

file DT5



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From the Private Secretary

5 April 1990

Are kept for this questions?

Thank you for your letter of 4 April about Low Income Statistics which the Prime Minister has seen and noted without comment.

DOMINIC MORRIS

Ross Hutchison, Esq.
Department of Social Security

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Prime Minister 2

To note the NAO
report on DSS support for
lone parent families.

Copy:
Mrs Swalesham

The fall in the proportion of lone parents
receiving maintenance support from liable

FINAL PRESS NOTICE

relatives (50% in 1981 to
23% in 1988) is striking

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

BHP

9/4

DEPARTMENT OF SOCIAL SECURITY:

SUPPORT FOR LONE PARENT FAMILIES

The Comptroller and Auditor General, John Bourn, today reported on the results of a National Audit Office (NAO) examination of the support provided by the social security system for the estimated one million lone parent families in Great Britain. During 1988-89 social security expenditure on this claimant group amounted to an estimated £3.6 billion. Income Support accounted for half this total.

It is the policy of Ministers to structure Social security benefits so that (i) they contain some recognition of the additional needs of lone parent families and (ii) while not requiring lone parents with children up to the age of 16 to be available for work, they nevertheless do not unduly discourage lone parents from working if they so wish.

Between 1980 and 1988 the number of lone parents receiving Supplementary Benefit/Income Support more than doubled to 722,000. During the same period expenditure on income-related benefits paid to lone parent families grew by around 140 per cent in real terms. In the light of these trends, the NAO examination concentrated on key elements of Department of Social Security (DSS) stewardship of the money provided by Parliament for lone parent families. In particular, they considered whether the Department adequately evaluate the extent to which objectives for this claimant group are being achieved.

NAO examination found that the DSS did not at present have the research information to enable them to reach firm quantified conclusions about the factors giving rise to lone parents' increasing dependency on Supplementary Benefit/Income Support. Until improved information from a number of initiatives which the DSS have in hand becomes available, the Department will be unable to evaluate whether measures included in the current benefit system are having the effect intended and do not unduly discourage lone parents from working if they wish to do so.

Pending the outcome of the Department's initiatives, the NAO looked at available evidence of lone parents' perceptions and experiences in relation to factors that had a bearing on their decisions about work. In particular, there was uncertainty among some lone parents about the value of financial incentives to work provided by the social security system and concern that incentives could in any event be cancelled out by the need to incur work-related expenses such as those for travel and child care. The NAO found that there was a lack of information about such expenses incurred by lone parents. However, the Department's current survey should help to evaluate the effect of these expenses on the work incentives provided by the social security system.

X Between 1981 and 1988 the proportion of lone parent families on Supplementary Benefit/Income Support receiving maintenance from liable relatives fell from 50 per cent to 23 per cent. The NAO concluded that among the factors contributing to this decline were the resources which the DSS devoted to liable relatives work and the performance by local offices of that work. They noted that the DSS have a number of initiatives in hand to improve their oversight of liable relatives work; to strengthen procedures for recovering maintenance; and to help establish the scope for increasing the amount of maintenance obtained for lone parent families receiving Income Support.

NOTES FOR EDITORS

The Committee of Public Accounts is expected to take evidence on the Report during May 1990.

The Comptroller and Auditor General, John Bourn, is the head of the National Audit Office employing some 900 staff. He, and the NAO, are totally independent of Government. He certifies the accounts of all Government departments and a wide range of other public sector bodies; and he has statutory authority to report to Parliament on the economy, efficiency and effectiveness with which departments and other bodies use their resources.

PRESS NOTICE

All enquiries to NAO Press Office: Tel: 01 798 7400

NAO REPORT: SUPPORT FOR LONE PARENT FAMILIES

MAIN POINTS

Government policy for benefit system for lone parent families:

- recognise special needs;
- not require lone parents with children under 16 to be available for work but not unduly discourage from working if want to;
- reduce benefit expenditure by recovering maintenance from absent parent.

Issues examined by NAO

- DSS database on lone parents;
- DSS monitoring and evaluation of financial impact of benefit arrangements for lone parents;
- cost effectiveness of DSS's procedures for recovery of maintenance.

