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Chair, UK Statistics Authority  
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16 April 2012

Dear Mr Dilnot

## The costs of a “typical CSA case”

Congratulations on taking up office as Chair of the UK Statistics Authority.

Gingerbread believes in the importance of public debate being informed by published, and properly analysed, official statistics. That is why I am writing to you to draw your attention to figures cited recently by DWP Ministers in key Parliamentary debates concerning the introduction of fees to use the statutory child maintenance service. We believe that the figures given to Parliament were considerably misleading and capable of causing MPs and Peers to draw wrong conclusions.

I would be grateful for your comments on the matter described below.

During the latter stages of the Welfare Reform Bill, in a series of public statements, Government Ministers (in seeking to defend proposals to levy charges on parents with care wishing to use the statutory maintenance service) said that the cost of a typical CSA case is £25,000, rising to £40,000 when there is enforcement action. This including the following:

- In a letter circulated to all Peers in advance of Report Stage of the Welfare Reform Bill, Lord Freud wrote: “A typical case costs the taxpayer around £25,000 to administer.”
- In the Lords Report Stage debate on the Welfare Reform Bill on 25<sup>th</sup> January 2012, the Minister Lord De Mauley told Peers: “...following the introduction of a demonstrably better future scheme, it is fair to ask for a contribution to the costs of what...is a heavily subsidised service. To reiterate...the cost of a typical CSA case is up to £25,000, and that can rise to £40,000 where we take substantial enforcement action.” [Lords Hansard, 25/01/2012, col 1104]
- In the subsequent Commons debate on the Welfare Reform Bill on 1<sup>st</sup> February, the Minister Maria Miller told MPs: “By charging an up-front fee and getting people to reconsider staying outside the system, we will be making considerable savings as I have outlined. When she [Conservative MP Pauline Latham] considers that each case costs around £26,000, or up to £40,000 if it involves any sort of enforcement, she will quickly see that getting people to reconsider will lead to significant savings.” [Commons Hansard, 01/02/2012, col 915]



- It is clear from the debate that some MPs, at least, had been briefed in advance on the 'cost of a typical CSA case' figures, as shown by this exchange: Sarah Newton MP: *"My understanding is that each CSA case costs the taxpayer about £25,000 in administration charges, and that can even go up to £40,000 if enforcement action is taken..."* Maria Miller: *"My hon. Friend cites those figures accurately".*<sup>1</sup>

On 31<sup>st</sup> January 2012, figures were posted on the website of the Child Maintenance and Enforcement Commission under the heading "Typical CSA cases can cost around £25,000 – difficult ones £40,000 or more."

Yet, using Commission data made available to it, the National Audit Office has recently published a report which states that the annual costs of an average CSA case are £417<sup>2</sup>. Using published DWP information on the average length of a case (nine years),<sup>3</sup> this would make the total cost of an average case around £3,753.

Why is there such a large disparity between the costs of a case as understood by the National Audit Office and the figures cited by Ministers? When the Chief Executive of the Child Maintenance and Enforcement Commission, Noel Shanahan, was asked to explain this by the Public Accounts Committee on 5<sup>th</sup> March 2012, he accepted that the figures were not representative, and his explanation was that figures had been requested "by our Minister."<sup>4</sup>

Analysis of the information put on the Commission's website on 31<sup>st</sup> January (and unlikely to have been read by MPs prior to the Welfare Reform Bill debate the next day) shows the following:

- The figures are based on just two cases from the 1.14 million cases the CSA deals with each year, one of which was costed at £25,000 and the other "difficult case" at around £40,000.
- Both cases take the cost of a high peak of activity in setting up an arrangement and establishing payment where there is a pretty resistant non-resident parent, then assume the same level of high effort and cost throughout the whole of the length of the case.
- The costs are multiplied over 18 years, when we know from DWP evidence that the average length of a case is nine years.
- In both cases, *"sustained action was required to ensure compliance."* Indeed, in the case costing around £40,000, *"during a marathon legal battle, the Agency was forced to deploy nearly all of the legal enforcement tools available to it."* This was a wholly exceptional case. The Commission's latest published National Statistics<sup>5</sup> show that sustained action to ensure compliance is only required in small minority of cases and is certainly not 'typical.' For example, Deduction of Earnings orders (where obtaining one contributed to the £25,000 costs of 'typical CSA case') currently apply to just 12 per cent of the overall caseload, whilst Bailiff Action (also cited as contributing to the £25,000 costs of a 'typical case') is taken in under one per cent of the overall caseload.
- The Commission's costs in dealing with a parent's complaint to an MP were counted as part of a "typical case." In 2010/2011, the CSA dealt with a total of 8,500 complaints via a Member of Parliament. These were from both parents with care AND non-residents parents, who – in choosing to complain to their MP – were a tiny minority of the 2.281 million parents (NRPs as well as PWCs) engaged with the CSA: just 0.3 per cent.<sup>6</sup>

Following the questions put to the Chief Executive of the Commission by the Public Accounts Committee, the Commission's website has now been amended with the following note added:

<sup>1</sup> Ibid, cols 915-916

<sup>2</sup> NAO, *Child Maintenance and Enforcement Commission: Costs Reduction*, February 2012

<sup>3</sup> DWP Green Paper *"Strengthening families, promoting parental responsibility: the future of child maintenance"*, Page 21 para 24

<sup>4</sup> Insert ref

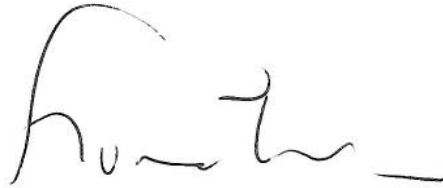
<sup>5</sup> Child Support Agency National Statistics, December 2011

<sup>6</sup> See Commons Hansard, 22/2/2012, col 854W.

*"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 however considerable variation from these averages at an individual case level, depending on the amount of enforcement action and intervention required and the method of processing, which is why some cases cost as much to administer as those referred to here."*

It is because we support Parliamentary and public debate being informed by proper data, that we have brought this matter to your attention and would be interested in your comments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Fiona Weir', with a horizontal line extending to the right.

Fiona Weir  
Chief Executive