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Work Focused Interviews for Partners and enhanced New Deal for Partners: Quantitative impact Assessment

**Richard Dorsett
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Policy Studies Institute

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Department for Work and Pensions

Research Report No 352

Work Focused Interviews for Partners and enhanced New Deal for Partners: Quantitative impact assessment

Richard Dorsett, Getinet Haile and Stefan Speckesser

A report of research carried out by the Policy Studies Institute on behalf of the
Department for Work and Pensions

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List of abbreviations

| | |
|--------------|--|
| ADI | Adult Dependency Increase |
| CA | Carer's Allowance |
| DiD | Difference in differences |
| DWP | Department for Work and Pensions |
| GMS | Generalised Matching Service |
| HMRC | Her Majesty's Revenue & Customs |
| IB | Incapacity Benefit |
| ICA | Invalid Care Allowance |
| IS | Income Support |
| ISCS | Income Support Computer System |
| IV | Instrumental variable |
| JSA | Jobseeker's Allowance |
| JSAPS | Jobseeker's Allowance Payment System |
| LMS | Labour Market System |
| NDLP | New Deal for Lone Parents |
| NDP | New Deal for Partners |
| NDPU | New Deal for Partners of Unemployed People |
| NINO | National Insurance number |
| PSCS | Pensions System Computer System |
| PSI | Policy Studies Institute |

| | |
|-------------|---|
| SDA | Severe Disablement Allowance |
| WASD | Working-Age Statistical Database (please note that this is now referred to as the National Benefits Database) |
| WFI | Work Focused Interview |
| WFIP | Work Focused Interview for Partners |

Summary

Background

Work Focused Interviews for Partners (WFIPs) were introduced in April 2004 in all Jobcentre Plus offices. Partners of those claiming Jobseeker's Allowance (JSA), Income Support (IS), Incapacity Benefit (IB) or Severe Disablement Allowance (SDA) are now required to attend a single interview to discuss the possibility of working.

An important role of a WFIP is to promote the New Deal for Partners (NDP). This has existed in some form since 1999 but was enhanced at the same time WFIPs were introduced, having been re-modelled along the lines of the New Deal for Lone Parents. This is a voluntary programme offering a range of support to help partners consider taking up employment. Eligibility is similar to that for WFIP except that those in receipt of Carer's Allowance are also eligible. It is available in both Jobcentre Plus and non-Jobcentre Plus areas.

This report presents the results of a quantitative evaluation of the impact of WFIP and NDP. Specifically, it is concerned with the extent to which WFIP influences participation in NDP and the extent to which WFIP and NDP affect labour market outcomes. The outcomes considered are benefit receipt and employment.

The stock and the flow

The operation of WFIP differs according to the duration of the benefit claim at the time of WFIP introduction. For claims under 26 weeks at this time (referred to as the 'flow' in this report), partners are invited to interview once the claim reaches the 26 week point or, if the partnership begins after the spell has passed the six-month mark, as soon as the partnership forms. For claims longer than 26 weeks at the time of WFIP introduction (the 'stock'), partners must attend a WFIP within three years.

Data

The impact assessment was based on administrative data. These were not designed with evaluation in mind, and there were some problems that, to some extent, shaped the approach taken to the analysis. Two key issues were:

- lack of precise knowledge of the time Jobcentres integrated into the Jobcentre Plus network;
- inability to precisely identify the eligible population from administrative benefits data. The eligible population identified in Jobcentre Plus areas using information on benefit spells was much larger than that recorded in the WFIP participants' database.

Evaluation approach

The impact estimates were produced using two alternative strategies:

- Difference-in-differences (DiD) estimates are based on a comparison of changes before and after the introduction of the intervention among those eligible to participate with similar changes among those not eligible to participate;
- Instrumental variable (IV) estimates exploit the fact that stock records were downloaded to the Labour Market System (LMS) over a two-month period and the order of download was determined by a random number. Since the timing of download affects the probability of participating in WFIP but does not affect outcomes, this allows the impact of WFIP participation to be identified.

Descriptive statistics

The data provided some information on characteristics of the population and the WFIP experience. Key issues include:

- about a quarter of benefit spells were less than a year in duration but more than half were at least three years long;
- on average, WFIPs were booked for flow partners 30 days after becoming eligible. For stock partners, the average was 123 days;
- in 38 per cent of stock cases and 34 per cent of flow cases, partners attending a WFIP declined offers of further help. In five per cent of stock cases and eight per cent of flow cases, the WFIP destination was recorded as 'into work' or 'partner working over 24 hours';
- NDP take up following WFIP is much more common than self-referral. Only 0.5 per cent of those who had not attended a WFIP participated in NDP, compared to 3.5 per cent of those who had attended a WFIP;

- more than half of all cases were IS spells (closer to three-quarters for the stock). The remainder divided quite evenly between JSA and IB¹;
- For the stock, spells on JSA tended to be shorter than spells on IS or IB: 43 per cent of JSA spells were under a year in duration at go-live day while 43 and 56 per cent respectively of IS and IB spells were longer than five years;
- dependent children were present in the households of 64 per cent of stock couples. In about three-quarters of cases the youngest child was of pre-secondary school age;
- the main over-representation of WFIP stock partners appears to be in Scotland, Wales, the North East and North West England;
- Seventy-two per cent of stock partners who remain on benefit will not have attended a Work Focused Interview (WFI) within a year of their records being downloaded (although as stated previously, Jobcentre Plus offices have up to three years to clear stock cases from the time they convert to Jobcentre Plus).

Impact estimates

With the DiD estimates, the longest outcome observed was 37 weeks after eligibility commences. For IV estimates, outcomes up to 12 (28-day) months after WFIP participation were observed.

The most complete analysis was possible when considering the effects of WFIP. The key results are:

- for stock couples, WFIP **eligibility** appeared to reduce benefit claims after 37 weeks by about one percentage point;
- WFIP participation reduced benefit claims (37 weeks after eligibility) among stock by at most 4.6 percentage points if one assumes WFIP had no deterrent effect. Since significant effects were evident sooner after eligibility than WFIP participation usually takes place, this assumption is unlikely to hold – the true effect of participation will be lower;
- there is no evidence to suggest that WFIP encouraged the movement from non-employment to employment among stock couples;
- stock couples on JSA were more likely to exit benefit than those on other benefits, those with less than two years benefit duration were more likely to exit than those who had been on benefit for longer. Those aged 25-45 were more likely to exit than those who were older or younger than this;

¹ It should be noted that partners are not benefit claimants in their own right – these IS spells relate to the benefit spell of the main claimant and relate to when the partner became part of their claim.

- no significant effects of WFIP eligibility or participation were evident for flow couples. This was true when considering the population as a whole and when considering results separately according to whether claiming JSA or according to age.
- participation in WFIP appeared to increase NDP participation by about 3.5 percentage points (NDP participation among those who had not attended a WFIP was 0.5 per cent). For stock couples, it was possible to look at variations across subgroups in the effect on NDP take-up. As with the consideration of benefit outcomes, those on benefit for less than two years, those claiming JSA and those aged 25-45 were more likely than their counterparts to respond to WFIP participation by participating in NDP.

When considering the effects of NDP and WFIP/NDP combined, the data problems were more evident and the results should be treated with some caution. In view of this, they are presented as indicative rather than precise results:

- there is marginal evidence that NDP eligibility reduces benefit claims among stock couples. The effect of WFIP/NDP combined is estimated to be similar, although these results appear more significant
- for flow couples, the effects of NDP and NDP/WFI combined were found to be more substantial and significant.

Conclusion

This report provides robust evidence on the effect of the introduction of WFIPs and indicative results on the effects of NDP. The estimated effects of WFIP are the most policy-relevant results since they capture the effects of a mandatory WFIP and any resulting NDP participation.

The results show that WFIP eligibility increased benefit exits among stock couples by about one percentage point (roughly 77 per cent of stock couples were on benefit 37 weeks after their eligibility commenced) but not among flow couples. This may reflect a deterrent effect – stock couples ending their benefit spell rather than participate in a WFIP. There was no detectable increase in employment for stock couples. However, the data available do not permit investigation of increased hours of working as a result of WFIP.

WFIPs have been successful in increasing NDP participation by about 3.5 percentage points. Relative to the small proportion of eligible partners entering NDP this represents a substantial increase.

It is possible that this increase in NDP participation may, in turn, lead to a reduction in benefit claims. There is little reason to believe this will happen for stock couples. For couples newly entering WFIP eligibility, however, the results suggest that NDP may be effective in encouraging a move away from benefits.

1 Introduction

1.1 An overview of Work Focused Interviews for Partners/New Deal for Partners

In recent years, partners of benefit claimants have attracted increasing policy attention. Following the Chancellor's 1998 announcement that partners of unemployed people (who are themselves out of work or working part-time) should have access to employment programmes on the same basis as jobseekers, the New Deal for Partners of Unemployed People (NDPU) was launched in April 1999. This was a voluntary programme to help partners of those receiving Jobseeker's Allowance (JSA) to improve their prospects of finding work. In April 2001, the eligible group was broadened to include partners of those claiming Income Support (IS), Incapacity Benefit (IB), Severe Disablement Allowance (SDA) and Invalid Care Allowance² (ICA).³ Accordingly, NDPU was renamed the New Deal for Partners (NDP).

Take up of NDP was low – only about two per cent of those invited to an initial interview actually attended – and this was attributed to the programme having little to offer partners, particularly since many partners had substantial labour market issues, such as poor health and caring responsibilities (for example, Arrowsmith, 2004). To address this, NDP was re-designed along the lines of the New Deal for Lone Parents (NDLP) and was re-launched nationally in April 2004.

² ICA has since been replaced by Carer's Allowance (CA).

³ On 25 October 2004, eligibility for NDP was extended to those in a family in receipt of Working Tax Credits who are either not working or working less than 16 hours a week and to partners of people claiming Pension Credit who are not working or work less than 24 hours a week. Such partners are not considered in this report.

In addition to provision previously available through NDP (which includes assistance with jobsearch, information about in-work benefits/tax credits and access to the Adviser Discretion Fund), the relaunched programme includes:

- an increase in the Training Allowance (from £10 to £15) for people on approved training under NDP;
- entry into the revised work incentives scheme from October 2004 including the revised Job Grant;
- access to a childcare subsidy for partners taking up work of less than 16 hours a week;
- access to the same training available under NDLP;
- access to debt counselling services;
- increasing to six months the length of time a partner can 'test trade' under the self-employed option, for partners in receipt of IS or JSA for 18 months or more.

Interested partners can access the NDP services on a self-referral basis without having to satisfy a minimum period of eligibility. This reflects evidence which shows that the longer a couple have been workless, the more difficult it is to find work (Bonjour and Dorsett 2002).

The re-launch of NDP coincided with the introduction of Work Focused Interviews for partners (WFIP). Attendance at such a meeting is mandatory and the aim is to ensure that all partners understand the range of help available to them. Hence, an important role of WFIP is to encourage participation in NDP.

WFIP was introduced in Jobcentre Plus office areas in April 2004 and will be extended to the rest of the UK as more areas integrate with the Jobcentre Plus network. National roll-out of Jobcentre Plus is scheduled to complete in 2006. Eligibility for WFIP is similar to that for NDP except that those in receipt of CA alone are not eligible. The design of WFIP takes its lead from the requirements placed on lone parents to attend a Work Focused Interview (WFI). A system of deferrals and waivers is in place to protect partners for whom work is not a viable option. Partners are required to participate in a single interview and any further involvement (such as NDP) is purely voluntary. However, failure to attend or participate in WFIP can result in the customer's benefit being sanctioned indefinitely until the partner participates.

The operation of WFIP differs according to the duration of the benefit claim at the time of local introduction. For claims under 26 weeks at this time (referred to as the 'flow' in the remainder of this report), partners are invited to interview once the claim reaches the 26 week point. For claims longer than this at the time of local introduction (the 'stock'), partners must attend a WFIP within three years.

1.2 Policy objectives

The high-level policy objectives of WFIP and NDP are to:

- reduce the number of workless households;
- encourage partners in workless households to achieve a successful and sustainable entry into employment;
- help progression to better and/or full-time work for partners already working part-time;
- create the conditions for those who are not immediately job ready to make or regain contact with the labour market by assisting them to acquire the skills, confidence and social stability to increase their employment opportunities and to compete effectively in the labour market;
- give partners parity with other benefit claimants in accessing Jobcentre Plus programmes;
- reduce child poverty.

The lower-level objectives are to:

- extend Department for Work and Pensions (DWP) services and labour market opportunities to clients who have traditionally been excluded from such sources of assistance and so make partners aware of the services they can access now and in the future;
- provide the opportunity to increase the hours individual partners are working, their earnings, and the general standards of living of households;
- make the most effective use of public money, in terms of encouraging partners to move into work;
- improve partners' attitudes, confidence, sense of wellbeing and self-esteem;
- increase the numbers both seeking and moving into DWP programmes;
- improve awareness/knowledge of benefits and routes into DWP programmes, training and work, and of any other issues/information that are important to the client group in helping them to return to and sustain work;
- improve motivation, work skills/experience, qualifications and jobsearch skills of partners.

1.3 The evaluation of WFIP/NDP

The overall objective of this evaluation is to examine whether WFIP and NDP are meeting their policy objectives as outlined above. There are a number of elements that make up the overall approach to the evaluation:

- impact analysis;
- quantitative survey of eligible clients
- qualitative analysis based on interviews with partners, claimants and staff;
- cost-benefit analysis.

To date, two evaluation reports have been produced: Thomas and Griffiths (2005) covers the first phase of the qualitative work and Coleman *et al.* (2006) covers the quantitative survey of eligible clients. This report is concerned with the impact analysis. Specifically, it is concerned with the extent to which WFIP influences participation in NDP and the extent to which WFIP and NDP affect labour market outcomes. The outcomes considered are benefit receipt and employment.

1.4 Structure of the report

The remainder of this report is as follows. Chapter 2 describes the data. This is a relatively lengthy discussion, reflecting the extensive manipulation of the data required for the analysis. Since the research was based on administrative data rather than survey data collected specifically for evaluation purposes, a number of assumptions were imposed. These are enumerated in detail together with associated caveats attached to the eventual results. The method of analysis is described in Chapter 3. A range of techniques was used. The substantive findings are presented in Chapters 4 and 5. In Chapter 4, the eligible population is described. In Chapter 5, we present the results of the impact analysis. Chapter 6 concludes.

2 Databases for descriptive statistics and impact estimates

Introduction and summary of main points

This chapter describes in detail the data used for this evaluation. The evaluation was based on administrative data that were not designed with evaluation in mind. Consequently, a great deal of time was spent manipulating the data to arrive at a dataset that could be used for the evaluation purposes at hand. For the purpose of both reference and clarity, the steps taken to achieve this are described in this chapter. These are necessarily technical and will not be of interest to all readers. However, the approach to setting up the data is of central importance to the evaluation and understanding the limitations of the data helps to interpret the eventual results in a knowledgeable way. For this reason, the key points relating to the data are summarised below, for those who wish to get a flavour of the kinds of difficulties associated with using these data but do not need to know the fine detail. Two datasets were constructed for this evaluation: one, for a difference-in-differences (DiD) analysis, the other, for an instrumental variable (IV) analysis. Both of these approaches are described more fully in Chapter 3 but the purpose here is to describe the data on which these estimators were based. The DiD analysis was based on partner data from the Generalised Matching Service (GMS) merged with claimant data from the Working Age Statistical Database (WASD). The key issues relating to this are as follows:

- there were some inconsistencies between the dates of spells given in GMS and WASD. In extreme cases, it was not possible to match partners to main claimants. However, this was relatively rare and more than 95 per cent of partner spells were matched, albeit imperfectly;

- there is a distinction in the analysis between stock and flow cases. The definition used in this report is that stock cases are those where the main claimant's benefit spell started at least six months before Work Focused Interviews for partners (WFIP) was introduced on 12 April 2004. All other cases are flow cases;
- GMS sometimes showed partnerships to be ongoing where WASD showed the spell to have ended. GMS was taken as the more reliable source and information on the duration of partnerships was used to adjust the recorded duration of benefit spells in WASD;
- accurate information on which areas are integrated into the Jobcentre Plus network and when that happened was not available. Steps were taken to reduce the extent of the problem caused by this but this is only a partial solution. Offices that integrated into the Jobcentre Plus network after 12 April 2004 were not included in the analysis;
- overall, it was possible to identify most WFIP participants using WASD. However, there were many partners identified by WASD as eligible who did not appear in the participants database (which should theoretically include all those who are eligible). This suggests the WASD overstates WFIP eligibility.

The IV analysis was based on the WFIP participants data and the NDP participants data:

- data on benefit spells comes from GMS and information on employment spells is also included, based on Her Majesty's Revenue and Customs (HMRC) data;
- the data manipulation required was more straightforward than the kind of cross-validation carried out for the database used for the DiD analysis and amounted mainly to removing duplicate spells, merging overlapping spells etc;
- only the original stock – those couples eligible at 12 April 2004 – were retained for analysis.

A key feature of these data is that the date at which partners' records were downloaded to Labour Market System (LMS) was recorded. This is important because these downloads took place over a two month period and the order in which partners' records were downloaded was organised on a random basis. This allows for a robust approach to evaluation as explained in Chapter 3.

2.1 Constructing a database for the difference-in-differences analysis

2.1.1 Partner records

The WFIP Eligible Population database contains all GMS partner spells for Jobseeker's Allowance (JSA), Income Support (IS), Incapacity Benefit (IB) and SDevere Disablement

Allowance (SDA). These records are related to main claimants who have included their partner in their claim and are available since May 1999. The file is based on the partner spells and contains multiple rows if a partner appears in several benefit claims, for example if the partner is included in both the receipt of IS and IB. If a partner disappears from one benefit and reappears later or a new partner is included, the benefit claim of the main claimant appears more than once and additional information on duration of the partnership indicates the actual duration of the benefit. Since WFIP eligibility is based on the duration of a main claimant's benefit, each eligible spell is uniquely identified by the combination of:

- claimant National Insurance number (NINO);
- partner NINO;
- type of benefit;
- start and end dates of the partnership.

The GMS partner records were merged with the WASD benefit data for main claimants. The database is updated by periodic scans – these take place every two weeks for JSA and six weeks for other benefits. The WASD data provide information on the benefit start date (as observed at the beginning of the claim). Spells are treated as closed if they disappear from the benefit register between two successive scans. The recorded end date is imputed randomly between the two scans and consequently might be up to two weeks before or after the real ending date for JSA claims and up to six weeks before or after the real ending date for other benefits. In some cases, the partner spells observed in GMS did not coincide with the benefit spell of the main claimant as observed in WASD. In such cases, the partner records were attached to the closest spell found in the WASD data. Partner records were removed if they could not be merged to main claimants benefit records based on the NINO.

Some partners may be included that were in receipt of benefits in their own right and are not eligible for a WFIP. The file contains benefit flags to indicate if the partner was claiming a benefit e.g. 'benfg18' = 'Y' indicates that IS was in payment to the partner during that spell. To qualify the partner for a WFIP, the claimant must be in receipt of an additional Adult Dependency Increase (ADI) for the partner. However, from the data there is no way to tell if an ADI was in payment or not.

The data provided by the Department for Work and Pensions (DWP) contained a variable identifying if the claimant, partner or both were aged 60 on 12th April 2004, when WFIP was introduced. If either claimant or partner is aged 60+, the partner is not eligible for WFIP. Such cases were removed from the data used for the subsequent analysis.

2.1.2 Merging partner records and Working-Age Statistical Database

The data used in this analysis included all non-claimants records up to February/March 2005. Because of the delay associated with processing the data for WFIP

participation, this means that all partners identified for WFIP up until 30 September 2004 should be observed.

WFIP Eligible Population data from JSA claimants

JSA partner scans of GMS are processed fortnightly based on Jobseeker's Allowance Payment System (JSAPS). The data supplied to Policy Studies Institute (PSI) contained 1,539,959 rows, and this was matched to WASD using the main claimant NINO. A partner spell was only matched if sufficiently overlapping the benefit payment, i.e. the partnership must not begin earlier than 14 days before the beginning of the claim or later than 14 days after the ending of the main claimants benefit spell. Based on these rules, a total of 1,347,910 partner/main claimants record were created; 192,049 (12.5 per cent) partner records did not match. Partner spells were then matched to the closest spell found in the WASD data, even if there was no overlap (123,682 cases). For 68,367 partner spells, WASD did not contain any benefit spell for the main claimant NINO of these partner records. These partner records were removed from the file (4.4 per cent of the original spells file). Appending the original WASD matches and those non-matches matched back resulted in a JSA eligible population file with 1,471,592 spells.

WFIP Eligible Population data from IS claimants

IS GMS partner scans are taken every six weeks from ISCS. These scans provide spells for the period 15/05/1999 until 03/02/2005. The original partner spells file contained 1,565,232 rows, which were matched to WASD by the main claimant NINO. A proper match was achieved if a partnership started between 14 days before the benefit and up to 14 days after the end of the benefit as recorded in WASD data. When no overlapping benefit spell was found, the partner record was merged to the closest WASD spell of the main claimants. The merged files based on IS add up to an eligible population with 1,433,919 spells for the period 1999-2004.

WFIP Eligible Population data from IB/SDA claimants

Partner scans for IB and SDA claims are taken every six weeks from the Pensions System Computer System (PSCS) and can be identified between 15 May 1999 and 22 January 2005. Based on the scans, a total of 354,558 partner spells was extracted, and these were matched to WASD using the main claimant NINO. The spells were merged to any overlapping WASD benefit spell if the beginning date of the partnership was not earlier than 42 days before the beginning of the benefit claim found in the WASD data and not later than 42 days after the end of the main claimants benefit spell. If no overlapping benefit spell was found, the partner spell was merged to the nearest WASD spell. 17,524 of the partner spells had no main claimant benefit spell at all and were excluded from the eligible population (4.9 per cent of the original spells file). The eligible population based on these merged partner/main claimant files contained 337,034 spells.

Total eligible population

Based on the three subpopulations of partners of JSA, IS and IB/SDA claimants, the eligible population for all areas between May 1999 and January 2005 contains 3,242,545 spells, originating from

| | |
|-----------|----------------------------|
| 1,471,592 | JSA spells (45.4 per cent) |
| 1,433,919 | IS spells (44.2 per cent) |
| 330,174 | IB spells (10.2 per cent) |
| 6,860 | SDA spells (0.2 per cent) |

Merged WFIP Eligible Population/WFIP Participants (December 2004)

The eligible population was merged with the 2004 participants data for WFIP using main claimant NINO and partner NINO. This merged file is the basis for the majority of the analysis carried out in this evaluation. The merged data resulted in the following numbers:

| | |
|-------------------------------|-----------|
| Merged rows | 218,877 |
| Eligible pop data not matched | 3,023,670 |
| WFIP Participants not matched | 6,924 |
| Total | 3,249,471 |

The 218,877 merged records include multiple GMS partner spells (i.e. multiple benefits) for the same couple matched to a single WFIP participant records. Although the WFIP participants data should contain all participants until the end of December 2004, DWP advice was to select and evaluate only participants until the end of September 2004 as the participation data might be incomplete for later dates.

2.1.3 Identifying eligible partners

The merged WASD/partner GMS data should allow the identification of the eligible population in the period after WFIP was introduced. There are several important factors determining eligibility and not all merged WASD/partners spells are eligible. This sub-section shows how the eligible population was identified and provides some checks whether it is possible to accurately identify the eligible population as reported in the WFIP participant data using WASD.

A partner becomes eligible for a WFIP when the main claimant's benefit spell exceeds six months duration. Where a new partnership is formed and the claimant has already passed the six-month threshold, the partner becomes immediately eligible for WFIP. In such cases, the start date of the partnership is the start date of eligibility. Since the merged WASD/partner GMS data contain the beginning and ending dates of a benefit payment for the main claimant as well as 'effective from'

and 'effective to' dates of the partnership⁴, it should be possible to identify the date of eligibility of the partner.

An important distinction is between the **stock** of eligible couples that existed at the time of the WFIP introduction and the **flow** of couples who became eligible at some later point. For those offices that integrated into the Jobcentre Plus network after 12 April 2004 – 'go-live day', the date when WFIP was introduced in Jobcentre Plus areas – the date of WFIP introduction is the same as the date of Jobcentre Plus integration. In principle, the stock should be measured with reference to this date. However, as discussed later in this chapter, accurate information on the timing of Jobcentre Plus integration was not available, so the analysis of the stock focused on the original stock – that which existed on go-live day. The implication of this is that all stock cases are characterised by a spell that has been ongoing for 182 days at the time of go-live day. In other words, the spell must have commenced by 13 October 2003.

Within these two broad groupings – stock and flow – there are a number of possible characterisations. This is shown schematically in Figure 2.1. This shows six types of eligibility. In each case, two lines appear. The upper line represents the duration of the benefit spell and the lower line represents the duration of the partnership. The time at which eligibility commences is shown by a circle.

The first three cases shown are stock customers since they all have a spell that was ongoing on 13 October 2003:

- in the first case (Type I), the partnership has also been in place for at least six months so eligibility for WFIP begins on go-live day;
- in the second case (Type II), the partnership started less than six months before go-live day. However, since it is the length of the benefit spell that determines eligibility, this again begins on go-live day;
- in the third case (Type III), the partnership begins after go-live day. The partner becomes immediately eligible for WFIP and therefore eligibility begins at the time the partnership begins.

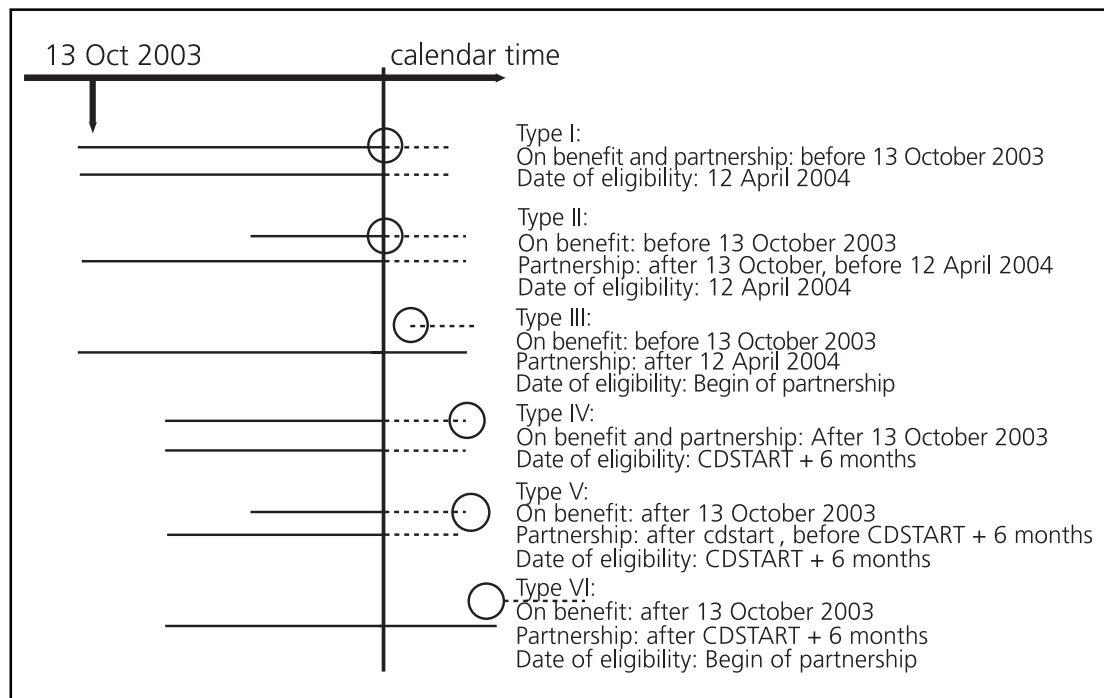
The next three cases shown are flow customers since they all have a spell that began within six months of go-live day (that is, after 13 October 2003):

- in the fourth case (Type IV), the partnership has lasted as long as the benefit spell (in fact, it could have even lasted longer). Eligibility begins when the spell reaches the six month threshold. This will be some time after go-live day.
- in the fifth case (Type V), the benefit spell has not reached six months duration at the time of go-live day and the partnership starts at some point within the first six months of the benefit spell. Since it is the length of the benefit spell that confers eligibility, this begins when the spell reaches the six month threshold.

