

Minutes

Date: 23 July 2013
Time: 11.00 to 13.30
Location 100 Parliament Street, Room 2/39, London SW1A 2BQ
Reference Agent Engagement Group (AEG)

Agent Representatives attendees:

Brian Palmer	Jason Piper
Tina Riches	Charlotte Barbour
Jean Jesty	Philippa Stedman

HMRC attendees:

Jenny Cowles (JC) Chair	Theresa Middleton (TM)
Geoff Allen (GA)	Martin Stevens (MS)
Maggie Anderson (MA)	Marcia Martin (MM)
Colin McMurtrie (CM) (via tc)	Paul Harrison (PH)
Emma Barker (EB)	Julian Hatt (JH) (via tc)
Liz Longden (LL)	Connie Kirk (Minutes)

1. Introductions and apologies and action points:

Following the introductions, JC welcomed the members. All actions from the April meeting were closed and there were no further comments.

Professional bodies wanted to add whilst professional body members were content to allow the published notes of the last meeting to stand they did not feel that the following comment accurately reflected what was said by them at the time 'Professional body members made it clear that while HMRC may think client payment reminders are good practice they are unhappy with any inference this is a requirement of being diligent or professional. Some agents simply did not have the time, or the economic flexibility, to manage client relationships to that degree.' In particular they wished it to be known that they did not agree with the final sentence. The point that they were seeking to make had not been about "time" or "economic flexibility" It had been about the nature of agents relationships with their client, which can take many forms. The wording in the last sentence implied that a failure to send client payment reminders indicated poor agent practice. When in fact, at the time, the professional body members were merely seeking to make the point that there were a number of different agent/client business models, as a consequence of this fact it should not be taken as read that the sending of client payment reminders could be construed to be a lead indicator of what a good agent looks like.

2. Universal Credits

As of mid-July, one tax credits customer has moved from tax credits to Universal Credit. This is in line with planned assumptions. Currently, tax credits customers are only affected by Universal Credit if they already live in, or move to, the Pathfinder area and start living with a partner who already claims Universal Credit.

Universal Credit will expand to 6 new Jobcentres starting from October 2013. The following Jobcentres will be included:

- Hammersmith
- Rugby
- Inverness
- Harrogate
- Bath
- Shotton

For this financial year, HMRC will continue to apply the existing process for finalising tax credits awards where the award has been stopped during the year. This means that tax credits customers who have moved to Universal Credit during 2013-14 will be contacted during the 2014 renewals period (April – June) to confirm their income and circumstances for the previous financial year. Tax credits customers are very familiar with this process.

The process that will enable HMRC to finalise tax credits awards in-year is currently under review, with a particular focus on how this will work for self employed customers. Consultation will take place once the review is finished and the process is finalised.

An information pack outlining how HMRC will manage customers who move to Universal Credit during this financial year has been circulated. The Question & Answers are not in the public domain, but can be shared with colleagues within the professional bodies organisations, if helpful. LL asked the professional bodies for feedback on the format and content of the information pack. Professional bodies were interested in finding out what their clients will need to know and by when.

LL confirmed the next update for Universal Credit will take place in October.

3. Agent Online Self Serve and Government Digital Service

PH provided an update on where HMRC is with regards to the four digital exemplars, Agent Online Self Serve being one of them. Work is currently been carried out on developing the registration process for a Unique Agent Reference. HMRC is working with the software developers in two-week “sprints” which means they concentrate on one area to deliver a concrete result at the end of each two-week sprint. The core focus of the ‘Agile’ process is customer understanding and usability. Customers (including agents) will be able to test the product throughout development and any changes can be implemented quickly.

There will be two versions of the product:

- 1) Alpha – the initial stage, which shows what the screens will look like
- 2) Beta – more developed with some limited connectivity.

Initially, a small number of agents will be contacted to visit the offices based in Blackfriars to test and provide feedback on site. But future testing will not be site specific. As the product develops, testing can be done remotely from across the UK.

PH provided the group with an early view of “process flow” screens but emphasised these are very first thoughts with necessary changes already identified and radically subject to change.

