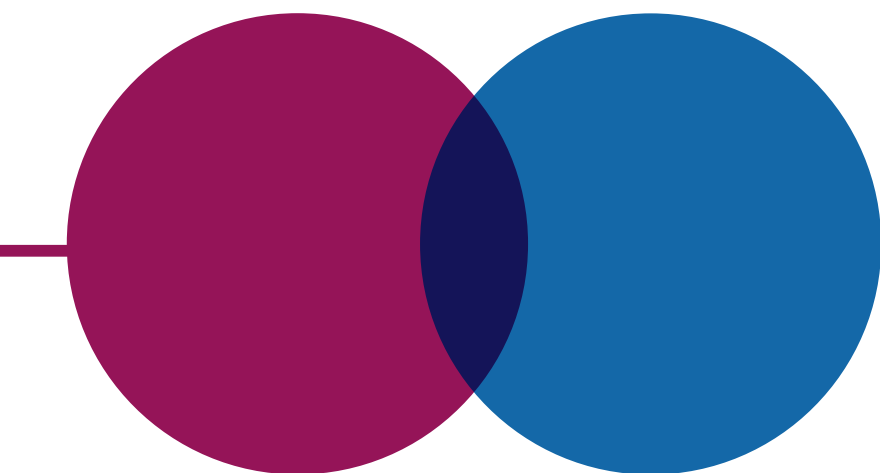




National Audit Office



# Child maintenance

The Department for Work & Pensions

---

## REPORT

by the Comptroller  
and Auditor General

---

SESSION 2021-22  
3 MARCH 2022  
HC 1139



We are the UK's  
independent  
public spending  
watchdog.

We support Parliament  
in holding government  
to account and we  
help improve public  
services through our  
high-quality audits.

The National Audit Office (NAO) scrutinises public spending for Parliament and is independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2020, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £926 million.



National Audit Office

# Child maintenance

## The Department for Work & Pensions

---

### **Report by the Comptroller and Auditor General**

Ordered by the House of Commons  
to be printed on 1 March 2022

This report has been prepared under Section 6 of the  
National Audit Act 1983 for presentation to the House of  
Commons in accordance with Section 9 of the Act

---

**Gareth Davies**  
**Comptroller and Auditor General**  
**National Audit Office**

**28 February 2022**



## Value for money reports

**Our value for money reports examine government expenditure in order to form a judgement on whether value for money has been achieved. We also make recommendations to public bodies on how to improve public services.**

The material featured in this document is subject to National Audit Office (NAO) copyright. The material may be copied or reproduced for non-commercial purposes only, namely reproduction for research, private study or for limited internal circulation within an organisation for the purpose of review.

Copying for non-commercial purposes is subject to the material being accompanied by a sufficient acknowledgement, reproduced accurately, and not being used in a misleading context. To reproduce NAO copyright material for any other use, you must contact [copyright@nao.org.uk](mailto:copyright@nao.org.uk). Please tell us who you are, the organisation you represent (if any) and how and why you wish to use our material. Please include your full contact details: name, address, telephone number and email.

Please note that the material featured in this document may not be reproduced for commercial gain without the NAO's express and direct permission and that the NAO reserves its right to pursue copyright infringement proceedings against individuals or companies who reproduce material for commercial gain without our permission.

Links to external websites were valid at the time of publication of this report. The National Audit Office is not responsible for the future validity of the links.



# Contents

**Key information** 4

**Summary** 6

**Part One**

The child maintenance landscape 21

**Part Two**

Ensuring the right  
maintenance is paid 40

**Part Three**

Efficiency and customer service 61

**Appendix One**

Our audit approach 74

**Appendix Two**

Our evidence base 76

**Appendix Three**

Findings from our consultation 80

**Appendix Four**

The extent of effective child  
maintenance arrangements  
across society 85

This report can be found on the  
National Audit Office website at  
[www.nao.org.uk](http://www.nao.org.uk)


If you need a version of this  
report in an alternative format  
for accessibility reasons, or  
any of the figures in a different  
format, contact the NAO at  
[enquiries@nao.org.uk](mailto:enquiries@nao.org.uk)


The National Audit Office study  
team consisted of:


Paul Herbertson,  
Sarah Perryman, Marc Adams,  
Holly Thompson-Smith,  
Alec Steel, Scott McMillan,  
Sarah Dixon, Meg Callanan  
Robert Carthy, Lizzie Walker,  
Ali Shah, Shahed Khan,  
Simona Ahmed, Nigel Vinson and  
Andy Nichols under the direction  
of Joshua Reddaway.

For further information about the  
National Audit Office please contact:

National Audit Office  
Press Office  
157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

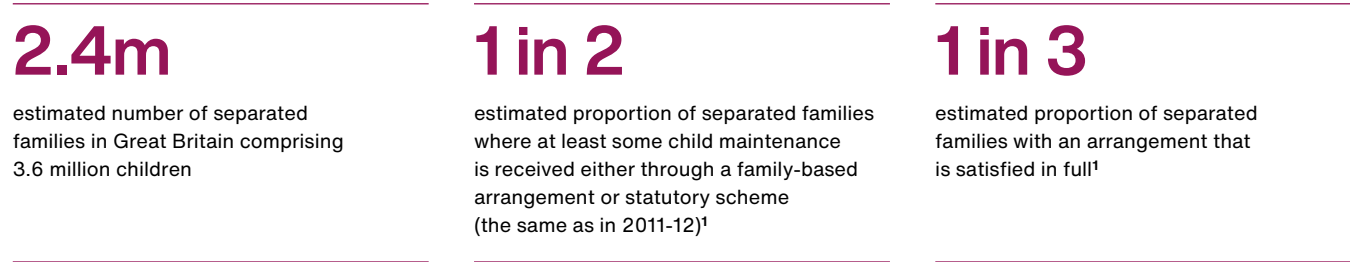
 020 7798 7400

 [www.nao.org.uk](http://www.nao.org.uk)

 @NAOorguk

**Key information**

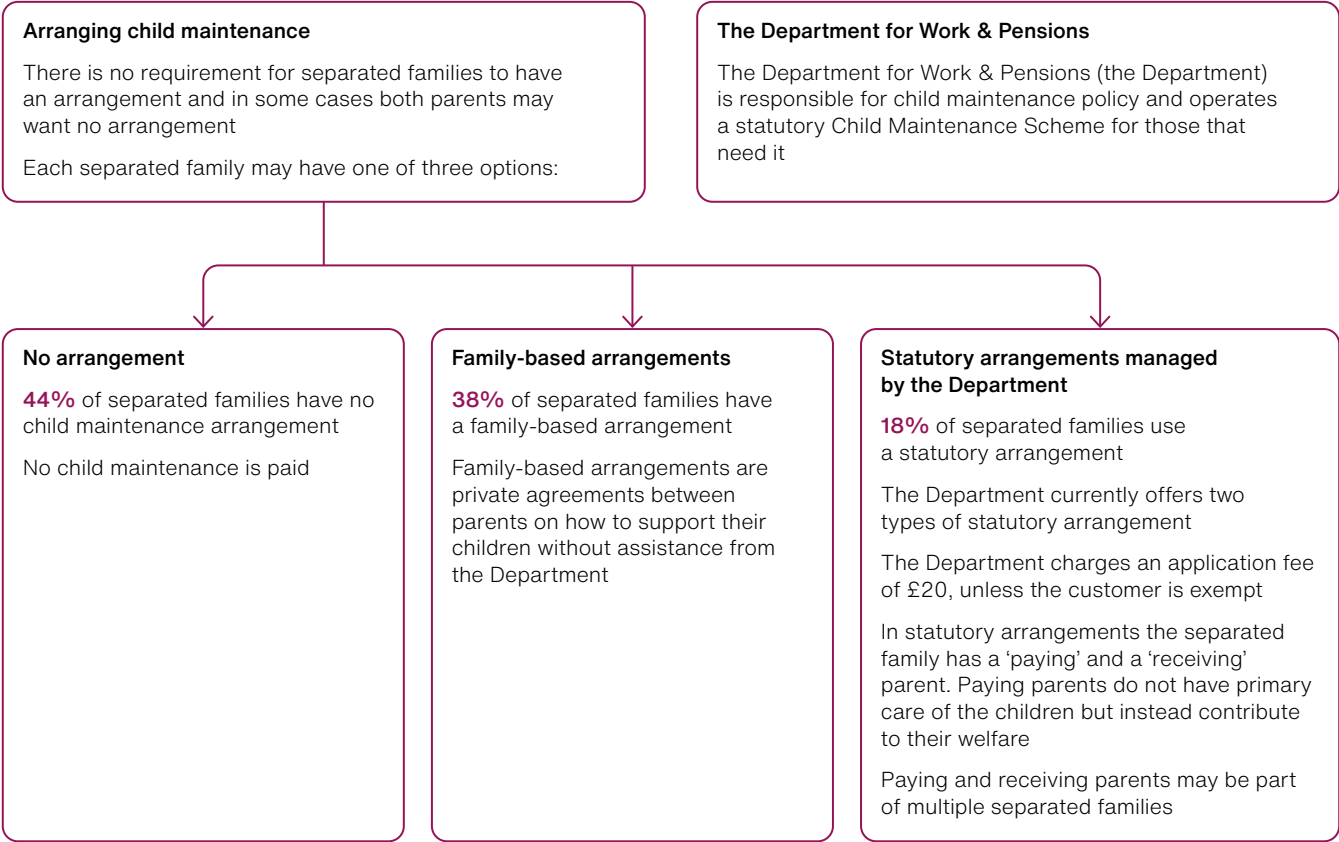
How child maintenance fits into the separated families landscape in Great Britain



**Child maintenance**

Child maintenance is an agreement between parents covering how they support their children when they have separated. Support can take many forms including financial, transactions in kind and shared care arrangements

An estimated £2.3 billion is paid in child maintenance annually



**Note**

1 These calculations are set out in Appendix Four.

### The Department's Child Maintenance Service (CMS)

**£1bn**

estimated amount of child maintenance paid under statutory arrangements in 2020-21

**£322m**

net cost of running the Child Maintenance Group (CMG) in 2020-21

**46%**

percentage of customers who said they were satisfied with the service received from the CMG between July and September 2020

**49%**

percentage of paying parents with Collect & Pay arrangements who paid more than 90% of ongoing maintenance due in September 2021

**99.35%**

accuracy of child maintenance calculations in 2020-21

**£1bn**

forecast maintenance arrears on the CMS scheme by March 2031 if unpaid debts continue to increase at the current rate of more than £1 million a week

**62%**

percentage of paying parents with CMS scheme debt who did not earn enough to be charged income tax or who had no income

#### Statutory arrangements managed by the Department

**18%** of separated families use a statutory arrangement

The Department currently offers two types of statutory arrangement

The Department charges an application fee of £20, unless the customer is exempt

#### Direct Pay

The Department calculates the maintenance due but parents transfer money between themselves

#### Collect & Pay

The Department arranges the transfer of money between parents

It charges the paying parent **20%** and the receiving parent **4%** of the amount collected

#### Arrears under CMS arrangements

This is money owed by the paying parent to the receiving parent under the statutory arrangements

**£440 million** owed on Collect & Pay as of October 2021 which the Department is responsible for collecting

There is also **£40 million** known arrears on Direct Pay arrangements

#### Historic arrears under the Child Support Agency

**£310 million** owed by paying parents as at March 2021

**£2.6 billion** reduction in CSA debt owed by paying parents, between December 2018 and March 2021

## Summary

**1** There are an estimated 3.6 million children from 2.4 million families in Great Britain where the parents have separated or were never together. Child maintenance is an arrangement between the parents to cover how the child's living costs will be paid for when one of the parents does not live with them. These can be either a private 'family-based arrangement' between the parents or made through the statutory Child Maintenance Service (CMS) run by the Department for Work & Pensions (the Department). Most parents who contribute child maintenance are men and most parents who receive child maintenance are women. We use the term parents throughout this report to include guardians as well.

**2** Not every separated family has to have a child maintenance arrangement and not all child maintenance arrangements are effective. The Department considers an arrangement to be effective if at least some of the amount due is paid, payments are at least usually on time and the parent surveyed thinks it works well. It considers a family-based arrangement that does not consist of regular payments to still be effective if the parent surveyed thinks it works well.

**3** In 2012 the Government introduced reforms to the child maintenance system, designed to shift the focus away from Government intervention by default, to encourage collaboration between separated parents while providing support to those parents for whom this was not possible, and to reduce costs. In explaining the supporting legislation, the Department stated that the overall objective of the child maintenance reforms was to:

- increase the number of effective maintenance arrangements for children who live apart from one or both of their parents;
- increase the number of separated parents with an effective voluntary maintenance arrangement (a family-based arrangement); and
- reduce dependency on the state through a smaller, more efficient CMS.

The Department retains responsibility for child maintenance policy, which it sees as confined primarily to the operation of the CMS and those parents who choose to use its services.



**4** The reforms introduced the new CMS scheme to support the minority of separated families that seek assistance from government with their child maintenance arrangements. If the separated parents use the CMS, paying child maintenance becomes a legal obligation. However, enforcing these arrangements has always been challenging and historically many parents have not paid maintenance. The Department's Child Maintenance Group (CMG) administers the CMS in Great Britain; Northern Ireland has separate arrangements.

**5** The CMS replaced the 1993 and 2003 Child Support Agency schemes (the CSA schemes), which were widely regarded as having failed to manage child maintenance adequately. The CSA schemes closed for new cases in 2013 and active cases, where parents chose to apply to the new scheme, had been transferred to the CMS by 2018, but CMG continues to attempt to collect outstanding CSA debts from paying parents to send to receiving parents, where the receiving parent has requested the Department continue to do so.

**6** The CMS is demand-led. The Department provides an Options service to provide information to parents on how to set up a family-based arrangement without further government involvement. Where that is not possible, the Options service can refer parents to one of the CMS's two services:

- **Direct Pay**, where the department charges an application fee and calculates the maintenance due but parents transfer money between themselves. Around 510,000 children are covered by Direct Pay arrangements; or
- **Collect & Pay**, where the Department charges an application fee, arranges the transfer of money between parents and charges the paying parent 20% and the receiving parent 4% of the amount collected. Around 270,000 children are covered by Collect & Pay arrangements.

The application fee is waived for victims of domestic abuse and under-19s.

## **Scope of this report**

**7** We examined early progress on the CMS scheme in 2014. We concluded that the Department had simplified its administration of child maintenance but were concerned about early signs that fewer than expected parents who had contacted the Options service intended to choose family-based arrangements. In 2017 we reported on the closure of the old CSA schemes, finding that it was taking longer than expected; that three-quarters of the arrears balance was uncollectable; and that fewer parents were applying to the new CMS scheme than expected.

**8** In this report we look at whether the Department is achieving value for money in its management of child maintenance. We examine:

- the child maintenance landscape following the 2012 reforms (Part One);
- progress in improving as far as possible the collection of maintenance through the statutory schemes (Part Two); and
- progress in improving the efficiency and quality of the CMS, while cutting costs (Part Three).

**9** We have not looked at government's wider efforts to prevent parental conflict or support separated families. However, we look at the wider child maintenance landscape and the number of effective arrangements across society as part of explaining the impact of reforms to the statutory child maintenance system. Our audit approach is set out in Appendix One, and the evidence we drew on is set out in Appendix Two.

**10** We receive more correspondence on child maintenance than any other single issue. This partly reflects the inherent conflict when parents cannot agree their child maintenance arrangements. Parents tell us about problems with the collection of maintenance and the impact on paying parents being chased for money which they consider they cannot or should not pay; as well as poor customer service they have experienced from the Department.

**11** Throughout this report, we illustrate how users say they have experienced the issues we found in our wider audit, using quotations from the online consultation we ran in summer 2021 to inform our work for this study. We collected 3,521 complete responses from individuals and representative organisations wishing to share their experiences of CMS and CSA. The respondents were self-selecting. By the nature of the consultation, responses were more likely to be from those with an issue to raise about either CMS or the CSA. We have not sought to verify the facts of each case that our respondents present. It is possible that a reasonable observer reviewing a case cited might come to a different view of the facts from that expressed by the respondent. We have avoided using examples that reveal personal details or particularly upsetting personal circumstances. We summarise all the responses in Appendix Three.

## Key findings

Changes in the child maintenance landscape since the 2012 reforms

**12 Since the 2012 reforms, there has been no clear change in the number of effective arrangements overall.** We estimate:

- **half of separated families in Great Britain have an arrangement where at least some maintenance is received.** This is broadly unchanged since 2011-12. It includes separated families where at least some child maintenance is received through either a family-based arrangement or a statutory scheme; and
- **around one third of separated families have an agreed arrangement that is satisfied in full** (paragraph 1.12, Figure 2 and Appendix Four).

**13 Parents are now relying less on the state to help them make child maintenance arrangements – the number of people making a family-based arrangement has increased as intended and take-up of the statutory scheme has reduced – but there has also been an increase in those with no arrangement.** The Department wanted to reduce the proportion of separated families using its statutory scheme and to increase the proportion using family-based arrangements. It had hoped in 2012 that take-up of family-based arrangements would rise from 29% to 35% of separated families. It estimates that by 2019-20 it had risen more than expected to 38%. The Department aimed for a corresponding fall in the take up of the statutory scheme from 46% in 2011-12 to 33% by 2019. The actual proportion reduced by much more: an estimated 18% of separated families used the CMS scheme in 2019-20. Meanwhile, the estimated proportion of separated families without any arrangement increased from 25% in 2011-12 to 44% in 2019-20 (paragraphs 1.4, 1.6, 1.11 and Figure 2).

**14 The Department's 2012 reforms depended on a wider cross-government set of policy agendas on separated families.** The Department's 2011 green paper *'Strengthening families, promoting parental responsibility: the future of child maintenance'* set out the need to better integrate support provided to families to help them make family-based arrangements with other services such as those provided to parents going through separation, the family justice system and the then Sure Start system. The aim of increasing the number of effective arrangements overall across society was based on this wider set of reforms, but the Department told us that this broader set of cross-government actions had yet to emerge in the way envisioned by the green paper. The Department, working with other government departments, has trialled initiatives to encourage families that do not contact its Options service to set up arrangements, and continues to do so. We have not, within this study, reviewed these wider policy agendas or the roles of other departments. However, given that the overall number of effective child maintenance arrangements across society has not clearly changed since 2012, this wider cross-government effort has yet to have the intended effect (paragraphs 1.8 to 1.12 and Figure 1).

## The Department's statutory child maintenance services

### The wind down of the CSA debt

#### **15 The Department reduced the CSA debt relating to unpaid maintenance by £2.6 billion between December 2018 and March 2021, largely by writing it off.**

We have for many years reported the inaccurate recording of CSA debts owed to receiving parents and raised concerns about whether this debt was collectable. The Department estimated that, due to the difficulties in tracing parents, correcting historical inaccuracies, and, for some, the affordability of repayments, it could only collect up to one sixth of the debt outstanding and this would cost the taxpayer at least 2.5 times the amount collected. After a public consultation, the Department received powers from Parliament in December 2018 to write off CSA debt owed to receiving parents under specific personal circumstances. Since then it has written off £2 billion of CSA debt (£855 million owed to the taxpayer and £1,194 million owed to parents) and adjusted £0.5 billion of inaccurate balances, reducing the debt to £310 million as at March 2021. However, only half of this remaining £310 million debt is being repaid and collecting it all may take decades. Some parents told us through our online consultation that allowing these debts to accumulate and then writing them off can have an emotional impact on them. Equally others told us of the emotional impact of being pursued for debts which they believe have been calculated inaccurately. However, only 15% of receiving parents contacted by the Department about the write-off asked it to make a final attempt at collection and the Department received far fewer official complaints about the write-off process than it expected (paragraphs 1.14 to 1.18 and Figures 3 to 5).

### The collection of maintenance through the child maintenance service

**16 The Department's research does not fully explain why take-up of the CMS is lower than it expected.** Its research indicates that some parents may not want an arrangement, while others do want an arrangement, but are not fully aware of the services available through the CMS scheme or do not believe the service would be effective for them. 35% of surveyed parents with care but without an arrangement responded that they wanted to change this, suggesting there may be around 350,000 parents with care who do not have an arrangement who would like one. The Department has also found that the lowest income households are least likely to be covered by any type of child maintenance arrangement. Some 39% of separated parents who were either not working or were economically inactive had no child maintenance arrangements in place, compared with only 21% of those who were working. Some ethnic groups, including Black parents, also appear less likely to use the statutory scheme. However, the Department has not conducted research into why this might be. The Department reviewed the impact of fees and charges on take-up of CMS in 2017 and found that some parents, especially those on low incomes, found the application fee difficult to afford, but other factors were more likely to be a significant factor. Only around two in five applicants pay the application fee (paragraphs 1.21 to 1.25).

**17 The Department has improved the accuracy of its maintenance calculations.**

Some respondents to our consultation said they did not understand how calculations had been determined and thought the Department's calculation was inaccurate. We found the Department has reduced its errors in assessing the maintenance due, from 2.17% of the monetary value of assessed payments in 2015-16 to a record low of 0.65% in 2020-21. It achieved this by automating processes and applying a targeted quality-checking regime. A growing minority of paying parents have more complex earnings, such as unearned income, which may make further reductions in errors challenging (paragraphs 2.4 and 2.5).

**18 The Department designed CMS to limit customer fraud and error but has not estimated how many calculations are incorrect due to fraud and error.**

In 91% of cases it can legally rely on data from HM Revenue & Customs (HMRC) and its own benefits data to assess people's earned income and benefit status, which are key parts of the maintenance calculation. This makes it difficult for most parents to misstate their income. Nonetheless, child maintenance is still vulnerable to certain forms of fraud and error. For example, either parent could misstate their personal circumstances, such as the number of other children for whom they are responsible for. The receiving parent can also ask the Department to consider the paying parent's more complex earnings, such as unearned income, which are more vulnerable to fraud and error. Through its investigation of cases the Department detected £10.9 million of fraud on around 1,400 cases in 2020-21. It has not assessed the risk or level of actual fraud and error in line with best practice, and as would be required if child maintenance were public expenditure and not a client account (money managed on behalf of the parents). It therefore has no way of assessing whether its controls over fraud and error are cost-effective (paragraphs 2.6 to 2.8 and Figure 7).

**19 Ninety per cent of separated families using CMS start with Direct Pay.**

The Department designed Direct Pay as a lighter touch government intervention for those parents who cannot make their own arrangements. Under child maintenance legislation both parents must agree to a Collect & Pay arrangement to start on one without first trying Direct Pay, or there must be clear evidence that the paying parent is unlikely to pay voluntarily. The Department also encourages parents to try to make Direct Pay arrangements work by charging for using Collect & Pay. As a result the Department assigns 90% of families joining CMS to start on Direct Pay (paragraphs 2.9 and 2.10).

**20 Around half of new Direct Pay arrangements are either not sustained or are not effective.** Only 58% of parents responding to a Department survey 13 months after their Direct Pay calculation were on Direct Pay, 16% were on or moving to Collect & Pay and 19% had left the CMS and had no form of maintenance arrangement in place at all. Some 16% of those still on Direct Pay after 13 months said that they do not receive the full amount and 20% said their payment is not usually on time. The Department informs parents that they should report if their Direct Pay arrangement fails but some do not, for example because they are concerned about causing an issue with the other parent. The Department does not monitor whether payments are made, but does send reminders to the receiving parent, three months after they start (by text) and at each annual review, to prompt them to contact the Department if their Direct Pay arrangement is not working. Meanwhile, unpaid maintenance arrears build up. On average, paying parents moving onto Collect & Pay in the quarter ending September 2021 from Direct Pay owed £1,100, around five months' worth of maintenance (paragraphs 2.11 to 2.13 and Figures 8 and 9).

**21 The Department has improved Collect & Pay compliance, but at least half of paying parents on Collect & Pay still do not pay, pay less than they should, or pay late.** The Department collected a record high £54 million on Collect & Pay arrangements in the quarter ending September 2021. The percentage of paying parents contributing more than 90% of ongoing maintenance due in a quarter increased from under one-third (31%) in March 2016 to around half (49%) in September 2021. But many paying parents do not pay everything they owe or pay late. In the quarter to September 2021, 39% of children under Collect & Pay arrangements received no ongoing maintenance or arrears. Some payments are made late within the quarter. As at September 2021, 38,000 paying parents (around one in four) with an ongoing arrangement had not paid any maintenance on their Collect & Pay arrangement for more than three months, and 22,000 (around one in seven) had not paid for more than six months (paragraphs 2.15 to 2.16 and Figures 10 to 12).

