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LONE PARENTS

I attach two letters on lone parents:

No. 7 come not -  
they will still be di-  
the mother of children  
many of whom may not  
then have to apply  
for income  
support

Flag A The Chief Secretary's letter of 26 January which is seeking your confirmation that an answer you gave in the House did not mean that you intend maintenance payments to be disregarded from income support payments. He stresses the importance of sticking to existing rules; - cyrus

Flag B A letter from Mr Newton stressing that he is keen to take forward proposals as soon as possible, and in parallel with work on the survey. He says he hopes to discuss options in the September PES bilaterals. He wonders how the tax system might be used to collect maintenance. And he suggests that it may be necessary to introduce some encouragement for fathers to pay more maintenance - as in Australia. He is not clear whether this might mean introducing some element of benefit disregard.

There are two points here:

They must  
get on  
with it -  
urgently  
not

- the Policy Unit are still concerned about the timescale of this work, which has been in progress for over 6 months with little to show. Andrew Dunlop has attended an interdepartmental meeting of officials earlier this week where the planned work programme would mean the earliest legislation could be introduced would be 1991/1992. He is still concerned by the lack of urgency;

- whilst the moral argument for fathers paying maintenance must be the main motive for pursuing them, some system of encouragement should perhaps not be ruled out at this stage.

Content to respond by:

- making it clear to the Treasury that you were not

signalling that maintenance payments would be disregarded in your answer to Dr Reid?

Agreed

- stressing that the case for making maintenance payments is essentially a moral one; but that you do not want at this stage to rule out the possibility of introducing some element of encouragement to fathers?

Agreed

- stressing the need for urgent action and asking Mr Newton to give you a more detailed indication of his work programme?

Agreed

CS

Caroline Slocock

26 January 1990

One further point, arose  
from a case which came to my  
notice - the mother (teenage) refused  
to name the father. This (i.e. the  
name) really must be a condition  
of receiving benefits, & whether  
or not the name is correct, can be  
deducted from DMT  
Agreed.

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*File  
c: home*

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

29 January 1990

**LONE PARENTS**

Thank you for your letter of 26 January to Paul Gray. The Prime Minister has seen this and the earlier letter from the Secretary of State for Social Security to the Chief Secretary of 23 January.

The Prime Minister confirms that she did not intend her answer to Dr. Reid in the House on this subject to be taken as a signal that maintenance payments would be disregarded for the purposes of income support, although the terms of her reply were perhaps a little ambiguous. The point she was making was that mothers and children would benefit even under the current rules because they would not have to apply for income support. And, as your letter points out, lone parents on income support benefit financially from the receipt of maintenance payments. She shares the Chief Secretary's view that it is vital that the Government should stick to the present rules for assessment of income-related benefits. Her argument for fathers paying maintenance is primarily a moral one. However, the Prime Minister notes Mr. Newton's wish to consider whether the scheme to improve the system for enforcing maintenance payments should include some encouragement for absent fathers to pay more, as in Australia. She agrees that the Government should not at this stage rule out the possibility of introducing some element of incentive.

The Prime Minister notes that Mr. Newton intends to discuss proposals with the Chief Secretary in the September PES bilaterals. However, she is very concerned that this work should progress urgently, particularly as little progress appears to have been made in the six months of the review so far. She would be grateful if Mr. Newton would provide her with a detailed indication of the work programme proposed and the time-scale departments will be working to, and I am copying this letter to his office.

The Prime Minister also commented when looking at these papers that she was concerned by a case which came to her notice of a teenage mother who refused to name the father of her child. She considers that the naming of the father must be a condition of receiving benefit for single parents, whether or not the name

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- 2 -

is correct. This can be deduced from DNA fingerprinting. I should be grateful for advice from the Department of Social Security on this point.

I am copying this letter to Stuart Lord (Department of Social Security).

CAROLINE SLOCOCK

Miss Carys Evans,  
HM Treasury.