JH advised that he leads a small team that is ring-mastering the user testing of two of HMRC’s four digital exemplars – Agent Online Self-Serve and Tax for My Business (TfMB). ‘User testing’ can give the wrong impression because of the way HMRC previously asked its customers to ‘validate’ new products and services just before they were released – often with little opportunity to make any changes. The digital exemplars are being developed using ‘Agile’ project methodology, which relies on fast-paced, iterative product development with customer input (‘user testing’) informing product design throughout. Tax for My Business is primarily aimed at small and medium-sized enterprises (SMEs). The longer-term aim is to replicate the best online banking experiences, with customers being able to manage all their ‘accounts’ (tax regimes) from a single point. Tax for My Business will replace the Business Tax Dashboard and, ultimately, it will supersede the ‘My Services’ page as the place customers are directed to when they log in. The Business Tax Dashboard is currently constrained by Government Gateway authentication credentials (it’s possible to have only one PAYE scheme and one VAT scheme associated with either a Corporation Tax or an Self Assessment business), and this won’t be freed up until HMRC moves to Identity Assurance (IDA). There is a similar dependency on Identity Assurance for agents; they won’t be able to see what their clients see until Identity Assurance is up and running. Nevertheless, JH is keen to ensure both that the agent community is kept fully apprised of developments, and that it’s actively involved in the user testing for Tax for My Business – initially with agents participating as Small and Medium Enterprises in their own right, rather than in the capacity of agents.”

Once Agent Online Self Serve is launched, agents will have access to this and other digital exemplars if they are authorised on behalf of each client. The professional bodies advised JH to be prepared for questions about the timing and interaction between customer and agent access when he attends any of the external events.

TM said that it would be ideal if younger agents or trainees were also involved with the testing considering the product is being produced for the future.

AP 1: PH will contact the agents if more are required to help with the testing.

Professional bodies wanted to know when HMRC can show some of the screens as they are being developed so they can invite HMRC to conferences and other events and feedback can be provided.

AP 2: PH will provide a roadmap within the next month including visits already planned and HMRC's own events

MS is looking at the regimes in place for Anti-Money Laundering Supervision within the professional bodies and how this will facilitate agent entities registering for Agent Online Self Serve. MS asked if the Professional bodies had any questions regarding the paper. Professional bodies wanted to know what the next steps were. MS confirmed that a group of IT people will meet in order to look at the problem areas and how they can be resolved, incorporating the variations of process between professional bodies.

Professional body members asked whether or not agents could opt out of registering, MS confirmed it would not be legally mandated but it will eventually become difficult for agents to deal with their clients affairs if they are not registered.

Registration will be at firm level and then access will be delegated within the firms. The practicalities of this are currently being developed. The Government's planned new Identity Assurance will form an important part of this.

4. Demand Management

HMRC's Demand Management model was set up in 2008 in response to increasing volumes of calls and unacceptable service levels in our Contact Centres. The model is based on classification of the reason customers call us in the 'voice of the customer'. We have gathered a wealth of data that points us to where we can make improvements to products or processes that remove the need for that (often low value) contact, freeing up advisers to deal with essential contact. The changes that we have made have resulted in 10.7 million fewer calls in 2011/12 and 6.3 million in 2012/13. Additionally we have plans in place for a further reduction of 4 million calls over this year and next.

Intelligent Telephony Automation will introduce voice recognition technology replacing the existing touchtone Interactive Voice Response to our 8 main lines of businesses this autumn following extensive testing. The technology means that customers will be able to access information and reach the right adviser faster and more effectively than with the current Interactive Voice Response system. We are not able to test with real customers in the live, but we will have a restricted staged roll-out to allow for this.

The Agent's Dedicated Line is not affected by Intelligent Telephony Automation and agents are encouraged to use this in preference to the general helplines. Like the existing Interactive Voice Response, Intelligent Telephony Automation is an English language system and non-English speakers will continue to have access to interpreters once they reach an adviser. Customers whose reason for calling cannot be recognised by the system will fall back to a touchtone service.

5. Educational email projects for Small and Medium Enterprises

The professional bodies did not feel they were informed of this.

AP 3: CM to ensure communications are shared with JC's team and agents are informed.

Professional body members asked if copies of these generic emails could be available to this forum.

AP3a: CM to provide copies of some of the generic emails available.

6. Real Time Information

MA provided the following most recent updates:

- Information on the End of Year penalty position has been sent out to pilot employers
- In early July some employers were identified as not filing under real time when they should have

been and letters were sent out to them. A negligible amount of these letters were issued in error and HMRC has already apologised to them.

- Harvest casuals & beaters guidance is now available on our website from 19 July.
- HM Revenue and Customs has published for external comment a draft Statutory Instrument making amendments to the Pay As You Earn Regulations 2003 (the 2003 Regulations) and The Social Security (Contributions) Regulations 2001 (the SSCR 2001).

