

Briefing on Changes to Bereavement Benefits

27 March 2017

Prepared by:

The Childhood Bereavement Network (CBN) www.childhoodbereavementnetwork.org.uk

This paper has been developed by a group including Child Bereavement UK; Marie Curie; WAY Widowed and Young; Child Poverty Action Group; Anne Corden, University of York; Cruse Bereavement Care; Winston's Wish; Association of Bereavement Service Coordinators in Hospices and Palliative Care, Family Rights Group.

For more information on this briefing, please contact Alison Penny, CBN's Coordinator
apenny@ncb.org.uk 020 7843 6054 / 07894 390 736

Executive summary

- The current system of bereavement benefits is being replaced for new claimants from 6 April 2017.
- We are very concerned about the duration of these payments, which will last for 18 months. 91% of parents will be supported for a shorter time than under the current system of Widowed Parent's Allowance (WPA), which is paid until the youngest child leave full time education.
- Latest DWP figures suggest that 75% parents bereaved after 6 April (88% of those in work, 57% of those out of work) will be worse off in cash terms than they would have been under the current system, by up to £17,000 based on a median length of claim under the current system of 5-6 years. A minority of widowed parents will do better under the changes, as BSP will not be taken into account in the calculation of means-tested benefit entitlements.
- Widowed parents with younger children will be disproportionately badly affected as they can currently claim for longer (eg losing out by up to £31,000 if they would have been eligible to receive WPA for 10 years).
- Parents will not be supported for long enough to meet their children's emerging grief, placing them under additional stress. The government intends to meet the ongoing income support needs of widowed parents and their children with Universal Credit, with its conditionality requirements. We consider these to be unnecessary, stigmatising and counter-productive.
- Unlike WPA, the new BSP will not be automatically uprated in line with inflation and so its value will be eroded over time.
- Despite insisting that the reforms are not intended to save money, the Government will net £100m per year in savings once the new system is fully up and running.
- Parents who are not married or in a civil partnership are not eligible for Widowed Parent's Allowance or the new Bereavement Support Payment, meaning that children lose out on support because of their parents' marital status. We believe this is unjust and out of step with modern society.

The current and new systems

1. The current scheme, based on the NI record of the person who died, provides to spouses and civil partners
 - **Bereavement Payment (BP):** a tax free lump sum of £2,000
 - **Widowed Parent's Allowance (WPA):** taxable weekly benefit of up to £112.55 per week paid until the youngest child no longer qualifies for Child Benefit, the claimant remarries or moves in with a partner, or reaches state pension age
 - **Bereavement Allowance (BA):** taxable weekly benefit of up to £112.55 per week paid for 12 months to a surviving spouse/civil partner with no dependent children and aged between 45 and state pension age
2. Widowed parents are treated differently from those without children, in recognition that 'bereaved spouses with children may have greater difficulty in supporting themselves through work compared with those without dependents, because of their childcare responsibilities'
3. BSP was introduced in the Pensions Act 2014, and the amount and duration of payments are set out in the Bereavement Support Payment Regulations 2017. Current claimants of WPA and BA will not be affected by the introduction of Bereavement Support Payment (BSP), which will be for new claimants from 6 April 2017.
4. The new system will provide
 - A tax-free **lump sum** of £2,500 to those without children and £3,500 to those with children
 - **Monthly tax free payments** for 18 months of £100 to those without children and £350 to those with children. (The government's original proposal was to make these payments over 12 months, at £150 to those without children and £400 to those with children).
5. The main group of notional gainers under the changes are those aged under 45 with no children, who will receive monthly payments for the first time, and those aged over 45 with no children, who will be supported for longer than the current 12 months. The main group of notional losers are those with young children who could have claimed Widowed Parent's Allowance for up to 20 years under the current scheme.

