Social Fund Funeral Payments

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Summary

Payments from the Social Fund can be made to claimants of means-tested benefits and tax credits to help meet the costs of a funeral. Payments are made from the regulated Social Fund and, as such, are not limited by budgetary constraints. 27,000 payments were made in Great Britain in 2016-17, at a total cost of £38.6 million. The average award in 2016-17 was around £1,427.

Successive Governments have maintained that the scheme provides a “contribution towards the cost of a simple, low cost respectful funeral,” but the adequacy of payments in relation to actual funeral costs has long been a source of complaint. Under the scheme, full help may be given with certain funeral expenses including burial or cremation. Other expenses – such as funeral directors’ fees, the cost of a coffin, church fees and flowers – may be covered but only up to a maximum of £700. The average award in 2016-17 was less than 35% of the estimated average cost of a funeral. The rules governing access to Social Fund Budgeting Loans have now been changed to provide additional help to low income families facing funeral costs, although these are repayable.

The Funeral Payments scheme has also been criticised for creating confusion, frustration, and further emotional distress. There are complex eligibility criteria including whether the person has accepted responsibility for meeting the funeral costs; their relationship to the deceased, and whether there are others equally or more closely related who are not on benefits.

Research has flagged up a number of interwoven issues, including confusion about the rules on eligibility and the amount paid to successful claimants, the order in which funerals are organised and claims administered, and the way in which family relationships are assessed and decisions regarding responsibility for funeral costs are made. Only 61% of applications processed in 2016-17 resulted in an award, but with DWP requiring an invoice to process a claim, applicants must commit to meeting funeral costs without knowing how much, if anything, they will receive.

In its March 2016 report on support for the bereaved, the Work and Pensions Committee recommended that the application process for Funeral Payments be simplified and clarified, with an online “eligibility checker” for prospective applicants. The Government believes an online checker could inadvertently cause additional confusion for bereaved people, but from April 2018 claimants have been able to submit supporting evidence for claims electronically to speed up the decision-making process. Further changes to funeral payments since April 2018 include: allowing recipients to receive contributions from other sources without deductions being made from the payment; extending the claim period from three to six months from the date of the funeral; and introducing a shorter application form for children’s funerals.

The Scotland Act 2016 devolves responsibility for Funeral payments – together with all other elements of the regulated Social Fund – to the Scottish Parliament. The Scottish Government is committed to introducing a new Funeral Expense Assistance (FEA) benefit by the summer of 2019 with applications processed within 10 working days.

This note complements Commons Library briefing CBP-06242, Arranging and paying for a funeral, which looks more widely at the issues around arranging funerals, and at the duties of public authorities where no-one else has accepted responsibility for arranging a funeral.
1. Background to the current scheme

Prior to the introduction of the Social Fund in 1987, help with funeral expenses was available from two sources: a £30 cash grant, paid on the basis of National Insurance contributions; and a regulated single payment intended to provide for the cost of a simple funeral (a burial or a cremation) available to people in receipt of Supplementary Benefit. The size of award was not limited. The amount awarded could be reduced by any money available from the estate of the deceased, Death Grant, contributions from relatives or the claimant’s capital over £500.


Chapter 8 of Trevor Buck’s The Social Fund: Law and Practice (Third Edition, Sweet and Maxwell, 2009) also gives historical information on help with funeral expenses.
2. The current Funeral Payments scheme

Basic information on the Funeral Payments scheme – including the claim form and contact details for the DWP Bereavement Service helpline – can be found on GOV.UK.

The rules of the scheme in Great Britain are contained in the Social Fund Maternity and Funeral Expenses (General) Regulations 2005 as amended, which can be found at Legislation.gov.uk.¹

A separate but equivalent scheme exists in Northern Ireland – further details can be found at nldirect.gov.uk.

References below are to the legislation applicable to Great Britain.

2.1 Eligibility

In general, a person can be eligible for a Funeral Payment if they meet all of the following criteria:

- **Receipt of a qualifying benefit**  The claimant or their partner must be receiving Universal Credit, Income Support, income-based Jobseeker’s Allowance, income-related Employment and Support Allowance, Pension Credit, Child Tax Credit which includes an individual element or a disability element, Working Tax Credit which includes a disability element, or Housing Benefit.² You might also be eligible if you are getting a Support for Mortgage Interest loan.

- **Responsibility for funeral expenses** The claimant or their partner must accept responsibility for meeting the costs of the funeral, and must also fit into one of the categories of people eligible to be treated as responsible. Those eligible include partners of the deceased; parents or other people with responsibility for a deceased child; and close relatives and friends of the deceased. For close relatives and friends it must also be “reasonable” for them to accept responsibility, given the nature and extent of their relationship with the deceased in comparison with the nature and extent of others’ relationships with the deceased.³

- **Presence in the UK** The funeral must normally take place in the UK⁴, and the deceased must have been ordinarily resident in the UK at the time of death.⁵

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² Regulation 7(4) SI 2005/3061
³ Regulations 7 and 8 SI 2005/3061
⁴ Or another European Economic Area country, if the responsible person is an EEA national with worker status or the right to reside in the UK under EC Directives, or a member of a family of such a person – see Regulation 7(9) SI 2005/3061
⁵ Regulation 7(5) SI 2005/3061
• **Time limits.** Claims must be made within six months of the date of the funeral.\(^6\)

There are some quite complicated rules which determine whether someone can claim a Funeral Payment as a close relative or friend of the deceased.\(^7\) Briefly, a person is not eligible for a payment as a close friend or relative if:

• The deceased had a partner; or
• There is a parent, son, or daughter of the deceased, **unless** he/she is getting a qualifying benefit, or is under 18, or is a qualifying young person for Child Benefit purposes, or is in full-time education, or was “estranged” from the deceased; or
• There is another close relative who was in closer contact with the deceased; or
• There is close relative who was in equally close contact with the deceased and who is not in receipt of a qualifying benefit.

