

House of Commons Work and Pensions Committee

Inquiry into the Role of Jobcentre Plus in the reformed welfare system

**GEOGRAPHICAL VARIATIONS IN
JSA SANCTIONS AND DISALLOWANCES**

Supplementary evidence submitted by

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SUMMARY

The evidence previously submitted on 22 May 2013 contained an error (now corrected) relating to the variation in the rate of total sanctions/disallowances across areas in relation to unemployment. This supplementary evidence reports a more thorough analysis of geographical variations in sanctions/disallowances. It shows that different types of sanction/disallowance relate differently to the local unemployment rate. Those related to leaving a job voluntarily or through misconduct, or to neglect to avail or refusal of a job opportunity, occur more often in areas where jobs are plentiful. Claimants are more often penalised for non-attendance at interviews, or for non-participation in training or employment schemes, in areas where jobs are scarce, although practice in relation to interviews appears to vary widely between local offices. The analysis also shows that there is a lot of variability between Jobcentre Plus offices in the overall rate of referrals for sanction/disallowance. This variability does not appear to have increased following the abolition of referral benchmarks in April 2011. However, the average rate of referrals has increased, suggesting, when taken together with other evidence reported in the media, general pressure on staff to increase sanctions/disallowances. Further useful analysis at Jobcentre level would require publication of data by individual reason. The finding that disqualifications for voluntary leaving/misconduct vary inversely with the rate of unemployment across areas as well as over time appears to be new, and casts doubt on the rationale for these disqualifications and particularly for their severity.

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1. Para. 15 and Figure 8 of the Evidence on JSA Sanctions and Disallowances which I submitted on 22 May 2013 addressed the question of geographical variations in the incidence of sanctions and disallowances. Further work on this topic revealed an error in what was stated there. Although this has now been corrected, the further work has produced some significant findings and the purpose of this supplementary evidence is to report these. In doing so it provides some further information on the issue identified by the Committee of ‘differences of approach between JCP Districts’.

Starting Point: The *Guardian*’s Analysis of Fixed Length Sanctions

2. The starting point for my previous discussion was an analysis by the *Guardian* (18 April 2011) of the incidence of fixed length sanctions in relation to local unemployment across local authority areas. It concluded that ‘the regions with high sanction referral rates tend to be more deprived areas’. It attached a spreadsheet.¹ From the data provided I calculated that the correlation across local authority areas between the local unemployment rate and fixed length sanctions as a proportion of JSA claimants was 0.35 for referrals and 0.33 for adverse decisions. These are modest correlations but statistically significant.

3. However, these correlations are too low. The *Guardian* compared *cumulative* fixed length sanctions for each local authority over the whole period April 2000 to October 2010 inclusive, with the DWP’s count of the number of JSA claimants at August 2010 and ONS’s model-based estimate of ILO unemployment for the year to September 2010 (which was missing for 12 authorities). This is not comparing like with like, and in addition the DWP count is defective (see **Appendix**). I have recalculated the correlations using means for the whole period April 2000 to October 2010 for both JSA claimants (on the superior ONS count) and the unemployment rate.² This produces higher correlations of 0.42 for both referrals and fixed length sanctions, thus confirming the *Guardian*’s result but making it rather stronger.

**Geographical Variations in Sanctions/Disallowances by Reason:
A fuller analysis for the period April 2000 to October 2012**

4. I have now carried out an analysis of the relationship between sanctions/disallowances and the local unemployment rate across local authorities and regions, for each of the main categories of sanction/disallowance individually. Like the *Guardian*, I have only been able to do this on the basis of cumulative figures for the whole period from April 2000 to the latest month recorded, currently October 2012. This is due to limitations of the DWP's Tabtool. Correlations for local authorities and regions of the monthly rates of sanctions/disallowances as a proportion of JSA claimants (ONS count) with the local mean working age resident-based unemployment rate are shown in **Table 1**.

