

The rise of sanctioning in Great Britain

Adam Tinson

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Table of Contents

Summary	3
Introduction and background	4
Sanctions for Jobseeker's Allowance	5
Trends in sanctions over time	5
Who is being sanctioned?	7
Why are people being referred for sanctions?	8
The average duration and loss of income from a sanction	9
Other benefit sanctions	10
Employment and Support Allowance	10
Income Support for Lone Parents	11
Commentary and looking forward	12
Bibliography	13

Summary

- There were 686,000 benefit sanctions in Great Britain in 2014. This is broken down as 606,000 sanctions for Jobseeker's Allowance, 43,000 for Income Support and 37,000 for Employment and Support Allowance. A sanction is a reduction of up to 100% of benefit received for failing to comply with the conditions of claiming a particular benefit.
- The proportion of JSA sanction referrals - when a jobcentre asks a 'decision maker' whether someone should be sanctioned or not - that result in a sanction is around 50%, an increase on previous years.
- The sanction rate - the number of sanctions in a month as a proportion of the number of claimants in that month - was 5.1% in 2014. This was slightly down on 2013 but still the second highest recorded.
- The large fall in the number of sanctions between 2013 and 2014 was almost entirely due to the reduction in the number of JSA claimants, not the system becoming less harsh.
- The main reasons for JSA sanctioning are failing to actively seek work, participate in training and employment schemes or attend interviews. Much of the increase in sanctions has been driven by the employment and training schemes, such as the Work Programme.
- Over a quarter of JSA sanctions were received by disabled people or lone parents. At the same time, ESA sanctions have risen to their highest ever level in 2014.
- The average duration of a JSA sanction is eight weeks with an average loss of income of around £530 in 2013-14. Sanctions made during this period would therefore reduce JSA spending by around £280m to £290m. This is an estimate, as there is no officially published figure.
- The expansion of conditionality under Universal Credit could see a substantial increase in sanctions: if sanctioning occurred at the same rate as for JSA claimants, then the number could almost double, with an additional 600,000 sanctions.

Introduction and background

Benefit sanctions have become an increasingly prominent part of the social security system in Great Britain. A benefit sanction is a punishment for failing to comply with the conditions of a certain benefit without good cause through a reduction in that benefit for a fixed period of time. For Jobseeker's Allowance (JSA), this is a 100% reduction in this benefit. For Income Support (IS) and Employment and Support Allowance (ESA) the proportional reduction is lower and only covers one component of the benefit. The Coalition government formed in 2010 oversaw a large increase in the number of sanctions handed out, as well as increasing their severity from 2012 onwards. This paper looks at changes in the number and proportion of JSA claimants being sanctioned, as well as who is being sanctioned and for what reason.

Growing severity of sanctions

Sanctions for both Jobseeker's Allowance and Employment and Support Allowance have increased in severity: in terms of length for JSA and in terms of length and income sanctioned for ESA. At the same time, conditionality has been extended for ESA and lone parent Income Support claimants. The variable sanction lengths employed by the previous government have been replaced by fixed length sanctions. From October 2012, new regulations increased the duration and hence severity of the sanction regime for JSA.

Higher level sanctions: these were previously variable withdrawals of benefit for 1 to 26 weeks. A first offence now leads to a 13 week withdrawal of benefit, then 26 weeks for a second offence and 156 weeks for a third.

Intermediate level sanctions: these previously led to disqualification to benefit, meaning it had to be re-claiming after a short delay. Currently an intermediate sanction is disqualification plus up to 4 weeks withdrawal for a first offence, and disqualification plus up to 13 weeks withdrawal for subsequent sanctions.

