



House of Commons
Work and Pensions Committee

**Children in poverty:
Child Maintenance
Service: Government
Response to the
Committee's Sixth
Report**

**Seventh Special Report of Session
2022–23**

*Ordered by the House of Commons
to be printed 5 July 2023*

Work and Pensions Committee

The Work and Pensions Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Work and Pensions and its associated public bodies.

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Seventh Special Report

The Work and Pensions Committee published its Sixth Report of Session 2022–23, [Children in poverty: Child Maintenance Service](#) (HC 272) on 27 April 2023. The Government Response was received on 27 June 2023 and is appended below.

Appendix: Government Response

Government foreword

We would like to thank the Committee for conducting such a thorough inquiry into the Child Maintenance Service (CMS) as part of their work looking at children in poverty.

The CMS can play an effective role in helping lift children out of poverty. Through both family-based arrangements (FBAs) and CMS arrangements, we estimate receiving parents in separated families received £2.6 billion annually in child maintenance payments in the three financial years ending 2020 to 2022. Overall, we estimate that on average these payments kept 160,000 children out of absolute low income on an after-housing costs basis each year.

The Government welcomes the Committee's report and our response to the recommendations are set out below.

Direct pay

Recommendation 2

One of the purposes of the reforms introducing the Child Maintenance Service was to increase the number of effective arrangements between parents. There is a paucity of data on how many Direct Pay arrangements are effective, which in turn obscures the level of child maintenance not being paid. This inhibits the ability of the Department to demonstrate the ability of the system to meet policy objectives. *The Department should proactively monitor the effectiveness of Direct Pay arrangements and report regularly on the number of such arrangements that are effective. An initial survey should take place no later than six months after the Direct Pay arrangement has commenced. Surveys should then take place at regular intervals, at least once every 12 months.* (Paragraph 24)

Response

The Department for Work & Pensions (DWP) has conducted two large-scale research projects on the Direct Pay service, one published in 2016 and a follow-up project published in 2022. The surveys show that many arrangements switch to the Collect & Pay service or family-based arrangements and for those receiving parents still using Direct Pay after 13 months, over 90% received all or most of the child maintenance they were due.

The Direct Pay service allows parents to focus on collaboration, agreeing on their payment plan and managing payments between themselves but with support from the CMS.

The CMS sends SMS messages to all receiving parents using the Direct Pay service three months after they set up their arrangement to remind them to contact the CMS if it is not working. Messages are also sent each year at the point of the annual review.

Receiving parents can and do request to move to the Collect & Pay service when their direct pay arrangements do not work. In each quarter of 2022, around 2% of Direct Pay cases switched to the Collect & Pay service.

We will consider further research into Direct Pay to support any future policy reforms.

Recommendation 3

Cases moving from Direct Pay to Collect and Pay appear to have substantial arrears on average. The Department should more systematically and swiftly move ineffective Direct Pay cases into Collect and Pay. To do this, the Department should consider imposing a change to how cases are moved to Collect and Pay so that is triggered by child maintenance arrears reaching half of the current average arrears.

Response

The Direct Pay service allows parents to focus on collaboration and managing payments between themselves but with support from the Child Maintenance Service. The CMS generally only becomes aware of the existence of arrears on a direct pay case at the point that a parent requests a move to collect and pay.

The Department has already introduced dedicated Change to Service Type teams whose role is to swiftly investigate and action all requests to change to Collect and Pay where Direct Pay arrangements have broken down.

Customers can report missed payments 24hrs a day 7 days a week via 'My Child Maintenance Case' online portal, reducing the potential for arrears to accumulate on direct pay cases.

The Department is also embarking on a programme of work as part of its Modernisation Programme. CMS' new service design will:

- Separate the administration and managing of direct pay cases from collect and pay cases ensuring that timely action is taken to investigate reports of ineffective Direct Pay arrangements and swift completion of changes to Collect and Pay.
- Increase case ownership across the service.
- Conduct robust conversations from the outset and at various stages in the customer's journey where expectations and consequences for both the Service and of customers are explained.
- Although the onus will still rest on customers to report if Direct Pay is not working, parents will be given clear communications about what to do if the arrangement is no longer effective through improved SMS text messages, letters at each annual review and prompts on the 'My Child Maintenance Case' online service.

