

Whilst significant research has been focused on lone parents' outcomes and experience of work and the social security system, significantly less research has looked at similar issues for separated parents and, in particular, non-resident parents¹.

Therefore, this research seeks to better understand the living standards of parents who have separated. The research will consider the living standards of both the resident (who lives with the children most of the time) and non-resident parent but will have a specific focus on non-resident parents given the relatively limited amount of existing research on this group.

In particular, the research seeks to get a better understanding of how living standards and well-being are affected by:

- child maintenance
- Child Benefit
- the legacy benefit system (for example Child Tax Credit, Housing Benefit and Working Tax Credit)
- Universal Credit

This includes whether the tax and benefit system (and interactions between them and child maintenance) creates any negative outcomes or perverse incentives that potentially undermines the objectives of the social security system. For example, reduces the incentive to work or pushes people into poverty. We are also interested in understanding whether the social security system could be designed or delivered more effectively to help balance the needs and resources of separated parents and their children.

Call for evidence

The committee would like to hear from anyone who has experience and evidence on the following and especially evidence and experience relating to non-resident parents.

- 1. How does the current tax and benefit system affect living standards and well-being of non-resident parents, resident parents and their children? This includes income and time spent with children and how people feel treated in the social security system.**

The current tax and benefit system completely ignores one parent. It has created “a winner takes all” system, in which the parent who is awarded the child benefit receives all the benefits, as well as the entitlements those benefits bestow.

It is based on the assumption that there is a “resident parent” who bears all the financial responsibility for the children, and a “non resident” parent, who has no child care costs. In many, if not the majority of cases, this is not the case.

Many “non resident” parents remain fully involved in their children’s lives, with their children living with them as well, with all the associated costs and financial obligations that entails. While it may be the case that the children spend fewer nights under the roof of this parent, the reality is that costs can still be substantial. Often parents in this situation share the costs and even time with their children, but even in this situation the system designates only one parent as having child care costs and thus eligible for benefits and tax credits.

“Non resident” parent’s can have substantial child care costs, for example providing accommodation, which has to be paid for even if the beds are not actually slept in every night, clothes, toys, computers, phones, pocket money etc. Food may be less of a cost if the children stay fewer nights, but travel costs to and from each parental home are invariably paid for by the non resident parent and can amount to a substantial amount of money.

Many “non resident” parents have their children overnight for 3 nights a week and look after them on other days, but they are still deemed by the benefits system to have no dependent children, and no child care costs.

I suspect that if research was done on the respective child care costs of parents who are separated but who both care for their children, the comparative financial burden, while not being equal, would indicate a substantial financial burden is taken by the “non resident” parent.

Thus the benefit system currently completely ignores the reality of child care costs borne by the parent who has been deemed “non-resident”. It is the “resident” parent who has the child benefit for the children and who therefore has the passport to all the other benefits and entitlements, even in cases where the care of the children is shared equally, or as near to equally as possible.

In fact it is the award of child benefit which designates a parent as “resident”. Some parents who don’t have child benefit in reality look after their children more often than the parent who does, but are still designated “non resident” because they do not get the child benefit.

In addition to the disadvantage in relation to benefits, the “non resident” parent has to pay maintenance. While there is a graded scale to this in that less money is demanded if children spend nights at the “non resident” parent’s home, it can still represent a considerable extra financial childcare cost, which once again is not recognised or taken into account when assessing what benefits the non resident parent may be entitled to.

So, for example, if a “non resident parent” is paying maintenance for a child with an ex partner, but has a new family to support as well, any benefits, such as child tax credits, working tax credits, universal benefit, housing benefit etc are based on a false assessment of the parent’s real disposable income.

It is the “non resident parent” who has to pay tax on the maintenance money, which they have earned, but is not their income. However it represents a tax free addition to the “resident” parent’s income, and it does not affect their claim to benefits, so can potentially reduce poverty for the “resident” parent.

However, the family of the maintenance paying parent can be in a significantly disadvantageous position financially, and this system pushes many families into unrecognised and unrecorded poverty. This is not only because their income is significantly reduced, but because this reduction in income is not recognised in assessments of family income for benefits and tax credits.

It means the actual money the family has to live on can be significantly less than their “official income”, and so assessments for the benefits, tax credits etc for this family are based on an income much higher than they actually receive, as the maintenance money paid is not taken into account.

This can create a vicious poverty trap for a family of a parent paying maintenance to a previous partner, especially if they are only earning below average income. Attempts to earn more money to pay the maintenance and make ends meet merely result in an assessment for higher contributions of maintenance the following year.

This creates an inescapable cycle of extra financial burden, all unrecognised by the benefit system, and can put such families into unrecorded levels of poverty, often with huge debt. It can often result in the parent recognising that their family will be much better off, both financially as well as in relation to family time and stress levels if they give up work.

In some instances it leads to suicide.

2. Are there any subgroups who are particularly affected by the tax and benefit system following separation? For example, type of benefit recipient, whether in work or out of work, shared care arrangements or protected characteristic, such as age?

It is most likely to be the father of the children who is not awarded child benefit and therefore any of the benefits and entitlements which it is a passport for, even if he cares for the children for half the time.

Young dads are particularly excluded and indeed labelled by the system.

When there is a shared care arrangement, the fact that the benefits system has a “winner takes all” approach, and that there is no acknowledgement that care and its costs can be shared, means it unfairly penalises and stigmatises one parent over the other; most usually the father.

2. Is there any evidence of how this is changing under Universal Credit?

None that I know of

3. What lessons or insights can we draw from other countries (in the design of their tax and benefit systems in relation to separated parents to support the needs and resources of separated parents and their children)?

In some Scandinavian countries the default position in terms of child care after parental separation is an equal shared care arrangement. Part of this includes the ability to share benefits based on actual domestic arrangements. This removes the stigma and downgrading of one parent as a non resident parent, and recognises that responsibilities are often shared and both parents are recognised as such.

We are also interested in how shared care arrangements have changed over time and whether those trends were driven by the benefit system. Therefore, we would like to hear from anyone who has experience and evidence on the following.

5. Is there any evidence to suggest how shared care arrangements have changed over time? Yes absolutely. The nature of fatherhood has substantially changed, with more men who have children seeing their role as a parent more important than their career. Evidence for this from the Fatherhood

Institute, Families Need Fathers, Fathers Network Scotland and other. Plus my own personal and professional experience.

6. Is there any evidence to suggest whether the benefit system drove these changes or that they were driven by something else? The benefit system sadly has a regressive hold on these changes. It not only fails to acknowledge the reality of changed parenting practice, it actively promotes and maintains the idea of a first and second class parent after their separation. The winner takes all system discourages collaborative shared parenting after parental separation, to the huge disadvantage of the children.

7. Is there any evidence to suggest how Universal Credit may be having an impact on shared care arrangements?

None that I know of.

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Or sent to: