

## Calculation - Initial

The purpose of this procedure is to complete an initial calculation following contact from the paying parent.

The calculation will use previously obtained information, collected during [Gather Paying Parent Information](#) or gathered during a paying parent application.

This process is completed by the new case caseworker.

To perform an initial calculation the system will use:

- Gross annual income and/or benefit information
- Number of qualifying child/ren (QC/s)

When performing an initial calculation, depending on the income response from Her Majesty's Revenue and Customs (HMRC) one of the following actions will need to be considered:

- HMRC provides a positive response, this should always be used unless the paying parent has already provided current income 25% different to the HMRC response
- HMRC provides a response of £0.00, a nil assessment should be considered
- HMRC provides a response of NA, contact the paying parent to obtain current income, using estimated earnings or finally a default maintenance decision (DMD)

The system will also consider the following:

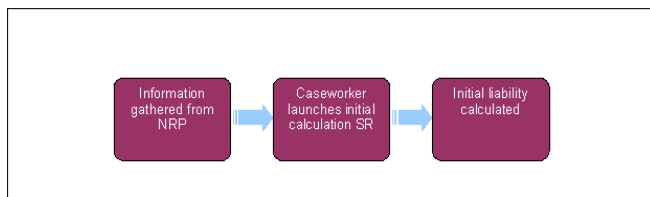
- Number of relevant other child/ren (ROCs)
- Number of children in family based arrangements (CIFBA)
- Variation information
- Shared care

This information will be taken during the application and gathering paying parent information stage.

The paying parent's liability will fall in to one of five bands; nil rate, flat rate, reduced rate, basic rate and basic rate plus. For more information on the income bands see the Policy, Law and Decision Making Guidance: 


In cases where the paying parent is linked to two or more receiving parents, the system will apportion the calculation between the receiving parents based on the number of QCs.

For more information refer to 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.


 When On/Off Benefit broadcasts are received from CIS between the provisional and initial calculations, the system applies the On/Off Benefit information from the Initial Effective Date (not the income data relevant at the Initial Effective Date). A subsequent change of income calculation is made from the On/Off benefit start date. When this occurs manually correct the system before completing the initial calculation. Refer to the **Procedural Exceptions** tab for steps.

If an On/Off benefit broadcast is discovered after the initial calculation has been completed, refer the SR to AAC to allow service management to re-open the SR then proceed to **Procedural Exceptions** tab for steps.

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


## Perform initial calculation

1. Check that the system has set the correct effective date and annual review date is no more than one calendar year after. Where the effective date is incorrect, it can be revised. For more information refer to [Initial Effective Date - Revise](#). For more information on effective dates refer to the Policy, Law and Decision Making guidance 

 If the effective dates are different at master case level and therefore the calculation period is over 365 days, the liability schedule cannot run and no arrears will post.

2. Check the payment collection date on the MOPF. When completing the initial calculation schedule, the system will ensure that the first collection date is not within 7 days of the initial effective date for weekly MOPF, and within 30 days of the initial effective date for monthly MOPF. If these periods have passed, the system will select the next available date for the collection and this may prevent the paying parent receiving enough notice to make the first payment. The following should be considered:

- Requesting a new collection date with the paying parent
- Waiting until the requested collection date has passed for this month e.g. today is the 10th June, the paying parent has requested the 12th as the collection date. You will need to wait until the 12th June to run the schedule

 If the requested collection date would be 30 days after the initial effective date but within 7 days of the date the Schedule is being run, the next collection will be too soon for the paying parent to make payment.


- If less than 30 days have lapsed since the initial effective date set the **Payment Collection Day** as 2 days after the initial effective date, e.g. initial effective dates is 1st then select 3rd as **Payment Collection Day**
- If more than 30 days have lapsed set the **Payment Collection Day** as 7 days from the date the SR is completed, e.g. if the SR is completed on the 10th then select the 17th as the **Payment Collection Day**


Self selected and Enforced DEO - Caseworker action is required to complete offline calculations, for further information refer to [Promise to Pay Exceptions](#).

