



# Direct Pay child maintenance: innovation or failure?

## About Gingerbread

Gingerbread is the leading national charity working with single parent families. Our mission is to champion and enable single parent families to live secure, happy and fulfilling lives.

Since 1918 we've been supporting, advising and campaigning with single parents to help them meet their family's needs and achieve their goals.

We want to create a world in which diverse families can thrive. We won't stop working until we achieve this vision. Whatever success means for a single parent – a healthy family, a flexible job, stable finances or a chance to study – we work with them to make it happen.

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## Summary

Direct Pay – where parents manage payments directly between each other – is a central pillar of the new statutory child maintenance system, designed to minimise state involvement in arrangements to encourage collaborative parental relationships and reduce spending.

Once a parent applies to the new Child Maintenance Service (CMS), and pays their application fee, they receive a calculation. Then their case can go down one of two paths: the first is ‘Direct Pay’, where parents manage payments between themselves; the second is ‘Collect and Pay’, for cases where maintenance goes unpaid and the CMS must step in to collect and manage payments.

This interface between these two paths is a fundamental part of the reformed system. Collect and Pay charges are intended to encourage Direct Pay compliance– the principle being that a paying parent can only avoid Collect and Pay charges if maintenance is paid in full and on time, and they remain in the Direct Pay service where there are no ongoing fees.

But despite its central role in the new Child Maintenance Service (CMS), there is very little information on effectiveness of Direct Pay. The DWP does not track whether payments are made, meaning it cannot report on compliance in nearly seven in ten (66 per cent) of its cases.

This research builds on these concerns and early worries raised by Gingerbread to help fill an evidence gap on a major part of the new maintenance system, using a series of in-depth interviews with single parents.

### Key findings

Our evidence suggests there are a number of key failings within the Direct Pay system:

Collect & Pay collection charges, intended to nudge people towards compliant Direct Pay arrangements, are not sufficient to deter paying parents from not paying in full and on time. And on collaboration between parents, the evidence suggests there is at best no effect. As parents told us:

**“The balance of power is completely wrong. I have to basically keep him sweet so that he contributes.”**

**“I think there’s a lot of other factors that are not recognised in terms of where the government is coming from...I just think that they see it through rose-tinted glasses and not as an individual case...He wants to still have control over what I do...So yes, in the long, long, long run, maybe [a Direct Pay arrangement] would be lovely...I can’t do that right now.”**

Not only were charges failing to ‘nudge’ towards compliance, but there was also a common feeling that charges for receiving parents were unfair – a double penalty, coming on top of the other parent’s non-compliance.

**“[W]e had no other option. We had money taken for apparently that privilege...it’s just unbelievable that the child would have to pay 4 per cent out of their money when they’ve never done anything wrong.”**

Parents also shared their frustrations with an ineffective Direct Pay system, where arrangements are prolonged by unclear thresholds for enforcement; and there is inconsistent follow-up from caseworkers and poor communication. For example:

**“I ended up on Direct Pay...because they refused, even after he hadn't paid for five months, to put me onto the other system. Completely refused because they said it would basically be unfair on him.”**

**“[T]hey did send quite a few letters...or duplicate letters really...to say they were still working on it...it was the same letter, basically, just with a different date.”**

The hands-off approach, compounded by poor administration, places the burden of responsibility for pushing for Direct Pay enforcement onto receiving parents – this can make it harder to see progress, particularly where parents are reluctant to instigate enforcement in case they jeopardise their relationship with the paying parent.

**“[T]he whole focus seems to be that the onus is on me and because I'm hostage to him paying what he does pay now, I'm never going to chase arrears because I don't have the security to do that...I feel he's holding all of the cards and I feel the government have allowed that to happen.”**

## Key recommendations

It cannot be right that the DWP has no idea about the performance of nearly seven in ten of its cases. The department is arguably failing in its duty to help uphold children's statutory right to maintenance from their parents. The government must act to ensure this new model is fit for purpose and maintenance flows for children:

- **Scrap Collect & Pay charges for receiving parents:** There is no evidence that this encourages payment or collaboration between parents; in many cases it simply means that children are paying a penalty.
- **Monitor Direct Pay compliance:** Use the online portal or other systems to monitor payment and trigger follow-up action to strengthen case management
- **Introduce transparent service standards:** Clearer thresholds for enforcement (including persistently late or fluctuating payments) and performance measures are needed, supported by rigorous training for staff

**“I just would love someone to fight the corner. The system is not working...They are quick to [make people pay] with tax and other things, but they are not quick to do it with [child maintenance]... I've washed my hands with it. But I also think if I can make a difference and put my point of view across, then if it makes a difference I'll feel like I've not wasted my time and supported people that really need it.”**

Nudging parents towards collaboration and compliance is simply not working. Without addressing the void this leaves, children will continue to lose out on the maintenance they deserve.

