

## Appendix B

# Case study Financial support for the children of lone parents

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by *Joyce Fortune*

## Introduction

The following case study looks at the background to child support and the first four years of the UK's Child Support Agency (CSA). When I was asked to write a case study that would enable you to develop and practise your skills in systems thinking, the CSA came readily into my mind as a possible topic.

As someone with a long-standing interest in the use of systems thinking to investigate failures, I have watched the story of the CSA unfold with a growing sense of wonder. Failures come in all shapes and sizes. They range from the catastrophic, such as the air crash killing all on board that leaves everyone dismayed, to others that are matters for debate, such as the decision to build a by-pass that is hailed as a transport triumph by some and an environmental disaster by others. But it is rare for something to disappoint so many people for so long in the way the CSA has.

The story you are about to read is, in one sense, a partial one. It does not, and could not, tell the whole story of the first four years of the CSA. I have, however, tried to tell the story in an impartial, dispassionate way. I have deliberately restricted my sources of information to material from newspapers, press releases on the Internet, official publications and text books.

Before you start to read the case study, I want to introduce some of the terminology within it. Under the terms used in the UK's Child Support Act 1991, a qualifying child is one for whom child maintenance is payable under the legislation. This is usually a boy or girl under sixteen years, or between sixteen and eighteen if in full-time education, and who has one or both parents who do not live in the same household. In most official documents, the parent with whom the qualifying child lives is called the 'parent with care' and the other parent is called the 'absent parent'. However, the latter is now often referred to as the 'non-resident parent'. On the grounds that over 90% of parents with care are mothers, most publications refer to a parent with care as 'she' and a non-resident parent as 'he' but all the rules governing maintenance payments apply equally regardless of whether the lone parent is a man or woman. I have tried to avoid he and she unless the gender of the person to which reference is made is known.

## Before the CSA

Act of Parliament and administrative procedures for paying benefit to parents for child support had been in place for many years. However, an increase in the number of lone-parent families brought increased attention to parent responsibility and child maintenance in the late 1980s.

Before writing about the Child Support Agency, I will look at some of the social changes that led to a government White Paper called *Children Come First*, and then look at the 1991 Child Support Act and plans for its implementation.

## Child support in the 1980s

Between 1971 and 1991 the proportion of UK households headed by lone parents grew and grew, reaching the point where they accounted for almost a fifth of all families with dependent children. In addition, by 1991 unmarried mothers had overtaken divorced mothers as the largest category of one-parent

families in Great Britain. (See Table B1.) Largely because of these demographic changes, benefits expenditure on lone parents increased from £2.4 billion in 1978/79 to £6.6 billion in 1992/93. Between 1980 and 1990 the proportion of lone parent families receiving payments from non-resident parents fell from around 50% to 23%. (In this case study, a billion is 1000 million.)

Under the 'liable relative' provisions of the National Assistance Act 1948, the state had the right to recover benefit paid in respect of children from the parents, irrespective of whether those parents were married to each other. But by 1990, the amount the Department of Social Security (DSS) was recouping had fallen to roughly 7% of the cost of providing benefits to lone parent families. This was due in part to high levels of unemployment but it had also come about because recovering the benefit was not regarded as a priority.

For parents with care who were receiving maintenance from non-resident parents the amounts were often small. A survey conducted in 1987 (Edwards and Halpern, 1988) showed the average payment was just under £27 a week, but the most common payment was only £10. The authors of a 1989 survey of the lone parent population (Bradshaw and Millar, 1991) made the following observations:

Only 30% [of lone parents] received anything and [maintenance] payments typically met only a fraction of the cost of providing a basic standard of living for their children. The least advantaged lone parents, those on income support, were least likely to receive maintenance payments. These findings suggested that the existing procedures for recovering contributions from 'liable relatives' were ineffective in the majority of cases. Among better-placed lone parents, court orders were more common, but tended to wither in value under the joint effects of inflation and indifference. Whatever compulsion was applied (and men did sometimes go to prison for non-payment) its wider impact was weak.

**Table B1 Family type, and marital status of lone mothers in Great Britain: 1971 to 1991**

Family type	1971	1975	1979	1981	1983	1985	1987	1989	1990	1991
	%	%	%	%	%	%	%	%	%	%
<b>married or co-habiting couple</b>	92	90	88	87	86	86	85	83	80	81
<b>lone mother</b>	<u>7</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>15</u>	<u>18</u>	<u>18</u>
<b>single</b>	1	1	2	2	3	3	4	5	6	6
<b>widowed</b>	2	2	2	2	2	1	1	1	1	1
<b>divorced</b>	2	3	4	4	5	5	5	6	7	6
<b>separated</b>	<u>2</u>	<u>2</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>4</u>
<b>lone father</b>	1	1	2	2	1	2	1	2	2	1
<b>all lone parents</b>	8	10	12	13	14	14	14	17	20	19

(Government Statistical Service, 1991)

Only families with dependent children are included. Dependent children are persons under 16 or aged-16-18 and in full-time education, in the family unit, and living in the household.

Figures collected by the Department of Social Security for the year 1990/91 (DSS, 1993) showed that after housing costs had been deducted, 60% of lone parent families had incomes that were less than half the national average and only 9% were above the national average. (The figures for couples with children were 60% and 31% respectively.) Another study (Kiernan, 1992) found fewer than half of all single mothers had access to a telephone and only 15% had access to a car.

It was clear to the government the issue had to be tackled.

## **New legislation**

In a speech to the children's charity, National Children's Homes, on 17 January 1990 the then Prime Minister, Margaret Thatcher, raised the issue in public for the first time:

Nearly four out of five mothers claiming income support receive no maintenance from the fathers. No father should be able to escape from his responsibility and that is why the government is looking at ways of strengthening the system for tracing an absent father and making the arrangements for recovering maintenance more effective.

Six months later, the government's intention was clear. On 18 July, the prime minister announced to the House of Commons the government would:

... set up a new Child Support Agency which will have access to the information necessary to trace absent parents and make them accept their financial obligations ... [Maintenance will be assessed] through a standard administrative formula which will take account of the parents' ability to pay, of the cost of bringing up a child – and the right of that child to share in their parents' rising living standards. Complicated cases may still have to be referred to the courts but the existence of the formula will help in these cases too.

## **Children Come First**

Proposals to set up an administrative agency to assess, collect and enforce child maintenance were set out in the White Paper *Children Come First*, which was published in October 1990. It gave the same message as that contained in Thatcher's speech to the National Children's Homes:

Every child has a right to care from his or her parents. Parents generally have a legal obligation to care for their children until the children are old enough to look after themselves. The parents of a child may separate. In some instances, the parents may not have lived together as a family at all. Although events may change the relationship between the parents – for example, when they divorce – those events cannot in any way change their responsibilities towards their children ...

It is right that other taxpayers should help maintain children when the children's own parents, despite their own best efforts, do not have enough resources to do so themselves. That will continue to be the case. But it is not right that taxpayers, who include other families, should shoulder that responsibility instead of parents who are able to do it themselves.

The White Paper was in two parts. The first part proposed the setting up of the Child Support Agency under the authority of the secretary of state for Social Security. Its role would be to trace absent parents, investigate parents' means, assess the amounts of maintenance to be paid by application of a standard formula, and collect and enforce payments. Parents with care who were in receipt of income support or family credit would be obliged to apply for maintenance and to provide the information required unless they had 'good cause' to withhold information. (The examples of good cause that were cited were rape and incest.) Those who refused to co-operate without good cause would suffer a benefit penalty. The second part of the White Paper contained the statistical data on which the assertions made in the first part were based.

