



Work and Pensions Committee

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

Wednesday 4 February 2015

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Written evidence from witnesses:

- [Department for Work and Pensions](#)
- [Department for Work and Pensions \(Supplementary evidence\)](#)

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

Questions 181 - 330

Witnesses: **Rt Hon Esther McVey MP**, Minister of State for Employment, and **Chris Hayes**, Director, Labour Market Strategy, Department for Work and Pensions, gave evidence.

Q181 Chair: Thank you very much for coming along this morning, Minister, for our last oral evidence session of our sanctions inquiry. There has certainly been a lot of interest in it. Could you introduce yourself and your colleague for the record, please?

Esther McVey: Thank you very much indeed, Chair, and thank you for having us here today. I am Esther McVey, Minister for Employment, and I am joined today by Chris Hayes, Labour Market Strategy Director of DWP.

Q182 Chair: You are very welcome this morning. The legislation for bringing in a much tougher ESA and JSA sanctions regime was passed in the Welfare Reform Act of 2012. In that legislation, the minimum JSA sanction went from two weeks to four weeks and the maximum went from six months to three years. These are quite sizeable lengths of time, so what evidence did you have on the likely impact on claimants that these extended sanction periods would have?

Esther McVey: First of all, sanctions have always existed since benefits began. They were put in place as a deterrent but also an aid to ensure people go for the right support or the best support to get them into work. As Oakley said himself, who has done

the review, sanctions are a key element of the mutual obligation that underpins both the effectiveness and fairness of the social security system.

Q183 Chair: That was not my question, Minister. My question was not about sanctions per se but the fact that the piece of legislation increased the time that people could be sanctioned for and, as a consequence, suffer much harder and harsher financial penalties. These are people who, by their very definition, do not have a lot of money in the first place.

Esther McVey: When you look at the sanctions comparison table, which I was getting to next, what did this Government set out to do? It was to have a notion of sort of fairness and consistency and knowledge for what sanction you were going to get. Prior to the change, a low level failure—not undertaking specific work search—could be, for JSA, either one week, two weeks, four weeks or 26 weeks, and the person would not necessarily know they had that, whereas now it would move to four weeks definitely known and 13 weeks, so it is half the length of time.

Q184 Chair: My question was about the effects that that length of time without money would have on individual claimants and their capability of managing without any financial support. What evidence did you have? There must have been evidence that said, “If we bring in this stricter regime with these longer penalties, this, potentially, is the effect it will have on claimants”.

Esther McVey: There were two parts to the question. One was that we had altered the time, but I was pointing out the inconsistencies and that low-level sanctions were half, potentially, the length of time under the new regime. Equally, all the international evidence suggests that sanctions do have a positive impact on people getting into work, and there are two parts of that: as a deterrent, it has a positive impact on moving people into work, and there is further research that, should somebody have been sanctioned, it helps them into work afterwards.

Q185 Chair: That is still not my question, Minister. My question is: what evidence did you have—what research had been done—that told you what the financial impact was going to be on claimants who were suffering a penalty of anything up to three years? Was there any evidence? Was it just: “It is working at this level, so let’s increase it, because it will maybe make it work even more, because the penalties will be so horrendous nobody will want to do it”, or was there evidence of what effect this would have on claimants?

Esther McVey: The evidence from all the international research, whether that is the Netherlands, Germany or most northern European countries, was that it has to be around support, so there has to be extra support given to people, obviously, which we were doing, and the increased deterrent would be used as purely that—a deterrent to make sure that people take up the offer of that work and support.

Q186 Chair: You talk about the international comparisons, but what country has the same length of sanctions or penalties that the UK has? Your own submission is that in 2011

the UK was around mid-table of OECD countries for strictness of sanctions, but that is not the case any more. We are at the harsh end, so again I ask the question: what evidence did you have about the likely impacts on claimants and their ability to manage financially? This is not about whether it made them get into work or not. If you have a three-year sanction, it cannot be lifted six months down the line. It is three years, and that is what you have just emphasised this morning. Once they have the sanction that is it. There is no way they can lift it; therefore, they will not have any income from the state in that three-year period. What evidence was there of the kind of impact that would have on individual claimants?

Esther McVey: If people did get the three-year sanction—and the number of people who have three high-end sanctions over a limited period, 52 weeks, is 0.00057%¹ of the referrals—hardship payments are then in place. That then comes into existence, and if somebody is vulnerable, they would get the hardship payment straight away. So, it is part of the support, it is part of the deterrent, which international research says works in helping people into work and knowing that that support is there, and the number of people who have that high-level sanction, as I said, is incredibly low. However, what we did do, which was not there before, was have this consistency of approach so that people would know what their sanction would be and that it is far more tailor-made, so it is to prevent people getting a sanction.

Q187 Chair: Can I get you to point to any other evidence that says that tougher financial penalties are more effective at encouraging people to meet the conditions of benefit receipt and to move into work than if the penalties were less stringent? Certainly in your submission to us we have not seen anything that says that they are more likely to get into work and more likely to be encouraged to fulfil their conditions if the sanction is short or long. There does not seem to be any differentiation there.

Chris Hayes: Maybe I can help, Chair. On the point about the sanctions regime, the point is that a conditional benefits system, as the Minister said, is a part of all developed countries' social security systems. The key is to have effective conditions and effective sanctions.

Q188 Chair: That is my question: what evidence do you have that it is effective? I have not heard anything this morning that tells us if it is effective.

Chris Hayes: The evidence suggests that having a credible level—

Q189 Chair: What evidence?

Chris Hayes: Research done by the OECD on northern member states suggests that having a credible benefit reduction leads to increased work search and an up to 50% increase of flow into employment because of that work search.

¹ *Correction by Witness:* The Department subsequently explained that the Minister was referring to the total number of JSA sanction referrals made under the Welfare Reform Act 2012 rules, up to end of June 2014 (3,124,097) and the number of individual claimants who received a three-year JSA sanction in the same period (1,767). This should have been expressed as a ratio of 1:0.00057. Expressed as a percentage, the figure is 0.057%.

Q190 Chair: Yes, but that is the basis of sanctions. That is an argument for sanctions. It is not an argument for extending the length and the severity of the sanctions.

Chris Hayes: The point is that the conditionality system has to have a credible sanction in order to make it effective to help people comply with the system, which is a well-established point of much research. In terms of where the UK stands, the UK is still mid-table in terms of its overall conditionality regime. Clearly, the three-year sanction is not unique; in fact, in Germany there is an indefinite sanction in certain circumstances, but what that does show certainly in our operation of that system, as the Minister has said, is that very rarely we have to operate that three-year suspension; it is a minute number of cases. This suggests that the deterrent is working and that is intended to deter people from repeatedly not complying with the system.

Q191 Chair: Any sanction that has to be imposed is obviously a failure, because it has not changed the individual's behaviour, and we have lots of questions coming up on whether they understand the sanction or not and whether they can get out of it. However, you are still not really giving us evidence that a) as a Department you thought of the financial consequences for the claimants who might find themselves in this position, and b) whether it worked in doing its main job of getting people into work. A lot of the evidence we have received is that this extended sanctioning has acted as a barrier to people getting into work rather than a help.

Esther McVey: What we do know is that we have an extra 1.75 million people into work. What we know is that as a support through the Work Programme for the 1.6 million people who might never have got support, 680,000 of them have had work. So, as a whole system—and it has to be seen in the round—one is the benefits, one is the support, one is the contract the individual has with the state, but also key is that the system we had previously was very erratic and there was no reason, when somebody came through the door having done a sanction, as to whether they would know they were going to get one week, two weeks, four weeks or 26 weeks for a low level. Now you know you will get four or 13, so it was part of the reorganisation of the system for clarity as well as, for some of it, an extended period for people who, regularly and routinely, deliberately do not perform.

Q192 Chair: I take it from your failure to answer the question that you did not do any research. You do not have any evidence that you, as a Department, considered the financial effects these extended sanctions would have on individual claimants.

Esther McVey: By looking at international evidence and what was working, we did.

Q193 Chair: That is not the question, Minister. Obviously, you thought for some reason that this would work; therefore, you were going to do it. Can you accept that, because you are unable to answer the question about these effects, people are thinking it is not about getting people into work? It is about being punitive and punishing people.

Esther McVey: I would say that was wrong, and what we put in was a system that ensured it was tailor-made for the individual because, you are quite right, we do not want people to get sanctions. It is there as a deterrent. There is extra support to get people into work, so, fundamentally, we have got extra people into work. There is hardship payment there, and if somebody is vulnerable they would have their hardship payment straight away. There are many and various reasons for good cause. There are definitions for vulnerability, so all of the protections are there and in place.

Q194 Chair: You did say, Minister, that there are people who end up with no money as a result of this regime.

Esther McVey: There are people who would have support through the hardship payments. There are people who would know beforehand what is going to happen.

Q195 Chair: The hardship payments are limited. Someone who is on a three-year sanction is not going to be able to rely on hardship payments all that time. Indeed, even a shorter time.

Esther McVey: That is not correct. They could. They would.

Q196 Chair: If you are a single JSA claimant, how much would someone be able to get through a hardship payment?

Esther McVey: Sixty per cent. As we said, 0.00057%² of referrals would have had that three-year sanction, and it could be less than that, because some of those people could have gone into a job, and if they had remained in a job for 26 weeks, that level of sanction would have had a line put through it.

Chair: We have questions about hardship payments coming later.

Q197 Sheila Gilmore: I would really like to know what extra support is given to people who are sanctioned. If somebody is issued a sanction, what extra support is given to them at that point?

Esther McVey: If they have been sanctioned—

Q198 Sheila Gilmore: If they have been sanctioned, what extra support is given to them? If somebody is sanctioned for a month, do they get extra support during that month to find employment?

² *Correction by witness:* The Department subsequently explained that the Minister was referring to the total number of JSA sanction referrals made under the Welfare Reform Act 2012 rules, up to end of June 2014 (3,124,097) and the number of individual claimants who received a three-year JSA sanction in the same period (1,767). This should have been expressed as a ratio of 1:0.00057. Expressed as a percentage, the figure is 0.057%.

Esther McVey: Yes, because they would still be engaging with Jobcentre Plus to help them into work.

Q199 Sheila Gilmore: That is not extra support. You did use the words “extra support”.

Esther McVey: Well, I was looking at what would happen as the overall package.

Q200 Sheila Gilmore: I am sorry, Minister. You said that, when people are sanctioned, they get extra support and, in fact, you have now told us that people do not get any extra support. Is it not a fact that somebody who has been sanctioned very often has so much to do with sorting out their financial position, sorting out whether they are eligible for hardship payments, which is not always straightforward, and sorting out their Housing Benefit, if that has been stopped, that that can be a deterrent to looking for work, because you have all those other problems to deal with? Do you accept that is an issue for people?

Esther McVey: Let us look at the number of people who work with the system who are on the ESA. Most people do comply with the system, and that is over 99% of people who have complied with the system, and that is to give people extra support to help them into work.

Q201 Sheila Gilmore: Minister, we are looking at sanctions here. The vast majority of people of course want to find work. That is what they are doing. They are not people who need to have a stick. It is not the deterrents that are making them look for work; they want work. The specific question I asked you about was: is it not the case that when people are sanctioned, say, for four weeks even, they have so many things then to sort out in their lives that it may be a step back from looking for employment?

Esther McVey: First of all, they do act as a deterrent, so, yes, I agree most people are wanting to look for work, but over 70% of claimants themselves will say this notion of a sanction ensures that they do comply and conform and look for work, so it does have an effect on the individual to know that.

