

## Brief introduction to Quaker Social Action and its work to tackle funeral poverty

Originally established in 1867 in east London as the Bedford Institute Association, Quaker Social Action (QSA) has been working with people on low incomes for over 150 years. Our mission is to enable people on low incomes to seek solutions to the issues affecting their lives.

QSA's longstanding work with people on low incomes alerted us to a common issue shared by many service users: the financial shock of a funeral. We are widely regarded as leading experts on addressing funeral poverty. For eight years we've run the UK's only project offering practical support for people struggling with basic funeral costs and funeral debt. In 2010 we launched our Down to Earth project after 18 months of research. What began as a local pilot has grown and evolved into a service with national reach.

We have helped more than 3,200 people as the UK's only source of practical support for people struggling with basic funeral costs. [Down to Earth](#) is trusted with referrals from a wide network of hospitals, hospices and other organisations working with people on low incomes. Over the past year Down to Earth has achieved average savings per client of £1,680, and average money raised per client of £1,401 from government, charitable and benevolent funds and other sources.

### Context: Funeral costs and the Social Fund

- Put simply, funeral poverty is where the price of a funeral is beyond a person's ability to pay
- There has been a huge rise in prices, 122% since 2004 including a 4.7% jump from 2017 to 2018, meaning that the average cost of a funeral now stands at £4,271 (SunLife Cost of Dying Report 2018 <https://www.sunlife.co.uk/siteassets/documents/cost-of-dying/cost-of-dying-report-2018.pdf>)
- "For almost 1 in 8 (12%) families, finding the money to pay for their loved ones' funeral caused them notable financial problems. This is an increase from 1 in 9 families last year. And on average, this group had to find £2,775 to pay for the funeral" (SunLife Cost of Dying Report 2018)
- The cost of funerals has increased at the same time as financial support from the state has been eroded. This means funeral poverty is inevitable for a section of our society.
- The Social Fund Funeral Payment (SFFP) administered by the Department of Work and Pensions (DWP) was established in 1989 to cover the cost of a basic funeral for people on qualifying benefits where there were no other funds available through relatives or the estate of the deceased
- Over the past 12 years, the value of the SFFP has been eroded dramatically in real terms. The average award in 2016-17 was £1,427, around 35% of the average cost of a funeral (DWP Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2016-17). As a result, even people awarded a grant are left with a potential shortfall of thousands of pounds, often leading them into unmanageable debts
- In 2012-13 there were 66,000 applications for SFFPs in the UK but only 35,000 awards. This means 47% of applications were turned down. A House of Commons note on the SFFP states: "The adequacy of Funeral Payments, in light of actual funeral costs, has long been a source of complaint" (House of Commons, Standard Note, SN01419, 1 November 2013)
- In 2016-2017, 27,000 grants were awarded worth around £38.6million. The amount spent on the SFFP has only increased from £2 million since 1988. In real terms this represents a large decrease in expenditure.
- In November 2017 the Government wrote a consultation response on Reforms to the Funeral Expenses Payments Scheme where it was noted that 'a significant number of respondents, whilst agreeing with the proposals, also argued in favour of: addressing the adequacy of the overall amount payable as a contribution towards the costs of a funeral...

Whilst the Department will not raise the amount currently payable towards other costs at this time, we have made interest-free Social Fund Budgeting Loans available to help meet additional funeral costs... However, as with all of our policies we will continue to keep the Funeral Expenses Payments scheme under review.'

