



# **Child Maintenance and Enforcement Commission**

Report and Accounts for four months to 31 July 2012



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## Report and Accounts for four months to 31 July 2012

Presented to Parliament pursuant  
to the Public Bodies (Child Maintenance  
and Enforcement Commission:  
Abolition and Transfer of Functions) Order 2012

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# Foreword

The Child Maintenance and Enforcement Commission was abolished on 31 July 2012 under the Public Bodies Act 2011. Responsibility for the child maintenance system in Great Britain has now returned to the Department for Work and Pensions (DWP), with the transfer of the Commission's functions to the Secretary of State. This Report and Accounts covers the final months of the existence of the Commission, from the beginning of the 2012/2013 financial year until its abolition.

The impending change did not affect the steady performance of the Commission as it continued to deliver the Government's reforms. The continued focus was on the development and implementation of the Government's vision for the future, as reiterated in its Command Paper of July 2012, *Supporting Separated Families, Securing Children's Futures*: a system where more parents are given the right support to be able to make their own, family-based, arrangements with a new, more effective and efficient statutory scheme in place for those who need it most. This will help to move away from a situation where only around half of children in separated families are supported by an effective child maintenance arrangement.

Performance during the period remained steady. The total number of children benefiting from an effective child maintenance arrangement, both through the statutory child maintenance schemes and, following contact with Child Maintenance Options, through family-based arrangements, was 1,048,900 by 31 July 2012. Those benefiting from the statutory child maintenance schemes rose to 899,900 and it was estimated that 149,000 children were benefiting from an effective family-based arrangement put in place following contact with the Child Maintenance Options service.

In addition to this, the Commission continued to develop and implement proposals for co-ordinating support services for separated and separating families to help parents collaborate on a range of issues after they separate. Particular progress was made towards developing a distributable web application, planned for launch later in 2012.

The limitations and inefficiencies of the current statutory schemes remained clear and the Commission continued work during the period to develop and test the 2012 scheme of child maintenance, scheduled for introduction by the end of the year.

Value for money improved during this final period as the Commission strived to become more efficient in all its work. The cost per £1 of child maintenance collected under the statutory schemes was 34 pence, down from 35 pence in 2011/12.<sup>1</sup> The cost to the Commission was also reduced, at £405 per child benefiting from the statutory schemes, down from £425 in 2011/12.<sup>2</sup>

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<sup>1</sup> Maintenance collected for the existing schemes is sourced from the CSCS and CS2 general ledger. Maintenance arranged is based on the actual value of any calculation for Maintenance Direct performed by the Commission following a request by the parent with care. If the Commission becomes aware that these Maintenance Direct arrangements have changed the calculation is adjusted.

<sup>2</sup> Children benefiting on existing statutory schemes are sourced from the CSCS and CS2 computer systems. For clerical cases an estimate of children benefiting per case is applied across paying cases, as the clerical system does not record actual children benefiting. For the number of children benefiting from family based arrangements following contact with Options, data is based on a survey of customers.

I would like to record my thanks to colleagues across the Commission for the progress made towards the implementation of the Government's vision for child maintenance. Their collective efforts, flexibility and ability to adapt to new challenges were crucial in achieving this progress. The abolition of the Commission and the transfer of its functions to the Department for Work and Pensions resulted in very few day-to-day changes for employees and customers. We will continue our focus on providing support to separated families to ensure the best possible outcomes for children, encouraging family-based arrangements where possible, and, for those parents who cannot come to their own arrangements, through the 2012 scheme of child maintenance.

**Robert Devereux**

Permanent Secretary, Department for Work and Pensions



# Executive Summary

This report covers the activity and performance of the Child Maintenance and Enforcement Commission from the start of 2012/13 financial year until its abolition on 31 July 2012. It reports on the execution of its responsibilities, including the administration of the statutory maintenance service, for that period. Money paid in child maintenance is held, accounted for and reported on in a separately published Client Funds Account.

In January 2011 the Coalition Government published proposals for reforming the child maintenance system in its Green Paper, *Strengthening families, promoting parental responsibility: the future of child maintenance* and a number of the proposals were brought into statute through the Welfare Reform Act, enacted in March 2012. In July 2012, a command paper *Supporting Separated Families; Securing Children's Futures* was published, providing further detail on the implementation of the Government's vision.

During the period covered by this report, the Commission continued to make progress towards delivering the Government's vision for the future of the child maintenance system:

- On the basis of recommendations put forward by the Steering Group, comprised of experts from academia and the voluntary and community sector, the Commission developed proposals for a distributable web application, to be put in place later in 2012, and for a telephony network and local coordination, to be put in place from 2013;
- The Child Maintenance Options service continued to provide information to parents and support them in making child maintenance arrangements. An estimated 149,000 children benefited from an effective family-based arrangement put into place following contact with the service at 31 July 2012<sup>3</sup>;
- The Commission made progress with testing work on the 2012 scheme of child maintenance and the new IT system underpinning it;
- The Child Support Agency division of the Commission maintained a stable service to clients on the current statutory schemes. The CSA's schemes, however, continued to be hampered by the inefficiencies of their IT systems, which is why the Government remains committed to investing in the 2012 scheme which will replace them over time.
- The Commission's net operating costs for the four month period to 31 July 2012 were £153.8 million. On an annualised basis, this was lower than the £484.5 million incurred for the financial year 2011/12.

The rest of this report sets out how the Commission performed against its core functions during the period to 31 July 2012.

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<sup>3</sup> This figure also includes those children benefiting whose parents already had an arrangement in place but changed it following contact with the Child Maintenance Options service.

# About the Child Maintenance and Enforcement Commission

The Child Maintenance and Enforcement Commission was established by the Child Maintenance and Other Payments Act 2008 and came into being on 24 July 2008. The Commission took over responsibility for the child maintenance system in Great Britain from the Department for Work and Pensions (DWP) on 1 November 2008.

The Coalition Government outlined its desire for greater ministerial accountability for public bodies and the Public Bodies Act 2011 allowed for the abolition of the Commission and the transfer of its functions to be achieved by order. This process has now been completed and the functions of the Commission transferred to the Department for Work and Pensions on 1 August 2012.

The primary objective of the Commission was to maximise the total number of effective maintenance arrangements, either by parents through a family-based arrangement or, if this did not prove possible, by court order or through its statutory maintenance service. The Commission did this through its three core functions, which were to:

1. Promote the financial responsibility that parents have for their children;
2. Inform parents about the different options available, guide them to those most appropriate for them and support them in making family-based arrangements (delivered through the Child Maintenance Options service); and
3. Provide an efficient statutory maintenance service, with effective enforcement (delivered through the Child Support Agency (CSA) division of the Commission).

## **The Commission's people**

At 31 July 2012, the Commission employed 7,652 (full-time equivalent) people with the vast majority working in the administration of the existing statutory child maintenance schemes.

In addition, some of the existing statutory child maintenance caseload was managed through a service level agreement with Northern Ireland's Child Maintenance and Enforcement Division and some through a commercial contract with Serco in Bolton. The national contact centre for the Child Maintenance Options service was delivered by Ventura in South Yorkshire, again through a commercial contract.

## **Status and authority of the Commission**

The Commission was established under Section 1 of the Child Maintenance and Other Payments Act 2008 as a Crown non-departmental public body.

The Commission was sponsored by, and funded through, the Department for Work and Pensions. The Secretary of State for Work and Pensions was ultimately accountable to Parliament for the Commission's activities and performance. The Permanent Secretary of the Department for Work and Pensions, as the Department's Principal Accounting Officer, was responsible for ensuring that there was a high standard of financial management, both within the Department and the Non Departmental Public Bodies it sponsored.

The Commission was abolished on 31 July 2012 and its functions transferred to the Department for Work and Pensions on 1 August 2012.

## **Corporate governance in the Commission**

The Commission was governed by the Commission Board comprising the Chair, the Commissioner and a number of executive and non-executive directors who were responsible for developing the overall vision, strategy and policy of the Commission as well as for the governance of the organisation.

### **The Commission Board**

The Board was responsible for the strategy and policy for the whole of the organisation. It was also responsible for ensuring that effective arrangements were in place to provide assurance on risk management, governance and internal control. It was specifically responsible for monitoring operational performance and establishing and taking forward the strategic aims of the Commission, consistent with its overall statutory objectives.

### **Chair of the Commission**

The Chair was responsible to the Secretary of State for ensuring that the Commission's policies and actions supported the wider policies of the Secretary of State and that its affairs were conducted with probity.

In addition, the Chair had the specific responsibility for ensuring that the Commission fulfilled the functions set out in the Child Maintenance and Other Payments Act 2008; and an obligation to ensure that the work of the Board and its members was reviewed and that the Board was working effectively.

### **The Child Maintenance Commissioner**

The Commissioner was designated by the Permanent Secretary of the Department for Work and Pensions as the Commission's Accounting Officer. As such he was personally responsible for safeguarding the public funds for which he had charge; for ensuring propriety and regularity in the handling of those funds; and for the day-to-day operations and management of the Commission.

The Commissioner was responsible to Parliament for the Commission's accounts, internal controls and procedures; to the Department for corporate and business planning and informing it of progress in achieving agreed objectives and targets; and for advising the Board on the discharge of its responsibilities and for executing Board decisions.

### **Board committees**

The Board had a number of committees which assisted in ensuring that the Commission ran with propriety and good governance; was effective in delivering public service; and demonstrated good value for money for the taxpayer. These committees consisted of Remuneration and Audit Committees which were overseen by a Non-Executive Functions Committee.

## Members of the Child Maintenance and Enforcement Commission Board during the period

<b>Name</b>	<b>Role</b>	<b>Date of appointment</b>
Dame Janet Paraskeva	Chair	19 November 2007
Noel Shanahan	Commissioner	9 May 2011
Deborah Absalom	Non-Executive Director	10 June 2008
Rosemary Carter	Non-Executive Director	10 June 2008
Bill Griffiths	Non-Executive Director	10 June 2008
Heather Jackson	Non-Executive Director	1 September 2008
Alan Hardy	Executive Director	1 July 2008 (to 23 April 2012)
Susan Park	Executive Director	1 July 2008
Ian Wright	Executive Director	1 February 2011

### The Executive Team

The Commission's Executive Team was responsible for the executive management of the Commission and supported the Commissioner in discharging his responsibilities.

# Management commentary

## Activity and performance during the period

The Commission's priority in its final four months to 31 July 2012 was to continue to implement the Government's vision for the future while delivering a good service to existing clients.

### Implementing the vision of the Coalition Government

The Government set out its vision for the reform of the child maintenance system in its January 2011 Green Paper *Strengthening families, promoting parental responsibility: the future of child maintenance* and its July 2011 response to the consultation on the Green Paper. A number of changes were enacted in the Welfare Reform Act 2012 and further changes are planned for implementation through regulations in the period ahead. The Commission's July 2012 Command Paper *Supporting separated families; securing children's futures* provided more detail and consulted further on the Government's plans for its reforms.

The central premise of the Government's vision is that the existing child maintenance system fails to provide support for parents to work collaboratively. As a result, around 50% of children in separated families do not currently benefit from an effective arrangement. The Child Support Agency (CSA) is too often viewed as the default option which, rather than encouraging collaboration between parents, engenders conflict that can have damaging consequences for children. These reforms are a component of the Government's wider Social Justice Strategy, within which the current child maintenance system is recognised as being an area of government policy which exacerbates family breakdown, rather than promoting collaboration.

The Government aims to rebalance the system so that the best interests of children are placed at its heart, with parents being encouraged and supported to make collaborative, family-based arrangements which better reflect the unique needs of their individual families. An improved statutory service will remain accessible: it will continue to be subsidised but will include an element of charging, and focused on those parents who need it because they cannot make family-based arrangements.

The Government has also recognised that, despite improvements in the current statutory schemes, they remain cost-inefficient and many children may miss out as a result of the time taken to process applications and the lack of annual reviews to keep clients' cases updated. The Government has decided that it is imperative to invest in the 2012 child maintenance scheme (known as the "2012 scheme"), which has been in development since 2008. The 2012 scheme will be underpinned by a new IT system and procedures, which should overcome many of the problems associated with the existing schemes.

During its final four months, the Commission continued to work closely with the Department for Work and Pensions (DWP), the Department for Education, the Ministry of Justice, academics and the voluntary and community sector to explore how support services for separated and separating parents could be better co-ordinated, with the aim of helping parents to collaborate on the range of issues they face around separation. On the basis of recommendations put forward by its expert Steering Group, the Commission continued to develop proposals for a distributable web application, to be put in place later in 2012; and telephony network and local coordination, to be put in place from 2013. The Commission also successfully launched the first phase of the Innovation Fund: Support for Separated families, a fund of up to £14m that will explore 'what works' in providing interventions to help parents collaborate in the interest of their children.

The Commission was abolished on 31 July 2012 and responsibility for the child maintenance system has been passed to DWP. Through its Child Maintenance Group, DWP will continue work towards achieving the Government's vision for child maintenance as set out above. It will develop and implement the 2012 scheme and the new IT system and procedures underpinning it. It will also continue to put in place the recommendations put forward by the expert Steering Group, including the second phase of the Innovation Fund.

### **Maximising effective arrangements**

The primary objective of the Commission was to maximise the number of effective maintenance arrangements for children who live apart from one or both of their parents. However, around 50% of children in separated families are still not benefiting from an effective arrangement. This is why the Government is reforming the current child maintenance system: to ensure that as many children as possible benefit from an effective arrangement.

### **Promoting child maintenance and financial responsibility**

The Commission was required to promote child maintenance and the financial responsibility that separated parents have for their children, whether or not they live with them. Section 4 of the Child Maintenance and Other Payments Act 2008 required the Commission to 'take such steps as it thinks appropriate for the purpose of raising awareness among parents of the importance of (a) taking responsibility for the maintenance of their children, and (b) making appropriate arrangements for the maintenance of children who live apart from them.'

The Commission therefore sought to change attitudes and behaviours across society so that making child maintenance arrangements after separation became the norm, with non-payment no longer considered to be acceptable. To achieve this goal, the Commission undertook a number of activities in its final four months. Work continued with other government bodies such as HM Courts and Tribunals Service and Jobcentre Plus to ensure that the importance of child maintenance and collaboration was promoted through their delivery arms. Relationships were developed with other bodies such as the Money Advice Service and local authority family information services to raise awareness of the importance of child maintenance within the context of wider family and personal finance issues.

### **Providing information and support**

The Commission provided information, guidance and support to parents through its Child Maintenance Options service. Since its launch in 2008, the service has handled over one million telephone calls and received over 1.8 million unique visitors to its website. This has led to even more parents making arrangements; it is estimated that as at 31 July 2012, 149,000 children were benefiting from an effective family-based arrangement put in place following contact with the Child Maintenance Options service, up from 140,000 at 31 March 2012<sup>4</sup>.

During the period of time covered by this report, a pilot promoting family-based arrangements continued. The aim of the pilot was to identify the key barriers to making such arrangements and suggest ways in which they could be overcome. This included offering additional ongoing support to help those wishing to establish their own arrangements and sending out a new range of targeted guides to support these conversations.

In addition to this, a text and call back service was tested to encourage engagement from those who may only have a mobile phone, from which ringing a 0800 number can be expensive. An in-house live chat channel was also tested in order to serve the growing

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<sup>4</sup> This figure also includes those children benefiting whose parents already had an arrangement in place but changed it following contact with the Child Maintenance Options service.

number of online users better and potentially reach more fathers, who tend to prefer the anonymity of online services, as well as parents who live abroad but whose ex-partner is in the UK.

A proactive partnership programme was developed to ensure that organisations both within and outside of government working with separated or separating families signposted potential customers to the Child Maintenance Options service. This included holding successful online clinics with Netmums and Dad.info as well as engaging with key intermediaries at local level to up skill them to advise their clients about the various options and support available.

Overall client satisfaction stood at 96%, with 99% willing to recommend the service to a friend or family member; quality scores were also consistently high with overall performance at 95% in July 2012.

The Child Maintenance Options service continues to provide information and support to parents in making child maintenance arrangements following the transfer of the Commission's responsibilities to the Department for Work and Pensions.

### **Providing an efficient statutory maintenance service, with effective enforcement**

Until the 2012 scheme of child maintenance is established, the Child Support Agency will continue to operate the two existing statutory maintenance schemes. During the final four months until the Commission was abolished, the Agency continued to deliver money for children at the same time as improving efficiency.

The number of children benefiting from statutory maintenance during this period rose, as did the amount of money collected. Collections reached £1,202m (measured on a rolling 12 month basis) to the end of July 2012 and compliance with Deduction from Earnings Orders increased to 85%. Detailed information on performance can be found on pages 14 to 16.

Good progress was made in reducing the cost to the taxpayer of collecting each £1 of statutory child maintenance, which fell to around 34 pence (35 pence, 2011/12) and the cost per child benefiting, which was reduced to £405 (£425, 2011/12). More information on costs can be found on page 17.

Whilst performance has been maintained and efficiencies found over the past year, the IT systems underpinning the current statutory schemes still have significant underlying failures and the number of cases managed off these systems continues to grow. The number of cases managed off the main computer systems increased by 1% since 2011/12, reaching 105,000 as at 31 July 2012.

The Child Support Agency division continued to pursue a range of initiatives and deployed its enforcement powers more effectively during the period of time covered by this report in order to pursue those parents who refused to pay.

### **Building the new 2012 scheme of child maintenance**

Work continued during the period to develop and test the 2012 scheme and IT system. The Commission announced in July that it would adopt a pathfinder approach to the introduction of the scheme.

## **Performance**

During the period of time covered by this report, the Commission continued with progress towards new performance indicators set for the 2012/13 financial year. These were agreed and signed-off in May 2012 by senior management. Many of the key indicators are contained within the Child Support Agency Quarterly Summary of Statistics.

### **Children benefiting**

The total number of children benefiting from an effective child maintenance arrangement, both through the statutory child maintenance schemes and through family-based arrangements, following contact with Child Maintenance Options, was 1,048,900 by 31 July 2012. Those benefiting from the statutory child maintenance schemes rose to 899,900 and it is estimated that 149,000 children were benefiting from an effective family-based arrangement put in place following contact with the Child Maintenance Options service at 31 July 2012.

### **Maintenance outcomes of the statutory schemes**

By 31 July 2012, 80% of cases under the statutory schemes where maintenance was due had received maintenance in the previous quarter, which remained the same as year end 2011/12.

