



Work and Pensions Committee

Oral evidence: [Benefit sanctions policy beyond the Oakley Review](#), HC 814

Wednesday 21 January 2015

Ordered by the House of Commons to be published on Wednesday 21 January 2015

Written evidence from witnesses:

- [Child Poverty Action Group](#)
- [Derbyshire County Council](#)
- [Dr Kayleigh Garthwaite](#)
- [Gingerbread](#)
- [Community Links](#)
- [Public and Commercial Services Union](#)

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Members present: Dame Anne Begg (Chair), Debbie Abrahams, Graham Evans, Sheila Gilmore, Glenda Jackson, Kwasi Kwarteng, Paul Maynard, Nigel Mills, Anne Marie Morris, Teresa Pearce

Questions 84 - 180

Witnesses: **Alison Garnham**, Chief Executive, Child Poverty Action Group, **Lois Race**, Service Manager, Welfare Benefits Information and Advice Team and Derbyshire discretionary fund, Derbyshire County Council, **Dr Kayleigh Garthwaite**, Durham University, and **Fiona Weir**, Chief Executive Officer, Gingerbread, gave evidence.

Q84 Chair: Can I welcome you to our second evidence session in our inquiry into benefit sanctions policy, further to the Oakley review? Beginning with you, Alison, can I ask you first of all to introduce yourselves for the record?

Alison Garnham: I am Alison Garnham. I am Chief Executive of the Child Poverty Action Group.

Lois Race: I am Lois Race. I am the Service Manager from Derbyshire County Council for welfare rights and the Derbyshire discretionary fund.

Dr Garthwaite: I am Kayleigh Garthwaite. I am a Research Associate at Durham University.

Fiona Weir: Fiona Weir, the Chief Executive of Gingerbread, the single-parent families charity.

Q85 Chair: You are all welcome. We have two panels this morning with lots of people giving evidence, so I hope you do not mind if we rush through things. Do not feel offended if we do move things along, but obviously time is quite precious for us this morning. Lois, the first set of questions I am going to ask specifically to you about Derbyshire's experience, because you are representing the view from the local authorities. How many people—just an average a month—present to your council saying that they require emergency financial assistance as a result of benefit sanctions? It might be more than that, but as a result of benefit sanctions.

Lois Race: We do not specifically sample for benefit sanctions every month. Over the course of the first year, we had 13,744 applications to the fund. That increased over the course of the first year and is increasing continually through the second year. On average at the moment, we have 1,300 applications a month, no less than that. Indeed, in the most recent week, we had nearly 500 applications in one week.

Of that, we sample at periodic times for different causes of demand, and of the most recent sample that we have the data on, which is May 2014, 15% of the people who were presenting were presenting because of a benefit sanction issue and a further 40% were presenting because of a benefit delay issue, so over half of the demand for the fund, at that time, was coming as a result of difficulties with the benefit system.

Q86 Chair: While you do not have the actual data since then, what is your sense of what is happening in terms of the trends?

Lois Race: It is still consistently at the same level. We did some sampling last week, the data for which is very raw. We have not fully analysed that yet. As a proportion, the number of people who came through with benefit sanctions last week was lower, but the number was the same. We have a spike every January, so there were other reasons that people were applying in the most recent sample period that we did, but our sense is that the number of people who have difficulties because of sanctions is at a consistent level; it is not dropping.

Q87 Graham Evans: Why is there a spike in January?

Lois Race: There is a managing-income situation, I think. We have different trends. We do not fully understand what the drivers always are but, certainly in both Januaries that we have been operating the fund, we have seen an increase in demand, and we also see an increased demand at times like school holidays, with people finding it difficult to manage their money. In August last year, we had a spike when the tax credit system had a difficulty around people who were moving education establishments, and we had a lot of

families coming in saying, “My tax credits have stopped,” so there are quite immediate responses in terms of the requests that we get.

Q88 Chair: Did it have anything to do with winter fuel, or is it the costs of Christmas that might be putting the extra financial pressure on families?

Lois Race: It could be both of those things.

Q89 Chair: We are obviously interested from the sanctions point of view. What is the total number that your council has helped over the two-year period?

Lois Race: In the first year it was 13,744, and at the moment we are having no less than 1,300 applications a month over this current year, so we are expecting that to be much higher this year.

Q90 Chair: How much is that costing the council, and how much of that is covered by money that comes direct from central Government?

Lois Race: All the scheme is funded by the money that has come from central Government in both years, and in the first year, the Derbyshire discretionary fund total spend was £1.1 million. This year, our projection is that we are going to be around £1.6 million.

Chair: That is not coming out of the council’s own resources.

Lois Race: No, it is from local welfare assistance funding.

Q91 Chair: Do you know if your experience is typical of others? You are the only witness we have from local government. How typical is Derbyshire’s experience?

Lois Race: In terms of whether we are a typical fund, there are some councils that do very different provision from us. The demand for support and the drivers for support that we have are similar across lots of other welfare assistance, and also in common with food banks. The evidence that you have previously heard from food banks shows there are similar issues there. The report that came out from the Centre for Responsible Credit recently was suggesting that local welfare assistance schemes are finding similar problems and similar themes, and certainly our experience would chime with that.

Q92 Chair: You talked about the sampling that you do. What we discovered in the last evidence session is that sometimes people think that they have been sanctioned when they have not been sanctioned. Either they have been disallowed or their benefit has been suspended, and it is quite difficult for someone else to work out what is going on if the claimant themselves does not know. How do you cope with that? How do you know that the figures you are quoting are as a result of sanction, rather than just other problems with the benefit system?

Lois Race: We have two ways of knowing that. One is that the Derbyshire discretionary fund team, the local welfare assistance team, has access to the DWP CIS, so they can see

some of the reasons that people are having difficulties and they also have conversations with Jobcentre staff around: “What is the issue behind this person’s present difficulty?” The second part of that is that we refer into the other team that I manage, which is the welfare rights service, and they then get underneath the benefits advice need and try to resolve the issue, so we are confident that, for the people who we are talking about and the examples that we are giving, it is actually sanctions and not other reasons.

Q93 Chair: You are quite happy that your figures are robust? There is a sense that people have that there may be more need through the discretionary fund as a result of benefit sanction than your figures would suggest. Do you think that is, again, because people are thinking that they are coming as a result of a benefit sanction but, in reality, when you look at it, they are not—they are under other financial pressures?

Lois Race: There is certainly a wider picture of people who have problems with the benefit system. Those may be new claims, and we will talk to them about short-term benefit advances, because sadly they have not always been told about those already. There are wider issues or difficulties that cause problems, but for the examples we have given of sanction, we are clear they are sanction situations.

Q94 Glenda Jackson: Could I go back to the discretionary fund? Is it capped, and do Government ever query it?

Lois Race: We were given an allocation of money, and the Department for Work and Pensions has done a request for information about how that has been used and published that as a data set, but it is up to each individual council how they decide to use that money—how much of it gets used in the way that Derbyshire is using it and how much of it gets used in other ways.

Q95 Glenda Jackson: Thank you for that. When I say, “Do the Government ever query it?”, I mean, do the Government ever say, “This isn’t actually a valid claim,” or do they accept the local authority’s disbursement of the discretionary fund?

Lois Race: Absolutely. It is left to the local authority to disburse it as they see fit—as we see fit as a fund.

Q96 Nigel Mills: One thing I see from my case work at times is that people do not always realise that they can challenge a sanction when they have one. Is that the same situation you find—that people have got a good excuse, but just had not realised they could appeal it?

Lois Race: Absolutely. There are two things. One is that our experience is that people do not realise they have been sanctioned, often, until the money does not appear in the bank, so there is a time lag there. The second thing is, when they go to the Jobcentre and query that, they are not made aware, or they do not come away aware, that they can challenge that sanction and how they go about doing that.

Q97 Nigel Mills: That is not a situation that you have seen change in recent months. It is still the same as it was when you started this process.

Lois Race: I would say it is the same as ever.

Alison Garnham: Part of the problem is that the letters themselves are very difficult for claimants to understand. If I can just quote from one, “We have looked at your claim again. We cannot pay you JSA. This is because we recently told you that a decision would be made about a doubt on whether you failed to comply with requirements. From X date, your allowance will be X.” At no point does it say that you have been sanctioned, what you have been sanctioned for, the reasons for that decision, whether you can apply for a hardship payment or whether you can appeal¹. It is a very uninformative letter. Even if people get that letter, it is unsurprising that they do not understand the reason for the sanction. We have come across a lot of cases where the letter comes after the sanction has happened, and sometimes even refers to an earlier date, so it is impossible for the claimant to do anything to rectify the situation.

Lois Race: As an anecdotal example, we had a lady in recently who went to the Jobcentre to find out why she had not had any money. She was told she would be sanctioned. From the system, the officer she was dealing with could see that and said, “The letter is with the team upstairs. You have to go away and wait for the letter to come, and then you will be able to challenge it.” It was in the same building.

Q98 Nigel Mills: The best way to fix this would be to improve that letter and make sure it was out before the sanction and it was clear what was going on.

Alison Garnham: I would argue that there should be the requirements in law that someone has been properly informed of a decision before a sanction can be imposed, because otherwise it is a breach of natural justice, because the claimant cannot possibly make the case, for good reason, if they do not know that something has happened.

Q99 Chair: Can I just ask a question? The Clerk reminds me that he has seen letters that say the things that you say this letter does not say, Alison. I am just wondering whether a different letter is going out in different parts of the country or whether they have already changed the letter.

Alison Garnham: I don’t think so. We have not come across that.

Chair: If you don’t know, that is fine. It is a question for us. Debbie, do you want to come in?

Q100 Graham Evans: I do. On that point, they are jobseekers at the end of the day, aren’t they? They are jobseekers who have been sanctioned. I have two Jobcentres in my constituency. I am going to one tomorrow and I visited the other one last week. I went into

¹ *Clarification from Witness:* after “whether you can apply for a hardship payment” delete “or whether you can appeal.”

great detail on the processes. What you are talking about is a letter. You are quite right; I would not defend the fact that a letter is in the same building and it is on the way. I have seen some letters that are inappropriate and more work should be done in terms of the wording and how it is explained.

However, there have been lengthy conversations with these jobseekers about job opportunities, not turning up for interviews or the agreement that they have signed up to. These are all verbal conversations over several weeks. The letter is the final part, and it is the thing that you are rightly pointing out is perhaps not done appropriately. These people have had conversations with Jobcentre staff, over months and weeks, on finding employment and getting jobs, so it is not totally news to the claimants that they are going to get sanctioned. They would have been told that they are going to get sanctioned if they do not turn up for an appointment. Is that your experience? There is an ongoing dialogue with Jobcentre staff and the letter is the final thing saying that you have been sanctioned. They have had several discussions with Jobcentre Plus staff; that is the point I am making.

Fiona Weir: There is a massive difference between the system as described by Jobcentre Plus and the system as it works, and one of the things that points to that, which we have drawn attention to, is the incredibly and unacceptably high level of non-adverse sanction decisions, i.e. things that are wasting massive amounts of time, causing distress and financial hardship, and they are wrong decisions in the first place. In the case of single parents, a lot of them are because, despite years of having these conversations with Jobcentre Plus and being given assurances that there will be a new level of training and communication improvement, Jobcentre Plus advisers either do not have enough time—these “lengthy conversations” are not lengthy but very quick and box-ticking—or are not properly—

Graham Evans: I disagree with that. I have seen Jobcentre staff have lengthy ongoing conversations over weeks and months to try to help these people into work.

Fiona Weir: Sometimes they do, but the facts are that the Oakley review showed very strongly, as is certainly our experience, and that a large number of claimants do not fully understand the process; they do not understand the flexibilities that are there for single parents. We consistently log examples of Jobcentre Plus telling people that they have to work night shifts or they will be sanctioned. We have multiple examples of this kind.

