

Public Accounts Committee

Oral evidence: Child Maintenance, HC 1056

Wednesday 16 March 2022

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Members present: Dame Meg Hillier (Chair); Peter Grant; Kate Green; Kate Osamor; Angela Richardson and Louis French

Members of the Select Committee on Work and Pensions present: Stephen Timms (Chair)

Gareth Davies, Comptroller and Auditor General, Adrian Jenner, Director of Parliamentary Relations, National Audit Office, Joshua Reddaway, Director, NAO, and Marius Gallaher, Alternate Treasury Officer of Accounts, were in attendance.

Questions 1-131

Witnesses

I: Peter Schofield, Permanent Secretary, Department for Work and Pensions, Arlene Sugden, Director Child Maintenance Service, DWP, and Hilda Massey, Director Child Maintenance and Devolution Policy, DWP.

Report by the Comptroller and Auditor General Child Maintenance (HC 1139)

Examination of witnesses

Witnesses: Peter Schofield, Arlene Sugden and Hilda Massey.

Chair: Welcome to the Public Accounts Committee on Wednesday 16 March 2022. Today we are looking at the Child Maintenance Service, which replaced the Child Support Agency in 2012. It is set up to help separated families make sure that money flows from a non-resident parent, in most cases, to a resident parent. It is worth noting that over 90% of parents who are separated with care of a child are women, and over 90% of nonresident parents are men. In some respects, how the Child Maintenance



HOUSE OF COMMONS

Service operates is a gender-specific issue. It is very important that it works, because of the children who are receiving it.

Today, we will be asking questions of senior officials at the Department. Before that, I welcome Stephen Timms MP, the Chair of the DWP Select Committee, who is a guest on the Committee. I welcome our witnesses. We have Peter Schofield, the permanent secretary at the DWP and regular at this Committee. I am pleased to welcome for the first time Arlene Sugden, the director of the Child Maintenance Service at the DWP, and Hilda Massey, the director of the child maintenance and devolution policy at the DWP. No one has one job these days, do they, Mr Schofield? A sign of the times. I would like to kick off with Kate Green MP.

Q1 Kate Green: Good afternoon to our witnesses. The reforms that were introduced from 2012 aimed to increase the number of effective maintenance arrangements in place, implicitly to get more money to children, yet the estimated number of separated families with no arrangement in place rose from 25% in 2011-12 to 44% in 2019-20. Why has that happened?

Peter Schofield: It is a good challenge. I think the NAO Report is a very fair reflection of some of the challenges we face, but also the progress that the Child Maintenance Service has made since 2012. It would be good to talk a little bit about that.

As the Report sets out, the situation in 2012 was one in which there were many of those Child Support Agency arrangements that were not paying anything or were paying very little. What you have seen—the Report sets this out—is that paying numbers are broadly the same in proportionate terms as they were in 2011-12. In 2011, quite a lot of cases that were with the Child Support Agency would have originally come in because of the mandatory nature of that arrangement. Up until 2008, most people who were on benefits were required to make an application to the Child Support Agency. Within that number, set out there, you have quite a lot of unpaying or pretty unsuccessful arrangements.

What we have seen since then, which I think is set out in the Report, is that the new arrangements have achieved two things. First, we have seen an increase in family-based arrangements, or voluntary arrangements. The reforms in 2012 were intended to support more of those, because the Government's view was very much that if you had voluntary arrangements, that was more likely to be part of a constructive coparenting arrangement.

Through those cases that are supported by the Child Maintenance Service—the new statutory scheme—we are seeing increasing numbers of cases coming through, and of those cases, paying more money in each case. You will see that in the Report. We are seeing better quality coming through.



- Q2 **Kate Green:** But would it be the case to say, therefore, that you are proving successful, and perhaps increasingly successful, in dealing with parents who are broadly willing to engage with the system, but that the overall position is that more families, or a higher proportion of separated families, are not receiving maintenance or are not in any arrangement, and do you think that is good enough?

Peter Schofield: Let me be clear about this. The Child Maintenance Service is there for those families who absolutely need it because there is a parent who is not willing to pay. That is what we are there for; that is what the service is there for.

This is really tough work, and one of the things that I want to get across to the Committee is my pride in the amazing work of caseworkers—quite junior caseworkers—across DWP in Arlene’s service, who play this role in getting money to those families who need it.

The second thing I want to get across is that I absolutely want parents who are not getting maintenance, because the other parent is not willing to pay, to feel that they can come to the Child Maintenance Service and we will support them. We will get the money to them; we will get the money to their children. We will support them and that is a key message.

What you have seen in this Report increasingly is greater success, as we have gone through time, in getting more money to more families, and you will see that. And our accuracy rate is higher than it has ever been, at 99.35%.

- Q3 **Kate Green:** So is it an objective of the Department to increase the number of effective maintenance arrangements?

Peter Schofield: It was very much one of the objectives of the Department—absolutely—to increase the number of effective arrangements, and for the state to play its part where it is absolutely required. However, I will just reflect on the fact that if you have a mandatory element—if you are forcing people—then it probably will not be conducive to constructive co-parenting arrangements more broadly on all sorts of other things that really matter to the child, such as access arrangements.

So we want the child support system that we operate—the statutory system, the Child Maintenance Service—to be there when that is the only way to get money to the children. That is the key thing that we are trying to do.



- Q4 **Kate Green:** What monitoring are you conducting, so that you know how effective the performance of the service is in delivering the Government's objective?

Peter Schofield: Some quite effective monitoring. One of the things that we have done, which I think comes out in the Report quite well, is that in the past—looking back over history—we have regarded a maintenance arrangement as being successful if just some money is being paid. More recently, over the last five years, we have monitored how many of those arrangements are basically paying the full amount as well—over 90%. You see those numbers in the Report gradually growing over time. That is part of the monitoring—monitoring the quality and setting a rather higher bar, I would say, than we have set in the past.

Then you will see the surveys that we have done. We do surveys of separated families on a regular basis, as part of the family resources survey. Then, more recently—in the last year or two—we did a survey of separated families more broadly, to try to understand the nature of who has an arrangement and who does not, and why they don't. You will see a lot of those findings set out in the Report.

Chair: Which we will come on to, Ms Green.

Kate Green: Thank you. I will come back later on some of that.

- Q5 **Peter Grant:** Ms Sugden, one striking thing has come out of the written evidence that the Committee has received for this inquiry, and it applies whether the submission is from an absent father who is unhappy at the way that he has been treated and unhappy at the assessment that has been made against him, or from a mother caring for the children who is unhappy at what they see as the service's failure to get them the money they are due. From both sides of that divide, people are saying that the way the CMS handles their case makes it more difficult for the separated couple to live their own lives amicably. Does it concern you that you are having that impact, first of all on the separated couple, but clearly also on their children?

Peter Schofield: Arlene will come in, Mr Grant, but may I step in first? I want to emphasise that everything we are trying to do is to support constructive co-parenting. So, when you get in touch with the service in the first place using the option system, the option service, or indeed if you go online, we try, first of all, to encourage people to make those arrangements themselves and to enter into constructive conversations, and not just about child maintenance, because whether child maintenance is paid is often reflective of the nature of the relationship that the two parents might have with each other more broadly.

We are also doing a lot of work with other Departments and other agencies, just to play our part in a wider conversation about how we create the conditions for separating couples to work constructively and amicably in the parenting of their kids going forward. I want to get that point across, but Arlene might want to answer the specific question.



Q6 **Chair:** Arlene Sugden, you are on the frontline of this.

Arlene Sugden: Absolutely, it concerns us. If you spent any time with the child maintenance team, you would see that we really care about our customer base. We focus very much on the children at the heart of an arrangement and we absolutely try to operate, as best we can, in a nonbiased way.

We have done lots of training with our colleagues around that. We are now going into our fifth annual round of soft-skills training on a whole range of themes that help our colleagues understand how to react to conflict and abuse in a relationship, and the trade-offs and arguments about shared care that sometimes go on, which are really difficult to handle. Our colleagues will stick to the rules set out in legislation, try to arbitrate as best they can, and set up an arrangement that works for a family, but at the end of the day, if we cannot get a paying arrangement, we will go down the enforcement route.

In terms of how that presents, and the interactions we have with customers, I just want to reassure the Committee that we honestly, genuinely care about our customer base, and we try our best to arbitrate as much as we can in what is sometimes quite a conflicting situation.

Q7 **Peter Grant:** I do not think anybody is querying what you want and are trying to achieve, but some of the evidence that has been submitted to us by some of your customers or ex-customers suggests that you may actually be having the opposite effect in some cases. Should we treat those submissions—or that aspect of those submissions—as being a small number of atypical cases, or do you have any concerns that the experience that they have had has been shared by a lot of other couples who maybe did not bother to write to us?

Arlene Sugden: In an enforcing situation, I would imagine—and we see—that a paying parent will be unhappy because we have had to go down an enforcement route. That might present itself to you as someone feeling unfairly treated by the Child Maintenance Service, but the—

Q8 **Peter Grant:** I am sorry, but we are not talking about whether they feel they have been unfairly treated. These are people who have been on either side of sometimes acrimonious break-ups, and they think that the way the Child Maintenance Service has treated both partners makes it harder for them to be nice to each other in the future. What I am trying to get at is this: is that just a small number of atypical cases, or is it something that is happening too regularly? Are you actually unintentionally doing the opposite of what you intend?

Arlene Sugden: I would say that it is a small number of cases, but I am very happy to—

Peter Schofield: It is probably rare to see a situation where both parents in a single arrangement are complaining equally about the Child Maintenance Service. We tend to find, as you can understand, that there is one—



Q9 Peter Grant: Sorry, Mr Schofield, but again, I am not talking about whether they are satisfied with the result or the communications and so on. That is possibly the only area in which both sets of evidence that we have appear to agree. Ms Sugden, what do you do a year or so, say, after you have closed a case? Do you ever go back to both parents and say, "Now that you have had time to think about it, do you now think that it was fair, and has it made it more or less likely that you will be able to have some kind of reasonable relationship with each other?"

Arlene Sugden: When we close a case, we generally do not go back to a customer thereafter. We would explore the reasons for a case closing, in that sense, but we generally do not go back and ask for any reflections on that. Plenty of couples who are paying then go off and have a familybased arrangement, so there is an equal amount of evidence—or more, even—of a family closing a case because it is actually working for them now and they do not need the service any longer as it has brought them together and the arrangements are working for them. I would say that there is as much evidence of that in the reasons why a family might close a case.

Q10 Stephen Timms: To go back to the conversation you were having with Kate Green a minute ago, the NAO tells us, based on your research—the survey that you have mentioned—that 350,000 parents with care do not have maintenance arrangements of any kind but would like one. I think the NAO feels that we do not really know why that is. What does the Department know about why those people do not have arrangements at the moment?

Peter Schofield: Some of this is set out in the Report, as best we could identify in the survey that we did a year or two ago. In some cases, it is because of a lack of awareness—that is one of the points that the NAO Report pulls out—so we are doing quite a lot of work to try to raise levels of awareness.

You are thinking about two groups. There is a group that does need the support of the statutory scheme because one parent will not be paying. In that situation we have particularly been using the jobcentre network to help that network to be a good interface with vulnerable people who might need that support.

Q11 Stephen Timms: Will you tell us a bit more about how you are doing that? How are you using the jobcentres?

Peter Schofield: Basically, we have been training our work coaches to know about the Child Maintenance Service and what it does. Indeed, afterwards we surveyed those who had done the training—all our work coaches—to find out whether they knew more about the Child Maintenance Service as a result. That means that in conversations they have as part of their normal universal credit conversations, work search review conversations or of the claimant commitment, as they get to know the individual, at that point they can have a conversation about child maintenance. That is something we have done more recently, and I think it will make quite a big difference going forward.



There is also what we are doing about the accessibility of the Child Maintenance Options system, which is what you phone when you are looking at the options available to you as a separating couple. We put much more online, and the transformation journey that we are on gets a bit of a reference in the Report. It is all about increasing people's information about the services available to them. Now, you are right, when you look at that number of people—in fact, I also look at the people who say that they do not want an arrangement. I ask, "Why is that?" Do they have a good enough understanding of what is going on and what we can do for them on that setting as well? We want to make a difference.

Over the past two or three years, since we finally closed the Child Support Agency cases—the end of 2018—we have had much more opportunity to focus on things like building awareness and growing the caseload. The numbers are going up all the time. Even since the numbers that you have in the Report, the latest numbers I have seen show increasing numbers of people having arrangements with the Child Maintenance Service. So, we are seeing progress, but it is a fair challenge in the Report.

