

CHILD POVERTY AND THE CMS.

Briefing for the All-Party
Parliamentary Group on the
Child Maintenance Service

Meeting June 2023

Background

As charities working with single parent families, Gingerbread and One Parent Families Scotland see the impacts of poverty on a daily basis through our services. The Child Maintenance Service (CMS) plays an important role in providing financial support for single parent families, but the way the system is set up and managed, as well as a lack of wider support measures to assist separated families, is leaving far too many receiving parents (those that have day-to-day care for their children) struggling to cope financially and carrying the total financial responsibility for raising a child.

Children have a right to financial support from both parents, and in many cases this is not being fulfilled. The purpose of child maintenance is to support children, and focusing on the role of the Child Maintenance Service in addressing child poverty is fundamental.

The Work and Pensions Committee published a report in April 2023 on 'Children in poverty: Child Maintenance Service'¹, based on its inquiry into the issue. The report states that "child maintenance can play a vital role in lifting children in separated families out of poverty", and makes a number of recommendations for changes to the system which would better support that aim.

Gingerbread and One Parent Families Scotland both contributed written and oral evidence to the inquiry. We support many of the committee's recommendations and hope to see them taken forward by the government as a priority.

Child poverty and single parent families

There are around 1.8 million single parents with dependent children, making up nearly a quarter of families with dependent children.² Children in single parent families are more likely to be living in poverty in the UK, at 49% compared to 30% of all children³, and in Scotland at 38% compared to 25% of all children⁴.

¹ [MPs call for reform of Child Maintenance Service to help tackle child poverty.](#) – Work and Pensions Committee, 2023.

² Census 2021. [Analysis by Gingerbread.](#)

³ Department for Work and Pensions. 2021. [Households Below Average Income. Statistics on the number and percentage of people living in low-income households for financial years 1994/95 to 2019/20.](#)

⁴ Scottish Government. 2020. [Tackling child poverty: second year progress report – annex C.](#)

This higher rate of poverty is the result of a combination of factors, including:

- **Gender inequality.** 90% of single parents are women⁵, and as such the barriers and inequalities faced by single parent families are inextricably linked to the issue of gender equality.
- **Labour market inequality.** Single parents in work are consistently the family type most likely to face in-work poverty and are more likely to be working in a low-wage sector and on lower hours⁶. 48.2% of single mothers in paid work are in part-time work⁷. Part-time opportunities tend to be within lower-paid jobs and sectors which are female-dominated and often undervalued,⁸ which contributes to the lower hourly average rate of pay received by women.⁹ There is limited availability of job opportunities that would allow single parents to meet their caring responsibilities and exit poverty, especially in regions where single parents are more likely to live¹⁰. Just 65.5% of single parents are in paid work, compared to 78.3% of mothers in a couple and 93.8% of fathers in a couple.¹¹
- **Lack of affordable childcare.** For single parents, access to affordable, flexible, high-quality childcare is particularly vital as means of enabling them to enter the labour market and potentially lift their families out of poverty. Coram's Childcare Survey 2023 found that across the UK the cost of childcare was rising and that there is a major gap in provision which varied between the countries, but which was particularly stark for under 2s, disabled children, and school-age childcare.¹² In 2022, research by One Parent Families Scotland in 2022 found that 21.2% of participants were not able to afford childcare at all,¹³ and a Scottish Government survey found that single parents were twice as likely as dual earner households to report significant difficulties paying for childcare.¹⁴
- **Social security.** Research by the Institute for Fiscal Studies (IFS) found that cuts to social security from 2010-20 left single parents among the most exposed to rising

⁵ Labour Force Survey, 2022.

⁶ [UK Poverty 2020/21 - JRF](#)

⁷ [Families and the labour market, UK – ONS, 2021](#)

⁸ [Women, Work and Wealth in Scotland's Changing Economy – Scottish Women's Budget Group, 2022.](#)

⁹ [The Gender Pay Gap in the UK – ONS, 2021.](#)

¹⁰ [Freeing low-income single parents from in work poverty's grip – One Parent Families Scotland and JRF, 2021.](#)

¹¹ Census 2021. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork>

¹² [Childcare Survey 2023 – Coram.](#)

¹³ [Living Without a Lifeline – One Parent Families Scotland, 2022.](#)

¹⁴ [Parents views of early learning and childcare in Scotland, 2022.](#)

inflation.¹⁵ Women are twice as dependent on social security as men due to structural gender inequalities, and analysis from the House of Commons library shows that from 2010 to 2020, 86% of net 'savings' raised through cuts to social security and tax credits would come from women's incomes.¹⁶ As of February 2020, 72% of households affected by the benefit cap were single parent families¹⁷.

