



## DEBATE PACK

Number CDP 2016-0190, 24 October 2016

# Concentrix

## Summary

On 6 May 2014 SYNEX-Concentrix UK Limited – more commonly known as Concentrix – signed a contract with HM Revenue and Customs aimed at providing “additional capacity to review and correct tax credit claims that are potentially based on incorrect information.” In a statement to the House on 14 September, the Government said that in light of evidence that the contractor’s performance had in recent weeks “not been acceptable”, HMRC had decided not to renew Concentrix’s contract beyond May 2017, would no longer be passing new cases to it, and had redeployed Departmental staff with immediate effect to help resolve outstanding issues with tax credit claims.

There will be an Opposition Day debate on Concentrix on Wednesday 26 October 2016 in the Commons chamber.

This follows a [Work and Pensions Committee evidence session on 13 October](#) in which the Committee questioned tax credit claimants as well as Concentrix and HMRC representatives. A [Westminster Hall debate on the performance of Concentrix in dealing with tax credit claimants](#) also took place on 18 October.

The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

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# 1. Background

On 6 May 2014 SYNEX-Concentrix UK Limited – more commonly known as Concentrix – signed a contract with HM Revenue and Customs aimed at providing “additional capacity to review and correct tax credit claims that are potentially based on incorrect information.” The [“Error and Fraud Adding Capacity” \(EFAC\) contract](#) runs until 5 May 2017. A key activity to be undertaken by Concentrix was “undeclared partner” investigations – investigations into whether a person claiming tax credits as a single person is in fact living with another person. Other forms of fraud and error would however be investigated by Concentrix. The contract also delegated extensive decision-making powers to Concentrix, including the processing of tax credits “Mandatory Reconsiderations.” Total savings of £1 billion were expected to be made over the three years of the contract, which was estimated to be worth up to £75 million for Concentrix (although the contract used a “payment by results” model).

Welfare rights groups and others have voiced serious concerns about the activities of Concentrix and their impact on tax credit claimants, particularly in relation to undisclosed partner interventions. Recurring complaints include claimants having their tax credit awards stopped – sometimes with little or no warning – on the basis of incorrect information, forcing them to borrow money from friends and family or to have recourse to food bank in order to feed their families; claimants being accused of cohabiting with individuals unconnected to them, such as previous tenants of their property or, in some high profile cases, unrelated people now deceased. Claimants have also experienced difficulties contacting Concentrix by phone, despite repeated attempts, and long and expensive waits to get through to Concentrix advisers.

In a [statement to the House of Commons on 14 September](#), the Financial Secretary to the Treasury, Jane Ellison, announced that in light of evidence that the contractor’s performance had in recent weeks “not been acceptable”, HMRC had decided not to renew Concentrix’s contract beyond May 2017, would no longer be passing new cases to it, and had redeployed Departmental staff with immediate effect to help resolve outstanding issues with tax credit claims. [Concentrix responded](#) by saying that it had operated professionally at all times and that the announcement “attacks our professional credibility, and the commitment of our staff.” It also pointed out that it had secured nearly £300 million savings from fraud and error for taxpayers.

Both the Work and Pensions Committee and the Treasury Committee are looking into the involvement of Concentrix in tax credits administration. The National Audit Office has launched an investigation which will review the performance of Concentrix and how HMRC has managed the contract, including HMRC’s decision not to extend the contract.

In an [oral evidence session on 13 October](#) the Work and Pensions Committee heard evidence from tax credit claimants, from representatives of Concentrix, and from HMRC officials. From the claimants, the Committee heard examples of “appalling customer service” and the consequences for the individuals concerned and their families. Concentrix told the Committee that, as part of the current “campaign” which started in April 2016, HMRC had supplied it with 1.5 million claimant records flagged up as “high risk”, which Concentrix subsequently whittled down to 324,000 cases for further investigation using a process known as “High Risk Renewal.” Of the 324,000 claimants sent letters by Concentrix, 45,000 had their tax credits stopped and 14,813 had requested a “Mandatory Reconsideration” of the decision. Concentrix told the Committee that it had followed practices and procedures agreed with HMRC, and was surprised by the Government’s decision that its contract would not be renewed, which it found out about only an hour before the announcement was made. HMRC officials said that they had acted swiftly and decisively in light of Concentrix’s customer services “failure”, namely its failure to ensure sufficient call centre staff were in place to meet demand. The Committee were also told that 73% of tax credit Mandatory Reconsiderations (or 90-95% according to Concentrix) were decided in the claimant’s favour.

The [Work and Pensions Committee is now seeking](#) urgent clarification about how the performance of Concentrix was monitored by HMRC; Concentrix’s staffing levels and staff training; how HMRC intends to compensate claimants, ensure they are not further disadvantaged, and review decisions taken by Concentrix; and is also seeking assurances that Concentrix will not be compensated for HMRC’s decision to bring functions back in-house.

## 1.1 The Concentrix contract

HM Revenue and Customs (HMRC) has a contract with the company SYNEX-Concentrix UK Limited. The purpose of the contract with SYNEX-Concentrix UK – or Concentrix as it is more commonly known – is to “provide additional capacity to review and correct tax credit claims that are potentially based on incorrect information.”<sup>1</sup> The “Error and Fraud Adding Capacity” (EFAC) contract start date was 6 May 2014 and it runs until 5 May 2017. Details of the contractual arrangements can be found at Contracts Finder here:

<https://www.contractsfinder.service.gov.uk/Notice/85d1b730-5e4e-4be8-ae4c-3ac1f359afc7>

A key activity being undertaken by Concentrix is “**undeclared partner**” investigations – investigations into whether a person claiming tax credits as a single person is in fact living with another person. Further information on how these investigations should be conducted is given in a factsheet at the Revenuebenefits website, [Tax Credits: Understanding couples](#) (updated 5 July 2016). This also covers the role of Concentrix

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<sup>1</sup> [PQ 9146 \[on Revenue and Customs: Concentrix\], 10 September 2015](#)

and how to make a complaint about them; and information requirements, responsibilities and the burden of proof. Gingerbread also has a factsheet, [HMRC compliance checks through Concentrix](#) (updated 25 January 2016). Other forms of fraud and error are however investigated by Concentrix.

The contract also delegates extensive decision-making powers to Concentrix, including the processing of "**Mandatory Reconsiderations**" of tax credits decisions. Mandatory Reconsideration (MR) is now the first step for people seeking to challenge tax credits decision. If a person request an MR of a decision, and the original decision is upheld, it is only then that the person can appeal to an independent First-Tier Tribunal. Decisions by Concentrix **can therefore be appealed**, in the same way as a decision by HMRC itself.

Responsibility of the management of tax credit appeals, any overpayments of tax credits disputed by a claimant or their representative, and customer complaints relating to the award remain with HMRC. The contract also states that HMRC is required to monitor the exercise and remains responsible in law for the actions carried out by the contractor to whom it has delegated functions, and must be satisfied they are being carried out lawfully and properly.

A parliamentary written answer in January 2016 gave further information on the role of Concentrix and on the payment arrangements under the contract (**our emphasis**):

**Welfare Tax Credits: Written question - 20457**

Asked by [Clive Lewis](#) (Norwich South)

Asked on: 16 December 2015

To ask Mr Chancellor of the Exchequer, on what grounds it was decided that compliance checks for tax credit applications would be outsourced to Concentrix.

Answered by: [Mr David Gauke](#)

Answered on: 05 January 2016

Reducing tax credits fraud and error is a top priority for HM Revenue and Customs (HMRC). The contract with Concentrix offers additional capacity to help build on HMRC's own work, which has reduced tax credits fraud and error to the lowest ever level. Using a private company provides a cost-effective way to reach additional claims that need checking.

The checks are to ensure that people are paid the correct amount of money to prevent them from getting into debt which they may find difficult to repay and protect losses to taxpayers.

Concentrix operate under the same powers and processes as HMRC. Concentrix select cases to be checked using information provided by HMRC. Concentrix decide how best to achieve the expected benefits, including the number and type of cases and number of staff employed. HMRC closely monitors their performance.

**The contract uses a payment by results model, which means Concentrix is only paid based on the money it saves the**

**Exchequer as a result of correcting claims that are incorrect. They will not be paid if the decisions they make about claimants' awards are incorrect.**

The contract was signed on 6 May 2014. The contract was awarded to Synnex-Concentrix UK Ltd in April 2014, following a procurement exercise advertised under the open procedure. Information about the contract value and contract award is already in the public domain.

<https://www.deltaesourcing.com/delta/viewNotice.html?noticeld=97910033>

The value of the contract was estimated at between £55m and £75m at the time the contract was awarded. The Government emphasised that:

Payments to Concentrix are based on the results they deliver, taking into account the quality and accuracy of their work. Concentrix are not paid for any cases where the decision they make is overturned.<sup>2</sup>

However, in its July 2016 Occasional Paper on [Decision making and mandatory reconsideration](#), the independent Social Security Advisory Committee (SSAC) noted that the payment model could potentially create a conflict of interest and recommended that the National Audit Office examine the contract to ensure that it had "appropriate safeguards to preserve justice for the claimant":

**The role of Concentrix at HMRC**

In April 2014, HMRC awarded a contract to Synnex-Concentrix UK in order to increase capacity to carry out compliance checks on Tax Credits awards. They began operation in November 2014. The contract uses a "payment by results model" [Welfare Tax credits: Written question – 20454] and has been valued at between £55m-£75m. [Concentrix: Written question – 21505]

This contract is a major departure for HMRC as decisions about a claimant's past eligibility to a benefit are being made by a commercial organisation acting under delegated authority. This same organisation is then performing mandatory reconsiderations when a claimant challenges the initial decision.

The details of the payment model used in this contract are not in the public domain due to 'commercial sensitivity', however payment by results implies the greater number of 'corrections' to claims Concentrix makes the higher its revenue will be. When claimants disagree with a decision and request an MR, it could be argued there is an incentive for Concentrix staff not to overturn decisions given it would impact negatively on their revenue. Put another way, the profit motive could reduce the ability of the contracted out organisation and its staff to be impartial when reconsidering decisions. It should be noted that if a decision does progress to appeal and is subsequently overturned, Concentrix will not receive payment but for reasons outlined earlier in the report claimants may not always progress their cases.

According to a recent PQ, [Welfare Tax credits: Written question – 17279] HMRC do not have the information readily available as to the number of Concentrix decisions that are overturned at appeal and that those figures 'can only be obtained at disproportionate costs'. It cannot therefore incorporate such information into its

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<sup>2</sup> PQ 21505 [on Concentrix], 12 January 2016

understanding of performance. Similarly, it does not appear that HMRC has published any data on the proportion of Concentrix MRs that uphold the original decision or how this compares to HMRC's own decisions. As of January 2016 it was estimated that mandatory reconsideration decisions were taking on average just under 5 weeks from the point of starting a review by Concentrix and the delivery of a decision. We are not aware whether this is better or worse than within mainstream HMRC where there are also no published data.

**We recommend that the National Audit Office (NAO) should examine the Concentrix contract to ensure that at the same time as providing value for money, it has appropriate safeguards to preserve justice for the claimant.<sup>3</sup>**

A written answer on 7 September stated that, to date, an estimated £15.8 million commission has been paid to Concentrix relating in relation to its work on tax credits fraud and error since the start of the contract, and that total savings to date in annually managed expenditure had been £284.1 million.<sup>4</sup>

More recent estimates of payments made to Concentrix and savings accruing to the exchequer were given by HMRC officials in [evidence to the Work and Pensions Committee on 13 October](#). HMRC's Chief Executive and Permanent Secretary Jon Thompson told the Committee that total savings were now estimated at around £270 million, and payments to Concentrix were expected to total around £27.5 million.

## 1.2 Number of investigations by Concentrix and outcomes

There is limited up to date information in the public domain on the number of investigations initiated by Concentrix and on results from them. In response to a question on how many lone parents had received letters from Concentrix since 1 January 2015 questioning their reported living arrangements and requesting proof that they were not cohabiting in order to assess their continued eligibility to receive tax credits, the Financial Secretary David Gauke said in a written answer on 4 February:

HM Revenue and Customs (HMRC) routinely carries out checks on tax credits claims to make sure people are receiving the right amount of money and identify fraudulent claims. Since November 2014, Concentrix has been carrying out routine tax credit checks on behalf of HMRC, in addition to the checks HMRC carry out themselves. There are more than 4 million tax credit claimants overall.

From the number of claimants contacted by Concentrix, HMRC and Concentrix do not categorise data under the heading of lone parent cases.<sup>5</sup>

In response to a PQ from Frank Field on how many and what proportion of tax credit claims reviewed by Concentrix had, following the review

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<sup>3</sup> [Decision making and mandatory reconsideration](#), SSAC Occasional Paper 18, 21 July 2016, pp38-39

<sup>4</sup> PQ 44728 [on Revenue and Customs: Concentrix], 7 September 2016

<sup>5</sup> PQ 24418 [on Welfare Tax Credits: Lone Parents], 4 February 2016

process, been paid in full; and for how long each such claim was suspended, Mr Gauke said in a written answer in February that “the information requested is not available.”<sup>6</sup>

Some figures were however given in a subsequent written answer on 29 February:

**Welfare Tax Credits: Written question - 27383**

**Asked by Ronnie Cowan (Inverclyde)**

**Asked on: 19 February 2016**

To ask Mr Chancellor of the Exchequer, how many tax credit investigations carried out by Concentrix under its contract with his Department have resulted in (a) no change in and (b) withdrawal of the tax credit award; and how many decisions to withdraw such awards were appealed successfully.

