Transforming
Child Maintenance

A fairer system for children and families

Child Maintenance and its impact on child poverty and financial security for single parent families

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September 2024

Fife Gingerbread

IPPR Scotland

One Parent Families Scotland
changing lives, challenging poverty

Funded by
The ROBERTSON Trust

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Acknowledgements

We would like to thank everyone in the One Parent Families Scotland team who has worked on the Transforming Child Maintenance project. Notably Caitlin Logan Carter and Marissa Costello for conducting focus groups with parents, as well as Marion Davis, Satwat Rehman and Philippa Kemp for shaping and reviewing this briefing paper.

Equally, we extend our thanks to Laura Millar and Kerry Jones of Fife Gingerbread, and Fiona McHardy of Poverty Alliance who have contributed to this briefing paper across various drafts. And finally, our former IPPR colleague Rachel Statham who reviewed the briefing paper in its later stages.

1. Executive Summary

Family separation can be one of the most difficult events in parents' and children's lives. Among the challenges arising from parents of a child living separately, one of the most difficult is money.

Money becomes such a challenge because expectations implicit in the labour market, the social security system, and the wider culture, are geared around a two-adult breadwinner-model: one parent (overwhelmingly a father) increases their earnings relative to peers without children, while the other (overwhelmingly a mother) steps away from the labour market to perform different forms of labour, managing the demands of bringing up children.

The majority of arrangements see children living primarily with one parent, and that parent being their mother in 87% of cases (DWP 2024a, Haux et al 2017). In the absence of child maintenance payments, children of separated parents therefore face an increased risk of financial insecurity as the earnings of the adult they live with are constrained by the demands of bringing up children, and the threadbare social security system generally does not make allowance for this structural disadvantage.

This dynamic is revealed starkly in the child poverty statistics. In 2022/23, 44% of children living with one adult were in poverty, versus 25% of children living with two adults.[1]

Child maintenance, though not part of social security, is the only state-administered system that responds to the financial disadvantage faced by children living with just one adult. Parents who are unable to agree a private arrangement can utilise the Child Maintenance Service (CMS), which helps parents secure alternative statutory agreements. Where child maintenance arrangements are in place, they make a ten-percentage point difference to improving child poverty rates, reducing them from 40 to 30%. In aggregate, child maintenance currently reduces the number of children in poverty by 140,000 (DWP 2024a).

The child maintenance system, therefore, clearly has a significant role to play in tackling child poverty. However, it is failing to fulfil this potential, with over a million separated families having no maintenance arrangement in place at all, up from around 600,000 in 2011/12 (NAO 2022).

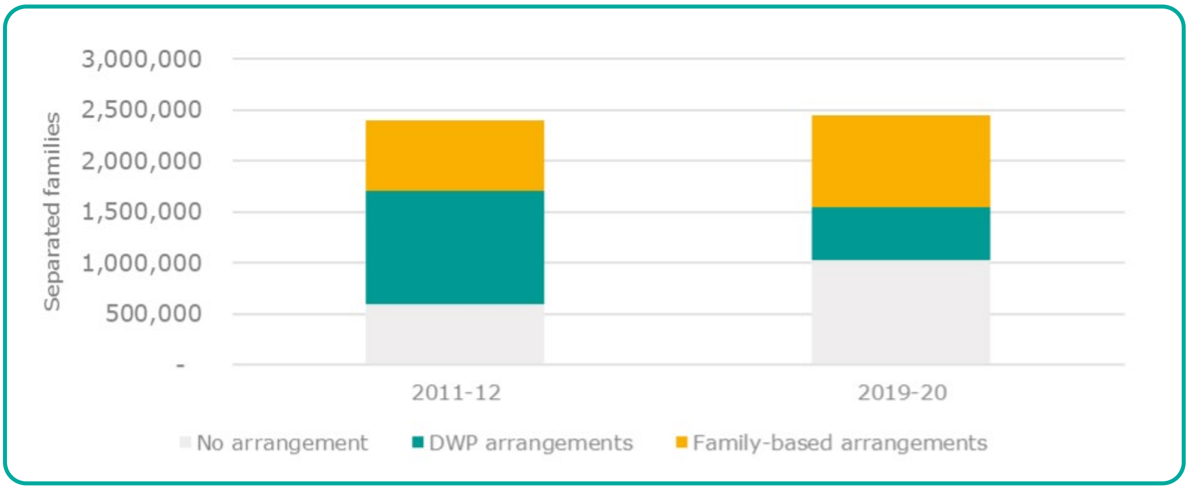
[1] Authors' analysis of DWP (2024) Households Below Average Income dataset

The growth in separated families with no arrangements can be traced back to reforms introduced in 2012. In the context of austerity, these sought to reduce costs to the state by shifting separated families out of state-administered systems and into private so-called “family-based arrangements”. As well as lower costs to the state, this drive was presented as empowering parents to take responsibility, on grounds that those who already had family-based arrangements saw “higher satisfaction and compliance” (Henshaw 2006). This ignored the obvious interpretation of the observed correlation, namely that separating families with relatively high resources and/or relatively low conflict were more likely to pursue a family-based arrangement. Ignoring this possibility, the system was reformed with the hope that creating more family-based arrangements would in itself create more satisfaction and better compliance.

In practice, while some reforms were introduced to try to mitigate conflict between parents, such as signposting toward relationship support, the most significant changes effectively erected barriers to accessing state-administered maintenance arrangements. These included ending automatic referral to the Child Maintenance Service where resident parents received certain benefits, introducing a system of fees and charges to disincentivise use of statutory arrangements, and designing a system of gateways making it harder to access state support in transferring maintenance payments. This can be seen in the way the CMS manages statutory arrangements like Collect and Pay and Direct Pay.

Under Collect and Pay, paying parents are charged a 20% additional surcharge, and payments to receiving parents are deducted by 4%. Parents cannot move directly to Collect and Pay, rather it is reserved for those who cannot make a Direct Pay arrangement work. Direct Pay is more hands-off, with the CMS calculating the payments owed, and leaving parents to transfer funds. Parents must log and inform the CMS where arrangements are unfulfilled, thus Direct Pay functions as a process through which non-payment is evidenced, operating as a gatekeeper to Collect and Pay.