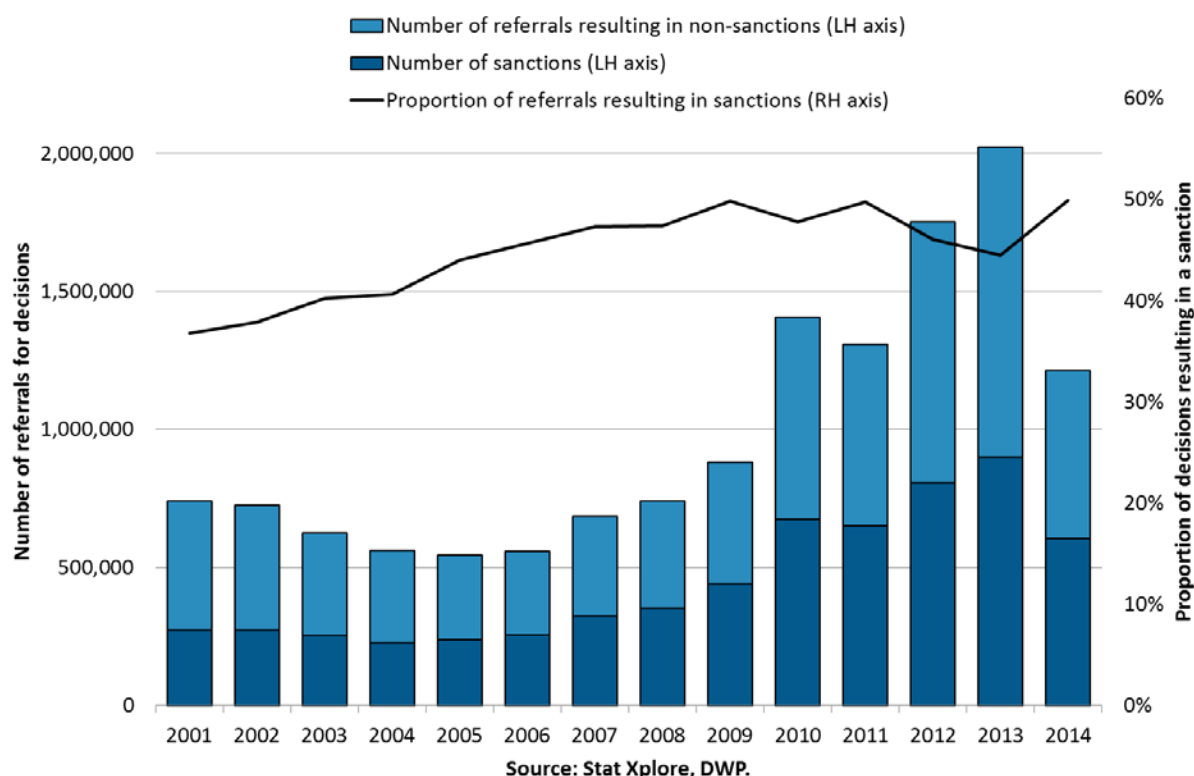
Lower level sanctions: before October 2012, this was a fixed sanction of 1, 2, 4 or 26 weeks. It is now 4 weeks for a first sanction and 13 weeks subsequently.

The ESA sanction regime changed in December 2012. Before this date, sanctions were open-ended until re-compliance with the relevant condition, and worth 50% of the Work-Related Activity component of ESA, rising to 100% after four weeks. After December 2012, the sanction is open-ended until re-compliance plus a fixed sanction of 1, 2 or 4 weeks depending on how whether it is the first, second or third sanction in 52 weeks. Rather than being up to 100% of the Work-Related Activity component (up to £29.05 in 2015-16), the sanction is now 100% of a single adult's ESA personal allowance of £73.10.

