House of Commons
Work and Pensions Committee

The Performance of the Child Support Agency

Second Report of Session 2004–05

Volume I
House of Commons
Work and Pensions Committee

The Performance of the Child Support Agency

Second Report of Session 2004–05

Volume I

Report

Ordered by The House of Commons
to be printed 19 January 2004
The Work and Pensions Committee

The Work and Pensions Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Work and Pensions and its associated public bodies.

Current membership

Sir Archy Kirkwood MP (*Liberal Democrat, Roxburgh and Berwickshire*)
(Chairman)
Ms Vera Baird MP (*Labour, Redcar*)
Miss Anne Begg MP (*Labour, Aberdeen South*)
Ms Karen Buck MP (*Labour, Regent’s Park and Kensington North*)
Mr Andrew Dismore MP (*Labour, Hendon*)
Mr Paul Goodman MP (*Conservative, Wycombe*)
Mr David Hamilton MP (*Labour, Midlothian*)
Mrs Joan Humble MP (*Labour, Blackpool North and Fleetwood*)
Rob Marris MP (*Labour, Wolverhampton South West*)
Andrew Selous MP (*Conservative, South West Bedfordshire*)
Mr Nigel Waterson MP (*Conservative, Eastbourne*)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at http://www.parliament.uk/parliamentary_committees/work_and_pensions_committee.cfm.

Committee staff

The current staff of the Committee are Philip Moon (Clerk), Gosia McBride (Second Clerk), Maxine Hill and Djuna Thurley, (Committee Specialists), Louise Whitley (Committee Assistant), Emily Lumb (Committee Secretary), John Kittle (Senior Office Clerk).

Contacts

All correspondence should be addressed to the Clerk of the Work and Pensions Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5833; the Committee’s email address is workpencom@parliament.uk
Contents

Report

1 Introduction

2 Background

3 The general performance of the CSA

4 The CSA’s IT problems

5 Child support assessments

6 Compliance targets and debt levels

7 Improving compliance
**Report highlights**

- We believe the Child Support Agency is a failing organisation which is currently in crisis. Rapid and radical action must be taken in order to provide an acceptable service for the children who are its beneficiaries. The Committee strongly recommends that proposed reductions in the CSA staff levels be suspended until the Agency’s Business Transformation programme, including the IT system, is proved to be fully functioning.

- The senior management team has failed to lead the Agency through significant cultural shift. There is an apparent lack of adequate training for frontline staff; guidance and procedures appear to be lacking; and there is little evidence of adequate monitoring to ensure that frontline staff follow procedures.

- The continuing confusion over the state of readiness of the long-delayed IT system should be ended by the Secretary of State making an unequivocal statement to the House, before Easter 2005, on the exact status of the CS2 IT system and setting achievable targets for the completion of the programme of migration and conversion of cases from the old CSA scheme to the new. The National Audit Office should investigate the background to the contract with the DWP’s IT suppliers EDS, followed by a debate in the House.

- There should be a much greater focus on compliance and enforcement, including more frequent use of deductions from earnings orders, removal of driving licences and consideration of travel bans or the removal of passports. Tracing non-resident parents would be assisted by requiring them to inform the CSA of any change of address and having P45 tax forms marked to indicate that maintenance was being deducted from earnings. Australian systems of debt collection, compliance and enforcement should be studied as a valuable comparator.

- A strategy must be developed as a matter of urgency to progress the cases that are still waiting for a maintenance calculation and a realistic target date set by which payment arrangements on new claims can be made within the original plan of six weeks from receipt of claim. We recommend that estimated dates concerning waiting times are made available to Parliament before Easter 2005.

- The Government should introduce the £10 Child Maintenance Premium for old scheme cases if a strategy on case migration from the old to the new system has not been set by Easter 2005.

- If the responses to our report do not provide the information necessary to make a judgement as to whether the CSA as currently constituted can be rescued, the Committee recommends that consideration be given to the option of winding up the Child Support Agency and plans made for an alternative set of policies that work, in order to provide financial support for children. We also recommend that our successor Committee considers alternative policies in the event of the CSA being wound up.
1 Introduction

An agency in crisis

1. This inquiry is one that should have been unnecessary. The child support reforms, eventually introduced in March 2003, should have simplified the scheme and should have made the changes to the Child Support Agency’s (CSA) computer and business systems straightforward. Our predecessor Committee in the previous Parliament had largely supported this legislation. Expectations from the Department, clients, Members of Parliament and Members of the Committee were uniformly high. Sadly, it became increasingly obvious as successive delays were announced and the queues of dissatisfied CSA clients in Members’ surgeries got longer, that the situation, far from improving, was deteriorating. A large part of the problem was laid at the door of the computer system and the Department for Work and Pensions’ (DWP) IT supplier, EDS. As part of a wider IT inquiry the Committee examined CSA IT matters via its Sub Committee. That report was published on 22 July 2004 and the Government reply, which the Committee found highly unsatisfactory, was published on 20 Oct 2004. A subsequent debate on the DWP’s management of IT projects was held on the floor of the House on 9 December 2004. However, other issues were largely unaffected by the perceived problems with the IT system, including the Agency’s apparent inability to obtain compliance with the arrangements made for payment of child support and to enforce compliance rigorously.

2. Since March 2003, two schemes – the ‘old’ pre-reform scheme and the ‘new’ post-reform scheme – have been running side by side. In addition, some new cases are being dealt with clerically and some old cases are being administered on the new computer system. In addition to ongoing concerns around compliance and enforcement on old scheme cases, there is now widespread disquiet that the new scheme is not working effectively and efficiently. Moreover, many parents on the old scheme are keen to move onto the new scheme and share the benefits that were originally promised in the 1999 Child Support White Paper.

3. As it became increasingly clear to the Committee that the situation was continuing to deteriorate the Committee decided to undertake an inquiry so that Parliament could be properly and fully informed of the alarming situation. The inquiry was announced on 5 May 2004 with the aim of examining “the performance of the Child Support Agency, with particular reference to the Agency’s compliance and enforcement regime”.

4. As a result of the call for evidence 16 memoranda were received. The Committee subsequently took oral evidence from academics, organisations representing clients, the Independent Case Examiner, the Chief Executive of the CSA, Mr Doug Smith, and from

---

1 See paragraph 12
4 ‘Select Committee to inquire into the performance of the Child Support Agency’, Work and Pensions Committee press release, 5 May 2004
5 See list of written evidence p.74
the Secretary of State, Rt Hon Alan Johnson MP, who had been appointed only eight weeks previous to the evidence session. At the start of that oral evidence session it was announced that the Chief Executive, having served some four years in the post, was intending to move on. Although that announcement became headline news it was clear to the Committee that the problems affecting the CSA were far more wide-ranging than could be directly affected, or caused, by any one person, although, of course, the Chief Executive is ultimately responsible for the performance of the Agency and reports to the Secretary of State, who is in turn responsible to Parliament. We place on record our thanks to Mr Smith for his continued courtesy in attempting to defend the Agency and its staff at successive evidence sessions in a period that must have been extremely challenging.

5. As part of the inquiry the Committee undertook two visits. The first, in June 2004 to the CSA’s Midlands Business Unit in Dudley, gave the Committee the Agency’s and staff’s views of the situation then prevailing and provided information on the arrangements for compliance and enforcement. The second visit, to Australia in September 2004, involved visiting three cities in five days. The Committee met academics, experts and civil servants in the CSA headquarters as well as front-line staff in an operational setting in one of the CSA’s main offices. The UK system is broadly modelled on the Australian system – but the former is failing, whereas the latter is not. These meetings proved crucial in forming the Committee’s opinion of the CSA’s performance in Australia and what could and should be done in the UK. The visit provided an insight into arrangements for a system which is much more effective than the UK’s, is working and working to the advantage of parents, children and policy makers in Australia. The notes of both visits are published in Volume II of this report and the facts therein will feature prominently in this report.

6. The Committee was greatly assisted throughout the inquiry by its Specialist Advisers, Professor Jonathan Bradshaw of the Social Policy Research Unit at the University of York and Professor Jane Millar from the Centre for the Analysis of Social Policy at the University of Bath, who were able to advise on the specific areas of interest to the Committee and to provide the background information and contacts in preparation for the visits. The Committee’s work was greatly enhanced by their detailed knowledge. We are also enormously grateful to all those who submitted evidence, both oral and written, and to many others, including DWP and CSA officials, who assisted us in our work.
2 Background

The old child support scheme

7. The CSA was established in 1993 following the Child Support Act 1991. Our predecessor Committee, the Social Security Committee, addressed the problems and failures of the Agency during the 1990s in several Reports. The 1999 Child Support White Paper commented:

“With hindsight, we can see that the problem lies with the way that the child support system was designed. The complex rules do not fit either with the lives of separated families or with other systems that provide support for families.”

8. The complexity is demonstrable in that more than 100 pieces of information were required to make a full assessment under the old scheme. In addition, the Social Security Committee commented:

“The failures of the policy behind the original Child Support Act have been compounded and in part caused by the continued and repeated failure of the CSA to deliver an acceptable standard of administrative performance.”

9. It was hoped that this poor administrative performance could be improved upon by the child support reforms.

The new child support scheme

10. The Child Support Act 1999 established the new child support scheme, designed on a simple percentage of the non-resident parent’s (NRP) net income. The basic rate for one child is 15%, for two children 20% and for three or more 25%. Maintenance is reduced if the NRP has a second family, is on a low income or shares overnight caring responsibilities of the child with the parent with care (PWC). Tougher penalties for non-payment of maintenance and a failure to co-operate with the assessment process were also introduced.

11. The new scheme provides extra help for children in households where the PWC is on Income Support or income-based Jobseeker’s Allowance through the Child Maintenance Premium. This allows PWCs to keep up to £10 per week of maintenance paid. The simpler scheme made provision for maintenance arrangements to be established within six weeks and for the focus of staff resources to be on ensuring payment compliance rather than on the difficult assessment process.

12. The introduction of the new scheme was delayed several times after the initial plan to introduce it “at the end of 2001”. It was finally introduced, for new cases only, from 3 March 2003. The Child Support White Paper had stated that “existing cases will be brought..."
on at a later date, but only once the new system is shown to be working well…”11 This message continues to be reiterated by Ministers and CSA staff.

The CSA caseload

13. At October 2004, there were around 1.2 million CSA cases under the two child support schemes: 711,800 live and assessed cases on the old child support system; and 478,150 applications made under the new scheme using the new IT system and resulting in 238,122 assessed cases.12 In addition, around 200,000 old scheme cases are now administered on the new system.13 According to the CSA, during 2004-05 they expect to receive around 345,000 new applications.14 These will be administered under the new scheme and consequently it is likely that the coming year will see a further shift in emphasis away from old scheme cases.

14. The CSA administers cases involving a total of 1.4 million children: the old scheme has a caseload which deals with just over a million children and there are 328,500 under the new scheme.15

15. The majority (95%) of non-resident parents (NRPs) are male, therefore are commonly referred to as fathers and parents with care (PWCs) referred to as mothers. The majority of PWCs (86%) have not formed new relationships and consequently are lone parents. Nearly a quarter of NRPs are with a new partner.16

16. Under the new scheme around two-thirds of CSA applications are received via Jobcentre Plus as the PWC is claiming Income Support or Jobseeker’s Allowance (income-based). The remainder are private applications from individuals – some of whom may be claiming Working Tax Credit. Under the old scheme around three-quarters of applications were made as the PWC claimed benefits. The current work/benefit status of parents on the old scheme shows that a third of PWCs are claiming Income Support or Jobseeker’s Allowance and just over a third are in receipt of Working Tax Credit. Equivalent figures are not available for NRPs although the figures do show that around 45% of NRPs have no earned income.17 It is telling that detailed statistics on the work/benefit status of CSA clients on the new scheme are not yet available.

Administration costs, receipts and payments

17. The net administration costs of the Agency increased from £294 million in 2002-03, by 9.75% to £323 million in 2003-04. Over the same period, the non-staff administration costs increased by 27.4%.18 Despite our asking the CSA to explain these increases, we are

11 Department for Social Security A New Contract for Welfare: Children’s Rights and Parents’ Responsibilities Cm 4349 p6
12 The disparity between the number of applications received and the number of ‘cleared’ or assessed cases is discussed in chapter 5.
13 CSA Quarterly Summary of Statistics, August 2004
14 Ev 67
15 HC Deb, 4 Nov 2004, col 419w
16 CSA Quarterly Summary of Statistics, August 2004
17 CSA Quarterly Summary of Statistics, August 2004
unable to understand whether or not such large increases were justified.\textsuperscript{19} During 2003-04, DWP funding for the CSA was £227 million (plus £17 million as part of the new Child Support Scheme).\textsuperscript{20} In 2003-04, the CSA received £601 million from NRPs. From this sum, the CSA made payments of £447 million to PWCs, and transferred £144 million to the DWP (for cases where the PWCs were on Income Support or income-based Job Seekers Allowance)\textsuperscript{21} – leaving £10 million of that £601 million apparently unaccounted for. Perhaps part of the explanation lies in the Comptroller & Auditor General’s finding that “28% of payments by non-resident parents received by the Agency in 2003-04 for onward transmission mainly to parents with care were incorrect.”\textsuperscript{22} So it seems that the CSA cost £323 million, to collect only £601 million, representing a cost:collection ratio of 1:1.86. The equivalent Australian ratio is 1:8.01.\textsuperscript{23}

**A failing Agency?**

18. Since 3 March 2003, the CSA’s performance has been woefully inadequate. On 17 November 2004, the CSA’s Chief Executive, Doug Smith, admitted to the Committee that he was “seriously disappointed” in the operation of the new scheme during the first 18 months.\textsuperscript{24} During the evidence session, both the CSA’s Chief Executive, Doug Smith, and the Secretary of State for Work and Pensions, Alan Johnson, were keen to stress that in spite of widespread problems, the CSA has not failed as an organisation and that the situation has improved in recent months.\textsuperscript{25} The Committee will reach its own judgement on that assertion later in this report.

\textsuperscript{19} Also see HC Deb, 1 Nov 2004 col 114w
\textsuperscript{20} CSA Annual Report and Accounts 2003-04 page 20
\textsuperscript{21} CSA Annual Report and Accounts 2003-04 page 93, paragraph 4
\textsuperscript{22} CSA Annual Report and Accounts 2003-04
\textsuperscript{23} In 2002-03, the Australian CSA cost A$240.1m and collected A$1,944m. (Australian Government Child Support Agency Child Support Scheme Facts and Figures 2002-03)
\textsuperscript{24} Q 203
\textsuperscript{25} See, for example, Q 196, 203, 204, 283 and 289
3 The general performance of the CSA

19. In oral evidence to the Committee, the Chief Executive of the CSA was asked how he would describe the performance of the Agency under the new scheme and whether it could be described as a failure. He responded:

“It is not a failure…I am seriously disappointed in the operation of the new arrangements over the first 18 months…we went into the new arrangements with a huge amount of commitment, and indeed enthusiasm, that both the new policy arrangements, the new legislative arrangements, the new IT arrangements, would herald a new future for the Agency. What we have found over the last 18 months is that the policy changes have gone well and clients, by and large, welcome the simplicity and the straightforwardness of the policy changes. The implementation of that policy has not gone well. But at the heart of the issues on implementation of the policy have been the difficulties we have faced over 18 months with the computer system…it is not possible to operate a large, complex business in today's world without having a sophisticated level of computer support, both for the processing activity, the client contact activity, and the management information needed to run the business. So if you wanted a summary of how I feel, it is that I am seriously disappointed over the last 18 months.”

Examples of poor performance

20. In oral evidence, the Committee heard one parent with care’s (PWC’s) experience of applying to the CSA under the new scheme.

“My experience is that I rang twice a week for 14 months, each phone call being maybe 20 minutes or half an hour…no one will ever ring you back, but you are always encouraged to ring back later which increases your phone bill again and I suppose it is the frustration factor, that it does not come through. I thought that I always had to push for things, like I was told that I was not entitled to any maintenance because my ex-partner was a student and when I asked why that should be the case when he earned nearly £30,000 a year, someone on the off-chance that I spoke to said, ‘actually you are right…Maybe you can apply for a variation.’ So I was lucky that I managed to speak to one person who knew, whereas I had spoken to ten people who had told me I wasn’t entitled to anything.”

21. The problems did not end there. She went on to tell us:

“I do not think I have spoken to the same person about my case for more than maybe two or three weeks and they told me that my son’s father had refused to pay, which brought a whole lot of personal issues to bear for me and I just panicked and thought that we would never get any money…and then they said, ‘Oh actually, no, it is a problem with the computer. He has paid and it’s here’...then the second time that happened and we did not get any money, I spoke to over ten people and said, ‘Look,
last time you told me he hadn’t paid and then you gave me the money. Can you check that that is not the case?” I said that each week to each person I spoke to and…they said, ‘No, he’s definitely, definitely not paid.’ …They told me that for five months and then they rang me up in September and said, ‘He has paid and we’ve got all the money in our bank. He’s paid every month on the dot’”.

22. The experiences of this PWC are not unusual. Evidence received by the Committee during the inquiry outlined details of individual cases demonstrating service failure including widespread delays; poor communication and inaccurate information provided to clients by staff; inaccurate maintenance calculations; a failure to chase up maintenance payments and arrears; and a lack of enforcement activity, to name a few. The very worrying example above where the non-resident parent’s (NRP’s) payments were not passed on to the PWC was in a number of cases referred to by Citizens Advice, which indicates that this is not an isolated incident.

