

ADMINISTRATIVE BURDENS ADVISORY BOARD

Minutes of Advisory Board Meeting 17 November 2014

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13.00 – 17.00

2/66, 1 Horse Guards Road, London, SW1A 2HQ

Advisory Board Attendees: Teresa Graham (TG), Andrew Hubbard (AHu), Chris Graham-Bell (CGB), Malcolm Bacchus (MB), Roger Southam (RS), Allison Harper (AH), John Whiting (JW), Paul Aplin (PA). Dr Martin Jones (MJ)

Apologies: Rebecca Benneyworth (RB), Karen Thomson (KT), Alastair Keir (AK)

HMRC / HM Treasury Attendees: Theresa Middleton (TM), Jim Harra (JH), Simon Woodside (SW), Caroline Smith (CS) Neil Philpott (NP), Tony Kelly (TK), Matt Henty (MH) – HM Treasury

Guests:

HMRC Benefits and Credits - Jane Andrews (JA)

DWP - Peter Hopkins (PH), Huw Johns (HJ) and Joel Weston (JWe)

Small Business Strategy Team - Rebecca Hall (RH)

PT Customer, Product & Process - Shailesh Makwana (SM)

Corporate Communications Director - Stephen Hardwick

Senior Communications Business Partner - Business Tax - Samantha Edwards (SE)

BIS - Gemma Peck

Observer - Tina Walker (HMRC, Business Customer & Strategy)

Welcome/Update

Teresa Graham (TG) welcomed everyone to the meeting - noting apologies from Karen Thomson, Rebecca Benneyworth and Alastair Keir.

Review of action points/issues log

1. TG reviewed the open action items and agreed to close AP039, AP040 and AP043. The remaining action points remain open for future review.

Universal Credit

2. Tony Kelly (TK) gave a reflection on why Universal Credit (UC) has been brought to the agenda following previous discussions at these board meetings and concerns raised by members about the possible impact on small businesses. TK then introduced Peter Hopkins (PH), Huw Johns (HJ) and Joel Weston (JWe) from DWP and Jane Andrews (JA) from HMRC, Benefits and Credits to talk in more detail around the transition to UC, current delivery and implications on the self-employed.
3. PH provided a high level overview of the government objective with UC to 'make work pay'. He then gave some examples of the types of tax credit claimants moving to UC and some of the hurdles faced by them. PH then discussed how UC is currently being operated in 10 sites across the UK under a controlled rollout to learn and test systems before being rolled out in Spring 2015 to all job centres across the UK.
4. PH has been engaging with employers across these sites to understand the impacts and any issues faced and to learn and refine the system. Positive results are being reported by employers specifically around removal of the current 16 hour working rule.
5. JA gave a brief overview of Tax Credits and the transition from Tax Credits to UC via a controlled rollout. JA also described the current approach to Tax Credits and explained UC will operate on a month to month basis and be based on dynamic income levels
6. JWe then provided an insight into what UC will mean for the self-employed and discussed some of the conditionality rules that will be applied
7. JWe also informed the board about how DWP and HMRC are working together to promote record keeping apps that support both cash basis and UC, as more guidance is developed, the relevant messaging and signposting will be included.
8. There were some general concerns and observations made by the board around the 'real world' practicalities of some of the conditionality aspects. A particular concern was the requirement to report monthly. The Board felt this would be a burden to small business and that less frequent reporting quarterly or annually would be more appropriate. The month to month fluctuation of income was also raised as a concern to be addressed.
9. The Board were keen to understand what guidance Job Centre staff will be given to assess whether a customer is gainfully self-employed. The need to obtain further customer insight and ongoing communications with relevant stakeholder groups was flagged. JWe outlined a stakeholder working group and welcomed ABAB's attendance on this.

AP – JWe will issue the proposed guidance that is expected to be followed to determine gainful self-employment.

AP – Roger Southam (RS) added to stakeholder group.

ABAB Working Groups**Tell ABAB**

10. Alison Harper (AH) gave an update to the board on the review of submissions through the Tell ABAB facility and gave a flavour of the themes coming through. AH then described the interactive workshop held to test HMRC's response to the themes and consider possible action which identified that the department has some initiatives already in progress that address many of the themes. AH explained next steps around producing a summary report for the ABAB website. The Board discussed possible enhancements to the Tell ABAB facility and agreed to review separately.

VAT Letter's project

11. RS gave an update on this project and expressed concern about the lack of clarity on the overall timetable and next steps. RS was happy to assess more VAT letters. Neil Philpott (NP) explained the current status and agreed to update RS on developments and provide more regular feedback.

AP – HMRC to provide update to RS on progress with changes and plans for further dissemination of letters.

12. Malcolm Bacchus (MB) mentioned the Business Records Check (BRC) working group findings and that reports are suggesting that records are better than HMRC expected. TG asked that final analysis of BRC and lessons learned be communicated once signed off.

