



**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

## **Evidence Brief**

# **In-Work Support trial – A Summary of Related Evidence and Evaluation Findings**

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**Disclaimer**

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# In-Work Support trial - A Summary of Related Evidence and Evaluation Findings

This paper provides an overview of results from the qualitative and impact evaluations of the In-Work Support trial that was implemented in 2015. The trial aimed to test ways to support MSD clients who frequently leave and then return to a benefit to achieve sustained employment outcomes.

This paper also provides a general overview of post-placement interventions to support sustained employment by summarising the literature on barriers to employment retention, and post-placement support interventions and the history of in-work support<sup>1</sup> in Aotearoa New Zealand.

## Key Findings

**Previous research on benefit-to-work transitions highlighted how people who exit into employment often return to the benefit system, reflecting a range of often interacting barriers that make it difficult for former benefit recipients to sustain work.** Barriers to sustaining work include personal factors, household/family responsibilities, financial disincentives, job/workplace characteristics, and system-level issues such as the increased casualisation of the labour market.

**Post-placement support aims to support employment sustainability by helping people manage, or overcome, barriers to long-term employment.**

International evidence on post-placement support in the form of financial incentives and in-work support mostly comes from the United States and the United Kingdom.

**Well designed and well implemented in-work benefits<sup>2</sup> that aim to reduce in-work poverty and help 'work pay' appear to have positive effects on employment and earnings outcomes, however in general these effects were not sustained after payments ended.** Effects were mostly seen in groups with low employment rates, such as sole parents, however the extent of impacts depended on how the initiatives were designed.

**In-work support services are only found to have positive effects on employment outcomes when they are implemented alongside financial incentives. However, effects appear to be highly specific to participant groups.** Regardless of the initiative design, however, effective implementation is key (Fishman, Bloom and Elkin, 2020).

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<sup>1</sup> For clarity, the term *in-work support* discussed in Section One refers to a type of post-placement support that helps people retain employment. The *In-Work Support Trial (IWS)* discussed in Section Two is a specific service that began as a trial but is now a BAU service offered by MSD to support clients who exit benefit into employment and opt-in to the service.

<sup>2</sup> *In-work benefits* refer to government-provided employment-conditional payments made to individuals or families who face labour market challenges, such as the Working for Families In-Work Tax Credit.

**While early attempts to pilot post-placement support programmes in Aotearoa New Zealand were not found to a quantitative impact, more recently implemented initiatives have shown some success.** Voluntary intensive-case management services that offer employment services prior to benefit exit, and continue after employment, such as Individual Placement and Support, COMPASS and ICS-X have shown some positive outcomes for certain groups.

**More research is needed to determine the type of intervention that supports employment sustainability, particularly within the Aotearoa New Zealand context.** The literature suggests that the most promising approaches are those that include a combination of financial incentives with in-work support, provide a continuum of services that begins before benefit exit and those that are tailored to an individual's needs. Marketing and implementation of services are also important to support participation in the intervention.

**Valuations of the New Zealand welfare system in 2012 identified that clients who frequently leave and return to a benefit represent considerable future benefit expenditure.** New approaches were required to improve the long-term employment outcomes of this priority cohort.

**The In-Work Support (IWS) trial began in 2015. The aim of the trial was to assess whether it is possible to help participants settle into a job, adjust to work, and remain in work over the longer term. The In-Work Payment was later introduced to encourage employment sustainability.** The service is designed for clients who have found work and exited the benefit to employment. The In-Work Payment was designed for clients who have repeated spells of benefit receipt and employment. The IWS evaluation included qualitative and quantitative approaches to assess whether IWS was effective in terms of uptake, service provision, the In-Work Payment financial incentive, and the impact of the service overall.

**The qualitative evaluation found that despite clients reporting that the service was highly valued, especially for those who received the In-Work Payment, they still faced persistent barriers to employment which often caused a return to a benefit.** Key recommendations from the qualitative study showed a greater need to increase access to the IWS service early on and deliver a more consistent, integrated service.

**The impact evaluation did not find a detectable impact of the IWS on days off a main benefit for eligible participants.** The impact evaluation faced several challenges because of issues with the RCT design and implementation, and highlighted that while the service showed potential benefits, effective implementation is key to be able to support proper impact estimation. Including a prototype stage is a potential way to identify and mitigate implementation issues in a trial early on.

## Introduction

Labour market policies in a number of countries including Aotearoa New Zealand have had a focus on moving people who receive a benefit into employment, with the overall goal of decreasing welfare dependency (Immervoll & Pearson, 2009; McCollum, 2012; Wehipeihana & Pratt, 2002).

However, the Welfare Expert Advisory Group (WEAG) report, *Whakamana Tāngata*, highlighted that the increase in expectations to move into paid employment has not been accompanied by an increase in the support to help people sustain work; frequent patterns of short-term employment and welfare receipt, or long periods of low paid employment observed among former benefit recipients have been shown in Aotearoa New Zealand. Crichton and Dixon (2007) first used Linked Employer Employee Data (LEED) to highlight this issue and Judd & Sung, (2018) more recently found that almost one out of every two people leaving a benefit return within 18 months, especially those with lower earnings, reflecting the barriers and difficulties related to employment retention faced by former benefit recipients. The likelihood of a return has been found to be highest in the time period immediately after benefit exit (Johri, Boer, Pusch, Ramasamy, & Wong, 2004). The WEAG report also notes that patterns of repeated exit and return to the benefit system is more marked for young people, Māori, Pacific People, and people with health conditions.

While these patterns have also been found internationally among former benefit and welfare recipients (Johnson 2002) in contrast there appears to have been a greater investment in initiatives that support employment retention (McCollum, 2012; McKnight, Stewart, Himmelweit, & Palillo, 2016).

Supporting people to return to work, remain employed, and improve their skills and incomes over time are important employment policy goals, given the benefits for both individuals and our wider society.

There is an extensive body of literature on the negative impacts of unemployment in general across a range of outcomes. However, returning to a benefit soon after exiting into employment can have marked financial and psychological consequences at an individual level (McCollum, 2012; Ray, Vegeris, & Taylor, 2010). Experiences of employment instability, particularly when they occur early in a person's life, have been shown to be a pathway to recurrent poverty, and high rates of child poverty have been linked to households who experience frequent work-welfare cycling (Shildrick et al, 2010).

The relationship between mental health and employment is well described in literature, though the correlation is complex. Employment has been shown to have a positive effect on mental health, but mental health conditions can also lead to loss of productivity, sickness absence, and unemployment (OECD, 2018; Waddell & Burton, 2006). However, evidence also highlights the need to support people into meaningful employment, with insecure, low paid and stressful workplaces showing negative effects on mental health (Butterworth et al., 2011a; Butterworth et al., 2011b).

Supporting employment retention among this group provides an opportunity for employers to benefit from retaining their employees but also has the potential to provide wider positive fiscal impacts through reduced spending on benefit expenditure and increased tax revenue (Kellard, Adelman, Cebulla, & Heaver, 2002).