**22 The Department has improved its enforcement but there is scope to go further.**

The Department has improved its collection and enforcement activities and the amount it collects through Collect & Pay enforcing payments has increased. However:

- **it can take years before payments are made to receiving parents if the paying parent refuses to comply.** The Department has got faster at completing many of its internal processes designed to enforce compliance. However, it does not have data on how long each stage in the collection and enforcement process takes from the customer's perspective and these often require action by bodies such as employers, courts, bailiffs or banks, as well as the Department. The Department can also be slow to move to civil enforcement action where other enforcement methods have not worked;
- **enforcement of arrears does not always ensure ongoing compliance.** The Department's civil enforcement powers (used after other methods of collection have been unsuccessful) are restricted to enforcing the collection of the arrears balance at the time the liability order is granted by the courts and cannot be used to enforce ongoing maintenance. Meanwhile, more maintenance arrears can build up, so on average parents had £2,200 of arrears due before being dealt with by the Department's enforcement business area and £2,600 afterwards; and
- **enforcement has not been properly built into the Universal Credit system.** Of paying parents on Collect & Pay with an ongoing arrangement, 69,000 (44%) are on Universal Credit. The Department has legislative authority to deduct a full £7 flat rate of child maintenance (plus the 20% charge) from a paying parent's Universal Credit award. An unintended consequence of the supporting legislation, however, is that the Department cannot process partial deductions of child maintenance payments (as they are less than the full flat rate amount). This causes problems in its interaction with the deductions cap. The Department has also not yet automated deductions from Universal Credit where the paying parent has earnings. It told us that competing priorities had prevented it from introducing this functionality into the Universal Credit IT system (paragraphs 2.15 to 2.22).

**23 Affordability considerations limit the Department's ability to collect payments from parents on low incomes and on benefits.**

Departmental surveys have highlighted that parents consider affordability of payments to be a barrier to compliance. Low-income paying parents are more likely to build up arrears on Collect & Pay than the higher paid: 46% of paying parents using the CMS do not earn enough to pay income tax (£12,570 in 2021-22), but these parents represented 62% of those with arrears as at March 2021. There are legislative safeguards designed to prevent debt collection from causing hardship to the paying parent, including the 25% cap on deductions for certain debt repayments from the Universal Credit standard allowance (paragraphs 2.23 to 2.25 and Figure 13).

**24 Child maintenance calculation rules have not been updated and do not align with the Department's broader aims on employment and in-work progression.**

The statutory method used to calculate child maintenance was designed before Universal Credit was introduced. It creates the equivalent of a high 'effective marginal tax' rate of up to 100%, for those seeking work. Furthermore, the earning bands have not been uprated since 1998, so that inflation has increased the amount that paying parents pay above Parliament's original intention. Both the calculation method and the bands are set out in primary legislation and would require new legislation to change (paragraph 2.24).

**25 Unless the Department writes off more CMS debt, outstanding arrears will grow indefinitely and are forecast to reach £1 billion by March 2031 at current rates.**

The amount of unpaid maintenance owed to parents on Collect & Pay increased by more than £1 million per week to a total of £440 million as at October 2021. No payment was made against around four-fifths (79%) of this debt in September 2021 and more than a quarter (28%) of debt being repaid will take over a decade to be collected at current rates of repayment. The Department has no means to stop the balance growing; even if its plans to improve compliance succeed, it will only delay the date the level of unpaid maintenance reaches £1 billion to 2034. The Department is in the process of identifying cases where the money owed is "potentially uncollectable", but it cannot legally write these off and has not decided what to do about them. Its experience of writing off CSA debt shows how parents have strong views both for and against writing off the debt. But in the long run leaving the debt balance to rise may also lead to disappointment and anger by giving the hope of money that never arrives and continuing to chase debt that is not going to be paid (paragraphs 2.26 to 2.29 and Figure 14).



## Improving efficiency and customer service within the CMS

**26 The Department has reduced the cost of administering child maintenance, in line with its smaller caseload and new income from charging.** It reduced the gross annual cost to the taxpayer of administering child maintenance by £132 million (27%) from £497 million in 2011-12 to £365 million in 2020-21; a £242 million (40%) reduction in real terms using 2020-21 prices. This is broadly in line with the 47% fall in caseload over the same period. It reduced its net funding requirement by £172 million (from £494 million to £322 million) across the same period. This is £40 million more than the reduction in gross costs because of the introduction of charging to use the service. However, this net funding requirement remains higher than the £234 million the Department estimated it would be by now in its 2013 business case. The Department can identify specific operational efficiencies it has made, such as greater use of automation. However, there has not been a reduction in the cost per £1 collected and arranged; it expected that the 'cost per £1 maintenance collected and arranged' through CMS would improve from 35p per £1 in 2011-12 to 25p per £1 by 2018-19 (before investment costs and income). However, by 2020-21 the cost per £1 had risen to 36p. The Department told us this is due to larger than expected digital and estates cost (the majority of which the Department apportions centrally) and because its customer base is now more concentrated on those with a greater level of need than under the old CSA (paragraphs 3.2 to 3.4 and Figure 15).

**27 The Department's ongoing efforts to improve its customer service have not yet led to sustained improvements in customers' perceptions of the CMS.**

The Department told us that achieving customer satisfaction is challenging because its customers are separated parents who often have high levels of conflict and who have been unable to arrange maintenance themselves. The Department introduced improvement plans against four key areas of its customer charter ('ease of service access'; 'getting it right'; 'keeping you informed'; and 'right treatment'), but this has not led to any significant change in how these aspects of its service are perceived. Its surveys show an overall customer satisfaction rate of 46% in the quarter ending September 2020. The Department receives more complaints on child maintenance than any other subject. It upholds a lower proportion of these than for other services (around one in three). However, the high volume of complaints meant it upheld 1.15 complaints for every 1,000 customers in the year to 30 September 2021, the highest per customer for any topic (paragraphs 3.5 to 3.12 and Figures 16, 17 and 18).

**28 The Department maintained essential services during the COVID-19 pandemic while accelerating plans to increase its online interactions and digitalise the service.**

At the start of the pandemic, the Department moved around one-quarter of staff out of CMG, mainly to process Universal Credit claims. A further half of CMG staff were either working from home, awaiting equipment or were unable to work, leaving just over one-quarter of staff working on child maintenance. The Department put in place a minimum operating model, focusing on activities that kept child maintenance flowing. For example, it processed amendments which changed the amount due, but stopped new enforcement activity. It also managed to accelerate its plans to move more customer interactions online, using its 'My Child Maintenance Case' portal. The Department reduced its telephone service during the pandemic. Some respondents to our online consultation told us that they found it difficult to get in touch with CMS as a result. The Department has since partly reinstated its previous telephone service hours (paragraphs 3.13 to 3.19 and Figure 19).

**29 Our assessment of CMS's operational management suggests three main opportunities for improvement it could build into its transformation plans.**

We reviewed CMG against our operational management maturity analytic. We found that CMG was stronger than most organisations we audit at explaining its goals and priorities to its staff, effective working across teams, and in its leadership of change. It also already has plans in place for some transformation and to better use digital technologies. We found it was weaker against best practice in its management of its specific operations in ways that are common across the government operations we audit. This was due to a combination of factors: how the operations have evolved over time; the existing digital systems; and the legislative framework within which the service operates. This work suggested three priorities for the Department to build into its transformation:

- **Improve its differentiation and segmentation of customers.** The Department would like to be able to prioritise what actions to take on a case based on its assessment of what would most likely work. This will require it to develop a better understanding of its customers' needs and what actions to take in what circumstances. However, the current legislation requires it to broadly take a 'one size fits all' approach and to follow a linear process.
- **Improve the end-to-end customer journey.** The Department has to date focused on improving the efficiency of its internal processes. But the end-to-end journey for a customer can involve interaction with various agencies and multiple interventions by CMS. For example, some non-compliant customers can be subject to multiple or parallel enforcement actions, while arrears continue to build. The Department could not easily set out how customers proceeded through its processes or what impact each had.

- **Develop the management information it uses for service improvement.**

The Department's systems produce a lot of management information. It generally has measures that report after the event (lag measures) rather than those that allow it to anticipate problems (lead measures). It does not have cost-effectiveness metrics that show the return on spend on each of its interventions, or whether its initiatives to improve the efficiency of its processes have been effective. It also has lots of information on various aspects of its service but has not identified the suite of measures to monitor that would enable it to improve how its customer service is perceived (paragraph 3.20).

### **Conclusion on value for money**

**30** In 2012 the Government introduced reforms to the child maintenance system designed to reduce government spending on administering child support and maximise the number of effective maintenance arrangements made without state involvement. These reforms have reduced government's involvement in child maintenance and reduced costs to the taxpayer. However, the reforms relied on a wider set of integrated, cross-government interventions on separated families and have not, so far, increased the number of effective child maintenance arrangements across society.

**31** The Department's main focus has been improving its statutory child maintenance service. It has improved value for money in its management of the service and has significantly improved its accuracy and collection rates. The Department acknowledges, however, that there remains much more it can do to improve the service. It does not yet fully understand why those without an effective arrangement do not use its service. It could do more to help prevent around half of Direct Pay arrangements failing, leaving maintenance unpaid. It has improved Collect & Pay collection so that half pay the maintenance due, but its enforcement of the remainder can be too slow to be effective. Furthermore, it still has significant problems with its customer service, both real and perceived, that undermine trust in the service. Meanwhile, the Department has the challenge of what to do with the growing balance of unpaid debts on the statutory schemes, which is giving parents hope that they will receive money that will likely never be paid.

## Recommendations

**32** Significantly increasing the overall number of effective child maintenance arrangements beyond the statutory schemes relies on a coordinated, cross-government approach that is beyond the scope of this study. However, the CMS is a key part of making the overall system as effective as possible. The Department plans further improvement of the CMS systems and processes as part of a wider digital transformation. Our recommendations are designed to help the Department make the most of this. The Department should:

- a investigate why fewer people are taking-up CMS than expected and tackle any inappropriate barriers that prevent families using its services.** In particular, it should:
  - research ways in which more people who do not have effective arrangements and for whom a CMS arrangement may be appropriate can be encouraged to use its services;
  - use surveys to monitor the number of effective arrangements across society, and the characteristics of the families that make family-based arrangements or use its services; and
  - apply this research and monitoring to test approaches to improving the accessibility of its services;
- b assess the affordability and interaction of child maintenance with the welfare system.** The rates used to calculate maintenance have not been changed since 1998 and can conflict with the wider aims of the welfare system. Changing this methodology and the bands used would require primary legislation. In particular, the Department should:
  - review the child maintenance calculation rates to assess the extent to which they conflict with the aims of Universal Credit of supporting people into work and otherwise meet the Department's objectives;
  - report to Parliament on whether it believes new legislation is necessary; and
  - make modifications to the Universal Credit system to enable automation and partial deductions from benefits for child maintenance;

- c improve the effectiveness of Direct Pay arrangements.** Direct Pay is designed to be a lighter touch approach and the Department does not monitor every payment. However, it can improve its understanding of the effectiveness of these arrangements and its interaction with these customers to help improve the way the arrangements work or, where they do not work, suggest alternatives. In particular, it should:
- continue to regularly survey separated families with Direct Pay arrangements and publish a regular estimate of the effectiveness of the arrangements and whether the arrangements continue; and
  - set out how, as part of its digitalisation and modernisation plans, it will continuously improve its communication with Direct Pay customers to help them report missed payments, help prevent Direct Pay arrangements from failing, or, where this is not possible, to promote faster transfers to Collect & Pay arrangements where appropriate;
- d continue to improve the effectiveness of Collect & Pay collection and enforcements.** The Department has already reduced its processing times and identified further ways it can improve its collection and enforcement. It should continue these and also:
- map the full extent of the ‘customer journey’ for each of its enforcement actions including the steps where others need to take action to identify the full time between starting a process and payment, and identify where, by working with others and suggesting legislative changes, it can reduce the overall time to getting payments;
  - monitoring the cost-effectiveness of each of its enforcement activities and what happens to each case after an enforcement action is applied so that this can be used for continuous improvement;
- e review its write-off strategy for the Collect & Pay service child maintenance arrears.** No child maintenance debt strategy will be without problems. The current approach will inevitably mean ever-increasing debts being recorded for unpaid maintenance that parents will never receive. The alternative of asking to write this off can cause distress to the receiving parent and potentially lead to recoverable amounts being written off. The Department should consult on and assess options, before seeking Parliamentary authority, on whether it should (after improving collection and enforcement):
- allow the arrears to build and only write them off when there is no legal recourse to the debt (the current approach);
  - write off arrears when they are deemed to be unlikely to be collected; or
  - conduct periodic debt write-off exercises similar to that carried out on the CSA debt;

- f develop its counter-fraud and error strategy.** Child maintenance payments are between parents and not public money. The risk of customer fraud and error is limited by the controls the Department already has in place. Nonetheless the Department can learn from its own best practice to manage fraud and error in a way that is proportionate to the risk, and its role in managing child maintenance. This would require it to:
- adopt the overall aim of demonstrating cost-effective controls over child maintenance fraud and error;
  - commit to undertake an annual assessment of the principal fraud risks; and
  - commit to publish annually, where considered material, its estimate of child maintenance fraud and the amount detected (this could be done as a short disclosure in the accounts);
- g develop its approach to managing the quality of the statutory service to support its planned transformation.** Our review of the CMS's operational management suggested that Department should:
- develop its understanding of customers' needs and what actions are most effective in what circumstances;
  - improve its data on the end-to-end customer journey to better understand how customers proceed through its processes and what impact each has; and
  - develop the management information it uses for service improvement. Particularly: develop performance indicators that allow it to anticipate problems (lead measures); cost-effectiveness metrics that show the return on spend on each of its interventions; and build a new set of performance measures to monitor how its customer service is perceived.

# Part One

## The child maintenance landscape

**1.1** This part of the report sets out more detail on:

- the child maintenance landscape;
- the closure of the 1993 and 2003 Child Support Agency (CSA) schemes;
- the design and aims of the 2012 Child Maintenance Service (CMS) scheme; and
- take-up of the CMS scheme and the impact on the number of children benefitting from child maintenance arrangements.

### **Introduction – the child maintenance landscape**

**1.2** There are an estimated 3.6 million children from 2.4 million families in Great Britain where the parents have separated or were never together. Child maintenance is an arrangement that covers how the child's living costs will be paid for when parents do not live together. There is no requirement for all separated families to have an arrangement and some families may not want an arrangement. Parents who do want to make an arrangement can agree this between themselves through a non-statutory or 'family-based arrangement' which can include:

- voluntary financial arrangements which involve direct monetary payments between parents;
- voluntary non-financial arrangements which involve payments in kind;
- other types of arrangements including shared care arrangements; and
- court orders requiring parents to make financial payments.

**1.3** Where parents want an arrangement but need more help, the Department for Work & Pensions (the Department) offers a child maintenance Options service, designed to provide free, independent information on different types of child maintenance arrangements. If further support is required, parents can ask the Department to calculate the amount of maintenance to be paid and to manage and collect payments. Arrangements made in this way are called statutory arrangements.

**1.4** Around 38% of separated families have set up their own family-based child maintenance arrangements, while 44% have no arrangement in place. The remaining 18% ask the Department to help with their child maintenance arrangements through the CMS scheme.

**1.5** The Department considers an arrangement to be effective if at least some of the amount due is paid, payments are at least usually on time and the parent surveyed thinks it works well. A family-based arrangement that does not consist of regular payments is considered effective if the parent surveyed thinks it works well. The Department's statutory CMS scheme plays a key role in promoting effective arrangements by:

- promoting collaboration between separated parents who access its Options service and supporting them to agree their own family-based arrangements wherever possible;<sup>1</sup> and
- where a family-based arrangement is not suitable, operating the CMS for those that need it, which involves parents paying a fee before the Department calculates and, in some cases, collects and pays out child maintenance due.

## **Reforming the child maintenance landscape**

**1.6** In 2011, the Department announced reforms to the child maintenance landscape. The reforms aimed to shift the focus of child maintenance away from government intervention by default, to encourage collaboration between separated parents, while providing support to those parents where that is not possible, and to reduce costs. In explaining the supporting legislation, the Department stated that the overall objective of child maintenance policy was to maximise the number of effective maintenance arrangements for children who live apart from one or both of their parents. This was supported by two further objectives: to encourage parents to make and keep effective voluntary maintenance arrangements (family-based arrangements); and to support parents in making applications for statutory child maintenance.<sup>2</sup>

**1.7** To support these aims, the reforms also introduced the statutory CMS scheme in 2012. Through the CMS, the Department aimed to:

- encourage parents to make family-based arrangements and increase the number of children benefiting from these arrangements after contacting the Department's information services from 138,000 in 2011-12 to 514,000 by 2018-19;
- resolve problems with the 1993 and 2003 schemes, such as improving the accuracy of its maintenance calculations; and
- reduce net government spending on administering child support by £342 million (68%), from £504 million forecast for 2011-12 to £162 million by 2018-19.<sup>3</sup>

<sup>1</sup> Department for Work & Pensions, *Annual Report and Accounts*, 2020-21, p59.

<sup>2</sup> Explanatory memorandum to the child support maintenance calculation regulations 2012, Section 7.

<sup>3</sup> Values are in nominal (cash terms) and therefore do not take into account inflation.



**1.8** Following these reforms, the Department retains responsibility for child maintenance policy, which it told us it sees as primarily confined to the operation of the CMS scheme. In abolishing the Child Maintenance and Enforcement Commission which had been responsible for delivering the CSA schemes, and transferring its functions to the Department, the Department told Parliament that:

“The Secretary of State already has sufficient powers to ensure that the Department maximises the number of effective child maintenance arrangements and sufficient powers to provide information. Assurances were provided during the debate that the Secretary of State will have these objectives in mind and, as part of the process for managing the transfer, will consider the measurement and reporting of success”.<sup>4</sup>

**1.9** However, the 2012 reforms depended on a wider set of policy agendas on separated families. The Department’s 2011 green paper *‘Strengthening families, promoting parental responsibility: the future of child maintenance’* set out the need to better integrate the support provided to families to help them make family-based arrangements with other services, such as those provided to parents going through separation, the family justice system and the then Sure Start system. For example, integrating support services better could support parents with high levels of conflict to make a family-based arrangement at an earlier stage, rather than contacting the Department’s CMS. The overall aim of maximising the number of effective arrangements overall across society was based on this wider set of reforms (**Figure 1** overleaf).

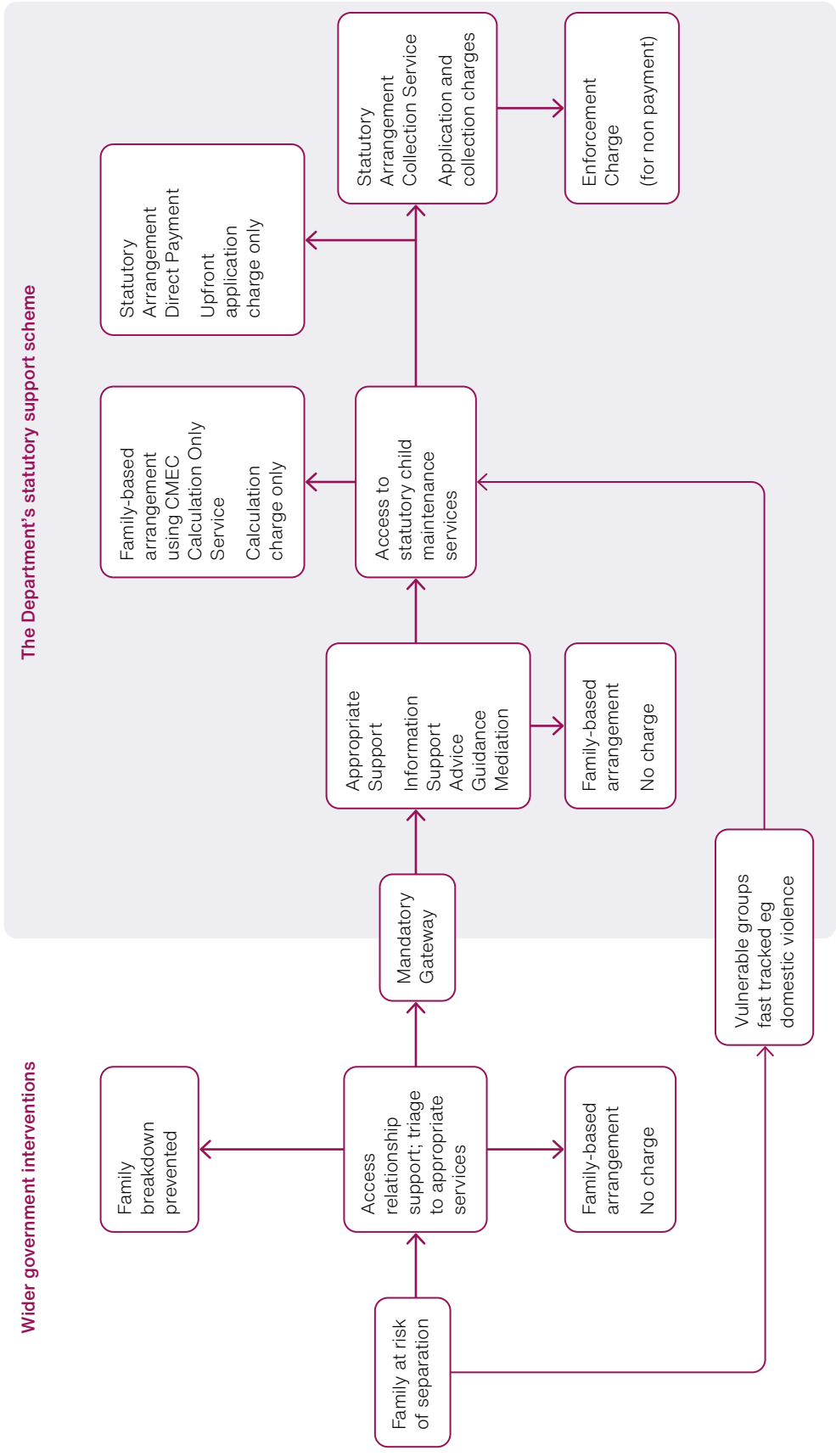
**1.10** The Department told us that this broader set of cross-government actions had yet to emerge in the way envisioned. The Department, working with other government departments, has trialled initiatives, such as its Help and Support for Separated Families fund, to encourage families that do not contact its Options service to set up arrangements. It has also established the Reducing Parental Conflict Programme, to provide funding to local authorities to support families. However, it has not fully integrated this with its approach to child maintenance.

<sup>4</sup> Explanatory document to the Public Bodies (Child Maintenance and Enforcement Commission: Abolition and transfer for functions) Order 2012 No. 2007.

**Figure 1**

The government's 2011 proposals for a reformed child maintenance landscape

The reforms to the child maintenance landscape included cross-government early intervention initiatives for separated and separating families. This included encouraging families that may not contact the Options service to set up family-based arrangements



**Notes**

- 1 The 'mandatory gateway' is now called Child Maintenance Options service.
- 2 CMEC was the Child Maintenance Enforcement Commission which was replaced by the Department for Work & Pensions' (the Department's) Child Maintenance Group.

Source: Department for Work & Pensions. *Strengthening families, promoting parental responsibility: the future of child maintenance*, green paper, January 2011

## Changes to the number and type of child maintenance arrangements since 2012

**1.11** Since the government introduced the child maintenance reforms in 2012:

- the estimated proportion of separated families with family-based arrangements has increased from 29% in 2011-12 to 38% in 2019-20 (compared with an expectation of 35%);
- the estimated proportion of families with no arrangements in place has increased from 25% in 2011-12 to 44% (more than one million families) by 2019-20 (compared with an expected 31%); and
- take-up of its statutory child maintenance services, where the Department intervenes with arrangements, has reduced substantially and by much more than planned – from an estimated 46% of separated families in 2011-12 to 18% by 2019-20 (compared with an expected take-up of 33%).