The total for all types of sanction/disallowance

5. The correlation across **regions** between the total of *all* types of sanction and disallowance and the local unemployment rate is rather low, at 0.21, and is not statistically significant. Across **local authorities** it is effectively non-existent. For referrals, both correlations are actually negative, with that for local authorities being statistically significant.

6. However, closer examination shows that different types of sanction/disallowance relate differently to the local level of unemployment.

Varied length sanctions

7. The most striking feature of **Table 1** is that for varied length sanctions, referrals and actual sanctions are quite strongly correlated *negatively* with the local unemployment rate (-0.50 to -0.76), at both local authority and regional level. In other words the higher is local unemployment, the lower is the proportion of claimants subjected to varied length sanctions. The main sanctions of this type are for giving up a job voluntarily without what officials consider a good reason, or losing it through misconduct; and for 'neglect to avail of an opportunity', i.e. doing something to undermine an opportunity of employment (such as turning up for interview inappropriately dressed), or refusing an offer of a job. These types of sanction are also each individually correlated negatively with the local unemployment rate, at both the local authority and the regional level (-0.28 to -0.87), and almost all the correlations are statistically significant. It was noted in the main evidence (22 May, para.10) that time series data show that disqualifications for 'voluntary leaving' and 'misconduct' fall during periods when it is more difficult to get another job. The negative correlation coefficients here indicate that this applies across areas as well as over time, in other words people are more careful to hold on to a job in areas where it is difficult to get another. In the case of 'neglect to avail' and refusal of a job, there are likely to be two factors operating: in high unemployment areas, officials will have fewer vacancies to offer claimants, and claimants will also be less likely to turn down or spoil an opportunity.

Sanctions for non-attendance at advisory interviews

8. The penalty for non-attendance (which includes unpunctuality) at advisory interviews changed in April 2010 from disentitlement to a fixed length sanction. It makes sense therefore to make a separate analysis for this type of 'offence' by combining the data for these penalties for the whole period April 2000 to October 2012, ignoring the distinction between disentitlement and sanction.

9. The resulting correlations with local unemployment of penalties for non-attendance at advisory interviews are quite different at regional and local authority level. For both referrals for sanction and actual sanctions, there are strong positive correlations at regional level (+0.58 and +0.64 respectively), with the latter statistically significant, but no correlation at local authority level. This suggests that claimants are generally treated more harshly in areas of high unemployment, either by being required to attend more interviews or by being more readily sanctioned for non-attendance or unpunctuality, but that there are substantial differences of practice between individual Jobcentre Plus offices.

Fixed length sanctions related to training and employment programmes

10. Fixed length sanctions other than those for not attending an advisory interview are incurred as a result of different kinds of non-participation in training and employment programmes (latterly including the Work Programme). These training and employment programme referrals and sanctions are correlated positively with the local unemployment rate at both the local authority and the regional level (+0.42 to +0.58), with the local authority level correlations both statistically significant. In other words, in respect of this type of sanction, the regime bears more harshly on claimants in areas of high unemployment. This is what the *Guardian's* analysis found, although the effect is stronger than in the *Guardian's* analysis, probably due mainly to removal of the confounding factor of the penalties for non-attendance at interview from April 2010.

11. One explanation for the harsher treatment of claimants in high unemployment areas in relation to this type of sanction would be if claimants are sent on training or employment programmes only after they have been unemployed for a significant time. Areas with a higher level of unemployment also have a higher proportion of long-term unemployed (Webster 2005). However, this explanation does not fit. **Table 2** shows that, of claimants with a known duration, a majority given this type of sanction in 2000 to 2012 were unemployed for three months or less, and rates of sanction for long- and short-term unemployed claimants were similar. There must therefore be some other explanation.

Disentitlements

12. **Table 1** shows that disentitlements for not actively seeking work are not related to the local unemployment rate. The remaining types of entitlement decisions (i.e. excluding 'actively seeking work' and non-attendance at interviews prior to April 2010) have only a slight relationship with the local unemployment rate.

