



DWP Department for
Work and Pensions

Public consultation

Supporting separated families; securing children's futures

Presented to Parliament by the Secretary of State
for Work and Pensions by Command of Her Majesty
July 2012

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Ministerial foreword

1. This Government believes that strong and stable families are the bedrock of a strong and stable society. That is why almost £6 billion is spent per annum supporting lone parents. Just as parents who live together must take active and on-going responsibility for all aspects of raising their children, so must those who live apart from their children. It is children who lose out when parents do not live up to their responsibilities.
2. We believe that the current child maintenance system places too much emphasis on the state determining financial support and not enough on supporting separated and separating families to reach their own arrangements. Research shows that only an estimated one in five parents makes their own child maintenance arrangements.¹ Despite the Government spending almost half a billion pounds per annum on the child maintenance system, only half of children in separated families benefit from effective maintenance arrangements.
3. A system, which by default pushes families down an expensive statutory route, is not good for children, families, or society. It takes responsibility away from parents and can lead to hostility.
4. In January 2011, we published a Green Paper on the future of the child maintenance system² laying out our ideas about how the new child maintenance landscape might look; placing a greater emphasis on supporting parents to make their own arrangements; and introducing service charges for the use of the statutory scheme to provide a financial incentive for parents to make their own arrangements.
5. The Government's primary aim for child maintenance is to enable the voluntary and community sectors to work with parents to establish a more collaborative culture, providing support from an early stage in helping them to come to their own arrangements on a range of issues that affect their children during and after separation, of which maintenance is just one such issue.
6. Our research shows that just over half of Child Support Agency (CSA) parents with care surveyed said that with help from a trained impartial adviser, they could make their own family-based arrangement.³
7. For parents who, despite support, are unable to come to a collaborative agreement, we will provide a new statutory service that will be both faster and more up-to-date than the current CSA schemes.

1 Based on Commission and DWP analysis of CSA administrative data and a number of different survey sources: Labour Force Survey 2010, Families and Children Study 2008, CM Options Surveys 2010 and 2011.

2 Department for Work and Pensions, 2011, *Strengthening families, promoting parental responsibility: the future of child maintenance*, Cm 7990, TSO available at: www.dwp.gov.uk/docs/strengthening-families.pdf

3 Wikeley, N., Ireland, E., Bryson, C. and Smith, R. (2008). *Relationship separation and child support study*. DWP Research Report 503.

2 Ministerial foreword

8. Our emphasis on early intervention is new whilst our plans to charge parents for using the new statutory service are based on legislation passed in 2008 and Sir David Henshaw's report⁴, which clearly advocated the importance of charging. We have listened carefully to people's concerns and our policy reflects the issues raised accordingly, for example by reducing the application fee for the new service and by ensuring we get the balance of charging right between the parent with care and the non-resident parent. This is in addition to ensuring applicants who declare that they have been a victim of domestic violence have no application fee applied.
9. We recognise that service charging is a tough decision to take, but we believe that it is necessary in order to provide an incentive for people who can, to come to their own arrangements, with the wider benefits that these types of arrangements can provide for children.
10. In addition, service charging will also mean that we will be able to provide a more targeted statutory service for parents who really do need help in setting up and enforcing a maintenance arrangement.
11. This paper sets out the Government's approach for the future, building upon existing legislation. It also launches a consultation on the details of policy implementation stemming from draft regulations, which will underpin charging, and what will happen to existing cases. It does not consult on the question of charging itself, which has already been consulted on extensively.
12. It provides the broader context for these changes, including what we are doing to improve support for separating and separated families. It is radical and tough in parts, but we believe it is necessary if we are to reshape the system to put the wellbeing of children first.



Maria Miller MP

Parliamentary Under Secretary-of-State and Minister for Disabled People
July 2012

⁴ Henshaw D, 2006, *Recovering child support: routes to responsibility*, Cm 6894, TSO.

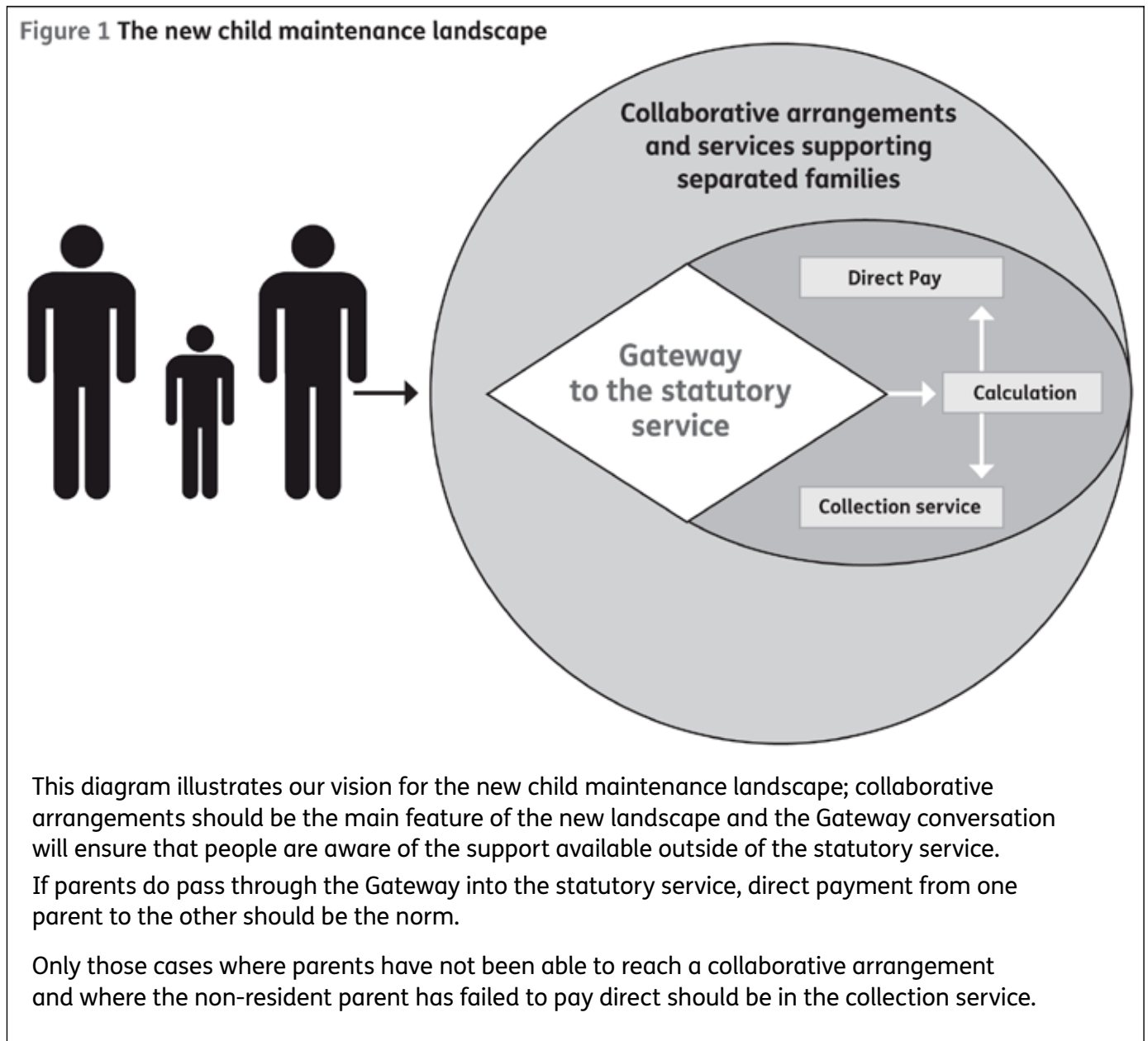
Executive summary

1. This paper launches a consultation on the draft regulations which will underpin charging, not the question of charging itself, which has already been consulted on extensively. This paper also consults on what will happen to existing Child Support Agency (CSA) cases during the closure process.
2. In 2011/12 the Department for Work and Pensions spent almost £6 billion on providing help to 600,000 single parents through income-related benefits including Income Support, Housing Benefit, and Council Tax Benefit. Offsetting the cost of providing benefits to lone parents was a key objective of the original 1993 statutory child maintenance scheme, with maintenance collected being deducted from a parent's benefit entitlement on a 'pound for pound' basis.⁵
3. Another key objective of the 1993 scheme was to increase the number of children covered by effective maintenance arrangements, not least since provision within the court system was largely confined to divorcing couples.
4. Benefit recovery ceased to be an objective of the system in April 2010 and underlying support to single parents is now unaffected by any maintenance they receive. This means that the role of the statutory scheme is now solely to provide effective maintenance arrangements.
5. But, in our view, too many parents have come to see the CSA as the default option for arranging maintenance. It is our view that the better way to secure an effective maintenance arrangement, including (but not limited to) financial maintenance, is to support parents to reach their own arrangements wherever possible, with a new, efficient and effective statutory scheme providing a safety net where needed.

