



BRIEFING PAPER

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Universal Credit: why are sanction rates higher?

By Richard Keen

The image shows the entrance to a Jobcentreplus office. A large green sign with the word 'jobcentreplus' in white and yellow lowercase letters is mounted above the glass entrance doors. A person in a blue uniform is walking through the doors, which are slightly blurred. Inside the office, there are posters on the wall, including one that says 'The world is your oyster' and another with a blue silhouette of a person. A sign on the door reads 'Automatic door'. A yellow 'CCTV' sign is visible on the left side of the entrance.

jobcentreplus

Contents:

1. Changing caseloads: JSA, the UC live service and full service
2. Sanction definitions: 'prevalence' and 'incidence'
3. Sanctions are more prevalent under UC than under JSA
4. Sanction incidence is also higher under the UC live service
5. Policy differences between UC & JSA may have caused this
6. There are still questions we cannot yet answer
7. Appendix

Contents

Summary	3
1. Changing caseloads: JSA, the UC live service and full service	4
2. Sanction definitions: 'prevalence' and 'incidence'	5
3. Sanctions are more prevalent under UC than under JSA	6
4. Sanction incidence is also higher under the UC live service	8
5. Policy differences between UC & JSA may have caused this	10
6. There are still questions we cannot yet answer	12
7. Appendix	14

Summary

Sanctions are more prevalent under UC than JSA. In December 2017 around 0.3% of JSA claimants were currently experiencing a sanction compared to 8.2% of UC claimants required to search for work (though note this rate fell to 5.3% in May 2018; equivalent data is not yet available for JSA).

DWP argues this higher rate of sanctioning is because when claimants miss an advisor interview under UC they are sanctioned, whereas under JSA their benefit is simply stopped.

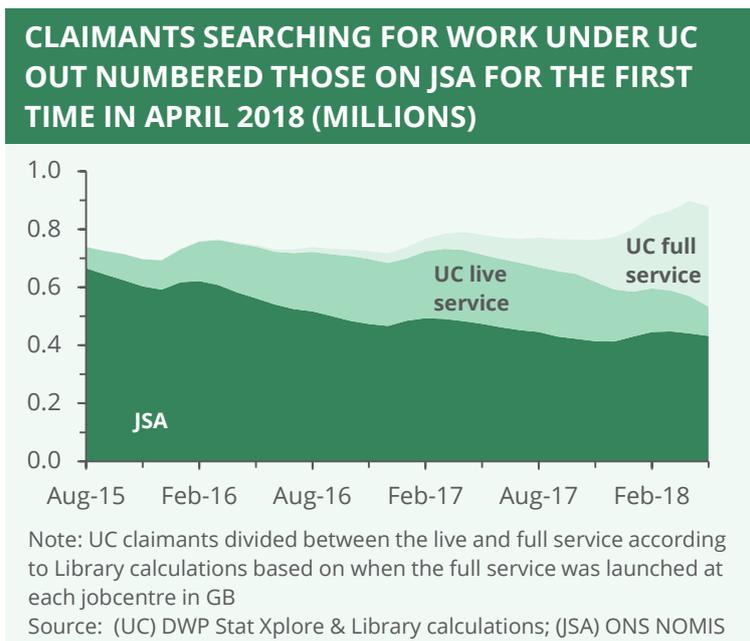
To test this statement we can analyse UC live service sanctions by reason. Between November 2017 and April 2018 around 87% of UC live service claimants sanctioned were so due to failing an interview requirement. In comparison, under JSA 28% of sanctions were due to failing to attend or participate in an advisor interview.

If we ignore sanctions under JSA and UC due to failing to comply with an interview, sanction rates under the two benefits look much more similar.

It's worth noting, however, that this requires us to ignore the vast majority of UC sanctions. We cannot say whether these trends are true of the UC full services also, for which sanction decisions data is not available. Neither do we know what the impact of this higher rate of sanctioning is on claimants or their ability to find employment.

