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**Date:**                        **6 April 2017**

Dear Ed

### **DWP Statistics: JSA and ESA Sanctions – a response to your letter**

Thank you for your letter of 29 March 2017 on DWP's sanctions statistics. I'll respond in turn to each of the points of that letter.

Firstly, I'm pleased that you recognise the steps that DWP are taking to strengthen and extend the benefit sanction statistics. Following your letter<sup>1</sup> from 5 August 2015, we have introduced the Experimental Monthly Rate of Claimants Sanctioned for Jobseeker's Allowance (JSA) and Employment Support Allowance (ESA) into our Quarterly Statistics Summary. We also have plans to further develop the sanctions statistics that I will outline in this letter.

You asked me to consider how best to reflect in the sanctions statistics all instances (including non-adverse sanctions) where benefit payments are stopped. I've investigated this and Annex A has a detailed explanation and analysis of these cases. In summary there are only a small (8%) proportion of non-adverse decisions in JSA where the claimant has had their benefit suspended, and once a non-adverse decision is made the benefit is reinstated and repaid in full. I believe that including these claimants in the Experimental rate of sanctions would be misleading for users whilst making a negligible impact on the rate. So we propose to focus our resources on improving the sanctions rate, by using the start and end dates of sanctions, to estimate the proportion of claimants who are sanctioned at a point in time.

You asked about my thoughts about addressing the recommendations of the recent reports from the Public Accounts Committee (PAC) and National Audit Office on benefit sanctions. On 21<sup>st</sup> December 2016 DWP's Permanent Secretary, Sir Robert Devereux, wrote to PAC outlining the planned developments to our sanctions statistics<sup>2</sup>. This listed five planned developments with a broad indication of when they might become available in 2017. The

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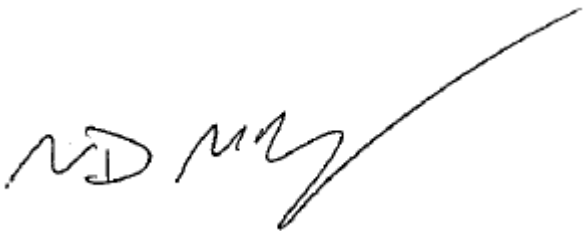
<sup>1</sup> <https://www.statisticsauthority.gov.uk/correspondence/benefit-sanction-statistics/>

<sup>2</sup> <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/public-accounts-committee/benefit-sanctions/written/44767.html>

PAC recommendations published on 21<sup>st</sup> February 2017 included a recommendation to improve our data systems as specified by Sir Robert Devereux's initial letter. So we intend to accept that recommendation, and intend to deliver the developments as planned – though this is very challenging as it involves new data sources containing millions of records that we need to merge with existing data.

The National Audit Office report<sup>3</sup> included a recommendation that “The Department should demonstrate it has satisfied the UK Statistics Authority and has met all the recommendations on its published statistics”. In Annex B, I have listed the 5 recommendations of your letter from August 2015, and an update against those. As you acknowledged in your recent letter, we have already made progress against these recommendations and intend to continue to work with you to progress.

In summary, we have a very full work programme to meet the PAC and UK Statistics Authority recommendations. This is challenging as it involves getting data from systems containing millions of records and then merging that information with our existing data. However we have prioritised this work as we agree that it will improve public value in the sanctions statistics.

A handwritten signature in black ink, appearing to read 'ND McIvor', with a long, sweeping flourish extending upwards and to the right.

Neil McIvor  
**Deputy Director**  
**Head of Statistical Services Division and**  
**Head of Profession for Statistics**

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<sup>3</sup> <https://www.nao.org.uk/wp-content/uploads/2016/11/Benefit-sanctions-Summary.pdf>

## **Annex A – Reflecting all instances where benefit payments are stopped**

You have raised the question of whether our sanctions statistics cover all claimants who have their benefit payments stopped. The following analysis uses sanctions statistics that are published through DWP's Stat Xplore.

### **Do some Non-Adverse or Cancelled sanctions have a benefit suspension prior to sanction decision?**

If a claimant has been identified as failing to meet the requirements placed upon them, then the case is referred to a Decision Maker. In most cases the benefit will only be affected following the outcome of the decision. However, as “actively seeking employment” and “being available for work” are conditions of entitlement for JSA, where a person is suspected not to have complied with these requirements, their benefit payments are withheld pending the decision being made.