There were critical responses to the White Paper from interested parties such as the Child Poverty Action Group who described it as 'narrowly conceived and over-dominated by Treasury considerations' (Bennett and Chapman, 1990), but the proposals it contained were embodied almost unchanged in the Child Support bill.

## The Child Support Act 1991

The Child Support bill was published on 15 February 1991 as 'An Act to make provision for the assessment, collection and enforcement of periodical maintenance payable by certain parents with respect to children of theirs who are not in their care; for the collection and enforcement of certain other kinds of maintenance; and for connected purposes.'

It was broadly welcomed by the National Council for One Parent Families though its director was reported as saying: 'We are very disappointed that government has not reconsidered its intention to remove benefit payments from families in which mothers do not wish to name fathers as we believe this will cause great hardship to vulnerable children' (*The Times*, 16 February 1991).

Other groups and organizations were much less sanguine. Those expressing stronger opposition included the Law Society and various voluntary and charitable bodies such as the National Association of Citizens Advice Bureaux, the Child Poverty Action Group, Barnado's, Church Action on Poverty, the Legal Action Group, MENCAP, the National Children's Bureaux, the NSPCC, the Save the Children Fund and the Children's Society.

In addition to concern about the requirement to name the father, the main criticism from organizations was the failure to address the underlying problem of lone parent poverty. Because income support would be reduced pound-for-pound by the amount of maintenance received, many lone parents would receive no financial benefit from the maintenance payments. Many of the organizations argued that parents on income support should be allowed to keep a proportion of the maintenance over and above their benefits in the same way as those receiving family credit or disability working allowance were able to have the first £15 of maintenance disregarded when their entitlement was calculated.

Within Parliament, opposition to the passage of the bill was strongest in the House of Lords. By a majority of 110 votes to 106, the Lords rejected the proposal to exact a benefit penalty for non-co-operation. But this penalty was restored, albeit with a broadening of the grounds for not co-operating, in the House of Commons during the committee stage of the legislative process. Some MPs in the Commons did voice dissent, and the cross-party Social Security Committee called for amendments including one that would prevent the retrospective investigation of people who had reached divorce settlements prior to the legislation. However, the opposition parties did not vote against the Act.

Perhaps surprisingly, media coverage was limited, with the issue of runaway fathers being the only one to attract much interest and five months after its publication the bill received royal assent on 25 July 1991.

Concern has been expressed at the speed at which the legislative process moved. For instance, one district judge wrote:

The Child Support Act 1991 has radically changed the law and procedure as to the determination and recovery of child maintenance throughout the United Kingdom. A remarkable feature of these changes has been the speed with which they have been introduced. The Children Act 1989 was a major piece of legislation which was intended to encompass all necessary provisions relating to children, and, as part of these provisions, contained a lengthy and elaborate schedule dealing with child maintenance. That Act completed its legislative passage in 1989 and was brought into force on 14 October 1991; however, even before it had come into force, the Child Support Act had been introduced, completed all its legislative stages and received Royal Assent. The result is that, even before it came into force, that part of the Children Act which deals with child maintenance was reduced to the status of transitional provision as it related to most children.

(Bird, 1993, p.17)

A Child Poverty Action Group (CPAG) publication (Garnham and Knights, 1994) claimed:

Not only did the haste of the legislative process detract from the quality of scrutiny, but the heavy use of secondary legislation compounded the problem further since there is no possibility of amending the regulations during debate ... CPAG believes ... all the problems [about the working of the Act] could be – and were – predicted from the legislation. The government's response was simply to keep restating the need for change and the underlying principle at each stage of the debate, without giving much evidence of having seriously reflected on possible consequences.

(Garnham and Knights, 1994, pp.50–51)

Bird (1993, p.27) explains this point about secondary legislation: 'One of the distinctive features of the Act was the large amount of detail which was left to be determined by regulation. Until these regulations were published it was not possible to predict accurately the overall effect of the provisions of the Act.' He then goes on to list the nine sets of regulations from the Department of Social Security that were laid before Parliament and eventually made during the second half of 1992. Bird also refers to the various orders dealing with matters such as consent orders and applications for declaration as to parentage that emanated from the Lord Chancellor's Department.

### **The provisions of the Act**

As its long title states, the Act provides for 'the assessment, collection and enforcement of periodical maintenance payable by certain parents with respect to children of theirs who are not in their care; for the collection and enforcement of certain other kinds of maintenance; and for connected purposes.'

One of its main cornerstones is the maintenance formula. This prescribes the method of calculating the maintenance payable and was designed to be set in stone. It has four elements:

- 1 The maintenance requirement defined as 'the minimum amount necessary for the maintenance of the qualifying child(ren)';
- 2 Both parents' assessable income;
- 3 The deduction rate that sets the proportion of assessable income to be used for maintenance; a deduction rate of 50% is applied to the combined assessable income of both parents until the maintenance requirement is met;
- 4 The protected income that is the disposable income the parent must be left with after paying maintenance.

Pages and pages of mathematical formulae and illustrative examples covering all aspects of the calculations were published and the latest revised versions continued to be freely available from the CSA up until this case study was written. Suffice to say, it was estimated the average maintenance payment calculated by applying the formula would be £50 per week; a sum roughly double the amount the courts had usually set when they were responsible for determining maintenance.

Fees were to be charged for using the CSA though the regulations did not specify which parent should pay the fee. An assessment fee of £44 was to be payable on assessment and then annually thereafter and if the collection service was used (payments may be made direct from one parent to the other or the CSA organizes collection and enforcement if requested by at least one of the parents), a further annual charge of £34 would be made. Some categories of person were exempted from these charges, including anyone receiving income support, family credit or disability living allowance.

Five methods of enforcement were provided:

- 1 Deduction from earnings orders;
- 2 Liability orders (only available when a liable person was in default);
- 3 Seizure and sale of goods, subject to certain exceptions such as clothing and household furniture;
- 4 County court enforcements using the same procedures as for a county court judgement;
- 5 Imprisonment.

The fifth of these was only to be available after the first has been considered and rejected as inappropriate or ineffective and after a liability order has been made in a magistrate's court.

### **Plans for implementation**

It was announced that the provisions of the Child Support Act 1991 would be phased in over a four-year period starting 5 April 1993. The plan, as set out in the Child Support Act 1991 (Commencement No 3 and Transitional Provisions) Order 1992, was that applications from people who were not receiving income support, family credit or disability working allowance, and who had no existing court orders or written child maintenance agreements, would be taken on right from the start. The cases of those who were receiving benefit, and who were thus required by the secretary of state to authorise an application, would be phased in over the period between April 93 and April 96. Those with existing court orders or written child maintenance agreements would be considered after April 1996.

It was estimated by the time the Child Support Agency was fully operational it would be dealing with about two million families and the number of lone parents being paid regular maintenance would increase by about 200 000, which would in turn lead to a fall of 50 000 in the number receiving income support.

The Child Support Unit was set up in 1992 as a forerunner to the CSA. It took over administration of the liable-relatives work from the Benefits Agency and planned the start up of the CSA.

## **Child Support Agency (CSA)**

As planned, the CSA started work on 5 April 1993. It operates from six regional centres in Belfast, Falkirk, Birkenhead, Dudley, Plymouth and Hastings. These centres are responsible for the assessment process and their contact with their clients is by post and telephone. Face-to-face contact is made by network of field officers; they are based in Benefits Agency offices.

The first chief executive was Ros Hepplewhite, former director of MIND, a mental health charity. She was appointed in January 1992. Press reports of her expectations were not entirely consistent:

I think we will have very high levels of co-operation. It will be seen as inescapable and to people's advantage to co-operate with us.

*(Sunday Times, 18 October 1992)*

We expect some hostility and resistance. Acceptance will require a big cultural change ... No one wants to pay up but there will be no choice.

