



**CPAG response to *Strengthening families,  
promoting parental responsibility***

---

**The future of child maintenance**

**April 2011**

**Child Poverty Action Group  
94 White Lion Street  
London N1 9PF  
[www.cpag.org.uk](http://www.cpag.org.uk)**

## Summary

1. The Government is consulting on a new child support scheme which it plans to introduce from 2012 and will be run by the Child Maintenance and Enforcement Commission (CMEC). The current scheme - run by the Child Support Agency (CSA) - will eventually close.
2. The proposed reforms are designed to compel more parents using the statutory child support scheme to make their own voluntary agreements which it believes will enable parents to 'fulfil their responsibilities' and make 'family-based arrangements'.
3. CPAG agrees with the Government that having 'effective financial arrangements in place' when parents separate is in the best interest of children, and agree that child maintenance plays a vital role in containing child poverty in single parent households.
4. Other countries in Europe have much lower poverty rates in lone parent households, partly because they have better systems of child maintenance. In the UK, research shows that access to stable and consistent child maintenance closes poverty gaps and increases work incentives. It is important to build upon rather than dissipate the positive reforms put in place to maximise access to child maintenance, whether it is provided by the state or by the non-resident parent.
5. While the consultation document identifies real problems in the current system, and proposes some helpful changes in the delivery of support, it appears to be the case that the changes are primarily designed to save money, rather than support separating parents.
6. The consultation therefore sets out plans to introduce a form of charges within the statutory system for both parents with care and non-resident parents. However, it is clear that the main savings will be gained by deterring parents from using statutory services rather than revenue raised.
7. Meanwhile CPAG believes that the imposition of charges on families for whom such arrangements are likely to be difficult if not impossible is unfair and will greatly increased likelihood of them living in poverty.
8. Given that the state is in a much better position to recoup child maintenance from the non-resident parent than the parent with care, unless it is proved the 'parent with care' is acting in a vexatious way CPAG believes that the costs should be borne by the system until other arrangements can be made.
9. It is clearly in the best interest of children therefore that in situations where the non-resident parent is failing to provide appropriate and reliable child maintenance to their children, the Government should shield children from this instability by continuing to provide child maintenance payments to the parent with care. In parallel, the Government would use the power and resources available to recoup the money from reluctant non-resident parents via the taxation system. Leaving the burden of accessing support with the parent with care leaves them and their children extremely vulnerable to financial poverty, and introduces additional stress into already complex and difficult lives.

10. The consultation document suggests that the proposals should be viewed within 'the full range of support to parents to help them to take the decisions that are in the best interests of both parents and children.' But cuts are likely to result in a significant reduction in such services – including the loss of legal aid for family matters.
11. The consultation also needs to be placed into the wider political context, in which radical reform of benefits and tax credits and the introduction of the universal credit, the replacement of disability living allowance with personal independence payments alongside significant changes to the delivery of health services are likely to compound the impact of significant cuts in support which are generating precisely the sort of financial uncertainty which is destabilising families and likely to cause family breakdown. It is no coincidence that the last rise in lone parenthood occurred at the time of the last two major recessions in the 1980s and the 1990s when rates of both unemployment and child poverty soared.
12. Wide-ranging reform of the social security system outlined in the Welfare Reform Bill, alongside significant cuts in support and greatly increased conditionality for lone parents is likely to generate considerable confusion and anxiety at a time when they are least able to cope.
13. Furthermore changes in the delivery of child maintenance at the same time that access to child benefit is being restricted (which will have a negative impact on single parents who are in work), and/or frozen runs the risk of undermining two important sources of financial stability in single parent households. Imposing charges will have an immediate financial impact in households that are already struggling and contribute to ongoing and increasingly costly debt.
14. If child benefit actually covered the true costs of a child, then maintenance would be largely focused on supporting adult need.
15. The recently published Social Mobility strategy – *Opening Doors: Breaking Barriers* – suggests that the government will adopt a 'ruthlessly evidence-based approach channelling effort and finance in the ways most likely to impact positively on social mobility.
16. But the evidence from Europe shows that the effective delivery of child maintenance contains poverty and enhances social mobility. The UK should adopt a much more evidence-based approach to improving the current system of support, rather than introduce changes that are clearly designed to reduce costs rather than increase support to families
17. This brief response outlines a number of concerns from a child poverty perspective. It should be read in conjunction with the response submitted by Gingerbread which we fully endorse.

