

Implementation of new HMRC Powers Oversight Forum**30 March 2009****Paper: 5/2009****Purpose:**

To inform the Oversight Forum of ways in which HMRC's Local Compliance directorate is seeking to improve customers' experience and influence behaviours within the department

Introduction

1. As part of HMRC the Local Compliance directorate is committed by way of DSO2 to improving the customer experience when engaging with the UK tax system. Local Compliance staff undertake much of HMRC's face-to-face contact with customers. Through our compliance checks we have the capacity to influence significantly the customer's experience and perception of dealing with HMRC – both directly and by word of mouth.

2. Local Compliance deals with a highly diverse group of customers – from pensioners to large corporate bodies - and must be capable of responding to an equally diverse spectrum of customer behaviour – from those requiring assistance to those who are seeking to deliberately evade their legal liabilities.

3. This brief paper provides a details of three areas of focus where Local Compliance is seeking to deliver on commitments under DSO2 by developing our understanding of the customer and influence the way in which we engage them:

- A project to revise and update the body of standard letters issued by Local Compliance during checking process – to deliver greater clarity, a reduced customer burden and incorporate new legislative powers from 1 April.
- A programme of Customer Focus Workshops – to begin a programme of cultural change within Local Compliance that recognises the customer's perspective.
- A survey of Customer Perceptions of Compliance Checks – to acquire a better understanding of the current customer perspective of Local Compliance activity and inform our future approach.

Standard Letters project

4. Local Compliance is close to concluding a structured review and revision to around 200 standard letters issued during compliance checks. These represent template letters often, but not universally, used to begin compliance checks, manage visiting arrangements and acquire information and documents.

5. The purpose of this exercise is twofold

- To ensure that such standard written communication is updated to be in line with legislative and operational changes given the advent of new legislation on 1 April 2009.
- To facilitate written communication that better addresses a number of recognised customer needs – clarity and reassurance regarding the audit and inspection process, data requests that are specific, proportionate and risk based, education and certainty at the conclusion of the intervention.

6. Consultant communication specialists Quietroom have been engaged to assist in the revision process such that the output has the best opportunity to meet external customer needs as well as legal and operational requirements. And Local Compliance intends to take the lessons learnt from this process to improve the language and tone of non-standard communications in the coming year. An example is attached as a separate Adobe file.

Customer Focus Workshops

7. The delivery programme for these interactive workshops is well advanced, over 200 had been delivered by 28 February with plans for 40-50 further events per month in April to June 2009. Four products have been developed for different customer groups/operational teams – Large Business, SME, Individuals and Public Bodies, and TEEL (Targeted Enabling, Education and Leverage, specialising in lighter touch compliance checks). The intention of the workshop is to place Local Compliance staff into the customer's shoes and to begin to develop an understanding of the impact of our work from the customer's perspective.

8. The workshops seek to provoke an emotional response from staff using their own expenses claims as a trigger. At the workshop they are given a brown envelope containing an internal governance letter asking for evidence to support their expenses for the last 6 years. The widely varying reactions have been the catalyst for some enlightening discussions and a greater understanding of the customer reaction for many staff. The workshops go on to explore the pressures of balancing the demands of running a small business and addressing HMRC requests for information. In a time driven exercise HMRC staff are asked to schedule out the daily and weekly tasks of a publican, respond to an HMRC letter and address some "unexpected" but typical business emergencies. At the close of every event individual attendees make personal commitments to change their approach in light of their wider understanding. The most pertinent and influential of these have been published for the benefit of all staff.

9. Feedback to date has been extremely positive. 86% of attendees agree that understanding their customer helps them to do their job more effectively and 84% understand how intervention work creates emotional, financial and administrative burdens. 78% of attendees considered themselves motivated to improve the customer's experience of HMRC, compared with 57% responding to the same question in the winter 2007 Staff Survey.

A Survey of Customer Perceptions of Interventions

10. Research developed with the assistance of our Knowledge Analysis and Information directorate is nearing conclusion. Ipsos MORI have been commissioned to carry out around 60 in depth interviews with HMRC customers from a sample of around 2,500 who experienced compliance checks settled within the six months to 30 June 2008. The qualitative research will cover all taxes dealt with by Local Compliance officers and gather customer feedback on 'how it went' and customer suggestions for improvements.

11. Researchers interviewed 10 members of Local Compliance staff to acquire a greater understanding of the compliance checking processes and facilitate effective and efficient dialogue with customers. Ipsos MORI are to formally report in April 2009 and this information will be used to

- Feedback to staff, reinforcing our work to date;
- Provide a fresh and compliance focussed view of the subject, and

- (We hope) identify new opportunities to challenge and where necessary change our approach.