

Fairer Scotland Duty

Funeral Expense Assistance (Scotland) Regulations 2019

January 2019



Scottish Government
Riaghaltas na h-Alba
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FAIRER SCOTLAND DUTY SUMMARY TEMPLATE

<p>Title of Policy, Strategy, Programme etc.</p>	<p>Funeral Expense Assistance (Scotland) Regulations 2019.</p>
<p>Summary of aims and expected outcomes of strategy, proposal, programme or policy</p>	<p>The vision for a Fairer Scotland has been at the heart of our social security policy from the very beginning. Funeral Expense Assistance (FEA) has been developed with this in mind.</p> <p>FEA will replace the UK Government’s Funeral Expenses Payment (FEP) in Scotland by summer 2019. This new benefit will deliver a one off payment to support eligible people on low income benefits or tax credits by providing a contribution towards the cost of a funeral.</p> <p>FEA is intended to help improve the outcomes for bereaved people on low incomes by reducing the burden of debt they may face when paying for a funeral. Administration of FEA will be delivered by Social Security Scotland.</p> <p>The FEA payment provides support towards:</p> <ul style="list-style-type: none"> • Burial or Cremation costs. This may also include the cost of any documents that are required to allow the burial and cremation to take place. • Certain travel costs; <p style="padding-left: 40px;">and</p> <ul style="list-style-type: none"> • A flat rate payment for other expenses. This may be used towards any other funeral expenses such as funeral director fees, a coffin, and flowers. The amount of other expenses will either be – <ul style="list-style-type: none"> ○ £700 for the majority of eligible applicants where the deceased had no funeral provision in place (this payment amount will apply for all FEA payments for child funerals); or ○ £120 to eligible applicants where the deceased had made provision for their funeral through a funeral plan. <p>Eligibility for FEA will be determined based on the following:</p> <ol style="list-style-type: none"> 1. Applications – must be made during the application window which opens on the date of death and closes 6 months after the funeral. 2. Residency – applicant must be ordinarily resident in Scotland, and the person who has died must have been ordinarily resident within the UK. 3. Relationship to the person who has died, and financial responsibility for the funeral - applicant must be the nearest relative or friend of the person who has died (though we have retained flexibility to accommodate difficult family circumstances), and must be responsible for paying for the funeral.

	<p>4. Funeral location – FEA will support funerals that take place in the United Kingdom; and in some cases in a member state of the European Union, Iceland, Liechtenstein, Norway or Switzerland.</p> <p>5. Qualifying benefit – the applicant or their partner must be in receipt of a qualifying benefit or tax credit, these are:</p> <ul style="list-style-type: none"> ➤ Income Support (IS) ➤ Income Based Jobseekers Allowance (JSA) ➤ Income related Employment and Support Allowance (ESA) ➤ Pension Credit (PC) ➤ Child Tax Credit (CTC) ➤ Disability or severe disability element of Working Tax Credit ➤ Universal Credit (UC) ➤ Housing Benefit <p>The Funeral Costs Plan¹ sets out the Scottish Government’s 10 key actions for tackling funeral poverty. Introducing FEA is the first action listed within this plan.</p>
<p>Summary of evidence</p>	<p>Funeral Costs and Funeral Poverty Evidence</p> <p>There are a number of challenges in relation to collecting information and devising measures for funeral poverty. At present, annual reports from Sun Life and Royal London, along with a Scotland-specific publication from Citizens Advice Scotland, provide the best sources of data to understand funeral costs and funeral poverty.</p> <p>Average costs for burial and cremation in Scotland in 2017 were as follows:</p> <ul style="list-style-type: none"> ○ local authority burial is £1,427.99²; and ○ cremation is £743.78³, which includes crematoria that are run by local authority, private, and a charity. <p>The Royal London National Funeral Cost Index 2018⁴ indicated that the average cost of a funeral in Scotland was £3,499 and the Sunlife Cost of Dying 2018 report indicated a figure of £4,085⁵ as the average cost of a funeral in Scotland. The variation is due to differences in what is included in the definition of a funeral and sampling methodology.</p> <p>This Index also indicated that just over one in ten people (12%) are taking on an average debt of £1,744 as a result of arranging a funeral. In some cases, people may be able to service this debt but for others this may be unsustainable. Qualitative research conducted by Royal London suggests direct cremation (a lower cost option where there is no funeral at the time of</p>

¹ Funeral Cost Plan - <https://www.gov.scot/publications/funeral-costs-plan/>

² CAS The Cost of Saying Goodbye 2017
www.cas.org.uk/system/files/publications/cost_of_saying_goodbye_2017.pdf

³ CAS The Cost of Saying Goodbye 2017
www.cas.org.uk/system/files/publications/cost_of_saying_goodbye_2017.pdf

⁴ <https://www.royallondon.com/siteassets/site-docs/media-centre/national-funeral-costs-index-2018.pdf>

⁵ SunLife Cost of Dying Report 2018
<https://www.sunlife.co.uk/siteassets/documents/cost-of-dying/cost-of-dying-report-2018.pdf>

cremation), is not an attractive option for all people on lower incomes, many of whom would prefer a more traditional, full-service funeral. Royal London found that direct cremation currently accounts for around 5% of funerals.