Valuations of the New Zealand welfare system in 2012 found that clients who sustained longer periods of employment were less likely to return to a benefit (Ministry of Social Development, 2018b) and the Benefit System Performance report (2017) found that clients who return to a benefit soon after exiting to employment in New Zealand cost almost twice that of other clients (Ministry of Social Development, 2018a).

## **Purpose**

This paper consists of two sections, complementing the qualitative and quantitative evaluation reports, to provide a contextual overview of post-placement support.

Section one provides an overview of the motivation for post-placement support initiatives by drawing on peer reviewed and grey literature to summarise:

- the key employment retention barriers to understand the types of support that needs to be provided
- the international and national evidence for different types of post-placement support
- the key learnings from past attempts to implement post-placement support to inform future policy development

Section two provides an overview of the In-Work support trial implemented in 2015 and summarises the findings from the qualitative and quantitative evaluations.

## **Section One: Post-placement support and the existing evidence base**

An extensive body of literature, including research from Aotearoa New Zealand, highlights the difficulties that previous welfare or benefit recipients face retaining employment, (Crichton and Dixon, 2007). Evidence suggests that people who receive a benefit generally want to work for personal and financial reasons and it is usually some other barrier or set of barriers that prevent people from moving into and retaining employment (Singley, 2003).

The key factors and barriers that affect employment retention identified through a brief but not extensive literature search and have been summarised in Box 1. They comprise of personal factors, household/family responsibilities, financial disincentives, job/workplace characteristics, and system-level issues (Ray et al., 2010; Wehipeihana & Pratt, 2002).

While they have been described separately in Box 1, these barriers are complex, interrelated and have compounding impacts for those who are more disadvantaged in the labour market<sup>3</sup> (Cortis, Bullen, & Hamilton, 2013; Wehipeihana & Pratt, 2002). Several US based studies have shown that the more barriers a person faced, the less

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<sup>3</sup> This includes but is not limited to sole parents, long-term benefit recipients, disabled people or those with health, housing, and substance abuse issues (Cortis et al., 2013; Hasluck & Green, 2007).

likely they were to exit a benefit into employment, or retain current employment (Singley, 2003).

An evaluation of the 2000 Into-Work pilot in Aotearoa New Zealand found that 69 percent of participants reported at least one barrier to employment (Wehipeihana & Pratt, 2002) and in the wider benefit population the WEAG indicate that numbers of people facing these barriers are growing (Welfare Expert Advisory Group, 2018).

Conceptualising and understanding the causes of labour market disadvantage and the barriers to retention enable more effective targeting of interventions to support sustained employment outcomes (Wehipeihana & Pratt, 2002). Complex life circumstances, life shocks and accumulated adversity may increase the need for additional support, particularly for groups that face multiple disadvantages, eg sole parents (Hasluck & Green, 2007).

### Box 1: Barriers to employment retention

Barriers<sup>4</sup> to employment retention that can lead to employment exit and potentially a return to the benefit system are similar to many of the factors that make it difficult for people to find work in the first place.

It must be noted that the group discussed in this paper, those who experience frequent patterns of employment and benefit receipt, are widely diverse in terms of personal and household circumstances, attitudes and motivations and the barriers they are likely to face. The following is a summary of common barriers highlighted by the literature but some people will have a greater level of control over their relationship with the labour market and benefit status, while others will not, so the severity and impact of these factors on employment retention will vary markedly based on the individuals.

**Personal factors** that can prevent employment retention include:

- **Difficulties adjusting to employment** particularly for those with more complex needs, people who may feel vulnerable, those who may be unsure where to seek help, or are unaware that support is available when faced with difficult circumstances (Wehipeihana & Pratt, 2002).
- **Health conditions** including physical and mental health conditions and psychological distress can act as major barriers to employment and may have stronger cumulative effects over time. However, the contextual factors, such as material hardship, that contribute to these conditions, must not be ignored (Johnson, 2002; Singley, 2003).
- **Transport issues** including inaccessible public transport, the absence of a driver's license or car can create difficulties for people to get to work, transport children/dependents to care arrangements, or cope with unexpected emergency situations (Singley, 2003).
- **Lower skill levels and qualifications** (Johnson, 2002).
- **Household/family responsibilities** are particularly pertinent for sole parents and key factors that hinder employment retention include:

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<sup>4</sup> Note Johnson (2002) suggests that 'barrier' may be a misleading term as it implies that this is a problem that needs to be overcome for someone to sustain work. However, in many cases people may adapt and cope with the barrier in their lives but does not necessarily mean that it has been solved.



- **Lack of access to affordable, high-quality childcare** (Ray et al., 2010; Wehipeihana & Pratt, 2002).
- **Non-standard or inflexible working hours** (Wehipeihana & Pratt, 2002) and the availability of what are in many cases informal sources of childcare.
- **Workplaces without family-friendly provisions** eg sufficient sick leave/dependent leave (Singley, 2003)(Wehipeihana & Pratt, 2002)

**Financial disincentives** arise where people are financially (or perceive that they would be) better off receiving an unemployment benefit compared to if they were working (Singley, 2003). Financial barriers to employment retention include:

- **Increased financial vulnerability in the time between a last benefit payment and a first wage/salary payment** (Singley, 2003).
- **Initial transition and ongoing costs of work** eg childcare and transport (Singley, 2003).
- **Ongoing financial insecurity** if there is no certainty about how many hours will be worked and income is not regular (Singley, 2003).
- **Potential reduction to net income** due to abatements to benefit rates<sup>5</sup>, and taxes (Wehipeihana & Pratt, 2002).
- **New or increased debt** due to the individual/cumulative effect of financial difficulties (Singley, 2003).

**Job/workplace characteristics** result in underlying employment conditions that often contribute to the barriers highlighted above and include:

- **Movement into low paid and temporary work with fewer pathways to progress** which is more frequently seen among individuals exiting benefit for employment (McKnight et al., 2016; Welfare Expert Advisory Group, 2018). These conditions combined with work related costs can lead to situations of in-work poverty.
- **Seasonal employment** can create a reliance on the benefit during the off-season, particularly if employment skills are not transferrable.
- **The nature of the industry and the availability of workplace benefits** (Campbell, Maniha, & Rolston, 2002). A NZ study of a subset of people who left the benefit system in 2013/2014 found that most of those who exited to employment moved into industries with less sustainable outcomes, such as agriculture and manufacturing (Judd & Sung, 2014).
- **Inappropriate match of job or workplace to individual**, people are more likely to stay in work that they find more interesting and rewarding (Wehipeihana & Pratt, 2002).