⁵ The CSA Annual Report for 1994-95 records that the Secretary of State target for 'benefits saved' was £460m which it exceeded by £19m.

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6. It is therefore time to refocus the role of the statutory child maintenance system and set it in the context of the broader Government family policy, which is founded on the evidence that children tend to enjoy better life outcomes when their parents are able to provide support and protection throughout their childhood. This is why we are recasting the child maintenance landscape so that it is centred on supporting families (see Figure 1).



7. We want to see better co-ordinated support services for separating and separated families across Great Britain and we recognise that responsibility for family support is a devolved matter. We are therefore working closely with devolved administrations in Scotland and Wales to ensure that our support for separating and separated parents is aligned with devolved provision and takes full account of Scotland's separate legal system.

8. Relationships between parents may end, but responsibilities to children do not. This means that, in the vast majority of cases, it is right that parents should continue to collaborate and each play their parental role to ensure that their children receive the financial and developmental support that they need, even if their own adult relationship has ended.
9. Analysis of the CSA caseload suggests that a large number of the current 1.1 million CSA cases could potentially consider a family-based arrangement. We know that around 20 per cent of clients on the 2003 scheme, who have been positively assessed and are being asked by the CSA for payments, do so by maintenance direct.⁶ Around a further ten per cent are regularly fully compliant with their payments, without deductions being made from their earnings or benefits separately. Furthermore, 50 per cent of clients say they would work together if supported.⁷
10. We see the voluntary and community sector as key to supporting separating families, and therefore we established a Steering Group of experts from this sector to set out how we can ensure that parents have access to the right information and support at the earliest possible stage to help them stay actively involved in their children's lives.
11. The Government has already announced a £20 million investment in the development of this support for the current Spending Review period. This funding complements the £45 million that the Government is spending in 2012/13 alone on supporting families and relationships.
12. This is not about setting up a new agency or institution, but pursuing a programme to enable better co-ordination and signposting of existing support services, providing parents with access not only to local sources of information and support, but also highlighting websites and helplines that already exist and helping them to assess their priorities.
13. It will empower parents to identify and access tailored support that will help them work together effectively, and we will use a new quality mark so parents feel confident that they can trust the organisations they are signposted to.
14. The investment will cover provision of an online distributable web application, training for existing voluntary and community organisations to undertake collaborative parenting conversations, improved face-to-face support, and up to £14 million for the new Innovation Fund: Support for Separated Families, which will test and evaluate innovative projects that support parents and help them to collaborate.

6 Based on analysis of CSA administrative data.

7 Wikeley, N., Ireland, E., Bryson, C. and Smith, R. (2008). *Relationship separation and child support study*. DWP Research Report 503.

6 Executive summary

15. While supporting parents to come to collaborative family-based arrangements is the primary focus of the Government's strategy, we will also introduce a new statutory Child Maintenance Service for parents who are not able to reach an arrangement.
16. If parents need to use this service they must, where they are able to and it is safe to do so, engage in a conversation that will explain the range of child maintenance options open to them. This 'Gateway conversation' will simply support potential applicants to consider alternatives before proceeding with their application. It will ultimately be up to the applicant whether they wish to proceed.
17. There will be a one-off, upfront fee of £20 to make an application to the new statutory Child Maintenance Service, which will not be applied if the applicant has declared that they are a victim of domestic violence, or if they are aged 18 or under. The purpose of this charge is to encourage parents to consider whether they really need to use the statutory service, allowing us to focus resources on families that really do need government intervention.
18. The new Child Maintenance Service will use HM Revenue & Customs information provided on taxable income, alongside other data, to calculate the amount of maintenance that a non-resident parent is required to pay. We will update the calculation with fresh income data, at no additional cost to the applicant, each year for the life of the case.
19. In the vast majority of cases, we will give the non-resident parent the opportunity to pay the parent with care directly, and therefore there will be no further charges or fees levied on either parent. However, if the Child Maintenance Service believes that the non-resident parent is unlikely to pay, or if the non-resident parent subsequently fails to pay in full and on time, we will move quickly to enforce the payment of maintenance through the collection service.
20. The collection service will levy a 20 per cent fee on the non-resident parent. Currently, for a positively assessed case with an average liability of £33.40, this would amount to £6.68 per week, which would create a strong incentive for them to pay directly to the other parent in full and on time.
21. In the current system much time and effort is expended chasing missed payments. Too many non-resident parents simply wait for the system to catch up with them. Taking enforcement action is expensive and this expense is currently met by the taxpayer. This is why we will also introduce a fixed charge for clearly defined enforcement actions that we have to take, for example setting up a Deduction from Earnings Order.

22. Child maintenance cases can last for many years and so collection fees are necessary to provide both parents with an ongoing financial incentive to collaborate or make payments direct. Consequently, a much smaller but necessary seven per cent fee will be deducted from the maintenance paid to the parent with care. Currently, for a positively assessed case with an average liability of £33.40, this would amount to £2.34 per week.
23. In order to ensure that we give all separated parents the opportunity to collaborate, and to provide a fresh choice for those people who entered into the CSA because of the historic compulsion on parents with care on benefit to apply, we intend to gradually end liability on all existing CSA cases over a three year period.
24. Cases that are currently handled clerically or 'off system' will be closed first. This is because they are much more costly for the taxpayer to maintain, and parents involved with such cases are likely to have suffered from a reduced level of service. It is proposed that all remaining cases are closed on an 'oldest first' basis, meaning that those cases – where there is still a qualifying child to maintain – registered the longest time ago will be next to benefit from our reforms.
25. We will give parents in those cases the support required either to come to their own family-based arrangements, or to apply to the new Child Maintenance Service. We intend to commence this process by contacting the initial wave of parents affected around summer 2013.
26. Although we intend to end ongoing maintenance liability in all existing CSA cases over a three-year period, our forthcoming arrears strategy will allow us to focus on pursuing maintenance owed to children in those cases where it is appropriate to do so. We intend to continue this action long after the CSA schemes have closed. The CSA systems may have been imperfect, but that does not excuse parents of their responsibility to pay for their own children.
27. We are actively seeking views on the detail of how charging and case closure should operate in practice, and strongly encourage interested parties to submit their views on this. However, we are not consulting on the principle of charging itself as this has already been consulted on extensively.
28. A delivery timetable for the introduction of charging and the case closure process is set out in Annex A.
29. Finally, we are changing the terminology we use in the statutory scheme to reflect the fact that clients are parents first and foremost and the service provided must put clients' interests first. The Child Maintenance Service will use the terms the 'parent who pays' and the 'parent who receives child maintenance'. For the purposes of this document, however, we have used the terminology used in legislation of 'non-resident parent' and 'parent with care'.

The story of Britain's child maintenance system

1

1. Before the creation of the administrative child maintenance system, many non-resident parents evaded financial responsibility for their children altogether, as many parents with care did not pursue their former partners through the courts, often leaving it to the taxpayer to step in to support children through the benefits system.
2. The Government created the Child Support Agency (CSA) in 1993 to act as an alternative to pursuing child maintenance through the courts. The main benefit of this administrative system was that it compelled non-resident parents who might otherwise have evaded financial responsibility for their children to meet their child maintenance responsibilities.
3. The CSA extended access to child maintenance to less well-off people who may not have otherwise had any child maintenance arrangements in place, and did so at a lower cost to the taxpayer than funding both parents through the court system. However, the costs of providing an administrative child support system have nonetheless been significant.
4. Initially, where the parent with care was on benefits, any maintenance recovered from the non-resident parent was used to offset the cost of the benefits that the parent with care was receiving. In 2007/08, the Department for Work and Pensions recovered over £105 million in this way against the CSA's running costs that year of £563 million.⁸
5. In 2003 a revised statutory scheme, together with new administrative systems, was introduced. This was dogged by serious IT problems and the planned closure of the original scheme never took place. It became clear that more fundamental reform was needed.

⁸ Child Support Agency, *Annual Report and Accounts*, 2007/08, p80.

