



RESEARCH PAPER 98/100
23 NOVEMBER 1998

Widows' Benefits (revised edition)

The Government has issued a consultation document detailing proposed reforms to benefits for survivors. The changes would not come in before 2001, and would not affect existing recipients of widows' benefits. This paper explains the current system of widows' benefits and the reform proposals. It also sketches the history of the present system and discusses the lack of equivalent provision for widowers.

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Summary of main points

- There are currently three main kinds of widows' benefits: a £1,000 lump sum Widow's Payment; a Widowed Mother's Allowance; and a Widow's Pension for those without dependent children.
- Widows' benefits were first introduced in 1925.
- Around 280,000 women receive widows' benefits at a cost of just over £1 billion. This is around 1% of all social security spending.
- There are no equivalent benefit for widowers. A case is being brought at the European Court of Human Rights to test the legality of this.
- A Green Paper has been issued proposing changes to the system.
- Current recipients of widows' benefits would be unaffected by any changes.
- The lump sum Widow's Payment would be doubled from £1,000 to £2,000 and extended to widowers.
- Widowed Mother's Allowance would be replaced by a Widowed Parent's Allowance, for widows and widowers. Once these reforms were introduced they would apply not only to newly bereaved widowers, but also to existing widowers with children.
- The poorest widowed parents on Income Support will receive up to £10 per week through a new disregard.
- Widows and widowers aged 45 and over without dependent children would receive a transitional benefit known as a "bereavement allowance" for six months in addition to the lump sum £2,000.
- Special arrangements would be made in income-related benefits for widows and widowers who are over the age of 55 when the changes come in and who are widowed during the subsequent five years.
- The consultation period ends on 13 January 1998.
- The proposals, if adopted, would not come into force until 2001 at the earliest.

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I The current system

The National Insurance system provides three main kinds of benefit for widows under 60:

- A lump sum **Widow's Payment** of £1,000 is paid on bereavement.
- A **Widowed Mother's Allowance** (WMA) is paid to widows with dependent children or those who are pregnant. The widow receives £64.70 for herself, £9.90 for the eldest eligible child and £11.30 for each other child.
- A **Widow's Pension** is paid to widows without dependent children.

The Widow's Pension is paid at the full rate if the widow was at least 55 when she was widowed (or when her WMA ran out because her children ceased to be dependent). This is currently £64.70.

A reduced age-related Widow's Pension is paid if the woman was aged between 45 and 54 when she was widowed (or when her WMA ceased). The rate depends on the age on bereavement, ranging from £19.41 for those widowed at 45 to £60.17 for those widowed at 54.¹

The average amount of widows' benefits, including SERPS, is £65 per week.²

All of these benefits depend on the National Insurance record of the late husband. A record which does not fulfil the conditions will result in lower awards, or no award. Widow's Pension and Widowed Mother's Allowance can all be enhanced if the late husband had entitlement under the State Earnings Related Pension Scheme (SERPS). None of the benefits are means tested. However, under the "overlapping benefits" rules, certain other income replacement benefits can affect payment. All of the benefits normally have to be claimed within three months of the husband's death.

The lump sum Widow's Payment is non-taxable. All other widows' benefits are taxable, with the exception of the child dependency additions.³

A widow over 65 does not get widows' benefits. Instead, she gets a Retirement Pension based on her own contributions, those of her late husband or some combination of the two contribution records. Widows between the ages of 60 and 65 may get either a Widow's Pension or a Retirement Pension.

¹ The age thresholds changed with effect from 11 April 1988, so that higher ones apply to widows bereaved before that date.

² DSS, *A new contract for welfare: Support in bereavement*, Cm 4104, November 1994, page 7

³ Section 617, *Income and Corporation Taxes Act 1988*

II History⁴

A. The introduction of widows' benefits

National Insurance pensions for widows were first introduced under the *Widows', Orphans' and Old Age Contributory Pensions Act 1925*. This provided a pension for all widows whose late husbands fulfilled the contribution conditions, whether or not they had children. The pension was paid at a flat rate, with extra allowances for children. The government at the time took the view that it would be unfair to a man who had contributed to widows' insurance if his widow was subsequently denied a pension because she was childless.

