

Child maintenance: a new compliance and arrears strategy

Gingerbread response to consultation

About Gingerbread

1. Gingerbread is the national charity working for and with single parent families. We campaign against poverty, disadvantage and stigma to promote fair and equal treatment and opportunity for single parents and their families.
2. Gingerbread is committed to improving the support given to separating parents, and was a founding member of the 'Kids in the Middle' coalition along with Relate, the Fatherhood Institute and Families Need Fathers. It is a longstanding goal of the organisation to help to achieve an effective UK child maintenance system, to mitigate the financial disadvantage faced by children growing up in separated households.
3. This consultation response represents the views of Gingerbread, based on the feedback and experiences of single parents seeking child maintenance, frontline experiences of staff advising single parents and analysis by the organisation's policy and research team.

Summary

4. This draft strategy has welcome proposals, but lacks strategic intent. In particular, there is little detail on what has been learnt since the 2012-2017 strategy and any revisions or new approaches taken. As a result, there is a risk that there will not be the step-change in enforcement and compliance action needed to ensure a zero-tolerance culture to non-payment.
 - The strategy should look again at charges and the use of Direct Pay as a means of encouraging 'collaboration' and 'compliance'.
 - Further enforcement powers – including removal of passports – are welcome but, to achieve real impact, the DWP must ensure the more rigorous use of existing powers and review the interface between Direct Pay and Collect and Pay, to ensure swift enforcement action.
 - Alongside more robust enforcement action, the DWP must look again at tools to change behaviour and encourage a 'paying culture' – avoiding alienating paying parents and preventing non-compliance.
 - The DWP can use the apparent links with parental support to pilot genuinely supportive programmes for separating couples, to encourage child maintenance payment and a 'paying culture'.

New compliance measures

5. In agreeing the detail of the new measures, Gingerbread encourages further consultation with financial experts and tribunal members, to learn from lessons under previous schemes.

6. New powers – particularly a return to an assets variation – must be accompanied by an overhaul to DWP communication with receiving parents regarding their options to challenge maintenance calculations and ensure timely arrears collection/enforcement action.
7. While the DWP is drawing a line under the 'lifestyle variation', Gingerbread maintains there is still value in revisiting and reviewing how this worked in the past, rather than dismissing it out of hand.
8. Gingerbread wishes to see unearned taxable income taken into account as part of the standard calculation based on HMRC data, to avoid placing the burden on receiving parents to know about and report this income.
9. More information on the effectiveness and role of the FIU is needed to continue to refine and target action appropriately, rather than risk parents missing out on more effective investigation at a tribunal (ie appeal).
10. While consistency in the CMS approach to deductions from benefits is welcome, the DWP should also commit to reviewing how the CS3 calculation for low income paying parents in particular once the CMS is in steady state.
11. Deductions from joint and business accounts should be accompanied by a commitment to targeted resource with the sufficient expertise to enforce these actions.

Arrears write-off

12. Despite limited resources, the DWP must recognise and take responsibility for its past failings by putting more resource into avenues of redress for parents with arrears-only cases under the CSA (eg compensation and court access).
13. Parents going through the write-off process for arrears-only cases require full information in letters and adequate time to take advice and consider their options.
14. All parents should receive a letter, regardless of whether they meet thresholds for potential collection by the DWP – in recognition of the CSA's failings and the apology owed to parents.

Further improving compliance

CM calculations and new compliance improvement measures

Where an asset does not generate an income, a notional income would need to be determined. In previous schemes of maintenance this was at a set rate of eight per cent of the value of the asset. What notional income should be assumed?

15. Under previous statutory child maintenance schemes, the statutory rate of interest was assumed for a notional income from underused assets. However, it is important for the credibility and fairness of any return to this power that a realistic rate of return is assumed, to ensure payments are feasible. Gingerbread recommends **consultation with financial experts and tribunal members** under the previous schemes on what a fair rate of return or set of notional income rules would be – for example, whether there should be scope to accommodate changing market conditions or to recognise genuinely low-earning assets.

What is the minimum value of an asset on which the CMS should assume a notional income?

