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Committee of Public Accounts

Child Support Agency: Implementation of the Child Support Reforms

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Contents

Report	<i>Page</i>
Summary	3
Conclusions and recommendations	5
1 Implementation of the Child Support Reforms	9
2 Levels of customer service	12
3 Enforcing responsibilities of parents	15
4 Delivering an effective system of child support	18
Formal minutes	20
Witnesses	21
List of written evidence	21
List of Reports from the Committee of Public Accounts 2006–07	22

Summary

Since it was established in 1993, the Child Support Agency has consistently underperformed. By October 2006, one in four applications for maintenance received by the Agency since 2003 were still waiting to be cleared, there was a backlog of a quarter of a million cases waiting to be processed, and around 36,000 cases were simply stuck in the system.

Where it works well the Agency secures regular contributions from non-resident parents and transfers them to the parent with care responsibility or the Secretary of State, where the parent with care is in receipt of benefits. An estimated 100,000 children are lifted out of poverty through the maintenance that they receive.

Failure of non-resident parents to pay the maintenance due, however, can cause real hardship and have lasting consequences for parents with care and the children. To date the Agency has not made full use of the range of enforcement powers it has available. Around £3.5 billion of maintenance has not been collected by the Agency, 60% of which is now considered uncollectable. A significant consequence is that anyone considering not paying maintenance knows that they have a good chance of avoiding detection or serious penalty.

The Agency has to work through often complicated emotional, financial and legal issues to bring about a degree of financial stability for children and parents. It is a difficult area for government to administer. Assessment, collection and enforcement processes need to be perceived by all as fair and accurate while not being administratively complex. Unlike its counterparts in Australia and New Zealand, where average costs per case are lower and compliance is higher, the Agency has yet to meet this challenge.

The system of Child Support was last reformed when the Child Support, Pensions and Social Security Act 2000 introduced a new Child Support scheme that came into force from March 2003 (the reforms), and introduced the Child Maintenance Premium entitling parents with care on benefit to receive up to an additional £10 per week in maintenance. The reform programme was ambitious and its management showed a lack of realism in both planning and execution. From the outset, the development of new IT systems and telephony arrangements carried a high level of risk because of their size and complexity, coupled with a substantial business restructuring at a time when the Agency was already struggling.

Under a new Chief Executive, the Agency implemented an operational improvement plan in February 2006, whilst proposals for the long term delivery of child support were developed independently. The plan, which could cost a further £320 million, is aimed at tackling the backlog of cases, stabilising the new IT system by fixing the 500 defects that were still present three years after it was introduced, and taking a harder line with non-resident parents who try to evade their responsibilities. But given the scale of the Agency's problems, there will be no quick solution. Many parents with care responsibilities could still face a long wait before they see any of the money to which they are entitled from non-resident parents.

A Government White Paper in December 2006 announced the planned replacement of the Agency with the Child Maintenance and Enforcement Commission, with the aim of delivering a simpler and more effective way of assessing, collecting and enforcing child maintenance. The Commission is expected to be in place by 2008.

On the basis of a Report by the Comptroller and Auditor General,¹ the Committee took evidence from the Child Support Agency and the Department for Work and Pensions on the implementation of the Child Support Reforms, focusing on why the problems in implementing the reforms arose, the impact on the quality of service, the remedial action taken by the Agency and the lessons learnt.

1 C&AG's Report, *Child Support Agency—Implementation of the Child Support Reforms*, HC (2005–06) 1174

Conclusions and recommendations

- 1. Implementing the reforms has cost the taxpayer some £539 million since 2000, with plans for a further £320 million to improve service levels over the next three years; but the money has failed to deliver the promised—and much needed—improvements in efficiency and quality of service.** It took thirteen years for the Department to finally conclude that the Agency was not fit for purpose, after bringing in a new Chief Executive from the private sector in April 2005. The Child Maintenance and Enforcement Commission, which is to replace the Agency by 2008, will need to represent a break from the past, based on a vision for a simpler and more enforceable system incorporating good practice from other countries.
- 2. The Agency still performs less effectively than its counterparts in Australia and New Zealand, with higher average costs per case and lower rates of compliance.** The Australian Child Support Agency has greater access than the UK Agency to individual tax information that enables it to determine income and expenditure directly, without having to rely on the individuals concerned to provide this information. Taxation is also used to collect arrears from non-resident parents. The Department, together with the Treasury and HM Revenue and Customs, should explore the scope for adopting these approaches to achieve quicker assessments and higher levels of compliance.
- 3. More than one in three non-resident parents fail to pay any of the money they owe, amounting to around £3.5 billion in uncollected maintenance.** The Department has announced that it will not be seeking legislative powers to write-off uncollectable debt and the Agency is now better equipped to identify debtors. To improve maintenance payment, it should obtain information on income and forwarding addresses from employers, make greater targeted use of debt collectors and promote public awareness of the legal consequences of non payment.
- 4. The Agency's poor track record in enforcing compliance sends out a message that it is easy to avoid detection by the Agency or serious penalty.** At the time of the C&AG's report, only 19,000 out of the 247,000 cases of complete and partial non-compliance were being dealt with by the Agency's Enforcement Directorate. The Agency was unable to identify cases where enforcement action had previously been taken. The Agency needs to challenge the existing culture of non-compliance, identifying and focusing on higher risk cases, and prosecuting repeat offenders.
- 5. There is a backlog of 239,000 uncleared cases and 36,000 new cases have become stuck in the system because of IT problems.** While the number of uncleared applications has fallen, it can take as long as 38 weeks to deal with a case, during which time parents with care responsibilities will be receiving no money from non-resident parents. The Agency's operational improvement plan is designed to tackle the backlog of applications, which has reduced from a third of a million in June 2006 to 239,000 in December 2006. The Agency should establish a range of indicators against which progress can be measured on a regular basis, such as the target to clear 80% of new cases within 12 weeks.

- 6. Parents with care responsibilities may be losing out on up to £520 in Child Maintenance Premium a year.** As a result of the backlog of cases, a significant number of parents in receipt of benefits are not receiving up to an additional £10 a week towards the cost of bringing up their children. The Agency should identify cases where the parent with care would benefit most from receiving the premium and give priority to these cases in tackling the existing backlog.
- 7. The IT system introduced as part of the reforms has never fully supported the Agency's objective of processing maintenance applications accurately and quickly, and is unlikely to operate as intended until at least 2007-08.** From the outset, the IT systems required to support the reforms carried a high level of risk because of their size, complexity and the timescale of the IT development. Three years after the new system was built, 500 defects still existed. The Agency needs not only to fix the IT problems, but also to rebuild staff confidence which has been damaged by previous failed attempts to provide a workable system.
- 8. Having outsourced most of its IT capability to EDS, the Department did not maintain the capability to be an intelligent customer.** It needs to strengthen its independent in-house IT capacity to challenge the validity of assurances given by IT suppliers and keep up to date with both technical and commercial developments in the IT industry by recruiting a cadre of high calibre IT professionals.
- 9. During the reform period, a number of poor operational decisions went unchecked or unchallenged, not least going live with an IT system that had 14 critical defects.** Until January 2004 the Agency lacked proper governance structures to support effective planning and assurance processes. The new Child Maintenance and Enforcement Commission, expected to be in place by 2008, needs a project team with expertise in delivering complex programmes, and subject to Office of Government Commerce Gateway Reviews.
- 10. The IT system was procured under a private finance initiative contract, but Electronic Data Systems (EDS) as contractor was not able to meet the contract terms.** Delays to delivery and technical faults led to a lengthy commercial dispute. The Government has since decided that PFI should not be used for IT contracts. For their part, contractors who assume responsibility for sensitive public services should not lose sight of their wider obligation to the community in the single-minded pursuit of their commercial interests.
- 11. Public confidence in the Agency is low, with almost 55,000 complaints made to the Agency in 2005-06.** Parents are likely to be less willing to engage in a process that they perceive as unfair, inaccurate and slow. The reputation of the Agency is further damaged if the public believe it fails to enforce compliance. The Department needs to implement a strategy to rebuild public confidence in the Child Support arrangements, using literature that has been tested with customers to determine that it is easily understood.
- 12. Parents have limited opportunities for face to face discussions with officials as the majority of the Agency's communications are carried out over the telephone or in writing.** A face to face service has been used successfully in the past, and it has also

worked well in Australia. The service was scaled down on efficiency grounds but nonetheless needs to be advertised to those who need it most if its effectiveness is to be maximised.

13. **The Department spent £91 million on external advice on the design and implementation of the Reforms between 2001–05, which the departmental financial management system could not break down by supplier.** It has now implemented a new system which can interrogate expenditure by supplier. In addition, the Department needs to follow the recommendations outlined in the Committee's report on the Use of Consultants.² In particular its contracts with consultants should include well-defined outputs and the intended benefits of the work.

² Committee of Public Accounts, Thirty-first Report of Session 2006–07, *Central government's use of consultants*, HC 309

1 Implementation of the Child Support Reforms

1. The Child Support Agency was established in 1993. At its inception, the Agency started with a complex administrative process, poor incentives for compliance on the part of many customers, as well as an IT system that did not fully support the business.³ The Agency has continually under-performed, plagued by enormous backlogs of unprocessed cases and huge sums of uncollected maintenance. The Department accepts it should have recognised earlier that the problems were fundamental.⁴

2. The Child Support, Pensions and Social Security Act 2000 introduced a new Child Support Scheme that came into force from March 2003 (the reforms). With hindsight, the reforms were a final but unsuccessful attempt to put the Agency back on track. By October 2005, when the reform programme was closed, the Agency had spent £539 million pounds on its implementation. In February 2006, the Department announced an Operational Improvement Plan to address the continuing problems, which would involve further expenditure of £120 million by March 2009. In December of the same year, the Government finally announced the planned replacement of the Agency with the Child Maintenance and Enforcement Commission which is expected to be in place by 2008.

3. The main features of reforms of 2003 were the introduction of new rules for child support and a simplified calculation for maintenance, supported by a new IT system and a substantial business restructuring. The new child support scheme applied to all new cases and cases with a link to a new case in 2003. It was based on the net weekly income of the non-resident parent and included a simpler system of rates for working out how much child maintenance should be paid; a Child Maintenance Premium, allowing those parents with care on Income Support or income-based Jobseekers Allowance to keep up to £10 a week of child maintenance in addition to their benefit; lower rates of child maintenance for non-resident parents who have children living with them (including stepchildren); and new powers for the Agency to make sure that maintenance can be worked out quickly and collected successfully.

4. The new scheme proved to be more complex and difficult to implement than anticipated. Those responsible did not act on the warnings, for example, in consultants' reports, that they were at the edge of what was achievable.⁵ Not until the current Chief Executive, Stephen Geraghty, came into post in April 2005, was the first review of the full extent of the Agency's problems carried out. Based on this work, the Secretary of State concluded that the Agency was not fit for purpose.⁶

5. Lessons can be applied from other countries that have managed to deliver successful Child Support systems.⁷ The Australian Child Support Agency, for example, has much

3 Q 131

4 Qq 1, 126–127

5 Qq 46, 85–86, 147

6 Qq 2–5

7 C&AG's Report, para 1.12 and Box 3, page 25

greater access than its United Kingdom counterpart to information held by tax departments. This access enables staff to validate declarations of income by non-resident parents and calculate how much maintenance is due. Other countries make use of conciliation and mediation to try and assist parents to reach their own maintenance arrangements.⁸

6. In September 2000, the Department entered into a £427 million Private Finance Initiative (PFI) contract with Electronic Data Systems (EDS) to deliver a new IT system (CS2) by 2002 when the new scheme was expected to be in place. Two years after the original contract was signed, and following a lengthy commercial dispute over delays to delivery and technical faults within the system, the Department agreed to two contract changes that increased the overall price of the system to £456 million.⁹ In 2005, the Department reorganised its contracts with EDS, reducing the overall cost of the CS2 contract to £381 million. The reduction included a £53 million penalty for failing to meet the contract terms and for poor delivery. EDS also agreed to provide the Agency's original IT system, which is still in use alongside the new system, free of charge up to 2008, avoiding £24 million of costs to the Department.¹⁰

7. Despite the problems experienced with the delivery of the IT system from EDS, the Department did not repudiate its contract in 2004 when it had the chance to do so. The Department had to choose whether to terminate the contract with EDS and start again, or build on what it had learned. The Department believes that it was right to continue to develop the system with EDS, despite now not expecting the system to be running as intended for a further two years.¹¹

8. In the late 1990s, PFI contracts were the preferred method of procurement but elements of the contract did not follow some basic best practice principles. In particular, there was uncertainty over what constituted delivery. The Department focused too much on the process of letting the contract rather than on the desired outcomes and what was required from EDS. The realigned contract with EDS focuses more clearly on the delivery of outcomes and the Department believes that all major IT contracts let by it since CS2 have better defined what needs to be delivered and to what timescale.¹²

9. Despite ample warnings that it was not ready, the IT system was rolled out with 14 critical defects. Following trials, the Department believed that adequate workarounds existed to prevent problems, and that not going ahead with the launch would de-motivate the Agency's staff and reduce productivity.¹³ The CS2 system failed staff and customers from the day of launch and as its problems emerged they were either ignored or a lack of in-house technical expertise meant the Department was unable to challenge its supplier. In addition to the 405 workarounds which had been identified, almost 200 more were needed to progress cases through the new system, undoubtedly reducing productivity. At the time

8 Q 129

9 C&AG's Report, paras 2.15, 2.37, 2.59

10 Qq 13, 14, 135, 136

11 Q 15

12 Qq 26–34

13 Qq 47–51, 183

of the C&AG's report, 268 workarounds were still in use, of which 104 had not been identified before implementation of the system.¹⁴

10. At the time of the C&AG's report, the Agency spent 70 pence to collect each £1 of maintenance and to date the reforms have cost £539 million.¹⁵ Included within this figure is £91 million on external advice spent on the design and implementation of the reforms, in part as a result of outsourcing its technical expertise at this time.¹⁶ The Department's previous financial management system could not interrogate expenditure by supplier. Whilst the Department was able to provide retrospective details on £58 million (Figure 1), it could not easily identify how the remaining £33 million was spent. As a result, the Department cannot tell whether this £33 million has been good value for money.¹⁷

Figure 1: Expenditure on external consultants 2001–2005

Consultancy	Cost (million)	Percent
Unable to provide details	£33	36
PWC	£20	22
Delloites	£12	13
AT Kearney	£9	10
IBM	£6	7
Hayes	£4	4
Other*	£7	8
Total	£91	100
<i>* 26 different consultancy providers, no single contract worth more than £1 million</i>		

Source: Ev 1

14 Qq 38, 182–186; Ev 1

15 C&AG's Report, paras 9–10, 18, Figure 6; Qq 40–45

16 Qq 35–39

17 Q 87; Ev 1

2 Levels of customer service

11. The Child Support reforms failed to deliver the required improvements in customer service and administrative efficiency.¹⁸ In October 2006, one in four applications for maintenance received by the Agency since March 2003 required clearance, there was a backlog of a quarter of a million cases waiting to be processed, and around 36,000 cases were stuck in the system.¹⁹

12. The Agency has a major role in helping to alleviate child poverty, one of the Government's key targets. The Department estimates that around 100,000 children are lifted out of poverty through the maintenance that they receive, and this figure is expected to rise to 140,000 if the Operational Improvement Plan is successful. But it is clear that more children would have been lifted out of poverty if the Agency had worked effectively. For example, if all cases had transferred to the new scheme as expected, and compliance remained at the same level as now, an estimated 50,000 additional children could have been lifted out of poverty already.²⁰

13. Although there are some signs of improvement in performance, the Department accepted that there is a long way to go before the Agency is delivering an effective service to its customers. The number of complaints received reflects the poor standards of customer service with around 55,000 received in 2005–06.²¹ In the past, the member of staff responsible for dealing with the complaint letter has not been responsible for putting the case right. The Agency is currently simplifying how it manages and responds to complaints to address this inconsistency and is training staff so that by March 2007 the same person will be responsible for both.²² More money is now getting to more children, with the number of parents in receipt of the Child Maintenance Premium up from 10,000 in March 2004 to over 50,000 in October 2006.²³

14. The majority of the Agency's contact with parents is over the telephone or in writing, but some parents need more opportunities to discuss their cases face to face with officials. Where such a service had been used in the past it appeared to work well, but the Agency withdrew it on efficiency grounds. A scaled down face to face service does exist for those that need it most but it needs to be advertised if its effectiveness is to be maximised.