6. In 2006, Sir David Henshaw published his independent report, *Recovering child support: routes to responsibility*⁹, on how the child support system might be redesigned. One of the report's recommendations was that child maintenance payments should be disregarded in calculating benefit entitlement in order to encourage both parents to co-operate and increase the amount of maintenance flowing to children.
7. A complementary recommendation was that, to encourage parents to make their own arrangements, charges for using the administrative service should be introduced. This would also discourage parents whose circumstances are better suited to the legal route from using the administrative service.
8. In April 2010, the Government delivered on the first of these recommendations, allowing parents with care to keep all the child maintenance payable without any effect on benefit entitlement. The Government introduced new legislation to allow it to charge for services in the Child Maintenance and Other Payments Act 2008.
9. The Government subsequently spent £428million on administering child support throughout its statutory schemes in 2011/12, without recouping anything from the £1,186 million in maintenance arranged or collected that year.
10. This is on top of the near £6 billion in income-related support that the Government spent on single parents in 2011/12, support that includes Housing Benefit, Council Tax Benefit, Income Support, and In-Work Credit.
11. Operationally, the current statutory scheme has been plagued by well-documented IT failures. As of March 2012, these failures have resulted in 104,100 cases having to be managed off the main computer systems at significantly greater cost than those cases managed on-system. Inefficient systems mean that it can sometimes take up to six months to process an application, which then leads to a build up of arrears even before the non-resident parent has been informed of the amount they must pay in regular maintenance.
12. Because the proposals in the 2008 Act were not fully implemented, it remains the case that, as Henshaw noted, the current system provides no incentive for parents to collaborate in their children's best interests. The recalcitrant non-resident parent can sit back and wait to be pursued for money, delaying support for their children and incurring cost to the state.
13. Similarly, the current system gives the parent with care no incentive or encouragement to make a family-based arrangement outside of the state service. Child maintenance must cease to be a weapon of control or revenge among former partners.

9 Henshaw 2006, Cm 6894 *Recovering child support: routes to responsibility*, TSO, p52.

14. The result of all of this is a system where only half of all children in separated families benefit from effective child maintenance arrangements.
15. As the Government's Social Justice Strategy¹⁰ reports, children who receive support from both parents throughout their childhood tend to enjoy better outcomes in later life. Parental relationship breakdown often has an adverse effect on children, although the majority are able to adjust after a period of instability.
16. If we can help to ensure that both parents play a role in the upbringing of their children, taking joint responsibility, then we can alleviate the often debilitating after-effects of coping with parental relationship breakdown, including anxiety and depression, increased aggression, hostility and anti-social behaviour.¹¹
17. The reform programme, outlined in some detail in this paper, seeks to preserve what is best about the administrative system, i.e. the extended reach of child maintenance arrangements to a wider range of people, while also addressing its policy, operational, and IT failings.
18. The improvements to support services and the introduction of the Gateway will ensure that the appropriate support required to make family-based arrangements is available. The introduction of charging will contribute towards meeting the dual aims of incentivising collaboration to achieve family-based arrangements, and reducing the net cost to the taxpayer of providing a statutory system for parents who, despite our best efforts, need to rely on the backstop of the state system.
19. The reform programme aligns closely with two of the main recommendations of the Henshaw report: encouraging co-operation between parents through support and financial incentives; and the maximisation of maintenance flowing to children.

10 Department for Work and Pensions, 2012, *Social Justice: transforming lives*, Cm 8314, TSO

11 Mooney, Oliver and Smith, 2009, *Impact of Family Breakdown on Children's Wellbeing*, (DCFS Report RR113).

Services supporting separating families

2

1. The issues facing separating parents are not limited to child maintenance and therefore these proposals are also a result of government departments working closely together through and after the *Family Justice Review*¹² to ensure joined up policy delivery.
2. It is essential that we continue to work closely with the voluntary and community sector to ensure that we help to enable and develop an effective system of support for parents who undergo separation and require help and information to work together.
3. Children who receive support from both parents throughout their childhood tend to enjoy better outcomes in later life while relationship breakdown often has an adverse effect on children.¹³
4. Where breakdown does occur, research has shown that a stable environment with a good relationship between separated parents is associated with children experiencing fewer adjustment problems and showing improved academic achievement.¹⁴
5. This is why the main thrust of our child maintenance reform is to ensure that parents are able to access the right support to enable them to collaborate in the interests of their children, and we have already committed £20 million in this spending period to help achieve this.

12 Norgrove D et al, 2011, *Family Justice Review*, Ministry of Justice, Department for Education and the Welsh Government

13 Coleman, L and Glenn, F, 2009, *When Couples Part: Understanding the Consequences for Adults and Children, One Plus One*.

14 Mooney, Oliver and Smith, 2009, *Impact of Family Breakdown on Children's Wellbeing*, (DCFS Report RR113).

6. This £20 million will fund a range of enhanced support, including a web application; co-ordinated telephone networks; local and face-to-face support; and the Innovation Fund: Support for Separated Families as already mentioned.
7. We see the voluntary and community sector as key to delivering this support and so we established a Steering Group of experts from this sector, and from academia, to set out their vision for how we can transform the child maintenance landscape to best support separating and separated parents.
8. Rather than setting up a new bureaucracy, the Steering Group set out a delivery architecture whereby the Government acts as an enabler to help streamline and co-ordinate support services that already exist, but which can be difficult for parents to navigate. The architecture consists of:
 - a distributable web application;
 - co-ordinated telephone networks; and
 - local and face-to-face support.
9. We will underpin the support services signposted through this architecture using a new quality mark, so parents know they are dealing with an organisation they can trust.
10. The Steering Group also advised of the need to establish an evidence base of effective interventions that can help parents work together in the best interests of their children. This paper confirms that the Government will launch the Innovation Fund to test and evaluate these interventions across Great Britain.
11. We want to see better co-ordinated support services for separating and separated families across Great Britain and we recognise that responsibility for family support is a devolved matter. We are therefore working closely with devolved administrations in Scotland and Wales to ensure that our support for separating and separated parents is aligned with devolved provision and takes full account of Scotland's separate legal system.

Web application

12. The online service will help parents find the support they need through a diagnostic process and will offer quality assured information that promotes collaboration on a range of issues, including child maintenance, health and emotional concerns, and housing matters.
13. Instead of being a new standalone website that parents would have to actively seek out and visit, the online service will take the form of a distributable web application that can be embedded into existing websites that we know parents already visit. This will help the service to reach a wider range of parents more quickly, and at a much lower cost, than attempting to drive traffic to a new standalone site.

14. The web application will:
- provide a self-diagnosis tool, signposting users to quality-assured information tailored to the needs of the individual and the most relevant support services for them;
 - provide an enhanced search function for information on support for separating and separated parents; and
 - function as the 'online hub' outlined in the Government's response to the Family Justice Review¹⁵, providing information and support to couples, including those without children, undergoing separation or divorce.
15. When we first launch the web application, its content will focus on helping parents collaborate where it is appropriate. We will then continue to refresh and update the web application to ensure it becomes the first port of call for information and support for separating and separated parents.
16. Additionally, we will make a selection of free online tools available to help parents to arrange their own collaborative family-based child maintenance arrangements.
17. These tools will include a maintenance calculator, which allows non-resident parents and parents with care to calculate the correct level of maintenance to be paid, a budgeting tool, family-based arrangement forms, and a selection of leaflets and guides.
18. We intend to launch the web application in autumn 2012.

Co-ordinated telephone networks

19. We recognise that not everyone uses the internet, and that some of those who do may wish to follow up their initial online search with a telephone conversation. That is why we are developing a co-ordinated telephone network to complement the web application.
20. Instead of creating a new, centralised, telephone support number, the co-ordinated telephone network will build on, and strengthen, the support that the voluntary and community sector already provides.
21. This co-ordinated network will consist of a core of quality-marked organisations, commissioned through a competitive process, which already provide support services for separating and separated parents. These organisations will provide an additional collaborative parenting conversation and will signpost parents to other organisations as appropriate.

¹⁵ Ministry of Justice and Department for Education, 2012, *The Government Response to the Family Justice Review: A system with children and families at its heart*, Cm 8273, TSO

22. The co-ordinated telephone network will:
- offer both emotional and practical support to parents and wider family members on the broad range of issues faced at separation, in an empathetic way and using a non-judgemental approach, so callers feel listened to, respected and supported;
 - adhere to the principle of promoting the benefits of collaborative parenting in the interests of children and, when it is appropriate to do so, discuss this with parents;
 - help to diagnose and prioritise the needs and barriers that may be stopping parents making informed choices about how to best meet the needs of their children;
 - increase signposting between the network of organisations and other specialist national or local support groups; and
 - identify at-risk callers and signpost appropriately.
23. We envisage that we will achieve this level of service through a bespoke training package that any organisation applying to the network would be required to complete.
24. This training will include a range of elements such as relationship coaching techniques, strategies to help families communicate and triggers to empower callers to take the right next steps to overcome conflict. The training package will help to ensure that advisors have a high level of emotional empathy, are trained to recognise signs of distress and can support and signpost accordingly.
25. We expect the telephone network to be in place in summer 2013. We will continue to work with the Ministry of Justice and the Department for Education to ensure this proposal aligns with the response to the Family Justice Review.¹⁶

Local and face-to-face support

26. We want to ensure that both local and face-to-face support is available for those who most need it, and that existing services work together to help support parents on the range of issues they face.
27. That is why we are developing face-to-face support at a local level to complement the online and telephone services by:
- strengthening the co-ordination of local face-to face-services; and
 - the introduction of co-ordinators across Great Britain.

