House of Commons

Work and Pensions Committee

Bereavement Support Payment: Government Response to the Committee's First Report of Session 2019–20

Seventh Special Report of Session 2021–22

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Work and Pensions Committee

The Work and Pensions Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Work and Pensions and its associated public bodies.

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Committee reports are published on the publications page of the Committee's website and in print by Order of the House.

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Seventh Special Report

The Work and Pensions Committee published its First Report of Session 2019–20, Bereavement Support Payment (HC 85) on 22 October 2019. The Government's Response was received on 7 December 2021 and is appended below.

Appendix: Government Response

1. The Government thanks the Committee for its report after its inquiry into Bereavement Support Payment (BSP) and will address its recommendations.

2. The government recognises the length of time taken to respond to the report. We were keen to respond once we were in an appropriate position to confirm activities including the BSP and Widowed Parent's Allowance (WPA) Remedial Order, and the evaluation of BSP.

3. On 15th July 2021, we laid a proposed draft Remedial Order before Parliament that seeks to remove incompatibilities with the European Convention on Human Rights (ECHR) in the legislation governing WPA and BSP, by extending these benefits to surviving cohabitees with dependent children. Drafts of both the proposed draft Remedial Order and the Explanatory Memorandum have been published on GOV.UK. The process of making a Remedial Order is lengthy, incorporating time for detailed consultation and parliamentary scrutiny.

4. We have published on GOV.UK an evaluation of whether BSP is meeting its policy intent by supporting claimants with the immediate costs that follow a bereavement. The evaluation is made up of three pieces of research: a quantitative analysis of DWP claimant data; an externally commissioned quantitative customer experience survey, and an externally commissioned qualitative survey of BSP claimants. The findings of the evaluation suggest that BSP is meeting its policy intent of helping to meet the immediate costs of bereavement. Furthermore, take-up of BSP is high; participants found the application process to be quick and easy, and report high levels of satisfaction with their experience of DWP Bereavement Services. The evaluation also finds that the current payment distribution works well.

5. On 5 November 2019, we announced that from Spring 2020, the maximum amount families can claim to help meet costs for expenses such as a coffin and funeral directors' fees would rise by 43%, from £700 to £1,000. This increase came in to force for deaths occurring on or after 8 April 2020 and is on top of the existing element of Funeral Expenses Payment that pays for funeral necessities, such as burial or cremation fees, in full. This follows the Work and Pensions Select Committee hearing on 17th July 2019, during which the Minister for Welfare Delivery said that he was looking at a number of options that would enable us to increase the additional element of the FEP, capped since 2003.

6. We also refreshed our leaflet 'What to do when someone dies', which was shared with Funeral Directors and Registrars, as well as with members of the Cabinet Office led Covid-19 Funeral Representatives meeting, to raise awareness of the financial bereavement support available.

How is Bereavement Support Payment working?

We recommend that the Department begin to evaluate Bereavement Support Payment at the start of 2020 and should set out its plan for doing so in response to this report. As part of this evaluation, it should consider:

- ***The duration for which BSP is paid;***
- ***The time limit for applying for BSP; and***
- ***Making cohabitees eligible for BSP.***

7. We have now completed an evaluation of BSP. This required time to allow claimants to complete the customer journey, and for a sufficient sample size of claimants to analyse. We have published this evaluation on GOV.UK. The evaluation includes:

a) A quantitative analysis on DWP claimant data; looking at the take-up of the benefit, and claimant characteristics including age, gender, and region of residence.

b) A quantitative customer experience survey with 1,500 recipients of BSP and FEP, covering claimants' experience of the application process.

c) Externally commissioned qualitative research looking at the experiences of a representative sample of BSP claimants.

8. The externally commissioned research considered whether the current distribution and duration of BSP meets our aim of supporting claimants with the immediate costs that follow a bereavement. Our research found that the lump sum is typically spent on funeral-related expenses, and monthly payments are spent on household expenses—easing the change to new levels of households' income, in line with our policy intent. Almost all participants were happy with the current distribution of BSP payments. Few would have preferred a higher lump sum.

9. 9We also considered the time limits for applying for BSP. Of those who did receive BSP, 94% claimed within the 3-month time limit, and were entitled to the full BSP award. The remaining 6% claimed after 3 months, with the vast majority receiving almost their full entitlement, minus one to three monthly payments. Fewer than 1% of BSP applications were refused due to a late claim.