*(The Times, 10 February 1993)*

The CSA was the first of the Next Steps agencies to be set up from scratch. Next Steps was a programme begun in 1988 to slim down the civil service by transferring the executive functions of government to people working for semi-autonomous agencies. The consequences of 'agencyfication' for the staffing

arrangements of the DSS are shown in Table B2. As Greer and Carter (1995) say, because the CSA was set up from scratch it 'inherited an Act of Parliament but few extant organizational structures'.

**Table B2 Proportions of DSS staff employed in Next Steps agencies**

Agency	Date established	Percentage DSS staff (planned totals 1993/94)	Percentage admin costs (planned totals 1993/94)
Resettlement Agency	1989	0.6	1
ITSA	1990	5.0	14
Benefits Agency	1991	78.1	53
Contributions Agency	1991	10.7	5
Child Support Agency	1993	2.7	3
core department		1.6	3
corporate expenditure			19

(Bellamy, 1995; derived from DSS and HM Treasury, 1993)

Next Steps agencies are supposed to carry out functions that are non-controversial, and many expected the work of the CSA to be just that. But despite the appearance of consensus, there were always tensions underlying the job it was asked to do. Bedingfield points to one of them:

The Conservative government's decision to place maintenance payments from absent parents on a statutory basis, subject to strict formulae as to the amounts payable, had more to do with the fiscal priorities of the state than helping children in first families. It was felt by the framers of the Act that the time had come for the state to stop subsidizing divorce and remarriage. Henceforth, according to the Act, absent fathers would all pay – and fathers who did not pay would have to answer to the state.

(Bedingfield, 1998, p.85)

Another important aspect of the underlying conflicts in the political agenda was voiced in a report on a study of lone mothers on income support or family credit that was carried out immediately before the legislation was implemented.

The growth of lone parenthood is in danger of becoming one of the central 'moral panics' of the 1990s, particularly as a result of ungrounded and judgmental political comment and media coverage. The reality of lone parenthood is far removed from much of this comment. The debates about 'family values' and 'family policy' now being joined from all parts of the political spectrum, continue to be driven by the assumption that two-parent families are the desired form against which all other family types should be judged (and usually found wanting); and that they are the norm in present-day Britain. Whether or not the first is true is actually a matter of conflicting values and a subject of debate about the implications of different family forms.

The second assumption is, however, not a matter of belief but a matter of fact. It is increasingly the case that two-parent families are not the norm within the UK. Family policy should be constructed as much on the basis of how things are just as much (sic) as how we want them to be. Seen through the eyes of the lone mothers in this study the Child Support Act appears implicitly and explicitly to denigrate the status of lone parents still further beyond that established by existing social security and other

arrangements for their 'support'. It is difficult to argue that any of the lone mothers in the study in any way come close to media and political stereotypes of feckless women having babies in order to 'jump the housing queue' and settle back into a life of contentment on benefit (perhaps subsidized by undeclared earnings). Most mothers had become mothers in the context of what they had anticipated would be stable and loving relationships. These relationships had ended for a variety of reasons – often extremely difficult and painful ones – but the treatment they now anticipated as a result of that relationship breakdown suggested that they and their children could expect little emotional or financial support in the process of rebuilding their lives. As it stands, the fears (and expectations) of lone parents interviewed in this study are that the Act will take from their lives much more than it will give back.

(Clarke, Craig and Glendinning, 1993, pp.81–2)

### CSA year one, 1993/94

The targets of the CSA for its first year of operation were to:

- ◆ Arrange maintenance for 60% of the parents with care making eligible applications
- ◆ Make benefit savings of £530 million
- ◆ Deliver its business plan within a spending budget of £115 million
- ◆ Satisfy 65% of clients

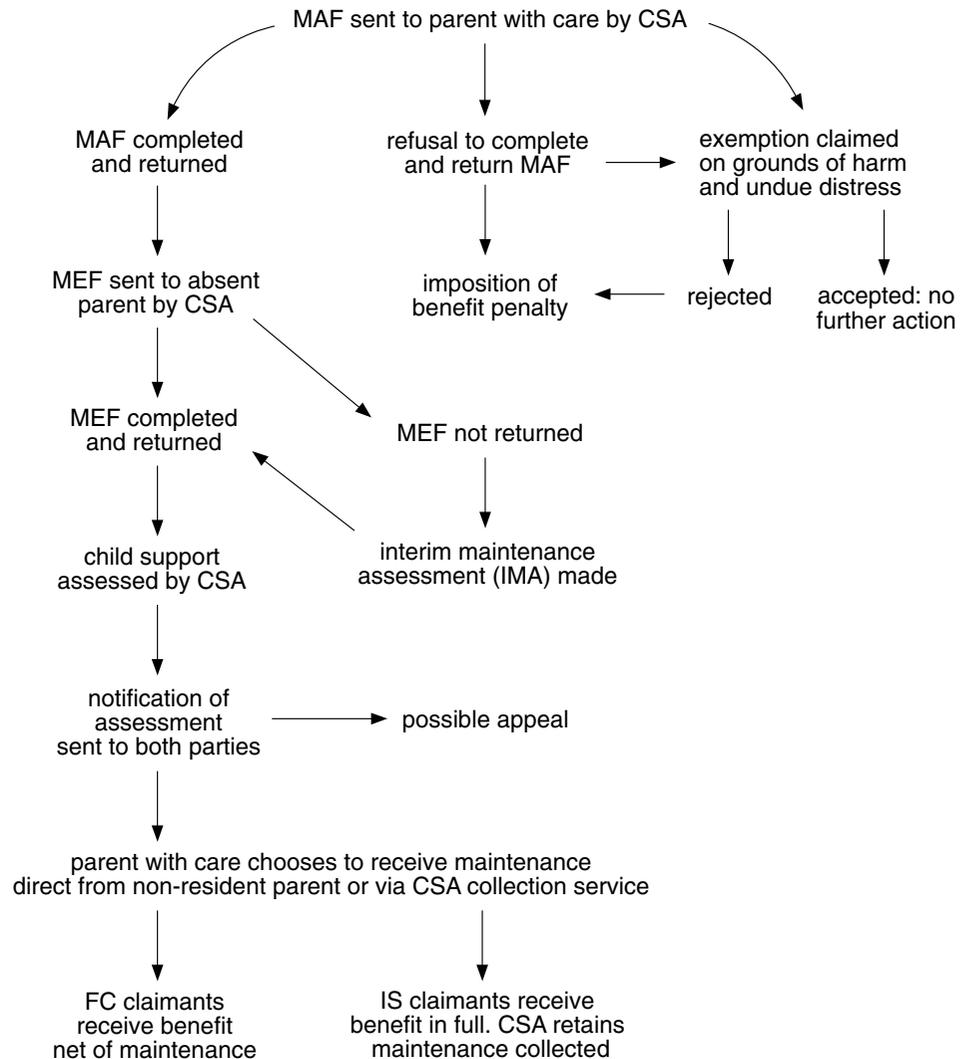
The assessment process required information from two forms: the maintenance application form (MAF) sent to the parent with care; and the maintenance enquiry form (MEF) sent to the non-resident parent. The assessment process for parents with care who are receiving benefit is shown in Figure B1 (overleaf).

It was expected over a million MAFs would be issued during the first year, which, given the 60% target referred to above, would translate into about 600 000 completed assessments. These targets were missed by a wide margin. The actual figures at the end of the second and third quarters of 1993/94 are shown in Table B3.

