

Business Plan 2011–2015

HM Revenue & Customs

May 2011

This plan will be updated annually

Contents:

Section A: **Vision**

Section B: **Coalition Priorities**

Section C: **Structural Reform Plan**

Section D: **Departmental Expenditure**

Section E: **Transparency**

A) Vision

HM Revenue & Customs' vision is: to close the tax gap; to make our customers feel that the tax system is simple for them and even-handed; and to be seen as a highly professional and efficient organisation.

Our core purpose is to make sure that the money is available to fund the UK's public services and help families and individuals with targeted financial support.

By 2015, HM Revenue & Customs will become an administration that is at once more efficient, more flexible in dealing with customers and more effective in bringing in revenues. We will be smaller and more streamlined, as we remodel services for customers and invest in work against tax avoidance, evasion and fraud.

We are using our customer centric strategy to deliver this transformation. Using our understanding of customers to focus our efforts where they will have the biggest effect, tailoring our services to the needs, abilities and motivations of our customers.

In all that we do, we will work to ensure that everyone in the UK pays their fair share and support taxpayers to meet their responsibility to society by paying the tax that is due.

B) Coalition Priorities

Structural Reform Priorities

1. Deliver a more focused and effective tax administration

- Create a tax administration that is more efficient, flexible and effective by using our customer-centric approach to transform the way we deliver services, manage contact and conduct interventions
- Use our understanding of customers to target resources to the areas of greatest risk, investing £900m to tackle avoidance and evasion, attacks by organised criminals and to improve debt collection capacity. This will bring in an estimated £7bn a year by 2014/15 in additional revenues
- Transform PAYE through the use of real-time information in order to bring service improvements to employers and taxpayers

C) Structural Reform Plan

The Coalition is committed to a programme of reform that will turn government on its head. We want to bring about a power shift, taking power away from Whitehall and putting it into the hands of people and communities, and a horizon shift, making the decisions that will equip Britain for long term success. For too long citizens have been treated as passive recipients of centralised, standardised services. This Government is putting citizens back in charge, and Structural Reform Plans are part of this shift of power from government to people.

This section sets out how, and when, the Department will achieve the reforms that are needed to make this happen. Structural Reform Plans are key tools for holding departments to account for the implementation of Programme for Government commitments, replacing the old top-down systems of targets and central micromanagement.

Each month, the Department publishes a simple report on its progress in meeting these commitments. These reports are available on our departmental website and on the Number 10 website.

All legislative timings and subsequent actions are subject to Parliamentary timetable and approval.

1. Delivering a more focused and effective tax administration

(p.1 of 4)

Deliver a more focused and effective tax administration

ACTIONS	Start	End
1.1 Take forward HMRC's wide-ranging spending review change programme to implement HMRC's objectives of maximising revenue flows, improving customer experience and reducing costs in a sustainable way		
i. Develop a Change and Delivery Plan covering all HMRC transformation activity	Completed	-
ii. Put in place a Director General to lead a programme for Change and Delivery	Completed	-
iii. In line with the Red Tape Challenge, bring forward proposals to reduce and reform the stock of statutory instruments and regulations for which the Department has overall responsibility	Started	Dec 2012
1.2 Invest £900m to bring in c.£7bn in additional tax revenues per annum by 2014/15, as we: (a) tackle avoidance and evasion through targeted campaigns and interventions; (b) take specific action to tackle off-shore avoidance and evasion; (c) prevent tax avoidance before it happens; (d) tackle organised criminals and fraud; and (e) improve our debt collection capability		
i. Develop detailed business implementation plans for each element of the £900m investment package, working with other departments as relevant	Completed	-
ii. Put in place a performance management regime across the programme to assure delivery of c. £7bn additional revenues	Completed	-
iii. Strengthen HMRC's debt collection techniques by placing up to £1bn of lower value debt with external debt collection agencies	Nov 2010	Apr 2012
iv. Assign additional investigators and specialists to increase targeting alcohol, tobacco and repayment fraud.	Feb 2011	Sep 2011
v. Recruit 300 new investigators to tackle volume crime and labour providers fraud	Feb 2011	Sep 2011
vi. Launch the Tobacco Strategy	Apr 2011	May 2011

