



Job Seeker's Allowance (JSA) benefit sanctions and labour market outcomes in Britain, 2001–2014

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Job Seeker's Allowance (JSA) benefit sanctions and labour market outcomes in Britain, 2001–2014

- Why look at this?
- What we did
- What we found
- Limitations
- Implications



Why look at this?

Social Determinants of Health

The social determinants of health are the conditions in which we are born, we grow and age, and in which we live and work.

These include...



Childhood experiences



Housing



Education



Social support



Family income



Employment



Our communities



Access to health services

Each of these factors impact on our health and wellbeing



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What we did

- Descriptive analysis
 - Annualised monthly sanction rate
 - Estimated annualised flows from JSA into work
 - Annual ILO unemployment rates
 - Vacancies per 1000 working-age adults



What we did

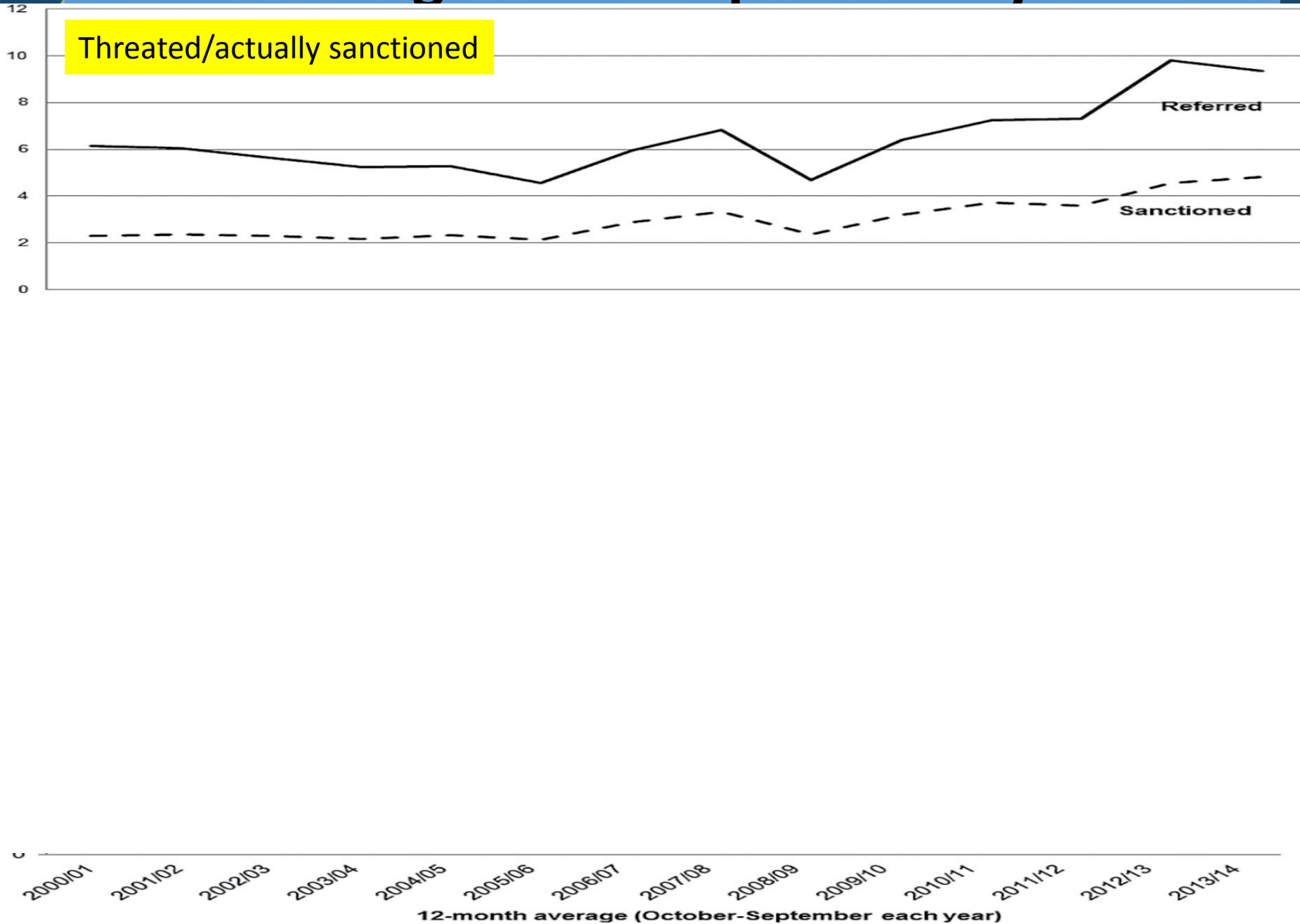
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 - Vacancies per 1000 working-age adults
- Structural vector auto-regression (SVAR)
 - The rate at which sanctions were threatened/applied



