



House of Commons  
Committee of Public Accounts

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**Benefit sanctions**

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**Forty-second Report of Session 2016–17**

*Report, together with formal minutes relating  
to the report*

*Ordered by the House of Commons  
to be printed 8 February 2017*

## The Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No. 148).

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### Powers

Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No. 148. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

Committee reports are published on the [Committee's website](#) and in print by Order of the House.

Evidence relating to this report is published on the [inquiry publications page](#) of the Committee's website.

### Committee staff

The current staff of the Committee are Dr Stephen McGinness (Clerk), Dr Mark Ewbank (Second Clerk), Darren Hackett (Senior Committee Assistant), Sue Alexander and Ruby Radley (Committee Assistants), and Tim Bowden (Media Officer).

### Contacts

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## Summary

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The Department for Work and Pensions uses sanctions to encourage people to meet conditions for receiving benefits. We know that sanctions encourage some people into work but sanctions have increased in severity in recent years and can have serious consequences such as debt, rent arrears and homelessness. It is, therefore, important that the Department uses sanctions carefully and protects vulnerable people from unnecessary hardship. There is an unacceptable amount of unexplained variation in the Department's use of sanctions, so claimants are being treated differently depending on where they live. The Department has poor data and therefore cannot be confident about what approaches work best, and why, and what is not working. It does not know whether vulnerable people are protected as they are meant to be. Nor can it estimate the wider effects of sanctions on people and their overall cost, or benefit, to government.

## Introduction

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A benefit sanction is a reduction or suspension of benefit payments because a claimant has not met conditions for receiving benefit. For example, Jobseeker's Allowance claimants are required to attend jobcentre appointments, and the Department for Work and Pensions may sanction people who fail to attend them. The Department uses sanctions for two reasons: to encourage more people to comply with conditions and to penalise claimants for not meeting their responsibilities. The Department believes that complying with conditions helps some claimants find work. A typical sanction lasts four weeks and means a Jobseeker's Allowance claimant loses around £300. In 2015, the last year for which there is complete data, the Department imposed 400,000 sanctions on benefit claimants.

## Conclusions and recommendations

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1. **Benefit sanctions affect a large number of people, sometimes leading to hardship and undermining efforts to find work.** Around a quarter of people on Jobseeker's Allowance between 2010 and 2015 had at least one sanction imposed on them. Suspending people's benefit payments can lead to rent arrears and homelessness. While these consequences can encourage some people to look for employment, they can undermine others' efforts to find work. The consequences of sanctions on claimants can be serious so they should be used carefully. However, sanctions can be imposed for honest mistakes. Citizens Advice highlighted the need for flexibility for people who are trying their best.

**Recommendation:** *The Department for Work and Pensions should undertake a trial of warnings (rather than sanctions) for first sanctionable offences, as recommended by the independent Oakley Review and the Work and Pensions Select Committee.*

2. **Sanctions are imposed inconsistently on claimants by different jobcentres and providers.** Sanction use varies substantially, some Work Programme providers refer twice as many people for sanctions as other providers in the same area. The Department for Work and Pensions (the Department) told us there will always be variation. This does not mean that current levels of unexplained variation are acceptable. It is important that the use of sanctions is fair and consistent and the Department has not analysed why some jobcentres use sanctions so much more than others. Jobcentres may be applying different standards. Citizens Advice and Crisis are concerned that inconsistency affects vulnerable claimants the most. Some vulnerable claimants can be excused from having to meet benefit conditions, but the Department does not monitor how often these exemptions are used, so it cannot be sure that vulnerable people receive the protection they are entitled to.

**Recommendation:** *The Department should monitor variation in sanction referrals and assess reasons for the differences across jobcentres. It should monitor the use and take-up of protections for vulnerable groups, reporting back to us by the end of 2017.*

3. **The Department's data systems are not yet good enough for it to routinely understand what effect sanctions have on claimants' employment prospects.** There are significant gaps in the Department's understanding of sanctions and it has not prioritised the improvement of its data. It may be difficult or impossible to determine an ideal level of sanctions, but the lack of data in this area is a barrier to making improvements. The Department now plans, over the next 12 months, to improve its old and poorly-connected systems, to extract better data, and allow it to track the impact sanctions have on claimants' earnings.

**Recommendation:** *The Department should report back to us by the end of 2017 on its progress in improving data systems, including on linking earnings outcomes to sanctions data, and addressing recommendations for better information made by the UK Statistics Authority and National Audit Office.*

4. **The Department does not understand the wider effects of sanctions.** The Department intends that sanctions prompt claimants to comply with conditions and take up support from jobcentres. This should make people more likely to find work. The Department emphasised evidence that sanctions increase employment, but the evidence is also very mixed. Sanctions can lead to short-term and lower-paid work. Other people stop claiming after a sanction without finding a job. This can create knock-on effects that others pay for, such as using food banks or needing advice from local authorities or charities for dealing with debt.

**Recommendation:** *The Department should work with the rest of government to estimate the impacts of sanctions on claimants and their wider costs to government and report back to us on progress at the end of 2017.*

5. **The impacts of sanctions can be worse for people with housing-related barriers to employment.** For some people, their main barrier to moving into employment is the struggle to find, or keep, a permanent roof over their head. The charity Crisis raised concerns about sanctions exacerbating these housing-related barriers to employment, and even causing homelessness in some cases. A third of people surveyed by Crisis who were claiming Housing Benefit had this stopped because of a sanction. The Department confirmed that Housing Benefit should not be stopped due to sanctions and told us that it found no evidence of the problem when it examined the issue in one area.

**Recommendation:** *The Department should work to better understand the relationship between sanctions and the housing-related barriers to employment that some people face. It should set out what more it will do to assure itself that Housing Benefit is not being stopped in error due to sanctions.*

# 1 Implementation

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Work and Pensions (the Department) about its administration of benefit sanctions.<sup>1</sup> We also took evidence from two charities, Crisis and Citizens Advice, on the impact of sanctions on the people they support.

2. A benefit sanction is a reduction or suspension of benefit payments. They can last up to three years, but a typical sanction lasts four weeks and means a Jobseeker's Allowance claimant loses around £300. The Department imposes sanctions on claimants who do not meet conditions for receiving benefits. For example, Jobseeker's Allowance claimants are required to attend jobcentre appointments, and the Department may sanction people who fail to attend them.<sup>2</sup>

3. The Department uses sanctions for two reasons: to encourage more people to comply with conditions, and to penalise claimants for not meeting their responsibilities. The Department believes that complying with conditions helps some claimants find work. It sets conditions for certain claimants of four benefits: Jobseeker's Allowance, Employment and Support Allowance, Universal Credit and Income Support. Over one million people claiming these benefits have to show that they are complying with conditions to avoid a sanction.<sup>3</sup>

4. The process for sanctions can involve several steps. Work coaches in jobcentres and advisers on the Department's contracted-out employment programmes agree conditions with claimants and monitor their compliance. They refer people who they believe have not complied with conditions to the Department. The Department decides whether to sanction people based on the evidence available. People are able to challenge the Department's decision to sanction them and they can also apply for hardship payments.<sup>4</sup>

5. Sanctions are not rare; 400,000 benefits sanctions were imposed on claimants in 2015, the last complete year for which data are available. Some claimants may receive more than one sanction. Around a quarter (24%) of people who claimed Jobseeker's Allowance at any point between 2010 and 2015 had at least one sanction imposed on them.<sup>5</sup>

## The use of sanctions

6. Sanctions reduce support to claimants, sometimes leading to hardship, hunger, rent arrears and depression.<sup>6</sup> Crisis has found that sanctions can be a cause of homelessness. It told us that most of the sanctioned people it surveyed in 2015 went without food or heating, and 75% said that sanctions had a detrimental impact on their mental health. Citizens Advice told us that half of the sanctioned people it surveyed stopped paying essential bills like rent, gas, and electricity. It commented that people can take a long time to pay these off, which can damage incentives to find work, if people consider that any

1 C&AG's Report, *Benefit sanctions*, Session 2016–17, HC 628, November 2016

2 C&AG's report, paragraphs 2, 3 and 4

3 C&AG's report, paragraph 1.6

4 C&AG's report, Figure 9 and paragraph 3.5

5 C&AG's report, paragraphs 10, 1.7, Figure 5

6 C&AG's report, paragraphs 4 and 3.17

financial gain from working will be used up by paying off debts.<sup>7</sup> Claimants can apply for hardship payments, but these will become loans that people on Universal Credit will have to pay back.<sup>8</sup>

7. These sometimes serious consequences of sanctions mean that they should be used carefully. The 2014 independent review by Matthew Oakley of Jobseeker's Allowance sanctions on the Work Programme recommended that the Department should pilot a new approach using warnings and non-financial sanctions following a first failure to comply.<sup>9</sup> The Work and Pensions Select Committee made a similar recommendation in 2015 with respect to jobcentre sanctions.<sup>10</sup> The Department has tested giving claimants more notice of its intention to sanction them, but has not carried out a trial of using warnings in place of sanctions for first sanctionable offences.<sup>11</sup>

8. Citizens Advice explained that sanctions are often imposed for honest mistakes and highlighted the need for a less rigid process when this happens.<sup>12</sup> Despite the Department's review of sanctions communications in 2013, there are still problems preventing understanding of conditions.<sup>13</sup> When Citizens Advice surveyed claimants in 2015, only a third knew what they needed to do to fulfil their responsibilities.<sup>14</sup> Nearly half (46%) of clients who had sought Citizens Advice's help about a sanction felt that their sanction could have been avoided, had they received a warning.<sup>15</sup>

## Variations and consistency

9. Sanction rates vary substantially between different Work Programme providers. Some make more than twice as many sanction referrals as other providers supporting similar people in the same area. Between jobcentres, sanction rates also vary in ways that cannot be solely explained by differences in claimant compliance with rules. The Department does not analyse the reasons for this variation, and told us it does not believe sanction rates can be compared between jobcentres, even where they have similar job markets.<sup>16</sup> It looks at sanction rates and asks jobcentres to explain high and low levels of use, and believes the jobcentres it investigates with particularly high and low sanction rates are acting appropriately "based on the labour market and the operation of [each] environment".<sup>17</sup>

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7 [Qq 12, 14](#)

8 [Q 159](#)

9 Matthew Oakley, *Independent review of the operation of Jobseeker's Allowance sanctions validated by the Jobseekers Act 2013*, July 2014

10 Work and Pensions Committee, Fifth Report of Session 2014–15, *Benefit sanctions policy beyond the Oakley Review*, HC 814,

11 C&AG's Report, paragraph 2.23

12 [Q 17](#)

13 [Qq 9–10](#); Royal Mencap Society ([BNS0037](#))

14 [Q 7](#)

15 Citizens Advice ([BNS0035](#))

16 [Q 143](#); C&AG's report, paragraphs 14, 2.8

17 [Q 78](#)

10. The Department told us there will always be variation in a system where individuals have to make judgments and that it has guidance in place for staff.<sup>18</sup> However, the Department's internal auditors found evidence that suggested work coaches were not complying with sanction processes, weakening the fair and consistent use of sanctions. The Department has identified similar issues in internal summaries of staff surveys.<sup>19</sup>

11. Citizens Advice and Crisis were concerned that inconsistency particularly affects the most vulnerable claimants. The Department accepts the importance of protecting vulnerable claimants and has introduced safeguards intended to ensure that they are not sanctioned inappropriately.<sup>20</sup> More broadly the Department explained how it aims to improve relationships between claimants and work coaches, and to make conditions more sensitive to individual circumstances.<sup>21</sup> However, Crisis told us that these safeguards are only imperfectly working in practice, and that homeless people are sanctioned at twice the rate of the general claimant population. Crisis told us vulnerable people are not necessarily being targeted, but are more likely to be unable to comply with the sanction regime.<sup>22</sup> The Department can use formal rules to protect people with particular needs, for example to excuse victims of domestic violence from meeting conditions for a limited period. But it relies on claimants self-reporting their personal circumstances, and work coaches being aware of the protections available. The Department does not track use of the protections and cannot tell whether work coaches use them effectively.<sup>23</sup>

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18 [Qq 78, 149](#)

19 C&AG's report, paragraphs 2.7

20 [Qq 160–161](#); C&AG's Report, paragraph 1.18

21 [Qq 48, 121](#)

22 [Qq 7, 21](#)

23 C&AG report, paragraph 1.18

## 2 Understanding outcomes

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### Data on sanctions and their effects on employment

12. In 2015, the UK Statistics Authority recommended that the Department of Work and Pensions (the Department) improve the transparency of its published sanctions data and address gaps in information on sanctions. The National Audit Office's report also highlighted the lack of analysis by the Department on the impact of sanctions on the jobs gained by claimants, and recommended improvements.<sup>24</sup> The Department accepted that its data on sanctions have limitations that do not allow it to answer questions such as the number of people being sanctioned at a point in time.<sup>25</sup>

13. The Department told us that it was not aware of anyone having identified an optimal level of sanctions.<sup>26</sup> To examine the impact of sanctions on employment the Department needs good quality data, but it has not treated its sanctions data as a priority in the past. The Department cited the large amount of analytical work it had to do on welfare reform as a reason for not focusing on improving its sanctions data.<sup>27</sup> It told us that it will undertake work to improve data over the next 12 months. The Department currently knows in which month it takes decisions to sanction people, but not the start or end dates of sanctions; it told us that it is committed to developing the ability to do so. This will allow better linking between sanctions data and real time information on people's earnings, the Department told us.<sup>28</sup>

14. When it introduced the more severe sanction regime in 2012, the Department lacked evidence on the effects this would have.<sup>29</sup> It also acknowledged that this situation had not improved: we heard that it is impossible for the Department to take a view on whether the new system is making a difference, due to the lack of a counterfactual.<sup>30</sup> The Department claimed that fluctuations in sanction referrals over time show that it has made conditions more demanding, and improved people's understanding of their conditions.<sup>31</sup> However, the National Audit Office report found that the changes in employment support and claimants' behaviour do not fully explain changes in jobcentre referral rates.<sup>32</sup>

### Understanding the wider effects of sanctions

15. The evidence on the impact of sanctions is mixed. On the one hand the Department cited international evidence showing that sanctions increase the likelihood of employment for sanctioned individuals.<sup>33</sup> On the other hand the National Audit Office's review of international evidence shows that sanctioned claimants gain shorter-lived jobs with lower wages than they would otherwise have had.<sup>34</sup>

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24 C&AG's Report, paragraphs 24, 3.5, 3.9

25 [Q 101](#)

26 [Q 139](#)

27 [Q 106](#)

28 [Qq 42, 85](#)

29 C&AG's report, paragraph 1.13

30 [Q 75](#)

31 [Q 57](#)

32 C&AG's Report, paragraph 2.6; 'Explaining the rise and fall of JSA and ESA sanctions 2010–16', Child Poverty Action Group, briefing by Dr David Webster, October 2016.

33 [Qq 89, 102–103](#)

34 C&AG's Report, 3.2 to 3.4 and Figure 21

16. Apart from affecting the employment outcomes of claimants, sanctions may have wider effects. For example they can have negative impacts on mental health, including depression and anxiety; financial and emotional impacts such as falling into arrears with rent and bill payments; and worsening relationships with jobcentre staff. Supporting people the Department sanctions may lead to extra public spending in areas such as local authority funded welfare support. Several organisations have reported, for example, that much use of food banks is because of sanctions.<sup>35</sup> Citizens Advice reiterated that sanctions can have ‘a detrimental impact on work incentives’. Both preliminary witnesses told us that sanctions can have a detrimental impact on claimants’ mental health.<sup>36</sup>

17. The Department told us that finding out the wider costs to other bodies of sanctions is not simple, and not something it plans to consider as part of its data improvements in the coming year.<sup>37</sup> The Department explained how it aims to improve relationships between claimants and work coaches, and to make conditions more sensitive to individual circumstances.<sup>38</sup> However, Citizens Advice found that 44% of people it surveyed with a health condition felt their claimant commitment (the document which records the conditions they must meet) did not reflect their health condition.<sup>39</sup>

## Sanctions and homelessness

18. Crisis told us that some people’s main barrier to moving into employment is getting a roof over their head.<sup>40</sup> It surveyed more than 1,000 people who were homeless or who had experienced homelessness and, while 88% believed that conditions should be attached to benefits, more often than not the conditions set for them were unachievable and not relevant to their particular needs.<sup>41</sup> These needs can be hidden and difficult to identify, but Crisis told us that some jobcentres are working with local authorities to identify and support housing needs.<sup>42</sup>

19. Both Crisis and Citizens Advice raised concerns with us about the links between homelessness and sanctions. Crisis told us that sanctions bring a risk of exacerbating housing-related barriers to employment, and lead to homelessness for some people. Of those surveyed by Crisis, 60% said that being sanctioned hindered their job seeking activity, and 21% experienced homelessness as a result.<sup>43</sup> Citizens Advice told us that 15% of the people coming to the charity about benefit sanctions also have housing issues, including problems with landlords due to difficulties paying rent, putting them at risk of homelessness.<sup>44</sup>

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35 C&AG’s Report, paragraph 3.17

36 [Qq 14, 28](#)

37 [Q 117](#)

38 [Q 83](#)

39 [Q 6](#)

40 [Q 21](#)

41 [Q 2](#); Homeless people’s experiences of welfare conditionality and benefit sanctions, Crisis, December 2015

42 [Qq 20, 26](#)

43 [Qq 3, 14](#)

44 [Q 26](#)

20. Some claimants of sanctionable benefits like Jobseeker's Allowance also receive Housing Benefit to help with their housing costs. The survey by Crisis showed that a third of respondents who had been claiming Housing Benefit at the time of their sanction had this stopped because of the sanction.<sup>45</sup> The Department confirmed that Housing Benefit should not be stopped when a sanction is applied. The Department told us that it had looked at this issue in 300 cases in one area but that it had found no evidence of the problem.<sup>46</sup>

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45 [Q 25](#)

46 [Qq 156–157](#)

# Formal Minutes

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**Wednesday 8 February 2017**

Members present:

Meg Hillier, in the Chair

Mr Richard Bacon	Anne Marie Morris
Philip Boswell	Bridget Phillipson
Chris Evans	John Pugh
Kevin Foster	Karin Smyth
Kwasi Kwarteng	Mrs Anne-Marie Trevelyan
Nigel Mills	

Draft Report (*Benefit sanctions*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 20 read and agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

*Resolved*, That the Report be the Forty-second of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 21 February 2017 at 2.30pm]

## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Monday 12 December 2016

*Question number*

**Maeve McGoldrick**, Head of Policy and Campaigns, Crisis, and **Kayley Hignell**, Head of Families, Welfare and Work Policy, Citizens Advice [Q1–28](#)

**Sir Robert Devereux**, Permanent Secretary, and **Susan Park**, Director of Work Services, Department for Work and Pensions [Q29–163](#)

## Published written evidence

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The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website. BNS numbers are generated by the evidence processing system and so may not be complete.

