



National Audit Office

**MEMORANDUM FOR THE
HOUSE OF COMMONS
WORK AND PENSIONS
COMMITTEE
DECEMBER 2009**

Performance of the Child Maintenance and Enforcement Commission

Our vision is to help the nation spend wisely.

We promote the highest standards in financial management and reporting, the proper conduct of public business and beneficial change in the provision of public services.

The National Audit Office scrutinises public spending on behalf of Parliament. The Comptroller and Auditor General, Amyas Morse, is an Officer of the House of Commons. He is the head of the National Audit Office which employs some 900 staff. He and the National Audit Office 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 have used their resources. Our work leads to savings and other efficiency gains worth many millions of pounds: at least £9 for every £1 spent running the Office.



National Audit Office

Performance of the Child Maintenance and Enforcement Commission

MEMORANDUM FOR THE HOUSE OF COMMONS
WORK AND PENSIONS COMMITTEE
DECEMBER 2009

This memorandum has been prepared for the House of Commons Work and Pensions Committee to provide an update on the performance of the current statutory child maintenance schemes, following completion of a three year improvement plan.

Contents

Part One

Child Maintenance in
Great Britain **4**

Annex 1: Progress in improving
child maintenance **6**

Part Two

Managing applications for Child Support **8**

Part Three

Improving service delivery **17**

Part Four

Improving outcomes **21**

Part Five

Redesigning Child Support **29**

Appendix One

History of the Child Maintenance System
in Great Britain **31**

Appendix Two

Summary of performance 2005-2009 **33**

This review was conducted by
Lee Summerfield, Cait Turvey Roe,
Brian Byrne and Jonathan Bayliss.

For further information about the
National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Tel: 020 7798 7400
Email: enquiries@nao.gsi.gov.uk

© National Audit Office 2009

Part One

Child Maintenance in Great Britain

1.1 This memorandum has been prepared for the House of Commons Work and Pensions Committee to provide an update on the performance of the current statutory child maintenance schemes, following completion of a three year improvement plan. This memorandum also sets out the progress made by the Child Maintenance and Enforcement Commission towards redesigning the child maintenance system in Great Britain, as set out in the Child Maintenance and Other Payments Act 2008 (**Figure 1**).

1.2 The Child Support Agency (the Agency) was established in 1993 to ensure that parents that live apart from their children ('non-resident parents') meet their financial responsibilities to their children and pay maintenance to the 'parent with care'. Since 1993, the child maintenance system has gone through major periods of transformation. In 1999 the Government's white paper on Child Support Reforms started a programme of reform that focused on replacing the existing scheme (old scheme) with a more simplified maintenance scheme (current scheme) and supporting this with a new bespoke IT system (CS2) to calculate and maintain maintenance payments.

1.3 Our 2006 audit of this reform programme found that by its official end, in October 2005, it had cost £539 million and failed to deliver the improvements in customer services and administrative efficiency which were expected.¹ Fundamental problems with the way cases were being handled and defects in the IT system were leading to poor customer service, high levels of complaints, a backlog of 282,000 uncleared child maintenance applications as at March 2006 and arrears of over £3.5 billion.

1.4 In April 2006, a £321 million three year Operational Improvement Plan was launched to remedy many of the longstanding operational problems with the Agency's existing processes and supporting systems (**Annex 1** on page 6).

1.5 In July 2008, the Child Maintenance and Enforcement Commission (the Commission) was established under the Child Maintenance and Other Payments Act 2008 to deliver a fundamental redesign of the child maintenance system following previous failed attempts to reform existing schemes and work is now underway on the development of a new child maintenance scheme. In November 2008 responsibility for the existing two statutory child maintenance schemes transferred from the Secretary of State for Work and Pensions to the Commission. The Commission continues to deliver the two existing schemes through a division operating under the CSA brand

¹ HC 1174, 2005-06, Child Support Agency – Implementation of the Child Support Reforms.

name. Cases continue to operate as they did prior to November 2008. Throughout this memorandum 'CSA' is used to refer to the division of the Commission operating the existing statutory child maintenance schemes, using the CSCS and CS2 IT systems.

1.6 The primary objective of the Commission is to maximise the number of those children who live apart from one or both of their parents for whom effective maintenance arrangements are in place, whether made privately between parents, by court order or through the statutory child maintenance schemes. In its first month the Commission launched its new Child Maintenance Options Service, a helpline and web-based service designed to provide impartial information and support to separating or new lone parents on how best to support their children financially. Following contact with the Options Service, parents may decide to set up their own private arrangements or to submit an application for child maintenance to the Commission to join the existing maintenance schemes.

Figure 1 Child Maintenance and Other Payments Act 2008

The Child Maintenance and Other Payments Act 2008 (the Act) received Royal Assent on 5 June 2008. The Act established a new organisation, the Child Maintenance and Enforcement Commission and provided for the transfer of Child Support Agency functions to the Commission. The Act also introduces a new child maintenance scheme and provides for a range of new measures and powers, including:

- the removal of the compulsion for benefit claimants who are parents with care to apply for child maintenance;
- a simpler method of maintenance calculations which allows HM Revenue and Customs data to be used to determine liability in most cases;
- powers to accept part payment in satisfaction of debt, to write off such debt and to treat outstanding liabilities as satisfied; and
- a range of new enforcement powers, including:
 - removal of the requirement to apply for Court Liability Orders before commencing Court-based enforcement action and replacing it with an Administrative Liability Order;
 - providing the Commission with the power to issue administrative orders for lump sum and/or regular deductions from bank accounts; and
 - providing the Courts with the power to remove passports and to impose curfews.

The majority of new measures and powers require the creation of supporting regulations, some of which have yet to be promulgated.

Source Child Maintenance and Other Payments Act 2008

Annex 1

Progress in improving child maintenance

Problem in 2006	Planned improvements of Operational Improvement Plan	Improvements made by March 2009 at end of Operational Improvement Plan (figures for Sept 09 given where available)
Case management		
Only 46 per cent of the Agency employees were working actively on progressing client cases	To re-deploy 1,700 staff from their current Agency role and an additional 1,000 staff on active case work	1881 staff redeployed to active case work, with 74.1 per cent of staff now actively progressing casework
Backlog of 220,900 uncleared current scheme applications	To increase productivity of existing staff and increase the number of staff in total to reduce the backlog of uncleared applications	Backlog of current scheme applications reduced from 220,900 to 49,400 (September 2009: 39,300)
61,500 old scheme applications not yet progressed	To Introduce senior caseworkers to manage more complex cases	Uncleared old scheme applications reduced from 61,500 to 6,800 (September 2009: 3,500)
31 weeks on average to clear current scheme cases at March 2006	To clear 80 per cent of new cases within 12 weeks, by March 2009	By March 2009 81 per cent of new applications cleared within 12 weeks (relates to those received in December)
IT Systems		
Estimated 36,000 cases stuck due to IT failures	To complete a prioritised programme of work with EDS to improve the IT system	There are currently 1000 problems with the CS2 IT system
500 faults with CS2 still to be dealt with	Productivity Release 1 upgrade to CS2 introduced to help align the system with the wider organisational changes and to provide for improvements in a range of core functions	The number of clerical cases has increased from 19,000 to 60,000 (September 09: 75,000)
Managing the 19,000 cases (at March 2006) clerically was time consuming and costly	To seek additional support from the private sector in order to free up some of the 700 staff working on clerical cases	Vertex Data systems contracted to manage clerical cases
Customer experience		
Complex complaints process During 2005-06 the Agency received 62,100 complaints (around four per cent of current case load)	To establish service standards for customers, clearer communications and stakeholder engagement To resolve complaints at earliest point.	Complaints from clients reduced to 27,800 (Two per cent of caseload) in 2008-09
Only 81 per cent of current scheme assessments were accurate	To Increase productivity of existing staff and senior case workers to increase efficiency and effectiveness	The number of current scheme cases accurate to the nearest penny increased from 81 per cent to 84 per cent. Cash Value Accuracy on current scheme cases stood at 96 per cent and 98 per cent for old scheme cases as at March 2009

Problem in 2006**Planned improvements of Operational Improvement Plan****Improvements made by March 2009 at end of Operational Improvement Plan (figures for Sept 09 given where available)****Customer experience *continued...***

During 2005-06 the Agency received 5.4 million calls, 18 per cent of which were not being answered. 91 per cent of calls were answered from the queue.