### **Collections and arrangements through the statutory schemes**

The amount of collections and arrangements through the statutory schemes reached £1,202m in the rolling 12 months to 31 July 2012 (£1,187m in 2011/12).

### **Cost per £1 of maintenance collected through the statutory schemes**

The cost per £1 of child maintenance collected under the statutory schemes was 34 pence, down from 35 pence in 2011/12.<sup>5</sup>

### **Cost per child benefiting**

It cost the Commission £405 per child benefiting from its statutory services, down from £425 in 2011/12.<sup>6</sup>

### **Cost of operating the Commission**

The Commission's net operating costs for the four month period to 31 July 2012 were £153.8m. On an annualised basis, this was lower than the £484.5m incurred for the financial year 2011/12.

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<sup>5</sup> Maintenance collected for the existing schemes is sourced from the CSCS and CS2 general ledger. Maintenance arranged is based on the actual value of any calculation for Maintenance Direct performed by the Commission following a request by the parent with care. If the Commission becomes aware that these Maintenance Direct arrangements have changed the calculation is adjusted.

<sup>6</sup> Children benefiting on existing statutory schemes are sourced from the CSCS and CS2 computer systems. For clerical cases an estimate of children benefiting per case is applied across paying cases, as the clerical system does not record actual children benefiting. For the number of children benefiting from family based arrangements following contact with Options, data is based on a survey of customers.



## **Performance trends**

The following table shows the performance of the current statutory schemes over the last five years. All data was sourced from internal management information and from the IT systems which are used to operate the statutory schemes.

Since March 2008;

- Annual child maintenance payments have increased by 19 per cent.
- An additional 150,600 children are benefiting from statutory maintenance payments, an increase of 20%.
- The percentage of non-resident parents paying maintenance has increased by 13%.
- Uncleared applications have reduced by 106,100 to fewer than 15,800, with 88% of cases now cleared within 12 weeks of application.

## Five-year performance trends

		March 2008	March 2009	March 2010	March 2011	March 2012	July 2012
		Actual	Actual	Actual	Actual	Actual	Actual
Children benefiting (total)		749,300	810,500 <sup>#</sup>	905,700 <sup>*</sup>	972,800 <sup>~</sup>	1,039,700 <sup>^</sup>	1,048,900 <sup>+</sup>
Statutory schemes only		749,300	780,500	845,700	867,800	899,700	899,900
Cases in receipt of maintenance		561,400	593,500	647,700	668,600	695,800	695,900
Maintenance outcomes							
Percentage of cases with a current liability receiving maintenance		67%	71%	77%	78%	80%	80%
Maintenance collected or arranged		£1,010m	£1,132m	£1,141m	£1,150m	£1,187m	£1,202m
Percentage of new scheme applications cleared within:	12 weeks (Dec intake)	77%	81%	86%	88%	89%	88%
	18 weeks (Oct intake)	83%	81%	93%	93%	94%	93%
	26 weeks (Sep intake)	89%	90%	95%	96%	98%	97%
Uncleared applications		121,900	43,600	18,300	14,600	13,700	15,800
Telephony							
Average answer time from queue		20 seconds	13 seconds	8 seconds	9 seconds	12 seconds	25 seconds
Percentage of lost calls in a year		2%	1%	1%	1%	1%	2%

Note: These figures are subject to revisions to reflect information which is received after the production of the previous quarterly statistics.

<sup>#</sup> of which 30,000 (estimated) through family-based arrangements supported by Child Maintenance Options

<sup>\*</sup> of which 60,000 (estimated) through family-based arrangements supported by Child Maintenance Options

<sup>~</sup> of which 105,000 (estimated) through family-based arrangements supported by Child Maintenance Options

<sup>^</sup> of which 140,000 (estimated) through family-based arrangements supported by Child Maintenance Options

<sup>+</sup> of which 149,000 (estimated) through family-based arrangements supported by Child Maintenance Options

## Costs

The overall cost of the Commission in the four-month period to 31 July 2012 was £153.8m. The existing statutory service was managed by the CSA division of the Commission and cost £127m to deliver in the period, a reduction of £40m on 2011/12 costs on an annualised basis.

Investment costs are one-off costs associated with building the 2012 scheme and mostly relate to the new IT system, although the Commission also invested in its existing schemes. Delivery costs decreased in line with headcount in the CSA; delivery costs for new services relate to the Child Maintenance Options service and the promotion of financial responsibility.

The costs of the statutory schemes are driven by the size and composition of the statutory caseload, the number of children per case and ongoing performance improvements. The cost of a case managed on the main computer systems was around £350 a year. A case managed off the main computer systems cost significantly more, at around £600 a year.

New services include the Child Maintenance Options service, promoting financial responsibility and the development of the 2012 maintenance service.

Investment costs cover:

- The implementation of new legislation;
- Developing, building and introducing the 2012 scheme;
- Recruiting and training the additional people needed during the transition period to the 2012 scheme ;
- Setting up and managing the collection of CSA arrears once the 2012 scheme is introduced and CSA cases begin to close;
- Redesigning and restructuring the organisation and its processes.

The following table shows total expenditure in the period:

	<b>Four months ending 31 July 2012 £'m</b>	<b>12 months ending 31 March 2012 £'m</b>
<b>Existing statutory service</b>		
Investment	3	8
Delivery	127	421
<b>New services (1)</b>		
Investment	17	34
Delivery	7	21
<b>Total</b>	<b>154</b>	<b>484</b>

1. New services began when the Commission was established in July 2008.

## Principal risks and uncertainties

The Commission faced a number of risks. The financial risks of the Commission are included within the financial instrument disclosures in Note 16. The Commission also faced a number of operational risks, the management of which are considered as part of the governance statement.

## **Future Events**

The Commission was part-way through a major programme to reform the system of child maintenance. The DWP will continue with this programme. The 2012 maintenance scheme, which will ultimately replace the two existing child maintenance schemes, is underpinned by a new IT system. It will be introduced using a pathfinder approach. Initially, new applications will be accepted onto the scheme where four or more qualifying children with the same parents are named in the application. When the 2012 scheme is seen to be working well, it will be opened to new applications where there are two or more qualifying children with the same parents. Thereafter, it will be opened to all new applicants. The DWP is focused on delivery of the 2012 scheme by the end of the year.

# Non-Executive Functions Committee

## Report on discharge of functions

The Child Maintenance and Other Payments Act 2008 required the Non-Executive Functions Committee to prepare a report on the discharge of its functions. Those functions were:

- (a) To determine the terms and conditions as to remuneration and other matters on the appointment of a subsequent Commissioner. Such terms and conditions were subject to the approval of the Secretary of State and the Minister of the Civil Service (paragraph 9 (4)(b) of Schedule 1).
- (b) To determine the terms and conditions as to remuneration and other matters of the executive directors. Such terms and conditions were subject to the approval of the Minister of the Civil Service (paragraph 10(2) of Schedule 1).
- (c) To determine the terms and conditions as to remuneration and other matters of members of a committee or sub-committee of the Commission who were not members of the Commission or its staff (paragraph 12 of Schedule 1).
- (d) To keep under review the question of whether the Commission's internal financial controls secured the proper conduct of its financial affairs (paragraph 19 of Schedule 1).

The members of the Committee during the period to 31 July 2012 were Commission Non-Executive Directors Deborah Absalom (Chair), Bill Griffiths, Rosemary Carter, Heather Jackson and Dame Janet Paraskeva.

The Committee met on 28 May 2012. Its work included approving recommendations from the Remuneration Committee on Commissioner and Executive Director remuneration.

## Remuneration Committee

### Activity during the year

The Committee met three times on 26 April 2012, 21 May 2012 - 22 May 2012 and 24 July 2012.

At these meetings the Committee considered various papers and presentations. Chief among these were:

- Consideration of, and recommendations on, remuneration issues relating to SCS pay band 2 directors;
- Consideration of non-consolidated remuneration for the Commissioner and SCS pay band 2 members.

During the year the Committee had three members:

- Rosemary Carter – Chair
- Deborah Absalom – Non-Executive Director
- Liz McMeikan – Independent Committee member

Full terms of reference for the Committee are available on request.

### Audit Committee report

The Committee's Terms of Reference required it to advise the Accounting Officer and the Board on:

- Risk management, security, internal control and governance of the Commission;
- The accounting policies, the accounts and the report of the organisation, including the processes for delivering these products;
- The quality of decision making in child support cases;
- The planned activity and the results of both Internal Audit and the National Audit Office (NAO) (including the adequacy of management responses to issues identified by audit activity); and
- The effectiveness and independence of the NAO and the Internal Audit Service.

During the year the Committee had four members: two Commission Board Non- Executive Directors – Bill Griffiths (Chair) and Deborah Absalom – and two external members – Dawn Johnson and Peter Conway. DWP Internal Audit and the National Audit Office regularly attended Committee meetings.

Full Terms of Reference for the Committee are available on request.

## **Activity during the year**

The Audit Committee met for the final time on 14 June 2012. At this meeting the Committee considered various papers and presentations. Chief amongst these were;

- Annual Report and Accounts 2011/12
- NAO Client Funds Account Audit Planning Report 2011/12
- Preparations for the transfer of Commission functions to the DWP

The Audit Committee Chair provided information to the Board after the meeting detailing the Committee's discussions.

# Foreword to the Accounts

## Statutory background

The Commission was established in July 2008 as a Crown Non-Departmental Public Body of the DWP to take responsibility for the child maintenance system in Great Britain. The DWP transferred the functions of the CSA to the Commission on 1 November 2008.

The Commission presents its accounts for the period from the beginning of the 2012/13 financial year until its abolition on 31 July 2012. The Accounts have been prepared in pursuance of the Public Bodies (Child Maintenance and Enforcement Commission: Abolition and Transfer of Functions) Order 2012.

## Principal activities

The Commission existed to maximise the number of effective child maintenance arrangements in place for children who live apart from one or both of their parents. These may be arranged collaboratively between parents, through the courts or through the statutory scheme. Its main objective was supported by the following subsidiary objectives under the Child Maintenance and Other Payments Act 2008:

- To encourage and support the making and keeping by parents of appropriate voluntary maintenance arrangements for their children;
- To support the making of applications for child support maintenance under the Child Support Act 1991 (c.48) and to secure compliance when appropriate with parental obligations under that Act.

These Accounts record the costs incurred by the Commission in pursuing these objectives and include those incurred in administering the calculation and collection of child maintenance. Client monies are held and accounted for separately in the Client Funds Account.

## Financial results

The Commission was required under the Public Bodies (Child Maintenance and Enforcement Commission: Abolition and Transfer of Functions) Order 2012, to prepare its accounts for the period from 1 April 2012 to 31 July 2012, and in accordance with directions made by the Secretary of State with the consent of Her Majesty's Treasury. The Secretary of State required the Commission to comply with the requirements of the Financial Reporting Manual (FRoM).

The Commission's net operating costs for the four months to 31 July 2012 were £154m (2011/12 £484m). The Commission's net liabilities at 31 July 2012 were £10m (31 March 2012 £27m).

## Going concern

The Public Bodies Act, which was passed into legislation on 14 December 2011, allowed Ministers by order to abolish, merge or transfer the functions of the Commission. Following a public consultation, an order was laid and approved in Parliament to abolish the Commission and transfer the functions of the Commission to the Department for Work and Pensions. The Commission was abolished on 31 July 2012, and the functions of the Commission were transferred to the Department for Work and Pensions. Up to 31 July 2012, the Commission was financed via the Department for Work and Pensions through parliamentary supply. The application for future financing of the Department for Work and Pensions will be approved annually by Parliament therefore a going concern basis has been adopted for the preparation of these statements.



## **Parliamentary funding**

The Commission was a Crown Non-Departmental Public Body and, as such, remained subject to gross expenditure control under the Parliamentary Vote system. The net cash cost of the Commission's operations for the period ending 31 July 2012 will be accounted for within the Statement of Parliamentary Supply (Schedule 1) in the 2012/13 Annual Report and Accounts of the Department for Work and Pensions. This account will be published separately.

## **Employment of disabled people**

Disabled people, as defined in the Equality Act 2010, were employed across all parts of the Child Maintenance and Enforcement Commission. The Commission had a published Equality Scheme and held the two ticks disability symbol. The principles of diversity and equality were key to developing and delivering the good quality, accessible public services given to clients, partners and internal customers. The Commission's vision for equality was that the services delivered to clients, and the contribution of Commission people, celebrated the diversity and individual talents of all members of society.

## **Sickness absence data**

59,023 days were lost due to sickness absence during the rolling year to 31 July 2012 (58,394 days during the rolling year to 31 March 2012). This is equivalent to an average of 7.46 days per person (full-time equivalent). This is a slight deterioration on days lost during the rolling year to 31 March 12, which stood at an average of 7.32 days per person, although it still remained an improvement on days lost in 2010/11, which stood at an average of 8.50 days per person.

## **Personal data related incidents**

There were no incidents reported to the Information Commissioner's Office in the final four months leading up to the abolition of the Commission (2011/12 nil).

The Senior Information Risk Officer and Information Asset Owner were confident of their roles and responsibilities in understanding and protecting information. The Security and Information Governance Forum continued to meet on a regular basis to address information risk and where necessary ensured controls were implemented to minimise risks. Roll out of the information asset inventory continued throughout the Commission with senior level support and accountability for assets. Substantial activities were undertaken which further improved the maturity of the Commission's information assurance including repeating the formal assessment conducted in collaboration with DWP. Work will continue in this area in readiness for the deployment of the new child maintenance system and in the central assessment and management of information risk.

## **Statement of compliance**

The Commission complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

## **Commitment to equality and valuing diversity**

The Commission was committed to providing services which embraced diversity and which promoted equality of opportunity. As an employer, the Commission was committed to equality and valuing diversity within its workforce. The goal of the Commission was to ensure that these commitments, reinforced by Commission values, were embedded in day-to-day working practices with all clients, colleagues and partners.

## **Sustainable development**

The Commission contributed to and supported the Department for Work and Pensions' strategy and policy for sustainable development and the achievement of its targets from the Greening Government Commitments. Although the Commission was a Crown Non-Departmental Public Body, it shared much of its estate and procurement processes with DWP.

Details of the Commission's performance in relation to greenhouse gas emissions, water consumption and waste management can be found in Appendix A.

## **Employee involvement**

The Commission's people had access to welfare services, which supported them and promoted well-being in the workplace.

The Commission's people also had access to trade union membership. The Commission had procedures for consulting its trade unions and supported representation in the workforce by trade union representatives.

The Commission was committed to ensuring that its people at all levels could contribute towards decisions affecting its day-to-day business.

## **Pension liabilities**

Commission employees were civil servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments applied. The Principal Civil Service Pension Scheme is the main pension scheme for all civil servants and was also the main pension scheme for employees of the Child Maintenance and Enforcement Commission. It is a defined benefit scheme, with benefit expenditure borne on the Civil Superannuation Vote.

Details of the pension scheme are disclosed in note 3 and the Remuneration Report.

## **Payments to suppliers**

The Commission was committed to the prompt payment of bills for goods and services received. Payments were normally made as specified in the supplier's contract. If there was no contractual provision or other understanding, they were paid within 30 days of receipt of the goods or services, or on presentation of a valid invoice or similar demand, whatever was later. From 1 November 2008 this payment period was revised to 10 days for smaller companies. In the four months to 31 July 2012 the Commission paid 96% of relevant invoices within the ten-day period. In 2011/12, 98% of invoices were paid within the ten-day period.

The 'Late Payment of Commercial Debts (Interest) Act 1998', which came into effect from 1 November 1998, and the 'Late Payment of Commercial Debts Regulations 2002' which came into force on 7 August 2003, provides all businesses and public sector bodies with, amongst other entitlements, the right to claim interest for late payment.

In the four months to 31 July 2012, no interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998 (2011/12, nil).

## **Public interest**

There were no company directorships or other significant interests held by Board members that conflicted with their management responsibilities. The register of directors' interests is available (see "How to contact the Child Maintenance Group" on the final page of these accounts).

## **External audit**

The accounts presented within this report have been subject to audit by the Comptroller and Auditor General, whose certificate and report can be found on page 46.

Following the transfer of functions from the Commission to the Department for Work and Pensions I am required to sign these accounts as Principal Accounting Officer of the Department. The previous Accounting Officer Noel Shanahan, on transfer of functions, continued as Director General for Child Maintenance within the Department. I have sought representation from Noel Shanahan as my predecessor as Accounting Officer and as far as he is aware there is no information relevant to the audit of these accounts of which the auditors are unaware. In his capacity of Director General for Child Maintenance Noel Shanahan has taken all reasonable steps to make himself aware of any relevant audit information and to establish that the auditors are aware of this information.

## **Events after the reporting date**

There have been no material events after the reporting date that require disclosure in these Accounts other than those declared elsewhere. The Accounts reflect the conditions that existed at the reporting date.

Signed

**Robert Devereux**  
Accounting Officer  
26 November 2012

# Remuneration Report

## Management

### Appointment and remuneration of the Commissioner

The Commissioner was appointed by the Secretary of State for Work and Pensions. The appointment was for a fixed term under the terms of the Child Maintenance and Other Payments Act 2008 Schedule 1 Paragraph 9(4) (a).

On appointment the Commissioner's pay was determined by the Secretary of State in line with the Civil Service pay arrangements.

### Service contracts

Civil Service appointments are made in accordance with the Civil Service Commission Recruitment Principles, which requires appointment on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Apart from Stephen Geraghty, the former Commissioner, who was appointed on a three year contract commencing 1 January 2008, all of the executive directors covered by this report held permanent appointments. All directors were required to provide three months notice of their resignation in writing.

In the event of early termination when the Chair considered that there were circumstances which made it right for that person to receive compensation, then compensation could be payable and the amount to be paid was determined by the Chair subject to approval by the Secretary of State.

Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommission.independent.gov.uk](http://www.civilservicecommission.independent.gov.uk)

### Appointment and Remuneration of Non-Executive Directors

The Non-Executive Directors of the Child Maintenance and Enforcement Commission were appointed by the Chair of the Commission with the approval of the Secretary of State for Work and Pensions under paragraph 3(2) of Schedule 1 to the Child Maintenance and Other Payments Act 2008. The appointments were all on a fixed-term basis.