- 1 1625 Independent People ([BNS0025](#))
- 2 Advice NI ([BNS0002](#))
- 3 Centre for Social Investigation, Nuffield College, University of Oxford ([BNS0029](#))
- 4 Citizens Advice ([BNS0035](#))
- 5 Citizens Advice Scotland ([BNS0017](#))
- 6 Crisis ([BNS0011](#))
- 7 David Morgan ([BNS0003](#))
- 8 Department for Work and Pensions ([BNS0039](#))
- 9 Derbyshire County Council ([BNS0024](#))
- 10 Disability Rights UK ([BNS0015](#))
- 11 Dr David Webster ([BNS0032](#))
- 12 Glasgow Homelessness Network ([BNS0028](#))
- 13 Greenwich Welfare Rights Service ([BNS0019](#))
- 14 Gwent Welfare Reform Partnership ([BNS0021](#))
- 15 Inclusion London ([BNS0023](#))
- 16 Mind ([BNS0014](#))
- 17 Mr Philip Grace ([BNS0010](#))
- 18 Participation and Practice of Rights ([BNS0026](#))
- 19 PCS Union ([BNS0020](#))
- 20 Royal Mencap Society ([BNS0037](#))
- 21 Scope ([BNS0038](#))
- 22 Scottish Federation of Housing Associations ([BNS0030](#))
- 23 Southampton Advice and Representation Centre Limited ([BNS0012](#))
- 24 Taxpayers Against Poverty ([BNS0007](#))
- 25 Taxpayers Against Poverty ([BNS0040](#))
- 26 Welfare Conditionality Research Project ([BNS0033](#))
- 27 WinVisible (Women With Visible & Invisible Disabilities) ([BNS0034](#))
- 28 YMCA England ([BNS0008](#))

# List of Reports from the Committee during the current session

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All publications from the Committee are available on the [publications page](#) of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

## Session 2016–17

First Report	Efficiency in the criminal justice system	HC 72 (Cm 9351)
Second Report	Personal budgets in social care	HC 74 (Cm 9351)
Third Report	Training new teachers	HC 73 (Cm 9351)
Fourth Report	Entitlement to free early education and childcare	HC 224 (Cm 9351)
Fifth Report	Capital investment in science projects	HC 126 (Cm 9351)
Sixth Report	Cities and local growth	HC 296 (Cm 9351)
Seventh Report	Confiscations orders: progress review	HC 124 (Cm 9351)
Eighth Report	BBC critical projects	HC 75 (Cm 9351)
Ninth Report	Service Family Accommodation	HC 77 (Cm 9351)
Tenth Report	NHS specialised services	HC 387 (Cm 9351)
Eleventh Report	Household energy efficiency measures	HC 125 (Cm 9351)
Twelfth Report	Discharging older people from acute hospitals	HC 76 (Cm 9351)
Thirteenth Report	Quality of service to personal taxpayers and replacing the Aspire contract	HC 78 (Cm 9351)
Fourteenth Report	Progress with preparations for High Speed 2	HC 486 (Cm 9389)
Fifteenth Report	BBC World Service	HC 298 (Cm 9389)
Sixteenth Report	Improving access to mental health services	HC 80 (Cm 9389)
Seventeenth Report	Transforming rehabilitation	HC 484 (Cm 9389)
Eighteenth Report	Better Regulation	HC 487 (Cm 9389)

Nineteenth Report	The Government Balance Sheet	HC 485 (Cm 9389)
Twentieth Report	Shared service centres	HC 297 (Cm 9389)
Twenty-first Report	Departments' oversight of arm's-length bodies	HC 488 (Cm 9389)
Twenty-second Report	Progress with the disposal of public land for new homes	HC 634 (Cm 9413)
Twenty-third Report	Universal Credit and fraud and error: progress review	HC 489 (Cm 9413)
Twenty-fourth Report	The sale of former Northern Rock assets	HC 632 (Cm 9413)
Twenty-fifth Report	UnitingCare Partnership contract	HC 633 (Cm 9413)
Twenty-sixth Report	Financial sustainability of local authorities	HC 708
Twenty-seventh Report	Managing government spending and performance	HC 710
Twenty-eighth Report	The apprenticeships programme	HC 709 (Cm 9413)
Twenty-ninth Report	HM Revenue & Customs performance in 2015–16	HC 712
Thirtieth Report	St Helena Airport	HC 767
Thirty-first Report	Child protection	HC 713
Thirty-second Report	Devolution in England: governance, financial accountability and following the taxpayer pound	HC 866
Thirty-third Report	Troubled families: progress review	HC 711
Thirty-fourth Report	The Syrian Vulnerable Persons Resettlement programme	HC 768
Thirty-fifth Report	Upgrading emergency service communications	HC 770
Thirty-sixth Report	Collecting tax from high net worth individuals	HC 774
Thirty-seventh Report	NHS treatment for overseas patients	HC 771
Thirty-eighth Report	Protecting information across government	HC 769
Thirty-ninth Report	Consumer-funded energy policies	HC 773
Fortieth Report	Progress on the Common Agricultural Policy Delivery Programme	HC 766
Forty-first Report	Excess Votes 2015–16	HC 954
First Special Report	Protecting the Public's Money: First Annual Report from Chair of Committee of Public Accounts	HC 835

# Public Accounts Committee

## Oral evidence: Benefit Sanctions, HC 775

Monday 12 December 2016

Ordered by the House of Commons to be published on 12 December 2016.

[Watch the meeting](#)

Members present: Meg Hillier (Chair); Mr Richard Bacon; Philip Boswell; Charlie Elphicke; Chris Evans; Kwasi Kwarteng; Nigel Mills; Bridget Phillipson; John Pugh; Karin Smyth; Mrs Anne-Marie Trevelyan.

Sir Amyas Morse, Comptroller and Auditor General, Adrian Jenner, Director of Parliamentary Relations, National Audit Office, Max Tse, Director, NAO, and Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-163

### Witnesses

**I:** Maeve McGoldrick, Head of Policy and Campaigns, Crisis, and Kayley Hignell, Head of Families, Welfare and Work Policy, Citizens Advice.

**II:** Sir Robert Devereux, Permanent Secretary, Department for Work and Pensions, and Susan Park, Director of Work Services, Department for Work and Pensions.

Written evidence from witnesses:

[Citizens Advice](#)

[Crisis](#)



Report by the Comptroller and Auditor General  
Benefit Sanctions (HC 628)

Examination of witnesses

Witnesses: Maeve McGoldrick and Kayley Hignell.

Q1 **Chair:** I welcome you to the Public Accounts Committee on Monday 12 December 2016. We are here to take evidence on the back of a National Audit Office Report about the functioning of benefit sanctions as implemented by the Department for Work and Pensions on behalf of the Government. We are not a policy Committee, so our job is not to question whether sanctions are the right thing. Our focus is on whether they are effective, good for the economy and efficient for the taxpayer. I thank the many people who sent in evidence on the issue, and I welcome the first panel.

Maeve McGoldrick is from Crisis, where she is the head of policy and campaigns. Welcome to you, Maeve. I think it is the first time you have been in front of this Committee, isn't it?

**Maeve McGoldrick:** I have done so in a previous role.

**Chair:** Right. I also welcome Kayley Hignell from Citizens Advice, where she is head of families, welfare and work policy. I think it is your first time with us.

**Kayley Hignell:** Yes.

Q2 **Chair:** We are a friendly bunch, as the DWP staff will no doubt testify to. We are really pleased to welcome you today. Our hashtag today is #sanctions. We are aiming for the first panel to last for about half an hour, just to inform us about the impact of sanctions on people out there, and to hear what thoughts your organisations have about whether sanctions actually do what they are intended to do, which is to encourage people into work. We are not here to debate the policy, but to debate whether sanctions are effective.

Maeve McGoldrick, from the point of view of Crisis, you sent us some quite interesting evidence about the impact on people who are homeless. From that evidence, sanctions seem to have a bigger impact on homeless people than on others. Would you explain that a little bit more?

**Maeve McGoldrick:** Yes. I will touch on a piece of work that we commissioned late last year, which is the biggest survey around of homeless people in relation to sanctions. We surveyed more than 1,000 people who use homeless centres, who are currently homeless or who have a history of being homeless.



**Chair:** Sorry, could you speak up? This room is very bad for acoustics.

**Maeve McGoldrick:** In our research, we surveyed more than 1,000 people who are currently homeless or who have experienced homelessness. They were using homeless centres. The survey explored the impact of the conditionality regime on their engagement in jobseeking activity and the resulting impact on their experience of homelessness. The key findings include interesting news that it is really important to start off with—that 88% of the people we surveyed wanted to work and believed in the conditionality regime, feeling that conditions should be attached to benefits. However, they found that, more often than not, the conditions that were set for them were unachievable and not relevant to their particular needs. In particular, they did not address their housing—

Q3 **Chair:** What percentage thought that they were not achievable?

**Maeve McGoldrick:** Eighty-eight per cent wanted to work, and over 60%—

**Chair:** Of those.

**Maeve McGoldrick:** Of those surveyed, 60% felt that the impact of being sanctioned had a negative effect on their jobseeking activity. But, quite shockingly, we found that not only does it impact on their ability to move into the labour market, but it was actually a cause of homelessness. So, as a result, 21% experienced homelessness and 16% of them slept rough as a direct result of being sanctioned.

Q4 **Chair:** Kayley Hignell from Citizens Advice, you are obviously dealing with a wide range of people.

**Kayley Hignell:** Absolutely, yes.

Q5 **Chair:** What is your perspective on how well it is working? Is it working as intended?

**Kayley Hignell:** In recent years, we have seen a significant drop in the amount of people coming to us about sanctions. In '13-'14 or '14-'15, we were seeing about 10,000 people a year, and that has now come down to 6,000 people a year—in the last year, anyway. There are some variations within that. Jobseeker's allowance is coming sharply down, which mirrors the national statistics in this area. ESA is kind of bumbling along—

Q6 **Chair:** When you say ESA is bumbling along, do you mean the people coming to see you?

**Kayley Hignell:** Yes. The amount has not particularly changed there. We are starting to see some rises in the universal credit area. I hesitate to use that stat too widely, just because, as the benefit rolls out, we will start to see more people.

We do see quite a lot of variation in terms of what people understand about their sanctions, mirroring the information that Maeve has just given. We asked people who had a health condition or a disability—regardless of whether they were on ESA or JSA—what they knew about, for example,



their claimant commitment, going back to the start of the journey rather than when something has gone wrong. 27% of the clients we surveyed knew they had a claimant commitment—the rest were not aware of the claimant commitment—and 44% of those who were aware of the claimant commitment felt that it didn't reflect their health condition. There are still some challenges in that area.

At Citizens Advice, we would say that 6,000 is still quite a lot of people, so there is still room for improvement. Again, we certainly see people who agree that conditionality is important, and our network very much agrees that conditionality plays a role in the system. The challenge for us is more the administration and making sure that we have the right balance of work support and enforcement of conditionality, particularly for different groups of people.

**Q7 Chair:** That is one of the things that I am sure we will want to draw out later. One of the issues that has come out from the NAO Report is about the consistency, or sometimes the lack of it, in applying these. Maeve, do you have any thoughts about how that applies to the particular people you have been surveying? The same question to Kayley, too.

**Maeve McGoldrick:** The survey found that 39% of homeless people have been sanctioned, which is twice the rate of the general claimant population. That indicates that those who are being sanctioned are also deemed the most vulnerable—the hardest to help. Before they were sanctioned, they were much more engaged in employment-seeking activity and, as a result of being sanctioned, such engagement has significantly dropped by almost 20%.

The findings are that vulnerable people are not necessarily being targeted but are more likely to be unable to comply with a regime. The most vulnerable have very pressing needs and, as a result, the impact of sanctioning significantly reduces their employability and engagement activity.

**Kayley Hignell:** Again, I echo what Maeve is saying. Consistency is sometimes difficult to look at. We do not know what is going on behind the scenes at jobcentres, but we know, for example, that there is inconsistent use of guidance. In a case I was looking at just this morning, there was confusion within a jobcentre about whether a claimant commitment would be changed for exceptional circumstances or normal circumstances—this was for somebody who had a sick note because they were experiencing a period of severe depression. On-the-ground consistency of training and guidance seems to be crucial, and people come to us when there are differences within that training and guidance.

We also see inconsistency in the amount of time that work coaches spend with people, which varies from a few minutes to 15 or 20 minutes, without that necessarily reflecting the variation in people's needs. Somebody who is further from the labour market might need more time with their work coach.



We have also seen something around communication. I talked earlier about people not being aware of their claimant commitment. When we surveyed general claimants back in 2015, only a third knew what they needed to do to fulfil their claimant commitment, which comes down to written communications and the conversations that they are having in the jobcentre with their work coach. Even when it came to our advisers, only one in four agreed that clients could avoid sanctions if they wanted to avoid them.

Q8 **Chair:** This is CAB advisers?

**Kayley Hignell:** Yes. Those people have been dealing with situations day in, day out for years. They are a rich source of insight for us. Again, it is about consistency in how much we tell claimants about what their conditions are and what they are expected to do—it is about whether they know. On value for taxpayers' money and all that stuff, we are getting that end point of the process wrong. It is a real shame to have potentially lost the employment and support outcomes just on communication.

Q9 **Chair:** That is interesting, because the DWP reviewed communication in, I think, 2013. Have you seen any difference in the trends since that work? I understand that they took on some of those recommendations.

**Kayley Hignell:** Our data on communication comes from snapshot surveys, rather than from consistent data. This was taken in 2015, and we have not repeated it yet.

Q10 **Chair:** So you were still picking up problems in 2015? Even if it was not statistically validated, it is still anecdotally validated.

**Kayley Hignell:** Yes, and in that case there was some kind of guidance to jobcentre staff and work coaches in the last month. It is not just communication to clients or claimants; it is about communication to work coaches.

Q11 **Chair:** Do you pick up any variation between communications with people who have been long-term unemployed, and who were perhaps on the system before some of the sanction rules changed, and communications with new claimants?

**Kayley Hignell:** I am not sure that we would be able to drill down in that way.

**Chair:** That's fine. Maeve McGoldrick, on the same point, have you—

**Maeve McGoldrick:** I was going to make a slightly different point. In relation to communications, we are still finding that the large reason why people become homeless is the stopping of housing benefit, which is not meant to happen when you are being sanctioned. We are still not getting the message out to local authority teams issuing housing benefit that housing benefit should not be stopped as a result of a sanction.

Q12 **Chair:** We have noticed that problem. It should not be happening, but you are still finding that it is, as we are in our surgeries.



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**Maeve McGoldrick:** Yes. A third of the people who were sanctioned became homeless as a result.

Q13 **Chair:** So is that down to the local authorities not reading up on the new rules?

**Maeve McGoldrick:** We have been working with the Department in trying to decipher exactly where that is. Communications have gone out again to reinforce the message that housing benefit should not be stopped, but this error is still happening, so that message is not quite getting across. It is really hard to determine exactly where that is happening. One of the biggest problems is that we do not have very clear data sharing about the nature of the services that local authorities provide in issuing housing benefit and at what stage it should be started and stopped. One useful way would be to flag in the system if someone is sanctioned, to have clear communications.

**Chair:** It is a sanction, not the stopping of benefits. So they are still effectively getting all the benefits of a benefit, just not the benefit itself.

Q14 **Bridget Phillipson:** I would like to hear from both of you about the wider impact of sanctions on claimants through the work that your organisations do. What is the wider impact? As well as the loss of income, what is the impact on the claimant and their family?

**Maeve McGoldrick:** Within our client group, there are people who have more chaotic, challenging lifestyles and are potentially sleeping rough, which has a huge detrimental impact on their current situation. We found in the survey that 75% went without food, 56% went without heating and 75% said it had a negative, detrimental impact on their mental health. For people who are on the cusp of becoming homeless—those who are struggling to keep up with rent payments—we are finding that this is tipping them over the edge and pushing them into rent arrears. Ultimately, that burden will fall on local authorities if those people do become homeless, because we are not trying to prevent or alleviate that homelessness in the first place.

As I said at the start, this has an impact on people's ability to engage with the employability system. We find, from speaking to a number of providers and running our own services, that quite often the threat of being sanctioned is much more effective than the application. We have run our own services where we do not have a mandated programme but we have forms of conditionality that require people to engage in certain activities in order to get involved in areas of work. That works, and it is effective, but any type of financial penalty has an extremely detrimental impact on their motivation and ability to engage, particularly if they are at risk of losing their house. People are much less likely to think about trying to apply for a job if they are effectively trying to keep a roof over their head.

