



ICAEW REPRESENTATION 02/16

TAX REPRESENTATION

January 2016

ICAEW research survey: HMRC Customer Service Standards 2015

Results of the ICAEW 2015 research survey among ICAEW smaller agents about HMRC service standards.

This survey has been prepared on behalf of ICAEW by the Tax Faculty. Internationally recognised as a source of expertise, the Faculty is a leading authority on taxation. It is responsible for making submissions to tax authorities on behalf of ICAEW and does this with support from over 130 volunteers, many of whom are well-known names in the tax world. Appendix 1 sets out the ICAEW Tax Faculty's Ten Tenets for a Better Tax System, by which we benchmark proposals for changes to the tax system.

ICAEW is a world-leading professional accountancy body operating under Royal Charter that obliges us to work in the public interest. ICAEW's regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the UK Financial Reporting Council. We provide leadership and practical support to over 144,000 member chartered accountants in more than 160 countries, working with governments, regulators and industry in order to ensure the highest standards are maintained.

Working across a wide range of areas in business, practice and the public sector, ICAEW members provide financial expertise and guidance based on the highest professional, technical and ethical standards. Members acting as tax agents are a valuable resource for a large proportion of UK tax payers, assisting tax compliance and the gathering of tax at no direct cost to government. Given this vital role it is essential for members to be able to easily communicate with HMRC.

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KEY RECOMMENDATIONS

Through this research ICAEW smaller agents were asked to provide their views of HMRC service standards based on their direct experience of using HMRC services over the past year. Based on the 2015 survey results, which build on those from our 2014 survey, we recommend that HMRC should prioritise the following:

1	Set and implement agreed service standards.
2	Ensure there are sufficient experienced members of staff to deal with complex queries.
3	Improve contact and response waiting times.
4	Ensure that in the transition to digital, service levels do not deteriorate for other contact methods.
5	More support is needed for agents and businesses and individual taxpayers in the move to digital.
6	Do more to make it easier to find the right contact information.
7	Raise awareness of Agent Account Manager (AAM) service.

1 Set and implement agreed service standards

Service standards remain below an acceptable level and HMRC needs a clear pathway to improvements. The Treasury Committee has twice recommended that HMRC should work with stakeholders to produce a set of agreed service standards, the last time in 2011. This has still not been implemented.

The Public Accounts and Treasury Committees need to improve their oversight of HMRC and ensure it is accountable to the people via Parliament to deliver demonstrable service improvements. A senior HMRC board member needs to be given public responsibility for delivering an improvement plan and should report to parliament every six months.

The Joint Initiative Steering Group (JISG) comprised of senior HMRC and professional body representatives needs to remain focussed on delivering service improvements in accordance with its original remit as well as developing the digital strategy and taking a more strategic view of key areas.

2 Ensure there are sufficient experienced members of staff to deal with complex queries

As in 2014, staff training and issue resolution remain matters of concern which need to be improved. As noted in 1 above, members again highlighted the need for improvements in staff knowledge so that complex queries could be dealt with “right first time”.

3 Improve contact and response waiting times

The Personal Tax agent dedicated lines (ADLs) work well and this success needs to be replicated on the other telephone lines.

In the survey, members again highlighted the need for improvements in call waiting times. In contrast to the success of Personal Tax ADLs, the results for Debt Management and Employer Payroll lines were particularly disappointing and HMRC should prioritise improvements in these areas.

Delays in post response times were highlighted as a problem and further work is needed to identify how post response times can be improved.

4 Ensure that in the transition to digital, service levels do not deteriorate for other contact methods

HMRC needs to continue to develop digital communication channels that are robust and easy to use, so that they become the preferred method of communicating with HMRC.

While we believe that HMRC needs to encourage online communication, there will remain a need to support those who prefer to communicate by telephone or post.

The telephone is an unsatisfactory way for agents to engage with HMRC. The post service is marginally better but neither method is the most appropriate or cost effective way of communicating with HMRC in the digital age.

HMRC needs to ensure that in the transition to digital communication:

- service levels do not deteriorate for contact by post and telephone; and
- there are sufficient well-trained members of staff available to resolve queries.

5 More support is needed for agents and businesses and individual taxpayers in the move to digital

In the move to digital, more needs to be done to support agents and convince them that digital developments will result in long term improvements.

