

Working paper

The impact of research on the policy process

by Iain Boa, Paul Johnson and Suzanne King

Department for Work and Pensions

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Iain Boa, Paul Johnson and Suzanne King

A report of research carried out by Frontier Economics Ltd on behalf of the Department for Work and Pensions

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Foreword

Following a commission from the Department for Work and Pensions, Frontier Economics, with People, Science and Policy, report findings from their review of how the Department uses, manages and prioritises external social research. The review was based on interviews with more than 60 people from inside and outside the Department and desk-based work. The project was undertaken between November 2008 and February 2009 and focused on externally commissioned research programmes in the pensions and working age sides of the Department. The findings should, therefore, be viewed in light of the fact that the policy agenda has moved on in some of the areas that were the focus of the case studies and that since this time, further work has been undertaken in the Department to enhance procedures in data handling and security¹.

The background to this work is set out more fully in the main report. Briefly, the Department has often received positive appraisals and feedback on how it engages with social research to inform the policy process – most notably, the Capability Review of July 2008 rated DWP as ‘strong’ on its use of evidence. This project was intended to explore, in more depth, these assessments and help highlight ways in which the Department could further improve the overall high standards in this area.

The Department welcomes the overall findings of the report. There is positive reassurance in its key messages about the high quality of research that the Department produces and how it uses research to inform policy decisions.

The Department also notes the areas where Frontier Economics suggests improvements could be made, noting particularly *‘a greater senior focus on prioritisation, a clearer overall strategy and a greater focus on research to inform policy direction as opposed to smaller evaluations’*.

It is particularly important, in this time of financial constraint, that there should be a strong focus on how to ensure the Department maximises the value of the resources that it puts into its externally commissioned research. Since receiving this report, the Department has undertaken a number of new initiatives and ways of working:

- Strengthened central governance of research programmes for pensions and working age research. These changes will provide additional challenge to the social and economic research programme on the part of the Chief Analysts, including: identifying and challenging research plans and priorities; ensuring the right balance between short-, medium- and long-term research demands, as well as between evaluations, research and appraisal; and identifying opportunities to make links between studies to improve both value for money and comparability.
- At the same time this stronger central function will provide more support to individual projects.
- Increasing involvement of senior officials at an earlier stage of research planning and prioritisation of senior officials to ensure the Department takes account of immediate policy-related research needs as well as the more strategic needs of the Department.
- As part of this, the central teams will be looking more holistically at the Department’s investment in longer term data collections, such as the Family Resources Survey and the Wealth and Assets Survey. They will look at both the balance across areas of policy interest, and between this kind of strategic investment and shorter-term projects.

¹ For example, processes for assessing security arrangements of contractors and the security levels of specific projects.

- The central analysis teams will provide the critical challenge and supportive role to ensure that evaluations of programmes and policies are providing value. They will ensure that evaluations focus on key questions, and are designed and resourced in such a way as to maximise the chances of getting clear answers to these.
- Increased contact with external experts. Progress here includes:
 - after the Economic and Social Research Framework contract was refreshed in 2009, the Department held a poster event for Framework suppliers and Departmental analysts to meet and make links regarding research priorities;
 - pensions analysts convened a stakeholder day to discuss early thoughts on priorities for research, work being undertaken in other organisations and evidence gaps. This included participants from Government Departments, Think Tanks, Research Councils, academic organisations and charities;
 - the Department has continued to support seminars with external academics.²
- Increased narrative building around research evidence: The Department has introduced an Analytical Knowledge Store, which it is continuing to develop, to provide officials with better access to the wealth of evidence available. The Department has also commissioned a number of reviews of existing evidence in recent years.³
- Improved management information: A new database system is being introduced that will allow easier monitoring of progress made in research projects and of budget spend across different programmes.

The Department will continue its commitment to publish all social research and will continue to see how it can work with external researchers and stakeholders to help identify research gaps and ways of addressing them. The Department is continuing to engage with the detail in this report to ensure that its high standards in the production and use of social research are maintained and further improved.

Amanda Rowlett

Chief Analyst, Department for Work and Pensions

² For example, key recent topics include lone parents, inequality, housing wealth in retirement and European pension reform.

³ For example, an authoritative review of the evidence on the links between work and health (Waddell, G. and Burton, A.K. (2006). *Is work good for your health and well-being?*) and more recently of the evidence on the effectiveness of employment programmes during a recession (Stafford, B. and Duffy, D. (2009). *Review of evidence on the impact of economic downturn on disadvantaged groups*. DWP Working Paper No. 68).

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Summary

This report looks at the question of how well the Department for Work and Pensions (DWP) uses, manages and prioritises external research. It is based on an in-depth examination of four areas of the Department's activity and the associated research reports and their use. The findings are based on conversations with more than 60 people from inside and outside the Department that took place between November 2008 and February 2009, as well as the reading of a number of research reports and policy documents.

We conclude that DWP is generally strong in its use of evidence and makes good use of externally commissioned research. Evidence, including that gathered through the research programme, was heavily used in all the areas we examined. There is clearly a positive culture within DWP which supports the use of evidence – a culture which is shared and driven at the most senior levels. We were told by all those we interviewed who had experience of working in or with other government departments that the culture and capability within DWP is at least as good as that elsewhere in Whitehall, and generally better.

In the areas we considered⁴ it was clear, for example, that:

- the design and implementation of the Employment and Support Allowance (ESA) was heavily influenced by the findings of the evaluations of the Pathways Pilots;
- the Flexible New Deal (FND) builds on a great deal that has been learnt from research on, and evaluations of, previous New Deal and active labour market policies;
- policy on workplace pension reform and auto enrolment into employer provided pensions was influenced by research commissioned by DWP both before The Pensions Commission⁵ and since;
- surveys and research have informed policy towards occupational pensions more generally.

Our full list of findings and recommendations is set out in Chapter 6 of this report. The Department has a very strong base and positive culture on which to build.

At the level of process and organisation, relationships between policy makers and researchers seem to be good and effective; management of research is professional, relatively well resourced and generally positively viewed by the external researchers themselves. The commissioning of research is swift and flexible. There is however scope to improve in a number of specific areas:

- the research procurement process works very well for the Department and for many of those on the framework contracts. However, the process for getting on to the framework contract is complex, and seen by some as overly bureaucratic. This may limit the range of those working with the Department;
- there may be room for being more explicit with outsiders about what role they might be able to play proactively in setting research agendas with the Department; and

⁴ It should be noted that this project was undertaken before the recent election while the previous administration was in government.

⁵ See The Pensions Commission first, second and final reports (The Pensions Commission, 2004, 2005 and 2006 respectively). The commission was chaired by Lord Turner. The personal accounts scheme is now known as NEST – the National Employment Saving Trust.

2 Summary

- more working across the pensions and working age groups would be beneficial in helping to ensure that learning from research in one group is spread across the Department. There is also scope for working better with other Government departments.

Policy makers in the Department expect to be using evidence in making their decisions. In many areas DWP sponsored research has helped set the policy agenda and in many more it has been used to help design and implement policy. The accumulation of knowledge from evaluations of active welfare to work policies, and information from evaluations of Informed Choice pilot schemes for pensions have without question helped set policy strategy.

Often the biggest barrier to use of research was the speed with which policy was made and decisions had to be taken. Related to this we found scope for improvements in research prioritisation to improve the chances that key issues are addressed:

- there is scope for greater senior involvement⁶ in setting medium-term research priorities, and more focus on these priorities in the research programme. It would be helpful to review priorities quite actively and extensively every three years or so; and
- there may be scope for focusing more on understanding key client groups – employers, self-employed people or those on particular benefits, for example.

There is a particular issue around the use and prioritisation of evaluations. While some of the very best evaluations across government are done in DWP, there is also a tail of much less useful studies, with little or no overarching strategy for controlling them or maximising their usefulness. The Department could usefully shift resources from some of the less helpful evaluations to longer-term research studies.

There is also scope for more effort being put into ‘narrative building’ around the current evidence base and use of the current evidence base to provide strategic direction for policy. This could include greater use of synthesis reports, use of researchers to provide evidence-based strategy proposals and a more general focus on encapsulating research findings succinctly and compellingly.

Overall this suggests a greater senior focus on prioritisation, a clearer overall strategy and a greater focus on research to inform policy direction as opposed to smaller evaluations.

⁶ While formal opportunities do exist for senior engagement our interviewees felt that the nature of these processes made it difficult for them to fully engage in the prioritisation of the research programme.

1 Introduction

1.1 Objectives

Frontier Economics, with People, Science and Policy, was commissioned by DWP to help it understand the relationship between the research it commissions and the development of policy at the Department. In particular, DWP wanted to understand what aspects of the design, management and dissemination of the research it commissions could be improved in order to enhance its impact on the policy-making process.

The Capability Review of July 2008 rated DWP as ‘strong’ on its use of evidence. Part of the motivation for this project was to explore this conclusion in more depth and to understand where the strengths and weaknesses in the Department’s use of evidence lay. Our focus is on externally commissioned research, not on the whole of the Department’s extensive analytical effort.⁷

Our aim is not to judge the quality of the research that DWP commissions. We do not provide an assessment of the calibre of DWP research output. Instead we look to understand whether, taken as a whole, the research programme that the Department has commissioned in recent years has allowed it to better answer the policy questions it has faced.

We understand of course that research findings are but one influence on the policy-making process. Legal, financial and political concerns also have rightful places in the process. Moreover, research evidence takes time to accumulate and often the impact is not linear or immediate. Indeed the different timescales of research and policy-making are a major area of tension in the usefulness of research in policy-making.

Whilst we try to draw general conclusions we have of course not been able to look comprehensively across all of the Department’s research and policy activity. Indeed as we explain in Section 1.2 we have taken a selective case study approach. All our findings and conclusions should be taken in that context.⁸

1.2 Method

In order to gain an in-depth understanding of the interplay between research and policy-making we have focused on four case studies relating to key areas of DWP policy. However, it should be noted that this project was undertaken before the recent election while the previous administration was in government. These are:

- the development of workplace pension reform⁹;
- the use of Pathways to Work pilots and development of ESA;

⁷ The report does not look at the impact of internal analysis or work commissioned by customer insight and communications.

⁸ We stress that this report should be read with the caveat in mind that as we adopted a case study approach, our findings should be treated as an **indicative** view, rather than a **comprehensive** assessment of the impact of research on the policy process at DWP.

⁹ This includes the development of policy around NEST, which was at the time of the interviews for the report known as the Personal Accounts scheme.

- the development of the FND; and
- the regulation of the occupational pension schemes.

There have been major policy announcements in these policy areas in the second half of 2008,¹⁰ within a few months of us undertaking this study. The story of how policy has developed in each of these areas has provided the evidence base for this report. These case studies are outlined briefly in the next chapter.

The authors were responsible for deciding which policy areas to select for case studies and which individuals to interview, although DWP officials were important in identifying relevant interviewees and helped in arranging some interviews.¹¹ We selected the case studies to encompass a range of examples of research and policy making in DWP, whilst maintaining a focus on the work of the main policy groups within the Department.¹²

Officials from policy, research, statistics and economics specialisms were interviewed for each case study: some in small groups, some individually, and some by phone – a few sent written comments. Administrative staff were consulted over some of the budget management procedures. For each case study a few external stakeholders were interviewed including some research contractors, some academics and some lobby groups/customer representatives. Some staff had moved on to new areas of work but we were able to get some input from many of these. All interviewees were guaranteed confidentiality.

Interviewees were keen to discuss more general issues related to the way in which DWP prioritises, manages and disseminates research. These comments have also informed this report.

1.3 Report structure

The report is organised around the following topics:

- a brief description of DWP's research programme and an overview of the case studies we considered;
- an assessment of the effectiveness of processes: research prioritisation; research management; and dissemination of research findings;

¹⁰ For example, the Pensions Act 2008 which covers workplace pension reform and auto enrolment gained royal assent in November 2008, ESA was introduced on 27 October 2008 for new claimants of incapacity benefits.

¹¹ While for confidentiality reasons we cannot identify individual interviewees, they included a broad cross-section of those who could provide insight into how research influences DWP's policy-making process. Within DWP we interviewed: social researchers, statisticians, economists, policy staff, staff involved with delivery and members of senior management. Outside of DWP we interviewed individuals who had conducted research on behalf of DWP (academics, representatives of market research companies, and members of research institutes), relevant industry representatives, representatives from lobby groups and members of other Government departments, advisory boards, regulators and delivery agencies. We did not interview ministers or any other representatives of a political party.

¹² Since writing this report DWP has been reorganised internally. The Work Welfare and Employment Group (WWEWG) has been split into two separate groups. Throughout the report we refer to the two groups together as WWEWG.

- the impact of policy on research: the research culture within DWP; and the policy impact of research;
- findings and recommendations.

The evidence has been analysed to draw out themes and issues. We have attempted to draw out examples of good practice and made recommendations on how internal processes might be strengthened to ensure that research findings are taken on board in the development of policy, while acknowledging that other factors also rightly influence policy development.

2 Department for Work and Pensions research programme

2.1 Introduction

This chapter sets the background against which the findings in Chapters 3, 4 and 5 should be set. We begin with an overview of the external research and evaluation commissioned by DWP, before moving on to short descriptions of the case studies that form the core of our evidence base.

2.2 What does DWP commission research on?

Given the management information systems in use at present within DWP, it is difficult to break down the Department's research spending by policy area or methodology on any consistent basis over time. Hence, in this section we provide aggregate data on total research spending, alongside examples of recent DWP projects that fall into broad methodological or strategic/operational categories.

We would recommend that DWP investigates developing improved management information systems with respect to the work it commissions, so that it is better able routinely to track the breakdown of its research spending by theme over time.

2.2.1 Research spend

Table 2.1 below sets out some details of WWEG and Pensions Client Group¹³ (PCD) expenditure on research over the period 2005/06 to 2007/08.

Table 2.1 Research budgets

| | WWEG | PCD |
|--|-------|---|
| Average planned expenditure at the start of the year (to be funded out of the research budget) | £8.6m | £5.3m |
| Average planned expenditure at the start of the year (to be funded out of programme budgets) | £2.8m | All PCD research is funded out of the consolidated research budget. |
| Average percentage of funding (research and programme budget funded) committed to ongoing projects at the start of the year. | 38% | 51% |

Source: DWP.

¹³ Since writing this report DWP has been reorganised internally. The Work Welfare and Employment Group (WWEG) has been split into two separate groups. Throughout the report we refer to the two groups together as WWEG.

From our discussions with stakeholders within the Department the current data transfer embargo¹⁴ will lead to a considerable underspend on externally commissioned research in 2008/09. As such the planned figure for 2008/09 is likely to be substantially higher than the actual spending figure within both Pensions and WPEG.

2.2.2 The different types of research commissioned by DWP

Given the broad nature of DWP's remit it is not surprising that the research work it commissions covers a wide range of subject matters and employs a variety of both qualitative and quantitative methodologies. Additionally, the Department's responsibilities for administering the benefits system means that a large part of DWP's research programme also has an operational focus.

In order to provide the reader with an idea of the range and scope of DWP's research programme¹⁵ we give examples of recent research projects commissioned by the Department according to whether they were operational or strategic in nature, or whether they employed quantitative or qualitative techniques.

We define research projects as being strategic in nature when they help DWP to decide how it wants to develop policy in a given area. Operational research projects are categorised as those that are designed to identify how DWP can implement and deliver existing policy better.