**Kayley Hignell:** Again, we would echo what Maeve said. When people come to us at Citizens Advice about a sanction, we can see what else they have come to see us about, which gives us an indication of other impacts. Of the people who came to us with a sanction, 70% had another benefit



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inquiry. It was not just the fact that their money had stopped; there was a complication in some way with their benefit. In many ways, that echoes the earlier point about housing benefit. We had 17% of people coming to us about housing benefit at the same time, and then other things around council tax reduction and personal independence payments.

We definitely see an impact in terms of debt and financial budgeting pressures. Some 26% of people also came to us about charitable support, and 27% came to us about debt. When we surveyed people about what exactly they are stopping and starting in their budgets to cope with this drop in income, half said they stopped paying essential bills like rent, gas, electricity or water; a third stopped paying other bills; and one in 10 were borrowing money. There are quite long-term effects.

I would stress that it takes our clients a long time to get back in the black. It takes them months to recover from this, and that can have a detrimental impact on work incentives as well. It is crucial to remember that when we are looking at value for money and effectiveness. If your financial gain from work is basically sucked up into paying off debts you have incurred because you have had a break in your finances, it can take you much longer to see the real value of working or working extra hours, for example. There are lots of longer-term impacts in that sense for our clients.

I would also say that we help people with hardship payments, but when we surveyed clients, two in five of them didn't know about hardship payments, 18% had had an application turned down, and only 28% got one. We are seeing quite a lot of people not only feeling a penalty but effectively being forced off or falling off a cliff, with their finances changing not a little bit but substantially. Most people would struggle with that kind of substantial impact on their finances without much warning.

**Q15 Nigel Mills:** Ms Hignell, what is your sense of the direction of travel? Have things been getting better in the past three or four years?

**Kayley Hignell:** I think we are seeing a difference in the more marginal or suspect sanctions—we are seeing less of, "You turned up 60 seconds late," or, "You didn't attend this appointment because you went somewhere else." We are, though, seeing more challenges for people who are that bit further from the labour market or who face extra challenges in life. They are, by and large, a new or newer group for jobcentres to deal with, so we fully sympathise that that is a lot of work to get to. If we are looking at the health and work agenda and halving the disability employment gap—working towards those things—we definitely need to understand more about these things. There has been a slight change, but I would hesitate to say more, because we do still see some of those kind of administrative error-based ones, the slight problems with communication, people being told to come this week, not next week—that kind of thing. By and large, though, we are also seeing rises in the work-seeking activity, rather than in the missed appointments and those kind of things.



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- Q16 **Nigel Mills:** Does your data suggest that it is now perhaps a bit harder to appeal a sanction and that the sanction has probably been applied consistent with the rules? Whether you think it should have been is a different matter; you might be thinking the system is working how it is meant to work, but it should perhaps be meant to work differently.

**Kayley Hignell:** We are still appealing and challenging quite a lot of sanction decisions. There has not been a huge change in the proportion we are helping, or in the number of people who want to challenge or appeal, or who we feel have merit in appealing. That comes back to making sure the claimant commitment is right with regard to the conditions set with the jobseeker in the first instance. We have some local offices working on that with jobcentres to make sure they get it right in the first place, so that people are not getting sanctioned inappropriately at a later stage. Unfortunately, as a service, we are often having to firefight. We see people when the problems are happening, rather than at an earlier stage. When we see them, we try to help with that, but it is often quite late in the process.

- Q17 **Nigel Mills:** If you could redesign a sanctions system that worked, what suggestions would you have for the Department?

**Kayley Hignell:** A blank page on sanctions! Well, I think the key thing is looking at employment support in the round. I have talked a lot about the claimant commitment, of which sanctions are a part, but Citizens Advice feel they should be a backstop, not an essential or core part of the toolkit for the jobcentre staff member to use. They should be used only in a worst-case scenario.

We certainly would want to see a system that allowed for proper human mistakes. The current system is quite diverse—you are either deliberately not doing what you are supposed to do or doing everything you're supposed to do—and does not allow for those people in the middle who are trying their best but are not quite getting there. There is lots of work to be done around employment support and the claimant commitment for particular groups of people. This is not me saying, "You need to look at people who have mental health issues or disabilities, or at people who are homeless"; I am saying that you need a different toolkit to reflect those different groups of people and the different levels of conditionality required. At the moment we all know that one size doesn't fit all, but I am not sure that that is necessarily what we are seeing in the support offered.

**Maeve McGoldrick:** Can I echo that? I would add a couple of things. First, it is really important to remember why we have conditionality in the system in the first place: it is the point about it being a tool to get people back into employment. We are seeing at the moment people buying into the conditionality regime. Even if they have been sanctioned, they still buy into it, but they are a lot less engaged in the programme, so it is not necessarily changing the behaviour. That's not the problem; the problem is that their needs are not being addressed, so they are becoming further disengaged, even though they support the concept of conditionality.



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**Q18 Nigel Mills:** Do you see any distinction between how the jobcentre handles this process and how Work programme providers have been handling it? Is there a real difference in severity or the tightness of the rules?

**Maeve McGoldrick:** We get a lot of people coming to us from both the jobcentre and the Work programme, and they are also engaged in our service, and the challenge is that they are finding there are very poor communications between the decision-making process and the provider base. There is a real variation between providers about whether they feel they are required to raise a doubt around a sanction being issued and whether they believe that is the right thing to do, while at the jobcentre there seems, from the responses we are getting from our members, to be slightly more discretion about whether it is a justifiable means to issue that sanction or whether it is going to be counterproductive to their journey back to work.

Although we believe in discretion and think that that is the way to go in terms of tiering the support and making conditionality relevant to their needs, the flip-side is that you get variation between how people interpret discretion and what is suitable, and a lot of that is really about the skills of front-line staff, their emotional intelligence and their ability to identify what the real barriers are to people moving into employment. Is that a behaviour change, or is there something that is quite obvious? It is nearly always—again, this is from our members—at least a housing problem, if not other issues, that needs to be addressed, and we do not always have a consistent, highly skilled front-line service that can do the assessments and identify the real, perceived and hidden needs of claimants. Therefore, conditionality is often wrongly used.

**Q19 John Pugh:** Ms Hignell, you used an expression about a cliff before. I had a case the other day in my constituency of a constituent who was sanctioned for three months. It was the first time he had been late for an interview, so that was a slightly severe response to what was obviously some element of conditionality sanctioning. Do you think that the system requires a more tapered response? I have a number of people to whom, it seems, the automatic penalty was given, but they differ markedly in what they actually did and their levels of compliance.

**Kayley Hignell:** The National Audit Office itself has looked at this in terms of the evidence level. It is something about how much severity there is in how long a sanction lasts, the degree of sanction and how much of your income is taken, and we would wholeheartedly agree that the evidence base here is lacking. We know what is happening in other countries, but we are not particularly sure what is happening here, and we certainly do not know what is happening in terms of different claimant groups. So the evidence is not strong enough at this point to say whether it is effective to have that level of sanction.

What I would say is that often we see the need for some kind of warning within this for people, to mitigate for when it is so harsh. At the moment we have a warning system. It is an improvement—a welcome



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improvement—that was made that people get some notice and some time to challenge a decision when it is in error. What we would prefer to see, or where we think this could be improved, is that at least in that first instance, where somebody has made a mistake, they are just told that if they make that mistake again they will face a financial sanction. It allows that behaviour change to happen. It allows people to fully understand the system in a way that perhaps is not happening now.

**Q20 John Pugh:** Some offices in certain parts of the country are much more flexible on this. I seem to be cursed with one that exhibits inflexibility.

**Kayley Hignell:** Our relationships with jobcentres across the country vary as well, in the ways in which we can support them to achieve these kinds of outcome. Some jobcentres have very close relationships with their local offices, and I am sure it is the same with other organisations. Where we can go is where consistently there is an issue with people coming to an appointment in this area or where consistently we are seeing a problem with x, y or z work coach. We can try to attack those issues on a local basis—some are less willing, but it really varies.

**Maeve McGoldrick:** It also depends on the agencies, and on the partnership networks that local employment programmes, jobcentres or contracted-out providers have. Then there is a finding, I think from back in 2010 or 2011, on staff skills and training, that one of the main reasons why front-line staff were not identifying and supporting needs was because they were afraid to open up a can of worms. The more you start to identify those more complex hidden problems, if you cannot address them you do not necessarily benefit that individual because you can't take them anywhere.

There is a really good opportunity. We have a Homelessness Reduction Bill going through Parliament, which basically means that we will have homelessness prevention services within local authorities. So some of the better jobcentres are starting to engage with the housing options teams that exist within local authorities and to think, "How can we identify and support needs like housing and refer them through to housing support teams, while we potentially extend the easement of conditionality or recognise that that type of house stabilisation activity is an activity to help people move into employment by reducing these barriers?" We do not really have that network of activity that people are engaging in to try to address their own personal barriers to improvement, and that is not being reflected in the activity that is set out within the claimant commitment.

**Q21 Kwasi Kwarteng:** I am really just going to re-ask Mr Mills's question—I will put it slightly differently—because I did not get any real clarity about it. That is probably my fault. You know the system; if there was one thing that you could do to improve it, what would it be?

**Maeve McGoldrick:** From our perspective, it would be to recognise housing support—to include it in jobseeking activity. That is the elephant in the room for the majority of universal credit claimants. The people we see are twice as likely to be sanctioned as the rest of the general



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population, and that is for a reason. Their main barrier to moving into employment is getting a roof over their head. When we are talking about moving from a welfare reform agenda to a welfare system agenda, which we fully support, we need to look at what that system looks like and recognise the other types of activities that people need to engage in, and document that within the claimant commitment.

**Kwasi Kwarteng:** This is housing support.

**Maeve McGoldrick:** Housing support. There is an array of other services and public agencies that people will be engaging with, but from our perspective, housing is critical. People move and get a job to pay their rent, yet we do not engage in housing provision. We talk about employment; we are starting to talk about health. We really welcome both of those components, but the third key pillar, and what really motivates people to move into work, is keeping a roof over their head. We think that is more effective than applying a sanction.

**Kayley Hignell:** I would come back to the cliff edge idea and making sure that when someone has made a mistake or done something wrong, it is not just all or nothing. That would consist of a proper yellow card system so people get a first warning, but also looking at how hardship payments work. Only a very small number of people know about them—I know we have looked at some automatic eligibility criteria, but we have not looked at automatic payment of hardship payments so that people are able to access them properly. At the moment, if someone mentions to the jobcentre that they are struggling financially, they may be told that a hardship payments system exists. We need that to be routine and consistent so people are not left moving their focus from employment to dealing with a lack of financial support.

Q22 **Mr Bacon:** I wonder whether you advise your clients about the existence of the Self-build and Custom Housebuilding Act.

**Chair:** This is not really relevant to sanctions.

**Mr Bacon:** We are talking about housing. It is highly relevant to housing. If you don't mind, Chair—

**Chair:** I do mind, because we are coming to the end; we can have a discussion about this when we discuss housing in January.

**Mr Bacon:** We were talking about housing, and they said that housing is absolutely critical. Correct me if I am wrong: is housing absolutely critical?

**Maeve McGoldrick:** Yes.

**Kayley Hignell:** Yes.

Q23 **Mr Bacon:** Thank you. I just wanted to ask whether you advise your clients about the provisions of the Self-build and Custom Housebuilding Act. Yes or no? If you don't know about it, that's fine. I wouldn't expect you to advise them if you didn't know about it, but do you?



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**Kayley Hignell:** I'm afraid it's outside of our remit.

**Chair:** Mr Bacon, we are going to be touching on this in January. It is probably not something that Citizens Advice would be—

**Mr Bacon:** Can I just be clear: you don't?

**Chair:** Well, perhaps Ms McGoldrick doesn't, but she is not the representative from Crisis who has to deal with this issue.

Q24 **Mr Bacon:** I just heard, Chair, that housing is absolutely critical. Perhaps I misheard, but I think I heard correctly. If you don't mind, I just want to know, since housing is critical, whether—is the answer no, because you don't know about it? That would be fine.

**Maeve McGoldrick:** Not as far as I'm aware.

**Mr Bacon:** Okay, thank you.

**Chair:** But perhaps other people in Crisis do. I think that's fair to say.

**Mr Bacon:** That would have been a lot quicker if I had just been allowed to ask the question.

Q25 **Chair:** Mr Bacon, we are really just focused on the session in hand today.

Maeve McGoldrick, what role do you think sanctions play in causing homelessness? You are talking about people who are homeless being sanctioned. Have you seen it happen the other way round?

**Maeve McGoldrick:** As I said, in our survey, 21% became homeless as a direct result of a sanction and 16% slept rough as a result of a sanction. For a third of those we surveyed, housing benefit was stopped as a result. If it is not stopped, people quite often use their housing benefit to top up other types of living costs. People are on very low incomes. It comes back to this point: if you are going to issue a sanction, is it going to change behaviour and actually have a constructive outcome—if it is not, perhaps we should be doing a financial check in advance—and is it likely to impact on people's housing security and other elements?

Q26 **Chair:** My final question—other colleagues may have one and want to come in—is this: from your experience of the people that you deal with who have had the problem, what is your general impression of how much the jobcentre or Work programme adviser knows about their wider circumstances? It is not necessarily a requirement, but I wonder if you have any flavour?

**Maeve McGoldrick:** It is one of the key things that comes through. It is hard to determine whether it is because advisers aren't asking the questions or because people are not revealing. That is really telling. It is quite challenging to get the dynamics right for people to open up and identify their needs, and to actually be able to distinguish between their real needs, their perceived needs and their hidden needs. Quite often, particularly for people with very complex cases, you need to spend some quality time to really reveal what the true barriers to those people moving



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into employment are. We don't have housing within the assessment model at this stage; we don't ask if people are in stable housing or at risk of becoming homeless. It is very unlikely that they are going to disclose that situation. A lot of people are embarrassed by that situation, so maybe it is about setting up the environment and having that as a more proactive measurement within the assessment model.

Again, referring back to the Homelessness Reduction Bill that is going through, a duty to refer within that is placed on all other public agencies. Hopefully, that duty will start to shift the culture within jobcentres and other providers, because they will be required to try to prevent people from becoming homeless.

**Chair:** If, indeed, that becomes law.

**Kayley Hignell:** I would echo what Maeve has said here. Some 15% of people who come to us about a sanction also come to us about housing. That is quite often around homelessness and homelessness prevention, or problems with landlords as a result of non-payment of rent or difficulties with paying rent. It is definitely an extra challenge for people.

Q27 **Charlie Elphicke:** This is slightly tangential but is very related. Everyone understands that benefit sanctions have an impact on people and on the issue and that there is a risk of homelessness, but what do you do about the question of moral hazard? That is, the whole question about, if sanctions are imposed to encourage good behaviours, how would you encourage good behaviours without this kind of sanction mechanism?

**Maeve McGoldrick:** So non-financial sanctions? We apply non-financial sanctions at Crisis. We have a form of conditionality or requirements. In order for people to access courses in high-demand areas, they have to agree to attend. I recognise that we are working with people on a voluntary basis, so there will be people who wouldn't come through our doors and wouldn't otherwise engage, but for the large proportion of people who come through our doors, when we start from a voluntary basis they are much more likely to comply. They like structure; they welcome it. That is something that we get through feedback from a lot of our members: they value that and it helps them to provide structure in their life.

It comes back to why use conditionality? It is about behaviour change. It is not a moral discussion and it is not about their entitlement for accessing benefits. Sanctions should be used simply to address a negative behaviour if it is determined and evidenced—we don't really have that evidence to date. Is there clear evidence that we get the right kind of behaviour change as a result of that? Our evidence shows that we don't. As I said, 72% bought into the conditionality system and were engaged in employment programmes. That dropped to 58% after being sanctioned, so they do have a negative effect on homeless people's behaviour.

**Kayley Hignell:** Just briefly, when we at Citizens Advice talk to our network, they agree that, in many instances, having a financial conditionality system plays a role in some ways. The problem we have is



the severity and how frequently sanctions are applied, and things around communication and administration. We were basically seeing situations where people are telling us they couldn't avoid them. That doesn't reach what the Government want, or the taxpayer in this instance. If we are going to use them in this way, we need to make sure that they work properly. That comes back to the evidence base on this, and basically forming a huge evidence base. There are so much admin data on this within the Department for Work and Pensions that would be great to use.

**Q28 Chris Evans:** Just a quick question: what is the cost at the other end? Obviously, if somebody has been sanctioned and pushed further into the system, they then have to look at charitable organisations. How much of that is a pressure on the system—that if somebody has been sanctioned so much they have to then go to food banks or other organisations? Do you find there are an awful lot? Are there any figures on that?

**Maeve McGoldrick:** Again, with our work with local authorities, the housing action teams are picking up the pieces of conditionality policy. When somebody gets sanctioned and they become homeless, it costs between £3,000 and £18,000 per year. A large proportion of that is in Health, particularly in A&E. A range of Government Departments—Justice, Health and particularly the local authority teams—are picking up the pieces when people don't cope and they lose their home as a result.

**Kayley Hignell:** I would just add, going back to our data sharing and different inquiries that people come in to us about, the stuff around debt and people taking out further loans to support them during that time has wide effects. Debt effects are well known in terms of mental health and relationships and in terms of use of emergency-type services. Again, there is a big evidence base on the effect of debt and the wider costs within that. We have certainly seen that as a result of or linked to sanction inquiries.

**Chair:** Thank you very much. I am sure you have seen it all, but there is good evidence from Crisis. Thank you for your time. It was relatively short notice for us. We usually like to give more notice. Thank you for giving us a flavour of what it is like from your end. Our uncorrected transcript will be published in the next couple of days on the website. We will send you a copy and our Report will be out in the new year.

## Examination of witnesses

Witnesses: Sir Robert Devereux and Susan Park.