⁴ Based on the scan of the GMS record (first and last appearance of the partnership information).

- in the sixth case (Type VI), the benefit spell has not reached six months duration at the time of go-live day and the partnership starts at some point after the benefit spell has already reached six months. In this case, eligibility begins immediately the partnership is formed.

Figure 2.1 WFIP eligible population data: eligibility and date of eligibility



It is important to note at this stage that, while the discussion so far has referred to 'eligibility', this should more properly be referred to as 'pseudo-eligibility'. The reason for this is that true eligibility applies only to those living in Jobcentre Plus areas. For the purposes of modelling, it is necessary to know those truly eligible and those in non-Jobcentre Plus areas who are pseudo-eligible; that is, their characteristics would make them eligible if they lived in Jobcentre Plus areas. This latter group forms the comparison group in the modelling results presented later in this report.

2.1.4 Duration of benefit and partnership

The problem of identifying the correct duration

In order to identify the eligible WFIP partners, it is required to correctly observe the duration of the main claimant's benefit spell. This is not possible using WASD since the end date of a spell is always imputed; as already mentioned, if a person disappears from the benefit register between two scans, the record will be closed and a random end date assigned between the dates of the two scans. Therefore, any duration calculated on the basis of WASD data is imprecise. As the end dates are assigned at random, average duration should not be biased; however it will not be possible to identify all eligible partners as reported in the participation data based on

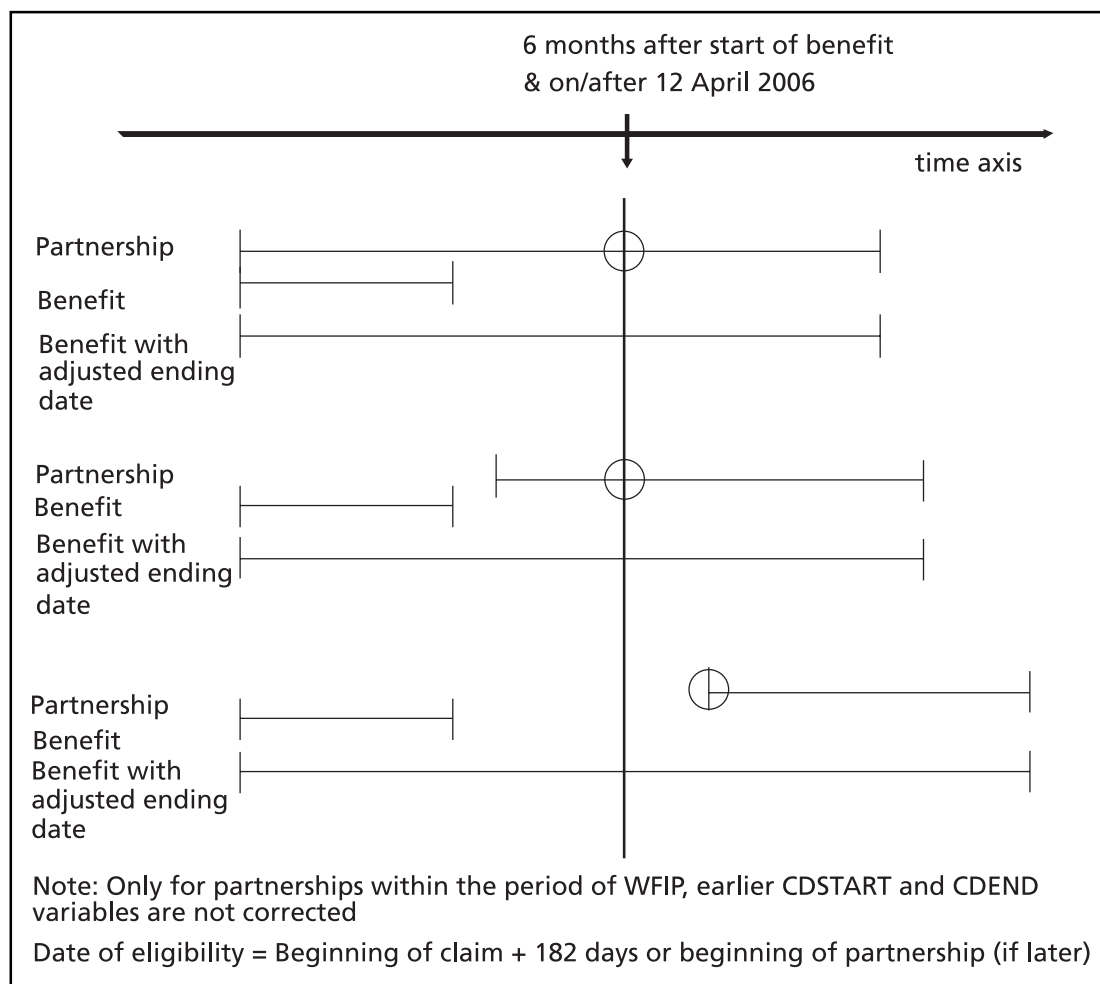
WASD as some might show durations of less than six months because of imputed end dates.

The duration of a partnership

In many cases, the WASD main claimant's benefit spell does not correspond to start and end dates of the partnership drawn from the GMS partner spells on benefit. In particular, the end dates in GMS may be long after WASD records the spell as having ended. This cannot be explained by the imputation procedure since it can exceed the two or six week gaps between scans. As the duration of partnership is not imputed and a GMS partner record might indicate that a benefit claim is ongoing, we use the end date of the partnership to replace the imputed ending date of the main claimant's benefit spell from WASD.

Figure 2.2 shows how correcting the duration of a benefit spell based on the GMS partnership dates works in practice. Three scenarios are depicted. In each case, the duration of the partnership as recorded in GMS is shown as the top line, the duration of the benefit as recorded in WASD is shown as the middle line and the duration of the benefit spell adjusted to take account of the partnership information is shown as the bottom line. The approach taken is that, if a partnership is active six months after the beginning date of the benefit spell or starts later than this, the date of WFIP eligibility is either the beginning of the benefit payment plus six months or the beginning of the partnership, even if the WASD data suggests that a benefit payment ended.

Figure 2.2 WFIP eligible population data: correction of ending dates



2.1.5 Eligible population and WFIP participants compared

This sub-section compares the eligible population as identified using WASD with the partners identified in the WFIP participants data.

Table 2.1 shows the size of the pseudo-eligible population for all areas, irrespective of whether integrated into the Jobcentre Plus network. The data are related to persons rather than to customer records and, for customers who are eligible on the basis of more than one benefit claimed, only the first such eligible spell is considered. Based on this restriction, there are 465,638 eligible partners for both stock and flow for the period between 12 April 2004 and 30 September 2004. As previously indicated, eligibility was identified based on the duration of benefit and partnership. A spell was considered ineligible if the main claimant's age or the partner's age was 60+. Eligible cases with a date of eligibility later than 30 September 2004 were excluded since data were only complete up to this date.

This restriction to the first eligible spell in the period after the introduction of WFIP reduces the total number of spells from the WASD data to 2,192,160 participants.

Table 2.1 WFIP eligible partners, Jobcentre Plus and non-Jobcentre Plus areas

| | Frequency | Per cent |
|--------------------------|-----------|----------|
| Valid | | |
| Not eligible | 1,726,522 | 78.8 |
| Type I: eligible stock | 393,032 | 17.9 |
| Type II: eligible stock | 1,167 | .1 |
| Type III: eligible stock | 8,321 | .4 |
| Type IV: eligible flow | 43,415 | 2.0 |
| Type V: eligible flow | 16,892 | .8 |
| Type VI: eligible flow | 2,811 | .1 |
| Total | 2,192,160 | 100.0 |

Source: Merged partner/WASD data – WFI eligible population until 30 September 2004.

Using merged WFIP Eligible Population/WFIP Participants data, the eligible population identified using WASD can be compared with all identified participants from the WFIP participation data to confirm that the WASD data is sufficient for the identification of the eligible population. To do this, we examine whether partners in the participants data are identified as eligible using the WASD data only.

For the period up until 30 September 2004, the participants data contain records for 121,450 partners. 99,750 are partners from the stock of claimants, 22,059 are partners of flow claimants who become eligible after 12 April 2004. However, 11.5 per cent are not identified for a WFIP (N=14,019). The remaining 107,431 cases have been identified to be eligible for WFIP by the end September (Table 2.2)

Table 2.2 WFIP participants

| | Frequency | Per cent |
|-------------------------|-----------|----------|
| Not identified for WFIP | 14,019 | .6 |
| Identified for WFIP | 107,431 | 4.9 |
| Total | 121,450 | 5.5 |

Source: Merged partner/WASD data/WFI participation data until 30 September 2004.

Based on partners identified as eligible for a WFIP until 30 September 2004, Table 2.3 describes whether these cases were eligible according to the rules applied to the WASD eligible population data. Although the identification of eligible partners requires a lot of assumptions, almost all partners found in the participant data were also found to be eligible when using WASD. Based on the WASD data, 106,402 (= 98.8 per cent) were eligible according to the WASD data (Table 2.3). For 1.2 per cent of all participants, the WASD data did not allow accurate identification.

Table 2.3 WFIP participants and status of eligibility

| Eligibility for WFIP based on WASD | Frequency | Per cent |
|------------------------------------|-----------|----------|
| Ineligible based on WASD data | 1,334 | 1.2 |
| Type I: eligible stock | 93,906 | 87.4 |
| Type II: eligible stock | 204 | .2 |
| Type III: eligible stock | 1,035 | 1.0 |
| Type IV: eligible flow | 8,026 | 7.5 |
| Type V: eligible flow | 2,667 | 2.5 |
| Type VI: eligible flow | 259 | .2 |
| Total | 107,431 | 100.0 |

Source: Merged partner/WASD data/WFI participation data until 30 September 2004.

As a result of this comparison, it appears that WASD data can adequately identify (pseudo) eligibility.

2.1.6 Identifying treatment and control groups in WASD data

As described in Chapter 1, the introduction of WFIP was restricted to Jobcentre Plus areas. Partners of benefit claimants in areas not operating Jobcentre Plus are not eligible for WFIP and therefore offer a comparison group against which to assess the effectiveness of WFIP. This is considered in more detail in Chapter 3. However, these non-Jobcentre Plus areas are scheduled to integrate into the Jobcentre Plus network by 2006. Consequently, partners in these areas will gradually become eligible. While the comparison areas allow the identification of the effect of WFIP, consideration of long-term outcomes is hampered by the inevitable erosion of the comparison group.

In principle, it should be easy to identify the areas covered by Jobcentre Plus at any date following the introduction of WFIP using postcode information. DWP provided a look-up table that links postcodes with specific Jobcentre Plus areas. Furthermore, information on the timing of offices' integration into the Jobcentre Plus network was provided:

- the look-up table contained 21,855 different postcodes. These postcodes were either given in full or were given at the area level, such as AB12;
- the look-up table provided explicit links of postcodes to Jobcentre Plus offices and showed the date these offices integrated into the Jobcentre Plus network;

- the postcode-Jobcentre Plus correspondence should allow the identification of the eligible population living in Jobcentre Plus areas until the end of 2004. However, as the information was not consistently aggregated for all areas, it was decided not to use the full postcodes, but to use sectors whenever full postcodes were provided:
 - where the postcode was given in full (e.g. AA1 1AA), all postcodes with the same first digit of the suffix were used (e.g. AA1 1**);
 - where only the postcode area was provided (e.g. AA1), all postcodes in that area were used (that is, all postcodes beginning with AA1 were used).

Place of residence at date of eligibility for WFIP

The postcode information was valid for most records in the eligible population (only very few cases were missing – around 6,000). However, this information relates to the start or the end of a claim. The postcode at the time of WFIP eligibility – which might be long after the beginning date of the main claimants benefit payment - is not necessarily known. Consequently, the WASD data did not allow identification of whether a person was resident in Jobcentre Plus or non-Jobcentre Plus areas at the time of eligibility without making a further assumption. The approach that was taken (following a suggestion from DWP) was to use the postcode relating to either the start of the spell or the end of the spell, depending on which was closer to go-live day or the date of eligibility.

Additional postcodes

The participants database also included postcodes. Since WFIP only exists in Jobcentre Plus areas, this could provide a check on the extent to which the postcode information from WASD was sufficient to distinguish Jobcentre Plus and non-Jobcentre Plus. Table 2.4 shows the result of this comparison. In 11.9 per cent of cases, the postcode in WASD – used in conjunction with the postcode look-up table – suggested that those participants observed in the participants database were ineligible. This was made up of:

- 10,969 cases where the postcode look-up table suggested the partner was not in a Jobcentre Plus area
- 1,334 cases where the WASD data did not indicate eligibility
- 519 cases where the date of Jobcentre Plus integration was later than the end of an individual's eligibility.

Table 2.4 WFIP participants and treatment status

| Jobcentre Plus district and eligibility for WFIP | Frequency | Per cent |
|---|------------------|-----------------|
| Non-Jobcentre Plus or ineligible based on WASD data | 12,822 | 11.9 |
| Jobcentre Plus eligible type I | 83,762 | 78.0 |
| Jobcentre Plus eligible type II | 179 | .2 |
| Jobcentre Plus eligible type III | 918 | .9 |
| Jobcentre Plus eligible type IV | 7,112 | 6.6 |
| Jobcentre Plus eligible type V | 2,397 | 2.2 |
| Jobcentre Plus eligible type VI | 241 | .2 |
| Total | 107,431 | 100.0 |

Source: Merged partner/WASD data/WFI participation data until 30 September 2004

From this cross-validation, it appeared that the postcode look-up table and the information provided on the timing of offices' integration into the Jobcentre Plus network were both subject to some degree of error:

- the WFIP participation data included additional postcodes/postcode areas
- a number of participants were identified as eligible for WFI, but coming from Jobcentre Plus offices that were missing in the look-up table.

Therefore, the look-up table was improved by including additional postcodes and Jobcentre Plus areas found for the participants in the merged data using the following rules:

- if postcodes with prefixes and/or first digits of suffixes appeared at least twice in the participants' data but did not appear in the postcode look-up table, the related jobcentre was considered integrated into Jobcentre Plus
- the office most often corresponding to 'similar' postcodes (that is, postcodes sharing a common prefix and first digit of the suffix, such as AA1 1**) was taken as covering all such postcodes
- if no sufficient information was found about the date of Jobcentre Plus integration, the first date of download for a specific Jobcentre Plus office observed in the participants data was used
- wherever there was a first download recorded in the participants' data for a particular Jobcentre Plus office before the time of Jobcentre Plus integration given in the look-up table, the same rule was applied.

As a result of these refinements, the number of identified participants (from the participants data) for which no residence in a Jobcentre Plus area was found using WASD data is reduced from 10,969 to 3,298. As before, for 1,334 partners, the WASD data did not indicate that these persons were eligible for WFIP. Finally, there were 885 cases where the Jobcentre Plus roll-out was after the end of an individual's eligibility, so that the total number of cases that could not be identified as eligible for WFIP using WASD data fell to 5,517 (see Table 2.5).

Table 2.5 WFIP participants and treatment status (additional postcodes)

| Jobcentre Plus district and eligibility for WFIP | Frequency | Per cent |
|---|------------------|-----------------|
| Non-Jobcentre Plus or ineligible based on WASD data | 5,517 | 5.1 |
| Jobcentre Plus eligible type I | 90,278 | 84.0 |
| Jobcentre Plus eligible type II | 198 | .2 |
| Jobcentre Plus eligible type III | 978 | .9 |
| Jobcentre Plus eligible type IV | 7,660 | 7.1 |
| Jobcentre Plus eligible type V | 2,551 | 2.4 |
| Jobcentre Plus eligible type VI | 249 | .2 |
| Total | 107,431 | 100.0 |

Source: Merged partner/WASD data/WFI participation data until 30 September 2004

Partners eligible for WFIP and identified participants

The improved postcode/Jobcentre Plus correspondence table was used for the identification of the treatment and control groups in the WASD data. Doing so, the WASD data showed whether a partner included in the WASD data was eligible based on the benefit and partnership duration and whether this person was:

- resident in a Jobcentre Plus area
- resident in an area for which the Jobcentre Plus integration date was known
- resident in an area for which the Jobcentre Plus integration date was unknown.

Based on this information, eligible and pseudo-eligible customers can be distinguished as required for the design of the DiD estimates. To recap, the pseudo-eligible group are eligible apart from the fact that they live in a non-Jobcentre Plus area. Of those who were eligible in a Jobcentre Plus area, all should appear in the participants' database. However, even after applying all the rules described in this section, between 52 per cent and 55 per cent of all those identified as eligible in Jobcentre Plus areas did not appear in the participants' data. Hence, it seems that the WASD data overstate the size of the eligible population. This will be addressed in the estimates later in this report.

Table 2.6 WFIP eligible partners in Jobcentre Plus areas and identified partners

| Eligible partners in Jobcentre Plus areas and status in the participants data | Frequency | Percent |
|--|------------------|----------------|
| Not identified for WFIP | 8,335 | 3.4 |
| Identified for WFIP | 101,914 | 41.2 |
| Total | 110,249 | 44.6 |
| Missing in participants data | 137,170 | 55.4 |
| Total | 247,419 | 100.0 |

Source: Merged partner/WASD data/WFI participation data until 30 September 2004, based on improved postcode-Jobcentre Plus match

2.2 Constructing a database for the instrumental variables analysis

In addition to the eligible population database, the WFIP participants database was also used to produce estimates of the effect of WFIP for the original stock (that is, the stock that existed at the time of go-live day). These estimates were produced using a different approach – IV estimation – that is described in Chapter 3. The purpose of this section is to describe the steps taken to construct the database used for this.

The reason why the IV estimation is based on the participants database is that it exploits a key aspect of the data that only applies to those in the participants' data. This is described more fully below.

Unlike the flow cases for which participation in WFIP is prioritised, Jobcentre Plus offices have up to three years before all their stock cases must have participated in a WFIP. This is for capacity reasons since the numbers of stock cases at go-live day was such that interviewing all of them would amount to a considerable task. Importantly, there was a further complication. Namely, an essential prerequisite for administering a WFIP to a partner was that that partner's details be on LMS. Again, there was a capacity issue in that the available IT window meant that this download had to be staggered over a number of weeks.

This is very helpful to the evaluation since it was decided that the ordering of the download would be carried out on a purely random basis. This was achieved by using the last three digits of the main claimants' National Insurance number. These three digits are random and this property has been exploited in the past for other evaluations such as the evaluation of Restart (White and Lakey, 1992). Organising the download in this way was desirable since it allowed the useful possibility for a very robust evaluation of the effect of WFIP as described in Chapter 3.

The database used for this analysis is based on the datasets of participants in WFIP and NDP supplied by DWP in July 2005 and covering outcomes up until the end of May 2005. Again, extensive manipulation of the data was required before they were ready to use for evaluation purposes. This is described in the following sub-sections.

2.2.1 WFIP participants data

There were 174,794 spells recorded in the WFIP participants database. In a small number of cases a single ORCID⁵ corresponded to multiple National Insurance numbers (this was true for both the partners and the main claimants). Such couples were removed, reducing the number of spells to 174,733. For the purposes of analysis, we are only interested in the original stock (i.e. the stock that existed at

⁵ ORCID is the identifier variable common to many DWP benefit databases. It should uniquely identify individuals so the fact that it seemed to correspond to more than one National Insurance number in some cases is indicative of problem records. However, the extent of this is very small.

go-live day). The key reason for this is that the scale of the original stock was such that the download to LMS had to be staggered (as described above) resulting in the timing of download being determined by the claimants' National Insurance number. As this stock cleared, new stock arising from the roll-out of Jobcentre Plus to new areas was of a small enough scale that a staggered approach was not needed.

As described in the previous section, identification of the original stock was complicated by the lack of accurate information on the date of Jobcentre Plus integration for a particular office. The same approach was followed to try and reduce the effect of this. That is, the fact that case download is only possible in integrated offices was used to refine the recorded integration date by changing it to the date of first observed download within a particular office. In a large number of cases, this resulted in the date of integration being set to 17 April 2004. This is the Saturday after go-live day and represents the first bulk download of cases to LMS.⁶ What appears to have been happening in many cases is that there was no information on integration date (possibly because the integration took place a long time ago) so the imputation process simply captures the fact that the offices were already integrated at go-live day (as evidenced by the fact that the download of cases was able to proceed immediately).⁷

In line with this reasoning, couples in offices that were estimated to have integrated after 17 April 2004 were excluded. This reduced the number of spells to 147,835. Dropping those spells with an unknown start date reduced the number of spells to 139,833. Dropping duplicate spells reduced the number of spells to 139,302 and omitting those couples who had no spell live at the time of go-live day reduced it further to 124,846. Since we are interested only in stock couples, we exclude those whose spells are not of sufficient duration at go-live day or who are recorded in the administrative records as not being stock cases. This reduces the sample size to 102,986 couples. Some final minor manipulations reduced the number of couples further:

- in 206 cases, the type of benefit as recorded by GMS differed from that recorded by LMS
- in 54 cases, the age of the partner at go-live day was outside the 16-59 range
- in one case, the download date was before go-live day.

Excluding these cases resulted in a dataset of size 102,725.

⁶ Downloads were very heavily concentrated on Saturdays (84 per cent of all downloads in the final dataset). There were only two notable exceptions to this when the download took place on a Sunday instead (9 May 2004 and 8 August 2004).

⁷ In fact, two-thirds of these couples had a missing date of Jobcentre Plus integration. For the remaining third, the fact that they were downloaded so soon is also strongly suggestive of the fact that they represent 'original' stock.

2.2.2 NDP participants data

There were 26,091 spells recorded in the New Deal for Partners (NDP) participants' database. This fell to 26,081 after removing those couples where the partner's ORCID corresponded to multiple NINOs (it was not possible to do this for the main claimant since the main claimant NINO was often missing).

This database includes both participants in the pre-go-live day NDP and participants in the post-go-live day (i.e. enhanced) NDP. The first stage in preparing the data for analysis was to select only those cases relating to re-vamped NDP. Following guidance provided by DWP, only cases where any post-go-live day NDP variables had been set were retained. Dropping these 14,697 cases resulted in a reduction of the dataset to 11,384 spells. In 113 cases, a couple was observed to have two NDP records. Only the first such case was considered. The result of these manipulations was a dataset of 11,271 couples.

2.2.3 Merging WFIP and NDP participants data

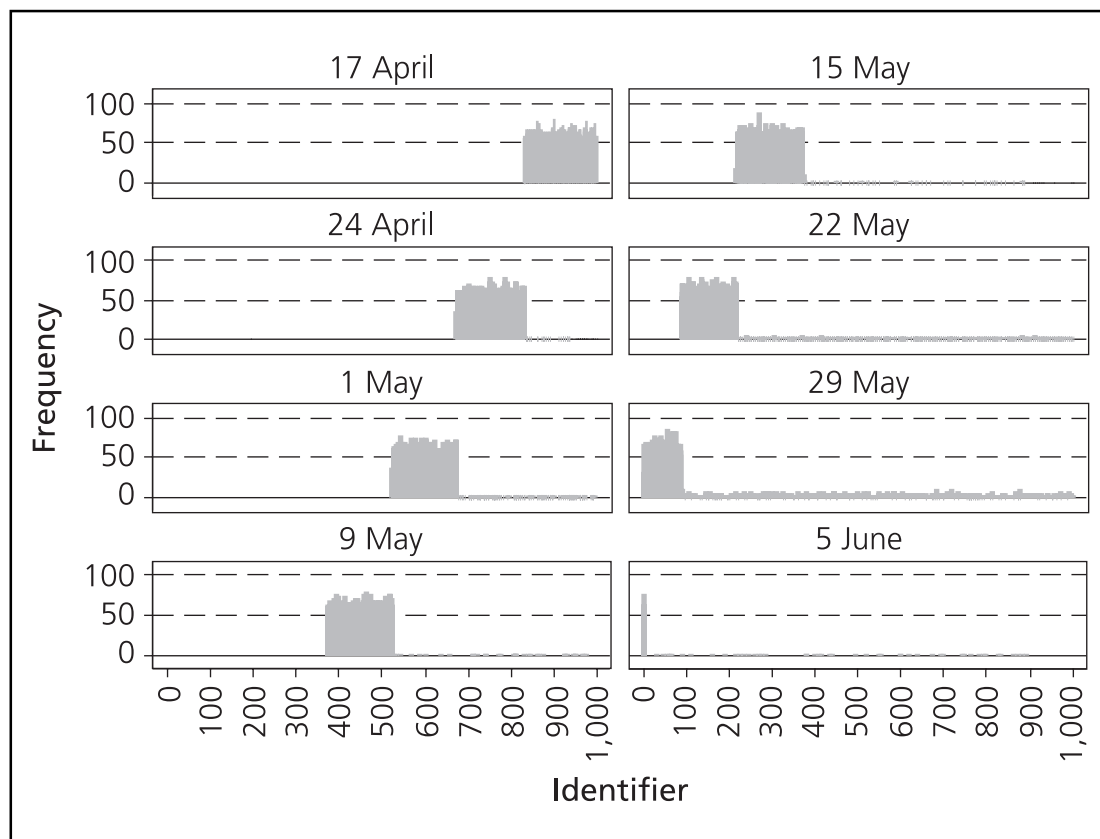
The WFIP and NDP datasets were merged to identify those WFIP participants who participated also in NDP. There were 7,859 couples in the NDP database who were not present in the WFIP database. These couples were dropped.⁸ The resulting merged dataset comprised 102,725 couples (the same size as the final WFIP dataset).

2.2.4 Selecting only those conforming to the random download design

Figure 2.3 shows the distribution of National Insurance numbers (in fact, the last three digits of the National Insurance numbers) for all individuals downloaded in a particular weekly slot. It is clear that the majority of those downloaded in a week have a National Insurance number that falls within a well-defined range and that this range covers a lower section of the distribution of National Insurance numbers. To concentrate on those couples for whom the timing of download appears to have complied with the random design, we ignore any cases downloaded after 5 June 2004 and restrict our estimation sample by considering only those individuals downloaded during the main weekly slot whose National Insurance number falls within the non-overlapping range associated with their download date. The size of the final sample is 60,355 cases.

⁸ Many of these couples are likely to be non-original stock.

Figure 2.3 Last three digits of National Insurance number by date of download in 2004



2.2.5 Incorporating HMRC data

HMRC data on the employment spells live at go-live day or starting after this time were merged to the dataset described above. These were used to indicate whether an individual was employed at a given point in time. Again, a considerable amount of data cleaning was required. The list below details what steps were taken and how many recorded spells were lost at each step. It should be noted that although the number of spells in the resulting dataset is smaller as a result of this processing, this is mainly due to combining spells and discarding spells that offer no information beyond that captured by other recorded spells.

The process was as follows:

- all spells in the HMRC data corresponding to those partners in the estimation dataset created by the process described in the previous section were identified. This comprised 23,297 spells.
- 7,911 recorded spells were dropped since they were duplicates (same start and end dates).
- 80 spells were dropped since they started and ended on the same day.
- 472 spells were dropped since they were recorded as ending one day later than they started. Entering a date one day before the end date is a protocol followed by those entering the data for closing a spell when the start date (and the year of start) is unknown.

- 294 spells were dropped because they had a missing end date.
- three spells were dropped because they had a start date later than their end date.
- seven spells were dropped due to their start date being after the date of the extract (i.e. when the data were recorded).
- Where two or more spells had the same **known**⁹ start date but in one case the end date indicated that the spell was still open,¹⁰ only the open spell was retained and the other spells were dropped. This resulted in the loss of 2,310 spells
- Where two or more spells had the same known start date but in one or more cases the end date was unknown, the spells with the unknown ends were dropped. This resulted in the loss of 26 spells
- Where two or more spells had the same known start date but different known end dates, the shorter spells were dropped. This resulted in the loss of 10 spells
- An imputation approach was used to deal with the remaining unknown start and end dates. For end dates, the approach was as follows, if the spell was:
 - longer than a year and the date of the extract was known, the end date was randomly imputed as some point between the start of the financial year and the extract date¹¹
 - longer than a year and the date of the extract was not known, the end date was randomly imputed as some point between the start and the end of the financial year
 - not longer than a year and the date of the extract was known, the end date was randomly imputed as some point between the recorded start of the spell and the extract date
 - not longer than a year and the date of the extract was not known, the end date was randomly imputed as some point between the recorded start of the spell and the end of the financial year

For unknown start dates, the approach was, if the spell was:

- longer than a year, the start date was randomly imputed as some point between the start and the end of the financial year
- not longer than a year, the start date was randomly imputed as some point between the start of the financial year and the imputed end date.