1. Changing caseloads: JSA, the UC live service and full service

Universal Credit (UC) claimants in the 'searching for work' conditionality group outnumbered the number of people on Jobseeker's Allowance (JSA) for the first time in April 2018. The number of claimants required to search for work under the UC full service has grown rapidly in the past six months, growth we can expect to continue as roll-out accelerates.



As of May 2018 there were around 879,000 claimants 'searching for work' in Great Britain. Of these, around 432,000 were on JSA, an estimated 346,000 were on the UC full service and an estimated 101,000 were on the UC live service.

It is worth keeping these changing caseload numbers – and the changing balance between JSA, the UC live service and UC full service – in mind when analysing the sanction trends below. Changes in the size and composition of these caseloads might affect sanction trends in ways we cannot account for in our analysis.

2. Sanction definitions: 'prevalence' and 'incidence'

A benefit sanction is when a benefit is stopped or reduced (i.e. paid at a reduced rate) for a period of time due to the claimant being deemed not to have complied with a condition for receiving the benefit. For example, a claimant might be sanctioned for not having attended a work preparation interview with a Jobcentre work coach.

Sanction rates are complicated to assess due to the range of experimental data series available from DWP and the different sanction policies covering each sanctionable benefit.

To coin some definitions: we can examine sanctions in terms of 'prevalence' and 'incidence'.

Prevalence is a measure of how many people are currently under a sanction.

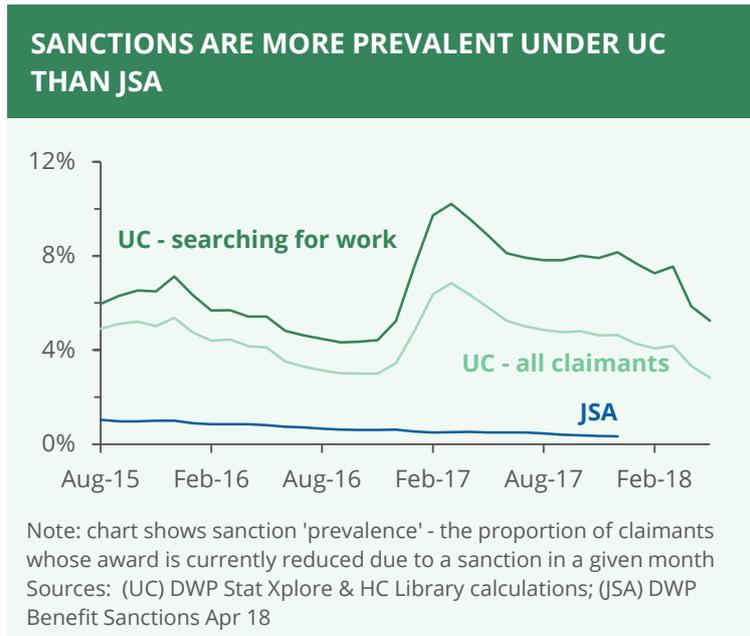
Incidence is a measure of how many sanctions are newly issued in a given period.

'Prevalence' rates give us a better idea of how many people are affected by sanctions at any one time, whereas 'incidence' rates give us a better idea of the actual volume of sanction decisions being made.

GUIDE TO SANCTION STATISTICS					
	Description	Source	Benefit types for which data is available	Data available on reason for sanction?	UC data broken down by conditionality group?
'Prevalence'	How many people are currently under a sanction	Stat Xplore and 'Benefit Statistics' quarterly sanction rates datasets	UC (live and full); JSA; ESA; IS	No	Yes
'Incidence'	How many people are newly sanctioned in a given period	Stat Xplore sanction decisions datasets	UC (live service); JSA; ESA; IS	Yes	No

3. Sanctions are more prevalent under UC than under JSA

The below chart shows the proportion of claimants currently under a sanction in any given month August 2015 to May 2018. Data is from [DWP Stat Xplore's UC sanction rates](#) dataset and the DWP's [Benefit sanctions statistics to April 2018](#) release.