1. Delivering a more focused and effective tax administration

(p.2 of 4)

Deliver a more focused and effective tax administration

ACTIONS	Start	End
1.2 Invest £900m to bring in c.£7bn in additional tax revenues per annum by 2014/15, as we: (a) tackle avoidance and evasion through targeted campaigns and interventions; (b) take specific action to tackle off-shore avoidance and evasion; (c) prevent tax avoidance before it happens; (d) tackle organised criminals and fraud; and (e) improve our debt collection capability (continued)		
vii. Create teams of cyber crime investigators and launch cyber crime initiatives to counter increased threat of attacks on HMRC systems and customers using internet	Started	Nov 2011
viii. Create an additional six taskforces to target evasion and serious non-compliance	Started	Mar 2012
ix. Carry out 20,000 business records checks targeting those whose records fall short of the required standard	Started	Mar 2012
x. Collect additional revenues of £2bn by April 2012; on the way to £7bn additional revenues per year 2014/2015	Started	Mar 2012
xi. Publish consultation documents on anti-avoidance listed schemes identified in Budget 2011	May 2011	Oct 2011
1.3 Deliver the HMRC and Department for Work and Pensions strategy to tackle error and fraud in tax credits, reducing losses to no more than 5% by next year. Sustain this level throughout the Spending Review		
i. Develop business implementation plans and a performance management regime to assure delivery on five key elements: Prevent, Detect, Correct, Punish and Deter	Completed	-
ii. Reduce tax credit error and fraud by £1.4bn	Started	Jul 2011
iii. Extend the use of 'check now, then pay' approach to tax credits	Started	Jul 2011
iv. Create a data link between the registrars and HMRC to facilitate customer claims and counter fraud	Started	Jun 2012

1. Delivering a more focused and effective tax administration

(p.3 of 4)

Deliver a more focused and effective tax administration

ACTIONS	Start	End
1.4 Create a 'one-click' online registration process for new businesses, working with the Department for Business, Innovation and Skills and Companies House		
i. Work with the Department for Business, Innovation and Skills to develop plans to align Companies House and HMRC systems to create a 'one-click' registration process for new businesses	Completed	-
ii. Move notification of liability for the main business taxes to on-line channels:		
a) for VAT	Jul 2011	Aug 2012
b) for main direct taxes	Jul 2011	2013
iii. Implement a 'Start-up-Hub' for new businesses	Started	Nov 2011
iv. Put in place a digital default 'Registration Wizard' for business taxes, leading to fully automated processing for VAT	Started	Oct 2011
v. Roll out the 'Registration Wizard' to businesses	Started	Apr 2012
vi. Roll out a 'Tax Dashboard' for businesses by 2012	Started	Apr 2012
1.5 Deliver Real-Time Information (RTI) for the PAYE system by April 2014, supporting tax collection and introduction of Universal Credits		
i. Develop and publish high level specification for software developers	Completed	-
ii. Consult on detailed proposals to introduce RTI	Completed	-
iii. Develop and launch a test service for software developers	Started	Nov 2011
iv. Put in place and launch IT infrastructure for RTI	Started	Apr 2012
v. Implement a campaign to align employer and HMRC data to support a smooth pilot and implement RTI data	Nov 2011	Apr 2013

D) Departmental expenditure

This section sets out how the Department is spending taxpayers' money as clearly and transparently as possible.

We have included a table to show the Department's planned expenditure over the Spending Review period, as agreed with the Treasury. It is split into money spent on administration (including the cost of running departments themselves), programmes (including the frontline), and capital (for instance new buildings and equipment).

This section also includes a bubble chart setting out in further detail how its settlement will be allocated for the 2011/12 financial year, across its key programmes and activities.

Table of spending for 2011/12 to 2014/15

This section sets out the department's planned expenditure over the Spending Review period, as agreed with the Treasury.

