



## **Charter Report**

**January 2012**

The Charter (Annex A) was published in November 2009 following an extensive consultation exercise with customers. It sets out HM Revenue & Customs' (HMRC's) commitment to improving our relationship with customers and how we work with them, and also how customers should deal with HMRC. For HMRC it is the customer face of the HMRC Vision. (Annex B)

The Finance Act 2009 requires HMRC to make a report once a year reviewing the extent to which HMRC has demonstrated the standards of behaviour and values included in the Charter. This is the first published report on the progress made by HMRC. It covers both initiatives that have started in the lines of business for example, Personal Tax, Benefits and Credits as well as those initiated by the Charter Advisory Committee.

### **HMRC context**

HMRC is a delivery department, charged with collecting taxes even-handedly and efficiently to fund public services. Our objectives are to maximise revenue flows, while stabilising and improving customer experience and reducing costs in a sustainable way. Our customer centric business strategy sits at the heart of how we aim to deliver these objectives and the Central Customer and Strategy Unit has an important role in monitoring and overseeing the inclusion of the Charter in that strategy.

By 2015, HMRC will be an administration that is at the same time 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.

Since the launch of the Charter, HMRC has operated with reduced funding and our Spending Review settlement requires us to identify savings of 25 per cent by 2014-15. That means that by April 2012, HMRC will have around 2,500 fewer full time equivalent posts. Within the Spending Review period the transformation of our department continues. Balancing our objectives to maximise revenues, reduce costs and stabilise and improve customers' experience is enormously challenging. But our customer understanding means we can target resources to areas of greatest customer need and risk.

### **Progress since the launch of the Charter**

#### **a) Governance**

HMRC's progress against the Charter is considered and reviewed by a Charter Advisory Committee which meets up to four times a year and is currently chaired by an external member. The members suggest areas of work for HMRC to concentrate on, (for example, subcontracting debt collection and how to ensure external

contractors work in accordance with the Charter) challenge business areas within HMRC and provide feedback from the groups they represent. They have also undertaken small ad hoc telephone surveys to sample the extent that, for example, employees and pensioners are aware of the Charter.

HMRC is represented on the Charter Advisory Committee by the Permanent Secretary for Tax and a frontline member of staff.

The Charter Advisory Committee provides assurance to HMRC on delivery of the Charter in line with undertakings given to Parliament. Its role is to consider the best ways to facilitate a positive change in behaviour amongst HMRC, taxpayers and the public. It commissions and receives reports from HMRC and others on the delivery of the Charter.

Since the publication of the Charter we have established Charter Champions in all customer facing lines of business who are leading on embedding the Charter across HMRC. The champions provide regular updates to the Permanent Secretary for Tax on the work they are doing and some have met with members of the Charter Advisory Committee.

Benefits and Credits have also introduced a Charter advocate into their Exchequer Losses team. Exchequer Losses is the team that is responsible for 'Developing and Assuring the delivery of the Tax Credit and Child Benefit Error and Fraud strategy'. This is achieved by carrying out compliance projects and interventions before payment, on a 1 to 1 investigation or on a 1 to many campaign. Benefits and Credits intend to extend the Charter Advocate into their other operational units.

#### b) Progress by HMRC and the Charter Advisory Committee

Our Operational Delivery profession was launched in April 2011 and covers about 60 per cent of HMRC staff. These people have completed an induction process, which explains the link between the Charter and our aim of developing a professional workforce. Managers are also working to embed the support of Charter standards in individual performance agreements and as discussed at the July 2011 Charter Advisory Committee meeting, it is now included in 70 per cent of personal Tax's performance agreements.

In most offices, the Charter can easily be seen by staff, usually through posters of the Charter. In Portsmouth and 100 Parliament St. London, the Charter is included in the entrance areas so is visible to staff and visitors. In addition, the Charter Advisory Committee worked with our communications team to give prominence to the Charter on the intranet. The direct link from the home page means all staff have immediate access to the Charter to remind them of their obligations. The Charter is referred to in the leaflet, 'How to complain about HMRC' and also in Enforcement and Compliance's standard set of compliance check factsheets for HMRC customers. The Charter Advisory Committee has subsequently challenged HMRC to make the Charter more prominent and extensive in these and other publications, especially so that the Charter is meaningful for vulnerable customers.

We have formed a new Central Customer and Strategy Unit, and corresponding teams in each line of business, to ensure a consistent and coherent customer strategy. Their role includes raising the profile of the Charter internally and externally. This will help HMRC make strategic choices with a better understanding of their effect on the customers. We are committed to using customer understanding and front-line experience in making key decisions, and engaging our customers in the development of policies, products, processes and strategies.

