

# **Benefit Sanctions – Stick, Carrot or Penal System?**

**A report on the effect of benefit sanctions on claimants in the  
Lancaster City District**

**December 2014**

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## Executive Summary

This report aims to investigate the effect which the stricter regulations on benefits sanctions, introduced in October 2012, has had on benefit claimants in the Lancaster district.

The regulations seem in very many instances unreasonably, even unacceptably harsh, and their effect is compounded by lack of clarity in the system and poor administration within the Department for Work and Pensions (DWP).

The major areas of concern in the report focus on the length of the sanctions, the reasons for their imposition, the barriers to seeking redress and the depths of poverty into which benefit claimants are pushed and from which they will struggle, possibly in vain, to extract themselves.

The report draws on the experience of claimants and of the public services and third sector organisations which try to provide options to help claimants manage the impact of the sudden loss or severe reduction of income. National and local statistics reveal patterns and trends. Actual case studies reveal the lives behind the statistics.

An independent review of the sanctions regulations undertaken by Matthew Oakley in July 2014 concluded that although the system could be improved, it was not broken. His review specifically does not set out to criticise policy makers or DWP staff. This report concludes however that the policies behind the current system render it not fit for purpose and the DWP staff, through lack of either resources or training, are unable to apply such policies in a humane and civilised manner. The large number of recommendations in the current report, covering different aspects of the regulations, if adopted, would lead to a drastic overhaul of sanctions regulations, amounting to a complete reversal of the new regime imposed two years ago.

## Benefit Sanctions – Stick, Carrot or Penal System?

### Introduction

From 22 October 2012 new sanctions regulations were introduced for claimants of Jobseekers Allowance (JSA) and Employment Support Allowance (ESA). The new sanctions include replacing the existing variable sanctions with a series of ‘High Level’ fixed sanctions of 13 weeks for the first failure to comply with the Claimant’s Commitment, 26 weeks for the second and 156 weeks (three years) for the third. There is also a series of intermediate level sanctions and low level sanctions for less serious failures to comply with JSA conditionality.

The national picture: statistics from the Citizens Advice Service show that there has been a sharp rise in people being sanctioned, often apparently without good cause. Official Department for Work and Pensions (DWP) statistics show that the number of JSA sanctions in the year to 31 March 2014, after reconsiderations and appeals, was 918,593, the highest since JSA was introduced in 1996. From 2000 to 2012 there was an average of less than half a million sanctions applied each year. Under the new sanctions regime, introduced on 22 October 2012, a total of 1.44 million decisions were made to apply a sanction up until June 2014 (DWP figures on JSA and ESA Sanctions Decisions, released 12 November 2014), representing a total of 834 thousand individuals. Many individuals therefore received more than one sanction.

The local picture: during the information gathering period for this report (July to September 2014) 87 clients came to North Lancashire CAB experiencing hardship because their benefit had been sanctioned. That is a rate of more than one a day. Over a period of four years 2011-2014 the numbers of clients receiving a benefit sanction have risen dramatically. In 2011 the number of JSA claimants presenting to North Lancashire CAB because they had received a sanction was 5; by 2014 the number had risen to 83, a seventeen-fold increase. The ESA claimant picture is similar – no clients presenting with sanctions in 2011, but 17 in 2014.

Major concerns raised during the survey for this report include –

- The length of the sanction, leaving claimants, often highly vulnerable people, without any money for an unacceptable period of time. Purchase of food is often the first casualty, with consequent deterioration in the health of the claimant and family
- Reasons for sanctions – the length of the sanction seems out of all proportion to the failure to comply and there is no flexibility or discretion to consider mitigating circumstances
- Lack of clarity as to why the claimant has been sanctioned. There also seems to be lack of consistency of approach, as if the guidance on what is considered “good cause” is unclear

- Poor practice in the administering and application of sanctions. Many claimants who have been affected have learning difficulties or language difficulties. There are disabled claimants who have had to claim JSA having been incorrectly assessed as able to work. The DWP paperwork does not alert the claimant to the need to contact the local authority to keep housing benefit and council tax support in payment
- Barriers to justice – many of the initial decisions could be open to challenge, but the route to challenging a benefit decision has been made harder and more discouraging with the introduction of mandatory reconsideration on 28 October 2013 as a prerequisite to an appeal
- Increase in poverty – the immediate practical impact on claimants has been the inability to pay rent and other essential payments and an unprecedented recourse to food banks and other charitable hand-outs, merely to live from day to day
- Impact on the third sector which has been enormous. Not only are agencies and charities offering immediate aid in the form of food parcels and emergency payments but they are also having to spend more time dealing directly with the DWP to try and clarify their clients' situations

The overall impact of the newly imposed sanctions regulations, within the wider context of welfare benefits reforms, is to reduce individuals and whole families to a level of poverty from which they will find it almost impossible to extricate themselves. The Child Poverty Action Group (CPAG) points out in the Foreword to their 2014-15 Welfare Benefits and Tax Credits Handbook (16<sup>th</sup> Edition) "The Institute of Fiscal Studies has published child poverty projections, warning that relative child poverty could rise by 900,000 children to 3.2 million, and absolute child poverty by 1.4 million by 2020.....The effect on living standards will be severe and will have an impact on food and fuel poverty, and levels of housing need. These things are already visible on the ground." CPAG comments on "the genuine distress and difficulty that is being heaped on many families."