Q12 Stephen Timms: The NAO also makes the point that the Child

Maintenance Service does not seem to be very well integrated with other parts of the Department—jobcentres, for example, but I take the point that perhaps that is being changed now, or is being addressed. Universal credit integration we will come back to later, but the Reducing Parental Conflict programme as well the CMS does not seem to be well integrated with. Is there work to be done, and indeed being done, on integrating this service more fully with the rest of the Department?

Peter Schofield: Yes. I might bring Hilda in on this as well, because I am doing this with the Department, to be fair, Mr Timms. How do we interact even better with other parts of Government and other programmes, like the Supporting Families programme of the Department for Levelling Up, Housing and Communities, the Family Hubs programme run by the Department for Education, and programmes of the Ministry of Justice? There is more to be done. I will hand over to Hilda in a minute, but the key point that I want to get across is that child maintenance and the success of such arrangements have to be seen in the overall landscape of what we can do to support constructive co-parenting all the time. That is the perspective to bring. Hilda, do you want to add to that?

Hilda Massey: A lot is happening in the wider landscape that we are looking at, thinking about how we can interact with other Departments and within the DWP on things like the Reducing Parental Conflict programme, to see where the touchpoints are, where people are interacting with us and with other initiatives to help provide information and signposting for people, so that they can think about making familybased arrangements or, if necessary, moving towards a statutory scheme.

In terms of the initiatives that we are engaging with at the moment, there is the Family Hubs programme, which we see as a real opportunity, as it



HOUSE OF COMMONS

rolls out, to ensure that they have the information and signposting available for people, so that they can think about child maintenance arrangements. MOJ is also trialling a family mediation programme, which we are talking to them about, to see how we can engage with it to understand whether there is more that we can do to signpost people to child maintenance arrangements as well.

Then there are wider programmes, such as the Supporting Families initiative, which are not specifically targeted at separated families but that deal with families who have complex or specific needs, and where, if we can work with them, we may be able to help people who, once they have been through the programmes, may be in a better position to make child maintenance arrangements.

Indeed, on the Supporting Families initiative, the Department actually has Supporting Families employment advisers in 307 jobcentres, and they have had training—similar to the training that Peter was describing—about child maintenance, to try and raise awareness and start to play the child maintenance issues into the discussions that they are having with people.

Similarly, with the Reducing Parental Conflict programme, we are working with the programme to try to provide materials, through the options service, to help people who are in conflict to resolve the conflict and put them in a better position to then be able to engage thinking about child maintenance arrangements.

Q13 Stephen Timms: So you do want to plug the child maintenance system more fully into whatever else is happening in the Department.

Hilda Massey: Basically. The aim is to raise awareness.

Q14 Stephen Timms: When the changes were launched in 2012, it was made clear that they were part of a wider set of cross-Government measures that, in the end, I think it is right to say, did not quite materialise, at least not in the form that was originally envisaged. Why was that?

Hilda Massey: The way I would characterise it is, the reforms were not landed in a static environment. There have been lots of changes in cross-Government policy, departmental responsibilities, and indeed a lot of the evidence on what really helps people, particularly families with complex needs. So, as that evidence has been emerging, some of the approaches that we have taken to change have altered. For example, we in the Department have moved on from a trial that we had around help and support for separated families to focus more on the Reducing Parental Conflict aspects, because we felt that was more likely to improve outcomes for children. I think there has been quite a complex landscape, which has evolved, and as it has evolved we have tried to keep up with it and plug into what is now happening.



Q15 Stephen Timms: Does the Department have a role in leading initiatives in this area across Government and encouraging—cajoling—others to do what's needed?

Hilda Massey: I think we have a role in identifying what is happening across Government and making sure that we are plugging in where it is appropriate to do it.

Stephen Timms: But leading what's happening?

Hilda Massey: I think it depends, because not all of these initiatives are directly related to separated families per se, but we certainly have a role in understanding what is happening and making sure that we are engaging where it is appropriate to do so.

Peter Schofield: The two Departments that would probably have a bigger role than us are probably the Department for Education through the Family Hubs programme, because that is an important way of bringing a load of services together for individuals, and also the Department for Levelling Up, Housing and Communities on the Supporting Families programme, and all that has been building on the learning from the troubled families initiative over a number of years.

Q16 Peter Grant: I will come back to you, Ms Sugden. I want to look at the action that had been taken on pursuing arrears from the former Child Support Agency. The NAO has repeatedly reported that arrears figures for CSA payments are not reliable, and I think you have accepted that. Why do you continue to chase parents for arrears if you know that the information on which it is based may not be correct?

Arlene Sugden: It might be helpful if I explain a little bit about how we transitioned arrears across from CSA to CMS. All cases went through a process of stable arrears balance calculation. Once that was calculated, we wrote to receiving parents—in certain circumstances, as set down in legislation—to ask if they would want us to take the opportunity to try a collection again. At that point in time, if the receiving parent said yes, we would contact the paying parent to let them know that that was the case, and that the debt was moving across. There were 30 days for that parent to come back to disagree with the stable arrears balance that we had calculated at the time, and if there was any disagreement we would seek to resolve that with evidence, and so on. But the balances that were moved across were the safest balances that we could create at that time, obviously based on the history of the CSA and some of the issues that we had.

Q17 Peter Grant: You say the safest balances that you could create at the time. Do you accept that some of those balances were probably not all that safe?

Arlene Sugden: I would say we went through a really vigorous process, as part of the financial accounting. The NAO audit those accounts every year. So they audited, obviously, that process and the balances that were moved across. Could I, hand on heart, say that they were absolutely the right balances? Occasionally we have had people come back to say, "I've now got

further evidence to suggest that that wasn't the case," and we will look at that at that time. But all paying parents were given an opportunity, for any balance that was moved across, to disagree with that and present evidence at that time.

Peter Schofield: It is worth saying, just to be clear, the Child Support Agency accounts—the 1993 and 2003 schemes—have been, for as long as I remember, qualified by the NAO because of the inability to be clear about the accuracy of calculations that go back 20, 30 years. This goes back to the heart of the issues that the Chair was mentioning at the very beginning in her introduction: the difficulties that the Child Support Agency had over those early years in terms of the accuracy of calculation, keeping cases up to date and using the right data to process cases. All of that has built up into this hinterland of arrears that, in the process that Arlene described, we had to go through very carefully over a number of years, from 2012 to 2018.

Q18 Peter Grant: Thanks. I know that the NAO and predecessors or former make-ups of this Committee have looked in a lot of detail at how the Child Support Agency got into the state that it did, but my question is about what happened afterwards when information came out of the CSA, with all the warnings about how reliable it would be. What assessment did you make of the human impact of pursuing people for debts, which in some cases they continued to dispute quite vigorously? They may not have been able to provide very hard evidence to justify their dispute, but they were still people who genuinely felt that their circumstances had not been properly reflected, and they were still being pursued. What assessment do you make on the impact on those people of the action that was taken?

Peter Schofield: Perhaps Arlene will want to come in; Arlene was at the heart of that whole process. We were very careful, going through each and every one of those cases, in terms of understanding the confidence that we had about the reliability of the debt. There was also some quite basic stuff: did it make value-for-money sense for us to be seeking to pursue this debt when the amounts were relatively small and we knew that the complexity and challenge would be huge? The Report sets out that we thought the value of the debt might be between £0.1 billion and £0.6 billion and cost £1.5 billion to recover. So we had to look at value for money. But crucially, as part of that whole process, we got in touch with the receiving parent just to let them know what was happening and to give them the option, if it would be value for money to collect the debt, to say to us, "Yes, I want you to have another go at getting it." So there was a whole load of different characteristics, issues and criteria, but the one you have mentioned, the human element, absolutely was a key part of this. Arlene, do you want to add to that?

Arlene Sugden: The other thing I would add would be that when we did write to contact parents, 85% didn't respond, so that gave us an indication that many people had moved on.



Q19 Peter Grant: Can we be sure that you were actually contacting them at the correct address? Are you satisfied that there weren't cases where people had moved?

Arlene Sugden: Again, as part of the stable arrears balance, we are checking all the data that we have got as it transitions across. Yes, we would have got some letters back, in that they weren't at that address. We would have tracked a new address down and reissued that letter. That was all part of the assurance of the process. The other aspect that gave us an indication of how this was being received by customers was that we got less than 1% complaints out of the whole process at the end of the day. It showed us that a lot of people had moved on and were accepting of the situation.

Peter Schofield: It is worth saying that this process took longer and cost more for us, as a Department, to run than we had anticipated in the business case. One of the reasons the cost numbers are not what they were intended to be through the periods between 2012 and 2018 is that this process turned out to be more complex, take more time and cost more money than we had anticipated at the beginning. But, for the reasons that you have described, Mr Grant, it was worth spending that money to get it right and to have the response in terms of what we have continued forward into the child maintenance scheme but also the low level of complaints that we have seen.

Peter Grant: Thanks. I think we will come later to more questions about the 2018 write-off, and also about complaints and user satisfaction.

Peter Schofield: Sure.

Q20 Peter Grant: I want to finish this part by presenting to you, Mr Schofield, that we found ourselves in a position where, because of failings in a Government agency, a significant amount of money might have been owed by absent parents to their ex-partners. Some of it was correctly owed; some of it wasn't. It would have been very expensive to get any kind of reliable view as to what was correct and what wasn't.

Did you consider just cutting losses and agreeing that the Government would take the hit? The Government caused the mistake, the Government takes the hit and writes off the debt, but the payments that were due to parents with care responsibilities would be met out of the public purse. At the end of the day, wouldn't that have been not that much more expensive than trying to put it right, and you would have had a position where absent parents who thought they were being pursued would stop being pursued, parents who thought they were owed the money would have got the money, and everybody would have been happy? Was that something that was even considered?

Peter Schofield: The honest answer is that it was before my time, because this takes us back to the decisions that were made in 2012. But the point I would bring out—it comes out in the Report—is that quite a big chunk of the write-offs was money that was due to the taxpayer. If you remember, the Child Support Agency arrangements were such that—



Q21 **Peter Grant:** In fairness, about £1 billion of it was not owed to the taxpayer.

Peter Schofield: Exactly—sorry, yes. Some was to the taxpayer. I think about £1 billion was to the taxpayer, and the remainder of the £2.6 billion was largely to parents—the numbers are here in the Report, aren't they? Where we have ended up is that the taxpayer took a hit, and receiving parents, I guess, would not have got the money that they might have felt entitled to, but there were questions about the accuracy of that at the time as well. That was a policy decision at the time, that this was the balance of how it would be taken forward.

Q22 **Kate Osamor:** I would just like to ask a few questions about the level of take-up and who it impacts on. Parents, both with care and non-residents, are less likely to have an arrangement if they are not working or are economically inactive, and the same is true if they have a household income below £20,000. Mr Schofield, how worried are you that low-income families are less likely to use your service, and about the impact this is having on children?

Peter Schofield: Absolutely. As I said at the very beginning, I really want anyone in that position to feel they can come forward for support from DWP. Whether that means helping them set up a family-based arrangement and settling them into that type of arrangement, or if there is a situation where the paying parent does not want to pay, we support them through the statutory schemes.

There are issues here in terms of how we raise awareness of what we can do and how we can make sure we are able to support people in that situation. I have described the recent work through the jobcentre network, using our work coaches, the supporting families employment advisers who are present in many of the jobcentres and have a particular specialist skill, and everything we are doing more broadly in training our frontline folk—those in jobcentres who see folk face to face, and through the Child Maintenance Service when they get in touch with us—to support people in a very sensitive way and think about parents in complex situations, such as those who may be victims of domestic abuse.

We have made sure that we have trained our people to support families on that journey, so they feel they can come to us with confidence and we can put this right. I absolutely want those families for whom the right support is the statutory scheme to come to us, but also want to really encourage those who can manage a voluntary family-based arrangement to come to us. Those are some of the things we have been doing to raise awareness. I hope that helps.

Q23 **Kate Osamor:** Parents from some ethnic backgrounds, particularly black parents, also seem less likely to use the scheme. I understand the Department has not conducted research into the causes of this. Is this worrying to you, and what is your assessment of this issue?