Figure 1. The 2012 reforms to the child maintenance system drove families out of statutory arrangements but with very limited growth in family-based arrangements



Source: Authors' analysis of NAO (2022)

This approach, erecting barriers to statutory systems, has over-performed in driving families out of state-supported systems (figure 1). Those families are, however, roughly twice as likely to end up with no arrangement as they are to agree a family-based arrangement. Far from empowering families to reach agreement, the reformed system simply cut many children adrift.

Working with separated parents, both receiving parents and paying parents, we have explored the realities of child maintenance under these arrangements. We find huge levels of dissatisfaction, distress and distrust across households, the very opposite of the "higher satisfaction" promised when reforms were introduced.

Charges and financial penalties are areas that lead to unnecessary distress among separated parents and act as a barrier to accessing support where it is needed. Where parents would benefit from a Collect and Pay arrangement, parents must retain the evidence and bring this to the CMS's attention. This leads parents to police each other's financial situation, often risking their own personal safety. The hands-off nature of Direct Pay provides a final opportunity for parents to establish a family-based arrangement, however in reality it too often functions as a hurdle to overcome in setting up a Collect and Pay arrangement.

In the end, financial deductions to payments amounts to "denying children money" and financially penalising the children of parents who have found it most difficult to reach an agreement. Additionally, many parents are current victims or survivors of domestic abuse and fear the repercussions of a 20% fee for the paying parents that comes with moving to Collect and Pay.

The DWP has recently removed £20 upfront charges for accessing CMS services and is considering reducing the fees it takes out of maintenance payments. These changes go in the right direction, but there are many other dimensions of the system that simultaneously drive parents away from accessing statutory support, while working to undermine existing maintenance arrangements between parents and children.

These range from the way the service interacts with parents, characterised by long waits, unanswered questions, inconsistent records, and unsympathetic interactions. Together, this can mean issues go unaddressed and worsen, while parents' mental health and willingness to engage can be put at risk. Parents reflect that interactions with the CMS can feel less like addressing a deeply emotive matter impacting "your life and your child's life," and more like dealing with a call centre to discuss "a phone contract". Insufficient enforcement of missed or incomplete payments, notably the slow process of collecting unpaid maintenance through current Deductions from Earnings Orders, also undermine children's financial security and the appeal of statutory arrangements.

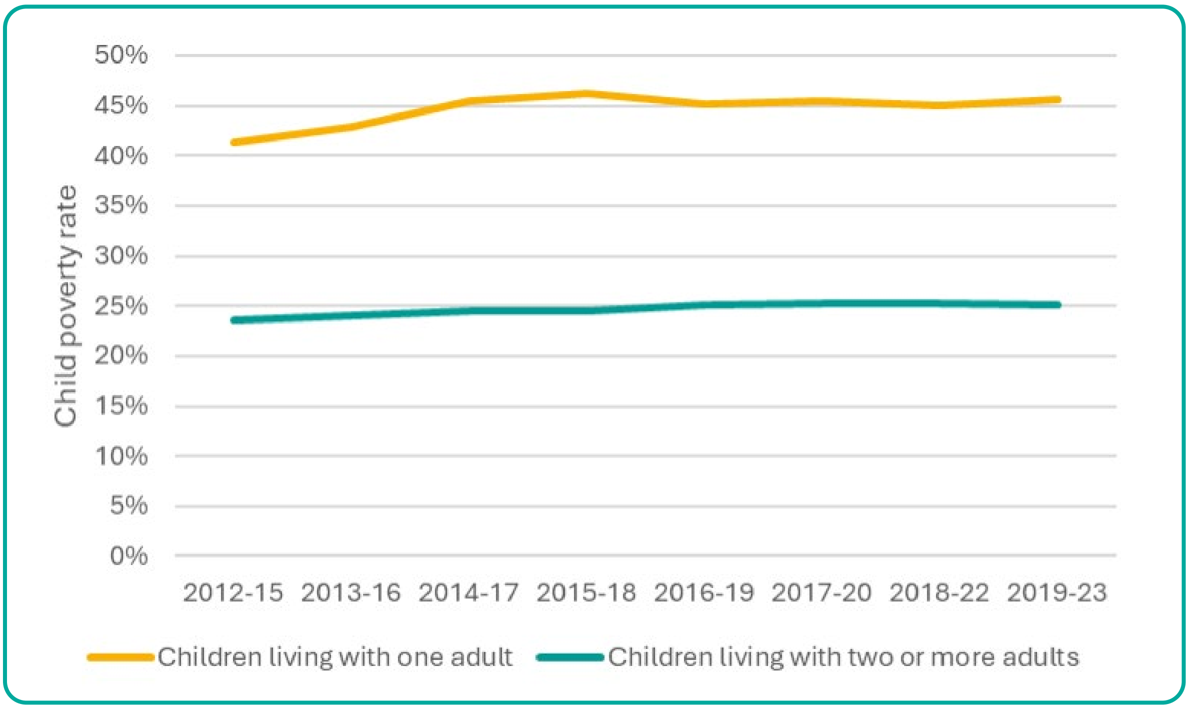
The calculation of maintenance due, having been written into primary legislation dating back to 1998, is inflexible to changing circumstances and household income levels and does not accurately reflect today's modern family dynamics. Inadequate affordability considerations when determining maintenance payments, flashpoints over the number of nights a child spends with each parent and how they factor into calculations, and a failure to consider the financial status of the receiving parent are all concerns that arise, particularly among paying parents. These issues engender mistrust while risking worsening the situation of low income paying parents.

Perhaps the most damning feature of the system, though, is the fact that in some instances parents in conflict report that their former partners threaten engagement with the CMS. That CMS arrangements can be weaponised in this way shows the strategy of incentivising parents into family-based arrangements by placing barriers and penalties in the way of statutory support has effectively created a "hostile environment." Instead, the primary focus of the CMS should be on protecting the financial security of children, recognising the need to support rather than coercing parents into productive post-separation relationships. Fundamental reform of the CMS is now overdue.

2. The role of child maintenance in tackling child poverty

Every child has the right to be raised free from poverty, protected from harm, and with a safe place to call home (Save the Children 2024). Too many children in the UK are forced to endure poverty, with damaging consequences for both their childhood and later life (Whyte et al. 2023). Children living with one adult (the majority being the mother) face a greater risk of poverty, with around 45% in poverty, compared with around 25% of children living with two adults (figure 1). Family separation is a major factor here, with four out of five children of separated families living primarily with just one adult [see The role of the existing child maintenance system in children's financial security.]

