

## **Benefits and Credits Consultation Group meeting - 17 November 2009**

### **Attendees**

#### **HM Revenue & Customs**

David Skinner (chair)  
Paul Becker  
Sam Shelley  
Andy Farrar  
Kevin O'Hanlon  
Irene O'Brien  
David McAlpine  
Stephen Younger  
Michael O'Connor  
Helen Smith  
Martin Owen  
John Pay  
John McLoughlin  
Colin Strudwick

#### **Representatives**

Bernie O'Gorman - Local Government Association  
Joy Flynn - Disability Alliance  
Katie Lane - Citizens Advice  
Victoria Todd - Low Incomes Tax Reform Group  
John Andrews - Low Incomes Tax Reform Group/Social Security Advisory Committee  
Fran Robinson - Local Government Association  
Jane Hayball - Local Government Association  
Maureen Arthur - National Association of Welfare Rights Advisers  
Jen Wallis - National Association of Welfare Rights Advisers (Support)  
David Brodie - Tax Aid  
Robin Williamson - Low Incomes Tax Reform Group  
Beth Lakhani - Child Poverty Action Group  
Sarah Alcock - Gingerbread/One Parent Families

#### **Apologies**

Tamsin Woodeson - HMRC  
Siobhán Harding - Citizens Advice NI  
Jane Moore - Institute of Chartered Accountants of England & Wales

#### **1. Welcome**

David Skinner welcomed everyone and gave apologies on behalf of Tamsin Woodeson, who was unable to chair the meeting on this occasion. David explained that he was chairing this meeting in Tamsin's absence.

#### **2. Updates on actions and subgroups**

Kevin O'Hanlon said that an update on the action points from previous meetings had been sent to representatives.

Kevin explained that there was some confusion relating to action point Sep0912, which related to figures around notional entitlement being sent to the representatives. Several representatives said they had not seen the figures. Kevin said he would check this and send the figures to the Benefits and Credits Consultation Group (BCCG).

Beth Lakhani said that although action point May0908 had been cleared there was still an issue where overpayment notices continue to be sent when awards are being paid manually. She thought there should be more information available to customers telling them to ignore these notices and any subsequent reminders.

David Skinner confirmed that although linked with action point May0908, it was really a separate issue. David Skinner said he would look into this.

Kevin gave an update on the sub-group activities

### **Migrant and Immigrant Workers Group**

The last meeting was held in July 2009. HMRC has worked with Refugee Action and JobCentre Plus colleagues to run a pilot exercise testing the tax credits fast track process for refugees. Feedback from the pilot is expected in December 2009 and will be used to carry out an evaluation prior to deciding the next steps.

### **Disability Working Group**

Jonathan Langridge chaired the initial meeting held on 20 October 2009 to consider options for simplifying the tax credit rules relating to disability. Analysis is ongoing and the next meeting will be arranged for early in the new year for reports back. Updates will be given at future BCCG meetings.

### **Appeals Group**

David Skinner chaired the meeting held on 19 October 2009. There was a discussion around a number of points which Beth Lakhani had raised on behalf of the BCCG representatives and Beth had undertaken to provide specific examples for HMRC to consider and said that she will do this as soon as possible. Beth and Robin Williamson raised an issue about clarification of which decisions carry the right of appeal and the wording on HMRC letters. Kevin explained that action points arising from the meeting were still being considered.

Phillip Dearne will be providing the Financial Secretary (FST) with feedback from the consultation exercise run over the last few months seeking views on whether tax credits appeals should be heard in the Social Entitlement Chamber or new Tax Chamber. Representatives at the Appeals meeting thought that tax credits appeals should be heard in the Social Entitlement Chamber.

David Skinner confirmed that further meetings of the Appeals sub-group would be considered in the New Year.

### **Jobcentre Plus joint issues**

Meeting held in September 2009. John Andrews said that some good points had emerged to be followed up.

### **Passporting**

HMRC would like to arrange a meeting of this group. Kevin O'Hanlon asked that representatives who are interested in being part of the group to let him know. Kevin will send an email to representatives asking them to confirm their interest.

### **Notional entitlement**

David Skinner explained that the follow-up paper relating to the meeting on 30 September 2009 was due in the next week.