# 1 Introduction

- **The shift towards Direct Pay arrangements in the new Child Maintenance Service underpins a move towards a ‘hands off’ approach to statutory child maintenance, focused on encouraging collaboration and minimising costs.**
- **There is no compliance data published on the effectiveness of Direct Pay arrangements; given that approximately two thirds of cases are Direct Pay this is a significant knowledge gap on CMS effectiveness for parents.**

The Department for Work and Pensions (DWP) introduced a new statutory child maintenance system in December 2012 (see Box 1). The new system was intended to rectify problems in the old Child Support Agency, under which a vast amount of unpaid child maintenance accumulated. It was also meant to deliver a more effective system – one that delivered more maintenance for children and was more efficient to run.

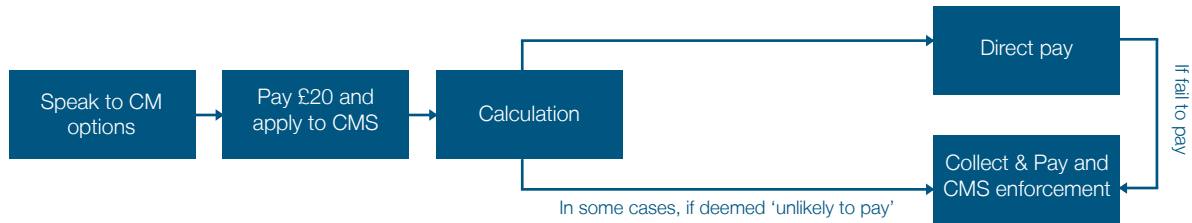
Once a parent applies to the new Child Maintenance Service (CMS), and pays their application fee, they receive a calculation after which a case can go down one of two paths (see Figure 1). The first is ‘Direct Pay’, where parents manage payments between themselves – for example, a paying parent pays a receiving parent directly by standing order. The second is ‘Collect and Pay’, for cases where maintenance goes unpaid and the CMS must step in to collect and manage payments.

This interface between these two paths is a fundamental part of the reformed system. The encouragement of Direct Pay arrangements is meant to “engender co-operation” between parents (DWP, 2014b), by ‘nudging’ parents towards a maintenance arrangement that doesn’t require the state to intervene for payments to flow. Direct Pay is also part of the new ‘enforcement’ mechanisms of the CMS. New Collect and Pay charges (see Box 1) are intended to encourage Direct Pay compliance– the principle being that a paying parent can only avoid Collect and Pay charges if maintenance is paid in full and on time, therefore remaining in the Direct Pay service where there are no ongoing fees. Finally, maximising lighter touch Direct Pay arrangements ensures CMS running costs are kept to a minimum.

## **Box 1 A new statutory child maintenance system**

Reforms brought in with the new statutory system are largely aimed at encouraging private (or ‘family-based’) arrangements, to foster more “collaborative” arrangements between separated parents and deliver a smaller a more effective statutory service (DWP, 2014a). These changes included:

- A mandatory CM Options ‘gateway’ conversation: Before being able to apply to the CMS, parents must first speak with CM Options to ensure parents first consider a family-based arrangement
- Application fee: A new £20 application fee for parents to use the new ‘light touch’ CMS (an exemption applies if the applicant has experienced domestic violence)
- Collect and Pay charges: Charges to encourage the use of ‘Direct Pay’ (when parents manage payments) instead of ‘Collect and Pay’ (when the CMS manages payments); under Collect and Pay, there is a 20 per cent charge on top of maintenance for paying parents, and a 4 per cent deduction in maintenance collected for receiving parents
- CSA case closure: Cases in the new scheme are being gradually closed in phases, with case closure due to be completed by the end of 2018, with those who still want an arrangement having to re-apply to the CMS.

