

## 2 Executive summary

Improving the welfare of children should be the paramount concern of child support. First and foremost, child support is the responsibility of the parents involved.

### The child support system is failing to deliver

- Current arrangements give the state an impossible task and, as a result, the system is failing to deliver, for children, parents and the taxpayer:
  - Only around one in three parents with care receive any maintenance.
  - Although saving money for the taxpayer was one of the primary reasons for establishing the Child Support Agency, the amount of money actually saved is significantly less than it costs to run the system. The Agency runs at a net cost to the taxpayer of around £200 million a year.
  - The state spends significant resources transferring relatively small amounts of money between people who often do not wish to use the Child Support Agency. Only 13 per cent of current cases have the potential to recoup money for the state.

### This failure is the result of policy and operational issues

- At the moment, all parents with care claiming certain benefits are forced to use the Child Support Agency to agree maintenance. Around 70 per cent of new applicants are required to use the Agency. This requirement prevents parents from making private arrangements between themselves. As a result, it creates a large group of clients who do not wish to use the service.
- Reducing benefit entitlement pound for pound against maintenance collected means that neither parent has an incentive to co-operate with the Child Support Agency. Parents with care see little or no increase in income and non-resident parents see money paid going to the state, not to their children.
- The complex nature of the cases makes it difficult for the system to keep up. Many of the clients have difficult situations with volatile income, regular movements in and out of work and complicated personal relationships.

- Even given the difficulty of the task, this has not been a successful agency, with well-documented evidence of widespread operational and IT difficulties.

## Key recommendations

- The state should only get involved when parents cannot come to agreement themselves, or when one party tries to evade their responsibilities. Removing the barriers that currently prevent some parents from making their own arrangements would allow the state to focus on the more difficult cases and where effective enforcement is needed.
- Parents who are able to should be encouraged and supported to make their own arrangements. Such arrangements tend to result in higher satisfaction and compliance and allow individual circumstances to be reflected. We should end the policy of forcing all parents with care claiming certain benefits to use the Child Support Agency.
- Those who want a private arrangement to be legally enforceable would be able to obtain a consent order. This option should be available to all parents. Those unable to use other routes would have access to the government back-up service.
- Allowing most parents with care to keep the maintenance paid would encourage both parents to co-operate, increasing the maintenance going to children.
- Safeguards can be introduced to prevent those parents with care in receipt of significant amounts of maintenance from also having full access to state benefits.
- Therefore, all parents should be able to access the most appropriate route for arranging child support:
  - completely private arrangements;
  - arranging consent orders through the courts; or
  - a back-up government provided service for those unable to use other routes.
- Increasing the choices for parents depends on clear, high-quality advice and support being made available to all. There should be more accessible and joined-up advice services to help people in making these choices. These should be part of the wider range of services for separating parents and lone-parent families.

## A successful transition

- Redesigning the child support system creates challenges around moving from current arrangements to the new policy framework.
- In the redesigned system, the role of the state in child support would be very different from the one currently played. The government service would deal with a smaller set of more difficult cases and would act as a service provider, offering information, advice and signposting to other services.
- My judgement is that the Child Support Agency as it stands is not capable of the radical shift in business model, culture and efficiency required to deliver this new role. A new organisation should be set up to deliver child support.
- Parents should be invited to re-apply to the new body if they wish to continue their child support claim. This means there would be no need for conversion of cases between the two existing child support schemes. The redesigned system must not be contaminated by previous failings.
- To ensure that parental responsibilities are enforced, a specific dedicated body should chase down old debts and close cases.
- While these changes are introduced it is important that parents continue to meet their current responsibility for their children. The Child Support Agency must continue to focus on improving the service to parents and enforcing responsibility for those who refuse to support their child financially. Improving service and compliance now will build the platform for successful transition to the new arrangements.

## A new model for delivery

- Effective enforcement is key to the success of the child support system. We cannot repeat past failings that have led to weak enforcement, feeding the perception that parents can get away with not taking financial responsibility for their children. Enforcement should be run as a dedicated part of the business with clear performance targets for bringing more cases to successful conclusion.
- The core functions involved in delivering child support, including tracing non-resident parents, assessing income and collecting payments could all be made much simpler and more efficient.
- The Government could charge people to use a new and more effective child support service. This would further encourage them to make their own private arrangements where possible.

- The next step should be the establishment of a dedicated programme to develop a full business case for change and to see it through to implementation.

## Delivering more

- Allowing most parents with care to keep the maintenance paid would encourage both parents to co-operate, increasing the maintenance going to children. Overall, the redesigned system is expected to increase the number of children receiving maintenance from the current 1.1 million to 1.75 million, as more parents will be meeting their financial responsibilities.
- Disregarding most maintenance in benefit calculations could have a significant impact on child poverty, lifting between 80,000 and 90,000 additional children out of poverty. The overall effect of my proposals would lift some 120,000 children out of poverty. This would deliver more than 10 per cent of the 2010 child poverty target.
- The new organisation will be able to concentrate on a smaller number of more difficult cases, who have all opted to use the government back-up service.

## Structure of the report

- This report is structured in three parts. Part 1 discusses the rationale for government intervention in child support and why the current system has failed parents and children. It explains the main changes needed and how to move from the current to the improved system.
- Part 2 describes in more detail how the new model will operate and its governance structure. This section shows how the new system will deal with legacy problems and raises detailed policy options the Government should explore further.
- The Annexes in Part 3 provide background information about the redesign process (the team and the consultation process), and descriptions of alternative systems that were examined.