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Evaluation of Lone Parent Work Focused Interviews: Final findings from administrative data analysis

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Disclaimer

The views in this report are the authors' own and do not necessarily reflect those of the Department for Work and Pensions.

Table of Contents

Disclaimer	2
Table of Contents	3
List of Tables and Charts.....	5
Acknowledgements	8
Glossary of Abbreviations.....	9
Executive Summary	11
1 Background and Aims	11
2 Method.....	11
3 Investigations to ensure the validity of the evaluation method	12
4 Changes in exit rates from IS due to Lone Parent Work Focused Interviews	12
5 Changes in entry rates to NDLP due to Lone Parent Work Focused Interviews.....	13
1 Introduction	15
1.1 Policy Background to Lone parent Work Focused Interviews.....	15
1.1.1 Lone parents	15
1.1.2 New Deal for Lone Parents	16
1.1.3 Lone Parent Work Focused Interviews	17
1.2 Policy context.....	18
1.3 Aims of the analysis	20
1.4 Scope and limitations of the report.....	21
2 Evaluation Method	25
2.1 The evaluated groups.....	25
2.1.1 ‘New/repeat’ and ‘stock’ claims: the eligible groups	25
2.1.1.1 Interpretation of eligibility in practice.....	26
2.1.2 Comparison groups.....	28
2.1.3 Multiple spells of claiming by the same person	29
2.2 The method of ‘difference in differences’	30
2.2.1 Constructing the counterfactual.....	33
2.2.2 Difference in Difference assumptions	33
2.3 Design of the analysis.....	35
2.3.1 Samples.....	35
2.3.2 Other steps to ensure validity of the analysis method	36
2.3.3 Outcomes.....	37
2.4 The administrative data	37
2.4.1 Definitions	38
2.4.1.1 Stock data definitions	38
2.4.1.2 Flow data definitions	39
3 Characteristics of lone parents on Income Support.....	40
3.1 Introduction to the descriptive analysis.....	40
3.2 New/repeat and stock magnitudes	40
3.2.1 Total new/repeat claims.....	40
3.2.2 Total stock numbers	41
3.2.3 The new/repeat claimant sub-samples.....	41
3.2.4 The stock claimant sub-samples	42
3.2.5 Broad indications of turnover	43
3.3 The characteristics of new/repeat claimants.....	45
3.4 The characteristics of stock claimants	51
4 Entry to Lone Parent Work Focused Interviews and New Deal for Lone Parents.....	55
4.1 Introduction	55
4.2 Entry to Lone Parent Work Focused Interviews, and characteristics of entrants and non-entrants	55

4.2.1 Matching LPWFI records to IS records.....	55
4.2.2 Estimates of participation in Lone Parent Work Focused Interviews	57
4.2.3 The characteristics of eligible LPWFIs entrants and non-entrants: New/repeat claimants.....	61
4.2.4 The characteristics of eligible entrants and non-entrants: Stock claimants	63
4.3 Descriptive analysis of NDLP entrants	65
4.3.1 New/repeat claims entry to NDLP.....	65
4.3.2 Stock claimants' entry into NDLP.....	69
5 Impact of Lone Parent Work Focused Interviews	71
5.1 Introduction to the impact analysis.....	71
5.2 Tests of the method assumptions.....	71
5.2.1 Pre-programme tests of changes in exits	73
5.3 Lone Parent Work Focused Interviews Impact estimates for new/repeat claims	76
5.3.1 Exits from IS claim for new/repeat claims	76
5.3.1.1 Lone Parent Work Focused Interviews Average impact on exits from IS claim for new/repeat claims	76
5.3.1.2 Lone Parent Work Focused Interviews impact on proportion of time spent on benefit for new/repeat claims	80
5.3.1.3 Lone Parent Work Focused Interviews impact on exits from IS claim for new/repeat claims by year of age of youngest child.....	81
5.3.2 Entry to New Deal for Lone Parents (NDLP) for new/repeat claims	83
5.3.2.1 Lone Parent Work Focused Interviews average impact on entry to NDLP for new/repeat claims	83
5.3.2.2 Lone Parent Work Focused Interviews impact on entry to NDLP for new/repeat claims by age of youngest child	85
5.4 Exits from IS claim for stock claims	86
5.4.1 Lone Parent Work Focused Interviews average impact on exits from IS claim for stock claims	86
5.4.2 Lone Parent Work Focused Interviews impact on exits from IS claim for stock claims by year of age of youngest child	87
5.5 Conclusions	88
5.5.1 Lone Parent Work Focused Interviews impacts for new/repeat claims.....	88
5.5.2 Lone Parent Work Focused Interviews impacts for stock claims.....	88
6 Summary and Conclusions.....	91
6.1 Aims and methods	91
6.2 Lone Parent Work Focused Interviews impacts for new/repeat claimants.....	91
6.3 Lone Parent Work Focused Interviews impacts for stock claimants.....	92
6.4 Further issues about the Lone Parent Work Focused Interviews impact estimates	92
6.5 Interpreting the Lone Parent Work Focused Interviews impacts	93
References	97
Appendix 1 Detail of method	99
Appendix 2 Additional tables.....	101
Appendix 3 Additional statistics	123

List of Tables and Charts

Diagram 2.1 Comparison groups.....	29
Diagram 2.2 Difference in Differences Analysis Schema.....	32
Table 2.3 Summary of groups used in the impact analysis	36
Table 3.1 Total New/repeat lone parent claims in each month	41
Table 3.2 Description of the key evaluation groups: New/Repeat Claims Aug-Oct cohort.....	41
Table 3.3 New/Repeat Claims: Overall number of claimants, Flow cohorts	42
Table 3.4 Description of the key evaluation groups: Stock Claims.....	43
Table 3.5 Stock Claims: Overall number of claimants.....	43
Table 3.6 New/Repeat Claims: Exit rate for lone parent IS claims August-October cohort, 1999 and 2001	45
Table 3.7 New/Repeat Claims: Sex of claimant.....	46
Table 3.8 New/Repeat Claims: Age of claimant at claim start date	47
Table 3.9 New/Repeat Claims: Age of youngest child at claim start date, Aug-Oct cohort.....	48
Table 3.10 New/Repeat Claims: Number of children for claimant	49
Table 3.11 New/Repeat Claims: Government Office Region, Aug-Oct cohort ..	50
Table 3.12 New/Repeat Claims: TTWA unemployment rate in April 1999, Aug-Oct cohort	51
Table 3.13 Stock Claims: Sex of claimant	52
Table 3.14 Stock Claims: Age of claimant at sampling date.....	52
Table 3.15 Stock Claims: Age of youngest child at sampling date	53
Table 3.16 Stock Claims: Number of children for claim.....	53
Table 3.17 Stock Claims: Region.....	54
Table 3.18 Stock Claims: TTWA unemployment rate in April 1999.....	54
Table 4.1 New/Repeat Claims: Entry into LPWFIs, by eligibility	58
Table 4.2 New/Repeat Claims: Entry into LPWFIs, by age of youngest child ...	59
Table 4.3 Stock Claims: Entry into LPWFIs, by eligibility	60
Table 4.4 Stock Claims: Entry into LPWFIs, by age of youngest child.....	60
Table 4.5 Stock Claims: Entry into LPWFIs, by time from starting	61
Table 4.6 Characteristics of new/repeat entrants and non-entrants: Sex	61
Table 4.7 Characteristics of new/repeat entrants and non-entrants: Claimant Age group.....	62
Table 4.8 Characteristics of new/repeat entrants and non-entrants: Number of dependent children.....	62
Table 4.9 Characteristics of new/repeat entrants and non-entrants: Government Office Region	63
Table 4.10 Characteristics of stock entrants and non-entrants: Sex	63
Table 4.11 Characteristics of stock entrants and non-entrants: Claimant Age group.....	64
Table 4.12 Characteristics of stock entrants and non-entrants: Number of dependent children.....	64
Table 4.13 Characteristics of stock entrants and non-entrants: Government Office Region	65
Table 4.14 New/repeat claims: Entry to NDLP, by time from starting IS claim. 66	
Table 4.15 New/Repeat Claims: Proportions entering NDLP within 3 months of claim start, by personal characteristics	68
Table 4.16 New/Repeat Claims: Proportions entering NDLP within 3 months of claim start, by personal characteristics	69
Table 4.17 Stock Claims: Entry into NDLP	70

Table 5.1 Baseline tests of IS exits for New/Repeat Claims: August-October and November-January cohorts.....	75
Table 5.2 Baseline tests of NDLP entry for New/Repeat Claims: August-October and November-January cohorts.....	75
Table 5.3a New/Repeat Claims: LPWFIs Average impact on exits from IS claim, August to October cohort	77
Chart 5.3b New/Repeat Claims: LPWFIs average impact on exits from IS claim, August to October cohort, with 95 per cent confidence interval.....	77
Table 5.4a New/Repeat Claims: LPWFIs average impact on exits from IS claim, November-January cohort.....	78
Chart 5.4b New/Repeat Claims: LPWFIs average impact on exits from IS claim, November-January cohort, with 95 per cent confidence interval.....	78
Table 5.5a New/Repeat Claims: LPWFIs average impact on exits from IS claim, February-March cohort.....	78
Chart 5.5b New/Repeat Claims: LPWFIs average impact on exits from IS claim, February-March cohort, with 95 per cent confidence interval	79
Chart 5.6 New/Repeat Claims: LPWFIs average impact on exits from IS claim, all flow cohorts.....	79
Table 5.7 New/repeat claims: LPWFIs Impact on proportion of time spent on benefit.....	80
Chart 5.8 New/repeat claims: LPWFIs Impact on exits from IS claim by year of age of youngest child, August-October cohort, 6 months from claim start.....	82
Table 5.9 New/Repeat Claims: LPWFIs average impact on entry to NDLP, August-October cohort.....	83
Table 5.10 New/Repeat Claims: LPWFIs average impact on entry to NDLP, November-January cohort.....	84
Table 5.11 New/Repeat Claims: LPWFIs average impact on entry to NDLP, February-March cohort.....	84
Chart 5.12 New/Repeat Claims: LPWFIs average impact on entry to NDLP, all cohorts	84
Chart 5.13 New/repeat claims: LPWFIs impact on NDLP entry, by age of youngest child, August-October cohort, 6 months after claim start	85
Table 5.14 Stock Claims: LPWFIs average impact on exits from IS claim	86
Chart 5.15 Stock Claims: LPWFIs impact on exits from IS claim, by age of youngest child, statistically significant impacts	87
Table A1 New/Repeat Claims: Exit rate for lone parent IS claims November-January cohort, 1999 and 2001.....	101
Table A2 New/Repeat Claims: Exit rate for lone parent IS claims February-March cohort, 1999 and 2001.....	102
Table A3 New/Repeat Claims: Age of claimant at claim start date, Nov-Jan cohort.....	103
Table A4 New/Repeat Claims: Age of claimant at claim start date, Feb-Mar cohort.....	104
Table A5 New/Repeat Claims: Age of youngest child at claim start, Nov-Jan cohort.....	105
Table A6 New/Repeat Claims: Age of youngest child at claim start, Feb-Mar cohort.....	106
Table A7 New/Repeat Claims: Number of children for claimant, Nov-Jan cohort	107
Table A8 New/Repeat Claims: Number of children for claimant, Feb-Mar cohort	107
Table A9 New/Repeat Claims by Government Office Region, Nov-Jan cohort.....	108
Table A10 New/Repeat Claims by Government Office Region, Feb-Mar cohort	109

Table A11 New/Repeat Claims: TTWA unemployment rate in April 1999, Nov-Jan cohort.....	110
Table A12 New/Repeat Claims: TTWA unemployment rate in April 1999, Feb-Mar cohort	110
Table A13 Characteristics of new/repeat entrants and non-entrants: Sex, November-January cohort	111
Table A14 Characteristics of new/repeat entrants and non-entrants: Sex, February-March cohort.....	111
Table A15 Characteristics of new/repeat entrants and non-entrants: Claimant Age group, November-January cohort.....	111
Table A16 Characteristics of new/repeat entrants and non-entrants: Claimant Age group, February-March cohort	111
Table A17 Characteristics of new/repeat entrants and non-entrants: Number of dependent children, November-January cohort.....	112
Table A18 Characteristics of new/repeat entrants and non-entrants: Number of dependent children, February-March cohort	112
Table A19 New/repeat claims: Entry to NDLP, by time from starting IS claim	113
Table A20 New/repeat claims: Entry to NDLP, by time from starting IS claim	113
Table A21 New/repeat claims: LPWFIs Impacts in percentage points, by age of youngest child, August to October cohort, IS exits.....	114
Table A22 New/repeat claims: LPWFIs Impacts in percentage points, by age of youngest child, November-January cohort, IS exits.....	115
Table A23 New/repeat claims: LPWFIs Impacts in percentage points, by age of youngest child, February-March IS exits	116
Table A24 New/repeat claims: LPWFIs impacts in percentage points, by age of youngest child, August-October cohort NDLP entry	117
Table A25 New/repeat claims: LPWFIs impacts in percentage points, by age of youngest child, November-January cohort NDLP entry	118
Table A26 New/repeat claims: LPWFIs impacts in percentage points, by age of youngest child, February-March cohort NDLP entry.....	119
Table A27 Stock Claims: LPWFIs impact estimates on exit IS, by age of youngest child.....	120
Table A28 Stock Claims: exit rate for lone parent IS claims, 1999 and 2001...	121
Table A29 Income Support Quarterly Statistical Enquiry figures, Great Britain	124
Chart A30: Working Families' Tax Credit Statistics Quarterly Enquiry, UK Time Series August 2002.....	125
Table A31 Working Families Tax Credit Rates and Threshold, 1999-2000 to 2002-03	126

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Glossary of Abbreviations

BA	Benefits Agency
DWP	Department for Work and Pensions
GMS database.	Generalised Matching Service database
IS	Income Support. Income Support is a noncontributory, income-assessed benefit available to people who are not required to work.
JSA	Jobseeker's Allowance
NDLP	New Deal for Lone Parents
NDED	New Deal Evaluation Database maintained by DWP's Analytical Services Division. This Evaluation Database also incorporates data from other sources: data on claimant unemployment extracted from the Joint Unemployment and Vacancies Operating System (JUVOS) maintained by the Office for National Statistics, which is the primary source of published statistics on claimant unemployment; data from the Work Based Learning for Adults (WBLA) Database maintained by the Department for Work and Pensions, and data on age of youngest child of lone parents from the Income Support Computer System (ISCS) again maintained by the Department for Work and Pensions.
ORC	Opinion Research Corporation International UK, an Opinion Research Corporation affiliated company.
LPWFI	Lone parent work focused interviews, previously referred to as Personal Adviser meetings
TTWA	travel-to-work area

Executive Summary

1 Background and Aims

Lone Parent Work Focused Interviews (LPWFI) for lone parents claiming Income Support (IS) were introduced nationally on 30th April 2001. The system provided a work-focused interview with a Personal Adviser that was compulsory for eligible lone parents. It was also designed to encourage participation in New Deal for Lone Parents (NDLP), which remained voluntary.

Eligibility for LPWFIs was based on the age of the youngest dependent child. Initially, lone parents making a new or repeat claim were eligible if their youngest child was at least 5 years 3 months old. Those who had ongoing ('stock') claims at the time when LPWFIs were introduced were eligible if their child was aged 13 to 15 years 9 months. Since 1 April 2002, eligibility has subsequently been progressively extended, but evaluation of this will be covered in a later report that focuses on the extensions to LPWFIs.

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

2 Method

The effects of Lone Parent Work Focused Interviews were estimated by comparing IS exits and NDLP entries for each eligible group in the period following the introduction of the system with the outcomes for corresponding groups of lone parents in the period before introduction (from May 1999 to March 2001). 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 LPWFIs.

The data used for the analysis were derived from linked administrative records for IS claims, LPWFIs and NDLP participation, for the period May 1999 to May 2003. The data for new/repeat claims is set up differently to the earlier interim report (Knight and White, 2003) with those on IS who became lone parents through a change in circumstances now excluded because they do not receive a LPWFI. It is difficult to compare outcomes in the interim and final reports for new/repeat claims, as there have been substantial revisions to data definitions for the flow.

In the evaluation of lone parent LPWFIs, 'new or repeat claims' and the 'stock claims', were markedly different: the programme operated differently for these two groups, samples for the two groups were constructed in fundamentally different ways, and the analyses for the two groups were also designed differently. Accordingly, there was separate analysis for 'new or repeat claims' and 'stock claims'.

3 Investigations to ensure the validity of the evaluation method

The research investigated several potential difficulties that could affect the evaluation, to ensure that the estimates were sound. Two were particularly important.

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 the eligible and non-eligible groups of lone parents were analysed over time. Changes were slight and evenly distributed between the groups, consistent with the requirements of the evaluation design.

Comparisons could have been affected by policy changes, other than LPWFIs, affecting lone parents in the period in question. 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. The possible impact of WFTC was tested by making comparisons in outcomes over the period *before* the introduction of LPWFIs. No significant changes in the relative outcomes of the eligible and non-eligible groups of lone parents were identified in the IS exits for the August-October cohort of new/repeat claims. Checks on the November-January cohort of new/repeat claims showed that WFTC may have affected the baseline for IS exits for this cohort. The analysis adjusts for this by removing the estimated impact due to WFTC. For the August-October cohort IS exits, and NDLP entry in both cohorts, the two years before the introduction of LPWFIs provided a stable baseline period, suitable for use in the evaluation. However it should be noted that the choice of baseline was fairly limited as the data was available from mid 1999 only.

4 Changes in exit rates from IS due to Lone Parent Work Focused Interviews

The introduction of Lone Parent Work Focused Interviews brought about no detectable change in exit rates from IS for eligible new or repeat claimants, for the groups analysed. However, some positive effects were discernible for lone parents with a youngest child of particular ages. For the August-October claimants, a small increase in exit rates was chiefly found among those with a youngest child aged 9 or 11, but this was counteracted by negligible impacts for those eligible with children of other ages. The differences in LPWFIs impacts on exits from IS by age of youngest child could be linked to barriers for lone parents, real or perceived, which change when children make the transition to secondary education.

For lone parents with an ongoing claim who were eligible for LPWFIs, IS exits increased by about one percentage point (from 10 per cent to 11 per cent) relative to 1999, within 9-12 months from the introduction of the system. The exit rate from IS increased most for those stock claimants whose youngest child was 14, where they rose by more than two percentage points within 9-12 months. There was also some increase in exit rates from IS where the youngest child was 13, but this was much smaller. If their youngest child was 15-15 $\frac{3}{4}$, lone parents with ongoing claims became *less* likely to exit following the introduction of LPWFIs. This result probably reflected early delays in implementation of the system, coupled with the fact that lone parents' claims for IS usually terminate when the youngest child reaches 16.

5 Changes in entry rates to NDLP due to Lone Parent Work Focused Interviews

There was a very large increase in the rate of entry to NDLP for new/repeat claimants, following the introduction of LPWFIs. The increase in NDLP entry for the LPWFIs eligible claimants was around 14 to 15 percentage points - from about five per cent entering within 3 months prior to introduction of the LPWFIs system, to more than 20 per cent afterwards.

The effect of LPWFIs on entry to NDLP was more consistent than for exits from IS. The gain in entry to NDLP due to LPWFIs was achieved about equally for the new/repeat claimants beginning their claim in the August-October period and those beginning in the November-January and February-March periods. There was still some variation in the increased entry rates to NDLP by age of youngest child, but the gain was large at all LPWFIs eligible ages.

It was also clear from descriptive analysis that those stock claimants who were eligible for LPWFIs increased their entry rate to NDLP very substantially.

1 Introduction

This report presents final findings from an analysis of administrative data relevant to the introduction of lone parent Work Focused Interviews (subsequently referred to as LPWFIs). The administrative data analysis examines the impact of the system of mandatory LPWFIs on lone parents claiming Income Support (IS). It does so through the comparison of outcomes for cohorts of lone parent IS claims before and after 30 April 2001, when LPWFIs were introduced nationally as a welfare-to-work programme for lone parents on IS.

The IS administrative data used for the present analysis extends to the end of May 2003, however data for entry to NDLP and LPWFIs are to March 2003. Early findings from the administrative data were published in June 2003 (Knight and White, 2003). Substantial revision to the data definitions to more accurately reflect operational processes for new/repeat claims mean that the early findings are updated fully in this report. This report also includes additional data for flow cohorts.

This research is one part of a wider national programme to evaluate the delivery and impact of LPWFIs for lone parents. Other parts of the evaluation are:

- Qualitative interviews with staff involved in the management, administration and delivery of lone parent LPWFIs in five selected districts in England, Scotland and Wales.
- Observations of lone parent LPWFIs in these districts with follow-up qualitative interviews with both the clients and Personal Advisers involved
- Qualitative interviews with lone parent participants of LPWFIs, covering a range of subgroups.
- A national quantitative survey of lone parent participants in LPWFIs, from among both 'stock' and 'flow' claimants.

The findings from all of these research strands are to be combined into a final Lone Parents Work Focused Interviews Evaluation Synthesis Report to be published early in 2004¹.

1.1 Policy Background to Lone parent Work Focused Interviews

1.1.1 Lone parents

Lone parents constitute one of the main groups addressed within the government's Welfare to Work strategy. A key objective for the Department for Work and Pensions is to promote work as the best form of welfare for people of working age (Public Service Agreement, Department for Work and Pensions). With this in mind, it is the aim of the Department for Work and Pensions to encourage more lone parents to actively seek work and thereby increase the employment rate of lone parents.

Many lone parents rely on Income Support. Both national statistics and previous research studies (Bryson et al., 1997; Evans et al., 2002) indicate lone parents suffer from low income

¹ Thomas, A. and Griffiths, R. (forthcoming DWP report) "Integrated findings from evaluation of the first 18 months of Lone Parent Work Focused Interviews".

and a range of barriers to work. A number of recent policies seek to address the difficulties faced by lone parents, including:

- Changes to in-work benefits, with the change from Family Credit to Working Families Tax Credit, which includes a Childcare Tax Credit, and now to Working Tax Credit.
- Help with the financial transition into paid employment from benefit, through the Lone Parent Benefit Run-on, extended payments of Housing Benefit and Mortgage Interest Run-on.
- Establishment of the National Childcare Strategy.
- Introduction of the voluntary New Deal for Lone Parents (NDLP).

Additionally, since April 2001, these policies have been enhanced with

- The introduction of mandatory LPWFIs.
- Extra financial help for lone parents entering part-time work of less than 16 hours per week after NDLP participation, in the form of childcare payments for the first twelve months of work.
- An increase in the earnings disregard for lone parents working less than 16 hours per week from £15 to £20 pounds per week.
- An increase in the training allowance for lone parents undertaking work-related training on NDLP, from £10 to £15 pounds per week.

Further policy changes that affect variously affect lone parents have also been introduced:

- Self-employment option (from Autumn 2001)
- Extension of Work based learning for Adults to 18-24 year old lone parents (from April 2001)
- Adviser Discretion Fund for lone parents on IS six months or more (from July 01)
- Basic Skills screening at initial NDLP interview (from April 2001)
- National Outreach service for partners and lone parents (from April 2002)
- The introduction of a new mentoring service, to provide support and advice to lone parents seeking to enter work
- Childcare Partnership Managers to be established in every Jobcentre Plus district from April 2003, to improve access to information about local childcare provision
- Employment Zones to be extended to lone parents
- Reform of the administration of Housing Benefit
- Movement towards paying all benefits electronically, (from April 2003)
- Reaffirmation of the child poverty target- now to reduce the number of children living in low-income households by at least a quarter by 2004
- A target to double to 60 per cent the proportion of families with an absent parent on IS who receive maintenance.
- Discovery week pilots to boost soft skills such as confidence, and to increase the familiarity of lone parents with the help and support available to them.

1.1.2 New Deal for Lone Parents

New Deal for Lone Parents was launched in eight areas as a prototype in July and August 1997, introduced nationally for new and repeat claimants in April 1998, and extended to all existing lone parents on Income Support in October 1998. It was, and continues to be, a voluntary programme, and all lone parents on IS whose youngest

child was under 16 were eligible to join. There was no need to wait for an invitation: by contacting a lone parent Personal Adviser, an eligible person could join at any time. An interview with a Personal Adviser was a key delivery mechanism for NDLP. The personal adviser developed a package of advice and support, which could include education/training opportunities, an in-work benefit calculation, child-care support and provision, and in-work support services. An individually tailored package of advice and support designed to facilitate a move into employment, could include:

- providing job search support to clients who are job ready
- helping lone parents to identify their skills and develop confidence
- identifying and providing access to education and training opportunities
- improving awareness of benefits
- providing practical support and information on finding childcare
- providing 'better off' calculations and assisting with benefit claims
- liaising with employers and other agencies offering in-work support.

Although all lone parents on IS with a youngest child aged less than 16 were eligible, NDLP was initially targeted on those whose youngest child was at least 5 years 3 months. After May 2000, targeting was extended to include lone parents on IS whose youngest child was at least 3 years old. From November 2001, NDLP eligibility was extended to lone parents not working and lone parents working less than 16 hours a week².

1.1.3 Lone Parent Work Focused Interviews

To help and encourage as many lone parents as possible to participate in NDLP and take up paid employment, a number of further measures were announced in the March 2000 Budget. With effect from 30 April 2001, mandatory Lone parent Work Focused Interviews were introduced for lone parents claiming IS within the following groups:

- New/repeat claims for IS where the youngest child was at least 5 years 3 months at the time of initiating a claim.
- Lone parents already claiming IS on 30 April 2001 (known as 'stock claimants') where the youngest child was in the 13-15¾ year age group.

Lone parents with new/repeat claims were to attend their first meeting with a Personal Adviser at the start of their IS claim, and then on an annual basis while they received IS. For lone parents in the stock group, the invitation to attend the first meeting would be sent at specific times, depending on the age of the youngest child. For example, in the first year of the national programme, local offices were instructed to begin with those stock claimants with youngest children closest to the cut-off age of 15 years and 9 months. The 13-15 year age group for the stock was interpreted in determining the stock invitations as youngest child turning 13 years within 12 months, to 15 years 9 months, i.e. 12 years to 15 years 9 months.

Lone parent Work Focused Interviews were introduced into legislation in 2000, in the Social Security (work-focused interviews for Lone Parents) and Miscellaneous Amendments Regulations 2000, S1200, no. 1926. Lone parent Work Focused Interviews were essentially an appointed meeting with a Personal Adviser. The Personal Adviser could use the meeting to provide awareness about the opportunities and the support available to lone parents.

² More detailed information on NDLP can be found on the New Deal website www.newdeal.gov.uk and in Evans et al. (2002) and Evans et al. (2003).

The stated aim of the mandatory LPWFIs was to facilitate a movement into paid employment by encouraging the lone parent to seek work and supporting the job search process, and/or encourage them to take up training opportunities aimed at improving their chances of moving into paid employment. In particular, LPWFIs had the additional objective of encouraging participation in NDLP. Although participation in the LPWFI was compulsory, it was not compulsory for lone parents to seek work or join NDLP.

The system of mandatory LPWFIs was subsequently extended to other groups. From April 1 2002, new/repeat lone parent claimants with youngest child over 3 years became eligible and those who were current claimants on April 30 2001 with youngest child aged 9 or under 12. From April 2003, all new/repeat lone parent claimants were eligible for LPWFIs and those who were current claimants on April 30 2001 with youngest child aged 5 to 8.

In addition to the extension to coverage, review meetings were started as a follow-up for those eligible for LPWFIs. After the first LPWFI, if the client remained claiming, then a review meeting would take place. The introduction of review meetings was staggered. Annual reviews started in May 2002 for those eligible new/repeats who had entered the LPWFIs system between April 2001- April 2002. Reviews at six months started in October 2002 for all eligible new/repeats who had entered the LPWFIs system after April 2002, and then subsequent annual reviews followed these.

This evaluation examines the impact of the initial LPWFIs system only. The extensions to the LPWFIs system, and Review³ meetings, will be evaluated separately using administrative data in a follow-up evaluation.

1.2 Policy context

In evaluating a welfare-to-work or labour market programme, it is useful to take account of other policy developments which may affect the results. As explained further in section 2, this is particularly important with the evaluation method that is applied in this study.

The changes to the benefit system itself should not be ignored. An important change relevant for lone parents is the increase in Income Support and associated benefits for families with children. A rise in the rate of benefit on October 1999 and again in April 2000 for those claiming IS, income related jobseekers allowance (JSA), housing benefit and council tax benefit for families with children under 11 years meant that the rewards to low wage part-time work fell slightly for these groups (Brewer et al., 2003).

Section 1.1 referred to New Deal for Lone Parents (NDLP), the importance of which is obvious, since LPWFIs are designed to increase take-up of NDLP, while NDLP provides one of the main channels through which participants in LPWFIs are assisted. As a result of these close connections, it is difficult to separate the impact of LPWFIs from parallel changes in NDLP. NDLP preceded the introduction of LPWFIs, but (as outlined above) was enhanced in a number of respects at the same time that LPWFIs commenced as a national system. Wherever in the following sections reference is made to the effect or impact of LPWFIs, it should be understood that this includes the enhancements to NDLP as an integral part of the LPWFIs programme. However, in Section 4 descriptive information is used to assess the likely contribution of the NDLP enhancements in the overall impact.

³Qualitative findings about review meetings for Lone Parent WFI are already published in Thomas and Jones (2003).

Section 1.1 also briefly referred to Working Families Tax Credits (WFTC). This was the other main policy development affecting lone parents. WFTC was introduced in October 1999, slightly more than eighteen months in advance of the introduction of LPWFIs. In June 2000 there was an increase in child rates available on WFTC (See Appendix 3 Table A31). Working Families' Tax Credit (WFTC) replaced Family Credit (FC) from 5th October 1999. WFTC was fully phased in by April 2000, with claims in the intermediate period after October 1999 a mixture of WFTC and FC⁴ recipients. WFTC can change participation in employment by changing the financial incentives for working for different types of households with children. This may affect comparisons over time, depending on the selection of time-periods involved in the comparisons. This issue is further analysed in section 5.

WFTC is of benefit to all lone parents who work more than 16 hours per week⁵, and so there is interaction between the WFTC and LPWFIs, as well as NDLP policy enhancements. A full description of WFTC, and its relative generosity compared to FC is in Appendix 3 and Table A31 lists the various components of WFTC.

It is evident that WFTC was a major development with considerable power to affect the labour market behaviour of lone parents and other low-income groups. In Spring 2002, 668,000 lone parents were receiving WFTC, a figure that was not far short of the 856,000 lone parents receiving IS (National Council for One Parent Families, 2002). After WFTC was introduced, the number of recipients grew markedly with a much higher growth rate than FC, so that one year later the caseload had increased by 39 per cent, however some interpreted the majority of this rise to be due to the increased generosity of WFTC making more families entitled rather than from families moving into work (Brewer et al. (2003): 24). Additionally, due to the interaction of means tested programmes, families receiving help with rental housing costs and local taxes (through Housing Benefit (HB) and Council Tax Benefit (CTB)) would have gained less from the WFTC reform than otherwise equivalent families not receiving these benefits. This is because although WFTC increased the financial reward to HB recipients, they have lower incentives to work 16 or more hours and also lower incentive to increase their hours above 16 hours per week (Brewer et al. (2003): 6). The largest share of lone parents out of work also claim housing benefit.

However, data from national surveys of lone parents have shown that WFTC has substantially raised the income of working lone parents (Vegeris and McKay, 2002) and this would increase the attractiveness of employment to them. Additionally, the provision (under WFTC) of considerably higher payments towards childcare costs would be of particular advantage to lone parents, who on average have relatively low access to unpaid childcare, and especially to those lone parents with young children where the costs of paid childcare tend to be greatest. Recent evaluation work assessing the impact of WFTC on employment found that it had a positive impact on lone parents. Brewer et al. (2003) found a positive effect of WFTC on lone mothers labour supply of 4.6 per cent, and earlier estimates of the predicted impact of WFTC on single parents employment were between one and two per cent (Blundell and Reed, 2000)⁶. Some published statistics for lone parents receiving IS are in Appendix 3, Table A29 and figures for WFTC take-up shown in Appendix 3, Chart A30.

⁴ Those with FC awards up to 30 September 1999 and still current at the reference date.

⁵ The childcare tax credit component of WFTC may be particularly attractive for those with young children.

⁶ An important qualification is that these WFTC analyses do not examine lone parents and whether they are claiming IS, but more generally.

Another area with some potential implications for lone parents is maternity provision⁷. These are particularly relevant to the large proportion of lone parents entering IS on the birth of a child. The provisions were modified in the Maternity and Parental Leave Regulations 1999, the Maternity and Parental Leave (Amendment) Regulations 2001 and the Welfare Reform and Pensions Act 1999. The 2001 Budget also announced increases in the amount and period of Maternity Pay, effective from 2003. These changes are not discussed in more detail, since a straightforward method of avoiding any possibly confounding influence from them has been implemented in the analyses.

In addition to these aspects of national provision, several pilot programmes which potentially affected lone parents were operating in selected areas shortly before or overlapping with the introduction of LPWFIs. The most relevant to LPWFIs were the ONE pilots (which were also based on work-focused interviews, for lone parent entrants to IS as well as for entrants to Incapacity Benefit and to Jobseeker's Allowance); Pathfinder pilots for the LPWFIs themselves; and the pilots for the integrated services of Jobcentre Plus. To simplify the task of the administrative data analysis, it was decided to exclude these pilot areas. This results in a reduction of about 15 per cent of the total sample. Since administrative data are being used, the sample sizes are sufficiently large for this not to be a problem. Northern Ireland has also been excluded, so the data generally gives coverage of information that represents 'standard' LPWFIs implementation in Great Britain.

Delivery of the lone parent LPWFIs initiative is increasingly affected by the national implementation of Jobcentre Plus. Jobcentre Plus extends LPWFIs to other groups of benefit claimants and places emphasis on priority groups and programmes including lone parents, people from ethnic minority groups, the most disadvantaged in the labour market and those on New Deal. Initially, there were 56 Jobcentre Plus pathfinder offices offering fully integrated work and benefit services, but a further 225 fully integrated Jobcentre Plus offices were planned to open between October 2002 and April 2003, the majority of which were completed by April 2003. Full integration of all ES and BA local offices will take several years, during which time services will continue to be provided in social security offices and Jobcentres as was the case during this research. The timing of the rollout of Jobcentre Plus is relevant to the LPWFIs analysis because in areas where Jobcentre Plus conversion has taken place, the comparison group of lone parents could also receive LPWFIs. This is slightly complicated by the fact that they would need to sign off and start a new IS claim to enter a Jobcentre Plus LPWFI. While it was decided to exclude the few pathfinder areas, the October 2002-April 2003 rollout of Jobcentre Plus affects more than a quarter of the country, making exclusion of affected offices infeasible. Instead, the follow-up period for measuring outcomes is limited to those months prior to October 2002.

1.3 Aims of the analysis

In this evaluation, the aim is to estimate the net impact of the Lone parent Work Focused Interviews system on eligible lone parents. The question being posed is, what difference did LPWFIs make to outcomes for these lone parents, which would not otherwise have happened? From the viewpoint of the national Welfare-to-Work strategy, the outcome of central interest would be the employment of lone parents. However, the administrative data available for the evaluation did not include information on employment for those terminating an IS claim, so it

⁷ Another program The National Childcare Strategy (NCS) was introduced in 1998, with the aim of ensuring affordable childcare provision for children less than 14 in every neighbourhood. This introduction is earlier than the data analysed here, and so should not affect comparisons in the analysis.

was not possible to report directly on employment. Accordingly, the evaluation used two key types of outcome that were indirectly related to employment.

The first type of outcome considered was terminating an IS claim. This is presented in two forms, a simple termination, and the proportion of time spent on benefit. The proportion of time on benefit allows for all claims by the individual over the period, and so accounts for multiple sequential claims where the individual returns to benefit soon after exiting. The second type of outcome considered is entry to NDLP. A person who takes part in this programme receives continuing advice and support concerning job search, as well as various other forms of work-related support, including the opportunity of entering education and training courses. Thus, NDLP entry should be indicative of movement towards employment, or at least employability.

Further details of how the evaluation aim is addressed follow in section 2.

1.4 Scope and limitations of the report

In order to interpret the results of this or any other evaluation, it is necessary to be clear about their scope and limitations. In general, no evaluation provides comprehensive information on programme performance, since both programmes and the circumstances in which they operate tend to change over time, and the information available to an evaluation study at any one time is limited in some respects.

The most general limitation of the evaluation, which has already been noted in section 1.3, is that outcomes are confined to movements off IS and entry into NDLP, but do not include entry to employment. In addition to this, if as a result of LPWFIs a person moved into only part time work of less than sixteen hours per week, as they could continue to claim IS, this change would not be picked up in the analysis of IS exits⁸. The sensitivity of the evaluation is thus limited to picking up impacts of LPWFIs that lead to termination of the IS claim.

The analysis of LPWFIs presented in this report relates to outcomes up to twelve months from claiming for new/repeat IS claimants who started their IS claim in the period August 2001 to March 2002, and for up to twelve months for stock claimants with an ongoing claim at 30 April 2001. The scope of the analysis was determined in part by the availability of administrative data, and in part by the occurrence of further changes to the LPWFIs system which took place in April 2002. The data availability from mid 1999 onwards limits the choice of baseline period. The follow-up period for measuring outcomes is also limited by the Jobcentre Plus rollout programme that started in October 2002. Analysis of outcomes extending beyond the period covered here, for the evaluation of the extension of Lone parent Work Focused Interviews to further groups of lone parents on IS, will need to take account of these further changes to the system and will therefore involve a new evaluation design.

With respect to the *new/repeat claimants*, the analysis commences one quarter after the national implementation of the LPWFIs system and continues for three quarters of client intake. The results reflect an early stage in the development of the system that may not be representative of subsequent operation. They also show the system in operation over only part of a year, while lone parents, because of their childcare responsibilities and the timing of school and nursery terms, and because of seasonality in the part-time and temporary job

⁸ Note that movements into work of any hours would contribute to the 70% employment target for lone parents. However, NDLP focuses on movement into work of more than 16 hours per week.

market sectors⁹, may have variable access to employment across the year. Entry or access to NDLP may also differ across the months of the year, and so the results may be specific to the analysis period.

With respect to *stock claimants*, certain features of the database made it infeasible to analyse very short-term impacts (those taking place within one or two months of the national launch of the system). In particular, there were problems in administering the programme for the stock which meant that for the first two months after launch, LPWFIs were not effectively taking place for the stock claimants. However, it was possible to estimate impacts over three to twelve months from the launch date of April 30 2001. A further limitation was that the database did not permit the consistent calculation of lone parent IS claim durations for stock claimants. It was therefore not possible to examine variation in impacts by duration of claim.

An issue for both new/repeat and stock claims was that, even though in principle LPWFIs are compulsory, only a proportion of those who were eligible for LPWFIs actually took part¹⁰. It would be of interest to estimate the impact of actually taking part in LPWFIs, but to do so one would need detailed information on the factors or reasons distinguishing eligible participants from eligible non-participants, and this level of detail was not available in the administrative database. Thus, the evaluation focuses mainly on the impact of eligibility for LPWFIs, rather than on active participation in LPWFIs. In other words, it considers the impact of the LPWFIs system as a whole on all those eligible, whether or not they actively participated.

Despite these limitations, the data available for this evaluation offered a number of important opportunities or strengths.

- The data were representative of the whole claimant group to which LPWFIs applied over the May 1999 – May 2003 period.
- There were large numbers of observations for each analysis, typically in the region of 100,000, and there was no loss of precision from clustered sampling or other design effects usually introduced by sample survey designs.
- These features meant that relatively small impacts could be estimated with a higher degree of precision than is possible from survey data¹¹.
- Furthermore, the administrative data sources, which are used for the payment of benefits, are likely to be more accurate than data collected through survey interviews. In particular, the recall of dates by individuals in surveys tends to introduce large errors and gaps in information. Compared to the typical survey, the administrative data puts one in a better position to compare exit-times from claiming IS at various periods before and after the introduction of LPWFIs.
- Another advantage of the administrative data is that one can determine with confidence whether individuals did or did not take part in LPWFIs or in NDLP. In survey interviews true non-participation is hard to separate from forgetting and from individuals' confusions about the names of different programmes or services.

⁹ See Marsh et al. (1997) regarding seasonality of lone parent employment opportunities.

¹⁰ Taking part in the LPWFI system includes attending, deferring or waiving a meeting, not just attendance of a LPWFI.

¹¹ Note that administrative register data is also subject to measurement error, although it does not have sampling error.

2 Evaluation Method

2.1 The evaluated groups

As outlined in section 1.3, the chief aim of the evaluation was to estimate the net impact of LPWFIs on its participants. However, a distinction has to be drawn between those who are eligible for LPWFIs and those who actually take part in them. For a variety of reasons, even though LPWFIs are mandatory, the meetings for eligible clients may be delayed or waived, or the lone parent may cease to be a claimant before the meeting takes place. In principle it might be possible to estimate the impact solely for those who have actually taken part, but to do so it would be necessary to have good information that could explain why some do and others do not take part. This information would also need to be available for all analysis groups, including the comparison groups. The administrative data contained little information of this type, precluding estimation of the net impact of LPWFIs on its participants. On the other hand, it was possible to identify, with reasonable accuracy, those who were eligible to take part, since this depended only on the dates of commencing and ending an IS claim, on the age of the youngest child, and on having no partner: all this information was recorded on the IS administrative database. Accordingly, the impact of LPWFIs has been estimated in this evaluation for the whole group eligible for LPWFIs, including those who never actively participated. As such, this is an evaluation of the LPWFIs *system*.

However, several considerations suggest that evaluating LPWFI *eligibility* rather than LPWFI *participation* was not necessarily a severe limitation on the evaluation. As shown in section 3, the majority of eligible lone parents did in fact participate in LPWFIs. Furthermore, even those who did not participate may have been affected by the existence of LPWFIs in a variety of ways: for example, by being told about the meetings when they initiated or inquired about a benefit claim, or by hearing of the meetings from people they knew who had attended. Some of the non-participating lone parents who heard about LPWFIs may have been stimulated to begin job search, while others may have tried to switch to a different type of benefits. These could be real consequences of the LPWFIs *system*, even when no meetings had taken place. Any such indirect effects of the LPWFIs system on eligible people were captured by the evaluation method.

2.1.1 ‘New/repeat’ and ‘stock’ claims: the eligible groups

The eligible group of lone parent IS claimants was further divided for the purposes of this evaluation between clients making ‘new or repeat claims’ and those clients forming part of the ‘stock of claims’. This is a very important distinction for the evaluation: samples for the two groups were constructed in fundamentally different ways, and the analyses for the two groups were also designed differently. The programme of LPWFIs was itself also applied differently to clients making ‘new or repeat claims’ and those current lone parent clients at the introduction date, the ‘stock of claims’.

New/repeat clients

New/repeat clients are in general those who initiate a fresh claim during some reference period. The eligible group of new/repeat claims for this evaluation consisted of those whose IS claims were initiated after the commencement of the LPWFIs system on 30 April 2001. These constituted a new flow of lone parent clients into the LPWFIs system if:

- their youngest child was aged 5 years and 3 months, or more, at the start of the claim,
- and if in addition they had no partner at the start of the claim¹².

Of all such new/repeat lone parent IS claims, we examined three cohorts of entrants, those with IS claims commencing August to October, and November to January, and February-March. The August to October, and November to January cohorts covered 3 months inclusive, however the February-March cohort had to be curtailed at 1 April due to the LPWFIs extension coming into operation on 1 April 2002. This curtailment avoids the need to change the comparison groups, but limits the final cohort to 2 months coverage.

Under the LPWFIs system, new/repeat claims for lone parent IS, once identified as meeting the eligibility criteria, were immediately informed that they were required to participate in a LPWFI as a condition of being able to proceed with the processing of their benefit claim. An appointment could be arranged immediately, or appointment options could be discussed later via telephone or letter. So as not to delay processing of benefits, there was a requirement that the meetings be set up within four days of the claim date¹³. It has been reported that early on, there were some problems with new/repeat claimants not being identified by the Benefits Agency as being eligible for entry to LPWFIs (Thomas & Griffiths, 2002: 15). This is discussed further in section 2.1.1.1. The LPWFIs process for new/repeat claims was then substantially different to that applied to the stock of claims.

Stock clients

Stock clients are in general those who already had a claim in being before a reference date and continuing beyond that date. The eligible group of stock claimants for the purposes of this evaluation consisted of those with claims in being before or on 30 April 2001 and continuing thereafter. Those eligible for LPWFIs were identified from management information systems, where lists of lone parents with youngest child between 13 years and 15 years 9 months on the reference date were provided to the local administration teams on a regular basis. (An IS lone parent claim would normally cease when the youngest child became 16 years, hence the upper limit for LPWFIs eligibility.) In practice the lists also identified lone parents where the youngest child would turn 13 years within the next twelve months, i.e. currently aged 12. As noted in section 1.1.3, local offices were instructed to give appointments first to the eligible stock claimants whose youngest children were closest to 15 years 9 months. All stock claimants would have been sent a letter informing them of the introduction of LPWFIs, and advising they would need to attend a LPWFIs appointment. Appointment letters were then sent out proposing an appointment time. There were some initial technical problems with the identification lists for stock clients, resulting in some delay in the delivery of LPWFIs.

2.1.1.1 Interpretation of eligibility in practice

An issue to be considered in section 4 is non-participation in LPWFIs by eligible claimants. To gain insight into this issue, it may be helpful to consider how eligibility rules were interpreted and applied in practice. An account of this has been provided by the qualitative

¹² This definition excludes those who flow onto the IS for some other reason, and then subsequently become lone parents with a change of circumstance. This is dealt with in more detail in section 2.1.3.

¹³ The claim date is counted as day zero, and the LPWFI should be booked within the next three days.

research which itself forms part of the overall evaluation of LPWFIs (Thomas and Griffiths, 2002). This description related to the first year of operating the programme, which corresponds to the period covered by the administrative data analysed in this report. However, it may not be representative of subsequent operational practice.

The qualitative research noted that eligibility for new/repeat claims was established by Benefits Agency (BA) staff when a lone parent initiated an IS claim. It was then the responsibility of BA staff to notify the NDLP administration of those lone parent IS claimants that were NDLP-eligible. According to Thomas and Griffiths (2002: 15) ‘the majority of the difficulties ... relate to early problems with new and repeat claimants not being immediately identified as requiring a LPWFI by BA¹⁴ reception staff’. There were also some cases, in the early period of the new system, in which ES reception staff ‘do not make the connection between making an IS claim and needing to see a Lone Parent Adviser’ (*ibid.*). These difficulties had been addressed by training and by exercises to raise staff awareness. Another possible source of difficulty arose if claimants obtained claim forms from sources other than the BA (e.g., from Citizens Advice Bureaux) and were then not contactable when an initial appointment was being set up.

In contrast to the process for new/repeat claimants, stock claimants were identified from management information systems, with listings of the eligible clients supplied to the NDLP administration teams locally. Administration teams then carried out the procedures to call the clients to interview. In most cases, clients would have received preliminary letters from the BA telling them of the obligation to attend interviews, when called upon. However, the qualitative research found that in one of the five areas studied, ‘there had been persistent difficulties in getting the stock claimants’ details’, and this had led to considerable delays in processing the claimants (*ibid.*).

It was possible for either BA staff or the NDLP administration team to waive or defer the requirement to take part in LPWFIs (Thomas and Griffiths, 2002: 16-17). The guidelines used by staff in making such decisions refer to the following main criteria for waiver:

- The lone parent is judged likely to be off work for only a few weeks and has a job to return to
- The lone parent is seriously or terminally ill.

A waiver indicates that the mandatory requirement for a LPWFI has been set aside, and no LPWFI need take place. Criteria relating to deferral of interviews include:

- The lone parent has been recently bereaved
- The lone parent has given up work to look after a sick relative
- The case has involved domestic violence or rape
- The lone parent has suffered a recent traumatic separation
- Short term sickness.

Sickness of various types could be considered in decisions whether to waive or defer interviews. For example, staff were aware that in the case of stock clients there might be ‘a greater need to be sensitive to depression and conditions such as ME’ (Thomas and Griffiths, 2002: 17).

¹⁴ During this research, services were provided in social security offices and Jobcentres. With the full introduction of Jobcentre Plus, as discussed in section 1.2, full integration of all ES and BA local offices will take place over several years, during which time services will continue to be provided in social security offices and Jobcentres.

Finally it is relevant to consider how the sanctioning process, which was applicable to those not complying with the requirement to attend a LPWFI, was interpreted in practice (Thomas and Griffiths, 2002: 19). A new/repeat IS claim should be disallowed if the client doesn't attend a LPWFI, which although not technically termed a sanction, is designed to enforce the programme. The 'disallowed claim' process was inherently stronger in the case of new/repeat than of stock claims. In contrast, stock claims were already in being and the LPWFI usually took place only after a substantial lapse of time, from both starting their lone parent IS claim and then becoming eligible for LPWFI. In practice however the possibility of a 'disallowed claim' was often delayed, even for a new/repeat claim. A client failing to attend the first LPWFI that was arranged was always given a second appointment. If clients failed to attend this next LPWFI appointment, the standard procedure required Personal Advisers to attempt to visit them at their home. However, many Personal Advisers were reluctant to carry out home visits, partly for reasons of security and partly because they did not wish to become associated with the sanctioning or 'disallowed claim' role, which was commonly associated with BA staff. It was concluded by Thomas and Griffiths (2002) that the sanctioning process was undermined by this, and 'for as long as home visits are not being undertaken, sanctions on those refusing to participate in a LPWFI cannot be applied' (*ibid.*).

2.1.2 Comparison groups

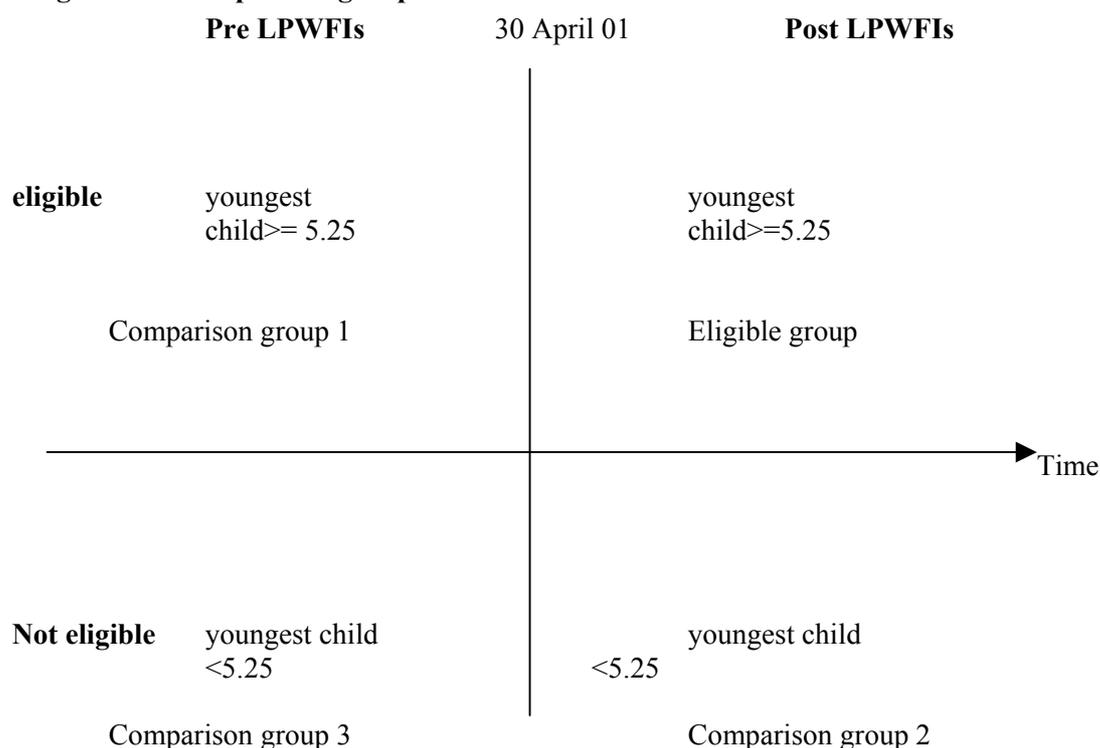
In order to evaluate the impact of LPWFI's comparison groups, to whom the groups who experienced LPWFI were compared, were constructed as defined below. The way they are used to construct the impact estimate is defined in section 2.2.

In addition to the eligible groups defined in section 2.1.1, the evaluation made use of 'comparison groups'. For each eligible sample, separately amongst the stock or new/repeat claims, three types of comparison groups were constructed (the way in which these comparison groups contributed to the evaluation is described in section 2.2):

- A comparison group of lone parent claimants from before the period when LPWFIs were introduced, with children of the right age to make them *eligible* for LPWFIs if those had existed at the time
- A comparison group of lone parent claimants from after the period when LPWFIs were introduced, who were *ineligible* because of the age of their youngest child
- A comparison group of lone parent claimants from before the LPWFIs period, who would have been *ineligible* because of the age of their youngest child even if LPWFIs had existed at the time.

In the case of new/repeat claims, the non-eligible groups were claimants with a youngest child aged less than 5 years 3 months when they began their claim. To increase comparability between the eligible and non-eligible new/repeat claims, those with a child aged less than one year on entry to IS were excluded from the new/repeat comparison groups. Diagram 2.1 illustrates the comparison groups for the new/repeat claims. The plausibility of the non-eligible group selected was checked by a sensitivity analysis, testing the difference to results of using only those with youngest child aged 1-3 for the non-eligible comparison groups. The results were not statistically different, and the larger comparison group was chosen.

Comparison groups of stock claims were sampled at two points, 15 May 1999 and 30 April 2001, from those with ongoing claims at these points. The three comparison groups are formed in a similar way to those of the flow. The eligible group was those with youngest child aged 12-15¾ at the reference dates. The non-eligible groups consisted of those with a youngest child aged less than 12 on 30 April 2001, or on 15 May 1999. To increase comparability, those with a child aged less than 8 years on these reference dates were excluded from the stock comparison groups.

Diagram 2.1 Comparison groups

2.1.3 Multiple spells of claiming by the same person

The IS administrative database consists of individuals' claim details, with one or more claims per individual. The sample therefore contains more than one claimant spell for some clients. These are counted as separate observations for the flow. However, most of the individuals in the sample made only one claim during the period being analysed (see section 3.2.1 for further details).

Sometimes a claim is split into several different records on the administrative data system, even though all these records relate to a continuous period of claiming as a lone parent (with a single claim start date). This happens because details of the record have to be changed: for instance, the lone parent may have moved to a different address, had another baby, or changed her/his name. A crucial distinction for the analysis is between claims as a lone parent and other IS claims. For this analysis, all consecutive records relating to a single IS claim as a lone parent (the split records) have been 'rolled up' into a single spell of claiming¹⁵. For the flow, the start date is taken as the start of the claim as a lone parent, and the age of the youngest child taken as that recorded at the start of this claim. For the stock of claims which were in place at 30 April 2001, the circumstances of the lone parent spell at that date are used, so the age of the youngest child is calculated at the reference date used for sampling, and is unaffected by the subsequent birth of another baby.

The treatment of lone parent spells that arise from a change in circumstances differs in this report from the approach used in the interim report (Knight and White, 2003). Lone parent spells arising due to a change in circumstance start after the original IS claim was registered. An example of such a change in circumstance for an IS claimant might be the departure or

¹⁵ It is important to note that this is only for spells within the same IS claim, without a new IS claim start.

death of a parent, or the birth of a child. If this client started their spell of lone parenthood prior to the introduction of LPWFIs, then they form a valid part of the stock of lone parent claims. In the interim report, such lone parent spells were also included in the 'new/repeat' claims analysis. However, more recent information about the process by which the LPWFIs system operates for 'new/repeat' claims indicates that this is not suitable as such clients would not enter LPWFIs eligibility. For 'new/repeat' claims who start claiming after the introduction of LPWFIs, such a client was not a lone parent when they first registered their IS claim, and so they would not be identified as eligible for a LPWFI at the time of their IS claim start. Clients becoming a lone parent with a change of circumstances, who do not start a new IS claim, are not accounted for in the current LPWFIs rollout process.

2.2 The method of 'difference in differences'

The impact of the LPWFIs system is estimated by the method of 'difference in differences', or 'DiD'¹⁶. 'DiD' is one of the most widely used economic evaluation methods for welfare-to-work programmes. It is often suitable when (a) data are available both before and after the start of the programme, and (b) the amount of information available for each individual or claim is sparse. This is the situation in the present evaluation. However, there are assumptions required for the valid use of 'DiD' and these need to be carefully examined in each application to check that they are met.

The 'DiD' method can be understood as an extension of the 'before and after' method of evaluation. In the 'before and after' method¹⁷, the outcomes for participants after the introduction of the programme or service are compared with outcomes for a similarly defined group in a baseline period before the programme or service started. The difference between the two outcomes is taken as the estimate of the effect of the programme or service. A particular strength of the 'before and after' estimate is that it is unaffected by characteristics of the participant group which are unchanging over time, since these 'cancel out'. Because of this feature, one does not need much information about the participant characteristics provided that it is reasonable to assume that they change very little over the period considered. This is usually a reasonable assumption if the 'before' and 'after' samples have been drawn in precisely the same way, and the time-gap is short. However, the 'before and after' estimator has a severe drawback: it can be biased by other changes in circumstances that could have affected outcomes over the period in question. With labour market programmes, other types of change are often - indeed, usually - taking place in parallel with the programme being evaluated. In particular, economic and labour market conditions are continually changing, and these changes are often rapid, affecting the ease or difficulty of finding a job from month to month.

The 'DiD' method seeks to overcome this drawback of the 'before and after' method. It does so by adding to the evaluation a further parallel group that is not involved in the new programme or service. Since this group is not affected by the programme or service, any change in its outcomes over time can (usually) be attributed to changes in general economic or labour market conditions. The difference in outcomes over time for this non-participating group is therefore used to estimate the effect of these background changes. A key assumption of 'DiD' associated with this is that the changes are assumed to act similarly on both the participant and comparison groups. When the comparison group difference is subtracted from the 'before and after' estimate for the participating group, this provides an estimate of the impact which is adjusted for changes in background conditions. The 'DiD' estimator also

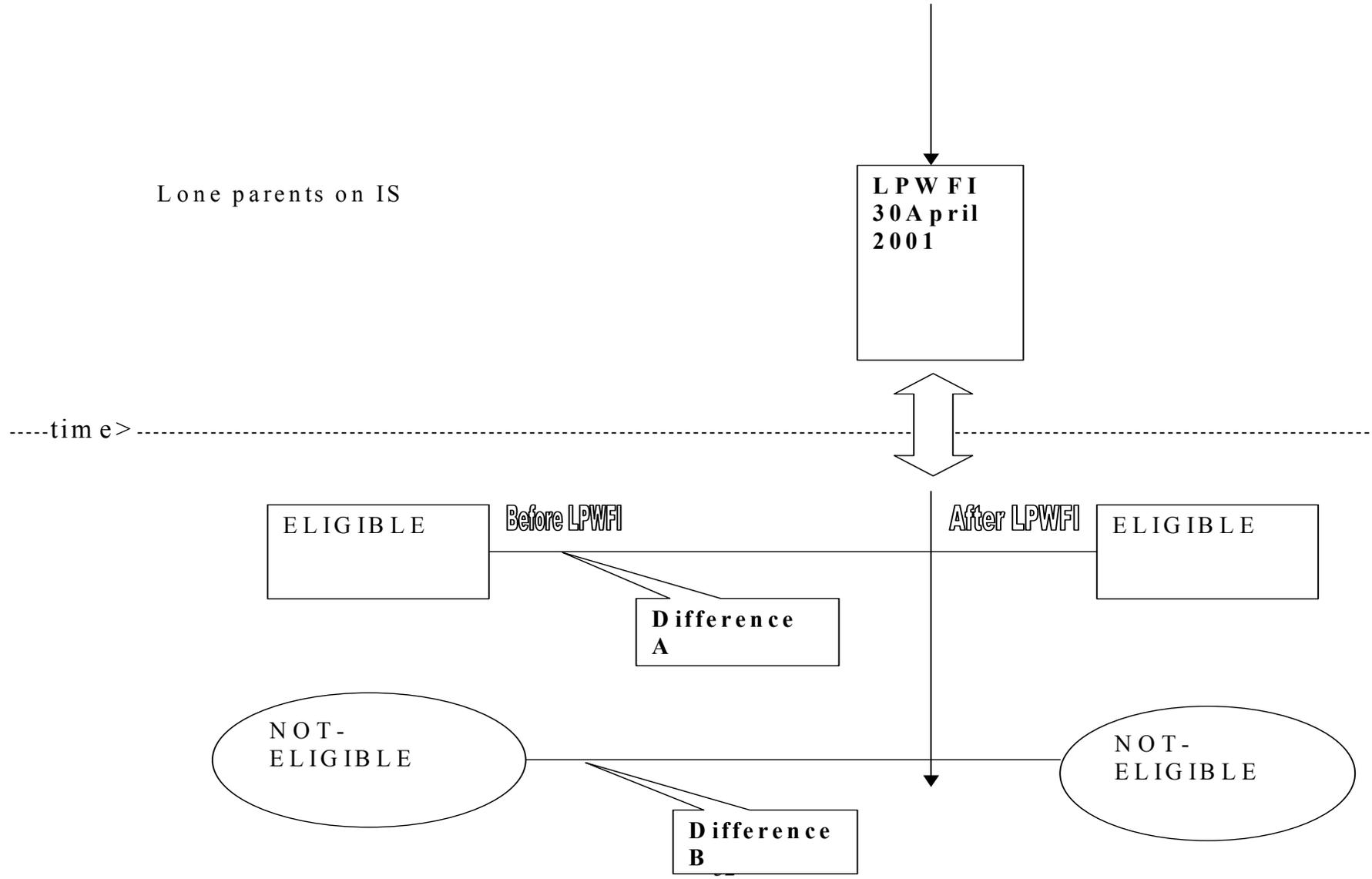
¹⁶ See Purdon (2002) for more discussion of the differences in differences method in labour market evaluation.

¹⁷ This is known more technically as the 'fixed effects method'.

retains the same advantages of the ‘before and after’ estimator in providing estimates that are unaffected by characteristics of the groups provided that these do not change over time.

Diagram 2.2 summarizes how the ‘DiD’ method has been applied in this evaluation, in the case of new/repeat claims. As explained in sections 2.1.1 and 2.1.2, there were ‘before’ and ‘after’ cohorts for the eligible and the non-eligible lone parent claimants, with 30 April 2001 (the introduction date for LPWFIs) providing the boundary between the before and after periods. The next section explains more formally how the information from the different groups is combined to produce the net impact estimate.

Diagram 2.2 Difference in Differences Analysis Schema



2.2.1 Constructing the counterfactual

The net impact of a programme or service is defined as the difference between the observed outcome for the participant or eligible group and the outcome *which would have taken place in the absence of the programme or service*. If the symbol Y is used for an outcome, this can be written as

$$(1) \quad Y^{\Delta} = Y^1 - Y^0$$

where the superscript Δ ('delta') indicates the difference in outcome attributable to the programme, 1 indicates the outcome under the programme, and 0 indicates the outcome *for the same people* in the absence of the programme. Whereas Y^1 is directly observable, Y^0 has to be estimated indirectly since it is impossible to observe participants being, at the same time, non-participants. The estimation of Y^0 is often referred to as 'constructing the counterfactual'.

In the case of the 'DiD' method, constructing the counterfactual involves three measurements. One is the 'before' outcome for the equivalent group of people who later become participants or, in the present case, eligibles [later termed pseudo-eligibles]. This can be thought of as the unadjusted counterfactual. The second and third measurements are the outcomes for the non-eligible group, respectively 'before' and 'after' the programme is introduced. The difference between these non-eligible outcomes represents the adjustment which needs to be applied to the counterfactual. The adjusted counterfactual is therefore

$$(2) \quad Y_e^0 + (Y_c^1 - Y_c^0)$$

where the superscripts 1 and 0 mean the same as before, subscript e means the eligible group and subscript c means the comparison (non-eligible) group.

The programme impact is obtained by subtracting the counterfactual term from the gross outcome for the programme or service, as follows:

$$(3) \quad Y^{\Delta} = (Y_e^1 - Y_e^0) - (Y_c^1 - Y_c^0).$$

The 'DiD' estimate of the programme's impact can be obtained by estimating each of the four terms separately and then subtracting them as shown in equation (3). If there are other variables in the analysis that are to be controlled (for instance, variables describing sample composition in terms of age, sex, region etc.), then estimating the outcomes separately permits the influence of these control variables to vary in each sub-analysis. Unless the control variables are believed to be particularly important, it is often simpler and more convenient to estimate the net impact term, Y^{Δ} , in a pooled analysis where the calculation is obtained through an interaction effect between period (before or after) and group (eligible or non-eligible). This forces the control variables to have the same influences across the four sub-samples. It is the latter approach which was used in setting up the analyses for this evaluation, since there was no reason to suppose that sample characteristics were changing in important ways over the period of the evaluation (see further details in section 3).

2.2.2 Difference in Difference assumptions

As already noted the 'DiD' method requires a number of assumptions which must be satisfied if the results it produces are to be trustworthy. These assumptions are of three main types.

(a) The changes in background conditions are assumed to affect the participant groups and the non-participant groups to the same extent. If they are likely to be affected to an appreciably different extent, then the 'DiD' method is invalid. An example where the assumption is problematic is when the participants are located in different areas from the non-participants, since there could be regional or local variations in economic or labour market conditions. More generally, this assumption is most likely to be satisfied when the participant and the non-participant groups are broadly similar. For instance, comparisons between different groups of lone parents should be less problematic than comparisons between lone parents and parents who are married or have partners. This is because the latter group on average has a higher employment rate, more employment experience, and higher family income - all features that could affect the response to changing economic conditions. This issue can be tested directly in an ideal situation, however the ability to do so here is limited (see section 5.2.1 later for results of the tests and further discussion).

(b) It is assumed that, at the particular periods over which the comparisons are being made, there are no *other* policy changes taking place which affect the participant group differently from the non-participating group. The assumption is satisfied if the other policy changes affect both the participant and comparison groups similarly. In sections 1.1 and 1.2, reference was made to several policy changes that were taking place around the same time as LPWFIs, including WFTC. It is necessary to consider, and if possible test, how far these developments may impinge on the evaluation.

(c) It is assumed that the composition of the samples does not change over the period of the comparisons in such a way as to affect the differences, either within or between the participant and non-participant groups. If extensive information on the characteristics of the groups is available for analysis, then any changes in composition can be statistically controlled. If information, as in the present case, is relatively sparse, then one must rely on background knowledge of the groups supported by examination of those characteristics on which information is available over time.

In addition to these three assumptions, there is

(d) The general issue of 'seasonality' that arises with any method of over-time analysis. In the case of the 'DiD' method, seasonality is not a problem if it affects the participant groups and the non-participant groups to the same extent, since in that case seasonal effects cancel out. But seasonality becomes a problem if it affects the groups differently. In the case of LPWFIs, for example, eligibility is determined by the age of the youngest child, and those with children of different ages may be more or less affected by the start of school or nursery terms and by school/nursery holiday periods. There is a further aspect to seasonality that should be borne in mind, and that is that the impact itself may vary seasonally. This does not affect the difference in differences measure. However, this can be more important for the length of the period over which the difference in differences is constructed – impacts assessed over periods less than one year can vary seasonally.¹⁸

¹⁸ Seasonality of the impact may affect the flow difference in difference impacts which are assessed over quarters.

2.3 Design of the analysis

2.3.1 Samples

The analysis draws upon data from the period May 1999 to May 2003, inclusive. This is the longest period available in the administrative data source for IS claims (the data source for NDLP entry, which also plays a part in the analysis, goes back a little further, into 1998). As noted earlier, claims in ONE areas, LPWFIs Pathfinder areas, and Jobcentre Plus pilot areas, have been excluded from the analysis. The analysis also excluded Northern Ireland, an area which is not administered by Jobcentre Plus. The roll-out of Jobcentre Plus from October 2002 also affects the analysis. To counteract this the follow-up periods are stopped at October 2002.

For *new/repeat claims*, the analysis used *cohorts* of entrants in 1999/00, 2000/01 and 2001/02, matching the cohorts by month so as to eliminate some potential problems of seasonality. Three cohorts were used: August-October, November-January, and February-March.

Many ongoing stock claims at 15 May 1999 were continuing on 30 April 2001. To avoid overlap between the various stock sub-samples, the May 1999 samples were drawn from a random one-half of the available claims at that date. The April 2001 samples were then drawn from the remaining one half, if these were still ongoing claims, plus a random one half of those claims which had been initiated between the two dates and had continued through to 30 April 2001. This sampling scheme ensured that all durations of claim were selected with equal probability in the stock samples.

Thus, for *stock claims*, the ‘before’ groups were taken from claims that were ongoing at 15 May 1999, which was the first scan date for the lone parent administrative database, while the ‘after’ groups were taken from claims that were ongoing at 30 April 2001. These two dates provided a near match in terms of seasonality.

The eight sub-samples required for the evaluation are summarised in Table 2.3.

Table 2.3 Summary of groups used in the impact analysis

New/repeat claims	Year/s	Dates
1 'After' sample of eligibles	2001/2	August-October entrants November-January entrants February-March entrants
2 'Before' sample of pseudo-eligibles	1999/00, 2000/01,	as above
3 'After' sample of non-eligibles	as 'after' sample of new/repeat eligibles above	
4 'Before' sample of non-eligibles	as 'before' sample of new/repeat eligibles above	
Stock claims		
5 'After' sample of eligibles	2001	ongoing claim at 30 April
6 'Before' sample of pseudo-eligibles	1999	ongoing claim at 15 May
7 'After' sample of non-eligibles	as 'after' sample of stock eligibles above	
8 'Before' sample of non-eligibles	as 'before' sample of stock eligible above	

2.3.2 Other steps to ensure validity of the analysis method

To reduce potential non-comparability between the eligible and comparison samples, lone parents with a baby under one year old were excluded from the new/repeat analyses, and those with a child under 8 years old were excluded from the stock analyses. This enables the eligible and comparison groups to be as close as possible. The exclusion of those with young babies also reduced any possible differential effect of maternity rights legislation. These exclusions do not affect the validity of the 'DiD' method or of estimates based on it. The comparability of the samples was further explored through descriptive analysis, which is presented in section 3. The descriptive analysis of section 3 was also used to assess whether relative shifts in the composition of the samples were likely to influence the impact analysis. This addresses assumption (c) outlined in section 2.2.2.

The issue of 'interference' with the impact analysis from other policy changes, notably the introduction of WFTC, was addressed by statistical analysis of the pre-programme period. This analysis, which addresses assumptions (a) and (b) outlined in section 2.2.2, is presented in section 5.2, and will not be discussed further at this point. The seasonality issue discussed in section 2.2.2 is also addressed in section 5.2, although the method for dealing with it, which was to align the dates of the 'before' and 'after' groups in each analysis, should be apparent from section 2.3.1 and Table 2.3.

2.3.3 Outcomes

As briefly noted earlier, two main types of outcome were analysed for both new/repeat and stock claims, but the periods over which they were assessed differed between the new/repeat and stock analyses.

(a) Exit from IS claim

The measure used was whether the IS claim had terminated by a given time. The shorthand label used for this outcome is ‘stop IS’. For the *new/repeat claimants*, this was evaluated at monthly intervals from the start of the claim, i.e. at 1,2,3,4 months and so on. However, the data did not allow analysis of the interval of the first month, as too few exits took place in any of the eligible or comparison groups, with at most 1 per cent of any group exiting. Each exit period included any exits which took place after shorter times, for instance exits by 2 months include exits by 1 month. For the *stock claimants*, the exits were evaluated at 3,6,9 and 12 months from the reference date at which ongoing claims were sampled. A period shorter than 3 months could not be reliably evaluated, as the database for the 1999 stock did not include any exit information until two months from its inception.

As a variant on the above, an additional measure examines the proportion of time spent on benefit. In the simpler measure of exits outlined above, a client who exits but then rejoins is still counted as an exit, on the basis of their initial exit. For the *new/repeat claimants* the proportion of time spent on benefit was evaluated over a 6 month period and a twelve month period. In this measure, the different claim lengths for an individual with multiple claims, and the time spent off benefit, were aggregated to account for the whole time period after the claim start. This accounting exercise means that an individual that terminated their IS claim but returned with a new IS claim started within the 6 months, could still have spent all of their time on benefit if they returned within a week with a new IS claim start and remained until after the 6 month period elapsed. If, on the other hand, they returned after a month off benefit, they would record a percentage of time on benefit that reflects this.

(b) Entry to New Deal for Lone Parents (NDLP)

The main measure used in the case of *new/repeat claimants* was whether the individual had entered NDLP after starting the claim by a given time. For a variety of reasons, entry to NDLP could *precede* the start of the IS claim period as it was defined for the purposes of this evaluation. Accordingly the analysis included NDLP entry which preceded IS claim start dates by up to 60 days as NDLP entrants. In the case of *stock claimants*, NDLP entry was not comparable between the pre-LPWFIs and post-LPWFIs periods, since those in the latter period had a more extended opportunity to enter NDLP prior to the sampling reference date. Accordingly, no impact estimates are provided of NDLP entry for stock claimants, although some descriptive findings on this issue, presented in section 3, are sufficient to form a qualitative assessment of the likely impact.

2.4 The administrative data

Data on both IS claims as lone parents and separate data concerning NDLP were necessary to meet the evaluation objectives of the analysis. Several administrative datasets were linked to construct the data. A basic description of the datasets is presented here.

The main administrative data on lone parent IS claims were extracted from the Generalised Matching Service (GMS) database. GMS data is used as a substitute for direct access to the Income Support Computer System (ISCS), which is not available. GMS uses data from

MIDAS¹⁹, which provides point-in-time data extracts that were originally obtained for data matching purposes, to detect benefit fraud and error. GMS brings together all of the MIDAS data extracts that have been received, holding only one record for each benefit claim (with the latest or final position), with a history of the changes to the benefit record held separately. The source data were held by the Department for Work and Pensions and constructed for the evaluation from the Income Support database by ORC. An extract was made so that the data covered all clients who had ever been recorded as claiming IS as a lone parent on or since 15 May 1999. Information from two separate files were combined to prepare the analysis data. The Personal Details file gave the most recent record for clients, with one record per customer per benefit per location. The Personal Details History file had one record per changed personal details record. The structure of the data resulted from repeated scans of the administrative database at fixed intervals. The first scan took place on 15 May 1999. Subsequent scans took place (with a few exceptions) at fortnightly intervals.

The information about New Deal for Lone Parents was sourced from the NDLP evaluation database, which is extracted from the New Deal Evaluation Database (NDED). The NDLP database has collected information about New Deal entry and interview dates, as well as education and training entry, from the inception of the programme in 1998. In addition, information about LPWFIs attendance was taken from the Personal Adviser Meeting database. This contains information about meeting dates, together with details of deferrals and waivers. The two kinds of information are contained on a combined database, and the two kinds of entry were separated in order to carry out an analysis of either NDLP activity or of LPWFIs activity.

2.4.1 Definitions

It was necessary to establish a set of key definitions within the data, in order to construct the analysis. The first step was to distinguish a lone parent claim from other types of IS claim. A lone parent claim is recognised when the IS database record for a claim flags the individual as not having a partner, and provides the date of birth of the youngest child. Where either of these items is missing, the IS record was classified as not being a lone parent claim. This definition was the same as that used within the Department for Work and Pensions in working with the database.

The end date of a lone parent IS claim in the administrative is subject to some measurement error. The date is imputed as a random number within the period between two scans, so that if the individual was present in the earlier scan but in the next scan is absent, an end date is given between the end date of the first scan coverage, and the start date of the next scan.

2.4.1.1 Stock data definitions

A fundamental point for the analysis concerned the definition of the start and end of a lone parent IS claim. In the daily functioning of benefit system, the start of an IS claim is the actual date on which the claim became effective. However, as noted earlier, a single IS claim can include several sequential periods in which the grounds of the claim vary (e.g., change of circumstance from lone parent to incapacity to lone parent again). Each of these sub-claims is allocated the same IS claim start date if there is no break in claiming. Since this evaluation is concerned only with *lone parent* IS claims, the IS benefit claim date does not uniquely identify the start of a claim for the evaluation's purposes. However, any sub-claim to or from lone parent status is identifiable through the Personal History dataset (see 2.4 above). All of

¹⁹ MIDAS stands for Matching Intelligence Data Analysis Services.

these lone parent spells are used for the stock analysis.²⁰ Thus, a claimant could have started out their IS claim while not a lone parent, but changed to lone parent and so was a lone parent at the reference date 30 April 2001. In the case of stock claimants, the birth date of the youngest child was subtracted from the reference date (either 15 May 1999 or 30 April 2001, depending on the sample). This should in principle produce the same age as used in the listings of eligible stock claimants provided to local offices. Exits were also calculated from these dates.

2.4.1.2 Flow data definitions

The flow data definitions differed from those of the stock. While all lone parent spells were identified for the stock, we selected for the flow only those new cases that were lone parents at the start of their claim for IS. Any new claim for IS which then later changed their details to indicate a lone parent was excluded from the flow analysis. In earlier analysis for the interim report (Knight and White, 2003), these cases were included, as at the time it was thought that the registration of their change of circumstances would flag their eligibility for LPWFIs. However, subsequent information indicates that these cases would not receive a LPWFI. In practice, take for example a claim start in August 2001 which later changed circumstances to lone parent with a youngest child of age 14, this kind of lone parent case would neither fall into the stock scans, which identify those with claims starting up to 30 April 2001, nor would they be identified as a new lone parent at their IS claim registration and so gain access to a LPWFI. As the system currently operates, it is not clear that they would ever access a LPWFI²¹. Accordingly, they are excluded from the flow analysis.

The definition of the youngest child's age, on which eligibility for LPWFIs depends, was also affected by the definition of the claim start. The relevant information provided on the database is birth date of the youngest child. In the case of new/repeat claimants, this was subtracted from the claim start date to produce the age on entry to the claim. Exits were calculated from the IS claim start date.

²⁰ The claim start date is not important for the analysis of stock, only that the claim started prior to the reference date.

²¹ However, it is planned that from April 2004, those making a change of circumstances to a lone parent claim for IS would be called in for a lone parent WFI.

3 Characteristics of lone parents on Income Support

3.1 Introduction to the descriptive analysis

Section 3 presents information on the size of the groups eligible for LPWFIs, their rate of turnover, and characteristics of new/repeat and stock claimants. These characteristics are of importance in interpreting the impact analysis results that follow in section 5.

Descriptive analysis for the new/repeat claimants is presented separately from that for the stock samples. For the purposes of this evaluation, clients making ‘new or repeat claims’ and those clients forming part of the ‘stock claims’, is a very important distinction: the programme operated differently for these two groups, samples for the two groups were constructed in fundamentally different ways, and the analyses for the two groups were also designed differently.

Some of the analyses in this section relate to the whole of the new/repeat or stock claimant groups, whereas others (the majority) are limited to the particular sub-groups or sub-samples that are later used in the impact analysis. Care is taken to indicate which approach is being used at each stage of the results.

3.2 New/repeat and stock magnitudes

This sub-section provides some figures to show the size of the lone parent claimant population, and of the sub-samples analysed in the evaluation. It also provides some simple indications of the turnover, or duration, of lone parent IS claims.

3.2.1 Total new/repeat claims

In the twelve-month period ending with the introduction of LPWFIs, there were 179,745 new/repeat claims recorded on the database, made by 167,423 individuals. Repeat claims were made by 7.5 per cent of claimants in this twelve month period. There were about 15,000 new/repeat claims per month, on average, in this period. The range was from 10,000 to 17,000 as can be seen in the first column of figures in Table 3.1. In the twelve-month period following the introduction of LPWFIs, there was a reduction of ten per cent in the total number of new/repeat claims, to 161,767, made by 151,502 individuals. The share of repeat claims in this period was 6.5 per cent. So after the introduction of LPWFIs there were about 13,500 new/repeat claims per month, on average, while the range was from 8,800 to 15,500 (Table 3.1). These figures are lower than their equivalent from the interim report (Knight and White, 2003), due to the change to the data methods adopted.

Table 3.1 Total New/repeat lone parent claims in each month

	Before 30 April 2001		After 30 April 2001	
May 2000	16,008		May 2001	14,126
June 2000	16,516		June 2001	15,555
July 2000	16,871		July 2001	15,474
August 2000	15,602		August 2001	13,804
September 2000	15,065		September 2001	12,973
October 2000	15,763		October 2001	13,906
November 2000	14,194		November 2001	12,091
December 2000	10,325		December 2001	8,836
January 2001	17,198		January 2002	15,077
February 2001	13,399		February 2002	12,054
March 2001	14,911		March 2002	13,494
April 2001	13,893		April 2002	14,377

All new and repeat claims for lone parents with youngest child aged 1-15.75 years. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas

3.2.2 Total stock numbers

The stock of lone parent claimants on the IS database at 15 May 1999, the first date for which information was available, was just over one million (or precisely 1,065,425). The stock at 30 April 2001, when the LPWFIs system went into operation nationally, remained close to one million (or precisely 1,044,239).

3.2.3 The new/repeat claimant sub-samples

Table 3.2 outlines the new/repeat claimant samples used for the impact analysis; their definition has been explained in section 2. The illustration given is for the August-October cohort of entrants. The same form of definitions applied to the November-January cohort and the February-March cohort (not shown).

Table 3.2 Description of the key evaluation groups: New/Repeat Claims Aug-Oct cohort

	Before 30 April 2001		From and including 30 April 2001	
	LPWFIs pseudo-eligible	Comparisons	LPWFIs eligible	Comparisons
	IS claim as lone parent		IS claim as lone parent	
Entrant cohort	Claim start in period 1 Aug 1999 – 31 Oct 1999		Claim start in period 1 Aug 2001 – 31 Oct 2001	
	Youngest child aged more than 5.25 years	Youngest child aged less than 5.25 years	Youngest child aged more than 5.25 years	Youngest child aged less than 5.25 years
	And not older than 16 years	And at least 12 months	And not older than 16 years	And at least 12 months

Table 3.3 shows the sub-sample numbers available for the analysis of the new/repeat claimants in the three flow cohorts. The before/after format of Table 3.2 is carried through

from Table 3.2 to Table 3.3 in order to recall the ‘before/after’ groups of the difference in difference analysis. In total 169,891 observations were available for analysis across the two quarterly cohorts, 91,951 for the August-October cohort, and 77,940 for the November-January cohort. A further 55,067 observations were available in the February-March cohort. The four sub-samples for the eligible and comparison groups in the baseline and LPWFIs were used in any one analysis.

Table 3.3 New/Repeat Claims: Overall number of claimants, Flow cohorts

Number of claimants	Before 30 April 2001		Number of claimants	From 30 April 2001	
	LPWFIs pseudo-eligible	Comparisons		LPWFIs eligible	Comparisons
August – October cohort 1999	26,351	24,917	2001	21,216	19,467
November-January cohort 1999/2000	21,848	19,987	2001/2002	18,876	17,128
February-March cohort 2000	15,255	14,264	2002	13,210	12,338

See Table 3.2 for definitions. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas. Note: the February to March cohort covers only 2 months as the extension to LPWFIs was introduced on 1 April 2002.

3.2.4 The stock claimant sub-samples

The definitions for the stock samples are summarised in Table 3.4, and the numbers obtained for each sub-sample used in the stock claimant analysis are shown in Table 3.5. As explained in section 2.3.1, for Stock claims the pre-LPWFIs and post-LPWFIs sub-samples went through a random sampling process, so as to remove overlap. None the less, the total number available for analysis, at 275,829, was comparable to the total number for the new/repeat claims analysis, and this full number was used in all the analyses for the stock claimant impact evaluation. The comparison groups were approximately one-and-a-half times as large as the eligible (or pseudo-eligible) groups. The defined eligible group includes those where youngest child was 12 years at April 01 2001. The youngest child of these clients would turn 13 at some point during the year 2001-2002, and so were included in the lists sent to offices but these clients would only be invited to attend a LPWFI once their youngest child has turned 13.

Table 3.4 Description of the key evaluation groups: Stock Claims

	Before 30 April 2001		From and including 30 April 2001	
	LPWFIs pseudo-eligible	Comparisons	LPWFIs eligible	Comparisons
	IS claim as lone parent		IS claim as lone parent	
Entrant cohort	1 st Random 50 per cent of those with Claim start live on 15 May 1999		Of the 2 nd 50 per cent of those with Claim start live on 15 May 1999, and random 50 per cent sample of new entrants since then; and all with Claim start live on 30 April 2001	
	Youngest child aged at least 12 years	Youngest child aged less than 12 years	Youngest child aged at least 12 years	Youngest child aged less than 12 years
	And not older than 15.75 years	And at least 8 years	And not older than 15.75 years	And at least 8 years

Note: those eligible includes those where youngest child was 12 years at April 01 2001. The youngest child of these clients would turn 13 at some point during the year 2001-2002, and so were included in the lists sent to offices but these clients would only be invited to attend a LPWFI once their youngest child has turned 13.

Table 3.5 Stock Claims: Overall number of claimants

	Before 30 April 2001		From 30 April 2001	
	LPWFIs eligible	Comparisons	LPWFIs eligible	Comparisons
Number of claimants	53193	79503	57359	85774

Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

3.2.5 Broad indications of turnover

In interpreting the impact of an evaluation for a welfare-to-work programme, the underlying rate of exit, or turnover, is a relevant consideration. If the base rate of turnover is low, then even a small absolute impact may be considered a worthwhile gain in practical terms.

Of the stock of claimants at 15 May 1999, 53.4 per cent had exited before the end of May 2002, a little over three years later, while 46.6 per cent had remained on IS as a lone parent throughout the period. The average exit rate over the period was roughly 1.5 per cent per month. Of those in the initial stock who terminated their IS claim, about one in five (22 per cent) started another claim during the overall period. In interpreting these figures, it should be borne in mind that entering employment is not the only reason why a lone parent terminates an IS claim. The claim may also be terminated because of re-partnering, or because the youngest dependent child has reached the age of 16, or changing to another benefit that precludes IS claim.

Of the stock of claimants which spanned the introduction of the LPWFIs system at the end of April 2001, 27.7 per cent had exited by the end of June 2002, while the remaining 72.3 per cent were continuing their IS claims. Their average exit rate was a little under two per cent per month. This is higher than the average noted in the previous paragraph; it is usual to observe a reducing rate of exit the longer a claim continues. Exit rates for 3 monthly periods up to 12 months after the sample dates for the stock analysis groups are shown in Appendix 2 Table A28.

Another way of assessing the turnover rate is to link the inflow rate (i.e. the new/repeat claims) with the stock. Assuming that the system is in equilibrium, then the average period on IS is equal to the stock divided by the inflow rate per period. Of course, the system is not precisely at equilibrium (as shown by the fall in the inflow rate in 2001), but the assumption serves for a rough approximation. On this basis, the average period on IS was roughly sixty-seven months (1 million/ 15 thousand/ month).

To get a more detailed view of turnover for new/repeat claims, Table 3.6 below shows the cumulative exit rates for cohorts of new/repeat claimants drawn from the months of August to October inclusive in 1999 and 2001. At the end of six months, between one in four to one in five of the entrants had exited, a considerably lower rate than observed for unemployed (JSA) claimants. On the other hand, the turnover rate for new/repeat claims was higher than for stock claims, averaging about four per cent per month over the six-month period, although less than one per cent per month in the first month. The exit rates are roughly similar for the other flow cohorts, and can be found in Appendix 2 Table A1 and Table A2.

Overall, it is apparent that the exit or turnover rates of lone parent IS claimants were rather low. Accordingly, even a small positive impact from the LPWFIs programme could be of practical significance (see section 5 for impacts).

Table 3.6 New/Repeat Claims: Exit rate for lone parent IS claims August-October cohort, 1999 and 2001

Exits up to	Lone parent with claim start August-October	1999 % exiting cumulative	2001 % exiting cumulative
1 month	LPWFI ²²	0.9	0.2
	comparisons ²³	0.8	0.1
2 months	LPWFI	6.8	4.7
	comparisons	5.8	3.5
3 months	LPWFI	12.0	10.2
	comparisons	10.2	7.7
4 months	LPWFI	16.8	14.9
	comparisons	14.4	12.0
5 months	LPWFI	21.5	19.3
	comparisons	18.4	15.9
6 months	LPWFI	25.9	23.3
	comparisons	22.5	19.6
7 months	LPWFI	29.4	27.2
	comparisons	26.0	23.1
8 months	LPWFI	33.1	30.8
	comparisons	29.3	26.5
9 months	LPWFI	36.5	33.8
	comparisons	32.1	29.6
10 months	LPWFI	39.3	36.6
	comparisons	34.8	32.0
11 months	LPWFI	41.9	38.8
	comparisons	37.2	34.4
12 months	LPWFI	44.1	41.1
	comparisons	39.5	36.7

Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

3.3 The characteristics of new/repeat claimants

This sub-section provides information about some characteristics of new/repeat claimants, while sub-section 3.4 does the same for stock claimants. As mentioned in section 2.2.2, any substantial changes over time in the characteristics of the groups being compared can affect the evaluation methodology, and it is important to consider the available information from this point of view. At the same time the analysis outlines the composition of the lone parent sub-samples and how they differ from one another. This may be of some interest in its own right since there has previously been rather little research on inflow samples of lone parents. The range of characteristics available on the administrative database is not large, but those available are of considerable importance for labour market outcomes.

For tables in this section and hereafter, the term ‘pseudo-eligible’ is dropped for the lone parents in the pre-LPWFI period with a youngest child aged 5 years 3 months and over, and they are referred to more simply as ‘eligible’. It must be borne in mind that this means

²² youngest child aged 5.25-15.75

²³ youngest child aged 1 to less than 5.25

hypothetically eligible, *if* the LPWFIs system had been in operation at the time. The tables focus on cohorts of new/repeat claimants in the months of August-October, November-January, and February-March. These are the same cohorts as are used for the impact analysis. Since (to anticipate section 5) the impact estimates differed between these two cohorts, it was important to check how far there were differences in characteristics between them.

Table 3.7 shows the sex of claimants for the various new/repeat sub-samples. Most lone parents are women, but Table 3.7 reveals that the sub-samples eligible for PA contained larger than average proportions of men. This was because lone fathers tended to have responsibility for older children. If lone parents with babies under age one had been included for analysis, the proportion of men in the comparison groups would have fallen still lower, and that of women would have risen. It was with the intent of minimising this difference between the sex breakdown of the eligible and comparison groups, that lone parents with babies under age one were excluded from the evaluation. For the evaluation method, the most important finding is that the proportions of men and women in the sub-samples changed very little across these years. Additionally, differences between the August-October and later cohorts were negligible.

Table 3.7 New/Repeat Claims: Sex of claimant

(a) Aug-Oct cohort		
	LPWFIs eligible	Comparisons
1999		
Female	87.9	94.8
Male	12.1	5.2
2001		
Female	87.3	94.7
Male	12.7	5.3
(b) Nov-Jan cohort		
	LPWFIs eligible	Comparisons
1999/2000		
Female	87.1	94.7
Male	12.9	5.3
2001/02		
Female	87.2	94.9
Male	12.8	5.1
(c) Feb-Mar cohort		
	LPWFIs eligible	Comparisons
1999/2000		
Female	87.3	94.9
Male	12.7	5.1
2001/02		
Female	87.3	95.0
Male	12.7	5.0

Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

The eligible and comparison groups differed in the distribution of parents' own ages, which is naturally connected to the ages of the children. Table 3.8 gives figures for the August-October cohort, with the later cohorts found in Appendix 2, Tables A3 and A4. Those claimants who were eligible for LPWFIs had older children and of these only around 15 per cent of the

claimants were aged under 30, whereas in the comparison groups the proportion aged under 30 was about 60 per cent. Conversely, there was a substantial proportion of over-40s (nearly one in three) in the eligible samples. However, the more important point is that, as in the case of the gender composition, there was very little change in the relative age distributions across the years, and so no potential difficulties for the difference in difference analysis. Additionally, differences between the August-October and later cohorts were slight.

