

LONE PARENTS

You asked for a work programme and timetable for action because you were concerned that work on lone parents was not progressing fast enough. Mr Newton has sent you the minute at Flag A which suggests that:

- work is already underway on tightening the existing system for recovering maintenance - with a target of £200 million next year compared to a £180 million target this year and £155 million collected last year;

- that other work, although underway, is dependent on:

(a) the survey being carried out, which will take 6-7 months, which will establish costs and benefits;

(b) a review of divorce law;

(c) carrying public opinion. A DSS seminar involving the Law Commission, the Women's National Commission, lone-parent groups and others is proposed. A period of formal consultation of proposals which may have legal consequences may also be necessary.

Mr Newton plans to have costed proposals by the time the survey data is available in the summer, which could be fed into the PES bilaterals. If consultation - and changes in the law - are necessary, more time will have to be allowed before implementation.

Andrew Dunlop, whose note is at Flag B, is not very happy with this; and thinks work could be done faster by carrying it out in stages. He thinks the need for reform is already demonstrated by the evident short-comings of the system; and that public opinion - judging by the reactions to your speech - does not need to be carried.

Agree:

- to welcome the work already being carried out to tighten the existing system for collection?
- to stress that work should not be held up until all aspects of the problem have been settled but should be done in stages. As Andrew Dunlop suggests, although changes in divorce law may affect the levels of maintenance paid, that review should not hold up work to improve the recovery of maintenance. Also creating a new formula for assessment can be done after improving the method of collection (reforms in Australia were in two such stages)?
- to stress that, as Andrew believes, the seminar proposed is a bad idea and should not be pursued. The groups concerned are likely to want higher benefits, not tougher action?
- to stress yet again the urgency of the work and to say that you hope some action can be taken before the results of the survey and before the PES bilaterals?

CAS

Caroline Slocock
9 February 1990

This would do.
Get them in - with
officials - and we will talk
to them. They are dragging
them just badly.
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8 February 1990

LONE PARENT FAMILIES

Tony Newton's note sets out the nature of the work in hand. My concern is that the planned work programme is unnecessarily protracted.

First, the link with the review of divorce law. Changes in divorce law may affect the levels of maintenance actually paid. But there is no reason to delay work on maintenance itself. The recovery of maintenance will remain a problem which needs to be tackled.

Second, a formula for assessing maintenance payments. Again this should not hold up the entire work programme. In Australia - where radical changes to the maintenance system have been made - reform took place in two stages. The first stage involved making improvements to the method of collection. It was only in the second stage that the method of assessment was addressed. We must not allow work in one area to delay progress in another.

Third, the existing system. Do we really need to wait for "six or even seven months" for a study on the present system for collecting maintenance, since its unsatisfactory nature is obvious?

Fourth, the maintenance seminar. This is a bad idea and unnecessary. The sort of groups suggested are not likely to be sympathetic to tough action to obtain maintenance from absent

fathers, but rather to higher benefits. Moreover, on "public support" - most of the public at large is - judging from the reaction to the Prime Minister's speech - perfectly solid already.

I conclude from this that a revised and quicker programme of work is required.

A handwritten signature in dark ink, appearing to be 'A. Dunlop', with a large, stylized initial 'A'.

ANDREW DUNLOP


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Prime Minister

LONE PARENT FAMILIES

You were concerned that progress be made urgently in the work we are doing on maintenance - a concern which I and colleagues very much share.

2. We are working in three main areas:

- how maintenance payments should be assessed. In view of the legal issues involved, and its close connection with the review of divorce law currently under way, this work is being carried forward by the project group referred to in James Mackay's letter to me of 2 February. Particular consideration is being given to whether, as in other countries, a formula could be used and whether this should be done through the Courts or administratively. The object would be both to see that the maintenance awarded properly reflected the situations of both parties and to speed up assessment.

- how maintenance should be collected and enforced - for example by deduction from earnings, or through the tax system; and what kind of organisation would be required for an effective enforcement system. A number of other countries - the United States and Australia for example - have separate Child Support Agencies specifically charged with the collection function which operate very effectively;



- establish the effectiveness of the present system, in terms of costs and maintenance collected. This work is essential if we are to assess properly what the costs and benefits of a new system would be and this is the purpose of the survey in the Courts and DSS Offices which I announced recently. The nature of this work is such that it cannot be done in less than six or seven months and this sets the outside parameters for the work we are doing: but we are proceeding with all speed with the rest of the work in parallel with it.