B. The Beveridge reforms

Sir William Beveridge in his 1942 Report stated his belief that there was no reason why a childless widow should get a pension for life, and that she should work if she was able to.⁵ He wanted to abolish the long-term entitlement of childless widows in return for more generous treatment of widows with children. He proposed a short-term benefit paid to all widows for 13 weeks to allow them to adjust to their new circumstances, together with a pension payable only for as long as they had dependent children.⁶ However, while the government accepted this, it also insisted that a pension should be paid to a widow who, at her husband's death, or when her youngest child had ceased to be dependent, was at an age when she was unable to take up paid work.⁷ Consequently, the system of widows' benefits introduced in 1948 comprised a Widow's Allowance payable to all widows for 13 weeks, a Widowed Mother's Allowance, and a Widow's Pension where the claimant was widowed over the age of 50 or was over 40 when Widowed Mother's Allowance ceased.

C. The post-war years

There were a number of changes to the detail of the scheme in the post war years, but the structure remained broadly intact. In 1956, the qualifying age for Widowed Mother's Allowance was increased to 50, and in 1970 a reduced Widow's Pension became payable to those widowed or ceasing to receive Widowed Mother's Allowance. In 1966 the period of Widow's Allowance was extended to 26 weeks. In 1975, under the SERPS scheme, earnings related components were added.

⁴ This section draws mainly from Ogus, Barendt and Wikely's *The Law of Social Security*, 1995, pp 277-8, Joan C. Brown, *In Search of a Policy*, 1988, pp 25-28 and Library Research Note No 338, *Widows Benefits*

⁵ Sir William Beveridge, *Social Insurance and Allied Services*, Cmd 6404, November 1942, para 153

⁶ *Ibid*, paragraph 346

⁷ White Paper, *Social Insurance Part I*, Cmnd 6550, 1944, para 121

D. Reform in the 1980s

In the mid 1980s, the Conservative government decided on a number of changes to widows' benefits as part of its wider social security reforms. These, the government said, were designed to concentrate help on those widows who were less likely to be working, and were to be seen against the background of greater involvement of women in the workforce and the growth of occupational provision for widows.⁸ More help was to be given "immediately after bereavement, when financial problems were particularly acute" and help was to be concentrated on older widows.⁹

The main changes contained in the *Social Security Act 1986* were:

- Widow's Allowance was abolished and replaced by the lump sum £1,000 Widow's Payment.
- Widow's Pension and Widowed Mother's Allowance were made payable from bereavement instead of 6 months later.
- The age threshold for full entitlement to Widow's Pension was increased from 50 to 55.
- The reduced rate age-related Widow's Pension was paid for those bereaved (or whose Widowed Mother's Allowance had ended) between 45 and 54, rather than 40 and 49.

These changes applied to widows bereaved after the Act came into force in April 1988.

It was true that the changes - particularly the lump sum payment paid in addition to the pension - increased the help available to widows with dependent children and older widows at the time of bereavement. However, in the long run they were to result in a substantial reduction in the amount of money going to widows.¹⁰ The main losers were widows who were widowed or whose Widowed Mother's Allowance ran out between the ages of 40 and 55. Tony Newton, then Minister for Social Security, explained in Committee during the passage of the legislation that, in focusing help on younger widows, it was "appropriate to make an adjustment in the balance, especially for widows in the middle-age group between 40 and 50".¹¹

⁸ White Paper, *Reform of Social Security*, Cmnd 9691, December 1985, paras 5.10 - 5.15

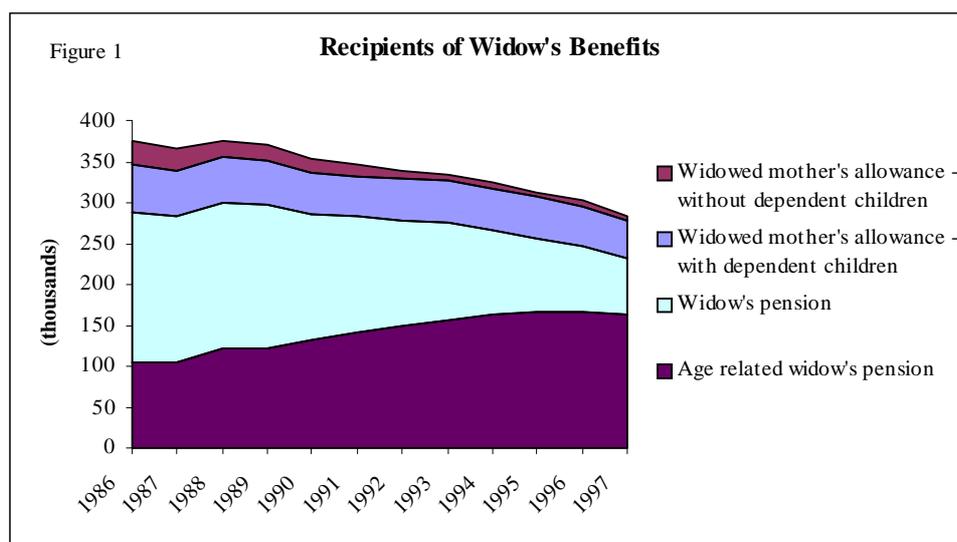
⁹ Ibid

¹⁰ *Report by the Government Actuary on the Financial Effects of the Social Security Bill 1986 on the National Insurance Fund*, Cmnd 9711, January 1986. See Research Note 338 for details.