The flowchart used by DWP staff to determine whether claimants are indeed the “responsible person” for Funeral Payments is given in *Volume 7*, *para 39147 of the DWP Decision Maker’s Guide*.\(^8\)

Following the House of Lords decision in *Kerr v Department for Social Development (NI)*, it is for the Department for Work and Pensions, and not the claimant, to establish whether or not a close relative is in receipt of a qualifying benefit.

Where there is no surviving partner of the deceased and the deceased was not a child, the “immediate family member” and the “nature and extent of contact” tests as described above are not applied in respect of family members ordinarily resident outside the United Kingdom.\(^9\)

### 2.2 Level of payment

The payment is intended to meet specified funeral expenses including:\(^11\)

• Buying a new burial plot for the deceased and a right of burial on that plot;
• Fees levied by a private grave-digger, where these are necessarily incurred;
• Cremation costs, including doctor’s fees for the removal of a heart pacemaker;
• Costs of obtaining medical documentation required in connection with the burial or cremation of the body;

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\(^7\) Regulations 7 and 8 SI 2005/3061

\(^8\) October 2015

\(^9\) [2003] UKHL 23; 6 May 2004

\(^10\) Regulation 8(2)(h) SI 2005/3061

\(^11\) *Ibid*, regulation 9
• Any documentation necessary to obtain access to the assets of the deceased;
• “Reasonable” transport costs for the portion of journeys in excess of 80 kilometres (50 miles) undertaken to transport the body within the UK to the funeral director’s premises or place of rest, and to transport the coffin, bearers and mourners in two vehicles to the funeral; and
• Reasonable expenses of one return journey within the UK for the responsible person to arrange or attend the funeral.

In addition, up to £700 can be paid for other expenses such as funeral director’s fees, church fees and flowers.\(^\text{12}\) The cap on other expenses has remained at £700 since April 2003.

Funeral Payments cannot be used to meet the cost of any items already provided for by any pre-paid funeral plan. However, if there are any expenses not covered by the plan they can be met if they fall into any of the above categories, plus up to £120 can be paid for additional miscellaneous expenses.\(^\text{13}\)

Prior to October 2001 deductions were made from awards for any capital a claimant or their partner had in excess of £500 (£1,000 if they were 60 or over). However, for deaths occurring on or after 7 October 2001 the capital of any person qualifying for a Funeral Payment has been ignored.\(^\text{14}\) The following are nevertheless still deducted from an award:\(^\text{15}\)

• Any assets of the deceased available to the claimant or his/her family without probate or letters of administration; and
• Any lump sum due to the claimant on the death of the deceased from an insurance policy, occupational pension, burial club etc.

Since April 2018 contributions towards the cost of the funeral from relatives of the claimant or the deceased or from charities are no longer deducted from a funeral payment award.\(^\text{16}\) Payments from certain other sources, including the Macfarlane Trusts and the Eileen Trust are also ignored.\(^\text{17}\)

The Secretary of State is entitled to recover Funeral Payments from the deceased’s estate and will normally seek to do so. Funeral expenses are legally a first charge on the estate.

From 1 April 2013 however, any arrears of benefit due to the deceased person have been disregarded and are no longer deducted from the Funeral Payment award. This change “both simplifies the existing scheme and prepares for the introduction of Universal Credit.”\(^\text{18}\) It is

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\(^\text{12}\) Regulation 9(3)(g) SI 2005/3061
\(^\text{13}\) Regulation 9(10) SI 2005/3061. The limit was increased from £100 to £120 from 6 October 2003.
\(^\text{14}\) HC Deb 3 May 2001 c787w
\(^\text{15}\) SI 2005/3061, reg 10
\(^\text{16}\) SI 2018/61, reg 7
\(^\text{17}\) SI 2005/3061, reg 10
\(^\text{18}\) Annual report by the Secretary of State for Work and Pensions on the Social Fund 2012 to 2013, June 2013, para 4.11
necessary since, under UC, the default position is that housing costs will be paid as part of the award rather than direct to landlords, and UC will be payable as a single, monthly payment in arrears. The Government explains:

Without this change many people taking responsibility for funeral costs in the future may not get any help at all, because under Universal Credit the arrears of benefit on death may be so great as to extinguish a Funeral Payment award altogether.¹⁹

2.3 Statistics

Statistics on Funeral Payments in Great Britain²⁰ can be found in the Annual Report by the Secretary of State for Work and Pensions on the Social Fund. The most recent annual report was published in July 2017 and gives figures for the year 2016-17. Headline figures for expenditure and awards in financial year 2016-17 can be found in the Social Fund account 2016-17.