([https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/656887/consultation-response-reforms-to-funeral-expenses-payments.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/656887/consultation-response-reforms-to-funeral-expenses-payments.pdf))

## Policy suggestions

We are suggesting six changes to policy relating to the Social Fund; four relating to the Social Fund Funeral Expenses Payment and two relating to the Social Fund loan:

### Social Fund funeral Expenses Payment

- **Raise the Social Fund Funeral Expenses Payment (SFFP) to cover basic costs:** as recommended by the Work and Pensions Select Committee, the SFFP must be increased to cover basic funeral costs. We're requesting the amount of money available for funeral expenses within the funeral fund is raised in line with funeral cost inflation, which would increase the £700 to £1,377. This would increase government spending by **£18,262,000\***, which is, in our view a small amount to ensure we have a safety net for grieving people that our country can be proud of. After this point, the fund should be increased annually in line with the retail price index.
- **A government plan to tackle funeral poverty:** funeral poverty is a multi-faceted problem which spans different government departments including the DWP, the Department of Health, the Department for Business, Energy & Industrial Strategy and the Ministry of Housing, Communities & Local Government. Very little is known within government about how different state bodies converge and interact with bereaved people on low incomes. A government inquiry should be undertaken involving the relevant departments and recommendations made for improving the situation of people on low incomes arranging a funeral.
- **Third party advocate scheme:** a third party advocate scheme could provide a solution to several of the factors that converge to create funeral poverty. The scheme could very quickly determine for people their eligibility for the SFFP and other state and charitable grants and help them find a funeral that meets their needs at a reasonable price. Such a scheme would be likely to save the DWP time and money because state funds would be channelled towards funeral directors charging a reasonable price as opposed to those with inflated costs. This could have the overall effect of bringing prices down across the funeral industry. This would increase government spending by **£8,103,240\***.
- **Senior decision maker:** a senior decision maker should be appointed who can re-consider cases where an applicant for the SFFP has been turned down but their case involves exceptional levels of vulnerability and need. This would increase government spending by **£20,529\***.

### Social Fund Loan

- **Change the eligibility for Budgeting Loans:** given that average funeral directors' fees are £2,595 (SunLife Cost of Dying Report 2018), even with an increase in the SFFP, there will be some people who will still struggle to find all of the money for a funeral. The Budgeting Loans intended to assist with this shortfall are only available to people getting Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance or Pension Credit for the past 6 months (<https://www.gov.uk/budgeting-help-benefits/eligibility>), which means that there will be many people eligible for the Social Fund

Funeral Expenses Payment who will not be eligible for this loan. We're requesting that the eligibility criteria for budgeting loans falls in line with eligibility for the SFFP (<https://www.gov.uk/funeral-payments/eligibility>). This means allowing people getting Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance or Pension Credit to claim before 6 months, and allowing people getting Housing Benefit, the disability or severe disability element of Working Tax Credit, Child Tax Credit and Support for Mortgage Interest loan to claim a budgeting loan (those in receipt of Universal Credit can apply for a budgeting Advance instead: <https://www.gov.uk/universal-credit/other-financial-support>). This would increase government spending by **£3,086,250\***

- **Speed up the process for claiming the Budgeting Loan:** currently applicants need to wait up to 20-25 working days for a decision to be made (depending on whether they claim online or on a paper form) and then a further 12 working days to receive the loan. This equates to 6.5-7.5 weeks. For those wishing to use the loan toward their funeral deposit, or indeed toward the cost of their funeral, this will feel too long a wait for most people, particularly given that most funeral directors require a deposit before the funeral and full payment within 28 days after the funeral. We're requesting that the government reduce this by half, so their decision-making time would be 10 working days, with 6 working days to receive the loan.

### Impact and value for money

- We know from qualitative evidence from our clients that struggling with the financial pressures of funeral poverty often gets in the way of people's ability to grieve and leaves them feeling stressed. Those with existing mental health problems have mentioned that financial pressures have made their mental health problems worse.

