



Department
for Work &
Pensions

Percentage of Child Maintenance Collected on Time

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Contents

Background.....	3
Methodology	4
Results.....	5
Exclusions and Notes	7

Background

1. The Department for Work and Pensions is to publish a child maintenance arrears strategy to examine how approximately £3.8bn in child maintenance arrears owed by non resident parents has accrued since 1993 and set out priorities for the collection of child maintenance.
2. More than half of the £3.8bn arrears exists on older cases where there is no longer an ongoing liability to pay child maintenance, for example where the child has now grown up. Approximately £2.4bn of arrears exists on such cases with £1.4bn of arrears existing on live cases with an ongoing child maintenance liability.
3. Focussing on collecting ongoing maintenance will prevent arrears building up, and therefore is an effective approach to arrears management. Where child maintenance isn't collected on time, it is important that it is collected as arrears as soon as possible.
4. It is important therefore that the Department has an effective way of measuring the extent to which it is collecting child maintenance on time and an accurate measure of arrears collection.
5. The Child Support Agency Quarterly Summary of Statistics (QSS) details the level of maintenance collected each quarter and the proportion of which is arrears of maintenance. This is available at http://statistics.dwp.gov.uk/asd/asd1/child_support/2012/csa_qtr_summ_stats_sep2012.pdf
6. As outlined in the QSS, due to issues with the way that the child maintenance computer systems count maintenance between regular and arrears of maintenance, the current measure of maintenance arrears collections is understated.
7. Child maintenance receipts under the current measure are distributed between regular (ongoing) and arrears collections. For maintenance to be counted as arrears, an arrears schedule must first have been manually set up on a case once a payment is missed. Where an arrears schedule has not been set up then any maintenance later collected will be counted as regular (ongoing) even if it does relate to maintenance due from a historical period and reduces the overall arrears balance.
8. Additionally, the QSS does not state the level of maintenance due each quarter so it is not possible to calculate the proportion of maintenance due that is collected each quarter nor the proportion that is collected on time. A cash compliance measure was removed from the QSS in 2006 due to data quality issues although this was measured on a different basis than the analysis in this paper.

Percentage of child maintenance collected on time

9. To understand true child maintenance arrears performance and to inform the forthcoming arrears strategy this paper looks at the amount of child maintenance due each quarter and estimates the proportion which is collected on time and the proportion collected as arrears.

Methodology

10. Child maintenance arrears in simplistic terms is the difference between maintenance owed and maintenance paid. Child support rules dictate that any maintenance receipts should satisfy the most recent ongoing liability first, taking priority over historical maintenance which may still be due.
11. Due to these rules any maintenance which is paid on a case up to and including the amount owed in a period must be ongoing maintenance with the remainder classed as a payment towards arrears of maintenance.
12. The analysis outlined in this paper counts any maintenance payment over and above the amount due in the latest period as a payment towards arrears regardless of the type of collection schedule the computer systems distribute this to.

Example

13. The example in Table 1 below shows how the percentage of maintenance due that was collected on time is derived under various scenarios.

Table 1: Examples of Maintenance Paid on Time

Case	Maintenance Due	Maintenance Received	Of which on Time	Of which Late	Collection Rate (%)	Received on Time (%)	Received Late (%)
1	£100	£120	£100	£20	120%	100%	20%
2	£200	£50	£50	£0	25%	25%	0%
3	£0	£130	£0	£130	-	-	-
Total	£300	£300	£150	£150	100%	50%	50%

14. In the above example, case 1 is due to pay £100. As £120 is received in the period and child support allocation rules determine that ongoing liability is satisfied before historical maintenance arrears, all of the maintenance due must be satisfied. £20 is left over so this covers previous arrears of maintenance.

Percentage of child maintenance collected on time

15. In case 2, £200 of maintenance is due. As only £50 is received this satisfies only 25% of the maintenance due. New arrears accrue of £150.
16. Case 3 does not have an ongoing liability and is an arrears only case. As £130 is received and with no ongoing liability to satisfy, all of this maintenance covers previous arrears of maintenance.
17. At an aggregate level, £300 in maintenance is due in the period and £300 is received. At face value this looks like all maintenance that was due was in fact received. By looking at individual cases and then aggregating this up it can be seen that £150 of arrears were paid off but £150 of new arrears accrued.

Results

18. Table 2 below shows the level of maintenance due on a rolling quarter basis for all cases administered on the 2003 child support computer system (CS2) and the 1993 child support computer system (CSCS) as well as the level of maintenance receipts received in the same period. The amount of maintenance collected on time has been calculated by aggregating from an individual case basis the amount of maintenance up to and including the amount owed. On time has been defined as maintenance received in the quarter in which it was due.

