



Department  
for Work &  
Pensions

# Child Maintenance Arrears Growth

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# Background

1. The Department for Work and Pensions is to publish a child maintenance arrears strategy to examine how approximately £3.8bn in child maintenance arrears owed by non resident parents has accrued since 1993 and set out priorities for the collection of child maintenance.
2. To assist understanding of child maintenance arrears performance and to inform the strategy, it is necessary to plot historical arrears performance from the inception of the child support statutory schemes in 1993 to present.
3. The level of child maintenance arrears owed by non resident parents since March 2006 is published in the Child Support Agency Quarterly Summary of Statistics (QSS). This is available at [http://statistics.dwp.gov.uk/asd/asd1/child\\_support/2012/csa\\_qtr\\_summ\\_stats\\_sep2012.pdf](http://statistics.dwp.gov.uk/asd/asd1/child_support/2012/csa_qtr_summ_stats_sep2012.pdf)
4. Accurate management information for the period prior to 2006 is not available, so it has been necessary to estimate the growth in maintenance arrears between 1993 and 2006 from other available data.
5. The purpose of this document is to outline the methodology used to estimate the child maintenance arrears balance each year from 1993 to 2006.

# Methodology

6. At a simplistic level, the level of child maintenance arrears is the difference between child maintenance due and maintenance received from parents who are expected to pay child maintenance.
7. Maintenance due is estimated by multiplying the caseload with a liability to pay child maintenance by the average weekly maintenance assessment on these cases. This gives a total weekly maintenance amount due. This is converted to an annual amount by rating the weekly value upwards by 52.

### Caseload

8. The caseload with a liability to pay child maintenance is available on a quarterly basis from March 2003 in the September 2012 QSS, available at [http://statistics.dwp.gov.uk/asd/asd1/child\\_support/2012/csa\\_qtr\\_summ\\_stats\\_sep2012.pdf](http://statistics.dwp.gov.uk/asd/asd1/child_support/2012/csa_qtr_summ_stats_sep2012.pdf). Historical figures are available in older QSS publications available at <http://webarchive.nationalarchives.gov.uk/20120504104607/http://www.childmaintenance.org/en/publications/stats0609.html>
9. Maintenance Direct cases are excluded as these do not accrue arrears.
10. Annual caseloads can be derived by taking the mean of four quarterly caseloads as published in the QSS. Prior to 2003, the quarterly caseloads to February each year have been used as a best fit for a financial year. From 2003 onwards the quarterly caseloads to March have been used.
11. Management information is not available between 1993 (inception of statutory child support scheme) and 1995. Figures have been linearly extrapolated between 1993 and 1995 to bridge this gap.

### Average Assessment

12. Average weekly child maintenance assessment values are available in QSS publications on a quarterly basis. An average annual assessment has been calculated by taking the quarterly assessment values and weighting it according to the quarterly caseload.
13. Table 1 shows how a total weekly child maintenance amount due can be calculated by multiplying the quarterly caseload by the average weekly assessment.

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14. In the example below, dividing the amount due across the four quarters (£86.4m) by the sum of the caseload across the four quarters (1.92m) gives an average annual weekly assessment of £45 per case.

**Table 1: Deriving the Average Annual Assessment.**

Quarter	Caseload <sup>1</sup>	Average Weekly Assessment	Total Weekly Amount Due
May 2002	493,700	£44	£21,722,800
Aug 2002	488,800	£45	£21,996,000
Nov 2002	492,700	£45	£22,171,500
Feb 2003	445,600	£46	£20,497,600
<b>Total</b>	<b>1,920,800</b>		<b>£86,387,900</b>

Notes:

1. Caseload only includes collection service cases with a positive maintenance assessment. Nil assessed and maintenance direct cases are excluded.

### Maintenance Received

15. Maintenance received is published in the QSS and is the amount of child maintenance paid into Child Support Agency bank accounts and allocated to child support cases.

### Annual Maintenance Due

16. A weekly maintenance due amount can be estimated by multiplying the average annual caseload by the weekly child maintenance assessment amount. Multiplying this by 52 then gives the estimated annual amount due.

### Theoretical Arrears Balance

17. A theoretical arrears balance can be calculated at the end of each year by subtracting child maintenance received from the amount of child maintenance due. This is theoretical and is significantly overstated as it does not take into account adjustments to arrears balances each year. Reasons for adjustments include retrospective assessments and where the non resident parent has paid the parent with care directly without first informing the Agency. Once updated information on a parent expected to pay child maintenance is received by the Agency any arrears accrued may be adjusted downwards.

18. For the purposes of this paper it has been assumed that the level of arrears adjustments is proportionate to the annual maintenance due each year.

19. This theoretical arrears balance can be used to estimate the underlying growth in the actual child maintenance arrears balance. The theoretical arrears balance has been shown as a cumulative amount in the table in Annex A.

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20. The figures in Annex A should be seen as indicative as the makeup of the caseload in practice is complex with cases regularly switching between compliance statuses including Maintenance Direct and Nil assessed which do not accrue arrears.
21. Child maintenance arrears growth can be shown in index form using the theoretical arrears balance with the year 2006 as base of a 100.

## Results

22. The table below shows the arrears index each year based on the theoretical arrears balance with the year 2006 being set as the base. The derived arrears balance is also shown by applying the index to the 2006 actual (published) arrears figure of £3,383m.

