

Work and Pensions Committee

Oral evidence: Children in poverty: Child Maintenance Service, HC 272

Wednesday 2 November 2022

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Members present: Sir Stephen Timms (Chair); Shaun Bailey; Siobhan Baillie; Steve McCabe; Nigel Mills; Selaine Saxby; Chris Stephens; Sir Desmond Swayne.

Questions 108 - 161

Witness

I: Joshua Reddaway, Director, Work and Pensions Value for Money, National Audit Office.

Examination of witness

Witness: Joshua Reddaway.

Q108 **Chair:** A warm welcome, everybody, to this meeting of the Work and Pensions Select Committee in our inquiry on child poverty and the role of the Child Maintenance Service. A very warm welcome to our witness this morning, Joshua Reddaway. Joshua, do you want to just tell us who you are?

Joshua Reddaway: I am Joshua Reddaway. Thank you for inviting me this morning. I am director at the National Audit Office with responsibility for our value for money audits of the Department for Work and Pensions, and I am an author of our report on the Child Maintenance Service that came out in March this year.

Q109 **Chair:** That report is of great interest to us for this inquiry. Could you run us through the main findings that you reached in doing that work?

Joshua Reddaway: What we found was, if you step back and look at the Child Maintenance Service as an organisation that came out of the 2012 reforms—the 2012 reforms were about changing the Child Support Agency to something much more focused on those that really need it and encouraging others—those reforms had reduced the cost of the Child



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Maintenance Service and child maintenance for the taxpayer, and delivered some important improvements in the service itself, but, fundamentally, the number of families in the United Kingdom with successful child maintenance arrangements had not increased. In other words, this is cheaper for the taxpayer but there is no greater outcome for citizens.

Q110 **Chair:** Why is it cheaper for the taxpayer?

Joshua Reddaway: Essentially, the costs have reduced with the case load. Because more families are coming to private, family-based arrangements, the Child Maintenance Service is focusing on those that really need the help—those that go to it and ask for it. There are many fewer people using the Child Maintenance Service than used the Child Support Agency. Costs have broadly fallen in line with that.

Q111 **Chair:** So there is significantly less public spending and no worse outcomes than we were getting before.

Joshua Reddaway: No worse outcomes in terms of really stepping back. In fact, there are quite significant improvements within the service in terms of its ability to enforce and accuracy. We no longer see the problems we saw two decades ago with inaccurate awards; that has really come down. Enforcement is improving. Compliance is improving, but not necessarily in line with what people might expect. Compliance was around 36% when it started—compliance here is people paying 90% of what is owed most of the time—and that has now risen to around half. That is quite a significant improvement.

It depends how you frame it. If you are expecting this to be a service where everyone pays what is owed, I do not think there are any feasible plans that we have seen or heard about that could make it that sort of service. This is something where relationships are very troubled—they have broken down—and one of the parents is asking the Child Maintenance Service to help them enforce a payment. In that situation, you are starting from a pretty low base of compliance. It has improved. I think a lot of the expectation is that they would be much better than that. We think they can get better than they currently are. We think there can be quite a few improvements.

Ultimately, our conclusion on this—and it is not something the National Audit Office says very often—is that they are making the sorts of improvements that they can within the current system, but if you want to see a step change, if you want to see a really large improvement, you have to look elsewhere. This cannot be about DWP and the Child Maintenance Service; it has to be about the broader supporting infrastructure and policies around parental conflict, supporting families, divorce and so on, none of which we have looked at in detail. This was very much DWP's view on what would be needed to improve that.



Also, some of the legislation, some of the rules by which the Department operates, restrict its ability to improve, so we also think that they are probably going to need to look again at the policies. As you know, we are not there to discuss the merits of policy, but we are there to say, "If the policies you have will not achieve the outcomes that you are trying to achieve, then I'm afraid Parliament may need to reconsider these."

Q112 Chair: Can I pick you up on your point about improving accuracy? I have received—I suspect a number of us have—quite a few angry emails since we have been doing this inquiry. I will read extracts from a couple of them. On reads: "I'm forwarding you case details. The Child Maintenance Service has been awarded a liability order for a fictitious debt. There are many thousands of cases like this one." Another states: "I've been requesting my personal information from the CSA/CMS for the best part of 10 years relating to the unproven, fictitious, fabricated arrears."

I notice that in your report you put a figure of 99.35% on the accuracy of child maintenance calculations. Are you satisfied that the large number of people saying that there is a fictitious debt are mistaken, and that, actually, if the Child Maintenance Service is pursuing a debt, it is almost certainly accurate?

Joshua Reddaway: No, we are not satisfied of that, the reason being that, as I understand it, your correspondents there are talking about historic debt. The National Audit Office and the Comptroller and Auditor General have qualified the accounts for what is essentially the CSA—the 1992 and 2002 accounts—ever since it was created, and there remains debt on that account that the Child Maintenance Service continues to pursue. That number has come down considerably because, essentially, there was a debt write-off policy from 2018.

When we last looked at this, in the last set of accounts, in March 2021—we are auditing the new set now—£310 million was outstanding. We put an adverse opinion on that, which is as strong as an auditor can be. We were saying, "We do not believe that that is the correct number." We would not necessarily use the word "fictitious". However, people are being pursued for debts where there is not the evidence to substantiate that they owe.

That goes back a long way. It is to do with the interim assessments that the Child Support Agency issued for people where they would say, "We think you owe this. Come to us with the evidence to prove how much you should owe." People did not come with the evidence, so those interim assessments stayed on the file. In fact, at the time this Committee documented that very well.

Q113 Chair: Right. So if they are old debts, they could well be fictitious, but in terms of recent assessments, you are pretty confident that they are—

Joshua Reddaway: Yes. In terms of recent assessments, we are pretty confident that there is a less than 1% error rate. The reason for that is that the new system is designed to rely much more heavily on existing



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records and, in particular, people's tax records. The rules essentially say, "If that's what the tax statement says, this is the information you can use." That makes it much harder to get it wrong.

In some of the correspondence I have read—we have had a lot; in fact, I was reading the latest just this morning—I think people have an expectation that—shall I call it fidelity to their circumstances? A lot of receiving parents will say, "My ex has a house and they've had a car and I know they've got all of this, so why are you giving them that assessment?" The CMS will say, "Well actually, we've assessed this correctly because this is the information we have that relies on the tax record." Of course, they are confusing capital and income. It is people's income that it is assessed on, not whether they have a house or a car.

There is the opportunity for either parent—but let's face it, it will be the receiving parent—to ask for additional income to be taken into account. Earnings income that is coming through the RTI feed—as you know, that is the same feed that feeds the universal credit system—and coming through payroll is very easy for the CMS to get right. Where people have more complicated arrangements—perhaps they are self-employed, perhaps they are paid through dividends, and so on—that is where it gets more complicated. That is where you will see error and it having to be referred to the financial investigation unit.

Because of those complicated cases, we do not think that 1%—it was 0.67% in the last set of accounts but I am going to call it 1% because I think it will fluctuate up and down—is going to be possible to eliminate, but we have been quite impressed with the effort they have done to drive it down and target improvements.

Q114 Nigel Mills: Joshua, you said the service costs less now, which is maybe progress, but I think it still costs £322 million to support £1 billion-worth of child maintenance. That is quite a high cost to delivery ratio. Do you think the service it is providing good value for money?

Joshua Reddaway: It is providing improved value for money. Our definition of value for money is an optimal use of resources, and no, we do not believe it is an optimal use of resources, because there are further improvements that CMS could make. There is also a judgment question: "Is that the sort of thing you want to spend money on?" I am only interested in the technical question: "Given the objectives you have given it, is it as good value for money as it could be?" We think it can improve.