The remuneration of the Non-Executive Directors was, in accordance with paragraph 4(2) of Schedule 1 to the 2008 Act, set by the Chair with the approval of the Secretary of State for Work and Pensions.

Where a Non-Executive Director ceased to be a member of the Commission otherwise than on the expiry of their term of office, and it appeared to the Chair of the Commission that there were circumstances which made it right for that person to receive compensation, the Commission could make a payment to that person of such amount as the Chair of the Commission would determine with the approval of the Secretary of State.

## Contracts

The appointments of the Non-Executive Directors were made on merit and on the basis of fair and open competition.

All appointments were made on a three-year fixed term basis, unless terminated earlier in accordance with the agreement, The Chair, subject to the Secretary of State's approval, could extend the appointments by one further term of four years.

As the Commission has now been abolished and its functions transferred to the DWP, contracts for the Non Executive Directors have been terminated. No compensation payments were made in respect of these terminations. Heather Jackson will continue to provide advisory services in an informal capacity to the Child Maintenance Group within DWP.

## Remuneration policy

The Commission followed the remuneration guidance for Senior Civil Servants as determined by the Cabinet Office. Within those parameters, Executive Directors' pay was determined by the Non-Executive Functions Committee, made up of the Commission's Non-Executive Directors on the advice of the Remuneration Committee. Other senior officials' pay could be referred to the Remuneration Committee.

The Remuneration Committee was chaired by Rosemary Carter. Deborah Absalom was a member and Elizabeth McMeikan was a co-opted member.

In reaching its recommendations the Remuneration Committee, taking account of the conclusions of the Review Body on Senior Salaries following their work on civil servants' pay, had regard to the following considerations:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- Regional/local variations in labour markets and their effects on the recruitment and retention of people;
- The absolute levels of pay, linked to the performance of the individual and the organisation.

The Review Body took account of the evidence it received about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

Each year the independent Senior Salaries Review Body makes recommendations to the Prime Minister on Senior Civil Servants pay which covers the pay bands, increases to base salary and variable pay in light of economic evidence and movements in the private and wider public sector markets for senior executives. Delivery of in-year performance against objectives is rewarded through non-consolidated pay. Individuals who make the biggest contribution receive the largest payments; individuals who make the weakest contribution receive the smallest payments or none at all.

## **Methods used to assess performance**

There are four stages involved in the assessment of performance:

- Self-assessment
- Performance review discussion with line manager
- Recommendations by line manager to the Remuneration Committee
- Remuneration Committee

How these stages operate in practice is discussed below.

1. Although there is no requirement formally to record a self-assessment senior civil servants are encouraged to consider their own assessment in preparation for their performance review discussion. They would reflect on, and collect, a reasonable amount of examples and evidence that would be helpful in assessing their contribution in relation to the measures and required outcomes they signed up to either at the beginning of the year or as their role developed during the year.

2. The performance review discussion is an opportunity for the Senior Civil Servant and their line manager to address performance in relation to;

- The achievement of objectives;
- Contribution to organisational objectives;
- Growth in competences; and
- The application of skills and knowledge.

They will also discuss issues for the forthcoming year, which would include:

- The objectives for the forthcoming year;
- The range of sources to be used in assessing their performance in the forthcoming year; and
- The potential and development needs of the Senior Civil Servant

## **Remuneration and pension entitlements**

The following sections provide details of the remuneration and pension entitlements of the Board members of the Child Maintenance and Enforcement Commission and also other senior officials.

### **Salary (subject to audit)**

Salaries quoted relate to individuals who served on the Commission Board during the period or other senior officials and are accounted for in the month they are paid. Non-Executive Directors received fees rather than a salary.

'Salary' includes gross salary; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other cash allowance or expense to the extent that it is subject to UK taxation.

Other expenses for directors and other senior officials, incurred as part of carrying out official duty but which are not subject to UK taxation, are disclosed quarterly on the Department for Work and Pensions website [www.dwp.gov.uk/publications](http://www.dwp.gov.uk/publications)

### Non Executive Directors (subject to audit)

	4 months to 31 July 2012			2011/12		
	Total fees	Taxable expenses classified as benefits in kind to nearest £100	Total Remuneration	Total fees	Taxable expenses classified as benefits in kind to nearest £100	Total Remuneration
	£'000	£	£'000	£'000	£	£'000
Dame Janet Paraskeva Chair	15-20	-	15-20 (full year equivalent 55-60)	80-85	-	80-85
Deborah Absalom	5-10	500	5-10 (full year equivalent 20-25)	20-25	2,200	20-25
Rosemary Carter	5-10	600	5-10 (full year equivalent 20-25)	20-25	5,100	25-30
Bill Griffiths	5-10	400	5-10 (full year equivalent 20-25)	20-25	4,100	20-25
Heather Jackson	5-10	300	5-10 (full year equivalent 20-25)	20-25	3,500	20-25

*Note 1 – Full year equivalent amounts for the period have only been shown for total remuneration to enable comparisons with the prior year.*

## Executive Directors (subject to audit)

	4 months to 31 July 2012				2011/12			
	Total salary	Bonus	Taxable expenses classified as benefits in kind to nearest £100	Total Remuneration	Total salary	Bonus	Taxable expenses classified as benefits in kind to nearest £100	Total Remuneration
	£'000	£'000	£	£'000	£'000	£'000	£	£'000
Stephen Geraghty Commissioner (to 06/05/11)	-	-	-	-	20-25 (full year equivalent 205-210)	10-15	900	35-40  (full year equivalent 215-220)
Noel Shanahan Commissioner (from 09/05/11)	45-50	(note 2)	-	45 – 50 (full year equivalent 140-145)	115-120 (full year equivalent 140-145)	-	-	115-120  (full year equivalent 140-145)
Alan Hardy Finance & Commercial (to 31/05/12 -note 1)	25-30	-	1,200	25-30 (full year equivalent 145-150)	160-165	10-15	12,300	185-190
Susan Park Corporate Affairs	40-45	10-15	-	50-55 (full year equivalent 135-140)	120-125	10-15	100	135-140
Ian Wright Change	40-45	-	2,700	40-45 (full year equivalent 120-125)	125-130	-	8,900	135-140

*Note 1 – Alan Hardy left the Commission on 23 April 2012 and moved to DWP. He was paid by the Commission until he left DWP on 31 May 2012. Whilst at DWP he worked on the transfer of functions from the Commission to DWP, which was mutually beneficial to both parties, as such the Commission will not recharge the salary paid to Alan Hardy whilst he was working at DWP. Alan Hardy received compensation on leaving the Commission. See “Compensation to former senior managers”.*

*Note 2 - As at the date the accounts were signed no decision had been made by the Secretary of State on payment of a bonus for Noel Shanahan in respect of the 2011/12 performance year. If a bonus is subsequently awarded it will be disclosed in the 2012/13 Annual Report and Accounts of DWP.*

*Note 3 – Full year equivalent amounts for the period have only been shown for total remuneration to enable comparisons with the prior year.*



## Other Senior Officials (subject to audit)

	4 months to 31 July 2012				2011/12			
	Total salary	Bonus	Taxable expenses classified as benefits in kind to nearest £100	Total Remuneration	Total salary	Bonus	Taxable expenses classified as benefits in kind to nearest £100	Total Remuneration
	£'000	£'000	£	£'000	£'000	£'000	£	£'000
Steve Buckingham Interim Finance and Commercial Director (from 06/06/12)	10-15	-	-	10-15 (full year equivalent 80-85)	-	-	-	-
Simon McKinnon Information & Technology	55-60	-	-	55-60 (full year equivalent 135-140)	155-160	-	4,900	160-165
Ian Pavey Human Resources	40-45	-	4,600	45-50 (full year equivalent 120-125)	130-135	-	10,600	140-145
Christine Forster Operations	30-35		4,700	35-40 (full year equivalent 95-100)	90-95	10-15	7,200	110-115
Angela MacDonald Customer	30-35	10-15	-	40-45 (full year equivalent 105-110)	95-100	5-10	-	105-110

*Note 1 – Steve Buckingham received a bonus through the Commission’s payroll in July 2012 in respect of his performance in the 2011/12 financial year when he worked for DWP. The bonus has not been disclosed in the table above because it has been subsequently recovered by Child Maintenance Group and it related wholly to a period before his appointment as a Commission director.*

*Note 2 – Full year equivalent amounts for the period have only been shown for total remuneration to enable comparisons with the prior year.*

### **Taxable expenses classified as benefits in kind (subject to audit)**

Taxable benefits classified as benefits in kind cover any non cash expenses incurred by the Commission to the extent that they are subject to UK taxation together with the associated tax. For the 4 months to 31 July 2012 this consisted of travel and living allowances associated with directors working away from home on long-term detached duty arrangements. In the majority of cases, the Commission had an agreement with HM Revenue and Customs to meet income tax and national insurance on these benefits on behalf of employees, and these amounts of tax and national insurance were included within benefits in kind. In some cases, the tax and national insurance were paid by the employees and reimbursed by the Commission, and these amounts of tax and national insurance were included within salary.

### **Compensation to former senior manager (subject to audit)**

Alan Hardy received compensation for loss of office amounting to £90,000. The Commission did not make any awards to former senior managers in 2011/12.

### **Pay multiples (subject to audit)**

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

	<b>Band of highest paid director's total remuneration</b>	<b>Median total remuneration</b>	<b>Ratio</b>
	<b>£000</b>	<b>£</b>	
<b>2012-13 FYE</b>	235-240	18,425	12.89
<b>2011-12</b>	215-220	18,280	11.89

The banded remuneration of the highest-paid director in the Commission in the 4 months to 31 July 2012 (FYE) was £235-240,000 (2011-12, £215-220,000). The remuneration is in respect of Alan Hardy and is a combination of total salary paid in the year on an annualised basis (£145,000 to £150,000) plus compensation paid on leaving the Commission on voluntary exit terms on 31 May 2012. This remuneration was 12.89 times (2011/12, 11.89) the median remuneration of the workforce which was £18,425 (2011/12, £18,280). The ratio shows an increase from 11.89 in 2011/12 to 12.89 in the 4 months to 31 July 12. The increase is due to the severance payment made to Alan Hardy. The same calculation performed on the highest paid director still in post as at 31 July 2012 results in the ratio being 7.73 times the median remuneration of the workforce.

In the 4 months to 31 July 2012, no (2011-12 – no) employees received remuneration in excess of the highest-paid director. FYE remuneration ranged from £14,400 to £235-240,000 (2011-12: £12,000 - £215-220,000)

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

## **Civil Service Pensions (subject to audit)**

Pension benefits were provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (Classic, Premium or Classic Plus) or a 'whole career' scheme (Nuvos). These statutory arrangements are unfunded with the cost of benefits being met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased in line with changes in the Pensions Increase Legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at a rate of between 1.5% and 3.9% of pensionable earnings for Classic and between 3.5% and 5.9 % for Premium, Classic Plus and Nuvos. Benefits in Classic accrue at 1/80<sup>th</sup> of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement, For Premium, benefits accrue at 1/60<sup>th</sup> of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a hybrid with benefits in respect of service before 1 October 2002, calculated broadly as per the Classic scheme and benefits from October 2002 calculated as the Premium scheme. In Nuvos a member builds up a pension based on their pensionable earnings during the period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with the Pensions Increase Legislation. In all cases members may opt to give up (commute) their pension for a lump sum up to the limits set by HM Revenue and Customs.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution).

The accrued pension quoted is the pension the member is entitled to receive when they reach pensionable age, or immediately on ceasing to be an active member of the scheme if they are already at or over pensionable age. Pensionable age is 60 for members of Classic, Premium and Classic Plus and 65 for members of Nuvos.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)

## **The Cash Equivalent Transfer Value (CETV) (subject to audit)**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pensions figures shown relate to the benefits that the individual accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost.

CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

**Real increase in CETV (subject to audit)**

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Pension entitlements (subject to audit)

	Accrued pension at pension age as at 31 July 2012 and related lump sum	Real Increase in pension and related lump sum at pension age	CETV at 31 July 2012	CETV at 31 March 2012 (Restated)	Real Increase In CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'000
Stephen Geraghty Commissioner (to 06/05/11)	-	-	-	506	-	-
Noel Shanahan Commissioner (from 09/05/11)	15-20	0-2.5	270	244	24	-
Alan Hardy Finance & Commercial (to 23/04/12)	10-15	0-2.5	186	171	14	-
Steve Buckingham Finance and Commercial (from 06/06/12)	5-10	0-2.5	103	100	2	-
Susan Park Corporate Affairs	50-55 155-160 (lump sum)	0-2.5	942	906	8	-
Ian Wright Change	5-10	0-2.5	142	130	10	-
Simon McKinnon Information & Technology	10-15	0-2.5	146	134	1	-
Ian Pavey Human Resources	10-15	0-2.5	227	199	20	-
Christine Forster CSA Operations	30-35 95-100 (lump sum)	0-2.5	651	617	5	-
Angela MacDonald Customer	5-10	0-2.5	68	59	1	-

There is no related lump sum if none is shown because the director is a member of the Premium scheme.

Dame Janet Paraskeva and other Non-Executive directors did not receive a pension as part of their role in the Child Maintenance and Enforcement Commission.

Signed

**Robert Devereux**  
Accounting Officer  
26 November 2012

# Statement of Accounting Officer's responsibilities

Under Section 18(2) of Schedule 1 to the Child Maintenance and Other Payments Act 2008, the Secretary of State for Work and Pensions directed the Commission to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction.

The Principal Accounting Officer of the Department for Work and Pensions appointed the Commissioner for Child Maintenance as the Accounting Officer for the Child Maintenance and Enforcement Commission up to 31 July 2012. With the abolition of the Commission on 31 July 2012, closure accounts for the period to 31 July 2012 have been prepared. The Department for Work and Pensions, as successor organisation to the Commission prepared the closure accounts under the Public Bodies (Child Maintenance and Enforcement Commission: Abolition and Transfer of Functions) Order 2012, and the Permanent Secretary of DWP signed off these accounts as the Principal Accounting Officer of the Department.

The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission at the year-end and of its net operating cost, changes in taxpayers' equity and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual, and in particular to:

- Observe the Accounts Direction issued by the Secretary of State for Work and Pensions, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the accounts on the going concern basis.

The responsibilities of an Accounting Officer include responsibility for:

- The propriety and regularity of the public finances for which the Accounting Officer is answerable;
- Keeping proper records; and
- Safeguarding the Child Maintenance and Enforcement Commission's assets.

These responsibilities are set out in Managing Public Money, published by Her Majesty's Treasury.

# Governance Statement

## 1. Introduction

- 1.1. The governance statement provides;
  - a clear understanding of how the Commission worked and the control framework;
  - an overview of the arrangements that were in place for the stewardship of the Commission;
  - a description of the systems of internal control that were employed
  - a summary of the key risks the Commission faced during the period and their management.
- 1.2. On 31 July 2012 the Child Maintenance and Enforcement Commission was abolished and its functions transferred to the Department for Work and Pensions (DWP) on 1 August 2012.
- 1.3. Noel Shanahan was Accounting Officer for the Commission until its abolition and therefore, led on the completion of this Statement, supported by the Commission's Board. As the Accounting Officer for the DWP, it is now my role to sign this statement.
- 1.4. I am supported in my role as Accounting Officer by the Departmental Audit Committee (DAC). This committee scrutinises the accounts and this statement and helps provide me with the assurance I need to sign them off. The former chair of the Commission Audit Committee is a member of DAC. I have worked closely with Noel Shanahan in the compilation of this statement.
- 1.5. The Commission's Executive Team, which Noel Shanahan chaired, had collective responsibility for the management of the Commission and its business, in line with Ministers' aims and the business strategy set by the Commission Chair and Board.

## 2. Oversight by the Department for Work and Pensions

- 2.1. The Department for Work and Pensions (DWP) was the Commission's sponsoring Department and the Commission was accountable to DWP and its Ministers for its use of resources and performance. The corporate governance arrangements between the DWP and Commission that were in place are set out in the historical Framework Document.
- 2.2. The Commission submitted monthly data to DWP on its forecasts for, and use of, resources and quarterly on its operational performance. This data was incorporated in DWP Executive Team Reports and Quarterly Data Summaries.
- 2.3. Regular meetings took place between DWP Ministers and the Commissioner.

## 3. Governance within the Commission

- 3.1. The Commission Board was responsible for setting the overall strategic direction of the Commission and evaluating its performance. Chair of the Commission, Dame Janet Paraskeva, was chair of the board and had responsibility for ensuring that the Commission's policies and actions supported the wider policies of the Secretary of State and that its decisions complied with statute and any direction given by the Secretary of State.

- 3.2. During the period, the Board members were:
- Janet Paraskeva – Chair
  - Noel Shanahan – Commissioner & Chief Executive
  - Deborah Absalom - Non-Executive Director<sup>7</sup>
  - Rosemary Carter - Non-Executive Director<sup>8</sup>
  - Bill Griffiths - Non-Executive Director<sup>9</sup>
  - Heather Jackson - Non-Executive Director<sup>10</sup>
  - Alan Hardy - Finance & Commercial Director (until 23 April 2012)
  - Susan Park - Corporate Affairs Director
  - Ian Wright - Change Director
- 3.3. Alan Hardy ceased to be the Finance and Commercial Director from 23 April 2012. The Finance and Commercial Directorate's responsibilities were shared across the Commission's Executive Directors until the appointment of Steve Buckingham, as interim Finance and Commercial Director from 6 June 2012. As an interim appointment and because of the impending abolition of the Commission, Steve Buckingham was not appointed to the Commission Board.
- 3.4. The Commission also had three non-executive members who sat on sub committees
- Peter Conway (Audit Committee)
  - Dawn Johnson (Audit Committee)
  - Liz McMekein (Remuneration Committee)
- 3.5. The non-executive members were not employees of the Commission. The non-executive directors were office holders and they were contracted to provide 20 days a year for the Commission. The non-executive directors and members offered constructive challenge across the whole of the Commission's business and ensured that all aspects of strategy and delivery of policy were independently scrutinised for effectiveness and efficiency.
- 3.6. **Non-Executive Functions Committee.** The Board and the Non-Executive Functions Committee, which was a sub-committee of the Board, had joint ownership of senior succession planning for the Commission including identifying and managing any risk areas.
- 3.7. **Audit Committee.** The Audit Committee was a sub-committee of the Non-Executive Functions Committee and consisted of two non-executive directors of the Commission Board and two other non-executive members. The Board Chair, Commissioner, executive directors, officials from DWP and the National Audit Office or other employees of the Commission attended at the Committee's request to provide advice and information.
- 3.8. The Audit Committee provided an independent view on the appropriateness, adequacy and value for money of the Commission's governance, risk management and assurance processes. It provided constructive challenge, opinion and advice, taking account of risks, on the effectiveness of the Commission's control environment.
- 3.9. The Audit Committee met for the last time on 14 June 2012 with one committee member absent from this meeting. The Committee discussed;
- Annual Report and Accounts 2011 – 2012

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<sup>7</sup> Also chair of the non-executive functions committee and a member of the remuneration sub-committee

<sup>8</sup> Also chair of the remuneration sub-committee and a member of the non-executive functions committee

<sup>9</sup> Also chair of the audit committee and a member of the non-executive functions committee

<sup>10</sup> Also a member of the audit committee and the non-executive functions committee



- Client Funds Account Audit Planning Report for 2011-12
- Preparations for the transfer of Commission's functions to the DWP

3.10. The Audit Committee Chair provided information to the Board after the meeting detailing the Committee's discussions.