Figure 1. Child poverty rate among children living with one adult, and children living with two or more adults.



Source: Authors' analysis of DWP Households Below Average Income. NB, throughout this paper, three-year averages are used as this allows us to handle small sample sizes when analysing specific parent groups. Data from 2020/21 is excluded as unreliable due to difficulty conducting surveys during the pandemic.

This gulf in poverty rates can be attributed to a range of structural factors shaping parents' incomes in the UK. These include the impact of childcare and domestic work on parents' ability to work, persistent gender norms that shape the division of this work, and most frequently disadvantage mothers, and the gender pay gap (Andrew et al. 2021). Couples overwhelmingly navigate these challenges via a division of labour that sees lower labour market participation rates and earnings among mothers (as compared with women without children) and higher participation rates and earnings among fathers (as compared with men without children). This division of labour is clearly not available to single parents, among whom we see labour market participation and earnings at similar or lower levels than mothers in couples [see The role of the existing child maintenance system in children's financial security].

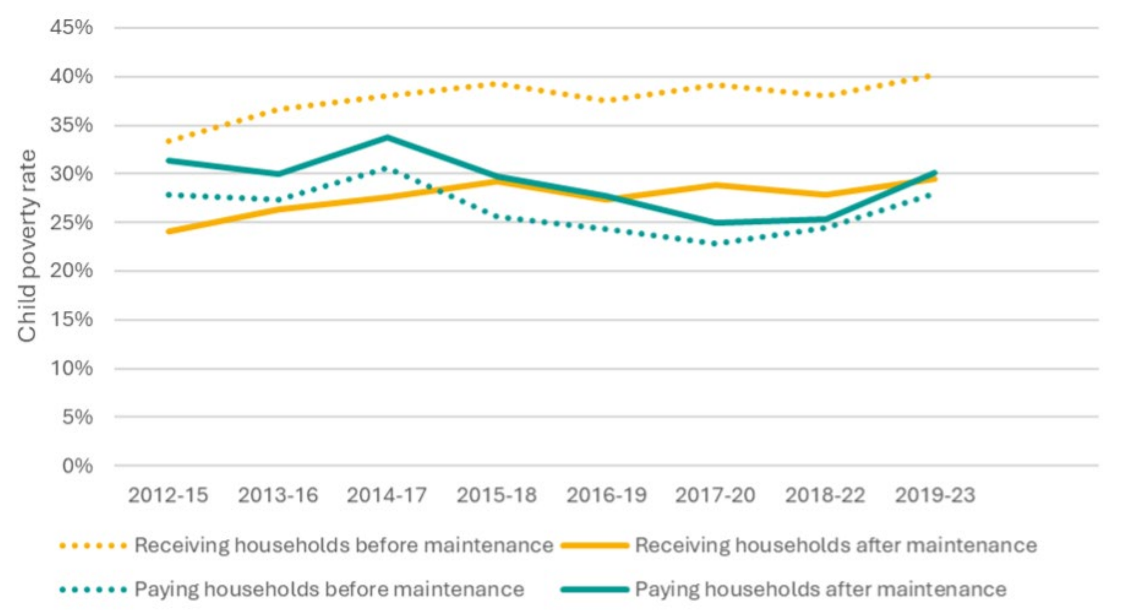
The UK's social security system has scant recognition of the structural disadvantages faced by single parents. Indeed, the challenges faced by low-income single parents have been exacerbated by welfare reforms that eroded the real-terms value of benefits, ostensibly compensating this with an increase in the minimum wage. Of course, single parents, structurally disadvantaged in the labour market, saw far more of the cuts than the compensating wage boost (Cribb et al 2022).

Put simply, institutional and social systems in the UK are implicitly geared towards a two-parent model, which leads to financial insecurity among the children of separated parents. Single parents are twice as likely as couple parents to find they are at times unable to provide their children with the most basic essentials (35% versus 17%).

In this context, child maintenance is effectively the only state-administered system that can specifically respond to these structural drivers of financial insecurity among children in single parent households. When child maintenance fails, single parents are left to rely on systems that are implicitly designed around a traditional nuclear family model. This is not to say ensuring children can afford the essentials is or should be the only function of child maintenance, nor that other state functions such as social security should not also play a more active role, nor that all children of separated parents experience financial hardship. But it does highlight the importance of getting child maintenance right as part of a policy package to tackle child poverty. The overwhelming majority of parents living in Scotland we polled (94%) agree that ensuring children can afford the essentials is one of the most important purposes of child maintenance [see Child maintenance polling results: IPPR].

Is the current child maintenance system fulfilling this role? When paid, child maintenance can have a significant impact. Among children who receive maintenance, the child poverty rate is around 30%, when it would be 40% without maintenance payments [see The role of the existing child maintenance system in children's financial security]. In aggregate, child maintenance reduces the number of children in poverty in the UK by 140,000 (DWP 2024b).

Figure 2. Child maintenance makes a much larger impact on child poverty rates in receiving households than in paying households



Source: Author's calculations using DWP Family Resources Survey and Households Below Average Income, three-year rolling averages from 2012/13-2023/24 (excluding 2020/21 due to data issues).

However, the anti-poverty impact of child maintenance has been held back by the massive growth in the number of separated families with no maintenance arrangement, which has reached over a million (44% in 2019-20, up from 25% in 2011-12) (NAO 2022). Non-compliance, arrears and inconsistent payments within current arrangements also serve as barriers to financial security for children. Therefore, while child maintenance can improve the financial security of children, the system as it currently stands is failing to deliver for too many.

3. The UK's child maintenance system

Under UK law, each parent has a 'duty to maintain' financial support for their children (Child Support Act 1991; UK government 2024)[2]. Support must continue while the child is under the age of 16, or under the age of 20 if in full-time education excluding university.

Parents can make a maintenance arrangement either through a private agreement between parents (family-based arrangements) or through statutory arrangements of which there are two: "Direct Pay" and "Collect and Pay". These arrangements are provided through the Child Maintenance Service (CMS), delivered by the Department for Work and Pensions (DWP). The CMS can also help find parents who are absent and not fulfilling their obligation, direct cases with disputes over parentage between adults to the courts and make use of DNA tests.

Following reforms made in 2012, parents seeking to utilise the CMS were charged an initial £20 application fee. This £20 fee was removed for all parents in February of 2024 amidst years of campaigning by charities highlighting the financially detrimental impact it had on children and single parents.