10. Claimants reported an overwhelmingly positive experience of claiming BSP, with 97% reporting satisfaction with the claim process. Participants reported finding the process quick, easy and clearly explained. Further details of these and other findings from the evaluation can be found at: https://www.gov.uk/government/publications/bereavement-support-payment-evaluation

We recommend that the Department extend the period for which BSP is paid and consult on the most appropriate duration. This should form part of the Department's evaluation of BSP.

11. The Government does not accept this recommendation. BSP is intended to help with the immediate costs of a bereavement, rather than act as a longer-term income replacement.

12. The 2011 consultation showed that the public view was that people might find it difficult to manage a large lump sum when recently bereaved. Respondents expressed concern that people may make rash decisions due to impaired decision-making at a time of extreme emotional distress. Respondents suggested that the payments should instead include a smaller initial lump sum with the remainder of the award being paid in monthly instalments over a set period.

13. The Department originally planned to make these monthly payments over the 12-months following the death. However, in the previous WPSC inquiry it was highlighted that this would mean payments cease around the first anniversary of the death, which is likely to be a particularly stressful time for beneficiaries. The Committee recommended that to avoid this we could find a cost neutral approach to amend the duration to 18 months. We listened to these concerns and decided to adopt this method, making an initial lump sum payment with smaller monthly payments over an 18-month period. Over evaluation of BSP suggests that the current distribution of BSP payments worked well for most participants and reflected the timings of bereavement-related expenses.

We recommend that the Government increase the time limit for full entitlement to at least six months and take further evidence on the most appropriate time limit for application during its evaluation of BSP.

14. We are not currently persuaded that an extension to the time limit in which a person must make a claim to receive full entitlement to BSP is necessary. The time limits are already generous, and a person would need to be 21 months late in claiming to forfeit the entire benefit.

15. The existing three-month time limit is consistent with other social security benefits and is felt to be a reasonable length of time to make a claim. However, this three-month time limit only applies to the monthly instalments and not the initial lump sum. For the lump sum, the time limit is at 12 months. For example, if a person was six months late in claiming BSP, they would still get the lump sum in full and over a year’s worth of monthly payments.

16. Our evaluation of BSP sought evidence on the time limits for making a claim. Our evaluation found that 6% of claimants submitted claims late enough to miss out on part of their BSP entitlement, with less than 1% missing out on their full entitlement.

We recommend that the Government ensures that registrars advise those registering a death to check if they are eligible for Bereavement Support Payment. The Department should provide leaflets for registrars to distribute that explain the bereavement benefits to which people may be entitled and signpost to the Bereavement Service and Tell Us Once.

17. The Government partially accepts this recommendation and agrees that registrars have a role to play in informing people about BSP. We understand that most registrars supply information packs to the bereaved, along with their unique number to gain access to the Tell Us Once (TUO) service. However, due to the COVID-19 pandemic, the service has had to be streamlined to allow deaths to be registered remotely, most commonly by way of a telephone interview with the bereaved followed by electronic submission of relevant documents.

18. Anyone calling the Bereavement Service to report a death is advised of their eligibility for BSP. If they meet the eligibility criteria, the bereaved person can make a claim for BSP during the phone call. Bereavement Service staff also ensure any benefits and pensions arrears are claimed and initiate a claim for FEP if appropriate.

19. The DWP works closely with third party organisations which the bereaved traditionally contact, to ensure that they signpost people to the Bereavement Service. This includes registrars and hospitals, funeral directors and voluntary groups.

20. The General Register Office (GRO), part of HM Passport Office (HMPO), is taking forward service design activities aimed at providing people with greater choice over how they register life events such as births and deaths. The service design is also looking to deliver a notification service whereby government departments will be notified of an event so that any necessary action can be taken in relation to administering services to customers e.g. granting entitlement or establishing non-entitlement to services. GRO/HMPO continue to engage with DWP to explore DWP's data requirements and also to explore the potential of reforming the existing DWP Tell Us Once service.

21. DWP is also currently exploring opportunities to improve its service offer to customers impacted by bereavement. The overall aim being to improve the customer experience, raise awareness of BSP and FEPs and ensure the Department's staff have the skills to deliver these benefits effectively.

22. The DWP leaflet 'What to do when someone dies' has been revised. The revisions improved the leaflet by:

- reducing to 2 pages, from 48 pages, streamlining what was an overload of information at a difficult time
- inviting people to tell us of a death straightaway
- listing the benefits people can claim
- including steps and a checklist
- signposting to other agencies which can provide support for people who have been bereaved.