**System level issues** relate to wider issues that can make it difficult to remain in work such as:

- **Government agency systems** that make it difficult for people to access services and obtain entitlements that support the transition to work can compound financial hardship particularly in the period immediately following benefit exit (Wehipeihana & Pratt, 2002).
- **Organisational capacity** to support people
- **Lack of awareness about low-income assistance** while in employment (Wehipeihana & Pratt, 2002)
- **Increased casualisation of the labour market** reduces availability of more permanent forms of employment. Casual work is often lower paid with poorer working conditions contributing to increased employment insecurity. Furthermore, casual workers often have no rights to give notice, no severance pay and few leave entitlements. (McCollum, 2012; Wehipeihana & Pratt, 2002).

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<sup>5</sup> Such as Accommodation Supplement, Working for families Tax Credits or childcare assistance

## Post-placement interventions

Post-placement initiatives have increasingly been implemented in a number of countries to mitigate the barriers identified above and support sustained employment outcomes (Kellard et al., 2002; McCollum, 2012). Post-placement support refers to a range of services to help those who have left a benefit to take up sustained employment, including:

- **In-work benefits** provided by governments in the form of subsidies, tax credits or assistance payments to help with work-related costs,
- **Non-financial in-work support** referring to services that provide guidance or coaching, assistance to overcome barriers (e.g. lack of transport or childcare) or support accessing other services (Kellard et al., 2002).

Most of the literature about post-placement support on services implemented in the United States (US) and the United Kingdom (UK). Impacts are measured across a range of indicators based on the objective of the programme and include benefit exits, employment rates and employment retention.

## International evidence

### In-work benefits

In-work benefits refer to the government-provided payments to increase take-home income for low-paid workers (McKnight et al., 2016). In-work benefits are primarily delivered through: **(1) time-limited in-work payments, (2) in-work tax credits** or **(3) assistance payments** to help with work-related costs<sup>6</sup>. They can be a cost effective way to address financial barriers associated with work as they act to redistribute income to lower paid workers while also incentivising employment (Immervoll & Pearson, 2009). They are often one component of a larger package, which makes it difficult to isolate the impacts.

Eligibility for in-work benefits is always conditional on paid work. However, features that may differ between specific incentive designs include whether they are:

- targeted or universal,
- based on individual or household earnings,
- conditional on a minimum number of hours worked, or
- whether support is time-limited or permanent (Kenworthy, 2015).

The effectiveness of financial incentives critically depends on their design, more specifically the timing and duration of payments made, and where they are targeted.

In-work benefits incentivise employment by addressing the financial disincentives of employment, that is making paid work more financially worthwhile than being on benefit. Therefore any contextual factors (eg minimum wage levels, existing employment

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<sup>6</sup> Assistance payments include childcare, housing or transport costs (Kellard et al., 2002)

services and the tax and benefit systems) that affect the difference between net income on benefit compared to when in employment are likely to impact the effectiveness of in-work benefits (Immervoll & Pearson, 2009). The design of in-work benefits must account for these factors to reduce any unintended consequences such as incentivising employers to create low-paid jobs (McKnight et al., 2016).

### **(1) Time limited in-work payments**

A number of evaluations of time-limited in-work payments such as the **Minnesota Family Investment Program** and **Wisconsin's New Hope programme** in the US, the **UK In-Work Credit** and the **Canadian Self-Sufficiency Project**, were shown to have positive effects on economic outcomes, employment and, in many cases, employment retention, particularly for sole parents (Martinson & Hamilton, 2011; Michalopoulos et al., 2002). An evaluation of the **Illinois Reemployment bonus experiment** showed positive effects on rapid exit off a benefit to employment, which was not at the expense of the quality of employment gained (Meyer, 1988).

### **(2) In-work Tax Credits**

Ongoing (rather than time-limited) in-work tax credits are indirect payments that incentivise work by allowing people to keep more of their earnings from paid employment. Cebulla, Flore, & Greenberg (2008) and Dalton and Smith (2011) both found that the **UK Working Families Tax Credit** reduced time on a benefit, and increased employment rates and hours of work for sole parents. Similarly, the **Earned Income Tax Credit** in the US was also found to have increased sole parent employment rates (Meyer, 2007). Both initiatives were designed for families with children.

### **(3) Assistance payments**

Assistance payments, such as childcare subsidies, have been shown to have a positive impact on the labour force participation of sole parents, with reasonable cost-benefit to the government (Kalb & Lee, 2007).

While literature on in-work payments show they are effective, most research shows that the impact of financial incentives is generally not sustained after payments end, unless additional support services are provided during employment (Carcillo & Grubb, 2006; MDRC, 2013). This may also explain why earnings-supplement programmes alone have limited effects on employment advancement. Brewer, Browne, Chowdry, & Crawford, (2011) found that for the **UK In-Work Credit**, a tax-free weekly payment for working sole parents with young children, there was no evidence that positive impacts on employment status of parents decreased once payments were stopped, but that the high levels of job retention reported could not necessarily attributed to the in-work credit alone.

### **In-work support services**

Non-financial initiatives to support the transition to work and help people overcome personal barriers include post-placement coaching, counselling, and telephone helplines (Kellard et al., 2002). Evidence from the UK and the US highlights the importance of in-work supports but authors conclude that without earnings supplements they are not enough to support long-term outcomes (Martinson & Hamilton, 2011; Ray, Sissons, Jones, & Vegeris, 2014).

The **Minnesota Family Investment Programme (MFIP)** and the **Canadian Self Sufficiency project (SSP)** both offered alternative models, (MFIP Incentives only and SSP-Plus) within the study period to compare a service which offered a combination of earnings supplements and employment services with one that offered financial incentives alone. It was found that the combination of services were more effective and long lasting compared to the provision of payments alone, but was only shown for sole parents (Martinson & Hamilton, 2011).

The **US Employment Retention and Advancement (ERA)** demonstration was an in-work support service that used 12 different models across the country to support employment retention and advancement. Some sites provided pre-employment assistance, others focused on post-placement support, and some provided a combination of the two. Some of the sites included financial incentives. Eligible participants included past and present benefit recipients, and low-income workers. Programmes targeted a range of population groups but almost all focused on solo parents receiving a benefit (Hamilton & Scrivener, 2012). Randomised trials tested the models and results were mixed.

Nine of the models, the majority of which prioritised post placement coaching and support by itself, were shown to be ineffective (Hamilton & Scrivener, 2012). Three models showed consistent increases in employment retention and career advancement, including the Corpus Christie site in the Texas ERA service which combined incentives and in-work support with sustained effects seen after the four year follow up period (Martinson & Hamilton, 2011).

Similarly, the **UK Employment Retention and Advancement** scheme offered low income earners post-employment support and advice, alongside financial incentives. Positive effects of the UK ERA on employment and earnings among long-term unemployed men were sustained after five years of follow up whereas improvements in employment retention for single mothers was only found to be short-term (Martinson & Hamilton, 2011). ERA also generated longer-lasting positive impacts for unemployed lone parents who were better educated when they entered the programme. These patterns suggest that ERA's strategies offer learnings for future government policy around sole parents' involvement in work (Hendra et al., 2012).

