HM Revenue & Customs

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14th October 2021

Dear Stephen

Thank you for your letter dated 22 September in reference to RTI data. I have addressed your questions in order, and hope that this provides the clarification you require.

1.What happens in the remaining half of those cases? a. How many individual employees are in that group?

For the remaining cases that are not matched to a validated National Insurance number an individual is assigned a temporary reference number. The exception to this would be a relatively small number of bankruptcy cases, as the income is administered by a Bankruptcy Trustee.

It isn't possible to say how many individuals are affected definitively, because individuals can have more than one employment simultaneously, so until matching is successful, we cannot tell how many individuals are involved. Assuming each of the employments relates to individuals on a one to one basis (a worst-case scenario) then, of the employments which had not ended, there were approximately 350,000 individuals in that position in April this year and 459,000 in August.

This number does fluctuate but is currently believed to be higher than usual as there have been delays in assigning National Insurance Numbers during the Covid lockdown.

There are a number of reasons why a National Insurance number may legitimately not be available.

For example, within each of the numbers above there are approximately 53,000 pension cases. In the vast majority of these cases a National Insurance number is not available, because the pension is being paid to a child under the age of sixteen, or a surviving spouse who has never been resident in the United Kingdom.

2. How does this figure relate to the group above, where employments are not subsequently reported with a NINO?

The 6.5% of employments that are first reported to RTI without an employer-submitted National Insurance number, affects around 1.24% of all individual payment submissions. Around half of those employments are subsequently reported with a validated National Insurance number, which consequently reduces the number of payment submissions matched to a temporary reference number.

3. Please can you provide us with more detail about this work? What have you discovered so far and what improvements have been made as a result?

HMRC continues to work with employers through the Jointly Managed Engagement Team to identify specific issues on employers' returns and offer advice and support to improve the quality of the data submitted. In addition, the Taxpayer Data Standards Forum meets with top employers to discuss HMRC-related issues regarding data and data quality. As a result of our learning from specific cases, we want to work with employers not only to improve data on individual cases, but also to mitigate the effects of poor data by more vigorous promotion of digital channels. For example, more payrolling of expenses and benefits would reduce errors on forms P11D, many of which still come in on paper.

4. Please could you set out for us in detail what this means in practice, and what conclusions have been drawn so far about the impact of RTI on UC?

HMRC and DWP continue to monitor the impact of RTI data upon Universal Credit and both departments have implemented changes that help Universal Credit claimants. For example, HMRC routinely assists DWP to resolve Universal Credit disputes where a claimant questions the earnings element.

HMRC agreed an easement for reporting the Christmas payroll, allowing employers to use the contractual payment date on their submission to HMRC, rather than the actual pay date, as required by statute, to avoid issues with non-banking days.

DWP has the power to reallocate a 'double payment' of monthly earnings to a UC claimant to two different assessment periods rather than just one, where it produces a more beneficial result.

DWP has arrangements for reallocating earnings, if they are reported late.

Yours sincerely

JHarra

JIM HARRA CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY

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From the Chair

James Harra, CB
Chief Executive & First Permanent Secretary
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22 September 2021

Dear Jim,

Thank you for letter of 22 July about RTI data. I would be grateful for some further clarification of some of the answers in your letter and in the letter I received from the then Financial Secretary to the Treasury on 21 July.

Your letter explains that 6.5% of employments are first reported to RTI without the employer submitting a National Insurance Number, and says that "around half are subsequently reported with a NINO matching that of the validated NINO identified by HMRC".

1. **What happens in the remaining half of those cases?**
   a. How many individual employees are in that group?

In answer to a parliamentary question, the then Financial Secretary to the Treasury told me that that 99.25% of the Individual Payment Submissions held by HMRC are attached to an employment with a valid National Insurance number. In other words, 0.75%—or about 325,000 returns per month—are not.

2. **How does this figure relate to the group above, where employments are not subsequently reported with a NINO?**

The then Financial Secretary to the Treasury told us in a letter of 21 July that HMRC is "continuing to investigate why some employers persistently submit poor quality data, and how that can be improved."

3. **Please can you provide us with more detail about this work? What have you discovered so far and what improvements have been made as a result?**

In the same letter, he also told us that "HMRC and DWP have reported that they continue to keep under close review the impact of RTI upon Universal Credit."

4. **Please could you set out for us in detail what this means in practice, and what conclusions have been drawn so far about the impact of RTI on UC?**

We would be grateful for your response by Thursday 14 October.

Yours sincerely,

Stephen Timms

Rt Hon Stephen Timms MP
Chair, Work and Pensions Committee