As of 6 November 2014 The Work and Pensions Committee has decided to conduct an inquiry into benefit sanctions policy. The Terms of Reference include investigation into what the current sanctions regimes are trying to achieve and what evidence there is that they work. Sanctions are disproportionately punitive, perhaps reflecting an intention on the part of the DWP that they should be used as a stick; whereas the DWP seems to be promoting sanctions as more of a carrot, to encourage claimants to face up to their responsibilities. As reported in The Guardian (14 May 2014) the DWP work services director, Neil Couling, told the Scottish parliament welfare select committee in April that: "My experience is that many benefit recipients welcome the jolt that a sanction can give them. [they] recognise that it is the wake-up call that they needed and it helps them get back into work."

The experience of local claimants is that such punitive measures are a disaster for them.

The aim of the North Lancashire CAB report is to

- Provide a snapshot of how sanctions are affecting some of the most vulnerable people in the Lancaster Local Authority area
- Investigate whether the effects and impacts of sanctions are fair and proportionate
- Make recommendations for change.

**Methodology**

This report is informed by official DWP national statistics and Citizens Advice statistics taken from Citizens Advice Bureaux across the country. The report also includes –

- Data from the statistical recording system of North Lancashire Citizens Advice Bureau (NLCAB)
- Data from a 6-week snapshot survey of clients carried out by Lancaster and Morecambe agencies who work with vulnerable people (the Community Advice Network – CAN Help – Project)
- Case studies from Lancaster and Morecambe agencies

The Community Advice Network (CAN Help) is a two year Big Lottery funded project which brings together a partnership of advice agencies in the Lancaster and Morecambe area to establish a robust infrastructure for advice work throughout the district. The member agencies in the partnership are well placed to gather the statistics and case histories of people on low incomes and/or claiming benefits which help to inform this report.

**CAN Help Partners:**



## Snapshot Survey of sanctioned people in the Lancaster Area

From the end of July 2014 until mid-September the CAN Help partner agencies carried out a survey by questionnaire of clients who had been sanctioned, to ascertain why they had been sanctioned, the length of the sanction, whether it was for a first matter of non-compliance or not, what information they had been given about the sanction and other benefits. The questionnaire also asked if they had other debts and how they expected to manage during the sanction.

From 15 questionnaires returned the results were –

- 54% had been sanctioned because they had missed an appointment or a medical,
- 67% of those sanctioned received a sanction of three months or more (three clients didn't know how long their sanctions were)
- 73% had been sanctioned for the first time
- Only one third had received any warning of the sanction

The personal circumstances of the respondents varied –

- 11 were male and 4 were female, with a wide range of ages – two aged between 18 and 29, three aged 30-39, four aged 40-49 and six aged over 50
- 11 were single and there were three couples. There was one single parent family, which would clearly be vulnerable at the loss of income
- Six had some sort of disability or other health problem, while nine were not disabled

Five respondents were council tenants, four were homeless and the rest occupied a range of insecure housing, where loss of income would have a severe impact on their ability to maintain their accommodation. .

The information which they had received about the sanction was variable – 10 claimants had been notified in writing that they had been sanctioned and one had been informed by phone, but four respondents did not know they had been sanctioned until they accessed their accounts on the day when they expected to receive payment and found that no payment had been made. Even then it was not clear why that should be. Many benefit claimants experience delays in payment for a number of reasons, and may wait a day or two before they try and follow the matter up, so they may not have realised that they had been sanctioned until two or three days after their benefit had stopped. By that time housing benefit if payable would also have stopped, as well as council tax relief, so that priority debts would be starting to accrue. The DWP did not advise them that their housing benefit would stop and that they would have to inform the local authority to make sure it was reinstated without loss of payment.

In fact respondents already had debts to try and manage even before they were sanctioned. Six were in rent arrears (four to private landlords) and four had utility debts. None of them had any savings to tide them over.

All the respondents wanted to appeal the DWP decisions, but at this stage a fresh barrier would have been raised, as they would have to apply for a mandatory reconsideration of the decision and while that was being carried out (with no statutory time limit on the decision period) they would receive not income.

## Length of Sanctions

Although the sanctions regulations allow for intermediate and low level sanctions for lesser instances of non-compliance with JSA conditionality requirements, case studies and statistics gathered during the period covered by this report show an increasing use of the high level sanctions, with a thirteen-week stoppage of benefit for a first offence, regardless of any mitigating circumstances. A snap-shot survey of 15 sanctioned service users throughout the CAN Help partner agencies shows that only a third of those had received sanctions of less than thirteen weeks. Almost 50% had received sanctions of three months or more, and three of the claimants were unclear as to how long their sanctions would last.

