Transforming
Child Maintenance

A fairer system for children and families

The role of the existing child maintenance system in children's financial security

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Fife Gingerbread

IPPR Scotland

One Parent Families Scotland
changing lives, challenging poverty

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This annex summarises survey-based evidence on the relationship between child maintenance and children's financial security, particularly child poverty, in the UK.

Summary

The majority of children of separated families live with just one adult, and this is a significant driver of child poverty.

Single parents suffer systematic financial disadvantage in the UK, arising from interactions across the labour market, policy environment and social norms. The social security system does not recognise this disadvantage. In this context, child maintenance is one of the few policies that has the potential to respond to this disadvantage.

Among households where children receive maintenance payments, the rate of child poverty drops from around 40 per cent to around 30 per cent. However, the reach of child maintenance is limited and has not improved over the last decade. Increasing the number of separated families with child maintenance arrangements would go some way to reducing child poverty rates, though the limits to this approach should be acknowledged:

- Resident-parent households who do not receive maintenance payments have similar income levels to those who do receive maintenance payments (excluding maintenance payments from income calculations). Boosting the income of resident parent households where maintenance arrangements are not in place has potential to reduce poverty.
- However, non-resident parents who do not pay child maintenance tend to have considerably lower household incomes than non-resident parents who do pay child maintenance. Increasing the proportion of separated families with maintenance arrangements would mean new payments would tend to be lower than the maintenance amounts currently paid.
- Not all single parent households could receive maintenance payments, most obviously in cases where the other parent has died. These households would continue to face structural financial disadvantages.

Together, these observations make the case that improvements to the child maintenance system have an important role to play in reducing child poverty, but to be most effective should be complemented with a wider policy package that addresses the systematic disadvantages suffered by one-parent families.

Terminology

The diversity of family arrangements poses terminological challenges, as different descriptors can inadvertently miss some types of arrangement.

In this report we refer to “resident parent” as the parent with whom a child lives for all or most of the time, and “non-resident parent” as the child’s other parent (whether they spend a minority of time living with them or not). We use this terminology, rather than “paying parent” and “receiving parent” as some of our analyses concern separated families where no child maintenance is paid.

Our choice of terminology has the drawback that it does not capture some arrangements, such as separated parents who share care equally between them. We have not separated these families out as a distinct group because they make up a small minority of separated families (around 3.6 per cent in the 2022/23 Family Resources Survey).