For these cases, where it is subsequently determined that a Non-Adverse<sup>4</sup> or Cancelled decision is appropriate, affected claimants would be paid any benefit payments due in full. In addition, these cases are prioritised to ensure that claimants do not experience any disruption to their benefit.

ESA and Income Support claims are not suspended prior to a sanction decision being made.

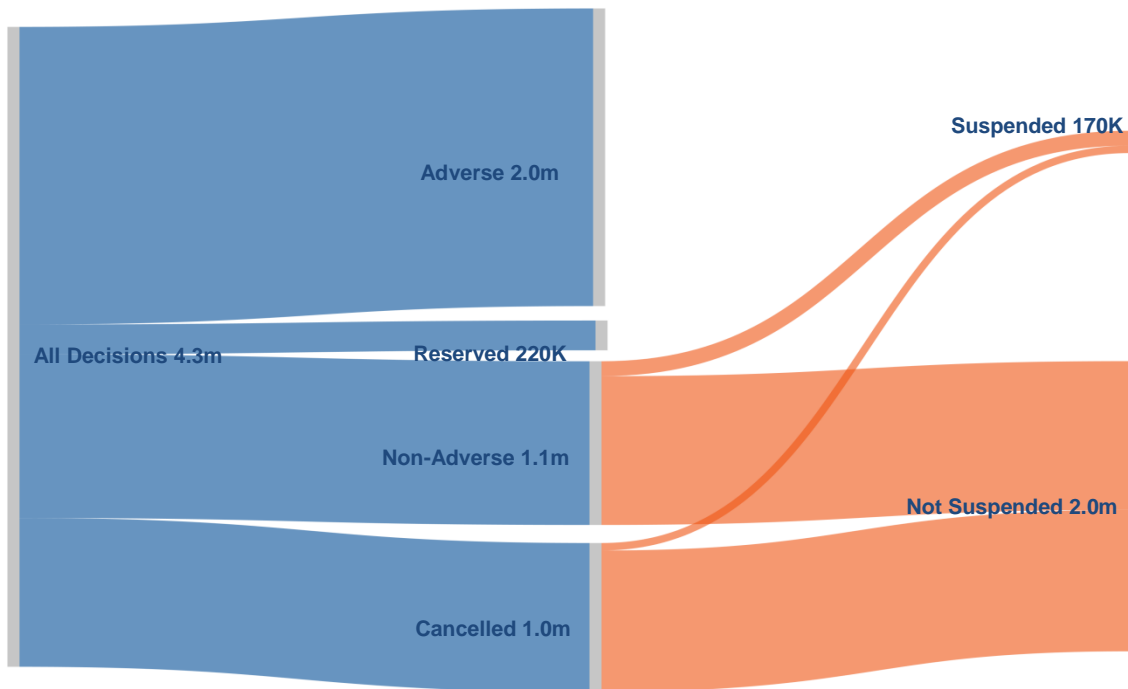
Non-adverse and Cancelled sanctions subject to benefit suspension on referral are only a small proportion of all Non-adverse and Cancelled decisions (8%), and a smaller proportion still of All Decisions (3.9%).

Figure 1 below is the breakdown of JSA sanction decisions, and shows that 170K Non-Adverse or Cancelled sanctions were subject to a benefit suspension on referral out of 4.3m decisions overall.

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<sup>4</sup> **Adverse** – Decision to apply a sanction. **Non-adverse** – Decision not to apply a sanction. **Cancelled** – The referral is cancelled without a sanction being applied. **Reserved** – JSA only – Decision to apply a sanction cannot be imposed because the claimant is currently not entitled to/claiming JSA.

**Figure 1. JSA Sanctions 22<sup>nd</sup> October 2012 – 30<sup>th</sup> September 2016**



Source: *Published Sanctions Statistics, Stat-Xplore, Post October 2012 Sanctions regime, Data to September 2016. Numbers are rounded and may not sum.*

**Should the Non-Adverse and Cancelled sanctions with a benefit suspension be included in the experimental monthly rate?**

The experimental monthly rate of claimants sanctioned for JSA aims to estimate the scale of sanctions relative to the number of JSA claimants in a given month.

