



DWP Department for
Work and Pensions

Government response to
the public consultation

Bereavement Benefit for the 21st Century

Presented to Parliament by the Secretary of State
for Work and Pensions by Command of Her Majesty
July 2012

Cm 8371

£6.25



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The consultation

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Between 12 December 2011 and 5 March 2012, the Department for Work and Pensions (DWP) undertook a public consultation exercise, seeking views on proposals to reform bereavement benefits.

The Northern Ireland Assembly has executive authority over bereavement benefits. In line with the parity principle between the Great Britain (GB) and Northern Ireland (NI) social security systems, the NI Department for Social Development (DSD) published the Bereavement Benefits for the 21st Century consultation on 21 December 2011. The consultation in Northern Ireland closed on 12 March 2012, and responses have been considered alongside those sent by individuals and organisations in England, Scotland and Wales.

The bereavement benefit consultation can be found on the consultations pages of the DWP website and DSD website:

DWP: <http://www.dwp.gov.uk/consultations/2011/bereavement-benefit.shtml>

DSD: <http://www.dsdni.gov.uk/index/consultations/archived-consultations.htm>

Proposals for reform

Spousal bereavement is a life-changing event. Emotionally, socially, economically, bereaved people face the task of re-establishing a sense of order. Bereavement benefits can and should play an important role in supporting people at this difficult time.

The principal aim of the bereavement benefit consultation, and the wider review of bereavement benefits, was to consider how the current system could be improved to make it more effective in the 21st century context.

Today many surviving spouses and civil partners are already in regular employment, calling into question the need for bereavement benefits to provide a subsistence-level income or pension after the household 'bread-winner' dies.

However, social research published by the Department in February 2012 found that for most people, regardless of household income or whether or not they are in work, the death of a working-age spouse or civil partner has a significant financial impact. This is particularly acute in the few months following bereavement.¹

The consultation proposed a shift in the focus of bereavement benefits, to provide a short-term intervention, helping people deal with the more immediate costs caused by the death of a spouse or civil partner, and to provide some breathing space to start to come to terms with the emotional and practical upheaval caused by this loss. The proposals built on changes made in 2001; notably the replacement of Widow's Pension by the 52 week Bereavement Allowance.

A further key feature of the consultation proposals was to simplify this benefit, to make it easier for people to understand their entitlement, and to be able to plan accordingly. The proposed simplification extended to the interaction between bereavement benefits and other parts of the welfare system, to help people understand the impact of receiving bereavement benefits on other income streams.

The changes introduced as a result of the bereavement benefits review will come into being in a transformed benefit landscape, where Universal Credit will provide longer-term financial support to recipients of bereavement benefits where qualification conditions are satisfied. Crucially, this financial assistance will be accompanied by employment support, with access to the Work Programme where appropriate, to provide additional help to those who need to change jobs, or move into work following bereavement.

The Government was clear in the consultation that the primary aim was to improve an out of date system, whilst retaining the current level of funding and taking into account the realities of working-age widowhood in the 21st century. The accompanying Impact Assessment gives an indication of their net effect on public finances. A further commitment was that when changes are introduced, these would not affect those already in receipt of bereavement benefits.

¹ <http://research.dwp.gov.uk/asd/asd5/rports2011-2012/rrep790.pdf>

Overview of consultation responses

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The public consultation was aimed at:

- experts from the field;
- those with experience of bereavement; and
- other members of the public.

The DWP received 50 considered responses from a range of organisations and individuals.

The organisations that responded are listed below:

Advice NI

Advice Service Coventry

Barnet CAB

Bereavement Advice Centre

British Legion/War Widows Association/ Army Widows Association/ RAF Widows Association/
Royal Navy and Royal Marines Widows Association (Joint Response)

Centre for Death and Society

Child Poverty Action Group

Childhood Bereavement Network

Christians Against Poverty

Citizens Advice

CLIC Sargent

Cruse Bereavement Care

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Down to Earth, Quaker Social Action

Gingerbread

Investment and Life Assurance Group

Lancashire and South Cumbria Cancer Partnership Group

Law Centre NI

Lloyds Banking Group

Low Incomes Tax Reform Group

MND Scotland

National Association of Widows

RGA

St Christopher's Hospice

St Joseph's Hospice

Social Policy Research Unit

Social Inclusion Unit, City and County of Swansea

Sun Life Direct

Way Foundation

Western Health and Social Care Trust

Deputy Minister for Children and Social Services, Welsh Government

Northern Ireland Assembly Committee for social development

Paul Maynard MP

Social Security Advisory Committee

A further 23 people responded using the DWP online consultation tool. The names of individual respondents have not been listed.