Sanctions for Jobseeker's Allowance

Trends in sanctions over time

Number of sanctions and referrals each year

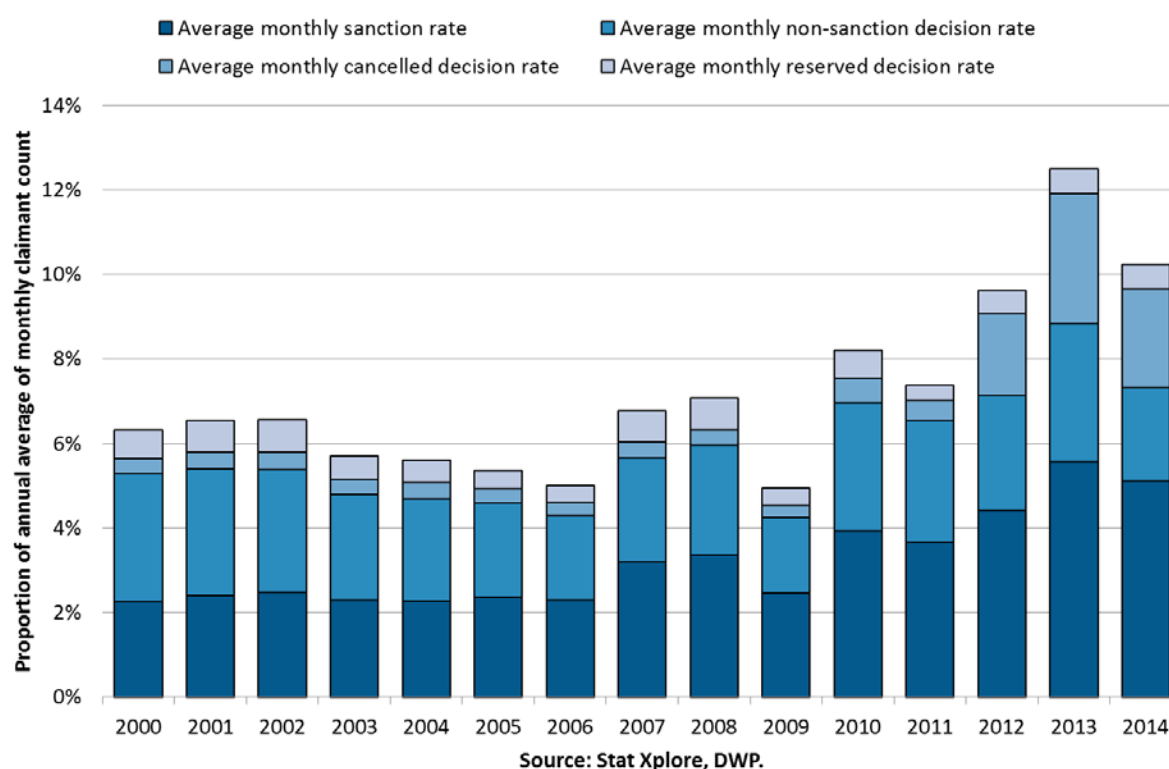


The number of sanctions and referrals for a decision on whether to sanction in 2014 were the lowest since the Coalition government took office in in 2010. There were some 606,000 sanctions applied in 2014, with a similar number of cases referred but not resulting in a sanction. Despite these numbers coming down substantially in 2014, these were still well above the numbers experienced between 2001 and 2009, when on average 675,000 people were referred and under 300,000 were sanctioned.

The proportion of referrals that result in a sanction increased in 2014. 50% of referrals led to a sanction in 2014, compared to 44% in 2013. This proportion has risen fairly steadily over time.

Sanctions were highest in 2013, when there were just over two million referrals for decisions on whether to sanction, with 900,000 sanctions resulting. This does not mean that 900,000 individuals were sanctioned, as it is possible for an individual to be sanctioned more than one in a given year. Although there is a spike in sanctions after the Coalition government takes office in 2010, the number of sanctions and referrals had been increasing from 2007 onwards as a result of the tougher line taken by John Hutton as the relevant Secretary of State.

