



HOUSE OF COMMONS  
LONDON SW1A 0AA

Professor Sir David Norgrove,  
Chair, UK Statistics Authority,  
1 Drummond Gate  
London  
SW1V 2QQ

24 January 2020

Dear Sir David,

I am writing to you following Prime Minister's Questions this week at which the Leader of the Opposition asked the Prime Minister a series of questions about Universal Credit.

As Shadow Secretary of State for Work and Pensions, I am writing to express my concern that the Prime Minister's claim that 'Universal Credit has in fact succeeded in getting 200,000 people into jobs' could have been misleading.<sup>1</sup>

The issue has particular importance because the employment impact of Universal Credit is a key part of the business case for it.

The same figure appears in a written statement on 7 June 2018 by the then Secretary of State for Work and Pensions which said that 'Today we publish a summary of the Universal Credit Full Business Case, signed off by HM Treasury, which shows that when fully rolled out, Universal Credit is forecast to incentivise 200,000 more people to take employment than would have under the previous system.'<sup>2</sup>

The Full Business Case states that 'It is estimated that there will be an increase of approximately 200,000 individuals in employment in steady state as a result of Universal Credit.'<sup>3</sup> As you will know, steady state means once Universal Credit has been fully rolled out.

---

<sup>1</sup> <https://hansard.parliament.uk/commons/2020-01-22/debates/6B6FAD67-CA8C-4AF2-9CC9-07F6175ABC4C/Engagements>

<sup>2</sup> <https://www.parliament.uk/written-questions-answers-statements/written-statement/Commons/2018-06-07/HCWS745>

<sup>3</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/725477/uc-business-case-summary.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/725477/uc-business-case-summary.pdf)

At present, the roll out is only a little over a third of the way through completion. According to the latest figures available there were 2 million households claiming Universal Credit in August 2019 or 2.75 million people in December 2019. The most recent forecast by the Office for Budget Responsibility is that by the end of the roll out of Universal Credit, which is expected to be in 2023-24, 5.87 million households will be receiving it.<sup>4</sup>

The National Audit Office (NAO) examined that claim in its report, *Rolling Out Universal Credit*, published later the same month. It said that 'The Department (DWP) expects that Universal Credit will get an additional 200,000 people into work'. However, it added that

The Department says it cannot measure whether it is achieving 200,000 additional people in work because of Universal Credit (the employment impact). This is because it cannot isolate the effect of Universal Credit from other economic factors in increasing employment [p.54].

The Department's early evaluation of the employment outcomes for Universal Credit claimants published in September 2017 only compared single claimants, without children, making new claims to Universal Credit and Jobseeker's Allowance.

It just covered claims made up to April 2015 under the Universal Credit Live Service before cuts to Work Allowances for single claimants were made. That is significant as part of the Department's case for a higher employment impact under Universal Credit is based on there being greater financial incentives to enter work under Universal Credit.

The NAO noted that the Government had failed to extend that analysis to a wider range of claimants under the Live Service.

It said that instead the Government had begun to develop new approaches to measuring the employment performance of Universal Credit, but that the initial findings had not shown an impact of Universal Credit on employment or earnings [p.54-55]. As far as I am aware, the Government has not so far any published any further evidence on that.

I am concerned that an expectation by the Department of Work and Pensions that Universal Credit would result in 200,000 more people in work by the time that it has been fully rolled out appears to have been translated by the Prime Minister into something that has already happened.

The central point made by the NAO in June 2018 that there is no way to isolate the employment impact of Universal Credit from any other factors that may have led people to find work is as relevant today as in June 2018.

---

<sup>4</sup> <https://obr.uk/efo/economic-fiscal-outlook-march-2019/> [Chart 4.3]



HOUSE OF COMMONS  
LONDON SW1A 0AA

I would be very grateful if you would investigate the matter and I look forward to your response.

Yours sincerely,

*Margaret Greenwood.*

Margaret Greenwood MP  
Shadow Secretary of State for Work and Pensions