3.11. **Remuneration Committee.** The Remuneration Committee was a sub-committee of the Non-Executive Function Committee and met three times during the period to undertake the process of annual review of the Commissioner and Executive Directors' remuneration. All reward recommendations were determined within guidance received from Cabinet Office for members of the Senior Civil Service. For Commission Executive Directors, the Commissioner made recommendations to the Remuneration Committee. The Remuneration Committee was also invited to scrutinise and recommend reward proposals for the remainder of the Executive Team. The Committee's recommendations were submitted to the Non-Executive Functions Committee for ratification. The terms of any reward for the Commissioner were recommended by the Chair of the Commission to the Remuneration Committee and were then subject to final approval by the Secretary of State and the Minister for the Civil Service.

#### **4. Board and Committee Activity and Performance**

4.1. The Board met twice during the period, once in May and for the final time on 24 July 2012. Some Board members were absent during these meetings, although enough were in attendance to ensure a quorum.

4.2. Each meeting covered a range of items raised by the Board; standing items including the Commission's performance, finance, the Green Paper and Policy and the Commission's Change Programme. Additional items included the final Internal Audit Report and a Handover Report from the Commission's Board to the Board of the Department for Work and Pensions.

4.3. I can confirm that there were no conflicts of interest between the members of the Board and its Committees and the Commission.

4.4. I confirm that no Ministerial Directions were received during this period in the Commission.

#### **5. Data Quality to support the Board's needs**

5.1. The Board received reports at its meetings to support its discussions. All reports complied with a prescribed layout to ensure that the Board was able to focus on the key issues and the decisions which were required.

5.2. The Board did not raise any specific concerns with the quality of the information it received. The Board was aware of the underlying MI issues within the Commission and the steps being taken to improve this.

## **6. Compliance with the Corporate Governance Code**

- 6.1. The Commission was required to comply with the provisions in the Corporate Governance Code (“the code”) or explain where it had not done so. The only provision of the code that the Board did not comply with was the requirement for a Nominations and Governance Committee of the Board.
- 6.2. The code indicates that the role of a Nominations and Governance Committee is to;
- Ensure that there are satisfactory systems for identifying leadership and high potential;
  - Scrutinise the incentive structure and succession planning for the Board and senior leadership;
  - Scrutinise governance arrangements.
- 6.3. The Board was satisfied that relevant assurance covering each of these aspects was obtained through the Commission’s HR Director, the lead non-executive Board member (who is also Chair of the Remuneration Committee) and the Audit Committee and therefore that it did not need a Nominations and Governance Committee.

## **7. Risk, controls and compliance**

- 7.1. The Commission operated a structured risk and control framework which enabled the identification, prioritisation and escalation of key strategic risks. Over the period new risks have been identified and risks have been escalated or de-escalated as circumstances have changed. The Commission’s Executive Team (ET) regularly reviewed the top risks and the Commission Board ensured that the top risks were considered as part of each meeting.
- 7.2. The Commission’s Board and ET had a broad range of skills and experience from the public and private sectors. They recognised the importance of risk management and managed the risks that emerged during the year through a series of measures, including regular risk workshops and holding regular programme board meetings specifically addressing risks to the successful delivery of major programmes.
- 7.3. The letters of assurance completed by directors covering the period to the end of July included confirmation that the Commission’s risk process had been followed and that the risk management process was firmly embedded into directorates and programmes.
- 7.4. Information risk remained an important focus and information security featured as a risk on the Commission’s strategic risk register, which was regularly reviewed by the Executive Team.
- 7.5. A range of potential information risks were defined in a high level “Information Risk Profile” document, together with associated residual issues and key mitigations, which were actively tracked and monitored at the Security & Information Governance Forum. There were no significant lapses of information security during the period.
- 7.6. The Commission had a number of assurance measures to ensure that it effectively managed security risks to people, IT systems, information and buildings. During the period, the overall level of assurance over the management of information risks and mitigation of known control weaknesses remained relatively stable, with progress made in a number of areas. This reflected the comprehensive end of year assessment against the

HMG Information Assurance Maturity Model at the end of 2011/12, which was independently assured by DWP Information Assurance Division.

- 7.7. During the period, progress was made in the following areas:
- there was continued focus on security awareness. All new recruits and around 20% of experienced colleagues were covered in security training;
  - the Commission's Security team reviewed the physical security of every Commission location. This included work with our facilities management partners, Trillium, to review CCTV and security guard rotas;
  - there was increased management attention to 'out of hours' Security checks, which led to a drive to improve the security of two major offices;
  - the Security Team took over responsibility for checking caseworkers' accesses to sensitive personal details in client databases. (This had previously been a line manager responsibility.) The new arrangements resulted in more rigorous and independent checking of such accesses.

## 8. Findings from Internal Audit, External Audit and other reviews

- 8.1. Findings from internal audit work during the period the Commission operated continued to reflect the improving trend in governance, risk management and control, with audits completed throughout the period achieving 'reasonable' assurance.
- 8.2. The overall internal audit opinion was that the Child Maintenance and Enforcement Commission's governance, risk management and control arrangements provide reasonable assurance that material risks were identified and managed effectively, with the exception of the following matters:
- Client Funds Accounting, where cumulative errors in maintenance assessments since the CSA was formed continue to impact on the accuracy of accounting records in relation to the outstanding debt balance. The Commission acknowledged that these problems would not be resolved and the position would remain unchanged, with the 2012 scheme being the way forward; and
  - The 2012 scheme, where the Commission had made steady progress over the year in increasing capabilities and embedding stronger programme management disciplines, but where there remain a number of delivery challenges.
- 8.3. The Commission continued to implement 2011/12 audit recommendations during the Period and the Internal Audit work programme progressed with the Commission implementing recommendations within expected time scales. The DWP will continue to monitor and implement all audit recommendations, as well as driving forward the new Child Maintenance Group's 2012/13 internal audit work programme.
- 8.4. The DWP will also continue the Commission's work to implement change within its risk and control frameworks to deliver better child maintenance outcomes.

## 9. Internal Control Challenges

- 9.1. The Commission's Executive Team identified the following significant control challenges during the period.
- 9.2. **Client Funds Account.** The Commission had responsibility for the management of client funds relating to the two existing statutory maintenance schemes and for the pursuit of the accumulated arrears of maintenance owed by non-resident parents. The Commission was

required by the Secretary of State for Work and Pensions to produce a Client Funds Account, which is separate from its Annual Report and Accounts. The responsibility for the Client Funds Account has now transferred to DWP.

- 9.3. Following the identification by the Commission of a number of weaknesses in the information available from the child maintenance systems during preparation of the 2008/09 Client Funds Account, a suite of reports was developed to produce arrears listings. These listings formed the basis of Note 6 to the 2009/10, 2010/11 and 2011/12 Client Funds Account.
- 9.4. The Client Funds Account for 2010/11 was laid before Parliament on 14 May 2012. In common with the 2008/09 and 2009/10 accounts, the 2010/11 account carried an adverse opinion on the arrears note, arising from estimated errors in the underlying arrears, alongside the long-standing regularity qualification arising from estimated errors in maintenance assessments.
- 9.5. **2012 Scheme.** The Commission was part-way through a major programme to reform the system of child maintenance. The DWP will continue with this programme. The 2012 maintenance scheme, which will ultimately replace the two existing schemes, is underpinned by a new IT system. The DWP is focused on delivery of the 2012 scheme by the end of the year. It will be introduced using a pathfinder approach. Initially, applications will be accepted onto the scheme where four or more qualifying children with the same parents are named in the application. When the 2012 scheme is seen to be working well, it will be opened to new applications where there are two or more qualifying children with the same parents, and thereafter to all new applicants.
- 9.6. Functionality for charging will be introduced after the 2012 scheme has been opened to all new applicants and is working well.
- 9.7. Like any major programme there are significant risks, but these are being managed and the DWP has reaffirmed the Commission's statement that the 2012 scheme will not be implemented until it is confident that it will work properly.
- 9.8. **Stuck and off-system cases.** The Commission operated two child maintenance computer systems: CSCS, implemented in 1993, and CS2, implemented in 2003. A problem with the CS2 system is that cases become unprogressable or 'stuck' on the system due to data issues, software defects or both. These cases become invisible to caseworkers and only come to light if clients complain about the lack of progress. At that point, the case would be referred for off-system management.
- 9.9. These off-system cases are known as "clerical" cases, though this is not strictly accurate as they are managed using a number of small IT systems. However, these systems are very limited in their functionality compared to CS2 and significant additional resource is required, incurring a much higher cost – estimated to be around 70% higher.
- 9.10. At 31 July 2012 105,000 cases were managed wholly off the main computer systems and a further 51,000 cases managed partially off the main systems, compared with 104,100 and 42,400 respectively in March 2012.
- 9.11. The September 2008 upgrade to CS2 fixed some known software defects and introduced for the first time a system of validation and error trapping. Cases experiencing problems are identified and either rectified by caseworkers or referred to an 'initially stuck' queue for technical fixes, if possible. If successful, the case is then transferred back to caseworkers for normal progression.

- 9.12. Although the permanent solution for the problems of stuck and off-system CS2 cases is the 2012 scheme IT system, DWP remains committed to continuing the Commission's efforts to reduce the number of cases requiring clerical intervention and improving the management of such cases in the meantime, where it is cost effective to do so.
- 9.13. **Assessment accuracy.** A continuing issue, which has been central to the modified audit opinions of the Client Funds Account, concerns the inaccuracy of maintenance assessments and the consequent uncertainty around reported arrears (including doubts around the accuracy of estimates for non-collectability of arrears). The accumulated inaccuracies arising mainly from earlier years continue to affect current arrears balances.
- 9.14. The Commission drove up accuracy over the time of its existence. In the last full year of the Commission's life, Cash Value Accuracy<sup>11</sup> increased from 97.4% in 2010/11 to 98.2% in 2011/12. This has been broadly maintained with an accuracy of 98.1% recorded at the end of July 2012. DWP will continue the Commission's approach of ensuring that lessons learned from the working of the existing schemes are carried through into the 2012 scheme.
- 9.15. **Adjustments to assessments and arrears.** The Commission became concerned that in some circumstances, case workers were inappropriately "adjusting" arrears (i.e. reducing the arrears balance) rather than "suspending" the arrears (i.e. not actively pursuing them) due to a poor understanding of procedures.
- 9.16. The Commission responded by introducing clearer guidelines and education for caseworkers. The Commission's accuracy checking regime confirmed that improved guidance was reducing the level of adjustment error and the accuracy of Debt Adjustments rose from 84.6% in 2009-10 to 90.6% in 2011-12. This action however, did not reduce the accumulated historical errors.
- 9.17. **Reimbursements made to clients.** The Commission continued to make inappropriate reimbursements to clients due to short term timing differences in confirming changes of circumstances. These reimbursements are treated as a loss and recorded as such in these accounts.
- 9.18. Throughout the period, the Commission continued to implement recommendations from earlier internal audit reviews to put in place robust controls over the checking and authorisation of reimbursements. Additionally, managers were provided with better management information on the volume and value of reimbursements.
- 9.19. As a result of these measures, the payment of inappropriate reimbursements continued to reduce. The value of reimbursements in 2011/12 (the last full year of the Commission's operation) was £5.8m, some £2.7m lower than in 2010/11. Total payments in the period to 31 July 2012 were £1.7m a continued year-on-year reduction. The DWP will continue to review processes to further reduce the costs of reimbursements.

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<sup>11</sup> 'Cash Value Accuracy' gives an overall measure of inaccuracy for the Commission. This involves dividing the sum of all the errors by the sum of all the correct maintenance assessments for a sample of both accurate and inaccurate cases. Suppose, for example, that the total weekly value of correct assessments is £45,000. Of the cases found to be inaccurate, the aggregate error in weekly maintenance across might be £3,570 or 8% of the total assessments. This would give accuracy by value of 92%.

- 9.20. **Information security.** The Cabinet Office requirements on information security are set out in 'Data Handling Procedures in Government', published in June 2008 and 'HM Government Security Policy Framework', revised in April 2012.
- 9.21. The Commission held a wide range of personal data. The Information Assurance Maturity Model (IAMM) analysed the approach to information risk management across the Commission. The overall maturity shows that information assurance processes are regarded as business enabling. Business critical information systems, and the information assurance status of all such systems, have been identified. All critical areas of the business, including information systems, are subject to a robust information assurance regime.
- 9.22. The Commission's CS2 IT system has full security accreditation. CSCS system has stronger security features than CS2. However, following a formal risk assessment by the Child Support Agency in 2008 the Department for Work and Pensions' (DWP) executive team decided not to pursue full security accreditation for CSCS. The Accounting Officer at the time was sighted on this decision in his capacity as senior responsible owner of CSCS.
- 9.23. The overall Internal Audit opinion of information risk, within the Commission, was 'Reasonable', which reflected the result of the IAMM assessment and the 'Reasonable' opinion of the 2011/12 internal audit of Information Risk Management & Assurance. The opinion of Internal Audit has not altered for the period the Commission operated in 2012/13. The Commission had been working with the DWP to address a number of significant control challenges where these affected the Commission due to dependencies on DWP systems. DWP will continue to address these issues.
- 9.24. **Management information (MI).** The provision of robust management information continued to be an issue for the Commission. Action was taken to improve the ability of managers to drive performance improvement, which in the period was evident through higher maintenance collection and principal Ministerial targets being met. However, some issues remained over the robustness, timeliness and completeness of this information, in particular:
- Stability of MI production. The Commission produced many forms of performance reporting both for internal and external consumption. In the period, MI production was affected by a number of problems centring on the data runs carried out on the Commission's behalf by the DWP's Information Governance and Security Directorate (IGS). DWP continues to work with IGS to improve the situation.
  - Ability to "age" arrears. The child maintenance computer systems lack the functionality to "age" arrears of payments to the Parent with Care from the Non-Resident Parent. This impacts the Commission's ability to assess the collectability of debt. The cost of remedying this issue is considered prohibitive. The 2012 scheme will improve our ability to show the age of debt.
  - Legal enforcement. 'Tallyman' was introduced during 2010/11 replacing civil and criminal enforcement small systems. Tallyman is a commercial service which is widely used to provide support for managing and monitoring casework through the enforcement processes and on-line work management tools. Tallyman supports the Commission's business within both civil and criminal proceedings and is tailored to each of the three jurisdictions (England/Wales, Scotland and Northern Ireland). When first introduced within the Commission there were issues with the MI as a result of users not properly understanding the features of the

system. An improvement programme was undertaken during 2011/12 and, although there remains some need for additional refinement, the Commission made substantial use of the system with regard to caseload and collections information.

- Complaints information. This was previously an area for improvement for the Commission, particularly around the reliability of Management Information. The computer system used to manage complaints was upgraded in 2009/10 which partially addressed performance issues and following a 2010/11 Internal Audit review key governance and controls were enhanced. The Commission considered that MI and governance in this area was robust during the period.

## **10. Conclusion**

- 10.1. The Commission continued to deliver real and lasting improvements in performance and control. This is evident through 1,048,900 children benefiting at 31 July 2012, an increase from 1,039,700 at 31 March 2012. The Commission collected or arranged £1,202m in child maintenance in the 12 months to July 2012, an increase from £1,187m in the 12 months to March 2012, and the highest amount since the inception of the Child Support Agency.
- 10.2. Despite a rolling programme of pragmatic value for money improvements to our systems and processes, the Commission continued to operate in a challenging environment, caused by serious underlying IT problems. Unfortunately, these issues will remain while the current systems are in use.
- 10.3. Despite the problems, I believe the continuing improvement in performance, coupled with the introduction of the 2012 child maintenance system, provides a solid footing for a first class child maintenance service in the future.

**Robert Devereux**

Accounting Officer

26 November 2012

## **The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

I certify that I have audited the financial statements of the Child Maintenance and Enforcement Commission for the period ended 31 July 2012 in accordance with the Public Bodies (Child Maintenance and Enforcement Commission: Abolition and Transfer of Functions) Order 2012. The financial statements comprise: the Statements of Comprehensive Net Expenditure; Financial Position; Cash Flows; Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Board, Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Public Bodies (Child Maintenance and Enforcement Commission: Abolition and Transfer of Functions) Order 2012. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Commission; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Commission's affairs as at 31 July 2012 and of the net operating cost for the period then ended; and
- the financial statements have been properly prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury.



## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury; and
- the information given in the About the Child Maintenance and Enforcement Commission, Management Commentary and Foreword to the Accounts sections in the Annual Report for the period for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

Without qualifying my opinion, I draw attention to Note 1.1 of the financial statements. On 31 July 2012, the Commission was abolished and all functions, property, rights and liabilities held by the Commission were transferred to the Secretary of State for Work and Pensions. As the functions previously provided by the Commission will continue to be provided using the same assets by another public sector entity, it remains appropriate for the financial statements of the Commission in respect of the period to 31 July 2012 to be prepared on a going concern basis in accordance with the Government Financial Reporting Manual issued by HM Treasury.

I have no further observations to make on these financial statements.

