

Funeral Poverty

Report of Northumberland VCS Assembly - April 2018

This briefing note has been put together as a basis for discussion around the subject of funeral poverty and to consider if there are actions that could be taken.

Introduction

The impact of funeral poverty can be financial, in the form of a legacy of debt but it can also be emotional in the form of the distress, shame and the perceived stigma of not being able to provide a 'decent send-off' for someone we love. More people struggle to cover the cost of a funeral than you might think - almost one in five of us. Worrying about money is the last thing you want when you've lost someone. The taboos around death and money can put people off talking to each other about paying for a funeral but there is a need to start doing this. Funeral costs have spiralled - 80% in the last ten years. At the same time Government grants, which used to cover the cost of a basic funeral for people on low incomes, have eroded and now fall way short of the overall bill.

Royal London National Funeral Index Report 2017

Royal London produces a yearly National Funeral Cost Index. The average cost in 2017 of a funeral was £3784. (£3,679 in North East England) The average cost for a burial in 2017 was £4,257 (Blyth £3,842) and the average cost for a cremation was £3,311 (Blyth - £3,293). The average debt taken on by customers who struggled to pay for a funeral was £1,680.

Royal London found evidence that private crematoriums charge higher fees and have increased their fees by more compared to local authority crematoriums (increases of 5.9% and 4.6% respectively). They also found evidence of pressure on burial plots with shortages resulting in price rises in the region of 20% in various parts of the country. They urge the Government to follow the example set by the Scottish government and pass legislation that allows for the sensitive re-use of abandoned old graves.

Royal London continues to see extreme variations in funeral directors' costs, even at a postcode level where the largest difference between the highest and lowest price is £2,365. Even with this significant range of costs, there is still a lack of shopping around by consumers. Only 6% of people got quotes from more than one funeral director. Even amongst those struggling with funeral costs the vast majority (89%) went with the first funeral director they contacted.

This year they recorded the highest level of people selling their possessions to repay funeral debt – one in ten (10%) of those struggling with funeral payments are taking this approach in

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order to raise the necessary funds. A common strategy for those that struggle with funeral costs is to go into debt almost one in four (23%) people get into debt and over one in four (26%) borrow money from family and friends. When it comes to cutting funeral costs themselves, people's strategies are more limited. Relative low proportion of consumers take cost cutting measures to reduce funeral costs. The most common strategy is to opt for a home wake, but even this is only adopted by one in eight people (13%).

This year's report highlights the crucial role funeral directors play in providing help and guidance at the point of bereavement. More than 60% of people received support from a funeral director. This makes them well placed to raise awareness of the increasing range of options available to those arranging funerals. The data suggests that in almost 40% of cases where customers struggled with the cost of a funeral, the most affordable options were not discussed. In 34% of the cases where they were discussed, it was as a result of a customer raising the issue themselves.

Direct cremation is a distinctive new approach which separates the ceremonial and disposal elements of the funeral and is one of an increasing range of cost options open to the consumer. It includes having standard cremation ceremonies at less popular times and the option of not taking all services that form part of the standard funeral ceremony, such as not using a funeral director or having a separate service.

Financial Support for funerals

The Government provides financial support for bereaved people on low incomes. Even if you are eligible for it, a state contribution is unlikely to cover the full cost of the funeral. The two forms of support are:

Social fund funeral payment is a grant (i.e. you don't have to pay it back) towards the cost of a simple funeral for people on qualifying benefits.

Bereavement benefits are for widowed spouses whose partner paid sufficient national insurance contributions. They include a one-off grant of £2,000 and two fixed-term weekly benefits depending on whether you have children. This benefit is not available to parents who were not married.

The total number of Social Fund Funeral Expenses Payment (SFFEP) applications remained the same as 2016. The number of successful awards dropped again in 2017 to 27,000 from 29,000 in 2016 and 32,000 in 2015 (see Appendix 1). This compares with 41,000 awards in 2007. The Government spent £38.6 million on SFFEP last year, which is the lowest figure for more than 10 years. In the last year, the average SFFEP award has risen from £1,410 to £1,429 – a below inflation rise of 1.3%. This means that the gap between the amount of the average award and the average funeral cost continues to widen, with consumers facing a shortfall of £2,355.

