

ADMINISTRATIVE BURDENS ADVISORY BOARD

Minutes of Advisory Board Meeting 6th July 2017

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13.00 – 17.05

2/65, 100 Parliament Street, London, SW1A 2BQ

Advisory Board attendees: Teresa Graham, John Whiting, Roger Southam, Alastair Keir, Graham Rogers, Allison Harper, Paul Morton, Karen Thomson, Dan Olley

Apologies: Malcolm Bacchus, Rebecca Benneyworth, Paul Aplin

HMRC & HMT attendees: Elaine Benn, Jas Rai, Minaz Rahman and Asif Bukhsh (Secretariat)

Apologies: Maria Hannan, Jim Harra, Matthew Cornford (HMT)

Guests: Clare Sheehan /Ajit Philipose, Lee Smith, Alison Folkard, Rebecca Hall, Annette Smith, Catherine Waterhouse, Kevin Fletcher, Nicholas Attridge, Faisal Samin, Sharn Bowen, Hardip Sahota, Richard Fowler, Denise Togher

Apologies: Theresa Middleton

Observing: Angela Brown, Lorna Rowe, Naira Sadimlija

Welcome and Apologies

Teresa Graham (TG) welcomed everyone to the meeting - noting apologies. TG welcomed Dan Olley (DO) as a new ABAB Board member. DO introduced himself and gave a brief introduction to his background and current position as Chief Technology Officer at Elsevier.

Review of action/issues log

1. TG reviewed the open action items and agreed that all open action points could be closed as they had either been resolved prior to or will be addressed at the meeting with exception of AP001 to be carried forward. TG requested if there was a strategic communications plan for MTD that could be shared with the Board. Jas Rai (JR) advised the CEWG were looking to develop a communications plan which would outline the programme of work.

Making Tax Digital Programme Update

2. Clare Sheehan (CS) gave a brief overview of developments on MTDfB programme following the election. She advised there was ongoing ministerial commitment to MTD however it was expected that MTD would be scaled back in the Finance Bill.
3. Work continues on the pilot supported by the software industry. There would be the launch of APIs, and work was being done with the CEWG on Terms of Collaboration/Terms Of Participation (TOP). AK asked what TOP's were for. Ajit Philipose (AP) advised they allowed businesses & agents to understand terms and scope of pilot and that they were only applicable for the duration of the pilot. AP gave an update on the pilot, advising a wider pilot is planned for 2018.
6. He gave a summary of the CEWG meeting on the 28th June which covered the Terms of Collaboration, including Software providers' use of advertising through the software. They also covered the Terms of Participation.
7. He advised they were working to develop MTD communications.
8. Roger Southam (RS) commented that advertising by software companies would have to be governed better.
9. TG asked if HMRC had a commercial team to address this.
10. CS advised they worked with a range of internal partners from CDIO to lawyers using existing relationships with the software industry.
11. Paul Morton (PM) asked if this software model had been used before.
12. Karen Thomson (KT) commented many small businesses would not take up the paid services.
13. CS advised HMRC had an agreement with the software industry where HMRC would not offer the free software themselves as long as the software provider would adhere to agreed standards.
14. Elaine Benn (EB) advised the CDIO Director could come to ABAB to talk about the communication strategy and API's.
15. TG commented that messaging was key. CS advised they were looking to work with ABAB in this area.

AP: CDIO Director to forward look

MTD research

16. Lee Smith (LS) introduced himself and Alison Folkard (AF) as part of the MTDfB Customer Insight Team where they quantified the attitudes and behaviours of businesses.
17. The research was conducted by telephone of 3000 random businesses. LS explained by understanding behaviours and attitudes they would use the insight to feed into the MTD programme.
18. AF covered the behavioural aspects around digital access and security. She gave a highlight of the different user groups. AF explained VAT businesses are much more likely to use software. Over half the businesses raised concerns over digital security. Agents are likely to be the main source of support to businesses with MTDfB. Many businesses remain to be convinced of the MTDfB benefits but 7 in 10 are willing to transition.
19. AF advised they would share this research with internal partners to improve policy design decision making. In addition they would focus on messaging by segments and use behavioural insight to influence behaviour.
20. DO asked if the MTDfB programme was utilising ongoing data analytics in understanding customer journeys particularly from the data available through the pilot.
21. CS advised they had some analytics on customer journeys.
22. TG suggested DO could help develop some of the analytic capability.

AP: DO to share Data Analytic Insight with CS**OTS**

23. Paul Morton (PM) gave an outline of the Office for Tax Simplification's (OTS) current and future plans including recent publications which include:
 - OTS first Annual Report
 - Short summaries – including paper on the 'gig' economy
 - Review on simplifying the Corporation Tax computation – 4 areas of recommendations
 - Stamp Duty
24. Future work would include work on VAT thresholds, reviewing business rates, tax reliefs and a broader look at technology.

Small Business Strategy

25. Sharn Bowen (SB) introduced herself and Hardip Sahota (HS) as part of the small business strategy team. SB advised they would outline their key principles and ask ABAB for their reflections on this approach.
26. HS advised how small businesses were changing and the strategy team would welcome input on their strategy direction. The aim of their strategy is to improve the small business experience.
27. PM commented that OTS would be interested in hearing what drives behaviour.
28. Some ABAB members also commented that business are influenced more by behaviour and attitudes than just tax administration.
29. Alastair Keir (AK) pointed out for many businesses who go under, HMRC is more often the largest creditor.
30. SB advised that to prevent businesses abusing lending support they would take lessons from the 'pre-pack' review.

