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Michael McMahon MSP
Convener of Welfare Reform Committee

By email

11th November 2014

Thank you for your letter of 9 October 2014 titled *New Benefit Sanctions Regime*.

Sanctions and conditionality are an essential part of JSA and have been since the benefit was introduced. Contrary to your point that sanctions do not lead to paid employment, 72 per cent of JSA claimants said that knowing their benefits could be stopped or reduced made them more likely to follow the rules associated with their benefit.¹ In addition the Bank of England Monetary Policy Committee stated this year that conditionality and sanctions has led to an intensification of job search. And where sanctions are applied, studies in other countries found an increase in the amount of time in employment. Lalive et al (2005) also found that there was a wider impact of the sanctions policy on claimant's job search behaviour, which reduced average unemployment duration.

Sanctions only occur in a small minority of cases as a last resort where supportive and co-operative work has failed to encourage the claimant to engage. Where they are imposed there are clear safeguards in place including an opportunity to give good reason for failing to comply, mandatory reconsideration and appeal. The vast majority of claimants do comply – each month only around 6% of JSA claimants are sanctioned.

Furthermore, there is no evidence to suggest that sanctions are applied disproportionately according to gender or ethnicity and lone parents have a far lower proportion of sanctions. Young people, when compared to older claimants, do have a higher proportion of sanctions applied. However, research indicates that this is a consequence of their attitude towards sanctioning, which appears to be more relaxed than those from other groups.

You refer, in your letter, that we are not being transparent with our statistics regarding mandatory reconsiderations. As you state mandatory reconsiderations

¹ The Jobcentre Plus Offer: Final Evaluation Report
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/261656/rrep852.pdf

are relatively new, only being introduced last year in October 2013. Since then we have been working on a way to include this data into official statistics and we will let you know when this data becomes available. We have been very transparent about this, having made it clear that this data has not been included in the latest statistical releases², and further guidance is included in November's statistics pack³. Our analysis shows that this impact is relatively small.

In response to David Webster's quote in your letter, I must remind you that I accepted all of Matthew Oakley's recommendations in the Government Response to the Oakley report in July 2014 and this remains the case. We have made considerable progress in implementing a number of the recommendations and we are looking at the remaining recommendations, with which I will keep you informed of progress. The report and Government Response was released before summer recess as you mention in your letter. Matthew Oakley presented his report to Secretary of State in June 2014. Following the publication process and time to prepare the Government response the release date was the earliest available.

In your letter you refer to a disparity between the Department and that of claimants on hardship. This is not the case and the Department has a well-established safeguarding process, following a sanction, in which hardship is a key element. Following the recommendation from Matthew Oakley around hardship we have implemented, in July 2014, extensive improvements to communications around hardship payments ensuring that claimants are always aware of hardship when sanctioned and have improved processes to allow for a quicker payment.

We have, as a Department, continued to monitor and keep under review the wider application of the sanctions system. This is why we have not only been able to respond promptly and positively to the Oakley recommendations, but also to go further. For example, we are reviewing all claimant communications and sanctions processes, not only for those JSA claimants, who come under the remit of the Report, but all JSA claimants and all Employment Support Allowance claimants.

We will continue to keep you informed of progress on the Oakley report and will share further information through future planned evaluations and quarterly published sanctions statistics.

A handwritten signature in black ink, appearing to read 'Esther', with a large, sweeping flourish underneath.

Rt Hon Esther McVey MP
Minister for Employment

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/344650/stats-summary-aug14.pdf

³ <https://www.gov.uk/government/statistics/dwp-statistical-summaries-2014>