16. The rationale for the previous £65,000 threshold was unclear; if using a similar approach, the threshold should be updated given the intervening years. Again, **consistency** with any relevant broader accounting or financial processes and **consultation** with financial experts and tribunal members would be valuable.

Do you agree that these measures strike the right balance between improving how we calculate maintenance for complex earners, while protecting taxpayers' money by focusing on only those cases most likely to be affected?

Including underused assets

17. Gingerbread has long argued for the retention of the 'assets variation', which is one important way to address paying parents who retain the full capital value of an asset or assets for themselves, while depriving their child(ren) of current financial support. While we acknowledge that this does not provide a solution to all cases where child maintenance is avoided, it is one of a number of important tools which can be effective. Gingerbread therefore welcomes the move to bringing notional income from assets into child maintenance assessments.
18. Gingerbread is aware that valuing underused assets is not necessarily straightforward. The DWP and CMS must ensure these cases have **timely access to the right financial expertise** needed to finalise necessary assessments of asset values. We suggest reviewing referral processes based on evidence under previous statutory schemes as well as the new CMS and expanded Financial Investigation Unit (FIU), to identify more efficient ways to deal with these cases (for example, bringing in financial experts (eg forensic accountants) who might typically sit on tribunal panels).
19. Alongside these changes, we urge the new arrears and compliance strategy to outline a clear commitment to **overhauling DWP communication** with parents dealing with the CMS. Gingerbread hears from countless examples of receiving parents via its helpline and policy research where parents are simply left in the dark regarding the options available to them to challenge a maintenance calculation ([Gingerbread, 2017](#)). These reforms should be a prompt for action to strengthen and streamline the way the CMS shares and explains the process of getting maintenance to parents, to ensure a fairer and more consistent service (see para 51).

Including unearned income

20. It is a promising move to allow unearned income held by the HMRC to be included in an initial CMS calculation. However, Gingerbread believes this still does not go far enough. We continue to call **for the standard calculation itself to be changed**, so that any unearned income reported to HMRC is automatically included in calculations. It is far from clear in the draft strategy as to why this approach will not be taken. The decision may be the department's way of "protecting taxpayers' money", but little evidence is given as to why this strikes a fair balance between cost efficiency for the state and effective maintenance arrangements for children.
21. Without embedding unearned income into the standard calculation process, the CMS will continue to place a disproportionate bonus on the receiving parent to ensure their child receives a fair maintenance payment ([Gingerbread, 2017](#)). Without a significant

change in process, the onus will remain on the receiving parent to a) know about the possibility of including unearned income in a maintenance calculation, b) know whether paying parents have such resource and c) report such income.

22. Should the proposal go ahead as planned, much more transparency is needed on how the DWP intends to “amend the information” the CMS gives receiving parents when making an application. Currently, despite the CMS claiming that information is available, many single parents report that they are simply not told what other income can be included and how to challenge a calculation. **Clarity and consistency in the calculation process (and variations more widely) is urgently needed**, including:
- CMS adviser training to ensure a clear and consistent approach to requesting unearned income information for a CMS calculation, including:
 - An agreed set of questions to ask all receiving parents at application about paying parents’ other possible income that could be included (rather than waiting for receiving parents to volunteer information on these income sources)
 - An agreed and realistic threshold for requesting unearned income data from HMRC, to avoid receiving parents being asked for ‘evidence’ of such income despite not being in a position to obtain the necessary records or documents (as is still reported under the current system)
 - Clear written guidance for receiving parents (including on application forms) on what other income can be included in an initial calculation (so all parents receive the same information).

