

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Second Delegated Legislation Committee

DRAFT CHILD SUPPORT (DEDUCTION ORDERS AND FEES) (AMENDMENT AND MODIFICATION) REGULATIONS 2016

Thursday 17 March 2016

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Monday 21 March 2016

STRICT ADHERENCE TO THIS ARRANGEMENT WILL GREATLY
FACILITATE THE PROMPT PUBLICATION OF
THE BOUND VOLUMES OF PROCEEDINGS
IN GENERAL COMMITTEES

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The Committee consisted of the following Members:

Chair: JOAN RYAN

† Abrahams, Debbie (*Oldham East and Saddleworth*) (Lab)

† Benyon, Richard (*Newbury*) (Con)

Blackford, Ian (*Ross, Skye and Lochaber*) (SNP)

† Byrne, Liam (*Birmingham, Hodge Hill*) (Lab)

† Donelan, Michelle (*Chippenham*) (Con)

† Grant, Mrs Helen (*Maidstone and The Weald*) (Con)

Greenwood, Margaret (*Wirral West*) (Lab)

† Hall, Luke (*Thornbury and Yate*) (Con)

† Lynch, Holly (*Halifax*) (Lab)

† Opperman, Guy (*Hexham*) (Con)

† Prisk, Mr Mark (*Hertford and Stortford*) (Con)

Robinson, Mr Geoffrey (*Coventry North West*) (Lab)

Shuker, Mr Gavin (*Luton South*) (Lab/Co-op)

† Sturdy, Julian (*York Outer*) (Con)

† Tracey, Craig (*North Warwickshire*) (Con)

† Tugendhat, Tom (*Tonbridge and Malling*) (Con)

† Vara, Mr Shailesh (*Parliamentary Under-Secretary of State for Justice*)

Luanne Middleton, Alda Barry, *Committee Clerks*

† **attended the Committee**

Second Delegated Legislation Committee

Thursday 17 March 2016

[JOAN RYAN *in the Chair*]

Draft Child Support (Deduction Orders and Fees) (Amendment and Modification) Regulations 2016

11.30 am

The Parliamentary Under-Secretary of State for Work and Pensions (Mr Shailesh Vara): I beg to move,

That the Committee has considered the draft Child Support (Deduction Orders and Fees) (Amendment and Modification) Regulations 2016.

It is a pleasure to serve under your chairmanship this morning, Ms Ryan.

The draft regulations were laid before both Houses on 8 February this year. They enable the Department to waive collection and enforcement fees on the 2012 child maintenance scheme for a specific group of cases for a limited period of time. That is to allow non-resident parents with a poor history of meeting their child maintenance obligations the chance to demonstrate a change in behaviour. Some minor technical amendments are made to enforce the orders.

A comprehensive reform of the child maintenance system began in 2012 with three express aims: to incentivise parents to collaborate in the best interests of their children; to move away from the idea that applying to a statutory scheme should be the default option for separated parents; and to offer an improved statutory scheme. Alongside that, an ongoing programme to close all existing Child Support Agency cases is giving parents a fresh chance to consider what arrangement for providing financial support for their children best suits their circumstances.

When approaching case closure, we are taking careful steps to minimise the risk of child maintenance payments being disrupted, in particular with those cases in which money is only flowing as a result of enforcement being undertaken on the CSA case, addressing key concerns raised at consultation. We will close cases in which money is flowing as a result of enforcement action last, and we will introduce a new positive test of compliant behaviour for such non-resident parents, which is to be known as a compliance opportunity.

The compliance opportunity will last for six months, provided the non-resident parent pays maintenance in full and on time. During that period, the non-resident parent will be required to pay half the maintenance liability via the collect and pay service through a voluntary method of payment. Where case circumstances allow, an enforced method of payment will be put in place to collect the rest of the liability. That payment safeguard is intended to minimise the risk of payment disruption for the parent with care during the compliance opportunity.

The non-resident parent will be expected to make all payments on time and in full, and if they miss one payment they will fail. Only in exceptional circumstances,

when the non-resident parent is not at fault, will an exception be made. If all payments are made, the parent will pass. The outcome of the compliance opportunity will inform a decision on whether the parent's 2012 scheme case should be a voluntary, direct pay arrangement or a collect and pay arrangement in which the Child Maintenance Service manages collections and charges apply.

Following consultation with stakeholders, we now propose to offer the compliance opportunity in the first six months of the new 2012 scheme case, rather than the final six months of the CSA case. That avoids unnecessary disruption to clients who do not wish to apply to the new scheme, and it can be delivered at a lower overall cost to the public purse.

We will still use enforced methods of payment as a payment safeguard for the duration of the compliance opportunity, when case circumstances allow. Ordinarily, that would attract collection and enforcement fees, so introducing a waiver for those clients during the compliance opportunity will ensure that they are not required to pay until we know it is absolutely necessary.

The draft regulations will also make minor technical amendments to the rules governing regular deduction orders and lump sum deduction orders. I commend the statutory instrument to the Committee.

11.34 am

Debbie Abrahams (Oldham East and Saddleworth) (Lab): It is nice to see you in the Chair, Ms Ryan.

I thank the Minister for his opening remarks. As he said, the draft regulations propose two changes to the 2012 child maintenance scheme, administered by the Child Maintenance Service: first, to allow collection and enforcement fees to be waived for six months for certain groups transferring to the 2012 scheme; and, secondly, technical changes to the regulation deduction orders and lump sum deduction orders to

“increase operational efficiency by allowing the collection of fees in certain circumstances not already covered by existing regulations”, as well as enabling arrears accruing in earlier child maintenance schemes to be collected. However, the Government need to address a number of issues relating to the changes, and I would be grateful for the Minister's response to the following questions.