⁹ In some cases, the start date is not known exactly and all that is known is that the spell started in a particular financial year. Such cases are recorded as starting on 6 April in the appropriate year. Similarly, some end dates are not known exactly and all that is known is that the spell ended in a particular financial year. Such cases are recorded as ending on 5 April in the appropriate year.

¹⁰ This is indicated by an 'end date' of 29 December 9999.

¹¹ Imputations were uniformly distributed throughout the relevant range of dates.

Out of 14,350 spells, 940 had the end date imputed and 2,796 had the start date imputed. This should not affect later evaluation results since the imputation process used a randomly generated number that is not correlated with treatment status.

- If a partner had a spell which was still open, all later spells for that individual were dropped. This dropped 4,006 spells.
- Where a spell fitted wholly within another spell, it was dropped. There were 41 such spells.
- Where spells overlapped, they were merged into a single spell. There were 313 cases of spells being merged in this way.
- Similarly, where spells were separated by a single day or by a weekend they were merged. There were 113 cases of spells being merged in this way.

At the end of this process, there were 7,711 employment spells remaining in the dataset, corresponding to 7,519 couples. These employment spells were merged onto the dataset described in the previous section (N=60,355).

3 Evaluation method

Introduction and summary of main points

In this chapter, the evaluation approach is described. The fundamental evaluation problem is that it is not possible to observe what would have happened to those participating in, say, Work Focused Interviews for Partners (WFIP) if they had not in fact participated. Two alternative strategies are used to estimate the effects:

- Difference-in-differences (DiD) estimates are based on a comparison of changes before and after the introduction of the intervention among those eligible to participate (the treatment group) with similar changes among those not eligible to participate (the comparison group).
 - Varying the definition of the treatment and comparison group allows the separate effects of WFIP and New Deal for Partners (NDP) and the combined WFIP/NDP effects to be identified.
 - In view of the difficulty in accurately predicting the eligible population using Working Age Statistical Database (WASD) data (as described in Chapter 2), the results are adjusted to provide estimates of the effects of participation as well as the effects of eligibility.
- Instrumental variables estimates exploit the fact that there is a variable that affects the probability of participating in, say, WFIP but does not affect outcomes. Since participation is therefore determined in part by a factor that is random as far as the outcome is concerned, this allows the impact of participation to be identified for a subgroup of participants. Because of the nature of the instrumental variable in this application, the effect is likely to hold for all participants.

3.1 The evaluation problem

Before discussing the approach in detail, we first attempt to provide an intuitive account of the evaluation problem. This is perhaps best done by considering the obvious approach to the evaluation which would be to compare the outcomes of those eligible for WFIP to the outcomes of those who are not eligible. While this has

a simple appeal, it is flawed since those eligible may differ from those ineligible such that one would expect their outcomes to differ even if WFIP did not exist. This is the fundamental evaluation problem. The approach set out in this chapter amounts to a strategy for overcoming this selection bias.

If we can observe all those factors which differ between the eligibles and the ineligibles and which are important in determining labour market success, we could take these into account using regression models or matching approaches. However, with the data available for this analysis, it is not likely that all such features will be captured. In other words, systematic differences between the eligibles and the ineligibles will remain. In view of this, alternative approaches are needed. The central challenge is to identify a reasonable estimate of what would have happened in the absence of WFIP – the so-called *counterfactual*.

Most of the results presented in this report use the DiD method. However, some modifications to this approach were required because of problems with the data – these are discussed as well. The other approach used is the instrumental variables (IV) approach. This is also discussed.

3.2 Difference-in differences

The basic idea behind DiD in this application is to compare outcomes of those eligible for WFIP (the ‘treatment’ group) before its introduction with outcomes after its introduction.¹² These changes might be movements from unemployment to employment, for instance. However, a simple ‘before-after’ comparison like this can be misleading. If other factors – seasonality, for example, or changes in the overall economy making it more or less likely to find work – could have affected the comparison, the specific effect of WFIP cannot be separately identified by this method.

To address this, we need an estimate of the counterfactual. This can be achieved by considering a group ineligible for WFIP and therefore not affected by it. A before-after comparison for this ‘comparison’ group can be used to proxy the ‘no WFIP’ scenario for those in the first group. This can be used to adjust the first before-after comparison such that the effect it captures can be attributed solely to WFIP. This is achieved by taking the difference between the two before-after differences. For obvious reasons, the resulting estimator is known as the DiD estimator.

An example may serve to clarify. Table 3.1 presents some hypothetical figures on job entry. The ‘before’ column indicates that, prior to the intervention, 35 per cent of those in the treatment group would have found work within a given period of time. The ‘after’ column shows that this rose to a level of 55 per cent over the same period after the intervention. The resulting before-after comparison reports an increase of

¹² A formal presentation of the model and modifications to it is given in Dorsett (2005).

20 percentage points. Repeating this for the comparison group yields a before-after estimate of five percentage points. This can be viewed as the increase that the treatment group would have experienced had the intervention not taken place. To arrive at an estimate of the specific effect on the treatment group of the intervention itself, this second difference needs to be deducted. Doing so results in the DiD estimator of 15 percentage points. The key assumption in this is that whatever external factors caused the five percentage point increase in the control group would, in the absence of WFIP, have led to a similar rise in the treatment group.

Table 3.1 An illustration of the difference-in-differences estimator

| | Before (B) | After (A) | Difference (A-B) |
|-------------------------------------|------------|-----------|------------------|
| Treatment | 35 | 55 | 20 |
| Control | 40 | 45 | 5 |
| Difference in differences estimate: | | | 15 |

In practice, these estimates are achieved in a regression framework which allows for the effect of other variables to be controlled for and therefore to identify the WFIP effect more precisely. It also allows the statistical significance of the estimates to be observed. However, this does not detract at all from the interpretation of the results as set out above. The parameter estimated is the average effect of the treatment on the treated.¹³

3.2.1 The assumptions underpinning DiD

DiD is a widely-used evaluation technique and is an attractive approach, particularly when the use of administrative data means that the information set is insufficiently rich to justify the use of possible alternative approaches. However, the plausibility of its underlying assumptions should be considered. The DiD estimator relies on the composition of the samples in the periods 'before' and 'after' periods remaining unchanged. If individuals can choose not to experience the intervention, this might have an effect on the accuracy of the DiD estimator, as particular factors may lead some individuals to be more likely to opt-out than others. Should these self-absenting individuals be different with regard to characteristics likely to affect outcomes, a bias in the achieved DiD estimate can result. In the case of WFIP, this seems unlikely to be a problem since participation is not particularly onerous and so should present little incentive for avoidance. In fact, it is only when considering flow cases that this could possibly be a problem; for stock cases, the full eligible population is observed so any changes to the composition of the sample arising from behavioural changes to avoid participation will be captured as a legitimate outcome.

¹³ This description relates to the standard exposition of the DiD model. In the current application, not all of those in the treatment group actually receive the treatment. In this case, the parameter identified is the average effect of intention to treat on the eligible group.

Another assumption is that the before-after estimate for the comparison group is the same as would have been estimated for the treatment group had the treatment not been introduced. Some insight into the plausibility of this assumption of common trends can be achieved through pre-programme tests (Heckman and Hotz, 1987). This involves estimating effects based on two periods of time that wholly pre-date the treatment. If the treatment and comparison groups are affected equally by general economic conditions and other influences, such estimates should be insignificant. If they are not, it suggests that using DiD to evaluate treatment effects will result in biased estimates. In this case, a modification to the standard DiD framework is needed. One possibility is to use the random growth model (Heckman and Hotz, 1987). This operates by regarding the results of the pre-programme tests as estimates of the bias resulting from the inappropriateness of the comparison group. Essentially, the random growth model operates by subtracting the bias revealed through the pre-programme tests from the treatment effect estimated using DiD on the 'before' and 'after' periods. In this way, unbiased estimates can be achieved.

3.2.2 Varying treatment and comparison groups to identify different effects

The impact analysis is concerned with the effect of WFIP, the effect of NDP and the effect of WFIP and NDP combined. By exploiting the eligibility criteria for WFIP and NDP, it is possible to identify all three effects. This is expanded upon below.

When estimating the effect of WFIP, the treatment group is made up of all couples eligible for WFIP. By definition, such couples must live in Jobcentre Plus areas since WFIP cannot be implemented in areas that are not integrated into the Jobcentre Plus network. Choosing as a comparison group those couples who would be eligible apart from the fact that they live in non-Jobcentre Plus areas means that the only change experienced by the treatment group but not by the comparison group is the introduction of WFIP. Accordingly, this combination of treatment and comparison group allows the effect of WFIP to be estimated. Since NDP is available regardless of Jobcentre Plus integration, the introduction of NDP should affect those in the treatment and comparison groups equally, so no net effect should be evident.

To get the combined effect of WFIP and NDP, the comparison group must not be eligible for WFIP or NDP. The choice of comparison group was guided by this requirement and also by the availability of data. Clearly, it is not possible to use couples in receipt of benefit as a comparison group since the eligibility requirement may not be satisfied. Instead, a comparison group of lone parents in Jobcentre Plus areas was used; as well as being ineligible for WFIP and NDP by definition, it is also possible to observe them in WASD. However, care is needed to ensure that other interventions specific to lone parents do not reduce the extent to which trends in benefit exit among lone parents can provide a counterfactual for couples. This is especially relevant given the programme of WFIs for lone parents that has been introduced and varied over the time period considered in this evaluation. To avoid

the effects of WFIP being confused with the effects of Work Focused Interviews (WFIs) for lone parents, a subsample of lone parents for whom the WFI regime had remained unchanged over the time period considered in this evaluation was used to construct the comparison group.

Finally, the effect of NDP alone can be estimated by repeating in non-Jobcentre Plus areas the analysis described above to get the combined WFI/NDP effect. That is, the treatment group is made up of couples eligible for NDP (but not WFIP since they are outside Jobcentre Plus areas) and the comparison group is made up of lone parents in the same areas.

3.3 Instrumental variables

The method of IV is another approach that is possible when a variable exists in the data that influences the probability of receiving treatment but does not influence the outcome of interest. Most common in empirical applications is for this variable – the ‘instrument’ – to take one of two values: zero (indicating the absence of the characteristic) or one (indicating the presence of the characteristic). Since the instrument does not affect outcomes but does affect the probability of treatment, comparing the mean outcome of that group of individuals for whom the instrument takes the value one with the mean outcome for that group of individuals for whom the instrument takes the value zero captures the effect of increased participation.

However, this is not sufficient to be viewed as a causal effect when the effects of treatment are allowed to vary across individuals. To achieve such an interpretation, the standard approach is to impose the assumption that the influence of the instrument on treatment operates in just one direction. In other words, if the instrument is thought to increase the probability of participation, nobody in the group of individuals for whom the instrument takes the value one who does not receive the treatment would be more likely to receive the treatment had they instead had a zero value for the instrument. Imposing this assumption allows the difference in outcomes to be viewed as causal in the same way as in an experiment.

To make these ideas more concrete, it is useful to see how they apply in this evaluation. As described in Chapter 2, at go-live day there was a stock of eligible couples whose records were downloaded to LMS over the following two months. Importantly, the ordering of the download was completely random (based on the National Insurance number) so that there was no systematic difference between the characteristics of those who were downloaded early and those who were downloaded later.¹⁴ This provides the basis for an excellent instrument. To see this, consider the two conditions that an instrument must satisfy:

¹⁴ Note that the entire stock that existed at the time of WFIP introduction had their records downloaded to LMS, regardless of whether they had left benefit in the meantime.

- First, it must be uncorrelated with the unobservable characteristics that affect labour market outcomes. Since the National Insurance number is randomly generated, this is automatically satisfied.
- Second, it must be correlated with participation. Evidence on this is provided in Table 3.2. This shows a strong relationship between week of download and probability of participating in WFIP for those downloaded in the first seven weeks. Since this does not hold for those downloaded on 31/05/2004, these cases are excluded from further analysis. In practice, this amounts to dropping less than half of one per cent of the sample.

To proceed, the instrument was defined as a variable as taking a value one for those downloaded in the first four weeks after go-live day and zero for those downloaded in the weeks after that.

Table 3.2 The proportion observed to have attended a WFI by date of download

| Date of download | % attended WFI | N |
|-------------------------|-----------------------|----------|
| 12/04/2004 | 37.59 | 9,910 |
| 19/04/2004 | 32.30 | 9,258 |
| 26/04/2004 | 27.29 | 9,074 |
| 03/05/2004 | 26.58 | 9,258 |
| 10/05/2004 | 21.79 | 9,132 |
| 17/05/2004 | 19.90 | 8,046 |
| 24/05/2004 | 19.16 | 5,448 |
| 31/05/2004 | 34.06 | 229 |
| All | 27.11 | 60,355 |

It is important to be clear on the nature of the effect identified using IV. For IV, the estimated effects do not relate to the treated group as a whole. Rather, the effect relates to those induced by the instrument to participate. In the literature, this group of individuals is known as the compliers. In this evaluation, the compliers are those who participated in WFIP because they were downloaded early and who would not have participated in WFIP had they been downloaded later. The estimated effect is known as the local average treatment effect because it is 'local' to the compliers.

The key question to consider in any IV evaluation is whether knowledge of the local average treatment effect is actually useful. This hinges on the issue of whether the group of people to whom the local average treatment effect relates is a policy-relevant group. It is not possible to individually identify the compliers – those who react to early download by participating in WFIP (and who would not participate if downloaded later). However, since WFIP is a mandatory treatment, participation is not a matter of individual choice. Furthermore, individuals can only be treated once their records have been downloaded. So, an individual who is downloaded early is likely to participate in a WFI before an individual who has been downloaded later for

reasons that are uncorrelated with the individual's personal characteristics. In view of this, the participation 'decision' is random so the compliers are a random subgroup of the eligible population. This means that there is no reason to believe that the estimates provided by IV (the local average treatment effect) should differ from the estimates provided by DiD (the ATET). In other words, due to the nature of the instrument used in this evaluation, the IV estimates can be regarded as providing an estimate of the average effect of the treatment on the treated.

3.4 Effects of eligibility versus effects of treatment

The DiD results were based on the WFIP Eligible Population database. As described in Chapter 2, there were a number of couples in the data who appeared eligible for WFIP on the basis of the known eligibility criteria but who were not recorded as participants. The consequence of this is that the impact estimated through DiD is not the effect of participation so much as the effect of eligibility.¹⁵

It is often more interesting to know the effect of participation rather than eligibility. It is possible to derive such an estimate if the assumption is made that WFIP only has any effect on those who participate. In this case, a standard result (Bloom, 1984) allows the effect of eligibility to be used as the basis for the estimate of the effect of participation. These results are presented later in this report. This Bloom adjustment is straightforward to apply; the effect of participation is calculated as the effect of eligibility divided by the proportion of the eligible population observed to participate.

However, it is important to consider whether the assumption that the effect operates only through participants is reasonable. In particular, it is possible that deterrent effects operate such that individuals are, for example, more likely to exit benefit once they are contacted regarding the need to participate. If this is the case, the estimated effects of participation provided by the Bloom adjustment will essentially regard the deterrent effect as an effect of participation and consequently represent an upper bound on the true effect of participation. The converse is not true, however – the effect of eligibility does not represent a lower bound on the effect of participation. To see this, consider the situation where there is a deterrent effect but participation itself has no effect. In this case, the effect of eligibility will be positive despite the effect of participation being zero. Hence, the effect of eligibility does not represent a lower bound on the effect of participation.

¹⁵ This issue does not affect the IV estimates since they are based on the database of WFIP participants.

4 Descriptive analysis

Introduction and summary of main points

This chapter provides a description of the couples included in the datasets used for the impact assessment. Administrative data only provide information on a small number of characteristics – length of spell, age, gender, number of children – so this description is not comprehensive. A detailed account of the eligible population is available in Coleman *et al.* (2006).

Reflecting the structure of the impact analysis, couples identified using Working Age Statistical Data (WASD) data as eligible for Work Focused Interviews for Partners (WFIP) (that is, those couples used for the difference-in-differences (DiD) estimates) are described first. The main findings are:

- about a quarter of spells were less than a year in duration but more than half were at least three years long
- On average, WFIPs were booked for flow partners 30 days after becoming eligible. For stock partners, the average was 123 days.
- In 38 per cent of stock cases and 34 per cent of flow cases, partners attending a WFIP declined offers of further help. In five per cent of stock cases, the WFIP destination was recorded as 'into work' or 'partner working over 24 hours'. For the flow, this figure was eight per cent.
- New Deal for Partners (NDP) take up following WFIP was much more common than self-referral. Of those NDP participants identified as eligible for WFIP in the WASD data, only 15 per cent self-referred.
- The data available allows examination of outcomes up to 37 weeks after becoming eligible for WFIP. By this time, about 88 per cent of stock couples were still on benefit. For the flow, the proportion was much lower at 62 per cent
- there were no obvious differences between Jobcentre Plus and non-Jobcentre Plus areas in terms of characteristics or movement off benefit. This provides some reassurance that the estimated effects of WFIP will apply to areas yet to integrate into the Jobcentre Plus network.

The participants database (that is, the database used for the instrumental variables estimates) is used next to describe the characteristics of the stock claimants in the estimation sample. The main findings are:

- The benefit received in more than three-quarters of all cases was Income Support (IS). The remainder divided quite evenly between Jobseeker's Allowance (JSA) and Incapacity Benefit (IB). Spells on JSA tended to be shorter than spells on IS or IB: 43 per cent of JSA spells were under a year in duration at go-live day while 43 and 56 per cent respectively of IS and IB spells were longer than five years.
- Dependent children were present in the households of 64 per cent of partners and in about three-quarters of cases the youngest child was of pre-secondary school age.
- The main over-representation of partners appeared to be in Scotland, Wales, the North East and North West England.
- 72 per cent of those who remain on benefit will not have attended a Work Focused Interview (WFI) within a year of their records being downloaded.

4.1 Describing the eligible population using WASD

4.1.1 Characteristics of treatment and control groups

Table 2.1 in Chapter 2 provides a summary of all eligible partners identified using WASD data. To recap, between 12 April 2004 and 30 September 2004, a total of 465,638 partners would have been eligible if the programme had been introduced nationwide. Most of these eligible partners would have been partners of stock claimants that were already on benefit for more than six months at the date of introduction of WFIP.

However, WFIP has only been introduced in Jobcentre Plus areas. Therefore, only partners living in areas operating Jobcentre Plus are eligible. Table 2.6 in Chapter 2 showed that, in the period between 12 April 2004 and 30 September 2004, a total of 247,419 partners of main claimants on either JSA, IS, IB or Severe Disablement Allowance (SDA) were eligible according to the WASD data. As the roll-out of Jobcentre Plus is ongoing, this number includes eligible partners living in areas that integrate into the Jobcentre Plus network between April and September. A total of 101,419 eligible partners were identified in the participation data for WFIP.

For the DiD analysis, a distinction needs to be drawn between those areas in which WFIP operates and those where it does not. Collectively, these areas make up the 'treatment' group and the 'comparison' group respectively. As discussed in Chapter 3, the DiD estimates involve an assessment of average outcomes among those in the treatment group measured against average outcomes among those in the comparison group. To avoid issues associated with gradual roll-out of Jobcentre Plus, only those areas that were already operating Jobcentre Plus on 12 April 2004 were included in

the treatment group. For the comparison group, only areas in which a Jobcentre Plus roll-out did not occur before the end September 2004 were included. Imposing these restrictions reduces the number of eligible partners to 182,504, as shown in Table 4.1 – a reduction of 64,915 or 26 per cent. The comparison group reduces to a total of 210,909 partners.

In the following pages, we provide a short description of the samples used in the DiD impact evaluation reported in Chapter 5. This description focuses on those characteristics recorded in WASD. The comparisons show similarities and differences between treatment and control groups and are important for generalising the results of the impact analysis to the total group of eligible partners in the United Kingdom.

Table 4.1 shows the main claimant's type of benefit for eligible partners in non-Jobcentre Plus and Jobcentre Plus areas. Note that this description is based on the spell determining WFIP eligibility, which is the earliest spell if more than one benefit claim is active simultaneously (e.g. IS and IB). The types of benefit claimed were similar in both Jobcentre Plus and non-Jobcentre Plus areas. The benefit most often claimed was IS (more than half of all cases). JSA and IB both accounted for a little over a fifth of cases. Very few claimed SDA.

Table 4.1 Partners for WFIP by main claimant's type of benefit, in Jobcentre Plus and non-Jobcentre Plus areas

| Main claimant's type of benefit | WFIP eligible partners | | Total |
|---------------------------------|------------------------|--------------------|---------|
| | Jobcentre Plus | Non-Jobcentre Plus | |
| JSA | 22% | 21% | 22% |
| IS | 56% | 55% | 55% |
| IB | 22% | 23% | 22% |
| SDA | 1% | 1% | 1% |
| Total | 182,504 | 210,909 | 393,413 |

Table 4.2 shows the distribution of benefit duration for treatment (Jobcentre Plus) and comparison (non-Jobcentre Plus) groups. Since eligibility requires a spell of at least six months, there are no instances of shorter spells than that. Overall, the durations were quite similar for those in Jobcentre Plus and non-Jobcentre Plus areas. There is a clear concentration among those with shorter spells but those with very long spells were also evident. To put this into context, about a quarter of all claims were less than a year long but more than half were at least three years long (51 per cent in Jobcentre Plus areas and 55 per cent in non-Jobcentre Plus areas).

Table 4.2 Partners for WFIP by duration of claim, in Jobcentre Plus and non-Jobcentre Plus areas

| Duration of main claimant on benefit | WFIP eligible partners | | Total |
|--------------------------------------|------------------------|--------------------|---------|
| | Jobcentre Plus | Non-Jobcentre Plus | |
| 6 months - 1 year | 26% | 24% | 25% |
| 1-2 years | 13% | 14% | 14% |
| 2-3 years | 9% | 9% | 9% |
| 3-4 years | 7% | 8% | 7% |
| 4-5 years | 6% | 6% | 6% |
| 5-6 years | 5% | 6% | 5% |
| 6-7 years | 5% | 5% | 5% |
| 7-8 years | 4% | 4% | 4% |
| 8-9 years | 4% | 4% | 4% |
| 9-10 years | 9% | 10% | 10% |
| More than 10 years | 11% | 12% | 11% |
| Base | 182,504 | 210,909 | 393,413 |

Table 4.3 shows the gender distribution of main claimants related to eligible partners in Jobcentre Plus and non-Jobcentre Plus areas. Again, there are hardly differences between both areas. A share of 79 per cent of all main claimants in Jobcentre Plus areas was male, compared to 80 per cent in non-Jobcentre Plus areas. Correspondingly, 79 per cent of all partners were female in both areas and 21 per cent of all eligible partners were male (Table 4.4).

Table 4.3 Partners for WFIP by main claimant's gender, in Jobcentre Plus and non-Jobcentre Plus areas

| Main claimant's gender | WFIP eligible partners | | Total |
|------------------------|------------------------|--------------------|---------|
| | Jobcentre Plus | Non-Jobcentre Plus | |
| Male | 79% | 80% | 312,652 |
| Female | 21% | 20% | 80,743 |
| Base | 182,496 | 210,899 | 393,395 |

Table 4.4 Partners for WFIP by partner's gender, in Jobcentre Plus and non-Jobcentre Plus areas

| Partner's gender | WFIP eligible partners | | Total |
|------------------|------------------------|--------------------|---------|
| | Jobcentre Plus | Non-Jobcentre Plus | |
| Male | 21% | 21% | 79,438 |
| Female | 79% | 79% | 303,149 |
| Total | 177,511 | 205,076 | 382,587 |

The presence of children in the household is likewise similar across treatment and comparison groups. In more than half of all eligible households, children were present. The full distribution is shown in Table 4.5.

Table 4.5 Partners for WFIP by number of children, in Jobcentre Plus and non-Jobcentre Plus areas

| Number of Children | WFIP eligible partners | | Total |
|--------------------|------------------------|--------------------|---------|
| | Jobcentre Plus | Non-Jobcentre Plus | |
| No children | 43% | 44% | 170,236 |
| One | 20% | 19% | 76,566 |
| Two | 19% | 18% | 72,823 |
| Three | 10% | 10% | 40,424 |
| Four and more | 8% | 9% | 33,364 |
| Total | 182,504 | 210,909 | 393,413 |

Table 4.6 shows the distribution of the age of the main claimant. Only 15 per cent of main claimants in Jobcentre Plus areas (14 per cent in non-Jobcentre Plus areas) were below the age of 30. About a quarter of all main claimants were in the age group 31-40, whereas around 30 per cent of the customers were older than 40 years. The share of main claimants in the range of 51-60 years of age was another 30 per cent. Customers older than 60 years are excluded as they were not eligible for WFIP.

Table 4.6 Partners for WFIP by age of main claimant, in Jobcentre Plus and non-Jobcentre Plus areas

| Age of main claimant | WFIP eligible partners | | Total |
|----------------------|------------------------|--------------------|---------|
| | Jobcentre Plus | Non-Jobcentre Plus | |
| Below 20 years | 2% | 1% | 6,070 |
| 20-30 years | 13% | 13% | 49,504 |
| 31-40 years | 26% | 25% | 99,611 |
| 41-50 years | 30% | 30% | 118,111 |
| 51-60 years | 30% | 31% | 120,117 |
| Total | 182,504 | 210,909 | 393,413 |

Table 4.7 shows the age of the partners with eligibility for WFIP. Overall, partners appear younger than the main claimants. This is particularly evident when considering the oldest age group; 21 per cent of those in Jobcentre Plus areas and 22 per cent in non-Jobcentre Plus areas were aged 51-60, while about 30 per cent of main claimants fell into this age group.

On the basis of the limited information available in the WASD data, the eligible population in Jobcentre Plus areas appears very similar to the pseudo-eligible population in the non-Jobcentre Plus areas. While it is of course possible that there

are other differences between the two types of areas that are not captured by the data, on the basis of the comparisons presented above, there is nothing to suggest that the effects of WFIP in non-Jobcentre Plus areas should differ from the effects in Jobcentre Plus areas presented in the next chapter. This is reassuring since it suggests that the results of this evaluation may extend to other areas not currently implementing WFIP.

Table 4.7 Partners for WFIP by age of partner, in Jobcentre Plus and non-Jobcentre Plus areas

| Age of partner | WFIP eligible partners | | Total |
|----------------|------------------------|--------------------|---------|
| | Jobcentre Plus | Non-Jobcentre Plus | |
| missing | 2% | 2% | 7,277 |
| Below 20 years | 3% | 3% | 11,149 |
| 20-30 years | 16% | 16% | 64,251 |
| 31-40 years | 27% | 27% | 107,482 |
| 41-50 years | 30% | 30% | 118,402 |
| 51-60 years | 21% | 22% | 84,852 |
| Total | 182,504 | 210,909 | 393,413 |

4.1.2 WFIP participation of eligible partners and outcomes

As shown in Chapter 2, fewer than half the partners identified using WASD as eligible for WFIP were identified as actually participating in WFIP. Of the 210,909 eligible partners in the WASD data, we only found a total of 81,752 participants identified in the WFIP participation data; 72,002 partners for stock claimants and 9,750 for the flow. The partners found in the WFIP participation data correspond to 39 per cent of all eligible partners identified based on the WASD data.

Stock

Table 4.8 presents a number of aspects of the WFIP process for stock couples, in particular, the time it takes to progress through the system. This information is taken from the participants' data and covers the period up until 30 September 2004. By this time, a total of 72,002 eligible partners were identified.

The average date of eligibility was the 12 April 2004, indicating that few partners began a partnership after this date (resulting in immediate eligibility for WFIP). Such partners have been previously defined as eligible partners of type III, (see Figure 2.1). On average, it took 41 days from this point for their details to be downloaded to LMS. By 30 September 2004, 18,579 stock partners had had a WFIP booked, corresponding to 26 per cent of all downloaded partners. The date of booking was on average 123 days after the date of eligibility, i.e. approximately four months after 12 April 2004.