Support will be shortened

6. WPA is currently paid until the youngest child leaves full time education. The median claim is 5-6 years. The Government proposes to reduce this drastically, paying BSP to widowed parents for just 18 months. Latest DWP figures show 91% of parents will receive payments for a shorter time than they would under current arrangements, especially those whose children are younger.
7. A 6 year old whose father died in 2016 will be supported until she leaves school, as long as her mother doesn't move in with a new partner or remarry; a 6 year old whose father dies in 2018 will be supported for just 18 months.
8. DWP's research into the experiences of recently bereaved families found that in most cases, the weekly payments of WPA were put towards the general living expenses of bringing up children, with many finding these essential to meet their new basic living costs (which include the

additional costs of bringing up children alone). These payments come without conditionality requirements, meaning that parents can prioritise meeting their children's needs.

9. For some families where the person who died was the main breadwinner, WPA allows some continuity with the arrangements for looking after the children that were in place before the death. For many, it allows them flexibility to work fewer hours, change jobs or retrain to fit with their new responsibilities as sole carer of their child (without the shared care or backup available between many separated or divorced couples).
10. For some parents, it enables them to pay for the additional childcare they need because their partner can no longer share this role: for others, it allows them to care for their children rather than use paid-for childcare. *I wanted to be with my daughter all the time; she had just lost her daddy; I didn't want her to feel she'd lost her mummy tooⁱⁱ.*
11. The most robust longitudinal survey available found that the availability and consistent, nurturing presence of the surviving parent was one of the strongest predictors of bereaved children's emotional health and behaviourⁱⁱⁱ.
12. Surviving spouses living alone with dependent children report more distress than those without children^{iv}. They have a range of additional demands: managing their own grief while providing stability and continuity to their children, for whom stressful changes and disruptions which accompany or follow a death (such as moving house or school, changed household routines and childcare arrangements) are associated with worse mental health^v, and the longer these changes persist, the greater the effect^{vi}.
13. Many families report that the second and subsequent years following bereavement are even harder than the first, as the reality of their new circumstances sinks in. Studies indicate a 'late effect' of bereavement with some children showing new and greater difficulties two or three years after the death of parent^{vii}, ^{viii} despite a relatively mild initial reaction. Regardless of the age at which they were bereaved, children often revisit or re-experience their grief as they mature cognitively and emotionally^{ix} and face additional changes such as starting school, bringing new parenting challenges for their surviving mother or father.
14. Childcare and access to flexible working can be a significant barrier to returning to work – both for those who had been working prior to their bereavement, and for those who had previously been stay-at-home primary carers.
15. Stopping payments after eighteen months will have a significant impact on grieving families' finances. This may force widowed parents to increase their working hours to replace the income, before their children are ready for them to be less available. It may necessitate moving house – and school. If these additional changes and stresses have the negative impact on children's outcomes that the evidence base suggests we could expect, then we are likely to see greater costs to the family and society in terms of worse mental health and educational outcomes.
16. Despite repeated assurances that the reforms are not intended as a cost-saving measure, latest DWP figures forecast annual savings of £100m once the new scheme is fully up and running.
17. **We recommend that the Government makes payments over a longer period to those with children, re-investing the savings it would otherwise make.**

Why might the Government not want to do this?

18. The Government resisted amendments to extend the duration of payments to widowed parents during passage of the Pensions Act 2014, on the grounds that this would make the payments look more like a survivor benefit than a death grant. In turn, they argued that a survivor benefit would be more likely to be taxed, and would not be able to be disregarded for calculations of income under Universal Credit. However, spreading the payments over eighteen months rather than making one lump sum payment did not seem problematic in this way. If the argument can be made successfully for spreading the payment over eighteen months, we do not see why a longer period.
19. The Government also argued that a survivor benefit would, unlike a death grant, trigger the EU aggregation principles which could increase the liability of the British Government to pay certain passported (healthcare, sickness and family) benefits to families overseas. However, we have not seen a full explanation of how the Government arrived at this view, nor workings for the additional costs which the Government claimed were possible. Given that the UK is to leave the EU, we do not believe this argument holds.