15. Small signs of improvement in customer service exist in some other areas. For example during 2005–06, 423,000 phone calls to the Agency were abandoned by customers whilst waiting to speak to a member of staff—some 9%.²⁴ The latest management information indicates that the Agency is now answering more telephone calls, with only around 2% of

18 C&AG's Report, para 8

19 C&AG's Report, para 14

20 Qq 52–55; Ev 1

21 Qq 91, 130

22 Q 142

23 Qq 130, 134

24 C&AG's Report para 3.7, and Figure 8, page 47

calls abandoned between April and December 2006, but this amounts to 93,000 calls which is still too many.²⁵

16. When communicating with parents, it is important for due consideration to be given to the sensitivities of their situation. Some of the Agency's standard letters to parents fail to provide simple messages in easily understandable language. The Agency is now looking at the type and quality of the letters it sends out.²⁶ The Department accepts that greater emphasis is needed on advice and guidance for parents, as in Australia. Under the new arrangements announced in December, parents will be encouraged to make their own arrangements for agreeing child maintenance payments in the first instance. To help them do so, parents will need clear advice and guidance from the Department, which should draw on past recommendations from the National Audit Office and this Committee, including, for example, testing with customers that they understand the information that is produced.²⁷

17. Only a small proportion of customers who have experienced a poor level of service received any compensation. The Department does not consider it feasible to have a compensation scheme for parents whose cases have not transferred to the new scheme and where, for example, parents with care or those paying maintenance may be missing out on the new benefits.²⁸ Nor are parents on Income Support who may have lost up to £520 each year in the form of the Child Maintenance Premium going to be compensated.

18. Compensation is available where there has been departmental error or delay that has affected customers badly. The Agency made payments of just under £4 million last year under this scheme. From 1996 until 1 April 2005, the Department offered concessions where large initial payment arrears arose through maladministration, delayed reviews of cases or delays to implementing changes of circumstances.²⁹ In cases which had accrued at least 26 weeks of arrears and, providing the non-resident parent agreed to pay the most recent 26 weeks, the Department agreed to defer any prior debt in recognition of the burden it presented. The Agency then compensated the parent with care where they had lost maintenance because of deferment. Almost £15 million was paid under this scheme.³⁰

19. Under the original child support system, up to one hundred pieces of information about income, housing costs and other expenses were often required to determine non-resident parents' contribution to child maintenance. The system was so complex that it turned to be undeliverable. Running two systems in parallel increased complexity. Both the original system and that introduced in 2003 did not provide for parents to come to their own private arrangements. Where parents have arrangements in place that are overturned through the Agency's involvement, parents feel aggrieved, especially when their cases then

25 Qq 90, 94–99

26 Q 148

27 Report by the Comptroller and Auditor General, *Using leaflets to communicate with the public about services and entitlements*, HC (2005–06) 797; Committee of Public Accounts, *Seventh Report of Session 2006–07, Using leaflets to communicate with the public about services and entitlements*, HC 133

28 Qq 132–133

29 Qq 78–79

30 Q 79; Ev 1

experience problems and delay otherwise regular maintenance payments.³¹ The new proposed Child Maintenance and Enforcement Commission (C-MEC) intends to provide parents with the opportunity to come to their own private arrangements.³²

31 Qq 81–82

32 Department for Work and Pensions, *A new system of child maintenance*, December 2006

3 Enforcing responsibilities of parents

20. Nearly one in three non-resident parents fail to pay any of the money they owe their children, often causing real hardship.³³ Parents expected to pay maintenance calculated under the rules introduced in 2003 are less compliant than those on the old scheme (Figure 2), with a much larger percentage of parents on the old scheme paying in full.

Figure 2: Percentage of non-resident parents making payments³⁴

Quarter ending September 2006	Non-compliant (%)	Partially compliant (%)	Fully compliant (%)
New scheme	34	36	31
Old scheme	29	22	50
Overall	31	28	41

Source: Child Support Agency, Ev 1

21. An estimated £3.5 billion of maintenance has not been collected by the Agency. At March 2006, an estimated £2 billion of this uncollected maintenance was owed to parents with care and £1.5 billion owed to the Secretary of State. Around £2 billion is now considered irrecoverable, including that accruing from interim maintenance assessments and default maintenance decisions. The latter is a punitive assessment imposed on the non-resident parent where they do not provide the information required by the Agency, which is much higher than normal and used to prompt non-resident parents to provide all the necessary information to calculate maintenance correctly.³⁵

22. The Agency can now identify those individuals who owe the most money, a welcome development since publication of the Comptroller and Auditor General's report. About half of debtors owe less than £1,000. One per cent owe £50,000 or more, and it is on these cases that the Agency is now targeting enforcement action.³⁶ Although the Agency believes that having debt on file can be a burden to non-resident parents making future payments, there are no plans to seek the necessary legislation for writing off cases of accrued debt.³⁷

23. As part of its Operational Improvement Plan, the Agency has already recognised the need to do more to collect some of the outstanding debt. It is now using private debt collectors to recover outstanding payments as well as increasing the number of staff trained to undertake enforcement activity. Private debt collectors are paid on their success, at a cost which is estimated to be around 20 pence for every £1 collected, although the Agency has found that the threat of using such agencies prompts around 10% of non-resident parents to contact the Agency directly. There may be a risk that the incentives for private

33 C&AG's Report, para 4.6

34 For cases where the non-resident parent is liable to pay via the collection service and a payment schedule has been set up.

35 Qq 123–125; Ev 1

36 Qq 138–140

37 Qq 70–76

companies will focus their efforts on the most ‘profitable’ cases at the expense of smaller debts.³⁸

24. Although the Department does not believe it is appropriate to write off substantial sums of debt, the proposed C-MEC will have the power to accept offers from non-resident parents to settle debts as a ‘full and final settlement’. Where this debt is due to be paid to the parent with care, the decision to accept a lesser amount will only be taken with the latter’s agreement.³⁹

25. Considering the scale of non-compliance over the years, the Agency appears to have taken very little action against those who do not pay, and non-compliant parents have little chance of getting caught or penalised. The lack of enforcement action taken by the Agency could be contributing to a culture of non-compliance amongst non-resident parents. There are currently 19,000 cases being dealt with by the Agency’s Enforcement Directorate, which is only 8% of the 127,000 completely non-compliant cases and 120,000 partially compliant non-resident parents. The Department’s evidence suggests that there is little variation in the compliance of non-resident parents across the country (Figure 3).⁴⁰

26. In 2005–06, the failure to pay maintenance resulted in just 35 people with suspended driving licence sentences, five licences actually confiscated, and 15 people put in prison for up to 42 days each. The new C-MEC promises a focus on enforcement action, tougher action against non-compliance and a widening of the types of penalties imposed such as electronic tagging. Such a penalty would not prevent non-resident parents from earning money, as prison for example does.⁴¹ The Department is now planning to actively publicise successful prosecutions, including details of the non-resident parents. In the interests of protecting the children involved, the Department believes that a more comprehensive “name and shame” policy would not be an appropriate strategy for enforcing child support.⁴²

38 Qq 158–161

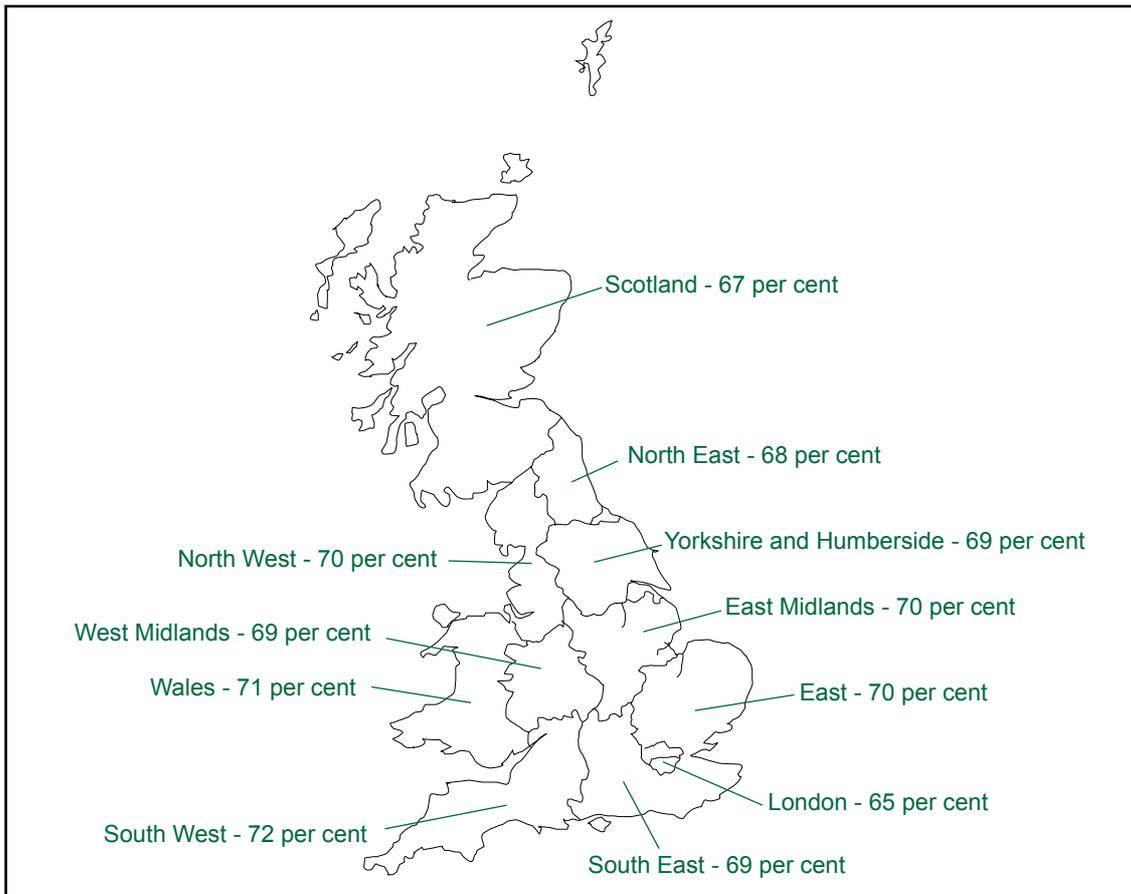
39 Department for Work and Pensions, *A new system of child maintenance*, December 2006

40 Qq 100–103, 109–112, C&AG’s Report, para 4.23

41 Qq 16, 63–69, C&AG’s Report, Figure 18, paras 4.24–4.27

42 Qq 113–123, 177; Ev 1

Figure 3 Levels of compliance across the UK



Source: Analysis of data in Ev 1

27. In 2004–05, enforcement activity by the Agency led to the recovery of £8 million in direct payments at a cost of £12 million, although this does not take into account future payments which were made by previously non-compliant parents. Under the Operational Improvement Plan, the Department will quadruple the number of enforcement staff, along with the introduction of more specialised caseworkers to follow up cases of reported conflicts between actual lifestyle and claimed income.⁴³ The Agency cannot at present easily identify cases where enforcement action has previously been taken, and is therefore unable to determine at the earliest stage where cases may initially represent a higher risk of non-compliance.⁴⁴

43 Qq 80, 104–108, 149–157, 187

44 Q 139; C&AG's Report, para 4.19

4 Delivering an effective system of child support

28. The previous attempt to reform the system for child support cost taxpayers £539 million. The Agency's Operational Improvement Plan is expected to cost a further £321 million over three years, £120 million of which is additional funding from the Government. The remainder is being met through money saved from the realigned IT contract with EDS (around £60 million): £50 million allocated to converting cases from the old to the new scheme that has now been abandoned; and £90 million through efficiency savings across the Department.⁴⁵ The Agency is now recruiting 1,000 additional staff to help deliver service improvements and engaging many more through outsourcing parts of its work. These increases in staffing need to be reconciled with the Department's overall target to reduce staff by 30,000 over a three year period. The Department believes that though a temporary increase in staff will result, by the end of 2007–08 the figure will be significantly reduced.⁴⁶

29. The new Child Maintenance Enforcement Commission needs to be clear about its priorities, such as processing new applications and clearing the backlog of cases. Work to clear the backlog of applications, which has been outsourced, has reduced uncleared cases from around 330,000 to 248,000. Month on month, the Agency is now processing more cases than it receives, reducing the backlog. Recent data indicate further improvements in the time taken to clear new cases, with a third of cases cleared within 6 weeks, half within 12 weeks and the remainder within 6 months.⁴⁷

30. The proposed new system places more emphasis on parents to establish private maintenance arrangements. In Australia, over half of cases are settled through private arrangements. Whilst being more in control of the process and outcome may encourage some non-resident parents to comply, there will still be those who are insensitive to their obligations to their children. Nonetheless, by encouraging naturally compliant parents to make their own arrangements—providing a calculation service where needed—the Agency will be able to dedicate more time to cases of non-compliance.⁴⁸

31. When processing applications for child support the Agency has tended to rely on the accurate and honest disclosure of income by parents. The Agency does not have routine access to information held by other Departments, in particular tax and revenue Departments, to verify declarations of income. Although the Department has been able to request information on specific cases, access has been limited and untimely.⁴⁹ A recent

45 Qq 23–25; C&AG's Report, para 2.58

46 Qq 5–6, 17–22, 162–176

47 Qq 143–145; C&AG's Report, paras 3.20–3.21

48 Qq 58–62

49 Qq 1–3, 188–194, C&AG's Report, para 1.12

Government White Paper⁵⁰ announced that latest tax-year information will be used as a basis for calculating child maintenance, in line with systems in other countries.⁵¹

32. Around 70% of applications received by the Agency are from parents with care responsibilities claiming income related benefits. Existing rules require parents with care who claim income related benefits to apply for child maintenance through the Agency. In these cases, any money recovered from the non-resident parent is on behalf of the Secretary of State. This requirement is now being removed so that parents can make their own arrangements and the Agency does not risk over-ruling an already successful arrangement between the parents.

50 White Paper, *A new system of child maintenance* (CM 6979)

51 Qq 2–3

Formal minutes

Wednesday 27 June 2007

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon

Mr David Curry

Mr Ian Davidson

Mr Philip Dunne

Mr Alan Williams

Mr Iain Wright

Derek Wyatt

Draft Report

Draft Report (Child Support Agency: Implementation of the Child Support Reforms), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 32 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Thirty-seventh Report of the Committee to the House.

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

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned until Monday 9 July at 4.30 pm.]