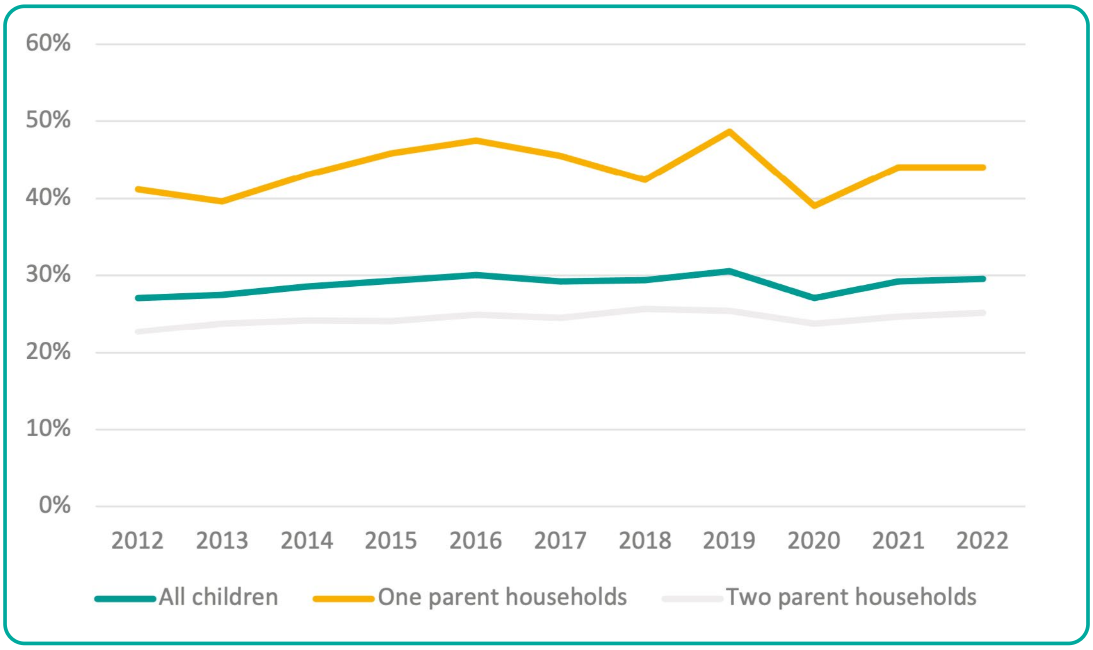
Child poverty rate

Child maintenance is an arrangement among separated families. Following separation, adults may form new relationships, but in four out of five cases, resident-parent households have just one adult[1].

The child poverty rate among single adult households is consistently higher than households with two adults, and in 2022/23 stood at 44 per cent, versus a rate of 24 per cent among children living with two or more adults.

[1] Analysis of the Family Resources Survey 2022/23. We identify separated families based on at least one child living with only one natural or adoptive parent or guardian, with the other parent neither deceased nor in prison. Among this group, 79 per cent of households include just one adult and 78 per cent of children live with just one adult.

Figure 1. The child poverty rate is significantly higher among children living with one adult than among children living with two or more



Source: Author's analysis of DWP Households Below Average Income 2022/23

Among children in poverty, around one in three (34 per cent) live with one adult. Addressing the causes of poverty among this group of households must be a central plank of any strategy to cut the overall rate of child poverty.

Household gender dynamics and the gender pay gap

Two adults in a household can obviously earn more money than just one. However, the causes of low income in one-parent households run much deeper than this simple dynamic, and reflect the gendered division of domestic and employment labour typical across households in the UK, itself a product of combined institutional and social processes (Andrew et al., 2021).

The gender pay gap emerges very clearly at the time families have children. Andrew et al. (2021) show that women's, but not men's overall incomes, rates of working and rates of pay all fall in the year their first child is born, and tend not to recover to previous levels.

The fall in women's income when they have children reflects various social and institutional factors. Policy design in the UK tends to support a gendered division of childrearing and domestic labour. While the UK introduced a system of shared parental leave in 2014, families predominantly default to the long-standing separate maternity leave and paternity leave provision, under which mothers have a statutory right to 52 weeks leave and fathers just two. Just one per cent of mothers use shared parental leave (Department for Business and Trade, 2023).

This gendered division in the earliest period of having children is then entrenched by the relatively high cost of childcare in the UK compared to other countries (OECD, 2024) which incentivises a breadwinner model: one parent predominantly works in the labour market while the other takes on childcare and increased domestic work. Social norms compound these pressures, with around forty percent of people in the UK agreeing that "a woman should stay at home when she has children under school age" (Andrew et al., 2021).

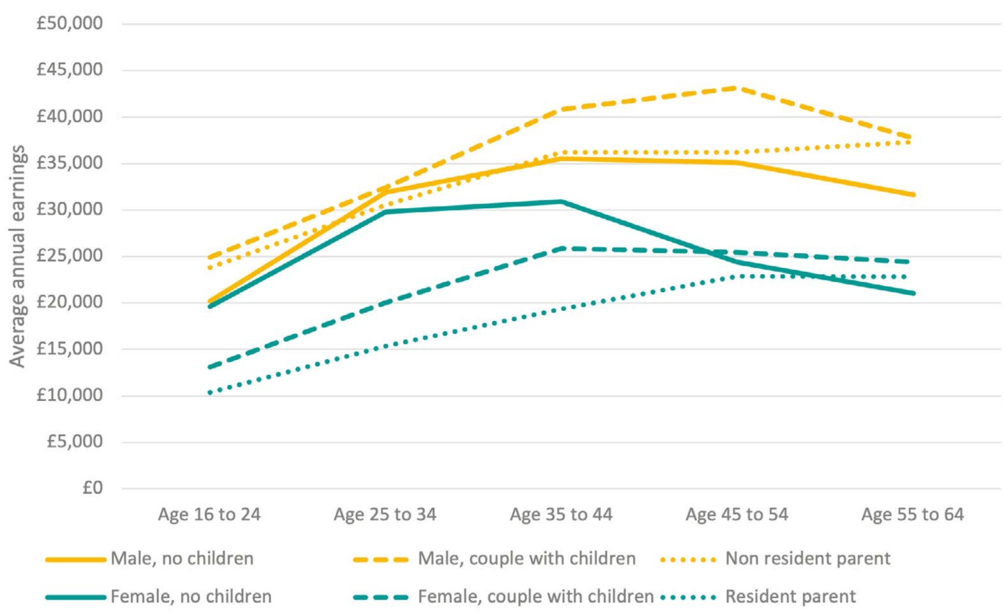
Using the Family Resources Survey, we find this gendered division of labour and childrearing clearly evidenced. Younger women without children have similar income levels as men of the same age. When couples have children, not only does the average income for women fall, but the average income for men also increases relative to men without children.