AP – Business Records Check and lessons learned to be communicated at future meeting.**Latest Customer Experience update**

13. Caroline Smith (CS) provided a summary of the latest Customer Experience Survey Scores. The SME 'Straightforward' score is 78.5, down from 79.1 last year but when compared to the previous quarter (78.1) has improved by 0.4 points. This is not a statistically robust comparison.
14. CS then highlighted that in the second quarter of 2014/15, the PAYE/NI score for 'ease of completing' has significantly increased for the first time since the rollout of RTI, which suggests that employers are becoming accustomed to reporting in real time.
15. There was a discussion around target setting and the merits of referencing the highest point from the previous period.

Small Business Strategy refresh - Update

16. Rebecca Hall (RH) gave a brief update on the strategy refresh since the last ABAB Board and thanked the working group for their input. RH highlighted some of the principles currently being worked on as high level components of the strategy for example integrating tax in to business processes, taking advantage of new digital capabilities and leveraging voluntary compliance. The team will further develop these principles before sharing with key interested parties including ABAB working group.

AP – Small Business Strategy working group to meet in December 2014 to review high level strategy principles.**Class 2 NICs Simplification - Update**

17. Shailesh Makwana (SM) firstly thanked ABAB for the consultation response to simplify the collection of Class 2 NICs and reduce the administrative burdens on them and be more efficient for HMRC. SM then gave an update on what these changes mean to the self-employed advising that HMRC will update guidance and write to customers who are impacted to explain the changes and advise when they need to take any action.
18. John Whiting (JW) commented that the biggest challenge is to ensure that the right message is being delivered to the customers. AHu commented that on the need for communication on the distinct difference between, Class 2 Voluntary NICs and Class 3 NICs. Overall the board welcomed the changes and simplification.

HMRC Communications

Update from HMRC Corporate Communications Director – Stephen Hardwick (SH)

19. SH gave an overview of where he has seen the department develop since returning to HMRC as Corporate Communications Director. SH focussed on three areas; External Reputation, Internal Communications and Communications to Customers.
20. SH identified some external factors that have had an impact how HMRC are perceived including visibility of leadership. SH commented that now core services have improved, HMRC can be more proactive in promoting successful stories and also providing rebuttals on incorrect media coverage. SH suggested that HMRC could do more to improve communications with MPs and be less risk adverse in engaging stakeholders to relay messages to customers.
21. ExCom changes have prompted a change in this relationship between senior leaders and staff, notably a drive for open and honest engagement with staff. SH then described the Building Our Future programme that is current underway to set out the future vision of the department and encourage engagement and direct input.
22. SH acknowledged that although a vast majority of the written communication HMRC issued is technically correct, it isn't always easy for customers to understand. He emphasise the tone and flow of communications as two areas being prioritised.
23. TG asked who takes ownership of correspondence with customers and SH responded that the individual process owners owned the suite of letters relating to their process. A question was raised around the use of Twitter and other social media and certainty that communication is from HMRC is a concern. SH indicated that HMRC are currently piloting the use of Twitter to communicate with customers. He noted the importance of being able to properly resource communication channels and of being proactive in the monitoring of any service.

Communications with Small Businesses – Sam Edwards (SE)

24. SE described some of the targeted communication approaches used by HMRC to support small business customers.
25. SE briefly outlined other areas that HMRC are developing such as a LinkedIn community and plans to research what channels customers trust when receiving communications from government.

BIS Growth and GREAT campaign

26. Gemma Peck (GP) introduced activities undertaken to support small businesses to grow, delivered via the GREAT campaign. GP shared insight around growth amongst the small businesses population and the barriers preventing growth. The GREAT ambition commitments are delivered across six themes making it easier to: Access Finance, Hire people, Develop new ideas, Break into new markets, Get the right support at the right time, and; Get on with doing business.
27. GP then talked about the achievements so far including cutting down on regulation that gets in the way of small businesses doing their business and issuing more than £10 million pounds worth of Growth vouchers. GP finished with how BIS and HMRC work together on this agenda, for example promotion of reliefs available, and a joint project to streamline company registration; and discussed what more can be done to support new and growing businesses.
28. The board were in favour of the continued promotion of reliefs and what these can offer to small businesses. They noted caution on explanations of qualification criteria, which can cause miss-understandings and/or be seen as part of a broader political message. A discussion followed on the nature of the open data agenda and Theresa Middleton (TM) explained that the VAT registration data will be available to credit reference agencies but outlined a cautious approach to publishing financial data informed by testing the public's appetite for it.

Forward Look

29. Members reviewed the forward look document and reiterated the items they would like to be added to the agenda.

AP – RS raised the need to explore the Disclosure of Tax Avoidance Schemes (DOTAS).

Next meeting

The next meeting will be held on Thursday 5th February, from 13:00 – 17:00 in 2/66, 100 Parliament Street.