¹¹ SC 'B' Deb 17 April 1986 c 1437

III Numbers of recipients and costs of widows' benefits

Around 280,000 women received widows' benefits in 1997. Of these around 50,000 received Widowed Mother's Allowance, 70,000 a standard rate Widow's Pension and 163,000 an age-related Widow's Pension. 82% of recipients are aged between 40 and 60. As Figure 1 below, and Table 1A in Appendix A show, the number of recipients has fallen by almost 100,000 over the last decade. The type of benefit received has also changed, with 57% of recipients now receiving an age-related pension, compared with 28% in 1986.



In addition, around 45,000 one-off Widow's Payments are made each year¹².

As Table A2 in Appendix A shows, spending in real terms has also fallen over the past decade, by around 25%. Widows' benefits now cost just over £1 billion per year, constituting 1% of total social security spending. Very little is published on expenditure on the various forms of widow's benefits. Table A3 in Appendix A estimates the expenditure on individual elements in 1996-97.

Declines in both recipients and spending over the past decade are continuations of long-term trends. The number of recipients has fallen from an average of almost 600,000 in the 1960s and an average of around 500,000 in the 1970s.¹³ Expenditure constituted 5% of total social security spending at the end of the 1960s and has been declining ever since.¹⁴

Underlying these long-term changes are social trends which have reduced the number of widows under pensionable age. Falling marriage rates, rising divorce rates and an

¹² HC Deb 29 October 1998 c265w

¹³ DSS *Social Security Statistics* (1972, 1981)

¹⁴ DSS *Abstract of Statistics 1997 edition*

increase in male life expectancy have combined to reduce the number of widows aged under 60 from 603,000 in 1951 (3% of the female population aged 16-60) to 462,000 in 1971 (2%) and 267,000 in 1995 (1%).¹⁵

IV Widows, income and work

The income of widows receiving widows' benefits is similar to that of the population as a whole. According to the DSS, recipients of widows' benefits are "fairly evenly distributed through the income distribution".¹⁶ So, roughly 20% of widows' benefits goes to people in the richest 20% of the population and roughly 20% goes to the poorest 20%, with a similar distribution in the middle quintiles.

The latest available figures (for May 1994) show that around 46,000 widows aged under 60 receive Income Support. Of these, around 16,400 have dependent children.¹⁷ These figures suggest that around 17% of widows aged under 60 and 24% of those with children are on Income Support.

Most widows eligible for widows' benefits work. 52% of widows aged 45-60¹⁸ are in employment (28% full-time, 24% part-time). This is, however, significantly lower than the figures for non-widowed women in the same age group, 70% of whom work (37% full-time, 33% part-time).¹⁹ Most widows (of any age) with dependent children also work. 67% are in employment (20% full-time, 47% part-time), a rate comparable to that for married/cohabiting women with dependent children and considerably higher than that for other types of lone mother. The relatively high employment rates of widows probably reflects the fact that their children tend to be older than those of other mothers. Comparing employment rates by age of youngest dependent child shows that widows are far less likely than married/cohabiting mothers to be working and less likely to be working full-time than other types of lone mother.²⁰

¹⁵ ONS/OPCS *Marriage and Divorce Statistics* (FM2 nos. 16, 23)

¹⁶ DSS Deposited paper Dep/3 5914, 26 January 1998

¹⁷ DSS *Income Support Statistics May 1994 (additional analysis: detailed marital status)*

¹⁸ This age group covers the client group for Widow's Pension, although not all widows of this age will, in fact, be eligible.

¹⁹ ONS *Labour Force Survey* (June-August 1998) via Quantime. Full-time and part-time are as stated by individual respondents.

²⁰ ONS *Living in Britain: Results from the General Household Survey 1996* (tables 5.23, 5.24). Part-time is less than 16 hours.