The crucial factor which determined eligibility was the age of the youngest child. The distributions for this variable are shown in Table 3.9. To simplify the presentation, this fairly complex set of results is shown only for the August-October cohort since those for the November-January and February-March cohorts were very similar. Later cohorts are found in Appendix 2, Tables A5 and A6.

Table 3.8 New/Repeat Claims: Age of claimant at claim start date

Aug-Oct cohort	LPWFIs eligible	Comparisons
1999		
16-24	2.5	31.0
25-29	14.3	30.8
30-34	27.1	22.9
35-39	28.0	10.8
40-44	16.5	3.6
45-49	7.5	0.7
50 or more	4.2	0.3
2001		
16-24	2.6	32.4
25-29	12.3	28.2
30-34	25.5	22.5
35-39	28.5	11.4
40-44	18.2	4.4
45-49	8.2	0.8
50 or more	4.7	0.4

For the August-October cohort of entrants. Where age of youngest child is minimum 1 year, maximum 15.75 years. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

Looking first at the comparison groups in Table 3.9, one sees that the proportions by each youngest child's age-group diminished considerably between 1 and 4 years. As noted previously, to improve the comparability of the new/repeat eligible and comparison groups, those with a baby aged under one year were excluded. This pattern would have been still more marked if those with a baby aged under one year had been included, since these constituted more than one in five of all new/repeat claims. In the eligible samples, the proportions continued to decrease with each succeeding year of the youngest child's age, but the taper was more gradual. This means that exits from IS progressively outweigh entries to IS as the age of the youngest child increases.

The important point for the evaluation is, once more, that the proportions in the various groups, by age of youngest child, changed little across the three years of lone parent inflow. The largest shift was from 31.3 per cent in the 1-2 year age group in 1999, to 29.7 per cent in 2001.

Table 3.9 New/Repeat Claims: Age of youngest child at claim start date, Aug-Oct cohort

Aug-Oct Cohort Age of youngest child	LPWFIs eligible	Age of youngest child 1999	Comparisons
1999			
5: 5.25 or more	11.3	1	31.4
6	13.3	2	26.0
7	12.6	3	20.9
8	10.9	4	17.6
9	9.7	5: up to 5.25	4.1
10	8.9		
11	8.3		
12	6.9		
13	6.6		
14	6.2		
15	5.4		
2001		2001	
5: 5.25 or more	10.3	1	29.7
6	13.1	2	25.4
7	11.8	3	21.6
8	10.9	4	18.9
9	9.8	5: up to 5.25	4.5
10	8.8		
11	8.1		
12	7.5		
13	7.2		
14	6.7		
15	5.8		

For the August-October cohort of entrants. Where age of youngest child is minimum 1 year, maximum 15.75 years. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

In Table 3.10, the descriptive results are shown for the number of dependent children in each sub-sample of the analysis. This reveals a perhaps unexpected fact, namely that the non-eligible (comparison) new/repeat claimants had on average more dependent children than the eligible group. About one half of the eligible groups had just one dependent child, but this fell to about 42 per cent for the non-eligible groups. Sixteen per cent of the eligible groups, but 25 per cent of the non-eligible groups, had three or more children. These proportions changed very little across the study period and there were only slight differences in distributions between the two cohorts. One noticeable change was the slight rise in the share of the comparison group that had just one dependent child, which rose from about 42 per cent to 44 per cent in 2001. The pattern was not very different for the later cohorts, and these are shown in Appendix 2, Tables A7 and A8.

Table 3.10 New/Repeat Claims: Number of children for claimant

Aug-Oct cohort	LPWFIs eligible	Comparisons
1999		
1	48.0	42.0
2	34.6	32.3
3	12.9	16.8
4	3.6	6.4
5 or more	1.0	2.6
2001		
1	48.9	44.1
2	33.9	31.6
3	12.9	15.6
4	3.5	5.9
5 or more	0.7	2.7

For the August-October cohort of entrants. Where age of youngest child is minimum 1 year, maximum 15.75 years. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

The geographical distribution of lone parents in the various new/repeat sub-samples is presented next, with the classification of Government Office Regions used for this purpose (Table 3.11, see Appendix 2, Tables A9 and A10 for later cohorts). The regions containing the largest numbers of lone parents were the Northwest and London. London also experienced a rise of 1 percentage point in its relative share of new/repeat claims between 1999 and 2001. In the Southeast region, there was also a rise of one percentage point in the inflow of lone parents in the non-eligible group, between 1999 and 2001. These were the largest changes, but overall the regional distribution remained very stable.

Table 3.11 New/Repeat Claims: Government Office Region, Aug-Oct cohort

Aug-Oct Cohort 1999	LPWFIs eligible	Comparisons
Northeast	5.9	6.0
Northwest	14.6	12.9
Yorkshire and Humber	8.9	9.3
East Midlands	7.0	7.5
West Midlands	9.0	8.6
East of England	6.7	7.4
London	13.7	13.5
Southeast	10.3	11.6
Southwest	7.5	7.9
Wales	5.5	5.4
Scotland	9.9	8.8
region missing	1.1	1.0
2001		
Northeast	5.8	5.3
Northwest	14.2	12.7
Yorkshire and Humber	8.4	8.7
East Midlands	6.3	6.8
West Midlands	8.9	9.2
East of England	7.1	7.9
London	14.7	14.4
Southeast	10.8	12.3
Southwest	8.0	8.2
Wales	5.6	5.4
Scotland	9.5	8.2
region missing	0.9	1.1

Column percent, unweighted. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas. Where missing, the administrative data was missing the Government Office Region [GOFFREG].

The administrative database contains travel-to-work area (TTWA) codes, to which unemployment rates can be attached²⁴. To compare the samples, the TTWA unemployment rates from 1999 were grouped into four bands, as shown in Table 3.12. There has recently been less variation in local unemployment rates than was common a decade ago, and this is reflected in the table, with very few lone parents in areas with 9 per cent or more unemployment. There was also very little change in the distribution across years, nor were there appreciable differences between the cohorts (See Appendix 2, Tables A11 and A12).

²⁴The unemployment rate data were obtained from the Nomisweb service at the University of Durham.

Table 3.12 New/Repeat Claims: TTWA unemployment rate in April 1999, Aug-Oct cohort

Aug-Oct cohort	LPWFIs eligible	Comparisons
1999		
0 to 3 %	16.8	18.7
More than 3 to 6 %	55.1	54.7
More than 6 to 9 %	25.1	23.6
More than 9 to 12 %	1.8	1.6
missing	1.3	1.4
2001		
0 to 3 %	17.8	19.2
More than 3 to 6 %	54.9	55.4
More than 6 to 9 %	24.2	22.4
More than 9 to 12 %	2.0	1.6
missing	1.1	1.4

Column percent, unweighted. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas. The Travel to Work Area unemployment rate for April 1999 is matched on from the NOMIS (www.nomisweb.co.uk) for the JUVOS claimant count. Where missing, the TTWA was missing.

Overall, the results of the descriptive analysis indicated that change in the characteristics of the sub-samples of new/repeat claimants being compared was small and not problematic for the analysis. There were only very slight differences in the distributions of characteristics between the August-October, November-January and February-March cohorts.

3.4 The characteristics of stock claimants

The descriptive analysis of the characteristics of stock claimants had the same aims as for the new/repeat claimants. One would expect to find somewhat more variation than in the case of new/repeat claims, because the construction of the stock analysis groups involved random sampling, whereas the new/repeat claim samples were formed by defining complete cohorts. This however may be counteracted by the larger size of the stock groups. Overall, the descriptive analysis for the stock claimants shows that the characteristics changed very little over the period, and so compositional change is unlikely to affect the estimates presented in section 5.

It is important to note that the analysis for the stock sub-samples is based on the sample definitions shown in Table 3.3. In particular, the comparison groups are confined to those lone parents with a youngest child aged 8-11 inclusive while the eligible groups include the lone parents with youngest child aged 12 to 15 years 9 months, inclusive. These correspond to the groupings used in the impact analysis in section 5.

Table 3.13 shows the gender composition of the stock samples. As in the case of the new/repeat claims, there were more male lone parents in the eligible stock groups, where the youngest children were older. There was little change in the gender composition between 1999 and 2001.

Table 3.13 Stock Claims: Sex of claimant

	1999 stock sample		2001 stock sample	
	LPWFIs eligible	Comparisons	LPWFIs eligible	Comparisons
Female	85.6	91.2	86.2	90.0
Male	14.4	8.8	13.8	8.3

Column percent, unweighted. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

Eligible stock claimants were on average older than non-eligible stock claimants. As shown in Table 3.14, there were no appreciable changes in the age distribution of stock claimants over the period of the study.

Table 3.14 Stock Claims: Age of claimant at sampling date

Age of claimant: years	1999 stock sample		2001 stock sample	
	LPWFIs eligible	Comparisons	LPWFIs eligible	Comparisons
16-24	0.3	0.3	0.2	0.3
25-29	0.8	10.1	0.8	10.4
30-34	12.4	27.6	12.9	27.7
35-39	28.3	30.4	28.6	30.2
40-44	27.4	18.2	26.5	18.4
45-49	16.6	8.8	16.7	8.6
50 or more	14.3	4.6	14.3	4.4
mean age	42.3	37.7	42.3	37.6

Column percent, unweighted. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas. See Table 3.4 for sample dates when age calculated, and description of stock analysis groups.

As shown in Table 3.15, there was also very little change over time in the proportions of stock claimants with youngest children of various ages.

Table 3.15 Stock Claims: Age of youngest child at sampling date

Age of youngest child: years	1999 stock sample		2001 stock sample	
	LPWFIs eligible	Comparisons	LPWFIs eligible	Comparisons
8		28.7		28.1
9		25.6		26.2
10		23.5		23.9
11		22.2		21.8
12	29.9		29.7	
13	27.4		27.7	
14	25.2		25.0	
15	17.5		17.6	
Sample size	53193	79503	57359	85774

Column percent, unweighted. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

Table 3.16 shows the numbers of dependent children in the various stock sub-samples. In this case, there was an appreciable change in the distribution for the eligible claimants, with the proportion of lone parents with one-child falling from 63 per cent in 1999 to 54 per cent in 2001, and an increase over the period in the proportion of parents with three or more children. There was some shift in the same direction for the non-eligible stock groups, but it was considerably smaller. Statistical controls for this and other characteristics can be included to control for changes so that they do not affect the evaluation methodology.

Table 3.16 Stock Claims: Number of children for claim

Number of children	1999 stock sample		2001 stock sample	
	LPWFIs eligible	Comparisons	LPWFIs eligible	Comparisons
1	63.2	43.4	54.2	40.1
2	30.6	37.2	34.3	36.7
3	5.4	14.7	9.4	16.6
4	0.7	3.8	1.8	5.1
5 or more	0.1	0.9	0.3	1.5

Column percent, unweighted. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

In Tables 3.17 and 3.18, the distributions of lone parents in the four sub-samples are shown, respectively, by Government Office Region and by TTWA unemployment rate band. These distributions were highly stable across 1999-2001 for the stock claimants.

Overall, the descriptive analysis for the stock claimants showed, like the analysis for new/repeat claimants, that the characteristics changed very little over the period. The sole exception concerned number of dependent children, where there was a tendency for the number of children to increase, especially for the group eligible for LPWFIs. The implication for the impact analysis to be presented in section 4 is that compositional change is unlikely to affect the estimates to any great extent. However, statistical controls for the characteristics considered above will be included in all analyses since this can have no adverse repercussions on the results obtained, given the large sample sizes available.

Table 3.17 Stock Claims: Region

	1999 stock sample		2001 stock sample	
	LPWFIs eligible	Comparisons	LPWFIs eligible	Comparisons
Northeast	5.3	5.1	5.2	5.2
Northwest	15.4	15.3	15.6	14.9
Yorkshire and Humber	7.1	7.2	7.3	7.4
East Midlands	5.5	5.6	5.5	5.6
West Midlands	8.2	8.0	8.4	8.5
East of England	6.1	6.3	5.7	6.3
London	19.5	19.5	20.3	20.0
Southeast	9.7	10.0	9.3	9.8
Southwest	6.4	7.0	6.1	6.4
Wales	5.5	5.5	5.6	5.6
Scotland	9.9	9.1	9.7	9.0
Missing	1.4	1.4	1.4	1.3

Column percent, unweighted. Where missing, the administrative data was missing the Government Office Region [GOFFREG]. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

Table 3.18 Stock Claims: TTWA unemployment rate in April 1999

	1999 stock sample		2001 stock sample	
	LPWFIs eligible	Comparisons	LPWFIs eligible	Comparisons
0 to 3 %	14.7	15.8	14.5	15.3
More than 3 to 6 %	57.2	56.8	57.0	57.2
More than 6 to 9 %	25.2	24.6	25.5	24.7
More than 9 to 12 %	1.6	1.5	1.6	1.5
Missing	1.4	1.3	1.4	1.4

Column percent, unweighted. The Travel to Work Area unemployment rate for April 1999 is matched on from the NOMIS (www.nomisweb.co.uk) for the JUVOS claimant count. Where missing, the administrative data was missing the TTWA area. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

4 Entry to Lone Parent Work Focused Interviews and New Deal for Lone Parents

4.1 Introduction

Section 4 presents information on the proportions taking part in LPWFIs, and characteristics of participants and non-participants. These characteristics are relevant to interpreting the impact analysis results that follow in Section 5. Finally, some details are provided concerning participation in NDLP, which are helpful in setting up and interpreting the more formal analysis of NDLP entry that is presented in section 5.

As already noted in section 2, not everyone who was eligible for LPWFIs took part in the programme. Section 4 provides estimates of the proportions that did take part in LPWFIs among the new/repeat and stock claimant LPWFIs eligible groups. It should be stressed that these are *estimates*, since data limitations make it necessary to introduce various assumptions, and the results are dependent on the assumptions. After presenting the estimates, the section considers whether LPWFIs participants differed in any characteristics from non-participants. This analysis helps to assess whether eligible claimants' participation in LPWFIs was a matter of chance or of choice.

4.2 Entry to Lone Parent Work Focused Interviews, and characteristics of entrants and non-entrants

Section 2.1.1.1, and section 2.1, identified that there were a number of possible reasons as to why a person eligible for LPWFIs might not take part, even though the system is compulsory. It has been reported that early on, there were some problems with new/repeat claimants not being identified by the Benefits Agency as being eligible for entry to LPWFIs [Thomas & Griffiths (2002): 15]. This was discussed further in Section 2.1.1.1, and section 2.1. One reason was that there might be an administrative lag between the point at which the individual became eligible, and being called to a meeting: during this period the lone parent might exit from the claim. Again, the personal circumstances of claimants sometimes led the LPWFIs staff to excuse them from taking part (termed a waiver), or might defer the requirement until a later time (termed a deferral): an example was ill-health. Sanctions for non-compliance with the system, which were supposed to be applied if a claimant failed to attend three times, were also only applied after considerable delay, if at all (*ibid*).

4.2.1 Matching LPWFI records to IS records

To analyse participation and non-participation in LPWFIs, it was first necessary to link records concerning participation with the IS claims database. The LPWFIs records form part of a file that also contains details of participation in NDLP. This file did not include information on eligible people who did not enter the system; these had to be inferred from the IS data. Linking of the data was first established using National Insurance numbers. However, the LPWFIs database did not include the claim start date of the IS claim on which eligibility was based. As many claimants had more than one IS claim as lone parents, the link between

LPWFIs activity and IS claims had to be further established through the correspondence of dates in the two systems. Classifying a claimant as an eligible non-participant involved using the IS database to indicate eligibility, and then finding no matching record for the particular IS claim period in the LPWFIs data.

There were 46,609 LPWFIs records (about 8 per cent of the total) which had no matching National Insurance number in the IS file; in other words the LPWFIs information had no claimant with that NI number in the IS file. Nearly all of these were classified, in the NDLP/LPWFIs database itself, as new/repeat claims, and this provided an important clue to the reasons for this type of non-matching.

- New/repeat claims in the LPWFIs records may not be found in the IS records if the claim is terminated within two weeks of its start, and falls entirely between two database scans (in which case the claim is never recorded in the IS database). During this time a LPWFI can be arranged and recorded in the LPWFIs database. Of course, it is also possible that other individuals with these very short claims do not enter the LPWFIs system, so it is impossible to say whether this results in any bias to the records as between participants and non-participants.
- From November 2001, NDLP was opened to lone parents on benefits other than IS. It is possible that an NDLP meeting with a personal adviser was recorded incorrectly as a Personal Adviser Meeting. However, there was no indication that the unmatchable LPWFIs records were concentrated in the period after November 2001. No method was available of directly identifying entrants of this type.
- If a National Insurance (NI) number had been mis-entered in either of the two systems then this would lead to a non-match for an individual. There were also temporary NINOs on the LPWFIs data (i.e. those which are just a number rather than beginning with a letter), which might not then be matched if the other system contains the correct NI number. Ten per cent of all the cases not successfully merged had only numbers and no letters in the first part of the national insurance number.
- Subsequent to attending a LPWFI, the IS lone parent claim might be disallowed, and so although in the LPWFIs data this case might not reach IS administrative records. Also, in some cases, although IS claim forms were taken, and they were then registered for a LPWFI or could even have attended, yet they might not then pursue an IS claim. The system of records relies on markers being set by advisers when a client has been invited and subsequently attends a lone parent WFI. However, it is likely that for a proportion of cases the markers are not applied correctly, and no record is found in the database.

It is important to bear in mind that these matched IS and LPWFI cases included individuals with multiple claims: these claims were all counted as initial matches if there was any LPWFIs record with the same National Insurance number. Clearly, if an individual had several claims, but only one period of LPWFIs participation, then all but one of the claims must be non-participating. To select the correct corresponding claim, the obvious method was to compare dates. However, some of the LPWFIs records which matched on National Insurance number had start dates which could not be at all closely matched into *any* of the IS claim dates for the claimant concerned. To reconcile the two sets of dates required the introduction of assumptions. Various assumptions were tested; those were adopted which resulted in the lowest proportion of rejections without accepting cases that were completely implausible.

For new/repeat claims, initial matches were disallowed in the following circumstances:

- The LPWFIs start date was more than 30 days after the IS claim end date
- The LPWFIs start date was more than 30 days before the IS claim start date

An exception to these rules was made where individual had more than one IS claim, in which case the rule did not allow the extra 30 days leeway before or after the IS claim dates. This meant that once an earlier scan date was associated with the LPWFI information, it was not allowed to also be associated with a later IS spell.

Next the relationship between *stock claims* and LPWFIs entry is considered, in a similar way to new/repeat claims. For these cases, initial matches were disallowed in the following circumstances:

- The LPWFIs start date was before 30 April 2001
- The LPWFIs start date was after the IS claim end date

The second rule removed 17 per cent of the original matches, and this rule is more strict than in the case of new/repeat claims, because many more stock claimants had other, previously completed claims on the IS database. The second rule prevented LPWFIs starts being attached spuriously to these earlier claims. The reason why the assumption about start date of the IS claim used in the new/repeat claims was not applied here, is that stock claims all started before 30 April 2001. It was therefore not possible for the LPWFIs start date to precede the IS claim start date, except for those very few cases already disallowed by the first assumption.

4.2.2 Estimates of participation in Lone Parent Work Focused Interviews

The combined dataset from the linked IS and LPWFIs information was used to produce estimates of participation in LPWFIs. The most basic measure of participation was used for this purpose, namely whether a start date for entry to the LPWFIs system was recorded for the individual. Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver. Entry to the LPWFIs system is then not indicative of only LPWFIs *attendance*. In considering entry to the LPWFI system, it should be recalled that the LPWFI are mandatory.

Over the period of fourteen months following introduction of LPWFIs, about 53 per cent of eligible *new/repeat claimants* entered the LPWFIs system. This however is a deceptively low figure. The time taken to enter the LPWFIs system after making the claim might play a factor, as a reasonable delay might mean the claimant exited before reaching the LPWFI. Entry to the LPWFIs system was particularly low for those whose claims started in the first two months of the system (May, June 2001), when presumably it was ‘gearing up’. Thereafter the monthly eligible entrant proportions were in excess of 60 per cent and for some months, entrants exceeded 70 per cent of eligible. At the end of the period being analysed, there was a relatively short time for individuals to enter LPWFIs and the figures were artificially lowered by inclusion of these periods.

To avoid these distortions, LPWFIs entry was analysed further for each of the two cohorts of new/repeat claimants which were used in other parts of the analysis. In Table 4.1, LPWFIs participation is tabulated by eligibility status, defined by the age of the youngest child at the claim date. This is followed in Table 4.2 with a full breakdown of LPWFIs participation by age of the youngest child.

Table 4.1 New/Repeat Claims: Entry into LPWFIs, by eligibility

	August-October cohort		November-January cohort		February-March cohort	
	Non-eligible	Eligible	Non-eligible	Eligible	Non-eligible	Eligible
Did not enter	96.5	25.6	95.8	27.9	95.0	29.3
Entered	3.5	74.5	4.2	72.2	5.1	70.7
Sample size	19467	21216	17128	18876	12338	13210

Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

The estimated entry of the eligible group in the August-October cohort was 74 per cent, which fell to 72 per cent in the following quarter's cohort, and to 70 per cent for the February-March cohort. About a further 3-5 per cent of total entrants in each cohort were by claimants who appeared to lack eligibility. Some of these were probably cases where the date of birth of the youngest child was mis-recorded in the IS system, and the claimant was actually eligible (see also details in Table 4.2). The difference in the entrant proportion in the two cohorts is unlikely to be due to the longer period in which the August-October cohort had to enter, because nearly all the entries shown in Table 4.1 – for both cohorts – had actually taken place early on, within 30 days of the claim date. For the August-October cohort, 68 per cent of those eligible had entered the LPWFI system within 30 days. This is in accordance with the standard procedures for the LPWFIs system in arranging entry for new/repeat clients.

After allowing for the possible mismatches resulting from data errors and approximations, a reasonable judgement is that the true entry figures for the new/repeat eligible claims may be up to five percentage points higher than those reported in Table 4.1. This suggests an overall entry rate to LPWFIs by the eligible new/repeat claimants in the region of 75 to 80 per cent. Reasons for this low entry rate are discussed in section 4.2.1.

Table 4.2 New/Repeat Claims: Entry into LPWFIs, by age of youngest child

Age of youngest child: years	August-October cohort		November-January cohort		February-March cohort	
	Did not enter	Entered	Did not enter	Entered	Did not enter	Entered
less than 1	99.1	0.9	98.7	1.3	99.0	1.1
1 (up to 2)	98.2	1.8	97.8	2.2	97.5	2.5
2	97.3	2.7	97.2	2.8	93.3	6.7
3	95.9	4.1	95.5	4.5	90.3	9.7
4 up to 5.25	84.4	15.6	80.7	19.4	79.2	20.8
5.25	30.3	69.8	33.8	66.2	27.7	72.4
6	28.0	72.0	31.8	68.2	28.9	71.1
7	29.3	70.7	30.3	69.7	28.5	71.5
8	27.6	72.4	29.6	70.4	27.5	72.5
9	29.5	70.5	34.4	67.6	27.0	73.0
10	30.8	69.2	29.1	70.9	27.4	72.6
11	27.9	72.1	31.5	68.5	27.1	72.9
12	31.5	68.5	32.5	67.5	30.2	69.8
13	32.4	67.6	33.9	66.1	30.6	69.4
14	31.3	68.7	33.7	66.3	29.8	70.2
15	41.6	58.4	43.1	56.9	43.3	56.7

Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*

The further breakdown of entry to LPWFIs by age of youngest child, in Table 4.2, is chiefly of interest in showing that the highest rates of entry were for lone parents with children of primary school age. The exception was for those with youngest child aged from 5 years 3 months to below 6, where the entry rate was somewhat reduced, until the later February-March cohort. The fall-off in entry rates for parents with children of secondary school age was small but consistent. Another noteworthy point is that the entry rate for parents with children aged four to just below 5 years and 3 months (who were of course ineligible, but close to the eligibility boundary) was higher than for those with children aged up to and including three years. This in the first place suggests that the eligibility rules were less carefully applied at the boundary.

Participation in LPWFIs is next considered for *stock claimants*. Table 4.3 shows the proportions of LPWFIs entrants for the eligible and non-eligible stock groups. The proportion of eligible who were LPWFIs entrants was 42 per cent, a considerably lower figure than for new/repeat eligible claims. Two administrative factors may have contributed to this lower figure. One was that, as mentioned earlier, the process of calling stock claimants to initial LPWFI was phased so that of all those identified as eligible those claimants with older children were invited first; some claimants may have exited before they could be called. This would particularly affect those with a youngest child aged 15, whose benefit entitlement would terminate when the child reached 16. The other factor is that those with a youngest child aged 12 were included within the definition of stock claimant eligibility. However, due to the phasing of stock processing, these were brought into the system only when eligible claimants with older children had been called, and therefore they were to some extent a residual group. They would only be called in for a LPWFI when their youngest child turned 13, for some this would have been in March/ April 02 and the time to enter the LPWFIs system to be called up.

Table 4.3 Stock Claims: Entry into LPWFIs, by eligibility

Entry to LPWFIs	Ongoing claims at 30 April 2001	
	Non-eligible	Eligible
Did not enter	99.1	57.9
Entered	0.9	42.1
Sample size	85774	57359

Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*

These points are clarified in Table 4.4, showing entry and non-entry to LPWFIs by age of youngest child. The table has been simplified to cover only ages 8 to 15 years 9 months inclusive, which corresponds to the groupings used in the impact analysis. The proportion of those with a youngest child aged 15 who entered LPWFI was much lower than the proportion among those with a youngest child aged 14, and it was also lower than the proportion for those with a youngest child aged 13. This was despite the fact that those with a youngest child aged 15 had priority in being called to an interview. Also, only one in six of those with a youngest child aged 12 entered the LPWFI system, presumably because it had not been possible for the majority of offices to complete the interviewing of those with older children.

For those with a youngest child aged 13-14, the entrant rate was around 55-60 per cent, still somewhat below that for the new/repeat cohorts. Allowing for possible misclassification and data errors, the true figures for these sub-groups might well be five percentage points higher, say 60-65 per cent. Earlier, in sections 2.1.1 and 2.1.1.1, it was pointed out that there were administration problems and so it is likely due to this that many with 12 year old youngest child did not enter the LPWFIs system.

Table 4.4 Stock Claims: Entry into LPWFIs, by age of youngest child

Age of youngest child: years	Ongoing claims at 30 April 2001	
	Did not enter	Entered
8	97.0	3.0
9	97.2	2.9
10	97.1	2.9
11	96.8	3.2
12	83.7	16.3
13	45.9	54.3
14	38.0	62.0
15 to 15.75	50.7	49.0

Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

Administrative lags in the system were further tested by analysing the time which elapsed between 30th April 2001 and the start dates for LPWFIs entrants among the eligible stock. For stock claimants, the processing of entrants was gradual. This is shown in Table 4.5, which covers entries to LPWFIs for the first 7 months of the system's operation. One per cent of eligible stock claimants entered the system in the first month. This subsequently built up to a rate of about 5 per cent of the initial pool of eligible stock claimants, in the last 4-week period analysed. Over the 28-week period, one quarter of the eligible stock had entered. This was roughly three-fifths of the total stock entrants observed over the initial period of a little more than one year.

Table 4.5 Stock Claims: Entry into LPWFIs, by time from starting²⁵

month from LPWFIs start	per cent of initial stock claims entering
1	1.1
2	3.2
3	4.1
4	3.9
5	3.6
6	3.8
7	4.8
All 7 periods	24.5

Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

4.2.3 The characteristics of eligible LPWFIs entrants and non-entrants: New/repeat claimants

It is important to know whether there were systematic differences in characteristics between the eligible entrants and the eligible non-entrants. Systematic differences would suggest that entry was a choice (whether by claimants or by the staff involved) that was influenced by observable individual circumstances. This sub-section briefly presents the main information which is available on this issue among the new/repeat claimants, and section 4.2.4 presents the corresponding information for stock claimants. To simplify the presentation, the tables for new/repeat claimants are confined to the August-October cohort in 2001; results for the later cohort were in general closely similar and can be found in Appendix 2.

Table 4.6 shows that lone fathers were considerably less likely to take part in LPWFIs than lone mothers. Men constituted 12 per cent of the entrants but 15 per cent of the non-entrants. Tables A14 and A15 in Appendix 2 show the similar pattern for later flow cohorts.

Table 4.6 Characteristics of new/repeat entrants and non-entrants: Sex

	August-October cohort	
	Did not enter	Entered
Female	84.6	88.2
Male	15.4	11.8
Sample size	5420	15796

Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

Another clear difference between entrants and non-entrants in the new/repeat claimant group was that older lone parents were less likely to enter. As shown in Table 4.7, those aged 45 and over constituted 11 per cent of the entrants but 19 per cent of the non-entrants. Tables A16 and A17 Appendix 2 for later cohorts, show that this pattern continues.

²⁵ Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

Table 4.7 Characteristics of new/repeat entrants and non-entrants: Claimant Age group

Age group of claimant: years	August-October cohort	
	Did not enter	Entered
up to 25	2.9	2.5
25-29	10.3	13.1
30-34	23.1	26.3
35-39	26.6	29.1
40-44	18.4	18.1
45-49	10.2	7.6
50 plus	8.6	3.3
Sample size	5420	15796

Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

The relationship of the age of the youngest child to entry into LPWFIs has already been shown for the new/repeat claimants, at Table 4.2. As noted before, there was a slightly reduced probability of entry for those with children aged 5 years and 3 months but under 6, and for those where the child was of secondary school age. But these differences were not large.

No appreciable difference was found between new/repeat entrants and non-entrants in the number of their dependent children (Table 4.8, see Appendix 2 Tables A18, A19 for later cohorts).

Table 4.8 Characteristics of new/repeat entrants and non-entrants: Number of dependent children

Number of children	August-October cohort	
	Did not enter	Entered
1	49.8	48.6
2	32.7	34.3
3	12.9	13.0
4	3.8	3.4
5 or more	0.8	0.7
Sample size	5420	15796

Note: Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

Table 4.9 shows the distribution of entrants and non-entrants by Government Office Region (see Appendix 2 Tables A20, A21 for later cohorts). London had a disproportionate number of non-entrants: these constituted 20 per cent of the total non-entrants, while London's entrants constituted only 12 per cent of the total entrants. On the other hand the Northwest, the other region with a particularly large number of lone parent claimants, had an entry rate of eligible new/repeat claimants that was somewhat above that of other regions.