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CCPU  
Prime Minister

We assumed at the time you had (A) in mind and not

Treasury Chambers, Parliament Street, SW1P 3AG (B). Contact with that in perpetuity?

RCCG  
26/1

Paul Gray Esq  
10 Downing Street  
London  
SW1

26 January 1990

Dear Paul

**LONE PARENTS: MAINTENANCE**

I attach a report from the Financial Times about the exchange with Dr Reid during Prime Minister's Question Time on 18 January. Dr Reid asked whether the Exchequer or children would benefit from any changes which led to higher maintenance payments and sought a pledge that every pound saved by the Exchequer would be committed to child welfare.

(A)

2. In one important sense, lone parents receiving income-related benefits will gain from higher maintenance payments. Some of them might be floated off these benefits altogether (and thus out of the poverty trap). And others would become less dependent on them.

3. However, maintenance payments are of course treated as income for the purpose of assessing lone parents' entitlements. If they are on income support, benefit is reduced pound for pound. If they are on housing benefit and community charge benefit, the reduction (from April) will be 80p in the pound.

(B)

4. The Chief Secretary sees a risk that the Prime Minister's reply to Dr Reid could be interpreted as indicating that the Government may in future disregard maintenance payments in calculating entitlements. He believes it vital that the Government stick to the present rules for assessment of income-related benefits, given that one of the main reasons for the enormous growth in social security expenditure on lone parents has been the failure of absent fathers to provide properly for their children. It is reasonable that action to correct this failure

should lead to a reduced burden on the taxpayer. High withdrawal rates apply generally to benefit claimants, not only lone parents, and they play an essential part in concentrating available resources on those most in need. It would be very expensive to exempt maintenance income paid to lone parents from these rules and also hard to defend to other claimants. He is also conscious that the benefit system already contains special provisions for lone parents and that any further relaxations might well be difficult to defend in terms of the government's policy towards families generally.

6. I am sending a copy of this letter to Stuart Lord.

*Yours*

*Carys Evans*

MISS C EVANS  
Private Secretary

Engagements

Q1. **Dr. Reid:** To ask the Prime Minister if she will list her official engagements for Thursday 18 January.

**The Prime Minister (Mrs. Margaret Thatcher):** This morning I presided at a meeting of the Cabinet and had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall be having further meetings later today.

X **Dr. Reid:** Following her speech last night when she outlined plans to ensure maintenance payments by absent fathers, may I welcome the move but inform the Prime Minister that the question being asked this morning by many people is: who will benefit financially, the Chancellor or the children? Will the Prime Minister clear up the matter by giving a pledge today that every pound saved by the Exchequer from the enforcement of the new regulations will be committed to child welfare?

**The Prime Minister:** Both the mothers and the children will benefit. A scheme is being worked out and my right hon. Friends will come forward with it in due course.

**Sir Peter Tapsell:** If the governor of the Bundesbank was being serious and was not merely seeking to tease his own Minister of Finance when earlier this week he called for the establishment of a European central bank, totally free from all political control, will my right hon. Friend reiterate that that would be overwhelmingly rejected by people of all political persuasions in this country and, one would hope, by everyone throughout Europe who subscribes to the concept of parliamentary democracy?

**The Prime Minister:** Yes, Sir. I am grateful to my hon. Friend and agree entirely with what he said. I believe that this hon. House does, too, judging from the debate. It was clear that all parts of the House totally and utterly rejected stages 2 and 3 of the Delors report, which would mean a central bank that took powers out of the hands of the House, not only on monetary policy but on budgetary policy, too.



Friday, January 19, 1990

FINANCIAL TIMES

MAINTENANCE

**Thatcher in  
pledge on  
payments**

By Alison Smith

13

THE Prime Minister yesterday promised that benefits from the Government's plans to improve the collection of maintenance payments from fathers, would go to families. "Both mothers and children will benefit," she told the Commons.

