



House of Commons  
Work and Pensions Committee

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**Benefit sanctions:  
Government Response  
to the Committee's  
Nineteenth Report of  
Session 2017–19**

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**Nineteenth Special Report of  
Session 2017–19**

*Ordered by the House of Commons  
to be printed 6 February 2019*

## Work and Pensions Committee

The Work and Pensions Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Work and Pensions and its associated public bodies.

### Current membership

[Frank Field MP](#) (*Independent, Birkenhead*) (Chair)

[Heidi Allen MP](#) (*Conservative, South Cambridgeshire*)

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### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

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

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

### Committee staff

The current staff of the Committee are Anne-Marie Griffiths (Clerk), Stuart Ramsay (Second Clerk), Libby McEnhill and James Mirza Davies (Senior Committee Specialists), Kemi Duroshola (Committee Specialist), George Steer (Assistant Policy Analyst), Jessica Bridges Palmer (Senior Media and Policy Officer), Esther Goosey (Senior Committee Assistant), Michelle Garratty (Committee Assistant).

### Contacts

All correspondence should be addressed to the Clerk of the Work and Pensions Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 8976; the Committee's email address is [workpencom@parliament.uk](mailto:workpencom@parliament.uk)

# Nineteenth Special Report

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The Work and Pensions Committee published its Nineteenth Report of Session 2017–19, [Benefit Sanctions](#), on 6 November 2018. The Government response was received on 1 February 2019 and is appended below.

## Appendix

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1. The Government welcomes the Nineteenth Report of Session 2017–19, following the Committee’s inquiry into benefits sanctions.

2. The Committee agrees<sup>1</sup> with the Government that the principles of conditionality and sanctions are an important part of the welfare system.

“For a long time, the UK’s out-of-work benefits have been framed in terms of responsibilities and rights, from which derives a system of conditionality and sanctions. [...] The Committee does not believe in unconditional benefits for those who are capable of moving into work. [...]”<sup>2</sup>

3. Conditionality has been a feature of benefit entitlement in the UK since the formation of the welfare state. Claimants on work-related benefits are generally expected to undertake certain activities in return for financial support through the benefit system. When a claimant fails, without good reason, to undertake these, a reduction of benefit (a sanction) is applied.

4. Latest data, published 12 November in the Benefit Sanction Statistics,<sup>3</sup> shows that the proportion of those subject to conditionality on Universal Credit undergoing a sanction was 2.9 per cent in August 2018.

5. Financial sanctions for refusing job offers, or failing to participate in activities to help claimants into work, are also typical across members of the Organisation for Economic Co-operation and Development and other developed countries.

6. Work is the most effective route out of poverty. The Government is committed to helping people find work through a wide-range of support, targeted to each individual’s personal circumstances. Conditionality and sanctions aim to motivate claimants to engage with the support on offer to look actively for work, and thereby to move into work, while ensuring the system is fair to the taxpayer.

7. Officials have looked at a wide range of international studies,<sup>4</sup> and evidence from these is clear that benefit systems supported by conditionality are effective at moving

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1 House of Commons Work and Pensions Committee, Oral evidence: Benefit sanctions, HC 955, Q238 and Q249.

2 House of Commons Work and Pensions Committee, Benefit Sanctions, Nineteenth Report of Session 2017–2019, Summary – Page 3

3 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/755742/benefit-sanctions-statistics-to-july-2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/755742/benefit-sanctions-statistics-to-july-2018.pdf)

4 Several studies were referred to, from Germany, Sweden, Switzerland, Denmark and the Netherlands. Including: The Effect of Sanctions on Exit from Unemployment (<http://repec.iza.org/dp3015.pdf>); The Effect of Benefit Sanctions on The Duration of Unemployment (<https://www.research-collection.ethz.ch/bitstream/handle/20.500.11850/146650/eth-25612-01.pdf?sequence=1&isAllowed=y>), and Monitoring Job Offer Decisions, Punishments, Exit to Work, and Job Quality (<http://ftp.iza.org/dp4325.pdf>)

people into work, and that sanctions are a key part of conditionality. Transitions into work typically increase following a sanction, but there is some evidence from these studies that officials have looked at that shows this can come at the expense of lower wages.

8. The Government thanks the Committee for its recommendations. They have been given full consideration.

9. The Government's response to these recommendations is set out below and forms the content of the remainder of this memorandum.

### **Evidence on the effectiveness of sanctions**

*We recommend that the Department urgently evaluate the effectiveness of reforms to welfare conditionality and sanctions introduced since 2012 in achieving their stated policy aims. The Department should commission an independent review of its methodology for this work. (Paragraph 24)*

*We recommend that the Department include in the evaluation we have recommended an assessment — to whatever extent is feasible — of the impact sanctions have on claimants' financial and personal well-being, as well as on wider public services. It should take expert advice on how to achieve this and consider commissioning external research if necessary. (Paragraph 31)*

10. The Government accepts the recommendation to evaluate the effectiveness of reforms to welfare conditionality and sanctions, and the Department currently supports elements of research on well-being through providing data to external research bodies.

