



Missing maintenance:

Forward

Gingerbread is the national charity working for and with single parent families. It has been a longstanding goal of the organisation to help achieve an effective child maintenance system in this country, to reduce the financial disadvantage faced by children growing up in separated households.

For children of single parents, regular child maintenance from their other parent can make the difference between barely surviving and making life manageable. When maintenance stops, is paid irregularly or only in part, life for families becomes harder and more stressful. The payment of maintenance arrears months or even years later is still vital - reducing the debt burden built up in the meantime, paying for replacement of worn-out items like shoes; and, as one parent put it *“the chance for my son to feel part of the world again (Christmas presents for friends, the odd trip or football club)”*.

Missing maintenance examines child maintenance debt collection. Its focus is on the collection of unpaid child maintenance owed for children now. With the child maintenance system in transition, it looks at the current performance of the Child Support Agency (CSA) (gradually being shut down) and that of its replacement, the Child Maintenance Service. It also asks what is happening to outstanding child maintenance still owed for children, after their CSA case has been closed.

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Summary

- **Payment of statutory child maintenance is a legal obligation**, just as much as tax.¹ If it goes unpaid, it is the job of the statutory maintenance authorities to step in to secure the financial support for children from parents required by law. Yet today, total child maintenance arrears debt stands at nearly £4bn.²
- **The vast majority of child maintenance debt accumulated over the troubled 23 year-old life of the Child Support Agency (CSA)**, now in the process of being closed down. But within the government's new flagship Child Maintenance Service (CMS) which began work in 2012, already nearly half of non-resident parents³ using the service owe unpaid maintenance.⁴
- Official policy states: "the position is clear – parents who owe money for their children, whenever that debt arose, are still expected to pay it."⁵ But in practice, **a decision has been taken to largely walk away from more than £1bn of child maintenance arrears owed for those the government calls "yesterday's children."**⁶ Indeed, the latest official prediction is that only £467m of all existing CSA debt is ever likely to be collected.⁷
- **The government's strategy is to concentrate chiefly on ensuring that current maintenance is paid for children now, whether cases are within the CSA or CMS. This is important, but today's children still need unpaid maintenance collected.** Parents and children are left stranded with no recourse, if collection of outstanding maintenance is not actively and energetically pursued by the CSA or CMS. Figures show that more than 90,000 non-resident parents did not pay full child maintenance in the latest three months alone – missing money which, unless collected, makes children's lives harder.⁸
- **Separated parents with main caring responsibilities for children⁹ have borne the burden of the failure of the CSA, and now the CMS**, to get to grips with child maintenance debt collection. Previous analysis by Gingerbread has shown that, for the poorest families, **receipt of child maintenance lifts one in five who receive it out of poverty.**¹⁰ At a time when austerity cuts are squeezing single parent incomes, with single parents set to lose £1,300 in income by 2020/21 as a result of tax and welfare changes, the financial support given by separated parents towards the cost of raising their children is even more important.¹¹
- **For today's children, decreasing effort is going into collecting the over £700m of outstanding arrears still owed for them**, as the Child Support Agency (CSA) is gradually closed down.¹² The government is keen to have a fresh start with its new child maintenance system. But there should be no fresh start when it comes to insisting that parents, who owe CSA maintenance arrears for children

1 Section 1, Child Maintenance Act 1991

2 The total arrears figure is made up of accumulated debt on the CSA system; CSA debt held on the new Child Maintenance Service system; and new CMS debt arising from the new scheme. Full details are given in the next section.

3 The Child Support Act 1991 uses the term 'non-resident parent' to refer to the parent required to pay child maintenance. This report largely sticks with this legal term, although the government now prefers the term 'paying parent' when referring to non-resident parents using the new Child Maintenance Service (CMS).

4 DWP (2016a) [Child Maintenance Service 2012 scheme – experimental statistics to February 2016](#), Table 7.

5 DWP(2013a) [Preparing for the future, tackling the past – Child Maintenance Arrears and Compliance Strategy 2012-2017](#).

6 Ibid.

7 DWP (2015a) [Client Funds Account 2014/15 1993 and 2003 Child Maintenance Schemes](#), HC 687.

8 DWP (2015a) Table 4; DWP (2016b) [CSA quarterly summary of statistics to March 2016](#), Table 25.

9 The Child Support Act 1991 uses the term 'parent with care' to refer to the parent to whom child maintenance is due. This report largely sticks to this legal term, even though the government prefers to use the term 'receiving parent' when referring to parents with care using the CMS.

10 Bryson, C. et al (2013) [Kids aren't free: The child maintenance arrangements of single parents on benefit in 2012](#), Gingerbread.

11 Gingerbread (2015) [Paying the Price: The impact of the Summer Budget on single parent families](#).

12 This figure is based on the arrears still on the CSA system where there is a current liability for a child, plus CSA arrears so far transferred to the CMS, after case closure. It is likely to under represent total arrears owed for current children, due to an unknown quantity of CSA arrears (likely to exceed well over £100m) currently undergoing 'arrears cleansing' following CSA case closure.

today, pay what is due. Children can still benefit from the money owed.

- **The government is looking to the in-built rewards and penalties of an improved new child maintenance system** to provide a long-term solution to the problem of child maintenance arrears, by incentivising parents “not to allow arrears to accrue in the first place.”¹³ But, with nearly half of non-resident parents using the CMS having associated maintenance arrears, and a £52.5m debt outstanding after two-and-a-half years of full CMS operation, it is clear that – **despite the scheme’s new design - some parents are not yet getting the message that child maintenance must be paid.**¹⁴
- **Parents are now required to pay to use the new CMS collection service which is not doing its job.** Despite new revenues from CMS collection fees – imposed on both parents if the non-resident parent does not pay – this income stream has not yet led to improved debt collection services.
- **For too long, there has been a failure to take consistent and firm action to tackle determined non-payers.** This must change if a culture is to be created where all parents know that failure to meet their financial responsibilities for children post-separation is not acceptable and will not be tolerated.
- **Gingerbread argues that, if the child maintenance system is to truly deliver, the government cannot walk away from the task of collecting unpaid maintenance debts.** There will be no real fresh start unless the government gives a strong and clear signal that money owed for children matters and will be relentlessly pursued.