*A JSA claimant had received a 3 month sanction, from June to September, for failing to attend an appointment at the Job Centre because he did not receive the appointment letter. He applied for a hardship payment at the beginning of July but a month later had still not received a decision and was due to be evicted from his private accommodation at the end of August. He was finally awarded a hardship payment at 40% of the standard JSA rate (£28.96 per week), having been without any income for nearly two months. Although the claimant hoped to be able to find replacement accommodation it may have been difficult for him to find new private accommodation - landlords are reluctant to take on people who've lost their home through rent arrears, especially if they're benefit claimants.*

*A JSA claimant was the subject of a 3 month JSA sanction from mid April, due to a failure to attend a job work club – he went to the wrong address. The claimant appealed to the Jobcentre. He also applied to the Care and Urgent Needs Scheme provided by Lancashire County Council for emergency assistance, and was refused a discretionary payment for the blanket reason that he was under a sanction. The claimant had no money for food or gas/electricity. The agency working with him provided him with a voucher for a food bank. When he first approached the agency he still had a month and a half of the sanction period to run. As a private tenant he was at risk of losing his home if he had no income for three months.*

The decision to sanction and for how long appears to take no account of any mitigating circumstances or of the impact it will have not only on the immediate claimant but also on the wellbeing of family members.

*A single parent with two children claimed a range of benefits including JSA. While the children were visiting their mother, one child had a serious injury and the father was called there. Because he was away he was unable to attend for his job search session. JSA was suspended from the middle of September until the end of December 2013. The claimant put in an appeal to*

*the DWP as he felt there were extenuating circumstances but the DWP turned down the appeal. His income was reduced by 25% on which to keep himself and two children for over three months, on top of the stress of having to deal with the injury to his child. Such a case will bring extreme hardship and family cohesion will be at risk leading to more children in poverty.*

The failure to take into consideration the personal circumstances of the claimant when applying a severe sanction on occasion borders on the inhumane and is certainly disproportionate. The demands made on other services, statutory and voluntary, to try and help people on lengthy sanctions will exacerbate pressures on existing resources of both personnel and finances.

*A client with long-term health problems was sanctioned for up to 6 months for missing a medical assessment appointment. He had been in receipt of ESA. Workers from other agencies have helped him fill in forms, make a new claim, contact utility suppliers, apply for food parcels and check that other benefits remain in place. He will be living well below the poverty line for six months, which will cause his health problems to deteriorate still further.*

Benefit claimants for the most already live in poverty, and many suffer from complex needs, such as poor mental or physical health, housing problems and debt issues. They are ill-equipped to endure a period of more than two weeks without an income. As a consequence of the DWP's ability to impose heavy and prolonged sanctions, benefit claimants are suffering acute hardship and dragging other members of their families down into a situation from which they will not be able to extricate themselves even when benefit payments resume. In an effort to mitigate the circumstances of individuals and families who are facing deteriorating health, eviction and even starvation, statutory and voluntary agencies are expending more and more of their dwindling resources on the victims of benefit sanctions.

### **Recommendations:**

- That the government reduce the length of sanctions to no longer than four weeks for even the most severe compliance failure
- That the government require the DWP to investigate a claimant's personal and family circumstances before imposing a sanction and to take steps to ensure that unnecessary suffering does not arise as a result of that sanction

## Reasons for Sanction

The regulations on sanctions allow for a sanction to be imposed on those claiming jobseeker's allowance or employment and support allowance (and will apply to universal credit claimants) if the claimant fails to maintain the jobseeker's agreement or to comply with ESA requirements, unless the claimant can show good cause (not defined). A failure to maintain the jobseeker's agreement could include –

- Leaving work voluntarily
- Not accepting a job or training place
- Stop being available for work
- Failing to participate in interviews

Although the regulations allow for the claimant to be able to show good cause for the failure to comply, client experience indicates that this is very narrowly interpreted, sometimes well outside the limits of justice or even common sense.

*A client with severe mental health problems (including ADHD, anxiety paranoia and high level stress) requested assistance with an ESA appeal. He had failed to attend a medical assessment and therefore was deemed fit for work. The reason for his failure was that he had previously had an operation on his nose prior to the assessment date and had suffered a nose bleed that morning and was therefore unable to attend the appointment that day. He had telephoned to say that he would not be able to attend the appointment; however, there was some confusion with the message that was left. The client applied for a mandatory reconsideration which upheld the original sanction decision.*

Job Centre staff seem unable to turn around decisions without the lengthy appeals procedure, even when the decision to sanction seems manifestly mistaken.

*A client was in receipt of contribution based JSA because he was in between work as a crane driver. He was given a temporary job and signed off for two and a half weeks. He was sanctioned for not looking for work during the period of his temporary work. He was informed of this at the Job Centre and is now waiting for a letter from the DWP about the appeals process. In the meantime he is without work and money and will have to go through the lengthy mandatory reconsideration/appeals process.*

There are cases where a sanction has been applied as a result of actions or failures on the part of the Job Centre, but this is deemed unacceptable as good cause.

