

Jobseeker's Allowance sanctions and disallowances

David Webster discusses the increasing pressure on claimants.



→ **Dr David Webster** is Honorary Senior Research Fellow, Urban Studies, University of Glasgow

Dr David Webster's written evidence on Jobseeker's Allowance sanctions and disallowances to the House of Commons Work and Pensions Committee is available at <http://data.parliament.uk/writtenevidence/WrittenEvidence.svc/Evidencepdf/1401>

The present coalition government has greatly increased pressure on Jobseeker's Allowance claimants by taking their benefits away through 'sanctions' or 'disallowances' for alleged 'failures'. In the year to 21 October 2012 (the latest date for which figures are currently available), there were approximately 1.62 million referrals for sanction or disallowance, and approximately 792,000 actual sanctions or disallowances ('adverse decisions'), together with 340,000 cases where a decision was 'reserved' or 'cancelled' because the claimant was no longer

claiming.¹ Many of the 'reserved' cases will result in a later penalty if there is a further claim. During these 12 months, the total number of Jobseeker's Allowance claimants at any one time varied between 1.49 million and 1.62 million.² There are no regular statistics on the number of people affected, but a recent freedom of information request revealed that one fifth (19 per cent) of all Jobseeker's Allowance claimants over the five years from April 2007 to March 2012 were subject to sanctions or disallowances. That is 1,483,760 people.³ Referrals are around double the number of adverse decisions, so something approaching three million people will have been told a penalty was being considered.

Failure to attend an interview – which often means a few minutes' lateness, a mix-up over dates, or non-delivery of an appointment letter – remains top of the list, accounting for 36 per cent of all penalties

Under the coalition, since May 2010, the *monthly* rate of sanction/disallowance has been 4.2 per cent of all Jobseeker's Allowance claimants. For those aged 18 to 24 the rate is eight per cent *per month*, amounting to one in 200 of the entire 18 to 24 population age group. This is a substantial increase over previous levels. Across all 121 months of Labour governments from April 2000, when the statistics began in their present form, the monthly average was 2.6 per cent.

1 Source: DWP Tabtool. All figures in this article relate to Great Britain

2 Source: NOMIS

3 Department for Work and Pensions Freedom of Information Response 2012-4383, 21 December 2012

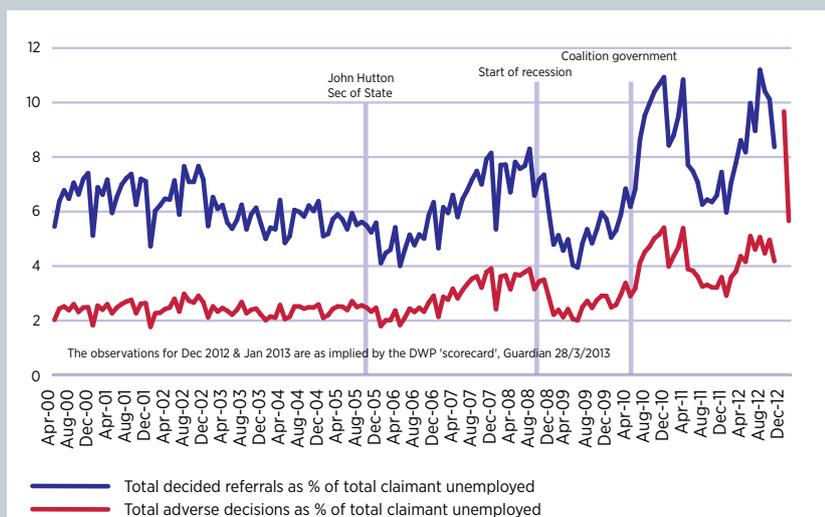
Reasons for sanction/disallowance

These overall figures understate the increase in pressure on claimants. In 2004, disqualifications for leaving a job voluntarily or through misconduct – an event which is in the past by the time a claim is made – accounted for 28 per cent of all penalties. But because of the recession, these have now fallen to under five per cent. More aggressive types of penalty have risen correspondingly more. Failure to attend an interview – which often means a few minutes' lateness, a mix-up over dates, or non-delivery of an appointment letter – remains top of the list, accounting for 36 per cent of all penalties. Non-participation in a training or employment scheme – often considered unsuitable by the claimant – has risen from 11 per cent to 19 per cent, while not 'actively seeking work' – which often means not applying for as many jobs as specified, or not providing full documentation – has risen spectacularly from under two per cent to almost 25 per cent.