**Answered by: Mr David Gauke**

**Answered on: 29 February 2016**

As at 21 February 2016 Concentrix had closed around 440,000 cases. Around 390,000 of these resulted in no amendment to the award. Around 50,000 awards have been amended, though HM Revenue and Customs (HMRC) does not hold information on how many of these were cancelled and how many adjusted.

HMRC does not separate out the number of awards that were amended for error and from the number amended for fraud.

On appeals, I refer the member to the answer I provided on 15 February 2016 to question 26041.

In a written answer on 7 September, the Treasury Minister David Gauke said that, between November 2014 and the end of August 2016 Concentrix had sent out-

- 381,000 letters to tax credit claimants requesting proof of single status;
- 254,000 letters asking for details of hours worked; and
- 312,000 letters asking for evidence of childcare use.<sup>7</sup>

Another written answer on 7 September stated that under the contract so far Concentrix had completed around-

- 308,718 “undeclared partner” cases;
- 198,422 work and hours cases; and
- 152,771 childcare cases.<sup>8</sup>

In response to a long series of parliamentary questions tabled by Louise Haigh MP, the Financial Secretary to the Treasury, Jane Ellison, issued the following written answer on 12 September:

HM Revenue and Customs (HMRC) and SYNEX-Concentrix have arrangements for regular and frequent communications including weekly and monthly meetings as well as other discussions on a day-to-day basis.

<sup>6</sup> PQ 26098 [on Welfare Tax Credits], 10 February 2016

<sup>7</sup> PQ 44746 [on Concentrix: Correspondence], 7 September 2016

<sup>8</sup> PQ 22669 [on Revenue and Customs: Concentrix], 7 September 2016

Since the beginning of the contract between SYNnex-Concentrix and HMRC in November 2014 to 11 September 2016, SYNnex-Concentrix have considered around 667,000 cases of which around 103,000 cases have been amended

The total savings in Annually Managed Expenditure were £2.3 million in 2014-15, £122.3 million in 2015-16 and £159.5 million in 2016-17 to mid- August 2016. The total to date is £284.1 million since commencement of the contract in November 14.

SYNnex-Concentrix has achieved the 75 day service level agreement throughout the contract period to date.

Since the contract variation in October 2015 to the end of August 2016, there have been a) 13 Amber Green Failures, b) 9 Amber failures, c) 10 red failures and d) 13 Black Failures of Key Performance Indicators. During this same period there have been 1,410 checks of these indicators.

Since the start of the contract, the average waiting time for SYNnex-Concentrix to answer telephone calls has been 6 minutes and 53 seconds and the maximum waiting time for one individual was 1 hour 5 minutes and 34 seconds.

Since the contract commenced in November 2014 to mid-August 2016, the average length of time taken between SYNnex-Concentrix starting to work a mandatory reconsideration and SYNnex-Concentrix making a decision is 23 days.

These cases are not generally erroneous, but tend to arise when further information is provided by the claimant, allowing SYNnex-Concentrix to review the case after the initial decision has been made.

There are currently no tax credit Mandatory Reconsiderations being worked by SYNnex-Concentrix that are over the target timescale. The table below provides the number of mandatory reconsiderations and appeals that have been received in each financial year since the commencement of the contract.

<b>Appeals</b>	<b>Number Received</b>
2014/15	0
2015/16	365
2016/17 to mid-August 16	167
<b>Mandatory Reconsiderations</b>	<b>Number Received</b>
2014/15	436
2015/16	2042
2016/17 to mid-August 16	7989

The total number of appeals received is about 0.08% of all decisions SYNnex-Concentrix made in the same period. The total number of Mandatory Reconsiderations received is about 1.6% of all decisions SYNnex-Concentrix made.



Tax credits claimants are asked to provide information within 30 days when undergoing checks for error and fraud.

The information about the estimate of the number of recipients of child tax credit and working tax credit whose payments have been erroneously stopped in each year from 2010 to date is not available in the form requested.

However, if a claimant believes that an incorrect decision has been made, they are able to request a review (now known as a Mandatory Reconsideration). If a claimant believes the review decision to be wrong, they may appeal to an independent tribunal. During reviews or at appeal, additional information is often provided that could have supported the original claim, had it been made available earlier in the process. The proportion of reviews and appeals that result in the original decision being changed remains small in proportion to the total number of cases processed.

Tax credits are often reinstated when information to support the claim is provided after the initial decision has been taken. Since November 2014 to mid-August 2016 the Contractor has amended 6,755 decisions following the receipt of a mandatory reconsideration. Since the start of the contract to mid-August 2016 the Authority has amended 280 decisions following consideration of customer appeals from a total of around 660,000 cases where SYNEX-Concentrix has completed its checks.

HMRC does not hold information on how many of these were reinstated following a cancellation and how many were adjusted following an amendment to an award.

For reasons of commercial sensitivity, HMRC does not disclose its intent around either Clauses B5 or E6 of the contract. For similar reasons, HMRC does not publish the reports completed at the end of each Measurement Period at this time nor disclose the number and value of fines and penalties incurred by SYNEX-Concentrix under its contract with HMRC.<sup>9</sup>

Further statistics on the number of cases referred by HMRC to Concentrix, on the number of investigations initiated by Concentrix, on outcomes from those investigations including the number of cases where payments had been suspended, on outcomes from Mandatory Reconsiderations of decisions, on savings to the Exchequer, and on payments to Concentrix, were cited in the [Work and Pensions Committee's evidence session on 13 October](#) – see section 1.8 below.

### 1.3 Original estimates of the number of cases to be reviewed and expected savings

The original [contract between Synnex-Concentrix and HMRC on 6 May 2014](#) included estimates of the number of tax credit cases Concentrix would review over the course of the contract and the expected level of savings from identifying fraud and error. Section A4.2.1 (“Operational Delivery”) states (**our emphasis**):

Between September 2014 and September 2017 the Authority [ie HMRC] requires the Contractor to **consider up to 5.5 million tax credits awards to identify and correct in the region of**

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<sup>9</sup> PQ 44834 [on Concentrix: Standards], 12 September 2016

**2.0 million cases that are forecast to contain tax credits error and fraud, over and above HMRC planned activity.** The delivery profile, related to tax credits risks, will align with the Authority's delivery plan. The Contractor will use the standard Authority compliance intervention processes, High Risk Renewals and High Risk Change of Circumstance, to engage with tax credits customers, collect and assess evidence and make decisions on the customers' circumstances affecting their tax credits entitlement in line with the Commissioners' powers contained in the Tax Credits Act 2002 and associated regulations. For the duration of the contract the Authority will continue to deliver similar activity, in parallel to Contractor delivery.

Section A6.1 ("Expected outcomes and Service Key Performance Indicators") states (**my emphasis**):

The Authority **requires that across the duration of the contract the Contractor will deliver circa £2,000 million losses prevented (translated into £1,030 million savings in annual managed expenditure) in line with current monthly projections.** Authority targets are set in advance in line with Departmental planning processes. An indicative monthly plan and estimates of value, based on current levels of tax credits error and fraud and latest forecasting, is detailed in Annex 2.

[Annex 2 \("Indicative Risk Types, Annual Volumes and Average Losses Prevented per Risk"\)](#) is redacted under section 43(2) of the *Freedom of Information Act 2000*. This provides for information to be exempt from disclosure if disclosure would, or would be likely to, prejudice the commercial interest of any person (see Information Commissioner's Office, [Freedom of Information Act Awareness Guidance No. 5: Commercial Interests](#), 2008).

However, indicative volumes for the number of "compliance interventions" in different "loss groups" in each year are given in section A12.2 of the contract (the figures in the table must be thousands):

As a key delivery mechanism of the Service, the Contractor is required to provide operational capacity (resource) to commence operational delivery during the contract period, contacting a predefined customer base/population to meet the delivery profile and volume of compliance interventions agreed under section A10.4. High level indicative volumes, which are subject to change, are provided below and at Annex 2. Where Authority outputs are provided these are for illustrative purposes only.

Estimated Annual Contractor Case Volumes 2014/15 to 2016/17						
Risk Description / Annual Volumes ('000s)	Child	Childcare	Disability*	Income	Work & Hours	Undeclared Partner
2014/15	177	253	-	383	440	235
2015/16	380	125	-	775	725	375
2016/17	190	75	-	620	280	240

\* Not currently part of Authority processes but may be included as part of overall Contractor compliance intervention requirement

These add up to a total of just under 5.3 million cases. Further information on the “loss groups” and the type of fraud/error likely to arise is given in [section A8 of the contract](#).

As to the savings that would actually be made over the course of the contract, the [National Audit Office’s report on Her Majesty’s Revenue & Customs 2014-15 accounts](#), published on 17 July 2015, commented:

5.16 In May 2014 HMRC signed a contract with Synnex-Concentrix UK Ltd to provide additional capacity to tackle fraud and error on a payments-by-results basis. The aim was to increase the number of compliance interventions. So far, the benefits of the contract have been lower than anticipated. This is because of delays in the service going live and a lower than expected number of interventions completed by the supplier. HMRC estimates that the project delivered savings of £0.5 million in 2014-15, compared with its original forecast of £285 million. The original estimate of £1 billion savings over the three year contract is not achievable. HMRC currently estimates that the project will deliver savings of £423 million, although this relies on increasing staff numbers and improving performance.

The [NAO’s report on Her Majesty’s Revenue & Customs Annual Report and Accounts 2015-16](#), published on 14 July 2016, commented:

4.22 HMRC aims to ensure customers understand what is required of them when making claims and that they act accordingly (Figure 22). HMRC aims to ensure contact with customers minimises disruption to awards, while being proportionate to the potential risk in each claim. Although the volume of interventions has increased through the Error and Fraud Adding Capacity (EFAC) project, HMRC ensures its private sector business partner, Concentrix, operates processes that mirror its own and are held to the specific service standards set out in the contract.

4.23 The EFAC project has added to the volume of interventions that are undertaken to tackle error and fraud. The original planned savings in 2014-15 were not achieved and HMRC changed the arrangement with Concentrix during the year and more benefits are now being realised. Savings of £147 million were achieved in 2015-16.

4.24 Where customers are unhappy with the outcome of interventions they can challenge the decisions of HMRC and Concentrix through the same internal appeals process and, where necessary, appeal via HM Courts and Tribunal Service (HMCTS).

Around 0.13% of interventions result in appeals. More than half found in favour of the customer after previously requested information was given to HMRC.

## 1.4 Types of compliance intervention

The [“Error and Fraud Adding Capacity” \(EFAC\) contract](#) required Concentrix to undertake two different types of compliance intervention:

- High Risk Renewals (HRR)
- High Risk Change of Circumstance (HRCC)

An overview of the main features of both types of compliance intervention is given in [Schedule A of the contract](#) (**our emphasis**):

A12.5 Both compliance intervention processes follow the same basic steps with an additional element in respect of High Risk Renewals, which, as part of the process, finalises a customers’ previous year award and renews the current one. Both processes rely on the application of data matching or analytics to identify the strong likelihood of the customer’s claim being incorrect. The processes rely on tax credits legislation to make enquiries with the customer and amend awards accordingly where evidence does not support the claim or where the customer simply fails to respond.

A12.6 The **High Risk Renewal Campaign (HRR)** is an annual compliance intervention carried out between April to August during the tax credits renewal period. The aim is to correct the Previous Year award and make a decision on the Current Year award to ensure it begins on the right footing. This ensures the award is finalised and renewed at the correct rate. This activity requires all cases to be opened by mid-June each year after a formal notice has been issued to the customer advising them of the circumstances on which the value of the award is based (s17 renewal notice). The process relies on further legislative powers (s18) to request information and to finalise the customer’s award. Other legislative provisions allow the Authority to make an initial decision on the new claim for the current year (s14) and to vary provisional current year payment (s24(4))...

[...]

A12.7 The **High Risk Change of Circumstance campaign (HRCC)** is a current year (CY) compliance intervention requiring s16 powers to request information and amend or terminate the customers’ award. This activity is carried out annually between September and March and requires all cases to be opened by the end of February each year, on a monthly cycle depending on risk, in order that they may be closed by the end March, i.e. before the start of the Renewals process. The HRCC process was developed to tackle error and fraud in customer awards caused by a failure to report or incorrect reporting of a change of circumstance during the year...

[...]

A12.10 The Contractor shall utilise one of two standard operating procedures (Discrepancy, Discrepancy and/or Information Request) to make decisions on tax credits error and fraud cases under s16 of the Tax Credits act 2002 in respect of High Risk Change of Circumstance, s18 in respect of High Risk Renewals with due consideration to s14, s21, s23 and s24 as well as associated regulations.