11. The Department will focus its evaluation on whether the sanctions regime within Universal Credit (UC) is effective at supporting claimants to search for work. UC administrative data will be used to look at the impact a sanction has on an individual's likelihood of entering work and on their earnings once they are in work. This evaluation will be completed internally, and the Department will liaise with external experts to quality assure the methodology used for this analysis. The Department would look to publish its results in late Spring 2019.

12. The Department is already supporting elements of the research in this space and it has made sanctions data available to external researchers via the Administrative Data Research Network to look at health outcomes. Following the evaluation into the effectiveness of reform to welfare conditionality and sanctions, the Department will decide on options for undertaking further analysis on well-being.

*We further recommend that higher level sanctions should be reduced to two, four and six months for first, second and subsequent failures to comply, until the Department can present robust evidence that longer sanctions would be more effective at moving people into work. (Paragraph 24)*

13. The Government does not accept the recommendation to reduce sanction lengths. As part of the evaluation committed to in the previous recommendation, the Department will consider whether the amount of time undergoing a sanction influences work search

behaviour. The Department will then reconsider the duration of higher level sanctions if it is possible to develop the evidence base that longer sanctions would be more effective at moving people into work as part of its wider evaluation.

14. Evidence<sup>5</sup> shows sanctions are a motivating factor in moving claimants closer to work. The Department is of the view that different types of failure to comply with conditionality should result in different lengths of sanctions, with the most severe lasting the longest.

15. The table below shows that around 90 per cent of sanctions in UC Live Service are low and lowest level sanctions.

16. Higher level sanctions are much less common, and only applied when claimants have no good reason for failures such as failing to apply for a vacancy or failing to take up work. These account for about 3 per cent of sanction decisions. It is even less common for claimants to receive more than one high level sanction in a 12-month period, and it is in these cases where higher level sanctions last more than 91 days.

### **Sanctions Decisions by Sanction Level**

Time period	High (91+ days)	Medium (28+ days)	Low (7+ days)	Lowest (1+ days)
Aug-17 to Jul-18	3%	8%	82%	7%

*Note: The data used to create this table above is using Universal Credit Live Service. It does not cover Universal Credit Full Service, but the Department hopes to publish Universal Credit Full Service data when the data is available and has undergone sufficient quality assurance to ensure it is robust. (Source: Stat-Xplore)*

17. Since August 2015, 42 per cent of completed UC sanctions (including Live and Full Service) lasted four weeks or less, and a further 40 per cent lasted between 5 and 13 weeks.<sup>6</sup>

### **Vulnerable claimants**

***The evaluation we have recommended must include an assessment of the role played by conditionality and sanctions in improving employment outcomes for lone parents. If a robust causal relationship is not found, there would be a strong case for the Department to end conditionality and sanctions for this group. In the meantime, the Government should amend regulations to ensure that a sanction rate of 20% applies to any claimant who is the responsible carer for a child under the age of five, or a child with demonstrable additional needs and care costs. (Paragraph 37)***

18. The Government agrees to complete research on the impact of conditionality on lone parents as part of the wider evaluation on the effectiveness of conditionality and sanctions but cannot, before then, accept the recommendation to lower the sanction rate for lead carers.

5 <http://ftp.iza.org/dp4509.pdf>

6 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/755742/benefit-sanctions-statistics-to-july-2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/755742/benefit-sanctions-statistics-to-july-2018.pdf)

19. It is important to note that not all lone parents are subject to conditionality. Lone parents with a child under the age of one continue to not be subject to any work-related requirements, and lone parents with a child up to the age of two are asked only to engage in periodic Work Focussed Interviews so they can begin to think about their plan for future work. All other work related activities would be voluntary and claimants will not be sanctioned if they fail to complete these. Those looking after children, of any age, with additional needs are likely to either have no requirements, or have these limited to fit with their caring responsibilities. Where requirements are set, those lone parents (or, in a couple, lead carers) with children up to the age of two would already experience a lower sanction reduction rate than other groups.

20. Furthermore, sanctions are applied in a way that protects the vulnerable. They only affect a proportion of a UC claimant's standard allowance. Payments for essential costs, such as for children, are not touched.

21. Evidence on the impact of conditionality on lone parents is contained in the Lone Parents Obligation impact assessment published in July 2013.<sup>7</sup> This assessment showed that nine months after having introduced conditionality to lone parents, it increased the proportion in work by 8 to 10 percentage points.

22. Based on this evidence, in 2017 the Department increased conditionality and support for lead carers with children (including lone parents) below compulsory school age so that generally where their youngest child is aged 2, they are asked to start preparing for work, and then expected to be available and looking for work when the child turns 3.