Variations in referrals for sanction or disallowance by Jobcentre Plus office

13. On 15 May 2013 the DWP for the first time published the number of sanctions and disallowances for individual Jobcentre Plus offices.³ This publication gave figures for every month from April 2000 to 21 October 2012. In principle this information could throw some further light on variations in practice between areas.

14. To analyse these data, it was first necessary to obtain figures for the caseload of JSA claimants at each office, which the DWP did not publish. I therefore put in a Freedom of Information request for the Jobcentre caseload figures (2013-2296, 21 June 2013).⁴ Within

the FoI cost limit, the DWP was able to supply figures only for the period 1 March 2008 to 21 October 2012.

15. It has not been possible to match up all of the offices for this period between the two sets of data, and the DWP also stated a number of provisos to the caseload figures. These points are explained further in the **Appendix**. Because of these limitations to the data, the results given here are for quarters, not months, and individual Jobcentres are not shown.

16. The results show that there is a wide range of variation between Jobcentres in the rate of referrals. Looking at the whole period from 3rd quarter 2010 (the first complete quarter under the Coalition) to 3rd quarter 2012 inclusive, out of 715 Jobcentres included in the analysis, there were 69 with an average rate of 12.0 per cent or more of the stock of claimants per month, and 32 with 6.0 per cent or fewer. The range of variation in actual sanctions/disallowances was narrower, with 72 Jobcentres having a rate of 6.0 per cent per month or more and 62 with 3.0 per cent or fewer.

17. Neil Couling, DWP's Work Services Director, stated in May 2013 (Couling 2013, paras. 2.1, 4.2) that internal 'benchmarks' or targets for sanctions (presumably referrals) were introduced in 1996 and abolished in April 2011, in favour of building a 'freedom and flexibility approach'. It might be expected that the range of variability between Jobcentres would increase following the abolition of benchmarks. However, **Table 3** and **Figure 1** suggests that this has not occurred. The standard deviation, which is affected by the absolute level of referrals, has continued to rise and fall in line with the average, but in the latest quarter remained below the level of the 2nd quarter 2008, when the average was lower. The coefficient of variation (standard deviation divided by the mean), which is a more appropriate measure in the present context, rose slightly in 2011-2 and 2011-3 but since then has fallen back clearly below the level of 2008-2 to 2010-1. Neither standard deviation nor coefficient of variation will be much affected by the limitations of the data. Neil Couling (par. 3.5) also said that 'Looking at the data from London and the Home Counties and across the UK it would appear that the response to the removal of sanctions benchmarks in 2011 was a marked reduction in sanctioning activity'. The decline in the two quarters following April 2011 was only in relation to the exceptionally high levels of the previous three quarters, and in any case total sanctions and disallowances have since risen again, to their highest level since the current statistical series began in 2000. It appears from this and from other evidence reported in the media that while there may be no numerical 'targets', there is pressure on staff to refer more claimants for sanction/disallowance.

18. Because different types of sanction/disallowance relate differently to differing labour market conditions, as discussed above, little more can usefully be said about variations between local offices unless or until the DWP releases local office data disaggregated by reason for sanction/disallowance.

Conclusions

19. The new analysis presented here shows that different types of sanction/disallowance relate differently to the local unemployment rate. Those related to leaving a job voluntarily or through misconduct, or to neglect to avail or refusal of a job opportunity, occur more often in areas where jobs are plentiful. By contrast, claimants are more often penalised for non-attendance or lateness at interviews, or for non-participation in training or employment

schemes, in areas where jobs are scarce, although practice in relation to interviews appears to vary widely between local offices.

