Ninth Report of Session 2022-23

Department for Work and Pensions

Child Maintenance

Introduction from the Committee

There are an estimated 3.6 million children from 2.4 million separated families in Great Britain. Child maintenance is an arrangement between the parents of separated families to cover how the child's living costs will be paid for when one of the parents does not live with them. The Department for Work & Pensions (the Department) is responsible for child maintenance policy and operates a statutory Child Maintenance Service (CMS) scheme, administered by its Child Maintenance Group (CMG) for those that need it. The Department introduced the CMS scheme in 2012 to replace the failed 1993 and 2003 Child Support Agency (CSA) schemes. The new scheme was part of wider reforms to the child maintenance system aimed at reducing reliance on statutory schemes, encouraging greater use of family-based arrangements, and reducing costs to the taxpayer. A minority (18%) of separated families have a statutory arrangement; 38% have set up their own family-based arrangements and 44% have no arrangement in place.

The Department provides two services through its statutory CMS scheme: 'Direct Pay', where the Department performs the initial maintenance calculation and then maintenance is paid directly between parents; and 'Collect and Pay', where the Department charges to collect maintenance from the paying parent and gives this to the receiving parent. Non-resident parents paid an estimated £1 billion of child maintenance through these arrangements in 2020–21. Collecting this maintenance cost the taxpayer £322 million in administration costs. The Department plans to use its digital transformation, which runs until 2024–25, to achieve cost savings, collect additional maintenance and deliver wider service improvements.

Based on a report by the National Audit Office, the Committee took evidence on Wednesday 16 March 2022 from the Department for Work and Pensions. The Committee published its report on 22 June 2022. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Child Maintenance – Session 2021-22 (HC 1139)
- PAC report: Child Maintenance - Session 2022-23 (HC 255)

Government response to the Committee

1. PAC conclusion: By failing to show leadership in integrating child maintenance with other public services, the Department has failed children who should have benefited from maintenance they will likely never receive.

1. PAC recommendation: The Department should:

- ***As part of its Treasury Minute response, outline how it will adopt a more active, visible leadership of child maintenance and separated families policy, and establish clear cross-government governance arrangements to ensure better integration of child maintenance with other public services. As part of this, it should ensure meaningful measurement of progress, including of the ongoing number of effective child maintenance arrangements across society; and***

- ***within one year, undertake a detailed review of how the child maintenance system interacts with the wider welfare and separated families environment, including whether further action to implement reforms or legislative changes are required.***

1.1 The government disagrees with the Committee's recommendation.

1.2 The Department for Work and Pensions (the department) has a clear interest in how child maintenance is integrated into wider government policy, and it intends to continue to discharge this working with other government departments.

1.3 The department recognises the importance of working with other departments and across boundaries to tackle cross-cutting issues. For example, the department leads a cross-government forum to coordinate work on reducing parental conflict, which aims to improve outcomes for children by supporting parents to improve their relationship. In addition, the department's ministers are working across government and meet regularly to discuss childcare issues and the department is in the process of facilitating linkages with child maintenance related issues.

1.4 As part of ongoing policy development, the department is already engaged in broader cross government work on families. This includes the department's ongoing involvement in the Department for Levelling Up, Housing and Communities (DLUHC) Supporting Families Programme, and joint work between Reducing Parental Conflict and Department for Education (DfE) Family Hubs. Further activity includes support for Ministry of Justice's (MOJ) work on alternative dispute resolution and embedding information about child maintenance into key touchpoints during the separated family journey.

1.5 Individual circumstances for separated parents are often extremely complex. Other government departments such as DfE, MoJ and DLUHC lead on various programmes to support separated families.

1.6 The department already publishes an annual measure of the proportion of families with a child maintenance arrangement and will continue to do so.

2. PAC conclusion: The Department has displayed insufficient curiosity around the needs of some of the most vulnerable separated families and their children.

2a. PAC Recommendation: The Department should:

- ***within one year, develop a clear action plan to assess, tackle and monitor the 'take-up gap' between the number of separated parents that would benefit from using its statutory CMS scheme (and other relevant support services) and those that actually use them***

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 A new digital service Get Help Arranging Child Maintenance was introduced in November 2021. Since its introduction, applications to the Child Maintenance Service (CMS) have increased by 38% in the first quarter to March 2022 - Child Maintenance Service Statistics, data to March 2022 - with further increases expected following the full roll out in April 2022. Rather than a specific action plan, we regularly assess the impact on the composition of our caseload and the individual characteristics of the increasing number of applicants for the Child Maintenance Service as more people use the digital service.

2.3 Ongoing policy work involves the development of referral processes within the Universal Credit (UC) programme. A timetable for referrals will be confirmed once the UC Programme has completed its schedule for migrating customers from legacy benefits.

2.4 Child maintenance can be a significant help to meet the cost of living and the department is developing a communication programme to promote its benefits.