### **Intensive in-work support services**

Voluntary in-work support services that offer intensive case management have been found to help people, often those with more complex needs, achieve positive long-term employment outcomes. However they can be resource intensive, and more research is needed to determine adaptations such as time-limited support, which may reduce costs (Burns et al., 2015).

**Individual Placement and Support (IPS)** is an integrated approach to employment support where ongoing, time-unlimited pre and post-employment support is provided to those with serious mental illness and people with addiction (particularly alcohol and drug dependence) move into and stay in work. The approach is based on eight principles and practices (see Box 2) to provide an integrated service to support not only sustained, but meaningful employment outcomes (Becker, Swanson, Reese, Bond, & Mcleman, 2015; Bond, Drake, & Becker, 2012).

## Box 2 Individual Placement and Support (IPS) principles

1. Competitive employment is the primary goal for clients
2. Zero exclusion - everyone is eligible for employment support
3. Job search is consistent with a person's preferences
4. Job search is rapid, beginning within one month
5. Employment specialists and clinical teams work are co-located
6. Employment specialists develop relationships with employers based on a person's work preferences
7. Support is not time limited and is individualised to both the employer and the employee
8. Welfare benefits counselling supports the person through the transition from benefits to work (Becker, Swanson, Reese, Bond, & Mcleman, 2015).

IPS studies have found positive effects on employment entry, retention, and income for participants compared to clients who receive other types of vocational assistance (Bond, Peterson, Becker, & Drake, 2012; Drake & Bond, 2014; Frederick & VanderWeele, 2019; Lockett, Waghorn, Kydd, & Chant, 2016; Modini et al., 2016). The evidence also shows that IPS is effective at improving employment outcomes for people with a variety of serious mental health diagnoses, educational levels, and prior work histories; and for people with co-occurring mental illness and substance use disorders (Bond & Drake, 2014; K. Campbell, Bond, & Drake, 2011).

**The New Deal for Lone Parents (NDLP)** was a voluntary support programme for sole parents introduced nationally across the UK in 1998 that provided practical help with finding work, accessing training, making the transition to work, and maximising in-work incomes (Evans, Eyre, Millar, & Sarre, 2003). Quasi-experimental evaluations of NDLP estimated that participation increased benefit exits and movement into employment, but the size of the impact, particularly for sustained employment, was smaller than the size of the impact on movement off benefits (Cebulla et al., 2008).

Care needs to be taken when interpreting the impacts of post-placement initiatives in different countries. Results may reflect the context in which they are implemented rather than the design of the initiative. Impacts seen in one setting may not apply to another. Contextual factors include, but are not limited to,:

- eligibility criteria for services
- the policy context
- labour market conditions
- employer attitudes, and
- social and cultural norms about work (Immervoll & Pearson, 2009).

## Aotearoa New Zealand evidence

The focus on post-placement support to increase sustainable employment is growing in Aotearoa New Zealand but there are limited robust evaluations to draw on, and results are mixed. There is a distinct lack of evidence about services that work for different ethnicities, particularly for Māori and Pacific peoples.

Financial incentives such as the Working for Families in-work tax credit and Minimum Family Tax Credit have been found to have positive effects on sole parent employment rates (Dalgety, Dorsett, Johnston, & Spier, 2010).

Mixed methods evaluations of two voluntary post-placement in-work support programmes implemented in New Zealand from 1999 to the early 2000s, the 2000 Into Work service and the Post Placement Support for Newly Employed Sole Parents (see Table 2) did not find positive effects on employment retention (Wehipeihana & Pratt, 2002).

Qualitative evidence from the 2001 In Work Support service for Māori and Pacific clients highlighted the issue of the shortage of providers that had the capability to provide culturally-specific services and the need to investigate this further (Wehipeihana & Pratt, 2002).

It is suggested that the limited impacts seen on increasing employment retention is likely to stem from issues related to programme implementation. Other problems with programme delivery included a lack of information for clients about access to assistance and entitlements, limited time for Case Managers to spend with participants, and the inflexible nature of services, which meant participants' needs were not always met.

**Table 2 Post-placement support services implemented in New Zealand**

**The 2000 Into Work Pilot** was a one-off exit management approach offered to all who were leaving a benefit for paid employment. The initiative provided participants with a brochure that detailed the low-income assistance that clients might be eligible for and a referral for one exit interview with an Into work Advisor who supported clients moving into employment (Wehipeihana & Pratt, 2002).

**The 1999-2000 Post Placement Support Pilot for Newly Employed Sole Parents** was implemented in four regions of New Zealand. In-work support and mentoring were delivered via two models, either through Work and Income Case managers or through contracted providers. Participants received advice and help to access information and assistance which included, but was not limited to, time management, budgeting, accessing financial assistance, support mediating situations with employers, and referrals (Wehipeihana & Pratt, 2002). Qualitative interviews suggest that issues with recruiting participants constrained the pilot.

**The 2001 In Work support pilot** was a service targeted at Māori and Pacific clients. Externally contracted providers supported clients moving to full time work from a benefit. Support was provided through assistance addressing employee/employer relations and information and help accessing other services such as Inland Revenue (Wehipeihana & Pratt, 2002).

In contrast, several initiatives that provided support prior to benefit exit, and continued this support post-placement were found to be successful.

The voluntary **COMPASS** programme piloted in 1994-95 was designed to help sole parent Domestic Purposes Benefit recipients. The programme provided individual counselling and help to childcare access, education and training assistance, and advice on benefit abatement provisions, tax credits, childcare subsidies, and Training Incentive Allowance (Nixon & McCulloch, 1994). A Quasi-experimental evaluation estimated that the COMPASS pilot was successful in increasing the rate of movement off a benefit and into training or education. An update of the evaluation by Colmar Brunton Research in 1997 found that the service increased participants' probability of cancelling a benefit for employment (Ministry of Social Development, 2018c)

The **Intensive Client Support** trial started in 2015 and tested a new approach to helping Jobseeker Support clients move towards sustainable employment. The initial trial meant case managers had a low case-load ratio of 1:40 compared to the case load of general case managers. Intensive Client Support Managers (ICSMs) work on a one-to-one basis with their clients. The extended and adapted version of the trial, Intensive Client Support-Extension (ICS-X) is ongoing but the two year follow up of the initial trial showed positive impacts on days off benefit for two target groups<sup>7</sup> compared to those who had received usual services (Ministry of Social Development, 2018c).

**Individual Placement and Support** services have been operating in New Zealand for over a decade but are not widely available. To date there has been no rigorous impact study of IPS in the New Zealand context but there is currently work underway to build the evidence base (Bence-Wilkins et al., 2019; Wilson, Painuthara, Henshaw, & Conlon, 2019). Several studies of early implementations showed encouraging employment outcomes when compared to international benchmarks from IPS RCTs, including positive outcomes for Māori (Morgan et al., 2017; Priest & Lockett, in press;).