**Figure 1 Making a CMS arrangement**

These direct pay reforms are significant as the overwhelming majority of CMS cases begin as Direct Pay. 91 per cent of new applications assigned to a service went on Direct Pay at June 2018 (DWP, 2018), a figure which has remained broadly constant since December 2015. As a result, the make-up of the statutory service has radically changed. While there had been an option for direct payments between parents under the CSA – ‘Maintenance Direct’ – this was relatively rare. Before CSA cases began to close in June 2014, 14 per cent of cases were in Maintenance Direct. In June 2018, 66 per cent of cases were in Direct Pay – a complete reversal in the significance of the role of direct arrangements.

### Direct Pay and a new ‘hands off’ approach

Despite direct arrangements becoming a much more critical part of the statutory service, there is limited information on how these arrangements are working. The government has adopted the same approach to official monitoring of direct arrangements as used under the CSA: if a case does not move to the collection service, it is assumed that the arrangement is effective. In line with this approach, the CMS does not track payments made through Direct Pay arrangements. There is no data collected or published on compliance in Direct Pay arrangements.

Indeed, the DWP persisted with the assumption that all Direct Pay cases were paid in full until January 2017, claiming 88 per cent of paying parents were ‘compliant’ in November 2016 (DWP, 2017). After concerns were raised, the DWP finally conceded the data was misleading and removed Direct Pay cases, focusing only on those where they collected data – Collect & Pay cases. This change alone reduced the compliance rate to 59 per cent by the next quarter (DWP, 2017). This example serves as a reminder of the significance of Direct Pay compliance when assessing the performance of the CMS – and the notable gap in accountability as a result of this approach to Direct Pay. Moreover, there is little other data to make up this gap. For example, wider household surveys such as Understanding Society only collect data on compliance for those paying through the collection service, Collect & Pay.

These assumptions around the effectiveness of Direct Pay arrangements reflect the broader principles behind child maintenance reform. The onus of ensuring arrangements are working has been pushed back on parents in the shift towards Direct Pay arrangements; similarly, the DWP is taking a hands-off approach to performance monitoring of Direct Pay.

While this approach might have sufficed when direct payments made up a limited proportion of cases, it is questionable as to whether it is appropriate under the CMS to leave two-thirds of the caseload largely without regular scrutiny. Moreover, as outlined below, with early concerns suggest a closer look at Direct Pay arrangements is warranted. In response, Gingerbread has reviewed the data on how new Direct Pay arrangements are working to start to fill this evidence gap.



## 2 Direct Pay effectiveness

- **From interviews with single parents, there are concerns about the effectiveness of Direct Pay arrangements – most had at least some experience of non-payment**
- **Charges to use Collect & Pay had little impact on Direct Pay compliance, despite their intended ‘nudge effect’ – receiving parents used the collection service through having no other choice, and left when caseworkers decided to start the move back towards Direct Pay**
- **Ineffective Direct Pay arrangements were prolonged by unclear thresholds for enforcement, poor communication and receiving parents left to carry the burden of pressing for progress and action on their case.**

### Early warning signs

Since 2016, Gingerbread has been collecting feedback on a rolling basis on the new system. There were worrying signs that Direct Pay was not working as it should be for receiving parents. Arrangements were not necessarily effective in terms of payments made. There was also a reluctance to enforce payment from both parents and CMS staff by moving cases across to the Collect & Pay service, and starting enforcement action (Gingerbread, 2016).

These concerns were supported by the DWP’s own initial evaluation, which showed that around half of respondents with a Direct Pay calculation had arrangements which either never started or had broken down (DWP, 2016). In its response to a Work and Pensions Committee inquiry, the DWP acknowledged that the persistence of cases on Direct Pay, even when arrangements were ineffective, had raised questions which they needed to address (Work and Pensions Committee, 2017).

**“[S]ome parents are staying in an ineffective Direct Pay arrangement rather than moving to Collect & Pay. We do not yet understand what is driving this...this is not in line with the Department’s ambition of ensuring that more children receive financial support.”**

**Department for Work and Pensions (Work and Pensions Committee, 2017)**

The government is relying on a further commissioned survey on Direct Pay, which will not report until autumn 2019 (HC Deb, n.d.).