The experimental rate is currently calculated by dividing the number of adverse decisions made in a month by the claimant count at a point in time in the month.

In Table 1 below, we have shown the impact on the rate of including non-adverse decisions and cancelled decisions, for cases that have had a suspension applied. There is a negligible difference of less than 0.2% points for all months for the latest 12 months we have data for.

**Table 1. JSA Sanctions Experimental Monthly Rate**

<b>Month</b>	<b>Current experimental rate %</b>	<b>Experimental rate % including Non-Adverse and Cancelled suspended cases</b>
October 2015	2.8	2.9
November 2015	2.6	2.8
December 2015	2.3	2.4
January 2016	2.2	2.3
February 2016	2.3	2.3
March 2016	2.3	2.4
April 2016	2.2	2.3
May 2016	2.1	2.1
June 2016	2.1	2.1
July 2016	1.8	1.8
August 2016	1.8	1.9
September 2016	2.0	2.1

*Source: Published Sanctions Statistics, Stat-Xplore, Post October 2012 Sanctions regime, Data to September 2016. Published Claimant count from NOMIS.*

We believe changing the definition of the rate to include these cases would make the rate harder to understand whilst making a negligible difference to the numbers. Our aim is to develop the start and end dates of the sanction, so we can use that to estimate the proportion of claimants who are being sanctioned; and so we think that should be the focus of our improvement to the rate.

## **Annex B – Update on UK Statistics Authority recommendations of August 2015**

In your letter of 5<sup>th</sup> August 2015 you gave five recommendations on benefit sanctions statistics. The following is an update against those recommendations.

- Provide users with benefit sanction statistics based on the actual number of sanctions applied, making clear the numbers of reviews, reconsiderations and appeals

Users are provided with Jobseekers Allowance (JSA) and Employment and Support Allowance (ESA) benefit sanction breakdowns of the different stages of a sanction, under both the old and new rules. Included in the statistics are the numbers of decision reviews, mandatory reconsiderations and appeals. Sanctions data is also available for users in DWP's dissemination tool Stat-Xplore, where there are also additional breakdowns of the data available.

- Make clear the limitations associated with the statistics

In November 2016, we introduced the 'Background Information and Methodology' document to support the sanctions statistics. This document has a section providing information on the limitations of the statistics.

- Include in the quarterly benefit statistics bulletin a statement of the proportion of JSA claims subject to a sanction, as well as the proportions of claimants who have been sanctioned during the most recent one-year and five-year periods, and the numbers on which these proportions are based

Since the May 2016 Quarterly Statistics Summary (QSS) we have included the Experimental Monthly Rate of Claimants Sanctioned for JSA and ESA. The experimental rate is calculated to give an estimate of the scale of sanctions relative to the number of JSA and ESA claimants. As explained in Annex A we plan to further improve this by developing start and end dates of the sanction so we can estimate the proportion of claimants being sanctioned each month.

- Ensure all statements made using the official statistics are objective and impartial and appropriately apply the definitions of the variables underpinning the data, including 'actively seeking work'

The content and style of the sanctions statistics within the QSS were revamped in August 2015 following feedback from users. The statistics and commentary for each benefit, JSA and ESA, were extended and definitions expanded to help users understand the figures and context. We are also looking to review the sanctions statistics in 2017 to investigate the possibility of improving the underlying data sources and commentary. We will consult with users to make sure the presentation of the statistics is clear and accurate.

- Extend the range of benefit sanction data available by addressing the gaps in information on repeat sanctions and hardship payments, alongside the development of sanction data from the Universal Credit system

In April 2016 we published *Benefits Sanction Statistics: Publication Strategy*<sup>5</sup> that outlined the developments of sanctions statistics. The letter from Sir Robert Devereux to the Public Accounts Committee in December 2016, built on this. This included the intention to publish the first statistics on Universal Credit sanctions by the end of June 2017.

It is already possible to get statistics on the number of individuals that have received repeat sanctions from Stat-Xplore, however these are only available as totals from April 2000 to date. In response to user feedback we are currently investigating developing the statistics so we can report the number of repeat sanctions in a year.

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<sup>5</sup> <https://www.gov.uk/government/publications/benefit-sanction-statistics-publication-strategy/benefit-sanction-statistics-publication-strategy>