This suggests that, in the UK, two-parent families achieve a standard of living by balancing the reduced earnings of one parent (predominantly the mother) with increased earnings of the other. That is, the dominant patterns of childcare, domestic work, state support (including child benefit) and the labour market are implicitly geared around a two-adult model.

A household with one adult and children, in this context, faces a structural disadvantage. Having one adult rather than two does not reduce childcare and domestic work pressures which limit the adult's labour market opportunities.

When we compare the earnings of separated parents, we see this consequence of this gendered pattern of roles (figure 2). Among resident parents, 87 per cent of whom are women (DWP, 2024), average earnings are similar, albeit slightly lower, than those of women with children. Conversely, among non-resident parents, 89 per cent of whom are men (DWP, 2024), average earnings are similar to those of men without children.

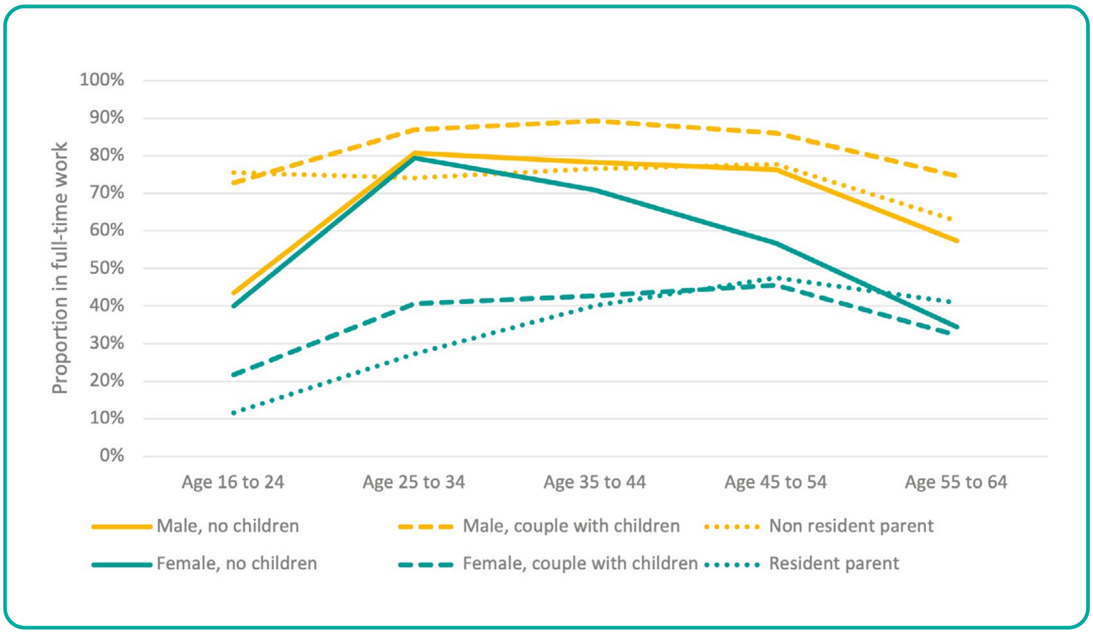
Figure 2. The gender pay gap emerges when families have children and consists of both lower incomes for women and higher incomes for men. Resident parents tend to have even lower incomes than mothers in couple-households.



Source: Author's analysis of DWP Family Resources Survey 2019/20, 2021/22 and 2022/23. Average earnings calculated median within each year (excluding people with zero earnings), inflated to 2022 levels using ONS Average Weekly Earnings index, and averaged across years.