CMS Modernisation will be measured, as part of the Departments Modernisation Programme against the wider programme benefits under three main areas:

- Great People where we will create the conditions for colleagues to thrive, do their jobs effectively and serve customers well.
- Modern Services where we will give our customers fast, efficient services and effective routing to the right support through the most appropriate channels.
- Better Outcomes where we will provide the right support to our customers at the time, they need it.

Enforcement

Recommendation 4

For many receiving parents child maintenance payments are vital to avoiding or at least stymying the effects of hardship but enforcement is currently slow and often ineffective. We have heard that, while enforcement on Collect and Pay has improved, for many receiving parents enforcement remains ineffective in securing maintenance. We support the aims of the Child Support (Enforcement) Bill to allow for more timely enforcement of maintenance payments and regard effective enforcement as remaining a key priority for improvement. *In its response to this Report, the Government should set out plans to improve the effectiveness and speed of current enforcement measures.* (Paragraph 34)

Response

We know the vast majority of paying parents want to do the right thing and support their children, but the Government shares the Committee's view that effective enforcement should be a key priority for those few paying parents who willingly refuse to meet their obligations to support their children.

The DWP (DWP) has already made substantial improvements to the CMS enforcement process to make it faster and more effective and has plans to go further. In the year to December 2022, the Child Maintenance Service collected £13.8 million from paying parents with a civil enforcement action in process. The CMS has worked closely to improve court processing times by introducing virtual court presenting and electronic exchange of documentation.

We are continuing with this programme of improvement, aiming to maximize the efficiency and effectiveness of our enforcement system, deciding what is appropriate on a case-by-case basis, and using powers that have the greatest chance of ensuring people meet their obligations and securing money for children. Our more serious enforcement measures are only used once every other method of recovering child maintenance has been tried. These powers are designed to act as a deterrent and encourage parents to pay their liability before getting to court.

As the Committee has acknowledged, changes are being brought forward through the Child Support (Enforcement) Private Members Bill (PMB) which will amend primary

legislation to remove the requirement for the CMS to obtain a court issued liability order (LO) and introduce a simpler administrative LO. Court issued LOs can currently take up to 20 weeks, so should the bill receive royal assent, the changes will substantially speed up the time in which the CMS can move to its stronger enforcement measures and get money to children more quickly.

Recommendation 5

Evidence to us has raised particular concern about the fraudulent practices employed by some paying parents to reduce maintenance calculations but the Department has not made an estimate of the level of undetected customer fraud and error within the system. We repeat the Public Accounts Committee's recommendation that the Department should assess the risk of fraud and error within child maintenance and publish, as part of its annual report and accounts for the child maintenance scheme, a fraud and error estimate and reduction target rates. (Paragraph 38)

Response

The Department legally relies on data from HM Revenue & Customs (HMRC) and its own benefits data to assess 91% of Paying Parents earned income and benefit status, which are key parts of the maintenance calculation. This makes it difficult for most parents to misstate their income. Nonetheless, either parent could misstate their personal circumstances.

The department continues to build on its already proportionate and cost-effective controls, such as:

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

Receiving Parents can also ask the Department to consider the Paying Parents more complex earnings, such as unearned income, which are more vulnerable to fraud and error. Currently unearned income, for example savings and investment income, dividend income and property income, is only included in the child maintenance calculation on request of a variation, requiring caseworker intervention to source the income from HMRC.

The Department has improved our processes around variations, to make it harder for wealthier individuals with complex income sources to avoid their responsibilities by minimising the amount of child maintenance they pay. Cases involving complex income or suspected fraudulent behaviour can be looked into by the Financial Investigation Unit (FIU). This is a specialist team which can request information from financial institutions to check the accuracy of information the CMS is given. When an investigation finds evidence of fraud, the FIU will seek to prosecute or forward to HMRC for fraud action.

The Department is planning to include any unearned income in the initial calculation using the same interface and legislative controls as all other types of income sourced from HMRC, thus increasing the proportion of cases where HMRC data safeguards against parents misstating their income. The CMS published a public consultation on unearned income on 18 June 2021 which received predominantly positive views from respondents.

Recommendation 6

The Department’s own assessment to the NAO “that around 50% of fraud referrals to its Financial Investigations Unit are unfounded” indicates that the system is not functioning as it should be, and, as we will return to later, demonstrates how conflict is encouraged. The Department currently requires evidence for referrals to its Financial Investigations Unit “to safeguard against vexatious claims”. *An illustrative list of the evidence required to make a referral to the Financial Investigations Unit should be made available to receiving parents, alongside guidance on where they might reliably find such evidence. The Department should also set out, in response to this Report, how it will reduce the number of unfounded claims reaching the Financial Investigations Unit, thus improving the experience for receiving and paying parents.* (Paragraph 39)

Response

The CMS takes fraud very seriously and works tirelessly to ensure fair and regular maintenance payments for all families who need to use its services. The CMS use every means at its disposal to ensure children receive the maintenance they are entitled to, however, where parents actively try to avoid their financial responsibilities towards their children, it is inherently more difficult to achieve this.

