

Benefits and Credits Consultation Group meeting 15 March 2013

Attendees

HM Revenue & Customs

Tom Smith (chair)
Jane Andrews
Dianne Parchment
Bob Appleton
Sue Parritt
Jon Bates
David Skinner
Paul Becker
Claire D'Arcy
Colin Stewart
John Dolan
Derek Tilstone
Kevin O'Hanlon

Representatives

John Andrews - Social Security Advisory Committee
Maureen Arthur - National Association of Welfare Rights Advisors
Eddy Graham - Child Poverty Action Group
Bernie O'Gorman - Local Government Association
Sue Royston - Citizens Advice Bureau
Victoria Todd - Low Incomes Tax Reform Group

Apologies

Fran Bennett - Oxford University
Frances Corrie - TaxAid
Caroline Davey - Gingerbread
Jane Hayball - Local Government Association
Karen Holmes - Turn2Us
Jane Moore - Institute of Chartered Accountants of England & Wales
Chas Roy-Chowdhury - Association of Certified Chartered Accountants
Robin Williamson - Low Incomes Tax Reform Group
Mark Willis - Child Poverty Action Group

1. Welcome and introductions

Tom Smith welcomed everyone to the meeting and explained he had taken over from Jane Andrews as chair of the Consultation Group. He said he is a direct link between the Consultation Group and the Benefits & Credits leadership team.

2. Error and Fraud adding capacity trial

HMRC provided information about the Error and Fraud adding capacity trial.

Representatives asked:

- If they could see the contract HMRC had entered into?
- If anything could be done to improve the interchange of information between Child Benefit Office and the Tax Credit Office (TCO) about young people remaining in full time non-advanced education (FTNAE)? HMRC said they would check if the current Child Benefit letter reminded customers to also inform the TCO when their child leaves FTNAE.
- HMRC to provide available information about the trial for CAB to share with advisers.
- HMRC to share details of the Childcare process which will be used.

Representatives said they had seen examples of cases where child care costs were applied incorrectly by Compliance staff. They said they would send illustrative examples to the Secretariat.

HMRC said they would consider a sub-group for future discussions about the trial.

3. DMB issues

Use of Debt Collection Agencies

See attached handout:

- [Use of Debt Collection Agencies to collect Tax Credit Debts \(PDF 44K\)](#)

HMRC confirmed final opportunity letters were issued in January 2013. HMRC said

- there is a £25 de minimis limit but the focus is on small levels of debt
- they would share the final opportunity letter with the Consultation Group
- Debt Collection Agency (DCA) activity would be rigorously audited and assessed to make sure it was fair and equitable

Representatives asked

- If letters are being sent to customers who are appealing? HMRC said these customers should not receive a letter. Representatives said they would forward details of a case where the customer had appealed but had received a letter.
- What will happen if a DCA cannot collect the debt? HMRC said the debt should be referred back to them.
- Who customers should contact about their debt? HMRC said all contact should be with the DCA once the debt is with them. They said DCA staff will have the same guidance available to them as HMRC staff have.
- How using DCAs is more effective than HMRC collecting debt? HMRC said this is about adding capacity; evidence showed DCAs are better at collecting low level debt.
- Whether disputed debts should be referred back to HMRC? HMRC said they should be and recovery should be suspended.
- Whether recovery was still being made via PAYE codes? HMRC confirmed it was
- What actions a DCA would take where a customer is in hardship? HMRC said they would check what happens in these cases and send representatives details.

Use of charging orders

HMRC

- Said there had been no change in the policy for collecting tax credits debts.
- Apologised for a recent incident where a charging order had been sought for recovery of a tax credits debt. Representatives pointed out they had seen five other cases where charging orders had been sought.
- Outlined the circumstances where HMRC may in future consider a charging order, which is normally for debts in excess of £10,000.
- Said guidance will be updated to reflect the process for these large debts
- Explained that charging orders may in future be used as a tool to recover overpayments to encourage customer engagement.
- Said that processes for recovery of tax credits debt are being reviewed and the Consultation Group would be updated about any changes at a future meeting. Until that has taken place HMRC will not seek a charging order for a stand alone tax credits debt.

Representatives asked:

- For reassurance that customers, including those who have a Compliance debt, will still be offered the opportunity to agree a time to pay arrangement. HMRC said their staff should follow existing guidance. They said they would provide details of the existing guidance.
- Whether HMRC will seek attachment of earnings orders? HMRC said they would check and let representatives know.