¹⁶ Ministry of Justice and Department for Education, 2012, *The Government Response to the Family Justice Review: A system with children and families at its heart*, Cm 8273, TSO

Strengthening co-ordination

28. The co-ordination of local and face-to-face services is based on identifying and utilising 'touch points' that parents come into contact with as part of their everyday lives. The touch points will provide information and link parents to specialist service providers that will deliver services tailored to individual needs (see Table 1).

Type	Purpose	Example institution
Everyday touch points	To raise awareness of services by distributing materials and promoting the web application and telephone support services.	Schools, hospitals, GP surgeries, leisure centres, supermarkets, etc.
Specialist touch points	To actively raise awareness by encouraging parents to use the web application and telephone support services.	Jobcentre Plus, Citizens Advice, Children's Centres, family support workers, health visitors, etc.
Specialist providers	To offer specialised advice and guidance on issues such as housing, debt, legal advice, mediation and counselling.	

29. As with the web application, this delivery model is based on the idea of reaching out to families where they already are and helping them to move towards the most appropriate support service. For example, an employee could access the web application on their employer's HR website, which could direct them towards relationship counselling.

Regional co-ordinators

30. We will initially make funding available for a small number of co-ordinators across Great Britain to promote collaboration at a local level.
31. The role of the co-ordinator will be to:
- develop a regional network of touch points and maintain a local directory of services;
 - recruit and train advocates who can promote collaborative parenting across delivery organisations; and
 - promote quality mark values, standards and services amongst service deliverers and encourage more organisations to get involved.

32. We will commission regional co-ordinators so that the role becomes embedded within local organisations, which will act as champions and deliver co-ordinated support services in local areas.

33. Local network and face-to-face proposals will be in place by summer 2013.

A quality mark that underwrites the architecture

34. The quality mark will aim to become a mark that parents can recognise and trust, so they know the service they are accessing is of a consistently high quality and will be able to help them to work together with the other parent.

35. We will commission an independent organisation to run the quality assurance process and to ensure the quality mark is provided to appropriate organisations that have collaboration at the heart of their approach. We will make the quality mark available from late 2012.

The Innovation Fund: Support for Separated Families

36. We are keen to learn what works best in helping separating and separated parents to collaborate and resolve conflict in order to support their children, whatever their personal situation may be.

37. That is why we are providing money in this spending review period to establish an Innovation Fund that will finance experts to test and evaluate propositions to help parents work together.

38. The Innovation Fund will encourage the development of interventions that promote collaboration and reduce conflict between separating and separated parents, in the best interests of their children.

39. These initiatives will seek to support parents to reach their own arrangements, therefore avoiding both the statutory child maintenance system and the courts.

40. We will test and evaluate the projects that the Innovation Fund supports to develop an evidence base of what works best in encouraging collaboration between separating and separated parents.

41. We plan to launch an initial bidding round shortly, with contracts awarded early in 2013. We will launch a further bidding round in spring 2013, with contracts awarded later that year.

42. It is our intention that this phased bidding process will enable those organisations that are more developed in their thinking to come forward in the first bidding round. This will allow those who need more time to develop proposals, or who are unsuccessful in the first round, more time before bidding in the second round.

The Gateway

3

1. The new child maintenance landscape is all about encouraging the right sort of behaviours that benefit children and the new Gateway conversation is another layer of support to help achieve this.
2. Before making an application to the statutory scheme parents will have to take part in a Gateway conversation that will ensure that the parent considering applying to the statutory scheme is fully aware of the whole range of maintenance options that are available to them.
3. This conversation will explore with them the possibility of making a family-based arrangement if they have not considered this before, providing them with tools to help them do this and signposting back to wider support services where appropriate.
4. This conversation will normally take place over the phone, but will also be available face-to-face for the most vulnerable.
5. This Gateway conversation will be 'light touch', leaving the ultimate choice of how to proceed entirely up to the parent. However, participating in the Gateway conversation will be mandatory and we will not consider an application to the statutory scheme unless the applicant has first been through the Gateway.¹⁷
6. If, at the end of the Gateway conversation, the parent still wishes to apply to the statutory service, they will receive a reference number that will enable them to make an application to the new statutory Child Maintenance Service.
7. The Gateway conversation will be provided by Child Maintenance Options, which has established itself as a trusted and impartial provider of information and support on maintenance issues to parents and other interested parties.

¹⁷ We will fast-track applicants who self-declare as being victims of domestic violence through the Gateway. More detail on the domestic violence exemption is provided in Annex B.

The new statutory Child Maintenance Service

4

1. Our reforms put collaboration between parents in the interests of their children first.
2. Within the new Child Maintenance Service there will be three progressive layers designed to support and promote collaboration:
 - Application; followed by
 - a calculation of maintenance, with payment made directly between parents ('Direct Pay'); and
 - payment collected and enforced where payment is not made directly between parents.
3. There will be application and collection fees attached to the new statutory service so as to give both parents a real and ongoing financial incentive to overcome their differences and collaborate in the interests of their children.
4. The application fee is designed to act as an incentive for both parents to collaborate and remain outside of the statutory service.
5. The Direct Pay option will provide a way for parents to access the statutory service in a way that can help rebuild trust between them and thus avoid the collection fees for the use of the collection service.
6. Where the Child Maintenance Service collects maintenance, a collection fee will be levied on both parties. This will create a powerful incentive for parents to provide support for their children in full and on time through the Direct Pay option.

7. The introduction of penalty charges on the non-resident parent for enforcement action will act as a further incentive for the non-resident parent to comply.
8. The Child Maintenance Service will be opened to a pathfinder group of new applicants from October 2012 and then extended over time to cover all new applicants seeking a statutory arrangement. Charging will be introduced after the Child Maintenance Service has been opened to all new applicants and is working well.
9. The remainder of this section outlines the client experience from the time that charging is introduced, although the new calculation methodology and links to HM Revenue & Customs will be introduced from October 2012.

Application

10. At the point of making an application to the Child Maintenance Service, an application fee will be payable. We have designed this to make applicants consider whether a collaborative family-based arrangement with the other parent is possible, before entering into the statutory service.
11. At £20, the application fee is a small fraction of the average cost of processing an application.
12. We will not apply the fee for people who have declared that they are victims of domestic violence, or for applicants aged 18 or under.

Calculation and Direct Pay

13. Upon receipt of the application fee, we will attempt to trace the non-resident parent. A maintenance liability, based in most cases on income information taken from HM Revenue & Customs, will be calculated and sent to the non-resident parent and the parent with care, both for information, and to enable them to check the figures for accuracy. This calculation can be appealed where appropriate. We will then provide them with a forward-looking payment schedule for the year.
14. As most income information will be imported direct from HM Revenue & Customs, rather than relying on non-resident parents to provide it, the clearance time of new applications compared to the current system will improve dramatically. Typically, where we have been able to obtain the information from HM Revenue & Customs we will aim to issue confirmed calculations and payment schedules within four weeks of application, compared to the current system where we clear 90 per cent of applications in 12 weeks.¹⁸

¹⁸ Child Support Agency Quarterly Summary of Statistics, March 2012.

15. Using data from HM Revenue & Customs also means that we will be able, where applicable, to take into account a fuller range of taxable income in calculating the maintenance liability. Parents will be able to apply to have additional income, typically from properties, savings, and investments, taken into account through a strengthened Variations¹⁹ scheme.
16. Additionally, by basing the maintenance calculation on the latest available tax year data, we will be able to provide a fairer but more rigorous service where the non-resident parent's annual income fluctuates, for example the self-employed, seasonal workers or those who are in receipt of annual bonuses.
17. Once the current schemes are fully closed to new applications, we will then increase the new scheme flat rate for low-income²⁰ non-resident parents from £5 to £10 per week. This rise in the flat rate will increase the amount of money flowing to children in cases with some of the lowest maintenance awards, and will reflect more closely the percentage level of maintenance that non-resident parents with weekly incomes of £200 or more are required to pay.
18. Annual schedules will mean that both parents know in advance how much they will be paying and receiving over a set period, aiding financial stability for both parties. Therefore, we will automatically reassess all cases and provide payment schedules on an annual basis, again using data automatically obtained from HM Revenue & Customs. No additional fee will be payable for this ongoing service.
19. Where either parent requests an in-year change to the maintenance calculation, there will be an income threshold for changes of 25 per cent. This threshold ensures that maintenance liabilities are not disrupted in-year by numerous small changes to the non-resident parent's financial circumstances, but does take into account significant changes in circumstances, such as the non-resident parent becoming unemployed or entering employment. This will result in a fair and transparent maintenance liability, which the non-resident parent has the ability to pay.
20. We believe that it is important that we give all non-resident parents the opportunity to demonstrate that, given the right incentives, they can take responsibility, collaborate with the other parent in the interests of their children, and pay maintenance directly to the parent with care.

