Department for Work & Pensions   Procedures ▸ Promise To Pay Exceptions

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Promise To Pay Exceptions

This procedure will explain how to generate a promise to pay schedule when the perform calculation SR has 'exceptioned out' due to missing information.

This process will be completed by caseworkers in the owning segment.

For deduction from earnings orders (DEO's) the Child Maintenance Group (CMG) will look to collect 40% of the paying parent's net income until all arrears are collected, unless following a discussion with the paying parent, the caseworker decides this is not appropriate.

Although a DEO can be specified as a MOPF, it cannot be used legally to collect any charges (e.g. DNA test costs, court fees etc). A DEO can only be used to secure:

- Regular maintenance (RM)

- Arrears

- Both arrears and future payments of RM

- Collection fees

The amount of ongoing maintenance and arrears scheduled is known as the normal deduction rate (NDR).

The 40% figure is known as the maximum normal deduction rate (max NDR), this is the maximum amount of maintenance and arrears which can be collected.

Setting 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

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

The system will work out weekly, fortnightly, four weekly and monthly maximum NDR from the maximum NDR figure calculated on the sliding scale so that it matches how the paying parent is paid.

The paying parent must be left with 60% of their net income. This figure will be provided to the paying parent's employer and is known as the protected earnings proportion (PEP).

For paying parents with more than one employer, the DEO will be split across all of the employers to ensure that the 40% maximum NDR is not breached. A maximum NDR will need to be calculated and entered for each employer.

The service request (SR) activity plan which is created along with the SR will show you information required to complete this process.

This process will also need to be completed whenever the **Reason** field in a calculation SR shows **Determine NDR**.

For more information refer to Policy, Law and Decision Making Guidance
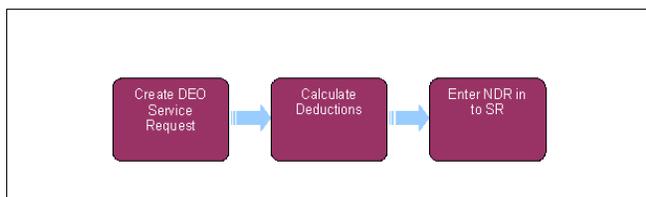
When speaking to clients always use the new terminology. For more information refer to Terminology Changes.

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.

There are three scenarios where the system requires caseworker action before a promise to pay schedule can be produced by a calculation SR. These are known as promise to pay scheduling exceptions:

- **Establish MOPF** - No MOPF recorded for the paying parent

- **Process Multiple MOPF** - The Paying Parent has more than one MOPF

- **Determine NDR** - The Paying Parent has a MOPF of DEO (Mandatory or Self Selected

This procedure will cover the caseworker action required for all three exception reasons.

⚠️ The Annual Review P2P needs to be completed prior to any further changes; failure to do this will result in the P2P not generating and clerical notifications being issued.

Establish MOPF

This process will need to be completed whenever the **Reason** field in a calculation SR shows **Establish MOPF**.

This exception has occurred as CMS can not produce a P2P where no MOPF is held for the paying parent. Complete the following steps to produce the P2P.

1. Follow the Method of Payment From - Set up Initial procedures to contact the paying parent to set up a new MOPF.
2. Navigate to the outstanding calculation SR.
3. Open the SR which will take you to the **More Info Liability Calculation** view.
4. From the **Create Schedule** drop down select **Promise to Pay** then the **Go**.
5. Once complete return to originating procedure.

Process Multiple MOPF

This process will need to be completed whenever the **Reason** field in a calculation SR shows **Process Multiple MOPF**.

ℹ️ This is an exceptional scenario, before taking any further action check that a MOPF has not been left in place in error. If so the incorrect MOPF should be removed using the Method Of Payment Overview procedures. Return to the outstanding perform calculation SR and from the **Create Schedule** drop down select **Promise to Pay** then the **Go**.

This exception has occurred as CMS can not produce a P2P without knowing how much is to be collected via each MOPF. Complete the following steps to produce the P2P.

1. Within the perform calculation SR navigate to the **Payment Schedule** view.
2. Go to the **Payment Schedule** view, in the **Payment Arrears** applet will contain the arrears amount to be split over multiple methods of payment from. In the **MOP Payment Details** applet select **New** and enter the first MOPF. Repeat to add the second MOPF. The **Collection Date** field should automatically populate.
3. Input the collection amount agreed for each MOPF. The total amount to be collected by each MOPF must match the **Total Amount** field in the **Payment Arrears** applet.
4. Manually enter the **Collection End Date** for each MOPF. If this field is not visible select the **Menu** button and then **Columns Displayed** to add the field to the applet.
5. Calculate the **Collection End Date** for each MOPF by adding the **No Of Periods** to the **Collection Date** field.