27,000 payments were made in Great Britain in 2016-17, at a total cost of £38.6 million. The average award in 2016-17 was £1,427. The total amount recovered from the estates of deceased persons was less than £0.1 million. In 2016-17, 44,000 decisions were made on applications for Funeral Payments, of which 61% resulted in an award.

The following charts show how expenditure on Funeral Payments has changed over time, and give forecast expenditure up to 2020-21.

**Total gross expenditure on Social Fund Funeral Payments, Great Britain, £m**

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¹⁹ Ibid.

Expenditure on Funeral Payments peaked at over £90 million a year in 1993-94 and 1994-95 (in real terms, at 2015-16 prices), but fell subsequently and since the late 1990s has been relatively stable. Expenditure is forecast to remain at around £40 million a year in real terms up to 2020-21.

Over the last few years there has been a gradual decline in both the number of applications for Funeral Payments received, and the number of awards made. In 2010-11, 68,800 applications were received and 38,200 awards made. By 2014-15, the numbers had fallen to 50,600 and 32,100 respectively.\textsuperscript{21} As noted above, the number of Funeral Payment awards fell further in 2016-17, to only 27,000.

### 2.4 Claims

A claim may be made at any time from the date of death up to six months\textsuperscript{22} after the date of the funeral. If a person is waiting for a decision on entitlement to a qualifying benefit or tax credit, they must still claim within this time limit.

A Funeral Payment claim form (SF200) may be obtained from a Jobcentre Plus office or by calling the DWP Bereavement Service helpline (available Monday to Friday, 8am to 6pm):

- Telephone: 0345 606 0265
- Welsh language: 0345 606 0275
- Textphone: 0345 606 0285
- Welsh language Textphone: 0345 606 0295

There is a separate claim form for adults (SF200adult) and a new shorter claim form for children (SF200child), introduced in April 2018. Both forms come with notes and details of where to send them and can also be downloaded at GOV.UK. Since 2 April 2018, evidence supporting a funeral payment can be provided by a claimant electronically.\textsuperscript{23}

A surviving husband, wife or civil partner can also make a claim over the phone by contacting the Bereavement Service on the above numbers. The Bereavement Service enables people to report a death and to find out whether they may be entitled to benefits as a result of the bereavement, in a single phone call. Where they may be entitled to a Funeral Payment, or a bereavement benefit, a claim can be taken by the agent over the phone and sent directly to DWP processing teams.\textsuperscript{24}

\begin{footnotes}
\item[21] PQ 11102 [on Funeral Payments], 14 October 2015
\item[22] The prescribed time to make a claim was increased from three to six months from 2 April 2018 under the Social Fund Funeral Expenses Amendment Regulations 2018 SI 2018/16
\item[23] Social Security (Claims and Payments) Regulations 1987, reg 32ZA(2)(k)
\item[24] HC Deb 23 May 2011 cc489-490w; see also DWP press release, Streamlined service to help bereaved relatives, 18 March 2011
\end{footnotes}
10 Social Fund Funeral Payments
3. Adequacy of Funeral Payments

The adequacy of Funeral Payments, in light of actual funeral costs, has long been a source of complaint.

In its April 2001 report on the Social Fund, the former Social Security Committee highlighted concern over the level of payments.²⁵ Evidence from the Local Government Association contrasted the then average Funeral Payment of £866 with a £1,600 average cost of a funeral. The Committee also cited evidence from funeral directors who ‘find it very difficult to offer dignified funerals to claimants at this level of the Funeral Payment’.²⁶ In evidence to the Committee, the then Social Security Minister, Angela Eagle, reaffirmed the intention of the system of funeral payments to provide a simple and respectful funeral and stated that the level of the cap was kept under review.²⁷

In response to a parliamentary question in March 2004 on what research the Government had conducted into the cost of a “simple, respectful and low cost funeral”, the then Parliamentary Under Secretary of State at the Department for Work and Pensions, Chris Pond, said:

> The Department does not collect information on the cost of funeral services, however the amount of a funeral payment is kept under review and we continue to consult with representatives from funeral directors’ associations, church groups and other interested organisations.²⁸

In its memorandum to the Work and Pensions Committee’s 2006-07 inquiry into the Social Fund, the Department for Work and Pensions stated:

> Funeral Payments provide valuable support for people responsible for the costs of a funeral for which no-one has made alternative provision. The payment should not provide a disincentive to people to make their own provision nor should it provide any incentive to increase funeral charges. A limit is therefore placed on the amount of Funeral Payment contribution to the non-specified aspects of funeral costs. There is often pressure to increase this limit. The Government will continue to keep the position under review but has no immediate plans to increase the current limit of £700.²⁹

The Coalition Government maintained that Funeral Payments provide a “significant contribution towards the cost of a simple, low cost respectful funeral”³⁰, but accepted that the full costs associated with a funeral could not always be met given the £700 limit. On 6 December 2010 it announced that measures would be included in the forthcoming Welfare Reform Bill to extend access to Social fund Budgeting Loans to

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²⁶ Ibid. para. 13
²⁷ Ibid. question 346
²⁸ HC Deb 3 March 2004 c1016w
²⁹ HC 464 2006-07, para 7.3, March 2007
³⁰ HC Deb 14 June 2011 c679w; my emphasis
include funeral costs. In an adjournment debate on Funeral Payments on 26 April 2011, the then Pensions Minister Steve Webb explained:

Over the months, I have received a number of letters from hon. Members who have been contacted by funeral directors in their constituencies who have made the point—entirely accurately—that £700 does not cover the full cost of a funeral. We accept that; we do not dispute it. The typical total amount that we are paying is about £1,200, which includes the other costs plus up to £700.

