



Survey of Child Support Agency case closure outcomes

By Rakhee Patel, Julia Griggs, Allison Dunatchik, Hannah Jones, Meg Callanan, Ruth Hudson and Loraine Bussard (NatCen Social Research)

Background

The Government launched a new child maintenance system in 2012 and is closing all Child Support Agency (CSA) cases over a period of approximately three years. The new system is designed to support and encourage parents to make family-based arrangements (FBAs¹).

Parents unable to make their own arrangement can access the new statutory service, the Child Maintenance Service (CMS) by paying a £20 application fee. There are two types of maintenance arrangement available through the CMS:

- Direct Pay – the CMS calculates the amount payable and parents make the payments directly between themselves.
- Collect and Pay – the CMS calculates the amount payable, collects payments from the Paying Parent and pays them to the Receiving Parent². To incentivise parents to use Direct Pay or make their own private arrangements,

Collect and Pay involves an additional ongoing charge of 20 per cent to the Paying Parent and four per cent to the Receiving Parent.

Cases were divided into five segments for the case closure process³.

¹ A FBA is a child maintenance arrangement made between the two parents without any involvement of the CSA or CMS, sometimes known as a private or voluntary arrangement. A FBA could involve regular financial payments, or could be other support for the child such as buying clothes. It could be formal or informal.

² The Paying Parent is the parent who is responsible for paying child maintenance, sometimes called the Non-Resident Parent. The Receiving Parent is the parent who should receive child maintenance, sometimes called the Parent with Care.

³ **Nil-assessed:** the Paying Parent has a liability for maintenance, but the amount of liability was £0 (e.g. because they are a student, in a prison, in a care home or share the care of the child for at least 52 nights a year and are in receipt of a specified benefit).

Non-compliant: the Paying Parent is liable for child maintenance but no payments have been made in the last three months. No enforcement action in place.

Compliant (admin): cases are handled manually, rather than on the CSA's IT systems. All cases in this segment are compliant and do not have any enforcement action in place.

Compliant (system): cases are handled by the CSA's IT systems. All cases in these segments are compliant and do not have any enforcement action in place.

Enforcement: Payments are collected via a Deduction from Earnings Order/ Deduction from Earnings Request or where other enforcement action is ongoing.

This research aimed to assess outcomes for parents in all segments apart from 'enforcement', approximately three months after the CSA's liability for their case ended (and for those in the nil assessed and non-compliant segments 12 months after end of liability); and to understand if new maintenance arrangements had been established, the types of arrangements set up and parents' decision-making processes.

Outcomes

Approximately three months after case closure over half of Receiving Parents did not have a maintenance arrangement in place (56 per cent). A minority had a new arrangement (36 per cent), which included Direct Pay, Collect and Pay, a FBA or a court arrangement. A small proportion reported that they were in the process of setting up an arrangement (less than one in 10).

Those most likely to have an arrangement three months after CSA case closure tended to: be in the compliant segments; report a better quality relationship with the Paying Parent and more regular contact; and report higher annual household incomes.

At 12 months, the proportion of Receiving Parents in the nil-assessed and non-compliant segments who did not have a maintenance arrangement in place remained the same as at three months (68 per cent). At both time points, around a quarter of parents in these segments had an arrangement.

At 12 months, the 'longer relationship, regular contact, friendly' separation type⁴ were more likely to have a maintenance arrangement than other separation types.

In terms of the types of arrangement that were established by parents, at three months:

- half of Receiving Parents with an arrangement had a CMS arrangement (50 per cent), of which a greater proportion of parents had a Direct Pay arrangement (31 per cent) than a Collect and Pay arrangement (19 per cent);
- half had a FBA (50 per cent).

There was an association between the type of maintenance arrangement in place at three months and segment group and separation type. Those in:

- the compliant groups were more likely to have a Direct Pay arrangement than other sample groups;
- the 'longer relationship, regular contact, friendly' separation type were more likely than those in other separation types to have a FBA; and
- separation types where there was no contact with the Paying Parent were more likely to have a CMS arrangement than those where the current relationship was friendly.

Effectiveness of arrangements

'Effective' CMS arrangements were defined as those where payments were being made on time, in full and the Receiving Parent perceived the arrangement to be working well⁵. At three months, of the minority of Receiving Parents with a new arrangement, over half had an effective arrangement (54 per cent at three months).

⁴ In order to understand some of the differences between Receiving Parents, latent class analysis was used to group parents who had similar separation characteristics.

⁵ Effective FBAs were defined as: a regular financial arrangement where at least some of the agreed amount is always/usually received on time and the parent considers the arrangement to be working very/fairly well; or an ad hoc arrangement which includes a financial element (or transaction in kind e.g. school uniform) and where the parent considers the arrangement to be working very/fairly well.

At three months, those appearing to face the greatest barriers to having an effective maintenance arrangement were those in the non-compliant CSA segment, with a CMS arrangement; or in the 'not married, shorter relationship, no contact' separation type.

Three and 12 months after case closure, one in 10 parents in the nil-assessed and non-compliant segments had an effective arrangement in place.

Receiving Parents with arrangements that were not fully effective identified a range of barriers, including: the Paying Parent not wanting to pay (68 per cent) and a difficult relationship with the Paying Parent (47 per cent). Paying Parents described barriers related to affordability of maintenance payments; difficulties accessing payment details for Receiving Parents; and perceived inaccuracies of the maintenance calculations.