Peter Schofield: It is a good challenge that has come out in the Report. There are two issues, I would say: one is that we are increasing the declaration rates on ethnicity, so we are able to understand and get better data on this. This is an issue that the Committee has raised with me in the past in the context of universal credit. In the case of the receiving parent community, it is something like a 75% declaration rate, which is good, and it puts us in a good position for that. We do not have any research on this at the moment. It may well be the case—this is my understanding, looking in on this; it is certainly the way I read the NAO Report—that when you control for income, that accounts for the difference on ethnicity, but this is something that—

Q24 **Kate Osamor:** So you don't have plans to do any research into this?

Peter Schofield: Not at the moment, no.

Q25 **Kate Osamor:** Can you tell us why not?

Peter Schofield: At the moment, our focus is on raising awareness. What we need to do is see whether the work that we are doing on raising awareness more broadly is causing an increase in the number of people who are coming forward, as it seems to be already.

Q26 **Kate Osamor:** The Report shows that people are not using the service. The Report shows that you are less likely to use it if you are not working and if you have a lower income. The Report also shows that black families are experiencing conflict more so, and the children are the ones who are not going to benefit from this. Your role is to fight against poverty. Your role is to ensure that children are able to have food when they wake up in the morning, and lunch and dinner. The fact that you are not really taking this seriously is quite concerning.

Peter Schofield: If that is the impression that I have given the Committee, I really want to push back on that. We are doing absolutely everything we can to make sure that we are raising awareness. I have talked about it already in terms of what we are doing through the jobcentre network, but also—

Q27 **Chair:** Can I just stop you there? You talk about raising awareness. We will come on to that, and it is good that you are talking about that, but I think Ms Osamor's point is a bit subtler. There is a group of people who are potentially particularly badly affected. In this case we are talking about black mainly women, because they will be the receiving parent. We have raised, as has been said on universal credit, that you have a kind of lack of curiosity about who your client group is, and you are not planning to look at this more. This could be exacerbating existing poverty in that particular group. You really have no plans at all to do more research into this.

Peter Schofield: What we need to do is continue to increase the declaration rates so that we have better data. The data has been relatively poor. As the



HOUSE OF COMMONS

Report says, the data is sparse, but what we are seeing is an increase in the number of people coming forward with those arrangements, and we will continue to look at this—

Q28 Chair: You don't know who those people are in terms of their ethnic background.

Peter Schofield: Increasingly we do, as the declaration rates increase.

Q29 Chair: Of the new people coming forward, what percentage of those declare their ethnic background?

Peter Schofield: I only know the overall proportion, which is 75%.

Q30 Chair: That is better than universal credit. We will give you that bit, but you do not know whether it is higher than that for the new people coming forward.

Peter Schofield: We don't know whether it is higher than that for new people coming forward.

Q31 Chair: Do you have any plans to make it higher?

Peter Schofield: The Committee is rightly challenging me on this. Let me reflect.

Q32 Kate Osamor: I will move on. Ms Massey, I want to ask you a few more questions about good practice. You rightly spoke about different Departments that are working with you. Do you have any good practices from other countries that you can refer to?

Hilda Massey: We look at international comparisons a lot, because obviously it is interesting to see what is happening in other countries, particularly given how complex and difficult this whole area is. It is quite difficult to make direct comparisons, because obviously child maintenance services do not operate in a vacuum; they are very closely linked to a country's family policies, their structural arrangements and their cultural background.

What we have noticed is that there is a general trend away from more bespoke, court-based schemes to agency-based schemes with calculations that apply to everybody, simply because there is an increase across the globe in terms of lone-parent and more hybrid family arrangements. I think the latest OECD figure is 17%, on average, for lone-parent families, whereas in the UK it is 22%, so we are a bit above average in terms of lone-parent families.

In terms of lessons learned, we have looked at comparable schemes—particularly examples such as Australia and the United States. One of the big problems with the first Child Support Agency scheme that was introduced in 1993 was that the calculation was incredibly complicated, so what we did was look at the example in Australia and learn lessons from that. We simplified our calculation, copying their approach to banding and



HOUSE OF COMMONS

using percentages of earnings in order to do the calculation. We also looked at enforcement practices across the globe. As a result of seeing what is going on elsewhere, we have introduced things such as driving licence bans, reviewing passports and approaches like that, to try to improve our enforcement approach.

Actually, when you look at this now, in comparison with some other countries, we have a set of enforcement powers that are probably among the strongest in the world. We continue to monitor what is going on elsewhere. As I say, it is quite difficult to make direct comparisons, given the different structures, but we are very keen to learn where we can, because it is a very difficult and complex area.

Q33 Kate Osamor: On the 500,000 non-resident parents, is there any joined up work that you could do with other countries, to be able to help and get some money from those parents who are not willing to participate in the upbringing of their child?

Hilda Massey: Sorry, I am not quite sure—

Kate Osamor: Collecting money.

Hilda Massey: As I say, it is very difficult to make those direct international comparisons, because some countries' child maintenance schemes are embedded in, for example, tax collection agencies. Some still do it through the courts. There are different approaches out there. We are learning where we can but, as I say, it is difficult to make those direct comparisons.

Q34 Kate Osamor: Thank you. We received a lot of evidence submissions from families who said that they know that the father had a hidden income, so are you doing any work to ascertain, when there is a hidden income, how to get the proof so that that can add to making sure that, whatever they are paying, they pay more?

Peter Schofield: Absolutely. We have a very sophisticated financial investigations unit, and that is their job—to chase those leads. When a receiving parent says, "Look, the paying parent hasn't declared all their income," or there's something else that needs to be taken into account, they look at that and go into it in a lot of detail. I have looked at a number of cases where there has been some quite sophisticated investigation work to get to the heart of that and to identify where there is the scope to bring more income in and to reflect on that. It is a particular issue where you have people who are self-employed. They may pay themselves an income, which we pick up through HMRC, but then there is unearned income through dividends or whatever that isn't reflected through that.

It is worth making it clear that we follow the legislation, in terms of what is required, when we do the calculation, but the legislation allows the receiving parent to raise what is called a variation, where they say, "There's something missing here," and we then pursue that—that's what our financial investigations unit does.



Kate Osamor: Thank you. And thank you, Chair.

Q35 Chair: Thank you, Ms Osamor. I want to pick up again on the issue around ethnicity and the impact of ethnic background. It still puzzles me that you are not doing more on this. Surely, if you collect data on ethnicity and you can see a trend of, perhaps, a non-English speaking resident parent getting less because they are not so au fait with the system or—well, there are all sorts of other trends you could foresee. Does that not inspire you to go and do more research? You said you will reflect on it. I am just puzzled by that lack of curiosity, because if you see a trend, then you can find ways of altering the policy or the approach that Ms Sugden’s team take to deal with those groups.

Peter Schofield: Yes. It is a fair challenge. What we have done, first of all, is try to build the data, the evidence base. That is about declaration rates. Secondly, there is a question about whether, when you control for income, there is any divergence. We know, and the Report sets this out, that there are issues here about income. Sometimes the issue about income relates to the fact that the receiving parent—we saw this in the survey data—says, “I don’t think there’s any point, because I know that the paying parent doesn’t actually have any money to pay.” We know that.

Hopefully, in other contexts, we have talked to the Committee about the work we have done in particular parts of the country where we know we need to do things. That is about helping people into work, particularly young men, in parts of the country. I want to demonstrate that this is something we are overall sensitive to, but I just have not seen any data or evidence at the moment that suggests, in terms of access to child maintenance, that there is an issue. I am just not committing to research in this hearing, but I am hearing what you are saying.

Q36 Chair: Okay, I hear what you are saying. Ms Sugden, from a practical point of view, when your teams are talking to people, do you pick up— you must do so on a qualitative basis if not a quantitative one—that you are speaking to somebody who may have more challenges in engaging with the system? They may be frightened because of family dynamics, which can be the case in all communities. Do you pick up these trends on the phone, through your caseworkers?

Arlene Sugden: Yes. From the outset, an application tells us if someone flags to us, when they make the application, that they may be a survivor or a victim of domestic abuse—we would see that from the outset. Once we had received the application, we would talk to the customer to understand how live that is right now for them and just exactly what the current situation is—whether they are in danger. That is just from an application point of view. There is lots that we can do to protect someone in that situation.

Q37 Chair: What about their ethnic background? Do you have caseworkers who speak multiple languages?



HOUSE OF COMMONS

Arlene Sugden: No, but we use thebigword—an interpretation service that is common across Government—and we would quickly access and make sure that we are tapping into the interpretation services. We have that particularly covered.

Q38 Chair: So you could very easily have metrics, for example, on how often you use particular languages through the interpretation services. Would that be quite easy data to gather?

Arlene Sugden: I do not have that to hand but—

Chair: But that management information is available, so there is information out there if you were curious enough to dig it up.

Arlene Sugden: Yes.

Chair: I will leave it there for now and hand over to Mr Peter Grant MP.

Q39 Peter Grant: Thanks, Chair. Ms Sugden, I welcome your comments about what happens when a partner declares that she has been in an abusive relationship. A lot of women who are in abusive relationships do not tell anybody, either because they do not realise that what they are experiencing is unacceptable, or because sometimes they are too embarrassed or too scared to report it in that way. What steps do you take to identify cases in which it looks like there is or has been abuse, but it has not been declared by the applicant?

Arlene Sugden: It would sometimes show up, potentially. Again, if someone does not declare it at the application stage when we are taking to them, we would generally look for parts of the conversation that would indicate it—very short answers, or their not being willing to engage in certain things. We can pick up on that, to some extent, and start to explore it. All our people are trained to look out for that at any point in the situation.

We would dive into that in a bit more detail to see if the parent was willing to share anything beyond that, and we would ask about any concerns they have about us contacting the other parent. Would that cause them any distress? Usually, their answers help us to understand. If a person does not share any of that, we would not necessarily know, but we do try to understand that from the conversation.

Then, once we identify it, there are various steps our folks would take to help support someone in that situation. We make sure our folk are trained—obviously, our colleagues are trained to spot that and know what to do if it presents itself. We have various action plans, which colleagues know to access, and a six-point domestic abuse plan for any threat of danger, so we have done quite a lot over the last few years to make sure our colleagues are absolutely alert to the fact that abuse can exist—and in both partners, to be quite honest with you. It does not necessarily always show up from a receiving parent point of view; it can often show in a paying parent situation as well.



Peter Schofield: I just want to get across to anyone watching this who is concerned: if you get in touch with us and that is your situation, we can do a huge number of things to keep you out of contact with the paying parent—non-geographic bank accounts, not disclosing address, not disclosing any details. We can manage that whole process. No one needs to worry about that, because it is something that we put huge amount of stock in. The way that we have transformed the system—you can now apply online—means that you can disclose without having to do anything out loud if you are in a difficult environment or maybe you do not want to say anything in front of the kids. You can do all of that. If you are worried about being disturbed, on every page there is a “Hide this page” button you can press, which will just wipe it from the screen in case someone is suddenly looking over you.

We do so much, and I just want anyone who is watching this who is worried about approaching us to know that they can approach us with confidence.

Q40 Peter Grant: One of the submissions that we got was from somebody who felt that the ex-partner’s attitude towards her significantly deteriorated because she asked for a review of his finances and the first thing that the CMS did was to go to him and say directly, “Your partner has asked us to review.” Would you still operate on those terms if you had reason to believe that there had been a controlling and abusive aspect to the relationship?

Arlene Sugden: Our records indicate that if we know that, we absolutely talk to the receiving parent first, alerting them to the fact that we need to contact the other parent, and asking whether that causes any concern. We would seek to understand what that concern was, and we would make sure that we are protecting the safety of that customer as best we can. Whatever has triggered the conversation—understanding income, for example—we would not necessarily say that it had come from the receiving parent.

Peter Schofield: To a large extent, we get our information on income from HMRC. Even on direct pay, there would be an annual review that we would just do—we would take the latest numbers from HMRC. It would not show up as the other parent asking for this; it would just be us taking account of the changing circumstances of income.

Q41 Peter Grant: I want to come back to your last answer, Ms Sugden, because I welcome it as far as it goes, but that raises the question, in what circumstances is it necessary to tell the paying parent why you are carrying out a review? Just in case there has been controlling behaviour in the past and the information that their ex-partner has asked for a review then provokes something, would it not be better just not to use that form of wording at all?

Arlene Sugden: No, we do not go to a paying parent and say, “The receiving parent has asked us to review”—we would not use that language. We would trigger a review, but we would not necessarily say what was behind that.



Peter Schofield: If we do a variation, though, the variation is normally triggered by the receiving parent—

Arlene Sugden: But in an abusive situation, we would not necessarily say that it had come from the receiving parent. We would say, “We understand that...” and not necessarily say what the source was.

