Transforming Service

General Features | Management of taxes



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Elaine Benn, tasked with delivering a range of changes at HMRC over the next year, tells *Tax Adviser* where the department is now and where it's heading

Key Points

What is the issue?

HMRC is on a journey that will lead to a very different way of dealing with customers and agents

What does it mean to me?

Incoming customer correspondence is now scanned digitally so that it can be sent electronically to the person who needs to deal with it. Because this is faster than moving post in vans and trollies, it speeds our response time

What can I take away?

Taxpayers who authorise an agent to deal with their tax affairs will see the same scanned image of their tax affairs online as their agent does

HMRC's overall aim is simple: to make it easier for customers to pay the right amount of tax at the right time. As the name of our Process Transformation project suggests, this is about making sure our processes are straightforward for you and efficient for us.

The mechanics of our work behind the scenes will go unnoticed by taxpayers, but it is hoped that tax advisers will appreciate the difference in their dealings with HMRC. All of the initiatives are designed around the customer to improve customer service and compliance at a reduced cost, to meet people's expectations of a modern public service.

Once and Done

We have already started to iron out the perennial bugbear of dealing with different parts of HMRC to sort out a customer's tax affairs. Our Once and Done service, which we are gradually expanding, is self-explanatory. When a customer contacts us, whether by phone, post, or, increasingly, through our digital channels, the adviser who handles their query will be able to deal with it in its entirety, without passing them on to anybody else or asking them to contact another office.

Besides giving our people the skills to do this, we are mining their knowledge and experience for ideas to improve our processes. After all, they are the ones who see how our systems work daily. They are suggesting changes we can make to reduce the need for customers to write to us or for us to write to them and to reduce the number of hand-offs with our organisation.

They have already generated more than 1,000 Once and Done ideas. Of these, 455 have been implemented nationally and 453 are either in testing or waiting to be tested.
In addition, the Once and Done customer team has identified 411 changes to guidance to improve customer service, of which 200 have been rolled out so far.

Last November the team met representatives from the Joint Initiative Steering Group, which drew up a list of initiatives to improve the service agents receive when dealing with HMRC. Since then, we have kept agents fully informed of progress, developments and outcomes and we are keen to maintain an open dialogue. A further meeting is planned for later in 2015.

We are also exploiting new technologies to automate manual work and release our people to concentrate on more important and complex work. For example, incoming customer correspondence is now scanned digitally so that it can be sent electronically to the person who deals with it. Since this is faster than moving mail around in vans and on trolleys, it speeds our response time.

During the Process Transformation project from March 2014 to June 2016 we aim to cut costs by £220 million and deliver £230 million in revenue benefits.

To give a few more numbers, by redesigning the P800 calculation letters and simplifying the P2 tax code letters we send to more than 30 million customers, we should drastically reduce the customer contact these generate from more than four million phone calls and 400,000 items of post we received about them in 2013/14.

We know some customers find the current versions of the P800 and P2 letters confusing, so they are being redesigned to make them easier to understand – a starting point before we make them available online. We found that 4.7 million P2 tax code letters were unnecessary and a cause of confusion – for instance, to people who have no tax liability – and so we stopped sending them, reducing telephone contact by 55,000 calls and delivering £1.4 million in print and post savings.

Something else that frustrates customers is having to remind us what we already know, so we’re going to be using our data better. This applies to our own HMRC data and also that which is available to us from third parties. We will use this data to pre-populate forms that we send to customers.

Simplification

This is a key step in the story around the end of the tax return and an outstanding example of how we are heading in the same direction as the Office of Tax Simplification (OTS).
As OTS Tax Director John Whiting, a non-executive director of HMRC, said on a recent visit to our team, pre-population will require customers to change their attitude towards their tax affairs. ‘It will mean more people getting involved (rather than assuming PAYE will do it all so they can just sit back), but to “check and confirm” rather than “do”. It’s this work that will end the tax return as we know it – a transformational, simplifying change for HMRC and so many taxpayers and agents.’

Not surprisingly, we work closely with the OTS, picking up their recommendations such as those on employee benefits and expenses which resulted in a project to allow customers to voluntarily payroll some benefits. Ultimately, this should almost abolish the need for the 4.5 million P11Ds that are produced and processed annually.

In Whiting’s words: ‘Simplification and process transformation are two sides of the same coin.’

Digital services

So where do we go from here? As well as joining up the data we hold, we are joining up the digital services our customers use. This will bring together their tax account details in one place on a digital platform, allowing them to update information, view and amend pre-populated data and understand quickly and easily what tax they need to pay – just like an online bank account. And they will be able to do this on the digital device of their choice.

By early 2016, all of the UK’s five million small businesses and the first 10 million individuals will have access to their own digital tax account. By 2020, more than 50 million individuals and businesses will have a secure, personalised digital tax account. This will transform the way taxpayers interact with the tax system.

This does not mean we are cutting out agent involvement. Far from it. Customers will have the option to let agents manage their digital account on their behalf. Those who do authorise an agent to deal with their tax affairs will see the same information online as their agent does.

We understand that there will always be some people who cannot go online or who struggle when they give it a try. We will continue to offer extra support to those who need it, so no one will be excluded.

As I said at the start, we are aiming to make tax easier. And that goes for all our customers.