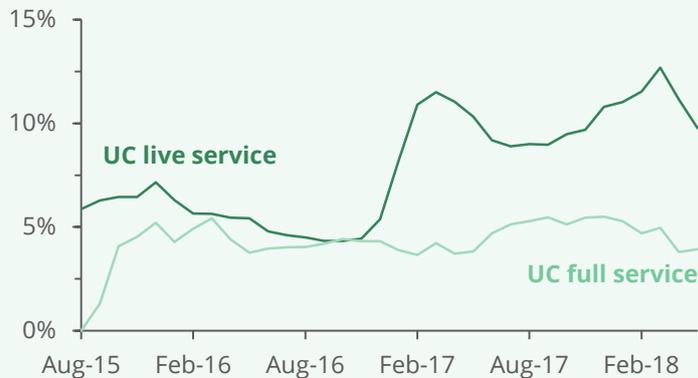
4.6% of UC claimants were experiencing a sanction compared to 0.3% of JSA claimants as of December 2017, the latest month for which data is available for JSA. These are the headline statistics DWP quotes in its *Benefit sanctions* statistical release.

The prevalence of sanctions under UC is higher, however, if we look specifically at those claimants required to search for work. This is a better measure than the headline presented in DWP's *Benefit Sanctions* publication because it excludes UC claimants who are not subject to conditionality.

8.2% of UC claimants required to search for work were experiencing a sanction as of December 2017. This fell to 5.3% in May 2018, the month for which latest UC data is available.

We can breakdown this data between jobcentres running the UC live and full services by combing DWP's sanction rates data with HC Library [analysis of the progress of UC roll-out](#).

SANCTIONS APPEAR TO BE MORE PREVALENT UNDER THE UC LIVE SERVICE THAN FULL SERVICE



Note: the UC live service closed to new claims in January 2018 – more details below.

Note: chart shows sanction 'prevalence' - the proportion of claimants whose award is currently reduced due to a sanction in a given month
Source: DWP Stat Xplore & HC Library calculations

The above chart shows that, among claimants required to search for work, sanctions appear considerably more prevalent under the UC live service than full service.

Dr David Webster of Glasgow University, writing for the Child Poverty Action Group, has speculated that the different demographics of new UC claimants compared to existing JSA claimants may influence sanction rates under each benefit. UC claimants, he hypothesises, tend to be younger and more likely to be sanctioned. Dr Webster also notes, however, that the UC sanction rate appears higher for every age group than under JSA (see page 6 of Dr Webster's November 2017 [Benefit sanctions statistics](#) briefing for CPAG).

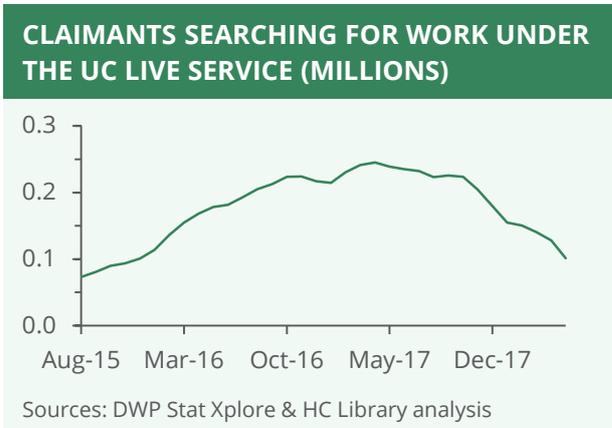
In May 2018 around 10% of claimants searching for work under the UC live service were experiencing a sanction, compared to 4% under the UC full service.

The chart also clearly shows a spike in sanctions under the UC live service in late 2016 / early 2017. This is when DWP cleared a backlog of pending sanction decisions (see paragraphs 2.26 & 2.27 of the NAO's 2016 [Benefit sanctions](#) report).