Parents on the three previous child maintenance schemes are only being invited by the Government to apply to the 2012 scheme; transfer is not automatic. Will the Minister explain why it is not automatic and the administrative implications? I understand what he has said about people not wishing to apply, but I think there are assumptions that have not been fully explored.

What is the progress in transfer to the new scheme for the different segment groups and when is the transition of all live CSA cases expected to be completed? Will the Minister explain why, from the quarter of a million invitations to CSA cases to transfer to the child maintenance service, only 28,800 have been transferred to date?

Whereas there are no collection fees under the legacy schemes, that is not the case with the transfer to the 2012 scheme. In particular, can the Minister explain the Government's thinking in relation to non-resident parents currently in segment 5—those who are subject to some CSA enforcement action as a result of non-payment of child maintenance? As I understand it, non-resident

parents who have in the past not complied will be given a six-month grace period under which they will be able to demonstrate that they will fulfil their obligations by providing the necessary child support for their child or children. That will determine whether they can move on to the direct pay system or the collect and pay system via the Child Maintenance Service, with the associated charges.

For non-resident parents who demonstrate that they have complied during the six-month period, will the Minister clarify what happens to the arrears owed in child maintenance from the legacy schemes? I understand that a system of arrears cleansing is currently under way to ensure that a precise figure of what the non-resident parent has failed to pay in child support can be reached, but why is that taking so long? When will it be completed and why was that not done at the outset, so that non-resident parents' willingness to pay could be tested for both the new and old child support schemes? Will the agreed arrears be collected by the same enforcement method or, having been found compliant with the new scheme, will the parent be able to transfer to direct pay or collect and pay? What assessment has been undertaken of the likely non-compliance in arrears repayment for the different scenarios, and what does that mean for delays in child support to children?

I understand from Gingerbread that an estimated £700 million in arrears is owed to children. Will the Minister explain why some parents with care are getting letters saying,

"Some clients in a similar position to you tell us that they do not want their child maintenance to be managed by the new organisation and wish to make a fresh start by writing off their arrears"?

I am concerned about that and would appreciate the Minister's response. It seems to be a pressure in terms of writing off debt.

On deduction from earnings orders, can the Minister explain what enforcement methods will be used during the compliance opportunity for the bit that is being enforced alongside the voluntary partial payments? The Minister in the other place mentioned using DEOs, but in some cases, such as self-employed non-resident parents, a DEO is not appropriate. What other tools will be used for the enforcement part of that payment if a DEO is not appropriate? For example, will deduction orders or freezing orders, or setting aside of disposition orders, be available during the compliance period? Finally, as the Minister in the other place was unable to answer this question—and a number of others, I have to say—I would be grateful if this Minister could explain what powers the second regulation will give the Government that they do not have now and in what circumstances they envisage using them? Will he confirm that all the cases covered by the regulations will still have statutory maintenance arrangements, not voluntary or family-based arrangements?

It is absolutely right that parents who are separated or divorced fulfil their obligations to their children and provide financial support, as well as other support. As the noble Baroness Sherlock said in the other place:

"It is the responsibility of the Government to demonstrate that, in their desire to save money running a child maintenance service, they have not reduced the incentive on non-resident parents to take responsibility for their children, and reduce the incomes of their children as a consequence."—[*Official Report, House of Lords, 14 March 2016; Vol. 769, c. 216.*]

11.40 am

Mr Vara: I thank the hon. Lady for that huge series of questions. I will try to address as many as I can. She raised several points, one of which was to ask why the transfer is not automatic for all cases. If the cases were transitioned into the 2012 scheme automatically without requiring a new application, it would lead to excessive complexity and confusion and undermine the Government's fundamental commitment to offering a fresh choice to all parents regarding their child maintenance arrangements.

The hon. Lady asked when the transfer can be completed. We do not publish information on the timetable for individual segments, but I can assure her that we are on course to have ended the liabilities for all segments by 31 December 2017.

The hon. Lady asked how long the arrears cleansing process takes. It can take up to six months from the point at which CSA liability ends. In most cases the process takes less than six months, but the time can vary based on the complexity of the case. As for how CSA arrears cases are dealt with in the context of a compliance opportunity, if CSA arrears are transitioned to the 2012 scheme during the compliance opportunity, they will be included in the payment schedule. Failure to comply with the schedule will mean that the non-resident parent fails the compliance opportunity.

The hon. Lady asked whether the transitions arrears in the 2012 scheme will be dealt with in the same enforced way as they were in the CSA. If the non-resident parent complies with the schedule, the historical arrears will be recovered, so nothing will be gained by enforcing collection. If the non-resident parent does not comply with any element of the schedule, that will be taken as evidence that they are unlikely to pay and action will be taken to enforce payment of the arrears and the ongoing liability.

The hon. Lady asked whether the letter asking parents whether they want to write off their debt is to be sent to all parents with care. The answer is yes. She also discussed regulation 2. It makes minor consequential amendments to powers we already have to deduct fees from a person's bank account, alongside maintenance by regular and lump-sum deduction orders. Regular deduction orders may also be varied to include legacy scheme arrears that have been transitioned to the 2012 scheme. The measures are tidying-up provisions to ensure that the legislation in this area is consistent. There is no change to the policy as a result. In a nutshell, we are introducing new powers that make minor consequential amendments to make the process easier.

As for what would happen in cases in which we are unable to use a DEO as a payment safeguard, the parent would be required to pay 100% of their liability by an enforced method of payment. When a payment is missed, swift action will be taken to enforce the resulting arrears.

The hon. Lady asked about statutory maintenance arrangements. All cases covered by the regulations will be managed in the statutory scheme. She asked several questions and I have given several answers. I hope that she is satisfied with them and commend the regulations to the Committee.

Question put and agreed to.

11.44 am

Committee rose.