A12.11 Where the discrepancy process is utilised, the Contractor is required to make a decision on entitlement to tax credits, under the provisions of A12.10.

[...]

A12.12 Where the information request process is utilised, the Contractor is required to make a decision on entitlement to tax credits when a customer either provides a full reply, partial reply or no reply has been received by the action date (BF). Where a customer has provided all of the evidence requested as part of the intervention, the Contractor will review the evidence to establish whether the information proves that the entitlement to tax credits or an element of tax credits is incorrect and therefore needs amending, or that the risk is eliminated and no amendment to the tax credits entitlement is required. There may be a requirement to contact the customer by telephone, as part of the decision making process to clarify information which cannot be deciphered. Once the Contractor makes a decision they are required to make a full record of the decision and thought processes against the customers' record. Where the customer provides a partial reply to the intervention, the Contractor must wait until the action date has expired and contact the customer to check if there is further information on route. There may be a requirement to extend the action date (BF) waiting for any additional information requested, under s16(3) or 18(10) of the Tax Credits Act, if the customer has provided more information and it has not yet been received. If the new action date has expired and further evidence has been provided, or if no further evidence has been received, the Contractor will review the totality of evidence held to establish whether the information proves that the entitlement to tax credits or an element of tax credits is incorrect and therefore needs amending, or that the risk is eliminated and no amendment to the tax credits entitlement is required. There may be a requirement to contact the customer by telephone, as part of the decision making process to clarify information which cannot be deciphered. Once the Contractor makes a decision they are required to make a full record of the decision and thought processes against the customers' record.

More detail on specific processes is given in subsequent paragraphs in [Schedule A of the contract](#).

Further information on the legal background is in pages 3-4 of a separate document, [EFAC ITT Schedule A \(Annexes\)](#).

With **High Risk Change of Circumstances (HRCC)** Interventions, under section 16 of the *Tax Credits Act 2002* HMRC (or Concentrix) can only revise an award if it has reasonable grounds for believing that the award is incorrect and therefore the burden of proof is on HMRC to show that the award is wrong, not for the claimant to prove that it is correct.<sup>10</sup>

The cases dealt with by Concentrix under the "campaign" which began in April 2016 were however under the **High Risk Renewal (HRR)** process, in which the compliance intervention is part of the annual tax credits renewal process. In his evidence to the Work and Pensions

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<sup>10</sup> See Revenue benefits, [Tax Credits: Understanding couples: Undisclosed partner investigations](#), 5 July 2016; and Upper Tribunal decisions including [CTC/1824/2014](#) and [CTC/160/2015](#)

Committee on 13 October, the Concentrix Senior Vice President Philip Cassidy explained how the two processes differed and the implications for the way subsequent decisions were taken. Responding to Stephen McCabe MP, Mr Cassidy said:

The process is really designed around the fact that if there is a risk, you have to follow a process to get evidence to say that either that risk is there or it is not. There are two different cycles, an HRR [High Risk Renewals] cycle and an HRCC [High Risk Change of Circumstance] cycle. According to the process as we have to enforce it, the first burden of proof is on HMRC and Concentrix, and the other burden of proof is on the claimants, which is a big part of the issue in this cycle—in this HRR programme. The burden of proof is on the claimant, and therefore if they don't provide the evidence, we mark it as not provided. As part of that it goes through a cycle and HMRC stop the payment. There has been a lot of discussion about Concentrix stopping the payment, but the payment is stopped—

Q36 **Steve McCabe:** Yes, but on your recommendation, isn't it?

**Philip Cassidy:** On our recommendation, only following a process.<sup>11</sup>

Later in the session, Mr Cassidy explained:

The [HRR] process that we follow is very much—and this the same process that HMRC follow—that you send the letter, then if you do not receive the evidence you mark it as a flag and that payment is stopped. What we had been told when we started this process was that HMRC do this on a regular basis to the claimants, and the claimants are well used to this process.<sup>12</sup>

## 1.5 Complaints about Concentrix

Welfare rights groups and others have voiced serious concerns about the activities of Concentrix and their impact on tax credit claimants, particularly in relation to undeclared partner interventions. Recurring complaints include claimants having their tax credit awards stopped – sometimes with little or no warning – on the basis of incorrect information, forcing them to borrow money from friends and family or to have recourse to food bank in order to feed their families; claimants being accused of cohabiting with individuals unconnected to them, such as previous tenants of their property or, in some high profile cases, unrelated people now deceased. Claimants have also experienced difficulties contacting Concentrix by phone, despite repeated attempts, and long and expensive waits to get through to Concentrix advisers.

Further details can be found in the press articles listed in section 2 of this Debate Pack.

During the [Work and Pensions evidence session on 13 October](#), four tax credit claimants who had had dealings with Concentrix described their experiences and the problems they had encountered – see section 1.8 below.

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<sup>11</sup> [HC 720 2016-17](#)

<sup>12</sup> Q55

## 1.6 Government announcement on 13 September

On 13 September, HMRC announced that it would not be renewing the contract with Concentrix when it finished in May 2017. [The BBC reported:](#)

...in a statement on Tuesday, HMRC's chief executive Jon Thompson said: "While it's right that we ensure that tax credits customers only receive the money to which they're entitled, it is vital that those customers have a high level of service.

"That's why we have decided not to extend our contract with Concentrix and HMRC is redeploying 150 staff so that customers can get through to advisers and resolve any issues about their claim."

A [report in The Guardian](#) included a quote from a Concentrix spokesperson giving their response:

A Concentrix spokesperson said in a statement: "We have operated professionally at all times and within the guidance set by HMRC. The HMRC statement not to renew the contract attacks our professional credibility, and the commitment of our staff who have performed determinedly, despite the issues with HMRC policies and procedures.

"In addition, throughout the contract, Concentrix has employed good hard-working people within the UK, at Concentrix expense, in order to staff phone lines and handle customer calls which were agreed by HMRC and were based on HMRC assumptions.

"To be clear, we have answered significantly more calls than planned with HMRC. Throughout the contract we have not been incentivised to make wrong decisions for claimants and, in fact, would be penalised heavily for failure to adhere to HMRC policies and procedures. Through the term of the contract we are pleased to have saved the taxpayer nearly £300m in authentic confirmed tax fraud and error which otherwise would have cost the taxpayer money."<sup>13</sup>

In response to an [Urgent Question in the House of Commons on 14 September](#), the Financial Secretary to the Treasury, Jane Ellison, said:

I want to be very clear: the Government recognise the importance of tax credits to individuals and families. We all recognise that it is important for this support to reach the people who really need it. That is why HMRC works hard to check that it is making the correct payments, and to tackle any fraudulent claims. We must acknowledge that error and fraud exist in the system, and should be addressed to ensure taxpayers' money is spent correctly. As part of this work, HMRC engaged Synnex-Concentrix Ltd in 2014 to help check people's eligibility. As a result, almost £300 million of incorrect payments have been avoided.

I want to reassure the House on two key points. First, Concentrix has been paid only for making the right decisions; it has not received payment for taking someone's money away wrongly. Secondly, Concentrix has not been allowed to engage in fishing expeditions or to pick on vulnerable claimants at random. Where there has been evidence to suggest a claim might not be correct,

<sup>13</sup> ["Reign of terror' tax credit company loses HMRC contract,"](#) Guardian, 13 September 2016

Concentrix has written to claimants to seek further information and confirm their eligibility. I realise—I know this as a constituency Member myself—that it can be stressful for someone to receive such a letter, but it is right that we investigate the full picture, with contributions from claimants themselves, to ensure we make the right payments. That is why both Concentrix and HMRC, where it does the same work, always send a letter and give claimants 30 days to provide information before taking any further action. It is important that people do indeed respond, and that they get in touch if they are struggling to respond to any of the questions.

Despite the best efforts of the staff manning the phones, Concentrix, with the high volume of calls in recent weeks, has not been providing the high levels of customer service that the public expect and which are required in its contract. HMRC has therefore given notice that this contract will not be renewed beyond its end date in May 2017. HMRC is also no longer passing new cases to Concentrix, but is instead working with it as a matter of urgency to improve the service it provides to claimants and to resolve outstanding cases. I can confirm to the House that 150 HMRC staff have been redeployed with immediate effect to help it to resolve any issues people are having with their claims as quickly as possible.<sup>14</sup>

The Minister later added:

On the contract going forward, as I mentioned in my response to the urgent question, Concentrix will focus on resolving outstanding claims, not opening new ones. In other words, it will deal with those already open in an orderly and appropriate manner. HMRC is putting in additional resource. In particular, I have asked it to focus on the difficult cases—there have been some high-profile examples in recent days—to ensure that we resolve them as quickly as possible so that all our vulnerable constituents are helped and supported.<sup>15</sup>

The Minister also reiterated that it was only in recent weeks that HMRC had identified problems with Concentrix's performance:

It is important to note, and the performance figures support this, that it is only really in recent weeks that performance has not been acceptable. It is not that this has been an acute problem for a considerable length of time. However, performance has not been acceptable in recent weeks.<sup>16</sup>

The full Urgent Question is in section 3.2 of this Debate Pack. The statement in response to the Urgent Question was also [repeated in the House of Lords](#).<sup>17</sup>

## 1.7 Subsequent developments

Following the Government's announcement the [Work and Pensions Committee announced](#) that it would question tax credit claimants, as

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<sup>14</sup> HC Deb 14 September 2016 c904

<sup>15</sup> Ibid. c905

<sup>16</sup> Ibid. c907

<sup>17</sup> HL Deb 14 September 2016 cc1463-6



well as Concentrix and HMRC representatives, on “errors made in handling tax credit claims.” The Committee’s Chair, Frank Field, said:

If Britain's vulnerable human underbelly is to be protected from future misery, it is important that the Select Committee begins the public process of learning what exactly has been happening during Concentrix’s stewardship. Once we have done so, we will then be inviting the Government to act on this information so that tax credit claimants in future will not be left penniless through no fault of their own.

The House of Commons Treasury Committee is also looking into Concentrix. The Committee issued a [press release on 11 October](#):

#### **Chair calls HMRC to give evidence on Concentrix**

Following HMRC's announcement that the Concentrix contract for checking tax credits will not be renewed, Rt Hon. Andrew Tyrie MP, Chairman of the Treasury Committee, has written to Jon Thompson, Chief Executive and First Permanent Secretary to HMRC, to invite him to give evidence on this subject to the Committee.

[Letter to Jon Thompson, Chief Executive and First Permanent Secretary, HMRC, dated 11 October 2016](#)

#### **Chair's comments**

Commenting on the letter, Mr Tyrie said:

"A huge amount of distress is being caused to many individuals across the country who are waiting for HMRC's review of Concentrix's decisions to be completed.

This should be done without delay.

So I have asked HMRC to update the Committee each week on its work to reduce the backlog.

We will be asking HMRC to give oral evidence, and probably also Concentrix, shortly."

#### **Background**

Mr Tyrie received a letter from Colum Eastwood, a Member of the Northern Ireland Assembly and Chairperson of the Committee for Communities, about Concentrix, which he has responded to.

[Letter from Colum Eastwood, Member of the Northern Ireland Assembly and Chairperson of the Committee for Communities, dated 6 October 2016](#)

[Reply to Colum Eastwood, Member of the Northern Ireland Assembly and Chairperson of the Committee for Communities, dated 11 October 2016](#)

The National Audit Office has also launched an investigation. It issued a press release on 7 October:

#### **HMRC’s contract with Concentrix**

Scheduled	Winter 2016
Sector	Welfare and benefits
NAO Team	Director: Claire Rollo
Audit Manager:	Richard Wood

The NAO intends to carry out a factual investigation looking at the performance of Synnex-Concentrix UK Ltd (a business services provider) in supporting HMRC's anti-fraud and error interventions. HMRC contracted with Concentrix in 2014 to provide it with additional capacity. HMRC announced that their three year contract with Concentrix would not be extended once it expires in May 2017. In this investigation we will review the performance of Concentrix and how HMRC has managed the contract, including HMRC's decision not to extend the contract.

If you would like to provide evidence for our investigation please email the study team on [enquiries@nao.gsi.gov.uk](mailto:enquiries@nao.gsi.gov.uk), putting the study title in the subject line. The team will consider the evidence you provide; however, please note that due to the volume of information we receive we may not respond to you directly. If you need to raise a concern please use our contact form.

## 1.8 Work and Pensions Committee evidence session

On 13 October the Work and Pensions Committee held an evidence session on Concentrix. The Committee heard evidence from:

- Four tax credit claimants who had had dealings with Concentrix
- Philip Cassidy, Senior Vice President, Concentrix; and Mark Oatridge, Commercial Manager, Concentrix
- Jon Thompson, Chief Executive and Permanent Secretary, HMRC; and Nick Lodge, Director General for Benefits and Credits and Director General for Transformation, HMRC

A [transcript of the evidence session](#) is now available on the Committee's web pages.

