

ADMINISTRATIVE BURDENS ADVISORY BOARD

Minutes of Advisory Board Meeting 5 February 2015

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13.00 – 17.00

2/66, 1 Horse Guards Road, London, SW1A 2HQ

Advisory Board attendees:

Teresa Graham (TG), Andrew Hubbard (AHu), Malcolm Bacchus (MB), Roger Southam (RS), John Whiting (JW), Paul Aplin (PA), Dr Martin Jones (MJ), Rebecca Benneyworth (RB) and Karen Thomson (KT)

Apologies:

Chris Graham-Bell (CGB), Allison Harper (AH) and Alastair Keir (AK)

HMRC / HM Treasury Attendees:

Theresa Middleton (TM), Jim Harra (JH), Simon Woodside (SW), Caroline Smith (CS), Neil Philpott (NP), Emily Smith (ES) – HM Treasury

Guests:

Jas Rai (JR), Paul Hill (PH), Gareth Cooper (GC) (All BC&S)

Welcome/Update

Teresa Graham (TG) welcomed everyone to the meeting - noting apologies from Chris Graham-Bell, Allison Harper and Alastair Keir.

Review of action points/issues log

1. TG reviewed the open action items and agreed to close AP044, AP045, AP046, AP047, AP048 and AP049. The remaining action point AP042 was discussed and remains open for future review.

Applying Customer Insight

2. Paul Hill (PH) and Gareth Cooper (GC) gave an overview of the current research programme within Business Tax, identifying key programmes of interest for ABAB and how these play into the wider development of customer insight to help HMRC build capability, focusing on customer needs and improving overall performance. The board were invited to be involved with the research programme in any way they see fit to bring the small business experience into design. They were also asked about any channels they would recommend in order for HMRC to obtain further small business insight and understanding.
3. The board raised the need to reach out to full breadth of the business population and interact with micro business communities that do not get represented elsewhere. There was also a need to experience the true day to day workings of your small business population and Paul Aplin (PA) noted that Ruth Owen had welcomed the opportunity to visit small businesses to discuss the impact of RTI. Karen Thomson (KT) suggested that HMRC could utilise ABAB members and their contacts to facilitate.
4. Rebecca Benneyworth (RB) asked specifically about the purpose of the research on VAT accounting software. PH explained that it was to understand the products used by small businesses, how they use them and identify what improvements would be of benefit to them. Malcolm Bacchus (MB) asked how HMRC test current processes and use insight to improve the system. Theresa Middleton (TM) explained that this will, in the future, be standard practice as HMRC works in an agile way and develops new digital services utilising real time customer feedback/insight to make improvements to the systems.
5. Comments were then made around agent community and the need to reach and better understand them, the culture and the potential changes of agent use by small businesses.

AP – Involve John Whiting (JW) in Understanding Small Business views on choice

AP – Agent Strategy to be added to forward look of agenda items.

AP – Bring insight capability plans back to update board – add to forward look.

David Gauke (DG), FST joined the meeting.

6. TG thanked DG for attending and invited his views on ABAB's priorities going forward. DG responded with the need to continue to provide support and a challenge function. He particularly saw a role for ABAB in encouraging HMRC to be bold in their pursuit of new digital services and the ambitious digital agenda to drive out efficiencies both internally and externally.
7. DG reinforced the need to work with the agent community to revolutionise the experience of small business and highlighted new possibilities of cross government working particularly around data and targeting communications.
8. DG thanked ABAB for its support and constructive relationship during the past 5 years. He reflected that HMRC have made real progress during this time and noted a welcome, more strategic approach by the department.
9. On behalf of the Board TG thanked DG for his positive engagement with ABAB, being receptive and open to their views to ensure supporting small businesses remains a priority.