¹⁹ Variations take into account additional income or expenses a non-resident parent has. Additional income variations increase the maintenance liability and special expense variations decrease it.

²⁰ Defined for liability calculation services as over £5 and under £100 per week rising to over £10 and under £100 per week when the flat rate changes to £10 per week.

21. Consequently, we will offer the option of Direct Pay to most non-resident parents unless there is good reason to doubt whether the non-resident parent will pay. Unlike at present, the parent with care will not be able to veto the right of the non-resident parent to opt to pay through Direct Pay. This will tend to limit the ability of one parent to use the collection service as a means of control or revenge against the other.
22. Direct Pay, previously known as 'Maintenance Direct', is where payment is made direct from one parent to the other. This could be via a number of methods including (but not limited to) direct debit or standing order.
23. If either party wishes to pay by Direct Pay while protecting their personal details, for example in the case of domestic violence, then we will refer them to a money transfer service that will transfer payments between parties without the need to make any contact or to divulge any personal information.
24. Where the parent with care informs us that the non-resident parent has failed to pay in full and on time, we will seek to contact the non-resident parent by telephone within 72 hours, and it will then be for them to provide evidence that they have made payment.
25. The non-resident parent will have 14 days to provide evidence that the allegedly missed payments had indeed been made and, if they are unable to do so, we will move them rapidly into the collection service where fees will apply accordingly and we will be able to use a range of enforcement actions to secure maintenance payments from the non-resident parent on behalf of the parent with care.
26. Providing the non-resident parent pays the parent with care in full and on time, there is no reason why either party should ever need to pay any further charges or fees.

The collection service

27. While there will always be some cases where a collection service will be needed, forcibly removing money from one parent to give it to another is inefficient in most cases. It also does little to improve relations between them and makes collaboration less likely in future. That is why we will introduce fees for using the collection service: to incentivise both parents to use Direct Pay, where there will be no collection fees.
28. Once a case has been moved into the collection service, we will add a 20 per cent fee to the non-resident parent's liability and deduct seven per cent from the parent with care's maintenance payment for providing this service.

29. We have set the collection fee on the non-resident parent at a level to create a strong incentive for them to make payments to the parent with care through Direct Pay in full and on time.
30. The collection fee, once introduced, will apply equally to non-resident parents who are in work, and non-resident parents who are on benefits, and the fee applies on top of the flat rate. For example, if a non-resident parent on benefit was paying the flat rate maintenance liability of £10, we would collect a total of £12.
31. If, having been brought into the collection service, the non-resident parent wishes to have a second chance at paying through Direct Pay, the Child Maintenance Service must be satisfied that the non-resident parent is not 'unlikely to pay'. Typically, this will require the parent with care to agree with the move back to Direct Pay, and the parent with care collection charge creates the incentive for this to happen where the non-resident parent's behaviour has clearly changed. It is, however, obviously preferable for all parties to avoid the collection service entirely, rather than to move into it and then seek to return to paying maintenance through Direct Pay. In the case of domestic violence CMEC would broker this agreement and absolutely no contact will be required between the two parties
32. At seven per cent the parent with care fee is much lower than the non-resident parent fee because, while it is vital that the parent with care has an incentive to allow the non-resident parent to pay maintenance through Direct Pay, it is in the hands of the non-resident parent, through their conduct, whether maintenance is paid through Direct Pay or through the collection service.²¹ The proposed parent with care fee is at the very bottom of the range set out in the Strengthening Families Green Paper. This is because the Government has listened carefully to the concerns of stakeholders and parliamentarians.

Enforcement charges

33. In the current system much time and effort is expended chasing missed payments. Too many non-resident parents simply wait for the system to catch up with them.
34. Taking enforcement action is expensive and this expense is currently met by the taxpayer. Given that enforcement action is only taken where we believe the non-resident parent has chosen to avoid payment, it is only right that the non-resident parent contributes to these costs.

²¹ An alternative to a collection fee on the parent with care, suggested during the passage of the Welfare Reform Bill, would be an administrative test whereby a trained decision maker would decide whether a parent with care had taken 'all reasonable steps or similar', for maintenance to be paid direct. The Government rejected this because it believed that such a test would not be either cost efficient or effective, and would almost certainly require lengthy engagement with both parties.

35. We want enforcement charges to influence non-resident parents' behaviour and provide an incentive for them to pay maintenance in full and on time, thereby avoiding enforcement charges altogether. While we considered setting charges in line with the costs of taking enforcement action, we ruled this out in favour of increasing the charges in line with the severity of the enforcement action taken.
36. Our own research indicates that we can most likely influence non-resident parents by charges at the early stages of the enforcement process, where debt is generally lower, and behaviour is less entrenched.²² This is why we are only applying charges to the actions listed in Table 2. The Commission will continue to apply to the courts to recover certain costs associated with court actions that do not carry enforcement charges, such as Orders for Sale. These are set out in the Collection and Enforcement Regulations 1992 and continue to apply.

Consultation

37. We are actively seeking views on the detail of how charging should operate in practice, particularly around the operation of the domestic violence exemption and our approach to enforcement charging. We strongly encourage interested parties to submit their views on this.
38. However, we are not consulting on the principle of charging itself as this has already been consulted on extensively.

Action¹⁹	Estimated cost per action	Planned charge
Liability Order	£600	£300
Regular Deduction Order	£1400	£50
Deduction from Earnings Order	£200	£50
Lump Sum Deduction Order	£1400	£200

²² Andrews, Armstrong, McLernon, Megaw and Skinner, March 2011, *Promotion of Child Maintenance: Research on Instigating Behaviour Change*, CMEC.

Box 1 The rationale of charging

Charging for the use of the administrative services was recommended by Sir David Henshaw's independent 2006 report on child support redesign as a means of incentivising private arrangements, which can be more successful, thereby helping child welfare through increased compliance and reducing the impact on the taxpayer by offsetting operating costs.

Henshaw suggested that, because successful private arrangements require both parents to co-operate, there is a rationale for charging both the parent with care and non-resident parent for using the service, outlining the complementary measures of charging an application fee and charging a percentage of maintenance for using the collection service.

We know that collaboration between parents means better outcomes for children, while resorting to the statutory system can engender conflict between parents. Therefore, the Government's strategy is to support parents to take as much responsibility as possible for arranging support for their children, rather than defaulting into the statutory system.

The charges that we detail in this paper reflect the rationale and suggestions of the Henshaw report, with the application fee encouraging parents to think carefully about their options before defaulting into the statutory service, while collection fees will provide an ongoing financial incentive for both parents to collaborate and agree to pay and receive maintenance direct. Our client insight research supports this and we have published this research in full on the Commission website.

Charging for child maintenance services will not generate an overall surplus or 'profit' for the Government, although it will reduce the net cost of providing those services; In 2011/12 the Commission spent £428 million on delivering statutory child support services. Combined with significant efficiencies achieved by the new system, charging for some child maintenance services will mean that the net cost of the administrative system is anticipated to drop to just £174 million by 2018/19.

Closing the existing statutory schemes

5

1. Many clients are involved with the Child Support Agency (CSA) only because the parent with care was compelled to use it because they were in receipt of state benefits. Inertia, or lack of knowledge about the alternatives, has meant that some of these clients stayed in the CSA, when they may have been able to make a family-based arrangement with the right support.²³
2. As part of this reform programme, we will offer all CSA clients the opportunity to think again, with proper support, about whether a family-based arrangement might actually be best for them and their children.
3. We intend to do this by closing all existing CSA cases, which will involve ending the ongoing liability to pay maintenance on all existing child support cases on the 1993 and 2003 statutory maintenance schemes.²⁴ By the end of the case closure process, which is expected to take around three years from 2014, all cases will be managed on a single set of calculation rules and on one computer system.
4. Parents will, with the support from Child Maintenance Options²⁵ and the wider co-ordinated support services, be able to choose a family-based arrangement. Parents who are unable to reach a family-based arrangement will be able to apply to the new statutory Child Maintenance Service.
5. Parents will not be able to simply 'remain where they are' and retain a case on the 1993 or 2003 schemes, as those schemes will no longer exist once the process of case closure has been completed.