Table 4.9 Characteristics of new/repeat entrants and non-entrants: Government Office Region

August-October cohort		
	Did not enter	Entered
Northeast	5.0	6.1
Northwest	10.3	15.5
Yorkshire and Humber	7.4	8.7
East Midlands	4.5	6.9
West Midlands	8.2	9.1
East of England	8.3	6.7
London	24.1	11.4
Southeast	11.4	10.6
Southwest	7.1	8.2
Wales	5.1	5.8
Scotland	7.4	10.3
missing	1.2	0.7
Sample size	5420	15796

Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*. Where missing, the administrative data was missing the Government Office Region [GOFFREG].

Overall, it is clear that entrants and non-entrants among eligible new/repeat claimants differed systematically in their characteristics, with particularly marked differences in terms of gender and age. This suggests that it was not a matter of chance whether a person entered or not, but that entry was in part the result of decisions by claimants or by staff (or both), depending on individuals' characteristics or circumstances. As emphasised before, the range of characteristics available in the IS database was very limited and it is likely that, if a wider range could be examined, further differences between entrants and non-entrants would be identified.

4.2.4 The characteristics of eligible entrants and non-entrants: Stock claimants

While entry to LPWFIs was associated with claimant characteristics in the case of new/repeat claims, this did not necessarily apply to the stock sample, where the time required to process the large pool of eligible claimants doubtless played a large part.

Table 4.10 shows that, unlike in the case of new/repeat claimants, there was no appreciable difference in the gender composition of entrants and non-entrants among the stock. Men constituted 13 per cent of the entrants and 14 per cent of the non-entrants.

Table 4.10 Characteristics of stock entrants and non-entrants: Sex

eligible claimants		
	Did not enter	Entered
Female	85.9	86.5
Male	14.1	13.5
Sample size	33204	24155

Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

Similarly, there were no large differences in age between entrants and non-entrants in the eligible stock claimant group. However, there were slightly fewer stock entrants under 35 and slightly more aged over 40 (Table 4.11).

Table 4.11 Characteristics of stock entrants and non-entrants: Claimant Age group

Age group of claimant: years	eligible claimants	
	Did not enter	Entered
up to 25	0.4	0.2
25-29	3.8	1.9
30-34	20.4	17.0
35-39	29.6	30.0
40-44	21.8	25.6
45-49	12.8	15.6
50 plus	11.2	9.6
Sample size	33204	24155

Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

The relationship of the age of the youngest child to entry into LPWFIs has already been shown for stock claimants, at Table 4.4. As noted earlier, entry within the eligible age groups was very strongly associated with the age of the youngest child, but this was largely to be explained by the procedures followed in the LPWFIs system. The result was a considerably lower entry rate for those with a youngest child aged 15 or aged 12.

As with the new/repeat claimants, there was no appreciable difference between eligible stock entrants and non-entrants in the number of their dependent children (Table 4.12).

Finally, Table 4.13 shows the distribution of eligible stock entrants and non-entrants by Government Office Region. The picture here was broadly similar to that for new/repeat claimant entry. London again had a disproportionate number of non-entrants: these constituted 24 per cent of the total non-entrants, while London's entrants constituted only 16 per cent of the total entrants. The Northwest, the other region with a particularly large number of lone parent claimants, had an entry rate of eligible new/repeat claimants that was considerably above that of other regions: this region supplied 13 per cent of the eligible non-entrants but 20 per cent of the entrants.

Table 4.12 Characteristics of stock entrants and non-entrants: Number of dependent children

Number of children	August-October cohort	
	Did not enter	Entered
1	53.2	55.4
2	34.5	34.1
3	9.9	8.9
4	2.0	1.4
5 or more	0.4	0.2
Sample size	33204	24155

Note: Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

Overall, there were fewer differences in characteristics between stock entrants and non-entrants than there were between new/repeat entrants and non-entrants. The large exception to this, however, was in the age of the youngest child, where the differences were very noticeable. Although this was in part the result of the administrative procedures, it is reasonable to assume that these procedures acted in combination with individual choices which took people out of their IS claims before they could enter the LPWFI system. For example, some lone parents with a child aged 15 might be quicker than others to seek an alternative to their IS claim, and would thereby be less likely to become entrants to LPWFIs. If this was so, then participation in LPWFIs was itself partly a result of the outcome of

whether or not a person exited from IS. This indicates that it would not be advisable to use *participation* in LPWFIs as an explanation for IS exits, and the evaluation of *eligibility* for LPWFIs is more suitable.

Table 4.13 Characteristics of stock entrants and non-entrants: Government Office Region

	eligible claimants	
	Did not enter	Entered
Northeast	4.5	6.2
Northwest	12.6	19.7
Yorkshire and Humber	6.8	7.9
East Midlands	5.5	5.4
West Midlands	8.7	8.0
East of England	6.3	5.0
London	23.8	15.5
Southeast	8.7	10.1
Southwest	6.6	5.5
Wales	5.0	6.4
Scotland	10.0	9.3
missing	1.6	1.1
Sample size	33204	24155

Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*. Where missing, the administrative data was missing the Government Office Region [GOFFREG].

4.3 Descriptive analysis of NDLP entrants

This final part of section 4 provides some details concerning NDLP entrants. The descriptive results presented in this section show that entry into NDLP was progressive over time. The characteristics of NDLP participants and non-participants are also briefly considered.

Analysis of NDLP entry, both here and in section 5, focuses mainly on new/repeat claimants. The entry rates to NDLP of stock claimants at different periods were not strictly comparable, since those at later periods had a more extended exposure to the availability of NDLP, and their entry after the sampling reference date might be affected by their exposure prior to that date. However, some brief descriptive findings concerning stock claimants are included at the end of the section, and these give at least a qualitative feel for change in entry between the pre-LPWFIs and post-LPWFIs periods.

4.3.1 New/repeat claims entry to NDLP

To analyse entry to NDLP, it was first necessary to link records in the NDLP database with the corresponding individuals in the lone parent IS database. The issues involved in doing so were very similar to those already described in section 3.5.1 concerning entry to LPWFIs, since the NDLP records came from the same database as the LPWFIs records. Although this ground does not need to be covered again, it is important to note that entry to NDLP is a highly flexible process, which can take place at any time in a claim or even after a claimant has exited from IS. However it was not possible to be as flexible as this in linking the databases, otherwise the same NDLP entry could be attributed to more than one IS claim. Potential links were disallowed when the NDLP start date fell after the end of the IS claim, and also when the start date fell more than 60 days before the IS claim. Inevitably, a degree of roughness was involved in the linking of NDLP with IS claims.

For August-October cohorts of new/repeat claimants, Table 4.14 shows the inflows to NDLP for the baseline of 1999 and the LPWFIs era 2001. The table describes the rate of entry to NDLP by months from the IS claim start date, for those with youngest child of an age eligible for LPWFIs, and those in the comparison group. The strong gains for those eligible for LPWFIs in 2001 are clear against the earlier low entry levels in 1999. The pattern in the table points to a strong connection between the changing NDLP entry and the introduction of LPWFIs. In 1999, there was almost no difference between the rates of NDLP entry for the eligible and comparison groups, yet a very large increase in 2001. The increase in 2001 started almost immediately in the first month after entering the IS claim, and was then sustained, but did not continue to further increase. It seems likely that this change was attributable to LPWFIs, which for the new/repeat claimants also usually took place close to the start of the claim. This same pattern can be found for the later cohorts, for which the tables can be found in Appendix 2, Tables A19 and A20. Entry to NDLP continued over a long period and was not confined to the early part of a claim period. In fact, results for the earlier cohorts showed that this process of entry continued into the second and even the third year of a claim.

Table 4.14 New/repeat claims: Entry to NDLP, by time from starting IS claim

Cumulative per cent entering NDLP				
August-October cohort	1999		2001	
month	LPWFIs eligible	Comparisons	LPWFIs eligible	Comparisons
1	1.5	1.3	16.1	1.6
2	3.2	2.7	19.2	3.1
3	4.5	3.7	20.6	4.0
4	6.0	4.8	21.8	5.4
5	7.1	5.7	22.9	6.5
6	8.1	6.8	24.0	7.6
7	8.9	7.7	24.8	8.5
8	9.5	8.4	25.5	9.4
9	10.2	9.0	26.2	10.2
10	10.9	9.5	26.9	10.9
11	11.4	10.1	27.5	11.8
12	11.9	10.6	28.6	12.5

Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

From Table 4.14 it can be seen that among those eligible for LPWFIs, at 3 months after starting their IS claim, the percentage entering NDLP increased by 16 percentage points on that observed in 1999 (from 4 per cent to 20 per cent). Some characteristics of participants in NDLP in the first 3 months after becoming new/repeat claimants are summarised in Table 4.15. The composition of NDLP entrants changed quite dramatically after the introduction of LPWFIs. The increase in entry to NDLP was shared equally between male and female lone parents. However, the proportions entering NDLP for each age group of the lone parent indicates that the increase in entry to NDLP was concentrated amongst lone parents over 25 years, and was very small for those younger than 25. Amongst those with more than four children, there was little increase in entry to NDLP, however there were small numbers of lone parents making up this group. The age of the youngest child, which outlines the eligibility for LPWFIs, shows a very clear pattern. Among those with a youngest child aged upwards of 5 years (5 years 3 months and over is the group eligible for LPWFIs): the proportion entering NDLP within 3 months of their claim starting increased from 4 percentage points to between 17 and 23 per cent.

Table 4.16 shows the characteristics of participants in NDLP in the first 3 months after becoming new/repeat claimants in a similar fashion to Table 4.15, but with a breakdown

between those with youngest child eligible for LPWFIs and comparisons in the 2001 period. This further accentuates the pattern of strong increase in NDLP entry amongst those eligible for LPWFIs. NDLP entry remains virtually unchanged in 2001 amongst those not eligible for LPWFIs.

The results of this analysis create a presumption that the introduction of LPWFIs resulted in a large increase in early entry into NDLP, a presumption that will be further tested in the next section of this report. Also, the results provide some help with the issue of how far any impact can be attributed to the LPWFIs system and how far to the improved provisions within NDLP itself. Those not eligible for LPWFIs were still able to obtain the advantages of the improved NDLP provision, but among them the increase in NDLP participation was small²⁶. The major increase was among those eligible for LPWFIs. This point will be further discussed in the final section of the report.

²⁶ This is based on a ‘before-after’ comparison for those not eligible for LPWFIs but eligible for NDLP and (in the later period) for its enhancements. However the before-after comparison might be affected by changing labour market conditions (e.g., improved job opportunities) which would make job search more attractive for lone parents.

Table 4.15 New/Repeat Claims: Proportions entering NDLP within 3 months of claim start, by personal characteristics

characteristic	1999 cohort	2001 cohort
male	4.1	12.5
female	4.1	13.7
aged up to 25	3.6	5.3
aged 25-29	3.9	10.7
aged 30-34	4.3	14.1
aged 35-39	4.5	16.5
aged 40-44	4.2	16.6
aged 45-49	5.2	14.6
aged 50 plus	2.5	9.9
1 child	4.8	14.1
2 children	4.1	12.8
3 children	3.1	10.5
4 children	2.3	7.4
5 or more children	0.8	2.5
<i>youngest child aged</i>		
1	3.4	2.8
2	3.7	3.7
3	3.5	4.1
4	4.0	5.3
5	4.6	17.6
6	4.1	22.8
7	4.9	21.4
8	4.7	20.1
9	4.7	22.0
10	4.4	18.1
11	4.5	21.0
12	4.4	19.5
13	5.0	21.3
14	4.3	18.3
15	3.8	16.9

Cell percentages.

Table 4.16 New/Repeat Claims: Proportions entering NDLP within 3 months of claim start, by personal characteristics

characteristic	1999 cohort	2001 cohort	
		LPWFIs Eligible	Comparisons
male	4.1	17.6	3.6
female	4.1	21.0	4.1
aged up to 25	3.6	26.5	3.4
aged 25-29	3.9	24.5	4.2
aged 30-34	4.3	21.9	4.5
aged 35-39	4.5	20.9	4.6
aged 40-44	4.2	19.6	3.2
aged 45-49	5.2	15.3	6.4
aged 50 plus	2.5	10.7	1.2
1 child	4.8	22.0	4.6
2 children	4.1	20.0	4.3
3 children	3.1	18.9	2.9
4 children	2.3	14.6	2.7
5 or more children	0.8	9.2	0.6

4.3.2 Stock claimants' entry into NDLP

The descriptive analysis of NDLP entry for stock claimants was confined, for the sake of simplicity, to the four sub-samples used in the impact analysis of section 5. For these groups, data on NDLP participation were connected to IS claim information as previously described. In this case linking was relatively simple since individuals could have only one stock claim per sampling point (May 1999 and end April 2001). Once linking was achieved, each NDLP spell was classified as 'before' or 'after' the relevant sampling date for the IS claim, and the 'after' spells in NDLP were further classified depending on whether they took place within one year of the sampling date. This creates a degree of comparability between the 1999 stock and the 2001 stock, although as indicated at the beginning of section 4.3, it is not possible to equate the 1999 and 2001 stock samples in terms of the extent or timing of their opportunities to take part in NDLP.

Table 4.17 summarizes the main results of this analysis. These results need to be interpreted cautiously. For example, there is no way of producing a measure of total participation in NDLP which would be comparable between the groups. However, several points can be made. First, for the 1999 stock samples, it appears that there was not much difference in the NDLP participation rates between those with youngest child under 12 years and those with youngest child aged 12 and over. This finding applied both before and after the LPWFIs sampling date. For the 2001 stock samples, once again there was not much difference between the NDLP participation rates in the period before LPWFIs started. In the period of one year after the sampling date (the LPWFIs start date) however, the participation rate was considerably higher for the group eligible for LPWFIs than for the group not eligible for LPWFIs. There is once again, therefore, a fairly strong presumption that the advent of LPWFIs produced a rise in NDLP participation among those stock claimants who were eligible, even though one cannot determine the true size of that rise.

Table 4.17 Stock Claims: Entry into NDLP

per cent in NDLP:	1999 stock sample		2001 stock sample	
	LPWFIs eligible	Comparisons	LPWFIs eligible	Comparisons
- before sampling date	3.7	4.6	11.7	13.1
- within 1 year from sampling date	6.0	7.2	14.0	7.3
Sample size	53193	79503	57359	85774

For description of stock analysis groups, see Table 3.4.

5 Impact of Lone Parent Work Focused Interviews

5.1 Introduction to the impact analysis

The net impact of the introduction of the LPWFIs system measures the effects of the LPWFIs system against an artificial counterfactual of what the eligible groups would have achieved without LPWFIs (see section 2 for a full discussion of the evaluation problem). The method used to estimate the net impact of LPWFIs on the outcomes of interest is difference in differences. Although the difference in differences technique is very valuable, it is important to use it under the correct conditions. Accordingly, it is first established that suitable conditions exist in section 5.2. It should be noted however that it was only possible to perform baseline tests for some cohorts of new/repeat claims. The results of the analysis of the net impact of LPWFIs are then presented. New/repeat claims are analysed separately from stock claims. As earlier noted, for this evaluation, ‘new or repeat claims’ and the ‘stock claims’, were very distinctly different: the programme operated differently for these two groups, samples for the two groups were constructed in fundamentally different ways, and the analyses for the two groups were also designed differently. The net impacts for new/repeat claims are first presented in section 5.3, followed by the stock claims analysis in section 5.4. Some general conclusions about the interpretation of the results of the impact analysis are then presented in section 5.5

5.2 Tests of the method assumptions

In section 2.2.1 the assumptions underlying the method of ‘differences-in-differences’ were set out. To recapitulate briefly, these assumptions were of four kinds:

- Background conditions (in the economy and labour market) affect the groups being compared to the same extent.
- There are no other policy changes over the same period that affect comparisons between the groups.
- There are no differential changes in composition that could affect the relative outcomes of the groups, or if there are, they can be statistically controlled. This involves assuming, unavoidably, that any relative changes in unobservable characteristics are sufficiently small to have no material effect on the results of the analysis.
- Seasonality affects the groups in the same way, or seasonality can be eliminated from the analysis.

In section 3, the available evidence concerning change in characteristics of the various groups was examined. There was little indication of change in the characteristics from the period before LPWFIs to the period after, either in absolute terms or relatively between groups. Although the range of characteristics considered was small, they were all important from the viewpoint of individuals’ labour market behaviour and prospects. In any case, these characteristics will be incorporated and controlled in the statistical analyses which produce the impact estimates.

Whether the groups are likely to differ in their responsiveness to changing background conditions is a matter to which the characteristics of the groups are also relevant. Fundamentally, our comparisons are made between groups all of whom are lone parents and all of whom are claiming the same benefit. The more similarly the evaluation groups are defined then the lower the chance for differences in responsiveness. Another important factor that makes the evaluation groups likely to respond similarly to labour market conditions is that the great majority are women. It is also known from previous research that a large share of lone parents entering employment do so in part-time jobs. This is supported in the survey of LPWFI participants which found that 49% of those who started a job after their initial WFI moved into part-time work (16-29 hours) [Base = 466] (Coleman et al., 2003). The female, part-time sector of the labour market has been particularly stable in the face of varying economic conditions over the past two decades. This temporal stability is a desirable property for the evaluation method.

None the less, there are potentially important differences between the eligible and non-eligible groups, in the age of the youngest child and in their own ages. Measures have been taken to counteract this. In the case of new/repeat claimants, these differences have been reduced by excluding (from the comparison groups) those lone parents with a baby under one year old. In the case of the stock claimants, there is a similar exclusion from the comparison groups of those lone parents with children aged under 8 years. The assumption of equal responsiveness to labour market conditions appears reasonable, since high and increasing proportions of mothers, with children at all ages, now take part in employment (McRae, 1997; Callender, Millward, Lissenburgh and Forth, 1997).

The potential problem of seasonality can be reduced, provided that analyses refer to the same time periods for the various groups being compared. This is implemented in all the impact analyses. For new/repeat claimants, comparable entry cohorts are constructed for each year from 1999 to 2001. For stock claimants, those with ongoing claims when the IS database begins (in mid-May 1999) are used to compare with the LPWFIs stock defined at the end of April 2001. Details of the stock definitions are found in Table 3.4 and discussed in section 3.2.4.

The final assumption to be considered is that comparisons are unaffected by other policy changes which take place in parallel. One type of development which could interact with LPWFIs is maternity rights legislation. However, by excluding from the new/repeat comparison groups those lone parents with a baby under one year old, this potential issue was largely eliminated, as noted in section 2.3.2.

The policy change of greatest importance to lone parents took place in October 1999, when Family Credit was replaced by Working Families Tax Credit (WFTC). WFTC was fully phased in by April 2000, with claims in the intermediate period after October 1999 a mixture of WFTC and FC²⁷ recipients. The implications of this change have been briefly reviewed in section 1.2. Although WFTC was introduced well in advance of LPWFIs, it is possible that its influence on lone parents' labour market behaviour was progressive, and took place over the baseline periods available in the data. In that case, in making over-time comparisons, there would be a risk of attributing improved outcomes for the lone parent group to LPWFIs when part or all of the gains were actually due to WFTC. Of course, WFTC is of benefit to all lone parents, and provided that the different groups of lone parents respond in the same way over time, then the validity of the 'DiD' method is unaffected. What would be of concern would be if certain aspects of WFTC influenced one group more than others. Such differential effects of WFTC need not always result in an over-estimate of the impact of LPWFIs. In particular, the child credit, the value of which increased in June 2000, and childcare support components, the value of which was increased in June 2001 (see Table A31 Appendix 3), could be of greater

²⁷ Those with FC awards up to 30 September 1999 and still current at the reference date.

financial importance to those with younger children.²⁸ If so, it would be the non-eligible groups who could be more positively affected by WFTC and the impact of LPWFIs would then be under-estimated. Such an effect could be compounded if awards of WFTC were particularly likely to exhaust the entitlement to IS of families with younger children.

One way of assessing this type of issue is to test for changes in outcomes that might be produced by WFTC in the period before the introduction of LPWFIs. This can also be seen as a more general test of whether the baseline period used for differences-in-differences is itself a stable one²⁹. If the comparisons between groups produce unstable results in the baseline period, then any subsequent estimates that use the baseline may be unreliable. Ideally, there would be a long time series of data for the analysis groups, which would enable a good choice of baseline and also a better examination of how closely the groups compare, however lack of pre-1999 data and seasonality give restrictions.

5.2.1 Pre-programme tests of changes in exits

It was possible to perform some baseline tests, but only for certain cohorts of new/repeat claims, and not at all for the stock. The tests were similar to those used for the main impact analysis. They used the difference-in-differences method, but confined the comparisons to cohorts of new/repeat claimants beginning their claims in 1999 and 2000. All outcomes also took place in the period before LPWFIs commenced. The groups of entrants were defined as in the LPWFIs period, that is, a ‘pseudo-eligible’ group consisting of those with youngest child aged between 5 years 3 months and 16 years, and a comparison group consisting of those with youngest child aged one up to 5 years 3 months. Two cohort periods were separately considered, as for the main impact analyses: those entering in the months August to October, and those entering in the months November to January. Note that WFTC was introduced in October 1999, so the first cohort in 1999 was largely before the introduction point, while the second cohort in 1999 was entirely after it. Between October 1999-April 2000, claims were a mixture of WFTC and FC³⁰ recipients. The child credit rate in WFTC also increased from June 2000 (see Table A31 Appendix 3).

Two kinds of outcomes were considered, as explained in section 2.3.2: exit from IS, and entry to NDLP. These types of outcomes were further divided into periods: exit by 1 month from claim start date, and then each month up to 6 months from claim start date. The introduction of LPWFIs gave a maximum follow-up period for the August-October flow cohort of 6 months, and for the November-January cohort of 3 months. These are cumulative exits, so exits by 2 months included exits by 1 month. A range of statistical controls were included in the analyses. These consisted of: sex of claimant; the age of the parent; the square of the age (to control for a non-linear relation between age and the outcome); the number of dependent children; the Government Office Region; and the travel-to-work area unemployment rate in April 1999. The term in the analysis that is of primary interest is the interaction between time period (here, 1999/00 or 2000/01 defined the before and after test periods) and age group of youngest child (which defined LPWFIs ‘pseudo-eligible’ or comparison groups).

The analyses sought to answer the following question: Was there a significantly different change in outcome, for the two groups defined by age of youngest child, between the initial year when WFTC was being introduced, and the subsequent year? If the answer is positive, this is interpreted as evidence that WFTC was de-stabilising the relative positions of the two

²⁸ There may also be effects due to the difficulty of finding childcare for children over 11 years.

²⁹ This approach was suggested as a general way of testing the difference-in-differences method by Heckman and Hotz (1989).

³⁰ Those with FC awards up to 30 September 1999 and still current at the reference date.

groups with respect to exiting IS, or entering NDLP. If the answer is negative, this is interpreted as a lack of evidence of any de-stabilising effect of WFTC on the relative position of the two groups.

Table 5.1 shows the results for the August-October and November-January cohorts, across all outcomes. The baseline test compares August-October 1999 to August-October 2000, and similarly for November 1999-January 2000 against November 2000-January 2001. In these analyses, the outcome measure used is whether the IS claim is terminated (i.e., whether an exit has taken place). This is because the data provide no direct information on an alternative status to IS: what is observed is only whether the claim spell continues or not. Accordingly, a negative effect (as shown in the 'coefficient' columns of the table) means that exits had fallen for the 'pseudo-eligible' group relative to the comparison group, while a positive effect means that their exits had increased relative to the comparison group. The t statistic indicates the statistical significance of the coefficient.

For the August-October cohort, the relative change in outcomes between 1999 and 2000 was slightly in favour of the 'pseudo-eligible' group for most outcome measures, but these relative changes were very small indeed. This was confirmed by the statistical significance tests for the coefficients. These tests therefore provide no evidence that the introduction of WFTC in October 1999 differentially affected those in the August-October cohort with a youngest child of the ages on which eligibility for LPWFIs subsequently depended. This, of course, is not to say that WFTC had no effect on these lone parents. However, provided that the effect of WFTC is the same across the groups being compared, the validity of the 'DiD' method is unaffected.

For the November-January cohort, the relative changes in outcomes between 1999/00 and 2000/01 were in the opposite direction (the 'pseudo-eligible' group became less likely to exit relative to the comparison group), and the effects were somewhat larger than for the August-October cohort. The statistical significance tests gave indication that the changes were significant at less than the 10 per cent significance level. In this case, it appears that the WFTC changes did differentially affect the IS exits for those lone parents in the November-January cohort with a youngest child older than 5 years three months. The negative effect means that in 2000/01 for the November to January entrants, the exits from IS by those with a youngest child older than 5 years 3 months fell relative to those with younger children, possibly due to the availability of WFTC.

The baseline tests indicate that while IS exits for the August-October cohort have a stable baseline to which it is suitable to apply the difference in differences framework, the November-January cohort does not, at least in the two periods for which the baseline test can be applied. As a result, the November-January difference in difference estimates for IS exits need to be treated with caution. It is possible to apply an adjustment, suggested by Heckman and Hotz (1989), where the coefficients from the pre-programme test are used to adjust the impact size.³¹ However, it would only be possible to carry out the adjustment for the 2nd and 3rd month outcomes.

³¹ The change between 99/00 and 00/01 is taken to be a measure of bias resulting from a tendency for the control group to have a trend in outcomes different from that of the treatment group. The adjustment removes the bias to the extent that we are able to measure it.

Table 5.1 Baseline tests of IS exits for New/Repeat Claims: August-October and November-January cohorts

The coefficients are for the interaction between entry year and age group of youngest child.

Outcome measure	August-October cohort		November-January cohort	
	coefficient	t-statistic ^a	coefficient	t-statistic ^a
Exit IS 2 month	-0.0004	0.16	-0.008	2.79
Exit IS 3 month	0.002	0.62	-0.008	1.94
Exit IS 4 month	0.002	0.34		
Exit IS 5 month	0.001	0.11		
Exit IS 6 month	0.004	0.81		
N for analyses	97698		83552	

Notes: a = Absolute values. A negative effect (as shown in the ‘coefficient’ columns of the table) means that exits fell for the ‘pseudo-eligible’ group relative to the comparison group, while a positive effect means that their exits rose relative to the comparison group. The introduction of LPWFIs gave a maximum follow-up period for the August-October flow cohort of 6 months, and for the November-January cohort of 3 months.

Table 5.2 considers similar baseline tests, but for the NDLP entry outcome. In this case, a negative coefficient indicates that in 2000/01 entry to NDLP fell for those with youngest child 5 years 3 months relative to those with younger children, and conversely rose where the coefficient is positive. For both the August-October cohort and the November-January cohorts, the small coefficients and low statistical significance suggest no differential impact of WFTC on the NDLP entry of the eligible and comparison groups. As a result, the baseline tests for NDLP entry indicate that there is no problem in applying the difference in difference estimator for both August-October and November-January cohorts.

In concluding the baseline tests, it is important to emphasize the limitations of these tests in this context. The number of months of data available prior to the introduction of LPWFIs limits the extent to which the data supports pre-programme testing. At least two periods prior to the programme are necessary to carry out the baseline test. Thus, it was not possible to test the stock, nor the February-March cohort of the flow. In addition, there were limited months of outcome it was possible to follow-up in the pretests for the August-October and November-January cohort.

Table 5.2 Baseline tests of NDLP entry for New/Repeat Claims: August-October and November-January cohorts

The coefficients are for the interaction between entry year and age group of youngest child.

Outcome measure	August-October cohort		November-January cohort	
	coefficient	t-statistic ^a	coefficient	t-statistic ^a
NDLP entry 2 months	-0.001	0.49	0.002	1.09
NDLP entry 3 months	-0.002	0.77	0.002	0.80
NDLP entry 4 months	-0.002	0.63		
NDLP entry 5 months	-0.002	0.68		
NDLP entry 6 months	-0.002	0.65		
N for analyses	97698		83552	

Notes: a = Absolute values. A negative effect (as shown in the ‘coefficient’ columns of the table) means that exits fell for the ‘pseudo-eligible’ group relative to the comparison group, while a positive effect means that their exits rose relative to the comparison group. The introduction of LPWFIs gave a maximum follow-up period for the August-October flow cohort of 6 months, and for the November-January cohort of 3 months.

5.3 Lone Parent Work Focused Interviews Impact estimates for new/repeat claims

As detailed in Section 2.3.3, two key types of outcome were analysed for new/repeat claims: exits from IS claims and entering New Deal for Lone Parents (NDLP). The average impact estimates shown are from difference in differences models where the control variables included were gender, age of claimant, age squared, number of children, government office region, and travel to work area unemployment rate in April 1999. The impact was then estimated using the information from the model. Further details of the statistical implementation of the method are shown in Appendix 1. The main analysis for new/repeat claims involved three cohorts of entrants: August to October, November to January, and February-March. The August-October cohort allows a 12 month follow-up period for the outcomes. The follow-up periods for the later cohorts are limited by the rollout of Jobcentre Plus. The impact of LPWFIs was also considered by each year of age of the youngest child. At the cut-off between the eligible and non-eligible groups (here 5 years and 3 months), the impact of the programme should be particularly clear, since at that cut-off the groups are more similar. At this cut-off point, in particular, the evaluation takes on something of the character of a 'regression discontinuity design' (see for example Hahn et al., 2001).

5.3.1 Exits from IS claim for new/repeat claims

5.3.1.1 Lone Parent Work Focused Interviews Average impact on exits from IS claim for new/repeat claims

The estimated average impact of LPWFIs on exits from IS for the August to October cohort are shown in Table 5.3. Table 5.3 presents, for each number of months after claim start, the estimated impact, as well as the statistical significance. For example, the first column of results shows the average impact of LPWFIs on IS exits up to two months after the start of the lone parent IS claim. It was not possible to estimate the impact at one month after claim start for IS terminations because too few cases were observed to exit, with less than one per cent exiting in any group. A positive impact indicates that in 2001, those eligible for LPWFIs had higher exits from IS than those not eligible for LPWFIs.