She was replying to a question from Dr John Reid (Lab, Motherwell North), who welcomed her remarks about maintenance payments in Wednesday's speech, but asked "Who will benefit financially - the Chancellor or the children?" "Will the prime minister give a commitment and pledge today that every pound saved by the Exchequer will be committed by the Government to child welfare?"

Earlier, Mrs Thatcher had been accused of "hypocrisy" by Ms Joan Lestor, the opposition spokesman on children.

She said that the prime minister's words had seemed to imply that improving the arrangements for recovering maintenance payments from fathers would give children in poverty a better standard of living. But nowhere in the speech had she said that any extra money collected in this way would go to alleviate child poverty. And she said that Mrs Thatcher's emphasis on the responsibilities of fathers was a "smokescreen."

"Instead of facing up to the poverty she's created, she's trying to shift the balance."





PAUL GRAY

24 January 1990

LONE PARENTS: MAINTENANCE

I have seen Tony Newton's letter of 23 January. I share the Chief Secretary's concern about the lack of progress that has been made on this issue.

John Moore first informed the Prime Minister that work was in hand a year ago. The DSS identified in June the gaps in the information required to take soundly based decisions. Yet only now are they embarking on the surveys necessary to fill those gaps.

Earlier in the week I attended an inter-departmental meeting of officials to discuss the programme of work required and the timetable, (a copy of which is attached). I asked when, working to this timetable, the Government would be in a position to legislate. I was told the 1991/92 session at the earliest.

Can I suggest that this is brought to the Prime Minister's attention, because I suspect it is not at all what she had in mind?

Clearly there are tricky issues to be faced when contemplating any major change, but I sensed a lack of urgency about the whole process. It needs some impetus behind it which only the Prime Minister can give. She might want to raise this issue with Tony Newton in the margins of Cabinet.



ANDREW DUNLOP

INTERDEPARTMENTAL REVIEW OF MAINTENANCE

Programme of Work

Timetable: January-October

Requirements: - Monthly meeting of steering group  
- frequent meetings of:

- i) individuals working on policy options
- ii) survey working group and sub-groups.

- |                                |             |  |
|--------------------------------|-------------|--|
| January-March                  | -<br>-<br>- | Formulation of broad options for change<br>initial discussion of pros and cons and issues raised<br>seminar to hear views of interested parties eg<br>NaCOPF, academics etc. |
| March/early April              | -<br>-      | Evaluation of pilot study<br>decision by steering group of the options to be<br>worked up in detail/feeding in data from survey as<br>it becomes available.                  |
| April-July                     | -           | Working up detailed options on<br><br>registration of claim<br>identification/location of LR<br>award<br>collection <i>and payment</i><br>enforcement<br>appeals             |
| August                         | -<br>-<br>- | Final report of survey working group<br>Costing of preferred options<br>Consider consultative process.   |
| Late August/early<br>September | -           | Report to Minister with preferred options for change<br>and option for consultative process.   |
| September/October              | -           | Prepare a consultation document that outlines<br>Ministers non-negotiable items and preferred options<br>(in broad terms).   |



4.6.11  
130

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DEPARTMENT OF SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

*From the Secretary of State for Social Security*

The Rt Hon Norman Lamont MP  
The Chief Secretary  
HM Treasury  
Parliament Street  
LONDON  
SW1

23<sup>rd</sup> January 1990

*Norman Lamont*

**LONE PARENT FAMILIES : MAINTENANCE**

Thank you for your letter of 22 January.

As you know, I am already committed to producing savings in the coming year from tightening up our procedures for collecting maintenance under the present system. But, like you, I am also keen that we should be able to bring forward proposals for long term change on maintenance as soon as possible. It is essential however that these proposals are soundly based, and that we know both how much we might be able to recover from absent parents and how much it will cost to do it. That is why the survey has been put in hand.