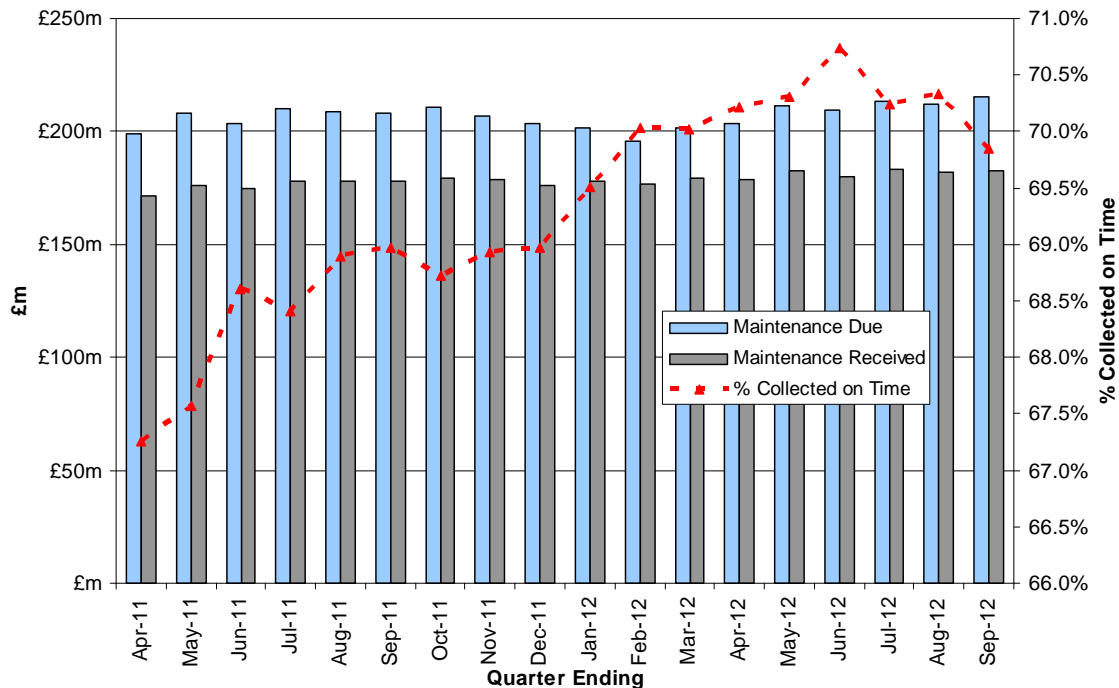
Table 2: Proportion of Liability Collected on Time.

Rolling Quarter to:	Maintenance Due	Maintenance Received	Of which Received on Time	Arrears collections	% Received on Time
Apr 2011	£199m	£171m	£134m	£37m	67%
May 2011	£208m	£176m	£141m	£35m	68%
Jun 2011	£204m	£175m	£140m	£35m	69%
July 2011	£210m	£178m	£144m	£35m	68%
Aug 2011	£209m	£178m	£144m	£34m	69%
Sept 2011	£208m	£178m	£144m	£34m	69%
Oct 2011	£211m	£179m	£145m	£35m	69%
Nov 2011	£207m	£178m	£143m	£36m	69%
Dec 2011	£204m	£176m	£140m	£36m	69%
Jan 2012	£201m	£178m	£140m	£38m	70%
Feb 2012	£196m	£177m	£137m	£40m	70%
Mar 2012	£201m	£179m	£141m	£38m	70%
Apr 2012	£203m	£179m	£143m	£36m	70%
May 2012	£211m	£183m	£149m	£34m	70%
Jun 2012	£209m	£180m	£148m	£32m	71%
Jul 2012	£213m	£183m	£150m	£33m	70%
Aug 2012	£212m	£182m	£149m	£33m	70%
Sept 2012	£215m	£183m	£150m	£32m	70%

Percentage of child maintenance collected on time

19. The graph below shows the proportion of liability collected on time (within quarter) on a rolling quarter basis from April 2011 to September 2012 for cases administered on the CS2 and CSCS computer system.

Graph 1: Proportion of Liability Collected on Time.



20. It is possible to calculate the percentage of liability collected on time for the last 12 months by summing the quarters of December 2011, March 2012, June 2012 and September 12 together. This method shows that approximately £829m in child maintenance was due in the 12 months and £580m (70%) was collected on time.

21. In addition to this, £138m was collected as arrears – this could relate to liabilities accrued anytime during the CSA’s 20 year history. When the £138m is simply added to the £580m and expressed as a percentage of the liabilities accrued in the year, this increases the overall collection rate to 87%.

22. However, to get a true collection rate for the maintenance due over this period, it will be necessary to monitor future arrears receipts to see how much of the 30% that wasn’t collected on time is received as arrears.

Exclusions and Notes

23. Total child maintenance received figures will differ from figures in the QSS as QSS figures also include receipts on cases administered clerically off the main computer systems. Approximately 100,000 cases are administered on the CSA Clerical Case Database due to technical issues which prevent them being progressed on the CS2 computer system. Management information is not yet available to accurately calculate the level of child maintenance due each quarter for cases on this database. Many of these cases have been on the CS2 computer system at some point with some still incorrectly showing as owing maintenance on this system. To improve accuracy, these cases have been removed from the results above.
24. Maintenance Direct cases (where the paying parent pays maintenance directly to a receiving parent¹) have been excluded from this analysis as Maintenance Direct cases cannot accrue arrears.
25. The Child Support Agency often receives late notification that a paying parent has made a cash payment directly to the receiving parent. Any outstanding arrears are adjusted downwards to take account of such payments once the Agency receives confirmation of such a payment. These cash adjustments are included as a payment towards maintenance arrears.
26. The growth in arrears cannot be derived by the gap between maintenance due and maintenance received. Arrears adjustments are regularly made on cases once up to date information is received, for example when the paying parent informs the CSA that they have moved from employment to on benefits. These adjustments are not accounted for in table 2.

Next Steps

27. The publication of further data detailing maintenance due, maintenance collected towards ongoing liability, arrears payments and overall arrears balances will be announced in due course via the QSS. Ongoing development which will include data on clerical cases will result in changes to figures included in this paper although it is thought that the impact will be small.

¹ In legislation the paying parent is referred to as the non resident parent (or NRP) and the receiving parent is referred to as the parent with care (or PWC)