

DWP Central Freedom of Information Team

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

Our Ref: VTR1126

DATE: 3 April 2013

Dear Eric Knight,

Thank you for your Freedom of Information request of 8 March 2013, you asked for:

I've seen in many letters the phrase " What the Law says you need to live on "

My questions are as follows:

1. Which law exactly is being referred to?

There are several different pieces of primary legislation, under which regulations are made, which cover entitlement to, and other aspects of, income-related benefit payments. The main acts are the Jobseekers Act 1995 which governs Jobseeker's Allowance; the Social Security Contributions and Benefits Act 1992 which governs Income Support; the Welfare Reform Act 2007 which governs Employment and Support Allowance; and the State Pension Credit Act 2002 which governs State Pension Credit.

2. How was the figure of £71 per week arrived at?

3. How is that figure broken down?

For example, what does the government say unemployed people should budget for essentials, like food, water, electricity, gas, and telephone and internet? Dry cleaning? Stamps? Transport? What about domestic cleaning?

4. I presume someone calculated what that money should cover per individual, so could I have a breakdown on that?

In response to **questions 2 – 4**, income-related benefits such as Jobseeker's Allowance are paid at a rate set by Parliament, usually each year. The amount is intended to cover day-to-day living expenses. The amount of benefit payable depends on the individual circumstances of the claimant and their family, but the basic personal allowance for working age income-related benefits in 2012/13 is:

- £71.00 for single person, 25 and over,
- £56.25 for those under 25
- £111.45 - couple, both 18 and over

There are variants for couples please see attached for further information:

<http://www.dwp.gov.uk/docs/benefitrates2012.pdf>

In setting the rates of benefit the Government needs to take account of the competing demands on public expenditure and work incentives. Benefit rates are not an aggregate of separate amounts for specific items of expenditure such as food or fuel charges. The Government has not prescribed what expenses the personal allowances cover as it is for each individual or family unit to decide how to spend their benefit, in the light of their individual needs and preferences.

The benefit system provides additional support for costs related to age, disability and caring. Help with the costs of children is provided by tax credits.

Section 150 of the Social Security Administration Act 1992, available at:

<http://www.legislation.gov.uk/ukpga/1992/5/contents/enacted> requires the Secretary of State to make an assessment of the increase in the general level of prices, and if it has increased, he must then make a decision about the increase in benefits, based on the increase in prices, the national economic situation, and other factors considered relevant. For each year, this increase is effected through the Social Security Benefits Up-rating Order.

However, in light of the national economic situation, the Government has decided that for three years from 2013-14, certain working-age benefits – including the basic working-age personal allowance of Jobseeker's Allowance as described above – will be increased by 1% rather than by prices. This decision is expected to lead to significant savings in welfare expenditure. The 1% decision has been taken forward for 2013-14 up-rating through the 2013 Social Security Benefits Up-rating Order. For up-rating in 2014-15 and 2015-16, the 1% has been taken forward in the Welfare Benefits Up-rating Act.

Further information regards savings and impacts of the 1% decision are available in the Impact Assessments which accompany the Order

(<http://www.legislation.gov.uk/ukxi/2013/574/impacts>) and the Act

(<http://services.parliament.uk/bills/2012-13/welfarebenefitsuprating/documents.html>).

The schedule of proposed benefits rates from April 2013 can be found below:

<http://data.parliament.uk/DepositedPapers/Files/DEP2012-1830/ScheduleofproposedbenefitratesfromApril2013.pdf>

5. Whilst I appreciate things like rent and ctb are shared, they are not costed in the benefit, so why is there a lower amount of benefit if a couple are claiming? What duplicate factors have been deducted on the assumption they are shared, and could I have a breakdown of that too please?

The rate payable to a couple is not twice the amount for a single person because it is reasonable to assume that, in general, the living expenses of each member of a couple will be lower than those of a single person. In addition to the normal economies of scale available to couples, there are various elements of day-to-day expenditure, such as standing charges for

gas and electricity, which are levied on households rather than on individuals, and are, therefore, proportionately higher for single people.

6. *If, as the law says, £71 is what is required (under the present economic climate) is this human right, or is it a temporary privilege?*

We believe that the amounts payable are a reasonable sum, having regard to all relevant factors, as explained above in response to questions 2 - 4.

7. *In terms of what one needs to live on, most people would say on average that they would be content with the government's declared national average income of £25,000. How does the government propose to bridge the difference for people on NMW? For example I understand that Mr Duncan-Smith has recently described benefits paid to claimants on workfare as wages. Does that mean that people on workfare and related work activities are entitled now to claim working tax credits?*

This department does not have responsibility for the National Minimum Wage, it is the responsibility for Department of Business, Innovation and Skills.

We do not operate a workfare programme in this country. Work experience is not work, it is a supportive employment programme designed to help young unemployed people who have little or no work experience develop work-related disciplines, and to help them progress to that vital first step on the ladder.

Work experience gives young unemployed people the opportunity to be placed with local businesses where they are able to gain valuable work experience, improve their CVs and marketability to potential employers. Work experience also provides young unemployed people with a new potential route onto an apprenticeship.

Claimants participating in work experience continue to receive their Jobseeker's Allowance and are entitled to certain expenses such as childcare and travel costs as appropriate. Jobseeker's Allowance claimants cannot claim Working Tax Credits.

8. *I have also heard through various sources of something called permitted work. Is that available to all unemployed people, and if not, why not?*

Permitted work is not available to unemployed people, It is specifically a measure to help people claiming incapacity benefits (Incapacity Benefit (IB), Severe Disablement Allowance (SDA) and Employment and Support Allowance (ESA). Normally anyone who does any work would normally be treated as capable of work (SDA/IB) or as not having limited capability for work (ESA) and will lose their entitlement accordingly. However, in recognition of the particular problems which people with long-term incapacities can experience in trying to get back into the world of work, each of the benefits in question has a range of flexible "permitted work" rules (the details of which can be accessed via the links shown below) which allow claimants with a long term incapacity who wish to make a gradual return to the world of full-time work the

opportunity to undertake some part-time paid work, build their confidence, and plan a gradual move to sustained employment or self-employment, without affecting their benefit awards. More information can be found at:

<https://www.gov.uk/severe-disablement-allowance>

<https://www.gov.uk/incapacity-benefit>

<https://www.gov.uk/employment-support-allowance/eligibility>

9. *What else may be lawfully and legally claimed in benefits, and what are the current restrictions on being able to earn money,(up to the national average)and why?*

Information on benefits that can be claimed and conditions of entitlement can be found on the GOV.UK website at: <https://www.gov.uk/browse/benefits>

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