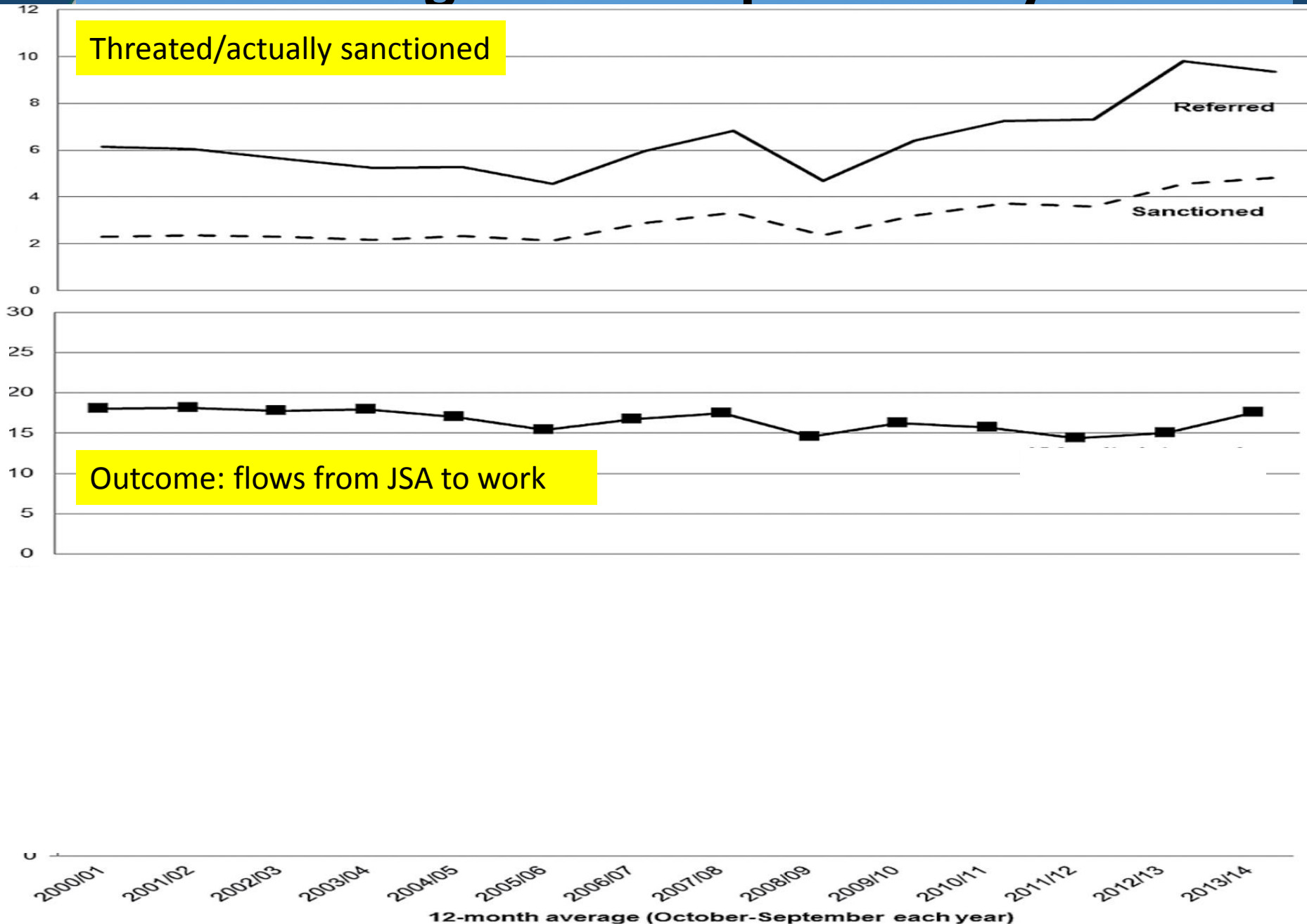
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 - The rate at which sanctions were threatened/applied
- Interrupted time-series regression
 - Policy changes

