
Chair of the UK Statistics Authority, Andrew Dilnot CBE

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14 May 2012

Dear Ms Weir

COSTS OF CHILD SUPPORT CASES

Thank you for your letter dated 16 April regarding quoted estimates of cases administered by the Child Support Agency, including public statements made by Ministers in respect of costs of such cases.

I note that in answer to a recent parliamentary question (HC Deb, 18 April 2012, cc387-8w), the Child Maintenance Commissioner usefully elaborated further on the costs involved in processing cases for child support (see attached). In his reply, the Commissioner confirmed the average costs of those cases managed on and off the Child Support Agency's main computer systems, while noting that there will be considerable variation from those quoted averages at an individual case level. The Commissioner's reply also set out the basis on which the cost of one type of case from birth to adulthood had been calculated, where that case required active administrative management over a period of time, including enforcement and other operational action and related costs.

I am told that the effect of proposed secondary legislation would be to transfer the functions of the Child Maintenance and Enforcement Commission to the Department for Work and Pensions, including responsibility for the production and publication of official statistics in those areas for which CMEC are currently responsible.

It is the Authority's view that when speaking or writing about such matters, it is important to set out the basis on which remarks are being made and what they represent, for example "each case, on average", a "typical case", or indeed an "illustrative case" which might have been selected at the upper-end of the distribution in support of a particular point about what might be possible in extremis. The Authority would be concerned if users of these statistics had gained the impression that it was the norm for a child support case to cost £25,000 or even £40,000 when that is evidently not so.

I was, therefore, pleased to have received assurance from DWP statisticians that, following the transfer of functions from CMEC to DWP, the same basis used to produce the £25,000 and £40,000 estimates will not be used in future, and that DWP statisticians will ensure that

the methodological basis for recording cost measures will be explained clearly on the statistics pages of the DWP website. The Statistics Authority will continue to monitor this closely.

I am copying our exchange of correspondence to Noel Shanahan, the Child Maintenance Commissioner, to Dame Anne Begg MP, Chair of the House of Commons Work and Pensions Committee, to Robert Devereux, Permanent Secretary to the Department for Work and Pensions, and to Jil Matheson, the National Statistician.

Yours sincerely

A handwritten signature in black ink, appearing to read "Andrew Dilnot". The signature is written in a cursive style with some stylized flourishes.

Andrew Dilnot CBE

HC Deb, 18 April 2012, cc387-8w¹

Dame Anne Begg: To ask the Secretary of State for Work and Pensions what the average administrative cost is of each case for the Child Support Agency. [95222]

Maria Miller: The Child Maintenance and Enforcement Commission is responsible for the child maintenance system. I have asked the Child Maintenance Commissioner to write to the hon. Member with the information requested and I have seen the response.

Letter from Noel Shanahan:

In reply to your recent Parliamentary Question about the Child Support Agency, the Secretary of State promised a substantive reply from the Child Maintenance Commissioner as the Child Support Agency is now the responsibility of the Child Maintenance and Enforcement Commission.

You asked the Secretary of State for Work and Pensions, what the average administrative cost is of each case for the Child Support Agency. [95222]

The Commission's Annual Report and Accounts for 2010/11 reported the cost of a case managed on the main computer systems as being around £350 a year, with a case managed off the main computer systems at £600 per year.

There is considerable variation from these averages at an individual case level. The cost of processing cases can vary considerably depending on the amount of enforcement action and intervention required and the method of processing. For example, Maintenance Direct cases with little or no ongoing CSA involvement once the assessment has been completed cost less to administer.

At the other end of the scale there are cases, both compliant and non-compliant, where it is necessary for the CSA to undertake the most time-consuming and expensive enforcement action. For example, in 2010/11 the CSA was granted a full order for sale in 70 cases to secure maintenance with a cost of up to £10,000 per case for that action. A recent case that required such an extreme level of enforcement activity cost the CSA around £40,000 over its 18-year lifetime.

The £25,000 figure designed to provide an illustration of how much a typical case requiring the sort of activity outlined below might cost to manage, if it lasted 18 years, from birth to adulthood. This figure is drawn from the estimated cost to the CSA of managing an actual case over 19 months, during which time more than 50 hours staff time was devoted to managing the case, including time spent on the telephone to both parents, tracing and speaking to the non-resident parent's employer, the calculation of four separate maintenance assessments reflecting changes in his financial circumstances and dealing with a complaint by the parent with care through their Member of Parliament. Additional costs were incurred through the setting up of a Deduction from Earnings Order and instructing bailiffs when the case fell into arrears.

The estimated operational cost to the CSA over the 19 month period was nearly £2,000 which, if extrapolated to 18 years, would come to around £22,500. This figure has been rounded up to reflect the fact that costs in respect of other areas of the business, including

¹<http://www.publications.parliament.uk/pa/cm201212/cmhansrd/cm120418/text/120418w0002.htm#12041878001466>

central directorates and related operational areas, have not been included. The figure also does not take account of the cost of management time.