



Department
for Work &
Pensions

Child Maintenance: A New Compliance and Arrears Strategy Methodology Paper

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Purpose of the paper

The Child Maintenance: A New Compliance and Arrears Strategy Methodology paper brings together the range of methodologies adopted to produce the various statistics reported in the consultation. It does not cover the methodologies used to determine the financial or business assumptions used in the consultation.

1. Methodology points common throughout the consultation

Methodology

Throughout the figures described in this methodology paper, the analysis was conducted using DWP administrative data for the various Child Support Agency schemes as at March 2017. These are the same data as are used to produce the Child Support Agency Quarterly Summary Statistics (QSS)¹.

Additionally, data for the Child Maintenance Service was used, also as at March 2017. These are the same data used to produce the Child Maintenance Service 2012 Scheme Experimental Statistics².

A portion of CSA arrears owed to cases that have completed the case closure process has already been moved to the 2012 computer system. These arrears are reported in neither of the above publications, and have not previously been part of a regular statistical release. The Child Support Agency transitioned arrears³ ad-hoc statistical release provides a balance for these transitioned arrears, including a split into arrears owed to the receiving parent and to the Government. However it is not currently possible to provide full and reliable breakdowns of these figures by value, or by volume of clients or cases using readily available management information.

The CSA arrears reported in the QSS added to the transitioned arrears gives a total arrears balance for the CSA schemes. This total differs slightly to the arrears reported in the Client Funds Account due to a number of known accounting⁴ adjustments that are included in the Client Funds Account but not in the QSS.

This analysis was conducted using DWP administrative data for the various Child Support Agency schemes as at March 2017, including both the 1993 and 2003 Child Support Agency Schemes, regardless of what system the arrears are currently held on.

In all instances data were merged between the various datasets to obtain as full a picture as possible of the amount of arrears for each case. Figures have been aligned with DWP published statistics (QSS), highlighted above; however there are small differences due to the differing treatment of negative debt. Also the QSS has

¹ DWP (2017) 'Child Support Agency quarterly summary of statistics: March 2017', <https://www.gov.uk/government/statistics/child-support-agency-quarterly-summary-of-statistics-march-2017>

² DWP (2017) '2012 statutory child maintenance scheme: Aug 2013 to Mar 2017 (experimental)', <https://www.gov.uk/government/statistics/2012-statutory-child-maintenance-scheme-aug-2013-to-mar-2017-experimental>

³ DWP (2017) 'Child Support Agency arrears transitioned to the Child Maintenance Service system: November 2014 to June 2017', <https://www.gov.uk/government/statistics/child-support-agency-arrears-transitioned-to-the-child-maintenance-service-system-november-2014-to-june-2017>

⁴ DWP (2016) 'Child maintenance client funds account 2015 to 2016', <https://www.gov.uk/government/publications/child-maintenance-client-funds-account-2015-to-2016>

not historically reported the full amount of debt owed to government as some is included under the uncollectible category⁵. Therefore the debt owed to the receiving parent and government in the consultation will not exactly match the March 2017 QSS. For the purposes of the analysis in the consultation, cases with negative debt⁶ were excluded. The September 2017 release, and future releases of the QSS will use the same methodology as used in the consultation, however since the March 2017 QSS retained the previous methodology the total arrears balance reported in the consultation does not exactly match the March 2017 QSS..

Within the data we have used three variables that report arrears value – one each for the overall amount of arrears, the amount of arrears owed to the receiving parent and the amount of arrears owed to government. Due to some issues with this data and to ensure consistency with DWP published statistics it was necessary to calculate the arrears owed to the receiving parent by subtracting the arrears owed to Government from the overall amount of arrears. If a case has a positive value for the receiving parent debt it was classified as a receiving parent case, and if a case had a positive value for the debt owed to government it was classified as a debt owed to government case. Some cases are classified as both having a debt owed to the receiving parent and to government.

When analysing the time since last payment on a case the data used are the same as used to produce table 18 of the Child Support Agency Quarterly Summary Statistics (QSS)⁷.

The age of youngest qualifying child is not currently published and data are only available for cases on CSA computer systems and are not available for transitioned or clerical cases. As such the proportions used are of cases on the CSA systems only. Data on the age of the youngest qualifying child is missing on 0.95% of these cases. Where data is missing it is assumed the youngest qualifying child is under 20. This would potentially slightly under estimate the volume of debt relating to children over 25.

⁵ DWP (2017) 'Child Support Agency quarterly summary of statistics: March 2017', Table 21 <https://www.gov.uk/government/statistics/child-support-agency-quarterly-summary-of-statistics-march-2017>

⁶ Negative debt cases are cases where money is owed to the paying parent.

⁷ DWP (2017) 'Child Support Agency quarterly summary of statistics: March 2017', <https://www.gov.uk/government/statistics/child-support-agency-quarterly-summary-of-statistics-march-2017>

2. Write off of CSA arrears

This section covers the methodology used to provide the supporting statistics for Child Support Agency cases that may be impacted by the proposed write off options.