Harsher sanctions regime from 22 October 2012

New regulations which took effect on 22 October 2012 have increased the duration of penalties for many types of 'failure', and introduced sanctions longer than the previous six-month maximum, extending up to three years in the case of repeated 'failures'. The new regime apparently caused a breakdown in the Department for Work and Pensions' statistical reporting. Updated figures were to have been published on 15 May, but did not appear owing to 'significant doubts around the quality of the statistics'. They will now appear on 6 November 2013. Consequently nothing is known at the time of writing about the current scale of penalties, except that an internal Department for Work and Pensions 'scorecard' reproduced by the *Guardian* on 28 March implied a big further rise,

JSA sanctions & disallowances: Decided referrals and adverse decisions *per month* as % of claimant unemployed



to over seven per cent of claimants per month.

New regulations which took effect on 22 October 2012 have increased the duration of penalties for many types of 'failure', and introduced sanctions longer than the previous six-month maximum, extending up to three years in the case of repeated 'failures'

Hardship payments

Claimants who are penalised can apply for a means-tested 'hardship payment' of 60 per cent of the Jobseeker's Allowance rate except for 'vulnerable' claimants who get 80 per cent. 'Vulnerable' claimants can apply immediately, but most have to wait two weeks before they can even apply. The official Department for Work and Pensions Decision Makers' Guide⁴ acknowledges that the two week wait will often damage the claimant's health (para. 35099). The criteria for 'hardship' are specific to the sanctions regime and are particularly harsh – for instance, a

person with cash in hand equal to their 'applicable amount' will be refused even if the money is owed to a payday lender (para. 35198). Consequently it is not surprising that sanctions account for around one quarter of the booming trade of voluntary food banks.⁵ Different individuals are affected to different degrees. At one extreme, a claimant on contributory Jobseeker's Allowance who has just lost a job and has good financial reserves, or a young person living with supportive parents, may feel more insulted than financially damaged. At the other, people in long-term poverty, in debt and without relatives are reduced to extreme degradation. This is a regime which knowingly torments the poorest.

It is not surprising that sanctions account for around one quarter of the booming trade of voluntary food banks

Amount of money lost by claimants

In February 2005 (when unemployment and the rate of sanctions were both much lower than now) there were 17,100 claimants serving a sanction, of whom about 25 per cent were receiving a 60 per cent hardship payment and about

1.5 per cent an 80 per cent payment.⁶ From these figures, and some other readily available data, it can be estimated that the annual net amount lost to claimants was then around £37 million, or 1.6 per cent of total Jobseeker's Allowance.

Reasonable assumptions suggest that in the year to October 2012 there were an average of about 48,000 claimants under sanction at any one time, and the net amount lost was of the order of £140 million

It is harder to produce updated estimates, as the Department for Work and Pensions now publishes less data. But reasonable assumptions⁷ suggest that in the year to October 2012 there were an average of about 48,000 claimants under sanction at any one time, and the net amount lost was of the order of £140 million. Had the new regulations been in force, there would have been some 86,000 claimants under sanction and the net loss would have been of the order of £250 million – 4.6 per cent of total Jobseeker's Allowance. This increase is because lengthening of penalties has been concentrated on those that occur most frequently. In particular, missing an interview now attracts four weeks instead of one or two weeks, and not 'actively seeking work' attracts four weeks instead of 'disentitlement' (having to start a new claim). These together account for 60 per cent of penalties.

The explanatory memorandum to the new regulations⁸ claimed (para. 10) that they impose 'no costs on the private sector or civil society organisations' and that consequently no impact assessment had been made. No comment is needed.

4 www.dwp.gov.uk/publications/specialist-guides/decision-makers-guide/

5 Citizens Advice Bureau survey, reported in the *Glasgow Herald*, 25 March 2013

6 Jobseeker's Allowance Quarterly Statistical Enquiry, February 2005; Department for Work and Pensions Freedom of Information Response 2013-1443, 2 May 2013

7 A separate note is available on request from the author giving details of the calculations.

8 Explanatory Memorandum to the Jobseeker's Allowance (Sanctions) (Amendment) Regulations 2012, 2012 No. 2568