Child maintenance arrangements generally designate a 'paying parent' (non-resident parent), usually the father, who makes financial transfers to a 'receiving parent' (resident parent), usually the mother. The amount a paying parent is required to transfer as child maintenance is a function of their gross income; the number of nights a child spends under the paying parent's care; the number of children cared for by the paying parent; and the paying parent's gross income with weekly contributions ranging from £7 to more than £800 (UK government 2023).

Direct Pay is the more hands-off approach, with the CMS calculating the payments owed, and leaving parents to transfer funds between themselves. It is up to parents to log and inform the CMS where arrangements are unfulfilled. The hands-off nature of Direct Pay ostensibly provides a final opportunity for parents to establish a family-based arrangement, and as such avoid moving to Collect and Pay, and the associated fees.

Under Collect and Pay, the CMS calculates and manages payments from paying to receiving parents. The CMS compels paying parents to pay from earnings, benefits, shares, or pensions. Following the 2012 reforms package, paying parents are charged a 20% additional surcharge on top of their maintenance payment (which accrues with arrears), and payments to receiving parents are deducted by 4% (DWP 2017). The use of fees to incentivise private agreements are justified as helping to fund the CMS and provide 'value for taxpayers' (Foley 2024a). Parents cannot move directly to Collect and Pay, rather it is reserved for those who cannot make a Direct Pay arrangement work.

[2] Exceptions include parents in full-time education, in prison, or with no income

The “hands-off” character of Direct Pay means it offers no protection for those single parents who have been subjected to domestic abuse, including financial abuse by the paying parent. While it is written into the 2023 Child Support Act, that in cases of domestic abuse an arrangement can be immediately placed on Collect and Pay, this is not yet legally in full force (Child Support (Domestic Abuse) Act 2023).

One of the distinct features of the UK system concerns how maintenance payments interact with social security and is central to its anti-poverty impact. Many social security entitlements, such as universal credit, are income-related – the higher a claimant’s non-social-security income, the lower the entitlement. In the UK, maintenance payments are not counted as income for the purpose of these calculations, and so have no impact on social security entitlement (a ‘full disregard’) (Skinner et al 2016; Hakovirta et al 2019a). This contrasts with other countries such as Germany and New Zealand where higher maintenance payments can result in lower social security entitlements (Hakovirta et al 2019a).

The evolution of the child maintenance system has tended to prioritise taxpayer savings rather than children’s financial security

The UK system has gone through various reforms over the last three decades. Central to the choices made in each reform was the objective to reduce cost to the state. In 1991, the UK government created the Child Support Agency (CSA) to help parents reach maintenance arrangements. The UK government argued that the cost of the CSA would be offset by reductions in income-related benefits for single-parent households (House of Commons Library 2021). The CSA came online in 1993, but was operationally slow, unable to meet demand, and financially inefficient, amassing £2.5 billion in arrears owed to children in the UK (ibid). In 2012, the CSA was replaced with the CMS.

The 2012 reforms package aimed to reduce costs to the state by shifting separated families from statutory arrangements toward family-based arrangements as the ‘first’ and ‘better’ option for children, on the grounds that those who already had family-based arrangements saw “higher satisfaction and compliance” (Henshaw 2006; DWP 2011). Family-based arrangements create little cost to the state beyond hosting guidance documents and maintaining a payment calculator on the DWP website. Parents privately agree and sustain arrangements, usually the transfer of money with amounts calculated using the DWP’s website as a starting point. This requires cooperation between separated parents and the ability to adapt to changing needs and circumstances, which can be challenging, particularly in cases of conflict.

The policy preference for family-based arrangements was justified in government papers by reference to “higher satisfaction and compliance” rates among parents who used this route, as compared with parents using statutory arrangements (Henshaw 2006; DWP 2011). The reforms thus sought to increase the use of family-based arrangements by disincentivising the use of statutory arrangements. This represented a somewhat backwards logic, seeing family-based arrangements as the cause of satisfaction and compliance, rather considering the possibility that separating parents who were already on relatively good terms - and had adequate financial resources - were simply better equipped to agree their own arrangements with minimal support.

The stated objective of the DWP is to see a greater proportion of family-based arrangements and a ‘smaller, more efficient’ CMS to respond to cases requiring additional support (NAO 2022). However, the approach taken largely consisted in constructing barriers to the use of statutory arrangements. These barriers included ending automatic referral to the CMS for separated parents on benefits, designing a system of gateways within the CMS for parents to pass, and charging fees for using statutory support.

As detailed throughout this briefing, these choices have had predictably negative effects on those parents (and their children) who do rely on statutory arrangements. But they have also failed on their own terms to promote family-based arrangements. Between 2011/12 and 2019/22, the proportion of separated families with a family-based arrangement did increase (from 29% to 38%). But over the same period, the number of separated families with no arrangement increased by twice as much (from 25% to 44%) (NAO 2022).

That the reforms were twice as effective at driving families away from child maintenance arrangements as they were driving them towards family-based arrangements is a damning indictment of the system’s design. Far from empowering separating parents, it has more often abandoned them. A child maintenance system that maximises its anti-poverty impact needs a different approach.

Increasing the number of children from separated families receiving maintenance payments will require a reassessment of how the child maintenance system can and should work in Scotland and in the UK. As child maintenance is reserved to Westminster, the bulk of necessary reforms will need to be undertaken by the UK government.

Altogether, the extent the 2012 reforms which reduced the role for the state, delivered on the UK government's objectives is mixed. The real terms cost to taxpayers of child maintenance has fallen by £242 million between 2011/12 and 2020/21, as the proportion of family-based arrangements increased (NAO 2022). However, during the same period, as separated families with a statutory arrangement fell to 18%, families without any arrangement increased to 44% (ibid). Meanwhile, enforcement of CMS arrangements has been lacking. Only 49% of paying parents on Collect and Pay paid more than 90% of their maintenance due in September 2021, and £614 million of maintenance has been unpaid maintenance since 2012 (NAO 2022; DWP 2024a). These arrears and unfulfilled arrangements are the outcome of ideological decisions which have created a hostile environment around accessing statutory child maintenance support, resulting in less money supporting children in poverty, and running the risk of costing the taxpayer long-term to compensate for the cost of poverty (Whyte et al, 2023).