## **Lessons from the literature**

The current literature suggests that outside of the design of a service, the effectiveness of post-placement support also depends critically on how the service is promoted and implemented (marketing, implementation, target groups and timing), who it is offered to, and when it is provided.

Given the impacts that cycling between employment and a benefit, and the impacts that unemployment more generally, have on health and wellbeing there is still a need for investment in additional services to help people overcome the barriers to employment retention and advancement. Previous attempts to implement these services have come up against challenges in the implementation and evaluation stages and the literature provides important lessons that can be used to inform future service development.

### **Take up rates are essential to success and can be improved by effective marketing and implementation.**

The success of post-placement support depends critically on whether clients take up the service. Low take up can be a barrier to demonstrating impacts in Randomised Control Trials (Hamilton & Scrivener, 2012). In addition to the inability to secure employment, common reasons for non-participation in post-placement support include a lack of awareness or understanding of eligibility requirements, benefit related stigma, and scepticism that the benefit is genuine (Martinson & Hamilton, 2011).

Marketing and promotion of services is essential for participation, ensuring that eligible clients are aware of the support they are entitled to. Qualitative evidence from the 2000

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<sup>7</sup> The two target groups were Early Entrants and Entrenched Beneficiaries. Early Entrants are Job Seeker clients aged between 18 and 29 who first entered the benefit system aged 16 or 17, or as young parents. Entrenched Beneficiaries are clients aged between 30 and 39 who first entered the benefit system under the age of 20 and have spent a significant length of time on benefit.

Into-Work Pilot evaluation discovered this was not always the case, with two thirds of participants reporting they were unaware of their entitlements after benefit cancellation (Wehipeihana & Pratt, 2002).

Services should be promoted early, using a variety of methods<sup>8</sup>, and contact should be ongoing so people are always aware of their eligibility for services (Martinson & Hamilton, 2011). Successful marketing strategies were evident in the Canadian SSP, where nearly all of those who met eligibility criteria received a supplement. The programme had a comprehensive marketing strategy that included individual and group sessions dedicated to a discussion of the financial benefits of the incentive, and staff made follow-up home visits and phone calls to review the programme's key services (Martinson & Hamilton, 2011).

The Texas ERA experience highlighted the importance of good programme implementation regardless of the type of support offered (Martinson & Hamilton, 2011). In this study there were differences in outcomes despite all three sites implementing the same model. Corpus Christi was the first site to develop a multifaceted marketing strategy for the earnings supplement, that was promoted throughout the study period (Hamilton & Scrivener, 2012). Corpus Christi had a higher and more consistent take-up rate than the other sites particularly compared to Houston which was the only site in the Texas ERA that did not produce impacts on employment and earnings. The Houston site experienced some operational problems including a weak marketing effort and limited communication with participants after they found jobs (Martinson & Hamilton, 2011).

Successful marketing and management also requires time to allow for eligible clients to engage with a service. It is suggested that the poor outcomes seen in the 2000 Into Work and 2000 Post Placement Support pilots in New Zealand reflect these services' short-term nature. International studies often take place around three to five years after service implementation, allowing for a more in-depth analysis of outcomes (Wehipeihana & Pratt, 2002).

**There are benefits and disadvantages to targeted and universal services. Further research is needed to determine which approach is best for different contexts.**

As seen in the literature, post-placement support is often designed for specific populations such as sole parents or the long-term unemployed (McKnight et al., 2016) However there does not appear to be a consensus on whether targeted services are more effective.

Targeted services can be stigmatising, resource-intensive, and costly as there is no guarantee they will support those they intend to help (Kellard et al., 2002). Focusing on certain groups could miss others who may be at risk of cycling between low paid work and unemployment (McKnight et al., 2016). Additionally, qualitative evidence from in-work support pilots in New Zealand suggest that in practice, internal systems and processes make it difficult to accurately and efficiently target service provision (Wehipeihana & Pratt, 2002).

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<sup>8</sup> Eg in person, online, or over the phone.



On the other hand, non-targeted services can also be a waste of resources and does not guarantee participation in programmes (Kellard et al., 2002). Positive results from post-placement support, when seen, often only apply to certain groups, as evident in the UK ERA model and the NDLP which were shown to be more effective for long term-benefit recipients compared to new or repeat claimants (Cebulla, Flore, & Greenberg, 2008).

**There is mixed evidence whether voluntary services are more effective than mandatory programmes.**

Cebulla (2008) suggests that voluntary services may be more effective than mandatory initiatives as they may reach a more motivated and potentially more work-ready population. However, in the MFIP and the Canadian SSP the difference in impact on earnings between SSP and SSP-Plus was smaller than that found under MFIP Incentives only compared to Full MFIP. The authors suggest that this could be because of the voluntary nature of SSP-Plus compared to MFIP services, which were mandatory. However the difference may also reflect the substantial increase in earnings under the SSP supplement even without employment services and the fact that the SSP supplement encouraged full-time work whereas the MFIP supplement encouraged part-time work (Bloom & Michalopoulos, 2001) .

Voluntary services also tend to reach fewer eligible individuals which can create challenges for evaluation as this may decrease the generalisability of results. That is, if the population that participates is different in any way from the target population, results may not be applicable because outcomes may be due to underlying differences between the groups, rather than to do with the programme itself. Also, because they tend to attract motivated participants, there is a high proportion of participants who may start employment who would have done so anyway (Cebulla et al., 2008).

The **SSP-Plus** voluntary employment services also increased the take-up of supplement; however, the additional services did not have an incremental impact over and above the impact of the offer of the supplement until the fourth year. Michalopoulos et al (2002) concluded that the offer of voluntary intensive case management may produce stronger impacts than financial incentives on their own, but these effects may not be apparent in the first two to three years.

**In-work support services should be integrated, tailored, and should promote employment stability in meaningful work rather than retention in any job.**

The New Zealand pilots implemented in the early 2000s suggest that broad and basic case management is unlikely to be enough to support retention and career advancement (Wehipeihana & Pratt, 2002). Approaches to post-placement support that integrate employment services and treatment services such as IPS may be more promising than offering either strategy alone, especially for people with disabilities or health problems (Butler et al., 2012) (Waghorn et al., 2012).

It is also suggested that in-work support services are more effective when tailored to an individual's needs, taking into account specific personal characteristics and job-related goals (MDRC, 2013). Evidence indicates that clients who have complex needs, such as those who have health conditions or a disability, may benefit from more intensive, integrated, and on-going support to help sustain employment (Kellard et al., 2002). To achieve this, service implementation and design should allow providers to be responsive and flexible to meet the individual needs of participants.

The US ERA experiment also showed the benefit of promoting employment stability over job stability which focuses on the overall goal of being employed rather than staying in the same job (Hamilton & Scrivener, 2012). Changing jobs can often reflect career advancement, or moving into employment that is better suited to an individual (Campbell et al., 2002).