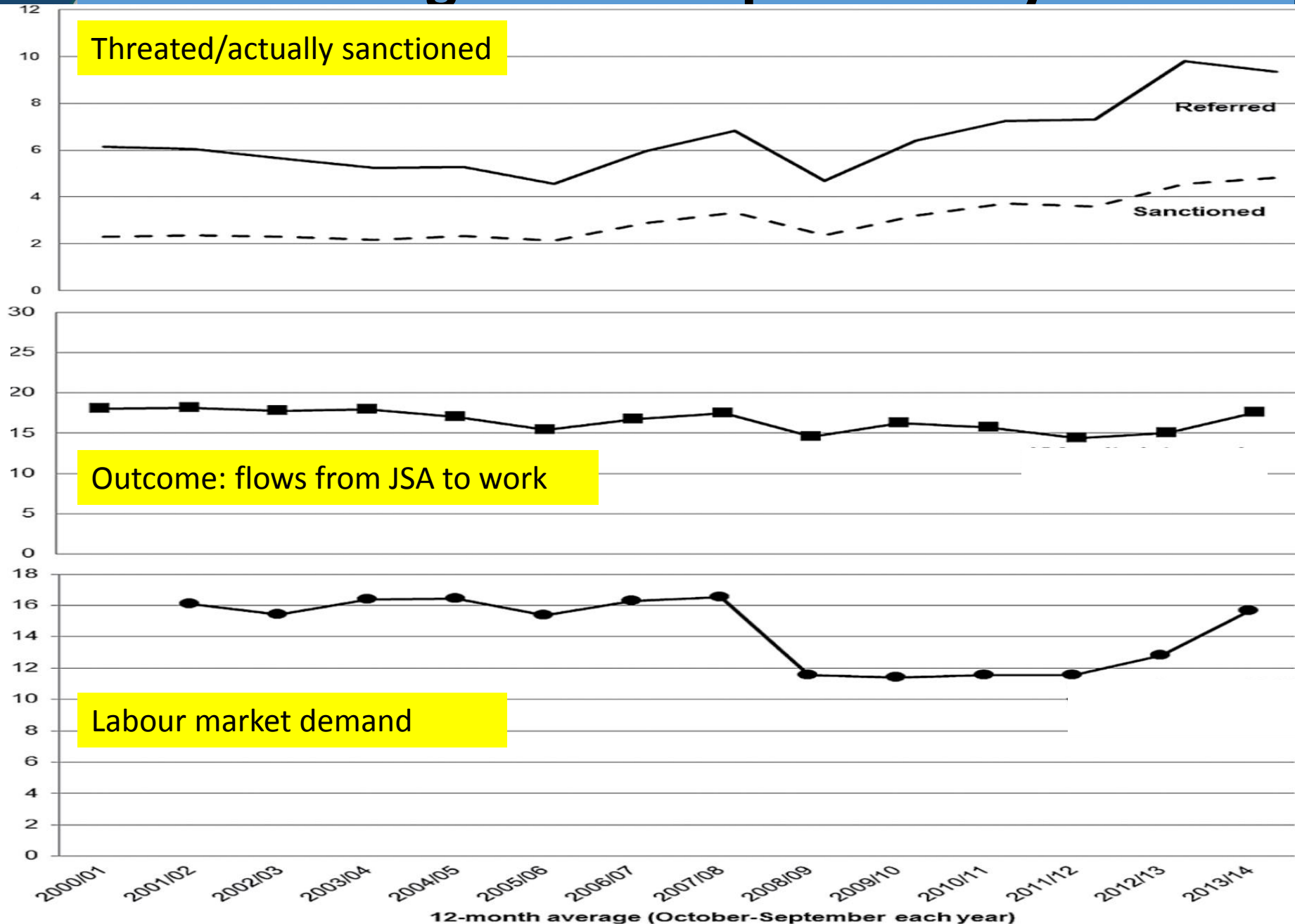
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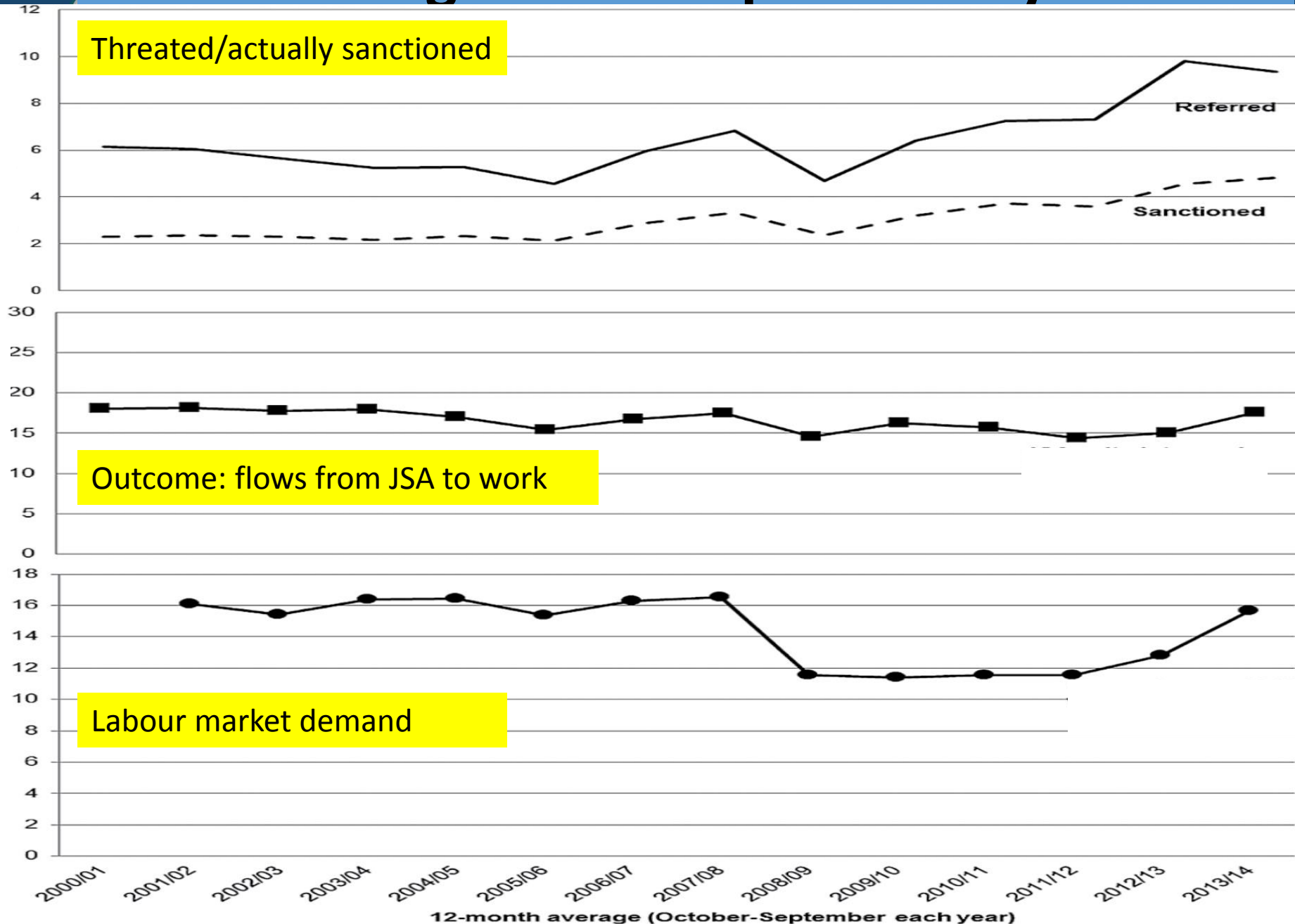
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