

ADMINISTRATIVE BURDENS ADVISORY BOARD

Minutes of Advisory Board Meeting 1 July 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), Roger Southam (RS), Allison Harper (AH), Alastair Keir (AK), John Whiting (JW), Paul Aplin (PA)

Apologies: Rebecca Benneyworth (RB), Karen Thomson (KT), Dr Martin Jones (MJ)

HMRC / HM Treasury Attendees: Theresa Middleton (TM), Jim Harra (JH), Simon Woodside (SW), Caroline Smith (CS) Elena Williams (EW), Emily Smith (ES) – HM Treasury

Apologies: Neil Philpott, Matthew Henty

Guests:

Finance HMRC Performance Team: Robert Eve (RE)

Small Business Strategy team, BC&S: Rebecca Hall (RH)

Central Customer and Strategy: Colin Shingler (CS),

Central Customer & Strategy: Anthea Watson (AW)

Customer Experience & Insight team, BC&S: Tarveen Singh (TS)

Observers: Jan Welstead (BT Operations), Kevin Ault (Small Business Strategy team, BC&S), Romanara Khan (Customer Experience & Insight team, BC&S)

Welcome/Update

Teresa Graham (TG) welcomed everyone to the meeting - noting apologies from Karen Thomson, Rebecca Benneyworth and Martin Jones. She also informed the meeting that Tony Kelly has a new role within BC&S and is no longer part of the secretariat, and welcomed Caroline Smith on board. Teresa also commented on Elena Williams departure on secondment.

Review of action points/issues log

1. TG reviewed the open action items and agreed to close APs ...
2. AP029 – Caroline Smith (CS) gave an update on the ‘Tell ABAB’ feedback function, following an internal workshop to review the submissions reviewed so far. She told the meeting that the main themes were around personalisation - customers want information that’s relevant to them and their individual businesses (something that Your Tax Account is being designed to provide). She told the meeting that the sub-group is due to meet to and will develop a communications and marketing plan.
3. AP032 – TG told the meeting about her latest meeting with Lord Curry, and that in response to his challenge that HMRC does not participate in ‘one in , two out’/ Red Tape Challenge she shared a copy of the ABAB annual report which demonstrates what HMRC and ABAB are doing to reduce burdens on businesses. She said she also took the opportunity to let Lord Curry know about auto-enrolment.
4. AP037 – TG gave a brief readout of the discussions held with the CBI, BCC, IOD and FSB (also attended by SW and CS), notably that there was a general agreement between all parties about priorities. And that in relation to ‘Tell ABAB’ and other comms they are happy to give HMRC/ABAB access to their members, and are happy to signpost on their websites. There was also some discussion of the joint CBI/Grant Thornton report ‘Stuck in the middle – addressing the tax burden for medium-sized businesses’. Published in June 2014, the report addresses concerns this segment does not receive enough government support. Jim Harra told the Board that HMRC has undertaken some significant work on establishing an approach for mid-sized businesses.
5. Moving up the agenda from AOB (agenda item 11), John Whiting (JW) spoke about HMRC’s consultation on employee benefits in kind, launched on 18 June 2014. He told the meeting there were four consultations: abolition of the £8,500 threshold, exemption for trivial benefits in kind, replacing dispensations for reporting non-taxable expenses; and voluntary payrolling for benefits in kind. JW asked the Board if ABAB wished to respond to the call for evidence on remuneration practices. MB expressed reluctance for ABAB to participate in every consultation. JW suggested a broad response which encourages the overarching objective of simplification as well as the direction of travel.

AP - HMRC to present the mid-sized strategy at a future ABAB meeting

AP - Andrew Hubbard (AHu) and MB to form a ‘consultations’ subgroup, to work with TG and Neil Philpott to draft a response as per JW’s suggestion.