£bn ^{1 2}	Baseline 2010/11 ³	2011/12 ⁴	2012/13	2013/14 ⁴	2014/15
Total departmental expenditure allocation	3.8	3.9	3.6	3.6	3.4
<i>Administration spending</i>	1.0	0.9	0.9	0.8	0.8
<i>Programme spending</i>	2.5	2.6	2.6	2.6	2.5
<i>Capital spending</i>	0.2	0.3	0.1	0.1	0.1

Administration spending: the costs of all central government administration other than the costs of direct frontline service provision.

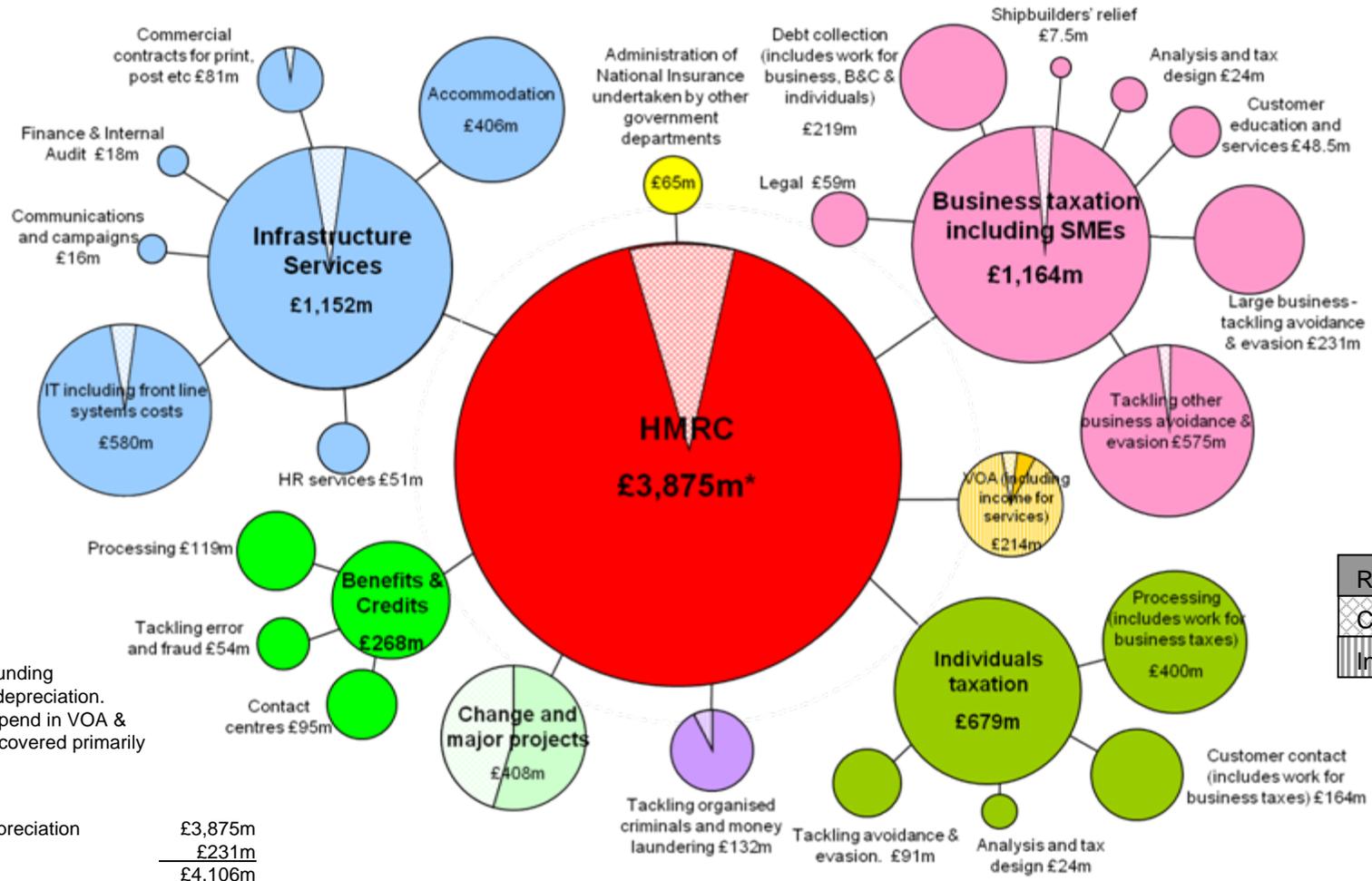
Programme spending: spending on activities, goods and services, such as pay and benefits (excluding admin spending as defined above).