There is a presumption that many people will take out funeral plan insurance, because they want to ensure that they are covered and do not want to leave a financial burden for their heirs. If that has not happened, many families will meet the costs themselves, but we also need to ensure that a safety net is in place. We also want to ensure that there is additional provision for those people for whom the £700 cap is a barrier. We are therefore taking powers in the Welfare Reform Bill that is now going through the Commons that will, for the first time, bring funeral costs within the scope of the budgeting loans system. I raised this matter before Christmas in a meeting with the National Association of Funeral Directors, and with the all-party parliamentary group on funerals and bereavement. They very much welcomed the change, saying that it was a further provision that would help to ensure that people who were very short of money at a difficult time would have sources of finance available to help them to meet the costs of a decent burial and to ensure that funeral directors’ proper costs were reimbursed through the individuals. The measures will therefore be welcomed.

The insurance company Sun Life publishes an annual report on the “cost of dying”. Their report on the Cost of Dying 2017 was published in September 2017. It estimated that the average cost of a basic funeral was £4,078. This cost includes the fees for the funeral director, the fee for cremation or burial, the doctor’s fees and clergy/officiate fees. Given that the average DWP Funeral Payment in 2016-17 was only £1,427, many successful applicants will still face a substantial shortfall which will have to be met from other sources.

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31 HC Deb 6 December 2010 c10WMS
32 HC Deb 26 April 2011 cc148-149
4. Budgeting loans for funeral expenses

Budgeting Loans (BLs) are intended to provide help with occasional or “lumpy” items of expenditure such as furniture and household equipment, clothing and footwear, rent in advance, removal expenses, travelling expenses, expenses associated with seeking or re-entering work, and HP or other debts for any of these items. Loans are interest free and are only available to people who have been receiving Income Support, income-based JSA, income-related ESA or Pension Credit for at least 26 weeks.

As a result of provisions in the Welfare Reform Act 2012, the Social Fund Directions were amended with effect from 8 May 2012 to allow Budgeting Loans to be made for funeral (and maternity) expenses.

Information on how to apply for a Budgeting Loan can be found at the GOV.UK website.

Starting from April 2013, Social Fund Budgeting Loans are being replaced by a new nationally administered advance of benefit facility. “Budgeting Advances” will replace Budgeting Loans for Universal Credit claimants, but Budgeting Loans will continue to be available to people claiming the existing qualifying benefits until all such claims have been closed or the claimants moved onto Universal Credit. Further information can be found in Commons Library briefing SN06683, Short Term Benefit Advances and Budgeting Advances.

No statistics are available on the number of Budgeting Loans given so far to help with funeral expenses, as the DWP does not hold information on the reasons why BLs were requested.33

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33 HC Deb 12 July 2013 c454-5w
5. Other ways of meeting shortfalls

Under the Public Health (Control of Disease) Act 1984, a local authority has a duty to arrange the cremation or burial of the body of any person who has died or been found dead in the authority’s area, where it appears that no suitable alternative arrangements have been or are being made. However, local authorities have no powers to reimburse the costs of any person who has already arranged a funeral, or to help with shortfalls not met from Social Fund Funeral Payments.

Where a person dies in NHS care, the NHS may arrange and pay for the funeral, if there are no relatives or friends who are willing or able to do so. However, before doing so an NHS Trust may approach the local authority to see if they are willing to arrange and pay for the funeral.

Further information on the responsibilities of public authorities when someone dies is given in Commons Library briefing CBP-06242, Arranging and paying for a funeral.

For people who have received a Funeral Payment still facing a shortfall, other than A Budgeting Loan there may be few options available. Research by the Centre for Death and Society at the University of Bath (see below) found that people awarded Funeral Payments adopted a number of different strategies for dealing with shortfalls.
6. Children’s funerals

On 31 March 2018, the Government announced a proposal to launch a scheme to pay parental costs for children’s burials or cremations. The announcement followed a campaign by the Member of Parliament for Swansea East, Carolyn Harris, to end child burial fees.\footnote{Children’s Funeral Cost, HC Deb 28 November 2016, c1372} Under the proposed scheme, fees would be waived by local authorities and met instead by Government funding.

Making the announcement, the Prime Minister, Theresa May said:

No parent should ever have to endure the unbearable loss of a child – a loss that no amount of time will ever truly heal.

But in the raw pain of immediate loss, it cannot be right that grieving parents should have to worry about how to meet the funeral costs for a child they hoped to see grow into adulthood.

I have been incredibly moved by the dignity and strength of campaigners like Carolyn Harris, who lost her own son Martin when he was just eight years old. Carolyn has passionately argued for a Children’s Funeral Fund to spare grieving families the burden of meeting funeral costs.

In the darkest moment of any parent’s life there is little light - but there can be support.