20. The analysis also shows that there is a lot of variability between Jobcentre Plus offices in the overall rate of referrals for sanction/disallowance. However, variability does not appear to have increased following the abolition of referral benchmarks in April 2011; instead, the average rate of referrals has increased and, taken together with other evidence reported in the media, this suggests general pressure on staff to increase sanction/disallowance referrals. Because of the different behaviour of different types of sanction/disallowance in relation to differing labour market conditions, figures for total sanctions and disallowances are of only limited usefulness and further analysis must await publication of data by individual reason.

21. The finding that disqualifications for voluntary leaving/misconduct vary inversely with the rate of unemployment across areas as well as over time appears to be new. It casts doubt on the rationale for these disqualifications and particularly for their severity. It is not clear why the State thinks it has an interest in discouraging the free movement of labour. This does not sit well with the prevailing rhetoric of the 'flexible labour market'. Winston Churchill, responsible as President of the Board of Trade for the relevant part of the original 1911 Act, did not want these disqualifications but was persuaded otherwise by his permanent under-secretary (Gilbert 1966, pp.270-73). For 75 years the disqualification was fixed at 6 weeks. This was raised to up to 13 weeks in 1986 and then (in 1988) to up to 26 weeks, and is now 13 weeks. The relevant Ministers in the 1980s said they were concerned by an upward trend in these severances (Brown 1990, pp.189-91). However, they do not seem to have realised that this was simply a reversion to normal turnover after a big fall during the massive recession of the early Thatcher years. There is no evidence of any serious subsequent policy analysis of the issue, either in the DWP or elsewhere.

REFERENCES

Brown, Joan C. (1990) *Victims or Villains? Social Security Benefits in Unemployment*, York, Joseph Rowntree Memorial Trust

Couling, Neil (2013) *Conditionality and Sanctions*, Report to the Secretary of State for Work and Pensions, Department for Work and Pensions, May, available at <https://www.gov.uk/government/publications/conditionality-and-sanctions-a-report-to-the-secretary-of-state-for-work-and-pensions>

Gilbert, Bentley B. (1966) *The Evolution of National Insurance in Great Britain: The Origins of the Welfare State*, Michael Joseph (repr. Aldershot, Gregg Revivals 1993)

Webster, David (2005) 'Long-Term Unemployment, the Invention of "Hysteresis" and the Misdiagnosis of Structural Unemployment in the UK', *Cambridge Journal of Economics*, Vol.29 No.6, November, 975-95

APPENDIX: DWP JOBCENTRE PLUS OFFICE DATA

The DWP spreadsheet published on 15 May 2013 gives the total number of sanctions/disallowances for each Jobcentre Plus office for each month from April 2000 to 21 October 2012. Over this period there have been many openings and closures of offices, so that the total number of offices listed is around twice the actual number of 740 Jobcentres at March 2013. The DWP spreadsheet of 21 June 2013 giving the number of claimants at each office covers the period only from March 2008 to 21 October 2013. This reduces the problem of matching Jobcentres between the two sets of data. However, a complete match has still not been possible. There are a number of dubious cases, usually where a Jobcentre's caseload was apparently being run down in the months prior to closure or being built up after opening. In addition to those shown as 'dormant' by DWP, the following offices have been omitted from the analysis: Leicester Eldon St, Derby Becket St, Nottingham Watercourt, Camberwell, Deptford, Feltham, Whitstable, Grimsby Crown House, Cockermouth, Millom, Aberdeen Chapel St, Dundee Gellatly St, Shawlands, Blackpool Tyldesley Rd, Walthamstow Forest Rd. In addition, the allocation of sanctions/disallowances and caseload between individual Jobcentres in a given town sometimes appears not to match. In these cases the data for the Jobcentres within the town or city have been combined. Figures for offices in the following towns have been added together: Lincoln, Mansfield, Luton and Dunstable, Harrow, Halifax, Milton Keynes, Portsmouth, Cardiff, Newport.