The table also shows that around a fifth (14,008) of all stock partners had attended a WFIP by 30 September 2004. This usually took place around 16 days after the WFI was booked. For those who attended the WFIP, the date of exiting WFIP and destination upon exit is recorded. For partners recorded to have exited the programme, the entire process from eligibility to exit takes 136 days on average. Some (13,870) partners attended a WFIP. For them, exit was typically recorded as following shortly afterwards (1.6 days on average). Nearly all partners who attended the WFIP were recorded as exiting participation – very few do not show a valid destination state. A comparison of the number of partners recorded for a booked WFIP and the number actually attending shows that 75 per cent attended after the booking.

Table 4.8 WFIP process for eligible population in Jobcentre Plus areas, stock

| | N | Mean |
|--|----------|-------------|
| Date of eligibility | 72,002 | 12-APR-2004 |
| Number of days from eligibility to LMS download | 72,002 | 41.3 |
| Number of days from eligibility to WFIP booking | 18,579 | 123.2 |
| Number of days from WFI booking to WFIP attendance | 14,008 | 16.5 |
| Number of days from eligibility to WFIP exit | 19,849 | 136.1 |
| Number of days from WFI attendance to WFIP exit | 13,870 | 1.6 |

Table 4.9 shows the destination on exiting WFIP. Overall, there are destinations recorded for 19,847 partners, approximately 28 per cent of all identified participants in Jobcentre Plus areas. As we observe more valid destination states from WFIP participation than there are partners attending the WFIP, it seems there is a substantial effect of the programme caused by the WFIP booking rather than attendance. The most frequent outcome of the WFIP is however the attendance of the interview resulting in no further activity as the partner refuses any support (38 per cent). Another 31 per cent of partners leave the programme with the destination state 'other reason'. Seven per cent agreed to participate in NDP as a result of their WFIP. About five per cent leave for work-related reasons: 586 move into work and for another 337 the reason recorded for their exit is that they work more than 24 hours a week. Eight per cent of all partners exit due to changes in circumstances: either the partner refers to another benefit, they move to a non-Jobcentre Plus area or entitlement ceases. In another five per cent of cases, the participation data recorded that they had been incorrectly identified for WFIP.

Table 4.9 Destination states as recorded in WFIP participants' data, stock

| | Frequency | Percent of valid destinations |
|--|-----------|-------------------------------|
| Partner participated and has refused offers of support | 7,546 | 38% |
| Other Reason | 6,104 | 31% |
| NDP Agreed | 1,411 | 7% |
| Incorrectly Identified for WFI(P) | 985 | 5% |
| Partner referred to an alternative benefit | 706 | 4% |
| Into Work | 586 | 3% |
| Change of Client Group | 558 | 3% |
| Change of Circumstances – Entitlement Ceased | 511 | 3% |
| Set up in error | 441 | 2% |
| Partner Working Over 24 Hours | 337 | 2% |
| Customer Ends Claim – No Reason | 198 | 1% |
| Destination Unknown | 132 | 1% |
| Partner In Prison/Custody/On Trial | 108 | 1% |
| Partner Left Jobcentre Plus area | 67 | 0% |
| Partner Deceased | 58 | 0% |
| Customer Deceased | 54 | 0% |
| Partner Claimed Maternity Benefit | 45 | 0% |
| Total | 19,847 | 100% |
| Missing (% of total participants) | 52,155 | 72% |
| Total stock participants | 72,002 | |

Note: because of rounding, small numbers may appear as zero when expressed as a percentage of the total.

Flow

Tables 4.10 and 4.11 show corresponding WFIP participation for flow partners; that is, partners of those whose claim reaches the six month threshold after 12 April 2004. Up until 30 September 2004, there were 9,750 participants recorded. The date of eligibility as identified in WASD was on average 3 July 2004. In comparison to the partners of stock claimants, the process of WFIP participation happens much more quickly. This is in line with the priority attached to providing flow partners with a WFIP. On average, flow partner details are downloaded to the WFIP participation database 17 days after the date of eligibility and partners are booked for a WFIP 30 days after the date of eligibility (compared to 123 days for stock partners). 64 per cent of all partners identified by 30 September 2004 had been booked for a WFIP (6,280 participants, compared to 26 per cent of the stock claimants). About 47 per cent of all identified participants had attended a WFIP (4,641), on average, 16 days after the date when the WFIP was finally booked. Once booked for a WFIP, the process is rather similar between partners of stock claimants and partners of flow claimants; on average, 1.6 days after the attendance of the WFI, the record is closed and the participant exits from the WFIP system.

Table 4.10 WFIP process for eligible population in Jobcentre Plus areas, flow

| | N | Mean |
|--|----------|-------------|
| Date of eligibility | 9,750 | 03-JUL-2004 |
| Number of days from eligibility to LMS download | 9,750 | 17.5 |
| Number of days from eligibility to WFIP booking | 6,280 | 30.2 |
| Number of days from WFI booking to WFIP attendance | 4,641 | 16.5 |
| Number of days from eligibility to WFIP exit | 6,310 | 47.5 |
| Number of days from WFI attendance to WFIP exit | 4,589 | 1.6 |

As with stock partners, we find more recorded destination states among the partners of flow claimants than there were partners attending the WFIP. 6,310 partners had exited the system by 30 September 2004 (64 per cent) compared to 4,641 partners attending the WFIP (47 per cent), again giving some indication that exits from the programme can be caused by WFI bookings or even earlier, when partners are contacted by the adviser. As before, most partners participated in the WFIP and are recorded to have refused any further support from Jobcentre Plus (34 per cent refused such offers compared to 38 per cent for the stock). Again, a substantial number exit the programme due to other known reasons that are not observed in the data (30 per cent). About eight per cent leave for work-related reasons (compared to five per cent of the partners of stock claimants): five per cent move into work and three per cent the reason recorded for their exit is that they work more than 24 hours a week. A further ten per cent agreed to begin NDP (compared to seven per cent of the stock). Again, around eight per cent of all partners are recorded to have left because of changes in circumstance (three per cent referred to an alternative benefit, two per cent of the claims ended and in three per cent of all cases, entitlement ceased).

Table 4.11 Destination states as recorded in WFIP participants' data, flow

| | Frequency | Per cent |
|--|------------------|-----------------|
| Partner participated and has refused offers of support | 2,169 | 34% |
| Other Reason | 1,920 | 30% |
| NDP Agreed | 634 | 10% |
| Into Work | 291 | 5% |
| Incorrectly Identified for WFI(P) | 288 | 5% |
| Partner referred to an alternative benefit | 193 | 3% |
| Change of Circumstances – Entitlement Ceased | 164 | 3% |
| Partner Working Over 24 Hours | 159 | 3% |
| Set up in error | 116 | 2% |
| Change of Client Group | 103 | 2% |
| Customer Ends Claim – No Reason | 102 | 2% |
| Partner In Prison/Custody/On Trial | 54 | 1% |

continued

Table 4.11 Continued

| | Frequency | Per cent |
|--|-----------|----------|
| Destination Unknown | 46 | 1% |
| Partner Claimed Maternity Benefit | 35 | 1% |
| Partner Left Jobcentre Plus area | 24 | 0% |
| Partner Deceased | 7 | 0% |
| Customer Deceased | 5 | 0% |
| Total | 6,310 | 100% |
| Missing (% of total flow participants) | 3,440 | 35% |
| Total flow participants | 9,750 | 100.0 |

Note: because of rounding, small numbers may appear as zero when expressed as a percentage of the total.

4.1.3 NDP participation of eligible partners

One key aim of WFIP is to encourage participation in NDP. Table 4.12 considers those partners identified as eligible for WFIP in the participants' database and shows that those who have attended a WFIP are more likely to have started NDP than those who have not. The table implies that 3.5 per cent of those who have attended a WFIP are recorded as starting NDP compared to only 0.5 per cent of those who have not attended a WFIP. Overall, 1.2 per cent of all eligible partners in Jobcentre Plus areas are recorded as entering NDP.

Table 4.12 NDP caseload by WFIP attendance (after 12 April 2004, Jobcentre Plus areas)

| | Status of WFIP attendance | | Total |
|------------------------|---------------------------|---------------|--------|
| | No WFIP attended | WFIP attended | |
| Did not start NDP | 62,797 | 17,991 | 80,788 |
| Started NDP (caseload) | 306 | 658 | 964 |
| Total | 63,103 | 18,649 | 81,752 |

4.1.4 Levels of claiming among eligible partners

This section describes the proportions of couples on benefits for specified weeks after the date of their eligibility. Figures 4.1 – 4.3 show this outcome for the stock, and Figures 4.4-4.6 have corresponding information for the flow¹⁶.

¹⁶ The numbers of participants are slightly below the number reported in the descriptive statistics earlier, since partners were excluded from the samples if they were showing missing values in observable characteristics that are later on used in the impact analysis.

Stock

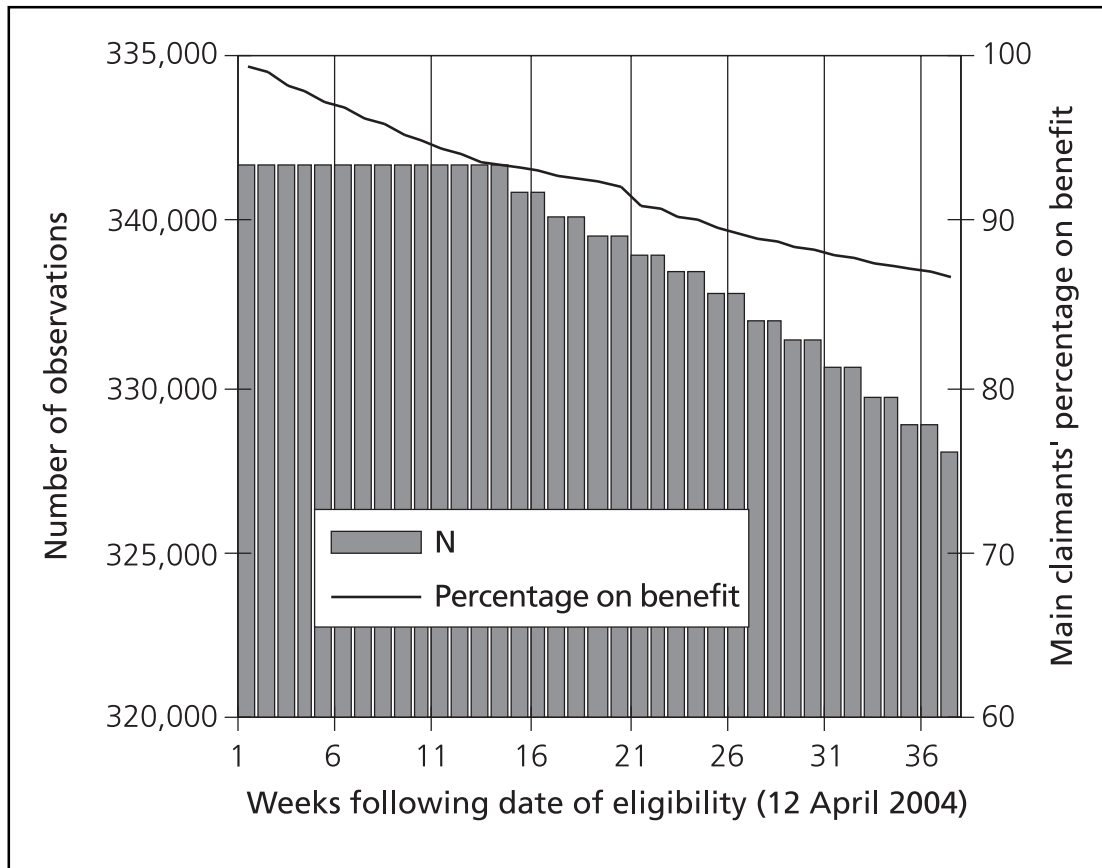
For the stock, eligibility commences on 12 April 2004 if they are type I or type II stock, i.e. a benefit claim of more than six months duration and an ADI for a dependent partner recorded on 12 April 2004 (see Chapter 2 – pages 8 and 9 – for these definitions). For type III stock, for whom the partnership begins after 12 April 2004, the date of eligibility is the date of partnership start, i.e. later than 12 April 2004.

The WASD data provide information on benefit status up to the end of December 2004. However, following Department for Work and Pensions (DWP) advice, spells beginning after September 2004 were not considered as they were likely to be incomplete. All benefit spells following the date of eligibility were taken into account when considering whether benefit was being claimed. With the WASD data used in this evaluation, outcomes up to 37 weeks after the date of eligibility can be observed. This covers the period between 12 April 2004 and 31 December 2004. For those with the latest eligibility date (30 September 2004), outcomes are observed for at least 14 weeks (the length of time between the end of September and the end of December). Consequently, there are fewer couples observed for longer periods after the date of their eligibility than are observed for shorter periods.

This is evident in the following charts. Figure 4.1 considers stock couples in Jobcentre Plus and non-Jobcentre Plus areas. The bar chart shows the number of cases that can be observed for the weeks following eligibility. The number of observed cases declines for later weeks as partners becoming eligible after 12 April 2004 can only be observed for a part of this period. However, only type III claimants do not provide outcomes for the whole period, and these are few in number. Overall, there are still around 328,000 main claimants that can be observed for the full duration of 37 weeks after the date of eligibility.

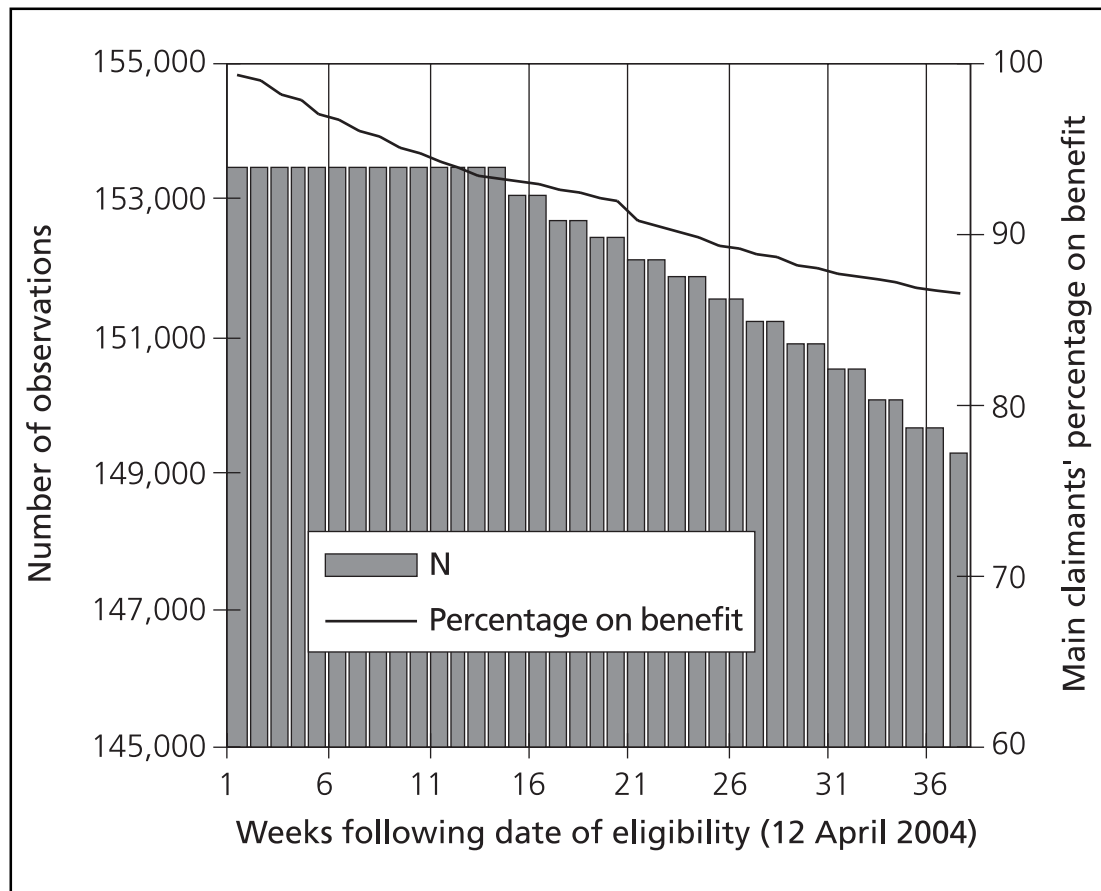
The line in Figure 4.1 shows the proportion of couples on benefits at different times after eligibility begins. This proportion is 100 per cent at the date of eligibility, as partners are only eligible if a spell is ongoing. Over the 37 week period observed, the proportion falls to around 88 per cent.

Figure 4.1 WFIP eligible population and main claimants' benefit rates (stock)



When restricting the sample to partners in Jobcentre Plus areas, we obtain the outcome for the group eligible for WFIP. These are shown in Figure 4.2. Roughly 153,000 eligible stock partners in Jobcentre Plus areas are identified. Their benefit outcomes differ only slightly from those observed for couples in both Jobcentre Plus and non-Jobcentre Plus areas; after 37 weeks, the proportion on benefit stands at 87.5 per cent. The numbers of couples observable for the whole period is around 149,500; 4,000 are not observed for the whole post-treatment period because they are type III stock.

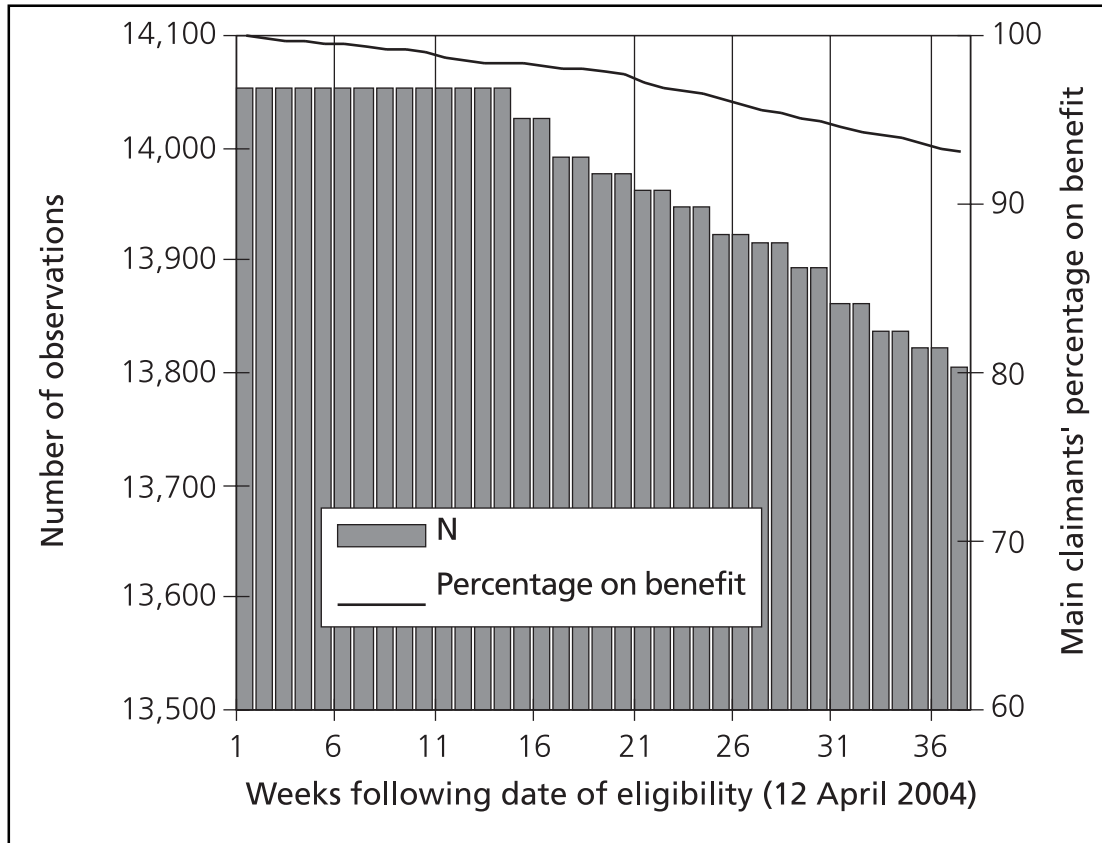
Figure 4.2 WFIP eligible population and proportion remaining on benefit (stock, Jobcentre Plus areas)



Finally, Figure 4.3 shows the number of eligible partners that had attended a WFIP before 30 September 2004. There are 14,500 such cases (again slightly more than in Table 4.7 as there was no restriction on the date of the WFIP attendance). 13,804 of these couples can be observed for the whole post-treatment period of 37 weeks, and only 200 for a shorter period.

Levels of benefit receipt are higher for the subgroup of those attending a WFIP. After 37 weeks, 93 per cent were still claiming – five percentage points more than for the total group of eligible partners. This is unsurprising when we take into account the fact that WFIPs take place, on average, about 121 days after the date of eligibility. Consequently, those who attend a WFIP will on average have a longer benefit spell since those couples leaving benefit more quickly are excluded from this subgroup. In fact, WFIP participants are on average 123 days longer on benefit.

Figure 4.3 Recorded WFIP participants and proportion remaining on benefit (stock, Jobcentre Plus areas)



Figures 4.4 to 4.6 summarise the equivalent results for the flow. As previously defined, the flow is distinguished from the stock by the fact that the benefit exceeds the six months threshold after 12 April 2004. For those in a partnership before this point, eligibility begins when the six month threshold is reached. For those who form a partnership at some point after the six month threshold, eligibility coincides with the start of the partnership.

Figure 4.4 considers flow couples in both Jobcentre Plus and non-Jobcentre Plus areas. Clearly the number of partners is much smaller than for the stock. In all areas, there are only around 52,000 eligible flow partners between 12 April and 30 September 2004.¹⁷ The number of couples observed for longer periods of time also declines more rapidly than for the stock since, by definition, flow claimants become eligible after the 12 April 2004. This means that estimates of the proportion still on benefit 37 weeks after eligibility is based on those relatively few cases for whom eligibility began shortly after 12 April 2004; this is a very small subpopulation of the eligible partners from the flow.

¹⁷ This figure is slightly smaller than the numbers reported in Table 2.1 since areas that integrated into the JC+ network between 12 April 2004 and 31 December 2004 are excluded.

The other striking result from Figure 4.4 is that there is a much higher rate of benefit exit than is evident for the stock. After 37 weeks, the proportion claiming benefit had fallen by about 40 percentage points.

Figure 4.4 WFIP eligible population and proportion remaining on benefit (flow)

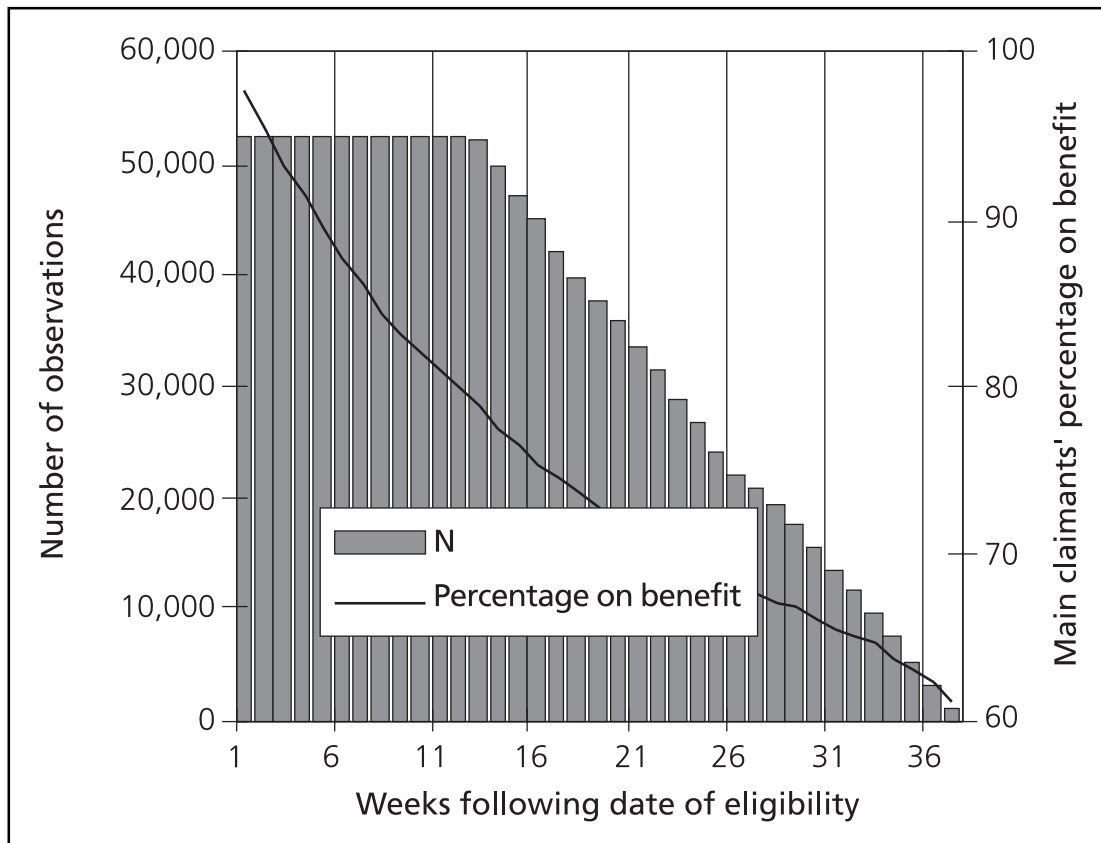


Figure 4.5 considers those in Jobcentre Plus areas only. The number of cases for which longer term outcomes can be observed becomes very small. From the original sample of 24,000 partners, only around 200 are observed for 37 weeks after the start of eligibility. Despite this, the pattern of decline in the proportion claiming benefits is similar to that seen when considering Jobcentre Plus and non-Jobcentre Plus areas combined. After 37 weeks, about 62 per cent remained on benefit.