That is why I have asked for the Children’s Funeral Fund to be set up in England. For Carolyn, in memory of her son Martin, and in support of all those parents overwhelmed by such harrowing loss.\footnote{Prime Minister’s Office Press Release, Children’s Funeral Fund for England, 31 March 2018}

The proposal follows the decision of the Welsh Government in 2017 to provide funding until 2020-21 for local authorities and funeral providers to waive fees for children’s funerals.\footnote{See Memorandum of Understanding of 23 November 2017 between the Welsh Government, WGLA and One Voice Wales.} Further details of when the scheme will be launched in England have yet to be announced.
7. Bereavement benefits

Bereavement benefits provide additional support to people of working age on the death of their husband, wife or civil partner. They are entirely separate from Social Fund funeral payments, and are intended to provide focused support in the period immediately following bereavement.

If the bereavement happened on or after 6 April 2017, the claimant may be able to claim a new benefit called Bereavement Support Payment which replaced the previous system of bereavement benefits.

Bereavement Support Payment consists of an initial lump sum payment of £2,500 (or, if you have children, £3,500) and a further 18 monthly instalments of £100 (or, if you have children, £350). These payments are not taxable and are disregarded in the benefit cap and when calculating entitlement to means-tested benefits.

If the bereavement occurred before 6 April 2017, the claimant may be able to claim Bereavement Allowance, Widowed Parent’s Allowance, or Bereavement Payment under the system introduced in April 2001.

- Bereavement Payment – a £2,000 tax-free lump sum, intended to help with expenses arising on bereavement.

- Bereavement Allowance – a taxable weekly benefit payable for 52 weeks to people aged 45 or over on the death of their spouse or civil partner. Its purpose was to provide additional help for older men and women during the period of readjustment following bereavement, in recognition that they are less likely to have a recent link with the labour market. Payments are age-related: the maximum amount ranges from £34.11 a week for those aged 45 when their spouse/partner died, to £113.70 a week for those who were aged 55 or over (2017-18 rates).

- Widowed Parent’s Allowance – a taxable weekly benefit worth up to £113.70 a week in 2017-18 for spouses/civil partners responsible for a child or young person for whom they are eligible to receive Child Benefit (which is payable for young people up to the age of 16, or 20 in some cases). Payment stops once they are no longer eligible for Child Benefit, if they reach State Pension age, or if they remarry, enter into a civil partnership or start cohabiting with another person.

All three benefits were non-means-tested and depend upon the deceased spouse or civil partner having paid sufficient National Insurance contributions (NICs). Further information on bereavement benefits is available in the Commons Library briefing paper CBP 7887 Bereavement Support Payment.
8. University of Bath “Cost of Dying” report

In December 2011 Sun Life Direct commissioned the Centre for Death and Society at the University of Bath to undertake research into the process and experience that bereaved people went through when claiming a Social Fund Funeral Payment. A report, Cost of Dying Special Report: “Affording a funeral” - Social Fund Funeral Payments, was published in June 2012.\(^\text{37}\)

The project involved interviews with claimants, funeral directors and other “stakeholders” to evaluate the way in which state support for funerals was organised and administered. The research concluded that the current system “lacks coherence” and “has the potential for creating confusion and frustration as well as exacerbating emotional distress”.

Key findings included:

- There is considerable confusion on the part of applicants about which benefits are qualifying benefits for a Funeral Payment; it was thought this could go some way to explain the relatively high rejection rate for claims (44% in 2010-11);

- Since applications are assessed after a funeral has been arranged, claimants have to commit themselves to meeting funeral costs without knowing how much - if anything - they will receive.

- Uncertainty over eligibility is compounded by confusion about how much may be awarded - the £700 cap on “other funeral expenses” means that successful claimants can still be left with a substantial outstanding debt. As the authors comment, “success in claiming for a [Funeral Payment] is a highly relative concept.”\(^\text{38}\)

- The rules to decide who may be accepted as “responsible” for a funeral are based on the assumption of “convivial family relationships” and take no account of the quality of relationships. The authors comment that “with separations, divorces, estrangements and geographical mobility, family relationships are often not straightforward.” As a result, those who are willing to arrange a funeral may be penalised and others identified as responsible even though their relationship with the deceased may have been poor or non-existent.

- The experience of claiming a Funeral Payment can cause confusion and frustration, and exacerbate sense of shame and social stigma. However, this in not universal as interviews with local authority staff involved with “Public Health” funerals suggested there may be an emerging trend of individuals or families unwilling to accept responsibility for arranging the funeral of a family member.

\(^{37}\) The report is available at the Sun Life Direct website. For further information on the research project see the Centre for Death and Society web pages.

\(^{38}\) Ibid. p6
• The Funeral Payments system places funeral directors in a potentially contradictory role, with many finding themselves in the position of being adviser, funder and provider of services to clients all at the same time. One funeral director commented that the scheme demands navigating between a “business head” and a “moral head” when deciding to take on a client who indicates they lack the resources to pay for a funeral.

The authors noted that their findings are further complicated by the cultural expectation in the UK that a funeral will take place around 7-10 working days after a death. This meant that arrangements for a funeral had to be put in place very quickly, often before people could make an informed decision about how much to spend and how to fund it.