**1.12** As a result, we estimate that:

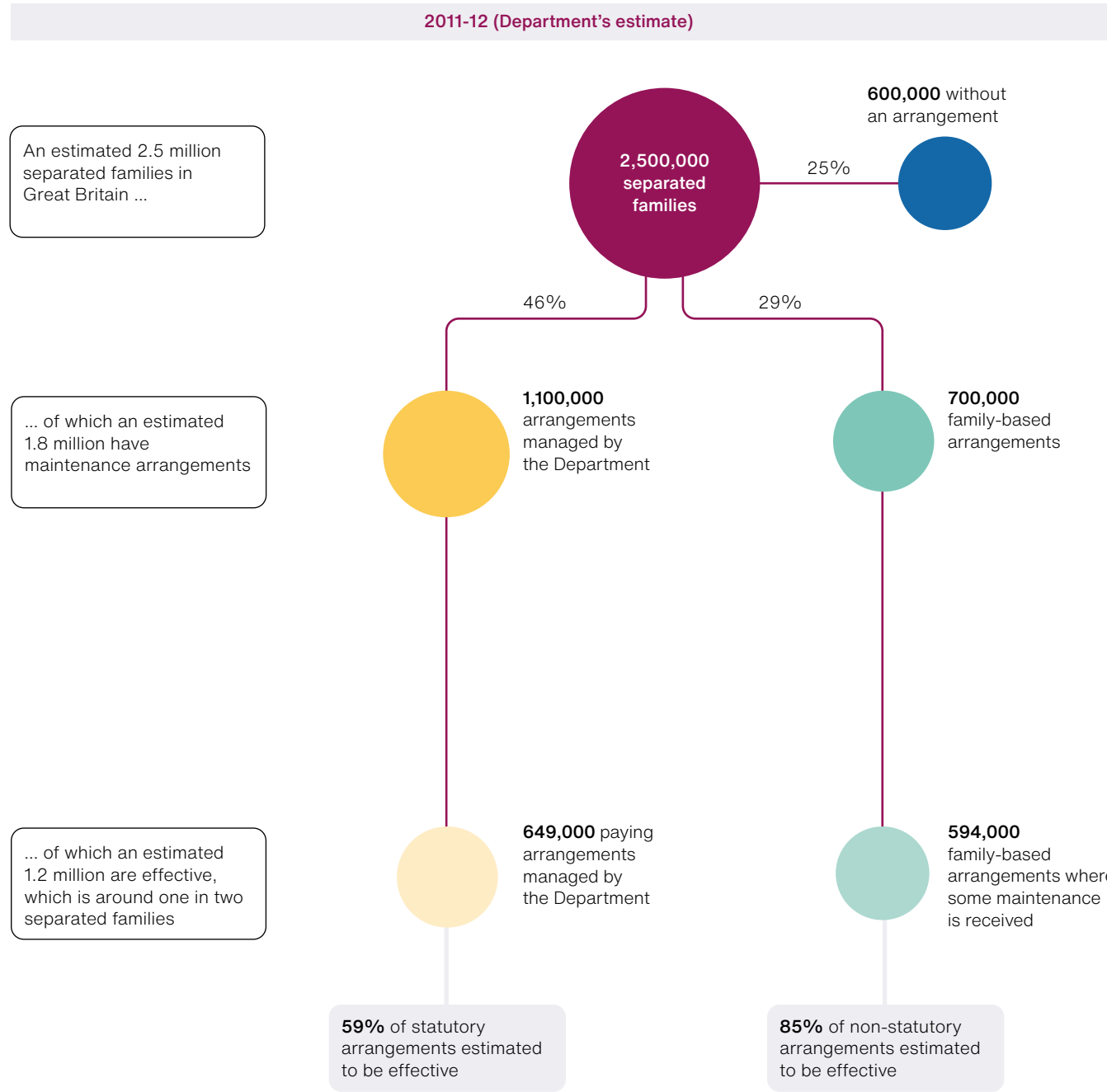
- half of separated families in Great Britain have an arrangement where at least some maintenance is received. This is broadly unchanged since 2011-12 (**Figure 2** on pages 26 to 28). It includes separated families where at least some child maintenance is received through either a family-based arrangement or a statutory scheme.
- around one-third of separated families have an arrangement where all the agreed maintenance is paid.

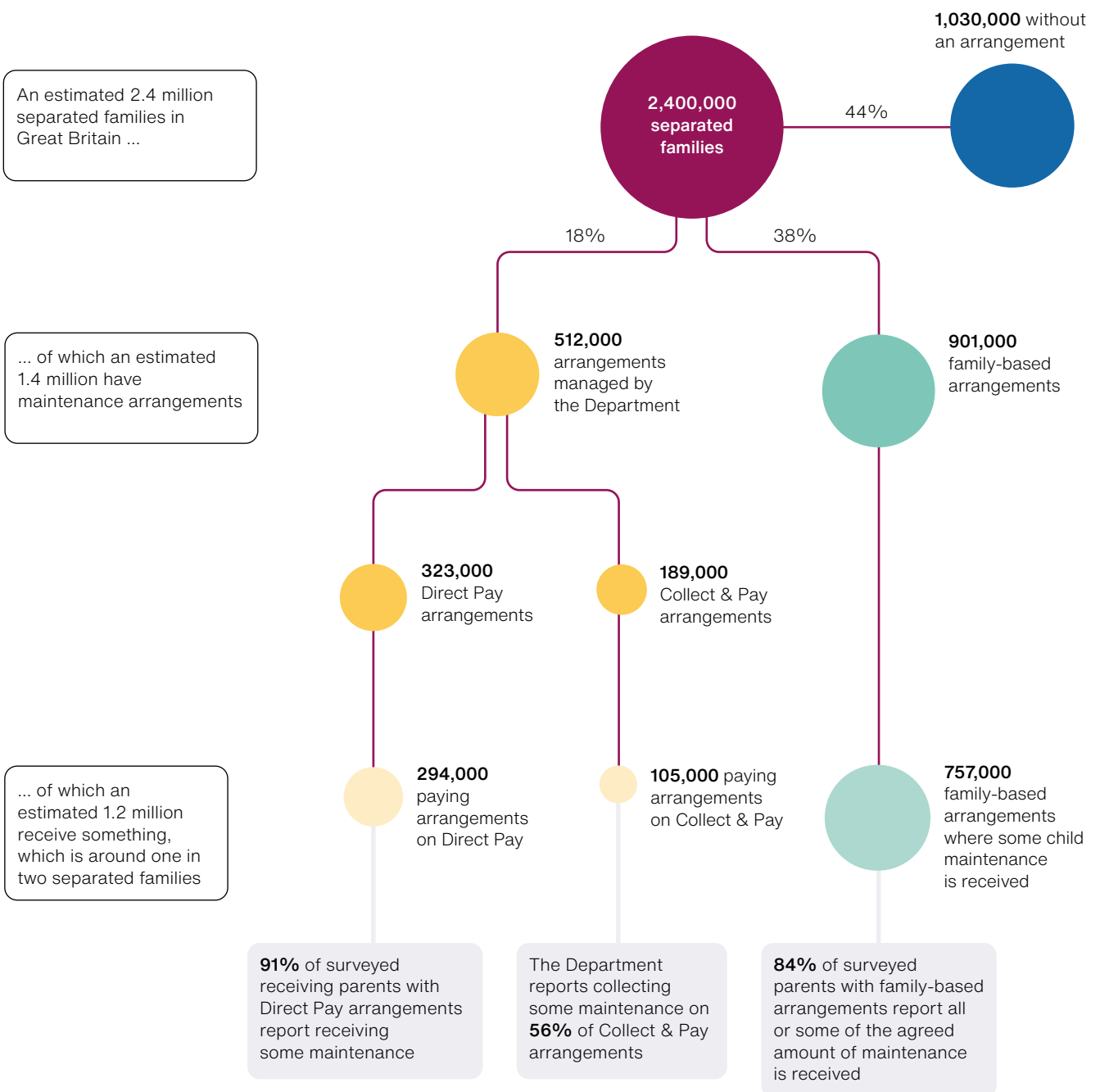
The full calculations for these are set out in Appendix Four.

**1.13** We have not, within this study, reviewed the wider social policies and services that would be involved in reducing parental conflict and creating more cooperative family-based arrangements. However, given the overall number of effective child maintenance arrangements across society has not clearly changed since 2012, the Department's reforms to the child maintenance landscape have not yet achieved the intended outcomes.

**Figure 2**  
Estimate of the number of separated families where at least some child maintenance is received (2011-12 and 2019-20)

Fewer separated families use the Department for Work & Pension’s (The Department’s) services than in 2012 but there has been no apparent change in the number of arrangements where at least some maintenance is received



**2019-20 (our updated estimate)**

---

**Figure 2** *continued*

Estimate of the number of separated families where at least some child maintenance is received (2011-12 and 2019-20)

**Notes**

- 1 Both the Department's and our estimate are indicative and subject to a large degree of uncertainty.
- 2 More detail on the calculations in Figure 2 are provided in Appendix 4.

Sources: 2011-12 information: Department for Work & Pensions, Child Maintenance Population Estimates, 2012 available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/223122/Child\\_Maintenance\\_Population\\_Estimates.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/223122/Child_Maintenance_Population_Estimates.pdf) 2019-20 information: See Appendix Four

---

**The Department's introduction of its new CMS scheme**

**1.14** The Child Maintenance Group (CMG) is a part of the Department. It operates the CMS scheme, which was introduced in 2012 as a voluntary scheme for parents. It is led by the director of the Child Maintenance Group. The CMS scheme replaced the 1993 and 2003 the CSA schemes, which were widely regarded as having failed to manage the payment of child maintenance adequately. Within the CMS context, child maintenance arrangements cover how a 'paying parent' (who does not have the main day-to-day care of their child) contributes towards the child's living costs by paying the 'receiving parent' (the parent or guardian providing the most care). Most receiving parents are women, and most paying parents are men.

**Closing the 1993 and 2003 schemes**

**1.15** Government created the CSA in 1993 as an alternative to pursuing child maintenance through the courts. This scheme was modified in 2003. However, the CSA schemes set up in 1993 and 2003 struggled with IT problems, inaccurate assessments, poor customer service, backlogs and incomplete information about arrears. The Comptroller & Auditor General has qualified his opinions on the 1993 and 2003 scheme accounts every year since they were launched because of the inaccurate assessments and incorrect arrears balances. We also raised concerns about whether the outstanding debt was collectable.

**1.16** The Department announced in 2011 that it would close the CSA schemes and introduce the CMS scheme (**Figure 3** overleaf). The Department decided, based on its analysis, that it would not be value for money to attempt to collect all the unpaid maintenance debt on the CSA schemes. In March 2017, the Department estimated that, due to the difficulties in tracing parents, correcting historical inaccuracies, and, for some, the affordability of repayments, it could only collect up to one sixth of the outstanding debt and that the cost of doing so would be at least 2.5 times the amount collected (between £0.1 billion and £0.6 billion). Between March 2017 and December 2018, the Department reduced the CSA debt balance by £0.8 billion largely by reviewing and correcting some of the balances and writing off £384 million owed to the Department.<sup>5</sup> Following a public consultation, the Department was awarded new statutory powers in December 2018 to write off the debts of unpaid maintenance owed under old CSA cases, where it was not economic to collect the debt or where the receiving parent did not respond to communications by confirming that they wanted the Department to make a last attempt at collection. Since then, it has written off a further £2 billion (£855 million owed to the taxpayer and £1,194 million owed to parents) and corrected £483 million to reduce the CSA debt balance by a total of £3.4 billion to £310 million (owed by 69,000 paying parents) as at March 2021 (**Figure 4** on pages 31 and 32).

**1.17** The remaining £310 million mainly relates to cases that are already being collected or are not currently being collected but where the receiving parent has asked that the Department make a final attempt to collect it.<sup>6</sup> In the quarter ending March 2021, around half of this amount was in repayment, but it will take a long time to collect. The Department estimates that 59% (£93 million) of debt in repayment will take more than 10 years to be fully repaid, for example, because the parent is on a low income, and 39% (£63 million) will take more than 20 years. No payment was received against the other half of the remaining balance in the quarter ending March 2021, £81 million of which relates to debts of more than £10,000.<sup>7</sup> The Department does not currently have an estimate of how much of this is collectable.

5 Regarding the £384 million and £855 million owed to the taxpayer: before October 2008 in certain circumstances where the receiving parent was on benefits, the Department would forego deducting maintenance from the benefit payments instead of paying over child maintenance received from the paying parent. The paying parent would then owe the Department if they did not pay the maintenance due.

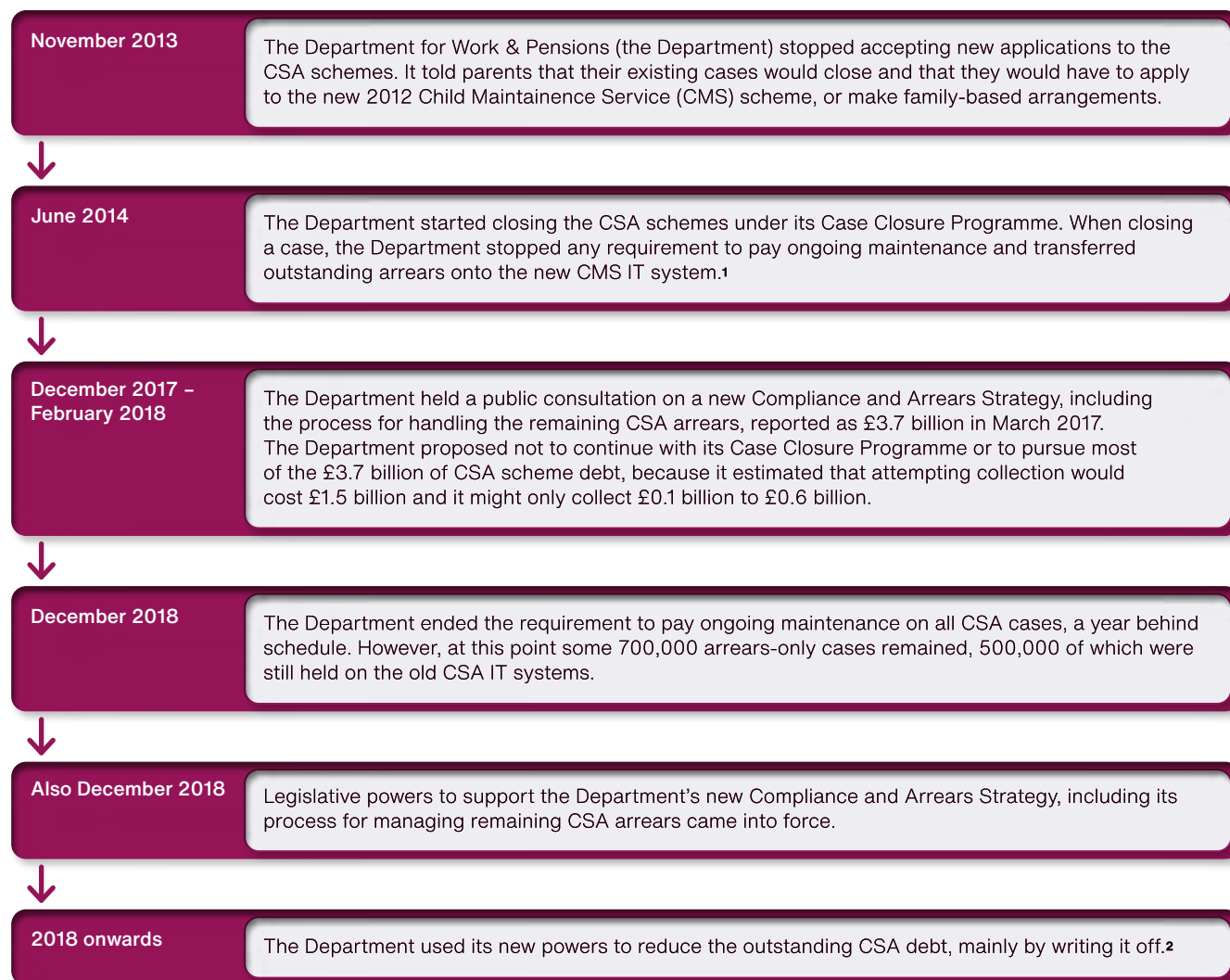
6 The Department also paused some of its CSA debt activity between March and June 2020 in response to the COVID-19 pandemic.

7 Some £98 million relates to debts where the paying parent made no payment to CMS in the quarter ending March 2021. A further £64 million relates to debt where a payment was made to the CMS in the quarter but was allocated to a higher priority payment (for example, ongoing maintenance on the 2012 scheme or 2012 scheme arrears).

**Figure 3**

## Timeline for closing cases and managing arrears on the 1993 and 2003 Child Support Agency (CSA) schemes

The wind-down of the 1993 and 2003 CSA schemes has lasted almost a decade

**Notes**

- 1 Before the Department closed a case under its case closure process, it "cleansed" any arrears on the case. This included completing any outstanding actions, changes of circumstances and write-offs, and resolving any issues or queries raised by the paying parent. It did not include a complete recalculation of the arrears balance built up.
- 2 The Department writes off CSA debt where it deems that it is not economic to collect the debt or where the receiving parent does not respond to communications by confirming that they want the Department to make a last attempt at collection.

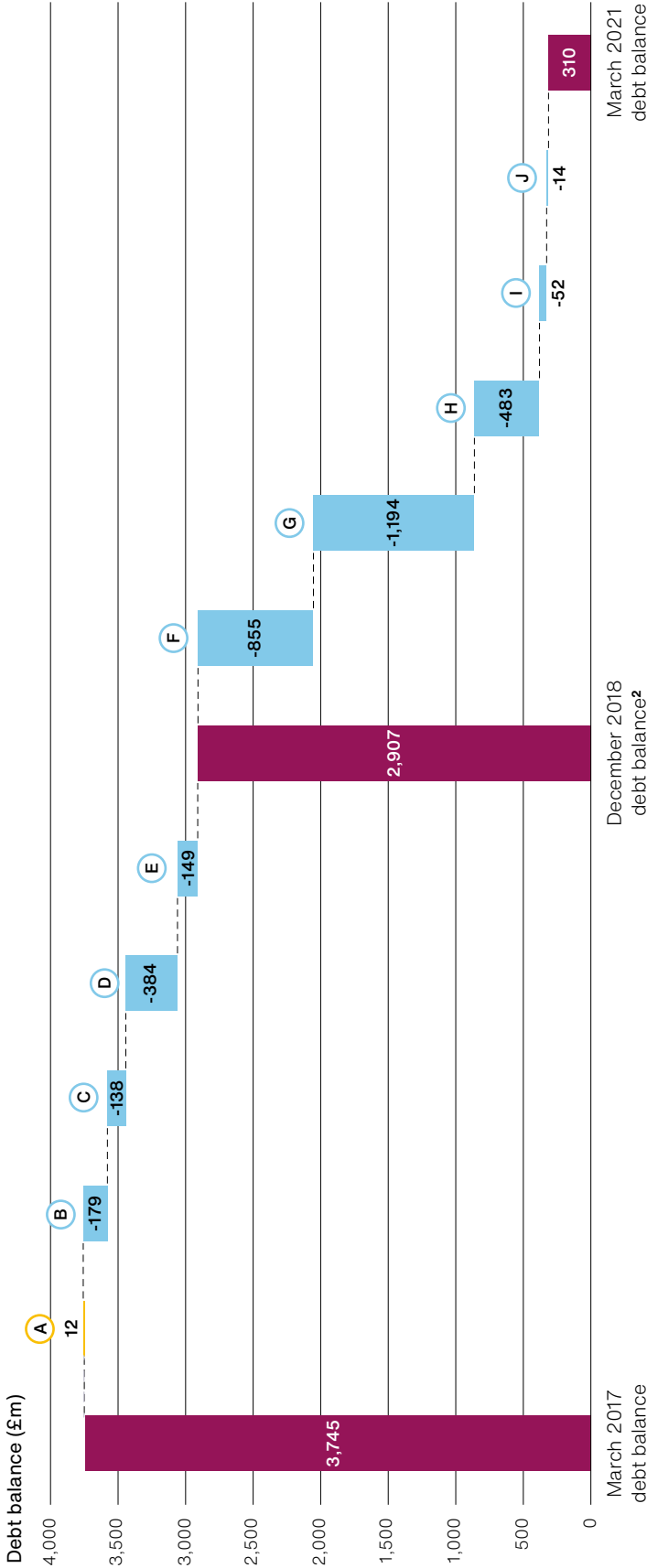
Source: National Audit Office analysis of the Department for Work & Pensions' data



**Figure 4**

Child Support Agency (CSA) debt reduction, March 2017 to March 2021

The Department for Work & Pensions (the Department) has substantially reduced the CSA debt balance, mostly by writing off arrears. As at March 2021, £310 million remains



- Debt balance at point in time
- Increases to the amount due
- Actions to reduce debt balance
- A Net ongoing maintenance charged<sup>5</sup>
- B Collections<sup>4</sup>
- C Write-off of arrears owed to the receiving parent<sup>3</sup>
- D Write-off of debt owed to government
- E Unexplained differences between the official statistics and the published accounts<sup>6</sup>
- F Write-off of debt owed to government
- G Write-off of arrears owed to the receiving parent<sup>3</sup>
- H Adjustment of incorrect debt on CSA systems
- I Collections
- J Unexplained differences between the official statistics and the published accounts<sup>6</sup>

**Figure 4**

## Child Support Agency (CSA) debt reduction, March 2017 to March 2021

**Notes**

- 1 The Comptroller & Auditor General continues to qualify the CSA client fund accounts because of material inaccuracies in the arrears balance.
- 2 The December 2018 balance is unaudited and based on published statistics. There are known long running differences between the published statistics and the accounts.
- 3 The Department had limited legislative power before December 2018 to write-off CSA debt. This included the death of a paying parent or where the receiving parent no longer wanted the debt repaid.
- 4 Maintenance continued to be charged on CSA cases until 31 December 2018, when the Case Closure programme was closed. Therefore, collections before 31 December 2018 include those against ongoing maintenance and arrears.
- 5 The £12 million net maintenance charged consists of: £31million in the year ended 31 March 2018 (2016-17: £240 million) and £19 million between 1 April 2018 and 31 December 2018. This reflects a declining caseload and downward adjustments to reduce arrears balances on cases (for example where interim maintenance assessments were in place).
- 6 The Department is unable to explain a difference between its official statistics and the published accounts of £149 million between March 2017 and December 2018, and £14 million after December 2018.
- 7 The Compliance and Arrears strategy commenced on 13 December 2018. £2 million was written off under the strategy in the quarter ending December 2018.
- 8 Of debt written off owed to the receiving parent under the Compliance and Arrears Strategy: £2 million relates to automated write-off of debt £65 or under; £74 million relates to automated write-off of debt between £65 and the £500/£1,000 representation threshold. The remaining debt was either written off as part of the representation process (£1.1 billion) or subsequently where the receiving parent requested that the debt be collected but collection has been unsuccessful (£20 million).

Source: National Audit Office analysis of the Department for Work & Pensions' accounts, published statistics and internal management information

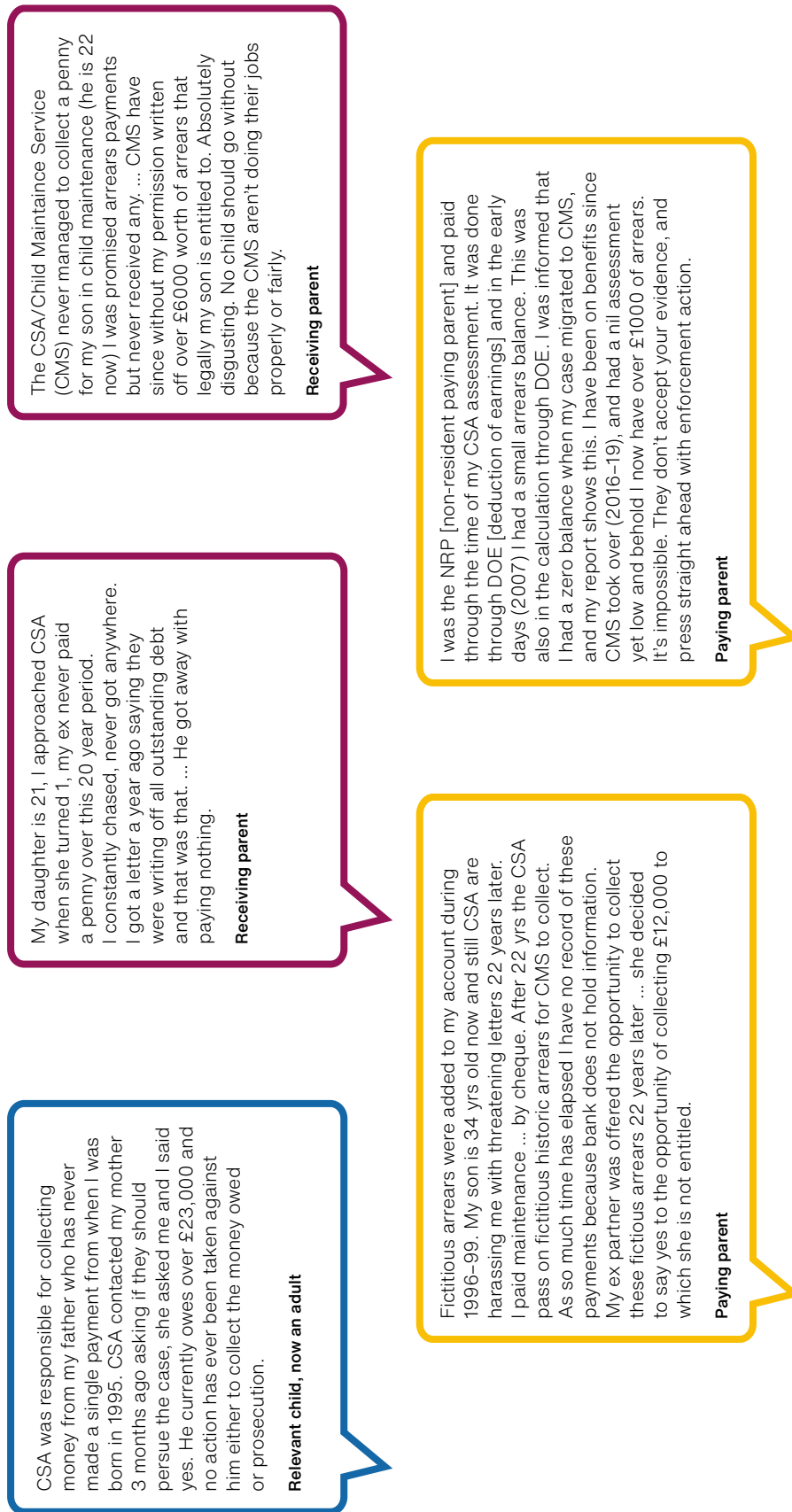
**1.18** The Department has a limited understanding of how its management of CSA arrears has affected families. Its 2018 impact assessment of its wider compliance and arrears strategy did not consider the costs to parents of writing off CSA debt. It also told us that it has not systematically monitored customer feedback and satisfaction levels, but had monitored customer contact and complaints, and had received fewer complaints than it predicted. As at June 2021, it had received official complaints from 0.7% of the December 2018 live CSA caseload (around 4,800 complaints) against its overall expectation of 2%. Only 15% of parents contacted by the Department about the write-off asked it to make a final attempt at collection. Nevertheless, some receiving parents responding to our online consultation were disappointed that large historic debts owed to them had been written off while they were experiencing financial hardship<sup>8</sup> (**Figure 5**).