31. RS commented that 5.5million businesses population figure was not accurate due to the nature of some businesses existing simply in name. He advised the team would need to join up with the MTD programme of work to ensure messaging is delivered effectively.
32. TG commented that ABAB would support positive changes in the strategy.

Brexit

33. Rebecca Hall (RH) gave a summary and recap of the EUTU teams 9 areas of delivery from the last Board meeting. She touched on the government's 12 published objectives advising of a phased approach to negotiations. She advised the government had published a policy paper on citizen's rights in the EU. She advised week commencing 17th July working groups would meet to discuss details.
34. RH advised they were keen to understand business needs through stakeholder engagement forums such as the Joint Customs Consultative Forum, SME Overview Forum.
35. They would consider customer insight to develop HMRC policy and consider how Customs feed into that process. They would be considering a communications plan to support businesses.
36. TG advised if there would be a joined up communications to business from government as a whole.
37. RH advised they were working to take a holistic approach to messaging.
38. Graham Rogers (GR) advised businesses were still awaiting direction on Brexit from government.
39. Allison Harper (AH) advised that Freight Forwarding Companies held a conference in April where they considered options under Brexit.
40. TG asked how we would develop this communication
41. RH advised they are working with this user group and could provide a further update at a future board meeting.

AP: Brexit to forward look for Oct '17/Feb '18 Board meeting

External Customer Impacts

42. Annette Smith (AS) gave a high level overview of her team who review all HMRC business cases through the customer lens.
43. She advised this was a new process established in November 2016 to bring business insight using key principles as follows:
 - Clear objectives – covering cost, improved voluntary compliance and experience
 - Knowing and Understanding the customers impacted
 - Design the service and implementation using customer insight
 - Testing and development
 - Monitoring and Evaluation
44. This would be followed by the External Customer Impact Assessment to review success.
45. AS advised they had completed their first review of 66 cases with 17 customer impacts completed. Of these 2 were heading for Red risk status but due to the teams feedback they were able to influence changes in policy positions to the deliver to the customer impacts standards set above.
46. AS asked for ABAB's view on the process.
47. DO advised the focus should start from the customer problem.
48. TG asked how cost information is captured.
49. AS advised they feed their information into the Business Impacts Team who assess cost.
50. John Whiting (JW) commented that he hoped the process would not unintentionally introduce a cost to the customer.

51. AS advised that they analyse their cost analysis.

Standard Cost Model (SCM)

52. Kevin Fletcher (KF) introduced Nicholas Attridge (NA) and Faisal Samin (FS). He then explained the SCM was used alongside a range of tools.
53. NA gave an overview of the SCM explaining how it segmented businesses and how it is updated annually for its rate changes and other stats it uses as well as ah-hoc changes when necessary. He explained some of the assumptions used by the model and how it provided a baseline. He advised error rates were measured by other tools.
54. FS introduced the new tools they were using with SCM and recent updates which allow HMRC to makes more rapid changes to underlying data. He explained there was always a trade-off between building granularity in the model and the cost to do this and maintain changes. FS advised they segment businesses based on size.
55. TG commented that better granularity could be achieved by considering businesses by turnover.
56. TG asked with reference to the RTI programme, how we bridge the gap for cost.
57. FS advised that by using the SCM model alongside other tools you can better apply it.
58. CW introduced the work of the Business Impacts Team in managing the 400 million customer cost reduction target. She explained how this was now impacted by current events (eg, Brexit), and considered approaches going forward. She then went through a Policy example.
59. TG commented that publishing big numbers as target do not help HMRC with how they are perceived publically.
60. DO asked how HMRC verifies its savings claim.
61. Catherine Waterhouse (CW) advised they use customer journeys and feedback as early as possible to Ministers in order that they can take these views into account to shape policy decisions.
62. AK asked if the MTD pilot businesses experience would feed back their experience on cost.
63. TG commented the communication approach can't be tied around savings.
64. KF advised the approach was always one of transparency and as we pilot programmes of work updating the target.
65. TG re-iterated that ABAB was here to support and well as challenge HMRC to produce a better business experience.

Annual Survey

66. Richard Fowler (RF) introduced Denise Togher (DT) and himself as part of the Customer Performance Team. He outlined a high level view of the annual survey. He welcomed ABAB views on how this information might be used.
67. DT summarised the results advising Agents score was overall still lower. She outlined the key drivers for customer experience. She advised they had looked for areas of improvement for small businesses and agents.
68. KT pointed out the removal of some Agent services.
69. DT advised the survey captured resulted from 2016 and the next survey to be commissioned in September 2017 would capture more information on service.
70. TG asked how you feedback experience faster with a year's lag on results
71. RF advised one approach would look to use exit surveys alongside other technologies.

72. AH advised TellABAB had completed an annual survey which measured different business experience of GOV.UK
73. RF advised they were developing the customer understanding and would be happy to take input from ABAB.

AP CEWG/TellABAB to work together to share customer experience

Forward Look

74. TG gave a summary of topics for the next Board meeting.

AOB

75. None
76. TG thanked everyone for their attendance.

Next meeting

The next meeting will be held on the 12^h October 2017, from 13.00 – 17.00 in Room 2/65, 100 Parliament Street.