The Charter Advisory Committee is working with some change management teams in HMRC so Charter obligations are acknowledged and included in change initiatives. They are also currently working with the People Function on dovetailing Your Charter with One HMRC One Deal which is a set of six guiding principles that state what HMRC expects from its staff and what staff can expect in return from HMRC. They are based on mutual respect, honesty and flexibility. These principles are vital in

helping HMRC create the culture that it needs as it transforms to improve delivery of its business now and in the future. Both the Charter and One HMRC One Deal ensure that HMRC applies the same standards and behaviours across all our business areas.

## **Achievements in meeting Charter obligations**

Our new PAYE computer system, National Insurance and PAYE Service, (NPS) enables us to match customer data, automate PAYE processes and better manage clerical work. This has resulted in more accurate tax codes (accuracy is at 98 per cent based on the most recent available information) and tax calculations for our customers and has enabled us to tackle the 17.9 million legacy PAYE open cases that built up under the old computer system. We will clear all these cases by the end of 2012. Although NPS is now helping HMRC work towards embedding the Charter in its new ways of working, its introduction did not go as smoothly as we would have liked and resulted in poor customer service until it was quickly rectified. The delayed implementation of NPS resulted in a build-up of unanswered customer post and a temporary increase in call volumes to our call centres, resulting in the majority of calls going unanswered for a period. However, contact centre service performance has improved: in the half year to end-September 2011, 71.9 per cent of calls were answered, compared with 38.4 per cent last year. We recognise that this is still not yet good enough and is still below private sector standards so our aim is to answer 90 per cent of calls first time. In addition the Charter is highly visible at call centres but less so in other areas which have a high degree of interaction with the public.

Repayments from 2010-11 End of Year Reconciliation were completed by the end of September 2011, where we had all the information, so that we do not build up any new backlogs. Working closely with the voluntary sector in 2009-2010, we were able to respond swiftly to their concerns about the impact of reconciling two years at once when introducing the new PAYE computer system. We introduced a swift response pilot telephone and email service for our voluntary sector partners to escalate cases involving vulnerable customers. The service has received very positive feedback.

At the end of October 2011, less than 180,000 pieces of PAYE and Self Assessment post were on hand, (equivalent to around a week's intake) against around a million in July 2010. In some parts of HMRC, we are now answering 80 per cent of post within 15 working days.

Personal Tax improved the process for foster carers and customers reporting bereavement by offering an assisted telephone claims capture service. This helps vulnerable customers to get the claim right first time and helps them to get their money faster.

Benefits and Credits helped to produce a tax credits desk aide for Citizen Advice staff and they also worked with the Low Incomes Tax Reform Group to develop their internet site (**revenue benefits**) with advice and guidance for a wide range of intermediaries who support our customers. In addition HMRC provided grant support in the voluntary sector to Turn2us for development of additional functionality within their benefit checker to support new claims for Tax Credits and to address key areas of complexity in the assessment of entitlement. This helped us to get closer to the vulnerable customer base as well as reducing costly contact. Benefits and Credits also have regular engagement with customer representatives through their Consultation Group, where the Charter has now become a standing agenda item.

Members of the Committee have helped identify instances where complaints have taken too long to resolve, letters are not well written and where claimants have had their benefits stopped in breach of Charter obligations. The Charter Advisory Committee members have then met with managers in these business areas to help implement improvements to the processes.

## **Work in progress**

The Charter Advisory Committee has suggested that an effective way to improve external awareness of the Charter is to insert a strap line about the Charter on all of HMRC's letters. This will start being rolled out during 2012.

Looking ahead over the next year, we will be putting all our service standards targets in one place so they are easily accessible to taxpayers. These will be based on what customers say is important to them. We will be using a mixture of customer survey responses and delivery of core service standards to measure our success in meeting our Charter commitments. Whilst we know that there are some good examples of Charter behaviour and initiatives in parts of HMRC, we want to see more examples and we also need to embed Your Charter values more widely across HMRC and ensure customers are aware of their rights.

HMRC operational performance and capability have recently been under the spotlight. A year ago, we were failing to provide some key services effectively and were rightly criticised. Today, while we have not yet achieved the standards we have set for ourselves, we have made improvements in the provision of services to our customers, yet customer concerns about HMRC continue. These concerns generate considerable contact by customers, which HMRC would like to prevent. We need to ensure that improving operational and customer service performance feed through to improved external perceptions of how we are doing.

We will continue to develop performance measures for each part of the Charter, for example by using questions in the quarterly Customer Survey, the Agent's survey and the reputation tracker.