8 To inform our work for this study, we ran an online consultation in summer 2021 which generated 6,099 responses from paying parents, receiving parents, children of separated families who are now over 18, and representative organisations. The respondents were self-selecting and their experience should not be read as representative of all those using CMS but as reflecting the real experiences and perceptions of those that responded. By the nature of the consultation, responses were more likely to be from those with an issue to raise about either CMS or the CSA. Further details are set out in Appendix Three.

**Figure 5**

Customers' views on writing-off or collecting debts from the 1993 and 2003 Child Support Agency (CSA) schemes

The Department for Work & Pensions wrote off £2.6 billion of unpaid child maintenance after receiving new legislative powers in December 2018. Both receiving and paying parents told us how this process affected them. The process the Department followed is set out in paragraphs 1.15 to 1.17.



#### Note

- 1 These are examples of specific perceptions and experiences shared with us by respondents to our consultation. We have not verified the facts of these cases. It is possible that, if the Department for Work & Pensions reviewed a specific case, it might establish a different view of the facts and reach a different conclusion about the issues raised. It is also possible that other individuals involved in each case could have a different perspective. The examples therefore illustrate how the wider issues raised in our audit are perceived by some receiving and paying parents. The examples presented are not designed to be representative of all parents who use the Child Maintenance Service. In some cases, we have selected the most relevant text from longer responses. We have avoided examples that reveal personal details or particularly upsetting personal circumstances.

## The aims and design of the CMS scheme

**1.19** **Figure 6** on pages 38 and 39 outlines how the Department's 2012 CMS scheme works. The CMS changed how the Department administers child maintenance in three key ways:

- **The scheme is demand-led.** It is not meant to be seen as a default option but as a safety net that separated parents can choose to use if they decide to. The Department requires parents to contact its Options service, designed to provide free, independent information on different types of child maintenance arrangements, before joining its 2012 scheme.
- **It has fees and charges to encourage parents to make and adhere to collaborative arrangements.** It charges an application fee of £20 to join its 2012 scheme, charges the paying parent 20% and the receiving parent 4% of any amounts collected through its Collect & Pay scheme, and charges paying parents for it to enforce payments. These fees and charges contribute towards the running of the scheme. The application fee is waived for victims of domestic abuse and under-19s.
- **It is designed to be easier to administer than the 1993 and 2003 schemes.** It simplified the maintenance calculation and introduced a new IT system with direct links to HM Revenue & Customs (HMRC) and the wider benefits Customer Information System (CIS) so that fewer clerical processes are required.

The Department's support to encourage take-up of the statutory scheme

**1.20** The Department told us that it had recently undertaken activities including a communications campaign to encourage more separated families without an arrangement to join its statutory scheme. The Department could do more with the information it has, in particular it could use its Universal Credit caseload data to identify, and reach out to, separated families that do not use its CMS to check whether they have an effective family-based arrangement in place.

## Take-up including by different groups of people

**1.21** In setting up the CMS scheme, the Department committed to monitoring outcomes for people who do not use its statutory services.<sup>9</sup> However, in 2016-17 the Department stopped measuring the total number of children benefiting from non-statutory arrangements after contacting the Department's information services. It continued to monitor outcomes for a sample of parents who contacted its Options service until 2019. The Department continues to survey separated parents across society to ask them about their arrangements.

**1.22** The Department's research does not fully explain why take-up of the CMS is lower than it expected. Its 2021 Separated Parents research (a survey of 2,489 parents) indicates that some parents may not want an arrangement, while others do want an arrangement but do not believe the service would be effective for them. Its 2016 research found that some parents are not fully aware of the services available through the CMS scheme. The Department's research found:

- Parents had different reasons for not setting up an arrangement. It surveyed 556 parents with care but without an arrangement. These parents were invited to select multiple options and the main options selected by the parent with care for why they have not arranged to receive support from the other parent were that:
  - the non-resident parent did not want to provide support (48%);
  - the non-resident parent did not have the means to offer support (22%);
  - they did not have a good relationship with the other parent (18%);
  - they could manage by themselves (18%);
  - they did not want the non-resident parent to have contact or offer support (12%); and
  - they lived too far away / distance (10%).
- some parents were not aware of their rights and entitlements in relation to child maintenance, or of the services provided by the CMS, including the Options and Direct Pay services;

<sup>9</sup> The Department's Child Maintenance Reforms Evaluation Strategy published in December 2014 outlines the methods it would use to monitor the impact of the child maintenance reforms in wider society (see pages 18–20). Before 2021 the Department attempted to measure outcomes for families outside its statutory schemes by analysing publicly available datasets such as the *Understanding Society Survey*. It told us that this approach did not produce the level of insight it had hoped for.

- 35% of parents with care and 49% of non-resident parents without any arrangements for support responded that they wanted to change this.<sup>10</sup> This suggests there may be around 350,000 parents with care and around 500,000 non-resident parents who do not have an arrangement but would like one. Conversely, 52% of parents with care and 29% of non-resident parents surveyed who did not have an arrangement reported that they did not want one. The Department does not know how many separated families there are where both parents do not want an arrangement or the reasons for this;
- of parents who did not have an arrangement but would like to have one, 31% said that a service which helps ensure payments are made would support them to do so; and
- 60% of parents with a financial family-based arrangement responded that they were satisfied with it, but some 48% of parents with care said the non-resident parent did not pay all the money due.

**1.23** Vulnerable and low-income families, those with disabilities, and those with higher levels of parental conflict, appear more likely to have no arrangement in place. The Department's 2021 survey found that parents with care and non-resident parents were less likely to have any form of arrangement if:

- they were not working or were economically inactive (39% had no arrangement compared with 21% who were employed or self-employed);
- they had household incomes below £20,000 (33% had no arrangement compared with 18% with higher incomes);
- their child(ren) had special education needs or a disability (SEND): 34% of separated parents with children with SEND had no arrangement, compared with 23% of separated parents whose children did not have SEND;
- they had long-term health conditions or disabilities themselves (34% had no arrangement compared with 22% without a long-term health condition or disability);
- the non-resident parent saw little of their child; or
- the parents had never been in a relationship with each other.

<sup>10</sup> Based on responses from 556 parents with care and 89 non-resident parents within the Department wider 2021 survey of 2,489 separated parents.

**1.24** The Department does not know whether all groups find CMS equally accessible or whether CMS produces different outcomes for different groups. The Department told us that it does not require knowledge of parents' protected characteristics to run the CMS scheme and therefore parents are not obliged to disclose such details. It has no information about the ethnic background of 25% of receiving parents and 49% of paying parents on its CMS scheme. It does not collect data about parents' or children's disability and has limited data on other protected characteristics.<sup>11</sup> Our analysis of the Department's caseload information shows that some minority groups, such as Black, African, Caribbean or Black British parents, are less likely to use the CMS scheme than White parents, given the number of separated families amongst those groups. The Department has not conducted research into why this might be. Due to the lack of data, our analysis does not control for factors such as the parents' income. It also does not take account of whether certain groups are more likely to have a non-resident parent who lives overseas.

### The impact of fees and charges on take-up

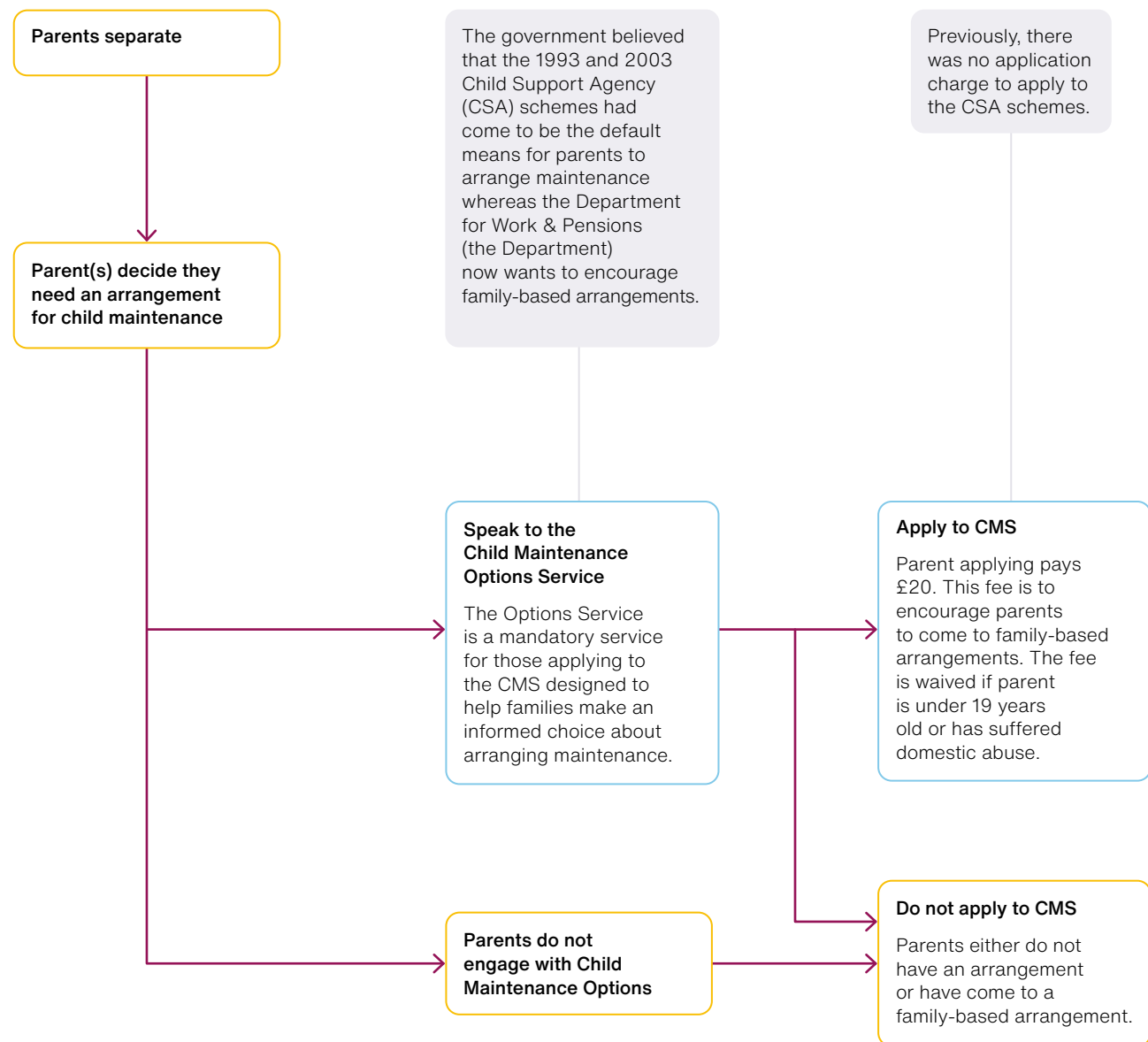
**1.25** Some stakeholders told us that fees and charges may deter people who would benefit from the CMS schemes. These are designed to avoid take-up of the scheme by those that do not need it. The Department does not consider the £20 application fee to be a deterrent for potential customers from using the service if they need it. It last reviewed the issue in 2017. It found that some parents, especially those on low incomes, found the fee difficult to afford, but other factors are more likely to be significant in determining whether families make a family-based arrangement or a statutory maintenance arrangement. The review also found that half of Collect & Pay customers said that charges for Collect & Pay had prompted them to try Direct Pay first, as the policy intended. In the quarter ending September 2021, 59% of those that applied for child maintenance did not have to pay the application fee, either because they were under 19 or they reported that they or their child had experienced domestic abuse.

<sup>11</sup> Similarly, we have previously found that the Department's data on claimants' diversity characteristics is incomplete. Comptroller and Auditor General, *Universal Credit, Getting to First Payment*, Session 2019–2021, HC 376, National Audit Office, July 2020.

**Figure 6**

## How the 2012 Child Maintenance Service (CMS) scheme works

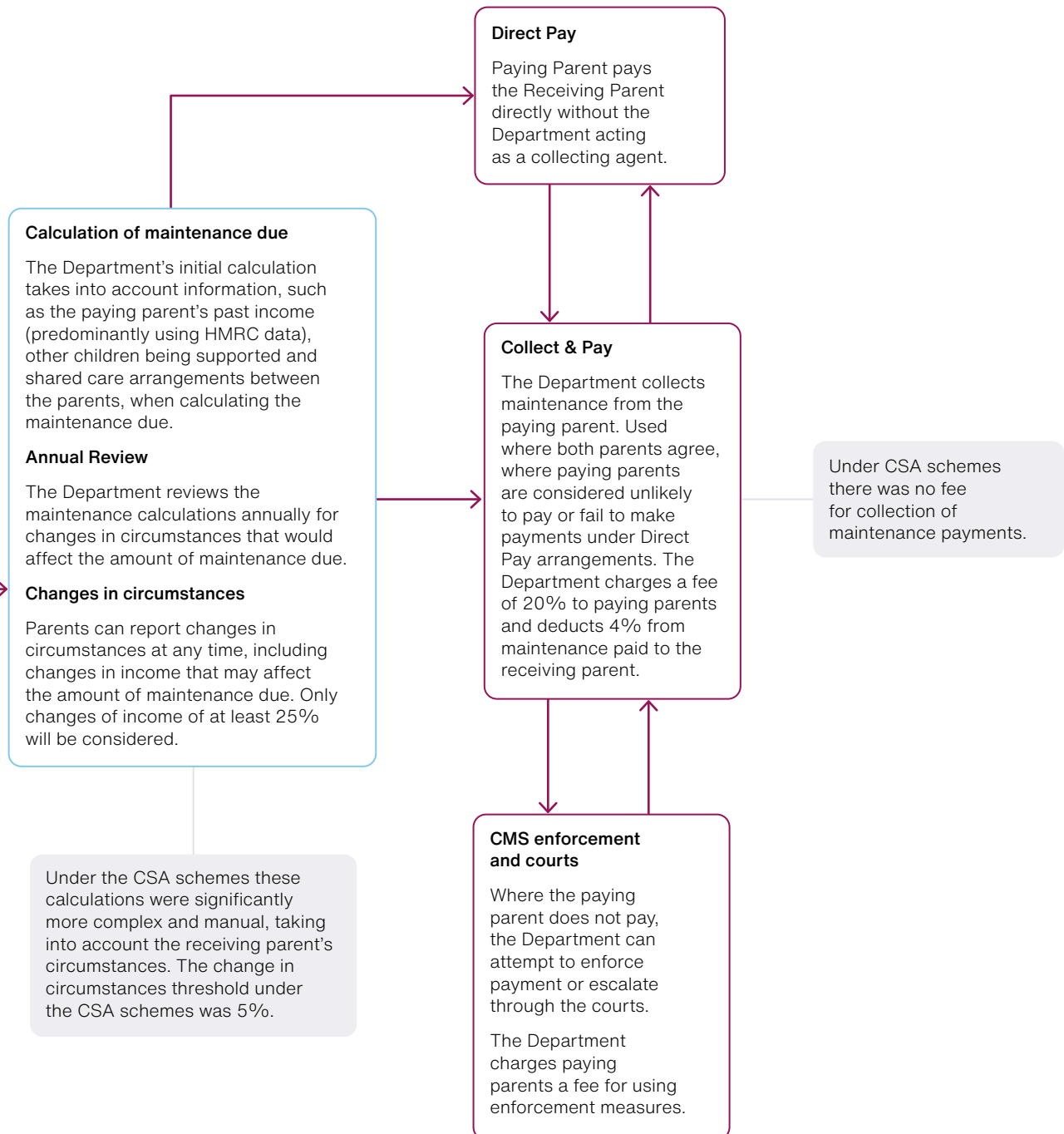
The CMS scheme is designed to encourage parents to work together to arrange and pay child maintenance



- Collection and payment of maintenance
- Application and calculation of maintenance
- Outside the Child Maintenance Service
- Differences between the CMS and CSA schemes

Source: National Audit Office review of the child maintenance scheme process





## Part Two

### Ensuring the right maintenance is paid

**2.1** This part looks at the effectiveness of the Child Maintenance Service (CMS) scheme for ensuring maintenance is paid appropriately between parents who participate in it. It covers:

- how the Department for Work & Pensions (the Department) ensures that it calculates the correct amount of maintenance to be paid;
- the effectiveness of Direct Pay arrangements (where the Department calculates the maintenance, but parents make payments directly between themselves);
- enforcement of maintenance payments on Collect & Pay (when the Department collects the payment directly from the paying parent and pays it to the receiving parent, enforcing the payment if necessary); and
- the sustainability of the scheme.

### Calculating the correct amount of maintenance

**2.2** Where Parents use the Options service and decide they want to use the Department's child maintenance service, the Department will calculate their maintenance. It then reviews whether this needs to be updated as part of an Annual Review process. The Department usually calculates child maintenance using the paying parent's historic gross income assessed by HM Revenue & Customs, the number of children under the arrangement, and whether the paying parent is in receipt of any qualifying benefits. The maintenance is reduced if the paying parent is supporting other children, themselves via child maintenance or any shared-care arrangements.<sup>12</sup>

<sup>12</sup> For more information on child maintenance calculations, see: House of Commons Library, *Child Maintenance: Calculations Variations and income (UK)*, December 2021.

**2.3** Some respondents to our consultation said they did not understand how calculations had been determined and thought the Department's calculation was inaccurate (**Figure 7** on page 43). Payments may not be correct if:

- the maintenance is calculated incorrectly due to inaction, delay or a mistaken assessment by the Department, local authority, or HMRC (the Department monitors the financial impact of these errors, reporting a published accuracy rate); or
- a parent (or guardian) provides incorrect information (or withholds information) that influences the maintenance calculation. Where the customer does so to deliberately mislead the Department, this is customer fraud. Otherwise, it is customer error.

## Accuracy

**2.4** The Department has improved the accuracy of its maintenance calculations. The Comptroller & Auditor General (C&AG) has issued an unqualified audit opinion on the 2012 CMS scheme accounts since 2016-17 after the Department showed a sustained improvement in the accuracy of maintenance assessments.<sup>13</sup> The error rate (our estimate of the financial impact of the Department's errors) fell from 2.17% of the monetary value of maintenance in 2015-16 to a record low of 0.65% for 2020-21.<sup>14</sup> The Department made these improvements mainly through improving its quality-checking regime and automating some processes that previously relied on manual input.

**2.5** The Department estimates that 88% of the monetary value of its remaining errors comes from incorrectly processing changes to income. A growing minority of paying parents have more complex earnings, such as unearned income. These introduce administrative challenges that may make further reductions in errors challenging. For instance:

- **unearned income.** The Department's analysis of HMRC data found that the number of CMS cases with unearned income has risen by 14% since 2010-11. The Department does not take unearned income into account automatically but receiving parents can request for it to be considered. It is currently considering this approach and sought public feedback as part of a wider consultation between 18 June 2021 and 6 August 2021;
- **changes in income.** Most paying parents do not have to inform the Department of in-year changes in income but can ask to have their maintenance calculated on this year's income in some cases (see Figure 6);<sup>15</sup>

<sup>13</sup> Department for Work & Pensions, *CMS 2012 Child Maintenance Scheme – Client Funds Account 2019 to 2020, Report by the Comptroller and Auditor General to the House of Commons*, December 2020.

<sup>14</sup> Estimate of the gross error rate (overpayments and underpayments) in maintenance assessments using work and findings from our 2020-21 audit of the Child Maintenance 2012 scheme accounts. This is marginally different from the Department's own estimate of 0.6% due to differences in methodology.

<sup>15</sup> The current year basis is also used where CMG is unable to obtain historic income data from HMRC.

- **self-employment.** Paying parents with self-assessment tax returns make up around 10% of the child maintenance caseload but 80% of referrals to the Child Maintenance Group's (CMG's) Financial Investigations Unit (FIU) to assess the accuracy of the award; and
- **parents can appeal CMG's decisions about payment amounts.** They must first ask for CMG to look at the decision again (a mandatory reconsideration). If they are not satisfied with the mandatory reconsideration outcome, they can appeal to the Social Security and Child Support Tribunal.

### Customer fraud and error

**2.6** The Department designed CMS to reduce the risk of customer fraud and error. For 91% of cases it can legally rely on historical earned-income data from HMRC or benefits data to calculate the maintenance. Nonetheless, child maintenance is still vulnerable to certain types of customer fraud and error such as either parent misstating their personal circumstances or the number of other children they are responsible for. The receiving parent can also ask the Department to consider the paying parents' more complex earnings, and the resulting calculations are more vulnerable to fraud and error than those based on historical tax records.

**2.7** The Department has not estimated how much undetected customer fraud and error there is in child maintenance. The Department could not provide a breakdown of the sources of fraud referrals but told us that it believes nearly all its referrals to its child maintenance FIU team come from receiving parents challenging the value of the assessment through the variation process. These referrals from parents and the Department's subsequent investigation led the Department to detect 1,400 cases involving fraud in 2020-21 and increased the child maintenance owed by £10.9 million. Although parents may have an incentive to report fraud, relying substantially on parents to challenge assessments is unlikely to detect all fraud because:

- parents may not know enough about their ex-partner's circumstances to recognise when they are committing fraud;
- parents may not have access to the level of credible information about the other parent required for the Department to start an investigation (Figure 7);
- the Department told us that around 50% of fraud referrals to its FIU are unfounded and that, in order to safeguard against vexatious claims, CMS requires any claim of fraud to be substantiated with evidence; and
- there may be barriers, such as domestic abuse or financial control, that would prevent the parent from contacting the Department regarding suspected fraud.

**Figure 7****Customers' views on the accuracy and customer fraud and error in the Child Maintenance Service (CMS)**

Parents told us that they had concerns about the accuracy of CMS awards and the ability of the other parent to misstate their income or circumstances. Our finding that the Department for Work & Pensions (the Department) has improved its accuracy is set out in paragraphs 2.4 and 2.5. Our findings that the Department designed CMS to limit customer fraud and error because legally it is able to rely on tax and benefits records for 91% of cases but has not estimated how many calculations are incorrect due to fraud and error is set out in paragraphs 2.6 to 2.8

The father on the case is self employed and fiddles the accounts to pay a lower amount of child maintenance. When I asked CMS to investigate him hiding earnings elsewhere I was told simply to provide CMS with his bank statements (which is obvious I couldn't get a hold of)... Years and years later his true income was discovered due to the pandemic and I questioned CMS about his fraudulently diverting income and what happens about the thousands my child should be owed and they said they won't be able to prove the money is owed and all they can do is apologize.

Receiving parent

CMS have not helped me with my case at all. It's coming up to 4 years now and the non-resident parent (NRP) is having to pay nil even though he is a managing director of 2 companies, owns a house and a flat he rents out, has had a book published, a good pension... and recently came into money as a beneficiary in a will... The NRP never paid any tax even though he earned thousands. CMS should NOT rely on just HMRC and amount of tax an individual has paid. My ex partner has lied for years to his accountant and even paid a backhand to him to 'get rid' of a tax bill he had to pay.