**Table B3 Assessment performance at the end of the second and third quarters of 1993/94**

		As percentage of MAFs issued (by 30 September 1993)		As percentage of MAFs issued (by 31 December 1993)
<b>MAFs issued</b>	527 000		719 900	
<b>MAFs returned</b>	326 700	61	515 700	73
<b>MEFs issued</b>	166 200	32	344 000	48
<b>MEFs returned</b>	79 700	15	208 200	29
<b>assessments made</b>	36 600	7	121 600	17
<b>other completed cases</b>	20 000	4	79 800	11

One reason for the poor response rate was that parents with care who refused to supply the information required by the CSA without a satisfactory reason risked losing 20% of their income support (£8.80 per week) for six months and then 10% for a further twelve months. Guidelines issued to the CSA by the DSS in January 1993 were said to promise 'sensitive treatment' to those with genuine reasons, such as a history of violence, for not naming the other parent. But there was a significant level of suspicion and mistrust, and the mechanism for claiming that 'harm or undue distress' would result if the CSA pursued a case was not clear.



**Figure B1 Outline of the assessment process for parents with care who are receiving benefit (Clarke, Craig and Glendinning, 1996)**

In response to lobbying on behalf of parents with care who wished to make such a claim, alterations were made to the paperwork. From October 1993, MAFs were sent out with covering letters that allowed parents with care to sign a declaration relating to 'harm or undue distress' and return it without completing the MAF. By March 1994, over 65 000 people had made such a declaration, 46 000 of which had been considered and the declaration accepted in 32 000 cases.

Although there had been a high level of support for the legislation, criticism of the practical consequences of the Act and of the way the CSA carried out its responsibilities began to mount almost as soon as the CSA had officially started in April 1993.

This dissatisfaction covered a number of aspects. One concern was that the CSA was not directing its efforts at the cases it was designed to target. CSA documents that were leaked to the press gave support to this allegation:

In order to drive down social security costs, the agency is concentrating upon better-off men and those who are easy to locate because they see their children regularly, rather than truly neglectful fathers who leave their former wives with nothing.

An enquiry into paternal support is now triggered automatically when a single mother makes a fresh claim for income support. But the agency's staff have been instructed to give priority to 'good-quality' cases where

the father is rich enough to pay up quickly or is already making maintenance payments. 'The name of the game is maximizing the maintenance yield', one [leaked] memorandum [dated 25 August 1993 and sent by a divisional manager to his area managers] advised. 'Don't waste a lot of time on non-profitable stuff.'

(*The Times*, 30 September 1993)

It was also revealed that of the more than 200 000 assessments made during the first year only 28 000 concerned parents who were not in touch with their children and whose whereabouts were, or were said to be, unknown to their former partners.

Others denied that the CSA was targeting the wrong people. For example, one MP spoke of 'extraordinary hypocrisy' on the part of divorced fathers and described their complaints as the 'squealing' of fathers who had been paying too little.

Another allegation accused the CSA of causing widespread financial hardship, and many illustrations of increases in maintenance payments and their consequences appeared in the press. For example:

Father of twins who had been paying £123 was ordered to pay £473 per month;

(*The Times*, 30 September 1993)

Father of seven-year old who had been paying £65 was ordered to pay £187 per month;

(*The Times*, 21 October 1993)

Father of two who had been paying £80 was ordered to pay £500 per month.

(*The Times*, 16 November 1993)

However, the facts are not always as straightforward as they might have appeared at first sight. The second of these cases was also featured on television in the *World in Action* programme. There, it was stated the father had been told to increase his payment of £65 per month to £258. But, subsequent to the programme, his ex-wife produced paperwork showing the assessment was £193.96 per month, and that he was only required to pay £258 until he had caught up with arrears accrued earlier in the year. Two months later the case was being used again, but with a different slant; it was illustrating a positive story about the workings of the Act.

After intervention from the Child Support Agency, X has received more money from her estranged husband in the past two months than he paid during the whole of the previous year.

X, who has two teenage daughters by a previous marriage, received no money for the first 18 months after the separation, but eventually obtained an interim court order for maintenance of £65 a month. The Child Support Agency took on her case in April last year, just after its launch, and told Y he should pay £190 a month, increased to £260 for the first few months to make up for arrears.

(*The Times*, 31 January 1994)

The CSA was also blamed for driving people to commit suicide. One such death was reported as follows:

One family yesterday blamed the agency for driving a stately home curator to suicide ... last Saturday a 31-year-old curator killed himself at Lord Byron's ancestral home after having his maintenance payments trebled ... [to] nearly £300 of his £500 monthly take-home pay. His body was surrounded by documents and letters from the agency with calculations scribbled all over them.

(*The Times*, 7 December 1993)

However, the inquest on the man's death painted a more complex picture; the suicide note did not mention the agency, and his ex-wife said he had often talked about suicide. The coroner was quoted as saying:

It is not for me to apportion blame. From the evidence which I have heard he had worries, and one of the main worries he had was about money. It is clear that the amount of money he was going to have to pay had a tremendous effect upon his mind but whether he thought he couldn't afford it or couldn't cope any more, I don't know.

(*The Times*, 22 December 1993)

Other men, and their families, were distressed by being wrongly accused of fathering children:

... a bus driver, had to woo his distraught wife back after the agency admitted it had made a mistake about the four-year-old boy for whom it wanted maintenance... The CSA... said someone had keyed in the wrong national insurance number. 'But why was it not double or triple checked? This sort of thing could ruin people's lives.'

(*The Times*, 3 November 1993)

Some were unhappy about the rules to which the CSA was working. In particular, calls were also made for so-called clean-break divorce settlements to be allowed for in the maintenance formula. Alistair Burt, the minister with responsibility for the CSA, was stout in his defence of the current arrangements:

The principle of the clean break applies only to spousal maintenance, not to child maintenance, which can always be reviewed in the interest of the child. The agency's carefully designed formula, which allows the great majority of absent fathers to keep 70–85 per cent of net income after deduction of child maintenance, provides for the practical results of a settlement by recognizing the likely increase in housing costs to the absent parent.

(Burt, writing in *The Times*, 1993)

This stance was supported in the High Court in December 1993 when the judge presiding over a test case ruled: 'While the parties [to a divorce] were free to achieve a clean break as between themselves, it was outside their powers to do so in respect of their child.'

Two underlying causes of the Agency's shortcomings were identified. One was the lack of flexibility it had in dealing with cases:

The CSA has a formula for absolutely everything. [...] one can't help feeling that this new agency is the ultimate statist dream: a world where bureaucrats substitute their judgements for that of everyone concerned.

(Amiel, 1993)

The second was administrative incompetence. This was fuelled by stories of the CSA's 'blunders', some of which were written up in dramatic style:

The Child Support Agency was accused last night of hounding a father by threatening court action over an unpaid debt of 1p. The full might of the agency was brought to bear [on X] when he sent a cheque to his former wife for £232.82 rather than £232.83. A two-page letter, posted first-class, was sent by the agency [to X] chastizing him for the error. It stated that interest was being charged on the unpaid debt at 1 per cent higher than the bank base rate. The agency said it was also considering 'an order taking the debt from his salary'... Alf Morris, the Labour MP for Wythenshawe, has taken up the case and is sending the file to John Major.

(*The Times*, 22 December 1993)

Other critics were unhappy with the terminology used by the CSA. For instance, Families Need Fathers, a group founded in 1974 to campaign for the interests of fathers denied access to their children by mothers, took great exception to the CSA's use of the term absent parent, describing it as 'gratuitously offensive'.

Against this background of fierce criticism, staff working for the CSA were receiving hate mail and many of them were feeling the strain:

A DSS official told *The Times*: 'It is fair to say that the work of the CSA is far more stressful than was ever envisaged. In some cases it can have a traumatic effect. Staff are under relentless pressure from two sides: from the families, who say they cannot and should not have to pay, and from their bosses, who are under enormous pressure from MPs to get things right.'