Enforcement, in particular, is too slow and it does not always work. We would like to believe that enforcement would lead to greater compliance, but what actually happens is the CMS encourages as much compliance as it can and then it goes after the arrears when people have missed. People miss a lot of payments. We are talking half of the payments in collect and pay not being made in full at any one point. Therefore, you have this arrears balance, which is increasing by about £1 million a week. When



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they do miss things, two thirds still are not even in enforcement action after six months, so we are then focusing on the third that is.

What we found surprising was that when they are referred to enforcement, people owe £2,200, but once the enforcement action had happened—once some of the arrears that the CMS was targeting were paid back—that person then owed £2,600, so £400 more. How could that possibly be? The simple answer is that they had not paid what they owed in the meantime. You are taking so long to do the enforcement action that you might get the £2,200 they owe but they have now missed £2,600, so you are back to square one and you have to redo this. You get that kind of upward running, never able to get something on a sustainable basis.

Q115 Nigel Mills: If I remember rightly, 10 years ago the vision for the reforms was that we would not need to intervene quite so much. We assumed that the majority of parents could do this themselves—I think your data shows that only 18% of parents now come to the Child Maintenance Service—and that, for those who came, we could just do the calculation for them and then move it back to them and they could do it themselves, and there would be quite a small minority that we would have to be really engaged with. Has that model worked or are we still stuck having to move money between parents in far more cases than we would like to?

Joshua Reddaway: I think that is broadly what has happened. That is why the taxpayer is much less involved in child maintenance than it used to be and the focus is on those that really need it—those that come to the CMS and ask. In fact, it overshot in terms of its expectations. It thought the figure would be much higher than 18%. It expected it to fall from around 46% of people using the service in 2011-12 to 33% by 2019. It was actually 18%, as you say. That has grown recently, since our report.

Our concern was that at the time that they made those reforms, they said, “Our aim is to maximise the number of effective arrangements across society, and we think that can be done through more parents doing their own private arrangements.” The reduction bit happened. There was an increase in private arrangements, but nowhere near as much as they expected, and that meant that, at the time we did our report, 44% of families had no arrangement in place.

Q116 Nigel Mills: How do you know what private arrangements are in place?

Joshua Reddaway: Through the family resource survey—people are asked.

Q117 Nigel Mills: There is an options service, isn’t there, which is meant to help people sort out a family-based arrangement? Is that being used, or have we just left people to it and just don’t want to engage with it?

Joshua Reddaway: The Options service, which operated until more or less the day our report came out, was a compulsory thing. You had to use it. You had to phone them, have around a 45-minute conversation, and



they would go through all of the options. There was very much an emphasis on, "Could you do this through a family-based arrangement? If you can, it might work better for you." You were not allowed to apply to the Child Maintenance Service until you had gone through that.

The new service is a digital service. Like I say, this came out after our report, so I am not that familiar with it, but my understanding is that it is online. The same information is available, but of course you do not have to be talked through it. You can look through it and then you can do an online application. The Child Maintenance Service has seen quite a large increase in people taking it up.

That has to be put into the perspective of the cost of living crisis. I think people are quite likely now to be looking for any form of income they can, so people who did not previously try to get a child arrangement in place may be looking for one now. It is easier to access and there is more demand, so it has gone up by a few percentage points.

Q118 Nigel Mills: To get better value for money, is the solution to become more efficient and spend less, or is it to spend more on enforcement and get more money flowing through the system? You will probably say both, but which one of those would get you a better audit opinion? What should the Department be focusing on?

Joshua Reddaway: There are a number of things that we thought that they should do. I do not think it is as simple as spending more or spending less. Certainly, we did expect them to spend less, because we think—and they think, actually—that they could spend less, because they are trying to do a digital transformation programme that will essentially remove some of the manual administration that they do.

On the things that we would like to see, first, I mentioned the 44% that do not have an arrangement. The surveys say that quite a large number of those people want an arrangement. We think it is a basic thing that, if you are providing a service and there is demand out there, you should understand that demand. We say they should essentially monitor that take-up gap. If people do not want the service, that is absolutely fine. We are not insisting that people use it, but if there are people out there that want it and need it, and there are barriers to accessing it, we think that is something that needs to be monitored, assessed and addressed. That is the first thing we thought—if your policy is, as the Government set out, to maximise the number of effective arrangements.

Secondly, we think that they need to address some of the issues around affordability, because the affordability issues cut across their policy objectives on universal credit in helping people into work, and we do not quite see how those are compatible. I know you have had other witnesses that have gone into that in some depth.

Thirdly, half of direct pay arrangements—direct pay is essentially the intermediate service that 90% of people go on before they go into collect



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and pay—fail after about a year. Lots of people do not get paid on direct pay, so they have to go on to collect and pay. Some people fall out of the service entirely and the Department does not really know why. Some of that will be legitimate falling out—because the child has grown up, for example—but it seems to be happening at a scale that is beyond what a natural churn rate might be, and we know that people are not paying when they are on that. Our view is: if it is going to fail, make sure it fails fast. Can you monitor people that are on it and allow them to move through to collect and pay quicker so that arrears are not building up in the meantime?

Fourthly, we think the enforcement action can improve. What DWP has done is focus on process improvement for its bit. The model that it has had is that—I think previous witnesses have alluded to this—you phone them up and you get routed through to an available person, and that person will look the case up on the system and try to action whatever is needed to action in the case, but they will not be familiar with it at all. They have improved the process and speed of those tiny bits. What they have not done is taken the end to end.

On those end-to-end processes—I am sorry this is a bit of management speak, but it is important—from the customer's perspective it can take months for enforcement action. When the Department says, "We've done it in a day," it means its little bit of moving something from here to there, but actually you then need to send out, for example, a deduction of earnings order. You have to send it out to the employer and the employer has to action it. If you have missed their payroll it will come into the month after that. It could take something like two or three months to do something, and we have seen cases where it took months and months and months. That is where you get job-hopping issues. Where people do not have a stable income you can just completely avoid the enforcement action entirely. We think they need to take a step back, stop thinking about this as, "I have done my bit," and start thinking, "What is the outcome we are trying to achieve and is that working?"

We think they could get much better data about what works. I will give you an example of that. They have new powers on passport confiscation, licence confiscation and so on. They don't use those that much because to use them requires going through the full system and all the other processes, and then going to court. They do send letters where they essentially threaten, so it is quite a useful thing to have, but they do not have the management information to persuade us or you that they are using that in a way that is cost-effective. I actually suspect that they are using it quite well. I would quite like them to know that, I would like them to have that evidence, and I would like them to be able to target improvements in order to continuously improve this enforcement. It is hard, hard work to improve enforcement, but we think that they can get that 50% up quite a few percentages points.



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I have two more. One is that we think they need to deal with the arrears balance. That is a moral—well, I say moral; it is a policy issue. We do not know what to do. We are just saying, as accountants, that the £1 million is increasing. We said that they would get to £1 billion—we used that number because that is how much they wrote off last time—by the end of the decade. Actually, they are probably going to get there faster now. Because of the increase in uptake, you have seen a commensurate fall in enforcement and compliance. Essentially, as harder cases come to them, compliance will fall for a bit—it will dip—and the more people that are there, the more missed payments and the higher the arrears balance is going to come.

That is just going to grow and grow and grow, and I think they need to make a decision. Are they comfortable with a set of accounts showing an ever-increasing number? Okay, I am an accountant, so maybe I care and not many other people do. What I care about much more, though, is the individuals out there that have essentially been promised that they are going to get money and the heartache associated with that—the continuous promise that is never going to be fulfilled. I think decisions need to be made about that.

