



Department  
for Work &  
Pensions

# Exploratory analysis and comparison of Universal Credit and JSA outcomes

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# Universal Credit

Universal Credit (UC) is a single payment designed to ensure that claimants are better off in work than on benefit whilst supporting those in need.

UC is being introduced on a gradual basis. The first claims were received in April 2013, starting with single out of work claimants without children living in certain areas in the North West. Since then UC has rolled out across the North West and to some other areas of Great Britain. UC has also been extended to other claimant groups across the North West. UC will expand across Great Britain from February 2015, rolling out to single claimants previously eligible for Jobseekers Allowance (JSA) in remaining Jobcentres and local authorities.

## Method

The following analysis has been undertaken to benchmark the delivery of UC during the first nine months of live running and to provide an early indication of possible differences between UC and JSA outcomes. A positive difference might suggest that UC claimants are changing their behaviour. This analysis does not provide a complete impact assessment of UC, further matching of groups is necessary to enable this to be completed. The Department is carrying out this more detailed work as outlined in the methodology paper published on 22<sup>nd</sup> July 2014, (Evaluating the impact of Universal Credit on the labour market).

To understand UC claimant outcomes, a sample of some 20% of 'new claims' received from claimants in Ashton, Oldham, Wigan and Warrington over a period from end of July 2013 to mid-January 2014 have been examined. For each month each case's circumstance has been assessed against the JSA regime. From this assessment it is possible to estimate, given their observed behaviour, what proportion of the UC claimant population would have been in receipt of JSA.

These UC outcomes are then compared with the actual behaviour associated with a broadly equivalent group of JSA claimants in similar non-Pathfinder sites between August and December 2013. The comparator sites are selected to have similar historic JSA on-flow and off-flow rates.

Outcome data for the comparator group are drawn from the Department's administrative data sources. Whilst the JSA claimants are filtered, as far as possible, to reflect the UC entitlement criteria the alignment is not exact because, for example, the available JSA data does not explicitly identify a claimant's residency or citizenship status; housing status; presence of bank account or the presence of a non-resident dependant child.

The table below shows the key criteria for UC eligibility and italicizes the items that are not available on the JSA administrative systems:

- live in a pathfinder area
- between age 18 and 60
- have low capital and/or income
- sign a claimant commitment
- not in education
- not live with partner
- have a national insurance number
- not claiming any other out of work benefits (or recently claimed benefit)
- *British citizen and resident for at least 2 years*
- *not a home owner (or mortgage)*
- not have resident/dependant child
- *not have non-resident/dependant child live at your usual address*
- *have a bank account*

A full set of UC criteria is available at Annex A.

Whilst the characteristics of the JSA comparison group will be slightly different to those on UC the age and gender structure used within the analysis are broadly similar.

Impacts are then tracked over time for each cohort, and an estimate of the proportions of the claimants who would no longer be in receipt of JSA due to their circumstances changing at points over time are recorded.

The analysis uses a significance test based on multiple samples drawn at random from the comparator JSA data. These permutations are used to assess if the outcomes inferred from UC behaviours could be observed 'by chance' from within the comparator data.

For small samples (such as these) the re-sampling approach used provides more accurate analysis and the outputs are more intuitive compared with more traditional statistical tests. However given the limitations of small samples the analysis can only identify differences between 'off-flow' to around 5ppts. Importantly these statistical tests will not account for the possible differences in samples created by using administrative sources to identify a set of JSA claimants. Given the potential for bias, the analysis presented in this can only provide an indication of difference between UC and JSA outcomes.

## Results

Table 1 sets out the percentage of the group who would no longer be in receipt of JSA classified by age (differences between UC and equivalent JSA exits that are statistically significant are highlighted).