From the **tax credit claimants**, the Committee hear evidence of:

- Tax credit awards being stopped without prior notice;
- Overpayment notification letters being received despite evidence having been submitted as requested;
- Claimants spending significant amounts of time and money trying to resolve problems over the phone. One claimant spoke of giving up after being put on hold for 90 minutes when calling the 0845 number and incurring a phone bill in September double what it should be; another tried calling over 70 times in one day but got an engaged tone, and spent almost 20 hours over a six-week period phoning HMRC and Concentrix;
- Repeated instances where Concentrix claimed not to have received evidence submitted by the claimants;
- Claimants being told by HMRC that there was nothing they could do because the person's files had been transferred to Concentrix;
- When payments were reinstated, claimants experiencing financial difficulties as a result of arrears not being paid as lump sums;
- Concentrix's apparent inability to identify vulnerable/disabled claimants;
- Varying experiences as regards customer services when contacting Concentrix; and

- Claimants being informed that Concentrix would only deal with complaints about the manner in which staff had spoken to them.

From **Concentrix**, the Committee were given further background information about the current “campaign” which had started in April 2016 and which had caused recent controversy. The Committee were told that:

- HMRC had supplied Concentrix with a total of 1.5 million case records “flagged up as high risk from an HMRC standpoint”;
- Concentrix had used its own “analytics” and the services of “third-party data providers and a third-party analytics provider” (including credit reference agencies) to whittle that number down to 324,000 cases for further investigation;
- Letters were sent by Concentrix to the 324,000 claimants between April and June 2016 informing them that they had reason to believe that an undeclared partner was living with the claimant, and stating that unless the claimant provided evidence within 30 days their tax credits would stop;
- The letters did not give the name of the individual alleged to be cohabiting with the claimant – in line with HMRC’s policy – but that the name would be disclosed to the claimant if they subsequently phoned Concentrix;
- Of the 324,000 contacted, Concentrix “received evidence back from about 50% of them pretty much within the first 30 days”;
- 45,000 claimants had had their tax credit payments stopped;
- 14,813 requests for “Mandatory Reconsiderations” had been received so far;
- “Around 90% to 95%” of Mandatory Reconsiderations were decided in the claimant’s favour (although later in the evidence session HMRC officials disputed this, claiming that 73% of Concentrix MRs were upheld in the claimant’s favour); and
- Concentrix had spoken to HMRC about setting a dedicated “hotline” for Members of Parliament dealing with cases involving constituents, but were told by HMRC that “there was not a requirement because they could go through the [existing HMRC tax credits] MP hotline.”

Philip Cassidy, a Senior Vice President of Concentrix, also gave details of the processes agreed with HMRC for dealing with cases. Responding to Stephen McCabe MP, Mr Cassidy said:

The process is really designed around the fact that if there is a risk, you have to follow a process to get evidence to say that either that risk is there or it is not. There are two different cycles, an HRR [High Risk Renewals] cycle and an HRCC [High Risk Change of Circumstance] cycle. According to the process as we have to enforce it, the first burden of proof is on HMRC and Concentrix, and the other burden of proof is on the claimants, which is a big part of the issue in this cycle—in this HRR programme. The burden of proof is on the claimant, and therefore if they don’t provide the evidence, we mark it as not provided. As part of that it goes through a cycle and HMRC stop

the payment. There has been a lot of discussion about Concentrix stopping the payment, but the payment is stopped—

Q36 **Steve McCabe:** Yes, but on your recommendation, isn't it?

**Philip Cassidy:** On our recommendation, only following a process.

Later in the session, Mr Cassidy explained:

The [HRR] process that we follow is very much—and this the same process that HMRC follow—that you send the letter, then if you do not receive the evidence you mark it as a flag and that payment is stopped. What we had been told when we started this process was that HMRC do this on a regular basis to the claimants, and the claimants are well used to this process.<sup>18</sup>

Asked about HMRC's decision not to renew Concentrix's contract, Mr Cassidy said that he had only been told about it "about an hour" before the press statement was released on 13 September, adding "Up until then I thought we were extending the contract until October."<sup>19</sup> Asked about the reason given by HMRC for not extending the contract, Mr Cassidy replied:

I was told that with everything that was going on with telephone volume and so on, even though we did have a plan to deliver it and we had a number of "well dones" from the HMRC team throughout that period—I have examples and I can certainly read them out of where we were getting congratulations from the HMRC team on the work that we were doing days before the announcement...<sup>20</sup>

Pressed further by Frank Field on the reason given by HMRC in their phone call to MRCS immediately prior to the announcement on 13 September, Mr Cassidy said:

They said just "With everything that is going on."

**Chair:** Just "everything that is going on"?

**Philip Cassidy:** That was all I got.

From **HMRC**, the Committee heard that:

- The latest estimate was that savings totalling £270 million has been made as a result of fraud and error identified by Concentrix, and that payments made to Concentrix (including amounts due) would total around £27.5 million;
- The reason for the decision not to renew the contract was a recent "collapse in basic customer services" at Concentrix, which had "dramatic impacts" on claimants;
- HMRC Chief Executive Jon Thompson stated that "in the middle of August the performance on answering the telephone dramatically reduced. By the middle of August the situation with Concentrix was that less than 10% of phone calls were being answered and the amount of time taken to get through rose

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<sup>18</sup> Q55

<sup>19</sup> Q87

<sup>20</sup> Q87

above 30 minutes, with the result that people then had to ring multiple times”;<sup>21</sup>

- The agreed target was that 90% of phone calls should be answered, and that “broadly Concentrix had been achieving that until the third week of August of this year”;<sup>22</sup>
- Ministers had first been alerted to the problems on 7 September, on 12 September an additional 100 HMRC staff were deployed to deal with Mandatory Reconsiderations (MRs), on 15 September it had been decided that all MRs would be handled by HMRC, on 21 September a further 200 HMRC staff were deployed to the phone lines, and on 30 September 100 additional staff were deployed to clear all remaining MRs;
- HMRC now had “probably 500 to 600” staff working on Mandatory Reconsiderations;
- Asked why Concentrix had been unable to ensure sufficient staff were on duty to answer phones, Mr Thompson said “we have not had this conversation with Philip [i.e. Philip Cassidy, Concentrix Senior Vice President]”;<sup>23</sup>
- Mr Thompson said that lessons to be learned from the episode included “what is the balance of incentives on third parties in these kinds of contracts, because this is essentially based on commission earned. Is that the right kind of incentive mechanism for this kind of public service delivery?”;<sup>24</sup>
- HMRC had no plans for any similar contract for tax credits; and
- The tax credit rules prevented payment of arrears as a lump sum in most cases.

Following the evidence session, the Committee issued a [press release](#):

**Concentrix scandal, HMRC and tax credits: Committee issues statement**

13 October 2016

The Work and Pensions Committee issued a comment on the “extraordinary” evidence it heard, from four single parents who had wrongly had their tax credits stopped, senior staff from Concentrix, including senior Vice President Philip Cassidy, and HMRC, including Chief Executive and Permanent Secretary Jon Thompson.

**Claimant humiliation and appalling customer service**

The Committee heard:

- The humiliation of claimants who were forced to borrow money from friends and family in order to feed their children as they were left without benefits, to which they were ultimately found to be entitled, for up to seven weeks
- Appalling customer service which saw claimants calling up to 70 times to get through as just 1% of calls were answered by Concentrix at the height of the crisis. One

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<sup>21</sup> Q104

<sup>22</sup> Q106

<sup>23</sup> Q124

<sup>24</sup> Q125

claimant finally waited 90 minutes to speak to a Concentrix adviser on an 0845 number, at great personal expense

- Appeal success rates of 73% according to HMRC or 90-95% according to Concentrix; either way a terrible indictment of the original decision-making process
- Refunds to claimants taking place over a series of months. In one case, a single mother lost housing benefit because a refund of wrongly withdrawn tax credits took her over an income threshold. Others will have taken on debts in the meantime
- Repeated buck-passing between Concentrix and HMRC, who signed the contract, as to who was responsible
- HMRC Permanent Secretary Jon Thompson was unable to explain what had gone wrong and why

#### **Committee to seek clarifications from Concentrix and HMRC**

The Committee has agreed to write to both Concentrix and HMRC demanding urgent information regarding:

- How the performance of Concentrix was monitored by HMRC
- Levels of staffing at Concentrix, in particular during August 2016, and the training provided to staff
- Steps HMRC will take to compensate claimants, ensure they are not further disadvantaged, and review decisions taken by Concentrix
- Assurance that Concentrix will not be compensated for HMRC taking much of their responsibilities back in-house

The Committee also plans to issue a report into the scandal.

#### **Chair's comment**

Frank Field MP, Chair of the Work and Pensions Committee, said:

"The Committee was astonished by the extraordinary evidence we heard. From Concentrix we saw a company desperately out of their depth and unable to deliver on the contract awarded to them by HMRC. From senior HMRC officials we saw a palpable disregard for the human implications of this gross failure of public service. From the tax credit claimants we saw dignity in the face of appalling and traumatic experiences.

We have no doubt that many people similarly affected have been unable to come forward. I welcome HMRC's swift action on the Concentrix contract, but that does not excuse them for ever having allowed this to happen."

The Committee's session is also covered in the following articles:

- ["HMRC steps in to help sort out Concentrix tax credits problems,"](#) BBC News, 13 October 2016
- ["HMRC's Jon Thompson: Concentrix debacle calls private sector incentive payments into question,"](#) Civil Service World, 13 October 2016
- ["Disabled mother fights back tears recalling dealings with welfare contractor Concentrix,"](#) The Independent 14 October 2016

## 2. Press articles

### **The Guardian, 13 September 2016**

#### ['Reign of terror' tax credit company loses HMRC contract](#)

US firm Concentrix heavily criticised by Frank Field will not be given further work by tax collector

### **BBC News, 13 September 2016**

#### [Tax credits mum 'falsely accused of marriage to dead man'](#)

A teenage mother had her child tax credits stopped after she was wrongly accused of being married to a dead 74-year-old man, the BBC has learned.

### **BBC News, 13 September 2016**

#### [Tax credits firm Concentrix will not have contract renewed](#)

Concentrix, the US firm accused of incorrectly withdrawing tax credits from hundreds of claimants, will not have its contract renewed, HMRC says.

### **The Guardian, 14 September 2016**

#### [Treasury refuses to hold inquiry into Concentrix tax credits contract](#)

Despite MPs across the Commons criticising mistakes by the firm, Treasury says there is no need 'to go into inquiries etc etc'

### **The Independent, 14 September 2016**

#### ['Failing' welfare contractor Concentrix will still be paid tens of millions before its contract runs out](#)

The firm is being dropped by HMRC but not until May 2017

### **The Independent, 15 September 2016**

#### [Thousands due back-dated tax credit payments after HMRC contractor blunders](#)

HMRC has allocated 150 staff to help those who may have been affected and said it will assess cases as quickly as possible.

### **The Independent, 15 September 2016**

#### [Concentrix sent a million 'spam' letters, fishing for tax credit errors, figures show](#)

One MP said the letters were 'threatening' and hit people who had done nothing wrong

### **The Times, 20 September 2016**

#### [Tax agency accused mother of living with 19th-century quaker](#)

The woman, who lives in a property provided by the Joseph Rowntree Housing Trust, received a letter accusing her of being in a relationship with Joseph Rowntree

**The Independent, 20 September 2016**

[Mother forced to use food banks after tax agency ruled she was living with famous 19th century quaker Joseph Rowntree](#)

The blunder has affected other benefits the woman depends on

**The Independent 30 September 2016**

[Woman has benefits stopped because taxman believes she is having an affair - with the post office](#)

HMRC mistakes the name of Debbie Balandis's local post office on her bank statement for a live-in partner

**The Independent 30 September 2016**

[Tax credit claimants owed money after Concentrix errors 'not getting full refunds'](#)

An MP has written to HMRC to highlight the alleged problems

**Civil Service World, 30 September 2016**

[HM Revenue & Customs gets flak for Concentrix job losses](#)

Tax authority defends decision to axe tax credits contract as 150 temporary staff face last day at work

**Civil Service World, 3 October 2016**

[HMRC "borrowing from Peter to pay Paul" with Concentrix redeployments – PCS](#)

Public and Commercial Services (PCS) union says work that redeployed HMRC staff normally do "will be building up" as they focus on Concentrix tax credit queries

**The Guardian, 6 October 2016**

[Meet Sally, trapped in Concentrix's circle of poverty, debt and fear](#)

The US firm lost its government contract for falsely withholding child tax credits. Two months on, claimants are still fighting to have vital benefits reinstated

**BBC News, 12 October 2016**

[Concentrix: Tax credits firm in 'data protection breach'](#)

A US firm used by the government to cut tax credit payments has suffered a data protection breach, it is claimed.

**BBC News, 13 October 2016**

[HMRC steps in to help sort out Concentrix tax credits problems](#)

More than 500 civil servants have been deployed to help a private company sort out problems caused by 45,000 tax credit claimants having their benefits stopped.

