

ADMINISTRATIVE BURDENS ADVISORY BOARD

Minutes of Advisory Board Meeting 5 June 2015

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13.00 – 17.00

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

Advisory Board attendees: Teresa Graham, John Whiting, Roger Southam, Paul Aplin, Dr Martin Jones, Karen Thomson, Rebecca Benneyworth, Chris Graham-Bell, Allison Harper, Alastair Keir

Apologies: Malcolm Bacchus, Andrew Hubbard

HMRC & HMT attendees:

Theresa Middleton, Caroline Smith, Simon Woodside, Matthew Henty (HMT), Shahid Khan (Secretariat)

Apologies: Jim Harra, Neil Philpott (Secretariat)

Guests: Jeremy Tyler (BC&S), Rebecca Hall (BC&S), Tarveen Singh (BC&S), Andrew Gordon (PT Customer Product and Process), Observing: Richard Barrett (BC&S)

Welcome/Update

Teresa Graham (TG) welcomed everyone to the meeting - noting apologies from Malcolm Bacchus, Andrew Hubbard Jim Harra, and Neil Philpott.

Review of action points/issues log

1. TG reviewed the open action items and agreed to close AP051, AP052 and AP053. The remaining action points were:
 - AP042 was discussed and remains open for future review.
 - AP50 was discussed, agreed to share report and put on agenda for July meeting
 - AP054 was discussed and will be put on the forward look.

Priorities for new Government

2. Theresa Middleton (TM) gave an overview of the new Government and its priorities. Having the same Chancellor/FST helps with continuity and the priority for the new Government is to reduce the deficit and business burdens whilst increasing economic growth. The new Government aims to support growth by letting businesses invest and run their affairs with minimal disruption. The new Government wants HMRC to go further than last year with more targeting and compliance yield whilst cutting costs.
3. TM would like ABAB to support HMRC through the challenges and priorities on the horizon and make a difference to how business feel.
4. Matt Henty (MT) added that a focus for the Government is productivity.
5. The forum voiced their concerns on the impact of the spending cuts. TG explained that ABAB is a critical friend to HMRC and cutting back on delivery spending will effect customers. Paul Aplin (PA) voiced his view that spending cuts cannot go any further and it cannot be in the public interest for HMRC to make more cuts. KT said the CIPP are concerned that HMRC cuts are deteriorating services. Roger Southam (RS) said that evidence is required to support/back the impact/effect of the spending cuts. MJ explained that cutting costs is not solely based on working faster. He questioned whether it was necessary for tax experts (such as accountants) to contact HMRC call centres.
6. TM responded that HMRC are getting more efficient and are virtualising its call centres, rethinking the operational model and considering the role of intermediaries such as software developers. Contact centre performance is important to HMRC. During peak times there is pressure, such as during tax renewals and SA deadlines, however HMRC has a new telephony system and is recruiting more people. The recent SA peak has given HMRC confidence in handling enquiries but the number people calling is increasing.
7. Jeremy Tyler (JT) explained the new digital accounts are designed to increase customer experience whilst improving efficiency. It is hoped that HMRC receives the required investment to develop these digital accounts. PA noted that the potential of digital accounts is huge but call centres will still need to be efficient. He warned that digital accounts will drive demand and call centres cannot be reduced until the digital systems are running efficiently. KT queried whether the digital accounts will have support for customers. JT responded that the digital accounts will have digital tools and will enable HMRC to see where customers are getting stuck and can even take over their platform to help them. AK noted that many new businesses do not trust the internet due to security concerns.

8. There was concern from the forum on Universal Credit and the effect on people in hardship which will be addressed at October's meeting.

AP - Invite Tony Kelly and BRE (re Universal Credit).

AP - Rebecca Benneyworth to provide MH with a one page summary of the issues with Universal Credit.