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Over the past 12 years, the value of the SFFEP has been eroded dramatically in real terms. The average award in 2016-17 was £1,429, around 35% of the average cost of a funeral. As a result, even people awarded a grant are left with a potential shortfall of £2,355, often leading them into unmanageable debts. In 2012/13 47% of applications to the SFFEP were turned down. The amount spent on the SFFEP has only increased from £2 million since 1988. In real terms this represents a large decrease in expenditure, being the lowest figure for more than 10 years.

The DWP will only pay out a grant once the funeral has taken place. However, funeral directors normally require a deposit of over £1,200 before a cremation can go ahead, rising to over £3,000 for a burial. So people find themselves having to raise this money fairly quickly before they know if they'll receive anything from the DWP, often leaving them with no choice but to access unaffordable forms of credit.

Amendments to Social Fund Funeral Payments

Following a consultation held by the Department of Work and Pension in the summer of 2017 there have been some changes to the Social Fund funeral payments which commenced in April 2018. Whilst simplifying the process it is considered that these changes have not gone far enough. The changes include:-

- enabling claimants to receive contributions from charities, relatives or friends without them being deducted from the overall sum payable toward funeral costs;
- claimants will have six months from the funeral date in which to make an application for help with funeral costs, instead of the current three months;
- evidence needed in support of the claim will be able to be submitted electronically

The National Association of Funeral Directors recognised failings in the consultation on the Social Fund as it excluded key issues - how eligibility could be better and more easily established by bereaved families, the length of processing time, the inadequacy of the £700 'other funeral expenses' payment and poor levels of signposting to the benefit by government agencies.

Public health funerals

Councils have a statutory duty under Section 46 of the Public Health (Control of Disease) Act 1984 to make arrangements for the funeral of any person who has died or found dead in their borough, where it appears "that no suitable arrangements for the disposal of the body have been made or are being made"

Freedom of Information data from 260 local authorities shows there were 3,784 public health funerals across the UK in the financial year 2015/16. The total cost of these funerals amounted to £4m. Some 211 councils provided data on public health funerals both for the financial years 2011/12 and 2015/16. This revealed that the number of public health funerals has increased by 12% over the last five years. The total cost of public health funerals to councils across the UK increased by 36% in the last five years.

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Quaker Social Action and Funeral Poverty

Quaker Social Action has produced a simple and practical guide to planning an affordable and meaningful funeral and have produced a leaflet - 10 steps to an affordable, meaningful funeral.

Fair Funeral Campaign

Quaker Social Action has launched the Fair Funerals campaign to:

- Educate people about their choices so they can avoid funeral poverty
- Influence government to do more for people in funeral poverty
- Work with the funeral industry to do more for people on low incomes

The Fair Funerals pledge is part of the Fair Funerals campaign.

The pledge is a FREE and VOLUNTARY way for funeral directors to address this problem. It asks them to provide clear comparable prices and to talk openly about money.

Funeral directors who sign the pledge are committing:

- To recognise that funerals can be expensive and many people struggle with the cost.
- To help people to find funeral that are within their means.
- To be open about their most affordable options, including third party costs: in initial conversations, within our price lists, on our website.

Funeral Poverty and actions being undertaken in Northumberland

Church Action on Poverty North East has been approaching Funeral Directors in Morpeth and Hexham to sign up to the Fair Funerals Pledge.

- The Cooperative have signed the Fair Funeral Pledge at national level whilst the Morpeth office was aware of this the Hexham office seemed unaware. Their most simple funeral (excluding embalming and restricted to days & times of Coop's choosing) costs £1995+3rd party costs. The lowest cost funeral plan is £2895. Kinghorn Funeral directors in Morpeth are the only other directors who have signed the Fair Funeral Pledge.
- An independent Funeral Director in Hexham provides a basic funeral at £1400 including crematorium fees + £150 for hearse, provides a help sheet and allows people to pay him in instalments without interest or additional charges. Another funeral director was unable to provide a basic cost as there were too many variables but they do itemise costs and give choice but was not convinced there was an issue with funeral poverty in the area.
- A funeral director in Morpeth lists a direct cremation from £1750.
- It is understood that Northumberland Community Bank could provide a loan to cover the cost of a funeral even if the applicant had not previously saved with them, provided they were able to enter into an appropriate repayment schedule (this has been piloted elsewhere in the country)
- The Quaker Social Action ten steps to an affordable, meaningful funeral leaflet has been passed to the church leaders/reverends etc. in Morpeth. Some other churches have agreed to make the leaflet for organising a funeral available and Church Action

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on Poverty are in discussions with the Quakers about producing their Meaningful & Affordable Funerals (a comprehensive guide) in booklet form in the hopes of making it available to all ministers conducting funerals.