*The client is a single parent with a 12 year old child. On the day he was due to sign on, he was contacted by the Job Centre to say not to come in because the computer was down. He then received a letter from the Job Centre with*

*an appointment for four weeks later, which he assumed would be his next signing on day. He then received a sanction but didn't realise it until he found that he had received no money. When cl realised that he had not been paid, he went into the Job Centre only to be told he had been sanctioned for failing to sign on the previous week even though he had never been told of the new date. He applied for a mandatory reconsideration and later received a letter from the DWP rejecting his appeal for Mandatory Reconsideration of his sanction on the basis that they did not agree that his reason for failing to sign on was acceptable. The client and his daughter are now dependent on charity from food banks and free school meals during the school week. As a private tenant he may be at risk of losing their home if he cannot keep up with the rent.*

*A claimant in receipt of ESA was sent an appointment for a medical assessment for but did not receive the letter informing her until ten days after the date of the appointment. She notified the Job Centre in writing of this the very next day. The Job Centre apparently did not receive her letter and sanctioned her while they attempted to find it. The Job Centre had lost the client's documents in the past.*

Factors relating to the client's health condition which may have led to the failure to comply are not taken into account. Inevitably the loss of income and the stress of dealing with the sanction only serve to worsen the client's condition.

*The client had severe mental health problems, suffering from a psychosis which causes memory loss. She had been in receipt of incapacity benefit but was transferred onto ESA. Because of her mental health condition she failed to keep an appointment for a medical assessment and was sanctioned, despite providing evidence of her condition to the DWP. She applied for a Mandatory Reconsideration but given her mental health she may or may not be successful. The client found it difficult to remember and attend appointments, to send letters, attend interviews and would therefore be at a severe disadvantage when pursuing Mandatory Reconsideration. In the interim her income was £12.30 per week and it was possible that her mental health would deteriorate due to stress of the procedure and having to survive on an income well below the poverty line.*

The robustness of the decision to apply a sanction comes into question when set against statistics showing the high success rate of reviews and appeals. The DWP statistics for the year up to 30 June 2014 indicate that just over one million JSA and ESA sanctions were applied. This figure can be set against the reversal of about 138,100 JSA or ESA sanctions (about 13%) in the same period via appeals or old-style reconsiderations, *not* including the unknown numbers of successful requests for mandatory reconsiderations. One in eight sanction decisions were found to be wrongly applied – one in eight benefit claimants suffered hardship as a result.

The DWP JSA/ESA Sanctions Statistics Release, 12 November 2014, indicate that the most common reason for a JSA sanction is for not actively seeking work. Total numbers of JSA sanctions have started to fall back, stabilising at the unprecedentedly high levels of about 7% of claimants per month before reconsiderations and appeals, and 6% after. These figures are taken to reflect the decline in claimant unemployment, with the recovery of the labour market. This would suggest that claimants were being sanctioned for not actively seeking work at a time when there was very little work to seek.

### **Recommendations:**

- That guidelines on a more broad interpretation of “good cause” are provided to Job Centres and ESA decision makers
- That where a failure to comply has arisen from poor service or maladministration on the part of a DWP department, good cause is automatically allowed
- That where the claimant’s health condition is the main contributory factor in any failure to comply, the decision to sanction should be immediately reversible on production of medical evidence in support
- That the Job Centre should be able to reverse decisions to sanction where good cause is established without requiring the claimant to go through the lengthy appeals procedure and suffer continuing hardship

## Lack of Clarity

One of the major difficulties for benefit claimants who have been sanctioned and are trying to deal with the situation is the lack of clarity and transparency in the methods which the DWP uses to communicate information to the claimants. Frequently the claimant only finds out that s/he has been sanctioned because the usual benefit payment has not been made into her/his account. As very few benefit claimants have any resources except their fortnightly income, the effect of a sudden and unexpected stop on this income is to deny them access immediately to the means to pay for everyday essentials, such as food, rent, heating and lighting. From the snapshot survey, four out of the 15 questioned didn't know their benefit had been sanctioned until they found that there was no regular payment into their accounts.

*A client who had been placed in ESA support group on mental health grounds and therefore did not need to attend medical appointments, moved after a period of homelessness into a private tenancy with his partner at the beginning of August. His partner works 12 hours a week and the client reported his change of circumstances to the Job Centre. He then discovered that he hadn't received his regular ESA payment. The Job Centre had not informed him, either by letter or by phone, that his benefit would be suspended. He had already applied for housing benefit but had heard nothing and didn't know whether his housing benefit claim would be affected by the suspension of his ESA. He was advised to contact the local authority and make sure that they knew what had happened.*

Even when clients realise that their benefit has been sanctioned, they do not know why or for how long. This again makes it difficult for them to manage their day-to-day circumstances.

