

Benefits and Credits Consultation Group meeting 25 January 2012

Attendees

HM Revenue & Customs (HMRC)

Jane Andrews (chair)	Leonora Robertson
Paul Becker	Andrew Sayer
Andrew Burland	David Skinner
Steve Hickman	Irenka Timlin
Alli Lyons	Tamsin Woodeson
Reshma Prajapat	

HM Treasury

Lisa Christie

Representatives

Ken Butler	Disability Alliance
Jane Hayball	Local Government Association
Karen Holmes	Turn2Us
Anam Kidwai	Citizens Advice – observer
Caroline Phillips	TaxAid
Sue Royston	Citizens Advice
Victoria Todd	Low Incomes Tax Reform Group
Robin Williamson	Low Incomes Tax Reform Group/Chartered Institute of Taxation

Apologies

John Andrews	Social Security Advisory Committee/Low Incomes Tax Reform Group
Fran Bennett	Oxford University
Frances Corrie	TaxAid
Richard Exell	TUC
Michael Kelly	Family Action
Katie Lane	Citizens Advice
Philip McNeill	TaxAid
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
Sam Royston	Childrens Society
Mark Willis	Child Poverty Action Group

1. Welcome and introductions

Jane Andrews welcomed everyone to the meeting. Beth Lakhani had recently left the Child Poverty Action Group and Jane asked that thanks be recorded to Beth for her constructive work with the Consultation Group over many years.

2. Universal Credit

Managing the customer migration process to Universal Credit (UC), whilst continuing to administer tax credits and Child Benefit, is a priority for HMRC. The Department for Work and Pensions (DWP) are responsible for UC policy and delivery. However, HMRC are represented on DWP governance boards, detailing the implications for HMRC in ensuring a smooth transition. HMRC’s policy work relating to UC involved customer migration, Real-Time Information (RTI), in-year finalisation and handling of legacy overpayments. Employment income, self employment and childcare are identified as key areas for finalising claimants’ tax credits entitlement prior to migration. Educating customers in advance of what would be expected of them under UC is also identified as an important issue. Benefits and Credits (B&C) are keen to engage with representatives and to get their views on these issues with the aim of making the transition to UC for tax credits customers as streamlined as possible.

Representatives asked for clarification on 'transitional protection' and what constituted 'no worse off at point of transition'. It was also explained that DWP are currently only proposing to offer transitional protection when customers are migrated as part of a managed migration. Concerns were raised about other factors to consider - travel costs, savings and impacts on other benefits for example. Advisers need to be aware in order to give appropriate advice. HMRC acknowledged that this as an important issue and said they would work with DWP, who lead on the policy, to ensure clear definitions are given. Representatives asked about the migration process and the type of change that would trigger migration. HMRC confirmed that a significant change would trigger the 'natural' migration process.

Representatives considered that some groups could potentially be worse off under UC. HMRC emphasised that they are working closely with DWP around customer impact. HMRC asked if a working group with representatives could be formed to consider and fully understand childcare issues in preparing customers and providers for UC.

Representatives considered that self employment was a major challenge for HMRC. The burden on businesses could increase under UC compared with tax credits. HMRC explained they were trying to keep the burden down by linking the HMRC perspective to the DWP approach.

HMRC said they would consider areas where it may be inappropriate to migrate customers for what could possibly only be a short period of time – for example where there are predicted changes such as the end of child entitlement.

HMRC acknowledged that there were major areas for consultation – self employment for example – and working groups would be set up as appropriate.

3. Representative issues

- Availability of tax credits claim forms

Representatives expressed concern that the points raised by Disability Alliance around availability of claim forms had still not been answered. The main points were around people's statutory right to make a claim and about the ongoing reductions to the number of external organisations able to receive bulk orders of claim packs. They felt that the most vulnerable people were unlikely to insist on receiving a form. HMRC said they would check the actual wording on adviser scripts used by the Helpline. HMRC explained that a full response to the questions raised by Disability Alliance should be ready shortly and confirmed that Process Owners and Policy colleagues would also consider the issue. HMRC would need to engage further with Local Authority partners around the issue of the bulk order claims list.

- Disability assurance review update

HMRC said that a written update would be circulated to representatives. When asked whether compensation would be considered for those customers who had lost out as a result of mistakes by HMRC, they confirmed that this would be considered on a case by case basis.