Given the highly contested nature of many of our cases, it is not surprising that a significant proportion of our investigations show no fraud has taken place, given the lack of trust between parents and their determination to ensure they do the best for their children. We therefore disagree with the committee’s assessment that the current Financial Investigation Unit referral system is not functioning as it should.

The department continues to enhance its Fraud Strategy in a way that maintains the current professional rigor and focus on collections, whilst extending the scope to include a proactive approach to identifying and tackling fraud in the system. Published statistics reflect an uplift in reassessments.

In the 12 months to December 2022, 57% of Financial Investigation outcomes resulted in assessment change.

A referral to the Financial Investigation Unit should be based on credible information for example, personal knowledge gained during the customers relationship, information relating to knowledge of the Paying Parents employment or lifestyle, or material gained from social media where customers may be advertising assets or employment. The department are committed to exploring options to educate customers on the financial investigation services offered.

Recommendation 7

Cases are complex where the paying parent's income is from self-employment or non-earned income. To ensure that a fair arrangement is reached for both receiving and paying parents in these circumstances, a specialist caseworker should be assigned to such cases supported by clear guidance on identifying income sources. (Paragraph 40)

Response

The Department legally relies on data from HM Revenue & Customs (HMRC) and its own benefits data to assess 91% of Paying Parents earned income and benefit status, which are key parts of the maintenance calculation. This makes it difficult for most parents to misstate their income.

Receiving Parents can also ask the Department to consider the Paying Parents more complex earnings, such as unearned income. Currently unearned income, for example savings and investment income, dividend income and property income, is only included in the child maintenance calculation on request of a variation, requiring caseworker intervention to source the income from HMRC. Where Receiving Parents still have concerns around the income sources provided HMRC or any potential diversion of income, these can be referred to a specialist unit for financial investigation.

The Department is planning to include any unearned income in the initial calculation using the same interface and legislative controls as all other types of income sourced from HMRC, thus increasing the proportion of cases where HMRC data safeguards against parents misstating their income. This was included in our consultation which was published on 18 June 2021. We received predominantly positive feedback from respondents.

Partial deductions from Universal Credit

Recommendation 8 and 9

8. Competing priorities for the Universal Credit system, specifically work on fraud and error and the automation of processes to allow the expansion of the move to Universal Credit, mean the Department has not undertaken work to implement capability in the system to process partial deductions for child maintenance in the Universal Credit system. The Government should confirm that it plans to implement partial deductions for child maintenance, where this ranks in priority for work on the system and when this work is expected to be reached. (Paragraph 44)

9. The Department should seek, as part of any future legislative change in the Child Maintenance Service system, the authority to process partial deductions from Universal Credit for child maintenance arrears. (Paragraph 45)

Response

Modifications regarding partial deductions would require changes to the UC system, which is challenging, given the need to safeguard the incomes of vulnerable customers, during the process of migration of customers onto UC from legacy benefits. We will ensure the legislation is amended as necessary when the change can be implemented.

UC Delivery teams are currently working at full capacity on Fraud and Error improvements, and development is ongoing to automate more processes to allow expansion of move to UC. The build effort required for this change will continue to be considered at regular intervals to see when it can be accommodated but there are no estimated timescales currently.

We will continue to work with our UC colleagues to consider the best ways to improve the operation of child maintenance payments within UC to maximise the amount of child maintenance paid.

Payment hierarchy from Universal Credit

Recommendation 10

10. Child maintenance currently ranks low on the priority list for Universal Credit deductions at twelfth, below deductions for DWP debt, such as advance payments. We disagree that pursuing such debt should hold a higher priority than child maintenance. Deductions for child maintenance should take higher priority than deductions for the payment of debt owed to the Government. To assist families, the Government should revise the deduction priority list so that child maintenance is above Government debt and should, in its response to this Report, set out the current deduction priority list and the rationale for Child Maintenance being twelfth. (Paragraph 46)

Response

Child Maintenance is just one of many deductions which impacts UC. We have to balance the need to make CMS deductions with the need to make others such as for rent arrears, Council Tax, energy arrears, etc.