There is something very dysfunctional about the system at the moment. Some bits of it may be working very well, but it is patchy and inconsistent. The sheer number of non-adverse decisions shows that the system is not working, and that time is being taken up not on conversations about how to support somebody into work, but on conversations about sanctions, good cause and how the system is working, which are leading to a lot of time being taken up on decisions that need to be overturned. It needs fundamental review at the moment. It would be good to look at the business case for switching Jobcentre Plus adviser time back to refocusing on the support into work and a lot less time on administering this process.

A crucial first recommendation you could look at would be not to leap into a sanction decision initially, and certainly to give discretion to Work Programme advisers but also Jobcentre Plus to have a first informal warning discussion with somebody that this is the sort of thing that might lead to a sanction, before you go into this process and get a big pile

of wrongful decisions that then have to be overturned. Somebody has already gone through the distress and fear of sanctions.

Q101 Nigel Mills: Lois, back to you. In the survey you gave us the details of, over half of people who applied for funds from your discretionary fund also applied for a hardship fund payment in the first place. It would be useful to understand why people are having to apply for both. Is that because the hardship fund is not enough or is it because it is too late? Is it a bit of both?

Lois Race: Both, if I may say so. There are clearly some people who cannot access hardship immediately and so they come to us while they are waiting for the hardship to become a possibility, and there are other people who do not know about the hardship fund. We will have that conversation with them. If you have somebody who is presenting and saying, "I have no food; I need to feed my family," if you send them back to the Jobcentre and say, "Now you have to talk to somebody else about whether they will give you hardship and then come back to us," you end up risking a game of ping-pong between agencies, and then you have people who have access to hardship payment but, for their particular circumstances, that was not sufficient to see them through the immediate crisis of not having their full amount of benefit available.

Fiona Weir: In 2012, DWP's research found that less than a fifth of single parents had been told about the hardship fund and only 5% had received a hardship fund payment. There is a particular case where you have children in a family, because we have to take responsibility for the welfare of a child in a household that may have lost benefit payments. We would strongly recommend that hardship payments become automatic for single-parent families, because of the inevitable consequences of cutting benefit on a family where there is a child. That child should not be suffering the adverse impact of this process.

Alison Garnham: I would agree with that. From the work we do in food banks, and we have done research in a range of food banks, very few of the people coming to the food bank ever have any notice of it.

Dr Garthwaite: I was going to say as well, echoing what everyone has said, that from the research that we have been doing in food banks, it is very rare that people know that there is a hardship fund to access, let alone have accessed it. More often than not, I will ask people, "Are you getting hardship?" and they are like, "Oh, what's that?" There seems to be quite a lot of confusion around that issue.

Alison Garnham: Some people are not entitled to a hardship payment for the first 14 days unless they are in a vulnerable group. There is a list of people who are vulnerable groups, which includes people with children, people coming out of care, people who are carers, people with chronic medical conditions and so on, but the problem is that most of the people we come across simply do not know that hardship payments exist.

There is a second problem that, in order to get one, you have to attend in person at a Jobcentre Plus office and fill in a 10-page form. For some people, if they have these medical conditions, they have children at home or they live a great distance from Jobcentre Plus, it is quite difficult for them to do that. They are unable to do it by

telephone, for example. We also have examples of people who have had that delayed by DWP, which has said, “You may be able to claim a hardship payment, but not now; you have to come back on Monday.” There are a lot of problems with getting them.

Q102 Nigel Mills: How do people find out about your services, Lois? Is it that they have been sanctioned, they hit trouble and they find it on the internet, or does some friend tell them?

Lois Race: A big majority of claimants are referred by the Jobcentre. It seems to be that the Jobcentre either identifies the Derbyshire discretionary fund or signposts to us, when we would quite like them to be having a conversation about hardship payments or short-term benefit advances first and then seeing whether that can resolve the issue.

Q103 Nigel Mills: That was where I was heading with that question. It seems strange that they do not advertise their own service before they advertise yours.

Lois Race: Absolutely. We do have a range of other agencies that we work with across Derbyshire. There are children’s centres, support workers and homelessness advisers. The full range that you would expect us to be networked into, we are, but certainly the most frequent start of the conversation is, “I’ve been told to contact you by the Jobcentre.”

Q104 Nigel Mills: People seem to be finding your discretionary service before they have had welfare rights advice. Is that something that you notice?

Lois Race: Yes, and there is a value in the fact that we have both available. If somebody comes to the Derbyshire discretionary fund and there is an advice lead, we can access that or help them to access that to resolve the underlying issue, because that is part of what we want to do. We do not want to have to have people continually needing local welfare assistance. The whole point is to try to fix the problem that has created the crisis.

Q105 Nigel Mills: Why do you think people are not going for welfare advice before they are seeking help? Is that just lack of awareness?

Lois Race: That is part of it, but I also think that, if you do not have any money, there is quite a hierarchy of need going on. If you need to feed yourself or feed the children in your family, you think about that, you sort that one out and, once that is dealt with, you then think about whether you have brain space now to think about challenging that decision. But there is quite a crisis in that family situation that needs to be resolved.

Nigel Mills: My experience in my seat suggests there is pretty good welfare advice provision. It gets out into all the towns. I would probably see the same as you; it is people choosing to get the money before they worry about fixing the system.

Q106 Chair: Dr Garthwaite, you were nodding away there. Is there anything you wanted to add about the welfare rights side of things?

Dr Garthwaite: Yes. I will say to a lot of the people who come to the food bank, “Have you been to the Citizens Advice Bureau?” and sometimes it is anxiety. For people with mental health problems, often the thought of going and having to explain to someone else their problems and seek advice and help can be a big first step. At the food bank, it is a last resort; they have exhausted all the options available to them, so they have come to the food bank. Sometimes that can be a turning point for people in that they can access the Citizens Advice Bureau. I know the Citizens Advice Bureau now comes twice a week to the food bank that I have been working with for the past 14 months, so they can say to people, “You know you have this issue with your housing. Citizens Advice Bureau is here, and they can help you with that issue right now, rather than you having to go away and wait for however long to get an appointment with the relevant person.”

Q107 Debbie Abrahams: We heard at the last oral hearing from Professor Dwyer from York about the Universal Credit regulations, which extend conditionality to people who are in work—so people who are on low pay and in receipt of working tax credits. Currently we have 2.1 million families with children who are on working tax credits and 2.6 million single parents with children who are accessing working tax credits. If you look at the Autumn Statement budget book, you can see the reduction in working tax credit payments. I have asked this question of the Secretary of State and he was not able to tell me anything on it, but would you like to comment on the potential implication for sanctions on people in work on low pay?

Alison Garnham: There are implications in the future in that, under Universal Credit, there will be in-work conditionality. The number of occasions for which you can be sanctioned has grown, because there is a new category of sanctions related to work-related activity. There were always sanctions related to being unemployed voluntarily or not being entitled in the first place because you do not fulfil the conditions, but what has grown is these fixed-length sanctions in relation to not carrying out work-related activity. In the future that will apply to low-paid people too, if they are not working sufficient hours or the equivalent of 35 hours at minimum wage. They will be required to increase their hours or level of pay, so sanctioning could become more of a feature of working lives as well as people who are out of work.

Fiona Weir: It is really not clear how DWP will implement it or that they would apply sanctions to people who are in jobs. It would certainly be an extraordinary development to start sanctioning somebody for not taking sufficient steps to try to grow their hours, and it would be very difficult to see how it would work in the context where we find many people are in involuntary part-time working or on zero-hour contracts and cannot get the hours they want. They are already banging their head against how to get the hours they want without having to demonstrate that they are trying to work hard enough to increase their hours. We need a much clearer statement from the DWP about how they see the in-work conditionality regime being implemented.

Alison Garnham: One of the problems about challenging these sanction decisions is that, even if you succeed in arguing that you had good reason or if you can get it revised under a mandatory reconsideration or an appeal, by that time you have already lived for a considerable period of time without any money, so it is often too late, hence people turning up at food banks or local welfare assistance schemes. I would add to that that we

have come across local welfare assistance schemes that turn people down simply on the grounds that they have been sanctioned, and also local authorities that have refused discretionary housing payments because people have been sanctioned, so it is having a domino effect into other forms of support that they could get.

Most of the people we see at the food bank have never had advice before at all, so this brings a real problem with these fixed-length sanctions. Why they seem to be completely inappropriate for this work-related activity is that you cannot do anything to rectify the situation, because the sanction is fixed-length. If you do the required behaviour that you seem to have failed to have done, it makes no difference. The sanction continues anyway. It does not work as a system to improve people's behaviour; it simply results in destitution.

Fiona Weir: Can I add to that that we are losing track of the whole point of sanctions? It was meant to support people into work. The fact is, when you are struggling to put food on the table because you are experiencing a sanction, you are not in very good shape to be looking for a job. The fact is we have had major reviews of the Jobcentre Plus offer and, just last December, a whole series of reviews of the Work Programme—really solid DWP research. In both cases, it shows that you are no more likely to get a job as a result of sanctions. It is affecting certain types of behaviours, but the majority of claimants see it as unnecessary and irrelevant, because they see themselves as highly motivated to work, and our experience is that most are. Practically, you are not getting better job outcomes as a result.

The whole system has to stop looking at getting off-flow from benefit and start looking at sustainable job outcomes again, because on the Work Programme you are more likely to get a sanction than a job. Sanction figures are higher than the jobs achieved. We are just focusing the whole system around the administration of conditionality. We are talking every day to people who are crying out for skilling up, work experience, some time with a specialist lone parent adviser—now a very rare breed indeed. People want the support. That is what they want from Jobcentre Plus. They want it to be pragmatic and realise that most want a job and support them to get it. They are walking into a system that is totally geared up around the assumption that somehow you will not make efforts to get a job unless you are threatened with sanction.

Q108 Debbie Abrahams: Very briefly, do you have any examples? One of my constituents had a heart attack and was sanctioned while in the middle of a Work Capability Assessment. We have reported about the appropriateness of sanctions, and they are often not appropriate. Do you have any very brief examples?

Fiona Weir: We had a panicked phone call from a mum who was recently made a single mum. She has two young kids, one with health difficulties, who cannot be left on their own. She cannot cope with her shift work any longer because she is now on her own. She phoned Jobcentre Plus for advice and was told that she would be sanctioned for three years if she gave up her job. That was completely wrong advice, but you can imagine the kind of panic somebody is in by the time they come to us, having been on the receiving end of wrong advice. This is the kind of thing that we can all give daily examples of.

Alison Garnham: It is the sort of thing people cannot do anything about, as well. We came across one case in Scotland where someone had attended a Work Programme interview, but DWP still sanctioned them in the belief that they had not attended. This person then committed a crime in order to feed themselves, so it is leading to consequences that are nothing to do with work activation.

Lois Race: We have examples of clients who have missed telephone interviews with Work Programme providers. There was no record of that telephone call ever happening. Fortunately, we do get those turned over on mandatory reconsideration, but it is another example of time spent doing something that we really did not need to be doing.

Q109 Paul Maynard: You have all talked about the flaws in the process, the inappropriate letters and bad process, all of which we can recognise from our own constituency case work. Specifically to Alison, the Oakley review looked at improving the quality of the literature; it looked at notifying of hardship payments. As far as I am aware, the Department is either in the process of updating the letters or has updated. I am not quite sure what tense to use. They explored that. Equally, the DWP evidence states that, since 14 July 2014, no one can be sanctioned without being told of the availability of hardship payments. They have invested in accelerating the payment of those hardship payments. Have any of you seen evidence since July 2014 of that occurring?

Alison Garnham: No.

Lois Race: No.

Q110 Paul Maynard: That allows me to ask the Minister when we have her here and feed that back. Specifically to Fiona, your evidence slightly contradicts something that we heard last time regarding the likelihood of lone parents being sanctioned. The Centre for Economic and Social Inclusion says that lone parents are substantially less likely to be sanctioned than we would expect. Your evidence is about non-adverse decisions.

Fiona Weir: You are absolutely right that single parents are less likely to be sanctioned and go into the sanction system than other claimants but, once they go into the sanctions system, they are much more likely to have a non-adverse decision.