Q119 Siobhan Baillie: You are right to think about the individuals. They are mainly single parents—single mums, the majority of them—and they are often desperate for this cash. I think the Child Support Agency had £1.2 billion written off in arrears before we shifted—are we getting to that stage? I know the numbers are different, but are we getting to the stage that this is just not working? Are we heading to that?

Joshua Reddaway: It was £310 million last year. It will be higher again when the accounts come out; they are due to come out in about a month's time or thereabouts. We said that it would be £1 billion—so about the same sort of number—by the end of this decade. I think it is going to be faster now, but other things might happen.

There is one big difference, which comes back to the Chair's question about accuracy. That number will be a fair number, at least to the extent that it is calculated correctly against the rules, whereas we did not have confidence that the previous number was calculated correctly. You were writing off numbers that some people described as fictitious; now, this is actual money that is owed.

Siobhan Baillie: Apologies if that had been covered because I was late. Thank you.

Q120 Sir Desmond Swayne: How do you factor in the outcomes and benefits of the Options service into your estimate of the value for money that CMS is providing?

Joshua Reddaway: We were looking at the number of private arrangements and whether or not those were effective and working. What the Department could not do was say whether or not that number was lower or higher due to the advice it had provided. I think that in all



likelihood it is. Partly this is just, "We're no longer providing a service so you've got to do something." Anecdotally, you hear of lots of people that have used the Options service to get a calculation that they then go off and do privately. But in terms of hard numbers, I cannot tell you, "It has got this much payback for its impact." What we do know is there has been an increase in private arrangements and there has been an increase in people with no arrangements.

Q121 Sir Desmond Swayne: Have you identified any other soft, non-financial outcomes of the CMS's work that can be brought into that assessment of value for money?

Joshua Reddaway: I am not sure this is what you are getting at, but the big soft one that we wanted to bring on board was its customer service, because it is not good. Certainly, the perception of its customer service is not good. Is that the kind of thing you meant or are you particularly interested in its impact on society more widely?

Sir Desmond Swayne: Exactly.

Joshua Reddaway: It is interesting. We started from the 2012 reforms and looking at whether or not those had had an impact. I think this came as some surprise to the Department, because its focus has been pretty narrowly on whether it is doing its bit, which the regulations require it to do, as effectively as possible. That has been its almost exclusive focus for the last 10 years. What we were doing was trying to bring that focus back and saying, "Yes, that is important and we will assess that, but we are interested in the big picture and what this has done for families in the round."

That is what we were trying to look at: is there pent-up demand? Are people satisfied? There are people out there that are very satisfied with private arrangements and probably quite glad that the state is not involved. That is definitely some of the feedback that is given. But it is interesting: there were 350,000 parents with care saying they had no arrangement but would like one. They did not necessarily understand what the Child Maintenance Service could provide. Often their reason for not using it was, "Well, he won't pay." It's like, "Well hang on, that's what the CMS is there for—to try to do something about that."

Interestingly, there were more parents without care—there were 550,000, extrapolated from surveys; there is not a lot of research into this—who wanted an arrangement. Those are people who were not contributing towards their children but felt that they wanted to contribute towards their children. I do not know and this is completely speculation, but I suspect that will be tied up with people who are not providing financially but would also quite like access and quite like to provide other forms of support. There is quite a lot more research and understanding needed in that space.

Q122 Chair: On the Options service, you are saying that the replacement has



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worked better for some people but worse for others. Is that right?

Joshua Reddaway: It came out after our report, so I have not done any assessment on it. I am saying that, as I understand it, it is an online service, the same information is available, which means that there is perhaps less disincentive towards using CMS. What we have definitely seen in the stats is an increase in the use of CMS, which seems to be directly related. Unless, of course, they all read our report, because they both came out at the same time.

Q123 **Chair:** I take the point that this is all a bit anecdotal, but you think the replacement is working better for some people but not as well for others. Is that right?

Joshua Reddaway: I think it depends on what you want. If you came at this from the point of view that it is appropriate that people have quite a lot of information fed to them about why they should not use the state to make their arrangement, I can see that you might be in favour of the older system. The new system is cheaper to run. It provides exactly the same information. If you are of the view that access to CMS should be increased, it does appear to have done that. I am not making a judgment either way.

Q124 **Selaine Saxby:** Good morning. How effective are Child Maintenance Service arrangements in lifting children out of poverty?

Joshua Reddaway: I don't know. I don't know because it was not one of the Government's policies that they set out the objective to do that. I am aware that they have provided statistics where they say that the Child Maintenance Service does do that. I think that this is very much entwined with the issue of affordability and exactly who it is that uses the Child Maintenance Service. But as far as I am aware, there has never been a public statement in any document or anything official that says the aim of the Child Maintenance Service is to relieve child poverty.

Q125 **Chris Stephens:** Joshua, welcome back to the Committee. One of the things we have been looking at is that the DWP is not monitoring compliance with direct pay arrangements. Should it, and what should this achieve?

Joshua Reddaway: Direct pay arrangements are very much meant to be a kind of intermediate arrangement. It is not the full-on collect and pay. It is essentially free; there is no charge for using it, other than the initial entry charge at the beginning. It is very much meant to be a light-touch approach. I have always found it interesting that DWP claims the £1 billion that is collected—and that will include the direct pay arrangements—when it does not know whether or not that money is collected through direct pay.

It is set up for good policy reasons, which are around not getting too involved, trying to encourage people to come to more amicable arrangements, and only getting involved through enforcement in those



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where they absolutely need to. That is very much the philosophy behind it.

We found that after 13 months only half of the arrangements that had been made were still in place. Some had moved on to collect and pay. Some had fallen out of the system entirely. We found that those that moved over to collect and pay had, on average, five months of arrears by that time. We were slightly concerned that that number might be artificially low because the CMS essentially was capping how much it recognised as arrears to bring into the new service for doing that. It could be that there are much higher arrears—in other words, evidence that some people never get paid under direct pay arrangements.

We are not there to question the policy, so I don't think we looked at whether it should be removed or whether it is something that is desirable. We were saying it is not necessarily working as expected. As I said, I think a little bit of light-touch monitoring, particularly through a digitalised interface—a digitalised system of communication with people—would enable it essentially to help people to fail faster. It is the idea of moving on to the more appropriate ways and means of an arrangement without going through a long period of, "Well, let's give it a go," and that not working, and ultimately the child not getting the resources that the child needs.

Q126 Chris Stephens: The leads on to my question. It sounds very much to me, Joshua, like you have had a look at direct payments and it does not seem to be working, and arrears are then in place. If compliance with direct pay arrangements is not monitored by the Department, we cannot judge whether those arrangements are effective, and nor can we know what the impact is in lifting children out of poverty, can we?

Joshua Reddaway: It would certainly affect the accuracy of your assessment because we cannot be totally confident of the amount that is being collected through direct pay.

Q127 Chris Stephens: When you were talking about direct pay arrangements not being kept to and that meaning arrears, it sounded like that part of the system may very well be putting more children in poverty, or keeping them in poverty rather than lifting them out of poverty. Would that be a fair assessment?

Joshua Reddaway: I am not quite sure what your counterfactual would be in that.

Chris Stephens: Thank you.

Q128 Steve McCabe: Good morning. Apologies if you have covered some of this; you were in the middle of quite a lengthy response when I arrived, so I hope I am not going to go over old ground. Basically, it was the finding of your report that the proportion of families with a successful child maintenance agreement has not changed since 2012. Is that accurate?



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Joshua Reddaway: That is essentially the case.

Q129 **Steve McCabe:** What, in your judgment, are the main barriers to achieving a successful child maintenance agreement?

Joshua Reddaway: That was my rather lengthy response to Mr Mills.

