

## Inland Revenue Public Service Agreement 2001-2004: Technical Notes

The following technical notes explain how the targets set out in the Inland Revenue's Public Service Agreement published in the 2000 Spending review: Public Service Agreements (Cm 4808) will be measured.

<b>PSA Target: 1</b>	<b>Technical Note</b>
<p><b>Deliver year on year improvements in the number of individuals and businesses who comply with their obligations and receive their entitlements.</b></p>	<p><b>Obligations</b></p> <ul style="list-style-type: none"> <li>• The target covers the performance of individuals, employers and companies under the Self Assessment, Pay As You Earn, and Company Tax Self Assessment regimes.</li> <li>• 'Complying with their obligations' means paying and filing returns (which will be measured separately) on the due date but does not cover avoidance or black economy.</li> <li>• The "due date" means the date set out in legislation governing the payment and filing of returns.</li> <li>• For each regime, We will use five key indicators for measuring an improvement in compliance. These will be: <ul style="list-style-type: none"> <li>- the percentage increase in the number of returns filed on time;</li> <li>- the percentage increase in the number payments made on time;</li> <li>- the percentage reduction in the number of overdue returns filed more than 12 months after the filing date;</li> <li>- the percentage reduction in the number of overdue payments made 12 months after the annual due date.</li> <li>- the percentage increase in the number of overdue cases worked to a fully satisfactory standard (information to be provided via quality monitoring exercise).</li> </ul> </li> </ul> <p>Each of these indicators will be measured separately and individual targets will be set, once baselines have been established. These are all new indicators that will require changes to internal systems. Baseline data for individual's filing and employers paying on time will be available from April 2001 and the rest will be in place by April 2002. The possibility of using sampling to establish baselines for companies is being explored. Quality monitoring is a single exercise measured over the financial year but improvements are planned to our quality system from April 2002. Progress will be reported quarterly as part of PSA monitoring.</p> <p><b>Entitlements</b></p> <ul style="list-style-type: none"> <li>• Entitlements are established claims and applications to repayments and tax credits.</li> <li>• The measure will be based on the number of repayments made in the five centralised Inland Revenue Offices and the number of eligible households receiving WFTC and DPTC in the financial year.</li> </ul>

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	<ul style="list-style-type: none"> <li>“eligible households” are those who meet the rules for entitlement for WFTC/DPTC.</li> </ul> <p>The results will be audited by the Revenue’s Internal Audit Office.</p>
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PSA Target: 2	Technical Note
<b>Reduce compliance costs that act as a barrier to the establishment and growth of small businesses</b>	Compliance costs are those incurred by small business in meeting the requirements and obligations placed upon them by tax law and the revenue authorities.
	The focus will be for year on year reductions for those with fewer than 10 employees
	Establishment and growth means <ul style="list-style-type: none"> <li>- before they start up</li> <li>- in the first 12 months of their life</li> <li>- as they take on their first employee in their first 12 months as an employer</li> </ul>
	Baseline data will come from previous research work (for example, the Bath Report for PAYE/NICs), current work and results from the first stages of a four year research programme. This will in the main be undertaken by external contractors working on the Revenue’s behalf, supplemented by qualitative fieldwork to verify the accuracy of the data collected. The first part, an assessment of Corporation Tax (CT for non-financial companies) is due for completion in 2001-02. CT for financial companies and Stamp Duty is planned for 2001/02 –2002/03. And Income Tax, Capital Gains Tax and Petroleum Revenue Tax for 2002/03-2003/04.
	Validation will be through use of the Regulatory Impact Assessment (RIA) process, surveys of cost and ease of use. That will be supplemented by annual updating of baseline material.
	Regular surveys- as part of a four year programme - will be conducted to assess the current costs

PSA Target: 3	Technical Note
Ensure by 2005 that 100% of services are offered electronically, wherever possible through a common Government portal, and a take-up rate for these services of	<ul style="list-style-type: none"> <li>Electronic services will be taken as meaning that a customer can communicate with us, or carry out any transaction with us electronically.</li> </ul>

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<p>at least 50%.</p>	<ul style="list-style-type: none"> <li>• In this context, electronically will have the meaning ascribed to it in E envoy office guidance on monitoring across Government which includes a range of channels such as the internet, managed telephone services and others.</li> <li>• The measure of availability of electronic services and the take-up of those services will be as returned to the E envoy office twice each year (Spring and Autumn). The E-Envoy office publishes these figures on the Internet. 30% of services are currently available electronically and the milestone target is 50% availability by end March 2002.</li> </ul> <p>Measures of progress will be established in the course of further development of the departmental e-business strategy (published 20<sup>th</sup> November).The mechanisms for measuring the take-up of future services will be established alongside their introduction and we may therefore need to revisit the basis on which we measure take-up.</p>

<b>PSA target: 4</b>	<b>Technical Note</b>
<p>Improve value for money by achieving annual productivity gains of at least 2.5% per year until March 2004, without detriment to accuracy or customer satisfaction</p>	<ul style="list-style-type: none"> <li>▪ Annual productivity will be measured as the number of taxpayer cases, tax credit decisions, and National Insurance (NI) work items dealt with, divided by the number of staff years deployed.</li> <li>▪ The baseline will be the ratio between these workloads dealt with and staff used as established during 2000/01.</li> <li>▪ “Taxpayer cases” include: <ul style="list-style-type: none"> <li>▪ For Self Assessment, the number of returns processed.</li> <li>▪ For non Self Assessment cases, the number of end of year open cases cleared, the number of end of year returns processed, the number of P45s cleared and the number of employers returns of benefits in kind examined.</li> <li>▪ For receivables (e.g. collection) work, the number of worklist items recorded.</li> </ul> </li> <li>▪ This is a new productivity measure covering a diverse range of operational activities. Work is in hand to establish an appropriate methodology for aggregating and/or weighting taxpayer cases, in order to provide a representative overall indicator of productivity.</li> </ul> <p>“A tax credit decisions” is:</p>

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	<ul style="list-style-type: none"> <li>• a decision made on whether to allow or disallow tax credits in respect of every application.</li> </ul> <p>“National Insurance work items” are:</p> <ul style="list-style-type: none"> <li>▪ individual paper or electronic work receipts where clearance normally results in the updating of an NI account or the provision of NI related information to the customer.</li> </ul> <p>The Department has no overall measure of accuracy. However, a range of quality measures exist across these operational activities against which an assessment of accuracy will be made. The department’s customer service performance indicator will be the basis of measuring customer satisfaction.</p>
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<b>PSA target: 5</b>	<b>Technical Note</b>
<p>Achieve a 2.5 point improvement in customer service by 2004, as measured by an annual customer service index.</p>	<ul style="list-style-type: none"> <li>◆ The index will reflect the views of all the Revenue's main customer groups. It will give an aggregated annual "score" for those groups against which perceptions of overall service improvement can be measured.</li> <li>◆ The index will demonstrate customers' perception of how well / badly they felt they were enabled (for example, through better guidance, forms, processes and assistance services) to comply with their legal obligations and receive their entitlements, and how satisfied they were with the service provided. It will also (as a separate issue from the overall "score") seek to identify customers' priorities for the future and areas where further service improvements need to be made.</li> <li>◆ This index will replace the existing customer satisfaction target (the Customer Service Performance Indicator - CSPI). The methodology used for the new index will be validated by the Department's Internal Audit Office.</li> <li>◆ A baseline measure for the new index will be established by the end of 2001 and will be the basis against which targets will be set for 2002/03 and 2003/04. The final measurement against the previous PSA target (to achieve a score of 70 for the "old" CSPI by 2002) will take place in 2000/01.</li> </ul>