



DWP Department for
Work and Pensions

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
December 2011

Cm 8221

£10.25



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This publication is available for download at www.official-documents.gov.uk and from our website at <http://dwp.gov.uk/consultations/2011/bereavement-benefit.shtml>

ISBN: 9780101822121

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID 2463768 12/11

Printed on paper containing 75% recycled fibre content minimum.

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Ministerial foreword

One of the key tasks that the Government has faced over the past year and a half has been to fundamentally reassess the role that the welfare system should play in the 21st century. The principles that have guided this review have been fairness and self-dependency; recognising the benefits that having a job can bring, but also that some people, at certain times in their life, will not be able to work and will need support. Our primary aim is not to cut costs but to improve an out-of-date system.

Spousal bereavement is a life-changing event. Emotionally, socially, economically, bereaved people face the task of re-establishing a sense of order. We know that this process varies hugely according to personal circumstance, with people drawing on a wide range of support mechanisms to get through. Bereavement benefits form an important part of the state safety net at this time.

But these benefits have fallen outside the recent reviews of the wider welfare system. Indeed, they have rarely undergone any kind of critical scrutiny to establish whether they provide effective support after the loss of a spouse or civil partner. At a time when we are looking at all our systems very closely to ensure that they achieve their intended purpose, it is right to consider how we can improve bereavement benefits.

For this reason, I have commissioned a review with two important constituents:

- A **social research project**, to better understand people's recent experience of receiving bereavement benefits; and
- This **consultation document**, which seeks views from experts from the field, those with experience of bereavement and members of the public on any improvements that can be made.

Your input is essential to ensure that we provide more effective support after the loss of a spouse or civil partner, and improve the system in a meaningful and lasting way.

I look forward to hearing from you.



Lord Freud
Minister for Welfare Reform

Executive summary

1

This consultation document forms an integral part of this Government's review of bereavement benefits. We are seeking views on how these payments should support future working-age widows, widowers and widowed civil partners. Payments made under the War Pensions Scheme or Armed Forces Compensation Scheme will not be affected by this review. The review will not impact those already in receipt of bereavement benefits at the point at which a new scheme is introduced.

The need for change

Bereavement benefits have been through a series of reforms since state protection for widows was initially introduced as part of the Widows', Orphans' and Old Age Contributory Pension Act of 1925. The incremental nature of this change has blurred the principles behind the benefits and their function. This has resulted in a complicated payment and contribution system which, at its worst, can harm people's long term job prospects by distancing recipients from the labour market.

Currently, bereavement benefits consist of three different payments:

- **Bereavement Payment** – a one-off 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 if they are over 45 and under State Pension age.
- **Widowed Parent's Allowance** – 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. It is payable until the claimant reaches State Pension age or upon cohabiting or remarriage/formation of civil partnership.

Bereavement benefits have fallen outside recent reviews of the welfare system and state pensions. This growing isolation within the welfare landscape has precipitated the need to review the future role of bereavement benefits.

We know that some elements of the support provided to bereaved spouses and civil partners are very highly regarded: the Bereavement Payment, a lump sum, typically paid within one week, provides immediate financial support, at a time when other available resources can be rendered inaccessible by burdensome administrative requirements. Similarly, the roll out of the Tell Us Once¹ service is making interaction with government more straightforward.

But clearly more can be done to ensure that bereavement benefits better serve their purpose. The complicated payment system and eligibility conditions make it difficult for people to understand what they are entitled to receive. The ongoing nature of payments under Widowed Parent's Allowance, which can continue for up to 20 years in extreme cases, without any encouragement to maintain contact with the labour market, risks creating welfare dependency.

Social Research

The Department has commissioned social research on a sample of people who have received bereavement benefits over the past 12 – 18 months, to understand the impact of spousal bereavement on people's lives, what needs arise as a consequence, and the extent to which current provision meets those needs.

The research report will be published in full in February, but initial findings indicate 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, which is particularly acute in the few months following bereavement;
- longer term financial impacts were more varied, with an apparent correlation between being outside the labour market and having significant ongoing financial needs; and
- decision making can be very difficult in this period.

Most people found bereavement benefits extremely valuable, but some felt they could be enhanced by greater interaction from government throughout the payment period, to provide sensitive employment support and reiterate practical information about the benefit at a time when it can be more easily absorbed. Respondents who were less positive about bereavement benefits had often received other state benefits at the time of bereavement and noted that bereavement benefits caused these other payments to be reduced.