HMRC needs to work with the professional bodies to provide further support in the transition to digital services.

In particular, it is critical that agents have the ability to see what their clients will see at the same time that it is made available to clients. Agents are valuable multipliers for HMRC, saving much work by HMRC staff, but agent access to new systems is often an afterthought. This will be essential in the roll out of Making Tax Digital.

6 Do more to make it easier to find the right contact information

There needs to be improved communication of how taxpayers and agents contact HMRC by post. ICAEW will continue to help HMRC promote the information through channels with our ICAEW members.

7 Raise awareness of Agent Account Manager (AAM) service

The AAM service is successful and should be built on. The professional bodies and HMRC should work together to improve publicity for the service and consider whether there is scope to expand it further.

CONTACT WITH HMRC

Participants were asked to specify the following: how frequently they contact HMRC, what methods they use in order to do so (i.e. telephone or post), which area of enquiry they tend to deal with the most and provide their opinion on HMRC moving their services to digital.

In order to participate in the survey respondents were required to contact HMRC at least once a month, either themselves (97%) or manage employees who do so (3%). The results reported here are an aggregate of responses obtained from both of these groups.

In line with the results recorded in 2014, telephone remains the most frequently used contact method, with 83% of agents using it to contact HMRC at least once a month, up from 78% in 2014. In contrast only 58% of agents contacted HMRC by post at least once a month, down from 66% in 2014: Those who have moved away from communicating with HMRC via post say that it is too time consuming (44%) and that they prefer other contact methods (23%); specifically, telephone and HMRC online services.

Fig. 1: Approximately how often do you / your team use the following methods to contact?

	Less than once a month	At least once a month	Never
Telephone	14% (57)	83% (330)	3% (13)
Post	32% (128)	58% (230)	10% (40)

Base: All contacting HMRC (400)

Contact overall

Looking at the specific areas of HMRC where agents make enquiries, the 2015 results are largely in line with the breakdown that we reported in 2014. In particular:

- nearly 8 in 10 of respondents contact HMRC at least once a week;
- Personal Tax is still the most likely to be dealt with by agents, with most of them (87%) contacting HMRC with regards to this area at least once a month;
- the Employer Helpline and Debt Management are the least contacted areas: a third of agents reported that they never get in touch with HMRC with queries relevant to those departments.

Fig. 2: How often do you/your team contact HMRC in respect of the following areas?

	Less than once a month	At least once a month	Never
Personal Tax - Agent dedicated line(ADL)	5%(21)	87%(346)	8%(32)
Corporation Tax	23%(91)	69%(275)	9%(34)
Employer Payroll	25%(99)	42% (166)	34% (135)
Debt management	37%(148)	32%(129)	31%(123)

Base: All contacting HMRC (400)

Move to digital contact

Just over half of respondents regard the move to digital to be a positive development. Only third of agents think that HMRC is supporting them in the transition to digital.

Bearing in mind HMRC's long-term plan to move most of their services to digital, agents were also asked to express their opinion about this change in contact method. Overall 52% said that they felt positive about it, a small improvement on the 2014 result (49%). Nevertheless, a third expressed concerns, up from 29% in 2014.

When asked about the role of HMRC in managing this change, only 34% agreed they felt that HMRC was supporting agents.

Fig. 3: Agree/disagree: I feel positive about HMRC move of its services to digital