    E.g The paying parents pays via deduction from benefit (DFB) and direct debit as they have an earned income variation. The **No Of Periods** shows 10 collections. The **Collection Date** shows 01/01/2015 for the DFB. This will be the first collection date therefore the 10th collection date will be 01/10/2015. This date must be entered in the **Collection End Date** field.

6. Select the **Generate Promise To Pay** button.
7. Once complete return to originating procedure.

Determine NDR

The purpose of this process is to calculate the regular DEO collection amount. This is known as the normal deduction rate (NDR). This information is required by the system in order to produce a promise to pay and DEO schedule. The NDR needs to be calculated manually to ensure the system does not breach the paying parents protected earnings proportion (the paying parent must be left with 60% of net income following each DEO collection).

Where the paying parent has a MOPF of DEO (mandatory or self selected) the **Reason** field of the calculation SR will show **Determine NDR**. To produce the DEO and promise to pay schedule complete the following steps.

ℹ️ It is important to note that when a new DEO schedule is issued the employer will have until the 19th of the following month from when the DEO takes effect to make the first payment. This means that the paying parent's employer could send the Child Maintenance Group up to 2 payments from the existing DEO schedule before the new schedule takes effect.
When creating the new DEO schedule, the balance to be scheduled does not take into account any payments that we could receive from the existing DEO schedule before the new schedule becomes effective, therefore we could schedule more than the amount due. The annual review process will account for any overpayments that have been received when creating a DEO schedule for the following year.

You need to advise both of the clients in these scenarios of the possibility of over/under payments. You need to manage the client's expectations and allow the paying parent and the receiving parent/CiS to consider/make alternative arrangements should an over/under payment occur, particularly where the paying parent's income has decreased.

As decision maker, you need to look at each case on its own merits. Where it's clear from speaking with the paying parent that we are potentially placing them in financial hardship by scheduling the total amount, then discretion could be applied and you can calculate the expected collections from the old DEO schedule and deduct the amount from the new balance to be scheduled.

1. Change the **Status** of the SR to **In Progress**.

2. Navigate to the **Payment Schedule** view. The **Payment Arrears** applet will show the number of collections for the new schedule. It will also show the non OGM per period which is the paying parent's total non OGM divided by the number of collections. If there is an acceptable arrears agreement which is being carried forward then the non OGM per period will reflect this figure. The non OGM will include any unpaid collection and enforcement charges.

The **Collection Amount** field in the **MOP Details** applet will show this amount plus the regular OGM amount (including Collection Charges). This field shows how much the paying parent's NDR would be if we took amount due and divided it by the number of collections for the new schedule.

Calculate Maximum Normal Deduction Rate

3. Calculate the maximum normal deduction rate (max NDR). This is 40% of the paying parents net income which is the maximum amount we can take without breaching the paying parents protected earnings Proportion (60% of net income). The max NDR must be calculated using the automated tax/national insurance calculator (ATNIC calculator).

If the paying parent has multiple DEO's the max NDR must be calculated for each employer. For more information refer to ATNIC summary.

Calculate and Input NDR

4. Select the **DEO NDR Details** view. Enter the max NDR figure calculated by the ATNIC in the **Maximum NDR Amount** field. This view will also show current employer/s and annual gross income.

5. Calculate the NDR. If the **Collection Amount** field in the **MOP Details** applet shows a figure which does not breach (is not higher) than the max NDR, this should be input as the **Monthly NDR Amount**. If the amount in the **Collection Amount** field does show an amount that breaches the max NDR, consider the appropriate amount to be collected depending on the circumstances of the case up to the max NDR amount. This may involve revisiting any existing negotiated arrears agreements. Go to **step 10**.

The system will not create a promise to pay schedule where no NDR is recorded against an employer in the NDR details tab. Therefore you will need to remove lines if they are duplicated or where the paying parent has two employers and the DEO is only being applied to one employer.

Calculating the NDR Following a COC's

If the DEO is being rescheduled following an in year change of circumstances then the expected collections before the new DEO schedule commences should not be taken into account when calculating the NDR. This is because it is not guaranteed that the DEO deductions requested from the existing DEO/DER schedule will be received. As these aren't protected there won't receive any missed payment alerts. Both clients should be contacted to advise of the possibility of over/under payments. Any over/under payments will be taken into account following the annual review.