**Chair:** Welcome to Susan Park, director of work services at the Department for Work and Pensions, and to Sir Robert Devereux, permanent secretary at the Department for Work and Pensions. With your indulgence, Sir Robert, it is a pertinent time while you are in front of us. You are not in front of us at all between January and March, which is



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unusual. I'm sure we will make up for it in the summer term, so don't get too excited. While you are here, it is a good opportunity to ask you a few questions about your Department's preparation for Brexit, because, obviously, there are some issues there. It's top-level stuff. We are not asking for huge detail, although you may need to write to us if there are things we really want to know.

- Q29 **Philip Boswell:** Obviously there has been a lot of reporting about Brexit and the preparation of various Departments in the *Financial Times*. It is said that Britain's civil service is scaling up to meet the challenge. According to Lord O'Donnell, Whitehall is not prepared. *The Daily Telegraph* leaked a memo on the 30,000 additional staff required for 500 identified projects relating to the UK's departure from the EU. We in Public Accounts meet twice weekly and we are dealing already with investigations on how our Government Departments are continuing to get public spending wrong prior to Brexit. Given the undoubted additional pressure on the workload that Brexit will bring to every Department, I have a few questions. First, what are your top three to five major concerns for your Department in relation to Brexit?

**Sir Robert Devereux:** I should say in passing that I don't recognise the terrible lack of staffing to do this. It will become apparent in my answers why I think that.

- Q30 **Chair:** Maybe DWP is better prepared than other Departments.

**Sir Robert Devereux:** It may simply be that our agenda is different. If I was running one of the other Departments whose entire legislative basis depended on European legislation, I would probably react differently.

- Q31 **Chair:** Okay. So your top three or five concerns?

**Sir Robert Devereux:** The Government need to decide what their immigration policy is, consistent with the Brexit world. We need to make sure that the labour market functions well. We have a number of people coming in and out of the country with high skills and low skills and there are choices to be made about the design of immigration in such a way that we get the labour market we want. That is probably the top one.

Secondly, conditional upon that, what, if any, changes do we want to make to access to UK benefits for foreigners in this country? You are probably already well aware that there is very limited access at the moment, certainly for those who are out of work. There is access to in-work benefits at the moment, so there is a choice there.

Perhaps thirdly, we have a number of reciprocal arrangements with European countries about what happens if Mr Devereux falls out of work in Berlin or Herr Somebody falls out of work in London. We need to decide whether we keep those or change them. I don't regard that as a higher order question, but these are things to work out. In that space, a lot of our customers are currently in Spain. We need to work out what rules we are going to apply to Brits abroad as much as to Europeans in the UK. Those



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are my three. The labour market one is over and above larger than the other two.

- Q32 **Philip Boswell:** My follow-up questions were going to be: what are you doing at DWP in preparation for this undoubted increase, how many more staff do you need and when do you need them? From your answer, I deduce that you do not know because you are not certain that the Government know what their position is on the key issues that will affect your future need.

**Sir Robert Devereux:** No, that is not the deduction I would make. Most of the things I have talked about are going to be the work of the fairly talented policy and analytical staff I have. They are not currently designing brand new benefits for the working age because we have done that for universal credit. They are not currently designing a new child maintenance system or new state pension. They are actually coming up for air, as it were, after welfare reform and they are quite capable of doing this. I have got some very talented people, particularly in our international division who know what the current rules of the game are.

- Q33 **Philip Boswell:** But you said that the Government must decide their immigration policy and labour market function. Are you telling me that you already know what those policies are and, therefore, you have already got a plan?

**Sir Robert Devereux:** No, I am saying that the civil service has got the capacity as it stands at the moment in my Department to work with my Ministers to work out what the Government's policy would be.

- Q34 **Chair:** So you mean that, once the decision is made, your Department can implement changes quickly. Is that what you are saying?

**Sir Robert Devereux:** There are two steps to this. There is making decisions in the first place—

- Q35 **Chair:** I am concerned about how capable you are at adapting to the decisions in Mr Boswell's case.

**Sir Robert Devereux:** In the event that there is a decision, given that we have quite a lot of experience of the time horizon for making decisions, there is one thing to make the decision and another thing about what time would you implement it from? Some of the changes we have made in our Department we have made at incredibly short notice. We changed the rules for access to the jobseeker's allowance at the order of three or four months back in—I can't quite remember when.

- Q36 **Chair:** Recently.

**Sir Robert Devereux:** Exactly. In most cases, I'm afraid this is slightly hypothetical. If it is a very complicated change, I will suggest to Ministers that it is going to take longer. If it is a simple change, I can do it quicker.

**Chair:** We will leave it there for now but that does not mean we are going to leave it there for ever. It is a big concern for us. It could overshadow a lot of other important work. One of those important areas



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of work, of course, is how benefit sanctions are functioning both as part of the ecosystem but on their own. You heard from our panel earlier and we know from our case load of the very human impact on the 400,000 people a year who are benefit sanctioned.

One interesting thing for us in the NAO Report is that, although it might encourage some people to work, a lot of people then drop out of the system completely. We are keen to learn, among other things today, how you track that and what happens to people who drop out of claiming, whether they are in work or doing something else, or managing to live okay.

We have some concerns about how you are examining the impact of benefit sanctions on its own; a relatively small amount of money for your Department but, nevertheless, it makes a very big impact on the individuals who lose that money, as our pre-panel highlighted. I am going to ask Nigel Mills to kick off.

**Q37 Nigel Mills:** Perhaps we could start by asking what your thoughts were on reading the Report. I presume you agree with the conclusions. Do you agree with them?

**Sir Robert Devereux:** My thoughts on reading the Report, as the CAG knows, are that I might have started writing it in a different order but some of the facts in there are worth drawing out.

The ones I would start with—this is quite important—is that it is very clear from the international evidence and the NAO's own reworking of the JSA experience on the Work programme, that sanctions have the effect of getting people into work. That is a clear, unavoidable, inescapable conclusion. It is also clear that there are other effects as well, incidentally effects that the NAO could not reproduce on the JSA.

So, I start from a position that successive Governments have decided that access to working-age benefits should be conditional. It is a consequence of there being conditions that there should be sanctions, without which there are no conditions. As a consequence, I have got a large system where there is evidence that this system is actually helping people into work. I will come back in a minute, if I may, to ESA claimants in the round. That is the predominant answer.

Behind that, how are we doing this day in, day out? I listened to what the previous witnesses said and there was plenty there for us to learn and reflect on. We are very happy to work in partnership. Just scale wise, though, even the CAB evidence was about 6,000 people coming to them. We are seeing 200,000 new claims every month.

I did 25 million work interviews last year. In the grand scheme of things, I am not possibly going to sit in front of you and say every single one of 25 million goes right. I can, and we will no doubt go through this this afternoon, go through some of the steps that we put in place to ensure that a complex system, run nationally, has got the right checks and balances in it. You can ask Susan what she does to make sure day in, day out what goes on in Wigan is what the Secretary of State intended, but in



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general my view is that this is the system that actually has some evidence about it and we just need to make sure that, with the sort of cases that your previous witnesses talked about, we are alive to the possibilities. I noted that when asked "What would you change?" they came up with relatively small things, which I am very happy to hear.

**Chair:** I am glad you were here to listen to that, because at the end we may ask you what you might be planning to change.

Q38 **Nigel Mills:** Was not your reaction, Sir Robert, "Wow, there are a lot of issues in here, a lot of questions we do not know the answer to. I would quite like to do some work, with all the extensive data that the Department have, to find out all these answers", or do you think, "There's no point in that"?

**Sir Robert Devereux:** No, the way the Report is written, it invites the reader to conclude that we do not know anything, and I am afraid that I do not agree with that, and I made it perfectly plain to the NAO when we were commenting on it. To the NAO's credit, it says in words of one syllable: there is international evidence to say that sanctions get people into work. It happens to be the ninth or 10th key finding, rather than the first one, and you might have thought that it would start there. You might have thought that in a world of conditionality, it would look at labour market impacts. The lone parent regime in this country has changed progressively ever since I started in this Department in 1998. Progressively, lone parenting employment has gone up as conditionality has been increased. There is a sentence to that effect, but it is one sentence in a long book. So I guess I am not starting in the sense of, "Gosh, we don't know what is going on here", but, having said that, I am perfectly happy to acknowledge that there are things that we should pick up from some of your witnesses' claims.

Q39 **Bridget Phillipson:** That is rather a partial reading of the NAO Report, wouldn't you say? It goes on to say that "the effect can be short-lived, lead to lower wages".

**Sir Robert Devereux:** It does say that. It is an effect that the NAO could not find among JSA claimants in the Work programme, despite using exactly the same methodology. If I might make an observation, in a world of conditionality that is given effect by financial penalty, which is what a sanction is, then I am not sure what people's ex ante expectation is of the wages that people might take in the event that they are sanctioned.

Q40 **Bridget Phillipson:** Could you say that again in a way that I can understand more readily?

**Sir Robert Devereux:** Okay. It does not require too much comprehension of the way the labour market functions to think that in the event that no income is coming into the household, people's choices and propensity to select work may be different from the ones when there is work coming in. I guess I am not surprised, personally, if some of the earnings turn out to be lower than they would otherwise be, because actually, in this particular system, we have run a system that is supposed to have conditions. If we



have done our work correctly and those conditions have been not met, the consequence is that people have effectively been incentivised to find work. I cannot put those two statements together more clearly than that: we find that more people go into work; and yes, in some cases those earnings are lower. I guess that is probably what you might expect.

- Q41 **Nigel Mills:** The problem with those answers, Sir Robert, is that it starts with what we all agree, that some sort of sanction has to be in the system, otherwise people would not have the same incentive to do what they are meant to do, but it is a bit harder to go much further and to work out what size those sanctions should be, who they should be applied to, and for how long and for what. Is that not information and data that you would quite like to know the answer to?

**Sir Robert Devereux:** That is a slightly different way into the question, but it is a different dimension. I am standing fairly firmly on your first point—successive Governments have done this, and it appears to get people into work. You asked the questions about, “What if I made a change from A to B, and B to C?”, so perhaps we might have a quick look at figure 7. This is the NAO’s work, and it shows—

**Chair:** On page 19.

**Sir Robert Devereux:** Figure 7 is a good illustration. It shows, at both ends of those spectrums, on each of four possible agendas, perfectly plausible things that you might want to avoid doing. I read that and thought, “Actually, that is quite a good reason why we have democratically elected Ministers making decisions about this”, because these are quite difficult policy choices. I agree that in a perfect world, there would be all manner of perfect data to sort this out. It is not wholly like that, so I am pleased that the system we are running comes with the sort of econometric answers that we found internationally. I cannot for the life of me say, “No, we cannot make any subtle improvement”, but I do not want to give the impression that a clever piece of analysis will show you something fundamentally different very quickly, because it is quite difficult. I spent the weekend reading all 12 international studies. It is complicated econometrics.

**Chair:** I think you are ahead of us there. I’m not sure we managed quite that, but we have read the Report.

- Q42 **Nigel Mills:** Are you keen for more studies to be done in the UK? Would you be willing to co-operate with and release data to them, so that we can have some domestic evidence? There is some suggestion that to date, you have not been very keen on that.

**Sir Robert Devereux:** The Government have fairly recently pointed out that they have made some changes to sanctions and there is quite a large welfare reform programme going on. They politely declined the Work and Pensions Committee request for a fundamental root-and-branch review.

It is worth being clear about the data. We have published quite a bit of data. We recently introduced some new information based on

conversations we had with the UK Statistics Authority. To put it on some sort of scale, even the stuff you see in the public domain is the consequence of putting together three enormous datasets, each with millions of records. It is slightly more complicated than I would wish it to be to match these three different systems. They do not have common dates or common identifiers, so quite a lot of statistical magic has to happen to even produce what we do at the moment.

We have committed—this is relevant to the question about how we do further analysis—to develop in the course of the next 12 months further information, in particular to ensure we have been really clear about the dates and times of sanctions. As a consequence, we can then find immediately what has happened to someone at the point at which they are sanctioned, by drawing on the same RTI data about earnings we have talked about in this Committee before. It does not pick up self-employment; it picks up earnings. I could ask as many people as you like to come in and look at the Department, but until that basic infrastructure of data is available, we will not be able to do it. We are committed to doing that. We have already published in response to the UKSA the sort of things we are planning on doing, and that is the next appropriate thing to do.

- Q43 **Nigel Mills:** The context of these questions is that three years ago, the peak sanctioning month was three times the height of the lowest sanctioning month, more recently. It is a little hard to believe that both of those can be right. That is in figure 10.

**Sir Robert Devereux:** That is a fair a priori observation. At some point in the Report, the NAO makes clear that there are basically three dominant sanctions in the system that are repeated in all these charts. They are all covered one at a time in appendix 2. If I can trouble you to turn to it, you will find one set of sanctions in figure 29 that has a continuously declining rate of sanction—that is the one about attending sessions. The one that rises and then falls is the one we should probably spend time on; that is the one in figure 30. The fact that you can see things rise and fall is a consequence of internal jobcentre action in respect of sanctioning people for not actively seeking work, combined with the rise and then subsequent fall of the Work programme. Two consistent rising and falling movements have gone on here. I can, if you wish, explain each one in turn, because that would be relevant. Would that be helpful?

- Q44 **Nigel Mills:** Can we come back to that? It is worth trying to tease out the principle. Even if we just looked at jobcentre referrals in the Work programme, those have halved from the peak to the fall. I guess there is a higher-level picture. How do you convince yourself either that you were not being overly harsh three years ago, and therefore people suffered who should not have, or that you are not being overly lenient now and paying benefits to people who are not really complying with the law?

**Sir Robert Devereux:** I cannot answer that other than by explaining the particular picture. Let's look at figure 30 on page 57 of the Report, if you wouldn't mind. Very helpfully, the National Audit Office has drawn two

vertical lines on the graph. If we start with the yellow line, in January 2012, it says that the "Department increases expectations for actively seeking work". What did that amount to? Again, based on what Ministers wanted to do, prior to 2012 we were running a system that basically looked for what we might call minimum standards. Indeed, in the regulations, it said that people needed to do two steps to look for work. That is how we were running it prior to 2012.

The Act of Parliament says that claimants should do "all that is reasonable", which is self-evidently not two steps. Progressively, from January 2012 onwards, we have been looking for people to do all that is reasonable. That is a constant, but it was an increasing position.

The second thing that has happened—some of the earlier witnesses picked it up—is that from the back end of 2013 to early 2014, we started introducing the claimant commitment. We have done quite a lot of work, as I hope you would expect us to do, to work with behavioural scientists to say, "How do you set those things out? How do you have a conversation to try to ensure that people understand what they are signing up to and that it is reasonable?" The effect of that, together with the progressive moves that Susan has made to introduce work coaches and a different sort of conversation, is that we are effectively getting fewer sanctions, but in the same regime of "all reasonable steps", rather than going back to it being two steps.

Two different things have happened: there is a trend of asking people to do "all that is reasonable", which is consistent with the Act; and, on top of that, there is something that says, "Is there a better way of ensuring that people really understand what is in their claimant commitment?"

Q45 **Nigel Mills:** So you think the reason for the sharp fall since 2013 is improved claimant behaviour, effectively?

**Sir Robert Devereux:** Improved claimant behaviour based on better clarity in the claimant commitment, yes.

Q46 **Nigel Mills:** That would presumably rely on the claimant commitment being an individually discussed, tailored document that people really buy into that is radically different from the agreement that they used to sign before that. Is that your impression of what is happening on the ground?

**Sir Robert Devereux:** Well, it would be entirely consistent with the falling referral rates that you see in figure 30.

Q47 **Nigel Mills:** The NAO's conclusion was that you could not explain the variation solely by a change in claimant behaviour.

**Sir Robert Devereux:** I know.

Q48 **Chair:** Susan Park, do you have anything to add on what happened from the end of January, when that claimant commitment was introduced?

**Susan Park:** There are a lot of things happening in the overall environment. There are lots of changes that we are making generally to



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personalise the relationship between an individual and the person they have in front of them. That is the first thing. That is what a claimant commitment does: it tries to get a mutual relationship and understanding within the environment. The second thing we are doing through all this period is moving more of our day-to-day business towards universal credit. We are trying to mirror the things that we would expect to see in universal credit with today's business. You have seen it referred to as the work coach delivery model. This is about saying, "We will have a relationship with the customer from the start of their claim to the end." It is about personalising it.

- Q49 **Chair:** One thing you have already acknowledged, Mr Devereux, is that you cannot algorithmically match all your datasets so that you can follow someone through. With that green line at the beginning of January 2014—it marks the introduction of the claimant commitment—do you know what percentage of the people being sanctioned due to the commitment were people receiving jobseeker's allowance or other work-related benefits from before the claimant commitment was introduced? That commitment was not something they had at their interview at the start of their claim. They were on an old regime, and then the new regime came in. Do you have any idea what the percentage is, or is that something that the data just do not throw up for you?

**Sir Robert Devereux:** Prior to the introduction of the claimant agreement, everyone was on a jobseeker's agreement. It began to be rolled out, as the footnote says, in May 2014. It took five or six months to roll it out to the new flow of claimants, and it took another six months to roll out to the stock of claimants. All the way through that downward trend until about the back end of—

- Q50 **Chair:** The stock—I hate using that phrase, but the people who were already claiming were also being proactively signed up to the claimant commitment.

**Susan Park:** By October that year.

- Q51 **Chair:** Okay. They should have had a face-to-face conversation with someone explaining, "These are the new rules", so they should not have been surprised, in your view, when they were sanctioned on that basis. I just wondered whether there was a difference between the two cohorts.

**Sir Robert Devereux:** So, in principle, the 2012-to-2014 story—that is to take all reasonable steps, and not just the two minimum ones—applied to everyone in the system at the time. Anyone in the system at the start of 2014 is still on that arrangement until such time as we move them over. That was just a practical effect.