We shall push ahead with it as quickly as we possibly can, and will be examining proposals for change while the survey proceeds. The information coming out of the survey can then be used to test various proposals.

Having said that, we could well be talking about fundamental changes to the whole process of determining and collecting maintenance, perhaps involving changes to family law. This is a big and complicated area, and the introduction of a radically new system would be likely to entail wide consultation. So while I hope to be able to discuss options for reform in our bilaterals in September, there could still be a considerable way to go before we have all the answers.

The Australians, for instance, have considered two factors to be very important in achieving the success that they have had. The first is the key role of the tax authorities in tracing absent parents and collecting money from them. As I mentioned to John Major two weeks ago, I think that it would be an excellent idea for the Interdepartmental Group looking at all this to talk to the Inland Revenue to explore the possibilities that exist for collecting maintenance through the tax system. My people have already been given details of the relevant officials in the Inland Revenue and will be getting in touch with them shortly.

E.R.

The second important point is the desirability of incorporating in any scheme some encouragement for absent parents to pay more maintenance by demonstrating real advantage for their families. I understand that the Australians have seen this as an essential element, both in gaining the co-operation of those required to pay and in harnessing the necessary breadth of political support for such substantial change in so sensitive an area.

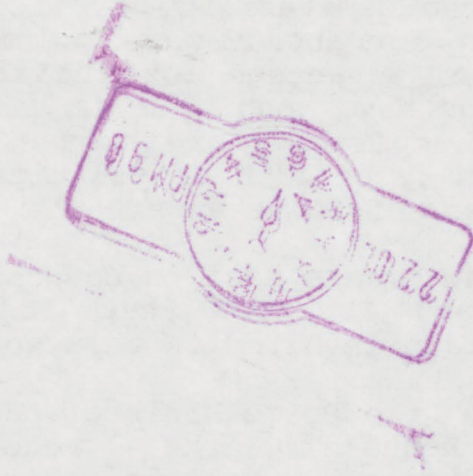
The implications of any new arrangements need to be considered by the Interdepartmental Group, and I agree that it would be sensible to have Treasury officials involved in this work.

I am copying this letter to the Prime Minister, John Major, James MacKay, Peter Brooke, Kenneth Clarke, Peter Walker, Kenneth Baker, David Waddington, Malcolm Rifkind and Peter Fraser.

*M. ev.*  
*Tony*

TONY NEWTON

SOCIAL SERVICES : Upramam AS





Pamie Minister<sup>2</sup> cell/h.  
 CAS 22/1  
 R/L

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Anthony Newton OBE MP  
 Secretary of State for Social Security  
 Richmond House  
 79 Whitehall  
 London  
 SW1A 2NS

22 January 1990

*DN R*

**LONE PARENT FAMILIES: MAINTENANCE**

*WITH Pa*

Thank you for sending me a copy of your letter dated 15 January to the Lord Chancellor.

2. As you know, the rapid growth in social security expenditure on lone parents has been a major source of concern for a number of years. Total expenditure has roughly doubled in real terms since 1978-79 to over £3½ billion in the current year. And our Survey agreement last year provided for still further growth in this expenditure, of up to £½ billion a year on income support and one parent benefit alone. Against this background, it is clearly important that we proceed as quickly as possible to take steps which will at least constrain the future growth of expenditure. Collecting more maintenance is obviously a priority, as this will enable expenditure on the income-related benefits to be reduced. I understand that only about 1 in 4 of lone parents on income support receives any maintenance at all and that the average amount received is a derisory £4 a week. There should therefore be considerable scope for savings in benefit expenditure.

3. I very much hope that the survey you are planning with other interested departments will put you in a position to bring forward proposals on maintenance quickly, bearing in mind that these matters have already been under discussion for almost a year. I understand that, on present plans, it is expected that collecting and analysing the survey data and then producing a report will take about 6 months. And you say in your letter that careful consideration will be needed before any proposals for change can be brought forward. I must say that I would be extremely concerned if there were much further delay in tackling this problem. And I wonder if you could consider whether it would be possible to accelerate this timetable?