To probe our early evidence and some of the underlying issues found by DWP’s evaluation, we conducted 10 in-depth interviews with single parents receiving child maintenance to highlight how Direct Pay is working in practice and provide interim evidence on the changes needed to ensure children receive the maintenance they are due.

The discussion below summarises the key issues raised by single parents.

### Evidence on Direct Pay effectiveness

There was a mixed response in terms of the effectiveness of Direct Pay arrangements. One parent felt it was broadly working well despite initial misgivings. It was more common to have had a difficult experience, and at least some time spent with an ineffective Direct Pay arrangement.



The main concerns raised included a long wait to get payments started, sporadic payments and being forced into lengthy and time-consuming efforts to see action taken when payments are late or not made.

**“[H]e always has patches where he just doesn’t pay anything.”**

**“I weren’t [sic] getting any money at all because he wouldn’t pay, so they just kept writing to him and asking him to pay and he wouldn’t.”**

**“It was an absolute battle...He wasn’t paying it and it went on for several months.”**

Direct Pay seems more problematic where there have been past and are ongoing difficulties in parents’ relationships. Receiving parents who had experienced financial coercion and domestic abuse voiced concerns about both setting up a Direct Pay arrangement, but also the nature of non-payment in a Direct Pay arrangement.

**“I just think [Direct Pay has] made it a bit more uncomfortable for people...Money is something that they’ve got control over. So if you’ve had a partner that’s been domestically abusive, that’s their final bit of being controlling over you.”**

**“The balance of power is completely wrong. I have to basically keep him sweet so that he contributes.”**

Ineffective Direct Pay arrangements had a notable impact. Months of ineffective Direct Pay arrangements and waiting for CMS action left one parent without around £1,200 and another without £2,500. The real-life impact of these losses was palpable.

**“It was horrific. Luckily I’d managed to save a little bit each time he had paid before because I knew this kept happening, but we got down to like virtually no money.”**

**“[Our child] hasn’t been able to do any activities...then on top of that you get sort of a rejection because he’ll take his [other] kids on holiday.”**

**“I ended up having to move back with my parents because I couldn’t afford any bills or anything like that.”**

## **Charges: penalties without a purpose?**

The introduction of collection charges were intended to encourage compliant Direct Pay arrangements. Up to March 2017, collection charges had raised over £21 million for the government (HC Deb c163063, n.d.; HC Deb c51323, n.d.). However, the parents’ experience of Collect & Pay charges suggests the ‘nudge effect’ is limited. As seen by the examples of non-compliance under Direct Pay above, the 20% charge for paying parents is not sufficient in itself to ensure Direct Pay compliance. For receiving parents, the 4 per cent Collect & Pay deduction is intended to ensure “that both parents have an incentive to work together and to try Direct Pay” (HC Deb, n.d.).

Some receiving parents made it clear that their 4% Collect & Pay charge, and even the 20% charge for paying parents, had little bearing on their decision to push for their case to be moved onto Collect & Pay. When facing an ineffective Direct Pay arrangement, they were left with no other choice if they wanted to see any further

attempt to recover maintenance. Even so, there was a very strong, common feeling that charges for receiving parents were unfair – a double penalty, coming on top of the other parent’s non-compliance.

**“[W]e had no other option. We had money taken for apparently that privilege...it’s just unbelievable that the child would have to pay 4 per cent out of their money when they’ve never done anything wrong.”**

**“I think the certainty [of enforcement] is what I was after...I prefer to be charged even if it’s for a service I don’t necessarily think is the greatest, but I think it’s worth it in the long-run.”**

One parent described how the high level of paying parent collection charges deterred CMS staff from moving her case to Collect & Pay when payments faltered. This idea of the perverse incentives created by collection charges – by actually inhibiting enforcement and compliance, rather than encouraging it – has been raised before (Gingerbread, 2016). It points yet again to the flaws of high levels of charges.