V Non-state support

In general, families of members of occupational pension schemes receive benefits on death in service. Generally, a lump sum is paid together with, in most cases, a widow (er)'s pension. According to the latest survey by the Government Actuary, some 9½ million people are members of schemes which will pay a widow (er)'s pension on death in service.²¹

VI Widowers' benefits

There are no equivalent National Insurance benefits specifically for widowers, although there are some provisions for a widower whose wife died when they were both over pensionable age. If the late wife satisfied the contribution conditions and the widower's own basic pension does not reach the full rate, then the late wife's contributions can be used to enhance the pension. Apart from this, a widower has to rely on means tested benefits if his income and capital are low. For unemployed widowers or those working part time, Jobseeker's Allowance may be available. For those with dependent children, there are two main benefits. Those working less than 16 hours per week may claim Income Support, and those working 16 hours per week or more may claim Family Credit. Help with council tax and rent may also be available through Council Tax Benefit and Housing Benefit.

The unequal treatment of widowers goes right back to the introduction of widows' pensions in 1925 and was perpetuated by the Beveridge inspired National Insurance system which was introduced in 1948. The Beveridge plan was drawn up on the explicit assumption that wives were financially dependent upon their husbands and as a result, there are a number of inequalities connected with gender and marital status in the system.

There have been several moves at European Community level to eliminate aspects of unequal treatment between men and women in social security systems. In particular Council Directive 79/7/EEC called for the progressive implementation of the principle of equal treatment for men and women in matters of social security.²² The Directive, which was made under Articles 100 and 235 of the Treaty of Rome, became binding upon Member States from December 1984. However, Article 2 of the Directive excluded survivors' benefits from its scope.

In 1987 an EC Draft Directive was published which, if adopted, would have meant that states would have to eliminate sex discrimination in survivors' benefits in both the state and

²¹ GAD *Occupational Pension Schemes 1991*

²² OJL 6 10.1.79 p 24

occupational sectors.²³ The Draft Directive was considered in 1989 by the House of Lords Select Committee on the European Communities. In their report their Lordships recommended that eventually men and women should have to be provided with survivors' benefits on the same terms, but that member states should be allowed at least 15 years to achieve this provision.²⁴

On 4 April 1990 the previous government published its response to the Report. This makes it quite clear that the government was not considering extending social security widows' benefits to widowers:

Within the state social security system the Government do not think there is any merit in introducing universal state insurance benefit for widowers on a par with those currently provided for widows. To extend the current provisions for widows to widowers would cost about £350 million a year. The available evidence indicates that widowers are more likely to be in full time work than widows, are more likely to have higher earnings than widows and are less likely to have dependent children. As a consequence the Government have made it clear to the Commission that the equalisation of survivors benefits should be removed from this draft directive entirely.²⁵

This policy was reiterated in a Written Answer on 1 March 1995.²⁶

Little progress has been made on the Draft Directive since its introduction, and in 1991 the Commission withdrew it pending further consultations with Member States.

A widower named Kevin Willis has taken a legal challenge to the European Court of Human Rights over the lack of rights of widowers to the social security benefits available to widows. He is backed by the Child Poverty Action Group. It is likely to take some time before the case is heard. The Government has not contested the admissibility of the case, but has reserved the right to submit observation before the Commission proceeds to consideration of its merits.²⁷

However, it is possible that, as a result of the incorporation of the European Convention on the Protection of Human Rights and Fundamental Freedoms in UK law, cases like the Willis one might be heard in UK courts. The *Human Rights Bill* as introduced in the House of Lords on 23 October 1997 would achieve this incorporation. The Bill is currently reaching the end of its parliamentary proceedings.

²³ EC Draft 9466/87, *Proposal for a Council Directive completing the implementation of the principle of equal treatment for men and women in statutory and occupational social security schemes*, November 1987

²⁴ *Equal Treatment for Men and Women*, 10th Report, HC 51, 23 May 1989, paragraphs 88 and 114

²⁵ Department of Social Security, *Reply to the 10th Report from the House of Lords Select Committee on the European Communities Session 1988-89 on Equal Treatment for Men and Women in Pensions and Other Benefits*, Cm 1038, April 1990, para 15

²⁶ HC Deb 1 March 1995 c 623W

²⁷ Source: DSS

Article 14 of the Convention prohibits discrimination on various grounds, including sex. However, this prohibition only applies to "the enjoyment of the rights and freedoms set forth in this convention". Consequently the applicant must first show that one of the substantive provisions of the Convention applies. The Child Poverty Action Group argues that two of the provisions are relevant.²⁸ These are Article 8, and Article 1 of the First Protocol (see Appendix B). CPAG maintain that the latter appears to cover any benefit to which there is a legal entitlement or at least to any contributory benefits.