The Portland Oregon Welfare to Work programme indicates that the better the job match to the job seeker's needs, income, interest, and skills, the more likely that the job seeker will retain the employment, suggesting the importance of pre-employment measures to maximise the job match (DoL 2002).

**Services should be offered as a continuum of support that begins before benefit exit and employment starts.**

While interventions may exist as separate services it is suggested they should integrate pre-employment, post-employment and career advancement as part of a continuous service delivered to clients that starts before a client exits benefit.

The Texas ERA programme and Canadian SSP-Plus targeted eligible participants before they found employment (Hamilton & Scrivener, 2012; Martinson & Hamilton, 2011) which differs from the models implemented in Aotearoa New Zealand in the 2000s which focused on clients after or at the point of benefit exit. The New Deal for Lone Parents was offered to those on a benefit and was found to be most effective soon after people participated, emphasising the need for interventions to be offered early (Cebulla et al., 2008).

The Corpus Christie site in the Texas ERA highlights the importance of career development and the authors suggest that sustained effects might be evidence of participant's employment advancement (Martinson & Hamilton, 2011).

While providing this continuous level of support can be difficult to achieve in practice, it may be critical to ensure clients gain sustainable and meaningful employment (Wehipeihana & Pratt, 2002) and is seen in the delivery of IPS services. Services offered should be part of a package that includes other policies that support the build-up of human capital (Immervoll & Pearson, 2009) (Wehipeihana & Pratt, 2002).

**Consideration should be given to the outcomes that are being measured, and when they are measured.**

To determine whether a service is effective, most international studies focus on the impact of initiatives on employment entry, retention, or earnings (McKnight et al., 2016) Wehipeihana and Pratt (2002) suggest job retention should not be the only measure since other outcomes may also support sustained employment. The flexibility of a service to respond to individual needs or the impact on participants' skills and knowledge of addressing employment barriers may be alternative objectives that may have positive long-term impacts on sustainable employment.

Several authors suggest the declining effects of post-placement support reflect job loss in the group receiving services as well as employment gains in the comparison group despite not having receiving additional support (Cebulla et al., 2008; Meyer, 1988; Michalopoulos et al., 2002). Cebulla et al. (2008) conclude that the importance of supports such as the NDLP may be to accelerate the return to work but this may not be seen in all populations. In addition to considering what should be measured it may also be important *when* outcomes should be measured.

Further research is needed to find more effective ways to support employment retention and advancement but ultimately, clients who frequently exit then return to a benefit are a heterogenous/varied group so there is a need for a range of programmes to support them (Hasluck & Green, 2007).

## **Section Two: The New Zealand In-Work Support trial**

### **IWS Background and rationale**

As mentioned, existing research highlighted that there are a proportion of previous benefit recipients who go through spells of employment and unemployment, often returning to the benefit system. Later valuations of the New Zealand welfare system in 2012 and 2013 further highlighted this issue, finding that 25 percent of clients who had recently left a benefit were projected to return to a benefit within two years and the top five percent most likely to return to a benefit after one year did so with 67 percent probability (Rakete & de Boer, 2019). The valuation suggested that in each age band<sup>9</sup> the top 5 percent of clients who return to a benefit after exiting into employment have at least six spells on a benefit. Within this group there was a high future benefit cost for clients who had been on a benefit for less than a year and those who had recently exited a benefit.

The valuation report also identified that clients who frequently re-enter the benefit system after employment spells represent considerable future benefit expenditure. Among the beneficiary population, clients who recently exited a benefit and those who had been on a benefit for under a year accounted for a total cost of \$5.3 billion in predicted future income support expenditure and \$29 billion (33 percent of the total) in lifetime predicted income support payments (Taylor Fry, 2013). New approaches were required to improve the long-term employment outcomes of this priority cohort.

As previously discussed in this paper, frequent patterns of repeated benefit receipt and employment spells can have psychological impacts and lead to further disadvantage in the labour market which has flow-on effects to other long-term outcomes. The In-Work Support trial was designed to support and encourage clients who had exited a benefit to remain in sustained employment by helping them overcome the barriers that make it difficult to stay in work. Increasing the employment sustainability for these groups provided an opportunity to support better outcomes for clients and to reduce costs to the benefit system.

### **In-Work Support trial and service design**

The In-Work Support (IWS) trial began in February 2015 to support participants to move into and remain in work long term (ie for more than a year). IWS has become a business-as-usual service available to all MSD clients who choose to opt-in to the service<sup>10</sup>.

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<sup>9</sup> excluding clients under 18 and over 60.

<sup>10</sup> See: [www.workandincome.govt.nz/move-into-work/in-work-support.html](http://www.workandincome.govt.nz/move-into-work/in-work-support.html)

Any client who exited the benefit into employment can sign up for the service, but the trial focused on clients who frequently left and returned to benefit, known as High Entry-Exit Clients (HEEC). HEEC are identified as those clients who:

- are on Jobseeker Support (JS) with either a current, suspended or expired benefit
- are aged 18 to 64
- have been on and off a main benefit at least three times in the last two years
- have had at least one off-main benefit spell that was three months or longer, and
- have a minimum spell off a main benefit of at least 14 days.

IWS is delivered through an in-bound and out-bound phone, email, and text service by a team of dedicated Customer Service Representatives (CSRs). Participants can receive at least 13 phone calls, at least eight email contacts, and unlimited texts over a 12-month period. Contact is proactively delivered by CSRs but can also be initiated by participants themselves.

IWS provides clients with information, advice, and referrals to appropriate agencies, to help improve their long-term employment outcomes.

The types of assistance offered includes:

- advice about financial support a participant may qualify for
- information about other services, for example budgeting or relationship services
- regular check-ins to see how things are going at work
- work-related advice, for example learning about the new job, training and mentoring
- advice on how to manage a disability or health condition while working, for example workplace modifications.

Participants can interact with different CSRs who take a broader and more flexible role than general call centre staff to better meet needs of clients.

## **Trial design**

A randomised controlled trial (RCT) <sup>11</sup> design was used to randomly allocate eligible clients to be offered support through IWS (treatment group) or receive business as usual services (the control group). Random assignment is intended to ensure that there are no systematic differences in the characteristics of control and treatment groups to quantify the effects of an intervention. If the only difference between the groups is their exposure to the treatment, then changes in outcomes for the treatment group can be attributed to participation in the IWS service.

CSRs were involved in recruiting participants onto the trial. Eligible clients randomised to the treatment group were placed on a call list where it was intended that CSRs would call those on the list and invite them to opt into the IWS service.

The control group was put on a 52-week holdout period where it was intended that they would not be offered to opt-in to the service. After one year the control group could go

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<sup>11</sup> A randomised controlled trial is a type of scientific experiment that aims to reduce certain types of bias when testing the effectiveness of new treatments.

through the selection process again and be randomly allocated to the treatment or control group.

The In-Work Payment (IWP) was introduced in April 2015 as part of the trial to incentivise participants to remain in employment. The IWP was only available to High Entry-Exit Clients and provided milestone payments to clients for participation in the service and remaining in sustained employment. The payment was only available for the first benefit exit into employment, and not available for subsequent spells of employment if they returned to a benefit while participating in the trial.