Q42 Peter Grant: One of the things that concerns me, because I have seen it directly myself on a couple of occasions, is where the relationship did not appear particularly to be abusive at the time, but after the break-up it became abusive. I do not know what the position is elsewhere in the UK, but it is now a specific criminal offence in Scotland to exert controlling or coercive behaviour against somebody. If a relationship has broken down and there has not been abuse previously, so you have not been notified that abuse is taking place, a situation might then develop, possibly insidiously over some time, where the absent partner is increasingly trying to exert controlling behaviour over the ex-partner, even at a distance.

Very often in cases of controlling or coercive behaviour, the victim is the last person to realise what is happening. How do you make sure that you are not asking someone to take steps, such as contacting an ex-partner, when they might be subject to controlling or abusive behaviour that you are not aware of and that might not have been present at the time the relationship broke up?

Arlene Sugden: It would depend on the circumstances, to be honest, Mr Grant. We have direct pay customers whom we may not necessarily be engaging with regularly, because we have set up the arrangement to pay. Why we would seek to involve ourselves in a collect and pay situation, where we might be enforcing, would depend on the circumstances. Again, we keep an open conversation with the receiving parent at any point in time, for that person to declare anything to us. We keep them informed of every step of the process of what we are doing about enforcement. At any point in time, they can alert us to their concerns, or raise safety concerns, and we would engage immediately. As I say, we have plans to help support us in such situations.

Q43 Peter Grant: It is actually appropriate to have a system that is based on encouraging people to sort things out for themselves when you know that a significant proportion of people will be deterred from doing that by the reaction they will get? Should we not be looking at completely changing the focus of the system, so that we are not in effect pressurising people to make contact with somebody when that might worsen abuse that has already taken place, or might be the trigger that starts abuse happening? Have you looked at changing the focus of the system?

Peter Schofield: The heart of the 2012 reforms that we talked about earlier, Mr Grant, is this view that constructive co-parenting happens best in a voluntary arrangement. I think the question you are asking is, how quickly can you move from a voluntary-type arrangement to one in which



there is compulsion from the state, particularly at one end of the spectrum, in the control and pay arrangement?

The Report talks about the process that we run. The legislation does require us to have the evidence that the paying parent will not pay before we move to collect and pay. I think something like 10% of cases that come through the Child Maintenance Service go straight to collect and pay, but in other cases we need to build the evidence base. If it is clear at the start that the paying parent is not co-operating, that would be enough for us to put them straight into collect and pay, and we would pick up on that straightaway. Otherwise, we would need to follow the pattern set out in the legislation. But by and large the policy objective here is, where we can, to encourage people to have voluntary arrangements, because of all that does in a positive way to the wider relationship between the two parents.

Q44 Peter Grant: Thank you. I want to come back and carry on the previous discussion we had about the write-offs of debt and so on. Your Department took a decision, deliberately, to delete records relating to write-offs before the National Audit Office had a chance to audit them. Why did you do that?

Peter Schofield: The issue there—this absolutely should not have happened, but we have a normal approach in terms of destroying records. The normal course of business is that you keep records only for as long as you need them. In these cases—closed cases—we were destroying them after 14 months, but that did not allow enough time for this to be taken into account in the NAO audit. I know that, and this has obviously been flagged in the last set of accounts that the NAO audited. We have changed that process, so that cannot happen now, but it did happen because we follow the normal business case approach to retaining records. You should retain records only for as long as you need them, and our standard approach across the Department is that where we can see no need to hold on to them, we destroy them after 14 months. That did not work with the cycle of the audit, so those two things did not work together, but we have changed that process.

Q45 Peter Grant: But surely as a Government Department funded by the taxpayer, public accountability has to be very high up on your list of reasons why we might need to keep something. Why did nobody in your Department realise that information about the finances of the Department could not be destroyed until, at the very least, the accounts had been signed off and audited? Out of all the civil servants that you have in the Department, why did nobody say, “Hang on a minute, I think this is a mistake”?

Peter Schofield: You can imagine that this is a question that I have been asking as well. We realised that there was an issue here in terms of these closed accounts—these were historical cases in closed accounts, and we were going through the normal course of destroying them after 14 months. But you are right: they should not have been. They will not be in the future. We have changed the process and made sure that in our Department, where



HOUSE OF COMMONS

you have different competing pressures, people have seen the join up. But it's a very fair challenge, Mr Grant.

Q46 Peter Grant: I am looking at the kind of information that is going to be retained in these records. You have changed the 14-month record destruction policy. What is the policy now?

Peter Schofield: Twenty-four months.

Q47 Peter Grant: Is that beyond the time where either parent might still want to lodge a complaint about the fact that the case has been closed?

Peter Schofield: Yes, in our experience. These are closed cases, so they are not ongoing cases. It could well be that the child is no longer a child and is beyond the age where we would cover them—through child maintenance arrangements, for example.

Q48 Peter Grant: But we are talking about amounts that were written off during the last financial year, 2020-21. It is not that long ago. Are you absolutely certain that there is nothing in the cases whose records were deleted that might subsequently be open to challenge, either initially through a complaint or a request for review, or through some other process?

Peter Schofield: Yes, because there is a process for challenge. If you are unhappy with a calculation, you have the opportunity to ask for a mandatory reconsideration. If you are not happy with the mandatory reconsideration, you can take that to an appeal. Obviously, if anything is going through that process, we would not destroy the record. These are cases where there has been time for any of those processes to happen and the case has closed. There has also been time for the audit to be carried out, now that there is this extended period.

Q49 Peter Grant: Some of the submissions that we have had, either from individuals or from representative organisations, have expressed the view that if a parent has left one family and has done everything possible to avoid the responsibilities towards them, there is a good chance that at some point they will do the same if they start a family or get into a relationship with somebody else. Do you have a way of flagging up an absent parent who is beginning to default on payments or stop cooperating with the system? Do you have a way of identifying the fact that that is a pattern of behaviour that the same person has exhibited before? Or does everybody start off with a completely clean sheet?

Peter Schofield: It would be an existing case. I was looking at a case the other day, for example, where someone had had a relationship but had separated. There was one child and they were paying through collect and pay. Then they entered another relationship and had another child, so the amount that we took for the first child was reduced because of there being a relevant other child. Then that second relationship split, and we had to make a further adjustment because they then entered a family-based arrangement for the second family. That sort of complexity of seeing a



HOUSE OF COMMONS

number of different families all related to one paying parent is something that our people see all the time.

It is a good question. I might ask Arlene to answer this one. I think your question is this: someone is in collect and pay with family 1; there is then a request from family 2, from a receiving parent, for a new arrangement there, so would we go straight to collect and pay for the second child?

Q50 Peter Grant: I can make my question a bit more specific. It follows on from the deletion of records.

Peter Schofield: Right.

Peter Grant: How do you know that you have not deleted information that would tell you next year that an absent parent you were getting complaints about had done exactly the same thing, but the records had been deleted because it was 14 months, and in this case 24 months? In the life of an adult having children, 14 or 24 months is not a long time.

Peter Schofield: We would only have closed it after the child maintenance case had finished. Presumably the child is no longer covered by child maintenance and the payments have fully been made and there are no arrears. If someone is not paying, we will pursue them for as long as we can and get that money. The scenario you describe is, I think, not one that would apply in terms of the deletion of records. I want to reassure the Committee that when it comes to second and third families by the same father—let us assume it is a man in that situation—we would be linking them because it is the same paying parent in each case. I suppose the question is whether we would go straight to collect and pay for family 2.

Arlene Sugden: Again, when the application comes in, we would be able to link that to the current paying parent in another case and see that that is in collect and pay, and therefore that would be one of the cases we would immediately set to collect and pay.

Q51 Peter Grant: So, on the deletion of the record for 2020-21, which you have accepted should not have happened, can you give us an absolute assurance that that premature deletion of records will not have disadvantaged any of your current claimants or current applicants?

Peter Schofield: I really don't think it would have done. If there is a machination or complex situation that I have missed—

Chair: To the best of your knowledge.

Peter Schofield: To the best of my knowledge. If any constituent has spotted something like that, please write.

Q52 Kate Green: The NAO Report identifies that the Department has not estimated how much undetected fraud and error exists in the system. I think, Mr Schofield, you spoke a moment or two ago about what you described as a sophisticated financial investigations system. You also



HOUSE OF COMMONS

talked about the reliance on a receiving parent giving you information by raising a variation. How would you characterise the CMS's responsibility for reducing parental fraud or error, as opposed to reliance on the receiving parent raising the issue with you?

Peter Schofield: And obviously also the comparison is—I thought you were going to compare it with benefit fraud more broadly.

Kate Green: We may come on to that later.

Chair: That could keep us going for a couple of hours. You are off that hook a little bit.

Q53 **Kate Green:** Or tax fraud, Mr Schofield?

Peter Schofield: A regular conversation with this Committee, quite rightly.

What we see is that our most fruitful references come from the receiving parent, often because it is the receiving parent who knows an awful lot about the paying parent's situation and financial affairs as they chase things down. It is the most fruitful route, and it is the one that delivers the most financial investigations. It is not the only route, because we also pick up through casework. As we do with benefit fraud, we are looking at whether there is more that we can do with data and analytics to get to the heart of things.

The advantage we have with child maintenance, in terms of some of the parameters of fraud, is that the legislation is quite clear about what we take into account. The Report sets out that in 91% of cases we draw income—as the legislation requires—from the sources of HMRC, for realtime income, and from our own benefit data. That covers 91% of cases in terms of income. What it does not necessarily show up is where there is unearned income.

We talked earlier about the situation where self-employed people are paying themselves through their company, and we pick up on that, but there is some other source, through dividends or whatever, that we do not pick up. That is not covered by the legislation right now. There is also the falsification of children who they are responsible for, and people might talk about children they have responsibility for in another family, which the calculation requires us to take into account when we work out what they are required to pay. There are more limited parameters than with, for example, benefit fraud. However, we then have the opportunity for the receiving parent to raise a variation where there is some other source of income that we have not picked up on.

Q54 **Kate Green:** Is there any legislative change that would be helpful to you in giving you stronger powers, akin to what we have in relation to benefit fraud?

Peter Schofield: In terms of the calculation, on Monday we put out the response to a consultation we did last week. Hilda might want to say more about that. That covered what we would take into account in the initial calculations; for example, taking into account types of unearned income. It

is the opportunity for us to take into account the type of unearned income that we can pick up readily from HMRC. We have said we would take legislation as and when parliamentary time allows, off the back of the consultation that we did last year. That is one element.

There is a wider challenge here, which the NAO quite rightly brings; I think the way that it has characterised it in its Report is right on the basis of proportionality. However, for benefit fraud we do a comprehensive survey every year, opening up thousands of cases and going into the heart of them; we look at, "Did we get this case right? Is this person defrauding the system? Is there an official error?" We don't do that for this type of fraud. It is fraud between parents; it is not the taxpayer. I do not think the NAO is suggesting we do a study that big; it is asking if there is more we can do from a proportional point of view to understand not just the fraud between parents that we detect, but more broadly what level of fraud is going on. That is something that we can reflect on.

Q55 Kate Green: Where you might, for example, identify benefit fraud, is there a way of taking a risk-based approach that says, "If we already know that this particular customer is responsible for fraud against the benefits system, we ought to look at the child support situation as well"?

Peter Schofield: Of course, it is based on the same system. What we are talking about here is fraud around income—that would be the most obvious. Absolutely, if they are not declaring HMRC income that they should have declared then we will see that too.

Q56 Kate Green: So there's information sharing between CMS, HMRC and your own benefits system in CMS—in both directions?

Peter Schofield: That is a good question—does it work well enough in both directions? There is a very clear route out from HMRC through to us, on the child maintenance side, and universal credit. However, we are looking at what more we can do to share the intelligence.

Hilda Massey: I would just add something about the legislation that we are planning to take through. At the moment, the calculation is based on data that we get direct from HMRC relating to gross historic earned income. We are planning to introduce unearned income data that we get direct from HMRC and feed that through directly into the calculation when parliamentary time allows. That will become part of the standard calculation.

Q57 Chair: Just to be clear, unearned income would be, for example, rent from a property that someone let or dividends from business investments?