Examples of strategic research projects carried out by DWP include:

- funding for large-scale surveys such as the Wealth and Assets Survey (WAS) and the English Longitudinal Study of Ageing (ELSA);
- work within Pathways to Work looking at welfare to work policies for disabled people in the USA;
- a study looking at private sector led delivery of welfare benefits in Australia and the Netherlands; and
- the development of better poverty measures by improving the questions asked on the Family Resources Survey.

Examples of shorter-term or more operationally-focused research include:

- The Pension Service's customer survey;
- studies on the challenge of implementing condition management programmes within Pathways to Work; and
- studies examining the impact of placing benefit advisers from Jobcentre Plus within GPs' offices.

It is important to note that DWP is not the sole funder for a number of projects it is involved in. For example, the ELSA is funded by a consortium of UK Government departments¹⁶ in conjunction with the National Institute of Ageing in the USA.

¹⁴ There are currently a large number of restrictions in place across government on transfer of data to and from external contractors. These restrictions came into place at the beginning of 2008 and have meant that a number of research projects scheduled to take place in 2008/09, that involved the transfer of data to external contractors have had to be postponed or abandoned.

¹⁵ Appendix C lists in full the research reports published by DWP during 2008.

¹⁶ Department for Transport, Department of Health, Office of National Statistics, Department of Environment Food and Rural Affairs, Her Majesty's Revenue and Customs and the Department of Communities and Local Government.

The research projects that DWP commissions employ a wide range of methodologies, ranging from detailed in-depth interviews with particular client groups to econometric evaluations of welfare to work programmes. While the categorisation of projects according to methodology employed is arbitrary, it can help to provide an understanding of the range of work the Department undertakes.

Examples of qualitative research carried out by DWP include:

- a feasibility study for a large-scale survey investigating the costs of running a pension scheme;
- a study investigating the information that individuals said they require to decide whether to remain in or opt out of a workplace pension; and
- work examining the impact for lone mothers of moving into employment assisted by tax credits.

Examples of quantitative research carried out by DWP include:

- surveys of employers' pension provision;
- an econometric evaluation of the New Deal for Lone Parents;
- work looking at the effect of different methods of contacting those claiming Jobseeker's Allowance (JSA);
- a study of whether the price of annuities in the UK represented fair value; and
- a cost benefit assessment of Pathways to Work.

The examples above highlight the need for DWP's research programme to be flexible enough to answer a broad range of questions using a variety of different methodologies.

As well as the type of projects given as examples above, DWP also commissions a number of synthesis reports from external contractors. These reports are generally thought to be very useful by the internal stakeholders that we interviewed.

2.3 Case studies

The aim of the case studies used in this report is to provide the evidence base for an overarching assessment of the impact of DWP's research. To do this we decided to use broad policy area as the basis for case studies rather than individual research projects. The reasoning behind this was that it made it easier to gain an appropriate coverage of both the different types of research that DWP commissions and to capture the different ways that research can impact upon the policy process. It should be noted that this project was undertaken before the recent election while the previous administration was in government

To select the policy areas we used the following criteria:

- whether any significant policy decisions had been taken in the area recently; and
- the amount of research that DWP had commissioned in the area.

These criteria were agreed with DWP, but the choice of case studies was solely our responsibility. In turn, we selected the following areas for our case studies:

- the development of workplace pension reform (which includes automatic enrolment);
- the regulation of occupational pension schemes;
- the Pathways to Work pilots and the development of the ESA; and
- the development of the FND.

To inform the report we interviewed¹⁷ internal and external stakeholders about how they thought DWP's research influenced the policy process in the case study areas. In some cases these individuals were interviewed on their own, in others as part of small groups or larger focus groups. The aim in interviewing a broad range of individuals was to avoid biasing our findings towards the prejudices of any particular group of stakeholders.

Our interviewees did not always agree with each other on the impact that DWP's research had had on the policy process. Throughout the report where there was disagreement amongst our interviewees we provide both viewpoints.

Given the differences between these policy areas we adopted an approach that was specifically tailored to each of the case studies. Below we provide some background information for each of the case studies we selected.

2.3.1 Workplace pension reform¹⁸

In December 2002 the Government set up the independent Pensions Commission. The Pensions Commission was tasked with reviewing the longer-term challenges faced by the pensions system and with making subsequent recommendations for reform. The Commission published its conclusions in November 2005.

The commission¹⁹ recommended that:

- all employees earning above a minimum level should be automatically enrolled into a pension;
- employers should make a compulsory contribution to this pension; and
- where the employer did not have suitable pension provision itself employees should be automatically enrolled into a National Pensions Saving Scheme (NPSS).

The argument for automatic enrolment was based on a range of evidence including evidence from behavioural economics. In particular, the findings of The Pensions Commission were influenced by work undertaken by DWP that showed that improving individuals' access to information around pensions did not lead to them saving more for retirement.²⁰

The recommendations of The Pensions Commission²¹ formed the basis of a subsequent debate over the future of non-state pension provision in the UK.

The Government published two White Papers in 2006 setting out its own proposals for reform. The first White Paper *Security in retirement: towards a new pension system* (published in May 2006) set up a large-scale consultation exercise called the national pensions debate. The second White Paper *Personal accounts: a new way to save* (published in December 2006) covered the details of the Government's proposals, which closely followed the recommendations of The Pensions Commission.

¹⁷ Summary topic guides for the interviews are presented in Appendix C of the report. Generally, interviews lasted for around one hour and were conducted face to face. Interviewees were probed to explain the reasons behind their responses in order to help develop a fuller understanding of their views on the effectiveness of DWP's research programme.

¹⁸ This refers to the development of policy around NEST, which was at the time of the interviews for the report known as the Personal Accounts scheme.

¹⁹ See The Pensions Commission's second report (The Pensions Commission, 2005).

²⁰ See Leston and Watmough (2005) for a synthesis report of the evaluation findings.

²¹ See The Pensions Commission's first, second and final reports (The Pensions Commission, 2004, 2005 and 2006 respectively).

The Pensions Act 2008, which received Royal Assent in November 2008, enacts many of The Pensions Commission's proposals into law. Most of the measures in the Act are currently planned to come into effect from 2012.

The Act makes provision for a legal duty on employers to automatically enrol all eligible jobholders into a workplace pension arrangement that meets certain quality criteria. The Act also creates the scope for requiring employers to make a minimum contribution to that qualifying arrangement. Those envisaged to be automatically enrolled are jobholders aged 22 and over and under State Pension age who earn above £5,035 (in 2006/07 earnings terms). The employer contribution will be further supplemented by the jobholder's own contribution and from the Government in the form of tax relief.

The Act also allows for the introduction of a new low-cost, simple pension scheme to ensure that all employers have access to a suitable pension arrangement in order to fulfil their duties under the reforms. The National Employment Savings Trust has been set up to operate from 2011 with this aim in mind.

It is planned that employers will be able to choose which scheme to automatically enrol their eligible jobholders into – this could be the NEST scheme, an existing pension arrangement or any other scheme providing that it meets the quality criteria.

There has been significant consensus around the principles of reform and the Department is continuing to work with stakeholders on the details of how they will work in practice. Since The Pensions Commission, the focus of the Department's research has been on how to implement the workplace pension reforms, and estimating the likely outcomes.

In this case study we looked at the impact of research on the Government's decision to accept the recommendations of The Pensions Commission, and on how to implement these recommendations. These decisions included:

- how to implement the NEST scheme;
- the level of contributions required from employers and eligible jobholders; and
- how to take account of the impact of the reforms on existing pension schemes.

Research projects

The main external research work commissioned by DWP on workplace pension reform post The Pensions Commission covers the question of model choice (see for example Malcom and Wilsdon, 2006a and 2006b), attitudes and likely responses to the proposed reforms (see for example Tredwell and Thomas 2007, Grant *et al.* 2007, Webb *et al.* 2007 and Gray *et al.* 2007).²² Prior to the publication of The Pensions Commission report the main external research projects undertaken by the Department relate to the Informed Choice agenda (see for example Leston and Watmough, 2005).

²² The research on likely responses to reforms relied on self-reported data on employers' and employees' reactions to the proposed changes.

2.3.2 Pensions regulation

Following publication of the White Paper *Security in retirement: towards a new pensions system* in May 2006, an advisory group²³ was established to help the Government carry out an ongoing review of the regulation of occupational pensions. The context for the work has been a steady reduction in coverage of private sector employees by defined benefit occupational pension schemes and a need to understand the impact of regulations on this trend.

In December 2006 Chris Lewin and Ed Sweeney were appointed by the Government to work with the advisory group as external reviewers. As part of this work they issued a consultation document in March 2007, which set out the issues raised during their meetings with stakeholders. The report to Government from the external reviewers, *the Deregulatory Review of Private Pensions*, was published in July 2007. The Government's response was published in October 2007. This set out proposals for change and sought views. The response to the consultation was published in December 2007. The Government decided to limit the requirement to index pension entitlements pre-retirement to 2.5 per cent annually.

Over recent years there has been a shift in the provision of private pensions away from defined benefit towards defined contribution arrangements. In this case study we examine the extent to which DWP's research agenda has addressed the issue and allowed the Department to gain an understanding of the drivers behind this shift.

In this policy area there has been less policy activity and less DWP research feeding directly into policy decisions than was the case with the other areas we have examined. Nevertheless, it is an important area with some activity and provides a good additional example of the relationship between research and policy.

Research projects

Less external research work has been undertaken in relation to the regulation of private pensions than in the other case studies. The main pieces of work undertaken recently relate to a feasibility study for a survey of scheme administration costs (Leston *et al.*, 2008), and a piece of qualitative work on employer attitudes to risk sharing (Thomas and Allen, 2008).

2.3.3 Pathways to Work

In May 2007 the Welfare Reform Act 2007 received Royal Assent. This brought into law a number of measures relating to the reform of incapacity benefits, including the introduction of a new Employment and Support Allowance (ESA). In October 2008 ESA replaced Incapacity Benefit (IB) and Income Support based on incapacity or disability, for new claimants of these benefits. Existing claimants of these benefits will be moved over to ESA between 2010 and 2013. ESA imposes significant conditions upon those receiving the benefit, while at the same time offering them access to a wide range of support programmes aimed at helping them to enter the labour market.

Welfare reform has been an active policy area over recent years in the UK. This activity has been driven by concerns over both the large number of individuals on inactive benefits, and the wider

²³ The following are members of the advisory group: the Actuarial Profession, Association of British Insurers, Association of Consulting Actuaries, Association of Pension Lawyers, Confederation of British Industry (CBI), Investment Management Association, National Association of Pension Funds, the Pension Protection Fund (PPF), The Pensions Regulator (TPR), Superannuation Arrangements for the University of London, Society of Pension Consultants, Trades Union Congress and Unite.

social impacts of worklessness. In recent years the Government has attempted to tackle these problems by increasing the support for those suffering from long-term illness to find employment, along with tightening the eligibility criteria and the conditionality associated with receiving incapacity benefits.

The Pathways to Work programme came out of these concerns. It was modelled to a significant extent on the New Deals, and its core consisted of a series of Work Focused Interviews and specialist support programmes for incapacity benefits claimants. The aim behind Pathways to Work was to see whether active labour market policies could have the same success in helping those with disabilities and long-term illnesses enter the labour market as the New Deal programmes had had with the long term unemployed. At the time Pathways to Work was introduced very little was known about the effects of welfare to work policies for disabled people.

The evaluation of Pathways is a major piece of work commissioned and managed by the Department, which is continuing to this day. Alongside other work, such as the evaluation of the New Deal for Disabled People (see Stafford, 2007 for a synthesis report), it forms the basis of DWP's knowledge on welfare to work for disabled people. In this case study we look at both the impact of the evaluation of Pathways to Work on the development of ESA and on the Department's knowledge base in relation to welfare to work reform.

Research projects

The main external research projects commissioned by DWP in relationship to the original development of Pathways to Work relate to the evaluations of the performance of the JSA regime and the New Deals; the design of Pathways was informed additionally by a wide range of external research. Pathways itself was a major exercise in broadening the Department's knowledge of welfare to work for disabled people. The initial findings of the Pathways evaluation are synthesised in Dorsett (2008) and more recent findings are available from the research section of the DWP website.

2.3.4 Flexible New Deal

The New Deal for Young People (NDYP) was set up in 1998 to help reduce long-term youth unemployment. The success of the NDYP led to a series of other client group specific New Deals being set up.²⁴ Each of these New Deals has provided support to those targeted in a slightly different fashion. Some of the programmes are voluntary, while others are compulsory. At the core of each of the New Deals are a series of Work Focused Interviews. These aim to enable individuals to enter the labour market more quickly by addressing any barriers to employment they may face.

The New Deals and JSA have been robustly evaluated by the Department. There is a large evidence base supporting the precise structure of the JSA regime. This evidence base covers amongst other things the most effective form of contact between Jobcentre Plus and those claiming JSA and the way that the level of support available to individuals increases with the length of time they have been claiming JSA.

While having separate client group specific New Deals offers a great deal of flexibility, it runs the risk that an individual will not achieve the appropriate level of support if they do not fall under one of the specific New Deal categories. The annex of the 2007 Green Paper *In work better off: next steps to full employment* sets out the Government's proposals for reforming the JSA regime. The aim of these

²⁴ New Deal for Lone Parents (1998), New Deal for Partners (1999), New Deal for the over 50s (2000). New Deal for Disabled People (2001), and the New Deal for 25+ (1998). The year in brackets refers to the year in which the programme was set up. A New Deal for Musicians was also established over same period, but our understanding was that this was delivered within the other New Deal programmes.

reforms was to increase the effectiveness of the welfare system in helping individuals to return to the labour market, through increasingly personalised support and increasing conditionality with the duration of claiming JSA. The FND is part of this revised regime for JSA. During the first 12 months of claiming JSA, individuals are supported by Jobcentre Plus. After this period, if they remain on JSA, they enter the FND.

The Government of the day saw the FND as a key part of implementing the vision set out in David Freud's report, *Reducing Dependency, Increasing Opportunity* published in 2007. The desire to increase the flexibility with which the New Deals were delivered was a major part of *Building on the New Deal: Local solutions for individual needs* (BoND) published in 2004. The FND is (to be) delivered by specialist back to work providers in the public, private and third sectors. It will be the first programme commissioned under the new DWP Commissioning Strategy.

In this case study we focus on the role that research played in the design and implementation of the FND as part of the revised JSA regime.

Research projects

The main external research projects commissioned by DWP in relationship to the development of FND relate to the evaluations of the performance of the JSA regime, the New Deals and Employment Zones. The findings of these research projects are summarised in the *Flexible New Deal evidence paper* (DWP, 2007).

3 Research processes

3.1 Introduction

In this chapter we present our assessment of how well DWP prioritises, manages and disseminates the external research it commissions. In doing this we draw heavily on the four detailed case studies we conducted. Our aim here is to explore whether the processes in place within DWP enable the Department to effectively commission the external research it requires to help it to meet its policy goals. In order to address this issue we focused on the following questions:

- **How effective is the research prioritisation process** – how good is DWP at identifying the issues that can be addressed by research in ways that are useful to policy making?
- **How well is the research managed** – does DWP have effective management processes in place to ensure that it gets the best out of the external contractors it commissions to carry out the research?
- **How well are the findings of the research DWP commissions disseminated across the Department?**

In Appendix A we provide factual descriptions of the processes involved in prioritising, commissioning and disseminating research within WPEG and PCD. The main differences are in the way in which the two groups prioritise research. Where possible in this chapter we compare and contrast the performance of WPEG and PCD.

