

**Labour Market
Interventions Strategy
Division**

**In Work Credit:
Official Statistics**

May 2012

Executive Summary

This is the official statistics publication of statistics relating to take-up of the In Work Credit (IWC), a financial incentive available to lone parents moving into work. It contains figures on IWC starts up to December 2011.

The headline figures are:

- To the end of December 2011, there have been 301,700 IWC starts.

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1 In Work Credit (IWC)

1.1 Summary

This summary contains figures on In Work Credit (IWC) from data up to and including **December 2011**. Section 2 provides more detailed breakdowns.

1.2 Background

IWC is a financial incentive available to lone parents and some coupled parents¹ moving into work of at least 16 hours per week. It is a non-taxable weekly payment of £40 to those living outside London and £60 for those living in London². It is paid for a maximum of 52 weeks.

IWC was initially introduced as a pilot on 1st April 2004 and went live nationally on the 7th April 2008. *See Annex A for a detailed timeline of how IWC was rolled out.*

Currently, to be eligible for IWC you must:

- a) Be a lone parent with a dependent child aged under 16 in your household;
- b) Be starting work of at least 16 hours per week and expect that work to last for at least five weeks;
- c) ***In London:*** Be in receipt of either Income Support (IS), Jobseekers Allowance (JSA), Incapacity Benefit (IB), Employment Support Allowance (ESA) or Severe Disablement Allowance (SDA) immediately before starting work and have been claiming one or a combination of

¹ For a time, IWC was also available to some coupled parents. The details of the extension in IWC eligibility are provided in Annex A. IWC claims made by coupled parents are included in the official IWC statistics.

² The amount of IWC was increased from £40 to £60 a week in London from July 2007.

these qualifying benefits, or Carer's Allowance (CA), for at least 52 weeks (short breaks of no more than 5 days are allowed).

Outside of London: Be in receipt of either IS or JSA immediately before starting work and have been claiming one or a combination of the qualifying benefits³ for at least 52 weeks (short breaks of no more than 5 days are allowed).

More information on IWC can be found at the link below:

http://www.direct.gov.uk/en/Employment/Jobseekers/programmesandservices/DG_173631

1.3 Methodology

When a Lone Parent makes an IWC claim this is recorded on the Department's Resource Management (RM) system under Cost Centre and Account Codes that are specific to the IWC initiative.

The RM data comprises individual payments. These payments are combined into a single record that describes the total amount paid and the period of time during which IWC was in payment.

The data are badged as Official Statistics and not National Statistics. Furthermore they are currently experimental. This is because of possible changes to the way that data is extracted from the Resource Management system that might lead to a small one off retrospective change to the published figures.

³ The qualifying benefits for customers outside London are IS, JSA or ESA when received as a result of Lone Parent Obligations (specifically, where, due to incapacity, the customer was not immediately able to claim JSA when they lost eligibility to IS. In such cases, the customer would need to claim JSA prior to starting work to qualify for IWC).

2 IWC Starts

These figures are for IWC starts since April 2004.

2.1 IWC Starts: Headline Statistics

To the end of December 2011, there have been 301,700 In Work Credit starts. This figure includes a small number of coupled parents as well as lone parents.

2.2 IWC Starts: Tables

Table 1 summarises the total number of IWC starts attended by operational year.

Table 1: IWC Starts

Year of IWC start	Volume of IWC starts
2004-05	4,700
2005-06	17,200
2006-07	22,800
2007-08	27,100
2008-09	65,100
2009-10	54,400
2010-11	65,200
2011-12 (outturn)	45,300

2.2.1 Data includes IWC starts to December 2011.

2.2.2 Figures are rounded to the nearest hundred.

2.2.3 Totals may not sum due to rounding.

Annex A: IWC Timeline

IWC for lone parents was piloted from **1st April 2004** in the following Jobcentre Plus districts:

- Bradford (now part of West Yorkshire)
- South East London (now part of South London)
- North London (now part of North & North East London)

The pilot was extended from **25th October 2004** to include the following Jobcentre Plus districts:

- Cardiff & Vale (now part of South East Wales)
- Dudley & Sandwell (now part of Black Country)
- Edinburgh, Lothian & Borders
- Lancashire West (now part of Lancashire)
- Leicestershire (now part of Leicestershire & Northamptonshire)
- Leeds (now part of West Yorkshire)
- Staffordshire
- Central London
- West London

IWC was further extended from **4th April 2005** to all London districts except the former North East London (now part of North & North East London)⁴. In addition, IWC started to be delivered to **all** parents in London who met the qualifying criteria. At the same time, the requirement for lone parents to participate on the New Deal for Lone Parents (NDLP) in order to receive IWC was removed in all IWC pilot districts.

⁴ This was because the Employment Retention and Advancement Demonstration Project (ERAD) as piloted there and extending IWC at that time would have created a conflict with this pilot.

From **31st October 2005** IWC was also piloted for lone parents in the following Jobcentre Plus districts:

- Surrey & Sussex
- Essex
- Kent
- Bedfordshire & Hertfordshire
- Berkshire, Buckinghamshire & Oxfordshire
- Hampshire & the Isle of Wight

From **1st July 2007** IWC payments in London increased from £40 to £60.

From **28th January 2008** IWC was made available to lone parents in the following Jobcentre Plus districts:

- The North East London part of North & North East London
- Birmingham & Solihull

From **7th April 2008** IWC was rolled out nationally to lone parents.

From **1st July 2008** IWC was made available to coupled parents living in the New Deal plus for Lone Parent pilot areas outside of London.

As of the end of **July 2010** IWC was no longer available to coupled parents.