Steve McCabe: Well maybe you can just give me a—

Joshua Reddaway: Shall I try the much shorter version? They need to track the gap; they need to address affordability; they need to help people in direct pay to fail faster so they move on to the right form of support; they need to do the hard work to improve enforcement through collect and pay—that is difficult but it can be done—they need to look at the balance of arrears and the policy around that; and they need to get the benefits of a digital transformation.

Their current system is one that was pretty much in vogue when they designed this, around 10 years ago, which is the idea that you phone up, you speak to somebody, they don't know your case, and they move it on from one place to another. There is an issue around administrative justice here, which is that these are contested relationships and arrangements. There needs to be seen to be fair and due process. But what they do, essentially, is go through the steps, and those steps are the same steps for everybody and they take a long time to go through.

What they don't do is tailor it to the individual. A modern service with a modern digital system should tailor the service to the individuals involved. I think that is where the Department would like to take it. To do that they need to do a lot of hard work to identify the right sort of information. Fundamentally, they have to address the customer service. I don't think it is really acceptable that the majority of people that use this service say that it is not very effective and are not happy with it. Their customer service scores are slightly confusing—they could not release proper data because they got their survey wrong, so the last we had was a few years old—but the score was lower for the CMS than it had been for the Child Support Agency. I will say that again: more Child Support Agency customers liked the Child Support Agency than Child Maintenance Service customers like the Child Maintenance Service.

Q130 **Steve McCabe:** The CSA, which was notorious for its popularity—I get that. Am I right then to assume that a successful arrangement, in your view, would be one that is fairly assessed, regularly tracked, does not allow maintenance to accumulate, and is generally affordable and tailored to the specific needs of the paying parent but also recognises the needs in customer service terms of the receiving parent? Is that broadly it?

Joshua Reddaway: I think that is about fair. The other one I would probably add in there is transparency.

Q131 **Steve McCabe:** Does that mean you are describing to me a service that does not score in any of these points, so it is destined to fail?



Joshua Reddaway: We took the rather rare step in this report to say that what you have here is a service that is better than it was, that has room for some improvement, but that is never going to be a service that meets the expectations that many people have of it. I think a lot of people come to this and are surprised that child maintenance is an issue any more. We all knew it was an issue 10 or 15 years ago. Many people who are not involved in it are like, "Well surely that's solved. Surely we have a modern service that works. Surely child maintenance gets paid." I think that is an assumption of people who do not have anything to do with it.

The majority of child maintenance is not paid, and the Child Maintenance Service under the current set-up is not in a position to ensure that child maintenance on the whole is paid. Does that mean that it is worth having? Well, hang on. The counterfactual is probably that, if you did not have it, less child maintenance would be paid. It is increasing the amount of child maintenance that is being paid. I hope that answers the question.

Q132 **Steve McCabe:** I think it does, although it does sound a bit like saying it is better to have a bucket with a hole in it than no bucket at all.

Joshua Reddaway: We think those holes could be smaller and we would quite like them to improve those. If you want to see radical change in this area, it is going to require considerable political leadership and cannot be done within the existing arrangements.

Q133 **Nigel Mills:** Joshua, you keep quoting the 44% of families with no arrangement who I think you say might quite like one. Are you advocating a billboard and radio advertising campaign—"Get your child maintenance here," or something? Or are you advocating a slightly more subtle way of reaching out to people who have not yet gone to the—

Joshua Reddaway: We were surprised that DWP was not really that interested. We would point out that when it was set up—as you know, when regulations are made there is an explanatory note and a debate on them—the Secretary of State at the time said they did not need a statutory requirement to monitor who was using it and who was not, because any Secretary of State would always be minded to do that anyway. I think that has proved not to be the case, because they were not monitoring it, and that is why we felt we needed to set it out. We think it is important to monitor that.

I am not necessarily saying they need to do a massive advertising campaign. When I have been talking to them about marketing I think they think I mean an advertising campaign. It is marketing in the sense of understanding your market, understanding your demand.

I was concerned about equality impact assessments that said that, roughly, the number of black children using the service is about the same as the number of black children in society. They had not thought, "Well, hang on, the number of separated families with black children is much



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higher. This looks like black parents are, proportionately, not using the service." I do not know whether that is an issue or not because they have not done the research and they have not looked into it. That might be explained by poverty. That might be explained by various other things. It might be a second language issue. It might be that the partner is overseas. It is much harder to enforce a child maintenance arrangement when the ex-partner does not live in the country.

My point is the DWP simply does not know why these people are not using it. It is not the full 44%. There are many people that say, "I don't have an arrangement. I don't want an arrangement. I want nothing to do with that person and I want that person to have nothing to do with this child." That is fine. I am worried about those that say, "I do want an arrangement."

Q134 Nigel Mills: So what you are really saying is that the Department does not know why parents who are economically inactive or have the lowest income or the most health conditions are the ones that seem to be least likely to use them. You think they probably ought to be working out whether there is some obstacle or barrier or lack of knowledge or something that they could address rather than proactively looking for new customers, in effect.

Joshua Reddaway: Essentially, yes. It is very much the Department's inward focus in improving what it has done. Actually, that has worked for it in improving the CMS over the last 10 years, but I do not think that it has achieved the outcomes that it said that it wanted to achieve. It needs to be more curious and more outward looking about what outcomes it is achieving. It may be that they decide in due course that advertising is the right way. I do not think that is for me to say. I think they need to understand their market much more.

Q135 Nigel Mills: Yes, bold adverts—"Get your child maintenance here"—with an asterisk: "You may not get anything." That perhaps is not quite how Tesco would do it, is it?

Do you think fees are playing a role? I thought the idea of the fees was to try to stop them becoming the default referee of relationship disputes, but are they perhaps going too far and putting people who need to engage with the service off doing it?

Joshua Reddaway: We do not think the evidence is strong either way. The Department last reviewed it in 2017. They kind of say that that review showed that it was not an issue but, if you read it closely, what that review said was it is probably not the main issue. I think it is tied up in this affordability issue.

On affordability, 46% of paying parents—that is where they have the data; they do not know how much income the receiving parents have because they do not do the assessments for them—do not earn enough to pay tax. Some 30% of them essentially have no income; most of those



are on benefits. There are some really highly paid paying parents. There is a handful—I think “handful” is about the right description—that are top-rate, 45% payers. Interestingly, half of those do not pay. There is a small number at the top end who owe quite a lot and are not paying.

However, there is about half the percentage of upper and higher rate taxpayers compared with the percentage you get in society, perhaps less. You get the full demographic of income in CMS but it has shifted quite far to the left—to the lower end. You have many more people with no income than in society as a whole. You have far fewer on upper rate and higher rate tax in there, but they are there. The highest compliance is among middle earners and those on benefits because of deduction from benefits. The lowest compliance is among those that are paid something but not a lot, or paid a lot.

Q136 Nigel Mills: Paid a lot and have the capacity to know how to manipulate you or something. My final question is: do you think it is working better now than the previous scheme? As you have said, I suppose the aim of this is to get families and children the support they need. Are we doing that better than we were 10 years ago? Or is it that it might be a bit cheaper but it is no better?

Joshua Reddaway: There have been quite important improvements. “Cheaper but no better for society outcomes” is my fairly harsh stepping back in the round, but it is not totally fair to exclude the fact that this is no longer a service that provides inaccurate assessments. They have slowly but steadily improved the enforcement up to half being paid most of what they are owed. In some ways, you can say, “That is not very impressive,” but in other ways you can say, “Actually, in terms of improvement on the previous system and where they started, that is quite a significant improvement.”