2b. PAC Recommendation: The Department should:

- ***to support this, undertake more inclusive research to understand its customers and users of its service. It should ensure people who do not communicate in English are included in its research and establish why under-represented groups, such as some minority ethnic groups, seem less likely to use the CMS scheme***

2.5 The government disagrees with the recommendation.

2.6 Improvements have already been made to the collection of diversity information via the online application process. Customer surveys can be undertaken in languages other than English, and the department will explore how it can improve diversity information via monitoring of customer characteristics and exploiting existing survey and administrative data.

2.7 In regard to recommendation 2b, the department produces annual statistics on separated families including proportions with statutory and non-statutory arrangements.

2.8 Given the increase in demand for the CMS, the department does not see the need for new research at this time. It will undertake further internal analysis if demand stabilises or subsides.

3. PAC conclusion: The Department's system of child maintenance is not designed to protect those subject to domestic abuse or coercive control.

3. PAC recommendation: The Department should, as part of its Treasury Minute response, outline how it will identify cases which potentially involve domestic abuse or coercive control and adapt its services and communications in response.

It should build into its transformation plans: clearer routes for parents to flag and communicate domestic abuse and coercive abuse; better integration with wider support services for victims of domestic abuse and coercive control; early identification and intervention for Direct Pay arrangements that are not working; and routine follow-up for cases that close or move from Collect & Pay onto Direct Pay.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The department already has robust processes in place for identifying victims of domestic abuse and ensuring they receive the right support. The department has call scripts that ask directly about domestic abuse; mandatory domestic abuse training for all CMS staff; a Complex Needs Toolkit and a Domestic Abuse Plan to guide caseworker responses to domestic abuse victims and survivors.

3.3 The department also commissioned an independent review of CMS domestic abuse processes in Autumn 2021, which has now completed. The government is currently assessing its recommendations.

3.4 Furthermore, the department will assess the forthcoming Domestic Abuse Statutory Guidance, once published by the Home Office, to assess implications for ways in which coercive control can be best identified and for best practice with regards to service delivery and communications for domestic abuse survivors.

3.5 The department is in the process of adapting its Transformation Programme to incorporate further support and communications with domestic abuse survivors into CMS organisational design and throughout the customer journey, which will continue throughout 2023.

3.6 More comprehensive conversations are being considered to ensure customers are closing cases for the right reasons and are aware they can return to our service. Although the department will not be able to routinely follow-up on closed cases, once cases move from Collect & Pay to Direct Pay parents are given clear communications about what to do if the arrangement is not working through mobile text messages, letters at each annual review and there are prompts on ‘My Child Maintenance Case’.

4. PAC conclusion: The Department has not taken responsibility for detecting child maintenance fraud, instead shifting this responsibility onto its customers.

4. PAC recommendation: The Department should take responsibility for managing the overall level of fraud and error in statutory child maintenance payments. It should:

- ***Assess the risk of fraud and error within child maintenance on an ongoing basis;***
- ***Strengthen its controls proportionately in response to issues identified in its assessment of the risk of fraud and error; Make better use of available data to strengthen existing controls, for example from departments outside of HMRC; and***
- ***Publish, as part of its annual report on accounts for the Child Maintenance scheme, an annual fraud and error estimate, and target rate, to enable Parliament and the public to monitor its performance***

4.1 The government disagrees with the Committee’s recommendation.

4.2 The department already has proportionate and cost-effective controls, such as:

- a dedicated Financial Investigation Unit
- use of verified income from HMRC and benefit systems
- use of child benefit systems to verify qualifying child(ren)
- procedures and policy to request additional verification
- a robust mandatory consideration and appeals process.

4.3 The department recognises the potential for different types of fraud to be committed within CMS and therefore has a fraud strategy in place. Annex 4.9 of Managing Public Money and the Cabinet Office Government Functional Standard for Counter Fraud applies to misreporting of income on CMS. This underpins CMS’ strategy to preventing fraud, which focuses on developing and promoting an anti-fraud culture.

4.4 The department continually reviews its fraud strategy to ensure proportionate controls are maintained. Enhancements are currently being made; it has already consulted on legislative changes to enable the child maintenance calculation to automatically include unearned income, which further reduces risks relating to those who commit fraud by not disclosing their real level of earnings. The department will use risk profiling and threat scanning to target fraud as it enters the child maintenance system, alongside responding to customer instigated investigations.

4.5 The CMS' main objective is securing maintenance for children between parents. Intrusive investigation or sanction to a paying parent can result in the complete breakdown of maintenance payments, impacting the welfare of the child(ren).

5. PAC conclusion: The Department is too willing to blame low levels of customer satisfaction on CMS customers being difficult to please, despite its own systemic customer service failings.

5a. PAC recommendation: The Department should use its digital transformation to develop performance indicators that enable it to fully understand why customer satisfaction is so low, and target improvement where data suggests there may be an underlying service issue, for example: where high numbers of complaints are upheld.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 The department remains committed to continually improving the service it provides to its customers. The CMS sought independent evaluation of its customer service practices and is now in its third year of achieving the Cabinet Office Customer Service Excellence accreditation.