Advances are a claimant's benefit entitlement paid early, allowing claimants to access 100% of their estimated Universal Credit payment upfront. They ensure nobody has to wait for a Universal Credit payment, and those who need it are able to receive financial support as soon as possible. Since April 2021, claimants requesting New Claim Advances and Benefit Transfer Advances have had the option to spread twenty-five Universal Credit payments over twenty-four months, giving them more flexibility over the payments of their Universal Credit award. In addition, in exceptional circumstances, new claims and benefit transfer advances can be deferred for up to 3 months.

There are no plans currently to alter the sequence by which deductions from benefits are ordered. Government debts such as benefit overpayments are only considered if there is room within the standard 25% cap, after advances and third-party deductions, including Child Maintenance, have been considered.

Domestic abuse

Recommendation 11 and 12

11. We thank Dr Samantha Callan for her independent and detailed report on the Child Maintenance Service's response to domestic abuse and we welcome the broadly

positive approach the Government has taken in its response to that review, accepting most of the recommendations. *The Government should, in its response to this Report, provide a timetable for the work arising from that review.* (Paragraph 57)

12. We strongly support the aims of the Child Support Collection (Domestic Abuse) Bill, which would allow domestic abuse cases to skip Direct Pay and move straight to Collect and Pay. We welcome the Government’s support for that legislation. *In response to this Report, the Government should set out the intended timetable for commencing the provisions in the Child Support Collection (Domestic Abuse) Bill, should it be passed in the 2022–23 Session of Parliament.* (Paragraph 58)

Response

This Government takes the issue of domestic abuse extremely seriously and works hard to ensure victims of domestic abuse can use its services. This includes ensuring the CMS is equipped to help parents set up and manage their child maintenance arrangement safely. The CMS recognises that domestic abuse can take many forms including physical, emotional or financial abuse, violent or threatening behaviour and coercive control and has a number of procedures in place to ensure domestic abuse cases are handled appropriately.

For parents using the Direct Pay service, the CMS can act as intermediary to facilitate the exchange of bank details to help ensure there is no unwanted contact between parents and can provide information on how to set up bank accounts with a centralised sort code which reduces the risk of a parent’s location being traced. The application fee is also waived for victims of domestic abuse, and CMS caseworkers will signpost where needed to suitable domestic abuse organisations.

In 2021, the department commissioned an independent review of the ways in which the CMS supports victims of domestic abuse. We are grateful to Dr Samantha Callan for conducting the review and were pleased to publish the review and the Government response to the recommendations earlier this year. The department has welcomed the chance to learn lessons and take whatever practical steps it can to help separated parents who have experienced abuse to set up safe maintenance arrangements. We have accepted eight of the ten recommendations and are strongly committed to progressing these.

Recommendation 1 has already been taken forward through the Child Support Collection (Domestic Abuse) Bill. The Bill will allow victims of domestic abuse to use the Collect & Pay service on the grounds of domestic abuse and where there is evidence of domestic abuse against them or children in their household by the other parent in the case. The evidence requirements for domestic abuse may be complex and are likely to change over time, so the types of domestic abuse evidence which will be required will be out in secondary legislation. To develop the secondary legislation, we will be engaging with stakeholder groups, as well as other Government Departments to ensure parents are suitably supported. This will ensure appropriate processes are established for verifying evidence requirements for domestic abuse.

We plan to bring the legislation forward as soon as possible, however, this is dependent upon developing robust measures in addition to parliamentary time. This also applies to the removal of the domestic abuse reporting requirements for the application fee waiver which requires changes to secondary legislation.

The DWP is also progressing the recommendations which relate to CMS domestic abuse guidance and training. Since the independent review was undertaken, the CMS has implemented mandatory training for CMS staff in how to respond to domestic abuse and has a Complex Needs Toolkit which includes clear steps to follow to support customers who are experiencing abuse. However, in light of Dr Callan's recommendations, the DWP has committed to looking at this again.

So far, the DWP has reviewed the Domestic Abuse Statutory Guidance to ensure CMS training is up to date and in line with best practice. We are also currently reviewing the Home Office's new statutory guidance on controlling and coercive behaviour, which was published in April earlier this year, to determine the impact on CMS procedures and to ensure its principles are incorporated into our training materials. Work is also ongoing in relation to the Complex Needs Toolkit and Domestic Abuse 6 Point Plan. All domestic abuse training materials are currently being reviewed across DWP to ensure the department has a joined-up approach for domestic abuse guidance.