Katie Lane stated that she had seen a lot of benefit cases where overpayments had been written off where the customer had informed the Department for Work and Pensions (DWP) but that clarity was needed of how these cases should be treated.

David said that he would check the policy and process relating to DWP informing HMRC of customer changes and would confirm whether recovery of tax credit overpayments would be postponed whilst the issue is resolved.

Beth Lakhani said that they were still advising customers to raise this situation as an issue and that the COP26 no longer made reference to DWP. Beth stated that she felt this was an example of where HMRC and DWP could work closely together.

Following a request from CAB it had been proposed to arrange a meeting around looking at cases with the Adjudicator. Katie Lane explained that it was still being considered whether a meeting was still needed as examples were being sent directly to Tax Credit Office (TCO).

Irene O'Brien explained the TCO process and said that TCO do work closely with the Adjudicator. However, it was important to recognise that the Adjudicator is independent of HMRC.

Katie Lane said she still had some concerns about the TCO process and it would be useful to look at procedures and instances where mistakes had been made. Irene agreed and said lessons learned would be useful.

David Skinner said he thought a meeting with the Adjudicator would be a good idea, perhaps to consider a small number of cases in detail. HMRC said that it would look to arrange this.

### **3. Error and Fraud**

Andy Farrar explained that he had recently taken responsibility for the Error and Fraud Strategy. He said that three areas - tax credits, Child Benefit and Claimant Compliance - had been brought together under Operations. John Andrews asked if HMRC could send a copy of the new structure and Andy said that he would arrange this.

Andy gave a brief history of Claimant Compliance, explaining that many interventions were made previously but it was felt there was a need for a more strategic outcome. Andy went on to introduce the new Error and Fraud Strategy for tax credits and said the target was to reduce the level of error and fraud in tax credits to 5 per cent by 2011.

Andy acknowledged that it was a very stretching target and that it took a decade of steady pressure to reduce error and fraud in Social Security to 5 per cent from the 13 per cent in 1997 on Jobseekers Allowance.

The latest figures for tax credits indicate that in 2007-08 error and fraud stood at 8.6 per cent which in itself is an increase from 7.8 per cent in 2006-07. Andy pointed out that this figure did not include the organised criminal element of fraud. John Andrews mentioned that Leslie Strathie has said that HMRC official error must be distinguished from customer error and representatives thought this was very important when looking at error statistics.

Andy explained that the approximate breakdown of the 8.6 per cent was 2 per cent fraud, 6 per cent customer error and a small amount of official error. A more precise breakdown will be available in July 2010.

Andy explained that 5,000 cases had been selected at random for a full scrutiny of the circumstances involved. Andy confirmed that the error figures were based on finalised awards and that HMRC has spoken to the customers.

John Andrews asked whether there had been any external validation of the findings and if contributory factors by HMRC has been taken into account (for example, whether telephone

recordings had been checked to verify HMRC advice). John asked whether a meeting with the team who had undertaken the exercise would be worthwhile to understand how the figures had been arrived at.

Andy agreed that this was a reasonable request and pointed out that the National Audit Office (NAO) also carries out scrutiny. John accepted this but said that a lot of detailed tax credits knowledge was required and that for example, there were ongoing issues with the Childcare Calculator.

Beth Lakhani said that the 30 days that HMRC has to action reported changes would also impact on the customer error figure and that this was unfair on customers. HMRC said that it would arrange a meeting to consider this further.

Andy continued by explaining more about the target to reduce error and fraud and how HMRC would go about it. He said that a key element of the strategy is designing error and fraud out of the system and helping customers to get it right. There are currently two projects to tackle this. The first one concentrates on identifying claims, including renewals, which look like they may include an error.

A team is being set up at Netherton to identify this type of claim before they are processed. The team will then engage with the customer to ensure the claim is correct and make any necessary amendments.

Andy explained that HMRC is also looking to contact up to 900,000 customers to try and gain a better understanding of the types of error which will enable HMRC to target specific segments. He also said that 400,000 tax credits 'health checks' were carried out with customers this year.

Beth Lakhani asked if there was a policy to contact people who hadn't renewed the previous year, and said that many people with difficult personal or financial circumstances were not used to thinking annually. Beth asked whether HMRC was considering signposting customers to independent advice.