The present Government has said that it will take account of the needs of widowers in its review of the social security system:

Mr. Walter: To ask the Secretary of State for Social Security what assessment she has made of the issue of gender discrimination in respect of entitlement to bereavement benefits.

Mr. Denham: Modernising the social security system is a key priority of the Government. In our examination of the current social security structure, we will take account of the needs and responsibilities of widows and widowers in pursuit of our aim of reducing poverty and welfare dependency, promoting work incentives and providing better, simpler, more efficient services to clients.²⁹

VII Reform proposals

The Green Paper on welfare reform published in March 1998 did not contain any specific proposals on widows' benefits.³⁰ However, there has been press speculation for some time that there would be reforms in this area and this intensified shortly after Alistair Darling took over as Secretary of State for Social Security in July 1998. It was reported that reform of widows' benefits would be one of Mr Darling's main priorities along with benefits for disabled people.³¹ In an article in the *Daily Mail*³² and a speech to the Fabian Society (see Appendix C), Mr Darling himself indicated that reforms would be made, although they would not affect existing recipients.

Details of the Government's proposals were announced in a statement by Mr Darling on 18 November 1998:

Today I am publishing a consultation paper on our proposals for the reform of bereavement benefits paid to people of working age. Copies of the consultation paper are available in the Vote Office. The reforms apply only to people of working age who lose their husbands or wives. Women already widowed,

²⁸ See "CPAG challenges benefit discrimination", *Poverty* No 97, Summer 1997, pages 3-4

²⁹ HC Deb 27 July 1997 c 98W

³⁰ *New ambitions for our country: a new contract for welfare*, DSS Cm 3805, March 1998

³¹ See for example, "Darling targets disabled and widows for welfare cuts", *Financial Times*, 21 August 1998

³² "Commentary: Widows have nothing to fear", *Daily Mail*, 14 October 1998

widows over state pension age, and war widows will continue to get the support that we give them now. They will not be affected by the reforms that I set out today.

My announcement is one in a series of long-term reforms that will form the basis of legislation at the earliest opportunity. However, today's proposals will not be introduced before April 2001, so as to allow time for implementation.

The system of bereavement benefits that we inherited is out of date. When it was introduced 50 years ago, most women did not work, certainly not after marriage. Today, seven out of ten married women work - almost as many as the eight out of ten married men who work. Today, 1.5 million women benefit from their late husband's pensions, compared with the 100,000 who did so 50 years ago. About 40 per cent. of the women currently getting widows benefit are in the top half of the income bracket. The world has changed, and the benefits system needs to reflect those changes.

The system also fails on four specific counts. First, it is unfair to men: 15,000 husbands bereaved each year get no help at all. That unfairness cannot continue, and it is already being challenged in the European Court of Human Rights - so doing nothing, as some urge, is not an option. Secondly, the system does not provide enough help with the immediate costs of bereavement, such as unpaid bills or funeral costs. Thirdly, money often goes to those who have the least need of it. Widows without children who have substantial incomes can get benefits for years, but a man - who may have growing children and modest means - gets nothing at all. Finally, the present system fails to support the poorest mothers on income support. Widows who have children to care for lose their benefit pound for pound, and so get no financial gain from their widows benefit.

The reforms that I am announcing today will change all that. Our reforms will, for the first time, get help to men who lose their wives, and on an equal footing with widows. They will provide extra financial help with immediate needs, such as funeral expenses.

We will continue to help those older people without children during the period immediately after bereavement and, as with our other reforms, our priority is to provide security for families with children, and to get the greatest help to the poorest. Our proposals will ensure the security of families with children, and we will do more for the poorest families and their children.³³

Specifically, the Government proposes the following changes to the system:

- The lump sum Widow's Payment would be doubled from £1,000 to £2,000 and extended to widowers.

³³ HC Deb 18 November 1998 cc 939-940

- Widowed Mother's Allowance would be replaced by a Widowed Parent's Allowance, paid at an equivalent rate and including any SERPS, until the youngest dependent child is aged 16 (or up to 19 if still in full time further education). Once these reforms are introduced they will apply not only to newly bereaved widowers, but also to existing widowers with children.
- The poorest widowed parents on Income Support will receive up to £10 per week through a new disregard. £10 of the new Widowed Parent's Allowance would be ignored when income-related benefits were calculated. Currently, widows' benefits count in full for these benefits.
- Widows and widowers aged 45 and over without dependent children would receive a transitional benefit known as a "bereavement allowance" for six months in addition to the lump sum £2,000. This bereavement allowance would give them "the breathing space they need before supporting themselves through occupational pensions and other income, or returning to work".³⁴ The rate would depend on age, up to a maximum of £64.70 (at current benefit rates) using the same structure as the present age-related Widow's Pension³⁵ (see page 7). However, unlike with age-related Widow's Pension, there would be no SERPS addition.
- Special arrangements would be made in income-related benefits for widows and widowers who are over the age of 55 when the changes come in and who are widowed during the subsequent five years. They will be able to claim Income Support rather than income-based Jobseeker's Allowance, and would therefore be exempt from the job seeking requirements. They will also get a special premium worth £14.35 per week at current benefit rates, which would top up their Income Support to the current level of full basic Widow's Pension - £64.70 per week.