Average answer time from queue was 259 seconds during 2005-06

PR1 upgrade of IT system and restructuring of workforce to increase focus on casework

By March 2009, 90 per cent of telephone calls to be answered within 30 seconds

During 2008-09 the Commission received 5.3 million calls. The percentage of calls answered from the queue stood at 99 per cent.

91 per cent of calls answered within 30 seconds (97 per cent in nine months to September 2009)

Arrears and Enforcement

One in three non-resident parents was not paying maintenance due within a quarterly period

To increase current scheme case compliance within a quarterly period from 65 per cent to 75 per cent by March 2008 and 80 per cent by March 2009

Current scheme case compliance, excluding clerical cases, 68 per cent by March 2009 although target replaced in 2007. Replacement target of 69 per cent 'positive maintenance outcomes' across both schemes was achieved (September 2009: 73 per cent)

To collect an additional £250 million of maintenance by March 2009

Additional £301.8 million collected by March 2009

There was an underutilisation of enforcement powers

To increase enforcement action and action in courts

Number of Enforcement Actions have increased from 27,440 to 51,945

To increase enforcement staff from 600 to over 2,000

Enforcement staff numbers increased to 3,187

Accumulated debt of £3.5 billion as a result of non-resident parents not meeting their obligations

To use debt collection agencies to recover over £100 million historic debt over three years.

Debt collection agencies recovered £22 million of historic debt by March 2009 (September 2009: £26m)

Overall debt increased from £3.50 billion to £3.83 billion (£3.80 billion September 2009)

Part Two

Managing applications for Child Support

2.1 The Commission is currently responsible for the management of 1.2 million live child maintenance cases on the current statutory schemes. Cases and applications are currently managed using two different schemes, each applying different rules to cases and each having its own supporting IT system (**Figure 2**). Work to redesign the child maintenance system is ongoing, with the new scheme expected to come into force in 2011, eventually replacing the two existing schemes by 2014. Until then, however, the Commission will continue to operate both existing schemes and IT systems in parallel.

2.2 As at 30 September 2009 there were 539,000 cases under the old scheme rules compared to some 680,000 under the current scheme rules. All applications for child maintenance received since April 2003 have been processed using the new rules and managed on the CS2 IT system, introduced as part of the 2003 reforms and developed and maintained by Electronic Data Services Limited (EDS)². Although some old scheme cases may be managed through the CS2 system, the majority of cases processed before 2003 continue to be managed through the CSCS IT system.

2.3 With new investment of up to £120 million, and at a total cost of £321 million, the Operational Improvement Plan aimed to; increase the effectiveness of the existing schemes and associated systems; clear a significant backlog of cases; resolve some major operational problems with the CS2 IT system; and improve the number of non-resident parents meeting their maintenance responsibilities. Almost a third (£107 million) of the total budget of the plan was spent improving the IT systems in use by the agency including CS2, its financial ledger system (BMS-R), improved computer-telephony integration and Case Worker Online (**Figure 3**). This investment introduced additional functionality such as support for direct debit payments. The Commission inform us that £76 million of the £107 million investment was a minimum commitment agreed as payable to EDS in exchange for the right to unlimited use of the system in perpetuity after 2010.

² EDS recently changed their name to HP Enterprise Services, but for consistency we will continue to refer to them as EDS in this memorandum.

Figure 2

Comparison of old and current child maintenance schemes

Old Scheme (est. 1993)

Closed to new applicants since April 2003

Maintenance calculation based on net income of the non-resident parent with allowance made for their living costs ('exempt income').

Required collection of up to 100 pieces of information about the financial circumstances of both parents.

Cases processed using CSCS system.

By September 2009, there were 539,000 live cases of which 253,500 had a maintenance liability and 224,000 children were benefiting from maintenance payments under this scheme.

Of these cases, 341,000 remain on the old CSCS computer system and 198,000 are managed through the CS2 system.

Current scheme (est. 2003)

Opened in April 2003, due to close to new applicants sometime in 2011.

Maintenance calculation based on net income, with standard rates applied depending on the level of net income.

Designed to rely on fewer pieces of information, largely about the non-resident parents financial circumstances.

Cases processed and maintained using CS2 system.

By September 2009, there were 680,000 live cases of which 580,400 had a maintenance liability and 573,000 children were benefiting from maintenance payments under this scheme.

Of these cases, 605,000 cases are managed using the CS2 system while 75,000 cases are being managed clerically across both schemes.

Figure 3

Operational Improvement Plan expenditure against budget

Expenditure type	2005-06 (£m)	2006-07 (£m)	2007-08 (£m)	2008-09 (£m)	Total (£m)
IT	2.3	30.4	49.0	25.1	106.7
Contracted Out	0.0	8.0	22.1	24.3	54.4
External Expertise Consult/Contractors	3.4	9.2	7.4	5.3	25.3
Staff	5.9	45.7	45.4	6.0	103.0
Other	1.0	8.5	10.0	11.5	31.0
Total	12.6	101.8	133.9	72.2	320.4
Projected spend	13.6	147.0	121.2	39.5	321.3

Source: Child Maintenance and Enforcement Commission

Restructuring the business

2.4 A key component of the Operational Improvement Plan has been the restructuring of the business and its operations to improve client service and build capacity within the organisation. Our 2006 report found a number of difficulties with the task based model used at the time that were leading to poor customer service, inefficient processing of cases and inaccurate calculations of maintenance. During 2007, Agency staff were reorganised into new Lines of Business and workgroups to create teams with skills aligned to the employment status of non-resident parents (**Figure 4**).

2.5 Before the Operational Improvement Plan, customers calling the Agency for the first time would be routed to new client teams who would confirm personal details and manage tasks such as making the calculation and setting up the payment schedule. Once the first payment was made, tasks would be moved on to ‘maintain compliance’ teams. This system encouraged staff to focus on individual tasks rather than viewing the cases as a whole. Under the new model customers calling for the first time are routed to specialist teams depending on the employment status of the non-resident parent and all cases related to the non-resident parent are grouped together.

Figure 4
Changes to the CSA’s organisational structure since 2006

Pre 2006	Operational Improvement Plan
New client teams – caseworkers responsible for processing a number of cases through to first payment regardless of the nature of the application	New client support teams – divided into specialist teams based primarily on the employment status of the non-resident parent. Specialist teams where: <ul style="list-style-type: none"> ● Non-resident parent in receipt of benefit. ● Non-resident parent employed. ● Non-resident parent self-employed.
Maintain compliance teams – responsible for the management of a number of tasks once the assessment has been made	Client service teams – to manage case maintenance including change of circumstances and deal with enquiries once an assessment has been made Debt Enforcement teams – deal with non-compliance and take action when payments are missed
Enforcement teams – responsible for recovering money	Legal Enforcement teams – tracing and recovering debt from non-resident parents trying to avoid responsibilities

2.6 Restructuring the business also enabled around 1,800 staff to be redeployed to active case progression, at a time when total numbers of staff working at the Commission reduced from 11,000 to 9,200 (**Figure 5**). In March 2006 just over half (59 per cent) of staff were actively working on progressing cases with the remaining staff engaged in the administration of complaints, checking accuracy, training and the manual gathering of management information. By March 2009, around three quarters of staff (74 per cent) were progressing casework. Despite the reduction in average staff numbers of eight per cent, staff costs increased by eight per cent from £240 million in 2005-06 to £258 million in 2008-09. While the number of people operating the child maintenance scheme has reduced, there are now approximately 200 people engaged in planning the future scheme and undertaking wider Commission responsibilities who are largely professionals receiving higher annual salaries than caseworkers.

Figure 5
Staff numbers and costs

Month end staff numbers (Full time equivalent) ¹	Mar 2006	Mar 2007	Mar 2008	Mar 2009	Sept 2009
Operations excluding Enforcement but including Client Relations	9,223	7,290	5,430	4,941	4,719
Debt Enforcement & Legal Enforcement	572 ²	2,772	3,027	3,187	2,798
Central Directorates excluding Client Relations	1,239	1,163	1,045	963	972
Staff engaged on future scheme and wider Commission responsibilities	N/A	N/A	N/A	101	213
Total staff	11,034	11,225	9,502	9,192	8,702
Percentage of staff in Enforcement Directorates	Data not held	25%	32%	35%	32%
Percentage of staff engaged in case progression	59%	Data not held	Data not held	74%	Data not held
Percentage of staff client facing	Data not held	73% ³	75%	71%	70%

Source: Child Maintenance and Enforcement Commission

NOTES

- 1 All figures are month end totals and are therefore different to the annual average figures published within the Annual Report and Accounts. The average number of employees decreased from 10,400 in 2005-06 to 9,600 in 2008-09.
- 2 At March 2006, staff engaged in debt enforcement had not been fully identified, this figure therefore only represents staff within the Legal Enforcement division.
- 3 September 2007 is the earliest that the Client Facing/Non-Client Facing breakdown was produced and is used here as data that is closest to March 2007.