Witnesses

Wednesday 25 October 2006

Mr Leigh Lewis CB, Permanent Secretary, and **Ms Rebecca Endean**, Divisional Manager, Child Support Division, Department for Work and Pensions, and **Mr Stephen Geraghty**, Chief Executive, Child Support Agency

Ev 1

List of written evidence

Department for Work and Pensions

Ev 21

List of Reports from the Committee of Public Accounts 2006–07

First Report	Tsunami: Provision of support for humanitarian assistance	HC 25 (Cm 7018)
Second Report	Improving literacy and numeracy in schools (Northern Ireland)	HC 108 (Cm 7035)
Third Report	Collections Management in the National Museums and Galleries of Northern Ireland	HC 109 (Cm 7035)
Fourth Report	Gas distribution networks: Ofgem's role in their sale, restructuring and future regulation	HC 110 (Cm 7019)
Fifth Report	Postcomm and the quality of mail services	HC 111 (Cm 7018)
Sixth Report	Gaining and retaining a job: the Department for Work and Pensions support for disabled people	HC 112 (Cm 7019)
Seventh Report	Department for Work and Pensions: Using leaflets to communicate with the public about services and entitlements	HC 133 (Cm 7020)
Eighth Report	Tackling Child Obesity—First Steps	HC 157 (Cm 7020)
Ninth Report	The Paddington Health Campus Scheme	HC 244 (Cm 7076)
Tenth Report	Fines Collection	HC 245 (Cm 7020)
Eleventh Report	Supporting Small Business	HC 262 (Cm 7076)
Twelfth Report	Excess Votes 2005–06	HC 346
Thirteenth Report	Smarter Food Procurement in the Public Sector	HC 357 (Cm 7077)
Fourteenth Report	Ministry of Defence: Delivering digital tactical communications through the Bowman CIP Programme	HC 358 (Cm 7077)
Fifteenth Report	The termination of the PFI contract for the National Physical Laboratory	HC 359 (Cm 7077)
Sixteenth Report	The Provision of Out-of-Hours Care in England	HC 360 (Cm 7077)
Seventeenth Report	Financial Management of the NHS	HC 361 (Cm 7077)
Eighteenth Report	DFID: Working with Non-Governmental and other Civil Society Organisations to promote development	HC 64 (Cm 7077)
Nineteenth Report	A Foot on the Ladder: Low Cost Home Ownership Assistance	HC 134 (Cm 7077)
Twentieth Report	Department of Health: The National Programme for IT in the NHS	HC 390
Twenty-first Report	Progress in Combat Identification	HC 486
Twenty-second Report	Tax credits	HC 487
Twenty-third Report	The office accommodation of the Department for Culture, Media and Sport and its sponsored bodies	HC 488
Twenty-fourth Report	Ofwat: Meeting the demand for water	HC 286
Twenty-fifth Report	Update on PFI debt refinancing and the PFI equity market	HC 158
Twenty-sixth Report	Department for Work and Pensions: Progress in tackling pensioner poverty—encouraging take-up of entitlements	HC 169
Twenty-seventh Report	Delivering successful IT-enabled business change	HC 113
Twenty-eighth Report	ASPIRE—the re-competition of outsourced IT services	HC 179
Twenty-ninth Report	Department of Health: Improving the use of temporary nursing staff in NHS acute and foundation trusts	HC 142
Thirtieth Report	The Modernisation of the West Coast Main Line	HC 189
Thirty-first Report	Central government's use of consultants	HC 309
Thirty-second Report	The right of access to open countryside	HC 91
Thirty-third Report	Assessing the value for money of OGCbuying.solutions	HC 275
Thirty-fourth Report	Recruitment and Retention in the Armed Forces	HC 43
Thirty-fifth Report	BBC outsourcing: the contract between the BBC and Siemens Business Service	HC 118
Thirty-sixth Report	Reserve Forces	HC 729
Thirty-seventh Report	Child Support Agency: Implementation of the Child Support Reforms	HC 812

The reference number of the Treasury Minute to each Report is printed in brackets after the HC printing number

Oral evidence

Taken before the Committee of Public Accounts

on Wednesday 25 October 2006

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon
Annette Brooke
Greg Clark
Mr Ian Davidson
Mr Philip Dunne

Helen Goodman
Mr Austin Mitchell
Mr Don Touhig
Mr Alan Williams

Mr Tim Burr, Deputy Comptroller and Auditor General was in attendance, and **Mr Paul Cannon**, Director, National Audit Office was in attendance and gave oral evidence.

Mr Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury was in attendance.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

CHILD SUPPORT AGENCY:

IMPLEMENTATION OF THE CHILD SUPPORT REFORMS (HC 1174)

Witnesses: **Mr Leigh Lewis CB**, Permanent Secretary and **Ms Rebecca Endean**, Divisional Manager, Child Support Division, Department for Work and Pensions, **Mr Stephen Geraghty**, Chief Executive, Child Support Agency, gave evidence.

Q1 Chairman: Good afternoon. Welcome to the Committee of Public Accounts where today we are considering the Comptroller and Auditor General's Report on the Child Support Agency, Implementation of the Child Support Reforms. We welcome back to our Committee the Permanent Secretary of the Department for Work and Pensions and also Mr Stephen Geraghty, who is the Chief Executive of the Child Support Agency. We also welcome a delegation from the Sri Lankan Parliament who are here to witness our affairs. I hope you find the afternoon illuminating. Mr Lewis, the Agency has had problems, has it not, which have been very well documented—we all know about them from our constituency mail bag for 13 years? Why has it taken you 13 years to realise it is not fit for purpose?

Mr Lewis: It is a very long time, is it not? With hindsight, we should have probably reached the conclusion earlier that there were fundamental issues and problems here which were not going to be addressed by piecemeal solutions. There is a very telling remark in the Report itself which says, "With hindsight, the Agency was never structured in a way that would enable the policy to be delivered cost effectively". The 2003 reforms were a final, but in the end unsuccessful attempt to put it back on track. With that hindsight, it seems to me that it took us as a department and our predecessor departments too long probably to come to that conclusion.

Q2 Chairman: Mr Geraghty, you have come from the private sector and you undertook, it is true to say, the first real root and branch reform. It is down to you that you finally came to the conclusion that

this organisation was unreformable. Is that correct?

Mr Geraghty: I think it was the Secretary of State's conclusion rather than mine.

Q3 Chairman: He took the final policy decision but you came in and you did a root and branch reform. You went into every part of the organisation. That is true, is it not?

Mr Geraghty: That is true.

Q4 Chairman: You said this was unreformable. Is that right?

Mr Geraghty: I came to a conclusion and presented a plan on how it could be reformed.

Q5 Chairman: If you look at box two on page 24, you will see the history of those in charge. In the 12 to 13 years we have had five Chief Executives, five Permanent Secretaries and seven Secretaries of State. Is it any wonder that nobody has got a grip on this organisation?

Mr Lewis: I think it is probably the case that in most organisations where there are frequent changes at the very top, at chief executive level, it becomes harder to have a consistent direction. I can certainly contrast that with other bodies that I have been in and indeed headed which have had greater stability at chief executive level.

Q6 Chairman: Maybe we should have had the likes of Mr Geraghty in before to have done a root and branch reform.

 Department for Work and Pensions and the Child Support Agency

Mr Lewis: One of the ways in which the Civil Service has changed, as many colleagues will know, is that we are now much more open than we were to bringing in people of real experience and ability from other sectors. I think it is absolutely right that this is one such case where that has worked very much to our advantage.

Q7 Chairman: One defence may be that this is all terribly difficult but if you look at box three, for instance, which deals with the Australian experience—and this is not unique—you will see that other countries have managed to achieve much more effective child support systems. It rather begs the question why we have not managed it. They started with a much simpler system in Australia and they seem to have a much closer relationship with the families in terms of counselling and generally being more efficient. Nobody is saying that the Australian Child Support Agency should be wound up.

Mr Lewis: I have spent quite a bit of time, in preparation for the Committee this afternoon, in looking at the Australian experience. I think Stephen Geraghty may be able to add to it because he will know it in more detail yet. There are some lessons to be drawn there. The Australian Agency started life as part of the Australian Tax Office and there have always been far better IT links between the two.

Q8 Chairman: It seems absolutely fundamental. In Australia they check immediately with the Inland Revenue the tax affairs of the absent parent and you have never done this.

Mr Lewis: We have never had the same kind of real time links that exist in Australia.

Q9 Chairman: Why not?

Mr Geraghty: The Australian definition of income is taxed income. We have a different definition of income here. The tax authorities would not have the same information we would need under the legislation. Because of the way Pay As You Earn works in the UK they do not issue returns to everybody whereas everybody in Australia who has an income gets a return still. If you have no income but are part of a child support case, that in itself triggers a return. Not only do they have the same definition of income which makes it much easier to assess but they have the data available on everybody. It is not a question of checking with the Revenue; they have access to the Revenue computer.

Q10 Chairman: In Australia they get involved in reconciliation and conciliation and seem to have a much closer relationship with other agencies and with the two parents. Under the reforms that you are envisaging, is this going to happen here? Once the Child Support Agency is wound up and once parents are encouraged to come to their own arrangements at the beginning, what is going to be the role for the residual Child Support Agency?

Mr Lewis: It is certainly the case, as ministers have said, that we are keen to explore whether, as part of the new arrangements, there can be more emphasis placed on advice and guidance in these situations. The Australians who have set up family relationship centres have found that. In terms of the future arrangements and how they will operate, I fear that we are going to have to wait just a little longer because the government, as you will know, is committed to publishing a White Paper later this autumn and ministers do intend to set out in that how they believe that the future system should be structured in more detail.

Q11 Chairman: You attempted a major reform in 2000, did you not? It cost us £539 million. It has failed. Why should we believe that the new recommendations based on the Henshaw recommendations will be any more successful than what you attempted before, which has already cost us £539 million? You are now proposing to spend, Mr Geraghty, a further £320 million to bring on other improvements. By the time this Agency comes to the end of its life, we now need legislation and you will have spent the best part of £1 billion on trying to reform it. How can you convince this Committee that you are going to succeed where others have failed?

Mr Geraghty: It is an extra £120 million above the funding that the Agency already has. It is not quite true to say it is £320 million extra.

Q12 Chairman: Could I ask the National Audit Office where that figure of £320 million comes from?

Mr Geraghty: That is the total cost of the work we are going to be doing to restructure and much of it comes from our own resources by diverting things from work being done now into other work. It is £120 million extra of taxpayers' money. What we are trying to achieve with that is to go further than the CS2 reform and add things to the Agency which CS2 did not bring, debt management systems, some workforce management, some customer relationship management to deal with complaints, case management and so on, as well as retraining people. We did not do all the training we should have done. We neglected the people side of the implementation when we first went live with the reform. Given the team that is in place and the way that we have structured the programme, the way it is measured and managed means we can give confidence. The NAO, although we have not completed all the details of the implementation plan, can derive a degree of confidence from looking at the planning we have done.

Q13 Chairman: What financial penalties have you imposed on EDS so that they can get the IT system right?

Mr Lewis: The figuring is a little complex so perhaps you will bear with me.

Department for Work and Pensions and the Child Support Agency

Q14 Chairman: Do not make it too complex.

Mr Lewis: I will try and be as brief as I can. The original contract had a value of £427 million. That had increased by December 2002 to £456 million. The renegotiation of the department's overall contract with EDS in August 2005 reduced that figure of £456 million by £107 million. There were three elements of that reduction. There was a specific penalty for failed and poor delivery, which was £53 million. There were operational savings, because of more efficient delivery, of £21 million. There were financial savings of £33 million. That totalled £107 million. It is important just to say two other things. The first is that as part of that settlement it was agreed that there would be no further charges for the original computer system, which was and is still running, until June 2008 and that avoided a further £24 million of costs.

Q15 Chairman: Why did you not terminate their contract in February 2004 when you could have done?

Mr Lewis: That was inevitably a judgment call by those colleagues who were responsible for the oversight of our relationship with EDS at the time. The judgment call which one is always making in any situation where there is a major difficulty with a supplier is where does the balance of advantage lie between renegotiating that contract and seeking to build on the lessons that have been learned or terminating that contract and moving forward with a new supplier. The decision which was made at that time was clearly to do the former and, coming to this after the event but having gone through it in some detail, I think that was the right judgment that was reached.

Q16 Chairman: Why do you not use, as in other countries, your very extensive powers to force parents to abide by their responsibilities?

Mr Lewis: That is a particularly good question. Sir David Henshaw in his report and the Secretary of State in his response to the report have said that they want to look at and strengthen the enforcement powers that exist and there will be further detail in the White Paper, but they have already set out some areas, tagging being one, where they intend to take strengthening powers.

Q17 Mr Bacon: Mr Lewis, should the use of public funds be open to public scrutiny?

Mr Lewis: Yes.

Q18 Mr Bacon: Why was it then that *The Guardian* newspaper had to apply under Freedom of Information before it could obtain information about what you were paying to Sir David Henshaw?

Mr Lewis: Because I think we start from the principle that the remuneration offered to an individual by the department, who has entered into a contract for services, is a matter between that department and that individual.

Q19 Mr Bacon: Why is that the principle? All the Members of Parliament around this table are paid a salary out of public funds. It is open to public scrutiny. The Cabinet Secretary's salary is well known. Why do you start from that principle? Why do you not start from the principle that it should be open? You just said that you think it should be open to public scrutiny.

Mr Lewis: Yes, I do. The salary and fees that were paid to Sir David Henshaw were disclosed in response to the Freedom of Information request.

Q20 Mr Bacon: Can you remind the Committee how much?

Mr Lewis: Yes. The fees that were paid to him, and are recorded in the Report for the first phase of his work from February to July 2006, were £65,000. That is recorded in the Report that he laid before Parliament so it is there on the public record. That was based on a daily rate of £900.

Q21 Mr Bacon: You presumably think that a daily rate of £900 is defensible?

Mr Lewis: Yes.

Q22 Mr Bacon: It sounds like a consultant rate for a highly paid individual and you might expect it to be something of that order. What I do not understand is why your instant reaction is to try and hide it rather than defend it. If it is defensible, why not defend it?

Mr Lewis: It is wholly defensible. I was the person who agreed that rate with Sir David Henshaw. I think it was a value for money rate for the taxpayer and I have no difficulty with it whatsoever. In general, this is not an employee—

Q23 Mr Bacon: I have heard your general point about the principle which I disagree with. Mr Geraghty, you said that you were getting only £120 million of new public money. The remainder of the £320 million is coming from existing moneys within the department. Paragraph 2.58 says that £62.5 million of that is coming out of the realigned EDS contract. Where is the other £138.5 million coming from?

Mr Geraghty: From within the Agency. £50 million of it was money which was budgeted for conversion, preparing cases for conversion from the old to the new scheme, which the Secretary of State announced would be considered as part of the longer term review. The balance was for improving the efficiency of bits of the operation and respending the money on other activity. We are accounting for things within the operational improvement programme which are aimed at improvements.

Q24 Mr Bacon: £50 million is from what was budgeted.

Mr Geraghty: Yes.

Q25 Mr Bacon: If you knock £50 million off £138 million you get £88 million. Where is the £88 million?

 Department for Work and Pensions and the Child Support Agency

Mr Geraghty: It is from savings within the operation, moving costs from the core into the plan. People doing routine case processing, because we are making it more effective, are available to work on the backlog.

Q26 Mr Bacon: Mr Lewis, on page 33, paragraph 2.23, it states that even within the context of PFI contracts of the period elements of this contract were not conducive to good governance, these being, and then there is a list: “A lack of clarity about the functionality of the required system. Uncertainty of Agency responsibilities. A lack of certainty about how changes will be managed. The conditions of termination unclear.” Why were so many things left unclear and vague in the contract?

Mr Lewis: Because at that time people were still learning about the effective implementation of very large IT contracts. In each of those cases, if you were to want me to do that, I could go through each of those and say where we do this much better today than we did then. I think we were on a learning journey. It is interesting that what was not absent at that time was the number of advisers to those were involved in drawing up and letting that contract, who scrutinised it, who gave advice, whose advice was generally taken. This has been a learning process for all major departments in relation to all major IT contracts. In response to each of those bullet points under paragraph 2.23, I am quite clear that we now do this more effectively and have learned those lessons.

Q27 Mr Bacon: “Uncertainty over what constituted delivery”. Common sense suggests that you need to have reasonable certainty over what constitutes delivery. When I was editing books on how to manage projects 12 years ago, pointing out that both sides, the client side and the supplier side, need to have a clear idea of what constituted delivery was just one of the obvious things you should take into account. Are you seriously telling me that five or six years ago that was not understood in the public sector?

Mr Lewis: No. I think five or six years ago that was understood in the public sector but five or six years ago there was a tendency to specify processes and outputs in considerable detail but not sufficiently the outcomes that were being sought. One could get into highly technical and detailed contracts which were relating to individual aspects of what was being delivered in process terms. What is certainly the position now in the department is that all of our large IT contracts which we have let since CS2 have specified what needs to be delivered by way of actual products or services and in what timescales more clearly.

Q28 Mr Bacon: Who was responsible for the contract on the Department/Agency side?

Mr Lewis: As you can imagine, there was no one individual who can be said to have been responsible for the contract as a whole.

The Committee suspended from 3.54pm to 4.01pm for a division in the House

Q29 Mr Bacon: Mr Lewis, you said that as I can imagine there was not any clear leadership and no one person was responsible. I would like to say I could not imagine because after all it would be obvious that you would have to have clear leadership and somebody who was responsible, would you not, except I can imagine only too easily because a common threat in IT failure is indeed that there is no clear leadership so I am going to ask the question slightly differently. Who signed the contract?

