



Department
for Work &
Pensions

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27 October 2025

Dear Gingerbread,

Thank you for your open letter, proposing five core principles to be embedded into the reforms of the Child Maintenance Service (CMS), Direct Pay service. I welcome your continued interest and engagement on these important reforms.

I'd like to begin by reiterating my ambitions for the CMS:

- to deliver a fair and trustworthy service that is more accessible to parents, particularly those who are vulnerable.
- to tackle non-compliance head on by moving to a single streamlined service where we can quickly identify, and tackle missed payments. Finally, and most importantly,
- to lift more children out of poverty.

Alongside the Direct Pay reforms, the CMS are also conducting a review of the child maintenance calculation to make sure it is fit for purpose. This includes updating the underlying research and considering how to ensure the calculation reflects current and future societal trends.

Options for proposed reforms are currently being considered. Any changes made to the child maintenance calculation will be subject to extensive public consultation, and if made, will require amendments to legislation so would be subject to Parliamentary scrutiny.

I will now turn to the proposals put forward in your letter, and welcome the opportunity to respond to the points raised:

The consolidation of service types must harness the full potential of the CMS to reduce child poverty:

It is estimated that streamlining the Child Maintenance Service (CMS) into a single collection and transfer service could lift around 20,000 children out of poverty on the 'relative low income after housing costs' measure.

Introducing a single service where the CMS monitors and transfers all payments will represent a significant improvement for many customers, removing many of the issues that currently exist, relating to hidden non-compliance in Direct Pay, and the change to service type process. It will create opportunities, streamlining processes and enabling enforcement action to be taken quicker if payments break down.

In our response to the Direct Pay consultation, we have also announced a reformed fee structure of 2%, maintaining the 20% rate for non-compliant paying parents.

Fees will continue to be a feature of the service, enabling the offsetting of a proportion of the costs to run the service and balancing the burden on the taxpayer. The change in the levels of fees for paying parents provides an additional motivation to ensure sustained payment compliance.

Planned changes to the calculation to capture more income types automatically within the calculation will remove the responsibility for parents to report unearned income. This legislation will be finalised and brought forward after public consultation later this year and once decisions are made on the wider CMS calculation. This should boost collections and get more money to children.

The CMS is committed to making the most effective use of its strong enforcement powers and have substantially reduced the time it takes to move a case from Direct Pay to Collect and Pay when a receiving parent reports missed payments, targeting enforcement activity more effectively

All CMS users must receive clear, accessible and timely communication about the consolidation of service types and their available options:

There will be a notice period of three months for customers who currently have Direct Pay cases before moving to the new service.

Our planned communications campaign will support customers in their transition to the new service and explain the new fees that apply, as well as providing a clear definition of non-compliance and its consequences. The Department plans to engage stakeholder organisations further in the design of transitional arrangements and customer communications.

Our implementation plans also include internal communications to support caseworker discussions with customers to ensure options are explained fully where appropriate.

Appropriate monitoring and follow-up mechanisms must be developed to identify and support users who leave the CMS

Clear and measurable targets must be set to allow for a full evaluation of the success of the consolidation

We understand the importance of ensuring that changes are carefully managed, communicated, monitored and evaluated and that we provide appropriate support for family-based arrangements. This will be essential to avoid parents dropping out of

the system, ending up with an inappropriate arrangement or even facing further abuse. We will continue to engage with stakeholders on these issues as the reform programme is finalised and implemented.

Sufficient resources must be employed to facilitate the effective transfer and ongoing management of current Direct Pay cases

Since 2020, as part of the DWP Service Modernisation Programme, the CMS has been undergoing extensive improvement to provide more online services to separated parents. This frees up caseworkers to work in areas where human intervention is necessary.

The resource requirement to support the transition and for the post-transition caseload is a key area that will be addressed as we progress with the planning of these changes.

The CMS recognises that in some circumstances there is a need for tailored services and has a specialist caseworker support team delivering targeted support to parents subject to the most complex domestic abuse.

Implementation of the Child Support Collection (Domestic Abuse) Act 2023

This government is committed to ensuring that victims and survivors of domestic abuse receive the support they need when pursuing child maintenance. We believe that the changes that we are proposing to the CMS will be much more effective in this regard than the Child Support Collection (Domestic Abuse) Act 2023 would be. That Act was intended to provide additional support to parents using the CMS and who are able to provide evidence of domestic abuse.

Recent research indicates that a large proportion of domestic abuse victims/survivors do not have the evidence to confirm their experiences or feel uncomfortable sharing that evidence:

Commencing the Act would provide protection for only those domestic abuse victims/survivors who are able to provide evidence of domestic abuse, whereas the reforms to the child maintenance service will ensure all domestic abuse victims/survivors who choose to use the statutory service will be provided with the additional support.

In light of this, we judge both the quickest, and most effective, way to protect victims of domestic abuse in the CMS system is to concentrate our efforts on pressing ahead with full reform of direct pay.

I would like to thank you again for your continued interest and commit to further engagement with stakeholder organisations, including Gingerbread, as the CMS progress with the reforms.

If you have further questions or would like to discuss this matter in more detail, please do not hesitate to contact my office.

A handwritten signature in black ink, appearing to read 'MSL' followed by a stylized flourish.

BARONESS SHERLOCK OBE

**Minister of State in the
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