(*The Times*, 31 January 1994)

## Reviews and changes during year one

Changes began to be made. At the beginning of November 1993 the CSA was given more flexibility to take on some of the cases concerning mothers on benefit who were not receiving maintenance and who, under the original plans, were not due to be considered until after April 1996.

The House of Commons Social Security Select Committee announced in October 1993 it would bring forward its plans to look at the operation of the Act. After taking evidence from the minister responsible and the CSA, it issued its first report in December 1993. It recommended that the agency should:

- ◆ Increase protected income from £8 to between £20 and £40 per week
- ◆ Phase in new payments over two years
- ◆ Take account of the cost of caring for stepchildren
- ◆ Reduce payments for children over eleven
- ◆ Subject clean-break settlements to judicial review
- ◆ Require payments to be made from the day the assessment was completed instead of from the day the MEF was issued
- ◆ Deal with appeals within 28 days
- ◆ Reimburse overpayments within five days.

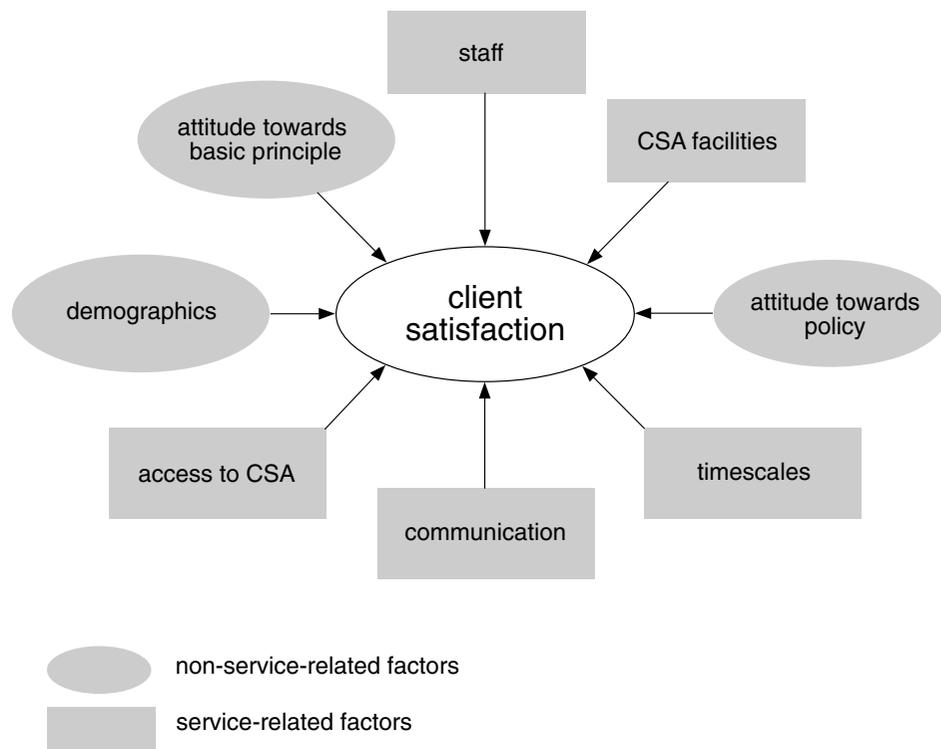
Some of these recommendations were accepted. The government announced that from February 1994 the maintenance formula would be revised in a way that would increase the minimum income retained by non-resident parents. Also new maintenance payments would be phased in over an eighteen-month period and payments for children over eleven would be reduced by a quarter and by a further quarter for children over fourteen. In addition, the £34 annual collection fee would be waived in many cases.

The annual report of the chief child support officer for the year 1993/4 was published in October 1994. It examined 1380 assessments made by the CSA and found 345 (25%) were correct, 548 (39%) were incorrect, and there was insufficient evidence to tell whether the rest were right or wrong. The report recommended better staff training, greater emphasis on collecting evidence and improvements in the calculations on earnings, effective dates, and housing costs.

The CSA's own first annual report showed it had kept well within its £115 million budget, but it had failed to reach its performance targets. It had been expected to arrange maintenance for 60% of the parents with care making eligible applications but the figure achieved was only 31.5%. At £418 million, benefit savings were well short of the £530 million target. The requirements relating to

level of service, such as the time taken to process applications and to respond to enquiries, had not been met though an overall client satisfaction score of 61% had been achieved.

The client-satisfaction score is computed from the results of an independent national client satisfaction survey conducted annually and published in full. The basic factors that are thought to influence client-satisfaction-with-service are shown in Figure B2. It is interesting to note the overall result for 1993, based on a sample of 1996 parents with care and 1180 absent parents, comprised a satisfaction score of 66% for parents with care and only 39% for absent parents.



**Figure B2** Factors influencing satisfaction with service (Speed, Crane and Rudat, 1994, p.5)

### CSA year two, 1994/95

For the second year of operation, the agency's budget was increased by £70 million to £184 million. The number of staff was to be increased by 700 and the number of cases it was expected to handle was reduced. A new telephone service with direct computer access was also established to deal with enquiries.

In the summer of 1994, Andersen Consulting was called in to advise the agency on its management structures and procedures. Then, at the beginning of September, Ros Hepplewhite resigned and was replaced by Ann Chant, a career civil servant who moved across from the Contributions Agency.

Further critical reports were published in the autumn of 1994. The National Audit Office reported that over half the assessments it had studied were wrong. In the report of its second inquiry into the operation of the Act and the performance of the CSA, the Social Security Select Committee called for a raft of changes to the way maintenance was assessed and to the way the agency operated.

The government responded by reducing the agency's workload through the controversial measure of allowing it to 'clear' its backlog by postponing, for an unspecified period, 350 000 cases involving parents who had failed to supply the required information despite being sent maintenance enquiry forms more than six

months previously and parents with care who were receiving income support before April 1993. It was also announced that the next phase of implementation due in April 1996 would be delayed.

According to an article in the *Independent*, this announcement effectively heralded 'a two-tier system for child support' because 'a key principle of the original Child Support Act – that all parents should eventually have recourse to the Child Support Agency to assess fair child maintenance – was ditched.' The article went on to say:

The decision was condemned as proof that the real driving force behind the child-support legislation is the Treasury, whose only concern is moving parents with care of the children off income support. For the Treasury would reap no benefit from the estimated 50 000 parents with care who are not on income support and who had written or court agreements before April 1993 who were expected to ask the CSA to assess maintenance in the first year after 1996.

(Waterhouse, writing in the *Independent*, 1995)

Reaction to these changes varied:

The people who will pay the price are the lone parents who looked to the agency to get the maintenance they so badly need to escape the benefits trap.

Speaker on behalf of The National Council for One Parent Families

[This decision is] the best Christmas present for hundreds of thousands of families.

Speaker on behalf of The Campaign Against The Child Support Act

By the start of 1995, there was some evidence the CSA's performance against target was improving. Between April 1994 and January 1995, 223 552 maintenance assessments had been completed (this compares with 205 500 for the whole of 1993/94) and £62.8 million new maintenance was raised (£15 million for 1993/94). However, a report by William Reid, the parliamentary commissioner for administration (ombudsman), published in January 1995 was highly critical. It pointed to:

- ◆ Wrong identifications of missing parents
- ◆ Inadequate staff training
- ◆ Poor procedures
- ◆ Failure to answer letters
- ◆ Incorrect or poor advice
- ◆ Long delays

But as well as criticizing the CSA directly the report made it clear that the government was also at fault:

We are in no doubt that the maladministration of the CSA cannot be divorced from the responsibility of ministers for the framework within which it operated. Ministers should have reacted more quickly to the situation as the problems became apparent ...

