Department for
Communities

An Roinn
Pobal

Depairtment fur
Commonities

www.communities-ni.gov.uk

Post-implementation Review of The Child Support (Miscellaneous Amendments) Regulations (Northern Ireland) 2018

December 2023

Contents

Reviewing the Regulations	3
RDOs and LSDOs collected since the introduction of the regulations	4
Qualitative Feedback	5
Policy Objectives	5
Has the Policy Objective been achieved? and does this objective remain appropriate?	5
Could the Objective be achieved in another way which involves less onerous regulatory provision?	5
Conclusions	5

Introduction and Background

It is a longstanding principle that parents should continue to support children that they no longer live with to ensure the children have the best start in life. Child maintenance refers to the financial (and non-financial) support that Paying Parents (PPs) provide to the Receiving Parent (RP) following separation. Wherever possible, separated parents are encouraged to make their own family-based child maintenance arrangements without state intervention, which is generally better for children. Where this is not possible, the Child Maintenance Service (CMS) administers a statutory scheme to calculate the child maintenance amount and, where necessary, arrange payment.

Where a maintenance liability is not paid voluntarily, the CMS can enforce payments by deducting directly from earnings and directly from bank accounts. The CMS also has a range of stronger actions (known as sanctions) for those parents who consistently refuse to meet their obligations to support their children, such as forcing the sale of a property, confiscating a driving licence and committal to prison. These sanctions are taken via the Enforcement of Judgements Office (EJO) and the Northern Ireland Courts and Tribunals Service (NICTS).

The Department is continuously reviewing its enforcement processes to ensure that they remain effective at securing money for children. A loophole was identified which allowed PPs to avoid payment of child maintenance by placing all their money into joint or business accounts rendering them inaccessible to the CMS. Following a DWP led public consultation launched on 14 December 2017, in which Northern Ireland was included in the scope, the Child Support (Miscellaneous Amendments) Regulations (Northern Ireland) 2018 made amendments to the Child Support (Collection and Enforcement) Regulations (Northern Ireland) 1992. These amendments brought un-commenced powers into force to close this loophole by enabling arrears to be recovered from a wider range of bank accounts to include joint accounts and unlimited partnership business accounts through a Regular Deduction Order (RDO) or Lump Sum Deduction Order (LSDO).

The Department is required to review the impact of the changes to the RDO and LSDO provisions that were introduced in 2018 to consider if the policy objectives it set out have been achieved, and whether the measures have placed a significant burden on the businesses who are required to administer the deductions.

For this review, the Department has considered whether and to what extent the changes to provisions 25A to 25D of the Child Support (Collection and Enforcement) Regulations (Northern Ireland) 1992 have achieved the policy objectives. The review objectives are:

- has the policy objectives been achieved and does the objective remain appropriate; and
- could the objective be achieved in another way which involves less onerous regulatory provision (regulatory provision has the meaning given by section 32(4) of the Small Business, Enterprise and Employment Act 2015).

Reviewing the Regulations

In conducting this review, the Department has looked at the trend in the use of RDOs and LSDOs and money they secured for children in 2022/23 (the latest full year that data is held) compared with 2017/18 (before the deductions powers were extended to include joint accounts and unlimited partnership business accounts). The Department has utilised the following data sources:

- published CMS statistics; and
- internal CMS administrative data.

However, it should be noted that administrative data on the volumes of Deductions Orders issued was not amended to differentiate Joint Accounts & Limited Partnership until February 2022.

The Department engaged with the banks and building societies that have been responsible for deductions from joint or business accounts, and CMS operational staff who administer the deduction order process in the Department.

RDOs and LSDOs collected since the introduction of the regulations

RDOs

Whilst the amount of child maintenance collected from RDOs since 2017/18 to 2022/23 has varied, the actual number of RDOs has increased significantly over the period of the review.

Year	Money Collected via Regular Deduction Orders (£)	Number of Regular Deduction Orders
2017/18	£14,868	5
2018/19	£12,545	66
2019/20	£11,311	63
2020/21	£11,066	39
2021/22	£15,486	70
2022/23	£14,237	106

LSDOs

Since the introduction of the Regulations, LSDOs have seen an increase most years in actual numbers and the amount of maintenance collected. LSDOs decreased in 2022/23 due to Covid-related HMRC intelligence no longer being available. However, like the RDOs, there has been a substantial increase in the number of LSDOs since 2017/18.

Year	Money Collected via Lump Sum Deduction Orders (£)	Number of Regular Deduction Orders
2017/18	£67,555	10
2018/19	£74,459	44
2019/20	£124,183	67
2020/21	£126,582	61
2021/22	£146,750	75
2022/23	£87,484	74

Source: CMS Published Statistics and NI Deduction Order Team Statistics. Figures have been rounded to the nearest £

In determining the specific impact of the extended range of bank accounts, the Department was unable to identify whether a RDO or LSDO was requested from a particular type of account until early 2022 when a digital change was introduced. The change enabled the CMS to more easily identify a deduction made against a joint account. In the first 12 months that this data was available, 4 joint account RDOs were commenced, which is 4% of the total number of RDOs. 10 joint or business account LSDOs were commenced during the same period which was 14% of the total number of LSDOs. Based on the digital change not becoming effective until 2022 it has been difficult for the Department to fully evaluate if this policy change has been successful.

Qualitative Feedback

Banks are legally obliged to comply with a deduction order issued by the Department. Whilst undertaking this Review, the Department wrote to each bank and building society that has actioned deductions since the introduction of these regulations. The Department received no feedback, although it is worth noting that since the introduction of the regulations no major issues have been raised.

Policy Objectives

The overall aim of the policy changes was to close a loophole which allowed PPs to place money into joint and business accounts and therefore avoid paying the maintenance they owe.

Has the Policy Objective been achieved? and does this objective remain appropriate?

The policy objective to close the above loophole has now been achieved and makes it more difficult for non-compliant parents to make their funds inaccessible to the CMS and therefore remains appropriate. However as noted above it has been difficult to fully evaluate if this policy change has been successful as the digital change did not become effective until 2022.

Could the Objective be achieved in another way which involves less onerous regulatory provision?

Only 5% of the total number of RDOs completed in 2022 related to joint and business accounts and therefore the regulations to extend deductions to joint and unlimited partnership business accounts have likely had a limited impact on business. Businesses impacted by the policy objective have not raised any issues with the changes and therefore we conclude this was the best way to close the loophole.

Conclusions

The policy intent remains appropriate, and the Department is content that the changes brought forward were the right thing to do by ensuring we close any loopholes that allow parents to avoid paying to support their children. No feedback was received from banks or building societies, and no issues have been raised with operational delivery. This would suggest that the impact on business will have been limited, and therefore these regulations remain the best way to ensure this loophole remains closed. The Department will continue to monitor the impact of the regulations on business as required under the regulations.

Available in alternative formats.

Department for Communities | An Roinn Pobal | Depairtment fur Commonities

www.communities-ni.gov.uk