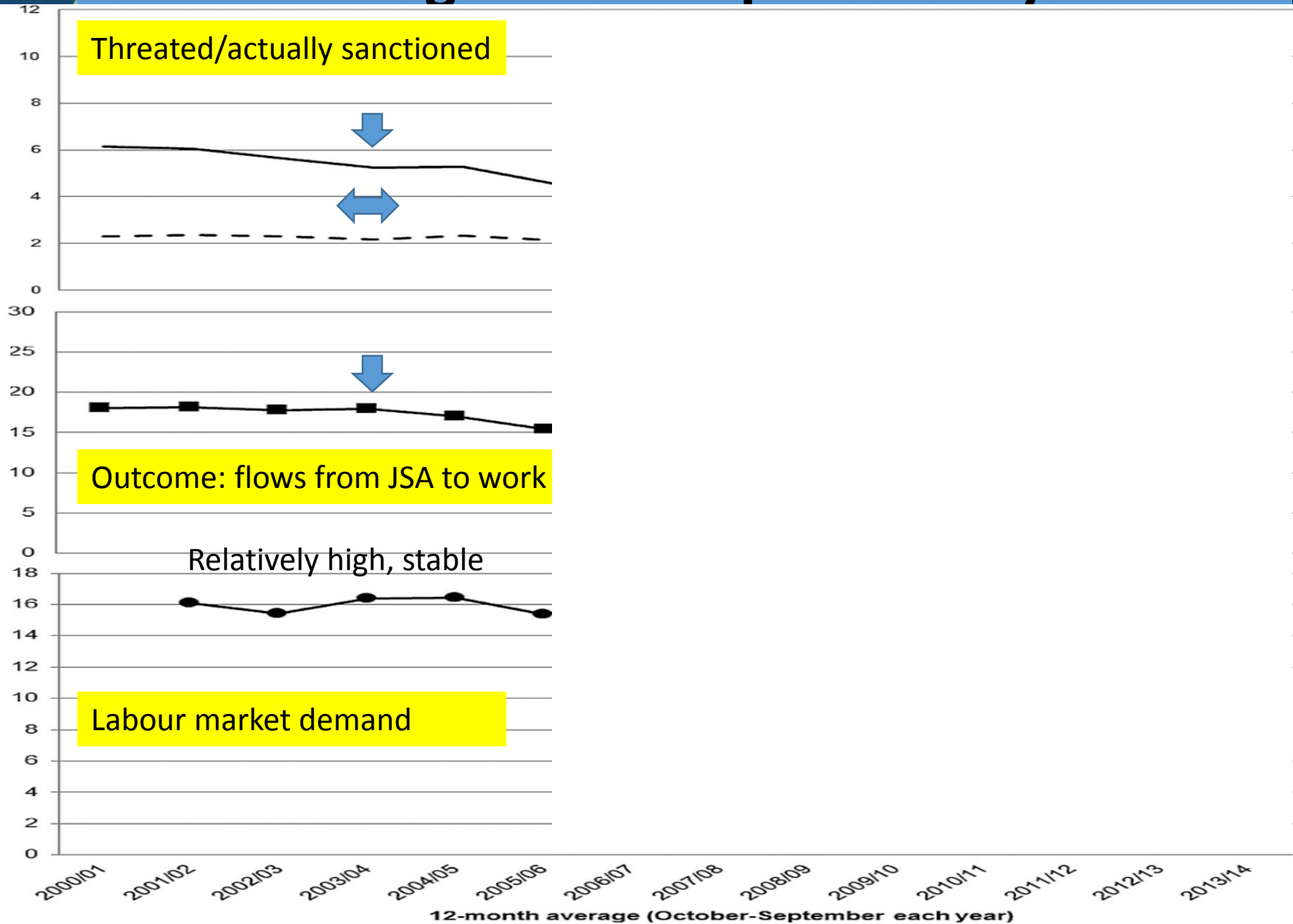
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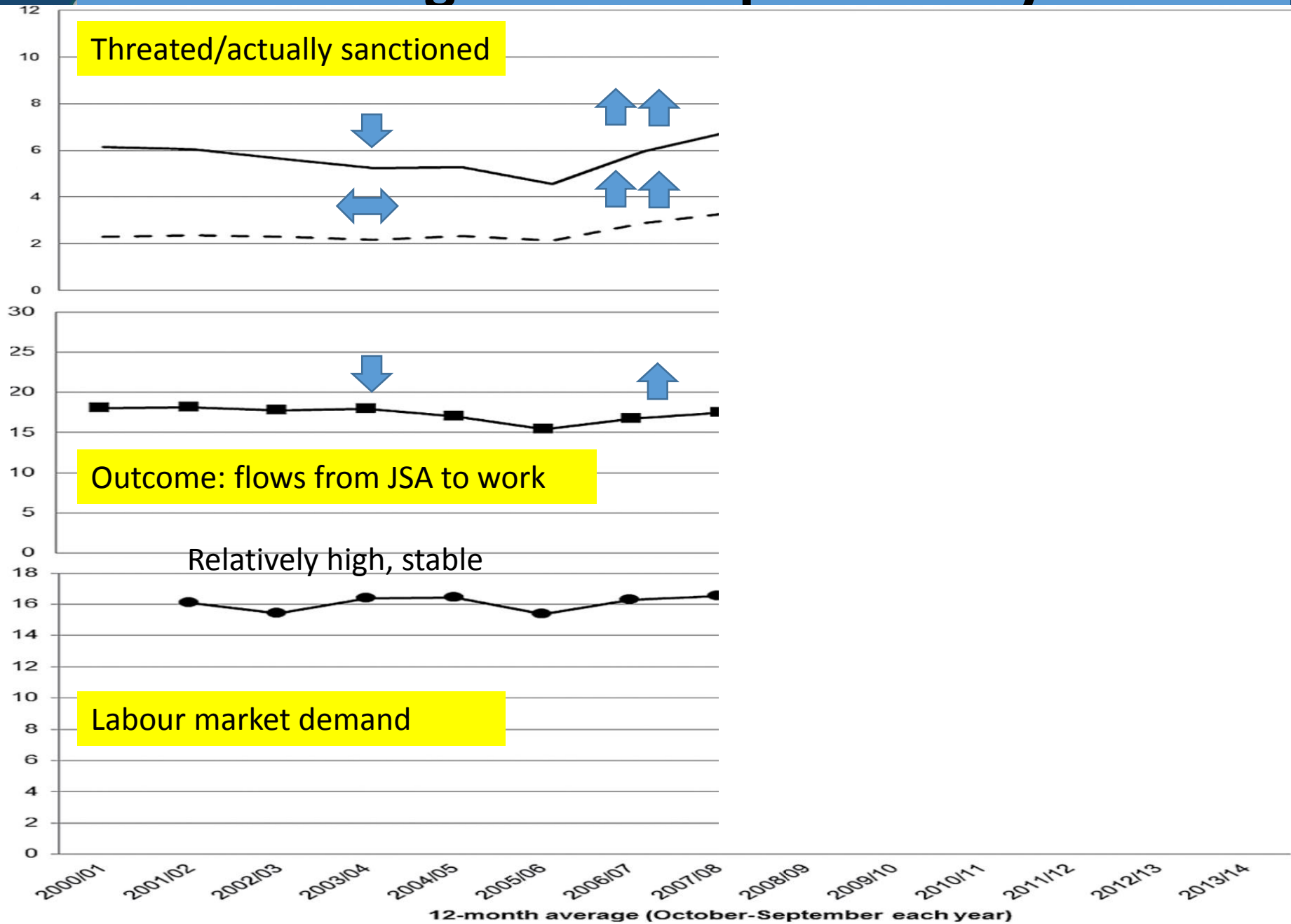
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