3. If there are CSA residual arrears on the case, make a note of the arrears and negotiate with the paying parent how they intend to pay the arrears. For more information on negotiating arrears refer to [Arrears Negotiation and Missed Payments](#).

If you cannot contact the paying parent or they do not want to negotiate the arrears, allow the system to automatically allocate the residual arrears in the P2P over a 12 month period.

4. Once you are confident it is the right time to run the schedule, select the **Evaluate Shared Care** button.

 Where a 2012 scheme new case has a linked transition case follow one of the two options in the **Procedural Exception** tab for **Transition Case Action** after selecting **Evaluate Shared Care**. Never select **Evaluate Shared Care** on the Transition Case.

 If there is a **Parentage Dispute SR** opened, this must be closed before selecting the **Evaluate Shared Care** button unless the dispute is relating to one QC and there are one or more QC's who are not involved in the dispute.

5. The Perform Calc SR will generate with the **Status** of **Assigned**. Set the **Status** to **In Progress**.

If the shared care banding matches the paying parent's, the system will immediately perform a calculation. Any shared care discrepancy will trigger a shared care dispute. For more information refer to [Shared Care Dispute At Application](#).

For Child in Scotland cases, the shared care has to be added manually to the system at case level as well as at contact relationship level. Ensure the sub status has automatically updated to Perform Calculation then save the record.

6. For paying parent applications, or following resolution of a shared care dispute, create a perform initial calculation service request (SR) and from the drop down lists select:


- **Process = Perform Calculation**
- **Area = Case Setup**
- **Sub Area = Initial**

The **Evaluate Shared Care** button triggers a calculation and must be used following resolution of a shared care dispute.

### System action

7. The calculation process is automated. The system will pull information collected during the application and gather paying parent information process and validate the information. The system will convert the annual income figure to a weekly income figure.


 In a leap year the paying parent's liability would increase to 366 days.

8. Depending on the weekly amount the system will apply the calculation band including allowable deductions, variations, benefits and shared care recorded during the application process. If the paying parent is receiving a prescribed benefit, the band will be set as flat rate. You can find the formula for the banding in the Policy, Law and Decision Making Guidance 

9. If there is no income held, in either the **Historic** or **Current Income** fields, the HMRC response shows **N/A**. Re-trigger the HMRC income interface to maximise the opportunity of receiving income from HMRC. For more information refer to [HMRC - Summary of Earned Income](#).



10. If there is no evidence of any income, consider using best available evidence including the estimation of earnings tool (EET) or imposing a default maintenance decision (DMD). For more information refer to [Calculation - Non HMRC](#). For more information on DMDs refer to the


Policy, Law and Decision Making Guidance 


 A value of £0.00 when returned from HMRC should always be used.

- The system will display the liability calculation screen. The weekly ongoing maintenance amount (OGM) is displayed. The system will automatically produce the P2P schedule unless some vital information is missing e.g. there is no MOPF or two MOPFs exist. If this is the case, take corrective action and once the MOPF SR is complete the P2P can be generated manually in the **Initial Calculation SR**. Select **More Info**, in the **Create Schedule** drop down select **Promise to Pay** and then select **Go**.

 If the liability schedule is created on or effective from the last day of a 31 day month, due a display error the a month may be missing on the liability schedule. Check the correspondence generated to the client, if the correspondence is also incorrect raise an incident. If the correspondence is correct there is no need to raise an incident.

-  In an application where the applicant is the paying parent, the effective date for the case is set. The issue date of the notification letters will determine the effective date. To issue the letters, ensure the outbound letter activity status is set as **In Progress**. For more information on setting effective dates refer to the Policy, Law and Decision Making Guidance 


 The calculation letters will not be issued where there are missing variables. To check if a letter has failed because of missing variables, select the letter activity and select the Go to Correspondence button. The Errors tab will show any missing variables. The action to take in these scenarios can be found in Missing Variables - Perform Calculation Letters held in the Procedural Exceptions tab of the [Annual Review Summary](#).

 Refer to Incorrect Missed Payment Notifications in Procedural Exceptions where the paying parent is in receipt of a prescribed benefit or is on flat rate and has multiple case/s where at least one case has a nil assessment as a result of shared care.

