

SSAC response to the consultation *Bereavement Benefit for the 21st Century*

Introduction

The Social Security Advisory Committee (SSAC) welcomes the chance to comment on the informal call for evidence in respect of Bereavement Benefit

General Points

We welcome the Government's decision to simplify Bereavement Benefits. In particular, moving to a single benefit will help to reduce complexity. We also welcome the change to the contribution conditions and the removal of the lower age limit, as well as replacing several benefits with one benefit. We particularly are pleased with the Government's intention to make the benefit more sensitive to people's immediate needs. We also support the proposed transitional arrangements so that there will be no changes to claims already in payment.

We note that as the payment will be limited to 12 months it is being brought in line with the proposals for contributory Employment and Support Allowance. In that sense this change could be seen as a further erosion of the traditional principles of the National Insurance system, a point which is not made in the consultation document.

The Committee understands that the underlying principle of any changes is cost neutrality, but we note that there are no costings in the document to demonstrate how this will operate.

Although we understand the rationale for excluding them (as to benefit from a deceased person's contributions the widow/er must have been married to them or have been in a civil partnership) we urge the Government to reconsider the position of bereaved people who are living together but are not married, or do not have a civil partnership. We think that they should be entitled to a bereavement benefit, particularly if they have dependent children. To include this group would mirror the position of people who are living together for many benefits, for example, tax credits, where a partner can be responsible for a deceased partner's tax credit debts.

We note that tax issues are still under consideration. The Committee sees advantages in the lump sum remaining tax free but notes that the decision on the tax treatment of lump sums and ongoing payments could have a significant effect on the relative value of Option One and Option Two.

Options

Both options have merits but our preference from the two options is for **Option One**. The reasons for this are:

- paying a lump sum supports the policy intention of allowing people responsibility for dealing with their own money and of self-dependency
- there will not be any ongoing administration costs
- it will allow people to postpone having to claim UC (and be subject to conditionality) whilst they recover from their bereavement
- it is simple to understand

However, we do have some concerns and suggestions about Option One that we would like DWP to consider further.

Option One provides a lump sum but no income, and potentially leaves a person who needs to claim Universal Credit subject to the conditionality rules. To ameliorate this, should this option be implemented, we would recommend that some guidelines are set up whereby:

- there is no conditionality for the first month with no pressure to look for or be available for work in the following few months: we recommend at least three months, preferably six months, to be a reasonable time limit. There is a considerable amount of paperwork and emotional adjustment involved in the aftermath of a bereavement and it will take people time to adjust, particularly those with dependent children;
- the person attends work-focused interviews for the next two or three months, and
- full conditionality applies from then on.

This would help to ease the person back into work whilst recognising that at a time of bereavement they may require extra help and flexibility. We also recommend that appropriate advice is provided to the bereaved person at an early stage with the provision of the benefit.

We note that the decision on the level of lump sum provided has not yet been made, and that the level depends in part on ongoing discussions about taxability. As mentioned above, we would recommend that this lump sum continues to be provided tax free, and that it is outside of consideration for Council Tax Benefit and other means-tested benefits.

Naming the Benefit

Our suggestion would be, for Option One, to call the benefit the **Bereavement Payment** or **Bereavement Support**. We think that having 'National

Insurance' in the name of the benefit, whilst drawing attention to the fact that it is a contributory benefit, makes the title too unwieldy.