Methodology

We have also used the definition from the QSS⁸ for whether a case has received any payment in the previous quarter.

For the purposes of identifying the two groups of cases that are in scope for write off of receiving parent debt we have used the amount of receiving parent debt, the age of the case, and whether there has been a payment within the last quarter associated with that case.

Age of case had been defined based on when the client made the original application to CSA. Cases that made an application during 2008 or earlier are defined as being aged ten years or older, which is linked to the timing of when the powers being consulted on could potentially start being used. Applications to CSA are not reported in current statistics since applications to the CSA closed during 2013. The data used to determine the timing of application for CSA clients was previously reported in historic versions of the QSS, up to March 2014.⁹

Unless otherwise stated, all numbers relating to volumes in this section have been rounded to the nearest 10,000, all numbers relating to monetary costs have been rounded to the nearest £1m, and all proportions have been rounded to the nearest percentage point. Therefore figures may not sum due to rounding.

Transitioned and Clerical Cases

Due to differences in the operation of the systems, and the way the system data is stored and reported, all CSA volumes reported in this consultation are by case and all transitioned volumes are by case group¹⁰. Therefore the volumes for transitioned cases are an underestimate as there could be multiple cases within each case group. Also the transitioned volumes are cumulative and show the total number of case groups that have ever transitioned onto the CMS system. Thus the transitioned volumes could also be an overestimate due to it including case groups that are no longer in arrears. Currently there is no standard MI that would enable us to estimate the scale of either of these effects.

⁸ DWP (2017) 'Child Support Agency quarterly summary of statistics: March 2017', table 3
<https://www.gov.uk/government/statistics/child-support-agency-quarterly-summary-of-statistics-march-2017>

⁹ <https://www.gov.uk/government/statistics/child-support-agency-quarterly-summary-statistics-march-2014>

¹⁰ A case group is where a non-resident parent has more than one case. All of his/her cases are linked together as a case group.

Within the analysis there are a small number of clerical CSA cases¹¹ that will be transitioned onto CMS prior to the start of any write off activity. Thus for the purposes of the consultation they have been considered as part of the transitioned case groups already on CMS, and will thus be included in the debt over the relevant¹² threshold group.

It is not currently possible using standard management information to determine the type or amount of debt on a case by case basis for the clerical CSA cases and the CSA cases already transitioned to CMS. Therefore all these cases along with the debt associated with them have been included within the receiving parent debt over the relevant threshold group for our calculations. This means that the group owing over the relevant threshold to the receiving parent is likely to be an overestimate in both the volumes of cases and the amount of debt.

It is also not currently possible using standard management information to determine which of the transitioned cases are in payment; therefore it is likely that some of these cases will fall into the 'out of scope for write off' group. This again means that the amount of debt and the number of cases in the receiving parent debt over the relevant threshold group is likely to be overestimated.

As a result of the above the volumes and amount of debt in the receiving parent debt under the relevant threshold group is likely to be underestimated.

For the debt owed to government group it was not possible using standard management information to determine the number of transitioned cases or the clerical cases that have a debt owed to government associated with them. Therefore the volumes of cases with debt owed to government do not include any clerical or transitioned cases in them. This means that the volumes of cases with a debt owed to government will be an underestimate.

It was also not possible to determine the amount of debt owed to government associated with the clerical cases so it was not included in the debt owed to government value. However it was possible to determine the amount of debt owed to government associated with the transitioned cases so this has been included in the debt owed to government value. Therefore the amount of debt owed to government arrears will be an underestimate.

Due to the above reasons the split between receiving parent debt and debt owed to government for both cases and debt values is not the same. However the over (or under) estimate in the number of cases is greater than the over (or under) estimate in the debt value due to the cases and values for clerical cases being significantly smaller than the equivalent figures for the transitioned cases.

¹¹ These are cases that due to systemic issues couldn't be progressed on the computer system and were dealt with off line by our partners SERCO.

¹² £500 for cases less than ten years old, and £1,000 for cases aged ten years or more

Table 2.1: Summary of under and overestimate effects on various groups

Group	Potential Underestimate reason	Potential Overestimate reason
Volume of transitioned cases	Based on case groups but each could contain multiple cases	Includes case groups that may no longer have arrears
Volume of receiving parent debt over the relevant threshold group	-	Includes all clerical cases (debt owed to receiving parent and government) and all transitioned case groups (receiving parent and debt owed to government) regardless of payment status and debt value.
Debt value of receiving parent debt over the relevant threshold group	-	Includes all clerical case debt (debt owed to receiving parent and government) and all transitioned receiving parent debt regardless of payment status and debt value.
Volume of receiving parent debt under the relevant threshold group	Does not include any clerical cases or transitioned cases	-
Debt value of receiving parent debt under the relevant threshold group	Does not include any clerical cases or transitioned cases	-
Volume of debt owed to government group	Does not include any clerical cases or transitioned cases	-
Debt value of debt owed government group	Does not include any clerical case debt	-

3. Collection measures

This section covers the methodology used to provide the supporting statistics for Child Maintenance cases that may be impacted by the proposed collection measures.