Amyas C E Morse  
Comptroller and Auditor General

29 November 2012

National Audit Office  
157 -197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# Statement of comprehensive net expenditure

		4 months ended 31 July 2012 £'000	12 months ended 31 March 2012 £'000
	<b>Note</b>		
Staff costs	3	69,274	225,306
Other costs	4	85,465	262,539
<b>Gross Costs</b>		<b>154,739</b>	<b>487,845</b>
Operating Income	5	(903)	(3,356)
<b>Net Operating Cost</b>		<b>153,836</b>	<b>484,489</b>
 <b>Other Comprehensive Expenditure</b>			
Net (gain)/loss on revaluation of intangibles		(1,091)	324
<b>Other Comprehensive Expenditure</b>		<b>(1,091)</b>	<b>324</b>
<b>Total Comprehensive Expenditure for the year</b>		<b>152,745</b>	<b>484,813</b>

All income and expenditure are derived from continuing operations.

The notes on pages 53 to 94 form part of these accounts.

# Statement of financial position

	Note	As at 31 July 2012	As at 31 March 2012
		£'000	£'000
<b>Non-current assets:</b>			
Intangible assets	6	39,308	31,832
Property, plant and equipment	7	402	433
Trade and other receivables	9	23	22
<b>Total non-current assets</b>		<b>39,733</b>	<b>32,287</b>
<b>Current assets:</b>			
Trade and other receivables	9	7,903	2,018
Cash and cash equivalents	10	351	183
<b>Total current assets</b>		<b>8,254</b>	<b>2,201</b>
<b>Total assets</b>		<b>47,987</b>	<b>34,488</b>
<b>Current liabilities</b>			
Trade and other payables	11	(55,858)	(58,749)
Provisions	12	(226)	(961)
<b>Non-current assets less net current liabilities</b>		<b>(8,097)</b>	<b>(25,222)</b>
<b>Non-current liabilities</b>			
Provisions	12	(1,706)	(1,999)
<b>Total non-current liabilities</b>		<b>(1,706)</b>	<b>(1,999)</b>
<b>Assets less liabilities</b>		<b>(9,803)</b>	<b>(27,221)</b>
<b>Taxpayers' Equity</b>			
General Fund		(10,876)	(27,392)
Revaluation Reserve		1,073	171
<b>Total Taxpayers' Equity</b>		<b>(9,803)</b>	<b>(27,221)</b>

All assets and liabilities were transferred to DWP on 1 August 2012. Details are shown in Note 21.

Signed

**Robert Devereux**

Accounting Officer

26 November 2012

The notes on pages 53 to 94 form part of these accounts.

# Statement of cash flows

	<b>Note</b>	<b>4 months ended 31 July 2012 £'000</b>	<b>12 months ended 31 March 2012 £'000</b>
Net cash outflow from operating activities	13(a)	(163,035)	(486,901)
Net cash outflow from investing activities	13(b)	(6,676)	(9,333)
Net cash inflow from financing activities	13(c)	169,879	496,199
<b>Net cash inflow/(outflow) for the year</b>		<b>168</b>	<b>(35)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>10</b>	<b>183</b>	<b>218</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>10</b>	<b>351</b>	<b>183</b>

The notes on pages 53 to 94 form part of these accounts.

# Statement of changes in Taxpayers' Equity

	Note	General Fund £'000	Revaluation Reserve £'000	Total £'000
<b>Balance at 1 April 2011</b>		<b>(39,544)</b>	<b>877</b>	<b>(38,667)</b>
<b>Changes in Taxpayers' Equity for 2011/12</b>				
Funding from DWP	13(c)	496,650	-	496,650
CFERs payable to the Consolidated Fund	5	(391)	-	(391)
Net Operating Cost		(484,489)	-	(484,489)
<b>Movements in reserves:</b>				
Released on asset impairment	8	-	(411)	(411)
Recognised in Statement of Comprehensive Net Expenditure		-	87	87
Transfers between reserves	1.18a)	382	(382)	-
<b>Balance at 1 April 2012</b>		<b>(27,392)</b>	<b>171</b>	<b>(27,221)</b>
<b>Changes in Taxpayers' Equity for 4 months ended 31 July 2012</b>				
Funding from DWP	13(c)	170,200	-	170,200
CFERs payable to the Consolidated Fund	5	(37)	-	(37)
Net Operating Cost		(153,836)	-	(153,836)
<b>Movements in reserves:</b>				
Recognised in Statement of Comprehensive Net Expenditure		-	1,091	1,091
Transfers between reserves	1.18a)	189	(189)	-
<b>Balance at 31 July 2012</b>		<b>(10,876)</b>	<b>1,073</b>	<b>(9,803)</b>

- The General Fund represents the total assets less liabilities of the Commission to the extent that the total is not represented by other reserves and financing items.
- The Revaluation Reserve reflects the revaluation surplus as a result of increases to asset values above their historic book value following indexation.

The notes on pages 53 to 94 form part of these accounts.

# Notes to the Accounts

## 1. Statement of accounting policies

### 1.1 Basis of Preparation and Statement of Compliance

The financial statements have been prepared in accordance with the 2012/13 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) adapted or interpreted as appropriate for the public sector context.

Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Commission are set out below. They have been applied consistently in dealing with items that are considered material in relation to the accounts.

All amounts included in the financial statements have been rounded to the nearest thousand pounds unless stated otherwise.

The Government used powers in the Public Bodies Act 2011 to abolish the Commission as a non-departmental public body and transfer its functions to the Secretary of State for Work and Pensions. Using the powers in the Act, the Public Bodies (Child Maintenance and Enforcement Commission: Abolition and Transfer of Functions) Order 2012 became effective from 1 August 2012. This change brought the delivery of child maintenance strategic and operational policy under more direct Ministerial Control from that date.

The Order abolished the Commission, and transferred its functions, property, rights and liabilities to the Secretary of State, with the Commission's staff transferring to the Department for Work and Pensions. The Order sets out that the transfer will be treated as a Machinery of Government change from one government body to another. Accordingly, the assets, liabilities and functions of the Commission were transferred to the Department for Work and Pensions on 1 August 2012. The transfer is detailed in note 21.

The transferred functions will continue to be funded, via the Department, through parliamentary supply in the future and these accounts have been prepared on a going concern basis.

### 1.2 Accounting Standards, Interpretations and Amendments

#### (i) *Adopted in these Financial Statements*

All International Financial Reporting Standards, Interpretations and Amendments to published standards, effective at 31 July 2012, have been adopted in these financial statements, taking into account the specific interpretations and adaptations included within the *FReM*.

#### *Impending application of newly issued international accounting standards not yet effective*

The following IFRSs and IFRIC Interpretations and Amendments had been issued but are not yet effective and have not been adopted early.

IFRS 9 Financial Instruments: Classification and Measurement – introduces new requirements for the classification and measurement of financial assets.

IFRS 13 Fair Value Measurement (effective for periods beginning on or after January 2013) – this standard will improve consistency, reduce complexity and give a precise definition of fair value providing a single source of fair value measurement and disclosure across all IFRS's.

IAS 19 Employee Benefits (effective for periods beginning on or after 1 January 2013) – enhances the disclosure requirements for defined benefit plans.

### **1.3 Basis of Accounts**

The Commission was required, under the Child Maintenance and Other Payments Act 2008, to prepare its accounts in accordance with directions made by the Secretary of State with the consent of HM Treasury. The Secretary of State required the Commission to comply with the requirements of the FReM. The Commission was established on 24 July 2008 and the Department transferred the functions of the Child Support Agency to the Commission on 1 November 2008.

The functions of the Commission transferred to the Department on 1 August 2012 and closure accounts for the period 1 April 2012 to 31 July 2012 have been prepared under the Public Bodies (Child Maintenance and Enforcement Commission: Abolition and Transfer of Functions) Order 2012. The Child Maintenance Group as successor organisation to the Commission prepared these closure accounts and the Permanent Secretary of DWP was required to sign them off as accounting officer.

There are some limited transactions between the Commission's Administration Account and its Client Funds Account, which are published separately, and these are accounted for in both sets of accounts. The main areas are in Note 4, included in reimbursements and deferred debt payments, bad debts written off and in the trade and other receivables Note 9, for monies due from clients (included in other receivables).

### **1.4 Accounting Convention**

These financial statements have been prepared under the historical cost accounting convention modified for the revaluation of non current assets at fair value, as determined by the relevant International Accounting Standard (IAS) and International Financial Reporting Standards.

### **1.5 Areas of Judgement**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. These are based on historic and other factors that are believed to be reasonable, the results of which form the basis for making judgements. The estimates and underlying assumptions are reviewed on an ongoing basis. Specific areas of judgement include depreciation and amortisation periods, provisions, early departure costs and impairment.

### **1.6 Estimation Techniques**

The preparation of financial statements in accordance with IAS requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the Commission's accounting policies.

The policies below highlight those areas involving a higher degree of judgement or complexity, or areas where the assumptions and estimates are significant to the financial statements.



#### a. Impairment of Administration Receivables

Impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows, the calculation of which differs depending on the type of receivable.

The impairment percentage is calculated to reflect the aged profile characteristics of the receivable balances falling due within one year and the recoverability thereof.

The percentage is calculated using the prevailing recovery rates exhibited by the respective receivable profile for the Commission by receivable category type and age category (where appropriate) and by calculating the actual recovery rates from a recent preceding 12-month period. The calculation includes instalment payments but excludes receivables due within one year from other government departments as these are expected to be fully recovered.

The respective impairment percentage calculations are applied to the appropriate receivables falling due within one year (by category) as disclosed in the Statement of Financial Position at 31 July 2012. This ensures that assets are carried at no more than their fair value i.e. their expected recoverable amount.

Receivables greater than one year old are subject to 100 percent impairment as it is considered unlikely that debts of this age will be recovered.

#### b. Employee Leave Accrual

IAS19 required the Commission to determine true short term employee benefit liability for employee leave as at 31 July 2012. The Commission payroll system could not quantify this liability at the reporting date. In line with the Department, the Commission used a sampling approach for estimating the accrual at 31 March 2012. As staff numbers and grade mix did not change significantly between 31 March 2012 and 31 July 2012 the liability has been calculated on the 31 March 2012 sample.

#### c. Revaluation of Intangible Assets

The FReM interpretation of IAS 38 required the Commission to revalue its intangible assets to depreciated replacement cost as a proxy for fair value. The Commission therefore applied appropriate indices to revalue software licences.

The Commission opted to use the final June restated indices.

The Commission used the Producer Price Index JV5(a) series for computers and peripheral equipment as a suitable proxy to establish fair value as this adequately reflects the movements in the costs of licences during changing market conditions.

### **1.7 Northern Ireland Child Maintenance and Enforcement Division**

The Commission's Belfast based operations were housed in Great Northern Tower along with the Northern Ireland Child Maintenance and Enforcement Division of the Department for Social Development in Northern Ireland. All people working in the Commission's Belfast centre were employees of the Department for Social Development in Northern Ireland. The costs for processing the Commission's cases by the Department for Social Development in Northern Ireland were reimbursed by the Commission and are included in the Statement of Comprehensive Net Expenditure.

## **1.8 Employee Benefits**

Short-term employee benefits, such as salaries and paid absences were accounted for on an accruals basis over the period for which employees have provided services in the period covered by this report. General staff bonuses were recognised to the extent that the Commission had a present obligation to pay this amount as a result of past service and the obligation could be reliably measured. Bonuses in relation to Senior Civil Service employees were not recognised until individuals had been informed. The policy in relation to employee pensions is disclosed in Note 1.23.

## **1.9 Research and Development Expenditure**

Expenditure on research was charged to the Statement of Comprehensive Net Expenditure in the year in which it was incurred. Development expenditure was also recognised in the Statement of Comprehensive Net Expenditure when incurred unless it met the specific criteria for capitalisation within IAS 38 Intangible Assets. Development costs that had previously been recognised correctly as an expense prior to the relevant capitalisation criteria being met were not subsequently recognised as an asset upon satisfaction of those criteria. During the period the Commission incurred £7.7m of expenditure on IT development for the 2012 scheme.

## **1.10 Value Added Tax (VAT)**

Most of the activities of the Commission were outside the scope of VAT and, in general, output tax did not apply and input tax on purchases was not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

The Department has been granted dispensation for VAT chargeable on services provided to the Commission.

The Commission was registered for VAT and any VAT balances due are shown in the accounts (Note 9).

## **1.11 Insurance**

The Commission did not purchase commercial insurance unless it was required under the standard terms of a service contract. Losses arising from damage to or loss of assets, employer's liability and claims from third parties are charged directly to the Statement of Comprehensive Net Expenditure.

## **1.12 Operating Income**

Operating income is income that related directly to the operating activities of the Commission. It comprises fees and charges for services provided on a full-cost basis to external clients as well as charges to the Department for Social Development in Northern Ireland for IT and telephony services. It includes both income appropriated in aid of the Estimate and income to be surrendered to the Consolidated Fund, which, in accordance with the FReM, is treated as operating income. Operating income is stated net of VAT. (See Note 5).

## **1.13 Revenue Recognition**

The Commission complied with IAS 18 in respect of its income streams and recognised revenue when earned.

## **1.14 Property, Plant and Equipment**

Property, plant and equipment are stated at fair value. However, as permitted by the FReM, the Commission elected to adopt a depreciated historical cost basis as a proxy for fair value where non-property assets had a short useful life or are of relatively low value. This therefore applied to most IT hardware, plant and machinery and furniture and fittings.

Assets were capitalised where they had an expected useful life of more than one year and where the original cost of the item exceeded the capitalisation threshold. Computer hardware had a capitalisation threshold of £1,000. For all other tangible assets the prescribed capitalisation level was £5,000. Where an item cost less than the capitalisation limit, but formed an integral part of a package whose total value was greater than the capitalisation level, the item was treated as a capital asset.

For furniture and fittings, the total cost of maintaining a record of relatively low value individual items was considered prohibitive and therefore the majority of these items were recorded on a pooled basis.

On initial recognition assets were measured at cost, including any costs, such as installation, which were directly attributable to bringing them into working condition and any associated decommissioning costs. Subsequent costs were included in the asset's carrying amount or recognised as a separate asset only when it was probable that future economic benefits associated with the item would flow to the Commission and the cost of the item could be measured reliably.

All expenditure on repairs and maintenance is charged to the Statement of Comprehensive Net Expenditure during the financial period in which it is incurred.

## **1.15 Intangible Assets**

Whether acquired externally or generated internally, intangible assets were initially measured at cost, with subsequent measurement at fair value. Where an active market existed for the asset, it was carried at a revalued amount based on market value at the end of the reporting period. Where no active market existed, assets were revalued using appropriate indices to indicate depreciated replacement cost as a proxy for fair value.

### ***Purchased Software***

Purchased software licences and applications covering a period of more than one year and which were above the capitalisation threshold of £1,000 were capitalised at cost as intangible assets and subsequently revalued, using appropriate indices as a proxy for fair value. In view of the large number of software licences purchased across the Commission, those capitalised were accounted for on a pooled basis with any items/pools amounting to over £100,000 identified individually on the Commission non-current asset register.

Expenditure on annual software licences was charged to the Statement of Comprehensive Net Expenditure.

### ***Internally Developed Software***

Internally developed software was capitalised if it met the criteria specified in IAS 38 Intangible Assets. Costs that were categorised as research or development costs were accounted for in accordance with Note 1.9. Development costs which met the IAS 38 criteria were classified as assets under construction until the asset was available for use at which point the asset was

transferred to the relevant asset class. Directly attributable staff costs were capitalised in accordance with IAS 38.

Expenditure that did not meet the criteria for capitalisation was recognised as an expense in the year in which it was incurred. Costs associated with the maintenance of software were also expensed when incurred.

### **Website Development Costs**

Website development costs are capitalised in line with the requirements of SIC 32 Website Costs and the specific criteria as determined by IAS 38 Intangible Assets. Assets are recorded as assets under the course of construction until the asset is available for use at which point the asset is transferred to the relevant asset class.

Costs are categorised as research or development costs and accounted for accordingly (see Note 1.9).

### **1.16 Depreciation**

Depreciation is charged on property, plant and equipment using the straight-line method to reflect the expected pattern of consumption of economic benefits. The rates used are calculated to write assets down to their estimated residual value over their expected useful lives.

Depreciation commences once an asset is available for use and continues until the asset is derecognised or categorised as held for sale or written down to nil value. Property, plant and equipment are therefore depreciated from the month of acquisition. No depreciation is charged in the month of disposal. Assets in the course of construction are not depreciated until the asset is available for use.

Estimated useful asset lives are normally in the following ranges:

Information Technology	3 to 7 years
Plant and Machinery	5 to 10 years
Furniture and Fittings	2 to 15 years

The residual values and useful lives of assets are reviewed and adjusted if appropriate at the end of each reporting period.

### **1.17 Amortisation**

Amortisation is calculated on intangible assets using the straight-line method, as this reflects the expected pattern of consumption of economic benefits. The rates used are calculated to write assets down to their estimated residual value over their expected useful lives.

Amortisation commences once an asset is available for use and continues until the asset is derecognised, categorised as held for sale or written down to nil value. Intangible assets are therefore amortised from the month of acquisition. No amortisation is charged in the month of disposal. Assets in the course of construction are not amortised but are subject to impairment reviews until the asset is brought into use.

Estimated useful asset lives are normally in the following ranges:

Software Licences	Shorter of licence period and 5 years
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The residual values and useful lives of intangible assets are reviewed and adjusted if appropriate at the end of each reporting period.

## **1.18 Revaluation and Impairment of Non-Current Assets**

### **a) Revaluation**

Gains on revaluation are credited to the revaluation reserve. Losses on revaluation of assets, that do not result from a clear consumption of economic benefits, are debited to the revaluation reserve up to the level of depreciated historical cost. Any excess devaluation is charged to the Statement of Comprehensive Net Expenditure. Each year, the realised element of the reserve (i.e. an amount equal to the excess of the actual depreciation over depreciation based on historical cost) is transferred from the reserve to the General Fund.

On disposal of a revalued asset, the balance on the revaluation reserve in respect of that asset becomes fully realised and is transferred to the General Fund. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Net Expenditure.

### **b) Impairments**

Impairment losses that result from a clear consumption of economic benefit are taken directly to the Statement of Comprehensive Net Expenditure. Where the impairment relates to a revalued asset, the balance on the revaluation reserve to which the impairment would have been charged is transferred to the General Fund to ensure consistency with IAS 36.