## Current context

### Background

18. In its 'programme for Government' the document states that: 'The Government believes that strong and stable families of all kinds are the bedrock of a strong and stable society.'
19. The Government has now published a consultation on reforming child maintenance which it argues will 'encourage and support parents to:
  - fulfil their **responsibilities as parents** in terms of continuing involvement in their children's lives and through the payment of child maintenance, and:
  - make **family-based arrangements** concerning these issues wherever possible...rather than relying on government services to step in and administer these arrangements on parents' behalf.'
20. The Government argues that the consultation will:
  - adopt a family-centred approach
  - introduce a reformed statutory system
  - protect the most vulnerable:

### A summary of child maintenance proposals

21. A new child support scheme is planned from 2012 and will be run by the Child Maintenance and Enforcement Commission (CMEC). The current scheme is run by the Child Support Agency (CSA) and will eventually close.
22. The Government argues that the proposals 'build on the findings of Sir David Henshaw's report for the previous Government<sup>1</sup> and the key elements of the proposals include:
  - The introduction of a **mandatory gateway** for all applicants which will 'signpost to support and advice' and encourage parents to make 'private child maintenance arrangements' before accessing the statutory system. Vulnerable groups, such as victims of domestic violence, would be fast-tracked to this stage.
  - The provision of a **package of support** to enable parents to make their own financial arrangements without the intervention of the Child Support Agency and the courts. This would include a calculation of the amount of maintenance to be provided, based on information from HMRC, which can be 'updated annually' and further develop the services that encourages the transfer of monies directly between parents (maintenance direct).
  - The imposition of **charges for 'parents who choose to enter the statutory child maintenance services'**. The Government argues that charges will 'encourage the parents to try and reach a family-based arrangement' and

'ensure that all applicants have considered at the gateway whether they are able to make a collaborative family-based arrangement instead'.

- The Government is still considering the level of charges, but is currently proposing:
  - An upfront application charge of around £100
  - A total application charge for parents on benefits in the range of £50 with £20 of this being paid upfront and the remainder in instalments
  - A charge of £20-£25 for the calculation only services.
- The Government argues that 'to ensure fairness within the system, charges must be placed on both parents where a case is in the statutory scheme's full collection service' - in which the Government arranges and collects payments from the non-resident parent and pays out to the parent with care. The Government is therefore suggesting the introduction of **a collection surcharge on the non-resident parent** – which will be applied as a percentage of the maintenance amount paid.
- **A deduction will be applied to maintenance collected for the parent with care** as a contribution to the ongoing costs to the state of collecting and enforcing the maintenance payments on their behalf.
- Although the collection charges are under review, the Government is currently proposing:
  - Between 15% and 20% on the non-resident parents; and
  - Between 7% and 12% on parents with care.
- Charges will not be applied where payments are made via maintenance direct.
- Once the new scheme is underway, all existing Child Support Agency (CSA) users will have to choose whether to opt in to the new scheme – and pay the charges - or make their own arrangements.
- The Government suggests that given that the average mean yearly maintenance award in the CSA is £1,800 and an average case can be expected to last nine years, that this is the equivalent of £16,000 and that 'it is fair and in line with the principles of personal responsibility to ask parents to reallocate a small proportion of their spending so that they can afford an application charge.'

## **CPAG response to consultation questions**

**Question one. Do you agree that maintenance should be more effectively integrated with other types of advice and support provided to families experiencing relationship breakdown to enable them to make arrangements.**

23. The delivery of holistic, accessible family services are of course important for all families, particularly those experiencing relationship breakdown. However, while ensuring that families are aware of and able to access a range of services and support available to them and their children, stabilising family finances – including

child maintenance arrangements – is vital at a time when household incomes are likely to drop while family costs – particularly relating to food, fuel, clothing and childcare, are rapidly rising. It is also well documented that after separating, the income of parents with care in general goes down while that of the non-resident parent increases.

