

[Financial Transition: Contents](#)

- [Financial Transition: Overview](#)
 - [Financial Transition: Decision Making Guidance](#)
 - [Deferred Debt](#)
-

[Financial Transition: Overview](#)

This document is intended to provide a policy overview of the financial transition process for 2012 caseworkers.

This Policy guidance uses the phrase "transferred" when describing moving debt over to the 2012 system. The technical term for this is "written-down" debt.

Written-down debt should be interpreted as debt passed to the 2012 scheme and written-off debt as debt permanently removed from child maintenance systems.

The term 'Safe Debt' refers to debt that can be financially transitioned to

2012 child maintenance system (i.e. debt that 2012 system is capable of accepting), once validated through the cleanse process as the stable arrears figure.

The term 'Closed Cases with arrears' refers to arrears only cases with no ongoing liability.

[Non-child maintenance debt](#) includes fees relating to DNA tests, costs relating to court action taken against non-resident parents, and overpayments of maintenance.

The term 'Secretary of State Debt' refers to child maintenance debt that accrued prior to 27/10/2008 where the PWC was in receipt of benefit. Where that benefit would normally be reduced by child maintenance due to the PWC, the S of S could pay benefit in full, and then retain an amount of maintenance equal to the benefit that would not have been paid had the maintenance been taken into account. Where arrears of maintenance are still outstanding for a period in which benefit was paid in full prior to 27th October 2008, when those arrears are collected they can still be retained by the S of S to recoup the benefit that was paid at the time.

The 1993/2003 systems trigger automated financial transition on a case group level, while in specified circumstances manual financial transition can be performed on an individual case level. A case group represents a non-resident parent and all associated parents with care. An individual child maintenance case represents a non-resident parent and a specific person with care.

Financial transition is the process of transferring arrears accrued on the 1993/2003 systems (CSCS, CS2 (legacy systems) and the clerical case database) to the 2012

system. The majority of cases will be automatically processed on the legacy systems but will still require caseworker intervention on the 2012 system to input the debt balance. (This is known as 'automated financial transition'. Under certain circumstances, however, it will be necessary for the 1993/2003 scheme caseworkers to transition the arrears balance to the 2012 system manually. (This is known as 'manual financial transition'.)

Financial transition will only be initiated after (see [Case Cleanse](#)):

- the client's case has been cleansed and all outstanding changes of circumstance have been actioned in line with the current procedural steer
- any applicable and appropriate write off action has been performed
- it has been established, or assumed, that the person with care wants the outstanding arrears to be pursued
- the caseworker has established a stable arrears figure

Manual financial transition will be initiated in the following circumstances:

- CS2 Closed Cases with arrears which cannot be validated
- CSCS and clerical closed cases with arrears
- Non-resident parent's arrears owed to the Secretary of State which is suspended due to death of the person with care
- Secretary of State arrears which are suspended due to death of last or only qualifying child

Manual transition will only be triggered in the following circumstances if accelerated arrears transfer is requested by 2012 caseworker:

- legacy scheme qualifying child in arrears only case is a qualifying child or child in a family based arrangement for a different person with care in a case on 2012 scheme
- qualifying child or child in Scotland is 20 in arrears only case and cannot be input on 2012 system

[Return to Contents](#)

[Financial Transition: Decision Making Guidance](#)

Financial Transition Exceptions (treated using manual process):

CS2 Closed Cases with arrears which cannot be validated

Any CS2 case with a status of “closed” but with a balance of outstanding arrears must only have the arrears balance transferred automatically by the system where the arrears can be verified as valid by a caseworker. (For example where an accurate debt figure cannot be established due to information being not available on the system or archive prints not being available.) Where a caseworker cannot verify the arrears as valid the case must undergo manual financial transition.

CSCS and Clerical Closed Cases with arrears

CSCS and clerical closed cases with arrears must have the arrears balance transferred manually to the 2012 system as there is no way to utilise CSCS or Clerical Case Database functionality to transfer the arrears balance via the system.

Non-resident parent debt owed to the Secretary of State which is suspended due to death of the receiving parent

Cases where the person with care has died should be referred to the case closure support team for them to be treated as exceptions in liaison with Advice & Guidance.