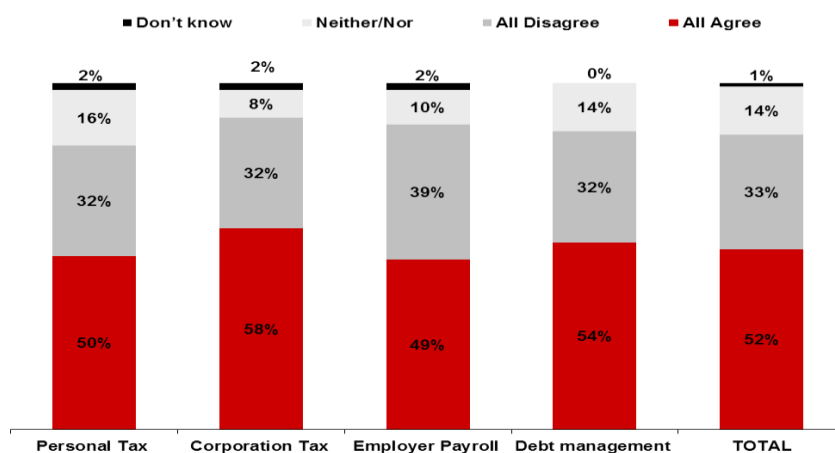
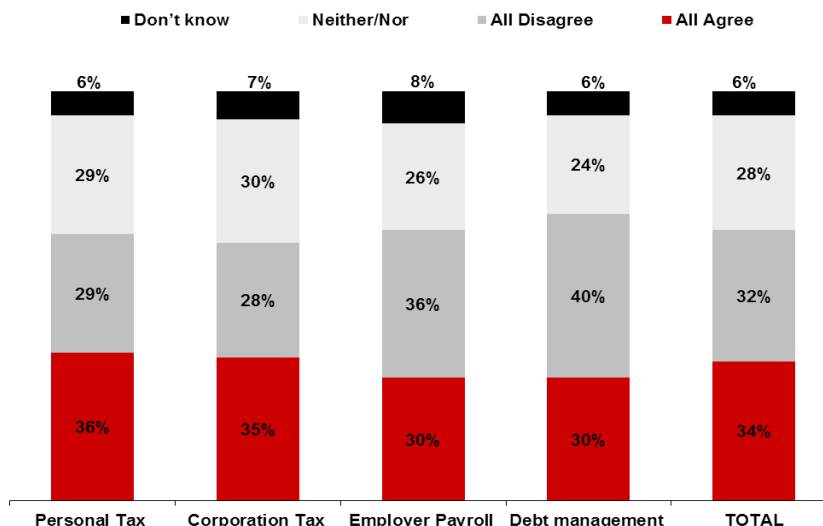


Fig. 4: Agree/disagree: HMRC is supporting the role of tax agents in the move of its services to digital.



Tax Faculty comments

The majority of agents still contact HMRC on a very regular basis and the proportion hasn't decreased since the 2014 survey. While the number contacting HMRC by post fell slightly, this was balanced by an increase in the number contacting HMRC by telephone.

It is still too early to see any reduction in the number agents contacting HMRC by post and/or telephone. In the longer term we should expect to see a decrease in the usage of the more traditional contact methods, in particular post, as HMRC rolls out its digital services.

However, even as digital services are rolled out, traditional means of communication may still remain the preferred approach for many agents, for example

- the ability of agents to see what their clients see will not be available at the same time as it is available to clients, so contact by more traditional means will continue to be needed;
- agents may not always be aware of the digital support available so will continue to use traditional channels;
- HMRC's digital support is not yet in place, or may not be the right type of support; or
- there is a more general lack of confidence in HMRC, because of concerns about HMRC's service performance and the ability of HMRC to get it right first time.

It is disappointing that only 52% of agents are positive about the move to digital, although this is a slight improvement on 2014. Further, only a third of agents feel HMRC are supporting them in the change to digital. HMRC needs to work with the professional bodies to provide further support in the transition to digital services and more needs to be done to convince agents that the digital changes will result in long term benefits.

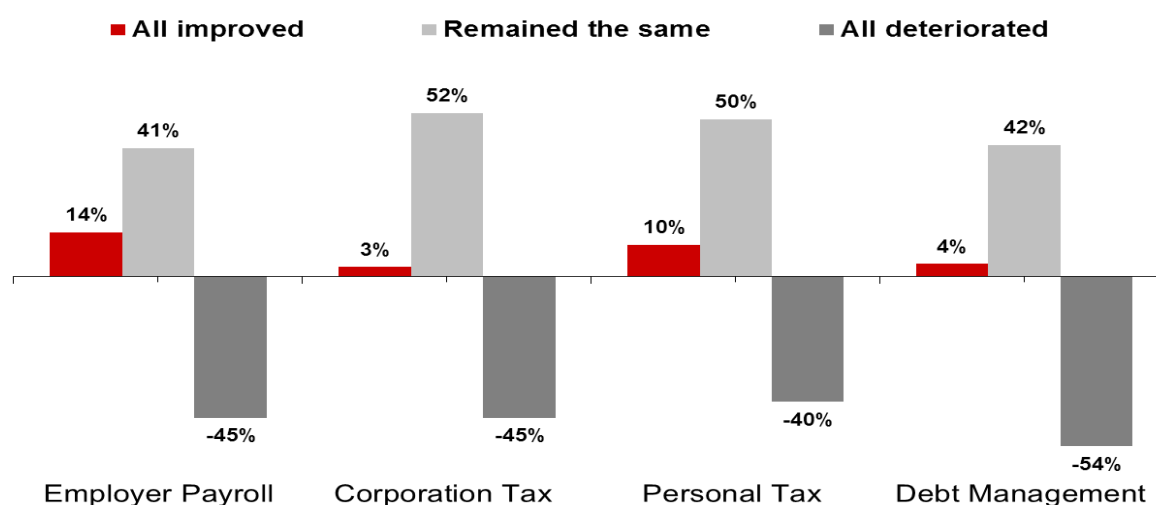
It is critical that when digital services are rolled out to taxpayers, they are also rolled out to agents at the same time so that the agent can see exactly what the taxpayer can see.

