

Child Support Reform - A Brief Outline Of The Current Rules

The Child Support Reforms came into effect on 03 March 2003 and from this date all new cases are dealt with under the new rules. Any existing cases will continue to be dealt with under the old scheme until they convert to the new scheme.

The new scheme is administered by multi-disciplinary Child Support Agency (CSA) staff teams, operating a new computer system. The CSA intend that most of the work will be carried out by telephone, though face to face interviews will be available with locally based staff.

Summary of the new scheme

The new formula takes just four things into account when calculating the amount of child support that is to be paid:

- 1: The non-resident parent's (NRP) net income
- 2: The number of qualifying children
- 3: The number of nights of shared care
- 4: The number of any relevant children (this is the number of children in the NRPs household, including step children).

1. Net Income

The net income is as gross income (earned or self employed income or an annuity) under deduction of income tax, National Insurance and all contributions to pension schemes (75% if used as capital for mortgage repayment). Income from savings and renting out property is generally ignored.

2. Basic Rate and Minimum and Maximum amounts

The basic rate will apply when the income of the NRP is £200 or more per week. The rate is calculated in two stages:

- The first stage is to reduce the net income of the NRP by the appropriate percentage depending on the number of relevant children living with the non-resident parent.
- The maintenance is then a percentage of this amount, this time depending on the number of qualifying children.
- The percentages used in each stage are the same:

Number of Children	Percentage
One	15%
Two	20%
Three or more	25%

Minimum and Maximum amounts of benefit

There is a minimum of £5 in basic and reduced rate cases, however, NRPs on the flat rate may pay less in some circumstances.

The maximum amount of maintenance is set by a limit on net income of £2,000 or more per week. Depending on the circumstances the maximum ranges from £225 to £500 per week:

Number of Qualifying Children		One	Two	Three or more
Number of Relevant Children	None	£300	£400	£500
	One	£255	£340	£425
	Two	£240	£320	£400
	Three or more	£225	£300	£375

There are three other rates of child support:

3. Reduced Rate

The reduced rate will apply when neither the flat rate nor the nil rate applies and the NRP has an income of between £100 and £200.

The rate is calculated by adding the flat rate of £5 to a percentage of the NRPs net income. This percentage is worked out depending on the number of qualifying children and other relevant children the NRP has:

		Number of Qualifying Children		
		One	Two	Three or more
Number of Relevant Children	0	25%	35%	45%
	1	20.5%	29%	37.5%
	2	19%	27%	35%
	3 or more	17.5%	25%	32.5%

4. Nil Rate

A nil rate will apply in some circumstances eg where the NRP is a student, a prisoner, a child etc.

5. Flat Rate

When the NRP does not qualify for the nil rate then the flat rate of £5 will apply when

the weekly income is £100 or less or they receive a qualifying benefit.

6. Shared Care

The amount of maintenance may be reduced if the NRP shares care for at least 52 nights per year. The maintenance is reduced in proportion to the number of nights the non-resident parent shares care:

Number of nights	52-103	104-155	156-174	175 or more
Decrease by	One-seventh	Two-sevenths	Three-sevenths	One-half, then an additional £7

Any NRP who pays the flat rate because they are on benefit will pay no maintenance to a parent with care (PWC) for a child with whom they share care.

The reduced rate for shared care must not be less than £5 apportioned between the carers.

Converting to the new scheme

Most of the old rules cases of child support will not transfer to the new rules until the conversion date. This date has not yet been set but may be up to a year after the date the reforms came into effect (03 March 2003). Some old rules cases will convert earlier than the conversion date, these cases are known as early conversions.

An early conversion may occur where a new rules application is made and a relevant person (either PWC or NRP) in this is also a relevant person in an old rules assessment.

Where the case converts, transitional provisions may apply and a Child Maintenance Premium may replace Child Maintenance Bonus.

A parent with an old rules reduced benefit direction (RBD) will also come under the new rules when they:

- Ask for maintenance to be pursued – opt-in;
- Provide information triggering a reconsideration of the RBD; or
- Come to the end of the RBD period and a review is triggered.

In the case of reconsideration and review of RBD's this will mean the new rules good cause procedure will apply and a reduced benefit decision may be made.

Transitional provisions

Where an old rules case with a maintenance assessment converts to the new rules a conversion calculation will be carried out and a transitional amount of maintenance may be determined which phases in the new amount over a transitional period. The maximum length of this period is five years.

The maximum amount of maintenance that a parent may have to pay where the transitional provision apply is 30% of their net income (as worked out under the new rules).

A transitional amount will be payable where the difference between the old rules assessment and the new rules amount is greater than the phasing amount.

The phasing amount depends on the income of the non-resident parent:

- £10.00 where income is £400 or more
- £5.00 where income is more than £100 but less than £400
- £2.50 where income is £100 or less

This means that the old rules amount will be increased or decreased by the phasing amount until the new amount is reached. The phasing only applies to the old rules case converting, thus where the conversion is triggered by a new application this is worked out solely under the new rules.

There are special rules for some flat rate cases.

This is a brief summary of the Child Support Reforms. For further information on this Briefing Note or the Family Law Practice Group, please contact Janice Jones, Practice Group Leader, on 0141 227 9410 / email janice.jones@harpermacleod.co.uk