



Work and Pensions Committee

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

From the Chair

12 March 2018

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

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