¹³ Government response to fifth report of the Work and Pensions Select Committee Session 2010-12, [The Government’s proposed child maintenance reforms, HC 1727](#), Dec 2011, page 14.

¹⁴ DWP (2016a) Table 7.

Recommendations

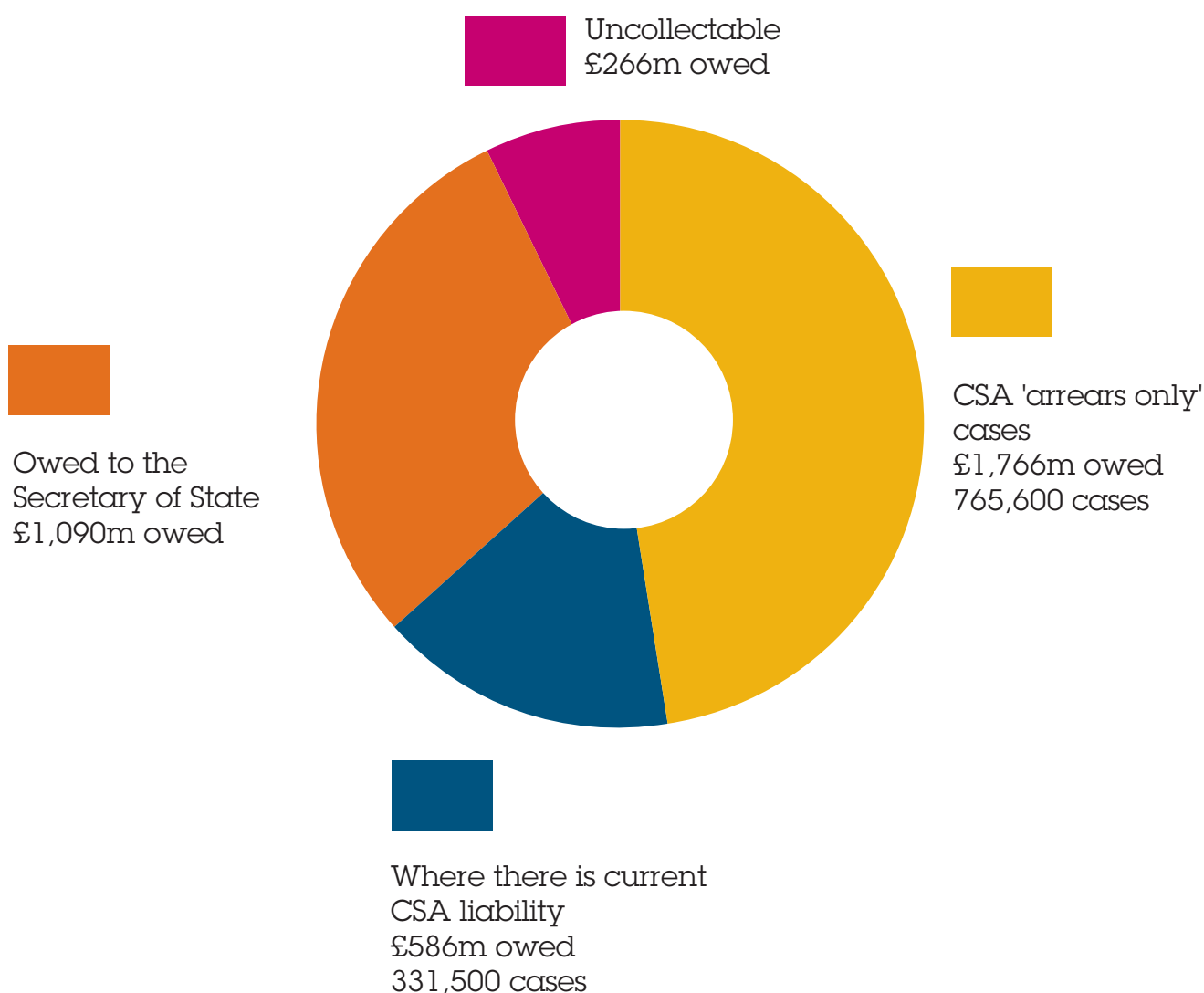
Gingerbread calls for:

1. An allocation of extra resources to child maintenance debt collection work based on the fee income generated from CMS collection charges.
2. An intensive push on enforcement action over the next three years, to help create a new culture where parents know non-payment of maintenance obligations will not be tolerated. To include:
 - An expert and dedicated child maintenance debt enforcement team within the DWP, focused on reducing maintenance arrears and using the best and latest collection tools and techniques
 - Greater use of enforcement powers including Liability Orders, and more referrals of debtors to credit reference agencies
 - More active use of Regular Deduction Orders in self-employment cases, including extending their use to cover joint bank accounts.
3. CSA and CMS arrears for children need to be pursued with equal vigour. A public key performance indicator is needed, to drive progress and create greater transparency in the recovery of maintenance arrears owed to today's children.
4. Greater government accountability to individual parents with care regarding the collection of maintenance owed to them, in the form of an annual arrears statement giving:
 - The steps taken in the year by the CSA or CMS to collect the maintenance arrears owed in the particular case
 - The future plans and timetable to recoup remaining arrears
 - In the case of any arrears considered not to be currently collectable, a statement of the reasons why
 - Details of a specific procedure whereby a parent with care can make further representations, if they consider there are more steps that could be taken to collect the maintenance arrears outstanding.

Child maintenance debt: how much is there?

On the CSA system, a total of £3,708m of child maintenance arrears was outstanding on 1,127,200 cases at March 2016 (figure 1). A further £206m in child maintenance arrears is held on the CMS system (figure 2). Total child maintenance debt thus stands at almost £4bn: £3,914m.

Figure 1 Breakdown of arrears on the CSA system, March 2016



Source: DWP (2016b) Tables 12 and 16.