- **Multiple inequalities.** Many single parent families are also impacted by multiple inequalities which increase their risk of poverty. Single parents are more likely than couple parents to be from black (9%) and mixed ethnic groups (3%)¹⁸, and are more than twice as likely to be disabled (33%)¹⁹ and are more likely to have a disabled child (35%)²⁰.
- **Being the sole earner and carer.** All of these are areas which impact disproportionately on single parent families because they start from a position of living in a one-income household and having to balance sole childcare responsibilities with paid work. They also have many of the same costs as a two-parent family to paid for from one income. When children are not receiving any financial support from their other parent, or can't rely on receiving it regularly, this creates a huge strain for low-income single parents.

The role of child maintenance in tackling poverty

Research has found that in the UK, for children of single parents who are in poverty and not receiving maintenance, child maintenance payments being received would lift them out of poverty in around 60% of all cases.²¹ This demonstrates the untapped potential for the CMS to play a far bigger role in tackling child poverty amongst single parent families.

¹⁵ [Pre-pandemic relative poverty rate for children of lone parents - IFS, 2022.](#)

¹⁶ [Gender Matters in Social Security \(engender.org.uk\)](#)

¹⁷ Department for Work and Pensions, 2020. [Benefit Cap Data to February 2020.](#)

¹⁸ Labour Force Survey 2022. Analysis by Gingerbread.

¹⁹ As above.

²⁰ Census 2011. [Analysis by Contact.](#)

²¹ Mia Hakovirta, Christine Skinner, Heikki Hiilamo, Merita Jokela. 2019. ['Child Poverty, Child Maintenance and Interactions with Social Assistance Benefits Among Lone Parent Families: a Comparative Analysis'](#).

However, our view is that that the CMS is currently not effective at supporting children of single parents who are in poverty. The underlying policy assumption that separated families should ideally make their own arrangements fails to take into consideration what happens if arrangements are not made or are ineffective.

Limitations of the current child maintenance system in tackling child poverty:

- The National Audit Office found that, as of 2021, only 1 in 2 separated families with children have an arrangement where at least some child maintenance is received (either through a family-based arrangement or through the Child Maintenance Service)²². Just 1 in 3 separated families have a child maintenance arrangement that is satisfied in full.
- As of October 2021, £440 million in arrears was owed on Collect & Pay which the DWP is responsible for collecting. There is also a further £40 million in known arrears on Direct Pay arrangements.²³
- Reforms in 2012 were aimed at encouraging families where one of the parents does not live with the child to create their own arrangements for the payment of support and reduce the use of the government service. While family-based arrangements have increased and use of the CMS has fallen, the estimated proportion of separated families without any arrangements in place has risen from 25% in 2011/12 to 44% in 2019/20.²⁴
- There is a lack of knowledge on the circumstances of families with no arrangement in place, as this is not an area the DWP has researched, including the reasons why take-up among some demographic groups is lower than others, nor does it routinely ask parents their reasons for leaving the service.²⁵
- Many families are unable to establish family-based arrangements for child maintenance because of relationship breakdown and financial and emotional stresses.
- Family-based arrangements are often neither possible nor safe for families where coercive control has been involved. In every quarter from July 2018 to September 2022,

²² National Audit Office, March 2022. [‘Child Maintenance. The Department of Work and Pensions’](#).

²³ As above.

²⁴ As above.

²⁵ [Child Maintenance – Public Accounts Committee, 2022 \(parliament.uk\)](#)

between 50 to 60% of applications to the Child Maintenance Service have disclosed that they had experienced domestic abuse.²⁶

- The CMS encourages parents to begin on a Direct Pay arrangement, further incentivised by the fees for using Collect and Pay (4% deduction for ‘receiving parents’ and 20% surcharge for ‘paying parents’). For the vast majority of cases on Collect & Pay, separated families must have first tried to make arrangements work on Direct Pay and arrears built up before the DWP will accept an application to move the case onto Collect & Pay.²⁷ The NAO estimates that the average arrears accumulated before a case moves onto Collect & Pay is £1,100 (equivalent to five months’ missed payments).²⁸
- A DWP survey found that only 58% of parents responding 13 months after their Direct Pay calculation were still on Direct Pay.²⁹ This indicates that significant numbers of those starting on Direct Pay are not able to sustain an arrangement in this way.
- Single parents consistently report significant challenges in accessing support through the CMS, including: the speed and effectiveness of the service; a lack of enforcement; loopholes allowing inaccurate income levels to be provided by the non-resident parent; poor communication; a lack of understanding of domestic abuse; and Collect-and-Pay charges.³⁰