Methodology

Deductions from Benefits

The analysis for both deductions from benefits for CSA and CMS was conducted using DWP administrative data for both CSA and CMS as at March 2017 and the other DWP benefits listed in the consultation: State Pension, Contribution and Income Based Employment Support Allowance (ESA), Carers Allowance, Income Support, Contribution and Income Based Jobseekers Allowance (JSA), Pension Credit and Industrial Injuries Disablement Allowance. Due to the small volumes that are currently on Universal Credit (UC) and the way that it is rolling out it was not possible to get an unbiased, representative picture of the overlap between UC and CM.

Other benefits (Widowed Parents Allowance, Widows Pension and War Widows payments) were also considered but not included in the analysis. This was either because the data was not readily available (not DWP data) or the volumes were so small that it had no impact on the results of the analysis. Overall we expect this to have a small impact on the figures for benefit receipt quoted in the consultation.

In all instances, a base dataset was created that used the same methodology as is used in other published statistics. The base dataset for CSA contained all the cases on the CSA caseload with arrears, and the dataset for CMS contained all the paying parents on Collect and Pay. For CMS we don't have standard MI datasets that identify clients with arrears in a format that allows us to link it to benefit data. Therefore we have not analysed CMS cases with arrears specifically for the purposes of determining benefit receipt.

These base datasets were then systematically merged with other DWP admin datasets¹³ highlighted above to determine, for CMS, the proportion of paying parents that were in receipt of the relevant benefits, and for CSA the proportion of the cases with arrears on the CSA caseload where the paying parent was in receipt of those benefits.

For the CSA figures it is important to note that there may be some paying parents that will have been counted more than once within the calculation since we were looking at cases and not paying parents. So the figure obtained for the number of paying parents affected is a slight overestimate as we would not be able to make a deduction from benefit multiple times from the same paying parent for different cases.

Partnership and Joint Accounts

A sample exercise was undertaken with five banks (Barclays, Santander, RBS, HSBC and Lloyds TSB) to identify how many additional deduction orders could be made if CMG were able to target joint or partnership accounts.

Of the 993 previously unsuccessful information requests we sent to the participating banks (approximately 200 per bank), 137 joint and 70 partnership accounts were identified.

In the seven years to March 2016, approximately 2,900 failed information requests were made each year¹⁴ (i.e. requests that did not identify any individually owned accounts). Separate management information provided the percentage of failed information requests due to no suitable bank account being found. Taken together these produced an estimate of the number of accounts annually that would have joint or business accounts identified. The same Quarterly Summary of Statistics were used to provide an estimate of how this would split between Lump Sum Deduction Orders (LSDOs) and Regular Deduction Orders (RDOs), and of the amount of arrears that could be recovered.

The estimate of additional maintenance flowing through implementation of the deduction from joint accounts powers reported in the consultation differs from a figure of £390k previously reported in the press. This is due to the latest estimate being

¹³ For access to DWP benefit data: <https://www.gov.uk/guidance/dwp-benefit-statistics-dissemination-tools>

¹⁴ QSS (see footnote 1), Table 22, Deduction Orders section, "Total number of Cases deselected at disclosure stage"

based on more recent QSS data. The earlier estimate used the same data from the sampling exercise, but older QSS data.

Passport removal

The Passport removal powers we propose to bring in will be used at the same stage in the enforcement process as the committal powers the CSA and CMS already possesses. Therefore, the frequency that committal powers are being used on CSA/CMS provides a good base estimate of the frequency that the passport removal power could be used when it is introduced.

We do not currently publish any statistics on the use of committal powers on CMS but we do publish such statistics for CSA. As a result of the redeployment of operational resource during CSA case closure, the number of committals issued to CSA paying parents fell significantly. Therefore, statistics on the number of committals issued before case closure started provide a more accurate picture of the frequency with which these powers were being used at steady state.

In the financial year 2011/12 – the last before the beginning of case closure – 75 committal orders were issued to non-compliant paying parents¹⁵, representing approximately 0.01% of the CSA caseload at that time¹⁶.

Assuming that committals are being issued at the same rate on CMS (0.01% of the caseload annually) then we would expect approximate 20 CMS committals each year given the current caseload.¹⁷

The passport removal power will be used alongside existing committal power (driving licence removal and committal to prison). Therefore, we do not expect 20 cases of passport removal but rather 20 cases per year where a court sanction would be applied, one such sanction being passport removal.

¹⁵ QSS (see footnote 1), Table 22. Figure excludes Orders to Pay and suspended sentences.

¹⁶ The CSA live caseload at March 2012 amounted to 1.3m cases. See QSS (see footnote 1), Table 3.

¹⁷ The CMS caseload at March 2017 amounted to approximately 323k cases. See:

Child Maintenance Service 2012 Scheme Experimental Statistics (see footnote 2), Table 2.2
Caseload – Administrative Data Based.