Examination of work patterns shows a remarkably similar picture (figure 3). Before having children, younger women and men show strikingly similar rates of full-time working. Mothers in couples (and older women, a group which will include women whose children have grown up) are much less likely to work full time, while fathers in couples are most likely to work full time. Resident parents have similar, often slightly lower, rates of working full time as mothers in couples, while non-resident parents work full time at similar rates to men without children.

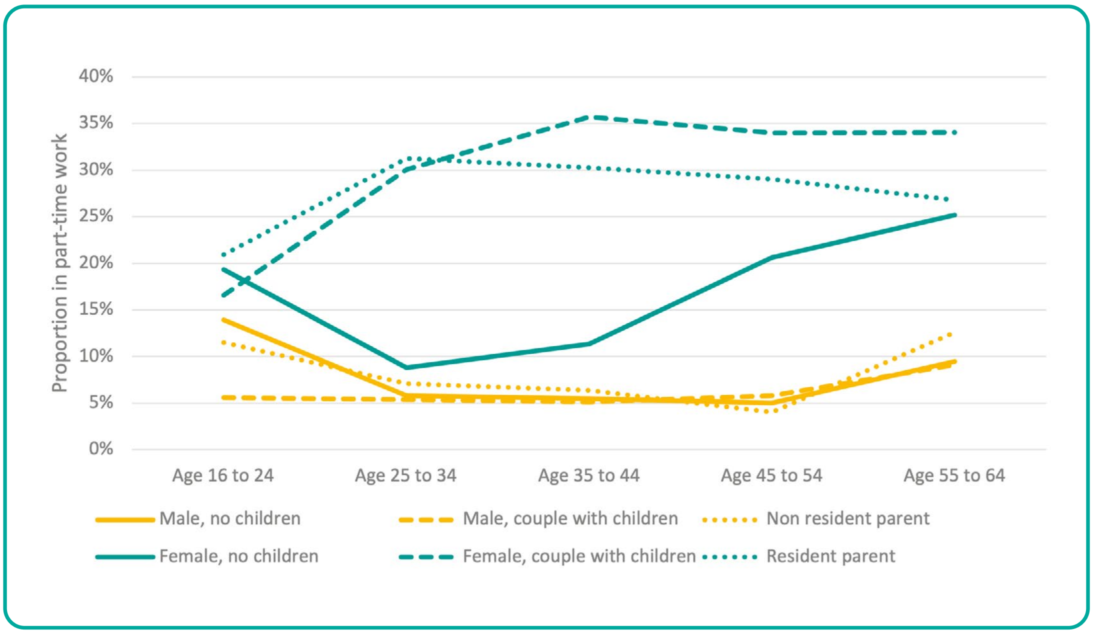
Figure 3. The gendered division of labour inside and outside the home is reflected in rates of full-time work



Source: Author's analysis of DWP Family Resources Survey 2019/20, 2021/22 and 2022/23.

Mothers in couples and resident parents are much more likely to work part time (figure 4) or to not work (figure 5) than are men or women without children.

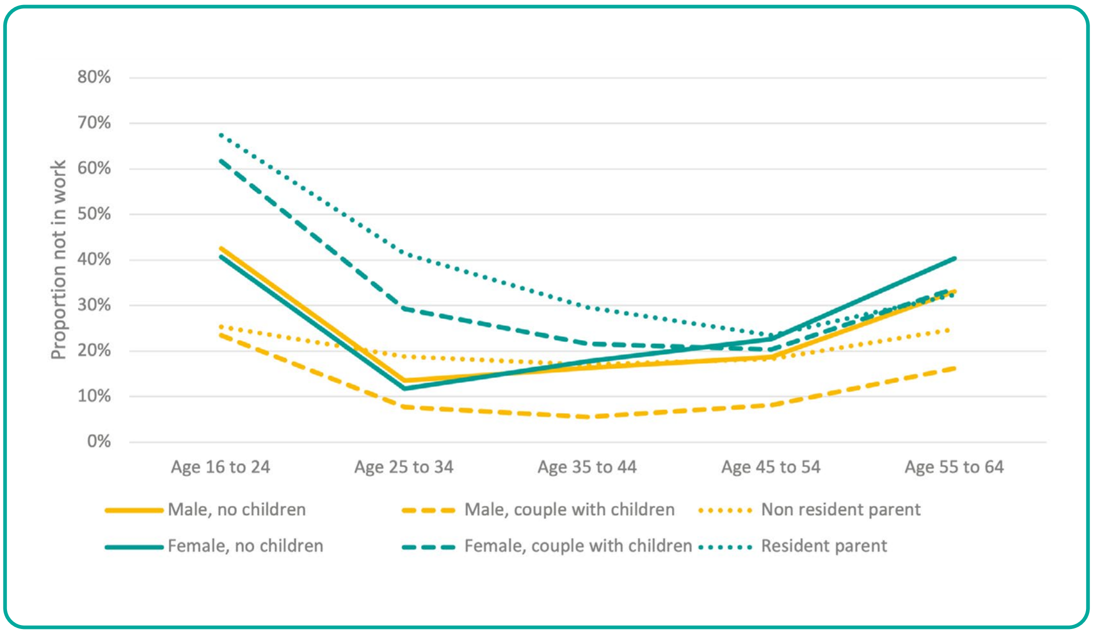
Figure 4. The gendered division of labour inside and outside the home is reflected in rates of part-time work



