From the Chair

Paul Johnson
Director, Institute for Fiscal Studies
7 Ridgmount Street
London WC1 7AE

12 March 2018

Universal Credit employment impact

You may be aware that the Committee has had ongoing correspondence with DWP regarding the employment impact of Universal Credit. I have attached a copy of our most recent letter, dated 23 February, and the Department’s response dated 12 March.

In our letter of 23 February the Committee asked a series of detailed questions about the Policy Simulation Model and academic evidence used to estimate Universal Credit’s employment impact. These questions related to claims by Neil Couling in a letter to Baroness Hollis that UC would result in 260,000 more people in work once fully rolled out, compared to the legacy system. This comprised of:

- 150,000 due to increased financial incentives to move into work;
- 50,000 due to increased conditionality; and
- 60,000 due to simplification of the benefit system.

The Department neglected to answer any of our questions. It did, however, reassure us that:

The approach to our analysis underpinning these estimates was reviewed by the Institute for Fiscal Studies.

Given this, I would be very grateful if you would please respond to the following queries.

1. In your view, are the Department’s estimates of UC’s employment impact cited above reasonable?
2. What might be the margins of error on these estimates?

With best wishes and I look forward to hearing from you.

Rt Hon Frank Field MP
Chair