

No evidence welfare sanctions work, says National Audit Office

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Sanctions on [welfare payments](#) which have allegedly caused thousands of claimants to fall into hardship and depression are being handed out without evidence that they actually work, Whitehall's official spending watchdog has found.

The Department for Work and Pensions is also **failing to monitor** thousands of people whose benefits are being cut or withheld while many are being pushed outside the benefits system, said the [National Audit Office](#).

Auditors concluded there has been a failure to measure whether the government is saving money while the application of the sanctions regime varies across the country and from job centre to job centre.

The report, issued on Wednesday, has been seized upon by critics of the government's sanctions regime who say it is punitive, wasteful and not aimed at finding people work.

The report was compiled before Theresa May's government lowered the benefit cap by up to £6,000 earlier this month – another change which will hit many of those claiming benefits. The cap is now £20,000.

The findings could cause difficulties for [Damian Green](#), the welfare secretary, who insisted this week that the sanctions contributed to a fairer society and were an important part of the benefits system.

Labour MP Meg Hillier, who chairs the public accounts committee, said: "Benefit sanctions punish some of the poorest people in the country. But despite the anxiety and misery they cause, it seems to be pot luck who gets sanctioned.

"While studies suggest sanctions do encourage some people back into work, **other people stop claiming but do not start working and the Department for Work and Pensions has no record of them**. If vulnerable people fall through the safety net, what happens to them?"

More than 1 million unemployed benefits claimants have to meet certain conditions, such as showing they are looking for work, to receive jobseeker's allowance, employment and support allowance, universal credit and income support.

Almost a quarter of claimants (24%) between 2010 and 2015 received a sanction, the report said. A four-week penalty can mean a claimant over-25 losing £300.

In 2015, 800,000 claimants were referred to the DWP for possible sanctions, the report said. Of those, half were then sanctioned across at least one of four benefits.

Auditors were asked to find out whether the sanctions represented value for money by assessing whether they were consistent, accurate and based on evidence.

They concluded that the DWP does not track the costs and benefits of sanctions, but only estimates the costs and benefits.

The NAO estimates the DWP withheld £132m from claimants through sanctions in 2015, and paid them £35m in hardship payments.

But the costs of administering the system was up to £50m in 2015 while the impact on wider public spending through additional support or savings had not been calculated at all by the DWP, auditors said.

Ministers have argued that international studies have shown that sanctions work. But the **NAO concluded there was no evidence that they were value for money for British taxpayers**.

“[The government] cannot simply rely on international evidence ... Until the Department can show greater consistency in its use of sanctions and demonstrate that their effectiveness is proportionate to their costs we cannot conclude that the Department is achieving value for money,” the report said.

Auditors examined empirical studies and concluded that people who received sanctions were more likely to get work, the effect could be short-lived, lead to lower wages and increase the number of people moving off benefits into inactivity.

The report found the use of penalties differs across job centres and employment schemes. Some work programme providers make more than twice as many sanction referrals as others dealing with similar groups in the same area, it said.

More than a quarter of work programme claimants hit by sanctions last year had their decisions overturned compared with 11% of job centre penalties, the report added.

“Our review of the available evidence suggests the department’s use of sanctions is linked as much to management priorities and local staff discretion as it is to claimants’ behaviour,” it said.

Auditors expressed surprise that the overall impact of sanctions on public spending remained unknown within Whitehall. The report said the DWP needed to do more than react to problems and said: “[We] cannot conclude that the department is achieving value for money.”

While the government was meeting its target timescales for most sanction decisions, auditors found it was missing its credits on universal credit, which bundles six current benefits into a single payment. In August 2016, 42% of decisions about universal credit sanctions took longer than 28 working days, the report said.

The DWP signed off the report but said the NAO had made notable omissions which should be taken in to account when assessing the sanctions regime.

“Sanctions are an important part of our benefits system and it is right that there is a system in place for tackling those few who do not fulfil their commitment to find work,” said a spokesman.

“This report fails to recognise the improvements we have made to sanctions, particularly to help those who are vulnerable. The number of sanctions has fallen, and they are only ever used as a last resort after people fail to do what is asked of them in return for benefits.”

Jeremy Corbyn, the Labour leader, has criticised May’s stance on benefit sanctions and has called upon ministers to see the Palm D’Or-winning Ken Loach film “[I, Daniel Blake](#)”, which portrays a joiner facing fit-to-work tests.

Green told MPs the film was “monstrously unfair” but **admitted that he had not seen it.**

Pressure groups and campaigners called for the government to take note and act upon the NAO’s recommendations.

Alison Garnham, chief executive of Child [Poverty](#) Action Group, said: “As today’s NAO report makes clear, the DWP has little idea what impact sanctions have on individuals and, with some areas imposing twice as many sanctions as others, appears to have little concern for consistency.

“Sanctions create destitution but the DWP is operating almost blind.”

The Joseph Rowntree Foundation suggested the government should use the opportunity to soften the sanctions regime to ensure that sanctions were less severe and no longer forced claimants into destitution.

Debbie Abrahams, the shadow work and pensions secretary, said: “Labour has repeatedly called on the government to have an independent review of benefit sanctions and the NAO also makes this recommendation.

“It’s time the government looks again at their sanctions regimes and ensures fairness and financial sustainability

for both claimants and the government.”

Labour MP Frank Field, who chairs the work and pensions committee, said: “We do not know how many people are being pushed permanently outside the benefits system, for example, leading to some being totally disconnected from both work and welfare, and left destitute.”