Hilda Massey: Potentially—or investments. The sort of unearned income that you would pay tax on. HMRC will feed the data through to us in the same way as they do for earned income. The reason we do it like this and use HMRC data directly is to ensure that the calculation and the way we operate the system is as simple and straightforward as possible. That is partly because we have learned the lessons of the past, when we had very



HOUSE OF COMMONS

complex calculations that took in huge amounts of information. They got so overly complicated that the CSA at the time could not actually administer it. The decision was taken to use information that was fed directly through to HMRC, to make sure that it was simple and to ease some of the administrative burdens.

Q58 Kate Green: I don't think anybody would want to see a less energetic approach to pursuing fraud just because it is between two private individuals rather than a case of fraud against the taxpayer, and least of all in this context, when the end users will be children. Can you give us your assurance that that is the framing in which you approach detecting and reducing fraud in the child maintenance system?

Peter Schofield: Absolutely. As you say, Ms Green, at the heart of this is the recipient: the child. The child needs the money. Our financial investigation unit is a skilled team, and it pursues all the leads we get. We will look at what more we can do. As I said, data analytics is another source where we can potentially do more. We are building our capability.

Q59 Kate Green: Can I ask some questions about direct pay and collect and pay? Given that 90% of parents who joined the Child Maintenance Service are initially assigned to direct pay, would you say that that is a successful approach, when around half of direct pay arrangements are either not sustained or not fully effective?

Peter Schofield: I think, according to the data, after 13 months 58% were still on direct pay, so the remaining 42% were not. We are driven by a number of things here. Obviously, the legislation was framed by the policy intent in 2012. It is really about trying to encourage more familybased arrangements and the voluntary route. Even when someone comes in for a statutory scheme, we would prefer it if, although we do the calculation of the amounts for them, the actual management of the money between them is something they do together voluntarily. We think that creates a more positive environment for, as I said earlier, constructive coparenting.

The law requires that we only invoke collect and pay. We can only invoke an arrangement where we compel the payment if we can demonstrate that the paying parent is unlikely to pay. We have to go through that process. I think the challenge for us, and the thing we need to work on is transformation. We do a decent job, but we need to go further. Digitalisation gives us more opportunities for that transformation. We can spot more quickly cases in direct pay where there is no payment being made, so there is a combination of things allowing us to nudge and encourage the receiving parent to let us know.

Chair: Perhaps we can hear from Ms Sugden about how you do that.

Arlene Sugden: Direct pay is much faster to get money flowing.

Q60 Kate Green: If you get the money!



HOUSE OF COMMONS

Arlene Sugden: We have processes in place to trigger a nudge and encourage parents to come and tell us, but it is more flexible. It is lightertouch and works for a lot of families. In some cases, it has brought relationships closer together. I think, as Peter says, it is one step closer to a family-based arrangement. Yes, we do nudge parents to tell us if it is working for them. We send text messages. Then we have the process of the annual review, where every year we look at the case and recalculate the maintenance. We are encouraging parents to tell us if it is not working.

Q61 **Kate Green:** We know that non-resident paying parents are accruing five months of missed payments before being transferred to collect and pay. Why is it taking so long? Five months is a long time for a parent caring for children to have no money to support them.

Arlene Sugden: Again, as soon as a receiving parent comes to us and says, "I am not receiving money," we would seek some evidence of that. We would contact the paying parent and move it to collect and pay if that was exactly the case. We give 17 days for the paying parent to come back to us, and then we would process that immediately on to collect and pay thereafter.

Q62 **Kate Green:** What about receiving parents who are reluctant to come to you, for the sort of reasons Mr Grant was talking about earlier—that they are fearful of what that might do to their relationship with the paying parent?

Arlene Sugden: All we can keep doing just now— Through our transformation, we have now got our My Child Maintenance account. We are looking to message through that—to encourage parents to tell us, to reassure. We keep nudging. We could step that up and do more nudging, but unless they come forward and tell us, we won't necessarily know. It is invisible to us if money is not moving.

Peter Schofield: The new online system is a very simple click and report that you haven't received a payment. We are trying to make it as straightforward as possible. Even when you take the 17 days into account, on average, it takes us 22 days in total to move someone from direct pay to collect and pay when we have been alerted to it.

Q63 **Kate Green:** Receiving parents who didn't want them in the first place are much less likely to have effective direct pay arrangements. Is that not a factor that you should be looking at much more in this riskinformed, data-informed approach that you are taking, in terms of determining where direct pay may not be suitable for a particular separated family?

Peter Schofield: Obviously we follow the legislation, and the legislation is quite clear on the need to have evidence that the paying parent won't pay.

Q64 **Kate Green:** But the meta evidence is that the parent with care is often correct. If they said they didn't want such an arrangement, it is much less likely for such an arrangement to be effective. Is there any way that that knowledge can be built into the decisions you make about what kind of arrangement is appropriate for these families?



Peter Schofield: The legislation doesn't allow that, I don't think.

Hilda Massey: It might be helpful to explain to the Committee that the reason we put people into direct pay before collect and pay, and the reason the legislation is so prescriptive, in terms of saying that there must be evidence of non-payment or somebody has said that they are unlikely to pay, is because the collect and pay service has fees attached to it, whereas direct pay is free. It was felt at the time that the policy was introduced that it was important that everybody should be offered the opportunity of a free service, unless there was clear evidence that they weren't going to pay. Of course, what is in addition to the points Peter made about it being about helping to encourage people to move towards family-based arrangements.

Q65 **Kate Green:** So what we really have is a system where ideally familybased voluntary arrangements would be best, but some families can't make those arrangements, and therefore quite a lot of families will try direct pay, because that is free and doesn't cause so much bureaucracy for either you or those families, but a substantial proportion of those arrangements fail and then they end up in collect and pay. So we have got a system, as I said in my opening comments, where we have a very substantial proportion of families who are not receiving effective maintenance arrangements at all. Would that be a fair characterisation of where we have ended up, even if that was the legislative intent?

Peter Schofield: No—you are challenging on a lot of the right things here; the question is how quickly you identify where it is not working on direct pay and move people over.

When we move people over, they move over the arrears that might have built up on direct pay. This is why we are always keen to know quickly if it is not working, because we then do a lot of work looking back on bank accounts and statements and things to identify the total arrears that have built up since the person entered the statutory scheme in the first place. Those arrears move over into collect and pay and then we seek to collect not only the ongoing maintenance but also the arrears that have built up.

Q66 **Kate Green:** Looking at collect and pay, could we unpack your enforcement powers a bit? As of September 2021, only a third of paying parents who hadn't contributed for more than six months were being dealt with by the Department's enforcement team. Why was that? Why the hesitation?

Peter Schofield: What we do is to go through a whole process of identifying where it has gone wrong. If we are in a situation with collect and pay where someone is not paying then we take that quickly to the first stage, which is trying to seek to find other ways of bringing that money in. First of all, we go to looking at whether we can put a payment arrangement in place, like a direct deduction from earnings approach, or a deduction from a bank account.

If we were unsuccessful in doing that, we would then look at the opportunity for enforcement action through bailiffs, and how we could do that. We would



HOUSE OF COMMONS

need a liability order. Only then would we go to a sanction. There is a whole step-forward approach, and I think it is wrong to say that we are reluctant to move into that. If we need to, we will move into it quickly, won't we Arlene?

Arlene Sugden: Some 40% of collect and pay arrangements are administratively enforced I guess, through deductions from earnings, not through legal enforcement, obviously, but administrative enforcement. Equally, as Peter says, before we go down the legal enforcement route, we would look at administrative enforcement through banking—looking at bank accounts, and so on—and putting regular deduction orders through that too.

There are cheaper and faster methods to enforce on money than going down the legal route, but we absolutely would take that route if those methods failed. That perhaps explains why not everything is a true legal enforcement. There is a front end of that, which we call administrative enforcement, which is faster and quicker to get money flowing. Some 80% of requests for deduction from earnings work—they are complied with—so there is a lot of success there.

Q67 Kate Green: Deduction from earnings is a very welcome approach, but it is not usable in some cases—for example, where there isn't anyone earning anything. To what extent are you making use of the other powers you have? You mentioned driving licences and so on.

Arlene Sugden: That would be classed as a sanction. It falls perhaps towards the end of the process. Before we can go down a sanction route, we need legal recognition of a debt, so we have to go through a liability order first to get the court to recognise that it was a debt in the first place. For sanctions, you need to be able to demonstrate that the customer has an ability to pay. In some cases, that means that we cannot pursue that route, particularly given some of the data around affordability and the number of paying parents who are on incomes below the tax threshold or on benefits.

With sanctions, you can only push down a court route if that customer has an ability to pay. To take you down the sanctions route, there are two aspects to that. We could look to suspend passports or driving licences, but to get that sanction you have to demonstrate to a court that the customer could pay within six months. Our preference is to pursue committal, because you have to demonstrate to the magistrate that the customer can pay it back in two years, and that has a greater deterrent effect.

I would say that all sanctions are deterrents. We want the customer to pay, to get the money to children faster. We will go down that route if we have to, but there is a distinct reason why you might not see as many sanctions involving passports and driving licences: we have to demonstrate to the court that a customer can pay that back in six months. Equally, it is a deterrent, but we have done it.

Peter Schofield: It is fair to say that the deterrence is important here. Something like 80% of these cases get settled before they go to court. The



HOUSE OF COMMONS

fact that we are threatening whatever it is—a suspended prison sentence, or the removal of a passport or driving licence—is enough in a very large number of cases.

Q68 Kate Green: Are you able to give us numbers? That is a very impressive figure—that 80% settled because of the threat, if you like, of a sanction. It would be useful to know the actual number of cases. Perhaps you can supply that later, if not now.

Arlene Sugden: *indicated assent.*

Peter Schofield: Let us look at what we have, yes.

Q69 Kate Green: Mr Schofield, you mentioned a moment ago that moving from direct pay to collect and pay and then going through the enforcement route does not wipe out arrears. We have a problem, don't we, when on average a parent who goes into the enforcement process will owe £2,200 before the action starts and £2,600 afterwards because arrears and unpaid debts continue to pile up? What needs to change to address that?

Peter Schofield: Well, the key thing is just getting even better at chasing it down and enforcing it. There are a number of things going on here. The first is whether we can be quick enough at getting people into collect and pay. Part of the arrears building up is because they have been allowed to build up under direct pay, and we have not spotted that or been alerted to it and we have not moved them across. As soon as they move across, we can own it much more, get our arms around the scale of it, and see what is going on with the arrears, what needs to be collected, and what payments are being made.

I was looking at the £440 million of arrears that have built up since 2012 and where we are with them. To a large extent—for something like a third or so of them—we have the payment arrangements to recover them in place and going through.

Q70 Kate Green: I am less concerned about arrears that are already heaped into the system than about the fact that even now when paying parents are taken into the enforcement process, they continue to clock up unpaid debt, which means that at the conclusion of the enforcement process they owe more than when they went into it. What can be done about that?

Peter Schofield: There are two things, I suppose. One is avoiding a build-up of arrears in the first place, but I think you are taking that as read. It is all those things about spotting failure to pay, moving people quickly into collect and pay and monitoring that. The second thing is all the things we can do to try to speed up the enforcement process, so you can actually start clawing money back more quickly. The Report sets out that good progress has been made. We have reduced the time to bring bailiffs in and we have reduced the time for putting in things such as direct deduction from earnings attachment.



HOUSE OF COMMONS

It is important to reflect on the challenge. I wonder how much further we can go. I want us to do this more quickly, but some of the points in the process are in other people's hands. For example, we can very quickly put in place a deduction from earnings order, but you then have to link it to the payroll of the employer. You might have just missed the payment date for that month, so you have to wait for the next month. You need to have allowed the employer time to put the arrangement in place. It is about the practicalities. You need to get court time to obtain a liability order. There is the time it takes for our amazing financial investigations unit team to track down bank accounts and link them back to the paying parents. There is a lot of complex work that needs to be done, which we are improving on and getting faster at, but there is also activity involving third parties.

Q71 Kate Green: I accept that. Are you able to take a lead, though? From the receiving parents' point of view, the end-to-end process has lots of delay built into it. In the written evidence we received from parents, we have examples of non-paying parents moving from job to job so that the employer payroll system never catches up with the deductions. Are you able to take the lead across Government in demanding and identifying ways to improve that whole end-to-end process, and where necessary urging other Departments and players to change their processes or drawing Ministers' attention to the need for legislative change?

Peter Schofield: Yes, absolutely. One particular aspect would be getting court time, for example.

Kate Green: Good luck with that.

Peter Schofield: But to be fair to our colleagues in the courts service—I think this is fair to say—we found them to be willing to find time and prioritise some of this, within the constraints that they operate in.