Q202 Sheila Gilmore: Your assumption seems to be—

Esther McVey: Those are not assumptions. They are their answers.

Sheila Gilmore: —that people somehow are naughty children—that people who are unemployed are naughty children who, if you do not apply this system quite rigorously regardless of whether it is working, would not be looking for work.

Esther McVey: No, I did not say that. These are the answers from the claimants themselves, and they say the sanction will ensure that they will adhere to what is going on. Those are the answers of claimants themselves and, as I said, sanctions have always been part of the benefits system; it is nothing new that we have introduced.

Q203 Glenda Jackson: You have introduced punitive sanctions, though, and you have given absolutely no evidence so far this morning that that is effective in getting people into work. We have had evidence that, because of sanctions, people simply no longer go into Jobcentre Plus and, as far as we are aware, they have completely fallen off the system. Your argument is that sanctions are productive in getting people into work. Perhaps you would be good enough to give us those numbers.

Esther McVey: To be honest with you, I am not sure where your figures are coming from. What was felt to be correct was that instead of what was pre-2012—this sort of variable set of sanctions that people did not know they were going to get—in fact there is a structure into what happens. Over 99% of ESA claimants do work within the rules, and that is what this is about: what is the extra support? How many extra people get into work?

Q204 Glenda Jackson: If they are working within the rules, why was it necessary to introduce these punitive sanctions, which leave people with no financial support at all?

Esther McVey: That is not true either, because if you were vulnerable and on ESA you would get hardship payments straight away, so you are not on no money or support at all. That is not correct.

Q205 Glenda Jackson: Are you saying the exclusive group who are suffering from these punitive sanctions are only in the ESA?

Esther McVey: No. I cannot follow your logic at all.

Q206 Glenda Jackson: It is across the board, is it?

Esther McVey: Well, there is not. There is support there, and the vast, vast majority of people work within the system. As I said, with the ESA, 0.6% of people would have a sanction.

Q207 Chair: Minister, what we are trying to get at is, whether the numbers are large or small, there is a group of people as a result of the toughening of the sanction regime who are left destitute—and I am going to use the word “destitute”, because I do not think that is an exaggeration—because the system is not working, whether the hardship payments do not give them enough money or, because they are not getting any money, they do not then go and sign on, and therefore they fall out of the system. It is that group we are trying to address. Just because it works for the vast majority, if we were to accept your argument, it does not mean to say that it is working for this small group. In fact, we do not think that group is that small; it is still a sizable number. That is where our questions are coming from. It is thinking about that small group, not everybody else. It is what happens to that small group who have no money, and it sounds as though your Department did not think this through—that there would be people who would not be able to fulfil the conditionality regime, would be sanctioned and would lose their income. Is that not the case?

Chris Hayes: Perhaps I can help. It is important in a conditionality system to have a credible benefit reduction to ensure that people comply. The system has that and, as the Minister has said, 99% of people comply with the system. It is to have a system of clarity so that people understand the sanctions and it is to have a system that protects vulnerable people. There are two systems that work in our current approach. One is that Jobcentre Plus advisers, work coaches, have a vulnerability guide, which means they have to take account of people's circumstances, life changes or certain medical conditions or cognitive or neurological conditions they may have in setting the conditions that determine their compliance regime. For ESA claimants we have a list of medical conditions, which means we take extra special care before we apply sanctions. All those mechanisms are in place to ensure that it is fair, it is transparent and steps are taken to protect people who are vulnerable and, of course, vulnerable people are protected by the hardship regime. That is how the system works.

Q208 Chair: Can I ask if you are carrying out a full evaluation of how that support for that vulnerable group is working?

Chris Hayes: Sorry, can you repeat the question?

Q209 Chair: Are you evaluating it? Will we see published figures? Will we see a published report about how you have evaluated that second bit that you just said—how that support for the vulnerable claimants who have been sanctioned is working?

Chris Hayes: From time to time, we evaluate the whole Jobcentre Plus regime. That was done last year.

Q210 Chair: That is not what I am asking. You evaluate Universal Credit, the benefit cap, the Work Programme, but it does not seem as though you are evaluating how—

Chris Hayes: We evaluate the operation of the Jobcentre Plus regime, which includes all aspects of that, including the operation and understanding of the sanctions regime, which is where the quote came from earlier that the Minister made in terms of people's understanding of the sanctions regime.

Q211 Chair: However, you have a much tougher sanctions regime. You evaluate other things separately within the Department, but you are not going to evaluate the operation—

Chris Hayes: We evaluate that as part of our overall evaluation.

Q212 Chair: Do you not think it should be a separate thing?

Chris Hayes: The evaluation will take that into account, and clearly when we evaluated the Work Programme we took the operation of the sanctions regime within the Work Programme into account.

Q213 Chair: There is ESA as well.

Esther McVey: When we talk about a much tougher regime, I have to say if I was a claimant coming in under the previous regime where I did not know what sentences I was going to get—whether I was a variable or whether I was going to get a disentitlement for between one and 26 weeks—rather than now knowing it could be a fixed amount for a certain time, with much clarity, I would feel that was a more harsh regime, not knowing what you were going to get when you walked through the door.

Q214 Chair: By harking back to the previous regime where the numbers were much smaller, it does not help answer what you are responsible for, which is bringing in the new regime.

Esther McVey: Can I also clarify that point when we talk about numbers that were much smaller when we look at what they were? I checked for May 2010 and I looked at June 2010. The difference was 56,000 or thereabouts in May 2010 and 60,000 in May 2014, and with that and with the difference there was a whole host of extra people who are now being helped and supported through the regime, so I question this huge difference in numbers as we look at that system.

Chair: I will try to find different figures.

Q215 Paul Maynard: It is worth going back to the previous regime, which the Members opposite seem to be running away from, because before the 2012 Welfare Reform Act did we not have a conditionality regime based upon punitive sanctions? Was it not the case that we had a depersonalised regime of sanctions where you were trapped if you had a literacy problem, a numeracy problem, a learning difficulty, and the precise point of the Claimant Commitment is to have a more personalised regime that addresses individual needs? Is it not the case that with greater stringency you can have greater personalisation of the conditions that the benefits claimant is working under? Was the last conditionality regime under the previous system not more cruel, because it left far more on the scrapheap?

Esther McVey: I would agree with all the hon. Member said there. The whole focus of this was to make it more personalised, to have a Claimant Commitment, to understand the needs of the individual, and then to ensure that there was good cause, and this booklet is sort of the numbers of good cause and the examples of good cause. There is a list of vulnerable cases, which is a full chart here of what the vulnerable conditions could be, and that was what it was about. It was about clarity, so you would know what the sanction would be, what its length would be, why you would have it, so it is that clarity rather than the variable way it was done before, and understanding the individual and having a commitment between the two of you. What is it you want to achieve? How are we going to get you there, and what extra support are we going to give you at the same time?

I look at training and how that has increased from 2010 to 2014 from, say, just over a quarter of a million to now over half a million people, so that extra support for their

education. Things like work experience or sector-based work academies did not exist before. They now do, and with all that extra support to get you into work, to give you the training, education and soft skills you need, comes a sanction and a regime there, but it is all about getting you in the best position you can possibly be to get a job.

Q216 Paul Maynard: In terms of the extra support that Mrs Gilmore refuses to accept exists, is it not the case that where an individual has been sanctioned by Jobcentre Plus this draws attention to the individual's reasons why they may be in breach of their conditions and has flagged up issues relating to literacy, numeracy and learning difficulties that were buried deep below the surface, were not being uncovered by the previous system of conditionality, now are being uncovered and can now be tackled, particularly by Work Programme advisers? Are we not dealing more with people's individual problems than we were before?

Esther McVey: That is the case and that is what this Government set out to do: to reach out to those people who could not get a job, understand why they were not getting a job, what extra support they needed and how we do it, but how it works within the whole system to make sure the support is there, this personalisation is there. Yes, sanctions are there, because that voluntary desire to take on a course did not always work and, in fact, the notion of a mandation for a lot of people helped them do things that they would never have otherwise done for themselves. It is those people who needed help the most, who needed the most encouragement. Yes, we know in any system there is the support and there is also the deterrent to enable those people to go forward and get a job. As I said, the Opposition said that there would be a million more people unemployed now. If we followed their regime there probably would have been, but we did not. We changed the regime to help those people who are out of work and we have 1.75 million extra people into work. That has to show that these changes are working.

Chair: I want to bring it back to the purpose, which is about the sanctions and the effect on individuals.

Q217 Anne Marie Morris: Minister, clearly, whenever you produce a policy that is focused on how you move people who are out of work into work, you need to look at all the different bits of the system and see how they work together. You need to understand how a system of sanctions might work, the elements of the conditionality, the elements of the support, the coaching. Would you agree that you need to understand all of those bits and understand how they work together when you are putting together a policy to achieve out of work into work?

Esther McVey: That is what we do and that is why you keep it monitored to ensure that it is working the best it can work.

Q218 Anne Marie Morris: I am pleased to hear that, Minister. Could you perhaps articulate for us not so much the historic research, which is what previous questions have been about, but what work you are doing now that is active research on all the different pieces of the system to see how effective they are? We have spent a lot of time talking just about the bit about sanctions, but it is the bit about the coaching and support, and the bit

about the conditionality itself. What sort of research is the Department undertaking on an ongoing basis just to see how those fit together so that we have a system that really works effectively, knowing and understanding how those different bits work?

Esther McVey: There are various ways that is done. After the Oakley review, when it was decided, looking at the Work Programme and communications, that needed to be improved, looked at, monitored, we extended that right across all sanctions and all forms of communication. Within that, we said, “How do we ensure that people know, as best they can, about the sanctions? How do we put a new, simpler read form on the GOV.UK notice? How do we get the letters better and how do we engage with different stakeholders and claimants to make that work? How do we make sure we have a phone line, Provider Direct, to make sure that people know what is going on? How do we scan and see what is going on monthly? How do we have a central point?”. We are constantly monitoring, looking at the system and extending it with a view to: “How are we getting extra people into work? How are we reaching out and giving people more training, more literacy, more numeracy courses? How do we, through case studies, understand individuals?”. That is one key thing we are bringing through here from the claimants: “What has supported you best and how have you got into a job?”. So, we are understanding it from the claimants, getting their case studies. They are saying, “What is the satisfaction rate? How were we treated? How do we view the courtesy with which we were dealt?”. We are constantly monitoring all that, but understanding it from a claimant’s view, from somebody who thought they might never get a job to somebody who has been on a work experience, been on a sector-based work academy and got a job, and how that then is fed into the system and how they can help other people who are equally as vulnerable.

Q219 Chair: Minister, you have not even attempted to answer the question. We are looking today at the effects of sanctions post the Oakley review. All the other stuff you are talking about might be very worthy, but that is not the question. The question we are looking at here is: if research showed that sanctions did not work in doing all the things that you have done, because a lot of the stuff you have described does not need sanctions, would you keep the sanctions regime in place?

Esther McVey: Well, put it this way: even the Bank of England have come out and said that we have got and supported so many extra people into work that they believe it is now part of a more rigorous welfare-to-work system and greater sanctions that, in itself, has helped us now. The UK, last year, created more jobs than the rest of Europe put together.

Q220 Chair: That is still not my question.

Esther McVey: It is. It is part of the same system.

Q221 Chair: If you found that financial sanctions were not the deterrent, would you still have them?

Esther McVey: They have always existed. They are always part of it, and we have looked at it and given you all of the references from international evidence that say that it

works, not only as a deterrent but once people have had a sanction, in getting them into work. That financial withdrawal was key.