23. The difficulties faced are not confined to PWCs only – NRPs experience poor performance too. Examples include deductions from earnings orders being inaccurately applied, arrears being recovered at unrealistic rates, enforcement action taken without consideration of the NRP’s income as well as the endemic problems concerning difficulties contacting the Agency, inadequate telephony and correspondence being mislaid.

24. The CSA continues to make up a considerable proportion of Member’s mailbags and constituency case work. In addition, the national organisation Citizens Advice informed the Committee that in the year 2003-04 they received 37,000 child support inquiries. The organisation One Parent Families also stated that their members identified the CSA as the priority policy area needing urgent attention.

25. The Independent Case Examiner (ICE) provides a complaints review and resolution service to clients wanting to complain about the CSA. The ICE office has seen a 30% increase in caseload in 2003-04 compared with the previous year. In oral evidence Jodi Berg, the ICE, told the Committee that whereas in the previous year around 70% of cases that her office dealt with were old scheme cases and 30% new scheme, the split is now approximately 50-50. Considering that there are three times more live and assessed old scheme cases than new scheme cases, this is a worrying development. The ICE also pointed out that those clients still on the old scheme may have had problems for considerable lengths of time and it is important that they are not forgotten.

26. When questioned about the increase in the Independent Case Examiner’s caseload, the CSA Chief Executive said:
“It causes me significant concern that complaints are increasing, not just to the independent case examiner – which is the very pinnacle of the complaints hierarchy – the number of complaints we are receiving from clients has increased significantly…the number of complaints I am receiving from Members of Parliament has [also] increased significantly…However, I think that we do need to place the independent case examiner’s numbers in context. Despite all the problems …it is still a relatively small proportion of our caseload that is moving through to that level of serious complaint. By and large, complaints that we receive earlier in the complaints process can [be] and are resolved by our case workers at the frontline.”

Progress on the new scheme

27. The number of applications being received under the new scheme has varied between 73,534 and 83,652 per quarter since March 2003. Overall, of the 478,150 cases received, 238,122 have been cleared, that is, they have either received a calculation or have been closed. This means that half of the applications received are still awaiting staff action and the backlog is getting bigger.

28. Of the cleared cases, 97,510 have been closed and 140,612 have received a maintenance calculation. Of those cases reaching calculation, 61,187 PWCs have received a first payment. This disappointing progress will be examined further in chapter 5.

Table 1: Agency Quarterly Performance

<table>
<thead>
<tr>
<th>Scheme to Sept 2004</th>
<th>Scheme to Sept 2004 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applications received</td>
<td>73,582</td>
</tr>
<tr>
<td>Applications cleared resulting in:</td>
<td>12,648</td>
</tr>
<tr>
<td>Maintenance Calculations</td>
<td>6,671</td>
</tr>
<tr>
<td>Closures</td>
<td>5,977</td>
</tr>
<tr>
<td>First payments made through the Agency</td>
<td>461</td>
</tr>
</tbody>
</table>

Source: Ministerial Statement, 28 Oct 2004

36 Q 189
37 Figures include 2,130 clerical cases (new scheme cases unable to be progressed on the new system).
38 Closures: applications close for a variety of reasons. The main reasons are that the parent with care withdraws the application, perhaps due to reconciliation, or having agreed private arrangements with the non-resident parent.
CSA’s performance targets

29. The Agency was set five key Ministerial targets for 2003-04 which were outlined in 2003 in the CSA’s Business Plan 2003-04. They are:

a) To increase the proportion of old scheme applications resulting in full maintenance assessments by 3 percentage points.

b) To increase the proportion of new scheme applications resulting in maintenance calculations by 23 percentage points (to 53%).

c) To achieve an accuracy rate for new scheme calculation of 90%.

d) Case compliance: to collect child maintenance and/or arrears from 78% of cases with a maintenance liability using the collection service (new scheme).

e) Cash compliance: to collect 78% of child maintenance and/or arrears where there is a maintenance liability due to be paid through the collection service (new scheme).

30. These were reported upon in the CSA’s Annual Report and Accounts and the performance was shocking. Although the old scheme target for assessments was met, none of the new scheme Ministerial targets were, and most were missed by a substantial amount. See table 2.

Table 2: Performance on key Ministerial targets

<table>
<thead>
<tr>
<th>Maintenance assessments – to increase the proportion of old scheme applications resulting in full maintenance assessments by 3 percentage points by March 2004</th>
<th>Target</th>
<th>Outturn</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 percentage points</td>
<td>3.9 percentage points increase</td>
<td></td>
</tr>
<tr>
<td>Maintenance calculations – to increase the proportion of new scheme applications resulting in maintenance calculations by 23 percentage points by March 2004</td>
<td>23 percentage points</td>
<td>- 2 percentage points decrease</td>
</tr>
<tr>
<td>Accuracy</td>
<td>90%</td>
<td>82%</td>
</tr>
<tr>
<td>Case compliance</td>
<td>78%</td>
<td>50%</td>
</tr>
<tr>
<td>Cash compliance</td>
<td>75%</td>
<td>43%40</td>
</tr>
</tbody>
</table>

Source: CSA Annual Report and Accounts 2003-04

31. The Committee believes that the failure to achieve any of the Ministerial targets for the new scheme is totally unacceptable and in the opinions expressed forcefully by One Parent Families represents nothing less than a severe breach of trust. This failure means that millions of pounds owed to children from separated families has not been transferred and has detrimental implications for the Government’s child poverty targets. Given the failure on targets, and given the disproportionate increase in complaints to the Independent Case Examiner relating to new scheme cases (see paragraph 25), we were bemused when the

39 CSA Annual Report and Accounts 2003-04, HC 782, July 2004
40This figure is for March 2004 only, not the whole performance year, due to the problems with the IT system.
Secretary of State told us that “many clients are receiving a better level of service with the new scheme than seen under the old system”.41 Disappointingly, and tellingly, the targets that have been set for 2004-05 are virtually the same as the 2003-04 targets and, considering the outturn this year, will be equally challenging and require unprecedented effort to be achieved.

32. Performance on these Ministerial targets will be looked at in further detail in the following chapters.

**PSA targets**

33. In addition to the Ministerial performance targets, the CSA has a Public Service Agreement (PSA) target to double the proportion of parents with care on Income Support and income-based Jobseeker’s Allowance who receive child maintenance to 60% by 2006. This target was increased in the 2004 Spending Review to 65% by 2008. In February 2002 it was estimated that around 30% of PWCs on these benefits were receiving maintenance.42 More recently, the Autumn Performance Report stated that “more reliable data available in March 2003 put the figure at 25%.”43 It is not clear why the baseline figure of 30% was unreliable.

34. The DWP Autumn Performance Report 2004 states that there has been some slippage in progress towards the target. By February 2004, the figure had actually fallen to a low of 21% of PWCs on Income Support and Jobseeker’s Allowance receiving maintenance but increased slightly by May 2004 to 22%.

35. The PSA target on child maintenance is particularly important as it contributes towards the Government’s wider child poverty strategy and the associated targets to reduce child poverty by a quarter by 2004-05 and to halve it by 2010. As both the DWP Annual Report and the Autumn Performance Report note, the achievement of the target is dependent upon the successful introduction of the new child support scheme (including the £10 maintenance disregard for PWCs receiving Income Support or Jobseeker’s Allowance) and upon the conversion of old scheme cases to the new scheme. The Committee is very concerned that the CSA is a long way from reaching the PSA target by March 2006. It is essential that Agency performance is drastically improved and old cases migrated and converted to the new scheme.

**Production of management information and statistics**

36. Nearly two years since the introduction of the new child support scheme, the limited availability of the management information means that there is a lack of meaningful statistical data. In comparison, the CSA produces a quarterly summary of statistics for old scheme cases covering a wide range of areas. Particularly problematic is the lack of information on throughput that means that issues such as the internal target to establish payment arrangements within six weeks cannot be reliably reported on.

41 Volume II, Ev 135
42 Department for Work and Pensions, Departmental Report 2004, Cm 6221, April 2004
43 Department for Work and Pensions, Autumn Performance Report 2004, Cm 6397, December 2004
37. The Solicitors Family Law Association say that progress reports produced by the Agency show “an unfortunate drift away from keeping statistics that would help to show the Agency’s performance in key areas.” They argue that regular production of statistics would enable clients to police the progress of their own case and compare with what an average case should look like.\footnote{Ev 94}

38. The Secretary of State recently informed the Committee that the Agency will be updating the performance information and that more robust figures will soon be available.\footnote{Ev 130} It is very important that the current performance of the CSA can be monitored accurately. If the Department cannot guarantee that statistical data comparable to the management information produced by the old system will be available to Parliament by 24 March 2005 then alternative arrangements should be put in place forthwith. The Committee recommends that the Department supply that information by 24 March 2005 or that external consultants be engaged by 1 May 2005 to provide by 1 November 2005 detailed up-to-date management information.
4 The CSA’s IT problems

39. There is no doubt that many of the problems faced by the CSA are caused, or at least affected, by the lack of a fully operational IT system. Prior to the adoption of the new formula the original IT system was blamed for some of the poor performance of the CSA at that time, combined with the complicated formula which then applied to the calculation of payments. So, alongside the new highly simplified formula a completely new IT system (CS2) with new software was ordered from the Department’s major IT supplier, the American-owned computer giant, EDS. The result should have been straightforward: but it would be difficult to find a situation further from straightforward than that which has applied to the introduction of the CS2 system. Our Sub-Committee undertook a thorough inquiry into the DWP’s handling of IT projects in the spring and summer of 2004. That inquiry included a detailed and comprehensive study of the CSA IT project. The sub-Committee’s report was adopted by the Committee and published in July 2004.

40. Amongst many carefully considered recommendations, some of them with suggested dates for implementation or response, the Sub-Committee called for the Department to set out its contingency plans if the system was not fully operational by 1 December 2004, including the abandonment of CS2 if it was not fully functional. The Government’s Response to the IT Report failed to engage with the Committee’s recommendations. We recommend again that a detailed CSA strategy, with a contingency plan, including abandonment option, be made available to Parliament before 24 March 2005.

41. It is not possible for the Committee to make judgements on why the IT contract with the contractor EDS went so badly wrong. We have not had access to any of the policy or strategic planning leading to the agreement being signed. It would appear however from all the evidence that has become available since, that the Department wholly failed to comprehend the scale of the business transformation that was required to achieve a successful outcome of the proposed reform before any new IT considerations came into play.

42. More than anything else that omission appears to be the root cause of the problems that we continue to face today and will be with us for many years to come. The Department appears to have been determined under the old Public Finance Initiative (PFI) rules to shift the risk of development of the new system away from itself entirely onto the shoulders of the contractor. Priority appears to have been given to avoiding culpability instead of establishing an effective partnership to achieve the extent of change needed to turn a decentralised, paper-based business model into a centralised system, working in an entirely new screen-based environment with all communications based on phones, not paper. We are told that this kind of mistake will not happen again. PFI is no longer to be used for

46 Work and Pensions Committee, DWP’s Management of Information Technology Projects: Making IT Deliver for DWP Customers

47 Work and Pensions Committee, DWP’s Management of Information Technology Projects: Making IT Deliver for DWP Customers, para 179

48 The press notice dated 30 October 2004 opined that the response “did not address the issue of contingency plans, and omitted any mention of the dates explicitly recommended by the Committee”.

major IT projects, contracts are to be broken down into more manageable packages and the Department has now acquired a new level of project management expertise.

43. What the Government appears – incredibly – not to have properly understood is the risk involved in the contractor, excepting any legal consequences, pulling out of the deal. Because the Department would not disclose to us the full details of the contract we do not know if, having borne all the software development costs, the company could have chosen to write it all down to experience and walked away when the extent of the business case failures on the part of the Department began to emerge. If EDS had repudiated the contract the reform programme would have stopped and the system would have collapsed.

44. The Committee gave serious consideration to recommending that an immediate fully independent Inquiry be set up to determine why it all went so badly wrong and with the intention of identifying lessons for the future. We came to the conclusion that any such exercise would distract the CSA management at a time when service delivery improvement is paramount.

45. We recommend that the National Audit Office undertakes a comprehensive study of the background to the CSA contract with EDS, including our comments in paragraph 43 above, as soon as it is feasible to do so and that Parliament should debate the findings in Government time on the floor of the House.

Delays to IT = delays to customers

46. It would please us to be able to report that in the intervening period since the publication of the sub-Committee report the situation has been rectified. Sadly, in our view this is not the case. The system is nowhere near being fully functional and the number of dissatisfied, disenchanted and angry customers continues to escalate. Evidence received during the inquiry shows how IT problems have hampered the progress of cases and slowed down the assessment of maintenance payments. Janet Allbeson of One Parent Families said that computer problems led to delays in contacting the non-resident parent and this results in "a real financial loss to parents with care" and went on to say:

"…there is this backlog building up of around 30,000 cases a month and of the cases where they have actually made a calculation, which of course is only quite a small proportion of the total number of applications, only 39% have received a first payment, so there are delays all the way through to getting the first payment."

47. Michelle Counley of the National Association for Child Support Action (NACSA) agreed:

"Certainly there are many cases where we have complaints from parents with care, where applications are simply lost. They go months and months before the parent with care is told, ‘Actually, we don’t have your application here’, and she has to start the whole process again."

49 Q105
50 Q106
51 Q157
48. Citizens Advice gave the following example:

"The CSA stopped making direct deductions from the wages of a client in the North of England due to problems transferring his details to the new computer system. He continued to pay in cash until the problem could be resolved. The CSA had not only lost his bank details but also his address and telephone number and in the end resorted to sending a letter to his work address."  

49. The Public and Commercial Services Union (PCS) commented that there had been a substantial increase in the number of client complaints received by the CSA and that the IT problems were responsible for a significant proportion of them. Many of the complaints concerned excessive delays in progressing new scheme cases.

50. There have been mixed messages on the extent of the IT problems, and when the problems would be fixed. DWP Ministers and the senior management of the CSA tend to blame the poor IT system for the malaise of the Agency, with their Chief Executive commenting,

"…at the heart of the issues on implementation of the policy have been the difficulties we have faced over 18 months with the computer system."

51. EDS, however, claim that the IT problems were largely remedied and the problem was one of management, staff culture and lack of training. In a radio interview in October 2004, the EDS CS2 manager said,

"By the end of this year, we will have given the Agency the tool to do the job."

52. On the other hand, the Chief Executive of the CSA told us in evidence:

"we will have completed the recovery of the system by spring of next year" [2005].

53. That does not seem to sit well with information given to the Committee by a Director of EDS that the CS2 system had been handed over in a fully functional state to the CSA ready for migration to begin on 6th December 2004.

Case migration and conversion

54. The 711,800 clients who are currently on the old system are still waiting for their cases to be transferred to the new system. This will involve bulk migrating them from the old computer system to CS2. The CSA will only allow this migration of cases onto the new system once CS2 has been shown to be working well. Once cases have been migrated, they will then need to be converted, with new scheme calculations carried out. Evidence suggests that many parents want to transfer to the simpler scheme as soon as possible.
Most cases on the new scheme will have a lower assessment, although the expectation is that more children overall will get the maintenance. EDS has claimed that case migration could be completed in early 2005, although the Agency disputes this and states that migration could not be started until spring 2005. This is hardly a model of partnership working. There is still no definite indication from DWP or the CSA when case migration and conversion will begin or end. The need for migration to start is urgent. As Citizens Advice told us:

“It is essential … that progress is made towards full migration as soon as possible. This gets more urgent as the number of cases on the new system but under the old rules increases. Whilst problems with the computer system prevent this we would urge that there is a greater degree of public accountability and steps towards improving the stability of the system and hence migration is made public.”

55. Some cases have moved onto the new scheme via ‘reactive migration’ that, according to Citizens Advice and the Independent Case Examiner, has caused major problems for these cases, although the Agency claims that this has enabled them better to understand the migration process. Since March 2003, 18,500 cases have been transferred from the old scheme to the new.

Impact of poor IT on performance targets

56. The IT problems have had other effects. In the DWP’s Autumn Performance Report 2004, referring to the performance target for maintenance calculations (and on which the Agency performed particularly badly), the Department said:

“Against a background of continuing IT problems and substantial backlogs, the Agency’s ability to set meaningful targets…was constrained. These targets were…suspended in 2004-05. The Agency has continued to set targets and monitor performance internally”.