Our principles for reform

There is an important role for government to play in providing some relief from the financial pressures associated with working age spousal bereavement. Bereavement benefits should provide financial support in the short term to aid the process of readjustment. For those without employment, the government should, at an appropriate time, encourage a supported return to work. This process should be as straightforward as possible, providing elements of certainty in a period of upheaval.

¹ Tell Us Once is the programme that enables people to inform government just once of a birth or death. At the end of November 2011 this service was being offered in around 220 local authorities.

Our aims for modernised bereavement benefits are that:

- they should be simple to understand and to claim;
- they should provide fast, direct, financial help for immediate needs following the bereavement of a spouse or civil partner;
- they should give recipients the flexibility they need to regain control of their situation in the period immediately following bereavement;
- there should be additional support for families, to recognise the additional costs associated with raising children;
- they should allow recipients to access the financial and work focused support provided by Universal Credit at a time that is right for them; and
- they should be fair and promote self-dependency.

Our proposals for reform

Through this consultation we are seeking views on proposals to:

- **simplify the payment system:** by moving to a uniform payment structure for all recipients, with support focused on the period immediately following bereavement;
- **simplify the contribution conditions:** by basing full payment on a single year of National Insurance contributions; and
- **rename the benefit:** so that the benefit name reflects the function of the payment.

Financial implications

The aim of the review and this consultation document is to ensure that bereavement benefits provide effective support after the death of a spouse or civil partner, and not to reduce government spend in this area. However any proposed reforms must be both affordable and sustainable.

In order to enable a meaningful consultation to take place, we have included illustrative values for proposed bereavement benefit payments in this document. Please note that these **figures are not definitive** but merely give an indication of the level of payment currently envisaged under a reformed system of bereavement benefits.

Catching up with reform

2

Bereavement benefits in their current form have evolved from the Widows', Orphans' and Old Age Contributory Pension Act 1925. At the outset, this state insurance scheme provided a weekly pension throughout widowhood to all widows.

Over the past 86 years, radical social and demographic changes, as well as far-reaching changes to the welfare system, have caused the role and function of bereavement benefits to shift:

- The marked rise in employment rates for women has undermined the idea that the state should need to provide an indefinite pension for widows. Correspondingly, since the National Insurance Act 1946, bereavement benefits have sought to focus support on widows facing particular barriers to employment due to childcare responsibilities and, in the case of older widows, the potential for extensive periods outside the labour market.
- This rise in female employment led to legal challenges that the benefits discriminated unlawfully against men and as a result, since 2001, entitlement to the benefit has been extended to widowers.
- Through the Civil Partnership Act, same sex relationships became legally recognised and since 2005, bereaved civil partners have been able to claim bereavement benefits.

Until now, reform of bereavement benefits has tended to have a narrow focus, addressing an immediate need for change rather than questioning the role they should play in the modern welfare state, and whether they continue to provide effective support to bereaved people.

This Government has demonstrated a commitment to make fundamental changes to the benefit system, to make it fairer, more affordable and better able to tackle poverty, worklessness and welfare dependency.

The sensitivities around bereavement should not mean that these benefits are left untouched, providing poorly targeted and ineffective support and letting down those who lose a spouse or civil partner.

This consultation seeks to ensure that bereavement benefits are not left behind.

Principal policy aims – bereavement benefits for the 21st Century

- They should be simple to understand and to claim.
- They should provide fast, direct, financial help for immediate needs following the bereavement of a spouse or civil partner.
- They should give recipients the flexibility they need to regain control of their situation in the period immediately following bereavement.
- There should be additional support for families, to recognise the additional costs associated with raising children.
- They should allow recipients to access the financial and work focused support provided by Universal Credit at a time that is right for them.
- They should be fair and promote self-dependency.

The case for change

3

We have recently made significant progress in streamlining the process of reporting a death, recognising the positive role that government can play by reducing administrative burdens at this difficult time. The roll-out of Tell Us Once and the establishment of the Bereavement Service² means that just one customer interaction is required to notify a range of government services of a death.

Modernising bereavement benefits can build on these developments.