 Where the calculation being completed is adding an **Additional Case** to the case group, the following letters should be issued:


- CMSL4090 - Issued to the new receiving parent or the receiving parent if it is a reapplication
- CMSL4092 - Issued to existing receiving parent/s
- CMSL4098 - Issued to the paying parent

- Check that the calculation is correct. If the case is a multi-case casegroup and has a mixture of direct pay and calc and collect then the initial calculation should be checked. If it is incorrect, see the **Procedural Exceptions** tab to correct the calculation.

-  Call all clients to advise them of the new liability and payment schedule. Once the calculation letters are **Successfully Fulfilled**, the SR will automatically close. Call attempts can continue to be made at contact level after the SR has closed. For more information refer to [Call - Overview](#).

 At this point, consider sending an SMS text. The SMS text does not replace notifications or attempting to contact clients by telephone. For further guidance refer to [SMS Text](#). On the **Payment Plan SMS** templates record the **Payment Due Date** in the 'date' freetext field.

- Once the initial calculation is completed the SR will close automatically with the overnight batch. Where the case is situated with new case, the case won't move to the next segment straight away, but five days after the first collection, the first collection date can be checked by selecting the **Master Case** view and refer to the field **First Collection Date**

 Where the initial calculation is for a case where the collection type will be maintenance direct, the case will remain in the maintenance new case segment for four days.


#### Perform Calculations Checks

### Perform Calculations Checks

- Once the **Perform Calculation** child SR is generated, open the SR and check the **Reason** field to see if it has generated with an exception reason. The exceptions reasons include:
  - No Income Available – Refer to [Calculation - Non HMRC](#)
  - Establish MOPF – Refer to [Promise To Pay Exceptions](#)
  - Process Multiple MOPF – Refer to [Promise To Pay Exceptions](#)
  - Determine NDR – Refer to [Promise To Pay Exceptions](#)
- Check the calculation has completed as expected in the **More Info – Liability Calculation** view, taking into account the change being implemented.
- If the Effective Date is before the **Calculation Date**, navigate to the **Related SRs** view and check the system has completed the correct automated backdated adjustments. Refer to [Calculation – Backdated Adjustments](#).
- Once confirmed adjustments have been completed, navigate to the **Payment Schedule** view.
- In the top applet, check the **Liability Schedule Details Version** field has a new version number populated.
- Check the **Promise To Pay Schedule Details Version** field has a new version number populated. If no new version, refer to [Annual Review summary](#) and check for a missing variable before clicking the **Generate Promise To Pay** button at the top of the applets.
- Check the Promise to Pay schedule details in the **Payment Arrears** and **MOP Payment Details** applets to ensure the proposed schedule is acceptable given the Paying Parents circumstances.

8. Navigate to the **Notes** field and enter any decision that has been made regarding the promise to pay schedule that has been run.
9. Navigate to the **More Info – Liability Calculation** view and check the letter activities. Refer to [Letters \(outbound\) - Send to Client](#).

#### Incorrect Missed Payment Notifications

An error has been identified where if the paying parent misses a payment, is in receipt of benefit or on flat rate and has multiple cases where one or more of the cases is assessed as having a nil rate and at least one has a positive liability, For more information on rates refer to Policy, Law and Decision Making Guidance: 

When the calculation has been completed and the CMSL4090/4096 have been issued along with the promise to pay schedule, you'll need to identify which case/s has the nil rate.

For this/these case/s use the steps in [Outbound Contact - Suppress](#). Remember to record the decision for suppressing the contact in **Notes**.

#### On Benefit notice received from CIS between Provisional and Initial Calculation

1. Raise a **Change Benefit Details** SR to **End Date** the benefit (Make the **End Date** equal to the **Start Date**), for more information refer to [Change - Benefit Status/Details](#).
2. Complete the Application process and select **Evaluate Shared Care**. Where shared care is aligned, this will complete an **Initial Calculation** using the HMRC details that were relevant at the **Initial Effective Date**.
3. Raise another **Change Benefit Details** SR and populate this with all of the benefit details from the original broadcast (Office No, Benefit Amount and Start Date). Mark the SR as **CoC Accepted**.
4. An automated calculation will occur and all necessary adjustments will be made.