In September 2011, the Chairman of HMRC hosted a meeting with representatives of professional and voluntary bodies to discuss HMRC's service delivery standards which were thought to be at unacceptably low levels. This was in response to a number of suggestions from some agents and professional bodies. Although post handling performance has shown an improvement, it was agreed to explore how this is reflected in the experience of taxpayers. In addition a number of agents and charity representatives will spend time with some HMRC front line service delivery teams to look at the processes from a customer perspective and some HMRC staff will visit practitioners' offices to gain a better understanding of delivery from the point of view of the customer. The results of these actions will be made public.

Our challenge is to continue to improve the experience of our customers, the great majority of whom want to get things right, while challenging those who bend or break the rules. The Central Customer and Strategy Unit will continue to play an important role in this, testing ideas and approaches with customers. For example, Benefits and Credits convene ad hoc groups to consider particular issues or business or customer segments. These provide an effective conduit for concerns about products and processes – such as the commitment to move to earlier engagement in processes, including consultation in advance on proposed compliance campaign communications. Benefits and Credits have led on a large piece of work with the Post Office to consider the feasibility of them operating a check and send approach for

new tax credit claims. It has been agreed that a pilot will be run from January to April 2012 in eight Liverpool Post Office branches. Further work with them is also ongoing to see if they can assist with Small Debt Payments.

The Behavioural Insights Unit in Cabinet Office described our work nudging customer behaviour through different types of messaging in debt letters as 'streets ahead' of the rest of Whitehall and we have piloted different techniques, measured their impact and delivered real business improvement. In the earliest implementation there were errors in our targeting, and we received 2,000 complaints out of 17 million debt letters issued to people who had got themselves into debt for a variety of reasons. However, we recognise this is too many complaints, and a large number of people were affected. We identified errors made, apologised to affected customers and quickly put matters right.

The Charter Advisory Committee will be meeting early in 2012 with representatives from Debt Management to establish how well that business area is succeeding in keeping Charter values.

The Charter has helped us re-focus face-to-face services on those who we know truly need help and provide additional assistance through funding and working with the third sector. Similarly, we are providing targeted support for small businesses when they start up through more real time assurance of business records in order to prevent errors. This is being reviewed in the light of feedback from professional intermediaries. For large businesses and customers with more complex affairs, we are expanding our relationship-managed approach, and will be offering mediation and alternative dispute resolution to reduce disputes and settle issues more quickly, while also improving customer experience.

We plan to go a lot further. We have a challenge in restoring our reputation externally, particularly among those customers who we let down through poor services in the last year, and among stakeholders whose confidence in us has been damaged.

The Charter Advisory Committee wants to learn from other countries and departments who have a Charter. Subject to the availability of support it is intended to investigate practice in DWP, Australia and Canada.

Paper copies of this document or copies in Welsh and alternative formats (large print, audio and Braille) may be obtained free of charge from Janet Davison Room 3/58 100 Parliament Street London SW1A 2BQ.

Annex A Your Charter

Annex B HMRC's Purpose Vision and Way

Annex C Members of the Charter Advisory Committee

## **Annex A**

### Your Charter

#### **Your rights**

##### **What you can expect from us:**

- 1 Respect you.
- 2 Help and support you to get things right.
- 3 Treat you as honest.
- 4 Treat you even-handedly.
- 5 Be professional and act with integrity.
- 6 Tackle people who deliberately break the rules and challenge those who bend the rules.
- 7 Protect your information and respect your privacy.
- 8 Accept that someone else can represent you.
- 9 Do all we can to keep the cost of dealing with us as low as possible.

#### **Your obligations**

##### **What we expect from you:**

- 1 Be honest.
- 2 Respect our staff.
- 3 Take care to get things right.

## **Annex B**

### **HMRC's Purpose, Vision and Way**

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

Our **Vision** is to close the tax gap, enable our customers to feel that the tax system is simple for them and even-handed, and to be seen as a highly-professional and efficient organisation.

Our **Way** is to:

understand our customers and their needs

make it easy for our customers to get things right

believe that most of our customers are honest and treat everyone with respect

be passionate in helping those who need it and be relentless in pursuing those who bend or break the rules

recognise that we have privileged access to information and protect it

behave professionally and with integrity

do our own jobs well and take pride in helping our colleagues to succeed

develop the skills and tools we need to do our jobs well

drive continuous improvement in everything we do

## **Annex C**

### **Members of the Charter Advisory Committee:**

John Andrews (Chair), Low Incomes Tax Reform Group Dave Hartnett – Permanent Secretary for Tax, HMRC Ian Young – Institute of Chartered Accountants in England and Wales John Whiting – Chartered Institute of Taxation Arfawn Yasin – Advice NI Sue Cave – Federation of Small Businesses Katie Lane- Citizen’s Advice Bureau Jane Hunt – Chair at Association of Disabled Professionals Lisa Du Cros - HMRC Simone Hardy-Smith - HMRC