Mr Lewis: I will answer that in a moment but, just for clarification, I said the second of the two things. I did not say the first. I did not say that there was no clear leadership. I said I did not think that there was one individual who could be held responsible for the entire contract. The contract was signed by a man called George McCorkell on 8 August 2000. He of course was the responsible officer of the department.

Q30 Mr Bacon: Was he the senior responsible owner?

Mr Lewis: No, I do not believe he was at the time.

Q31 Mr Bacon: How many senior responsible owners were there in total?¹

Mr Lewis: I do not know the answer to that question.

Q32 Mr Bacon: Could you write us a note setting out the dates when they started and stopped?

Mr Lewis: Yes. I will check but it may be that the concept of a senior responsible owner had at that point not made its way into government.

Q33 Mr Bacon: Presumably at some point along the way it did, whenever it cut in?

Mr Lewis: Yes.

Q34 Mr Bacon: Just see if you can beat the NHS IT record. They seem to have managed six in two years.

Mr Lewis: I will write to you on that.

Q35 Mr Bacon: On page 41 there is a chart of the costs. It says that there was £91 million spent on external expertise. Can you say to whom that £91 million was paid?

Mr Lewis: Yes. I can say something about to whom it was paid.

¹ *Note by witness:* “Senior responsible owner” had not, at the time, come into common usage.

Faith Boardman was the Chief Executive of the Agency during the high-level business requirements phase (pre-contract), and remained as such until August 2000 when she resigned as Chief Executive. Doug Smith then took over her role, which he remained in until March 2005, when Stephen Geraghty took over.

Vince Gaskill was the Programme Director of the Child Support Reforms between the inception of the project and July 2003 and, as such, would have been considered the senior responsible owner.

Department for Work and Pensions and the Child Support Agency

Q36 Mr Bacon: Was it external consultants?

Mr Lewis: It was largely external consultants.

Q37 Mr Bacon: Do you think they were value for money?

Mr Lewis: Of the £91 million we have not been able to trace every penny of it back, but it went to a number of external consultancies and advisers, for example, PwC, Deloitte, AT Kearney, IBM and Hayes.

Q38 Mr Bacon: Can you write us a note setting out the total amount that went to each body and then the residuary amount where you are not able to identify where it went?²

Mr Lewis: I will do that to the very best of our ability.

Q39 Mr Bacon: You have not checked in the lift shaft in Belfast where all those files disappeared, have you? Perhaps it is there.

Mr Lewis: I will leave that question unanswered.

Q40 Mr Bacon: What about the £130 million for “other”, for example, accommodation and relocation costs? Where did that all go?³

Mr Lewis: That was a whole set of issues that were inevitably part of any major change programme, the whole organisation, the design, the training and preparation. Those were the costs that you would expect to be in place for any very large project of this nature.

Q41 Mr Bacon: Is it accommodation for temporary consultants or what?

Mr Lewis: No. I would have thought that the majority of consultants were housed in the department’s existing premises but when you are running any major project you have large scale, internal costs. You have project team costs; you have costs for the work that is done; you have the training costs for the people who are going to implement the system.

Q42 Mr Bacon: Could you send us a detailed note on that as well?

Mr Lewis: Yes, of course.

Q43 Mr Bacon: Down to the nearest £1 million?

Mr Lewis: I will attempt to do my best.

Q44 Mr Bacon: We have plenty of room in the back of our Report in the appendices.

Mr Lewis: We will do our best. At this distance in time, it is quite difficult to find absolute precision about some of those numbers.

Q45 Mr Bacon: You have a residuary figure as well perhaps?

Mr Lewis: Indeed.

Q46 Mr Bacon: We could dock it from your pay, Mr Lewis. Could I ask you to turn to page 35? It says there that there were Gateway Reviews conducted in 2001 and January 2002. What colour light did those reviews produce?

Mr Lewis: The first two reviews in 2001 and 2002, I am advised, were before the OGC had introduced its colour coding system, so they did not produce colour coded conclusions. They produced words but not conclusions.

Q47 Mr Bacon: The health check in February 2003 produced green?

Mr Lewis: It did.

Q48 Mr Bacon: Despite the fact that there were 14 critical defects?

Mr Lewis: Yes.

Q49 Mr Bacon: Why did you go ahead when there were 14 critical defects?

Mr Lewis: That is a very good question. The question as to why the OGC and their review team at that time decided, despite that, to assess the project at green is obviously one for them to respond to.

Q50 Mr Bacon: You knew about the fact that there were 14 critical defects?

Mr Lewis: Yes, we did.

Q51 Mr Bacon: You decided as a Department and Agency to go ahead.

Mr Lewis: The department decided to go ahead notwithstanding that there were 14 critical defects. The conclusion reached at that time was that there was adequate clerical work around which could be put in place to cope with all of those 14 defects; that turned out not to be the case. One of the lessons which I certainly learned, reading back over some of these papers, is it is possible I think to get into a collective state of mind, where people are so wanting a major project to go ahead because they have invested so much of their own time, belief and energy in it that you can get to a point where you perhaps do not take sufficient cognisance of the facts that are being put in front of you. At that time, those defects were certainly known and it was concluded that nevertheless it was appropriate to go ahead. The fact that the OGC, which of course is independent of the department, on whatever basis, reached an assessment of green would suggest that it was not simply colleagues within the department as it then was who reached that judgment.

Q52 Helen Goodman: Ms Endean, Mr Lewis said—and he is quite right—that it is outcomes that matter. As you know, the government has an objective of eradicating child poverty. Have you done a

² Ev 21

³ Ev 21

 Department for Work and Pensions and the Child Support Agency

calculation of how many children have lived in poverty because the Child Support Agency was not performing properly?⁴

Ms Endean: No, we have not. We do know at the moment that 100,000 children are lifted out of poverty by the use of maintenance that they are getting. Some of this of course will be due to the Child Support Agency. We also know that that number could increase, with the successful operation of the operational improvement plan that Stephen is in charge of, to at least another 40,000.

Q53 Helen Goodman: You have not done a calculation of the number of children who are living in poverty because the Child Support Agency is not performing properly?

Ms Endean: It is just not technically feasible to do that calculation because, in order to do that, you would have to model on the basis of a sample survey to assess which of these children possibly might have got maintenance of the Child Support Agency had delivered. It is not a technically feasible thing to do, rather than something we would not want to do.

Q54 Helen Goodman: Are you telling me that you do not know how many children will be lifted out of poverty when the Child Support Agency is working properly in 2010 or 2020?

Ms Endean: It is possible to see what would happen if everyone was receiving their child maintenance premium and if we increase compliance rates to a greater degree than at the moment. We have provided some indication of that but that does make assumptions about the extent to which compliance increases as you go up. I do not think it is possible to go back and say, "This is what would have happened if the Child Support Agency had performed effectively."

Q55 Helen Goodman: That is very disappointing. Are you suggesting that those families where maintenance is paid and the system works properly are different and are not a random sample of the whole population who have applied to the Agency? Are you suggesting they are different in some way?

⁴ *Note by witness:* It is not possible to estimate how many children have lived in poverty because the Child Support Agency was not performing properly, as the necessary data is not available for the early years of the Child Support Agency's existence.

However, we can estimate how many children would currently be lifted out of poverty if more people were in receipt of maintenance. Currently, in the region of 30% eligible families receive child support payments, either through the Child Support Agency or paid or arranged privately or through the courts. If the Child Support Agency was working more effectively (so that the benefits in the Operational Improvement Plan had already accrued) and in all cases been transferred to the 2003 scheme then this figure would be just under 50%. Using the Department's Poverty Simulation Model, we can estimate that if, all cases had been transferred to the 2003 scheme and just under 50% of eligible families were receiving maintenance, 50,000 additional children could be lifted out of poverty. The Agency's current Operational Improvement Plan is intended to deliver the majority of this increase.

Are not the people who are getting the payments a good proxy? Can you not just do a *pro rata* calculation?

Ms Endean: The characteristics would be different. We could just do a *pro rata* calculation to see the extent to which maintenance would alleviate poverty with different assumptions about overall poverty rates and we could provide you with that in a note.

Mr Lewis: The operational improvement plan does have a very clear target to lift 40,000 more children out of poverty by August 2010. No one here is pretending that the Child Support Agency in its 13 year history has operated as effectively as it could have done or should have done. That is absolutely common ground in this room, but no Agency in the world in this particularly difficult area of human relationships will ever secure complete compliance.

Q56 Helen Goodman: That is the next thing I want to come onto. In paragraph 4.6, we learn that nearly one in three non-resident parents who are asked by the Agency to pay maintenance to their children fail to make any payment at all. What proportion of people make the payments in full and what proportion of people are only partially compliant?⁵

Mr Geraghty: It is something over half but not two-thirds who pay in full. More pay in full than pay partially. The number varies each month and varies by scheme.

Q57 Helen Goodman: Could we have a note on that?

Mr Geraghty: Of those who pay, they pay about 90%. If people make the payment, they pay about 90% of what they should. Within that you have something close to two-thirds paying it all and the rest paying a proportion.

Q58 Helen Goodman: Everybody will agree that the number of non-payments is completely unacceptable and the level of non-compliance is completely unacceptable. Given that you are trying to learn lessons from this experience, I do not understand therefore why, in the reform of the system, it is proposed to have more private arrangements and a much smaller organisation. You already have very high levels of non-compliance. How will more private arrangements and a much smaller organisation deliver better compliance?

Mr Lewis: First of all, enforcement is extraordinarily important. It is improving. On every measure—and there were further statistics released yesterday—the performance of the Agency in the 12 months to this September has been better than in the past, quite significantly so. I have figures—I will not bore the Committee with them—for every form of legal enforcement mechanism. The amounts being recovered are increasing as well. In terms of the use of public or private provision, I think we have been guided first of all by Stephen Geraghty's recommendations, but this is not an issue of theology; this is an issue of pragmatism. For example, it is Stephen's judgment, which is the one

⁵ Ev 21–22

Department for Work and Pensions and the Child Support Agency

that the department, I and ministers strongly endorse, that the use of private sector debt collection agencies—

Q59 Helen Goodman: I did not ask about private sector debt collection agencies. I asked about private arrangements between the two parents.

Mr Lewis: I am so sorry. I misunderstood.

Mr Geraghty: The recommendations in the Henshaw Report?

Q60 Helen Goodman: Yes.

Mr Geraghty: If you look at Australia, more than half of the parents that they handle cases for have private arrangements. The idea is that we provide a calculation service to people who need help with the calculation but if they have an agreed amount to pay between themselves they are the easier cases, which at the moment we would be spending time administering. It would enable us to concentrate on the cases which do not make a payment. In Australia, it is 52% of their caseload and closer to 60% of their total value for claimed credit is paid by private arrangements between parents. It is much smaller in other countries but Australia have really focused on this so that their enforcement and administration action after calculation is targeted at difficult cases and not at people who would naturally comply.

Q61 Helen Goodman: Private arrangements mean that parents must make the arrangements as to how the payments are made, not as to how much should be paid?

Mr Geraghty: It could be either. At the moment, we have a calculator on our website. Some people go to that calculator, tens of thousands a month, put their figures in to work out what the maintenance would be and presumably sort it out amongst themselves. Others come to us, we make a calculation and then they have a private arrangement now. That is quite a small part of our caseload. For others we do the collection too and we can offer a combination of calculation and collection or just collection.

Q62 Helen Goodman: Will you make any check subsequently as to what happens on average in the whole population with these family incomes, to see whether the new system is delivering better outcomes? It might be much better in administrative terms but what about in outcome terms?

Mr Geraghty: It would be open to the parent receiving the money to come back to us and say, "It is not working." In Australia, for instance, if they do that they go back a couple of months and collect. They will not go back if it has been broken down for two years and collect. We would envisage something similar although the details will need to be put in the White Paper.

Q63 Helen Goodman: Can I ask you to look at chart 18 on page 66 about the number and type of enforcement actions taken? It looks as if we have 63,000 non-resident parents not paying and five

driving licences taken away. Could you just explain what the 15 committals are? Are those people who are serving 42 days? Is anybody serving 42 days?

Mr Geraghty: They are serving up to 42 days. One of the misunderstandings we have about enforcement powers is that the Agency has the ability to take driving licences away. It does not. The Agency can prosecute people for failing to comply or providing false information or fraud and the magistrates then make the decision on what sentence to deploy. What you see there is that we have suspended committals where the magistrate has said to the non-resident parent, "If you do not pay within a certain period, I will commit you" or he has said, "I will take your driving licence away" or he has actually done it. We have 35 people with suspended driving licence sentences, five taken and we have 15 in that year put in prison.

Q64 Helen Goodman: How many cases have you initiated for driving licence seizure?

Mr Geraghty: We do not initiate the driving licence seizure. We prosecute an offence and the magistrate has a range of penalties.

Q65 Helen Goodman: How many offences?

Mr Geraghty: About 1,000 in that period.

Q66 Helen Goodman: Do you mean 1,000 a year?

Mr Geraghty: In that case, yes.

Q67 Helen Goodman: Out of 63,000?

Mr Geraghty: Yes.

Q68 Helen Goodman: What we see here is a situation where parents are in effect stealing from their children and you are only prosecuting in fewer than 2% of the cases? Do you think that is satisfactory?

Mr Geraghty: It is not satisfactory and that is why we have set up the operational improvement programme. We do not regard it as a great victory when somebody does get to that stage because they cannot pay the money. One of the reasons we propose an alternative sentence of tagging is that that would not stop somebody earning money, whereas taking away a driving licence clearly does. This is very much again in the process. It is not satisfactory but the first stage is, having got the person who is not paying, we take them to court again and another misunderstanding about us is the difference between us and every other enforcement Agency. We can take action without a court.

Q69 Helen Goodman: I was not assuming that at all. Do you not think there is a disincentive to people to pay if they can see that on average only 2% of the time there is any penalty?

Mr Geraghty: We take something over 10,000, about 13,000 in the last 12 months, to court on a civil basis and secure a liability order which then lets us take bailiff action or seize monies or property, houses and so on. If that fails, then we move to criminal prosecution. None of that is to say we are doing enough. We are not. The plan is to quadruple the number of people involved in this sort of activity. It

 Department for Work and Pensions and the Child Support Agency

is not a fair measure that it is the only way we take action. This is the very end and we have tried all things that yield money and we are in a punitive state to get to these figures.

Q70 Mr Dunne: Mr Geraghty, on page 63, paragraph 4.16, the statement is made that there is £3.5 billion of outstanding maintenance debt. It is the difficulty of estimating the recoverability of that debt or even the scale of that debt which has led to the accounts of the Agency being qualified for the last ten years.

Mr Geraghty: I have a slightly different interpretation.

Q71 Mr Dunne: Perhaps you could explain paragraph 4.21 which indicates: “The Comptroller and Auditor General has qualified his audited opinion on the Agency’s Client Funds Account for 10 consecutive years due to the effect on the receipts and payments . . .”.

Mr Geraghty: It is whether the balances are accurate rather than whether the assessment of what is collected that is the qualification. It is reworking the debt balances on individual accounts and saying, “Are they accurate or not?” It is the accuracy of the £3.5 billion rather than the amount that is collected that is the subject of the qualification.

Q72 Mr Dunne: Of the £3.5 billion, £1.98 billion is determined by yourselves as being uncollectable.

Mr Geraghty: Probably.

Q73 Mr Dunne: What are you intending to do about that?

Mr Geraghty: That is something we will be considering within the White Paper. Within that, just over £800 million is estimated assessments, punitive estimates, that were put in under the old scheme in order to find compliance with assessments where we do not have information directly. We know from experience that where we eventually catch up with those people and do recalculate their amounts are about three times as high as they ought to be. There is also money owed by people who have died and we are precluded by legislation from collecting from estates. There is a time bar on our deploying our enforcement powers through the courts which also takes out a big chunk. It is not, as in a commercial operation, saying that it is not worth the effort of chasing this. There is some money in there which is not collectable. On top of that there is a provision based on experience which says our success in collecting is at such a level that we want to put a reserve on top of it.

Q74 Mr Dunne: Does this mean that for individuals there may be an assessment on their file which cannot be erased in relation to their liability?

Mr Geraghty: At the moment. In the reforms which we will publish in the White Paper later in the year we intend to erase those.

Q75 Mr Dunne: Do you accept that that is shambolic?

