



National Audit Office

Department for Work and Pensions

Child Maintenance and Enforcement Commission: Cost Reduction

Methodology

FEBRUARY 2012

Methodology

Study scope

1 This document accompanies the *Child Maintenance and Enforcement Commission: Cost Reduction* report published by the Comptroller and Auditor General on 29 February 2012. It adds further details to the description of the methodology included in the main report at Appendix One.

2 The report is one of a series examining cost reduction in government departments and bodies, arising as a result of the cross-government 2010 emergency budget and spending review. The spending review covers the four-year period 2011-12 to 2014-15.

3 The report examines the adequacy of the Child Maintenance and Enforcement Commission's (the Commission) response to the reductions in its funding specified by the Department for Work and Pensions (the Department). It covers:

- the Commission's past performance in improving efficiency;
- the Commission's plans for how it will operate; and
- other options for cost reduction.

Approach

4 Our examination is based on the premise that securing value for money from cost reductions involves more than just implementing planned cuts, and that spending cuts should stimulate long-term efficiency savings. We have reviewed the Commission's current business plans and the potential impact of the new child maintenance scheme on its funding. We have not examined whether the new scheme may improve service quality, such as the functionality of the new IT system to deliver intended requirements.

5 We collected evidence between July 2011 and November 2011 and our detailed methodologies are set out below.

Document review

6 We identified and reviewed a number of documents to examine the current performance of the Commission and progress in implementing the new child maintenance scheme. Examples of documents reviewed include:

- business plans;
- findings from external reviews, for example, Office of Government Commerce Gateway Reviews;

- management performance information, such as, quarterly summaries of statistics and management accounts;
- the Commission's draft target operating model, setting out a vision for how the organisation will operate in the future to deliver its objectives;
- a sample of Commission's contracts, such as the Options service, management of clerical cases, IT for the new scheme, DNA testing; and
- literature review of international child support agencies, in particular, review of the performance and cost of the Australian Child Support Agency.

7 We also reviewed the Commission's governance arrangements for implementing the new scheme.

Questionnaire and semi-structured interviews

8 We issued a questionnaire to the Commission and the Department to gather finance director views and information about:

- Arrangements for monitoring and management of child maintenance.
- The delivery model of the new scheme.
- The implementation of the new scheme.
- Cost reduction activities.
- Lessons learned from previous experience of change programmes.

9 We conducted semi-structured interviews with staff from across the Commission, including: Finance, Corporate Planning, Risk and Assurance, the Customer Directorate and the Child Support Agency. We also held semi-structured interviews with the Department's Sponsorship Team of the Commission. We explored the delivery and oversight arrangements for the introduction of the new scheme and achieving the cost reduction target.

Financial analysis

10 This analysis included the review of financial and planning data of administering current and future child maintenance schemes. Examples of areas examined include:

- The Commission's spending review settlement up to 2014-15, indicative funding forecasts required and the changes made.
- Estimated fee income forecasts and potential variance as a result of different customer uptake levels from customer insight analysis.
- Analysis of productivity - rates of staff clearance of tasks - within and across regions.

- Cost of back-office functions of the Commission and the Department.
- Cost-efficiency of the Commission in collecting and transferring child maintenance payments.

11 Part of our financial analysis involved a review of the integrity, accuracy and build of the Commission's key planning and financial tool.

Process management review

12 We assessed whether the Commission exhibited the characteristics of good process management. Process management specialists assessed the Commission against the National Audit Office's Process Management Maturity Analytic, further details of which can be found at www.nao.org.uk/publications/1011/process_management.aspx

13 This involved an organisational review, consisting of semi-structured interviews and document reviews, with staff from various central operations, such as HR, Performance Management and Quality Assurance. This was supplemented with site visits to three frontline processes that involved walkthroughs of processes and staff workshops. The three processes that we assessed were:

- responding to complaints;
- setting up deduction from earnings orders with employers; and
- registering liability orders at the courts.

Stakeholder Consultation

14 We consulted 11 stakeholders, including organisations that represent or provide services to separated parents. Issues examined with stakeholders were:

- Current administration of child maintenance.
- Proposals of the new scheme as outlined in the Green Paper.
- Whether the Commission's plans are likely to encourage family-based child maintenance arrangements.
- Suggestions for improving the efficiency and effectiveness of the administration of child maintenance.

15 We received written responses or conducted interviews with the organisations listed below:

- Law Society of Scotland
- Gingerbread
- Families Need Fathers
- Centre for Separated Families
- Child Poverty Action Group
- Citizens Advice
- Moneywatchers
- National Family Mediation
- Barnardo's
- Relate
- Resolution

IT review

16 We reviewed the Commission's project planning and governance arrangements for implementing the new IT system to support the new child maintenance scheme.

17 This involved a review of IT documents, such as, project plans, process maps, risk registers; semi-structured interviews with Commission staff; and a walkthrough of the new IT system, in order to:

- Perform a high-level review of the plans for implementation.
- Assess if the Commission was on track to deliver on time.
- Understand, whether lessons from past implementations have been learned and risks were being managed.