

## **Benefits and Credits Consultation Group meeting 30 Jan 2013**

### **Attendees**

#### **HM Revenue & Customs (HMRC)**

Jane Andrews (chair)  
Anne Martin  
Amanda Aldridge  
Bilal Rasool  
Paul Becker  
Trevor Sanders  
Andrew Burland  
David Skinner  
Ray Francis  
Tom Smith  
Emily Gravestock  
Anna Rogerson  
Jacqueline Latter

#### **Representatives**

John Andrews - Social Security Advisory Committee (SSAC)  
Jason Piper - Association of Certified Chartered Accountants (ACCA)  
Sue Royston - Citizens Advice  
Victoria Todd - Low Incomes Tax Reform Group (LITRG)  
Robin Williamson - Chartered Institute of Taxation (CIOT)

#### **Apologies**

Maureen Arthur - National Association of Welfare Rights Advisers  
Fran Bennett - Oxford University  
Ken Butler - Disability Alliance  
Frances Corrie - TaxAid  
Richard Exell - TUC  
Joy Flynn - Shelter  
Eddy Graham - Child Poverty Action Group (CPAG)  
Jane Hayball - Local Government Association  
Philip McNeill - TaxAid  
Julie Mitchell - Gingerbread  
Jane Moore - Institute of Chartered Accountants of England & Wales  
Bernie O'Gorman - Local Government Association  
Chas Roy-Chowdhury - Association of Certified Chartered Accountants  
Neera Sharma - Barnardo's  
Mark Willis - Child Poverty Action Group in Scotland

#### **1. Welcome and introductions**

Jane Andrews welcomed everyone and introduced Tom Smith, Director of Customers, Strategy and Policy for Benefits and Credits.

#### **2. B&C Customers, Strategy and Policy Director**

Tom explained a little about his background in Government Departments and confirmed HMRC'S commitment to the Consultation Group. He outlined the major issues and challenges ahead:

- the transition of tax credits customers to Universal Credit (UC)
- the impact of error and fraud and overpayments for both HMRC and customers
- building the best possible customer experience

These were significant challenges and he looked forward to working together with representatives to achieve positive outcomes.

Representatives said that current concerns included:

- Serious impact on many customers of the error and fraud campaign targeting undeclared partners.
- Tax credits appeals and the impact of the proposed introduction of a three month time limit for disputes.
- Interpretation of figures quoted for successful compliance interventions - are these gross or net after challenge? HMRC to check and report back.
- The conflation of error and fraud and relevance of subsequent actions.

John Andrews explained the role of the Social Security Advisory Committee (SSAC) and detailed five key areas of interest:

- the managed transition to UC
- debt legacy and impacts
- compliance activities relating to the self employed and undeclared partners
- childcare provision under UC
- the impact on passported benefits

### **3. Representatives' issues**

Appeals – representatives' concerns applied to all appeals and included:

- ongoing significant delays
- the severe impact for 'undeclared partner' intervention customers who appealed HMRC's decision - left without payment and couldn't claim tax credits in the meantime
- lack of communications and advice - not all HMRC evidence initially available to customers
- inability to contact a dedicated adviser
- many customers still seeking intermediary advice in compliance 'undeclared partner' cases
- potential for the reconsideration step added into the compliance process to further increase delays
- the volume of cases on hand

HMRC acknowledged representatives' feedback and outlined measures introduced to start to address the concerns. These included:

- further increase in resources
- dedicated escalation route for the more extreme cases
- priority for out of payment cases
- plans to align compliance interventions with provision for downstream impacts
- 'voice of the customer' team using operational data to consider process improvements

Representatives acknowledged these measures but re-iterated their concerns for customers in the short term. HMRC agreed to:

- include appeals on the agenda at future B&C Consultation Group meetings
- check and report on the number of 'represented' customers where decisions went in HMRC's favour
- provide previous appeals workshop outcomes to HMRC colleagues

### **4. Policy update**

Tax credits appeals: mandatory consideration of revision consultation: HMRC explained that the planned introduction of a mandatory consideration of revision before appeal remained in the timeframe outlined at the last B&C Consultation Group meeting. The submission would be referred to the Minister when impact discussions with the Ministry of Justice and Court Service were concluded. HMRC confirmed that the change will mirror that planned by the Department for Work & Pensions (DWP).