- Child Benefit entitlement letter

HMRC explained that they were still receiving up to 5,000 calls per week from customers requesting proof of Child Benefit entitlement, usually in relation to claims for Housing or Council Tax Benefits. HMRC wanted to work closely with Local Authority colleagues to try to reduce volumes further, as it was not possible to maintain the resource to sustain these requests. The Local Government representative agreed that further dialogue would be beneficial, and thought that other departmental areas may also need to be involved. A specific example was

given around the 'blue badge' motoring scheme, where related forms from the Department of Transport apparently mentioned that they may require proof of Child Benefit entitlement. HMRC said that overall requests had reduced but the volumes varied over different areas. HMRC agreed to arrange further discussions.

- Budget changes/regulations

The new regulations would be implemented from 6th April 2012. HMRC agreed to arrange a teleconference with the Low Incomes Tax Reform Group (LITRG) to further discuss specific examples they had raised which didn't appear to match the regulations. HMRC confirmed the tax credits computer system had been updated to reflect the new regulations. They would check that in relation to the 24 hour working rule, the system recognised cases which involved incapacitated partners. They acknowledged inclusion of advice around the possible effects of the new 24 hour working rule would be considered for Helpline scripts. HMRC explained that LITRG's query around carers sent to ministers was being considered and would be answered in due course.

- Appeals and de-layering

Representatives expressed concern at the lack of progress with issues identified at the last appeals workshop, including those relating to compliance interventions. There was also concern over appeals training and the standard of some recent appeals submissions. Representatives agreed to provide some specific case details for investigation. HMRC explained that all appeals were being brought together in one area with a single point of contact. HMRC would arrange a substantive agenda session on appeals at a forthcoming meeting to update actions from the last appeals workshop.

4. Topical updates

- the action point log had been issued in advance of the Consultation Group meeting. HMRC said they would check the current position relating to the interaction between the Child Benefit Office and Tax Credits Office. Representatives asked about a compliance process relating to renewals which appeared to deny customers the opportunity to appeal a current year decision. HMRC agreed to check this and asked for actual case details if possible
- a further Error and Fraud sub-group meeting was arranged for 16 February 2012 to cover self employment issues. Representatives agreed to clarify points for discussion
- fostering issues sub-group meeting arranged for 28 February 2012
- HMRC Charter – HMRC said that an improved handling and review process had been introduced for dealing with agent authorisation form (64-8) related to tax credits claims.
- steps taken to further embed the Charter ethos into compliance work included the appointment of additional Charter advocates to help ensure that Charter values are actively considered and adhered to
- HMRC explained the objectives behind an on-line survey for intermediaries. Working with intermediaries, Benefits and Credits (B&C) wanted to identify specific areas of difficulty or concern so that customer service could be improved. HMRC agreed to send representatives a reminder about the survey which was on the Revenuebenefits website.
- HMRC confirmed that the full Charter update would be sent to Consultation Group representatives.

5. Recovery of disputed overpayments

HMRC explained the background to overpayments and outlined reasons they arose including:

- Inaccuracy/failure to report changes to circumstances
- HMRC error

HMRC were committed to ensuring tax credits claimants received the correct entitlement and determined to recover overpayments. It was recognised that forthcoming changes could lead to an increase in the number of customers with an overpayment, leading to an increase in potential disputes. In cases of disagreement, customers could:

- appeal the entitlement if they considered the decision that led to the overpayment was wrong
- dispute the recovery based on the circumstances that led to the overpayment

Disputes were considered using the principles set out in the Code of Practice 26 and recovery was suspended when customers disputed overpayments. HMRC may decide not to recover all or part of an overpayment where it arose as a result of the way HMRC dealt with the case and the customer did not contribute to the overpayment.

Changes resulting in more overpayments being recovered directly had led to an increase in disputes. HMRC were looking to make a significant reduction in turnaround times. Key issues with the current disputes process included:

- unlike appeals, there was no time limit for a dispute
- disputes could be made even where recovery was ongoing/complete
- complications where more than one overpayment was disputed at the same time
- no standard way to dispute or requirement to fully document reasons for dispute
- the amount of HMRC resource required when only a small percentage of disputes were upheld.

HMRC explained about two trials to simplify the process for disputes. The first one addressed several issues:

- to provide a clear and structured customer escalation route
- to improve quality of information for resolution at first point of contact
- the effectiveness of clearing disputes by telephone

Representatives expressed concern about the quality of some telephone explanations and asked if customers would be offered a written explanation as part of the process. HMRC said complex cases would not be settled by telephone. Quality assurance was built in to the process and had been introduced throughout Benefits and Credits. Surveys showed that customers welcomed the opportunity for more interactive discussion by telephone and the volume of disputes had reduced at the third layer. HMRC would check if written explanations were offered as part of the settlement process and provide a process map.