Q111 Paul Maynard: That was going to be my “but”. From something you said earlier, clearly there is an issue here with the first part of the process of engagement with Jobcentre Plus for lone parents. You were talking about the issues of formal and informal warnings. Could we have some sort of discretion? I wanted to explore that philosophically without this taking too long. We would all think it common sense to have a brief chat with someone to say, “If you do this, X will occur.” That is an informal discussion, if you like. It will not appear in any statistics anywhere or anyone’s record so, in a sense, it almost does not exist.

The moment you start to move to a more formal system whereby you have to give someone a warning of some sort, that discretion becomes formalised, if you like. You are moving it forward in the decision-making process. You then start to have another argument,

“Oh, shouldn’t you be having an informal discussion before you start the formal discretion?” and you start to go around in circles. We would all agree common sense says you need to have some form of discretion. Jobcentre Plus advisers I speak to all say that they already have that informal discussion and deploy that discretion. How do you think we can resolve this tension, so that common sense can apply but as a formal system that allows everyone to feel that natural justice, as Alison mentioned, is being done? Sorry, too long a question.

Chair: It is also Anne Marie’s question.

Paul Maynard: My apologies, Anne Marie. I do beg your pardon.

Alison Garnham: Can I offer a partial explanation? In relation to sanctions for a qualifying benefit, there used to be a list of what good cause was and examples of what that might be. Those have all been taken away now and apply to none of the occasions where sanctions might be applied, so decision makers do not have any kind of guidance² about what sort of thing, like transport problems or childcare problems, might be a good reason. It leaves it open to say anything is a failure to meet the conditions, and that is really unhelpful. It would be really useful to bring something like that back.

Fiona Weir: I think ERSA raised it as part of their evidence, but it is a particular problem with the Work Programme, where they really are required to refer people across. They cannot just have that basic conversation and say, “Why didn’t you turn up?” or “Why were you late?” when it is fairly obviously a good cause to be able to say to them, “That is exactly the kind of situation that will get you sanctioned if it happens again,” and then be able to leave it at that and move on.

Paul Maynard: That requires legislative change. Yes.

Q112 Glenda Jackson: To go back a bit, speaking about the kinds of anxieties that are produced in people when they are sanctioned, we have had evidence of people simply giving up on Jobcentre Plus and never going back. Do you have any figures to support that, over and above anecdotal evidence? I have it from my own constituency, but are there any figures to show it? These people are not going into jobs. That is the bottom line; they are just never going back to Jobcentre Plus.

Dr Garthwaite: I have not got any figures on that, but I have seen examples of people who have come to the food bank who say, “I have been for my ESA Work Capability Assessment and I have been found fit for work, but I feel like I cannot apply for Jobseeker’s Allowance because I cannot fulfil the conditionality that that requires me to fulfil.” I have come across it. It is not common, but it is something I have come across in the past 14 months of doing the research.

Chair: That is a question for our next panel, probably.

Q113 Sheila Gilmore: We are almost talking about two different things, I think. There is giving people warnings like, “If you do this, that might happen,” and then there is

² Clarification from Witness: after “any kind of guidance” insert “in law”

what actually happens when there is a sanctions referral. The experience of some of my constituents is not that they do not understand it or they have not had those informal discussions, but when there is a referral for sanction the money stops. That particular incident is really quite different. They know in theory, “If I do not apply for X jobs or I do not go to that interview, I could be sanctioned,” but when the sanction happens they say it is because they had transport difficulties, a child fell ill or something, which might be good cause. I am not sure whether they are the same things, and whether informal discussions are enough or whether, if it is first incident of that, giving somebody a yellow card is a different phase of the process. You can understand it perfectly well, and still something happens.

Alison Garnham: This is why we think you need a 14-day period before a sanction can be imposed, because otherwise you do not have the opportunity to have that conversation, because people do not know, in many cases, that it is about to happen, plus the decisions are often made on quite frail grounds. You have been asked to look at 48 job sites and you did not have access to a computer, so you looked at 47 and you get sanctioned. These kinds of things are ridiculous.

Fiona Weir: It is also why we get into the kinds of discussions we were having where Jobcentre Plus says, “But we produced a new leaflet,” or “We have improved our communications.” In good faith, they think they are making the improvements, but what they keep underestimating is how hard it is, particularly for more vulnerable claimants, to take it in, digest it and understand the implications. That is why nothing beats a relationship of trust with your adviser and having some time, so they can ask you to recap on what your understanding of something is and how you think it might apply to your own circumstances. That is the point at which it begins to sink in.

Alison Garnham: That is a really important point. Following on from what Fiona is saying, we have huge amounts of evidence from DWP evaluations of previous New Deal programmes and employment support programmes about what works, in terms of work activation, and that is the relationship of trust with the personal adviser. There is no evidence that sanctions improve people’s work activation; in fact, there is evidence to the contrary—that it is less likely to lead to positive work outcomes and job retention. It is more likely to lead to people being alienated from the Work Programme.

DWP could well look at its own evidence. It has a lot of evidence. There were schemes like the New Deal for Lone Parents, which doubled lone parents’ chances of getting a job, but it was an entirely voluntary scheme. There were no sanctions involved. The successful aspect of it was the engagement with the personal adviser.

Lois Race: Just going back to a phrase that Alison used, which was “frail grounds”, we do not have the analysis in a statistical form, but we have lots of examples of sanctions decisions being made for what we could regard as frail grounds. “You have not done enough job search over Christmas,” but the libraries and the Jobcentres were all closed. We are clearly not the only ones with that experience.

The claimants present at the Derbyshire discretionary fund in need of support. We talk to them about doing the mandatory reconsideration, and mandatory reconsideration can take seven to 11 weeks, by which time they have had four weeks without income. We may well have supported that in that situation. The resolution of that, in terms of an overturned decision on mandatory reconsideration, comes too late for that immediate crisis.

We also have claimants—I do not know whether others have similar experience—who by the time they have got into the mandatory reconsideration process have managed, through our support or other reasons, to see through that period, and they lose faith and lose heart with the point of doing the challenge and exit that process. Our great concern is, if there is another frail reason for a sanction decision in the future, that is a 13-week sanction, so we really do want to talk to people and say, “You need to get this four-week one sorted, even if you have weathered the storm, because that is there now and the next one is going to be a 13-week one, if there is another situation that arises.”

Dr Garthwaite: I would like to add to that as well that it can sometimes be a problem, particularly for new jobseekers, especially with health problems—people who have worked for a long time and are new to the benefit system. I have seen people who have come to the food bank who, through a genuine mistake, have missed an appointment at the Jobcentre and they had not realised the acceleration of what will happen when they do get sanctioned. For people who are new to the whole benefit system, sometimes there can be confusion there.

Chair: There is another example of letters being sent by the DWP dated 25 December. Anne Marie, we are finally on to you and your question about single parents.

Q114 Anne Marie Morris: We have covered quite a bit on single parents but, Fiona, perhaps I could prevail upon you to pull together some of the comments that you have made and indeed that have been made by others. Fundamentally, what you are saying with regard to non-adverse decisions is that the system does not work; it is a waste of money. You have a two-tier process between the Jobcentre and the DWP, and you have said that there is not the help and guidance and all the specialists that there were on the ground. You are concerned about the level of training and indeed the awareness of the individuals, with the whole flexibility regime. If you had a magic wand, after listening to everything that Paul and others have said, maybe we could drill down into a little more detail as to how you would change the system to deal with those faults in it.

Fiona Weir: Fundamentally, the system has to be designed for the majority of claimants who want to work. Single parents are highly motivated to work. Most DWP reports say that. You have to start with that aspiration and give them time to overcome the barriers and opportunities to skill up—time with an adviser, work experience and so on. That is what they are looking for when they come to the system, fundamentally. You need to refocus Jobcentre Plus very much around sustainable job outcomes and working with the aspirations that most of their clients have, and see sanctions as being back in that box called “last resort, use sparingly” for the small number of cases, not the predominant culture that hits you when you go into Jobcentre Plus. There is something very fundamental about culture and rewarding Jobcentre Plus advisers on sustainable outcomes, not on how they are processing conditionality and benefit off-flows and so on.

That really gets back to acting in a very pragmatic what-works way—let’s look at what works. We know stacks of DWP reports say it is adviser time. We know that there are important things you have to do, like childcare costs, which the Government is addressing and which we hope they will do more on. Get those bits into place, but move the focus.

The new government that responds to your inquiry needs to take a fundamental look at not just the process changes we have been recommending at the margins but pragmatic, effective ways of getting people into work. That is what people want. That is for the vast majority of claimants coming through. It is what every citizen who wants to see the welfare bill fall wants. We just want to see people supported into a sustainable job and, at the moment, the system is not geared up around that as the predominant culture.

Q115 Anne Marie Morris: Can we drill down a bit into how you do that? The challenge is that culture change is probably one of the most difficult changes to make. How would you do it? What you are talking about is quite a lot of face time, and that is expensive. I am not saying that is not the right way to do it, but how do we make that efficient? Do we train everybody a bit or do we still have specialists? Is there any information that we give to single parents before they come?

Fiona Weir: You need specialist lone parent advisers. They have been proven to be very effective in the past. You need very high-quality information about the single parent flexibilities and how they apply, and that needs to be very clear and checked at the Claimant Commitment stage. You need to performance-manage Jobcentre Plus advisers using the right indicators, and they have to be sustainable job outcomes. We should be challenging Government saying, “That is too expensive,” because it is clearly the right way forward.

Jobcentre Plus advisers would love to have a workplace culture that was more geared around supporting clients into work. What they are getting is signals from the top that the system has to be seen to be essentially enforcing a conditionality regime. As to the predominant signal from the top from the new government, whichever complexion that government is, this is an area where we would say to each major political party that you need to re-think the current consensus about how the sanctions regime is working and start getting back to basics on sustainable job outcomes. That is what we are here for.

Q116 Anne Marie Morris: With regard to the Claimant Commitment, you are saying that we could do a better job at that point of explaining flexibilities, etc. Is that now completely absent? Is it mentioned at all?

Fiona Weir: There is a huge amount that goes on. If you look at the processes and procedures Jobcentre Plus has, a lot of the key things in place you would expect and want. The problem is getting them applied consistently across Jobcentre Plus. We are picking up on a huge amount of patchiness that is causing problems, and the other problem is sheer pressure on adviser time. It would really be worth examining the business case for how much time all the decision-making processes are taking up, because they are very time-consuming and Jobcentre Plus adviser time is at a premium. We know that when there was new conditionality introduced for Income Support, Government put a really big chunk of money into the system just to administer the new conditionality regime.

Somebody needs to look hard at where adviser time is going and whether, long-term, you would get a better use of adviser time if they were focused on getting people into work and spending less time overturning poor decision making. We would ask you to ask the Minister to take some steps to initiate some of those kinds of assessments.

Q117 Anne Marie Morris: In the short term, given that culture change takes a long time, what you pointed to is a waste, and frankly everybody would see it as a waste, of a two-part process. What could be done with regard to the working relationship and/or the processes between Jobcentre and DWP to stop these non-adverse decisions, while we thought the problem out?

Fiona Weir: In terms of the process reviews, some of it is about getting safeguards into place. You need to give time for the decision-making processes to work their way through. You need to have time before benefit cuts kick in. Ideally you need to have some automaticity about hardship payments, because we keep losing track of the fact that there are children in these families and there are real question marks about the ethics of a sanctioning regime that is affecting children, who are not accountable for what is happening. You need to put a lot more of those safeguards in place to make sure that you are not having vulnerable people suffering from a system that should be there to provide them with support.

Alison Garnham: We have come across cases where lone parents are afraid to mention that they have childcare difficulties, because of the background of fear of sanctions. They think that, if they say that, it will count against them in some way. In fact, the lone-parent flexibilities are there to help them with that situation, and there are even funds that could help them with childcare costs to attend. Because of the level of fear, they are not even having that discussion. That is a real problem.

Q118 Anne Marie Morris: While specialists clearly are better, pro tem, because it will take a while, is there an argument for some sort of general training so that all advisers have a better understanding?