Each case should be looked at on its own merits. Discretion can be applied and the NDR adjusted to account for any expected payments depending on the circumstances of the case. For more information refer to Policy, Law and Decision Making Guidance

Calculating the NDR at the Annual Review

Where the DEO is being rescheduled following an annual review then the outstanding collections from the existing DEO should be taken into account as these are protected. E.g if the paying parents annual liability is £12,000 and they have £3,000 worth of arrears this means there is £15,000 to consider when determining the NDR. If the paying parent has two outstanding DEO collections of £500.00 each then the NDR should be determined using the balance of £14,000. The pre-populated **Collection Amount** field within the annual review SR will have taken these outstanding collections into account.

6. Enter the monthly NDR figure in the **Monthly NDR Amount** field. The system will compare this with the max NDR. If the monthly NDR is more than the maximum a warning message will be displayed. The NDR will therefore need to be reduced, return to **step 5**.

7. Where the paying parent has requested to pay a higher monthly amount than the maximum NDR e.g. their income is now higher than the historical income figure used in their maintenance calculation, refer to **step 9**.

8. Where the Monthly NDR amount does not breach the maximum NDR amount go to **step 10**.

9. Change the **Allow Maximum NDR Limit Breach** flag to **Y**, then overwrite the monthly NDR figure with the paying parent's required amount. Record in **Notes** that the NDR has been breached as a result of conversation with the paying parent.

10. Navigate to the **Payment Schedule** view. Ensure the **Collection Amount** field in the **MOP Details** applet matches the monthly NDR amount. Select the **Generate Promise to Pay** button.

11. Ensure all correspondence items have been sent before closing the SR. This may mean that you will have to wait until the following day to close the SR to allow letters to be issued.

If the case is with the Annual Review team, set the Lock Assignment Flag to prevent the case from moving and to allow the check to be completed. When it is confirmed that the letters have been issued, remove the Lock Assignment flag.

12. Close the SR by changing the **Status** to **Closed** and the **Sub Status** to **Complete**.

Things to Consider when Issuing Letters

CMSL2019 is an automated letter, however, it is important to drill down into the letter to select the **Recipient Preference** as **Contact**. Failure to do this will result in the letter being unable to determine its destination and cause an error. To ensure the correct figures populate on the letter, select the Employer Name and select the Employer in the **Account Field**.

When issuing CMSL2040, ensure that Employer is selected from the Letter Outbound applet in the Account tab.

⚠️ Issue CMSL2040 and CMSL2019 in the following scenarios:

- when completing the initial setup of the DEO;

- at Annual Review;

- when notified that the PP has failed the compliance opportunity and the DEO has increased from 50% to 100%;

- when the employer is being considered for referral to the Financial Investigation Unit (FIU);

- when notified by either the employer or Employer Payments team that:

    - the employer is refusing to adhere to the DEO schedule following a CofC, as the amount shown on the schedule differs from the amount shown on the CMSL2040;

    - the initial CMSL2040 was issued with incorrect or no information;

⚠️ In certain circumstances the CMSL2040 does not generate correctly or does not reflect the arrears agreement made with the Paying Parent. Scenarios include

- Multiple Employers

- Arrears only Direct Pay case exists within the Case Group

- Paying Parent has multiple active MOPf

- Two active cases - Maintenance Direct and Collect and Pay

If any of the above applies, a FT2040 needs to be issued clerically. FT2040 can be accessed here: http://intralink/1/csa/btools/forms/2012scheme/forms/index.asp#P68_4057

CMSL2019 Your deduction from earnings order is attached

Letter to the paying parent informing them that a deductions from earnings order (DEO) has been set up with their employer.

All fields in this letter are system generated, no manual intervention is required.

CMSL2040 Deductions from earnings order

Deductions from Earnings Order for Employer.

All fields in this letter are system generated, no manual intervention is required.

CMSL6063 Your child maintenance payments – deduction from earnings

Inform the receiving parent that the DEO has been set up and that the paying parent's arrears will be included within these payments going forward until the balance is cleared.

All fields in this letter are system generated, no manual intervention is required.

Related Items

CMS System Finance Overview

ATNIC Summary

Arrears Negotiation and Missed Payments

DEO - Enforced

DEO - Self Selected - Set Up

DER - Enforced

DER - Self Selected - Set Up

Error Handling

Incident Management - Manage Incident Locally

Terminology Changes

How does a caseworker run a DEO schedule?

The DEO schedule is processed automatically by the system, there is no action for caseworkers.