23. At the same time additional safeguarding measures ensure that conditionality requirements placed on those with pre-school age children are proportionate to their childcare responsibilities. This includes a cap on the number of hours of work related activity expected, to recognise that they are caring for a pre-school age child, and to fit with the childcare offers available. These include: - both free childcare available for disadvantaged children aged 2 and all three and four year olds; and, as part of Universal Credit, working parents can claim back up to 85 per cent of eligible childcare costs for children and use the Flexible Support Fund if they struggle to pay the initial month's cost up-front.

24. As the Committee recommends, the Department will commit to looking into the impact of this extension of conditionality on work outcomes as part of the evaluation in the previous recommendation.

25. It is therefore the Department's view that the sanction reduction rates should remain as they are unless and until further evidence shows a different rate would better support lone parents into work.

***We recommend that the Department review any guidance or restrictions on working practices, including information sharing, between personal advisers and work coaches for care leavers. It should follow successful examples of joint protocols already in place and, in particular, should consider:***

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7 <https://www.gov.uk/government/publications/lone-parent-obligations-an-impact-assessment-rr845>

- (a) *requiring work coaches never to apply a sanction until they have made contact with the claimant's personal adviser and taken into consideration the information they receive; and*
- (b) *enabling care leavers to give consent for their work coach to discuss any matter regarding their benefit claim with their personal adviser for a specified period of time. (Paragraph 46)*

26. The Government accepts this recommendation. It will complete this work in addition to what the Department is currently doing to improve support for care leavers. Jobcentre Plus districts already work closely with their Local Authority care leaving teams to put in place protocols and processes to support care leavers needing to claim benefits. The protocols include details on:

- the advance claim process whereby Local Authorities notify Jobcentre Plus of young persons leaving care one month prior to their 18th birthday. This will include details of their personal adviser (in England and Wales), or any other support worker known to be involved with the individual claimant, where appropriate;
- information sharing agreements for the young person to give consent for their work coach to discuss any matter regarding their benefit claim with their personal adviser; and
- how Jobcentre Plus and the Local Authority care leaving team will work together to support care leavers including relevant contact details for the personal adviser and work coach to contact each other as appropriate.

27. The Department will review these to ensure that they are robust and will also continue working with the Department for Education and Local Authorities to encourage the take up of protocols locally, where they are not already in place.

28. In addition to this, local processes will be put into place to ensure contact is made with the young person's personal adviser in the event of a sanction being considered. This will allow all relevant information to be taken into account.

29. The Department will also improve awareness on safeguarding amongst frontline staff by using internal communication activities, like senior leaders calls, together with the Department's internal website and the upskilling of Jobcentre staff by their Single Point of Contacts. This will be in place by late Spring 2019, and will not only increase understanding of the challenges care leavers face but also the support that is available for this group. Existing guidance allows staff to proactively disclose information to third parties, such as social services or the police, where they are satisfied a vulnerable person faces risks to their welfare or safety. This would include care leavers facing a possible sanction.

***We further recommend that:***

- ***care leavers under the age of 25 — in line with thresholds for the national minimum wage — only ever lose 20% of their benefit if sanctioned. This provision should be included in the amendment to regulations we have recommended the Government introduce in relation to responsible carers of young children; (Paragraph 47)***

30. The Government does not accept the recommendation to reduce the sanction reduction rate to 20 per cent for care leavers up to the age of 25 but it will consider what changes could be made to lower the rate. The Department will write back to the Committee before the end of 2019 once this has been fully explored.

31. The Department recognises that care leavers experience particularly challenging circumstances and are a group with complex needs and vulnerabilities. The Department has a range of support on offer in Universal Credit (UC) to help care leavers prepare for and move into work but for them to be successful, it is key that they engage with it. Sanctions help motivate care leavers to engage with this support and, as such, any decrease in the sanction reduction rate must continue to provide this motivation.

***And the Department introduce a specific marker for care leavers under Universal Credit to enable it to identify and monitor their experiences within the benefits system, including sanctions. (Paragraph 47)***

***We recommend that the Department introduce a marker for disability under Universal Credit. (Paragraph 52)***

32. The Government does not accept the recommendation to introduce markers in UC as the use of pinned notes is the alternative, better method of recording complex needs. As we have stated previously to the Committee<sup>8</sup> about Universal Support, pinned notes were trialled to ensure key profile notes are instantly visible to all staff when helping a claimant. The trial was positive and was rolled out nationally. Previous markers in the Labour Market System relied heavily upon manual input and were largely static, so this same approach is unable to mirror the claimant's circumstances throughout their journey on UC. Markers can therefore present challenges when recording data.

33. Pinned notes build knowledge about the claimant through the claimant profile notes page. Also, pinned notes are used to support staff in managing and identifying relevant experiences and circumstances of individual claimants. The Committee in their report acknowledge that pinned notes are “a good way for work coaches to communicate better the circumstances surrounding someone's claim”. As they are used frequently for driving conversations with claimants, work coaches have the opportunity to review and update the information in pinned notes more often than in markers.

34. The Department continues to develop its approach to capturing accurate, aggregate data on claimants, including care leavers and claimants with disabilities. This work is ongoing and has been prioritised for the current UC development phase. The Department will report back to the Committee with an update on its progress in late Spring 2019.

