

Child support policy: An international perspective

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Context

The child maintenance system in the **UK** has been plagued by problems since the inception of the Child Support Agency in 1993. The scheme established by the 1991 Child Support Act was subject to a succession of reforms. The Government announced a policy redesign led by Sir David Henshaw in February 2006. This report was commissioned whilst that policy redesign was underway. After the Henshaw report was published in July, a White Paper was published by the Government in December 2006.

Methods

The study recruited national informants from 14 countries including the **UK**. They each completed a questionnaire during July 2006. These were analysed during August (2006) and the national informants then checked the analysis of the questionnaires, the findings therefore provide a snapshot of regimes across countries at that moment in time. In addition secondary analysis of the Luxembourg Income Study (LIS) was undertaken. A first draft was completed in September prior to publication of the White Paper in December 2006. A final draft was concluded in January 2007 allowing some details of the White Paper to be incorporated in the report.

Demographic and policy context

The Luxembourg Income Study compared the prevalence and characteristics of lone parents,

explored the proportion of families with children receiving child maintenance, and the contribution that it made to their income and the reduction of child poverty, at least for the year 2000, currently the latest year of available data. The LIS analysis therefore reports the child maintenance outcomes produced under the original formula in the 1991 Child Support Act. Data illustrated that the **UK** in comparative perspective had a high prevalence of lone parents and a low labour supply of lone parents, which is partly explained by their characteristics (though their labour supply has increased between 2000 and 2006). A smaller proportion of non-widowed lone parents received child maintenance than in any other country. However for those receiving child maintenance the level of payment was comparatively high. Child maintenance made a comparatively small contribution to the relief of child poverty overall but if lone parents actually received child maintenance the poverty reduction achieved was much more significant, producing child poverty rates which were less than half what they would have been without child maintenance (at least in 2000). The impact of child maintenance also varied according to whether the lone parent was or was not in employment. For lone parents in employment in the **UK** child maintenance in 2000 could reduce child poverty by over two thirds – more than any other country except **Austria**, **France** and the **Netherlands**. However it was not more effective overall because comparatively few non-widowed lone parents had employment and child maintenance.

Child maintenance regimes and private agreements

The research outlined three kinds of child maintenance regimes. Countries were clustered according to whether courts or agencies – or a mixture of both – were primarily responsible for the determination of formal child maintenance obligations in cases where parents are unable or unwilling to come to a private agreement. In **Austria, Belgium, Canada (Ontario), France, Germany and Sweden**, the court had the main responsibility for formal determinations of child maintenance. Agencies had the main responsibility for determinations in **Australia, Denmark, New Zealand, Norway** and the **UK** whilst some amalgamation of courts and agencies were responsible in **Finland**, the **Netherlands** and the **USA**.

In every country some effort was made through public policy to ensure that parents with care and children were paid child maintenance by non resident parents. In most countries, parents with care in receipt of social assistance were compelled to pursue child maintenance irrespective of whether it is a court or agency based system; it appears that it was only in **Denmark and Belgium** that the parent with care on social assistance had a choice not to pursue it. All other parents not on social assistance had a choice to use the formal system or to make private agreements. Sometimes parents chose to use formal assessment methods if they could not agree an amount between them, but otherwise private agreements were encouraged. All countries appeared to have a system for ratifying private agreements, but the place in which this could happen varied and did not directly correspond to a difference between agency and court based formal systems. In some countries, parents routinely had access to mediation and support services in making these private agreements that may or may not have been formally ratified.

Advantages of private agreements identified by the national informants were that they were seen as being more consensual, non adversarial, relatively quick and inexpensive, and could be

tailored to family circumstances. There were however also disadvantages, national informants noted that private arrangements in some countries had no legal standing – could be precarious unless ratified and could exacerbate any power imbalance between parents with the weaker party potentially being pressured into an agreement that was not in their or their children's best interests. Additionally, they could produce inequitable outcomes where children in different families with similar circumstances/ characteristics could receive differing amounts.