Improving the IT infrastructure

2.7 Enhanced IT is a key enabler of the improvements required by the Commission and essential to support the revised business model for case workers. The Operational Improvement Plan recognised the need for significant further investment in the CS2 IT system, in order to meet the levels of service improvements required. No additional investment in the original Child Support Computer System (CSCS) was expected on top of the annual running costs of the system.

2.8 Our 2006 report highlighted that the delays to the implementation of CS2, the additional resources required to process new cases and the continued operation of the CSCS system for longer than expected had cost an estimated £86 million since 2002. Up to August 2005 this cost had been borne by the Agency. As part of a renegotiated contract, EDS agreed however not to charge the Agency for CSCS until 2008. As per prevailing contract arrangements payment for the provision of and support for the CSCS system re-commenced in July 2008.

2.9 At the time of our 2006 report there were over 500 defects with the CS2 system that were having a significant impact on staff productivity and maintenance outcomes. Staff spent considerable time manually navigating cases around defects in the system in order to prevent cases being delayed or becoming stuck.³ Over the three year lifespan of the Operational Plan there have been eight upgrades to the CS2 IT system at a total cost of £107 million. The most significant of the IT releases, Productivity Release 1, was designed to enhance and provide support for the organisational changes implemented through: automatically routing cases to appropriate teams; improving visibility of cases for team leaders who are allocating work; reducing the number of individual 'tasks' required by the system; and introducing a case summary screen to allow caseworkers access to key information as soon as they answer a call. Productivity Release 1 also introduced new case validation mechanisms which identify cases in need of correction and processes to ensure that these are either corrected or removed for specialist processing.

2.10 As reported in our Memorandum to the Work and Pensions Select Committee in November 2008, Productivity Release 1 was issued in September 2008, six months later than expected and some 14 months after it had initially been hoped to be in place.⁴ Due to the complexity of the changes, the testing of the system was extended to ensure that the planned upgrade was fit for purpose.

2.11 As part of improving the IT infrastructure, in 2006, the Agency agreed a prioritised work programme with EDS to rectify 500 defects with the CS2 system, in order to support changes over the life of the Operational Improvement Plan. The Commission reports that 350 of these defects were rectified over this period and reports that the rest were addressed by Productivity Release 1. As of October 2009 there were over

³ Stuck cases result where the CS2 system is unable to progress a case without manual intervention. Stuck cases can result in part or all of a case having to be removed from the system and managed clerically (see paragraph 2.14).

⁴ Department for Work and Pensions: Information Technology Programmes, Memorandum by the National Audit Office, November 2008.

1,000 remaining problems with the CS2 system, some five months after the close of the Operational Improvement Plan. Of these problems, around 400 can result in cases getting stuck in the system, with 600 having workarounds that enable cases to progress through the system in spite of the problem.

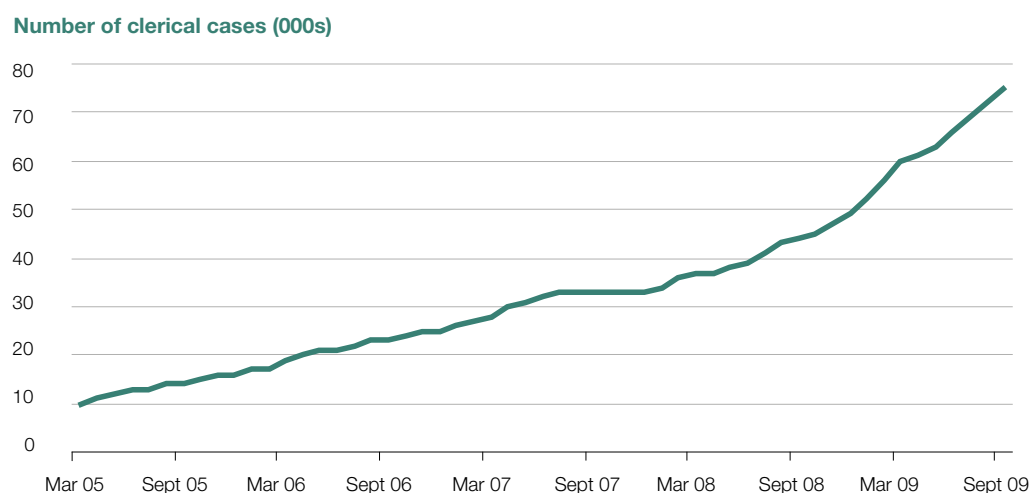
2.12 Now that the Operational Improvement Plan is closed the Commission plan to address the remaining problems with the CS2 system through future IT releases, but only where such action is considered cost-effective given that the system is due to be replaced in 2014. The Commission are not planning any major future upgrades to CS2.

2.13 We reported in 2006 that the Agency had paid EDS £190 million for its work on the CSCS and CS2 systems by October 2005. The Commission estimates that EDS have been paid in the order of £250 million between April 2006 and March 2009 for the continued running and maintenance of CSCS and CS2, with an additional £100 million paid for upgrades to the IT systems as part of the Operational Improvement Plan. We estimate that by the time CSCS and CS2 are closed the cost of these systems could be close to £1 billion.

Impact of ongoing IT problems

2.14 Ongoing technical problems with CS2 have resulted in a large number of cases being removed from the IT system and managed manually. These are known as clerical cases. In 2006 an estimated 36,000 cases had become stuck due to failures in the CS2 system. Of these stuck cases, 19,000 were being managed clerically outside of the CS2 system. At March 2009 some 60,000 cases had been taken out of the system and were being managed clerically – a figure which had risen to 75,000 (six per cent of total caseload) by September 2009 (**Figure 6**).

Figure 6
Number of current scheme cases being managed clerically



Source: Child Maintenance Enforcement Commission

2.15 The Commission reports that the significant rise in clerical cases is predominantly linked to improvements in identifying those cases that have become stuck. As we previously reported in 2006, stuck cases were identified and removed from the system only in instances where a complaint was made to the Agency, usually through Members of Parliament. The Commission reports that the changes introduced to the IT system through Productivity Release 1 make it easier to identify and proactively manage cases that potentially may become stuck.

2.16 The Commission have introduced IT mechanisms to identify and where possible fix cases that become stuck. Where an automatic fix is not possible, cases are managed through partial or wholly clerical processing teams. The number of clerical cases has continued to rise significantly since the introduction of these mechanisms. Between March 2009 and September 2009 an additional 15,000 cases were moved to clerical management. If this rate continues, we estimate that around 108,000 cases will be managed clerically by September 2010, two years after significant improvements were made to the IT system through Productivity Release 1.

2.17 In 2006 the Agency had 700 staff managing 19,000 clerical cases. To reduce the administrative burden on staff, under the Operational Improvement Plan, the Agency contracted with Vertex Data Science Ltd to take responsibility for these cases. The contract with Vertex Data Science Ltd was originally let for 18 months but has been extended twice and will now continue until at least March 2010. An estimated 725 Vertex employees now manage the Commission's clerical cases. The Commission still retains 302 caseworkers managing the wholly clerical processes and 252 caseworkers managing partial clerical cases. The Commission currently estimate the cost of managing clerical cases at around £3.7 million per month, including the cost of the Vertex contract and its own staff employed on clerical cases. Using these costings and the average number of clerical cases over 2008-09 we estimate that the cost of managing each clerical case for a year is around £967 compared to £312 per case of administering cases within the IT systems.

2.18 The Agency has previously indicated that it intended to reload clerical cases back onto the CS2 IT system. Owing to the ongoing problems with the CS2 system, however, the Commission has now abandoned its plans to reload existing clerical cases. As such, current and future clerical cases will remain clerically managed until the planned transition to new child maintenance arrangements is completed by 2014. Based on the current costs, the current number of clerical cases and assuming an equal rate of new and closed clerical cases, we estimate management of these clerical cases will cost have around £220 million in total by the time the new system is introduced.