4. Representatives' issues

Representatives said they had concerns about the application of notional entitlement where HMRC consider there is deliberate error on the part of the customer. HMRC said decisions to apply notional entitlement are based on the facts of a case and outlined when notional entitlement should be considered. Representatives said they were concerned about HMRC's consideration of notional entitlement in Undeclared Partner cases. In other types of case deliberate error can be clear cut where, for an example, a customer claims for a fictitious child. In Undeclared Partner cases the fact that a customer accepts HMRC's decision that a partner is living with the customer does not automatically indicate deliberate error. HMRC agreed to share a statement outlining when notional entitlement will be applied.

Representatives

- Asked whether bulk supply of claim packs for Local Authorities would commence in April? HMRC said they would check and confirm the position with Local Government Association representatives.
- Said the Permanent Secretary had agreed to share a note about the Undeclared Partners project. HMRC said they would check when this note would be issued.
- Said HMRC's policy about not disclosing the criteria for hardship provision was contrary to that of the Department for Work and Pensions (DWP).
- Said HMRC withholds Experian data from customers in Undeclared Partner cases. HMRC said this data was withheld for contractual reasons and would provide a note for representatives about this.

5. HMRC consultation

HMRC said

- They are starting consultation on the closure of its Enquiry Centres and announced the commencement of a pilot in north east England.
- There would be a final decision in December 2013.
- Customer contact will be telephony led and there will be a triage process at the point of contact. Advisers will be fully trained.
- Face to face contact will continue for people in need. There will be mobile, community based HMRC advisers who can visit customers in their home.
- They have already spoken to organisations about the change and are happy to talk to any member of the Consultation Group.

Representatives asked

- About the impact on IDAS (Identity Authentication Service)? HMRC said IDAS would continue through the pilot phase but they are considering the best way to authenticate customers in future.
- Whether appointments will still be in five days? HMRC said they would check with Benefits & Credits and let representatives know.
- About intermediaries' role in mobile visiting? There are no plans for VCS partners to deliver the mobile advisory service. VCS partners will continue to provide support to customers who need their specific help.
- Whether HMRC are working with DWP? HMRC confirmed they are

HMRC said they would send representatives contact details so they could send any further comments to HMRC.

6. Departmental Improvement Plan

HMRC said the Civil Service Reform Plan, published June 2012 announced that Capability Reviews will be replaced with Departmental Improvement Plans which will be annually assessed and led by departmental boards but calling on other external advice. HMRC has volunteered to be one of six departments to pilot the new process publishing their first Improvement Plan by 31 May 2013. The critical elements of an Improvement Plan will be:

- Performance
- Strategic Risk and Leadership of Change
- Efficiency and Innovation
- Capability

As part of the planning process HMRC are consulting with various customer groups and stakeholders to gain their feedback on what they consider should be included in the Departmental Improvement Plan.

Representatives said HMRC should

- consider data which it already holds, for example complaints data
- do more using the HMRC Charter
- ensure the customer focus is the same as the staff focus

Feedback should be sent to the Secretariat.

7. Renewals campaign 2013

See attached handout '[BCCG' Renewals 2012'](#).

Representatives

- Asked what was the process if, during an income check, HMRC systems show the customer's income is lower than the figure the customer declares? HMRC said they would find out and let representatives know.
- Said the list of reasons for income discrepancies was not comprehensive and some included were inaccurate. Representatives said they would provide details of discrepancies omitted.

HMRC outlined the tax credits renewals marketing campaign for 2013 which includes:

- television and radio advertising
- billboard advertising across 2,000 sites, utilising nearfield technology

Representatives

- Asked whether HMRC could use SMS messaging to influence reporting changes of circumstances? HMRC said they would look into this.