**Civil Service World, 13 October 2016**

[HMRC's Jon Thompson: Concentrix debacle calls private sector incentive payments into question](#)



Tax authority's chief exec tells MPs that Whitehall has clear lessons to learn from failings with outsourced tax credit checking deal

**The Independent 14 October 2016**

[Disabled mother fights back tears recalling dealings with welfare contractor Concentrix](#)

HMRC announced last month it would not be renewing its contract with the American outsourcing company after a 'collapse in basic customer service'

**Independent, 18 October 2016**

[Government shares responsibility for starving and impoverished Concentrix victims, MPs say](#)

MPs say the tax credit errors are partly HMRC's fault

**Independent, 20 October 2016**

[Private contractor Concentrix to lose HMRC tax credit contract six months early](#)

Staff will not be losing their jobs

**Guardian, 20 October 2016**

[HMRC to take over work of tax credits firm Concentrix](#)

US firm that was hired to handle UK claims and prevent fraud – but was accused of 'targeting families' – loses contract renewal

**Civil Service World, 21 October 2016**

[HMRC to bring Concentrix staff in-house after tax credit "fiasco"](#)

Agency will keep Belfast-based workers on ahead of May 2017 termination of outsourced checks contract

**CCH Daily, 24 October 2016**

[Concentrix tax credits staff in TUPE move to HMRC](#)

The controversial tax credit contract outsourced to Concentrix, which has been slated by MPs for serious customer service failures, is being brought back in-house with immediate effect, with existing private sector staff transferring to work at HMRC in Belfast

## 3. Parliamentary debate, questions and motions

### 3.1 Debate

[Concentrix: Tax Credit Claimants](#)

18 Oct 2016 | Westminster Hall | 615 cc239-263WH

### 3.2 PQs

[Concentrix: Finance](#)

**Asked by:** Johnson, Diana

To ask Mr Chancellor of the Exchequer, how much has been paid to Concentrix for revising tax credit offers in a way which was initially thought to be correct; and if any of that amount can be subsequently recovered should those decisions be successfully appealed.

**Answering member:** Jane Ellison

As at 17th October, payments made to Concentrix, in line with contracted charging and payment mechanisms, to date total £15,495,971 plus VAT.

HM Revenue and Customs pays Concentrix within 25 working days of receipt of a valid and undisputed invoice. The contract provides for a commission payment of an initial invoice value, with a subsequent quarterly reconciliation mechanism which takes into account supplier performance via specific Quality Performance Indicators and Key Performance indicators.

Payment to Concentrix is reduced accordingly in line with the contract should they fail to meet performance targets.

The contract also provides for commission payments to be further corrected should savings, which have previously been reported by Concentrix, be adjusted following a successful appeal by a customer.

21 Oct 2016 | Written questions | 48517

[Concentrix: Contracts](#)

**Asked by:** Johnson, Diana

To ask Mr Chancellor of the Exchequer, whether he plans to re-tender the contract for tax credit checks to another private company after the Concentrix contract ends or return the service to the public sector; and what the cost to the public purse was of the tendering process that awarded Concentrix that contract.

**Answering member:** Jane Ellison

HM Revenue and Customs is not looking at another procurement exercise for tax credits compliance checks at this time. It is not possible to isolate the cost of the procurement exercise that awarded the

contract to Concentrix – existing internal resources and associated overheads were utilised in the procurement process.

21 Oct 2016 | Written questions | 48516

[Concentrix](#)

**Asked by:** Johnson, Diana

To ask Mr Chancellor of the Exchequer, how much additional funding has been made available by HM Revenue and Customs to deal with the issues identified with Concentrix's handling of the tax credits checking contract.

**Answering member:** Jane Ellison

Concentrix has a fixed contract with HM Revenue and Customs (HMRC), the terms of which are available here:

<https://www.contractsfinder.service.gov.uk/Notice/85d1b730-5e4e-4be8-ae4c-3ac1f359afc7>. HMRC only makes additional payments for amendment to claims which are correct.

HMRC is operating within its funding allocation for this contract but has temporarily redeployed existing staff to resolve outstanding cases.

HMRC does not hold specific information relating to the cost to issue letters referenced in the Answer to Question 44746 as these costs were borne by Concentrix. Claimants are given 30 days to provide the information requested in the letter. If after 30 days there has been no contact, tax credits payments are either suspended or reduced.

As stated in the oral contribution of 14 September 2016, Official Report, column 914, once all of the information is received and the facts of the case have been established, payments should be made within 4 working days. And, to date, HMRC are issuing payments to achieve this timeframe.

HMRC is currently focused on resolving the outstanding cases but will be preparing analysis, which will be made available in due course.

21 Oct 2016 | Written questions | 48509

[Concentrix](#)

**Asked by:** Blenkinsop, Tom

To ask Mr Chancellor of the Exchequer, what estimate he has made of the number of people who have had their tax credits stopped and subsequently reinstated by Concentrix due to incorrect information held on claimants cohabiting.

**Answering member:** Jane Ellison

HM Revenue and Customs (HMRC) is currently focussed on resolving the outstanding cases but will be preparing analysis, which will be available in due course. HMRC does not keep records of the total number of people who had their tax credits payments withheld, or for how long

17 Oct 2016 | Written questions | 48378

[Concentrix: Standards](#)

**Asked by:** Campbell, Mr Gregory

To ask Mr Chancellor of the Exchequer, what assessment has been made of the performance of Concentrix in resolving complaints regarding how they have dealt with tax credit claims.

**Answering member:** Jane Ellison

Concentrix are required to respond to any complaints which relate to the quality of their handling of compliance interventions, as distinct from complaints on the substance of these investigations which are dealt with by HM Revenue and Customs.

Further details are available in section A21 of the Concentrix contract. The contract is in the public domain and can be found at:

<https://www.contractsfinder.service.gov.uk/Notice/85d1b730-5e4e-4be8-ae4c-3ac1f359afc7>.

Concentrix's contract requires them to respond 80% of these complaints within 15 working days; and to reply to 100% of complaints within 40 working days. From November 2014 to 12 October 2016, Concentrix have received 97 complaints. They replied to 61.86% within 15 days and 70.11% within 40 days.

17 Oct 2016 | Written questions | 48360

[Concentrix](#)

**Asked by:** Haigh, Louise

To ask Mr Chancellor of the Exchequer, what estimate he has made of the number of tax credit cases awaiting consideration by Concentrix.

**Answering member:** Jane Ellison

As at 12 October 2016, 181,054 cases have been passed to HM Revenue and Customs by Concentrix of which 149,211 have been resolved. Of the cases remaining with Concentrix, there are currently 4,385 outstanding cases for consideration. These are the cases that are yet to be worked and/or receive a decision around entitlement.

14 Oct 2016 | Written questions | 46636

[Concentrix](#)

**Asked by:** Haigh, Louise

To ask Mr Chancellor of the Exchequer, pursuant to the Urgent Question of 14 September 2016, on Concentrix, what processes and procedures he plans to put in place to learn lessons from that contract; and if he will make a statement.

**Answering member:** Jane Ellison

HM Revenue and Customs (HMRC) critically reviews the performance of all contracts, appropriately evaluating the quality of performance, business benefits and value for money derived in order to inform HMRC strategy and procurement requirements going forward. As such, an appropriate evaluation of the contract with Concentrix will be

conducted to inform HMRC strategic thinking for the future. In addition, such consideration will be informed by Parliamentary scrutiny resulting from select committee hearings.

14 Oct 2016 | Written questions | 46588

[Concentrix](#)

**Asked by:** Haigh, Louise

To ask Mr Chancellor of the Exchequer, pursuant to the Answer of 12 September 2016 to Question 44656, how many (a) amber, (b) amber green, (c) red and (d) black performance failures there were between May 2014 and October 2015 in respect of benefits and credits error and fraud.

**Answering member:** Jane Ellison

The process to measure performance as described in the question was introduced as part of the contract variation signed on 13 October 2015. The information is therefore not available for the period requested.

14 Oct 2016 | Written questions | 46445

[Concentrix](#)

**Asked by:** Haigh, Louise

To ask Mr Chancellor of the Exchequer, what estimate he has made of the number of cases of each risk type relating to error and fraud completed by SYNEX-Concentrix under its contract with HM Revenue and Customs between May 2014 and October 2015.

**Answering member:** Jane Ellison

Between the commencement of the contract in November 2014 and the end of October 2015, the number of cases completed by Concentrix by risk type were as follows:

- 107,677 childcare risk;
- 84,154 undeclared partner risk;
- 114,146 work and hours risk.

14 Oct 2016 | Written questions | 46384

[Concentrix](#)

**Asked by:** Goodman, Helen

To ask Mr Chancellor of the Exchequer, whether he has received any reports that Concentrix has used postcode areas to target tax credit claimants with allegations that they have provided incorrect claim information.

**Answering member:** Jane Ellison

Concentrix's workload is delegated by HM Revenue and Customs. Using postcode areas for selection criteria is outside the scope of Concentrix. Information about the use of profiling techniques can be found in section A10.1 of the Concentrix contract at:

<https://www.contractsfinder.service.gov.uk/Notice/85d1b730-5e4e-4be8-ae4c-3ac1f359afc7>

13 Oct 2016 | Written questions | 47652

[Concentrix](#)

**Asked by:** Haigh, Louise

To ask Mr Chancellor of the Exchequer, with reference to the HM Revenue and Customs Benefits and Credits, Errors and Fraud Adding Capacity 444 contract between SYNEX-Concentrix UK Limited and HM Revenue and Customs, if he will publish the quality criteria for assessing tax credit decisions.

**Answering member:** Jane Ellison

Information around the criteria and process for assessing tax credit decisions is set out in sections A12-A14 of the Concentrix contract and can be found at:

<https://www.contractsfinder.service.gov.uk/Notice/85d1b730-5e4e-4be8-ae4c-3ac1f359afc7>.

12 Oct 2016 | Written questions | 46975

[Concentrix](#)

**Asked by:** Haigh, Louise

To ask Mr Chancellor of the Exchequer, how many amendments to tax credit awards Concentrix have made due to error on behalf of (a) Concentrix and (b) since the beginning of the contract between Concentrix and HM Revenue and Customs.

**Answering member:** Jane Ellison

This information is not held in the form requested. An amended award could be due to a number of reasons and without retrospectively looking at each award individually, HM Revenue and Customs would not be able to identify how many amendments were made in error. Undertaking an assurance exercise of this size could only be done at disproportionate cost.

12 Oct 2016 | Written questions | 46444

[Concentrix](#)

**Asked by:** Hendrick, Mr Mark

To ask Mr Chancellor of the Exchequer, what processes his Department has in place to review decisions made by Concentrix which resulted in the suspension of tax credits.

**Answering member:** Jane Ellison

Information about the assurance review process can be found within the Concentrix contract at:

<https://www.contractsfinder.service.gov.uk/Notice/85d1b730-5e4e-4be8-ae4c-3ac1f359afc7>

HM Revenue and Customs monitors the financial accuracy of Concentrix decisions using the Quality Assurance Framework as part of the contract. This assures the delegation of Commissioner's Powers is discharged correctly by Concentrix to provide customers with the

correct tax credit awards. This involves HMRC reviewing a monthly sample of 500 cases where a decision has been made by Concentrix to amend a tax credit award and assuring the accuracy level of those decisions. The assurance approach is set out within sections A38 and A39 of the contract.

12 Oct 2016 | Written questions | 46383

[Concentrix](#)

**Asked by:** Hendrick, Mr Mark

To ask Mr Chancellor of the Exchequer, what targets the Government set for Concentrix on reviewing tax credit claims for each month in 2016 and 2017; and what targets the Government set in relation to tax credit claims being suspended.

**Answering member:** Jane Ellison

Concentrix performance targets are outlined in the contract, which can be found at:

<https://www.contractsfinder.service.gov.uk/Notice/85d1b730-5e4e-4be8-ae4c-3ac1f359afc7>. HM Revenue and Customs monitors

Concentrix performance against the contractual performance indicators on a daily, weekly and monthly basis.

12 Oct 2016 | Written questions | 46382

[Concentrix](#)

**Asked by:** Cunningham, Mr Jim

To ask Mr Chancellor of the Exchequer, what estimate he has made of the number of people who have had their tax credits stopped and subsequently reinstated by Concentrix in each of the last 12 months; and if he will make a statement.

**Answering member:** Jane Ellison

On 16th September I responded to a number of parliamentary questions on the number of mandatory reconsiderations requested by tax credit claimants this year.

Where a discrepancy is detected, claimants are given 30 days to contact HMRC or provide the relevant information. If after 30 days HMRC has had no contact, tax credit payments are either suspended or reduced. HMRC then gives the claimant a further 30 days to contact HMRC before making a decision on the tax credits award using all the available information.

10 Oct 2016 | Written questions | 46494

[Welfare Tax Credits: Fraud](#)

**Asked by:** Moon, Mrs Madeleine

To ask Mr Chancellor of the Exchequer, what the average time taken was to complete an investigation into the alleged presence of an unreported adult in the household of a tax credit claimant in the past 12 months; and if he will make a statement.

**Answering member:** Jane Ellison

Between 1 September 2015 and 31 August 2016, the average time taken to complete a tax credit undeclared partner investigation by HM Revenue and Customs (HMRC) from the point at which they first write to the customer to closure, was 51.27 days. During the same period, Concentrix acting on behalf of HMRC took an average of 65.34 days.

