

# **Minutes of the Tax Credits Consultation Group Meeting 15<sup>th</sup> November 2006**

## **Attendees**

### **HMRC**

Nigel Jordan (Chairman)	Daphne Hooper
Kevin O'Hanlon (Secretary)	Allison Lyons
Andrew Burland	Annette Matton
Annie Bush	Russell Murphy
Ros Crichlow	David Shaw
Paul Gerrard	David Skinner
Vince Groome	Irenka Timlin

### **DWP**

Roger Pugh

### **Representatives**

John Andrews – Low Incomes Tax Reform Group  
Kate Bell - One Parent Families  
Joycelen Humphrey – TaxAid  
Pauline Hunter - Disability Alliance  
Beth Lakhani – Child Poverty Action Group  
Katie Lane - Citizens Advice  
Jane Moore – Institute of Chartered Accountants of England & Wales  
Andy Platt – National Association of Welfare Rights Advisors  
Victoria Todd – Low Incomes Tax Reform Group

## **Apologies**

### **HMRC**

Adrian Dixon	Joe Houghton
Chris Fox	Elizabeth Savidge
Keith Golding	Simon Williams
Chris Hopson	

### **Representatives**

Richard Exell - TUC  
Peter Gravestock - Association of Tax Technicians  
Lindsay Isaacs - Citizens Advice  
Fran Robinson - Local Government  
Jane Hayball – Local Government

## **1. Welcome and Introductions**

Nigel opened the meeting by welcoming everyone. Kevin passed on apologies for those unable to attend. Nigel reminded everyone that the next meeting would be held in room 02/39, 100 Parliament Street.

## **2. Minutes of meeting of 13 September 2006**

A representative raised a point of principle about information recorded in the minutes because some points made by representatives had not been picked up in the final version of the previous minutes.

HMRC advised that the issue of the minutes had been discussed at the previous meeting. HMRC said that some of the information shared with representatives may be indicative figures, management information or early thinking on issues and thus potentially unsuitable for publication - for example, discussions with representatives on prospective design changes to the claim form, or on COP 26.

Representatives recognised that some issues can be minuted in full but that there are other issues which it would not be right to include in the minutes. They suggested that the minutes should show concerns they expressed at the meetings but accepted they would not necessarily show HMRC's reply. In essence they wanted concerns that they raised to be logged somewhere. HMRC said that where confidential items are discussed they want to hear representatives concerns but they would not be included in the minutes. The principle governing the minutes would be that they will be open apart from where

- data is confidential
- issues require ministerial clearance
- issues are part of the change programme.

### **3. TCO Update**

The TCO workstate remains in a healthy position. A brief update on various aspects was given.

Representatives were concerned that where there are a number of issues raised in a letter sent to the TCO they are not all covered in the replies they get. HMRC explained that the person replying should work closely with any other colleagues as necessary so that all the aspects raised are addressed; it would be helpful if representatives could provide specific examples.

Representatives said that they were still seeing some problems around National Insurance numbers for couples where one member is not entitled to receive public funds. Again, HMRC said it would be helpful if representatives could provide specific examples so they could investigate.

Representatives asked whether HMRC planned to set out any criteria for recovery of overpayments by instalments in direct payment cases. HMRC said that Debt Management have a flexible approach when agreeing payment arrangements, which take account of individual circumstances.

### **4. Tax Credits Transformation Programme**

Nigel introduced Paul Gerrard who has been appointed as Director of the Tax Credits Transformation Programme from 1 November 2006, which is one of

six key HMRC Programmes. The aim is to develop a more tailored service based on a better understanding of what the customer needs. HMRC will welcome input from representatives as a plan is developed.

## **5. DWP**

### **Better-Off Calculator**

Routine upgrades are planned to the DWP calculator to include legislative changes and routine maintenance. Representatives would be kept informed of developments through the working group meetings.

### **Review of DWP Leaflets**

The DWP review of all their leaflets continues, with representation from HMRC.

### **Fast Track**

Representatives mentioned again that there were some problems with Jobcentre Plus staff using the fast track processes. HMRC stressed that representatives should provide specific examples as the best way for DWP to identify and address any issues.

### **Migration Issues**

A representative asked what was happening to migrate those claimants receiving IS/JSA, from DWP to HMRC. HMRC said that migration of the remaining IS/JSA recipients with children to Child Tax Credit will not begin in 2007.

## **6. Communications review**

HMRC described their continuing work on improving the clarity of communications, recognising the customer as an active agent in that process rather than just a person to be paid at the end of it. All agreed that communication is very important and the tension between a need for simplicity and completeness needs to be carefully handled.

HMRC said that they will invite all representatives to the next Forms & Notices Working Group meeting where representatives will have an opportunity to consider the potential new claim form.

## **7. Intermediary authorisation**

HMRC outlined the latest developments and plans for handling intermediary authorisations from tax credits and Child Benefit claimants. The aligned process would be largely the same as already existed for tax credits. HMRC then shared a draft version of the form TC689(VO) and Representatives queried

- the decision to limit the period of authorisations to 4 months as queries often took longer than this to resolve
- whether an authority to act other than a completed form TC689 would be acceptable and felt it was an imposition if HMRC insisted on the use of TC689. Representatives doubted that there is a legal basis for HMRC to insist that form TC689 is used and suggested that HMRC should take advice from the Information Commissioner about forcing advisers to use this form rather than using their own.
- what happens now if the TCO receive an authorisation other than TC689. HMRC said it was important that any authority contains all the information needed - problems could arise if representatives use their own form.
- if the NINo needs to be included on the form. HMRC said that it does not have to be there (in some cases there is no NINo to quote) but including it helps to identify the right customer record.