*A single male client who is disabled with learning difficulties, worked part time about 6 hours per week. He claimed JSA and received £58 every two weeks. This payment was been stopped suddenly and the client didn't know why. The Job Centre was called and informed the adviser that the client had been sanctioned for two weeks and that JSA would be paid as normal from next signing on day. The client informed that he should return to the Job Centre and get a full explanation as to the reason for the sanction. The client, a vulnerable person, was now faced with coping with the sanctions system and paying for essential bills with £58 a fortnight less than he was expecting.*

*An ESA claimant had been sanctioned for either 6 weeks or 3 months but he was not sure which. The DWP said he had missed a medical appointment which he said was not aware of. The agency contacted the Care and Urgent Needs Scheme (CAUNS) on his behalf to register an application for help.*

*CAUNS later called back and said that their contact with the DWP revealed no sanction. The client needed food and money for his electricity tokens. He was unable to pay his electricity bill and as a private tenant he was at risk of losing his accommodation if he couldn't make up the rent. His long-term health problems would not have been helped by stress and by lack of food, heating and lighting.*

Another area of confusion for benefit claimants is the apparent link between their JSA or ESA and other benefits such as housing benefit. Claimants do not always understand that entitlement to means-tested JSA or ESA brings an automatic entitlement to housing benefit, but that entitlement to housing benefit may still continue even if JSA/ESA stops. When JSA/ESA stops it may indeed trigger the stopping of housing benefit, but a claimant may still be entitled to housing benefit on low income grounds, and should contact the local authority as soon as possible to ensure continuity of the claim. This information never seems to be given to clients when their benefit is sanctioned although it would be very easy to have a standard notification letter which includes important information about the need to maintain other benefits.

*An unemployed JSA claimant was a private tenant and the single parent of an 11 year old child. He was informed without warning by the DWP that he had been sanctioned. He was also claiming Child Benefit, Child Tax Credit and housing benefit. He approached the agency for a voucher for a food parcel as he had no money for food for himself and his 11 year old son. He didn't know how long the sanction was for or why it had been put in place, nor did he understand that he must keep his other benefit claims running. As a private tenant he was at risk of losing his home if he fell behind with the rent.*

*A single client, living in private rented accommodation, had been sanctioned for four weeks. She was unsure as to why she had been sanctioned She said that her housing benefit had also been stopped and she didn't know why. The client wanted assistance with money and food. As a private tenant she was at risk of losing her accommodation unless housing benefit was reinstated immediately.*

None of the fifteen clients responding to the survey questionnaire had been given advice on how their other benefits might be affected and what they should do to protect other benefits.

### Recommendations:

- That the DWP adopts a policy of warning benefit claimants in advance that they are at risk of a sanction for non-compliance with JSA or ESA requirements

- That the DWP in all cases notifies in writing all claimants whose benefits have been sanctioned that their regular payments will cease within a given time-frame
- That the sanctions notification letter includes the reasons for the sanction and the length
- That the sanctions notification letter includes as a standard requirement information on the importance of maintaining entitlement to other benefits and where claimants can find further help and advice to deal with problems arising from the sanction
- That the sanctions notification letter includes information on the claimant's right to appeal and the process and time scale in which this should be carried out

## Poor Administration

As well as the difficulties imposed through loss of income, many claimants find that their circumstances are made worse because of delays and poor administration of various departments of the DWP. Paperwork goes missing, payments which are due on particular dates are not made, notification of appointments or interviews doesn't arrive, or else the claimant may find that the JobCentre has doubled-booked. The punitive nature of sanctions, which are intended to compel people to change their habits, is compounded by inefficiency, preventing people from moving on.

*A client who has long-term health problems came in for help in early July. He had been sanctioned from JSA for 5 weeks and had received a letter at the end of June to say his JSA would be back in payment from the middle of June but at the date of his visit no money had been received. The agency phoned the DWP contact centre and discovered that the payment could only be finally authorised after the client attended a Jobcentre Plus interview in July. The client returned a few days later to say that his claim had been re-activated but he was unable to sign on the due date as the Jobcentre was on strike that day. DWP however confirmed by phone that they would 'evidence' the attendance and that he would be paid from the middle of July – one month after the date when he had first expected a payment.*

*Into the third week in July the client had still not received any payment of JSA. A call made to the DWP revealed that the client's JSA claim had now been fully processed and that three weeks' payment from mid-June would be paid into his Post Office account immediately. By this time the client, having been without any income for two months, instead of the original five weeks, was in rent arrears and had no food or money for food. He had to be given a food parcel. As a private tenant he is at risk of losing his home. As a person with long-term health problems he will suffer deterioration in his health and wellbeing, as the result of a combination of sanctions and poor administration within the DWP.*

Claimants who are anxious to find work and are doing their best to comply with their Job Seeker's agreement find that a course which the Job Centre has arranged for them clashes with another Job Seeker's commitment and they are sanctioned for failing to attend one or the other.

*A client was sanctioned when he was unable to sign on at the Job Centre after the Job Centre put him on a course at the same time. The length of sanction was one month. He had to make a claim for a hardship payment, which was awarded for the final two weeks of the sanction period and requested three food vouchers for the duration of the sanction. He had also to be referred to a local hot-food centre for help.*

Clearly the DWP will not have been exempt from the general cuts to government departments. This will inevitably have resulted in a reduction of staff with which to deal with all the demands placed on the DWP at a time of great welfare change.

