

Freedom of Information request 2080/2011

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Information request

'Any analysis that the Department has undertaken on the potential impact of Universal Credit on employment (number of people in work) and hours worked in the economy - in particular whether the department has assessed the impact on total hours worked in the economy and the estimate of this impact in further detail than the Impact Assessment.'

DWP response

By simplifying the welfare system, and improving financial incentives to work, Universal Credit will remove barriers and provide greater opportunities for jobseekers and others trapped on welfare to enter work. This will create opportunities for many people to enter work and progress that do not exist today. Overall we anticipate that Universal Credit will have a positive impact on the labour market, allowing people to adjust their working hours in response to a system that is free of complexity and distortions, and reducing worklessness more over time as a culture of work becomes the norm.

The department has produced an estimate of the impact of Universal Credit on the number of workless households, and the results and methodology are set out in the Impact Assessment.

However the Department is unable to provide an overall estimate of the impact that the reforms will have on employment or hours worked in the economy. Modelling of the behavioural impacts of such a fundamental reform is extremely challenging, and even more so when considering the decisions made by couples, and the precise hours that people will work. We are currently considering whether there is a way of robustly estimating these effects.