The IWP payments were available to eligible clients who sustained employment were delivered in the following instalments:

- \$500 at the end of the first month (28 days)
- \$500 at three months (84 days)
- \$1,000 at six months (168 days)
- \$1,000 at 12 months (336 days) of being in the IWS trial.

From January 2018 eligibility for the trial was limited to those with cancelled benefits only. Participants who had had a main benefit suspended were excluded from selection for the trial.

From January 2019 the RCT concluded and IWS was made available to all clients exiting a benefit into employment who wished to opt-in to the service.

## **In-Work Support trial Evaluation**

The purpose of the IWS evaluation was to determine the effectiveness of IWS in supporting clients to maintain employment over the longer-term using the following criteria:

1. Eligible clients made an informed decision about opting in or out of the IWS service (uptake).
2. The support clients received was useful and timely (service provision).
3. The IWP incentivised clients to opt into the IWS service and remain in work for the first 12 months (uptake/incentive).
4. IWS service and IWP acted as a springboard for clients to remain off main benefit over the longer term post-IWS service (impact).

The IWS trial evaluation comprised of qualitative and quantitative evaluation components.

**The qualitative evaluation** was conducted to understand client's experiences of the trial in terms of uptake, service provision, the In-Work Payment incentive and client perceptions of whether the service would support them to remain off-benefit in the longer term.

**The quantitative impact evaluation** was conducted after three years of trial operation and focused on understanding the quantitative effect of the IWS service in supporting HEEC participants to maintain long-term employment by measuring the impact of the service on the number of days off a main benefit compared to those who did not receive

additional support through IWS. Time spent off a main benefit is used as a proxy measure for employment.

The following section summarises the main findings from both evaluations. Further detail on the methods used and in depth discussion of the findings are available in the full evaluation reports (Malatest International, 2019; Rakete & de Boer, 2019).

## **IWS Qualitative evaluation**

### **Qualitative evaluation methods**

Researchers conducted in-depth interviews with 68 IWS clients <sup>12</sup> and six CSRs. Further focus groups were conducted with CSRs.

### **Key Findings**

Though the service was found to be highly valued by the clients that were interviewed, other barriers to sustainable employment that could not be resolved through the service meant clients often had no choice but to return to a benefit (Ministry of Social Development, 2019).

### **HEEC clients were positive about the IWS service and CSRs**

The HEEC clients found the CSRs professional, respectful, and helpful. They appreciated having a person they perceived to be “on their side”.

The CSRs reported that they felt they had more flexibility in this role, compared to other call centre roles, which allowed them more time to listen to and respond to clients’ needs. They were also flexible in their methods of contact, texting clients during work hours so that the client could call them back at a convenient time.

The needs of clients varied; some clients needed regular intensive support about a range of issues, while others needed less support. Clients were able to discuss a variety of needs such as what was happening at work, their living conditions, health issues, and their relationships. The CSRs provided support on several issues including seeking accommodation, financial assistance, finding a doctor, sourcing childcare and transport options, as well as employment specific needs. CSRs were able to tailor their support to meet the specific needs of clients and developed resources and networks to supplement their support.

This is supported by the analysis of free text in administrative data which showed that clients most commonly asked for assistance or information about their benefit payments. The most common bigrams (two-word text) was ‘community card’, ‘food grant’ ‘job seeker (support)’, ‘accommodation supplement’ and ‘financial assistance’.

Most clients were contacted within two to three weeks of having their benefit cancelled, although some were contacted a month or six weeks into their new job. Some clients

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<sup>12</sup> Including HEEC, JS-HCID, and JS-WR participants, as well as those who were offered the service but chose not to opt in. However, response rates were very low for JS-HCID and JS-WR clients so caution should be taken when generalising evaluation findings.

would have preferred being informed about the service *before* starting their job. The extent of time that clients appreciated having support varied between six and 18 months depending on their degree of need for support. Both clients and CSRs felt the service would be able to offer a more integrated service if the CSRs could provide direct financial assistance to clients, such as food grants or emergency housing without

### **The IWP was a critical factor in clients' willingness to engage with IWS**

The IWP made a significant difference to clients and was used to pay for a variety of expenses, including purchasing work tools or clothes, rent and food, deposits on cars or car repairs, and paying off debt or bills. The payment could help relieve stress and financial worries. HEEC clients were more engaged and more positive about the service than HCID and JS clients who did not receive the IWP.

Although the IWP incentivised clients to stay in work, there were other factors that influenced seasonal and temporary workers which often meant they had no choice but to return to a benefit. Variable hours meant that some needed a benefit to supplement their income during difficult periods.

### **The IWS and IWP set a foundation to stay in work but clients faced other issues that influenced their employment**

The IWS provided a useful support service to many clients and assisted them to navigate a return to work and through situations that might otherwise have led them to leave their job. The IWP relieved some of the financial stresses and offered motivation to stay in a job for longer.

However, the IWS and IWP cannot influence all the barriers to sustainable employment. Health issues, redundancy, the end of temporary or casual contracts, seasonal work, and workplace conflicts could contribute to a return to benefit. The qualitative analysis showed that a combination of problems such as childcare, work hours, and travel to work could combine to make employment unfeasible. HCID clients were more likely to return to a benefit due to physical or mental ill health issues that could be exacerbated by stressful work situations.

## **Overall Learnings**

The evaluation identified several learnings for future service delivery:

### **Increase awareness through communication**

- Increased awareness of the availability of the IWS service and IWP could increase participation/opt-in. Ensuring that those who are eligible for the service are proactively contacted and offered the opportunity to participate in the service may increase numbers.
- Earlier communication about IWS and IWP by case managers before or at the time of gaining employment could avoid delay in clients being contacted about the service.
- Greater communication across Work and Income about the service, posters in Work and Income offices, and the use of other media such as emails and

letters to clients about what the service can offer could be useful to help promote awareness of the service.

### **Address issues related to contacting clients through early identification by contacting clients before benefit exit**

- More than ten percent of the HEEC intervention clients were unable to be contacted. Consideration could be given to addressing barriers and access to the service because it is limited only to phone contact during work hours. Language barriers could be addressed using translators.
- Identifying clients early who would respond to a case management model with one consistent CSR as a point of contact may help engagement for some clients.

### **Increase the flexibility of the CSR role**

- Allowing the CSRs to provide direct assistance to clients, eg queries about their benefit, food grants and emergency housing, without having to refer the client to other Work and Income staff would provide a one-stop shop and a more client-centric service. This would mean the client only has to tell their story once to one person who can assist them.

### **Widening IWP eligibility to HCIS and JS participants could increase buy-in and engagement**

- Earlier payment of the IWP could assist with the immediate costs of a transition into work.