Fiona Weir: There has to be accredited training to a standard, because advisers are taking essentially judicial decisions—decisions that profoundly affect the level of income that very poor families will have. That is an extraordinary power to give to somebody and, therefore, we should take very seriously the responsibility for making those decisions well.

Q119 Glenda Jackson: To pick up on the point that you made, Alison, with regard to single parents who do not discuss their childcare because of fear, how much of it is about an employer's reluctance to be flexible with regard to the shift work that is often presented to a single parent? This is only anecdotal from my own constituency, but I have had three cases where single mums, because there was such inflexibility on the part of the employer, could not take the job. That was not the fault of the mother; it was the fault of the employer. Of course their business was dependent on shift work in that way, but what is the linkage there, if it comes close to sanctioning? That should never happen, in my view, for single parents anyway.

Alison Garnham: That is what the lone parent flexibilities are supposed to be for.

Glenda Jackson: They do not know about them; that is the point.

Alison Garnham: That is the problem. Also, there is long-standing research that single parents are afraid to take certain types of jobs, because they fear that they will be sacked because of not being able to fulfil those conditions. Again, that is what the lone parent flexibilities are for, so that you can put in place those restrictions.

Q120 Glenda Jackson: On occasions—well, a couple of times—it seems to me that the urging of Jobcentre Plus of this job being the one is incorrect. They should know if an employer is going to be inflexible in that way. There should be some kind of linkage, I would have thought, but there does not seem to be.

Alison Garnham: It ought to be a good reason to say a job will not work for you as a single parent, absolutely. That should be seen as reasonable.

Glenda Jackson: That does not seem to be said, ever.

Q121 Graham Evans: Continuing from Glenda's good point there, you just talked about advisers doing the sanctioning. You mentioned a tick-box culture earlier. In my experience of Jobcentre Plus staff, the decision to sanction somebody is not taken lightly, and it is not by the individual adviser; the line managers have all been involved and they have gone to great lengths to try to help the individual. Glenda's point is exactly right: in my constituency, the Jobcentre staff know of the jobs. There are jobs that are appropriate for people who work part-time with children, and so on and so forth. They have lined up interviews and they have failed to attend. You keep saying that Jobcentre staff are using the tick-box culture and putting people in sanctions. That is not my experience. Jobcentre staff work very hard on a case-by-case basis, and they do not take the decision lightly to put people on to sanctions.

Fiona Weir: We are very positive about a lot of Jobcentre Plus staff, but the facts are that over 43,000 single parents were wrongly referred for a sanction decision that a decision maker then decided should be non-adverse, and another 16,000 went to the next stage to decision review before it was then decided that the sanction was non-adverse. The fact is there are quite a lot the system is not getting right.

Graham Evans: Sure, but all I am saying is that not all Jobcentre staff get it wrong. In my experience, they work very hard to help individuals on a case-by-case basis.

Fiona Weir: No, absolutely not.

Chair: Consistency is the key. We have about eight minutes for the last section, and Debbie's got a question on health impacts.

Q122 Debbie Abrahams: Dr Garthwaite, your submission to the Committee describes the effects of sanctions on people who are already poorly, who are suffering from ill health, particularly those who have mental health conditions. Could you tell me how sanctions affect people?

Dr Garthwaite: Our research has shown that people using the food bank are likely to be living with already fairly long-term financial problems, which can include low-wage work,

accumulation of debt and issues with housing. Additionally, we see a lot of people who are affected by the bedroom tax. There are issues with fuel poverty. All of these things combine to have a negative impact on often already poor health. When people are sanctioned, these problems are often aggravated even further, because they have lost their only source of income. Therefore, they are going without sufficient food and energy to maintain their health or even improve their health if they are recovering from illness.

Another detrimental impact on mental health comes because people are often quite embarrassed and stigmatised about having to come to the food bank in the first place. They feel quite ashamed. There is a lot of stigma surrounding food bank use. As has been mentioned this morning, there is a lot of distrust of the system and a feeling that the system is out to get them, rather than there to support them, which is a shame. Often people who come to the food bank say, “I would love to work, but my health problems are so poor, I feel like I cannot maintain a full-time job because of ongoing health problems.”

Q123 Debbie Abrahams: Can you describe a bit of detail of how it manifests itself for somebody who already has mental health conditions, for example? You described a few case studies. There was one woman who was so badly affected by it that she did not feel like she could go out of the house. Could you just describe that?

Dr Garthwaite: The particular example is Jessica, who is case study 2 in our written evidence. Jessica was 22 weeks pregnant when I met her at the food bank, and she had walked over two miles to get to the food bank because she could not afford the public transport. She was receiving ESA for her mental health problems, which had been triggered after she had a stillborn son about eight months ago. Since then, she had been finding her anxiety and mental health problems extremely difficult to cope with. She missed one of her appointments and, despite letting the adviser know that she could not get in that day, she was sanctioned.

From her mental health problems there was a spiral effect. Her worsening debts led her to seek out Citizens Advice Bureau for some help with that. She told me as well how she was not eating proper meals. She had not eaten a proper cooked meal for over two weeks. She was living on her sister’s children’s leftovers. She did not have any electricity in her flat. She said, “I haven’t had my fridge or my cooker switched on for three weeks. I can’t afford the electricity. I sold my telly last week; there was no point in keeping it, because I cannot afford to use it anyway.” Unfortunately, cases like Jessica’s aren’t untypical. We see quite a lot of people coming to the food bank who are experiencing similar incidents, which are therefore impacting on already poor mental health.

Q124 Debbie Abrahams: You mentioned food bank use, and over a million food parcels were provided last year. The report is saying that 45% are directly as a result of sanctions. In my constituency it is 60%. You also talk about the issues. Obviously the food parcels are food that is not going to go off, so it tends to be tinned or processed, and that has implications for health as a whole. Could you just describe that in a bit of detail?

Dr Garthwaite: Obviously food bank provision is intended to be emergency food. It is nutritionally balanced for three days’ worth of food for somebody in a crisis. The problem we are seeing with people in the food bank is that a crisis does not just last three days.

There are longer-term financial and all sorts of problems, which are leading to people not being able to afford to eat the healthy food they need to maintain their health.

Particular examples that I have come across within the food bank, which quite shocked me, were people who have, for example, digestive problems such as irritable bowel syndrome or other deficiencies such as anaemia. People have reported how, after they have received the food from the food bank, they have eaten food that aggravates their condition, such as white pasta or white rice, and processed foods. There was the example of Naomi. She was suffering from irritable bowel syndrome. She said, "I ate the food that I received from the food bank and then I was ill all over the weekend. I knew I would be. I knew from eating the white wheat-based food that I would be poorly, but I was hungry, so I just suffered the consequences afterwards."

Another example of how people living on low incomes are not able to afford the healthy food that they need for their health is Anna. Anna is 51, and she has digestive problems that make consuming wheat and dairy difficult. She was also suffering from mental health problems. Anna was sanctioned after she missed her Jobseeker's Allowance appointment. She was an example of someone who had always worked in the past and was new to the benefit system, so she had accidentally missed her appointment. Anna had an 11-year-old daughter, and I met both of them in the food bank. It was in the school holidays. Anna told me how she and her daughter had been having to eat tinned food that was out of date and were often overlooking fresh produce, because the more fruit and vegetables they buy, the more the chance of wastage.

I asked her how this was all impacting on her health and she said, "Completely. Because of the anaemia, my energy levels are so low, I nod off regularly and, towards the afternoon, I do not have energy to do the housework. I am not unintelligent; I know what I need to keep my levels going. I know what I need for my diet, but it is hard to keep that going when you are left with eating just bread, with maybe chocolate spread on it, and that is all you have for the day. Those carbohydrates are the short-lived things for energy. I know enough about what I should be eating, but you cannot always manage to afford it." She also went on to say, "My daughter has been quite constipated recently. She has never been like that and that is no good for her. We could always afford yoghurts and things with fruit in, but now we really struggle to do that." Both of those examples show how being unable to afford healthy foods can impact upon the health of people living on low incomes.

Q125 Debbie Abrahams: Absolutely, and we have rises in deficiency diseases as well. My last question, Dr Garthwaite, is about the transferability of your work. Obviously this is a qualitative piece of work that you have undertaken, but would you like to comment on how you think this could apply to areas other than the north-east and Stockton, where you were working?

Dr Garthwaite: Obviously, as you say, our study is just focusing on Stockton but, from looking at the range of written evidence and other research that is coming out looking at food banks, our findings are quite typical of what has been said already. The recent *Emergency Use Only* report just before Christmas highlighted the impact of mental health issues for people who have been sanctioned, so it is a wider issue than just simply our case study. It definitely has transferability.

Lois Race: Can I add that there is an issue brewing that is very prevalent for us, which will continue? It is the correlation between people who are challenging ESA Work Capability Assessment decisions and being, in effect, forced on to Jobseeker's Allowance. Then they end up not being able to comply with the Jobseeker's Agreement conditions and end up being sanctioned. There is another unvirtuous circle there.

We certainly have a number of people who we are concerned about. We have one lady in particular at the moment who has presented to the Jobcentre three times, while she is in the middle of challenging her ESA decision. We are still waiting for a mandatory reconsideration outcome before we know whether we need to appeal or not. If we get her to appeal stage, she will be able to get ESA assessment rate money, and she will not need to be in the Jobseeker's Allowance situation. While the mandatory reconsideration is on the way, she cannot do that, so she has to go and claim Jobseeker's Allowance.

She has seen three different Jobcentre advisers. The first two were fine with her, and said, "We recognise the restrictions on your availability because of your illness, disability or what have you." The third one had her in tears, a very different experience, and he said to her, "You have to do 35 hours a week job search, otherwise you are at risk of being sanctioned." We are waiting to see whether that is going to be a problem for her or not but, in the meantime, her health is not good because she is under that stressful situation.

Q126 Sheila Gilmore: I wanted to follow this up, because this is something I have done quite a lot of work on and had various debates on. The assurances I have been given by Ministers repeatedly are that, in that situation, people will be given flexible conditionality, which will take regard of their health situation, and that that is happening and there should be no worries. What is your experience of that?

Lois Race: That might be working, but we certainly see cases where it is not, and we have concerns about that.

Dr Garthwaite: I would like to add that there are instances of people under-claiming benefits and receiving zero income. It was not a common experience, but it is something I have definitely seen in the last 14 months. Even just last Friday, I met someone who was living without any income at all. He was 34; he left work after a shoulder operation and tried to claim for ESA, but he was found fit for work. He also has depression problems and is having a lot of issues with ongoing debt problems and relationship problems. I asked him if he was claiming JSA while he was awaiting his appeal, and he said he had just been told by Citizens Advice that he could claim for JSA, but he said, "I cannot do all the things they would want me to do. They look at you; you seem fine." They think he is fit to work, "But I am not," he said. "My mind is all over the place." He said he does not want to go back into work while he is not ready, because that will just make him feel worse with his mental health.

At the moment, he was just struggling on but with nothing, no income at all. Like I say, that is not a common experience, but it is something that we have come across and it is something that needs highlighting.

Alison Garnham: In relation to sanctioning decisions, we have come across this with people who have moved to JSA, and we had somebody who tried to commit suicide as a

result of the sanction. One of the problems seems to be that information is not being shared between the Work Programme and decision maker. The decision maker does not pass on the ESA85 form, which explains what the basis of the Atos decision has been.

Chair: It is something we have picked up.

Alison Garnham: The Work Programme does not know about that and, in reverse, if there has been safeguarding activity in the Work Programme, that is not then conveyed to the decision maker at Jobcentre Plus when they make a decision about a sanction. Although some of this is going on, it is not being fully communicated when the sanction decision is being considered.

Q127 Paul Maynard: I will be as quick as I can. In the last session, we discussed with Mind whether financial conditionality and sanctions were an appropriate model for those with a mental health condition. I wonder, Dr Garthwaite, from what you have observed in Stockton, if you feel it is possible to develop a model of conditionality that would work for patients with a diagnosed mental health problem who are claiming JSA, and would deliver conditionality without the negativity that clearly comes with a financial sanction, which then traps them almost into a spiral.