Q222 Chair: Therefore, you are saying that you think sanctions are essential. You cannot have a welfare-to-work system without punitive sanctions.

Esther McVey: That is not me saying it. That is since time began and that is all international evidence saying that.

Q223 Chair: You are accepting international evidence, as you say, that a welfare-to-work system that is successful to get people into work must have harsh sanctions.

Esther McVey: No, financial sanctions, and that is acknowledged across the world through the OECD, through the latest reports, and I am giving you those from northern Europe and Germany. So, it is not what I am saying. Sanctions have existed since benefits began.

Q224 Teresa Pearce: Minister, you have talked about all the new jobs and the extra people who have got into work. How many of those people had been subject to sanction in the previous two years?

Esther McVey: What we know is that when people will be sanctioned—

Q225 Teresa Pearce: No, how many of the people who are now in work who were not in work had been subject to sanction?

Esther McVey: They would have been part of the cohort of people—

Q226 Teresa Pearce: So, you do not know.

Esther McVey: No, hang on; there are two parts of that.

Q227 Teresa Pearce: No, there are not two parts; it is one question: how many? You are saying the new jobs are a result of sanctions and we are saying we are looking for evidence of that, so I am asking you: is there any evidence that those people who got into work had been subject to sanction?

Esther McVey: I think the German research—

Q228 Teresa Pearce: Okay, the answer is no.

Esther McVey: No, hang on; please allow me to finish. The Germans would say anywhere over 50%; international evidence would say 25% up to the 75%.

Q229 Teresa Pearce: In the UK, which you are responsible for, how many of those people have been subject to sanction?

Esther McVey: Within the UK, because you have got to look at the entirety, for those people who have not been sanctioned, it was a key part that they took part in the work that was there and the training that was there that helped them. Of those who were sanctioned and those we look at who are no longer claiming benefit who have been sanctioned, the destination survey would say probably about 68% of those who are no longer claiming benefit who had been sanctioned would have gone into work.

Q230 Teresa Pearce: Could we just clarify? What you are saying, I am clear now, is that, of these people who have found work, the deterrent of a sanction may have helped them into work, but of the people who were sanctioned who are no longer claiming we do not know, because there is no follow up, but there is a presumption maybe. Is that what you are saying?

Esther McVey: No. To be fair, the following through of where people had gone or not gone into work stopped under the previous Government in 2006. We then did a destination survey to find out where people were going, and that says roughly about 70%—that we know of—will go into work; roughly 15% will go to another benefit.

Q231 Teresa Pearce: Are they the people who were sanctioned?

Esther McVey: No, hang on a second—and then other people have moved on to other benefits. That is the same proportion. They have said it would be about the same proportion if people had been sanctioned and then come off benefits following a sanction. It would be in about the same percentages.

Q232 Anne Marie Morris: Minister, I absolutely hear what you say with regard to international research on the whole issue of sanctions. It seems to me entirely reasonable that that should be something that any responsible Government look at as a first port of call. I am also pleased that you are undertaking case studies to look at the whole system, which was where my questioning was going. I was trying to look at how we ensure that the system as a whole works, so that the sanctions work with the conditionality and work with the other pieces. What I would be interested in is just a little more information about how these case studies work and exactly what you are able to pull out of them to show how the system works and, if you like, not just how the sanction piece works but also how the support and the coaching work—what impact that is having and how important that is in the process—and exactly how you set the conditions. The conditionality and how those conditions are set are also going to be fairly crucial in terms of getting the outcome, which ultimately is getting people into work.

Esther McVey: Attitudinal surveys have been done, and for some people who would have, in a way, thought themselves the least likely to have conformed but needed help the most, they said that that conditionality or mandation was instrumental in them getting a job, so it was key. They would have been most reticent at first. They would not have thought they needed a mandation. Afterwards, once they had been through the system, they said that helped them the most—that extra, as it was, push to go into the right

direction, so that must not be underestimated. We know, in itself, just a voluntary system does not work, and the OECD says, again, that mandation is key to get increased people into work. Then what we do is follow those individuals. Why are they not adhering to the system? What is it then? How do we look at that Claimant Commitment? How do we see they have understood it? If they have not understood their conditions? If they were vulnerable, remember, they would not be sanctioned. What we have got to really get to the root of is how we reach out to those people. How do we ensure they go on the training that they might never otherwise have done? These could be people who have never really adhered to schoolwork, the mandation of being in school, and now we have to work with them and offer them a life and opportunity—jobs they might never otherwise have had.

Q233 Debbie Abrahams: Minister, in March 2013 your Department estimated that money withheld from JSA claimants due to benefit sanctions increased from—and this is a comparison between previous Administrations—£11 million in 2009-10 to £45 million in 2010-11 and £60 million in 2011-12. You said in a debate on 18 December in response to Stephen Timms, who has requested repeatedly figures to be published on the monies withheld since you introduced the new, stricter sanction regime—and I am quoting your response—“It is impossible to calculate such a total, and trying to do so would lead to the Department handing out inaccurate information”. That is a nonsense, Minister, is it not?

Esther McVey: No, it is not, and if you had got the full parliamentary question back there, it had many caveats on that. A figure was given out by the previous Minister over to the right hon. Member for East Ham; with it, it was said that it did not take in the money that was given on hardship payments; they did not know how many people of those who could have been sanctioned had gone into work. That figure was incorrect because there were so many caveats on it. It was for that reason that the statisticians within the Department said they would not be handing out a figure again, because it was being used inaccurately with all the caveats and, therefore, it was inaccurate, so, no, we did not know. Hence on other parliamentary questions afterwards that answer was given and the debate was held. Obviously, the hon. Lady listened to that debate, and the reasons were given, not by me but by the statisticians in the Department, why that was an inaccurate figure to give out in the first place and why it would not be given out again.

Q234 Debbie Abrahams: Accepting all of that, statistical models make assumptions. They have a sensitivity analysis to indicate the level of predictability in their models, but it is possible to make those estimates. Using similar statistical models it has been estimated that it is £275 million that has been withheld, so if I am comparing the two Administrations: 2009-10, £11 million; since your new, stricter regime, it has increased to £275 million.

Esther McVey: I am afraid nobody recognises that figure, and obviously it becomes inaccurate because the caveats as to why the numbers were inaccurate have not been utilised.

Q235 Debbie Abrahams: Moving on, Minister, your Government has included within Universal Credit regulations in-work conditionality, and that will apply to people who are in work on low pay in receipt of Working Tax Credit. Currently, there are 4.7 million

families with children in receipt of Working Tax Credit. It is quite clear in the Autumn Statement that there will be a reduction in Working Tax Credit. I have asked for the conditions under which you will be applying sanctions to working people on low income. Would you care to share that with the Committee?

Esther McVey: At the moment, we are doing the pilots to test that and the people who would have in-work conditionality or raising them to help them to get a promotion, working with businesses, helping them get extra hours to increase their wage; that will be for people below £11,500. However, that really is to help them get promotion, give them the training, the support, help them have extra hours and help them bring home extra wages and—

Q236 Debbie Abrahams: If they do not, Minister, are you going to be sanctioning them as well?

Esther McVey: —that is what we are piloting at the moment.

Chris Hayes: Just to clarify, we have provision within the legislation to apply conditions to people who get in-work Universal Credit. We are about to launch a major test of that to see if conditionality has a place in supporting people in work to progress, either by increasing their pay or increasing their hours. That will be a full random control pilot, which we will test and evaluate before we decide whether conditionality has a place in in-work progression.

Q237 Debbie Abrahams: Okay. Moving on, in terms of the evidence of the effects of sanctions, Minister, the Committee has taken very extensive evidence from a range of academics. Research by Oxford University and the London School of Hygiene and Tropical Medicine shows that 43% of JSA claimants with adverse sanctions leave JSA. They go off-flow, off-register—43%. Eighty per cent. of those who have been sanctioned do not go into work. The source of the data is Government national statistics from 375 local authority areas. Is it not true that the new, stricter sanctions regime is distorting JSA claimant figures and that there is a real claimant count that is higher than that published, and it is because of sanctions that it is being distorted?

Esther McVey: No. Let us look at each of the points that you have raised there. The research that the hon. lady is talking about looked at what had happened where people were two months after they had been sanctioned and made a selection of—I do not know—conclusions, and we are not really sure what figures they based them upon.

Q238 Debbie Abrahams: I have just given you them; they are national statistics—Government data.

Esther McVey: No, hang on a second; I am giving you the answer. One of them was where they took this as the full number of people who would have got into work, where people would have voluntarily said, “This is the job we have”, where we know most people do not. Only about 22% of people will offer up what they have done. Most people who will have got a job will have just left JSA and moved into a job. That is where this Government did a destination survey—where have people gone?—and that is closer to

70%. I gave the figures before on where those people will have gone. So, we strongly dispute the figures that have come forward, because they have made leaps in where they have got the facts and where they have got the figures and then come to a conclusion—a conclusion obviously they wished to come to. That is one thing.

The other thing is where would people have gone? We know we have the extra 1.75 million people into employment, but if people were then moving off benefit and going somewhere, but obviously you do not know where they have gone, inactivity is what you are saying would have increased. It has not. Inactivity has decreased by 400,000 under this Government, so again a flaw in the logic to where those people have gone, because we have helped more inactive people into work as well as people who were claiming benefits into work.

Q239 Debbie Abrahams: You seem to be very selective in terms of the evidence that you will accept.

Esther McVey: No, I do not think so.

Q240 Debbie Abrahams: Moving on then to the evidence again provided from a range of sources—Durham University, MIND, the Trussell Trust—I presume that you have read the evidence that has been submitted to the Committee. They have indicated, in terms of the impact sanctions is having on food poverty, that of the over a million food parcels that were provided last year, 45% were accounted for by sanctions. In my own constituency, in Oldham, it is 60%. Again, evidence that we had was of how sanctions are exacerbating both physical and mental ill health. One example that was provided by MIND was of a woman who discharged herself from hospital because she was afraid to miss an appointment for fear of being sanctioned. Today, we have the report from Crisis and JRF linking the increase in homelessness directly to sanctions. In addition to that, Minister, there is an increasing number and a worrying number of deaths that are being associated with sanctions, so I would be grateful if you could share with the Committee how many peer reviews the DWP has conducted following the death of claimants. Does this include all deaths from suicide? How does this compare with other years and how many were associated with sanctions?

Esther McVey: First of all, let us look at the things that you have said there. I was heartened by what the Archbishop said when he was talking about food banks, and he said it is wrong for political parties to politicise this. It is a very complex reason, as the APPG said, why people are going to food banks, so to politicise it in the way that the hon. Lady has done even the Archbishop says is incorrect.

Q241 Debbie Abrahams: This is a humanitarian issue. I am sure colleagues across the way always also share the concern about food banks.

Esther McVey: Let me finish. It is a very complex reason and to politicise it, as the hon. Lady has just done, is incorrect and wrong, and what we have to do is see how we best support people, which is what we are doing.

Q242 Debbie Abrahams: Can I get back to the questions, Minister? How many deaths have there been associated with sanctions?

Esther McVey: That was the first comment that you made that was inconsistent there with what was said and what is happening and how people said do not politicise it, because it is much more complex than that, and what we are doing is helping people into work as best we can, so that needs to be key. Although obviously we look at our whole system as a whole and we look at, through quality assurance, how we have helped people, how we have supported people, whether we are doing the right things and, through the guidance we have, how we check if people are vulnerable. There is a whole host of checks that an individual, an adviser, would do or the Work Programme would do to ensure that we are best helping and supporting people to ensure that those who are vulnerable are not sanctioned.

