

Fairer Scotland Duty: summary

Guidance on Funeral Costs

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FAIRER SCOTLAND DUTY: SUMMARY

Title of Policy	Guidance on Funeral Costs
Summary of aims and expected outcomes of policy	<p>Policy aims</p> <p>The Scottish Government will publish guidance on funeral costs under Section 98 of the Burial and Cremation (Scotland) Act 2016¹ (the 2016 Act).</p> <p>While the setting of individual funeral charges is for local authorities and private businesses to determine, the Scottish Government wants to help consumers understand, compare and choose the services that are right for them. The guidance sets out steps that funeral directors and burial or cremation authorities can take to help improve the availability and transparency of funeral charges information, to help consumers make informed decisions.</p> <p>The guidance complements other action the Scottish Government has already taken to help encourage people to talk about and plan their funeral.</p> <p>Guidance outline</p> <p>The guidance has four sections: for burial authorities, for cremation authorities, for funeral directors and a section for local authorities in relation to charge setting and tackling funeral poverty.</p> <p>The guidance includes a range of measures to:</p> <ul style="list-style-type: none">• Encourage burial and cremation authorities and funeral directors to use clear and consistent language and terminology.• Encourage burial and cremation authorities and funeral directors to make pricing information available in a number of formats.• Encourage crematoriums to display their prices in a way that helps people to understand which services are included in their attended cremation charge (and so are not optional) and which services can be added at an extra cost.• Encourage improved transparency of pricing by funeral directors at the point of sale, such as clearly setting out the range and price of available funeral services (including lower-cost options), providing an itemised quote and a final bill.• Improve the ability of consumers to compare lower-cost options across different funeral directors by setting out a clear definition of a simple funeral.• Encourage burial and cremation authorities to accommodate the wishes of people who do not want to use the full services of a funeral director.• Encourage local authorities to take steps to improve public understanding of burial and cremation charges such as consulting on charge setting; and providing information about expenditure and income for these services. It also suggests local authorities consider sharing and learning from best practice, where appropriate.

¹ <http://www.legislation.gov.uk/asp/2016/20/contents/enacted>

- Encourage local authorities to take steps to reduce funeral poverty, such as recognising funeral costs as a potential cause of poverty when developing local authority poverty reduction strategies, and supporting people who are struggling with the costs of a funeral.

The guidance on funeral costs is advisory and will not impose new requirements or conditions on funeral directors, burial authorities or cremation authorities. However, we have worked closely with the funeral industry and local authorities in developing the guidance in order to increase the likelihood that it will be widely adopted.

Rationale and scope

The guidance focuses on the availability and transparency of information about the costs associated with arranging a funeral.

Section 98 of the 2016 Act² makes provision for Scottish Ministers to publish “guidance on the costs associated with making arrangements for a funeral” and that “the guidance may in particular cover the desirability of such costs being affordable”.

Publication of the guidance on funeral costs is Action 2 of the Scottish Government’s Funeral Costs Plan³, which sets out 10 actions that the Scottish Government will take this parliamentary term to help tackle funeral poverty.

The guidance on funeral costs aligns with the Scottish Government’s National Performance Framework (NPF)⁴, which aims to reduce inequalities and includes among its values that we “treat all our people with kindness, dignity and compassion”. The NPF sets out (against the ‘Poverty’ outcome) that “we will work together across political parties and sectors to identify and address the root causes of disadvantage and set in place the actions to eradicate poverty for good”.

Outwith scope

The guidance does not address regulation of the funeral sector, as this is provided for under other sections of the 2016 Act. The Scottish Government appointed Scotland’s first ever Inspector of Funeral Directors in April 2017. We have involved the Inspector during development of this draft guidance to ensure that this the development of this guidance aligns with her work, where appropriate, and so it is clear that provision of lower-cost options should not result in poorer standards of care of the deceased.

This assessment also does not consider the duties local authorities have under section 87 the 2016 Act to arrange for the burial or cremation of a person who has died within the local authority area and where no arrangements have been or are being made for burial or cremation.

The guidance on funeral costs is separate from the work being undertaken by the Competition and Markets Authority in relation to the funeral market.