24. It is also important to maximise parents' understanding of their entitlement to benefits and credits at a time when that entitlement is likely to change is essential. Signposting parents to independent welfare rights advice – and ensuring that advice is available in places parents are likely to be (such as Sure Start centres, schools, and health centres) is an essential way of stabilising family income and protecting children.
25. Although the provision of support and advice on child maintenance arrangements could and should be integrated into the provision of advice and support to families, it is important that the Government draw upon a wealth of evidence provided by Gingerbread – and cited in their response – which suggests that 'a substantial proportion of single parents use the statutory child maintenance service out of out of necessity, not choice'. For many parents delays while families are referred to different forms of support and advice will not improve the likelihood of reaching agreements but will simply delay access to much needed financial support. It is important to ensure that parents for whom such arrangements are likely to be difficult – if not impossible – are not forced to jump through endless hoops before accessing the support they need to protect their children.
26. Although the Green Paper justifies the introduction of a new system of charging by promising to deliver an 'integrated model of relationship and family support services', there is little to suggest that the resources will be made available to ensure that this commitment becomes a reality. For the moment it seems that far from developing integrated support, national and local organisations that deliver support to families are likely to be significantly reduced.

**Question two. How best can maintenance support be integrated within the network of support services to better support families experiencing relationship breakdown to make family-based arrangements?**

27. As discussed above, parents who are unable to make family-based arrangements need to be able to access the statutory system without having to jump through endless and ultimately pointless bureaucratic hoops or be compelled to go through endless mediation processes.
28. For families for whom family-based arrangements are possible, incorporating child maintenance support into a wider network of support services clearly makes sense. However, the provision of such support will be hard to plan effectively and coherently when cuts are planned in legal aid as well as family support services. Meanwhile, alongside the likely migration of low income families out of areas with high housing costs (particularly inner London) due to cuts in housing benefit (HB) are likely to generate considerable upheaval and change. A knock-on effect of the HB changes may be to force children to move away from the non-resident parent – usually their father.

**Question three. What information, advice and support services should be integrated to assist families in making family-based arrangements?**

29. Research from Gingerbread and other organisations clearly show that separating families experience high levels of emotional stress which is exacerbated by financial instability. We believe that it is extremely difficult for families to access and get the best out of services designed to help them make 'family-based arrangements' if they do not know what their weekly income will be or are worried about paying bills. Stabilising family income reduces stress levels and leaves families better able to think about other issues.
30. CPAG's research drawing on interviews with parents with disabled children – the vast majority of whom were single parents - suggests that the provision of advice and support from welfare rights workers not only helps families financially but it establishes trust between the parents and the adviser, many of whom provide effective signposting to other support services.<sup>2</sup>
31. It is a source of concern that the combination of cuts in both local authority welfare rights services, alongside significant cuts in funding to other national and local groups who currently provide advice and support (particularly Citizens Advice) will leave separating parents financially even more vulnerable than is currently the case.

**Question four: What support around child maintenance is needed for the most vulnerable families to make family-based arrangements?**

