

Benefits and Credits Consultation Group meeting 26 March 2014

Attendees

HM Revenue & Customs (HMRC)

Karen Austwick	Mike Reader
Paul Becker	Chris Rodd
Phillip Dearne	Colin Shingler
Rachel Hope	Tom Smith (chair)
Chris Howarth	Karen Specos
Liz Longden	Darren Tinsley
Kevin O'Hanlon	

Government Digital Services

Jaimes Nel

Representatives

Maureen Arthur	National Association of Welfare Rights Advisers
Matthew Cooper	Citizens Advice
Jennie Hammond	Advice NI
Victoria Todd	Low Incomes Tax Reform Group

Apologies

John Andrews	Social Security Advisory Committee
Fran Bennett	Oxford University
Frances Corrie	TaxAid
Richard Exell	TUC
Will Hadwen	Working Families
Julie Kemmy	Equal Lives
Jane Moore	Institute of Chartered Accountants of England & Wales
Bernie O'Gorman	Local Government Association
Jason Piper	Association of Certified Chartered Accountants
Chas Roy-Chowdhury	Association of Certified Chartered Accountants
Mark Willis	Child Poverty Action Group

1. Welcome and introductions

Tom welcomed everyone to the meeting and asked if there were any comments on the minutes of the meeting held on 31 January 2014. There were no comments.

2. Budget 2014

HMRC gave an update on measures announced at or preceding the Budget on 19 March.

Tax-Free Childcare

Following an extensive public consultation, during the summer of 2013, the Government published its consultation response on 18 March. There were three key announcements:

- Tax-Free Childcare (TFC) will be phased in from autumn 2015 and all eligible parents with children under 12 years will be able to receive support through TFC within the first year of the scheme's operation. This is significantly faster than previously proposed.
- the proposed annual cap on Government support has been increased to £2,000 per child; that is 20 per cent support on childcare costs up to £10,000.
- looking ahead, HMRC hopes to consult on draft secondary legislation and systems delivery as it is developed.
- alongside TFC the Government also announced all families eligible for Universal Credit will benefit from additional support at 85%, rather than just taxpayers as previously consulted upon. The Government also announced £50million for an Early Years Pupil Premium, to help improve outcomes for the most disadvantaged three and four year olds in Government-funded early education.

Representatives

- asked who is responsible for TFC and its interactions with tax credits or Universal Credit. Tom Smith said he oversees both tax credits and TFC and his staff have responsibility for bringing the schemes together, as well as working with both DWP and Department for Education to ensure interactions with other childcare schemes are smooth and customer-friendly.
- asked what support there will be for parents to self-assess which scheme to access. HMRC said they are considering what communication products are needed and how these can be brought together on GOV.UK.
- asked how customers who do not have on-line access would be helped. HMRC said they are considering the best way to assist all customers, including those without digital access.

Access to Child Benefit & Child Tax Credit by EEA nationals

- There will be strengthened compliance checks for EEA migrants claiming Child Benefit and tax credits
- Up front checks will apply to both new claims and existing awards
- HMRC will ask for evidence that a customer is present, ordinarily resident and has a right to reside in the UK where they do not hold this evidence
- If claimants do not respond, or provide unsatisfactory evidence, their claims/awards will be disallowed/stopped.
- Strengthened compliance processes will be rolled out throughout the tax year for ongoing awards, although new claim checks are already in place.

Increased recovery rates for tax credit debt

- From April 2016 the rate of tax credits debt recovery from ongoing awards will increase from 25% to 50% for households with an income of over £20,000 a year
- the other recovery rates will remain in place
- there will be an impact for some customers. HMRC will engage with these customers

Representatives said they had concerns about the impact on customers with high childcare awards and there needs to be a clear hardship policy in place. HMRC said they would pass representatives' concerns to Jane Andrews who is considering hardship issues.

Welfare Cap

HMRC drew representatives' attention to the announcement in the Budget of a Welfare Cap, which will cover a range of benefits.

3. Representatives' issues

Feedback from Credit Reference Agency (CRA) 'fast track' cases

Citizens Advice said they had referred approximately 40 cases where they considered the decision was wrong. CAB asked for feedback on these cases.

HMRC said

- 18 of the cases were pre-award cases
- of 12 cases which had gone to appeal, none of the decisions were overturned
- there had been a sub-group meeting which considered guidance for CRA cases and there was a cross-over with some of the issues circulated by CAB.

HMRC said they would send a note to representatives setting out feedback.

Disputed overpayments

HMRC said

- they are at the end of a peak in disputed overpayment work
- a high volume of cases are from customers who no longer receive tax credits
- the time taken to handle cases should be 12 weeks by the end of May 2014
- only approximately 3% of disputed overpayments are upheld.

Representatives asked if HMRC would consider suspending recovery of overpayments if they are taking longer than 12 weeks to handle cases at the end of May. HMRC said they would keep the position under review.

