



**FAMILIES NEED
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The UK's leading shared parenting charity

Patrons

The Rt, Hon David Blunkett MP
Dr Hamish Cameron FRCP FRCPsych
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The Right Hon. Lord Trefgarne
Chairman
Secondary Legislation Scrutiny Committee
House of Lords
London
SW1A 0PW

20 August 2018

Dear Lord Trefgarne,

Re: The Child Support (Miscellaneous Amendments) Regulations 2018

Proposed Write-off of Child Maintenance Arrears

Families Need Fathers agree with Government plans to write-off much of accrued Child Maintenance arrears. Evidence, not least in the Department of Work and Pensions (DWP) shows that some of this was demanded in error and much does not exist, not least for reasons of lack of affordability by paying parents.

Proposed Tougher Sanctions and Affordability

We have grave concerns about proposals to toughen-up regulations contained in this bill, whether they will achieve their desired effect and whether the government has sufficiently consulted with or taken into account representation of paying parents. It does not appear to give weight to the effect these regulations are likely to have on post-separation family conflict nor their likely further undermining of shared parenting arrangements. Respectable evidence supports shared parenting as being in the best interests of children and parents, even in high conflict cases. The charity Gingerbread has also acknowledged a problem with shared parenting payment assessments¹.

Above all we are concerned that in seeking new sanctions to deal with non-payment, the government have failed to first properly address whether the demands being made are affordable to the paying parent, who also has to live. In other words, the question that is not addressed is: – to what extent are current assessments of Child Maintenance impossible to pay? A consequent question must then be, what might be the consequences to both parents and to their children if such assessments are unaffordable and sanctions are then applied?

Families Need Fathers have raised concerns about affordability of Child Maintenance assessments with the DWP and Government many times in recent years. In January 2018 DWP² accepted that the figures upon which we base our views are correct and that there is a significant issue that needs to be investigated, particularly in the interaction of Child Maintenance with Universal Credit (UC), as this is being rolled-out. Child Maintenance payments are not included in UC and this has resulted in many paying parents experiencing excessive marginal tax rates of 80%-100% or even more. For these parents, not only does work not pay, but they are also placed in untenable financial positions. The same applies to those who are not yet on UC and this explains some of the historic arrears.

Example

A paying parent with income of £12,500 per annum, the UK **average** for self-employed people) or £240 a week³; £228 after deductions⁴ who has two children would need to pay £45.60 a week⁵ Child Maintenance. If they rent a single room it would cost them, on average, £96 a week⁶, with commuting costs of £34⁷ a week, leaving £52 a week or £7.50 a day to live on, buy food, clothes, phone costs, pay for visits to children, etc.

¹ Work and Pensions Committee Oral evidence: Child maintenance services, HC 587 Wednesday 16 November 2016 Question 62. See: <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/child-maintenance-services/oral/43581.pdf>

² Meeting between FNF and DWP 24th January 2018.

³ Resolution Foundation <http://www.resolutionfoundation.org/media/press-releases/typical-earnings-of-the-self-employed-lower-than-20-years-ago/>

⁴ Calculated using <https://www.moneysavingexpert.com/tax-calculator/>

⁵ Government Child Maintenance Calculator <https://www.gov.uk/calculate-your-child-maintenance>

⁶ www.easyroommate.com average furnished room cost per month as at August 2018 and far more in London. See also <https://www.homesandproperty.co.uk/property-news/renting/how-the-cost-of-renting-a-room-varies-across-the-uk-a112471.html>

Add to this that many of these parents will be part of the 'gig economy', on zero hours contracts or receiving irregular income and hence struggling to meet Child Maintenance demands only to then be penalised with a 20% collection surcharge. Such demands are derived from assessments that don't take into account their essential costs of living.

Also CMS will not allow re-assessments to take into account variations in income unless they exceed 25%. We propose that this variation threshold should be no more than 7% to 10%, for low-income paying parents.

We have an additional concern that, quite apart from enforcing current regulations, this legislation proposes to extend the value of future assessments to include unearned income of paying parents, without taking any account of income earned or otherwise received by the receiving parent. Without further investigation into the incidence of such income and the financial circumstances of both sides, it seems likely that this will have adverse and unexpected consequences, possibly enriching one parent at the expense of the other and exacerbating parental conflict.

Conclusion and Proposed Action

We believe strongly that the Government have placed the cart before the horse. They have sought to deal with non-payment and under-payment through ever more punitive measures, without first ensuring that their assessments are affordable and appropriate. In so doing they are sustaining a hostile environment for paying parents that is likely to cause many to stop working altogether. Many report feeling bullied and harassed by CMS. Frequently their ex-partners will blame them for failing to meet their 'entitlement'. Anecdotally we believe that those who are not driven out of work may instead be opting to enter the so called 'black economy' or seek other measures to diminish imposed demand. Others, we know, have been driven to contemplate (or commit) suicide.⁸

We have little confidence in assurances of detailed checks into individual's circumstances before imposing new measures given the track-record of CMS/CSA's performance in their duty of care towards paying parents. Too often the answer to them, however sensitively put, is 'computer says no' – as the assessment formula is enshrined in legislation, whereas calculations of affordability are not.

Additionally, we draw attention of the Committee to the fact that the £100 and £200 weekly income thresholds for paying parents, above which a % formula is applied, have not been reviewed for inflation since 1998.

We ask this Scrutinising Committee to consider seeking from the Government the following:

1. A delay in implementation of this bill until DWP have concluded investigations into affordability.
2. To investigate in the meantime the claims by paying parents of their inability to pay, providing feedback to a policy review of the current assessment formulae.
3. To consider waiving the 20% surcharge and reducing the pre-condition to reviewing assessments of a 25% income variation to 7%-10% for anyone with income under, say, £20k.
4. To drop the proposal to include unearned income and assets in calculations of Child Maintenance, other than for the purpose of collection of arrears until further reviews of types of income and assets and of their impact are investigated. The DWP assumption of an 8% return on assets seems rather optimistic!

In relation to these points, we draw this Committees attention to the fact that receiving parents experience a measure of financial 'protection' in so far as they receive child related benefits, housing support, etc, which are reviewed regularly and the fact that their state benefits are unaffected by received Child Maintenance payments, regardless of whether these are £0 or £1,000 a week. However, this bill will result in deductions from job seekers or disability benefits and state pensions i.e. from the most vulnerable in society, some of whom have second families and are pushed to robbing Peter to pay Paula. The public understandably sympathise with single parents. However, the system must be even-handed and affordable. It also needs to support and "incentivise" shared parenting. Many paying parents despair at tough actions to enforce unaffordable assessments and contrast these with a lack of support for sharing caring responsibilities. Involved parents and children experience better mental health, sustain better jobs and result in more generous contributors financially and otherwise to their children.

Yours sincerely,



Jerry Karlin - Chair and Managing Trustee

⁷ From www.totaljobs.com website August 2018, based on a survey of 2,248 workers responses. see <https://www.totaljobs.com/insidejob/uk-commuters-will-spend-over-135000-by-the-time-they-retire/>

⁸ FNF survey 2016 of over 800 service users and feedback via our Helpline and social media.