² <http://www.legislation.gov.uk/asp/2016/20/contents/enacted>

³ <https://www.gov.scot/Publications/2017/08/6243>

⁴ <http://nationalperformance.gov.scot/>

Summary of evidence

Evidence on funeral costs

According to Citizens Advice Scotland⁵, average costs for burial and cremation in Scotland in 2018 were as follows:

- Local authority burial was £1535, which includes both burial fees and the cost of purchase of exclusive right of burial; and
- Cremation was £708, which includes crematoriums that are run by local authorities, private crematoriums, and one that is run by a charity.

According to the Royal London National Funeral Cost Index Report 2018⁶, the average cost of a funeral in Scotland in 2018 was £3,499. The Sunlife Cost of Dying Report 2018⁷ indicated a figure of £4,085 as the average cost of a funeral in Scotland. These figures include funeral director's fees and the cost of burial or cremation. They do not take into account additional services such as catering or flowers.

While there are differences in the figures for the cost of an average funeral in Scotland, both studies show longer-term increases in funeral costs. According to the Sunlife Cost of Dying report (2018), funeral costs for burials in Scotland rose by 119.2% between 2004 and 2018.

The impacts of these costs on people arranging a funeral can be significant. According to the Royal London Index of funeral costs (2018), one in 10 (12%) surveyed across the UK said they struggled with funeral costs. Royal London also reported that even though there has been 21% fall in numbers of people experiencing funeral debt between 2017 and 2018 in the UK (95,000 in 2017 to 75,000 in 2018), the average amount of individual funeral related debt is now at an all-time high at £1,744 on average, an increase of 34% over 5 years

The CMA has found that people could save over £1,000 by looking at a range of choices in their local area. Despite this, its research⁸ found that only 14% of respondents compared the services of two or more funeral directors when deciding which one to use. The CMA found that people typically choose to use a local funeral director and do not shop around for better prices and services. Instead, they tend to rely either on recommendation by a personal contact or on their own experience. Nevertheless, the CMA's research suggests that when people do want to compare prices across different funeral directors, this can be difficult as prices are often not available online. However the CMA also indicates that customers want funeral directors to meet a range of needs including the physical care of the body, advice and practical assistance with making arrangements and help to achieve a 'meaningful farewell', and so costs may not be at the forefront of their decision making.

⁵ Unmarked: Funeral Poverty and National Assistance Funerals in Scotland 2017/18, Stirling District Citizens Advice Bureau; 2018

⁶ <https://www.royallondon.com/Documents/PDFs/2018/National-Funeral-Costs-Index-2018.pdf>

⁷ <https://www.sunlife.co.uk/siteassets/documents/cost-of-dying/cost-of-dying-report-2018.pdf>

⁸ https://assets.publishing.service.gov.uk/media/5c9ba9bf40f0b633f6c52a7e/funerals_market_study_-_final_report.pdf

Evidence of impact on lower income households

The Scottish Government has found that more than half of households in the poorest fifth of the Scottish population have no savings or investments, compared with just one in eight households in the richest fifth⁹. As a result, we would expect that individuals and families on lower incomes / experiencing Socio Economic Disadvantage (SED) are more likely to experience financial hardship as a result of having to pay for a funeral, especially where the person who has died has made little or no provision for these costs. We would expect also that individuals and families on lower incomes / experiencing SED are at greater risk of being tipped into poverty by having to pay for a funeral.

The Royal London Index (2018) 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 CMA has indicated that organising a funeral would now cost those on the lowest incomes in the UK 39% of their annual outgoings, more than they spend on food, clothing and energy combined (26%).¹⁰

Stakeholder and individual engagement

To produce the guidance, the Scottish Government established three working groups in early 2018 to explore issues associated with funeral costs and to provide expert knowledge to the guidance drafting process. These working groups included local authorities, the Convention of Scottish Local Authorities (COSLA), private crematoriums, the Institute of Cemetery and Crematorium Management (ICCM), the Federation of Burial and Cremation Authorities (FBCA), the National Association of Funeral Directors (NAFD) and the National Society of Allied and Independent Funeral Directors (SAIF).

The Scottish Government also visited individual funeral directors, burial authorities and cremation authorities to better understand cost drivers, business processes and the practical considerations of their work. In producing the guidance, we have also engaged with the Scottish Government’s Funeral Expense Assistance and Funeral Poverty Reference Group, the Scottish Working Group on Funeral Poverty, and other third sector stakeholders.