Overview of strategy development (Agents/Growth)

9. JT introduced the agent and growth strategies. The driver for the agent strategy is to reduce the tax gap, introduce agent quality standards and provide digital services. There are 43,000 agents in the UK. This is an opportunity for a 'one to many' approach as 70% of SMEs use an agent. This also poses a conundrum given that 70% of SME use an agent yet there is a relatively large SME tax gap of 15bn (representing 50% of the total tax gap).
10. The strategy defines a good agent as having competence, adding value to clients and being behaviourally honest. A poor agent is one that lacks due diligence or reasonable care, disengages with HMRC and is slow or refuses to respond or is either abusive or dishonest.
11. TG asked how many agents are considered poor. JT explained that a study is underway to determine this. A better picture should emerge in six months. TG questioned whether the new digital platforms will allow HMRC to create a portfolio about agents. JT responded that when Agents Online Self-Serve (AOSS) is running it will provide data on agents and allow HMRC to develop more sophisticated models. TG wondered if there may be challenges/judicial reviews with HMRC deciding not deal with some agents. JT said HMRC are working with solicitors on this issue.
12. JT gave a brief outline of AOSS. The system will join together the agents' information on their clients. The private beta version went live on April 13 2015 with 400 volunteers. Currently PAYE is available on AOSS however more taxes will be made available.
13. RS noted that some agents may be marketed out because they have difficult clients. Or clients may be pushing the agent to make erroneous claims rather than the agents themselves. PA suggested that the definition of a good agent needs clarification. JT noted HMRC are looking at other models such the Dutch horizontal monitoring which offers a CRM approach to good agents as an incentive.
14. JT discussed HMRC's support for economic growth. There is an appetite from BIS and Excom for HMRC to do more on supporting growth. For SR15 seven themes have been identified that HMRC should do:
- Minimise friction on the tax system that inhibits growth.
 - Maximise assistance, for example, incentives such as time to pay.
 - Collect data about business to get an accurate picture of UK businesses.
 - Open/exploit data beyond public sector without tripping confidentiality
 - Transform the way businesses deal with governments such as the Single Business Service and One Government at the Border initiatives.
 - Work with Local Enterprise Partners and Devolved regions and identify strategic partners to support growth. HMRC have conducted a number of pilots with UKTI, Manchester Growth Fund and Local Authorities.

- Communications – creating effective and efficient ways to communicate such as through Your Tax Account and emails.

AP – Neil Philpot (NP) to invite JT to ABAB for an update at the end of the year.

Small Business Strategy refresh - Update

15. Rebecca Hall (RH) gave the forum an update on the new Small Business Strategy. The new Strategy was developed to reflect economic developments since 2010. The SME Strategy was based on an attitudinal segmentation which did not account for population's inherent complexity, created cliff edges and created artificial distinctions. Other drivers for the new Strategy include the need to make improvements in customer experience, reduce the tax gap, recognise the diversity of the small business population and support small businesses.
16. The aim of the new Strategy is to support all 5.2 small businesses by making tax easier, quicker and simpler whilst increasing compliance. There is a separate strategy for Mid-size businesses.
17. The new Strategy has four principles (Integration, Simplification, Personalisation and Certainty) and four enablers (Digital Infrastructure, Data, Analytics and Learning and our Organisation and People). The key objectives of the principles and enablers are maximising revenues, improve customer experience, reduce costs and support growth.
18. Applying the new Strategy (principles and enablers) will result in new approaches to delivery for products, processes, customer support and compliance activities.
19. The next steps are to develop a comprehensive delivery plan, inform the spending review SR15 and develop internal and external stakeholder communication of the strategy with simple language and easy access to customers.
20. The forum noted that it was good to see that many of the ABAB comments/feedback had been reflected in the new Strategy. TG asked what RH wanted from ABAB going forward. RH noted that ABAB should become key partners to the Small Business Strategy team and help with the principles, such as certainty and simplification and help delivery of the new Strategy into policy.
21. Rebecca Benneyworth (RB) explained that accounting software can already take a feed from the banks suggested that HMRC, as a trusted organisation, could take data feed from customers banks accounts. RB also noted that data streams are useful for businesses in the service sector. However, businesses dealing with stock need to make adjustments after tax liability and were not suited to data streams. TM explained that trials will be carried out on simple businesses that do not have stock.

AP – RH to form focus groups with ABAB and work on the new Strategy.

Our work programme for 2015/16 including review of Forward Look

22. Caroline Smith (CS) led the Forward Look review. The Forward Look provides a systematic approach, a summary with hot topics and perspectives on priorities. The Forward look should be used to improve the way the Secretariat works with colleagues to involve ABAB in developing policies and services and facilitate a stronger two way flow of information.
23. TG and ABAB members were very pleased with the proposed approach and the documentation used to keep track of progress against ABAB's priorities.
24. It was agreed that the budget announcement will be reviewed in July.