8. Topical updates

Appeals update

HMRC said:

- the number of outstanding appeals is reducing
- every customer who has appealed a decision by February 2013 will have had action taken on their appeal
- the aim is for HMRC to have cleared all appeals received up to mid-February by the end of June 2013

- after June 2013, HMRC plan to deal with all appeals in an average of six weeks (by having a revised decision or a submission made to Tribunal)

HMRC

- said representatives had raised concerns about the letter being sent to customers, some of whom had appealed
- apologised that representatives had not been consulted about the letter
- explained the letter was introduced because HMRC wanted to resolve the number of outstanding appeals as quickly as possible
- said some of the letters issued were not the standard letter
- agreed to share the current version of the appeals letter with representatives

Representatives asked

- How many appeals had been withdrawn as a result of the letters being sent? HMRC said 580 had been withdrawn
- Whether appeal rights can be restored? HMRC said they would confirm whether they can be restored
- What will happen to unrepresented customers who have withdrawn their appeal and may not therefore pursue having their appeal restored? They said they thought HMRC should contact those customers who had withdrawn their appeal as a result of receiving this letter. HMRC said they would establish which customers had withdrawn their appeal following receipt of the non-standard letter and consider how to handle these cases.
- What is the purpose of the second tick box option on the letter for customers to say they disagreed with the original decision but wished to withdraw their appeal? HMRC said they would look at this and respond to representatives.

HMRC apologised that the meeting had overrun and said they would send representatives details of the topical updates by email.

9. Any other business

HMRC asked representatives to send any other business to the Secretariat.

The next meeting of the Benefits & Credits Consultation Group will be held on 21 May 2013.

BCCG Renewals 2013

We expect to issue around 5.8 million renewal packs in total, compared to 6.5 million last year. This reduction follows the withdrawal of customers from the system as a result of the 2010 budget changes.

The 5.8 million packs are broken down as 1.6 million auto renewals and 4.2 million reply required renewals.

Final volumes will be finalised by the end of March 2013. We expect to start issuing renewal packs to customers on 19 April 2013 and expect to finish by 26 June 2013. All notices must be issued by 28 June 2013 in order to give our customers the legal minimum time frame to respond before 31 July 2013.

Auto renewals will be capped at a despatch rate of no more than 200,000 per day.

In order to manage Contact Centre demand; reply required renewals will be issued more steadily; 50,000 on a Thursday and up to 150,000 per day for the rest of the week.

Renewal packs will be issued in the following order:

- High Risk Renewals.
- Customers who have been in receipt of benefits for the full year (auto renewal).
- Reply required renewals starting with customers who receive the Maximum Award tapering down to customers who receive the family element only or less.
- Customers who receive Working Tax Credit only.
- All remaining auto renew low priority cases including any ceased case or nil awards.

There will not be a withdrawal campaign in 2013.

In 2012 a large majority of customers waited until the July deadline to renew. This led to significant pressure on Contact Centre telephone lines on the 30 and 31 July 2012

We are working with Contact Centres to identify areas where we could either reduce the overall telephone demand or shift demand into the weeks and months when they are better fitted to take customer calls.

- We have identified customers who have repeatedly renewed late in the renewals period, we will target those customers and encourage them to renew earlier.
- We will use B&C staff to supplement contact centre resources during peak periods.
- We have identified an option where we can use an Automated Information message to ask customers to renew by post rather than ring the contact centres. We will use this option if the service levels offered to customer's falls below 80 per cent at Contact Centres.

Income checks at renewals

Tax Credits Helpline advisers will carry out an income check during a tax credits renewal telephone call. All customers with an element of employed income (PAYE) during their 12/13 award will have their income validated using HMRC systems

Customers can make income errors during their renewal. This simple check will help ensure customers finalise and renew their tax credit claim correctly, getting it right first time and avoiding overpayments.

Customers will be clear on the income figure HMRC will use to renew their tax credit claim, reducing the need for customers to contact us further.

The process is due to begin on 20 May 2013

Approx 1.4 million customers will be taken through the income check during their renewal

Communications

The 2013 Renewals Campaign will be supported by a free and paid for marketing campaign consisting of press activity, third sector, outdoor, digital, radio and TV. The exemption paper required by the Cabinet Office for such activity was submitted and approved in February. The campaign is due to start in May 2013 once around 1 million customers have their Renewal packs, and will continue until the end of July 2013. The theme, as in previous years is to encourage our customers to renew, renew early and renew accurately.

We will be looking to repeat the success of our digital activity this year. We are also looking to use outdoor advertising again and for the first time they will include Quick Response (QR) codes.

Terminations

We expect terminations to be broadly similar as 2012; 420,000 up to early August 2013 and reaching 490,000 by September 2013. We will revisit our termination plans in early August 2013.