4. Sanction incidence is also higher under the UC live service

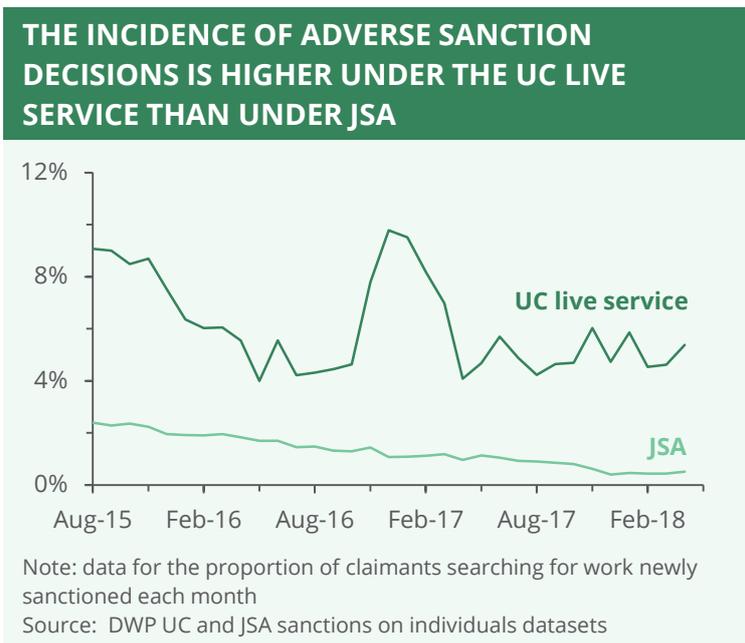
We can also compare the *incidence* of sanctions between UC and JSA. Data on UC sanction decisions is available for the UC live service only, however.

The number of claimants searching for work under the UC live service has fallen over recent months, however, from a peak of around 245,600 in April 2017 to around 101,400 in May 2018. This is due to the launch of the UC full service (which supersedes the live service) in many areas.



Combined with the fact that the number of claimants on JSA is also falling (again, due to the roll out of the UC full service), this means that any analysis of sanction *incidence* becomes less meaningful the further time goes on (because it is missing out an ever greater proportion of claimants searching for work under the UC full service).

With this in mind, the chart below shows sanction incidence data.



Note: this data shows adverse sanctions *after* accounting for mandatory reconsiderations and appeals. A higher proportion of claimants than shown might therefore have had their benefit payments temporarily sanctioned before they successfully challenged (and overturned) the decision.

The incidence of adverse sanctions has been consistently higher under the UC live service than under JSA, according to our estimates and analysis.

In April 2018 – the latest month for which data is available – there around 7,000 individuals were newly sanctioned under the UC live service and around 2,300 were sanctioned under JSA. This is equivalent to around 5% of all UC live service claimants and around 1% of all JSA claimants.

The chart also shows the spike in sanction decisions under the UC live service, when the proportion of claimants newly sanction peaked at around 10% in December 2016 and January 2017.

5. Policy differences between UC & JSA may have caused this

DWP has addressed possible reasons for the higher rate of sanctions under UC than JSA before. In answer to the Work and Pensions Committee in June 2018, DWP minister Alok Sharma suggested that the higher rate of sanctioning under UC could be because under UC when claimants miss an interview they are sanctioned. This differs from many JSA cases, where the claimant's benefit is simply stopped.

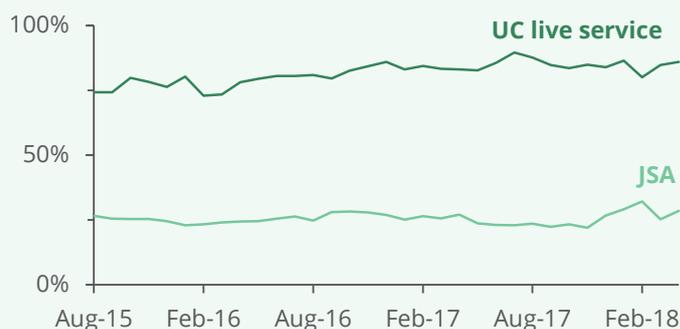
People will say that under the legacy system the percentage of people being sanctioned was significantly less than for Universal Credit. It is a different system. To give you one example, one of the big reasons why referrals are made on sanctions is that people do not turn up for interviews. Under JSA, if we could not get in touch with you after five days you would effectively fall off the system - you may have a job or whatever - and you would not count. Under Universal Credit in that case you may potentially face a sanctions referral because what we would not want is for you to stop getting the additional elements in terms of your UC payment when it came to housing or children.