**“They weren’t prepared to change it from Direct Pay...They literally wouldn’t entertain any other way of doing it because they seem to just prioritise the fact he might be upset if he has to pay the extra [20 per cent].”**

## Thresholds for intervention

One of the other key failings leading to cases remaining in Direct Pay despite ineffectiveness is the lack of clarity over when caseworkers will intervene on a case. This is particularly evident for receiving parents moving over from the CSA, where there was a clear indication of previous non-payment. One receiving parent explained how the CSA had just started enforcement investigations prior to her case being closed. She was prevented from using Collect & Pay when opening a CMS case, despite this clear and recent evidence of a failure to pay, with problematic results:

**“[The CMS said,] ‘We have no history of this person’...I started trying to talk about the history, but they weren’t really interested... They must have given him about five or six chances on Direct Pay and each time it was, months, months and months...Why would they start all over again? They said, ‘Because we are a new organisation’...I said, ‘Okay, fair enough, give him a chance’. There you go, he didn’t do it...to give him loads of chances, years, that was just ridiculous.”**

There was a similar lack of clarity in some cases where ongoing maintenance payments were being made, but arrears were still not being paid. For example, one paying parent failed to increase their Direct Pay contributions after their annual review, leading to around £1,000 in arrears building up over a number of months. Another was receiving Direct Pay maintenance, while CSA arrears remained untouched. This raises questions about the definition of ‘effectiveness’ under Direct Pay. The government has been explicit that its focus is on ‘maintenance now’; in reality, this runs the risk of arrears being the forgotten element of maintenance payments.

The experiences of receiving parents suggest there are mixed messages regarding what should happen when payments aren’t made. In theory, concerns about whether a case should be in Direct Pay or Collect &

Pay should be addressed by the CMS 'unlikely to pay' test. However, the criteria for this test are unclear. The government has said updated guidance would be published to provide more transparency on this threshold, but publication has been delayed. Receiving parents' experience suggests there is a significant grey area between Direct Pay and Collect & Pay systems, with some caseworkers giving paying parents far more latitude than others.

**“I ended up on Direct Pay...because they refused, even after he hadn't paid for five months, to put me onto the other system. Completely refused because they said it would basically be unfair on him.”**

Similarly, after a missed payment, there is meant to be a five-day 'tolerance period' and then the paying parent is contacted within 72 hours. However, receiving parents interviewed do not seem to have been told this explicitly. Rather than the automated “trigger” originally intended (HC Deb, n.d.), receiving parents largely report relying on following up missed payments themselves to check what action will be taken.

**“I can't tell you how many times I've rung up and I have to ring up when my daughter is not there. I just think now what is the point, because my voice isn't heard.”**

## Faltering communication

Closely linked with the problems with triggering action on ineffective Direct Pay arrangements, there was a clear and consistent theme across interviews that communication was often not proactive, inconsistent and poorly recorded. For example, after realising there was no log of her calls and previous communication, one parent resorted to using the messaging service and taking pictures of the message as proof of sending the information. Many parents felt that they would not have seen progress on their case or action to move their cases forward at all – let alone actually move onto Collect and Pay – without persistently calling.

**“It literally just depends who you talk to as to what kind of service you get.”**

One potential area of improvement under the new CMS is the new online system (or 'portal') for managing arrangements. Originally, this was extremely complicated to access, requiring a large number of passwords and PIN codes. However, some parents have noticed improvements to the portal.

“Initially, to get through to somebody was like getting through to Fort Knox...I've noticed that they've changed the security, so it is easier.”

However, despite improvements, the online portal is still not an effective communication tool for Direct Pay arrangements. Some parents interviewed weren't aware of the portal at all, while others did not see that it provided any benefit over calling, especially when trying to push for progress on their case. In turn, the DWP relies heavily on written letters to manage cases. This is often correspondence drawn from existing templates, providing neither progress nor reassurance regarding the specific action being taken, raising questions about the usefulness of using resources in this way.

**“[T]he online service...it was a joke...The timescale that they respond to you...it's very slow considering it's online.”**

**“[T]hey did send quite a few letters...or duplicate letters really...to say they were still working on it...it was the same letter, basically,**

### **just with a different date.”**

These findings highlight the missed opportunity under the CMS. Rather than innovate, the new system is continuing the failings in case management seen under the CSA. Instead of countless calls, messages, call-backs and letters, a more effective case management system which logs and shares contact, case notes, and progress would be hugely beneficial to managing Direct Pay arrangements. This is particularly important where Direct Pay arrangements start to break down and require action. These continuing administrative gaps belie the government’s intention to create an efficient system, focused on simpler Direct Pay arrangements, fit for the 21st century.