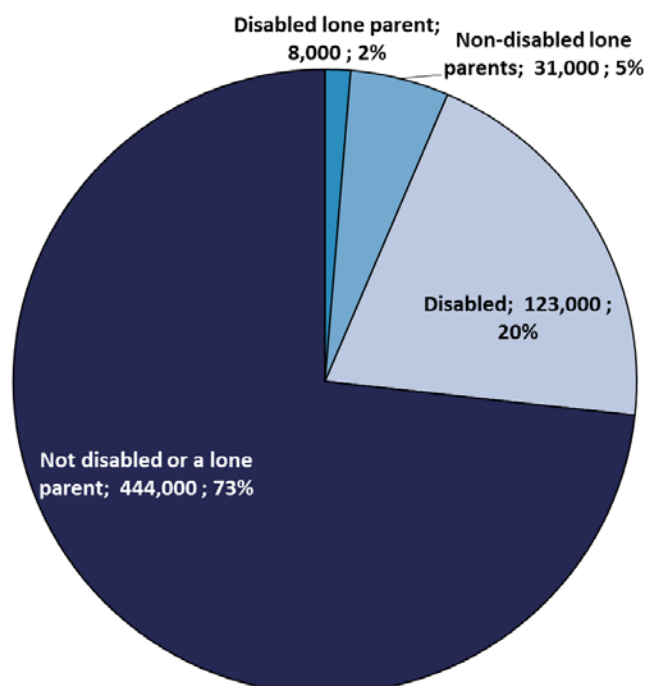
The sanction rate



On average in 2014, each month just over 10% of all JSA claimants were referred for a sanction. With around half actually being sanctioned, this meant that around one in twenty JSA claimants were sanctioned each month. This is not much lower than the peak year of sanctions 2013. In 2013, on average 12% of JSA claimants were referred for a sanction each month, with 5.6% of all JSA claimants being sanctioned. There was a slightly bigger fall in the proportion of JSA claimants who were referred for a sanction but had that referral cancelled (a 0.7 percentage point fall). These cancelled decisions proportionally grew the most. From 2000 to 2011, fewer than half a percent of all JSA claimants were referred for a sanction only to have it cancelled. This grew to two or three percent from 2012 onwards, mainly due to the way the Work Programme operates. While obviously not as bad as being referred for a sanction and then being sanctioned, referral itself is still a stressful matter and was a major failing in the Work Programme.

This graph shows that the fall in the sanction rate was relatively small: from 5.6% to 5.1% on average each month. The previous graph showed that the number of sanctions fell by some 295,000 between 2013 and 2014. What these together suggest is that this fall in sanctions is almost entirely due to fall in the claimant count: 86% of the fall was as a result of fewer JSA claimants to be sanctioned rather than a less punitive regime.

Who is being sanctioned?