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4. As far as the costs of the survey are concerned, assuming that they are found from within existing PES provision, I am content.

5. I am glad that the work by officials on options for change will continue in parallel with the survey. From now on, I would like Treasury officials to be closely involved in this work. Please let me know if there is any difficulty about this.

6. I would like to consider the options for reform in the context of the 1990 Survey, when we have our bilateral discussions in September. As you say in your letter, the wider review does not of course prevent us from taking other action to improve maintenance recovery under the present system in the meantime, and I will also be looking for savings from such action in the Survey.

7. I am copying this letter to the Prime Minister, John Major, James MacKay, Peter Brooke, Kenneth Clarke, Peter Walker, Kenneth Baker, David Waddington, Malcolm Rifkind, and Peter Fraser.

NORMAN LAMONT





DEPARTMENT OF SOCIAL SECURITY  
Richmond House, 79 Whitehall, London SW1A 2NS  
Telephone 01-210 3000

*Mo*

From the Secretary of State for Social Security

① You do NOT need a survey to establish the point of principle.

Prime Minister ①

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The Lord MacKay of Clashfern  
Lord Chancellor  
House of Lords  
London  
SW1

Content for Mr Newton to arrange research into this area only to be held on Wednesday. There is a danger that it will diminish the effect of your comments in the NCH speech

③ The proposed survey and all the work about piloting to justify other consultation is designed to show DOWN much needed action.

15th January 1990

but it seems to be the best DSS have to offer?

Dear Lord Chancellor,

is it not good news. 15/1/90

It would only be so if it was stated that work to reverse maintenance would be started quickly. You don't need a survey for that

**LONE PARENT FAMILIES: MAINTENANCE**

I am writing about the review of the maintenance system which the Prime Minister asked my predecessor to set under way when she held a meeting about lone parents in July 1989. As you know, my officials have since been working on this with yours and with others from the Home and Scottish Offices and the Lord Advocate's Department. The Prime Minister was concerned, as we are, that arrangements for obtaining maintenance from non-custodial parents should be improved so that they do not escape their responsibilities. Radical changes were to be considered, and a key part of the work would be to examine the costs of proposals.

As you will know, the work on this so far has thrown up a substantial number of issues which are being pursued, such as how best to ensure compliance with maintenance awards, and what account these awards should take of the needs of second families. The analysis to date also suggests that - possibly substantial savings might be made on the cost of benefit for lone parent families. But to produce firm estimates of these savings and of the effect on administrative costs, our officials all agree that we need a great deal more information. This includes, for example, data on absent fathers' resources and the levels of maintenance awarded and collected. Our officials have therefore drawn up plans for a short survey exercise to gather the data needed from a sample of courts and DSS local offices in England, Scotland and Wales.

**E.R.**

Clearly work on the various policy issues and on possible options for change needs to continue in parallel with this survey to ensure we complete this review as swiftly as possible. I hope that by the autumn we will be able to have a clear view of the broad way forward, although this is going to mean that our officials will have to continue to give this work a great deal of priority. Because of the importance of this for families and the sensitivity of the issues it raises it might be sensible for us to move to some kind of consultation. But overall I believe we will be able to present well-thought out action in this area very positively, particularly if (as has been a crucial ingredient in the recent Australian measures to introduce a standard maintenance formula backed by collection through the tax office) it is clear that the result will be to help the families themselves as well as bringing significant benefit to the taxpayer.

I think the data survey which our officials have planned should go ahead as quickly as possible and I hope that you, and David Waddington, Malcolm Rifkind and Peter Fraser - to whom I am copying this - agree. It would be piloted first. In the exercise itself information would be gathered from the courts by market researchers, or, if they are willing, by present or former court staff remunerated separately and not as part of their official duties. This should minimise the interruption to the courts' normal work.