Formal agreements

Comparatively, the **UK** differed from the majority of countries in some of the factors considered in making a formal assessment for child maintenance (that is based on the post 2003 child support system and formula). There was considerable variation in how the resources of the non resident parent were treated in formal determinations, but nearly all countries would take account of his/her obligations to new family members (at least in principle if not in practice); it would depend on the non resident parent's income levels if the obligation were to be reduced. Without exception all countries would take account of the contact time children spent with the non resident. In the event of shared care (where the child spent roughly equal amounts of time living with each parent), the obligation to pay would be reduced to nil in the majority of countries (ten) and could be annulled completely in some countries irrespective of disparities in the parents' incomes. Data on the prevalence of shared care arrangements was inconsistent and partial, with these caveats the levels reported across countries varied between about 7-15 per cent. In relation to taking account of the parent with care's resources, there was a roughly equal split across countries as to whether this would happen or not, similarly as to whether the children's ages were taken account of or whether there was a minimum amount of child maintenance set.

The findings also showed that whilst the **UK** was similar to other agency based systems in relation to using more standardised determination

methods such as a formula, it would be a mistake to simply equate this with less discretionary practices, as some of the court based systems also used standardised methods. Importantly, it was not possible to make judgements about the levels of discretion by merely considering whether so called formulae, guidelines or rules were used.

In relation to the amounts of child maintenance determined by formal systems, the hypothetical vignette scenarios demonstrated that comparatively the **UK** was among the top four countries expecting the highest levels for the poorest family in vignette one and ranked around ninth for the richer two parent family in vignette two.

Collecting, paying, enforcing and guaranteeing child maintenance

Arrangements for collecting, paying, enforcing and revising child maintenance obligations in countries differed in terms of whether they allowed private transfers between parents. Some countries – **Canada (Ontario), New Zealand, the Netherlands, the UK, and the USA** – did not allow private transfers where the parent with care was on certain social benefits; or in Canada (Ontario) where agreements had been made in court.

Most countries had some agency involvement in the collection and forwarding of maintenance which differed in terms of scope. The widest scope for agency involvement was in **Australia, Denmark, Finland, New Zealand, Norway** and the **UK**. A second group of countries with less scope for agency involvement consisted of **Canada (Ontario), Sweden, the Netherlands** and the **USA**. Finally, **Austria, Belgium, France** and **Germany** had a marginal role for agencies in the collection and forwarding of child maintenance. The options available to deal with enforcement of non payment of child maintenance obligations were shown to be broadly similar in countries. Commonly, deductions from earnings were the first response to non compliance.

Some countries provided guaranteed maintenance schemes: **Austria, Belgium, Denmark, Finland, France, Germany, Norway, and Sweden**. Guaranteed maintenance payments could be disregarded for social assistance benefits in some countries, but not in others. Informants noted that there were advantages and disadvantages to these schemes. A main advantage was that they guaranteed a minimal amount of maintenance for children regardless of the economic circumstances of the liable parent. The main disadvantages were that such schemes were costly to administer and the rate of recovery from non resident parents was generally poor with only **Finland** and **Denmark** reporting a rate greater than 50 per cent (65 and 88 per cent respectively).

Assessing effectiveness

Assessing the effectiveness of child maintenance regimes was difficult because of the non comparability of the data; a mix of survey and administrative data was provided. Only six countries provided some information on the proportions of parents with care with agreements and only seven countries provided information on either case or cash compliance. With this caveat in mind, the **UK's** CSA seemed to be comparatively unsuccessful in terms of the proportions of parents with agreements, and in case compliance. National informants were given the opportunity to make their own assessments of their regimes. They reported that the most effective elements of performance were regularity of provision (**Australia, Austria, Denmark, Finland, France, Norway** and **Sweden**) and ensuring a child's entitlement (**Australia, Belgium, Denmark, Finland, Germany, the Netherlands, Norway** and **Sweden**). The most common criticism of regimes was that regimes did not take enough account of the actual needs of children, lacked transparency over how maintenance amounts were calculated and contained no regularity of provision. It was difficult for the national informants to provide information on many of the costs involved in child support. But it appears that among those countries using agencies the **UK** is by far the most costly per £ transferred to parents with care.

The full report of these research findings is published for the Department for Work and Pensions by Corporate Document Services (ISBN 978 1 84712 119 6. Research Report 405. March 2007). It is available from Paul Noakes at the address below.

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