The area where there has been no improvement is customer service. They say that is because everybody—there is not a lot of love for them, and there is not a lot of love between the partners of people that go. You have seen the correspondence. People are not happy and have a tendency to write in capitals at this point, particularly if they have heard of the NAO and wish to copy us in.

People are much more prone to complain about CMS than other bits of DWP. The DWP decides that quite a lot of those complaints are without foundation, but it does uphold more complaints, not as a percentage of those that complain about CMS but as a percentage of the users of the service, than for any other part of the Department.

When you look at the upheld complaints, where DWP is admitting it got things wrong, I think there are significant issues there. Quite a lot of them are for a lack of respect for the service users. Given the way that some of the service users address DWP staff and others that are involved, I can understand why that might be, but it is also not



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acceptable. You absolutely need to treat customers with respect, so I think there are some issues there that need to be solved.

Q137 Siobhan Baillie: On Selaine's question, and probably straying from your numbers brief, do you think if the Department included the aim to use the service to lift children out of poverty—we know that many of these families are in poverty—that would change the approach of the Department to fixing and improving some of these wider issues?

Joshua Reddaway: I don't know. I fear that I would be speculating, moving slightly out of my brief, but I do have some thoughts, if you will allow that they are more speculation than audit.

Siobhan Baillie: Yes, I am interested.

Joshua Reddaway: I think that various Ministers have posited how important the child poverty aspect is without changing the policy. I would be interested in what advice they received. I think that the affordability issue is really pronounced. The stats that they have produced—the experimental statistics—are essentially around those cases I talked about, where the paying parent has quite significant income and the receiving parent has very little income. That is what you are talking about. There are some in the system.

Half are not paid enough to pay any tax. I am not convinced that child maintenance is sufficient to support lifting people out of child poverty, if that were the aim of the Child Maintenance Service. If I had the aim of lifting children out of poverty, I am not sure that the Child Maintenance Service would be the main tool that I would use for that, but that is a question that is better addressed to policy experts and others. But in terms of literally what the Child Maintenance Service does, you can target the higher earners. The higher earners are much more likely to have effective private arrangements already.

Siobhan Baillie: Or court orders.

Joshua Reddaway: The very high earners are likely to be in the court orders, which is not something I have looked at, and it is a totally different system.

Siobhan Baillie: Thank you. That is helpful.

Q138 Chris Stephens: Joshua, you have estimated, as we heard earlier, that arrears in maintenance payments may reach as much £1 billion by March 2031. How do you predict the number of children who will be subject to CMS statutory arrangements in the future?

Joshua Reddaway: I am sure it is possible to convert that number into the number of children that will be owed money and to divide it. I would need to get back to you on looking into our model and how it does that.



Clearly it is a lot. To give a sense of it, we are talking at the moment, in any one month, about—where child maintenance is paid, it is not stable. There are some that pay it through the collect and pay arrangements through a standing order, so you get the same amount of money every month. That is not typical. In any given month half are not paid at all. That chops and changes, and that is why it is quite difficult to measure exactly what is going on in this. We know that about one seventh have been paid nothing for around six months. Those are those arrears balances. Some of it relates to children that have not received all of what they are due; some of it relates to children that have received nothing of what they are due.

Q139 Chris Stephens: How has the DWP's management of CSA arrears and its debt reduction strategy affected separated families, especially those on low income? Has that compromised the capacity of child maintenance arrangements to lift children in separated families out of poverty?

Joshua Reddaway: There is clearly still quite a lot of anger and pain around the CSA balances. I think what the Government wanted to do was to draw a line under it and say, "We do not have confidence in these balances, nobody has confidence in these balances. Let's see what we can do to write it off."

We were expecting, to be honest, much greater kick-back from people, because the process for doing that was to write out to the woman—in 95% of cases it is the woman—who was owed the money and say, "You have been owed this money for a long time. We do not think that we are going to be able to collect it. Are you okay for us to write this off?" We just assumed that everybody would write back and say, "Actually, I do object." Only 15% did. We thought that was quite low. The proportion who complained about it, rather than saying, "Go out and collect it," was 0.7% as opposed to 2%, which the Department set as what it would be comfortable with.

In terms of how it has affected people, I do not think people really know, but it seems to have gone much more smoothly than people feared. What it is left with is this rump of £310 million, which is a much lower balance, that will be being collected for a very long time. Half of that is in payment; half of it is not. The half that is in payment, some of it could take decades. I am afraid it is quite possible that some of those children will be collecting their state pension by that time—possibly not, but certainly some of them are my age, 42. That is exactly the right age for the earliest CSA.

Q140 Chris Stephens: This comes back to previous questions about management and monitoring, doesn't it? How could the Department have managed historic CSA arrears in a way that would have had less impact on paying parents and receiving parents? Should the Department have been monitoring the impact on its clients much more consistently than it has been?



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Joshua Reddaway: The Department does not really monitor the financial impact of the arrangements or of the arrears. It simply does not have a way in which it has done that. It does have survey data but it does not have it in the kind of granularity you might be implying, so it does not really know the impact. That is why I am answering in terms of how long it would take and whether or not it would be there.

In terms of the CSA stuff, my point is that this seems and looks much more like restoration, because this is money going to the parent of a grown-up child at this point, which is possibly why the Government were comfortable writing a lot of it off.

In terms of the welfare of the child and the current service, I think the Department's assumption is—I know that previous witnesses picked up on this—that the benefits system provides the base amount for the child and the child maintenance is a top-up on top of that, which is calculated outside of that, and the Department does not inquire how that money is used or the impact. That is felt to be a private issue for the receiving parent.

Q141 **Chris Stephens:** Just to press that further, has the NAO made recommendations to the DWP that, "You really should be monitoring some of this and how this affects the children. Does it lift out of poverty?" Are there any specific recommendations? Has the audit office said, "You should monitor these things because that would determine how effective your policy is"?

Joshua Reddaway: We haven't, and the reason we haven't—this goes back to the question I was asked earlier—is that we always start from the premise of whether the Government are achieving their objectives. The objectives for the Child Maintenance Service and for the regulations that set up the Child Maintenance Service were to maximise effective arrangements. They were not to alleviate child poverty through maintenance. Because they do not have an objective for it, as an audit office we do not have a role in saying that they ought to monitor alternative policy objectives that they have.

If they were to adopt a policy objective of tackling child poverty through maintenance arrangements, I am sure that we could help them with a whole range of auditing how they go about doing that and recommendations that would generally be in the place of, "If you have an objective you ought to monitor whether or not you are achieving it."

Chris Stephens: That is very helpful. Thank you.

Q142 **Steve McCabe:** I was struck by your observation about being 40 or 42 before you got your maintenance payments and the lack of monitoring. The chief executive of Gingerbread said earlier this year that 60% of single parents living in poverty and not receiving their child maintenance payments would be able to escape poverty if those payments were made. Was she right?



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Joshua Reddaway: I read that evidence. As far as I could see, they were referring to if all maintenance that was due was paid, to which my—

Steve McCabe: It is pretty stark, isn't it—60% of people in poverty would not be in poverty if they got the money they were entitled to?

Joshua Reddaway: I think it was based on the assumption that all parents without care pay the full amount that is due. I have seen no proposals, ambition, plans or any realistic prospect of the Child Maintenance Service being able to enforce 100% compliance. I just do not think that is realistic. You need to see it much more akin to a policing or a civil recovery unit, which have fairly low levels of return compared to the theoretical maximum. I think it is about whether it is better.

This goes back to your leaky bucket. I do think it is better, in terms of the objective of maximising effective arrangements, to have a service in place that can enforce some of those, but it is never going to be 100% effective. That would be my answer to the question whether it can lift 60% out.

