Department for Work & Pensions

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Rt. Hon Frank Field MP
Chair, Work and Pensions Select Committee
House of Commons
London
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23 August 2018

Dear Frank,

Thank you for your follow-up letter dated 4 July 2018 which outlined a number of questions to support the Select Committee's inquiry into sanctions.

Please find responses to each of your points, in turn, below.

Question 1.
According to the data published in Annex 1 to your letter, in February 2018 1,108 Universal Credit claimants were subject to a sanction despite being in the "Working Enough" or "No Work-Related Requirement" conditionality regimes, as highlighted in the extract below.

- **How do you explain the rise in total sanctions applied to claimants in these regimes, particularly the steep increase in February 2017?**

We would expect the total number of sanctions to rise as the overall Universal Credit (UC) caseload rises whilst roll-out proceeds.

As our sanctions publication details, the increased rate in early 2017 was a consequence of the increase in the volume of UC Live Service sanction decisions made at the end of 2016; this will have affected all conditionality groups. This occurred due to the allocation of more Decision Makers to deal with a build-up in referrals awaiting decisions. Since February 2017, that rate has decreased. For the most recent data provided, at February 2018, the rate was the lowest it has been for the period covered by the data provided.

- **For claimants in these regimes, the sanction cannot be intended to drive behaviour change. What then is its purpose?**
- **When a claimant moved from JSA to ESA or Income Support under the legacy system, any sanction would not have travelled with them, recognising their circumstances and ability to seek work have changed. What is the rationale for a different arrangement under Universal Credit?**
- **Regulation 111 of the Universal Credit Regulations 2013 allows the daily reduction rate to be nil for a claimant who has been sanctioned and moves into the LCWRA group due to health problems. Why is this not the case for a claimant who moves into a "no conditionality group" for other reasons?**

JSA, ESA and IS are separate benefits, which is why sanctions do not travel with them when claimants moved between benefits.

UC sanctions have been designed so that they remain in place for the duration of the sanction regardless of whether the circumstances of the claimant who has been sanctioned change. This produces a consistent approach across the labour market regimes and reinforces the message that there are implications for non-compliance.

For those in work, it also provides an incentive to remain in work as claimants who have earnings over the 'Conditionality Earnings Threshold' for 182 days or over will have any outstanding sanction terminated.

However, when claimants change labour market regime we adjust the sanction reduction rate to account for their new circumstances and conditionality in line with regulation 111 of the Universal Credit Regulations 2013. For example, for people with the capability to work the reduction rate is 100% of the standard allowance. Lead carers of children under 1, adopters, and those within the 11-weeks confinement period get their rate reduced to 40% of the standard allowance. Claimants with limited capability for work and work related activity have their rate reduced to 0%. These rates are based on various factors including vulnerability, the needs of that group and the amounts which they receive from other components of their UC payments. The rationale for this is that it is right to have some continuing consequences for the failure to comply with the terms of the Claimant Commitment but recognising the claimant's change in circumstances.

In these cases the daily reduction amount used to calculate the reduction for an assessment period reflects the claimant's conditionality and circumstances on the last day of the assessment period for which the award is being reduced while the length of the sanction period will remain the same. As in all sanctions, the reduction is calculated with reference to the standard allowance.

Question 2.

- **Why does the department only publish post-appeal figures?**
- **Will you commit to making public on a routine basis the pre-appeal sanction data?**

Pre-appeal figures can be derived from published statistics available on Stat-Xplore. This is the source of the data that we have provided to you in our previous letter on pre-appeal decisions.

In the sanctions publication datasets (JSA, ESA, IS and UC Live Service) we create for the release we only keep the latest decision for each case. This shows the number of sanction decisions which have not been overturned on review or appeal at that time. We record separately those decisions which have been overturned.

UC sanctions decision statistics are for live service only as the department is not currently able to produce corresponding statistics for UC full service.

Please could the data in Annex 3 be broken down by conditionality category and the same be provided for full service, if available?

Unlike for the point-in-time UC sanction rate (a snapshot of those subject to a sanction in both Live and Full service on a particular day), statistics on Live Service sanctions *decisions*[1] are not reported for separate conditionality groups. Over a period of time claimants may move between conditionality groups so we cannot specify sanction decisions by a single conditionality category.

Question 3.
Please could you:

- **Update the after-challenge figures on a one- and five-year financial basis for both JSA and ESA;**
- **Provide the one-year figures for UC for 2016-17 and 2017-18; and**
- **Provide a figure for UC covering the whole period since August 2015?**

This question is similar to a previous recommendation made by the Public Accounts Committee (PAC) on benefit sanctions, which asked to address recommendations for better information made by the UK Statistics Authority.