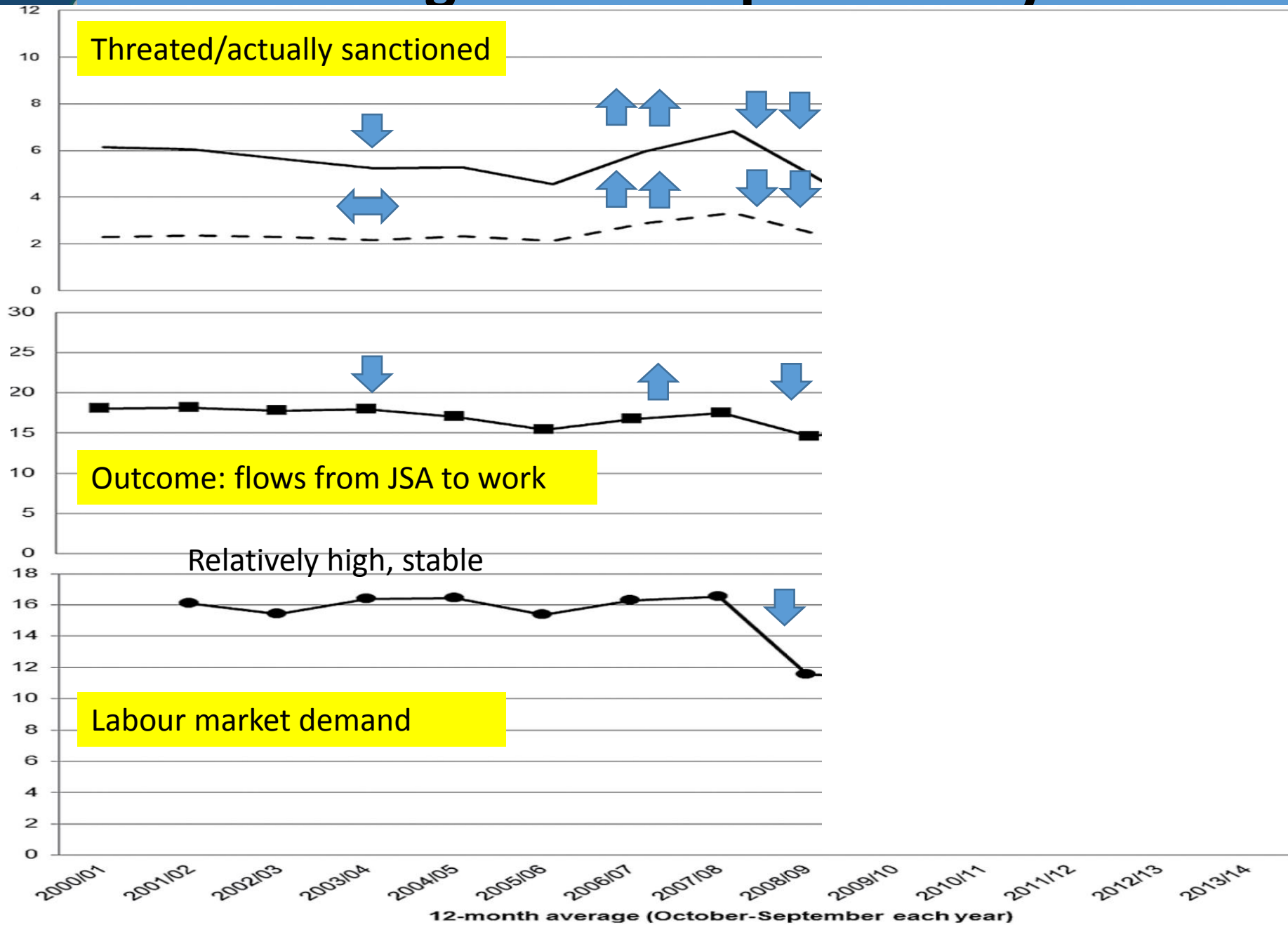
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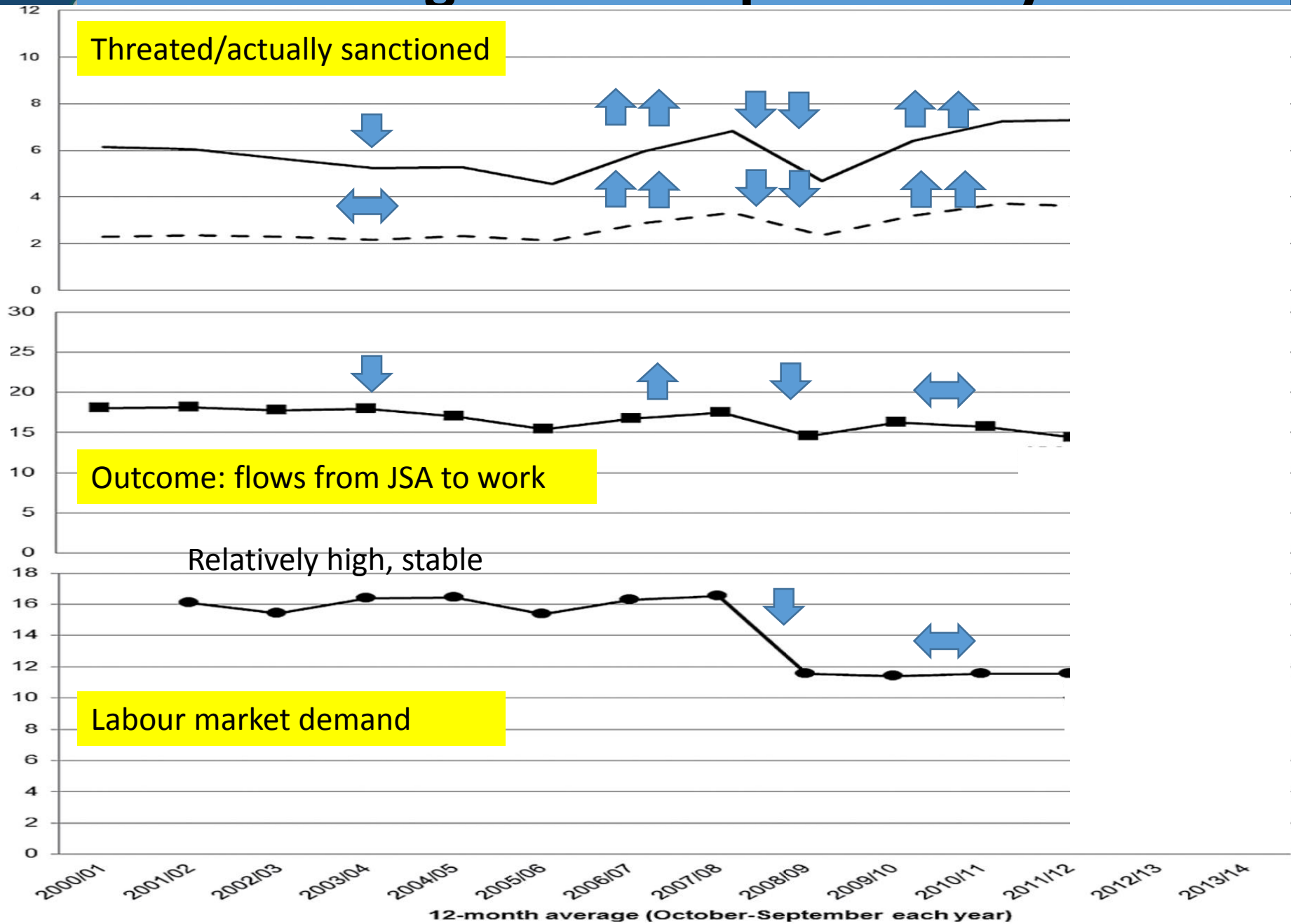
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