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8 [https://www.parliament.uk/documents/commons-committees/work-and-pensions/Correspondence/FF\\_US%20Letter\\_191018.pdf](https://www.parliament.uk/documents/commons-committees/work-and-pensions/Correspondence/FF_US%20Letter_191018.pdf)



***We recommend that the Department immediately exempt the following groups from conditionality and sanctions:***

- ***any claimant assessed by a Work Capability Assessment (WCA) to have limited capability for work;***
- ***claimants not found to have limited capability for work as a result of a WCA, but who have an impairment or health condition, including mental health, and who present a valid Fit Note stating that they are unable to work; where a valid Fit Note can be issued by a health or social care professional and should be presumed to continue for a set period unless there is a good reason to think that someone's health has improved;***
- ***Universal Credit claimants awaiting a Work Capability Assessment who present a valid Fit Note stating that they are unable to work (as above).***

***We further recommend that the Government bring together experts and third sector representatives to consider how voluntary employment support could best be provided to these groups of claimants. (Paragraph 63)***

35. The Government partially accepts this recommendation. Whilst the Department does not agree to immediately exempt the claimant groups as recommended, it can offer an alternative option. The Department will bring together key representatives from the sector to explore options further on how we engage claimants in provision and conditionality.

36. The Department will explore the possibility of a Proof of Concept (PoC) for a general policy that conditionality would not be imposed on claimants before their WCA and those assessed as having Limited Capability for Work. It would remain the responsibility of the work coach to consider each case individually to decide whether to follow the general policy or whether relevant work-related requirements should be imposed. Work will be done with analysts and stakeholders to develop clear outcome measures and success criteria. The Department will aim for this PoC to take place in Summer 2019.

37. The Department does not agree to exempt claimants who have been found 'fit for work' at their WCA but continue to present a 'Fit Note' (signed by a GP providing evidence of a claimant's health condition or disability). This would undermine the WCA process and create a loophole whereby claimants could avoid conditionality indefinitely despite being 'fit for work'. This could in turn increase demand for 'Fit Notes' from health care professionals — usually extremely busy GP surgeries.

38. Claimants who have been found 'fit for work' following a WCA continue to have their work related activities tailored to their individual needs and abilities, based on what the work coach considers to be reasonable in light of their health condition.

39. If a claimant presents new medical evidence to support either a condition that is different from the one on which the WCA decision was made, or a deterioration in their condition, the condition is treated as a new period of sickness. The claimant then has conditionality switched off for the first 14 days, following which they will only have reasonable work-related requirements imposed. They are re-referred for a WCA as appropriate, and are not expected to be available for work.

40. The Department will continue to invest in work coach capability to ensure that they understand the policy and feel confident using their discretion to tailor work related requirements, including applying easements, setting voluntary requirements and ‘switching off’ if appropriate.

41. The majority of the Department’s provision already aims to engage with disabled people on a voluntary basis. The claimants listed in this recommendation potentially have voluntary access to all or most relevant Department for Work and Pensions employment programmes, subject to individual programme eligibility criteria.

42. The Department engages regularly with a variety of disability charity organisations regarding the running of current employment programmes and will continue to consult claimants, experts, third sector representatives and other informed stakeholders as it develops its employment support offer. For example, as part of the Enhanced Support Offer, work is being done with a group of disability organisations on a project in order to better understand the drivers and barriers to customer engagement with Department for Work and Pensions support. The Department also regularly engages with the Disability Charities Consortium and the All Party Parliamentary Group on Disability, amongst others, and agrees to continue to bring together experts and third sector representatives in future.

## Universal Credit and sanctions

*We recommend that the Department does not proceed with its policy of applying conditionality and sanctions to in-work claimants until Universal Credit has been fully rolled out. Even then, the policy should only be introduced on the basis of robust evidence that it will be effective at driving progress in work. In the meantime, it should focus its efforts on understanding better:*

- *The frequency and nature of support that is most effective to encourage in-work progression; and*
- *The additional training and support work coaches need to deliver this programme successfully, including developing an understanding of how structural barriers for both employees and employers might affect in-work progression. (Paragraph 77)*

43. The Government partially accepts this recommendation. The Department agrees that the policy should be evidence-based and is committed to taking a cautious approach, building the evidence about what works before rolling out any substantial in-work offer. The Department does not agree to commit to waiting for UC roll out to be complete before implementing the policy.

44. UC provides the opportunity, for the first time, to support those who are in low-paid work to progress their earnings and fulfil their potential. This is a positive step, endorsed in 2016 by the Work and Pensions Select Committee<sup>9</sup> as “potentially the most significant welfare reform since 1948”.