(Alok Sharma, Minister of State for Employment, DWP; [House of Commons Work and Pensions Committee oral evidence: benefits sanctions, HC955 \(Wednesday 27 June 2018\)](#); Question 284)

We can test DWP's statement using UC live service sanction decisions data. The proportion of individuals sanctioned due to failing an interview requirement is significantly higher under the UC live service than under JSA.

Individuals newly sanctioned in any given month due to failing an interview requirement made up at least 73% of all newly sanctioned UC live service claimants in each month August 2015 to April 2018. Around 86% of newly sanctioned individuals on the UC live service were sanctioned in April 2018 due to failing an interview requirement. This compared to 29% of claimants newly sanctioned under JSA.

SANCTIONS FOR FAILING AN INTERVIEW REQUIREMENT MAKE UP A GREATER PROPORTION OF TOTAL SANCTION DECISIONS UNDER THE UC LIVE SERVICE THAN JSA



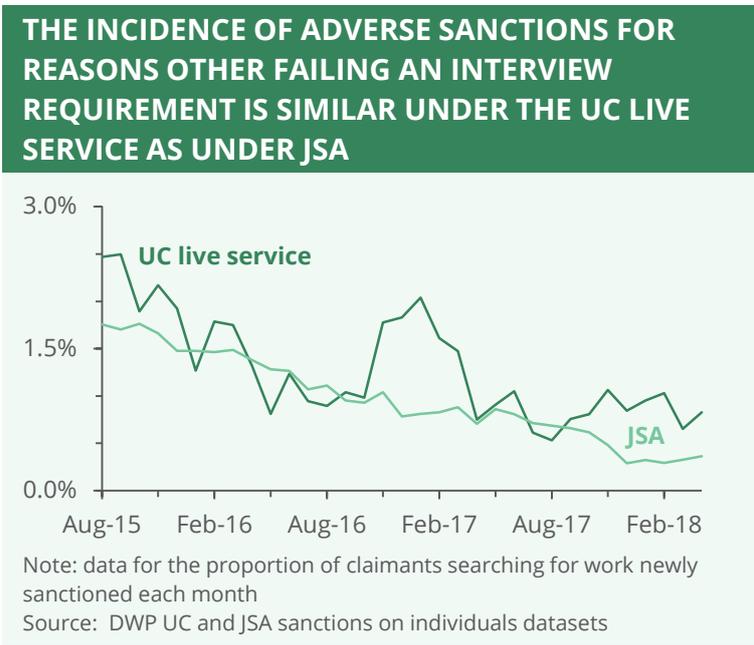
Note: data for the proportion of claimants searching for work newly sanctioned in each month

Source: DWP UC and JSA sanctions on individuals datasets

The appendix to this note provides further analysis of reasons for JSA and UC claimants being sanctioned over the last two quarters for which data is available.

One way of testing DWP’s statement is to simply remove sanctions due to failing an interview requirement from our analysis of the overall sanction rate. This removes a considerable proportion (86% in the latest month) of total sanctions from the picture, but what’s left shows a broadly similar sanction incidence rate under the UC live service and JSA.

The chart below shows the incidence of sanctions under the UC live service and JSA once we have removed interview-related sanctions (for both UC and JSA) from the analysis.



With interview-related sanctions removed the incidence of sanctions under JSA and the UC live service looks broadly similar (other than the spike in UC decisions in late 2016 / early 2017) – though, even still, in recent months the proportion of sanctions under UC has been higher than under JSA.