Capital spending: spending on assets with a lasting value, such as buildings and equipment.

1. Excludes departmental Annually Managed Expenditure
2. Excludes depreciation of £223/231/227/239/252m
3. Baseline year estimated to take account of Impact of future changes in accounting policy (HMT alignment project)
4. Constituent parts appear not to equal Total DEL due to rounding

Planned Departmental Expenditure 2011/12

This bubble chart sets out further detail on how our settlement will be allocated for the 2011/12 financial year, across our key programmes and activities.



Resource DEL
Capital DEL
Income

*This is HMRC's net funding settlement excluding depreciation. This doesn't include spend in VOA & on money laundering covered primarily by other departments

Funding excluding depreciation	£3,875m
Add depreciation	£231m
Total	£4,106m

Common Areas of Spend

This data aims to let the public compare HMRC operations against other public and private sector organisations, by setting out the cost of common operational areas against common data standards. Here, departments are setting out historical data from 2009/10 to form a baseline for future updates.

In 2009/10, HMRC¹ ...
...employed 73,695 full-time equivalent (FTE) people and had an average staff cost of £31,270
...had a total estate of 1,092,998sqm with a cost of £312.2m equating to a cost per FTE of £4,475
...procured goods and services with a cost of £1,783.6m with third party suppliers, and were able to provide detailed categorisation for 99.9% of this
...had major projects with a value of £766.1m of which the largest were Compliance & Enforcement Programme and Carter
...spent £871.3m with third party suppliers on ICT and had an average cost of desktop per FTE of £678.21
...managed expenditure of £40,813.7m to which Tax Credits and Child Benefit were the major contributors; and spent £2,306.9m on staff pay
...spent £281.4m on the HR, Finance, Procurement, Legal and Communications aspects of Corporate Services
...identified £15.5bn of Fraud and £11.7bn of error (Taxes & Duties and Tax Credits combined)
...spent £193m with Small and Medium Enterprises and £0.2m with Voluntary and Charitable Sector, with grants to these organisations totalling £2m

During the baseline year, few of the data standards above were available for consistent comparison across government. So historical data has not always been prepared on a consistent basis. Departments have set out caveats and exceptions that explain how their data fits with the common standard, and are critical to understanding this data. We are working to improve substantially the quality of data and particularly consistency across departments.

More detailed data, the caveats, definitions and supplementary information is available in Annex A. In future, we will publish updates to this information as part of our regular reporting of business plan data.

Note 1: Organisations covered: HM Revenue & Customs, Core Department
Organisations excluded: Valuation Office Agency

E) Transparency

Transparency is key to improved outcomes and productivity in our public services. Public reporting of data promotes higher quality and more efficient services, choice and accountability. Transparency is a driver of economic growth because it enables the development of tools to support users, commissioners and providers of public services.

This section sets out how departments will publish information that will allow taxpayers to assess the efficiency and productivity of public services, holding them more effectively to account. The commitments in this section will be kept under continuous review – it is essential that public services are consistently pro-active in publishing information to help citizens make the best decisions and routinely appraise their success in delivering meaningful transparency to their users.

This Business Plan makes commitments to the publication of key data sets that will improve the transparency of the public service – at the same time, it commits to providing data that is of good quality so that it can be used for effective comparison and to publishing this information in such a way so that it is as accessible as possible. In addition, departments are expected to work with data users to promote awareness of new data sets as they are published so that they become the focus of innovation and enterprise.

In most cases data will be available free of charge.

Information Strategy (p.1 of 2)

HM Revenue & Customs believes that greater transparency will deliver greater value for money and enable the public to better hold us to account. We are fully committed to the transparency agenda, and transparency will become a key principle for us. We will be on the front foot on this agenda and actively apply the principles as far as we can, to further our aims and allow the public to judge our performance.

