

DWP Central Freedom of Information Team

e-mail: freedom-of-information-request@dwp.gsi.gov.uk

Our Ref: VTR 2015

DATE: 16 May 2013

Dear Geoffrey Reynolds,

Thank you for your Freedom of Information request received 26 April. You asked;

Has an exercise ever been done to quantify if £71 would be enough to sustain a human being?

PLEASE ANSWER, ITS NO GOOD WRITING "WE THINK ITS REASONABLE"

We are not aware of any exercises undertaken by Government on adequacy of benefits.

However, I would like to draw your attention to the Households Below Average Income (HBAI) survey we undertake, with respect to measures of poverty.

The HBAI publication presents information on living standards in the United Kingdom, as determined by net disposable income, and changes in income patterns over time. The main source of data used in this publication is the UK DWP Family Resources Survey (FRS). The HBAI is used for the analysis of low income by researchers and the government.

The HBAI publication presents the following main measures of low income:

- **relative low income** - defined as below 50/60/70 per cent of the average income¹ of the year in question.
- **absolute low income** - defined as below 50/60/70 per cent of average income¹ in the base year adjusted for inflation.
- **income inequality**, as measured by the Gini coefficient, ranges from 0% (when everybody has identical incomes) to 100% (when all income goes to only one person).

In addition, the publication presents information on the material deprivation experienced by children in families and by pensioners.

<http://statistics.dwp.gov.uk/asd/hbai/hbai2011/index.php?page=contents>

Household disposable incomes, adjusted for household size and composition can be used as a proxy for material living standards or, more precisely, the level of consumption of goods and services that people could attain given the disposable income of the household in which they live. Therefore, looking at income movements gives an idea of the evolution of overall living standards. This information is invaluable in developing and targeting Government policy to support those with the greatest need.

The Government's approach to welfare reform is underpinned by the values of Social Justice – understanding and tackling the root causes of poverty rather than their symptoms. It is based on ensuring that the most disadvantaged in society have the tools they need to transform their lives, and the lives of their families, and to realise their potential.

The 2012 Welfare Reform Act introduced a wide range of reforms to make the benefits and tax credits system fairer and simpler by creating the right incentives to get more people into work, protecting the most vulnerable in our society, and delivering fairness to those claiming benefit and to the tax payer.

We believe it is possible to do this and help people lift themselves out of poverty, and stay out of poverty, through work and saving backed by the right support and encouragement.

As noted previously, the Secretary of State is required under the Social Security Administration Act 1992 to carry out an annual assessment of the increase in the general level of prices. If it has increased, he must then make a decision about the increase in benefits. This decision is based on the increase in prices, the national economic situation, and other factors considered relevant. (The legislation does not define the other matters which the Secretary of State may consider relevant; but these would be set out during presentation of the Up-rating Order for Parliamentary approval.) In light of the national economic situation, for three years from 2013-14, certain working-age benefits – including the basic working-age personal allowance of Jobseeker's Allowance set at £71.00 in 2012/13 – will be increased by 1% rather than by prices. Because of the economic climate it has been necessary to make difficult decisions; but in doing so, the Government has protected pensioners, and those benefits linked to the additional costs associated with disability.

If you have any queries about this letter please contact me quoting the reference number above.

Yours sincerely,

DWP Central Fol Team

Your right to complain under the Freedom of Information Act

If you are not happy with this response you may request an internal review by e-mailing freedom-of-information-request@dwpgsi.gov.uk or by writing to DWP, Central Fol Team, Caxton House, Tothill Street, SW1H 9NA. Any review request should be submitted within two months of the date of this letter.

If you are not content with the outcome of the internal review you may apply directly to the Information Commissioner's Office for a decision. Generally the Commissioner cannot make a decision unless you have exhausted our own complaints procedure. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow Cheshire SK9 5AF www.ico.gov.uk