3. We also need to consolidate public support for reform and tap the expertise of people involved in the maintenance field. I propose therefore to sponsor a seminar on maintenance within the next two or three months when officials in the Departments involved can meet with organisations such as the Law Commission, Women's National Commission, lone-parent groups and experts in this field.

4. This is a very substantial programme of work which my officials are carrying forward in close consultation in particular with those from the Home Office and the Lord Chancellor's Department. I intend to keep a close eye on its progress myself and I shall be asking for an interim report in April. I would expect to have costed proposals once the survey data is available in the Summer which would be fed into the PES bilaterals with published proposals thereafter.

5. If we choose to go down any of the more radical paths - in particular the use of a formula or assessment outside the Courts - we are likely to need some measure of consultation in view of the legal issues involved and probably main legislation. We shall need to judge once we see the options whether this is a prize worth waiting for: on the experience of other countries we may find that it may well be.



6. But in the meantime I attach great importance to finding ways to improve the amount of maintenance recovered under the present system, and we have also been pursuing this. I reported to the House earlier this week that DSS recovered £155 million from absent parents in 1988/89 and we are on target to increase this to £180 million in the current year. We are tightening the basis on which our local offices assess absent parents' ability to pay, and so next year we expect to recover over £200 million.

7. Your private secretary also conveyed your concern that fathers should be identified so that they can be pursued for maintenance. I and colleagues are also very concerned about this and identification will be a key element of a new, reformed system. It is an integral part of our work programme and we will be bringing forward detailed proposals as part of the overall interdepartmental plans for reforms.

8. I am copying this and the private secretaries' correspondence to Norman Lamont and to other recipients of my letter to him of 23 January - John Major, James Mackay, Peter Brooke, Kenneth Clarke, Peter Walker, Kenneth Baker, David Waddington, Malcolm Rifkind and Peter Fraser.

6th February 1990

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

12 February 1990

Dear Ross,

LONE PARENT FAMILIES

The Prime Minister was grateful for your Secretary of State's minute of 6 February setting out the position on the work which is being done in this area. She has also seen the Home Secretary's letter of 9 February to the Lord President. She is anxious that the work is not progressing fast enough and would like to hold a meeting of colleagues as soon as possible to discuss the way forward. We shall be in touch to set up a meeting.

I am copying this letter to Tim Sutton (Lord President's Office), Duncan Sparkes (H M Treasury), Carys Evans (Chief Secretary's Office), Paul Stockton (Lord Chancellor's Office), Stephen Leach (Northern Ireland Office), Andy McKeon (Department of Health), Stephen Williams (Welsh Office), Robert Caniff (Chancellor of the Duchy of Lancaster), Colin Walters (Home Office), Jim Gallagher (Scottish Office) and Alan Maxwell (Lord Advocate's Department).

Yours sincerely,
Caroline

CAROLINE SLOCOCK

Ross Hutchison, Esq,
Department of Social Security

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PRIME MINISTER

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LONE PARENTS

You asked me to set up a meeting to discuss Tony Newton's report on what is planned on lone parents.

We have received today the attached copy of the letter from the Home Secretary to the Lord President suggesting some legislation in the next session to improve the courts' powers to enforce maintenance orders and to simplify the procedure for attachment of earnings. This is encouraging - as it shows work is advancing, although it will take time to implement. But it is worrying that there was no hint of this in Mr Newton's progress report and suggests Departments are not properly coordinating their work.

I propose to invite Mr Newton, Mr Waddington, Mr Lamont, Lord Mackay and Lord Fraser to the meeting, and Mrs Anne Botell, the Grade 2 in DSS leading the work, and who has recently visited Australia to look at their systems.

You may like to consider whether you would like the Lord President to be present (in view of possible legislation); and perhaps Mr Baker.

Content that I invite those proposed above to the meeting?

Yes

Do you want to add Sir Geoffrey, Mr Baker and any other officials?