Figure 4.5 WFIP eligible population and proportion remaining on benefit (flow, Jobcentre Plus areas)

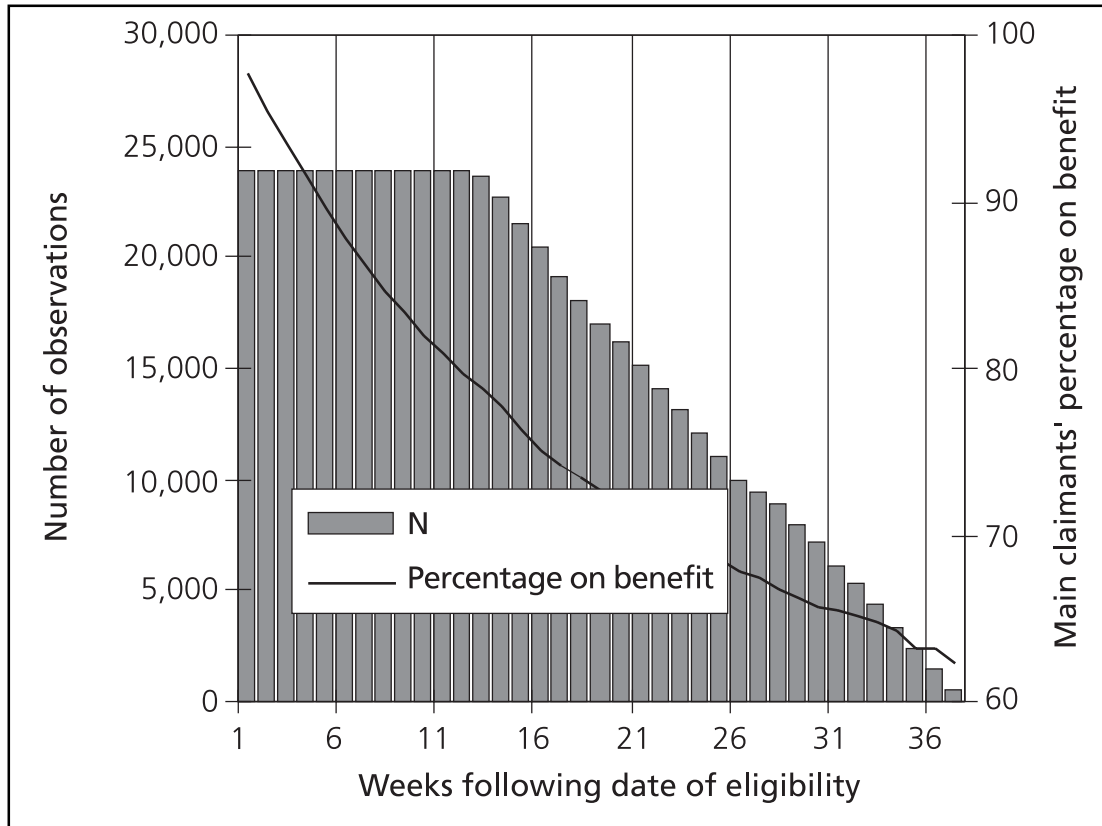
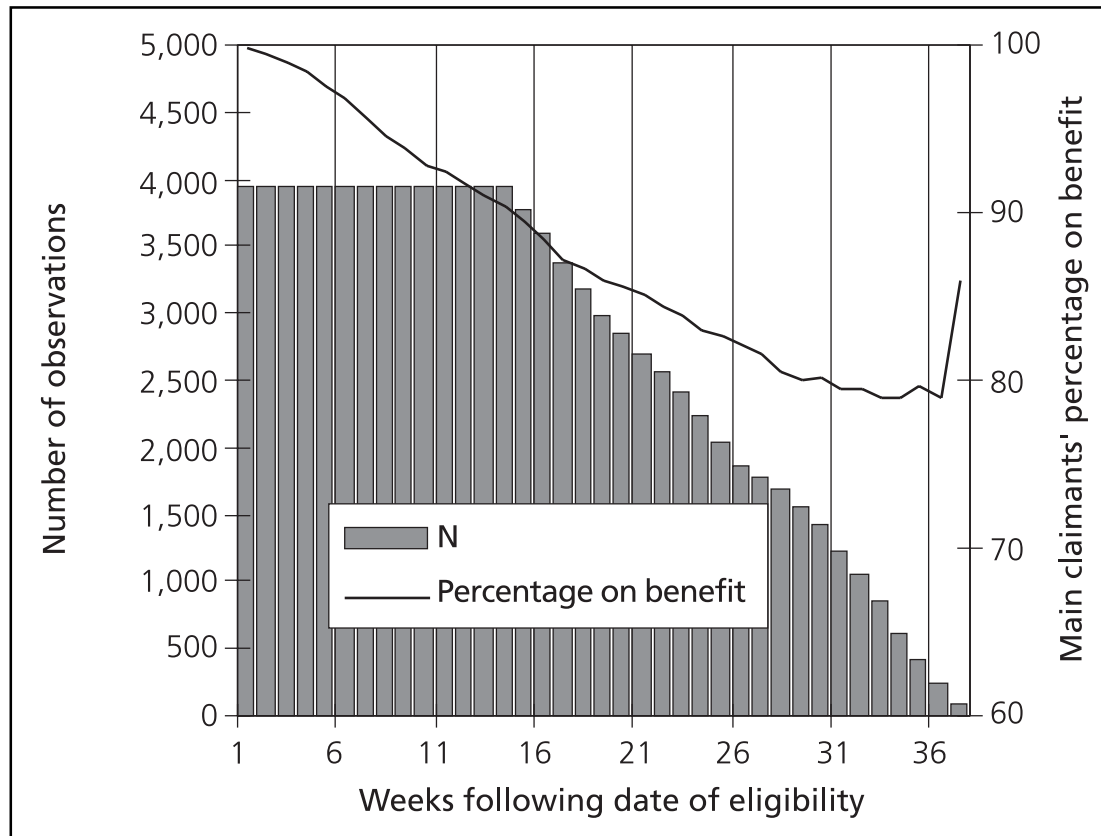


Figure 4.6 shows again that a restriction to the participants in WFIP selects a subgroup of the eligible flow sample of partners in Jobcentre Plus areas with a higher average duration on benefit. As before, this may be explained by the fact that the WFIP process itself requires time and so those who participate in WFIP will have a longer average benefit duration than those who do not. The estimates of the proportion on benefit 37 weeks after eligibility begins is based on so few participants (less than 100) that the observed increase at this time is not credible. Before this point, about 70 per cent of couples were on benefit.

Figure 4.6 Recorded WFIP participants and proportion remaining on benefit (flow, Jobcentre Plus areas)



4.2 Describing the original stock using the participants database

4.2.1 Characteristics of the stock

Table 4.13 below shows the benefits received by the household at the time of go-live day. Most common was IS. This accounted for more than three-quarters of all partners. JSA and IB accounted for roughly similar amounts while receipt of SDA was rare. Combinations of benefits were also rare.

Table 4.13 Stock couples: which benefit(s) claimed

| Benefit information | Col % |
|---------------------|--------|
| JSA only | 12.5 |
| IS only | 75.6 |
| IB only | 11.5 |
| SDA only | 0.2 |
| IS and IB | 0.1 |
| IS and SDA | 0.0 |
| Base | 60,355 |

Note: because of rounding, small numbers may appear as zero when expressed as a percentage of the total.

Spells on JSA tended to be shorter than spells on IS or IB: 43 per cent of JSA spells were shorter than one year at the time of go-live day compared to nine and six per cent of IS and IB respectively (Table 4.14). At the other extreme, only four per cent of JSA spells had lasted longer than five years at go-live day compared to 43 and 56 per cent respectively of IS and IB spells.

Table 4.14 Stock couples: duration of benefit spell (Column percentages)

| Benefit duration at go-live day | JSA | IS | IB | SDA | All |
|---------------------------------|-------|--------|-------|------|--------|
| 6 months - 1 year | 42.8 | 9.0 | 6.3 | 0.0 | 12.9 |
| 1-2 years | 37.4 | 14.8 | 11.0 | 0.7 | 17.1 |
| 2-3 years | 10.4 | 11.8 | 9.3 | 1.4 | 11.3 |
| 3-4 years | 4.1 | 11.7 | 8.9 | 7.0 | 10.4 |
| 4-5 years | 1.5 | 10.1 | 8.2 | 7.7 | 8.8 |
| 5-6 years | 1.1 | 8.4 | 7.6 | 7.0 | 7.4 |
| 6-7 years | 0.8 | 7.3 | 7.5 | 4.2 | 6.5 |
| 7-8 years | 2.0 | 4.5 | 7.1 | 11.9 | 4.5 |
| 8-9 years | 0.0 | 3.8 | 7.5 | 16.1 | 3.8 |
| 9-10 years | 0.0 | 3.3 | 21.9 | 36.4 | 5.1 |
| more than 10 years | 0.0 | 15.3 | 4.6 | 7.7 | 12.2 |
| Base | 7,557 | 45,654 | 7,001 | 143 | 60,355 |

Note: because of rounding, small numbers may appear as zero when expressed as a percentage of the total.

Table 4.15 shows that in most – about two-fifths – of cases, the partner was female.

Table 4.15 Stock couples: gender of partner

| | Col % |
|----------------|--------|
| partner female | 81.2 |
| partner male | 18.8 |
| Base | 60,355 |

Dependent children were present in the households of 64 per cent of partners (Table 4.16).¹⁸ Most common was to have either one or two children.

¹⁸ The children variables were sourced from the Generalised Matching Service (GMS).

Table 4.16 Stock couples: number of children

| | Col % |
|----------------|--------|
| children: none | 36.1 |
| children: 1 | 21.6 |
| children: 2 | 20.9 |
| children: 3 | 12.3 |
| children: 4+ | 9.1 |
| Base | 60,355 |

Of those with children, Table 4.17 shows that 22 per cent had a youngest child aged less than two at the time of go-live day or, in a handful of cases, the child was born shortly after this time. In most cases (73 per cent) the youngest child was of pre-secondary school age.

Table 4.17 Stock couples: age of youngest child

| | Col % |
|--|--------|
| age of youngest child: 0-1 (or pregnant) | 21.9 |
| age of youngest child: 2-5 | 25.3 |
| age of youngest child: 6-10 | 25.4 |
| age of youngest child: 11-19 | 27.5 |
| Base | 33,856 |

The average age of the partner at go-live day was 41 years. Table 4.18 shows that partners under the age of 20 were rare. More than half were over the age of 40.

Table 4.18 Stock couples: age of partner

| | Col % |
|--------------------|--------|
| partner age: 16-20 | 1.0 |
| partner age: 20-30 | 15.8 |
| partner age: 31-40 | 29.7 |
| partner age: 41-50 | 32.7 |
| partner age: 51-60 | 20.9 |
| Base | 60,355 |

Table 4.19 shows that about six per cent of partners were recorded as having a disability.

Table 4.19 Stock couples: partner disability

| | Col % |
|---------------------------|--------|
| partner has disability | 5.9 |
| partner has no disability | 94.1 |
| Base | 60,355 |

The regional breakdown of the stock is shown in Table 4.20. To put this into context, the second column in the table shows the population size of the regions in 2004.¹⁹ The third column presents a 'location quotient'. This is simply calculated as a ratio of the other two columns and indicates the extent to which WFIP stock couples are over-represented in particular areas. Yorkshire & Humberside, the West Midlands and London have roughly the numbers of WFIP couples one would expect based on the size of their respective populations. The main over-representation appears to be in Scotland, Wales, the North East and North West England. The South East has the fewest stock WFIP couples as a proportion of its population.

Table 4.20 Stock couples: Jobcentre Plus region

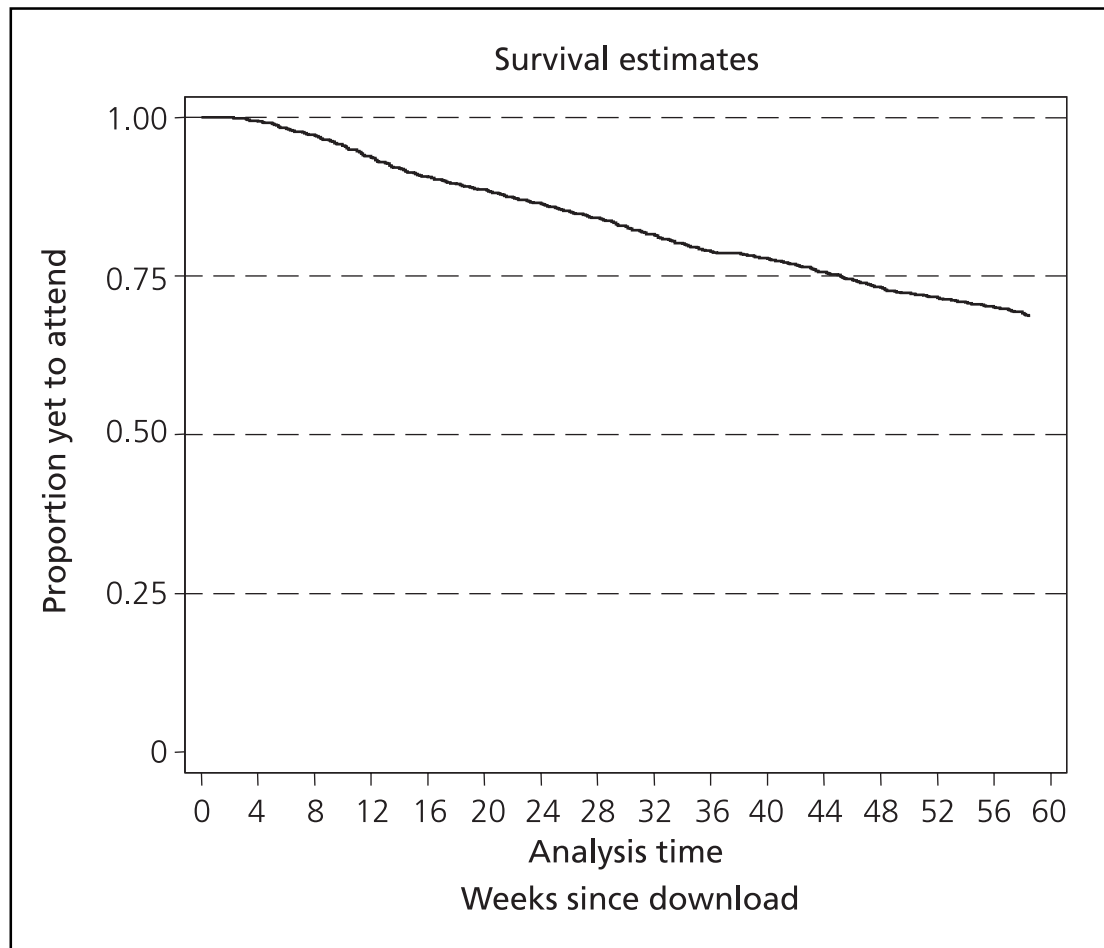
| Jobcentre Plus region | WFIP stock (col %) | Population (col %) | LQ |
|---|--------------------|--------------------|-----|
| Jobcentre Plus region: Scotland | 11.7 | 8.7 | 1.3 |
| Jobcentre Plus region: North East | 6.4 | 4.4 | 1.5 |
| Jobcentre Plus region: North West | 15.7 | 11.7 | 1.3 |
| Jobcentre Plus region: Yorkshire & Humberside | 9.0 | 8.7 | 1.0 |
| Jobcentre Plus region: Wales | 7.3 | 5.1 | 1.4 |
| Jobcentre Plus region: West Midlands | 9.1 | 9.2 | 1.0 |
| Jobcentre Plus region: East Midlands | 6.5 | 7.4 | 0.9 |
| Jobcentre Plus region: East | 6.3 | 9.4 | 0.7 |
| Jobcentre Plus region: South East | 8.5 | 14.0 | 0.6 |
| Jobcentre Plus region: London | 12.9 | 12.8 | 1.0 |
| Jobcentre Plus region: South West | 6.7 | 8.7 | 0.8 |
| Base | 60,355 | | |

4.2.2 Participation in WFIP

As already noted, the original stock in our sample was downloaded within eight weeks of go-live day. Figure 4.7 sheds a little more light on the issue of how long it takes for the stock to actually attend a WFIP. The line in the chart shows the probability of not having had a WFIP for those who remain eligible (i.e. the benefit continues) by a specific time since the customer records were downloaded to LMS. The process of WFI attendance was such that 72 per cent of those who remain on benefit will not have attended a WFI within a year of their records being downloaded.

¹⁹ These figures were taken from the Office for National Statistics (<http://www.statistics.gov.uk/statbase/Product.asp?vlnk=12899>).

Figure 4.7 The time taken to participate in WFIP, stock partners



5 Impact analysis

Introduction and summary of main points

This chapter presents the estimates of the effects of Work Focused Interviews for Partners (WFIP) and New Deal for Partners (NDP), separately as well as in combination. These are obtained using both difference in differences (DiD) (including the random growth model) and instrumental variable (IV) approaches. With the DiD estimates, the longest outcome that is observed is 37 weeks after eligibility commences. For IV estimates, outcomes up to 12 (28-day) months after WFIP participation are observed, albeit with reduced sample sizes for the longer durations. The main findings for stock couples are:

- For stock couples, WFIP eligibility appears to reduce benefit claims after 37 weeks by about one percentage point. Assuming no deterrent effect implies that WFIP participation reduced benefit claims among stock by around 4.6 percentage points. However, since significant effects were evident sooner after eligibility than WFIP participation usually took place, the assumption of no deterrent effect is unlikely to hold. In view of this, the estimated effect on participation represents an upper bound on the true effect.
- There is no evidence to suggest that WFIP encouraged the movement from non-employment to employment among stock couples.
- Stock couples on Jobseeker's Allowance (JSA) were more likely to exit benefit than those on other benefits. Those with less than two years benefit duration were more likely to exit than those who had been on benefit for longer. Those aged 25 – 45 were more likely to exit than those who were older or younger than this.
- The effect of NDP eligibility on stock partners 37 weeks after eligibility commenced was a decline of about one percentage point in benefit claims. This was only marginally statistically significant. This effect of WFIP/NDP combined was estimated to be similar, although these results appear a little more statistically significant.

The main findings for flow couples are:

- No significant effects of WFIP eligibility or participation are evident for flow couples. This was true when considering the population as a whole and when considering results separately according to whether claiming JSA or according to age.
- Significant effects of NDP and NDP/WFIP combined were evident for flow couples. In view of concerns over the data, these results are viewed as being indicative of NDP and NDP/Work Focused Interview (WFI) causing a significant reduction in benefit claiming but view the size of the estimated effect as being unreliable.

With regard to the effect on NDP participation, WFIP participation increased this by about 3.5 percentage points for stock and flow couples. For stock couples, it was possible to look at variations across subgroups in the effect on NDP take-up. As with the consideration of benefit outcomes, those on benefit for less than two years, those claiming JSA and those aged 25-45 were more likely than their counterparts to respond to WFIP participation by participating in NDP.

5.1 Difference-in-differences estimates

This section contains the DiD estimates for both stock and flow couples. Estimates are presented separately for the effect of WFIP, the effect of NDP and the combined effect of WFIP and NDP. This is achieved by varying the definition of the treatment and comparison groups, as described in Chapter 3. To recap, this operates as follows:

- The **effect of WFIP** was estimated by having a treatment group of eligible couples (in Jobcentre Plus areas) and a comparison group of couples who would be eligible apart from the fact that they live in a non-Jobcentre Plus area. The outcomes of the treatment group relative to the comparison group would, it is assumed, remain unchanged apart from the disruption caused by the introduction of WFIP. This means that observed differences in the relative outcomes can be attributed to the effect of WFIP.
- The **effect of NDP** was estimated by having a treatment group of couples who would be eligible apart from the fact that they lived in a non-Jobcentre Plus area (i.e. the same group of couples who were used as the comparison group when estimating the effect of WFIP) and a comparison group made up of lone parent claiming Income Support (IS) who also lived in a non-Jobcentre Plus area. Again, we view the relative outcomes of the treatment and control group to only be disrupted by the fact that NDP was introduced (NDP was available to those living in non-Jobcentre Plus areas). Consequently, observed differences in the relative outcomes can be attributed to the effect of WFIP.

- The **combined effect of WFIP and NDP** was estimated by having a treatment group of eligible couples in Jobcentre Plus areas (i.e. the same treatment group as when estimating the effect of WFIP) and a comparison group made up of lone parents claiming IS who also lived in a Jobcentre Plus area. Now, the relative outcomes of the treatment and control group are disrupted by the introduction of both WFIP and NDP (since lone parents are eligible for neither). Consequently, observed differences in the relative outcomes can be attributed to the combined effect of WFIP and NDP.

5.1.1 Two preliminary comments on the results

Before presenting the results, there are two points that should be noted. First, it has been noted already that the estimation sample deliberately excluded couples living in areas that integrated into the Jobcentre Plus network between go-live day and the end of September 2004. The result of this is that, the post-WFIP estimation sample includes only those for whom the Jobcentre Plus status is consistent throughout the period observed. Ideally, a similar process would have been carried out for the pre-WFIP estimation sample (that is required for the DiD analysis) and, furthermore, areas that were integrated into the Jobcentre Plus network at some point between the dates of the pre- and post-WFIP estimation samples would have been excluded. However, this was not possible. The main obstacle to doing this was that it would have resulted in a considerable depletion of the estimation sample. A secondary reason was that the data available on the timing of Jobcentre Plus integration was shown to be inaccurate, particularly for those converting relatively early.

The results should be viewed with this in mind. The extent to which it biases the results depends on whether the introduction of Jobcentre Plus influences movements of benefits for the claimant partner. For those on non-JSA benefits, the bias is likely to be small. All that is required of them under Jobcentre Plus is to attend an initial interview when commencing their claim. Since eligibility for WFIP requires that the benefit spell reaches the six month mark, the effect of any initial interview is likely to be lost. The same is also true for those claiming JSA. However, since Jobcentre Plus is likely to have been more effective for those on JSA, it is prudent to view the WFIP impact estimates for JSA as an upper bound on the true effect.

The second point that requires some expansion relates to the lone parent comparison group. The reason for needing such a comparison group is set out above. However, lone parents are obviously fundamentally different from couples so the extent to which it is possible to use them as a comparison group with a view to capturing the counterfactual outcomes of the (couples) treatment group deserves some consideration. One possible difficulty is that, in the course of the period covered by the sample used for the DiD analysis, WFIs for lone parents were introduced. To address this, the comparison group chosen was a sub-group of all lone parents, selected on the basis of the age of the youngest child such that their requirement to participate in WFIs was unchanged over the pre- and post-WFIP periods.

However, there is still the possibility that lone parents do not operate effectively as a comparison group. This in fact turns out to be the case. By carrying out pre-programme tests (see Chapter 3) it is possible to assess the extent to which it is valid to view the comparison group as capturing the counterfactual for the treatment group. The results of these tests are given in the appendix. To summarise, the tests were satisfied when using couples as a comparison group but were mostly not satisfied when using lone parents as a comparison group. This prompted the modification to the DiD approach discussed in Chapter 3. The estimated effects of NDP and WFIP/NDP combined – i.e. the models that use lone parents as a comparison group – are carried out using random growth models rather than a DiD approach. Details of this approach are given in Dorsett (2005).

There is another point relevant to the use of lone parents as a comparison group that relates to the extensive data manipulation required for constructing a useable couples dataset. The lone parent data was much simpler to construct and did not rely on as many assumptions to identify eligibility. The WFIP estimates are based on a treatment group of couples and a comparison group that is also made up of couples. Consequently, the assumptions made in setting up the data are shared by both the treatment and comparison groups and effectively cancel each other out. For the other estimates, however, the data set-up assumptions affect only the treatment group, so there may be some systematic bias across the treatment and comparison groups that exists for reasons wholly unrelated to the treatment of interest. To address this, it was necessary to carry out further refinement of the couples data when comparing with lone parents. This amounted to imputing some spell ends. Doing so creates no problems when considering the effects at a population level but limits the extent to which it is possible to examine subgroups. In view of this, subgroup analysis is only carried out for the effect of WFIP. Aside from these data-driven reasons for not being able to carry out subgroup analysis for the effects of NDP and WFIP/NDP combined, the small number of NDP participants suggests there might be little additional value in doing so.

5.1.2 The format of the presented results

The presentation of the results (and those in the appendix) follows a consistent graphical format. The graphs show the estimated effects for a period of 37 weeks following the date of eligibility (which in most cases is the 12 April 2004 for the stock). Confidence intervals (labelled 'CI' in the charts) are also presented to indicate significance. An effect is different from zero at standard levels of statistical significance if the surrounding confidence intervals exclude zero. A significantly negative effect indicates that WFIP (or whatever treatment is being considered) is successful in reducing the proportion claiming benefit. All effects summarised in the graphs are estimated within a regression framework. Most models additionally control for those observable characteristics recorded in Working Age Statistical Database (WASD), i.e. age, gender, children, the duration spent on benefit prior to eligibility and the calendar time of eligibility.

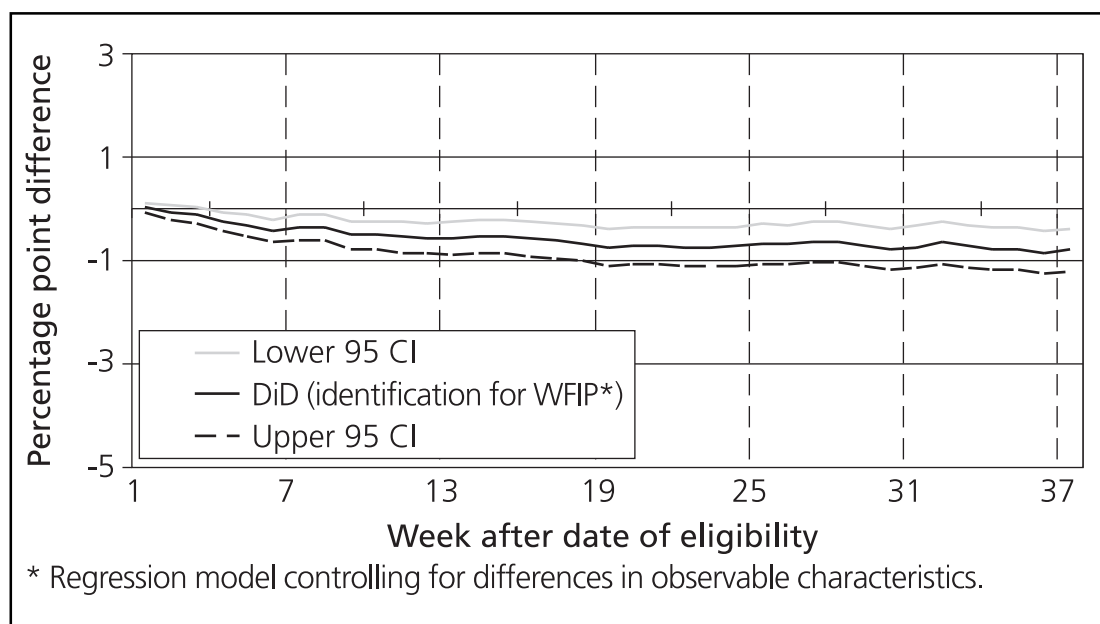
5.1.3 Stock: Benefit outcome

Effect of WFIP

Figure 5.1 shows the effect of WFIP eligibility for stock partners. As discussed in Chapter 3, eligibility is distinct from participation. Specifically, not all of those who are eligible will participate in WFIP. The effect of eligibility therefore represents a combination of the effect of participation for those who participate and the deterrent effect for those who do not participate. Consequently, it is debatable what is driving the estimated effects; whether it is purely the participation effect, purely the deterrent effect or, more realistically, some mix of the two.

The estimated effect of eligibility on benefit status is small but statistically significant. The evolution of the effect over time appears fairly stable and, after 37 weeks, reaches nearly -1. In other words, it appears that WFIP eligibility reduces benefit claims after 37 weeks by about one percentage point.

Figure 5.1 Effect of WFIP eligibility for stock

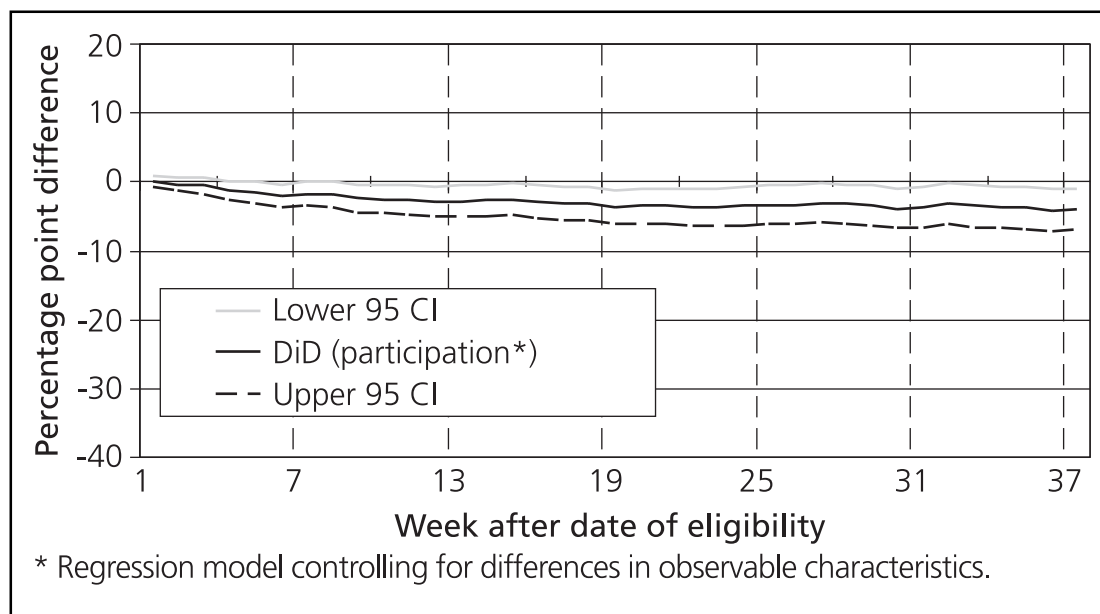


These estimates can be adjusted to arrive at the more policy-relevant estimate of WFIP participation. As mentioned in Chapter 3, doing so implicitly excludes the possibility of a deterrent effect since it assumes that all observed effects are a result of participation. Some consideration of this point is provided in the discussion section at the end of this Chapter.

Figure 5.2 presents the estimated effects of WFIP participation. The effect is in most cases significantly negative from 18 weeks following the date of eligibility. At the end of the period of observation, the effect of WFIP participation is around 4.6, indicating that the participation in WFIP reduced the benefit rates by 4.6 percentage points. It should be emphasised that this represents an upper bound. In other words, a participation effect of 4.6 percentage points is only possible if there is no deterrent

effect. Should this not be the case, the true effect of participation will be smaller, and possibly not statistically significantly different from zero.