Latest customer experience picture

6. CS shared the headline picture with the meeting: that there had been a small decline in the customer experience score, as well as another decline in the Agent's score. And that there was work ongoing to better understand the picture.
7. Paul Aplin (PA) said he had heard some concerns about ITA from the Agent community, although he personally is in favour of it.
8. Paul Aplin (PA) said that he and the RTI working group remains unconvinced that there are savings and that the standard cost model misunderstands the end of year process. Simon Woodside (SW) said that detailed research, being undertaken by an independent external agency, was ongoing and due to report back at the end of the summer.
9. TG reminded the meeting that RTI is on the forward look for the next meeting, in October, and those findings would be discussed then.
10. AHu raised the issue of monthly reporting for the self-employed in relation to Universal Credits, TM confirmed it was only for those who transition to UC

AP - Secretariat to provide an update on how existing customers migrate from tax credits to Universal Credit; and the DWP requirements for the monthly basis of reporting.**New performance measures**

11. Robert Eve (RE) delivered a presentation, sharing with the meeting the background to, and the objectives of, the new performance management framework which is currently in development. He explained that the measures were being developed to ensure that HMRC delivers processes and services that are designed around the customer to maximise voluntary compliance, including the reduction of error, helping customers to understand what they have to do and when. RE explained that one of the next steps in the development of the measures is to create a set of stories that illustrate the intended outcomes that should arise when the new framework is applied
12. Members of the Board commented on the slide deck. TG suggested that the draft mission slide should be more dynamic. PA asked how the department was going to be sure that it was designing around the customer, when the experience with RTI shows that it is not yet happening enough. He suggested that HMRC policy and process officials should spend more time with businesses to better understand the impacts on business.
13. AHu was welcoming of the principle, but also expressed concerns based on the RTI experience. Alastair Keir (AK) cautioned that HMRC could be setting itself up for failure if the budget is not there to deliver its objectives. He suggested the addition of a comment or statement about justifying costs, and the value of investment in seeking to customer focussed objectives.
14. SW agreed that these challenges were fair, while RS saw the main benefit as facilitating engagement with Ministers.

AP - Bring performance measures back to ABAB in Feb 2015

Small business strategy refresh

15. Rebecca Hall (RH) gave ABAB an early sight of the work her team is undertaking on the small business strategy, and highlighted that:
 - A mid-sized strategy and segment research has been developed;
 - Moving towards creating a small business strategy and looking at what that means for micro businesses, in particular;
 - The strategy will be drafted so that it can be understood easily outside of HMRC;
 - The team is currently undertaking internal research and horizon scanning, particular around technological innovation, and will draw on that insight and understanding to develop the strategy.
16. RH stated that team was keen to get input from as many sources as possible, and invited ABAB member to form a small working group to help develop and test the thinking.
17. The Board were widely supportive of the specific focus on small businesses and emphasised the further distinction between micro businesses and small businesses
18. TG suggested merging this work with the work that Rebecca Benneyworth has been undertaking with Tony Kelly.
19. AHu suggested that the small business population must be properly represented in the strategy, that the self-employed and small partnerships are often left out, and that the distinction between income tax/PAYE versus corporation tax is often irrelevant.
20. JW shared some partnerships insight: 10% of UK businesses are partnerships. And 2 million are nano businesses with turnover of £20,000 to £30,000

AP - Sub-group to work with RH's team on small business strategy (Chris Graham-Bell, Allison Harper and Malcolm Bacchus)**HMRC approach to complaints and learning lessons**

21. Anthea Watson (AW) introduced the session by sharing the background to HMRC's complaints approach. She described how HMRC is working hard to understand an overall view of our customers across the department, not just within a particular line of business. This allows HMRC to better identify trends and compare these to other feedback received from customers, such as through social media or to contact centre staff for example.
22. Colin Shingler (CSh) delivered a presentation which covered the following key points and issues:
 - Background: the complaints landscape. HMRC received 70-80,000 complaints a year, working hard to drive that down, now at about 65,000.
 - Key themes identified in those complaints: delays, mistakes, processes and systems. With complaints being churned through the department without any learning taking place.
 - HMRC's response: the One HMRC action plan, which identified four areas for improvement;
 - Ownership and engagements; building capability; measures (dashboard of indicators) and learning lessons.
 - Successes have been shared since developing this approach, and lesson learned from the feedback received from customers. What next: the department's

complaints ambition is to: be an exemplar for Whitehall in complaints handling and use of complaints data.