²³ Wikeley, Ireland, Bryson, and Smith, 2008, *Relationship separation and child support study*, DWP Research Report 503.

²⁴ The legislative framework for the process of ending liability in all existing CSA cases is in Schedule 5 to the Child Maintenance and Other Payments Act 2008. This gives the Secretary of State the power to require the parties to an existing scheme case to choose whether to remain in the statutory service.

²⁵ www.cmoptions.org.uk

6. As there are over 1 million existing CSA cases, we will manage the case closure process in stages, over a three-year period. Clients involved in around 900,000 of these cases will be told that their existing case will close. Around 100,000 cases are expected to close naturally during the case closure period due to the age of the youngest child and therefore will not be included in the process. We estimate that around 570,000 (63 per cent) will apply to the new scheme.
7. We expect a significant proportion of the remainder to enter into family-based arrangements.
8. We will not begin this process until we have launched the new statutory service and it has been operating well. However, we will need to move a small number of cases onto the new service ahead of this, specifically where a non-resident parent with a case in the current schemes is involved in an application to the new scheme (known as 'reactive transition').
9. This will mean that for a significant period, until we close all existing cases, we will be managing cases on three different statutory schemes: the 1993, 2003, and 2012 schemes.
10. Both the early movement of cases to the Child Maintenance Service ('reactive transition'), and the managed process for closing existing cases described above are designed to ensure that the non-resident parent is only assessed under one set of calculation rules for any cases they are involved in. However, there are some key issues to be aware of, explained in more detail below.
11. The approach when an existing CSA case closes but the parents choose to make an application to the new Child Maintenance scheme is that details from clients will be gathered afresh and entered into the new computer system. However arrears accumulated on the existing CSA schemes will remain outstanding and due unless the parent with care tells us they do not want any arrears owed to them collected.
12. Further information on case closure, including the proposed order in which cases will be closed, is available in Annex B.

Arrears on a CSA case following the end of liability

6

1. Non-resident parents may owe arrears to parents with care in existing Child Support Agency (CSA) cases, regardless of whether they apply to the new scheme. We do not intend to write those arrears off, subject to the introduction of new legislation, unless the parent with care specifically requests that we should do so.
2. Where an existing client applies to the Child Maintenance Service and the non-resident parent owes arrears in the existing schemes, we will seek to collect those arrears, alongside the ongoing new liability, after we have checked to ensure the arrears are accurate. While we expect to deal with most simple cases quickly, it may take up to six months in cases that are more complicated.
3. Any ongoing enforcement action on outstanding arrears will continue during this period. If a Deduction from Earnings Order is recovering arrears payments from the non-resident parent's salary, it will remain in place until we have validated the arrears balance and then transferred the case to the new Child Maintenance Service's IT system.
4. From the point that we introduce charging, most non-resident parents will have the choice to pay their new scheme liability to the parent with care through Direct Pay. Similarly, once we have validated the arrears balance, any ongoing collection action on the CSA schemes will cease, and the arrears will transfer to the new IT system and be payable through Direct Pay as long as regular maintenance is also paid using this method.
5. Where payment breaks down prior to the arrears balance being validated and transferred, we will seek to immediately validate the arrears owed and then enforce payment of the ongoing liability and arrears within a matter of days. Where this is not possible, we will prioritise the collection of the ongoing liability, and seek to recover the arrears as soon as we have fully validated the amount owed.

The arrears strategy

6. The collection of child maintenance arrears is a priority for the Coalition Government. It is children who lose out when parents do not live up to their responsibilities.
7. We are determined to collect as much debt owed by non-resident parents as possible.
8. We commissioned an independent panel of experts to provide advice to the Government on how we might best tackle the issue of uncollected arrears. We are considering the recommendations and will bring forward a strategy in the coming months.
9. We are using all the powers available to us – for example, we are increasing the use we make of deductions from non-resident parents’ bank accounts and ‘orders for sale’ of their property.
10. We are also making innovations such as accessing wider sources of Government information to locate thousands of parents who have tried to avoid their responsibilities to their children.
11. The long-term solution will come with the introduction of the new scheme, which will bring greater automation and in turn, more alerts to quickly identify people who fail to pay. Once the new scheme is introduced, this will give us additional capacity to pursue effective debt collection.
12. However, we have to recognise that not all arrears can be collected. Much is very old and much is no longer actually wanted by the parent with care. We need to focus on getting money to those parents who have children now, and are therefore most in need of it.
13. As recommended by the arrears panel, we have consulted on introducing measures contained in previous legislation to allow the write-off of a limited amount of child maintenance arrears in specific circumstances; and to accept part payment as full and final settlement of arrears where the parent with care agrees. This consultation ran between December and March this year and the Government will respond to the consultation soon.
14. Again, as recommended by the panel, we have recently begun a trial, modelled on the approach used by the Australian CSA, in which we inform clients where we believe arrears cannot practically be collected. We will keep such cases under review, and reconsider whether or not the arrears can be collected based on any further information received from the client or from external data sources, including HM Revenue & Customs and credit reference agencies.

15. None of this undermines the Government's commitment to tackle this issue. Failure to pay child maintenance is not an option. Parents need to face up to their responsibilities now.

Consultation

16. We are actively seeking views on the detail of how case closure should operate in practice, and strongly encourage interested parties to submit their views on this.
17. Further details can be found in Annex B.

The 30 month review

7

1. As announced to Parliament during the passage of the Welfare Reform Bill, a review will be conducted 30 months after the implementation of the charging powers.
2. A full evaluation of the impact of charging sooner than 30 months after implementation would not be effective, as new patterns of parental behaviour are unlikely to have been established. In addition, the process of closing in excess of one million Child Support Agency (CSA) cases would only be in the early stages and understanding behaviour at case closure is a key part of the evaluation.
3. We will closely monitor changes in the number and mix of applications to the statutory scheme and we will also monitor parents' service level experiences.
4. The number and type of arrangements that participants in the Gateway conversation put in place will also be monitored through an ongoing quarterly survey.
5. The review will make use of information from the sources described above, plus other information including from longitudinal surveys of former CSA clients and relevant surveys of the wider separated population, to determine what arrangements they are putting in place.

Conclusion

8

1. We believe that the best outcome for children in most families is for parents to make a collaborative family-based maintenance arrangement, and we are leading on the co-ordination of a web-based, telephone and face-to-face network of support services to help them to do this.
2. Where collaborative arrangements are not possible, the new statutory Child Maintenance Service will provide parents with a good value, accurate calculation service that is backed up by a robust collection service that will be well-equipped to enforce maintenance where necessary.
3. The Government's reforms will represent a clean break from a system that, while not bereft of achievements, was in need of root and branch reform. As well as shifting the focus onto collaborative family-based arrangements, these reforms will result in a much simpler, more efficient statutory child maintenance scheme, administered on one system and with one set of rules.

Annex A

Delivery timeline

Figure 2 Delivery timeline

2012

The first elements of the new support services for separated families are launched, including the Innovation Fund, web app and quality mark.

The Child Maintenance Service will be opened to a pathfinder group of new applicants from October 2012.



2013

The remaining elements of the new support services for separated families are launched, including Innovation Fund contracts awarded; local networks launched; and telephone network launched.

The second phase of the statutory Child Maintenance Service, which will include charging, will not be launched until the new service has been shown to be working well.

The second phase will consist of the Gateway service to new statutory scheme; the introduction of charging; and the beginning of the case closure process.

A review will be carried out not more than 30 months after the introduction of the second phase.



2014-17

The new support services for separated families will be expanded and strengthened to invest in proven effective interventions from the Innovation Fund that help parents work together in the best interests of their children; continue to co-ordinate local networks and build on local provision for supporting separated families; and build towards the universal provision across Great Britain of co-ordinated support services.

All existing CSA cases will be closed by 2017, except for cases with ongoing arrears action only; there is a single Child Maintenance Service with one scheme.

Annex B

Consultation

1. The consultation consists of ten questions around the introduction of charging, and the case closure plans. It does not consult on the question of charging itself, which has already been consulted on extensively.
2. The draft regulations can be found in full at:
www.dwp.gov.uk/consultations/2012/childrens-futures.shtml

Draft Child Support Fees Regulations

3. The draft Child Support Fees Regulations 2013 make provision for the Secretary of State to charge clients for the provision of the Child Maintenance Service.
4. Within the regulations are provisions for an application fee, collection fees and enforcement charges.

The application fee

5. There will be an upfront application fee of £20 for applicants to the statutory child maintenance scheme. We will waive the fee for applicants who declare that they have been a victim of domestic violence and for applicants who are aged 18 and under.
6. The application is for access to the service and does not guarantee a result.
7. The regulations provide for the repayment of an application fee where a qualifying child dies after the payment of the fee but before a calculation has been made.

