

Minutes of the Employment Consultation Forum

Date: 1 April
Location: 100 Parliament Street, London

Co-chair	Maggie Anderson	MA	Head of Employer Engagement & Strategy
Co-Chair	Karen Thomson	KT	Chartered Institute of Payroll Professionals
Secretary	Carole Carter	CC	Employer Engagement

Attendees:

Peter Bickley	PB	Institute of Chartered Accountants England and Wales
Trevor Blackmur	TB	Association of Taxation Technicians
Colin Ben Nathan	CBN	Chartered Institute of Taxation
Norman Green	NG	British Computer Society
Jon Henderson	JH	Confederation of British Industry
Simon Parsons	SP	Payroll Bureaux
Jackie Petherbridge	JP	Federation of Small business and Private Sector Payroll
Linda Pullan	LP	Payroll Alliance
Justine Riccomini	JR	The Institute of Chartered Accountants of Scotland
Alex Rowson	AR	Business Application Software Developers Association
Brian Stenhouse	BS	Armstrong Watson
Jane Turley	JT	International Association of Book-keepers
Ken Voller	KV	Institute of Chartered Accountants England and Wales
Ian Whyteside	IW	Association of Accounting Technicians
Chris Graham-Bell	CB	Millivers Prowler Limited

HMRC

Suzanne West	SW	Personal Tax
Bill Smith	BSm	Personal Tax
Neil Esslemont	NE	The Pension Regulator
Kathryn Streatfield	KS	DWP
John Stephenson	JS	Personal Tax
Kim Wager	KW	BIS
Debra MacLeod	DM	BIS
Angela Brown	AB	Personal Tax
Shazia Fletcher	SF	BIS
Sam Jones	SJ	Personal Tax

Apologies:

Glenn Collins	Association of Chartered and Certified Accountants
Helen Harvey	Payroll Bureau – Nanny Tax
Jason Piper	Association of Chartered and Certified Accountants

1. Welcome and Introductions

KT welcomed everybody to the meeting and introduced CB who was attending the meeting to observe how the forum ran. CB is a member of the Admin Burden Advisory Board (ABAB).

2. HMRC Update

MA discussed the latest performance statistics which can be found at <https://www.gov.uk>

From April 2013 to February 2014, we handled 78.4% of all call attempts. Compared with the same period last year, we are up to by 41.1% but below our 90 percent target.

The Intelligent Telephone Automation (ITA) system introduced in November 2013 is now available across 8 lines PAYE, SA, VAT, Tax Credits, Child Benefit, National Insurance, Employer Helplines and Payment Enquiry Line.

Some members had experience of not getting through to the right helpline when going through the questions. As part of continuous improvement detailed analysis of customer feedback in respect of the ITA system, call routing and outcome are studied and considered. Enhancements are then made to the system.

TM said it would be helpful if HMRC provided a helpline for Agents to deal with employer queries. There are currently no plans to offer a dedicated helpline for PAYE enquiries similar to the existing Agent helpline service.

In Personal Tax from April to February 2014 we cleared 84% of post within 15 working days which is above target. This is a significant achievement and is as a result of deploying teams flexibly across work areas, including phone lines, during peak periods.

CBN asked when email communication with HMRC could be made more widely available. For security reasons HMRC is not yet in a position to extend two-way email communication to the majority of customers. This is under review and we are testing some small pilot schemes.

3. Budget Update

MA ran through the various Budget announcements that affect employers.

Consultation is taking place in the summer in respect of the Simplification of Employee Benefits and Expenses. This will cover 4 areas:

- Abolish £8,500 threshold for benefits
- Statutory exemption for trivial benefits
- Voluntary payrolling of benefits; and
- Replacing the expenses dispensation regime with a Reimbursed Expenses Exemption

Members asked if this would mean the Expenses and Benefits Expenses Sub Group would be used as part of this consultation. Policy colleagues see the members of this sub group as key stakeholders along with others who need to be involved and will begin to think about how maximise participation when ready to consult.

Also over the summer the Government will consult on options to improve the operation of the construction industry scheme (CIS)

Direct Recovery of Debts (DRD) will modernise and strengthen HMRC's debt collection powers. It will allow HMRC to recover tax and tax credit debts directly from debtor's bank and building society accounts, including ISAs.

We will be publishing a consultation document on the technical details of the policy and will speak with key stakeholders.