#### Off Benefit notice received from CIS between Provisional and Initial Calculation

1. Raise a **Change to Benefits** SR and enter a **Start Date**. Enter the **End Date** in SR **Notes** field as this will be needed later, for more information refer to [Change - Benefit Status/Details](#).
2. Complete the Application process and select **Evaluate Shared Care**. Where shared care is aligned, this will complete an **Initial Calculation** using the previous benefit details held.
3. Raise another **Change Benefit Details** SR and populate the **End Date** recorded in SR Notes. Mark the SR as **CoC Accepted**.
4. An automated calculation will occur and all necessary adjustments will be made.

#### On Benefit notice received from CIS between Provisional and Initial Calculation and Initial MC calculated

1. Raise a **Change Benefit Details SR** to end the benefit, making the **End Date** equal to the **Start Date**. See [Change - Benefit Status/Details](#) for more information.
  2. Within the **Initial Calculation SR** which was reopened by AAC, update the **Status** to **Closed** and **Sub Status** to **Cancelled**.
  3. Raise a new **Initial Calculation SR** by selecting the following values:
    - **Process = Perform Calculation**
    - **Area = Case Maintenance**
    - **Sub Area = Initial**
  4. Input the same initial **Effective Date** then check all the information held is correct i.e. number of QCs and income information which was relevant at the initial effective date. Select the **Calculate Liability Amount** button.
  5. Raise another **Change Benefit Details SR** and complete this with the benefit details from the original broadcast i.e. office number, benefit amount and start date. See [Change - Benefit Status/Details](#) for more information on how to accept and complete the SR.
- An automated calculation will occur and all necessary adjustments will be made.

#### Off Benefit notice received from CIS between Provisional and Initial Calculation and Initial MC calculated

1. Raise a **Change Benefit Details SR** and enter the ended benefit's **Start Date** to input the benefit record back onto the system. Enter the CIS notified **End Date** in the SR **Notes** field as this will be needed later. See [Change - Benefit Status/Details](#) for more information on how to record the benefit details and complete the SR.
2. Within the **Initial Calculation SR** which was reopened by AAC, update the **Status** to **Closed** and **Sub Status** to **Cancelled**.
3. Raise a new **Initial Calculation SR** by selecting the following values:
  - **Process = Perform Calculation**
  - **Area = Case Maintenance**
  - **Sub Area = Initial**
4. Input the same initial **Effective Date** then check all the information held is correct i.e. number of QCs and income information which was relevant at the initial effective date. Select the **Calculate Liability Amount** button.

5. Raise another **Change Benefit Details SR** to end the benefit, populating the **End Date** as that provided by CIS in the original broadcast. See [Change - Benefit Status/Details](#) for more information on how to accept and complete the SR.

An automated calculation will occur and all necessary adjustments will be made.

#### Transition Case Action

#### Use these steps if the Initial Calculation SR is the only Calculation SR present for the paying parent and the liability schedule hasn't been generated.

1. Select the **Initial Calculation SR** and select the **Payment Schedule** tab, and review the **Version** field under **Liability Schedule Details**. If the field is blank but there is a schedule present, raise this as an incident and don't continue with this workaround.



Where the version field is blank and a schedule is present it means that a recalculation has been done.

2. Close the **Initial Calculation SR** by setting the **Status** as **Closed** and the **Sub Status** as **Cancelled** on the 2012 Scheme case.
3. Create a new **Initial Calculation SR** against the 2012 scheme case using the following:

- **Process = Perform Calculation**
- **Area = Case Setup**
- **Sub Area = Initial**

4. Select the SR and set the **Calc Start Date** field as the **Case Effective Date** field and save the record, then set the **Calc End Date** as the **Annual Review Date**, the SR should then be linked to the case.



5. **Annual Review Date** field is only visible on Master Cases.