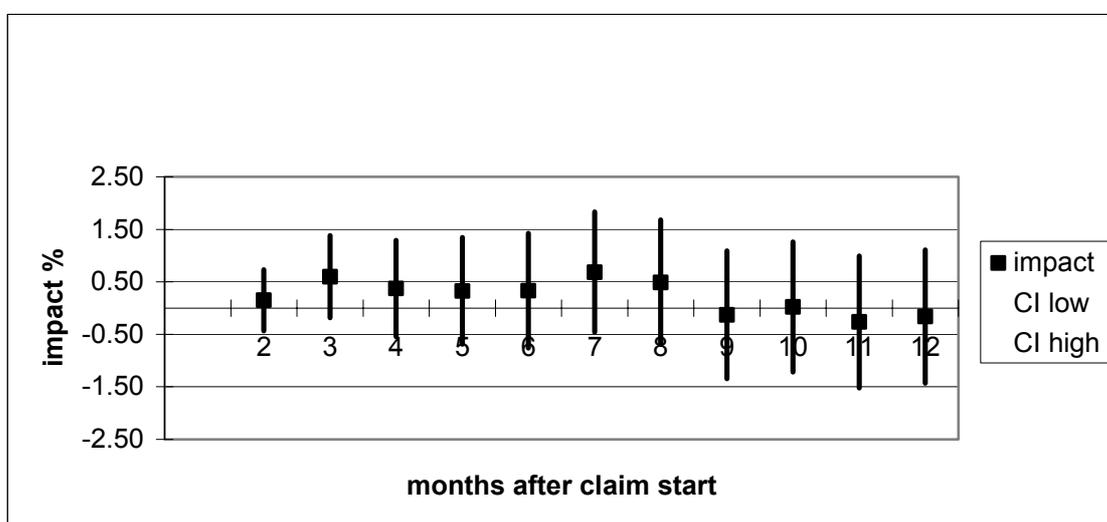
The impact of LPWFIs for the August-October cohort was generally small, and not statistically significant at normal test levels. At 3 months after claim start, there was a 0.60 percentage point impact on exits from IS amongst those eligible for LPWFIs, with a t statistic, which was just outside the normal test levels. The impact was mostly in the expected positive direction, but remained very small and from nine to twelve months it fell away and was slightly negative. The same impacts are shown in the chart 5.3b over the months after claim start, together with a ninety-five per cent confidence interval, which indicates the range of values in which the impact is likely to lie³². Overall, it is concluded that there was no positive clear impact of LPWFIs on IS exits for August-October flow claimants.

³² If the population was repeatedly sampled a very large number of times, the impact would be as we estimated in 95 per cent of the samples.

Table 5.3a New/Repeat Claims: LPWFIs Average impact on exits from IS claim, August to October cohort

	Months after claim start											
	2	3	4	5	6	7	8	9	10	11	12	
Average impact	0.15	0.60	0.37	0.33	0.33	0.68	0.49	-0.13	0.02	-0.26	-0.16	
Percentage points												
T statistic	0.49	1.49	0.80	0.63	0.60	1.17	0.81	-0.21	0.03	-0.41	-0.25	

Base: 1999. Data excludes: Northern Ireland, Jobcentre Plus, LPWFI pathfinder and One areas. t statistics with * for statistical significance at 10 %, ** for statistical significance at 5 %.

Chart 5.3b New/Repeat Claims: LPWFIs average impact on exits from IS claim, August to October cohort, with 95 per cent confidence interval

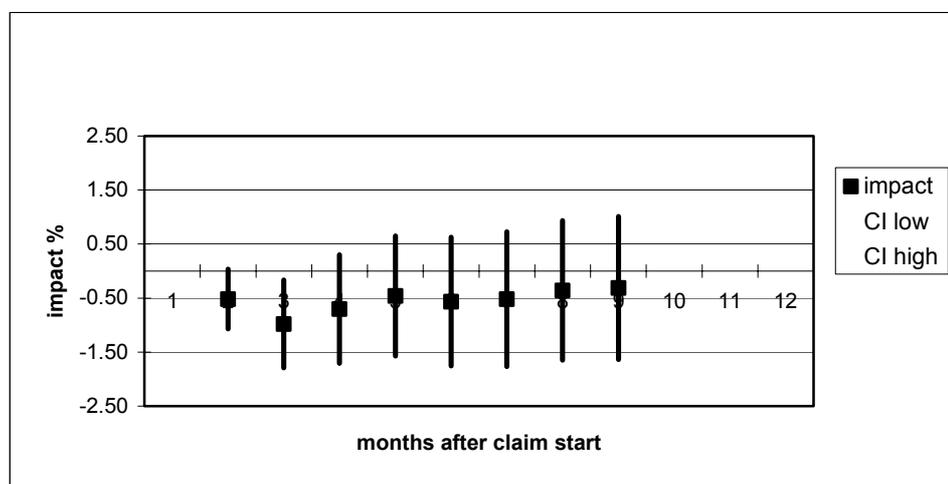
In contrast, the November –January cohort showed no positive impacts on IS exits due to LPWFIs. Table 5.4a gives the average impact estimates, and Chart 5.4b shows the average impact estimates together with a ninety-five per cent confidence interval. This cohort could be different for a number of unique reasons related to the season of this quarter that contains the Christmas holiday period, and is halfway through the school year. In general, the impacts were small, negative, and not statistically significant at normal test levels. At months two and three after claim start the impacts were negative and statistically significant. However, the equivalent months for this cohort were also those found to fail in the baseline tests performed for IS exits. This indicated there was already a negative differential on IS exits for those eligible for LPWFIs between 1999 and 2000, before LPWFIs, probably due to WFTC. Adjusting for a negative differential trend for the LPWFIs group due to WFTC in a ‘triple difference in differences’ framework, essentially removing the WFTC impact from the PA impact, would give an estimate of 0.28 at two months and 0.18 at three months. It is not possible to carry the baseline test results further. However, if it were assumed that the negative trend continued constant for this cohort in the follow-up period, then all of the negative impacts would become small and positive, although they would remain non-significant.

Table 5.4a New/Repeat Claims: LPWFIs average impact on exits from IS claim, November-January cohort

	Months after claim start							
	2	3	4	5	6	7	8	9
Average impact Percentage points	-0.52	-0.98	-0.70	-0.46	-0.56	-0.52	-0.36	-0.31
T statistic	*	**						
	-1.84	-2.35	-1.37	-0.81	-0.93	-0.82	-0.55	-0.46

Base: 1999. Data excludes: Northern Ireland, Jobcentre Plus, LPWFI pathfinder and One areas. T statistics with * for statistical significance at 10 %, ** for statistical significance at 5 % .

Chart 5.4b New/Repeat Claims: LPWFIs average impact on exits from IS claim, November-January cohort, with 95 per cent confidence interval



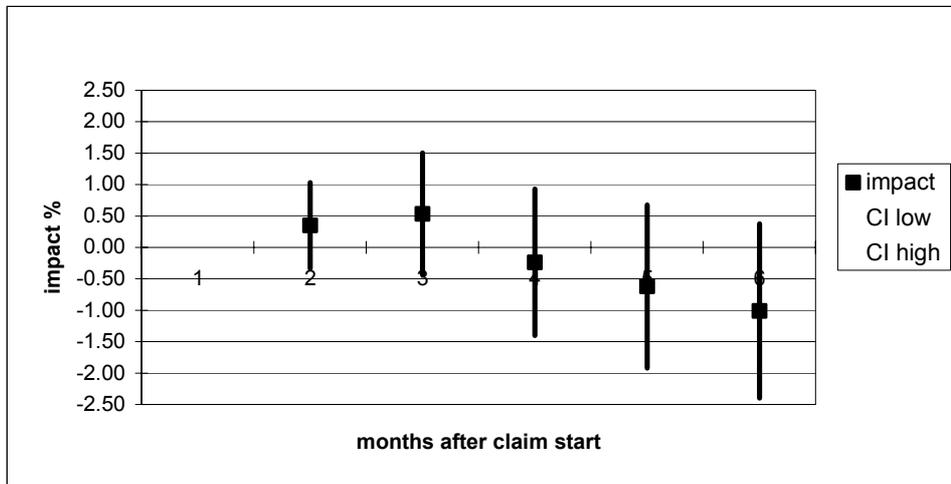
The estimates of the impact of LPWFIs on the IS exits of those who entered in the February-March cohort are shown in Table 5.5a, and Chart 5.5b shows these average impact estimates together with a 95 per cent confidence interval. The impacts remain small in size, starting off positive but turning negative at later time points. All estimates remain statistically insignificant. This suggests there is no statistically reliable difference in IS exits between LPWFIs participants and the comparisons. It should be recalled that it was not possible to conduct a baseline test for this cohort (see Section 5.2.1).

Table 5.5a New/Repeat Claims: LPWFIs average impact on exits from IS claim, February-March cohort

	Months after claim start				
	2	3	4	5	6
Average impact Percentage points	0.35	0.53	-0.24	-0.62	-1.01
T statistic	1.00	1.08	-0.40	-0.94	-1.43

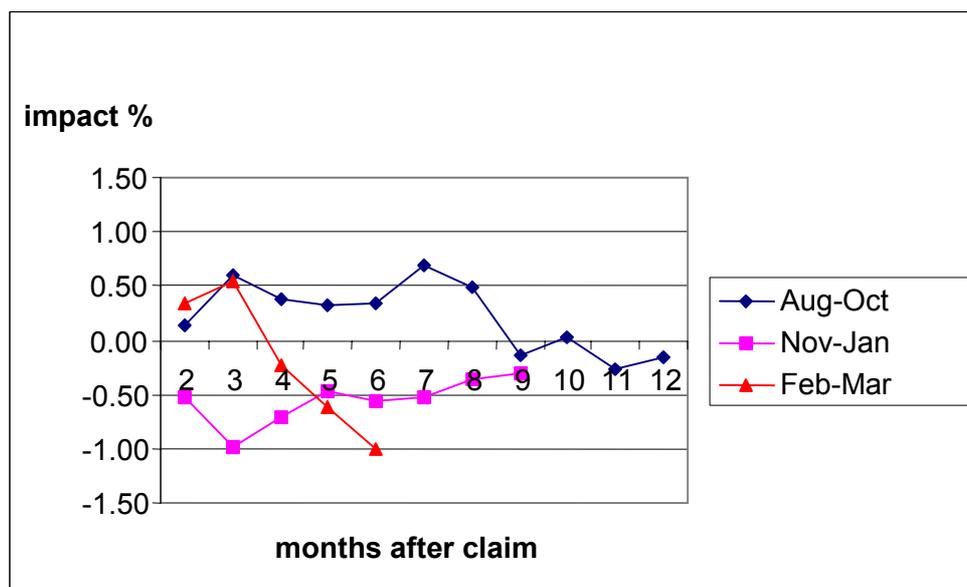
Base: 1999. Data excludes: Northern Ireland, Jobcentre Plus, LPWFI pathfinder and One areas. T statistics with * for statistical significance at 10 %, ** for statistical significance at 5 % .

Chart 5.5b New/Repeat Claims: LPWFIs average impact on exits from IS claim, February-March cohort, with 95 per cent confidence interval



The final chart, Chart 5.6, overlays the estimated impacts in percentage points for each of the flow cohorts over the follow-up period. This allows comparison of the different paths of the impacts found for the flow cohorts. It is clear that the impacts are always small in size for all flow cohorts.

Chart 5.6 New/Repeat Claims: LPWFIs average impact on exits from IS claim, all flow cohorts



5.3.1.2 Lone Parent Work Focused Interviews impact on proportion of time spent on benefit for new/repeat claims

The previous section examined the simple termination of IS claims for flow entrants. However, an IS claimant may terminate their claim and start a new claim almost immediately, or within a short time. Such cases would be registered as an IS exit even though they effectively return to benefits within the same period. An outcome variable that takes account of such multiple sequential claims is the percentage of time on benefit. The percentage of time on benefit takes all IS claim information for the individual over the period, and calculates what percentage of the time the individual spent on benefit.

Table 5.7 shows the results of the difference in difference analysis using the percentage of time on benefit. Recall that in section 5.2.1, baseline tests showed that results for November-January may be affected by WFTC. Overall, it can be noted that all estimates are very small in size and of low statistical significance. For the August- October cohort it was possible to calculate the percentage of time on benefit over both 6 months and 12 months from the start of the IS claim. In this case, a negative coefficient indicates less time was spent on benefit by the LPWFIs eligible group than the comparisons after the introduction of LPWFIs. Those eligible for LPWFIs in the August-October cohort spent 0.12 per cent less of the 6 months after they started their claim on benefit after the introduction of LPWFIs than did the comparisons; Over the 12 months after the claim start, they spent 0.05 per cent less time on benefit. However, the estimates are very small and not statistically significant. For the November-January cohort, the positive coefficient shows that slightly more of the 6 months was spent on benefit by those eligible for LPWFIs. While the t statistic is larger in size it is still not large enough to be judged statistically significant at normal acceptable levels. The last flow cohort, of February-March entrants, also has a small positive impact, so that 0.18 per cent more time was spent on benefit by those eligible for LPWFIs, but with low statistical significance. These results are consistent with those for IS exits, showing little difference in the proportion of time spent on benefit by LPWFIs participants and the comparisons.

Table 5.7 New/repeat claims: LPWFIs Impact on proportion of time spent on benefit

Average impact (percentage points)	Percentage of time spent on benefit: over 6 months from claim start	Percentage of time spent on benefit: over 12 months from claim start
August-October cohort t-statistic	-0.12 (0.43)	-0.05 (0.14)
November-January t-statistic	0.43 (1.55)	
February-March t-statistic	0.18 (0.70)	

T statistic shown in absolute values. T statistics with * for statistical significance at 10 %, ** for statistical significance at 5 %.

5.3.1.3 Lone Parent Work Focused Interviews impact on exits from IS claim for new/repeat claims by year of age of youngest child

Chart 5.8 shows the impact on the exit rate from IS claims for new/repeat claims, for the August to October cohort by year of age of youngest child. This form of chart shows the LPWFIs impact for subgroups of lone parents with a youngest child aged 5.25-6, 7, 8 years and so on up to 15 years. Each column shows the impact in percentage points: for lone parents with a youngest child age 9 years for example, there is a 2.4 per cent impact on exits from IS at six months after entry. Table A21 in Appendix 2 gives all the underlying figures, with statistically significant impacts marked with an asterisk. These subgroup impacts were very varied in size, for example for IS exits at six months shown in Chart 5.8, the positive impacts ranged from -0.9 to 3.1 percentage points in size, so that for some age-groups the impact is negative, and yet others zero or positive. However, few of the estimates are statistically significant.

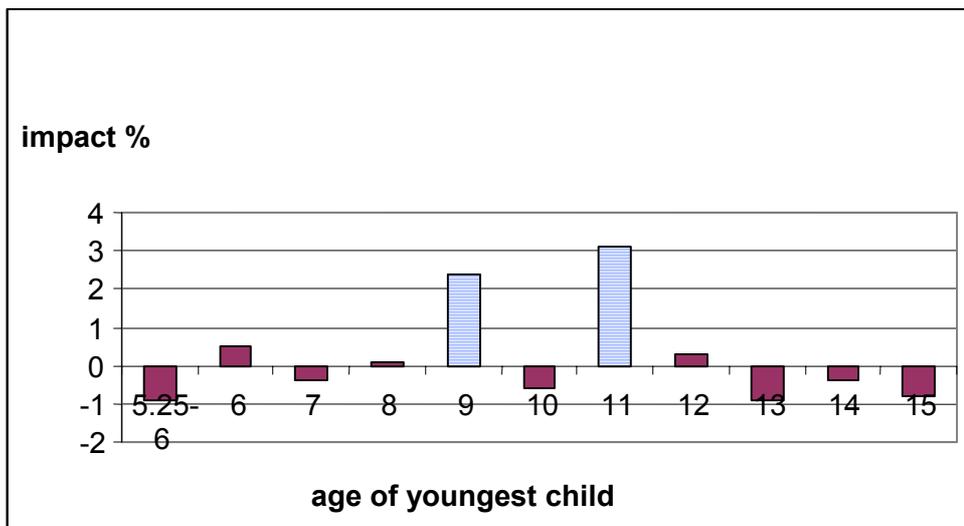
The pattern revealed in Chart 5.8 is of an impact confined to those with a youngest child aged 9 or 11 years. Table A21 shows that in the August-October cohort, only those with a youngest child aged 9 or 11 had a statistically significant positive impact arising from LPWFIs at 6 months. This pattern is the most persistent across the periods examined, for the August-October cohort. These ages may be socially perceived to be critical junctures for child-care arrangements and parental concerns about children's needs and schooling. They may influence lone parent choices on work and IS. A possible interpretation is that LPWFIs translates into higher IS exit rates for these subgroups by acting as a stimulus at these existing junctures. Eligibility for LPWFIs does not seem to raise the IS exit rate when the youngest child is in the early school years, but only when nearing the end of primary school (age 9 or 11). It is possible that lone parents face particular barriers to exit around the time when the youngest child is settling into primary school or preparing for the transition to secondary school. Such barriers may be real or perceived. Alternatively, the impetus to change may be lower.

The postal survey of lone parents eligible for NDLP between October 2000 and April 2001 also shows variation in the incidence of different barriers to work by age of youngest child. It was found that the pattern of barriers to work related to age of youngest child was complicated. However, those with youngest child up to 11 experienced difficulties with availability of childcare and employers' attitudes while fewer of those whose youngest child was aged 11 or over reported these problems. Against this, it was also noted that the absence of barriers to work was not necessarily connected with entry to or being in work, and that many of the barriers do not affect the lone parents simply at transition points (Lessof et al (2001) Chapter 6, Table 6.1.6: p54). There was also some supporting evidence from the LPWFIs quantitative survey, of variation by age of youngest child in the incidence of different barriers to work for LPWFIs *participants*³³ who were new/repeat claimants between August-October 2001 (note that this differs from analysis here which extends to all *eligible* for LPWFIs). For new/repeat claimants who had participated in LPWFIs, childcare barriers to work were mentioned for 70 per cent of those with a youngest child under 8, compared to overall 61 per cent of all new/repeat claimants. (Coleman et al (2002): p23).

For later cohorts, the pattern by age of youngest child is very mixed, but still reveals the influential weight of certain groups, and the sources of the average negative impacts found. Because of the unclear pattern over time, no charts could be presented as representative.

³³ Note that the survey information refers to barriers to work at the time of interview, not at the time of LPWFI eligibility or attendance. Timing differences may affect the interpretation of the information.

Chart 5.8 New/repeat claims: LPWFIs Impact on exits from IS claim by year of age of youngest child, August-October cohort, 6 months from claim start



Note: statistically significant figures shown with pale bars.

When the November-January cohort impact by age of youngest child at 6 months is examined, it seems the influence of the more common negative impacts for each age contributes overwhelmingly to the overall negative average impact found in Section 5.3.1.1. Table A22 in Appendix 2 gives all the underlying figures for the follow-up periods 2-9 months, with statistically significant impacts marked with an asterisk. The statistically significant impacts are usually negative, although for those with youngest child age 10 there is a positive impact of LPWFIs at a few time points. In general, the impacts are more commonly negative than found for the August-October cohort. The pattern over time, as shown in Appendix 2 Table A22, is less consistent than for the August-October cohort, however the most persistent group with a statistically significant influence are those with youngest child aged 9, who this time contribute to the negative average impact. Thus, for the November-January cohort of the flow, those with youngest child aged 9 and eligible for LPWFIs exit benefits less often than the comparison group. However, as mentioned in Section 5.3.1.1, this cohort would also have the WFTC effect that may counteract the impact of LPWFIs.

Finally, the February-March cohort are considered, with Table A23 in Appendix 2 giving all the impacts over months 2-6. As for the November-January cohort, there are mainly negative impacts of LPWFIs for the various ages of the youngest child. The key exception is for those with youngest child aged 14, where there was a sizeable positive impact. However, the largest statistically significant impact was the negative impact of LPWFIs for those with youngest child aged 9. As Table A23 shows, the picture was not clear over time, with various ages of youngest child registering significant impacts at different time points, in both positive and negative directions, however none of those were for youngest child aged less than 9.

5.3.2 Entry to New Deal for Lone Parents (NDLP) for new/repeat claims

5.3.2.1 Lone Parent Work Focused Interviews average impact on entry to NDLP for new/repeat claims

The estimated average impact of LPWFIs on entry to NDLP for new/repeat claims in the August-October cohort are shown in Table 5.9, with, for each number of months after claim start, the estimated impact, as well as the statistical significance. It is clear that LPWFIs had a strong effect on entry to NDLP. At all time points, the effect size was large and strongly statistically significant. Relative to the small size of the impact on IS exits for the similar analysis, the impact of LPWFIs on NDLP entry appears very large. The effect size was fairly consistent across all the time points examined, at between 14-15 percentage points. Additionally, unlike the impact on IS exits, the impact of LPWFIs on NDLP entry was fairly immediate, noticeable at 1 month after claim start.

Table 5.9 New/Repeat Claims: LPWFIs average impact on entry to NDLP, August-October cohort

	Months after claim start											
	1	2	3	4	5	6	7	8	9	10	11	12
Average impact	14.3	15.7	15.1	15.2	15.1	15.2	15.1	15.0	14.8	14.5	14.5	14.8
Percentage points	**	**	**	**	**	**	**	**	**	**	**	**
T statistic	52.7	49.3	45.7	41.0	38.6	37.1	35.8	34.7	33.5	32.1	31.4	31.5

Base: 1999. Data excludes: Northern Ireland, Jobcentre Plus, LPWFI pathfinder and One areas. T statistics with * for statistical significance at 10 %, ** for statistical significance at 5 %.

In a similar fashion, Table 5.10 gives the average impact of LPWFIs on entry to NDLP for the November-January cohort. As for the August-October cohort, the effect size was large and strongly statistically significant. The impact of LPWFIs on entry to NDLP unlike the impact on exits from IS, was quite similar for the two cohorts. For the November-January cohort, LPWFIs raised NDLP entry by between 15 and 16 percentage points.

Table 5.10 New/Repeat Claims: LPWFIs average impact on entry to NDLP, November-January cohort

	Months after claim start								
	1	2	3	4	5	6	7	8	9
Average impact	16.1	17.3	16.3	16.3	16.3	16.2	16.1	15.9	15.5
Percentage points	**	**	**	**	**	**	**	**	**
T statistic	50.9	47.9	43.0	38.2	36.7	35.1	34.0	33.0	31.3

Base: 1999. Data excludes: Northern Ireland, Jobcentre Plus, LPWFI pathfinder and One areas. T statistics with * for statistical significance at 10 %, ** for statistical significance at 5 %.

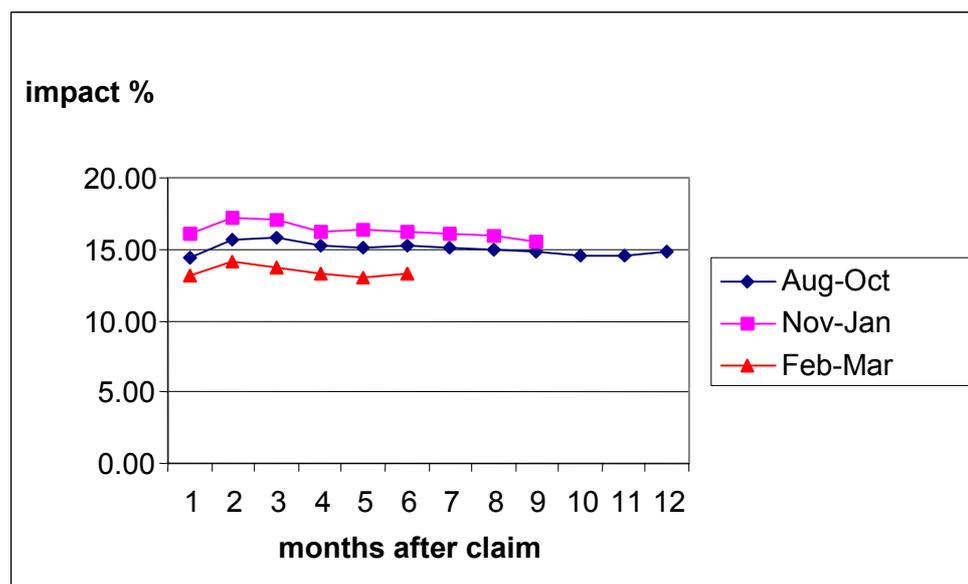
Finally, Table 5.11 shows the average impact of LPWFIs on entry to NDLP for the February-March cohort. Once again, LPWFIs raised NDLP entry substantially, by between 13-14 percentage points. So, consistently across all the flow cohorts considered, eligibility for LPWFIs led to more entrants to NDLP. This can be clearly seen in Chart 5.12, where the impacts of LPWFIs for each cohort are overlaid. NDLP entry can be related to IS exits, and Lessof et al. (2003) p124 calculated that over a six month period after NDLP participation, 1.1 per cent of the eligible population have left IS because of NDLP. However, care should be taken in referring to the results of this earlier NDLP analysis as they were from a different time period, prior to the introduction of lone parent WFI regime, and may not be applicable.

Table 5.11 New/Repeat Claims: LPWFIs average impact on entry to NDLP, February-March cohort

	Months after claim start					
	1	2	3	4	5	6
Average impact	13.2	14.1	12.9	13.3	13.0	13.4
Percentage points	**	**	**	**	**	**
T statistic	42.4	39.7	35.5	23.5	30.4	30.2

Base: 1999. Data excludes: Northern Ireland, Jobcentre Plus, LPWFI pathfinder and One areas. T statistics with * for statistical significance at 10 %, ** for statistical significance at 5 %.

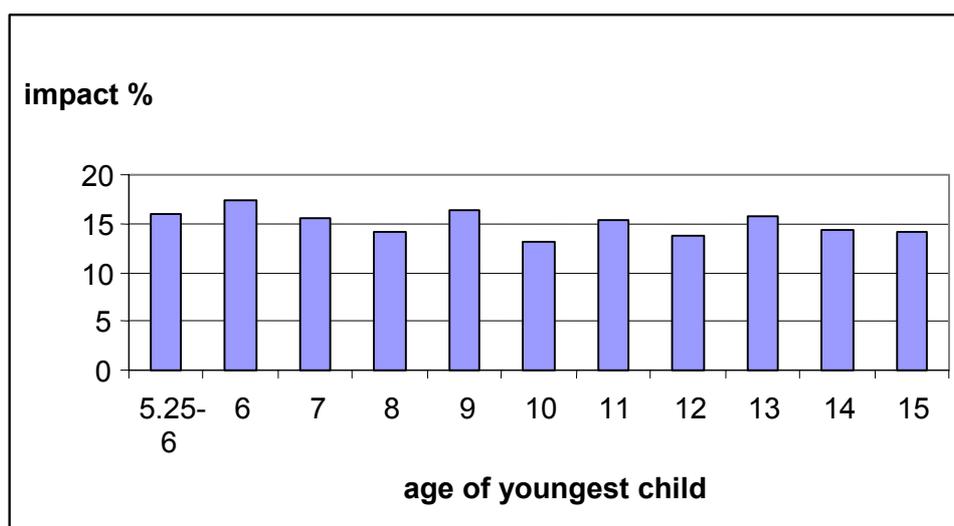
Chart 5.12 New/Repeat Claims: LPWFIs average impact on entry to NDLP, all cohorts



5.3.2.2 Lone Parent Work Focused Interviews impact on entry to NDLP for new/repeat claims by age of youngest child

Chart 5.13 shows the impact of LPWFIs on NDLP entry by age of youngest child, at 6 months after claim start, for the August-October cohort. The information in the chart is a selection from Table A24 in Appendix 2, which gives the corresponding figures for all time periods to 12 months. The pattern across ages indicates that there was some variation in the size of the LPWFIs impact on NDLP entry influenced by the age of the youngest child. However, the variation did not lend itself to simple interpretation, and the pattern at different time points was not consistent. Generally, in contrast to IS exits it would seem that the impact of eligibility for LPWFIs in raising NDLP entry was not strongly contingent on particular ages of the youngest child. The results for the later cohorts are broadly similar, and are not discussed further but are shown in Tables A25 and A26 of Appendix 2.

Chart 5.13 New/repeat claims: LPWFIs impact on NDLP entry, by age of youngest child, August-October cohort, 6 months after claim start



5.4 Exits from IS claim for stock claims

The analysis of stock claims proceeds very much as for new/repeat claims, although with some exceptions. As for new/repeat claims, exits from IS claims are considered. However it was not possible to determine the impact of LPWFIs on stock claimants for entering New Deal for Lone Parents (NDLP) for reasons given in section 4.3.2. There is no possible variation of base comparison group in the stock analyses, which makes them simpler to present than the new/repeat analyses. For more details of the stock analysis comparison groups see section 3.2.4 and Table 3.4.

5.4.1 Lone Parent Work Focused Interviews average impact on exits from IS claim for stock claims

LPWFIs raised exits from IS for stock claimants. Table 5.14 shows the estimated average impact of LPWFIs on exits from IS, with the same format as earlier results, except that for the stock slow monthly exit rates meant that the period of 3 months was more appropriate. Earlier time points had low impacts from LPWFIs for the stock: the impact of LPWFIs eligibility for the stock of claims raised IS exits by 0.24 percentage points after three months, and 0.47 percentage points at six months but neither were statistically significant effects. The impact of LPWFIs on exits from IS for stock claims first became statistically significant at nine months after the introduction of LPWFIs, with LPWFIs raising exits from IS by 1.13 percentage points. At twelve months, the impact of LPWFIs on exits from IS was then somewhat lower at 0.79 percentage points, still statistically significant. Some of the delay in the impact of LPWFIs can be attributed to the problems mentioned earlier, concerning delivery at the outset of the LPWFIs system for stock claimants (see section 2.1.1.1).

Table 5.14 Stock Claims: LPWFIs average impact on exits from IS claim

Exit IS	3mths	6mths	9 mths	12 mths
Average impact	0.24	0.47	1.13	0.79
Percentage points			**	**
T statistic	(0.53)	(1.28)	(2.60)	(2.15)

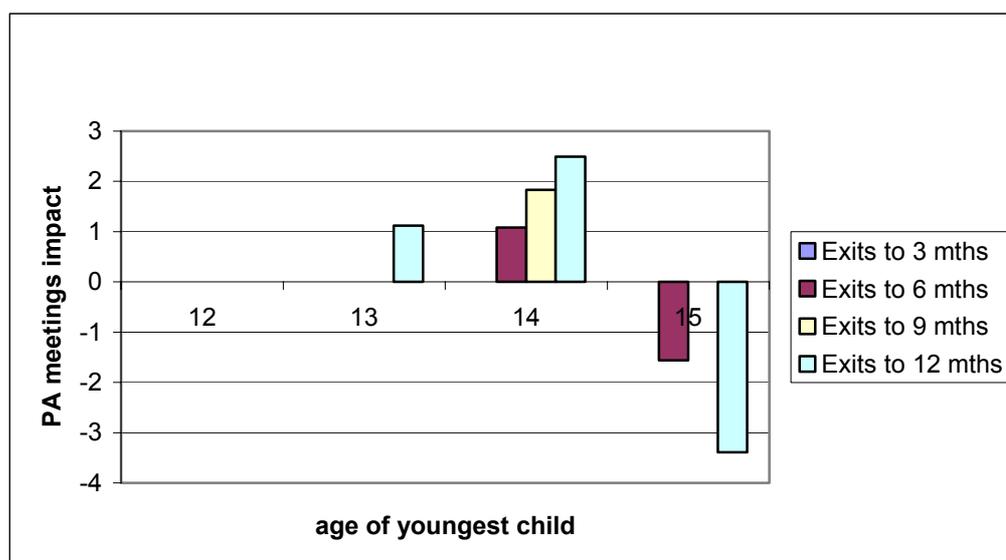
Data excludes: Northern Ireland, Jobcentre Plus, LPWFI pathfinder and One areas. T statistic in brackets, * for statistical significance at 10 %, ** for statistical significance at 5 %.