Q143 **Siobhan Baillie:** Before we move off arrears, you comment quite a lot in the report about enforcement. I am looking at a private Member's Bill to help strengthen enforcement for the Child Maintenance Service. Was there any information in the surveys that you have gone through about effective enforcement methods? We can all agree it is too slow and clunky. Was anything asked about that or commented on it? What would be your view? It is a shame that they are not using even the options that they have.

Joshua Reddaway: This is exactly what we wanted to show and to set out. We have a recommendation that they really need to get better activity costing so that they can essentially say, "To do this type of thing takes this sort of long and costs this sort of amount and works in these sorts of circumstances." That is where they need to get to and not where they are at the moment.

We know that some tried and tested methods are much more effective than others. If it is possible to use a deduction from earnings order, they are relatively cheap and easy to set up, with the caveat, as I have said, that I think they take too long to set up and job-hopping is possible. They are one of the most successful relatively new tools in their toolkit.

Deduction from benefits should be effective, but it is not as effective as it should be because of the poor integration into the UC system. Then again, you are only talking about relatively minor deductions being possible anyway. It is really how it interfaces with other deductions from benefits and whether or not the individual has other things higher up the pecking order that get deducted.

When you are talking about the more severe penalties, their use is the exception rather than the rule and they offer consistent non-compliance.



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I would like to see much better granularity from the Department on routes that it takes and when it moves to those. I am certainly not advocating that they use them more, per se. The question is, could they have a plan and rationale for when and how they use them? That may well lead to them using them more but it might not.

Q144 Siobhan Baillie: A final thing on enforcement. Of the bucket of things that you think needs to be changed, you think using resource to assess the current effectiveness and timeframe surrounding the enforcement methods we have, and investigation of others, would be a good use of resource for the Department.

Joshua Reddaway: Yes, and I think it can do it within its transformation plans. I am slightly concerned that the transformation plans are targeting a quite large reduction in cost and the Department does need that within its overall balance of priorities and spending decisions. It has not been successful in cutting costs as much as it thought through previous transformations. I have not seen it articulate how it is going to improve customer service through this.

I have been talking to officials about how they could take forward some of our recommendations around this very issue, and it is one of the things they know they can do within the current system. For quite a lot of what we are talking about, I suspect they are going to say, "We can't do that because it will require a more fundamental reform," but this is something that they can do and is about good, effective management.

When we looked at their operations we actually said, "This is not a broken organisation." We go into organisations that have massive backlogs and failure and you go, "What is going on in the leadership?" and it is like, "Oh my goodness." This is not that. They have problems and their customers are not happy but, in terms of leadership, we were quite impressed with their relentless focus on improvement. However, their systems and service are not best practice. They have a long way to go and we would expect them to be making these improvements.

Siobhan Baillie: Improvements for new claimants, perhaps, and then for those 44%, who could feel confident that there would be enforcement and it was being monitored and dealt with, and then you would deal with the arrears and the existing claimants separately. Thank you.

Q145 Shaun Bailey: Apologies for coming in late. On that point on systems, could you talk me through, from the NAO's perspective, the broader impact of the fact that 9,000 claims are still being manually processed? I appreciate that there has been some back and forth about priorities around automation and things like that but, from an efficiency perspective with the system, what is the impact of that?

Joshua Reddaway: This is the problem of having a report with so many numbers. I think the 9,000 relates to the universal credit manual payments. I need to remind myself. There are two separate issues there,



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and I cannot remember which the 9,000 relates to. One is the partial deductions and trying to calculate that, and the other is where people have any earnings at all. They have automated where it is possible to make a full deduction for people on universal credit without any income. The challenge comes where people have a low level of income sufficient that they are still on universal credit but it would affect the calculation for child maintenance.

It is a lot of people. I would say, stepping back, that there are 85,000 people working for the Department. The Department knows full well that it could administer the benefits system with considerably fewer people, but doing that requires it to automate and modernise its systems. These things take a very long time and are difficult.

You have looked, as have we, in depth at universal credit for 10 years now. We hope that it will be more or less in place in another four years. I am currently looking at something called the health transformation programme, which is a digital transformation over PIP assessments and WCA assessments. That is something that will take many years as well. The Department is quite good at agile development but it takes it a long time to do.

In terms of the impact, it is costly. It is more subject to human error when you do that, and it requires sustained long-term investment to modernise these systems. I know that is what the Department is trying to do and we shall be gently encouraging it through our audits and objective analysis of that.

Q146 Shaun Bailey: On a slightly different topic, affordability has been a big part of our session today. We have heard that payments can be unaffordable for paying parents on UC. I am keen to understand it from your perspective. It appears to me, particularly if we look at things around partial deductions, for example, that you almost have a system that makes it difficult for those with affordability issues who obviously still want to contribute and pay to do that through the system. You have this flat rate of £7 but then you have the supporting legislation that makes it difficult to vary that. Surely there must be scope for the Department to be a bit more agile with that. How can we measure impact?

Joshua Reddaway: On the £7—or £8.40, because it is collect and pay so you add in something—that just looks like badly written regulations. I am slightly surprised that it is still an issue six or seven months after our report came out. I was a bit surprised it was still an issue by the time we published our report. Given that they raised it with us and said, “Yes, we have this problem,” we kind of expected them to complete this, but I am sure there are issues around parliamentary time and regulations needing to be made. Then there are the issues with automating it within the system.

I think that is only half your question. The other half is: what are the wider implications for people on low incomes? We generally do not



comment on the appropriateness of the benefit rates, because we think that that is a policy decision that others are much better able to advise you on than us. We stick to whether the amounts prescribed are being paid out correctly.

We commented on it in this report because we think that the way that child maintenance is being calculated, and the amounts, do not necessarily appear to be in line with Parliament's intent, because they are using such out-of-date numbers, essentially. I suppose—I am speculating here—that Parliament's intent at the time of putting it in primary legislation was to depoliticise the issue. We are just asking the question: "Is it really your intent to be using 1998 bands in 2022?" It is just a question for Parliament and for the Government whether they wish to do that. That is why we raised that.

Secondly, since the Child Maintenance Service was introduced and these payment mechanisms came out, they have introduced universal credit, which, as you know, is an in-work and out-of-work benefit system designed with a taper rate to encourage people into work. Sorry—of course you know that. The point is that the Child Maintenance Service and that completely hit up against one another and create a disincentive to work. We have just said, "Well, hang on. It is not our job to question your policy objectives, but you have a policy objective of supporting people into work and this policy here doesn't seem to be aligned. Are you comfortable with that?"

We are just asking that question: "Is everybody comfortable that the Child Maintenance Service creates a situation where paying parents who do not have any work possibly have no incentive to find work?" I say "possibly" because maybe they will be quite happy to find work in order to pay child maintenance and have the money taken away and be in a worse-off position themselves because, of course, the child will benefit from that. I do not know.

Q147 Chair: Can I press you a bit further on those points, Joshua? You have seen evidence, have you, that some of the assessments made on the paying parents are unaffordable for those parents?

Joshua Reddaway: No, because I don't know how you would assess what is affordable and unaffordable. This goes back to the point that you are asking an accountant; you would be much better off asking one of the poverty charities, who understand this sort of thing.

The evidence is that people say that it is unaffordable. The evidence is that the less money people have, the lower the compliance, apart from deductions from benefits. The issue around deductions from benefits is that the safeties to reduce the payments—essentially the cap on the deductions—kick in, so deductions from benefits do not lead to child maintenance being paid in a lot of cases because people already have their money reduced by 25%. I am aware that lots of people would say that universal credit minus 25% is not a lot of money to live on.