Q72 Chair: They have huge backlogs.

Peter Schofield: I appreciate that, but in terms of their willingness to cooperate with us, they have—

Q73 Kate Green: Do you see it as your responsibility as the Department that owns the CMS to hold that whole-Government approach together and to spot where there are gaps and delays at every stage in an enforcement process, whether directly under your control or not?

Peter Schofield: If you think about the individual caseworker or financial investigator, they've got this case and they want to see it through. They are looking at all the different steps, owning them and trying to work them through. Obviously, at the end of the day, whether you get the court time next week as opposed to the week after or whatever, there will be other considerations.

Q74 Chair: That's individuals. We are talking about systemic delays, with the three of you heading up the system. Are you ironing out the systemic delays?



Peter Schofield: Absolutely we are, step by step. The challenge from the NAO—do we see this enough internally from the point of view of the customer—is a really good a good challenge and one that we are reflecting on.

Arlene Sugden: The liability order that I talked about earlier, which is the legal recognition of a debt, is legislative for us—it requires you to take that to court. HMCTS has been fantastic in working with us, and I think the Report reflects that, especially during the pandemic and coming out the end of it and moving to digital courts, where we take bulk liability orders— 100, 200 at a time—to speed things up, rather than seek individual court appearances, so we are making progress on the liability order part of the process. For sanctions, unfortunately, it must be a personal appearance in court. Again, we keep working closely with the courts service to see if we can speed that up, but some of it is legislative, and we cannot get away from the fact that you need a liability order to move forward.

Q75 **Kate Green:** May I ask a couple of final quick questions? Are you setting any targets for speeding up the end-to-end process?

Arlene Sugden: Targets, per se? I would not necessarily say we have. What we are constantly doing—again, I am delighted that the NAO recognises this—is continually looking for opportunities to improve. A couple of examples are reflected in the Report.

We are well aware that the end-to-end journey can take up to a year, depending on whether you move into the sanctions space. Through our transformation piece, we are looking at how we might use better data and more intelligence to support risk better, rather than the one-size-fits-all approach that the NAO referenced. I would not necessarily say we have targets as such, but we are looking at each end of the process and setting ourselves the challenge of how to reduce it.

Q76 **Kate Green:** Finally, Ms Sugden, picking up on what you were saying a moment ago about the use of sanctions as a means of encouraging parents to get back into payment, I have some figures that you will be familiar with: no passports suspended since January 2020 in England and Wales, six suspended disqualifications from driving, and two immediate prison sentences. I appreciate exactly what you say—imposing the sanction is not the objective; getting the money is—but if you are able to give us more information, it would be really helpful if you put those figures in the context of in how many cases the threat of a sanction was made and led to payment resuming.

Chair: Over the last two years, suspending passports may have been less effective. *[Laughter.]*

Arlene Sugden: Yes, we can commit to giving that information.

Chair: I think it is very clear from the evidence we had that a lot of people are very frustrated by passing information in and the slowness of you being



able to track that through on things like unearned income and fraud in the system. I am sure you will have had a good look at the evidence, and we will obviously make sure we provide that to you.

Q77 Kate Osamor: I would like to go back slightly to the issue of black parents and non-English-speaking parents. Would Ms Sugden commit to doing some research that includes non-English speaking parents into why they are not using the service? Obviously, the more information you have, the easier it will be for you to find out where the disparities are.

Peter Schofield: Shall we take that request away?

Kate Osamor: Thank you.

Q78 Chair: I think it is worth highlighting that in the work that you do, the Child Maintenance Service client satisfaction survey, you put a rider in saying, "Certain types of clients are excluded from the sampling frame for practical purposes, including non-English speakers and clients who opt out of being contacted for research purposes." You cannot really control for the latter, because that might scoop up lots of people, but the nonEnglish speakers being specifically excluded from your research model is of concern.

Peter Schofield: Can we look at the request on non-English speakers?

Chair: I am sure we can have a dialogue with you outside the meeting as well, as we prepare our Report.

Q79 Kate Osamor: Stakeholders, particularly those representing paying parents, told the National Audit Office that low-income parents are significantly more likely to build up arrears. While 46% of parents using CMS are not earning enough to be charged income tax or have no income tax liability, as of March 2021 they represented 62% of paying parents with arrears. Mr Schofield Could you let the Committee know how big a problem the affordability of payments for the collection of maintenance is?

Peter Schofield: That is a good challenge, and those are good statistics. Obviously, when we calculate how much someone should pay in any one year, it is based on their historical income, so affordability is part of the calculation in that respect. The problem then comes when someone's circumstances change and they no longer have the level of income that was assessed. Obviously, they did not pay—they built up their arrears in the first place because they did not have the money then, or they just allowed it to happen—but anyway, they are then in a situation in which although the ongoing amount going forward might have been reduced to take account of the lower income, arrears have built up that they cannot pay.

Obviously, the process we go through is that we look at whether they do have money, but if they do not, at the end of the day, at the end of the process, we just have to take a monitoring approach and keep under review the extent to which their circumstances change. That will affect whether we can collect arrears, but we set the amount in the first place based on their income.



Q80 Kate Osamor: But the Report shows that two thirds of those parents who are using collect and pay say that it is really unaffordable, so the information is there. Would you say that you are using it to assist those who are actually complying, because arrears normally happen because you cannot afford to pay?

Peter Schofield: Not always, in this case. It is that people are not willing to pay.

Q81 Kate Osamor: Not always; it's true. I take that back actually.

Peter Schofield: That is a big issue. But anyway, we've covered that already.

Chair: Some.

Kate Osamor: And loosely.

Peter Schofield: I just want to assure you that the basis of the calculation is the historical income and it is set out in legislation; we follow that. The legislation says that we need to draw that information from HMRC's records.

There may be situations, I suppose, where HMRC's records are wrong and then we can work through with that, but the basis of the calculation is how much someone has earned. I think the challenge comes where their circumstances have changed and arrears have built up that they can't pay back.

Q82 Kate Osamor: I want to move on to the rate as it stands. Parents are now paying child maintenance at far lower incomes in real terms than was intended when the bands were set up. Why have you not updated the earning bands since 1998?

Peter Schofield: That is a policy question. They were set then and they have not been changed since then. Hilda, do you want to add to that?

Hilda Massey: I can explain how they have got to where they are, if that is helpful for the Committee.

The research done in 1998 looked at the cost of raising a child. That is what informed not the income bands but the percentage of that income that the paying parent pays. Both the income bands and the percentages were originally set for the 2003 scheme. A review carried out by David Henshaw in 2006 led to the 2008 Act, which was the last time the calculation was put into legislation. At the time, it was felt that the bands, which are pretty straightforward and simple to understand, remained appropriate. Similarly, it was felt that the percentages remained appropriate. They were changed to reflect the fact we have moved from net income to historic gross income, and so were slightly lower but proportionally lower in relation to the gross versus net income.

Those key elements of the calculation were set under the legislation that was introduced in 2008 and they were put in the Bill. We were given



regulatory powers in very limited elements of that legislation. I think that because of the problems of the CSA in the past, parliamentarians felt quite strongly that they wanted to see things in the Bill. So those things are in primary legislation.

Q83 Kate Osamor: Thank you, Ms Massey. So that seems to be a legislative thing.

Chair: We keep coming back to the legislation. It may be that Mr Timms may want to pick up on some of that later.

Q84 Kate Osamor: I want to ask a couple more questions. When a paying parent's income increases, their take-home pay can be reduced through the increase in child maintenance payments, reduction in universal credit at times, as well as there being an effect on council tax reductions. This can lead to a marginal tax rate of around 100%. How have you assessed the impact of this on the policy aim of supporting people into work?

Peter Schofield: That is a good challenge, which relates to the fact that these rates were set in legislation. Obviously, the reduction in the taper in universal credit helped improve work incentives for people on universal credit, but it is a challenge because those numbers you describe are primarily related to what is in the Bill, aren't they? **Hilda Massey:** That's right.

Peter Schofield: So I'm afraid it's the same old—

Q85 Kate Osamor: The same answer, yes. We need to take it up within Parliament. Thank you.

Outstanding CMS arrears are forecast to grow indefinitely and to reach a total of £100 billion by March 2031. How are you planning to address the ever-increasing arrears balance on the 2012 scheme?

Peter Schofield: I think it is £1 billion in the numbers in the—

Q86 Kate Osamor: £1 billion—yes. It's quite a lot of money, though, isn't it, jokes aside?

Peter Schofield: It is a lot of money, I agree.

To develop a point I made earlier, when I look at the £440 million and what we are doing with that, a lot of it is already in payment. It is under payment arrangements—for example, deduction from earnings arrangements. A lot of it is in that situation. There is an awful lot that we are pursuing in terms of whether we can get a liability order or a sanction. For the vast majority of it, we are looking at finding ways of bringing it back. Less than 10%, I think, is in the category of: "At the moment, we can't see how the parent can pay and we're just keeping a watching brief." My point would be that the key thing, as this Committee would expect, is that we are looking at getting the vast majority of that £440 million back. Even if it takes time because of the particular circumstances of the individual and they cannot pay now, we would look to get it at some point in the future. The £1 billion



mentioned in the Report is if you carried on at the current rate, but we would not want to give the Committee a sense that we are not—

Q87 Chair: It's not a target.

Peter Schofield: It's absolutely not a target. The other way to look at this is if you were to perceive this number in the context of the total amount of child maintenance that we have arranged since 2012. That number is well over £5.5 billion, so that is £440 million out of £5.5 billion. We are getting the vast majority of it already, and we think we will get back more. That proportion—8%—was somewhat higher some years ago, so it is going in the right direction from a sustainability point of view. But I want to give the Committee real reassurance that we want to get that money back.

Q88 Kate Osamor: How much do you think you can actually collect?

Peter Schofield: I'm not giving up on getting all of it.

Q89 Chair: Will there be a charge on people's estates if they die? Where do you fit in the line of creditors?

Arlene Sugden: Can we take someone's house and sell it? Yes, absolutely.

Q90 Chair: If they owe money to HMRC, where do you fit in the pecking order?

Arlene Sugden: That would be down to the executor of the court.

Q91 Chair: HMRC managed to get themselves higher up the pecking order, statutorily. You are not at this point.

Arlene Sugden: I don't know where we sit in that pecking order at the moment.

Q92 Chair: Any plans to make yourself higher in the new legislation?

Peter Schofield: That's such a good question. Can I write back to you on that?

Chair: We've given you lots of big challenges and good questions. You are trying to schmooze us, but we will pursue these questions and big challenges, never you fear. Talking of pursuing big challenges, over to Mr Stephen Timms.

Q93 Stephen Timms: You are planning to digitise the service to improve compliance. How much are you planning to invest in that, and can you tell us what the digitised service will look like?

Peter Schofield: Yes. Are we aware of the numbers in terms of the investment? A lot of the investment has already happened in the current year, and there is a bit of money into the next financial year—the first year of the spending review.



Stephen Timms:

Q94 It is a two-year programme, is it?

Arlene Sugden: It is a five-year programme overall, although the first two years had been funded prior to the spending review, so we found some efficiency within the Department to fund it.

Q95 **Stephen Timms:** Which was year 1 of the five years?

Arlene Sugden: Year 2020-21—last year.

Q96 **Stephen Timms:** So we have completed two years.

Arlene Sugden: We are in year 2 now.

Peter Schofield: This is the end of year 2.

Arlene Sugden: Then we have the spending review period to deliver the final part of it.

Q97 **Stephen Timms:** How much have you invested over the five years?

Arlene Sugden: In terms of actual cash investment into the whole programme, it is around £30 million. The programme will deliver savings at the other end of it—around £151 million. But equally, what we are doing is realigning resources. You asked about what our transformed service looks like. What we are seeking to do is modernise the service, bringing far more digital services to customers that are easy to access and allow them to do some of the simpler things themselves. They can look at their payment schedule, see when their next payment is due and send a message to us. They can process a change of income or change of shared care. They can put these things into the digital system themselves.

Q98 **Stephen Timms:** So you would have an online account, would you?

Arlene Sugden: Yes, exactly that. We have the “apply” function, which then leads into “my child maintenance case”. A customer is with us for 16 to 20 years, so it is a bit like a bank account, where you can see a lot of the information for yourself. When you have a banking app, you can see some simple information and you can transact. That will create some headroom for us, because we can then point our people, our colleagues, to more arrears and enforcement-type activity. We recognised in our redesigned organisation that that would probably give us 15% more capacity to improve compliance.