We asked a series of questions in the consultation, to focus attention on key aspects of the proposals. These questions are included at Annex 1 below.

This document presents the main points made by consultation respondents and provides the Government's response

Benefit name

Summary of comments made

Respondents suggested a number of names for the new payments, including:

- Bereavement Support Payment/Allowance;
- Bereavement Benefit;
- Bereavement Payment;
- Bereavement entitlements;
- Entitlements for the bereaved;
- Help in Bereavement Fund;
- National Insurance Bereavement Entitlement;
- Income Support Death Benefit;
- Bereavement Adjustment Payments.

Bereavement Support Payment was the most commonly suggested name.

A number of further comments were made about the choice of name, such as:

- It should be simple, and reflective of its intended purpose;
- The inclusion of the terms 'National Insurance' or 'contributions' in the name is unnecessary;
- The term 'benefits' should be avoided – there are no benefits to being bereaved, and there appears to be a media assault on benefits recipients;
- Some discomfort was expressed about the use of the word 'widow'; and
- "It would seem appropriate, for public understanding, to retain the word 'bereavement' in the title. The word 'death' should certainly be avoided, as this has widespread negative connotations. The proposed benefit provides a form of bereavement support. In order to distinguish it from Bereavement Support services, which are widely recognised and used as services providing emotional support and dealing with grief, it might be called 'Bereavement Support Payment'".

Summary of comments made

Overall, respondents welcomed the suggestion of simplifying the payment system for bereavement benefits.

However, many respondents expressed concern about proposals that would require people to make important decisions about their finances shortly after bereavement, i.e. payment of bereavement benefits as a large up-front payment, or offering a choice between payment mechanisms. A number of barriers to effective financial decision making were highlighted, which could undermine the stated policy aims. These included:

- "An almost universal effect of bereavement is a loss of clarity in decision making", St Christopher's Hospice;
- Reduced motivation and capacity to plan for the future;
- Strong likelihood for increased spending on funerals due to consumer vulnerability through grief;

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- Poor understanding of liability for the deceased's debts could lead to unnecessary use of bereavement benefits for this purpose;
- Lack of financial management skills, particularly where the surviving spouse has had little experience of handling money; and
- Exposure to risk of manipulation and fraud;

Further problems identified in making large lump sum payments included:

- Potential influence on regulation of price setting in the funeral industry;
- Duplicates role of insurance/pension payments, creating a commercial risk to the life insurance market;
- Confusion with Social Fund Funeral Payments;
- Not providing ongoing financial support might be less conducive to readjustment than the security of ongoing payments, as it does not support people with longer-term, less predictable costs linked to bereavement.

For these reasons, the majority of respondents favoured paying bereavement benefits in instalments rather than as a single lump sum.

A minority of people favoured paying bereavement benefits as a single lump sum, for the following reasons:

- This would provide fast help with significant short-term costs consistently associated with bereavement;
- It would give individuals flexibility about how the sum is utilised, supporting the policy intention of promoting personal responsibility and self-dependency; and
- It would be easy to administer and simple to understand.

However, where respondents favoured this payment mechanism, they also tended to emphasise the importance of providing sympathetic financial advice.

Duration of payment period

There were mixed views about whether bereavement benefits should be paid over a different time period for those with and without children.

Those that supported a single universal payment period felt that this would make the payments simpler to understand. Some respondents indicated that provision in other parts of the welfare system for people with children justified a single payment period for bereavement benefits.