The review also recommended single named caseworkers for victims of domestic abuse to ensure they are supported appropriately when using the CMS. This is currently being trialled through a single-named caseworker team across two sites in Newcastle and Birkenhead. The results so far have suggested that victims of domestic abuse who have been allocated to these teams are not repeating their story, which was a key feature of the recommendation. We will continue to monitor this and retest the criteria to ensure parents are being targeted appropriately.

Take up gap

Recommendation 13

The proportion of families with private arrangements has increased since the 2012 reforms but this has also been accompanied by an increase in the number of families without an arrangement. There is evidence that a significant number of parents who do not have an arrangement want one. This means some children are avoidably missing out on maintenance which could help reduce child poverty. *The Government should also produce an analysis of the reasons for the increase in the proportion of families without child maintenance arrangements.* (Paragraph 64)

Response

The National Audit Office's (NAO) analysis of the Department's research shows that the increase in the number of separated families with no arrangement is driven by around half the number of parents using the Child Maintenance Service compared to the Child Support Agency (CSA). The CSA had a much larger caseload than the Child Maintenance Service and around a quarter of CSA arrangements were not due to pay ongoing child maintenance, with many others being ineffective and costing the taxpayer money.

The Department has not done any specific research into the increase, but we do monitor it annually and have done other research into the wider separated families landscape.

The Survey of Separated Parents from 2022 shows that only around a third of receiving parents without arrangements want one and half of parents didn't want one. The reasons why receiving parents didn't want arrangements included:

- they don't want contact with the other parent or have a difficult relationship with them
- they don't need support
- they don't want to be bound by a formal arrangement
- the child doesn't want contact
- not wanting to cause conflict
- the children are older.

The Department does not currently have plans to do further research into why the proportion of separated families with no arrangement has increased but will consider further analysis as part of any future policy reforms.

Recommendation 14

Research like the Government's 2022 separated families survey helps form a useful evidence base for effective policy formation. Research on why parents do not have maintenance arrangements but want one would be valuable. We recommend that the Government conduct further research on the reasons parents who want maintenance arrangements do not have one to allow for effective, evidence-based policy interventions, so as to help improve the operation of the child maintenance system and decrease poverty. The Government should also set out how it plans to reach out proactively to and support those families to make arrangements. (Paragraph 65)

Response

The Department continues to monitor the wider separated families population, the proportions with statutory and non-statutory arrangements and the amount of child maintenance transferred.

Work is ongoing through various initiatives to increase awareness of the CMS. We are also training staff in jobcentres and Universal Credit to signpost parents where a child maintenance arrangement might be suitable to Get Help Arranging Child Maintenance (GHACM) if they do not have one in place. The GHACM service is open to all, and any parent who needs support to reach an arrangement with their former partner can get in contact.

We will also consider further research to support any future policy reforms.

Calculation review

Recommendations 15–19

15. Government policy is to encourage work, returning to work and in-work progression as far as possible to help reduce poverty, however multiple reports have raised concern both about the affordability of maintenance payments and distorted the work incentives caused by the current maintenance levels. This poses a risk to work incentive objectives of Universal Credit. (Paragraph 76)

16. The unaffordability of maintenance for some parents is causing severe hardship and distress. It also forms a barrier to compliance. Updating maintenance levels and thresholds should therefore be seen as a priority. *We recommend the Government completes its analysis of the affordability of maintenance payments and make proposals as an urgent priority no later than six months after our Report has been published.* (Paragraph 77)

17. *As part of its work on affordability, the Department should also seek to rebalance legislation so that changes, such as uprating maintenance thresholds, can be made more readily, for example through secondary legislation.* (Paragraph 78)

18. The Department's work on maintenance calculations should prioritise the interests and welfare of the impacted children. In particular the potential implications of changes to maintenance levels on the number of children in poverty must be carefully considered and the implications for other policies (such as state support for parents with children) should be considered alongside changes to maintenance calculations. (Paragraph 79)

19. We have heard that the current child maintenance system incentivises parental conflict under a “winner takes all system” and there appear to be strong arguments in favour of reform away from such a system. However, reform towards an alternative model, such as an income share model, would require careful consideration and preparation. *Once the urgent work on maintenance affordability is finished, the Department should consider a model which incorporates both parents' income. We suggest that the key criteria the Government use to evaluate any such proposal should include the potential effect on compliance, the scope for any proposals to tackle incentives to parental conflict and potential impact on child poverty. In its response to this Report, the Government should set out when such work will begin.* (Paragraph 85)

Response

The child maintenance liability is designed to be fair for both parents whilst ensuring the paying parent contributes a reasonable amount of their income to support their children that they no longer live with. It represents an amount of money which is broadly commensurate with the amount a paying parent would spend on their children if they were still living with them, irrespective of the receiving parent's income or assets. The calculation can take into account other factors such as other children the paying parent is responsible for, and costs associated with maintaining contact with their children.