‘Lifestyle’ variation

23. It is clear from the draft strategy that the DWP wishes to draw a line under the ‘lifestyle’ variation available under the previous scheme, whereby receiving parents could request a variation to their calculation based on a disparity between a paying parent’s lifestyle and their reported income on which their maintenance payment is based.
24. Even so, Gingerbread reiterates that in our experience, parents can find the lifestyle variation is a useful ‘foot in the door’ for paying parents’ finances to be properly scrutinised, even if a calculation ended up being adjusted on different grounds. Far from being “proved ineffective” as the draft strategy states, receiving parents reported success in getting a fairer maintenance calculation as a result. Receiving parents understandably do not necessarily have a detailed knowledge of their ex-partner’s finances, particularly if some time has lapsed since separating. Signs of a paying parent’s lifestyle, however, are more readily accessible.
25. It is clear from the department’s move to consider notional income from assets that it acknowledges that relying solely on the HMRC to determine maintenance leaves many children unfairly treated under the CMS. Even if cases of suspected child maintenance avoidance involve tax evasion, bringing them more clearly within the remit of the HMRC, the HMRC itself acknowledges that these cases do not necessarily rank highly in their list of evasion investigations ([Gingerbread, 2016](#)). Gingerbread argues it is therefore a mistake not to reconsider a wider array of tools to complement the reliance on HMRC data to assess a paying parent’s ability to pay. Reintroducing the assets variation alone is unlikely to be enough and may not be accessible for some receiving parents (eg where assets do not meet the relevant threshold).

26. Gingerbread calls for a more transparent **consultation with financial experts and tribunal members on the effectiveness of the lifestyle variation** and whether the previous iteration under the CSA could be improved, before rejecting outright a return to this policy.

Expanding the FIU

27. Gingerbread cautiously welcomes a move to increase FIU staff numbers – we have called for proper resourcing of enforcement and investigation into child maintenance compliance, and this is a potential step forward.
28. However, far more **public information is needed on the effectiveness of the FIU** to judge whether simply increasing staff numbers is a sufficient development. Gingerbread would like to see information and guidance published on:
- The remit of the FIU
 - Performance evaluation based on this remit, to identify where gaps remain in interrogating paying parents' finances.
29. Related to improving performance, the latest data suggests 'complex earner' investigations tend to take anywhere between three and nine months to resolve ([DWP, 2017](#)). The DWP should commit to unpicking this data further to identify 'what works' for FIU referrals, to better **segment and manage cases** – for example, identifying which cases are most likely to succeed at the FIU level and which cases are likely to need investigation at a tribunal level.
30. More clarity is also needed regarding how the **parallel processes** of a referral to the FIU and a request for a variation will work together in practice. For example, a lengthy FIU case with no clear outcome may delay an appeal, or a request for a variation may not be made before a case is referred to the FIU which risks delaying the date to when any revised calculation is backdated (via an appeal). Guidance is needed on how best to ensure a receiving parent is not disadvantaged by these additional processes.

Changes to deductions from benefits

31. These changes in principle bring more consistency and strengthen maintenance collection. However, we would argue these changes **should not be delayed** until Universal Credit (UC) is fully rolled out, given the changing population of Universal Credit claimants does not affect the policy – particularly as roll-out has been a movable feast, and is some years away (the latest estimate is March 2022).
32. Furthermore, changes to deductions from benefits should not happen in isolation. Gingerbread recommends the DWP commits to **review how the new CS3 calculation used in the 2012 scheme is working for low-income paying parents**. While CSA cases are still being closed, it is likely to be premature to assess the impact of the calculation fully; however, it is feasible that case closure will be complete within the timescales of this new strategy (timescales have not been provided).

Do you think it's reasonable to extend the facility to make flat rate deductions of maintenance from UC to those who have earnings?

33. Where a paying parent is liable for the flat rate of child maintenance, it seems reasonable to extend flat rate deductions from those receiving UC while earning. It is fair

to take an approach consistent with paying parents receiving other state support (or who do not have earnings and receive UC), and move away from inappropriate or unaffordable enforcement activity (eg Deduction from Earnings Orders (DEOs)).

34. However, it is questionable as to whether this change will “encourage personal responsibility” by having the option to avoid collection fees through Direct Pay arrangements. There is little evidence in the evaluation of charges to date that the imposition of collection charges has this effect already non-compliant paying parents.

Do you agree deductions for arrears should be aligned with deductions for ongoing maintenance at the equivalent of £8.40 per week?