5.4.2 Lone Parent Work Focused Interviews impact on exits from IS claim for stock claims by year of age of youngest child

Chart 5.15 shows for the stock of claims, the LPWFIs impact on IS exits for each of the subgroups of year of age of the youngest child, with the figures shown in Appendix 2 Table A27. The chart shows that the impact of LPWFIs for the stock was concentrated largely on those with a youngest child aged 14. For this group of the stock, IS exits increased after six months, nine months and twelve months. Those stock claims where the youngest child was 13 also had raised exits from IS at twelve months. Generally, after twelve months, the positive impact of LPWFIs was spread across more ages of the youngest child (13, 14). The LPWFIs impact after twelve months for those with youngest child aged 14 was more than 2 percentage points, while for those with youngest child aged 13 this was half the magnitude at about 1 percentage point. This is likely to be closely related to the phasing in, and time taken to work LPWFIs through the different stock subgroups.

Highlighted in Chart 5.15 is the statistically significant large *negative* effect (about 3 percentage points) of LPWFIs on IS exits for those stock claims whose youngest child was aged 15 years-15 years 9 months. The LPWFIs system appears to have had a particularly adverse effect on IS exits for this group. Lone parents with youngest child aged 15 would be preparing to leave lone parent IS claims when their child reached 16. It seems possible that communications from the LPWFIs system sometimes lead to them waiting or delaying exit in order to take advantage of the PA system. In effect, the PA system distracted and delayed those who were going to exit through natural attrition anyway. This is also possible if advice given by the PA is highly valued, and more information is sought. The large negative effects of LPWFIs on the IS exit rate for this subgroup seriously undermined the average impact of LPWFIs on the IS exit rate for eligible stock as a whole.

Chart 5.15 Stock Claims: LPWFIs impact on exits from IS claim, by age of youngest child, statistically significant impacts



Data excludes: Northern Ireland, Jobcentre Plus, LPWFI pathfinder and One areas. Note: only statistically significant impacts are shown. Table A27 in Appendix 2 gives all figures, with statistically significant impacts highlighted in bold.

5.5 Conclusions

5.5.1 Lone Parent Work Focused Interviews impacts for new/repeat claims

The conclusion for the flow cohorts is that there was no indication of a statistically significant positive impact of LPWFIs on exiting IS shortly after entering the claim. As the central component of this programme is a single meeting, it is reasonable to expect a small effect size. Additional reasons are explored in section 6.5. Baseline tests indicated that the impact measures for flow cohorts after the August-October cohort may be negatively affected by other policy changes such as WFTC. This limitation notwithstanding, the evidence from each flow cohort did not clearly indicate that those eligible for LPWFIs had different benefit exit rates than the comparison group. The impact of LPWFIs on IS exits did vary substantially by age of youngest child, with groups of lone parents with a youngest child of particular ages showing significant positive impacts on IS exits from LPWFIs, while for those with a youngest child of other ages eligibility did not raise IS exits. It is not clear why these different subgroups of the eligible population were more or less susceptible to LPWFIs influence, however it is probably related to the transition of the child to secondary school, and the childcare issues associated with this. In the August-October cohort, significant positive impacts were mostly concentrated on only those with a youngest child aged 9 or 11. As the net impact of LPWFIs varied greatly within the eligible group, the average net increase of short term exits from IS due to LPWFIs was smaller than if all subgroups of new/repeat claims had experienced the same level of net impact as the group with a youngest child aged 9 or 11.

Entry to NDLP shortly after making a lone parent IS claim was strongly increased for new/repeat claims by the introduction of the LPWFIs system. There was an average net impact on NDLP entries of about 14-15 percentage points up to twelve months from claim, for those new/repeat claims eligible for LPWFIs. Unlike IS exits, LPWFIs had an impact on entry to NDLP that was roughly similar for the August to October and later cohorts. There was some slight variation in the net impact of LPWFIs on NDLP entry by the age of the youngest child, however this did not follow any simple pattern and all groups showed a large positive impact.

5.5.2 Lone Parent Work Focused Interviews impacts for stock claims

LPWFIs were found to raise IS claim terminations for the stock of claims. There was an average net impact of about one percentage point on IS caseload exits up to nine months and twelve months from entry, for those stock claims eligible for LPWFIs.

The eligible group of lone parents amongst stock claims differed in their responsiveness to the LPWFIs system depending on the age of the youngest child. Generally, only those with youngest child aged 14 had a consistently positive increase in IS exits from six to twelve months later due to eligibility for LPWFIs, although those with a youngest child aged 13 also had a measurable positive increase in IS exits nine months later. A strong *reduction* in IS exits after the introduction of LPWFIs was found for those with youngest child aged 15 to 15 years 9 months. As a lone parent claim for IS should usually end when the child turns 16 and so this should be a temporary delay to exit. Accordingly, natural attrition of the eligible stock, when the youngest child approaches age 16 for standard lone parent IS claims, may be an important issue for the LPWFIs system. The administrative system of phasing in the PA system for stock claims appears to have been slow to take effect and this may have contributed to the problem. As only a small set of the eligible stock claimants had a consistent positive net impact of LPWFIs (those with youngest child aged 14 years), the average net increase in exits from IS due to LPWFIs was smaller than if all subgroups of the eligible stock had experienced the same level of net impact. The higher LPWFIs impact for stock with youngest

child aged 14 coincides with higher LPWFIs participation, as this was the group with the highest LPWFIs participation rate (62 per cent, see Table 3.22; note that LPWFIs participation includes attendance, deferral or waiver). Progress in raising client participation in the LPWFIs system amongst those lone parents with younger children might raise impact rates for these groups.

6 Summary and Conclusions

6.1 Aims and methods

Work Focused Interviews, also known as work-focused interviews, provided an appointment with a Personal Adviser where the aim was to provide awareness of possible support available to lone parents. The programme aim was to facilitate movement into paid employment, with an additional objective of encouraging participation in NDLP. Participation in LPWFIs was compulsory for those eligible. Eligibility was based on the age of the youngest child.

The aim of this administrative data analysis was to estimate the net impact of the Lone parent Work Focused Interviews system on eligible lone parents. Two types of outcome were used, which were indirectly related to employment: movements off IS claim and entering NDLP. Administrative data for IS records, and for NDLP and LPWFI participation, were used, spanning May 1999 to May 2003. The analysis excluded Northern Ireland, Jobcentre Plus and LPWFIs pathfinder areas, and One areas. The net impact of the LPWFIs system was estimated using the method of difference in differences ('DiD').

For the evaluation of LPWFIs, 'new or repeat claims' and the 'stock claims', were very distinctly different: the programme operated differently for these two groups, samples for the two groups were constructed in fundamentally different ways, and the analyses for the two groups were also designed differently.

6.2 Lone Parent Work Focused Interviews impacts for new/repeat claimants

Entry to NDLP by the flow was immediately raised by eligibility for LPWFIs and the effects were stable and large. There was very slight variation in the size of the LPWFIs impact on entry to NDLP by entrant cohort. For those IS entrants in August-October, entry to NDLP was raised by 14-15 percent, while for later entrants in November-January it was increased by 16-17 percent, and by 13-14 per cent for February-March entrants. There was also no great variation in the LPWFIs impact on NDLP entry amongst the eligible with a youngest child of different ages.

In contrast to entry to NDLP, no evidence was found that exits from IS by the flow were affected by eligibility for LPWFIs. The flow analysis did not find a statistically significant impact of LPWFIs on IS exits, and the small size and varied direction of the impact was not consistent. The size of the LPWFIs impact on IS exits varied quite strongly when the age of the youngest child was considered, indicating that amongst the eligible group there was varied responsiveness to LPWFIs, which contributed to the frailty of the average impact of LPWFIs.

6.3 Lone Parent Work Focused Interviews impacts for stock claimants

The impacts of the LPWFIs system on IS exits for stock claimants were overall small but positive, as for new/repeat claims, but crucially the impacts were statistically reliable in the case of stock claimants. At nine to twelve months after the introduction of LPWFIs, the impact of LPWFIs on IS exits was about one percentage point.

The age of the youngest child was important for the impact on the LPWFIs stock claims eligible group. The positive impact of LPWFIs on stock claims was mostly concentrated on those with youngest child aged 14, for whom IS exits were raised by between one and two percentage points at 6-12 months after LPWFI introduction. There was a distinct large *negative* impact of LPWFIs on those with youngest child aged 15 at six months after LPWFI introduction. For the stock claims, it is likely that these different subgroup effects are related to the phasing in of LPWFIs delivery amongst the eligible.

It was not possible to rigorously evaluate entry to NDLP for the stock of claims. However, descriptive analysis showed that the participation rate for those eligible for LPWFIs among the stock was much higher than the comparison group.

6.4 Further issues about the Lone Parent Work Focused Interviews impact estimates

The scope and limitations of the report are outlined in section 1.4 and are not readdressed here, however readers are directed to this section for a fuller understanding of the estimates. Further issues addressed in the report concern the validity of the estimates presented in sections 6.2 and 6.3, which depend on the underlying requirements of the evaluation design. This section contains conclusions relating to these requirements.

The study design was such as to eliminate any influences on outcomes from differences in characteristics that remained stable over time. However, were the estimates likely to be distorted by *changes* in the characteristics of lone parents over time?; and more specifically, by changes in the *relative differences* in characteristics between the groups that were eligible and non-eligible for LPWFIs? Descriptive analysis for these groups indicated that over-time change in characteristics was very slight, and furthermore was evenly distributed between the groups. This suggests that the comparability of groups over time was likely to be satisfactory, and consistent with the requirements of the design.

Another important issue concerning the estimates is whether they were affected by the introduction of parallel changes in policy. The most obvious example was the introduction of WFTC, which might have affected some groups of lone parents more than others. This was examined by making comparisons in flow outcomes between 1999/00 and 2000/01 (before the introduction of LPWFIs). No significant changes in outcomes were identified for NDLP entry, so it appears that the two years before the introduction of LPWFIs provided a stable baseline period for NDLP entry, suitable for use in the evaluation. For IS exit, the August-October entrants also had a stable baseline, however the November to January cohort baseline was found to be subject to a negative impact on the LPWFIs eligible group that might be due to WFTC. Data limitations meant it was not possible to test the baseline further for other groups analysed. The affected estimates were adjusted to take account of the baseline changes found for the November- January cohort, removing the WFTC impact from the LPWFIs estimates.

A further issue addressed was how far the estimates reflected the enhancements to NDLP that were introduced at the same time as LPWFIs. This could not be assessed directly for exits from IS, but could be assessed to some extent for entry to NDLP by new/repeat claimants, since those with a youngest child under 5 years 3 months received *only* the NDLP enhancements and not the LPWFIs. The evidence on this issue was that the enhancements to NDLP increased NDLP entry only slightly, if at all. Their impact on IS exits via NDLP participation was therefore likely to be even smaller. On this basis, it is likely that the LPWFIs system itself produced most of the impact.

A particularly important, but difficult, issue is whether impacts on exit from IS can be interpreted as mainly moves into employment, or into some other status. It seems likely that LPWFIs did not increase exits to IS on the basis of sickness or disability. Evidence comes from the quantitative survey of participants which formed another part of the overall evaluation. Early results estimated that 33 per cent of the new/repeat LPWFIs participants had left IS at the time of a follow-up interview, which took place 4-8 months after the LPWFI, and of these about three fifths (61 per cent) had jobs (Coleman et al. 2002: 53-55). Later results found that 39 per cent had exited IS at the second interview, of which 58 per cent had started work or increased their working hours beyond the threshold of 16 hours per week (Coleman et al. 2003: 38). However, only 2 per cent had moved to Incapacity Benefit. One important alternative destination other than work was JSA, and of the stock 27 per cent moved from IS to JSA, usually when the youngest child reached 16 years, and 6-8 per cent of new/repeat claims did so. Overall, excluding work, a total of 23 per cent of those exiting IS moved onto another non-working benefit, of which 56 per cent moved to JSA and 10 per cent moved to IB (Coleman et al. 2003: 39).

A priori, one would expect an intervention such as mandatory LPWFIs to have a fairly immediate effect to the extent that a strongly ‘work-focused’ message from the interview might deter false or borderline claims. However, one shortcoming of the admin database is that very short term impacts may not be observable – the time to scan the data (2 weeks) means these may be missed.

The difference in difference analysis examines the impact of *eligibility* for the LPWFI. 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. In section 4 evidence was presented that indicated that of those eligible, about 75 per cent of the flow and 42 per cent of the stock entered the LPWFIs system, of which a smaller proportion would have attended a LPWFI, as some are deferred or waived. It is possible to adjust the impacts found to account for the smaller proportion entering the LPWFIs system, as suggested by Bloom (1984). Essentially, the adjustment procedure involves dividing the impact estimate by the proportion entering the LPWFIs system. This adjustment was not carried out because of uncertainty about the accuracy of administrative records on the proportion of the eligible population who had entered the LPWFIs system. As non-attendance of LPWFIs clearly occurs to some degree, however, it is reasonable to assume that the impact of LPWFIs would be greater if the proportion attending could be raised. To this extent, the LPWFIs impacts described in this report represent lower bound estimates.

6.5 Interpreting the Lone Parent Work Focused Interviews impacts

For the flow, clear evidence of gains in entry to NDLP due to the LPWFIs system was not coincident with raised exits from IS. Understanding the link between entry to NDLP and LPWFIs is straightforward. It is fairly clear that the LPWFIs system creates a mechanism for the early identification of lone parents who would be interested in getting a job or getting

ready for employment. Much of the gain in NDLP entry is fairly immediate for new/repeat claims. The LPWFIs process also appears to work positively for stock lone parent IS claimants, many of whom would be contemplating getting a job as their youngest child reached the early teens. As the LPWFIs system was designed to enhance NDLP entry, it is clear this objective has been successfully achieved. To the extent that NDLP assists clients in moving them closer to the labour market and employment, LPWFIs then meets this goal.

The impact of LPWFIs on IS exits for the flow may be undetected by this analysis for a variety of reasons. As the main action of the programme evaluated here is a single meeting with a PA, it is not implausible that the LPWFIs impact on IS exits would be small. The LPWFI system was designed to be obligatory, however there is little evidence of the application of the sanctioning process. The flow, who have their LPWFI immediately on starting their claim, would perhaps be expected to suffer more deadweight loss and less additionality from the programme services than the stock. By definition, a new claim as a lone parent would be closer in time to the disruptive event that provoked the claim, and so perhaps the client would be less job ready. It may be that due to their timing LPWFIs were only effective for those already job ready. Lissenburgh and Marsh's (2003) analysis of early evaluation evidence on Jobcentre Plus Pathfinders suggests that personal advisers are more likely to discuss work at work-focused interviews if they perceive the client to be positively inclined towards this option. Also, although this analysis found no evidence of an impact of LPWFI on IS exits for the flow, the limitations of the analysis do not rule out the possibility of an impact not measurable within the scope of the current analysis.

It is important to consider how NDLP entry may be raised and yet IS exits remain unchanged for the flow. It is possible that NDLP may introduce a lag, so that participants do not leave IS until after exploring various options. Alternatively, while past evidence exists of the NDLP being associated with an increase in those leaving benefit of one per cent of the eligible IS population (Evans et al. 2003; Lessof et al.: 124) this was calculated using information and assumptions prior to the introduction of LPWFIs, and later entrants through the LPWFIs system may have experienced lower additionality in terms of outcomes or be less job ready than earlier volunteers. Also, those eligible for the LPWFI are only a small subgroup of those lone parents eligible for NDLP³⁴, and the NDLP impact may not be the same amongst all subgroups.

Amongst the flow, some positive subgroup impacts of LPWFIs on IS exits were found for those with youngest child 9 or 11, yet these were accompanied by negligible impacts for others. There are two general possibilities as to the source of varied impacts observed: (a) there are barriers which restrict the impact of LPWFIs under certain conditions, (b) there are certain times or circumstances when lone parents are open to change and the LPWFIs system only works when it reaches them at these points. Specific factors may include children's stage of schooling and stage of childcare. The development of the LPWFIs system through annual and six-monthly review meetings should help to reach lone parents at favourable time-points. However, it is possible that the age when children move to secondary schooling or do not require childcare is highly influential. The survey of LPWFIs participants found that those with a youngest child aged 9-12 were most likely to have started a job since the meeting (Coleman et al. 2003: 88). In addition, for both those in work and those looking for work, childcare arrangements were seen as unneeded, as the children would be old enough to look after themselves or work hours would be fitted around when children would be at home (Coleman et al. 2003: 107). This suggests considerations of work are on hold for many until childcare barriers are gone, usually because the children are older. This may impede the impact of LPWFIs at other times.

³⁴ Only lone parents on IS with youngest child of certain ages became eligible for LPWFI at 30 April 2001, but all lone parents out of work were eligible for NDLP from November 2001 (see Sections 1.1.2 and 1.1.3).

For those claimants with a 15-year-old youngest child, there was a negative impact for stock claims. The LPWFIs system seems to have been a delaying factor for these people, who were soon to exit IS anyway, and who seem to have deferred their IS exit as a result of the intervention. This could in part be because of delays in processing stock clients in year 1 of the system. Another potential source could be the pattern of phased delivery causing those with a youngest child aged 15 to enter the LPWFI system early, when it may not have been working effectively.

Finally, it is necessary to consider whether not moving off IS can mask any employment outcomes from LPWFIs. It is possible to work less than 16 hours and remain claiming IS. As such, part time working due to LPWFIs that involved less than 16 hours would not be picked up in this analysis of exits from benefits.

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Appendix 1 Detail of method

Application of the difference in differences estimator uses a regression framework. In this analysis treatment is reflected by eligibility for LPWFIs. An equation is estimated which reflects the following construction:

$$Y_{it} = \alpha + \beta_0 X_{it} + \beta_1 (LPWFI\ treatment)_{it} + \beta_2 (LPWFI\ period)_{it} + \beta_3 (LPWFI\ treatment * LPWFI\ period) + \varepsilon_{it}$$

The dependent variable Y is the outcome of interest. Where the subscript i indicates the individual, t the time period classified as before or after the introduction of LPWFIs, X is the vector of observable covariates (gender, age of claimant, number of children, government office region, travel to work area unemployment rate in April 1999), *LPWFI treatment* is the dummy with value of 1 for LPWFI eligibility, *LPWFI period* is the dummy with value of 1 for the time period from 30 April 2001 (after the introduction date for LPWFIs), ε is the normal error term. The post LPWFIs treatment group is identified by the interaction of the *LPWFI treatment* dummy with the *LPWFI period* dummy. The statistical significance and impact estimated are derived from the associated difference in difference coefficient β_3 . For the flow analyses, the linear probability model was applied. In the stock analysis, due to the low exit shares of the LPWFIs groups, logit was used. The impact size was then constructed from the model predictions. Subgroup analysis of impact by the age of youngest child was achieved by coding the eligible group of the *LPWFI treatment* as a categorical variable for each year of age of the youngest child, with the comparison group in the base. Each of the years of age of youngest child then had an interaction term.

Appendix 2 Additional tables

Table A1 New/Repeat Claims: Exit rate for lone parent IS claims November-January cohort, 1999 and 2001

Exits up to	Lone parent with claim start November-January	1999/2000 % exiting	2001/2002 % exiting
1 month	LPWFI ³⁵	0.5	0.1
	comparisons ³⁶	0.5	0.1
2 months	LPWFI	5.6	3.4
	comparisons	4.3	2.5
3 months	LPWFI	11.8	8.7
	comparisons	9.1	6.9
4 months	LPWFI	17.9	14.9
	comparisons	14.6	12.1
5 months	LPWFI	22.5	19.7
	comparisons	18.8	16.4
6 months	LPWFI	26.9	24.2
	comparisons	22.6	20.3
7 months	LPWFI	30.6	27.6
	comparisons	25.9	23.3
8 months	LPWFI	34.2	30.9
	comparisons	29.4	26.4
9 months	LPWFI	37.3	34.4
	comparisons	32.3	29.6
10 months	LPWFI	40.5	
	comparisons	35.0	
11 months	LPWFI	43.3	
	comparisons	37.6	
12 months	LPWFI	45.7	
	comparisons	39.9	

Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas. Note: the follow-up period in 2001/2002 for the November-January cohort is limited to 9 months as a result of the Jobcentre Plus roll-out in October 2003.

³⁵ youngest child aged 5.25-15.75

³⁶ youngest child aged 1-5.25

Table A2 New/Repeat Claims: Exit rate for lone parent IS claims February-March cohort, 1999 and 2001

Exits up to	Lone parent with claim start February-March	1999/2000 % exiting	2001/2002 % exiting
1 month	LPWFI ³⁷	0.5	0.2
	comparisons ³⁸	0.4	0.1
2 months	LPWFI	5.1	3.9
	comparisons	4.9	3.3
3 months	LPWFI	10.7	9.2
	comparisons	9.5	7.5
4 months	LPWFI	16.3	14.0
	comparisons	14.0	11.9
5 months	LPWFI	21.3	18.3
	comparisons	18.2	15.8
6 months	LPWFI	25.2	22.2
	comparisons	21.4	19.4
7 months	LPWFI	28.5	
	comparisons	24.5	
8 months	LPWFI	32.6	
	comparisons	28.3	
9 months	LPWFI	35.7	
	comparisons	31.3	
10 months	LPWFI	38.3	
	comparisons	33.6	
11 months	LPWFI	40.6	
	comparisons	35.8	
12 months	LPWFI	42.8	
	comparisons	38.1	

Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas. Note: the follow-up period in 2001/2002 for the February-April cohort is limited to 6 months as a result of the Jobcentre Plus roll-out in October 2003.

³⁷ youngest child aged 5.25-15.75

³⁸ youngest child aged 1-5.25

Table A3 New/Repeat Claims: Age of claimant at claim start date, Nov-Jan cohort

	LPWFIs eligible	Comparisons
1999/2000		
16-24	2.5	31.5
25-29	13.6	30.1
30-34	25.8	22.2
35-39	28.4	11.5
40-44	17.2	3.7
45-49	7.9	0.8
50 or more	4.7	0.3
2001/02		
16-24	2.5	33.4
25-29	12.4	27.9
30-34	25.0	22.0
35-39	28.1	11.6
40-44	18.8	4.1
45-49	8.6	0.8
50 or more	4.6	0.3

For the August-October cohort of entrants. Where age of youngest child is minimum 1 year, maximum 15.75 years. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

Table A4 New/Repeat Claims: Age of claimant at claim start date, Feb-Mar cohort

	LPWFIs eligible	Comparisons
1999/2000		
16-24	2.5	31.7
25-29	13.6	29.5
30-34	26.3	22.6
35-39	27.5	11.2
40-44	17.5	3.8
45-49	7.9	0.9
50 or more	4.7	0.4
2001/02		
16-24	2.9	34.1
25-29	12.8	27.0
30-34	25.1	22.0
35-39	27.6	11.4
40-44	18.6	4.2
45-49	8.3	0.9
50 or more	4.8	0.4

For the August-October cohort of entrants. Where age of youngest child is minimum 1 year, maximum 15.75 years. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

Table A5 New/Repeat Claims: Age of youngest child at claim start, Nov-Jan cohort

Nov-Jan Cohort Age of youngest child	LPWFIs eligible	Age of youngest child 1999/2000	Comparisons
1999/2000			
5: 5.25 or more	10.5	1	31.2
6	13.0	2	25.7
7	12.0	3	20.7
8	10.8	4	18.3
9	9.9	5: up to 5.25	4.1
10	8.6		
11	7.9		
12	7.6		
13	7.1		
14	6.8		
15	5.8		
2001/02			
5: 5.25 or more	10.7	1	29.8
6	12.8	2	25.6
7	11.0	3	22.0
8	10.3	4	18.5
9	9.3	5: up to 5.25	4.2
10	9.4		
11	8.3		
12	7.7		
13	7.2		
14	7.0		
15	6.2		

For the August-October cohort of entrants. Where age of youngest child is minimum 1 year, maximum 15.75 years. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

Table A6 New/Repeat Claims: Age of youngest child at claim start, Feb-Mar cohort

Feb-March Cohort	LPWFIs eligible	Age of youngest child	Comparisons
Age of youngest child		Age of youngest child	
1999/2000		1999/2000	
5: 5.25 or more	10.8	1	31.8
6	13.0	2	25.1
7	11.8	3	21.2
8	10.8	4	17.8
9	9.6	5: up to 5.25	4.2
10	8.6		
11	8.2		
12	7.8		
13	7.2		
14	6.5		
15	5.9		
2001/02		2001/02	
5: 5.25 or more	11.3	1	30.7
6	12.9	2	25.1
7	11.1	3	21.9
8	10.7	4	18.3
9	9.5	5: up to 5.25	4.0
10	8.9		
11	8.3		
12	7.4		
13	7.1		
14	6.9		
15	6.0		

For the August-October cohort of entrants. Where age of youngest child is minimum 1 year, maximum 15.75 years. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

Table A7 New/Repeat Claims: Number of children for claimant, Nov-Jan cohort

Nov-Jan cohort	LPWFIs eligible	Comparisons
1999/2000		
1	49.6	44.5
2	34.0	31.3
3	12.0	15.6
4	3.4	5.8
5 or more	1.0	2.8
2001/02		
1	49.2	45.0
2	34.1	31.2
3	12.5	15.4
4	3.4	5.9
5 or more	0.8	2.6

For the August-October cohort of entrants. Where age of youngest child is minimum 1 year, maximum 15.75 years. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

Table A8 New/Repeat Claims: Number of children for claimant, Feb-Mar cohort

Feb-Mar cohort	LPWFIs eligible	Comparisons
1999/2000		
1	48.9	43.3
2	33.9	31.8
3	12.6	15.9
4	3.6	6.3
5 or more	1.0	2.7
2001/02		
1	48.8	44.8
2	34.0	31.0
3	12.6	15.5
4	3.5	6.0
5 or more	1.1	2.7

For the August-October cohort of entrants. Where age of youngest child is minimum 1 year, maximum 15.75 years. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

Table A9 New/Repeat Claims by Government Office Region, Nov-Jan cohort

Nov-Jan Cohort 1999/2000	LPWFIs eligible	Comparisons
Northeast	6.3	5.7
Northwest	14.2	13.1
Yorkshire and Humber	9.0	9.0
East Midlands	6.6	7.3
West Midlands	8.9	9.1
East of England	7.0	7.6
London	13.7	13.4
Southeast	10.6	11.9
Southwest	7.2	7.5
Wales	5.8	5.6
Scotland	9.6	8.6
region missing	1.1	1.1
2001/02		
Northeast	5.8	5.9
Northwest	14.1	12.7
Yorkshire and Humber	8.7	8.7
East Midlands	6.8	7.1
West Midlands	9.0	8.8
East of England	7.2	7.6
London	13.9	14.5
Southeast	11.0	12.0
Southwest	7.7	7.7
Wales	5.6	5.3
Scotland	9.5	8.7
region missing	0.8	1.0

Column percent, unweighted. Where missing, the administrative data was missing the Government Office Region [GOFFREG]. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

Table A10 New/Repeat Claims by Government Office Region, Feb-Mar cohort

Feb-March Cohort	LPWFIs eligible	Comparisons
1999/2000		
Northeast	5.8	5.9
Northwest	14.3	12.8
Yorkshire and Humber	9.2	8.7
East Midlands	6.8	6.9
West Midlands	9.3	9.4
East of England	6.5	7.2
London	13.5	14.3
Southeast	10.5	11.8
Southwest	7.4	7.4
Wales	5.7	5.5
Scotland	10.0	8.9
region missing	1.1	1.2
2001/02		
Northeast	6.1	5.5
Northwest	14.4	13.3
Yorkshire and Humber	8.9	8.8
East Midlands	6.5	6.7
West Midlands	9.5	8.7
East of England	6.9	7.9
London	13.9	14.4
Southeast	10.5	11.8
Southwest	7.4	7.2
Wales	5.3	5.7
Scotland	10.0	8.6
region missing	1.0	1.3

Column percent, unweighted. Where missing, the administrative data was missing the Government Office Region [GOFFREG]. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas.

Table A11 New/Repeat Claims: TTWA unemployment rate in April 1999, Nov-Jan cohort

Nov-Jan cohort 1999/2000	LPWFIs eligible	Comparisons
0 to 3 %	16.8	18.8
More than 3 to 6 %	54.9	54.7
More than 6 to 9 %	25.4	23.2
More than 9 to 12 %	1.6	1.8
missing	1.3	1.6
2001/02		
0 to 3 %	17.9	19.2
More than 3 to 6 %	55.2	55.0
More than 6 to 9 %	24.0	22.4
More than 9 to 12 %	1.8	1.8
missing	1.0	1.6

Column percent, unweighted. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas. The Travel to Work Area unemployment rate for April 1999 is matched on from the NOMIS (www.nomisweb.co.uk) for the JUVOS claimant count. Where missing, the TTWA was missing.

Table A12 New/Repeat Claims: TTWA unemployment rate in April 1999, Feb-Mar cohort

Feb-Mar cohort 1999/2000	LPWFIs eligible	Comparisons
0 to 3 %	17.0	18.5
More than 3 to 6 %	54.9	54.4
More than 6 to 9 %	25.1	23.9
More than 9 to 12 %	1.7	1.6
missing	1.3	1.6
2001/02		
0 to 3 %	17.4	18.5
More than 3 to 6 %	54.8	55.6
More than 6 to 9 %	24.9	22.6
More than 9 to 12 %	1.7	1.7
missing	1.2	1.7

Column percent, unweighted. Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas. The Travel to Work Area unemployment rate for April 1999 is matched on from the NOMIS (www.nomisweb.co.uk) for the JUVOS claimant count. Where missing, the TTWA was missing.

Table A13 Characteristics of new/repeat entrants and non-entrants: Sex, November-January cohort

November-January cohort		
	Did not enter	Entered
Female	85.2	88.0
Male	14.8	12.0
Sample size	5257	13619

Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

Table A14 Characteristics of new/repeat entrants and non-entrants: Sex, February-March cohort

February-April cohort		
	Did not enter	Entered
Female	84.6	88.4
Male	15.4	11.7
Sample size	3868	9342

Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

Table A15 Characteristics of new/repeat entrants and non-entrants: Claimant Age group, November-January cohort

November-January cohort		
Age group of claimant: years	Did not enter	Entered
up to 25	2.5	2.5
25-29	10.9	13.0
30-34	22.3	26.0
35-39	27.5	28.3
40-44	19.3	18.6
45-49	10.0	8.0
50 plus	7.5	3.5
Sample size	5257	13619

Note: Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

Table A16 Characteristics of new/repeat entrants and non-entrants: Claimant Age group, February-March cohort

February-April cohort		
Age group of claimant: years	Did not enter	Entered
up to 25	3.4	2.4
25-29	10.7	13.2
30-34	23.0	25.8
35-39	25.5	28.5
40-44	19.2	18.8
45-49	10.3	7.6
50 plus	8.0	3.6
Sample size	3868	9342

Note: Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

Table A17 Characteristics of new/repeat entrants and non-entrants: Number of dependent children, November-January cohort

November-January cohort		
Number of children	Did not enter	Entered
1	49.3	49.2
2	33.6	34.3
3	12.7	12.4
4	3.7	3.3
5 or more	0.8	0.8
Sample size	5257	13619

Note: Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

Table A18 Characteristics of new/repeat entrants and non-entrants: Number of dependent children, February-March cohort

February-March cohort		
Number of children	Did not enter	Entered
1	49.4	48.2
2	33.1	34.9
3	12.5	12.4
4	3.7	3.5
5 or more	1.4	1.1
Sample size	3868	9342

Note: Entry into the LPWFIs system could mean any recorded date for LPWFI attendance, deferral or waiver, not indicative of only LPWFIs *attendance*.

