

To: Minister for Family Support, Housing and
Child Maintenance

From: XXX, Child Maintenance Policy
Strategy, Policy and Analysis Group

Date: 20 February 2018



Department
for Work &
Pensions

Private Members' Bill: "Child Maintenance (Assessment of Parents' Income) Bill 2017-19" Sponsor – Heidi Allen.

Summary

1. This Private Members' Bill was introduced under the Ten Minute Rule and received its first reading on 28 November 2017.
2. You wrote to the Parliamentary Business and Legislation Committee on earlier this month setting the basis for the Government's opposition.
3. The full text of the bill was realised on 19 February. This briefing summarises the key clauses and the government's position

Top lines

4. We want to support separated families to set up affective arrangements for supporting their children.
5. Our recent consultation on a new Compliance and Arrears strategy for the Child Maintenance Service set out proposals that will allow us to continue to offer an effective statutory service, building on our current successes
6. We are currently analysing responses and are pleased to see that our proposals for improving compliance have been well received by key stakeholders like Gingerbread
7. Our aim is to take prompt action to put our final proposals in place. We are currently working to lay any new regulations before the summer recess.

Specific Lines

Clause 1: provides that income (other than from earnings) from HMRC are also included as part of the standard calculation for child maintenance payments.

Lines to Take

- Agree that we need to ensure that maintenance is based on a rounded picture of the financial means of the paying parent and that in some cases income other than from earnings is relevant.
- Our recent consultation proposes that such info should be requested from HMRC routinely in cases where there is an indication that this is relevant when a receiving parent makes their application.
- It is still a relatively small minority of cases where this is relevant, but will be doing more to prompt receiving parents to flag this as a potential source of income.

Clause 2: provides that 'assets' are restored as grounds for variation.

Lines to Take

- Agree that we need to do this
- Our recent consultation proposed the reintroduction of this variation. We are seeking to bring notional income from assets like coins and gold, income derived from capital and any foreign income into the scope of the maintenance calculation

Clause 3: seeks to restore lifestyle as grounds for variation.

Lines to Take

- Agree we need to do more to ensure the maintenance calculation is based on a fair picture of the paying parents financial means, but do not agree that the “lifestyle grounds” is the best approach.
- When this was previously a feature of the system it was very hard to use effectively; the changes were resource intensive to administer and rarely lead to an increase in the calculation.
- In many cases it was found that the paying parent was supported by debt rather than income. Our proposals will allow us to act on accurate information that will produce stable, sustainable maintenance arrangements.

Clause 4: provisions to scrap the 12 month rule which allows paying parents to end court-agreed maintenance payments after 12 months by applying to the CMS, even if their circumstances are substantially unchanged (believe court order should remain in place in such cases).

Lines to Take

- We believe parents are best placed to make a decision about their child maintenance arrangements.
- Applying to the Child Maintenance Service includes a gateway conversation with Child Maintenance Options, offering free and impartial advice on a range of possible arrangements, including one which is family based.
- It is possible to make an application for a top up order in the case of very high earners.
- Where an application is made to the Child Maintenance Service liability can be calculated on the most up to date information available from HMRC. This includes anything which may have changed since the court order arrangement was set.
 - **If pressed:** the introduction of statutory child maintenance was made, in part, to move the setting of child maintenance arrangement away from the court.
 - This introduced a higher level of consistency to decisions as well as making child maintenance arrangements available to those who cannot afford to go to court

Clause 5: seeks to provide that the Secretary of State must produce a report on the effectiveness of the Financial Investigations Unit and lay the report before both Houses within 6 months of passing the Act.

Lines to Take

- We agree that the FIU is an important part of the new arrangements and have recently published new data on it and will continue to publish these quarterly.
- We are also looking at regular publication of more data on enforcement activity more generally

Clause 6: requires the commencement existing powers to allow disclosure to the CMS of financial information obtained by the court in family proceedings.

Lines to Take

- The CMS, and it's supporting computer systems, were designed to deliver a simple and easy to understand calculation.
- We can already obtain a wide range of information from HMRC, which is updated regularly.
- We are exploring what more we can do to enhance this existing system, and want to focus on building on these successes.

Summary

8. This Private Members' Bill was introduced under the Ten Minute Rule and received its first reading on 28 November 2017.
9. You wrote to the Parliamentary Business and Legislation Committee on xx February setting the basis for the Government's opposition.
10. The Bill is listed for second reading on 23 February 2018. This briefing sets out the current position and planned next steps. A proposed speech in response to the debate is also attached at **annex A**.