Dr Garthwaite: At the moment, the people that we are seeing at the food bank feel, in terms of conditionality, that there is more focus on the responsibilities rather than their rights. There is the issue that people feel like they have to fulfil certain responsibilities, and there are certain things that they are having to do.

Q128 Paul Maynard: Which responsibilities do you think it would be fair for them to fulfil? Any at all, or should it be non-conditional?

Dr Garthwaite: In terms of sanctions, people receiving ESA and people with health problems, sanctions do not seem to fit people with health issues.

Paul Maynard: That would be no conditions at all then, you would suggest.

Dr Garthwaite: I would not say no conditions at all.

Paul Maynard: I am just trying to understand what they could look like, that is all.

Dr Garthwaite: From what we have seen, any conditions that there are would need to be a lot more transparent and a lot more flexible to fit people's health problems, rather than it being strict. I know there has to be some sort of level of conditionality, but I would argue that, for people who are receiving Employment and Support Allowance and who are jobseekers with health problems, they could do with more of a flexible and personalised approach, if that answers your question.

Paul Maynard: Well, there are a lot of minds on the topic. There is some thinking to be done.

Q129 Chair: Can I put a question to you that I put to the panels last week? Part of the reason for this inquiry is to see whether sanctions work to make people more likely or less likely to get into work. I am just asking if sanctions work as a barrier, in your opinion, not to all people but to some people accessing the labour market—just a quick yes/no.

Lois Race: From our experience in the discretionary fund, they cause a crisis that has to be dealt with. It gets in the way of people's ability to be fulfilling the conditionality requirements of Jobseeker's Allowance or Employment and Support Allowance, so they create another diversion from the work.

Chair: Everybody else is nodding.

Alison Garnham: I agree. It puts them in a less good position, and the research reflects that. The culture of encouraging people into paid work is completely different from a culture of sanctioning. We were just talking about health conditions. I wanted to read a little bit from the decision maker's guide, where basically it is assumed that your health would be damaged by a sanction. It says, "It would be usual for a normal healthy adult to suffer a deterioration in their health if they were without essential items, such as food, clothing, heating and accommodation or...essential items. The decision maker must decide if a person with a medical condition would suffer a greater decline in health than a normal healthy adult and would suffer hardship." It is assumed deterioration in health is part of the result of a sanction regime. That is just a simple point showing that, in relation to work activation, that cannot be the way to encourage people.

Chair: Can I thank you very much for coming along this morning? We have a second panel coming in, so I ask you to move quickly and the people who are in our second panel to take their seats. Thanks very much.

Examination of Witnesses

Witnesses: **Ben Robinson**, Head of Policy, Community Links, **Steve Hughes**, Head of Economic and Social Policy, Policy Exchange, **Mark Serwotka**, General Secretary, and **Helen Flanagan**, Vice-President DWP, Public and Commercial Services Union (PCS), and **Professor David Stuckler**, University of Oxford, gave evidence.

Q130 Chair: I think we will get started. We were doing very well on the time and then I blew it by asking an extra question at the end. Can I thank you very much for coming along this morning to help us in taking evidence on our sanctions work? Starting with you, Ben, can you perhaps introduce yourselves for the record, please.

Ben Robinson: Ben Robinson, Head of Policy at Community Links.

Mark Serwotka: Mark Serwotka, General Secretary at PCS.

Helen Flanagan: Helen Flanagan, a PCS NEC member and Vice-President of the DWP group.

Professor Stuckler: David Stuckler, Oxford University.

Steve Hughes: Steve Hughes, Head of Economic and Social Policy at Policy Exchange.

Chair: Thank you very much and you are all very welcome. The first set of questions is from Sheila Gilmore.

Q131 Sheila Gilmore: Good morning. I wanted to ask Steve in particular about a statement in the 2014 report that suggested that, at times, the regime was too lenient on people who had repeatedly failed to keep to their regime, but sometimes too stringent on those who had made a single mistake. Could you perhaps explain a bit more about that?

Steve Hughes: Firstly taking the too stringent point, which was in relation to the evidence that you have heard and seen a lot of, those people receiving a sanction could be going through a system whereby it gets overturned. There is quite a high proportion of people getting their sanction overturned. Engagement in understanding the sanctions is very important for jobseekers and those people on Jobseeker's Allowance.

We suggested that, instead of having a financial sanction for a lower-tier first offence, we could test and pilot non-financial sanctions. We obviously have a lot of evidence that people go to food banks because of sanctions. Hopefully, that financial impact would no longer occur, because instead the benefit would be paid in a different format to recognise that an offence had occurred, but it would still be paid.

The second element of that was another part of the non-financial conditionality, which would be engaging with the Jobcentre a bit more. We recommended daily sign-on for a period of eight weeks, which would attempt to overcome the problems of people not engaging and just dropping out the system, being able to access a Jobcentre adviser, where they would be able to be told about hardship loans, for example, and the appeals process.

That is the first part of it, and on the second part of it—making things more stringent—the argument essentially was that there is a very small proportion of people in the overall piece who are repeatedly flouting the sanctions system. We recognise within the reports that we do not know much about these people. Now, if it is repeated flouting for not good enough reasons, that might indicate that sanctions should increase proportionally for every sanction. If it was not for that and we found out that it was something different, or there were some other problems with that particular claimant, that might not be suitable. Ultimately, the idea was a more proportional system, starting with non-financial sanctions, with increasing financial sanctions as offences increased.

Q132 Sheila Gilmore: Is there a risk that people who have long periods of sanction, who are obviously the smaller number—we know that—simply drop out of the system somewhere and therefore are not in contact with the Jobcentre?

Steve Hughes: That is certainly a risk, and it is one of the many areas of sanctions and conditionality policy that we simply do not know that much about. That is why we said, “Do not implement this system all in one go.” It is an idea to test and pilot, as we should do with all aspects of welfare policy, which is a test-and-learn approach.

Q133 Sheila Gilmore: If someone is sanctioned, say for three months, what is the incentive for them to seek help or go on trying? Did you look into that at all—whether people during that period disengage rather than re-engage?

Steve Hughes: My reading of the evidence is that some people can disengage and other people can engage and will come back into the system as well. Again, as I say, the evidence is pretty sketchy and we do not know much about it. One of the things the DWP should be looking into is what is happening to those people on longer periods of sanction, to see where they are going and what they are doing, because until we know that we cannot improve the system.

Q134 Sheila Gilmore: The stated aim of this, and I think your organisation would hold to this, is to encourage people to get employment, and that sanctions will be part of that role. Do you think we have sufficient knowledge as to whether that works?

Steve Hughes: No, in short. As I have said before, the evidence is patchy, and it is from all over the world with welfare systems that interact with each other in very different ways, depending on where you look at them. There is a strong case for a system of conditionality backed up by sanctions, but it is more about the fairness of the application of those sanctions, rather than necessarily whether they exist in the first place.

Q135 Sheila Gilmore: Do you think we should be having some sort of proper independent review of the system at this stage?

Steve Hughes: Yes, I do but, again, going back to my previous answer, I would be reluctant to look at the sanction system by blowing it up entirely, and would rather have Oakley-style reviews of certain elements of the system where we know there is a problem. We know there is a problem with the number of cancellations of referral decisions, because we can see that simply by looking at a graph. We know there is a problem from looking at the number of successful appeals that go through, because it is quite a high proportion of those decisions that are made. There is a problem with the interaction of providers and Jobcentre Plus as well, and I would advocate independent reviews on those three aspects.

If you look back at the impact assessment that came alongside the Welfare Reform Act, there are a lot of references in that to the fact that we simply do not know what the behavioural change will be from some of these changes. Therefore, that necessitates us looking into these kinds of things further down the line, after the policy has been implemented.

Q136 Sheila Gilmore: Surely part of the problem is that we implement the policy with a statement that it will work and then, in effect, we are experimenting on people a bit. Are we?

Steve Hughes: I am not entirely sure whether that is the case. If you look at the broad evidence, you can say that there is a system and there is a framework for a system within

that system. We have problems further on down the line, and therefore we need to test what is wrong with those problems. The problem is that we have problems, but we do not really know what is causing them.

Q137 Sheila Gilmore: Those three areas that you have outlined are ones that you think are worth digging into, and that the Department should be doing it.

Steve Hughes: Absolutely, and there is probably pretty broad consensus on those three areas. Whether those three areas are the focus of a review is a different question, but I think there would be consensus that there are problems in those three areas, definitely.

Q138 Paul Maynard: Helen, you talk a bit about the Claimant Commitment, which has been presented by the Government as a step forward in the jobseeker and claimant understanding the nature of their conditionality. How do you think the Claimant Commitment has worked in practice, in capturing people's different capacity for work and the different challenges that they may face in overcoming hurdles to get to work? How is it functioning as it has been rolled out, in your view?

Helen Flanagan: The Claimant Commitment itself is a lot more complicated than the jobseeker's agreement. It is supposed to be much more tailored to the individual but, in reality, we find that it has many more steps that the claimant has to take each week. It was referred to before; people mentioned that you might have to apply for three jobs a week, whereas under the Claimant Commitment it lays out individual steps, for example looking on a website three times a week. That would become three steps. You could have a Claimant Commitment where there are over 40 steps that that individual has to do each week, and they may well be actively looking for work.

For instance, if they look at the Reed website, which is an employer website, rather than Indeed, which is on their Claimant Commitment, they can be referred to the decision maker on that issue. We find in practice, although some advisers and claimants say that they welcome it, in other centres it is much more complicated for the individual to fully understand what they are required to do in order to meet the conditions.

Q139 Paul Maynard: Therefore, are you suggesting that a variability in individual Claimant Commitments is about the actions that they need to take, rather than their individual circumstances? That is not making them more complex.

Helen Flanagan: It is both. We find that some claimants do not fully understand, and that is down to their individual circumstances. Despite the fact that it is meant to be tailored, we still have anecdotal examples where our members have been told that they are not meeting the district standard for Claimant Commitments. If there is a standard, that gives the impression that it is a template. Therefore, they are not tailored. There are a number of steps they are being told have to be there for each person, so it is not tailored to the individual.

Q140 Paul Maynard: If someone arrives with a diagnosed mental health condition at the Jobcentre Plus, what steps are taken to ensure that the Claimant Commitment is tailored to their specific needs and, perhaps more importantly, that the individual claimant understands the ramifications of what they are signing? Do you have examples of where people will not sign because they are concerned that they will not be able to fulfil the commitment?

Helen Flanagan: Generally people do sign a Claimant Commitment, but they may not realise the full implications of what they are signing. In terms of people with mental health problems or other underlying conditions, there are relaxations and flexibilities that can be put into that Claimant Commitment, about looking for work or hours available, for example. The staff either do not know or are simply not encouraged to put those flexibilities in there for each claimant. There are specialist disability employment advisers, but they are very small in number and normally with quite large caseloads. By the time they are referred, if they are indeed referred to a disability employment adviser, those flexibilities will not have been put in there.

Q141 Paul Maynard: If you are suggesting that the system in some way militates against making the Claimant Commitment as flexible as it needs to be, is that a factor of the time available for individual advisers—that they simply do not have the time to do it—or is it more structural than that?

Helen Flanagan: I would say it is more structural because, as I said, it is more of a focus on what should be a standard Claimant Commitment. They are not encouraged to tailor according to individual needs, especially those with health needs or those who need to have some kind of part-time working for childcare needs as well.

Q142 Paul Maynard: Do you think that perhaps quite a significant policy change has occurred without people noticing it, in that we now assume that to be a jobseeker is analogous to having a full-time job, i.e. you are spending 35 hours a week searching for a job? Therefore, a jobseeker is now a job, if you like. If that has occurred, would you agree that it might therefore be sensible that, just as in any other job the employee can try to ensure that the job is flexible enough to meet their own personal needs, the same should apply to a jobseeker if they are doing something analogous to a full-time job? Does that make sense?

Helen Flanagan: Not particularly.

Paul Maynard: It makes sense to me. I know what I mean. I apologise.

Chair: In other words, if you have a full-time job and you have some health problems, there might be flexibilities in the job. I suppose he is asking if that same kind of flexibility should be reflected in the Claimant Commitment. Is that right?

