings than participants in the Minimal Support group.

The main reason why participants on the trial were sanctioned, across all trial groups, was for failing to attend a face-to-face or telephone meeting. These low-level sanctions accounted for 91 per cent of the sanctions given.

## **1.4 Employer perspectives**

The findings in this section are drawn from qualitative research with 30 employers, conducted between November 2016 and February 2017. Interviews were carried out with employers of a range of sizes in locations across the country in sectors which employ a high proportion of low-skill staff.

### **1.4.1 Views on progression**

Employers placed value in employees who demonstrated a desire to progress. They felt it showed engagement with the organisation, a commitment to the role and a good attitude towards work. Within the organisations interviewed, both barriers to and enablers of progression were present.

Progression opportunities varied by size and structure of the organisation. Large organisations with a hierarchical structure or clearly differentiated job roles offered more opportunities for vertical progression. Progression opportunities were more limited in small organisations, or large organisations with a flat structure. Of these employers, firms that were committed to employee retention provided routes to move into different job roles, at the same level, or to develop wider skills by offering staff opportunities to undertake training.

Barriers to progression reported by employers were mainly structural:

- Limited numbers of roles at a higher level restricted opportunities for vertical progression. This barrier was present in large organisations with a relatively flat structure and smaller organisations with few posts.



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- Low staff turnover also acted as a barrier to progression by impacting on the availability of positions for employees to move into. This was present in both large and small organisations.
- Staffing budgets placed limits on the number of positions, levels of pay or training on offer. Although public sector or charitable organisations tended to want to help their employees to progress and may have had progression policies in place, their dependence on external funding meant their ability to put this into practice was limited.
- The need for a particular skill-set presented a barrier to internal progression for low-skilled employees in specialist organisations.

The research found that progression opportunities for low paid staff were more prevalent in organisations with the following characteristics:

- A belief that low staff turnover and retention of staff was good for the business. Employers with this attitude supported progression amongst staff on permanent contracts as this was seen as key to retaining them in the business. These opportunities were less likely to be available to those on a temporary or zero-hours contract or employed through an agency. As such, the move to a permanent role (whether full or part time) could be key to participants' ability to unlock opportunities for further progression.
- Prioritising filling vacancies with internal candidates also helped open up opportunities for progression. Employers felt that this approach encouraged staff retention as it demonstrated there were opportunities to develop new skills and gain broader experience. Offering jobs internally also created a cascade effect, whereby a new position in one part of the business could create a number of new opportunities in different areas as people moved around. This approach was more typical of larger organisations who had more positions to fill overall.
- Business growth acted as an enabler of progression as it allowed the organisation to create more opportunities, both in terms of job vacancies and being able to offer training and development.
- Employee motivation was generally recognised as the most important personal driver of progression. Greater opportunities for progression were available to those staff who demonstrated that they were motivated and engaged with their work. Employees with low motivation had limited progression opportunities.

Although there was limited awareness of the Department's current work on progression, once informed, employers were supportive and felt that it was a natural fit for DWP and Jobcentre Plus to work with employers on this. Employers felt that progression outcomes could be enhanced by a number of factors linked to their interaction with DWP, including: DWP/Jobcentre Plus working more closely with employers both nationally and locally; improvements in the Jobcentre Plus' core service to employers, through better targeted candidate selection and greater availability of apprenticeships and Work Trials; and for DWP/Jobcentre Plus to be seen by employers as the authoritative source of information on progression, training, and staff engagement/retention.



## 1.5 Conclusions

The In-Work Progression RCT aimed to test the impact of varying support and conditionality regimes on earnings progression for low-paid Universal Credit claimants. The findings from the trial's impact assessment show a small, yet statistically significant, impact on earnings progression when the two more intensive regimes are compared with the most light-touch intervention. Compared with the Minimal Support group, Moderate support group participants earned £4.43 more in week 52, while Frequent Support group participants earned £5.25 more. Similarly, the proportion of claimants experiencing earnings progression of at least 10 per cent at 52 weeks was higher in the two more intensive support groups compared with the Minimal group. Further analysis over a longer tracking period is required to understand the extent to which these positive impacts are sustained.

A wider assessment of intermediate outcomes, as part of the external evaluation found encouraging results that suggest that those receiving more intensive support were able to build some of the necessary foundations to support future earnings progression. Frequent Support group participants, for example, undertook more actions to improve their chances of progression (including job-related training) than participants in other groups and, as a result, reported fewer barriers to progression at wave two. This suggests that the intervention received by the Frequent Support group may have influenced behaviours and supported positive intermediate outcomes.

The evaluation also uncovered other factors that may influence the effectiveness of interventions targeting in-work progression. This includes evidence of a positive link between taking part in job-related training and improved outcomes. A greater understanding of the content and delivery of this training – including the benefits of employer-provided training against more generic forms of job-related training – will enable the Department to offer more effective support in this area.

Qualitative research found that the extent to which the intervention was tailored to the needs of the participant was often central to achieving positive progression outcomes. Participants who received an intervention which addressed their personal barriers were more likely to either increase their hours or earnings whilst on the trial or open up opportunities to do so in the longer term. It was important that these practical and motivational barriers to progression were addressed, as well as skills barriers.

The employer research found that opportunities for progression for low-skilled workers were more likely to be available in organisations which valued low staff turnover and staff retention. These employers were more likely to offer progression opportunities in order to retain staff. However, these opportunities were limited to permanent employees, meaning that securing a permanent contract was an important step to progression. This research also found that more could be done to strengthen relationships between DWP/Jobcentre Plus and employers to foster improved progression outcomes.

Overall, the In-Work Progression RCT represents a significant step in the Department's 'Test and Learn' approach to developing an effective in-work offer for Universal Credit claimants. DWP intends to build on this trial, and the Autumn Budget 2017 committed £8 million over four years from 2018/19 to further develop the

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evidence base. DWP will be working in partnership with organisations both inside and outside government to develop evidence about what works to help people earn more and progress in work.

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