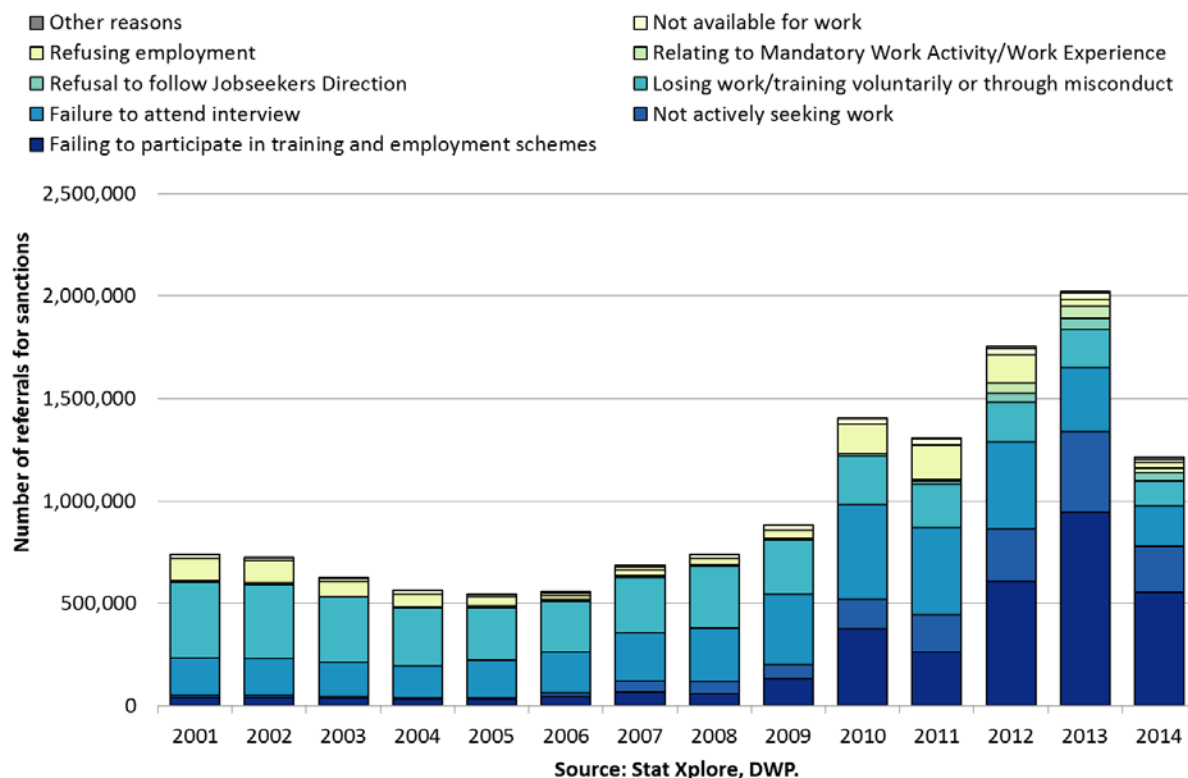
Source: Stat Xplore, DWP. The data shows sanction decisions for 2014.

The chart shows sanction decisions in 2014 by the disability status of the individual sanctioned and whether they are a lone parent. Most sanctions were received by those who were neither. 27% of sanctions in 2014 were received by people who were either disabled, lone parents or both. Over one in five sanctions in 2014 were received by disabled people, equivalent to 131,000 sanctions, including those who are also lone parents. 31,000 sanctions were received by non-disabled lone parents. Adding disabled lone parents raises this number to over 40,000.

Sanctions received by disabled people peaked in 2013 along with sanctions overall, reaching 200,000 that year. JSA sanctions for lone parents have grown recently, as previously more were eligible for Income Support rather than JSA. In 2006, for example, around 1,200 sanctions were received by lone parents, compared to nearly 40,000 in 2014.

On average in 2014, around one in five sanctions were received by those not from a white ethnic background.

Why are people being referred for sanctions?



The graph shows the number of referrals for sanctions over time, broken down by the reason for the referral. The categories used are based loosely on those used by Webster (2014). In 2014, there were three main reasons for a sanction decision: not actively seeking work (32% of decisions resulting in a sanction); failing to participate in training and employment schemes such as the Work Programme (31%); and failure to attend interviews at the jobcentre (23%). Combined these reasons make up 86% of sanction decisions. The next largest reason was losing work or training voluntarily or through misconduct, accounting for 5% of sanction.

Not actively seeking work and failure to attend interview have been the main reasons for sanctions for a number of years, whereas the growth in sanctions for not participating in training schemes has been a much more recent development, with much of it to do with the Work Programme. As noted in the Oakley review, providers of work schemes have no legal authority to determine whether there was good reason for failing to participate, and so must refer all instances to a decision maker to determine a sanction (Oakley, 2013:43). This creates a substantial number of false positives.