23. Tarveen Singh (TS) described the change in how HMRC views complaints, utilising them as valuable feedback.

With particular focus on:

- identifying root causes, rather than applying sticking plasters
 - improving the ability of complaints handlers to do their jobs well, and with empathy for the customer.
 - ensuring senior buy in,
 - building capability and strengthening the skills of staff, empowering them to get involved in the process
 - metrics and measures that will assist with quality assurance, and allow the department to raise visibility of the issues with stakeholders.
24. JW told the meeting that he has been involved in this good news story. Roger Southam (RS) agreed that the approach is fantastic, but raised the question ‘when is a complaint a complaint?’ And that it might be a disservice to register some issues as complaints when a customer is simply ‘cheesed off’ and giving feedback. TG suggested that more should be done to raise awareness of this good news story.
25. MB asked how HMRC measures the qualitative aspects to complaints handling such as empathy. CSh agreed this was more difficult but that consideration was made for this.

Update from HMRC Director General Business Tax

26. JH talked about his duties as a Commissioner (care and management of the tax system), and his role as the director general for business tax: strategy and tax policy for dealing with business customers, as well as responsibility for the UK’s Customs authority, acting on behalf of the EU in this regard.
27. Business Tax is the smallest line of business in HMRC, but is home to half of the department’s senior civil servants, who also total one quarter of all senior civil servants in Whitehall.
28. Current focus: delivering the final year of the Spending Review, providing good support to ministers, especially in respect of supporting growth and tackling avoidance and preparation for the next Spending review period.
29. Opportunities:
- tackling the perception of treatment in respect of large versus small businesses – from access to the department to fairness and even-handedness
 - strategy for tax agents and advisers
 - promoting economic growth, and growing the tax base.
 - small business enterprise bill – a strong demonstration of cross-government collaboration
 - transforming the administration of VAT
 - customs – facilitating trade, protecting our borders
30. The meeting then discussed the following:
- Parity of treatment: small business versus large business
 - The role of tax agents in a modern, digital environment

- Relationship management for small businesses
- Tackling fraud and making it easier for people to whistle blow
- Small business versus large business: contribution to the tax gap and treating customers proportionately
- Tax campaigns – deliberate defaulters

31. TG expressed the Board's appreciation of JH's attendance and participation at ABAB meetings.

Update on Your Tax Account

32. Theresa Middleton delivered an update on Your Tax Account. Your Tax Account provides a single on-line account for business customers. At the end of May the invite to the private beta was launched. The department expected about 200 responses but received several thousand in 30 minutes. There are currently 12,000 customers. 5-600 are actively providing feedback.
33. We are planning to migrate in the 750,000 users of the business tax dashboard, in the autumn. In the interim the department is undertaking full, robust testing of the support model which will enable 2million small businesses to begin using Your Tax account, by the end of 14/15.

AP - Secretariat to follow up on the ability of the telephone help desk staff to see what the customer can see.

Priorities 2014/2015 and validation roadshow with small business representatives

34. TG suggested writing to Lord Curry to update him on the outcome of the road shows.

AP - SW to draft a note to Lord Curry about the engagements with FSB, CBI, BCC and IOD

AOB

Transparent benchmarking

35. MB provided an update on the project: 20,000 letters have been sent to driving instructors and painters and decorators in the north east of England. An interim evaluation will take place in August 2014 and a full evaluation in Spring 2015. There is also a project planning to do the same for VAT.

Review of the ABAB forward look

36. 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.

Next meeting

The next meeting will be held on Thursday 9th October, from 13:00 – 17:00 in 2/66, 100 Parliament Street.