Robin Williamson said that there can be different views on issues such as whether claims should be single or joint. If HMRC's view is overturned on appeal, how would this impact on the customer error figures? Andy replied that the strategy is about understanding the customer and that HMRC was not just taking a 'cavalier' approach to meet targets.

Irene O'Brien explained that part of the strategy was about customer education and engagement when HMRC thinks there may be an error on the claim – aiming to ensure that claims are correct when they go on the tax credits system.

Andy accepted that the scenario Robin had raised would impact on the error figures but said that the figure of 8.6 per cent was only an indicator and there was a degree of tolerance built-in.

John Andrews said that the BCCG had been trying for a long time to get HMRC to improve customer information, for example relating to content on other Government Department's websites. John said that HMRC needs to consider that it may not have included all relevant information on communications or promotional literature or the helpline has not provided correct advice leading to an error.

Beth Lakhani commented that she had recently attended a training course where 19 people reported that they had received incorrect advice from the Tax Credits Helpline. Beth said she

will provide cases for investigation. Beth said that the health checks were good but that more could be done, such as referring for independent advice.

David Skinner asked Andy Farrar if there were any specific examples in how HMRC was communicating to help achieve the 5 per cent error target. Andy replied that there was more emphasis on customer engagement, such as a pilot exercise currently running in Birmingham helping customers to understand what counts as living together.

Beth Lakhani said that there is a difference in the way that DWP and HMRC consider living together. Customers need more face-to-face advice and this could be a major factor in reducing error.

John Andrews gave the example of the 'in and out of work' pilot, where he had found mistakes in some of the HMRC literature he had reviewed. John said that work done as part of the pilot is not included in Jobcentre Plus training, and that HMRC and Jobcentre Plus could work closer together on this.

Victoria Todd also welcomed the health checks but explained that she was still seeing a number of cases where incorrect advice was given by the Tax Credits Helpline. Victoria asked if there was any strategy for looking at overall communications to ensure consistency, and said that Renewals was an example where website information was different to paper communications. Victoria said that the notes with the claim form ask customers to ring the Helpline but helpline staff are not always equipped to give correct advice in complicated cases. Victoria also expressed concern about inconsistent or incomplete information in some of the campaign literature. Andy Farrar acknowledged these concerns.

John Andrews suggested there should be one central point to consider all communications prior to publication. Representatives gave examples of where inconsistent or misleading advice would be recorded as customer error.

Andy Farrar explained that he could influence this aspect of the error breakdown and mentioned again that the 8.6 per cent was an indicator.

John Andrews said that the figure was important and relevant. The breakdown figure might be completely different to what HMRC considers to be customer error following independent analysis. It was important to recognise the reasons why errors were occurring and representatives also wanted to reduce the amount of error.

David Skinner acknowledged these points and confirmed that HMRC would look at how it had approached the exercise.

David said that renewals was a good example of where everyone had worked together. Helen Smith explained that representatives had been sent the latest TC603 renewals forms and guidance notes for comment. Victoria Todd replied that some of the information in the notes was inconsistent with other renewal information and that HMRC had yet to feedback on the representatives' comments.

David Skinner asked if it would be worthwhile for the Group to look at specific scenarios such as the living together example.

Andy Farrar confirmed that HMRC could look at the information in considering the business model and how issues such as high-risk change of circumstances are handled.

John Andrews proposed that a small working group be set up to consider the ten most common errors - how, where and when they occurred. HMRC agreed that this was a very positive proposal and it will take this forward.

Robin Williamson asked if specific examples would be useful. David confirmed that they would and asked for them to be channelled through the BCCG Secretariat in the normal way.

#### **4. Operational updates**

##### **Tax credits**

Irene O'Brien gave the operational update:

##### **Complaints**

Irene said that TCO continued to work on reducing the number of complaints, particularly targeting any that are still awaiting a reply after three weeks. Intakes remain low and the trend continues that most complaints relate to overpayments.

Progress on the Intermediaries team is steady and resources have been temporarily boosted. The team applies caseworker principles and includes their contact details on correspondence.

##### **Appeals**

Appeals intakes continue to be high. Katie Lane asked whether HMRC knew the reason for this. Irene replied that part of it is linked to the work TCO are currently doing around verification of children. John Andrews asked if this would also affect Child Benefit claims. Stephen Younger said that he would provide this information.

