




## Arrears (Proposed Payment Schedule) - Calculate

The purpose of this procedure is to explain how caseworkers calculate a promise to pay (P2P) schedule for cases as part of the annual review (AR) when the paying parent has arrears outstanding and their method of payment from (MOPF) is a deduction from earnings order (DEO).

The process is completed by caseworkers in the owning segment.

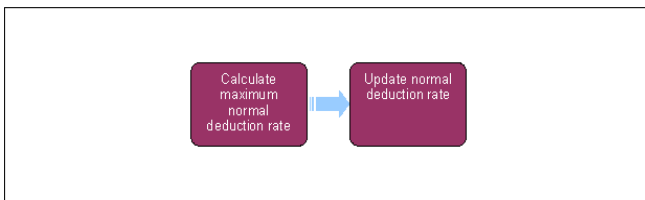
The Child Maintenance Group (CMG) will look to collect the normal deduction rate (NDR) of 40% of the paying parent's net income until all arrears and/or costs are collected, unless following a discussion with the paying parent, the caseworker decides this is not appropriate. The decision to set the NDR is a discretionary decision, this includes making a Welfare of the Child Decision. For more information on discretionary decisions including a verbatim statement to record in **Notes** refer to Policy, Law and Decision Making Guidance .

Any associated collection fees will need to be included in the P2P schedule. For example, when 40% of the paying parent's net income has been calculated the amount of ongoing maintenance (OGM), arrears and collection fees will need to be calculated so that the amount to be collected does not exceed the 40% NDR figure.

The service request (SR) activity plan, which is created along with the SR, supports the completion of this process.

The following checklist has been developed to aid effective arrears negotiation discussions - [Compliance card](#)

For more information refer to the Policy, Law and Decision Making Guidance .




This procedure uses the terms receiving parent and paying parent.

The receiving parent is the parent who receives or who is expected to receive child maintenance, known as the parent with care (PWC) or person with care (PeWC) on the system and in legislation. The paying parent is the parent who pays or who is expected to pay child maintenance, known as the non resident parent (NRP) on the system and in legislation.



**Remember to set DEO desire flag in default standing order cases, except in cases where the paying parent is self employed.**

### Calculate maximum NDR

1. Calculate the normal deduction rate (NDR) using automated tax and National insurance calculator (ATNIC). This will represent 40% of paying parent's net income. If the paying parent has multiple employers you will need to calculate maximum NDR for each employer. For more information refer to [ATNIC Summary](#).
2. Enter the maximum monthly NDR figure/s in to the SR. The SR will also show current employer/s and annual gross income. Whenever a calculation has been completed the CMS system will also calculate the collection fees due. Take into account the collection fees to ensure that the 40% maximum NDR isn't breached. For example, if the calculation in step 1 produces a maximum NDR of £550.00 per month and the paying parent was paying £400 ongoing maintenance (OGM) and £150.00 arrears before the introduction of collection fees then after the introduction of charging the paying parent has collection fees of £80.00 per month. Adjust the arrears to ensure that the NDR of £550 now consists of £400.00 OGM, £70.00 arrears and £80.00 charges. Arrears may therefore require a longer period that the normal debt steer to be cleared. For more information on the debt steer refer to the Policy, Law and Decision Making Guidance .

### Update NDR

3. Enter the monthly NDR figure negotiated with the paying parent in to the SR. The system will compare the negotiated NDR with the maximum NDR. If the negotiated NDR is more than the maximum a warning message will be displayed.
4. The system will now create a method of payment (MOP) record that will be used for creating a new promise to pay (P2P) schedule. This record can be viewed in the **Payment Schedule** view of the SR.



Where the P2P schedule has been created with one of the below MOPFs, follow the guidance below in order to allow the paying parent enough time to make the first payment:

- Where the MOPF is monthly Bank Head Office Collection Account (BHOCA) or standing order, if the requested collection date is within seven days of the date the new schedule is issued - call the paying parent to arrange a new collection date, which should be after the requested collection date has passed

- Where the MOPF is a default standing order, if the requested collection date is within four days of the date the new schedule is issued - call the paying parent to arrange a new collection date, which should be after the requested collection date has passed. (You must try to persuade the paying parent to change their MOPF from a default standing order to a preferred MOPF)
  - Where the MOPF is weekly BHOCA, if the requested collection date is within four days of the date the new schedule is issued - call the paying parent to arrange a new collection date, which should be after the requested collection date has passed
5. Complete the SR by changing the **Status** to **Closed**. The P2P schedule will be automatically generated by the system following this process.

 Call all clients to inform them of the new payment schedule.

For more information refer to [CMS System Finance Overview](#).

[Arrears \(Paused\) - Review](#)

[ATNIC Summary](#)

[CMS System Finance Overview](#).

[What is the offline sliding scale?](#)

It is an offline tool, with calculations of gross to net income, that will aid caseworkers in the calculation of the NDR.