ABAB Working Groups**Tell ABAB**

10. MB gave an update to the board on the review of submissions through the Tell ABAB facility and gave a reminder of the themes coming through. MB explained that we are currently reviewing the summary report produced for the ABAB website and noted the need to strike a balance between reporting on progress and new initiatives underway and acknowledging current issues for example with contact experience.
11. KT highlighted a concern over GOV.UK where guidance has been over-simplified in many areas for example payroll guidance. This concern was endorsed by other Board members who also felt that navigation was sometimes confusing and that current information had been unnecessarily archived.
12. TM highlighted that this was a known concern and that HMRC are working with GOV.UK to rectify; whilst for individuals the simpler the guidance the better, small businesses have more specific needs and often need more detail and specific, tailored guidance.

AP – Liaise with members for specific examples of concerns with GOV.UK.**VAT Letters project**

13. Roger Southam (RS) gave an update on this project and welcomed the positive constructive relationship with HMRC, noting that he will continue to support the review. RS expressed concern that having received the latest batch, it appeared there was much duplication in letters. RS will feed this back into the process with HMRC colleagues.

Universal Credit (UC)

14. RS reflected on HMRC's exemplar approach in engaging with stakeholders and expressed a desire for constructive and supporting relationships to develop further with DWP, supported by other Board members. RS raised concerns on the future delivery of UC and the impact on small businesses. Outstanding issues include the definition of self-employment, definition of income and handling of car allowances which DWP had not yet responded on.

AP – TG to raise UC issue with Lord Curry at their next engagement.**AP – RS to write to DWP to express concerns**

Small Business Strategy refresh - Update

15. TG summarised latest activity on HMRC's refresh of the small business strategy. She outlined the six potential principles for working with small businesses in the future and highlighted some of the key themes arising from the discussions. TG commented that the meeting involved lively discussion and interesting debate, the emphasis now being on maintaining momentum.

OTS Competitiveness Review

16. JW gave an overview of the timeline and informed the Board that the formal response from FST indicated that 51 out of 57 recommendations have (at least in part) been accepted and will be taken forward, some being powerful recommendations i.e. RTI implementation review. JW keen to understand more about how and when these recommendations will be taken forward. JW then discussed recommendation 25 (related to VAT debt relief) and suggested that utilisation and citing of EU law shouldn't be used as a reason why HMRC cannot take it forward. TG suggested engaging with FSB to lobby this issue.

HMRC's role in supporting growth

17. TM shared how HMRC has been exploring its role in encouraging growth. Existing initiatives include promotion of reliefs and allowances and a unit to work on identifying the mid-sized business with scope to grow. HMRC have recognised the need for an overarching strategy in this area which will also consider how to measure growth. Future activities might include greater opportunities to utilise HMRC's outbound email in a more rigorous way to promote cross-government messages to support growth and perhaps using Your Tax Account as a channel to access all government business services.
18. RS cautioned that despite HMRC being ahead of other government departments on digital ways of working, there would need to be sufficient funding for HMRC to develop this cross-government approach.
19. Martin Jones (MJ) noted his support for promotion of reliefs and allowances and suggested that the communications should be improved to aid small businesses' understanding. RB endorsed this, noting that Research and Development allowances are being significantly underused by small businesses. JW sees the need for HMRC/HMT to create a mechanism in which they can assess the impact and measure the effectiveness of reliefs and allowances.
20. Andrew Hubbard (AHu) raised concerns with HMRC leading on the growth agenda which could create tensions with its remit of operating the tax system.

AP – Growth Strategy and measurement to be added to forward look.**RTI – Taking forward the lessons learned**

21. SW referred to the letters between Jim Harra, ABAB and the FST on the implementation of RTI. He highlighted the lessons learnt and gave re-assurance that HMRC will honour these commitments. SW discussed the various tools available to measure the impact on business and to map customer journeys and confirmed the need for these disciplines to be used in parallel to get a complete picture. SW noted that the new performance measurement

framework and a strengthened approach to applying insight will help to reinforce the lessons learned.

22. KT raised an RTI legislation issue regarding overpayments and the impact if someone leaves employer before end of month end. KT will feed the issue through to relevant RTI team. MB highlighted the need for earlier engagement with customers before the design process begins. TM responded that new method (Agile) of delivering projects will enhance this way of working as well as the application of insight as described earlier.