**"When I didn't know how I was going to pay for the funeral, I was tearing my hair out. It was all I could think about. I couldn't even start saying bye to Dad".**

Valerie, 49, Bow in east London

- Research around the death of a partner has found that feeling worse off financially increases chances of women reporting symptoms of clinical depression for 2 years or more (Corden, A., Hirst, M. and Nice, K. (2008) Financial implications of death of a partner, Social Policy Research Unit, University of York, York)
- Helping those who struggle to pay for a funeral would arguably improve the mental health of bereaved people and provide savings in NHS spending on mental health services. Furthermore, there are wider macroeconomic implications; those who are mentally well will be able to contribute to the current and future economy more readily through work, since *'Mental health problems have a greater impact on people's ability to work than any other group of disorders'* (Royal College of Psychiatrists (2013) Mental health and work) <https://www.gov.uk/government/publications/mental-health-and-work>
- Additionally, by providing support in the form of payments and interest-free loans, there will be fewer people getting into unmanageable debt so less money spent on debt advice and interest on the national debt. Furthermore there will be less money spent on other services such as homelessness and care due to the social costs of problem debt. Given that the social cost of debt is £8.3 billion according to Stepchange, the proposed changes could lead to significant savings on this figure <https://www.stepchange.org/policy-and-research/social-cost-of-debt.aspx>
- The executive summary of the autumn budget 2017 states *'the Budget will ensure that every generation can look forward to a better standard of living than the one before and ensures young people have the skills they need to get on in life.'* By raising the SFFP in line with inflation, this generation can have the same standard of living as the previous generations when paying for a funeral. By improving the availability of the budgeting loans by standardising eligibility, their standard of living will improve by being more able to manage the cost of a funeral.

## Appendix

### 1. Calculations for the Social Fund Funeral Expenses Payment:

The average award given in 2016-2017 was **£1,409**.

Removing the £700 (Other Costs/funeral directors' fee segment), we're left with a baseline of **£729**.

The amount we've worked out the Other Costs segment should cover is **£1,377**, if it had risen at the same level as funeral inflation.

Thus: **£729 + £1,377 = £2,106**

The number of successful awards in 2016-2017 was 27,000. If we assume the number of successful awards for 2018-19 stays the same as for 2016-2017 (27,000), the figure for 2018-2019 in total

payment would be: **27,000 x £2,106 = £56,862,000**

minus the amount spent in 2016-2017 (£38,600,000)

gives an additional amount of **£18,262,000** that the DWP would need to fund

### 2. Calculations for the Third Party Advocate Scheme

Down to Earth offer a similar service and their running costs are approximately £238,000 p.a. They assisted 793 individuals in the year 2017-18.

We calculate the cost per client using the total figure £238,000 divided by 793 clients = £300.12

Assuming the 27,000 SFFP claimants were to use the Third Party Advocate scheme, we would calculate the same cost per claimant: £300.12 x 27,000 = **£8,103,240**

### 3. Calculations for the Senior Decision Maker salary

The average DWP Executive Officer salary according to Indeed is **£20,529**

([https://www.indeed.co.uk/salaries/Executive-Officer-Salaries-at-Department-For-Work-and-Pensions-\(dwp\)\)](https://www.indeed.co.uk/salaries/Executive-Officer-Salaries-at-Department-For-Work-and-Pensions-(dwp))))

### 4. Calculations for the increase in eligibility for the Social Fund loan

In 2016-17 over 943,000 awards were made to applicants in the form of Budgeting Loans, worth £411.5 million

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/630382/social-fund-annual-report-2016-2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/630382/social-fund-annual-report-2016-2017.pdf)

We estimate the increase in eligibility criteria would double the number of awards which would equate to loans worth £823 million in total.

These monies will be repaid to the government by the applicant so the government is not losing this money, but would arguably lose interest they would have made had the money not been spent.

Bank of England interest rate is currently 0.75%

<https://www.bankofengland.co.uk/monetary-policy/the-interest-rate-bank-rate>

We have worked out the loss of interest upon another £411.5 million awards to be 0.75% of £411.5million = **£3,086,250**.

We note that Budgeting Loans intended specifically for funerals will only make up a small proportion of applications for Budgeting Loans, but the consequence of extending the criteria for Budgeting Loans may be that applicants may apply for budgeting loans for other purposes.

In order to spend less money, the government may alternatively wish to extend the criteria for Budgeting Loans as we suggest, but only when the applicant is applying for a loan specifically for funeral expenses.