Draft guidance was prepared in the first half of 2018. A 12-week public consultation on the draft guidance ran from 16 August to 8 November 2018.¹¹ A total of 49 separate responses were received¹² from a broad range of stakeholders, including independent and large funeral directors, the funeral director trade associations, COSLA, local authorities, and third sector organisations. There were also 15 responses from members of the public. An independent consultation analysis report¹³ was published in February 2019.

⁹ [Fairer Scotland Duty: interim guidance for public bodies](#)

¹⁰ [ONS Family spending in the UK, 2017](#): Detailed household expenditure as a percentage of total expenditure by disposable income decile UK, 2017

¹¹ [Consultation on draft guidance on funeral costs](#)

¹² [Published responses to the consultation on draft guidance on funeral costs](#)

¹³ [Draft guidance on funeral costs consultation: analysis of responses](#)

Summary of assessment findings

The Scottish Government recognises the impact of rising funeral costs and funeral poverty on families on low incomes; the long term effect this can have on their finances; and on how they experience grief. The purpose of the guidance is to enable those families to make better informed choices between more affordable options.

By encouraging funeral directors, burial authorities and cremation authorities to improve transparency of pricing, the guidance on funeral costs will increase people's ability to understand and compare prices. This improved access to information on funeral costs, and greater ability to compare prices, should also help people, including those on lower incomes, to make an informed choice of funeral appropriate to their needs and requirements. It may also mean that the public as a whole becomes better aware of funeral options, increasing people's ability to plan ahead and save for their funeral where necessary.

A number of aspects of the guidance are expected to have a positive impact for people on lower incomes, contributing towards reducing inequalities of outcome:

- **Availability of pricing information online by funeral directors, burial authorities and cremation authorities:** The received a strong level of support in consultation responses and we have decided to include measures on this in the guidance. Being able to compare prices between providers is expected to be helpful for people who may struggle to pay for a funeral but who may be embarrassed to ask about lower cost options
- **Measures to help increase awareness of lower-cost options, such as the simple funeral:** The guidance includes measures to increase awareness of lower costs options, including setting out a clear set of components that comprise a simple funeral. The Scottish Government believes that these measures will empower and provide more choice of information to people, helping them comparing services between providers. This is likely to be particularly beneficial to people on low incomes. Some amendments to the definition of the simple funeral have been made in light of consultation feedback which are expected to benefit people of certain faiths and people in rural areas (this is set out in more detail in the EQIA and ICIA for this policy). Highlighting the availability of lower cost options may make people on lower incomes more comfortable asking about these when trying to arrange a funeral, as well as raising awareness of different options in the public as a whole.
- **Measures for local authorities in relation to reducing funeral poverty:** The additional guidance for local authorities includes a number of measures we expect will help with equality of outcomes – for example by suggesting that local authorities allow people to pay for a burial plot in advance over time, reducing the financial shock at the point of death which is likely to be more pronounced for people on lower incomes. The guidance also sets out that local authorities should consider putting in place measures to support and assist bereaved people who are unable to or struggling to meet the costs of arranging a funeral, such as providing advice to the public, or working with funeral directors to provide support to people who would struggle to pay for a funeral. Where local authorities decide to take such steps, this is expected to be beneficial for people on lower incomes.

- **Local authority consultation on charge setting:** The guidance suggests that local authorities should involve people with direct experience of poverty / disadvantage when consulting on funeral charges (which can be part of a broader consultation). This is expected to mean that the views of people in poverty are considered during the charge setting process.

Conclusion

Overall, the Scottish Government expects that the measures in the guidance - if adopted widely - will increase availability and transparency of funeral cost information across the Scotland. Such improvements will then indirectly help those who are in poverty (and those who may be tipped into poverty by having to pay for a funeral) to make an informed choice of funeral appropriate to their needs and requirements.

We have committed to reviewing the guidance in the future, to ensure that it remains fit for purpose. We will work with local authorities, funeral directors and burial and cremation authorities to collect information about the implementation of the guidance, so that its impact can be considered and that the guidance can be updated, if necessary, to address any issues identified.

Sign off

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