The Index also found that the very poorest households, with incomes of less than £5,000 per annum, spend significantly less than other households on a funeral. Beyond this, however, other very low income households (£5,000-£9,999 per annum) spend very similar amounts to much more affluent households. The Index suggests that this may be due to social pressure to give someone a “good send-off.”

In addition, the Competition and Markets Authority is currently undertaking a market study of the funeral market. It has indicated that organising a funeral would now cost those on the lowest incomes in the UK nearly 40% of their annual outgoings, more than they spend on food, clothing and energy combined⁶

Funeral Expenses Payment Evidence

The DWP currently publishes certain information about FEP as part of its Social Fund Annual Report⁷. In 2018 the average FEP award in Scotland was £1,372.

Stakeholder and individual engagement

We have involved a wide range of organisations and individuals with experience of the current system from the outset of the policy development process in March 2016, drawing on their wealth of knowledge and experience in supporting people who are struggling to pay for a funeral. Further details on this engagement are set out in the analysis report⁸ for our consultation on draft FEA regulations and on our FEA and Funeral Poverty Reference group page⁹.

To ensure that people with direct personal experience of the current benefits system could help us decide how benefits are delivered in Scotland’s new social security system, the Scottish Government set up Experience Panels. We have received, and are continuing to take views, from Experience Panel members on their lived experience of the current FEP, the design of the FEA application form, and on the service that will deliver FEA. A summary of the initial research findings and user research for FEA will be published in spring in 2019.

Summary of assessment findings

The Scottish Government recognises the impact of rising funeral costs on families on low incomes; the long term effect this can have on their finances; and on how they experience grief.

We want FEA to help those who are in poverty and those who may be tipped into poverty by having to pay for a funeral. Rather than creating a potentially complex new means-testing system, eligibility will be dependent on the

⁶ <https://www.gov.uk/government/news/cma-proposes-major-funerals-probe-after-identifying-serious-concerns>

⁷ <https://www.gov.uk/government/publications/social-fund-annual-report-2017-to-2018>

⁸ <https://www.gov.scot/publications/funeral-expense-assistance-regulations-analysis-consultation-responses/>

⁹ <https://www.gov.scot/groups/funeral-poverty-and-funeral-expense-assistance-reference-group/>

applicant (or their partner) being in receipt of a UK Government low income benefit or tax credit. This is expected to target FEA payments at people at the lower end of the income spectrum.

During development of our policy we have heard that people who may struggle to pay for a funeral are not eligible at present. In response to this we have widened eligibility for financial support for FEA by 40% compared to the current FEP. These people would receive no help with funeral costs at present.

In particular, the inclusion of the new more transparent nearest relative test increase the number of people eligible for support. Using this new test was originally proposed by stakeholders and was supported¹⁰ during the recent consultation on the draft FEA regulations held between 17 May and 23 August 2018¹¹. This new test will ensure that not only will we reach more people on lower incomes with this benefit, but we will also improve the application process and speed of decisions.

We are also working to make it clearer for applicants to understand if they are likely to be eligible in advance of application and how much they can expect to receive if their application is successful. We expect that this will help people on lower incomes plan the funeral.

A number of other proposed changes to FEA eligibility were made by stakeholders during the policy development process, including increasing the flat rate element of the payment that is currently set at £700 at introduction and further widening eligibility to include groups such as students and people in receipt of other benefits.

The Scottish Government must deliver FEA in a difficult financial context which means we had to prioritise allocating our financial resources. The Scottish Government has already significantly widened eligibility for FEA compared to the current FEP (at a forecast cost of almost £2 million for the first full year of operation) and so we have decided not to widen eligibility further to include any other lower income groups or additional benefits.

It will not be possible to increase the flat rate element of the payment above £700 at introduction but the Scottish Government has committed to an annual uprating of the flat rate element of FEA. This will ensure that the value of this part of the payment will be protected from the impact of inflation and means that people in Scotland will receive a higher payment for other expenses than in the rest of the UK after the first year of introduction of FEA, in addition to more people being entitled to support. The costs of this additional support will be met from the Scottish Government's budget and will total almost £2 million in the first full year of operation. The payment level of the flat rate element will be kept under review in the future.

¹⁰ Funeral Expense Assistance Regulations: consultation analysis - <https://www.gov.scot/publications/funeral-expense-assistance-regulations-analysis-consultation-responses/>

¹¹ Consultation on Funeral Expense Assistance Regulations - https://consult.gov.scot/social-security/funeral-expense-assistance/supporting_documents/00535472.pdf

	<p>As part of the process to develop FEA, we will build a system that allows the collation of robust, Scotland-specific management information on a range of areas. We will monitor and publish appropriate data on the FEA so that its impact can be evaluated and so that the policy can be improved in the future.</p>
Sign off	<p>Name: Ann McVie</p> <p>Job title: Deputy Director, Social Security Policy</p>



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