8. Applicants who are required to pay the application fee will have to pay in full at the time of making an application for child support maintenance. We will take no action on the case until this payment has been made.

The domestic violence exemption

9. The Gateway and the application fee are expected to act as encouragement for both parents to collaborate and remain outside of the statutory service. We do not believe such an incentive is appropriate where the applicant's relationship with the former partner has been abusive.
10. A parent who identifies themselves as being a victim of domestic violence, and has satisfied the self-declaration process outlined below, will be fast tracked through the Gateway conversation.
11. We will not charge an application fee where the applicant declares that they have previously reported an incident of domestic violence to one of the following individuals or agencies:
- a court;
 - the police;
 - a medical professional;
 - social services;
 - a multi-agency risk assessment conference (MARAC);
 - a specialist domestic violence organisation or service including a refuge;
 - an employer; or
 - educational services.
12. This exemption will remove what could otherwise be a practical barrier for parents fleeing a violent situation, such as having lost access to a joint bank account or otherwise finding themselves in particularly stressful financial circumstances.
13. For the purposes of the exemption, we have aligned the definition of domestic violence with the Home Office definition:

*'Any incident of threatening behaviour, violence, or abuse (psychological, physical, sexual, financial, or emotional) between adults who are or have been intimate partners or family members, regardless of gender or sexuality.'*²⁶

²⁶ Recognises female genital mutilation, forced marriage and so-called 'honour crimes'. Adult is any person aged 18 and over. Family members are mother, father, son, daughter, brother, sister and grandparents; directly-related, in-laws or step-family.

14. This definition was recently the subject of a Home Office consultation and we will remain aligned with any future published post-consultation updated definition.
15. The exemption from the application fee is intended to be a means of immediately removing what might otherwise be a barrier to a person who needs help accessing the statutory service. We would like to limit the burden of proof required for the victims so we are proposing that this applies only to the application fee. Full support will be given to domestic violence victims to ensure that they are able to move out of the charging regime and on to Direct Pay without any contact whatsoever with their former partners
16. The Government will ensure information is available that enables the direct transfer of maintenance between parents, without the need to make any contact or to divulge any personal information. We will provide support around the use of this service to ensure that victims of domestic violence can also use Direct Pay safely and securely, with no ongoing fees for either party.
17. It would be wrong for the domestic violence exemption to be so rigorous as to act as a barrier to people seeking immediate support. However, all the declaration establishes is that the applicant has previously reported an incidence of domestic violence to one of the named agencies. It does not attempt to establish whether an offence has indeed taken place, or whether a named party is guilty of an offence – this is the role of the courts following investigation by the police.
18. We will offer applicants who identify themselves as a victim of domestic violence a referral to either an appropriate voluntary sector support service for advice or to the appropriate police service so that the incident can be properly investigated.

Question 1

Is our 'self declared' approach, guarantee of no contact with ex-partners and exemption from the upfront charge sufficiently inclusive to ensure that there are no barriers to victims of domestic violence?

Collection service fees

19. For applicants who use the collection service within the statutory scheme, there will be collection fees applied. We will apply fees to both the non-resident parent and the parent with care.
20. The non-resident parent will pay 20 per cent as a surcharge of any maintenance liability made and the parent with care will pay seven per cent as a deduction from any maintenance liability made.
21. Non-resident parents and parents with care can avoid collection fees by using Direct Pay – where parents pay maintenance directly between each other.

22. Where one parent wishes to use Direct Pay but the other wishes to protect their personal details, we will refer them to an appropriate money transfer service. This will allow both parents to avoid the collection service and associated fees.

Question 2

Is seven per cent an appropriate level of charge for this personalised service?

Enforcement charges

23. Where non-resident parents fail to keep up to date with their maintenance payments and we have to take expensive enforcement action, we will levy an enforcement charge against the non-resident parent.
24. The charge will be related to the severity of the action being taken, therefore the more severe the action, the higher the charge. We have set the enforcement charge up in this way to bring about a behavioural change in non-resident parents who might otherwise become non-compliant.

Question 3

In focusing on the severity of the enforcement action, rather than the actual cost, have we adopted the right approach to enforcement charging?

Payment hierarchy

25. The introduction of charging means that the Commission needs an approach to allocating money between maintenance and charges under the future scheme. This approach to payment allocation will be governed by Commission guidance and seeks to strike the right balance between ensuring that money flows to parents with care and that charges are collectable and effective in changing behaviour.
26. We intend enforcement charges to provide an incentive for non-resident parents to pay their maintenance in full and on time. Where it becomes necessary for us to take enforcement action, our priority will be to ensure that parents with care receive the money from the non-resident parent that they are entitled to. We will therefore not collect the enforcement charge until all ongoing maintenance and arrears have been satisfied.
27. Collection fees will have equal priority with maintenance and will always be collected concurrently with the maintenance which they attach to.

Question 4

Have we taken the right approach to enforcement charges within the payment hierarchy?

Case closure regulations

28. As part of the managed approach to the closure of existing Child Support Agency (CSA) scheme cases, we intend that CSA cases managed off the main system, also known as 'clerical' cases, should be closed first. These cases are more costly to the taxpayer to maintain, and the clients involved are likely to have experienced relatively poor levels of service. We believe it is therefore right that the clients involved with such cases are able to benefit from our reforms first.
29. It is intended that the remainder of the existing scheme CSA cases will be closed on an 'oldest first' basis. In these cases, a higher proportion of non-resident parents who remain liable to pay child maintenance have a 'nil' liability (meaning that they do not have a regular child maintenance obligation) than the CSA caseload as a whole, so we believe it is right that these cases are addressed sooner than more recent cases. There are three ways in which an existing CSA case may close, dependent on when it closes and the type of case.

Reactive Transition prior to the introduction of charging

30. Prior to the beginning of the main, three-year period of 'proactive' case closure, it may be necessary to close some existing CSA cases and move them to the new scheme 'reactively'. This occurs where an application to the new scheme names a non-resident parent who is already a non-resident parent on an existing CSA case. Where this happens, we have to close the existing CSA case because we can only calculate the non-resident parent's liability for all their cases under one set of calculation rules.
31. We will quickly move the ongoing liability to the new scheme, but we will not remove any associated arrears. Any arrears accumulated on the existing CSA schemes will remain outstanding and due unless the parent with care tells us they do not want any arrears owed to them collected.
32. Collection fees and enforcement charges, will not apply to cases until such time as charging is introduced. Collection fees will not apply retrospectively to any debt transferred.
33. Where parents are using the collection service, we will impose a service fee for maintenance liabilities generated once charging comes into effect. We will give clients notice of this at the time that we transfer their case onto the new service, and again before any fees become payable. Similarly, the non-resident parent will be liable for charges for relevant enforcement action taken once enforcement charging is introduced, other than where this is only concerned with recovering debt generated before the case moved to the new scheme.

Reactive case closure after the introduction of charging

34. It will be necessary to close some existing CSA cases 'reactively'. Similar to 'reactive transition', described above, this occurs where an application to the new scheme names a non-resident parent who is already a non-resident parent on an existing CSA case. However, the process needs to be different once the proactive closure of existing CSA cases is underway, in order to balance the existing parent with care's need to consider whether to make a family-based arrangement or apply to the new scheme, with the new parent with care who will be waiting for a maintenance liability to be established
35. As charging will apply at this stage, it is right that parents should be given the choice between making their own family-based arrangements and applying to the new service, rather than their case simply being transitioned to the new scheme. Parents will be given 30 days to decide what course of action they wish to take in these cases.
36. Over this 30-day period, the new applicant who has applied to the new service will effectively not have access to a statutory child maintenance scheme, and the non-resident parent will not be building up any liability in respect of the new case. We recognise that this puts the new applicant at a disadvantage, however the purpose of it is to allow 30 days for any existing parents with care, and the non-resident parent, to consider their options. It will give them time to explore the feasibility of making a family-based arrangement, and for the existing parent with care to decide whether they are content to pay the application fee required to make an application to the new service. It will also give both parents the opportunity to consider whether they are content to pay any possible future collection fees should they use the collection service.
37. Existing CSA scheme clients will be contacted, in writing, 30 days before the maintenance liability is to be withdrawn, advising them that their case will be closed and the reasons for it. This letter will contain the Child Maintenance Options helpline and 'support for separated families' web application details to signpost support to make a family-based arrangement, together with information about outstanding arrears. A second letter will be sent nine days later if the client indicates they would like more information about their arrears. A final letter will be sent at the 30-day stage, confirming the CSA maintenance liability has ended. When clients have received the initial letter, they will be able to arrange further reminder notifications via SMS text messaging or e-mail. More generally, we will be working to raise awareness of the closure of the existing CSA scheme and what clients should do next, for example through websites that advise on consumer finance issues.