35. If a paying parent has been liable for a flat rate deduction from benefits and liability ends with arrears still on a case, it would be consistent to maintain this deduction to collect arrears (notwithstanding any assessment of how the flat rate works for low income paying parents; see para 21).
36. Given the general drive for consistency and simplicity, and if an £8.40 a week deduction is deemed affordable for new cases, the intention to use the same deduction rate for CSA arrears transferred to the 2012 scheme seems sensible (despite the additional £1.40 on top of the flat rate reflecting collection fees).
37. The draft strategy states that a “maximum a paying parent would pay from their benefit would be £8.40”. It is not clear whether the intention is to allow deductions from benefits for arrears collection to vary from the current minimum of £1.20 a week up to a maximum of £8.40 a week. Where a parent has already had flat rate deductions, it seems sensible to continue collecting at this rate as the default position. The DWP rightly intends to send a clear message that failing to pay “is not an option”. However, where arrears deductions are less than the maximum, the reasons should be explained to both receiving and paying parents, with an option to review the rate of collection to avoid either prolonged or unaffordable payments.

Deductions from joint and business accounts

We intend to consider representations for both lump sum and regular deductions prior to money being removed from an account. We intend to offer a 28 day and 14 day period respectively in line with our plans for joint accounts. Is there any reason why we shouldn't mirror the process for partnership accounts?

By leaving a minimum balance in a debtor's account, DWP needs to strike a balance between the impact on legitimate business activities and collecting maintenance owed in an efficient manner. Are there any reasons you consider we should not follow HMRCs approach of leaving £2,000?

38. From Gingerbread's perspective, consistency is the best approach unless there are clear reasons for the contrary – whether between account types liable for deductions, or with the HMRC's approach on minimum account balances.
39. Gingerbread's main concern is that these deductions are likely to be complex and must be resourced properly. We welcome the move from the DWP to extend the use of Deduction Orders to joint accounts – in particular, DOs can be a crucial tool in tackling non-compliance among those parents for whom Deductions from Earnings Orders prove ineffective (eg parents who are self-employed, work cash in hand, change jobs

frequently or who have income but not employment). That said, as we noted in our consultation response at the time, identifying income and tracing available resources for debt collection requires financial expertise and dedicated staff time.

40. As noted above, the expanded FIU could prove a valuable resource; however, its remit is currently unclear, as is the estimated capacity needed to utilise DOs against joint accounts effectively. We call on the DWP to clarify what **additional capacity and expertise will be available** to embed these new powers – without this, the new tool risks being undermined from the start, and dismissed as ‘ineffective’ without proper application.

Removing passports

The paying parent is advised to bring their passport with them to the court hearing, and if they fail to do so we intend to ask the court to order the paying parent to surrender it to the court within 48 hours (the deadline would be at the discretion of the court). Is this timescale reasonable?

Do you think that disqualification of a paying parent’s passport for two years would be more effective than current alternative actions, such as commitment to prison or disqualification from driving?

41. It is very difficult to judge whether disqualification of passports will be any more or less effective than similar alternatives. Given the very small numbers involved currently – and forecast (the accompanying methodology suggests just one passport disqualification is expected a year) – it is likely to need in-depth qualitative work to understand the relative effectiveness of these actions. The DWP suggests that this is likely to be an effective preventative measure – however, it is not clear what evidence there is for this, or whether there is a more nuanced understanding of how these tools are both communicated and applied with and to paying parents (see paras 37-39).
42. Adding this option to the CMS tools to tackle non-compliance is again welcome, and could provide a useful alternative where other options cannot be used in practice (for example, not being able to disqualify a paying parent from driving when a car is needed for employment purposes). However, introducing these powers is unlikely to bring the step-change in enforcement that is needed to stem the rising CMS arrears (see para 35) – particularly if the CMS is unwilling to use them. Gingerbread would like to see increased readiness from the CMS to **use the full range of its powers** and a concerted effort regarding broad and targeted communication to embed a ‘zero tolerance’ culture around non-payment of child maintenance (see paras 37-39).

Improving compliance

Can you think of any powers that we don’t already have that would help us increase compliance and recover arrears within these difficult groups?

Strengthening enforcement for non-compliant cases

43. For determined non-payers, tackling compliance will still be challenging, even with the powers planned to be introduced with this strategy. The draft plan is light on detail in terms of the DWP’s strategic intent regarding non-compliance, or any changes, developments or lessons learnt since the last 2012-17 strategy ([DWP, 2013](#)). Tackling

non-compliance is not solely a matter of introducing new powers – it is also about how non-compliant cases are prioritised, managed and prevented.