32. We are concerned that leaving the burden of accessing support with the parent with care leaves them and their children extremely vulnerable to financial poverty, and will introduce additional stress into already complex and difficult lives.
33. The Government is clearly concerned about high levels of child poverty in lone parent families, and reports in its recently published Child Poverty Strategy that 1.1 million children in lone parent families live in relative poverty, accounting for 34 per cent of children in lone parents (which HBAI shows is down from 49 per cent of children in 1996/97<sup>3</sup>) and also reports that 23 per cent of children in lone parent families experience persistent poverty compared with around 12 per cent of all children.<sup>4</sup> But access to child maintenance makes a significant difference in single parent households helping to lift about half of children out of poverty.
34. However, the combination of significant cuts in support being put in place as a result of Budget 2010 and 2011 and the Spending Review and a raft of job losses – particularly in public sector services and disadvantaged areas – which are likely to have a disproportionate impact on women, means child poverty in such households is likely to increase.
35. It is suggested that the cumulative impact of measures announced in the Spending Review will hit women twice as hard as men with '£8.5 bn being raised by cutting direct contributions to individuals, £5.7 bn – two thirds – is coming from women, while £2.7bn is being raised from men.'<sup>5</sup> The Women's Budget Group calculate that women (particularly lone parents) will be disproportionately affected by the cuts outlined in the Spending Review.<sup>6</sup>
36. Families with young children have lost out significantly in the programme of cuts. The removal of the Health in Pregnancy Grant (£190), the Baby Element of Tax Credits (£545), and the Sure Start Maternity Grant for second and subsequent children (£500), could see a low income family who have a second child worse off by at least £1235 in their child's first year of life (and this does not include changes to tax credits or Child Benefit uprating policy, or the loss of the £500 into

the Child Trust Fund). In addition the planned Toddler Tax Credit of £208 a year for children aged one and two has been cut. This makes accessing child maintenance even more important.

37. It is therefore a source of concern – as pointed out in a letter to Theresa May from a number of women’s charities published in the Guardian - that ‘Ninety-seven per cent of parents with care who are eligible to receive child maintenance are women. It is our view that the proposed procedural and financial hurdles to be introduced from 2012 for all applicants to the statutory maintenance system will unfairly impact on them, rather than on non-resident parents (mostly fathers) who have failed to meet their responsibilities to their children.’<sup>7</sup>
38. And yet there is evidence to suggest that increasing family incomes has a positive impact on the health and wellbeing of parents and children across a range of indicators, beyond just financial measures. For example, Gregg *et al* suggest that income itself affects parental psychological functioning and children’s socio-emotional and health outcomes<sup>8</sup>.
39. Stability of income is key for low income families who are trying to budget on inadequate incomes, and plays an important role in protecting the health and wellbeing of children. Reliable, regular payments are also essential if parents-with-care are to engage in paid work. It adds to the stability created by child benefit. Given cuts in wider support, access to advice that ensures that families understand the changes being introduced and ensures they access their full benefit and tax credit entitlements is essential.
40. Access to regular and reliable child maintenance plays a vital role in stabilising family income and protecting families from untenable fluctuations in income associated with access to a sometimes poorly administered and poorly understood benefit and tax credit system. Any changes that reduce support will compound the damage done by other cuts, and remove a vital source of financial stability.
41. It is clearly in the best interest of children therefore that in situations where the non-resident parent is failing to provide appropriate and reliable child maintenance to their children, the Government should shield children from this instability by continuing to provide child maintenance payments to the parent with care. In parallel, the Government would use the power and resources available to recoup the money from reluctant non-resident parents via the taxation system. Leaving the burden of accessing support with the parent with care leaves them and their children extremely vulnerable to financial poverty, and introduces additional stress into already complex and difficult lives.
42. **The provision of consistent and reliable child maintenance – whether by the non-resident parent or by the state – is absolutely essential to protecting the health and wellbeing of children and parents.**

**Question five. Is the balance of burden of the proposed charges fair between the non-resident parent and the parent with care?**

43. Although the Government argues that charges are intended to “encourage families to make choices in the best interests of their children” and explains that “Choices can be made at various points which will avoid the application of fees”, given that the parent with care (usually the mother) is usually left to shoulder both the financial and the emotional burden of caring for their children single-handedly,

it seems fair any charges incurred should fall on the parent whose failure to fulfil their child maintenance obligations has made state intervention necessary. The parent with care is in any case already contributing to the maintenance of her children.

44. As discussed above, a number of women's charities who have written to Theresa May point out that 'The charging regime thus impacts unfairly on parents with care, mostly women.'<sup>9</sup>
45. We believe that it is in the best interests of children that in situations where the non-resident parent is unlikely ever to provide appropriate and reliable child maintenance to their children (and the judgement of the parent with care on this issue should be respected), the Government should provide child maintenance payments to the parent with care, and use the power and resources available to recoup the money from reluctant non-resident parents via the taxation system.
46. We believe that readily available access to free statutory services is absolutely essential for all families – particularly vulnerable families for whom family-based arrangements are likely to be difficult.
47. The fact that significantly more parents with care on benefit are now applying for child maintenance due to the 100% disregard shows that carrots, not sticks, are the best way forward.

