

ADMINISTRATIVE BURDENS ADVISORY BOARD

Minutes of Advisory Board Meeting 17 October 2013

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13.00 – 17.00

G16, 1 Horse Guards Road, London, SW1A 2HQ

Advisory Board Attendees: Teresa Graham (TG), Andrew Hubbard (AHu), Chris Graham-Bell (CGB), Malcolm Bacchus (MB), Paul Aplin (PA), Roger Southam (RS), Allison Harper (AH), Karen Thomson (KT), Alastair Keir (AK)

Apologies: John Whiting (JW), Martin Jones (MJ), Rebecca Benneyworth (RB) (dialling in for Agenda Item 4),

HMRC / HM Treasury Attendees: Theresa Middleton (TM), Tony Kelly (TK), Elena Williams (EW), Neil Philpott (NP) – Secretariat, Matthew Henty (MH) – HM Treasury

Apologies: Jim Harra (JH), Simon Woodside (SW)

Guests:

Director General Personal Tax, Ruth Owen (RO).

RTI Programme, Carolyn Parmeter (CP) and Chris Iwin (CI)

BC&S SME Education, Colin Ford (CF), Mike Brook (MB) and Colin McMurtrie (CM)

Observers: Terie Little (HMRC, RTI programme), Karen Lewis (HMRC, BC&S SME Education), Nadia Sharif (HMRC, BC&S Directors PA), Ruth Mackman (BC&S Education and Comms), Caroline Wilson (Shadowing ABAB Chair, Teresa Graham)

Welcome/Update

Teresa Graham (TG) welcomed everyone to the meeting; with particular mention to new member Alastair Keir (AK) and noted apologies from members and HMRC representatives.

Review of action points/issues log

1. TG reviewed the open action items and agreed to close AP17, AP20 and AP21.
2. AP15 - Matthew Henty (MH) indicated that XST had been made aware of the request to publish summary of Admin Burdens as part of Budget document and would like to liaise with Andrew Hubbard (AHu) to review further.

AP – Matthew Henty and Andrew Hubbard to liaise on progressing summary of Admin Burdens in Budget.

3. AP18 - Elena Williams (EW) explained the extension of the agent email pilot and that HMRC are currently considering new delivery options that will increase capacity of the number of Agents that can be facilitated.
4. AP22 – AHu expressed further concerns on the impact of the Close Company Loans consultation and that original guidance suggests that it will be more onerous and therefore increase the admin burden for businesses to comply. Theresa Middleton (TM) felt that this would only affect a small minority of businesses but AHu suggested that small businesses will be caught up in this.

AP – Review with colleagues in CTISA to understand if wider impact of CCL has been considered and what impact this likely to have on small businesses.

Update on RTI

5. Paul Aplin (PA) thanked the RTI programme for the honest and open dialog, for the opportunity to feed into the On or Before (OOB) survey and for the extension to the easement that was put in place. The response to the survey (twenty four and a half thousand) was astonishing and largely down to HMRC efforts to promote it.
6. PA explained that the survey results reinforced what his practise had experienced: the frequency of reports for micro businesses and that those using agents have increased their costs. Karen Thomson (KT) noted that the majority of businesses do not believe there will be a reduction in their costs, suggesting the numbers that completed the survey demonstrated the depth of feeling.
7. Chis Irwin (CI) thanked members for their help in framing the survey and for promoting it. He shared the headline results: the majority of employers find RTI OK to complete; Agents report that it is more difficult to obtain accurate and timely information from clients. CI believed that experience and any savings relating to RTI are likely to be better once businesses have completed the End of Year process. He suggested that with self-selecting surveys those with issues are more likely to complete the survey than those not having problems with the process, indicating that early findings of the main migration research have over 60% reporting costs savings; with employers stating that through regular reporting it will result in them saving time at the end of year.
8. CI provided an example of the importance on Universal Credit payments of reporting in real time, highlighting a significant impact on employees where payment was reported late. AHu believed that costs to employers of dealing with employers when UC goes

wrong will be very large. PA suggested the possibility of individuals being able to elect their UC payment date to ease this problem. CI will pass this suggestion onto DWP.

9. TG and the board remained concerned about RTI's reported £300m cost savings figure, particularly in light of the OOB survey results, and HMRC needs to seriously reconsider the evidence and re-evaluate the figure in discussion with ministers.

Customer Cost Reduction – Paper on work on arriving at Cost Burdens for small businesses

10. Rebecca Benneyworth (RB) dialled into the meeting to present her paper looking at cost burdens for small businesses. RB gave some background on the work she did on the measures reported at budget and how she had re-evaluated the reported figures to assess her considered impact on small businesses. This was then followed by a meeting with HMRC team. Suggestion is to assess some measures by gathering further evidence and work in partnership to better understand the impact on small businesses.
11. Tony Kelly (TK) stated that HMRC needed to enforce and promote the use of the Small and Micro Business Assessment (SMBA) tool, broaden the need to reflect transitional costs and to raise awareness of the role ABAB play in challenge the reported figures.
12. KT also indicated the need to assess and include the emotional costs of doing the work into the reporting process. TG stressed the importance on the narrative that accompanies the figures as being the way to demonstrate what has and hasn't been considered.

AP – Work with KAI to assess SME impact with wider group of ABAB members and better enforce the SMBA and the role ABAB can play in scrutiny of Burden figures.