Mr Geraghty: I accept it is an unsatisfactory position. Most other child support agencies have an ability to wind up debt; in some cases we do not. We can adjust the estimates when we get the data but we cannot write it off.

Q76 Mr Dunne: Is it the case that the Exchequer can write off the debt?

Mr Geraghty: Not to my knowledge.

Ms Endean: No, they cannot.

Mr Lewis: I do not think they can. No one is here this afternoon from the department to suggest that this Agency is now performing perfectly but there is one small point which is not trivial. The National Audit Office have not qualified the Agency’s Client Funds Accounts in respect of inaccuracies over receipts and payments for the first time in 11 years. I think that is a step forward. In respect of debt, the Secretary of State has said in his response to the report from Sir David Henshaw that we will need to look closely at what to do when efforts to collect are exhausted and the costs and benefits of the options available—and he went on to say, “In such circumstances it may be appropriate for us to bring forward legislation to write off debts” so that is something where there may be more to say in the White Paper.

Q77 Mr Dunne: Can I move on to another aspect of debt? That which is assessed as collectable has risen very significantly from approximately £600 million in 2001–02 to over £1.2 billion in the last accounts. Could you explain what is included within your assessment of collectable debt? Does it, for example, include deferred debt?

Mr Geraghty: Yes, a proportion of it. We are stepping up enforcement and we are also involving private debt collectors.

Q78 Mr Dunne: Am I right in my understanding that the Agency can settle deferred debts with parents with money provided by the Exchequer?

Ms Endean: Are you talking about the temporary compensation scheme? There was a scheme which is no longer running, where there was a potential to settle some arrears as a way of encouraging the NRPs to start paying.

Q79 Mr Dunne: Do you know how much was provided by the Exchequer for that?

Ms Endean: I do not exactly. I think it is relatively small but we can write to you.⁶

Q80 Mr Dunne: Turning to enforcement, paragraph 4.23, in 2004–05 your enforcement team recovered £8 million and yet it cost them £12 million to make that recovery. That is clearly not a satisfactory performance. Can you just explain to us how you are going to turn this around within the old CSA rather than the new CSA?

Mr Geraghty: The enforcement teams are the people who take prosecutions so they are not doing the debt collection *per se*. The amount that we recovered against them is the amount of payments which are

Department for Work and Pensions and the Child Support Agency

made to avoid going to court, rather than the total payments that are collected against the debt. The measure as it is presented does not directly reflect what they do. Their efficiency is quite good in terms of the number of actions they take and the answer is to step up the number we take and increase the number of people involved in this sort of activity.

Q81 Mr Dunne: When assessing an appropriate maintenance payment, should the new CSA be able to take into account arrangements agreed as a result of a court order through the divorce settlement between parents?

Mr Lewis: That is one of a number of issues where we may be able to see more once the White Paper is published. The general principle that Sir David Henshaw is recommending is that, where individuals are able to reach their own agreements, the state should not interfere with those. One of the issues that has bedevilled the Child Support Agency since its very inception in 1993 is that we tried to make the rules for the calculation of what was owed by the non-resident parent and the parent with care incredibly complicated to take account of every conceivable set of circumstances. We made it so complex that it turned out not to be deliverable.

Q82 Mr Dunne: Do you accept that there is a fairness issue here at stake, where some parents may have agreed a settlement. If that is ignored in your calculation of maintenance, it helps to explain why non-resident parents get aggrieved because they are being asked in some cases to pay more.

Mr Lewis: Yes. I do accept that there is a fairness element. It is one of those areas where there is a balance because this is an area where the arrangements which two people can come to, either privately or as a result of court procedures, can be incredibly complicated. To try and tie down the assessment to reflect every last degree of what one might call fairness is a noble pursuit, but it is one of the reasons which has led the CSA into the difficulties that it has.

Q83 Mr Touhig: Is it the Department for Works and Pensions or of Works and Pensions?

Mr Lewis: It is not Works; it is Work. We are not the old Ministry of Public Building and Works. We are the Department for Work and Pensions.

Q84 Mr Touhig: Everybody calls you the DWP.

Mr Lewis: Everyone calls us the DWP.

Q85 Mr Touhig: In Welsh there is a word “dwp” which means stupid and daft in the head. You were given repeated warnings, were you not, before your CSA reform package and your IT package were introduced, that they were over-ambitious? You ignored those warnings and it was a bit of a dwp thing to do, was it not?

Mr Lewis: Looking back over this, I will not perhaps stray into the Welsh language but—

Q86 Mr Touhig: It is the language of heaven.

Mr Lewis: I believe, when you look back at the number of Reports, both internal and external, by consultants, by our own internal audit assurance division, that were produced in that period from 2000 in effect through to March 2003 when the new reforms went live, if you stand back now, you would say that there were more than enough alarm bells to have suggested that this system was not ready to go live at the point when it did. That is with hindsight. One of the learning points for me, for our department and perhaps the government more widely if that does not sound too pretentious, is that we have to learn that where there are words on a page which suggest that there are serious issues to address one needs to look at them in the cold light of day and really stand back, rather than, as can happen, people becoming captured by wanting to achieve the task. Therefore, there is almost a tendency to say, “Yes, we know there is a problem but we can get over it.”

Q87 Mr Touhig: If I can turn to page 11, point eight in the Report, it says, “The Child Support reforms have failed to deliver the improvements in customer service and administrative efficiency, which might have been expected from the much-needed new rules, simplified calculation and a new IT system.” You quoted the last sentence in that paragraph which says, “With hindsight, the Agency was never structured in a way that would enable the policy to be delivered cost effectively.” Since 2003 you have spent £539 million and in response to the Chairman you referred to the changes as “piecemeal”. To paraphrase a very great Prime Minister, at £539 million, “Some piece. Some meal.”

Mr Lewis: I do not think that anyone coming from our department before this Committee would want to say that every pound of that has been spent in the best of all possible ways. That is why Stephen Geraghty, when he was appointed, was asked to draw up a plan for the Agency’s future and that has led to the operational improvement plan. I want to preface this remark again with saying that none of us is here to say that this Agency is now performing in every respect at an acceptable level, but some of the areas of customer service have dramatically improved over the last year to 18 months. If you look at one simple measure, for example, is the Agency able to answer its telephones? It now does in 97% of cases. The speed of call answering has dropped dramatically from over two minutes to 24 seconds. We are seeing some serious improvement in customer service.

Q88 Mr Touhig: Your reform package has been a debacle. Who carries the can for that? Has anybody been sacked? Has anybody resigned?

Mr Lewis: That is a question inevitably which it is right that this Committee should ask and it is a difficult question to answer. The simple answer is not that I am aware of. I am not aware of any single individual who has been—

 Department for Work and Pensions and the Child Support Agency

Q89 Mr Touhig: Is it not time though that you looked at this kind of action because you spent £539 million. You failed to deliver improvements. Why it is that the Civil Service feels it should be sheltered from facing the realities of life? If you were in the private sector you would not be in this position. There would be action taken.

Mr Lewis: I have appeared before this Committee many times and I have been asked similar questions. I do not think the Civil Service should be sheltered from these realities, but you have to ask yourself a different question when you come to this which is: were those individuals at the time, who were undoubtedly, many of them, able and competent people, absolutely doing their best to drive this programme of reform through to a successful conclusion? Did they act so capriciously and negligently or incompetently that they would have merited some form of disciplinary action? That is not what I think was going on here. What was going on here was a task which was more complex and more difficult than probably anyone at the time realised and was probably at the edge of being undoable.

Q90 Mr Touhig: You have 1.5 million cases and a third of a million cases of backlog. You mentioned telephones a moment ago. 423,000 people phoning you were disconnected because people could not get through. Have you really analysed why you have got into this problem? Have you yourself spent any time answering the telephones in one of your call centres?

Mr Lewis: I have not literally myself answered those calls but, since becoming Permanent Secretary in the Department last November, I think I have probably visited about half a dozen CSA locations. I have sat at Falkirk with an operator answering those calls, listening to those calls being taken and listening to the answers being given. You are quite right to say that any organisation which cannot answer its telephones cannot claim to be delivering a proper service. It is worth stressing that this Agency is now answering 97% of its calls and answering them quicker than it has ever done. Its backlogs are lower than they have been, in many cases, ever. That is not to say that I or Stephen are saying, "This is all fine." It is most certainly not but there is serious improvement.

Q91 Mr Touhig: You have had 55,000 complaints in 2005–06, 15,000 from MPs. What is staff morale like?

Mr Geraghty: The complaints have started to reduce now. In the 12 months to September we had 52,000, which is still a huge number of complaints but there is some movement there. Numbers from MPs have not gone down because they tend to be cases which went wrong quite a while ago and take time to work through but first stage complaints have fallen. I think we will see them pick up again some time because we will start to get complaints from non-resident parents as we become more robust in our enforcement action. At the moment, that is the trend. I am sorry; I have lost the question.

Q92 Mr Touhig: What I am trying to get at is that there does seem to be a difficulty in that aspect. The Report at paragraph 31 says that one of your key problems is staff not complying with laid down procedures. Why can you not get them to do that?

Mr Geraghty: One of the things that has surprised and impressed me about the Child Support Agency is the dedication and commitment of most of the people working in it to try to make the system work and to get money through to children, despite all the problems that management has levelled at them. It always surprises me how high the morale is. People are angry at the Agency and the Department for not giving them the tools, rather than depressed and upset because of the pressure that they are undoubtedly under. They undoubtedly face a lot of criticism, much of it uninformed.

Q93 Mr Touhig: You accept that the Agency and the Department are not really giving the staff the proper tools to do the job?

Mr Geraghty: They have not been given the tools. Nobody who has read this Report could argue that they have been given the proper tools.

Q94 Mr Touhig: I cannot understand why some people are still in their jobs. You had, in my part of the world in south east Wales, a very excellent service you ran from Newport, where my constituents were getting face to face meetings with your staff. They did not often get the answers that they wanted but they felt they had had their cases properly examined and listened to. Why have you stopped?

Mr Geraghty: Because of the efficiency element given the number of staff that we had.

Q95 Mr Touhig: So the one bit that worked you have stopped?

Mr Geraghty: It was not the one thing that worked, with the greatest respect. It may have worked for some people. It did not work for the people who those same individuals could have been serving had they been more efficiently deployed. To have somebody doing a few face-to-face appointments a day while we have a backlog of the size we have is not an efficient way of running the operation. We have scaled back the face-to-face service. We still *in extremis* can provide a face-to-face contact but we have cut it back and redeployed the people on to what we think are more pressing issues, which is a decision in the public or private sector one has to make.

Q96 Mr Touhig: I just happen to think, Mr Lewis and Mr Geraghty, that you are providing a service. There sometimes seems to be a culture in public service that if the public would stay away and stop phoning us we could all be home at 5 o'clock and watch *Neighbours* or whatever. You are providing a service and you say that it may not be an efficient service, but I have one constituent who is £16,000 better off thanks to a face-to-face and she certainly

 Department for Work and Pensions and the Child Support Agency

thinks you have delivered a service. As I say, it seems to me that one of the good aspects of what you were doing you have now stopped, which is a great pity.

Mr Lewis: Mr Touhig, I would just like to follow that up not on the specific because Stephen Geraghty has attempted to answer that. Whatever else we should lay at the door of the Department or the Agency, I do not think we should lay at the door of its staff that they do not care about the people they are seeking to help. Actually I think it is an enormous tribute and I as their Permanent Secretary would like to pay tribute to the staff of the Agency—

Q97 Mr Touhig: I was praising the staff that you had on the face-to-face; they were very good, they were excellent, first class.

Mr Lewis: I would like to praise the 11,000 staff of the Agency more generally.

Q98 Mr Touhig: Mr Lewis, you do not have to convince me. I think they are saints for working for you, frankly, because of the amount of abuse they must take. It is clear from the answers that Mr Geraghty has given, that you as a Department and you as an Agency have simply not provided the staff with the tools to do the job and have got them doing the job with one hand tied behind their backs.

Mr Lewis: We have accepted that. I think they are a credit to the public service.

Q99 Chairman: Although I do think that was a terrible answer you gave, Mr Geraghty, when you said that it was not efficient to have face-to-face interviews. For these people whose relationships have broken down that is all they want, face-to-face interviews, the personal touch. They do not want to ring and keep ringing some faceless number in Belfast, which does not answer and has a change of person. Sometimes my constituents ring up, they never get a response, the people refuse to give their names. A face-to-face service like in Wales in Mr Touhig's constituency is what people want. It may not be the most efficient thing but ultimately you might have got this thing to work.

Mr Geraghty: We answer 97% of telephone calls now which is a very high standard. We could not provide a face-to-face service for everybody, it is a question we like to manage, but we still do provide a face-to-face service where we think it is really necessary.

Chairman: Mr Davidson?

Q100 Mr Davidson: Could I ask whether or not you would accept that as a result of the inefficiencies of the system in the past a culture has developed in a large number of communities of non-compliance where the expectation now is that you do not actually need to pay money to the CSA if you do not want to, and if you do not pay it they do not catch you?

Mr Lewis: I do not know that I have sufficient evidence to know whether that is indeed the case. It has an obvious ring of plausibility because if people think that a body which is designed to make something happen will in many cases not make it

happen, then intuitively that seems to be right, but I do not know if we have any objective evidence of that.

Q101 Mr Davidson: Can I tell you then that is pretty well the culture in constituencies like my own in areas like Glasgow. The assumption is that if you are responsible and want to pay money to your children, the CSA will help you, but if you do not want to do it and you do not pay it then they are not going catch you.

Mr Lewis: Let us accept that is so because it sounds highly plausible to me and I think that is one of the reasons why a major strand of the Government's reform programme is to make the enforcement process much, much more effective. That is beginning to happen. The Government wants it to go further.

Q102 Mr Davidson: That is really what I wanted to have a look at first. Am I right in thinking that almost one in three parents do not pay any of the maintenance they are asked to?

Mr Geraghty: That is broadly correct. Of those who are asked to pay maintenance, a third do not.

Q103 Mr Davidson: I thought that was the case. Looking at paragraph 4.23 where we are being told that there are 19,000 cases being dealt with by the enforcement directorate, which is approximately 20 per constituency. I have never come across any of the 20 in my constituency, I must confess, and I do not know of anybody that has ever mentioned that they were aware of the work of the enforcement directorate. That is out of almost a quarter of a million, is it not? If it is 19,000 out of a quarter of a million there is a fairly high chance that you are not going to be affected by the enforcement Agency, is there not?

Mr Geraghty: There is and that is why we are increasing the number of people in our enforcement directorate from 600 to 2,500.

Q104 Mr Davidson: For the last year for which I have got figures here, 2004–05, the enforcement Agency work resulted in the collection of £8 million at a cost of £12 million, so in cost-effectiveness terms we would be better not bothering collecting any money. Is that correct?

Mr Geraghty: We touched on this question earlier. The enforcement people are the ones who are taking prosecutions of cases. That is not a measure of all that was collected from the cases that they prosecuted or they took. That was the amount that was paid to them in the course of the legal action to avoid it going any further. They usually had a payment arrangement and once the payment arrangement is in place the credit for it goes into the pool.

Q105 Mr Davidson: Can I just ask the NAO in that case, I am looking at paragraph 21, just the final couple of sentences there where it says that during 2004–05 enforcement teams collected around £8 million in direct payments and the total cost of

 Department for Work and Pensions and the Child Support Agency

enforcement was an estimated £12 million. That was the point on which I was basing my observations. Do you think the response that has been made is fair?

Mr Cannon: Yes.

Q106 Mr Davidson: That is a reasonable explanation?

Mr Cannon: Yes, that is a fair response.

Q107 Mr Davidson: The £8 million and £12 million are not figures that should be juxtaposed in the way that I did?

Mr Cannon: No, as Mr Geraghty said, enforcement activity covers a broad range of activities.

Q108 Mr Davidson: What would be the appropriate figure then to set against the £12 million figure if it is not £8 million?

Mr Geraghty: I cannot give you a figure because the amount is not separated out for cases that have at some stage been in enforcement. So the collection going back into the ordinary management teams would be in the global figure that we collected.

