

## **Freedom of Information request 569/2013**

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### **Information request and DWP response**

**Hopefully the answers the following questions will help me further:**

**When the Basic Allowance figure was created in the first place, was it based on anything in particular? When was the original allowance set up? Has the allowance increased in line with inflation since then?**

Different benefits have been introduced at different times. The basic rates of personal allowances were set back in 1988 when supplementary benefit was replaced by Income Support. The rates were very similar to those that applied to supplementary benefit, and were regarded as reasonable to cover day-to-day living expenses. The same basic rates have been adopted by further working age income-related benefits as they were introduced: Jobseeker's Allowance (October 1996), Housing Benefit (March 2006), Council Tax Benefit (March 2006) and Employment and Support Allowance (October 2008).

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. 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.

The current legislation 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.

In general, the main rates of Working Age benefits have been increased in line with inflation.

**As the allowance is “intended to cover all normal day to day living expenses”, can you tell me what these are? What doesn't it cover? If there was an additional “day to day living expense” that did not exist when the allowance figure was set up, would the allowance increase accordingly?**

**Who decides what the “day to day living expenses” are?**

In addition to the above and as mentioned in my previous response (Fol 554) *'Benefits are not made up of separate amounts for specific items of expenditure such as food or fuel charges, and beneficiaries are free to spend their benefit as they see fit, in the light of their individual needs and preferences.'* There is no breakdown of the amounts as the rates are not based on a basket of goods and do not include separate amounts for specific items of expenditure.

The benefit rates do not reflect, nor are they made up of, specific items of household and other expenditure. Each year the Department reviews the rates of benefit. The Income-related benefits are paid at a rate set by Parliament each year.

**And finally, is there any evidence to prove that the basic allowance covers the cost of 'basic living'?**

The amount that people need to live on varies greatly depending on their needs and a range of factors so it would be misleading to attempt to evaluate the level of the personal allowance against a single 'cost of living' measure.

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