Question 5

In proposing a 30-day notice period in reactive case closure, have we reached a reasonable balance between the interests of new applicants in having a short notice period and the interests of existing clients in having an extended period?

Question 6

How can we best harness the expertise of the voluntary and community sector and other partners to ensure that the right help is provided to clients during the period of case closure?

38. However, where the linked case has no maintenance liability in place, and therefore only exists for the collection of arrears on the old CSA scheme, there will be no delay in establishing the maintenance liability in the new applicant's case, as the non-resident parent will only have a maintenance liability in one place, on the new service.
39. Overall we anticipate that we will end liability and close cases 'reactively' in just a small proportion of the 1 million existing CSA cases, therefore this process will affect a relatively small number of parents.

Proactive case closure (closing all CSA cases)

40. Once we have launched the new statutory service and it is working well, we will begin the process of closing all CSA cases over a three-year period. We anticipate that this process will begin with writing to the first wave of clients in 2013, followed by the first cases closing in 2014. This process will not apply to those cases with arrears only (i.e. no ongoing liability).
41. We will contact parents six months²⁷ in advance of the closure of their existing scheme case to allow them the opportunity to access the support services and consider their future child maintenance arrangements. They will receive a reminder one month²⁸ before the existing scheme liability ends, and finally a confirmation once it has actually ended.

Question 7

Is six months a reasonable period for both parents to consider their options for child maintenance in proactive case closure cases, where we end liability in the existing CSA case as part of the process?

Question 8

How can we ensure that voluntary and community sector and other partners are aware of the closure process to enable them to provide support for parents to reach their own collaborative family-based arrangements?

²⁷ The standard six month notice period is always 182 days to account for variations in the number of days in each month so all parents following a proactive journey receive exactly the same length of notice.

²⁸ The one month reminder notification will always be sent 30 days before liability ends; this is to account for variations in the number of days in each month so all parents following a reactive journey receive exactly the same length of notice.

42. Parents who have liability ended in their case as part of this process must engage in a Gateway conversation in order to apply to the new Child Maintenance Service, and may then be liable for application and/or collection fees, unless the domestic violence or age exemption applies (any such exemption only applies to the application fee).
43. We will make the new maintenance calculation at the time of application, which could be at any time during the six months after clients have received their initial notice of case closure, although the new liability will only take effect six months after the initial notice. This means that we may make the calculation several months prior to the new liability taking effect – essentially doing all we can to ensure that there is no break in liability owed to existing clients, where they cannot make a family-based arrangement and therefore need to apply to the new scheme.
44. The only category of cases that we intend to exclude from the case closure process are those cases where the youngest qualifying child will reach the age of 20 at some point during the three-year period in which we will be ending liability on all cases. Our intention is that we will not contact parents involved in these cases, and we will continue to manage the case under the existing CSA scheme, unless the parent with care voluntarily closes their existing case and reapplies to the new service. Where this occurs, parents with care will (as they do currently) need to wait 13 weeks before they are able to apply to the new scheme.
45. In order to ensure that parents with care (who have been excluded from the case closure process) are able to apply to the new scheme – where they are willing to forgo 13 weeks' maintenance in order to do so – any application received from the non-resident parent within the 13-week period will not be dealt with until the 13-week period has passed.

Question 9

Once cases being managed manually have been closed, we are proposing to closing the remaining 'on system' cases on the basis of 'oldest first'. Is closing on system cases on the basis of age of case the right approach?

Question 10

What evidence should the Government consider as part of the 30-month review? Which variables and criteria would you consider to show success of the new scheme?

Summary of consultation questions

Question 1

Is our 'self declared' approach, guarantee of no contact with ex-partners and exemption from the upfront charge sufficiently inclusive to ensure that there are no barriers to victims of domestic violence?

Question 2

Is seven per cent an appropriate level of charge for this personalised service?

Question 3

In focusing on the severity of the enforcement action, rather than the actual cost, have we adopted the right approach to enforcement charging?

Question 4

Have we taken the right approach to enforcement charges within the payment hierarchy?

Question 5

In proposing a 30-day notice period in reactive case closure, have we reached a reasonable balance between the interests of new applicants in having a short notice period and the interests of existing clients in having an extended period?

Question 6

How can we best harness the expertise of the voluntary and community sector and other partners to ensure that the right help is provided to clients during the period of case closure?

Question 7

Is six months a reasonable period for both parents to consider their options for child maintenance in proactive case closure cases, where we end liability in the existing CSA case as part of the process?

Question 8

How can we ensure that voluntary and community sector and other partners are aware of the closure process to enable them to provide support for parents to reach their own collaborative, family-based arrangements?

Question 9

Once cases being managed manually have been closed, we are proposing to closing the remaining 'on system' cases on the basis of 'oldest first'. Is closing on system cases on the basis of age of case the right approach?

Question 10

What evidence should the Government consider as part of the 30-month review? Which variables and criteria would you consider to show success of the new scheme?

Annex C

Seeking views

Purpose of the consultation

1. This discussion document seeks views to inform our thinking on how best to support the Government's strategy for reforming the child maintenance system. We are inviting views and contributions to help inform the detailed design of how application and collection fees, enforcement charges and the case closure process in the new statutory Child Maintenance service will work.
2. It is based on the Coalition Government's principle of enabling and supporting families. We would like to hear from all who are interested.

Duration of the consultation

3. The consultation period begins on 19 July and runs until 26 October 2012.

Consultation arrangements

4. Please send your consultation responses to:
Child Maintenance
Department for Work and Pensions
7th Floor Caxton House
Tothill Street
London SW1H 9NA
Email: consultation.responses@childmaintenance.gsi.gov.uk

5. Please ensure your response reaches us by 26 October 2012. We will acknowledge all responses. Please say whether you are responding as an individual, or on behalf of an organisation. If on behalf of an organisation, please make clear who the organisation represents, and how the views of members were obtained.
6. Copies of this publication can be made available in alternative formats if required. We will publish the responses to the consultation in a report on the consultations section of our website: www.dwp.gov.uk/consultations. The report will summarise the responses and our next steps.

Freedom of information

7. The information you send us may need to be passed to colleagues within the Department for Work and Pensions, published in a summary of responses received and referred to in the published consultation report.
8. All information contained in your response may be subject to publication or disclosure if requested under the Freedom of Information Act 2000. By providing personal information for the purposes of the public consultation exercise, it is understood that you consent to its disclosure and publication. If this is not the case, you should limit any personal information provided, or remove it completely. If you want the information in your response to the consultation to be kept confidential, you should explain why as part of your response, although we cannot guarantee to do this.
9. More information about the Freedom of Information Act can be found on the Ministry of Justice website: www.justice.gov.uk/guidance/freedom-of-information.htm

The consultation criteria

10. We are conducting this consultation in line with the Government's Code of Practice on Consultation available at: www.bis.gov.uk/policies/better-regulation/consultation-guidance. The seven consultation criteria are:
 - When to consult. Formal consultation should take place at a stage when there is scope to influence the outcome.
 - Duration of consultation exercises. The Government's Code of Practice on Consultation recommends a minimum 12-week consultation period for public consultations.
 - Clarity of scope and impact. Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence, and the expected costs and benefits of the proposals.

- Accessibility of consultation exercises. Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is designed to reach.
 - The burden of consultation. Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if participants are to buy into the process.
 - Responsiveness of consultation exercises. Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.
 - Capacity to consult. Officials running consultation exercises should seek guidance on how to run an effective consultation exercise, and share what they have learned from the experience.
11. An online version of this consultation will be made available shortly after the publication. This will be made available on the website at: www.dwp.gov.uk/consultations/2012/childrens-futures.shtml

Feedback on this consultation

12. We value your feedback on how well we consult. If you have any comments on the process of this consultation, for example, how it could be improved (but not about the issues raised), please contact our Consultation Co-ordinator:

Elias Koufou
DWP Consultation Co-ordinator
Department for Work and Pensions
2nd Floor
Caxton House
Tothill Street
London
SW1H 9NA
Email: caxtonhouse.legislation@dwp.gsi.gov.uk

Impact assessment

13. The purpose of this discussion document is to inform the direction of reform around application and collection fees, enforcement charges, and the case closure process in the new statutory Child Maintenance Service. We have assessed the impact of the proposals in this paper and have published an Impact Assessment. This is available at www.dwp.gov.uk/consultations/2012/childrens-futures.shtml. We have also considered equality impacts and have published an Equality Impact Assessment. This is available at www.dwp.gov.uk/publications/impact-assessments/equality-impact-assessments/2012/. During the consultation process, we would welcome views on the impact of the ideas on the people covered by equality legislation.



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