Q243 Debbie Abrahams: Minister, how many peer reviews has the Department conducted and were these deaths including suicides, and what was the outcome of that in relation to sanctions? It is a simple question; surely you will have that figure.

Esther McVey: I think you are inflaming this, though I am sure obviously you do not wish to do that. We do look at all these cases, of which there has been, I am right in saying, 49 peer reviews, and we look at that and say, “Was everything that we did, as part of our processes that are quality assured and follow right the way through, right?” and that is what we do to reach out and help those people. However, the hon. Lady would also understand that suicides and what happens there is a very complex situation for that individual.

Q244 Debbie Abrahams: Are you saying that there is no data on the relationship with sanctions? Can I just be clear about this for the record? You are saying that you have undertaken 49 peer reviews and that there is no relationship with sanctions. Is that what you are saying?

Esther McVey: We have followed and looked at what we did: how best we worked and supported the individuals. I will not, obviously, talk about specific cases, because that is wrong, as the hon. Lady knows, but we ensure that we follow all of our processes correctly. I will ask Chris; is there anything you would like to say?

Chris Hayes: As the Minister has said, we would look very carefully at any case of this severity to make sure that all the procedures were followed. Directly relating sanctions to someone’s death is quite a big leap of logic, because these cases are people who are in very severe and vulnerable conditions and the circumstances have a number of causes. We need to make sure we have systems to protect vulnerable people, both in terms of providing hardship, where that is appropriate, but also in terms of setting the right sorts of conditions and providing the right sort of care so that we are aware of these people in vulnerable conditions and we provide support appropriately.

Q245 Debbie Abrahams: You are saying that you have found no instances of where the Department’s actions have been either inappropriate or incorrect.

Chris Hayes: I would have to look at the peer reviews in detail, but my point is that we have found no particular case where, as a direct result of sanctions alone, that has led to someone being in that situation.

Q246 Debbie Abrahams: My final question on this section, Minister, is: there is mounting evidence, as you will have read, that this Committee has taken from various witnesses and had submitted to it, that there is inappropriate use of sanctions, that there are targets, and that there are cases where harassment has been used to get claimants off-flow. Your own reviewer, Matthew Oakley, said that as a matter of course he would expect a more detailed review of the full scope of the sanctions regime. Given the very serious nature of the evidence that we have had against the introduction of the new, more strict sanction regime, will you finally agree to have an independent and full inquiry into sanctions?

Esther McVey: Again, I need to correct the hon. Lady because she has said many incorrect things, this one being one of them. There are categorically no targets. There is no harassment. All these things that she is looking for and trying to find do not exist, whether everybody is written to ensure they do not do—there absolutely is not. The only thing where people will be checking up—and maybe the lady is confused—is on whether things have been done in the right time limit. We are looking to ensure that people will have known whether they will have got a sanction within five days, if they are not vulnerable, and there is a target there to try to get 85%. If somebody is vulnerable, we are trying to make sure that they will have the decision within two days to see whether they will have a sanction. In that regard there is. We want people to know as quickly as possible what is going on and whether they are going to be sanctioned.

The other thing is there is something known as the “100% check” to ensure that things have been checked thoroughly before they go for a sanction. Of course, we are using the Merseyside model, which makes sure that a decision maker will work with their advisers to make sure that they know what they are looking for.

Categorically, what the lady says, again, is incorrect: there are no targets; there is no harassment. The lady looks at this situation from the opposite point of view. We are looking to support people to get them into work, and obviously our welfare to work is working, because you have an extra nearly two million people in work.

Q247 Glenda Jackson: Essentially, what I would like to know, and perhaps both of you could forward a reply, is if so much detailed, personalised care is being undertaken by the decision makers, why are so many people being sanctioned and being punitively sanctioned? Why is the system not working?

Esther McVey: No, hang on a sec. Again, I need to correct the hon. Lady here. We know how many people conform: the vast, vast majority. Over 99% of ESA people conform. If we look at how many ESA claimants are being sanctioned a month—and that is what we looked at—it is 0.6%, so I have to say that is not correct.

Q248 Glenda Jackson: What is that number of people?

Esther McVey: That would be 3,000 people a month there.

Q249 Glenda Jackson: There are 3,000 people a month, who, you admit, are the most vulnerable, who are going to be sanctioned despite a system that, according to you, Minister, is personalised, sensitive, extremely detailed, and its aim is to support these people into work. One is left with either one of two things: either the system itself is basically flawed and you have not noticed how flawed it is, or that what you are asking the decision makers to do, they are failing to do. However, the bottom line is that sanctions are not working.

Esther McVey: No. As I said, it is 0.6% of people, and the number of people being sanctioned is falling. The number of people sanctioned for ESA is lower in 2014 than it was in 2010-11, so obviously the extra support we are doing is helping, and those people who have been sanctioned who would be vulnerable again would be supported with hardship payments. At every layer there we are supporting the most vulnerable and, as I said, here is the document for good cause to check and here for home visits. There have been nearly 130,000 home visits for people who are vulnerable—people who could have agoraphobia, alcohol abuse, mental illness, depression, schizophrenia, stress, nervous shock, eating disorders, depressive reaction. All of these people would get home visits and then they might not be sanctioned.

Q250 Glenda Jackson: However, they might be, and therefore my question is this: again, if the system is so perfect, if there is this detailed acknowledgement of the individual claimant's illness, mental or physical, why is it necessary to sanction them?

Esther McVey: I would imagine that no system is perfect. I would imagine that, but I would say with a 99.4% rate of people working within the system we have got that at a very high number. Of course we want to do better. We want 100%, but at 99.4% I would say we are doing well with that.

Q251 Sheila Gilmore: Can I just ask, Minister, is that 99% of all people who are on ESA or only ESA claimants who are on the WRAG or only ESA claimants who are in the WRAG group and are subject to conditionality? That is an important distinction. There are many ESA claimants who are not subject to conditionality at all. You are using a specific figure of 99%. Could you just clarify what that refers to?

Esther McVey: That is the people on the WRAG, the work-related activities, because obviously if you are in the Support Group, you would have no conditionality whatsoever. Remember the people on ESA there who are in the WRAG group do not have to get a job; they do not have to take a job. They have to take steps to getting them on the way to a job, because the people who are in the Support Group do not have to take any of these steps.

Q252 Sheila Gilmore: I know that. That is why I asked the question. I just wanted to know what the 99% referred to.

Esther McVey: 99.4%.

Q253 Chair: Can I just be clear? You have just said that there are 30,000 ESA home visits. Can I be clear: are these all sanction-related home visits? That sounds a large number. Before you sanction somebody on ESA, they get a home visit. Is that what that 30,000 figure refers to?

Chris Hayes: That was 130,000 visits. It is about 40,000 visits a year.

Q254 Chair: Right, so 130,000 home visits; are these all sanction-related home visits or is it an even bigger figure than that?

Chris Hayes: The visits are made prior to a decision about a sanction.

Q255 Chair: How many of those result in a sanction?

Chris Hayes: Following a visit? I do not have those figures available.

Q256 Chair: That must be an easy figure to get. If you know how many home visits are being made, you will know how many of those result in a sanction. If it is severe enough to warrant a home visit, there must be questions as to whether the sanction was a relevant course of action, surely.

Chris Hayes: A core visit would only be made if someone has one of the conditions that the Minister has mentioned and is on ESA.

Q257 Chair: That is still 130,000.

Chris Hayes: Yes, that is right.

Q258 Chair: Does that not strike you as a lot?

Chris Hayes: The visitor would make sure that the claimant understood what was required of them and had understood what they need to do in terms of providing a good reason for not complying. If they did not understand, they would not apply a sanction. If they understood but had not got round to submitting good cause or good reason, they would make sure that was done.

Chair: It would be useful if we could have the figure of the number of those home visits that resulted in a sanction or, conversely, the number that did not result in a sanction.

Q259 Glenda Jackson: On the additional support that is afforded to the most vulnerable people who have, despite the system, been sanctioned, you have said they get extra support, for example hardship payments. Could we have the figure of the number of people who have been sanctioned and who are in receipt of hardship payments, please?

Esther McVey: I know they have not released those percentages so far, but they will be coming out.

Q260 Glenda Jackson: I did not ask for percentages. I asked for figures.

Esther McVey: I can tell you it is the vast, vast majority of people applying for hardship payments get them, and I believe the next set of hardship figures will be in May.

Q261 Glenda Jackson: That was not my question, Minister. I was not talking about the applications for hardship payments. You have argued that all those people in the most vulnerable groups who have been sanctioned are supported by hardship payments. In the light of what you have been saying to the Committee this morning, I am asking whether it would be possible for you to furnish this Committee with the number of people who have been sanctioned and the number who automatically receive hardship payments. Could you do that?

Chris Hayes: We are compiling hardship figures at the moment, and we are just validating the figures. When we have done that, we will publish them.

Q262 Glenda Jackson: When did you start compiling them?

Chris Hayes: I think these figures run from the last 12 months, or maybe the last 18 months; I would have to check.

Q263 Glenda Jackson: Can we have the figures before Parliament dissolves?

Chris Hayes: I cannot give you a date at the moment.

Q264 Graham Evans: My questions are for Chris or the Minister. You mentioned the Merseyside model. Could you remind the Committee how that works, because nobody agrees with inappropriate sanctions, but mistakes are made. How has the Merseyside model helped to avoid mistakes being made?

Esther McVey: That is where the decision maker, who knows what they are looking for and what information they need, will work with the adviser to say, "This is what needs to come forward to us; this is what we need", and give them the best possible advice straight away. It is working there between the decision maker and the adviser to make sure they have all the relevant information. That goes alongside something known as "100% checks": have you checked all the information that goes forward, because this is really about the quality assurance and quality framework.

Q265 Graham Evans: I have witnessed that check or, as they refer to it, "the gatekeeper". There is a whole list of conditions, mental illness, disability. When a jobseeker walks into the Jobcentre, they know, because of the local economy, there are jobs there. Not only are there jobs and vacancies; there is help and support to get them job-ready for those

vacancies. However, for the most vulnerable is it possible to have another process to perhaps stop the most vulnerable who think they are work-ready and perhaps are not quite work-ready, where you could identify them before they end up going into the sanction mode? Where they have failed to meet the Claimant Commitment for whatever reason, because of illness, mental illness, for example, you could identify them sooner, rather than those people who perhaps for other reasons do not do the Claimant Commitment and who might be rightly sanctioned. It is a matter of trying to identify early those people who are more vulnerable, which ends up with a lot of the things that have been mentioned by the Committee.

Esther McVey: A lot of that work, as you rightly say, is done through the Claimant Commitment with the adviser, but Chris has the full document of all of those checks and extra support and verification that goes on to reach out to those vulnerable people.

Chris Hayes: The DWP has launched an approach to vulnerability. All work coaches and advisers have to pay due regard to this approach, which sets out a list of personal circumstances or conditions that someone might have that would mean that we would have to treat them slightly differently. That would mean taking account of those conditions, for example, homelessness or break up of a relationship. It would also have to take account of any of the listed medical conditions in terms of setting the conditions that that person has to meet. That is taken into account right at the start so that, when the Claimant Commitment is formulated, there is an understanding that that might be limited in some cases because of either personal circumstances or certain difficulties that the person might have. That might mean cognitive difficulties or other conditions.

Q266 Graham Evans: Is this a relatively recent thing, which will iron out, filter and stop some of these things?