CHANGE IN HMRC SERVICES OVER PAST YEAR

Agents' experience suggests that the quality of HMRC's services in 2015 suffered a further deterioration, with debt management being particularly disappointing.

We again asked members to give their views on how the quality of HMRC services across all service areas has changed over the past 12 months. Over 90% of agents thought that services standards had either remained the same (48%) or that they had deteriorated (43%). We are concerned particularly that 43% of agents thought that services had deteriorated, an increase from 34% reported in the 2014 survey.

Fig. 5: Change in service quality since last year. (Base: 400)



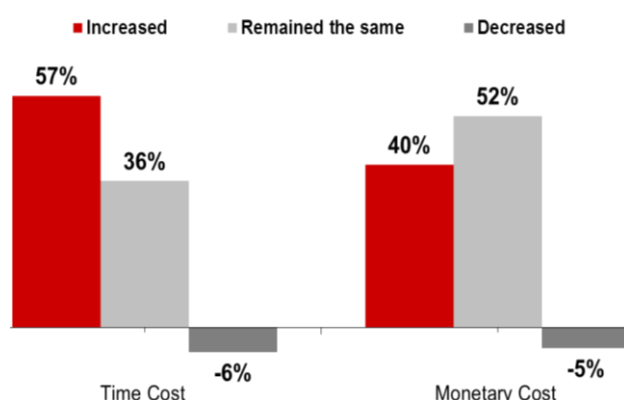
Consistent with previous results, agents' perceptions of the Personal Tax Agent Dedicated line service remain slightly more positive compared with other departments; Having said that 4 in 10 agents still thought that those services have deteriorated over the past year. There is clearly still room for improvement as only 1 in 10 reported that they had noticed an improvement and half of respondents reported no change in service quality over 2015.

We are concerned particularly that over half of respondents thought that service quality in debt management and banking had deteriorated. This is a particularly disappointing result and the reasons for it need to be investigated and an improvement plan developed.

Agents appear to share the view that the process of resolving queries through HMRC is lengthy and requires multiple attempts at getting in touch. Just a fifth agree that they trust HMRC to "get it right first time" (2014: 16%) and over half disagree (2014: 62%). Similar to last year, the results vary between the areas of focus, with Employer Payroll being perceived particularly negatively. Nearly 7 in 10 of respondents disagreed that HMRC staff responsible for dealing with queries related this area of enquiry "get it right first time".

Overall the survey results show that agents still struggle with similar frustrations with HMRC's service quality as reported in last year's survey last year. This has a direct impact on agents' perceptions of the costs of dealing with HMRC.

Fig.6: Change in service costs since last year. (Base: 400)



Given the agent experiences of the quality of services set out above, it is not surprising to see that this has an impact on agents' perceptions of the time and monetary costs of using HMRC services.

57% of respondents think that the time cost of dealing with HMRC has increased compared with last year (2014: 47%).

Most also share the view that the monetary cost of contacting HMRC has either remained unchanged (52%) or increased (40%) over the past 12 months. (2014: 56% and 37% respectively).

Again all these figures are on top of those reported in 2014 and highlight a further deterioration in the quality of service.

Tax Faculty Comments

We are disappointed to see that agents do not feel there has been an improvement in the service or any reduction in cost of dealing with HMRC. We welcome the recruitment of additional 3,000 call centre staff. In time this should feed through to an improvement but any benefits do not appear to be reflected in the results of our 2015 survey.