All non-current assets and assets under the course of construction are reviewed for impairment annually and if circumstances arise that indicate the carrying amount may not be recoverable an impairment is made. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

## **1.19 Financial Assets and Liabilities**

Financial assets and liabilities are recognised when the Commission becomes party to the contracts that give rise to them. The Commission determines the classification of financial assets and liabilities at initial recognition in line with the categories designated by IAS39 as appropriate. Financial assets are derecognised when the right to receive cash flows has expired or the Commission has transferred substantially all the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expire. It is, and has been, the Commission's policy that no trading in financial instruments is undertaken.

### *Fair Value*

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arms-length transaction between informed and willing parties. On initial recognition of a financial instrument, this is usually the transaction amount.

Where the classification of a financial instrument requires it to be stated at fair value, fair value is determined using expected cash flows discounted back to a present value.

## *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market and which are not classified as available for sale. Loans and receivables are initially recognised at fair value and subsequently held at amortised cost, net of any impairment. The fair value of trade receivables is usually the original invoiced amount. Any changes in value are recognised in the Statement of Comprehensive Net Expenditure. Loans and receivables are included in current assets, except for those maturing more than 12 months after the end of the reporting period, which are classed as non-current assets.

Cash and cash equivalents comprise cash in hand and current balances, with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

### *Financial liabilities measured at amortised cost*

Financial liabilities within trade payables and accruals are non-interest bearing and are initially recognised at fair value, which is deemed to be the original invoiced amount. They are subsequently carried at amortised cost.

### *Impairment of Financial Assets*

The Commission assessed, at the end of the reporting period, whether there is objective evidence that financial assets are impaired as a result of events that occurred after the initial recognition of the asset and prior to the end of the reporting period. If such events have had an adverse impact on the estimated future cash flows of the financial instrument they are impaired and the value within the Statement of Financial Position is reduced by the amount of any impairment. For the purposes of a collective evaluation of impairment, financial assets are grouped, where they are not individually significant, on the basis of similar risk characteristics, taking into account the type of instrument and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counter party's ability to pay all amounts due according to the terms of the asset being evaluated.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows and is recognised in the Statement of Comprehensive Net Expenditure. Future cash flows for a group of financial instruments that are collectively evaluated for impairment are estimated on the basis of expected cash flows for the assets and historical loss experience for assets with credit risk characteristics similar to those in the group. Additional information is provided in Note 1.6.

For the purpose of measuring the impairment loss, interest income is recognised using the original rate of interest used to discount the future cash flows.

## **1.20 Inventories**

The Commission holds inventories of stationery, computer spares and similar consumable materials for its own use. Due to the nature of these items the Commission does not consider it appropriate to reflect their value in the Statement of Financial Position. Accordingly, the Commission charges all expenditure on consumable items to the Statement of Comprehensive Net Expenditure.

## **1.21 Provisions**

Provisions are recognised when the Commission has a present legal or constructive obligation arising as a consequence of past events and where it is probable that a transfer of economic benefit will be necessary to settle the obligation. These obligations, which are of uncertain timing or amount at the end of the reporting period, are included on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 2.2% - 2011/12 2.2%). The only exception to this is early departure provisions which are discounted using the rate outlined at Note 1.22. The increase in the provision due to unwinding of the discount is recognised as an interest expense in the Statement of Comprehensive Net Expenditure.

## **1.22 Early Departure Costs**

For past early departure schemes, the Commission met the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits, in respect of employees who retired early, by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Commission provided for this in full when the early retirement programme became binding by establishing a provision for the estimated payments, discounted by the Treasury discount rate of 2.8% (2011/12 2.8%) in real terms.

From 22 December 2010, all exit costs falling to be paid by the Commission under the Civil Service compensation terms consist of lump sum payments only.

## **1.23 Pensions**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), details of which are described in Note 3. The defined benefit schemes are unfunded and are non-contributory except in respect of dependant's benefits. The Commission recognises the expected cost of these elements, on a systematic and rational basis over the period during which it benefits from employees' services, by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Commission recognises the contributions payable for the year. There is a separate scheme statement for the PCSPS as a whole. Details can be found in the Annual Report and Accounts of the Cabinet Office; Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk))

## **1.24 Operating Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys the right to use the asset.

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

## **1.25 Private Finance Initiative (PFI) transactions**

Where the Commission does not have control over the PFI asset and the balance of risks and rewards of control are borne by the Department, the assets are recognised on the Department's

Statement of Financial Position and any related payments or charges are recorded as an expense. The Commission has no PFI assets or current control over such assets.

## 1.26 Contingent Liabilities

Contingent liabilities are possible obligations which arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Commission or present obligations arising from past events where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed, unless the likelihood of a transfer of economic benefits is remote.

In addition to contingent liabilities disclosed in accordance with IAS 37, the Commission discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

These comprise:

- Items over £250,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by Departmental Minute prior to the Commission entering into the agreement; and
- All items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of the accounts) which are required by the *FReM* to be noted in the accounts.

Where the time value of money is material, contingent liabilities that are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

## 1.27 Third-Party Assets

The Commission held, as custodian, certain monies belonging to third parties relating to maintenance under the existing statutory child maintenance schemes (see Note 18). These are not recognised in the accounts, as neither the Commission, nor the Government more generally, had a direct beneficial interest in them. The transactions are included within a Client Funds Account, which is published separately.

## 1.28 Operating Segments

IFRS 8 applied in full to the Commission. Operating segments were reported in a manner consistent with the internal reports provided to the chief operating decision maker and used to make strategic decisions. The chief operating decision maker, who was responsible for allocating resources and assessing performance of the operating segments, had been identified as the Commission's Board.



## 2. Statement of Operating Costs by Operating Segment

IFRS 8 required the Commission to disclose costs and balances by operating segment as reported to the Commission Board. The costs of the Commission were reported to the board on a monthly basis, and were analysed as existing statutory services and new services.

Existing statutory services is the operation of the existing statutory maintenance schemes. Delivery costs cover the costs of running the statutory maintenance schemes. Investment on the existing statutory service includes non-contracted out expenditure under the operational improvement plan.

New services include the Child Maintenance Options service and the 2012 maintenance service. The costs of providing these services are recorded as delivery costs.

Investment costs cover:

- The implementation of the new legislation;
- Developing, building and introducing the 2012 scheme;
- Recruiting and training the additional people needed during the transition period to the 2012 scheme;
- Setting up and managing the collection of existing scheme arrears once the 2012 scheme is introduced and cases on these schemes begin to close; and
- Redesigning and restructuring the organisation and its processes.

The net operating costs in the period were deployed on the following activities:

	<b>4 months ended 31 July 2012</b>	<b>12 months ended 31 March 2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Existing statutory service</b>		
Investment	3,186	8,338
Delivery	127,345	420,611
<b>New services (1)</b>		
Investment	16,582	34,688
Delivery	6,723	20,852
<b>Total</b>	<b>153,836</b>	<b>484,489</b>

(1) New services began when the Commission was established in July 2008.

### 3. Staff numbers and related costs

a) Staff costs consist of:

	4 months ended 31 July 2012 Total	12 months ended 31 March 2012 Total
	£'000	£'000
Wages and salaries	55,169	180,298
Employer's National Insurance	4,161	11,656
Superannuation and pension costs	9,898	30,664
Lump sum exit costs	46	2,688
<b>Total net costs</b>	<b>69,274</b>	<b>225,306</b>

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Commission is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details are published in the Annual Report and Accounts of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

For the 4 months ended 31 July 2012, employer's contributions of £9.9 million were payable to the PCSPS (12 months ended 31 March 2012 £30.6 million) at one of four rates in the range 16.7% to 24.3% (12 months ended 31 March 2012, 16.7% to 24.3%) of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates were set to meet the cost of the benefits accruing during the 4 months ended 31 July 2012 to be paid when the member retired and not the benefits paid during this period to existing pensioners.

Outstanding contributions amounting to £2.9 million (12 months ended 31 March 2012, £2.9 million) were payable to the Civil Superannuation Vote at 31 July 2012 and are included in trade and other payables (Note 11).

Employees could opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. Employer's contributions of £30,835 (12 months ended 31 March 2012, £102,609) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions were age-related and ranged from 3% to 12.5% of pensionable pay. Employers also matched employee contributions up to 3% of pensionable pay. In addition, employer contributions of £2,031 (12 months ended 31 March 2012 £6,976), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill-health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £8,394 (12 months ended 31 March 2012 £8,897). Contributions prepaid at that date were £nil (12 months ended 31 March 2012 £nil).

During the 4 months ended 31 July 2012 3 people (12 months ended 31 March 2012, 13 people) retired on ill-health grounds; their total additional accrued pension liabilities in the year amounted to £4,265 (12 months ended 31 March 2012, £32,467). These liabilities were the responsibility of the Commission but are to be paid by the Civil Superannuation Vote.

Other refers to staff employed on casual contracts and contractors.

b) Average number of people employed

The average number of full-time equivalent people employed (including senior management, staff on secondment or loan into the Commission and agency/temporary staff, but excluding staff on secondment to other organisations) during the year was as follows:

	<b>4 months ended 31 July 2012</b>	<b>12 months ended 31 March 2012</b>
Directly employed permanent staff	7,731	7,815
Other – casual staff and contractors	-	61
Staff employed on capital projects <sup>12</sup>	31	48
<b>Total</b>	<b>7,762</b>	<b>7,924</b>

c) Exit packages

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
	4 months ended 31 July 2012	4 months ended 31 July 2012	4 months ended 31 July 2012	12 months ended 31 March 2012
< £10,000	-	15	15	72
£10,000 - £25,000	-	7	7	117
£25,000 - £50,000	-	4	4	28
£50,000 - £100,000	-	2	2	1
£100,000 - 150,000	-	-	-	-
£150,000 - 200,000	-	-	-	-
>£200,000	-	-	-	-
<b>Total number of exit packages by type</b>	<b>-</b>	<b>28</b>	<b>28</b>	<b>218</b>

<sup>12</sup> The amount capitalised for staff on capital projects in the period is £0.936m. (2011/12 £1.411m)

<b>Exit package cost band</b>	<b>Cost of compulsory redundancies</b>	<b>Cost of other departures agreed</b>	<b>Total of exit packages by cost band</b>	<b>Total of exit packages by cost band</b>
	<b>4 months ended 31 July 2012</b>	<b>4 months ended 31 July 2012</b>	<b>4 months ended 31 July 2012</b>	<b>12 months ended 31 March 2012</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
< £10,000	-	106	106	401
£10,000 - £25,000	-	106	106	1,816
£25,000 - £50,000	-	131	131	866
£50,000 - £100,000	-	149	149	70
£100,000 - 150,000	-	-	-	-
£150,000 - 200,000	-	-	-	-
>£200,000	-	-	-	-
<b>Total resource cost</b>	<b>-</b>	<b>492</b>	<b>492</b>	<b>3,153</b>

Redundancy and other departure costs were paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full when the early retirement programme became binding on the Commission but actual dates of departure may fall in the following reporting year. Where the Commission had agreed early retirements, the additional costs were met by the Commission and not by the Civil Service pension scheme. Ill-health retirement costs were met by the pension scheme and are not included in the table.

## 4. Other costs

	Notes	4 months ended 31 July 2012	12 months ended 31 March 2012
		£'000	£'000
Computer systems costs and IT service Charges	4b/4c	33,963	100,609
Hire of plant and machinery		151	441
Other operating leases	4a	3,684	11,035
Special payments	4d/19	450	1,733
Accommodation costs	4a	6,619	21,379
Contracted out services		13,533	41,944
General office expenses		182	1,081
Consultancy		2,030	2,159
Printing, postage, publicity and stationery		613	1,752
Professional fees		1,635	6,519
Staff expenses and other related staff costs		2,139	5,693
Reimbursement and deferred debt payment		1,693	5,807
Bad debts written off		403	1,954
Impairment charges – receivables	9	162	16
Impairment charges – non-current assets	8	-	132
Services provided by Northern Ireland Child Maintenance and Enforcement Division	4e	7,945	24,843
Corporate charges		8,992	25,655
Depreciation and amortisation	6/7	1,817	5,824
Other		548	1,660
Revaluation (gain)/loss on intangible assets		(471)	140
Movement in provisions in the period	12d	(768)	1,673
Auditor's remuneration	4f	145	490
		<b>85,465</b>	<b>262,539</b>
<b>The above totals comprise of:</b>			
Cash items – directly charged		84,322	252,801
Non-cash items – provided without the transfer of cash:			
Other		1,143	9,738
		<b>85,465</b>	<b>262,539</b>

- The Department has a contract with Telereal Trillium for the provision of fully serviced accommodation. As part of this provision, the Commission had an operating lease arrangement in place with the Department for the properties, or parts thereof, which they occupy. A similar arrangement was in place for properties held under the Newcastle Estates Accommodation Agreement.
- DWP has a contract with Hewlett Packard Enterprise Services for the provision of a wide range of IT hardware, software and associated maintenance services. The Commission received its share of these services via a rental arrangement in place with the Department.
- DWP has a contract with BT Syntegra for its fully serviced IT and telephony network. The assets used to provide the service are an integral part of a network serving DWP sites

across the country and are recognised at departmental level. The Commission paid service charges for its use of these assets.

- d. Special payments consist of compensation payments £0.283m (12 months ended 31 March 2012, £1.092m), advance payments of maintenance £0.089m (12 months ended 31 March 2012, £0.421m), special payments to staff/contractors/public £0.036m (12 months ended 31 March 2012, £0.088m) and interest payable at £0.042m (12 months ended 31 March 2012, £0.132m) which represents payments to clients in lieu of bank interest lost due to late maintenance payments.
- e. Services were provided through a Service Level Agreement by the Northern Ireland Child Maintenance and Enforcement Division of the Department for Social Development in Northern Ireland, on behalf of the Child Maintenance and Enforcement Commission. The costs were reimbursed during the course of the period. These costs represent the cost of people and other associated costs.
- f. Auditor's remuneration represents the cost of the audit of the Administration and Client Funds Accounts carried out by the Comptroller and Auditor General. Costs for the Administration Account were £0.145m (12 months ended 31 March 2012, £0.168m) and for the Client Funds Account were £nil (12 months ended 31 March 2012, £0.348m (incl. VAT)).

## 5. Operating income

	4 months ended 31 July 2012			12 months ended 31 March 2012		
	Appropriated -in-aid	Payable to Consolidated Fund	Total	Appropriated -in-aid	Payable to Consolidated Fund	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Operating income</b>						
Sundry Income	(284)	-	(284)	(1,234)	-	(1,234)
Fees and charges from outside bodies	(4)	-	(4)	(38)	-	(38)
Departmental project income	(14)	-	(14)	(44)	-	(44)
Income from other government departments	(564)	-	(564)	(1,649)	-	(1,649)
Consolidated Fund Extra Receipts	-	(37)	(37)	-	(391)	(391)
	<b>(866)</b>	<b>(37)</b>	<b>(903)</b>	<b>(2,965)</b>	<b>(391)</b>	<b>(3,356)</b>

Sundry Income – Income recovered from Commission clients mainly consists of recovery of advance payments of maintenance and maintenance payment errors subsequently recovered from customers. In addition the Commission incurs an outlay for legal costs. These can under certain circumstances be recovered and such recoveries are included as sundry income. For the four months to 31 July 2012 this includes income from subletting the London office.

Fees and charges from outside bodies – This represents freedom of information charges levied on individuals for Subject Access Requests (SARs) under the data protection act.

Departmental project income relates to work undertaken by the Commission on DWP's simpler money project to replace payments made by giro cheque.

Income from other government departments – Relate to the recovery of IT costs from the Northern Ireland Social Security Agency (NISSA). NISSA utilised the Commissions systems and IT contracts in delivering services. Where the NISSA "consumption" of the IT service can be separately identified, NISSA are invoiced directly by the Department. Where the NISSA usage cannot be separated from the Commission, initially the Commission pays for the entire service. The Commission then charged NISSA for its estimated share on an apportionment basis. Management consider this apportionment recovers the full cost of the service provided.

Consolidated Fund Extra Receipts – This income, due or already paid to HM Treasury, relates to amounts received by the Client Funds Account where exhaustive enquiries had been unable to identify either a qualifying child or non-resident parent to correctly allocate the receipt. Should a recipient subsequently be identified, this amount would be payable.

## 6. Intangible assets

	Notes	Software Licences £'000	Assets Under Construction £'000	Total £'000
<b>Cost or valuation</b>				
As at 1 April 2012		26,813	19,188	46,001
Additions		-	7,700	7,700
Revaluation in period	6a	3,272	-	3,272
Impairment		-	-	-
<b>As at 31 July 2012</b>		<b>30,085</b>	<b>26,888</b>	<b>56,973</b>
<b>Amortisation</b>				
As at 1 April 2012		14,169	-	14,169
Charged in year		1,786	-	1,786
Revaluation in period	6a	1,710	-	1,710
Impairment		-	-	-
<b>As at 31 July 2012</b>		<b>17,665</b>	<b>-</b>	<b>17,665</b>
<b>Net book value as at 31 July 2012</b>		<b>12,420</b>	<b>26,888</b>	<b>39,308</b>
<b>Net book value as at 31 March 2012</b>		<b>12,644</b>	<b>19,188</b>	<b>31,832</b>
	Notes	Software Licences £'000	Assets Under Construction £'000	Total £'000
<b>Cost or valuation</b>				
As at 1 April 2011		26,922	8,967	35,889
Additions		1,173	10,221	11,394
Revaluation in year	6a	(85)	-	(85)
Impairment		(1,197)	-	(1,197)
<b>As at 31 March 2012</b>		<b>26,813</b>	<b>19,188</b>	<b>46,001</b>
<b>Amortisation</b>				
As at 1 April 2011		9,072	-	9,072
Charged in year		5,783	-	5,783
Revaluation in year	6a	(32)	-	(32)
Impairment		(654)	-	(654)
<b>As at 31 March 2012</b>		<b>14,169</b>	<b>-</b>	<b>14,169</b>
<b>Net book value as at 31 March 2012</b>		<b>12,644</b>	<b>19,188</b>	<b>31,832</b>
<b>Net book value as at 31 March 2011</b>		<b>17,850</b>	<b>8,967</b>	<b>26,817</b>

All assets in the above table are owned by the Commission.