The average duration and loss of income from a sanction

The DWP does not currently produce statistics on the average duration of a JSA sanction, and has previously turned down Freedom of Information requests asking for such data on the basis that calculating it would exceed the allowable cost for an FOI.¹

It is possible to create an estimate of the average duration and loss of income from a sanction using publically available data and a Freedom of Information request response from the DWP². Using the available data on the number of first, second and third sanctions for low, intermediate and high level offences to create a set of proportions, these can be applied to the number of individuals sanctioned in 2013-14 along with the number of weeks each level of sanction carries. The most important assumption is about whether consecutive sanctions for individuals occur within twelve months of each other, as then the severity increases. The data only shows consecutive sanctions over a period of slightly more than two years, so whether a further sanction is within twelve months is not stated. The table below presents two different assumptions. Data restrictions mean these are unfortunately only rough estimates.³

July 2013-June 2014	Average duration of a sanction	Average loss of income from a sanction
Proportional estimate	8.1 weeks	£536
Alternative estimate (no third consecutive sanctions)	7.8 weeks	£520

The implication of this is that the sanctions handed out in this period in 2013-14 will reduce the amount of Jobseeker's Allowance spending by £280m to £290m depending on the estimate used.

Citizens Advice Bureaux in Greater Manchester found through a survey of their clients that the average duration of a sanction was around eight weeks (2013:5).

¹ For example, https://www.whatdotheyknow.com/request/number_of_people_receiving_156_w or https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/212126/foi-1723-2754-2013.pdf

² Found here:

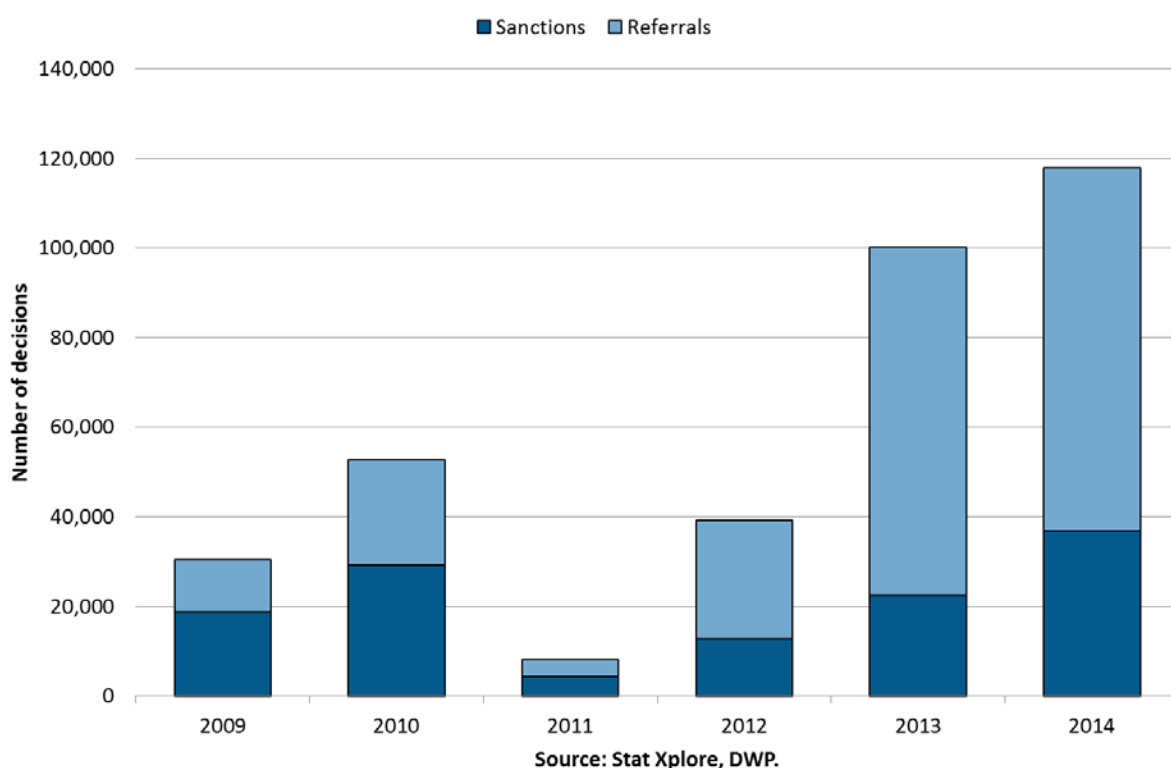
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/402593/4972-2014.pdf

³ For more information on this estimate, please contact the author.