Support will be cut

20. According to DWP's latest figures, for 75% of claimants with children, the support won't just be curtailed under the new system, it will be cut. 88% of working families would be worse off, and 57% of those out of work^x. A minority of widowed parents would do better under the changes, as BSP will not be taken into account in the calculation of means-tested benefit entitlements.
21. Families who could make the median claim for WPA of 5-6 years currently would be up to £16,800 worse off (average loss for working families £12,000; average loss for non-working families £6,600).
22. The changes are worse for families with younger children, who can currently claim for longer as long as the surviving parent does not move in with a new partner or remarry. A family with younger children, currently able to claim for 9-10 years, would be up to £31,000 worse off (av. loss for working families £23,500; av. loss for non-working families £14,900).
23. Although we can make clear statements about how the changes will affect groups of widowed parents, it is almost impossible to predict the impact on a specific individual family, and to work out whether in theory they would be worse off under the old or new scheme of bereavement benefits.

Support will be eroded over time

24. The link between bereavement allowances and inflation is being broken. Unlike the current WPA and BA, the new BSP will not be uprated automatically in line with inflation.
25. Over time the value of BSP will erode for families, while the costs of childcare and other expenses of bringing up a family are likely to rise. Over the last thirty years, the average costs of a funeral have far outstripped inflation. BSP will stretch less and less far to cover families' needs after a parent dies.

26. **We recommend that Bereavement Support Payment is added to the list of benefits subject to annual review and re-rating in line with inflation.**

Conditionality requirements

27. In re-purposing the scheme of bereavement benefits, DWP intends to meet the ongoing income support needs of families through Universal Credit, with its associated conditionality requirements.
28. Widowed parents claiming Universal Credit will have to meet certain conditions to be preparing for, actively seeking and available for work, dependent on the age and circumstances of their children.
29. These conditionality requirements will be suspended for six months following the death of a partner or child. The government has acknowledged the ongoing and emerging nature of children's grief and its impact on their parent's capacity for work: parent claimants whose child's distress in bereavement disrupts their normal childcare responsibilities will be able to request a one-month suspension of work related requirements. These can be requested once every six months, for up to two years (four one-month periods in total).
30. However, we are concerned that the imposition of conditionality after six months – even with one-month suspensions – is unnecessary and will be counterproductive. Most bereaved partners retain, return or enter work within 18 months of bereavement. Women who became non-working sole parents when their partner died had all started thinking relatively soon how they would re-engage with the labour market, and within 12-18 months some were making plans for, or had embarked on further work or training^{xi}.
31. Going back to (or starting) work has varied impacts on the grief of different individual parents. Some find it helps with the emotional aspects: having a distraction, a role and identity outside the family, the possibility of further support, and maintaining a sense of normality. But for others, it is a significant source of additional stress: with worries about unmanageable demands, a fear of behaviour in the workplace, loss of confidence, difficulties juggling childcare, and anxieties about how work impacts on their children's emotional state^{xii}. Surviving spouses with children reporting more distress than those without children^{xiii}. This stress persists beyond six months.
32. Obliging parents to seek or take up work before they are ready can have a detrimental effect on children in two ways: by increasing the parent's stress levels and depressive symptoms (strongly correlated with children's emotional and behavioural difficulties) and by reducing the parent's availability to the child (quality of bond and family routines promote children's healthy adjustment^{xiv}).
33. The process of having to make an appointment, see the work coach and then provide evidence will itself be burdensome and disruptive for families. Some families will find these additional arrangements outweigh the benefits of a short term suspension, and will be put off from requesting it. We believe that the rolling nature of suspensions and re-impositions is also likely to be counterproductive to parents' capacity to return to work, making the situation even less stable for families.