4. Digital Strategy

Bsm gave an overview of HMRC's Digital Strategy and plans going forward. The four main exemplars are:

- **PAYE for Employees** – HMRC have started to test this facility with volunteers initially using the online service to register to use the service and update their car and fuel benefit details. More details about this can be found at <https://hmrcdigital.blog.gov.uk/>
- **Digital Self Assessment (SA)** – even though 80% of SA customers file online, HMRC still sends out letters at every stage which then drives a lot of low value contact. Digital Self Assessment will allow customers to “opt in” to receive email alerts instead of letters. A pilot for this commenced in February and will be expanded shortly to widen the number of SA customers who will be able to “opt in” and stop receiving paper letters.
- **Your Tax Account** (formerly known as Tax for My Business) – this service will help Small and Medium Enterprises (SMEs) do more with HMRS online, more easily and with everything they need in one place. From a personalised homepage customers will be able to file returns, view their latest tax position, get reminders and access tailored help.
- **Agent Online Self Service** – this will introduce a new single and more secure process for agents to register themselves with HMRC so they can deal with us across a range of taxes on behalf of their clients.

BSm advised HMRC is looking at alternative Identity Assurance (IA) routes. There is still a lot of work to be carried out with the companies that will be used for IA. Following discussion about how this would work members expressed concerns about using outside agencies that aren't HMRC.

5. Gov.UK

KT advised that a workshop was held on 6 February and some ECF members had attended this. At the workshop attendees looked at how Gov.UK will display employer guidance.

The first pages to transfer over are for Statutory Payments. KT has looked at these pages and confirmed that Gov.UK have incorporated suggestions from the workshop into these. The information published covers both online and manual methods.

There is a link on the site “Is there anything wrong with this page”. Using this link is the best way to give feedback and KT has experience where requested changes are acted on quickly.

TB advised that he was encouraged to note that the manuals are improved and include links. Also improved language is evident.

6. RTI Update

MA advised that the roll out continues to go well. The vast majority of individual PAYE records (over 99%) are being reported in real time and the majority of employers have told us that RTI had been either very or fairly easy to deal with.

HMRC have now successfully received over 30 million Full Payment Submissions.

Members pointed out that whilst HMRC think everything is ok some employers and agents are experiencing problems. The amount of time involved needs to be acknowledged. MA acknowledged that bare statistics do not necessarily reflect the position (both good and bad) and promised to feed this back to the RTI Programme.

BS advised that he had experienced a significant increase in work and had taken on additional staff to deal with this. The Employment Allowance is also impacting as this means an extra process to file the EPS - The Admin Burdens Forum is currently looking into this.

AR asked whether HMRC will provide a reconciliation tool. There are currently no plans to do so

PB advised that HMRC have issued a lot of guidance however this is becoming disjointed and needs consolidating. The amount of change makes it difficult to find the answers needed. MA undertook to feed this back to the RTI programme.

7. The Pension Regulator (TPR)

NE attended the meeting and gave an update on the latest auto enrolment figures. At the end of February 10,500 employers had registered – with a total of over 15 million employees - of which 3.2 million had been automatically enrolled and 3.8 million were not eligible for Automatic Enrolment (AE).

TPR does not collect Opt Out statistics as part of Registration and so there are no official TPR numbers for this, but some research has been done by DWP which indicates that the Opt out rate was less than 9%.

TPR has done some research with small employers which shows a significant percentage are not sufficiently aware of automatic enrolment and/or are intending to take no action until fairly close to their staging date. TPR are in discussion with DWP and the Cabinet Office over the future focus of the TV advertising campaigns and expect this focus to shift towards the employer, rather than the workers, over time.

TPR now send letters to employers starting 12 months in advance of their staging date, advising them to plan to set-up their pension schemes and software 6 months in advance of staging. Messages will simplify over time. Leaflets will also mention maximum fines.

Following a discussion about the tools available for auto enrolment:

- Some members want TPR to provide a tool that will calculate the pension contribution
- A fully electronic solution would be preferred, so that manual intervention is not needed where mistakes could be made.
- It would be preferable to have everything included on one Tool.
- Clear communication is needed so employers are fully aware of what is needed and don't buy software that is not fit for purpose.
- Software will need to cope with many different scenarios.

Members advised that auto enrolment will increase costs for agents. Micro employers will find this a challenge, in particular those employing nannies and carers.

Small employers could incur set-up costs even though NEST is there to help.

Members consider there is a lot that needs to be done before this process is undertaken by SMEs.

There are a number of issues/challenges TPR face (regarding any publicly-funded body making free software available), including EU legislation over 'state aid' and not wishing to interfere in the commercial market. So, it is quite possible that TPR (or HMRC or DWP) will not be able to provide any of the functionality requested by members. TPR would prefer that commercial suppliers (eg payroll providers and pension scheme providers) offer free 'entry level' AE assessment software for micro employers.

