

HMRC CONSULTATION FRAMEWORK

This framework is intended to complement the Government's Code of Practice on Consultation which HMRC applies in all its formal UK public consultations. It aims to ensure HMRC will consult early and often, giving time for as broad participation as possible. It covers both formal and informal consultation on areas of operational policy, administrative processes and legislation.

What we aim to achieve through effective consultation

Businesses, individuals, employers, agents, IT specialists, representative and voluntary bodies all play vital roles in ensuring HMRC legislation and administrative systems operate effectively. HMRC wants to improve its design and administration of these systems by putting our customers at the heart of everything we do. Consultation is an important part of partnership working. HMRC believes that listening to, discussing and if at all possible acting on the views of our customers will lead to better design, delivery and take up of our services. That in turn will lead to lower costs for customers and HMRC and to better compliance.

What do we mean by consultation?

In the context of this framework consultation is taken to mean the routes through which HMRC obtains the views of interested parties when significant changes to operational policy, legislation and administrative processes are being planned. Consultation is a two way process – it allows HMRC to test new proposals and our customers to highlight current issues and suggest new ideas. It relies on a mutual obligation and understanding of the process of government.

By setting out the recognised routes through which consultation can take place, and the standards HMRC commits to in conducting a meaningful dialogue, this framework should encourage greater openness, trust and partnership working.

Recognised consultation routes

This framework covers the following recognised consultation routes:

- Formal UK Public Consultation under the Government's Code of Practice
- Written Consultation not under the Government's Code of Practice
- Consultation Forums – can be standing forums as listed on HMRC internet or created specifically for the proposed changes
- Open Days/ Road Shows
- Deliberative research events
- Workshops – both regional and metropolitan
- Focus Groups
- User Panels
- Meetings with representative bodies and business experts
- Confidential Discussions

Which route should be used?

Ministers will, of course, retain their existing discretion on whether and how to consult, but subject to that:

- In areas where major change is planned which will have a significant impact on customers, HMRC will undertake a formal UK Public Consultation following the Government's Code of Practice.
- For less formal consultation, the decision as to which routes to adopt will lie with the business unit responsible for developing the change proposal.
- HMRC will always consider consultation when planning any legislative change and advise Ministers on all consultations options with a presumption in favour of formal public consultation.
- In areas of significant change where Budget, legislative or operational timetables prevent a full 12 week consultation, a public written consultation with a shorter period will be considered in preference to less formal routes.
- In relation to anti-avoidance, the presumption is to recommend consultation except where there are significant risks which make consultation undesirable and these risks cannot be managed.
- Where there are a limited number of stakeholders affected written consultation with a targeted group of stakeholders will be considered.
- The needs of those likely to be affected by the change and the best means of engaging them in a meaningful dialogue will be taken into account when deciding which routes to adopt.

Planning for effective consultation

In planning consultations HMRC will consider the following questions:

- What type of consultation will bring best engagement?
- Who should be consulted?
- How – what information do I need?
- When – what is the timescale available?
- How will feedback be given?
- What will be the next steps?

What Type

HMRC will follow the key principles set out in this framework to ensure consultation routes are used that are accessible. Where appropriate HMRC will start early informal consultation, to aid understanding of potential issues, and use this to inform later formal or informal consultations.

Who

HMRC will identify the key stakeholders in the proposed activity, ensure they are included in the consultation and that an appropriate weight is attached to their representation. On significant issues stakeholder meetings and workshops for key stakeholders will be run alongside formal written consultation.

How

HMRC will ask focused questions and be clear about the area in which views are being sought. Any assumptions made will be clearly stated.

When

Both formal and informal consultation should be for as long as either possible or agreed. Written consultations will aim for at least 12 weeks to ensure sufficient time for considered responses.

Feedback

Where possible prompt and full feedback will be given. This will encourage future participants by providing recognition that all responses have been properly considered. Where full feedback is not possible feedback communicating what is going to be done as a result should be made in good time.

Ensuring proper engagement

There is no right method to reach a target audience but clearly the type of route adopted will influence who can and cannot take part in any consultation. Whenever possible, more than one route will be chosen to ensure as many different types of stakeholders as possible have the opportunity to make their views known.

Formal UK Public Consultation gives everyone a chance to contribute. Where informal consultation routes are adopted HMRC are committed to including as broad a range of stakeholders as time and circumstances permit.

Standing Consultation Groups – Membership of these groups is voluntary and HMRC are committed to ensuring that membership is sufficient to ensure the group can carry out its aims. The HMRC chair of all Standing Consultation Groups has the final decision as to representation. Representative bodies, once included as members, will decide who will act as their representative. All such groups will review both the Terms of Reference and membership every two years, or more often if required, to encourage participation and inclusivity.

Other Groups and meetings will be held at the discretion of the change owner who will identify interested parties. The subject matter, level of change being proposed, and timetable for change will all have a bearing who is asked to contribute. HMRC are committed to obtaining as broad a range of views as practicable.

Extending consultation when there are issues of confidentiality

Where risks in consulting are identified which mean confidentiality takes precedence over transparency, HMRC will work on the principle of starting or extending consultation to maximise participation as identified risks decrease. It is recognised that consultation is more effective if it is not conducted on a limited basis but includes all stakeholders.

Making best use of limited resources

Conscious that time given to participate in consultation is voluntary, and often on top of other commitments, HMRC are keen to engage with stakeholders to ensure we make best use of limited resources by:

- Looking to work with stakeholders to set priorities as to which changes require consultation and which do not;
- Ensuring as early engagement as possible to allow trust and meaningful dialogue to build over time;
- Appreciating the need for the recommended 12 week timetable if representatives are to properly canvass their members for views;
- Listening to concerns about duplication of effort and taking steps to deliver consultations on connected areas in a joined up way. In doing this, it is better

to use existing forums than set up new structures to minimise the time demands on customers.

The Government's Code of Practice on Consultation

When running formal consultation exercises HMRC will always apply the Government's Code of Practice except in circumstances where Ministers agree otherwise.

1. When to consult - Formal consultation should take place at a stage when there is scope to influence the policy outcome.

2. Duration of consultation exercises - Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.

3. Clarity of scope and impact - Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals.

4. Accessibility of consultation exercise - Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach.

5. The burden of consultation - Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained.

6. Responsiveness of consultation exercises - Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.

7. Capacity to consult - Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

The full code of practice can be downloaded from www.berr.gov.uk/files/file47158.pdf

Informal Consultation

When informal consultation routes are undertaken the following key principles will be adopted:

- Planning and consultation should start early, before key decisions are made
- There should be clarity about what areas are open to change and what are not
- Information will be made available to those most affected
- Maximum participation will be encouraged through accessible and varied consultation methods
- Written material will be clear
- Sufficient time will be given for considered responses
- Careful consideration will be given to all responses
- Give feedback regarding the responses received and how the consultation process influenced the outcome.

Consultation Co-ordinator

HMRC have a consultation co-ordinator whose role is to help colleagues in HMRC conduct successful consultation exercises. If anyone is concerned that any particular consultation is falling short of the standards set out in this framework please contact: hmrc-consultation.co-ordinator@hmrc.gsi.gov.uk