The second trial tested customer benefits in completing form TC846. Where customers didn't provide sufficient information for HMRC to make a decision, they would be sent a bullet pointed explanation and a TC846. When customers returned the completed TC846, HMRC would aim to settle the dispute by telephone. Further detail on this trial would be given at the next Consultation Group meeting. HMRC were keen to consult on how further process improvement could be made as more options were considered. Representatives said that customers only wanted a proper explanation and that good communication was crucial.

6. CSCMT update

Award Notices: HMRC acknowledged customer concerns in the design and information displayed. They were considering whether there was scope and funding to make any

changes later in 2012 but anything substantial was unlikely given the cost and limited lifespan of Tax Credits.

Complaints: As a result of best practice shared by representatives, Heads of Operations now received complaints relevant to their area of responsibility and tracked a selection from origin to resolution to ensure lessons were learned.

Incompletes: HMRC said they had introduced better support to minimise customer delays. Representatives highlighted migrant workers as an example where the process was frustrating and contributed to delays. HMRC acknowledged the frustrations and said that options to reduce the number of claim form failure were now being considered but high severity failures were more difficult to resolve as they could not be picked up via a simple face-vetting of the form. A comprehensive review of international work was ongoing and input and suggestions from representatives were welcome. HMRC would include a specific update on international work at a forthcoming Consultation Group meeting.

Demand management: HMRC said a four year plan to deliver the demand reduction programme had been produced in conjunction with Personal Tax (PT) colleagues. A robust forecast for telephone demand going forward enabled PT operations to identify resource profile for the coming year.

Face to Face Channel: HMRC's work with intermediaries included discussions on their roles and responsibilities in the move towards Universal Credit.

7. Operational update

Tax credits

Complaints & Disputes

- the trial to reduce escalations by clearing customer enquiries by telephone at the first point of contact was successful and now part of the business as usual process

Disputes from intermediaries

- there had been an increase in productivity after work was incorporated into 'business as usual' teams
- a further process change to end postal acknowledgments was proposed HMRC asked if representatives would circulate this proposed process change to colleagues, and said that feedback would be welcomed. HMRC confirmed that the information could be published on intermediaries' websites. HMRC also said they would check whether intermediaries would still have a dedicated contact name for caseworkers.

Appeals

- intake continued to remain below forecast
- Contact Centre call scripts had been improved to deal with more customers at first point of contact, reducing the propensity to appeal
- There had been a reduction in child responsibility appeals following work to improve the initial decision making process
- A new appeals project aimed at identifying process waste such as double handling was underway
- Teams were actively focussed on clearing the oldest outstanding cases

Child Benefit:

- The full time education peak had been handled successfully
- There was a continued reduction in the number of complaints
- resources were being focussed on the oldest work in key timeliness areas
- early results indicated success in the Rivals team initiative to reduce customer response times in cases where entitlement was surrendered from 4 to 3 weeks

International

- improvement plans include working cases on a 'first in, first out' basis
- intakes had increased recently

- the nature of enquiries involving other European member states can lead to delays
- process improvements included the payment of some claims without further customer contact,
- resources were being monitored
- Messages given on the Helpline around likely processing times would remain at 26 weeks for now but would also be monitored and updated as appropriate

Method of Payment reform

HMRC reported that work was proceeding to reduce the period of time that customers would receive payment by cashcheque if no bank details were provided at the time of claim. The proposed change would reflect the current process and be implemented from 6 April 2012. The period of time would be reduced from eight weeks to four, although HMRC would consider an extension if stopping payments would cause hardship. Support for customers would continue with full information provided on the different payment options. Vulnerable customers would continue to be paid by cashcheque. The planned change for October 2012, where no payments of tax credits would be paid until customers had provided account details, would not go ahead.

8. Any other business

- HMRC said that B&C Senior Leaders were interested in 'back to the floor' visits to representatives' offices in order to see and gain a better understanding of what they do for mutual customers. Managers from the senior leadership team would also be invited to attend upcoming meetings of the Consultation Group.
- HMRC asked representatives for assistance in communicating that the Health in Pregnancy Grant (HiPG) was no longer applicable and that any remaining claim forms for HiPG should be disposed of securely.
- HMRC said they would welcome any opportunity for representatives to highlight the 'second specified date' for tax credits renewals.

The next meeting of the group is scheduled for 28 March 2012