3.2 Summary and context

It is important to put our findings and conclusions into context. There are clearly things that DWP could do better in each aspect of the research and policy-making process and there are definitely some inconsistencies over how research is prioritised and used in different parts of the Department. Nevertheless, overall we were struck by the extent to which DWP appears to have a positive culture of managing and using research:

- the majority of both policymakers and analysts to whom we spoke clearly believed both that the Department should, and does, make good use of evidence. There is a positive attitude and culture with respect to research;
- we spoke to a number of DWP officials and a number of external researchers who had worked in or with other departments. All were agreed that DWP used and managed research very well by comparison with others in Whitehall; and
- whilst there were some differences between the policy areas we examined, all were able to draw on a good evidence base – some internally generated, some externally commissioned.

Inevitably much of this report will focus on areas where DWP could improve its processes and draw lessons from issues that we have identified. However, we want to stress that this is within the context of a Department which appears, both by general acclamation and objective examination of its policy-making process, to have embedded the use of research and evidence very effectively within its processes and culture.

3.3 Identifying and prioritising research

Considerable effort is put into ensuring that appropriate work is prioritised, and overall the process of prioritisation seems to work well. Most if not all of the researchers and policy officials to whom we spoke felt that the researchers and other analysts worked closely and effectively with those formulating policy. This meant that researchers had a very good sense of emerging priorities. In all the areas we looked at we came across good examples of where the prioritisation process had resulted in research being commissioned that had been important in defining policy.

Within this context there are a range of issues which could be addressed to ensure more effective prioritisation:

- whilst the formal processes do involve senior input into prioritisation, the momentum behind the process at times appears to come from the bottom up. A number of senior policy stakeholders suggested that they did not quite make the inputs they would have liked;
- both senior officials and researchers who had worked with DWP felt that there should be more opportunity to suggest projects at the start of the research prioritisation process;
- there is a lack of effective prioritisation of evaluations. Numerous stakeholders suggested that a number of evaluations took place which were predictably ineffective in adding much to the sum of knowledge. There appears to be too many small scale evaluations that provide little or no information on the effectiveness of the policy; and
- there is not enough chance to prioritise research with medium-term, more strategic, outputs.²⁵

The research prioritisation process is separated between the two groups within the Department. This means that need for research and evaluation in one group is not balanced or traded off against the need in the other. We can understand this given the complexity of issues involved but, if resources become more stretched then cross-directorate prioritisation may become more important. Perhaps more importantly, this is one symptom of a perhaps excessive degree of separation between the groups which can make learning between groups more difficult than otherwise would be the case.

We note that at present, while a member of the PCD research team sits on the WWEG Evidence and Analysis Steering Group, no member of WWEG sits on the Pensions Research Steering Group. This anomaly should be rectified.

Compared to PCD there appears to be less centralised management of the prioritisation process within WWEG. This means that the WWEG process involves fewer meetings than the PCD process. The PCD process has in the past started somewhat later than the WWEG process. This has meant that PCD, unlike WWEG, has tended not to have completed its prioritisation process in time to begin commissioning new projects at the start of the next budget year.²⁶

3.3.1 Senior engagement²⁷

Significant efforts are made both in WWEG and PCD to involve and get guidance from the most senior policy officials and senior analysts in setting research priorities. They had certainly been involved with regard to work on workplace pension reform and Pathways. Indeed, for research informing particular immediate policy programmes senior engagement clearly was significant. As far

²⁵ See Section 3.3.4 on medium-term planning.

²⁶ While each approach has its pros and cons we do not as part of this report seek to judge which of the two prioritisation process adopted by WWEG or PCD on balance is more effective.

²⁷ By senior we mean analysts and policy makers who are members of the Senior Civil Service.

as we understand it the research programme supporting policy development on workplace pension reform was discussed and approved by the senior team overseeing policy development.

However a number felt that more generally, whilst they formally had the opportunity to engage and help set priorities, the reality they perceived was of a process over which they had relatively little control beyond formal sign-off.²⁸ As one put it to us ‘we end up with too much to discuss and too little time; presented with long lists of projects and issues’. This appears to be an issue particularly outside of immediate policy priority areas – where an issue might have important implications either for less central policy areas or where the policy priority will not surface for a year or two. Of course timescales are such that this is exactly the point at which senior direction would be helpful.

We were left with a sense that divisional involvement in the research prioritisation process was often delegated to analysts within the division. While this was presented as ‘policy colleagues trusting analysts’, senior policy involvement is vital in ensuring that the right research is commissioned to meet policy needs, especially medium-term information needs. At the same time, we believe that senior analyst involvement is vital to ensure that the research can meet policy needs. Our overall impression is that at middle and more junior levels in the Department policy and research officials work well together in defining priorities but there is scope to increase strategic engagement at a senior level.

3.3.2 Medium term planning

Related to the issue of senior engagement, there doesn’t appear to be an over-arching research strategy set by senior staff for the Department as a whole which bites on the prioritisation process. In some of the areas we examined the issue of what we might loosely characterise as ‘forward planning’ came up on a number of occasions. By this we take people to have meant the ability to have research in place to inform likely future policy priorities and to take account of a changing set of external circumstances

In many areas we saw evidence of good practice. By investing heavily in datasets like the WAS and FRS DWP has ensured a strong ongoing evidence base. As one would hope, planning is already underway for the evaluation of the impact of workplace pension reform. Further back, a set of very helpful work was carried out at DWP looking at the effectiveness of information and advice in increasing participation in pensions (it was shown to be ineffective) and drawing on developments in behavioural economics to understand the possible role of auto-enrolment. This helped set the scene and evidence base for The Pensions Commission.

However, there are also examples of where, arguably, predictable future evidence needs were not served by the research programme. One good example from our study was the development of the evidence base supporting the FND. The Department published in 2004 a substantial piece of policy development and analysis under the banner *Building on New Deal*. This looked at ways in which the New Deal programmes could be taken forward, and included a detailed analysis of what had been learnt from the extensive evaluations of those programmes. It also identified some significant evidence gaps, including the effectiveness of using private delivery organisations (for which there was some positive, but not comprehensive or watertight evidence).

At the time, BoND was not translated into policy. However, many of its elements are now to be found in FND which has been enacted. Interestingly, what did not appear to happen in the intervening years was a concerted effort to fill the evidence gaps that had been identified as part of the BoND process. (In particular there appears to be little more evidence now with regard to the relative effectiveness of different models of private sector delivery than was the case in 2004.)

²⁸ This was expressed by senior staff both within WWEG and PCD.

Of course there are always judgments to be made about priorities.²⁹ But it is not wholly clear to us that evidence gaps identified in significant pieces of strategic policy review are always fully fed into considerations of research priorities going forward. This may be a particular issue where senior officials involved move on to other things.

Strategic reviews of research needs are probably needed every three or four years. They need to identify and ring fence not only very long-term activities such as the WAS and FRS but also medium-term activities in collecting evidence where there may be no very immediate policy needs, or indeed where there are ongoing needs which will not be met for some time.

Given the scope of our work we are not able to make anything like a comprehensive set of recommendations regarding where more work may be needed. However, there are two general issues which were raised with us by a number of people in the process of our research, which may not be being fulfilled by the current research prioritisation exercises.

Client group information

In many ways DWP has good analysis of the client groups it is serving. On the whole there is good access to administrative data showing the basic numbers and characteristics of those on particular benefits and how that changes over time.³⁰ There is also good access to household surveys, some use of qualitative surveys and some substantial surveys of customer satisfaction. The Life Opportunities Survey, for example, with a baseline sample of 5,000 in 2009 aims to chart the respondents' experiences of disability over time, collecting information to explore relationships between disability and a range of areas including work, education, income, transport, independent living, social participation and attitudes.³¹

In the development of workplace pension reform considerable effort was put into understanding the attitudes and likely responses of employees. Surveys were commissioned explicitly to understand the likely client group. We were told that had the results proved very negative this would likely have changed or derailed the policy.

However, it was brought to our attention on both the pension and the WWEG side that there is limited background data on some important groups. For example, whilst those working on the Pathways evaluations were generally very happy with the design and management of those evaluations, more than one commented that the level of background information at the start of the evaluation on who flowed on and off IB and why was almost completely lacking.³² DWP would have known for a long time that dealing with numbers on IB was a major policy issue and priority. Whilst surveys and analysis of this client group could not of itself have led to new policy prescriptions they would have helped in designing the pilots and evaluations as well as giving the evaluators helpful background information. We note that research into who flows on and off IB have now been undertaken.³³

²⁹ We acknowledge that this is not solely an issue of research prioritisation alone. Different modes of delivery can only be researched if they are being implemented, and this is not within the control of analysts.

³⁰ However, available admin data was cited as the biggest evidence gap with respect to disabled claimants and new systems are being put in place to support ESA.

³¹ This work is being led by DWP.

³² The original Pathways Green Paper was published in 2002. The results of major work on the routes onto IB were not published until 2006 (Sainsbury and Davidson, 2006 – qualitative study) and 2007 (Davidson and Kemp, 2007 – quantitative survey).

³³ See for example Sainsbury and Davidson (2006) and Davidson and Kemp (2007).

On the pensions side we found awareness of gaps in information on, for example, important client groups such as the self-employed.

Putting resource into collecting this sort of data is a long-term and substantial investment and needs to be carefully managed and prioritised. However, it seems to us that a review of long-term needs and information in this area would be well worthwhile. Understanding key clients groups in more detail, including the differences within them is an important building block to delivering greater personalisation of the services provided by DWP.

Understanding employers

Employers are one of DWP's client groups, and much of the previous discussion applies to them. But they are of course different to others in being the subject of DWP decisions, but are not usually the recipients of any money. The impact of policy on them will be different to impacts felt by individuals.

The Department does put significant effort into this area. It has regular engagement with employers and their representative organisations. The *Employer Pension Provision Survey* is conducted or undertaken every two years and, alongside Office for National Statistics (ONS) and other sources, provides good baseline data for the Department. In the particular case of developing policy on workplace pension reform, specific surveys have been carried out of what employers said they would do in response to the policy change. Detailed qualitative work on the administrative costs likely to be borne by employers is underway. Understanding of employers has clearly improved, not least in terms of basic understanding of data and trends since The Pensions Commission report.

Nevertheless we must report that views of the adequacy of DWP work on employers varied considerably among those to whom we spoke. Whilst a majority of DWP interviewees felt that research in this area was good, a significant minority of more senior officials were concerned about the level of understanding in this area as were some external stakeholders. Those with concerns felt that DWP could and should do more to understand what drives employers' decisions and behaviour over pension provision, in particular:

- what the costs of different aspects of pension regulations are for employers;
- what it is that drives employer decisions over pensions. Of course this is understood at a general level – costs, risk, labour market matter – but not in the sense of a real quantitative grasp on relative importance of different drivers; and
- how employers are likely to respond to policy changes. So far as we can tell decisions on changing indexation requirements were taken on the basis of limited evidence on how employers would actually respond to these changes.

This is not an easy area, but we would recommend that DWP gives further thought as to how to improve its understanding of employers and how they take their decisions over pension arrangements. This would require a long-term investment in some complex and potentially risky (in the sense of uncertainty over whether it would provide clear answers to the question) research, but this would appear to us to be an important priority.³⁴

³⁴ We note that the Department already has a good understanding of what drives behaviour in a number of areas, such as whether to join a pension scheme or to stop claiming IB.

3.3.3 External input

One perhaps relatively minor issue that the Department could resolve is an apparent mismatch in understanding between some external experts and the Department regarding the role that the externals can play in setting priorities. A number of those to whom we spoke felt they could have little or no impact on departmental research priorities, whilst senior insiders were actually keen to get external ideas into the process.

Some more or less formal mechanisms do exist including, on the WWEG side, an annual meeting between the Treasury and DWP officials to which some external stakeholders are invited, and on the pensions side through the Pensions Client Board, which includes external stakeholders. There is scope for more use of such external input, not least because external experts may be more inclined to identify priorities that are not at the forefront of departmental policy concerns. DWP will however need to carefully manage the scale of any external input and have processes in place to ensure that external ideas are policy relevant.³⁵

3.3.4 Evaluation

DWP has run what are generally acknowledged to be some of the best and most comprehensive evaluation programmes in government. This includes both qualitative and quantitative work, drawn together in synthesis reports. Evaluations of previous New Deal policies and of JSA have been fundamental to developing the most recent policies on FND and were important to the design of the Pathways pilots, the evaluation of which has driven policy on the ESA.

But not all evaluation carried out in DWP has been so effective. There has been a number of small scale evaluations within WWEG looking at small scale pilots that produced inconclusive evidence from which it was not possible to draw broadly applicable conclusions. While this has sometimes been the result of low take-up of a pilot initiative or a service targeted at a small client group, on other occasions it is because the pilot has not been on a sufficient scale or sufficiently isolated from other pilot initiatives to be able to untangle whether the concepts being piloted made a difference.

The Pension Education Fund was an initiative that ran from January 2006 to March 2009. Its main aim was to increase financial awareness among working people. The main evaluation carried out in this period focused on delivery and was not designed to measure expressly the net impact of the initiative. It was therefore expected *ex ante* that the evaluation would provide only qualitative information on its effectiveness in altering people's behaviour, and so it proved. It appears however that the scope and limited methodology deployed was not communicated effectively, mainly due to changes in evaluation and policy personnel during the evaluation period, resulting in unrealistic *ex post* expectations on what the evaluation would deliver.

What underlies this problem? The most important issue seems to be that there is limited, if any, strategic oversight of evaluations in terms of prioritising and choosing which ones to take forward. A number of people suggested to us that they weren't sure that any particular senior person or group had a handle on the overall evaluation strategy, particularly on the WWEG side of DWP. In response to this WWEG analysts are considering attempting to draw up an overall table of evaluations in an attempt to rationalise and synthesise work.

³⁵ We acknowledge that there will be a trade off in encouraging external stakeholders to suggest projects, while at the same time maintaining DWP stance on not funding unsolicited research proposals.

The interviews we have conducted indicate to us that the number of small scale evaluations carried out by DWP seems to be a combination of the following factors:

- a positive culture encouraging evaluation;
- a frequent failure properly to identify the different sorts of knowledge that might be gleaned from an evaluation: for example some should provide good evidence on policy impacts while others will provide information about processes and delivery which can feed directly into design of the main policy but will not provide information about policy impact. Yet others have little chance of achieving either;
- a failure in some cases to consider the implications for evaluation at a sufficiently early stage of designing a pilot, coupled with the announcement of pilots in such a way as to commit the Department to evaluating them; and
- at times unrealistic expectations among policy makers about what can be achieved.

All that said, DWP analysts can be successful at getting pilot programmes redesigned so that the evaluations provide more meaningful data. An example is the evaluation of the first Pathways pilots. Analysts were successful in doubling the size of the initial pilot from three to seven areas.

One issue appears to be that policy officials and ministers do not appreciate that pilots are experiments and need to be set up as such. The pro-research culture means that they expect new ideas to be evaluated but at the same time the pressure of policy timescales means that finding enough time for the evaluations to be set up correctly is often difficult. There was a feeling that some pilots are actually prototypes of policies that will be expanded and evaluation is only required to fine tune the policy. A clearer recognition of this distinction would, analysts felt, be helpful in reducing the amount of evaluation.

It is likely that there would be benefit in subjecting requests for evaluations to some more formal process of decision making with some fairly clear cut rules about what is and is not worth evaluating. While a research strategy would help, so might a process through which policy officials are encouraged to set SMART (Specific, Measurable, Achievable, Relevant and Time-bound) objectives for pilots against which they can be evaluated, before the design and size of the pilot is settled. These objectives should be developed alongside the policy as part of the policy development process.