Katie Lane asked if HMRC could send a breakdown of the Appeals categories. Irene said she would arrange for this to be sent.

There is a recovery plan in place and productivity has increased significantly over the last four weeks. HMRC has started to undertake an initial check on correspondence received to ensure that appeals are correctly categorised as early as possible and receipt acknowledged within two weeks.

Irene also mentioned that HMRC is looking at telephone systems which would enable a 'caseworker' approach and mean that direct dial numbers could be included on more correspondence. TCO are increasing resources on the Appeals team, and appeals education remains a priority. TCO staff have been working with colleagues in Contact Centres and across Benefits and Credits to ensure awareness of rights of appeal are fully factored into procedures and guidance.

##### **Disputes**

Work continues to progress well at TCO despite renewals activity and Debt Management TC610 overpayment letters being issued. TCO are currently targeting cases with technical issues.

Katie Lane said that she felt the first page of the TCO letter in response to disputes is unnecessary as it just repeats what the intermediaries already know and have said in their dispute letters. Beth Lakhani asked about the responsibilities detailed in the COP26 and how it works in relation to the 30 days HMRC is allowed to action a reported change. Beth said she has sent David Skinner an example in a separate email. David said he will check the COP26 wording and respond accordingly.

Beth asked if a meeting with Tax Credits Helpline staff could be arranged to discuss issues around advice, and Katie Lane agreed that a discussion would be useful, particularly around updated data security issues.

Sam Shelley said that she would contact Sean Griffin to ensure co-ordination between Individuals Customer Directorate and TCO relating to intermediaries and data security.

### **Child Benefit**

Stephen Younger gave the operational update:

#### **Performance and Business**

Stephen said that Child Benefit Office (CBO) were currently exceeding the target to pay 66 per cent of Child Benefit claims within nine working days.

Stephen explained that intakes this year had been high. Since the last BCCG meeting, additional resources have been used to help with clearances.

#### **Intermediaries helpline**

Child Benefit Processing took over the Intermediaries helpline in August in response to feedback from representatives. The team has handled over 2,000 calls to date and dealt with 60 per cent without the need to escalate them.

#### **Work with Contact Centre**

CBO are working closely with Contact Centres to improve service to customers. There are a number of key activities under way. For the Full Time Education peak for example, the Contact Centre and CBO made extra resource available. The result was a major success in handling that work.

Attention is now being focussed on the Rival Claims section as that area receives the highest number of back office referrals. CBO are trialling a database to record claim information which, if successful, will allow Contact Centre staff to deal with more telephone calls up front, freeing CBO staff to carry out more claims work.

Katie Lane asked if representatives could be sent a copy of the rival claims process and Stephen said that he would look to arrange this. John Andrews said this information was relevant to DWP, as well as to both TCO and CBO.

#### **New Child Benefit claim form plus improved internet version**

Extensive customer testing demonstrated a 54 per cent reduction in errors which means more claims should now be processed as 'straightforward'. The need for CBO to make further enquiries should therefore be reduced which should reduce delay and free up resources for other work.

#### **Delays**

Stephen recognised that there had been delays in specific areas and explained the reasons and responses:

- 1) Increased intakes across Child Benefit processing. As outlined, Stephen said that resources were being increased in certain areas.
- 2) For European Community claims, CBO often need to check details with other member states before paying. More resource has been applied to International claims. However, the complex nature of such claims means they can often take longer to process.

3) There has been a big increase in the number of 'rival' claims and more instances where customers disagree on living arrangements for children. There has also been a significant increase in telephone referrals. As a result, resource has been applied and CBO continue to work closely with Contact Centres.

4) Claims – September 2009 was particularly busy in terms of intake. Again resource has been applied accordingly to help performance.

5) Local Authority cases. Stephen confirmed that this relates to children who are in and out of care. CBO have changed some processes in this area. For example, payment is now made from the date CBO are notified if someone is awarded a special guardianship order. Again resource has been applied accordingly to help performance

Stephen concluded by saying he felt that the high intake and high number of telephone referrals had been the major influence on CBO performance this year.

Katie Lane said she had seen some improvement in terms of delays and asked whether it would be possible for representatives to be sent a breakdown of the categories and reasons for delay. She had arranged meetings with embassies of certain other EU member states to discuss the length of time taken for claims to processed where correspondence was required between countries.