2.19 In late 2008 the Commission undertook a feasibility study to determine the most appropriate IT solution to support the future scheme. The study recommended that CS2 be replaced, and a new system be developed using a set of integrated commercial off-the-shelf products. In March 2009 the Commission agreed a contract with Tata Consulting Services (TCS) for the creation of this new IT system. The contract length is not specified, but it is likely to take two years to develop the system with a three year option for on-going maintenance which the Commission has not yet exercised. The cost of the services provided by TCS, purchase of software licences from TCS and other

suppliers and development environments is £45 million. Work on the new system is in the development phase and it is not yet possible to determine whether it will avoid the problems experienced by CS2 and CSCS.

2.20 Our 2006 report found that elements of the contract with EDS at the time were not good practice. This included a lack of clarity around: the required functionality of the system; how changes to the contract would be managed; the conditions of termination; the Agency's responsibilities; and what constituted successful delivery. In developing its contract with TCS, the Commission believes it has taken a number of steps to mitigate these concerns (**Figure 7**). Risk management actions have not yet been audited or tested due to the infancy of the contract.

Figure 7

Steps taken by the Commission to address contractual issues

NAO criticisms of EDS contract 2006

A lack of clarity about the functionality of the required system.

Taken together with the High Level Business Requirement that the Agency prepared in conjunction with EDS, there was a lack of completeness and clarity about the functionality and processes to be supplied. There was also no agreed requirement for a management information system, beyond scoping.

Uncertainty of Agency responsibilities. The contract failed to deal adequately with the Agency's responsibilities in respect of delivering the final systems, for example, the contract was specific as to which people from the supplier would work on the contract, but took no such obligations on the part of the Agency.

A lack of certainty about how changes would be managed.

The contract did not provide adequate guidance on how change would be managed. This had the impact that later Change Control Notes would have been difficult to interpret in the context of the overall contract.

Commission steps to mitigate this risk on TCS contract

The approach taken with TCS has been to first contract on the basis of a very high level specification. In order to ensure that requirements are more comprehensively defined the Commission has undertaken a Joint Application Design process (JAD), involving both the Commission and TCS, allowing improved user input. The system is being developed iteratively in order to get greater opportunities to review and to make subsequent changes within an agreed development life cycle.

There is also provision for a separate management information database which will centralise and correlate the required reporting data. The Commission has also initiated an exercise to capture wider performance information, and provide a data source for exploration and queries.

TCS have been contracted to deliver the operational reporting requirements of the new system. This is being undertaken within the context and technical architecture of a separate programme which will build a comprehensive data warehouse and provide business analytics support.

A list of Commission responsibilities is included in the contract, as is a list of key Commission personnel.

The Parties have agreed to manage all changes via the Commission's regular Governance Structure (the Programme Board and its sub-Committees)

Figure 7Steps taken by the Commission to address contractual issues *continued***NAO criticisms of EDS contract 2006**

The conditions of termination were unclear. The contract made no mention of the method by which EDS might terminate its involvement. Although the Agency and Department had licence to use CS2 it had no provision to access the software code if EDS had decided to terminate the contract. If they had wanted to alter the programme in any way the Department would have had to exercise its buy-out options to buy the system to access the software coding.

High finance costs during development. The high level of finance costs at 48 per cent of a total of £225 million.

Uncertainty over what constituted delivery. The effective management of the project had been constrained by the absence of an agreed end to end plan for delivery of the system. In particular, there had only recently been an agreed definition of what constitutes the end of the development of the system.

Commission steps to mitigate this risk on TCS contract

Term, termination and exit management rights with full detail are explained within the contract. Although the Commission will not own the intellectual property rights, they will have perpetual use. The Commission will also share in any future re-use or sales.

None included in the contract. The contract is constructed around a risk and reward to provide protection for the Commission and incentive for TCS. The Commission will only release full payment after ensuring that progress is broadly in line with implementation plan. The Commission will monitor progress against the plan on a monthly basis.

The initial scope of the system has been defined in the contract with reference to the Best and Final offers document from TCS.

The estimates for development at this stage are high level, given that the scope of what is required may change. A change control process has been defined and will be used to document any change to the programme scope as a result of changes initiated by the Commission or TCS.

The systems delivery plan for the agreed scope sits mainly with TCS and is being finalised at present.

NOTE

This information was provided by the Commission for the purpose of this memorandum. The Commission's statements have not been audited. The National Audit Office has not undertaken any detailed appraisal of the Commission's contractual arrangements with TCS.

Part Three

Improving service delivery

3.1 At June 2006 we reported that the implementation of simplified rules for the assessment of maintenance and the introduction of the CS2 IT system under the 2003 Reforms had failed to deliver the expected levels of customer service. In particular, there was a growing backlog of uncleared maintenance applications and large numbers of those that had been cleared were inaccurate. The low levels of customer service resulted in large volumes of complaints about the Agency, with some 62,100 complaints during 2005-06 alone. At the same time compliance with maintenance decisions was low, with few non-resident parents paying the full amount of the maintenance due and large numbers making no payments at all. Delays in processing assessments can have a major impact on both parents with care, where they are not in receipt of any maintenance for their children, and non-resident parents, where the amount they owe starts to accumulate and increases the likelihood of non-compliance.

3.2 In response to the well publicised failures, the Operational Improvement Plan set out clear targets for how services should improve and how these would be achieved. The Commission has reported that many of the operational targets set within the Operational Improvement Plan have been met or exceeded following the restructuring of its operations and the improvements in the CS2 IT system (Annex 1). The Operational Improvement Plan does not, however, appear to have significantly improved the level of accuracy of current scheme cases or the level of case compliance, although the Commission's new compliance measure shows some improvement.

Service improvements

3.3 At 31 March 2006 there were some 282,000 cases that were waiting to be cleared by the Agency, around 61,500 uncleared old scheme cases and 220,900 new scheme cases. When it was introduced, the current scheme was expected to allow calculations to be made and payments arranged for the majority of cases within six weeks of the application. In March 2006 only one in every five applications were cleared within six weeks, with 48 per cent taking in excess of 12 weeks to clear, and 33 per cent taking more than six months (**Figure 8** overleaf). A primary objective of the Operational Improvement Plan was to reduce this backlog and, by its third year, to clear 80 per cent of cases within 12 weeks – performance against the six week milestone no longer features in annual reports.

3.4 As well as the structural changes made, HM Revenue and Customs has been working with the Commission to help trace non-resident parents, by providing details of relevant addresses and employment details. The Commission has also used private sector tracing agencies and information held by Credit Reference Agencies, such as Experian, to help trace non-resident parents.

3.5 By 31 March 2009, the number of uncleared current scheme cases had reduced by 78 per cent, to 49,200 and the number of uncleared old scheme cases had fallen to 6,800. The end of the compulsion for all parents with care claiming benefits to seek child maintenance through the CSA and the introduction of the Child Maintenance Options service have led to a dramatic reduction in the number of new applications to the CSA. In March 2009, the CSA received 8,200 applications, a 76 per cent reduction from the 34,700 applications received in March 2006.

3.6 The speed of case processing had also increased by March 2009 with 81 per cent of cases being cleared within 12 weeks and only 10 per cent taking longer than 26 weeks. Performance since March 2009 shows further improvement (Figure 8).

3.7 In addition to clearing the large backlog of cases, a key objective of the Operational Improvement Plan was to improve the accuracy of the maintenance calculations made. At 31 March 2006 around 81 per cent of current scheme cases were accurate to the nearest penny, below the 90 per cent accuracy the Agency had hoped the reformed scheme could provide. Old scheme cases had a higher accuracy rate of 84 per cent.