Mr Lewis: Mr Davidson, I think you are taking us down a road which I understand but, in a sense, I think it actually meets your own objection. If we are to change that culture you describe then people have to believe that this Agency is going to enforce the debts owed by non-resident parents to parents with care. As Stephen Geraghty has explained, this is the end of the process. The enforcement is the very toughest end of all. This will not be the only enforcement Agency which spends a lot on that very hardest end, but if it works it has a disproportionate effect back on the rest.

Q109 Mr Davidson: I understand those points. I just wanted to be clear because the figures of £8 million and £12 million were really quite shocking but you have provided an explanation as to why that is not perhaps as helpful to use as it might have been. Turning to paragraph 4.25 the final figures there at the bottom of that sentence give us the number of liability orders up to 9,604, which is roughly ten per constituency. I see that in Figure 18 the figures there are for England and Wales but not for Scotland or Northern Ireland. Can you tell us whether or not there is any difference between either the four countries of the United Kingdom or between different parts of England that would be of any significance?

Mr Geraghty: Northern Ireland is outside the remit of the Child Support Agency. They have a Child Support Agency of their own. In Scotland it is within our remit but the legal system is different. The content of a liability order is different there. Proportionately we use as many in Scotland as we do in the rest of the UK. We have to use a lawyer in order to present the cases there which we do not need to do in England and Wales, which is the main difference. The number for the year to September, as I have said, is now about 13,000 and we are increasing the amount of liability orders that we are taking.

Q110 Mr Davidson: Are these evenly spread throughout the whole of the section covered by this?

Mr Geraghty: I cannot answer that.

Q111 Mr Davidson: Indeed, are the default figures worse for, say, London than for the South West or for the North East compared to the North West? What is the pattern?

Ms Endean: I do not think we can answer that precisely. What we do know is that liability orders are primarily used against the self-employed. If you are employed we will impose a deduction of earnings order as our primary method of enforcement, so in the areas of the country where there are lots of self-employed you are likely to get lots of those people. I do not think we can break these numbers down by particular area.

Q112 Mr Davidson: Having spoken to one of your staff at one point, they were telling me they were astonished by just how poor taxi drivers were in terms of the declaration of their income. They found it surprising that any of them actually worked as taxi drivers given the low level of finance that they were able to take for their self-employment. Do you have any figures at all about the scale of default then in different geographic areas?

Mr Geraghty: Not to hand.

Q113 Mr Davidson: If you could let us have that, a "league table of badness" as it were, I think it would be helpful.⁷ In terms of the 9,604 there, which I had not appreciated that is only England and Wales and I had worked it out as being ten per constituency but maybe it is 15 per constituency for England and Wales only, do you consider naming and shaming?

Mr Geraghty: It is something which is discussed a lot and is certainly being considered and we may be able to bring it forward, but the general rule at the moment is that unless we have a conviction we cannot name, and depending on—

Q114 Mr Davidson: Why can you not if you do not have a conviction?

Mr Geraghty: I think there is a view that it would be a breach of privacy in order to do that.

Q115 Mr Davidson: A view? Whose view is this?

Mr Geraghty: From the advice which the Department gets on policy matters.

Q116 Mr Davidson: Who does that come from then?

Mr Geraghty: I could not give you a name.

Q117 Mr Davidson: Is this legal advice or just somebody in the background somewhere?

Mr Geraghty: Yes. It is EHCR interpretation that unless there has been an open court hearing we could not name and shame. There is a responsibility on the Agency to take into account the interests of children generally rather than just the—

⁷ Ev 23

 Department for Work and Pensions and the Child Support Agency

Q118 Mr Davidson: How are the interests of children helped then?

Mr Geraghty: Because most NRPs or a large proportion have other children living with them.

Q119 Mr Davidson: Well, they should have thought of that presumably before they declined to pay.

Ms Endean: I think we should note that in the response to Henshaw the Government actually said that it would look at all possible avenues in relation to this, especially in relation to naming those who have been so prosecuted. There is a potential to do more where the case has been prosecuted in court.

Q120 Mr Davidson: Why have you not done it already? Let us just take the question of those who have been prosecuted. What efforts do you make in an area to publicise the fact that Mr X, who would be named, has been prosecuted for this, this is the penalty, in order to encourage others?

Mr Geraghty: We do not for the reasons I have said, and it is something that is under active consideration.

Q121 Mr Davidson: No, no, but for the reason you said you indicated why you did not name people against whom action was taken and you were saying unless you got a conviction and so on. Now it turns out that you do not actually do it even if you have a prosecution.

Mr Geraghty: I then moved on the second reason, which underpins the current policy, which is the interests of the children, so there is a view which you may or may not agree with, that having your father named in court as being a bad dad and in the local papers may be embarrassing for the children both who live with him now and for those to whom the maintenance is due. That is a view which you may not agree with but that is what is underpinning the current position, which is under active consideration for change.

Q122 Mr Davidson: Finally, if an individual is arrested and convicted for burglary, car theft or assault, their name appears in the paper irrespective of whether or not that gives people the impression they might be a bad dad.

Mr Geraghty: Absolutely.

Q123 Mr Davidson: There seems to me to be no real distinction here. In fact, if anything this is worse. This is actually evidence that they are bad dads and it might encourage them to be better dads if they thought there was a downside to not paying.

Mr Lewis: I wonder if I should take a little of the responsibility for answering this question as the most senior colleague here. I think there is an absolutely shared belief between you and the Department and Ministers that enforcement needs to be made more effective, and Ministers have already set out certain areas which they are minded to pursue, and I think the White Paper will probably have something more to say on this. I think the area that you have discussed is one that we want to continue to look at, and in almost every area we are

becoming more effective (although nothing like as effective as we should be) at enforcement. It is important to say that this is a uniquely complex area of human relationships. Almost by definition, in all of these cases there are at least two parents. It can sometimes be more when there are multiple cross-cutting relationships and children, and I think we do have to take a view as to what the impact of that kind of process will be, not just on the errant parent but on the children and others.

Q124 Mr Davidson: I accept an element of that but I really very strongly feel that you are in danger of over-intellectualising some of this. Some of these parents, certainly in my constituency, are just rascals. They are determined not to pay just because they do not want to pay. It is not a question of agonising over how it will impact and so on and so forth. They do not want to pay and they think they can float away and nobody is going to do anything about it. They do not give a hoot about the children and so on and so forth. The final point I just want to clarify is the amount outstanding is £3.5 billion; can you just clarify for me where that cost actually falls? A lot of that cost obviously falls on the child and the parent with care but some of that will fall on the taxpayer, will it not? Can you tell us how much of that £3.5 billion is being picked up by the taxpayer and how much is not?

Mr Lewis: I do not think—and I see some colleagues looking at one another—we have that information. I do not think we have it in that depth or detail. I will certainly look into that and if we can we will write to you.⁸ It is almost in the nature of some of that debt that we cannot apportion it correctly as between that which is owed to the Exchequer and that which is owed to the parent with care.

Q125 Mr Davidson: It is a point then about who picks up the tab, as it were. There is obviously an income foregone to the children and the parents with care to some extent. Surely you must have an idea how much that is as distinct from the amount that is actually picked up by the taxpayer and handed over?

Mr Geraghty: I do not have it to hand. We do have that information and we can write to you. It is around a third.

Mr Davidson: Thank you for letting us have that.

Chairman: Thank you, Mr Davidson. Austin Mitchell?

Q126 Mr Mitchell: This must rate, by any account, as perhaps the greatest or certainly one of the great disasters of British governmental innovation, must it not?

Mr Lewis: This has not been—

⁸ *Note by witness:* According to the last audited accounts, in March 2006 there was £3.5 billion of gross debt outstanding, of which: £2.0 billion (57%) was owed to parents with care. £1.5 billion (43%) was owed to the Secretary of State. Figures are rounded to the nearest £0.1 billion.

 Department for Work and Pensions and the Child Support Agency

Q127 Mr Mitchell:—Not the biggest perhaps.

Mr Lewis: This has not been an endeavour which anyone would ever hold up as an example of effective government. This has been an Agency which from its inception in 1993 has never worked as effectively as it was intended and wanted to do.

Q128 Mr Mitchell: If you knew then what you know now in the light of hindsight, would you have advised government not to embark on this?

Mr Lewis: I think if we had known then what we know now, our predecessors would have advised government to embark on it in a very different way.

Q129 Mr Mitchell: That is always the answer. Here we are at the end of a long learning process with a series of reforms which do not seem to be working. I see that the majority of the Agency's 1.5 million active cases have not yet benefited from the simpler calculations, that the anticipated improvements in more timely decisions and assessments have not yet been realised, that one in four of the new applications received since March 2003 have not yet been cleared. Here we are with a reform which in itself does not seem to be working; a reform of a disaster. Now the proposal is that we should go back to agreements between the parties, which is where we started out in the first place. That seems to be very odd. Let me put it in a simple way: why is it that it is such a mess? Is it because it cannot really be done? You said yourself it is a complex area and it is very difficult for government to intervene in it and your colleague said that the Australian system works because there is better co-ordination between the tax structures and the agencies. Is it that it cannot be done? Is it that the Department is not up to it? Is it that the computer firm and the computer system is not up to it? Which of those three is the basic explanation?

Mr Lewis: Something clearly can be done because other countries have done it better than we have done. I would like to say three things in answer to your question. First of all, it clearly is not impossible to run an effective child support system. Secondly, however, it is probably impossible to run an absolutely perfect child support system—

Q130 Mr Mitchell: Oh yes, that is inevitable.

Mr Lewis:—This being one of the most complex areas of human relationships. Thirdly, while the Agency is not today performing anything like as effectively as you would like or I would like or Stephen Geraghty would like, it is really important to say that it is performing significantly better than it has been. It is getting more money to more children than it has been, so it is not an Agency doing a job of no value.

Q131 Mr Mitchell: Which one is the basic cause of the problem?

Mr Lewis: I think the cause of the problem—and everyone who has looked at that will have their own view of this—is we started with a design which was over-complex, which was probably introduced too

quickly, with IT which has never until very recently been effective in the Agency's life, with too many changes of course and direction.

Q132 Mr Mitchell: Mr Davidson was asking about the £3.5 billion of maintenance that is owing, 60% of which I see is viewed as irrecoverable. Is the Government going to give any compensation? That is money owing to the most vulnerable people in our society, is it not?

Mr Lewis: It is.

Q133 Mr Mitchell: And the Government is responsible. Is there going to be any compensation?

Mr Lewis: The Agency does operate, as part of the Department, compensation arrangements where there has been departmental error or delay that has affected customers in a particularly difficult way. The CSA made payments of just under £4 million actually in the last year on that. I do not think that it is feasible to imagine that at this distance in time there could be some extensive compensation scheme. Remember that some of these problems have undoubtedly been at the door of an Agency that was not operating as effectively as it could have done or should have done, but some are because it is extraordinarily difficult in some cases to get people to pay.

Q134 Mr Mitchell: Let us look at a specific part of that. Those parents who are on income support can have lost up to £520 a year in child maintenance premium. Are they going to be compensated?

Mr Lewis: That is certainly not the Government's intention at the moment and that is because the Government has not taken a decision, for reasons which have been well set out, to attempt to convert all of those on the old scheme to the new scheme. It is worth saying that we now have over 50,000 cases where the child maintenance premium is in payment and that has gone up since March 2004 from under 10,000, which is an example of an improving performance.

Q135 Mr Mitchell: So the message to them is “hard cheese”. Let us just move on. CS2, which clearly is still unsatisfactory: you paid £152 million to EDS and £229 million is still owing. You are not going to pay it, of course, are you?

Mr Lewis: I am awfully sorry, I was momentarily distracted. Could you just repeat that? I do apologise.

Q136 Mr Mitchell: You had paid £152 million to EDS for CS2, £229 million is still owing on the original contract; you are not going to pay them?

Mr Lewis: I have already gone through in answer to an earlier question the financial arrangement and agreement which we reached with EDS is August 2005 and that did impose very substantial penalties. One thing that it is worth saying is that EDS have said very publicly that this contract is one which has not been and will not be profitable to them.

Department for Work and Pensions and the Child Support Agency

Q137 Mr Mitchell: I should think not.

Mr Lewis: Quite so.

Mr Bacon: That is alright then!

Q138 Mr Mitchell: You have got one in three non-resident parents who are non-compliant. This is the point Mr Davidson was commenting on, the culture it brings is an attitude of defiance that they can get away with it. Can you identify who the biggest dodgers are? Who owes the most and who is prone to be most difficult to get the money out of?

Mr Geraghty: Yes we can. At the time the Report was written we could not, and it is one of the things we have done in the early stages of the improvement plan. We now have a complete analysis of the debt book and who owes what and so on. About half the debtors, (54%) owe less than £1,000. You then get 1% who owe £50,000 plus and that is where we are starting to target enforcement action to reduce this, and it is a growing number. So that is something we have managed to achieve.

Q139 Mr Mitchell: The Report says in paragraph 4.19 that “there is no facility to identify that previous enforcement action has been taken and that the case may initially represent a higher risk of non-compliance.”

Mr Geraghty: That is a slightly different question, I think. We can identify who owes the money which we could not at the time the Report was written. We do not on the system itself on the customer record flag up and say that enforcement action has been taken. That is something I agree we should have. We do have files so that if it comes into enforcement we can see that we have done it before, so there are records but we could not produce a list from the computer system.

Q140 Mr Mitchell: So 4.20 is also correct in saying that at present the Agency is unable to identify the largest outstanding debt?

Mr Geraghty: No, it is not. It was correct when it was written. We have now done that, we have now completely analysed the debt book and we know who owes how much and how long it is since they have made a payment and when the debt arose and so on. That is the basis of the outsourcing work we are doing with debt collection agencies where we are going through those cases, reworking them with a team of several hundred people in Kirkcaldy, going through to check that the balance is right, and sending them to the debt collection agencies. They are paid on results only and they are paid a differential percentage depending on how long it has been owed for and how tough the case has been and so on, so we are making real progress on starting to get enforcement of these high-profile debtors.

Q141 Mr Mitchell: Just one final question, I was surprised to see that on average an MP will be taking up 17 cases a year. That seems very little compared to my experience. I had a woman in tears in my surgery on Saturday over this very matter; nothing for two years, very upset. Clearly queries from MPs do get speedy treatment and, on the whole, effective

treatment, I have to say that, but people find the frustration of not being able to get through to the same person. Have you had any cases of maladministration gone to the Ombudsman or to judicial review or to the courts against you?

Mr Geraghty: We have had cases going to the Ombudsman. We have an independent case examiner who is an intermediate stage on the way to the Ombudsman, who investigated something like 1,300 cases last year, and a small number then go on to the Ombudsman. As far as I am aware, we have not had a case that we have lost in the courts, have we?

Ms Endean: In relation to?

Mr Geraghty: To maladministration.

Ms Endean: No, and we could not possibly comment on individual cases in the courts at the moment, as you well know.

Q142 Mr Mitchell: I am just wondering what sanction the citizen has. That is me, Chairman.

Mr Geraghty: We have a three-stage complaints process at the moment. We are changing that so all the MPs' complaints will be dealt with in one place, so we are having a specialised team not just to deal with the complaint letter but to actually put the case right too. One of the things we have done in the past, which I do not think is efficient, is that we had somebody handling the complaint as a complaint and somebody else then taking the action to put the case right. I would rather have the one person, I think that is more efficient, and we are moving to do that over the next few months. That should be live in March and we are training the people now. So we do have a focus on letters that are coming in from MPs now.

Chairman: Thank you, Mr Mitchell. Annette Brooke?

Q143 Annette Brooke: Mr Geraghty first, we have just heard parents are owed £3.5 billion, there is a backlog of over a third of a million cases, more cases are coming in, and I suspect there is some horrendous figure of the average length of time it takes to process the average case. How do you prioritise your resources? Which target in terms of reducing, because it seems to be mainly reducing things you have to do, is your priority, please?

Mr Geraghty: We have to balance the work that we handle. The backlog—

Q144 Annette Brooke: I think my question is how do you balance it? Do you do the quick, easy fixes and leave the difficult cases at the bottom of the pile?