44. The DWP's evaluation research ([2016](#)) made it evident that a significant share of Direct Pay arrangements either never start or become ineffective – around half of Direct Pay arrangements surveyed again were in this position after three and 13 months. The DWP, in response to the Work and Pensions committee inquiry, did acknowledge that more work was needed to understand this issue ([Work and Pensions Committee, 2017](#)) – however, results from further surveys is not due until 2019. Gingerbread's evidence suggests that collection charges could play a part in dissuading parents from requesting their case be moved onto Collect and Pay ([Gingerbread, 2016](#)). Receiving parents also report CMS advisers can be slow to take action once parents do report non-payment. Managing this **interface between Direct Pay and Collect and Pay** is of critical importance to ensure maintenance keeps flowing in the reformed statutory system, yet the draft strategy remains silent on this issue.

“After 5 months of non-payment my ex was sent a letter to this effect [explaining the case would be moved onto Collect and Pay].”

“My ex-partner just ignored the letters; it was six months before they even did anything”

CMS feedback survey, 2016-2017

45. Related to this, it is still not evident how willing the CMS is to use its existing enforcement powers. It is difficult to glean enforcement activity from current quarterly statistics. New enforcement figures have been included in the latest release, but obviously relate to a much smaller caseload than under the CSA and are not directly comparable given the different structure of the system and different measures used (quarterly vs. annual statistics, for example). However, feedback from single parents themselves – particularly those who have moved over from the CSA and have experience of the previous system – suggests that there are continued problems with a lack of proactive use of existing powers ([Gingerbread, 2016](#)).
46. Gingerbread would have hoped a new arrears and compliance strategy would seek to set out a **refreshed and more robust approach to compliance in the new statutory system**. Notably, while the draft strategy outlines an approach for managing CSA arrears-only cases, there is nothing of note that suggests any renewed approach to manage arrears under the CMS. This is particularly concerning given the National Audit Office's recent warning on rising CMS arrears ([NAO, 2017](#)). This oversight raises concerns that debt will still be seen as an 'add-on' rather than an integral part of the statutory child maintenance service. As a result, the DWP risks repeating mistakes of the past – as a panel of debt collection experts previously found, “arrears collection could be described as extracurricular to the...every day activity” of the statutory service ([DWP, 2011](#)).
47. In particular, Gingerbread would like to see:
- Accountability and transparent performance monitoring:
 - Operational performance indicators (eg an arrears collection target) – while it is evident that the DWP wishes to maintain its focus on ensuring current maintenance is paid, it cannot ignore that arrears are yet again a reality of statutory arrangements; it must be possible to set a proportionate goal to

strengthen performance, without detracting resources from other strategic objectives

- A regular and timely public assessment of the non-compliant CMS caseload and the collectability of arrears held on the CMS system – at the aggregate level for public reporting (currently, data is spread between quarterly overall figures and NAO Client Fund figures with a long time lag), and for receiving parents on an annual basis
- Consistent thresholds for taking action on unpaid maintenance – to manage expectations and ensure fair treatment across cases; receiving parents report varying advice from the CMS (eg one parent was told her arrears had to reach £500 before any action was taken (CMS feedback survey 2016/2017), while a helpline caller in December 2017 was told it would have to be at least a year before action was taken on her arrears of £1,700).
- A more robust and intensive push on enforcement action during the course of the new arrears and compliance strategy, including:
 - Strengthen debt enforcement expertise – for example, learning from the example of introducing the FIU and financial expertise to tackle avoidance, the DWP can ensure a dedicated enforcement team embeds the most effective and latest debt collection techniques
 - Refreshed management information – the lack of detailed performance and behavioural management data was previously found to hinder the statutory service’s ability to manage non-compliance ([DWP, 2011](#)); the DWP should review whether reforms have addressed these gaps and strengthen its data accordingly
 - More effective use of existing powers – for example, strengthening Deduction from Earnings Orders to ensure these do not break down as easily (eg by paying parents switching jobs) through closer data sharing with HMRC (eg through National Insurance or tax codes), and ensuring more rigorous use of liability orders and referrals to credit reference agencies.