3.3.5 Managing across a family of delivery bodies

One very important issue which emerged in the course of the pension case studies is how to manage the pensions research programme across a range of bodies. The Personal Accounts Delivery Authority (PADA), The Pensions Regulator (TPR) and the Pension Protection Fund (PPF) continue to play an important role in delivery and policy. The impression from our interviews is that relationships work well at present but that such co-ordination as there is on research needs, and sharing results from research, is largely informal. We note that as well as these informal relationships on research, formal data sharing agreements exist between PADA and DWP.

The external world will not necessarily distinguish sharply between DWP and these other bodies and, from our discussions, where their separate identity is recognised they do not yet have the brand value in research that DWP enjoys.

3.4 Research management

3.4.1 Research definition

We discuss here the question of how well research is defined and specified once the questions to be answered via research have been identified. Asking the right questions in the wrong way will not yield the intended results. Both groups have a system of analysts developing project initiation documents (WWEG) and project bid forms (PCD). These documents help analysts to think through the objectives and potential methodologies of the proposed research projects.

For most significant projects DWP researchers were perceived by external researchers as having a good grasp of the relevant methodologies and what they can deliver, even if they do not always have the experience, competencies or time to undertake some methods themselves. All those we spoke to about the Pathways evaluation, for example, felt that the way DWP had set this up was very good and very effective. Analysts within the Department had worked hard to ensure that the pilot was of adequate scale to make results from the evaluation robust and had been instrumental in significantly increasing the initially proposed spend and scale of pilot. This required both effective senior analytical input into high level policy decisions and real expertise among departmental analysts, both of which were forthcoming.

On the other hand, some outside the Department felt that more could have been done relatively easily within this evaluation to learn more about the elements of Pathways which worked. Not to do so was clearly a deliberate decision by the Department, and is understandable:

- first, policy officials see Pathways as a package and believe that the elements work together as a package – some elements are carrots and some are sticks. Removing the carrots, they believe, would fundamentally change client views of Pathways and their willingness to engage positively with it; and
- second, designing an evaluation which allowed for the impact of the different components of Pathways to be estimated individually would have required a more complex, larger and more expensive pilot and evaluation, or run a substantial risk of delivering inconclusive results.

As a result the evaluation of Pathways was deliberately set up to estimate the impact of the whole package and not of individual elements within it. There was no quantitative attempt to estimate the causal impact of the different components of Pathways.³⁶

One particular issue of research definition/methodology which the Department might want to consider is the extent to which it is as creative as possible when thinking about how to understand how individuals and employers might respond to new policy. In the aftermath of The Pensions Commission report a series of surveys of employers and individuals were put in place, essentially asking them how they would react to the proposed changes in policy. This ‘stated preference’ methodology is certainly the easiest to use and results are clear cut. However, there are limitations to such methods – acknowledged by analysts inside the Department – which make it difficult to know how much weight to put on what people or companies say they will do in a particular set of circumstances. Over time developing, probably in collaboration with external researchers, models of individual and employer behaviour based on data showing actual responses to change is certainly worthy of consideration and further investigation. This would be challenging and would require more

³⁶ There has, however, been some qualitative research that has provided an understanding of the different elements of the policy work. Descriptive quantitative analysis of the differences in outcomes achieved between those who used various components of the choices packages within Pathways and those who did not has also been undertaken (Adam *et al.*, 2009).

work to determine its feasibility, but in some areas this might add important insight to the stated preference methods.

More open tendering might draw in a broader range of expertise as might the development, here or elsewhere, of research centres, perhaps with outside support from other organisations.

3.4.2 Contracting and framework agreements

DWP contracts most of its research via framework agreements. We have not investigated the workings of these agreements in any detail but it has become clear in the process of this project that these agreements allow a considerable degree of flexibility for the Department in letting research projects.

The most common way in which individual research projects are commissioned using the framework appears to be for the researcher to contact one or more contractors on the framework and discuss with them timing and methodology. Proposals are then developed between the contractor(s) and the researcher.³⁷

Getting onto the framework in the first place, however, is a longer and more complex process for contractors. This reflects the conditions that need to be fulfilled by DWP in order to run the framework as a single tender operation.

Overall the degree of flexibility and speed offered by the framework in contracting and close working with contractors is to be applauded. Nevertheless there are clearly some dangers with the process. These dangers were highlighted by the discussions we had with both internal and external stakeholders regarding the framework.

*Interviewees' opinions on the operation of the framework*³⁸

Researchers in the Department and those outside expressed considerable satisfaction with the way in which it was possible to build relationships between the internal researchers and external research organisations. As one outside contractor put it '*once you're on the framework the process works very well*'. The current arrangements also mean that quite swift turnaround periods can be achieved when necessary.

A number of our interviewees however expressed that they had found the process of getting onto the framework complex and highly bureaucratic. During our interviews, we came across an example where past experiences of this process had discouraged an organisation from applying to be on the previous round of the framework. This resulted in the Department losing the opportunity to work with some of the leading people in the field.

We also understand from internal DWP sources that there have been problems allowing a number of very small, specialist organisations on to the framework agreement because they had not been able to meet certain requirements.

³⁷ Resources are available internally to project managers to help them identify relevant potential contractors.

³⁸ The interviews that form the basis of the report were completed before the re-let of the framework in the summer. Our understanding is that during the re-let the Department made efforts to improve both the process of getting onto the framework and in ensuring access to it.

3.4.3 Effectiveness of research management

Once a project has been let, a number of factors will influence the effectiveness and impact of the work including:

- how well the researchers managing the research understand the policy priorities and how well they communicate them to the contractors;
- how well the researchers understand the work that is being carried out by the contractors and are able to engage with the contractors on the research;
- the quality of research³⁹ work; and
- how well integrated policy officials are into the management of the research and how well they understand the outcomes.

In the areas that we have investigated these processes appear generally to work well from the perspectives of all those involved. Particularly at team leader (Grade 7/Principal Research Officer) level and below we found nearly all of those we spoke to within the Department felt that policy and research teams worked well together. Even where they worked in separate divisions this did not appear to be a barrier to effective communication and joint working.⁴⁰

Probably as a result of this the external contractors with whom we spoke also felt that they tended to have a pretty good idea of what the policy priorities were and why the work was being carried out. In this, as in other areas, those with experience of more than one Government department felt that communication and understanding of policy priorities was better with DWP research managers than was often the case elsewhere.

One important exception to this rule would appear to be some discomfort felt by a few of the more senior policy makers to whom we spoke. Two or three in PCD wondered whether *'the bigger picture'* was kept in view throughout the project management process and whether the *'original question'* they had in mind was in fact being answered. One in particular felt that policy officials might feel uncomfortable challenging the professionalism of social researchers by suggesting anything different from what they had proposed and clearly felt uncomfortable about the methodology used for a particular project. This sense of distance, between some senior policy makers not involved in day to day running of research projects, and the projects themselves, was one repeated in different ways on a number of occasions. However, middle and more junior policy officials are usually represented on research project steering groups. Policy officials tend to be more actively involved at some points in the research process than at others – for example at the initial specification, questionnaire/topic guide design and at the reporting stages.

With regard to the professional ability of the social researchers to understand the techniques being used by, and work being done by, external contractors we found in most of our case studies a high level of respect for their ability. Those working with the Department on Pathways were particularly complimentary of the expertise of those involved and rated them very highly. Overall we picked up some concerns, though we should stress these were always within a positive overall context:

³⁹ We do not seek to review the scientific quality of DWP's research output in this report.

⁴⁰ DWP's researchers are located in both Sheffield and London. The analyst stakeholders we spoke to in Sheffield did not find the split location to be a barrier. However, it was apparent from other interviews that they were not involved in some discussions and that another analytical team based in London is sometimes used as a link with the Sheffield-based researchers.

- on both sides of the Department some externals were concerned that a small number of individuals within the Department carried a very large share of the accumulated experience and expertise and that the quality of engagement might suffer if they were to move; and
- one person in particular commented on the regularity with which many researchers with whom he worked moved around the Department and that as a result he had at times worked with researchers who did not appear very knowledgeable about the areas in which they were trying to manage important work. Related to this, he identified knowledge management not just within the Department as a whole, but within the Department's research community, as a serious issue.

These issues were often raised by the analysts we talked to within the Department as well. In a number of cases there was a clearly expressed sense of frustration at being required to move to a new policy area just as they felt that they were at their most effective in providing support to their policy colleagues. This frustration however was tempered with an acceptance that staying in one area for a prolonged period of time was bad for both the individual and the policy area. Given that research teams are small (maybe only two or three people), ensuring continuity of knowledge is important. A few of the external stakeholders stated that the Department did not seem to be aware of research done in the field five, ten or 15 years ago that was relevant. Indeed, DWP has recently commissioned someone to find and draw together work done in the early 1990s to inform policy development in a time of rising unemployment.

DWP analysts have access to The Analytical Knowledge Store (TAKS), an intranet-based store of published research and internal analysis. TAKS is searchable and contains a number of reports that were originally published in hard copy only. On the basis of the number of times it was mentioned to us in our interviews, the resource appears to be under-used.

3.5 Disseminating research findings

The effective dissemination of research findings is crucial to the impact that DWP's research programme has on the development and implementation of policy. This point was widely acknowledged by the analyst and policy stakeholders we interviewed.

3.5.1 Internal dissemination

Informal channels

We found that analysts across DWP were keen to ensure that the findings of their research were taken on board by policy colleagues. To this end having a well established knowledge base in the policy area, which analysts understood and could readily access was cited as critical in improving their leverage with policy colleagues. This highlights the importance of maintaining knowledge in the analyst teams which some analysts felt the frequency of moves across teams eroded, muting the impact of the body of research findings that DWP had built up.

Across the stakeholders we interviewed we found many positive examples of analysts working closely with policy makers. It was not uncommon for analysts to state that they had regular weekly meetings with policy colleagues, where the ongoing programme of research was discussed.

Formal channels

At the end of any research project the contractor submits a draft report for comment. In nearly all cases policy officials would be involved in receiving the draft and commenting.

External contractors also tend to be required to give presentations of results to analysts and policy staff.⁴¹ The external stakeholders we interviewed who had conducted research for DWP noted that the presentations of interim and final results tended to be better attended than those they gave at other government departments.

Ministerial submissions containing summaries of the research reports that DWP is due to publish are sent to Ministers at regular monthly intervals. The stakeholders that we interviewed who worked closely with Ministers, noted that these were often not particularly helpful as they lacked any context as to why the research had been commissioned and how it fits in to the work of the Department. Ministers, at one remove from the Department, can, through their constituents, be more in touch with public experiences than officials. It is important that ministers do not feel that research is telling them what they already know without offering further explanation. Research/information submissions take second place in Ministerial workloads to policy submissions. If it was clearer how research related to policy, submissions might be addressed more quickly. Nevertheless, ministers expect that policy officials will have considered research findings in making policy submissions, even if the submission does not explicitly refer to research.

The absence of formal channels within DWP for linking research findings into policy development allows for considerable flexibility in the interactions between analysts and policy staff.⁴² Often policy moves on before research, and especially evaluation, projects have reported. This is a perennial problem for the relationship between policy and research in government. Pathways is a good example of a policy that was expanded on the basis of administrative off-flow data and initial findings from a long-term evaluation. It also illustrates the difficulties inherent in using early findings to inform policy development. Initial analysis showed that those with mental health problems benefited less than other groups from Pathways (Adam *et al.*, 2006). This led to the development of specific initiatives for this group. Subsequent evaluation data, however, has now overturned this initial finding.⁴³

A couple of external stakeholders felt that DWP is not getting as much from those it commissions to undertake research as it might. It was felt that researchers who are regularly conducting research for DWP had a broader perspective and ideas that individual research reports do not draw out. More in-depth discussions with researchers around general topics could get more value from researchers.

3.5.2 Narratives and syntheses

We were not surprised to be told by a number of senior policy officials that what they really wanted from researchers was ‘*an up to date summary of what it is that we know*’ or differently put words to that effect. This is a very difficult commission to fulfil but one that was repeated in one form or another by most senior policy officials. One response to it would be to do what another person

⁴¹ It is our understanding that on very rare occasions external contractors may also present directly to ministers.

⁴² Our understanding is that formal research action meetings used to take place in the Employment Service. While such procedures ensure that there is always a forum for research findings to influence policy, they run the risk of losing their impact if they come to be seen as ‘box-ticking’ exercises.

⁴³ See for example Bewley *et al.* (2007) which finds a positive impact for those with mental health issues of Pathways on IB off-flows. There is some evidence to suggest more positive effects of Pathways to Work on existing claimants with mental health issues (Bewley *et al.*, 2008a), though the results are not statistically significant. Within the expansion areas higher IB off-flow rates were found for those with mental health conditions (Bewley *et al.*, 2008b).

suggested to us which is that the analytical capacity of the Department should spend a bit less time commissioning new work and a bit more time carrying out exercises akin to the work of the Number 10 Strategy Unit – i.e. pulling together in narrative form what is known in particular areas that might inform policy.⁴⁴

The importance of turning evidence into narrative was stressed to us particularly with respect to pensions policy. This partly reflected the perceived great success of The Pensions Commission which had created a convincing evidence-based policy narrative. Ministerial offices were also keen to see more of such evidence-based narratives presented to them.

On the WWEG side, a narrative pulling together the many qualitative evaluations would seem to be very useful as analysts were aware that there are a number of apparently contradictory findings and inconclusive findings. A synthesis report would clearly identify these and highlight where there is a need for specific research.

More generally the structure of such evidence-based narratives should seek to reflect not only the Department's current knowledge base, but both where and how it could be further developed.⁴⁵ In the course of such narratives it would also be helpful to briefly set out the relevant background in which particular pieces of evidence were commissioned.

3.5.3 External dissemination

All research that DWP commissions using its research framework is published. Generally, this occurs on DWP's website, but occasionally the final report is published on the researcher's website.⁴⁶ On the very rare occasions when research is not of a sufficient quality to be published, the contractors have not been paid the final instalment of any payment due to them. In cases where there are confidentiality issues, summary versions containing no confidential data have been prepared for publication alongside reports for internal use.

While the aim of this report was not to assess the quality of the research that the Department undertook, we do note that the external stakeholders we interviewed rated published DWP research reports very highly – one saying that he took the fact that something was published as part of the series as a '*serious mark of quality*' and that the series as a whole represented an important research resource.

One relatively minor point worth reporting is that some felt that the research section of DWP's website was not particularly user friendly, with the inability to view research report summaries side by side (except for working age reports between 1998 and 2004). Moreover, the summaries are merely listed on the site as 'sum' followed by the number of the report in numerical order. It would be more helpful to users, both internal and external, if summaries were listed with their full titles.

⁴⁴ We note that the DWP Strategy Unit regularly produces briefings and presentations that pull together evidence from across the Department.

⁴⁵ Ideally this would involve identifying specific hypotheses to be tested by future research. Care would need to be taken however to avoid such work having undue influence on the prioritisation process if the Department's evidence base has progressed in the interim.

⁴⁶ For example the work undertaken by CRA international in relation to the model choice debate – 'Branded Choice in Personal Accounts' and 'Competition in Personal Accounts', both 2006.

3.5.4 Jointly commissioned work

Working across Government departments is always difficult. There are different research traditions between, and sometimes within, departments. However, some external interviewees said that they thought that the research work that DWP undertakes with other Government departments appears to lack influence in internal policy debates within DWP.

In the case studies we looked at it appeared that the Department of Trade and Industry (DTI)/ Department for Business, Enterprises and Regulatory Reform (BERR) (now (Department for) Business, Innovation and Skills (BIS)) was involved only after the publication of the White Paper in development of policy relating to mitigating the impact of workplace pension reform on employers.⁴⁷ We were led to understand that there is probably scope for more joint work on older people's employment. We did not look at one of the key areas of overlap – that between DIUS (now BIS) and DWP on the role of skills in the labour market.