Mr Geraghty: The backlog is now 248,000 cases as we sit here at the end of September across both schemes, so it is 200,000 on the new scheme. The figures in the Report were accurate when it was researched. We have been processing more than we have had in for most of the last 12 months. One of the misunderstandings again is we tend to publish numbers which are the average time we have had a case that has been cleared, which is not actually the average time to clear, so until we have actually cleared a full year's intake we will not be able to state

 Department for Work and Pensions and the Child Support Agency

with any confidence the average time to clear a case. The throughput of the numbers are that if 100 people were to put a claim in tomorrow, a third of them will be dealt with within six weeks, half of them (55%) will be dealt with within 12 weeks, and 75% will be dealt with within six months. We then have the 25% which are for some reason very difficult; either the computer system is particularly inept at processing them or the non-resident parent is particularly non-compliant or quite often the parent with care did not want to make this claim. When we get involved it is not the people who have just broken up their relationship; 70% have just claimed benefit and that is why they have made the claim, not because the relationship has broken down.

Q145 Annette Brooke: My question is really you have got a case worker—

Mr Geraghty: I want to answer the question on the basis of clean facts rather than some of the other stuff that was there. We then take each of those targets and we try to manage the throughput. We are trying to get it up to 80% within 12 weeks. We have people who are working on those. We then have backlog clearance teams who are given a number of cases from the various backlogs and said your job for the next N weeks is to clear these particular cases. So we have tried to both manage the backlog down evenly across its time bands and different people are given different cases and to keep on top of the new stuff coming in so that we are giving a good service to the new applicants. This is within the new client team. We then have a balance to make between whether we process the new cases and how much we put into enforcement. At the moment in the operational improvement plan we are loading resources at the front end, getting the calculations in place and the schedules and payment plans in place and then as we move forward we move more of those people into enforcement, so the mix of resource will change over the three years. By looking at all the different things we are trying to achieve and balance progress against the targets. However, individual case workers do not have to make that decision.

Q146 Annette Brooke: Right, and it is coming from senior management. I think perhaps this question is for Mr Lewis. As MPs we have been very concerned about the old system and the new system because there have been various points in time—I can remember Parliamentary Questions, oral and written—and it was said in the next six months old cases will go on to the new system, and this went on and on and on until finally you owned up, as it were, to say it is not going to happen. I think now it is not expected until at least 2008. We can probably add some years on from past experience. Could you just tell me something about this problem? We know there were problems with the IT system but why were people not told the truth that actually these old cases were never going to get on to the new system?

Mr Lewis: Stephen, would you like to start that off and then I will come back and say something about the broader point.

Mr Geraghty: If I can draw a distinction between the system and the scheme. Almost half the old rules cases are now on the new computer system, so the CS2 system is running on going on for half the cases. They move across if they have a link to a new application, which is part of the complexity in the end. Of those some need to be converted to the new rules now. Others will wait for the Secretary of State to announce the bulk conversion date. There have been about 120,000 cases that needed converting and about two-thirds of those have actually moved from old rules to new rules, in other words under reactive conversion rather than bulk conversion.

Mr Lewis: The original intention, of course, when the new reforms were introduced in 2003 was that there would be a conversion from the old scheme to the new scheme. It has never proved possible or cost-effective because in practice it has never transpired that there has been the ability technically to do it or the resources or the chance of doing it without making other elements of the administration of the Agency, not least its dealing with new cases, a great deal worse. So this has been a pragmatic judgment and the Secretary of State has said in Parliament on 9 February he knows this is an issue of concern to Members but it is also a very difficult decision. Sir David Henshaw has now recommended that the way forward rather than simply repeating, in a sense, the problems and almost the intractability of the past, is closing all existing cases and asking individuals to reapply precisely in order to get a clean break so that a new body will start with an administration that it can deliver. That is obviously far-reaching and the Government is considering that position at the moment.

Q147 Annette Brooke: Obviously there are alarm bells with us constantly being told it was going to be in the next six months. Why didn't the fact that that question was asked so many times by MPs not trigger alarm bells that there ought to have been this root and branch investigation into the CSA?

Mr Lewis: I think that there have been many alarm bells over many years and there have been responses. Some of this goes back to the Chairman's very first question to me which is why has it taken so long to arrive at the point where we do now believe that we have i) an improving Agency but ii) we have a model for the future which is capable of delivering an effective child support system. I think with hindsight it took us too long to get to the point where we realised that the existing system was not capable of being fundamentally fixed.

Q148 Annette Brook: Thank you. Chairman, with your permission I would like to read a short sentence that was contained in a letter from the CSA. It is not pertinent to the particular case but I think Members will appreciate it. This was in a letter, as are most CSA cases, to a very distressed person: "While the new IT system is working well for most clients, there are some more complex circumstances where we still have difficulties. I can confirm your case has been closed as requested with effect from 1 March 2005 but due to a technical fault the system is unable to

 Department for Work and Pensions and the Child Support Agency

fully progress your case to closure. All written notifications have been inhibited on your case although this is no guarantee you will not receive any notifications in future owing to the technical fault. Your case has been referred to the incident team to resolve the fault.” Mr Geraghty, can I ask that with your root and branch improvements that I am sure are there that you will actually look at the type of letters that are sent out to people who are desperate for money with children desperate for new shoes who really I think should not receive that gobbledegook?

Mr Geraghty: Absolutely, I agree, and a lot of the letters are being rewritten now. I absolutely agree it is gobbledegook and we should not have sent it.

Q149 Greg Clark: Mr Lewis, what is the objective of the CSA?

Mr Lewis: There have always been two objectives of the CSA, I think, from the outset. The first objective is that parents should take responsibility for their children and should make payment for their children where they are no longer living together to the parent who has care of those children. The second objective is that the state should not pick up financial obligations which should be taken by a parent or parents of those children.

Q150 Greg Clark: So that is fairly clear, that the parent should pay their dues and should not be a charge on the state. Where in that objective are you empowered to make the kind of judgments and decisions that you reflected to Mr Davidson about sparing the feelings of particular fathers? Surely your objective is to maximise the money that you take in for the children and for the state?

Mr Lewis: I think that is right. Mr Davidson was on a very specific point, a very important point, but a very specific one which is it right to name and shame absent fathers who are not paying what they should. The point I think that I and Stephen Geraghty were making was that that judgment has to be reached knowing that that could have implications not just for the parent.

Q151 Greg Clark: That is not your remit. Your remit is to gather in the money. Parliament has given you responsibilities to maximise this return. That is all we are interested in you doing. You do not seem to be doing it very well and we are not interested that you should be distracted by deciding whether the blushes should be spared of particular fathers. We want you to pursue them. That is the concern across the enforcement board that you do not pursue people very vigorously.

Mr Lewis: With great respect, that is not what I said. If I had said that we were simply seeking to spare the blushes of absent fathers who are refusing to pay the maintenance that they owe, then I think you would be right to chastise me in the way that you are doing. The point that I was making is that in reaching a decision as to whether to publicise that default, there are other parties to that particular family who have an inevitable interest and who could be either helped or harmed by such a process.

Q152 Greg Clark: Every week in my local paper there is a list of people who have been prosecuted for failing to have a TV licence. I am not aware that the TV Licensing Authority goes through each of those cases and decides how embarrassing it will be for the people concerned and whether they have children at school. Every week there are people who dodge their fares on the local train company. I am not aware that the prosecuting authorities there before they release the names to the paper make this kind of assessment. Why do you feel empowered to do this when your very clear statement of your objectives makes it clear that your job is to get the money in?

Mr Lewis: I do not want to end up in a position where I am seeking to defend to you not causing people to be aware of fathers who are defaulting on their obligations; I have great sympathy with that. In my time in the Home Office I saw the use of ASBOs and in certain cases those individuals being publicly named and shamed. The point I think I am making that I will however revert to, is that these are very sensitive family circumstances and we do have a duty to consider the interests of all of those who are involved. If we were to one day end up with some kind of family tragedy because we had gone into something with the best of motives but with the worst of outcomes, then we would be publicly held to account for what we had done.

Q153 Greg Clark: A very small proportion of your outstanding debtors are in the enforcement process. Why is that? Why is not everyone who is in debt being pursued?

Mr Geraghty: What will happen if somebody misses a payment is first of all they will get phone calls and letters. Enforcement is when we start to apply the legal sanctions. There are not enough cases in there and, as I said, we are increasing that steadily now and we are quadrupling the number of people in that area. The mechanism has been that when somebody managing a case decides it needs to get to enforcement, they refer the case on to enforcement. The mechanism we are moving to do now is that it will be the amount of debt which will take it into enforcement.

Q154 Greg Clark: So you have got 127,000 people who are non-compliant and 20,000 people who are partially compliant. According to the Report, Table 18, 8,500 people are the subject of bailiff action. Why such a tiny proportion?

Mr Geraghty: Because there is not enough and that is the end of our process. We have not put enough resources into it in the past and we are increasing the amount.

Q155 Greg Clark: By how much?

Mr Geraghty: We are quadrupling the number of people who are involved in enforcement activity.

Q156 Greg Clark: Particularly on the bailiff front?

Mr Geraghty: Bailiffs will only be involved after we have been to court and got a liability order which only applies to people's assets and not income so we cannot instruct a bailiff without a liability order first.

 Department for Work and Pensions and the Child Support Agency

Q157 Greg Clark: Sure, I understand you have got to do it through that.

Mr Geraghty: If somebody is employed, as Ms Edean said earlier, the route would first of all be for a deduction of earnings order rather than going for assets. If that did not work we would go for assets, which is what the bailiff is essentially about.

Q158 Greg Clark: When you instruct bailiffs can you describe the terms on which they are rewarded? Are they paid on a fixed fee or are they rewarded by success?

Mr Geraghty: They are rewarded by success and the outsourcing to the private debt collectors now (who may use their own measures) is paid on success.

Q159 Greg Clark: So success is a percentage of the money they bring in?

Mr Geraghty: Yes.

Q160 Greg Clark: What is the typical figure for them?

Mr Geraghty: I do not have the figures available to hand for the percentages. It varies depending on how easy it is. There are five bands. If we get the mixed bag that we expect, it will be about 20 pence in the pound.

Q161 Greg Clark: The most astonishing thing in a case I have written to you about where finally a mother's former partner was referred to the bailiffs was that they did not do anything about it. She has waited four months now and nothing has come out of that process. Are you sure those incentives are strong enough?

Mr Geraghty: I would have to look at the particular case. Bailiffs take action for us and we do collect money. The debt collectors that we have just put it out to in the six weeks or so that they have been active have already collected £150,000. We write to people saying in a week if we have not heard from you we will refer this to a debt collection and we get about 10% who ring us up and they go into a payment arrangement.

Q162 Greg Clark: You mention that you are increasing the resources available and that is there in the Report. Page 50 of the Report says you estimate another 700 staff are needed to support the clerical casework. Page 52, paragraph 3.21, I think is an interesting example. That says that you hope to employ 1,000 people on a temporary basis to help with the backlog. You need to temporarily increase the total number of staff by about 1,000 to address the backlog of cases. Are these people going to be fully-fledged employees of the Agency or are they going to be sub-contractors?

Mr Geraghty: The 1,000 are employees. We have 820 of them so far. Some of them are on fixed-term contracts; others are on long or permanent contracts. The 700 you referred to that work has now been outsourced so the people who are doing it have been deployed against the backlog.

In the absence of the Chairman, Mr Ian Davidson took the Chair

Q163 Greg Clark: So some of them are outsourced and some of them are insourced.

Mr Geraghty: The 1,000 are all insourced. But we have also freed up some resources by outsourcing work so our net growth of staff is bigger than 1,000.

Q164 Greg Clark: I see, because you are also subject as a Department to very stringent Gershon savings target, more than any other department of Whitehall.

Mr Lewis: We are.

Q165 Greg Clark: How can you reconcile these two?

Mr Lewis: We are reconciling those two. We do have a target to reduce the Department's overall staffing by 30,000 over a three-year period. We are two-thirds of the way to achieving that. Within that we have provided for a significant increase in the staff of the Child Support Agency, for precisely the work to which Stephen Geraghty has referred to be carried out. Some of that work of course is of a one-off nature. It is to tackle backlogs and cases which have not been dealt with, and that staffing will itself then reduce, so that by the end of 2007–08 by when the Department is required to have achieved the Gershon saving target, the Agency will drop back to having substantially fewer staff than it has today.

Q166 Greg Clark: You are confident that the Agency will be able to drop back and still be able to do what it is not doing now which is to reinforce payment?

Mr Lewis: I am confident. I would just like to say actually that although I have stressed repeatedly this afternoon that this Agency is not in the place that we want it to be, the operational improvement plan, which Stephen Geraghty is leading, is meeting all of its essential targets, so I am confident that that plan is going to be delivered, yes I am.

Q167 Greg Clark: Just for the record, what is the increase in the staffing of the CSA that you have pencilled in?

Mr Geraghty: Sorry, what was that?

Q168 Greg Clark: How many more people will you be employing as a result of this?

Mr Geraghty: 1,000 was the target. We have recruited 819 so far. Rather than keep recruiting we will run down slightly more slowly so we have the same number of man months of effort.

Q169 Greg Clark: Does that 1,000 include Agency staff?

Mr Geraghty: No, we have outsourced some work.

Q170 Greg Clark: How many Agency staff on top of that?

Mr Geraghty: We have not any Agency staff to speak of.

Q171 Greg Clark: You do not plan to have any Agency staff?

Mr Geraghty: No, we have contracted the work out to somebody else who has their own staff.

 Department for Work and Pensions and the Child Support Agency

Q172 Greg Clark: That is what I mean.

Mr Geraghty: I am sorry, that is not what I meant by Agency staff. That will be up to them. They take the work rather than—

Q173 Greg Clark: You are contracting with them. You must have an idea of how many people they are going to employ to be able to assess whether that is value for money?

Mr Geraghty: Value for money is based on what they achieve for us not how many people they hire. So we outsource additional trace work, where they also trace the people—

Q174 Greg Clark: I am aware of that, but in entering into a contract, to see whether the bid that they have made is value for money you must have comparator as to what it would cost you to employ people to do the same, so how many people are implicit in that outsourcing?

Mr Geraghty: The debt collectors will be collecting other people's debts too. We are increasing our capacity and it is the relative bids from different people who bid that tells us whether we are getting value for money or not.

Q175 Greg Clark: It makes a nonsense of these Gershon targets, does it not, when you are outsourcing and subcontracting work, whatever you want to call it, removing people from your payroll and then not having any assessment of how many people are being employed to do that work that was formerly done in-house?

Mr Lewis: No, let me just say that it would be were we simply leaving the people who remain doing nothing or nothing of any importance, but what is happening here is that those people are being deployed on work which is of real value in delivering other aspects of the operation improvement plan. The Gershon target of the Department, which I am confident will be met, includes the net increase in staff of the Child Support Agency.

Q176 Greg Clark: But it does not include the number of people being employed in the subcontracted organisations?

Mr Lewis: No.

Mr Geraghty: The outsourcing of the current cases is going to be 485 people. They are actually dedicated to our work. The other things we have outsourced are to people that are doing other work too, so we pay them for what they collect, for how many people they find for us.

Greg Clark: That is how you pay for them but that is still not a genuine labour saving. My time is up.

Mr Davidson: That was the last question from Members but there are a couple of Members who want to ask supplementary points if you do not mind. It should not be too long; I have got to be somewhere at 9 o'clock! Helen Goodman first.

Q177 Helen Goodman: I do understand, just to follow up on this naming and shaming point, that you do have to bear in mind that you want to lower the temperature not raise it in cases where there has

been domestic violence. Of course everybody on the Committee understands that. Before you take a view finally, you mentioned, Mr Lewis, that the Home Office issue ASBO naming and shaming when somebody has not gone through a court process. Could you also check with the Home Office their legal advice because this naming and shaming also applies to children so they have obviously somehow squared their consciences to that.

Mr Lewis: I will do that.⁹

Q178 Helen Goodman: Thank you. My second question is to Mr Geraghty. In answer to Annette Brooke you said that 70% of the cases arise because the parent with care has to claim. It is normally the mother, she is on benefit, and with your benefits hat on you are asking her to fill in one of these maintenance forms. So what I do not understand is how when you have got the new system and you move over to these private arrangements will the DWP (when it has got its benefits hat on) will still be requiring people to make these private arrangements?

