

Evaluation of the extension to Lone Parent Work Focused Interviews eligibility: administrative data analyses

By Genevieve Knight and Steve Lissenburgh

On 30 April 2001, Lone Parent Work Focused Interviews (LPWFI), also formerly termed Personal Adviser Meetings, were introduced for all lone parents claiming Income Support and the first extension to eligibility occurred from 1 April 2002.

Age of the youngest child and the length of claim were used to determine which customers were invited to attend the mandatory LPWFI in this second phase. From 1 April 2002, new/repeat lone parent claimants with youngest child aged three to five years and those who were current claimants on 30 April 2001 with youngest child aged nine to twelve years were the groups newly eligible for LPWFIs.

The focus of the mandatory lone parent Work Focused Interview was to encourage lone parents to join NDLP and seek employment, although participation in NDLP remains voluntary. The aims of LPWFIs mirror those of NDLP, with the intention that they facilitate a move into paid employment by encouraging and supporting both job seeking and training that assist this.

This evaluation examines the evidence that the first extension of LPWFI achieved these aims. Linked administrative data on Income Support was used to assess the difference eligibility for LPWFIs made to the rate of exit from IS. To isolate the impact of LPWFIs, the IS exits both before and after the introduction of LPWFIs were compared for each eligible group, and also for a non-eligible group. This method is known formally as difference in differences. Tests were made on the baseline period used and of the comparison groups. Separate analyses were

constructed for current claims and new/repeat claims.

The findings in this report are confined to the second phase of lone parent LPWFIs which started in 2002. Subsequent extensions to groups invited to LPWFIs, and Review meetings are to be evaluated separately in a forthcoming report.

Key findings

- There was a sustained increase in IS terminations for the stock of current claims due to the LPWFI extension.
- The LPWFI extension induced a one percentage point increase in IS claim terminations within 6 months for the stock of current claims. This rose further to two percentage points at 12 months after the LPWFI extension.
- Gains in the exits from IS were found for all ages of youngest child amongst the stock claims after the LPWFI extension. Impacts by age of youngest child showed that the stock were more likely to exit IS by between one and two and a half percentage points at 12 months after the extension of LPWFI.
- No clear change to the rate of moving off Income Support for new/repeat claims was found that could be attributed to the LPWFI extension.

Summary of findings

Background and aims

This research examines lone parents affected by the Lone Parent Work Focused Interviews (LPWFI) extension in April 2002. LPWFI for lone parents claiming Income Support (IS) were introduced nationally on 30 April 2001 and the first extension to eligibility occurred from 1 April 2002. From 1 April 2002, new/repeat lone parent IS claimants with youngest child aged three to five years and those who were current IS claimants on 30 April 2001 with youngest child aged nine to twelve years became eligible. The LPWFI system provides a mandatory work-focused interview with a Personal Adviser to help and encourage as many lone parents as possible to participate in the voluntary New Deal for Lone Parents (NDLP) program and take up paid employment.

The chief aim of the research reported here was to provide rigorously quantified estimates of how much difference the extension to the LPWFI system made to the rate of exits from IS. A further aim was to contribute to the overall evaluation of LPWFI, which has been developed through several parallel strands of research.

Method

The effects of the Lone Parent Work Focused Interviews extension were estimated by comparing IS exits for each eligible group in the period following the 2002 extension of the system with the outcomes for corresponding groups of lone parents in the period before introduction (from May 1999). To adjust for general changes in the economy and labour market, comparisons were also made over the same periods for groups of lone parent claimants who were not eligible for the LPWFI extension. The analysis method is normally termed the difference in difference method. The policy objective is to help lone parents into work, not simply to leave IS, but the available data only allowed exits from benefit to be measured.

The data used for the analysis were derived from linked administrative records for IS claims, LPWFI

and NDLP participation, for the period May 1999 to May 2004. There was separate analysis for 'new or repeat claimants' and 'stock claimants'. This reflects their different eligibilities under the LPWFI extension, and also different programme operation for these groups.

To ensure estimates are sound, the research investigated potential difficulties that could affect the evaluation, of which two were particularly important. Firstly, changes in outcomes over the period in question could have been affected by shifts in the relative characteristics of the eligible and non-eligible groups being compared. Checks of the characteristics of analysis groups were examined over time. Changes to characteristics were slight and evenly distributed between the groups, consistent with the requirements of the evaluation design. Secondly, checks were made to ensure that policy changes, particularly the replacement of Family Credit by Working Families Tax Credit (WFTC) in October 1999 did not affect the evaluation design. It should be noted that the choice of baseline was fairly limited as the data were available from mid 1999 only. The possible impact of WFTC was tested by making comparisons in outcomes over the period *before* the introduction of LPWFI. It was possible to test this for the new/repeat cohort, and the results showed that WFTC may have affected the baseline for IS exits for the new/repeat cohort. The new/repeat analysis adjusts for this by removing the estimated impact due to WFTC.

The difference in difference analysis examines the impact of *eligibility* for the LPWFI extension. However, a key assumption in interpreting the impact is that most of those eligible for the LPWFI actually attend it. The impact measured across the eligible population is inevitably smaller than the impact on participants if only a minority of those eligible participate. Of those eligible, overall 74 per cent of the new/repeat and 65 per cent of the stock were observed to enter the LPWFI system, of which a smaller proportion would have attended a LPWFI, as some are deferred or waived. Some of this might be a measurement problem, but there are indications that there may be eligible claimants not undergoing the LPWFI process. It is possible to adjust the impacts found to account for the

proportion entering the LPWFI system, as suggested by Bloom (1984), by dividing the impact estimate by the proportion entering the LPWFI system. This adjustment was not carried out because of uncertainty about the accuracy and matching quality of administrative records on the proportion of the eligible population who had entered the LPWFI system. To this extent, the LPWFI impacts described in this report represent lower bound estimates. Additionally, if a Bloom adjustment were applied, an assumption is required that the selection process into LPWFI participation is random, as if the selection is not random then it cannot be assumed that the similar size impact could be attained for the proportion not participating in LPWFI.

LPWFI extension impacts on IS terminations

Estimates of LPWFI extension impacts upon IS terminations for new/repeat claimants were close to zero in size and were not statistically significant. Although the extension of LPWFI brought about no detectable change in exit rates from IS for eligible new/repeat claimants, for the groups analysed, the limitations of the analysis do not preclude an impact that was not measurable using these methods.

Lone parents with ongoing claims became *more* likely to exit IS following the extension of LPWFI. For lone parents with an ongoing claim who were eligible for the LPWFI extension, a statistically significant small positive average impact on exits from IS was found. The LPWFI extension was found to raise IS exits by one percentage point at 6 months after April 2002, and this impact rose to two percentage points after 12 months. The differences in LPWFI impacts on exits from IS by age of youngest child were all positive, varying between one and two and a half percentage points.

The full report of these research findings is published for the Department for Work and Pensions by Corporate Document Services (ISBN 1 84123 795 7. Research Report 237. March 2005).

It is available from Paul Noakes at the address below.

You can also download this report free from: www.dwp.gov.uk/asd/

Other report summaries in the research series are also available from the website above and from:

Paul Noakes, Social Research Division, 4th Floor, The Adelphi, 1-11 John Adam Street, London WC2N 6HT.

E-mail: Paul.Noakes@dwp.gsi.gov.uk