Figure 8
Application processing speed and uncleared cases

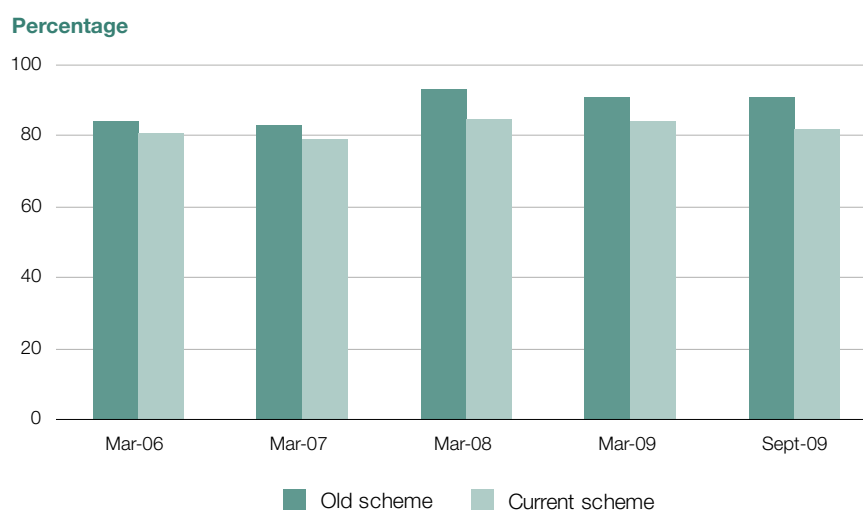
	OIP baseline Sept 2005 Actual	OIP starts Mar 2006 Actual	Mar 2007 Actual	Mar 2008 Actual	End OIP Mar 2009 Actual	Mar 2009 intake (plan)	Six months end 30 Sept 2009
Application processing: Percentage of new scheme applications cleared within:							
12 weeks (Dec intake) (June intake)	44	52	61	77	81	80	84 (June intake)
18 weeks (Oct intake) (April intake)	40	60	64	83	81	85	90 (April Intake)
26 weeks (Sept intake) (March intake)	62	67	79	89	90	90	92 (March intake)
Uncleared cases							
Uncleared current scheme applications	218,500	220,900	153,600	107,400	49,400		39,300
Uncleared old scheme applications	70,300	61,500	39,400	22,900	6,800		3,500

Source: Child Maintenance and Enforcement Commission Quarterly Summary of Statistics September 2009. There are small variances from those reported in the Commissions Annual Report due to subsequent information identified by the Commission.

3.8 Over the life of the Operational Improvement Plan, accuracy to the nearest penny increased from 84 per cent to 91 per cent for old scheme cases but improved from 81 per cent to 84 per cent under the current scheme (**Figure 9**). In 2007, the Agency changed the method used to calculate accuracy, changing from ‘accuracy to the nearest penny’ to ‘cash value accuracy’, a measure which it believed was more likely to drive the right behaviour by case workers. Case value accuracy assesses the value of accurate calculations as a percentage of the value of all calculations made. Using cash value accuracy, the Commission reports that accuracy stood at 96 per cent for current scheme cases, and 98 per cent for old scheme cases in 2008-09. This suggests that for the current scheme there were £4 worth of errors in every £100 of maintenance calculated and for the old scheme there were £2 of errors in every £100 of maintenance calculated.

3.9 The Commission is now answering a larger proportion of telephone calls made by customers and doing it more quickly than in 2005-06 (**Figure 10** overleaf). In 2005-06 some 423,000 of the 5.3 million telephone calls to the Agency were abandoned whilst the customer was waiting to speak to a member of staff. This has reduced to around 52,000 from the same volume of calls during 2008-09. Due to system faults and failures to connect, some customer calls were not available to answer, but of those available, call answering rates have improved. During 2008-09 one out of every ten calls available were not answered by the CSA, an improvement on performance during 2005-06 when

Figure 9
Percentage of cases accurate to the nearest penny



Source: Child Maintenance and Enforcement Commission

two out of every ten were not answered. The Commission informs us that most of the calls which are unanswered drop out at the point at which customers are asked a series of automated security questions. During 2008-09, 99 per cent of calls which proceeded beyond this automated stage were answered, a rise from 91 per cent in 2005-06.

3.10 During 2005-06 the poor levels of service experienced by customers prompted around 62,100 complaints, of which around two per cent (1,300) were considered to have merit and were taken on by the Independent Case Examiner's Office. The Independent Case Examiner resolved 714 cases through settlement between the CSA and the complainant. Of the cases which could not be settled, the Examiner fully or partially upheld complaints against the Agency in 386 cases and did not uphold complaints in 69 cases.

3.11 By 2008-09 the number of complaints to the Commission had more than halved to 27,800. The main reasons for complaints have been: the quality of client handling (8,300 complaints); failure to secure regular payments (4,400 complaints); and incorrect arrears calculation (4,000 complaints). Although the overall number of complaints has reduced the number accepted by the Independent Case Examiner has not reduced at the same rate. During 2008-09 the Independent Case Examiner accepted over 1,000 cases for further investigation. In the year, 930 cases were subsequently settled by agreement between the Commission and the complainant. Of those which could not be settled, the complaint was fully or partially upheld in 180 cases and not upheld in 78 cases.

Figure 10

The average time taken to answer calls

	OIP starts Mar 2006 Actual	End Year 1 OIP Mar 2007 Actual	End Year 2 OIP Mar 2008 Actual	End Year 3 OIP Mar 2009 Actual	Six months to 30 Sept 2009
Average answer time from queue	59 seconds	25 seconds	20 seconds	13 seconds	8 Seconds
Percentage of calls answered by the CSA	83	88	90	89	89
Percentage of calls answered from the queue (i.e. after the touchtone elements)	91	97	98	99	99

Source: Child Maintenance and Enforcement Commission

Part Four

Improving outcomes

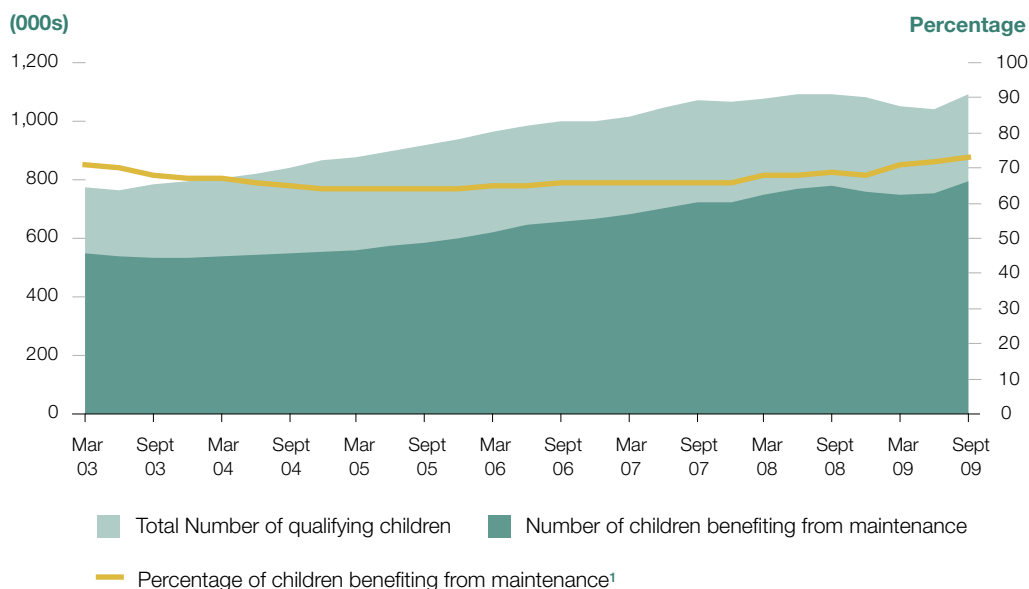
4.1 In 2006, one in three non-resident parents did not pay any of the maintenance that the Agency had calculated was due. Where non-resident parents fail to pay the maintenance due it can cause real hardship and have lasting consequences for the parent with care and the children. In 2006 an estimated £3.5 billion of maintenance was outstanding on cases. Although overall the value of payments made by non-resident parents since then has increased, compliance remains below anticipated levels. The Child Maintenance and Other Payments Act 2008 substantially increased the enforcement options available to the Commission to collect outstanding maintenance. These new powers require the creation of supporting regulations, some of which have yet to be established. Enforcement activity using established powers has increased over the last three years and the value of arrears collected has increased.

4.2 The Operational Improvement Plan set out to lift 40,000 children out of Poverty by August 2010 to contribute to the Department for Work and Pensions child poverty reduction target. The Department for Work and Pensions has stated that the future reforms of the child maintenance system is expected to lift around 100,000 children out of poverty. The Commission reports many more children are known to be benefiting following the implementation of the Operational Improvement Plan. The Department has stated that, because the 40,000 poverty figure is small relative to the expected annual variations in poverty statistics, and because of the inherent difficulties in attributing changes in poverty levels to specific policies relative to the impact of other measures and real-world changes during the same period, it is not possible to estimate the contribution the Operational Improvement plan has had on reducing poverty.

4.3 The number of children benefiting from maintenance payments has risen steadily over the lifetime of the Plan, from 623,000 at 31 March 2006 to 780,000 at 31 March 2009 (**Figure 11** overleaf). By March 2009 a further 30,000 children were estimated to be benefiting from private arrangements following contact with the Child Maintenance Options service, based on a Commission survey of 2,241 Options service users. To establish a more robust estimate of those benefiting from such private arrangements the Commission is planning a further independent survey for 2010.