4. Disincentives have driven parents away from the system and exacerbate conflict

The Direct Pay system exacerbates conflict between parents and functions as a hurdle in the way of state support transferring payments

Where parents need access to the statutory Collect and Pay system, they must first demonstrate their child's other parent is failing to meet their obligations or abide by the rules. This is the function of the Direct Pay system, which engages parents little beyond calculating maintenance obligations and instructing parents to log weekly progress of an arrangement. Where issues emerge, it is up to parents to retain the evidence to bring to the CMS' attention.

Across the focus groups, [see Identifying 'the problem: Analysis of findings from Paying and Receiving Parent focus groups], both paying and receiving parents felt the onus was on them to evidence, report and prove their case to the CMS. This includes circumstances where a paying parent is suspected of dishonestly in reporting changed employment status to reduce their obligations, or a receiving parent is suspected of lodging erroneous claims. Parents, who are not generally expert in child maintenance law, may then overlook crucial evidence, which means legitimate claims fail. Meanwhile, parents are sometimes driven to take actions that jeopardise their own safety, such as covertly following their ex-partner to gather evidence of their activities (NAO 2022; Work and Pensions Committee 2023). As one receiving parent in a focus group recalled:

> "My mum flagged to me that she had seen him [paying parent] walking every morning with a hi-vis vest on. He told the CMS he wasn't working. I followed him in my car to see where he was going and my mum came with me in case anything happened, just so we could prove to the CMS that he had a job."

The hands-off nature of Direct Pay was described in the expert session as concerted 'hiddenness', providing a final opportunity for parents to return to a family-based arrangement without need for extensive state involvement. Direct Pay functions largely as an obstacle that the children of separated parents, who would benefit from the security and dependability of a Collect and Pay arrangement, must endure before Collect and Pay is deemed necessary.

In May 2024, the DWP launched a consultation which corroborates the failure of Direct Pay to encourage family-based arrangements and to respond to non-compliant parents and instances of domestic abuse. The consultation proposes the abolition of Direct Pay in favour of all cases being managed through Collect and Pay.

Charging fees is unfair and can be used as a threat by antagonistic parents

The removal of the initial £20 charge parents paid for utilising Direct Pay was celebrated by charities, described as a 'deterrent' to accessing necessary support, and according to DWP research, the reason up to 3 in 10 parents go without an arrangement (McHardy 2016; Allbeson 2017). This was echoed in the expert session with one participant describing it as a 'real barrier' to more reliable financial arrangements. The same logic applies to Collect and Pay fees.

The 4% deduction not only removes money which would otherwise benefit children but also the threat of the 20% fee on paying parents discourages some receiving parents from making the transition from Direct Pay, fearing repercussions from the paying parent. In one focus group, a receiving parent on a Direct Pay arrangement shared how payments were halted by their former partner, and she feared moving to Collect and Pay:

"He stopped paying and I was scared to reach out to the CMS to change [to Collect and Pay] because he was annoyed to start with that I went through the CMS to ask him for money, and he would have to pay extra fees."

Meanwhile, for those who transitioned to a Collect and Pay arrangement, receiving parents expressed frustration about paying fees for a service which often fails to deliver for children. According to a National Audit Office report, in 2021, 5% of parents on Collect and Pay had not made a payment for over 18 months (NAO 2022). In a focus group, one receiving parent asked:

"Where are all these payments going to? What are they helping? Because nothing's changed. The money they're collecting is just to pay their wages but there's people [receiving parents] sitting with less than what's being collected from me, and nothing can be done about that."

Ultimately, as referenced during the expert session, the 4% deduction ends up 'denying children money' during a cost-of-living crisis, financially penalising children whose parents have struggled most in reaching an agreement, while the 20% surcharge risks further undermining the financial security of paying parents (OPFS 2022; OPFS & Scottish Women's Aid 2023; OPFS 2023). Research also found that fees keep families who require the security of a Collect and Pay arrangement stuck in Direct Pay arrangements (Allbeson 2017).

Again, in recognition of the self-defeating nature of the fees implemented, the DWP's live consultation proposes reducing Collect and Pay fees to 2% for both receiving and compliant paying parents (with non-compliant paying parents still asked to pay an additional 20%). This is a welcome step, however, even with this change, it is arguable that the use of fees and charges to incentivise behaviour among separated parents is inappropriate.

Our polling found the majority of the parents we polled (51%), whether they have experience with child maintenance or not, agree that charging parents will increase conflict and produce worse outcomes for children. Only 34% think it is important that people who use the CMS help fund it directly. Furthermore, it is questionable whether fees and charges really do meaningfully help fund the service. Prior to the abolition of the £20 charge and the proposal to reduce fees, £40 million of the £365 million gross cost of the service was collected from users (11%). Reducing charges will inevitably cut this contribution further, making it less relevant to the overall cost of the service. In this light it would be more appropriate to review the existence of fees, not just their level.

5. As a service, the CMS leaves parents feeling let down

Our poll revealed as many as 35% of parents who have either paid or received child maintenance describe their system of the CMS as negative, while only 26% describe the experience as positive. A similar proportion (36%) felt the current child maintenance system has the effect of increasing conflict between separated parents, with only 22% saying it reduces conflict.

On top of the design of the statutory system and its counterproductive use of incentives to drive parents towards harmonious arrangements, the way the service operates also contributes to parents' negative experience.

Separated parents feel the CMS treats them like customers of an under-resourced call centre

In our focus groups, both paying and receiving parents' experiences of using the CMS, particularly the telephone helpline, led them to conclude the CMS is under resourced. They described lengthy periods left on hold, unsuited to working hours, and unproductive conversations which would often end abruptly and with unanswered questions:

"You wait an hour [on phone] to get through to them…then you get put through to a triage system, so if you ask anything specific or technical whatsoever, and quite often they are, they can't answer them, and you are then passed on to somebody else – which takes another hour or two hours… you just don't have two, three hours a day to muck about with the CMS."

Even when issues are apparently resolved, the time taken by the CMS to process cases can mean parents in financially precarious situations feel left in limbo. This is a common criticism of the speed and effectiveness of the CMS (OPFS 2022). A paying parent in one of the focus groups recalled their experience:

"Impending payment coming up on Monday…I am going to struggle to pay…they are just too slow to react. I have sent them the evidence online, phoned up and spoke to someone – they can't do anything about it – they've just got to put it in the queue to be looked at by whoever is dealing with it and wait for these things to be processed, which is not helpful."