Chris Hayes: It was published within in the last 12 months and is on the GOV.UK website as well.

Q267 Graham Evans: Okay. Are you confident that these changes that have been made will perhaps prevent some of the stories that we have been hearing about?

Chris Hayes: These changes, alongside the Claimant Commitment, help to make sure that the conditions we set are right for that particular person.

Q268 Nigel Mills: Can we get back to the questions on what happens to people after they have been sanctioned and have left benefits? I am assuming you would quite like to know what outcome people have. Is that right? Is there any work ongoing now to try to find out what happens to people after they come off benefits?

Chris Hayes: The data we have at the moment is recorded on the benefits system, and that is not very robust. We know about 44% people who leave benefits go into work, because they tell us. About 40% leave and they do not tell us, so we do not know where they go. The last survey we did, in 2012, told us that about 68% of people go into work. We now have the direct feed from the HMRC Real Time Information system, which we are starting to use to track people's progress. We have not used that in that way before, because we have been concentrating on making sure that feed works in Universal Credit,

because that is used to adjust people's amount of benefit as they earn. However, that will give us a very reliable source of people who leave benefit and go to work. It is not yet available in that form. That is what we are developing.

Q269 Nigel Mills: It would certainly be useful to know what happens to people who have been sanctioned. Is that a piece of work you would do? Would you compare RTI data with those who have come off benefits after receiving sanctions and see if it provides you any useful information?

Chris Hayes: The RTI data will provide us with a wealth of information. Among that, we will be able to check what happens to people who are and are not sanctioned. We will be able to do all those checks.

Q270 Nigel Mills: Remember we are in the Universal Credit world. People moving off benefit will not be any use to you, will they? They will have moved just from the "out of work" to the "in work" part of the same benefit. Presumably, you must be producing a new target and a new way of measuring performance. Will that not fix this knowledge gap?

Chris Hayes: There are three performance measures that we have in Universal Credit: one is someone moving into work from no work to some work; the second is sustainment in work over a six-month period; and the third element is progression in work over a longer period. Those are the performance measures we are starting to develop in Universal Credit.

Chair: Paul, I know you have to leave. Do you have time to ask your questions?

Paul Maynard: Yes. The Committee staff who are directing our work are keen to look at the Oakley review and the Government's response to it. They want me to focus on two aspects that have not been progressed so far, which I will come on to in a moment. However, as an individual Member of the House, I would like to ask a slightly different question to that which the Committee staff want me to ask.

Chair: I have told Paul he can ask any question he likes.

Paul Maynard: It does not feel like that is the case on this Committee.

Chair: No, that is not true. Go on and ask your question.

Q271 Paul Maynard Can you confirm how many of Mr Oakley's recommendations you have implemented so far?

Esther McVey: Out of the 17 that were all accepted, most of them have now been implemented. The only ones that have not are the ones that would require contractual changes with the Work Programme. Strengthening the guidance has been done; that has been accepted. Looking at extra communications, letter writing or working with stakeholders and claimants, it has been done. Directly bringing in the provider has been done. At the moment, that will be compulsory for the new contract for the Work Programme that has just been signed for new people. In terms of the rest of it, they are working on that. As I said, a whole host of those processes has been done. The ones that have not are the ones that relate to the Work Programme and the contract alterations that need to be done. As I said, not only have

we accepted all of the 17 recommendations, we have extended them beyond the Work Programme to all communications across all sanctions.

Q272 Paul Maynard: Can you therefore just confirm for me that, where appropriate, those recommendations have been applied to those who are on Jobseeker's Allowance but are not in the work-related activity group or connected with ESA?

Esther McVey: Yes, because they have gone across all of the different sanctions across all of the different remits.

Q273 Paul Maynard: Mr Oakley identified two problem areas, if you like, for the application of sanctions. One related to housing benefit. The Committee staff believe that you have not taken "decisive action" to address this. Could you set out for the Committee what action you have been able to take so far to address this? What Mr Oakley said was, essentially, as he understood it, you were engaging in an IT solution to solve this problem. Could you update the Committee, please?

Esther McVey: Quite detailed examination went into this. The first JSA notifications for local authorities were introduced back in 2009. One instance that was looked into was a question as to whether notices had been sent out in error through the IT system and what had happened there. Initially, this was going to be looked at and resolved in 2011. At the time, they were manually following them and looking at the numbers, and they said they could not do that fix at that moment.

It appears that, with all the different changes and alterations to the IT system, it was fixed in 2013. When they went back to do this fix in 2014, after the Oakley review, it did not seem to need to be done. They went back and looked over possibly 300 different cases where any of these errors had occurred, and it was found that was not the case. That IT fix was done. It is now constantly being manually checked, if anything does go wrong. I believe one case has come in on 16 January 2015 saying that an error could have been sent, but when we were investigating that, nobody had ever sent that piece of information through. We looked at the housing benefit issue, because we thought that was really important. We looked at whether there were any errors coming through from the IT and, more importantly, the difference between a disallowance and a sanction—and a disallowance from benefits could have stopped the housing benefit—and what the right communications are from the housing association to the Jobcentre Plus to ensure that nobody goes without their housing benefit. Yes, we took that very seriously indeed. We followed up on all of the different component parts to ensure that people remain on housing benefit who should.

Sheila Gilmore: So, it should never happen any more.

Esther McVey: That is what we always look to do. That should not happen and that is what we have instigated to make sure of that. It is constant. As I said, we continue to monitor that. We are manually monitoring it. However, we have not seen that. As I said, the only one came from Sheffield on 16 January. When we asked for the information on that, it was not forthcoming. As we see it—am I right in saying that?—there have not been any instances on housing benefit. That is why we looked into the past 300.

Q274 Paul Maynard: The second issue relates to the Work Programme providers having an obligation to report any breach of people not attending mandatory meetings, and the view was that secondary legislation was required to alter this. Can you give us an update on where that is in terms of introducing that secondary legislation?

Chris Hayes: What we have done with the Work Programme providers is introduce a new form they have to fill in for referral, which means they have to tick or check whether the claimant is in a vulnerable condition and therefore whether they should have set the requirements they have set in the first place. They now also use Provider Direct, which is a phone line they use to make sure that, if a client has not made contact, they have the right address and details for the claimant, so that they are not trying to find a client at an address when they are not there.

What we need to do is make that process mandatory, which we will do when we enter into new contracts. The other point is that, clearly, the providers have to refer to DWP decision makers to make a decision on good reason. In order for us to allow providers to make that decision on good reason, we would have to change the regulations. We will need to look at that when we come to re-contract the Work Programme, because that will require contract renegotiation as well as regulation.

Q275 Paul Maynard: Why could you not do that now? Many providers I speak to are keen to have that level of discretion. If someone turns up five minutes late to a session, at the moment they are being automatically referred to decision making to be sanctioned. That would appear disproportionate. Should the provider not have the ability to apply that initial discretion to say, "I can overlook that; I will not be referring"?

Chris Hayes: In order to make that mandatory, we would have to renegotiate all the contracts with Work Programme providers. Some may wish to do it; some may not. We have just renegotiated the contract.³ We are not in a position to include other changes. At the moment, we are not planning to renegotiate on that basis. What we are planning to do is make sure that the system works in terms of the providers having the right information and the providers checking the vulnerability of the claimant, so we make sure they do not apply conditions that are inappropriate for that individual.

Q276 Paul Maynard: Equally, I find it strange that the contracts are so structured that discretion and human nature are not allowed to feature. However, you have answered that point.

When discussing with my own local Work Programme provider last Friday the issue of this automatic sanctioning, the point was made to me that not every meeting the client needs to attend needs to be mandatory. What discussions are you having with

³ *Clarification by witness:* The Department agreed Work Programme contract variations with providers in December 2014, and the contracts have been extended for 12 months, from March 2016 to March 2017. Full details of the package of change have been shared with the NAO who will be providing a written update to the Public Accounts Committee shortly.

Work Programme providers to ensure the mandatory elements of the Work Programme are tailored to the individual so that not every interaction with the Work Programme provider is of a mandatory nature? Surely that in itself would allow for a diminution of this automatic sanctioning, which is driving up the numbers of referrals to sanction overall. Are you engaging in that at all?

Chris Hayes: The sanction is not automatic; the referral is automatic. It is then referred to a decision maker. To clarify that point, the Work Programme provider has to make a referral; then the decision is made with the Jobcentre. The sanction is not automatic. It is an automatic referral.

On the second part of the question, we are encouraging claimants to take their Claimant Commitment to the Work Programme provider and share that with them, so the Work Programme provider understands the individual circumstances. We tell all claimants this when they are referred to the Work Programme. We tell all Work Programme providers to ask to see the Claimant Commitment, but we cannot as yet send the Claimant Commitment directly to the provider without the claimant's consent. However, we are encouraging that so the Work Programme provider has the Claimant Commitment, they can understand the conditions that are set and they can understand what they can set around that in terms of mandatory activity.

Q277 Paul Maynard: What effort is made to ensure claimants understand their Claimant Commitment is ongoing at the same time as participating in the Work Programme? It appears to be a very common set of circumstances that people do not fulfil the Claimant Commitment because they are engaged in the Work Programme. The two have to go together. What steps is the Department taking to reinforce that to individual claimants?

Chris Hayes: We have improved our general guidance, which is published on GOV.UK, to make sure that dual accountability is clear. We have sent guidance to work coaches to make sure that at the point of referral claimants understand they have a dual responsibility to comply with the Claimant Commitment but also to comply with the reasonable work-related activity that the provider asks them to undertake.

Chair: I hope you have asked all the questions you wished to ask, because during a short time on the Committee, Paul, I have never known you not to ask the questions you wanted to ask. I do not know why your approach has been different today.

Q278 Nigel Mills: While we are on the Claimant Commitment, I suppose to make this system really work it needs to be something that the individual claimant and the Jobcentre coach agree between them and there is real input from the claimant as to what support they think they need and what activity they should take. Do you monitor how individualised these commitments are, or do you see a whole load of cut-and-paste jobs being churned out at the end of this?

Esther McVey: It is key that these are for the individual, that it does work specifically for them and that we do take on board everybody's issues and individual circumstances to help them into work. We use a "go, look and see" approach. How has that meeting gone between the adviser and claimant? How does that individual feel that it is reflected in their

Claimant Commitment? If people feel that they do not know what it means at that moment in time, they could have a basic Claimant Commitment and get their benefits—but work towards making it fit for them.

Equally, if they do not feel that Claimant Commitment is right, it can be altered and reviewed. That is at the core. We want to understand this person as best as possible and make sure it works for them. It is key; it is something brand new we have brought in for this tailor-made support; and we are constantly ensuring that we get it right.

Q279 Nigel Mills: Has any work been done or are you planning any work to have a look at some Jobcentres and see whether or not these things are different for each claimant or whether or not, in practice, it is the same 15 things being required every time?

Chris Hayes: As the Claimant Commitment is moving on, we are evaluating it properly. We are doing a full evaluation, which will be both quantitative and qualitative. It will be quantitative in the sense of the increase in work search and move into employment because of the Claimant Commitment, and it will be qualitative in the sense of the quality and individualisation of the Claimant Commitment. We are undergoing that evaluation at the moment.

Q280 Nigel Mills: Clearly, it is important that you are not requiring people to carry out certain activities that will not put them anywhere near the job market. Are you seeing the concern that people are feeling under pressure to have lots of requirements in these so are sticking a load of things in them that are probably unhelpful?