Bereavement benefits do not currently meet all of the principal policy aims outlined above for the following reasons:

- The **complexity** of bereavement benefits undermines their effectiveness as an insurance policy: it is very difficult for people to anticipate whether they will qualify and how much they will receive. At a time of significant emotional stress, when clear thinking can be very difficult, this is particularly inappropriate.
- Bereavement benefits can, for some recipients, serve as a **disincentive to maintain contact with the labour market**, and thus hinder rather than help the process of readjustment. Yet tailored employment support can be particularly helpful in the period of readjustment, where people may need to change jobs or even sector to find work that is compatible with new childcare responsibilities. Some people may need to renew qualifications after a period spent out of the labour market caring for their late spouse or civil partner.

This chapter provides further detail on the case for change. For a detailed summary of how bereavement benefits are paid, please see **Annex 2**.

² The Bereavement Service means that customers only have to contact the DWP once to report a death. This information is then shared across business areas and advice is given on any potential help they may be entitled to as a result of the bereavement.

The complexity of bereavement benefits

Complex payment structure

Currently, three different payments are made to widows, widowers or civil partners under State Pension age at the time of bereavement, depending on a claimant's age and whether or not they have dependent children. Each payment has a slightly different function, exemplifying the historic ambiguity in the role of the state following bereavement.

Bereavement Payment – a one-off tax-free payment of £2,000 payable to someone after their wife, husband or civil partner has died.

Function: Assisting in meeting, or making a significant contribution to, expenses arising on bereavement.

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 if they are 45 or over and under State Pension age.

Function: Providing a period of additional support for older workers, who might be less likely to have a recent link with the labour market and for whom the need for help throughout the period of readjustment is greatest.

Widowed Parent's Allowance – 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, payable until the claimant reaches State Pension age or upon cohabiting, remarriage or the formation of a civil partnership.

Function: Providing support towards the additional costs of raising children.

To help clarify their function in the 21st century, bereavement benefits need to be considered as part of the wider welfare system.

Reforming bereavement benefits

We consider that bereavement benefits should support people through the period of readjustment following spousal bereavement, which can best be achieved by focusing payment early on. We recognise that the period of readjustment varies considerably between people and in terms of support, one size will never fit all. However by increasing the lump sum payment, we believe recipients will have additional flexibility to work through this time in a way that best suits them.

Ongoing, income-related support will be provided by Universal Credit.

Using age to determine entitlement

Historically, age has been a significant factor in determining entitlement to bereavement benefits – it has been considered a broad test of the ease with which a widowed spouse or civil partner can enter or re-enter the employment field to support themselves through work. Bereavement benefits for those without dependent children are therefore currently concentrated on those aged 45 and over, although the significance of this age limit in determining financial need has been questioned. We plan to remove the current age criteria in determining the level of payments so that 21st century bereavement benefits, where contribution conditions are satisfied, provide financial support following working age spousal bereavement.

Complex eligibility and entitlement conditions

There are two contribution conditions governing eligibility to current bereavement benefits, both based on the contribution record of the late spouse or civil partner. The conditions do not apply in the same way to each of the three possible bereavement benefit payments.

Contribution conditions for Bereavement Payment

There is only one contribution condition for the Bereavement Payment. The husband, wife or civil partner who has died must have actually paid in any one tax year, sufficient Class 1, 2 or 3 National Insurance (NI) contributions to make a “qualifying year”. NI contributions paid in different years can be added together in certain circumstances – for example, if the spouse or civil partner had only just become liable to pay NI contributions when they died.

Contribution conditions for Bereavement Allowance and Widowed Parent’s Allowance

The first contribution condition for Bereavement Allowance and Widowed Parent’s Allowance is that the husband, wife or civil partner who has died must have actually paid sufficient Class 1, 2 or 3 NI contributions in any one tax year before they died to achieve a “qualifying year”. This condition does not need to be satisfied if they were getting long-term Incapacity Benefit or the support or work-related activity component of Employment and Support Allowance in the year they died.

The second contribution condition is that the late husband, wife or civil partner must either have paid, or been credited with, sufficient Class 1, 2 or 3 NI contributions for the requisite number of years (which varies according to a number of factors). In the event that the second contribution condition was not satisfied in the requisite number of years, a reduced rate of Widowed Parent’s Allowance or Bereavement Allowance may be payable, provided it was met in at least 25 per cent of the requisite number of years.