**Question six. Are parents being asked to make a fair contribution to the costs of delivering the statutory child maintenance system?**

48. The Government argues: "For the majority of customers an application will be good value compared to the child maintenance that will be paid through a case. Given the long-term financial benefits of child maintenance we believe it is fair and in line with the principles of personal responsibility to ask parents to reallocate a small proportion of their spending so that they can afford an application charge."
49. Although the government argues that the imposition of £100 on parents with care – or £50 on parents on benefits – constitutes a small 'proportion of their spending' when calculated over nine years, for families on benefits who are likely to be struggling with a range of other cuts in support and the likely accumulation of debts the imposition of an upfront charge of £20 constitutes a significant – and for many untenable – erosion of a family's weekly income. This charge will have an immediate impact on their ability to buy food for their children or heat the house. (As Gingerbread points out: given that £100 is around the amount that single parents in the poorest households spend on housing (£49.70) and food (£43), such choices may prove impossible to make.)
50. For a lone parent with two children (aged one and three) who is out of work and receives income support IS and other means tested benefits, whose weekly income (after housing costs) is £197.99 a week, £20 constitutes 10% of her weekly budget.
51. Meanwhile, paying off the additional £30 over time may simply impose an untenable addition to other debts which are likely to prove increasingly costly over time. Children will be damaged in the short, medium and long-term by such charges.

52. The imposition of charges is likely to drive some families away from seeking child maintenance at all, and is likely to sap already low incomes in other households. Many parents with care will simply decide they cannot afford to pay the charges, and will struggle – unsuccessfully – to persuade the non-resident parent to pay child maintenance.
53. Given that access to child maintenance plays a significant role in containing child poverty in single parent households and helps them to access paid work, this will have a cumulative and damaging impact on family finances and the wellbeing of children over many years.
54. As discussed above, we do not think that any charges should be levied on the parent with care. To protect children, recouping costs from the non-resident parent who is able to pay the charges should be conducted by HMRC via the taxation system.
55. We are concerned that the imposition of charges at the same time as significant cuts are being made to benefits and tax credits in order to balance the books is likely to have a negative impact on parents' perceptions of the new system which they may well view as simply a cost-cutting exercise, rather than a process designed to prioritise the needs of children.

**Question seven. How should the proposals be tailored for separating families where there has been violence or a risk to the child?**

56. We urge the Government to consider the evidence provided by Gingerbread, which draws on the direct experiences of many thousands of single parents in this situation.
57. While we welcome any measures that protect separating families where there has been violence or a risk to the child, we are concerned that putting in place specific measures that only protect the needs of this group will exclude many parents from the support and advice they need to care for and protect their children.
58. Also, simply exempting fees from the parent with care in these cases does not protect them. A violent non-resident parent may well use fee and maintenance payments as an excuse to act in a controlling and aggressive way.

## **Conclusion**

59. CPAG shares the concerns of other organisations that the proposals outlined in the consultation – which ends on 7<sup>th</sup> April 2011 – have been incorporated into the Welfare Reform Bill which is currently in committee stage in parliament – before the end of the formal consultation. The pre-empting of an important consultative process is regrettable.
60. A number of legislative measures have been put in place to ensure that 'child welfare' (more recently, 'child wellbeing') is placed at the forefront of children's services. For example, The Children Act 1989 - confirms that 'When a court determines any questions with respect to (a) the upbringing of a child; or (b) the administration of a child's property or the application of any income arising from it, **'the child's welfare shall be the court's paramount consideration'**, while Part 2 of The Children Act 2004 – which considers children's services - outlines the need for 'Co-operation to improve well-being' of children.