Equally, if customers are processing changes themselves, it gives us the opportunity to automate it in the back end of the system, saving it having to go to a colleague to handle. That would mean that we can process changes faster and can get faster, because we do not have to update cases and things. So, there is a lot around the automation of accounts and of changes.



Stephen Timms:

I guess that the last thing to say is about what I touched on earlier, on a strand of risk and intelligence. We are looking to capture better data, which will allow us to take different treatment solutions to different behaviour, rather than the one-size-fits-all approach, as I said.

- Q99 We found with universal credit that there are sometimes some difficulties with everything being digital. Are there lessons from the universal credit experience that you can read across to this exercise?

Arlene Sugden: Certainly we work with universal credit colleagues. We have a whole-service transformation programme within the Department, because a number of strands in the Department were doing this. So, yes, we have talked to them about self-service journalling, some of the lessons to learn from that, because we introduced the self-service messaging function. Some of the stuff we are doing is a first for the Department—we have introduced a webchat service. But the simple answer to your question, Mr Timms, is yes, we are talking to our universal credit colleagues, as well as looking externally to the Department at expertise in other sectors.

Peter Schofield: We have a service transformation team under Amanda Reynolds—whom I think this Committee has met at a previous meeting—which looks across the whole piece, including child maintenance. A lot of it requires the same digital investment in underpinning systems, which apply across the whole Department as well.

- Q100 **Stephen Timms:** You made the point to the National Audit Office that there is at the moment only limited integration between universal credit and the child maintenance system. Presumably, that is because of constraints with the IT systems—is it the universal credit system that is the greater constraint, or is the child maintenance system where the problems are?

Peter Schofield: The automation has been done, I think it is fair to say, on the child maintenance side; on the universal credit side, these are processes that are still manual, keyed in. The challenge for universal credit—there is always the conversation about what you prioritise—is that there are relatively few, compared with the volume of other manual tasks that have been automated in universal credit, so the cost-benefit analysis of doing this now, rather than doing something else now, has been less. We will come to it, but it does not mean that the work does not happen; at the moment, it is someone in a service centre keying things in.

- Q101 **Stephen Timms:** This is the point about automating the deductions of maintenance from universal credit payments, where the parents are in work or have earnings. That has not yet been automated. Are you able to indicate when it might be?

Peter Schofield: I don't have a date. Obviously, the priority for universal credit at the moment is Move to UC and the focus on that, so that is where a lot of the development work is at the moment. But they have a programme of work to help drive down the operating costs of universal credit going



Stephen Timms:

forward. I don't know where it is in the system. I do not think that it affects the quality of customer service in any way; it is just a question of whether we feel, as we have limited capacity of developer time, this is the thing we prioritise today or tomorrow, or is it something else?

Q102 Given what you have said about automating the child maintenance system, are we going to get a similar queue for things to fix, issues there, that we have already got—the one you have just been talking about—with universal credit? Will there be the same sort of queueing system?

Peter Schofield: No, I don't think so. The way we are increasingly trying to do transformation across the Department now is to do it on a modular basis, so you can work on a number of different things at the same time, which is how we will be underpinning the work on child maintenance. That is how we will be doing things, going forward.

Q103 **Stephen Timms:** That was always the philosophy behind the universal credit system, wasn't it, but we do have this queue—which seems to be quite a long queue—of things needing to be done.

Peter Schofield: Obviously it is a huge programme, which is dealing with many hundreds of thousands of claimants. There is capacity that we need to build for other fronts, but I am sure that we will get there.

Q104 **Stephen Timms:** On these technical difficulties, we are told that you cannot deduct less than £7 a week for child maintenance from the universal credit of a low-income claimant, and you cannot deduct partial child maintenance payments from universal credit payments even if there is headroom within the 25% limit that you are allowed to take in deductions. As I understand it, that is a legislative issue rather than a system issue. Are those in a queue somewhere to add to the long list that we already have of legislative changes that are needed?

Hilda Massey: It is a combination of both, actually. In terms of the legislation, we cannot take partial deductions for arrears only because of the way the legislation is constructed, but we can if it is ongoing maintenance. However, we need an IT fix in the UC system in order to implement that, so at the moment we cannot take any partial deductions.

Q105 **Stephen Timms:** Ah, so that would be lawful, but the IT system does not do it.

Hilda Massey: It would be lawful for ongoing maintenance payments, but not arrears.

Q106 **Stephen Timms:** Is there an RTI-facing module within the child maintenance system?

Hilda Massey: No, I think it is the UC system in the way that is constructed.



Stephen Timms:

Q107 **Stephen Timms:** So it is probably in that queue. Do you anticipate forthcoming opportunities to do the various legislative jobs that we have identified this afternoon?

Peter Schofield: There is a set that, as I say, we consulted on last year, and where we announced our intention earlier this week. That is around parliamentary time. Those are the ones that we have been consulting on. We have not consulted on other things.

Q108 So is there going to be a child maintenance Bill?

Hilda Massey: No, it is regulations.

Peter Schofield: Those were things that could be done through secondary legislation. As we have, I am afraid, shared with the Committee all afternoon, there are a whole load of things that are in the primary legislation that—

Q109 **Stephen Timms:** You would need some primary legislation, and at the moment you do not have any of that coming.

Peter Schofield: No.

Q110 **Chair:** We are expecting the Queen's Speech soon. Do you have any dates, or any idea when we might get primary legislation time?

Peter Schofield: There is normally another topic that you press me on in terms of primary legislation.

Chair: There are always lots, but on this issue have you had any indication that it is even in the mix?

Peter Schofield: No.

Q111 **Chair:** Not at this point. Okay, thank you very much. Mr Schofield, you talked about the interaction right at the beginning between Government Departments and how they work together. An important point was made in some evidence that we had from Families Need Fathers. It is possibly one of many, but it called it a lack of coherent strategy that some Departments have contrary objectives. In this case, the Ministry of Justice seeks to keep parents out of court as much as possible, with mediation and so on, but the Child Maintenance Service—Ms Sugden can probably explain this more—requires a court order if there is a dispute about the number of nights a week that children spend with each parent. That is an awful lot of bureaucracy, court time and cost to prove that point. Do you think that that is a fair criticism, and do you have any thoughts about how to deal with that and other similar things?

Peter Schofield: We do everything that we can to resolve those sorts of questions between parents.

Q112 **Chair:** So this is a rare occurrence, is it?



HOUSE OF COMMONS

Stephen Timms:

Arlene Sugden: It is a shared care issue, isn't it? We would try to get some agreement between parents on what the shared care is. If they do not accept our decision—one parent would generally disagree with the other—that is for that parent to take up, first of all through a mandatory consideration of our decision, and then ultimately an appeal to the tribunal, to have the court rule on what the facts are.

Q113 **Chair:** So, basically, in simple terms, if both parents are co-parenting in equal terms, that would count as part of their contribution in terms of maintenance,



Arlene Sugden: Yes. A lot of them are digital tribunals at the moment, so I actually attended one myself a couple of months ago where a paying parent was arguing about a day that would take them into a higher band. It went all the way to the appeal tribunal to have that resolved. In the end, the receiving parent agreed because it was linked to birthdays, but I did think to myself that a lot of effort had gone into getting something agreed at the end of the day through an appeal court.

Q114 **Chair:** It must feel sometimes like you are Solomon, because there will be shared care arrangements where the days will alter week to week and month to month.

Arlene Sugden: In this case, what was happening was that they altered the care each year on the children's birthdays. He was able to demonstrate through a roster, because he was a policeman, what his working pattern was and therefore when he had the children. That evidence came out at the last minute. The appeal court saw it. You are absolutely right. It is difficult, but we need both parents to agree, and if they do not agree, one will take up a reconsideration or an appeal to try to seek some agreement if they feel strongly.

Q115 **Chair:** So there are lots of complex issues. Okay, that is very helpful. The shift working is a different point too. I will refer again to the evidence, as others have done. Gingerbread submitted some good evidence, particularly about the write-off of arrears from the previous scheme; they said a parent owed over £100,000. When you are looking at write-offs, are you writing off smaller amounts? Are you looking at it case by case? That is a lot of money for a receiving parent not to receive for many years.

Peter Schofield: The write-offs—that was a special case covered by special legislation. We were looking at writing off those cases where it would not be value for money to collect because the amounts were so small or because of the difficulty of claiming it. I don't know about that particular case, obviously, and the scale of some of the things that we are still collecting, but where we could collect and where the receiving parent wanted us to do so, we moved it over, and it is part of our regular enforcement process, going forward.

Q116 **Chair:** I will just read the quote: Gingerbread has heard from resident parents who were owed "more than £100,000." It doesn't necessarily mean that they get it, but you are still determined to pursue those large sums of money—just to be really clear.

Peter Schofield: In the case of the CSA schemes, where it was value for money and the parent wanted us to carry on going for it, then we would—

Chair: Even smaller amounts are very hard on the receiving parent and child, if they don't get it.

Peter Schofield: Going forward, for existing arrears, we pursue all of them, other than the below £7 points that were covered in the recent consultation.



HOUSE OF COMMONS

Absolutely—I assure the Committee that we are absolutely going to seek to do that.

Q117 **Chair:** Though money delayed, while important, is often not as helpful as it would have been if it had come at the right time.

Can I touch on the cost of running the service? It might be Ms Massey that picks this up. At the moment, it is 36p to administer the return of £1 of maintenance payments. In 2011-12, a decade ago, it was 35p to do that. Are you happy with that general direction of travel? By now, could you be doing it more cheaply? Is the IT system going to solve everything?

Peter Schofield: There are a number of things there. I think the Report sets out that our intention to make the service even cheaper has been delayed. That goes back to the conversation we were having with Mr Grant earlier about the costs of doing the write-off and the time it took. It took longer; that delayed some of the savings.

Secondly, in every collect and pay situation, the paying parent doesn't want to pay. Those are more complex cases, each and every one. Arlene has described some of the work we have to do. That comes at a cost. You have concentrated the caseload on the most difficult cases—the ones that we have in the statutory schemes now, the collect and pay scheme now. That is part of the issue.

Transformation will do two things: it will reduce costs and it will reduce headcount somewhat, because some of the basic processes of keeping a case up to date—all the things that Arlene has described—can be done online by the system. It also enables us to shift some of the resource away from maintaining a case into enforcement. Those are the two elements in that.

Q118 **Chair:** That is the increase in compliance that Ms Sugden referred to earlier.

Peter Schofield: Which we want to see—yes.

Q119 **Chair:** On that, we have seen challenges with going digital in lots of areas. The Home Office is doing it now for checks on status for renting and working and for immigration purposes. We are seeing the digital approach in lots of benefits. Do you have any concerns? Ms Osamor rightly highlighted some of the impacts on certain groups. Are you worried that some people will be excluded from this going digital? Do you have a plan to pick up those people who can't go digital?

Arlene Sugden: Yes, absolutely. While we have a lot of digital channels now, we have an alternative channel in every case. Telephony is there in every case as well. We recognise that not everyone has the bandwidth, the ability or the access, so the telephone channel will always still be there in each of our areas.

Peter Schofield: We also do lots of user research with the online approach. We make it as straightforward to use as possible. Many of the issues have maybe been barriers to people coming forward to contact us on the phone—



HOUSE OF COMMONS

I would want more people to find it easier to do it online, on smartphone or online in a different way.

Q120 Chair: There is certainly a lot of evidence about the challenges of having to go through the case online when people are ringing. Is that something that you recognise, Ms Sugden? People have been saying that it takes quite a long time just to explain where they are with a case.

Arlene Sugden: I guess, over the last two years, there has been quite a significant impact from, obviously, the covid pandemic, and supporting the wider departmental aim of benefit processing. We also lost a lot of resources at the back end of the year before last. We have replaced that, so we have a lot of new colleagues in the team. That has, to some extent, had its toll in terms of service, which has not been where we have wanted it to be. We had backlogs last year, which we have worked down— complaints, mandatory reconsiderations. Again, I think the Report highlights that we have brought in 440 resources to tackle non-paying cases. We are coming out of the other end of that now, so certainly—

Q121 Chair: It is going to get better?

Arlene Sugden: Without a doubt—

Chair: You are new to this Committee, but permanent secretaries always tell us it is going to get better.

Arlene Sugden: If you phone now, you wait on average 11 minutes to get through, and 80% of calls are answered. That does not necessarily mean that we have abandoned 20% of calls because, again, messaging on our phone system asks customers to go online. Some people hang up fairly quickly once they have heard that. So, our services are certainly back on track.