DWP administrative data suggests, at present, the combination of age-related and contribution criteria mean that around 80 per cent of Bereavement Allowance recipients and 46 per cent of Widowed Parent’s Allowance recipients do not receive the maximum payment. The result of this complexity is that it is very difficult for applicants to anticipate whether they will qualify, how much they will receive, and for how long they will receive payments. Such uncertainty does not help people already feeling a loss of control after bereavement. Equally, the emotional strain of bereavement can make it difficult for people to absorb the information given to them after their bereavement benefits entitlement has been calculated. As a consequence, for some people, the feeling of increased security created by the receipt of Bereavement Allowance or Widowed Parent’s Allowance is offset by concern about not knowing when payments might stop.

Additionally, entitlement ceases if the claimant remarries, with entitlement suspended if the claimant is living together with a partner outside marriage. This can provide an artificial disincentive to people who wish to form new relationships after bereavement.

Details of current arrangements for bereavement benefits can be found at **Annex 2**.

The severed link with the labour market

A break from work

The Bereavement Payment, Bereavement Allowance and Widowed Parent's Allowance are inactive benefits. They are not affected by paid employment and the majority of people who apply for bereavement benefits are not claiming any other benefit, so are likely to be in work, at the point of their claim.

In such cases, a key function of bereavement benefits is to provide some financial security in the period immediately after spousal bereavement to allow people to take time away from work should they need this.

A break from labour market conditionality

This inactive status also means that bereavement benefits carry no obligation to participate in work-related activity. Whereas for other benefits, such as Jobseeker's Allowance and Employment and Support Allowance, claimants are required to engage with DWP Personal Advisers or the Work Programme to continue to receive the full level of payments, this is not the case for bereavement benefits. Once bereavement benefits are in payment, there may be no further contact from DWP until shortly before payment is due to end.

The freedom afforded by the absence of labour market conditionality can play an important role in the period of readjustment following bereavement. But as bereavement benefits can, in extreme cases, be in payment for up to 20 years for some recipients of Widowed Parent's Allowance, this break from the labour market can be unhelpfully long.

This contrasts starkly with recently proposed changes to support for lone parents on other benefits. Under the current Welfare Reform Bill proposals, most lone parents whose youngest child is over the age of five will be engaging with employment support to re-establish their link to the labour market.

The impact of a severed link to the labour market

Long periods out of contact with the labour market can have a negative effect on an individual's prospects of returning to work – they can allow skill sets to stagnate and confidence to fall. Recent studies have also concluded that work is generally good for health and wellbeing.³

Whilst recipients of Widowed Parent's Allowance can choose to maintain a link to the labour market without any negative effect on their benefit, under the current system government does not actively encourage them to do so, despite the risks to employability, health and wellbeing that long-term severance from the labour market can bring. Our initial social research findings also identified this as a problem, and some respondents stated that they would have welcomed sensitive employment support at an appropriate time.

We believe that focusing payments on the period immediately after bereavement will reduce the long-term risk of incentivising extended periods out of work. Universal Credit will provide longer term financial and employment support for those who are eligible. Bereavement benefits will provide some transitional financial security to allow those eligible for Universal Credit to apply for this support at an appropriate time for them.

³ Waddell & Burton, 2006, *Is Work Good for your Health and Wellbeing*, London, TSO.

Interaction with Universal Credit

Universal Credit

Any reforms to bereavement benefits would not come into effect before 2014 at the earliest, at which point the transition to Universal Credit will have begun. It is anticipated that this change will lift around 900,000 individuals, including more than 350,000 children and around 550,000 working-age adults out of poverty. Bereavement benefits should not duplicate this financial support.

The introduction of Universal Credit supports the proposed refocusing of bereavement benefit payments on the period immediately after bereavement, with low-income households' ongoing needs being addressed through Universal Credit payments.

However, if unchanged, the value of bereavement benefits paid on a weekly basis would be taken into account in determining eligibility for Universal Credit. While currently, just over 30 per cent of recipients of Bereavement Allowance or Widowed Parent's Allowance are in receipt of other benefits⁴ at the time they make their claim, under Universal Credit, this figure could increase.

This would mean that those with no other sources of income would gain least from receipt of Bereavement Allowance or Widowed Parent's Allowance because they would be offset in any Universal Credit payment they receive.

Out of scope

The following areas are out of scope for review:

Marriage and Civil Partnership as a condition of entitlement

Currently, the law and tax and benefit systems only recognise the inheritance rights and needs of bereaved people if they have a recognised marriage or civil partnership. This is despite societal change resulting in a decline in marital status. We have no plans to extend eligibility for bereavement benefits to those who are not married or in a civil partnership.