Stephen said that he would arrange for a breakdown to be sent.

## **5. Renewals**

Helen Smith gave an update on the outcomes of renewals for 2009. She gave details of the headline figures for 2009 and the contact strategy adopted. Helen then talked about plans for the next round of renewals in 2010 and asked the question 'How can we help each other'?

Helen explained HMRC had used a different contact strategy which had brought forward demand and smoothed the peak with only a relatively small number of outstanding renewals towards the end of July 2009. This included using Interactive Voice Recording messages which advised customers of the information needed to renew their claim and helped HMRC filter calls to the most suitable advisor.

In addition HMRC had undertaken targeted pro-active support for customers including those who were renewing for the first time, had children and a relatively large annual entitlement.

HMRC said that the slides for the presentation would be circulated to representatives.

For renewals 2010, Helen explained that there is new guidance which has been tested with customers, and that tactical improvements have been made to the TC603 renewals form based on the learning gained from customer testing. In discussing the new guidance it emerged that feedback on comments made by BCCG members had not been circulated. HMRC said it would arrange for feedback and the revised renewal form to be circulated.

Representatives also asked that:

- HMRC to make sure that the guidance is consistent with information on the internet
- Customers are signposted to differentiate between taxable and non-taxable benefits and to improve the guidance for those who have elements of both

- HMRC considers amending information relating to the definition of a child and a young person in the renewals pack

In February, HMRC will be issuing a targeted reminder to one million households about reporting changes of circumstances to ensure customers are receiving their correct entitlement in the current year and that provisional payments for 2010-11 reflect the most up to date position. The mailshot will also include a reminder to get ready for renewal.

Helen said that HMRC hoped to continue with this programme of pro-active and targeted support. Andy Farrar said that the programme for assisted renewals was being augmented.

Beth Lakhani said that some groups needed extra help and asked if anything had happened on the paper she had prepared on this topic. David Skinner said that he is considering this.

John Andrews asked if HMRC had done any analysis relating to the number of terminated claims. HMRC confirmed that some work had been commissioned as part of the panel survey but said that no results are available yet.

John asked if the TC603D and guidance notes had been finalised as the decision to withdraw the 'second adult' element for people subject to immigration control would have an impact. Helen replied that they were not finalised yet but there was a relatively short timescale. David Skinner said HMRC was considering this group of customers.

Victoria Todd said that the renewals pack still had information relating to the old rules for Children or Young Person. David replied that HMRC would look into the related guidance and regulations.

Helen concluded her presentation with a discussion on how HMRC and representatives can work together. She suggested that it would be useful if from April 2010, representatives asked customers if they have renewed their claim when they had contact with them. She asked if it would be helpful if HMRC made posters available for download, reminding people to renew.

Helen also asked if representatives would be interested in working with HMRC to develop helpcards for advisers around renewals. The representatives confirmed that they would be interested and Helen asked if they would channel their interest through the BCCG Secretariat.

Katie Lane stressed that it was important to engage early enough to enable meaningful input.

## **6. ID Authentication System (IDAS)**

Martin Owen explained more about the IDAS system which was currently being introduced on the Tax Credits Helpline. Paul Gerrard had introduced IDAS to the Consultation Group in 2008.

### **Background**

- there have been significant increases in ID fraud over recent years in both Government and Commercial sectors
- HMRC recognise the need to continuously improve processes and mechanisms for protecting customer data
- tax credits are a target for this type of fraud
- there is a need to balance increased security whilst continuing to provide effective customer service

Martin explained that since Paul Gerrard's update, HMRC has refined and enhanced the authentication service to try to minimise the impact on customers and HMRC helpline advisers. He told the group that HMRC intends to continue to refine and enhance the system as it is implemented and thought feedback from representatives would be invaluable as this moves forward.

### **What is IDAS?**

- IDAS is a question and answer process using customer information sourced from a mix of HMRC and third party commercial data
- Tax Credits Helpline advisers will ask customers a number of questions when they call
- if the questions are answered correctly the customer will be asked to set up one or more passwords
- the passwords will be used on subsequent calls to give a quick and robust means of confirming the customer's identity
- if the customer is unable to confirm their identity at initial contact they may be asked to present documentary evidence at an HMRC Enquiry Centre before passwords are set up for future use

Jane Hayball voiced concerns relating to vulnerable customers being able to pass the authentication service and having to go to an Enquiry Centre. Jane considered it could lead to delays in reporting changes of circumstances and subsequent problems with overpayments. Jane asked if any assessment had been carried out on length of calls and the potential impact on HMRC Contact Centres.