One of these recommendations asks: "Include in the quarterly benefit statistics bulletin a statement of the proportion of JSA claims subject to a sanction, as well as the proportions of claimants who have been sanctioned during the most recent one-year and five-year periods, and the numbers on which these proportions are based".

This recommendation has been partially met: the Department introduced a new measure which is the proportion of people on benefit at a point in time with a deduction from their benefit due to a sanction. We currently only publish this single measure to avoid confusing users with various measures and hence we do not publish a one-year, a five-year or rates for any other specified time periods in any benefit.

The Department is continuing work to meet the PAC recommendations. Treasury Minutes published on the 19th of July updating the PAC include the following information on this specific recommendation:

"The Department will investigate options for the other recommendation. If it is possible to develop further measures looking at the proportion of claims/claimants that are, or have been, subject to sanctions over various time periods, the Department will decide next steps towards meeting the recommendation by the end of 2018."

Question 4.
Your letter explains that one reason for differing sanction rates between UC and JSA is that under the latter, a failure to attend an appointment results in closure of the case, but this cannot be done under UC.

- **What analysis has the department done to understand what proportion of the different sanction rates between these two benefits can be explained in this way?**

The Department is yet to undertake robust analysis into the extent of the effects on sanction rates resulting from the differences in policy between UC and legacy benefits. Such analysis will be scheduled into our work plan for the next 12 months. However, published data shows that, between February 2017 and January 2018, for internal JCP sanctions (i.e. ignoring those sanctions imposed via employment programmes since these form around half of all JSA sanctions, but only around 10%

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[1] We do not currently publish Full Service sanction decisions.

of UC sanctions), 43% of JSA sanctions were for failure to attend interviews, whilst this was 78% in UC Live service.

Question 5.

Your letter notes that the trial relating to in-work progression found only 2% of participants were sanctioned. Given the trial only covered a short period, might you please provide data on how many in-work claimants have been sanctioned since August 2015?

For the purpose of this question, we have taken "in-work claimants" to mean all those UC claimants in the 'Light Touch' regime (which will include those that were participating in the In-Work Progression Trial).

The In-Work Progression Trial ran from April 2015 to March 2018 and therefore the data requested here covers this same period.

Only those claimants in the 'Light-Touch' regime that were participating in the In-Work Progression Trial could have had a sanction applied when they were in this conditionality group. Other claimants showing as being undergoing a sanction in this group would have had a sanction applied whilst in a different conditionality group and then moved into the 'Light-Touch' regime. We are unable to differentiate between these two.

The table at Annex A shows the number and percentage of UC claimants in the 'Light Touch' regime who were undergoing a sanction each month from August 2015.

Kind regards,

Alok Sharma MP
Minister of State for Employment

Annex A

Number of claimants in the 'working – with requirements' (Light Touch) regime undergoing a sanction, and the accompanying rate this represents of that group, since August 2015.

Month	Number of claimants	Sanction Rate
Aug-15	388	4.1%
Sep-15	459	4.1%
Oct-15	527	3.4%
Nov-15	695	3.8%
Dec-15	863	4.8%
Jan-16	869	4.6%
Feb-16	799	3.9%
Mar-16	766	3.5%
Apr-16	803	3.3%
May-16	855	3.1%
Jun-16	617	2.4%
Jul-16	671	2.4%
Aug-16	589	2.0%
Sept-16	613	2.0%
Oct-16	670	1.9%
Nov-16	710	1.9%
Dec-16	919	2.3%
Jan-17	1,271	3.1%
Feb-17	1,652	3.8%
Mar-17	1,695	3.7%
Apr-17	1,649	3.3%
May-17	1,552	2.9%
Jun-17	1,596	2.8%
Jul-17	1,566	2.6%
Aug-17	1,606	2.5%
Sep-17	1,463	2.1%
Oct-17	1,607	2.2%
Nov-17	1,603	2.0%
Dec-17	1,713	1.9%
Jan-18	1,463	1.6%
Feb-18	1,322	1.4%

Source:
DWP Stat-Xplore

Notes:
This table includes statistics covering both Universal Credit Live Service and Full Service. Statistical disclosure control has been applied to this table.

Some claimants may have been sanctioned for more than a month and therefore will appear in the table for each of the months they were undergoing a sanction reduction.

A full evaluation of the In–Work Progression Randomised Control Trial will be published in autumn 2018.