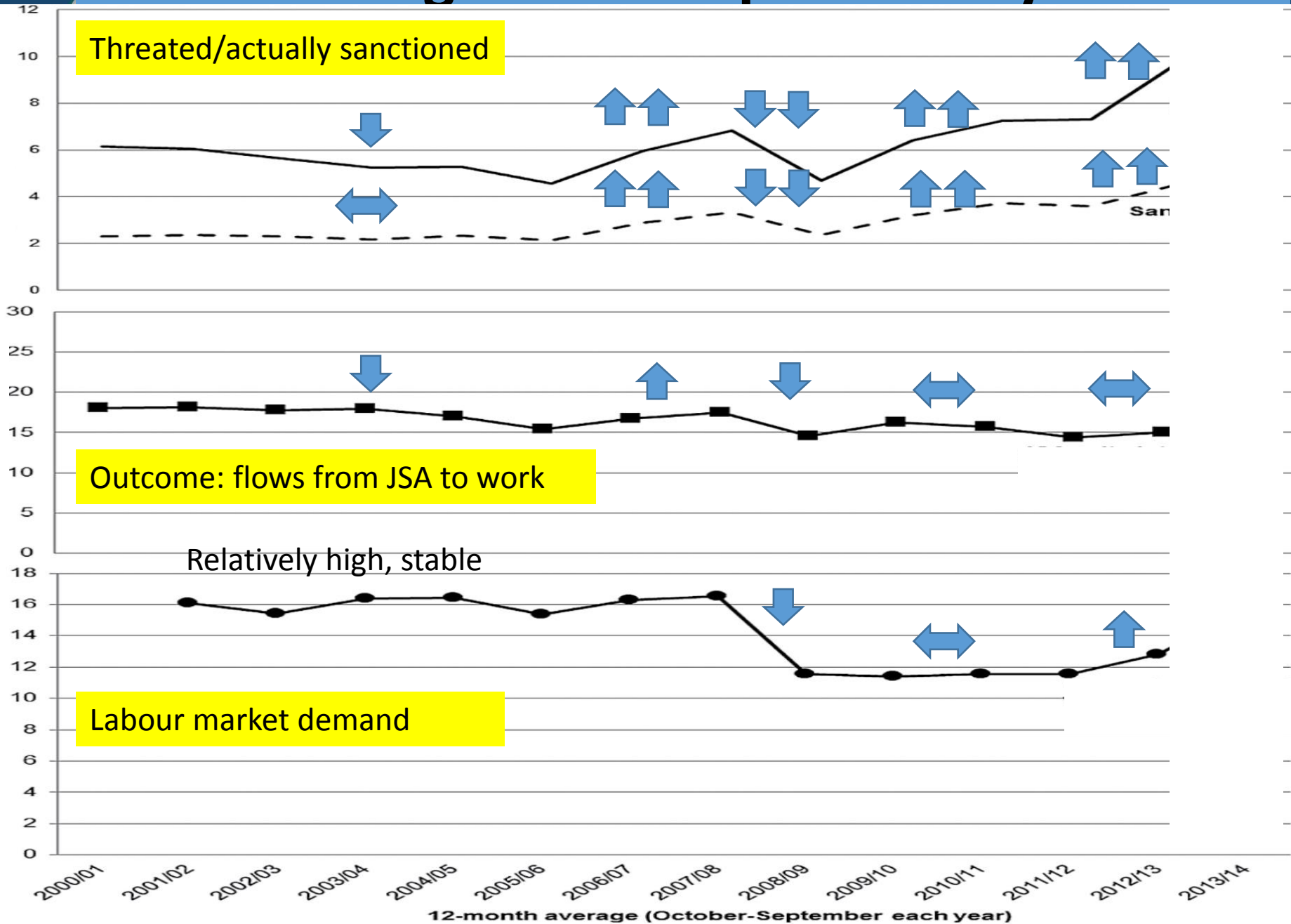
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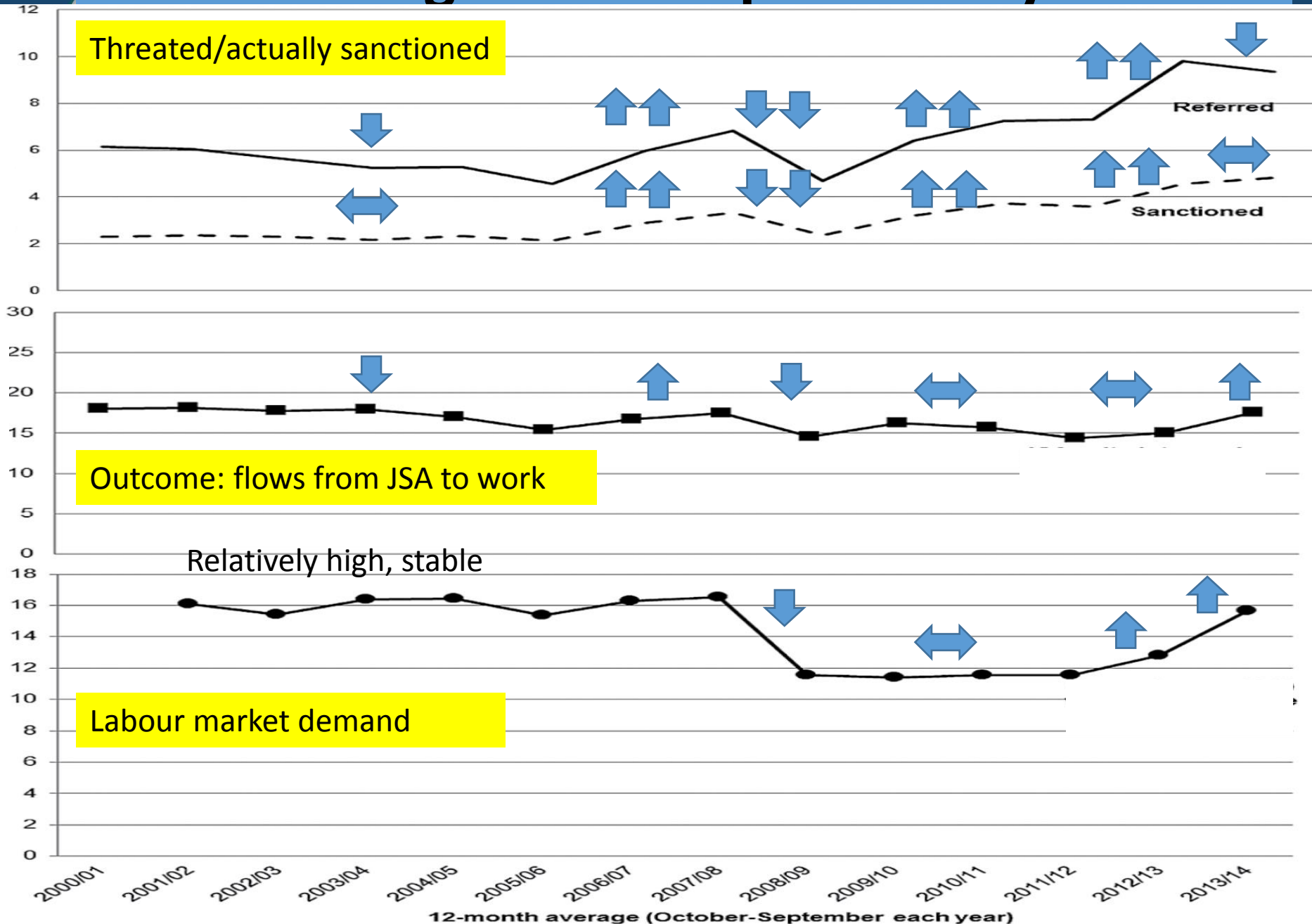
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What we found