57. The situation on debt reduction was even worse – the target had been discontinued. This is in spite of the CSA Chief Executive telling the Committee that a draft target has been put to Ministers and would be shared with the Committee in due course. As the Department explained:

---

58 HC Deb, 9 December 2004, col 1308
59 HC Deb, 9 December 2004, col 1330
60 Ev 102
61 Ev 102
62 Reactive migration occurs when the IT system identifies a link between a case on the old and new scheme (for example, identifying a separate case involving a parent’s new partner). This causes the old scheme case to migrate to the new system, frequently causing delays to the progress of the case.
63 Ev 59, Q 47
64 HC Deb, 28 Oct 2004, col 1373w
65 Cm 6397 DWP Autumn Performance Report 2004 p.66/67
66 See also para 107, chapter 6
“A consequence of the IT problems associated with the new scheme is the difficulty in obtaining reliable management information”.67

DWP IT debated in the House

58. Such was the Committee’s concern over the difficulties DWP was experiencing with its IT systems generally and with CS2 specifically, that we requested and obtained, a debate in the House on the subject. In the debate on 9 December 2004 the Secretary of State, referring to the problems with CS2, said that while a major upgrade of software had recently been installed there remained a further upgrade, version 3.6, which needed to be successfully installed before migration could begin “in the spring”.68 This statement still seems to conflict with the information given to us by EDS that:

“The new version of software implemented on 6 December provides the capability to migrate cases from the old computer system to the new system.”69

59. The Secretary of State said that he intended to undertake “a formal stocktake with the Child Support Agency, EDS and the Department early in the new year”70 and would then make a decision on the future of the IT but said that:

“it is difficult to contemplate scrapping it, but [CS2] is not yet coming up with the type of customer service that means that we can make a decision definitely not to scrap it. We are still in that difficult situation”.71

60. He added that the advertisement for the post of Chief Executive of the CSA would be placed within a few days.

61. Having carefully considered the evidence we have received, much of it conflicting, we believe that there is currently an opportunity, with a change of Chief Executive, for the DWP to state clearly what is the current situation with CS2, the projected start and end dates for the completion of migration and conversion and to describe the contingency plans which will apply if this target is not achieved. We note the Secretary of State’s stocktaking exercise and, since he said in the debate that “it is fair that we tell the House how we expect the process to go”72 we recommend that he makes a statement in the House on the progress made in migration and conversion of CSA cases before the scheduled date for the House to rise for the Easter recess i.e. 24 March 2005. We believe it is in the interest of everyone involved and especially the Agency’s long suffering clients and staff, that the process of making vague and hopeful noises about CS2 is discontinued and specific, realistic targets are set, announced and achieved.

62. The recommendation above is similar to some of the recommendations of the Subcommittee’s report. This time we earnestly hope that the Government will engage with the

68 Subsequently stated to be April 2005 (HC Deb, 13 Dec 2004, col 1392)
69 Ev 120
70 HC Deb, 9 December 2004, col 1331
71 HC Deb, 9 December 2004, col 1331
72 HC Deb, 9 December 2004 col 1331
Committee’s recommendation in its response in order to re-assure Parliament that the necessary steps are being taken and that appropriate contingency plans are in place in the event of further problems or delays. This Committee may wish to pursue the subject and hopes that successor Committees in future Parliaments will also do so if necessary.

**Costs of CS2**

63. The total end-to-end direct cost of the IT system delivered by EDS, from the start of the contract until 2010, is estimated as £456 million. The CSA is effectively paying £1 million per week to EDS. A recent written Ministerial Statement indicated that between 3 March 2003 and 19 September 2004, the Agency retained £12.1 million of payments due to EDS because of performance problems. EDS said that

> “Over the four years since the contract between the CSA and EDS was signed, EDS has been paid approximately £130 million for providing live service to the CSA.”

64. We have been unable to ascertain the detailed basis for the £12.1 million retained fees although we understand that the contractor disputes the basis on which they have been withheld. We were astonished to hear from the Chief Executive of CSA in oral evidence that he had “not attempted to make a specific calculation of the amount of [CSA staff] time which has been lost as a result of IT problems”.

65. It should have been obvious to the CSA, whether legal proceedings or contractual negotiations are involved, that such basic statistics as the cost of staff time expended on monitoring CS2 and remedying faults on it would be required. We therefore recommend that both DWP and CSA create, maintain, and disclose publicly, records of the staff time and costs associated with the delayed introduction of CS2.

**Future IT arrangements**

66. The long, woeful story of the introduction of CS2 is yet another episode in the continuing saga of IT failures within Government in general and in the DWP specifically. We note the Secretary of State’s comments on the Department’s handling of future IT projects during the debate on 9th December and fervently hope that planned implementation of future new IT systems such as enhancements to the Pension Service IT system or any replacement of the payment system for DWP benefits will be entirely trouble-free, but we will not hesitate to return to IT matters if or when appropriate.

67. That said, however, we do not accept that the IT difficulties with CS2 are the sole cause of the problems experienced by the CSA’s customers. As Janet Allboneson of One Parent Families told us:

> “Compliance and enforcement are not really to do with IT and the worry is that there is too much of this idea that once we have got the IT sorted, it is all solved. From looking at what needs to be done and the cases we have where just even

---

73 Ev 120  
74 Q 209  
75 HC Deb, 9 December 2004 col 1324
finding a non-resident parent seems to be a problem in lots of cases, you cannot solve that problem with a computer”.

68. As other sections of this report will show, we believe the problem to be more organic and systemic. Correcting the CS2 problems will help, but will not, on their own, bring the CSA to an acceptable standard of service to the public.
5 Child support assessments

Assessment and calculation targets

69. The assessment and calculation targets for both schemes are particularly important. Without an assessment, maintenance cannot flow to the children who need it. Under the old scheme, the complexity of the assessment process and the time taken to complete it meant that arrears quickly built up resulting in payment difficulties for the non-resident parent (NRP) and consequent compliance issues. It is often quoted that staff on the old scheme spent an average of 90% of their time making assessments and keeping them up-to-date. The intention was that the simpler new scheme would not require such an emphasis and that a far higher proportion of staff time could be spent on compliance and enforcement rather than assessment. The assessment and calculation targets that were set reflected these intentions and set higher targets for the new scheme than the old.

Old scheme

70. The CSA did meet the Ministerial target to increase the proportion of old scheme applications resulting in full maintenance assessments by 3 percentage points by March 2004. In light of the failure to meet the new scheme targets, this is a welcome feat. It is important that progress on the old scheme is not forgotten and the Agency maintains this performance.

New scheme

71. New maintenance calculations are defined as applications that have been assessed and have resulted in a maintenance calculation. The Ministerial target to increase the proportion of new scheme applications resulting in maintenance calculations from 30% to 53% by March 2004 was missed by a very large margin. The actual rate achieved was 28% – a two percentage point decrease from the starting point. The current figure, for cases up until September 2004, has increased slightly to 30%. This means that of the 478,150 new cases so far received by the Agency, only 140,612 have received a maintenance calculation.

72. According to the CSA’s Annual Report, 60% of the new scheme cases cleared resulted in a maintenance calculation and the remaining 40% were closed. In evidence, the CSA Chief Executive, Doug Smith, told the Committee:

“"The proportion of cases which have been brought to that point of clearance, either make a calculation or close the case, is significantly higher than the proportion we were achieving under the old scheme – which is one of the benefits of the new scheme. One of the intentions of the new scheme was to drive up the percentage of cases that result in a positive outcome for the parent with care and the applicant. We

77 Also see table 2 in chapter 2.
78 Also see table 1 in chapter 2.
79 Closures usually occur when the PWC moves off benefit and closes their case or the couple reconcile.
have shifted the rate at which we are achieving positive outcomes, in line with the policy intent, from around 30% to just short of 60%.”80

73. He explained to the Committee the reason for the disparity between the number of applications received and the number of cases cleared. These include: the time lag in gathering information from both parents; tracing the NRP, where necessary; and if the NRP is still being traced, holding cases rather than bringing them to closure or calculation. Mr Smith went on to say:

“So simply making a comparison between the number of cases received or on hand and the number of cases worked is not a reasonable or fair comparison. I accept that, of the cases we have received, we should have processed more of them – in an ideal world.”81

**Delays in making new scheme calculations**

74. Evidence received during the inquiry suggests that case progression is severely affected by delays. According to the Public and Commercial Services (PCS) union, problems with the IT system resulted in “several thousand” new applications being stockpiled without contacting the non-resident parent (NRP).82 This results in a time lag during which the parent with care (PWC) is not eligible to claim maintenance. This assertion was also made by the National Association for Child Support Action (NACSA) who suggested that delays are commonplace with forms being mislaid or overlooked.83 The delay caused by the Agency’s difficulties in tracing the NRP also serves to delay the date from which maintenance can be paid.84

75. A further reason for the difficulties in progressing cases to assessment is the interface with Jobcentre Plus. In June, the Committee visited the CSA Centre in Dudley and heard that problems were being experienced with the IT interface.85 According to EDS, this has now been rectified, but there appears to be an ongoing problem, with cases being passed from Jobcentre Plus to CSA staff without the required information to progress a CSA case.

76. These issues are also covered in chapter 6 but point to a widespread failure to action cases and get maintenance flowing.

**The six week target**

77. Calculating maintenance quickly helps to prevent maintenance arrears and promotes compliance. This was one of the aims when the new scheme was designed and implemented. The Child Support White Paper stated that the reforms would mean that maintenance would be flowing in four to six weeks.86 The 2000 Spending Review set a

---

80 Q 187
81 Q 188
82 Ev 75
83 Ev 85
84 This is also covered in chapter 8
85 Ev 121
target for 2003-04 to establish payment arrangements within six weeks of receiving an application. This has since been dropped but is still an internal Agency target and was mentioned by most of those giving evidence as a desirable goal.87

78. According to the CSA’s Annual Report, problems with the IT have meant that the six-week target cannot be accurately measured. The Chief Executive reiterated this in oral evidence when he informed the Committee that the current best estimate of throughput is 15 to 22 weeks.88 This is an astonishing admission and indicates that the time to complete an assessment has actually increased since the new scheme was introduced. In April 2004, the Chief Executive had informed the Committee that payment arrangements were taking 12 to 15 weeks to be established. In comparison, during the Committee’s visit to Australia, the Melbourne CSA Centre manager told us that it takes two weeks for cases to be registered and assessed – with a higher cases:staff ratio.89

79. The CSA’s Chief Executive admitted that the failure to clear as many cases as are received by the Agency has led to a “natural slippage” in the length of time taken to establish payment arrangements. He also outlined several reasons why there may be delays in making assessments and clearing cases. One is the necessity of cross-checking all applications received from a PWC to ensure that the named NRP does not already exist on the old computer system in connection with another case, causing the case to ‘reactively migrate’ and causing delays. When questioned as to why this problem was not foreseen, Mr Smith limply responded that a shorter transitional period was planned, with the old scheme phasing out much more quickly.90 Entirely foreseeably, a further cause of delays is the lack of co-operation by parents. This will be covered in chapter 7.

80. Another reason for delays is that cases are getting ‘stuck’ in the computer system, mainly due to problems with the IT, and so require clerical intervention. This issue was also explored in the Committee’s Report on the management of IT projects.91 Recent evidence from the CSA suggests that these cases have declined in number – from around 75,000 cases earlier in 2004, to between 40,000 and 45,000 by September 2004. The remaining cases require further staff effort as either clerical intervention is necessary to move them along, or staff suggest that parents use informal arrangements until the case can be progressed on the computer system.92 Informal, or voluntary, payments can help maintenance to flow quickly in spite of the lack of a formal assessment, however, the Independent Case Examiner’s report highlights that they can become problematic if the parents disagree about any informal payments made.93 It is therefore important that the Agency obtains confirmation of informal payments from both parents.

81. In spite of the poor performance on clearances and maintenance calculations, it appears that the Agency has not developed a clear strategy to improve upon its...
performance. In oral evidence, the CSA Chief Executive told the Committee that clearing the backlog requires closer working with EDS to ensure that IT problems are addressed quickly; deploying more staff to working on new applications; better training to improve the productivity of staff; and “tougher management”.  

82. The Committee is extremely concerned that a backlog of cases has already built up and is in urgent need of action. A failure to progress these cases is resulting in thousands of children missing out on the maintenance payments to which they are entitled and which would increase their standard of living. We recommend that the CSA estimates: how long it will take to put into payment all outstanding cases still awaiting a maintenance calculation; how long it will be before it expects new claims to be completed within six weeks; and how long it will take for new case information to be accurately collected and passed to the CSA within three working days of being accepted by JobcentrePlus. We recommend that these estimated dates are made available to Parliament before 24 March 2005.

Accuracy target

83. The new scheme accuracy target was for the last maintenance calculation decision to be correct to the nearest penny in at least 90% of cases. This target was also missed, with an achieved outturn of 82%. The CSA Chief Executive described the main causes of accuracy error as failure to set the correct effective date and failing to get the correct figure of underlying earnings on which to base the calculation. The CSA’s Standards Committee Annual Report expressed disappointment that errors are creeping into the operation of the new scheme and identified the same causes of error as the Chief Executive.

84. The difficulties in setting the correct effective date is discussed above in paragraph 74. The failure to get the right earnings figure for the new scheme maintenance calculation is an astonishing admission – the Chief Executive himself admitted that this is a common problem for old scheme cases, so accuracy on the new scheme should have been a priority. He went on to say that efforts are put into ensuring that front-line staff are trained to calculate the correct record of earnings but this has not been as effective as hoped yet it appears that no further training is planned.

85. The Committee is very concerned that, in spite of the simplified maintenance calculation, errors are continuing to occur at an unacceptable level, far higher than ever anticipated. The accuracy target should have been met and the Agency needs to put real effort into ensuring that the 2004-05 target can be met. The Committee recommends that a strategy for increasing the accuracy rate of maintenance calculations be developed and published by 24 March 2005.
Level of maintenance assessments

86. The 1999 Child Support White Paper stated that the simpler formula-based system would mean that maintenance is paid to more children more regularly. It was anticipated that the new rates would produce slightly lower assessments than the old scheme but the improved compliance levels would ensure that more children would get the maintenance owed to them. A recent parliamentary question asked what the difference in the average weekly assessments is under the old and new scheme. The answer laid out the differing assessments and compared them with the forecast laid out in the White Paper. It showed a substantial difference between the current situation and that anticipated in the White Paper (see tables 3 and 4).

87. Under the new scheme the average weekly assessment for one qualifying child is £24 compared with £40 under the old scheme. The original forecast was £34 for the new scheme and £37 under the old. This lower than expected assessment figure is a worrying development, particularly in light of the poor performance of the CSA for new scheme cases, with a case compliance rate of just 50%. One Parent Families told the Committee that they backed the reforms outlined by the Government in 1998, in spite of the lower assessments, as "lone parents would gain by a speedier assessment and collections service, leading to more lone parents actually receiving child maintenance."\(^98\)

<table>
<thead>
<tr>
<th>Average weekly amount assessed</th>
<th>One qualifying child</th>
<th>Two qualifying children</th>
<th>Three or more qualifying children</th>
</tr>
</thead>
<tbody>
<tr>
<td>New scheme</td>
<td>£24</td>
<td>£37</td>
<td>£41</td>
</tr>
<tr>
<td>Old scheme</td>
<td>£40</td>
<td>£50</td>
<td>£53</td>
</tr>
</tbody>
</table>

88. A further concern regarding maintenance assessments is that it may be a substantial period of time before a case is reassessed. Consequently cases may not reflect changes in the non-resident parent’s (NRP’s) income. Either parent may request a case review or reassessment at any time, so, for example, a parent with care (PWC) could contact the CSA if they believe that the NRP has had an increase in income. However, the Agency is not under any obligation to conduct regular reviews of cases. Under the old scheme, the

\(^98\) Ev 50

\(^99\) HC Deb, 15 Nov 2004, col 1184w
proposal to review cases annually proved impossible for the Agency to meet and, in April 1995, it was increased to bi-annually. By December 1998 the duty to carry out the bi-annual reviews was removed. It is worth noting that the Australian CSA does not have the same problems in keeping up with automatic annual reviews: cases are reviewed annually when parents lodge their tax returns and cases can also be reviewed at the request of parents. In light of the length of time between maintenance assessments in the UK, the Solicitor’s Family Law Association suggests that maintenance calculations could be index-linked to reduce the rate at which assessments fall out of date.

89. The Committee is concerned that maintenance assessments appear to be lower than originally forecast and that cases may not keep up-to-date with the actual income of NRPs. **We recommend that the Department investigates the reasons for the comparatively low assessments under the new scheme. We also recommend that the Agency ensures that both parents are, in writing and at least once a year, kept fully informed of the procedure for notifying the CSA of changes in NRP income.**

90. A further issue on the level of maintenance assessments was raised by Citizens Advice who pointed out that the CSA’s failure to respond to changes of circumstances can also leave NRPs struggling financially. They reported a case where a NRP had lost his job after a maintenance assessment was made. He reported this change and requested that his assessment be changed. This was not done and a deductions from earnings order was made for the original assessment, leaving him in debt. Repeated contacts with the Agency failed to elicit a re-assessment.

**Self-employed NRPs**

91. CSA cases involving a self-employed non-resident parent make up 6% of the caseload and pose significant problems in terms of income assessment. Evidence and correspondence received during the inquiry shows that it is common for self-employed NRPs to hide their actual income in order to obtain a lower maintenance assessment and that their actual standard of living indicates a higher income than that declared. This appears to be a feature of both the old and new schemes. Currently, the CSA uses the NRP’s self-assessment forms or tax calculation notices as the basis of the assessment and staff seem to be reluctant to question these accounts. If the PWC alleges that the NRP has a higher income, evidence suggests that the CSA tends to advise an application for variation from the calculation on the grounds that the NRP’s lifestyle is inconsistent with his income. It has been suggested that it would be of more benefit to the PWC to take the case to an appeal tribunal to enable a more robust approach to assessment.

92. One Parent Families suggested two ways to tackle these difficulties. First, to introduce the concept of ‘deprivation of income,’ which already exists in social security law to tackle...
cases where individuals deliberately tie up income. Second, to introduce measures to enable the Agency to pass information to the Inland Revenue to trigger an investigation into accepted accounts where the lifestyle is inconsistent with declared income. In evidence, the CSA Chief Executive commented that:

“I think it is right that the Inland Revenue must be the prime investigative authority in relation to earnings…It is at the end of the day the Inland Revenue’s prerogative to decide whether they wish to investigate or not.”

93. The issue of data sharing between Government agencies and departments is further explored in chapter 8.

94. A much more robust approach needs to be taken to establishing the payments due to the CSA by NRPs who are self employed. We recommend that new powers be granted by Parliament to ensure compliance by self employed NRPs including the prevention of deprivation of income deliberately to evade CSA liability.

