Overview of the Impact of Benefit Sanctions

David Webster

Urban Studies
University of Glasgow
Outline

• Rise & fall of JSA & ESA sanctions, reasons
• Hardship payments
• Likelihood of sanction of particular groups
• Negative impacts
• Do financial sanctions work?
• DWP misrepresentations
The JSA sanctions campaign

• Doubling of JSA sanctions after 2010
• Peak 1,037,000 2012/13; 414,000 (inc. UC) 2014/15
• Fallen back but only to highest level pre-2010
• **22%** of all JSA claimants were sanctioned (after challenges) over 5 years 2009/10 to 2013/14 (FoI) – one quarter before challenges
• 12.9% of all JSA claimants sanctioned (after challenges) in 2014/15; of these, one quarter sanctioned more than once (FoI) – but DWP doesn’t know actual lengths of repeat sanctions
• All the most frequently occurring JSA sanctions lengthened from 22 Oct 2012 – min. now 4 weeks, harsh penalties for repeats
JSA sanctions per month as % of claimants, before and after challenge, last 12 months

- JSA originally adverse decisions as % of claimants, last 12 months
- JSA adverse decisions after review/appeal as % of claimants, last 12 months

Coalition

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45G/24
JSA sanctions campaign (2)

• Increase in the more aggressive JSA sanctions, especially non-participation in Work Programme & ‘Not actively seeking work’

• State substitutes its view on job search for the citizen’s

• DWP’s own research shows that about half of JSA ‘claimant commitments’ have unsuitable, useless or unachievable actions

• Proportion of ‘not ASW’ referrals resulting in sanction risen to 96% (other referrals: 54%)

• Ministers have driven up sanctions through management action – not ‘targets’ but ‘expectations’
Changing reasons for JSA sanctions
(no. of sanctions for each reason as % of total sanctions)

- 1997
- 2003
- 2009
- 2013
- 2014
- 2015 1st half

Vol./Mis. Ref. empl. Tr&Empl sch. MWA & Wk Exp. JS Direction FTA interview ASW Availability Other
JSA sanctions: Adverse as % of original decisions: 'Not actively seeking work' and all other

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Start of 'claimant
commitment'

Cons
govt

All excl. ASE: Adverse as % of original decisions

ASE: Adverse as % of original decisions

57/01
**ESA sanctions**

- Escalated ESA (WRAG) sanctions since 2011 – 2.9% of all claimants in 2014/15
- More repeat sanctions than for JSA
- Peak 49,400 2013/14, 29,000 in 2014/15
- ESA sanctions also much harsher from 3 Dec 2012 – now lose all of personal allowance £73.10 p.w. plus fixed penalty 1, 2 or 4 weeks (previously only WRAG component £29.05 p.w., half for first 4 weeks then all)
- 80% of ESA sanctions are now for non-participation in ‘work related activity’
ESA sanctions per month as % of claimants, before and after challenge, last 12 months

Note: ESA sanctions started in Oct 2008, but the published data only permit this chart to be shown for the months since February 2011
Reasons for ESA sanctions (thou.), monthly after challenges

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47E/01

Cons govt

FTA mandatory interview

FTP work related activity
Appeal system

• Claimant’s payments stopped without hearing and before any appeal
• Only one fifth of JSA sanctions challenged, 16% overturned (>70% success rate)
• Half of ESA sanctions are challenged, 26% overturned (50% success rate)
• Mandatory Reconsideration (Oct 2013) has reduced JSA & ESA challenges & all but killed off Tribunals
• MR has reduced proportion of ESA sanctions overturned but left JSA unchanged
What happens if you lose benefit? - ‘Hardship’ payments

- Discretionary with specific harsh test since 1988/1996 (Portillo, Lilley) – designed to clean the claimant & family out of resources, e.g. no payment if cash from a payday lender exceeds ‘applicable amount’
- ‘Hardship payments’ 60% of JSA (rarely, 80%); 60% of ESA
- Prior to Oct 2012, only 1 in 10 of sanctioned JSA claimants got hardship payments – now over 40% (ESA 20%)
- Two-week wait to apply except for arbitrarily defined ‘vulnerable’ - officially acknowledged to damage health
- Under Universal Credit payments become *repayable*, in effect sanctions 3½ times as long (NB sanctions lengthened anyway by being made consecutive, not concurrent); must demonstrate ‘compliance’ for 7 days before application; must reapply each 4-week period; 80% rate abolished
JSA sanctions (before challenges) and hardship payment awards, 2011-15

- **JSA sanctions before challenges (est.)**
- **JSA hardship payment awards**

Harsher regime

57/03
ESA sanctions (before challenges) and hardship payment awards, 2011-15

ESA sanctions before challenges (est.)