Agents also again report that the quality of service to 'get it right first time' has deteriorated since the 2014 survey, resulting in the perceived increase in monetary and time costs.

The ability to get through to speak to the right person quickly to resolve queries remains a problem. Agents will generally have more complex queries than taxpayers and for this reason there is a need to speak to someone with detailed knowledge rather than being directed to less experienced staff who may not understand the problem.

TELEPHONE

The overall satisfaction with HMRC telephone services varies depending on the service areas. HMRC's ability to respond quickly and resolve complex queries remains a concern.

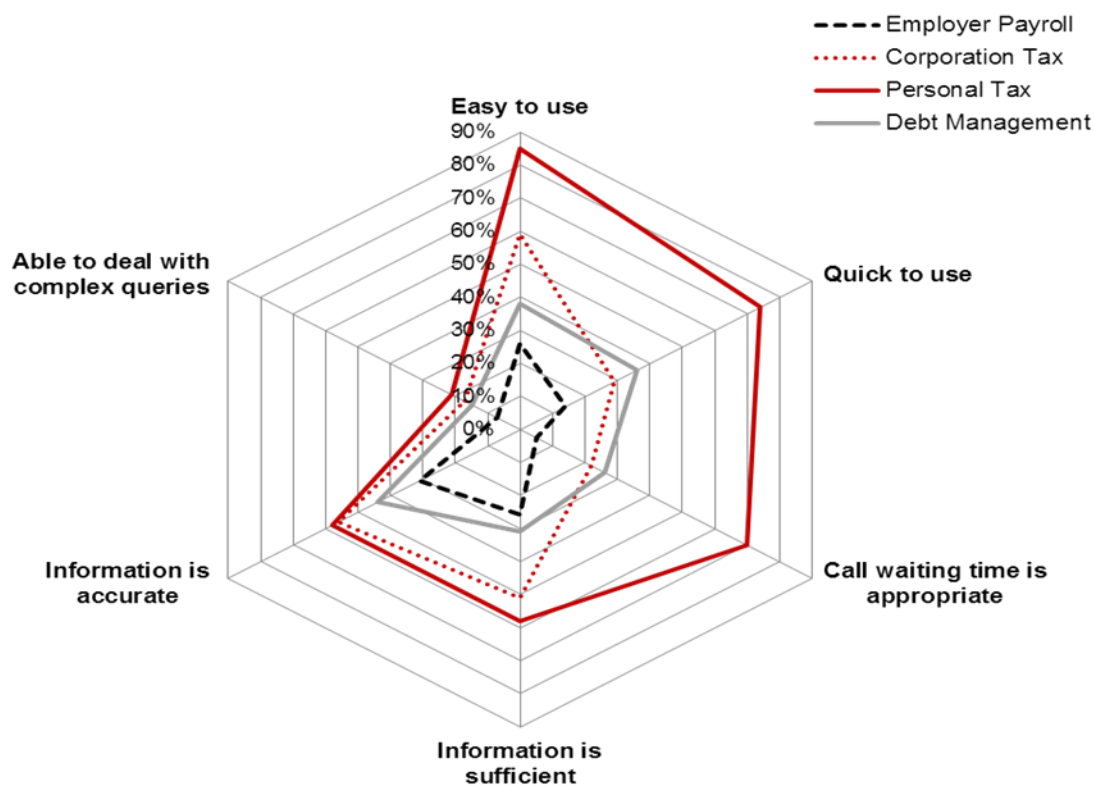
Results vary across the service areas. Personal Tax, which operates a specialist agent dedicated line, performed better when compared with other areas. Most agents (82%) rated their overall experience of dealing with Personal Tax as positive, compared with the average of 6 in 10 across all HMRC telephone lines.

Other areas of enquiry continue to struggle; the Employer Helpline is perceived particularly negatively with 66% users rating their experience of dealing with it as negative, which is undoubtedly affected by the fact that there is no agent dedicated line that is answered within a reasonable time by a suitably experienced member of HMRC staff. The overall time it takes to resolve a query appears to be the main challenge for Employer Helpline, with 84% agreeing that the telephone queries handled by Employer Helpline take longer than they should. Only 5% of users on that line consider the waiting time to be appropriate. This compares to 22% for Corporation Tax, 26% for Debt Management and, at 70%, a much more positive view of the Personal Tax ADL line.