The government recognises the current pressures on the cost of living and that many paying parents are struggling financially. During the oral evidence hearing we indicated our intentions to conduct a fundamental review of the child maintenance calculation. This will include an assessment of the scope to include both parental incomes in a maintenance calculation as well as looking at banding and the shared care policy.

The child maintenance rates are set out in primary legislation and as the Committee has noted, this makes it more difficult to adapt them in response to changes in living costs or to reflect societal changes. Consideration will be given to moving these into secondary legislation to allow them to be updated more readily.

The CMS calculation is currently underpinned by research from the 1990s, and we accept that it is the right time to look at it again. We have begun the process to update this research and ensure we have a calculation reflecting today's social trends but is also future proofed to handle further changes.

We are reviewing the evidence on calculating the additional costs associated with children. We are also undertaking secondary analysis of survey data to see how the costs of children as a percentage of household income has changed over the past two decades.

Any changes to the child maintenance calculation would require primary legislation, so if the review indicates that changes are necessary, this will be explored at the earliest opportunity.

Recommendation 20

The CMS should ensure its guidance is clear on situations of 50/50 day-to-day care and that, where court orders are made under the expectation of care being equally split, no maintenance is deemed to be due. The use of child benefit to determine that maintenance is indeed due appears to us to be a blunt tool and recommend that the CMS should not use child benefit as an effective proxy to determine whether child maintenance is due.
(Paragraph 87)

Response

The government is committed to ensuring transparency in how decisions are made, and the Child Maintenance Decision Makers Guide is published on GOV.UK and readily accessible.

The DWP will review the CMS caseworker guidance on 50/50 day-to-day care to ensure that timely, accurate decisions can be made which take into account the relevant evidence available in a case, which may include a court order (provided there is no evidence to suggest the court order is not adhered to).

Child benefit is not used as a blunt tool in determining who may be considered a receiving parent and the CMS can consider multiple different forms of evidence when determining who is the primary carer. However, entitlement to child benefit is based on an overall care test which is broadly similar to the CMS's policy on day-to-day care. Payment of child benefit is therefore a very good indicator of who should be treated as the receiving parent. The decision on who is the primary carer can be looked at again, should the parent disputing the decision have sufficient evidence that they have day-to-day care of the child.

Recommendation 21

Presently it is not possible for child benefit to be split between parents, even in cases of equally shared care. The Department should work with HMRC to enable parents with shared care to split child benefit between them. (Paragraph 88).

Response

The government appreciates the importance of ensuring an appropriate amount of support is provided to families in cases of shared care. However, the Government does not agree that splitting Child Benefit payments would be appropriate to provide support to parents in these cases.

The government has a range of measures in place to ensure that parents in cases of shared care are provided an appropriate level of support for the care of the child. For example, if the CMS is satisfied that both parents have equal day-to-day care for the child, in addition to sharing overnight care, there is no requirement for either parent to pay child maintenance.

Child Benefit can only be claimed by one individual who is responsible for caring for a child. When two people are responsible for the same child, and both claim Child Benefit, only one of them can be entitled to Child Benefit in respect of that child.

HMRC encourages parents or guardians to jointly elect which person should be awarded Child Benefit. If they cannot agree, HMRC will decide which of them is entitled. The system places Child Benefit in the hands of one parent/guardian and gives that person responsibility for allocating it between capital and day to day costs.

It is important, especially for parents and families on lower incomes, that enough support is directed to them to prevent child poverty. Therefore, payment of support to the person with priority of entitlement for a child is the most appropriate way to deal with the majority of families with children.

Splitting Child Benefit between parents with shared care arrangements would also introduce additional operational burdens into the Child Benefit system. This is likely to result in complexity for claimants, and costs for the Exchequer. Splitting payments between parents would also be especially complex to implement, as shared care arrangements often vary over time.

