

ADMINISTRATIVE BURDENS ADVISORY BOARD

Minutes of Advisory Board Meeting 15th April 2014

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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), Allison Harper (AH), Karen Thomson (KT), Alastair Keir (AK), John Whiting (JW), Martin Jones (MJ), Rebecca Benneyworth (RB)

Apologies: Paul Aplin (PA), Roger Southam (RS)

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

Apologies: Matthew Henty (MH) – HM Treasury, Elena Williams (EW),

Guests:

Indirect Tax, Eileen Patching (EP) and Lorn Morrison (LM)

HMRC Chief Digital & Information Officer, Mark Dearnley (MD)

Digital Service Manager - Your Tax Account, Michael Cornford (MC) and Asma Mani (AM)

Observers: Paul Harrison (HMRC, BC&S), Jagdeep Gill (HMRC, BC&S), Clive Lewis (ICAEW)

Welcome/Update

Teresa Graham (TG) welcomed everyone to the meeting noted apologies from Paul Aplin, Roger Southam and Matthew Henty.

Review of action points/issues log

1. TG reviewed the open action items and agreed to close APs 19, 24, 27, 30 and 31.
2. AP31 – TG questioned whether the methodology and techniques used in Behaviour Change could be utilised to help cost impacts of changes (SCM).

AP – Explore Behaviour Change techniques and if/how this is being utilised/embedded across HMRC.

ABAB Annual Report

3. TG apologised for not being able to canvass all members opinions on the annual report and asked how the report had been received both within and outside of HMRC, and whether there had been any press coverage. Simon Woodside (SW) responded that it had been well received within HMRC, and the XST welcomed the report and would respond shortly. In terms of press coverage, there had been little activity beyond some re-tweeting.
4. Several members commented that they had been publicising/promoting the report and the ABAB internet pages via several channels (e.g. Payroll World, meetings with accountancy bodies). They obtained some feedback that suggested the report could be supplemented by a one page summary. TG asked how we could improve this for future reports and members suggested that a press release/statement or summary one pager could be utilised. The XST response could also provide an opportunity to re-promote the role and existence of ABAB.
5. TG then asked about the priorities for 14/15 as set out in the annual report and whether there are other areas ABAB should focus on. For members, the priorities contained within the report were correct. However they would also like to ensure that the impact from the digital agenda and the launch of auto enrolment which will have a big impact on small business, are also areas to prioritise. They also highlighted a need to maintain focus on Business Records Check and the Transparent Benchmarking project.

AP – TG to meet with Lord Curry to explore impact of auto enrolment (Rebecca Benneyworth (RB) to provide note) and discuss annual report.

AP – Business Records Check as agenda item at October meeting.

AP – Transparent Benchmarking project as agenda item at July meeting.

Approach to improving Customer Experience in VAT

6. Lorn Morrison (LM) and Eileen Patching (EP) delivered a presentation on the work currently underway within indirect tax to improve customer experience. The approach being used ensures that VAT processes are considered from the customer's perspective and that the redesign is informed by relevant customer insight. LM and EP gave an example of this approach by describing the changes being made to the standard letters that HMRC issues. The principle contact with customers is via letter, within excess of 4.5 million letters were issued each year. This has a big impact on customers and improving the letters will therefore impact, positively, their experience with HMRC.
7. A review of these letters identified that there were over 1000 standard VAT letters being used due to the widespread dispersed nature of HMRC. A piloted methodology to review and test a section of these letters with customers delivered changes to the tone and content. The changes made resulted in a reduction in the volume of standard letters being issued, and also reduced contact by 35%.
8. LM and EP then described the programme of work they will continue to deliver in 2014/15 and beyond:
 - looking at a customer-centric approach to re-engineer key VAT processes
 - map and review the interactions with, and impacts on, customers.

Key to this will also be to work with stakeholders, such as ABAB. Members were asked to identify and submit any letters that cause concern for them or business customers so that a review can be undertaken to improve them.

9. TG thanked LM and EP for a very honest and refreshing presentation. Karen Thomson (KT) asked what was being done to prevent more letters being created and issued locally. LM detailed the governance and control mechanisms in place to mitigate that. EP added that a wider HMRC project is reviewing the option of having a central repository for all letters. AHu queried the move to remove telephone numbers from letters, as a lot of business don't have the digital knowledge and would rather pick up the phone. AHu did comment that it is positive to hear that processes seem to be designed around compliant customers, rather than the non-compliant, which has occurred in the past.