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I am not making an assessment that “This family here is getting this amount of income and, therefore, they cannot afford these basics”. I am saying that the Department’s ability to collect what it has been asked to collect is affected by affordability considerations. I am not saying that it is wrong or right to deduct that money. I am saying that the Department will not be able to collect all of that money so long as affordability considerations stop the money being collectable.

Q148 Chair: But by the sound of it, you have seen clear evidence that some people who receive universal credit and/or are in low-paying jobs and also pay maintenance do not have an incentive—or, indeed, they have a disincentive—to increase their hours or get a job if they are unemployed or those things.

Joshua Reddaway: Yes. To be absolutely clear and fair, you have already had Dr Davies give evidence on this, and slightly we are all pointing to the same calculation. I think the history is that she worked with this Committee some time ago, that was picked up by the Centre for Social Justice, and that was picked up by the SSAC. I picked it up from the SSAC and I was interested in recalculating it based on the latest figures. I confirmed that it was the case, I discussed it with the Department, and it confirmed that it is the case. It is a calculation.

The key assumption in that is council tax deductions. Those vary by local authority, so you have to make an assumption about what is an average. We just used the same as everybody else had used and, yes, it comes up with the equivalent of 100% marginal tax. I say “equivalent” because it is not tax. Basically, I can confirm what everybody else has said: it is a very simple calculation and it is correct.

Q149 Chair: Is it 100% or is it more than 100%?

Joshua Reddaway: It was more than 100%. It is roughly 100% depending on what your local authority council tax deduction is.

Q150 Selaine Saxby: I am going to ask this question from a very analytical and accounting point of view rather than the wider morality question. Do you think that, objectively, we should be providing people with more information or education about the cost of having a child before that decision is taken? We are talking here—this goes to the question I asked earlier—about the affordability of a break-up, leaving the child in poverty. Do you think that people fully understand how much it costs to raise a child at the time they are taking those decisions?

Joshua Reddaway: I am really sorry; I don’t feel that I am qualified to comment on that. It simply is not something that I have done any research about, other than being a parent myself and knowing what the costs are. My costs as a middle-class professional are very different from those of some of these customers.

Selaine Saxby: Thank you.



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Q151 Steve McCabe: On this thing about the parents who cannot afford to make a full payment, there seems to be a rather technical situation about the flat-rate deduction and the fact that the Department is not capable of making partial deductions. Is that right? I think the figure that I saw quoted was that the Department was unable to make any deduction from universal credit for around 6,000 paying parents on benefits, and that was because it would require partial deductions. What happens to that money? Is that just written off completely as a cost to the taxpayer?

Joshua Reddaway: No, it is added to the £1 million a week that is adding to the arrears balance. Essentially what happens is the award is given—both parents have said, “This is the amount that is due”—and the paying parent is expected to pay that amount. The system does not make an automatic deduction, so they are expected to pay it through other means—I may need to come back to confirm that, but that is my understanding—and they probably don’t, so it comes in as arrears. That is a debt that is growing and growing and growing. Hopefully, I guess, when they get a well-paid job after coming off benefits, they will be able to pay back those arrears.

Q152 Steve McCabe: The current situation is that, if it was possible to make some kind of technical adjustment to the system, it would be possible to reduce the arrears by taking a partial payment, but because the system does not permit that, the Department consciously allows the arrears to increase.

Joshua Reddaway: As I am sure you know, universal credit has the standard allowance part of it. It is roughly £72 a week cast up into monthly figures, so you then have that monthly deduction from the—sorry, I forget—about £250 a month. They allow up to 25% to be deducted to pay for various things. Obviously the one that the NAO is often interested in is the repayment of overpayments. We look at that quite closely. There is the advance on universal credit that has to be deducted, and then there is any third-party debt—things like unpaid utility bills, any other loans, hardship loans, which all need to be paid back from that.

Child maintenance is not at the top of that list. If they are not paying anything else, deducting £8.20 is perfectly feasible, and that happens quite a lot. If they are making other deductions—if, for example, they have a UC advance and so on—that can easily use a large part of the 25% buffer for repayments. If there is not £8.20 left, they simply will not make a deduction for child maintenance. If there was £7 left, they would not take that and give it to the receiving parent.

Q153 Steve McCabe: The logic of that is if they were in a position to pay 50% or 30% of what they are supposed to pay, that could be deducted and that would reduce the overall maintenance backlog, but because the technical system does not allow that, we are saying the child cannot have it and we must see the arrears increase.



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Joshua Reddaway: I believe that the absurdity that we are talking about is the lack of the words “up to” in the regulation. It says that the Secretary of State can deduct—

Q154 **Steve McCabe:** Sorry—this is important. Are you telling me that an adjustment in the wording of the regulations could result in a reduction in the overall maintenance backlog and some improvement to the amount of money going to children?

Joshua Reddaway: I do not want to overstate it and say that this is the solution, but—

Steve McCabe: No, and I don’t want to put words in your mouth, but it sounds as if you are saying it is a regulation that is at fault and it could be adjusted.

Joshua Reddaway: Mr McCabe, I am saying it is an absurdity that this has not already been corrected. Two words in a regulation being adjusted would solve this. I have every faith in the Department’s ability to then implement the regulation once the regulation is made.

Steve McCabe: That is extremely helpful. Thank you.

Q155 **Siobhan Baillie:** You have already talked about the issues surrounding customer service, so you may feel you have dealt with this. My question is how we make the experience better for people claiming. It sounds like the call staff are having a tough time, too. What else, other than customer service, have you spotted that needs to improve?

Joshua Reddaway: I think it is a little bit surprising that more people are dissatisfied with the CMS than the CSA. It is disappointing that the Department has had various plans over the last 10 years to deal with this that have not seen any change in customer perception. Those plans were in the right places. I am just going to remind myself of the headings of them.

Partly it is about the actual customer service they get when they get through and how they feel they are being treated. I do think a little bit of customisation and a little bit of case management—i.e. the other person on the other end knows something already and does not need things to be repeated. I think there are things about ease of access in there. I say, “I think there are”; that is because we had a lot of people write to us and tell us what they thought was wrong, and the same themes came up. I think there is something about getting it right each time; that is what the Department has been focusing on. That is really about accuracy. But there is also “keeping informed” in there; that is the fourth area that the Department identified. I think that the Department has identified the right four, given all the feedback we have heard from people who are unhappy. As I say, ease of access, getting it right, keeping people informed, and treating people right when they do get through.



Keeping people informed is particularly important. It is challenging. There are incredibly important privacy issues around child maintenance, particularly where you have domestic violence or coercion and so on involved. We have heard of cases where the Department has accidentally sent the wrong information to the wrong person, with really not nice impact—giving people the address and so on. We know of data breaches, and we make sure that those are all set out in the accounts each year. There are quite a few—well, I don't want to overstate it. There are dozens of things reported to the ICO each year. Those are really important to get right because they can be tragic.

I think what surprised us about those four areas is that they are the same four areas, that the perception of performance against those four areas has not improved, and that the Department had not really identified what it needed to do to improve those four areas—what was its plan? Also, we found it difficult to assess it objectively because it could not say, "These are the things that we need to do to keep people informed and what we need to do there." A lot of the complaints that we received were from people saying that they did not really understand what was going on. They said, "He's got all of this money and I'm not getting anything." It's like, "Well, actually, we've looked into that and we're satisfied that he is paying the right amount, thank you."

Q156 Siobhan Baillie: I have constituents who have had the historical claim request and they are just like, "Where has this come from? My child is 24, so what the hell is going on?" It is a really tricky thing for people to understand, and there is a lot of emotion as well.