Other benefit sanctions

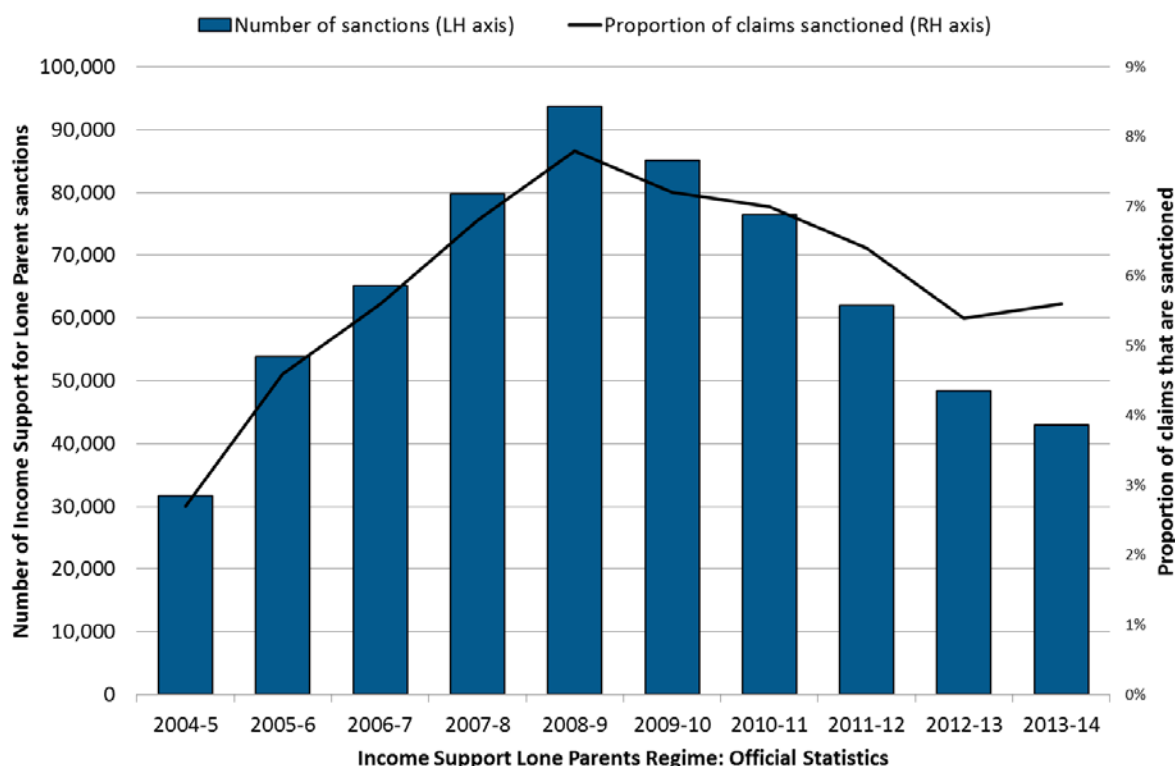
Employment and Support Allowance

ESA was introduced in 2008 as a replacement for Incapacity Benefit, and introduced conditionality for those placed in the Work Related Activity Group (WRAG). Currently an ESA sanction can be applied for failing to attend a Work Focused Interview or failing to participate in Work-Related Activity (such as the Work Programme). The latter of these is more consequential: in 2014, 89% of ESA sanctions were as a result of failing to participate in Work-Related Activity and 11% due to failing to attend an interview.