Maladministration leading to injustice is likely to arise when a new administrative task is not tested first by a pilot project; when new staff, perhaps inadequately trained, form a substantial fraction of the workforce; where procedures and technology supporting them are untried; and where quality of service is subordinated to sheer throughput.

(Parliamentary commissioner for administration, 1995)

It also said:

In view of the special report I made in 1993 into the Benefits Agency handling of the introduction of disability living allowance (DLA), I have found it extremely disappointing that the Child Support Agency, another Agency of the Department of Social Security, had not been able to avoid some of the systemic failures disclosed in the DLA report.

(Parliamentary commissioner for administration, 1995)

Ann Chant, chief executive of the CSA, in evidence before the Commons Select Committee on the Parliamentary Commissioner for Administration, identified a different set of culprits.

She said: 'I have never in 30 years in social security seen such an orchestrated and organized attempt to avoid legal liability. That was unprecedented and I don't think it could reasonably have been foreseen.'

Miss Chant claimed that Agency staff were subjected to time-wasting telephone calls and said that meetings to organize opposition to the scheme were organized by people with no direct interest.

(*The Times*, 2 February 1995)

However, when the committee reported its findings the following month it laid at least some of the blame at the doors of the Secretary of State for Social Security and his junior minister:

We consider that ministers were too easily satisfied with the assurances given by officials ... Ministers should have reacted more quickly to the situation as problems became apparent. They should have sought assurances that, were pressures to arise from other sources, lessons had been learned in relation to backlog, volume of complaints, dealing with correspondence, training of staff. We expect the questioning of officials by ministers to be searching and robust and for ministers to be briefed accordingly. We are in no doubt that maladministration in the CSA cannot be divorced from the responsibility of ministers for the framework within which it operated.

(Parliamentary Ombudsman Select Committee, 1995)

The CSA's second annual report for the year to April 1995, published in July 1995, showed it had again kept within its budget and had exceeded its £460 million savings in benefits target by £19.05 million.

But it had again failed to reach other important targets. Arrangements should have been made for 50% of parents with care making eligible applications but the percentage achieved was 40.71. By the end of March 1995 no more than 40% of outstanding maintenance applications should have been over 13 weeks old, no more than 15% over 26 weeks old and no more than 1% over 52 weeks old. These targets were missed by a wide margin. Of the outstanding cases, 82% were over 13 weeks old, 70% were over 26 weeks old, and 50% were over 52 weeks old. Customer satisfaction scores also fell far short – 44.2% against a target of 65%.

A report by the Audit Office, published the same day as the CSA's report, showed only 47% of the assessments it had looked at that had been carried out during 1994/95 were correct. A report by the chief child support officer found even more errors. According to his investigation, the proportion of correct assessments was 44%, though the appropriate guidelines had not been used to reach the final figures in 15% of these cases.

A different perspective on the impact of the CSA's work during the year to April 1995 was revealed in the answer to a written parliamentary question. This reported that of the 267 500 assessments in place by March, 67 100 were paying nothing, 125 600 were paying £2.30 per week or less, and only 1200 were paying over £100 per week. The average payment for non-resident parents on income support was £0.93 per week and the average for those in work was £37.22.

## CSA year three, 1995/96

Some of the criticisms levelled at the legislation and the CSA were taken on board. From 18 April 1995, the maintenance formula set a ceiling on assessments of current maintenance of 30% of net income, enabled broad brush allowances to be made for pre-April 1993 property or capital transfers, made allowances for travel-to-work costs for those travelling more than 150 miles per week (measured as the crow flies), and removed the requirement for new partners of non-resident parents to contribute to their share of housing costs or those of any step-children.

Other modifications formed the basis of a White Paper, called *Improving Child Support*, and The Child Support Act 1995 that followed it. The main provisions of this Act, which received royal assent on 19 July 1995, were as follows:

- 1 To allow assessors to depart from the standard formulae in certain cases when determining the level of payments.
- 2 With effect from April 1997, to pay a lump-sum child maintenance bonus to parents with care who had been receiving income support or jobseeker's allowance if they return to work.
- 3 To compensate parents with care who were getting family credit or Disability Working Allowance if their maintenance fell because of changes in child support legislation.
- 4 To defer indefinitely the CSA's involvement in cases where the parent with care was not in receipt of benefit and where a written maintenance agreement or court order was in force before April 1993. For a fee, such parents would be able to use the CSA's collection service.
- 5 To enable the CSA to recover DNA testing fees in cases where an alleged absent parent accepts he is the father after taking a test.
- 6 To reimburse overpaid maintenance if it isn't possible to adjust current maintenance and, in certain circumstances, to recover the money from the parent with care.
- 7 To give the CSA discretion to enter a magistrates' court liability order for arrears of maintenance on the register of county court judgements.
- 8 To improve review and appeal procedures.

For 1995/96, the CSA's targets were also changed. Targets for benefit-saving, and for the number of people making eligible applications who should have maintenance arranged, were dropped entirely. New targets relating to speed of payment of maintenance, accuracy, maintenance collection, and reviews were introduced. The targets on clearance times were softened considerably. The new target was 60% of new applications should be cleared within 26 weeks, and no more than 10% of applications should be more than 52 weeks old by 31 March 1996.

The Social Security Select Committee looked once again at the CSA, and in its report published in January 1996, made a total of 20 recommendations for detailed administrative and procedural changes. However, it also gave a qualified welcome to improvements in the performance of the CSA:

The Agency is now on a surer footing and a whole range of indicators suggest that improvements are being made in an attempt to provide an acceptable service. The Agency has been helped by changes to policy and by the growing acceptance that the CSA will be a permanent feature of British life.

(Social Security Committee, 1996, p.xiii)

Though this was followed by a sting in the tail:

It should be clearly recognized that the service initially provided by the Agency plumbed such depths that even modest improvements in service might seem impressive.

(Social Security Committee, 1996, p.xiii)

One group of people who were singled out for special mention in the report were self-employed absent parents. The concern was that accounting techniques and methods to determine profits and income might be reducing child support liability artificially or even extinguishing it. One member of the committee, the Conservative MP, David Shaw, was quoted in the press as saying:

The bottom line is that there are still a lot of men around who don't want to pay a penny towards their first family, and they are becoming increasingly sophisticated at beating the system by passing their money to their companies or their new wives.

(*Sunday Times*, 28 January 1996)

In March 1996 a further raft of changes were announced. The first was the introduction of interest payments in cases where the CSA had collected maintenance but not passed it on to the parent with care within 28 days.

The second was a reduction in the period before compensation could be considered in cases where there had been delays in the issuing of maintenance forms. The time was reduced from three months to one month in situations where no extra enquiries were needed, and two months where further enquiries were necessary. Consolatory payments were also introduced for those who were incorrectly accused of being the parent of a child or children. The annual amounts paid in compensation before and after these changes are shown in Table B4.

The third was a pilot exercise begun on 9 April 1996 at a number of centres in the southeast to test new provisions designed to make the maintenance formula more flexible. Under the scheme, either parent could apply for a departure from the formula on any of the following grounds:

- ◆ High travel to work costs
- ◆ High travel costs for maintaining contact with children
- ◆ Costs arising from disability of the applicant or a dependent of the applicant
- ◆ Debts incurred when the family was together
- ◆ Pre-April 1993 financial commitments from which it is impossible or unreasonable to withdraw
- ◆ Costs of supporting step-children where responsibility for them pre-dated April 1993
- ◆ Pre-April 1993 clean-break property or capital settlements
- ◆ Diversion of income by the non-resident parent
- ◆ Lifestyle inconsistent with income declared to the CSA
- ◆ Possession of assets capable of producing an income or a higher income

Following the pilot exercise the departures scheme was phased in from 2 December 1996 onwards.