6. The system will update the liability schedule with the correct information. Select **Calculate Liability Amount**.
7. The Liability and Promise to Pay (P2P) schedule will generate. Complete the remaining activities as per normal action.

#### Use these steps if the Liability schedule has been created by the Initial Calculation SR but no further recalculation has been done by any other SR

1. Close the **Initial Calculation SR** by setting the **Status** as **Closed** and the **Sub Status** as **Complete** on the 2012 Scheme case.
2. Create a new **Change Client Data SR** against the 2012 scheme case client using the following:

- **Process = Perform Calculation**
- **Area = Case Maintenance**
- **Sub Area = Change Client Data**

3. Select the SR and set the **Calc Start Date** field as the **Case Effective Date** field and save the record, then set the **Calc End Date** as the **Annual Review Date**, the SR should then be linked to the case.



4. **Annual Review Date** field is only visible on Master Cases.

4. The system will update the liability schedule with the correct information. Select **Calculate Liability Amount**.
5. The Liability and Promise to Pay (P2P) schedule will generate. Complete the remaining activities as per normal action.

#### CMSL4090 Maintenance liability after application/case setup

System issued letter to the receiving parent/PeWC/CIS informing them of the maintenance liability

#### CMSL4092 Your child maintenance payments have changed

Notice of recalculation to the receiving parent following a change of circumstances.

Under the sub heading 'What this means for you':

If multiple changes of circumstances are reported by the client and more changes are to follow, use paragraph **TM\_28591\_E** 'Although we were told about more than one change to (paying parent's) circumstances at the same time, this letter shows how the change listed above affects your child maintenance payments.'

If multiple changes of circumstances are reported by the client and no more changes are to follow, use paragraph **TM\_28592\_E** 'We were told about more than one change to (paying parent's) circumstances at the same time. We have already written to you to tell you how other changes affect your child maintenance payments.'

#### CMSL4096 Maintenance liability after application/case set up

System issued letter to the paying parent informing them of the maintenance liability

#### CMSL4098 Your child maintenance payments have changed

Under the heading 'what this means for you' select the relevant optional paragraph:

If there are multiple changes of circumstances reported by the client and more changes are to follow, use paragraph **TM\_28534\_E** 'Although we were told about more than one change of circumstances, this letter only shows how the change listed above affects your child maintenance payments.'

If there are multiple changes of circumstances reported by the client and no more changes are to follow, use paragraph **TM\_28535\_E** 'We were told about more than one change of circumstances at the same time. We have already written to you to tell you how other changes affect your child maintenance payments.'

[Arrears Negotiation and Missed Payments](#)

[BOM - Segments Summary](#)

[Calculation - Non HMRC](#)

[Calculation - Post Initial](#)

[Change - Benefit Status/Details](#)

[Direct Pay Summary](#)

[Gather Paying Parent Information](#)

[HMRC - Summary of Earned Income](#)

[Initial Effective Date - Revise](#)

[Letters \(Outbound\) - Off System.](#)

[Method Of Payment From - Set Up Initial](#)

[Method Of Payment To - Set Up Initial](#)

[Off Benefit](#)

[On Benefit](#)

[Shared Care Dispute At Application](#)

[Terminology Changes](#)

[Variation - Additional Income](#)

[Variation - Special Expense](#)

[What if a client queries the income figure used?](#)

If a client queries the income figure, explain that we worked out their gross weekly income using information that the client, their employer or a third party such as their accountant gave to HMRC. HMRC only holds the income they receive from these sources. If they have a concern about the accuracy of the information, they should speak to their employer or third party contact (accountant) as HMRC will only react to changes from these sources.

Gross weekly income is worked out by the Child Maintenance Group (CMG) and is defined as 'weekly income before tax and national insurance are deducted, but after occupational or personal pension scheme contributions are taken away'.

[If a client goes from employed to self-employed, how will the caseworker set the case up?](#)

It will depend on the length of trading period of the client. If the self employment is new, the caseworker would look to gather details of earnings from the client, if this not possible, estimation of earnings tool (EET) and default maintenance decision (DMD) provisions will be used while self employed income is obtained.