DWP research and policy could be improved by analysts within DWP using the strengths of other departments to fill in the gaps in DWP's own corporate knowledge. The Department's understanding of employer behaviour is one key example here.

Additionally, one of the external stakeholders pointed out that there is the potential for DWP to learn more from the evaluations they undertake by working more closely with other Government departments. The same external stakeholder noted that the importance of cross-departmental working is likely to increase as the scope of variables the policy is trying to impact upon, and the personalisation of provision increase over time.

Pathways provides an example of working with the Department of Health. In this case the evaluation of the Condition Management Programme (CMP) is being entirely managed by Department of Health researchers, although DWP policy officials are involved in the steering group.

3.6 Conclusions

DWP has an embedded culture of requiring and using research and evaluation in the development of policy across all areas. In this respect, DWP was seen by the stakeholders we interviewed as at the forefront of practice in Whitehall. There is a widespread expectation that research has informed policy recommendations at the Department.

DWP has a good reputation among internal and external stakeholders for the way in which it identifies the need for research and evaluation and then manages and disseminates the work. Nevertheless, there are some relatively easy things that can be done to address some of the concerns that analysts, as well as others, expressed.

Perhaps most importantly, there are some weaknesses in the prioritisation processes that impact on the effectiveness of the research commissioned by DWP. Importantly, there appears to be no overarching research strategy for the Department. The development of a strategy would provide a framework to reduce the amount of evaluation and consider the need for medium-term research to inform policy development. It would serve to involve more senior level policy officials, although there is always the danger that they will delegate this to analysts within their divisions – perhaps a negative of embedding analysts in policy divisions. It could also draw in views from external stakeholders, although this process would need to be carefully managed.

Greater prioritisation and central sign off of evaluations would be helpful. There needs to be

⁴⁷ DTI/BERR (now BIS) were members of the steering group for the research project however.

greater clarity about exactly what different types of evaluation can and cannot achieve and there is probably a tail of evaluations that should not happen at all. In line with Green Book recommendations SMART objectives should be identified to ensure that evaluation is effective. Any pilots that cannot produce SMART⁴⁸ objectives would then be ideally designated as prototypes or abandoned. Even in flagship evaluations there needs to be a focus on when results are needed to influence policy and some questioning of the value to the Department of the latter stages of such evaluations when they occur well after policy has been settled.⁴⁹

With respect to internal dissemination, Ministerial submissions and probably dissemination to colleagues in other policy areas of DWP should be set in the context of the policy need for information. It is the development of policy, not interesting research findings, that drives the day-to-day business of the Department.

Finally, with respect to external dissemination, the website could be improved to help people find particular research. It was also suggested that there is no other forum for the discussion of findings with respect to policy development and that a forum for this within DWP's website might be considered.

⁴⁸ Specific, measurable, achievable, relevant and time bound.

⁴⁹ In these cases it is important the evaluation offers information that is of lasting value rather than information that is specific to the effectiveness of the policy.

4 The impact of research on policy

We understand from our experience of working in and with Government that research is only one of many things that influence the development of policy in Government. This is of course as it should be. But it does mean that trying to understand the impact of research on policy is complex. However, the detailed case study work we have undertaken along with our extensive discussions with internal and external stakeholders has allowed us to gain an insight into some areas where we think research has been most influential in the development of policy at DWP.⁵⁰

4.1 Summary and context

In the course of writing this report we have talked to over 60 external and internal stakeholders who have had experience of DWP's research programme and policy-making process. These stakeholders covered DWP researchers, policy staff, external research contractors, civil servants at other Government departments and representatives from different interest groups. Given this variety, we have been struck by the consistency with which the message that research matters in the policy-making process at DWP was articulated by these stakeholders.

As would be expected, the opinions of the stakeholders we interviewed as to precisely how, when and where in their experience research has impacted on the policy-making process at DWP varied. This chapter in part reflects this variation, along with some of the common concerns raised by them. The overall message for DWP is positive, albeit with specific areas for improvement.

We stress that this chapter should be read with the caveat in mind that as we adopted a case study approach to this report, our findings should be treated as an **indicative** view, rather than a **comprehensive** assessment of the impact of research on the policy process at DWP. Further to this we reiterate that it is not the intention of this report to judge the quality of the work that DWP commissions.

In this chapter we begin by looking at the culture of research within DWP, before progressing to provide examples from each of our case studies of the impact of research on policy. We then offer some conclusions in the final section of the chapter.

4.2 The culture of research within dwp

4.2.1 Attitudes to research

The impact of research on the development and implementation of policy within Government can come through a number of channels not all of which are as visible as each other. It is important to look beyond the raw correlation between the findings of research and the subsequent development of policy in order to try and understand the wider cultural norms around the use of research in policy making at DWP.

⁵⁰ We stress that this report should be read with the caveat in mind that as we adopted a case study approach, our findings should be treated as an **indicative** view, rather than a **comprehensive** assessment of the impact of research on the policy process at DWP.

In the interviews we conducted for this project we asked numerous stakeholders about their attitudes to the role of research within the policy-making process. We gained a very positive overall impression. The picture that research evidence paints is genuinely important for policy makers, many of whom were able to provide specific and convincing examples of where evidence had impacted on decisions. Whilst they are clearly not the only thing that matter, across a range of DWP activities research findings do appear to set the context for policy makers.

At senior levels within DWP a positive culture around the use of research in the formation of policy exists. There is a general expectation that evidence will underpin policy decisions, and that important policies will be robustly evaluated. Examples from our case studies include:

- significant research on workplace pension reform even after The Pensions Commission report. The research looked at the structure of the pensions market and the likely responses of individuals and employers to the new policies. In addition we have observed the very welcome decision to carry out an evaluation of workplace pension reform, which has received support at very senior levels of the Department. The decision to evaluate the policy is having consequences at present upon the development of the compliance regime, with DWP thinking carefully about how best to learn the most from the advent of workplace pension reform;
- the decision to extend the number of pilot areas within the Pathways to Work evaluation was driven by senior analysts but would not have been successful without senior policy support. This decision was critical for ensuring the Pathways to Work evaluation was large enough to yield useful evidence for policy makers. Consequently, as noted by a number of external stakeholders, this decision has had a considerable impact on the knowledge base the Department has about welfare to work for disabled people; and,
- the evaluation of the New Deals and JSA regime that form the evidence base behind Pathways to Work and the FND, received support at the very highest levels within the Department. In the best cases these evaluations were done robustly using randomised control trials (RCTs), such as in the evaluation of the JSA intervention regime (see Middlemas, 2005). While the use of RCT offers potentially the most robust evaluation results available, they are a controversial methodology that require a great deal of senior level input in order to convince ministers of their value. In these cases senior level input was critical in achieving ministerial sign-off for the evaluations.

All those to whom we spoke who had experience of and in other Government departments remarked upon the fact that the use of evidence was more strongly embedded in DWP's culture than was the case elsewhere. This appeared to result from a combination of positive support and expectations from the most senior officials, a significant presence of current or 'ex' analysts among the senior civil service and a history of effective working. On the pensions side the enduring role of The Pensions Commission has also played a part – as one person put it to us, after such a highly evidence-based piece of work there was no question of making further decisions without a good evidence base.

Whilst this culture appeared widespread from the case studies we examined we should stress of course that we have not been able to consider all aspects of the Department's work. Even within the areas we examined there were differences in approach about what evidence it might be possible to adduce to inform policy decisions. As such we would stress the importance of maintaining and extending this culture of evidence use.

As well as senior support and encouragement a number of the processes and organisational issues, which we referred to in Chapter 2, appear to be important to this positive culture. We would include among these:

- close working relationships between researchers and policy makers – this helps policy makers understand what is possible and to be intelligent demanders of research;
- involvement of policy makers in prioritising and managing research such that they understand it and feel ownership of it; and
- resources devoted to dissemination and explanation of research findings.

Of all the possible process and organisational changes which might impact positively on the supportive culture, the most important is probably to ensure a consistent sense of ownership and engagement by senior policymakers at all points in the research process. To the extent that some clearly didn't feel engaged in research prioritisation, and felt two steps removed from the management of the projects, this danger is increased.

Analysts generally also felt they were listened to and were a core part of the Department's policy-making processes. They felt they had been very influential indeed in the design of the Pathways pilots and had had a leading role in designing the research programme around workplace pension reform. In both cases this research was central to policy making.

One set of concerns we encountered was a belief by some analysts that there was a distinction between their role in helping to bring about evidence-based policy and evidence-based strategy. Their feeling was that while their role in the former was more direct, it was potentially less influential than that in the latter, where they could have an impact before the general policy direction had been set.

Our view is that there has been some inconsistency across the Department in this regard. There are in fact some strongly research driven strategies, including the overall welfare to work strategy and the strategy on auto enrolment into a pension scheme. On the latter, even prior to The Pensions Commission, work on the (lack of) effectiveness of information in influencing behaviour, alongside an understanding of developments in behavioural economics in the US, was extremely influential in setting the strategic direction of policy. On the other hand, as discussed in the last chapter, there is scope both for more medium-term research priorities to be embraced and for the use of accumulated evidence in helping set strategic policy narratives.

Particular issues drawn to our attention by analysts and others include:

- a concern that they were at times asked to undertake work, particularly small-scale evaluations, that could never be of a sufficient quality or importance to meaningfully impact on the policy process. Maximising the impact on policy of limited research resource may require that senior staff do more to ensure a rational allocation of resources to such projects;
- related to this, some felt they should be allowed to be more pre-emptive in the research they undertake rather than only responding to the current requests for evidence by policy makers.⁵¹ Our understanding of this was that analysts wanted to be able to spend time working on areas that are likely to be of policy interest in the future but where the existing evidence base is thin. On the pensions side stress testing defined contribution schemes was cited as an example of an area where little is known at present but is likely to be of interest in the future to policy makers; and
- that there is some scope to use the research and analytical resource a little differently at times, specifically to draw together evidence to inform the direction of policy strategy – as it was put to us on one occasion more like the (Number 10) Strategy Unit uses its analytical resource. This process could also more consistently identify research gaps and requirements.

⁵¹ See Section 3.3.6 on medium-term planning.

Overall, in order to maximise impact on policy and on strategic direction, we believe there is some scope for DWP to consider the balance between the resources it puts into evaluations and the resources it puts into research, appraisal and synthesis – away from the former and towards the latter.

4.2.2 Timescales

Perhaps inevitably, one of the most significant concerns regarding the relationship between research and policy, focused on the potential mismatch between policy timescales and research timescales. It was perceived in a number of areas that questions that policymakers would like answered would take too long to answer through research when ministers are driving very tight timetables. This time constraint was also perceived as an issue by external stakeholders.

With regard to workplace pension reform, for example, many of the external stakeholders were of the view not necessarily that more could have been done in the time available, but that more time should have been taken to make decisions to allow more research and analysis to be carried out. Equally a run of short deadlines in making policy for occupational pension regulation had made planning long-term research difficult. On the WWEG side the speed of the Pathways roll out was cited in a similar way by external stakeholders. As the initial findings of Pathways were quite positive there seems to have been a large amount of pressure to quickly roll out the programme nationally.

This is obviously a very difficult trade-off for any Government department – a decision always has to be made about how much more time to take before coming to a policy decision. The pressures are mitigated where research can be commissioned quickly, which is generally possible in DWP, and where good planning ensures as much evidence as possible is available in the first place. Where evaluations are concerned there may be a case for the Department reviewing the use to which it puts major evaluation programmes when it is predictable that key decisions are likely to be taken before the full programme is complete. More generally the issue of the relative timescales for policy making and research is one that DWP will want to keep under review and be aware of.

4.3 The policy impact of research

As the previous discussion highlighted the impact of research on policy can come through a number of different channels some of which are more visible than others. Isolating the impact of research from the political, financial or legal factors that also affect the development of policy is difficult. As such, throughout the discussion in this section we cannot and do not seek to say that the decisions taken would have been any different if research had played a larger or smaller role in the policy-making process.

There are several ways of making policy. Depending on the approach to policy making taken, the role that research plays in the policy-making process along with its potential impact will vary. In some cases decisions will be taken after a great deal of research work has been undertaken to establish the best policy response. In other cases decisions will be taken without much supporting evidence, but a programme of research will be set up at the same time to establish whether the policy works and how best to deliver it.⁵²

⁵² Within this context different types of evidence will have varying degrees of impact. Well designed evaluations, may influence the direction of policy over a long term but have little impact on the development of policy in the short term. This is because they offer the richest source of information on the effectiveness of an intervention, but take a relatively long time (compared to the development of policy) to carry out.

Each approach involves different risks. Implementing policies before amassing an evidence base is a more risky approach but reduces the time till the policy can start to have an impact. Spending time building up an evidence base for a policy takes time, but is more likely to lead to policy that is more effective from its inception.⁵³

In this report we do not seek to cast judgement on which approach to policy making is optimal. Our goal in this section is to note where, in our judgement, research has had an impact on the implementation and the development of policy at DWP.

In Section 5.3.1 we provide examples from each of our case studies where we think, based on the interviews we have conducted with internal and external stakeholders, research has impacted on the development of policy. Given that the way that policy is made will affect the potential channels through which research can impact on policy, for each of these examples we attempt to classify which of the following four categories best described the role that research played in the policy-making process:

- **strategic** – understanding the problems faced and the potential policy solutions;
- **evaluation** – finding out whether a specific policy is effective and/or offers value for money;
- **operational** – finding out the most effective way to deliver a particular policy;
- **perception** – discovering what the people affected by the policy think about it.

The first two of these categories correspond to the research we described as longer term or strategic in Chapter 2. The categories described above as ‘operational’ and ‘perception’ corresponds to the research we described as shorter-term or operationally-focused in Chapter 2.

4.3.1 The case study findings

Across the areas we have looked at we have found significant positive examples of where research has impacted upon the development of policy. In general these have been the cases where there has been high level, often ministerial, engagement with the research the Department is undertaking, and the timescales involved have allowed for robust work to be undertaken. When research has not impacted on policy it is generally because the former of these two has been missing.

We have also found that research tends to have the largest impact on the development of policy when it reaches a critical mass.⁵⁴ Rarely have we found that there is a single piece of evidence or research project that has changed the direction of policy. This partly reflects the facts that as the knowledge base in a particular area is built up analysts are able to answer more of the questions posed to them by policy colleagues within the necessary timescales, but there is also a sense we have encountered that having a well established knowledge base in a particular area improves the standing of researchers in relation to their policy colleagues.

Strategic

Broadly speaking, by strategic research, we mean a combination of longer-term evidence gathering that underpins policy direction, the creation of evidence-based narratives and the collection of background data on important client groups. Our case studies have revealed both very strong

⁵³ For more sensitive policy areas, independent externally commissioned research can also be important in helping to develop a consensus around reform.

⁵⁴ Developing such a mass of research requires both high level commitment to developing evidence and skilled analysts who can guide its development. These issues are discussed in Sections 3.3.1 on senior engagement and 3.3.2 on medium-term planning.

examples of where such research has driven policy and also areas where perhaps there was scope for more such work to inform policy direction.