Chris Hayes: We developed the Claimant Commitment with the Behavioural Insights Unit, which was then based at the Cabinet Office. The commitment in terms of job search formed part of the claimant's day-to-day routine, and that was the whole basis of it. We increased the length of the interview so that the work coach could understand how the claimant went about job search and fit certain conditions into that.

Having read a number of Claimant Commitments, I can see this is working really well. Because we are fitting it into claimants' daily routines as opposed to asking them to do set things, they are complying with that much more. It is proving very successful in terms of helping people to find work.

Q281 Nigel Mills: Will your review look at whether, where you have an individualised Claimant Commitment that really was a negotiation, there are lower sanction and non-compliance rates on those, as opposed to where a perhaps somewhat more standardised one is used?

Chris Hayes: As I say, we are evaluating all aspects of the Claimant Commitment in terms of the impact of movement into work and the impact of compliance with the system. We will take all of that into account when we publish the results.

Chair: When is that likely to be published?

Chris Hayes: It will probably be next summer.

Chair: That is not in time for our Inquiry.

Chris Hayes: No, unfortunately.

Q282 Nigel Mills: Is that this summer or summer 2016? Can I just move on to the continued use of Jobseeker Directions, which obviously were a feature of the old system but appear to be in some areas an increasing feature of the new system. It is not immediately apparent why those cannot be dealt with under the Claimant Commitment system rather than having to have directions as well. Is that something you have looked at?

Chris Hayes: Again, as part of the ongoing evaluation of the Jobcentre Plus offer, we would look at the use of Jobseeker Directions. Jobseeker Directions are used to ask claimants to do particular things that the work coach considers would benefit them. For example, they could do some skills training—if a skills assessment has been done and there is a particular skills requirement—or undertake some mandatory work activity. They are used for very specific purposes when the adviser thinks a particular course of action is required to help a claimant get back into work.

Q283 Nigel Mills: If you have an individualised Claimant Commitment that can be refreshed and renewed, you might think—if you need some more skills training or some other mandatory activity—that the right thing is to refresh the Claimant Commitment and work out why it is not working and what else needs to go in.

Chris Hayes: I agree. These are one-off things that the work coach would want the claimant to do. The Claimant Commitment is about the general work search and availability conditions that we set. It could be part of a Claimant Commitment, but often work coaches find that claimants need to be encouraged to increase their skill levels, engage or undertake some work activity—so they direct them to do that.

Q284 Chair: It strikes me that you are carrying out an evaluation of the Claimant Commitment quite rightly, but you still will not carry out an evaluation on the effectiveness of sanctions. It is somehow part of a bigger plan rather than being focused on. In the light of everything we have said today, does it not strike you that you should be evaluating the effectiveness of sanctions?

Esther McVey: But all of this links in to one another. If we engage and get the Claimant Commitment right, as I said, most people then engage and follow through. We have that extra support and we understand who is vulnerable. They all link in together, do they not?

Q285 Teresa Pearce: Minister, what you are saying is that, ideally, it would be person-centred, it would be supportive and it would help people overcome the barriers to work. Would you think that a Jobcentre Plus office that is working well and doing all those things would have very few sanctions?

Esther McVey: That is obviously what your ultimate aim would be, but we are doing all we can. As I said, sanctions have decreased over the last year. They have come down by 7,000. That is happening.

Teresa Pearce: The softer ways of assisting people rather than the stopping of their benefit should be what we see in a really good Jobcentre Plus in an ideal circumstance, and sanctions are a last resort

Esther McVey: You cannot take them and separate them all out. They are part of a holistic system. One is a deterrent; one is extra support, which obviously I have done by talking about the extra training and getting more people into work.

Teresa Pearce: I understand sanctions as a deterrent.

Esther McVey: They are all together. They are not to be separated out.

Q286 Teresa Pearce: Sanctions are a deterrent. We agree that there needs to be agreement from both sides about what is going to happen. Sanctions will have a role, but as a deterrent rather than a tool that is used. Would you not accept that where this system works really well, with the deterrent and the support, sanctions would be rarely used?

Esther McVey: That is what would be the ideal moving forward, but, as I said, when I looked at what the numbers were in May/June 2010 and at what they are now, they have gone down over the last year. However, they are comparable between the two, and we are offering more people support.

Remember, however, that when somebody has received a sanction, they are still signing on. They are still working with us. That is where we are dealing with people. How do we then give the support when they are on sanctions to make sure they are still adhering? We are still trying to get people into work, but before this system was brought in there was no real clarity as to what any claimant could expect. We have that now.

Q287 Chair: Can we just be clear about the figures? While the raw figures may suggest it has come down, as a proportion of the full cohort the figures have not shifted. Surely, if sanctions were working, as Teresa says, fewer people would be sanctioned, because it would be a deterrent. In fact, the figures do not suggest that the numbers of people being sanctioned are coming down relative to the total cohort.

Esther McVey: Sadly, since time began, people have been sanctioned in all systems across the board, not just benefits, but we still need to have sanctions there. You would say that across the board. Of course we would prefer it if we did not need to have sanctions, but that is not the case in any system, not just in the benefit system. It is the case in every system.

Q288 Chair: If you have to punish, it has not acted as a deterrent. If the fact is that the same proportions of people are being punished, it would suggest the deterrent is not working.

Esther McVey: But we know it is acting as a deterrent from the claimants themselves, who say they are at least 70% more likely to follow it because that deterrent is there. We know it works. Again, the vast majority of people adhere to the system because that deterrent is there.

Q289 Sheila Gilmore: I want to follow up on a couple of things that have been said. Mr Hayes, you said the problem about the Work Programme having to automatically refer was a contract issue. Why then in the initial response to the Oakley review were we told that it would require primary legislation? Have you changed your position on this? Does it no longer require primary legislation to change that?

Chris Hayes: Let me clarify that point. The Work Programme provider has to make a referral where someone has not complied with the conditions they have set. They have to do that.

Sheila Gilmore: Yes, I know that. I am asking you a specific question here. We do not need to go through that. When the Oakley review said that it would be good if the Work Programme providers could use their discretion, the Government response was, “That would require primary legislation”, but in your plan today you seem to be talking about contract renegotiation, which is not primary legislation.

Chris Hayes: It would require both.

Sheila Gilmore: You think it would require both.

Chris Hayes: It would, because we would have to make a Work Programme provider act on behalf of the Secretary of State for them to exercise that discretion, which would require legislation, and we would also have to renegotiate the contract. I am sorry if I was not as clear as I could have been.

Q290 Sheila Gilmore: There seemed to be two things being said there. Minister, you said that ESA sanction decisions were falling. During the course of this year alone, each month the numbers are rising. The most recent figures we appear to have are from June 2014, and the figure sits at 5,000 a month. In fact, ESA sanctions are continuing to rise, are they not? They are not falling.

Esther McVey: No, sanctions are lower than they were last year. ESA sanctions are less in 2014 than they were in 2010-11.

Sheila Gilmore: When you say “lower now”, are you giving me figures that you know that we have not seen published? Is that what you are saying? The published figures take us up to June 2014, and in June 2014 alone 5,000 people were sanctioned. In May, it was 4,700. In April it was 4,100. In the previous year, 2013, there was not a single month where it was over 3,000. That would suggest to me an increase between 2013 and 2014. You are suggesting it has come down since 2014.

Esther McVey: I am saying that it is lower this year than it was last year and I am saying they are lower now than they were in 2010-11. If you do not have the figures I have, I

will write to you and make sure. I do not know what figures you have. I can share figures with you.

Q291 Sheila Gilmore: The figures I have come from your own Department and have been published. They bring the data up to June 2014. If you have figures beyond June 2014 that show a trend in the opposite direction, i.e. down once again, obviously we would be interested in seeing that—and it would be useful to know.

Esther McVey: What I will do is clarify that and write to you with those figures.

Chair: Please do so as soon as possible, please, because we have a report to write.

Esther McVey: Okay.

Q292 Sheila Gilmore: Prior to this meeting, your officials supplied us with a description of the process of JSA decision making. It stated that a sanction would not impact on a claimant's benefit until good reason has been considered and the claimant has been notified of the decision. However, you also sent us two fact sheets and two claimant letter templates from which it seems clear that whenever doubt arises—whatever somebody is meant to understand by that—as to whether the claimant is actively seeking employment or available for work, the benefit payment is suspended immediately before good reason has been considered and a decision made. What is the difference between those situations? You are sending out letters to people telling them there has already been a suspension of their benefit before good reason has been looked into.

Chris Hayes: Let me explain the difference between the two. There are two forms of benefit reduction. First of all, if there is a doubt about someone fulfilling the basic conditions of receiving JSA—it only applies to JSA—i.e. actively seeking work or being available for work, we must suspend the benefit. That would only happen where a claimant came in on the fortnightly check and the work coach has talked to them about what they have done and then said, “I do not think you have met the basic conditions of your entitlement. Is there any reason you have done that?”. That would happen face-to-face.

If there was no good reason given, the work coach would suspend benefit immediately. That would go forward for an independent decision to make sure that decision was valid and they have taken all the circumstances into account. Those decisions are now made within two days, which is the next time that someone would be paid. The other situation is where someone has not followed a jobseeker's direction or has not attended an appointment, where the claimant is allowed five days to provide good cause before a decision is made. There are five days, but there is a series of checks to be done to ensure that, if that person is vulnerable, they have received any letter or sometimes we make a phone call to make sure they have understood what is happening.

There are two separate decisions. One applies for Jobseeker's Allowance only, which is the suspension, which happens when the claimant and the adviser talk, and therefore there is an opportunity for the claimant to make their case. However, if they do not make their claim successfully and there is no good cause, we have to suspend benefit immediately, because they have not met the basic conditions of the benefit.

Q293 Sheila Gilmore: Are you suggesting that that suspension would only happen after a face-to-face meeting? Why do we get reports of people finding that no money has gone into their bank account?

Chris Hayes: If someone does not turn up for their regular job search review at all and we do not hear from them at all, despite attempts to contact them, after about five days we have to suspend the benefit, because we have no legal basis on which to pay.

Q294 Sheila Gilmore: You are suggesting that all of the suspensions are because people did not turn up for a jobseeker's review.

Chris Hayes: Yes, the review.

Sheila Gilmore: The 500,000 sanctions in the year to June 2014—

Chris Hayes: You mean suspensions. There is a difference.

Sheila Gilmore: You had not let me finish there.

Chris Hayes: I am sorry; I apologise.

Q295 Sheila Gilmore: There were 500,000 sanctions in that year that were in the “not actively seeking employment” category, which is the one where suspensions were carried out. You are telling us that a suspension like that, where money would be stopped first, would only happen if someone failed to attend a meeting with their job search adviser.

Chris Hayes: Either they failed to produce evidence that they had met their Claimant Commitment during that interview—

Q296 Sheila Gilmore: That is not the same. It could be that they were there. Therefore, the Claimant Commitment could be quite specific about applying for a certain number of jobs and demonstrating what you have spent your 35 hours on. What we hear reported, as MPs and from other organisations, is people saying, “I did not apply for quite the number of jobs that I was told I should have done; it was 20 and not 22”, even though over the period it might have been difficult to do that. Would benefit be suspended for that kind of thing, where it is not that somebody has not done anything but that they have not quite done the precise things they have been asked to do?

Chris Hayes: It would depend on the work coach's conversation with the claimant. If they thought that they had not done enough or they had not done what they said they would do—it is a contract that they make—they would refer it to a decision maker. The decision maker would have a look at that and see whether the circumstances that were set originally were reasonable or whether what the claimant had done was reasonable. They would then confirm that decision or they would lift the suspension if they thought it was not reasonable.