In April 2018 around 0.8% of UC live service claimants were newly sanctioned for reasons other than failing an interview requirement, compared to around 0.4% of JSA claimants.

6. There are still questions we cannot yet answer

Despite all the above, there are still many questions we cannot yet answer about sanction rates under Universal Credit.

Why do sanctions appear to be more prevalent under the UC live service than full service?

The second chart on page 2, above, shows Library estimates for the prevalence of sanctions under the UC live service compared to full service. Sanctions appear to have been more prevalent under the UC live service since the beginning of 2017. We cannot currently tell from available data what the reason for this might be or whether the observed trend is actually real.

[One thing we do know](#) is that the roll out of the UC full service is linked to a rapid increase in the DWP's claimant count. Among those additional claimants included in the claimant count once the full service is in place are new claimants who are awaiting or appealing a Work Capability Assessment and who, in theory if not in practice, are required to search for work in the intervening time. It is possible that the inclusion of claimants such as these might inflate the number of people 'searching for work' under the UC full service – and thus deflate the sanction rate.

Dr David Webster has – as noted above on page 7 – also highlighted the changing composition of the UC caseload. By merging six 'legacy' benefits and tax credits, UC will inherit a more diverse caseload with households in a wider range of circumstances than was the case under JSA, for example. This is also true *within* UC: claimants under the UC live service are more likely to be young, single men with no children compared to claimants on the UC full service.

All this means that factors derived from demographics and caseload composition could be partly behind the different sanction rates observed.

Do sanction decisions under the UC full service follow the same pattern as those under the live service?

As discussed above, data on UC sanction decisions is available for the live service only. We cannot, therefore, yet analyse the reasons people are sanctioned under the full service.

Why are so many claimants sanctioned for failing an interview requirement?

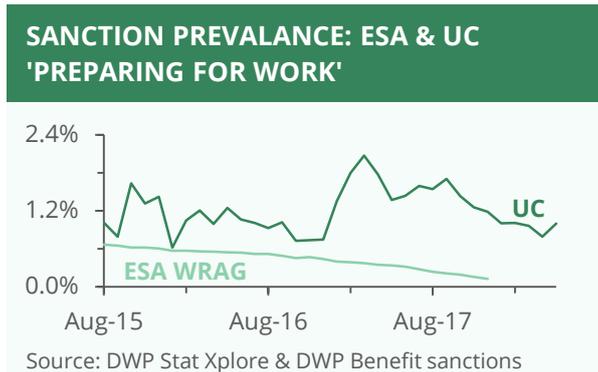
It is true that the majority of sanctions under the UC live service are due to failing to comply with an interview requirement. This is in contrast to JSA, and might seem to corroborate DWP's suggestion that the higher rate of sanctioning under UC is due to the practice of sanctioning claimants when they miss an interview rather than simply stopping their benefit payments entirely.

Even so, we do not yet know why this rate appears so high or what the equivalent rate under JSA might be (i.e. what would the sanction rate be under JSA if claimants who missed an interview were sanctioned, rather than their claims stopped entirely?). Furthermore, we do not know what other consequences this higher rate of sanctioning of UC claimants might have on their likelihood to find work.

What sanction rates apply to other conditionality groups?

The above analysis focuses mainly on claimants required to search for work under either UC or JSA. This is not the only conditionality group under UC, however.

Some data is available for the prevalence of sanctions among claimants with a 'limited capability for work', however. The adjacent chart shows the proportion of claimants in the Employment Support Allowance (ESA) work-related activity group (WRAG) and in the UC 'preparing for work' conditionality group who are



currently sanctioned. It's worth noting that these two categories are not perfectly identical: the UC 'preparing for work' group could include some claimants, such as lone parents, who do not have a limited capability for work. In December 2017 around 0.1% of ESA WRAG claimants were currently sanctioned, compared to around 1.2% of UC 'preparing for work' claimants.

Data is not available for the number of UC sanction decisions (i.e. *incidence* data) by conditionality group, meaning we cannot yet examine the possible reasons for the higher prevalence of sanctions under UC than ESA.