Where respondents favoured offering a longer payment period for widowed parents, they gave the following reasons:

- The surviving partner must cope with both their own grief and that of their children, justifying longer support;
- There is psychological evidence that children who have a parent die need stability from the surviving parent;
- The proposals transfer resources away from families with children to households without children;
- There is a doubled risk of poverty for children with only one parent;

- Other welfare reform (including changes to Tax Credits, Sure Start Maternity Grants, the baby element of Child Tax Credits) compounds the impact of the proposed changes on widowed parents;
- Single parents with dependent children face ongoing expenses;
- It is more difficult for those with young children to return to work; and
- The proposals would erode principles of the National Insurance system.

More general comments about the payment period for bereavement benefits included:

- Some respondents questioned how bereaved people will be supported when payments stop;
- They highlighted the importance of the Department not seeking to introduce a 'one size fits all' policy;
- The Social Policy Research Unit at the University of York pointed to a lack of firm evidence for limiting to 12 months the time period for payment of ongoing benefits to people, either with or without children. This was supported by anecdotal feedback from other responding organisations that, for many people with and without children, life is still far from 'alright' 12 months after bereavement.

Interaction with other benefits

Some organisations were unfamiliar with other parts of the welfare system, in particular, Universal Credit, and therefore felt unable to comment on this element of support.

Those organisations who were more familiar with the aims of Universal Credit felt that bereavement benefit recipients may need to access this financial support, especially for assistance with childcare and housing costs.

The Social Policy Research Unit at the University of York pointed out that disregarding bereavement benefit from Universal Credit calculations would provide greater support to those whose income falls after bereavement and who face a time of temporary hardship.

Some respondents highlighted concerns about the proposed interactions between bereavement benefits and Universal Credit. These included the following points:

- disregarding payments of reformed bereavement benefits for 52 weeks would disadvantage those who spend this money frugally; and
- the contributory nature of bereavement benefits plays an important role in the customer experience of this benefit, distancing recipients from the perceived stigma of means-tested benefits. A number of respondents also demonstrated reluctance to be identified as a 'Lone Parent'. There was concern that such stigma might prevent people in financial need from accessing Universal Credit.

Tax status

A number of respondents, in particular the Low Income Tax Reform Group, identified the current tax status of the Bereavement Allowance and the Widowed Parent's Allowance as a source of unnecessary confusion for claimants.

Recommendations for simplification included:

- Making payments tax-free; or
- Deducting any tax payable at source, and providing much clearer guidance about the tax status of any payment made.

Simplifying entitlement conditions

Summary of comments made

Contribution conditions

There was broad support for the proposal to simplify National Insurance contributions, though some organisations qualified their support:

- The Child Poverty Action Group declared themselves in favour of the proposed simplification, though not at the expense of payments to families with children; Barnet CAB and St Joseph's Hospice made similar comments.

Where concerns were raised about the proposed changes to contribution conditions, these mainly focused on the exclusion from coverage of those who had not paid enough National Insurance contributions, including:

- Those who had supported the home rather than being in paid employment;
- Those who had been unable to work due to illness or disability;
- Those who had recently left full-time education.

Some respondents made suggestions for increasing coverage, including:

- Taking National Insurance contributions of both the surviving and deceased spouse into account to determine entitlement;
- Taking National Insurance credits into account to determine entitlement;
- Making the benefit universal, i.e. paid to anyone in the event of the death of a spouse or civil partner.

Conversely, some respondents described the consultation proposal as too generous, not adequately rewarding work, and not being faithful to the contributory principle.

Lower age limit for receiving payments

The proposal to remove the lower age limit for receiving payments was widely welcomed:

“It should perhaps be recognised that those younger claimants will often have more pressing financial commitments and problems, and that, therefore, it does not make sense to pay them less. It is more likely that they will have younger children (and more than one younger child), perhaps have larger financial commitments (such as a bigger mortgage or student debt), and have less time in a marriage or civil partnership to build savings with their partner.”

(Social Inclusion Unit, City and County of Swansea)

Some respondents, however, demonstrated concern that the level of bereavement benefits awarded to bereaved families would need to be reduced, in order to provide increased support to those that currently do not qualify for the Bereavement Allowance because of their age, without increasing the total benefit spend.