Recommendation 22

We are concerned about the prospect that the Child Maintenance Service is pursuing arrears inherited from the Child Support Agency that cannot be properly evidenced, although we acknowledge not collecting such arrears would impact the relevant receiving parent. We request that the Department, in its response to this Report, set out what its strategy is for such arrears and investigate the potential to seek alternative ways of dispensing with arrears that are poorly evidenced, to ensure that both parents have faith in the sums being pursued. (Paragraph 91)

Response

The problems with the old Child Support Agency (CSA) schemes have been well documented, and we acknowledge that it failed to adequately support families and children – this is why the CMS was introduced.

The department needed to address the historic arrears that sat on the CSA systems. In short, the arrears were old, generally uncollectable, and most parents accepted this. Where receiving parents wanted the CMS to attempt to collect the CSA debt, the cases went through an ‘arrears cleanse’ process to ensure only stable debt balances were pursued and action was taken to retain any relevant data from the CSA system. Both parents were able to make representations during the process and paying parents were given an opportunity to provide evidence to dispute the value of the outstanding debt.

If the CMS is unsuccessful in collecting the outstanding CSA debt it can then be considered for write-off. Writing off was not a quick or easy decision and involved exhausting other approaches to deal with the debt.

Recommendation 23

We have received evidence critical of the correspondence provided by the Child Maintenance Service. For example, paying parents reported asking for details on how substantial arrears had accrued and receiving no effective information in response. This risks exacerbating hostility by preventing paying parents from having confidence in the debts being pursued. (Paragraph 92)

Response

The Department understands that this issue relates primarily to cases moved from the old Child Support Agency (CSA) caseload into the Child Maintenance Service, and the level of arrears from the CSA case that transferred to CMS.

The problems with the old Child Support Agency schemes have been well documented, and the Department acknowledges that it failed to support families and children – this is why the more efficient and effective Child Maintenance Service was introduced.

The Department closed all CSA cases with ongoing liabilities by the end of December 2018, transferring cases with historical and often substantial debt to CMS.

Customers were given the choice whether they still wished to use the statutory scheme to arrange their maintenance. To ensure that debt balances on closing CSA cases were stable all cases went through a case cleanse process. Both parents were provided with the outstanding debt balance, allowing the opportunity to provide any details that would impact the arrears balance prior to collections commencing.

Where a new case was raised on CMS attempts were made to secure voluntary compliance, if this was not successful then CMS use their powers to attempt to secure payment of arrears.

Recommendation 24

We have heard evidence that was strongly critical of the effectiveness of Collect and Pay fees. Such fees are particularly pernicious for parents on low incomes and we recommend that the Government should introduce a system for the means-testing of Collect and Pay fees. (Paragraph 100).

Response

A statutory arrangement through the CMS should not be the default option and parents should consider whether they can make an arrangement without intervention from the Government – which is usually better for children. Fees and charges are key to that ambition and designed to encourage parents to think about whether they need to use the CMS at all, or whether they are able to manage aspects of the arrangement more independently through a Direct Pay arrangement.

The Government is clear that charges are the right approach for current users of the service. Applying proportionate charges to all customers that use the service ensures fairness and consistency. Means testing collect and pay charges could lead to some perverse incentives and add complexity into the system as there is currently no means test for the receiving parent and their income is not taken into account within the calculation.

Fees

Recommendation 25

It is particularly difficult to understand how fees, intended to incentivise the use of Direct Pay, can be justified in cases where the Department appears to have accepted such arrangements are not appropriate, such as in cases of domestic abuse. The Department should introduce a mechanism to waive Collect and Pay fees for customers who have been subject to domestic abuse, or whose children have suffered abuse, be they paying or receiving parents. The evidence base for this should be the same as the evidence base that the Government sets out for cases to skip Direct Pay and move straight to Collect and Pay. (Paragraph 101)

Response

The Government takes the issue of domestic abuse extremely seriously and is committed to ensuring survivors of abuse get the help and support they need to use the CMS safely.

Domestic abuse is not necessarily a barrier to having a successful direct pay arrangement and as we have set out above, there are measures in place to help ensure the users of the direct pay service are protected from abuse. The CMS ensures there is no unwanted contact between parents and provides advice on bank accounts with a centralised sort code to reduce the risk of their location being traced.

The Government is clear that charges are the right approach for current users of the collect and pay service, however we have already committed to looking at the current charging structure and how it interacts with the proposed changes for victims of domestic abuse that are being brought forward through the Child Support Collection (Domestic Abuse)

Bill. This will be done alongside development for the secondary legislation to implement the measures. As we have set out above, the work is likely going to be complex and require engagement with a range of stakeholders should the bill receive royal assent.