**Recommendation:**

- That the DWP be given specific resources to improve administration so that vulnerable people do not suffer further through delays and errors

## Barriers to Justice

With the introduction of mandatory reconsideration on 28 October 2013 as a prerequisite to an appeal an extra barrier has been raised to challenging a decision and accessing the right of appeal. Appeals have been reduced by 35,000 since March 2013.

Mandatory reconsideration is the requirement that before appeal rights arise a request for the decision to be revised must be made, and that the decision maker then accepts that request so as to consider a revision. If the revision is considered, the claimant is sent a decision on the result of that in a 'mandatory reconsideration notice'. If the claimant is still unhappy, s/he may then appeal. The overall effect is to end the right of direct appeal against an initial benefit decision.

There is no intention to introduce any time limit for carrying out a mandatory reconsideration and claimants will be without the benefit which they have claimed pending the outcome of their request for a mandatory reconsideration. In ESA cases (currently the majority of appeals), it remains that ESA pending appeal is only payable when an appeal has been made – ie, not while a mandatory reconsideration is pending. To challenge a sanction, therefore the claimant must face the prospect of being without an income for an indefinite length of time. The very real concern is that many claimants will abandon their dispute because of the simple need to sustain themselves and their families.

Although many claimants who have been sanctioned would like to appeal the decisions and often have a good case, the prospect of no income for an undefined period is too daunting. In order to exercise their right of appeal, ESA claimants are having to sign on for JSA in order to maintain some income, even though they are not fit for work.

*A client with a partner and small child had his ESA stopped for failing to attend a medical. He completed a Mandatory Reconsideration form over the phone but was told he would need to wait a month until he received a decision. The client applied for JSA while waiting for the ESA decision. Without income from JSA the family of three were living off £83.00 per week. While on JSA he risked a further sanction for failing to meet his JSA commitments because of ill health.*

### Recommendation:

- That Mandatory Reconsiderations be abolished as a barrier to obtaining justice

## The Poverty Effect

Levels of benefit payments are ordinarily so low that it would be impossible for a sanctioned claimant to have previously accumulated savings to tide them over the sanctioned period. Most benefit claimants who suddenly lose their sole or main source of regular income are not in any position to deploy other resources to tide themselves over even a short period of no or reduced income, and some benefit sanctions can last up to three years. Of the fifteen respondents in the snap-shot survey not one had any savings and all had existing debts, mostly consisting of arrears of essential payments such as rent, council tax, gas and electricity. A situation in which they previously just about got by had been rendered impossible to maintain, and they found themselves instead dependent on charity and sinking deeper and deeper into poverty.

Many benefit claimants struggle to balance their finances and can usually only do so through expensive loans, or borrowing money from family and friends. Essential day-to-day payments are maintained by ceaseless effort and by robbing Peter to pay Paul. Their lives are shored up by regular benefit payments and anything which interrupts these payments is a disaster.

Loss of accommodation is an ongoing risk especially for private sector tenants. Even if they claim housing benefit it often does not cover the full rent, so that without regular income they are unable to make up the shortfall. If their housing benefit stops as well the arrears mount up more rapidly than they can deal with. From the snapshot of 15 service users only a third were in the relatively security of council housing – the rest were at risk of losing their homes through inability to maintain their rent payments over the period of the sanction, or else they were already homeless.

*The client was a single parent with dependent children and was sanctioned more than once by the Jobcentre as he had done 1-2 weeks work during which he had not been actively seeking work. When he approached the advice agency he had no money or food and no means of cooking food. He had applied for a hardship payment but had no idea when it would come through and had no land line or mobile phone with which to apply for other help. He was given a food voucher and said he would be able to cook at a friend's house for the time being. He indicated that he had become very depressed and as a single parent and a private tenant, the client and his family were in an extremely vulnerable position.*

*A claimant was already into a month of a JSA sanction, during which time he had been living off food banks. He had no money to buy food or pay for utilities. When the food banks were closed he was referred to one of the charitable organisations which served a hot evening meal at weekends. The claimant had been living hand to mouth on the charity of others since this*

*sanction started. He felt that he had been pushed below the poverty level by the sanction system.*

When a claimant is already vulnerable through ill health or other reasons, a benefit sanction will make life unendurable for the claimant and any family.

*A claimant in receipt of ESA and with long-term health problems was a single parent. His 16 year old daughter was his sole carer. His normal income consisted of Employment Support allowance, Housing Benefit, Child Benefit and Child Tax Credit. In the spring the claimant failed to attend an ESA medical assessment and his ESA was sanctioned and housing benefit ceased. He did not know how long the sanction would last and seemed very confused about the whole process. He applied for a mandatory reconsideration of the decision. The claimant was given a food voucher., but would be able to apply for only one more.*

*The claimant would now have to support himself and his daughter on child benefit and child tax credit until the mandatory reconsideration period ended (a time period which has no limit, The client's daughter, who had already been caring for her father on her own, would now also have to worry about budgeting on the little they received, with the added stress of hunger and the uncertainty of their financial situation to worry about as well as her father's health and her own schoolwork*

Apart from charitable hand-outs there is no reliable safety net for claimants whose benefits have been sanctioned. The local welfare provision (Care and Urgent Needs Scheme), although supposed to be discretionary has taken a blanket policy to refuse payments to people under sanction.

