

# 10 Managing the legacy

## Dealing with debt

98. While establishing a new system for child support gives the opportunity to make a clean break with the past, legacy issues arising from past failings still need to be addressed. Non-resident parents will not be able to evade their existing responsibilities, as a residuary body will continue to enforce past debts. Stronger and more effective enforcement powers will combine with efforts to improve the culture of compliance.
99. The redesigned system requires a clean break with past cases. However, the current system is burdened with debt. The CSA currently has no powers to write off debts, even in cases where debt is legally unenforceable through a Liability Order.<sup>59</sup> The Government does not guarantee child support, but acts as an intermediary between parents. Dealing with uncollectable old debt must not be allowed to hamper the operation of the new system.
100. Maintenance debt accumulated since 1993 stood at over £3 billion in April 2005. The Agency is already taking steps to improve debt collection through its Operational Improvement Plan by:
  - employing external debt collection agencies to recover outstanding debt, using best practice from the private sector;
  - using re-deployment and restructuring to quadruple enforcement staff during the Operational Improvement Plan period;
  - debt management teams taking immediate action when a payment is missed; and
  - making more use of information held by HM Revenue & Customs and credit reference agencies.
101. Delivering these improvements will not remove the issue of old debt. Further actions will need to be taken but managing such debt should be a discrete function, separate from delivery of the new child support system. The residuary body should be provided with powers to negotiate or factor debts to optimise returns. Powers to write off debt should be used where there is no possibility of getting any money back.

102. In support of these recommendations, further work should be done to provide enhanced analysis of the stock of debt. The focus of this work should be to better understand the best way to resolve cases and ensure appropriate use of the proposed new powers.

**Recommendation: Take legislative powers to manage down existing debts and conduct further work on the nature of historic debts.**