Recommendations

There are a number of important changes to the Child Maintenance Service which we would recommend in order to improve its effectiveness in supporting children and reducing poverty in single parent families:

²⁶ DWP, 2022. [Child Maintenance Service statistics: data to September 2022.](#)

²⁷ [Child Maintenance Service statistics: data to December 2021 \(experimental\) – DWP, 2022.](#)

²⁸ National Audit Office, March 2022. [‘Child Maintenance. The Department of Work and Pensions’.](#)

²⁹ DWP, 2022. [Direct Pay research 2017 to 2019.](#)

³⁰ [Child Maintenance Service: Does it deliver value for money? - One Parent Families Scotland, 2022.](#) [The Cost of Covid-19: Economic abuse throughout the pandemic Briefing two – Child maintenance](#) - Surviving Economic Abuse, 2020. [Children deserve more: challenging child maintenance avoidance](#) – Gingerbread, 2017. [Single parents’ experiences of child maintenance](#) – Gingerbread. Ongoing reports from OPFS and Gingerbread local services and national helpline.

- **An improvement of monitoring of and engagement with parents on Direct Pay** to improve the effectiveness of arrangements and increase the transparency of the service's performance.
- **Remove the 4% charge for 'receiving parents' on the Collect and Pay service**, which is deducted from the child maintenance paid to them. In effect, this penalises children whose parents have experienced relationship breakdown to such a degree that a Direct Pay arrangement isn't possible. This leaves children who are already dealing with difficult family circumstances with less financial support. This policy cannot be seen to align with a child-centred, children's rights approach, and is counterproductive to efforts to reduce child poverty.
- **Enable more parents to start on Collect and Pay or move over with fewer barriers in place.** The effectiveness and efficiency of ensuring that child maintenance payments are made would be improved by enabling more parents to start on Collect-and-Pay, without having to build up significant arrears before doing so. The Work and Pensions Committee's recent report recommends triggering a move to Collect and Pay when child maintenance arrears reach half of the current average arrears, which would be a welcome step forward.³¹
- **A redoubling of efforts by the DWP to improve compliance through Collect & Pay**, including monitoring and reporting against the effectiveness of enforcement actions and coordinating more with family courts to access financial information where non-resident parents are actively seeking to avoid paying maintenance.
- **Embed a trauma-informed and gender-sensitive understanding of domestic abuse within the service.** Given the high numbers of CMS customers who have experienced domestic abuse, there needs to be greater focus on supporting these individuals. This should include trauma-informed service delivery and specialist training on recognising and responding to domestic abuse, including economic abuse, and a recognition of the fact that a majority of cases handled by the service involve domestic abuse.
- **Increase understanding and knowledge within the DWP about the existing CMS customer base and about separated families who have no maintenance arrangements at all.** By developing on the recording and monitoring of data, this would improve the customer service support offered. Further research into why so many separated families have no maintenance arrangements at all could be a starting point for efforts to ensure that the CMS is supporting all families who require its services and help get financial support to more children who need it.
- **Explore international examples of child maintenance systems which provide a guaranteed minimum maintenance payment** in cases where the full payment is not made the non-resident parent, such as the system used in Finland. This could mean that child maintenance arrears would be recovered as a public debt, while children would not be left without financial support in the meantime.

³¹ [MPs call for reform of Child Maintenance Service to help tackle child poverty.](#) – Work and Pensions Committee, 2023.

Gingerbread and One Parent Families Scotland took over the Secretariat of the APPG on the Child Maintenance Service in April 2023.

ABOUT GINGERBREAD

Gingerbread the leading national charity working with single parent families in England and Wales. Since 1918, Gingerbread has been at the forefront of shaping policy and services that support single parents. Gingerbread campaigns against poverty, disadvantage and stigma to promote fair and equal treatment and opportunity for single parents and their families.

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Gingerbread, the charity for single parent families, is registered in England and Wales as a company limited by guarantee, no. 402748, and a registered charity, no. 230750.

ABOUT ONE PARENT FAMILIES SCOTLAND

One Parent Families Scotland (OPFS) is the leading charity working with single parent families in Scotland. OPFS provides expert information, advice, and family support for families, along with training activities, employability programmes and flexible childcare. OPFS campaigns with parents to make their voices heard to change the systems, policies and attitudes that disadvantage single parent families.

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