Yes
me

CSS

Caroline Sloccock
9 February 1990



QUEEN ANNE'S GATE LONDON SW1H 9AT

9 February 1990

La George

LONE PARENTS AND MAINTENANCE

Tony Newton is leading the major programme of work we have begun to review the whole issue of maintenance and its interaction with state benefits. This programme is designed to discover whether the system needs a major overhaul or whether it should be replaced by a new system altogether.

I have been giving some further thought to what can be done in the short term to encourage more effective enforcement of maintenance orders in magistrates' courts. I propose we should bring forward a short Bill next Session. The Bill would do two things. First, it would enable magistrates when making maintenance orders to specify how payment should be made. This would enable them to specify, for example, that payment should be made by standing order. This would not only encourage regular payment but it would also discourage default: a debtor would have to take the positive step of cancelling the standing order to default and this would be useful evidence in subsequent enforcement proceedings.

Secondly, the Bill would amend the Attachment of Earnings Act 1971 to enable courts when or shortly after making a maintenance order to attach the debtors earnings on application of the maintenance creditor. At present, earnings may only be attached on application of the creditor after 15 days have elapsed since the maintenance order was made and where the debtor has deliberately refused or culpably neglected to make a payment. This enhanced power to attach earnings could be restricted to magistrates' courts but I hope James Mackay will agree to extend it to the higher courts as well.

Both measures are designed to encourage regular, prompt and automatic payment of maintenance. It is difficult to give precise estimates of their likely effect (Tony Newton has set

/in train some

The Rt Hon Sir Geoffrey Howe, QC, MP
Lord President of the Council
Privy Council Office

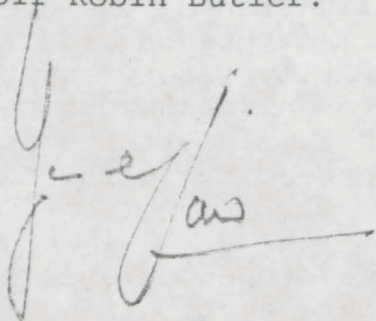
in train some research which would give us better information to work on in due course). But taken together they might generate up to £13 million in extra maintenance each year. There should be commensurate savings in benefit.

I think any extra work for magistrates' courts can be absorbed within existing provision. Tony Newton may wish to comment on possible staff savings in local offices of the Department of Social Security.

An employer has to deduct sums from a debtor's pay packet when his earnings are attached by court order. This statutory obligation will be unaffected by my proposal. The employer is allowed to levy up to 50p from the debtor as a contribution towards the administrative cost of making this deduction. We are already reviewing with employers whether this 50p maximum should be increased. The net effect of all this is that I do not expect my proposal to add to net business costs even though the number of attachment orders may increase.

The Bill will be short and fairly straightforward. It will be uncontroversial at worst and may well be welcomed on all sides of the House. It will make clear we mean business in making absent fathers pay maintenance and will keep momentum going while we wait for the results of our through-going review. I should accordingly be grateful for policy approval for a Bill on these lines. We have already put in a bid for such a Bill to be included in the hand-out list for 1990/91. However, there seems to be political advantage in the Bill being introduced by the Government itself and in order to make that an option for consideration by QL I am sending in a pro forma on which it is put forward as an uncontroversial Bill in parallel with the existing bid.

I am copying this to the Prime Minister, the members of H Committee and Sir Robin Butler.

A handwritten signature in blue ink, appearing to read 'Geoffrey Howe', with a long horizontal line extending to the right.