What impact might the extension of conditionality under UC to new claimant groups have? How are UC claimants responding to in-work conditionality?

It's also worth noting that, according to figures from the OBR (see page 105 of their [January 2018 welfare trends report](#), for example), UC could extend conditionality to up to 900,000 people not subject to conditionality under the 'legacy' system. This could include former tax credits, Housing Benefit and ESA claimants, in addition to claimants newly eligible for benefit. Also, UC will apply conditionality to in-work claimants for the first time.

7. Appendix

The tables below shows data for individuals sanctioned by reason for sanction in Great Britain, November 2017 to April 2018

UNIVERSAL CREDIT LIVE SERVICE		
<i>Individuals sanctioned</i>		
Availability for work		
Fail to accept a job	110	0%
Fail to apply for a job	270	0%
Fail to be available to take up work	60	0%
Fail to comply with a work preparation requirement	2,450	5%
Fail to undertake all reasonable work search action	3,840	7%
Fail to undertake particular, specified Work Search action	70	0%
Other Availability for Work reason	50	0%
Employment Programmes		
Fail to participate in an employment programme	2,370	4%
Fail to participate in training	40	0%
Fail to undertake Mandatory Work Activity	20	0%
Fail to undertake work experience or work placement	-	0%
Reason for leaving previous employment		
Leaving employment Voluntarily	1,210	2%
Loss of employment through Misconduct	480	1%
Work-focused interviews		
Fail to comply with a Work-Focused Interview requirement	1,560	3%
Fail to comply with an interview requirement	47,170	87%
Fail to comply with an interview requirement (Self Employed)	190	0%
Other		
Fail to comply with requirement to provide evidence or confirm Compliance	20	0%
Fail to comply with requirement to report specified change in circumstances relevant to Work Related requirements	10	0%
Lose pay through Misconduct	80	0%
Lose pay Voluntarily	70	0%
Total	54,160	100%

Source: DWP Stat Xplore, UC sanction decisions on individuals

JOBSEEKER'S ALLOWANCE*Individuals sanctioned***Work programme**

Work Programme - Failure to participate in a scheme for assisting person to obtain employment without good reason	2,640	23%
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Work focused interviews

Failure to attend or failure to participate in an Adviser interview without good reason	3,250	28%
Refusal or failure to comply with a Jobseeker's Direction without good reason	90	1%
Failure to attend Back to Work Session without good reason	-	0%

Availability for work

Not actively seeking employment	2,990	26%
Not being available for work	70	1%
Employment – Neglect to avail themselves of a reasonable opportunity of employment without good reason	10	0%
Refusal or failure to apply for, or accept if offered, a job which an employment officer has informed him/her is vacant or about to become vacant without good reason	250	2%
Jobseeker's Agreement questions	-	0%

Other employment programmes

Voluntarily leaves a place on a training scheme or employment programme without good reason	-	0%
Losing through misconduct a place on a training scheme or employment programme	-	0%
Refusal of a place on a training scheme or employment programme without good reason	-	0%
Neglect to avail themselves of a reasonable opportunity of a place on a training scheme or employment programme without good reason	-	0%
Failure to attend a place on a training scheme or employment programme without good reason	-	0%
Skills Conditionality – Failure to participate in a scheme for assisting person to obtain employment without good reason	300	3%
Other Scheme – Failure to participate in a scheme for assisting person to obtain employment without good reason	20	0%
Work Experience – Failure to participate in a scheme for assisting person to obtain employment without good reason	-	0%
Failure to participate in Mandatory Work Activity without good reason	-	0%
Failure to participate in supervised job search	-	0%

Reason for leaving previous employment

Left employment voluntarily without good reason	1,460	13%
Losing employment through misconduct	720	6%

Other

Trade disputes	-	0%
Joint Claim exemption	-	0%
Other referral reason	10	0%

Total	11,510	100%
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Source: DWP Stat Xplore, JSA sanctions on individuals

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