Figure 11

Total percentage of qualifying children benefiting from maintenance



Source: Child Maintenance and Enforcement Commission

NOTE

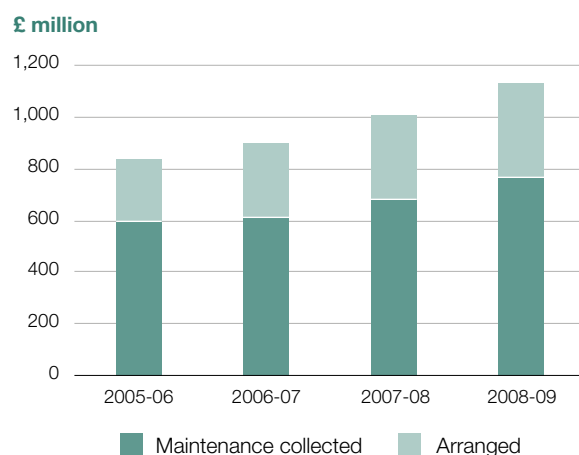
1 These figures exclude clerical maintenance payments and private arrangements made following contact with the Options service.

4.4 The total number of children qualifying for maintenance has increased at a slower rate than the increase in the number of children benefiting from maintenance and therefore the percentage of qualifying children in receipt of maintenance has increased from 65 per cent in March 2006 to 73 per cent in September 2009 (Figure 11). March 2009 was, however, the first month that the percentage of qualifying children benefiting from maintenance reached March 2003 levels of 71 per cent.

4.5 Overall the amount of maintenance collected or arranged by the CSA has increased from £836 million in 2005-06 to £1,132 million in 2008-09 (Figure 12). This includes both the maintenance collected by the Commission and the estimated value of direct payments arranged, where the Commission calculate the amount due by the non-resident parent but the payment is made directly between the parents. The cost of administering the child maintenance system has increased from £465 million in 2005-06 to £601 million in 2008-09. Excluding the £44 million cost in 2008-09 associated with new services introduced since the Commission was established, the cost of collecting each £1 of maintenance has decreased since 2005-06 from £0.78 to collect every £1 to £0.73 to collect every £1 in maintenance by 2008-09, after increasing to £0.85 in 2006-07. The peak in 2006-07 reflects the fact that the amount of maintenance collected did not increase significantly until 2007-08. Incorporating the figures for statutory maintenance arranged as well as collected into these calculations show that the cost of each pound collected or arranged decreased from £0.56 in 2005-06 to £0.48 in 2008-09.

4.6 The Commission has met its revised measure for compliance but compliance with maintenance decisions has not reached originally expected levels. The Operational Improvement Plan set out to increase current scheme 'case compliance' from 67 per cent in March 2006 to 80 per cent by March 2009. Case compliance measures the proportion of cases using the Agency's collection service where the non-resident parent makes a payment (not necessarily the full amount due) to the parent with care and is calculated using the number of non-resident parents making payments as a percentage of all cases which have a current charging account for ongoing maintenance and/or arrears. This measure excludes maintenance direct cases (those where the non-resident pays the parent with care directly) and cases with assessments where there is no collection schedule. In 2007 the CSA changed the target from 'case compliance' to 'maintenance outcomes', but continued to collect data on the original measure. The Commission considers that the new target provides a wider focus, is less likely to be manipulated and supports better case management by staff. Between March 2006 and March 2009 case compliance, excluding clerical cases, increased from 67 per cent to 68 per cent for current scheme cases and 71 per cent to 72 per cent for old scheme cases.

Figure 12
Maintenance collected and arranged



Source: Child Maintenance and Enforcement Commission

4.7 The new target that replaced case compliance was to achieve 69 per cent positive ‘maintenance outcomes’ across both schemes by March 2009. ‘Maintenance outcomes’ measures the percentage of cases in which a liability exists, where the non-resident parent has either made a payment using the collection service or set up a maintenance direct arrangement. The Commission met this target, reporting 71 per cent positive maintenance outcomes in March 2009 (Figure 14).

4.8 By either measure, by March 2009 around three in ten of non-resident parents were still not any paying maintenance while only half of parents were paying maintenance due in full (Figure 13).

4.9 In response to low compliance rates a key objective of the Operational Improvement Plan was to reinforce parental financial responsibility. As part of this, in 2007, a £1.3 million media campaign was piloted in eight cities in Britain which emphasised the impact on children of non payment by non-resident parents. The Commission estimates that this resulted in the negotiation of £3.5 million of arrears repayments and that 39 per cent of parents who were contacted during the pilot through direct mail and by telephone made an agreement or arrangement to repay their debt. This exceeded the Commission’s objective to increase the number of non-compliant parents paying maintenance by 25 per cent. Although the campaign has not been repeated since this initial programme, the Commission has ongoing media work to improve compliance. Activity to promote financial responsibility now forms part of the Commission’s Business Plan for 2009-10.

Figure 13
Percentage of parents paying maintenance

Overall target	Quarter ended 31 Mar 2006		Quarter ended 31 Mar 2007		Quarter ended 31 Mar 2008		Quarter ended 31 Mar 2009		Quarter ending 30 Sept 2009	
	Target (%)	Actual (%)	Target (%)	Actual (%)	Target (%)	Actual (%)	Target (%)	Actual (%)	Target (%)	Actual (%)
Maintenance outcomes – percentage of cases where some maintenance is being received	–	63	–	65	66	67	69	71	72	73
Percentage of cases where maintenance is being paid in full	–	46	–	47	–	49	–	51	–	53

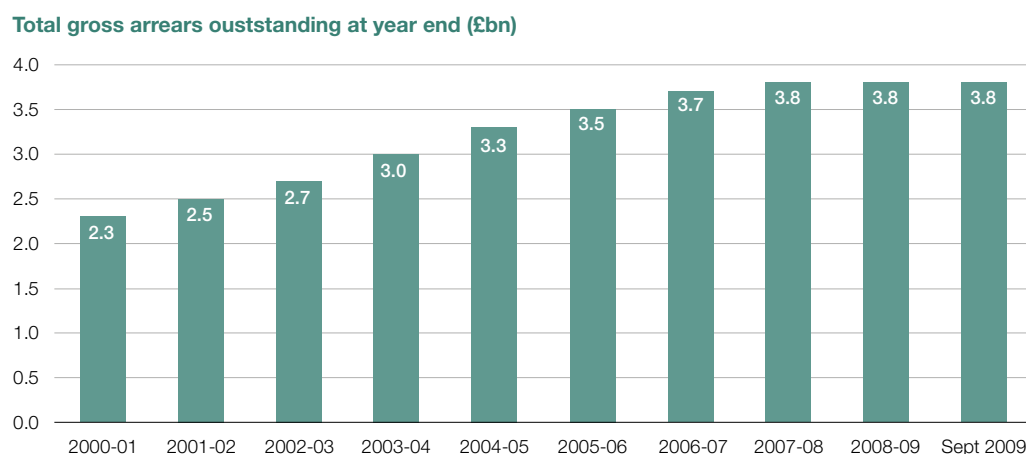
Source: Child Maintenance and Enforcement Commission

4.10 Over the lifetime of the Operational Improvement Plan, due to non-resident parent non-compliance, the value of outstanding maintenance has increased from £3.5 billion in 2005-06 to £3.8 billion at March 2009 (**Figure 14**). The Commission has reduced the rate at which arrears are increasing, with arrears increasing £20m over 2008-09 compared to the increase of £242 million over 2005-06. Figures for 2008-09 are unaudited.

4.11 Not all debt is collectable by the Commission because debt figures include estimated amounts where information has not been obtained from non-resident parents. The Commission also has no power to write off debts even when parents agree to a settlement. New legislation may address this going forward.

4.12 The amount of arrears reported as uncollectable has increased. In order to estimate collectability the Commission reviews a sample of 8,000 case in depth each year and then extrapolates results across all outstanding arrears. During 2008-09 the Commission concluded that the assumptions used previously had been over-optimistic, and that the proportion of debt considered collectable should be revised downwards. At March 2009 the Commission categorised 55 per cent (£2.1 billion) of maintenance arrears as uncollectable, with a further 17 per cent (£0.6 billion) categorised as 'doubtful collections' (**Figure 15** overleaf).