With regard to shortfalls not met by Funeral Payments, the report noted:

The research found a number of strategies to manage the shortfall from the FP [Funeral Payment] for both claimants and funeral directors. These include ad hoc debt management agreements with fund providers and funeral directors; pawning items; appealing for financial support to the local community via community association groups; fundraising, for example through football matches; appeals broadcasts on local community radio and social networking sites; seeking grant aid from utility firms who will award contributions towards funeral expenses; and utilising a credit card if the claimant has one. Often, these methods of generating funds are used to pay the deposit for the funeral, which is then sometimes deducted from the FP award if the claim is successful. When this occurs, the claimant can find themselves in debt for the deposit and the outstanding cost of the funeral not covered by the FP award.39

The report made a number of recommendations, aimed at policy makers, funeral directors and claimants. For policy makers, the recommendations focused mainly on “enabling and educating” and included:

• A quicker system for assessing eligibility of potential applicants for Funeral Payments, to minimise the problem of individuals having to make choices without knowing how much they will receive and funeral directors having to take on unsecured debt.

• Simplified guidance – that could be made available at the point a death is registered – spelling out the differences between the Funeral Payment and the Bereavement Payment, and giving information on eligibility for both.

• DWP should give greater consideration to the quality of family relationships when assessing responsibility and eligibility.

• DWP could work with the funeral industry to negotiate a set price for a basic funeral that would be funded in full by a Funeral Payment award, or at least result in a significant reduction in shortfalls.

• The establishment of a “Working Party” including representatives from DWP, the funeral industry and other stakeholders including...

39 Ibid. p14
charities, commercial organisations and local authorities, with a primary remit to define a “basic funeral”.

For funeral directors, the report recommended:

- Clear, unambiguous and consistent communication with clients regarding Funeral Payments and what they cover, possibly through the simplified guidance (see above), and including information on Budgeting Loans.
- Education and training for funeral directors to ensure they are in a position to provide up-to-date advice and guidance.

For claimants, the report recommended:

- If the scheme is to remain in its current form, encouraging claimants to consider ways in which funeral costs may be contained, for example by requesting quotes from several funeral directors.
- Advising claimants to be open with funeral directors about their financial situation and to inform them straight away if they are experiencing financial difficulties.
- Encouraging claimants to consider making arrangements with funeral directors to pay off outstanding bills in small regular payments, or to use Social Fund Budgeting Loans (although they also need to be aware of the rules on eligibility and the fact that these will be recovered from benefit payments).
- Emphasising to claimants the need to fully disclose any relatives not in receipt of qualifying benefits, so that they can receive accurate advice on their eligibility for a Funeral Payment.

The report also considered briefly the options for alternative provision in the longer term. Among the ideas flagged up was amalgamation of the Funeral Payments scheme and “Public Health” funerals, although various other possibilities suggested by participants in the research are mentioned.

The report concluded:

At a time when the death rate is predicted to increase in the next 20 years, and with rising concerns about pensioner poverty and the cost of social care, having sufficient resources to hand to pay for a funeral is set to become an issue for a growing number of people. This is likely to be impacted by the current reformation of the way in which the welfare state is organised. The issue of state support for people who struggle to pay for a funeral therefore needs to be addressed as a matter of urgency by the DWP and the funeral industry, as well as key stakeholders such as charities, the third sector, commercial organisations, and local authority representatives.40

40 Ibid. p7
9. Funeral Payments and further Scottish devolution

The Scotland Act 2016 devolves responsibility for Funeral payments—
together with all other elements of the regulated Social Fund— to the
Scottish Parliament.\footnote{See Kate Wane, Kate Berry, Camilla Kidner and Nicki Georgiou, \textit{New Social Security Powers}, Scottish Parliament Information Centre briefing SB 16-45, 31 May 2016} In July 2016 the Scottish Government published
\textit{A New Future for Social Security: Consultation on Social Security in Scotland}, seeking views on how the new powers should be exercised.

The consultation paper stated that there are “well documented
concerns” about the existing Funeral Payment. It continued:

We propose to set up a new benefit which is more streamlined,
predictable and better integrated with Scottish policy and services.
We want to make payments faster so that people don’t have to
delay organising a funeral. The Scottish Government recognises
the impact of rising funeral costs on families on low incomes and
the long term impact this can have on their finances and how
they experience their grief. We want to reach more people with
the new funeral payment to reduce this burden.

In response to growing concern about rising funeral costs, the
Scottish Government commissioned a review to identify
opportunities for preventative work in relation to “funeral
poverty” in Scotland and the roles that different organisations
should take in this. The \textit{Funeral Poverty Report} \footnote{Scottish Government \textit{A New Future for Social Security Consultation on Social Security in Scotland}, pp61-2} by John Birrell, chair of the Scottish Working Group on Funerally
Poverty, and Citizens Advice Scotland, and the \textit{Scottish Government response} \footnote{Scottish Parliament Information Centre briefing SB 16-45, 31 May 2016} were published on 3 February 2016. The report
found that the rise in funeral costs means that paying for a
funeral can be a significant financial shock for some and there is a
substantial shortfall between the cost of a funeral and what
people can afford. The funeral payment cannot solve all of these
problems. Building on the work in response to the review of
funeral poverty, we will publish a funeral costs plan to tackle
issues relating to the affordability of funerals. This will include
considerations around introducing a funeral bond to help people
save for their own funerals. A series of Ministerial round table
events and a national conference on funeral poverty will inform
the funeral costs plan. We have also set up a reference group to
advise on the development of the funeral payment.