Consistent with last year's results, all HMRC telephone services still have difficulties dealing with complex queries. Less than a fifth of agents who ring HMRC on a regular basis believe that HMRC's staff is capable of dealing with such queries. On the Employer Helpline less than 1 in 10 agents believe that HMRC's staff is capable of dealing with the query.

Reflecting the findings discussed above, when asked about the areas where improvement would be the most desired, most small agents pointed to either call waiting time (37%) or staff knowledge (35%).

***Fig.7: Proportion of agents who agree/strongly agree with the following statements
(Base: 330 –contact HMRC via telephone)***



Tax Faculty Comments

Once again we are pleased to see that the Personal Tax ADL service, which is a fast track service for agents, shows positive feedback for contact and ease of use.

The results for other lines shared with the general public are again disappointing and follow the same trend as last year. The results for employer payroll are particularly disappointing.

On all lines the survey again highlights the inability of HMRC to deal with complex queries and the difficulty in getting through on the telephone. The results confirm feedback on our Tax Forum post [Getting through to HMRC on the telephone in 2015: Report your problem.](#)

We remain concerned about the reasons for the low scores. As mentioned earlier we welcome the appointment of 3,000 extra contact staff which should result in improvements in 2016.

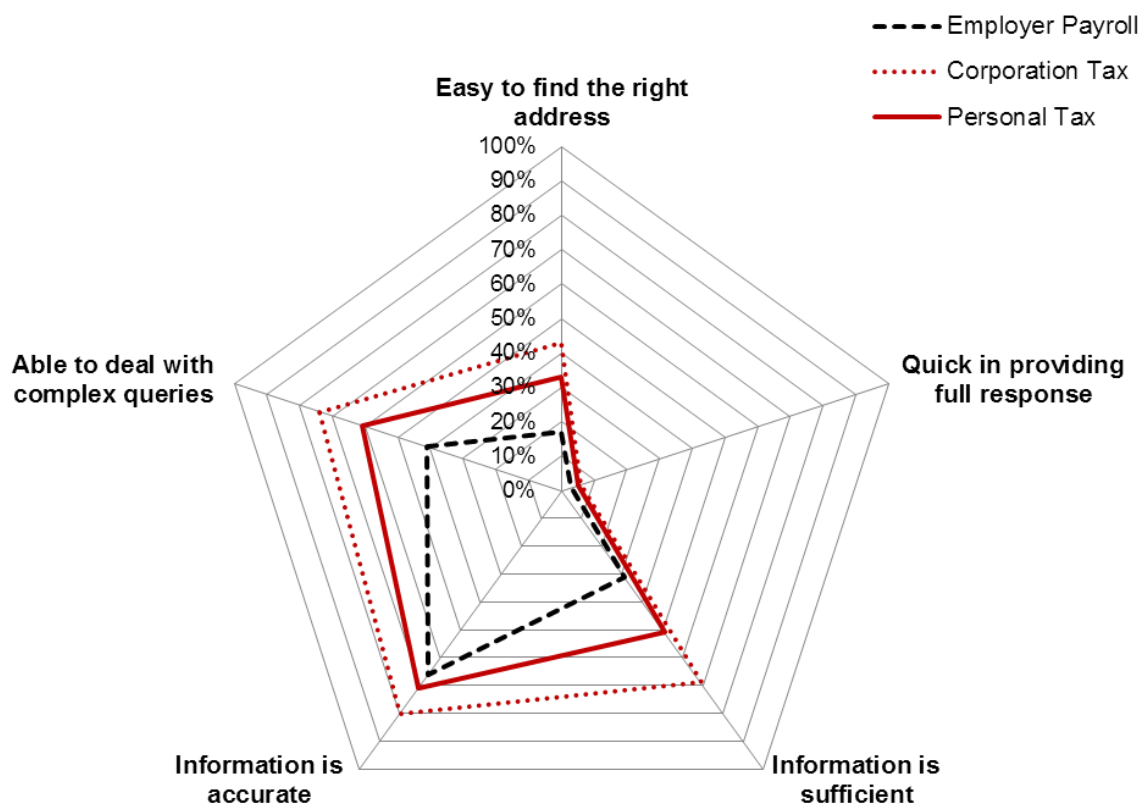
POST

Postal services are still seen as too slow, but on a more positive note respondents felt it was better able to deal with complex queries than by telephone. Unlike the telephone services, agents' satisfaction appears to be similar across the specific service areas.