Other issues

Representatives

- said they are aware of an Upper Tribunal decision where the judge commented on the level of evidence required and asked if HMRC would be issuing clearer guidance for staff. HMRC asked for details of the case so they could consider the judgement and provide feedback.
- asked for an update on late appeals. HMRC said that there was a debate in Parliament that day about late appeals and they would provide an update.
- said they are unsure what to advise where a customer, after their award is ended by a Compliance Officer, has a subsequent change of circumstances but then win an appeal. Their experience has been that the only way to obtain further payments of tax credits is to tell the customer to make a new claim. Representatives asked HMRC to clarify what should happen. HMRC said they would provide a note setting out the position

4. Renewals

HMRC told representatives how they will run the 2014 Renewals campaign

- selection of renewals begins on the 11 April and completes around 20 June
- Real Time Information will be used. It will reduce the number of 'reply requireds'
- SMS messages will be sent to acknowledge receipt of some renewals
- reminder letters will be sent to specific customer groups
- customers who are 'reply required' and do not have a change of circumstances to report will be able to renew using a digital channel
- from 1 July, for a 4 week period, Intelligent Telephony Automation will use voice recognition to renew some claims
- terminations for 2014 will continue with the 60 day restore window

HMRC gave an update on communications for renewals

- there has been a favourable response to the new reminder letters
- they are considering how to target the media campaign
- there will be no change to TV and radio advertising
- in some areas customers who leave it late to renew will be targeted using bus shelter adverts
- SMS messaging will be used to put reminders to renew in smart phone calendars
- consideration is already being given to communications in 2015. HMRC will ask representatives for input into any changes.

Representatives

- asked HMRC to provide a summary of the renewals groups. HMRC agreed to provide this
- said that the message about the 3 month time limit for disputing overpayments has been omitted from the auto renewal guidance notes. HMRC said they would consider this and respond to representatives.

5. Assure and manage childcare

HMRC gave an update on the Assure and Manage Childcare pilot and provided key findings from the pilot. They said the next steps will be

- 4800 customers will be contacted in April 2014 and asked to finalise and renew their awards and provide evidence to support their childcare charges
- further checks will be carried out in November 2014 and February 2015
- WTC5 'Help with the costs of childcare' has been updated to reinforce the message about the need to keep and provide evidence if requested
- new letters and forms have been developed.

Representatives asked

- in relation to the first check in April 2014, over what period customers will be asked to provide evidence. Customers will be asked to provide evidence for each of the three checks throughout the year. For the check in April they will be asked to provide information from the Previous Year as well as the Current Year up to the date they have been selected for a check. Customers will be asked to provide what evidence they can to support their childcare costs which could be receipts etc, but HMRC will consider a one page schedule of payments from their childcare provider in place of invoices/receipts.
- whether HMRC will contact Childcare providers. HMRC said they would not unless they had doubts about the evidence they had been given.

6. GOV.UK

The Government Digital Service (GDS) provided details of research they had undertaken with a sample of tax credits customers who had had recent changes of circumstance and Consultation Group members to understand the user experience of GOV.UK.

HMRC

- said they will be considering how they can use this insight in the development of tax credits material on the GOV.UK website in collaboration with GDS
- further tax credits material would appear on the GOV.UK website from 31 March (information has been on the site October 2012)
- confirmed guidance about tax credits would remain on the HMRC website for a short period of time
- asked representatives to consider the tax credits material on the GOV.UK site and to feedback about any incorrect material through existing channels. HMRC will raise anything that is misleading or inaccurate with GDS.
- HMRC would carry out a check of the content with the Consultation Group in about six weeks time.

7. Improving complaints

HMRC said

- they had undertaken an internal review of how complaints are handled by HMRC
- they had established the main contributors to poor performance
- there are indications that the situation is improving
- they had outlined the next steps
- they are considering setting up an event, involving Consultation Group members, to hear about continuing systemic issues which need to be addressed to drive further improvement
- for Benefits & Credits
 - there was a complaints target which had been driving wrong outcomes which has now been removed
 - a dedicated tier 2 team has been set up in TCO
 - teams have been co-located in TCO to reduce the number of cases escalated to tier 3

- the number of complaints is lower than the same period last year

Representatives said they had seen improvements in complaints handling.

8. Topical updates

Action points

The action point log had been circulated to representatives. There were no comments on the action points.

Sub-groups

RTI sub-group meeting: meeting held 20/2/14. Representatives were told how RTI is being used for Business as Usual tax credits and how it will be applied to the renewals process. HMRC also outlined how they are planning to use RTI to finalise tax credits claims as customers move to Universal Credit.

Calculation of childcare costs meeting & STC sub-group: meetings will be held on 9 April in 100 Parliament Street.

Guidance 'deep dive': Jeanne Dobson, who led the 'deep dive', attended a workshop on 20 March at which some of the Consultation Group's recommendations and observations were considered. A detailed update will be provided soon

Assurance & Charter updates

Updates were circulated before the meeting. There were no comments

9. Any other business

Representatives

- said they are aware of 'copy cat' websites offering to assist customers with on-line renewals and changes of circumstances, but are charging for the service. HMRC asked representatives to send them a list of the websites to consider.
- asked if they could have a copy of the Penalties statistics. HMRC said they would consider the request.

The next meeting of the Benefits & Credits Consultation Group will be held on 28 May 2014