5.3 The department commenced a Transformation Programme in Autumn 2020 to improve outcomes for children, by enabling parents to put in place and manage sustainable child maintenance arrangements in a more efficient manner. So far, it has stream-lined and automated processes, introduced a live chat functionality, and launched a new on-line service: Get Help Arranging Child Maintenance. By 2024, when the programme completes, it will introduce further improvements that make it easier for customers to interact with the department, including increased automation to enable support that is tailored to customers' needs.

5.4 The department is building on the development of its Customer Service strategy which will objectively analyse upheld complaints and review current measures. It will develop user research focussed on customer perception and introduce a programme allowing real time gathering of customer feedback through the introduction of "Voice of the Customer". This programme will translate feedback into insight and help the department understand what customers are experiencing. This shares learning from customer contact and is part of an individual's training and consolidation.

5b. PAC recommendation: The Department should also, within one year, review Child Maintenance cases where the Independent Case Examiner has upheld a complaint and report to us its analysis of the key themes and lessons to be learned from this, and how it plans to act on them.

5.5 The government disagrees with the Committee's recommendation.

5.6 The department's Customer Experience Directorate actively invests in reviewing cases upheld by the Independent Case Examiner (ICE) to identify and implement service improvements. The department will continue to utilise existing ICE publications to inform lessons learned.

6. PAC conclusion: The Department is too slow to take effective enforcement action, leaving children without maintenance for too long and allowing child maintenance arrears to grow.

6. PAC recommendation: The Department should, within one year:

- ***conduct operational and user research to better understand how customers progress through its collection and enforcement process, to identify any operational or legislative barriers to reducing the overall time to getting payments; and***
- ***in consultation with stakeholders, develop a strategy to tackle rising unpaid maintenance debt on its 2012 scheme, drawing on lessons learned from its experience of reducing CSA arrears, considering key barriers to compliance, such as affordability, and whether a write-off of uncollectable debt would be appropriate.***

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The department continues to complete extensive operational insight and analysis and utilises its existing user research. This provides insight into any barriers to compliance enabling the department to identify further opportunities for improvements for customers.

6.3 As reported by the National Audit Office, the department has improved its collection and enforcement activities and the amount it collects through Collect & Pay enforcing payments has increased. The department recognises the challenges it faces in removing some of the barriers to compliance and therefore continually reviews and evolves its compliance strategy.

6.4 Through its Transformation Programme the department will be developing its use of risk and intelligence within its business processes. This will involve improving the quality and the use of data to develop and deploy both tactical solutions for improving and accelerating day to day compliance and in helping to inform and develop a more efficient organisational and process design. This will link closely with embedding sustainable arrangements that take a balanced account of the customer's circumstances.

6.5 The department is aware that the effectiveness of its compliance strategy is heavily influenced by existing legal processes and the current dependency on third parties (such as MoJ and Bailiffs). It is currently reviewing these dependencies and will provide an implementation approach for any changes by Summer 2023.

6.6 Through its Transformation Programme, the department is reviewing its internal processes and current organisational design structure to ensure cases can be transitioned through the customer journey more efficiently.

6.7 In addition, current policy work relating to 'Transformation' includes the drafting of regulations to extinguish low level debt (where appropriate) and expanding the list of organisations required to comply with requests from CMS for information or evidence.

7. PAC conclusion: The Department's ability to collect child maintenance is limited by the affordability of payments and the system risks creating a poverty trap for some Paying Parents.

7. PAC recommendation: As part of its Treasury Minute response, the Department should set out its plans to review the affordability of Child Maintenance Payments and the appropriateness of the current award calculations, including the earning thresholds.

7.1 The government disagrees with the Committee's recommendation.

7.2 As referenced in paragraph 6.5 of HMT guidance, Parliamentary scrutiny of public spending, the department cannot set out its plans to review the affordability of liabilities in its response to the Committee as this relies upon a policy decision.

7.3 However, the department is considering its plans to review the affordability of Child Maintenance Payments and will update the Work and Pensions Committee in due course.

8. PAC conclusion: Department has repeatedly failed to achieve savings targets for the child maintenance scheme over the past decade and again risks overpromising on the benefits of its current transformation programme.

8. PAC recommendation: As part of its Treasury Minute response, the Department should set out new cost-effectiveness and wider value for money targets against which it can be held to account.

8.1 The government disagrees with the Committee's recommendation.

8.2 The department's Transformation Programme introduces a range of changes that improve the efficiency of key activities, including the automation of high-volume changes, improving the online offering to enable customers to self-serve their query or report their change without needing to call CMS. It has also launched a new on-line service and live chat replacing a £3.3 million per annum outsourced contract.

8.3 The increased levels of automation mean higher levels of customer interactions are processed without caseworker intervention, reducing unit costs.

8.4 The department reports on its performance in its Annual Report and Accounts. The most recent DWP accounts for financial year 2021-22 were laid on 7 July 2022 . The department regularly reviews its services and programmes to ensure it is delivering value for money.