Source: Author's analysis of DWP Family Resources Survey 2019/20, 2021/22 and 2022/23.

These relationships are statistically significant[3].

Figure 5. The gendered division of labour inside and outside the home is reflected in rates of not working



One-adult households trying to operate in a context geared around a model of two-adults suffer a clear structural disadvantage. Having one fewer adult means the household's spending needs are lower, but its earnings potential is much lower. The gendered character of many parts of the labour market, with women entering more nurturing and less well paid roles (Andrew et al., 2021) further exacerbate the difficulties many resident parents face in earning an adequate income.

Social security

The social security system in the UK generally does not recognise the structural disadvantages faced by single parents. For example, standard allowances under Universal Credit reflect whether claimants are single or a couple. The rate for a couple is lower than twice the rate for a single person, reflecting the fact that couples are able to share costs. Households with children receive additional support (allowances and childcare support) depending on the number of children.

[3] We used regression models to examine the statistical significance of these relationships. Examining earnings, we used a log transformation and included only people with non-zero earnings. We find men with children have significantly ($p < 0.001$) higher earnings than men without children for men between 35 and 54. When we compare resident parents with women in couples with children, we find the former have significantly lower earnings between ages 25 and 34.

We used logistic regression to explore differences in the likelihood someone is in work. Again, we find a significant ($p < 0.01$) difference between men with and men without children (the latter more likely to be in work) for men between 35 and 54. Comparing women with children and resident parents, we find no significant difference in the proportion working.

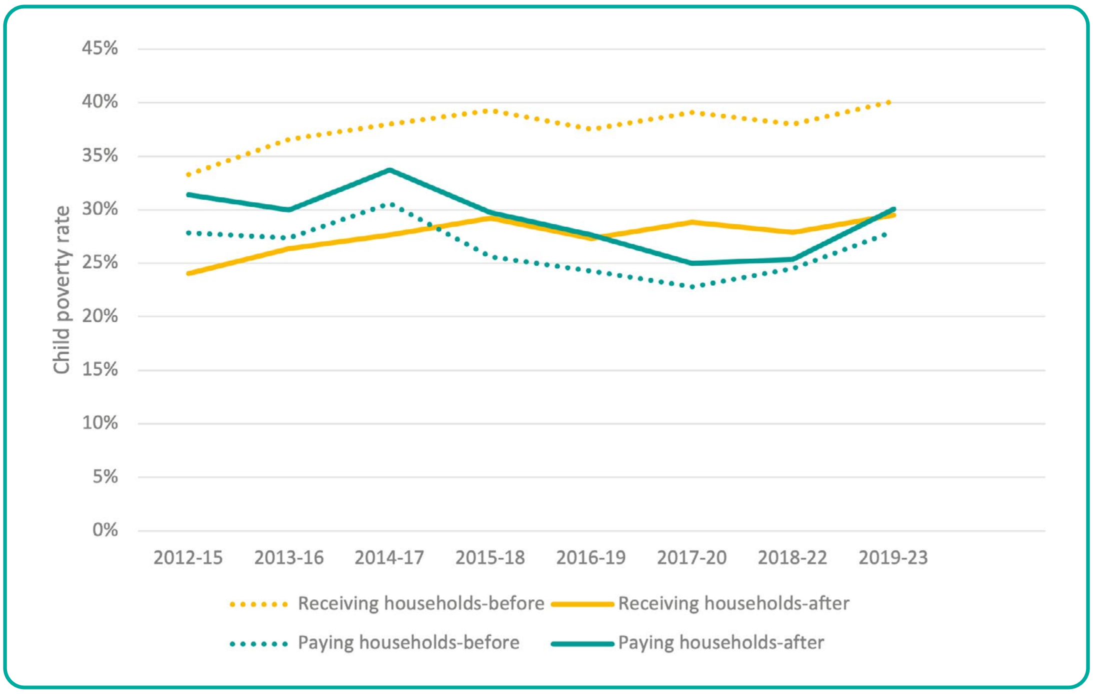
However, Universal Credit rates are generally very low by comparison with household income needs (Statham et al., 2021), and are designed to be supplemented with income from work. Indeed, one of the rationales for welfare reform and real-terms cuts to benefit levels through the 2010s was to shift low income families income sources more towards earnings, with increases in the minimum wage supposedly compensating welfare austerity (Cribb et al., 2022). Differences in Universal Credit support available to households reflect differences in their likely outgoings or barriers to work due to disability, but do not account for the structural disadvantages single parents and their children experience demonstrated above.