Most appear to be satisfied with the HMRC postal services and rate their experience of using them as positive, but the challenges reported last year still prevail. The main problem which has a negative impact on agents' satisfaction of using the HMRC postal services is their ability to quickly provide full responses to queries; most respondents (87%) disagreed that HMRC can do it quickly enough (2014: 75%). Finding the right postal address also proves difficult: only a third of respondents do not think of it as a challenge.

Nevertheless, the majority of members share the view that HMRC postal services can be relied on for providing a high quality and accurate information (71%) and resolving complex queries (60%). In this respect, HMRC postal services appear to outperform the telephone. It is notable that some service areas are seen as less effective in resolving complex queries, especially Employer Payroll where only 40% of small agents regard this area to be capable of doing so. This is significantly less compared with HMRC postal services overall and the causes for this need further investigation.

Fig.8: Proportion of agents who agree/strongly agree with the following statements (Base: 230 – contact HMRC via post) Debt Management is excluded from this analysis due to insufficient sample



Tax Faculty Comments

We understand the need for HMRC to reduce contact by post and move to digital channels. However 6 out of 10 agents still find the need to contact HMRC by post. We do not have an analysis of the reasons but feedback generally, as set out in our 2014 survey report, is that the post system provides documentary evidence and an audit trail.

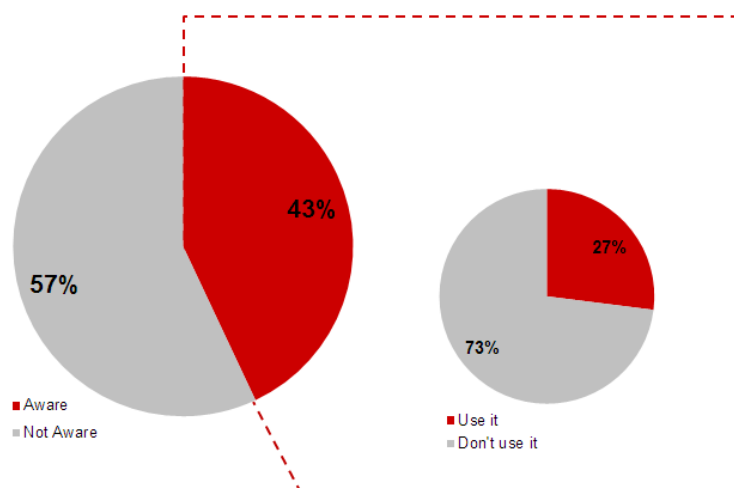
The key concern again with corresponding with HMRC by post is the speed of response. This result is not that surprising in view of the considerable number of views and comments we have received on our Tax Forum post [How long is it taking for HMRC to reply to post in 2015?](#) Again agents reported that they are uncertain that they are using the correct address, possibly because of delays in responses.

On a more positive note agents feel that the accuracy and ability of HMRC to deal with complex queries is better than by telephone. The Corporation Tax service is perceived as performing slightly better and the service in respect of Employer Payroll issues the worst. It would be helpful to understand the reasons for this.

AGENT ACCOUNT MANAGER SERVICE (AAM)

Similar to last year, the AAM service received a high satisfaction rating, and we need to work with HMRC to build on this success.

Fig.9: Proportion of agents who are aware/not aware & use/don't use AAM (Base: 400 – All; 173 – those who are aware of AAM)