23. The leaflet is a step-by-step guide to help bereaved people understand what to do after a death. It provides information on where to get help, which agencies to approach and which benefits they may be able to claim. Though not an exhaustive guide, it also signposts to GOV.UK for the latest information.

24. We have also improved the information available on GOV.UK about BSP and FEPS and are continually exploring ways in which to join up the Bereavement Services and the cross-government Tell Us Once Service.

We recommend that the Government update the tax credits change of circumstances form to clarify that BSP is not taxable and does not need to be declared.

25. The Government does not accept this recommendation. BSP is disregarded in full when calculating a recipient's Tax Credit award. Since January 2021, no one is allowed to

make a new claim for Tax Credits. For Tax Credit award renewals, HMRC have now added BSP to the list of tax-free benefits on GOV.UK, which is used to help claimants determine how to correctly declare other sources of income. In addition, where a Tax Credit claimant moves to Universal Credit and finalises their tax credits in year, HMRC have updated the notes informing a claimant to include Bereavement Allowance payments when calculating their income, but not to include BSP when calculating their income. Internal staff guidance states that BSP should not be included when calculating a customer's income.

We recommend that BSP should not be treated as capital for the purpose of other benefits, including Universal Credit, for the full duration of its payment.

26. The Government does not accept this recommendation. BSP is designed to support people with the additional and immediate costs of bereavement. BSP has a similar effect to the additional premiums or components in means-tested benefits, in that it provides an additional sum to meet higher financial needs over a specified period. It enables people to meet these needs without eroding any other amounts of capital they might possess.

27. We understand that for most people, regardless of household income, the death of a working-age spouse has a large and often unexpected financial impact in the initial months following the bereavement. For this reason, the lump sum element of BSP has a grace period and is disregarded as capital for a full 12 months. Additionally, the smaller monthly instalments of BSP are not considered as income for the full duration of the benefit award.

28. We already have a safety net to support people who are in need. A basic principle of means tested benefits is that they are only available to those who cannot support themselves by other means. Any significant amount of capital reasonably available to the claimant to meet their living expenses should rightly be considered in the assessment of their benefit.

We recommend that Work Coaches are given the discretion to lift work-related requirements for bereaved Universal Credit claimants for up to 18 months after the six month "easement".

29. Work Coach discretion is central to UC, so work-related requirements can be lifted as appropriate where the 6-month exemption from the conditionality requirements, to which all bereaved claimants are entitled, is not enough. The Government does not believe that switching off all conditionality requirements for a fixed and extended period would help Work Coaches to tailor their support to individual circumstances.

30. The 6-month easement represents just one aspect of support available and is part of a compassionate and flexible support package. Additionally, an easement to work-related requirements can be applied for a longer period using the Child in Distress provision.

31. The Child in Distress easement grants a one-month relaxation of work-related requirements for carers of children who are suffering distress due to a traumatic event such as a bereavement and require extra support. This can be applied once every six months up to two years after the traumatic event.

Cohabitees and eligibility

We recommend that the Government consult on options for reform of both Widowed Parents Allowance and Bereavement Support Payment. Those options should include:

a) ***Making children directly eligible for bereavement benefits; and***

b) ***Recognising cohabitation in a similar way to elsewhere in the benefits system.***

The Government should start the consultation as soon as possible, and, in any event, before the end of 2019 in order to meet its stated aim of 'making bereavement benefits more accessible' as quickly as possible.

32. We have no plans to make children directly eligible for bereavement benefits.

33. We have set out our approach through the proposed draft RO that we laid before Parliament on 15th July 2021, in response to the judgments in the McLaughlin (2018) and Jackson (2020) cases. The draft Order has retrospective effect to the date of the McLaughlin judgment—30th August 2018. A copy of the draft Order and Explanatory Memorandum can be found on GOV.UK and will be updated as we move through the parliamentary process.

34. The process of making a Remedial Order is lengthy, incorporating time for detailed consultation and parliamentary scrutiny before the proposals become law. The first 60-day laying period (not including recess) commenced on the 15th July. We have invited comments from parliamentarians, members of the public and interested organisations. We will then consider representations made, including recommendations made by the Joint Committee on Human Rights. A second 60-day laying period follows, which is followed in turn by debates in both Houses of Parliament before the Order can become law. We cannot, at this stage, say when the Order will become law.