ESA hardship payment awards

Note: ESA figures include hardship awards to disqualified claimants.

Harsher regime
Impact on particular groups

- All the qualitative research indicates that vulnerable/disadvantaged claimants are more likely to be sanctioned
- But limited quantitative information – last study was Peters & Joyce 2006 which failed to contact one third of its sample

JSA
- Young people 18-24 twice as likely to be sanctioned
- Homeless twice as likely to be sanctioned (Sheffield Hallam 2015)
- Men sanctioned more than women
- Hutton & Duncan Smith sanctions drives have particularly affected ethnic minorities
- DWP does no disability monitoring but self-described disabled claimants more likely to be sanctioned repeatedly
- One child affected for every 6 JSA sanctions
- Some of the worst affected are older single white men without relatives

ESA
- ESA claimants with mental health conditions more likely to be sanctioned
- Sanctioned ESA claimants more likely than JSA to get repeat sanctions
Monthly JSA sanctions after challenges as % of claimants: young people and others

- Aged 16-24
- Aged 25+
Monthly JSA sanctions after challenges as % of claimants by ethnic group

- White
- Mixed
- Asian or Asian British
- Black or Black British
- Chinese or Other ethnic group

Duncan Smith

13A/01
% of (self-defined) disabled & non-disabled JSA claimants with each no. of sanctions after challenges Apr 2000 - Sep 2015

- Disabled %
- Not disabled %

One Two Three Four Five Six Seven Eight Nine Ten +

33A/01
ESA WRAG claimants: Ratio of monthly rate of sanction of those with mental & behavioural conditions to rate for those with other conditions

Start of Work Programme

64/07

JSA and ESA: Percentage of sanctioned claimants receiving each no. of sanctions 2014/15 (1 July - 30 June)

No. of sanctions

JSA %

ESA %

62/01
Negative impacts of sanctions – on the claimant & family

- Damage to physical & mental health up to and including death
- Hunger & resort to Food Banks (Loopstra et al. 2015)
- Family and friends suffer hardship
- Damage to family relationships
- Debt
- Homelessness
- Increased crime (incl. ‘survival theft’)
- Longer term loss of resilience
- All these illustrated in recent Sheffield Hallam & Quarriers reports on sanctions & homelessness
Negative impacts of sanctions – on the jobfinding process

• Claimants’ & employers’ time wasted through pointless job applications
• Interference with people’s own strategies
• Employment services worse & people alienated
• Claimants fear to complain re bad treatment
• Many people drop out of benefit & employment services altogether (only half of unemployed young people claim JSA)
• Diversion of Jobcentre Plus & contractor resources
• Huge administrative waste (e.g. ‘cancelled’ referrals, duplication of ASW disentitlement & sanction)
• Diversion of voluntary & other public sector resources
Do financial sanctions work?

- Overseas academic studies show some evidence of small effects (of different regimes!) on employment
- But DWP does not record destinations of sanctioned claimants who stop claiming (cf. Wk & Pensions Comm recs) – off-flow is sole management target
- No evidence to support longer sanctions
- No evidence to support escalation of repeat sanctions
- No evidence to support financial sanctions as opposed to other means of influence (e.g. simple job search monitoring – McVicar 2010)
- Conversely, much evidence that sanctions make getting a job more difficult for many claimants
- And that sanctions push people into worse, less well paid and less stable jobs (Arni et al. 2012)
- UK’s ‘jobs miracle’ has meant dire productivity and low wage growth
Five DWP misrepresentations

• ‘72% of claimants said awareness of sanctions made them more likely to follow rules’ – same research shows no more likely to get a job
• ‘Sanctions are a last resort’ – no they aren’t - there are no procedures to make them so
• ‘There are no targets for sanctions’ – but there are ‘expectations’
• ‘Only a tiny minority are sanctioned’ – misuse of post-challenge per month figures, 5% v. 25%
• ‘Oakley Review found that benefit sanctions provide a vital backstop’ – no it didn’t, this is just the personal view Oakley started with
More information

- My Sanctions project webpage [http://www.gla.ac.uk/schools/socialpolitical/research/urbanstudies/projects/ukbenefitdisallowances/](http://www.gla.ac.uk/schools/socialpolitical/research/urbanstudies/projects/ukbenefitdisallowances/)
- Blogs:
  - Socialist Health Association [http://www.sochealth.co.uk/2014/10/09/dwps-benefit-sanctions/](http://www.sochealth.co.uk/2014/10/09/dwps-benefit-sanctions/)
- Email me at: [david.webster@glasgow.ac.uk](mailto:david.webster@glasgow.ac.uk) – ask to be put on my mailing list