### **Left in limbo**

This combination of a lack of transparent processes and poor case management contributes to the persistence of ineffective Direct Pay arrangements. In the first instance, consistent with the broader ‘hands-off’ approach of Direct Pay, the burden often falls on parents to chase up ineffective arrangements.

The government may consider this a welcome outcome, in reducing intervention from the state. However, the longer term effect is that ineffective arrangements can languish in the Direct Pay system as a result of relying on parents to get the CMS to take action.

**“Some [CMS staff] really have your corner and other people just don’t...I felt like I really had to fight to get anything out of them.”**

**“I wanted to give up at certain points, I just thought it was just way too much hassle. I kept calling them, probably once a week.”**

**“I don’t think it was child-centred...there was no duty of care.”**

The other worrying effect of placing the burden of pushing for action on receiving parents is that this creates an immediate tension between parents. Some receiving parents were wary of ‘rocking the boat’ and felt direct or indirect pressure from paying parents – particularly where their previous relationship with the paying parent was difficult or involved domestic abuse. As a result, this placed constraints on how far they were willing to push for the CMS to act on unpaid Direct Pay maintenance. These examples are consistent with previous research which has shown how some parents will forgo any child maintenance arrangement at all in an attempt not to jeopardise relationships with their child’s other parent (Peacey & Hunt, 2009). This is particularly worrying, as it leaves receiving parents open to financial coercion where paying parents withhold payments as a means of control (Gingerbread, 2016; Howard & Skipp, 2015).

This is a far cry from the “swift action” the government has promised on moving cases to enforcement. In these examples, placing arrangements which intentionally minimise state support at the heart of the statutory system inherently places their effectiveness at risk.

**“I daren’t bring anything up because I’ll get a funny text...He had a real go at me when I was trying to discuss it with him...it wasn’t pleasant and that’s why I don’t want anything to do with it.”**

**“[T]he whole focus seems to be that the onus is on me and because I’m hostage to him paying what he does pay now, I’m never going to chase arrears because I don’t have the security to do that...I feel he’s holding all of the cards and I feel the government have allowed that to happen.”**

## 3 A failing policy?

- **The government is failing to encourage collaboration through Direct Pay arrangements**
- **There is a strong case for reviewing and improving the Direct Pay system, now the Child Maintenance Service is nearly in ‘steady state’**
- **Action is needed to: limit Collect & Pay charges, monitor Direct Pay compliance, introduce transparent service standards and improve communication and case management.**

### A ‘rose-tinted’ view of child maintenance

Beyond the immediate ways in which Direct Pay arrangements are ineffective, the government should be concerned about the resulting impact on its wider policy objectives. In particular, one of the central justifications for pushing cases down the Direct Pay route is to encourage ‘collaboration’ between parents, yet there is little to suggest that this is being achieved.

Receiving parents interviewed were all sceptical about the ability for Direct Pay to encourage closer, more communicative and collaborative parental relationships. Where contact was already limited, this did not change. Others were concerned about their already difficult relationship with their child’s other parent – in itself inhibiting the ability to maintain an effective Direct Pay arrangement. These experiences suggest there is a fundamental misunderstanding underpinning the assumption that minimal state support will lead to more collaborative parental relationships.

**“[W]e didn’t have any communication to start with, now we’ve got even less.”**

**“I think there’s a lot of other factors that are not recognised in terms of where the government is coming from...I just think that they see it through rose-tinted glasses and not as an individual case...He wants to still have control over what I do...So yes, in the long, long, long run, maybe [a Direct Pay arrangement] would be lovely...I can’t do that right now.”**

The government says it intends to keep these concerns under review; however, it has yet to provide any ongoing public information on these results and is likely to rely on the aforementioned Direct Pay survey results, due in autumn 2019 (Work and Pensions Committee, 2017).