While child maintenance is not part of the state-funded social security system, it is the only state-administered/guided system through which these structural disadvantages can be mitigated.

What impact does receiving child maintenance have on poverty?

Transfer of child maintenance to those families who receive it does have an appreciable impact on child poverty. The child poverty rate in households receiving child maintenance payments is 30 per cent, but would be 40 per cent without those payments. The child poverty rate among households who pay child maintenance is also affected by payments, with slightly more children in poverty than would be the case if maintenance payments were not made, though the impact is much smaller than on families who receive maintenance.

Figure 6. Child maintenance payments lift about a quarter of children out of poverty

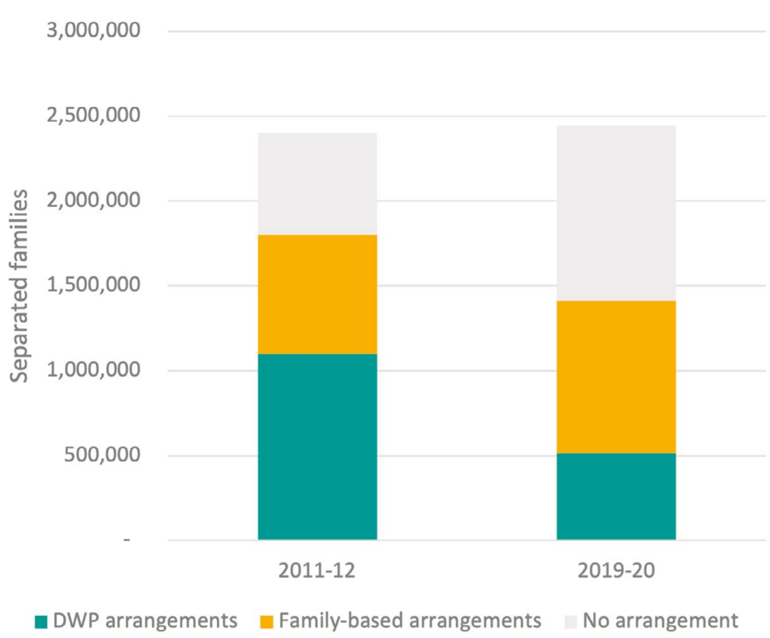


Source: Author's analysis of DWP Family Resources Survey and Households Below Average Income. Three-year averages are used to handle sample sizes. Data from 2020/21 is excluded as unreliable due to difficulty conducting surveys during the pandemic. Hence the final two points in each time series show averages of three sample years over four year periods.

Would increasing the number of financial arrangements within the current system reduce child poverty?

The number of separated families with no arrangement in place has increased significantly since the system was reformed in 2012. In 2011-12, 600,000 families (25 per cent) had no arrangement. By 2019-20 this had grown to 1,030,000 (42 per cent) – a seventeen-percentage point increase[4].