- Q52 **Chair:** I was just wondering whether there was a difference because of people's expectations. If you are signing up for the first time for a benefit and you had that at the beginning, you may—it is difficult to predict—have a clear understanding of what is required of you, whereas if you are on an old regime and moving to a new one, it might not be so intuitive to follow the new approach. You could be engrained in a habit if you have



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been unemployed for a couple of years.

**Sir Robert Devereux:** It is worth recalling that 90% of all JSA claimants have gone within a year, so, over the course of not very many months you—

**Chair:** That is partly my point: it is the longer-term unemployed who may be more challenging. I will not go into that any more right now.

- Q53 **Chris Evans:** I want to refer back what you said about referral rates improving the claimants' behaviour. Paragraph 2.10 on page 26 says that "Differences in referral rates are therefore likely to reflect differences between providers rather than claimants' behaviour. Differences that may affect provider referral rates include: the number of activities they make compulsory; whether they refer all cases of non-compliance as required", and paragraph 2.9 says "The Department randomly assigns people to a provider in their area". Can you explain that contradiction? Is there a change in the claimants' behaviour or is it simply the providers?

**Sir Robert Devereux:** Contributing to what? The two paragraphs—

- Q54 **Chris Evans:** Between that and what you just said about the improvement.

**Sir Robert Devereux:** The paragraphs you just read out are specifically about the Work programme. The picture we were just looking at is entirely about Jobcentre Plus activity. So those are two different sorts of sanctions. In the world of the Work programme, by design, claimants are randomly allocated—there is more than one provider in each area. So everything written in 2.9 and 2.10 is absolutely accurate. You cannot read into the differences between claimant behaviours in the two providers in one area something to do with a claimant because they have been allocated randomly. So I am perfectly comfortable with what is said in 2.9 and 2.10.

- Q55 **Chris Evans:** The key information at the beginning says, "11% of all Jobseeker's Allowance sanctions referred by jobcentres overturned in 2015" and it is 26% by providers. So if you are unfortunate enough to be in the Work programme you could get sanctioned but that would be overturned.

**Sir Robert Devereux:** Sorry, say that again?

**Chris Evans:** Is it unfortunate if you end up in the Work programme and are sanctioned by the Work programme? It is page 5, at the beginning. Sorry, perhaps I am running along, but I have got a set of questions much later.

**Sir Robert Devereux:** Let me find the right page. If you turn to figure 16, you can see what is going on with overturn rates, which is what you are quoting. You said 11% for jobseekers and 26% for those on providers. You can see there that the rate for overturns relative to jobcentres is pretty stable and it has been rising in the Work programme space.

One of the things about this chart which is important—it comes back slightly to one of the potential lessons to learn—is this. At the risk of just



making sure that we are all on the same page, let me explain the process. By and large, if you are in the jobcentre world, the first thing that is going to happen is you will turn up and your work coach will talk to you about why they think you have not met the conditions. Of course, they cannot have that conversation if the thing that you have not done is turned up. At which point, we get a decision maker to ring you up to find out whether you had a reason for it. In the event that we cannot get you on the phone, we write to you and ask you to get back within five days with whatever good cause you have got. That is the process within the jobcentre world.

In the Work programme world, all of that stuff has got to come into the Department in the first instance. One of the things you are seeing in here is, for the people that we simply cannot get hold of, if eventually they come back and say, "Actually, I didn't reply but here is my response" and it is a valid response then we will overturn the sanction. But one of the things that is difficult to get across here—it is a bit like with appeals elsewhere—is: are we comparing a difference of view about the same facts or a different view about different facts? A lot of the process here is actually trying to get people to tell us what is happening here.

I will try to speak to you face to face in the jobcentre, I will try to ring you and I will try to write to you. If the answer to all three of those is nothing comes back and there is a prima facie sanctionable event, then I am not surprised that we sanction. If, one day after we sanction, it turns out letters come in and say, "By the way, it took me six days to get back, not five", we will overturn it, which is what you are seeing in this rate here.

**Q56 Kwasi Kwarteng:** I am slightly puzzled about the contention about your exclusively ascribing the fall in the referral rate to behaviour. Does it surprise you that the behaviour should have changed to such a degree?

**Sir Robert Devereux:** As I understand it—you can ask the Comptroller and Auditor General—I don't think he believes the background propensity to comply has changed, but in a world in which we introduce the claimant commitment and go to a lot of trouble with behavioural scientists to think about how the words are laid out, what you say and how you say it, it would not surprise me if we can encourage and incentivise people to be more compliant than they would be otherwise.

**Q57 Kwasi Kwarteng:** This is a very important point for me. You have a set of data here. Most people in social science would look at data and say, "There are lots of drivers to the data," because in any data set there will be lots of different drivers. You can do econometric models with lots of different variables. You are saying there is just one variable—behaviour—which explains this quite complicated set of data, which I find bizarre.

**Sir Robert Devereux:** It is a picture that has a rising trend and a falling trend, and there are two dates in it on which two different things happened in the real world. All I am observing is that if I make the reasonable interpretation of what those two events were—in one case, to make the conditions more demanding, with "all reasonable action", and in the other, working with behavioural scientists to make sure that people



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understood it—you could explain those two things, right? I am sure that lots of other things are going on as well, but none the less, those are the two standout things that actually changed in the real world and happened to be coincident with the data, which is one reason why I don't actually buy the "We don't know what's going on" story.

- Q58 **Kwasi Kwarteng:** I haven't bought that story, it is just the way you have conveniently put that in a box and said, "Well, this explains that; let's move on" that slightly concerns me.

**Chair:** To be clear, you are not saying it is the only thing.

**Sir Robert Devereux:** I am not asking to move on, but the NAO has drawn vertical lines on the chart to invite you to look at two dates on which things changed.

- Q59 **Chair:** Max Tse is just going to explain the chart.

**Max Tse:** In paragraph 14 on page 58, in the appendix, we state that we accept that claimant behaviour and some of the changes in the processes are likely to have had some effect, but in our view they do not explain all the trends. It is a much more complicated picture, partly due to the timing around the start of the decline, which is slightly earlier than the introduction of the claimant commitment, and also because of the geographical spread of the roll-out. There are other causes of sanctions that we looked at, and we could not quite fit that story into the picture.

**Sir Robert Devereux:** I am trying to make a complicated story as simple as I can. I have tried to take from total sanctions three of them—not the ones you have just referred to, because they are the dominant ones. The ones with the most pronounced pattern are this one and the Work programme one. If I am trying to pull out what I think are the most dominant factors in this shape, it is the two events I have talked about. I am not trying to say that they are the only things going on, but they happen to be—

- Q60 **Kwasi Kwarteng:** But I am asking you just to be a bit more intellectually curious. What sort of other reasons might there be? Have you thought about that, or are you simply content to look at this and say, "Well, it's behaviour"?

**Sir Robert Devereux:** Essentially, we are talking about social systems. We are talking about the actions of an awful lot of people here—all my work coaches and the several million people subject to these conditions in different places—so I would expect a degree of randomness in this. We should all be clear that exactly when individual months go up and down is going to be random. I am only picking up two big things in it. I can be more intellectually curious about it, but for the purposes of the Committee I am trying to be clear about it.

**Kwasi Kwarteng:** Okay, that's fine.

- Q61 **Chair:** You also talked about the personal relationship.



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**Susan Park:** I think there are many small things happening in this environment, alongside some cultural messaging that is also shifting. The relationship is one part, but that is supported by the fact that we are not passing over an individual customer from one work coach to the other depending on the type of claim. That changes as well.

Q62 **Chair:** So there is a continuity of personnel.

**Susan Park:** Absolutely. There are many things.

Q63 **Nigel Mills:** This is kind of alluded to in the Report: a cynic might think that you started off sanctioning far too many people for far too minor reasons in 2012 and 2013, got a lot of bad publicity, thought you'd gone a bit too far, called the dogs off a bit and sanctions have come back down. That might be a more plausible explanation than having slightly changed the complicated language of a claimant commitment from the previous agreements. Do you think that's not the case?

**Sir Robert Devereux:** If that were true you might have imagined that the people whom we pay to make these decisions, who, remember, are not the people who make the referrals, would, in the years of far too many referrals, be turning more of these down. I don't know if you have met any of our decision makers, but we do not have very many of them. They are very experienced. They know their onions extremely well. I have met them many times, as has Susan, and my working assumption—you can see this in the chart in figure 13—is that the percentage rate at which decision makers uphold referrals is essentially constant regardless of the numbers of referrals. If anything, I am sitting here thinking that actually that probably means that the people with high referrals are not, as it were, trying it on; because I would fully expect the decision makers then to have a lower uphold rate. They don't, so actually I come away thinking, "Well I wonder if actually the problem is that I am not referring enough from the other sites, not that I am over-referring from the ones that are referring a lot."

Q64 **Nigel Mills:** Okay; we will come to that, but do you not recall that there was a lot of attention paid to whether there was a referral target for jobcentres, which I think there was until 2011, and then people still thought there was, internally, but then eventually you had to clarify that really there wasn't? It's that behaviour—or what gets managed gets done—

**Sir Robert Devereux:** It is a fair question. Let us go back over the position. A lot of the conversation is about turning around variation between sites. A way of thinking about variations is how far you are from some benchmark number I might have thought about. We had previously thought, "Actually, if I am thinking about having a conversation with Wellingborough jobcentre, I will see how far away they are from the rest." I don't actually think that I have got an underlying target arrangement in here. If I did have a target arrangement I wouldn't have the sort of shapes—

Q65 **Chair:** You say you don't think you have. It sounds very clear and



definite.

**Sir Robert Devereux:** What I mean is that I think the data show that I don't, because if I did have a target I wouldn't be producing the sort of shapes you are talking about.

Q66 **Nigel Mills:** I suppose the reason I am pursuing this line is that we would like to know at what level sanctions work and at what level you are just being cruel to people and it isn't helping them get closer to getting a job. Let me just come back to the point that it is a bit hard to conceive that the level can be three times higher at the highest than the lowest and that both of those can be right. Wouldn't you accept that probably you were being a bit cruel to people three years ago, and if you had got your system right and had a consistent work coach for each person, and had a slightly better worded contract, actually you wouldn't have needed to make all those people suffer like they did? Is that what you are trying to say?

**Sir Robert Devereux:** I don't know that I am trying to say that. We have not spent much time at all on the dominant factor of the last three or four years, the growth of the Work programme and then the reduction in the Work programme. The charts that were typically shown here about the referrals from the Work programme—you can see very clearly how many of those, when they came in contact with our system, we actually ended up changing. So one of the factors that has happened in the Work programme is to call out something which, again, we need just to be clear about: decision makers are making decisions based on a referral. If, by the time they make that decision—let's imagine it is five days later—the individual has left benefit, there is no sanction to be made, and so we will cancel it.

The thing that was going on with the Work programme, in particular, was that because they had no access to our systems they did not know, when they put in a referral, whether or not that individual had already left benefit. So we ended up with a high rate of cancellations, which you can see very clearly in the arithmetic here. We have tried consistently to make sure that the regime that our providers are operating is run in accordance with the rules that we have got. We have also given them some flexibility about what sorts of things they would actually make mandatory in their programmes.

Q67 **Nigel Mills:** If I were much crueller than I am I would look at the numbers and go, "Claim account goes up; number of sanctions goes up; then around about the same time the number of claimants starts to come down quite dramatically and the number of sanctions start to fall." You can argue that while having a much tougher sanction regime, clearly the word got out and people started looking for jobs more effectively; but that, again, is not what you are doing—you are linking cause and effect, there, aren't you?

**Sir Robert Devereux:** No, because the peak of the recession was many years before the change in the sanctions.



Q68 **Nigel Mills:** Yes, but the peak of the claimant count—

**Sir Robert Devereux:** It is a Work programme for the 2011-plus period effect, not a depth of the recession effect. You can see these two charts are actually offset in figure 3.

Q69 **Nigel Mills:** Don't you just get the feeling that the claimant count has come down quite a lot, so there is a lot less pressure on, so you don't really feel the need to sanction so many people? Is that not what you sense on the ground—"we're all hitting our targets; why be nasty to people?"—whereas when targets weren't being hit, you perhaps needed to be a bit nasty?

**Sir Robert Devereux:** Throughout this period—the past year and a half—we have had rising employment, and we are now at record levels, so I think I am entitled to say, as the Government would say, "Hang on a minute. When international bodies look at our organisation and look at the regime that we operate, they commend the way this works, because they think there is some connection between the fact we have record levels of employment and our conditional regime." I have to say, I have some sympathy with that statement.

Q70 **Bridget Phillipson:** Do they really say that?

**Sir Robert Devereux:** They do really say that. I'll send you the OECD evidence that says we have the best-in-class system for the unemployed.

Q71 **Bridget Phillipson:** So sanctions are a big factor.

**Sir Robert Devereux:** No, I said we have the best-in-class system. It is a conditional system. It is actually requiring people to take action.

Q72 **Bridget Phillipson:** Conditionality is a much wider—

**Sir Robert Devereux:** I know, but people want to be in favour of conditionality but not in favour of sanctions, and—

Q73 **Chair:** We are not making a judgment about sanctions. That is not our job; we are not a policy Committee. We just want to see whether they work. As Ms Phillipson has rightly highlighted, they are one part of an ecosystem. We want to focus, though, on this part. That is what we are focusing on today, not the wider—

**Sir Robert Devereux:** The "do they work?" bit comes back to the fact that the consistent finding is that people spend less time on benefits. These are systems designed to make sure that people in receipt of benefits are doing something appropriate to help them find work. Another consistent finding is that they find more work. There are two outcomes: they find work or they leave benefit. Either way, most of the last few Governments have thought that is a perfectly reasonable policy choice.

**Chair:** We will come back to the people who do not get the benefit.

Q74 **Nigel Mills:** The reason why I asked you my last, slightly provocative, question was that the 2012 Act dramatically increased the level of



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sanctions and the length of sanctions, and effectively moved us up the rankings for toughness in that regime, but you didn't appear to want to say that having those tougher, longer sanctions around made a dramatic difference to the amount of people who go into work; you think it was actually being nicer and clearer to people that was the main difference. Do you regret bringing in those tougher sanctions?

**Sir Robert Devereux:** As the Chair said right at the very start, the choice about how the sanction regime is designed is fundamentally a policy choice. I have tried to explain, by showing you figure 7, some of the many dimensions that Ministers have to balance here. Early in the last Government, Ministers decided that there was an appropriate case for lengthening sanctions, and the Report records that at the time, the advice they got was, "Well, we can't actually tell you the effect that that will have," which is entirely correct. None the less, there was a judgment to be made. There are always competing views that Ministers have to balance between those who are paying—

Q75 **Chair:** It is a policy choice. Fair enough. In your opinion, is having longer sanctions actually delivering better results than the previous regime?

**Sir Robert Devereux:** The regime that we have at the moment has the higher sanction length in it. We did not embark on this with the idea that we would do that in one part of the country and keep the old regime in the other part, so strictly speaking, I cannot have a view as to whether or not this is making a difference. We observed at the time that introducing a change nationally means you have no counterfactual, so I am not going to be drawn on whether I think it has made it better. Ministers made a choice. They could have made a choice to do it the other way, but I am not sitting on evidence that can tell you how to calibrate that, unless Ministers wanted to get into doing one regime in one part of the country and a different regime in another, which historically most Ministers have not wanted to do.

Q76 **Chair:** Does your Department believe in evidence-based policy making?

**Sir Robert Devereux:** My Department does, and it does quite a lot of it, but it is equally true that in some cases, decisions have to be made. If you are faced with figure 7 and you want to wait until you have every single piece of data to tell you, you could wait a long time.

Q77 **Nigel Mills:** That kind of brings us back to where we started, doesn't it? The problem with all this is that we don't know exactly what works and what doesn't. We think we know that something might work up to a point, so we have a bit of a guess.

**Sir Robert Devereux:** I am not too sure what we're trying to do here. We have identified a number of things that we have done, which is why I have tried to explain the trends, and your previous witnesses made some suggestions about other things we could do. Typically, we have approached this process by trying to make changes a bit here and a bit there. This is not a perfect randomised controlled trial by any means, but we have made the changes that we have made in good faith, believing



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that they have some merit. Ministers have actually sat down and said, "This is a reasonable judgment between those who fund the tax system and those who actually benefit from it." These are quite difficult political judgments.

**Q78 Nigel Mills:** Can we touch briefly on how you perceive the variation between jobcentres? A chart in here shows that even the 25% off the median is quite a range, and presumably the top and the bottom will have vastly different referral rates. Do you manage those jobcentres and ask why they are so high or so low, or do you just accept that there must be local conditions?

**Sir Robert Devereux:** Obviously, we don't set a 6% benchmark anymore, because we are told that would be a target, but none the less we obviously look at variations. I will let Susan answer that one because that is what she does.

**Susan Park:** We do exactly that, so I see the information on a national basis and look at variations. For example, if I look at one of the variations that I have looked at in a much deeper level in one of the groups, and if the range is between 2% and 9%, I would ask colleagues to explain the 2% and the 9% and to have a look in those offices at what makes the difference. The information I get back is that both the 2% and the 9% are right because they are appropriate. They are appropriate based on the labour market and the operation of that environment, because we do not have a target.

I am interested in the quality, so I ask questions about the quality because I think those questions drive the right conversations. The quality questions I ask are: for the 2% and the 9%, what assurance do we have that they are the right level of referrals, and at the 9% and 2% are the referrals upheld? Absolutely, they are.

Short of asking whether 2% or 9% is right and coming somewhere in the middle, I am left with operating a system that I rely on local people to apply local judgments based on that relationship, that labour market and everything else that is working in that environment.