The consultation paper sought views on various aspects of the Funeral
Payments system. It stated that “Depending on what format the
benefit takes, we may need to decide which elements of a funeral are
covered by the funeral payment” and in order to inform discussions on
funeral costs, asked for views on what a “standard low cost funeral”
should include.

The paper stated that, in some cases, deciding who is responsible for a
funeral among family members is a matter of judgement. Questions
asked about the nature of the relationship with the deceased can be
lengthy, intrusive and distressing, and claimants may not have access to
the information requested, e.g. the financial status of other family members. The consultation paper stated that the Scottish Government was “looking at ways to make this process less intrusive or to avoid having to make judgements about family relationships”, and asked for views on how the processes might be improved.

A key aim for the Scottish Government is simplification, in order to make the Funeral Payment a more “predictable” benefit, so that people can make better informed decisions when they are committing to paying for a funeral. The consultation paper stated:

We have heard that the DWP funeral payment is complex and unpredictable. We are considering ways to simplify and speed up the payment. Recognising that one of the stresses caused in the process is delays in hearing about an award decision, we aim to process applications for the new benefit within ten working days of receipt of a completed application and make payments as soon as practicable thereafter. We believe that this will create more certainty for funeral directors, allowing them to give appropriate advice and potentially eliminating the need to take a deposit from those who make a successful application.

Some ways in which we might make the funeral payment more predictable are:

- Paying a fixed amount to contribute to funeral expenses rather than checking actual expenses with an upper limit. This would not include the costs for disposal of the body by burial or cremation, which would be dealt with separately.

- A decision based on certain conditions being met, under which an claimant would be told that they would receive a grant at a later date, once they have submitted evidence e.g. a funeral director’s bill.

- DWP form DS1500 is used to identify people who have been diagnosed with a terminal illness. It fast-tracks applications for benefit. The form is used where a person is not expected to live longer than six months. We could allow people who have been issued with this form to apply for the funeral payment and receive a decision in principle on their case before they die. This may help them and their families to make plans.

- An on-line eligibility checker for claimants, so that claimants can see whether they are likely to be eligible and what they are likely to receive if they get a payment. Eligibility checkers can be misleading if benefits are complicated.

Other matters in relation to Funeral Payments covered in the consultation paper included:

- Whether the three month application window for a Funeral Payment gives claimants sufficient time to apply;

- The sorts of funds it is appropriate to deduct from Funeral Payments (the Scottish Government is proposing that contributions to funeral costs from friends and families should not be deducted from awards); and

43
• Which services should promote awareness of the Funeral Payment to ensure that claimants know about it at the relevant time (to increase the take-up rate)

Following the consultation a legislative competence order was passed in May 2017 allowing Scotland to legislate on certain matters relating to social security benefits, including funeral expenses. The enabling legislation, the Social Security (Scotland) Bill was introduced to the Scottish Parliament in June 2017.

In August 2017, the Scottish Government published a Funeral Costs Plan setting a ten-point action plan to tackle funeral poverty. It included a commitment to introduce a new Funeral Expense Assistance (FEA) benefit by the summer of 2019. A policy paper on the FEA published in November 2017 provides that the FEA would be a:

… one off payment to support people on low income benefits by providing a contribution towards the cost of a funeral. FEA is intended to help improve the outcomes for families or friends of the deceased by alleviating the burden of debt they may face when paying for a funeral.

The Scottish Government wants to ensure that the process to determine eligibility and provide support is handled as sensitively as possible. We also want to reach more people with the benefit, improve the application process and make eligibility clearer to people in advance of application. We have already committed to processing completed FEA applications within 10 working days, responding to feedback that the current DWP process takes too long to reach a decision.

The paper also set out ‘illustrative regulations’ on the FEA intended as “an example to inform the debate [on the FEA].” The FEA regulations are expected to be considered by the Scottish Parliament in 2019.

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44 The consultation closed on 28 October 2016
45 Progress of the legislation can be followed on the Scottish Parliament website.
46 Scottish Government, Funeral Costs Plan, August 2017
47 Scottish Government, Social Security (Scotland) Bill policy paper, November 2017
48 Ibid, introduction
10. Work and Pensions Committee inquiry into bereavement support

On 31 March 2016 the House of Commons Work and Pensions Committee published the report of its inquiry into Support for the bereaved. Section 1 of the report looks in-depth at Social Fund Funeral Payments.

The Committee concluded that bereavement support from the state was “opaque and outdated”, and called for reform of the Funeral payments system to better address funeral poverty. Speaking on the launch of the report, the Committee’s Chair, Frank Field, said:

> We heard clear evidence of the distressing circumstances and debt this is leading people into, at a time when they are grieving and vulnerable. We do not want a return to the spectre of miserable “pauper’s funerals”. We urge the Government to conduct a cross-Departmental review of burials, cremations and funerals, with outcomes that will address the factors driving up funeral director fees and work to reduce funeral poverty.

In the report – which called for a cross-departmental review of burials, cremations and funerals and work to address funeral poverty – the Committee highlighted a number of problems/issues, including:

- The maximum award for “other” essential funeral costs had been fixed at £700 since 2003 and no longer covered the cost of a simple funeral. Funeral director fees had however risen well above the rate of inflation.
- Payments were only available to people who had no one “close” to the deceased who could pay for the funeral. This meant that eligibility was dependent on subjective assessments of interpersonal relationships, before any financial assessments were even made.
- An application required a final bill from the funeral director, i.e. the bereaved must commit to the expense before having any clear idea of what or if payment will be received. Processing time was then longer, or much longer, than the normal or faith-mandated time between death and burial, but some funeral directors refused to proceed without payment because of the uncertainty in the process.
- There was a lack of protection in the market for bereaved customers, particularly those on low incomes whom might be vulnerable and less inclined to shop around.