Figure 7. The number of separated families with child maintenance arrangements in place has fallen significantly since the system was reformed in 2012



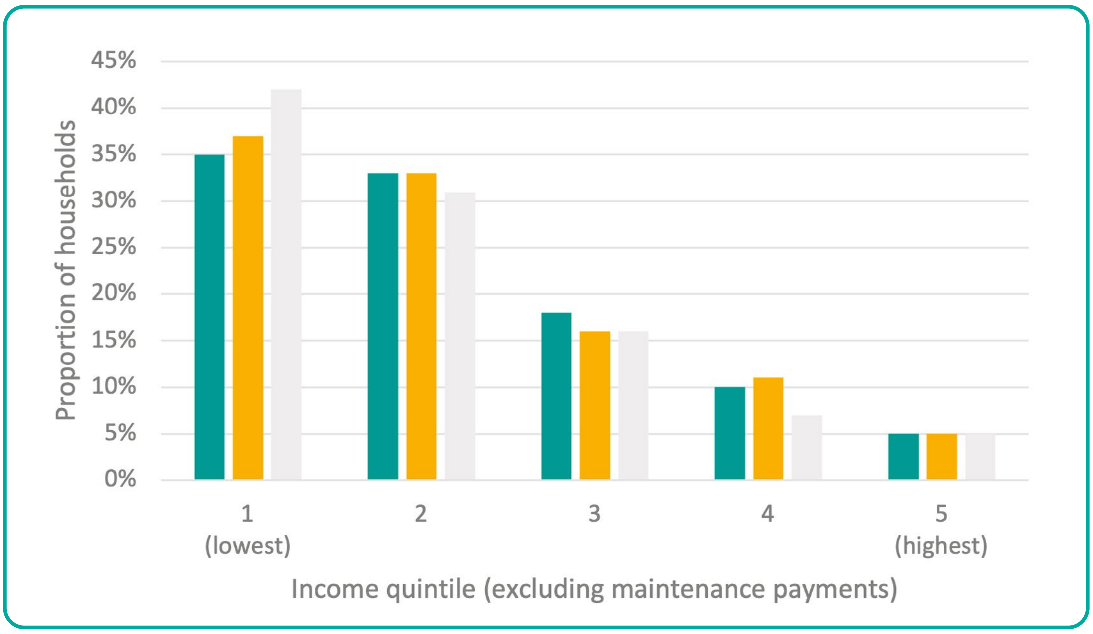
Source: DWP (2024)

The fact that around a million separated families do not have a maintenance arrangement in place suggests scope for child maintenance to play a bigger role in tackling child poverty. This is underscored by comparing the income distribution of resident-parent households who do and do not receive maintenance payments. While resident parents are slightly more likely to be in the lowest 20 per cent income group, the difference is minor and households show a similar clustering at the bottom end of the income distribution, reflecting the structural disadvantages faced by single parents discussed above. Increasing the income of resident parent households who currently do not receive child maintenance would clearly tackle poverty rates.

[4] DWP statistics (2024) suggest the direction of travel is toward more families having an arrangement, with their estimate in 2023 – 59 per cent – higher than their 2015 estimate – 52 per cent. However, these figures are based in different methodologies. The DWP time series only shows an increase in the proportion of families with an arrangement across periods with different methodologies. The data is therefore compatible with a less optimistic interpretation, that the proportion of families with an arrangement has not increased and only appears to have done so because of methodological changes.

Figure 8. Resident parents tend to have similarly low incomes, whether or not they have a maintenance arrangement in place

Proportion of resident-parent households in each income quintile (equivalised after housing costs, excluding maintenance payments), financial years ending 2021-2023.