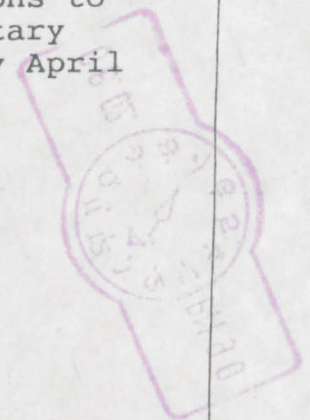
1990/91

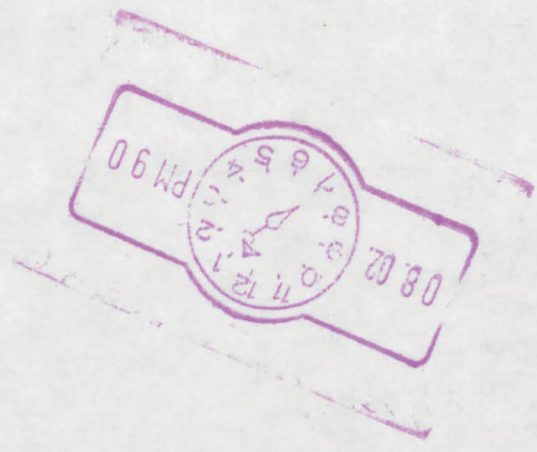
GOVERNMENT BILLS PROPOSED FOR

[Please indicate Class of each Bill (Essential, Programme, Contingent or Uncontroversial)]

Uncontroversial

PRIORITY AND TITLE; PURPOSE	DEPT	POLITICAL ASPECTS	LENGTH PARL. PROCEDURE; ROYAL ASSENT	FINANCIAL MANPOWER AND EC ASPECTS	TIMETABLE FOR PREPARATION
<p>Maintenance enforcement Bill 2nd priority in uncontroversial category. Bill to improve the courts' powers to enforce maintenance orders by specifying means of payment and simplifying the procedure for attachment of earnings</p>	<p>Home Office</p>	<p>Supports aim of reducing lone parents' dependency on state and will help women to get maintenance more promptly</p>	<p>4 clauses Suitable for Lords introduction. No set time required for Royal Assent</p>	<p>Possible reduction of up to £13m pa in state benefit expenditure. No additional financial or manpower costs. No EC aspects</p>	<p>H Committee policy clearance being obtained. Instructions to Parliamentary Counsel by April</p>







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Secretary of State

Prime Minister

CAS

12/3

The Rt Hon David Waddington QC MP
Home Secretary
Home Office
50 Queen Anne's Gate
LONDON
SW1H 9AT

12th March 1990

Dear David

I have seen your letter of 9 February to "H" Committee on your proposal to bring forward a Bill next session on more effective enforcement of maintenance orders in magistrates courts, and I have been considering the possible employment and training implications of such a Bill.

Demographic change will mean that we cannot afford to waste any part of our labour force. I am therefore interested in any proposal that will improve incentives for lone parents to work, particularly since many of them will have previous work experience. As the overall effect of the Bill would be improved incentives for lone parents I would certainly support it, but await the outcome of Tony Newton's review with interest.

As you will know, lone parents with dependent children do not have to be available for work in order to receive Income Support. In calculating Income Support, maintenance received is taken wholly into account, and so a lone parent who is content to remain on Income Support while bringing up her children will not necessarily press to receive maintenance. However, we aim to give a reasonable amount of help to lone parents who do want to return to work; the childcare allowance in Employment Training and the special treatment in social security in-work benefits are examples of what is already happening. The prospect of receiving maintenance will provide them with another incentive to work, since upon obtaining work lone parents will, in effect, be able to add maintenance to their gross wage. The incentive would be somewhat reduced for a person claiming Family Credit or Housing Benefit because maintenance affects assessment, but the existence





Secretary of State
for Employment

of the maintenance payments would lift the claimant nearer to the position where total income would enable the benefits to be dispensed with altogether.

I should point out there could be some disincentive for the person required to pay the maintenance, especially if he or she was in comparatively low-paid work. Such a person might decide that he or she would be better off unemployed, but I feel that this is more than balanced out by the improved incentives position otherwise.

As far as training is concerned, the proposal will make little difference to lone parents while they are actually undertaking training (because most of them will continue to receive Income Support), but the prospect of maintenance as an in-work income should encourage lone parents to enter a training course, with a view to eventually obtaining full-time work.

Finally, I would make the obvious point that an incentive is of little use if people are not aware of it, and we would need to ensure that unemployed lone parents and their advisers are fully aware of the potential advantages to them of securing proper and regular maintenance payments. This would seem to call for a well-focused publicity drive at the appropriate time.

I am copying this letter to the Prime Minister, the members of H Committee and Sir Robin Butler.

J. C. W.

Michael

MICHAEL HOWARD

SOCIAL SERVICES: upholding
of Benefits



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PRIME MINISTER

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LONE PARENTS

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CSS

Caroline Sloccock
9 February 1990