Across the focus groups, paying and receiving parents were united in their criticism of the quality of support the CMS provides, notably a frustration with a lack of consistency. Parents described how every point of contact by telephone requires parents to retell their circumstance, which can be timely and emotionally distressing. Inconsistency in personnel handling parental casework was also viewed as a chief barrier to resolving issues:

> "Different person and message every time you speak to them…stressful having to deal with a break-up, not seeing your kids, and then the added stress of them [CMS]– it's soul distressing."

A perception which ran through the expert session and focus groups was that the CMS can relay inaccuracies relating to the financial contribution owed by paying parents; requests for evidence; or other details sensitive to cases. These errors not only heighten parental tensions but can result in total relational breakdown to the financial detriment of children. One paying parent described an instance where requests for evidence were erroneous:

> "I have submitted evidence for the cost of contact, and I phoned them up, gave them the times and dates, submitted receipts online, but then I got a letter from the CMS saying that due to lack of evidence I couldn't make any adjustments to my payment. I phoned back, and they said 'yes, we have all your information and looks like the amount of information you need to submit."

Recalling their experience, some parents described interactions with different personnel who provided conflicting advice or were not being pointed in the right direction to additional legal or community support to help secure arrangements and boost the financial security of children. In the confusion, issues go unaddressed, and children are left in often financially vulnerable positions. As one parent in a focus group described:

> "What CMS say and what is actually the truth isn't always the same thing… sometimes if you make two phone calls to them, they will tell you completely different things."

This seemed particularly true in more complex cases, with some parents questioning whether call handler's expertise went beyond the basics. For instance, one paying parent on universal credit (UC) complained that maintenance payments were not being deducted from their UC. As the amount deducted from a UC entitlement depends on earnings and employment status, the parent indicated a communication issue within the DWP risked the arrangement falling apart:

> "Mum had it as Collect and Pay when I wasn't working – and every month they [the CMS] failed to take the money out of my UC. UC said there was no issues, CMS blamed them – I sent money directly to the mum, but every month the debt was added by CMS to what I was owed them, including the 20% charge…still sitting there as uncollected fees."

Another regular complaint among parents was the insensitivity of interactions with the CMS, either as call handler interactions, standard non-trauma informed letters, or increased digitisation with some parents worrying that substituting direct human interaction with a digital interface is detrimental to parental wellbeing. A service that fails to recognise the emotional stakes and likely financial precarity of parents and children can lead to reduced engagement. As one parent in a focus group described:

> "Calling the CMS is like calling [a mobile phone company], they are unsympathetic, get angry, and cut into the conversation whilst you're telling your story. They have no patience or a caring response…this is about your life and your child's life, not a phone contract."

Even within statutory arrangements, large amounts of child maintenance goes unpaid

On the fundamental issue of received payments, a Work & Pensions Committee report found half of all paying parents did not pay, or paid less than, their arrangement demands (Work and Pensions Committee 2023). Research indicates it is common for children on Direct Pay to receive variable amounts and in irregular intervals, meanwhile unpaid maintenance for Collect and Pay arrangements is set to reach £1 billion in total by 2031 (McHardy & Robertson 2023).

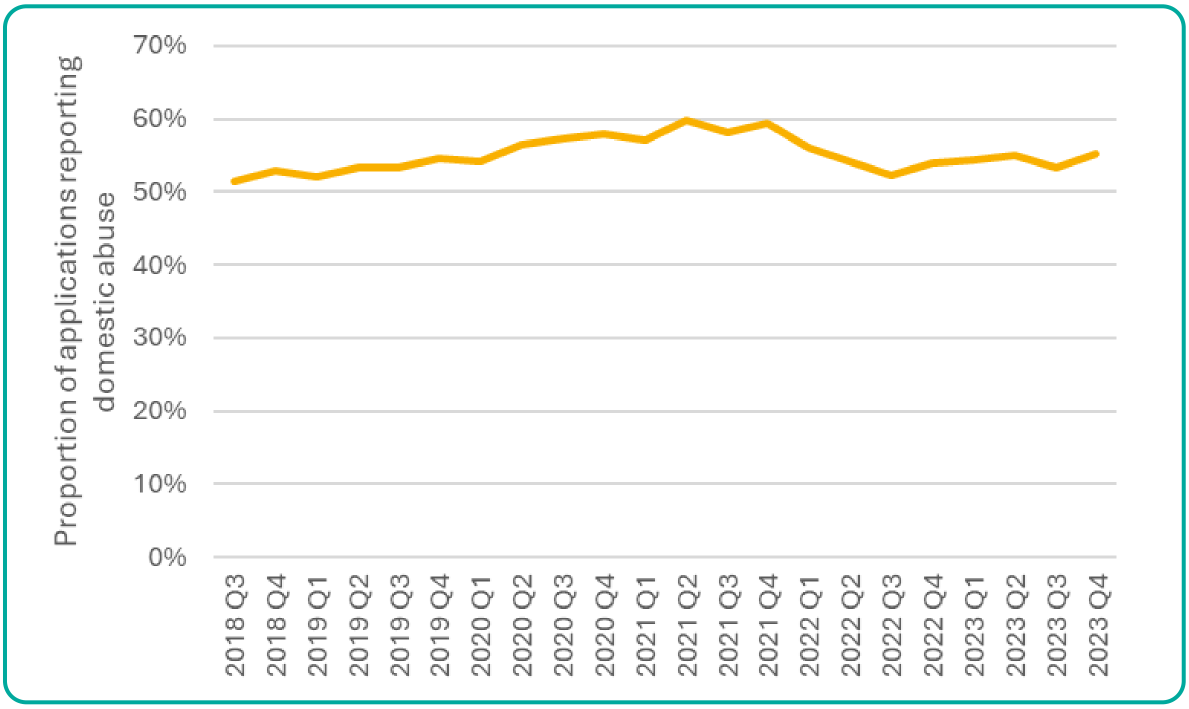
This appears to be the result of insufficient enforcement by the CMS, notably the slow process of collecting unpaid maintenance through Deductions from Earnings Orders (DEOs), which can fail to keep pace with paying parent's change of jobs (NAO 2022). Additionally, where paying parents miss payments, or do not pay in full, receiving parents across the focus groups complained of an apparent lack of prioritisation by DWP to recover these debts. Particularly where a paying parent is on UC and owes pre-existing debts to the DWP, child maintenance cannot be deducted from their UC earnings until previous debt is paid off, meaning reduced payments for children (OPFS 2023). While the creation of Administrative Liability Orders in 2023 intended to accelerate action against non-compliant parents, and stop children spiralling into financial insecurity, there was little evidence of its positive effect.