The changes set out in the draft Statutory Instrument extend the relaxation to the on or before provision for employers to send their RTI returns to HMRC that has been in place since April 2013 until 5 April 2014. This change will allow employers with 49 or fewer employees to send in their RTI returns by the end of the tax month in which they pay their employees.

7. New employment Allowance

From April 2014, employers will be able to reduce their National Insurance paid over to HMRC by £2000. This allowance can only go against Class 1 National Insurance. This cannot be off-set against different PAYE schemes and the employers do not have to wait until the end of the year to claim this allowance. If the employer has to pay less than £2000 National Insurance for the year, they will not have the balance refunded.

The claim can be made through the payroll by putting a tick in the box which refers to this allowance. Employers will only have to tick the box once as it will automatically roll over to subsequent years.

Employers can also stop the claim if they feel they no longer qualify. Further guidance on this will be prepared and shared with this group.

AP 4: EB to liaise with Jacqui Ross who will work through her agents communications group and report back to AEG.

Professional bodies advised that HMRC need to be aware that employers may set up new schemes in order to try and claim the allowance. Professional bodies also wanted to know how this allowance would work with franchises. EB advised that franchises are currently being looked at within the legislation which will be put before Parliament in September/October in order for the allowance to be claimed from April 2014.

8. Agent & Client Statistics

GA provided an update on three areas of Agent & Client Statistics.

- i) The first draft report on the outcomes of the Agent & Client Statistics Self Assessment (SA) Filing and Payment pilot had been given to the Agent & Engagement Group and Agent & Client Statistics sub-group on 26 June and then discussed at their meeting on 16 July. Initial comments had been taken and will be incorporated with written feedback from the professional bodies which GA requested by 9 August.

AP 5: Professional bodies to provide feedback to GA by 9 August.

- ii) The proposal for the next Agent & Client Statistics pilot was to concentrate on a segment of High Volume Agents (HVA) who submitted repayments. Specialist Local Compliance teams were dealing with high risk High Volume Agents cases but work was underway to determine High Volume Agents who presented less of a risk to the Exchequer and their clients. In these cases it was thought that education and support activity by Business & Customer Strategy Agent Support Officers (ASOs) was more appropriate than Local Compliance interventions. Work was continuing to define the appropriate High Volume Agents for the pilot and this was being discussed at the Agent Engagement Group and Agent & Client Statistics sub group.

- iii) The Self Assessment and Corporation Tax Agent & Client Statistics Proof of Concept model that linked agents and their clients filing and payment data had been enhanced to include Self Assessment and Corporation Tax compliance data. The new data was currently being analysed to see if it was capable of identifying agents whose client portfolios appeared to have more compliance interventions than other similar agents. If this was the case a future Agent & Client Statistics pilot would be considered in consultation with the professional agent bodies.

AOB

'Nudge Technique' – this was discussed at the Joint Initiative Steering Group meeting held on 22 July in the context of HMRC contact with a customer when an agent is acting. TM will chair a time-limited sub-

group of Agent Engagement Group to discuss and refresh HMRC protocol on who to contact when a customer chooses to deal with HMRC through a representative. JC confirmed that the sub-group reports and recommendations will also go to the Joint Initiative Steering Group to ensure engagement at the highest level on this issue.

AP 6: CK will contact the professional bodies regarding the sub-group as soon as possible.

High Income Child Benefit – JC read out the following:

- HMRC will be running advertising campaigns telling people (who aren't already in SA) to register for SA by 5/10/13 if they are liable to pay the High Income Child Benefit Charge. This is the usual date for notifying liability for the previous tax year
- There will be 2 campaigns - one in August and one in September
- In between the campaigns HMRC is going to issue the SA252 letter. This is the usual letter sent to higher rate taxpayers asking them to advise HMRC if their circumstances have changed
- The letter has been revamped since it was last issued and customer tested. It contains a new section about High Income Child Benefit Charge
- SA252's should start to hit doormats from 19 August
- As the SA252 goes to higher rate taxpayers, so those with income below the High Income Child Benefit Charge threshold, it will include those who may not have got an awareness letter last November
- We will let Agent Engagement Group members have sight of the letter before it is issued

Professional bodies wanted to know who has agreed these letters and who these letters will go to.

AP 7: CK will find out this information and report back to the professional bodies.

Next meeting will be held on 24 October 2013.