Upper age limit for receiving payments

A number of respondents questioned whether the upper limit for receiving bereavement benefits would increase in line with changes to State Pension age.

Continuing to pay bereavement benefits after re-marriage or re-partnering

Currently, if claimants of bereavement benefits remarry, or start living with a new partner, their entitlement stops. The Government proposed in the consultation to remove this condition of disqualification.

Many respondents acknowledged that reducing the time period over which bereavement benefits are paid reduces the significance of this condition of disqualification.

Nevertheless, respondents had mixed views on this proposal.

- Those who supported the proposal generally felt that forming new relationships following spousal bereavement can be an important step towards readjustment, which should not be discouraged;
- Others articulated the common perception of Widowed Parent's Allowance as a form of child maintenance. Since the costs of bringing up children do not stop with the formation of a new relationship, they saw no reason to cease payments; and
- Some respondents did not support the proposal to continue paying bereavement benefits in the event of a recipient re-partnering. These responses tended to view bereavement benefits as a form of income-replacement, which may no longer be necessary if re-partnering brings additional income into the household.

Other forms of DWP support

Summary of comments made

Employment support

The consultation received some criticism for its focus on a return to the labour market following bereavement, which, it was suggested, overlooked the complexity of the process of coming to terms with bereavement.

Other respondents challenged the notion that bereavement benefits could serve as a disincentive to maintain contact with the labour market.

The Centre for Death studies at Bath University cited psychological evidence that going to work can be beneficial in widowhood, in more ways than just financial, though it was stressed that this should be in 'due course'. However, further psychological evidence was also referenced about bereaved children's additional needs for stability and continuity in their relationship with the surviving parent.

Other respondents stated that bereaved people will want or need to return to work soon after bereavement. A number of people highlighted the need to retrain after bereavement.

Conditionality

Many respondents stressed the importance of sensitivity in DWP's approach to conditionality for those bereaved people in receipt of other DWP benefits.

It was suggested that the DWP should exempt those in receipt of bereavement benefits from Jobcentre Plus conditionality for a 'significant period'. Some respondents highlighted that failure to take sufficient account of bereaved people's circumstances in determining conditionality requirements could lead to unintended emotional stress.

The suggested length of the period of exemption from conditionality for bereaved people varied from 3–6 months to 2 years, or, for widowed parents, until the youngest child has completed one year of full-time schooling.

Carrying out the Bereavement Benefit Review in parallel to the development of Universal Credit policy was identified by a number of respondents as an opportunity to standardise the approach to conditionality easements for bereaved people across the benefits system, taking account of childcare or other caring responsibilities. Some further practical suggestions were made about how the DWP might effectively support bereaved people. These included:

Access to appropriate information

- About funeral payments, financial management;
- Accurate advice on entitlements, tax and appropriate forms;
- Signposting to bereavement support charities;
- Free-phone helpline to the DWP for families to seek assistance from experts in bereavement benefits;
- Share with support organisations the URL for the pages of the DWP website which can answer frequently asked questions; and
- Provide leaflets or booklets to be handed out at an appropriate time by support organisations.

Effective benefit processing

- Call to the Bereavement Service should act as a trigger for claiming bereavement benefits;
- Time period for claiming payments should be extended beyond the current three month period for Bereavement Allowance and Widowed Parent's Allowance;
- Processing of benefit entitlements should be as rapid as possible;
- Claimants should be made aware of the implications of receiving bereavement benefits on other forms of financial assistance, including passported benefits, so that the overall impact on household finances are understood;
- DWP should check that bereavement benefits are not paid into a bank account to which the deceased owes money; and
- There should be more effective data-sharing with other Government Departments, building on the progress of Tell Us Once.

Jobcentre Plus/Work Programme provider support

- Offering re-training courses at day 1 of accessing labour market support;
- Paying Universal Credit throughout periods of training for professional qualifications;
- Appointing a member of staff to support bereaved partners in every Jobcentre, trained to understand the emotional impact of bereavement and able to tailor support (including conditionality) accordingly, referring people to appropriate sources of help; and
- Offering voluntary employment support for all recipients of bereavement benefits.