Parents feel the service is inadequately equipped to deal with cases of domestic abuse

Domestic abuse features as one of the most persistent barriers to financial security of children (OPFS 2022; McHardy & Robertson 2023). Firstly, parents feel there are insufficient safeguards for families engaging with the CMS. Secondly, the CMS is unable to support parents who feel unable to recount and disclose their experience (OPFS and Scottish Women's Aid 2023).

Reports of domestic abuse are sadly common among applications to use the Collect and Pay service (figure 3), consistently featuring in over half of all applications.

Figure 3. More than half of applications to the Collect and Pay service report domestic abuse



Source: Authors' analysis of DWP (2024a). Only data after Q3 2018 shown as prior to this DWP did not ask parents directly if they had experienced domestic abuse.

One parent remarked:

> "I looked at the website and it was too much to deal with. I was suffering the aftereffects of domestic abuse. I had to be very careful dealing with ex in case he took my son back to the country where he's from."

Parents across our focus groups indicated not all CMS staff seemed to have the necessary training in how to deal with domestic abuse. Particularly in cases where 'no contact orders' were in place, or certain cultural contexts complicated matters, staff would ask the impossible such as to make contact with the paying parent despite a history of abuse or offer lacklustre alternatives. In the focus groups, receiving parents with domestic abuse experience recounted:

> "They [the CMS] try to push you to Direct Pay, or if you don't want contact, the suggestion I had was 'do you not have a family member who can be the middle person for you?"

> "I was in a relationship with extreme domestic violence...I come from a Muslim background, and in my situation his family all supported him...He made a claim through the CMS, and I had no contact with my child at this point. The CMS kept sending me letters and never showed understanding of the complexities of my situation."

The CMS has made efforts to better serve parents with experience of domestic abuse, through a single-named caseworker pilot, mandating certain trauma-informed domestic abuse training to staff, and consulting with other organisations on how to improve communication (Foley 2024b).
As our findings indicate, however, there is plenty of scope for improvement.

6. Child maintenance formulae are out of date

Both paying and receiving parents have expressed dissatisfaction with how the systems used to calculate maintenance payments reinforce assumptions about the role of individual parents and how arrangements are organised. They also note features of the calculation system which exacerbates conflict between parents and undermines arrangements. If parents view arrangements as illegitimate, or certain features foment mistrust, arrangements risk falling apart, and a child's financial security is threatened.

The outdated and unresponsive CMS payment formula contributes to non-compliance

The impact child maintenance has on the financial security of parents also features as a source of mistrust with the system, and a flashpoint of conflict. As a result of paying child maintenance, a regular complaint from paying parents in the focus groups was the transferal of funds to pay child maintenance left them struggling financially and undermined the quality of care they can provide their children. As one paying parent explained:

"I am making affordability decisions all the time when the kids are with me – do we go to the cinema tonight, no…we will just watch a movie at home, always buying the cheapest food available…It then perpetuates the situation of 'I don't really want to go to dad's house because I get more treats when I am here' and then your contact reduces and it is a vicious cycle."

This concern among paying parents stems from what they perceive as inadequate affordability considerations by the CMS in determining maintenance payments. The use of 'gross pay' in calculating maintenance before income tax and National Insurance contributions is viewed as producing arrangements with unaffordable outgoings. The lack of a self-support allowance, as utilised in many European countries, which would approximate a minimum income for paying parents to afford a baseline standard of living before child maintenance is paid out to children, only compounds issues of financial insecurity (Centre for Social Justice 2019; Davies 2022). This decreases the likelihood a paying parent transfers full and regular payments, as the National Audit Office finds 'unaffordability' to be the "leading cause of non-compliance" by paying parents and undermines trust in the system (NAO 2022). In a focus group, one paying parent described the situation the current system left them in:

"I ended up paying money when I couldn't afford to pay money, got myself into a little bit of debt – the fact that they base it only on your gross salary and don't take any affordability into consideration is absolutely criminal. I believe the system would be much fairer, much better, if they stopped putting the paying parent into poverty."

The formula used to calculate payments does implicitly recognise affordability issues, but it does so in ways which have become outdated and inadequate. The legislation which sets out the income thresholds for determining child maintenance levels are based on valuations from 1998. A Work and Pensions Committee report found a failure to uprate thresholds in line with inflation has added to the unaffordability of maintenance payments, pushing paying parents "into, or further into" poverty (Work and Pensions Committee 2023). This corroborates previous research which argues the CMS misunderstands the financial difficulties paying parents face and has contributed in part to £3.8 billion in arrears (McHardy 2016; Hill & Hirsch 2024). Of course, lack of compliance by paying parents with maintenance arrangements will not always be unintentional and should be pursued accordingly. Indeed, it remains true that persistent poverty is greatest among receiving parents, which directly impacts the financial security of children (McHardy & Robertson 2023).

Some paying parents interpret the maintenance formula as encouraging them to "game" the system

Furthermore, before maintenance contributions can be reconsidered, the income of the paying parent must have increased or decreased by at least 25%. This is recognised by paying parents in the focus groups as a 'high bar', leaving those who may have suffered a significant reduction in income, but below the 25% threshold, in a financially precarious situation (NAO 2022; Work and Pensions Committee 2023). Within the focus groups, one paying parent raised the prospect that the 25% threshold is so unreasonable, it encourages parents to work around it:

"It seems like they want you to game the system – so if you are getting paid less, you should increase your pension payments down 25% to make sure you are being fairly treated."

Another aspect of the maintenance system which generates mistrust among paying parents concerns the fact that only the paying parent's gross income, and not the financial status of the receiving parent, factors into the calculation methodology for maintenance payments owed to children. It is one of the defining features of UK child maintenance which contrasts with countries like Finland and Australia, which also factor a receiving parent's income (Hakovirta et al 2022). One paying parent described their circumstance and perceived unfairness of the calculation method:

"She's in the top 1% of earners, but I am the one paying to not see my children – sending money to somebody who definitely doesn't need it...I have had to sell things, liquidate assets, then the kids come to me, and I have to make genuine hard decisions."