Receiving parent

"He never updated his earnings for ten years. Finally in 2013 I applied formally for reassessment and the payments doubled. CSA/CMS gave me excellent support and help. It was like getting blood from a stone. I could never have done it without CSA/CMS."

Receiving parent

The CMS went into my personal bank account without my permission and decided I was earning more money that I was putting back on my tax returns. When I spoke to my accountant he said that is ludicrous and you are above board. When I tackled them on some of the issues they had in my personal account they didn't really look at it properly ...

Paying parent

I have had numerous appeals made by my ex-husband against my payments even when he had no facts to support them. ... As a paying parent it's very stressful. My ex-husband is allowed to keep challenging the system even when I provide all the information asked of me.

Paying parent

**Note**

- 1 These are examples of specific perceptions and experiences shared with us by respondents to our consultation. We have not verified the facts of these cases. It is possible that, if the Department for Work & Pensions reviewed a specific case, it might establish a different view of the facts and reach a different conclusion about the issues raised. It is also possible that other individuals involved in each case could have a different perspective. The examples therefore illustrate how the wider issues raised in our audit are perceived by some receiving and paying parents. The examples presented are not designed to be representative of all parents who use the Child Maintenance Service (CMS). In some cases, we have selected the most relevant text from longer responses. We have avoided examples that reveal personal details or particularly upsetting personal circumstances.

**2.8** Child Maintenance payments are between parents and are not public money. Nonetheless it is still important that the right amount of maintenance is paid. Our 2021 *Good practice guidance: Fraud and Error*, sets out principles of good practice in managing fraud and error, which are that departments should: assess the risk; design and implement controls accordingly; estimate the fraud and error risk and monitor whether the controls are working; and refine the fraud strategy quickly enough to iterate the approach and react to new risks and opportunities.<sup>16</sup> The Department can learn from its own best practice to manage fraud and error in a way that is proportionate to the risk, and its role in managing child maintenance to show that it is taking responsibility for and has a proportionate approach to reducing customer fraud and error in child maintenance.

### **The effectiveness of Direct Pay arrangements**

**2.9** Once the CMS has calculated the maintenance due, the paying parent usually arranges the payments themselves through Direct Pay. Direct Pay is designed to be a lighter touch government intervention for those parents who cannot make their own arrangements. Under Direct Pay, the Department calculates the maintenance due but parents transfer money between themselves, often by standing order into the receiving parent's account. As of September 2021, 63% of CMS arrangements (360,000 in total) consisting of around 510,000 children used Direct Pay.

**2.10** The Department's legislation is designed to encourage parents to use Direct Pay first. For the Department to set up a Collect & Pay arrangement without first using Direct Pay it requires either both parents to agree to start on Collect & Pay; or clear evidence that the paying parent is unlikely to pay voluntarily. The Department also charges for using Collect & Pay, which may also encourage parents to make Direct Pay arrangements work. As a result, 90% of new applicants to CMS start on Direct Pay.

<sup>16</sup> National Audit Office, *Good practice guidance: Fraud and Error*, March 2021.

**2.11** Around half of new Direct Pay arrangements are either not sustained or are not effective. The Department does not monitor compliance of every Direct Pay case. The Department's official estimate is that £784 million was paid between parents with Direct Pay arrangements in 2020-21, assuming all payments due were compliant (paid in full and on time).<sup>17</sup> However, this is unlikely to be the case because:

- only 58% of parents responding to a Department survey 13 months after the start of their Direct Pay arrangement were still on Direct Pay, 16% had moved to Collect & Pay and 19% had left the CMS and had no form of maintenance arrangement in place at all (**Figure 8** overleaf); and
- 16% of those still on Direct Pay after 13 months said that they do not receive the full amount and 20% said their payment is not usually on time.

**2.12** Some parents do not agree with being assigned to either the Direct Pay or Collect & Pay service (**Figure 9** on page 47). Around one in five (19%) receiving parents stated that they were unhappy about starting their arrangement on Direct Pay. Receiving parents who indicated that they would have preferred to start on a Collect & Pay arrangement were much less likely to have an effective Direct Pay arrangement.

**2.13** The Department informs parents that they should report if their Direct Pay arrangement fails. The paying parent is then given 17 days to provide evidence that they are compliant. If this is not received, the parents will move to Collect & Pay. The Department sends reminders by text message advising parents to get in contact to report any issues with the arrangement three months after they start and also reminds them when it sends the results of each annual review. Some do not, for example because they are concerned about causing an issue with the other parent. Maintenance arrears can build up if the receiving parent does not notify the Department of non-payment. On average, paying parents moving onto Collect & Pay from Direct Pay in the quarter ending September 2021 were assessed as owing £1,100 in unpaid maintenance. This is more than five times the average monthly maintenance on Direct Pay (£204 across the same period).<sup>18</sup>

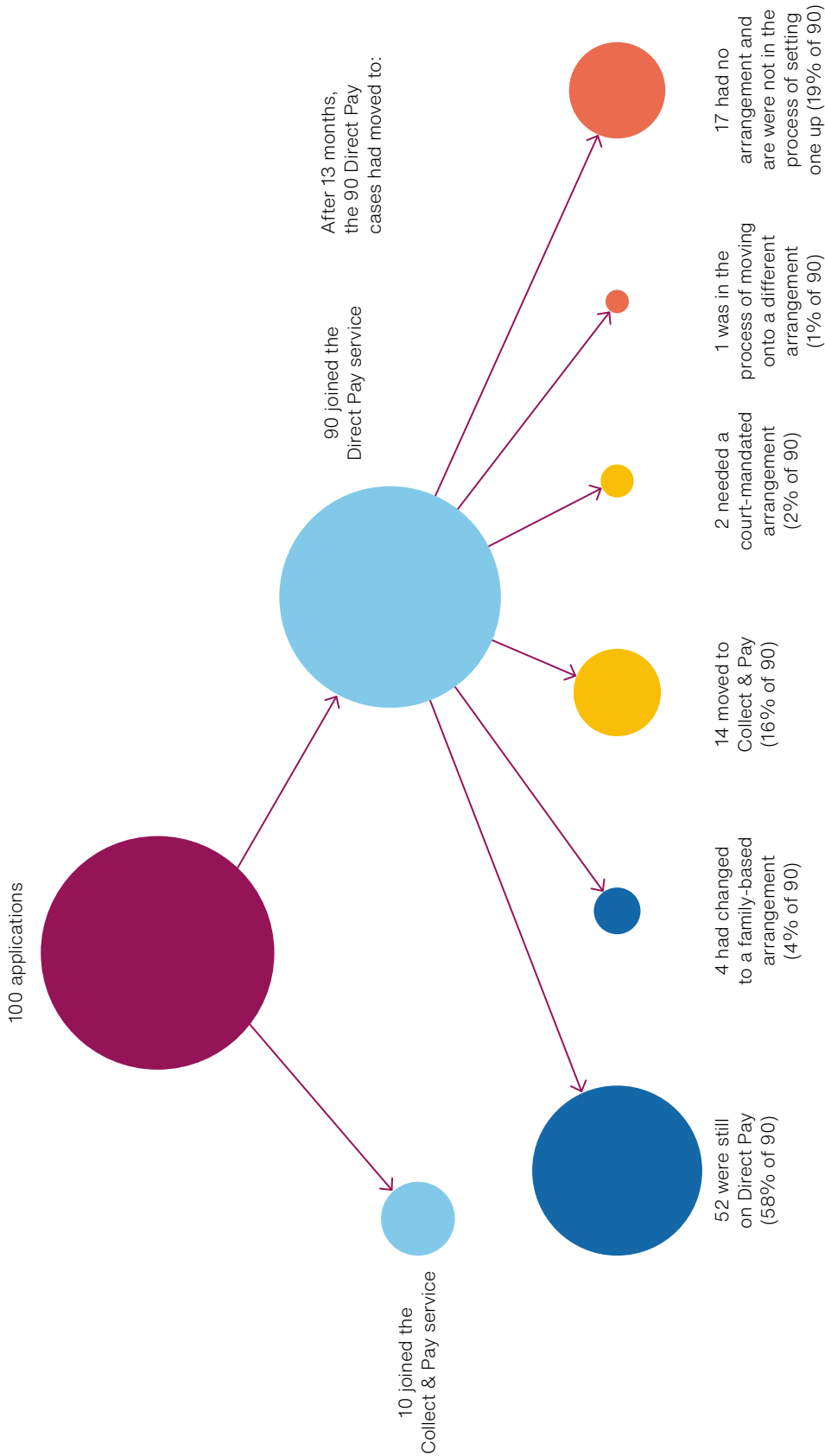
<sup>17</sup> This £784 million estimate is taken from page 6 of the Department's 2020-21 Client Funds Account for the 2012 Child Maintenance Scheme.

<sup>18</sup> The Department told us that (other than in exceptional circumstances) it applies a cap of three months for the amount of unpaid maintenance built up on Direct Pay that can be transferred across to Collect & Pay. It is therefore likely that the amount of debt built up on Direct Pay exceeds the average of £1,100 transferred.

**Figure 8**

The status of arrangements 13 months after first starting an arrangement with the Child Maintenance Service (CMS)

Ninety out of every 100 new applicants started with the Direct Pay service, but just 52 of those arrangements lasted for 13 months



**Note**

1 Excluding "don't know" and "too early to say".

Source: National Audit Office analysis of The Department of Work & Pensions, *Child Maintenance Service statistics, Data to April – June 2021 (experimental)*, Table 4; and of Ipsos Mori, *Direct Pay research 2017–2019*, Table 3.1



**Figure 9**

## Customers' views on being assigned to Direct Pay or Collect &amp; Pay service

Parents told us that they did not always agree with being assigned to either the Direct Pay or Collect & Pay service. Paragraphs 2.9 to 2.13 explain why 90% of all separated families are assigned to Direct Pay and how around half of new Direct Pay arrangements are either not sustained or are not effective. Receiving parents are encouraged to notify the Department for Work & Pensions when they are not receiving payment and the paying parent will be given 17 days to show that they are compliant, or they will be eligible to move to Collect & Pay

I first opened my claim in October 2020. Due to DV [domestic violence] circumstances I am unable to sort a family based arrangement therefore I applied to the CMS. They put the case on direct pay. To date I have not received any maintenance payments from the [Non-Resident Parent], who has a 10 year history of being a prolific non-payer of Child Maintenance. I have explained all this to the CMS and they have said they are unable to move payments to a collection service.

**Receiving parent**

Despite previously being on direct pay and the non resident parent not paying for several months, it took a long time for it to become collect and pay.

**Receiving parent**

I am a lone parent and have fully maternal and financial care for my daughter. I have found the staff to be very good and patient.

**Receiving parent**

...Myself and my ex wife do not have a great relationship and we do not speak anymore. From what I have been told by the CMS recently is that my ex wife has called the CMS in February 2021 and told them that I am not making my payments. This is false which the CMS have acknowledged but then the CMS decided to put me on Collect and Pay without any dialogue with myself. They have admitted to me that they have not followed procedure and that I shouldn't be on collect and pay but direct pay...

**Paying parent**

Case was put straight to collect and pay with out me even having the opportunity to miss a payment (which I would like to add I wouldn't have anyway).

**Paying parent**

**Note**

- 1 These are examples of specific perceptions and experiences shared with us by respondents to our consultation. We have not verified the facts of these cases. It is possible that, if the Department for Work & Pensions reviewed a specific case, it might establish a different view of the facts and reach a different conclusion about the issues raised. It is also possible that other individuals involved in each case could have a different perspective. The examples therefore illustrate how the wider issues raised in our audit are perceived by some receiving and paying parents. The examples presented are not designed to be representative of all parents who use the Child Maintenance Service (CMS). In some cases, we have selected the most relevant text from longer responses. We have avoided examples that reveal personal details or particularly upsetting personal circumstances.

Source: National Audit Office online consultation from 14 May to 30 July 2021

## Collection and enforcement of maintenance payments through Collect & Pay

**2.14** Where a paying parent does not comply with their Direct Pay arrangement, either parent can ask for a Collect & Pay arrangement, where the Department can use a range of powers to enforce payment (**Figure 10** on page 50). There are 206,000 separated families (36%) on Collect & Pay as at September 2021 covering around 270,000 children who are under these arrangements. The Department collected £189 million from parents under Collect & Pay arrangements in 2020-21.

**2.15** The Department has increased the proportion of arrangements on Collect & Pay that are compliant. The Department reports that the portion of paying parents paying more than 90% of ongoing maintenance due in a quarter has increased from 31% in the quarter ending March 2016 to 49% in quarter ending September 2021 (**Figure 11** on page 51).<sup>19</sup> It collected a record £54 million on Collect & Pay arrangements in the quarter ending September 2021. The improved compliance on Collect & Pay is partly due to the Department's new enforcement processes (**Figure 12** on pages 52 and 53). For example its:

- **increased use of Deduction from Earnings Orders (DEO).** The Department invested in its Deduction from Earnings Order process, including restructuring and providing additional resources to its Employer Payment Team. Quarterly collections from DEOs (and to a lesser extent Deduction from Earnings Requests) rose from £5 million in December 2015 to £28 million over the four years to December 2019 and are now the main form of collection by value. The proportion of paying parents mainly paying through DEOs who contribute more than 90% of ongoing maintenance due increased from 38% in the quarter ending March 2016 to 59% in the quarter ending September 2021;
- **use of additional powers.** Parliament granted additional powers to support the Department's new Compliance and Arrears Strategy in December 2018 and July 2019. These powers include the ability to: disqualify a parent from holding or obtaining a UK passport, deduct maintenance from joint accounts, assume a notional return from high value assets for paying parents, and extend deductions from benefits to include recovery of arrears;
- **focus on persistent non-paying cases.** Between April and September 2021, the Department temporarily deployed 440 full-time equivalent staff at an expected cost of £7 million to target parents who had not made a payment for more than four months; and

<sup>19</sup> Although the compliance rate improved across this whole period, the maintenance collected fell from £50 million (£265 per arrangement) in the quarter ending March 2020 to £45 million (£237 per arrangement) in the quarter ending September 2020 due to a fall in paying parents' incomes and a pause in new civil enforcement actions during the earlier phases of the pandemic.

- **deduction from benefits.** While those on lower incomes are less likely to have effective arrangements, once paying parents move onto Collect & Pay, those on benefits are more likely to pay maintenance due to deductions from benefits. Fifty-five per cent of paying parents with a deduction from benefits pay at least 90% of their ongoing maintenance compared with 45% of those without. Deductions from benefits rose by £2.2 million (64%) from the quarter ending March 2020 (£3.4 million) to the quarter ending September 2020 (£5.5 million) as more paying parents started a Universal Credit claim as a result of the COVID-19 pandemic.

Following six months of compliance under one of the Collect & Pay enforcement measures, paying parents are given the opportunity to demonstrate compliance for six months under a non-enforced method of payment (for example, a standing order) and can then opt to return to Direct Pay.

**2.16** Despite the overall improvement in compliance, many parents still do not pay the agreed amount of ongoing maintenance in full and on time. In the quarter to September 2021, 39% of children under Collect & Pay arrangements received no maintenance.<sup>20</sup> Some payments are made late within the quarter. As at September 2021, 38,000 paying parents (around one in four) with an ongoing arrangement had not paid any maintenance on their Collect & Pay arrangement for more than three months, and 22,000 (around one in seven) had not paid for more than six months. This does not include paying parents who no longer have an ongoing case but have historical arrears and have not paid for six months.

**2.17** The Department has improved how it measures and reports compliance. Before its December 2020 quarterly statistics publication, the Department reported compliance as the percentage of paying parents on Collect & Pay who paid any maintenance at all in the previous three months. The Department now reports a range of measures, including the proportion of paying parents that paid up to, and more than, 90% of ongoing maintenance due for the quarter (Figure 11).<sup>21</sup> These statistics show the total maintenance paid as a percentage of ongoing maintenance due for the current quarter. This still does not give a complete picture of compliance in cases where a parent is paying their ongoing maintenance but not their arrears.

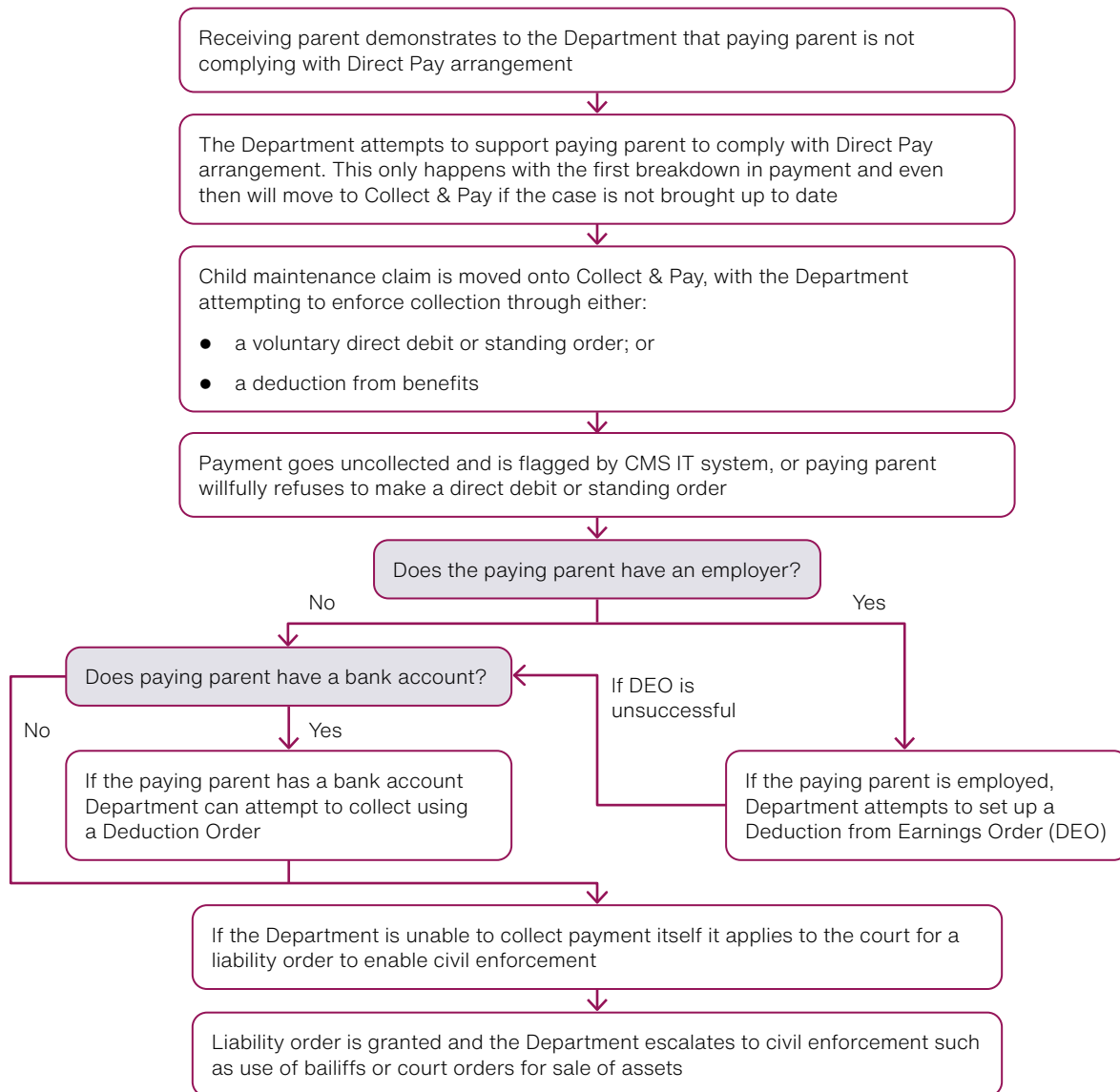
<sup>20</sup> This will include some children associated with active arrangements for whom no ongoing child maintenance was due in the quarter, that is to say, arrears only cases.

<sup>21</sup> The Department told us that it monitors the proportion of paying parents paying 90% as opposed to 100% of ongoing maintenance because, for paying parents paying on a monthly basis, the amount charged differs depending on the number of days in the month. However, in practice, CMS asks paying parents to pay a fixed amount each month. Therefore, a paying parent could pay more than 100% of the liability charged in respect of months with less than 31 days and less than 100% in respect of months with 31 days.

**Figure 10**

## The collection process for child maintenance under statutory arrangements

The Department for Work & Pensions (the Department) has a series of escalations it can use should a paying parent not comply with a Direct Pay arrangement

**Notes**

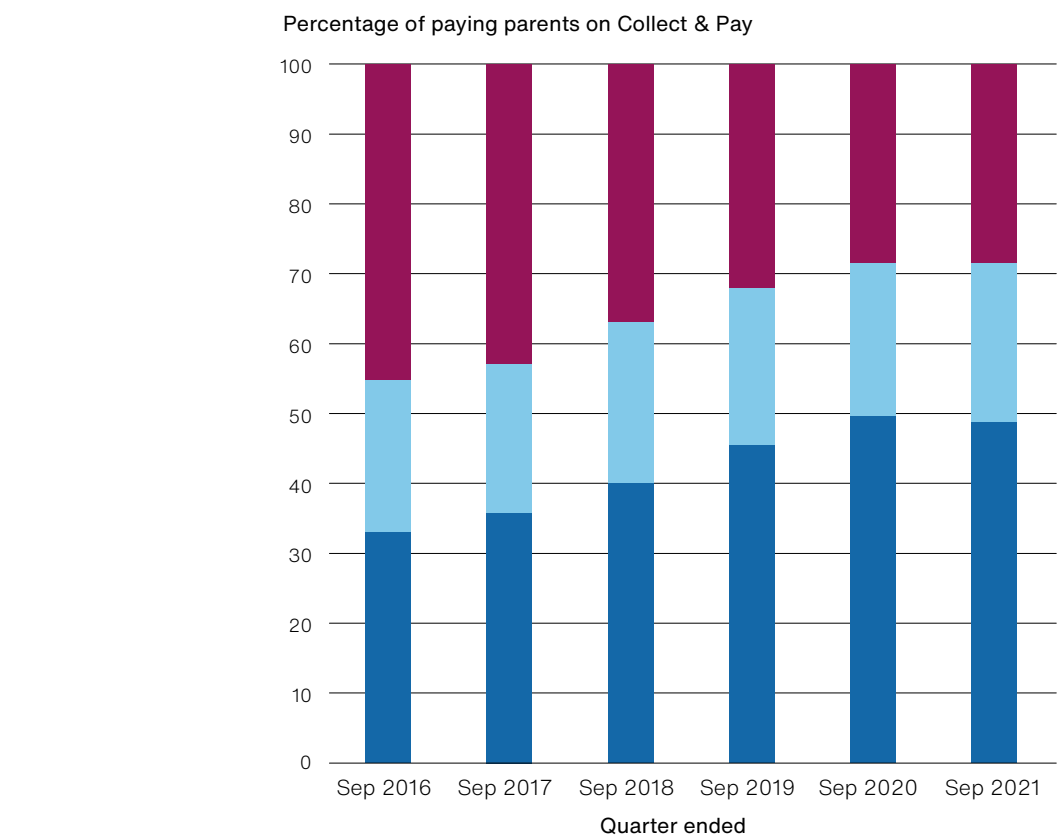
- 1 A Deduction from Earnings 'request' is used where the paying parent is part of the armed services.
- 2 The exact process followed will differ depending on the circumstances of the case. For example, the Department may not deem a particular method of collection or enforcement appropriate for a paying parent's circumstances.
- 3 The Department can take 'parallel action' in some cases. For example, applying for a new Deductions from Earnings Order (if the parent becomes employed) and liability order at the same time.
- 4 The legal process for civil enforcement action in Scotland differs to that in England and Wales.
- 5 The Department applies recommended thresholds that the arrears balance should reach before the use of its different civil enforcement activities.