Paul Maynard: That is exactly what I mean, yes.

Helen Flanagan: Yes, that should be there in terms of what you do in order to look for work, as well as what you would be expected to work for. I do not think it is a hidden policy change of looking for a job being seen as a full-time job. That is the mantra that is repeated, and I am pretty sure the 35-hour-a-week job search was in the Universal Credit

legislation. Even though that has not transferred over to Jobseeker's Allowance as yet, our experience is that staff are being told you have to include that anyway. There is no encouragement, as I said before, to tailor it to individual needs, especially for those with health problems.

Q143 Paul Maynard: I know, Mr Robinson, that Community Links have said that they have been hoping that the Claimant Commitment will see the claimant steering their journey towards work. Do you think that the Claimant Commitment is delivering on that aspiration, in your view?

Ben Robinson: These are still early days but, from our experience, that tailoring is still pretty patchy. We would say two things. We welcomed it because it should have given an opportunity for claimants to shape, not decide, what steps they would be taking, and have a greater input into where they wanted to go and what they could be expected to do.

The other thing is, it should be a live document. It should regularly be updated and changed as claimant circumstances change. There is patchy evidence on both of those. We would urge much greater opportunities and guidance for advisers to allow people to shape it and to feed in to that process. At the moment, we are seeing, as Helen described, a greater burden being placed on people as a result of it.

Q144 Paul Maynard: Back to you, Helen: in the case of Jobseeker Directions in particular, obviously pre-Claimant Commitment they had a clear and distinct role. If the Claimant Commitment is meant to be specific to the individual, what role do you see for Jobseeker Directions parallel to the Claimant Commitment? Should they exist now, or should they all be incorporated in the Claimant Commitment?

Helen Flanagan: They still exist. In fact, they are used more now than they were before as part of the SR13 conditionality measures.

Chair: Sorry, SR13?

Helen Flanagan: The Spending Review that came in, in April 2014, with the help-to-work measures as well. It introduced day-one conditionality, where more Directions were issued. They could be parallel to the Claimant Commitment, for example the creation of a CV or attending a workshop in the Jobcentre, but they are used more ad hoc. There could be an argument that they are no longer needed, but they are used as a kind of immediate threat of sanctions: "If you don't do this by this date, you will be referred to a decision maker."

Q145 Paul Maynard: Do you think it is made sufficiently clear that, in addition to the obligations under the Claimant Commitment, Jobseeker Directions are as liable to incur a sanction if not followed as the contents of a Claimant Commitment? Do you think that is blurring the picture for the average claimant?

Helen Flanagan: In that first interview when you are hit with your Claimant Commitment and the Direction, or maybe one or two Directions, that is a lot to take in for an individual to understand the consequences if you slip up in these areas. If you slip up twice, you

could face a four-week or several-month sanction. It is emphasised a lot. Conditionality is the main focus of all interviews, I would say, certainly the initial ones, but I do not think people have a fair opportunity to take that in.

Q146 Chair: Helen, you said that most people sign their Claimant Commitment. Is that because they have a fear that, if they do not sign it, even though they might think it is inappropriate, they will be sanctioned? Fear of sanctions is making them sign up for something that is inappropriate, and then the next stage is something that they cannot fulfil; therefore, they are going to be sanctioned anyway. They are being set up to fail almost.

Helen Flanagan: Yes, basically. If they do not sign that Claimant Commitment, that instance gets referred to a decision maker. If you have lost your job and you are desperate for money, you do not want to put that off any further, especially as you now have increased waiting days for the benefit. You do not want to wait for that any longer than necessary, so you are probably under quite a lot of pressure financially to think, “I’d best just sign it so that I can get my payments.”

Chair: The sanction is almost built in. It is just being delayed.

Ben Robinson: Can I add very quickly a case study that was in our submission? We worked with one gentleman who, in his first interview, asked for a sentence to be added to the Claimant Commitment that said, “I’ll attend all the training courses and interviews arranged for me, but only if such courses and activities will give me an advantage in finding work,” and the Jobcentre refused that additional sentence and consequently sanctioned him for not signing the Claimant Commitment.

Q147 Sheila Gilmore: It is this 35-hour issue. Ever since we have been discussing this, I have wondered how that could be evidenced. My fear was that then itself becomes quite box-ticking. How do you assess whether somebody has spent the requisite time, unless you are just making a judgment about being able to do so many things in that time? How do you judge whether somebody has spent 35 hours a week job seeking?

Ben Robinson: This goes back to the kind of point that Paul was asking about before. We believe that it should be an investment in the relationship between the adviser and the claimant. If they work together and they spend that time to really understand their situation and the kinds of activities they can be expected to do, they will be in a better position to be able to judge whether somebody is complying with them or not. At the moment, it is a much more transactional relationship, not because that is what Jobcentre staff necessarily want to do; it is the position they are put in. It is only through investing in the resources to give advisers time to work with people and understand their situation that they will be able to make better judgments about whether they are complying or not.

Helen Flanagan: Can I just make the point that it is not necessarily the same adviser who would refer them to a decision maker, if they had not met the Claimant Commitment conditionality as well? There is this assumption being made that they go back and see the same person each time. That is the aim, but on occasions they will go back in and there might be somebody in the Jobcentre who is on call at the DMA diary, so they would see all the people who had been referred to them that day by the band Bs, the people who do

the signing. That relationship is not there. If they fail to attend, if they miss their appointment, it is a band B decision maker who makes that decision as well. There is not that relationship to understand what the person has done to look for work.

Q148 Anne Marie Morris: Graham and I are going to look at JCP sanctioning targets, so the questions are for Mark and Helen. If I can start perhaps with you, Mark, when Neil Couling did his report in 2013 for the Secretary of State, he noted that, when the sanction benchmarks were removed in 2011, it “suggested that conditionality was no longer being enforced appropriately by some individuals”. Clearly everybody has a different view about whether or not sanctions are right or wrong but, if you are employed in the system and that is the law, do you agree that your members, whatever their personal view is, and indeed whatever the unions’ views are, are obliged by law to enforce the law?

Mark Serwotka: Bear in mind that we are representing 67,000 people working for Jobcentre Plus. Our view is that staff are employed as civil servants and they are obliged to carry out the duties that the law stipulates. The issue for us here is not whether people are applying the law; it is whether the system that has now developed overly emphasises the pressure on staff to make sanctions referrals and adverse decisions, rather than emphasises most that their main key function should be to build up a relationship of trust and support, and help people back into work.

We have supplied and can supply evidence from staff surveys, and indeed extracts from people’s performance improvement plans and their appraisal interviews, where the emphasis on making sanctions referrals and making 80% adverse decisions is astonishing. There is, for example, an effect on staff if they are not seen to be sanctioning enough. In fact, they cannot get part of their pay rise, but there is no facility for people to be told off if they are making too many sanction referrals.

In other words, our members tell us that the big problem is that they came to this job to help people back into work, and now they feel that their job is to trip people up and to find reasons why you can sanction their benefit. That means that the relationship of trust that is so important is breaking down. Assaults on staff have increased dramatically in the two years since the regime was tightened up. What we now see is often that civil servants, many of whom are fantastically low paid and 40% of whom would be entitled to Universal Credit, are now the target, because people think they are there to blame. The pressure put on individual members of staff is therefore distorting the job that people should be doing.

I would finally say that we think the reason for that is that there seems to be an obsession with designing a system for the tiny proportion who may be seeking to flout the rules, rather than a system that should be entirely geared to respect claimants and believe that they do want to get back into work. We should be helping them do it. That is where the service has changed so markedly, and all the evidence we have from our members is that that is why Jobcentre Plus is a worse place to work than it was previously.

I should finally add that it is not the union, therefore, that does not agree with the sanctions policy because we have decided that. Our position on believing sanctions do not help but hinder is arrived at from the members themselves, who are delivering the service, and them saying to us that this is now essentially corrupting what they think they should be doing.

Q149 Anne Marie Morris: I hear what you say with regard to the views, but that flies in the face of your first answer, where you said that clearly employees need to apply the law as it is, and they do not have free rein to take on board their own views. The implications of Neil Couling's comments were that individuals—clearly not all would necessarily be members of your union—were taking a view and looking at what they thought was right and fair, rather than what the current situation is. It seems to me, if you have a view about what is not working, you take that to your boss, the politicians, the unions. It is not something that you can unilaterally take on board in your decision making. Do you think that the drop in conditionality being applied appropriately is because individuals were making a judgment, rather than just following the rules? I hear your comments about the rules, but this is simply about the action of the members.

Helen Flanagan: In terms of Neil Couling's report, in May 2013, it was very limited. It was meant to look at some press reports that had been leaked, showing that there were targets in some areas of the country around sanctions. His investigation basically looked at those press reports, a brief discussion that he had had with us and information that we had supplied, and some discussions with senior managers. I do not consider that, and I do not think anybody else would consider that, a full investigation into the situation. I am not sure how he came to the conclusion that people were choosing not to apply conditionality, given that the sanction referrals had increased so much since the change in the regime. His investigation and the outcome were flawed.

Q150 Anne Marie Morris: Fundamentally, what you are saying is that he did not have enough information, he was not looking in the right place and what he said was not true. Can I just ask you a supplementary? Clearly, you do not agree with what Mr Couling said. Let us, for the sake of argument, say that maybe he had a point and there were some people who inappropriately used their own judgment. Let's say, for the sake of argument, that a manager recognised that was happening. Would you agree that it is right that a manager then takes disciplinary action? I am assuming of course that we have an example where a manager looks at an individual, looks at the case and says, "I think you've applied your own judgment, rather than applied the system. Therefore, there will be disciplinary action." Do you think that is right? Should you be entitled to do that?

Mark Serwotka: Clearly a manager has to manage. If they believe that somebody is not applying something in the way it should be, it is right to take that up and discuss it with people. Our evidence is that the opposite problem is the one that we should worry about, which is the fact that the pressure, targets and all the move from the top are that more and more people should be sanctioned. If you are not doing enough you are penalised, but if anybody is doing too many nobody looks at it. All the internal documents and the performance appraisal targets that are set are focused on the 80% adverse decisions and say that more referrals should be made.

This is why, from our point of view, we strongly support the call that was made for an independent inquiry, and we think it should be very far-reaching. Certainly it should look at the effectiveness of sanctions; whether people who are sanctioned are going into work or not; what the equality impact is of sanctions on people with disabilities and mental health issues, and on single parents; and the link between sanctions and food bank referral;

but also the key point you are taking up, which is the effect of sanctions on the staff, the pressure put upon them and the targets or expectations in the system.

When we do that, something profound will emerge, and the question we think everybody should ask is, “What is our social security system for?” How do you deliver a safety net, and how do you treat people with respect, and help and support them, rather than our public servants—very low-paid people—now being seen as people who are out to trip you up? If you get called in, you often do not think you are being called in to be supported; you think you are being called in because somebody is trying to find you out to impose a sanction, which is extraordinary severe.

There were 906,000 sanctions in 2013. There have been 1,700 sanctions that have been for three years. When a sanction is imposed, of course, even if you get hardship payments, you are not getting it for the first two weeks. The effect of a four-week sanction is often that someone’s income is reduced by 70%, and we already have some of the lowest benefit levels of any European country. We think the system is fundamentally flawed, but we would welcome a full independent inquiry to scrutinise it properly and for us and others to give our evidence to. Helen’s point is that we do not feel that previous Select Committee reports or DWP management, whenever they are asked, have really looked into many of the issues we are raising today. It is therefore timely that that is done independently.

Q151 Kwasi Kwarteng: This is the first question I am asking in this session. We have heard over about an hour lots of complaints about the system and lots of individual stories suggesting that the system is not working. What I want to know from the panel is where the problem is. Is it the actual sanctions, the actual concept, the philosophy of it or the idea behind it? Is that the problem, or is it a question of the implementation and the operational side of things? I just want to get a sense, as individuals who know about this area and have experience in it, of what your thoughts are. Are you against sanctions in principle, or are you just worried about their application as we currently see today? I would like to go through each of the panel to get a sense of what your thoughts are.