Mr Geraghty: The proposal in the Henshaw Report and the principles which were accepted by the Secretary of State in the Government's reply were that whether you made a claim would become optional and the amount you could receive in maintenance before it affected your benefit would be increased. Henshaw thought it should be totally disregarded, the Government did not accept that, but said they would increase it significantly. Quite often when people come to us is when they go on benefit and are therefore referred to us they already have an arrangement in place which we override, as we have done with court arrangements as well. That is one of the things that causes tension in the system because people think they have got a satisfactory arrangement and we come along and override it. Depending on the White Paper and subsequent legislation and so on, then the intention is that it will be voluntary whether people apply or not and there will be a reflection in benefit after a certain level which is yet to be stated.

Q179 Helen Goodman: So will the pressure from DWP on the parent with care who is living on benefits be increased or decreased to get a maintenance arrangement? That is what I cannot quite understand.

Mr Lewis: If the Government proceeds with Sir David Henshaw's key recommendation in this area, the parent with care will not, as typically she (just occasionally he) now has to do make an application for child support maintenance as a necessary condition of making the claim to benefit. That would cease to happen. However, the parent with care making the application for benefit in respect of her, and obviously her children, would be required to declare whatever maintenance she is receiving for those children from the non-resident parent and an amount of that would be disregarded; the rest would

⁹ Ev 23

 Department for Work and Pensions and the Child Support Agency

not. The Government has announced and ministers have said they are minded to significantly increase the current disregard.

Q180 Helen Goodman: If she has not got an arrangement you are considering looking into requiring an arrangement to be made?

Mr Lewis: No. That would be a fundamental difference in these circumstances in the new arrangements.

Ms Endean: I think one of the fundamental differences is that one of the principles that ministers have signed up to is much better advice and guidance for everybody but in particular those on benefits about how they can go about making their own private arrangements where at the moment that does not happen, we just require them and the amount of advice and guidance there is very limited.

Q181 Helen Goodman: So, in other words, the taxpayer is likely to have a bigger bill under the new system?

Mr Lewis: I think there is an implication there because at the moment we have a system, we talked about in answer to other questions, that there are two objectives and those objectives do not always sit neatly and happily. One reason why at the moment it is sometimes not seen as being in the interests of either the non-resident parent or the parent with care to pay significant amounts of maintenance is where the parent with care is on benefit. The great majority of that, other than the current £10 disregard, will not be received by the parent with care, so that is why Sir David Henshaw recommended, and ministers have said they are minded to accept, allowing the parent with care to keep a significantly greater amount, and that of course will help the Government's child poverty targets as well.

Q182 Mr Bacon: One of the central problems was that you launched a computer system in March 2003 that did not work properly, that you knew did not work properly, and you even gave us a reason that not to do so would demotivate the Agency's staff and that for the defects that you could not fix you could find manual workarounds that would "not significantly reduce the expected productivity of staff". You soon found that to be false. How did you assess that the manual workarounds would not significantly reduce the productivity of the staff? It turned out there were 500 or 600 manual workarounds and they very radically reduced productivity.

Mr Lewis: What I was trying to set out was at the time those responsible for taking the decision that this computer system should go live and the reforms should go live, as they did in March 2003, were aware that there remained, as the Report says, 14 critical defects that had not at that point been fixed. Their judgment, and there were some trials, there were—

Q183 Mr Bacon: That was my question. Were there some trials of what a manual workaround would look like and how many there would be?

Mr Lewis: There were some trials and in the light of the results and in the light of the judgment that those concerned applied at the time, it was decided that there were satisfactory manual workarounds.

Q184 Mr Bacon: How many work arounds did you expect there to have to be?

Mr Lewis: I do not know.

Q185 Mr Bacon: Were there more in the end than you expected?

Mr Lewis: We ended up with a very large number of workarounds, as you know, many hundreds, but I cannot tell you now how many individual workarounds were expected to be necessary at that point.

Q186 Mr Bacon: Could you write to us on that point?¹⁰

Mr Lewis: I can if the information is available. It is quite hard at times to piece this story back in great detail at that point in time.

Mr Davidson: A final question from Mr Touhig.

Q187 Mr Touhig: I have been dealing with a case where the non-resident parent is very friendly with his employer. The employer pays him minimum wage in line with protected income. Evidence has been submitted to the CSA that the employer is giving him the rest in cash-in-hand. His lifestyle, his couple of cars, his rather large house and his holidays in the West Indies certainly show a gap between what he says he has got and what he is declaring to you. What powers do you have to investigate the information that I have provided to you on behalf of my constituent?

Ms Endean: At the moment we can apply for a variation procedure on the basis of inconsistent lifestyle and the Agency does have powers when they are investigating that variation to see whether his income does not reflect his observed lifestyle. It has the powers to require information from employers and that is sanctionable. There is a question about whether those powers are used to the greatest extent that they should be, and I think one of the improvements that Stephen is introducing in relation to the OIP is use of more specialised caseworkers in relation to some of these particular cases, which I think will improve the situation.

Mr Touhig: Perhaps I should write to you about this. Another case I had a little bit earlier, the non-resident parent was the company secretary, you put on a deduction of earnings order and he has just ignored you for two years.

¹⁰ *Note by witness:* Prior to the implementation of the new computer system (CS2) in March 2003, 405 workarounds had been identified; when the system went live around 600 workarounds were required to progress cases effectively. Of the 268 workarounds currently in use, 104 had not been identified before implementation of the CS2 system.

 Department for Work and Pensions and the Child Support Agency

Q188 Mr Davidson: Following the hearing that we have had earlier on, can I clarify whether or not there is an information exchange between yourselves and the Inland Revenue?

Mr Lewis: We certainly work very closely with HMRC and I think one of the areas Stephen Geraghty and his team have been exploring is whether we can work better together in the future than we are now.

Q189 Mr Davidson: Is that a No then?

Mr Geraghty: We can request information from the Revenue but we do not have shared data.

Q190 Mr Davidson: So that is a No. You either have a gateway where information is put forward and so on and in a case such as Mr Touhig's where there appears to be a discrepancy between lifestyle and declared earnings—

Mr Geraghty: We have a gateway which we can use for trace purposes and one which we can use for Tax Credit data in some circumstances, having tried other things first. For a self-employed person

we would write and hope to get a reply. Clearly it would be better to have one definition of income and one organisation assessing income but we have a different definition of income from the Revenue. We can write and ask for information. We could write to the company secretary and require him—

Q191 Mr Davidson: But there is no automatic transfer?

Mr Geraghty: No, there is not.

Q192 Mr Davidson: So they do not know what has been declared to you?

Mr Geraghty: No.

Q193 Mr Davidson: Effectively whether or not this is entirely different to what has been declared to them?

Mr Geraghty: No, but we could ask them what has been declared.

Mr Davidson: I understand. Thank you very much. I think that draws matters to a conclusion. I think it has been a very interesting hearing and no doubt you will look forward to the Report which is produced in due course.

 Supplementary memorandum submitted by the Department for Work and Pensions

Question 38 (Mr Richard Bacon): Can you write us a note setting out the total amount that went to each body and then the residuary amount where you are not able to identify where it went

Of the overall spend of £91 million we have been unable to identify the detail of the £20 million spent in 2000–01. Of the remaining £71 million we have supplier details on £58 million or 81%. Of the £58 million the major consultancy suppliers were:

<i>Consultancy</i>	<i>Cost</i>	<i>Percentage (of £58 million)</i>
PWC	£20 million	34%
Deloitte	£12 million	21%
AT Kearney	£9 million	15%
IBM	£6 million	10%
Hayes	£4 million	7%
Other	£7 million	13%

The “other” figure relates to 26 different consultancy providers, no single one of which exceeded £1 million.

Question 40 (Mr Richard Bacon): What about the £130 million for “other”, for example, accommodation and relocation costs? Where did that all go

A breakdown of the £130 million spent on “other” is included below.

<i>Item</i>	<i>Cost</i>
Business Process design	£20 million
Implementation and performance management—data warehouse etc	£27 million
Training backfill (transfer to CSA frontline to cover lost productivity when people are training)	£25 million
IT infrastructure and solutions	£22 million
Transfers to Jobcentre Plus for their work on the programme	£25 million

<i>Item</i>	<i>Cost</i>
Accommodation and relocation –mainly temporary housing at Kenton Bar and Durham house	£6 million
Other—Appeals service, debt management, etc	£5 million

Question 56 (Helen Goodman): What proportion of people make the payments in full and what proportion of people are only partially compliant

The table shows, for cases where the non-resident parent is liable to pay via the collection service and a payment schedule has been set up, the proportion of non-resident parents who are nil compliant, partially compliant and fully compliant.

<i>Quarter ending</i>	<i>Nil compliant</i>	<i>Partially compliant</i>	<i>Fully compliant</i>
<i>September 2006</i>			
New scheme	34%	36%	31%
Old scheme	29%	22%	50%
Overall	31%	28%	41%

In the quarter ending September 2006, in cases where the non-resident parent was liable to pay via the collection service and a payment schedule has been set up, 41% of non-resident parents paid the full amount due, 28% paid in part, and 31% paid nothing. Cases are considered to be fully compliant if they have paid all maintenance due in the past quarter, and as such one missed or partial payment in the quarter can render a usually fully compliant case partially compliant until three months has passed since the missed payment. Of the 69% of non-resident parents who pay something, on average they pay 88% of the amount due.

Question 79 (Mr Philip Dunne): Do you know how much was provided by the Exchequer for that [the temporary compensation scheme]

Deferred debt is a discretionary Secretary of State decision, the terms of which are set out in section 27 of the Child Support, Pensions and Social Security Act 2000 and in the Child Support (Temporary Compensation Payment Scheme) Regulations 2000.

The Temporary Compensation Scheme (Deferred debt) was originally introduced as a concession to non-resident parents where large initial payment arrears arose through maladministration. It was recognised that the weight of those initial arrears could be a major burden in paying ongoing maintenance. From 31 January 2001 the deferred debt scheme became a statutory scheme (through the Child Support, Pensions and Social Security Act) and the scheme was extended to cover arrears resulting from delayed Periodic Reviews and Changes in Circumstances.

This scheme ceased on 1 April 2005 for new agreements and only ever applied to old scheme cases.

As with other schemes of this nature, there were set criteria to be followed. The scheme worked by identifying that at least 26 weeks of arrears had occurred largely due to Agency maladministration. Providing the non-resident parent agreed to pay the most recent 26 weeks of arrears any debt prior to this was deferred. Once the non-resident parent honored that agreement then the Agency would compensate the parent with care where she has lost maintenance because of the deferment.

The monies to fund payments made under the Temporary Compensation scheme were made available by the Treasury, and are set out in the table below:

<i>Year</i>	<i>Amount Paid</i> <i>(£ thousands)</i>
Total	14,773
2005–06	623
2004–05	550
2003–04	1,280
2002–03	1,811
2001–02	2,612
2000–01	3,693
1999–2000	2,024
1998–99	1,297
1997–98	788
1996–97	95

The non-statutory deferred debt scheme information has been included in the above table for completeness. Some agreements made before the ending of the Temporary Compensation scheme in 2005 were still in the process of being paid and, as such, feature in the Agency's 2005–06 Annual Report and Accounts. To date the amount of money paid out in total under the Temporary Compensation scheme, since 2000, is approximately £10.6 million.

Question 113 (Mr Ian Davidson): Do you have any figures at all about the scale of default then in different geographic areas? If you could let us have that, a "league table of badness" as it were, I think it would be helpful

The table below shows the level of case compliance, split by the regions of Great Britain in which non-resident parents are located, for the quarter ending September 2006:

<i>Region</i>	<i>Number of cases charged via the collection service</i>	<i>Number of cases on which a payment was received</i>	<i>Case Compliance (%)</i>
Total	484,000	334,000	69%
London	44,100	28,600	65%
Scotland	45,200	30,100	67%
North East	30,300	20,500	68%
Yorkshire/Humberside	45,600	31,400	69%
West Midlands	45,300	31,400	69%
South East	58,700	40,700	69%
Eastern	38,500	26,900	70%
East Midlands	34,700	24,400	70%
North West	65,900	46,200	70%
Wales	30,300	21,600	71%
South West	42,600	30,800	72%

1. The table includes those old scheme cases with either a Full Maintenance Assessment or an Interim Maintenance Assessment; plus those new scheme cases with either a Full Maintenance Calculation, or a Default Maintenance Decision. New scheme cases being processed clerically and new scheme cases classed as maintenance direct at the end of September 2006 are excluded.

2. Cases are classed as compliant if they are currently open, and have been charged and paid money via the collection service (either regular maintenance and/or arrears) over the quarter ending September 2006.

3. Volumes are rounded to the nearest hundred and percentages to the nearest whole percent.

Question 177 (Helen Goodman): Could you also check with the Home Office their legal advice because this naming and shaming also applies to children so they have obviously somehow squared their consciences to that

We have consulted with the Home Office and remain satisfied that there are clear distinctions in the legal framework, the position of the children or young people involved and the way in which publicity operates for ASBOs compared to child support. Unlike child support, where the non-compliant parent is at fault rather than the child concerned, the public interest in protecting the privacy of a child or young person receiving an ASBO (who is the perpetrator of the anti-social behaviour) is in most cases likely to be outweighed by the public interest in protecting the community, which the ASBO is intended to achieve.

Unlike child support, publicity is an inherent part of the process by which an ASBO is intended to operate, and the ASBO scheme would not work effectively without it. The deterrent effect of an ASBO largely relies on the perpetrator's awareness that breaches are more likely to be reported when details of the order are in the public domain. The legislative scheme assumes that such publicity will occur.

Publicity for ASBOs also assists enforcement: local people have the information they need to know to identify and report breaches and public reassurance on safety is provided as victims and witnesses know that action has been taken to protect them. The publicity also helps to build public confidence in local services as local people can be reassured that if they report anti-social behaviour, action will be taken.

There remains a potentially justifiable deterrent role for publicity surrounding those who persistently and wilfully fail to meet their child support obligations. However, there are a number of important considerations to be taken into account including the confidentiality of other family members involved and potentially very sensitive family circumstances. Each case should be decided on its merits, taking into account particularly the potential impact on the children who might be affected by the publicity. We need to ensure that confidentiality, data protection and human rights requirements are met and to be satisfied that we are not breaching Section 50 of the Child Support Act 1991, which makes unauthorised disclosure of personal information a criminal offence. Following the Henshaw report, we are proposing to bring

forward a tougher and wider range of enforcement mechanisms, including curfews and passport withdrawals, and will be considering the most appropriate and effective way of setting up a publicity scheme in this context.

The CSA Briefing Team have advised me that they drew their advice from appropriate sections of the Home Office guidance on ASBOs. I have copied below some of the relevant paragraphs from the guidance. The Home Office's, *A guide to anti-social behaviour orders* is available online at: <http://www.crimereduction.gov.uk/antisocialbehaviour/antisocialbehaviour55.pdf>

Principles

- There is no “naming and shaming”—ASBOs are not intended to punish or embarrass individuals but to protect communities.
- Publicity is essential if local communities are to support agencies in tackling anti-social behaviour. There is an implied power in the Crime and Disorder Act 1998 and the Local Government Act 2000 to publicise an order so that it can be effectively enforced.
- Orders protect local communities.
- Obtaining the order is only part of the process; its effectiveness will normally depend on people knowing about the order.
- Information about orders obtained should be publicised to let the community know that action has been taken in their area.
- A case-by-case approach should be adopted, and each individual case should be judged on its merits as to whether or not to publicise the details of an individual who is subject to an order. Publicity should be expected in most cases.
- It is necessary to balance the human rights of individuals who are subject to orders against those of the community as a whole when considering publicising orders.
- Publicity should be the norm, not the exception. An individual who is subject to an order should understand that the community is likely to learn about it.

Suggested aims of the strategy

The aims of an effective local publicity strategy are to:

- increase community confidence in reporting anti-social behaviour and expectations that it can be reduced;
 - deter potential offenders from anti-social behaviour;
 - ensure that the local population is aware of orders; the powers of the local authority, registered social landlords, Housing Action Trusts, the Environment Agency and the police (including the British Transport Police) to apply for them; and whom to approach if they believe that an order may be appropriate;
 - ensure that agency staff have confidence in using orders where they are deemed appropriate; and
 - ensure that potential witnesses are aware of the support available to them.
-