**Table B4 Compensatory payments**

	1993/94	1994/95	1995/96	1996/97
<b>amount paid</b>	£100	£10 200	£115 000	£656 000
<b>number of payments made</b>	1	77	186	983
<b>average amount</b>	£100	£133	£779	£667
<b>percentage proportion of compensatory payments to total clearances</b>	0.0003	0.01	0.06	0.28
<b>number of maintenance assessments</b>	205 000	251 000	128 000	129 000

(Hansard Written Answers for 22 July 1977)

When the parliamentary commissioner for administration (ombudsman) second report on the CSA was published it was seen that once again he was critical. It pointed out that one in six of all the cases investigated during 1995/96 were complaints about the CSA. Not only had the same mistakes criticized in 1995 been perpetuated but also there were new mistakes.

Further criticisms came from Sir John Bourn, the comptroller and auditor-general. He refused to accept the CSA's accounts for its third year were accurate (in the official language of the National Audit Office he 'qualified his audit opinion on the accounts'). He reported that although the proportion of maintenance assessments that were accurate had increased, a third were still being calculated wrongly for reasons such as: insufficient or out-of-date information; arithmetical errors; use of incorrect mortgage rates; or making too much allowance for self-employed parents' expenses. The amount by which the figures were out varied between under-assessments of £30 per week and over-assessments of £20 per week. Similar findings by the chief child support officer were published in November 1996. Examination of a random sample of 610 maintenance assessments showed: 205 (34%) were correct in all respects; 115 (19%) contained irregularities even though the final figure was correct; and 179 (29%) were wrong.

### **CSA year four, 1996/97**

As the fourth year unfolded, combating benefit fraud was high on the government's agenda. The number of spurious claims for good-cause exemption was said to be rising fast: in 1995/96 112 000 claims had been made of which 38 000 were accepted; in 1996/97 the number of claims was going to be even higher. So in June 1996 the Social Security minister announced harsher penalties for parents with care who failed to co-operate with the agency without good cause. From October, their income support allowance would be cut by 40% for three years, with the reduction being repeated at the end of each three-year period if the non-co-operation continued. Prior to this change, the reduction was 20% for 26 weeks followed by 10% for a further year.

In August, the post of independent case examiner was advertised. The remit for this job, which was due to begin on 1 April 1997, was to bring an independent element to the way complaints against the CSA were handled. In the words of a Department of Social Security spokesperson:

From April [1997] the independent case examiner will exercise discretion on how complaints about maladministration are dealt with against the need to provide a speedy, impartial, accessible and cost effective complaints service for both absent parents and parents with care.

November 1996 was also the month the CSA lost its second chief executive. Ann Chant resigned. Her successor was announced in March 1997 when it was revealed that Faith Boardman was moving over from the Contributions Agency where she had been chief executive for the last two years.

Within a week of Boardman's appointment, the latest report from the Social Security Select Committee was released. This pointed to significant improvements in performance and said that 'whereas the agency was heading for disaster in 1993/94, there is now no danger that this could occur'. There were, however, causes for concern. Only about a third of lone parents on income support and family credit had received an assessment. And at the end of December 1996, the number of applications being processed was 441 784 instead of the 200 000 to 250 000 that was estimated as representing the steady-state level.

When reports of the CSA's performance during its fourth year appeared it became clearer and clearer that it was still experiencing difficulties. The report from Sir John Bourn at the National Audit Office was particularly damning. He again 'qualified his opinion on the account', pointing to the following:

- (a) Errors in 85% of the cases examined, with the maintenance assessment being over £1000 per year out in one in every six cases;
- (b) No attempt to eliminate errors in existing cases;
- (c) 39% of receipts from non-resident parents were for the wrong amount, largely due to mistakes in the underlying assessments;
- (d) In aggregate, it was estimated that overpayments amounted to £3.8 million and underpayments amounted to £9.4 million, that is 4.4% and 9.4% of the £215 million collected;
- (e) 'A material level of error' in the amounts said to be owed by non-resident parents – it was estimated that overstatements amounted to £48 million and understatements amounted to £91 million, that is 9.14% and 17.7% of the £513 million outstanding. (The Agency itself suggested that some £276 million of the £513 million outstanding may be uncollectable.)

Targets in other areas were also missed. For example, Table B5 shows performance against the assessment clearance targets of 60% of new maintenance applications to be cleared within 26 weeks; and no more than 10% of all maintenance applications received to be over 52 weeks old by the end of 1996/97.

**Table B5 Performance against maintenance assessment clearance targets**

	Number of cases being actioned	Assessments cleared within 26 weeks (per cent)	Assessments over 52 weeks old (per cent)
April 1996	422 454	53	15
May 1996	428 244	52	15
June 1996	435 603	51	16
July 1996	440 741	51	15
August 1996	449 852	51	15
September 1996	456 810	51	15
October 1996	456 590	51	15
November 1996	451 608	51	14
December 1996	441 784	51	14
January 1997	432 150	52	13
February 1997	418 369	53	13

(Hansard Written Answers for 21 March 1997)

On 6 April 1997, just one day after the CSA's fourth birthday a new piece of bad news hit the headlines in the *Sunday Times*: 'CSA to write off computer worth £600 million' (Leake and Pope, 1997). The story went as follows:

The Child Support Agency has decided to scrap the £600 million computer system at the heart of its operation just four years after it was built. The system, which cost the equivalent of £24 for each UK income-tax payer, has been blamed for bringing misery to thousands of parents.

... The computer system was one of the government's most expensive and was commissioned through EDS, an American firm, which also provided the software and has a 10-year contract to manage the system. Last week, however, the CSA confirmed it would be introducing a new system within the next two years.

The news coincides with figures released last week which show that the agency has recovered only £500 million since its launch – compared with its running costs of £514 million.

The agency says it has also saved £1.4 billion in social security spending. This saving, however, could be largely wiped out by the cost of the new computer system, which independent experts estimate is likely to exceed £1.1 billion.

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*The following update is provided for information only. You do not have to make reference to it in order to answer any of the SAQs or activities based on the CSA case study.*

## **The CSA case study: an update**

**by Joyce Fortune**

In 2002 I was asked to provide a short update on what has happened to the Child support Agency since 1997. The first thing I did was to log on to LexisNexis, an on-line repository of national and international newspaper articles, and conduct searches for UK articles on the CSA over the five year period since I wrote the original account. These are the results I obtained

Keywords for search	Number of hits
Child Support Agency AND problems	851
Child Support Agency AND failure	307
Child Support Agency AND fiasco	92
Child Support Agency AND crisis	149

Did this mean that the CSA was still experiencing problems? Unfortunately, it did. Although some of them were irrelevant juxtapositions of the keywords the following are typical of many of the hits achieved by the searches:

Financial Times (London), July 2, 1998, Thursday, LONDON EDITION 3, NATIONAL NEWS; Pg. 11, 402 words, CSA under fire for repeating basic mistakes, By Liam Halligan, Political Correspondent The Child Support Agency often repeats basic ...

The Guardian (London), September 14, 1999, Guardian Leader Pages; Pg. 15, 1210 words, To hell in a handbag; David Brindle  
The child support agency is more than a fiasco – it has turned into a national tragedy ...

The Scotsman, August 3, 2000, Thursday, Pg. 5, 532 words, FRIENDS BLAME CSA FOR SUICIDE OF POLICEMAN, John Woodcock  
... cope with crippling payments to the Child Support Agency, an inquest heard ...  
... never listened to his financial problems – they just took a ...