106 Ev 53-54
107 Q 272
6 Compliance targets and debt levels

95. The compliance targets are particularly important as they measure the success of the CSA in actually getting money flowing to the children who need it and thus contribute to the PSA target outlined in chapter 3. Poor compliance levels have been an ongoing feature of the old child support scheme and it was intended that compliance would be improved under the new scheme. One Parent Families went as far as commenting that the new child support scheme "will stand or fall by whether the new simpler formula actually results in more NRPs paying all rather than some, or none, of what they owe."\(^{108}\)

96. There are two compliance targets. **Case compliance** measures the number of cases using the Agency’s collection service where the non-resident parent (NRP) makes a payment to the parent with care (PWC) (note that this may not necessarily be the full amount due), against the number of all cases using the Agency’s collection service. **Cash compliance** measures the percentage actually paid by NRPs against the assessed maintenance.

**Old scheme compliance**

97. Old scheme case compliance is an internal target only for 2003-04. Against a target of 75% of case compliance, 75.4% was achieved and against a target of 68% cash compliance, 73.8% was achieved.\(^{109}\) Compared with new scheme cases this is an achievement for the Agency. However, case compliance levels on the old scheme peaked at 75.7% in 2002-03\(^{110}\) and the quarterly compliance rate has fallen from 76.3% in May 2003 to 74.4% in August 2004 (see table 5).\(^{111}\)

**Table 5: Quarterly compliance rates for live and fully assessed cases on the old scheme**

<table>
<thead>
<tr>
<th>Month</th>
<th>Full compliance</th>
<th>Partial compliance</th>
<th>Total compliance</th>
<th>Nil compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 2003</td>
<td>49.9</td>
<td>26</td>
<td>75.9</td>
<td>24.2</td>
</tr>
<tr>
<td>May 2003</td>
<td>54.2</td>
<td>22.1</td>
<td>76.3</td>
<td>23.7</td>
</tr>
<tr>
<td>August 2003</td>
<td>55.2</td>
<td>20.4</td>
<td>75.6</td>
<td>24.3</td>
</tr>
<tr>
<td>November 2003</td>
<td>54.4</td>
<td>20.9</td>
<td>75.3</td>
<td>24.6</td>
</tr>
<tr>
<td>February 2004</td>
<td>54.9</td>
<td>19.7</td>
<td>74.6</td>
<td>25.5</td>
</tr>
<tr>
<td>May 2004</td>
<td>50.8</td>
<td>23.6</td>
<td>74.4</td>
<td>25.6</td>
</tr>
<tr>
<td>August 2004</td>
<td>53.3</td>
<td>21</td>
<td>74.4</td>
<td>25.6</td>
</tr>
</tbody>
</table>

*Source: CSA Quarterly Summary of Statistics, Aug 2004*

\(^{108}\) Ev 60
\(^{109}\) Ev 72
\(^{110}\) CSA Annual Report and Accounts 2003-04, p24
\(^{111}\) CSA Quarterly Summary of Statistics, Aug 2004
98. The majority of CSA cases still fall under the old scheme. The Committee recommends that, before 24 March 2005, the CSA sets target levels of compliance on old scheme cases.

**New scheme compliance**

99. The Ministerial compliance targets for the new scheme were missed by a substantial margin (see table 2 in chapter 3). Only 50% of new scheme cases were compliant, against a target of 78%. The reported cash compliance figure was even worse: only 43% of child maintenance was collected against a target of 75%. Again, the IT system presents problems as, according to the CSA’s Annual Report, the annual cash compliance figure is still not available, therefore the figure presented is taken from the monthly figure available in March 2004. In terms of the actual number of cases classified as compliant, of the 140,612 new scheme cases that have received a maintenance calculation only 61,187 NRPs (43.7%) have made at least one maintenance payment.

100. To add to these appallingly low compliance figures, it is still not known what proportion of these cases were fully compliant. Under the old scheme, the quarterly statistics released by the Agency show the breakdown of compliance figures between nil compliance, full compliance and partial compliance. The latest figures show that a 74% compliance rate breaks down as 53% fully compliant and 21% partially compliant (see table 5). These statistics are still not available under the new scheme due to the IT problems. Their availability would help to fully illuminate the compliance situation on the new scheme.

101. **We recommend that up-to-date cash and case compliance statistics for the new CSA system are made available to Parliament before 24 March 2005**

102. In oral evidence, the CSA’s Chief Executive said that the new scheme compliance figures are so low primarily because, until summer 2004, the focus of Agency attention had been on dealing with applications and gaining calculations. Since then the focus had started to shift onto compliance and rates are increasing each month. This can be seen in the quarterly progress reports from the Department which show that the proportion of cases where at least one payment has been made has increased as a proportion of maintenance calculations made. For example, in January to March 2004, 45% of cases that reached calculation made a maintenance payment. This increased to 58% in April to June and 64% in July to September. The Chief Executive also told the Committee that the number of cases that establish sustainable payment arrangements through standing orders and direct debits, rather than cash or cheque, is also increasing and will increase future compliance levels. As already stated, only 13% of applications have yet gained calculations, notwithstanding that the Chief Executive asserted that concentration on those has diminished the Agency’s concentration on compliance. We are concerned that references

---

112 CSA Annual Report and Accounts 2003-04
113 Ministerial Statement, 28 Oct 2004
114 CSA Quarterly Summary of Statistics, August 2004
115 Q 253
to moving the emphasis away from calculations is premature, yet the issue of compliance is critical.

103. Chapter 7 examines how new scheme compliance rates can be increased.

Outstanding debt levels

104. The CSA’s Annual Report and Accounts 2003-04 report outstanding debt of £720.16 million at 31 March 2004. However, £947.7m further debt, classified as “probably uncollectable from previous years”, is not included in this £720.16m of CSA outstanding debt. Of the £720.16m “total” £140.22 million is from new scheme cases and nearly £49m of new scheme debt is already categorised as ‘possibly uncollectable’ (see table 7). Given that these figures were calculated only one year into the new scheme this is an astonishing state of affairs.

Table 6: Analysis of collectability of balances outstanding on the CSCS

<table>
<thead>
<tr>
<th>Analysis of debt</th>
<th>Value of debt</th>
<th>% of debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectable</td>
<td>£279.88m</td>
<td>48.3%</td>
</tr>
<tr>
<td>Possibly uncollectible</td>
<td>£271.88m</td>
<td>46.8%</td>
</tr>
<tr>
<td>Deferred debt</td>
<td>£28.18m</td>
<td>4.9%</td>
</tr>
<tr>
<td>Total debt</td>
<td>£579.94m</td>
<td></td>
</tr>
</tbody>
</table>

Source: CSA Annual Report and Accounts 2003-04

Table 7: Analysis of collectability of balances outstanding on the CS2

<table>
<thead>
<tr>
<th>Analysis of debt</th>
<th>Value of debt</th>
<th>% of debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectable maintenance calculations</td>
<td>£35.16m</td>
<td>100%</td>
</tr>
<tr>
<td>Collectable debt</td>
<td>£50.36m</td>
<td>47.9%</td>
</tr>
<tr>
<td>Possibly uncollectible</td>
<td>£48.92m</td>
<td>46.6%</td>
</tr>
<tr>
<td>Deferred debt</td>
<td>£5.78m</td>
<td>5.5%</td>
</tr>
<tr>
<td>Total debt</td>
<td>£140.22m</td>
<td></td>
</tr>
</tbody>
</table>

Source: CSA Annual Report and Accounts 2003-04

116 Maintenance calculations under the new scheme are deemed to be fully collectable
105. Against this incredible amount of outstanding debt the CSA admits that the Agency is failing to reduce its debt load which has increased 8.4% in only one year from £664 million in 2003 to £720 million in 2004.\(^{117}\) The Agency previously informed the Committee that only a small proportion of collectable debt is referred to specialist enforcement teams – around £37.5 million. The remainder is either chased by personal caseworkers, is subject to debt repayment arrangements or is “lying fallow.”\(^{118}\) Staff working with NRPs to clear their debt should calculate the level of an acceptable regular payment to clear the arrears. The CSA Standards Committee examined cases where staff established arrears schedules with NRPs and found that in a staggering, and unacceptable 97.5% of cases monitored, staff failed to follow the Payments Arrangements Guide issued to decision makers and did not document the decision taken. The majority of NRPs were paying a nominal amount of the arrears owed – only 7.5% of cases were paying the enforceable amount of arrears and none had set a review date to examine the arrears schedule. Astonishingly, the average time it would take for the arrears to be paid was 11.8 years.\(^{119}\) This is an appalling state of affairs and demonstrates the failure of staff to follow the guidance provided. In correspondence, the Secretary of State informed the Committee that the problems in the area of debt management were down to high staff turnover and the focus of staff training being on the implementation of child support reform.\(^{120}\)

106. The CSA’s Business Plan for 2004-05 contains a performance target to develop and introduce a debt reduction target by October 2004. This is yet another CSA target missed: no formal debt reduction target has been published. In evidence, the CSA Chief Executive informed the Committee that a draft target has now been put to Ministers and will be shared with the Committee in due course.\(^{121}\) More recently, however, the DWP Autumn Performance Report states that the debt reduction target has been discontinued. It blames the CSA’s IT problems and the consequent lack of management information for its inability to “set a meaningful debt reduction target.”\(^{122}\)

107. Compared with the relative inertia in debt collection in the UK, the Committee learned of innovative work undertaken in Australia to tackle child support debt. The Australian CSA has been operating an Intensive Debt Collection (IDC) project since July 2003 which aims to tackle hard debt and reduce the level down to the July 2002 level. They conducted a wide-ranging study to inform the IDC project and the Government provided A$31 million over four years to collect an additional A$131 million and reduce Family Tax Benefit by A$40 million. IDC involves named staff working closely with NRPs to check the accuracy of the arrears, negotiate an affordable payment arrangement of their arrears and to offer money advice services to those requiring it. IDC teams have visible targets and there is a strong focus on collection rather than adjusting the calculation. Staff undertake relevant training and are advised to telephone the clients with little prior case research. The approach taken is described as ‘I’ll help you if you help me.’ An incentive for customers to comply with the IDC initiative is that the staff have the authority to waive late payment

\(^{117}\) Ev 69  
\(^{118}\) Work and Pensions Committee, Child Support Agency, Minutes of Evidence, 2 July 2003, HC 912 and Ev 5  
\(^{120}\) Ev 131  
\(^{121}\) Qq 255-257  
\(^{122}\) DWP Autumn Performance Report 2003-04
penalties if the non-resident parent agrees a repayment plan. Customers targeted through IDC tend not to fall back into arrears. In the first year of the project, collections were increased by A$24.6 million and IDC was rolled out across the whole Agency in December 2004.

108. The Committee is concerned that debt reduction has not been prioritised by the CSA in the UK. Outstanding debt is rising, little has been done to tackle it and the promised debt reduction target has been abandoned, seemingly because it would be too hard to achieve. The Committee strongly suggests that the Department examine the Australian Intensive Debt Collection initiative to see what lessons can be learned and that a higher standard of staff training is established, with improved monitoring and guidance, to improve upon the poor level of service on debt collection. **We strongly recommend that a debt reduction target and a strategy to reduce debt be published by 24 March 2005, without fail.**
7 Improving compliance

109. The CSA admits that during the first year of the new scheme, it has not been as successful as intended on achieving compliance. Too true. Some non-resident parents (NRPs) are reluctant to pay child support and this is further compounded by the Agency’s inaction over collecting maintenance, errors made in calculating arrears and policies which create disincentives to comply with assessments. These issues are examined in detail in this section and strategies for improving compliance are suggested.

110. Evidence received during the inquiry suggests that, since the creation of the CSA, a culture of non-compliance among NRPs has grown. In part this may be due to the courts’ unwillingness to enforce Contact Orders, but this is outwith the remit of the Committee. Other factors, within our remit, include the perceived unfairness of the maintenance calculation and the CSA’s failure to chase up and enforce maintenance payments. Jodi Berg, the Independent Case Examiner, commented:

“It is fair to say that complaints referred to me demonstrate that there are a significant number of NRPs who are unhappy with the Agency’s involvement and do not readily cooperate with it.”

111. However, in evidence it was also suggested that administrative problems can turn an initially willing NRP against the Agency.

Attitudes towards complying with assessments

112. DWP conducted a national survey of CSA clients in 2000, three years before the introduction of the new scheme. It found that improvements in compliance could be brought about by improvements in comprehensibility and fairness. This implies that the simpler new scheme should bring about better compliance levels with more NRPs being willing to pay if they believe that the system is fair and they understand the assessment.

113. A further issue is that the failure of the Agency to progress cases, ensure compliance or take enforcement action where necessary sends the message that the CSA is a toothless tiger. Professor Wikeley from the University of Southampton commented:

“The experience of the last 10 years rather suggests that non-resident parents know that if they ignore the Agency they can get away with it.”

114. The Independent Case Examiner went further, saying:

“It has been the case that people have felt that it was almost all right to ignore this agency and that if you do that is it not a bad thing at all and you have the choice about whether you want to comply or not and if you do not, and you get away with

123 Ev 68
124 Ev 53
125 Ev 114
127 Q 76
it, that is also okay. It seems to me that is an odd situation, because whether or not one likes the fact that the Child Support Agency is involved, or agrees in principle with there being a Child Support Agency, the fact is that is the way that Parliament has decided that these matters should be dealt with. In that kind of situation, you have to make it clear to people that there is an expectation of them as well to work with the Agency for the benefit of children. We do not all, for example, like paying tax and some of us might want to avoid that, but we know that we have a legal responsibility.”

115. While it is safe to say that the CSA will never be the most popular government agency, steps can be taken to improve people’s perceptions of it, not least by improving service standards and ensuring that children receive the maintenance they are entitled to. The introduction of the new scheme presented the CSA with an opportunity to start afresh and encourage compliance by being more transparent and fairer to NRPs. However the new scheme does not seem yet to have impressed NRPs of the CSA’s determination to enforce compliance, and so substantial effort needs to be made to prevent the new scheme from stagnating.

The ‘whole service’ approach

116. Research commissioned by DWP before the new scheme was introduced, found that two-thirds of non-resident parents (NRPs) who had fallen into arrears said that the CSA had contacted them regarding payment. Highlighting the slow pace of compliance activity, half of parents with care (PWCs), when questioned, strongly disagreed with the statement ‘The CSA has acted quickly when the NRP has not paid enough maintenance’ – only 8% agreed with the statement.

117. The introduction of the new child support scheme necessitated a cultural shift within the Agency in the way in which it deals with cases and the jobs which staff were allocated. Referring to the old scheme, the Independent Case Examiner, said:

“A great part of the problem in the past has been that the Agency tended…to work in chimneys. If your job was assessment, that is what you did and it was not your job to make sure that compliance then followed it.”

118. One intention of the new scheme was for cases to be dealt with by small teams of caseworkers who would progress a case from receipt of application to establishing regular payments. This ‘whole service’ approach was supposed to result in around 30% of staff time being devoted wholly or primarily to compliance activity. According to the CSA, staff should focus on the importance of compliance from the point of first contact with the client and are encouraged to contact NRPs by telephone, both to promote the most effective methods of paying maintenance and to pursue non-compliance when appropriate.

---

128 Q 28
129 Q 25
130 CSA Annual Report and Accounts 2002-03, p10
131 Ev 67
119. To help with the progress of the new approach, the 2004-05 CSA Business Plan identifies providing staff with opportunities to undertake the new caseworker jobs as a focus for the coming year. In addition, to help caseworkers, the CSA has developed a stand alone computer system to permit caseworkers to monitor and pursue the first payment following completion of the maintenance calculation.132

120. The Independent Case Examiner commented that, in theory, the ‘whole service’ approach is the right way to achieve long-term compliance as it builds up the right sorts of relationships from the beginning of the claim process. In practice, however, the telephony system actually allocates new tasks to work streams rather than teams of caseworkers resulting in no central point of contact.133 The Agency also admits that the whole service approach is not as successful as intended as far as compliance is concerned.134 The CSA’s Chief Executive said:

“Is it working at the moment? The short answer is, not as effectively as we wished, partly, at least, because the confidence of our case workers in the IT and telephony support to underpin those difficult telephone conversations was much diminished by the well documented problems over the last 18 months...that activity is now much improved.”135

Chart 1: The Australian Client Service Delivery Model
121. Some aspects of the whole service approach are based on the Australian system. During the Committee’s visit to Australia, we heard about the Client Service Delivery Model used by their Child Support Agency which aims to maximise compliance and promotes increased parental independence and self-reliance. The model focuses resources on working with new clients to establish the assessment and ensure payments are made regularly and on time. More than four-fifths of CSA staff and resources are allocated to this part of the process, with less than one-fifth being assigned to debt management services (see chart 1). Collection and enforcement runs across all staff streams and debt collection is the responsibility of all staff. This contributes to a successful CSA that achieves compliance rates in the region of 88%, with 95% of child support liabilities since 1988 being collected.

122. When asked about the success of the Australian model, the CSA Chief Executive, Doug Smith, commented that the intention of the UK’s new scheme was to keep a case with New Client Teams until the first payment was achieved and then move it on. He admitted:

“In retrospect, learning from Australia, it would probably be better to…hold a case at the front end of the operation for a period of months, and we have that logged as a potential future improvement.”

123. He went on to praise the Australian approach of risk-scoring in the early stages of a case. This involves identifying cases thought to be potentially risky in terms of getting the required information for a claim, achieving compliance and other risk elements, and treating them appropriately.

124. We recommend that the CSA urgently adopts the “whole service” approach to case management and compliance across all departments of the Agency as was intended in the first place.