34. We also believe that this complex process will place an increasing burden on work coaches, adding to their existing pressures in responding to the needs of families in a huge range of circumstances.
35. **We recommend that full conditionality requirements should be lifted for longer, in line with the government's recognition of children's ongoing grief support needs. This would simplify the system both for families and for work coaches.**

Cohabiting couples ineligible for the current and new benefit

36. One in five parents raising children can't claim bereavement benefits if their long-term partner dies, because they weren't married or in a civil partnership before the death. We estimate that every year, over 2,000 families face the double hit of one parent dying, and the other parent realising that they and the children aren't eligible for bereavement benefits.
37. If they had been married or in a civil partnership with their partner who died, they could claim Bereavement Payment (BP) and Widowed Parent's Allowance (WPA), but if they were living together without being married, they aren't eligible. That's the case even if they had been living together for many years and had children together.
38. Different parents miss out by different amounts depending on how long they would have been able to claim for if they had been married, how much National Insurance their partner had paid, and what they earn.
39. For a parent earning around £10,000 a year, WPA is worth around £46 a week, which means that people who weren't married to their partner lose out by £2,400 a year. In total, this sees them £15,000 worse off on average, but in the most extreme cases, families are over £47,000 worse off over their children's childhood^{xv}.
40. For a parent earning around £20,000 a year, WPA is worth around £90 a week or £4,680 a year. In total, this sees unmarried parents on average £28,000 worse off (and up to £91,000^{xvi}) over their children's childhood.
41. The higher rate of bereavement benefit currently paid to those with children is in recognition of the costs - emotional, practical and financial – of bringing up children when a partner has died. Children themselves have no influence over whether their parents are married or not, so it seems harsh to deprive some of financial support following a parent's death based on their parents' marital status.
42. Lots of couples don't realise they wouldn't be eligible: more than half (53%) of people cohabiting with a partner believe wrongly that living together for some time brings them the same legal rights as if they were married^{xvii}: the stubborn myth of the 'common law' marriage.
43. This confusion is partly because the means-tested benefits and tax credit systems treat couples as one unit, whether they are married or not. The Family Test^{xviii} includes cohabitation within its definition of couple relationships, and the Family Law Reform Act 1987 identifies parents as being parents irrespective of whether they are married or not^{xix}.
44. Other couples may be aware of the precariousness of their position, but are not free to marry.

45. Unmarried partners are often in a worse position financially than those who were married: they may be ineligible for death benefits or pensions. If the person died without making a will, unmarried partners don't inherit anything automatically^{xx}.
46. In 2012, the Government ran a consultation on 'Bereavement Benefits for the 21st Century'. But they specifically said this wouldn't include a review of the situation for cohabiting couples – even though the growing proportion of couples living together without marrying is one of the biggest social changes that the 21st century has seen already^{xxi}.
47. In November 2015, The Social Security Advisory Committee identified that eligibility for BSP is 'inconsistent with other benefits, including Universal Credit, and appears incompatible with the Family Test'^{xxii}. In January 2016, the Belfast High Court ruled that a mother who had been living with her partner of 23 years should be able to claim benefits on behalf of their children together. This decision has now been overturned and is expected to be appealed in the Supreme Court. In March 2016, The Work and Pensions Select Committee said the policy 'unfairly penalises the bereaved children of cohabiters' and recommended the Government should extend eligibility to these families.
48. We believe that around 21% more parents would be eligible for bereavement benefits if the rules were extended to cohabiting couples who had dependent children together. So the costs would go up by about the same percentage. Under the new system of BSP to be introduced in April 2017, this would cost around £21.6 million a year.
49. During passage of the Pensions Bill, which introduced the new BSP, the Minister of State for Pensions raised the practical difficulties of determining the nature of a partnership, saying how uncomfortable it would be to ask intrusive questions about a relationship, shortly after one person had died. However, many of the administrative processes around a death could be seen as intrusive, but are recognised as being necessary, and it seems unlikely that families would find making a claim for bereavement benefits any different (particularly if it was going to make a significant financial difference to the family).
50. While there are undoubtedly difficulties in establishing the nature of a cohabiting relationship, these aren't insurmountable. The tax credit and means-tested benefit systems are already set up to manage cohabiting couple claims: and many couples will have had such a joint claim before one of them died. The Armed Forces Pensions Scheme successfully uses a definition of 'eligible partner' to determine who can receive a pension.
51. **We strongly recommend that eligibility for bereavement benefits should be extended to unmarried, cohabiting partners with dependent children with the person who died.**

ⁱ CM1404, November 1998

ⁱⁱ Oldfield K, Adams L, Gunstone B (2012) Department for Work and Pensions Research Report No 790: Bereavement benefits: findings from qualitative research http://statistics.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_790.asp

ⁱⁱⁱ Worden, JW (1996) *Children and grief: when a parent dies* New York, Guilford Press.