'Arrears-only' debt: this has risen sharply by £376m in the last year as result of CSA case closure. It reflects the current effect of case closure, where – for a period after the ending of current liability – arrears owed for children are sitting in the 'arrears-only' category, pending a process of 'arrears cleansing', and subsequent transfer to the CMS or write-off". This is discussed further below.

'Uncollectable' debt: this can be due to, for example, the death of a parent.

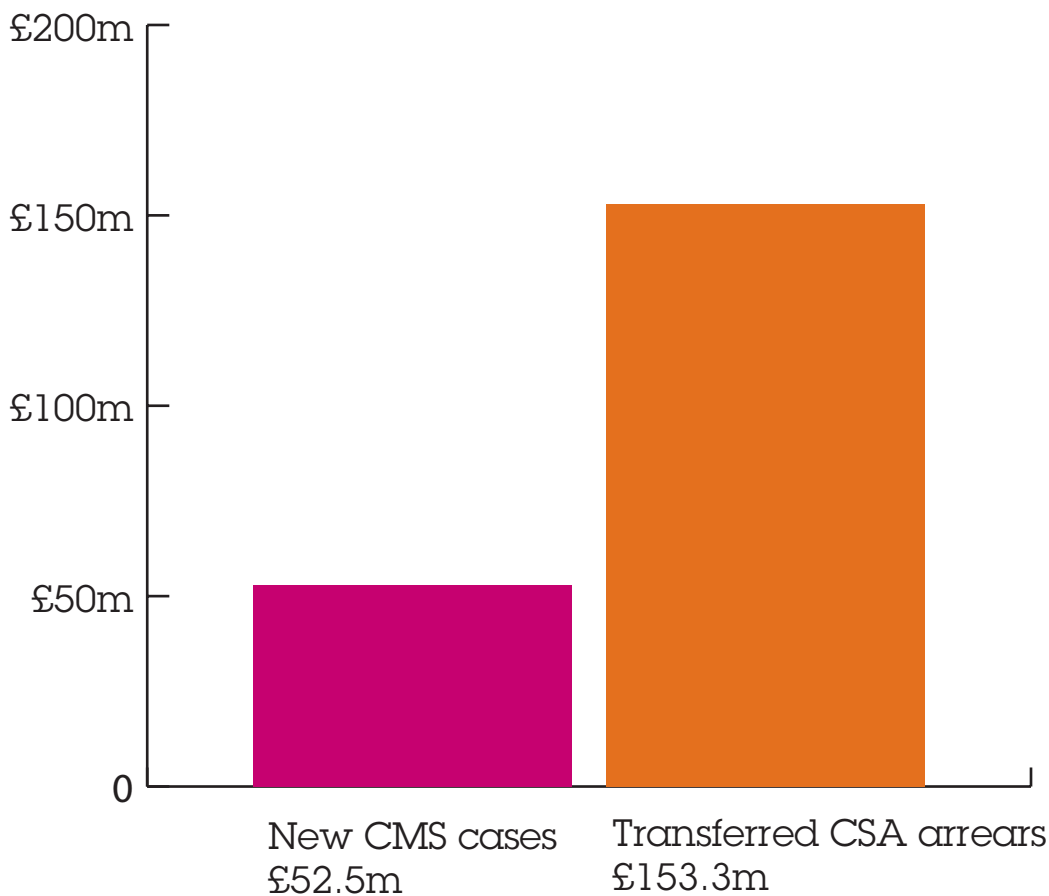
Debt 'owed to the Secretary of State': until 2010, when the parent with care was in receipt of out of work means-tested benefits, part of any child maintenance above a certain level was owed to the government.

On the CMS system, by February 2016, a total of £52.5 million was outstanding in CMS arrears (Figure 2). This is associated with 74,600 non-resident parents, (called 'paying parents' in the CMS). This figure represents 47 per cent of those with a current liability.¹⁵ Also on the CMS system is a growing amount

¹⁵ CMS data on CMS arrears is recorded by 'case group' – that is, a group of one or more cases associated with a non-resident parent – rather than by case. There were 157,400 case groups with a current CMS liability in the quarter ending Feb 2016. This method of recording means that the number of individual families with a CMS case who are owed CMS maintenance is not known.

of CSA arrears for children, transferred to the CMS system for collection as a result of the current CSA case closure programme. At March 2016, the figure stood at £153.3m.¹⁶ Thus, in total, there is around £206m in child maintenance arrears on the CMS system at present.

Figure 2 Breakdown of arrears on CMS system, Feb/March 2016



Source: DWP (2016a) Table 7; Commons Written Answer [37683](#) 24/05/2016

The government's arrears strategy – move on from the past

The government's present arrears strategy was published in a 2013 document: "Preparing for the future, tackling the past – Child Maintenance Arrears and Compliance Strategy 2012 - 2017".¹⁷ The priority is stated bluntly: "to stop the build-up of new arrears," to be achieved by a greater concentration on improving current compliance levels. As for collecting arrears already outstanding, the strategy conceded that the "vast majority" of CSA arrears might be "technically collectable". However, this was different from "collectability".¹⁸ On a measure of collectability, the government's latest estimate is that just 12 per cent (£467m) of CSA debt is likely to be collected.¹⁹

"The position is clear", said the strategy, "parents who owe money for their children, whenever that debt arose, are still expected to pay it."²⁰ Yet the strategy went on to explain that, in reality, activity would be concentrated on cases where "today's children stand to benefit". Such cases were designated "the

¹⁶ No figures have been released on the number of cases to which these arrears relate. The government says the information "is not readily available...and could only be provided at disproportionate cost."

¹⁷ DWP (2013a).

¹⁸ A forecast of collectability is made by reference to (a) cases where a parent is already making arrears repayments (when a debt is then considered "likely to be collected"), plus (b) cases where there is an arrears arrangement in place (when the debt is then considered "potentially collectable." DWP (2013a)

¹⁹ DWP (2015a).