- Descriptive analysis:
 - Ambiguous association between sanctions and flows off JSA into work
 - Demand matters



Findings 2: SVAR analysis

- Short-run positive effect on flows off JSA into work
 - Inelastic – gains smaller than changes in sanction rate
- No evidence of a long-term effect
- No evidence of an impact on ILO unemployment rate
 - Either short or long-run

Findings 3: The new sanctions regime

	Coefficient (95% CI)	p value
Underlying trend	-170 (-360 to 22)	0.08
April 2010 (STEP)	14,100 (-7,500 to 35,700)	0.20
April 2010 (TREND)	-1,900 (-5,200 to 1,300)	0.24
October 2012 (STEP)	-27,300 (-52,000 to -2,600)	0.03
October 2012 (TREND)	1,990 (-1,500 to 5,500)	0.27
Work Programme (STEP)	10,800 (-20,000 to 41,500)	0.49
Work Programme (TREND)	2,400 (-1,800 to 6,500)	0.26
Number of sanctions applied	1.47 (0.72 to 2.23)	<0.001
Labour market demand	-0.23 (-0.31 to -0.15)	<0.001
Constant	262,800 (204,300 to 321,200)	<0.001

Notes: Time series regression with ARMA errors: AR(1,3,6,10,12,16) ma(3); results rounded to improve clarity.

