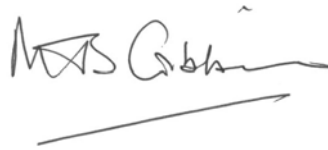
 Regulatory Policy Committee	OPINION	
Impact Assessment (IA)	Child maintenance reforms: CSA case closure, introducing CMS fees, supporting family-based arrangements	
Lead Department/Agency	Department for Work and Pensions	
Stage	Final	
Origin	Domestic	
IA number	DWP0031	
Date submitted to RPC	15/04/2013	
RPC Opinion date and reference	24/05/2013	RPC12-DWP-1386(2)
One-in, One-out (OIOO) Assessment	GREEN	
<p>Overall comments on the robustness of the OIOO assessment. The IA says that it is a deregulatory proposal (an OUT) with an Equivalent Annual Net Cost to Business of -£0.03m. This is consistent with the current Better Regulation Framework Manual (paragraph 2.9.11) and provides a reasonable assessment of the likely impacts.</p>		
<p>Background (extracts from IA)</p> <p>What is the problem under consideration? Why is government intervention necessary? Of 2.5 million separated families with children in Great Britain no more than half have effective child maintenance arrangements. The current child maintenance system is failing too many families. Reform is needed to ensure both parents take financial responsibility for their children. The Government is therefore undertaking a radical reshaping of the child maintenance system to encourage and support families to make their own collaborative arrangements and, for those who need the statutory scheme, to deliver a much more efficient and effective service. The current Child Support Agency schemes do not deliver value for money with operational and IT difficulties at the heart of the problem.</p> <p>What are the policy objectives and the intended effects? Following the successful introduction of the new gross income statutory scheme with amended collection and enforcement regulations:</p> <ul style="list-style-type: none"> - Encourage and support more parents to make family-based arrangements through the provision of better co-ordinated support services for separating and separated families. - Ensure prospective statutory scheme applicants consider family-based arrangements by requiring them to have a gateway conversation about child maintenance options before applying to the statutory scheme. - Introduce application, collection and enforcement charging to encourage parents to consider family-based arrangements as an alternative to the statutory service and to provide value for the taxpayer. - Enable collection charges to be avoided if statutory maintenance is transferred directly between parents. - Close all cases on existing schemes to reduce cost, improve efficiency and increase the number of effective arrangements (statutory and family-based). 		
<p>Overall quality of the analysis and evidence presented in the IA</p> <p><i>Deduction from Earnings Orders (DEO).</i> It is estimated in the IA that the benefits to business from the closure of Child Support Agency (CSA) DEOs will be slightly greater than the costs to business, including micro-businesses, of an increase in Child Maintenance Service (CMS) DEOs. This analysis is based on assumptions</p>		

for the take-up rate for the CMS and DEOs over time. The IA says that “*the best estimate, post consultation, is that 66% of the expected 80,000 CSA cases with a DEO at case closure will end up in the CMS and that around half of these will end up with a DEO again*” (paragraph 156). This assumption is explained to be “*based on analysis of CSA administrative data*”. The Department has subsequently provided additional information, via a supplementary cover note, clarifying how the CSA administrative data has been used to reach these assumptions. This information should be reflected in the IA prior to being published.

The overall cost-benefit balance could be presented more clearly: for example, we deduce that, for micro businesses, during the transitional period, the benefits are expected to be £820k (from paragraph 183) and the costs are expected to be £370k (based on adding the figures in Tables 7 & 8). It would be helpful if the overall relevant net position, for micro and other businesses, both during the transition and longer term, could be presented in a clearer summary.

Options. The IA would benefit from a clearer explanation of the baseline, which includes the introduction of the Child Maintenance Service, and why this is considered to be the ‘do nothing’ scenario. In addition, the Options, as presented on page 1, could be labelled and described more clearly to avoid confusion between them.

Signed

A handwritten signature in black ink, appearing to read "Michael Gibbons", with a long horizontal line underneath it.

Michael Gibbons,
Chairman