

## Child maintenance service (CMS) inquiry: Summary of written submission to the Work and Pensions Select Committee

March 2017

Child maintenance is a vital source of income for separated families. The risk of poverty for children in single parent households is almost twice that for children in couple parent households<sup>1</sup> – maintenance is therefore of particular importance to single parent families. Child maintenance alone lifts a fifth of low income single parent families out of poverty.<sup>2</sup> When welfare support is being withdrawn and child poverty predicted to dramatically increase,<sup>3</sup> it is more important than ever that children do not miss out on financial support. Gingerbread welcomes the attempt to learn lessons from the CSA and previous reforms.<sup>4</sup> However, there are significant concerns with the new system that warrant investigation.

### Gingerbread's priority recommendations

- Exempt receiving parents on low incomes from the £20 application fee
- End the 4 per cent collection charge for receiving parents
- Roll out mandatory domestic abuse training for CM Options and CMS staff
- Commit greater resource and expertise to debt collection and enforcement, linked to a new DWP performance target for arrears collection
- Conduct a cross-departmental review (including DWP and HMRC) to identify ways, and develop a strategy, to close loopholes which enable maintenance avoidance.

- **Performance: It is still early to see if reforms have led to more children getting maintenance but, to date, government expectations have not been met**

- Very few parents are making family-based arrangements (FBAs) – there is still little evidence that many parents were using the statutory service unnecessarily
- CMS 'Collect and Pay' charges have not notably improved Direct Pay compliance
- Despite new revenue from charging and a small caseload, the CMS does not seem to deliver value for money in terms of customer service or maintenance collection
- Despite CM Options now the 'gateway' to the CMS, there remains a widespread lack of awareness of eligibility for child maintenance among parents caring for children.

*"[M]y interaction with CM Options was the start of a very frustrating repetitive dialogue...in terms of them trying to encourage me to make a FBA – it was difficult to get past that repeated 'encouragement'...and I kept having to explain, over and over again, that the non-resident parent had abruptly stopped making payments*

<sup>1</sup> DWP (2016) [Households below average income \(HBAI\): 1994/95 to 2014/15](#).

<sup>2</sup> Bryson, C. et al. (2013) [Kids aren't free: the child maintenance arrangements of single parents on benefit in 2012](#), London: Nuffield Foundation.

<sup>3</sup> Browne, J. and Hood, A. (2016) [Living standards, poverty and inequality in the UK: 2015-16 to 2020-21](#).

<sup>4</sup> For a summary of current reforms, see Gingerbread (2016) [Child maintenance charging: evidence summary for the 30-month review](#).

*under our FBA, and that he was non-communicative. This message took a long time to sink in."*

- **The fairness of new charges is questionable, penalising receiving parents penalised for another's non-compliance**

- The application fee creates a barrier to access for those on low incomes or with poor experience of the CSA, although they are often most in need of the statutory system
- The threat of Collect and Pay charges and accompanying messaging can create a perverse incentive to stick with non-compliant Direct Pay arrangements, exacerbated by unclear and inconsistent thresholds for moving cases to Collect and Pay.

*"I would have loved to have just stuck to a family based arrangement, which failed due to the actions of the NRP...I have to take a hit because of his non-compliance."*

*"My ex-partner chose to not pay [one] month...as [he] went on holiday, paid other amounts on different days leaving me short. He was not penalised for this as I was told it's the CMS discretion whether or not to do that."*

- **Domestic abuse is poorly recognised and dealt with in the new CMS**

- The application fee exemption is not always consistently applied, or implemented in accordance with the cross-departmental definition of domestic abuse
- CMS processes are undermined by a lack of specialist domestic abuse training to understand how and when abuse can manifest – particularly financial coercion.

*"I had no choice but to pay the [application fee], as [I] have no contact with the 'father' as he became verbally abusive and wanted me to have an abortion. Felt unfair as [this was] not classed as domestic abuse as we had [already] split."*

*"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...but he has messed me around a lot."*

- **There is limited proactive enforcement on unpaid maintenance, or to tackle parents minimising their income to avoid paying maintenance**

- There is limited appetite to take action on non-payment – charges are used as a 'threat' without following through and there is limited use of available legal powers
- Details are scant on the transfer of CSA arrears to the CMS and climbing CMS arrears; there are doubts over the policy and operational attention given to collection
- The use of HMRC data for CMS calculations has led to some improvement in maintenance assessments, but better HMRC-DWP data sharing is still needed
- Problems with child maintenance avoidance persist, with limited evidence of a concerted effort or partnership work with HMRC to tackle the scale of the problem.

*"In 18 months I have received one maintenance payment."*

*"[The CMS staff] suggested I tried to make a reduced settlement with him which is appalling, and had previously explained this hadn't worked...he has faced no 'discipline' procedures"*

*"The CSA was actively trying to recover the outstanding arrears on my case...but as soon as the CMS have taken over...if I want to pursue the arrears I have to basically do all the work...I am under no illusion that I will ever get the arrears that I am owed which total in excess of £8,000."*

*"[T]hat's another wild goose chase that the CMS will get you on - they will ask what response you've had from HMRC! I finally sent them a letter from HMRC, which stated...that they can't actually make substantive responses."*

- **There is an undue focus on a 'fresh start' for parents who have previously had a CSA case, risking lost maintenance**

- Limited information is transferred when a parent with a previous CSA case opens a CMS case, leading to lost intelligence on payment history and enforcement
- Parents are encouraged to write-off outstanding CSA arrears in letters, or make a 'reasonable' offer in full and final settlement – rather than the CMS collect arrears
- Collection of CSA arrears in the new CMS are a low priority

*"I would have expected that all the details from the CSA would automatically be sent through to the new system...but as soon as the CMS have taken over, they advise that there is no background information on what happened before...So much hard work and information has been lost between the changeover."*

- **Customer service can be inconsistent and unresponsive, despite charging income and an intention for a smaller service in order to tackle complex cases**

- Problems persist with a lack of continuity in case management, as seen in the CSA
- Limitations of IT systems have compounded problems in case management
- Cases are not managed proactively, with the burden often lying with receiving parents to chase up and request actions to be undertaken.

*"[A]fter a complaint letter and many phone calls... I wrote to them to start the complaints process off...I am still trying to get past the first hurdle [of the process]"*

*"All they have done despite my many letters and phone calls about receiving no money, is to keep issuing letters. I have told them no less than 12 times that my ex-partner has moved and I do not know where he lives."*

Further recommendations can be found in our [full response](#). We hope the government listens carefully to the experience of parents, to fully understand the impact of reforms. Without this, it risks fostering a statutory system that is inaccessible to those parents who need it and discourages effective statutory arrangements, rather than the system "fit for the 21st century" promised.<sup>5</sup>

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<sup>5</sup> DWP (2014) [New child maintenance system fit for the 21st century starts today](#).