The Committee’s recommendations included:

49 HC 551 2015-16
• DWP should negotiate and agree the reasonable cost of a simple “fair funeral” with the industry and then set the maximum Social Fund Funeral payment to reflect this cost.

• The process of applying for a Funeral Payment should be simplified and clarified, beginning with the introduction of an eligibility checker and an index of local funeral directors and their comparative costs for a “fair funeral”.

• A review of whether the bar for assessing which relatives can be accepted as liable for funeral costs is set at the right level.

• Following the lead of the Scottish Government, the UK Government should conduct a cross-Departmental review of burials, cremations and funerals. This coordinated review should look to make recommendations that have a long-term impact on funeral inflation and work to reduce funeral poverty.

10.1 Government response

The Government’s response to the Work and Pensions Committee report was published on 22 June 2016. Following the Committee’s recommendation, the Government agreed to consider undertaking a coordinated review of burials, cremations and funerals. The Government also gave a commitment to work with stakeholders to agree the elements of a standard funeral and what a reasonable cost of this would be.

In response to the Committee’s recommendation that the Government introduce an online “eligibility checker” for Funeral payments, it stated:

10. The Department for Work and Pensions has also considered the merits of an online eligibility checker for Social Fund Funeral Expenses Payments. Rather than having the outcomes the Select Committee anticipates an online checker may inadvertently cause additional confusion to bereaved people. Interested applicants would go through a potentially time consuming process answering questions which would ultimately end with advice to either call the Department for Work and Pensions Bereavement Service to see if they can make a claim or to print and complete a paper form. In either case they would have to repeat much of the information they have just entered into the checker.

11. The Department is therefore investigating if other, more appropriate, solutions would better address the underlying problem of people not understanding their eligibility. The Department will be developing proposals for what these may be and will test them with users. This will also encompass what channels should be available and how to present the often complex information in as easy to understand way as possible.

On the Committee’s recommendation that the UK Government follows the approach of the Scottish Government and acts to tackle the “systemic causes of funeral inflation”, and conducts a cross-Departmental review of burials, cremations and funerals with a view to making recommendations in relation to funeral inflation and reducing funeral poverty, the response stated:

51 HC 230 2016-17
17. The Government will consider this recommendation in the context of the discussions we are already having with funeral directors, their representative organisations, the Local Government Association and others from the sector.

18. The Government has noted the work of the Scottish Government and are also speaking with them about their mitigation for possible unintended consequences of their approach, such as the industry passing on costs to other ‘better off’ consumers and smaller companies being driven out of business.

A month later, the Government announced a consultation on improvements to the Social Fund funeral expenses payment scheme. Launching the consultation, the Department for Work and Pensions Minister, Caroline Dinenage said:

> We understand what a distressing and difficult time it can be losing a loved one and we want to make the process of claiming a Funeral Payment as simple as possible. That’s why we have looked at a number of improvements to the process and are seeking people’s views on those.\(^2\)

The consultation, which ran until 21 August 2017, sought views on a number of proposals to reform the funeral payments scheme, including not deducting from the FEA certain contributions received towards the costs of the funeral; and extending the claim period from 3-6 months.

An equivalent consultation was launched in Northern Ireland by the Department for Communities and ran from 24 July to 15 September 2017.\(^3\)

In the subsequent DWP consultation response, published in November 2017, the Government set out proposed changes which would make it easier to claim a funeral payment:

- allowing recipients of a funeral payment to receive contributions from relatives, friends or charities without it being deducted from the payment;
- extending the claim period from 3 to 6 months from the date of the funeral;
- allowing applicants to submit evidence electronically to speed up the processing of claims and get decisions to claimants sooner; and
- introducing a shorter application form for children’s funerals.\(^4\)

However, the Government rejected the calls from the Work and Pensions Committee and respondents to the consultation to review the overall Social Fund funeral payment so that it more

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\(^2\) DWP press release [Views on proposed improvements to Funeral Expenses Payments sought](https://www.gov.uk/government/news/views-on-proposed-improvements-to-funeral-expenses-payments-sought), 5 July 2017


accurately reflects the increased cost of funerals. The consultation response stated:

The Government believes that the Social Fund Funeral Expenses Payments scheme makes a significant contribution towards a funeral; it meets the necessary costs of a cremation or burial including the costs of acquiring a grave with exclusive rights to the burial plot. Whilst the Department will not raise the amount currently payable towards other costs at this time, we have made interest-free Social Fund Budgeting Loans available to help meet additional funeral costs.\textsuperscript{56}

Regulations enabling the proposed changes came into force on 2 April 2018.\textsuperscript{56} DWP has also issued guidance in relation to the changes to the Funeral Expenses Scheme.\textsuperscript{57}

\textsuperscript{55} Reforms to the Funeral Expenses Payment Scheme, para 15

\textsuperscript{57} Social Fund Funeral Expenses Amendment Regulations 2018, Memo DNAG 03/18; March 2018
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