*A client's sanction had come to an end but he only received a reduced payment when he next signed on. It turned out he had been sanctioned again for an incident in two months previously when he didn't turn up to a job club. He applied for a hardship payment but it would be insufficient because he didn't know he had to apply as soon as he was sanctioned. He had been not informed of the sanctions against him and deadlines for further action except after much delay*

*The client was reluctant to go to a food bank as he wanted to keep his dignity. He applied for a Care and Urgent Needs payment but was refused because of the sanction. He would now be forced to depend on food banks and other charitable organisations despite his reluctance to do so – even the small dignity of buying his own had been taken from him. The client during the period of sanction would be living on an extremely low income, which would a detrimental effect on his health, and on his ability to pay for essential services.*

The impact on ESA claimants who have been sanctioned has been even more severe. ESA claimants who have been sanctioned are applying for JSA to secure and income – and then finding that they are too unwell to meet the JSA

requirements. This results in either a further sanction, or else the Job Centre Plus staff advising them that they should be claiming ESA.

*A claimant who was a private tenant had been in receipt of ESA for several months but then missed an appointment for a medical so he was sanctioned. The claimant asked for a mandatory reconsideration but this was "not allowed". He was then been told he was fit for work even though he had a sick note valid for four months. When he approached the agency he had had a letter saying he owed money to the DWP, and in addition had no money for food, gas or electricity. He had to depend on charities to get by and without income he would run the risk of losing his private tenancy.*

Good practice within the DWP should include the provision of information to claimants on where they might seek further help. Only two of the survey respondents were given this sort of information for which many of them were in desperate need. When asked in the survey how they thought they would manage while the sanction was in place, two thirds said they would struggle to manage with 47% hoping for hardship payments. Only one was successful in an application for localised welfare provision. There is no statutory safety net in such acute hardship.

#### **Recommendations:**

- That sanctions do not reduce a claimant's income to nil, where that is the claimant's only source of income
- That the DWP take into consideration such circumstances as a claimant's health when reducing levels of income
- That adequate statutory emergency provision is set up for claimants and their families who experience hardship

## Impact on the Third Sector

The impact on third sector agencies, charities and faith groups has been overwhelming. Benefit claimants approach agencies every day because their benefits have been sanctioned. They are desperate to know why their money has not been paid into their bank accounts, how long the situation will last and what their rights are to have their income reinstated, but their most pressing need is for financial help or help in kind.

A typical situation arises when a client comes into the CAB or other agency for advice and help because benefit has been sanctioned. The adviser will try and contact the DWP by telephone, frequently having to hold on for some time before the client's situation is clarified. For the majority of clients it would be impossible for them to access the DWP by phone. The Job Centre no longer has telephones in-house for claimants to use – instead they refer claimants to CAB for access to a phone.

Having ascertained that the client has indeed been sanctioned, the adviser will have to check the status of other benefits – housing benefit and council tax reduction – and ensure that these continue, with possibly a phone call to the benefits section of the City Council. Advice on how to complete an application for mandatory reconsideration, if the client wishes to appeal, will require discussion about other options if the prospect of an indefinite period with no income is impossible to manage. Then the adviser will have the client's immediate practical needs to deal with – assistance with an application for a care and urgent needs payment, for example. The client is expected to apply by phone and the CAUNS team will not be able to give an answer there and then – there is at least a 24-hour wait for a decision, for which the client will have to return to the CAB. A further phone call may be needed. The adviser will also advise on how to apply for a hardship payment from the Job Centre and can issue a food voucher to one of the district's food banks if necessary. Much of this support will need more follow-up by the adviser.

*A claimant had been released from prison three months before he attended the agency, but had not been assisted from within the prison system to make an early application for benefits prior to release. He had no home of his own and was staying with friends. He had been in receipt of ESA but failed to attend an appointment with them two weeks previously. He was sanctioned for a total of 6 weeks. He applied for a hardship payment but was refused. The client had no phone so he phoned Care and Urgent Needs from the agency's office and had to return to the agency the next day at 2 pm for a decision. In the meantime he was given a food parcel to try and supply his immediate needs.*

The job of the adviser and the situation of the claimant are not made any easier by chaotic administration from within the DWP, which can cause endless delay.