A widower's entitlement to benefit will depend on his late wife's contribution record, just as a widow's currently depends on her late husband's record.³⁶

The proposals, if adopted, would not come into force until 2001 at the earliest.

VIII Gainers and losers

The gainers from these proposals would be as follows:

- Widowers with children, who would get the £2,000 lump sum and the Widowed Parent's Allowance.

³⁴ DSS, *A new contract for welfare: Support in bereavement*, Cm 4104, November 1994, page 15

³⁵ Source: DSS official.

³⁶ Source: DSS Official, 24 November 1998

- Childless widowers, who would get the £2,000 lump sum and the new Bereavement Allowance for six months.
- All widows and widowers whose late spouses satisfied the contribution conditions would gain from the doubling of the lump sum to £2,000.
- Widows and widowers on Income Support who will benefit from the new £10 disregard.

It is important to emphasise that current recipients of widows' benefits will continue to receive them as long as they meet the existing entitlement conditions. However, there will be "losers" amongst widows who put in claims after the changes come in, in that some would no longer get the benefits they would have done under the old rules. These would be widows aged 45 and over without dependent children, who would only get the Bereavement Allowance for six months. Under the current system, they would get the Widow's Pension until they drew a Retirement Pension. They would also lose the SERPS entitlement which they would have had under the current system. It should be pointed out that these widows would benefit from the increased lump sum Widow's Payment.

IX Financial implications

These are set out as follows in the Green Paper.

Over time, these proposals will help achieve our long- term aim of a modern system of support for bereaved people. The proposals in this publication will refocus expenditure, concentrating help available from the State where and when it is most needed - on immediate needs and on children and families. In the first year, spending will increase by around £100 million, but this is long- term reform and by 2020 savings will build up to around £500 million a year. This will allow us to support new areas of need we know we will have to meet in the next 10 to 20 years, such as the consequences on an ageing population.³⁷

X Commentary

As the consultation period on the Green Paper lasts until 13 January 1999, comment is not yet available from relevant organisations.

Shadow Social Security spokesman, Iain Duncan Smith, in his response to the statement on 18th November, said that the Government was right to consider widows' benefits and

³⁷ Cm 4104, p 17

welcomed the increase to the lump sum Widow's Payment.³⁸ However, he criticised the fact that the Government had not yet made firm announcements about proposals for pensions reform, with which the issue of survivors' benefits was "linked inextricably".³⁹ He continued:

The second part of the statement was the most critical. Here we have a Government who seem to be unable to admit that they are about getting rid of the contributory principle. That is what this is all about. They do it by stealth. Each time the Secretary of State produces another proposal, the ending of the contributory principle lies at its heart.

The Secretary of State is being very clever in talking about widows pensions. He says that, after the six - month transitional period, those on income support will continue to receive the benefit for five years. However, those who are not on income support clearly will not receive it. Those on the margins, with small savings, will fall off.

The Secretary of State admits that he has an obligation to those who pay national insurance, but he limits that obligation to five years and only to those who are on income support. He is saying that the contributory principle is no longer relevant and will be ended. People outside the House who hear that should remember that the Government are hellbent on completely changing their position.

If the Secretary of State and the Chancellor of the Exchequer intend to means-test the basic state pension after the next election, they should say so. They should say: "The contributory principle is over. We shall now have a means - tested set of benefits." That is what the statement suggests - it proposes taxed and means-tested transitional relief.