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9 <https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/inquiries/parliament-2015/universal-credit-15-16/>

45. Once UC is fully rolled out, around a million people will fall into the in-work ‘Light Touch’ group where conditionality, as well as other forms of support, could support these claimants into work. Claimants fall into the ‘Light Touch’ group if they have individual or household earnings between the Administrative Earnings Threshold (AET) and the Conditionality Earnings Threshold (CET). Conditionality is not currently being applied for these ‘Light Touch’ claimants, while evidence is built about what works.

46. Claimants with very low earnings below the individual or household AET (which, for an individual, is currently £338 per month – roughly 10 hours per week at the National Living Wage) - already have the same work-related requirements as those who have no earnings. Those whose individual or household earnings are sufficient to take them above their CET (which is individually set, to a maximum of 35 hours at the relevant National Minimum Wage or National Living Wage for an individual), are allocated to the ‘Working Enough’ group and are not expected to undertake any work-related requirements.

47. The Department has an ambitious and long-term programme of work and funding of £8m over four years has been allocated for research and analysis, small tests and larger trials. Findings from a large-scale Randomised Controlled Trial (RCT) were recently published,<sup>10</sup> which showed that more intensive support had positive impacts on earnings. There is a great deal more to do though, to fully understand the findings of the RCT, and to develop a comprehensive evidence base about what works, looking not only at conditionality but at a wide range of support approaches. Until there is a sound evidence base, the Department will not be seeking to introduce full in-work conditionality, outside any potential trialling activity. It is important that the flexibility is maintained to respond to emerging evidence about effective progression support, so the Department does not believe it should commit now to waiting until UC is fully in place before applying any conditionality in the in-work ‘Light Touch’ group.

48. The Department’s programme of work will include developing a better understanding of our future in-work cohort in UC — their domestic and work situations, barriers to progression and service needs — and looking at a range of interventions to support this cohort. In-work progression is a new area for work coaches, and the Department agrees with the Committee that understanding structural barriers to progression for both claimants and employers is important. The Department intends to focus some of its research and testing programme specifically on enhancing work coach capability to ensure that they are provided with the tools, skills and guidance needed to provide an effective service to in-work claimants.

***We recommend that sanctions are cancelled when a claimant’s change in circumstances means they are no longer subject to the requirement that led to their sanction in the first place. (Paragraph 82)***

49. The Department does not accept the recommendation to cancel sanctions when claimants move to different conditionality regimes.

50. Sanctions act as an incentive for claimants to engage with the support on offer and move into work. When claimants move to a certain labour market regime, for example

10 <https://www.gov.uk/government/publications/universal-credit-in-work-progression-randomised-controlled-trial>

‘No Work Related Requirements’, due to a change of circumstances, the Department adjusts the sanction reduction rate to account for these circumstances, such as caring responsibilities or being found to have Limited Capability for Work.

51. Additionally, the Department provides an incentive to remain in work as claimants with earnings over the Conditionality Earnings Threshold (CET) for six months have any outstanding sanction cancelled. If the sanction is cancelled as it is proposed, this incentive would stop being effective.

***We recommend that any deductions from a claimant’s standard allowance are postponed when a sanction is applied, for the duration of that sanction, to ensure other elements are protected. (Paragraph 85)***

52. The Department does not accept the recommendation to postpone other deductions when a sanction is applied. Legislation provides the priority order in which deductions are taken from the UC award. When a sanction is applied, last resort deductions (for housing and fuel arrears) can also be taken up to 20 per cent of the Standard Allowance. The priority order shows that the sanction reduction is applied first, followed by any last resort deductions. This can take the total deduction amount to over 100 per cent of the Standard Allowance.

53. Last resort deductions are in the best interests of the claimant; they are taken because without them, a claimant could experience further rent arrears, eviction or fuel disconnection.

54. Instead, the Department will explore options for capping overall deductions in relation to sanctions, in circumstances where claimants have last resort deductions. The Department will write back to the Committee before the end of 2019, once this has been fully explored.

## Setting conditionality requirements

***We recommend that the Department:***

- ***develop a standard set of questions that work coaches routinely ask claimants when developing their Claimant Commitment. The questions should elicit information that identifies what, if any, easements should be applied to conditionality requirements. They should be designed to cover all available easements and, together with accompanying guidance, simplify the decisions to be taken by work coaches, with the view of reducing inconsistencies;***
- ***review and improve the information made available to claimants on easements available, including online and in jobcentres; and***
- ***write to all jobcentres to encourage them to co-locate with local support services, particularly but not restricted to, those with expertise in homelessness and mental health. The letter should include case studies of successful pilots. (Paragraph 98)***

55. The Government partially accepts the recommendation. The Department will action a review and improvement of information on easements, and has an alternative proposal to ensure claimants are aware of and can access available easements. Work on co-location is already on-going, and the Department accepts this part of the recommendation in principle.

56. As part of the initial claim gather and when changes occur, standard key questions identify claimant circumstances and determine conditionality that applies to each claimant. These include questions that determine some additional safeguarding measures. For example, the age of a claimant's youngest child will set a maximum cap on what can be asked of those with childcare responsibilities. Circumstances and other information that suggest further tailoring or easements may be required will trigger work coach action to discuss the impact on the claimant's capabilities or capacity. The work coach will agree with the claimant any adjustments, so that conditionality is tailored to the individual's needs.