The latest DWP consultation promises to review how calculations of child maintenance are made, to ensure it is affordable and fair for paying parents, while remaining focused on delivering financial security for children. All these issues with the current calculation method raised by parents should be considered for reform.

The formula's treatment of contact time is a blunt tool which becomes a source of conflict

Another example of the current design of child maintenance fomenting mistrust and conflict between separated parents, to the detriment of functional arrangements, concerns the 'nights' mechanism. As the number of nights a paying parent cares for a child increases (above 52 a year), there is a proportional decrease in their maintenance obligation. Tensions arise over differing perceptions between paying and receiving parents of parental motives (Work and Pensions Committee 2023). Across the focus groups, paying parents suspected receiving parents were incentivised to reduce the number of nights in care of the paying parent to boost their financial entitlement, which had a negative impact on their relationship with their child:

"You get your kids 60 overnights a year…mum is looking at that and saying 'oh, if I get that down to 54, I am going to get another seventh'…basing it on overnights creates conflicts."

Meanwhile, many receiving parents within the focus groups express the opposite view: that some paying parents seek to increase the number of nights the child is in their care to purposefully reduce the child maintenance owed, regardless of the best interests of the child:

"At the time when I went to the CMS, he was trying to increase the number of nights he had them…to pay less child maintenance, he was telling them he had them more often than he did."

Separately, paying parents who work nightshifts also took issue with relying on the 'overnights' to make deductions to maintenance payments in line with time caring for their child. This again breeds mistrust with how fairly the system recognises the reality of care arrangements. One paying parent who works nightshifts described their circumstance:

"If I have her [daughter] from 9am till she goes to her bed back to her mum's house, that is not considered a night so regardless of what I do that day – spending money on her, lunch, tea whatever – that is disregarded…I am paying all the costs for having her that day while my ex doesn't pay anything and I go to work…all she [mother] is doing is putting her to bed."

7. Conclusions

When child maintenance works, it can make a real difference to children's financial security, particularly in the context of the UK's labour market and social security system, which systematically disadvantages single parents.

However, in too many cases child maintenance is unreliable or completely absent. The huge proportion of families with no arrangement in place is not inevitable. Indeed, it is in no small measure a result of the government's effort to erect barriers and penalties around statutory arrangements. Those efforts may have originally been made in the hope that separating parents would instead make their own arrangements, but over a decade after the experiment started, we see that twice as many have ended up with no arrangement at all.

The Department for Work and Pensions is increasingly recognising the shortcomings of the system, and the need to move from a service that makes life difficult to one that is more active in supporting parents. The next phase of the Transforming Child Maintenance project will explore innovative proposals for change. We will consider a wide range of potential reforms, including consideration of how child maintenance and the social security system interact. Our aim will be to help build a better system that does more to guarantee the financial security of children in separated families.

8. Related Transforming Child Maintenance research reports

Read the related research reports contributing to this report:

The role of the existing child maintenance system in children's financial security, Dave Hawkey, IPPR Scotland.

This report is a statistical analysis which delves into the Department for Work and Pension's Family Resource Survey and Households Below Average Income dataset to examine the relationship between child maintenance the children's financial security, particularly the impact on child poverty in the UK.

Identifying 'the problem': Analysis of findings from Paying and Receiving Parent focus groups, Casey Smith, IPPR Scotland and Caitlin Logan Carter, One Parent Families Scotland.

This analysis brings together the findings from focus groups with Paying and Receiving Parents, hosted by One Parent Families Scotland and IPPR Scotland, focused on identifying the various issues parents cite while reflecting on their experience with the child maintenance system.

Child maintenance polling results, Dave Hawkey, IPPR Scotland.

This slide package sets out the key findings from the polling commissioned by IPPR Scotland and conducted by Diffley Partnership. More than 1,000 adult parents in Scotland were polled in March 2024, with the aim of understanding the attitude of parents towards the current UK child maintenance system, what it should accomplish, and how it should work.

Test and Learn: Understanding the approach to child maintenance in Fife Evaluation Report , Fiona McHardy, Poverty Alliance.

This report evaluates a local level delivery model of child maintenance, developed and delivered by Fife Gingerbread. This approach is centred around providing tailored support intended to improve the experiences of families accessing child maintenance and to support families in Fife to successfully navigate the system to ensure children receive fair financial support. Additionally, the Evaluation explored the work around capacity building within the current financial inclusion eco-system to embed Child Maintenance in these conversations with lone parents.

About the Transforming Child Maintenance Project

This briefing paper is the result of several months of qualitative and quantitative research conducted by One Parent Family Scotland (OPFS), IPPR Scotland, Fife Gingerbread and Poverty Alliance. As part of this issue identification stage of the research, partners conducted focus groups with paying parents and receiving parents separately to hear directly their experience with the child maintenance system. They also hosted focus groups with experts of the child maintenance system from academia, the third sector, and government. Statistical analysis of existing datasets like the Family Resource Survey also informed the findings of this briefing. The briefing serves to highlight the main issues identified across the research relating to the child maintenance system in Scotland and in the UK.

The next phase of the project will be shaped by the issues highlighted in this briefing paper. The policy development stage of the research will involve recommending ambitious policy proposals at UK, Scottish and local government levels, to radically reform the child maintenance system (CMS), informed by robust evidence and lived experience. We want to see action to tackle immediate shortcomings of the existing CMS, and secure public and political support for long-term, systemic reform.

To assist with policy development, partners will conduct interviews with experts in the field and host an expert focus group to investigate and assess potential areas for reform. Specific policies and the cumulative impact of a different policy regime will be tested through quantitative modelling.

Findings and policy recommendations will be explored in focus groups with paying and receiving parents. A single parent expert panel, supported by OPFS and Fife Gingerbread, will help co-produce the recommendations. The final output will also incorporate the findings from the Fife Gingerbread demonstration project testing innovative approaches to child maintenance locally to increase in the successful receipt of child maintenance for children [see Test and Learn: Understanding the approach to child maintenance in Fife Evaluation Report]. All these elements will contribute to a multi-layered assessment of how child maintenance operates and needs reform in the UK and Scotland.

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One Parent Families Scotland

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Scottish Charity Number SC006403.

Funded by The Robertson Trust

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