*A claimant whose JSA had recently been reinstated after a period of sanction came to the agency because payment was not due for another 10 days and he had no money for food. He used the agency's phone to contact the Care and Urgent Need Support and had to return the next day for an award of £30. In the meantime the agency gave him a food voucher for the local food bank. The client returned to the agency on the day his money was due because he was unable to collect the cash. His phone had been stolen and the DWP access number was stored on it. He phoned the DWP using the agency phone. The DWP confirmed that the payment was waiting for him and gave the required access number. The client had to return to the agency having tried to withdraw the cash, when he was told that the access number didn't work. The adviser phoned the DWP and was told to phone the client's bank, only to be advised by them to contact the DWP again. The adviser phoned the DWP again, waiting 25 minutes before reaching a member of DWP staff who eventually said they'd accidentally given an expired access number. The adviser was asked to phone the bank again, but by then it was 5:15 and too late to do anything. This was on a Friday, so that the client had to wait the weekend before any progress could be made.*

*He came in again on the Monday and the agency phoned the DWP contact centre and explained what had happened. The DWP agreed to issue a new simple payment access number, which would take about 3 hours to come through. The client returned to the agency in the afternoon and the DWP had to be phoned again as they had not rung back with the number as promised. The client finally received his payment access number and could collect his money.*

The resources of the advice sector are always under pressure, as they deal regularly with some of the most vulnerable and marginalised people in our society. To have extra stress placed on them every day to deal with the impact of this one single government policy decision means that they find it increasingly difficult to address the equally important needs of other clients who are experiencing significant problems, such as multiple debt, loss of home, family breakdown and employment issues.

### **Recommendations:**

- That the government consults with the voluntary and faith sectors about the management of any sanctions policy
- That the government recognises the adverse impact which the sanctions regulations have on the advice sector and allocate resources to enable the sector to manage this impact

North  
Lancashire



## Conclusion and Recommendations

The new sanctions regulations introduced in October 2012 have made the whole system of sanctions unfit for purpose. The inflexible and arbitrary nature of their application, added to increasingly poor administration within the DWP, have brought unacceptably high levels of deprivation, hardship and poverty to hundreds and thousands of benefit recipients who by definition are those who have the fewest resources to enable them to cope with crisis and disaster.

It is becoming more difficult to ascertain what the purpose of introducing harsher sanctions was intended to be, even at the highest levels of government. If the aim was to encourage or force people into work, many would contend that the effect has been counter-productive, with sanctioned claimants having to spend most of their time scraping together ways and means of merely staying alive. The levelling off of numbers of sanctions, now that there is more employment available, seems to indicate that job seekers are more than willing to take up work when there is work to be had.

The depth of poverty to which many sanctioned claimants have sunk has had a huge impact on public services and third sector agencies, which spend valuable time and resources in trying to patch up clients' lives. The hardship is so acute that even when claimants start to receive income once again it will take a very long time before they can recover from the fall-out of the sanctions and are able to live a life which is something more than hand-to-mouth.

A system which deprives vulnerable people of their only source of income for even quite a brief time, regardless of their needs and indifferent to the suffering it will bring, is inhumane and should be revised drastically as a matter of urgency. It is hardly the mark of a civilised society deliberately to allow its citizens to suffer impoverishment and degradation without taking immediate steps to remedy the system which gives rise to such a situation.

### Recommendations:

- That the government reduce the length of sanctions to no longer than four weeks for even the most severe compliance failure
- That the government require the DWP to investigate a claimant's personal and family circumstances before imposing a sanction and to take steps to ensure that unnecessary suffering does not arise as a result of that sanction
- That guidelines on a more broad interpretation of "good cause" are provided to Job Centres and ESA decision makers
- That where a failure to comply has arisen from poor service or maladministration on the part of a DWP department, good cause is automatically allowed

- That where the claimant's health condition is the main contributory factor in any failure to comply, the decision to sanction should be immediately reversible on production of medical evidence in support
- That the Job Centre should be able to reverse decisions to sanction where good cause is established without requiring the claimant to go through the lengthy appeals procedure and suffer continuing hardship
- That the DWP adopts a policy of warning benefit claimants in advance that they are at risk of a sanction for non-compliance with JSA or ESA requirements
- That the DWP in all cases notifies in writing all claimants whose benefits have been sanctioned that their regular payments will cease within a given time-frame
- That the sanctions notification letter includes the reasons for the sanction and the length
- That the sanctions notification letter includes as a standard requirement information on the importance of maintaining entitlement to other benefits and where claimants can find further help and advice to deal with problems arising from the sanction
- That the sanctions notification letter includes information on the claimant's right to appeal and the process and time scale in which this should be carried out
- That the DWP be given specific resources to improve administration so that vulnerable people do not suffer further through delays and errors
- That Mandatory Reconsiderations be abolished as a barrier to obtaining justice
- That sanctions do not reduce a claimant's income to nil, where that is the claimant's only source of income
- That the DWP take into consideration such circumstances as a claimant's health when reducing levels of income
- That adequate statutory emergency provision is set up for claimants and their families who experience hardship
- That the government consults with the voluntary and faith sectors about the management of any sanctions policy
- That the government recognises the adverse impact which the sanctions regulations have on the advice sector and allocate resources to enable the sector to manage this impact