I also talk to international colleagues. Germany has exactly the same issue on variation. We compare notes about what you do about it. Short of applying a target, which is absolutely the wrong thing to do, you will always have variation in a system that requires individuals to make judgments.

**Q79 Nigel Mills:** The risk of the job market explanation presumably is that if I live in a rich area where there are lots of jobs, I am not likely to get sanctioned, but if I live in a more difficult area where jobs are harder to come by, I am more likely to get sanctioned. Is that what you were saying when you said that the job market is the explanation?

**Susan Park:** I don't believe that is at all what I am saying; I think it is based on individual circumstances.



Q80 **Nigel Mills:** You did say job market in your answer.

**Susan Park:** As an example. Actually, you have to have everything operating in that system, so if an individual circumstance means that they are not very close to the labour market, what have we done to ensure that that individual is getting the right support? Then you come into what is reasonable. We apply all these questions and the only ones I ever ask are about the quality of that referral and the circumstances.

Q81 **Nigel Mills:** When you tried to explain the 2% to 9% variation, you said the job market is one reason. Why is that the reason if it is not the case that the harder the job market the more likely you are to be sanctioned?

**Sir Robert Devereux:** It could easily be the other way up. In a world in which there were no end of jobs to apply for, the absence of applying for no end of jobs could well be a sanctionable offence when actually there is only one job to apply for and you have applied for it.

Q82 **Nigel Mills:** Was it that way around when you did your study on 2% versus 9%?

**Susan Park:** Those are some of the factors that come into it, but there are many, including the individual's experience and relationship with the customer, who is someone like you and me: very different.

Q83 **Nigel Mills:** I suppose there are two options. One, I could set a claimant commitment that either was a bit easier or perhaps had fewer very objective things in it, or I could be a bit less tough on referring. I might think it will damage my relationship if I refer, so I might be a little more generous. Do you sense that it was people having better claimant commitments so it didn't say you must apply for 17 jobs a day, every day, five days a week? It was a bit more flexible. Do you sense that it is more focused on a relationship than wanting to refer?

**Susan Park:** It is many and varied. I also have quality assurance checks on a claimant commitment at various levels. Nationally, it is done by the corporate centre, which goes in—they are not to do with the local people. I also have it at a group level, where people go and have a look at the content of the claimant commitment. Of course, there are always things we pick up that we need to get better at. We need to get better at constantly looking at whether claimant commitments are individual enough and take account of individual circumstances. We look at those issues. As a result, we run some improvement activity, including learning and development—for example, masterclasses.

Q84 **Nigel Mills:** But do you not sit at the top of this and think, "God, I'd like to have more data and more understanding. I'd really like to know what's going on and what's working out there. I'd like to do a proper piece of work, rather than a little focus group on the extremes"? Do you not feel a little frustrated that you don't quite know what the right position for everywhere is, and that it's a bit patchy and a bit of a postcode lottery?

**Sir Robert Devereux:** That is true for lots of things to do with the organisation. A lot of the information presented in the statistics is coming



out of our administrative systems. You are perfectly familiar with how old some of those systems are. In terms of the “surely you should know” question, I have exactly the same question you do—surely we should know, but it turns out we don’t know. One of the things we are doing, fairly labour-intensively, is to rewire those systems and make better use of data science to get some things out.

Let me give you an example. A lot of interest has gone into the work capability assessment. Our theme is sanctions, but on work capability assessments we recently managed to start publishing statistics that show how cohorts of people flow through that. Rather than just giving you snapshots, it is a much more intelligible piece of work. It has taken the best part of nine to 12 months to get the data sorted to do that. That is exactly the sort of analysis we now need to do on sanctions, once we’ve got the work commissioned. You need to know how people are going through the system, and not just have snapshots. I am afraid that I didn’t inherit an organisation in 2011 that was awash with all these things nicely dished up on a plate. It’s not as if I’m sitting here thinking, “I don’t want to tell you this stuff.”

**Q85 Chair:** So to be clear on the detailed analysis, what is the plan? When will you have information that you can share with the Department?

**Sir Robert Devereux:** We published—I can’t quite remember when—a so-called publication methodology, with the things we are going to do in the next 12 months. The things in that list involve, in particular, making sure we have access to the dates on which a sanction started and stopped. Most of what is in the Report is about the number of decisions made. If you have the dates, you can start asking quite a lot of different questions, including making connections between when you see someone turning up in the RTI—was it something to do with a sanction or was it just a random event? Had they left already? Quite a lot of information we don’t have—

**Q86 Chair:** So you will be able to track someone through to real-time employment information.

**Sir Robert Devereux:** Yes, exactly. The big bonus of the RTI world—it goes right across my business—is that all kinds of things now become apparent.

**Q87 Chair:** So you will be able to track things like whether there is any seasonal impact.

**Sir Robert Devereux:** Yes, of course.

**Chair:** We will look forward to that in our next hearing on this.

**Sir Robert Devereux:** Just to be clear, this is of the order of 12 months’ work. I am being asked to improve national insurance statistics.

**Q88 Chair:** We are heartened. The NAO has done some useful work but, as you rightly say, there are bits missing because it is doing what it can with the data available. I highlighted at the beginning the data gaps. So in about 12 months you will have a much clearer idea.



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**Sir Robert Devereux:** The stuff people are working on that would improve the data is critical to any further explanation. We are doing the right work.

- Q89 **Nigel Mills:** On the question that Sir Robert answered, but in a slightly different way, what we would like to know is whether the model where you have a 2% referral rate, and are presumably being a bit nicer to people, has a better outcome than the model where you have a 9% referral rate and are being a bit tougher on people. Is there evidence out there that you should be going to areas that are at the 9% rate and saying, "Maybe your referrals were appropriate, but you really do need to change how you behave. If you treat people better and get this sort of stuff right, you will get not only lower referrals, but more people into work and engaging with you"? Is that not the model we would like?

**Sir Robert Devereux:** At the risk of introducing econometrics, the stuff I read at the weekend explains how these international studies are done. To put it in the simplest way that I can understand it, they effectively seek to identify those people in the lower sanctioning areas who would have got a sanction had they been in the higher sanctioning area. They compare those outcomes. Those comparisons are demonstrating that people in the higher sanctioning areas go into work faster and leave benefit faster. It is precisely that. They have done some very clever work using instrumental variables to make sure that that is how they can possibly tell. We have to get into some fairly deep magic about how all this is actually done in practice, but it is comparing levels of sanction and concluding from that the stuff that you see written in plain English in here about sanctions getting more people into work.

- Q90 **Chair:** It is difficult to discuss figures that we have not seen.

**Sir Robert Devereux:** It is published in the NAO's detailed methodology.

**Chair:** Yes, but we have not seen the background.

**Sir Amyas Morse:** I just want to make sure that I have followed the reasoning there. If I have this right, what you have just said is that even if there are variations in referrals and in sanctioning in adjoining areas, it is likely that where there are higher variations they actually produce more people going into work. I heard that your reading over the weekend suggested that. Have I heard that right?

**Sir Robert Devereux:** That is what your own department—

**Sir Amyas Morse:** I am just asking you a question, sorry. Equally, alongside that, I have listened to Ms Park's logic, which says that because we must not have targets we should not be concerned about a 50% variation between adjoining areas, because it is just market knowledge.

**Susan Park:** I didn't say that we should not be concerned about it; I said that we should ask questions about it.

**Sir Amyas Morse:** I do think we need to be reasonably consistent about



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how we decide to view this, at least to say that if we are exercising a great deal of power in making decisions about sanctions, and there are apparently quite wide variations, surely we have an obligation to understand, in a fair degree of detail, why and how we are exercising that. If there is a possibility of it being inappropriately exercised, we need at least to understand that fully, notwithstanding the good state of the employment market. That is perhaps not a great comfort for people who find themselves being sanctioned.

**Sir Robert Devereux:** No, but let's be clear that you have just introduced two parallel thoughts into this conversation.

**Chair:** They came up in the evidence, to be fair.

**Sir Robert Devereux:** For any given sanction regime, the analysis that you have done, and the analysis that the international people have done, has had the first conclusion around the impact of sanctions. We have also said that progressively, over time, we seek to improve this sanction regime. I can be perfectly happy that I am improving the sanction regime, which is a perfectly good thing to do. It would still be the case, given the analysis that you have only recently done on the Work programme, that it would produce the same results. I am interested in proving it and I am interested in doing the sorts of things that your earlier witnesses talked about, but that does not change the underlying—

**Sir Amyas Morse:** But would you say that improving includes making fairer? I am just asking out of curiosity.

**Sir Robert Devereux:** You pitch most of this Report as though it is not fair because of the presence of variation.

Q91 **Chair:** I'm sorry, but I think it is clear that the NAO does not come to a conclusion about the fairness or otherwise of sanctions.

**Sir Robert Devereux:** No, I agree; it doesn't. Good. Let's stay there then.

Q92 **Chair:** It is looking at the numbers and giving us some information that we are questioning you on today—that is the data that we have got in front of us.

**Sir Robert Devereux:** It is indeed.

Q93 **Philip Boswell:** I have two points. One relates to the somewhat woolly answer that Mr Devereux gave in terms of lack of evidence and, in particular, utilisation of, or lack of, DWP data. Hopefully in 12 months we may get there with some further study. The first question, following the line of questioning from Mr Mills, relates to paragraph 13, page 8, and to figure 30, page 57, which is something Mr Devereux used to explain a version of why there was a change in referrals—the rise and fall over the period 2010 to 2016. The NAO Report finds that "the rise and fall in referrals...cannot be explained fully by changes in claimant" behaviour—paragraph 13, page 8. I understand from earlier comments, Mr



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Devereux, that you are very well read in the international reports out there, and this supports the conclusion published in the Child Poverty Action Group report by Dr David Webster. Would you agree with that? Are you familiar with that one?

**Sir Robert Devereux:** I am not familiar with that report.

Q94 **Philip Boswell:** Okay. There were two primary conclusions—it gave an alternative version, again very similar to Mr Mills' explanation. It said: "There was an unannounced change of policy by ministers in May 2010 to pressurise DWP staff to make more referrals for JSA sanctions", and, "This is reflected"—I am quoting from Dr Webster—"in referrals for every reason for JSA sanction under the control of Jobcentre Plus, but particularly for those for allegedly 'not actively seeking work'". It is "some 3.3 percentage points per month" and "was responsible for most of the rise".

He goes on say, in a second conclusion: "Reductions in the rate of referrals for sanction for all reasons under the control of Jobcentre Plus, except for Workfare, account for most of the fall in JSA sanctions since October 2013". Again, that would give an alternative explanation to yours, Mr Devereux, in figure 30 on page 57. He is talking about the fall of JSA sanctions since October 2013—about four percentage points. The fact that these reductions all began about October 2013 suggests a decision by Ministers to ease off on JSA sanction referrals under their control. That ties in with Mr Mills' earlier question. Would you now agree that Mr Mills' presentation is equally valid as to why these changes are seen in figure 30 on page 57?

**Sir Robert Devereux:** No, I don't. You are quoting things that leap between one specific sanction and the action of Jobcentre Plus. If you turn to figure 10, you will see in the red bars, right across this period, the sanction referral rate for Jobcentre Plus. You can see that, until recent months, it was fairly flat as a pancake. Two different trends are going on in that period. In the early part there is a declining rate of referrals to do with people who are actually attending interviews, and a rising rate of referrals to do with people who are not actively seeking work. Those two basically cancel each other out, which is why it is flat. In the latter period, both of them are declining. That is the evidence I have been trying to play to you, and that is why you need to look at both figure 30 and figure 29 to understand the shape of what Jobcentre Plus—

Q95 **Philip Boswell:** So the rise and the fall is nothing to do with any unannounced policy change?

**Sir Robert Devereux:** No. We don't do unannounced policy. If you have 20,000 staff it is quite difficult to do something unannounced.

Q96 **Philip Boswell:** Was pressure not put on the DWP?

**Sir Robert Devereux:** I explained very clearly, as is in the footnotes to figure 30, that post-2012 we moved to making sure that the actions we were taking were consistent with the Act, which said that people should take reasonable steps, not limited simply to two actions, which is what, in



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many cases, it has become. That is not a secret policy; it is a perfectly reasonable interpretation of the legislation. There is nothing secret. It is very difficult to do secret things in my Department.

Q97 **Philip Boswell:** Okay. We'll just leave that question there. I am persuaded by Mr Mills and Dr Webster.

The other question is on the recurring theme around benefit sanctions: the lack of evidence to support the sanctions regime and the DWP's unwillingness to make use of its own data to evaluate and collaborate with outside researchers. The NAO Report is particularly critical of the DWP's reliance on "international evidence suggesting that broadly some form of sanction has an effect"—paragraph 23, page 10. Will the DWP commit to the call for a wider review of sanctions made repeatedly by the House of Commons Work and Pensions Committee given these findings and, using DWP data, can you be more specific about what is coming in the next 12 months?

**Chair:** Is that in response to the DWP Select Committee? Or is it going to satisfy them?

**Sir Robert Devereux:** The Government has responded to the Select Committee—

Q98 **Chair:** I thought you rejected that—

**Sir Robert Devereux:** And politely said, "Actually, there are other things that we are doing".

**Chair:** That is what I thought.

**Sir Robert Devereux:** Including the data improvements, which I think are fundamental to any better understanding. I am going to rest on the position that Ministers have already taken on that.

Q99 **Philip Boswell:** That ties in with what is coming with Brexit and how they will respond to it. In the next 12 months should we not get something done on this? The data has already been collected and processed, so when can we see something tangible?

**Sir Robert Devereux:** Don't get me wrong. The idea that data has been collected and processed and that I am just waiting for 12 months to tell you is a misrepresentation. I have some incredibly old, creaky systems with multiple variables in and it is going to require some clever statisticians, none of whom will have anything to do with Brexit, to go away and—

Q100 **Philip Boswell:** At the moment.

**Sir Robert Devereux:** Well, let us have a working assumption that I can ring-fence these people, but it will take them a while to do it. I want to see this data as much as you do. I cannot just whistle at people and hope it is going to turn up tomorrow because it is complicated stuff.

**Philip Boswell:** I look forward to it.



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**Chair:** We are certainly looking forward to this work that you are doing.

**Sir Robert Devereux:** Me too.

Q101 **Bridget Phillipson:** On the work that you're doing, could you just set out a little bit more detail on what we can expect to see in 12 months' time?

**Sir Robert Devereux:** The principal thing that we can't do at the moment is talk about the stock of people who are currently sanctioned. All of the data in these Reports is basically trying to divide the new decisions to sanction this month by the total number of people on our books, which is one way of doing statistics. That is not the same answer to the question, "How many people today are currently being sanctioned?", because they might have been sanctioned last month and are still sanctioned this month.

Once you start to be able to get the date part of this straight, you can do a number of things. First, you can deduce how many people at any one time are being sanctioned, which is an interesting fact. Secondly, it then makes it much easier to track what is happening to people, because you have some idea over what period the sanction was supposed to be taking place, as opposed to just knowing the rather bald fact that in December 2016 a sanction decision was made.

Quite a lot of the "So what?" questions that we are all interested in would actually be able to flow from that. One in particular is that by having that information I can connect up this incredibly rich source that is telling me what everybody's employed earnings are every month, and I can start to see patterns in that. When I described that cohort analysis that we have done for the work capability assessment, that is the sort of cohort analysis I would expect to be able to see for sanctions.

Q102 **Bridget Phillipson:** Does this have a start point? Will you be able to go back on the data you have and track people through, so that we will have the international comparators that are lacking?

**Sir Robert Devereux:** I personally don't think I am missing any international comparators. Unsurprisingly, with it having been done 12 times in four different countries, when the National Audit Office reproduced it for the UK it found the same result. I am not sure that using the statisticians to reproduce that is the best use of their time, when they could otherwise be finding the data you want.

**Bridget Phillipson:** Once again, that is a rather partial reading of the international evidence.

**Sir Robert Devereux:** In what way?

Q103 **Bridget Phillipson:** It is precisely the point I raised with you earlier about how sanctions may have the effect of supporting people back into employment, but where that happens it is often short-lived, and those people enjoy lower wages as a result. That is why I am very keen to hear whether we are going to track people so that we can make a better judgment as to whether not only are people supported into employment,



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but whether that is long term, is sustained and brings in revenue.

**Sir Robert Devereux:** We are potentially violently agreeing. We are going to track this with earnings. As things stand today, the National Audit Office has just reproduced exactly the same findings, and they could not find an earnings effect. If anything, at six months, the earnings of people who had been sanctioned were higher than those who had not. That is for JSA claimants. For ESA claimants the story is different, but the great majority of the sanction regime is under JSA.

**Max Tse:** Just to clarify: paragraph 3.10 of our Report on page 41 goes through the three main findings that we picked up in our analysis. We didn't find a large earnings effect, but we did find a small earnings effect. That is consistent with the international literature on a relatively small earnings effect.

**Sir Robert Devereux:** With respect, because I read it at the weekend, the earnings effect you found was positive, whereas the earnings effect your colleague is talking about is negative.

**Max Tse:** No. If people are going into more employment as a result of being sanctioned, you would expect their earnings to go up by at least minimum wage times the amount of hours in employment, so you would see a positive effect irrespective. We found a smaller effect than we would expect, given that.

**Sir Robert Devereux:** That is not what your methodology says.

Q104 **Bridget Phillipson:** Wouldn't it just be better for everyone, rather than sitting here and indulging in pet theories, if we just knew what the picture was? Why has it taken so long?

**Sir Robert Devereux:** Because the basic data are not available, for the reasons I have explained. I am not sitting on a whole load of information that, if only I could be persuaded, I would give to you.

Q105 **Chair:** The sanctions have been going on for a long time.