Where an alleged presence of an unreported adult occurs, claimants are given 30 days to contact HMRC or provide the relevant information. If after 30 days HMRC has had no contact, tax credit payments are either suspended or reduced. HMRC then gives the claimant a further 30 days to contact HMRC before making a decision on the household composition and tax credits award using all the available information.

10 Oct 2016 | Written questions | 46393

[Revenue and Customs: Concentrix](#)

**Asked by:** Allen, Mr Graham

To ask Mr Chancellor of the Exchequer, pursuant to the Answer to Question 44728, how many (a) amended and (b) cancelled tax credit claims account for the savings in annually managed expenditure identified.

**Answering member:** Jane Ellison

Since the contract with Concentrix began in November 2014, Concentrix have amended around 103,000 tax credit claims up to and including 11 September 2016. HM Revenue and Customs (HMRC) and Concentrix, acting on HMRC's behalf, do not separate out the number of awards that are either partially amended or stopped.

16 Sep 2016 | Written questions | 45797

[Welfare Tax Credits: Appeals](#)

**Asked by:** Allen, Mr Graham

To ask Mr Chancellor of the Exchequer, how many independent tribunal cases have been brought to challenge mandatory reconsiderations of tax credits by Concentrix in each month since that company has been under contract with his Department.

**Answering member:** Jane Ellison

Since the beginning of the contract between SYNEX-Concentrix and HM Revenue and Customs (HMRC), in November 2014, to 11 September 2016, Concentrix has adjusted around 103,000 cases. HMRC does not hold information on how many are full adjustments or partial adjustments. The total savings in Annually Managed Expenditure have been £284.1 million since commencement of the contract in November 2014.

As of 12th September 2016 there are currently 2197 applications for Mandatory Reconsiderations of a Concentrix tax credit decision awaiting determination.



HMRC has received the following volume of Mandatory Reconsiderations relating to tax credit decisions made by Concentrix since January 2016:

<b>January 2016</b>	<b>653</b>
February 2016	571
March 2016	409
April 2016	1047
May 2016	77
June 2016	276
July 2016	426
August 2016	1205
Up to 12th September 2016	464

The total number of Mandatory Reconsiderations received is about 1.6% of all Concentrix decisions made.

The number of independent tribunal cases that have been received challenging Mandatory Reconsiderations of tax credit decisions by Concentrix in each month since the contract began have been:

<b>November 2014</b>	<b>0</b>
December 2014	0
January 2015	0
February 2015	0
March 2015	3
April 2015	1
May 2015	5
June 2015	7
July 2015	3
August 2015	2
September 2015	22
October 2015	50
November 2015	40
December 2015	38
January 2016	71
February 2016	98
March 2016	46
April 2016	35
May 2016	57
June 2016	22
July 2016	32
August 2016	23
Up to 12th September 2016	7

The total number of tribunal appeals received is about 0.08% of all decisions Concentrix made in the same period.

HMRC and Concentrix have the same target for processing Mandatory Reconsiderations. Both HMRC and Concentrix inform customers that they have 30 days to submit a Mandatory Reconsideration after receipt of their award notice. After receipt of the request for a Mandatory Reconsideration, HMRC and Concentrix aim to deal with them in 42 days. This time period includes any time that it takes to request and receive further information from the claimant.

Concentrix currently reviews a number of tax credit case types on HMRC's behalf. Specifically Concentrix looks at cases where there is a potential undeclared partner, or potential inaccuracies with work and hours and/or child care charges. HMRC staff carry out a wider range of checks based on a different set of parameters and risk factors.

Since the beginning of the contract, the average time taken by Concentrix to conduct Mandatory Reconsiderations for tax credits decisions is 23 days.

The shortest time for dealing with Mandatory Reconsiderations was 6 days in 2014/15, 1 day in 2015/16 and 5 days in 2016/17.

The longest time for dealing with Mandatory Reconsiderations was 261 days in 2014/15, 330 days in 2015/16, 122 days in 2016/17.

As discussed during the responses on the floor of the House on 14 September regarding this issue, HMRC is no longer passing new cases to Concentrix. Concentrix is instead working to improve the service it provides to claimants and to resolve outstanding cases.

16 Sep 2016 | Written questions | 45421

### 3.3 Urgent Question

[Tax Credits: Concentrix](#)

[Rebecca Long Bailey \(Salford and Eccles\) \(Lab\)](#)

To ask the Chancellor of the Exchequer if he will make a statement on Concentrix's activities in relation to tax credit investigations made on behalf of Her Majesty's Revenue and Customs.

[The Financial Secretary to the Treasury \(Jane Ellison\)](#)

I want to be very clear: the Government recognise the importance of tax credits to individuals and families. We all recognise that it is important for this support to reach the people who really need it. That is why HMRC works hard to check that it is making the correct payments, and to tackle any fraudulent claims. We must acknowledge that error and fraud exist in the system, and should be addressed to ensure taxpayers' money is spent correctly. As part of this work, HMRC engaged Synnex-Concentrix Ltd in 2014 to help check people's eligibility. As a result, almost £300 million of incorrect payments have been avoided.

I want to reassure the House on two key points. First, Concentrix has been paid only for making the right decisions; it has not received payment for taking someone's money away wrongly. Secondly, Concentrix has not been allowed to engage in fishing expeditions or to pick on vulnerable claimants at random. Where there has been evidence to suggest a claim might not be correct, Concentrix has written to claimants to seek further information and confirm their eligibility. I realise—I know this as a constituency Member myself—that it can be stressful for someone to receive such a letter, but it is right that we investigate the full picture, with contributions from claimants themselves, to ensure we make the right payments. That is why both Concentrix and HMRC, where it does the same work, always send a letter and give claimants 30 days to provide information before taking any further action. It is important that people do indeed respond, and that they get in touch if they are struggling to respond to any of the questions.

Despite the best efforts of the staff manning the phones, Concentrix, with the high volume of calls in recent weeks, has not been providing the high levels of customer service that the public expect and which are required in its contract. HMRC has therefore given notice that this contract will not be renewed beyond its end date in May 2017. HMRC is also no longer passing new cases to Concentrix, but is instead working with it as a matter of urgency to improve the service it provides to claimants and to resolve outstanding cases. I can confirm to the House that 150 HMRC staff have been redeployed with immediate effect to help it to resolve any issues people are having with their claims as quickly as possible.

I realise that colleagues on both sides of the House are concerned to get difficult cases resolved and to assist vulnerable constituents appropriately. In addition to the extra resources I have mentioned, I have arranged a drop-in for Members in Room B, 1 Parliament Street between 9.30 and 11 am tomorrow, at which HMRC officials will be available to offer guidance to colleagues, should that be helpful.

[Rebecca Long Bailey](#)

I thank the Minister for her reply. Many hon. Members on both sides of the House have been contacted, as she has been, by distressed and anxious constituents—often hard-working individuals who have had their tax credits cut unfairly, in many cases pushing them into extreme hardship. Although Labour Members certainly welcome the fact that HMRC has finally taken action by announcing that the Concentrix contract will not be renewed, it is most regrettable that the Government undertook such action only when events were dramatically exposed by the media and, indeed, by my hon. Friend the Member for Sheffield, Heeley (Louise Haigh) and my right hon. Friend the Member for Birkenhead (Frank Field).

It remains the case that Synnex-Concentrix will be carrying out these services for another eight months. There is therefore a risk that without radical amendments to the contract itself, service failures will continue. Of most concern is the fact that the payment model arguably creates a conflict of interest, as has been noted by the Social Security Advisory Committee. Will the Minister therefore confirm what arrangements she will make urgently to revise the contract to preserve justice for the claimants?

As the Minister stated, I understand that HMRC will redeploy 150 staff so that claimants can get through to advisers and resolve their claims. Will she confirm how the Government will monitor that? Will the Government now commit to an official investigation into Concentrix's conduct since it was awarded the contract in 2014, so that we can determine how this situation was allowed to arise? Finally, has she given any consideration to the real prospect of bringing this service back in-house?

[Jane Ellison](#)

I will try to answer those questions, but it is worth commenting that this Government, and indeed their predecessors, inherited a very

complicated system. In the long term, the right answer is to replace tax credits, as is our intention, because we were bequeathed an unnecessarily complex system. However, we must make the system work while it is in operation, and that is now the focus of our activities.

On HMRC's decision about the contract, I want to reassure the House that monitoring has taken place regularly throughout the contract. Indeed, HMRC has worked closely with Concentrix. It is the case that, as has been documented, performance has not been good in recent weeks. That has clearly been noted, and we are now taking action on it.

On the contract going forward, as I mentioned in my response to the urgent question, Concentrix will focus on resolving outstanding claims, not opening new ones. In other words, it will deal with those already open in an orderly and appropriate manner. HMRC is putting in additional resource. In particular, I have asked it to focus on the difficult cases—there have been some high-profile examples in recent days—to ensure that we resolve them as quickly as possible so that all our vulnerable constituents are helped and supported.

That is the key focus as we go forward. There is no need to go into inquiries and so on. We have a contract that is monitored on a regular basis. It will not be renewed when it comes to an end in May next year. The focus for all of us in the coming days and weeks—and for me and for HMRC in particular—is on making sure that the outstanding cases are resolved, especially those of the most vulnerable, and that people have the money to which they are correctly entitled.

#### [Sir Desmond Swayne \(New Forest West\) \(Con\)](#)

I have cases of women who have had their tax credits stopped because, they have been told, they are living with a man of whom they have never heard or, indeed, with the tenant of the property prior to them occupying it. Their benefits have been withdrawn. I am not sure that I need advice tomorrow morning in 1 Parliament Street—when, incidentally, the House is sitting. We need to know how quickly those cases can be reviewed.

#### [Jane Ellison](#)

I quite understand my right hon. Friend's point. The drop-in is there as a facility should Members wish to use it, but it is not an alternative to the HMRC lines already in place. We encourage anyone affected to call the HMRC number on the letters they have received. We are putting significant additional resources into those helplines, with immediate effect, to make sure we can resolve the situation. I am reassured—although obviously I will be talking to HMRC consistently about this—that as soon as the facts of a case are resolved we can get money into people's accounts in a short number of days.

#### [Stewart Hosie \(Dundee East\) \(SNP\)](#)

I am delighted that the Concentrix contract is not to be renewed. It will come as some comfort, at least, to those who have been affected by its activity. That contract was designed to save £1 billion in fraud and overpayment. The Minister tells us some £300 million has been saved.

How much of those so-called savings was as a result of false accusations by Concentrix against tax credit recipients? If somewhere between 120 and perhaps many thousands of people were affected, why was the contract not cancelled sooner? The cost of the contract was reputed to be some £75 million. How much do the Government intend to claw back to directly compensate those affected? The Minister tells us, and I am pleased to hear, that HMRC civil servants have been drafted in to clean up the mess, but how much will that cost the taxpayer in additional pay and will the Government be seeking payment from Concentrix to fund that remedial action?

[Jane Ellison](#)

I am not able to respond immediately from the Dispatch Box to one or two of the points raised by the hon. Gentleman. My clear priority and that of HMRC at the moment is to make sure that we resolve the outstanding cases, and in particular the difficult cases for vulnerable constituents. We will then turn our mind to some of the other points that he made. We are not renewing the contract, but we intend to continue to bear down on error and fraud. That is important, as there is a lot in the system, but we have had a great deal of success in recent years in reducing it—the amount of fraud in the system has halved from £800 million to £400 million. We need to continue to bear down on that, because money that is fraudulently obtained is money that is not available to taxpayers. It remains vital that we address that matter. But for the moment, my primary consideration is resolving the difficult cases to make sure that we look after our most vulnerable citizens.

[Stephen McPartland \(Stevenage\) \(Con\)](#)

I am a big fan of supporting those people who are trying very hard to get on in life and who depend on tax credits. One of my concerns is that over the next eight months those people will still be dealt with by Concentrix and will still have that fear of being falsely accused and prosecuted, almost, as they go forward. What reassurance can the Minister give that those people will be looked after, and will HMRC carry on with the contract in the future or will it issue it for new tender?

[Jane Ellison](#)

I have laid out the arrangements we are putting in place. The contract ends next spring. In the meantime, HMRC will support Concentrix on the outstanding cases—in particular, looking at more complex cases and supporting back-office functions while Concentrix staff focus on resolving already open cases. It is important to have a bit of perspective. Concentrix has assisted the Government and, indeed, the taxpayer in correctly identifying a lot of claims as either erroneous or fraudulent. It is important to keep the matter in perspective, but HMRC has made clear its operational intention not to continue the contract beyond the spring.

[Louise Haigh \(Sheffield, Heeley\) \(Lab\)](#)

I thank the Minister and HMRC for reacting so quickly to issues and concerns raised in the House, but several questions remain. What

estimate has been made of the current backlog needing to be dealt with by Concentrix and HMRC? How should those people currently being dealt with contact Concentrix—through the current helpline or by contacting HMRC directly? Why were these appalling failures not acted on before they were revealed in parliamentary questions, if HMRC was monitoring the contract so closely? Will HMRC bring the contract back in-house in May next year? Will the Minister today commit to a review of all payment-by-results contracts, which are completely inappropriate in our welfare system?