²⁰ DWP (2013a), p. 6.

highest priority” for debt collection.²¹ The more than £1 billion in arrears owed for “yesterday’s children” (‘arrears-only’ cases where children had mostly grown up) were designated a low priority for collection, save for the tiny minority of cases (currently 6 per cent) where some repayment of arrears is ongoing.²² This was because, said the strategy, “collecting...historical arrears is expensive and managing it requires today’s taxpayer to fund past inefficiencies.”²³

Those past government “inefficiencies” led to a generation of children losing out. Read Gingerbread’s separate briefing “Yesterday’s children – a history of child maintenance debt” (forthcoming) for an in-depth look at what went wrong and the decision to largely abandon arrears now seen as historic.

The CSA and today’s children: the focus on payment now

Although the strategy is now concentrated on improving current payment levels to prevent arrears arising, in the three months to March 2016 alone, a quarter of non-resident parents using the CSA collection service (70,300 cases) failed to pay the full amount due. Of these, two-thirds (46,900) paid nothing or less than half what was due.²⁴ The DWP puts great store on the proportion of parents who currently contribute something to their liability each quarter. Far less attention is given to ensuring that the amounts which go unpaid are then chased up and collected – despite the disruptive financial consequences for the families affected.

Declining arrears action where there is a current CSA case

Despite the ongoing programme of CSA case closure, at the end of March 2016 there were still more than 330,000 CSA cases with a current liability for a child, with arrears owing.²⁵ But CSA arrears collection performance is in decline. Since publication of the strategy, debt collection performance each quarter has dropped from more than £35 collected per case with arrears in December 2012, to £22 per case by March 2016.²⁶ Almost two-thirds (64 per cent) of non-resident parents who have a current CSA liability plus arrears pay nothing towards their arrears.²⁷ Whilst there can be legitimate reasons why a non-resident parent might not be able to pay towards their arrears, the fact that the majority are not doing so suggests the agency is not doing enough to insist that they do so.

When it comes to taking enforcement action to ensure current CSA arrears are paid,²⁸ figure 3 shows a tale of decline in the main methods used since publication of the strategy. This deterioration preceded case closure and is against a background where, on the CSA system, almost £600m was outstanding on current CSA cases involving children at the end of March 2016.

21 DWP (2013a) p.23.

22 As at December 2015 there were 748,600 CSA ‘arrears-only’ cases. During the quarter to December 2015, 48,000 ‘arrears-only’ CSA cases made payments towards their arrears. Commons Written Answers [27743](#) and [27745](#), 25/02/2016.

23 DWP (2013a) p.6.

24 DWP (2016b) Table 25. The percentage of non-payers has reduced considerably in 2015/16, reflecting the fact that ‘nil payment’ cases have been targeted for early case closure and have therefore largely disappeared from the figures. At the start of the case closure programme, over a third (35 per cent) of non-resident parents in the collection service (168,000 parents) were failing to pay their full liability in a quarter, thus generating arrears.

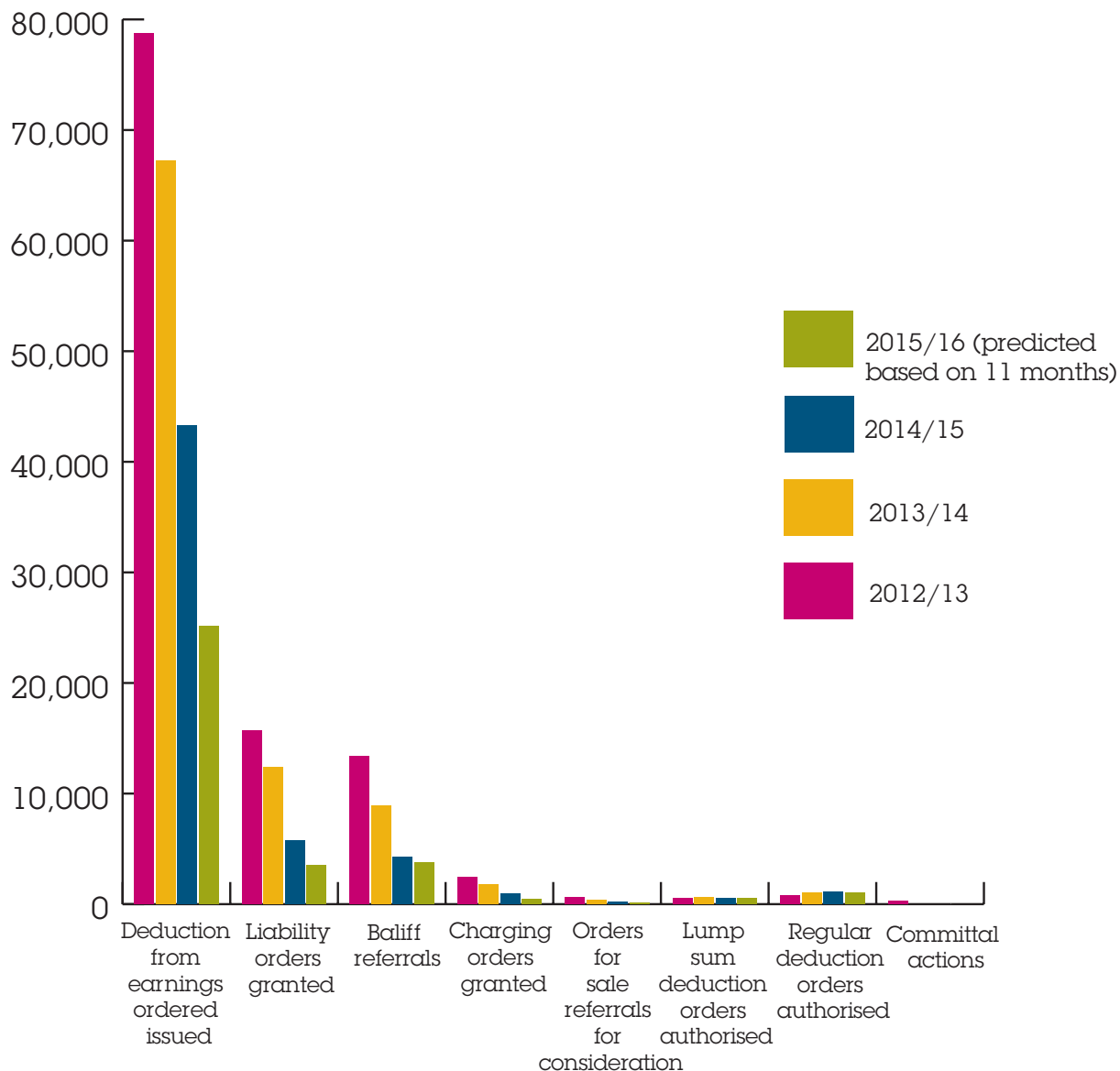
25 DWP (2016b) Table 13.