Source: National Audit Office analysis of the Department for Work and Pensions enforcement process

**Figure 11**

Rates of Collect & Pay compliance, quarter ending September 2016 to quarter ending September 2021

The percentage of paying parents paying more than 90% of ongoing maintenance due in a quarter has increased from 33% in the quarter ending September 2016 to 49% in the quarter ending September 2021



Amount paid in quarter as a proportion of the amount due (excluding arrears)

■ Paid nothing	45	43	37	32	28	28
■ Paid 90% or less	22	21	23	23	22	23
■ Paid more than 90%	33	36	40	45	50	49

#### Notes

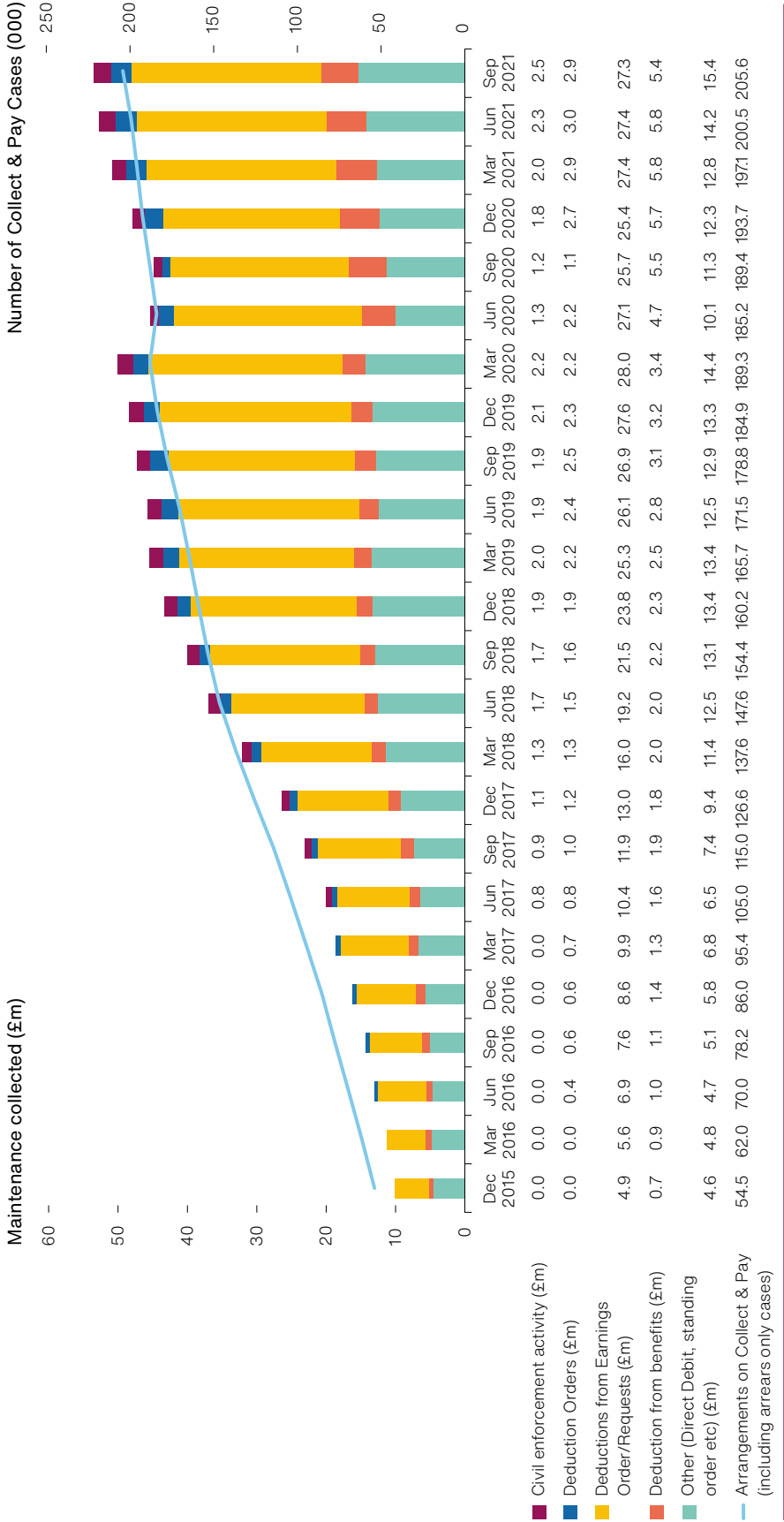
- 1 Those with no Collect & Pay liability excluded from the figures.
- 2 The Department for Work & Pensions (the Department) told us that it monitors the proportion of paying parents paying 90% as opposed to 100% of ongoing maintenance because, for paying parents paying on a monthly basis, the amount charged differs depending on the number of days in the month. However, in practice, the Child Maintenance Service (CMS) asks paying parents to pay a fixed amount each month. Therefore, a paying parent could pay more than 100% of the liability charged in respect of months with less than 31 days and less than 100% in respect of months with 31 days.
- 3 Some paying parents will also be scheduled to repay arrears on top of ongoing maintenance due. This is not taken into consideration in the in the amount due used to calculate the measured compliance rate. Arrears only, and nil assessment CMS cases are also excluded from the measure.

Source: National Audit Office analysis of Department for Work & Pensions Statxplorer data

**Figure 12**

Maintenance collected and the number of Collect & Pay arrangements, December 2015 to September 2021

The Department for Work & Pensions (the Department) has substantially improved the amount of money collected on Collect & Pay arrangements



**Figure 12** *continued*

Maintenance collected on Collect & Pay arrangements (total and per arrangement), December 2015 to September 2021

**Notes**

- 1 Other (direct debit, standing order and so on) are calculated as the balancing figure between the total maintenance collected for the period and the amounts collected via other methods. The majority of these payments will be through direct debit or standing orders.
- 2 Amounts collected through civil enforcement activity are not available before April 2017 and amounts collected through deduction orders are not available before April 2016. Before these dates, the amounts are included within the 'other' category as a balancing figure (see note 1).
- 3 Civil enforcement activity includes money collected through enforcement agents and from paying parents where a Liability Order or sanctions action is in process.
- 4 The Department does not have data on the amounts collected through less common civil enforcement activities including: arrestment; attachments; charging orders, freezing orders; inhibition; order for sale and third-party debt orders. Values will be included within the 'other' category as a balancing figure (see note 1).
- 5 Total maintenance collected for the quarter includes payments against ongoing maintenance, arrears and a small number of payments made directly between parents but excludes fees and other charges.
- 6 Amounts received through enforcement activities and Deduction Orders have been taken from the Child Maintenance Service (CMS) official statistics. The reported figures include all money collected, so these values have been reduced by an assumed 17% to take into account fee income and charges for enforcement activities. Some collections made through Deduction Orders and enforcement agents relate to Child Support Agency (CSA) arrears.
- 7 Amounts received through Deduction from Earnings Orders and Requests (DEOs and DERs) are calculated as amount received from parents where this is their recorded main method of payment. It excludes arrears only and nil assessment cases and is therefore expected to be slightly understated. The Department told us that CMS arrears only collections account for approximately 2% of all DEO and DERs collections.
- 8 Where money is collected through civil enforcement but DEO and DERs is recorded as the main method of payment, the collection will appear in both categories, leading to a slight understatement of the 'other' category as the balancing figure.
- 9 Amounts received through Deduction from Benefits (DfB) include any collection via DfB and therefore includes CSA arrears only cases. CSA arrears only collections accounted for approximately 12% of all DfB collections between August 2021 and September 2021.

Source: National Audit Office analysis of Department for Work & Pensions quarterly published statistics for June 2021 and internal management information

### Collecting arrears through the benefits system

**2.18** Some 69,000 (44%) of paying parents on Collect & Pay with an ongoing arrangement are on Universal Credit. In the quarter ending September 2021, 76% of paying parents with a deduction from benefit paid some child maintenance and 55% paid more than 90% of the child maintenance they were due to pay. However, the Department cannot collect both ongoing maintenance and arrears concurrently through deductions from Universal Credit, and its ability to collect through deductions is limited by:

- **limits on its powers to collect partial deductions.** The Department has legislative authority to deduct a £7 flat rate (plus the 20% charge) from a paying parent's weekly benefit payments for child maintenance where their earned income is below £100. An unintended consequence of the supporting legislation, however, is that the Department cannot process partial deductions of child maintenance payments (as they are less than the full flat rate amount). This causes problems in its interaction with the deductions cap;
- **the impact of the deductions cap.** Universal Credit regulations limit deductions to a total of 25% of the claimant's standard allowance. This 25% cap includes deductions for benefits overpayments and Universal Credit advance repayments, which are deducted before child maintenance payments. The Department cannot apply partial deductions for child maintenance from the remaining cap – it can only take a deduction if it can take the full amount. For example, it meant the Department was unable to make any deduction from Universal Credit for around 6,000 paying parents on benefits in May 2021 (13% of the 49,000 on Universal Credit with CMS debt); and
- **the lack of full automation and integration with Universal Credit.** The Department has automated some deductions processes but told us that there is a lack of full automation and limited integration between the Universal Credit and Child Maintenance systems. In August 2020 the Department automated flat rate deductions for Carer's Allowance and Universal Credit where the paying parent has no income. However, deductions are still processed by hand for around 9,000 paying parents who have earnings. The Department told us that competing priorities had prevented it from introducing this greater automation into the Universal Credit IT system.



## Speed and efficiency of collection and enforcement

**2.19** Where paying parents continue to be non-compliant with their Collect & Pay arrangement despite attempted methods of collection such as DEOs and deductions from benefit, the Department can decide to take civil enforcement action. The Department has reduced the time it takes to complete many of its internal processes relating to civil enforcement activity. For example:

- bailiff action – reduced from 21 weeks in May 2019 to 12 weeks in March 2021 after the Department lowered the minimum number of enforcement agent visits required, where intelligence indicates that success is unlikely;<sup>22</sup> and
- liability orders – reduced from 17 weeks in October 2019 (the Department's quickest pre-pandemic processing time) to 12 weeks in September 2021 after introducing digital approaches.<sup>23</sup>

**2.20** However, the Department does not record how long it takes customers to complete all the stages of its collection and enforcement processes, and the total time to go through all the steps could still be years from a customer's perspective.

- **The Department's processing times and associated targets reflect the time taken for the Department's caseworker to complete an action, rather than the overall time elapsed until payment is made.** For example, the Department estimates it normally takes one day to process key service requests relating to DEOs. However, actual payment depends on the timing of the paying parent's payroll periods, with employers then having more time to process payments. If a payment were missed in September and the Department put in place a successful DEO on 1 October, maintenance would not be taken until 19 November and paid to the receiving parent on 1 December. In some cases, it takes months to collect maintenance through its DEO process, which provides an opportunity for parents to change jobs before any maintenance is paid (known as 'job hopping').
- **The Department can be slow to start civil enforcement activity.** As at September 2021, around one-third (34%) of paying parents on Collect & Pay with ongoing maintenance arrangements who had not contributed for more than six months were being dealt with by the Department's Enforcement Team.

22 Twenty-one and 12 weeks are the median average taken between the Department requesting bailiff action and the bailiff returning the case to the Department for requests made in May 2019 and March 2021 respectively. Of services requests made in May 2019, 2.5% are still open, and of requests made in March 2021, 7.8% are still open. Once they are closed the reported median averages will increase.

23 Seventeen and 12 weeks represent the median time taken for a request for a liability order to be authorised by the Department and then for the magistrate or sheriffs court to grant or deny the liability order. Of those started in September 2021, 1.1% are still ongoing but all of the ones started in October 2019 have been closed. Liability order requests that have not been authorised or have not moved to the courts are not counted.

- **Some parents go years without receiving any maintenance.** As at September 2021, 7% (11,500) of paying parents with an ongoing arrangement had not paid any maintenance in more than 12 months whilst on Collect & Pay, of which 7,600 (5%) had not paid for over 18 months. This does not include paying parents who no longer have an ongoing case but have historical arrears and have not paid for 18 months.

**2.21** The Department accepts that it can do more to improve the speed of its enforcement processes. For example, the Department has planned changes that it expects will further reduce the time taken to be granted a liability order. It also told us that it wants to apply a more risk-based approach to enforcement but that it is limited by its existing authority; many steps of the Department's enforcement processes are defined by legislation and require action by external bodies such as the courts, bailiffs or banks, which the Department does not control directly. For example, the steps necessary to implement orders for sale and sanctions are bound by legislation which makes them more likely to take more than 12 months from initiation to completion.

**2.22** Enforcement of arrears does not always ensure ongoing compliance. Many parents leave enforcement owing more than they did when they started. On average, between July 2017 and September 2021, paying parents entered the enforcement business area owing £2,200 of arrears and left owing £2,600. The Department can only use civil enforcement to collect arrears due at the time the liability order was granted. Any arrears accrued afterwards require a new liability order. Enforcement fees may also be added to the overall debt balance. Both paying and receiving parents reported finding the enforcement process distressing in our online consultation (**Figure 13**).

### **Affordability of ongoing maintenance payments and arrears payments**

**2.23** Stakeholders, particularly those representing paying parents, told us that a lot of paying parents struggle to afford their maintenance payments. Many paying parents using the CMS are on the lowest incomes; 46% of paying parents did not earn enough to be charged income tax (£12,570 in 2021-22) or had no income. The Department's research suggests that affordability is a leading cause of non-compliance both in and outside the CMS scheme. The Department's online survey of 3,800 parents found that around two-thirds (68%) of Collect & Pay paying parents paying less than they should said that the maintenance payments required were unaffordable, as did one-quarter (26%) of Direct Pay paying parents. Low-income paying parents are more likely to build up arrears than the higher paid: 62% of paying parents with CMS arrears as at March 2021 did not earn enough to be charged income tax (£12,570 in 2021-22) or had no income.

**Figure 13****Customers' views on enforcing payment through the Child Maintenance Service (CMS)**

Parents told us about their experience of enforcement action including of it being often ineffective and its impact on paying parents. Our findings that the Department for Work & Pensions has improved compliance but at least half of paying parents on Collect & Pay still do not pay, pay less than they should, or pay late is set out in paragraphs 2.15 and 2.16; and how it has improved its enforcement but that it can take years before payments are made to receiving parents if the paying parent refuses to comply are set out in paragraphs 2.19 to 2.22. Paying parents are given the opportunity to stop enforcement action after six months of compliance. The process the Department uses for applying enforcement is set out in Figure 10

...He has had charging orders issued against his property but has made it clear it is his forever home- so this order is pointless. Despite claims he may have his drivers licence or passport seized this has never happened, and losing those would be more effective in coercing him into paying than a charging order on his property... He constantly misses payments, declares himself out of work or falsifies his income. Despite this nothing changes and my son continually misses out.

**Receiving parent**

5 years and only a handful of payments, most taken from my ex's benefits. He job hops to avoid paying. It takes HMRC at least 12 weeks to update CMS, CMS then take another 12 weeks to set up a Deduction from Earnings and of course they send a letter to his last known address, giving him plenty of advanced warning so that he can quit before any deduction is made. ... They have only bothered getting one Liability Order in all this time and only because I pushed and pushed for it. The stress of calling weekly for almost 18 months was too much and I haven't bothered since.

**Receiving parent**

"I didn't receive any maintenance for the first 4 years but since ex has gone into above board employment I have found the service to be good in collection of arrears and ongoing maintenance."

**Receiving parent**

I couldn't afford what they dictated I had to pay as I'd been put on furlough. So was paying less straight in ex wife's account. She made a complaint and they put me on a DOE next minute I'm paying £428 a month. If I was on my own I'd have lost my house, become homeless yet again probably lost my job or even worse committed suicide over not being able to live.

**Paying parent**

No response from the service after repeat requests to come off deduction of earnings order. Been on it now for over 12 months and it's slowly crippling me financially where I've had to resort to shoplifting to survive. The system is a joke.

**Paying parent**

**Note**

- 1 These are examples of specific perceptions and experiences shared with us by respondents to our consultation. We have not verified the facts of these cases. It is possible that, if the Department for Work & Pensions reviewed a specific case, it might establish a different view of the facts and reach a different conclusion about the issues raised. It is also possible that other individuals involved in each case could have a different perspective. The examples therefore illustrate how the wider issues raised in our audit are perceived by some receiving and paying parents. The examples presented are not designed to be representative of all parents who use the Child Maintenance Service (CMS). In some cases, we have selected the most relevant text from longer responses. We have avoided examples that reveal personal details or particularly upsetting personal circumstances.

**2.24** The Social Security Advisory Committee (SSAC) has raised concerns about child maintenance calculations and affordability, including:<sup>24</sup>

- the Department has not updated the earnings bands used to calculate child maintenance since they were set in 1998. In real terms paying parents now pay child maintenance on much lower incomes than was originally intended;
- where the Department does not process a reduction in the paying parent's earnings, because they are not more than 25% less than the HMRC historical income figure, this can leave some paying parents on low incomes struggling to pay; and
- the calculation was designed before Universal Credit was introduced. Where a paying parent on Universal Credit increases their income, their 'take-home' pay can be significantly reduced through both an increase in their child maintenance payment and a reduction in their Universal Credit award. In some cases, the SSAC highlighted that, combined with the impact of council tax reduction, this could lead to more than the full amount of the paying parent's increase in earnings being taken away (a 'effective marginal tax' rate of more than 100%).<sup>25</sup> Since then, the Department has announced a reduction in the Universal Credit taper rate to 55%. Using the same methodology and assumptions, this brings the maximum effective marginal tax rate to about 100%. This can create a disincentive to work that Universal Credit is designed to avoid.

**2.25** The Department has legislative safeguards designed to prevent it from enforcing debts where this would cause hardship to the paying parent or children under their care. These include the protected earnings limit (parents must be left with at least 60% of their gross income after a DEO); the Universal Credit deduction cap (see paragraph 2.18); the ability to negotiate the rate at which paying parents repay arrears; and signposting the paying parents to relevant third party organisations if there is a declaration of hardship.

24 Social Security Advisory Committee, *Occasional Paper 22: Separated parents and the social security system*, July 2020.

25 The SSAC referred to a calculation by the Centre for Social Justice, *The Hidden Parent Poverty Trap: Child Maintenance and Universal Credit*, 2019.

## The longer-term sustainability of the scheme

**2.26** The amount of unpaid maintenance has increased at more than £1 million per week to a total balance of £480 million by October 2021:

- Some £440 million is owed to parents to support their children on Collect & Pay cases (**Figure 14** overleaf).<sup>26</sup> Almost all paying parents on Collect & Pay have arrears. On average, each paying parent with Collect & Pay arrears owes around £2,300. Some customers with CMS arrears have very large arrears balances: around 23,500 paying parents (13%) owe more than £5,000, and 6,700 paying parents (4%) owe more than £10,000.
- An additional £40 million of unpaid maintenance is known to be owed on Direct Pay cases that transferred from Collect & Pay and is assumed to be being repaid directly between parents. However, the actual amount of unpaid maintenance on Direct Pay cases could be much higher (see paragraph 2.11).

**2.27** No payment was made against around four-fifths (79%) of unpaid maintenance on Collect & Pay in September 2021, and more than a quarter (28%) of debt being repaid will take over a decade to be collected at current repayment rates.

**2.28** Unpaid maintenance will continue to increase and is forecast to reach around £1 billion in the financial year ending March 2031 at existing compliance rates (Figure 14 overleaf). Even if the Department improves its compliance, it will not stop this rise. Under its more optimistic scenario it will still reach £1 billion in the financial year ending 2034. It would need the rate at which it recovers or writes-off maintenance (which it can only do in very limited circumstances) to exceed the rate at which new maintenance is charged, which it does not view as feasible.

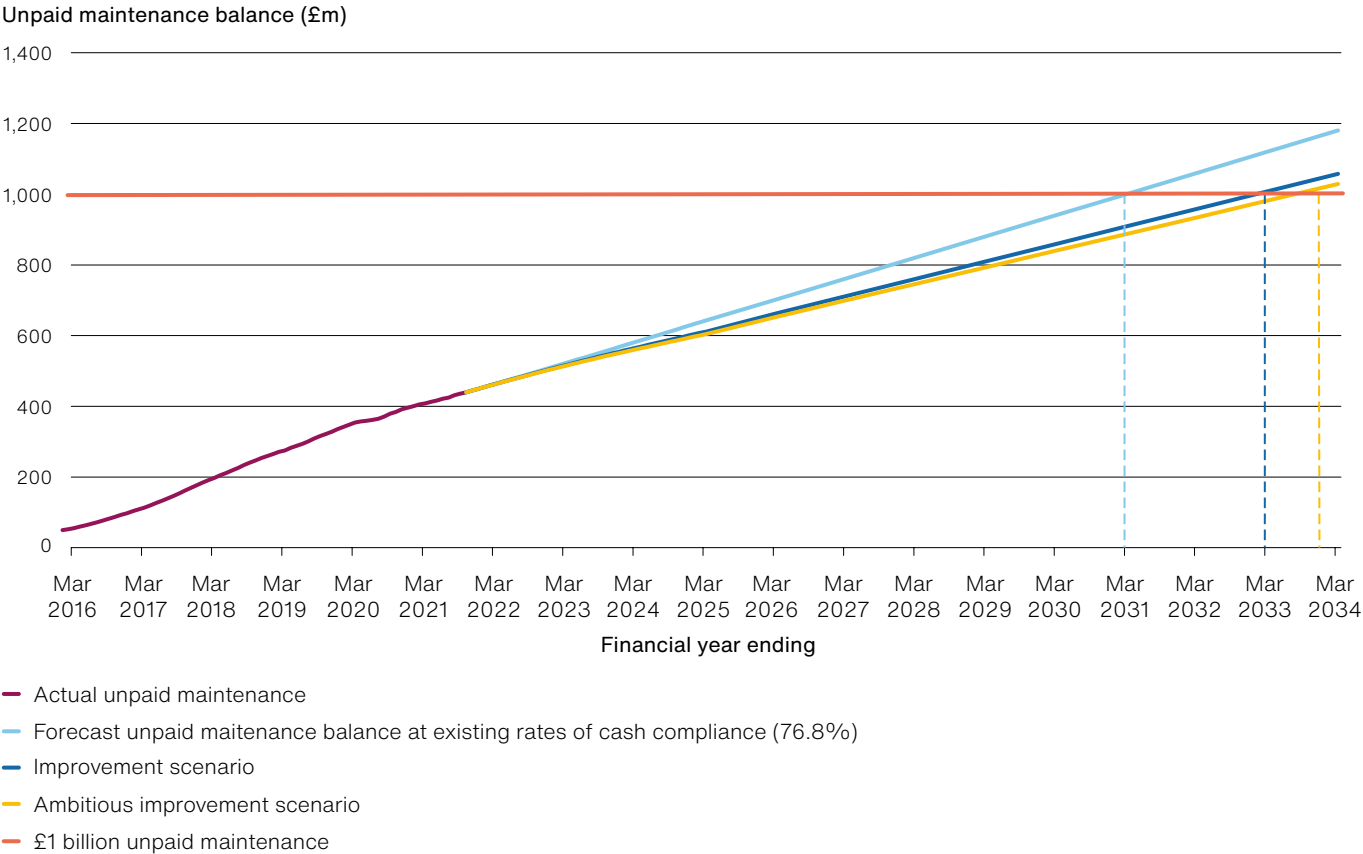
**2.29** The Department has no long-term strategy for tackling the growing debt balance. It is in the process of identifying cases where the money owed is ‘potentially uncollectable’ because it has exhausted its enforcement options, but it does not have legal authority to write off these uncollectable CMS arrears and has yet to decide how to treat these cases. Its experience of writing off CSA debt shows how parents have strong views both for and against writing off the debt. But in the long run leaving the debt balance to rise may also lead to disappointment and anger by giving the hope of money that never arrives and continuing to chase debt that is not going to be paid.

<sup>26</sup> The unpaid maintenance balance excludes fees and charges owed to the Department.

**Figure 14**

Actual and forecast unpaid maintenance on Collect & Pay, March 2016 to March 2034

At the current rate of compliance, the Department for Work & Pensions (the Department) forecasts that the total balance of unpaid maintenance will increase to around £1 billion in the financial year ending 2031. Existing initiatives may slow down the rate of unpaid maintenance growth but will not stop it



**Notes**

- 1 The Department's unpaid maintenance model to March 2025 is based on the Department's forecast internal monthly measure of 'cash compliance', calculated as money paid (maintenance on the ongoing arrangement and arrears) divided by the money due (maintenance on the ongoing arrangement only) for Paying Parents with an ongoing maintenance liability.
- 2 The unpaid maintenance model to March 2025 is based on the key assumptions that: the Collect & Pay caseload will continue to increase but at a falling rate; the make-up of the caseload will remain the same; and that the legislative and economic environment will remain materially unchanged.
- 3 The model includes the impact of write-offs and payments made outside of the scheme to settle maintenance.
- 4 Later balances are based on the Department's linear forecast model, which is produced on an ad-hoc basis. It assumes unpaid maintenance will increase at the same rate as from March 2022 to March 2025 and is therefore subject to greater uncertainty.
- 5 The scenarios provided by the Department are based on conversations between its finance, analyst and delivery assurance staff. A number of scenarios were considered, with those provided viewed as the most likely.
- 6 The scenarios assume that the speed of continuous improvement will reduce the higher the cash compliance rate rises: for its improvement scenario, the Department has assumed cash compliance will increase by 3% between October 2021 and March 2023, then 2% between April 2023 and March 2024, and 1% between April 2024 and March 2025. For its ambitious improvement scenario, the Department assumes an improvement of 4% between October 2021 and March 2023, followed by 2% and 1% as per the improvement scenario.