Support for bereaved parents

- Provide better services for children specifically affected by parental bereavement; and
- Provide additional childcare.

General feedback

Some consultation respondents took the opportunity to raise questions and concerns about wider issues, and those issues outside of the scope of the consultation:

1. Some respondents called for the extension of bereavement benefit entitlement to:
 - Cohabitees;
 - Divorced parents, where the deceased parent had been paying child maintenance; and
 - In respect of the death of another family member, to support with additional costs of bereavement;
2. A number of respondents questioned the rationale for not reviewing Social Fund Funeral Payments;
3. Some questions were posed about the extent to which the Department's published social research accurately represented the problems faced by bereaved people; and
4. In addition, a number of respondents requested clarification of the impact of changes to Child Benefit entitlement on receipt of Widowed Parent's Allowance, or reformed bereavement benefits.

The Government response

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The Government received a number of extremely comprehensive responses to the consultation. These provided important insight into some of the issues faced by bereaved people, and the potential impacts of proposals for people in varying circumstances. The responses have also highlighted the valuable work of a number of charitable organisations in providing support to bereaved people.

The Government would like to express its gratitude for the comments it has received, which it has considered carefully, and which have helped to refine the policy proposals for bereavement benefits.

Benefit name

The Government feels that 'Bereavement Support Payment', the most commonly proposed name, accurately reflects the intended function of the repositioned benefit.

This title will be used to describe the reformed system of bereavement benefits throughout the remainder of the document.

Repositioning the benefit

The Government stands by its proposal to focus support on the period immediately after bereavement. As indicated in the findings of the social research report, and supported by a number of consultation responses, it is very common for bereavement to have a large short-term impact on the finances of the surviving partner. Focusing the Bereavement Support Payment in this way provides a buffer against this immediate impact.

The Government is aware that everyone's circumstances will be different after bereavement. Our social research found the longer-term financial impact of bereavement to be more varied. However, where people were in greatest financial need following bereavement, social research found that they would have been eligible for a means-tested, out-of-work benefit.

These proposals for paying the Bereavement Support Payment are designed to strike a balance between providing rapid support at a time where most people experience financial difficulty, and providing additional ongoing financial support to those in greatest need through other parts of the welfare system.

Payment mechanism

The Government has taken account of evidence provided in consultation responses about the high risk of people using the Bereavement Support Payment inappropriately if this is paid as a large lump sum. As a result, the Bereavement Support Payment will be paid in instalments, rather than as a single lump sum.

By not offering people a choice between payment by a single lump sum or ongoing payments, the Government is simplifying the benefit, and minimising the decisions that bereaved people need to make at this difficult time.

Duration of the payment period

Consultation respondents had a wide range of views on an appropriate time period for supporting bereaved people, especially bereaved parents.

The Government does not believe that the period of payment of the Bereavement Support Payment could or should be equivalent to the period of grieving following the death of a partner. No centrally imposed payment period could correspond to an individual's response to loss and the Government does not aim to do so. The decision to focus the Bereavement Support Payment on the period immediately after bereavement is based on evidence around the financial implications of the death of a spouse or civil partner. The Government seeks to provide some financial support through this period, to facilitate the process of readjustment.

It is anticipated payments will be made for a period of 12 months but the details of how instalments will be paid will be finalised in regulations.

Interaction with other benefits

The DWP is in the process of drafting rules for the treatment of income and capital under Universal Credit. When the Bereavement Support Payment is introduced these payments will be disregarded from Universal Credit for 12 months, since they are designed to support people with the additional costs of bereavement, rather than to support everyday living costs.

Similarly, receipt of the Bereavement Support Payment will not affect access to contributory Jobseeker's Allowance (JSA) and the Employment and Support Allowance (ESA).

This will mean that passported benefits will not be lost because of receipt of the Bereavement Support Payment.

This is in contrast to the planned treatment of existing bereavement benefits under Universal Credit, where they are taken fully into account. Due to rules that govern how overlapping benefits are paid, existing bereavement benefits will also limit the amount of other contributory benefits payable.