Those who were able to set up a new arrangement, tended to report that it worked as well as or better than their previous CSA arrangement.

Decision-making processes

Influence of charges

Around a third of Receiving Parents who paid the CMS application fee reported that the fee was difficult to afford (35 per cent). Among Receiving Parents without a maintenance arrangement at three months, the £20 CMS application fee was cited as a factor in the decision by nearly a third (29 per cent).

Of those with a Collect and Pay arrangement, the majority said the ongoing four per cent charge for Collect and Pay was very or quite easy to afford (72 per cent), but over a quarter found it difficult (28 per cent). In addition, around a quarter of Receiving Parents with no arrangement (24 per cent) said that the ongoing charges for Collect and Pay influenced their decision.

Collection charges also appear to have affected parents' decision to use Direct Pay rather than Collect and Pay:

- two-fifths of Receiving Parents with a Direct Pay arrangement (42 per cent) cited a desire to avoid Collect and Pay charges as a reason for choosing Direct Pay⁶;
- half said the charges were a factor in their decision (51 per cent); and
- Paying Parents who were in touch with the CMS also said the charges were a strong disincentive.

Charges also appear to have influenced the decision to have a FBA to some extent. Of those Receiving Parents with a FBA:

- around a quarter said that their decision was influenced by the £20 CMS application fee (among those who were involved in the decision to have this type of arrangement);
- a third said that Collect and Pay charges affected their decision to have a FBA a lot, or to some extent.

Why parents chose to use the CMS instead of making a FBA

The reasons why parents chose to use the CMS rather than setting up a FBA were varied. The most common reasons were that they thought:

- the Paying Parent would be more likely to pay if the CMS was involved (87 per cent); and
- the Paying Parent would not pay with a FBA (78 per cent).

⁶ This compares with a third (33 per cent) of respondents who made the decision to use Direct Pay who were asked a similar question in a parallel study examining parents' experiences of Direct Pay (Research Report No. 931, DWP, 2016).

Around two-thirds (67 per cent) also said that they had tried a FBA in the past and it had not worked.

Choosing Direct Pay over Collect and Pay

Paying Parents offered further insights into why Direct Pay is chosen, beyond collection charges. Some expressed a positive preference for Direct Pay or FBAs because of the greater autonomy and simpler administration they offered. They also felt it offered an accurate maintenance calculation, proof of maintenance payments, and an intermediary between themselves and the Receiving Parent.

Choosing Collect and Pay over Direct Pay

Receiving Parents' reasons for choosing Collect and Pay over Direct Pay were similar to those cited for choosing a CMS arrangement over a FBA:

- the vast majority (91 per cent) chose Collect and Pay because the Paying Parent had a track record of not paying in the past;
- three-quarters (75 per cent) said it was because they didn't want to have contact with the Paying Parent;
- around two-thirds (67 per cent) because they and the Paying Parent could not talk about money.

Notably, around half of Receiving Parents (52 per cent) using Collect and Pay cited domestic violence as a reason for having this type of arrangement.

This indicates that Collect and Pay is preferred by and suited to those parents where other types of arrangement have not worked and the relationship is very negative.

Choosing a FBA over Direct Pay

Among Receiving and Paying Parents with a FBA, by far the most frequent reason given for choosing a FBA over Direct Pay was that it was easier to make a FBA and that it was more flexible than other types of arrangements. Another cluster of reasons given for choosing a FBA centred on having a positive relationship with the ex-partner.

Nearly a third of Receiving Parents said that they had a FBA because they did not know about the Direct Pay option. This could be because they had not contacted the CMS after being notified of case closure. This suggests a potential need for clearer communications from the CMS about the maintenance options available.

Reasons why new arrangements fail or are not set up

Overall, at three months the reason most commonly cited by Receiving Parents for not trying to set up an arrangement was that the Paying Parent would not pay (69 per cent). This was also the most common reason for why those who had tried to set up an arrangement had not been able to (81 per cent). Almost a quarter of Receiving Parents (23 per cent) stated that the reason for not trying to set up an arrangement was that there was a domestic violence issue.

Paying Parents' explanations for having no arrangement fell into three categories.

- Some felt that they had been treated unfairly, so were unwilling to pay maintenance.
- Some Paying Parents were no longer eligible to pay maintenance.
- Some Paying Parents reported that the Receiving Parent preferred not to receive their financial support.

Methodology

The study included two telephone surveys of Receiving Parents. The first survey included interviews with parents in all case closure segments except 'enforcement'. It took place approximately three months after the CSA's liability for their child maintenance arrangement ended⁷. The second survey took place at around 12 months after this date, and only included parents in the nil-assessed and non-compliant segments.

Fieldwork took place on a rolling basis between June 2015 and September 2016. 2,814 interviews were completed for the three-month survey and 1,001 interviews for the 12-month survey. 30 depth interviews with Paying Parents were conducted.

⁷ For the purposes of this report, we use the end of the CSA's liability for the case as a proxy for closure of the CSA case, although technically the case remains open until all arrears are settled.

© Crown copyright 2016.

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk

The full report of these research findings is published by the Department for Work and Pensions (ISBN 978 1 911003 59 5. Research Report 935. December 2016).

You can download the full report free from: <https://www.gov.uk/government/organisations/department-for-work-pensions/about/research#research-publications>

Other report summaries in the research series are also available from the website above.

If you would like to know more about DWP research, please email: Socialresearch@dwp.gsi.gov.uk