Update on cash accounting user testing

13. Roger Southam (RS) gave his assessment on the user testing session he attended for the cash accounting forms and notes. He highlighted the confusion created by the tone and language used on both the form and help sheets.
14. TK explained that 16 sessions are planned, all feedback will be gathered, evaluated and changes made. Also the majority of SA customers file online where the guidance and usability is more tailored and directed to the needs of the customer. TM added that we have different timetables for changes to online and paper versions, and that there are potential costs involved in any changes to printed guidance/forms.
15. Alastair Keir (AK) also attended a user testing session and recommended that the different forms of completing (accruals and cash basis) have separate instructions and that HMRC issue the Cash basis as the default option to SMEs.

Review Challenge Customer Experience Picture

16. TG reviewed the current RAG status of 'Making tax easier, quicker and simpler for small businesses' and highlighted the Red RAG status on the Tone section. She would like to have a full agenda item at the next meeting on Tone of communication/relationship and to include what the communication toolkit looks like for staff.

17. Members would also like to understand more about the HMRC payments strategy and the business payments strategy.

AP – Agenda item at future meeting on Tone of communications.

AP – Agenda item at future meeting on HMRC and business payments strategy.

Small business education

18. TG welcomed Colin Ford (CF), Colin McMurtie (CM), Mike Brook (MB) and Karen Lewis (KL) from the BC&S SME education team.
19. CF introduced the team and explained that their target audience were the million mainly new small businesses that don't use agents and where research shows that they have difficulty engaging with HMRC. The education is targeted in a variety of digital areas and we work with representative partners to reach and engage with this small business population.
20. To highlight the offering CM went through a typical SA journey for a new business, highlighting the key stages and the education tools and techniques offered at each of these stages. CM demonstrated the education tools:
 - You Tube – First point of call for some starting in business
 - Emails – Business can sign up and opt out of business advice emails from HMRC that promote education tools etc. E-mail software allows HMRC to assess if email has been opened. Supported RTI for OOB survey.
 - E-learning – A series of learning products on business specific subjects.
 - Webinars – 4 live feeds a day with 30 minutes education followed by 30 minutes Q&A session. Customers prefer this to previous face to face education as it is more convenient to them.
 - Mobile Apps – Free apps to help business capture receipts for business expenses (40,000+ have been downloaded since 2012).
21. Members were very impressed by the overall offering, but raised the need for the tone and language to be more consistent. Questions were raised around promotion of these tools rather than relying on business finding them. CF commented that we work with partners to promote our offering but would look at other options to do more promotion work.

Update from HMRC Director General Personal Tax – Ruth Owen

22. TG welcomed Ruth Owen (RO) and asked her to share her experience after her first full year in HMRC.
23. RO welcomed the challenge of her new role in HMRC: a fantastic opportunity to work and improve the customer experience of the department, adding value to HMRC by improving our service levels and professionalism. Her first impressions were that the department was in recovery mode given the tone of the relationship with customers and the workforce.
24. RO she has put the customer at the heart of everything HMRC does. Design around the customer and embed better customer segmentation than previously. The voice of the customer is used at every Personal Tax Leadership Team meeting. Remove complexity in the way we do things through: Business Process Reengineering – end to end processes; transforming channel management (telephony and channels such as SMS and social media); and new digital channel for individuals.

25. TG thanked RO for her honest presentation, and highlighted the HMRC challenge panels where she asks about the last time they did a “Ruth Owen” (understand voice of customer).
26. AHu asked who looks after the sole trader population as these appear to get lost in HMRC between business and personal tax. RO recognised this through the experience her sister receives as a sole trader, while acknowledging the difficulty getting the voice of the unrepresented.
27. KT proposed removing complexity through adopting a more common sense approach providing an example of a large employer wanting to payroll 12000 P11Ds but HMRC want papers copies.
28. PA summarised the earlier discussions on RTI to give RO a flavour of the boards feelings:
 - ABAB concerns around savings - results from the OOB survey suggest that the vast majority say they will either see their costs increased or stay the same.
 - Removal of the easement without the supporting evidence.
 - Small micros who employ agents will see increased costs
 - Understanding of the effects of Universal Credit and who is responsible for resolution when problems arise.
29. TG added that the net £300m saving is getting in the way and causes suspicion and distrust, creating a disconnect between decisions, the evidence, and when answers will be available. This highlights the need to refine the baseline through the SCM and provide better narrative around the numbers.
30. RO believed there are savings to be had, particularly around end of year processes. She recognised ABAB’s concerns and acknowledged the work underway to better understand the breadth of impacts and breakdown the figure into different sectors to demonstrate the savings/costs to each sector. She was talking to the XST about this work. TM added that the SCM was baselined in 2005, there are opportunities for refinement while becoming more sophisticated and inventive with how we consider business impacts and costs.
31. TG thanked RO and finished by stating that if anybody could make her say she was a ‘customer’ then it would be RO.

Review of the ABAB forward look

32. Members reviewed the forward look document and reiterated the items that had been raised at previous stages of the meeting that they would like to be added to the agenda.

AOB

33. TG asked RS to represent ABAB on Universal Credit with AHu supporting if needed.
34. TG asked MB to represent ABAB on the Transparent Benchmarking Project and TG would support if needed.

Next meeting

The next meeting will be held on Tuesday 4 February 2014, from 13:00 – 17:00 at G/16, 1 Horse Guards Road.