**Sir Robert Devereux:** They have, and I have a number of systems for which you want a lot of information. Let's take national insurance numbers—there's a whole load of interest in the migration and immigration space about national insurance numbers. At the moment, that requires a huge degree of overhaul for exactly the same reason. The work capability assessment is in the same place. I am an ex-professional statistician. I am probably the only one here who has got a statistics qualification. I am interested in data, but I can't conjure them out of thin air.

Q106 **Bridget Phillipson:** So why haven't you focused on it? Why hasn't the Department sought to make that data available so that we can bring that picture together?

**Sir Robert Devereux:** Because—here is the honest truth—we have had an awful lot to do in the last several years. Ministers have wanted an



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entire welfare system rebuilt, all of which requires costings and assessments of how things would work. As for the analytical composition of my staff, I have probably one of the largest analytical staffs in Whitehall. They are probably the best, and they are incredibly busy. There is a lot to do. We have committed, in the publication that we have already made, to what we will do in this particular slice in the next 12 months, and I think that is the appropriate thing to do.

**Q107 Chair:** So that will be linking claimants to real-time information, but will it also flag those claimants who are being sanctioned and link that to real-time information? Just to be absolutely clear, will it map the impact of sanctions on people getting work, with real-time information as an indicator of people in work?

**Sir Robert Devereux:** If we follow down the cohort analysis, what you should expect to see is that it is possible to take an individual and say, "Well, the times here is what they have done." A lot of the stuff that we do in our administrative records and most of our statistics is based on quite a lot of sophisticated chaining together of different records. We haven't yet done that for sanctions, but having done it you should be able to answer both for those sanctioned and for those not sanctioned what their experience is.

**Q108 Chair:** Just to be absolutely clear, you will be able to tell if someone has been sanctioned how long afterwards they get into work, for example?

**Sir Robert Devereux:** For the length of the data set that I have got, yes.

**Sir Amyas Morse:** May I come back to a comment you made when you were reassuring the Committee about the effect of Brexit? I recollect you saying that you had been very busy, but that now your Department was not so burdened. So now you do have the capacity to develop this work, which is why you are offering to do it in the next 12 months. Is that right?

**Sir Robert Devereux:** That is entirely consistent with my answer.

**Sir Amyas Morse:** I didn't say it wasn't. I am just checking. You said earlier that you are still very busy. Have you got the capacity to do this work now?

**Sir Robert Devereux:** That is why we have promised to do it.

**Sir Amyas Morse:** Great. I'm looking forward to it.

**Q109 Bridget Phillipson:** So it's a question of your staff being overcommitted. It's not that it isn't a priority.

**Chair:** How many priorities are there, Mr Devereux?

**Sir Robert Devereux:** How many priorities do you think I might have in any one calendar month? There are a lot. We try to make a reasonable judgment about, first, how many staff to employ—remember that I have 25,000 fewer staff than I had when I started and the annual budget of my Department is £2.5 billion lower. In such a world, there are choices to be



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made about the number of analysts and therefore what you prioritise them on. We are in the happy position where we are all agreeing that this piece of work is really worth doing and we are going to do it in the next year.

Q110 **Bridget Phillipson:** I can understand that, but the difficulty with this is that your contention—I am sure you will correct me if this is not right—is that this affects a relatively small number of people and therefore it has not really been a priority.

**Sir Robert Devereux:** No. That is not my contention.

Q111 **Bridget Phillipson:** It does affect a relatively small number of people, in terms of the work that your Department will undertake, but the impact on those individuals can be significant, severe and often catastrophic in their lives. Does that not merit the need for the Department to look more closely, even if in the grand scheme of things you do not regard it as being as important an issue as national insurance numbers or whatever work your Department is doing?

**Sir Robert Devereux:** I see that. I guess there is more to life than simply doing statistical analysis. You just heard—

Q112 **Chair:** No, but that is not what Ms Phillipson is saying. She is saying that it is about connecting that to the impact on people.

**Sir Robert Devereux:** Yes, but some of the stories I have been telling you—in particular about the work we have done on the claimant commitment, the way we are trying to make sure that the workers have got the right connections and the fact that we do not switch them between benefits—show that there are lots of things we are doing which are directed directly at making sure that real people in the real world this week get a better service than the week before. The statistical analysis is really interesting in that space, but it is not the main game in town for trying to make sure that the right thing happens day in, day out. That is why Susan has told you what she does about the quality assurance. I just do not want to confuse data availability with a serious intention of day-in, day-out tracking.

**Chair:** The data give the evidence.

Q113 **Bridget Phillipson:** You rightly made the point earlier that this is a policy choice—that this is being provided for in legislation. It is for Ministers to determine whether the framework will change. But would it not be better if Ministers had been able to make more informed decisions—in fact, if everyone could make more informed decisions on the basis of a greater picture of the impact?

**Sir Robert Devereux:** A world in which we all had better information than we have at the point at which we make a decision would be a better world. I have found in the last 40 years that the data set you want is typically just the other side of the point of decision making.

Q114 **Bridget Phillipson:** When it comes to the costs and benefits of the sanctions regime—there is a table in figure 23, page 43—there are lots of



unknowns. Is that something that the work being undertaken by the Department will be considering so that we can get a fuller picture?

**Sir Robert Devereux:** Some elements of that will become clearer. On the middle benefit item, "Benefits not paid and tax received through increased employment," in the event that I successfully connect the data we will be able to see what that effect is. Just to be clear, it is always going to depend on some quite sophisticated econometric modelling—this is not an "as night follows day" arrangement—because you are trying to take account of what would have happened anyway, regardless of the sanctions regime. Trying, as it were, to abstract the pure sanction element in a world in which employment is changing and universal credit, a wholly different benefit, is rolling out is going to be difficult but, none the less, at least the data sets that we are looking for should help us with that analysis.

Q115 **Bridget Phillipson:** Do you collect data on how much is paid out in hardship payments when people are sanctioned?

**Sir Robert Devereux:** We estimated that in this Report because the way in which the payments are made is almost an integral part of how the benefits system operates. We do not have a separate heading, as it were, to say that something is a hardship payment. It is going out through the same payment mechanism as the underlying benefit, so we have made an estimate here that I imagine is broadly right.

Q116 **Bridget Phillipson:** We heard from Crisis and Citizens Advice, to whom you were listening, in the previous panel, and they were talking about there being a lack of consistency in claimants knowing whether they could apply for hardship payments and in their being advised that that is something they could do. Are you seeing improvements in that area?

**Sir Robert Devereux:** The sort of partnerships that we are interested in producing and are trying to develop under universal support are consistent with the idea that we would like to get this right as fast as possible. I can point you to the letters that people get, and I can point you to what people say. Whether they remember it and whether they get it is a perfectly valid question. Every time I have been through this, every single piece of paper we have put out has the right information. Our coaches are trying to do that but, in the event that somebody doesn't understand, I am pleased if people direct them back. We will then deal with it. We are trying to run the system in the best possible way, but one of our problems is that I cannot guess if people don't tell us something.

Q117 **Bridget Phillipson:** One final question. Again, on the issue of the work you are doing that will be published in the next 12 months, we know that there are costs with sanctions, whether that cost is borne by your Department, elsewhere across Government or perhaps by local councils or charities. Will your work try to get a sense of whether costs are being shunted elsewhere or whether additional costs are being caused by the sanctions regime?



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**Sir Robert Devereux:** Those data sets are not in my gift. I can send my own people to look at my own systems to try to do the sort of work I have been describing here. We would have to think about how on earth you would find those costs. I understand the question. I do not know the extent to which they are out there. We have not said in the work we are doing in 2017 that we can find all of that. It is not a simple question to which to find an answer.

Q118 **Chair:** I appreciate that it is not simple, but my own food bank was finding that a lot of referrals were being made by the DWP a couple of years ago. The food bank then said to the DWP, "You can't just refer people straight to us. It is not appropriate." The referrals then went down dramatically, but there was an impact on the food bank. The food bank is a charity, and its aim is to provide food to people in desperate straits. I am glad that it exists, but it is an example of a knock-on effect. Do you do any informal analysis of that?

**Sir Robert Devereux:** We had the Trussell Trust in to see the Secretary of State only a week or two ago to try to make sure that we both understood what we were respectively doing. We promised to work together to see if there is anything we can learn about this. As you know from previous announcements, we have had work coaches in some of these food banks to try to make sure that, if there are things that people want help with, we can help them. We have not consistently found that the story of it all being to do with sanctions is necessarily borne out by the conversations we have when we see people but, none the less, we are absolutely in favour of doing the sort of partnership working that your previous witnesses were talking about, if we can do it.

Q119 **Chair:** We certainly get anecdotes at our surgeries, but we would be interested in more analysis of knock-on effects, including the health and mental health impacts, and so on.

**Sir Robert Devereux:** If any of the Committee have cases where they think we have done the wrong thing, I would obviously be delighted if you told me.

Q120 **Chair:** You might regret making that offer, but we will be in touch with you anyway.

**Sir Robert Devereux:** I don't regret it because, actually, my postbag is full of helpful things. How will we know unless we get feedback?

**Chair:** We will come on to some cases where maybe we could have known more.

Q121 **Chris Evans:** For all the grand schemes of Government, delivery of this programme is essentially down to the relationship between the claimant and the work coach. If you look at paragraph 2.7, it says: "They found evidence that suggested that work coaches were not complying with sanction processes, weakening the fair and consistent use of sanctions". How has this arisen? Is it a problem with training? Is it a problem with consistency across the board? What do you think the problem is? Why



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aren't work coaches essentially doing the job they should be doing?

**Susan Park:** This is about the variation among job centres, again, which is one of the things that we are absolutely focused on—trying to get the balance right between giving the wrong message about whether there is a target, which there is not, and whether we are focused on quality. As I said before, part of my quality assurance focus is about understanding whether we can actually create the right environment, so there is an environmental factor. I want job centres to be seen more as a community hub, rather than somewhere that people are forced to come, so we are looking at lots of issues around environmental factors. Who can I get to come into job centres? Can I get all the local agencies, all the voluntary sector, all the providers and employers, so that we are automatically reducing some of the barriers?

Secondly, I am looking at that relationship. How do I ensure that my work coaches are really clear about the relationship that I want, which should be based on mutual understanding? It is really important that we understand the obligations on both parties. I am really focused on that, so that whatever we ask is reasonable and takes account of individual circumstances.

The other factors are structural. We do say that language is really important. I have said before that we are making lots of small changes. One of the small but significant changes is in the grading structure. Work coaches are now at a higher grade than previously; I have gone up to executive grade, and there are no longer assistant work coaches. I have also changed the ratio of work coach managers to work coaches—it was 12:1; it is now 9:1. I have also set an expectation: I expect work coach managers to spend at least 80% of their time coaching.

I am doing lots of little things, because they are the things that make a difference—the mutual respect, the understanding of mutual obligations, and changing environment. That will bring about what we all want to see.

Q122 **Chris Evans:** But you have to say that. We all accept that, but how can you make those things tangible and not know whether the variation in the application of sanctions is down to the complainant, or down to the way the sanctions are being applied? How are you monitoring whether the work coaches are doing the job properly? I am focusing on work coaches because it has specifically come up in the Report that the way the work coaches is doing this is something to do with the variation. How are you monitoring and ensuring that work coaches are doing their job? If they are found to apply sanctions wrongly, what sanctions are there for them?

**Susan Park:** That is about the coaching regime, about making sure that work coaches also get coaching; that is about the 80% expectation—that work coach managers spend time with work coaches. I also have a quality assurance framework system that reports on every work coach, so we have a look at their quality and at the claimant commitment. We have a



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look at the end-to-end process. We have things called tier 1 assurance compliance checks, and tier 2. We do many things.

Do they all get it right? Absolutely not. Do we have to continue to look at quality? Absolutely. I am making sure that the learning and development and constant improvement are part and parcel of this process.

I do not know whether you know that all work coaches who are employed from now on will go through an accredited route way. We have always had an accredited learning route way that all our work coaches go through. We are now having accreditation for apprenticeships and qualifications. I expect all of my work coaches recently employed to get to level 4 within 12 to 18 months.

**Q123 Chris Evans:** I do not want to labour the point, but why has not the Department assessed the causes of variation? It has persisted for a long time. If you look at figure 11 on page 27 of the Report, it says: "Referral rates varied from 1.6% to 4.3% for the middle half of jobcentres in December 2015." Why hasn't the Department assessed the causes of variation? That would surely have an impact on the way the work coach job description is moulded in future.

**Susan Park:** The causes of variation, as I said before, have a historical basis. If you were a claimant, you would have come into the jobcentre and you would not have had a consistency of relationship with a work coach. One of the things that we are doing to try and manage that variation is to ensure that if you come in, you have a consistency of relationship, because I believe that that relationship will enable you and me to understand what the barriers are.

**Q124 Chris Evans:** What if I don't get on with my work coach? Do I have the ability to change my work coach? Am I allowed to do that? If there is a real personality clash with my work coach, can I change that relationship?

**Susan Park:** I was in an office recently where we talked about that very issue. Where there are relationship issues, which there will be at times, what do you do about that? We encourage case conferences. In this particular office, there is an hour every week with all work coaches, all employer advisers and all work coach managers talking about who they are having difficulty with in terms of moving to the next level, whether that is into work or closer to work. Those are the sorts of things that we are absolutely focused on.

**Q125 Chair:** To answer Mr Evans' direct question, if he was with a work coach and the relationship really was not working, would that case conference mean that someone else might take over as a work coach?

**Susan Park:** Yes. In fact, there is a clear handover.

**Q126 Chris Evans:** I am aware that the Chair will probably pick me up on this, but I don't want to get too anecdotal.

**Chair:** No, you don't.



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**Chris Evans:** There is a problem. I have noticed in my surgeries what a multitude of people say to me. Are you saying that the next generation of work coaches will have a caseworker, like a probation officer or somebody else, and they will have the consistency of seeing them from day one until the point when they go back to work?

**Susan Park:** Yes; that is absolutely our intention. That is why we have introduced the work coach delivery model ahead of universal credit. That is a process we are going through right now.

Q127 **Chair:** What is the turnover of staff? It is early days.

**Susan Park:** Overall across the Department it is about 6%. We have just employed some new colleagues, so you will see the attrition rate go up before it settles again.

Q128 **Chair:** You don't expect it to be any higher or lower for this group, but there will be some change.

**Susan Park:** Yes.

**Sir Robert Devereux:** There are two different things. One is that instead of going to a different person depending on which benefit you found yourself on, you would stay with the same person. So if I was on JSA I would bounce across, but you would stay with the same person. Secondly, this regrading arrangement means that most of the time you will see that person, full stop. You will not be seeing someone else.

Q129 **Chair:** Just to be parochial on this, we all know our jobcentres. Very often you end up talking to some nice person, you think you are getting somewhere, and then they get moved on. Jobcentre managers seem to get promoted remarkably quickly. What about the work coaches? Are they encouraged to stay in post, or will they leapfrog to promotion and move on fast?

**Susan Park:** I think the accreditation process will encourage people to stay. It has been highly welcome. It is in essence an apprenticeship, and that is a great offer.

Q130 **Chair:** What would be your ideal for how long they might stay in post? Would two years be a minimum expectation?

**Susan Park:** It will take them 18 months to get through the accreditation.

Q131 **Chair:** Right. So they might need to stay a while.

**Susan Park:** Absolutely. Actually, most of our work coaches stay a lot longer than two to three years.

**Sir Robert Devereux:** Generally, rapid turnover is not a problem in the Department.

**Chair:** That is very important as a quality marker for the constituents concerned. In all sorts of Government Departments, we get concerns about people passing from pillar to post.



Q132 **Chris Evans:** You are quite confident going forward that Jobcentre Plus is going to pick up on the improved referral rates.

**Susan Park:** I believe that the cultural transformation that we are going through will make that more likely. I am not telling you that we will ever eradicate variation, because I do not believe that is possible when you have a system that employs a human being making a judgment about another human being.

**Chris Evans:** I was going to help you there and say that when you are dealing with humans, you never know what people are going to think anyway.

**Susan Park:** Absolutely.

**Chris Evans:** As Mr Spock once said in "Star Trek".

**Chair:** Mr Evans, can we get back on track, please?

Q133 **Chris Evans:** The next point obviously leads on to the lack of consistency in decision making with regards to the Work programme. Almost a quarter of Work programme referrals are overturned, compared with just 11% of those by Jobcentre Plus. What are you doing to make the system fairer for claimants?

**Sir Robert Devereux:** There are two different things here. The two main reasons why things are overturned—sorry, are we talking about overturns or cancellations?

**Chris Evans:** Overturns.

**Sir Robert Devereux:** On figure 16, there are two different things here. One is making sure that this individual is still on benefit—that is the point I made earlier on—because I cannot sanction anybody who is not on benefit. The second is that we do require evidence from the Work programme that they have done the appropriate safeguarding action for people who are potentially vulnerable. If they send in a sanction referral that does not show that they have done the right sorts of things—for example, making sure they have called an ESA claimant—we will simply overturn it.

Now, that might give you a reason why these numbers are higher. These numbers are edging up a bit here, and actually we are trying hard to make sure that we have the right arrangements here for the Work programme. One of the things about this chart that I am slightly fretful about is: these reconsiderations and overturns are happening based on stuff that, in a sense, is decisions that have been made earlier. So in a world in which total numbers of sanctions are falling, there is something odd going on in this. But, none the less, there is an issue for us to make sure that the Work programme is actually sending us the right referrals in the first place.

**Chris Evans:** Figure 16 on page 33 is very damning at the moment. We already know from the Report that people are being randomly applied to



these programmes. That is in paragraph—

**Sir Robert Devereux:** Sorry. As far as the overturn is concerned, for a majority of cases where we overturn it, it is because they simply sent the information in and it has come slightly later than the decision, so no sanction has been applied. But given that people are typically paid fortnightly, anything that we correct before we get to the fortnight actually does not apply in the first place. So you cannot simply assume that all these people have been out of pocket and we are suddenly having to put that right. That does not flow from this picture.