Non-resident parent debt owed to the Secretary of State which is suspended due to death of last or only qualifying child (QC)

Cases where the QC has died should be referred to the case closure support team for them to be treated as exceptions in liaison with Advice & Guidance.

Manual inhibit indicator

A system function that is applied by a user of Team Leader level or above under certain specific circumstances. This prevents arrears balances from Transitioning to the 2012 Child Maintenance Scheme until lifted by a user of Team Leader level or above.

If the non-resident parent has multiple cases then any other case in the case group will have their debt (classed as ‘safe debt’) manually transitioned to the 2012 system.

In the following circumstances manual transition will only be triggered if accelerated arrears transfer is requested by 2012 caseworker:

Legacy Scheme Qualifying Child in Arrears Only case is a Qualifying Child, Child in a Family-Based Arrangement for a different person with care or a Child in Scotland in a case on 2012 system

Any case where a legacy qualifying child is a qualifying child or child in a family-based arrangement for a different person with care in a case on 2012 scheme must remain on the legacy systems. This is because a qualifying child cannot be input in two households on one system for the same time period. Only if [Acceleration of Arrears](#) process for the ‘safe debt’ has been requested by the 2012 system then the case and the debts should be manually transitioned.

Otherwise the case(s) and the associated debts will be manually inhibited from any closure and maintained on the legacy systems and will undergo full automated transition after future system changes have been implemented.

[Return to Contents](#)

[Deferred debt](#)

Background

Deferred Debt originally began as an administrative process under 1993 child maintenance scheme. Legislation was then made to make it a part of the statutory scheme for a limited period. This was set out in section 27 of the Child Support, Pensions and Social Security Act 2000, and the Temporary Compensation Payment Scheme Regulations 2000, (which came into force on 31 January 2001). In 2002 that limited period was extended by the Child Support (Temporary Compensation Payment Scheme)(Modification and Amendment) Regulations 2002. For the purposes of making new agreements deferred debt finally came to an end on 01 April 2005.

Description

Where a delay occurred that created arrears for a period in excess of 6 months, at least 3 months of that delay was due to maladministration by the Secretary of State, and the non-resident parent had been otherwise compliant with any payments s/he was required to make, the Secretary of State could make an agreement whereby the non-resident parent would agree to pay any regular maintenance due, plus the most recent 6 months worth of arrears. Any arrears in excess of that period would be suspended. The agreement generally lasted a maximum of 12 months. At the end of that 12 month period, if the non-resident parent had made all the payments s/he had agreed to make (including payment of the 6 months arrears) then s/he would cease to be liable for the additional arrears that had been suspended. Once the agreement had successfully concluded and the liability had been extinguished, a compensation payment was made to the person with care for the loss of maintenance. If during the period of the agreement the non-resident parent failed to make the payments required of him, the agreement could be cancelled by the Secretary of State, and all suspended arrears could be reinstated. As mentioned above, the legislation allowing such an agreement to be made was withdrawn from 01 April 2005, and any agreements made prior to that date had to have come to a conclusion before 01 April 2006.

As the last agreement came to an end prior to 01 April 2006, there should not be any outstanding action to take regarding deferred debt. However, due to issues with processing in the past, there are still a number of cases where debt suspended under a deferred debt agreement is still outstanding, and some cases where

compensation payments that should have been made several years ago have never been paid out. In the case of outstanding suspended deferred debt, if the agreement was not complied with in the past it should have been reinstated; if the agreement had been complied with it should have been adjusted off the system.

[Advanced deferred debt](#)

The basic deferred debt criteria also applied to advanced deferred debt cases, yet there is one main difference: the CSA paid out immediately the deferred amount owed to the person instead of waiting to make sure the non-resident parent met the deferred debt criteria. Where this happens the deferred debt amount payee was changed from the person with care to the Secretary of State. If the non-resident parent complied with the 12 month agreement, the remaining arrears would still have been adjusted as with a normal Deferred Debt (the debt would have been extinguished). If the non-resident parent failed to comply with the deferred debt agreement then the suspended arrears would have been reinstated and collected in full for the Secretary of State.

[Return to contents](#)

PLDMG @ 09.03.2014