[Jane Ellison](#)

I am aware that the hon. Lady has been very active on this—she has asked a number of parliamentary questions and has shown considerable interest in the issue. It is important to note, and the performance figures support this, that it is only really in recent weeks that performance has not been acceptable. It is not that this has been an acute problem for a considerable length of time. However, performance has not been acceptable in recent weeks.

People should contact the number on the letters they have received. I am aware that there have been problems getting through on the phone in recent weeks, and have tested it out for myself. We are putting in additional resources to allow Concentrix to focus on answering the phones and dealing with outstanding cases while additional HMRC staff resolve some of the back-office issues and some of the complexities, so that people can focus on the immediate issue.

Some more mandatory considerations are coming in, but we think there are around 2,500 cases in the system still to be dealt with at the moment. We expect more to come in because it is that time of year, after people who have not supplied additional information as they were requested to have seen their tax credits stopped. We feel that, with that additional resource, we can resolve that quickly, and that is my focus.

[Bob Blackman \(Harrow East\) \(Con\)](#)

Now that the position is that Concentrix is not going to deal with any new claims or cases, will my hon. Friend clarify for the House who, from HMRC or wherever, will deal with claims of errors, fraud and other problems, so that we send a strong signal to people that that will not be acceptable and that we want to see genuine claimants compensated for losing money that they need?

[Jane Ellison](#)

I reassure my hon. Friend that it has always been the case that both Concentrix and HMRC were pursuing matters of error and fraud; it was not the case that only Concentrix was doing so. HMRC will continue to pursue error and fraud cases. In recent years the Government have put additional resource into supporting HMRC's work on general tax avoidance and evasion, and compliance.

[Frank Field \(Birkenhead\) \(Lab\)](#)

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I thank the Minister for her statement and draw the House's attention to how different that response was from those of the previous Government; I do not believe that we would have had today's statement had there not been a leadership change, so I thank her for that. Will she pass on my thanks to her colleague, the Under-Secretary of State for Business, Energy and Industrial Strategy, the hon. Member for Stourbridge (Margot James), for the immediate action she took on the report I submitted on Hermes, whose unlawful use of self-employment HMRC has been asked to investigate?

I have two questions. The worry about this contractor is that to some people it appears to be cutting benefits first and asking questions afterwards, and there is no mechanism for a hotline for MPs to try to sort such issues out. Although I very much welcome her bringing the contract back in-house, it is the only contract that has ever been put in place that has allowed a private company to make decisions about people's benefit levels, so might she review that?

[Mr Speaker](#)

It is quite cheeky of the right hon. Gentleman to ask two questions and to declare so openly his intention to do so, although it is perhaps not quite as cheeky as the hon. Member for Sheffield, Heeley (Louise Haigh), who asked five questions without making any such explicit declaration at all.

[Jane Ellison](#)

I thank the right hon. Gentleman for his comments on the priority given to resolving problems of this nature. It is worth reiterating that, through the contract, we have secured more than £280 million of identified savings in terms of error and fraud. There continues to be considerable fraud, particularly with regard to whether people live singularly in a household. It is important to recognise that the contract has brought important benefits to the taxpayer.

I recognise the right hon. Gentleman's challenge on the nature of the contract. Such contracts have their place, but they must work appropriately. The contract must work to do the thing it set out to do, but it must at all times work for taxpayers and, above all, for the vulnerable. I will reflect on his wider point if I may, but I give him reassurance on that general point.

[Craig Mackinlay \(South Thanet\) \(Con\)](#)

All hon. Members will have received a deluge recently of harrowing cases of people who have had calls from and interaction with Concentrix. They were unsure at first whether the company existed and whether they had received a scam letter, which we see far too often. There has been a poor delay in opening post, and getting through on the telephone has been next to impossible. That service level is unacceptable in the public sector. Will the Minister confirm that her very strong announcement today, which is welcome, shows that the Government are committed to helping the vulnerable immediately and accurately?



[Jane Ellison](#)

I hope we have shown that. We have important contracts across the Government with people to provide services, but clearly they need to be provided to an acceptable standard. The decision is not to renew the contract. In taking that decision, HMRC has clearly taken into account operational performance. The focus for all of us—Ministers, HMRC and individual Members acting in their constituency capacities—is to ensure that our most vulnerable constituents are supported as soon as possible to ensure that the money to which they are correctly entitled hits their bank accounts and they do not have the stress of wondering where the money will come from.

[Mr Nigel Dodds \(Belfast North\) \(DUP\)](#)

All of us as constituency Members of Parliament can relay stories of how the service contract has worked and been deplorable, but on the jobs that will be lost—some of them are in Belfast—will the Minister tell us what contact she has had with the Northern Ireland Executive, or what contact HMRC has had with the relevant devolved Administrations or regions, about the effect on jobs? What will be done to give support to those who will lose their jobs?

[Jane Ellison](#)

It is important to note that the decision has been taken by HMRC not to renew the contract. To that extent, the decision for a private company such as Concentrix on what it does beyond that point is clearly a matter for the company. If the right hon. Gentleman has concerns of that nature, colleagues in the territorial office and the Department for Business, Energy and Industrial Strategy will be happy to talk to him in the normal way. It is important to stress that this is not a decision to end a contract here and now, but a decision not to renew it in the spring.

[David Rutley \(Macclesfield\) \(Con\)](#)

I welcome the steps the Government have taken to protect the vulnerable in this situation. Will my hon. Friend assure the House that the lessons learned in this case will apply not only to the contract when it is retendered in May, but across Government contracts more widely?

[Jane Ellison](#)

I hope I can give that reassurance for the future. To date, it has always been the case that, when the Government contract a supplier to provide a service, it should be provided to the right standard, and that contracts are monitored and we ensure that service levels are acceptable to Members and their constituents.

[Helen Jones \(Warrington North\) \(Lab\)](#)

Despite what the Minister has said, I have constituents who have had their tax credits cut off with no prior notification, and who have spent up to 70 minutes on the phone trying to get through, which is a huge drain on their resources. Will she tell us whether the contract included penalties for Concentrix if it did not provide an acceptable service level

or answer calls within a set time? If not, who will take the responsibility for negotiating such a flawed contract?

[Jane Ellison](#)

Waiting 70 minutes to have a call answered is clearly not acceptable. I can imagine the distress that would cause somebody trying to get through. If you will forgive me, Mr Speaker, and if the hon. Lady will let me, I will write to her about the points she made about the contract—I do not have that detail to hand, and I need to assess what we can say given commercial confidentiality. If I can give her the answers she seeks, I will do so, but I will write to her if that is acceptable.

[Robert Jenrick \(Newark\) \(Con\)](#)

The National Audit Office found that the Concentrix contract delivered savings of £500,000 in 2014-15 compared with the original estimate of £285 million. It was expected to deliver at best half the original savings planned in the contract. As we have heard, and as we have learned from our constituency postbags, there were a large number of errors in the process. What more can the Government do to improve the tendering process in future, particularly at HMRC, and to improve the managerial capability at HMRC, so that we do not have such mistakes in future?

[Jane Ellison](#)

This is a payment-by-results contract. As I said in my response to the hon. Member for Salford and Eccles (Rebecca Long Bailey) at the outset, Concentrix will not be paid when it has not acted appropriately and when it has not got a result. It is important that we get these things right and I take my hon. Friend's point. I reassure him that HMRC, and indeed Government Ministers, will always seek to get the right contracts. Clearly, when there are lessons to be learned, we must reflect on them and ensure that they are reflected in future arrangements.

[Greg Mulholland \(Leeds North West\) \(LD\)](#)

Last week in evidence to the Institute for Government, the former Work and Pensions Secretary, the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith), admitted that outsourcing to the private sector was not a panacea. Surely after the Concentrix contract fiasco it is time for full review of outsourcing to private companies in the welfare system. Is it not time to look at whether outsourcing is appropriate at all or, if it is to continue, at what better civil service oversight provision is needed to ensure that this sort of thing never happens again?

[Jane Ellison](#)

I again urge hon. Members to keep a degree of perspective. Many contracts deliver what we want. It is worth noting that the Concentrix contract delivered more than £280 million in savings to the taxpayer, which represents a sensible return on that investment. I have said what I have said about service levels—they must be acceptable and to the standard we have contracted for—and there are circumstances in which

the use of a private companies offers a cost-effective way to get something that the Government might not otherwise have, which could mean flexible capacity or the capacity to do something for an uncertain period. Sometimes, the flexibility that such contracts offer makes it easier than doing something in-house. I take the hon. Gentleman's points and will reflect on them but I do not draw the same general conclusion as he does.

[Rehman Chishti \(Gillingham and Rainham\) \(Con\)](#)

I welcome the Minister's statement and concur with the excellent point made by my right hon. Friend the Member for New Forest West (Sir Desmond Swayne). The Minister will know that genuine errors are made by both constituents and HMRC. Going by one's casework and constituency surgeries, it seems that sometimes full compassion is not shown by HMRC when looking at the circumstances when a genuine error is made. Can we ensure that that is done in those difficult circumstances for those who are most vulnerable and in need?

[Jane Ellison](#)

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I have had the same experience as my hon. Friend. Only last week in a constituency surgery, I sat with a constituent who had a complex case and who was in a very difficult situation. Obviously, we can take up cases on behalf of constituents, but when constituents ring HMRC, it is important that they explain their circumstances. HMRC will make every effort to resolve the situation quickly. It is very aware of the need to get people sorted out and get money into their bank account, as appropriate, quickly, but I will re-emphasise that—as the House can imagine, I have discussed the issue in recent days. The interest in this urgent question and the points being made on both sides of the House will be seen and heard where they need to be.

[Ian Murray \(Edinburgh South\) \(Lab\)](#)

A significant number of my constituents have been left financially disadvantaged as a result of the antics and processes at Concentrix. Can the Minister assure the House that, while the priority is to resolve those cases urgently, she will look seriously into fining the company and using those resources to compensate my constituents for the financial distress they have suffered?

[Jane Ellison](#)

To reiterate what I said earlier, I will ask HMRC to advise me on the nature of the contractual arrangements. Again, it might be better if I could write to the hon. Gentleman on that.

[Kevin Foster \(Torbay\) \(Con\)](#)

As a constituency MP who has dealt with a number of cases, I am pleased to note the action the Government have taken. That said, as a member of the Public Accounts Committee I have also sat through numerous reports on the quality of service HMRC provides, which is at times hardly of gold standard. What reassurance does the Minister have

that, with HMRC picking up some of this work, we will not see a drop-off in the standard of services elsewhere and in future arrangements?

[Jane Ellison](#)

I do not believe that that will be the case. HMRC has been dealing with cases at the same time as Concentrix throughout the period of the contract. I have been assured that the 150 additional staff deployed with immediate effect will be focused on this. I have no reason to believe that any other services will suffer. My hon. Friend's point is well made and will be re-emphasised to HMRC.

[Alison Thewliss \(Glasgow Central\) \(SNP\)](#)

I am glad to hear that the Concentrix contract is ending but, as the Minister said, it will still be dealing with ongoing casework. Will she personally intervene to help a constituent of mine who was plunged into £1,300 of debt through the incompetence of Concentrix? It failed to process the annual review and refused to acknowledge any of my correspondence. Will she take up this case?

[Jane Ellison](#)

Of course. If any Member wishes to write to me, I will ask HMRC to look at it as a matter of priority. The hon. Lady may not be around tomorrow morning, but there is an opportunity, if she or any other Member wants to bring a complex case, to go to the drop-in where HMRC officials will be available. If she would like to write to me, I will of course look at the case.

[Mr Jim Cunningham \(Coventry South\) \(Lab\)](#)

I first raised this issue last January. It has taken about eight months to get to this situation. The issue, which had been going on for weeks, related to a family who did not have any income over the Christmas period. Why does it take a BBC programme to bring Ministers to the Dispatch Box? On Monday, a member of my staff was given the run-around by HMRC and Concentrix because nobody would take responsibility. My constituents have spent hours on this. To involve the private sector in such a sensitive and humane issue does not work.

[Jane Ellison](#)

I am sorry to hear that the hon. Gentleman had that difficult experience. I cannot agree with his general point about there being no role for the private sector in this regard. I refer again to the amount of money that has been saved for the taxpayer. There is a lot of error and fraud in the system, and it is important that we bear down on that. We do not want money to go to people for whom it is not appropriate, in particular in relation to the nature of people's households. Much of the fraud does rest in that area. As he highlights, this is a particularly difficult and sensitive area to investigate, but we need to continue to investigate it because the amount of fraud in the area of tax credits is considerable.

[Mark Durkan \(Foyle\) \(SDLP\)](#)

We can all share the stories of our constituents' anguish and the frustration for our offices in dealing with this debacle, but we should remember that HMRC is itself not an innocent agent. It designed the contract. It put customer hostility and suspicion into the contract, and into the standards of performance and practice. It was, of course, HMRC that provided the names targeted by Concentrix. This has happened against a backdrop of the Government persistently running down the capacity and character of HMRC. Will some of those bigger policy misguidances also be looked at, as well as the enjoyment we are all having today in scapegoating Concentrix itself?