Changing behaviours

48. Related to any refreshed CMS arrears strategy, there is a case for broader changes to the DWP’s approach to compliance. Paying parents have reported how a perceived judgemental tone from DWP staff can encourage non-compliance in itself – research with self-employed paying parents suggested this can undermine the legitimacy of the statutory system or encourage parents to “fight back” through non-payment ([DWP, 2015](#)). A ‘one note’ approach to communication is therefore unlikely to engender the collaborative relationships the new CMS is intended to encourage, or to encourage compliance.
49. While the DWP has taken steps to update its letters and communication in recent years, there is little in the draft strategy which suggests either this has made improvements or whether there is work still to be done. The current approach seems a far cry in its ambition from the previous intention of the Child Maintenance and Enforcement Commission (CMEC) to “change attitudes and behaviours across society so that payment of child maintenance becomes the norm” ([CMEC, 2011](#)). While Gingerbread has called for the effective and proper use of the full range of enforcement action at the

DWP's disposal, we also believe this should be partnered with an interest in **changing behaviours to prevent non-payment** in the first place.

50. It is difficult to comment on how much further the DWP can go, as there have been some attempts to look at behavioural change around maintenance payments in the past (eg [trials in 2013/2014](#)), but results are not readily accessible. Nevertheless, there is scope for further action; for example, the DWP can:
- Work with HMRC on testing messaging for different audiences to encourage compliance
 - If wedded to Collect and Pay charges, make more use of them as a behavioural change tool – for example, testing reduced charges for paying parents if they pay their first Collect and Pay payment in full and on time
 - Test targeted face-to-face work with groups where this is deemed most appropriate (eg determined non-payers)
 - Dedicate new resource aimed at reducing parental conflict – which the strategy implies should help to encourage family-based arrangements – on targeted mediation or similar support (eg debt or money management) for separating couples, to test ways to encourage and normalise child maintenance payment.

Managing historic CSA arrears

Bearing in mind we have limited resources which we need to focus on collecting money for today's children, what degree of action do you think is reasonable for historic CSA cases?

51. It is positive to get a clear strategy on arrears-only CSA cases finally, and we welcome the department's response to criticisms from Gingerbread and the Work and Pensions Committee on the lack of certainty for these cases. However, it is disappointing, if not surprising, that the DWP will write off a large proportion of arrears owed by parents. While the draft strategy points out that some of these children are now in their 20s, this underestimates the difference child maintenance can continue to make for young adults (eg a chance for further/higher education) and ignores the longer term repercussions of missed child maintenance payments (eg debts, poor housing).
52. The DWP must ensure its compensation scheme is adequately resourced to deal with claims as a result of the write-off of CSA arrears. Temporary additional resource – in the past, a 'special claims unit' has been suggested – should be made available to review and process any resulting claims should be introduced for the period of this process.
53. The DWP could also grant receiving parents with arrears-only cases access to the courts, should they wish to take enforcement proceedings where the DWP fails to pursue debt collection – ensuring there is some fall-back should the statutory service fail to provide the necessary enforcement action.
54. It is clear that the above measures would involve some additional spending. However, the department must also take responsibility for its own dramatic past failings and therefore bear some of this cost. If the DWP is to walk away from these cases, it must do so in as fair and just a way as possible. Given the years of financial difficulties and emotional and mental fatigue resulting from receiving parents' fight to get money

collected for their children, providing more robust redress seems to be a better balance – even given limited resources – than proposed in the draft strategy.

Do you think 60 days is a reasonable period of time to allow representations regarding write-off, or would a shorter period be appropriate?

55. A minimum of 60 days should be provided to allow representations regarding write-off of CSA arrears. The DWP allowed six months for parents to respond to their CSA cases closing; 60 days should be the minimum that receiving parents have to consider their options properly regarding outstanding arrears. Given the potential for delays in receiving letters (eg going to the wrong address), reviewing content and getting independent advice – particularly in the context of increasing limitations on available advice services – parents need adequate time to respond.

What information do you think should be included in all write-off notification letters?