The Pathways pilots were themselves subject to major evaluation which informed the roll-out of ESA. The design of the Pathways pilots was itself significantly influenced by a great deal of the evidence that came out of the New Deal research programme, in particular evidence of the effectiveness of active welfare to work policies and the role that personal advisers could play in supporting people moving in to work. We found very strong buy-in, among both policy makers and analysts, to the broad strategy behind the design of Pathways and that buy in was clearly based on a shared understanding of background research and previous evaluations. Equally, much of the design of the FND has been based on a cumulative understanding of what works in welfare to work policies.⁵⁵

Policy on the introduction of automatic enrolment into pension schemes with a minimum contribution was of course heavily influenced by the large scale and strategic Pensions Commission report. But it is also important to recognise the role of earlier DWP research. This included much internal work looking at the adequacy of savings levels and modelling of future pension expectations, but in particular the externally commissioned Informed Choice pilots (see for example Leston and Watmough, 2005) which indicated that information alone was unlikely to be adequate to change behaviour. In addition the Department was among the first in Whitehall to recognise the importance of behavioural economics and was familiar with American work on the importance of default options in determining behaviour.

We can also, though, point to areas where it is arguable that such strategic work was missing and could have had (or still have) important ramifications. Our understanding is that post-BoND and prior to the introduction of the FND the Department's evidence base on private sector led delivery was not significantly increased. As we observed in the last chapter there was some concern among researchers that there was limited baseline information on IB recipients and their movements before the Pathways evaluation took place. It is arguable that more could have been done over a period of time to understand more, quantitatively, about the impacts of policy and regulation on employer behaviour towards pension provision.

Overall this type of more medium-term and strategic research can have the biggest impact on policy direction. It is risky in that it may not deliver policy useful results but the pay off can be very substantial.

Evaluation

DWP carries out a lot of evaluation. As we have observed there is a strong culture supporting the evaluation of policies. There are two broad objectives for evaluations – one is to determine whether a policy is effective in achieving a desired impact, the other is to help ascertain what processes work more or less well in achieving delivery. Particularly in the welfare to work area DWP has used evaluations extensively to determine policy impact. It has also built up a formidable evidence base and shared understanding of what does and does not work well in the area.

The Pathways evaluation has clearly had a large impact on the development of the recently introduced ESA. The overall evaluation of Pathways showed that it was effective in increasing

⁵⁵ See for example DWP (2007) for a synthesis of the recent evidence from the New Deals written by DWP. BoND, DWP (2004) provides a similar overview of the earlier evidence from the New Deal evaluations.

employment rates. Importantly it was also shown to pass a cost benefit test.⁵⁶ The positive results from the Pathways evaluations were clearly important in the design and roll out of ESA.

A number of lessons and issues arise from the case study:

- in order to be evaluated effectively Pathways needed to be piloted across an adequate area of the country. As we understand it the initial proposals for piloting were extended explicitly on the basis of advice from analysts within the Department. This required investment of substantially more money than was originally envisaged. Senior analysts were influential in making the case for this to senior policy makers, with the result that the evaluation was carried out in a robust and convincing manner. This required three things which the Department should bear in mind and look to maintain in future:
 - a strong technical expertise such that analysts were able, with confidence, to provide advice on what was necessary for a robust evaluation;
 - senior and influential analysts who were able credibly to challenge policy and put the case for a robust evaluation; and
 - senior policy officials and ministers, and a supportive Treasury, who genuinely wanted to understand the policy impact;
- the design of Pathways in the first place was heavily influenced by results from previous evaluations. These results appear to be well understood and integrated into departmental thinking. The best evaluations arise from accumulated knowledge – they are not isolated, one-off pieces of work;
- whilst the evaluation was clearly influential, there remains a question about exactly how the timing of the findings on impact related to decisions on expanding the programme further across the country and in particular whether, once it had been expanded, future negative results could have stopped the whole process dead in its tracks. As we have already observed the tension between policy and evaluation timescales is a difficult one to manage;
- the use of administrative data simply tracking benefit off-flow rates in pilot and non-pilot areas was itself a very valuable tool which the Department put to very good use. Indeed this initial simple tracking data appears to have been almost as powerful as the full evaluation results in determining at least initial favourable attitudes to the pilots;
- Pathways was piloted as a whole package and that package has been largely replicated in the structure of ESA. There is an initial medical assessment after which claimants are filtered into one of two groups – the support group and the work-related activity group. Those in the work-related activity group face a conditionality regime modelled almost entirely on that within Pathways (although there is some provision for increasing the degree of conditionality for those placed in the work-related activity group). Individuals are required to attend a series of Work Focused Interviews, and are offered a variety of support in order to help them to enter the labour market. The support programmes available are those offered within Pathways. As in Pathways there is also a return to work credit. This is a complex set of interventions and the way in which the Department carried out the evaluation meant that it was only the impact of the package as a whole that **could** be evaluated. The impact of particular, quite expensive, elements including some of the support programmes and the return to work credit remains essentially unknown.

⁵⁶ ‘...the financial benefits of Pathways that we estimated significantly exceed the estimated financial costs, with net measured benefits both to Pathways participants and to the Exchequer’, Adam et al. (2008).

Whilst there were good reasons for looking at the package as a whole,⁵⁷ and the Department did so deliberately, potential knowledge was lost as a result of this design. This underlines the importance of ensuring that as far as possible the results of evaluations can be applied to other parts of the Department's work;

- finally, with regard to the Pathways evaluation it is worth stressing that even the most comprehensive of evaluations does not answer all the important questions. More recent analysis has shown that Pathways has not had an employment effect outside of the pilot areas. The medium-term effect appears in fact to have been to increase employment but not in the end to have reduced claimant counts for new and repeat IB claimants in the pilot areas. The precise mechanism for this is not well understood (see Dorsett, 2008). On the other hand the complexity of this result does appear to be well understood throughout the Department. This sort of complexity also illustrates the danger of taking policy forward too quickly on the basis of initial results.

Pathways was the only major evaluation at which we looked. However, we did also observe that the design of many aspects of the FND was based on learning from a long history of evaluations of New Deal and active welfare to work programmes, much of which was originally brought together in work for the BoND (DWP, 2004). The ability of the Department to stay on top of this complex array of knowledge, built up over time from a range of evaluations is an important one. Again we stress the cumulative nature of knowledge gained from research and evaluations.

Operational

We define as 'operational' research or evaluation designed to improve the ways in which policies are delivered. So this is not work designed to test whether a policy is effective overall, nor what the direction of policy should be, but rather to determine how to design mechanisms for delivery. This is, naturally, an important element of DWP's research programme. There is of course no clear delineation between this type of research and that which we have dubbed 'strategic' or 'evaluation'.

In the areas we examined directly we came across a number of such 'operational' issues. The delivery of ESA, for example, has been adjusted as a result of specific findings from the Pathways evaluations, which looked not just at overall impact but also at what made for effective delivery.⁵⁸

In addition all the evidence we have seen suggests that research played a large role in the design of the JSA conditionality regime for those who have been claiming for less than 12 months. The fast tracking of people onto the gateway, the precise number of work focused interviews individuals have, the spacing between them, and the way customers are contacted by Jobcentre Plus all have strong evidence bases behind them.⁵⁹

One important operational delivery area where we found less indication of a strong evidence base was in the use of private provision after 12 months envisioned in the FND. The impression we have from stakeholders we interviewed is that this was essentially a decision made in the belief that the

⁵⁷ Estimating the different voluntary components of Pathways would have required a more complex, larger and expensive evaluation. A more complex design for the Pathways evaluation would have increased the risk that the evaluation failed to provide greater clarity on the issues at hand.

⁵⁸ For example see the reports cited on pages 15 and 16 of Dorsett (2008). These cover an assessment of challenges facing CMP providers (Barnes and Hudson, 2006), the sanctions regime (Mitchell and Woodfield, 2008) and the role of the IBPA (Knight *et al.*, 2005).

⁵⁹ See for example DWP (2007) for a synthesis of the evidence, or Middlemass (2006) and Eccles and Lloyd (2005) for specific examples.

rules-based culture of Jobcentre Plus would not be able to deliver the personalised employment support that ministers were looking to implement for the long-term unemployed.

This is not to say that no evidence base on the effectiveness of private provision exists. There is international evidence, as well as the evaluations of Employment Zones and the New Deal for Disabled People (NDDP) in the UK which both involved contracting out the provision of support. The Department made a concerted effort to understand and review this evidence. However the evidence from the evaluation of Employment Zones that is the most relevant source for FND is difficult to interpret, as the effects of better funding in Employment Zones cannot be disentangled from that of private provision in explaining the higher performance seen in them.⁶⁰

Our discussions with internal stakeholders also indicate a continued sense that DWP could have done more to understand the actual process of contracting out provision to the private sector. Not only would this appear to matter in principle, but in practice, evidence on the performance of private providers from the evaluations of the New Deal for Disabled People (Stafford *et al.*, 2007) highlighted that the precise nature of the commissioning and funding arrangements matters for the outcomes that are achieved by private providers.

- There was scope to learn more about the impacts of particular commissioning and incentive processes before proceeding with the use of the private sector in FND and there remains scope for such research.

Similarly within the workplace pension reform case study we found a large number of examples of where research had impacted upon decisions on how to deliver to the policy. There was a considerable debate within DWP over the structure of the model choice. This debate was essentially around the merits of multi provider models with branding versus the single provider NPSS where firms competed with each other for the right to administer the scheme rather than for customer contributions. The timescales involved in this debate were very tight, and a combination of external and internal research was used.

The impact of research on the model choice decision is subject to very different views amongst stakeholders inside and outside of the Department. Those inside the Department felt that research played an important role in the decision. There was little confidence among external stakeholders that the decision had been evidence-based.

From the internal stakeholders we talked to there were two deciding factors in favour of the NPSS: internal modelling showed it to be significantly cheaper than the alternatives; and the body of research presented to Ministers made it clear that it posed significantly fewer delivery risks than the alternatives. It seems likely to us that the research did have some impact in the choice of the model for automatic enrolment into a pension scheme with a minimum contribution, in part by demonstrating to ministers the costs and risks involved in multi provider models. We would add some important caveats to that conclusion, however, which have wider resonance:

- given the available knowledge and understanding of broadly how the private pension and financial services markets operate, the need for some of the external research commissioned was perhaps unclear;
- some key issues in delivery which could have been informed by research and consultation were missed in the initial process, for example the definition of income used for calculating employer and employee contributions. This appears to have reflected a problem in communication between those in the Department designing the new scheme and those with detailed understanding of how private schemes work. The result was that potentially important research on impacts of

⁶⁰ For example see the Flexible New Deal evidence paper, DWP (2007).

policy design did not occur, illustrating the crucial importance of those engaging in both policy and research having a really good understanding of practical delivery issues. It would have been helpful if those involved in the design of the reforms had held early discussions with those with a detailed understanding of how private pensions work;

- there was general agreement that the decision on the precise level of the annual contribution cap within workplace pension reform was not well evidenced. By this we mean that DWP did not seem to have a clear understanding of likely effects of different possible levels on the market for private pensions;⁶¹
- similarly, the level of the employer contributions appeared to have a relatively weak evidence base behind it. As with the decision over the annual contribution cap this may have been inevitable given the scope and timescale of the workplace pension reforms. However the following avenues appear not to have been explored in good time:
 - working with the working age side of the Department better to understand labour market impacts;
 - working with DTI (now BIS) better to understand impacts on employers, especially small employers.

Perception

How stakeholders will perceive and respond to policy change is an important issue for DWP. A significant amount of work in this area is done outside of the formal research process, involving more or less formal consultation and contact with stakeholder groups.

An important role for research in the development of policy around workplace pension reform was to ‘sense check’ the findings of the Pensions Commission. As a package these proposals were the consensus position on how to progress with pension reform, and had already been heavily influenced by previous DWP research particularly that around the ineffectiveness of Informed Choice.

As a result of this a large body of the research work that fed directly into the decisions taken around workplace pension reform were stated preference surveys of individuals and employers attitudes to the proposed reforms. These surveys aimed to uncover what individuals and employers thought about the proposed reforms, along with their likely responses to them. The surveys and corresponding qualitative work showed that the proposed reforms were likely to be popular, and were not likely to be associated with large negative impacts on employers or employees. This certainly helped set the scene for the Department going ahead with the policy for automatic enrolment into a pension scheme with a minimum contribution.

It is however important to be aware of the limitations of such research. Without back up from other forms of research, surveys which indicate stated preferences with regard to hypothetical situations can only provide partial indications of likely actual responses. The information is certainly valuable but one is likely to want to back it up with modelling and observation of actual behavioural responses. There are of course difficulties and limitations in undertaking this type of work. Extrapolating behavioural responses from the experience of similar, but not equivalent policies in other countries can be misleading if the UK context is ignored when interpreting the results. However, we believe on balance that there is room to consider more such work on the pensions side.

⁶¹ We acknowledge that given the scale of the reforms such an understanding would likely be at a high level.

Getting the question right in these sorts of surveys is also very important indeed. We came across both very good practice and problematic practice in this regard. In asking individuals about their attitudes to different possible investment strategies, the Department designed a survey in association with a top expert in the field such that it was possible to determine from the responses a clear measure of people's attitudes to risk (Webb *et al.*, 2008). In looking at likely responses of employers to the introduction of automatic enrolment the first survey of employers did not quite ask the right set of questions and gave a misleadingly positive picture of how employers would respond to the policy (Bolling *et al.*, 2006). These mistakes can happen and it is to the Department's credit that the survey questions were adjusted second time round when more realistic results were delivered.

4.4 Conclusions

Across our case studies we found a number of significant examples where research has had an impact on the development of policy, or on how existing policies are implemented. The most prominent examples of which are the:

- introduction and design of Pathways to Work;
- model choice decisions as part of workplace pension reform; and
- conditionality regime within the FND before twelve months.

While these conclusions are based on extensive interviews with internal and external stakeholders, along with our case study work they remain judgement calls. We cannot say precisely what the direction of policy would have been if the research undertaken had been carried out differently, or not carried out at all.

Besides these specific examples, our interviews have highlighted that there is a strong culture within DWP of using evidence to inform the process of policy making.

How is research effective in impacting on policy?

All the different types of research we have considered can be influential on policy making. We would draw a number of general conclusions:

- in some areas DWP has an excellent track record of building up a cumulative base of knowledge and research, and it is in these areas that research has the most overall impact on policy formation. It is important that the overall research programme that DWP commissions is robust and of a high quality nature, rather than that it contains individual projects that will provide the definitive answer to a particular policy question;
 - the design of much welfare to work policy and of the policy of auto enrolment into pension schemes has benefited from such a body of research;
- related to this, creation of a narrative to embed research findings is important in making them effective;
- large-scale and well designed evaluations have been invaluable in some areas in promoting specific policy directions and in building up the evidence base for the general direction of policy. To be effective such evaluations need to be, and in the examples we have looked at, have been, well designed;
- well specified and focused pieces of specific research have been effective in guiding the details of policy implementation in a number of areas;

- our interviews suggested that policy makers often find it easier to use and interpret research which provides quantitative results – these tend to be more easily communicated and understood in fairly straightforward terms than are more qualitative pieces of information.

We again emphasise the importance of the findings of the previous chapter regarding the necessity of strategic input into the research programme. Senior level involvement in the prioritisation of the research programme is vital to ensure that medium term priorities are captured.

When was research less effective in influencing policy?

In general we find that when research has been less effective in influencing policy it is because either the political direction has been set or the research projects in the area have failed to address the relevant questions in ways that are accessible to being used by policy makers. Often in these cases the scale of the pilot has been too small to yield robust results, or the methodology used has been unable to deliver results that could feed easily into the policy making process.

A large amount of the research that DWP undertakes is of a qualitative nature. While this is often the appropriate methodology to use its impact can be more subtle than that of large scale quantitative work, and as such, it takes more time for researchers and policy customers to understand its implications. This is an issue the Department may want to address.