	Inflow <sup>1</sup>	Group	Claim Status at Key Dates		
			Equivalent JSA Exits <sup>2</sup>		
			24 and under	25 and over	total
At 30 Days	10,300	JSA	26%	<b>22%</b>	25%
At Assessment Period 1	690	UC	26%	<b>30%</b>	28%
At 60 Days	10,300	JSA	44%	<b>38%</b>	<b>42%</b>
At Assessment Period 2	690	UC	47%	<b>55%</b>	<b>49%</b>
At 90 Days	10,300	JSA	<b>56%</b>	<b>50%</b>	<b>54%</b>
At Assessment Period 3	690	UC	<b>60%</b>	<b>62%</b>	<b>60%</b>
At 120 Days	10,300	JSA	63%	<b>58%</b>	<b>61%</b>
At Assessment Period 4	690	UC	66%	<b>68%</b>	<b>66%</b>

Note 1: 34% of the UC sample is '25 and over'. The proportion '24 and under' is 66%.

Note 2: Exits that produce statistically significant differences are highlighted

The analysis should be considered to provide a broad indication of possible differences in behaviours/outcomes between UC and broadly similar JSA claimants.

UC claimants in both age groups appear to be more likely to behave in ways which would have been associated with a move off JSA compared to broadly similar JSA claimants. This could be interpreted as indicating that UC claimants are positively changing their behaviour.

The older age group appear to show the larger differences in behaviours. However it is important to note that this is a very specific segment of the UC and JSA population and might be more sensitive to our ability to identify a broadly similar group of JSA claimants. In addition the sample size is relatively small.

Whilst the highlighted differences presented in Table 1 are statistically significant there is a risk that the results are driven by

- Small volumes and seasonality which could distort the results i.e. characteristics of claimants flowing onto UC changes over time and overall volume analysed is relatively small; or
- Differences we have not been able to control for between the comparator JSA group and the UC claimant group. This could create selection bias i.e. UC claimant are not the same as those in the comparator JSA data; or
- Location and site specific factors that impact labour market or delivery outcomes.

Ultimately more data, with a stronger set of matching criteria across a wider timeframe is required to confirm these impacts and to understand whether they are sustained. However this analysis is a useful early indication that UC claimants might be responding positively. The Department plans to carry out a detailed evaluation which will address these points in the future.

# Contacts

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# Annex 1: Eligibility criteria for UC Pathfinder

A claimant is eligible for UC if they live in a Pathfinder area and:

- Do not own their property outright or have a mortgage
- Is not homeless
- Do not live in supported accommodation
- Does not live with a partner
- Does not have any dependent children
- Is not required to pay maintenance for a child by the Child Support Agency
- Is a British citizen living in England, Wales or Scotland
- Has lived in the UK continuously for the last 2 years
- Is aged between 18 and 60 years and 6 months
- Has a UK national insurance number
- Does not receive and/or receive Disability Learning Allowance or Personal Independent Payment
- Does not have a fit note or is in a period of self-certification for sickness
- Is not self-employed
- Is not in education or training and is not due to start education or training in the next month
- Is not represented by a Personal Acting Body/Citizens Advice Bureau
- Is not a carer for an adult with disabilities or health problems
- Is not pregnant and has not given birth in the last 15 weeks
- Does not have savings, shares or capital worth over £6,000
- Has a bank, building society or post office card account
- Do not have take home pay of over £270 a month if aged under 25
- Do not have take home pay of £330 a month or over if aged 25 or over
- Is not currently claiming Employment and Support Allowance, Job Seekers Allowance, Income Support, Working Tax Credit, Incapacity Benefit, Housing Benefit, Severe Disablement Allowance
- Is not appealing against a decision not to pay Employment and Support Allowance, Job Seekers Allowance, Income Support, Working Tax Credit, Incapacity Benefit, Housing Benefit, Severe Disablement Allowance
- Is not waiting for a decision on Employment and Support Allowance, Job Seekers Allowance, Income Support, Working Tax Credit, Housing Benefit
- Have not received Job Seekers Allowance in the last 2 weeks
- Have not received Employment and Support Allowance in the last 2 weeks