26 DWP (2016b). Tables 9 and 10.

27 Commons written answer [27744](#), 25/02/2016.

28 An explanation of the different enforcement actions available under the 1991 Child Support Act is given in Appendix 1.

Figure 3 Number of enforcement actions taken, 2012/13 – 2015/16



Source: DWP (2016b) Table 17. See Appendix 1 for more details of different enforcement options.

2015/16 estimates are based on available data covering 11 months of 2015/16 (to Feb 2016), scaled up to give a proportionate estimate for the full year.

Referral of debtors to credit reference agencies have been excluded because, despite the power to do so being introduced in March 2015, there have yet to be any referrals recorded.

What does it feel like to be on the receiving end of the current approach, where there is little urgency or sustained effort to recover outstanding maintenance arrears? One parent, fighting to get the CSA to collect £15,000 of unpaid child maintenance, complained:

“The resident parent is left completely on their own, while the non-resident parent is treated with a softly softly approach: phone calls, more phone calls, then a letter, then another letter, more calls, a warning letter. If you are now expecting some action or a follow through, think again. Nothing...I was told “procedures must be followed”...So my children are waiting. For their CSA payments. And the arrears. More arrears are building up all the time and no prospect of them ever being paid...”

In a case study which accompanies this report, we tell this parent's full story, which epitomises the frustrating problems faced by many. Read how - with enormous effort - she did eventually succeed in getting the CSA to do their job and take enforcement action. [See Karen's story](#).

Case closure, arrears cleansing and the attempt to encourage write-off

Starting in January 2015, by December 2015, the liability on 279,000 current CSA cases involving children had been terminated.²⁹ These cases are part of a three-year organised programme of CSA case closure, affecting some 780,000 current cases in all.³⁰ An estimated 70 per cent of closed cases are expected to have outstanding arrears.³¹ Under the government's arrears strategy, maintenance owed for children is stated to be the "highest priority" for arrears collection.³² Yet it is hard to escape the impression that – with a new statutory scheme to run – the government regards existing CSA arrears as an unwanted burden, hampering its efforts to have a fresh start.

When a CSA case is selected for closure, the parents affected are encouraged to make a decision about future child maintenance, including any application to the CMS, prior to the ending of liability.³³ In contrast, the process of dealing with outstanding CSA arrears takes place on a separate timeline, starting once ongoing liability has ended. Currently, hundreds of millions of outstanding CSA arrears for children³⁴ are stuck in a process called "arrears cleansing" or "arrears validation."³⁵ This process is intended to bring arrears owed up-to-date, correct inaccuracies, and wipe out sums no longer collectable, for example, due to a parent's death.³⁶ The final 'validated' sum is then notified to the parent owed maintenance, who is then offered the choice of writing off the arrears, or having them transferred to the CMS for collection. It is only once this process is over, that closure of the CSA case is fully completed.

Simple arrears cases were expected to be dealt with quickly, with more complex cases taking up to six months.³⁷ Yet, as shown in Figure 4, since April 2015 the intake of cases referred for arrears cleansing has considerably exceeded outflow, in every month, bar one. In all, 356,520 CSA cases had been referred for arrears cleansing to end of March 2016. In the same period, 184,100 notices were issued to parents with care, setting out the validated arrears balance on their former CSA case following completion of the cleansing process.

29 DWP (2016c) [Child Support Agency Case Closure Experimental Statistics](#), May 2016. Table 1. The parents affected are being encouraged by the government to consider making their own private child maintenance in future. This is reinforced by a £20 fee intended to be a disincentive to applying to the CMS.

30 Ibid.

31 DWP (2013b) [Impact assessment on child maintenance reforms: CSA case closure, introducing CMS fees, supporting family arrangements](#) para 58.