What does flow from this picture is that there is a high percentage of people for whom, one way or another, we end up making a change. I tried hard to explain earlier that there is a material difference in my mind between somebody who has already had the opportunity to tell us whatever reason they have for not complying, and those people we simply cannot contact. I do think a piece of work which we are trying to do at the moment is to understand actually how many of these overturns are to do with people we have not been able to contact, so we have tried to make a valid decision based on the lack of evidence in front of us.

Q134 **Chris Evans:** I do not want to surmise anything, but it seems that Jobcentre Plus is more or less getting it right, with the low level of overturns, yet the Work programme has a high number of overturns and the figures bear that out. Now, what are the reasons for that? Is it, No. 1, that you are dumping the problem cases into Work programmes because they are randomly applied? Or is it No. 2: this other question that I think you may be able to answer? Is it simply that you are having a higher level of overturns from poorly performing Work programme providers? Is that the correlation? I find it quite shocking that there is such a huge gap between Jobcentre Plus and the Work programme—there must be a number of reasons at work here, rather than just the one specific reason you have set out.

**Sir Robert Devereux:** As I say, there is a gap, because one of the things we ask the Work programme providers is to seek to check whether the individual is still on benefit. If you are sitting in one of my offices, that is a quick look at a screen and you instantly see it, so we tend not to make that mistake—we do sometimes. The reason that we have made some improvements in this historically is because we have given Work programme providers access to this information. Whether they consistently use it is not apparent from this chart, unfortunately. Sorry, I missed the second part of the question.

Q135 **Chris Evans:** It is the trade-off. Do you find that the Work programme providers are poor performers and are therefore given higher rates of overturns? The reason I am looking at this now is that I am looking at figure 12 on page 28. As a supplementary, may I ask why the footnote says: “We have excluded North Yorkshire, area 18, because the Department terminated one contract in this area”? May I ask why that contract was terminated in North Yorkshire?



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**Sir Robert Devereux:** From memory, we terminated the contract for poor performance. The reason we left it out is because the NAO is not trying to disclose which provider is which. If I am down to one provider, everyone knows what it is and the chart would have a name on it. I think that is why we left it out.

**Max Tse:** They wouldn't have the full set of data, because the termination was a while ago now.

Q136 **Chris Evans:** That was all I was asking. Sorry, we got a bit bogged down there with North Yorkshire. Do you find that there is a higher rate of sanctions with poor performers than there is with others?

**Sir Robert Devereux:** No, there is a picture with figure 22. Rather wisely, the NAO summarises it in the last sentence of paragraph 3.13. It states that "it may suggest that differences in deterrence effects of sanctions are weaker than other factors explaining performance." If you look at the picture in figure 22, it is slightly complicated to follow, but reading from left to right, they are trying to show the variation between the top and the lowest performer in terms of performance. Reading up and down the page, they are looking at the variation in the rate of sanctions. I look at that and think I am looking at two different populations. There is a population where there is not much to choose between them on performance—the percentage difference is between 0% and 5%. In general, the higher performers are slightly low on sanctions. Then there is the population on the right-hand side where there are big performance differences, and typically they have higher sanctions.

To be honest, I can see why the NAO says that it is not the sanctions regime that is the difference here. We have gone to some trouble—I think I have done at least three hearings on the Work programme—to explain that the way that we set that out was to say, "I am paying you to get results. Unless you get something to work, I am not paying you." The way in which they run the sanctions regime is relevant to whether they are going to be paid. That probably is the dominant factor.

Q137 **Chris Evans:** To help you out, it is also about the individuals they are dealing with. Is this a case where the regime is designed not to treat people as individuals?

**Sir Robert Devereux:** Just to correct one thing, in case it has been misconstrued, the class of person going into the Work programme is well defined: it is the long-term unemployed. Having been sent, they are then randomly allocated a provider. They are not randomly allocated to the Work programme. I know who goes—

**Chair:** We are certainly clear on that.

Q138 **Charlie Elphicke:** I just want to pick up on Mr Mills' line of questioning. Looking at the whole principle of conditionality and sanctions, would it be a fair reflection to say that the overriding purpose of the policy is first to get people into work and to safeguard the hard-working classes from facing an excessive tax bill by ensuring that they get taxpayer value? Is



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that a fair reflection of the purpose?

**Sir Robert Devereux:** Yes.

Q139 **Charlie Elphicke:** Mr Mills' line of questioning was about whether pushing conditionality and sanctions too hard—so that it is “nasty”—would have counter-productive results, so that the policy would therefore not be a success in terms of the purposes for which it has been set. First, do you accept that analysis? Secondly, is there a Laffer curve for welfare that is broadly being indicated? I think that was where Mr Mills' line of questioning was going.

**Sir Robert Devereux:** Some ideal optimisation point?

**Charlie Elphicke:** Yes.

**Sir Robert Devereux:** I certainly don't have that information. None of the analytical work that has been done anywhere in the world comes up with a point estimate of the optimum place to put it.

Q140 **Chair:** So will the work that you are doing help towards answering Mr Elphicke's questioning?

**Sir Robert Devereux:** In order to answer questions such as, “Where is the optimum?”, you have to observe lots of different arrangements in play and then start to draw your curves and decide where the turning points are.

Q141 **Charlie Elphicke:** My next question is on the discussion about the evidence base and whether things are nice or nasty and whether it is the right thing or the wrong thing. Is this one of those political questions to which there is no answer, because you cannot disaggregate the causation of various other factors in this? Could you in principle disaggregate the causations of other factors, such as the existence of the Work programme and the economy versus the effectiveness of conditionality and sanctions? Would you ever have the evidence base, given those factors?

**Sir Robert Devereux:** The short answer is that it would depend entirely on the Government choosing to prioritise having a randomised control where the only thing different was the presence of the sanction regime. You can conceive of it. I could set up the Work programme on the basis that provider A does no sanctioning at all and provider B is allowed to sanction. From that you would conclude something. However, the reason I suspect that Ministers will not do that is because they have looked at the international evidence, the way the labour market is working and what taxpayers think, and they have concluded that the presence of sanctions nationally is probably a good thing. I have to sympathise with them on that.

Q142 **Charlie Elphicke:** Is it therefore fair to say that what matters is what works?

**Chair:** Mr Elphicke, I hope we all agree with that. I think I will let Sir Robert off the hook on that. Mr Mills, do you want to come back on this one?



**Q143 Nigel Mills:** Sir Robert, am I right that when assessing universal credit you group jobcentres by similar job markets and things so that you can try to assess relative performance against comparable areas? I just wonder whether, if you had a grouping of jobcentres with a similar job market and can see somewhere much tougher and somewhere much more lenient with sanctions, and if you saw there were better outcomes in one of those than the other, that might give you a bit of a proxy for this data.

**Sir Robert Devereux:** I see where you are going. I guess what we have done with universal credit is to compare similar labour markets under JSA with similar labour markets under universal credit. That is essentially what we have tried to do. Whether we can control simultaneously for the level of the labour market and the presence of sanctions when running a national sanctions system with the Work programme, I suspect the answer is probably not.

We have not had a conversation about the fact that the Work programme is basically coming to an end. One of the learnings that is apparent in the Government's Green Paper is that, having both looked across UK experience across many Governments and looked internationally, thinking about how we deal with people with a health condition is a seriously difficult question, hence the Green Paper. But the successor programme to the Work programme will not involve mandation for people who have a health condition. The entire edifice of mandation, which comes with sanctions and conditionality, is not the regime we are putting in place.

We can have a learning conversation about what might have been the case with the Work programme, but the successor programme is not designed in the same way, because actually we think that the most important thing for people with health conditions is to get into attitudes and voluntarily doing something, not the other way round. That could be self-limiting in outcomes, but that is the general direction of travel.

**Chair:** While we appreciate what you are saying, we must be careful not to stray into future territory. We must focus on what we have to focus on today. I am sure we will come back and look at the history lessons from the Work programme playing into the new regime when that is in place.

**Q144 Bridget Phillipson:** On that point, which is the one the NAO Report makes about the impact of sanctions on ESA claimants and it not having the same effect, you talked about the impact on jobseeker claimants, but on ESA claimants it is a different picture. Has that informed the work that is being done?

**Sir Robert Devereux:** The reason the ESA bit is just a bit more uncertain is because there is no international evidence on ESA at all; we have done one piece of work on it. We do not make it a condition of benefit to look for work. Part of the conundrum with the world of ESA is that if someone is armed with a fit note, they are too ill and at the same time we are assessing them on being fit for work. There is something odd about this arrangement, which is why the Government have stood back and said,



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“Let’s not just invent another benefit; let’s think about what are the respective roles of the health service, the benefits system and employers.”

Q145 **Chair:** Which a number of us have been pushing for a long time

**Sir Robert Devereux:** That is fair. I am expecting that the answer to questions about what is the right regime for people with a health condition is part of a much bigger story to do with the Green Paper. Were sanctions to be part of that, no doubt we will look at that too. But that is a different kettle of fish from the majority of sanctions today, which are JSA related.

**Chair:** I know that our sister Committee will be looking at that in detail, and no doubt we will review it when it is place.

Q146 **Philip Boswell:** I have a couple of questions for Sir Robert, but first, given the fact that the NAO Report showed inconsistency in the assessment for sanctions, and specifically following on from Mr Evans’ question on inconsistency of application—this is to Ms Park—I found your answer unsatisfactory, to be honest. It was like buzzword bingo. There was “cultural transformation” and “accredited learning.” You said you are really focused and you want the right environment and to get the balance right—targets, quality assurance, grading structures and lots of little things—but where is the plan? Where is the consistency?

What I am asking is this: do you agree that it is prudent—actually, in the light of your answer, essential—to exclude those most at risk from sanctioning, including those at risk of homelessness or with caring responsibilities or mental illness, from the punitive sanctions regime, and that you should create a code of conduct that is clear and unambiguous about how people are treated and will build in safeguards for them through the claimant commitment?

**Sir Robert Devereux:** Which wasn’t—

**Philip Boswell:** The question is to Ms Park.

**Sir Robert Devereux:** I know, but I am the accounting officer. The previous two witnesses, when asked the question, “What would improve it?” did not come up with that answer.

Q147 **Chair:** Ms Park, do you want to comment on that?

**Susan Park:** I am sorry that you found it very unsatisfactory, but I can assure you that there is a plan, which is why I talked about the work coach delivery model and the jobcentre operating model. All these things have been designed and implemented within a labour market programme that I actually chair and manage, so actually—and deliberately—small things make a difference. There is a lot of research and evidence that proves that. I am really clear that we have a plan, and I am responsible for delivering that plan. These things matter. I am absolutely focused on the fact that we need to deal with vulnerable people and that we need to take account of individual circumstances.

Q148 **Philip Boswell:** So, Ms Park, will you create a code of conduct that will



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be implemented to standardise the approach?

**Susan Park:** But we already have very clear—

Q149 **Philip Boswell:** Then why is it not working?

**Susan Park:** We have very clear guidance.

Q150 **Philip Boswell:** It is not working, then, is it?

**Sir Robert Devereux:** The presence of variation does not mean it is not working.

**Chair:** We have gone round this one a bit.

**Sir Robert Devereux:** We are going to have two conversations here. We either have a target that you don't like or we have variation.

**Chair:** We are about to have a vote, so Mr Boswell, your last point.

Q151 **Philip Boswell:** Okay. The NAO Report finds that "sanctions are not rare." It finds that of all the people who claimed JSA at any point between 2010 and 2015, 24% were sanctioned. That is before challenges. This is figure 5, page 16. Have DWP officials deliberately and persistently misled by quoting the monthly sanctions rate of around 5% as if it meant that only 5% of claimants are ever sanctioned?

**Sir Robert Devereux:** The figure that the NAO are talking about is—they have taken every single person who has ever claimed in a five-year period and divided the number of sanctions by that number, and you get to 24%. I agree with that. I specifically asked colleagues, "Can you tell me something about the length of time on benefit for this?" Let me just play you back some facts. Some 55% of all the people who have been on benefit for all that five years were only with us for less than six months, and the sanction rate in that area was 9%. A third of them were only here for three months, with a sanction rate of 6%. This is information that we will have to make sure we properly publish for you, but the reason I am trying to get to that is that, unsurprisingly, the longer you spend on benefits, the higher the chance that—

Q152 **Chair:** I just don't like figures being thrown in. We are in our last moments here. This isn't very helpful, because it's—

**Sir Robert Devereux:** I know, but I've been asked a question right at the end about one statistic that the NAO—

**Chair:** Which is why I'm intervening now. We can't really have a meaningful discussion about this in the moments we have left.

**Sir Robert Devereux:** Fine. Perhaps I can write about it.

Q153 **Chair:** If the Comptroller and Auditor General wants to shed a tiny bit of light on it—but we are not going to be able to mop up if we do not finish in a minute.

**Sir Amyas Morse:** I am really encouraged that you are already



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producing new information and the year has hardly started.

**Chair:** But I think the point is that the NAO had to do a long period because it was small numbers per month and it was difficult to be valid statistically. If you would like to send something to us in writing, we would accept that.

**Sir Robert Devereux:** That would be fine. It will cast a lot of light on this.

Q154 **Philip Boswell:** I have a short question befitting a small answer. Scottish Ministers have already stated that their employment support programmes will proceed on a voluntary basis. Can DWP today assure devolved Administrations that no Jobcentre Plus schemes will be referred into devolved employment services on a mandatory basis—or are there any plans? Can you assure us that there are no plans to do so?

**Sir Robert Devereux:** Last time I looked, the devolution settlements left the operation of the labour market with the UK Government, so there are some things that we have agreed with the Scottish Government about what they may choose to add or subtract, but they do not remove the regime of conditionality in sanctions.

Q155 **Chair:** We are expecting a vote at any moment. I just want to ask a couple of quick last points. Can I just be clear about the evidence that you have given? Are you saying that a conditional regime can manage without sanctions, or with less tough sanctions? Are sanctions, in your view, an absolutely essential part of conditionality?

**Sir Robert Devereux:** I don't think the word conditionality has any meaning absent some consequence if you don't meet the conditionality. Just to be clear, there are then choices about what that sanction is. We have had some questions about the fact that we have changed that.

Q156 **Chair:** Okay. On the issue of JSA and housing benefit, you heard in the evidence—this is something a number of us have heard about in our surgeries—about housing benefit being stopped when the sanction is applied and about the havoc that causes. You are shaking your head.

**Sir Robert Devereux:** It shouldn't happen.

**Susan Park:** Absolutely not.

Q157 **Chair:** It shouldn't happen, but why is it happening quite frequently?

**Susan Park:** I had no evidence that it is. We absolutely had a look at it—a deep dive in one area of 300 cases—and we found no evidence.

Q158 **Chair:** People have evidence of that and you need to hear it.

**Susan Park:** Please give it to us.

**Sir Robert Devereux:** Please do. The sanction is applied to the JSA and not to the housing benefit.

Q159 **Chair:** Okay, that's very helpful. Hardship payments are currently a grant, effectively, for a lot of people. Under universal credit, will it be a loan? Is



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this going to be paid back—clawed back—from universal credit?

**Sir Robert Devereux:** Yes.

Q160 **Chair:** So it is effectively moving, just to be clear. You talk about the new health regime—the Green Paper. You will probably be aware of the case of the late David George Clapson. He was on jobseeker’s allowance but had type 2 diabetes. When he died, there was found to be no food in his flat. He had not had money for two weeks—not even enough money to pay for the electricity to keep his insulin cool. He would not have been on ESA, so he would not have been in the vulnerable group that we have been talking about. Are you confident that a sad death such as his will not happen to other people and that the system will pick up vulnerabilities in main jobseekers? A condition like diabetes does not necessarily put someone in a vulnerable group because people cope and manage with it, as they do with a lot of other conditions. People can tip into mental health problems and depression when they are ostensibly coping.

Ms Park, how will you make sure that these new highly trained people, who are only at executive officer level—not to decry that, but it is not the highest paid job in the world—will have the skills to recognise that and coax out of sometimes very private people private and personal information about their health conditions? Are you confident that you can cope with that?

**Susan Park:** It is one of the things that I am really focused on: ensuring that people have the right support and the right guidance. That is why I said what I did right at the beginning about the relationship we have with our individual customers—people like you and me, our mums, dads, brothers and sisters; I live with someone who is a type 1 diabetic and I know precisely what the consequences are if we get that wrong. I am really clear that we have to make sure that we have the right support and right assurance, and that is what we are doing.

Q161 **Chair:** So in future, if someone is being sanctioned, is the sort of question that you would expect someone to ask, “Do you have any health problems?”

**Susan Park:** Yes, and actually this is part of the process that we have deployed. Before a sanction is made now in my jobcentre, it goes through another checking regime, where somebody sits in isolation from the person who has made the referral and looks again to make sure there is no vulnerability? But can I say that people will always tell you that there is a barrier in place? No, they won’t.

Q162 **Chair:** They are probably more likely to tell you if they know there is going to be support, so I think there is a lesson there. I do not want to go too much into an individual case, but I think it highlights the issues. A lot of us in our constituencies see the human impact of this. I had 44 people at my surgery this morning. People come with issues, including about this, and it is really important that we reflect that here.

Finally, on the new work you are doing, Mr Devereux—as you can gather,



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we are very interested in the data that you are collecting—can you send us a statement setting out in writing what information you will be producing, so we are really clear?

**Sir Robert Devereux:** Sure.

Q163 **Chair:** Can you also give us any timescales you can? If you say it is approximate, we understand that things shift a bit, but we would like to know roughly when we can plan to call you back to discuss this.

**Sir Robert Devereux:** I am happy to do that—*[Interruption.]*

**Chair:** Thank you very much. We now need to go and vote.