Autumn statement: HMRC outlined three measures introduced:

- information technology (IT) enhancement to enable recovery of tax credits debt related to a customer's previous tax credits awards
- customers to pro-actively report that any young person for whom they are responsible is continuing in full time non advanced education (FTNAE)
- assessment of high risk childcare cost claims and requesting evidence to ensure customers receive the correct entitlement

HMRC agreed to inform the consultation group when implemented. Representatives asked if HMRC had informed the Childcare Commissioner. HMRC agreed to take this forward. HMRC's objective was to present a constructive message to customers and help to avoid overpayments.

Changes to overpayment policy: HMRC said that the introduction of a three month time limit for disputes would proceed as planned from April 2013. HMRC acknowledged representatives' concerns about communications, in particular the COP26, and agreed to address them ahead of publication. HMRC also agreed to check the number of hardship requests accepted in overpayment recovery cases.

## **5. Changes to telephony**

HMRC gave an audio/visual presentation about Contact Centres telephone demand management and the planned introduction of a new interactive voice recognition system which will use speech rather than customers pressing buttons. The final implementation date had not been announced but customer testing for tax credits and Child Benefit calls is planned for March 2013. HMRC confirmed that:

- There is a plan to automate general security, however, IDAS will not be automated.
- Work was ongoing with DWP in preparation for the introduction of Universal Credit (UC).
- System built to recognise the English language including regional accents. References to international/big word interpreters were built into message recognition.
- Adviser call recordings would be retrievable as currently.
- Tariffs would remain the same as currently.
- B&C Consultation Group to be updated on customer testing.

## **6. Impact of introduction of Personal Independence Payments on tax credits**

HMRC confirmed that:

- They were working closely with DWP to ensure receipt of up to date information about Personal Independence Payments (PIP) and Disability Living Allowance (DLA) awards. This was to ensure that customers received their correct tax credits entitlement. Notifications from DWP were an addition to the HMRC process and responsibility remained with customers to report changes to HMRC.

- The impact of retrospective decisions for PIP from appeals lodged would be taken into account in HMRC consideration. Decisions in the customer's favour would result in tax credits awards being restored.
- Discussions are ongoing with the UC Programme, the PIP project and Benefits and Credits (B&C) stakeholders to understand customer impact arising from UC transition.
- Customer disability data from DWP computer systems was available to HMRC.
- Letters sent to customers requesting information would be the same as in the current process. Representatives considered that DWP already held the information requested and HMRC agreed to check if this information could be obtained from DWP.
- PIP criteria for those from the armed forces impacted only a small proportion of tax credits customers.

John Andrews asked that HMRC send details of legislative changes to SSAC with time built in for consideration and response.

## **7. Topical updates**

HMRC explained that the registration process for Local Government departments to receive bulk issue of tax credits claim packs was expected to be completed in mid-February 2013. Issue was scheduled to start from 6 April 2013 and this would be brought forward if possible

The action point log, operational update, charter update and assurance update had been issued in advance of the Consultation Group meeting.

### **Action points**

HMRC agreed to provide an update on the disputes de-layering pilot

### **Sub-groups**

CRA: meeting held 18 January 2013. Discussions included:

- the escalation route for cases of concern mentioned earlier in the meeting
- how the new reconsideration step fits in with the existing appeals process

STC/UC: meeting held 22 January 2013. Discussions included:

- customer journey for natural and managed transition
- introduction to high level debt recovery principles

Next STC/UC sub-group meeting arranged for 18 April 2013

### **Charter update**

No comment

### **Assurance update**

No comment

## **8. Any other business**

- HMRC agreed that co-ordinated cross departmental consultation is useful, where appropriate, and discussions were taking place with DWP on definition of income, for example
- HMRC said they would welcome the opportunity to work with paid agents as the transition to UC progressed
- HMRC would report back to the consultation group as the issues introduced in the Autumn statement progressed to implementation

**The next meeting of the group is scheduled for 15 March 2013.**