

## Cost considerations seem to have trumped the building of an effective child maintenance system

blog admin

*The Child Maintenance and Enforcement Commission set out to maximise the number of children who have effective maintenance arrangements. [Janet Allbeson](#) argues that it is in reality financial pressures that is driving government policy, just as it was in previous decades when parental support for the child maintenance scheme eroded.*



Six years after first being announced, and after three slippages in delivery dates, the new statutory maintenance system will take its first steps this October. Will it work? A recent report from the National Audit Office (NAO) titled *Child Maintenance and Enforcement Commission: Cost Reduction*, has ominous echoes for anyone familiar with the sorry history of this country's attempts to create a working system which ensures that both parents pay towards a child's upbringing, even when living apart.

In the early 1990s, pressure from the treasury to achieve a sufficient return on investment created the conditions which eroded parental support for the first statutory child maintenance scheme right from the outset. Many non-resident parents were in uproar that past maintenance settlements, made in good faith were to be re-opened by the Child Support Agency (CSA). Meanwhile, single parents on out-of-work benefits were obliged to apply to the CSA and any child maintenance paid by the 'non-resident' parent reducing their benefits pound for pound. Unsurprisingly, there was little incentive on the part of either parent in these circumstances to fully cooperate because none of the maintenance paid went to the child.

Lessons have been learned. Quickly overwhelmed by too many cases, the CSA dropped its plans to reopen all past maintenance settlements. The last government's concern to reduce child poverty led to parents on welfare benefits being allowed to keep some, and eventually all of the maintenance paid for their children by non-resident parents.

But the NAO report lays bare how for a new generation of policy makers charged with the task of creating an effective statutory child maintenance scheme financial pressure from the treasury continues to loom large. Actual implementation of the long-planned future scheme has coincided with requirements to introduce very steep cost reductions by 2014/2015 and beyond.

The Child Maintenance and Enforcement Commission must reduce its current costs by £117 million by 2014/15. This is at a time of maximum expenditure for the Commission involving investment in new IT, the development and implementation of new business processes, and the process of engaging the one million or so existing CSA users with the choice of whether they should transfer to the new system or not. For a period of around three years, the Commission and its staff will have to run simultaneously the three existing systems and also introduce the new fourth statutory system. New cases will be taken on from October 2012 and then all existing cases starting in July 2013.

How is the Commission planning to achieve these savings? The NAO is concerned that, rather than getting its internal costs under control and putting in place long term operational efficiencies, the Commission is putting undue reliance on two elements: charging parents to use the future statutory service and enacting cost savings from the simpler design of the future scheme, underpinned by effective IT.

When the original child support scheme was introduced in 1993, there were assumptions as to how parents would behave which proved not to be the case. In particular, the extent of organised resistance

to paying child maintenance had not been anticipated by the policymakers, who expected non-resident parents to cooperate dutifully in completing paperwork about their circumstances and to pay up on demand.

Again, the NAO report shows that plans for the financial success of the new scheme are being based on assumptions regarding behaviour which are largely untested. It thinks the Commission may be over-optimistic in assuming that 71 per cent of existing customers, when faced with charges to use the new statutory system, will still decide to opt in. In total, the Commission has factored in savings of £83 million per year by 2014/15 from charging parents.

The NAO notes that this is far from certain. Parents seeking child maintenance will face both an application charge of £20, plus a deduction of between 7 per cent and 12 per cent from any payment made through the Commission's collection service. The reluctant non-resident parent will have to pay an extra collection surcharge of between 15 per cent and 20 per cent on top of his liability, plus further fees if enforcement action proves necessary. The Commission's own internal survey data on the behavioural impact of charging indicates "low levels of compliance and very low use of [the] collection service."

Paradoxically, the government's public position states the purpose of fees is in fact to deliberately turn parents away from the statutory system and to agree private maintenance arrangements instead. In a letter to Gingerbread, the minister responsible, Maria Miller, claims that making financial provision for children is something separated parents "should be able to manage for themselves through a family-based arrangement in the vast majority of cases, rather than through the [statutory] scheme."

So on the one hand, officials are relying on the majority of the existing one million CSA users being prepared to pay to use the statutory service in future; on the other, Ministers believe fees will incentivise the majority of parents to collaborate and make private agreements. Either way, a key element of policy (and deficit reduction) is being introduced on the basis of untested and conflicting assumptions regarding future parental behaviour.

The NAO draws attention to disturbing parallels between previous IT disasters involving the CSA and the preparations for the future scheme. In 2003 delays occurred due to a multitude of failures including the Commission's inability to act as an "intelligent customer". Delays have meant that "critical testing activities" are going to have to be performed in parallel with programme delivery, introducing greater complexity for the Commission. Meanwhile, despite most of the planned and essential savings due to kick in with the introduction of charging and transfer of existing cases starting in July 2013, the NAO concludes that "achieving the Commission's plans without further cost increases or delays appears unlikely."

There is one further worrying parallel which the NAO report brings to mind. The 1993 Child Support Scheme did introduce charges, but by 1995 these had to be abandoned because the service provided was so poor. [Ministers have argued](#) it is fair to ask parents for a fee "following the introduction of a demonstrably better future scheme."

The NAO report raises the question are we actually heading for a better, brighter future? It notes that the Commission only expects to agree its target operating model at the end of March, just six months before the new scheme goes live; its planning tool is "cumbersome and no longer fit for purpose" and delays and cost increases continue to dog the development of the new system.

The Child Maintenance and Enforcement Commission currently has a main objective set out in law to maximise the number of children with parents living apart who have effective maintenance arrangements. It is difficult when reading the NAO report to believe that this primary objective was in the mind of government and officials when planning the future of the statutory scheme. Cost considerations appear to have trumped devising an effective child maintenance system that ensures children living in separated families are properly supported by both parents. It may be no coincidence that, when the Commission becomes absorbed into the Department of Work and Pensions as an Executive Agency later this year, its statutorily defined main objective is to be abolished.

*Please read our [comments policy](#) before posting.*

*Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics.*

### **About the author**

**Janet Allbeson** is Senior Policy Adviser at [Gingerbread](#). Formerly she was Committee Specialist to the Work and Pensions Select Committee and a lawyer specialising in social welfare law.

### **You may also be interested in the following posts (automatically generated):**

1. [Child maintenance charges risk pushing those who need financial support the most out of the system \(52\)](#)