Table A19 New/repeat claims: Entry to NDLP, by time from starting IS claim

November-January cohort	1999		2001	
	month	LPWFIs eligible	Comparisons	LPWFIs eligible
1	1.7	1.4	18.4	1.9
2	3.2	2.8	21.0	3.4
3	5.0	4.4	22.7	4.9
4	6.6	5.4	24.1	6.5
5	7.8	6.4	25.2	7.4
6	8.7	7.3	26.1	8.5
7	9.3	7.9	26.9	9.5
8	9.9	8.6	27.6	10.3
9	10.7	9.2	28.3	11.3
10	11.4	9.8		
11	11.9	10.3		
12	12.3	10.7		

Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas. Note: the follow-up period in 2001/2002 for the November-January cohort is limited to 9 months as a result of the Jobcentre Plus roll-out in October 2003.

Table A20 New/repeat claims: Entry to NDLP, by time from starting IS claim

February-March cohort	1999		2001	
	month	LPWFIs eligible	Comparisons	LPWFIs eligible
1	1.6	1.4	16.8	2.1
2	3.3	3.0	19.4	3.6
3	4.8	4.0	20.8	4.7
4	6.4	5.0	22.1	5.9
5	7.3	5.9	22.9	7.0
6	8.0	6.8	23.7	7.7
7	8.7	7.7		
8	9.5	8.4		
9	10.2	8.9		
10	10.7	9.4		
11	11.2	10.0		
12	11.9	10.5		

Data excludes: Northern Ireland, Jobcentre Plus, LPWFIs pathfinder and One areas. Note: the follow-up period in 2001/2002 for the February-March cohort is limited to 6 months as a result of the Jobcentre Plus roll-out in October 2003.

Table A21 New/repeat claims: LPWFIs Impacts in percentage points, by age of youngest child, August to October cohort, IS exits

Age of youngest child	Months after claim start										
	2	3	4	5	6	7	8	9	10	11	12
5.25 to less than 6	-0.5	-0.2	-0.1	-0.2	-0.9	-0.5	-0.7	-2	-1.4	-1	-0.7
T statistic	(0.79)	(0.25)	(0.11)	(0.18)	(0.73)	(0.38)	(0.53)	(1.47)	(0.98)	(0.73)	(0.49)
6 years	-0.1	0.6	-0.1	0.1	0.5	1.2	1	0.1	0	-0.6	-0.3
T statistic	(0.10)	(0.67)	(0.15)	(0.05)	(0.45)	(0.99)	(0.78)	(0.06)	(0.03)	(0.46)	(0.19)
7 years	-0.1	0.2	0.5	0.1	-0.4	-0.3	-0.5	-0.8	-0.6	-0.4	-0.5
T statistic	(0.09)	(0.22)	(0.49)	(0.09)	(0.38)	(0.25)	(0.38)	(0.64)	(0.43)	(0.32)	(0.39)
8 years	0.4	0	0.8	0.8	0.1	-0.3	-0.6	-1.5	-1.5	-1.7	-1.8
T statistic	(0.57)	(0.00)	(0.79)	(0.71)	(0.07)	(0.25)	(0.46)	(1.09)	(1.07)	(1.21)	(1.24)
9 years	0.4	1.5	1.9	1.9	2.4	2.9	3	2.7	3	2.5	2.1
T statistic	(0.64)	(1.65)*	(1.70)*	(1.61)	(1.84)*	(2.10)**	(2.11)**	(1.90)*	(2.04)*	(1.71)*	(1.38)
10 years	-0.1	-0.6	-0.3	-0.5	-0.6	-1.2	-1.4	-1.1	-0.7	-1.3	-1.1
T statistic	(0.09)	(0.61)	(0.22)	(0.42)	(0.46)	(0.87)	(0.93)	(0.71)	(0.48)	(0.81)	(0.68)
11 years	1.1	2.2	1.9	2.2	3.1	4	3.5	1.9	1.8	1.6	1.7
T statistic	(1.49)	(2.17)**	(1.60)	(1.65)*	(2.18)**	(2.72)**	(2.31)**	(1.22)	(1.12)	(1.02)	(1.04)
12 years	1	1.3	0.1	0	0.3	1.3	0.7	1.1	2	1.6	1.6
T statistic	(1.25)	(1.19)	(0.09)	(0.04)	(0.18)	(0.84)	(0.46)	(0.66)	(1.15)	(0.93)	(0.90)
13 years	-0.5	0.3	-1.1	-1.4	-0.9	0.2	0.2	-1	-1.2	-2.4	-1.7
T statistic	(0.56)	(0.25)	(0.85)	(1.00)	(0.57)	(0.12)	(0.12)	(0.62)	(0.72)	(1.36)	(0.96)
14 years	0.7	1.9	1.1	-0.3	-0.4	-0.5	0.1	-0.6	-0.7	-1.2	-0.9
T statistic	(0.87)	(1.65)*	(0.83)	(0.20)	(0.28)	(0.32)	(0.07)	(0.32)	(0.41)	(0.66)	(0.48)
15 years	-0.9	-0.3	-2.1	-0.6	-0.8	-0.5	-1.6	-1.5	-2.1	-2.4	-2.7
T statistic	(1.03)	(0.26)	(1.52)	(0.36)	(0.51)	(0.28)	(0.86)	(0.81)	(1.11)	(1.27)	(1.38)

Absolute value of t statistics in parentheses * significant at 10%; ** significant at 5%; *** significant at 1%

Table A22 New/repeat claims: LPWFIs Impacts in percentage points, by age of youngest child, November-January cohort, IS exits

Age of youngest child	Months after claim start							
	2	3	4	5	6	7	8	9
5.25 to less than 6	-0.7	-1.2	-1.8	-1.3	-1.8	-1	-1.3	-1
T statistic	(1.05)	(1.29)	(1.57)	(0.99)	(1.35)	(0.73)	(0.91)	(0.64)
6 years	0	-1.7	-1.6	-1.5	-2.1	-1.7	-1.4	-1.3
T statistic	(0.03)	(2.00)*	(1.55)	(1.27)	(1.67)*	(1.28)	(1.07)	(0.94)
7 years	-0.6	-1.3	-1.1	-1.2	-0.9	-1.5	-0.2	0.6
T statistic	(1.04)	(1.41)	(1.00)	(0.99)	(0.66)	(1.09)	(0.13)	(0.43)
8 years	-0.6	0	-0.3	-0.3	-0.5	-0.5	0.2	0.1
T statistic	(0.95)	(0.04)	(0.27)	(0.20)	(0.35)	(0.31)	(0.10)	(0.08)
9 years	-1.8	-2.9	-1.1	-1	-1.5	-3.1	-2.9	-3.5
T statistic	(2.77)***	(2.97)***	(0.90)	(0.75)	(1.08)	(2.09)**	(1.89)*	(2.23)**
10 years	0.3	2	2	1.8	2.5	2.2	2	1.4
T statistic	(0.40)	(1.98)**	(1.62)	(1.29)	(1.71)*	(1.46)	(1.29)	(0.84)
11 years	-0.8	-0.5	-0.3	0.4	0	0.4	0.6	1.3
T statistic	(1.09)	(0.49)	(0.22)	(0.27)	(0.02)	(0.26)	(0.36)	(0.76)
12 years	-0.5	-1.3	0	0.8	0.8	0.2	0	-0.8
T statistic	(0.73)	(1.16)	(0.00)	(0.57)	(0.53)	(0.14)	(0.00)	(0.44)
13 years	0.6	-0.6	0	0	-0.4	0.2	0.5	-0.3
T statistic	(0.74)	(0.54)	(0.01)	(0.01)	(0.23)	(0.13)	(0.31)	(0.14)
14 years	-0.7	-0.7	-0.3	-0.6	-0.1	0.5	1.2	1.3
T statistic	(0.85)	(0.63)	(0.19)	(0.37)	(0.05)	(0.31)	(0.65)	(0.68)
15 years	-1.1	-3.1	-3.5	-2.4	-2.2	-1	-3	-2
T statistic	(1.35)	(2.60)***	(2.39)**	(1.45)	(1.22)	(0.52)	(1.58)	(1.04)

Absolute value of t statistics in parentheses * significant at 10%; ** significant at 5%; *** significant at 1%

Table A23 New/repeat claims: LPWFIs Impacts in percentage points, by age of youngest child, February-March IS exits

Age of youngest child	Months after claim start				
	2	3	4	5	6
5.25 to less than 6	0.7	0.8	0.1	0.5	-0.4
T statistic	(0.93)	(0.76)	(0.05)	(0.34)	(0.25)
6 years	0	0.1	-0.5	-1.1	-1.3
T statistic	(0.00)	(0.06)	(0.40)	(0.81)	(0.89)
7 years	0.8	0.2	-0.4	1.0	0.4
T statistic	(1.11)	(0.23)	(0.35)	(0.68)	(0.25)
8 years	0.7	0	-0.4	-0.8	-0.7
T statistic	(1.11)	(0.23)	(0.35)	(0.68)	(0.25)
9 years	-0.2	-0.5	-0.9	-2.7*	-4.2**
T statistic	(0.21)	(0.43)	(0.61)	(1.73)	(2.52)
10 years	0.5	0.9	0.4	-0.5	-2.3
T statistic	(0.57)	(0.72)	(0.25)	(0.32)	(1.33)
11 years	1.0	1.4	-0.2	-0.6	-1.0
T statistic	(1.14)	(1.12)	(0.13)	(0.37)	(0.55)
12 years	0.3	2.6**	1.3	0.3	0.5
T statistic	(0.34)	(2.00)	(0.86)	(0.19)	(0.29)
13 years	-0.9	-1.8	-4.0**	-3.4*	-2.9
T statistic	(0.98)	(1.38)	(2.51)	(1.90)	(1.52)
14 years	1.0	2.8**	3.4**	3.6**	2.8
T statistic	(1.04)	(2.07)	(2.10)	(2.00)	(1.45)
15 years	-0.5	-0.1	-1.3	-4.1**	-2.3
T statistic	(0.52)	(0.07)	(0.77)	(2.13)	(1.11)

Absolute value of t statistics in parentheses * significant at 10%; ** significant at 5%; *** significant at 1%

Table A24 New/repeat claims: LPWFIs impacts in percentage points, by age of youngest child, August-October cohort NDLP entry

Age of youngest 1 child	2	3	4	5	6	7	8	9	10	11	12	
5.25 less than 6	14.5	16.6	16.6	16.0	16.0	15.9	15.9	16.0	16.0	15.6	15.6	15.5
T statistic	(23.86)***	(23.22)***	(21.52)***	(19.28)***	(18.28)***	(17.41)***	(16.87)***	(16.56)***	(16.11)***	(15.45)***	(15.09)***	(14.79)***
6 years	16.5	18.3	18.4	17.8	17.0	17.3	17.3	17.0	17.0	16.5	16.2	16.7
T statistic	(29.63)***	(28.17)***	(26.11)***	(23.50)***	(21.36)***	(20.74)***	(20.09)***	(19.25)***	(18.82)***	(17.89)***	(17.19)***	(17.40)***
7 years	15.0	16.1	16.2	15.6	15.8	15.5	15.8	15.7	15.6	15.3	15.3	15.7
T statistic	(25.99)***	(23.79)***	(22.13)***	(19.79)***	(19.14)***	(17.93)***	(17.67)***	(17.13)***	(16.60)***	(15.97)***	(15.71)***	(15.84)***
8 years	13.9	15.1	15.1	14.5	14.1	14.1	14.1	13.9	13.5	13.3	13.2	13.7
T statistic	(22.87)***	(21.33)***	(19.66)***	(17.54)***	(16.24)***	(15.45)***	(14.97)***	(14.40)***	(13.67)***	(13.19)***	(12.83)***	(13.11)***
9 years	15.1	16.8	17.0	16.4	16.5	16.3	17.0	17.0	16.6	16.0	16.4	17.1
T statistic	(23.71)***	(22.53)***	(21.19)***	(18.99)***	(18.05)***	(17.08)***	(17.21)***	(16.81)***	(16.02)***	(15.16)***	(15.24)***	(15.65)***
10 years	12.8	13.5	13.5	13.1	12.9	13.2	12.9	13.0	13.2	13.0	13.0	13.1
T statistic	(19.14)***	(17.29)***	(16.03)***	(14.48)***	(13.50)***	(13.24)***	(12.52)***	(12.26)***	(12.14)***	(11.71)***	(11.56)***	(11.38)***
11 years	14.1	15.7	16.1	15.5	15.3	15.3	14.8	14.6	14.4	14.3	14.0	14.4
T statistic	(20.38)***	(19.44)***	(18.49)***	(16.51)***	(15.48)***	(14.81)***	(13.80)***	(13.32)***	(12.81)***	(12.44)***	(12.03)***	(12.07)***
12 years	13.5	14.8	14.9	13.8	13.9	13.7	13.6	13.6	13.9	13.5	13.9	14.3
T statistic	(18.53)***	(17.34)***	(16.07)***	(13.83)***	(13.30)***	(12.47)***	(11.99)***	(11.71)***	(11.72)***	(11.15)***	(11.27)***	(11.33)***
13 years	15.5	16.4	15.9	15.3	15.0	15.7	15.0	14.7	14.0	13.9	13.5	13.9
T statistic	(20.84)***	(18.84)***	(16.90)***	(15.05)***	(14.03)***	(14.03)***	(12.95)***	(12.40)***	(11.50)***	(11.25)***	(10.73)***	(10.81)***
14 years	12.7	13.7	13.9	14.0	13.7	14.3	13.8	13.9	13.6	13.5	13.4	13.8
T statistic	(16.49)***	(15.23)***	(14.22)***	(13.35)***	(12.39)***	(12.34)***	(11.55)***	(11.31)***	(10.88)***	(10.53)***	(10.29)***	(10.42)***
15 years	11.7	13.1	12.9	12.9	13.4	14.2	14.0	13.9	13.5	13.1	12.9	12.6
T statistic	(14.29)***	(13.60)***	(12.46)***	(11.54)***	(11.35)***	(11.50)***	(10.99)***	(10.61)***	(10.10)***	(9.63)***	(9.26)***	(8.89)***

Absolute value of t statistics in parentheses * significant at 10%; ** significant at 5%; *** significant at 1%

Table A25 New/repeat claims: LPWFIs impacts in percentage points, by age of youngest child, November-January cohort NDLP entry

Age of youngest child	1	2	3	4	5	6	7	8	9
5.25 less than 6	16.1	17.1	16.7	15.8	15.5	15.5	15.8	15.8	15.3
T statistic	(22.69)***	(21.27)***	(18.75)***	(16.56)***	(15.61)***	(15.09)***	(14.94)***	(14.58)***	(13.84)***
6 years	17.0	18.2	18.0	17.5	17.3	17.2	17.1	17.1	16.4
T statistic	(26.14)***	(24.57)***	(22.06)***	(19.96)***	(18.94)***	(18.15)***	(17.62)***	(17.20)***	(16.18)***
7 years	16.6	17.2	17.9	17.3	17.6	17.6	17.9	17.9	17.6
T statistic	(24.25)***	(22.12)***	(20.83)***	(18.71)***	(18.28)***	(17.68)***	(17.46)***	(17.06)***	(16.41)***
8 years	16.2	17.2	16.5	15.0	15.2	14.9	15.0	14.9	14.6
T statistic	(22.73)***	(21.22)***	(18.41)***	(15.66)***	(15.23)***	(14.40)***	(14.14)***	(13.67)***	(13.10)***
9 years	16.7	17.9	17.3	16.5	16.6	17.1	16.5	16.7	15.8
T statistic	(22.51)***	(21.24)***	(18.57)***	(16.56)***	(15.93)***	(15.83)***	(14.86)***	(14.74)***	(13.62)***
10 years	16.3	17.4	17.1	17.0	16.8	16.6	16.4	16.2	15.2
T statistic	(21.40)***	(20.06)***	(17.79)***	(16.48)***	(15.69)***	(14.98)***	(14.36)***	(13.90)***	(12.71)***
11 years	14.9	16.4	16.2	15.5	15.1	14.9	14.8	14.3	14.0
T statistic	(18.67)***	(18.03)***	(16.12)***	(14.38)***	(13.44)***	(12.80)***	(12.42)***	(11.69)***	(11.19)***
12 years	18.0	19.1	19.5	17.8	17.1	17.0	16.6	15.8	15.6
T statistic	(21.98)***	(20.43)***	(18.89)***	(16.05)***	(14.84)***	(14.26)***	(13.51)***	(12.61)***	(12.12)***
13 years	16.4	18.0	17.9	17.8	17.9	17.6	17.5	17.6	17.8
T statistic	(19.39)***	(18.62)***	(16.84)***	(15.57)***	(15.03)***	(14.30)***	(13.85)***	(13.62)***	(13.42)***
14 years	13.7	15.5	15.5	14.8	15.9	15.6	15.9	15.6	15.5
T statistic	(15.87)***	(15.81)***	(14.29)***	(12.71)***	(13.12)***	(12.40)***	(12.30)***	(11.83)***	(11.51)***
15 years	13.7	14.6	14.5	13.0	13.3	12.5	12.0	11.9	11.3
T statistic	(14.88)***	(13.96)***	(12.58)***	(10.45)***	(10.27)***	(9.35)***	(8.72)***	(8.44)***	(7.85)***

Absolute value of t statistics in parentheses * significant at 10%; ** significant at 5%; *** significant at 1%

Table A26 New/repeat claims: LPWFIs impacts in percentage points, by age of youngest child, February-March cohort NDLP entry

Age of youngest child	1	2	3	4	5	6
5.25 less than 6	14.1	15.1	14.9	15.1	14.8	15.4
T statistic	(20.54)***	(19.27)***	(17.52)***	(16.69)***	(15.66)***	(15.79)***
6 years	13.9	14.9	14.4	14.2	14.0	14.1
T statistic	(21.77)***	(20.45)***	(18.17)***	(16.89)***	(15.94)***	(15.52)***
7 years	13.1	14.0	14.0	13.7	13.3	13.4
T statistic	(19.35)***	(18.13)***	(16.76)***	(15.40)***	(14.35)***	(13.90)***
8 years	13.4	14.2	13.4	13.0	12.9	13.7
T statistic	(19.26)***	(17.85)***	(15.56)***	(14.20)***	(13.47)***	(13.80)***
9 years	13.3	13.7	12.7	12.6	12.6	13.2
T statistic	(18.09)***	(16.31)***	(13.95)***	(13.07)***	(12.48)***	(12.63)***
10 years	13.7	14.2	13.3	13.0	12.5	13.4
T statistic	(17.93)***	(16.33)***	(14.11)***	(12.96)***	(11.96)***	(12.33)***
11 years	12.5	13.4	13.0	12.5	12.1	12.2
T statistic	(16.00)***	(15.03)***	(13.36)***	(12.12)***	(11.24)***	(10.92)***
12 years	11.6	12.6	12.5	12.1	12.0	12.4
T statistic	(14.21)***	(13.50)***	(12.44)***	(11.26)***	(10.68)***	(10.71)***
13 years	14.5	15.7	15.5	15.0	13.9	13.7
T statistic	(17.31)***	(16.39)***	(14.97)***	(13.57)***	(12.07)***	(11.45)***
14 years	12.0	13.1	12.8	11.7	11.1	10.8
T statistic	(13.93)***	(13.36)***	(12.03)***	(10.27)***	(9.35)***	(8.77)***
15 years	11.3	12.8	12.2	11.7	11.9	12.5
T statistic	(12.38)***	(12.23)***	(10.82)***	(9.74)***	(9.43)***	(9.64)***

Absolute value of t statistics in parentheses * significant at 10%; ** significant at 5%; *** significant at 1%

Table A27 Stock Claims: LPWFIs impact estimates on exit IS, by age of youngest child

Age of youngest child	Exits to 3 mths impact	T statistic	Statistical significance	Exits to 6mths impact	T statistic	Statistical significance	Exits to 9 mths	T statistic	Statistical significance	Exits to 12 mths impact	T statistic	Statistical significance
12	0.15	0.54	0.59	0.51	1.40	0.16	0.44	0.91	0.36	0.71	1.34	0.18
13	0.09	0.38	0.70	0.35	0.80	0.43	0.49	0.86	0.39	1.12	1.80	0.07
14	0.32	0.75	0.45	1.08	2.54	0.01	1.83	3.63	0.00	2.49	4.34	0.00
15	-0.06	0.66	0.51	-1.56	3.84	0.00	0.34	1.56	0.12	-3.39	5.47	0.00

Data excludes: Northern Ireland, Jobcentre Plus, LPWFI pathfinder and One areas. T statistic shown in absolute value. Statistical significance indicates probability of accepting the null hypothesis that the coefficient is zero. Statistical significance of 0 indicates zero probability of accepting the null hypothesis that the coefficient is zero. Statistical significance of 0.05 indicates probability of accepting the null hypothesis that the coefficient is zero in a one-sided test at 5 per cent level of statistical significance.

Table A28 Stock Claims: exit rate for lone parent IS claims, 1999 and 2001

Exits up to	Stock of claims	1999	2001
3 months	LPWFI Eligible	4.12	5.77
	Comparisons	4.09	5.61
6 months	LPWFI Eligible	10.62	11.69
	Comparisons	9.51	10.33
9 months	LPWFI Eligible	16.52	18.77
	Comparisons	14.01	15.45
12 months	LPWFI Eligible	24.89	25.60
	Comparisons	19.84	19.96

Notes: LPWFI: stock claims with youngest child aged from 12-15.75 years. Comparisons: stock claims with youngest child aged 8 and less than 12 years. See Table 3.4 for description of stock analysis groups. Exit calculated within the period after the sampling date.

Appendix 3 Additional statistics

Description of WFTC

Working Families' Tax Credit (WFTC) was a tax credit available to working families responsible for at least one child under 16 (or under 19 if in full-time education up to A-level or equivalent standard). It was payable to two-parent and one-parent families. The applicant or the partner (if they had one) must be working 16 hours or more per week. Eligibility depended on hours of paid employment, the number of children, income, capital and formal childcare costs. WFTC was more generous than FC, with higher payments particularly for those with young children, higher earnings allowed before the credit was phased out, an increase in the threshold from £80.65 to £90 per week and a lower withdrawal rate taper (55% compared to 70% under FC). It also significantly changed the system of support for formal childcare costs. Under FC there was a disregard for childcare costs up to £60 before benefit phased out, which only benefited those parents earning more than the earnings threshold. Under WFTC, there was a payable childcare tax credit, giving a 70% subsidy on costs up to £150 a week for those with 2 or more children of any age, and paid on top of WFTC rather than an income disregard. Finally, while FC treated child support or maintenance payments above £15 a week as income, WFTC disregarded all child support when calculating awards. In addition to these changes, the payment mechanism of FC was a directly paid cash benefit administered by the welfare system but WFTC was paid by employers through wages, and they were reimbursed by Inland Revenue, and so administered through the tax system. Table A31 lists the various components of WFTC.

Table A29 Income Support Quarterly Statistical Enquiry figures, Great Britain

		Income Support claimants by statistical group: 1997 to 2003				
		All claimants	Statistical group			
			Aged 60 or over (MIG)	Lone parents	Disabled	Other
1999	February	3,815	1,620	940	914	341
	May	3,814	1,624	936	914	341
	August	3,835	1,628	940	926	341
	November	3,835	1,626	929	940	340
2000	February	3,806	1,604	919	949	333
	May	3,811	1,615	910	962	324
	August	3,845	1,638	909	976	323
	November	3,877	1,675	894	992	316
2001	February	3,890	1,679	895	1,003	313
	May	3,928	1,717	888	1,017	306
	August	3,963	1,736	893	1,033	301
	November	3,950	1,741	867	1,044	298
2002	February	3,941	1,737	861	1,054	289
	May	3,930	1,746	856	1,067	261
	August	3,960	1,758	861	1,077	263
	November	3,961	1,768	843	1,086	265
2003	February	3,960	1,769	837	1,093	261
	May	3,982	1,778	847	1,100	257

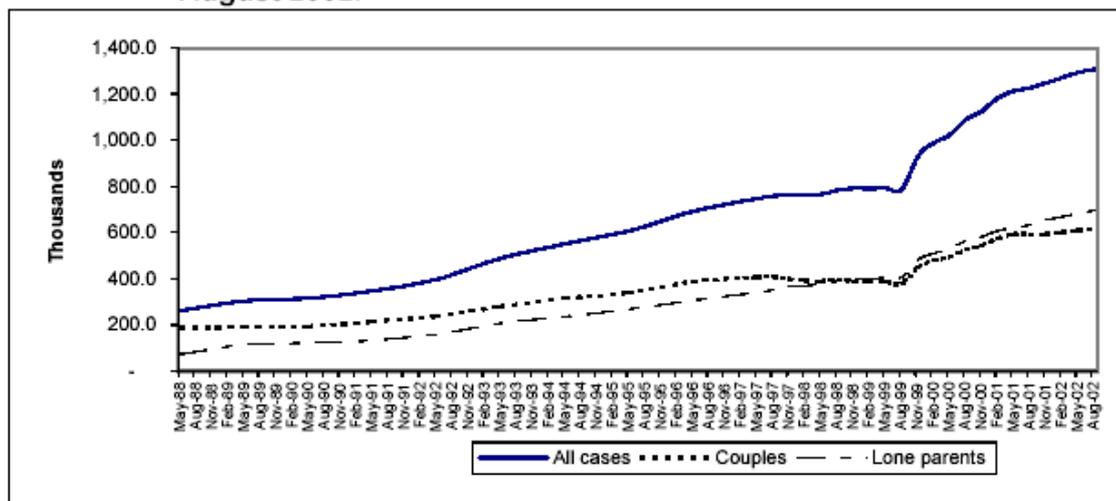
Source: Income Support Quarterly Statistical Enquiry, May 2003, Table 1.1

http://www.dwp.gov.uk/asd/asd1/is/is_quarterly_may03.asp

The data is based on a 5 per cent sample of all claimants in Great Britain whose benefit is in payment on the last weekend in February, May, August and November. Income Support is a noncontributory, income-assessed benefit available to people who are not required to work. Those aged 60 or over receive the Minimum Income Guarantee (MIG), which is paid as IS. These figures are not seasonally adjusted. Any comparisons should be made "year on year".

Chart A30: Working Families' Tax Credit Statistics Quarterly Enquiry, UK Time Series August 2002

Chart 1 : FC/WFTC recipients by family type, GB office, May 1988 - August 2002.



Source: Working Families' Tax Credit Statistics Quarterly Enquiry, UK Time Series August 2002, Chart 1 <http://www.inlandrevenue.gov.uk/wfctables/index.htm>.

Chart A30 shows quarterly series for the number of recipients of Family Credit and Working Families' Tax Credit, and their average weekly awards. For dates up to August 1999, the awards are of Family Credit. For November 1999 and February 2000, the recipient families are a mixture of Family Credit and Working Families' Tax Credit recipients. Family Credit recipients are those with awards starting up to 30 September 1999 and still current at the reference date. From May 2000, all the awards are of Working Families' Tax Credit. From May 2001, the figures initially published for each reference date have been based on extracts covering all awards current at the reference date according to data available three months later. They are consistent with the figures published in the geographical publications with the same reference dates. For earlier dates the figures were estimates based on data for a 5 per cent sample of all awards in Great Britain, and all awards in Northern Ireland, again extracted about three months later. To provide consistent estimates over the change of source, figures for May 2001 were compiled on both bases. The differences are due to sampling error in the sample estimates. The final figures, shown here for months up to May 2002, take into account awards made, disallowances and changes to termination dates that occurred after the data for the initially published figures were extracted. The sizes of the changes are estimated by analysing the 5 per cent sample of all awards extracted six months after the reference date.

Table A31 Working Families Tax Credit Rates and Threshold, 1999-2000 to 2002-03³⁹

		1999- 2000	2000- 2001	2001- 2002	2002- 2003
Basic tax credit					
WFTC	£ per week	52.30	53.15	59.00 ⁽⁴⁰⁾	62.50 ⁽⁴¹⁾
30-hour credit	£ per week	11.05	11.25	11.45	11.65
Child credits					
Under 11	£ per week	19.85	25.60 ⁽⁴²⁾	26.00	26.45
11-16 ⁽⁴³⁾	£ per week	20.90	25.60	26.00	26.45
16-18	£ per week	25.95	26.35	26.75	27.20
Childcare tax credit					
Maximum eligible childcare costs - 1 child ⁽⁴⁴⁾	£ per week	100	100	135 ⁽⁴⁵⁾	135
Maximum eligible childcare costs - 2+ children	£ per week	150	150	200	200
Percentage of allowed childcare costs in credit		70%	70%	70%	70%
Savings					
Amount disregarded	£	3,000	3,000	3,000	3,000
£1 per week income assumed per additional:	£	250	250	250	250
Upper limit (WFTC)	£	8,000	8,000	8,000	8,000
Reduction of award through income⁽⁴⁶⁾					
Income threshold - lone parent or couple	£ per week	90.00	91.45	92.90	94.50
Income taper rate		55%	55%	55%	55%
Minimum award	£ per week	0.50	0.50	0.50	0.50

³⁹ The rates apply to awards starting from the first Tuesday after 5 April in each year, unless otherwise stated. Source: TA.3 - Credit Rates and Threshold, 1999-2000 to 2002-03, http://www.inlandrevenue.gov.uk/stats/wftc/00ap_a3.htm#7

⁴⁰ For awards starting from 5 June 2001. £5.00 lower for awards starting during April and May 2001.

⁴¹ For awards starting from 4 June 2002. £2.50 lower for awards starting during April and May 2002.

⁴² For awards starting from 6 June 2000, £21.25 for awards starting during April 2000.

⁴³ These rates apply to awards starting from the September following the child's relevant birthday.

⁴⁴ Number of children for whom eligible childcare costs are incurred.

⁴⁵ For awards starting from 5 June 2001. The 2000-01 level for awards starting during April and May 2001.

⁴⁶ Income is net of tax, national insurance contributions and half of pension contributions, and excludes Child benefit, Housing benefit, Council tax benefit, maintenance and investment income. The award is reduced by the excess of income over the threshold, multiplied by the income taper rate.