

**Advice NI response to
Bereavement Benefit for the 21st Century
March 2012**

Background

Advice NI is a membership organisation that exists to provide leadership, representation and support for independent advice organisations to facilitate the delivery of high quality, sustainable advice services. Advice NI exists to provide its members with the capacity and tools to ensure effective advice services delivery. This includes: advice and information management systems, funding and planning, quality assurance support, NVQs in advice and guidance, social policy co-ordination and ICT development.

Membership of Advice NI is normally for organisations that provide significant advice and information services to the public. Advice NI has over 65 member organisations operating throughout Northern Ireland and providing information and advocacy services to over 125,000 people each year dealing with over 260,000 enquiries on an extensive range of matters including: social security, housing, debt, consumer and employment issues. For further information, please visit www.adviceni.net.

Advice NI's latest annual statistics (2011) reflect the growing demand upon advice services, some keynote information includes:

- 260,968 enquiries dealt with by Advice NI members (59% of which were social security related;
- 1,467 appeal cases represented by Advice NI advisers (57% increase in comparison to 2009 figures);

- Debt Action NI (a primarily face to face debt advice service funded by DETI); the service has been operating since November 2009 and up to 30th September 2011 has dealt with 3,434 clients with nearly £64.3m of debt;
- Advice NI has secured the SSA Benefit Uptake Programme 2011 (25,000 people will be targeted including older people and carers; holistic benefit assessment will be conducted by Advice NI);
- Advice NI has secured funding from the SSA Innovation Fund for 2 projects aimed at assisting benefit uptake amongst young people (to help them secure their income and allow them to think about improving their employability) and those in employment (aimed at assisting the low paid and those in part-time work to maximise their income and stay in employment);

Comments

Advice NI would wish to place this consultation in a context of the following situation facing many households across Northern Ireland:

Welfare benefit cuts are already having a significant impact on households across

Northern Ireland: Incapacity Benefit migration (many claimants will not pass the ESA medical test); Support for Mortgage Interest: shortfall created by the reduction in SMI to the Average Mortgage Rate in October 2010; Support for Mortgage Interest: withdrawal of SMI for claimants on IB-JSA for 2 years after 4th January 2009 (impacting from January 2011); Sure Start Maternity Grant: payment for a second or subsequent child abolished (from 23rd March 2011); Less generous benefit uprating formula; Childcare support within tax credits: reduced from 80% to 70% (from April 2011); Local Housing Allowance (Housing Benefit): the setting of LHA at the 30th percentile, meaning that only about 3 in 10 private rented properties will be at or below the LHA rate (April 2011). The changes mean that private tenants will receive less help with rent payments through Housing Benefit after 1st April, meaning there will be a bigger shortfall between Housing Benefit and the amount owed to the landlord.

Deteriorating economic situation in Northern Ireland: rising unemployment; the seasonally adjusted claimant count in November 2011 increased by over 300 over the month to 60,900; 137 proposed redundancies were notified in the latest reference period and there were 93 confirmed redundancies in November 2011; the existence of a weak private sector; high dependency on public sector jobs; impact of public spending cuts; high levels of youth unemployment; high levels of long term unemployed.

Rising cost of living: households are now increasingly cash strapped as the cost of living rises; rising energy costs; food prices (food poverty); child poverty, increased levels of negative equity and homelessness; increasing indebtedness; increasing stress and mental health problems; lack of opportunities and increasing feelings of hopelessness given the lack of employment opportunities.

In terms of the rationale for change, Advice NI considered that further information was needed in order to inform the response to the consultation. This included:

- The total number of people currently supported via the current system;
- The total annual budget necessary for the current system;
- An estimate of the additional volume of people likely to be supported under any new scheme;
- The estimated total annual budget necessary for any new scheme;
- A copy of the research referred to in the consultation document;
- Will the payments within any new system be uprated on an annual basis;
- How were the figures of £10,000 and £6,000 arrived at;

The Bereavement Benefits Review Team response is as follows:

- **The total number of people currently supported via the current system**

For Great Britain, the total Bereavement Benefits caseload in the most recent period for which figures are available, May 2011, was 64.77 thousand. This information can be found on the DWP tabulation tool here: <http://statistics.dwp.gov.uk/asd/index.php?page=tabtool>.

People who received the Bereavement Payment only in this time period will not be included in the 64.77 thousand figure, but it does include those who have made a claim prior to May 2011, where payments are ongoing.

- **The total annual budget necessary for the current system**

The DWP spends around £605,000,000 per annum on bereavement benefits – this is the estimated out-turn for 2010/11 from DWP's benefit and expenditure tables. This figure includes bereavement benefits and Widow's Benefit.