8. Health and Work Service (HWS) Update

KS attended the meeting in January and returned to the meeting to give an update.

Since January

- A specification and Invitation to Tender was issued on 13 February. The bidding time has been slightly extended and the contract will be awarded in the summer.
- Abolition of the Percentage Threshold Scheme (PTS) – Regulations were debated on 26 March and formerly approved by the House of Commons on 31 March
- Funding from PTS will be reinvested into providing the HWS.
- Contract is for England and Wales
- HWS in Scotland will be managed by Scottish Government
- There is an Expectation that both services will go live in late 2014.

HWS will:

- Provide occupational health assessment and advice for the first time across England and Wales
- Support employers to better manage sickness absence and reduce sick-pay costs.
- Provide expert advice to employees on sickness absence to assist their return to work.
- Give GPs access to work-related health support for their patients.

KS gave a summary of the service which is due to go live at the end of 2014.

<https://www.gov.uk/government/policies/helping-people-to-find-and-stay-in-work/supporting-pages/co-ordinating-the-health-work-and-wellbeing-initiative>

KS advised that engagement work will be undertaken when writing the guidance and ECF will be involved.

Action: JR asked if there were any plans to make this a 4 week cumulative process. KS will refer this to the policy team.

The Advice Service will improve over time using feedback and will be sign posted from Gov.UK and GPs will also have information.

The initial contract will run for 5 years within 3 years this will be assessed to see what is needed for future services.

9. Shared Parental Leave

KW and DM attended the meeting and went through in detail the new rules and regulations.

Guidance will be provided and calculators by summer 2014.

<https://www.gov.uk/government/publications/shared-parental-leave-and-pay-draft-legislation>

10. Regulation 72

HMRC will now have a specialist team to deal with these cases. HMRC will make first contact by phone and then employer would need to write in outlining what has happened. Reg 80 would then follow – Right of Appeal.

Members thought an initial phone call was a good idea however would want everything in writing and will need longer than 14 days. 30 days from the issue of the letter would be better. They felt it was important that HMRC followed up the phone call with a letter.

AB confirmed that the guidance will be sent to member for comment.

AB also discussed **Extra Pay Days (Week 53)**

HMRC are currently looking at the regulations for this. Members would prefer flexibility in the regulations to allow payments to be spread over the year. A software solution is needed.

The numbers of these cases are now increasing.

Action: A separate workshop will be arranged to look at this in more detail.

11. Apprenticeship Funding

Between July and October 2013 the government consulted on options for routing apprenticeship funding via employers. Two options are now being considered:

- PAYE Scheme
- Credit Scheme

The members were unanimous in that the PAYE model was not the most suitable option and the Apprenticeship Credit was the preferred model.

KT asked for a show of hands to support each of the models:

PAYE model – nil hands

Direct Credit model – all representative bodies raised their hands to support this method.

KT said that the funding was not earnings so this shouldn't go through PAYE and the two systems would be difficult to manage. Employers would have to keep separate records.

PB said Apprenticeship Funding would track the money and this would have huge benefits. He also highlighted that fines and penalties were a concern.

CBN said that the EPS doesn't relate to an employee so the PAYE is difficult and also highlighted difficulties to track the money

On discussing the credit system further members said they would want the facility to have more than one account for different areas of the business. They would need to keep track of each apprentice. They also said that who would manage the apprenticeship credit would depend on the business. Apprenticeships are often dealt with by HR but they don't usually control the money.

The consultation closes on 1 May.

<https://www.gov.uk/government/consultations/apprenticeship-funding-reform-in-england-payment-mechanisms-and-funding-principles>

12. AOB

Employer Bulletin and Weekly Update

MA advised that we are currently reviewing both the Employer Bulletin and Weekly Update issue times. From June we intend to stop issuing the Update and increase the number of times the Bulletin is issued to 6 times a year. However emergency messages will go out to stakeholders as needed.

This will mean the Employer Bulletin will be more aligned with PAYE over the year.

We will carry out post implementation evaluation.

Stakeholder Engagement

HMRC is currently carrying out a review of stakeholder engagement to make this more fit for purpose. It is intended that any changes will take place from September this year.

Payroll Giving

SW advised that from 6 April new regulations mean that Payroll Giving Agents (PGAs) have to hand over donors' money to charities within 35 days instead of the current 60. This change is part of the commitment to improve the scheme's processes for charities and agents.

Treasury and Cabinet Office are planning to introduce further changes to improve the process by:

- Offering standardised agreements between the parties
- Providing more transparency about agents' performance and
- Bringing all Payroll Giving information together in one place.

The meeting closed at 16:30.

The next Employment Consultation Forum meeting will be held on Wednesday 11 June.