Latest Customer Experience update

23. Caroline Smith (CS) provided a summary of the latest Customer Experience Survey Scores. The SME 'Straightforward' score is 78, down from 79.5 last year.
24. CS then highlighted that in the second quarter of 2014/15, the PAYE/NI score for 'ease of completing' has significantly increased for the second time since the rollout of RTI, which suggests that employers are becoming accustomed to reporting in real time.
25. CS also highlighted the publication of 'Supporting Small Business' document in December 2014 and described initial communications activity leading up to Christmas and then consciously held back during January's Self-Assessment peak. There will now be another promotional drive and members were encourage to promote through the relevant channels available to them.

New approaches to securing & using customer feedback

26. Aligned with the development of HMRC's new performance measures, Jas Rai (JR) shared initial thoughts on a new approach to measuring customer experience. Consisting of three strands to measure customer experience; an annual customer survey, regular exit surveys (to enable real time feedback into service provided on specific transactions) and a monthly 'heatmap' of customer feedback from various channels to gauge how customers are feeling.
27. JR shared initial thoughts on how the monthly snap shot of customer feedback could look and invited members for their views.
28. In general the board endorsed the approach and suggested engagement with specialist trade bodies for example the British Property Federation, as an added dimension to the customer experience snapshot. There was also some views expressed on the exit surveys and the need to be mindful of the number of questions and using the right pitch in questioning. There was also a concern that the results might be biased due to fear of perceived repercussions of a negative response. Suggestions were to make this channel of feedback anonymous.

Review of ABAB's 14/15 Priorities and discussion of next Annual Report and 15/16 priorities

29. TG welcomed the straw-man provided and indicated that this would be used to formulate the Annual Report to be published ahead of the General Election. There were several themes/work areas identified today, mainly in discussion with FST, which will supplement this. These were:
- Continuing to challenge HMRC to be ***bold in the delivery of its digital ambition***, as a key means of making a noticeable difference;
 - Strengthening our ***forward look*** to maximise ABAB's ability to influence initiatives impacting on small business as early in the development process as possible;

- Continuing to support and maintain focus on ***the Small Business Strategy refresh***, combining this with a greater understanding of the implications for the agent community and their changing operating models;
 - Continuing to work with HMRC to ensure that the ***right culture and capability*** is embedded at all levels within the organisation;
 - Working with HMRC on the ***post implementation review of RTI***;
 - Ensuring HMRC ***embeds the lessons learned from RTI*** in addressing customer costs and benefits, so that they better reflect day-to-day impact on small businesses;
 - Assuring HMRC's ***new performance measurement framework*** powerfully reflects customer experience/service issues;
 - Continuing to address the implications for the self-employed of the ***introduction of Universal Credit (and transition out of Tax Credits)***;
 - Supporting and challenging ***HMRCs contribution to the growth agenda, including measurement*** and initiatives to increase take-up of reliefs and allowances designed to support growth;
 - Supporting ***greater use of behavioural insight work*** across HMRC to provide a more tailored service to small businesses; and
 - Continuing to ***engage directly with small businesses via our 'Tell ABAB' facility*** to bring that additional insight to bear on our work with HMRC.
30. There followed a discussion around the importance of understanding the Agent industry and how there are varying degrees of business models being used by them in their relationships with their clients.
31. The board then discussed the penalties consultation that is currently open and noted that penalties do not necessarily encourage future compliance behaviour. Comments were made around potential use of rewards or incentives that would give greater encouragement to be more compliant.

AP – Send link to Penalties consultation to members.

Forward Look

32. Members reviewed the forward look document and reiterated the items they would like to be added to the agenda.
33. KT mentioned the need to keep a focus on the removal of the P45 and how this will impact small businesses.

AP – Removal of P45 to be added to forward look.

Next meeting

The next meeting will be held on Wednesday 22nd April, from 13:00 – 17:00 in 2/66, 100 Parliament Street.