57. Training and guidance products ensure that development and review of the Claimant Commitment must include discussion of any caring responsibilities, health conditions and any other complex circumstances that could impact the claimant's ability to meet their requirements. All work coaches receive up to five weeks of training including at least two weeks specifically dedicated to coaching skills and questioning techniques to undertake quality diagnostic interviews. Coaches learn to build rapport with claimants and identify those claimant circumstances that require further tailoring of conditionality or that result in any additional easements. Quality review checks are in place to ensure that coaches are building these into their discussions and tailoring expectations appropriately.

58. The additional easements available are of a more specific and largely more sensitive nature. For example, requirements are switched off for victims of domestic violence or those participating in drug or alcohol rehabilitation. These should not be presented as if they would apply to the majority of claimants. Rather than include these as standardised questions to be asked of all claimants, the Department will produce an information package that is provided to all claimants at the start of their claim so that they are made aware of the additional compulsory easements available, enabling claimants to recognise if these should apply, either at that point, or in the future. Work on this is already underway and this should be in place by Spring 2019.

59. In advance of the Select Committee's report on benefits sanctions, work has been undertaken to review and improve both the general guidance and learning products for coaches, case managers and service centre agents. As a part of this, the Department introduced additional learning products that focused specifically on how conditionality must be tailored to the individual claimant and all of the easements available, including the indicators and questioning techniques to identify and apply these correctly.

60. Whilst there is some information available about easements on GOV.uk, the Department agrees that this should be reviewed and improved to ensure it is comprehensive and accessible. The Department commenced this work in January 2019.

61. The Department has commenced developing specific products to focus on and support vulnerable groups – for example, the recently published Universal Credit and Homeless People guide.<sup>11</sup> The Department plans to continue this approach and provide dedicated information packages on easements and other support for other vulnerable groups.

62. It is the Department’s policy to proactively engage with external stakeholders and provide information through those channels that will best reach specific claimant groups. UC guidance products are regularly made available to partner organisations for comment and information. These partnerships will be used to support the development and distribution of additional products, helping to ensure these meet claimant needs.

63. With regard to co-location, the Department for Work and Pensions is permanently co-located in 88 partner organisations’ sites and is actively exploring further potential opportunities.

64. The Department encourages all Jobcentre teams to consider opportunities for partnership working; it is part of normal working practice to promote this where local circumstances allow. Jobcentres are actively working in partnership with many national and local organisations, inviting them in to Jobcentre premises to deliver services, or by delivering Jobcentre services in a partner’s premises on a less formal basis which we call outreach.

65. Local Jobcentre Managers have the flexibility to work alongside organisations to help meet the needs of their communities, assisting the most vulnerable claimants, including those affected by homelessness and mental health conditions. For example, Positive Directions attend Jobcentres in Wirral and provide support with mental health issues and other barriers to employment. In Newcastle, Your Homes Newcastle are co-located in the Jobcentre on a full-time basis to provide housing advice as part of the Newcastle Homelessness Prevention Trailblazer.

## Imposing a sanction — referrals and decisions

*We recommend that:*

- *the Department introduce regulations on what reasonably constitutes “good reason”, having sought input from third sector organisations. Regulations should include, but not be restricted to:*
  - (i) *failure of childcare;*
  - (ii) *claimant travelling to or at work;*
  - (iii) *failure of transport;*
  - (iv) *health-related emergency for the claimant or a dependent;*
  - (v) *unforeseen requirement to fulfil a caring responsibility;*
  - (vi) *attendance at an urgent health-related appointment;*
  - (vii) *tending to affairs for up to two weeks following a bereavement;*

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11 <https://www.gov.uk/government/publications/universal-credit-and-homeless-people>

- (viii) ***any other situation the work coach considers reasonable; and in relation to failure to accept an offer of work:***
- (ix) ***availability and cost of:***
  - ***childcare, and***
  - ***transport;***
- (x) ***other caring responsibilities; and***
- (xi) ***the suitability of hours demanded by the employer and available flexibility; (Paragraph 111)***

66. The Government does not accept the recommendation to introduce a definition of good reason in legislation. Flexibility is one of the key features that underpins the relationship between the Work Coach or Decision Maker and claimant in UC. When considering good reason, Decision Makers are trained to look at each situation and consider individual circumstances. To help, there is extensive guidance, including examples of where good reason could be applied.

67. Furthermore, when claimants agree their Claimant Commitment, the Department provides them with information about sanctions including the type of commitments or activities they will be expected to adhere to, depending on their circumstances and regime, and the type of sanction they can receive if they do not keep to their commitments. This information is also accessible thereafter by the claimant's own Claimant Commitment.

68. The Department is of the view that the current balance is correct because it covers a broad range of good reasons —including all of the examples in this recommendation — and allows for flexibility. A list in regulations could become a checklist, disadvantaging those claimants whose reasons are not prescribed and removing some of the flexibility that is so important to this aspect of UC.