Martin said that HMRC had been monitoring the customer experience and there hadn't been a problem as yet. He explained that Contact Centres had been closely involved in development and that initial contact took slightly longer but subsequent contact was much quicker. He confirmed that the process had been tested on 100,000 customers and been subsequently refined.

John Andrews said that he had concerns relating to the use of Enquiry Centres, as they had appointment processes to follow and so customers could not just turn up there. John also noted that the use of Enquiry Centres had been mentioned in the renewals presentation and he was not confident that the use of Enquiry Centres was now a viable way forward for HMRC.

John also asked whether IDAS would mean the end of implicit consent for intermediaries. Martin said that IDAS was aimed at customers rather than intermediaries but acknowledged that there were issues to consider on how it may impact on intermediaries.

Beth Lakhani asked about timescales for implementation and Martin said that IDAS was currently being rolled out. Beth thought it would exclude certain groups and also expressed concerns about the Enquiry Centre route.

Victoria Todd asked whether IDAS would impact on customers who only wanted to request a claim form. David Skinner said that the request of claim forms was an ongoing issue with the Consultation Group and that HMRC needs to look closely at how it will work. Martin explained that this aspect was still being considered. HMRC agreed to send further details to representatives.

Katie Lane said that customers would go to intermediaries for help if they failed to pass authentication. She was concerned that there had been no discussion with third parties or

the opportunity to contribute. David Skinner said HMRC would look at the possibility of setting up a one-off meeting around IDAS issues if it was felt appropriate after the further information was sent.

Fran Robinson asked if the 100,000 testers had been asked if they wanted to take part and Martin confirmed that customers do have to give consent for HMRC to use third party information.

## **7. Saving Gateway**

John Pay gave an update on the Saving Gateway scheme to be launched by HMRC. He also introduced his colleague, John Mcloughlin, Head of Policy for Saving Gateway. John Pay explained that the actual launch date may be announced before Christmas 2009 and would be implemented during 2010.

He distributed a presentation handout and explained the key facts and features of the scheme, the marketing and communications and the next steps.

### **Who is eligible?**

Citizens in receipt of the following:

- Income Support
- Jobseeker's Allowance
- Incapacity Benefit
- Employment and Support Allowance
- Severe Disablement Allowance
- tax credits – if you have an income below £16,400
- Carer's Allowance (must be in receipt and not just have underlying entitlement).

### **Key facts**

- Saving Gateway is a Government supported cash savings account for people of working age on lower incomes, which aims to encourage savings habits
- save up to £25 monthly for the two-year account life and HMRC will add 50p for each £1 saved at the end
- accounts to be offered by banks, building societies, credit unions and the Post Office
- eight million eligible citizens are expected at launch, with 1.9 million additional people expected to become eligible each year

### **Key features**

- one account per person per lifetime
- withdrawals are allowed without penalty, but the amount withdrawn can only be made up within the £25 limit
- Government contribution will be made against the highest balance over the life of the account
- all types of deposit will be accepted by providers, for example cash, standing orders
- accounts can be kept open with a nil balance but, if closed, any Government contribution built up will be lost

### **Marketing and Communications**

Advertising will include:

- TV adverts
- advertising and editorial content in women's weekly magazines
- proactive PR, any provider marketing

Direct Mail Pack contains:

- letter of eligibility

- information leaflet
- list of providers

Partnership Marketing includes:

- supporting and educational partnerships
- signposting partnerships, for example Housing Association and possibly the organisations of some BCCG representatives

### **Keeping customer focused**

- letter of eligibility comprehensively customer tested and materials as accessible for the customer as possible
- many BCCG representatives' organisations have provided feedback – thank you
- the pack will be in Welsh for all of those who are registered to receive information in this language
- factsheets will be available in a variety of minority languages to download from HMRC's website – in a similar way to Child Trust Fund

### **Next steps**

- finalise Direct Mail Pack including Information leaflet
- sign-off marketing material and develop a media plan
- formally sign-up financial providers and prepare them for launch
- develop partnerships with supporting and signposting organisations

John thanked every one for listening to the presentation and invited questions and comments. Beth Lakhani said she thought that the scheme – if presented in a particular way - could be considered insulting to certain groups, for example those on benefits. Financial circumstances are very difficult for this group of people and savings aren't really an option. John acknowledged that it was difficult for some people, but said HMRC would ensure that the introductory communications and information are in the right tone.