Ben Robinson: We are not against the idea of conditions being placed in the system. The Oakley review had a lot of very good recommendations about how the process should be improved, and it dealt with a lot of those issues. We would urge the Government to implement them in full and the Select Committee to follow up later to review whether they are being implemented. What we need now, as Mark mentioned, is a look at whether the conditionality regime is working in what it intends to do. We need clarification of what its intention is, and we believe that should be about getting people into sustainable good-quality work. There is no evidence that it currently does so and, further, there has been no evidence that the stricter regime brought in in 2012 was necessary in itself and has had any positive effect, though we have heard quite a lot of evidence of the negative impact of it.

Kwasi Kwarteng: But you accept the principle that it is something that you do.

Ben Robinson: We are a Work Programme provider. We currently raise doubts ourselves. We see in a very small number of cases that it should be a tool for advisers to use but, as other people have said, it is a very small number of cases. The vast majority of people are very motivated to work, and at the moment it is pushing people further away from work. That is why, again, we would call for a full independent review looking at the

effectiveness of it, not just in encouraging people to engage in job search activity, which the Select Committee called for last time, but in getting people into work. To do that, we would need DWP and HMRC to do that benefit and tax data-matching exercise. We have lots of anecdotal evidence that people are coming off the system not because they are being encouraged into work but because they just cannot handle the system. It is only through that data-matching exercise that we will ever know what the long-term impact is on people.

Q152 Kwasi Kwarteng: Is that where most people on the panel broadly sit? Would you agree with Mr Robinson?

Mark Serwotka: As a union, based on the experience of our members, we do not think sanctions are the right approach. We think it is reasonable to have some expectations on what people should do in return for their benefit, but the problem with a sanctions approach, as we have already tried to say, is that it skews the system. Our view is that, if we accept that the overwhelming bulk of people want work, the role of Jobcentre Plus should be to help provide training and support to help people back into work. We think that that would bring about a far better situation than we currently have.

However, if there was an independent inquiry and that was not what most people thought, we do also think that, if you are going to have them, you must ask yourself what they are for, how are they being done and whether they are helping the situation or making it worse. At the moment, we think the evidence is that they drive people into absolute poverty and do not help them find jobs, and we are not benefiting from that. We are making things worse.

Q153 Kwasi Kwarteng: The reason why I asked the question is that there is a big philosophical question about whether you think sanctions are a good thing broadly or not. You have been very up-front and said that you do not think that is the way we should be going or path we should be treading. Clearly, there is a fundamental difference from some of the approaches that the Government wants to push forward.

Mark Serwotka: There is a fundamental difference, but the point that we would make most strongly is that that fundamental difference probably arises because, we think, too much of the political approach has been about shirkers, scroungers and saying that people are work-shy. Our start point, from our experience, is that that is not where the overwhelming bulk of people are. Therefore, the system is designed to deal with this problem that everybody is worried about, rather than for the overwhelming majority, doing them a disservice—and the hardworking staff.

Kwasi Kwarteng: You have a clear position. People could disagree with you, but I commend you on the clarity of your position.

Helen Flanagan: To add to that, the system is based on an assumption that people are somehow trying to fiddle benefits and get away with claiming Jobseeker's Allowance. It is this idea that people have the life of Riley on benefits. It breaks down, because it both demonises the unemployed and pits the advisers against the claimants, which does not help them get into work.

Q154 Kwasi Kwarteng: Do you share Mark's view that you do not think that sanctions are the right way to go at all?

Helen Flanagan: Yes, we are from the same union.

Kwasi Kwarteng: I just want to get it all down on the public record.

Professor Stuckler: Let me jump in on this. I have not spoken so far. Sanctions are not a one-size-fits-all policy. If you look across Europe, there is a great deal of difference in the extent of the conditionality and how harsh the penalties are. Taking where the UK system now sits, it has one of the toughest conditionality regimes and some of the harshest penalties for sanctions. Ultimately, this is a question of data, the stories behind those data and what works to get people back into jobs, reduce harm and save taxpayer money.

Q155 Kwasi Kwarteng: What about the principle of conditionality? Is that a useful thing? We have heard other panellists say that they do not think that makes sense in terms of trying to get good outcomes.

Professor Stuckler: Again, this is a question of data.

Kwasi Kwarteng: It is a conceptual one, I'm afraid. It is a conceptual one. The idea of punishment or sanctions is a concept.

Professor Stuckler: I am not opposed to the concept, but I am pragmatic about this working, so it is about data and what we have learned from looking at the UK.

Kwasi Kwarteng: Sure, but I am interested, as you have said you are not opposed to the concept, and that is what I wanted to learn.

Steve Hughes: I am not opposed to the concept either.

Chair: I am going to come back to the philosophical thing and go back to Anne Marie, because the key to this is whether they work.

Kwasi Kwarteng: We have had clear evidence that not many people think they do work.

Q156 Anne Marie Morris: Mark and Helen, you have both effectively said that, with regard to Neil Couling's report, he got it wrong. Did you ever do your own investigation internally to find out, among your members, whether individuals had effectively been disciplined, because that is the only way you would have identified them, for taking a personal view rather than applying the rules strictly?

Mark Serwotka: Perhaps Helen will say more in a moment. We did a survey of our members who were advisers and decision makers. What came back was quite startling. The headlines were that 70% of the people answering the survey said that they did not think that sanctioning positively impacted on claimants finding work. We were told that 61% felt that there was pressure on them as individuals to refer claimants for sanctions, and that over 20% felt that that pressure was for inappropriate referral for sanctions.

As a result of that, what came out was that there was an 80% referral target or adverse decision target from referrals, so the whole emphasis of what our members were saying to us was that this was where all the pressure was and they did not think that it was working. The knock-on of that was that they felt, therefore, it introduced fundamental barriers in the relationship between them and the public, which was the most morale-sapping part of what information was coming back.

Q157 Anne Marie Morris: There was clearly a lot of feeling that the system was not working, but to what extent did that impact on people's judgment and therefore how they did their job? I suppose the question I was asking was less about the research about what they thought and more about whether anybody was disciplined because they were not applying the rules.

Helen Flanagan: The survey also found that 61.8% felt they had experienced pressure to refer claimants where they felt it was inappropriate to do so. Just to pick up on a point you made about whether advisers could be picked up and disciplined for using their judgment, advisers should be using their judgment. That is what part of that relationship is about. That is why they are graded at that level, because it is about discretion.

Anne Marie Morris: That is within a framework.

Helen Flanagan: Within a framework, and within this framework 60% felt they had been pressured to refer inappropriately. They then go on to have examples of where there had been "expectations", which is another term for a target. 10% thought they had been given the lower appraisal marking—they do not go through disciplinary procedures; they are capability or performance procedures. As a result of that lower performance marking, they do not get part of their pay rise that year.

Anecdotally, as a union rep, I have also represented quite a few members in my own Jobcentre who have been given that lower marking, and the reason either indirectly or sometimes directly given to that member is that they have not made enough referrals throughout the year. You might think that maybe they had not, but they had made some referrals. How can it be enough unless there is a figure set? They did not look at how many people had got into work and what they were doing as an adviser; they were looking at just the number of referrals.

Mark Serwotka: Could I just read you one small extract of what one of our decision-maker members has said? For obvious reasons, we would not want to say who that was or what office it was, because there is a climate of fear for any Jobcentre Plus employee. It says, "At our benefit centre, we are very closely monitored around sanction rates. Each week, everyone is given a printout of the percentage of sanctions decisions that are being made. This is clearly a bullying tool in order to bring people into line with senior management's requirement for 80% of referrals to be a sanction. In one-to-one meetings, the managers then strongly focus on why we must achieve the 80% sanction rate. We are being forced to make adverse decisions and conduct perverse behaviours in order to achieve unachievable targets, all to get to the 80% rate of sanctioning." That was not from a union rep; that was from a frontline decision maker, which we think, at least in that one case anecdotally, supports the general view we are trying to get across that the pressure is all in one direction. That is what people are so uncomfortable with.

Q158 Graham Evans: Helen, I hear you have spent a lot of time in Jobcentre Plus, and I personally have two Jobcentre Pluses in my constituency and pay tribute to your members and the staff, because the ones that I see and speak to work very hard and are dedicated to helping jobseekers get work. Indeed, something is working, because unemployment is down and more people are in jobs than there have ever been before. In my constituency, there is falling long-term unemployment. On the targets that you were talking about, Mark, I see targets in Jobcentre Plus that are entirely positive, because the number of long-term unemployed is coming down and the number of youth unemployed is coming down, so I see positive targets in Jobcentre Plus.

Regarding the appraisals, do you have any evidence of inappropriate targets being set in recent times? My feeling of Jobcentre Plus is that—it might just be my constituency—I have outstanding Jobcentre Pluses in my constituency. They work very hard. I am particularly impressed with your members. They do not seem to share your rather sanguine view on life. They work very hard and they find their job enjoyable, helping people find work.

Helen Flanagan: We have given you some examples there.

Graham Evans: Yes, they are negative examples, but there is a lot of good practice out there, and we have not heard that in your evidence.

Helen Flanagan: I am not by any means putting down the work of our members in Jobcentres. We also think that they work extremely hard in difficult times to get people into work.

Graham Evans: They are effective and do a good job.

Helen Flanagan: We are saying that this does not help and is creating a negative situation. You cannot say that sanctioning has somehow created a boost in the labour market and helped those people into work. We are saying that our people do work hard, but this does not help. These are negative targets. You also have positive targets of trying to help people into work, but this 80% target on adverse decision rates is in the benefit centres, not in the Jobcentres. That means they are told that they must sanction 80% of the referrals that come on through. In the Jobcentres, they are being told, “You must refer more people for sanctioning.” How is that positive?

Graham Evans: My question was, I have seen no evidence of any targets for sanctions—if you have seen targets, then tell us.

Helen Flanagan: I am trying to tell you.

Q159 Graham Evans: Tell us where, what you are doing about it and what can be done about it.

Helen Flanagan: What we are doing or what you are doing about it?

Graham Evans: What you are doing about it.

Helen Flanagan: As a union, we have armed our members and our representatives with information and with tools to go out and challenge managers. Where this comes up, we have a good record of our representatives going to managers and saying, “This is inappropriate behaviour,” and managing to get that squashed to some extent. We are not here to police the Department to that extent either.

Q160 Chair: The 80% that you have quoted, Mark, is not a figure we recognise from anything we have. Can you provide us with the evidence?

Mark Serwotka: We can supply all of the stuff I have. We would just want to anonymise it. They are extracts from people’s appraisal discussions.

Q161 Graham Evans: One of the recommendations of our investigation into Jobcentre Plus was that, where there are examples of outstanding performance in Jobcentre Plus centres, they should be named and that should be used as an example of best practice, which could be duplicated throughout the centres.

Chair: Graham likes best practice, and he asks that of everybody.

Helen Flanagan: One of the problems is, where we raise it with senior management when there is evidence of this behaviour, and they do not stop and it is raised at a lower level, it is just marked down as rogue managers without any recognition that this is built into the system. This 80% target was on a letter from Jason Feeney and Neil Couling, who were head of the benefits and work services directorates at that point. That tells you that that is endemic within the system and is endorsed by those senior managers.

Graham Evans: We will see this evidence.

Chair: It would be useful to see that. We are going to move on, because we are now on other targets, but off-flow targets. Debbie has the questions here.

Q162 Debbie Abrahams: I am going to start with Professor Stuckler, if I may. You are publishing a report today from the University of Oxford and the London School of Hygiene and Tropical Medicine, describing the impact of sanctions on unemployment and employment. I wonder if you could very briefly describe what you did and the headline findings of that. I am particularly interested in the pre-2012 effects on JSA claimants and the post-2012 effects with the introduction of the new sanctions regime.

Professor Stuckler: We took the Department for Work and Pensions sanction data, collected across 375 local authorities in the UK, and compared that with data on the labour market statistics, also from official sources, on unemployment benefits and employment rates. Then we compared the pre-2011 and post-2011 period, when the UK coalition Government began to reform the work and sanctions regime.