32 DWP (2013a) p.23.

33 Parents are normally given six months' notice of their CSA liability ending.

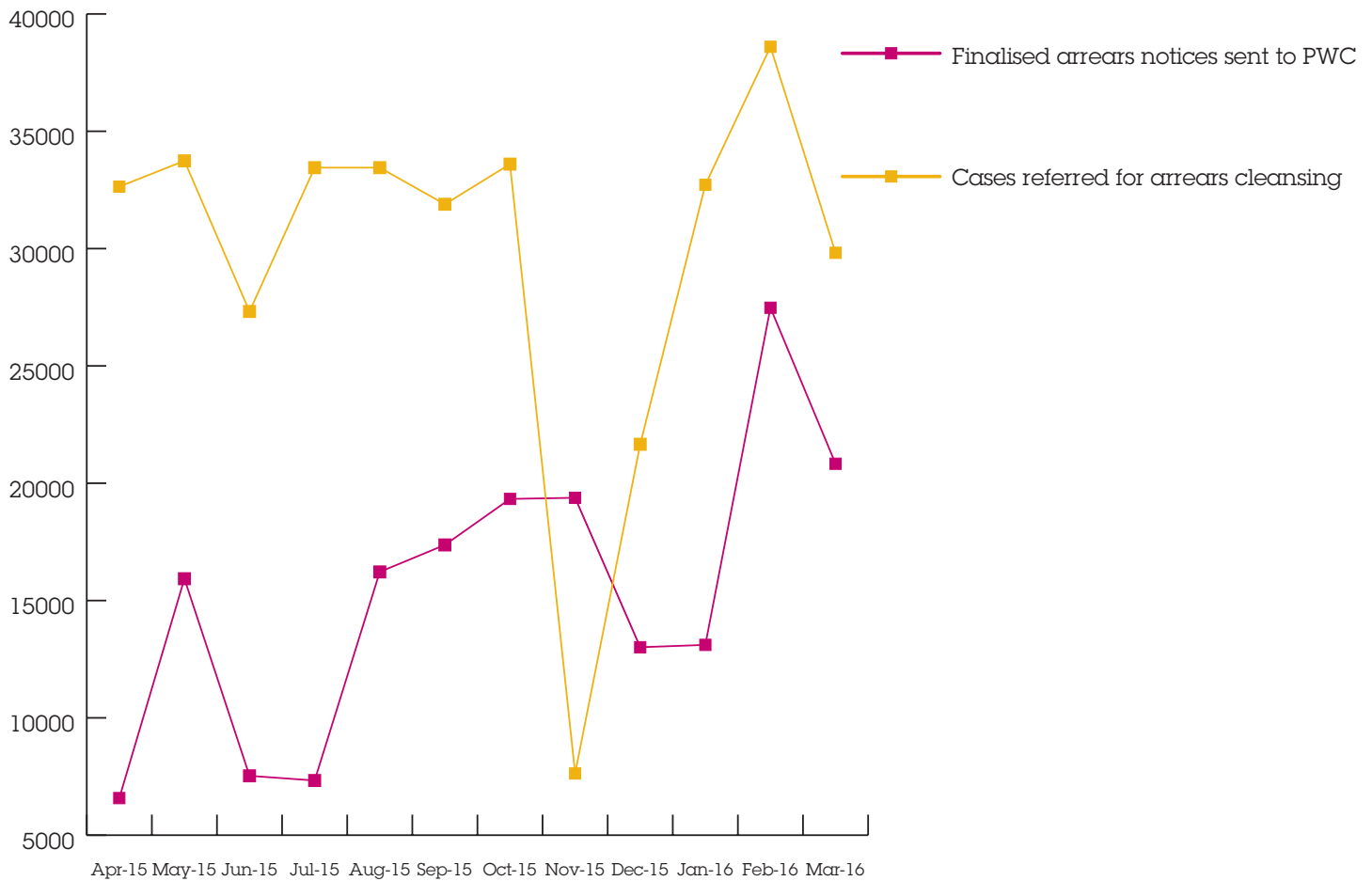
34 The DWP has confirmed to Gingerbread that the amount of 'arrears-only' CSA debt has been temporarily increased by recently closed CSA cases involving children, awaiting the 'arrears cleansing' process. In the quarter to March 2015, as CSA case closure began, the amount of debt owed in 'arrears-only' cases was £1,390m. A year later the figure had grown to £1,766m, an increase of £376m. (DWP (2016b) Table 16). No figures are available on the amount of CSA arrears for children currently held in the arrears cleansing process.

35 DWP (2012), [Supporting separated families: securing children's futures](#), Cm 8399, p.27.

36 Unless the person owed maintenance requests write off, arrears can only be written off in the limited circumstances laid down by the Child Support Management of Payments and Arrears (Amendment) Regulations 2012.

37 DWP (2012) p.27.

Figure 4 Referrals for arrears cleansing and finalised arrears notices sent to parents with care, 2015/16



Source: Commons written answers [27438](#) and [27436](#), 19/02/2016, and [37681](#) and [37682](#), 24/05/2016.

Former CSA single parents, now using the CMS report delays of many months in the transfer of their arrears to the CMS:

“Six months passed and I was continually asking when my arrears of over £4000 from the CSA would come over to the new CMS. I was told “this hold-up is the cleansing period”. New arrears built up over six months and [I] had to involve outside bodies to get my arrears transferred over from CSA. Nearly seven months on and my arrears of thousands are only just showing with the CMS as of yesterday!”

There has also been a deliberate attempt to influence parent’s decisions about arrears write-off. Single parents have reported to Gingerbread that – rather than simply being asked whether they still want the maintenance they are owed collected – the standard letter issued tries to push them towards writing off the debt: “Some clients in a similar position to you tell us that they do not want their child maintenance to be managed by the new organisation and wish to make a fresh start by writing off their arrears.” There is some dismay at the implicit suggestion that the outstanding arrears owed for their children are unimportant, and should be abandoned. No parallel letter has been sent to non-resident parents, urging them to make a fresh start by paying off the CSA arrears they owe or, at the very least, make a reasonable offer of part-payment in full and final settlement.³⁸

As would be expected, amounts written off at a parent’s request are rising – from £6.5m in the financial year 2014/15 to £17.3m between April and December 2015.³⁹

³⁸ Section 41d of the 1991 Child Support Act allows the CSA to accept part payment of arrears in full and final satisfaction, with the written consent of the parent with care. However no active steps are being taken to promote the use of realistic settlement offers by non-resident parents to clear their CSA arrears prior to CSA closure.

³⁹ Commons written answers [33711](#) (19/04/2016) and [28714](#) (07/03/2016).

Arrears transferred to the CMS – are they being collected?

It is becoming increasingly clear that, despite government encouragement to request the write-off of existing CSA arrears, many parents with care have chosen not to do so. By March 2016, a total of £153.3m in validated CSA arrears had already been transferred to the CMS for collection – a total likely to rise as the current arrears cleansing backlog is processed.⁴⁰ But just what action is being taken by the CMS to recover these amounts still owed for children?

Under the government's current strategy, the primary focus is on collecting money for children "who will benefit from regular ongoing maintenance payments today."⁴¹ Officials have admitted that, within the CMS, collection of new CMS liabilities will be prioritised over what are now called "legacy liabilities".⁴²

When former CSA parents apply to the CMS, repayment of any transferred CSA arrears should be factored into the ongoing payment schedule established by the CMS.⁴³ However, with only 13 per cent of former CSA cases having applied to the CMS so far,⁴⁴ it looks likely that a significant proportion of transferred CSA arrears for children will not be linked to an ongoing CMS case. Here, the position is far less certain. Such arrears will only be collected "as resources allow."⁴⁵ The concern is that - with a strategy focused overwhelmingly on securing current, now CMS, payments - outstanding CSA maintenance even for children is being quietly put at the back of the queue when it comes to CMS debt collection and enforcement activity.

