

Child Maintenance 30 Month Review – Stakeholder response - Public and Commercial Services Union (PCS)

Introduction

PCS represents around 190,000 members in the civil service and related agencies, bodies and contractors.

Within this, PCS represents over 51,000 members in the Department for Work and Pensions (DWP), of which over 5,000 work in the Child Maintenance Group. Our members have considerable experience of administering child maintenance and many also use the services themselves.

Based on the experiences of our members and accounts from the public that our members serve, it is the firm conviction of PCS that the Child Maintenance Service (CMS) would be improved by the removal of recently imposed charges.

Impact of the application fee on the applicant

The Government does not collect statistics on the number of separated parents who, following case closure on the legacy (1993 & 2003 Child Maintenance Schemes) schemes, set up successful direct payment arrangements between themselves. Nor are statistics collected on the numbers who set up an arrangement which has subsequently broken down, but does not result in a claim to the statutory collection service provided by the Child Maintenance Service (CMS). This lack of comparable evidence restricts the ability to derive a firm conclusion of the effect of the application fee.

It is clear however that the stated intention of the Government in setting up the CMS under the 2012 Child Maintenance scheme with the introduction of charges was to discourage around 100,000 parents from using the statutory scheme by forcing them to pay to use it:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220461/estimating-impacts-csa-case-closure-and-charging.pdf.

In addition it is clear that the levels of applications to the Child Maintenance Service have been thousands less than even those predicted. It seems safe to conclude therefore that the introduction of charging has had a significant impact on the number of parents choosing to apply to have their case administered via the CMS.

That is of serious concern to PCS as we understand from our members that this often not as a result of a successful direct payment arrangement being in place between the separated parents, but instead due to their unwillingness to pay for the use of the Service without a guarantee of ever receiving any maintenance payments as a result.

Impact of the on-going charges on the paying parent

We understand from our members that the imposition of charges has a negative effect on many paying parents. The addition of 20% on top of the maintenance assessments, coupled with the 12 month restrictions of re-assessments unless the income changes by over 24%, mean that inequitable situations often occur. These are often exacerbated by the imposition of additional charges for use of deduction from earnings orders and enforcement action even when it is already demonstrable that the parent is suffering from financial hardship as a result of the level of the maintenance charges.

To give an example, a paying parent on an income of £41,000 per year, was given a maintenance assessment of £4,920 per year, or £410 a month. The paying parent's income then dropped to £33,000.00 per year; a reduction of around 20% but as this was below the 25% threshold the maintenance remained the same for the remainder of the year.

The paying parent was unable to pay the full maintenance and as a result the case was made 'charge and collect' which then triggered the 20% collection charge. This added a further £982 per year (£82 per month) on top of the payments which they were already struggling to make.

The paying parent was charged a total of £5,901 per year (£492 per month) instead of £3,960 (£330 per month) which they would have been charged if the calculation was based on their new income. This is a considerable difference of £1,941 per year and £162 per month.

This not only has a knock on effect on their ability to pay future maintenance but it should not be forgotten that many 'paying parents' also have other children in their household to provide for.

We have also had reports from members of receiving parents using collection via the CMS as a punishment against their former partner by incurring charges on them, even when there was not a requirement to do so as the paying parent was generally compliant.

Impact of the on-going charges on the receiving parent

Our members have been told by receiving parents that when they make family based arrangements they are often paid at a lower rate than would have been the case via the statutory scheme, as they often feel pressured to accept lower payments rather than cause the additional charges to be levied on both parties.

Some receiving parents have expressed concerns about ex-partners using the charges to influence control on their finances in instances where they have previously been subject to other forms of domestic abuse (not including domestic violence where the charges can be waived) such as controlling relationships. In these situations paying parents have deliberately defaulted on payments so that the case had to be progressed via the CMS in order for the 4% charge to be levied, thereby reducing the receiving parent's income and exerting control over their finances.

How the changes are affecting victims of domestic violence

Members have also expressed concerns that there have been instances where (would be) receiving parents have asked for the charges to be waived under the domestic violence clause but have been unable to because they had never previously lodged a formal record of the violence for fear of consequences. As a claim via the CMS would require the (would be) receiving parent to explore the family based arrangement and therefore make some form of direct contact prior to payment through the Collection Service, they do not proceed with the claim. They therefore are unable to receive maintenance without re-establishing some form

of contact with the abusive ex-partner and the risk that would involve for them and their child(ren).

The impact of direct pay on the receiving parent

Our members have told us that they have had reports of receiving parents having lost out on numerous maintenance payments whilst attempting to set up direct payment arrangements with their former partners. They have been frustrated that the Child Maintenance Service would then only commence collections on future maintenance not any missed historical payments, despite the requirement to attempt direct payment first, even when there was evidence to suggest that the other parent would be unlikely to be compliant due to previous failures under the legacy schemes.

The 'Kids aren't free' study by the Nuffield trust and Gingerbread in 2012

(http://www.nuffieldfoundation.org/sites/default/files/files/Nuffield_Foundation_briefing_paper_KidsAren'tFree3.pdf) found that "Even though the obligation to use the CSA was removed in 2008, having a CSA arrangement was still almost twice as common as having a private maintenance arrangement (37 per cent compared to 20 per cent)." It further stated that "Private arrangements appear to be difficult to sustain over time. Although four in ten (40 per cent) single parents on benefit had or had tried to have a private arrangement at some point, half had since moved to having a CSA arrangement or no arrangement at all".

The same study also found that the charges for application and on-going maintenance would mean that 6 in 10 would be unlikely to continue to use the CMS despite 4 in 10 of this group believing that this would lead to there being no maintenance arrangement in place and this would not be out of choice but because they had no other option.

Based upon anecdotal evidence from our members these predictions seem to be reasonable and therefore to conclude that there are large numbers of children no longer receive child maintenance as a direct result of the introduction of child maintenance charges.

The impact of direct pay on paying parent

No concerns have been raised regarding the impact of direct payment on paying parents.