The proposals contain an absurdity. The Government will means - test those on upper incomes for this benefit, but the working families tax credit - which the Under-Secretary of State for Social Security, the hon. Member for Wallasey (Angela Eagle), who is chirping away on the Treasury Bench, admitted would create no jobs - will be paid to people with incomes as high as £38,000 year. The Government seem to be unable to settle that conflict. They means - test to reduce some benefits, whereas they scatter money around and waste it on other benefits, increasing expenditure by £1.5 billion. Reform of the benefit is necessary, but this reform is driven by a Government who are in desperate need of short - term savings. They are scraping away, saying, "We've got to find some way to save the money." The Secretary of State is, in no small measure, robbing Pauline to help Paul.⁴⁰

³⁸ HC Deb 18 November 1998 c 941

³⁹ Ibid c 942

⁴⁰ Ibid, cc 942-3

The comments of the Liberal Democrat spokesman, David Rendel, on the statement were as follows:

Mr. David Rendel (Newbury): I, too, am grateful to the Secretary of State for giving me a chance to read his statement before he delivered it. I have both read it and listened to him delivering it, so I hope that I know what is in it. The Liberal Democrats welcome the doubling of the lump sum but, given the Secretary of State's cogent arguments for it, should it not be done straight away? It will be given universal acclaim and could probably be implemented by regulation rather than by primary legislation. If the costs are already much greater than £1,000, we could surely do something about that immediately.

We also welcome the reform to make all the payments payable to men who lose their wives as well as to wives who lose their husbands. That is clearly right, as I have said to the Secretary of State before, and I am glad that he has acknowledged that in his statement. Is the new bereavement allowance to have an earnings-related element, as I believe the current widows pensions do?

Is not six months far too short a time for the bereavement allowance to run? The Secretary of State will surely know that, when people lose their spouses in middle age, it can take them months to get over it or even to start thinking straight again about their future. His comments about those who will be over 55 in 2001 suggest that such people may take much longer than six months to start making new plans. Would it not be sensible for the bereavement allowance to last some years rather than some months?⁴¹

Mr Darling's reply was as follows:

Mr. Darling: I cannot agree with the hon. Gentleman on that point. The period for which an allowance should run is always a matter of judgement. We took the view that six months would be a suitable period to allow someone to adapt to changed circumstances. Almost as many women work as men; the situation is now very different from 50 years ago, when very few women worked after marriage. All the experience shows that women wanting to return to work want to do so rather sooner than after a period of several years.

The hon. Gentleman asked why the lump sum cannot be introduced now. The proposals are part of a package. Following an exchange that one of the hon. Gentleman's colleagues had with my right hon. Friend the Prime Minister during Prime Ministers Question Time, I must tell the Liberal Democrats that, at some point, they have to square up to the fact that all these things have to be paid for. This is a coherent package of reform.

I am grateful for the general welcome that the hon. Gentleman has given to a number of the specific proposals. The hon. Gentleman asked whether there will

⁴¹ Ibid, cc 944-5

be an earnings - related element. I was not quite sure exactly what he was getting at. The widows payment is taxable now. If he is concerned about the state earnings- related pension scheme, he will see that the details are spelled out in the consultation paper. However, SERPS continues for the parents allowance.⁴²

⁴² Ibid c 945

Appendix A – Statistical tables

Table A1

Recipients of Widow's Benefits

Great Britain and Overseas

Thousands, at September each year

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
All widow's benefit (excluding widow's payment)												
All ages	376	367	375	371	354	346	340	334	324	314	301	284
Under 30	2	2	3	3	2	2	2	2	2	2	1	1
30-39	17	16	16	16	16	15	15	14	14	13	13	12
40-49	63	62	62	62	62	59	56	54	51	51	48	43
50-59	252	245	250	242	232	224	217	213	210	201	196	191
60 and over	42	42	44	49	42	46	50	51	47	47	43	36
Widowed mother's allowance - with dependent children												
All ages	58	54	56	53	52	49	50	51	51	50	49	47
Under 30	2	2	2	2	2	2	2	2	2	2	1	1
30-39	15	14	14	14	14	14	14	13	13	13	12	12
40-49	25	24	25	25	25	24	25	26	26	26	26	24
50-59	16	14	14	12	11	10	10	10	10	9	9	10
60 and over	*	*	*	*	*	*	*	*	*	*	*	*
Widowed mother's allowance -without dependent children												
All ages	30	28	19	21	17	14	10	8	7	6	6	5
Under 30	*	*	*	*	*	*	*	*	*	*	*	*
30-39	2	2	2	2	2	1	1	1	1	1	1	1
40-49	11	11	8	9	8	6	5	4	3	3	3	2
50-59	16	15	9	10	8	6	4	3	2	2	2	2
60 and over	1	*	*	*	*	*	*	*	*	*	*	*
Widow's pension												
All ages	183	179	180	176	153	141	130	119	104	93	81	69
40-49	*	*	*	*	*	*	*	*	*	*	*	*
50-59	147	143	142	133	116	100	86	74	63	53	47	41
60 and over	36	36	38	43	38	41	44	45	41	40	35	28
Age related widow's pension												
All ages	105	105	121	121	132	141	149	157	163	165	166	163
40-49	27	27	30	28	29	28	26	24	22	21	20	17
50-59	73	73	86	87	99	108	118	127	135	137	138	138
60 and over	5	5	5	6	4	5	5	6	6	7	7	7

Note: Includes widows residing overseas.