Sheila Gilmore: However, there would be a suspension during that period.

Chris Hayes: Those decisions are made within two days. The suspension would be lifted before payment was due anyway.

Q297 Sheila Gilmore: You will have read the evidence from organisations like Gingerbread, for example. They found, among the people they are dealing with, that a very high proportion of referrals turned out to be overturned when decision making took place. Does that not suggest that, in fact, decisions have been made too quickly and without proper investigation? I mean the decisions to refer and, presumably, to suspend.

Chris Hayes: That suggests that the system of checks and balances is working, in that the fact that we have an independent decision maker is a good thing and someone can take an objective decision. If the original decision is incorrect, they can correct it quite quickly. In the case of a sanction, that benefit would not have been reduced until that second decision maker had made that decision.

Esther McVey: Sometimes when I look at the process and people ask questions, I wonder whether they quite understand that a doubt could be raised. Something might not have been done, hence a doubt is raised. You would say to the claimant, “Why did you not do that? There is a question mark here”. Then they would ask, “What is the reason?”. You can understand that the doubt is raised; they will then ask for the reason this thing was not done or what the rationale behind it was. The person will come forward and say, “This is the reason”.

At that stage, the vast majority, the bulk, are things that could have been a sanction but they never were. They were only ever doubts raised, and they will go straight away. They will never ever become a sanction. You can raise a question. “Why did you not do this? We will have to note it down, because you did not do some of your key things”. That, however, will never become a sanction.

Q298 Sheila Gilmore: You have shown us some new templates. However, when you send out the letter saying that a doubt has been raised and, perhaps, that their money has been suspended, are clear reasons given as to what that thing was? To tell somebody, “A doubt has been raised”, in itself is not very clear. How much more detail will be given to somebody at that stage so they can respond to it?

Esther McVey: Then they could get in touch straight away to find out what the issue there was, and the problem could be solved straight away. The person could say, “I have not done this”, or, “I did not attend”, or, “I did not take that direction because X, Y, Z”. That is why I said we have this full document as to what good cause could be.

Q299 Sheila Gilmore: We see people who say they have had their benefits stopped for reasons such as not making quite the right number of job applications. We had evidence given to this Committee of people who had not been able to access a library computer over the Christmas period and so they did not do enough job searches. Are you saying that these things do not happen? I have had constituents whose money was stopped because they

arrived late for an appointment on an occasion when buses were clearly running late because there was a particular problem due to a traffic accident.

Are you saying these things do not happen? What you are describing would suggest that these things should never happen, because it should have been possible for someone who turned up late to be able to say, “This is why I turned up late”, and for that to be accepted. In fact, they had their money stopped.

Esther McVey: I do not know about those individual cases, but what I do know is that it is clearly set out in guidance that, for many of these things, if it seemed reasonable to the adviser that that was good cause, there would not be sanction. There are a whole host of things here: it could be a funeral; it could be an upset; it could be an incident like that. You do have to take it in the round. As I said, there is a thick document for guidance on things that would be permissible. If it sounds reasonable that that could have happened, that could be good reason.

Q300 Sheila Gilmore: Would that be good reason before a referral is made or is that what the decision maker looks at?

Esther McVey: No, you would have a good reason straight away.

Chris Hayes: It is both. The work coach or adviser would take into account good reason. If they thought that reason was not good reason, they would refer it to the decision maker and the decision maker would make an independent decision as to whether they thought that was good reason using the guidance we provide for them, which is published.

Sheila Gilmore: That takes time, doesn’t it?

Chris Hayes: In terms of the benefit suspension, we are now aiming to clear those within two days, so that would be made before the next payment is due. In terms of a sanction, the sanction is not imposed until that decision is made. No benefit is reduced until that decision is made.

Q301 Glenda Jackson: I am taking us back to the thorny and oft-disputed issue regarding targets. The PCS union told us that senior DWP officials had set an 80% target for adverse sanction decisions. The union further sent us a copy of a letter dated 1 July 2013 from the then DWP directors of work services and benefits, Neil Couling and Jason Feeney, which states, and I am quoting, that they have “jointly agreed a target of raising the adverse decision rate to 80%”. Was that target set by Ministers? Were they aware that this target had been set? Answer comes there none.

Esther McVey: There is a misunderstanding of what those are. As I said, there are no targets for sanctions.

Q302 Glenda Jackson: No, no—a misunderstanding of what? I am sorry, Minister.

Esther McVey: The 80% is a quality rate in relation to people having to get their information correct and on time, which I was explaining at the beginning. There are no targets for sanctions. The only targets that are there are for things like, “Has the decision

been made within five days?”. That is an 85% target. “Has the decision been made within two days?”. That is the target for the most vulnerable people. The 80% rate is a quality rate. I am correct on that, aren’t I, Chris?

Chris Hayes: Yes. Various quality targets are set for Jobcentres. That was referring to the correctness of the decision, not whether there was a sanction or not a sanction. It is about the correctness of the decision making process.

Q303 Glenda Jackson: I am sorry, because I cannot believe that the directors in DWP do not speak, understand or write English. I, however, am having great difficulty—as someone who does speak, understand and write English—understanding the answer. The line in the letter says that they had “agreed a target of raising”—raising—

Esther McVey: It means the quality.

Q304 Glenda Jackson: No—“the adverse decision rate”. It all comes together. There is nothing about checking the efficacy of any systems; it is very specific. It says “raising the adverse decision rate to 80%”.

Esther McVey: Having the same letter in front of me, it says “making sure referrals are of a quality that decision makers understand” and it categorically states that there are no targets or benchmarks for the number of benefit sanctions applied. This is the same letter that you have selectively quoted from.

Q305 Glenda Jackson: I will quote a little bit more for you, even though you have it there in front of you. “It was to ensure that decision makers understand the vital part a sanction can have in getting someone back to work”. However, surely decision makers should focus on making correct decisions initially on the basis of law and the evidence in front of them. Even mentioning a target in that letter surely was inappropriate. They are bound by the law, are they not?

Esther McVey: As I said, if you read the entirety of the letter, it explains that there are no targets or benchmarks for the number of benefit sanctions applied, but what they would expect are quality decisions when they come forward—and that is right. That is what they would look to do. Any targets are about quality and making sure the work is right—hence why I talked about the 100% check target that people wanted to do. How do we get it right and ensure that people have looked at these and got the right information as best they can first time? But for sanctions there are no targets. This is all within that one letter.

Q306 Glenda Jackson: I go back to my second question, essentially. It is around the issue of the decision-making process. Minister, you have been at some pains throughout the morning to point out how sensitive, how human and how personal the interaction is between a claimant and the decision maker. I go back to my point: that decision is made, we are told by you, by very sensitive and probing questioning in Jobcentre Plus, but it is also on the basis of law and the evidence that is presented by the individual claimant. Given all of those

safeguards, why is it necessary to set any kind of target at all? If there is a target to be set, surely it should be on how few people are sanctioned, not how many?

Esther McVey: We have said several times that there is no target for how many people are sanctioned. There is none. The only targets are to ensure that the information handed over is of a good quality: to check that you are not getting things wrong—that things are not coming back because there has not been enough information given to the decision maker.

Chris, do you want to clarify that just in case the hon. Lady does not wish to accept that from me? I could not have been any clearer, though.

Glenda Jackson: You could, but I will not go down that route.

Chris Hayes: There are no targets set. The quality of decision making is monitored to make sure the law is applied correctly, and that is the important thing.

Q307 Glenda Jackson: Perhaps I could follow up on that specific point. Neil Couling's report to the Secretary of State in September 2013 found very large disparities in sanctioning rates between Jobcentre Plus offices. For example, in Essex sanctioning rates ranged from 1.6% in Witham to 12% in Rayleigh. If this system is so perfect and nobody has set any targets, and the evidence and the law is there in front of them, how can there be such variations? If you have accepted that these variations exist, what have you done since then to address these huge variations?

Chris Hayes: The way to address the variations is to make sure that everyone is applying the procedure properly, which is what the letter was about and what the 100% checks are about. It is to make sure there is consistency in the application of the law across all Jobcentres. Variations can occur beyond that for a number of different reasons depending on the demography of the local area, such as if there are a lot of young people in a particular area; young people tend to need a bit more encouragement than others to comply with the system. There are various issues in terms of the local population that can affect the rate of compliance and, therefore, the rate of sanction. Generally, these sorts of letters and the checks that are made on Jobcentres are to make sure that the law and the system is applied consistently—to make sure that there are no variations for any reason other than demography.

Q308 Glenda Jackson: You find that those kinds of variations have nothing whatsoever to do with the individual Jobcentre Plus staff; they are entirely due to the availability or non-availability of jobs for a particular group in a particular area.

Chris Hayes: It would not be to do with the availability of jobs; it would be to do with the demography of that group. In any system that spans the country and is operated through 720 Jobcentres, you would expect some small variations. What that letter and the 100% checks are about are, as far as possible, making sure that everyone is applying the judgments as fairly as possible and within the law. However, these are discretionary judgments in some cases, which is why we have a system of work coach referral and then an independent decision maker. You are going to have some variation in the system; all we can do is make sure we check that those decisions are made properly.

Q309 Glenda Jackson: From the evidence we have received as a Committee, it would seem that the variations in the system have to do with adverse decisions, not positive decisions. I will put it another way: the imposition of sanctions as opposed to the withholding of sanctions.

Chris Hayes: I am not sure you have the counterfactuals for that, do you?

Esther McVey: No.

Glenda Jackson: Neither do you, if I have understood what has been said this morning.

Chris Hayes: What we know, however, as the Minister has said, is that the vast majority of people comply and then move off benefit—and most of them move into work.

Q310 Glenda Jackson: Yes, which some of us would contest as a fact. We are talking about the imposition of sanctions, which have become progressively more punitive. What I am asking you is this: why does there seem to be an increase in the number of adverse sanctions that will be acceptable, and yet there seems to be no equivalent in the system for ensuring fewer sanctions are being imposed? If the system is so great, which you have been telling us this morning, I still do not understand why so many sanctions are being imposed.

Esther McVey: We have explained very clearly that there are no targets imposed.

Glenda Jackson: No, you have not.

Esther McVey: We have also explained that the vast majority of people do work within the system and will not get sanctioned. I know the hon. Lady does not wish to hear that, whether it is from my good self or whether it is from Chris here, the Director at the DWP, but those are the reasons and that is the rationale.

Q311 Chair: Is it the case that, because that letter has used the word “target”, it has been misinterpreted?

Esther McVey: The hon. Lady, seeing a number, has been confused and jumped to a negative conclusion as she wanted to read into it what she saw—but it is actually incorrect.

Glenda Jackson: We are so alike, Minister, but on different sides of the argument.

Esther McVey: If you had read the whole letter, it says very clearly what it is.

Glenda Jackson: Dear Lord.

Chair: It was not us; it was the PCS that raised it with us. I am going to have to move on. We have some quick questions on the hardship payment system from Debbie.

Q312 Debbie Abrahams: The DWP hardship system is meant to alleviate the hardship of those who have been sanctioned and those who experience financial hardship

most severely. Several witnesses have said, however, that this is failing, predominantly because it is not available until the 15th day of the sanction. My question is: why is it left until such a late time? Why, for example, can the system not be such that, if you are able to prove you are in a particular financial circumstance, it can be instigated from day one? Why can that not be a general position?

Esther McVey: Again, that information is incorrect. If you were an ESA claimant, a vulnerable claimant, you would get the hardship immediately.