### **Conduct further analysis about HEEC clients to support targeting and the type of support needed for participants**

- Understanding the characteristics of high users of the IWS service could identify the aspects of the service most useful to demographic groups and potentially allow the service to be better targeted.
- Further analysis or investigation of the types of issues faced by HEEC clients returning to work and sustaining employment could provide an opportunity to address service needs to this group.

Overall, the evaluation concluded that HEEC clients have a history of frequent periods of unemployment. The specific needs of this group may be complex and the factors affecting their frequent unemployment could be investigated further. Other issues apart from employment may influence the outcomes for this client group. Providing IWS may make no difference to outcomes if clients are on zero-hour contracts, in low wage roles, or experiencing insecure employment. The evaluation revealed that people used the IWP to pay bills, debts, rent, food, and clothing, indicating that this group of clients may struggle financially, even though they are in employment.



## **IWS Quantitative Impact evaluation**

### **Trial design and evaluation methods**

The IWS trial followed an invitation to treat<sup>13</sup> Randomised Control Trial design (RCT) to estimate the impact of the service on the long-term off benefit outcomes for eligible clients (Rakete & de Boer, 2019).

The impact evaluation measured the effect of the IWS service and IWP together on the number of days a HEEC client spent off main benefit<sup>14</sup>. The average percentage of days off a main benefit was used as a proxy for employment.

Although non-HEEC<sup>15</sup> participants were also invited to participate in the IWS service, they were excluded from the trial and the impact evaluation as it was not possible to evaluate the impact of service on this group because no corresponding control group was set up.

Ten weeks into the trial of the In-Work Support service, the In-Work Payment was added. The RCT design did not allow evaluation of this additional component by itself. No attempt was made to individually evaluate the two interventions – the service or the payment, and it is not possible to determine what impact IWS would have had without the IWP, or the IWP without IWS.

From January 2018, HEEC participants whose main benefit was suspended were excluded from selection for the trial.<sup>16</sup> Even though the trial only monitored HEEC benefit outcomes, anyone could opt-in to receive the service if they wanted.

### **Key Findings**

#### **Participation rates were low within the Treatment group**

The evaluation found that a proportion of eligible HEEC clients randomly allocated to the treatment group were not contacted and did not actually receive an invitation to participate in the trial for a number of reasons.

Further exploration into the low take up rates found that CSRs screening out clients who were assessed as unsuitable for the trial could be a potential explanation for low participation indicating the randomisation process and suitability for the trial was not made clear to CSRs. Over half of the treatment group had suspended benefits rather than cancelled benefits and 51% of this with suspended benefits in the treatment group

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<sup>13</sup> Under an invitation to treat design, all clients who were randomised to the Treatment group, regardless of if they opted into the service, or having been invited or not, were considered part of the Treatment group for evaluation purposes.

<sup>14</sup> Excluding temporary suspensions to benefit entitlement of less than 14 days.

<sup>15</sup> Non-HEEC clients had recently exited main benefit into employment and left either Job Seeker, or Job Seeker -Health Condition Injury or Disability (HCID) and Supported Living Payment) related main benefits.

<sup>16</sup> This meant that HEECs with a suspended main benefit weren't randomised to Treatment or Control groups and would not affect the invitation rate.

were resulted as “not yet contacted”. Given that clients with benefit suspensions of 14 days or less were already excluded before being randomised, the evaluation suggests that CSRs may have screened out clients with suspended clients because their benefit exit was regarded as temporary.

From January 2018, HEEC participants whose main benefit was suspended were excluded from selection for the analysis. But after the initial analysis with three years of data, it seems the suspended clients were removed from the contact lists too late to make enough difference to the opt-in rate.

Other reasons for low participation identified by the evaluation include difficulty contacting clients and the screening out of clients who had already returned to a main benefit at the point the CSRs would make the phone call to invite them to take part in the trial. Additionally, it was found that some control group participants were found to have participated in the trial.

**Analysis limited to clients with cancelled benefits only showed some positive trends on the number of days off a main benefit for IWS participants compared to the treatment group. However, the findings were not statistically significant and therefore overall, the results are inconclusive.**

To account for low participation rates among the total treatment group, the analysis was limited to clients with cancelled benefits only which increased the proportion of treatment group participants to a 20% opt-in rate compared to looking at the total treatment group opt-in rate which included participants with cancelled and suspended benefits (9.7% opt in rate). This limits conclusions to only be made about the group with cancelled benefits.

Analysis of the average days on a main benefit in 30 day spells in the year following randomisation showed a positive trend, and a small, short, detectable impact for participants with cancelled benefits compared to the control group.

Analysis of the cumulative impact on days off main benefit in the year after randomisation showed a positive, non-significant impact on clients with a cancelled benefit in the treatment group.

Regression methods that can be used to account for issues such as low participation were also attempted but this analysis also showed non statistically significant results.

## **Key learnings from impact evaluation**

The quantitative evaluation faced several challenges. The ability to assess the potential impact of the IWS service between the Treatment and Control groups depends critically on the proportion of Treatment group clients who chose to opt in.<sup>17</sup>

An *invitation to treat* design places fewer requirements on the CSRs in that trial recruitment and consent processes only need to be followed for the clients randomised to the treatment group. However, a limitation of this design is the reliance on high invitation and participation rates in the treatment group to be able to observe any potential impact. Low participation rates reduce the trial's statistical power to determine the causal impact of the service.

The evaluation suggests that other aspects of trial design that could have been improved included:

- Increased advertising of the In-Work Payment financial incentive
- Offering IWS to clients before they left benefit, rather than after
- Changes to contact methods to try and increase participation rates.

Ultimately the *invitation to treat* design was not suitable to evaluate this service. One potential design to partially mitigate low participation rates involves randomising eligible clients to treatment or control groups after they have been contacted about the trial. This would reduce the impact of additional screening that may have taken place, or uncontactable clients. However this approach would require a greater investment of CSR time and also raises ethical concerns.

## **A prototype phase may have helped identify and address some of the issues that arose in the trial.**

A prototype phase allows issues to be identified early on in implementation and provides an opportunity to make changes to inclusion/exclusion criteria (eg including non HEEC participants in the evaluation design or excluding clients from the evaluation).

## **Conclusions**

The IWS trial and IWP overall showed the potential of an in-work support service with additional financial incentives but highlights the need for robust design of trials to effectively measure impacts. Implementing a prototype phase before the main trial may provide opportunities to identify and resolve issues to support impact evaluations.

There is still further work required to determine the type of post-placement support that will conclusively support long-term employment outcomes.

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<sup>17</sup> The effect of the service on the few who participated is averaged across everyone in the treatment group regardless of if they received the service. If people allocated to the treatment group do not participate, or in some cases are not invited to participate.

The literature appears to suggest that a package of interventions may be required that complement the policy context in which they are implemented to achieve positive outcomes for those who face barriers retaining work. This may require co-ordinated policy development but is an important area to focus on given the benefits of sustained stable employment for individuals and society more widely.

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