The proposed changes will not affect those already in receipt of bereavement benefits at the time that they are introduced.

Benefits Cap

From April 2013, the Government will introduce a cap on the total amount of benefit that working-age people can receive.

The Bereavement Support Payment will be disregarded in the assessment of benefit income that determines whether a cap applies.

Again, this is in contrast to the planned treatment of the Bereavement Allowance and Widowed Parent's Allowance under the Benefits Cap. The proposed changes will not affect those already in receipt of bereavement benefits at the time that they are introduced.

Tax status

The tax status of Bereavement Benefits is a matter for HM Treasury, who will consider all comments carefully with a view to reaching an appropriate solution. HM Treasury ministers have indicated that because the lump sum payment is intended to meet costs arising from bereavement, and is not intended to be a replacement for other income, they would not expect to levy income tax on this specific payment.

As with all aspects of the tax system, any decisions on future changes to other bereavement payments will be taken as part of the annual fiscal process in the context of the wider public finances.

Impact of changes

Following further improvements to the modelling since the end of the consultation period the Government has published an impact assessment with revised lump sum and instalment payments. This shows that we will target additional resources on bereavement benefits over a parliament, to ensure that existing recipients are protected, and that those who claim the new Bereavement Support Payment get the help that they need when they need it most.

The indicative amounts are:

Pay a lump sum in the region of £2,500 and further monthly instalments of £150 for a period of one year for recipients without dependent children; and a lump sum in the region of £5,000 and further monthly instalments of £400 for a period of one year for recipients with dependent children.

However, it is important to note that as final decisions on the value or tax status of payments of bereavement benefits under a revised scheme have not yet been finalised, the impact assessment provides illustrative figures only.

The impact assessment can be found at www.dwp.gov.uk/docs/bereavement-benefit-reform-ia.pdf

Simplifying entitlement conditions

The Government recognises the important role that the contributory principle plays in people's experience of accessing benefits by creating a sense of entitlement that removes the stigma often associated with claiming means-tested benefits. Yet at the same time, bereavement benefits are paid in the event of the premature death of a working-age spouse or civil partner. Expecting a complete National Insurance record in such circumstances is clearly inappropriate.

The Government is striking a balance between these two issues, whilst seeking to make contribution conditions easy to understand, by basing contribution conditions for the Bereavement Support Payment on the existing Bereavement Payment. This will mean that people will be entitled to receive the full payment as long as their late spouse or civil partner paid National Insurance contributions at 25 times the Lower Earnings Limit for any one year prior to their death.

National Insurance credits and Class 3 National Insurance contributions will not count towards entitlement.

Lower age limit for receiving payments

The Government is revising the role of age in determining the level of payment in bereavement benefit legislation, so that payment values are uniform for all those in receipt of bereavement benefits. A recipient will only qualify for a higher rate of payment if they have responsibility for dependent children.

Upper age limit for receiving payments

The upper age limit for eligibility for bereavement benefits will be aligned to changes to State Pension age.

Remarriage or repartnering

The Government has decided that remarriage and repartnering will not be considered as a condition for disqualification for claims to the Bereavement Support Payment.

Under proposals for reform, benefits are designed to help people with the additional costs of bereavement, rather than serving as replacement for the deceased spouse or civil partner's earnings. The Government believes that stopping payment because of repartnering or remarriage would be inconsistent with the repositioned function of bereavement benefits.

This change will not apply to those in receipt of existing bereavement benefits at the point when the Bereavement Support Payment is introduced.

Other forms of DWP support

Employment Support

The Government recognises that sensitive employment support may be helpful for some people following bereavement.

The move to Universal Credit provides an opportunity to carefully consider how Jobcentre Plus advisers are equipped to understand the additional needs of their bereaved claimants. This is particularly important in light of recent changes to employment support offered by the DWP, which place increasing emphasis on advisers assessing people's individual needs and offering the support they think is best. This adviser discretion will continue to be a key feature of Universal Credit.