## Cash flow reconciliation

	Notes	4 months ended 31 July 2012 £'000	12 months ended 31 March 2012 £'000
Capital accruals as at 1 April	11	2,870	455
Capital additions		7,700	11,394
Capital accruals as at 31 July/March	11	(3,984)	(2,870)
	13(b)	<b>6,586</b>	<b>8,979</b>

- a) Software licences have been re-valued at 31 July 2012 using the Producer Price JV5(a) Computer and Peripheral Index. Had revaluation not taken place, software licences as at 31 July 2012 under amortised historic cost would have been valued at £11.254m (31 March 2012 £12.473m).

## 7. Property, plant and equipment

Notes	Information Technology £'000	Plant and machinery £'000	Furniture and fittings £'000	Total £'000
<b>Cost or valuation</b>				
As at 1 April 2012	471	1	41	513
Additions	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
<b>As at 31 July 2012</b>	<b>471</b>	<b>1</b>	<b>41</b>	<b>513</b>
<b>Depreciation</b>				
As at 1 April 2012	64	1	15	80
Charged in period	30	-	1	31
Disposals	-	-	-	-
Impairment	-	-	-	-
<b>As at 31 July 2012</b>	<b>94</b>	<b>1</b>	<b>16</b>	<b>111</b>
<b>Net book value as at 31 July 2012</b>	<b>377</b>	<b>-</b>	<b>25</b>	<b>402</b>
<b>Net book value as at 31 March 2012</b>	<b>407</b>	<b>-</b>	<b>26</b>	<b>433</b>

Notes	Information Technology £'000	Plant and machinery £'000	Furniture and fittings £'000	Total £'000
<b>Cost or valuation</b>				
As at 1 April 2011	73	1	41	115
Additions	444	-	-	444
Disposals	(46)	-	-	(46)
Impairment	-	-	-	-
<b>As at 31 March 2012</b>	<b>471</b>	<b>1</b>	<b>41</b>	<b>513</b>
<b>Depreciation</b>				
As at 1 April 2011	73	1	11	85
Charged in year	37	-	4	41
Disposals	(46)	-	-	(46)
Impairment	-	-	-	-
<b>As at 31 March 2012</b>	<b>64</b>	<b>1</b>	<b>15</b>	<b>80</b>
<b>Net book value as at 31 March 2012</b>	<b>407</b>	<b>-</b>	<b>26</b>	<b>433</b>
<b>Net book value as at 31 March 2011</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>30</b>

- a. The Commission was a beneficiary of a number of "orders for sale" over property currently owned by non-resident parents. The Commission held an exercisable right to order the sale of these properties, although the mortgage lender held the first charge over the proceeds of the sale. The Commission believed that the substance of the arrangement was that of a legal mortgage, under which it held the right to take a non-resident parent's property if an

obligation to a parent with care was not discharged. The value of the six properties over which the Commission held a legal mortgage, has consequently not been disclosed in the balance sheet.

**Cash flow reconciliation**

	<b>Note</b>	<b>4 months ended 31 July 2012 £'000</b>	<b>12 months ended 31 March 2012 £'000</b>
Capital accruals as at 1 April	11	90	-
Purchases of property, plant and equipment		-	444
Capital expenditure accruals as at 31 July/31 March	11	-	(90)
	13(b)	<u>90</u>	<u>354</u>

## 8. Non-current assets: impairment

	Note	4 months ended 31 July 2012 £'000	12 months ended 31 March 2012 £'000
<b>Net impairment in period:</b>			
Intangible assets	8a	-	543
Charged to Revaluation Reserve		-	(411)
<b>Total – charged to Statement of Comprehensive Net Expenditure</b>	<b>4</b>	<b>-</b>	<b>132</b>

- a. Net impairment of £nil (12 months ended 31 March 2012 – net impairment: £0.543m) comprises costs of £nil (12 months ended 31 March 2012 £1.197m) and amortisation of £nil (12 months ended 31 March 2012 £0.654m). (See Note 6).

## 9. Trade and other receivables

(a) Analysis by type

	Notes	As at 31 July 2012 £'000	As at 31 March 2012 £'000
<b>Amounts falling due within one year</b>			
Trade receivables		44	8
Deposits and advances	9a	140	126
Amounts due from Other Government Departments		240	212
Other receivables		1,970	1,926
<b>Gross trade receivables</b>		<b>2,394</b>	<b>2,272</b>
<b>Less: provision for impairment</b>		<b>(1,574)</b>	<b>(1,412)</b>
<b>Net trade receivables</b>		<b>820</b>	<b>860</b>
Value Added Tax		1,184	977
Prepayments and accrued income		5,899	181
		<b>7,903</b>	<b>2,018</b>
<b>Amounts falling due after more than one year</b>			
Deposits and advances	9a	23	22
		<b>7,926</b>	<b>2,040</b>

a. Deposits and advances include £31,062 (31 March 2012, £34,302) of house purchase advances due from 7 employees (31 March 2012, 7 employees).

(b) Intra-government balances

The following table analyses total trade and other receivable balances across the categories shown:

	As at 31 July 2012 £'000	As at 31 March 2012 £'000
<b>Amounts falling due within one year:</b>		
Balances with other central government bodies	2,223	1,190
Balances with bodies external to government	5,680	828
	<u>7,903</u>	<u>2,018</u>
 <b>Amounts falling due after one year:</b>		
Balances with other central government bodies	-	-
Balances with bodies external to government	23	22
	<u>23</u>	<u>22</u>
 <b>Total:</b>		
Balances with other central government bodies	2,223	1,190
Balances with bodies external to government	5,703	850
	<u>7,926</u>	<u>2,040</u>

## 10. Cash and cash equivalents

	<b>4 months ended 31 July 2012 £'000</b>	<b>12 months ended 31 March 2012 £'000</b>
Balance at start of period	183	218
Net change in cash and cash equivalents balances	168	(35)
<b>Balance at end of period</b>	<b>351</b>	<b>183</b>

	<b>31 July 2012 £'000</b>	<b>31 March 2012 £'000</b>
Cash balances were held at:		
Government Banking Services	213	23
Commercial Banks	138	160
	<b>351</b>	<b>183</b>

The Commission held its own bank accounts with Government Banking Services (Citibank and Royal Bank of Scotland) and HSBC and these are reported above.

# 11. Trade and other payables

## (a) Analysis by type

	<b>As at 31 July 2012 £'000</b>	<b>As at 31 March 2012 £'000</b>
<b>Amounts falling due within one year:</b>		
Taxation and National Insurance	3,479	3,860
Superannuation	2,920	2,899
Trade payables	2,509	884
Other payables	587	476
Accruals and deferred income – non capital	42,341	47,349
Accruals and deferred income – capital	3,984	2,960
CFERs due to be paid to the Consolidated Fund – received	38	321
	<b>55,858</b>	<b>58,749</b>

## (b) Intra-government balances

The following tables analyse total trade payables across the categories shown:

### Amounts falling due within one year

	<b>As at 31 July 2012 £'000</b>	<b>As at 31 March 2012 £'000</b>
Balances with other central government bodies	11,839	12,006
Balances with bodies external to government	44,019	46,743
	<b>55,858</b>	<b>58,749</b>



## 12. Provision for liabilities and charges

	Early Departure and Pension Provision £'000	Industrial Injuries Benefit £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2012	-	121	2,839	2,960
Provided in period	-	308	127	435
Uplift	-	13	-	13
Provisions not required written back	-	-	(1,203)	(1,203)
Provisions utilised in year	-	(2)	(258)	(260)
Borrowing costs (unwinding of discount)	-	(13)	-	(13)
<b>Balance at 31 July 2012</b>	<b>-</b>	<b>427</b>	<b>1,505</b>	<b>1,932</b>

### Other Provisions

	London Office £'000 Note (a)	Contractual Provisions £'000 Note (b)	Office closure costs £'000 Note (c)	Total other Provisions £'000
Balance as at 1 April 2012	1,264	1,475	100	2,839
Increase in provisions	127	-	-	127
	<b>1,391</b>	<b>1,475</b>	<b>100</b>	<b>2,966</b>
Amounts utilised in the period	(258)	-	-	(258)
Amounts released in the period	(960)	(176)	(67)	(1,203)
<b>Balance as at 31 July 2012</b>	<b>173</b>	<b>1,299</b>	<b>33</b>	<b>1,505</b>

(a) The Commission vacated its London office in January 2012. The lease for the property expires in December 2013. A provision for all future rental costs payable until the lease expires was made at 31 March 2012. During the period the Commission was able to agree an early release at no additional cost. The Commission's obligations ended in September 2012 and the provision of £0.173m represents one month's rental and some remedial costs.

(b) Contractual provisions represent principally the termination costs payable by the Commission on an outsourcing contract (£1.299 million) for the administration of off-system maintenance cases. In addition a provision of £0.176 million existed to meet the costs of buying out employment benefits of staff working outside of normal office hours. This provision was released in the period. The timing and value of these remain uncertain and the estimate of £1,299 million represents management's best estimate of the amounts eventually due.

(c) The provision for office closure costs relates to the Commission's vacating one site. The cost relates to rectification costs to restore the building to its original state. The vacation is complete but the rectification work is ongoing.

(d) The total new provisions created in the 4 months ended 31 July 2012 were £0.435m, £1.203m of provisions were released. This led to a net credit to the Statement of Comprehensive Net Expenditure of £0.768m (12 months ended 31 March 2012 net debit: £1.673m).

**(b) Analysis of expected timing of discounted flows:**

	<b>Industrial Injuries Benefit £'000</b>	<b>Contractual Provisions £'000</b>	<b>London Office £'000</b>	<b>Office Closure Costs £'000</b>	<b>Total £'000</b>
Not later than one year	20	-	173	33	226
Later than one year and not later than five years	75	1,299	-	-	1,374
Later than five years	332	-	-	-	332
<b>Balance as at 31 July 2012</b>	<b>427</b>	<b>1,299</b>	<b>173</b>	<b>33</b>	<b>1,932</b>

## 13. Notes to the Statement of Cash Flows

	Note	4 months ended 31 July 2012	12 months ended 31 March 2012
		£'000	£'000
<b>a) Cash flows from operating activities</b>			
Net operating cost		(153,836)	(484,489)
Depreciation	7	31	41
Amortisation	6	1,786	5,783
Non-current asset impairment	4/8	(471)	272
(Increase)/Decrease in trade and other receivables	9	(5,885)	4,274
(Decrease) in trade payables	11	(3,632)	(13,975)
(Decrease)/Increase in provisions	12	(1,028)	1,193
<b>Net cash outflow from operating activities</b>		<b>(163,035)</b>	<b>(486,901)</b>
<b>b) Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(90)	(354)
Purchase of intangible assets	6	(6,586)	(8,979)
<b>Net cash outflow from investing activities</b>		<b>(6,676)</b>	<b>(9,333)</b>
<b>c) Cash flows from financing activities</b>			
Funding from DWP		170,200	496,650
Payments of amounts due to Consolidated Fund		(321)	(451)
<b>Net cash inflow from financing activities</b>		<b>169,879</b>	<b>496,199</b>
<b>d) Net increase/(decrease) in cash and cash equivalents in the period</b>			
Cash and cash equivalents at the beginning of the period	10	183	218
<b>Cash at bank and in hand at the end of the period</b>	10	<b>351</b>	<b>183</b>

## 14. Capital and other financial commitments

No capital commitments existed at 31 July 2012 (31 March 2012 – £nil).

The Commission had entered into two contracts which were not leases, PFI or other service concession arrangements. These contracts relate to the provision of legal advice and the options advice services. At the 31 July 2012, the payments to which the Commission was committed amounted to £0.436m (31 March 2012 £0.457m), all amounts due were payable within one year.

## 15. Commitments under non-PFI leases

### (a) Operating leases

Total future minimum lease payments under operating leases are given in the table below.

	31 July 2012			31 March 2012		
	Land £'000	Buildings £'000	Other £'000	Land £'000	Buildings £'000	Other £'000
Due within one year	3,703	6,967	671	3,232	7,669	781
Due after one year but not more than five years	2,468	4,623	342	3,232	7,575	634
Due thereafter	-	-	-	-	-	-
	<b>6,171</b>	<b>11,590</b>	<b>1,013</b>	<b>6,464</b>	<b>15,244</b>	<b>1,415</b>

Details of the most significant contracts assessed under IAS 17 Leases and determined as an operating lease are provided below.

#### **Private sector Resource Management of the Estate (PRIME)**

The Department had a contract with Telereal Trillium for the provision of fully serviced accommodation until 2018. Within the accommodation provision, the Commission had a separate operating lease arrangement in place with the Department for the properties, or parts thereof, which it occupied. This was provided by means of a Memorandum of Terms of Occupation which included a maximum commitment of 3 years for the Commission at any given time. The amounts shown above reflect the commitment for a 1 year and 8 month period compared with a 2 year period as at 31 March 2012.

#### **Newcastle Estates accommodation**

The Department entered into an arrangement with Her Majesty's Revenue and Customs for the provision of accommodation on the Newcastle Estate from 1 April 1999. Within the accommodation provision, the Commission had a separate operating lease arrangement in place with the Department for the properties, or parts thereof, which it occupied. This was provided by means of a Memorandum of Terms of Occupation, which included a maximum commitment of 3 years for the Commission at any given time. The amounts shown above reflect the commitment for a 1 year and 8 month period compared with a 2 year period as at 31 March 2012.

#### **Fleet contract**

The Commission had an arrangement in place with Inchcape, via a departmental contract, for the use and associated maintenance of motor vehicles. The contract covers a period of 5 years until August 2012.

#### **Sustainable Print Services**

The Commission had entered into a contract, via the Department, with Xerox for the supply of multi-function devices. The contract runs from January 2010 until the end of June 2014.

## **Other**

The Commission vacated the 6<sup>th</sup> floor of Stockley House, London in January 2012. The Commission successfully sublet this floor with effect from September 2012. The commitment disclosed reflects liabilities to this date.

With the transfer of functions to DWP on 1 August 2012 all commitments disclosed above transferred to DWP.

## 16. Financial instruments

### (a) Financial instruments by category

	As at 31 July 2012 £'000	As at 31 March 2012 £'000
<b>Financial assets – Loans and Receivables</b>		
Deposits and advances	163	148
Balances with DWP	-	18
Other government departments	240	194
Trade receivables	44	8
Other receivables	396	514
Cash and cash equivalents	351	183
<b>Total</b>	<b>1,194</b>	<b>1,065</b>

	As at 31 July 2012 £'000	As at 31 March 2012 £'000
<b>Financial liabilities at amortised cost</b>		
Superannuation	2,920	2,899
Trade payables	2,509	884
Other payables	311	252
Other government departments	276	224
Accruals	46,325	50,309
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund - received	38	321
<b>Total</b>	<b>52,379</b>	<b>54,889</b>

### (b) Fair value of financial instruments

The carrying value less impairment provision of trade receivables and payables are assumed to be approximate to their fair value. The book values of the Commission financial assets and liabilities at 31 July 2012 are not materially different from their fair values. They have accordingly not been shown separately.

### (c) Exposure to risk

Due to the largely non-trading nature of its activities and the fact that the cash requirements of the Commission were met through the Estimates process, the Commission was not exposed to the degree of financial risk faced by commercial business entities. Moreover, financial instruments played a much more limited role in creating or changing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments related to contracts for non-financial items in line with the Commission expected purchase and usage requirements and the Commission was therefore exposed to little credit, liquidity or market risk.

### *Credit risk*

Credit risks arose from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Minimal deposits were held with commercial banks.

The Commission exposure to credit risk was limited due to a significant amount of administrative related receivables being with other government departments.

### *Liquidity risk*

The net resource requirements of the Commission were financed by resources voted annually by Parliament. It was not, therefore, exposed to significant liquidity risk.

### *Market risk*

Financial assets and liabilities were generated by day-to-day operational activities and were not held to manage the risks facing the Commission in achieving its objectives.

### *Interest rate risk*

The Commission had no significant interest bearing assets or liabilities and as such income and expenditure cash flows were substantially independent of market interest rates. The interest profile of the Commission financial assets and liabilities has therefore not been disclosed.

### *Foreign currency risk*

The Commission did not have any significant exposure to foreign currency risk.

### **(d) Aged analysis of financial assets**

Financial assets that are past due but not impaired are analysed and set out below:

Financial assets that are past due but not impaired are analysed by age and set out below:

	<b>0-30 days past due £'000</b>	<b>30-60 days past due £'000</b>	<b>60-90 days past due £'000</b>	<b>90-180 days past due £'000</b>	<b>180-360 days past due £'000</b>	<b>360+ days past due £'000</b>	<b>Total £'000</b>
Trade receivables	-	-	-	-	-	-	-
Amounts due from other government departments	7	11	21	27	40	2	108
Other receivables	3	7	12	51	7	0	80
<b>As at 31 July 2012</b>	<b>10</b>	<b>18</b>	<b>33</b>	<b>78</b>	<b>47</b>	<b>2</b>	<b>188</b>

	<b>0-30 days past due £'000</b>	<b>30-60 days past due £'000</b>	<b>60-90 days past due £'000</b>	<b>90-180 days past due £'000</b>	<b>180-360 days past due £'000</b>	<b>360+ days past due £'000</b>	<b>Total £'000</b>
Trade receivables	-	-	-	-	-	-	-
Amounts due from other government departments	8	25	2	17	185	77	314
Other receivables	1	41	7	7	6	-	62
<b>As at 31 March 2012</b>	<b>9</b>	<b>66</b>	<b>9</b>	<b>24</b>	<b>191</b>	<b>77</b>	<b>376</b>



## 17. Contingent liabilities disclosed under IAS 37

At 31 July 2012 a sum was payable to a supplier when it completed a specific piece of testing work on the Commission's 2012 child maintenance system. Successful completion of that testing is possible, but not currently considered to be probable. The value of the contingent liability is £276,490, which will crystallise, if the testing is completed successfully. This contingent liability was disclosed at 31 March 2012 at the same value. The Commission also had 16 legal claims from clients and former employees where it is possible that a liability may arise, and an unknown number of current staff who could be entitled to backdated "out of hours" working allowance. The Commission was unable to reliably estimate the amount of either of these liabilities.