Social Fund Funeral Payments

This consultation focuses on bereavement benefits only. 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 or consultation.

⁴ Typically, other benefits claimed include Jobseeker's Allowance, Employment and Support Allowance, Income Support and Housing Benefit.

Means testing

We do not propose to move from contributory to means-tested access to the benefit on the basis that for most people, regardless of income, spousal bereavement has a significant financial impact. Bereavement benefits serve as a form of insurance against what is for many an unexpected event. Initial social research findings indicate that in the minority of cases where bereavement had only a limited impact on respondents' financial circumstances, this occurred in both high- and low-income households. As Universal Credit will provide additional support for those in greatest need, there is little rationale for moving away from the current contributory non-means tested principle.

Transitional arrangements

Any changes introduced following this review will come into effect from 2014 at the earliest. They will not affect claims already in payment at that point, including claims that pre-date the 2001 reforms.

Our vision for reform

4

Our proposals, which would require primary legislation, specifically address the problems identified in the previous chapter.

Simplify the payment system

We are seeking views on the following options to achieve a simplified payment system.

Please note that the values given below for payments are included for illustrative purposes only.

By indicating the general level of payment envisaged under the options proposed for consultation, we hope to help respondents engage meaningfully in the consultation process.

The current Bereavement Payment is tax-free. The Government will need to explore the tax implications of continuing this treatment with a larger lump sum payment before taking a final decision on the taxability of the new payment.

Option 1:

Pay an increased lump sum payment in the region of £6,000 for all claimants without dependent children and £10,000 for claimants with dependent children

What would this mean?

A. Financially

Bereaved spouses and civil partners would receive a larger lump sum payment, rather than weekly or monthly allowances, to meet their personal requirements at this difficult time.

Continued

B. Universal Credit

We would regulate to ensure that the lump sum payment would be disregarded for 1 year from Universal Credit capital rules. This payment would not, therefore, prohibit access to Universal Credit for those who chose to or needed to make use of this additional support. The lump sum payment would allow most recipients some flexibility in deciding at what point they need to return to work or apply for Universal Credit.

C. Conditionality

Where eligible recipients of bereavement benefit choose to claim Universal Credit, they may be required to be available for work and to take actions to look for work.

However, conditionality requirements will be personalised under Universal Credit, taking into account, for example, childcare and other caring responsibilities, as well as the personal impact of such major life events as spousal bereavement.

Option 2:

Pay a lump sum in the region of £3,000 and a monthly allowance of £250 for a period of 1 year for recipients without dependent children; and a lump sum in the region of £5,000 and a monthly allowance of £400 for a period of 1 year for recipients with dependent children

What would this mean?

A. Financially

This also represents an increase to the current bereavement benefit lump sum. The option provides less flexibility to claimants in choosing how to use the benefit, as it splits part of the value of the payment into monthly amounts, but potentially offers more security through the provision of regular income.

B. Universal Credit

Under current proposals for Universal Credit rules, the monthly allowance would be considered in determining eligibility for Universal Credit. This would preclude a number of recipients of these bereavement benefits from accessing additional income-related Universal Credit payments, and the associated mandatory engagement with work preparation and work search support.

C. Conditionality

As explained in option 1 above, where eligible recipients of bereavement benefits choose to claim Universal Credit, they may be required to be available for work and to take actions to look for work. Again, consideration will be given to personal circumstances.

Though not necessarily precluded from accessing Universal Credit, the regular payment structure of Option 2 might discourage recipients from seeking this additional and ongoing support, providing a longer break from conditionality.

Consultation questions to consider

- 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 1 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?

Simplify entitlement conditions

We would like to simplify entitlement conditions so that all applicants can easily understand what support they are entitled to receive.

Base entitlement conditions on the current rules for the Bereavement Payment

What would this mean?

Widening access:

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.

Other rules around concessions, for example, where bereavement was caused by an industrial accident or disease would not be changed.

Simplicity:

One key contribution rule would exist for any bereavement payment. As long as this key rule is met, the amount an applicant would get would be fixed.

Remove cohabiting and remarrying as a disentitlement condition

What this would mean?

Shortening the period of payment, through a lump sum or time-limited payment, would reduce the significance of this disentitlement condition. However, by removing this rule, we could further simplify entitlement conditions, so that once benefits are in payment, all recipients can be sure of how much they will receive.

Consultation questions to consider

- 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?