Supporting parents

125. The whole service approach should work to the benefit of both parents at all stages of a claim. In oral evidence, Adrienne Burgess from Fathers Direct said that the UK needs leadership on a cross-departmental strategy for separated families. Evidence received during the inquiry suggests that CSA needs to foster better relations with both parents to improve upon its performance and to ensure a smooth flow of maintenance. In particular, Fathers Direct argued that child support obligations should be “presented as an opportunity rather than as a responsibility” as child support payments help to lift children out of poverty; increase the likelihood of contact between fathers and children; and correlates with educational achievement and increasing later life chances.
126. Fathers Direct praises the Australian CSA’s holistic approach to child support which encompasses a Direct Telephone Support Service which connects parents to relevant services; a series of booklets aimed at separated fathers on issues such as money management and parent/child relationships; working with fathers through relationship-support organisations; and developing services working with unemployed newly-separated parents. During the visit to Australia, the Committee heard about this wide range of services available to parents and was also particularly interested in the planned development of Family Relationship Centres across Australia. These are intended to provide a range of easily accessible services for parents and children at all stages of family life, including family breakdown, including mediation and advice on child support, divorce, family finances and so on. The aim is for Family Relationship Centres, rather than lawyers, to be the first point of call for those separating or divorcing, to encourage more amicable relations between separating couples.

127. In comparison, the UK CSA has a low-profile ‘signposting’ service where staff guide clients to specialist services, mainly delivered through the voluntary sector. Wider support for families and children is the responsibility of other Government Departments, primarily the Department for Education and Skills and the Department for Constitutional Affairs, and falls outside of the remit of this inquiry. Nonetheless, it is fair to say that there is no UK comparison with the Family Relationship Centres that are being rolled out in Australia. Fathers Direct argue that it is crucial to catch both parents through early interventions when relationships begin to break down – not after. This helps to foster better relations between parents; smooth out problematic and contentious issues such as child contact, financial issues and child support; which in turn increases the likelihood of NRP compliance with maintenance assessments.

128. The Committee recommends closer coordination – drawing on information available concerning the Australian system of Family Relationship Centres – of services provided across all central government departments and agencies including the Department of Constitutional Affairs, Department for Education and Skills to help provide preventative and family support systems at an early stage of prospective family breakdown.

**Maintenance Direct**

129. Around two-thirds of new scheme applications are benefit cases, with one third being ‘private’ cases, that is, the PWC is not claiming benefits and may be in paid work and possibly claiming Working Tax Credit. Around 7% of these private cases opt to make their own private payment arrangements once the maintenance assessment has been made. This option has always been available, but, the CSA has now piloted ‘Maintenance Direct’ to publicise direct payments and to increase the number of private cases using it. The scheme was piloted in Bristol in early 2004 with full roll out in October 2004. A target

---

141 Ev 65
142 Ev 125
143 Ev 62, Q 138
144 Calculated from CSA Quarterly Summary of Statistics, August 2004
145 CSA Open Door: for client representatives, Summer 2004
has been set to treble the numbers using Maintenance Direct over the next year. Maintenance Direct aims to foster good relations between parents, enable payments to flow more quickly, increase compliance and the money saved will be redirected to enforcement cases. Both parents have the option to pull out of Maintenance Direct if they are unhappy with it and the Agency will again become involved in the collection process. In evidence, the CSA’s Chief Executive told the Committee that the pilot scheme has proved effective in steering clients towards direct payment and so improving compliance rates.

130. Maintenance Direct is based on the system of ‘private collect’ cases in Australia. There, 52% of cases are now private collect, rather than using the Agency’s collection service and 70% of new cases opt for the service. The difference in Australia is that benefit cases are able to opt for private collect, unlike in the UK. In addition, Australian CSA staff are able to suggest to clients that they begin private collect if their case has progressed smoothly with regular payments and amicable relations between parents.

131. During the Committee’s visit to Australia, we were very interested in their experience of private collect. We learnt that staff closely monitor private collect cases in the first nine months to ensure the arrangements are working. Private collect is much cheaper to administer – approximately one-fifth of the cost of Agency collect cases – which means that additional finances can be injected into frontline services and case management. 100% compliance on private collect cases is assumed as PWCs can request that the Agency step back in if payments are defaulted upon. Yet concern was expressed to the Committee that intimidation might take place between the parents; and that the compliance level for private collect cases was essentially unknown.

132. The Committee has real reservations on the CSA’s new initiative of Maintenance Direct. We recognise that the service provides more choice for clients who are not on benefits and that any savings made will be invested in improving non-compliant cases. In light of the CSA’s poor performance, we would need to be convinced that the Agency will step in quickly in cases where the system is not working and the maintenance is not being paid. The Committee recommends that the CSA urgently evaluates the performance of the Maintenance Direct pilot and publishes the results. We also recommend that the roll-out is closely monitored to ensure that case compliance is maintained and the Agency takes over collection as soon as they are aware of problems occurring.

**Maintenance disregard**

133. The old child support scheme had no disregard of child support payments for parents with care (PWCs) on Income Support. This meant that non-resident parents (NRPs) had little incentive to pay child support to PWCs on Income Support because anything they paid went straight to the Treasury. Also PWCs had little incentive for cooperating with the CSA. PWCs on the old scheme are, since April 1997, entitled to the Child Maintenance Bonus which allows them to claim up to £1000 when the PWC starts a job if the NRP has

---

146 CSA Open Door: for client representatives, Summer 2004 and Q 259
147 Q 259
148 Ev 127
been paying more than £5 per week in child support while the PWC was on Income Support.

134. Under the new scheme, a Child Maintenance Premium was introduced to enable PWCs to keep the first £10 per week of any child support paid while they were claiming Income Support. As with the old scheme, all child support paid to parents on Working Tax Credit is disregarded. It was hoped that this disregard would encourage compliance from both parents, as well as boosting the incomes of PWCs. It was also felt that the disregard was more transparent and simpler than the Child Maintenance Bonus under the old scheme.

135. Unfortunately three things have combined to undermine these objectives. First, because of problems implementing the new scheme, PWCs have been stuck on the old scheme and have not been able to benefit from the premium. The exception being that the rules do allow PWCs to close their Income Support claim and reapply thirteen weeks later under the new scheme, although Citizens Advice note only few examples of this.149 Second, of those assessed under the new scheme not all PWCs on Income Support received their Child Maintenance Premium. By September 2004, only 33,173 PWCs on Income Support and on the new scheme had received a first Child Maintenance Premium payment.150 Third, it appears that PWCs on Income Support tend to have NRPs who are also likely to be poor. The data is not very clear but very few are assessed to pay more than £10. Many are themselves on Income Support or other benefits and therefore only pay the minimum £5, sometimes less. Even then the payment may be reduced (or nil) because of other non-resident children with a call on their payments, other resident children, the NRP being abroad, in prison or other institution or as a result of shared care. Of cases under the old scheme, 49% of NRPs have a £0 maintenance assessment, 9% have an assessment of £0.01 to £9.99 and 42% have an assessment of £10 or more.151

136. The Secretary of State said that he was looking at ways to get the Child Maintenance Premium to people stuck on the old system. However he suggested that there were some “statutory problems” and the administrative task involved would distract from getting the new system working properly. There was also the problem that PWCs on the old system were accumulating rights to the Child Maintenance Bonus when they move back to work and this is not available under the new scheme.152

137. The Committee recommends that if a strategy on case migration from the old to the new system has not been set by 24 March 2005, the Government should tackle the “statutory problems” and introduce the £10 Child Maintenance Premium for old scheme cases. The answer to the Child Maintenance Bonus back to work payment is to pay it to new cases in addition to the disregard – after all DWP is testing enhanced payments to lone parents going back to work via the £40 Return to Work Premium, which has now been extended to cover 40% of lone parents.

---

149 Ev 101
151 CSA Quarterly Summary of Statistics, August 2004
152 Q 262
138. It is not clear from the evidence we have received why so many PWCs are not receiving their Child Maintenance Premium. It may be due to the computer problems – certainly there have been errors in the system in transferring information from Income Support records to the CSA. It may be administrative failings either by the CSA or Income Support. It may be confusion – Citizens Advice reported a lack of understanding within the Agency about payment of the Child Maintenance Premium and ignorance among their clients on what it was and whether they were receiving it.\textsuperscript{153} In correspondence with the Committee, the Secretary of State admitted that there may also be delays in Child Maintenance Premium payments due to the time taken in sending a request to Jobcentre Plus to deduct the £5 minimum payment where a NRP is on benefit.\textsuperscript{154} A clearer picture may emerge when and if the Agency begins to receive better management statistics from their systems.

139. The Committee recommends that an urgent investigation should be undertaken into the reasons for the lower than expected numbers of Child Support Premiums being paid under the new system.

140. The final issue that we considered on the Child Maintenance Premium was whether it was adequate. Clearly £10 is better than nothing but it is not much of an incentive for NRPs and not much of a boost to the incomes of PWCs on Income Support – certainly not enough to lift any of them out of poverty. In the Australian scheme all payments made by NRPs are passed through to PWCs and during the Committee’s visit it was perceived that this contributed to compliance levels. In addition, research suggests that receiving child support is positively associated with lone parents moving into work.\textsuperscript{155} In the UK, PWCs claiming Working Tax Credit are entitled to keep all of the maintenance received (and are not obliged to use the CSA, unlike PWCs on Income Support). Compliance levels do vary according to the benefit status of the PWC. On the old scheme, those on Working Tax Credit were much more likely to be receiving maintenance than those on Income Support (81% compared with 69% respectively).\textsuperscript{156}

141. Is there a case for raising the Child Maintenance Premium and/or disregarding child support payments altogether? We do not know and neither does the DWP. Given that 58% of NRPs on the old scheme are assessed to pay £10 per week or less, there may well be large administrative savings in a complete disregard.

142. We recommend that the DWP undertakes a cost/benefit analysis of raising the Child Maintenance Premium and completely disregarding child support payments.

**Guaranteed maintenance**

143. One feature that distinguishes the British child support scheme from many of the schemes in other European countries is that it is not guaranteed. If the NRP does not pay child support then the PWC does not receive child support. In the countries that have

\textsuperscript{153} Ev 103

\textsuperscript{154} Ev 132


\textsuperscript{156} CSA Quarterly Summary Statistics, August 2004
guaranteed schemes, if the NRP does not pay, pays irregularly or pays less than the correct amount, the government or municipality pays at least a minimum child support and takes responsibility for collecting the money from the NRP.\textsuperscript{157}

144. In 1999, the Social Security Committee concluded that a system of guaranteed maintenance would remove the incentive to comply with the CSA.\textsuperscript{158} It should also be noted that nearly half of NRPs on the old scheme have a £0 maintenance assessment as they are on Income Support, Jobseeker’s Allowance or Pension Credit.

145. In the light of the poor performance of the CSA in enforcing child support there might be a case for guaranteeing child support here. In written evidence One Parent Families proposed that the Government should adopt an ‘advanced maintenance’ scheme of this type.\textsuperscript{159} They argued this would ensure that PWCs received money each week; the financial certainty would make return to work a more viable proposition; and the living standards of children would be better protected. The scheme they proposed would be to take liability under the present scheme and the PWC would be able to apply for advance payment of the full liability if it was less than £10 per week per child or 75% of the weekly amount due. Payments would continue as long as the PWC wanted them.

146. One Parent Families acknowledged that ‘advanced maintenance’ would not cover NRPs who lived abroad and for a considerable proportion the gains would be small. However it was still worth it in providing a little extra for children. They thought that it might create a much stronger incentive for the Child Support Agency to operate a vigorous enforcement and debt recovery strategy if they were the financial loser from non-payment rather than the PWC.

147. The Committee asked the Secretary of State to comment on these ideas and in correspondence he raised the following objections to guaranteeing child support:

- It would undermine the principle that child support is the responsibility of parents.
- It might worsen compliance –NRPs may feel that any effort they might make was unnecessary or that their payments merely went to the Treasury.
- It would effectively be a lone parent premium in Income Support.
- It might cost an extra gross amount of £1 billion per annum or, even with improved compliance, £500 million net.
- It would encourage more private cases to use the CSA and thus make the annual costs substantially larger.\textsuperscript{160}


\textsuperscript{158} Social Security Committee, The 1996 Child Support White Paper, HC 798, 3 November 1999

\textsuperscript{159} Ev 54

\textsuperscript{160} Ev 131
148. The first of these points overlooks the fact that the state, through the CSA, has determined that NRPs should pay child support for their children and has taken powers to enforce that obligation if they do not. In short the state has taken on a responsibility to deliver child support to PWCs, a responsibility on which they are failing to deliver.

149. A guaranteed scheme may or may not influence compliance but in the end it is the CSA’s responsibility to enforce compliance and to collect arrears. The same argument applies to the extra gross and net costs. It is not clear how these are being calculated but if these are the sums that PWCs are going without as a result of assessed but unpaid child support then this a measure of the failure of the CSA, not a justification for doing nothing.

150. The argument about it being a lone parent premium is indeed true for those PWCs on Income Support, and it would have the effect of reducing the gap between the scale rates paid for couple families and lone parent families on Income Support. However, such a premium existed until 1998 and there are good arguments in terms of relative need to justify it. It would also go some way to closing the gap between the poverty threshold and Income Support and thus contribute to meeting the government’s child poverty objectives.

151. An argument against guaranteed maintenance that neither One Parent Families nor the Secretary of State mention is that in increasing out-of-work incomes it might reduce incentives for moving into paid work, especially if the guarantee only operates for Income Support cases, as it appears is suggested in the One Parent Families proposal. This is perhaps the reason for their proposing to limit the guarantee to 75% of the assessed child support over £10 per child. All child support is now disregarded for PWCs on Working Tax Credit and so at the moment, the more child support received the greater the financial incentive for working. For this reason it would be important for any guarantee to extend to non Income Support cases where one or other party has asked the CSA to become involved.

152. The Committee recommends that more research be done by the DWP on guaranteed child support. This work could include further exploration of the costs and benefits, incentive and poverty reduction effects of a child support guarantee and comparative research on how other countries operate their guaranteed schemes. However the Committee does not recommend the adoption of such a guarantee at this stage on the grounds that it would add to and complicate the work of the CSA at a time when it is already failing to deliver on its existing obligations. Getting those right should have priority.

**Deduction from earnings orders**

153. If a non-resident parent (NRP) fails to comply with a maintenance assessment or is in arrears, the main compliance tool available to CSA staff is a deduction from earnings order (DEO). A DEO instructs the NRP’s employer to deduct the maintenance from earnings and pay them to the CSA. Evidently, DEOs can only be used if the NRP is employed, rather than self-employed where other options are available (see chapter 8). The NRP must provide the employer’s details within seven days and the employer must comply with the DEO within seven days of receiving it. A failure to do so is punishable by a fine of up to £500. Around 16% of Agency cases using the CSA collection service are paid through a
DEO. During the Committee’s visit to Dudley, we were told that DEOs have a compliance rate of around 87% and are therefore a potentially effective way for the Agency to secure compliance.

154. Application of a DEO is an administrative process that CSA staff can initiate without a liability order being sought through the courts. In that respect, DEOs should be a compliance tool that Agency staff can swiftly apply where necessary. In practice, the Agency is reluctant to use DEOs and views them as a last resort before further enforcement action is taken through the courts. PWCs complain that the CSA is slow to make DEOs – this is also evidenced in the correspondence that the Committee receives from CSA clients.

155. A further problem with DEOs is that payments may not be maintained in the event of the NRP changing jobs. Indeed, it is claimed that some NRPs purposely move their place of employment to avoid paying their maintenance through a DEO. A suggestion raised in a letter to one of the Committee Members from a constituent suggests that one way of keeping track of NRPs who should be paying maintenance through a DEO could be to put a marker on P45s so that employers are informed that the individual should be making payments to the CSA. The Committee recommends that the Department investigates the feasibility of marking all DEOs in payment on P45 Forms provided to new employers; and to make existing DEOs automatically transferable to new employers.

156. NRPs themselves can request a DEO at the beginning of a claim process, although the CSA prefers payments to be made through direct debits. It was pointed out by Professor Nick Wikeley that child support legislation in the UK assumes that DEOs are principally an enforcement mechanism rather than a collection tool. Yet in Australia and the USA, deducting child support payments through the payroll is a standard collection method that is frequently used. The Committee heard that in Australia, of the 48% of CSA cases that use the CSA collection service rather than being ‘private collect’, two in five voluntarily use the payment method of ‘employer withholding.’ Professor Wikeley also informed the Committee that income withholding in the USA has helped to increase compliance, with collection rates doubling since 1996. The downside of DEOs is the administrative burden caused to employers and privacy concerns for NRPs, particularly those working in small companies.

157. The Committee recommends that Deduction of Earnings Orders should in future be a standard method of payment for all CSA liabilities due from employed non-resident parents who default on more than 2 payments in any rolling 12 month period.

161 CSA Quarterly Summary of Statistics, August 2004
162 Ev 122
163 CSA Standards Committee Annual Report 2004
166 Ev 80
168 Ev 80
8 Enforcement

158. If compliance with a maintenance assessment is not secured, enforcement measures can be applied. As DWP notes, enforcement is a specialist area and there are now 225 staff across the UK working exclusively on enforcement. The whole service approach means that an additional 2,500 caseworkers are engaged in compliance focussed activity.\textsuperscript{169} Evidence received during the inquiry was more likely to comment that the CSA has the powers of enforcement necessary, but does not use them.