Recommendation 26

We strongly support the Child Maintenance Service’s plans to move to having a named caseworker, initially for customers in abusive situations before eventually being rolled out to all customers. The experience of having to recount one’s story multiple times was a particular issue we heard about in our inquiry and the Department’s plans have the potential to improve customer service outcomes substantially. We would welcome data being provided to the Committee quarterly to demonstrate progress against assigning customers named caseworkers. (Paragraph 110)

Response

The Department has accepted 8 recommendations from The Independent Review of the Child Maintenance Service (CMS) response to Domestic Abuse.

Subsequently, in response to Recommendation 4, the Department has commenced a pilot on complex cases where there has been domestic abuse, providing customers with a single named caseworker.

CMS will evaluate the findings from the pilot to inform decisions on any commencement of additional activity as part of its Modernisation programme.

Recommendation 27

We have heard that perceptions of the levels of customer service of the CMS continue to be poor for both paying and receiving parents. The Department should develop its management information to allow it to demonstrate it is delivering good customer service and report publicly on this regularly. We recommend the Department should publish this information on a yearly basis as part of the Department’s annual customer experience survey returns. (Paragraph 111)

Response

The nature of the Child Maintenance Service having at least two customers for every case, and the differing expectations of these respective customers, has a fundamental impact on their perception of the service. This means that, in many instances, when a positive result for one customer is achieved, the other customer may be less satisfied. CMS remains focussed on taking pro-active steps to improve the customer experience and has built a new Customer Experience Strategy. CMS identifies opportunities to recognise CMS customer’s experience and drive improvements in line with DWP strategy.

The department is currently on a progressive modernisation journey with a range of activities to support improved customer service via ongoing evolution of internal processes and services.

The 2020/21 Customer Experience Survey (CES) annual reports was published on the 25th of May 2023. The report outlines CES findings from the 2020/21 survey year and the 2019/20 survey year. The Department reviews its publications of CES reports on an annual basis.

Due to the impact of COVID-19 in 2019/20 fieldwork was suspended and prevented the collection of Quarter 4 data (January – March 2020).

Recommendation 28

We acknowledge that staff working for the Child Maintenance Service can have a difficult caseload and come across difficult and distressing situations routinely as part of their work. To ensure that staff are able to support customers, appropriate training and support is essential. *The Government should review, within six months of this Report being published, the support and training provided to CMS staff and report its findings to the Committee, alongside the actions it will take in response to remedy any issues identified.* (Paragraph 112)

Response

The Department recognises that Child Maintenance Service staff work incredibly hard to collect maintenance so that separated families receive the financial support that they are due; this is a challenging job undertaken in very difficult circumstances.

The Department agrees that staff working for the CMS are routinely exposed to difficult and distressing situations and often endure unacceptable behaviour from its customers.

CMS are proactive in their understanding of this challenge and invest in continually seeking to offer, review, evaluate and enhance support tools and training material to support staff in delivering a quality customer service.

CMS take timely action to identify and offer additional training and support where further improvements can be made to prepare, upskill and improve staff confidence in situations that are challenging, to ensure consistency in the handling of such sensitive cases and conversations.

Recommendation 29

The current opening hours of the CMS helpline were criticised in our roundtable discussions, particularly from parents who had work commitments. *We recommend the Government trial different opening hours for the CMS, to include weekends. This could be achieved by reducing the opening hours on some weekdays.* (Paragraph 113)

Response

In line with the CMS's customer service strategy, opening hours are regularly reviewed based on the demand requirements of its customers across multiple channels including 24/7 availability of the online portal. CMS have recently extended their telephony service to 6pm on weekdays to meet this demand.

Recommendation 30

Customers only being able to contact the CMS via letters or telephone is slow and antiquated. The CMS should introduce an electronic messaging system, or at least an ability for customers to contact them by e-mail to provide greater levels of customer convenience. (Paragraph 115)

Response

In addition to communication via letters and telephone, CMS have significantly improved its communications channels by introducing digital services as its preferred contact method for all customers, which offers customers the ability to update their information and request changes 24 hours a day, 7 days a week.

CMS has made significant improvements in their telephony service, for example the average speed to answer calls has reduced by a third since 2021/22.

CMS will continue to monitor and identify areas to further improve their customer contact channels.