Source: http://research.dwp.gov.uk/asd/asd4/index.php?page=medium_term

- **An estimate of the additional volume of people likely to be supported under any new scheme**

The consultation proposals are based on using the existing contribution condition for the Bereavement Payment. If this condition is adopted after any reforms of bereavement benefits, we would not a significant change to the number of people supported.

- **The estimated total annual budget necessary for any new scheme**

As stated in the Ministerial foreword of the consultation, our primary aim through the Bereavement Benefit Review is not to cut costs. We intend that any changes will be cost neutral to Government.

- **A copy of the research referred to in the consultation document;**

The research report was published yesterday and can be found here: <http://research.dwp.gov.uk/asd/asd5/rports2011-2012/rrep790.pdf>

A summary is also available here:

<http://research.dwp.gov.uk/asd/asd5/summ2011-2012/790summ.pdf>

- **Will any new system be updated on an annual basis**

No decisions will be made about how the new system will be updated until the format of the payment is known.

- **How were the figures of £10,000 and £6,000 arrived at;**

These are illustrative figures, and the new system will not necessarily be based on them. However, the use of similar figures would allow the new system to be cost neutral for Government, if the assumptions and proposals outlined in the consultation are adopted.

Given the limitations of the information contained within the consultation document and the response from the Bereavement Benefits Review Team, Advice NI would have to qualify our comments in relation to the consultation.

1. Advice NI believes that in the interests of transparency and openness and assessing the fairness of the proposals further information is required particularly as regards current and estimated future expenditure in relation to bereavement benefits;
2. Advice NI agrees that the current system is overly complex. For example leaflet NP45 A guide to Bereavement Benefits (<http://www.dwp.gov.uk/docs/np-45.pdf>) stretches to 47 pages, excluding links to additional information. Attempts to simplify and improve uptake are to be welcomed;
3. Whilst the reference to research seemed to suggest that some respondents felt that some 'sensitive' employment support would be welcomed, conversely this would suggest that most respondents felt that such support might not be welcomed. Advice NI would suggest that in order that bereaved people are treated sensitively within the Universal Credit system, there would need to be clear rules and regulations in terms Universal Credit staff dealing 'sensitively' with bereaved people

and how conditionality will be applied to people in this position in terms of the 'when' & 'what' & 'how long';

4. Advice NI welcomes the plan to remove the current age criteria, therefore extending financial support following working age spousal bereavement. The only concern might be that younger working age couples may not qualify for help given that they might not satisfy the necessary contribution conditions. Advice NI would ask that this issue be given further consideration before any concrete proposals are brought forward. For example, perhaps surviving spouses in this situation might be entitled to partial help under any new scheme;
5. Advice NI is aware that the Bereavement Payment of £2,000 has remained unchanged at this level since its introduction in 2001. In view of this, whilst the lump sums now being considered (£10,000; £6,000 or £5,000; £3,000) might appear to generous, they are relatively less generous in comparison to what the differential might have been if the original Bereavement Payment had been updated on an annual basis;
6. Advice NI would have to question whether the amounts stated in respect of claimants with dependant children are sufficient – particularly where a surviving parent has a number of young children;
7. The fact that Social Fund Funeral Payments are excluded from the scope of the consultation is disappointing, with the rationale less than satisfactory. The document states that 'SFFPs are available to anyone with responsibility for organising a funeral, regardless of their relationship to the deceased'. In fact this is not true: ***"You cannot get a payment as a close relative or friend of the deceased if the deceased had a partner when they died"*** (Funeral expenses payments Regulations). Given the unsatisfactory explanation for the exclusion SFFPs, Advice NI would like this issue to be given further consideration, particularly as funeral arrangements and expenses are a central consideration at time of bereavement;
8. There appears to some confusion around the proposed new contribution condition. The document states that ***'the full award will be paid wherever the deceased***

spouse or civil partner paid sufficient Class 1,2 or 3 National Insurance

contributions for one tax year before they died'. Does this mean any one tax year before they died; or the tax year immediately before the one in which the spouse or civil partner died. This is obviously an important point for clarification, for example if the deceased was unwell for a significant period of time before they died then they might well fall foul of a condition that referred to the tax year immediately before the one in which they died;

9. Advice NI would have liked to have seen a rationale for the amounts highlighted in Options 1 and 2. For example has there been any assessment linked to actual costs/deprivation of income at time of bereavement;
10. The lump sum only option 1 would appear to be a preferable option, because the on-going payments referred to in option 2 would presumably impact on potential Universal Credit entitlement;
11. A possible name could be the 'Help in Bereavement Fund', with entitlement being to the Fund rather than to a bereavement benefit which might have a positive impact on take-up & might tie in with Government's keenness to outsource provision (if at some time this was to be administered by a third party provider).

Advice NI hope these comments are useful and look forward to further engagement as the thinking in relation to the Fund develops.

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