### The case for action

The government has built a statutory child maintenance system it was not expecting to create – one in which the vast majority of cases have limited intervention and oversight from the service intended to support parents and children who have nowhere else to turn. 40 per cent of cases were originally forecast to be in Direct Pay when regulations were initially passed (DWP, 2013). Instead, 66 per cent – nearly seven in ten – of cases are Direct Pay arrangements (at June 2018; Figure 2). The end result is that the majority of the cases in the new system now see little public scrutiny or performance monitoring.

The government’s impact assessment of key CMS reforms specifies a series of policy objectives for future review: “increased collaboration between parents, increased number of effective arrangements, reduced cost to the taxpayer and improved statutory scheme efficiency” (DWP, 2013). The evidence on Direct Pay outlined in this report – the new foundation of the statutory service – raises serious questions as to the effectiveness of

the CMS in each of these areas. It suggests that not only is a review overdue of Direct Pay and CMS reforms more generally, the government needs to re-think its approach to Direct Pay if it is to fulfil its own criteria for success.

The new statutory system is now at something of a crossroads. Almost six years after first opening to new cases and with CSA case closure nearly complete, the CMS will soon be in 'steady state' where the nature of the caseload is unlikely to change dramatically. The DWP should take this opportunity to review some of the critical policy assumptions which they have been formerly reluctant to question too closely, while going through the initial steps of reform.

**“I just would love someone to fight the corner. The system is not working...They are quick to [make people pay] with tax and other things, but they are not quick to do it with [child maintenance]... I've washed my hands with it. But I also think if I can make a difference and put my point of view across, then if it makes a difference I'll feel like I've not wasted my time and supported people that really need it.”**

## Recommendations

We recognise – as parents in this study themselves did – that any action to ensure more effective child maintenance arrangements, backed by rigorous enforcement, must be balanced with the reality that some paying parents may be genuinely unable to make payments. Nevertheless, there are still clear ways in which the Direct Pay service can be improved to fulfil policy reforms and ensure children receive maintenance. In particular, the government should:

### Collect & Pay charges

Collect & Pay charges for the receiving parent should be scrapped. There should be no disincentive to receiving parents to secure enforcement

In the meantime while Collect & Pay charges remain in place, we urge the government to:

- Provide appropriate exemptions for receiving parents – e.g. where parents have experienced domestic abuse (in line with the application fee exemption), or where parents are on a low income
- Trial using paying parent charges more flexibly to encourage compliance – e.g. reduce charges if payments are in full and on time for at least three months
- Review the affordability of paying parent charges

### Monitor Direct Pay arrangements' compliance

- Trial the use of the online portal as a mechanism to track payments – ideally using online prompts from the DWP for parents to log payments
- Trial use of monitoring as a way to trigger follow-up action by CMS caseworkers to encourage proactive case management and minimise Direct Pay cases languishing without action

### Introduce more transparent service standards

- Clarify the 'unlikely to pay' threshold for new and ongoing cases, to provide clarity regarding moving cases onto Collect & Pay, supported by rigorous training
- Include persistently late or fluctuating payments as criteria for moving cases into Collect & Pay to tackle

financial control

- Include payment within 12 weeks of an application as a performance indicator, to monitor the effectiveness of setting up direct arrangements

#### **Improve communication and case management**

- Review the use of the online portal for Direct Pay customers, to encourage more proactive communication
- Review training and expertise of CMS caseworkers, to ensure consistency of advice.

The government has shown a willingness to listen to the evidence and the voice of those with lived experience when reforms fail to meet their aims – in both child maintenance, as recent regulations around enforcement and child maintenance avoidance illustrate, and further afield in other DWP reforms such as Universal Credit. The DWP has also acknowledged how little it really knows about Direct Pay arrangements, both tacitly and explicitly, in revising its compliance figures to exclude Direct Pay figures and in its continuation of its Direct Pay service. This research adds research from parent’s perspectives.

However, this alone is not enough, and action is urgently needed to ensure this significant part of the CMS customer base actually receives the service intended. It cannot be right that the DWP has no idea about the performance of nearly seven in ten of its cases.

In stepping back from involvement and accountability in so many cases, the DWP is failing in its duty to help uphold children’s statutory right to maintenance from their parents. Without addressing the void this leaves, children will continue to lose out on the maintenance they deserve.



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520 Highgate Studios  
53-79 Highgate Road  
London, NW5 1TL  
Tel: 020 7428 5420

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