The government may want a fresh start with its new Child Maintenance Service. But there should be no fresh start for parents who still owe maintenance arrears for their children.

The Child Maintenance Service – new fees to encourage payment

Effective debt collection – a promise not yet fulfilled

In 2012 the public were promised, "Once the new scheme is introduced, this will give us additional capacity to pursue effective debt collection."⁴⁶ The promised additional capacity was based on a new structure designed to incentivise payment and enable CMS collection activity to focus on a smaller group of parents with a poor payment record (see Box 1). It also potentially included a new revenue stream generated from application fees and collection/enforcement charges levied due to non-payment. In 2015/16 £6.8m was raised in collection and enforcement fees – a figure which will rise as the CMS

Box 1: child maintenance charges

A new structure to incentivise payment and reduce CMS collection:

- A £20 application fee to use the CMS, coupled with encouragement from the government's Child Maintenance Options Service, is intended to incentivise more parents to make their own voluntary maintenance arrangements rather than turning to the CMS. If such arrangements break down, there are no obligations on the part of the CMS to recover missed payments
- If a parent does pay £20 and obtains a CMS maintenance calculation, the threat of further

caseload increases.⁴⁷

40 Commons written answer [37683](#), 24/05/2016

41 DWP (2013a).

42 DWP information provided to NACSA 08/03/2014, in response to a pooled series of questions on the new scheme from members of the Child Maintenance Committee of Resolution including Gingerbread.

43 The government has so far failed to answer questions on just how many non-resident parents with a CMS liability have outstanding CSA arrears as part of their payment schedule. It says the information is not readily available and could only be provided at disproportionate cost.

44 DWP (2016c).

45 Commons written answer [203899](#), 07/07/2014

46 DWP (2012) p.28.

47 Commons written answer [39238](#), 08/06/2016

charges to use the collection service (20 per cent extra for the ‘paying’ parent and four per cent taken from money due to the ‘receiving’ parent) is intended to incentivise parents to stick with a ‘direct pay’ arrangement, where maintenance is paid directly from one parent to the other

- Access to the CMS collection service (called ‘collect and pay’) is restricted to non-resident parents with a poor payment record. The CMS must first be satisfied that – unless it collects the maintenance due – the money is “unlikely to be paid”
- The CMS will permit a non-resident parent using ‘collect and pay’ to return to a ‘direct pay’ arrangement if (i) the parent with care requests this, or (ii) even against a parent with care’s wishes, if payments are consistently made for six months
- If non-payment continues, the CMS can take enforcement action – which will require the ‘paying’ parent to pay enforcement charges: £50 for a Deduction from Earnings Order, or Regular Deduction Order; £200 for a Lump Sum Deduction Order; and £300 for a Liability Order application.

Whilst policies to incentivise payment are important and beneficial, there is little evidence so far that the extra capacity produced by the new system has led to effective debt collection. For, despite the threat of cost penalties, the unwillingness of some non-resident parents to pay for their children has not gone away. The department’s latest annual child maintenance account shows that, in the financial year to March 2015, the CMS collected just 53 per cent of maintenance charged via its collection service.⁴⁸ Total CMS arrears now stand at £52.5m. Almost half of all non-resident parents in the CMS – 74,600 out of 157,400 – have associated CMS arrears. Of those with arrears, more than a quarter (20,800), are paying nothing at all.⁴⁹

Parents using ‘collect and pay’ are paying for a service which, when it comes to debt collection, is not yet delivering. Single parents within the ‘collect and pay’ service recount a disappointingly familiar story of a reluctance to take firm action to recover arrears, beyond writing letters.

“It’s all talk/nice letters at first but once the payments are not made the problems begin. Not kept updated, letters infrequent/slow to arrive. Had to chase up every month. Get fobbed off by telephone staff. No clear answers given. Told there wasn’t much in it for them, so they wouldn’t do a lot about it... 18 months after applying I still have no money and he has faced no “discipline” procedures. A total let down and added stress so far.”

“All they have done despite my many letters and phone calls about receiving no money is to keep issuing letters.”

A caller to Gingerbread’s helpline using the ‘collect and pay’ service was frustrated because, despite the non-resident parent failing to pay, the CMS had told her they would not take enforcement action until the arrears reached £500. In her case, because her ex-partner’s income was modest, she faced many months of non-payment before the CMS would take action – despite the importance of the money for her household budget.

Finding out what is happening regarding enforcement of CMS liabilities is difficult. The government has been slow in giving information on performance. The Department for Work and Pensions (DWP) has informed Gingerbread there is currently no timescale to develop public information on enforcement activity within the CMS.⁵⁰

⁴⁸ Ibid.

⁴⁹ DWP (2016a) Tables 4 and 7

⁵⁰ Information to Gingerbread from DWP Child Maintenance Policy and Strategy Analysis Group 30/03/2016

Direct Pay – the hidden picture behind assumptions of full payment

Presentation of CMS performance is controlled in other ways. It is only once a case is in the CMS ‘collect and pay’ service that maintenance arrears are officially recorded as due. Today, 70 per cent of CMS cases have a ‘direct pay’ arrangement, reflecting the new structure of the scheme (see Box 1) and the impact of charges.⁵¹ (This compares to 33 per cent of CSA cases with an analogous ‘maintenance direct’ arrangement).⁵² All ‘direct pay’ cases are assumed to be paid in full and on time. The assumption is justified by the DWP on the basis that parents can come back to the CMS if non-payment occurs.⁵³

Yet, as Box 1 explains, the system is deliberately set up to disincentivise use of the CMS ‘collect and pay’ service. A parent with care can indeed go back to the CMS to report non-payment and to ask to use the ‘collect and pay’ service. But the cost consequences (for the ‘paying’ parent as well as the ‘receiving’ parent) are there to act as a deterrent:

“...My ex doesn't want them to collect and I am trying very hard to stick to that as he'd be charged an extra 20 per cent and myself 4 per cent, but he has messed me around a lot...”