HMRC invited representatives to send any additional comments they may have on the draft TC689. HMRC said that it would look at this again but this issue may be better addressed in the HMRC-wide review being carried out.

## **8. Representatives' queries**

8.1 A representative asked whether helpline advisers were giving the correct information and advice for claimants who are off work sick.

HMRC said they would check the guidance is correct and up to date and will use team sessions to remind advisers of the rules.

8.2 Representatives expressed concern that not all telephone calls are being recorded and quoted from a letter from HMRC's Data Protection Unit. They wondered how this might affect disputed overpayments. HMRC assured representatives that all calls to the tax credits Helpline are recorded (although calls which are handled outside of the Helpline are not recorded).

Representatives repeated earlier concerns that the dates of calls are not being given when CD recordings of calls are provided. HMRC stated that work on this was still ongoing.

8.3 Representatives asked whether there were any plans to change the Helpline number from being an 0845 number, to an 0800 number, bearing in mind that DWP were changing their lines from 0845 to 0800 numbers and that 0845 numbers can be expensive to call. Representatives felt that having an 0800 number was particularly important whilst the tax credits on-line service is not available, and given that HMRC want to encourage claimants to report changes in their circumstances. They also asked whether it is possible to notify changes of circumstances by email.

HMRC said they were looking at the channels available to customers as part of a wider review.

## **9. How HMRC and VCS can work better together**

To follow up the workshop held on 14 June 2006, HMRC presented their further thoughts on how HMRC and VCS can work better together.

The option for an annual roadshow was discussed. Representatives felt that there is a need for local liaison and suggested that any events should be collaborative. It was agreed that events could take a variety of forms and HMRC asked representatives to email their thoughts on what sort of events they would like to see.

## **10. HMRC Departmental Strategic Objectives for SR07**

HMRC explained that objectives towards the department's public targets need to be in place from April 2008 and invited comments from representatives on what HMRC's targets around tax credits should cover, particularly around further improvements to customer service. The aim was to develop targets which drive the right outcome rather than just continue with what is familiar.

Representatives initial thoughts included:

- objectives should be linked to customer education so that they know what information is needed by HMRC to get it right.
- when the only targets are easily measurable ones a full picture is not achieved - quality measures should be included even though these are often more difficult to measure.
- whether HMRC would consider including variable targets for the different population segments.

HMRC invited the representatives to email any ideas or contributions they have, over the coming few weeks.

## **11. Working group updates**

- Website - since the last update new material had been added including the newsletter sent to claimants to support the change of circumstances advertising campaign, new basic bank account leaflet. There were new Frequently Asked Questions (FAQs) on Foster Carers and the Compliance FAQs have been updated. HMRC are working on FAQs about working hours. HMRC have arranged a meeting for John Andrews and John Francis (from Customer Contact) around the planned transformational changes to the HMRC website.

Representatives said that Statutory Instruments had gone from the Website. HMRC promised to get that sorted. HMRC advised that the Child Benefit website has now changed and thanked representatives for advising of problems they had encountered.

- Appeals - representatives would like an update at the next Consultation Group meeting about appeals. A representative stated that the leaflet WTC/AP appeared to be no longer available in Enquiry Centres. HMRC said that it should still be available and they would investigate.
- CoP 26 - HMRC said that CoP 26 gives general advice on recovery of overpayments and hardship. Work is ongoing on the necessary changes to the IT to bring in automatic limits on the rates of recovery where awards are adjusted in-year following a reported change of circumstances.

Representatives said that they had expected this to have changed from 1 November. HMRC said that they were aiming to meet the commitment on this aspect in November and would let the representatives know if anything changed.

**Post meeting note** – the Paymaster General made a Written Statement in Parliament on 6 December about the automatic restrictions for in-year adjustments and HMRC discussed the practical arrangements at a meeting with some representatives on 13 December.

- International issues - Representatives proposed that a working group be set up to consider international issues, involving the Home Office and DWP and representatives from HMRC Communications & Marketing. HMRC suggested that, to enable them to consider this further, representatives give further details about what they would want from such a group and what they would expect it to achieve. HMRC can then consider how best to address this need.

## **12. Any other business**

- A representative said that they were receiving reports from advisers that a number of claims appear to be being lost. The representative said that she would forward details to enable HMRC to investigate and address any issues.
- A representative said that her organisation was still having problems with intermediaries being made appointees. HMRC said they would remind staff to follow the correct procedure when dealing with authorisations.
- A representative said a customer's claim had been closed down when they wanted to keep it as a protective claim. HMRC said that this sounded like a one-off error and asked representatives to provide specific examples of any similar cases.
- A representative asked if tax credits are regarded as tax for the purposes of the 3<sup>rd</sup> Money Laundering directive. If so, every representative in the room would need to register under it. HMRC said that they would check on this and record an answer in the minutes.

**Post meeting note.** Having consulted the policy experts in the treasury, we do not think that front-line advisers at intermediary bodies are caught by the Directive. There are two things that rule them out. Firstly it seems they give advice on Government benefits rather than tax advice, and secondly it is not their business to offer tax advice – they do not advertise it as such and they are not remunerated as such.

Nigel closed the meeting by reminding everyone that the next meeting is on 17 January 2007 and it will be in room 02/39, 100 Parliament Street. He wished everyone a happy Christmas and a peaceful New Year.