We found that, over the entire period we looked at, 2005 to 2014, for every 100 sanctions, about 24 people were flowing off unemployment benefit. After the reforms came into effect, this heightened so that about 43 people for each 100 sanctioned were leaving the system. We then looked at those who were leaving in association with a sanction. We

found that fewer than 20% were returning to work. The rest were, for other and sometimes unspecified reasons, ceasing to sign on. We also looked to see if we could find an effect on employment rates of sanctioning across local authorities and did not find it, so that led us to the conclusion that sanctions appeared to be driving people off benefit, but few returned to work.

Q163 Debbie Abrahams: Thank you. That is very clear. Since the 2012 regime came in, 43% of JSA claimants who are sanctioned leave JSA, and 80% do so for reasons other than employment. Those are quite significant figures. Today, the ONS will be publishing JSA claimant count figures, and if you estimate that in December 60,000 JSA claimants would have been sanctioned, that would suggest that the unemployment figures, based on the estimates that you have suggested, would be about 25,000 lower than they are. Do you agree with that?

Professor Stuckler: We have not made that specific calculation, which is difficult to do, in part because our data, which was the latest available from official sources, only went up to March 2014 at the time, so we would be extrapolating. Some people also received multiple sanctions. In the data we analysed, there could be some small degree of double counting, but if you extrapolate the 43% estimate, it could be as high as the number you suggest.

Q164 Debbie Abrahams: What do you think is happening to the people who leave?

Professor Stuckler: It is a very good question, and unfortunately not one that we are able to answer with the quantitative data that we have. We are following up with qualitative work in some of the regions of the UK that have some of the highest rates of sanctions being imposed, such as Derby. We are also looking at Oxford, Manchester and a few other sites.

Q165 Debbie Abrahams: What do you think should happen, then? What sort of investigation do you think needs to follow on from your work, in terms of a qualitative and longitudinal study as well?

Professor Stuckler: One concern we have is that if, as our data show, people are not receiving benefit but also not getting into work, this puts them in a highly precarious, vulnerable situation. There is evidence from other countries that, when people encounter this precarious situation, they interact with highly costly social institutions—hospitals, jails, homeless shelters, emergency food banks and shelters—which can cost more, net, to taxpayers. We look to perform a full cost-benefit analysis that looks not just narrowly at employment but at the wider and potentially hidden costs of sanctioning.

Q166 Nigel Mills: Just a quick question, Professor Stuckler: I was just trying to work through the numbers you were quoting and was looking at figure 3 in the report you have published today. It says that of 46 who receive an adverse decision, 20 move off JSA, 3.5 for work, 16.4 to unknown destinations and none for other reasons. When you say fewer than

20% find work of those 20 who leave, how many of those 16.4 to “unknown” do you know did not go into work?

Professor Stuckler: Jobcentres, when they close an unemployment benefit claim, record the reasons why.

Nigel Mills: Sometimes they do.

Professor Stuckler: In the majority of cases they do. Correct, it was made optional in 2009, but over the period we have looked at, it has hovered at about 55% were and are still recorded in the system. The Jobcentre staff would like to be able to code that person as having found work, so these data would overstate the extent to which people who leave are finding work. Our calculation was based on that.

Q167 Nigel Mills: If I have been sanctioned, I am not going to be desperately keen to ring up and tell the Jobcentre I have just found work, am I? There must be a little fear here that this “unknown” could be completely unknown. A decent chunk of those could have been going into work. You just do not know, I guess. It makes the finding a little shaky, does it not?

Professor Stuckler: It is covering 55% of those leaving. I do a lot of work in epidemiology and that is a good response rate, as would be used for many studies of diabetes, obesity, heart disease and breast cancer to name a few. I would just point to the need to collect data, ideally longitudinally and at the individual level, as has been done in other countries, that can give more definitive answers to these questions about where people are going.

Q168 Nigel Mills: There is no way in your study of looking at real-time information feeds from PAYE data to check whether people who had been sanctioned and gone off benefits were having tax or NI recorded against them. That kind of study has not been done and that data was not available to you.

Professor Stuckler: Real-time data with precise categorisation of destinations unfortunately are not available, but it would be possible to do; other countries have done it.

Q169 Chair: Can I just ask about the targets and where there is doubt? In the research you have done, were you able to see whether there was a difference in sanction rates across the country? Some areas have high sanctions rates; some areas do not. What were the characteristics of the ones that had high and the ones that had low sanction rates?

Professor Stuckler: That is a good point. There is a remarkable degree of variation in the extent to which sanctions are being imposed in different regions, which is as high as above 10% in Derby, Preston and a few other local authorities we cite in the paper, and below 3% in others. We have not got to investigating the reasons for those discrepancies. That is the next step we will take.

Q170 Chair: There is no correlation between areas of high unemployment that have high sanction rates. I have an area of fairly low unemployment, but I do not know whether sanction rates are therefore higher or lower because of that, because the cohort that is reporting to Jobcentre Plus are the ones who are much harder and further away from the labour market, otherwise they would be in a job in what was, until the oil price collapse, a very buoyant labour market—I am going to have to change what I say now.

Professor Stuckler: That is something we are looking into in the international literature. There has been a suggestion that sanctions work less well where jobs are scarce and unemployment is high, so we will get back to you when we have answers.

Q171 Debbie Abrahams: I am just going to finish off very quickly. One for you, Professor Stuckler, as a follow-up: you have rightly included confidence intervals in the sensitivity analysis, so there is considerable confidence in the figures that you have produced. I appreciate that these statistical models are difficult to understand for a layperson, but is JCP not incentivised for follow-up? You would expect that there would be a degree of confidence from that perspective. Thank you; Professor Stuckler is nodding to that.

Can I just move on to Mark and Helen very briefly? Regarding off-flow, the Minister has denied that there are any targets around sanctions, as you probably know. Although we have been pushing for an independent inquiry, the Government have not been forthcoming, although they initially said about 15 months ago that they would. From your experience, what proportion of sanctioned people will go off-flow as a result of that?

Helen Flanagan: It is difficult for us to determine that, because it is not fully recorded by the Department, but off-flow is a published target, and our experience is that there is a focus on getting claimants off the books, so to speak, by any means, with off-flow being that primary target. If you cannot get people into work, there is only one other way that you can get people off the benefit counts for that week to meet those cohort targets that they have.

As Mark said before, we fully agree that there should be a fully independent review that looks at the sanctions regime as a whole, rather than just individual areas of issues. The problem with having these individual areas is that they can sometimes lead to negative and perverse behaviours. If you look at the cancellation rates or the number of referrals that do not result in a sanction being applied, that is where you get this practice, which they have brought in, that 80% of referrals must now result in a sanction to try to even it out. That is obviously the wrong approach to take.

Chair: The last section before everybody disappears off is from Teresa, who was not here at the beginning, but she had a good excuse. She had a Westminster Hall debate.

Q172 Teresa Pearce: Thank you. Apologies for not being here earlier. On the subject of sanctions, obviously we have the discussion as to whether they are relevant and whether they work. If we are looking at whether they work and we think they do not—I am not saying we do think that, but if we think they do not—what other alternatives could there be? I would like to ask Steve Hughes, because your organisation, Policy Exchange, has looked at this and you have recommended that the DWP pilots a yellow card system, which

could be that benefits are paid on a card rather than a financial sanction. Could you talk a little bit about how this would work?

Steve Hughes: Yes, sure. I outlined it a little at the start of the session, but the basic principle is that, for a lower-tier first sanction, there would not be a financial sanction—it would be a non-financial sanction—and there would be a pilot of whether that non-financial sanction would drive better engagement with the Jobcentre as well. There are two elements to it. The first is payment in a different method from the one that the claimant is used to, to recognise the fact that it is different and the claimant has gone through a sanction. That would be paid on a pre-paid card, twinned with daily sign-on, or more regular sign-on, with the Jobcentre.

Now there are problems with that, obviously. For example, it might cost the claimant a lot more to sign on with the Jobcentre on a daily basis. It might cost money to implement a pre-paid card system as well. Pre-paid card systems do exist in other countries, such as Australia and America, but not for the purpose of sanctions. The technology does exist, but not necessarily for this purpose.

Q173 Teresa Pearce: What would be the difference to somebody between getting their money in cash into their bank account, and getting the same amount of money on a card?

Steve Hughes: It would be the recognition that ultimately the claimant—

Q174 Teresa Pearce: It is just stigma; is that what you are saying?

Steve Hughes: It is recognition that you have done something different.

Q175 Teresa Pearce: What difference would it make to the individual?

Steve Hughes: It would be recognition to them that they have had a sanction applied to them and they are not receiving their benefit in the same way anymore.

Q176 Teresa Pearce: That is the only difference. It would be just that they could use the card exactly as they could with cash.

Steve Hughes: We did outline in the report that you could use these cards to apply different methods of sanction to it as well. For example, again in Australia and America, there are methods of controlling what can be purchased with the cards. The difficulty with that is that you require technology, on behalf of say the retailer, to develop that system. It is important to point out that we did not just say that that is what should be applied, but it is a potential method of non-financial sanction. Really the point that we made was that it is about non-financial sanctions.

Q177 Teresa Pearce: It is a discussion point looking at alternatives, rather than that you think it is the answer.

Steve Hughes: Yes, absolutely.

Q178 Teresa Pearce: Ben Robinson, your research has concluded that one of the things that is key to helping people back into work and building the potential for them to job-seek is a strong trusting relationship between the claimant and the adviser. That is a really key element. Do you think that the potential financial sanctions have an impact on that relationship? Do you think that the person you are meant to trust and engage with should be the person who can stop your money?

Ben Robinson: We did a survey with the Employment Related Services Association of a number of Work Programme providers, and the feedback from that was that 60% of advisers thought it did have a negative impact, but about the same proportion also thought that it should be part of the system. It does have that potential. I agree with Steve that we need an alternative for the first sanction, a non-financial sanction, and we would agree with the previous witness who talked about a first-warning system. That would give an opportunity to check whether the Claimant Commitment is appropriate to their current situation, as well as signifying that there has been an offence. That is a more appropriate way of doing it without causing confusion as well as a stigma being attached.

Q179 Teresa Pearce: Do you think there is any evidence that financial sanctions drive behaviour?

Ben Robinson: We would strongly urge a review to see whether they do improve job outcomes. Anecdotally from some of our work, as I said before, we believe they can do in a very small number of cases, but only where the primary barrier is attitudinal. As I said, the vast majority of people do want to find work. The severity of sanctions at the moment is out of proportion with the benefits that they could cause.

Q180 Teresa Pearce: What you would suggest is, as a first instance, some sort of marker, but not necessarily a financial sanction. Have you any thoughts on what that could be? Would it be just a verbal warning or something else happening? Would there be increased signing-on?

Ben Robinson: It would not be dissimilar from the workplace, where you may have a formal official warning, whereby you would check whether the conditions placed on people are appropriate, but also whether the level of support that they are receiving is appropriate. This comes back to the idea that the Claimant Commitment is a reciprocal arrangement, where they can expect a certain level of support from the Jobcentre, as well as an appropriate assessment of their situation and the number of requirements on them, before the financial sanction kicks in. We would also say that, while that review is taking place, we would strongly urge the system to revert back to before 2012, before it became that much more stringent, because there is no evidence that that increased severity has had any positive impact on job outcomes at all.

Chair: Thank you very much. We have exhausted our time but probably not our questions. If we could have the extra evidence, we would be grateful. I would just point out that the reason for this inquiry is that we thought we had got the Minister to agree to the independent inquiry you mentioned in your evidence, but discovered that she had not. That is part of the reason for us holding this inquiry. We do not have, as a Select Committee of the House of Commons, the breadth of ability to do the full independent inquiry that the Government can commission, so that is part of the thinking that lies behind our looking at this. It is obviously an important issue and affects not just your members in the PCS but all of our constituents who are affected by the sanctions regime.

Thank you very much for coming along this morning. Your evidence will be very useful to us when we come to write our report. Thank you very much.