Figure 5.2 Effect of WFIP participation on exit from benefit (stock)

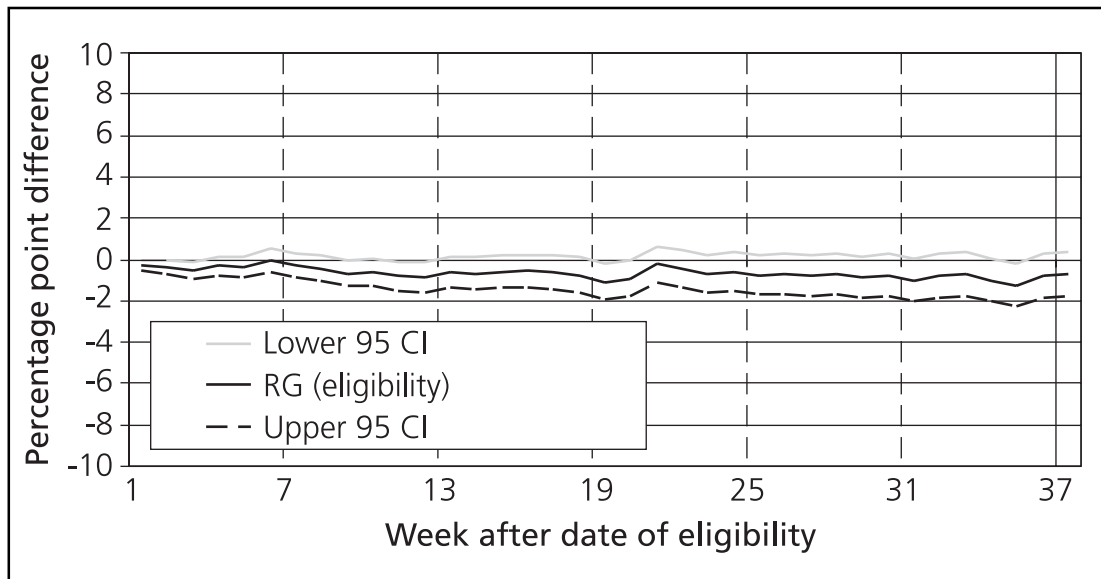


Clearly, the interpretation of the results hinges to some extent on the existence of a deterrent effect. It is possible to gain some insight into the likelihood of such an effect existing by comparing how soon after eligibility a significant effect appears with how quickly partners participate in WFIP. These estimates presented above become significant about 17 weeks after the date of eligibility (and are close to significance for quite a number of weeks before that). This is slightly earlier than the average time taken to participate in WFIP and possibly indicates the operation of deterrent effects; that is, individuals choosing to end spells rather than participate in a WFIP.

Effect of NDP

The effect of WFIP eligibility can be considered in the same way. This is shown in Figure 5.3. As with WFIP eligibility, the overall tendency is for NDP eligibility to reduce by about one percentage point the proportion of couples claiming a benefit. However, this effect should not be regarded as robust since it mostly falls slightly short of significance at the conventional level. Overall, it appears that NDP eligibility has little effect on whether or not the couple claim benefit. It seems plausible that the effect is less than that of WFIP eligibility, particularly if one believes that the WFIP effect is driven at least partly by a deterrent effect. Specifically, since NDP is a voluntary programme there is no reason to believe it should have any associated deterrent effect so any detected effect should be due to NDP participation.

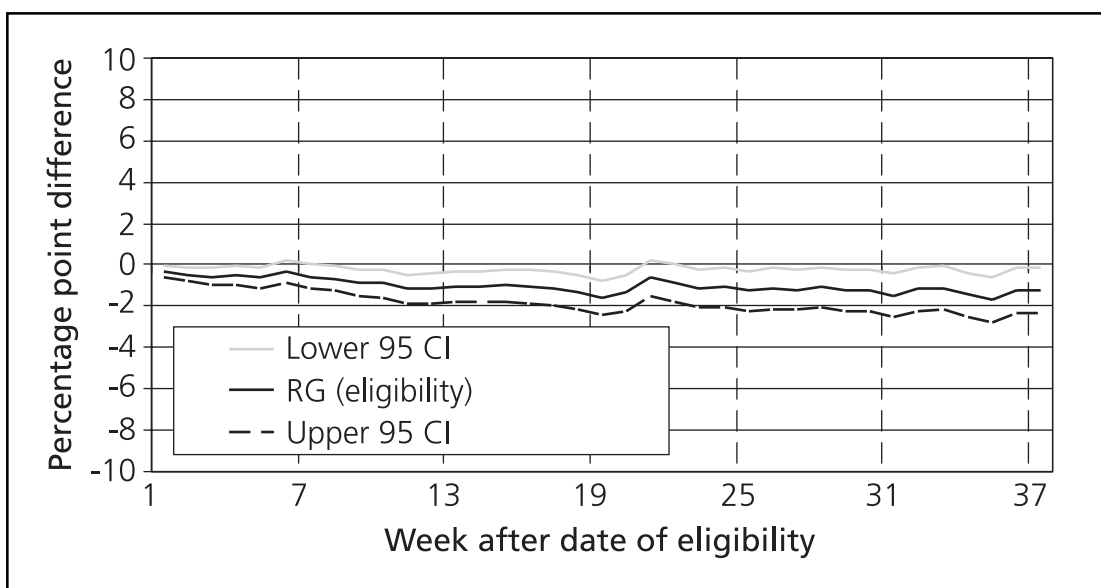
Figure 5.3 Effect of NDP on benefit rate (Stock sample)



Effect of WFIP/NDP combined

Figure 5.4 gives the estimated effects of WFIP/NDP combined. The estimated effects are more or less similar in magnitude to the NDP effect, again reaching about one percentage point after 37 weeks. However, the results appear a little more definite and actually register as significant at the conventional level for most of the 36 weeks following eligibility. Unlike the NDP effect discussed above, the combined WFIP/NDP effect is likely to be partly driven by the deterrent effect since eligible couples are required to participate in WFIP.

Figure 5.4 Combined WFI and NDP effects of eligibility (Stock sample)



Subgroup analysis

In this sub-section, the extent to which the results vary across subgroups of the eligible population is considered. As the descriptive analysis has revealed, heterogeneous groups of partners are eligible for WFIP. In particular, the type of benefit paid to main claimants and the duration of the claim before eligibility might affect the outcomes of WFIP. To explore this, the effect of WFIP participation was estimated separately in different subsamples. All results have been estimated as the effect of eligibility, subsequently adjusted to provide the effect of WFIP participation. This means that the estimated effects assume no deterrent effects or, put another way, the estimated effects represent upper bounds on the true effects of participation.

Figure 5.5 shows the effect of WFIP participation on those receiving JSA. For this subgroup, a pronounced and significantly negative effect of – ten percentage points was found after 16 weeks, showing a high effectiveness of the programme for this subgroup (although the earlier proviso relating to the introduction of Jobcentre Plus should be borne in mind). The effect of WFIP remains significantly negative up to the end of the period of observation and increases in absolute terms; after 37 weeks, the effect is estimated at 18 percentage points. It is notable that the confidence intervals are much wider than has been the case for the results presented in earlier charts. This is the result of the estimation being based on a smaller number of couples (i.e. just those receiving JSA) and it means the effect is less precisely estimated than in previous charts. It is important to bear this in mind when considering the results. While there is clear evidence of WFIP reducing the probability of claiming benefits, the size of this effect 37 weeks after eligibility may differ substantially from the 18 percentage points shown in the chart.

Figure 5.5 Effect of WFIP participation on exit from benefit (stock, JSA claimants)

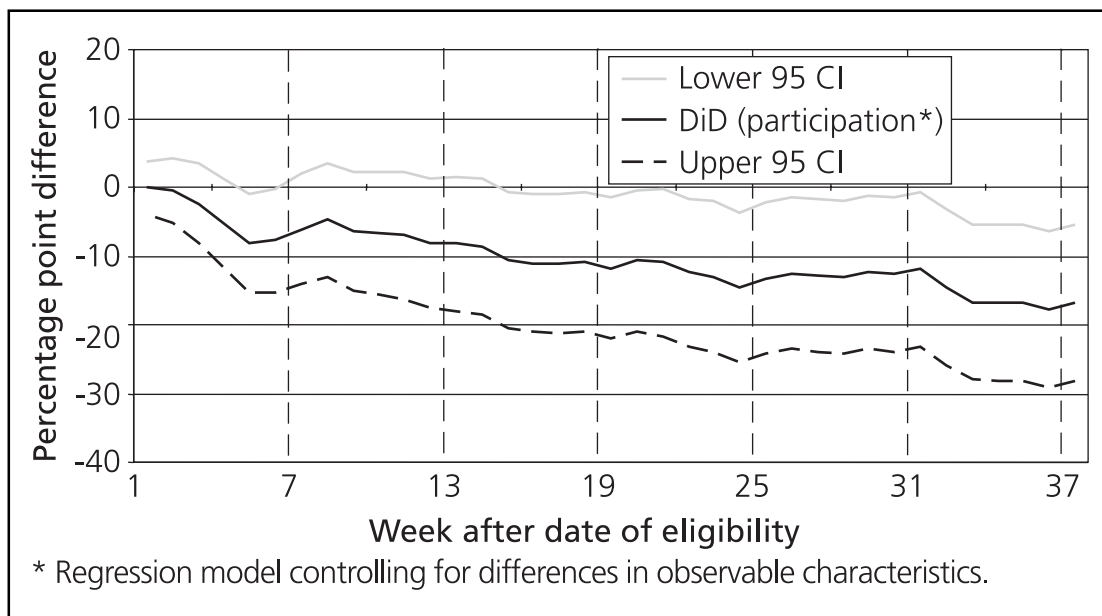
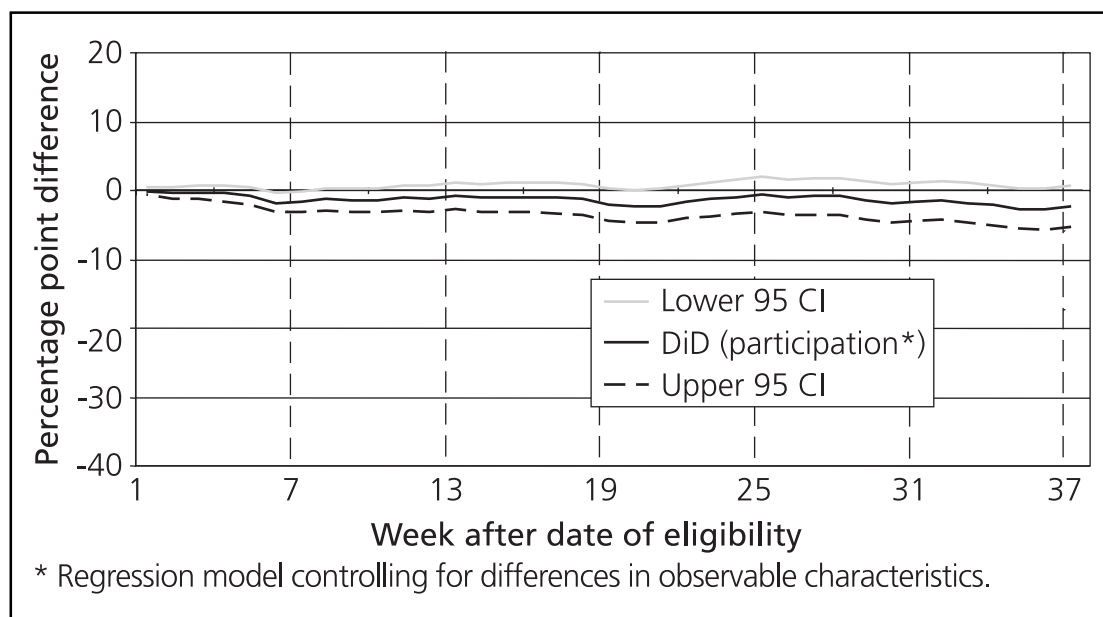


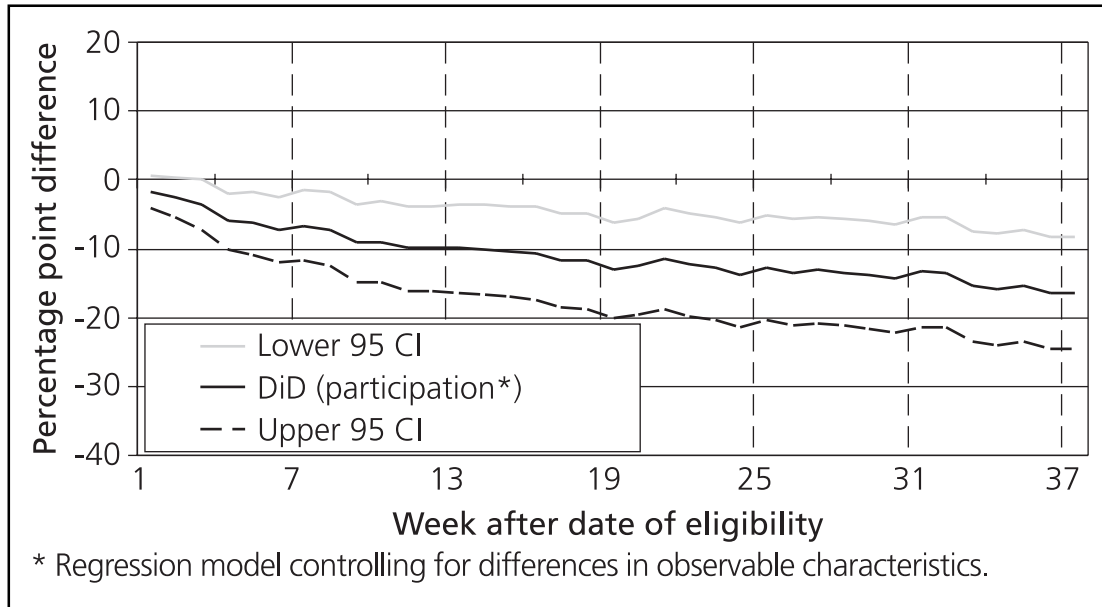
Figure 5.6 shows corresponding results for those claiming a benefit other than JSA. The larger number of couples on non-JSA benefits means that the effects are estimated much more precisely, as indicated by the width of the confidence interval. The estimated effect is much weaker than for those claiming JSA. Although it is negative throughout, this effect is not statistically significant, except marginally about seven weeks after eligibility. The clear finding is that couples in receipt of JSA are more likely than those on other benefits to respond to WFIP by leaving benefit.

Figure 5.6 Effect of WFIP participation on exit from benefit (stock, non-JSA claimants)



As shown in Chapter 4, in many cases the benefit spell that existed at the time of eligibility is very long. It is of interest to examine how effectiveness varies according to length of spell. Figures 5.7 and 5.8 show effects for two subgroups with benefit durations of either less or more than two years. The effect of WFIP participation is significantly negative and substantial (16 percentage points after 37 weeks) for those with a benefit of less than two years duration.

Figure 5.7 Effect of WFIP participation on exit from benefit (stock, on benefit less than two years)



For those with longer benefit spells, Figure 5.8 shows no WFIP effect. Here, the estimated effect is precisely estimated (as indicated by the narrow confidence intervals surrounding the estimates) but still remain close to zero throughout. Hence, it is clear that it is among couples with shorter benefit spells that WFIP has a stronger effect.

Figure 5.8 Effect of WFIP participation on exit from benefit (stock, on benefit more than two years)

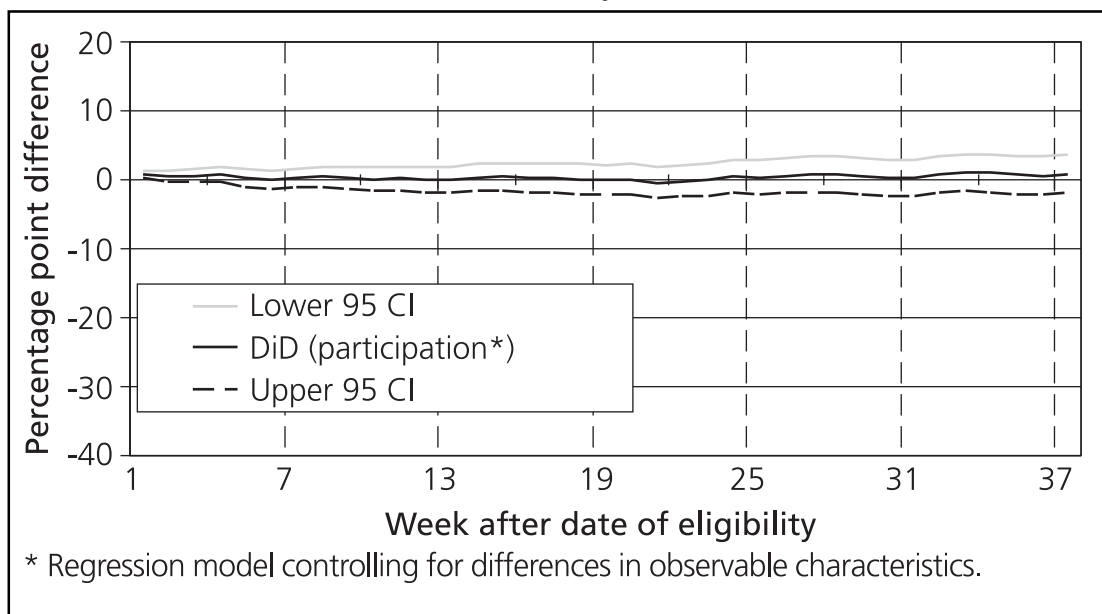


Figure 5.9, 5.10 and 5.11 consider the extent to which the effectiveness of WFIP participation varies according to the age of the main claimant. No significant effects of WFIP participation were detected for couples where the main claimant was aged under 25. Although the effects are imprecisely estimated, they appear to fluctuate around zero, at least for the first 19 or so weeks after eligibility commence, suggesting that the lack of significance may reflect a true absence of an effect rather than simply being the result of a small sample size.

Figure 5.9 Effect of WFIP participation on exit from benefit (stock, main claimant under 25)

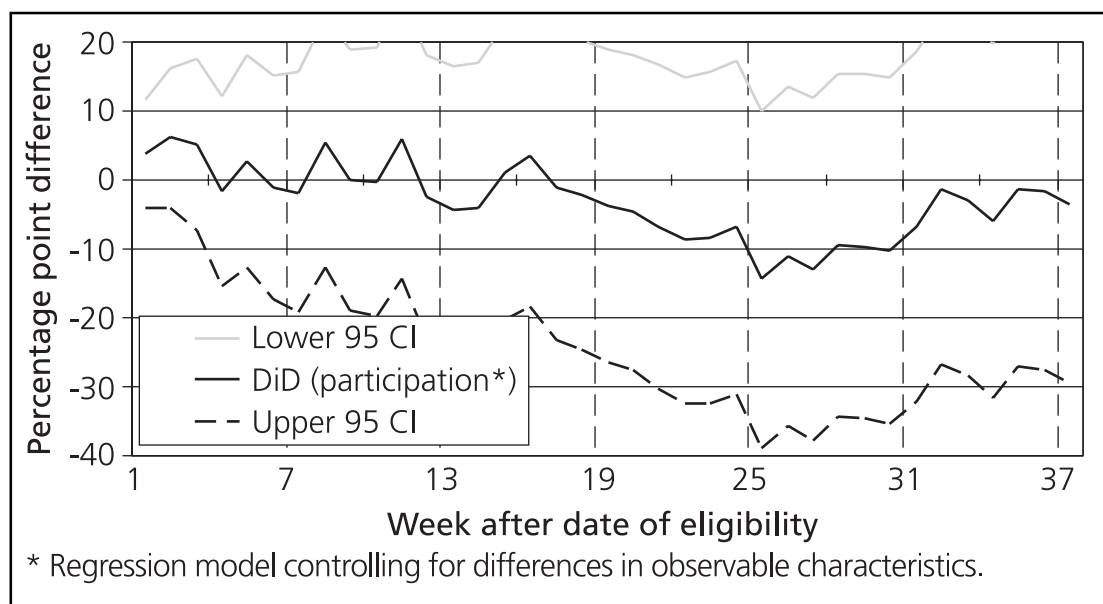
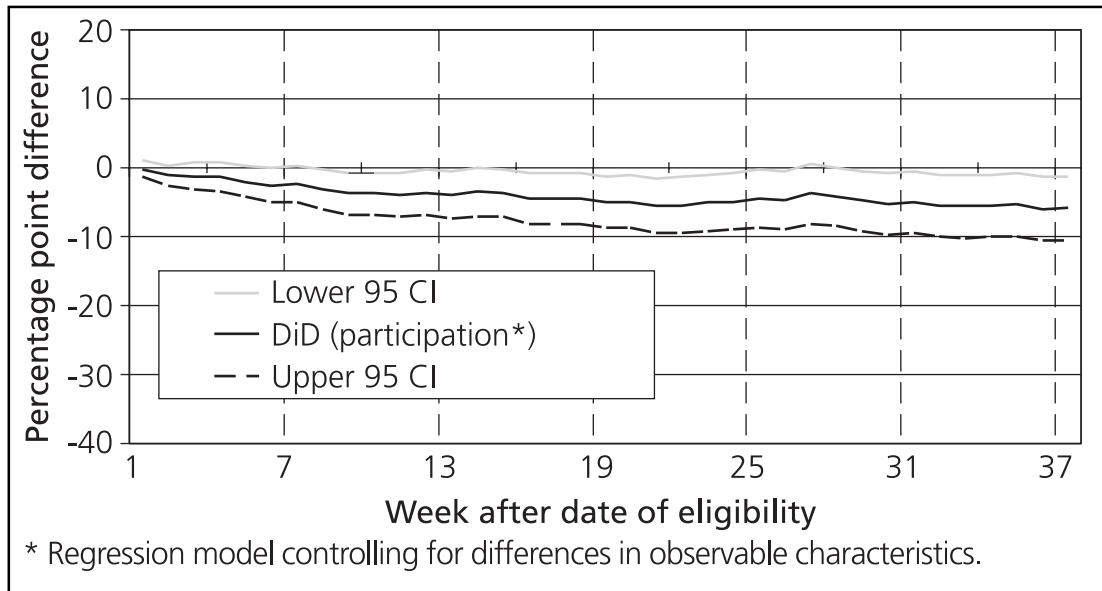


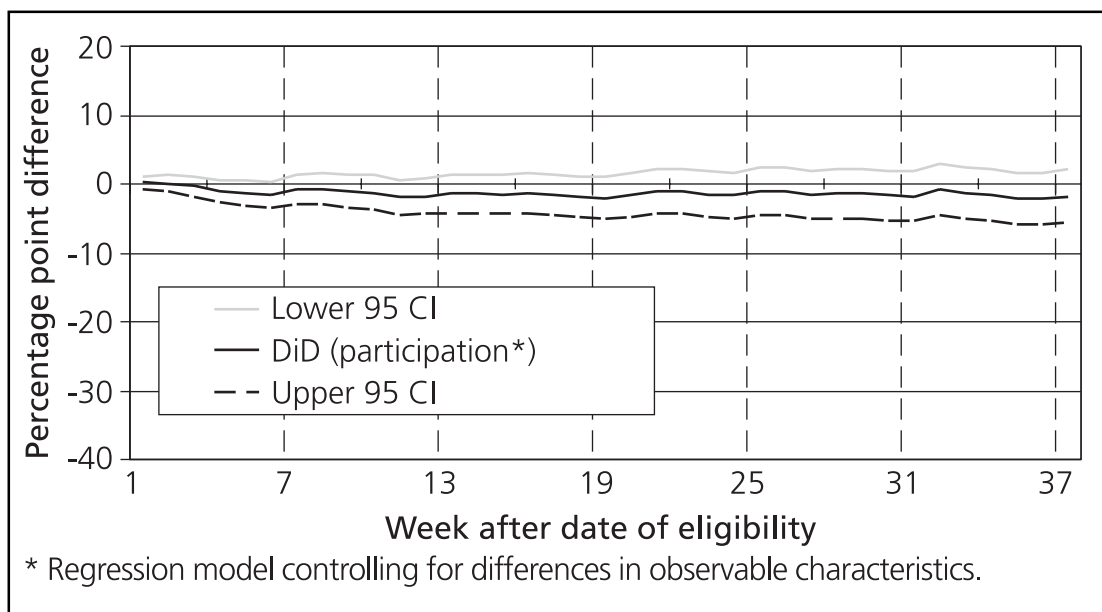
Figure 5.10 shows a significant negative effect for couples where the claimant is aged between 25 and 45. For such prime working-age couples, participation reduced benefits claims by 7.5 percentage points 37 weeks after the date of eligibility. The effect appears steady over time.

Figure 5.10 Effect of WFIP participation on exit from benefit (stock, main claimant 25-44)



In Figure 5.11, couples where the claimant partner is aged 45 or over are considered. Here, the effect is consistently insignificant and close to zero. Taking the results for subgroups defined by the age of the claimant partner as a whole, it appears that the effectiveness of the programme is mainly delivered through its effect on prime-age (25-44 year old) couples.

Figure 5.11 Effect of WFIP participation on exit from benefit (stock, main claimant over 45)



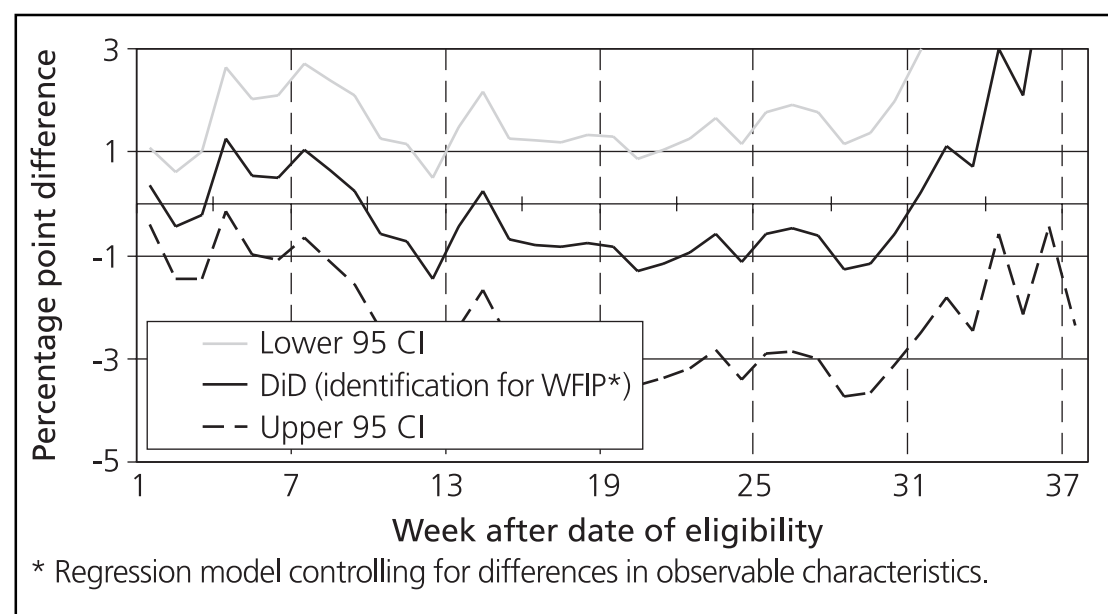
Summarising the results of the sub-group analysis, it is clear that some couples respond more readily than others to the requirement to attend a WFIP. In particular, couples who claim JSA, who have been on benefit for less than two years and have a claimant partner aged between 25 and 44 appear most likely to exit benefit in response to this requirement. The results provide upper bounds on the effects of WFIP participation. However, it should be borne in mind that upper bounds are only plausible if there is no deterrent effect. In all likelihood, the participation effects will be smaller and at least some of the observed effects will be capturing couples' decisions to end their benefit spell rather than participate in WFIP.

