**NAO Podcast on Benefit Sanctions - Transcript**

**[Suzanne Goldberg] Hello and welcome to the National Audit Office podcast.**

**The NAO has conducted a study into whether the Department for Work and Pensions is achieving value for money from its administration of benefit sanctions. This includes how benefit sanctions fit with the intended aims and outcomes of DWP’s wider working age employment policy, whether sanctions are being implemented in line with policy and whether use of sanctions is leading to the intended outcomes for claimants. I’m joined by Max Tse, a director who worked on the report.**

**Thank you for joining us Max. Firstly let’s make sure we’re all on the same page. What is a benefit sanction?**

[Max Tse] A benefit sanction is the reduction or loss of an out of work benefit, such as jobseekers allowance or employment and support allowance. The Department for Work and Pension monitors certain conditions that claimants are required to undertake in order to claim these benefits. And if they are seen as not having fulfilled those conditions their benefit is reduced or stopped completely for a defined period of time.

**And are benefit sanctions are commonly used?**

Well, in a given month, the level of sanctions is relatively low, at around 3% of jobseeker allowance claimants, for example. But people are typically on benefits for much longer than a month, and we found that over the period 2010-2015 around a quarter of job seeker allowances claimants received a sanction during that period. This is also quite a large group of people just in absolute terms, so in 2015 alone, 400,000 sanctions were applied.

**Do sanctions save the Government money?**

In narrow terms: yes. We calculated that the Department of Work and Pensions saved around £132 million in reduced benefit expenditure because of these sanctions. Offsetting those savings are around £35 million of hardship payments, which are given to people in a vulnerable position who might not cope well with that sanction. There are also around £30 - £50 million of administrative costs. But all of these costs are relatively small in comparison to the intended benefits or potential knock on costs of sanctions. The Department’s aim with sanctions is obviously to enforce the conditions that it applies to out of work benefits, which should help people look for and find work which has massive potential benefits.

On the flip side we don’t know how large those benefits are, if at all. And there are also wider costs to sanctions, so if people have either health conditions or wider poverty related problems that are exacerbated by sanctions that can lead to costs in other areas of government.

**And what does your report recommend?**

We recommend two main things for the Department for Work and Pensions. The first is to improve the monitoring and consistency of the application of sanctions across different areas or different providers. What we found in our report was that there is quite a large amount of variation, both over time and between different jobcentres or work programme providers. And it’s hard to explain this solely through the existing information that the Department gathers. It gathers a lot of data and it could use this to understand that better and to ensure that things are applied both consistently, accurately and, ultimately, fairly.

**Would you say then that there are geographical disparities?**

Absolutely, we found there was variation across jobcentres. You would expect a certain level of variation and its not that there should be none at all, but there was very little understanding of why that variation was occurring. What we found looking at the work programme, which is an employment support programme that the Department administers, is that providers in the same area often varied substantially in the amount of sanctions that they would be referring to the Department and in some cases providers would be referring twice as many people.

**And was there another recommendation?**

The second area we made recommendations in was for the Department of Work and Pension to improve its analysis of the outcomes of people who receive sanctions. The Department gathers information, for example, on earnings and improvement through what’s called real time information, which comes from HM Revenue and Customs and this information can be used to assess how people who are sanctioned subsequently move into work or not and what their earnings do over time. In order to illustrate the possibilities for the Department to do this kind of analysis, we actually did our own of the impact of sanctions and we found that for people who were sanctioned, there was quite a large effect for them moving off benefits and that around half of this was for people moving into employment whereas around half the people we looked at didn’t move into employment, or at least in a way we could detect.

**Thanks Max and thank you for listening.**

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**Thank you.**