To get an indication of the extent to which funeral poverty exists in the county a couple of VCS organisations were approached to provide information

- Following a request to Northumberland Citizens Advice about evidence of funeral poverty in the county, I received data for the period July 2017 – Feb 2018 (8 months) 13 people had been in contact in relation to bereavement benefits, 19 in relation to bereavement support payment and 12 in relation to social fund funeral payments, a total of 44 people
- Over the last year, West Northumberland Food Bank have supported 5 households in hardship due funeral costs including a single adult 60+ paying for her own funeral plan, a family coping with additional costs associated with funeral, a family that went into severe debt to pay towards a funeral and a single adult 60+ paying a bank loan taken out to cover funeral costs.

Conclusions and Recommendations

The information gathered on funeral poverty suggests that :-

- More work needs to be done to raise awareness of the options that consumers have to find a funeral to fit their budget. Improved consumer knowledge and information about funeral options would be a big step forward in customers getting the funerals they want, at prices they can afford without getting into financial difficulties.
- The nature and quality of the advice that Funeral Directors offer is crucial in explaining the service choices available to consumers, and particularly the lowest cost options.
- SFFEP benefit will still require applicants to commit to a package of funeral services before they know whether they will qualify for an award or what the value of that award will be. The flaw in this process needs to be addressed.
- The eligibility for bereavements benefits needs to be reviewed as more young couples with children opt to cohabit rather than marry.
- More needs to be done to raise the size of the awards in order to really tackle funeral poverty.

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References

The Royal London National Funeral Cost Index Report 2017

Annual Reports by the Secretary of State for Work and Pensions on the Social Fund

Quaker Social Action – Planning an Affordable and Meaningful Funeral , Fair Funerals,
Down to Earth

National Association of Funeral Directors - Planned changes to the Social Fund Funeral
Payment do not go far enough - Jan 2018

Funeral Service Times – Rising Funeral cost and Family breakdown leads to pauper's
funeral increase Jan 17th 2018

Church Action on Poverty North East

Mental Health North East

Northumberland Citizens Advice

West Northumberland Food Bank

Support to arrange a funeral

Down to Earth, (part of Quaker Social Action) can provide support to arrange the best funeral for your loved one with the least money worries. They are based in London but can support people from anywhere in the UK.

They are always happy to give advice and have a small staff team who can support you through the various aspects of arranging a funeral.

www.quakersocialaction.org.uk/Pages/Category/down-to-earth

Your Funeral Choice is an online service that assesses the costs charged by different funeral directors in the same area (yourfuneralchoice.com can provide costs for a comparable basket of funeral services that include funeral director's costs, a hearse and coffin).

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Appendix 1

Annual Reports by the Secretary of State for Work and Pensions on the Social Fund

Funeral Expenses payments

Year	Numbers receiving payments	Total payment awards
2013/14	33,000	£44.7 million
2014/15	32,000	£44.2 million
2015/16	29,000	£40.0 million
2016/17	27,000	£38.6 million

Claimant Group	2013/14	2014/15	2015/16	2016/17
Pensioners	41%	38%	36%	34%
Unemployed	9%	10%	11%	11%
Disabled	9%	9%	9%	9%
Lone Parents	4%	3%	3%	2%
Employed	1%	-	-	-
Other	36%	40%	42%	44%

Qualifying benefit	2013/14	2014/15	2015/16	2016/17
Income Support, Employment and Support Allowance (income-related), Jobseekers Allowance (income based), Universal Credit and Pension	77%	77%	76%	74%
Child Tax Credit (at a rate higher than the family element)/ Working Tax Credit (which includes a disability or a severe disability element)	9%	9%	11%	11%
Housing Benefit & Council Tax Benefit	14%	14%	14%	15%

The average actual clearance standard for Funeral Benefit payments is 15 working days. In 2016/17 44% were achieved within the standard and 65% within standard + 5 days.

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