5.1.4 Flow: Benefit outcome

Effect of WFIP

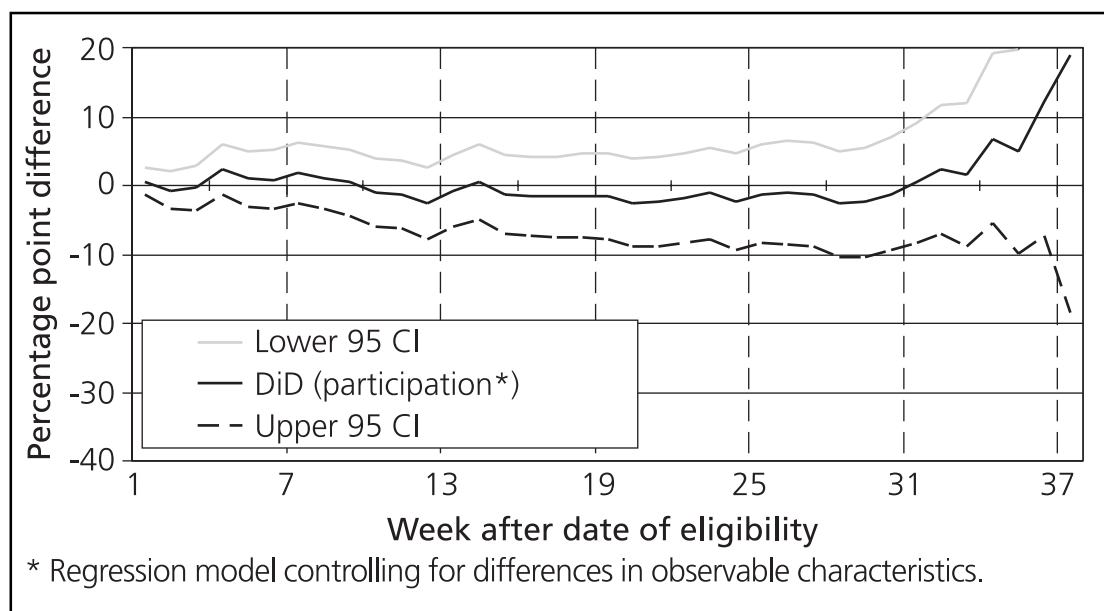
In this section, the analysis carried out for the stock is repeated for the flow. Figure 5.12 shows the estimated effect of eligibility. No significant effects of WFIP eligibility are evident for flow couples. This is in contrast to the stock couples where a significant reduction in the level of benefits was found. This is surprising if one believes the eligibility effect operates largely through participation in WFIP since it seems plausible that flow clients are easier to help than stock clients. The fact that the effect is actually greater for the stock therefore adds to the evidence supporting the view that the deterrent effect is driving the observed WFIP effects.

Figure 5.12 Effect of WFIP eligibility on main claimant exit from benefit (flow)



This lack of significance translates into insignificant results when considering the effect of participation rather than eligibility (Figure 5.13). It is notable that the estimates relating to the end of the period of observation are based on very few participants, resulting in big confidence intervals surrounding the estimated WFIP participation effects. In the weeks before the confidence intervals expand rapidly (that is, before about week 34), the estimated effects remain close to zero indicating that, even if it is assumed that there is no deterrent effect for the flow, the estimated effect of participation is still small.

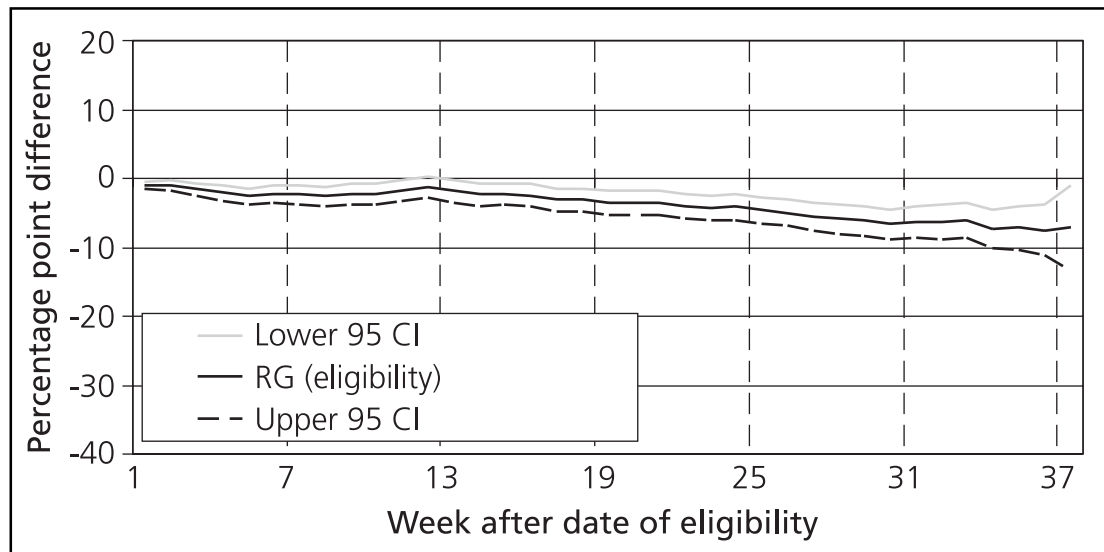
Figure 5.13 Effect of WFIP participation on exit from benefit (flow)



Effect of NDP

Figure 5.14 shows the estimated effect of NDP on flow couples. After 37 weeks, the estimated effect is of about a seven percentage point decline in benefits. While this is significantly negative, it is based on a relatively small number of couples, as reflected in the widening confidence intervals. Given concerns about the comparison group used in the estimation of the NDP and combined WFIP/NDP effects, it is advisable to not pay too close attention to the size of the estimated effect but rather to focus on the fact that NDP appears to cause flow couples to exit benefit in a way that was not observed among stock couples.

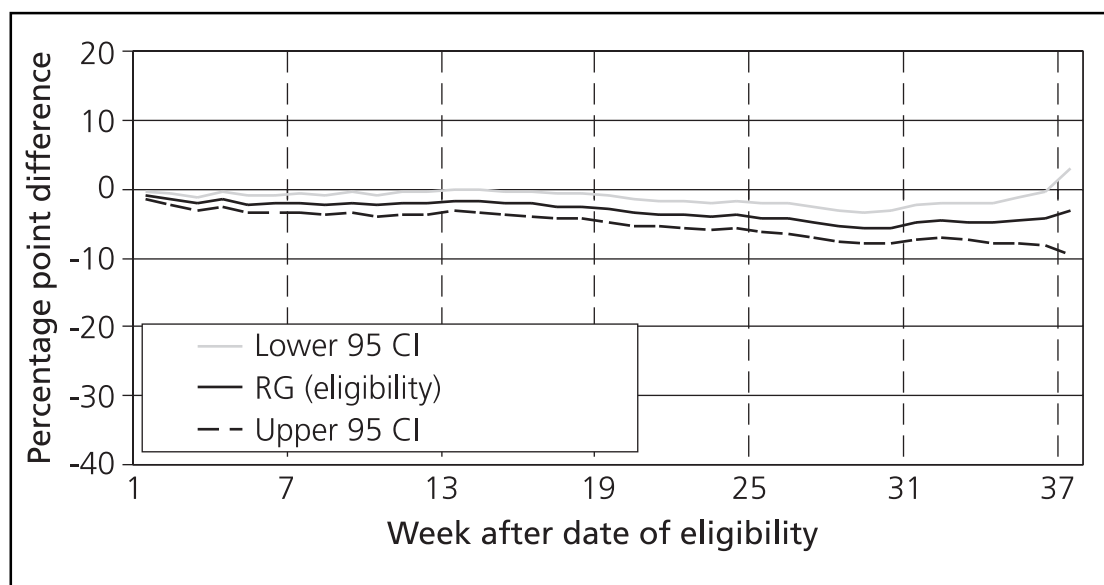
Figure 5.14 Effect of NDP on benefit rate (flow)



Combined effect of WFIP and NDP

Estimates of the combined WFIP/NDP effect for the flow are given in Figure 5.15. The estimated effect is of a decline of three percentage points by the end of the observation period. Again, the confidence intervals of the estimated effects widen towards the end of the observation period, reducing the precision of the estimate (although still indicating a significant effect). The estimated effects are quite similar in size to those of NDP alone (previous chart) which is to be expected since WFIP has been shown to have no significant effect on benefit exits for flow couples.

Figure 5.15 Combined WFI and NDP effects of eligibility (flow)



Subgroup analysis

As with the stock, it is interesting to consider how the estimated effects vary across different types of couples. In this section, differences between those claiming JSA and those claiming other benefits are considered. Also, variations by age of main claimant are presented. However, it is not possible to examine variations by duration of benefit spell; most flow couples have been claiming benefit for six months at the time they become eligible.

Figure 5.16 shows the effects of WFIP participation for the JSA couples. The effect of WFIP on the main claimant's benefit rate is not significantly different from zero for all 37 weeks following the date of eligibility.

Figure 5.16 Effect of WFIP participation on exit from benefit (flow, JSA claimants)

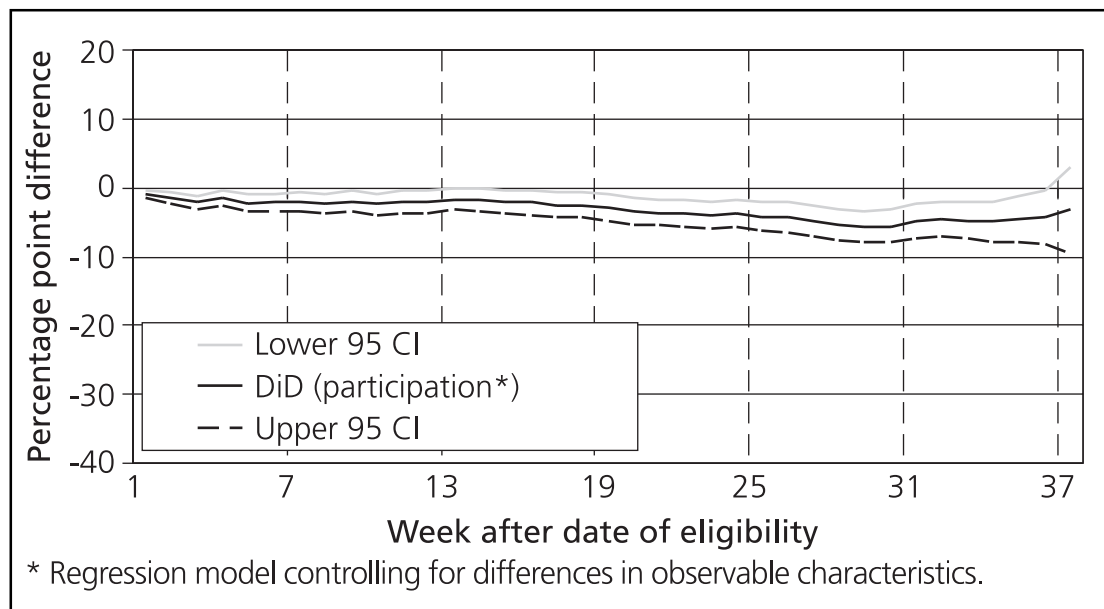
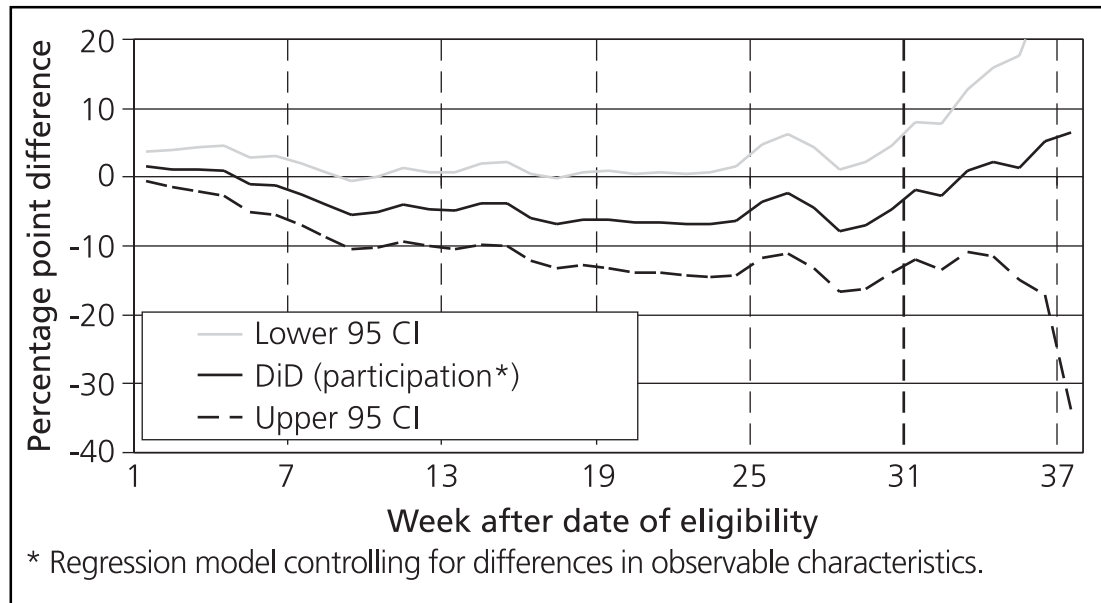


Figure 5.17 shows some significant effects for the non-JSA couples. About nine weeks after eligibility, a significant reduction of roughly five percentage points was seen. The effect was evident at this level or thereabouts until roughly 24 weeks after eligibility, albeit at the margins of statistical significance. Beyond this point, the results become less stable and less significant.

Figure 5.17 Effect of WFIP participation on exit from benefit (flow, non-JSA claimants)



Figures 5.18 to 5.20 consider variation by the age of the claimant partner. No significant effects are found for any of the age groups.

Figure 5.18 Effect of WFIP participation on exit from benefit (flow, main claimant under 25)

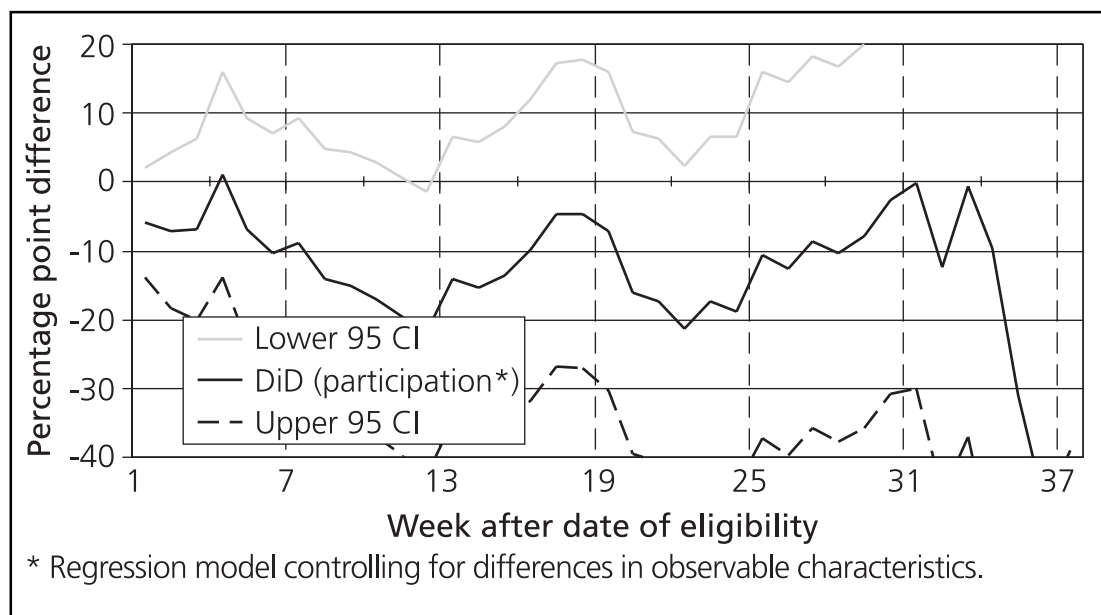


Figure 5.19 Effect of WFIP participation on exit from benefit (flow, main claimant 25-44)

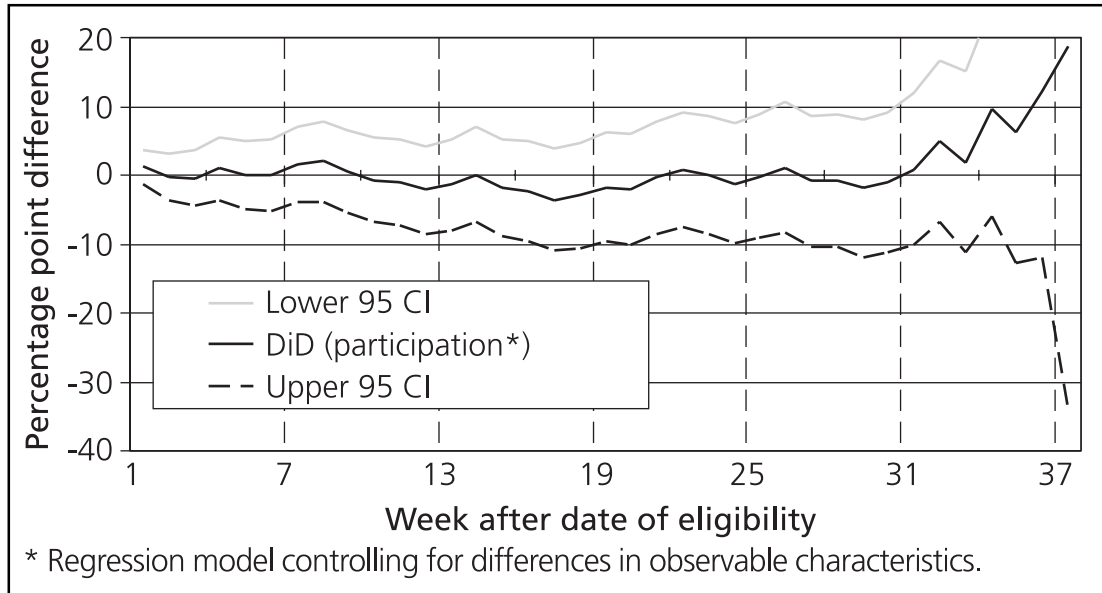
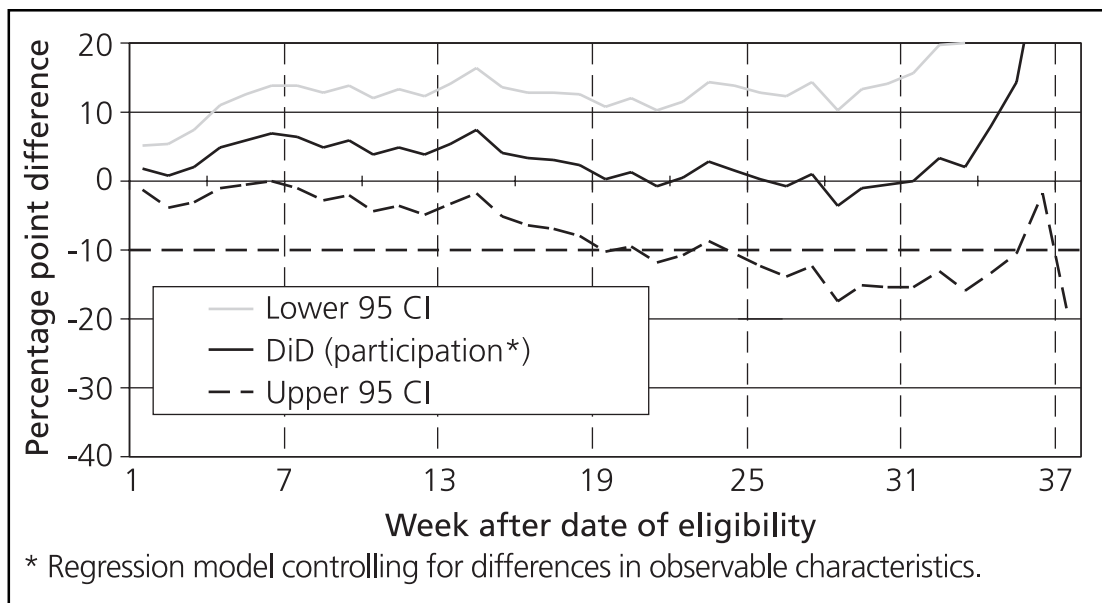


Figure 5.20 Effect of WFIP participation on exit from benefit (flow, main claimant over 45)



5.1.5 Effects on NDP programme uptake

Given the small numbers caseloaded to NDP, estimates of the effect of WFIP were produced for the stock and flow combined rather than separately. Table 5.1 shows the DiD results of WFIP on participation in NDP. WFIP eligibility appears to increase participation in NDP by nearly one percentage point. Participation in WFIP appears to increase NDP participation by about 3.7 percentage points. Both effects are significantly different from zero.

Table 5.1 Effect of WFIP participation on NDP participation

| | Eligibility | WFIP participation |
|--|-------------|--------------------|
| Effect on NDP participation (% point difference in take-up) | 0.89 | 3.68 |

5.2 Instrumental variable estimates

This section contains the IV estimates of the effect of WFIP on the NDP, benefit and employment status of those stock couples that existed at the time of go-live day.²⁰ We implement this as follows:

- a) compare the outcomes of those whose records were downloaded to Labour Market System (LMS) in the first four weeks following go-live day with those whose records were downloaded later
- b) compare the level of WFIP participation among those whose records were downloaded to LMS in the first four weeks following go-live day with that among those whose records were downloaded later
- c) divide a) by b) to get an estimate of the effect of WFIP participation on outcomes.

As described in Chapter 3, this approach requires that the instrumental variable influences the probability of receiving treatment but does not influence the outcome of interest. In this case, the instrumental variable is the indicator of early LMS download. It has already been shown that early download increases the probability of WFIP participation. Furthermore, in view of the fact that the timing of download was randomly assigned, it is clear that this in itself cannot influence outcomes. Hence, the two requirements for the instrument are met.

Two further points should be mentioned before turning to the results themselves. First, the outcomes considered are all measured relative to the time of WFIP participation. Obviously, those who do not participate have no such start date. To

²⁰ It was not possible to estimate the separate effect of NDP. This was due primarily to the small number of NDP participants causing the resulting estimates to be highly unstable.

get around this problem, a pseudo-start date was imputed for the non-participants. For each non-participant, a pseudo-start date was imputed as a random draw from the distribution of actual start dates observed among the participants. This is a standard approach that has been used in a number of other evaluations.

The second point is related to the first. Since outcomes are measured relative to the time of (pseudo-) participation, the estimates of longer term effects will be based on fewer observations than the effects of shorter term outcomes. This is an analogous situation to that described in more detail for the DiD results. However, a further consideration is relevant. As well as observing outcomes after WFIP participation, outcomes before participation are also observed. This provides a helpful check on the validity of the results. Specifically, since the IV results relate to those who actually participate, there should be no significant pre-participation effects. This is included in the consideration of results below.

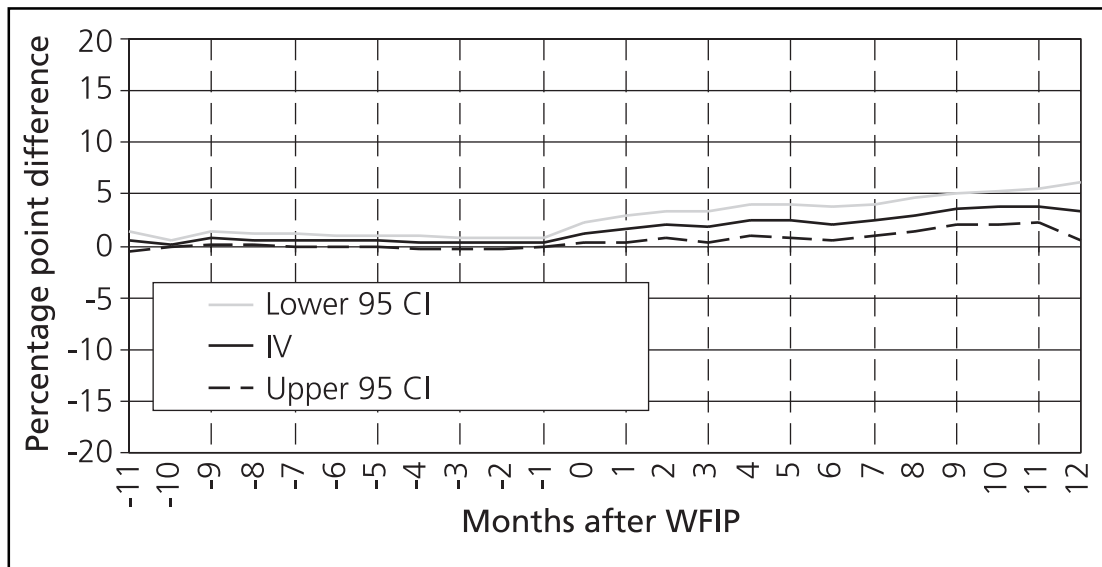
5.2.1 The format of the presented results

As with the DiD results, the IV results are presented graphically. However, the results are slightly different in three respects. First, rather than a period of 37 weeks post-eligibility, the IV results cover a period of 12 (28-day) months after participating in WFIP. Second, the graphs extend back into negative time; that is, effects for the 11 months prior to participation are also included. This allows consideration of the validity of the results along the lines of the specification check described above. Third, three outcomes are considered: NDP participation, benefit status and employment status.

5.2.2 The estimated effects of WFIP participation

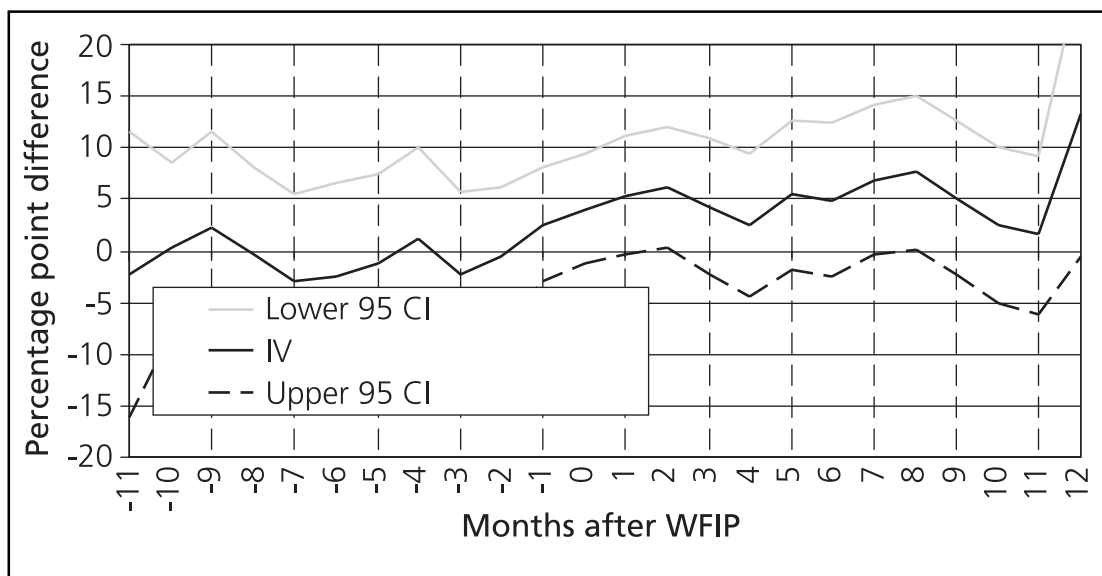
Figure 5.21 shows the estimated effects of WFIP participation on NDP take-up. Prior to the month of participation (month 0), no significant effects are evident. This provides reassurances that the effects for later months are valid. From the point of participation onwards, there is a significant positive effect on NDP caseload. The immediacy of this start presumably reflects the fact that some partners agree in their WFIP interview to be caseloaded. The effect for later months is reasonably stable. WFIP increases NDP caseload by about 3.5 percentage points.