Debbie Abrahams: As I understand it, it is JSA hardship payments that, if you can prove that you are—

Esther McVey: Then you separate the two out. You would get them, but your two-week period of sanction would be taken at the beginning there. However, those people who are on ESA, who we talked about and who are most vulnerable, would get their hardship payment immediately.

Q313 Debbie Abrahams: You are saying that it is acceptable that people on JSA would have to wait for two weeks potentially without any money at all.

Esther McVey: That would be their sanction period.

Q314 Debbie Abrahams: The hardship payment system does not exist, then, for people on JSA.

Esther McVey: It does exist and they would get their hardship payment, but, because they have not adhered to the contract for what they are meant to do for their benefit, that is their sanction.

Q315 Debbie Abrahams: That means they have no source of money for 15 days.

Esther McVey: What it says is that this is the sanction. Like anything, if you have a system and there is a penalty within that system, that is there. That is why we work very closely with people right from the beginning: so they know what is expected of them and so they know that, should they get a penalty, this is what happens. By the way, this has always been the case. The hon. Lady must know that pre-2012 and pre-2010 sanctions and penalties were there.

Q316 Debbie Abrahams: In response to a parliamentary question about the number of hardship payments that have been made in the last 12 months, the Department provided figures for only 2011-12. Can you provide those figures for subsequent years? Can you also provide the number of hardship payments that have been made specifically in relation to benefit sanctions, please?

Esther McVey: The figures on the next set of hardship payments will be getting published in May this year.

Debbie Abrahams: You are not able to provide an interim figure.

Esther McVey: No; we have to make sure that they are correct and have gone through all the right channels to be correct, because when we put them out they have to be right—and that will be the next date for publication.

Q317 Debbie Abrahams: Can I ask why you were able to provide figures up to only 2011-12?

Esther McVey: Every set of figures comes out once they have been analysed and monitored, and that is roughly when you will get them coming out. That is the timeframe to which they have been done. That is how you get statistical releases.

Q318 Debbie Abrahams: In light of the other issues around data availability, it does put a question about your Department being able to provide reliable and timely data.

Esther McVey: No, it does not. This Department does reliable, which is key, and timely data. That is the way they come out.

Debbie Abrahams: These are figures from 2011-12, Minister.

Chris Hayes: We have not routinely published hardship statistics. We published the overall statistics on sanctions. We are planning to publish our hardship statistics. Having gathered the statistics, we are now going through various validation processes to make sure they are absolutely correct—and then we will publish them.

Q319 Debbie Abrahams: The computer systems are able to provide reliable information for us, but they cannot provide timely information about hardship payments. We are looking at the real issue here, which is that the Government are saying that everything is fine, that the system is working and that it is getting people into work—contrary to all the evidence that is being provided elsewhere. This is yet another example where the emphasis and focus is on punishment and where the system does not have as a priority the importance of people who are in real financial hardship being able to access money so they can have the basics to enable them to live. You do not know.

Esther McVey: The hon. Lady says “contrary to all evidence”. We do not know. It is very selective evidence. The evidence that we do know is, again, that the vast majority of people work with the system. Very few people get sanctioned; people get into work. These are the independent statistics that are coming forward. This Government are incredibly transparent about giving the information out, following through and coming before the Select Committee, as is only right, to answer questions.

Debbie Abrahams: All the evidence is to the contrary, Minister. People will be able to see for themselves.

Q320 Chair: Can I just be clear about something? In the answer to the question on hardship payments, there seemed to be a suggestion that, if the claimant was on ESA, the hardship payments were automatic. Is it not the case that they still have to apply? They have

to know about them and they have to apply; it is a bit quicker than it would be for JSA, but you still have to go through that bureaucratic process.

Esther McVey: Yes. Again, we do the communications about hardship payments as best we can. People would know about that up front. Following the Oakley review, we extended all of that communication so people would know.

Chair: That has been the problem. Sometimes people do not know.

Q321 Sheila Gilmore: We had evidence, for example, from someone from advice agencies only about two or three weeks ago saying that people were still not routinely told about hardship payments.

Esther McVey: They are routinely told about them. They are told about them as soon as they would need it. It is up on the website. We make sure that people would know about hardship payments. That is right.

Sheila Gilmore: Was the advice agency worker who was here wrong?

Esther McVey: I have to say “yes”, because we make sure that we give that information out, and following the Oakley review—maybe their information was out of date—we have expanded that information.

Q322 Chair: Just because you want it to happen does not mean it is happening. Certainly, in my own constituency, organisations running food banks and things say that very often they are signposting people to the hardship payments, because they know more about food banks than they know about the hardship payment. There is still a problem. It is persisting, because we are still getting these stories. Obviously, it is something you would want to take seriously, because that money is there. It is there to help people. If they do not know about it and they are not accessing it, there is something wrong with the communication. I know Oakley pointed that out, but it is still ongoing. Please take our word for it that it is still ongoing.

Esther McVey: That is why we are constantly ensuring—this is why we took forward the advice of Oakley—those communications are as good as possible. We have and we will continue to take on board that those communications are key.

Q323 Teresa Pearce: Minister, when you talked about supporting claimants earlier on, you said that, if somebody gets sanctioned, it could put a flag and a warning about the vulnerability of the person and that maybe the fact they have been sanctioned means they need more support. I have a constituent who is on Jobseeker’s Allowance who was sanctioned three times. Three times the sanctions were removed because they were incorrectly put on. He has just been sanctioned for the fifth time in four months. Clearly, if this man cannot fulfil his Claimant Commitment he is not really ready to go to work. Yet when I queried this with Jobcentre Plus, they said, “It is up to the claimant to decide which benefit they apply for.”

You might think that having five sanctions in four months shows a completely belligerent attitude, but he does not have one. He has a chaotic lifestyle; he does not sleep; he

does not turn up for appointments because he does not know what time of day it is. This is exactly the sort of person you are talking about. You are talking about a vulnerability where something should kick in to look at whether or not a Claimant Commitment is even the right thing for this person. Would you not agree?

Esther McVey: I would like to find out more about this person and see what happened.

Teresa Pearce: I will write to you about this particular case.

Esther McVey: Obviously, you also said the sanctions were removed.

Q324 Teresa Pearce: They were removed three times. There was reasonable excuse.

Esther McVey: He provided the good reason. The adviser and the decision maker listened and they felt it was good cause. I can take heart from the fact the sanction was removed, but I will look into his case. As you said, there could be other factors. Was it belligerence? Is it chaotic? We can look into that. Obviously, however, when he provided good cause those sanctions were removed.

Teresa Pearce: They were removed. Since then there have been two more. I will write to you about him.

Q325 Chair: We have lots more questions, but time has beaten us, so I am going to ask you one final one. It is around a concern that quite a number of our witnesses expressed to us. They said that ESA claimants on the Work Programme appear to be more likely to be sanctioned than to achieve a sustainable job income.

Esther McVey: I looked at that, because I thought there were two different thoughts going on. Are they more likely to be sanctioned than to go into a job? An ESA claimant does not have to go into a job. They do not have to go into a job; they do not have to take a job.

Q326 Chair: What if they are on the Work Programme?

Esther McVey: Hang on one second. They would not be sanctioned for not going into a job; they would be sanctioned for not taking the offer and support of the work there to get them closer to the job. I thought the comparisons there did not really relate to one another. Yes, they had been sanctioned more, but that was because they had not taken up the offers of support. They might have gone into work; however, there is no legal requirement for them to go into work.

Q327 Chair: It was ERSA and other organisations. I think what they mean is that, of the cohort of ESA claimants who have been referred and are sitting on the Work Programme, a higher proportion of them will be sanctioned than will go from the Work Programme into a sustained job. That was the allegation. In percentage terms, more are sanctioned than get

jobs. It was not about the reasons why they were sanctioned, but just that that was a more likely outcome: if you go from ESA into the Work Programme, you more likely to be sanctioned than get a job.

Esther McVey: I work with ERSA, too. These individuals might not have worked for many years. Maybe two years on the Work Programme will not be what will get them into work. They are not under any legal obligation to take a job, but they do have to take the steps to get into work. Some people will be sanctioned for not doing that, but for others the journey could take a lot longer.

However, you can take heart from the fact that we have got more of those people in those difficulties into work than any other government have done. In fact, previous governments left them unable to get into work. Interestingly, no research had been done prior to 2000 about what the effects of putting people with disabilities on permanent benefit were and how big that disconnection was. This Government are addressing that.

Q328 Chair: Minister, I will not get into an argument about New Deals and things, but it brings us back to my first question. How do you know whether the people on ESA who are being sanctioned in the Work Programme are being encouraged? How do you know whether it is being made easier for them to get a job as a result of their sanction if you have not undertaken an independent review of whether the sanction regime works? According to you, making it work is not to punish but to make it more likely that they will get into work. If you do not have that data and you do not do that research, how do you know that the ESA people on the Work Programme are not being sanctioned inappropriately? How do you know—as many witnesses have said to us during the course of this Inquiry—this is not putting a barrier in the way of their getting into work and making it less likely, not more likely, that they will get work?

Esther McVey: We know that over 99% of people on ESA are engaging. That is a very high figure. We know those people are. We know it is below 1% of people in that group who are sanctioned. We know through international evidence that the notion of mandation and extra support helps people get into work.

Chair: They do not get extra support

Esther McVey: For people who have been sanctioned, that helps them get into work. We know we have got nearly 2 million extra people into work—a vast percentage of whom have never been supported before.

Q329 Chair: What happens in the Work Programme is they are parked, Minister. In answer to Sheila's question earlier, they do not get any extra support if they have been sanctioned. In fact, they fall out of the system. What happens in the Work Programme in the end is they are parked. They do not get that extra help. That is the problem. We would not have the same qualms if they did get the extra help, but the very process of being sanctioned alienates them from the process that is meant to help them—and there is no extra help that goes in. It is the sanction that is the barrier; will you not accept that at all?

Esther McVey: The sanction is a core part of benefits since they were created. It is a part of the regime that has always been there. What we are looking to do, which we have

done, is make sure that the vast majority of people conform—those who do not have that deterrent there—and that we are getting people into work.

Excuse me, but the previous Government were not getting the same number of people into work. In fact, they said a million more people would be unemployed—and there is not. There is now nearly 2 million more. Evidence coming through, whether it is the Bank of England or the Monetary Policy Committee, says that if it were not for the extra support and the sanctions associated with it we would not have seen this transition of so many more extra people into work.

Q330 Sheila Gilmore: Minister, prior to the recession, the rates of employment in this country were in fact more or less the same as they are now, so it is simply not true to say that people were not getting into employment. The thing that caused unemployment to spike was, very clearly, the recession. In recent years, people have got jobs; we are not denying that.

Esther McVey: If I could just follow up on that, the Opposition party say we are still in a recession. We have defied the odds, then, by getting people into work at the same rate as during the boom period, which is what the lady is talking about, in 2005.

Chair: It is not your fault, Minister; I am guilty myself, but we are not going to get into the party-political manifestos. That is going to happen over the next few months in the lead-up to the general election.

Nigel Mills: This is not a party broadcast. This is an evidence session.

Chair: Can I thank you for coming along and giving us your time this morning? I know our questions have been robust, as you would expect, but that is our job as well—to try to push you as much as we can. I appreciate both you and your colleague coming along today. All the evidence you have given will now go towards us writing our report. If you have promised to send us anything, could we have that certainly by the February recess? We are up against a timescale to get it published before Parliament prorogues. We do appreciate you coming along this morning.

Esther McVey: Thank you—and thank you for chairing it so well.