Figure 14
Outstanding maintenance arrears



Source: Child Maintenance and Enforcement Commission

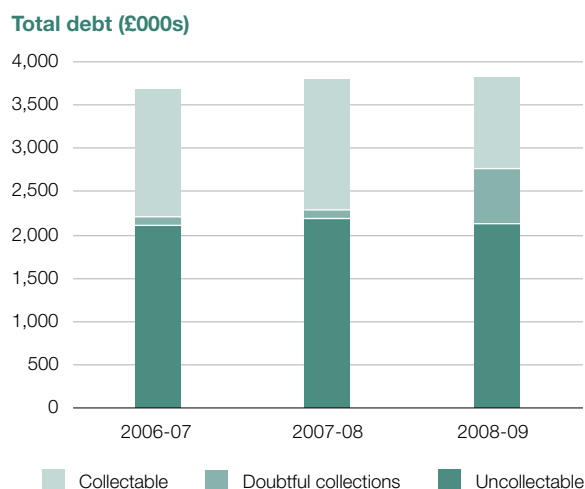
NOTE

Figures for 2008-09 and September 2009 are currently unaudited.

4.13 The Commission has a ministerial target for annual collections and arrangements of child maintenance, of which the annual collection of arrears is a sub-target. Although the Commission exceeded its overall target, it missed its sub-target to collect £220 million in 2008-09 by more than £60 million, with £158 million collected against a target of £220 million (**Figure 16**). The Commission's 2009-10 arrears target is £50 million lower than its 2008-09 target, at £170 million, and as of September 2009, £74.3 million of arrears has been collected.

4.14 To help improve the rate of arrears collected the Commission contracted two debt enforcement agencies, iQor and Eversheds, to actively seek collection of arrears on its behalf. It was anticipated that using debt collection agencies would recover some £113 million of outstanding maintenance arrears over the life of the Operational Improvement Plan. In total 63,500 cases had been referred to the collection agencies by March 2009, with a total value of £357 million. By September 2009 only £26 million (seven per cent of this debt) had been collected, with the collection agencies receiving £3.5 million for their work. This amounts to a cost of approximately £0.13 for every pound collected although this does not include the Commission's costs associated with preparing cases prior to referral to debt collection agencies. The Commission have not been able to provide us with sufficient information to present a comparator for cost of collecting this equivalent debt in-house. The Commission believes that if debt collection agencies are used in future, any business case must take into account all the costs involved and the agencies need to understand the differences between collecting child support debt and securing commercial debt.

Figure 15
The Commission's assessment of debt collectability in 2008-09



Source: Child Maintenance and Enforcement Commission

NOTE

The 2008-09 figures are unaudited.

4.15 The Commission does not consider debt collection agencies as a cost effective method of collecting outstanding arrears, and as such, except for 7,500 paying cases retained by the debt collection agencies, all debt collection functions have returned in-house. In 2007 the CSA introduced a Debt Steer policy to provide guidance to case workers on how to seek repayments and set up collection agreements. This Debt Steer policy guides caseworkers to seek lump sum payments where possible or alternatively make arrangements to recover the debt within two years. Deductions from non-resident parents' earnings can be up to 40 per cent of their net income.

4.16 To further increase collection of arrears the number of staff working solely on enforcement was increased from 572 legal enforcement staff in March 2006 to 3,187 legal and debt enforcement staff in March 2009. This increase reflects the fact that prior to 2007, staff engaged in debt enforcement activities were not separately identified. In 2006 we criticised the Agency for not making full use of its existing enforcement powers to ensure the non-resident parents contributed fully to the maintenance of their children. At that time only 19,000 (eight per cent) of the 247,000 cases that were completely or partially non-compliant were being dealt with by the Agency's enforcement directorate.

4.17 The Operational Improvement Plan promised an increase in enforcement actions and explicitly committed to using more deduction from earnings orders. The number of new deduction from earnings orders requested has decreased 12 per cent, from 75,760 to 66,705 although the total number of orders in place has increased seven per cent from 138,300 to 148,400 over the same period. The use of other enforcement actions has increased 89 per cent since 2006 (**Figure 17** overleaf). The Commission spent £79 million on its enforcement activities in 2008-09 and collected £158 million of arrears. Of the £79 million spent on enforcement, £30 million was spent on legal enforcement activity which resulted in the collection of some £40 million of the £158 million total arrears collected by teams across the Commission in 2008-09. The legal enforcement team also handles prosecutions for failure to provide information and takes civil and criminal action.

Figure 16
Actual and target arrears collection

	2005-06		2006-07		2007-08		2008-09		2009-10	
	Target (£m)	Actual (£m)	Target (£m)	Actual (£m)	Target (£m)	Actual (£m)	Target (£m)	Actual (£m)	Target (£m)	To Sept 09 (£m)
Total statutory maintenance collected or arranged	–	836	–	898	970	1,010	1,080	1,132	1,135	565
Of which arrears collected	–	81	–	91	120	126	220	158	170	74

Source: Child Maintenance and Enforcement Commission

4.18 The Child Maintenance and Other Payments Act 2008 has substantially increased the enforcement options available to the Commission. These new powers require the creation of supporting regulations some of which have not yet been established.

Figure 17
Enforcement action taken

	2005-06	2006-07	2007-08	2008-09
Total	27,440	35,235	39,725	51,945
England and Wales				
Liability orders granted	10,465 ¹	12,635	16,580	22,610
Referral to Bailiff	9,225 ¹	13,625	14,765	18,380
County Court Judgement orders	2,330	1,920	1,390	435
3rd Party Debt orders	1,710 ¹	2,090	1,790	2,395
Charging orders	1,335 ¹	1,850	1,735	2,480
Scotland				
Liability orders granted	780	875	1,175	2,065
Attachments	125	275	235	270
Arrestments	450	610	485	890
Bills of Inhibition	575	860	1,045	1,745
England & Wales and Scotland				
Suspended committal sentences	390 ¹	420	480	580
Committal Sentences	15	40	25	45
Suspended driving licence disqualification sentences	35	30	15	45
Driving licence disqualification sentences	5	5	5	5

Source: Child Maintenance and Enforcement Commission

NOTE

1 These figures were restated in December 2006 when the Agency identified an error in the way it was collating the information.

Part Five

Redesigning Child Support

5.1 The primary objective of the Commission is to maximise the number of those children who live apart from one or both of their parents for whom effective maintenance arrangements are in place, whether made privately between parents, by court order or through the statutory child maintenance schemes. The Child Maintenance and Other Payments Act 2008 removed the compulsion for parents in receipt of state benefits to make an application for Child Maintenance, removing around 200,000 compulsory applications a year. Despite the declining caseload that this change has caused, the Commission estimates that its customer base is wider than that of its predecessor, the Child Support Agency. The Commission is charged with reaching around 2.6 million separated families while the Agency had to provide services to the estimated 1.2 million customers of the statutory maintenance schemes.

5.2 The Commission has three core functions:

- providing an efficient statutory child maintenance service, with effective enforcement;
- informing parents about the different child maintenance options available and guiding them to the most appropriate for their circumstances; and
- promoting the financial responsibility of parents for their children.

5.3 Work on a fundamental redesign of child maintenance is ongoing and in July 2008 the Commission launched its Child Maintenance Options Service, marking the start of its new role for child maintenance clients. The Options Service is designed to provide impartial information and support to separating parents about child maintenance while signposting them to other services primarily through a helpline and website. These services are operated by Ventura under a three year, £23 million contract. The Commission is considering the launch of a national campaign to promote this service following a successful pilot in the Midlands.

5.4 Between July 2008 and September 2009 the Options Service had an estimated 281,000 contacts with clients. By September 2009, the Commission estimated that 60,000 children were benefiting from effective private arrangements established following contact with the Option Service. During this time around 153,000 new applications were made through the existing statutory child maintenance schemes.