## 18. Third party assets

Some monies are held on behalf of third parties and relate to maintenance collected from non-resident parents and due to be paid to either parents with care or the Secretary of State. These were not Commission assets and are not included in the accounts, but are accounted for in the separate Client Funds Account. The cash balance held at the reporting date is set out in the table below:

	<b>31 July 2012 £'000</b>	<b>31 March 2012 £'000</b>
<b>Client funds</b>	<b>18,125</b>	<b>16,825</b>

## 19. Losses and special payments

	4 months ended 31 July 2012		12 months ended 31 March 2012	
	£'000	Number of cases	£'000	Number of cases
Losses	2,367	5,009	20,408	17,733
Special payments	450	1,787	1,733	6,254
	<b>2,817</b>	<b>6,796</b>	<b>22,141</b>	<b>23,987</b>

### Losses

	4 months ended 31 July 2012		12 months ended 31 March 2012	
	£'000	Number of cases	£'000	Number of cases
Salary related losses	1	81	(1)	548
<b>Non Salary related losses</b>				
Reimbursement	1,693	3,863	5,805	14,715
Other	673	1,065	2,254	2,469
Write off (fee income)	-	-	12,350	1
	<b>2,367</b>	<b>5,009</b>	<b>20,408</b>	<b>17,733</b>

Losses consist of salary-related losses (net of recoveries), reimbursements as described below and unrecovered fees which Treasury has approved for write off. Other losses relate to overpayments of maintenance to clients, rent payments made on the London office from February 2012 when it was vacated to July 2012, car hire accident claims and fixed asset impairments.

Reimbursement payments arose where a non-resident parent had a change in circumstances which had been notified to the Commission and where a delay had occurred in implementing the new maintenance assessment, leading to an overpayment. In these circumstances, rather than clawing back overpayments made to parents with care the Commission funded the refund to the non-resident parent.

Special payments were compensatory amounts paid to parents with care on an ex-gratia basis where delays or administrative errors had resulted in lower than expected service standards.

### Details of losses over £250,000

Between February and July 2012 the Commission incurred accommodation costs of £0.514m on the London office. As the office was empty during this period all costs have been disclosed as a loss. The loss charged to 2011/12 was £0.123m and the loss charged in the four months ended 31 July 2012 was £0.391m. Future payments for the office have been reflected in provisions (see note 12). All obligations for this office end in September 2012.

In 2011/12 the Commission reported an individual loss of £12.350m for the write off of aged debt relating to un-recovered fees. This debt was created when the Child Support Agency was first established. The total relates to a number of customers, on which a fee was levied. The debt is

around 19 years old and information on the number of customers the fees relate to is no longer available. Because no information is available to disaggregate the total of £12.350m, it has been shown as a loss of over £250,000. Based on the short period that fees were levied, management are of the view that no individual client had a liability in excess of £250,000. The amount could not be recovered, due to the time that elapsed since the debt was first created. The debt was not actively pursued when it was first created due to operational difficulties and that similar such charges were withdrawn for new customers.

### Special payments

	4 months ended 31 July 2012		12 months ended 31 March 2012	
	£'000	Number of Cases	£'000	Number of Cases
Compensation payments	283	1,619	1,092	5,828
Advance payments of maintenance	89	57	421	96
Special Payments to staff/contractors/public	36	14	88	31
Interest	42	97	132	299
	<b>450</b>	<b>1,787</b>	<b>1,733</b>	<b>6,254</b>

### Details of Special payments over £250,000

There are no individual cases over £250,000 (12 months ended 31 March 2012, £nil).

## 20. Related party transactions

The Department for Work and Pensions is regarded as a related party. During the period, the Commission had a number of material transactions with the Department for Work and Pensions and with other entities for which the Department for Work and Pensions is regarded as the parent. The Commission therefore relied upon the exemption available under IAS 24 and has not disclosed transactions between these entities which are shown in the Department for Work and Pensions Annual Report and Accounts.

The Commission had a number of material transactions with other government departments and other central government bodies, mainly HM Revenue and Customs, the Cabinet Office and the Northern Ireland Child Maintenance and Enforcement Division.

All directors (including the Child Maintenance and Enforcement Commission's Non-Executive Directors) provided confirmation that they have no related interests through other directorships/non-executive directorships. Compensation paid to management, expenses, allowances and similar items paid in the ordinary course of the Commission's business are disclosed in the remuneration report.

The Commission maintained a register of Directors' interests in third party organisations and other than already disclosed there were no material transactions with key management during the financial period.

No board member, key management person or other related party undertook any transactions with the Commission during the period.

## 21. Transfer of Functions

The assets, liabilities and functions of the Commission were transferred to the Department for Work and Pensions on 1 August 2012. This had the following effect on the Statement of Financial Position of the Commission post transfer:

<b>Statement of Financial Position</b>	<b>As at 31 July 2012</b>	<b>Transfer to Department for Work and Pensions</b>	<b>As at 1 August 2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Non-current assets:</b>			
Intangible assets	39,308	(39,308)	-
Property, plant and equipment	402	(402)	-
Trade and other receivables	23	(23)	-
<b>Total non-current assets</b>	<b>39,733</b>	<b>(39,733)</b>	<b>-</b>
<b>Current assets:</b>			
Trade and other receivables	7,903	(7,903)	-
Cash and cash equivalents	351	(351)	-
<b>Total current assets</b>	<b>8,254</b>	<b>(8,254)</b>	<b>-</b>
<b>Total assets</b>	<b>47,987</b>	<b>(47,987)</b>	<b>-</b>
<b>Current liabilities</b>			
Trade and other payables	(55,858)	55,858	-
Provisions	(226)	226	-
<b>Non-current assets less net current liabilities</b>	<b>(8,097)</b>	<b>8,097</b>	<b>-</b>
<b>Non-current liabilities</b>			
Provisions	(1,706)	1,706	-
<b>Total non-current liabilities</b>	<b>(1,706)</b>	<b>1,706</b>	<b>-</b>
<b>Assets less liabilities</b>	<b>(9,803)</b>	<b>9,803</b>	<b>-</b>
<b>Taxpayers' Equity</b>			
General Fund	(10,876)	10,876	-
Revaluation Reserve	1,073	(1,073)	-
<b>Total Taxpayers' Equity</b>	<b>(9,803)</b>	<b>9,803</b>	<b>-</b>

## 22. Late payment of commercial debt

The Late Payment of Commercial Debts (Interest) Act 1998 which came into effect from 1 November 1998 and the Late Payment of Commercial Debts Regulations 2002 which came into force on 7 August 2003 provides all businesses and public sector bodies with, amongst other entitlements, the right to claim interest for late payment.

In 4 months ended 31 July 2012, £nil of interest (12 months ended 31 March 2012 £nil) was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

## 23. Events after the reporting date

The assets, liabilities and functions of the Commission were transferred to the Department for Work and Pensions on 1 August 2012.

IAS 10 required the Commission to disclose the date on which the accounts were authorised for issue. This is the date of the Certificate and Report of the Comptroller and Auditor General.

The authorised date for issue is 29 November 2012



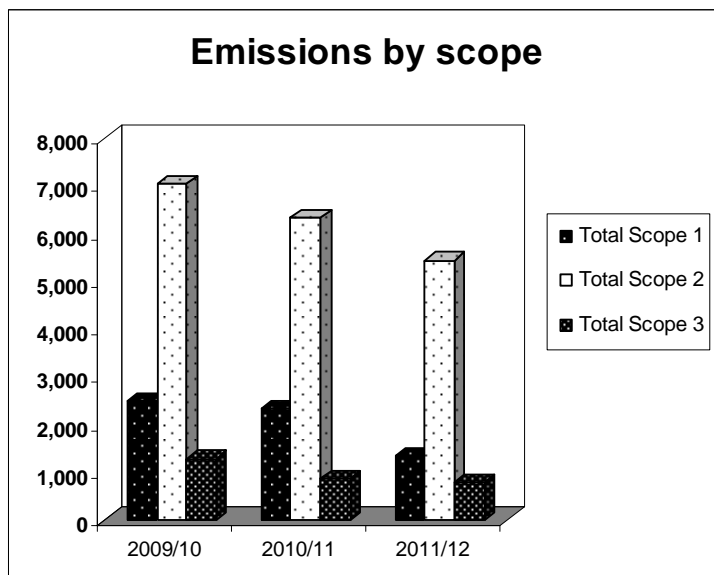
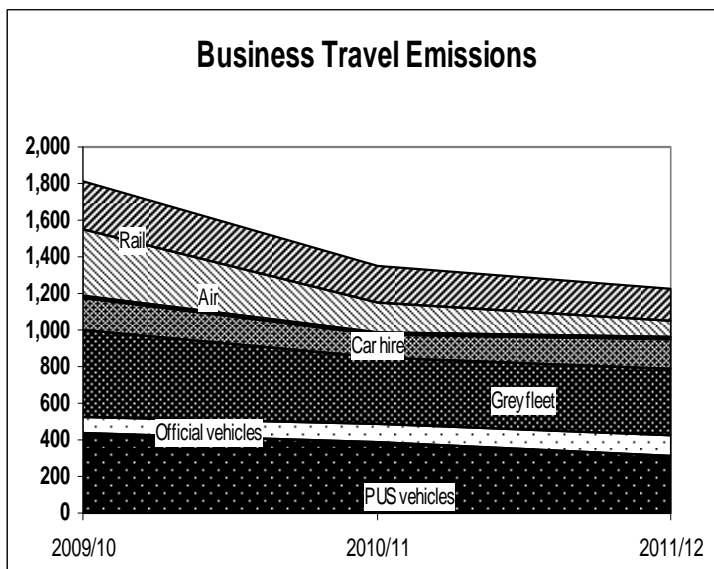
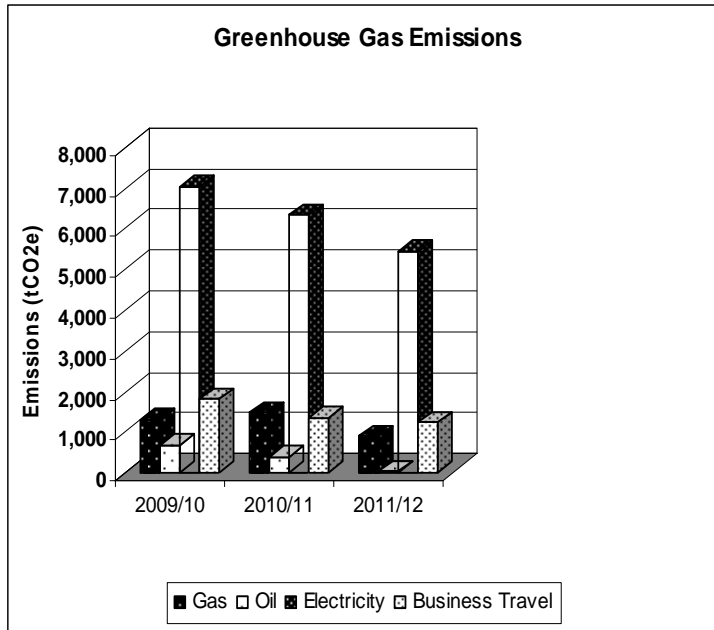
## Appendix A: Sustainability Report

The Commission's sustainability performance is detailed below. This Appendix does not form part of the Account, but does form part of the Annual Report. It is only covered by the consistency statement in the Audit Certificate.

### Greenhouse Gas Emissions

	2009/10	2010/11	2011/12	Apr to July 2012/13	
<b>Non-Financial Indicators (tCO2e)</b>	<b>Scope 1 Emissions</b>				
	Gas	1,298	1,473	896	191
	Oil	669	383	32	0
	PUS vehicles	434	387	313	79
	Official vehicles	95	101	116	37
	<b>Total Scope 1</b>	<b>2,497</b>	<b>2,344</b>	<b>1,357</b>	<b>306</b>
	<b>Scope 2 Emissions</b>				
	Electricity	7,038	6,323	5,445	1,632
	Electricity: Brown	3,632	4,742	4,084	1,224
	Electricity: Green	1,464	632	545	163
	Electricity: CHP	1,943	948	817	245
	<b>Total Scope 2</b>	<b>7,038</b>	<b>6,323</b>	<b>5,445</b>	<b>1,632</b>
	<b>Scope 3 Emissions</b>				
	Grey fleet	471	359	364	102
	Car hire	172	127	162	65
	Taxis	16	8	7	2
	Air	367	164	84	42
Rail	260	206	182	56	
<b>Total Scope 3</b>	<b>1,285</b>	<b>864</b>	<b>798</b>	<b>268</b>	
<b>Business Travel</b>	<b>1,815</b>	<b>1,352</b>	<b>1,226</b>	<b>383</b>	
<b>TOTAL EMISSIONS</b>	<b>10,821</b>	<b>9,531</b>	<b>7,600</b>	<b>2,207</b>	
<b>Related Energy Consumption (KWh)</b>	<b>Scope 1</b>				
	Gas	7,010,043	7,951,989	4,882,833	1,038,886
	Oil	2,431,529	1,391,080	113,079	0
	<b>Scope 2</b>				
	Electricity	12,909,209	11,596,303	10,379,751	3,111,650
	Electricity: Brown	6,661,152	8,697,227	7,784,813	2,333,738
	Electricity: Green	2,685,115	1,159,630	1,037,975	311,165
	Electricity: CHP	3,562,942	1,739,445	1,556,963	466,748
<b>TOTAL ENERGY</b>	<b>22,350,781</b>	<b>20,939,372</b>	<b>15,375,663</b>	<b>4,150,536</b>	
<b>Financial Indicators (£)</b>	<b>Scope 1 and 2</b>				
	Gas	208,459	243,215	169,228	50,640
	Oil	125,196	95,428	12,810	0
	Electricity	1,149,455	1,095,228	1,064,165	363,803
	Electricity: Brown	593,119	821,421	798,124	272,853
	Electricity: Green	239,087	109,523	106,417	36,380
	Electricity: CHP	317,250	164,284	159,625	54,571
	Leased vehicles	847,210	1,020,166	663,893	189,607
	<b>Scope 3</b>				
	Grey fleet i-expenses	520,935	381,004	325,646	123,252
	Coach	43,394	19,498	6,932	724
	Car hire	274,672	226,325	140,280	70,157
	Taxis	203,578	132,571	111,956	41,259
Air/Rail/Ferry	2,167,950	1,170,914	1,042,215	432,901	

## Greenhouse Gas Emissions: graphical analysis



## Water Consumption

		2009/10	2010/11	2011/12	Apr to July 2012/13
<b>Non-Financial Indicators (m3)</b>	Water Consumption	38,375	37,771	34,798	10,578
<b>Financial Indicators (£)</b>	Total Water and Sewerage Costs	212,833	185,349	107,642	49,501

### Performance commentary and targets

The Commission contributed to and supported the Department for Work & Pension's strategy and policy for sustainable development and the achievement of its targets from the Greening Government Commitments. The Commission's performance on reducing water consumption continued to follow a positive trend with total consumption reducing year on year.

### Controllable impacts commentary

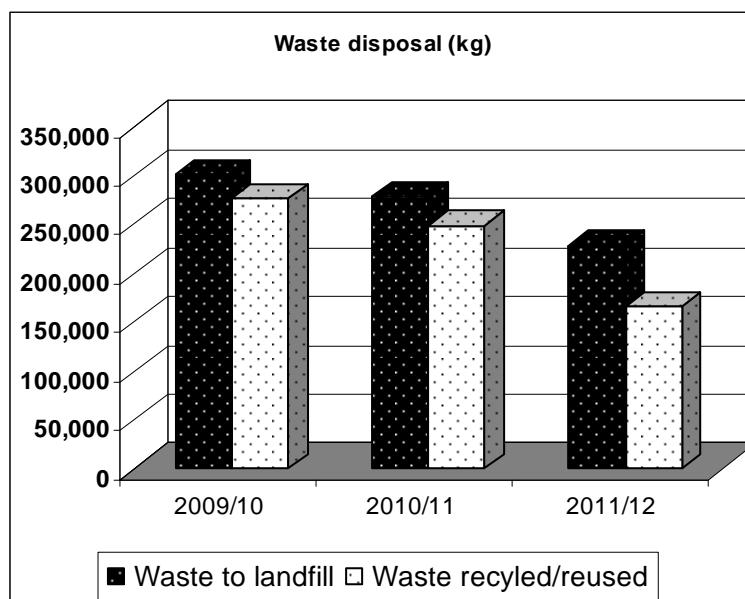
The Commission's main water impact was through the normal use and provision of water for staff and offices. Regular maintenance and management of the offices by our Estates partners helped to minimise the Commission's water consumption.

### Overview of influenced impacts

The Commission continued to work with the Estates partners to minimise water waste by eliminating leaks and investigating abnormal consumption patterns.

## Waste

		2009/10	2010/11	2011/12	Apr to July 2012/13
<b>Non-Financial Indicators (kg)</b>	Total Waste	576,545	527,423	393,463	108,133
	Waste to landfill	300,138	278,724	228,267	66,918
	Waste recycled/reused	276,407	248,699	165,196	41,215



**Performance commentary and targets**

The Commission contributed to and supported the Department for Work & Pension's strategy and policy for sustainable development and the achievement of its targets from the Greening Government Commitments. The Commission's performance on reducing waste continued to follow a positive trend with total waste reducing year on year.

**Controllable impacts commentary**

The main direct impact for the Commission was the production of paper and cardboard waste. This was being reduced by recycling.

**Overview of influenced impacts**

Regular internal communications encouraged staff to reduce their paper usage in the first instance and to re-use and recycle thereafter.

Notes: The data is provided by the Department's Sustainability & Climate Change team. Actual travel data is only available to the end of June; estimated data is provided for July.

The information provided for the period April to July 2012 is not a linear reflection of the likely outturn position and as such has not been included in the graphical representations. The Commission remained on course during this period however to contribute to the achievement of the Departments targets from the Greening Government Commitments.

# How to contact the Child Maintenance Group

## **Child Maintenance Group**

### **Department for Work and Pensions**

Child Maintenance Director General

PO Box 239

Holbeck

LS11 1EB

[www.childmaintenance.org](http://www.childmaintenance.org)

## **Child Maintenance Options**

National helpline: **0800 988 0988**

[www.cmoptions.org](http://www.cmoptions.org)

For impartial information and support on the range of options for making child maintenance arrangements.

## **Child Support Agency**

National helpline: 08457 133 133 (textphone:  
08457 138 924)

[www.csa.gov.uk](http://www.csa.gov.uk)

For information about existing child maintenance cases and the current statutory service.



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