The Sentinel (Stoke), November 4, 2001, NEWS; PEOPLE; Clubs/ Groups; Pg. 17-NEWS, 152 words, New support group for single parents

facing CSA formed, Nick Coligan ... A new support group for parents affected by the Child Support Agency has been formed. CANCSA ... aims to help separated or divorced parents and their families who are having problems with the CSA

Independent on Sunday (London), October 13, 2002, Sunday, NEWS; Pg. 7, 449 words, MOTHERS LOSE POUNDS 500 IN NEW CSA FIASCO, Andy Mcsmith Political Editor ... fiasco in the beleaguered Child Support Agency (CSA).

So what has happened to the Child Support Agency and its clients between 1997 and 2002? Let's take a very brief look at the key events during that period.

### **CSA Year 5 1997/98**

The CSA's performance continued to attract strong criticisms in the media and in Parliament. In June the Social Security Secretary spoke of the need for 'substantial and sustained improvements' in performance and announced new targets which would mean an extra 500,000 maintenance assessments needing to be completed by the end of the year. The following month the Social Security minister responsible for child support also spoke of the need for 'substantial and sustained operational improvements', particularly in relation to 'getting more maintenance paid, reducing the backlog and improving customer service'.

By the end of the year the agency had outstanding debts of more than £1.1 billion, £869 million of which was considered 'uncollectable'. Furthermore, looking back at the year after her first full year in office the Independent Case Examiner, appointed to investigate complaints against the CSA, described CSA staff as 'largely unresponsive' to grievances.

### **CSA Year 6 1998/99**

July 1998 saw the publication of a Green Paper, *Children First: a new approach to child support*. This acknowledged the failings of the current arrangements, highlighting a number of problems such as:

- ◆ lack of trust by parents that they will be treated fairly;
- ◆ inaccuracies and long delays in making assessments to the point where a third of child support assessments take more than six months to complete;
- ◆ more than 1.8 million children receiving no support from their non-resident parents;
- ◆ little incentive for parents on income support to co-operate with the scheme.

It summarized the situation thus: 'The effect is a system that is failing: it is failing children, failing parents and failing the taxpayer.'

The Green Paper made a number of proposals for reform but perhaps the most major was to 'replace the complications of the current formula with a simpler system aimed at providing an excellent service for all parents who use it.' The basis for calculating the level of contribution was to be a simple slice of net income such that non-resident parents would pay 15 per cent of their net income for one child, 20 per cent for two, and 25 per cent for three or more children with reductions for those on low earnings and those with a second family. In addition, parents with care on income support were to be allowed to retain up to £10 a week of any maintenance paid.

Meanwhile, the problems with the current arrangements continued. For example, over the 12 month period compensation payments to parents for serious mistakes increased fourfold from £1.1 million to £4.4 million.

## **CSA Year 7 1999/2000**

The White Paper *A new contract for welfare: children's rights and parents' responsibilities* was published in July 1999. This set out a package of measures including new legislation, improved computer systems and changes in the CSA's working practices. One proposal that had not been part of the Green Paper attracted much criticism: failure to pay maintenance would be made a criminal offence with penalties such as the removal of passports and driving licences and imprisonment for more severe cases.

However, the proposed reforms were not due to come into force until the end of 2001 and even then would only apply to new cases in the first instance. By January 2000 even this timescale was looking optimistic; a Social Security minister admitted that the CSA's new computer system for handling the simplified formula for calculating maintenance payments would not be completed fully until 2003.

## **CSA Year 8 2000/01**

The new act governing child support received royal assent in August 2000. Although some reservations were expressed, the new arrangements were widely welcomed.

And in some areas at least, the performance of the CSA was improving. For example, it collected 85% more maintenance payments in 2000/01 than in 1997/98. However, the CSA's own Standards Committee calculated that only 71.6% of the maintenance assessments made during the year were accurate.

## **CSA Year 9 2001/02**

Most of the press stories concerning the CSA in its ninth year can be described as 'human interest'. By and large they set out a litany of disputed paternity, the effects of unreasonable demands for payment on non-resident parents and the consequences of non-payment for parents with care and their children.

However, just as the year was ending a major story that had been bubbling away in the background broke. On Wednesday 20th March 2002 the Secretary of State, Mr. Alistair Darling, made a statement to the House of Commons about a delay to the introduction of the changes. I shall end this update by reproducing it in full:

As the House will know, the Government are reforming the system of child support and the Child Support Agency itself to ensure that more children see the benefit of regular maintenance.

We consulted widely in 1998 and I announced our proposals in July 1999. I undertook to keep the House informed on progress towards the implementation of these important reforms. I have made it clear on many occasions that we would not implement the reforms until I was confident that the new system would work effectively.

On 1 July 1999, I reminded the House that the present system had collapsed under its own weight in 1993 because the reforms were introduced too quickly and with too little thought. That approach has been endorsed by Members on both sides of the House and by the then departmental Select Committee. Its report of November 1999 recommended 'that the new child support scheme should not be implemented until the new computer system is fully operational'.

I said then – and it remains the position – that we would not repeat the mistakes made in 1993 when the Child Support Agency was introduced. The timetable then was rushed: the organization was not ready and some key aspects of the information technology system were not finally

delivered until two months after the start date. So the IT, critical to the system, was simply not there. We know the consequences—the system descended into chaos within weeks.

Let me tell the House what progress has been made since 1999 to reform the existing system. First, we have put in place the necessary legislation. The primary legislation received royal assent in July 2000 and the regulations are in place, with some minor provisions currently before the House.

Secondly, the Child Support Agency has been substantially reorganized to give a far better customer focus. As hon. Members will know, this has already made a difference. Levels of compliance have increased and complaints have fallen considerably.

The third issue, which is fundamental to the delivery of these reforms, is getting the IT right. We face a major task in building a new IT system that can handle upwards of 13 million payments each year. It also needs to link up with other IT systems in the Department, which are based on 1980s technology.

The new child support computer system being built by EDS is near completion. Testing has been under way for some weeks, in advance of the planned start date at the end of April. Those tests are continuing, but they are not yet complete.

I want to see the new system in place as soon as possible. We know that any new IT system will inevitably have teething problems on introduction, but we will proceed only when I am satisfied that it is working to the standards that we expect.

In my view, until the testing process is complete, I will not have the assurance that I need to authorize the start of the new system. I have therefore decided for that reason to defer the planned start date. The new system will be implemented only when the supporting IT is operating effectively.

I have a clear responsibility to Members of this House and the staff who have to operate the new system. Above all, I have a clear duty to parents and children to make sure that the system works effectively.

The delay is frustrating and regrettable. There was a choice: I could have taken a chance, but that would have meant taking a chance on support for children, and for parents. In my judgment, it is better to take the time needed to get it right, rather than repeat the mistakes of 1993.

The new system will continue to be thoroughly tested. I will keep the House updated on progress. I undertake to give the House sufficient notice of the date the new system will start and to confirm how we intend to bring on new and existing cases.

The House will want to know the cost implications of the delay. Inevitably, there are some, but the contract with EDS specified that the Department will not pay for the computer system until it meets the standard required, and that remains the position.

We know about the problems of the past. They arose in part because the rules were too complicated, but also because the decision was taken in the early days to press ahead when there was real doubt about whether all the necessary systems were in place. I will not let that happen again.

This was a difficult decision. I know that many Members and parents are anxious to see the changes introduced as soon as possible, but I judged that the risk of proceeding before testing was complete was unacceptable.

I therefore took the view that it was right to tell the House the current position as soon as possible, and I will continue to report to the House on progress towards implementation of these much needed reforms.

So there we leave it for now. Some improvements compared with five years ago but much less success where more radical changes are concerned. A case, perhaps, of *plus ça change, plus c'est la meme chose*.