**Table 2: Estimated Arrears Balances: 1994 – 2012.**

Year	Index	Derived Arrears (£m)
1994	3	£110
1995	9	£308
1996	17	£591
1997	25	£855
1998	33	£1,122
1999	42	£1,421
2000	52	£1,748
2001	61	£2,068
2002	70	£2,352
2003	77	£2,618
2004	84	£2,850
2005	92	£3,112
2006 <sup>2</sup>	100	£3,383
2007 <sup>2</sup>	N/A	£3,574
2008 <sup>2</sup>	N/A	£3,695
2009 <sup>2</sup>	N/A	£3,717
2010 <sup>2</sup>	N/A	£3,694
2011 <sup>2</sup>	N/A	£3,748
2012 <sup>2</sup>	N/A	£3,799

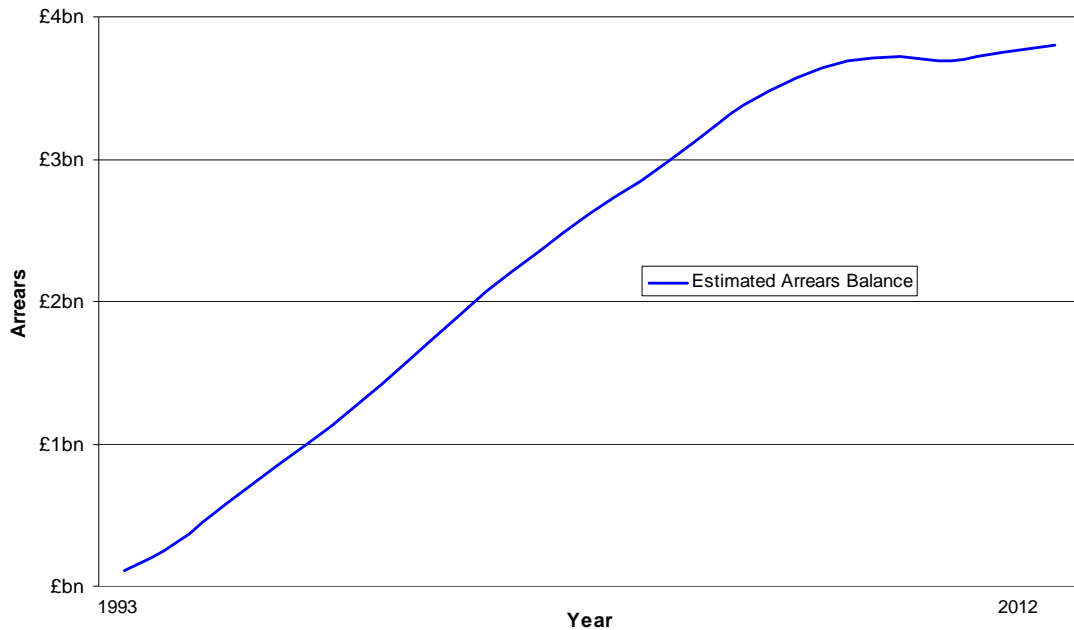
Notes:

1. Arrears estimated based on methodology described above for period from 1994 – 2006.
2. Figures from 2006 onwards are extracted from the latest QSS publication.

23. The graph below shows the estimated arrears balance between 1993 and 2006 based on the above methodology, with figures from 2006 onwards based on figures in the latest QSS publication.

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**Graph 1: Estimate of Child Maintenance Arrears Growth: 1993-2012.**



24. The analysis in this paper includes high level estimates of arrears balances based on existing Child Support Agency statistics and should be viewed as indicative of arrears growth. These should not be seen to replace figures previously published in the audited Client Fund Accounts. Arrears balances in this paper may be subject to change in future QSS and Client Fund account publications.

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# Annex A

**Table 3 : Caseload, Assessment and Collection Figures: 1994-2006**

Year	Average Caseload <sup>1</sup>	Weekly Assessment £ <sup>2</sup>	Annual Maintenance Due £m	Annual Receipts Received	Theoretical Cumulative Arrears £m <sup>3</sup>
1994	93,000	50	£242m	£15m	£227m
1995	186,000	50	£485m	£74m	£638m
1996	280,000	49	£719m	£134m	£1,223m
1997	306,000	48	£759m	£213m	£1,769m
1998	351,000	47	£859m	£306m	£2,321m
1999	414,000	47	£1,011m	£393m	£2,939m
2000	472,000	46	£1,136m	£461m	£3,614m
2001	493,000	46	£1,166m	£503m	£4,277m
2002	487,000	44	£1,115m	£528m	£4,863m
2003	480,000	45	£1,123m	£573m	£5,414m
2004	459,000	44	£1,060m	£580m	£5,894m
2005	519,000	42	£1,127m	£585m	£6,437m
2006	570,000	39	£1,155m	£595m	£6,997m

Notes:

1. Average collection service caseload extracted from QSS publications and includes all cases with a positive maintenance assessment (excluding Maintenance Direct cases). Figures rounded to nearest thousand.
2. Weekly Assessment derived using the quarterly average assessment in each year and weighting this by the quarterly caseload. Average assessment amounts extracted from QSS publications.
3. Theoretical cumulative arrears do not include any arrears adjustments and so are significantly overstated.