Enforcement measures

159. The enforcement measures currently available to the CSA in England and Wales are:

\begin{itemize}
  \item a) levying of a distress warrant involving bailiff action;
  \item b) registering a county court judgement;
  \item c) establishing a third party debt order;
  \item d) establishing a charging order; and
  \item e) committal to prison or disqualification from driving.\textsuperscript{170}
\end{itemize}

160. These enforcement measures cannot be taken if the welfare of a child might be affected; the non-resident parent (NRP) or a member of their family has a disability; the action might affect future maintenance payments; or the NRP is on benefit.

Obtaining a liability order

161. All enforcement measures require a liability order to be obtained from the courts. The court cannot question the maintenance calculation itself. The NRP and CSA can be legally represented and the court usually orders the NRP to pay the Agency’s legal expenses. The CSA must give the NRP seven days’ notice of its intention to seek a liability order and the amount of maintenance outstanding.

162. In Scotland, the rules are slightly different. A liability order is still required – the procedures are similar to those under the enforcement of debts under Part II of the Debtors (Scotland) Act 1987. The liability order may be enforced by inhibition of sale of property or an arrestment of bank accounts.\textsuperscript{171}

163. Evidence received during the inquiry raised a number of difficulties around pursuing enforcement measures. During the Committee’s visit to the CSA Centre in Dudley, we were told by staff that delays are caused by the time taken to obtain a liability order through the courts. The slow progress of enforcement was also raised by the Law Society.\textsuperscript{172}

\textsuperscript{169} Ev 122

\textsuperscript{170} See para 162 for the arrangements in Scotland


\textsuperscript{172} Ev 121
164. Professor Wikeley noted that the UK’s statutory insistence on a judicial gateway to obtain a liability order contrasts with child support in some states of the USA where administrative agencies have wider powers without the need for court intervention. Nonetheless, he also referred to the Agency’s poor performance on accuracy of assessments commenting that the Agency should be accountable to a third party and that NRPs have rights too. Professor Wikeley concluded that the key issue is the importance attached to child support work within the courts system and that any efforts to prioritise child support is a political issue.

165. According to the National Association for Child Support Action (NACSA), errors in the assessment process mean that the calculated arrears may be inaccurate and this has resulted in many liability orders being rejected. This is evidenced in the CSA Standards Committee Report which examined 54 old scheme cases referred to enforcement teams during 2003-04 and discovered that 65% of cases were procedurally or legally incorrect and/or the liability order calculations inaccurate. The main error reported (in 32% of these cases) was that Agency powers were not used to convert an assessment from an interim maintenance assessment to a full maintenance assessment. In 20% of cases, the amount applied for was incorrect. A further error reported in 20% of cases was that a letter was sent to the NRP warning of enforcement action but no subsequent action was taken. The Committee questioned the Secretary of State on this appalling performance and were, rather unhelpfully, told:

“Inaccuracy in relation to internal procedures does not mean that a case is inaccurate or incorrect in legal terms and the Agency’s performance has been showing clear signs of progress.”

166. This somewhat misses the point and does not account for the one in five cases where no action was taken after an enforcement letter was sent.

167. The Committee recommends that Parliament provide, greater administrative powers to the CSA to recover arrears of maintenance, but, because of the very poor levels of CSA accuracy, there will need to be appropriate administrative appeal rights for the non-resident parent, which should not include a stay pending an appeal’s outcome.

**Disqualification from driving and imprisonment**

168. The final enforcement step available to the CSA is disqualification from driving or imprisonment. According to the CSA’s Chief Executive, committal to prison or disqualification from driving are the final levers to achieve compliance rather than a punitive measure for those who will not pay, consequently there is a large difference between the number of warrants obtained and the sentences served or licenses

---

173 Ev 82
174 Qq 62-65
175 Ev 85
176 CSA Standards Committee Annual Report 2004
177 Ev 132
withdrawn. Since April 2001, 28 suspended driving licence sentences have been issued and 4 driving licences have been removed. There have also been 234 suspended committal orders and 15 prison sentences have been served.

169. In oral evidence, the Secretary of State, Alan Johnson, said:

“The whole basis of the approach in the UK so far has been used to actually force compliance…Once you go to the punishment, there is absolutely no chance of getting extra money for the child at the centre of this. It makes it more difficult. Driving licence removal, perhaps, but putting people in prison is not going to help.”

170. While there is some truth in the Minister’s assertion that imprisonment will not necessarily get the money for the child, many parents with care (PWCs) would disagree that ‘forced compliance’ is frequently used – they are more likely to report a reluctance to enforce compliance and this is certainly reflected in the figures showing 50% compliance for new scheme cases, full compliance of 53% and partial compliance of 21% for old scheme cases.

171. Professor Wikeley informed the Committee that the power to withdraw driving licences was introduced in the USA in the mid-1990s and they use the threat of driving licence revocation at a much earlier stage in the maintenance default proceedings: action is usually taken after two to three months of arrears have built up. Some states set a threshold of around $1,000 which must have accumulated before licences can be suspended and in some states licence revocation is an administrative, rather than judicial, process. According to Professor Wikeley, administrative processes may be less sensitive to individual circumstances but may have the advantage over court-based procedures as they are quicker and more efficient.

172. While we would wish to protect the position of the child involved, it is, in our view, necessary to reverse the widely held view that the CSA is a ‘push-over’ and we believe any short-term pain would be compensated by long-term gain if the withdrawal of driving licences was more prevalent. The Committee recommends that the Department investigates the feasibility of driving licence removal from non-compliant NRPs becoming an administrative rather than a judicial process and its use of such power at a much earlier stage in enforcement. Once again, though, it would seem imperative, in view of the CSA’s lamentable record of inaccuracy, that there should be an administrative appeal system, but without a stay pending the determination of the appeal.

**Tracing NRPs**

173. One Parent Families commented that PWCs are often expected to be their own private detectives and find out the NRP’s contact details and the details of their income to
enable compliance and enforcement activity to be pursued.\textsuperscript{182} In addition, in written and oral evidence, the Independent Case Examiner identified difficulties in locating NRPs as one of the major barriers to compliance and enforcement. A PWC applying to the Agency has a duty to provide information to identify and trace the NRP. If the PWC does not have an address for the NRP she is asked for further information such as previous addresses, place of work, benefit claims made and details of his car. The CSA can also use its powers to seek information from employers, other DWP Agencies, local authorities, the Inland Revenue, the Courts, accountants and companies or partnerships for whom the NRP has had a contract.

174. The final method used for tracing NRPs is through the Driver and Vehicle Licensing Agency (DVLA).\textsuperscript{183} 1,319 requests for traces were made to the DVLA from 1 April 2002 to 31 August 2004. Of these, 393 were successful in getting the information sought.\textsuperscript{184} This suggests that a significant proportion of cases remain untraced after the method of last resort has been used. Where a confident address cannot be found, the CSA may suspend action for 12 months.\textsuperscript{185}

175. Evidence received during the inquiry, and through correspondence to the Committee, suggests that in spite of the power to seek information from a range of sources, the CSA fails to use them in tracing NRPs.\textsuperscript{186} Following the oral evidence session, the Secretary of State wrote to the Committee stating that comprehensive procedures to trace NRPs are in place; that staff are led through the trace process; that recently revised guidance has been issued to staff; and a management check has been introduced to ensure that staff follow the procedures.\textsuperscript{187}

176. A further problem concerning tracing NRPs was pointed out by the Independent Case Examiner: there is no legal obligation for NRPs to keep the Agency informed of their whereabouts if their address changes and also no sanction if they fail to inform the CSA of a change of address. This is a feature of many old scheme cases referred to the Independent Case Examiner’s office.\textsuperscript{188}

177. The Committee recommends that Parliament provides additional powers, backed by court sanctions, to require NRPs to provide current address and contact details to the CSA. We also recommend that utility companies should be required to provide a NRP’s contact details to the CSA on request.

178. Once the NRP is in contact with the Agency they are obliged to provide the information required to establish a maintenance assessment and it is a criminal offence to fail to provide the CSA with the required information or to provide false information. In 2003, there were 228 prosecutions for failing to provide the required information and 6 for providing false information, a number which appears staggeringly low when compared

\textsuperscript{182} Q 107
\textsuperscript{184} HC Deb, 13 Oct 2004, 289w
\textsuperscript{186} Q 33
\textsuperscript{187} Ev 132
\textsuperscript{188} Ev 60
with the evidence of the number of cases, especially of the self-employed, where the NRP misrepresents his financial position.\textsuperscript{189} By June 2004, these rose to 302 and 16 respectively and a further 73 cases were withdrawn as the NRP complied with the request for information prior to the court hearing.\textsuperscript{190} When questioned on the Agency’s powers of investigation, the CSA’s Chief Executive replied:

“My judgement is that our powers of investigation are sufficient to the job when used effectively.”\textsuperscript{191}

Information sharing and data protection

179. As noted above, the CSA has powers to obtain information from a range of sources including employers, other DWP Agencies, local authorities and the Inland Revenue. The Agency has established two service level agreements with the Inland Revenue to ensure that a wide range of data can be shared.\textsuperscript{192} The extent to which the limits of these powers are tested has been questioned throughout this inquiry. During the Committee’s visit to Australia, it appeared that the Australian CSA has better access to personal information held by other organisations and Agencies. In light of this, we sought additional evidence from the UK’s Information Commissioner to assess whether the CSA needs wider powers of access to information.\textsuperscript{193}

180. The Commissioner stated that the Data Protection Act 1998 is not a barrier to the disclosure of personal information where there is a statutory requirement to disclose. He stated:

“In practice, this means that where the Child Support Agency has the power to order a disclosure of personal information from another organisation, that organisation must make the disclosure and will not breach the Data Protection Act’s non-disclosure provisions in doing so.”\textsuperscript{194}

181. The Commissioner listed the “extensive statutory powers” the CSA has and concluded that the Agency should work closely with the Information Commissioner’s office to ensure that it uses the existing enforcement powers it has, whilst obeying the rules of data protection.

182. The Committee is satisfied that enforcement activity through data protection legislation is not as hindered as has been suggested. It is crucial that staff are fully trained in data protection and the CSA’s information-seeking powers to ensure that enforcement is robustly pursued within the limits of data protection law. The Committee recommends that the CSA makes much greater use of its already wide-ranging powers of access to information and, if necessary, that the Department revisits the list of organisations that

\textsuperscript{189} HC Deb, 1 July 2004, 423w
\textsuperscript{189} Ev 135
\textsuperscript{191} Q 266
\textsuperscript{192} Ev 134
\textsuperscript{193} The Information Commissioner has responsibility for enforcing the Data Protection Act 1998, the Freedom in Information Act 2000 and associated Regulations.
\textsuperscript{194} Ev 110
have a statutory duty to disclose information to the CSA, with a view to extending the range and number of organisations covered.

**Heavy handed enforcement**

183. It would be a mistake to think that the issue of enforcement is purely about the CSA’s failure to use the measures it has; the errors made when the Agency attempts to use enforcement; and the behaviour of NRPs in avoiding the Agency. Evidence received during the inquiry has also pointed out:

“there are NRPs in realistic dispute with the Agency over the quantum of their payments who are distraught at the heavy handed enforcement steps from the Agency and incapable of securing dialogue with the Agency to have matters resolved.”

184. In their evidence, Citizens Advice outlined a number of cases where the NRP experienced harsh and unfair treatment from the CSA when arrears were built up due to Agency error. These included cases where the NRP was on Incapacity Benefit and errors with the case had led to £20,000 in arrears; requests for a change of assessments for a drop in income being ignored and a deduction from earnings order (DEO) being established for a much higher amount; and an NRP paying through a DEO who then changed jobs and inexplicably was served with a court order for £10,000.196 It is important that service standards to NRPs are vastly improved and relations with both compliant and non-compliant NRPs are enhanced. Considering the planned whole service approach, the Australian Client Service Delivery Model and their Intensive Debt Collection scheme, it is apparent that the CSA needs to work on improving how it deals with both parents, but particularly NRPs to ensure that compliance and enforcement are not adversely affected.

**Agency action to improve enforcement**

185. It is fair to say that the CSA has focussed their attention on improving the enforcement rate over the past year or two. During 2003, following a recommendation from the Independent Case Examiner’s annual report, the Agency undertook a review of enforcement to identify the barriers to delivering an effective service. The review examined enforcement policy; staff roles and responsibilities; the referral process of enforcement cases; the management of bailiffs and other service providers; the guidance material given to staff; and training. The review went on to suggest reforms, most of which have now been implemented, and the Agency reports improved service on enforcement activity. This includes a 63% increase in the number of liability orders granted; a 24% increase in the number of cases referred to bailiffs; a trebling of monies collected through bailiff action; a 58% increase in successful third party debt orders; and a 31% increase in successful charging orders.197 In correspondence to the Committee, the Secretary of State informed us that in the six month period from 1 April to 30 September 2004 the Agency took as many
people to court as in the whole of the previous year and bailiffs collected £1.2 million compared with £1.5 million in the whole of 2003.  

186. When asked about the importance of enforcement within the Agency’s agenda, the Secretary of State told the Committee that:

“It has moved up the agenda. First of all we have appointed an Enforcement Director...That is a new post. He has taken responsibility also for the agency’s debt strategy...Secondly, there has been a 36% increase in the staff on enforcement since 2003. Thirdly, the debt reduction target Doug mentioned...these are all signs that we are putting a lot more effort into enforcement. I think it is fair to say – and Doug would not disagree with this – the culture of the organisation from the start has put enforcement further down the pecking order and now it has come up the agenda.”

187. In spite of this increased action on enforcement, it is worth noting the recent figure that nearly 15,000 cases are currently with the CSA’s specialist enforcement teams. Considering that 50% of new scheme cases and 25.6% of cases on the old scheme are registered as nil compliant, the Agency still has a long way to go.

**Enforcement measures in other countries**

188. While it is apparent that the more severe enforcement measures are rarely used in the UK, the Committee were keen to hear of different forms of enforcement used in other countries. Professor Wikeley informed the Committee that in the USA, where a non-resident parent owes more than $5,000, action can be taken under the Personal Responsibility and Work Opportunity and Reconciliation Act 1996 to refuse, revoke, or restrict a passport. A similar measure is available in Australia where, since June 2001, the Australian Child Support Registrar has the power to make a departure prohibition order (DPO) where a non-resident parent using the CSA collection service is in arrears. The making of a DPO is an administrative procedure which prevents the non-resident parent from leaving Australia unless all child support debts have been discharged or satisfactory arrangements to do so have been made. Since the DPO legislation came into effect, the CSA has collected A$850,936 from the 90 DPOs issued. Professor Wikeley commented that the Australian sanction appears to be more effective for two reasons: it can take immediate effect as DPOs are copied to the federal police and customs services and there is no need to impound passports; and it is not confined to Australian citizens only. During the visit to Australia, the Committee also heard that DPOs can be issued quickly and are an effective enforcement tool.

189. The sanction of removing passports as an enforcement measure was considered prior to the implementation of the child support reforms in the UK but Professor Wikeley notes it is not clear why the Government decided not to pursue this option. He suggests that the issue of withdrawing passports from serious child support defaulters should now be...
revisited in the UK. The advantage of revoking passports is that it is an enforcement tool that can be applied to both employed and self-employed non-resident parents.

190. In oral evidence, the Secretary of State said that there are complexities around the withdrawal of passports but that the option needs to be looked into.\textsuperscript{203} The complexities arise because there is no statutory basis for the issue or withdrawal of passports – the power to issue passports is derived from the royal prerogative. Passports can already be withdrawn under the Football (Offences and Disorders) Act 1999 and the Football (Disorder) Act 2000 which requires the court to order a football hooligan to surrender their passport during periods when a travel ban is active against them.

191. Before considering pursuing the strengthening of the Agency’s enforcement powers, it should be noted that several witnesses commented that before this is an option, the new scheme should be given time to be fully operative and that the CSA should use the enforcement powers it already has more effectively.\textsuperscript{204} We consider that the need to widen the range of effective tools available to the CSA in this connection is urgent.

192. The Committee recommends that the Department further examines the use of travel bans and passport withdrawal as a child support enforcement tool for the NRPs who persistently default on their child support commitments.

\textsuperscript{203} Q 268

\textsuperscript{204} Qq 82, 120, 159, 160
9 Staffing issues

193. The CSA currently has 10,215 staff working across six main business units, 30 smaller offices and 71 local service sites throughout the UK. Staff are the most important resource the CSA has, as they perform the crucial work necessary to ensure maintenance flows from non-resident parents (NRPs) to children.

194. In both written and oral evidence, the CSA Chief Executive and the Secretary of State paid tribute to the hard work and diligence of the Agency staff in very trying times. The Chief Executive said that the staff were “...doing a brilliant job...in very trying circumstances.”205 In his opening statement, the Secretary of State said:

“I want once again to reiterate the hard work and diligence of the staff of the CSA. You must have seen, as I have seen, these fairly young, sometimes very junior staff dealing with horrendous problems. This Agency is unlike any other, in that it is not simply a processing or an enforcement agency. This is an agency where people have to intervene in the most emotional, delicate circumstances, ie. a breakdown in relationships between human beings. I think that it is worth my reiterating my respect for the way that the staff are dealing with this.”206

195. The Committee would like to endorse these comments and acknowledge the effort and dedication shown by staff in carrying out their duties in what has been an extremely difficult period for the Agency. The Committee undertook a visit to a CSA centre during this inquiry and previously visited another CSA office. As always, we were impressed by the work undertaken by the staff and heard some of the difficulties they have to deal with every day. We commend them for their effort.