Joshua Reddaway: I think it is very tricky. I would caution the Department against falling into despair that it is not tackleable. Often, for quite understandable reasons, it has said to us, "Hang on, please be realistic about what we are going to do." We all know the DWP gets quite a lot of flak from a lot of people a lot of the time. It actually has 80% customer satisfaction, according to its customer satisfaction surveys, for most of its business, but only 46% in the last survey for CMS. It says, "Everybody is not happy when they come and they are not going to be happy with the service." Maybe that cannot be improved to 80%, but we feel like it can be improved. We feel that, objectively, there are things there.

The other thing I did—I did this in only a very small number of cases—was ask to have a look in detail at some of the cases of the people who wrote in to us. The Department very kindly pulled together the case file and showed us how it was on the system so that we could flow through and look at it. I have to say they were pretty sorry tales. To give a flavour, often these were situations where I think everybody was slightly in the wrong. There is a lot of them writing in about how aggrieved they are and how outrageous the service is, but you are like, "Yes, okay, but I'm looking at this, as somebody who understands the benefits system, and it looks like this person has been misstating their benefits here—



overclaiming—and this person has been saying these outrageous things and doing that. The Department has admitted that it is essentially maladministration—just poor customer service—here, here and here.”

This is the sort of thing where everybody is angry, everybody is not behaving very well, and the whole situation is descending into very challenging times. I am not saying that is representative but it was definitely the flavour I got from the small number I saw. Of course, for GDPR reasons, I don't go, “Here are 3,000 people who have written to me; I'll look into all of them.” I have to have the permission of the individuals to look at their file and go through it. The small number I looked at are difficult situations—difficult cases—with nobody coming out looking good.

Q157 Selaine Saxby: My questions are, again, on data and research. Do you think the DWP has the right data collection and research in place to be able to make the best decisions on CMS development and reform?

Joshua Reddaway: First, I think that it has quite a lot of really good data and quite a lot of really good research but, no, I do not think it has the right research, the right data and the right information it needs. It has quite a lot of data—you probably got the flavour of that just by assessing our report by its weight—and it was able to provide that to us. The question is whether it has the right information to understand how to improve its business and achieve the outcomes that it wants. That is where it fell down.

There are bits of management information that I would want it to have so it could go, “If we get these things right, it will improve customer service; if we get these things right, it will improve enforcement; this is what the cost-effectiveness is.” I expect it to do quite a bit of work to work out how to turn what it has, which is huge amounts of data from all over different parts of the system, into, “These are the things we need to focus on.” That is good, effective management.

Secondly, I do not think it understands enough about people who are not using the service, and I do not think it has shown enough interest in that. In terms of research and going out and doing stuff, that is where I think it needs to do that if it is serious about the objective, as stated in 2012, of maximising the number of child maintenance arrangements across society.

Thirdly, I think it is a bit embarrassing for it that its customer service data is so out of date. It needs to sort that out.

Q158 Selaine Saxby: Beyond that, did the study team undertaking the NAO's work encounter any other significant data information gaps that you think—

Joshua Reddaway: Oh blimey, have I not—*[Laughter.]*

Selaine Saxby: There are no others you would like to mention?



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Joshua Reddaway: I am sure there are plenty of other things, but let's keep it to those as the key ones that I would really like to see it do. I would be really chuffed if the Department set a gap measure: "This is the take-up gap." I don't think it will, but I would be chuffed if it did, and if it focused on reducing it. That would be an important step forward in taking seriously the ambition of maximising child maintenance. There are lots of gaps within the service that I do think it is going to do, because I think it accepts that that is about good management, and something officials will feel personal pride in doing. Like I say, we were impressed with the leadership that we saw in their focus on process management, but they did not have the systems and processes in place that they need to provide the service they want.

Q159 **Selaine Saxby:** You have already covered a lot of this, but is there any other data collection or research beyond what we have already spoken about that you think the DWP should undertake to help lift children out of poverty particularly?

Joshua Reddaway: Not particularly that I want to bring out. Obviously it would be nice if it started to publish what it does have so you could see that.

Q160 **Chair:** Can I put a final question to you, Joshua? You have done a lot of work on this and you have thought a lot about it. You have repeatedly pointed out to us that you are an accountant and you have nothing to do with the policy. But if you put that constraint to one side for a moment, are there some policy ideas around that you think ought to be pursued to get this system to work better than it has so far?

Joshua Reddaway: Within the constraints of working for an organisation that is proscribed from commenting on the merits of policy, I think it is important to understand what the policy is. The Department set out in 2012 that it wanted to maximise effective child maintenance arrangements. We took it, as we had not seen anything else, that that was its policy and that is what we went for. The title of your inquiry implies a policy of reducing child poverty. If that is the policy, I think that needs to be stated, and I think the implementation will follow from what the policy is.

I want very much to say that the Committee should have reasonable expectations of the Child Maintenance Service. Our expectation is that it improves considerably from what it is doing today and that it can do that, but this is not a service that will ever meet everybody's expectations. It will not achieve 100%. I am afraid it will not lift 60% of people out of child poverty by having 100% effective arrangements. I do not think there are any feasible plans.

Politically, I am sure there are many people who are very comfortable with child maintenance no longer being the hot topic that it was 10 or 15 years ago, and in some ways that has been seen as a success. We wanted to do a report that said objectively what is being achieved. I think



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what is being achieved is a lot less heartache. The inaccurate statements and all of that side has gone away, and that is a big success, but in terms of the outcomes being achieved across society, child maintenance is no different than it was before the CSA was scrapped.

I was hoping that people would look at the report and say, "Are we comfortable with that? Maybe we are. Maybe this is the service that we want to see. Maybe we are not, in which case we will have to come up with something else." The Department said to us, "Well yes, okay, but we were only asked to improve CMS." All of the wider ambition depended on a whole range of other policy proposals, including things like strengthening Sure Start—that was in that policy paper. Sure Start is quite a long time ago now. There is a whole range of other policy things that have not been implemented.

What I would say, therefore, is that the Department is telling us that if you want to see stronger social objectives of more child maintenance being paid, more support for the child, and happier, more stable, more successful separated families, that is a much bigger policy agenda than the Child Maintenance Service.

Q161 Chair: You have told us that you do not think the Child Maintenance Service is making much of a contribution to tackling child poverty at the moment because, I think, the amount of money that is due to poor children is not very large, because, on the whole, the paying parent does not have much money either. If an objective was set that we would like this system to do more to tackle child poverty, what sort of change do you think would be required to make an impact on child poverty?

Joshua Reddaway: I think you would have to look at the targeting. If your objectives were around child poverty, the sorts of questions I would ask as an auditor are: how are you measuring that? How are you co-ordinating with other parts of the system to achieve that social outcome? How are you targeting your resources? At the moment they are targeting their resources at those who come to them. That is not targeting your resources at those where you would have the most outcome. I am just speculating about a different policy and how we would go about auditing it. That is not their policy and we have not looked at it—we have not gone down that line—but I hope that gives you some sort of flavour. I think it would be a very different service from this, which is a backstop.

The Government have said people should make their own family-based arrangements. They believe that family-based arrangements lead to happier, better outcomes for all concerned. You have heard quite a lot of evidence from people saying that getting involved in the Child Maintenance Service is not something that makes people happy. You have heard that it exacerbates an existing poor relationship, and that is quite possibly true. It is there for those difficult relationships where things have already broken down. That is not a service that is set up to tackle child poverty as such. Maybe DWP will be able to explain to you



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why I am wrong, because I have not audited them on this issue, so ask them.

Chair: That is a helpful answer. Joshua, thank you very much for all the evidence you have given us this morning and all the work that went into your report in March. Before I close the meeting, I draw Members' attention to the fact that there is an exhibition of regulators on the landing, including the Pensions Regulator, which may be of interest to you as you walk past in a moment. That concludes our meeting this morning. Thank you very much, everybody.