Latest Customer Experience Picture

10. Simon Woodside (SW) presented the three strands of the HMRC customer experience picture and discussed the current components and scores. He also explained that HMRC is exploring a more radical approach to the tracking and testing of future customer experience measures.
11. Members discussed external comparisons (e.g. Amazon) and that expectations therefore, have changed the way business will expect and perceive customer experience. There are also different ways HMRC should explore to receive/collect feedback and therefore measure experience (for instance a survey could be performed around specific life events or themes/regimes).

The Future of Apprenticeships in England and Wales

12. KT provided the Board with an overview of the meeting that she, Roger Southam, Chris Graham-Bell (CGB) and Martin Jones (MJ) attended with HMRC and BIS, to discuss the

future of apprenticeship funding for employers. KT explained that there are two options being considered:

- Receive funding through the PAYE system using real time information submissions; or
 - Receive funding through a new direct credit model
13. Members discussed the pros and cons of both systems in particular the threat around the management and risk of fraud, they also raised the question of cost benefits of new methodology. KT recommended that ABAB write to both HMRC and BIS ministers to recommend the direct credit model and highlight the risks of the PAYE system funding option.

AP – Write to ministers regarding the risks of PAYE model and recommending adopting the direct credit model.

Office of Tax Simplifications (OTS) – Review of Competitiveness of UK tax administration

14. John Whiting (JW) discussed the objectives of the OTS review (which is due to report in summer 2014) requested by the Chancellor regarding what the government can do to further improve the competitiveness of UK tax administration, with particular regard to the World Bank's 'Doing Business' report. The UK is ranked 10th overall which includes sub indicators relevant to tax, particularly; tax administration and paying taxes and starting a business.
15. The review will look at what HMRC has already done and is planning to do to improve the competitiveness of the tax administration, recommend what more can be done, focus on administration of taxes mentioned in the World Banks report, draw lessons from key competitors, and take account of the opportunities offered by HMRC's plans for digital transformation. It was confirmed that Tony Kelly (TK) is working with OTS team to provide background information about customer experience
16. TG commented that the next round of challenge panels could be utilised to test progress in this area and the wider growth agenda.

Your Tax Account

17. Michael Cornford (MC) and Asma Mani (AM) described the context in which 'Your Tax Account' is being delivered and explained the methodology being used to build in stages. Each stage is developed, customer tested and redesigned based on customer feedback. They then gave a live demonstration of 'Your Tax Account' and explained future enhancements that will also be added to it.
18. Members discussed the need for it to look and feel more engaging in order to maximise effectiveness, otherwise users won't embrace it. Malcolm Bacchus (MB) asked if business will be able to tailor their homepage, perhaps being able to use/move widgets around. RB raised question around PAYE payments being shown and do they show current and up to date payments. MC indicated that they would be and there will also be the ability for HMRC to tailor messages better so that businesses will know what the payments relate to and the period they relate to.

AP – Bring developments of ‘Your Tax Account’ back to the board.**HMRC Chief Digital and Information Officer – Mark Dearnley**

19. TG welcomed Mark Dearnley (MD) and asked him to share his experience of HMRC as a relatively newcomer to HMRC.
20. MD explained the challenges faced in HMRC including the size of customer base, delivering with less whilst also closing the tax gap; the scale of this challenge. He gave examples of the volumes of our current communications, but indicated there is great potential to enhance digital capability within HMRC to provide a better service for our customers.
21. MD then outlined the HMRC digital ambition, and how a multi-channel digital tax platform will provide a secure, reliable, flexible and scalable platform for new and enhanced digital services whilst enabling services to be developed quickly and easily, based on customer needs. In terms of next steps HMRC will deliver pilot exemplar services including ‘Your Tax Account’ and by making our iForms tablet and phone friendly.
22. Martin Jones (MJ) asked what is being done differently to previous government IT projects? MD indicated that the methodology being used by doing small sized delivery, testing, refining as we deliver and by doing ourselves and not through big contracts is different to previous projects. TG asked how HMRC prioritise what needs to be digitalised? MD responded by indicating that by creating the capacity within business areas in HMRC to prioritise and working across regimes to discuss proposal and sequencing of delivery will drive the prioritisation.
23. JW explained that cyber security is an issue for business and asked what is being done to address this? MD explained that there will need to be a change to the way customers access government services and identity assurance is a key project currently being delivered. Whether this will be by means of tokens or allowing access for certain IP addresses is unclear.

Review of the ABAB forward look

24. 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

25. RTI – KT highlighted the issue with the updating of the tax dashboard and how an enhancement required demonstrating a breakdown of payments is costly and not being prioritised in HMRC. KT commented that HMRC understand the business complications and transitional issues faced and are supportive in this area. HMRC have been criticised for several issues recently despite these being outside of HMRC control, notably when the Government gateway went down causing RTI issues.

Next meeting

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