In relation to the spreadsheet of 21 June 2013 giving the number of claimants at each office from March 2008 to 21 October 2012, the DWP has stated a number of provisos:

- *The figures have not been quality assured to National Statistics or Official Statistics publication standard.*
- *They have been created by matching data derived from the Jobseeker's Allowance Payment System (JSAPS) and the Labour Market System (LMS). These systems are used to administer the claim process and are subject to user imputation errors. Therefore matching between these two data sources can result in incorrect*

or nonmatches. They should therefore be treated with caution. My understanding is that it is imputation errors which have caused small numbers of claimants (usually 10, but sometimes 20 or more) to appear at offices which were otherwise dormant. I have ignored these. The presence of these errors implies that the figures generally are not correct to the nearest 10, but have a somewhat wider margin of error. This however is still presumably quite small.

- *The number of sanctions and disallowance referrals in each month is taken from the date on which the decision was made. For a number of reasons the claimant may no longer be claiming JSA at this point therefore a direct comparison may not be valid. The ONS claimant count measures 'live' claimants on the second Thursday of the month, whereas DWP JSA statistics measures 'live' claimants on the last day of the month. To ensure that any timing issues are negligible, the analysis here relates to quarters rather than individual months.*
- *DWP JSA statistics only include computer processed claims. This is in contrast to the ONS claimant count, which includes claims which are processed clerically. The DWP JSA statistics allow at least 9 weeks for late processed claims to be input onto the DWP computer systems, whereas the ONS claimant count statistics only allow approximately 3 weeks. At Great Britain level over the period March 2008 to October 2012, the NOMIS (ONS) claimant total is about 2% greater than the DWP total. This difference would not matter very much if every Jobcentre had the same proportion of total claims processed by computer. But this does not seem likely, nor does it appear to be the case. I established from NOMIS, who publish the ONS claimant figures online, that the last time they made changes to their Jobcentre boundaries was in May 2008. I then made a comparison between the DWP FoI caseload figures and the NOMIS claimant figures for individual Jobcentres in March-May 2008. It was not possible to match up all the Jobcentres. However, it is likely that the great majority of them had the same boundaries during these three months. The comparison shows that the ratio of the DWP to the NOMIS figure varied quite widely between offices. The median ratio was 0.94 or 0.95 and the interquartile range was 0.06 or 0.07. In other words there were a lot of Jobcentres where the undercount of claimants was 6% or 7% greater than in a lot of other Jobcentres, and some where the difference was even bigger. This problem presumably also affects the DWP's own internal management information.*

Table 1
REFERRALS AND ADVERSE DECISIONS as percentage of JSA claimants: Correlations with local unemployment rate

	<i>Guardian</i> analysis, † Local authorities cumulative Apr 2000-Oct 2010		Local authorities cumulative Apr 2000-Oct 2012		Regions cumulative Apr 2000-Oct 2012	
	REFERRALS	ADVERSE DECISIONS	REFERRALS	ADVERSE DECISIONS	REFERRALS	ADVERSE DECISIONS
ALL SANCTIONS & DISALLOWANCES			-0.36***	-0.05	-0.35	+0.21
All varied length sanctions			-0.61***	-0.50***	-0.76**	-0.69*
All fixed length sanctions	+0.42**	+0.42**	+0.32***	+0.31***	+0.48	+0.27
All entitlement decisions			+0.00	+0.07	+0.70*	+0.65*
Voluntary leaving/Misconduct			-0.59***	-0.44***	-0.62*	-0.28
Neglect to avail of opportunity/Refusal of employment			-0.41***	-0.37***	-0.76**	-0.87***
Failure to attend advisory interview §			-0.02	+0.06	+0.58	+0.64*
Fixed length sanctions related to training & employment schemes			+0.42***	+0.43***	+0.58	+0.46
(Not) Actively seeking work			+0.03	+0.06	+0.09	+0.18
Entitlement decisions excluding Actively Seeking Work & FTA interview			-0.14**	-0.14**	+0.20	+0.21

† *Guardian* analysis altered by the present author as described in the text

§ Apr 2000-Mar 2010: Entitlement decision; Apr 2010-Oct 2012: Fixed length sanction