Staff performance

196. Although the Committee does acknowledge the valuable work and commitment shown by CSA staff, we are concerned that some of the poor performance shown by the Agency can be attributed to staff activities, brought about by low morale and a lack of adequate training. Most evidence received during the inquiry identified a range of areas where staff appear to be under-performing in dealing with clients and progressing cases.207 The Standards Committee Report highlighted important areas such as accuracy, debt collection and enforcement which showed a high level of staff error, a failure to follow standard procedures and a management failure to monitor performance (see paras 105 and 165).

197. The National Association for Child Support Action (NACSA) also commented that staff sometimes misled clients on the progress of their cases; gave incorrect advice; intimidated NRPs when recovering arrears; and have an uncooperative attitude. In evidence, NACSA gave the Committee examples of staff attitudes leading to very offensive comments aimed at NRPs. Copies of emails and a letter where staff had written offensive

205 Q 287
206 Q 180
207 Ev 85, 99-103, 104-109, Qq101, 119, 161
comments were given to the Committee. Clearly a minority of staff, for whatever reason, have the attitude that poor behaviour to customers is acceptable. These attitudes may well stem from low morale. Nonetheless, it appears to be the case that there is the need for further training and monitoring. The Committee were interested to hear that in Australia, following research into the personal characteristics of existing well performing staff, new CSA staff are now checked for their “value alignment.”

**Staff training**

198. The CSA’s Annual Report states that during 2003-04, 84,335 days of staff training were delivered to 13,317 people: an average of more than six days per staff member. In evidence, the Secretary of State said that prior to the child support reforms being introduced there was a focus on training within the Agency to enable the cultural shift needed to implement the reforms. He goes on to say, however, that the training was based on the assumption of a reliable IT and telephony system, which was not forthcoming. Consequently, training needs to be re-examined.\(^{208}\) Certainly Agency performance indicates that standards have suffered and some of this slippage can be attributed to the training requirements of staff not being met. The CSA Business Plan identifies supporting staff as one of the six priorities for 2004-05.\(^{209}\) It outlines the implementation of a new training and personal development system aligned with the support staff needing to operate effectively.

199. The Committee recommends that the CSA publishes a revised strategy for staff training from front-line staff to senior managers to be made available to Parliament before 24 March 2005.

200. It is easy to dwell on the service provided by front line staff and their performance but it is worth considering the performance of the senior staff and management within the CSA. In evidence. The CSA Chief Executive was asked, in light of the difficulties in implementing child support reform, whether he thought that the Agency has the right management structure in place and a sufficient calibre of senior staff to do the job required and to effectively manage the reform process. He replied:

> “I think that the senior management…have done a remarkable job over the last 18 months in keeping the Agency stable and providing a level of service to those customers that we have provided a good quality of service to, despite the issues and concerns they have faced over recent years.”\(^{210}\)

201. This is a commendable display of support from the Chief Executive. The Committee is unconvinced. The Chief Executive of the CSA has now left the Agency and the Committee hopes the new leadership will bring a fresh approach to what is a failing organisation. **We believe that the senior management team are responsible for a multitude of problems within the Agency: they did not recognise that the new IT system (if and when working) needs to be accompanied by a business transformation; not least, they failed to lead the Agency through a significant cultural shift; there is an apparent lack of adequate**

---

\(^{208}\) Q 278

\(^{209}\) CSA Business Plan 2004-05, January 2004

\(^{210}\) Qq 274-5
training for frontline staff; guidance and procedures appear to be lacking; and there is little evidence of adequate monitoring to ensure that frontline staff follow procedures. The 2004-05 focus on supporting staff, outlined in the CSA’s Annual Report and Business Plan, also refers to planned efforts to develop the managers within the Agency, and the Committee recommends that this is prioritised and reviewed during the coming year.

CSA job cuts

202. The CSA’s written evidence confirms that “the Agency will play its part in meeting agreed headcount reduction in the Department for Work and Pensions by 2008.”211 The CSA Business Plan states that to meet the efficiency challenge a reduction in headcount from 10,600 in April 2004 to 8,000 by April 2006 is needed. This was confirmed in correspondence from the then Secretary of State who referred to a 25% reduction in staffing numbers.212 The Agency has already restricted further permanent recruitment and, like the rest of DWP, faces industrial unrest over the staff reductions and staff pay. In a Ministerial Statement, the Secretary of State identified one of the six CSA business units (Hastings) as one of the processing sites earmarked for benefit centralisation,213 thus indicating that CSA staff numbers in the unit will be reduced.

203. A major concern to Committee members, as well as Members of Parliament, staff and clients, is that the proposed staff cuts were predicated upon efficiencies in IT and the modernisation of transactional processes. This has blatantly not been delivered. The Public and Commercial Services Union (PCS) stated:

“…the proposed job cuts cannot be justified in the current operational context within the CSA unless the Agency and elected representatives are prepared to accept a reduction and deterioration in the quality of the Agency’s performance.”214

204. This was a common refrain heard during the inquiry.215 PCS also argued that DWP’s view that improved and modernised IT will increase the performance levels of the CSA is misplaced and that reduced staff numbers will lead to delays in processing cases, reduced resources in important areas such as enforcement, reductions in the face-to-face service and in Agency opening hours. We agree. PCS claim that the announcement of staff cuts has already had an adverse impact upon the performance of the Agency and that the recruitment freeze has already resulted, when frontline staff leave, in the caseload being spread among the remaining staff who are already struggling to keep on top of their existing caseload, and thus causing further processing delays.216

205. In evidence, One Parent Families said the job cuts were “deeply worrying” in the context of the problem of compliance.217 Opposition to staff cuts was also expressed by

211 Ev 69
212 Letter from Sec of State 10 March 2004
213 Ministerial Statement, 16 Sept 2004, col 179ws
214 Ev 73
215 See for example, Ev 54, 86, 102, Q111
216 Ev 73-74
217 Q 111
others on the basis that staff cuts should not be implemented until child support reform has been fully rolled out. Citizens Advice stated:

“…we would urge that no cuts are made in CSA staffing levels until all cases have been migrated onto the new system and [it is] working to a satisfactory standard.”

206. The Secretary of State has told the Committee that job cuts are dependent on a workable IT solution being in place and the Department has indicated that some of the job cuts are being made by reducing the staff numbers in the head office and other support functions. More recently, in evidence to the Committee, the Secretary of State said that it is not yet possible to see how the 30,000 job cuts will be shared across the Department and admitted:

“we should look at staffing very carefully in light of the position we are in, not the position we hoped to be in when we did the indicative figures earlier this year.”

207. The Committee strongly recommends that reductions in the CSA staff levels are suspended until the IT system has proved to be fully functioning and all old scheme cases have migrated onto the new system and been recalculated using the new scheme. In doing so, we also urge that the Department does not transfer the nearly 3,000 job cuts identified for the CSA to another part of DWP without careful analysis of the effects. The Committee notes however, that the Australian CSA staff, with a computer system that functions well, handle significantly higher caseloads than the UK CSA staff. The Australian CSA has a staff to case ratio of around 1:239 compared with 1:116 in the UK. The Committee therefore believes that, once the computer issues are resolved, fewer CSA staff are likely to be needed. The Government should work towards Australian staff to case ratios, whilst recognising that there are differences between the two systems, and that there may be scope for paying the remaining staff more.

Staff pay

208. PCS comment that:

“It is widely acknowledged that the work that CSA staff do is amongst the most challenging in the civil service. However the pay levels in the CSA unfortunately remain among the lowest in government.”

209. PCS claim there is a £3,000 salary difference between an administrative officer in CSA compared with other government departments. There is certainly no doubt that Agency staff are not highly paid. The table below shows that, of the more than 10,000 CSA staff, 7,079 are in the bottom two grades earning average salaries of between £11,380 and £13,491 – the lowest grades barely earning above the National Minimum Wage levels. These staff are predominantly the frontline workers in challenging jobs, dealing with
clients and case work. It is likely that low pay contributes to high staff turnover which in turn adversely affects the functioning of the Agency.

Table 8: Average CSA staff salaries and headcount

<table>
<thead>
<tr>
<th>Grade</th>
<th>Headcount</th>
<th>Average Gross Salary (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Assistant</td>
<td>954</td>
<td>11,380</td>
</tr>
<tr>
<td>Administrative Officer</td>
<td>6125</td>
<td>13,491</td>
</tr>
<tr>
<td>Executive Officer</td>
<td>2383</td>
<td>19,088</td>
</tr>
<tr>
<td>Higher Executive Officer</td>
<td>423</td>
<td>24,570</td>
</tr>
<tr>
<td>Senior Executive Officer</td>
<td>108</td>
<td>30,474</td>
</tr>
</tbody>
</table>

Source: Ev 133 Vol II

210. CSA staff, along with other members of the civil service, have been involved in an ongoing pay dispute, with PCS members taking strike action on several occasions during 2004. In addition, PCS point out that, as part of the dispute, CSA staff have undertaken further disruptive action through a long-term withdrawal of co-operation and an overtime ban. The CSA’s Annual Report outlines the staff pay offer, rejected by the trade unions, pointing out that the average increase of 5.1% is targeted towards lower paid and frontline staff.

211. PCS argue that a system of pay progression should be implemented to enable staff to move up the pay scale of their grade. In evidence, the Secretary of State said that the three year DWP pay deal is aimed at lifting the lower staff levels up by more than the higher levels.

212. It is not for the Committee to intervene in an ongoing pay dispute. However, we urge the Department to prioritise resolving this issue as a matter of urgency. The Agency staff do a very challenging job and should be properly rewarded with adequate salaries and development opportunities.

Staff morale

213. It is safe to say that the difficulties in implementing child support reform, the IT problems, staff cuts and now proposals to change the civil service pension scheme, all affect the morale of CSA staff. The Agency themselves say “Major change in any organisation can have a potentially adverse impact on staff morale and confidence.” Recognising the difficulties faced by staff, the Secretary of State referred in evidence to the “tears and frustration” of staff faced with working on sensitive issues who are then faced with IT problems preventing them from progressing a case. He admitted:

---

222 Ev 72
223 Q 276
224 Ev 69
“It cannot be a very happy place to work in, despite the tremendous work they do and some of the satisfaction they get from that, to constantly be lambasted because of the frustration of getting the system to work. You have to empathise with them.”

214. There can be no doubt that the IT problems have given staff a very trying time and that has undoubtedly affected their performance in progressing cases, making them unhappy and dissatisfied in their work.

215. This low staff morale probably also contributes to a high staff turnover rate compared with other government departments. The CSA has a wastage rate of 14.9% compared with 10% in Australia. According to PCS, this results in the Agency diverting resources into an ongoing training programme for new recruits who then only stay for a short time. They comment:

“This means that there is a serious lack of experience within the Agency, yet in a business as difficult and complicated as the CSA experience is vital.”

216. As a Department, DWP has one of the highest sickness absence rates across the civil service, averaging 12.6 days per person in 2003-04, and failed to meet the target of 10 days. The CSA has one of the highest sickness absence rates within the Department and rates have steadily increased since the introduction of the new child support scheme in March 2003. The sickness absence rate for 2003-04 was 15.6 days per person, with a rate of just under 14 days in March 2003 and peaking at around 19 days in November and December 2003. PCS make the point that work-related stress contributes to the poor sickness rates and claim that sickness levels in the Eastern Business Unit have increased by 50% since March 2003, when the new scheme was introduced. The problem of sickness absence within DWP was recently examined by the National Audit Office. They concluded that the Department has taken action to improve its policies on managing sickness absence but they are not systematically adhered to and much better communication of the policy is required. They also commented that tackling sickness absence is also about influencing the motivation and attitudes of staff.

217. The Committee is concerned that the problems in introducing the new child support scheme, and the new IT system, have had a severe impact upon staff morale. This is further compounded by disputes around pay and conditions. We strongly urge the CSA management to review their personnel, training and development policies and ensure that staff are given the maximum support to enable them to carry out their duties.

---

225 Q 279
226 CSA Annual Report and Accounts 2003-04
227 Ev 73
228 NAO, Managing Attendance in the DWP, Session 2004 – 05, HC 18, 8 Dec 2004
229 Ev 74
230 NAO, Managing Attendance in the DWP, Session 2004 – 05, HC 18, 8 Dec 2004
10 Conclusion and options for the future

218. In our view, it could take a further five years for the CSA to deliver the full functionality and performance that Parliament expected would be in place by 2001. The evidence we heard in this inquiry made clear that the biggest problem now facing this important government agency are not just IT remedial work but poor management and a total loss of confidence both inside and outside the organisation.

219. Whether measured by official targets or any other criteria the CSA has failed; levels of complaint continue to increase, unrecoverable debts rise, the level of staff turnover is going up, the management information to monitor progress is not available and, it is clear that at present the two sectors of the public it is intended to serve treat it either with despair or contempt.

220. It is difficult to exaggerate the damage the Agency’s already low reputation has continued to suffer over the last five years. The only thing that has kept it going is the quite extraordinary level of staff commitment although that too is now jeopardised by the uncertainty surrounding staff reductions.

221. If it is going to take a further five years for the CSA to be fit for purpose, might it not be better to consider a range of options offering a completely fresh approach.

Further reform

222. The Committee’s study visit to Australia demonstrated clearly that a CSA type of system can work successfully. The single most impressive feature which differentiates it from the British model is the high priority given by Australian CSA staff to establishing an early relationship with both parents and staying in contact with them through the frequently problematic early months of each new case until it settles into a regular pattern of payment. That approach produces impressive results.

223. Crucially, the Australian Agency does not recoup money for Central Government. The “pass-through rate” is 100%. Money from non-resident parents (NRPs) goes wholly and directly into the pockets of the families with care of the children. NRPs know that and are encouraged to comply. We have discussed in this report the possibility of abandoning a fixed Child Support Premium and passing all child support payments through to the parent with care.

224. Another distinctive feature is that the Australian Agency has strong administrative powers via the Australian Tax Office (the equivalent of the UK’s Inland Revenue), which are hard for NRPs to frustrate, and which enable it to recover most outstanding child maintenance.

225. However in five years time the likelihood is that even successful collection models will move towards earlier family intervention and support, and away from ever more heavy handed enforcement regimes. The Australians are moving in that direction with their proposal to create Family Relationship Centres whilst encouraging voluntary systems of payment. Such a system would be beneficial in the UK. The proposed network of children’s centres, the mediation services already attached to family courts and the
innovative work on course to reorganise the tribunal system may offer a foundation for this model, with the tax system as the principal tool of recovery. It is an approach that may be more effective in the long run in the UK. Building on the innovative work already being done to reorganise the tribunal system, to introduce a pilot mediation service and the proposed network of Children’s Centres backed by an administrative process of recovery through the tax system provides a model that arguably would be more child centred and effective for the future.

**Urgent action**

226. This report poses a series of detailed and searching questions that Parliament needs to address before the proposed date for the Easter recess (that is, 24th March 2005). If the responses do not provide the level and quality of information necessary to make a judgement as to whether the CSA as currently constituted can be rescued within a reasonable time then the Committee recommends that consideration must be given to the option of winding up the Child Support Agency and plans made for an alternative set of policies that work, in order to provide financial support for children in future. We also recommend that our successor Committee considers alternative policies in the event of the CSA being wound up.
Conclusions and recommendations

1. The Committee recommends that the Department supplies management information by 24 March 2005 or that external consultants be engaged by 1 May 2005 to provide by 1 November 2005 detailed up-to-date management information. (Paragraph 38)

2. We recommend that a detailed CSA strategy, with a contingency plan, including an abandonment option, be made available to Parliament before 24 March 2005. (Paragraph 40)

3. We recommend that the National Audit Office undertakes a comprehensive study of the background to the CSA contract with EDS, as soon as it is feasible to do so and that Parliament should debate the findings in Government time on the floor of the House. (Paragraph 45)

4. We recommend that the Secretary of State makes a statement in the House on the progress made in migration and conversion of CSA cases before the scheduled date for the House to rise for the Easter recess i.e. 24 March 2005. (Paragraph 61)

5. We recommend that both DWP and CSA create, maintain, and disclose publicly, records of the staff time and costs associated with the delayed introduction of CS2. (Paragraph 65)

6. We recommend that the CSA estimates: how long it will take to put into payment all outstanding cases still awaiting a maintenance calculation; how long it will be before it expects new claims to be completed within six weeks; and how long it will take for new case information to be accurately collected and passed to the CSA within three working days of being accepted by JobcentrePlus. We recommend that these estimated dates are made available to Parliament before 24 March 2005. (Paragraph 82)

7. The Committee recommends that a strategy for increasing the accuracy rate of maintenance calculations be developed and published by 24 March 2005. (Paragraph 85)

8. We recommend that the Department investigates the reasons for the comparatively low assessments under the new scheme. We also recommend that the Agency ensures that both parents are, in writing and at least once a year, kept fully informed of the procedure for notifying the CSA of changes in the non-resident parent’s income. (Paragraph 89)

9. We recommend that new powers be granted by Parliament to ensure compliance by self employed non-resident parents including the prevention of deprivation of income deliberately to evade CSA liability. (Paragraph 94)

10. The Committee recommends that, before 24 March 2005, the CSA sets target levels of compliance on old scheme cases. (Paragraph 98)
11. We recommend that up-to-date cash and case compliance statistics for the new CSA system are made available to Parliament before 24 March 2005 (Paragraph 101)

12. We strongly recommend that a debt reduction target and a strategy to reduce debt be published by 24 March 2005, without fail. (Paragraph 108)

13. We recommend that the CSA urgently adopts the “whole service” approach to case management and compliance across all departments of the Agency as was intended in the first place. (Paragraph 124)