Findings

- DSS has some data but not sufficient to provide full analysis of factors ~~in the increasing~~ dependence of lone parents on Supp Ben/IS;
- DSS taking steps to improve the position but until complete not fulfilling full range of responsibilities of adequate stewardship;
- Factors in fall in number and proportion of lone parents for whom maintenance paid are lack of resources and performance in local offices despite cost

effectiveness of work;

- lack of information about potential for more maintenance and of control and measures of performance but DSS seeking to improve.

SUPPORT FOR LONE PARENT FAMILIES: NAO

BULL POINTS

- Lone parents with children under 16 not required to be available for work to get IS;
- most of special help in benefit system for lone parent families for lone parents wanting to work (so not unduly discouraged);
 - higher disregard in Income Support. (£15 a week compared with basic £5 for single people);
 - same adult credit as a couple in Family Credit and One Parent Benefit disregarded;
 - earnings disregard in Housing Benefit to be increased from £15 to £25 a week from October - will benefit those in work;
- Report acknowledges that DSS already has a significant amount of information about lone parents;
 - our statistics on benefit recipients;
 - past research eg 1982 study examining operation of the tapered earnings disregard;
 - awareness of research by outside organisations;
- DSS had already set in hand in 1987 action to improve information on lone parents - major research on motivations of lone parents final report due later this year. Lone parents also part of study on Wider Effects of Unemployment;
- DSS has already taken action to improve recovery of

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maintenance for lone parent families. In 1988/89 £155 million recovered. Target of £180 million ^{for} 1989/90 likely to be achieved. For 1990/91 new target of £260 million - we will ensure work has resources and priority it deserves;

- DSS looking at whole maintenance system in conjunction with Lord Chancellors Department, Home Office and Scottish Departments and have to ^{be} gather commissioned a survey of courts and DSS offices to find out how works. Also examining operation of systems overseas for useful lessons.

SUPPORT FOR LONE PARENT FAMILIES: NAO

ELEPHANT TRAPS

DSS lacks information to evaluate benefit arrangements for lone parent families

the report acknowledges we already have some information and that we have taken steps to improve. Probably impossible to come to full analysis of all the factors influencing lone parents decisions - very complex area - not just social security.

Benefit system encourages dependence on Income Support

Government concerned about this issue - right that help should be available to families who need it but important to get balance right. The report itself acknowledges that a number of other factors influence lone parents decisions eg. age of children, attitudes to mother working, strain of the marriage breakdown. Much of special help in benefit system for lone parents is for those who want to work.

No incentive for lone parent on Income Support to work part-time.

Income Support primarily a safety net benefit for those unable to support themselves by working. Some recipients like lone parents, want to keep in touch with the labour market so the rules ignore some of their earnings from part-time work when calculating benefit. At £15 a week the amount ignored for lone parents is higher than for single people and couples. To go further could discourage lone parents from leaving Income Support and moving to full-time work.

The removal of work expenses disregard available in Supplementary Benefit makes it harder for lone parents to work part-time in the new Income Support scheme

But when there was one very few lone parents used it. And help linked to benefit might deter people from leaving Income Support.

Difficult for lone parents to work out whether better off working than on Income Support

agree it can be difficult because influenced by many things eg earnings, housing costs, work-related expenses, maintenance payments. DSS recognise problem - give claims to Family Credit for those leaving Income Support priority, and prepared to indicate likely Family Credit for particular wage level.

Why no child care provision for benefits like in Employment Training

different situation. Employment Training is for limited period to ensure that someone with sufficient motivation to undertake training not prevented by child care costs.

What does "not unduly discourage" mean?

necessary to maintain a balance between help and what might be seen as pressure. Also help for lone parent families has to be seen in context of Government's overall objectives for the benefit system and the help available to other groups. What we provide is some recognition of the fact that lone parents who want to work have to combine in one person the role of child carer and bread winner.

Why such poor record on maintenance?

The period in which NAO looked at offices performance was a time of particular pressure for local offices. Not surprising that in some offices under pressure this work had sometimes to take second place to the job of paying benefits. We are taking steps to improve the position and give this work the priority it deserves.

Why do some offices perform worse than others?

There can be a variety of reasons, perhaps because the office is in an areas of high unemployment and fewer absent parents may be able to

afford maintenance or because that office was under particular pressure at the time.