Source: National Audit Office analysis of the Department for Work & Pensions' unpaid maintenance model

## Part Three

### Efficiency and customer service

**3.1** This part looks at the way the Department for Work & Pensions (the Department) manages its Child Maintenance Service (CMS), including scheme costs and customer service performance. It covers the:

- cost of the service;
- quality of service;
- impact of the COVID-19 pandemic; and
- the Department's plans to further improve the service through its Transformation Programme.

#### The cost of the CMS

##### Reducing overall costs

**3.2** The Department has reduced the cost of administering child maintenance, in line with its smaller caseload and new income from charging. It reduced the gross annual cost to the taxpayer of administering child maintenance (its funding requirement) by £132 million (27%) from £497 million in 2011-12 to £365 million in 2020-21; a £242 million (40%) reduction in real terms using 2020-21 prices. This is broadly in line with the 47% fall in caseload over the same period. It reduced its net funding requirement by £172 million (from £494 million to £322 million) across the same period. This is £40 million more than the reduction in gross costs because of the introduction of charging to use the service.

**3.3** The Department overestimated the speed and scale of its expected savings (**Figure 15** overleaf). In its 2011 business case, the Department expected to reduce the Child Maintenance Group's (CMG's) annual funding requirement (after fee income) to £162 million by 2018-19, less than half of the actual annual cost of £384 million in that year. The Department increased its cost forecast for 2021 to £234 million (in 2013) and to £258 million (in 2015), but the actual funding requirement for 2020-21 was £322 million. The Department told us that it has not achieved its expected 2015 business case savings because of delays to the closure of its 1993 and 2003 schemes and higher than expected digital and estate overheads, the significant majority of which the Department apportions centrally.





## The efficiency and cost of collection

**3.4** The Department has not achieved the expected reduction in the cost of administering maintenance through its CMS. The Department expected the cost per £1 of maintenance collected and arranged to fall from 35p in 2011-12 to 25p per £1 by 2018-19 (excluding investment costs and fee income).<sup>27</sup> The Department can identify specific operational efficiencies it has made, such as greater use of automation. However, by 2018-19 the estimated cost per £1 of maintenance collected and arranged had increased to 47p. The Department told us this is due to larger than expected digital and estates cost (see paragraph 3.3) and because its customer base is now more concentrated on those with a greater level of need than under the old Child Support Agency (CSA). The cost per £1 of maintenance collected and arranged fell to 36p in 2020-21 (still slightly higher than the level in 2011-12) because of further automation, a reduced number of staff working in the CMG during the pandemic, and the increase in the caseload relative to its fixed costs.

## Quality of service

**3.5** Both the people who write to us and those who completed our online consultation complain about the quality of customer service they receive from the Department in managing their child maintenance case. The Department told us it serves parents who have been unable to reach an effective maintenance arrangement between themselves. Satisfying its customers is challenging because each case has at least two customers, whose relationship has often completely broken down, and who may have very different views about how much money ought to be taken from one and given to the other. In this context, it believes that approaching 100% satisfaction would be impossible. Nonetheless, as we set out below, the CMS has consistently had a high level of complaints and poor customer satisfaction scores.

## Complaints about the CMS

**3.6** The Department receives more complaints about CMG than any of its other business areas, despite having fewer customers than many (**Figure 16** on pages 64 and 65). It received 6,521 (six for every 1,000 customers) in the year to 30 September 2021. This was considerably down from pre-pandemic levels in line with a general fall in complaints to the Department during the pandemic.

<sup>27</sup> This is the forecast in the Department's 2013 business case. The Department's 2015 business case updated this forecast to say the cost of administering child maintenance would fall to 25p per £1 collected by 2019-20.

**Figure 16**

Complaints received by the Department for Work & Pensions (the Department) about each of its benefit areas, in the year ended 30 September 2021

The Child Maintenance Group had the highest upheld complaints rate per thousand customers of any of the Department's business areas

Business area	Average number of customers <sup>1</sup> across the year	Complaints received	Complaints received for each thousand customers	Complaints closed <sup>2</sup>	Complaints partially or completely upheld <sup>3,4</sup>	Percentage of complaints upheld per closed complaints	Number of complaints that are partially or completely upheld for each thousand customers
Child Maintenance Group	1,112,172	6,521	5.86	3,813	1,278	34%	1.15
Universal Credit, New Style Job Seeker's Allowance and New Style Employment and Support Allowance	5,937,126	5,392	0.91	3,646	1,868	51%	0.31
Personal Independence Payment	2,696,680	1,671	0.62	1,447	661	46%	0.25
Jobseeker's Allowance <sup>7</sup>	188,707	150	0.79	92	38	41%	0.2
Employment & Support Allowance and Incapacity Benefit	1,841,962	883	0.48	575	305	53%	0.17
Income Support	240,858	64	0.27	55	35	64%	0.15
Disability Living Allowance	1,089,067	150	0.14	108	54	50%	0.05
Pension Credit	1,447,531	135	0.09	112	61	54%	0.04
State Pension	9,444,381	799	0.08	528	325	62%	0.03
Carer's Allowance	1,268,681	88	0.07	61	21	34%	0.02
Attendance Allowance <sup>7</sup>	1,547,725	42	0.03	33	19	58%	0.01
International State Pension	1,073,398	11	0.01	6	3	50%	0

**Figure 16** *continued*

Complaints received by the Department for Work & Pensions (the Department) about each of its benefit areas, in the year ended 30 September 2021

**Notes**

- 1 Each case will have at least two customers, paying parents and receiving parents.
- 2 Complaints closed includes those dismissed, partially upheld and completely upheld.
- 3 Complaints upheld may not have been received in the same month as they were decided.
- 4 Complaints upheld are those where the Department agrees that the service provided in each of the issues the customer raised was below the standard expected and redress is appropriate, such as an apology. Partially upheld is when the customer raises more than one issue, and the Department agrees that a poor service was provided in some, but not all, of the issues the customer raised and applies redress to the issues upheld. Not upheld means that the Department has decided that, upon investigation, it did not provide a service below the standards expected.
- 5 Some parents in our online consultation told us about cases where their personal data had been provided to the other parent. During the period April 2018 to March 2020, the Child Maintenance Group had 34 complaints upheld for sharing customers' data without permission (51% of 67 complaints) and 49 upheld complaints about breaching the Data Protection Act (42% of 116 complaints).
- 6 The analysis does not include New State Pension complaints.
- 7 The Department has not been able to provide caseload data for all months for Attendance Allowance and JSA, average caseload is calculated based on the available data.

Source: National Audit Office analysis of Department for Work & Pensions' data

**3.7** The Department only upholds a complaint if, on investigation, it agrees that the aspect of service complained about was below the standard expected. While it upholds a lower proportion of these for CMG than it does for its other services (around one in three) – supporting the Department's claim of a challenging caseload – it still upheld 1,278 complaints in the year to 30 September 2021, equivalent to 1.15 complaints per 1,000 customers. This is the highest per customer rate for any business area. The number of complaints upheld is usually higher but slowed during the pandemic; in the four years before the pandemic, it had averaged three upheld complaints for every 1,000 customers. The most common areas in which the Department upheld complaints about the CMS over the two years pre-pandemic (2018-19 and 2019-20) were that CMS staff:

- took too long: for example, to complete a promised action, get in contact or collect maintenance (3,874 of 7,450 complaints upheld, 52%);
- got something wrong: for example, miscalculated a maintenance assessment, collected the wrong amount or did not take evidence into account (3,168 of 13,563 complaints upheld, 23%); and
- did not treat a customer with respect (1,210 of 2,579 complaints upheld, 47%).<sup>28</sup>

<sup>28</sup> The Department stopped processing complaints during most of 2020-21 due to the impact of the COVID-19 pandemic. Customers often raise issues with several aspects of the service in one complaint.

**3.8** CMG customers responding to our online consultation who had issues with the complaints process raised issues about the effectiveness of the complaints procedure, including the length of time it took the Department to respond to, and resolve, complaints (**Figure 17**). The Department monitors how long it has taken to close complaints against a 15-working day standard. In September 2021:

- where it had closed the complaint, it did so within 15 working days in 52% of cases and within 30 working days in 76% of cases;
- where it had closed the complaint or made a resolution plan, it did so within 15 working days in 98% of cases; and
- of the 489 cases still outstanding, 222 had been outstanding for 15 working days or fewer, 178 had been outstanding for between 16 and 30 working days and 89 had been outstanding for 31 working days or more.<sup>29</sup>

**3.9** If a customer does not agree with the Department's decision not to uphold a complaint, they may complain to the Independent Case Examiner (ICE). In 2020-21, around one-third (35%) of all complaints to the ICE were about the CMG (1,465 out of 4,205, the largest number for any service area). Furthermore, CMG accounted for 43% (208 of 484) of all complaints investigated and upheld (or partially upheld) – more than for all working age benefits combined (189), and almost three times those relating specifically to Universal Credit (73).<sup>30</sup>

## Customer satisfaction

**3.10** The Department surveys customers to understand their experience of its CMS. These survey results need to be interpreted carefully as they: include only customers who have been in recent contact; are based on a methodology that has changed over time; and overstate both satisfaction and dissatisfaction.<sup>31</sup> The Department's internal survey results show that in the quarter ending December 2019 (just before the pandemic), the Department's customer satisfaction rating was 60%, lower than it was when the 2012 scheme was first introduced. More recently, the Department has incorporated its customer satisfaction survey for CMS into the wider Department customer experience survey. Under this approach, 46% of customers reported they were satisfied with the service they received in the quarter ending September 2020, though this figure and data series from which it is drawn are subject to ongoing quality checks by the Department and may be subject to change. Because of this, we cannot report the trend in customer satisfaction from December 2019 onwards.

<sup>29</sup> These figures are based on the Department's unpublished management information.

<sup>30</sup> The 206 investigated complaints upheld or partially upheld by ICE against CMG consists of 92 relating to CMS and 116 relating to CSA.

<sup>31</sup> The Department reports the percentage of customers who say they are very or fairly satisfied out of those who answered that they were very or fairly satisfied and the very or fairly dissatisfied, but excludes those who answered "don't know". This is not in line with the standard practice applied across other government departments.

**Figure 17****Customers' views: experience of complaining to the Child Maintenance Service (CMS)**

Parents told us about their frustration with the Department for Work & Pensions' (the Department's) complaints process. We set out our findings on the number of complaints the Department receives and upholds in paragraphs 3.6 and 3.7 and on how quickly the Department manages these in paragraph 3.8

Their complaints process is so slow and you can't escalate it until they perform certain steps which they take as long as they like to – 28 days has turned into months and you feel powerless as there is nothing you can do.

**Receiving parent**

I have complained and had a response that was blatantly incorrect. Telling me tribunal made a decision when it was their own appeals unit. I complained about this and waited 6 months for a response... I involved my MP who also had to chase this up 6 times before they got a response.

**Receiving parent**

CMS is super slow with any responding of complaints if your lucky to get a response in the first place and only got their skates on when involving local MP.

**Paying parent**

The complaints procedure is a total sham. Having tried to raise complaints over many years, they simply go into an unaccountable black hole. Even involvement of my MP has failed to gain a response.

**Paying parent**

**Note**

- 1 These are examples of specific perceptions and experiences shared with us by respondents to our consultation. We have not verified the facts of these cases. It is possible that, if the Department for Work & Pensions reviewed a specific case, it might establish a different view of the facts and reach a different conclusion about the issues raised. It is also possible that other individuals involved in each case could have a different perspective. The examples therefore illustrate how the wider issues raised in our audit are perceived by some receiving and paying parents. The examples presented are not designed to be representative of all parents who use the Child Maintenance Service. In some cases, we have selected the most relevant text from longer responses. We have avoided examples that reveal personal details or particularly upsetting personal circumstances.

Source: National Audit Office online consultation from 14 May to 30 July 2021

### Improving the quality of customer service

**3.11** The Department has attempted to improve its quality of service to CMS customers. It outlines what customers can expect from it and what it expects from customers in return in its Customer Charter (the Charter). This includes the four customer service areas of greatest concern to respondents to our online consultation:

- **Ease of access.** The Department has focused on improving digital access to its service, mitigating some, but far from all, of the impact of operating a reduced telephone service.
- **Getting it right.** As set out in Part Two (paragraphs 2.4 and 2.5), the Department has improved the accuracy of its calculations.
- **Keeping you informed.** The Department has increased its use of SMS texts, revised its letters, and developed its online service to try to better inform parents of progress on their case.
- **Right treatment.** The Department has an ongoing programme of staff training and upskilling focused on improving essential customer service skills.

**3.12** It is difficult to assess the Department objectively against these areas because it has not identified a suite of performance measures, management information and benchmarks that it needs to assess whether it is providing a reasonable level of service. However, the Department has not achieved any noticeable improvement in how its customers perceive its performance in these areas (**Figure 18** on pages 69 and 70). The Department told us that it plans to improve its measurement and benchmarking as part of its transformation activities.

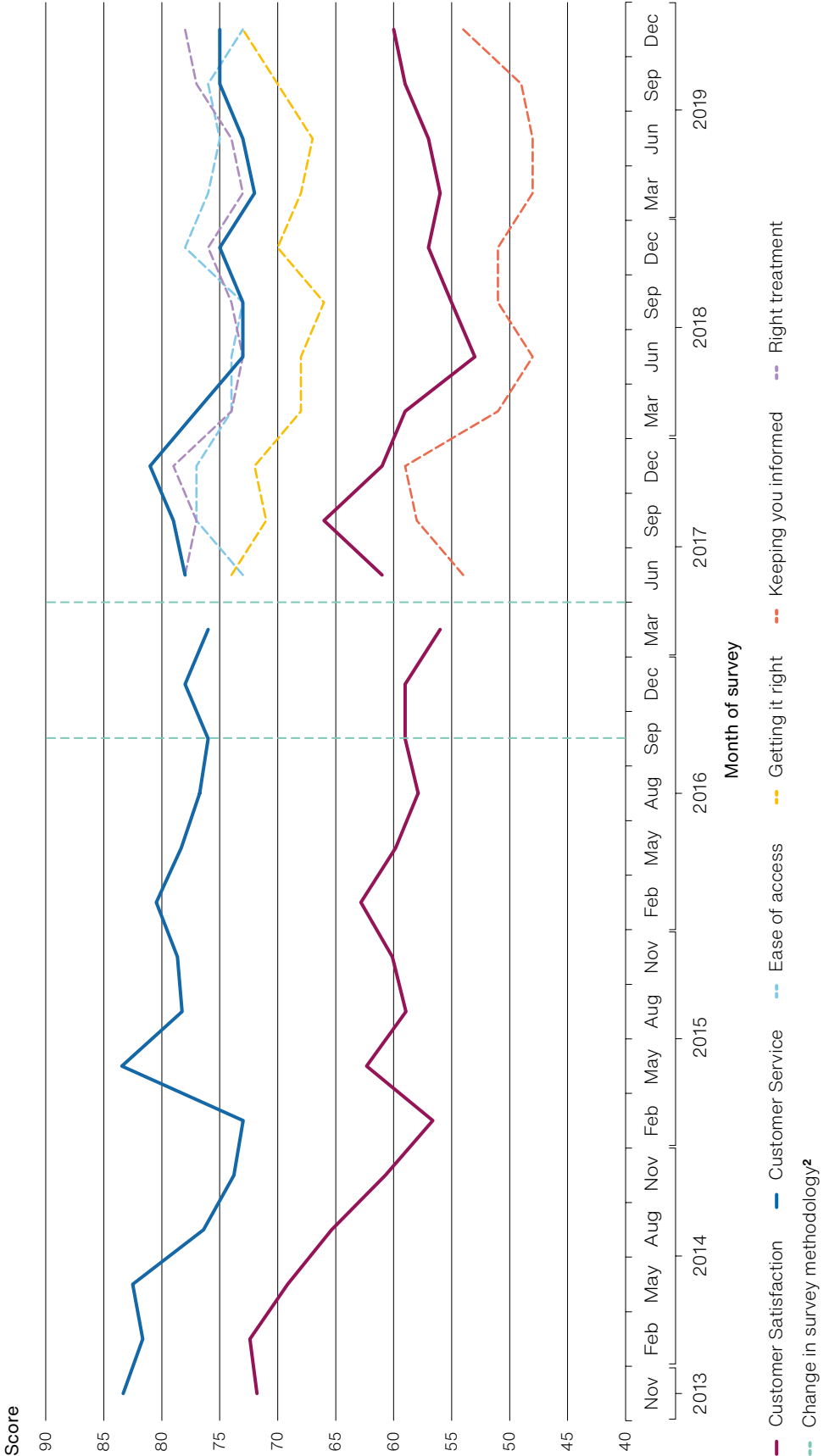
### The Department's plans to digitalise the service

**3.13** The Department introduced new transformation plans for CMG in 2021. It plans to “invest to save” by developing its digital capability, encouraging more customers to move online and automating processes – transitioning CMG towards being a more efficient, “digital by choice” service. The Department told us it expects CMS transformation to be fully complete by financial year 2024-25, at a cost of more than £30 million (2023-24 costs have not yet been agreed) and save an estimated £151 million; further reducing the annual funding requirement for CMS by £128 million (40%) from £322 million in 2020-21 to £194 million for 2024-25.

**Figure 18**

Customer Satisfaction, Service and Charter scores for Child Maintenance Service (CMS) customer satisfaction survey, November 2013 to December 2019

The Department for Work & Pensions' (the Department's) CMS Customer Charter (the charter) scores have remained stable, despite a customer service improvement programme and are lowest in the 'keeping you informed' Charter area



---

**Figure 18** *continued*

Customer Satisfaction, Service and Charter scores for Child Maintenance Service (CMS) customer satisfaction survey, November 2013 to December 2019

---

**Overall satisfaction scores for CMS**

**Customer Satisfaction:** Customers' satisfaction score for the whole experience of CMS.

**Customer Service:** Customers' score for the level of service they recently received from CMS<sup>2</sup>

**DWP Charter Scores for CMS**

Scores reflect a combination of questions on:

**Ease of Access:** The Department commits to publishing clear information about its services and making more services available online while communicating how customers can reach it in other ways.

**Getting it Right:** The Department commits to getting decisions and payments right, explain decisions and apologise if it makes a mistake.

**Keeping you informed:** The Department commits to deal with requests promptly, to explain what happens next to customers and keep them updated with progress.

**Right treatment:** The Department commits to treating customers fairly, politely, and to be understanding of people's circumstances and apply its processes correctly.

---

**Notes**

- 1 The Department has identified issues with the data used to produce Customer Charter scores for CMS after December 2019 (when CMS fully transitioned from using an internal survey to fully adopting the Department's Customer Experience Survey (CES) methodology after a period of dual running). It is working to resolve these issues.
- 2 The Department changed its Service and Satisfaction score methodology twice between November 2013 and December 2019. First between August 2016 and September 2016, when it changed the time period it surveyed and again between March 2017 and June 2017 when it changed the questions relating to customer service.

Source: National Audit Office analysis of Department for Work & Pensions' data

---

**3.14** The Department also plans to improve the effectiveness of its service through transformation. It aims to:

- improve payment compliance of the right amount at the right time to 70%;
- ensure no increase in complaints received relating to the Department making incorrect decisions or taking too long;
- improve customers' access to child maintenance through online routes to more than 85%;
- improve the ease of access survey score to 90%;
- improve customer trust in accuracy from 69% to 80%; and
- improve customer access to case maintenance progression updates from 52% to 80%.



**3.15** The Department's planned cost savings, and other benefits such as improved ease of access, depend on customers self-serving through the online service. Most customers currently prefer to contact CMS through other channels. In 2020, less than half of its customers had registered to use the portal, and only one-quarter of all customers used the system. Over the next three years, the Department aims to reduce the amount of customer contacts from telephone calls from 60% to 25% and to double the proportion of customers self-serving through online channels such as through its 'My Child Maintenance Case' portal and automated assistance.

### **The impact of the COVID-19 pandemic**

**3.16** At the start of the COVID-19 pandemic, the Department moved around one-quarter (1,629) of CMS staff to other areas of the Department, mostly to deal with new Universal Credit claims. A further 20% of CMS staff were sick and 30% were unable to work because they were clinically vulnerable but did not have the means to work from home, leaving the Department with only 26% of its complement (1,722 of 6,676 staff) working on child maintenance at the end of March 2020.

**3.17** The Department kept CMS running during the pandemic with a reduced service. To keep essential services going, the Department put in place a minimum operating model. It concentrated on activities that kept child maintenance flowing, for example, by processing changes of circumstance which changed the amount due, but stopped any new enforcement activity. The Department also supported staff to work from home by improving IT systems and providing new devices, and by June 2021 around 4,500 CMS staff could work from home.

**3.18** The Department also accelerated its plans to move more customer interactions from its telephone service to online services. In April 2020, it redeployed 125 FTEs to a 'first contact' telephone line, directing the majority of customers to self-serve online, and transferred urgent queries to casework teams. At the same time it reduced its telephony opening hours to 9.30 am to 3.30 pm midweek. As capacity began to recover in July 2020, the Department decided to keep these reduced hours and continued to direct customers to use online services where they were able to. Respondents to our online consultation complained about difficulties with getting in touch with CMS (**Figure 19** overleaf). The Department told us that between April and September 2021, CMS responded to and actioned 84% of My Child Maintenance Case online customer messages within seven days and that the portal was almost always accessible. The Department introduced a webchat service in August 2021 and has since partly reinstated its previous telephone service hours to 8.30 am to 3.30 pm. However, the Department did not answer around 27% of calls in the year to September 2021. Of those calls answered, the average speed to answer the phone has increased substantially, from 26 seconds in the quarter ending June 2018 to 21 minutes in the quarter ending September 2021 (an upwards trend that started before the pandemic).

**Figure 19**

## Customers' views: getting in touch with the Child Maintenance Service (CMS)

Parents told us that they can find it difficult to get in touch with the Department for Work & Pensions to discuss their child maintenance arrangement. Our findings about how the Department is seeking to improve its communication with parents by digitalising the service is set out in paragraphs 3.13 to 3.15 and how it accelerated these plans during the COVID-19 pandemic in paragraphs 3.16 to 3.18

I wanted to ask a question in January 21. I held for 35 minutes on the phone, as this was a question that needed a discussion not a simple transaction. When the phone was answered I was informed (very rudely) that under no circumstances would they speak to me, and I HAD to use the online portal which previously was optional. They didn't inform me of this on the recorded message. I duly filled in the contact form, and a complaint form. To date, over 5 months later, I have had no reply to either, despite being promised a 7 day reply.

**Receiving parent**

Took hours to get through on the phone and you would get different advice from a different person every time. Staff are poorly trained, caseworkers are never available, don't know your case and really don't seem to care.

**Receiving parent**

I have always received excellent service via phone from the advisors. The annual check up of service is helpful. When it was identified that the non resident parent owed maintenance due to not informing the service of changes to income, the length of time for the back pay to be made was 6 months due to his disputing the facts. This was frustrating. The annual paperwork is lengthy and seems an unnecessary use of paper resources. The breakdown is not very clear.

**Receiving parent**

I am limited to their unfit for purpose 'online portal' with its messaging system limiting me to 600 characters. Who thought it was reasonable for parents to have to communicate complex salary and care information in such a way? The messaging system often does not accept any messages and the entire website is often unavailable. I have been forced to block the CMS on my phone and email. I had repeatedly requested that they stop messaging me on both platforms late at night, in some cases after 11pm... I have attempted to obtain information about my case by telephoning the CMS, something one needs to take an entire afternoon off work for as there is a repeated pattern of being cut off after 20 mins on hold. When you finally get through (average 35 mins on hold) you are met with someone, supposedly a 'case manager', who can only quote from a script and not offer any answers to your queries.

**Paying parent**

CMS letters are very difficult to decipher and I phoned several times to discuss and was either cut off or no one phoned me back. The opening hours for the phone line are extremely short, thus making it very difficult for a working parent to get the information or provide the information they need.

**Paying parent**

**Note**

- 1 These are examples of specific perceptions and experiences shared with us by respondents to our consultation. We have not verified the facts of these cases. It is possible that, if the Department for Work & Pensions reviewed a specific case, it might establish a different view of the facts and reach a different conclusion about the issues raised. It is also possible that other individuals involved in each case could have a different perspective. The examples therefore illustrate how the wider issues raised in our audit are perceived by some receiving and paying parents. The examples presented are not designed to be representative of all parents who use the Child Maintenance Service. In some cases, we have selected the most relevant text from longer responses. We have avoided examples that reveal personal details or particularly upsetting personal circumstances.