More generally our case studies have suggested that research may not have maximised its policy impact where:

- timing is misaligned between research and policy formation;
- policy agendas change over the period the research is conducted in;
- there is not adequate background research in which to locate new work;
- small scale evaluations are carried out which provide little useful information to the Department;
- the appropriate research questions were never asked in the first place, perhaps as a result of lack of shared understanding of the main issues; or
- resources in other groups or departments are not well used.

Obviously, in addition, lack of good communication and understanding between researchers and policy makers would create a major barrier, but we have not in the case studies we have looked at found examples of significant communication difficulties of this sort. The main issue for the Department to address is that it prioritises the right research in the first place, such that the best possible evidence is available in all its main policy areas when it is needed. As such even where policy has moved on so that a given piece is of research of little immediate relevance, it is still important to ensure that its findings can feed into the evidence base for future use.

5 Findings and recommendations

5.1 Our findings

DWP's capability review scores the Department as 'strong' in its use of evidence. We have looked across a range of DWP's business and its use of externally commissioned evidence in four particular policy areas. While we have a number of comments and observations regarding how the Department might improve and develop its use of such research, overall we would concur with the assessment in the capability review.

What became evident very quickly in carrying out this review was the depth and strength of the culture in DWP which puts evidence at the heart of policy making. We found very little evidence of the cynicism over the use of evidence which one sees in some places. Absolutely all of those within the Department and outside it who had experience of working both with DWP and with other departments told us they thought that DWP's use of research was as good as or better than that elsewhere in Whitehall. External researchers, DWP officials with previous experience in other departments and officials in other departments who used to work in DWP were unanimous in this view.

Very senior officials have clearly seen it as a core part of their remit to instil a culture which values research and evidence. Those who had worked with and inside ministerial offices were among those who told us that use of evidence was well embedded in the decision-making processes.

So the overall context for our findings and recommendations is a positive one. In this final chapter of the report we summarise briefly our key findings and then set out a limited number of recommendations for areas that DWP might consider addressing. To avoid duplication we have not listed all the key findings separately from the recommendations – rather, the findings specifically describe where we have found things to have worked well, the recommendations apply where we think there is scope for improvement.

The key positive findings include:

- DWP has a culture which supports the use of research and evidence. This culture has been systematically encouraged and is probably the single most important determinant of how well research is used.

That said, we did find some variation in use and appreciation of evidence and research, and would urge the Department to maintain and extend the prevalent culture;

- those with experience of working with or within other departments were all positive about the culture of research and evidence use in DWP;
- ministers and their offices appear to be confident that the work of the Department, and recommendations put to them, will be based on good evidence;
- communication between policy makers, researchers and other analysts appears to be good. There is a mixed model across the Department with regard to the organisation of analytical resource – with more complete 'bedding out' in WWEG than in the Pensions Client Group (PCD) – but we found evidence in both groups of close and effective working between researchers and policy

makers;

- research **capacity** in DWP is very good. Most of the externals we spoke to commented on the ability of DWP officials to understand and work with complex methodologies. We also found evidence that research management was sensibly resourced and that this was an important element in providing an effective service to the Department;
- DWP has carried out some of the most extensive and well managed evaluations across government. Many of the lessons from these evaluations are well embedded in the knowledge base of many officials;
- whilst speed of research can be an issue (see Recommendations 2 and 12) the procurement and management process has allowed a number of important pieces of work to be carried out quickly and effectively. The process appears relatively flexible and responsive;
- whilst much research is immediate and flexibly managed, DWP has also invested in a number of highly significant long-term databases and research resources which will be valuable to policy makers for a long time to come;
- in some areas (for example on Informed Choice in the pensions area) DWP commissioned research has led the policy agenda. There is probably scope for more of this (see Recommendation 5).

5.2 Recommendations

In this section we give our recommendations for how DWP can improve the impact of the external research it commissions. While we number our recommendations this does not indicate their relative importance.

5.2.1 Recommendation 1 – management information

Management information regarding what topics have been researched, how much has been spent on different sorts of issues and what lies behind the headline titles for each report is not at all easily accessible (even though the underlying information is held). In particular there appears at present to be no easy way to link research outputs to the components of the research budget.

Whilst individuals across the Department have considerable knowledge of individual pieces of research and programmes of research DWP might want to consider investing in more complete management information systems. We suspect there are differences in the use of research by different parts of the Department which would be uncovered and could be challenged if better management information were available.

5.2.2 Recommendation 2 – procurement⁶²

DWP employs extensive framework contracts for the procurement of research services. Overall we believe this is a good approach to procurement and allows significant flexibility for the Department and for the development of constructive relationships with suppliers. However:

- the Department might want to consider investigating whether it is possible to make the process for getting on to the framework contract less daunting, given the constraints of procurement guidelines, particularly for smaller suppliers. In the course of our interviews we came across top quality potential suppliers who had found the whole process so difficult they had not applied

⁶² The interviews that form the basis of the report were completed before the re-let of the framework in the summer. Our understanding is that during the re-let the Department made efforts to improve both the process of getting onto the framework and in ensuring access to it.

to be on the previous round of the framework. We also understand that some smaller potential suppliers had not been able to meet all the requirements for access to the frameworks;

- we found divergent understandings between some senior officials and potential suppliers regarding the ability or desirability for potential suppliers to engage with the Department in coming up with research ideas. There was some appetite internally amongst senior DWP officials to listen to suggestions from external stakeholders. However, there was a general sense amongst external stakeholders that DWP was not receptive to such discussions.

5.2.3 Recommendation 3 – role of research management

We found the research management process in DWP to be effective. External contractors appreciated the expertise of the research managers and were generally well informed about the policy drivers for the research. This at least in part reflects the fact that research management in DWP is relatively well resourced – ie. relatively few projects per project manager. We recommend that the Department continues this level of resourcing, in order to ensure the quality of research output and its impact.

5.2.4 Recommendation 4 – prioritisation (1)

Currently PCD and WWEG go through rather different prioritisation processes. These processes appear to us, in most cases, quite effective at identifying appropriate priorities. However, particularly in PCD they appear quite process heavy. A number of the most senior policy officials also felt they did not have enough of a role in steering the priorities. DWP might want to consider:

- creating more consistency between the different parts of the Department in how research prioritisation is carried out. We do **not** recommend that pensions and WWEG should combine their budgets and prioritise together;
- giving a more significant and early role to directors and deputy directors in setting out research priorities;
- ensuring that all policy programmes have research strategies embedded in them right from the start.

5.2.5 Recommendation 5 – prioritisation (2)

In the areas we looked at we found DWP was very strong in ensuring good levels of evaluation, in maintaining (and extending) investment in some long term surveys and at commissioning work to inform immediate policy priorities. However, we found some evidence of gaps around ‘medium term’ priorities. The Department should consider:

- regular (say every three years) reviews of likely evidence needs over the medium term;
- instigating a mechanism for systematically learning from policy development exercises which have discovered gaps in the evidence;
- improving its baseline evidence on key client groups. Whilst its administrative data is excellent we were told by numerous interviewees that its background knowledge of a number of important groups (IB recipients, employers and the self-employed were mentioned to us) could be (or have been) improved;
- possibly ring-fencing a part of the research budget for longer-term strategic priorities; and

- fostering a more diverse range of supplier relationships perhaps by putting a greater proportion of projects out to general tender and/or putting aside funding for research centres, which other departments have done successfully.⁶³ This may be particularly valuable in areas – some issues in pensions for example – where the Department views the external supplier base as being rather thin on the ground.

5.2.6 Recommendation 6 – working between groups

We found that WWEG and PCD were relatively ‘siloes’ in their prioritisation, management and use of research.⁶⁴ We would recommend:

- at least one senior analyst from each group (at Grade 3 or Grade 5 level) should be **actively** involved in the research prioritisation and management processes of the other group;
- there should be more opportunities for learning across groups; and
- that asking questions such as ‘*what could this project tell the other half of the Department*’ and ‘*what might the other part of the Department know which is relevant to my research*’, be built into the whole research process.

5.2.7 Recommendation 7 – working across government

We found evidence that there was scope to improve working across Government – for example with BIS and with Department of Health – in improving understanding of likely policy impact. For particular policy areas where there is likely to be cross-departmental expertise and interest DWP should consider ensuring early engagement with researchers in other departments. The possible role of other departments should be addressed in all initial documents and decisions regarding research prioritisation.

5.2.8 Recommendation 8 – evaluations

We looked in detail at the evaluation of Pathways to Work and found it to have been well designed, well managed and influential. There is a strong evaluation culture in the Department. However, a number of issues arose from this and other evaluations:

- the Department should put in place a more formal set of mechanisms for controlling evaluations – there are clearly a number of predictably limited value which go ahead; and
- that a more precise and honest appraisal up front of what any evaluation is likely to achieve might be an important element of this. For example, is the evaluation intended to measure impact or to guide delivery or both? Is there a set of results which would lead to the abandonment of the policy?

Our sense is that there is a case in some areas for a shift in emphasis away from evaluation and towards research and appraisal.

5.2.9 Recommendation 9 – narrative building

Research findings are well communicated within DWP. External researchers often present to groups of policy makers and policy makers tend to be closely involved in overseeing and understanding research. In some areas there is a shared understanding of the research narrative. However, there does seem to be scope for:

⁶³ In the past the Department of Social Security provided core funding to research centres. DCSF and DfID for example currently provide funding for research centres.

⁶⁴ See Section 3.3 and Appendix A.

- more use of researcher and analyst time in pulling together high quality evidence based narratives in particular policy areas;
- more commissioning, or conducting in-house, of synthesis reports; and,
- a greater willingness or ability on the part of social researchers to encapsulate their understanding of what the research is saying very briefly and compellingly.⁶⁵

5.2.10 Recommendation 10 – external engagement (1)

We found in some areas an uncomfortable divergence between the perceptions of DWP officials internally and those of external observers regarding the impact of evidence on policy. This is likely to be undesirable for many reasons and the Department might wish to consider:

- regular (every year or two) events not just showcasing commissioned research but explaining how it has been used; and
- two-way open seminars on particular topics where not only do researchers present on their work, but policy makers present theirs.

5.2.11 Recommendation 11 – external engagement (2)

Many of the research and evidence issues with which DWP wrestles are highly complex. There may be scope to make more use of external expertise in helping to define research problems and/or to commission feasibility studies for work in particularly challenging areas.

Some limited use has been made of external experts in setting research priorities on the pensions side, and WWEG does occasionally commission feasibility studies from external contractors.⁶⁶ We would recommend that this is maintained and extended to ensure ongoing challenge and input. We however appreciate that there is a limit to this, and that it is important that the DWP research programme remains focused on helping the Department meet its policy goals.

5.2.12 Recommendation 12 – pace of policy making

Unsurprisingly the single greatest barrier that was brought to our attention regarding making best use of research resulted from necessary time-scales. Policy decisions often need to be made more swiftly than research or evaluation can be completed. This is a desperately hard trade-off for any organisation to make. We cannot make any recommendations regarding the appropriate trade-off but, related to some of the previous recommendations, the Department could consider:

- identifying research priorities in policy areas which are important but not due for immediate announcements;
- where an evaluation is taking place, being explicit up front about at what stage of the evaluation further policy roll-out will be considered; and
- being as explicit as possible at the start of a policy and research programme over how the trade-off between timeliness and certainty of evidence will be managed.

⁶⁵ This came out of our discussion with policy makers on how easy they find it to incorporate different types of evidence into their work. See Section 4.4.

⁶⁶ See for example Riley *et al.* (2007) which examined the feasibility of undertaking an assessment of the macroeconomic impact of Jobcentre Plus and JSA.

Appendix A

Research process

In this appendix we describe in detail the process of prioritising, commissioning and managing research in the Pensions and WWEG groups of DWP in place during the fieldwork period for this study of November 2008 to February 2009.

A.1 How does DWP commission research?

A.1.1 Who commissions research within DWP

The majority of DWP's research is commissioned by either the WWEG or PCD. The research commissioned by these two groups of DWP forms the basis of this report.

Within DWP the responsibility for commissioning research is devolved to individual groups and Non-Departmental Public Body (NDBPs) that report directly to the Department. The groups and agencies that commission research within DWP are the:

- WWEG;
- PCD;
- Jobcentre Plus;
- PADA; and
- the Strategy Group.

Each of the groups and agencies listed above adopt a different process in deciding what work to commission.⁶⁷ The precise processes used in prioritising and commissioning research projects in each directorate tends to change slightly year to year. For example, WWEG has introduced (internal) peer review of projects at a fairly early stage of the prioritisation process this year.

From our discussions with stakeholders within the Department there is relatively little communication between WWEG and PCD in terms of the prioritisation of research projects within each directorate. While a representative of PCD attends the Evidence and Analysis Steering Group (EASG) meeting that helps to prioritise the projects in WWEG's research programme, the relationship is not reciprocal. No member of WWEG is involved in any stage of the prioritisation of the projects in the PCD research programme.

A.1.2 The prioritisation process

As we noted above, the process for commissioning research within the different groups and executive agencies develops year to year. In Tables A.1 and A.2 we set out our understanding of the process within PCD and WWEG respectively at the time of the fieldwork.

⁶⁷ The PADA research programme for 2007/08 went through the Pensions process. PADA now has its own research commissioning process.

Table A.1 Pensions Research Process

| Pensions Directorate | | |
|-----------------------------|---|---|
| Time | Action | Who is involved |
| October to December | Strategy papers on the necessary research in key policy areas are drafted. | Analysts, policy colleagues and research managers |
| January to March | Discussions about the strategy papers | Policy colleagues and other stakeholders |
| January to March | Project bids are drawn up and prioritised | Policy colleagues and other stakeholders |
| April | The Research Steering Group review and agree any project proposals and the research budget bid. | Representatives from policy and finance, along with analysts. |
| April | Presentation to the Pensions Client Board. | |
| April | Project proposals and research budget bid submitted for clearance. | Directors |
| April | Ministers are consulted and asked to approve the final research programme. | Ministers |
| After April | Research projects are given funding approval. | |

Source: DWP.

Each social research team leader is tasked with looking at research priorities and producing a strategy paper for their area. There is no standardised format, but the paper tends to look at background, gaps in knowledge and how these can be filled. The strategy papers are written by Grade 7 analysts, occasionally with the involvement of external stakeholders. Drafts of the strategy papers are sometimes reviewed by policy officials. They are circulated in order to help prompt initial thoughts on research ideas.

The strategy papers serve as the basis for meetings in each policy area between policy and analyst stakeholders. These meetings look at the questions within the strategy paper in terms of whether they can be answered, and whether any research is necessary. The ideas contained within the strategy papers are then turned into project bids and prioritised by Grade 6 and 7 analysts. An informal shortlist with priorities is circulated to those at the meeting discussing the strategy papers.

At this point, the list of project bids is filtered by the senior analyst in pensions. The aim here is to remove overlap, non-starters, and projects which have been done beforehand from the programme.

The senior analyst in PCD has in the past challenged each project with each relevant team leader at this stage. This is a long process taking around three to four weeks, which from our discussion with those involved in the process is likely in future to be delegated to a less senior analyst. This is the point at which staff resources available for managing externally commissioned research are questioned.

After the senior analyst in PCD has been through the research programme it is passed to the PCD chief economist. The PCD chief economist challenges any projects they do not think are viable and adds any projects they think are necessary but missing from the current programme.