Our Permanent Secretary for Tax, Dave Hartnett, will be our Board member accountable for transparency. Our Permanent Secretary for Tax will lead from the front to underpin our commitment, by driving the active adoption of transparency across HMRC and communicating our approach to transparency at all levels.

We will work actively in HMRC and with our stakeholders to put transparency into our everyday activities, and make it a key part in assessing our efficiency and effectiveness. We will release data which is directly aligned to our performance management framework, and will use evidence from users of our data and other members of the public to assess whether we have met our commitments to deliver value for money.

Our default position is that our data will be published wherever possible. We will publish data in line with the Public Data Principles (www.data.gov.uk/wiki/Public_Data_Principles), to which we are fully committed.

However, we fully recognise the privileged access we have to confidential and personal information, and we will protect it. Although we will seek to be ambitious in releasing data, we will ensure that we do not publish data which would reduce our ability to function. We will also ensure we do not provide sensitive information to those who seek to pervert the tax system, safeguarding our ability to hold them to account and maintain a fair tax system. Subject to this we will continue to engage with the academic, business and application developer communities to maximise the value created by our data, and obtain their feedback.

We will keep our data under review to examine and improve the amount and frequency of data we release.

Information Strategy (p.2 of 2)

Pending the introduction of the proposed Right to Data legislation in the Freedom Bill, we will develop and publish an implementation plan to communicate and drive the delivery of our new transparency commitment in May 2011. The plan will be ambitious and consider all of the types of information that we hold to identify new data we can release and how we can release them. This review of types of data will include at least the following:

- information about ourselves and our performance against all our objectives and your Charter, to allow the public to hold us to account – this includes including reviewing our management information to see what could be published in line with Public Data Principles
- information about the tax system and non-personal taxpayer data published as part of Official and National Statistics
- our external research programme, including reports and survey results
- underlying data contained in other publications produced by HMRC

We will work across all our business areas to ensure transparency is recognised as a key operating principle and information is published routinely.

All datasets that we make available will be linked on data.gov.uk, the single online portal for central and local government data. Datasets will be available for re-use, and published in a re-usable format where reasonable and practical. We will work to ensure staff, interested parties and the public are aware of the datasets as we publish them. We will also work closely to fulfil our transparency commitments with the Valuation Office Agency, our arm's length body.

Requests for new data will be treated as Freedom of Information requests. We will publish many more Freedom of Information responses on our website, where release would not breach our legal obligations to protect customer data.

Input indicators

The indicators set out in this section are just a subset of the detailed data gathered by the Department, which will be made available transparently as outlined in the Information Strategy. More details on our management information can be found in our published Transparency Implementation Plan.

The Department will adopt the following input indicators:

Input indicator	When will publication start?	How often will it be published?	How will it be broken down?
Unit cost of collecting Income Tax (Self Assessment and Pay As You Earn) : total cost of collecting income tax (Self Assessment and Pay As You Earn) per £ collected	September 2011	Annually	National
Unit cost of collecting Corporation Tax: total cost of collecting corporation tax per £ collected	September 2011	Annually	National
Unit cost of collecting National Insurance Contributions: total cost of collecting national insurance contributions per £ collected	September 2011	Annually	National
Unit cost of collecting VAT: total cost of collecting VAT per £ collected	September 2011	Annually	National
Unit cost of administering Tax Credits: total cost of administering tax credits per £ of tax credits paid out	September 2011	Annually	National
Unit cost of administering Child Benefit: total cost of administering child benefits per £ of child benefit paid out	September 2011	Annually	National

Impact Indicators (p.1 of 2)

Our impact indicators are designed to help the public to judge whether our policies and reforms are having the effect they want. Detailed information on these indicators can be found in our published Measurement Templates. HMRC will adopt the following indicators:

Impact indicator	When will publication start?	How often will it be published?	How will it be broken down?
Cash collected from compliance: total amount of tax that HMRC collects from activity to tackle those individuals and businesses that have not paid the tax that is due, such as cash collected as a result of tax enquiries identifying evasion	September 2011	Quarterly	National
Revenue protected: tax receipts that are protected through HMRC activity, such as legislative action or guidance, that prevents non-compliance	September 2011	Quarterly	National
Tax gap: difference between all the tax theoretically due & tax actually collected	Already published	Annually	National
Payment on time: proportion of businesses and individuals (excluding employees who pay tax through PAYE) who pay tax on time - we will use VAT as a lead indicator	September 2011	Quarterly	National
Debt roll rate: proportion of tax debt (CT, SA, Employers' PAYE) arising in the year that remains outstanding after 90 calendar days	October 2011	Quarterly	National
Tax credits error and fraud: amount of tax credits money claimed by people who are not entitled to it	Already published	Annually	National
Customers find us straightforward to deal with *	January 2012	Quarterly	National

* Further information on other indicators relating to our customers is on page 20.

Impact Indicators (p.2 of 2)

Impact indicator	When will publication start?	How often will it be published?	How will it be broken down?
Cost for our customers when they deal with us *	Businesses: June 2011 Individuals: 2012	Quarterly	National

* Further information on other indicators relating to our customers is on page 20.

Other data (p.1 of 3)

We have highlighted other key data below.

Details of all datasets and statistics published by the Department can be found here:

<http://www.hmrc.gov.uk/transparency/>

Data which will help people to judge the progress of structural reforms:

Our remit letter detailing our spending review settlement and obligations

Structural reform milestone updates

Data which will help people to make informed choices:

Publishing many more Freedom of Information responses on our website, where release would not breach our legal obligations to protect customer data

Spending over £25,000

Tenders and contracts over £10,000

Departmental accounts

Results from the developing international benchmarking programme, comparing HMRC to a number of other countries' tax administrations

Staff survey results

Salary details of our senior leaders

Business expenses incurred by HMRC's Board members, and hospitality received

Details of meetings between our Permanent Secretaries and external organisations

Our organisational structure and roles

Other data (p.2 of 3)

Other key data:

Rolling out a full version of the HMRC datalab (a secure IT suite holding HMRC data accessible to academics and other government departments) following a successful pilot – this will fully exploit the opportunities from allowing these groups access to our customer data within the law and in a secure environment, producing high quality research of mutual benefit to HMRC and the research community

Over 100 official and National Statistics datasets on taxes, benefits and trade data

Estimates of tax expenditures and tax ready reckoners

Detailed information on rates and allowances for taxes and benefits

Online filing statistics for key taxes

All of the final research reports from our external research programme

Anonymised data from the Survey of Personal Incomes, accessible through the Economic and Social Data Service

We will also highlight independent reports on HMRC and its areas of responsibility

For more information on our approach to Transparency, you can contact our Transparency Champion at: transparency.kai@hmrc.gsi.gov.uk

Please note that we cannot guarantee the security of emails you send to us or we send to you over the internet. Information sent by email over the internet is not secure and is at risk of being intercepted and read by people other than those it was intended for. Any information you send to us by email is at your own risk.

Other data (p.3 of 3)

Further data on our performance:

The input and impact indicators set out in the tables above are a subset of the detailed data gathered and to be made available. In particular, and following feedback from our informal consultation on Transparency, we will publish a range of extra indicators to provide performance data in line with the rights and obligations set out in the HMRC Charter.

Our Charter can be found on our website at www.hmrc.gov.uk/charter/index.htm and our Charter indicator data will be published here.

Examples of the indicators for Charter rights and obligations are:

Charter data
Survey results on how our customers feel they are treated as honest by our staff
Survey results on perceptions of HMRC as fair
Survey results on perceptions of HMRC as a professional organisation
The number of data security incidents across HMRC, as a measure of how well we protect your information and respect your privacy
Survey results on how our customers feel they are shown respect by our staff
Levels of error in customers' returns, to measure the care taken to get things right

Data on some Charter indicators will be available from May 2011, while others will be collected by new surveys and sources and released as soon as we are able. A full list of these Charter measures will be included in our published transparency implementation plan in May 2011, along with a schedule of publication times. For further information on the Charter you can contact us at: transparency.kai@hmrc.gsi.gov.uk