69. In August, the Department sent the Select Committee an example list of good reasons that is available in the Decision Makers' guidance. This is also publicly available on GOV.uk.<sup>12</sup>

***And any contracted provider of a mandatory work-related programme be given the ability not to refer a claimant for a sanction should the claimant provide good reason for failing to comply with a conditionality requirement. (Paragraph 111)***

70. The Government does not accept the recommendation to give providers of the Work and Health Programme (WHP) the ability to not refer a claimant for a sanction if they have given good reason. Participants in the WHP are subject to the same decision making process as those claimants being supported in Jobcentres once a referral for a sanction has been made.

71. The current process asks providers to set out any reasons they are aware of for non-compliance. Decision Makers will add to the information they gather in order to make a fact-based decision. Unlike WHP providers, work coaches in Jobcentres are able, in some

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12 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/720645/admk2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/720645/admk2.pdf)

circumstances, to accept good reason and therefore referral to a Decision Maker is not necessary. However, the outcome of a failure to comply with mandatory requirements is the same for claimants in Jobcentres and participants in the WHP if they provide good reason, whether a work coach makes the decision or if a provider makes a sanction referral to a Decision Maker.

72. The WHP is designed to provide intensive, tailored support for claimants who are furthest from the labour market. Most of these participants join the programme voluntarily, but there is a small minority who are required to attend on a mandatory basis. The design of the programme is such that WHP providers focus solely on providing work-related support and as such Decision Makers make all decisions on good reason.

***We recommend that the Department commit to a timeframe for making decisions at mandatory reconsideration and appeal. It should monitor success against this target and publish the data collected in its annual report. (Paragraph 113)***

73. The Government partially accepts this recommendation. The Department will monitor performance regarding timeliness of Mandatory Reconsiderations (MRs), and will publish the data collected in its annual report, but does not commit to a target for MRs or appeals.

74. The Department's goal is to decide Mandatory Reconsiderations for sanctions and others, in the same Assessment Period that the request is received, regardless of how long there is left in the Assessment Period. In some cases, this means that the Department makes decisions on a Mandatory Reconsideration in as little as one day. The Department monitors how this is being met: internal data shows that the majority of MRs are decided by the end of the following Assessment Period. The Department is developing Key Performance Indicators to accurately measure this performance data and will take steps to publish these by Spring 2019.

75. The Department is keen to balance timeliness of decision making with quality outcomes, tailoring and personalising its approach according to the needs and capabilities of the claimant. For example, where there are health issues, the Department must take that into account on an individual basis and gives claimants time to produce evidence; despite this meaning that making such a decision must necessarily take longer. The Department does not believe that target driven cultures help drive the best outcomes for claimants in these scenarios.

76. Appeals are already mandated by Her Majesty's Courts and Tribunals Service (HMCTS) for a 28-day reply. It should be noted though that the Department has no control over timeframe to resolution as HMCTS determine when an appeal is finally heard.

***We recommend that the Department explore all options for allowing a warning, instead of a sanction, to be issued in response to any claimant's first sanctionable failure. It should set out these options in its response to our report, identify the simplest approach, and commit to introducing the necessary legislation by May 2019. The policy should be based on lessons learnt from the recently announced pilot. The Department must ensure that under both the pilot and subsequent policy reforms:***

- ***the warning must be communicated clearly via the claimant's preferred method of communication, which may not be a written letter; and***



- ***a warning must automatically trigger a meeting between the claimant and work coach. At this meeting the work coach must ensure the claimant fully understands the rules around conditionality and sanctions. They must also review the Claimant Commitment, including considering whether any easements should be applied. (Paragraph 117)***

77. The Government partially accepts this recommendation — the Department will be running a Proof of Concept (PoC) of a warning system; however, this warning system will not automatically trigger a meeting between the claimant and work coach, and the Department cannot commit to introducing legislation by May 2019.

78. The first test (PoC) of a warning system is due to begin in Spring 2019. It will test claimant behaviour and Department for Work and Pensions communications following a warning instead of a sanction when a claimant fails to attend an appointment.

79. Communicating clearly with the claimant via their preferred method of communication is a key part of the warning system Proof of Concept, and this has been factored into the current design. In each case where a warning is applied, the claimant will receive a notification in their Universal Credit journal, and an explanation via their preferred method of communication and at their next appointment. For this reason, an automatic trigger for a meeting between the claimant and work coach is not currently part of the design for the warning system PoC.

80. This PoC is a first step in building the Department's evidence base on a warning system and once it has been completed, further testing on feasibility and communication is required. When there is a better understanding of claimant behaviour, the claimant journey and deliverability of a warning system, the Department will consider whether it is appropriate to introduce. The Department would like to complete this evidence base before committing to introducing legislation. For this reason, it cannot commit to introducing legislation by May 2019.