This survey can itself be presented as good news. There have already been comments from time to time that more information is needed about how our maintenance system works in practice. The National Council for One Parent Families has made representations to me on this point, and the criticism may well mount in view of the encouraging early experience of the Australian changes to which I have referred. Against this background I think we should announce this survey in very positive terms. Its aim is to gather further information and clarify how our maintenance system is working - a responsible way of proceeding. I am sure that it will be welcomed by many outside Government. Taking the initiative by making this announcement would also be sensible because it would inevitably become known that the survey was happening and we would be asked why. We would indicate that we would expect to publish the results of this survey, but emphasise that they would need careful consideration before any proposals for change could be brought forward. This would not, of course, prevent us from taking any other action to improve maintenance recovered under the present system in the meantime.

**E.R.**

The Prime Minister has in fact again expressed her interest in the subject of maintenance and will be referring to it in a speech she is to make on Wednesday (17 January) to the National Children's Homes. Accordingly I think it would be right for me to announce the survey by means of a written answer to be given on Wednesday. I would also combine it with my announcement of a change, starting this April, agreed in the last PES round, to tighten up the method my offices use to assess absent fathers' ability to pay maintenance when deciding what action to take.

Our officials have also discussed the financing of the survey. DSS will of course meet the cost of data collection in our own local offices. I understand that David's people and Malcolm's have said they might be able each to contribute £10,000 in 1989/90. David's have also said they will do whatever they can to encourage existing or former court staff to help with the data collection, which will help to minimise the cost of the survey in the courts. This still leaves a substantial sum to find here, but I have decided, in view of the importance of this work, to make the necessary resources available from within DSS's own agreed survey budget for 1990/91. I think this clears the way for us to proceed.

I would be grateful for your agreement and that of David, Malcolm and Peter on this, and if I have not heard otherwise by five o'clock tomorrow afternoon, Tuesday, I shall take it that you and colleagues are content. I am copying this to the Prime Minister, John Major, Norman Lamont, Peter Brooke, Kenneth Clarke, Peter Walker, Kenneth Baker, David Waddington, Malcolm Rifkind and Peter Fraser.

Yours sincerely,

*Pen Huletton:*

PP TONY NEWTON

- approved by the  
Secretary of State,  
and signed in his absence.



Prime Minister<sup>2</sup>

HOUSE OF LORDS,  
SW1A 0PW

On ②, I have asked  
DSS to provide a timetable  
for action.

MS  
2/2

2<sup>nd</sup> February 1990

Dear Tom,

LONE PARENT FAMILIES: MAINTENANCE

Thank you for your letter of 15<sup>th</sup> January about the review of the maintenance system. I was encouraged by the public reaction to the Prime Minister's speech and your briefing and look forward to officials coming forward with proposals for change in the summer.

As you know, my immediate interest is in the assessment of awards and officials have set up a project group to identify and evaluate the options for change, including radical possibilities such as the use of formulae in place of judicial discretion. To that end, I understand, they are hoping to draw on the very considerable expertise of two academics in this field who would act as confidential consultants.

I also have an interest in the enforcement of maintenance awards. Not only could there be implications for legal aid and court resources in any proposals, but the level of compliance has a significant effect on the value for money realised from the resources expended on assessments by the courts. You will not therefore be surprised when I say that I hope that incentives to dependent parents to pursue liable relatives together with the option of using the Inland Revenue to trace and collect from liable relatives will be very thoroughly considered. I understand that involvement of the tax authorities is regarded in Australia as the lynch pin of a successful scheme.

I am copying this letter to the Prime Minister, John Major, Norman Lamont, Peter Brooke, Kenneth Clarke, Peter Walker, Kenneth Baker, David Waddington, Malcolm Rifkind and Peter Fraser.

James  
James

Rt Hon Anthony Newton OBE MP  
Secretary of State for Social Security  
Richmond House  
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SOC SECVS. Benefits pRS