**3.19** Inevitably, having fewer staff led to backlogs. For instance, the backlog of child maintenance complaints rose from 690 in March 2020 to 1,450 by April 2021. The Department has since begun its COVID-19 recovery strategy, for example by hiring 296 temporary staff between March and June 2021, and has made significant progress in clearing the backlogs. The number of complaints outstanding had fallen to 549 in January 2022. Other backlogs, such as in appeals, remain.

### **The Department's capacity to improve**

**3.20** Our assessment of CMS's operational management suggests three main opportunities for improvement it could build into its transformation plans. We reviewed the CMG against our operational management maturity analytic (Appendix Two).<sup>32</sup> We found that CMG was stronger than most organisations we audit at: explaining its goals and priorities to its staff; effective working across teams; and in its leadership of change. It also already has plans in place for some transformation and to better use digital technologies. We found it was weaker against best practice in its management of its specific operations in ways that are common across the government operations we audit. This was due to a combination of factors: how the operations have evolved over time; the existing digital systems; and the legislative framework within which the service operates. This work suggested three priorities for the Department to build into its transformation:

- **Improve the differentiation and segmentation of customers.** The Department would like to be able to prioritise what actions to take on a case based on its assessment of what would most likely work. This will require it to develop a better understanding of its customers' needs and what actions to take in what circumstances. However, the current legislation requires it to broadly take a 'one size fits all' approach and to follow a linear process.
- **Improve the end-to-end customer journey.** The Department has to date focused on improving the efficiency of its internal processes. But the end-to-end journey for a customer can involve interaction with various agencies and multiple interventions by CMS. For example, some non-compliant customers can be subject to multiple or parallel enforcement actions, while arrears continue to build. The Department could not easily set out how customers proceeded through its processes or what impact each had.
- **Improve the management information it uses for service improvement.** The Department's systems produce a lot of management information. It generally has measures that report after the event (lag measures) rather than those that allow it to anticipate problems (lead measures). It does not have cost-effectiveness metrics that show the return on spend on each of its interventions, or whether its initiatives to improve the efficiency of its processes have been effective. It also has lots of information on various aspects of its service, but has not identified the suite of measures to monitor that would enable it improve how its customer service is perceived.

32 National Audit Office, *Managing business operations – what government needs to get right*, September 2015.

# Appendix One

## Our audit approach

**1** In this report we look at whether the Department for Work & Pensions (the Department) is achieving value for money in its management of child maintenance. We examine:

- the child maintenance landscape following the 2012 reforms (Part One);
- progress in improving as far as possible the collection of maintenance through the statutory schemes (Part Two); and
- progress in improving the efficiency and quality of the Child Maintenance Service (CMS), while cutting costs (Part Three).

**2** We do not assess: the impact on children of not receiving their child maintenance; how the provision of child maintenance affects childhood poverty; or the reducing parental conflict programme.

**3** We applied an analytical framework with evaluative criteria that considered whether government manages the child maintenance system effectively to support improved outcomes for separated parents and their children.

**4** Our audit approach is summarised in **Figure 20** and our evidence base is described in Appendix Two.

**Figure 20****Our audit approach****The objective of government**

In 2012 the Government introduced reforms to the child maintenance system. These reforms were designed to shift the focus away from government intervention by default, to encourage collaboration between separated parents while providing support to those parents for whom this was not possible, and to reduce costs.

**How this will be achieved**

The 2012 reforms included a new child maintenance service (the CMS) to support the minority of separated families that seek assistance from government with their child maintenance arrangements. The CMS plays a major role in delivering government's overall aims of maximising the number of effective child maintenance arrangements and encouraging parents to make their own family-based arrangements. The Department for Work & Pensions (the Department) operates the CMS.

**Our study**

In this report we look at whether the Department is achieving value for money in its management of child maintenance in Great Britain.

**Our evaluative criteria**

Whether changes in the child maintenance landscape (including the number of children benefiting from maintenance) meet Government's expectations following the 2012 reforms.

The Department's progress in improving as far as possible the collection of maintenance through the CMS.

The Department's progress in improving the efficiency and quality of the CMS service, while cutting costs.

**Our evidence**  
(see Appendix Two for details)

- Review of the Department's documents
- Interviews with senior officials responsible for child maintenance
- An online consultation
- Analysis of the Department's financial and management information
- Semi-structured interviews with key stakeholders
- Analysis of CMS arrears and debt
- Review of the Department's own research
- Review of a sample of CMS operational processes against our Operations Management Framework
- Review of a sample of individual CMS cases

**Our conclusions**

In 2012 the Government introduced reforms to the child maintenance system designed to reduce government spending on administering child support and maximise the number of effective maintenance arrangements made without state involvement. These reforms have reduced government's involvement in child maintenance and reduced costs to the taxpayer. However, the reforms relied on a wider set of integrated, cross-government interventions on separated families and have not, so far, increased the number of effective child maintenance arrangements across society.

The Department's main focus has been improving its statutory child maintenance service. It has improved value for money in its management of the service and has significantly improved its accuracy and collection rates. The Department acknowledges, however, that there remains much more it can do to improve the service. It does not yet fully understand why those without an effective arrangement do not use its service. It could do more to help prevent around half of Direct Pay arrangements failing, leaving maintenance unpaid. It has improved Collect & Pay collection so that half pay the maintenance due, but its enforcement of the remainder can be too slow to be effective. Furthermore, it still has significant problems with its customer service, both real and perceived, that undermine trust in the service. Meanwhile, the Department has the challenge of what to do with the growing balance of unpaid debts on the statutory schemes, which is giving parents hope that they will receive money that will likely never be paid.

## Appendix Two

### Our evidence base

**1** We reached our conclusion on the Department for Work & Pensions' (the Department's) success in providing a child maintenance service that offers value for money for children, separated families and the taxpayer by analysing evidence collected between May and December 2021.

**2** We considered changes in the child maintenance landscape over the longer term and applied our analytical framework to assess the wind-down of the Child Support Agency (CSA), and the cost and customer service of the Child Maintenance Service (CMS). We considered child maintenance in the context of government's response to the COVID-19 pandemic. Our audit approach is outlined in Appendix One.

#### **We reviewed the Department's documents**

**3** We drew on a range of data and information from the Department. This included the Department's business cases, ministerial submissions, internal management papers, ad-hoc research analysis, policy submissions, management information reports and papers and minutes from internal review meetings.

#### **We interviewed senior officials with responsibilities for the CMS**

**4** As part of our fieldwork, we consulted a range of officials at the Department. They included policy, analytical and finance teams and customer support staff who deal with customers. We observed administrative processes, including online services, in a series of process walkthroughs.

#### **We held an online consultation**

**5** We held an online consultation between 14 May and 30 July 2021 which allowed people and organisations with a perspective on, or experience of child maintenance services to tell us their views. The consultation was hosted on our website. The main purpose of the online consultation was for us to understand the perspectives of users of the service. However, the consultation was not designed to produce a representative sample of responses and has not been used to draw conclusions in our study. Instead, we have used it to illustrate how issues that we have found are perceived by some users. More detail of our online consultation and how we analysed the responses is set out in Appendix Three.

## **We analysed the Department's management information reports and financial data and commissioned the Department to analyse its case records**

**6** While the data set out in this report are the best the Department believes is available, we were not able to fully verify all of these data. Some of the Department's analysis is constrained by limitations in its data, such as incomplete data on the ethnicity of customers and the fact that its monitoring of family characteristics is based on ad hoc research rather than routine monitoring.

**7** The Department provided us with data drawn from its case management information system, which we then interrogated. These included extracts of data about customer complaints, and customer service and satisfaction.

**8** As the case management data are complex, we asked the Department to perform the analysis in several areas, including:

- customer demographics – the personal and protected characteristics of customers and the impact of processes on different types of people;
- arrears and debt levels, for both the CSA and CMS cases;
- enforcement processes and their outcomes, for both the CSA and CMS cases; and
- throughput of work on various tasks, and backlogs in case processing stages.

**9** The computer code the Department used to generate the reports we needed was approved by the Department's own internal quality assurance processes. We also quality-assured its work by a member of our staff experienced with the computer package that the Department used.

## **We held semi-structured interviews with key stakeholders**

**10** We spoke to external stakeholders, including:

- Citizens' Advice;
- Families Need Fathers; and
- Gingerbread.

**11** The information they gave us was analysed thematically against our evaluative criteria. We are aware that as these organisations deal with people having difficulty with the child maintenance system, their accounts of how well the system works will be informed by that experience.

## **We applied our Operational Management Framework**

**12** We used an evaluative framework to consider whether the Department made use of good operational management practices in managing and improving its business (**Figure 21**). We have been applying a systematic approach to assessing the government's capability in operations management since 2010.

**13** We assessed the Department's capability by applying our framework across the full management system. By that, we mean we looked for characteristics of good operations management, and gathered evidence within both organisational (the corporate centre or 'head office') and operational (where services or processes are provided) layers of the business. We then assessed if there was an effective, integrated management system in place. The operational part of our assessment focussed on three processes:

- complaints;
- compliance and enforcement; and
- case management.

**14** Rather than check a pre-specified list of documents or other artefacts, we used video-conferencing with staff in key areas within the Child Maintenance Group (CMG) to observe processes in real-time and through reviewing relevant documents provided to us by the Department. We put an emphasis on what we observed happening, rather than what we read or were told, in coming to judgements against our analytic's five areas. We also used evidence from observing meetings and discussions with individuals at the organisation's corporate centre to ensure coverage of both operational and organisational levels.

## **We explored case examples with the Department**

**15** Several people who answered our consultation gave us their contact details and were willing to give us details of their case and the difficulties they were having. We summarised the details and gave them to the Department to investigate. We then talked through a small number of cases in detail with the Department's officials to ascertain what had happened and why. The aim of this work was to better understand the Department's systems and what had happened on cases where the customer was having a problem.

## **Systems walk-throughs by the Department**

**16** To understand the current service, we viewed the customer interface – My Child Maintenance Case – and had the Department's staff explain how customers could complete different tasks and how this might change as part of the transformation programme. We also saw the back-office systems used by customer advisers to complete various tasks.



**Figure 21**

The five areas of our operations management analytic



Source: National Audit Office

## Appendix Three

### Findings from our consultation

- 1** We held an online consultation between 14 May and 30 July 2021, which allowed people and organisations with a perspective on, or experience of child maintenance services to tell us their views. The consultation was hosted on our website.
- 2** We asked the external stakeholders we interviewed to promote the consultation to their clientele and staff. Our respondents were self-selecting and likely to be aggrieved. This means that we can use their answers to illustrate issues that we have found in our audit but cannot quantify and generalise from their answers.
- 3** The consultation collected 3,521 complete and 2,578 partially completed responses (6,099 in total) from individuals and organisations wishing to share their experiences of the Child Maintenance Service (CMS) and the Child Support Agency (CSA). Consultation responses were 'open text', and contributors were free to share their experiences of using the statutory services and to comment on any areas where they would like to see change. Not everyone answered every question, and the analysis presented here is based on the completed responses.
- 4** We did not seek to verify the facts presented by these parents. It is possible that, if the Department for Work & Pensions (the Department) reviewed a specific case, it might establish a different view of the facts and reach a different conclusion about the issues raised. It is also possible that other individuals involved in each case could have a different perspective.

### Detailed qualitative analysis of a sample of cases

- 5** The number of responses meant it was not possible to carry out an in-depth analysis of all of them. Instead, we drew 254 cases from the consultation for in-depth analysis from the 3,521 responses marked as 'complete' and where the respondent was not seeking a review of their individual case (**Figure 22** on pages 82 and 83). They were purposely selected to reflect the range and diversity of responses to the consultation.
- 6** Our analysis of consultation responses aimed to identify themes arising from the feedback from service users. We used Excel to summarise responses and organise them by theme. The stakeholder groups were analysed separately. The summary (**Figure 23** on page 84) includes text analysis on all completed responses and the results of our in-depth review of a sample of cases.

**7** The remaining cases had a light-touch review, with every contribution read, to check for consistency with the analysis carried out on the sampled cases. This means we are confident that the sample captured the range and diversity of responses to the consultation and the issues identified in our analysis were a good reflection of the issues raised in our 3,521 complete responses.

## **Textual analytics**

**8** We used text analysis on all 3,521 responses marked as ‘complete’, where there was text to analyse and where the respondent was not seeking a review of their individual case. We took the answers that respondents gave us to the question “Please provide further details of your experience” and used a computer programme to pull out:

- the most common words and phrases used by all respondents, and by receiving and paying parents separately to illustrate similarities and differences. We did similar analysis to compare the language used by people with CSA cases and CMS cases;
- a broad measure of response sentiment. We matched the words used in responses to recognised dictionaries of positive and negative terms. This allows each response to be crudely scored for sentiment by calculating the difference in the number of positive and negative words used in each response and dividing by the total number of words used. Assessing all responses using this measure gave a distribution of responses scored by their sentiment and showed:
  - scores for paying and receiving parents were both skewed towards negative sentiment;
  - paying parents appeared to be slightly more negative in their views than receiving parents; and
  - there was little difference between the sentiment scores of CSA and CMS cases; and
- clusters of responses. Clustering the paying parent responses by similarities in the words and phrases used indicates four large groupings of response. Based on the make-up of these groups, the themes for the four clusters may be described as: responses about the calculation; impact of the child maintenance system on families; the impact of money on families; and handling of arrears. Clustering the receiving parent responses by similarities in the words and phrases used indicates two large groupings of response. The themes of the two clusters may be described as the impact of money on families and timeliness of payments.

**Figure 22**

Structure and size of sample drawn for analysis of consultation responses

Our in-depth review covered 254 cases covering a range of respondents and engagement with the Department for Work & Pensions' Child Maintenance Service (CMS) and Child Support Agency (CSA)

Respondent group	Scheme	Type of arrangement	Sample
A person with main care responsibilities (receiving child maintenance)	1993 or 2003 CSA	n/a	16
	2012 CMS	Direct Pay	28
		Collect & Pay	28
		Both arrangements	8
		Don't know/blank	2
	Case in both schemes	Direct Pay	5
		Collect & Pay	10
		Case under both arrangements	5
		Don't know	2
	Don't know	Direct Pay	8
		Collect & Pay	4
		Case under both arrangements	2
		Don't know	2
A parent without main care responsibilities (paying child maintenance)	1993 or 2003 CSA	n/a	10
	2012 CMS	Direct Pay	25
		Collect & Pay	18
		Both arrangements	4
		Don't know/blank	1
	Case in both schemes	Direct Pay	6
		Collect & Pay	6
		Case under both arrangements	4
		Don't know/blank	1
	Don't know/blank	Direct Pay	4
		Collect & Pay	4
		Case under both arrangements	n/a
		Don't know/blank	2

**Figure 22** *continued*

Structure and size of sample drawn for analysis of consultation responses

Respondent group	Scheme	Type of arrangement	Sample
A child (who is now at least 18 years old) whose family is/was using the service			10
An academic or researcher			2
An organisation that advises separated families using the service			17
Other (please specify) <sup>1</sup>			20
<b>Total</b>			<b>254</b>

**Note**

1 This category included other relatives and advocates/representatives of service users.

Source: National Audit Office online consultation, undertaken from 14 May to 30 July 2021

**9** While this textual analysis was based on all completed responses to our consultation, there are some limitations to the approach used. First, respondents will have used different words to describe similar experiences so some conclusions may be more strongly evidenced than these results imply. Second, the sentiment scoring approach used was crude and matching words to a simple dictionary of positive and negative words cannot detect sarcasm or the strength of positive or negative views. Finally, although responses were clustered together in order to identify common themes, it is important to note that some responses will have touched upon several themes at once. As such, there will be some overlap between the detected clusters.

**10** As a further validation and sense check on the textual analysis, we manually filtered the full set of responses to identify quotes that contained words that clearly indicated possible positive sentiment (“excellent”, “good”, “satisfied” and “happy”). This exercise identified 318 cases. We reviewed each of these cases. As the wider text analysis also showed, the presence of words indicating positive sentiment did not necessarily indicate a positive comment. For example, a case containing the word “good” could be found, on review, to say “not good”. This review found a small number of overall positive comments, but a far larger number of wholly or largely negative comments. The sample was drawn purposively and as such cannot be used to infer the characteristics of the wider set of consultation responses.

**Figure 23**

Our online consultation of Child Support Agency (CSA) service and Child Maintenance Service (CMS) users from 14 May to 30 July 2021

**We received 3,521 replies from people and organisations giving us their views in our short online consultation – the largest response to an online National Audit Office (NAO) consultation**

Respondents were self-selecting and the views they expressed may not represent all users of the CMS or CSA. Their accounts are included as examples throughout the report. Five main themes emerged. The NAO does not comment on the merits of policy objectives but the other four are reflected in the scope of this report.

**Enforcement.** Objecting to the services offered, such as having to try a Direct Pay arrangement first, and how payments are enforced (Part Two, paragraphs 2.10 to 2.22).

**Accuracy and clear explanations.** Both paying and receiving parents reported receiving inaccurate maintenance calculations, that they did not understand how calculations had been determined, and wanted clearer explanations and more transparent decision making (Accuracy: Part Two, paragraphs 2.4 and 2.5. Clear explanations: Part Three, Figure 18: “Ease of Access”).

**Customer service.** Describing how the CMS deals with its customers; for example, communications, staff attitudes and arrears handling and the speed of administration. Some were unhappy with the way the CMS handled complaints and resolved cases (Part Three, paragraphs 3.6 to 3.12 and 3.17 to 3.19).

**Policy.** For example, objecting to Collect & Pay charges, and the use of gross income rather than net pay after tax and National Insurance, levels of maintenance and criteria used to assess levels of maintenance. These are beyond the remit of our study.

**Impacts on customers.** Many people contributing to the consultation told us upsetting stories about family breakdown, including violence and abuse. They told us about the impact of dealing with this and the CMS:

Receiving parents told us about financial hardship and its impact on them and their children. They told us about how non-payment and struggling to deal with the CMS was bad for their mental health. Some must work longer hours to make ends meet or give up work because they are unable to afford childcare. Some said the child maintenance system gave their ex-partners financial control and enabled abuse.

Paying parents also described financial hardship and told us about their stress and anxiety both from dealing with the CMS and from being unable to afford maintenance payments. Some said the CMS rules on shared care led to reduced contact with their children. They too said they were working long hours to try to make ends meet and leaving jobs because high maintenance payments made working not worthwhile or because of the impact on their mental health. Others felt receiving parents used the system to financially abuse or bully them.

Source: National Audit Office online consultation, undertaken from 14 May to 30 July 2021

## Appendix Four

### The extent of effective child maintenance arrangements across society

**1** This appendix sets out our calculation for the number of effective arrangements across society. We have used different sources to create the best available estimate, but these sources do not exactly reconcile and the use of multiple extrapolations of proportions from different sources make the estimates imprecise. The resulting percentages should therefore be used with caution and we quote only the broad proportions in the report. **Figure 24** overleaf sets out the Department for Work & Pensions' (the Department's) estimates from 2011-12 before the Child Maintenance Service (CMS) was established and **Figure 25** on pages 87 and 88 sets out our estimates for 2019-20 using the latest available surveys.

**Figure 24**

## Estimated extent of effective child maintenance arrangements across society in 2011-12

The Department for Work & Pensions (the Department) estimated that 1 in 2 separated families had an effective arrangement in 2011-12

	Number of separated families (% of total)		Number of arrangements where all maintenance is provided	Number of effective arrangements (similar to where some maintenance is provided)	Source
Statutory arrangements	1,100,000	(46%)	Unknown	649,000 <sup>3</sup>	Child maintenance population estimates
Family-based arrangements	700,000	(29%)	Unknown	594,000 <sup>4</sup>	Child maintenance population estimates
No arrangement	600,000	(25%)	–	–	Child maintenance population estimates
<b>Total</b>	<b>2,500,000<sup>2</sup></b>	<b>(100%)</b>	<b>Unknown</b>	<b>1,243,000</b>	
Proportion of total				52%	
(Approximately)				1 in 2	

**Notes**

- 1 The estimates of the total separated families have a 95% confidence interval of +/- 0.1 million. This is expected to be relatively wider when split by type of arrangement or whether an arrangement is effective.
- 2 The number of separated families by each category sum to 2,400,000 as opposed to 2,500,000 (the Department's overall estimate for the number of separated families) due to rounding. The 52% proportion of all arrangements that are effective is based on the unrounded 2,400,000 separated families.
- 3 Cases where the Child Support Agency collected money on the parent with care's behalf (collection service cases) were classed as effective if any payment had been received (either regular maintenance and/or arrears) over the preceding quarter. Cases where the non-resident parent paid the parent with care direct (Maintenance Direct) were all classified as effective.
- 4 Family-based arrangements for 2011-12 include 100,000 court-based arrangements and 600,000 other non-statutory arrangements. An estimated 72% of court arrangements and 87% of other non-statutory arrangements were estimated to be 'effective' – where all or some of the agreed amount of maintenance was paid always or usually on time.
- 5 Court ordered maintenance arrangements are now less common than in 2011-12; only 2% of parents with care responding to the Department's 2021 separated parents survey said they had financial support arranged through a court order.

Source: Department for Work & Pensions, *Child Maintenance Population Estimates*, 2012. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/223122/Child\\_Maintenance\\_Population\\_Estimates.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/223122/Child_Maintenance_Population_Estimates.pdf)



**Figure 25**

Estimated extent of effective child maintenance arrangements across society in 2019-20

We estimate that 1 in 2 separated families have an arrangement where at least some child maintenance is received and 1 in 3 separated families have an arrangement that is satisfied in full

	Number of separated families (% of total)		Number of arrangements where all maintenance is provided	Number of arrangements where some maintenance is provided	Source
Statutory Arrangements					
● Direct Pay	323,000		207,000	294,000	Stat-Xplore for number of arrangements and Separated Parents Survey for the proportion that are paid in full and where some is paid.
● Collect & Pay	189,000		70,000	105,000	Stat-Xplore for the number of arrangements and the Department for Work & Pensions' (the Department's) internal analysis for the number that are paid over 90% as the proportion paid in full is not available.
● All statutory	512,000 <sup>2</sup>	18% <sup>2</sup>	277,000	399,000	
Family-based arrangements	901,000	38%	469,000 <sup>4</sup>	757,000 <sup>4</sup>	Separated Families Statistics (based on the Family Resources Survey and the Department's own management information) for the number of family-based arrangements and the Separated Parents Survey for the proportion that are provided in full and where some is provided.
No arrangement	1,030,000	44%	–	–	Separated Families Statistics for the number of separated families without an arrangement.
Total	2,400,000 <sup>2</sup>	100%	746,000	1,156,000	
Proportion of total	100%		31%	47%	
(Approximately)			1 in 3	1 in 2	

---

**Figure 25** *continued*

Estimated extent of effective child maintenance arrangements across society in 2019-20

**Notes**

- 1 The use of different sources that do not exactly reconcile and extrapolations from surveys make these estimates imprecise. To avoid spurious accuracy, we quote the broad proportions rather than the percentages, for example 1 in 2 separated families have an arrangement where some maintenance is paid, as opposed to 47%.
- 2 The number of separated families using Direct Pay and Collect & Pay is based on the Department's actual caseload figures while the number of separated families with family-based arrangements and no arrangements are from the Separated Families Statistics based on the Family Resources Survey. The total number of separated families and the percentage of families using each type of arrangement are also from the Separated Families Statistics. The total and percentages do not tally due to rounding and the differences between these sources.
- 3 An estimated 3% of separated families in 2019-20 have both statutory and family-based arrangements, these have been included in the 18% as statutory arrangements to avoid double counting.
- 4 The Department is unable to split out the proportion of financial family-based arrangements from those which are non-financial. The numbers for receiving some or all maintenance due are based on applying percentages from survey data on financial family-based arrangements only.
- 5 Child Support Agency arrangements have been excluded from the estimate as there are no active cases.
- 6 The 2019-20 Family Resources Survey for Great Britain are based on a sample of 39,676 addresses. The Department's 2021 Separated Parents Survey results are based on a survey of 2,489 separated parents.
- 7 Court ordered maintenance arrangements are now less common than in 2011-12; only 2% of parents with care responding to the Department's 2021 Separated Parents Survey said they had financial support arranged through a court order.
- 8 The Department has made changes over time to its estimation methodology for the separated families population.

Source: National Audit Office analysis using the Department's data, *Separated Families Statistics* (based on the Family Resources Survey and the Department's own management information) and the Department's Separated Parents Survey

---

This report has been printed on Pro Digital Silk and contains material sourced from responsibly managed and sustainable forests certified in accordance with the FSC (Forest Stewardship Council).

The wood pulp is totally recyclable and acid-free. Our printers also have full ISO 14001 environmental accreditation, which ensures that they have effective procedures in place to manage waste and practices that may affect the environment.



National Audit Office

Design and Production by NAO Communications Team  
DP Ref: 009316-001

£10.00

ISBN 978-1-78604-416-7