Change the benefit name

If, following this consultation, we choose to make amendments to bereavement benefits, the new payments would require a new name that reflects the function of the payments, but avoids confusion with the previous systems. We would welcome any thoughts on an appropriate benefit name, but options could include the National Insurance Bereavement Entitlement or Bereavement Payment.

Consultation question to consider

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

Annex 1 – About this consultation

Who this consultation is aimed at

We would like to hear from anyone who is interested, particularly organisations working with bereaved people, and bereaved people themselves, to help ensure that the policy design for bereavement benefits provides effective support.

Scope of consultation

This consultation applies to England, Wales and Scotland. Social Security is a devolved matter in Northern Ireland. The Government will work closely with the devolved administration in Northern Ireland to seek to maintain a single system across the United Kingdom.

Duration of the consultation

The consultation period begins on **Monday 12 December 2011** and runs until **Monday 5 March 2012**.

The Government Code of Practice on Consultation recommends a 12 week consultation period for full public consultations, but that consideration be given to extending the consultation period over a public holiday period. In this case, we anticipate only a relatively small number of responses and our DWP Ministers consider that an extended consultation period is not appropriate.

How to respond to this consultation

Please send your consultation responses to:

Bereavement Benefits Review Team
Working Age Benefits Division
1st Floor Caxton House
6-12 Tothill Street London
SW1H 9NA

Fax 020 7449 5467

Email 21stcentury.bb@dwp.gsi.gov.uk

Please ensure your response reaches us by **Monday 5 March 2012**.

When responding, please state whether you are doing so as an individual or representing the views of an organisation. If you are responding on behalf of an organisation, please make it clear whom the organisation represents and, where applicable, how the views of members were assembled. We will acknowledge your response.

We have notified people and organisations who have already been involved in this work, or who have expressed an interest in it, of this consultation. Please share this document with, or tell us about, anyone you think will want to be involved in this consultation.

We will publish the responses by the end of March 2012 in a report on the consultations section of our website www.dwp.gov.uk/consultations. The report will summarise the responses and the action that we will take as a result.

An impact assessment has not been produced at this stage of consultation, which is focused on the direction of reform. Both an impact assessment and an equality impact assessment will accompany our detailed statement of policy intent that will follow on from this initial consultation.

Queries about the content of this document

If you have any queries about this consultation, or would like to receive the consultation document in a different format, please contact us using the contact details above.

How we consult

Freedom of information

The information you send us may need to be passed to colleagues within the Department for Work and Pensions, published in a summary of responses received, and referred to in the published consultation report.

All information contained in your response, including personal information, may be subject to publication or disclosure if requested under the Freedom of Information Act. By providing personal information for the purposes of the public consultation exercise, it is understood that you consent to its disclosure and publication. If this is not the case, you should limit any personal information provided, or remove it completely. If you want the information in your response to the consultation to be kept confidential, you should explain why as part of your response, although we cannot guarantee to do this.

To find out more about the general principles of Freedom of Information and how it is applied within DWP, please contact:

Central Freedom of Information Team
The Adelphi
1-11 John Adam Street
London
WC2N 6HT

Email Freedom-of-information-request@dwp.gsi.gov.uk

The Central Freedom of Information Team cannot advise on specific consultation exercises, only on Freedom of Information issues. More information about the Freedom of Information Act can be found on the DWP website.

www.dwp.gov.uk/freedom-of-information

The consultation criteria

The consultation is being conducted in line with the Government Code of Practice on Consultation.

Website [Government Code of Practice on Consultation \(BIS\)](#).

The seven consultation criteria are:

- **When to Consult.** Formal consultation should take place at a stage when there is scope to influence the outcome.
- **Duration of consultation exercises.** Consultations should normally last for at least 12 weeks, with consideration given to longer timescales where feasible and sensible.
- **Clarity of scope and impact.** Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence, and the expected costs and benefits of the proposals.
- **Accessibility of consultation exercises.** Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is designed to reach.
- **The burden of consultation.** Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if respondents' buy-in to the process is to be obtained.
- **Responsiveness of consultation exercises.** Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.
- **Capacity to consult.** Officials running consultation exercises should seek guidance in how to run an effective consultation exercise, and share what they have learned from the experience.