14. The Committee recommends closer coordination – drawing on information available concerning the Australian system of Family Relationship Centres – of services provided across all central government departments and agencies including the Department of Constitutional Affairs, Department for Education and Skills to help provide preventative and family support systems at an early stage of prospective family breakdown. (Paragraph 128)

15. The Committee recommends that the CSA urgently evaluates the performance of the Maintenance Direct pilot and publishes the results. We also recommend that the roll-out is closely monitored to ensure that case compliance is maintained and the Agency takes over collection as soon as they are aware of problems occurring. (Paragraph 132)

16. The Committee recommends that if a strategy on case migration from the old to the new system has not been set by 24 March 2005, the Government should tackle the statutory problems and introduce the £10 Child Maintenance Premium for old scheme cases. (Paragraph 137)

17. The Committee recommends that an urgent investigation should be undertaken into the reasons for the lower than expected numbers of Child Support Premiums being paid under the new system. (Paragraph 139)

18. We recommend that the DWP undertakes a cost/benefit analysis of raising the Child Maintenance Premium and completely disregarding child support payments. (Paragraph 142)

19. The Committee recommends that more research be done by the DWP on guaranteed child support. (Paragraph 152)

20. The Committee recommends that the Department investigates the feasibility of marking all DEOs in payment on P45 Forms provided to new employers; and to make existing DEOs automatically transferable to new employers. (Paragraph 155)

21. The Committee recommends that Deduction of Earnings Orders should in future be a standard method of payment for all CSA liabilities due from employed non-resident parents who default on more than 2 payments in any rolling 12 month period. (Paragraph 157)

22. The Committee recommends that Parliament provides, greater administrative powers to the CSA to recover arrears of maintenance, but, because of the very poor levels of CSA accuracy, there will need to be appropriate administrative appeal rights
for the non-resident parent, which should not include a stay pending an appeal’s outcome. (Paragraph 167)

23. The Committee recommends that the Department investigates the feasibility of driving licence removal from non-compliant non-resident parents becoming an administrative rather than a judicial process and its use of such power at a much earlier stage in enforcement. Once again, though, it would seem imperative, in view of the CSA’s lamentable record of inaccurancy, that there should be an administrative appeal system, but without a stay pending the determination of the appeal. (Paragraph 172)

24. The Committee recommends that Parliament provides additional powers, backed by court sanctions, to require NRPs to provide current address and contact details to the CSA. We also recommend that utility companies should be required to provide a NRP’s contact details to the CSA on request. (Paragraph 177)

25. The Committee recommends that the CSA makes much greater use of its already wide-ranging powers of access to information and, if necessary, that the Department revisits the list of organisations that have a statutory duty to disclose information to the CSA, with a view to extending the range and number of organisations covered. (Paragraph 182)

26. The Committee recommends that the Department further examines the use of travel bans and passport withdrawal as a child support enforcement tool for the non-resident parents who persistently default on their child support commitments. (Paragraph 192)

27. The Committee recommends that the CSA publishes a revised strategy for staff training from front-line staff to senior managers to be made available to Parliament before 24 March 2005. (Paragraph 199)

28. We believe that the senior management team are responsible for a multitude of problems within the Agency: they did not recognise that the new IT system (if and when working) needs to be accompanied by a business transformation; not least, they failed to lead the Agency through a significant cultural shift; there is an apparent lack of adequate training for frontline staff; guidance and procedures appear to be lacking; and there is little evidence of adequate monitoring to ensure that frontline staff follow procedures. The 2004-05 focus on supporting staff, outlined in the CSA’s Annual Report and Business Plan, also refers to planned efforts to develop the managers within the Agency, and the Committee recommends that this is prioritised and reviewed during the coming year. (Paragraph 201)

29. The Committee strongly recommends that reductions in the CSA staff levels are suspended until the IT system has proved to be fully functioning and all old scheme cases have migrated onto the new system and been recalculated using the new scheme. (Paragraph 207)

30. The Committee recommends that consideration must be given to the option of winding up the Child Support Agency and plans made for an alternative set of policies that work, in order to provide financial support for children in future. We
also recommend that our successor Committee considers alternative policies in the event of the CSA being wound up. (Paragraph 226)
The Committee deliberated.

Draft report [Performance of the Child Support Agency], brought up and read.

Ordered, that the draft report be read a second time, paragraph by paragraph.

Paragraphs 1 and 2 read, amended and agreed to.

Paragraph 3 read and agreed to.

Paragraphs 4 and 5 read, amended and agreed to.

Paragraphs 6 and 7 read and agreed to.

Paragraph 8 read, amended and agreed to.

Paragraphs 9 to 15 read and agreed to.

Paragraphs 16 and 17 read, amended and agreed to.

Paragraphs 18 to 21 read and agreed to.

Paragraph 22 read, amended and agreed to.

Paragraphs 23 to 26 read and agreed to.

Paragraph 27 read, amended and agreed to.

Paragraphs 28 to 30 read and agreed to.

Paragraph 31 read, amended and agreed to.

Paragraphs 32 to 37 read and agreed to.

Paragraph 38 read, amended and agreed to.

Paragraph 39 read and agreed to.

Paragraph 40 read, amended and agreed to.

Paragraph 41 read and agreed to.
Paragraphs 42 and 43 read, amended and agreed to.
Paragraph 44 read and agreed to.
Paragraph 45 read, amended and agreed to.
Paragraphs 46 to 53 read and agreed to.
Paragraph 54 read, amended and agreed to.
Paragraphs 55 to 60 read and agreed to.
Paragraph 61 read, amended and agreed to.
Paragraph 62 read and agreed to.
Paragraphs 63 to 65 read, amended and agreed to.
Paragraph 66 read and agreed to.
Paragraph 67 read, amended and agreed to.
Paragraph 68 read and agreed to.
Paragraph 69 read, amended and agreed to.
Paragraph 70 read and agreed to.
Paragraph 71 read, amended and agreed to.
Paragraphs 72 to 77 read and agreed to.
Paragraphs 78 and 79 read, amended and agreed to.
Paragraph 80 read and agreed to.
Paragraph 81 read, amended and agreed to.
Paragraphs 82 and 83 read and agreed to.
Paragraphs 84 and 85 read, amended and agreed to.
Paragraphs 86 to 88 read and agreed to.
Paragraph 89 read, amended and agreed to.
Paragraphs 90 to 93 read and agreed to.
Paragraph 94 read, amended and agreed to.
Paragraph 95 read and agreed to.
Paragraphs 96 and 97 read, amended and agreed to.
Paragraph 98 read and agreed to.
Paragraphs 99 and 100 read, amended and agreed to.
Paragraph 101 read and agreed to.
Paragraphs 102 to 106 read, amended and agreed to.
Paragraph 107 read, divided, amended and agreed to. (now paragraphs 107 and 108)
Paragraph 108 (now paragraph 109) read, amended and agreed to.
Paragraph 109 (now paragraph 110) read and agreed to.
Paragraphs 110 and 111 (now paragraphs 111 and 112) read, amended and agreed to.
Paragraphs 112 and 113 (now paragraphs 113 and 114) read and agreed to.
Paragraphs 114 and 115 (now paragraphs 115 and 116) read, amended and agreed to.
Paragraphs 116 to 119 (now paragraphs 117 to 120) read and agreed to.
Paragraphs 120 and 121 (now paragraphs 121 and 122) read, amended and agreed to.
Paragraph 122 (now paragraph 123) read and agreed to.
Paragraph 123 (now paragraph 124) read, amended and agreed to.
Paragraph 124 (now paragraph 125) read and agreed to.
Paragraph 125 (now paragraph 126) read, amended and agreed to.
Paragraph 126 read, divided, amended and agreed to. (now paragraphs 127 and 128)
Paragraphs 127 to 129 (now paragraphs 129 to 131) read and agreed to.
Paragraphs 130 and 131 (now paragraphs 132 and 133) read, amended and agreed to.
Paragraph 132 (now paragraph 134) read and agreed to.
Paragraph 133 (now paragraph 135) read, amended and agreed to.
Paragraph 134 (now paragraph 136) read and agreed to.
Paragraph 135 (now paragraph 137) read as follows:

“The Committee recommends that if a strategy on case migration from the old to
the new system has not been set by Easter 2005, the Government should tackle the
“statutory problems” and introduce the £10 Child Maintenance Premium for old
scheme cases. The answer to the Child Maintenance Bonus back to work payment is
to pay it to new cases in addition to the disregard – after all DWP are testing
enhanced payments to lone parents going back to work via the £40 Return to Work
Premium, which has now been extended to cover 40% of lone parents.”

Amendment proposed, in line 3 after the word “introduce” to insert “by Easter 2006” –
(Rob Marris)
Question put, that the amendment be made.

The Committee divided.

Ayes, 6

Rob Marris
Mr Nigel Waterson

Noes, 1

Ms Vera Baird
Miss Anne Begg
Ms Karen Buck
Mr Andrew Dismore
Mrs Joan Humble

Paragraph 136 (now paragraph 138) read and agreed to.
Paragraphs 137 and 138 (now paragraphs 139 and 140) read, amended and agreed to.
Paragraph 139 read, amended, divided and agreed to. (now paragraphs 141 and 142)
Paragraphs 140 to 144 (now paragraphs 143 to 147) read and agreed to.
Paragraph 145 (now paragraph 148) read, amended and agreed to.
Paragraphs 146 to 148 (now paragraphs 149 to 151) read and agreed to.
Paragraph 149 (now paragraph 152) read, amended and agreed to.
Paragraph 150 (now paragraph 153) read and agreed to.
Paragraph 151 read, amended, divided and agreed to. (now paragraphs 154 and 155)
Paragraph 152 (now paragraph 156) read and agreed to.
Paragraph 153 (now paragraph 157) read, amended and agreed to.
Paragraphs 154 to 162 (now paragraphs 158 to 166) read and agreed to.
Paragraph 163 (now paragraph 167) read, amended and agreed to.
Paragraph 164 to 167 (now paragraph 168 to 171) read and agreed to.
Paragraph 168 (now paragraph 172) read, amended and agreed to.
Paragraphs 169 to 172 (now paragraphs 173 to 176) read and agreed to.
Paragraphs 173 and 174 (now paragraphs 177 and 178) read, amended and agreed to.
Paragraphs 175 to 177 (now paragraphs 179 to 181) read and agreed to.
Paragraph 178 (now paragraph 182) read as follows:

“The Committee recommends that the current list of organisations that have a statutory duty to disclose information to the CSA should be extended by parliament.”
Amendments made (now paragraph 182).

Paragraphs 179 and 180 (now paragraphs 183 and 184) read and agreed to.

Paragraph 181 (now paragraph 185) read, amended and agreed to.

Paragraphs 182 to 185 (now paragraphs 186 to 189) read and agreed to.

Paragraphs 186 to 188 (now paragraphs 190 to 192) read, amended and agreed to.

Ordered, that the Debate be now adjourned – (The Chairman)

Debate to be resumed on Wednesday next at half-past nine o’clock

[adjourned till Wednesday 19 January at half-past nine o’clock

Wednesday 19 January 2005

Members Present:
Sir Archy Kirkwood, in the Chair
Ms Vera Baird Miss Anne Begg
Mr Andrew Dismore Mr Andrew Selous
Mr Paul Goodman Mr Nigel Waterson
Mr David Hamilton

The Committee deliberated.

Consideration of the Chairman’s draft report resumed.

Paragraphs 189 to 191 (now paragraphs 193 to 195) read and agreed to.

Paragraph 192 (now paragraph 196) read, amended and agreed to.

Paragraphs 193 to 196 (now paragraphs 197 to 200) read, and agreed to.

Paragraph 197 (now paragraph 201) read, amended and agreed to.

Paragraphs 198 and 199 (now paragraphs 202 and 203) read and agreed to.

Paragraph 200 (now paragraph 204) read, amended and agreed to.

Paragraphs 201 and 202 (now paragraphs 205 and 206) read and agreed to.

Paragraph 203 (now paragraph 207) read, amended and agreed to.

Paragraph 204 (now paragraph 208) read and agreed to.

Paragraph 205 (now paragraph 209) read, amended and agreed to.

Paragraphs 206 to 210 (now paragraphs 210 to 214) read and agreed to.
Paragraph 211 (now paragraph 215) read, amended and agreed to.

Paragraphs 212 and 213 (now paragraphs 216 and 217) read and agreed to.

Paragraphs 214 to 221 (now paragraphs 218 to 225) read, amended and agreed to.

Paragraphs read, as follows:

“In many European countries the child support system is administered by local
government and social work services – not by a central government social security
agency. They may operate to national guidelines but can also employ a greater degree
of flexible, individualised, discretion which may be more appropriate in this difficult
and emotionally charged arena of child support.

They also deal with financial support, property and similar issues at the same time
and in the context of reaching agreement about contact and care of children. In
Norway for example couples seeking to separate are required to negotiate these
issues and agree them all with the help of a social worker employed by their
municipality.

One obvious alternative arena for these discussions to take place is the courts which
still handle separation orders, disputes or agreements over access and care and child
support in private cases. They have in CAFCASS a social work service with some of
the appropriate experience. The usual reaction to a 'back to the courts' suggestion is
that the CSA was set up because the courts were failing. However were they failing as
badly as the CSA? If they were now to operate with the guidance of a formula and
the support of CAFCASS, could they not succeed better than the CSA? At the
present time the Department for Constitutional Affairs is experimenting with a pre
divorce mediation service which could become the model for a Norway style
negotiation of the issues.”

Paragraphs disagreed to.

Paragraph 225 (now paragraph 226) read, amended and agreed to.

Report highlights read, amended and agreed to.

Resolved, that the Report, as amended, be the Second Report of the Committee to the
House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (reports)) be
 appended to the Report.

Several papers were ordered to be appended to the Minutes of Evidence.

Ordered, That the Appendices to the Minutes of Evidence taken before the Committee be
reported to the House. – (The Chairman)

[Adjourned till Wednesday 26 January at half-past Nine o’clock]
Witnesses

Wednesday 21 July 2004

Ms Jodi Berg, Independent Case Examiner for the Child Support Agency and Mr Phil Latus, Case Director, Office of the Independent Case Examiner for the CSA

Ev 1

Professor Nick Wikeley, University of Southampton

Ev 8

Wednesday 13 October 2004

Ms Nicola Simpson, Chief Executive, Ms Janet Allbeson, Policy Consultant and Ms Nancy Lombard, Lone Parent, One Parent Families

Ev 15

Ms Adrienne Burgess, Research and Policy Director, Fathers Direct

Ev 21

Ms Michelle Counley, Director and Chairperson and Mr Kim Hamilton, Director, National Association for Child Support Action

Ev 24

Wednesday 17 November 2004

Rt Hon Alan Johnson MP, Secretary of State for Work and Pensions and Mr Doug Smith, Chief Executive, Child Support Agency

Ev 29
## List of Written Evidence

<table>
<thead>
<tr>
<th>No.</th>
<th>Organization/Entity</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Alliance for Peace, Justice and Human Dignity</td>
<td>Ev 48</td>
</tr>
<tr>
<td>2</td>
<td>One Parent Families</td>
<td>Ev 49; 54</td>
</tr>
<tr>
<td>3</td>
<td>Independent Case Examiner for the CSA</td>
<td>Ev 56; 60</td>
</tr>
<tr>
<td>4</td>
<td>Fathers Direct</td>
<td>Ev 62</td>
</tr>
<tr>
<td>5</td>
<td>Child Support Agency</td>
<td>Ev 66</td>
</tr>
<tr>
<td>6</td>
<td>Public and Commercial Services Union</td>
<td>Ev 72</td>
</tr>
<tr>
<td>7</td>
<td>Mr and Mrs Hunter</td>
<td>Ev76</td>
</tr>
<tr>
<td>8</td>
<td>Professor Nick Wikeley</td>
<td>Ev77; 84</td>
</tr>
<tr>
<td>9</td>
<td>National Association For Child Support Action</td>
<td>Ev 84</td>
</tr>
<tr>
<td>10</td>
<td>Solicitors Family Law Association</td>
<td>Ev 89</td>
</tr>
<tr>
<td>11</td>
<td>Birgit Cunningham</td>
<td>Ev 96</td>
</tr>
<tr>
<td>12</td>
<td>Citizens Advice Bureau</td>
<td>Ev 97</td>
</tr>
<tr>
<td>13</td>
<td>Alison and Daniel Courtenay</td>
<td>Ev 104</td>
</tr>
<tr>
<td>14</td>
<td>Oliver Blaiklock</td>
<td>Ev 111</td>
</tr>
<tr>
<td>15</td>
<td>EDS</td>
<td>Ev 120</td>
</tr>
<tr>
<td>16</td>
<td>The Law Society</td>
<td>Ev 120</td>
</tr>
<tr>
<td>17</td>
<td>Notes of the Committee visit to Dudley</td>
<td>Ev 121</td>
</tr>
<tr>
<td>18</td>
<td>Notes of the Committee visit to Australia</td>
<td>Ev 124</td>
</tr>
<tr>
<td>19</td>
<td>Letter from the Secretary of State to the Chairman of the Committee</td>
<td>Ev 130</td>
</tr>
<tr>
<td>20</td>
<td>Additional Information from the Department for Work and Pensions</td>
<td>Ev 132</td>
</tr>
<tr>
<td>21</td>
<td>Further supplementary notes from the DWP</td>
<td>Ev 133</td>
</tr>
<tr>
<td>22</td>
<td>Letter from the Secretary of State to NACSA</td>
<td>Ev 135</td>
</tr>
</tbody>
</table>