61. The recently published child poverty strategy – *A new approach to child poverty: Tackling the causes of disadvantage and transforming lives* – states that ‘this strategy is in line with our duties under the UN Convention on the Rights of Child.
62. CPAG believes that children’s best interests should be placed first and that prioritising the needs of children will of course be of benefit to taxpayers as well.
63. Much is made in the consultation of the need to reform child maintenance in the interests of both ‘parents and taxpayers’. However, the government’s commitment to ‘fairness’ is constantly stressed, it remains to be seen which parents and which taxpayers are likely to be the main beneficiaries.
64. While much is made about the need for ‘responsible parenting’ a responsible Government should do its best to protect children from sudden drops in income which cause untold damage in the short-term, and to tackle income poverty which the evidence clearly demonstrates actually provokes family breakdown and damages the health and wellbeing of children in the short, medium and long-term.
65. CPAG believes that generating financial tensions between the needs of separating parents and the taxpayer is perverse in a consultation document that aims to reduce such tensions between separating parents.
66. It is important to ensure that lack of trust in ex-partners and often justified scepticism about their willingness to pay appropriate child maintenance is not compounded by lack of trust in a new child maintenance system the primary aim of which appears to be to save the taxpayers’ money. This will leave many vulnerable parents caught between a rock and a hard-place, which will add to stress levels generally, and is hardly in the best interest of children. Placing the needs of children – not short-term and short-sighted spending cuts – first will drive the best and most effective policies.

## **About CPAG**

CPAG promotes action for the prevention and relief of poverty among children and families with children. To achieve this, CPAG aims to raise awareness of the causes, extent, nature and impact of poverty, and strategies for its eradication and prevention; bring about positive policy changes for families with children in poverty; and enable those eligible for income maintenance to have access to their full entitlement. If you are not already supporting us, please consider making a donation, or ask for details of our membership schemes, training courses and publications.

**Gabrielle Preston**  
**Policy and Research Officer**  
**Child Poverty Action Group**

94 White Lion Street

London N1 9PF

tel: 020 7812 5231

fax: 020 7837 6414

email: [gpreston@cpag.org.uk](mailto:gpreston@cpag.org.uk)

Child Poverty Action Group is a charity registered in England and Wales (registration number 294841) and in Scotland (registration number SC039339), and is a company limited by guarantee, registered in England (registration number 1993854). VAT number: 690 808117

---

<sup>1</sup> (Recovering child support: routes to responsibility I(DWP, July 2008)

<sup>2</sup> See, for example, G Preston with M Robertson, *Out of Reach: Benefits for disabled children* (CPAG, 2006) which suggests that ‘...families rely heavily on the support of welfare rights workers, not only to ensure that they receive all the support they are entitled to, help them fill in application forms and attend appeals, but to put them in touch with other services providers.’ p. 77.

<sup>3</sup> See **Table 4.11ts** in *Households Below Average Income, 2008/2009*, p.95

<sup>4</sup> See *A new approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families’ Lives*, Department for Work and Pensions and Department for Education, April 2011

<sup>5</sup> See, Allegera Stratton ‘Cuts to hit women twice as hard as men’, the Guardian, 23rd October 2010.

<sup>6</sup> See, the impact on Women of the Coalition Spending Review 2010, UK Women’s Budget Group, November 2010).

<sup>7</sup> See The Guardian, 6 April 2011 ‘Women’s charities’ letter to Theresa May on child support: Charities join forces to write letter to Theresa May, reproduced here, complaining that women will be penalised unfairly by new child support proposals’ - <http://www.guardian.co.uk/society/2011/apr/06/womens-charities-letter-theresa-may-child-support>

<sup>8</sup> Paul Gregg, Carol Propper and Elizabeth Washbrook (2008) *Understanding the relationship between parental income and multiple child outcomes: a decomposition analysis* CMPO Working Paper Series No 08/193

<sup>9</sup> See The Guardian, 6 April 2011 ‘Women’s charities’ letter to Theresa May on child support: Charities join forces to write letter to Theresa May, reproduced here, complaining that women will be penalised unfairly by new child support proposals’ - <http://www.guardian.co.uk/society/2011/apr/06/womens-charities-letter-theresa-may-child-support>