***We recommend that when a work coach refers a claimant for a sanction, they are required to include, in the information they send to the decision-maker, a recommendation on whether a sanction should be imposed. This should be based on their knowledge of:***

- ***the significance of the claimant's failure to comply with conditionality;***
- ***their understanding of the claimant's circumstances;***
- ***their assessment of the likely impact a sanction would have on the claimant's financial and personal well-being. (Paragraph 124)***

***Based on this recommendation and the other information provided, the decision-maker should make a "provisional decision". This decision must be communicated clearly to the claimant, together with the evidence on which it is based. The claimant should then have 30 days either to challenge this evidence or actively opt not to provide further evidence. If the claimant has not confirmed receipt the decision-maker must make further efforts to contact them. (Paragraph 125)***

81. The Government does not accept the recommendation to include information from work coaches in sanction referrals and allow claimants an additional 30 days to provide evidence of good reason following a provisional decision.

82. Decision Makers are required by legislation to base their decision only on whether the evidence available shows good reason; there is no allowance for them to consider other factors.

83. Decision Makers receive specialist training and can make a judgement based on the evidence provided and any information about the claimant's circumstances that may have already been noted on the system. Decision Makers may also refer to work coaches or directly to the claimant if they consider there is a gap in the evidence and wish to find out more before making a decision. Decision Maker guidance provides several examples of claimant circumstances and how to establish good reason. Whilst these examples are not exhaustive, they demonstrate how Decision Makers should examine each case on an individual basis, taking into account known circumstances of the claimant and looking for signs of more complex needs that may not have been identified yet. This guidance is publicly available.<sup>13</sup>

84. The Department agrees that the personal circumstances of each claimant must be taken into account when making a decision on whether to implement a sanction, but considers that Decision Makers already have the capability to access this information. The process currently in place allows Decision Makers to gain insight into each claimant's situation whilst maintaining objectivity.

85. There are now Decision Makers within 40 Jobcentres across the country in addition to those located in service centres that deal solely with Failure to Attend sanction referrals. By locating these additional Decision Makers in Jobcentres, the Department aims to strengthen communication with work coaches making referrals.

86. Furthermore, a 'provisional decision' and 30-day window for claimants to challenge or opt out suggests a procedure very similar to the 'early warning system' already tested by the Department in 2016.

87. The final evaluation report<sup>14</sup> showed that only 13 per cent of claimants took advantage of the extra time to provide evidence of good reason. In around half of these cases, the evidence provided did not contain a good reason for the Decision Maker to change their decision and the sanction was applied. The majority of claimants did not use the extra time allowed to them to provide evidence.

88. Qualitative interviews with work coaches and Decision Makers indicated that the additional time allowed for claimants to provide additional evidence had very little impact on the ultimate outcomes of sanction referrals or the quantity and quality of evidence submitted by claimants.

89. Based on the findings from this Trial, the Department does not consider that implementing this system would be of impactful benefit for the majority of claimants. However, the results of the Early Warning Trial have led to the Proof of Concept for a written warning system, referred to in the response to the previous recommendation.

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13 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/720645/admk2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/720645/admk2.pdf)

14 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/708126/jobseekers-allowance-sanctions-early-warning-trial-evaluation-qualitative-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/708126/jobseekers-allowance-sanctions-early-warning-trial-evaluation-qualitative-report.pdf)

## Hardship payments

*We recommend that the Government issue revised guidance to all work coaches, and if necessary amend regulations, to ensure recovery of hardship payments is only ever at a rate that is affordable for the claimant, no matter how low, with the default being 5% of the claimant's standard allowance. This action is needed in addition to, not instead of, the longer-term review of recovery caps recommended in our report on Universal Support. (Paragraph 132)*

90. The Government does not accept the recommendation to reduce the default rate for recovery of hardship payments to 5 per cent of claimants' Standard Allowance.

91. The Department announced in November 2018 that it will support those in debt by reducing the normal maximum rate at which debts are deducted from UC awards from 40% to 30% of Standard Allowances. This includes Recoverable Hardship Payments (RHPs).

92. It is the Department's view that if the rate of recoverability were lowered further to 5 per cent, the impact of sanctions on claimants' behaviour could be reduced. Recoverability reinforces that meeting work-related requirements and working is always better – recovery of hardship payments is suspended and ultimately written off once claimants work at or above their Conditionality Earning Threshold for a certain period of time. Keeping a noticeable rate of recovery of RHPs ensures that this continues to act as an incentive to find work.

93. For eligible Universal Credit Full Service claims paid in September 2018, 5,300 (less than 1 per cent) have repayments taken for a RHP (rounded to the nearest 100). In cases where there are other higher priority deductions in place, such as for rent and utilities arrears, the amount of RHP repayment is adjusted to take these into account. The current maximum potential deduction rate for RHPs is up to 40 per cent of the claimant's Universal Credit Standard Allowance in any given Assessment Period. Only 12 per cent of those with a RHP repayment in September 2018 had a recovery rate at the maximum of 40 per cent of the Standard Allowance.