Unemployment rate is claimant unemployed as a percentage of residents aged 16-64, average for Apr 2000-Oct 2012, supplied by NOMIS

* significant at 0.05 level ** significant at 0.01 level *** significant at 0.001 level n = 379 (LAs), 11 (Regions)

Table 2**FIXED LENGTH SANCTIONS (excluding Failure to attend interview) by duration of unemployment, April 2000 to October 2012**

	Percentage of total sanctions	Sanctions per month as a percentage of claimants
Total	100.0	0.54
Up to 2 weeks	6.8	0.38
Up to one month/four weeks	8.6	0.59
One to three months	31.1	0.62
Three to six months	11.7	0.30
Six months to one year	15.6	0.46
Over one year	18.8	0.63
Unknown	7.4	n.a.

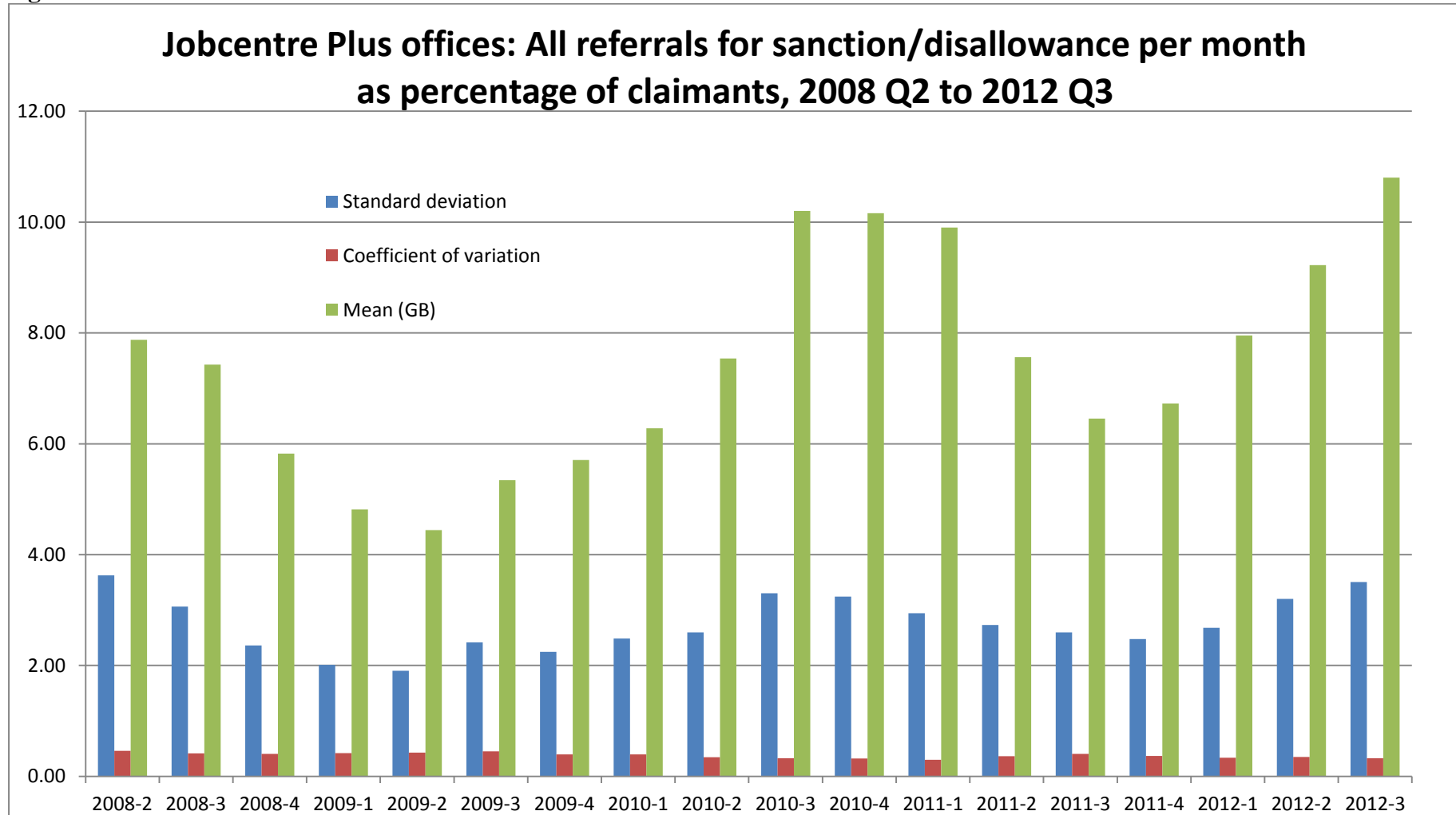
Sources: Sanctions – DWP Tabtool; claimants by duration – NOMIS. DWP uses the category ‘up to one month’ while NOMIS has ‘up to 4 weeks’. This difference has been ignored.