56. Gingerbread would like to see further information included as standard in write-off notification letters to receiving parents:

- An apology for the past failings of the CSA
- Estimated arrears and time period of accrual, with appropriate caveats to emphasise any estimated figures – it is unreasonable to expect receiving parents to make decisions on the outcome of their arrears with no indication as to what this amount is likely to be; this basic information should be provided succinctly in one place, regardless of information provided in other letters
- Clarity on what will happen if a parent's arrears-only case is transferred to the CMS – including what action is realistically likely to be taken under the CMS (particularly given the focus on 'children now'), to manage expectations
- Clear signposting to further redress, whether they meet the threshold for potential collection activity or not – for example, details of the DWP compensation scheme (particularly if at least some debt is due to CSA failings; see para 41) or access to the courts (see para 42).

Cases where we will not offer the chance to make representations

Do you think the proposed thresholds for not offering the opportunity to make representations, based on age of case and amount of debt provide a reasonable balance between cost to taxpayers and fairness to receiving parents?

57. It is frustrating, though not unexpected, to have a cash threshold to determine on which arrears further action will be allowed – proportionately, low income receiving parents will be worst served by this approach. Gingerbread recognises the difficulty in drawing this line but, as a result, would expect all parents to receive write-off letters (see para 47).

Do you think it is reasonable to not send write-off notification letters on cases debt balances of £65 and under?

58. If this is the 'final line' on past failings, Gingerbread firmly believes that all parents are owed an apology and should receive a letter to confirm the end of their case and the potential write-off of their arrears.

Other comments

59. This strategy is a chance to start afresh under a new child maintenance system; the draft document as it stands seems limited in its strategic vision, as noted above. Not least, there is no timescale for this strategy (the previous strategy covered 2012-2017), providing no milestone for reviewing the DWP's approach to arrears and compliance again in the future.

Transparency

60. Alongside the measures for further accountability and transparency above (see paras 11 and 36), Gingerbread would like to see a more dedicated approach to communicating with receiving parents on arrears collection. This would encourage more client confidence in, and provide clear records of, how the CMS prioritises enforcement. This could take the form of an annual statement, including:

- The total amount of child maintenance arrears owed
- Details of any arrears action (including tracing activity) which has been taken on the case to recover maintenance, and its outcome
- Future steps the CMS plans to take to recover the arrears in question arrears and the expected timescale
- Any arrears which the CMS now considers uncollectable either permanently or temporarily and the reasons why
- What action the receiving parent can take if they want further information or if they disagree.

Charges and Direct Pay

61. Gingerbread is disappointed to see Direct Pay continues to be held up as a more 'collaborative' approach to child maintenance arrangements, particularly given the clear question marks regarding the effectiveness of Direct Pay arrangements (see para 33).
62. The strategy also makes little mention of Collect and Pay charges, despite an explicit intention that these would act as a behavioural nudge to ensure compliance. There must be an assessment of what role these charges play, if any, regarding compliance. The evidence cited in the government's response to the Work and Pensions Committee is limited at best. While survey data shows charges are a factor in sticking with a Direct Pay arrangement, they are one of a number of factors. There is by no means evidence that Collect and Pay charges are a proportionate reflection of these motivation. At the very least, the DWP could consider how to use limits on charges to encourage compliance (see para 39). Gingerbread continues to argue that collection charges should be stopped for receiving parents (who are charged for a paying parent's failure to pay) and at least reviewed for paying parents.

Culture change

63. Finally, if the DWP is revisiting the link between parental support and child maintenance, Gingerbread would welcome more explicit proposals to this effect. The DWP initially intended Help and Support for Separated Families (HSSF) funding to have explicit goals to increase child maintenance paid to children – this was quietly abandoned and none of the pilots included notable content on encouraging child maintenance payment. This

draft strategy seems, in noting the government's new funding to tackle parental conflict, to reignite the ambition or aspiration for parental support to have some knock-on impact on child maintenance arrangements. However, it risks repeating the same mistakes as the HSSF programme by omitting any direct work in this area of either wishful thinking or words not backed by action. DWP should provide proper clarity over the role it intends parental support to have with regard to child maintenance objectives and, if it intends to have some impact, put proper resource to piloting ways to help separating families manage and mediate arrangements (see para 39).