Customer Experience Scores

25. Caroline Smith (CS) discussed the customer experience scores. The straightforward score has remained between 78-80% across the period. There was a change recorded in the VAT/NI scores due to the introduction of RTI but the ease of understanding has now stabilised.
26. The board raised questions on the ease of getting in touch measures. TG asked what form of contact is recorded in this measure. CS and Simon Woodside (SW) explained that ease of getting in touch captures mainly telephone and postal contact.
27. Alastair Keir (AK) asked for the percentage split between email and telephone contact. It was discussed that the new customer measures will give a better cross view of customer contact.
28. Karen Thomson (KT) noted that a poll conducted by the CIPP found a large percentage of callers hang up. Dr Martin Jones (MJ) explained that most SMEs use agents and it is therefore the agents who have the difficulty in getting in touch.
29. CS introduced the new customer measures. The key benefits the measures offer:
 - Frequency: the new measures will be available more regularly creating less time lags.
 - Annual survey: will capture a larger population and help HMRC understand customer perceptions.
 - Exit surveys: an ability to capture responses after transacting with HMRC for instant feedback. CS also confirmed exit surveys will record if customers declined to participate in the surveys.
 - Heat Map: a qualitative measure of what the customers are saying, frustrations, complaints on social media monitoring and forums
30. TG queried whether the feedback will be delivered to the front line. CS explained the new measures will form part of the building capability and spreading customer understanding.

AP - KT to circulate the survey/CIPP poll to ABAB.

Development of new HMRC customer measures

31. SW introduced the new performance measures framework for HMRC. The objectives of the new measures are:
 - To define what success looks like for HMRC;
 - Enable ExCom to manage and drive HMRC performance and publically engage with public on achievements and activities of HMRC;
 - Engage key stakeholders such as ABAB.
32. The challenges of the new measures are to improve compliance, customer experience and costs. The drivers behind the new measures are the need to create a holistic view of performance and encourage a shift to more integrated way of working across HMRC focusing on outcomes.
33. The framework is designed so it is logical to follow with success statements on how well HMRC deliver services. A test and learn phase for the framework is ongoing through 15/16.
34. Tarveen Singh (TS) gave an overview of the new customer related measures. The customer costs measure is split into four groups, Small and Micro businesses, Large businesses, Individuals and Mid-size and Wealthy.
35. The next steps are to continue the development of measures and metrics with ExCom, migrate to the new measures and set up subsidiary groups working downwards through the measures.

36. John Whiting (JW) noted that the Board was pleased with progress on new measures. He recognised the balance between establishing a comprehensive set of measures and ensuring they are practical for reporting.

AP – ABAB to discuss the measures in detail with a sub group, considering how performance can best be shared with ABAB as results become available.

Transforming HMRC customer services

37. Andy Gordon (AG) described HMRC's Needs Extra Support (NES) service and how it was designed to respond to customer needs, giving bespoke support to those customers in most need.
38. AG then described Once & Done, a new approach to managing customer contact where advisors are able to move away from scripts and target call times to deal with all of a customers queries, leading to greater customer satisfaction and reducing future longer term contact by dealing with queries in first instance. AG described Once & Done as a philosophy for new ways of working, not just restricted to telephone contact.
39. ABAB members strongly welcomed the above as a very positive changes in approach from HMRC and could see real benefits for customers.

AP – TG recommended that the above were cross-referenced with the Small Business Strategy

AOB

40. Alison Harper (AH) discussed the Tell ABAB initiative where 77 anonymous responses to the survey were received. The final report was re-drafted to amend the language and relevant, leading to an impactful and compelling read. Next steps are to issue another round of emails to seek further feedback from customers. The use of Twitter was discussed as a method to get information about Tell ABAB to customers.
41. PA gave example of a recent very poorly drafted letter on employer share scheme which he had highlighted to HMRC. A new version of the letter had since been prepared. AG thanked PA for bringing to HMRC's attention and asked for Board members to continue to do so. RS thought that ABAB are in the front foot at helping HMRC to draft letters to customers in plain English, using VAT letters as an example. Such successes could be more widely publicised by ABAB.
42. TG explained that SW is moving to Central Policy to work on disclosure rules on information sharing. SW thanked ABAB for their support and work with HMRC. TG thanked SW on behalf of ABAB.

Next meeting

The next meeting will be held on Thursday 16th July, from 13:00 – 17:00 in 2/66, 100 Parliament Street.