Figure 5.21 Effect of WFIP participation on NDP caseload



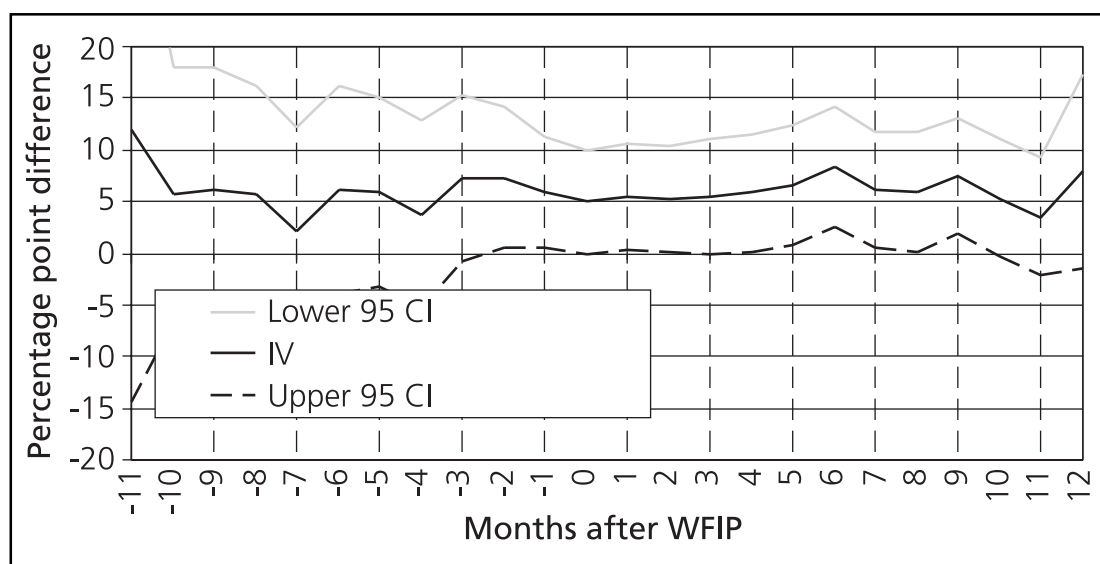
The effect on benefit claims is shown in Figure 5.22. Again, there is no significant effect in the months before participation, so the results for later months are not in question. However, the pattern of results is less clear than when considering the effect on NDP. The effect in the month of participation is not significantly different from zero. In months one and two, there does appear to be an effect of about five or six percentage points, although this is only marginally significant. In other words, WFIP participation may increase the probability of being on benefit for a couple of months following participation. The effect fluctuates around this level up until nine months post-participation, moving between insignificance and marginal significance. In months ten and 11, the effect moves closer to zero (the final month is based on too few cases to be reliable and should be ignored). Overall, there is a suggestion that WFIP participation might increase the probability of being on benefit, but there is considerable variation in these estimates and they are only ever marginally significant.

Figure 5.22 Effect of WFIP participation on benefit claims



The other outcome considered is the employment status of the partner. This is presented in Figure 5.23. Unlike the other results, inspection of the months prior to WFIP participation shows significant estimated effects. This casts doubts on the effects estimated in the post-participation period to the extent that they cannot be viewed as reliable, despite the fact they mostly suggest a significantly positive effect on employment. As an informal observation, the average effect over all months from WFIP participation onwards is estimated at about six percentage points. This is the same size as the average effect over the pre-participation months. If this pre-participation average is regarded as a measure of the bias in the results, the conclusion is that WFIP has no effect on partner employment.

Figure 5.23 Effect of WFIP participation on partner employment



Subgroup analysis

The analysis was repeated for the same subgroups considered in the DiD section. That is, results were produced separately for:

- couples claiming JSA versus couples not claiming JSA
- couples where the benefit spell was less than two years in duration versus couples where the benefit spell was more than two years in duration
- couples where the partner was aged 25-45 versus couples where the partner was over the age of 45.²¹

²¹ This differs from the DiD analysis where it was the age of the claimant partner that was used. This reflects the fact that the age of the partner was more accurately recorded in the participants' data than the age of the claimant. Furthermore, although couples where the partner was under the age of 25 were also considered, they were too few in number to provide any robust results so have been excluded from this sub-section.

In the interest of brevity, the discussion in this section takes the form more of a summary than a full account. Furthermore, only the effects on NDP and benefit are presented; as noted above, the effects on employment are not sufficiently credible as to warrant consideration.

As with the findings of the DiD analysis, those on benefit for less than two years, those claiming JSA and those aged 25-45 were more likely than their counterparts to respond to WFIP participation by participating in NDP. Among each of these more responsive subgroups the estimated effect on NDP was in the region of five percentage points, compared to about three percentage points for those in the alternative subgroups.

The effects on benefit are less clear and appear a little erratic when considering subgroups. They mostly suggest that WFIP participation has little effect on the probability of being on benefit.

5.3 Discussion of the results

The purpose of this section is to draw together the estimation results and discuss them in the context of the data problems documented earlier in this report. As an overall comment, the data quality issues mean that the results are less definite than would be desired, although this affects estimates of the effect of NDP and WFIP/NDP combined more than the effects of WFIP alone. Below, the key findings are considered under a series of headings.

Does the possibility of a Jobcentre Plus effect undermine the evaluation results?

A first point to comment on is the potential bias in the results due to the fact that the treatment group includes areas that were not integrated into the Jobcentre Plus network in 2003 (the 'before' period in the DiD analyses) but were integrated by April 2004 (the 'after' period). Although this means that the estimated effects will incorporate the effects of Jobcentre Plus integration in some cases, the nature of the client group means such contamination of the estimates should be small, as argued above. To explore the possible extent of such a bias, some further analysis was carried out restricting the treatment group to those areas that were already integrated into the Jobcentre Plus network in 2003. This gave results qualitatively similar to those based on that definition of the treatment group that does not impose this restriction (i.e. the definition used in this report). For the stock, the estimated effect of WFIP participation under the narrower definition is about one percentage point larger. For the flow, the results are again insignificantly different from zero in most cases, apart from at about 20 weeks after eligibility, when a significant ten percentage point decrease was found. Since the difference between the two sets of results were generally small, the DiD estimates were based on the broader definition of the treatment group that did not exclude areas converting to Jobcentre Plus at some point between 2003 and 2004. This has the advantage that the samples chosen correspond to the actual eligible population.

Why the effect of WFIP on benefit claims appears to be due to a deterrent effect

The DiD estimates of the effect of WFIP suggest little effect on flow couples but more substantial effects on stock couples. This is a little surprising in that one might expect those less established in their reliance on benefits to be more responsive to any work-focused intervention. The DiD results indicate that there is essentially no effect on flow couples but that, if there is no deterrent effect associated with WFIP, levels of benefit receipt would fall by about 4.5 percentage points for stock couples who participate in WFIP.

Clearly, the question of a possible deterrent effect is important in understanding these results. Specifically, this is the possibility that the requirement to attend a WFIP acts to encourage benefit exits. If true, the DiD participation estimates represent an upper bound on the true participation effects since they wrongly regard the deterrent effect as part of the participation effect. Should a deterrent effect exist, this may help reconcile the seemingly contradictory DiD and IV results. The fact that the IV results show the effect of WFIP participation to be mostly insignificant suggests that the main effect of WFIP for stock couples is in fact a deterrent effect, and this is what the DiD results capture.

Another finding that supports the existence of a deterrent effect is that the effect of WFIP eligibility for stock couples appears very soon after eligibility begins. Since there are considerable delays involved when interviewing stock couples (of those having a WFIP, the average time from start of eligibility to having a WFIP booked was 123 days, with a further 13 days required until WFIP attendance) it seems likely that the observed impact of eligibility precedes WFIP participation and is in fact the manifestation of the deterrent effect. While it is not possible to identify the deterrent effect precisely, the estimated eligibility effect represents an upper bound. So, at most, the deterrent effect causes a one percentage point reduction in the level of benefit claims among those eligible for WFIP.²²

On balance, it appears that the observed effects for the stock are driven by a deterrent effect and that WFIP participation does little to encourage benefit exit.

What are the other effects of WFIP?

The IV results provide estimates of the effect of WFIP participation without having to make any assumptions about the possibility of a deterrent effect. The effects of WFIP participation on NDP participation are very clear; WFIP increases NDP participation by about 3.5 percentage points. In fact, the DiD and IV approaches agree on this effect, despite the fact that the former is based on both stock and flow couples while the latter relates only to the original stock.

²² In trying to reconcile these results, it is important to be aware that the upper bound on the deterrent effect cannot coexist with the upper bound on the participation effect. This is because the upper bound on the deterrent effect assumes no participation effect while the upper bound on participation assumes no deterrent effect.

The IV results suggest that WFIP participation has no effect on moving into employment. However, the measure of employment available does not provide any information on hours worked. A move from part-time to full-time employment would not be captured by the data since both are simply recorded as employment.

As a final comment on the effect of WFIP, it is apparent that some groups of partners are more likely to respond to WFIP than others. Stock couples on JSA are more likely to exit benefit than those on other benefits, those with less than two years benefit duration are more likely to exit than those who have been on benefit for longer and those who are aged 25-45 are more likely to exit than those who are older or younger than this. They are also more likely to participate in NDP as a result of WFIP participation.

What can we say about the effects of NDP and WFIP/NDP combined?

The results for the effect of NDP and NDP/WFI are somewhat more tentative. This is for a number of reasons. First, they rely on lone parents as a comparison group. The pre-programme tests of the comparison group reveal a bias in the DiD estimates when using lone parents as a comparison group and this has been addressed in the analysis by using a random growth model. However, this model itself assumes that the bias uncovered by the pre-programme tests remains constant – there is no way of checking this. Second, there is also the complication that the number of NDP participants is much smaller than the number of WFIP participants. Third, the difference in the data sources means that there are inconsistencies across couples and lone parents in how the dataset was constructed. In particular, while there were difficulties encountered using WASD data to identify eligible couples, similar problems were not encountered with the identification of lone parents.

Another caveat attached to the results for NDP and NDP/WFI combined is that only the effects of eligibility as identified in the WASD data are presented. The eligibility effects for WFIP were adjusted (using the Bloom approach) to relate to that proportion of seemingly eligible couples who were actually identified in the participants database as eligible. Applying the Bloom adjustment is not straightforward when using a comparison group that is so different from the treatment group. A comparison of the estimated effects of eligibility for WFIP and NDP must be carried out with this in mind. Specifically, since it has been shown that WASD overestimates the size of the eligible group identified in the participants database, the estimated NDP effects are likely to be underestimates of the effect of true eligibility.

With this in mind, the results show that eligibility for NDP appears mostly to have had little effect in encouraging stock couples to move away from benefit. Although the effect of NDP eligibility is estimated to be fairly stable at about one percentage point, it mostly fails to attain statistical significance. This lack of effect may be partly attributable to the fact that there is no reason to believe a deterrent effect of NDP should exist – participation is, after all, voluntary.

WFIP/NDP combined, on the other hand, does appear to encourage stock couples to leave benefit. This is unsurprising given the earlier findings relating to the effectiveness of WFIP among stock couples and, coupled with the finding of no significant effects of NDP eligibility, suggests the combined WFIP/NDP effects simply capture the already-reported WFIP effects. Consequently, the same interpretation is relevant; the effect is likely to be attributable to the deterrent effect of WFIP.

For flow couples, more substantial effects of eligibility are found. These results are puzzling to the extent that they suggest the effect of NDP alone is greater than the effect of WFIP/NDP. Rather than being a reliable substantive finding, this is more likely to reflect the data problems encountered with this analysis. It is worth noting that the estimated effects of NDP are not significantly different from the combined WFIP/NDP effects. The results also appear suspicious since they show very high effects of eligibility as identified by WASD which would translate into implausibly high estimates of the effects of participation. In view of these concerns with the estimates of NDP and WFIP/NDP combined, it is perhaps most prudent to comment that they act to encourage benefit exits, but the size of effect is not reliably estimated.

6 Conclusion

The aim of this report has been to evaluate the effectiveness of Work Focused Interviews for Parents (WFIP) and New Deal for Partners (NDP), separately and in combination. This has been achieved through the use of administrative records on benefit receipt, employment spells and WFIP and NDP participation. Extensive manipulation of the administrative databases was required in order for them to be useable for evaluation purposes.

To a certain extent, this has made the estimated results less reliable than desired, although this mainly affects the estimates of NDP and WFIP/NDP combined rather than the impact estimates for WFIP. This is for two reasons. First, the evaluation of the WFIP effects was based on a database of couples only rather than a mix of couples and lone parents. Second, two separate data sources were available on which to estimate the effect of WFIP. This allowed for some cross-validation of results. It is worth noting that the estimated effects of WFIP are the most policy-relevant results if, as the evidence suggests, levels of self-referral to NDP are low. Essentially, these estimates capture the effect of a mandatory WFIP and any resulting NDP participation.

The results show that WFIP eligibility increases benefit exits among stock couples but not among flow couples. This is slightly surprising since a natural assumption would be that those newly entering WFIP eligibility would react more positively to the support provided by WFIP (and NDP) than those who had been claiming benefits for a longer period of time. The most likely explanation may be that the observed effect is being driven by stock couples ending their benefit spell rather than participate in a WFIP. This could account for a reduction of up to one percentage point in benefit claims among those eligible for WFIP. In other words, participation in WFIP does not appear to noticeably reduce the probability of claiming benefit but the requirement to attend a WFIP does appear to cause some stock couples to end their benefit spell.

In line with the finding that WFIP participation does little to reduce the number of couples on benefit, no effect of WFIP participation on employment entry was evident. It would have been interesting to examine the related issue of whether WFIP participation increased hours worked. However, the employment information available does not provide details on hours of work. It remains possible that some partners increased their hours of work as a result of WFIP participation. However, without more detailed data, this is impossible to investigate.

One area in which WFIP participation does appear to have had an effect is on signing up for NDP. The estimation results indicate that WFIP participation increases the probability of NDP participation by about 3.5 percentage points. While the size of the effect is not large in absolute terms, relative to the small proportion of eligible partners entering NDP it represents a substantial increase. To see this, note that levels of NDP participation among partners who are eligible for WFIP but have not attended a WFIP is only 0.5 per cent. Hence, WFIP has been successful in one of its key aims; encouraging partners to think more positively about the labour market and, as a first step, to participate in NDP.

It is possible that this increase in NDP participation may, in turn, lead to a reduction in benefit claims. There is little reason to believe this will happen for stock couples. For couples newly entering WFIP eligibility, however, the results suggest that NDP may be effective in encouraging a move away from benefits.

Appendix

Pre-programme tests

This appendix presents the results of the pre-programme tests of the suitability of the comparison groups used in the difference in differences (DiD) analyses. As discussed in Chapter 3, the idea behind such tests is that if the outcome of interest changes in the comparison group in a similar way to how it changes in the treatment group then a DiD estimate based on two periods before the treatment should not show any significant differences between the two groups. If a significant effect is found, this motivates the use of the random growth model which essentially regards such pre-treatment 'effects' as an estimate of bias and takes account of this when providing impact estimates.

A.1 Pre-programme tests for the effect of WFIP

The following two charts show the results of a pre-programme test for the effect of Work Focused Interviews for Partners (WFIP) based on the eligible population in Jobcentre Plus areas and non-Jobcentre Plus areas in the years 2002 and 2003, i.e. before the introduction of the WFIP. Figure A.1 indicates that no significant effect was found in the pre-programme period for the group of eligible partners from the stock. For the flow, Figure A.2 shows that the test fails in some instances. However, since these are very few in number are only marginally significant, we proceed with the DiD approach rather than the random growth approach in the analysis for the effect of WFIP for both the stock and the flow.

Figure A.1 WFIP effect: pre-programme test for stock couples

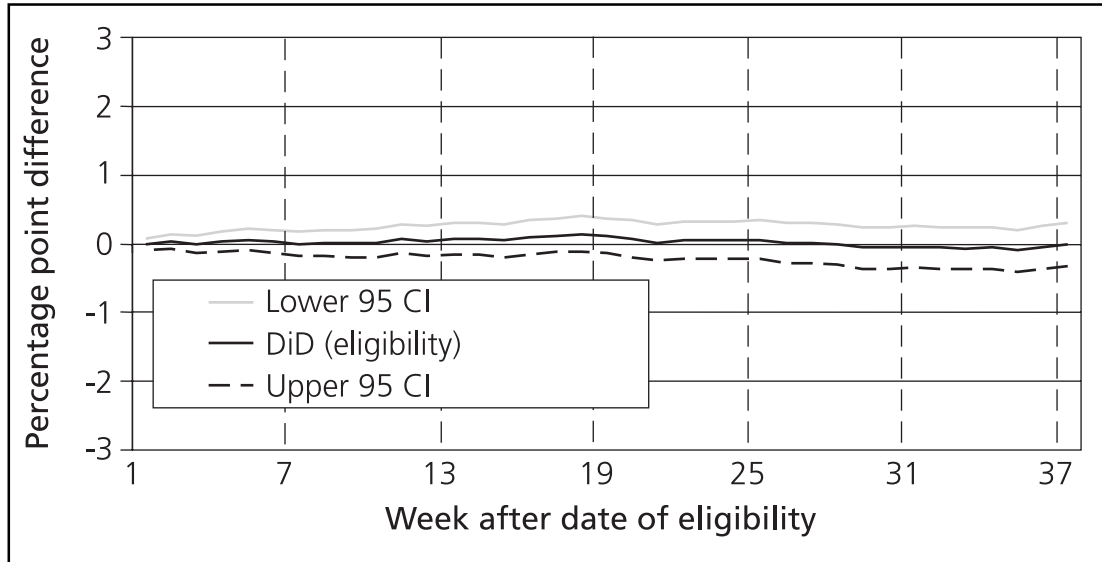
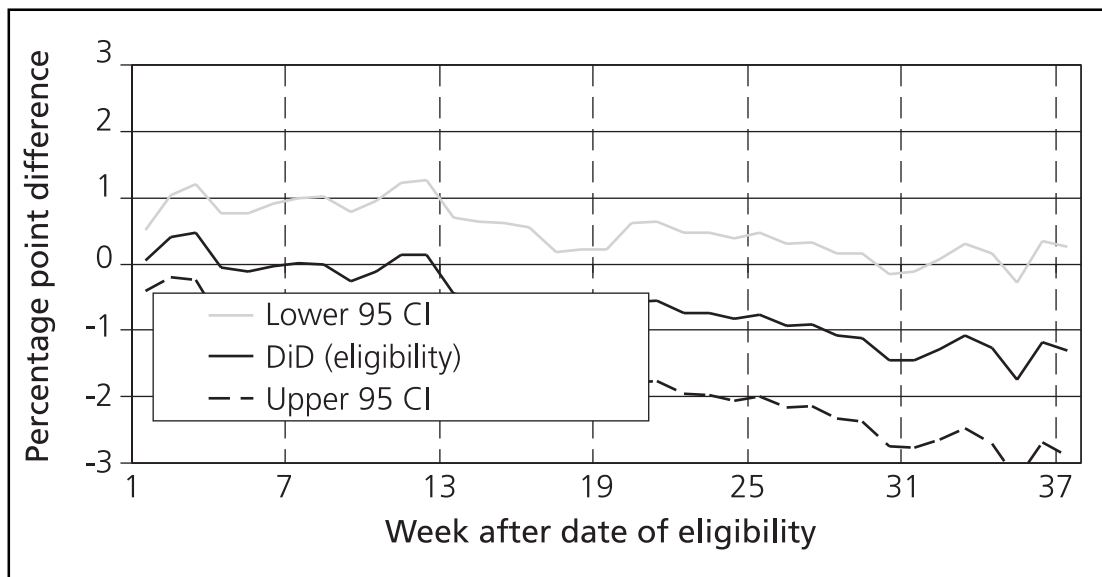


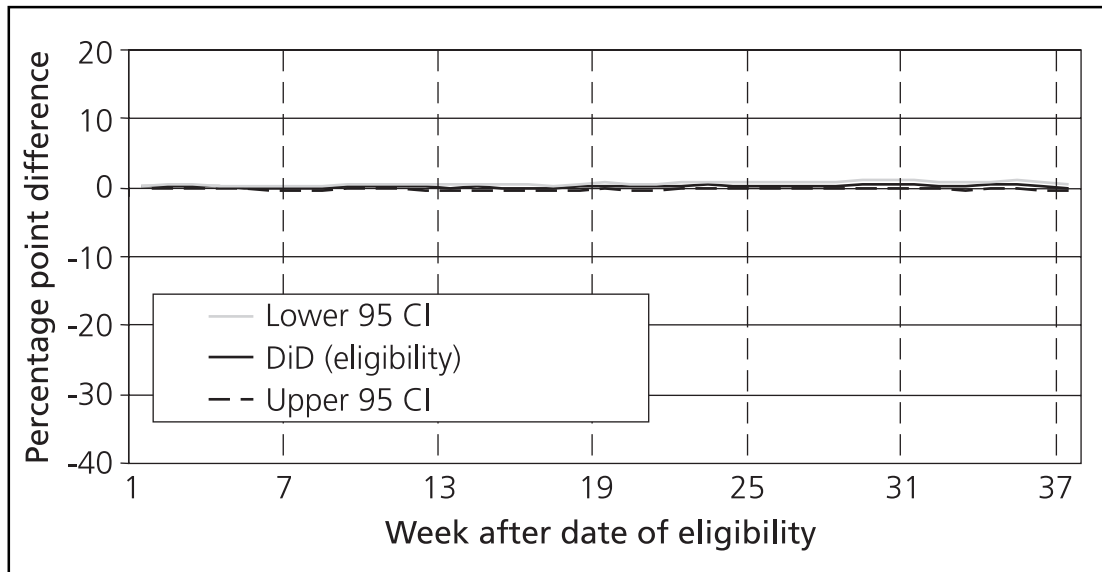
Figure A.2 WFIP effect: pre-programme test for flow couples



A.2 Pre-programme tests for the effects of NDP

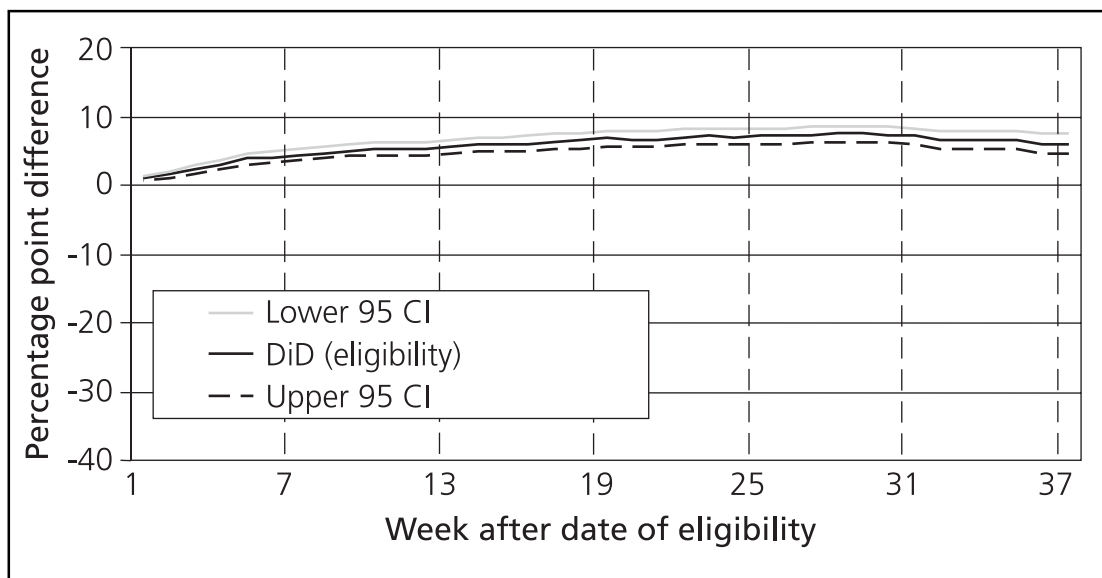
Figure A.3 shows the pre-programme test results for the stock. No significant effects were found.

Figure A.3 NDP effect: pre-programme test for the stock couples



The results for the flow are shown in Figure A.4. Here, the tests fail. Consequently, random growth models are used to take account of the weaknesses in the comparison group when considering the effects of New Deal for Partners (NDP). For consistency, this was done for both the stock and the flow (although not strictly necessary for the flow).

Figure A.4 NDP effect: pre-programme test for the flow sample



A.4 Pre-programme tests for the effects of WFIP and NDP combined

Finally, Figures A.5 and A.6 present the pre-programme tests of relating to the combined effects of WFIP and NDP for the stock and flow respectively. In both cases, the tests are failed, prompting use of the random growth model.

Figure A.5 WFIP/NDP combined effect: pre-programme test for stock couples

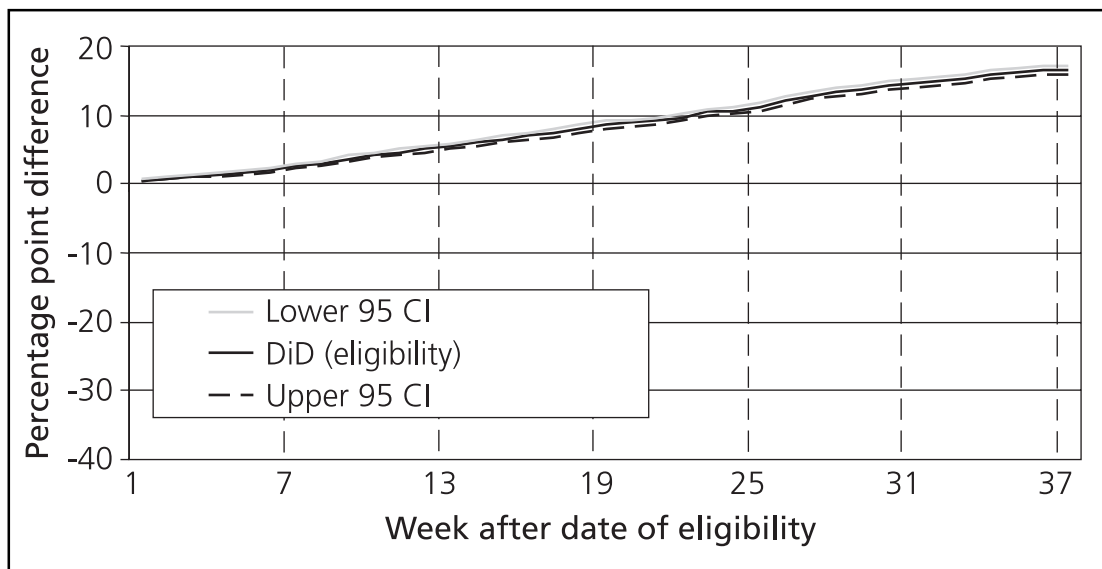
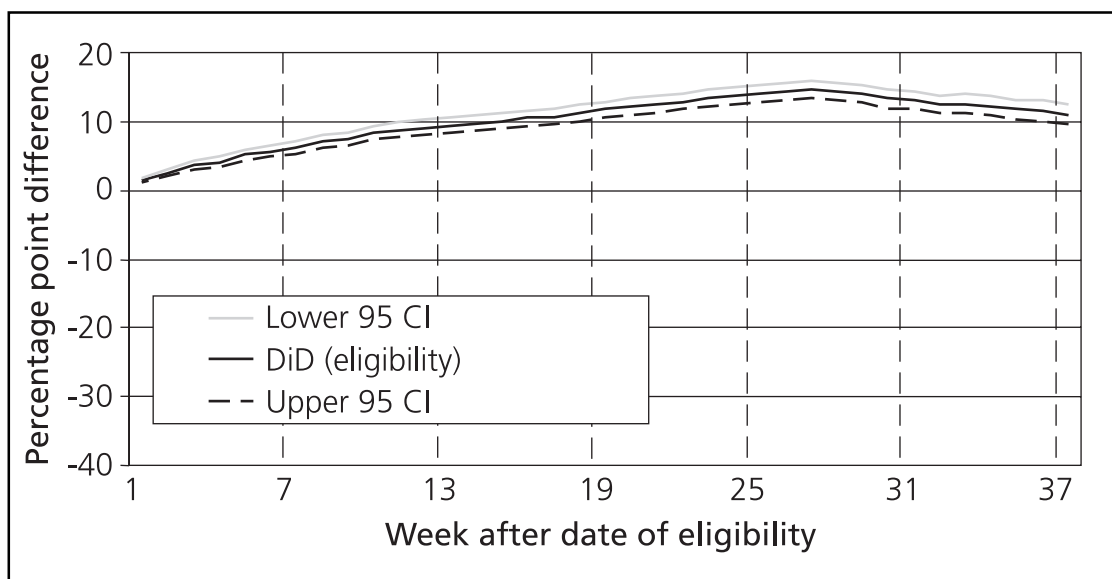


Figure A.6 WFIP/NDP combined effect: pre-programme test for flow couples



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