
Director General for Regulation

David Frazer
Head of Profession for Statistics
Department for Work and Pensions
By email

5 August 2015

Dear David,

DWP Statistics: JSA and ESA sanctions

Following our review of the method for calculating sanction rates applied in the 13 May 2015 press release¹, subsequently explained in the note of 17 July 2015², and my conversations with Neil Mclvor and correspondence with Jonathan Portes and David Webster, I am writing to encourage the Department for Work and Pensions (DWP) to publish fuller analysis of the application of sanctions to benefit claimants.

Correspondence from Dr David Webster has brought to my attention the Freedom of Information response, 2014-4972. The FOI provides the sanction rates for JSA claimants between April 2007 and March 2014, specifically giving an annual proportion of claimants receiving at least one sanction in 2013/14 of 18%. This figure contrasts with the statement in your Department's press release of 13 May 2015, which described sanctions as 'a last resort in a small percentage of cases', with over 94% of JSA claimants not receiving a sanction.

Neil Mclvor has sought to explain the sanction rates further and the differences between these two figures. He has provided me with information on the number of JSA claimants during 2014 and the number receiving 'adverse' sanctions during the year. His calculations were based on individual claimants – which we agree provide a more appropriate basis for considering the scale and impact of sanctioning. He estimated that the monthly average sanction rate was 3.4% for claimants subject to at least one 'adverse' sanction in 2014 (comparing with the monthly average Claimant Count). In contrast the proportion of all JSA claimants in 2014 that received at least one 'adverse' sanction was 15.6%.

What these different calculations reveal is that there are alternative questions that can be asked and different ways of undertaking analysis. Firstly, the calculations cover different time periods, with the Department's initial analysis covering the rate of sanctions in a month, while the FOI response calculates the rate of sanctions in a year. Secondly, the calculations focus only on 'adverse' sanctions. Broadly speaking, the process is that DWP seeks to apply the sanction within the week of the benefit 'offence'³. Following review, it may be confirmed as 'adverse', or revoked and categorised as 'non-adverse', in which any withheld benefits are subsequently paid to the claimant. 'Adverse' sanctions accounted for around half of all sanction decisions in 2014. It would also be helpful to calculate the sanction rate based on a broader approach which includes initial sanctions decisions. The table attached below

¹ <https://www.gov.uk/government/news/benefit-sanctions-down-as-more-people-helped-into-work>

² <https://www.gov.uk/government/statistics/jsa-and-esa-sanction-rates-explanation-of-methodology>

³ <https://www.gov.uk/government/collections/jobseekers-allowance-sanctions>

presents our calculations using data from StatXplore on individual claimants receiving sanctions in 2014 by sanction outcome, and applying the denominators provided by the Department. It shows a range of figures for the sanctions rate, depending on the definition of 'sanction' adopted. In passing, I would add that it also shows the benefits of the Department's StatXplore tool in allowing users to undertake a range of analysis.

I would therefore encourage the Department to publish much fuller analysis of sanctions, which should:

- Provide users with benefit sanction statistics based on the actual number of sanctions applied, making clear the numbers of reviews, reconsiderations and appeals
- Make clear the limitations associated with the statistics
- Include in the quarterly benefit statistics bulletin a statement of the proportion of JSA claims subject to a sanction, as well as the proportions of claimants who have been sanctioned during the most recent one-year and five-year periods, and the numbers on which these proportions are based
- Ensure all statements made using the official statistics are objective and impartial and appropriately apply the definitions of the variables underpinning the data, including 'actively seeking work', and
- Extend the range of benefit sanction data available by addressing the gaps in information on repeat sanctions and hardship payments, alongside the development of sanction data from the Universal Credit system

This approach would ensure that public discussion on sanctions takes place on the basis of a more complete picture of the available evidence. I am copying this letter to John Pullinger, the National Statistician, and Neil McIvor, Deputy Head of Profession for Statistics.

Yours sincerely,



Ed Humpherson

	Decision Outcome (duplicates removed) after Review					Denominator JSA Claimant Count and JSA claimants total
	Decision to apply a sanction (adverse)	Decision not to apply a sanction (non- adverse)	Reserved Decisions	Cancelled Referrals	Total	
Total claimants	401,283	213,629	61,273	190,011	678,286 ¹	11,725,974
Monthly average	33,440	17,802	5,106	15,834	56,524	977,165
Average monthly sanction rate (%)	3.4	1.8	0.5	1.6	5.8	
% Claimants in 2014 receiving at least one sanction	15.6	8.3	2.4	7.4	26.4	
Number of individuals on JSA between 1/1/14 and 31/12/14						2,567,057

Source: Sanction decision - StatXplore, Claimant Count - Nomis, JSA claimant total - DWP

Note:

1. The total for decision outcomes takes account of claimants subject to more than one decision outcome during the period