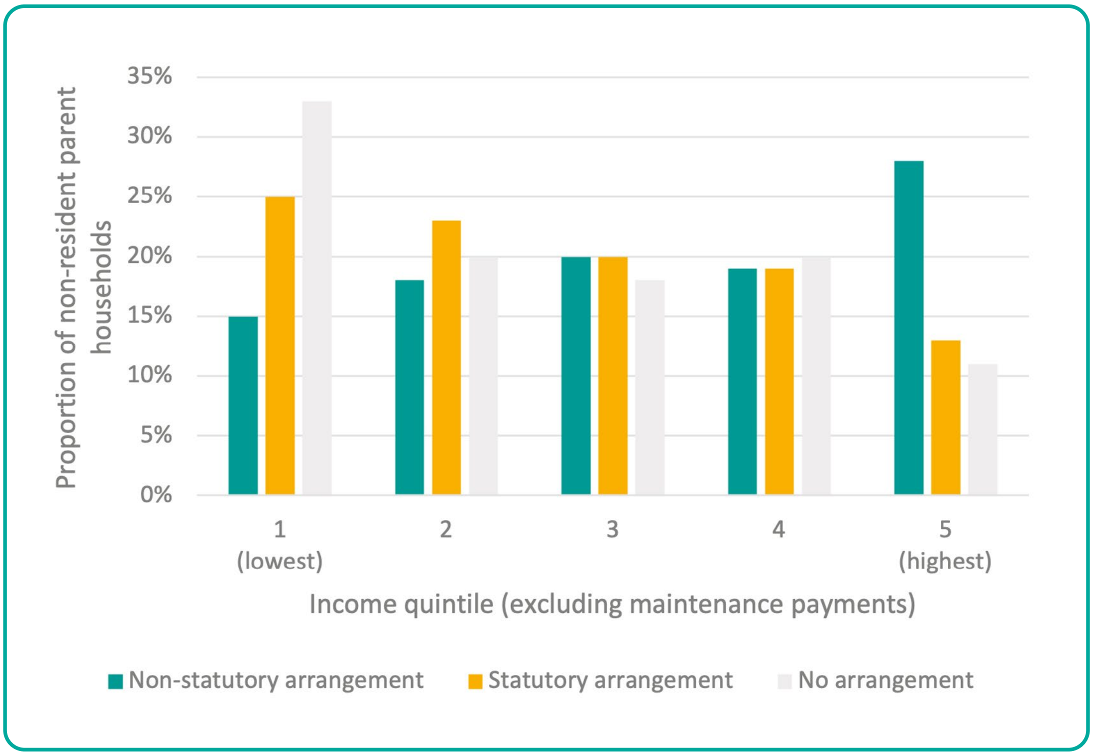


Source: Authors' analysis of DWP (2024)

However, we need to be cautious in extrapolating from separated families with an arrangement to separated families with no arrangement. The income distribution across non-resident parents differs considerably between those who do and those who do not have a maintenance arrangement in place (figure 9). Non-resident parents who have a non-statutory family-based arrangement tend to also have relatively higher incomes. Where no arrangement is in place, non-resident parent incomes are more concentrated at the lower end of the income spectrum.

Figure 9. Non-resident parents without maintenance arrangements tend to have lower incomes that those with arrangements in place

Proportion of non-resident-parent households in each income quintile (equivalised after housing costs, excluding maintenance payments), financial years ending 2021-2023.



Source: Authors' analysis of DWP (2024)

Together this data suggests simply bringing more separated families into the current child maintenance regime would have a dampened anti-poverty impact. Were non-resident parents who currently do not have an arrangement begin paying maintenance, over a third of these would be in the lowest 20 per cent income bracket. Additional maintenance payments would therefore tend to be lower than payments made where families currently have an arrangement in place.

Conclusions

Caring for children is an invaluable contribution to society, but our broad economic system, covering the labour market and social security, tends not to recognise this directly. This underpins a persistent gendered division of labour and income within families, whereby fathers tend to increase their work hours and income, and mothers take on the unpaid caring and additional domestic work that comes with having children.

When families separate, the need for caring and domestic work is not reduced. This is directly reflected in the similar labour market patterns across resident-parents and women in couples with children. This structural disadvantage to single parents is not generally recognised in the social security system, and the main mechanism to compensate is child maintenance.

The data reviewed in this paper show there is a clear case for policy reform to increase the income of resident parents. Mitigating the barriers to successful child maintenance arrangements is one pathway that should be explored, but its limitations must also be recognised. These relate both to the generally low income levels of non-resident parents who currently do not pay child maintenance, and the fact that obvious categories of single parent households cannot receive child maintenance (such as when a child's other parent has died). A strategy to tackle the high child poverty rate among separated families must therefore consider both reforms to the child maintenance system and wider social security reform.

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.

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