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	Estimated cumulative no. of additional people moving from JSA into employment (95% CI)
April-2010 changes	-95,685 (-302,305 to 110,935)
Work Programme (June-2011)	112,919 (-95,859 to 321,697)
October-2012 changes	26,328 (-93,564 to 146,221)



Findings 3: The new sanctions regime

- Effects of 2012 policy change small and uncertain
- Between October 2012 and December 2014:
 - an estimated extra 26,000 JSA claimants found work (95% Confidence Interval: -93,564 to 146,221)



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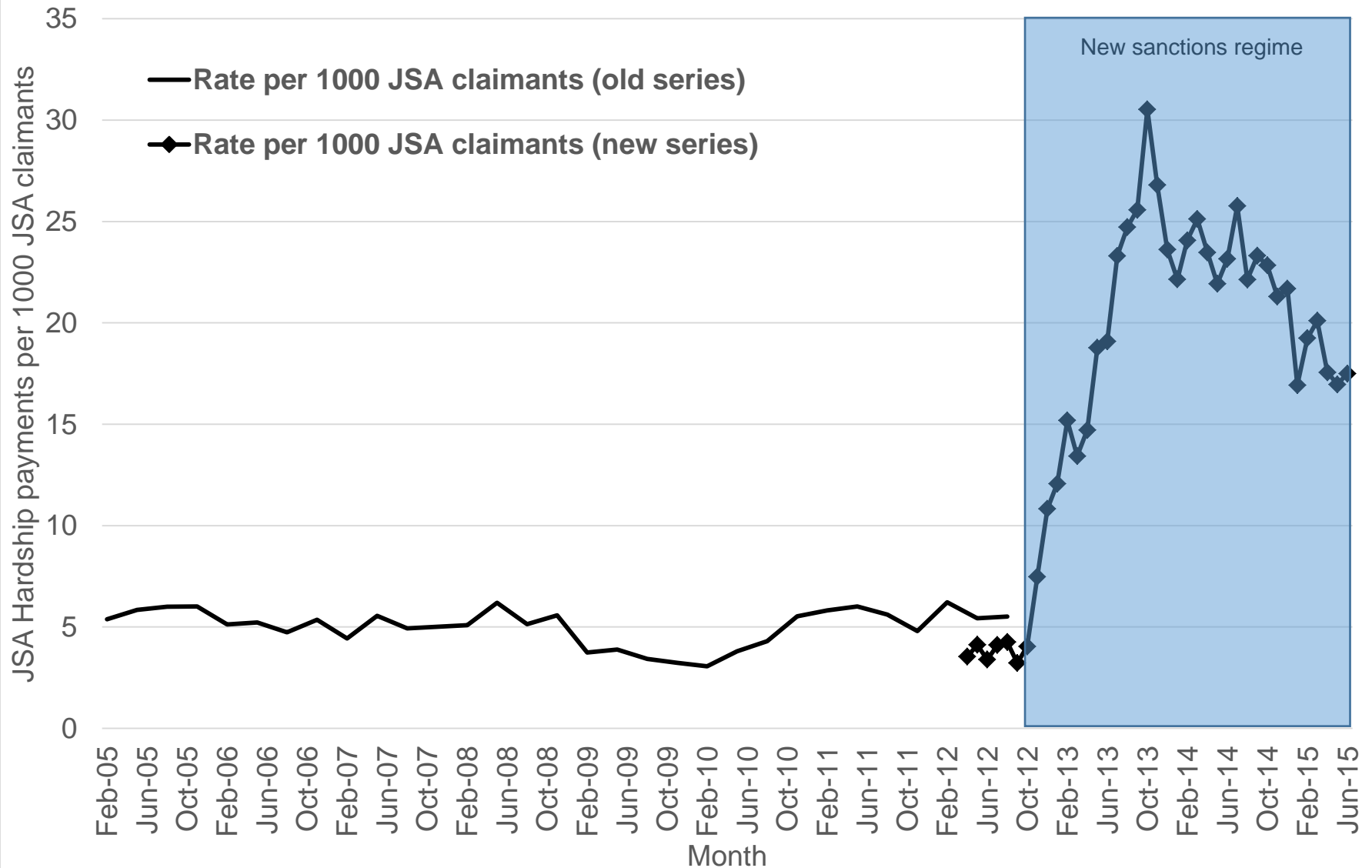
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- 735,000 applications for JSA hardship payments made during this period; 633,000 hardship payments made

Hardship payments for Job Seeker's Allowance (JSA) claimants per 1,000 JSA claimants: Britain, 2005 to 2015





Limitations

- Use of aggregate, cross-sectional data
 - Focus on JSA
- Spatial differences?
- Impact on population subgroups?
- Limited labour market outcomes
 - Health, incomes, earnings



Implications

- In Britain increased threat/use of sanctions did not result in sustained improvements in labour market outcomes
- The harsher regime introduced in 2012 ‘helped’ very few; most people affected just became poorer
- Wider context, if sanctions can’t be abolished:
 - Remove them for ESA/disabled adults/parents with children
 - Introduce appropriate safeguards: a last resort, not for being late for an meeting
 - Make sanctions for the rest much less severe
 - Learn from the 2010-2016 experience