Q122 Chair: Okay, but you think going digital will free up some of those resources?

Arlene Sugden: Yes. It will help us improve that.

Chair: We will be watching that when we come back to this.

Q123 Peter Grant: I want to come back to customer satisfaction and complaints.

Let me say first of all that we all appreciate that the nature of the service means that there will be quite a significant degree of dissatisfaction—you could almost argue that 50% satisfaction will mean that someone will feel they have only 50% dissatisfaction. The challenge, Ms Sugden, is in monitoring how well you are serving your customers or applicants and looking for ways to improve. Within that context, and that of the DWP customer charter, the responses to the NAO suggested four particular areas of significant concern: ease of access to the service; getting it right, which seems pretty basic; keeping people informed; and treating them with respect. What are you doing, proactively and quantitatively, to measure your



HOUSE OF COMMONS

own performance against each of those areas so that you can identify where improvements are most needed?

Arlene Sugden: The Department has a customer experience survey, which is the data in the Report. Beyond that, how do we hear the voice of our customers on how they feel about the service? There are complaints, as referenced in the Report, and we get feedback from digital channels— there is a feedback opportunity in every digital channel. We do a lot of call listening and speech analytics as well, just to understand mood and what customers are calling us about. Obviously, we also look at social media and get feedback from stakeholders.

We use a lot of that insight to put improvement plans in place—for example, as I mentioned earlier, we have done a lot of soft-skills training for colleagues around empathy, trust, unconscious bias and things like that. We have used a lot of the insight to build into our transformation programme, and to improve how we run the service.

Going forward, recognising that we want to measure against those charter areas specifically, we are looking at how we might do that as part of our service transformation programme. Next quarter—Amanda Reynolds may have mentioned this to the Committee—we are introducing retirement services. We have recently introduced, on a test-to-learn basis, real-time customer feedback, so after the customer contacts us, they will get a text message or an email asking why they called, asking them to rate the service—as opposed to “satisfaction”—and asking which areas could be improved. That will allow us to use the insight in a far quicker way, rather than having a lagged survey, to some extent. That is how we are building on it.

On the customer charter metrics, we are working on how we will measure them specifically as part of the Department’s overarching transformation programme.

Q124 **Peter Grant:** Given that the Child Maintenance Service was set up to replace an agency whose customer service was, everybody agreed, diabolical, why has it taken so long for you to put in place a rigorous and robust method of assessing your own performance, and monitoring and possibly even publishing it? Why is that not already in place? Why are you only now beginning to do that?

Arlene Sugden: I think the NAO Report data is actually customer survey data from 2018-19. We have had our regular customer survey, which was run in the Department before. It is just recently—in the last two years— that we have moved to a customer experience survey as part of the broader Department. But we have always had a customer survey that ran every quarter, and that’s the data that is actually in this Report.

Q125 **Peter Grant:** I know there was a change in the methodology, but even allowing for that, if you are setting a lot of store by the results of the customer surveys, then according to the customer satisfaction survey, you



HOUSE OF COMMONS

haven't improved since the organisation was set up. In fact, if anything, the trend has been towards slightly poorer levels of customer satisfaction. How do you account for that? If you are working so hard on an improved service, how do you account for the fact that in all that time there certainly hasn't been any evidence of an improvement and there may have been a slight deterioration in service since your agency was set up?

Arlene Sugden: Again, I certainly was not part of the organisation, so I cannot really speak to what happened in the past. Certainly regular customer surveys have been undertaken. There is actually quite a lot of evidence that suggests the service is getting better. Compliance rates are higher. We are faster at processing things. The Report brings out a number of things. Our accuracy is better. A lot of metrics point to a service that is improving. Are we there yet? Absolutely not. But I hope I

have demonstrated how we are going to continue to listen to that voice and use more real-time feedback to help to improve the service. Some of the aspects that we have aired today are legislative, and I can't get away from that; that is the service that we are running. All I will commit to saying is that we absolutely listen to the voice of our customer and look to try to improve at every opportunity.

Q126 **Peter Grant:** What particular legislative changes would help you to provide a better service?

Peter Schofield: Paragraph 3.7 talks about some of the common areas of upheld complaints, like "took too long" and "got something wrong", and I just want to say two things. One is that there are metrics that we follow on a very regular basis in the Department. For example, "took too long" would relate to the build-up of backlogs and time taken to action changes. It is part of a dashboard that we look at within the Department with the senior team and Ministers on a weekly basis. It's the sort of thing we keep a very close eye on. On "got something wrong", the Report shows how we track accuracy levels. We now get things wrong 0.65% of the time. That is a historically low level. We would obviously want to go even further than that.

The other thing to say, which is not reflected in the graph—I think you are referring to the graph on page 69—because that only goes up to 2019, is that there would have been a dip, I am sure, in people's feeling of customer service through 2020 where, as Arlene says, we did have to direct people away to universal credit claims. We did a lot of the changes-of-circumstance work, but we didn't do all of it and we didn't do all the enforcement work that we would have wanted to do.

Chair: Mr Grant, you were partway through a question, I think.

Peter Schofield: Sorry.

Q127 **Peter Grant:** We appreciate and, generally speaking, I think, the wider public appreciate that from 2020 we have been in a different world and a lot of things have had to be either scaled down or put on hold. But my



question to Ms Sugden is this. I was quite interested that you mentioned legislative issues. I appreciate that we can't ask you to give away secrets about what advice has been given to Ministers or what might be in Queen's Speeches, just in case one might be coming up quite soon, but are there any particular legislative changes that would allow you and your staff to provide more consistently the level of service that you want to?

Chair: You might want to summarise, Ms Sugden, but you're the woman on the frontline, so tell us how—

Peter Grant: If it's too long an answer, you can write to us.

Arlene Sugden: I mean—

Peter Schofield: I think you are talking about some of the restrictions in moving forward on enforcement, the processes we have to go through or the speed at which we can move from Direct Pay to Collect & Pay, and what we have to satisfy in legislation. We appreciate the legislation is there for a purpose and we are balancing two sets of interests, so I am not necessarily saying that the legislation needs to change—obviously, that is something for Parliament to consider in due course. I am just talking about the constraints as we apply the legislation, which balances two sets of interests all the way through, so we have to follow due process and take account of that. The online account that we were talking about a bit earlier is part of the transformation work. In terms of people saying, "You don't keep me well enough informed about what's going on," people will be able to see it all there on their screen; they won't have to phone up. We want to make this really accessible for people, so that people can see their situation easily enough that way. That is an example of how transformation should, hopefully, improve people's perception of the service.

Q128 **Peter Grant:** Thank you. If we now look at formal complaints that are submitted, Ms Sugden, it is quite noticeable—and the NAO has highlighted it—that relative to the number of people you are dealing with, the Child Maintenance Service and the former Child Support Agency have very high levels of complaints going through the DWP complaints procedure but very low numbers of those complaints being upheld. How satisfied are you that the departmental complaints procedure is getting it right and that they are upholding the things where there is a justifiable complaint and not upholding the things where the person is not happy with the result, but they have been fairly treated?

Arlene Sugden: I am very happy with how well we handle complaints. If anything, I would say we are on the side of customers more often than not. We have a single-tier complaint system for the whole Department. It is a complaint community, so it is not just that child maintenance complaints are handled separately from other parts of the Department. I am absolutely confident in the way that our complaints are handled and with the insight that we get from it.



HOUSE OF COMMONS

Peter Schofield: The upheld complaints are coming down. As the Report says, in the four years before the pandemic it averaged about three upheld complaints for every 1,000 customers. The latest numbers are 1.15, so that is a sign of positive action.

Q129 **Peter Grant:** Why is it, then, if you look at the annual report of the independent case examiner, who is the next stage of complaints not only for the Child Maintenance Service but for a number of other things, that first of all it is not proportionate to the scale? The number of complaints that they are taking up for investigation on the Child Maintenance Service and the CSA is significantly higher relative to the scale of operation than anywhere else. The number that is being upheld or partially upheld is dramatically different.

Peter Schofield: I think it is no different from the complaints that are going through the Department in that respect. On page 64 there is quite a helpful table that demonstrates—

Chair: I think Mr Grant was referring to that earlier.

Peter Schofield: Yes, exactly. It goes back to what you were saying earlier, Mr Grant, about how this is an area where people are more likely to complain because of the nature of the situation. So I think what you are saying about the independent complaints examiner is similar. We see 1.15 within the Department, which, as I say, is historically low. We were up around three in previous years, but it is still significantly higher than any other product line. All I can say is two things. First, to your point, Mr Grant, people are more likely to complain for the obvious reasons that you have described. Secondly, we are doing everything we can to improve customer service, and that will, as it has already, see us reducing levels of upheld complaints going forward. I am sure you will hold us to account on that.

Q130 **Peter Grant:** Surely, in the case of the independent case examiner, a part of the benefit of that system is that they will take into account the fact that some kinds of service, by their nature, attract more complaints, so they are not assessing whether the person who complains got the result they wanted. They are assessing whether the complaint they made about the way they were treated and were being kept informed, and so on, is justified, and they are finding that the Child Maintenance Service is much more likely to have those complaints upheld against them than other parts of the DWP. When you set that against the fact that the DWP's own complaints process is rejecting or choosing not to uphold a much higher proportion of CMS complaints than anywhere else, the only conclusion I can draw is that something is happening within the DWP complaints process that means it is less likely to uphold correct complaints about the CMS than it is with others.

If you were getting the justice right and rejecting complaints about the CMS, we would see the same percentage not upheld by the CMS. The figures from the independent case examiner for the Child Maintenance Service and Child Support Agency are both 22% for not upheld. For the



whole DWP it is 42%. By the time you look at the fact that that 42% includes the ones for the Child Maintenance Service, you are looking at a “not upheld” difference of almost 100%. You are almost twice as likely to have a complaint not upheld if it is against anyone else in DWP than you are if it is against the Child Maintenance Service. That is not just margins of error against statistical differences. Does it appear to you that there is something happening in the complaints handled in DWP that means the CMS complaints are much more likely to lead to an upheld complaint?

Peter Schofield: What we are seeing, and this figure in the Report sets it out, is that your complaint is more likely to be upheld in child maintenance within the Department than if it was universal credit, PIP or any other service. If you look at the final column, it is the highest number. There are a lot of complaints in child maintenance, but even when you account for the fact that many of them are not upheld, you still have more that are upheld in child maintenance than any other service line, which means I, quite rightly—

Q131 **Peter Grant:** Numerically, yes. Certainly numerically, compared with the number of people who are using the service, but 34% of closed complaints against the child maintenance group were upheld. For universal credit, it was 51%, and for personal independence payment, it was 46%. Carer’s allowance had the same level upheld. Nowhere else in the Department has such a low percentage of complaints being upheld; nowhere else in the Department is anywhere near such a high percentage of complaints being upheld by the time they have gone to the independent case examiner. Is your answer that those two facts are unrelated—that there is no connection between those two?

Peter Schofield: There are two things. One goes back to your point at the beginning of your set of questions, Mr Grant: in this situation, I would say that people are more likely to complain, because you have two customers, and often it goes back to what the Chair was saying earlier. We are acting as the judgment of Solomon on this, and in coming down in favour of one parent, we are almost certainly not coming down in favour of the other parent. That is more likely to promote a complaint. We do not have any other service like that, so there will be more complaints, and I would say there will be more complaints that will not be upheld. That is the first thing I would say.

The second thing I would say is that I am not complacent on this, because when I look at the final column, I see that even so, there are more upheld complaints for child maintenance per 1,000 customers than for any other service. That means I say to myself, “There are things we know we need to improve on”, and those are some of the things set out in paragraph 3.7, which I want to give the Committee assurance we are absolutely working on as we move through it.

Peter Grant: That is me, Chair.



HOUSE OF COMMONS

Chair: Thank you very much, Mr Grant. I thank our witnesses very much indeed—that is Arlene Sugden, Peter Schofield and Hilda Massey, all from the Department for Work and Pensions. The transcript of this session will be published on the website in the next couple of days; thank you to our colleagues at *Hansard* for that. We will likely be producing our Report after the Easter recess, given the timetable.

Thank you very much for your candid evidence—it is good to have two new female witnesses in the room—and thank you for what you do. It is a very difficult job. We will be producing our thoughts in the hope that we help and aid your transformation for those children and parents who need support from the service, but also so that non-resident parents get a fair service, too.