John Andrews asked about the income figure of £16,400 relating to tax credits and which year it applied to. John Mcloughlin confirmed that it would be based on the income against which the relevant finalised tax credit award had been made. John Andrews felt this could be misleading as most people think in the present, that is, current year (CY). John asked what impact the savings and Government contributions would have on customers' relationship with other Government departments, for example treatment of capital, or if taxable.

John Pay explained that impact on benefits may depend on the amount of any savings already held but said that accounts would not be subject to tax.

John Andrews emphasised that HMRC needs to get the message across, where appropriate, that money gained from this scheme doesn't need to be reported. HMRC is working with DWP on detail of how this message is put across. In relation to Social Fund payments John Mcloughlin said that HMRC is still assessing any impact of Saving Gateway.

John Andrews asked if the scheme would be available to people under immigration control and John Mcloughlin replied that they would have to pass the ordinary residence test. However, there is nothing that would bar them from the scheme if they are eligible for a qualifying benefit or tax credit, and meet this residence test.

Victoria Todd asked about the mechanisms of the scheme, finalised awards and income. John Mcloughlin replied that as the scheme was administered by HMRC information on qualifying tax credit awards would be quickly available and letters would be issued to customers as they become eligible. John stressed that the income test would need to be

carried out against finalised actual income or treated as actual income. He said that duplication would be avoided and only one letter issued even where a person is in receipt of both a qualifying tax credit award and a qualifying benefit. In the case of joint claims, a letter would be sent to both customers.

HMRC undertook to send a copy of the presentation to the representatives.

#### **8. Tax credits debt**

Colin Strudwick said that he had spoken about historic tax credit debt at the BCCG meeting in July and would now like to report on subsequent progress. He said that two further categories of debt had been identified for inclusion and that he would send details to the representatives to be discussed at a future BCCG meeting.

Colin also gave details about a joint trial with DWP to collect tax credits and self assessment debts of between £100 and £1,000 by deductions from DWP benefits. To be eligible for the trial customers would have no other tax credit or self assessment debt and no DWP debt. Benefit deductions would be made over a period of up to two years. Participation in the pilot will be offered to 5,000 customers and results will be evaluated.

Katie Lane asked if customers with more than one debt would be included, and what would happen if a further debt arose during the trial. Colin said that customers with existing DWP deductions were not eligible for the trial; and it is expected (but still to be confirmed) that for customers in the trial existing deductions would continue and other potential deductions would be put on hold. Victoria Todd asked if HMRC could identify that no cross-year recovery was taking place at the same time. Colin replied that the normal dual recovery process would apply. John Andrews and Beth Lakhani expressed concerns that hardship procedures would need to be considered.

David Brodie asked how clear it was to customers that this trial would be voluntary. Colin said that the letter inviting customers to participate would make it clear, although the letter had not yet been drafted. David Skinner confirmed that hardship should be considered, with appropriate signposting in the letter. Colin agreed to send details of the draft letter to representatives for comment.

Fran Robinson asked if customers would be expected to repay the debt in two years. Colin said that this was HMRC's expectation as this is the timescale of the trial, but if it was too difficult for the customer then they would not be obliged to join the trial. Deductions would not exceed the DWP limits.

David Skinner asked if customers could pay less than would cover the complete debt over the two-year period and then leave the scheme. Colin confirmed that this option would not be offered during the pilot. He said that some technical details are still to be finalised and that feedback from the pilot would be shared.

#### **9. Any other business**

Kevin O'Hanlon informed the representatives that the tax credits computer system would be unavailable from 20:00 on Friday 20 November 2009 until Monday 23 November 2009. He would send an email to confirm. David Skinner thanked all the participants for their input and asked that if any representatives had any other business they would like to raise that they send details through the BCCG secretariat for action.