* Indicates value of less than 500

Source: DSS Social Security Statistics (various years)

Table A2
Expenditure on Widow's Benefits
 1986-87 to 1998-99

	<u>£ million cash</u>	<u>£ million 1998-99 prices^(a)</u>
1986-87	825	1,373
1987-88	839	1,326
1988-89	850	1,258
1989-90	852	1,177
1990-91	889	1,138
1991-92	1,012	1,220
1992-93	1,010	1,179
1993-94	1,040	1,183
1994-95	1,022	1,146
1995-96	1,016	1,107
1996-97	982	1,038
1997-98	1,010	1,040
1998-99	1,034	1,034

a) Adjusted using GDP deflator

Sources: DSS *Departmental Report* (various years)
 DSS *The Growth of Social Security*

Table A3
Widow's Benefits
Estimated expenditure by benefit, 1996-97

	<u>£ millions</u>
Widow's Payment	42
Widowed Mother's Allowance (basic element)	198
Widow's Pension (basic element)	258
Age-related Widow's Pension (basic element)	274
Earnings-related Benefit ^(a)	210
Total	982

a) Paid in addition to WMA and Widow's Pension

Sources: DSS *Social Security Statistics 1997*
 DSS *Departmental Report 1998*

Appendix B - The Willis Case - Relevant Articles from the European Convention on Human Rights

Article 14 states:

The enjoyment of the rights and freedoms set forth in this Convention shall be secured without discrimination on any grounds such as sex, race, colour, language, religion, political or other opinion, national or social origin, association with a national minority, property, birth or other status.

Article 8 states:

- 1 Everyone has the right to respect for his private and family life, his home and his correspondence.
- 2 There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others.

Article 1 of the First Protocol states:

Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest, and subject to the conditions provided for by law and by the general principles of international law.

The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties

Appendix C - Extract from Alistair Darling's Speech to the Fabian Society

Bereavement Benefits - Reform Not Abolition

Much has been written in the press recently - including by myself- on provision for Widows below state pension age.

Again, nothing we propose will affect those already receiving Widows Benefits. But, we want a system that reflects our overriding principle of welfare reform. We need to meet the needs of all widows and widowers, especially those with children. And we want a system that is fair and one that provides support where it is needed.

Today women who lose their husbands get help. Men losing their wives - sometimes with growing children- don't.

Now, we are being challenged by widowers in the European Court of Human Rights. So doing nothing, as some urge us, isn't an option.

We could, of course, extend the current benefit to all men. We could spend another £250 million a year. So, men, without children, some with good salaries, with substantial capital, would get an extra £64 pounds a week or more.

Or, at the other extreme, of course, we could abolish the lot - something I have never considered reasonable.

Bereavement brings unmet need. Immediate need. And for children the loss of a parent is devastating. For the surviving parent adjusting to change in the most distressing and difficult circumstances.

But current provision for widows isn't meeting that need. So, modernisation is essential.

The existing provision was designed 50 years ago when most women didn't work - certainly not after marriage. Their husband was the breadwinner. And there was little insurance.

Today, 70 % of women work. But the system assumes that widows with dependent children will never work again. Over half do work. Many will work. And, quite sensibly, people make provision for their surviving spouse.

50 years ago 100,000 women benefited from their late husbands' pension. Today the figure is 1.5 million.

So, reform is long overdue.

We want to support both husbands as well as wives who lose their spouses - particularly those with children.

No - one can tell me the present system provides the right solution. If we were starting out today no - one would design a system like this. This is not a sensible use of money. This is not an effective use of money.

Our intention is simple - reform not abolition.

So, our reform will help ensure spouses get immediate help to deal with any pressing financial worries, such as the cost of the funeral, or unpaid bills. Our plans will also give people time to re-arrange their lives after bereavement. And reforms will recognise that those with dependent children need long-term help.

We will reform the system to reflect the needs of today. And we will reform the system to ensure help goes to where it's needed it most.⁴³

⁴³ *Meeting the Needs of the Future, Speech to the Fabian Society Conference by the Secretary of State for Social Security, Alisatir Darling MP, 19 October 1998*