Feedback on the consultation process

We value your feedback on how well we consult. If you have any comments on the process of this consultation (as opposed to the issues raised) please contact our Consultation Coordinator:

Roger Pugh
DWP Consultation Coordinator
1st Floor, Crown House
2 Ferensway
Hull HU2 8NF

Email roger.pugh@dwp.gsi.gov.uk

In particular, please tell us if you feel that the consultation does not satisfy the consultation criteria. Please also make any suggestions as to how the process of consultation could be improved further.

If you have any requirements that we need to meet to enable you to comment, please let us know.

Annex 2 – Current bereavement benefits rules

What are they?

There are 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.

Bereavement Allowance is paid on a sliding scale according to the surviving spouse's or surviving civil partner's age at the date of death, with the lowest maximum rate being payable to those aged 45 (£30.21 in 2011/12) and the highest maximum rate to those aged 55 or over up to State Pension age (£100.70 in 2011/12). The actual amount payable to the surviving spouse or surviving civil partner depends on:

- the overall level of their late spouse's or late civil partner's NI contributions;
- the surviving spouse's or surviving civil partner's age at the time of their late spouse's or late civil partner's death; and
- the surviving spouse's or surviving civil partner's age at the point of bereavement if Widowed Parent's Allowance stops within 52 weeks of bereavement.

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.

Widowed Parent's Allowance may also be payable if:

- a woman is expecting her late husband's baby or (from fertility treatment) late civil partner's baby; or
- a spouse or civil partner died as a result of their work – even if they did not pay NI contributions.

The maximum basic Widowed Parent's Allowance is currently £100.70 a week; a reduced payment is made if the NI contributions record falls short of what is needed for full Widowed Parent's Allowance. There may also be entitlement to additional State Pension.

Contribution conditions for Bereavement Payment

There is only one contribution condition for a Bereavement Payment. The husband, wife or civil partner who has died must have actually paid in any one tax year, sufficient Class 1, 2 or 3 NI contributions to make a "qualifying year". NI contributions paid in different years can be added together in certain circumstances – for example, if the spouse or civil partner had only just become liable to pay NI contributions when they died.

Contribution conditions for Bereavement Allowance and Widowed Parent's Allowance

The first contribution condition for Bereavement Allowance and Widowed Parent's Allowance is that the husband, wife or civil partner who has died must have actually paid sufficient Class 1, 2 or 3 NI contributions in any one tax year before they died to achieve a "qualifying year". This condition does not need to be satisfied if they were receiving long-term Incapacity Benefit or the support or work-related activity component of Employment and Support Allowance in the year they died.

The second contribution condition is that the late husband, wife or civil partner must either have paid or been credited with sufficient Class 1, 2 or 3 NI contributions for the requisite number of years (which varies according to a number of factors). In the event that the second contribution condition was not satisfied in the requisite number of years, a reduced rate of Widowed Parent's Allowance or Bereavement Allowance may be payable, provided it was met in at least 25 per cent of the requisite number of years.

Working Life

To satisfy the second contribution condition the contributor must have paid, or been credited with sufficient NI contributions in each of the requisite number of years. The requisite number of years needed to satisfy the second contribution condition is determined by the length of the contributor's "working life".

The working life for bereavement benefits purposes is from the start of the tax year in which age 16 is reached until the end of the tax year before the one in which the spouse or civil partner dies or attains pensionable age.

The requisite number of years is then calculated as follows:

Duration of working life	Requisite number of years
10 years or less	Number of years in working life minus 1
20 years or less (more than 10)	Number of years in working life minus 2
30 years or less (more than 20)	Number of years in working life minus 3
40 years or less (more than 30)	Number of years in working life minus 4
More than 40 years	Number of years in working life minus 5

Before 6 April 2010, years for which Home Responsibilities Protection (HRP) had been awarded could be relied upon to meet the second contribution condition, up to a maximum of half the "working life". From 6 April 2010, HRP was replaced by a system of NI credits for parents and carers. Any full tax years of HRP were converted to "qualifying years" of NI credits. These converted years can be used for up to half the "working life" of a person who died on or after 6 April 2010 in addition to any other NI credits.

National Insurance contributions

For further information on how National Insurance contributions are calculated, please see the [Directgov website](#).

Annex 3 – Consultation questions

Options

- 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 1 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?



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bereavement-benefit.shtml](http://dwp.gov.uk/consultations/2011/bereavement-benefit.shtml)**

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available in alternative formats if required.

Department for Work and Pensions

December 2011

www.dwp.gov.uk

ISBN 978-0-10-182212-1



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