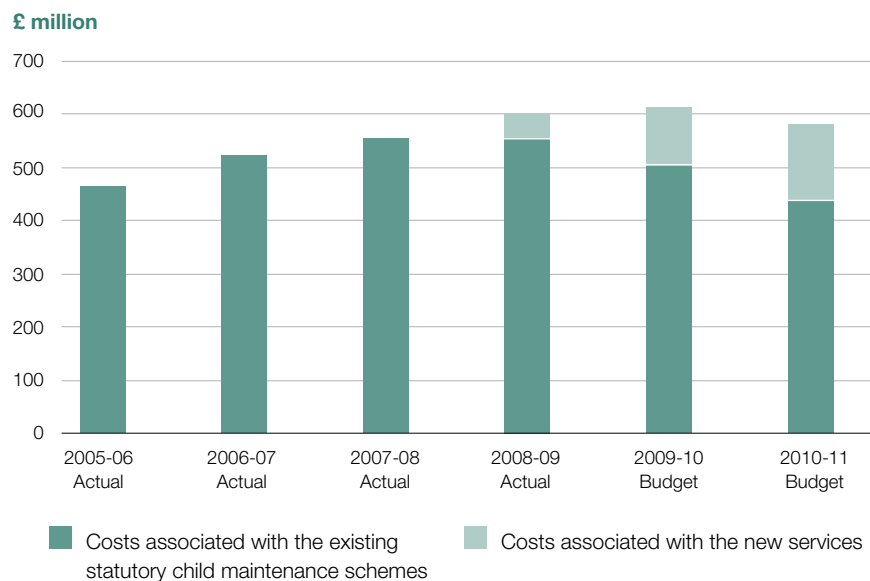
5.5 To address the historic low compliance rates amongst non-resident parents, the Commission was given a role to raise awareness amongst parents of the importance of taking responsibility for the maintenance of their children. The Commission is still developing its approach to promoting the financial responsibility of parents and has engaged with other Government departments, such as the Department of Health, to develop a wide reaching message to parents.

5.6 The Commission plans to launch a new statutory child maintenance scheme in 2011 and to have completely closed the two existing schemes by 2014. The Commission is currently drafting the regulations for the future scheme and external consultation on these regulations is planned for 2010. An OGC Gateway review of this future scheme is expected in January 2010.

5.7 The Commission is waiting for a number of new enforcement powers, outlined in the Child Maintenance and Other Payments Act 2008 and the Welfare Reform Act 2009, to come into force to enable it to collect arrears and deter non-compliance amongst parents. In August 2009 the Commission gained the power to deduct amounts directly from some bank accounts. The Commission is waiting for powers to issue its own Administrative Liability Orders for the deduction of payments from earnings rather than having to apply through the courts for such action. The Commission also hopes to gain new powers to register debts in credit histories under these Administrative Orders and to seize passports and impose curfews under Court Orders.

5.8 In order to free up resources for its new services the Commission hopes to bring down the cost of running the current statutory maintenance schemes between 2009 and 2011 (**Figure 18**).

Figure 18
Planned cost reductions



Source: CSA Annual Report and Accounts 2005-06 to 2007-08, Commission Annual Report and Accounts 2008-09 and Commission Corporate Plan

Appendix One

History of the Child Maintenance System in Great Britain

Event	Date	Impact on parents
Child Support Agency established.	April 1993	Old Scheme launched – maintenance payments based on net income of non-resident parent with allowance made for their living costs.
Government White Paper on plans for Child Support Reforms published.	July 1999	
Decision to undertake comprehensive business restructuring with a complete IT replacement.	June 2000	
Child Support, Pensions and Social Security Act 2000 sets out new scheme for child maintenance.	July 2000	The Department plans to introduce the new scheme by April 2002 and transfer existing cases to the new scheme by April 2003.
The Department enters ten year contract with EDS to supply new IT system for Agency (system later becomes known as CS2).	September 2000	
Business case reviewed and re-approved following a restructure of the programme.	September 2001	
Secretary of State for Work and Pensions decided to defer the planned start for the new system until such time as the IT was operating effectively.	March 2002	
New scheme went live with a number of known defects to CS2 that would cause the Agency difficulty in processing some cases.	March 2003	Current Scheme launched – maintenance based on net income of non-resident parent with standard rates applied.
	October 2003	Planned transfer of old scheme cases to the current scheme postponed.

Event	Date	Impact on parents
Original Child Support Reform programme closed. The £539 million cost of implementing the Reforms up to this point exceed original lifetime budget, four years early.	October 2005	
Secretary of State announces Operational Improvement Plan up to 2009 at a cost of £321 million, of which £120 million is additional investment.	February 2006	
White Paper on new system of child maintenance published.	December 2006	
Henshaw Review Published.	July 2006	
Child Maintenance and Other Payments Act 2008 establishes the Child Maintenance and Enforcement Commission.	July 2008	Child Maintenance Options service launched.
	October 2008	Repeal of 'Section 6' i.e. end of compulsion for parents with care claiming benefits to use CSA to arrange maintenance.
Responsibility for child maintenance transferred to the Child Maintenance and Enforcement Commission.	November 2008	
Operational Improvement Plan closes.	March 2009	
	2010	Department for Work and Pensions plan to implement a full child maintenance 'disregard' i.e. parents with care will be entitled to keep all of their benefits regardless of maintenance arrangements.
	2011	Commission plan to launch Future Scheme – maintenance payments to be based on gross income of non-resident parent.
Closure of existing CSA schemes leaves single unified child maintenance system in place.	2014	Commission plan for all old and current scheme cases to have completed transition to the future scheme.

Appendix Two

Summary of performance 2005-2009

The Secretary of State targets are decided on an annual basis and the measures subject to Secretary of State targets have changed five times over the last six years. The Secretary of State targets are shown in **bold**.

	Operational Improvement Plan										
	2005-06		2006-07		2007-08		2008-09		2009-10		
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Sept 09	
Overall Outcomes											
Children benefiting	591,000	623,000		683,000	720,000	749,000	790,000	810,000 ¹	840,000	857,000 ¹	
Statutory maintenance collected or arranged	-	£836m		£898m	£970m	£1,010m	£1,080m	£1,132m	£1,135m	£565m (YTD)	
Customer experience											
Average answer time from queue	-	59 seconds		25 seconds	-	20 seconds	< 30 seconds	13 seconds	-	8 seconds	
Percentage of calls answered	-	83%		88%	-	90%	-	89%	-	89%	
Percentage of calls answered from the queue (after touchtone elements)	-	91%		97%	-	98%	-	99%	-	99%	
Application processing and maintenance calculation											
Percentage of new scheme applications cleared within 12 weeks (Dec intake)	-	52%		61%	-	77%	80%	81%	-	84%	(June intake)
Percentage of new scheme applications cleared within 18 weeks (Oct intake)	-	60%		64%	-	83%	85%	81%	-	90%	(April Intake)
Percentage of new scheme applications cleared within 26 weeks (Sep intake)	-	67%		79%	-	89%	90%	90%	-	92%	March intake
Uncleared current scheme applications	-	220,900		153,600	140,000	107,400	90,000	49,400	-	39,300	
Uncleared old scheme applications	-	61,500		39,400	-	22,900	-	6,800	-	3,500	
Accuracy – current scheme percentage of cases accurate to the nearest penny (old scheme)	-	81 (84)		79 (83)	-	85 (93)	-	84 (91)	-	82 (91)	
Accuracy – current scheme cash value of accurate calculations as a percentage of overall cash value of calculations made (old scheme)	-	-		-	-	96 (98)	-	96 (98)	-	96 (98)	

	Operational Improvement Plan									
	2005-06		2006-07		2007-08		2008-09		2009-10	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Sept 09
Arrears and Debt enforcement										
Total enforcement actions	-	27,440	-	35,235	-	39,725	-	51,945	-	52,595 (rolling 12 month basis)
Level of outstanding arrears (of which £x is assessed collectable)	-	3.50bn (1.4bn)	-	3.69bn (1.5bn)	-	3.81bn (1.5bn)	-	3.82bn (1.1bn)	-	3.80bn
Total arrears collected	-	£81m	-	£91m	£120m	£126m	£220m	£158m	£170m	£74.3m
Percentage of cases where some maintenance is being received ('maintenance outcomes')	-	63%	-	65%	66%	67%	69%	71%	72%	73%
Percentage of all cases where maintenance is being paid in full	-	46%	-	47%	-	49%	-	51%	-	53%

Source: Child Maintenance and Enforcement Commission – figures have not been subject to audit by the NAO. Historical figures reflect September Quarterly Summary Statistics and there may be small variances from those reported in the Commissions Annual Reports due to subsequent information identified by the Commission.

NOTE

The March 2009 figure for children benefiting includes the 30,000 children estimated to be benefiting from private arrangements set up following contact with the Options service, while the September 2009 figure includes 60,000 children.

This report has been printed on Consort 155

Design & Production by
NAO Marketing & Communications Team
DP Ref: 009190 | Printed by Precision Printing