^{iv} Lin, K et al (2004) Resilience in parentally bereaved children and adolescents seeking preventive services *Journal of Clinical Child and Adolescent Psychology*. 33:4, 673-683.

Worden JA (1996) *Children and Grief: When a parent dies* New York: Guilford Press

-
- ^v Haine, R.A., Ayers, T.S., Sandler, I.N. and Wolchik, S.A. (2008). Evidence-based practices for parentally bereaved children and their families. *Professional Psychology: Research and Practice*, 39(2)
- ^{vi} Worden JA (1996) *Children and Grief: When a parent dies* New York: Guilford Press
- ^{vii} Worden JA (1996) *Children and Grief: When a parent dies* New York: Guilford Press
- ^{viii} Christ (2010) 'Children bereaved by the death of a parent' In Corr, C and Balk D (eds) *Children's Encounters with Death, Bereavement and Coping* New York: Springer Publishing Company
- ^{ix} Christ (2010) 'Children bereaved by the death of a parent' In Corr, C and Balk D (eds) *Children's Encounters with Death, Bereavement and Coping* New York: Springer Publishing Company
- ^x DWP (2013) Further analysis on the reform of bereavement benefits for new claims from April 2016 <https://www.gov.uk/government/publications/further-analysis-on-the-reform-of-bereavement-benefits-for-new-claims-from-april-2016>
- ^{xi} Corden A, Hirst M, Nice K (2008) *Financial Implications of Death of a Partner* Working Paper No ESRC 2288 12.08 <http://www.york.ac.uk/inst/spru/research/pdf/Bereavement.pdf>
- ^{xii} Oldfield K, Adams L, Gunstone B (2012) Department for Work and Pensions Research Report No 790: Bereavement benefits: findings from qualitative research http://statistics.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_790.asp
- ^{xiii} Lin, K et al (2004) Resilience in parentally bereaved children and adolescents seeking preventive services *Journal of Clinical Child and Adolescent Psychology*. 33:4, 673-683. Worden JA (1996) *Children and Grief: When a parent dies* New York: Guilford Press
- ^{xiv} Lin, K et al (2004) Resilience in parentally bereaved children and adolescents seeking preventive services *Journal of Clinical Child and Adolescent Psychology*. 33:4, 673-683.
- ^{xv} £46.20 WPA x 52 weeks x median claim of 5.5 years, plus £2k BP = £15,213. £46.20 WPA x 52 weeks x longest claim of 19 years, plus £2k BP = £47,646
- ^{xvi} £90.04 WPA x 52 weeks x median claim of 5.5 years, plus £2k BP= £27,751. £90.04 x 52 weeks x longest claim of 19 years, plus £2k BP = £90,960
- ^{xvii} Barlow, A., Burgoyne, C., Clery, E., & Smithson, J. (2008). Cohabitation and the law: myths, money and the media. In A. Park, J. Curtice, K. Thomson, M. Phillips, Mark C. Johnson, & E. Clery (Eds.), *British Social Attitudes : The 24th Report*. (2007/2008, pp. 29-53). London, England: SAGE Publications Ltd.
- ^{xviii} Department for Work and Pensions (2014) *The Family Test: Guidance for Government Departments*
- ^{xix} <http://www.legislation.gov.uk/ukpga/1987/42/section/1>
- ^{xx} <http://lawcommission.justice.gov.uk/areas/intestacy-and-family-provision-claims-on-death.htm>
- ^{xxi} The percentage of couples with children who are cohabiting rather than married rose from 13% in 1999 to 21% in 2015 <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-401852>
- ^{xxii} Social Security Advisory Committee (2015) *Bereavement Benefit Reform: Occasional Paper No.16* <https://www.gov.uk/government/publications/ssac-occasional-paper-16-bereavement-benefit-reform> p33