Conditionality

Recipients of bereavement benefits, who also receive Universal Credit, or contributory JSA or ESA, will be able to access Jobcentre Plus support on a voluntary basis from three months after bereavement. They will not be subject to conditionality for a further three months.

After this point, conditionality will be largely determined by the conditionality group the individual falls into, with requirements imposed according to their capability and circumstances.

The Government acknowledges the value of simplifying the rules that govern conditionality easements for bereaved people across the benefits system, so that they are consistent, supportive and easy to understand. These exemptions from conditionality will therefore also apply after the death of a child or partner, where there is no entitlement to bereavement benefits.

Support for bereaved parents

Support for the costs of childcare will be available to all recipients of Universal Credit, regardless of the number of hours they work. This will mean that around 80,000 extra families will become eligible to receive support with childcare.

Briefing notes on the DWP website provide further information about Universal Credit.

Access to appropriate information

Although some concern was raised in responses to the consultation and subsequently about people's poor awareness of bereavement benefits, early analysis shows that take-up appears to be very high. This strong take-up is expected to increase with the roll-out of Tell Us Once, where people will be asked whether they would like to claim bereavement benefits when a death is registered.

Nevertheless, the Government is not complacent and keeps under review the way that information is made available about benefits so that bereaved people, at this very difficult time in their lives, know about their possible right to benefit and can act on it at the right time. Effective information-sharing will be even more important when the details of the Bereavement Support Payment have been finalised.

General feedback

Although some of the points raised as general feedback were outside the scope of the consultation, the Government has provided a response below.

1. Extending bereavement benefits entitlement beyond bereaved spouses

In the bereavement benefits consultation, the Government made reference to the fact that the law and tax and benefit systems currently only recognise the inheritance rights and needs of bereaved people if they have a recognised marriage or civil partnership. The Government position on this issue is unchanged: there are still no plans to extend eligibility for bereavement benefits to those who are not married or in a civil partnership.

2. Carrying out a review of Social Fund Funeral Payments

Recipients of bereavement benefits may also be eligible to receive a contribution towards the cost of a funeral through a Social Fund Funeral Payment (SFFP). As SFFPs are available to anyone with responsibility for organising a funeral, regardless of their relationship to the deceased, provided they meet eligibility conditions, they do not fall into the scope of this review.

3. Changes to Child Benefit entitlement

When Child Benefit ceases for people who are high earners, the Government will ensure that entitlement to Widowed Parent's Allowance and the Bereavement Support Payment is not affected as a result.

4. Social research

The methodology used for the social research published by the DWP can be found at the beginning of the report, which can be found on the research pages of the Department's website (<http://research.dwp.gov.uk/asd/asd5/rrs-index.asp>). For completeness, it is repeated below.

The research used a qualitative approach, involving 60 face-to-face interviews with benefit recipients. The sample included four sub-groups: those aged over 45 at the time of bereavement and with dependent children (receiving Widowed Parent's Allowance (WPA)); over 45 without dependent children (Bereavement Allowance (BA)); under 45 with dependent children (WPA), and under 45 without dependent children (Bereavement Payment (BP) only). Interviews were conducted between 17 September and 27 October 2011.

Annex 1 – Consultation questions

Simplifying the payment mechanism

- What benefits and risks do you see in the proposal to move from the current payment system for bereavement benefits to a single lump sum payment?
- Would offering a choice between a single lump sum payment and a smaller lump sum with one year's ongoing regular payments be a preferable alternative?
- Decision making can be extremely difficult after bereavement. What impact might this have on the effectiveness of options 1 and 2, or a choice between the two?
- Is it right to apply the same time-limit for bereavement benefit payments to people with dependent children and those without?
- Is it right to provide access to the financial and employment support provided by Universal Credit, including the associated conditionality, to those in receipt of bereavement benefits?
- How do you think the proposal to remove the current age split in determining the level of bereavement benefit payments would impact people?
- How can the Government minimise any risks you have identified?
- Are there other forms of DWP support that might be of benefit to recipients of bereavement benefits?