Table 3**Jobcentre Plus offices: All referrals for sanction/disallowance per month as percentage of claimants, 2008 Q2 to 2012 Q3**

	Mean (GB)	Standard deviation	Coefficient of variation
2008 Q2	7.88	3.63	0.46
Q3	7.43	3.06	0.41
Q4	5.82	2.36	0.41
2009 Q1	4.82	2.01	0.42
Q2	4.44	1.90	0.43
Q3	5.34	2.42	0.45
Q4	5.71	2.24	0.39
2010 Q1	6.28	2.49	0.40
Q2	7.54	2.59	0.34
Q3	10.2	3.30	0.32
Q4	10.16	3.24	0.32
2011 Q1	9.90	2.94	0.30
Q2	7.56	2.73	0.36
Q3	6.46	2.60	0.40
Q4	6.72	2.48	0.37
2012 Q1	7.96	2.68	0.34
Q2	9.22	3.20	0.35
Q3	10.80	3.50	0.32

Sources: Sanctions & disallowances – DWP spreadsheet <https://www.gov.uk/government/publications/number-of-jobseekers-allowance-sanctions-and-disallowances-where-a-decision-has-been-made-in-each-month-from-1-april-2000-to-21-october-2012>, 15 May 2013; claimants – DWP spreadsheet <https://www.gov.uk/government/publications/jobseekers-allowance-claimants-by-jobcentre-plus-district-from-march-2008-to-october-2012-20132296>, 21 June 2013

Figure 1



Source: As Table 3.

¹ At the time of writing the *Guardian* spreadsheet was still available at <https://docs.google.com/spreadsheet/ccc?key=0AonYZs4MzIZbdGNkUEg4czNtdUlsWkjuWWtteGJqZmc&hl=en#gid=0>

² The mean number of JSA claimants and the unemployment rate were both provided by NOMIS, the latter using as denominator the number of residents aged 16-64. It is not possible to obtain an average for the ONS model-based ILO unemployment rate for local authorities over any lengthy period of years because figures are unavailable for many local authorities for many years. An awkward feature of the Guardian's analysis is that the composition of fixed length sanctions was not the same throughout the period April 2000 to October 2010. Prior to April 2010, failure to attend an interview (the most common type of sanction) attracted disentanglement. Only from April 2010 were these 'failure to attend' cases included within fixed length sanctions. It has not been possible to alter this feature of the Guardian's analysis because the data for April 2000 to October 2010 can no longer be retrieved from the DWP Tabtool.

³ Available at <https://www.gov.uk/government/publications/number-of-jobseekers-allowance-sanctions-and-disallowances-where-a-decision-has-been-made-in-each-month-from-1-april-2000-to-21-october-2012>

⁴ Available at <https://www.gov.uk/government/publications/jobseekers-allowance-claimants-by-jobcentre-plus-district-from-march-2008-to-october-2012-20132296>