Even where parents do want to use the collection service due to non-payment, there are reports that the CMS is slow to act in allowing access:

“When my case first opened, I was on collect and pay. Then, despite repeated non-compliance and arrears, it got moved against my express wishes onto the direct pay system. I had to wait until several occasions had gone by with [the non-resident parent] being non-compliant again before we could get it moved back on... The charges are unfair on the parent with care...when he builds up arrears, the CMS first use his money to settle their own charges... It is disgusting that charges come before children!”

It is to be hoped that the prospect of 20 per cent collection charges will encourage more non-resident parents to fully meet their child maintenance liabilities without CMS intervention.⁵⁴ Currently, however, evidence from single parents suggest that a reluctance by some to trigger collection charges, combined with foot-dragging from the CMS in instituting a ‘collect and pay’ arrangement, may be concealing the full extent of non-payment of CMS child maintenance on ‘direct pay’. With ‘direct pay’ cases accounting for 70 per cent of the CMS caseload, the government’s assumption of 100 per cent compliance in all such cases is a significant factor behind its published data that 88 per cent of cash due to parents with a current CMS liability is being paid. The evidence suggests that the assumption may be leading to an overstatement of maintenance being paid.

Conclusion

The CMS may be new, but its approach to debt collection appears little changed from the days of the CSA. Yet expert advice on what is needed is already available. In 2011 the government commissioned a panel of debt collection experts to examine the problem of child maintenance arrears. Its verdict: “On the whole, arrears collection could be described as extra-curricular to the [CSA's] every day activity of current and new case maintenance and monitoring.”⁵⁵

The Panel noted the failure to set any key performance indicators for arrears collection; the absence of dedicated specialist teams within the agency focused on reducing debt; the failure to use the best and latest enforcement and collection tools; the lack of detailed behavioural management information relating

51 DWP (2016a) Table 6.

52 DWP (2016b) Table 24.

53 DWP (2016a) p. 2.

54 The DWP are funding research on Direct Pay arrangements. This is due to be completed at the end of 2016. See DWP (2014) [Child Maintenance Reforms Evaluation Strategy](#)

55 (DWP) 2011, Independent Advisory Panel on Arrears for Child Maintenance: [a report to the Secretary of State on the handling of arrears of uncollected maintenance](#)

to non-payers; and what amounted to a “single script approach” by call workers in chasing debts. It concluded that the agency was “not structured for the pursuit of arrears and consequently the task has not been effectively managed to date.”⁵⁶

Yet, in the strategy finally adopted, the government largely rejected the panel's proposals for a more professional approach to arrears collection. Despite the objectives in the government's arrears strategy, not only to prevent the build-up of new arrears, but also to prioritise the recovery of arrears for children, it is telling that - whilst a range of key performance indicators exist for the former objective - none have been set for the latter.

Single parents and their children have ended up paying the price for the lack of resource and expertise put into requiring non-resident parents to pay what they legally owe for their children. Yet financial support for children after separation from parents is vital. Previous analysis by Gingerbread has shown that, for the poorest families, receipt of child maintenance lifts one in five of those who receive it out of poverty.⁵⁷ At a time when austerity cuts are squeezing single parent incomes, with single parents set to lose £1,300 in income by 2020/21 as a result of tax and welfare changes,⁵⁸ separated parents' contributions towards the cost of their children matter now more than ever.

The government's current approach not only impoverishes children's lives, but leads to a culture where – unlike tax liabilities - paying for one's children after separation is seen as optional by some, rather than obligatory. Today less than half of eligible families get child maintenance.⁵⁹ At present, non-resident parents, unwilling to meet their child maintenance commitments, can take advantage of a system where – if they make the occasional payment, evade for long enough or just make it difficult – the CSA or the CMS will give up. Society as a whole is damaged when family responsibility can be shirked in this way.

As the CSA is shut down, and the CMS caseload expands, it is vital for the success of the reforms that a new culture is developed where parents know that non-payment of their legal obligations to maintain their children will not be tolerated. The new child maintenance system will only succeed if government sends a very clear signal that it will actively intervene to collect arrears of maintenance owed for children and is committed to actively using the enforcement powers at its disposal. There will be no real fresh start until non-resident parents get the message that money owed for children matters and will be relentlessly pursued.

⁵⁶ Ibid

⁵⁷ [Kids Aren't Free](#), Gingerbread 2013

⁵⁸ [Paying the Price: the impact of the Summer Budget on single parent families](#), Gingerbread 2015

⁵⁹ Maplethorpe, N. et al (2010) [Families with children in Britain: Findings from the 2008 Families and Children Study \(FACS\)](#). London: DWP.

Appendix 1: Child maintenance enforcement tools available

Deduction from Earnings Order	The CSA or CMS require an employer to deduct maintenance directly from the earnings of a non-resident parent
Regular Deduction Order	The CSA or CMS deduct a regular fixed sum of maintenance and/or arrears directly from a non-resident parent's bank/building society account.
Lump Sum Deduction Order	The CSA or CMS freeze and then deduct a lump sum in respect of arrears directly from a non-resident parent's bank/building society account.
Liability Order	The CSA or CMS can apply to the court for legal recognition of the amount of maintenance debt arrears over a period. The order opens the door to further enforcement actions – see below.
Referral to a credit reference agency	The CSA or CMS can share information about a parent's child maintenance legally recognised debt with a credit reference agency. This power has existed since March 2015.
Bailiff Referral (England and Wales)	A legally recognised debt can be referred to a bailiff company who can seize a non-resident parent's belongings and sell them to realise the debt owed.
Charging Orders (England and Wales)	An order from the County Court which attaches the legally recognised debt to the equity of the non-resident parent's property.
Orders for Sale (England and Wales)	An order for the sale of a property to secure the arrears owed.
Bill of Inhibition (Scotland)	An order preventing property belonging to the non-resident parent from being transferred or disposed of.
Committal Action	Action in the magistrates court leading to an actual or suspended prison sentence; actual or suspended disqualification from driving; and/or an order to make payment.

Further reading and useful links:

Karen's story:

www.gingerbread.org.uk/Missing-maintenance

More information about our work on child maintenance:

www.gingerbread.org.uk/Child-maintenance



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