The research steering group in PCD is made up of deputy directors, the head of finance and representatives from the communications team. The research steering group see the proposed research programme after the revisions requested by the senior analyst in PCD and the PCD chief

economist. If the steering group identify any additional projects then the relevant analyst is approached and asked to work up a proposal.

Following the research steering group a revised version of the research programme is presented to the Pensions Client Board.⁶⁸ The pensions client board makes recommendations, which result in the third revision of the proposed research programme.

Once clearance has been achieved from the Directors, the research programme is submitted to ministers for their approval with the aim of achieving ministerial sign-off by April. For various reasons, ministerial sign-off of the PCD research programme has not been achieved by April in recent years. After ministerial clearance has been achieved there are quarterly meetings of deputy directors or their delegates to review the ongoing state of the research programme.

Work, welfare and equality group

The process for commissioning research within WWEG involves fewer pre-defined stages than that employed by the PCD. Table A.2 outlines the process.

Table A.2 WWEG research process

| Time | Action | Who's involved |
|----------------------|--|---|
| September to October | Discussions with policy colleagues about research priorities | Analysts and policy makers – occasionally external stakeholders |
| November | Presentation to EASG of short research priorities papers. EASG identify synergies and take an initial view on the prioritisation of research priorities for WWEG next year. | Analysts |
| November to December | Detailed Project Initiation Documents (PIDs) are drafted for all proposed projects. These are peer reviewed by other WWEG analysts. | Analysts and policy colleagues |
| December | Shortened PIDs are prepared for projects previously approved for current year but not yet started. | Analysts |
| January | Detailed PIDs are considered by EASG. EASG focus on expensive projects or those with reservations expressed at peer review. Previously approved projects are reconsidered at same time rather than being automatically approved. | Representatives from policy and finance, along with analysts. |
| February | Submission to ministers outlining the proposed programme – including major evaluations funded from programme budgets. | Ministers |
| After April | Research projects are given funding approval. | |

Source: DWP.

⁶⁸ The Pensions Client Board contains external representatives.

The discussions that take place in September and October with policy colleagues mostly occur at the level of Grades 6 and 7, with the potential for some senior review of any output. In general the discussions at this stage do not involve external stakeholders.

The EASG is made up of senior analysts (Grades 5 and 6). The aim is to filter the proposed research programme, by removing overlap and unachievable projects. Each of the research priorities papers presented to EASG which pass this initial filter produce around three PIDs. These are fairly sparse documents that set out the costs, time table, research aims, policy aims and proposed methodology for the research project. From 2008 the PIDs have been peer reviewed by another analyst within the Department. The process of producing a peer reviewed PID takes around two to three days of an analyst's time.

At the same time as the PIDs are written more detailed methodologies for proposed projects are developed by analysts. For 'difficult' evaluations (such as impact assessments) the Department will occasionally commission a separate feasibility study. A recent example of this is the feasibility study carried out by the National Institute of Economic and Social Research (NIESR) for estimating the macroeconomic impact of Jobcentre Plus.

The January meeting of EASG is chaired by a senior analyst in WWEG and mainly attended by less senior staff (Grades 6 and 7) than the previous EASG meeting. Depending on the budget situation, the research programme may be further filtered at this stage. At this point WWEG tends to be substantially over committed in terms of budget and capacity to manage the projects; rationalisation occurs because of available staff and there is no further reduction of the programme at this point.

The January meeting of the EASG produces the submission to ministers on the research programme, which includes projects funded out of the central budget and individual programme budgets. This submission is reviewed by relevant policy stakeholders before being sent to ministers. The aim is to achieve ministerial sign off by 1 April so that projects can start promptly at the beginning of the financial year.

Throughout the year, EASG meets every six weeks with a standing item of budget. Projects may be dropped or brought forward within the year in order that WWEG meets the budget.

A.1.3 Management of external research

Within WWEG the day-to-day management of projects varies quite considerably depending on their size and status. Individuals we interviewed stated that project management tended to be more proactive on a day-to-day level at the design and reporting stage than in other government departments.⁶⁹ This proactive input tends to focus mainly on quality assurance of the work, and the presentation of research results.

Within PCD the day-to-day management of projects is also fairly active. Again, project management tends to be more proactive at the early stage of the projects, and around publication. As with WWEG the emphasis of the input is around the presentation of results and quality assurance. For example, research reports generally go through several drafts prior to publication.

Across both PCD and WWEG the link between the policy stakeholder and the research contractors is generally filtered by the (analyst) project manager. Once work is commissioned involvement of

⁶⁹ The amount of time spent by DWP on managing projects was also noted. In particular, one interviewee noted that the managers of the Pathways evaluation at DWP worked full-time on the project.

policy stakeholders varies across projects, with policy input generally being higher if the research has been generated by ministers directly or is feeding into a process with a tight policy driven timescale. Where policy stakeholders have direct involvement in the project it tends to be concentrated at the beginning and the end of the project. For example policy stakeholders may be involved in the development of research instruments, such as topic guides and questionnaires or in providing comments on draft reports.

The variation in the policy stakeholders' involvement in research once it is commissioned is driven by the type of project undertaken and the professional relationships between the analyst and policy stakeholders involved.

A.1.4 Publication of external research

All commissioned work is published unless seriously flawed. In the cases where a report is not of a publishable quality, DWP do not pay the final instalment of any payment due to the contractor.

At the end of the project there is a presentation of results by the contractor which is attended by both DWP policy and analyst stakeholders.

A.1.5 Budgeting

The budgets for external research in WWEG and PCD relate to the money available to pay external organisations undertaking research for the Department. They do not cover the cost of staff time within DWP involved in prioritising, commissioning and managing external research, or in the case of an evaluation the costs involved in delivering the proposed programme.

Appendix B

Outline topic guides

Researcher and analysts

Objectives of session

By the end of the session I would like to have an understanding of the relationship between policy and research and between you as researchers and analysts and the policy teams. We are particularly interested in how policy information needs are identified during the policy development process, turned into research projects and commissioned. At the end of the process we want to get a clear understanding of how research findings are disseminated and fed into the policy development process. We are less interested in the day-to-day management of projects but we are interested in how you involve policy teams and whether you feel they should be more or less involved and why. We are also interested in how you and individual projects are able to respond to changing needs during the lifetime of projects.

Identifying information needs

- How was the need to commission work identified within the policy process?
- What was your role as a researcher in the process of identifying information needs?
- Generally, once the need to commission work was identified how have the policy teams been involved?

Running projects

- What role, if any, did policy people have once a project was commissioned?
- Did policy needs ever change during a project? How did you deal with it?
- Do you think that the research was fully cognisant of the policy context?

Dissemination

- How were the findings fed into the development of policy?
- How were the policy teams informed of the findings?
- Do you feel that the information was timely?
- Do you feel that policy people fully understood the caveats around the findings?

Political input

- How well do researchers and analysts understand the policy development process and the role of Ministers?

Impact

- Do you feel that research generally had an impact on the final structure of the policy?
- Could it have had more impact?

Check

Clarify whether researchers/analysts work in team(s) within the policy directorate or centrally.

External stakeholders

We would also like to speak to some external stakeholders, perhaps researchers or lobby groups or disability rights groups. It would be helpful if you could nominate a few people we could contact.

Close

Policy makers

Objectives of session

By the end of the session I would like to have an understanding of the relationship between policy and research and between you as policy people and the research and analysis teams. We are particularly interested in how policy information needs are identified during the policy development process, turned into research projects and commissioned. At the end of the process we want to get a clear understanding of how research findings are disseminated and fed into the policy development process. We are less interested in the day-to-day management of projects but we are interested in your role in the process as policy makers and whether you feel you should be more or less involved to ensure that your needs are met. We are also interested in whether you feel the process is flexible enough to ensure that research is relevant when it is finished, which may involve modifying projects as they go along.

Identifying information needs

- How was the need to commission work identified within the policy process?

Running projects

- What was your involvement in the research process?
- Do you feel happy with this role?
- Did your needs change during the project? Was the project able to adapt to those changing needs?

Dissemination

- How were the findings fed into the development of policy?
- How were you as a policy-maker informed of the findings?
- Did you generally have enough information at the right time?
- Do you feel that you fully understood the technical caveats around the findings?
- Do you think that the research was fully cognisant of the policy context?

Political input

- Explore the relationship between political considerations and research findings.

Impact

- Do you feel that research generally had an impact on the final structure of the policy?

External stakeholders

We would also like to speak to some external stakeholders, perhaps researchers or lobby groups or disability rights groups. It would be helpful if you could nominate a few people we could contact.

Close

Appendix C

Published research reports

Further to the information given in Chapter 2 below we list the title of all the research reports and working papers DWP published on its website in 2008 in order of publication (most recent first). In total, 81 reports and 15 working papers were published during 2008.

Research reports:

- The impact of Pathways on benefit receipt in the expansion areas
- Why people may decide to remain in or opt out of personal accounts: Report of a qualitative study
- Individuals' attitudes and likely reactions to the workplace pension reforms 2007: Report of a quantitative survey
- Programmes to promote employment for disabled people: Lessons from the United States
- Understanding employers' likely responses to the workplace pension reforms 2007: Report of a qualitative study
- Employers' attitudes and likely reactions to the workplace pension reforms 2007: Report of a quantitative survey
- Employers' Pension Provision Survey 2007
- International review of effective governance arrangements for employment-related initiatives
- Jobcentre Plus Annual Employer Survey 2007/08
- The information people may require to support their decision to remain in, or opt out of, a workplace pension
- Disability Employment Adviser (DEA) Organisation in Jobcentre Plus
- JOT Tracking Customer Survey
- Managing mental health and employment
- Work and well-being over time: lone mothers and their children
- Costs of running pension schemes: findings of a feasibility study
- Streamlining the assessment of Attendance Allowance applications with social care assessment: an evaluation of two London pilots
- A comparative review of workfare programmes in the United States, Canada and Australia
- The Pension Service Customer Survey 2007
- Encouraging labour market activity among 60-64 year olds
- Informing the piloting of Deduction from Earnings Orders as the primary method of collecting child maintenance
- Child Support Agency – employers' views on setting up and processing Deduction from Earnings Orders

- Employer attitudes to risk sharing in pension schemes: a qualitative study
- Pathways to Work: the experiences of existing customers Findings from a survey of existing incapacity benefits customers in the first seven pilot areas
- State Pension deferral: public awareness and attitudes
- Pathways to Work for new and repeat incapacity benefits claimants: Evaluation synthesis report
- Options and Choices Events: testing implementation and delivery in Trailblazer districts
- Reporting changes in circumstances: tackling error in the Housing Benefit system – Standard Housing Benefit cases
- Focus groups with New Deal and Employment Zone customers: Research to inform Flexible New Deal
- Social housing and worklessness: Qualitative research findings
- Implementation and second-year impacts for New Deal 25 Plus customers in the UK Employment Retention and Advancement (ERA) demonstration
- A ‘User Voice’ study: Jobcentre Plus customers’ perspective on DWP/DIUS strategy for skills
- Evaluation of the trial of Back to Work group sessions
- DWP Able to Work: Realising Potential evaluation
- Routes onto Incapacity Benefit: Findings from a follow-up survey of recent claimants
- Information needs at retirement: Qualitative research focusing on annuitisation decisions
- Exploring disability, family formation and break-up: Reviewing the evidence
- Mental health and employment
- Recruitment of Under-Represented Groups into the Senior Civil Service
- The effects of benefit sanctions on lone parents’ employment decisions and moves into employment
- Talking like a manager: promotion interviews, language and ethnicity
- High hopes: Supporting ex-prisoners in their lives after prison
- In and Out of Work pilot evaluation: Findings from staff and customer research
- Evaluation of the Pensions Education Fund
- Employment transitions and the changes in economic circumstances of families with children: Evidence from the Families and Children Study (FACS)
- Review of the Interventions Delivery Target
- Customers’ experiences of first contact with Jobcentre Plus: Findings from the quantitative survey
- Relationship separation and child support study
- Life-course events and later-life employment
- Local Authorities Omnibus Survey Wave 16
- Mandating Intensive Activity Period for jobseekers aged 50+: final report of the quantitative evaluation

- Extension of the New Deal Plus for Lone Parents pilot to Scotland and Wales: Qualitative evaluation
- A cost-benefit analysis of Pathways to Work for new and repeat incapacity benefits claimants
- Reporting changes in circumstances: Tackling error in the benefit system
- Maternity rights and mothers' employment decisions
- Evaluation of the Fair Cities Pilots 2007
- The Pathways Advisory Service: Placing employment advisers in GP surgeries
- Child support and work incentives: Prospective effects of a larger disregard in the Income Support system
- Understanding responses to pension forecasts: Qualitative research
- Estimating ethnic parity in Jobcentre Plus programmes: A quantitative analysis using the Work and Pensions Longitudinal Study (WPLS)
- Disability Living Allowance: Disallowed claims
- Implementation and second-year impacts for lone parents in the UK Employment Retention and Advancement (ERA) demonstration
- Evidence on the effect of Pathways to Work on existing claimants
- The circumstances of persistently poor families with children: Evidence from the Families and Children Study (FACS)
- Families with children in Britain: findings from the 2006 Families and Children Study (FACS)
- Jobcentre Plus and Children's Centres
- The New Deal for Lone Parents, Lone Parent Work Focused Interviews and Working Families' Tax Credit: A review of impacts
- The business case for Equal Opportunities: An econometric investigation
- Social housing and worklessness: Key policy messages
- Analysis of the choices and constraints questions on the Families and Children Study
- Jobcentre Plus Customer Satisfaction Survey 2007
- Evaluation of the GP Education Pilot: Health and Work in General Practice
- Pathways to Work: Qualitative study of in-work support
- Building a coherent strategy for engagement: Deliberative research with employers
- Qualitative research exploring the Pathways to Work sanctions regime
- Pathways to Work from incapacity benefits: A study of experience and use of the Job Preparation Premium
- The effectiveness of European Social Fund Objective 3 Global Grants in increasing the employability of the most disadvantaged
- Factors influencing the inter- and intra-class mobility of Jobcentre Plus customers: a case study approach

- Child Support Agency client insight research
- Local Authority Omnibus Wave 15
- Routes onto Incapacity Benefit: Findings from a survey of recent claimants
- Mothers' participation in paid work: the role of 'mini-jobs'

Working Papers:

- Ending child poverty: 'Thinking 2020'
- Cognitive testing: older people and the FRS material deprivation questions
- Measuring material deprivation among older people: Methodological study to revise the Family Resources Survey questions
- Access to information and services for older people – the joined-up approach
- The impact of migration from the new European Union Member States on native workers
- Net impact evaluation of the Department for Work and Pensions Working Neighbourhoods Pilot
- Evaluating the econometric evaluations of active labour market programmes using administrative data: evidence from the Jobseeker's Allowance pilots
- Changing economic circumstances in childhood and their effects on subsequent educational and other outcomes
- Wealth and Assets Survey Employer Pensions followup: Feasibility report
- Opportunity Age information indicators feasibility study
- Population estimates of problematic drug users in England who access DWP benefits: A feasibility report
- Understanding the impact of JRRP for people with mental health conditions
- Child Maintenance and Other Payments Bill: Disclosure of Information to Credit Reference Agencies – exploratory analysis
- Exploring the experimental economics approach in pensions
- The longer-term impact of the New Deal for Young People

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⁷⁰ Please see the report for the full list of co-authors.

This report looks at the question of how well the Department for Work and Pensions uses, manages and prioritises external research. It is based on an in-depth examination of four areas of the Department's activity and the associated research reports and their use. The findings are based on conversations with more than 60 people from inside and outside the Department that took place between November 2008 and February 2009, as well as the reading of a number of research reports and policy documents.

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