




## Arrears (Negotiated Payment Schedule) - Calculate

The purpose of this procedure is to explain how caseworkers calculate a promise to pay (P2P) schedule after successful arrears negotiation with the paying parent.

This process is completed by the caseworkers in the owning segment.

The Child Maintenance Group (CMG) will aim to collect 40% of the paying parent's net income until all arrears and/or costs (and enforcement charges where applicable) are collected, unless following a discussion with the paying parent, the caseworker decides this is not appropriate. The decision to set the normal deduction rate (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 .

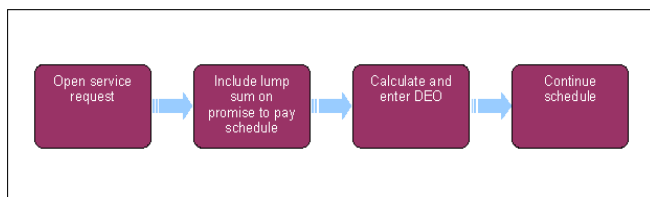
Payments are allocated according to a hierarchy. For more information refer to [Payment Hierarchy Summary](#).

This procedure is mostly system driven unless the paying parent has agreed to make a lump sum payment as well as agreed to an arrears repayment schedule and/or the method of payment from (MOPF) is a deduction from earnings order (DEO). In these scenarios caseworker action will be required to manually process this.

The service request (SR) activity plan, which is created along with the SR, will support caseworkers in completing this process.

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

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



 When speaking to clients always use the new terminology. For more information refer to [Terminology Changes](#).

 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.**

### Open service request

1. Open the Negotiated Payment Schedule service request (SR). This SR is created by the system. It will show the following options:

- **Process = Perform Calculation**
- **Area = Payment Plan Only**
- **Sub Area = Arrears Negotiation**

Update the SR **Status** to **In Progress**



Where an existing arrears agreement is included in the schedule, the system is incorrectly calculating the regular OGM amount as 0. This issue does not affect child SRs. In order to run an accurate P2P schedule, go to the **Procedural Exceptions** tab.

### Include a lump sum on promise to pay (P2P) schedule

2. In the SR go to **Lump Sum Agreements** and enter the following information:

- **Lump sum amount**

- **Payment date**
- **MOPF**

3. Create the relevant SR for adding the method of payment from (MOPF) chosen during negotiation. If the MOPF has not been agreed yet set the **Lump Sum MOPF** as **Standing Order**.
4. Once you have completed the SR for adding an extra method of payment (MOP) return to the Scheduling SR. If the current MOPF for normal collections is a deduction from earnings order (DEO) go to **step 5**. If not, go to **step 8**.

### Calculate and enter DEO

5. If the normal MOPF is DEO, you will need to calculate the maximum monthly normal deduction rate (NDR) using the automated tax/national insurance calculator (ATNIC). This will represent 40% of the paying parent's net income. If the paying parent has multiple employers you will need to calculate maximum NDR for each employer.



There is a £50.00 enforcement charge for setting the MOPF as an enforced DEO or DER. In this case the paying parent already has a DEO set up as their MOPF so no further charge is applicable. For more information refer to [Civil Enforcement Overview](#).

6. Enter the maximum NDR figure/s in to the SR. The SR will also show current employer/s and annual gross income.
7. 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. You must lower the NDR to bring the amount below the maximum NDR to continue.

For more information refer to [Arrears \(Proposed Payment Schedule\) - Calculate](#).



To view the **Accrued Liability Date** amount, navigate to the paying parent contact, **Financial Accounts** view and select the Account number. Go to the Payment Schedule view, and deduct one liability from this amount. This is because it will have included today's liability in the calculation and the extra day needs to be manually deduct from the per day liability amount. Following the calculation input the revised amount in the Accrued Liability Date data field of the SR. The per day liability can be calculated as Weekly Liability Amount divided by Seven. Weekly liability can be found on the master case.

### Continue Schedule

8. Complete the SR for adding an extra MOPF and confirm that the DEO has the maximum NDR set. Select Generate Promise To Pay Collection Schedule.



Where the P2P schedule has been created with one of the below MOPF's, you will need to follow the below guidance, 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

9. 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](#).

#### [Incorrect OGM amount when existing arrears agreement is included in the schedule](#)

When a Payment Plan Only SR is created, the system is calculating the regular OGM amount as 0 where an existing arrears agreement is included in the schedule. In these scenarios, only the arrears are being scheduled. This issue does not occur when the Payment Plan Only SR is created as a Child SR following arrears negotiation action. To create a new and accurate P2P schedule:

1. Cancel any letters automatically generated by the Payment Plan Only SR.
2. Update the **Status** and **Sub Status** of the Payment Plan Only SR to **Closed** and **Cancelled** respectively.
3. Manually create the following Calculation SR:
  - **Process = Perform Calculation**
  - **Area = Case maintenance**
  - **Sub Area = Change Client Data**

Assign the SR to the PP.

4. Input the initial effective date as the date the action is being carried out within the **Calc Effective Date** field.
5. Input the annual review date within the **Calc End Date** field. If a DMD is in place then the **DMD** box should be selected. Save the SR by pressing **Ctrl + S**.

6. Select the **Calculate Liability Amount** button. This should create a new and accurate P2P.
7. Issue CMSL4080 and CMSL4081.



If the P2P schedule contains debt not owed to the receiving parent, letter CMSL4081 must be clerically issued.

[CMS System Finance Overview](#)

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[ATNIC Summary](#)

[Civil Enforcement Overview](#)

[Payment Hierarchy Summary](#)

[Terminology Changes](#)