Simplifying entitlement conditions

- The current conditions for receiving the Bereavement Payment are based on the deceased husband, wife or civil partner having paid sufficient NI contributions in any one tax year. Do you have any concerns about using this contribution condition to determine entitlement for reformed bereavement benefits?
- Do you have any concerns about ceasing to suspend or disentitle from bereavement benefit payments those who cohabit or remarry?

Changing the benefit name

- Do you have a preference between the proposed benefit names, or can you suggest an alternative?

Other

- Is there anything else that you would like to tell us in relation to our proposals to reform bereavement benefits?

Annex 2 – Explanation of terms

Universal Credit

Universal Credit will provide a new single system of means-tested support for working-age people who are in or out of work. This will incorporate income-related Jobseeker's Allowance, income-related Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit and Housing Benefit

Migration to Universal Credit is due to begin in autumn 2013. Universal Credit will be simpler and more efficient than the system of means-tested benefits it is replacing – people will no longer need to be 'benefits experts' to find out what benefits they can get. This will lead to an increased take-up of benefit and reductions in poverty.

The method for calculating entitlement to Universal Credit has been designed to improve the financial benefits of progressing in work, through increased hours or pay.

On reasonable assumptions, the combined impact of increased take-up and entitlements might lift around 900,000 individuals out of poverty, including more than 350,000 children and around 550,000 working-age adults.

Contributory Jobseeker's Allowance (JSA)

Contributory Jobseeker's Allowance is an earnings replacement benefit for working-age people who are unemployed and looking for work. It is paid to job seekers who have paid a minimum level of National Insurance contributions

Contributory Employment and Support Allowance (ESA)

Contributory Employment and Support Allowance is an earnings replacement benefit for working-age people with a health condition or disability who have paid a minimum level of National Insurance contributions.

Tell Us Once

TUO is a cross government service. By using TUO a customer can notify services across central and local government of the death. The service is available face-to-face, over the telephone and online and is for notification purposes only; claims cannot be taken for additional benefits.

As of April 2012, the Tell Us Once service is available in 80 per cent of local authorities.

Bereavement benefits

There are currently three bereavement benefits based on National Insurance (NI) contributions:

- Bereavement Payment;
- Bereavement Allowance; and
- Widowed Parent's Allowance.

Bereavement Payment

A tax-free payment of £2,000 payable to someone after their wife, husband or civil partner has died.

Bereavement Allowance

A taxable weekly benefit which can be paid to someone for up to 52 weeks from the date of death of their wife, husband or civil partner.

Bereavement Allowance can be claimed if all of the following apply:

- they are a widow, widower or surviving civil partner aged 45 or over when their husband, wife or civil partner died;
- they are not bringing up children;
- they are under State Pension age; and
- their late husband, late wife or late civil partner paid sufficient NI contributions or they died as a result of an industrial accident or disease.

Widowed Parent's Allowance

This is a taxable weekly benefit which may be payable to a parent whose husband, wife or civil partner has died if they have at least one child for whom they receive Child Benefit.

All the following conditions must apply:

- they are bringing up a child or young person under 19 (or 20 in some cases) for whom they are getting Child Benefit;
- they are under State Pension age;
- their husband, wife or civil partner has died; and
- their husband, wife or civil partner paid sufficient NI contributions.

Benefit Cap

From 2013 the Government will introduce a cap on the total amount of benefit that working-age people can receive so that households on out-of-work benefits will no longer receive more in welfare payments than the average weekly wage for working households.

On its introduction in 2013, the cap will be set at £500 per week for couple and single parent households and at £350 per week for single adult households without children.

Lower Earnings Limit

The Lower Earnings Limit (LEL) is the point at which employees start to build up entitlement to contributory benefits. It is statutorily tied to the rate of the basic State retirement pension, so for 2012/13 it is £107 per week; £464 per month or £5,564 per year.

Social Fund Funeral Payments

Funeral Payments provide a contribution towards the costs of a simple, respectful, low-cost funeral, where someone has died and there are insufficient funds immediately available (apart from personal savings) to meet the funeral costs. The costs of the burial or cremation are met in full with other costs subject to a cap of £700.



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