The graph shows the number of sanctions and referrals for sanction for ESA by year. 2009, 2010 and 2011 were all before the 'steady state' of ESA, with large numbers still on Incapacity Benefit, and there was a sanction regime change in late 2012. As a result, ESA and its sanctions regime have only really stabilised in 2013 and 2014, both of which featured higher numbers of sanctions than before: 37,000 sanctions in 2014 from nearly 120,000 referrals. However, the sanction rate is relatively low compared to JSA: around 2% of the stock is sanctioned on average each month.

Income Support for Lone Parents



Income Support has also had increased conditionality, starting with the introduction of work-focused interviews in 2001, which were gradually extended and the frequency increased. Most recently in April 2014, a flexible number of work-focused interviews could be arranged by a jobcentre adviser for those with a youngest child aged one to four, and work-related activity mandated for those with a youngest child aged three or four.

The sanction for failing to comply with the conditions increasingly attached to Income Support is a 20% reduction in the personal allowance for the benefit: £14.62 in the most recent year for someone aged 25 or older.

The number of sanctions for Lone Parents receiving Income Support has fallen since a peak of over 90,000 in 2008-09, though this is not surprising. Changes to eligibility mean there are fewer people receiving Income Support and more receiving JSA instead.

In fact, the proportion of Income Support claimants who are sanctioned fell in the years to 2012-13. There was a slight softening in criteria in October 2011 which may explain this fall, or a higher proportion of IS claimants are not covered by the conditionality or an increase in compliance.

Commentary and looking forward

A JRF evidence review in 2010 noted that there was a “gulf between the rhetoric and evidence on benefit sanctions”, and this has surely grown (Griggs & Evans, 2010:4). Work by Watts *et al* and Webster has indicated the very limited evidence base for sanctions, with the large expansion in sanctioning since 2007, and 2010 in particular, not supported by any commensurate growth in justification (Watts *et al*, 2014; Webster, 2014:5).

The current sanctioning regime is harsh by both international and historical standards (Webster, 2014:7). It is also complicated with many pitfalls (the statistics contain 25 separate reasons for a sanction referral), and has been found to be poorly communicated by the relevant agencies (Oakley, 2014). It is also clear that the sanctions regime has driven real hardship, resulting as it does in a substantial or complete loss of income for those who tend to lack other means.

There were fewer sanctions in 2014 than in the last number of years, mostly as a result of their being fewer JSA claimants. Despite falling benefit claim rates, the next few years might see further increases in the number of sanctions. This is because of the introduction of the ‘claimant commitment’ for working families under Universal Credit. Those with earnings below a certain level (normally 35 hours at the minimum wage) will be subject to conditionality, and hence the possibility of sanctions, in order to encourage them to find more or better paid work. This is in addition to those receiving other benefits with no work search requirements, such as housing benefit. According to the 2012 Impact Assessment, an additional one million claimants will be covered by conditionality (DWP, 2012:28).

This is an unprecedented extension of conditionality in the social security system, carrying with that the administrative implications of the state dealing in greater depth with larger numbers of people. As the Resolution Foundation have noted, expanding conditionality to in-work claimants is especially questionable in an economy with still high levels of underemployment (Pennycook & Whittaker, 2012:3). The JSA sanction rate in 2014 was 5.1% of the total number of claims each month. If the rate for these additional claimants covered by conditionality in Universal Credit, this would suggest an additional 612,000 sanctions in a year. This is dependent on the monthly churn on these additional components of UC, however, which may well be lower and so generate fewer sanctions.

The sanctions system has not been administered well – for example, the automatic referrals from Work Programme providers, or the high proportion of sanctions that are overturned on appeal, or the abiding reports of ‘expectations’ of reaching certain numbers for sanctions. Expanding massively the scope of conditionality and sanctions to new areas is an alarming prospect in light of this.

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