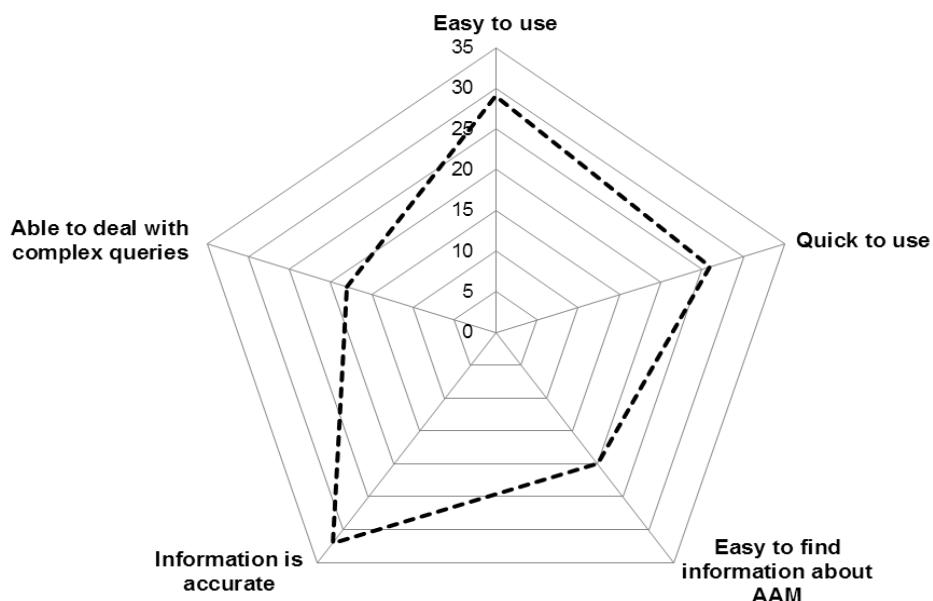
The Agent Account Manager Service (AAM) was set up by HMRC in 2010 providing a team of Agent Account Managers to help tax agents and advisers deal with HMRC more effectively via the Agents' issue resolution service, a streamlined process aimed at resolving ongoing problems more quickly.

Satisfaction of those using the service remains high, with 8 in 10 users rating their general experience as positive. The key strengths of AAM are its ability to provide accurate information (32/46) and guidance on what to do next (32/46). The service is also perceived as quick (26/46) and easy to use (29/46) by the majority of small agents.

However, the awareness of the AAM service still remains relatively low: just 43% of agents have heard of it which is lower than last year (2014: 50%). The service is being used by 12% of all agents surveyed (representing 27% of those who are aware of the AAM). However, this result is perhaps not surprising given the fact that it has been positioned as a contact method of the last resort.

As with other HMRC service areas, however, AAM staff, who coordinate responses from other HMRC departments, need to improve the communication in order to be better able to deal with complex queries more efficiently. At the moment just 4 in 10 users agree that the AAM is capable of dealing with complex queries.

Fig.10: Number of participating agents who agree/strongly agree with the following statement (Base: 46 -those who use AAM)



Tax Faculty comments

Those agents that use the AAM service are again very positive about it. This is welcome. This should be the channel for resolving complex queries that cannot be resolved elsewhere. However, awareness remains limited. Greater awareness of the service should improve take-up and improve agents' perception about dealing with complex issues.

ICAEW needs to work with HMRC to improve awareness and take up and build on the success of the AAMs.

RESEARCH AND METHODOLOGY

ICAEW has been monitoring the performance of HMRC services since 2007 using an online questionnaire with the most recent survey being conducted in 2012. In 2014 we developed a telephone based approach to improve both the statistical robustness and representativeness of the survey. With the intention to compare findings between years, the same telephone method was also repeated in 2015. The research was undertaken by Kudos Research, an independent research agency working on behalf of ICAEW, over a three week period in October 2015.

Those taking part in this year's survey were carefully selected to ensure a representative cross-section of smaller agents (less than 100 employees and up to 10 partners), so that HMRC's performance can be compared across contact channels and the HMRC services used. We have decided to increase the number of interviews to 400 this year in order to allow for robust sub-group analysis. Participants were selected using the quota sampling methodology from ICAEW's database of members in small practices.

All those contacted were screened to ensure that they either personally contacted HMRC or are responsible for a team that regularly uses HMRC services at least once a month. Those taking part were asked about their own or their team's recent experiences of contacting HMRC and their opinions of service standards. Specifically, the questionnaire was focused on the following:

- current views of HMRC services overall and compared with last year;
- satisfaction with HMRC Employer Payroll, Corporation Tax, Personal Tax and Debt Management services provided via the following channels: telephone, post and Agent Account Manager (AAM) service; and
- current views on the move of HMRC's service to digital channels

While the 2015 research follows up on the similar studies conducted by ICAEW in previous years, the change in the way the research was conducted prior to 2014 means that this year's results are not directly comparable to those obtained before 2014. Nevertheless, 2014 and 2015 results can be compared at the top level - taking into account aggregated responses from all participants, excluding sub-group analysis. The results of the 2014 survey can be found at [ICAEW Research survey: HMRC Customer Service Standards 2014](#) and our earlier studies can be found through [ICAEW 2012 survey HMRC service standards](#).