[Jane Ellison](#)

I return to the answer I gave a moment ago. We need to continue to bear down on fraud in the system. There is a considerable amount of error and fraud. I am afraid it would be naive to think that all of this is error. There is fraud in the system and there is a lot of error, which the original design of tax credits makes easier. We need to continue to bear down on fraud, but clearly we need to do that in a way that does not make it difficult to assist the most vulnerable.

[Sue Hayman \(Workington\) \(Lab\)](#)

The Minister has mentioned fraud a number of times. There is obviously fraud in the system, but I really do not see that that as an excuse for errors and failures that affect our constituents. My constituent, Sarah Hodgson, has three young children and is struggling to put food on the table. There is no excuse for incompetent contractors. I am glad the Minister talks about the redeployment of HMRC staff to support people. The HMRC office in my constituency, which employs over 200 people, is due for closure. Our nearest regional office is more than two hours' drive away and the phone system is clearly not working: it is not helping people with their inquiries. Will she please review the closure of our local offices, so that people can keep the support and the face-to-face contact they need in these situations?

[Jane Ellison](#)

I am sorry to hear about the case the hon. Lady mentions on behalf of her constituent. She raises a wider issue about the modernisation project that HMRC is going through. Perhaps it would be more appropriate if she wrote to me. Although the process of modernisation means that some regional offices are closing, it is important because it is fundamentally about delivering a better and more modernised service in the future for all our constituents.

[Sammy Wilson \(East Antrim\) \(DUP\)](#)

I trust there will be some compensation paid by the company for the ineptness in the way the contract has been handled and the extra costs that have been incurred. A lot of people today have talked about how wonderful it is that this is being brought in-house, but it was not so long ago that this House condemned HMRC for not answering more than half of the telephone calls made by constituents about tax matters. What steps has the Minister taken to ensure that, now that new cases

will be brought in-house, there will not be the same problems with HMRC as there were with Concentrix?

[Jane Ellison](#)

It is documented that at times in the past HMRC has had problems with answering its phones, but I think that of late some of the information in the public domain is rather out of date. Indeed, performance in answering phones is considerably better and has reached a very good standard in recent weeks. It is important to retain some balance. It is worth noting that Concentrix has amended about 103,000 claims following the checks it has made. I reiterate that this has been an important exercise, but clearly it needs to be done in the right way.

[Julie Cooper \(Burnley\) \(Lab\)](#)

I welcome the news from the Minister that Concentrix will not have its contract renewed, but in the meantime I have ongoing concerns on behalf of my constituents. There has been a lot of talk about what is unacceptable, with a focus on fraud. What we are talking about here today are errors that have been made and have caused tremendous suffering. We are not talking about occasional exceptional errors; we are talking about a widespread number of errors that are causing exceptional misery for some families. Let me just share with the House the story of one of my constituents, a single mother of four, whose tax credits were stopped in error. As a result, her claim has been closed down, her children can no longer access free school dinners, she cannot get free milk tokens for her baby, and, more importantly, she has been told that her claim cannot be reopened for 44 days. Will the Minister assure me that she will intervene, as a matter of urgency, to make sure that this mother can continue to feed her children?

[Jane Ellison](#)

I am sorry to hear that the hon. Lady's constituent has had such a difficult time. Obviously, without knowing the details of the case it is very difficult to comment across the Dispatch Box. I urge her to use the resource I have referred to throughout this urgent question to take up the case. I hope it can be resolved in that way as soon as possible. I have emphasised—HMRC is very aware of this—that speed is of the essence where people have had their tax credits erroneously stopped. She is right that there is error in the system. I reiterate the point that this is a too-complex system, which is exactly why the Government are looking to make major long-term reforms. Even the honest taxpayer can easily fall into error with a system that was so complex in its design from the start.

[Ms Tasmina Ahmed-Sheikh \(Ochil and South Perthshire\) \(SNP\)](#)

As we sit here, families up and down the country have been required to rely on charity and food banks. To make ends meet, as a result of what can be described only as frankly ridiculous decisions made by Concentrix, our constituents find themselves in a position not of their own making. To this end and given that so many are living a day-to-day

existence, will the Minister confirm just how quickly people can expect to be paid the sums to which they are rightfully entitled?

[Jane Ellison](#)

It is really important that we get the facts of the case correct and quickly. At the point that that is done—it might be during the course of just one phone call—I am assured that money should be placed into people's accounts in a matter of no more than four working days. That is what I expect to see. It is a matter of days and it certainly should not be weeks. We need to establish the facts in each instance. It is worth saying again—for the sake of the House having some sense of perspective on this issue—that last year only 1.6% of customers asked for a review of the decision, following a check. Given that a large number of people are being checked, that is quite a large number, but it would be wrong to think that this was a huge proportion of the cases in question. It is important to get things right and, as I say, we look to pay people within days—as soon as the facts of the case have been established.

[Diana Johnson \(Kingston upon Hull North\) \(Lab\)](#)

The Minister says that HMRC is supporting Concentrix in performing its contract up until it ends next year. What is the cost to the public purse of that support, and is it recoverable from Concentrix?

[Jane Ellison](#)

It has always been the case, as we would expect, that managers within HMRC have worked with Concentrix throughout. I do not anticipate that enormous additional costs will be involved. There has always been a relationship between the two because there is some overlap in the work being done. I would expect that to continue as we work towards the end of the contract.

[Alan Brown \(Kilmarnock and Loudoun\) \(SNP\)](#)

The Minister is currently engaged in crisis management, but unless she sees the bigger picture, crisis management itself is not going to be good enough. In her opening statement, she said that Concentrix was not allowed to phish, but it clearly has been phishing. One of my constituents got a phishing letter not only saying that they were going to stop the tax credits, but demanding £10,000 in back payments. It is quite clear that investigation is needed—and soon. Any such investigation needs to look not only at the contract terms, the audit process and Concentrix's behaviour, but at what is the true resource requirement for dealing with the tax credits issues. Unless the Minister can confirm such an investigation and review, we will be back here in a couple of years' time.

[Jane Ellison](#)

HMRC has data analytics and operational experience to deliver the kind of savings we are looking for in reducing error and fraud. Practical measures such as simplifying the tax credit system, better monitoring of changes of income through real-time information and improved

detection of fraud will obviously go forward. They are all important parts of making sure that we improve performance. It is worth noting again that hundreds of millions of pounds to the taxpayer have been saved by reducing error and fraud. We want to make it harder for people to make errors in the future.

[Alison McGovern \(Wirral South\) \(Lab\)](#)

As long as I have represented them, people in the Wirral have been treated with disrespect and indignity by HMRC. This is only the worst of a long series of cases. Let me ask the Minister one simple question: when did she first meet Concentrix to raise our concerns with them?

[Jane Ellison](#)

I have been a Minister in this Department since mid-July. I have not met Concentrix because I have not been the Minister for that long. Clearly, however, my predecessor colleagues have done so. I have been working with HMRC on regular monitoring. Given the interest from colleagues of all parties in recent weeks, I have been getting daily updates from HMRC on terms of performance. In the relatively short time I have been in my post, particularly in view of the summer recess, I have not had a chance to meet Concentrix. On the hon. Lady's general point, I am sure that HMRC will be disappointed to hear it, but I am also sure that it will want to reflect on her words.

[Carol Monaghan \(Glasgow North West\) \(SNP\)](#)

One issue reported by my constituents is the requirement to send all the documentation by registered post, which costs over £13—money that they can ill afford when they are living on the breadline. During the eight months in which Concentrix will continue to have this contract, will the Minister look urgently at alternative methods of providing documentation?

[Jane Ellison](#)

I will certainly ask that question, but I cannot give any assurance that it will be possible to alter the situation during the time that the contract has left to run. The hon. Lady highlights an important point about where we go in the future with these sorts of systems. It further highlights the fact that the more we can make these things digital and make it easier for people to get right, the more likely we are to avoid these sorts of unhappy situations.

[Gavin Robinson \(Belfast East\) \(DUP\)](#)

The Financial Secretary should know that I tabled five questions on this issue on Monday, and that I am well alive to the issues that many colleagues have raised this afternoon. With 1,800 people employed by Concentrix in Belfast and with Concentrix redeveloping on to one location in the city, will the Financial Secretary reflect on how appalling it was that members of staff—many of them my constituents—found out about this news last night only by a tweet from the BBC rather than through any communication from Concentrix or indeed any statement to this House?



[Jane Ellison](#)

As I have said a number of times, the contract is not going to be renewed; it has not been terminated. To that extent, consideration of whether any contract is renewed is something that will take place in the normal course of events. The hon. Gentleman provides me with an opportunity to place on record my thanks to the many Concentrix staff who are working hard at their jobs and trying to resolve problems. At the same time as we shine a light on areas where performance is unacceptable, it is really important to take the chance to reflect on the fact that many people are working hard to do their jobs as well as possible to provide a good level of service. Indeed, many people are succeeding in that regard.

[Owen Thompson \(Midlothian\) \(SNP\)](#)

I know the Minister says that she sees no need for an inquiry, but I and many colleagues in the Chamber today—and certainly many of our constituents—very much disagree with that position. My question is: how can we learn the lessons to ensure that the practices employed by Concentrix never come to light again if we do not look into the practices carried out by Concentrix through some form of investigation or inquiry?

[Jane Ellison](#)

In the normal course of events, we would always look to how things should be arranged in the future after reflecting on what we can learn from things that have already happened. That would happen through a normal process of review and consideration. We shall have to agree to differ on the issue of whether an inquiry is needed.

[Christina Rees \(Neath\) \(Lab/Co-op\)](#)

I have been contacted by many distressed women in my Neath constituency about how awful Concentrix really is. Some Concentrix advisers have suggested to mums, who are desperately trying to renew their tax credits, to get payday loans to feed their children while their claims are being processed. A group has been formed, called “Concentrix Mums”, whose more than 5,000 members can share their horror stories. Let me provide just a couple.

[Mr Speaker](#)

No. I think one will suffice.

[Christina Rees](#)

One it is, Mr Speaker.

[Mr Speaker](#)

I fear the hon. Lady has caught what might be called “the Burnley condition”.

[Christina Rees](#)

I hope not. Does it involve shoehorning? One mum had not eaten for three days so that she could feed her children. This is sickening: it should be stopped and it should have been stopped a long time ago.

[Jane Ellison](#)

I am aware of the Facebook group that the hon. Lady mentions, and I am also aware of some of the cases that have been documented there. To end where I began, that is exactly why we are deploying additional resources to make sure that we can deal with the most difficult cases for the most vulnerable people as quickly as possible. That will be my focus and that of HMRC in the coming days.

14 Sep 2016 | Urgent questions | 614 cc904-917

### 3.4 EDMs

#### [HMRC, CONCENTRIX AND TAX CREDITS](#)

That this House believes that HM Treasury must take immediate action to provide a fast resolution for everyone affected by the wrongful actions of Concentrix in stopping tax credit payments without notice or good reason; notes comments by the Financial Secretary to the Treasury to the House on 14 September 2016 that cases would be dealt with within four working days, but also notes that this timeframe is not being met for current cases; calls on HM Revenue and Customs (HMRC) to act to resolve this backlog by allocating additional staff and resources to address this issue as a matter of urgency; and further calls for a National Audit Office enquiry into the award and management of the contract between HMRC and Concentrix for the administration of tax credits.

11 Oct 2016 | Early day motions | Open | 515 (session 2016-17)

**Primary sponsor:** Ahmed-Sheikh, Tasmina | **Party:** Scottish National Party

#### [CONDUCT OF CONCENTRIX](#)

That this House calls on the National Audit Office (NAO) to investigate the decision to grant a government contract to American outsourcing firm Concentrix for the management of tax credits; expresses its deep concern at the conduct of Concentrix, which has included the incorrect removal of tax credits for thousands of single parents across the UK creating real hardship and struggle, and working on the basis of payment by results; welcomes the decision by HM Revenue and Customs (HMRC) not to renew the contract; further calls on the NAO to conduct a value for money audit to examine the appropriateness of awarding the contract in the first instance and the full cost to taxpayers of the contract and its termination; and urges HMRC to reconsider its approach to future outsourcing of contracts.

10 Oct 2016 | Early day motions | Open | 490 (session 2016-17)

**Primary sponsor:** Carmichael, Alistair | **Party:** Liberal Democrats

#### [CONCENTRIX END OF CONTRACT](#)

That this House welcomes the decision by HM Revenue and Customs (HMRC) not to renew the contract of American outsourcing firm Concentrix; understands that the Treasury has revealed 120 cases since October 2015 where Concentrix did not fully meet the performance standards laid out in its contract; notes that thousands of single parents across the country have had their tax credits cut incorrectly as a result of Concentrix fraud investigations; urges HMRC to apologise to the parents who suffered as a result of their contract with Concentrix; and calls on the Government to change the approach in which it assesses allegations of fraud, so not to repeat the failings of Concentrix.

15 Sep 2016 | Early day motions | Open | 479 (session 2016-17)

**Primary sponsor:** Crawley, Angela | **Party:** Scottish National Party

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