



January 2015

ICAEW research survey: HMRC Customer Service Standards 2014

Results of the ICAEW October 2014 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 the HMRC service standards based on their experience of using HMRC services over the past year. Based on the survey results, while working towards improving the quality of their services, we recommend that HMRC should prioritise the following:

- 1. Set and implement agreed service standards**
- 2. Ensure that there are sufficient experienced 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. Do more to make it easier to find the right contact information**
- 6. Raise awareness of Agent Account Manager (AAM) service***

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. For 2014 we have developed a telephone based approach to improve both the statistical robustness and representativeness of the survey.

Those taking part in this year's survey were carefully selected to ensure a representative cross-section of smaller agents, so that HMRC's performance can be compared across contact channels and the HMRC services used.

The research was undertaken by Kudos Research, an independent research agency working on behalf of ICAEW, who conducted 300 telephone interviews with ICAEW agents from smaller practices (less than 100 employees and up to 10 partners) over a two week period in October 2014. Participants (Smaller Agents) were selected at random from ICAEW's database of members in small practices to ensure the research is based on a representative sample.

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, VAT and Debt Management services provided via the following channels: telephone, post and Agent Account Manager (AAM) service.

While the 2014 research follows up on the studies conducted in previous years, the change in the way the research was conducted means that this year's results are not directly comparable to those from previous years. The results of our previous studies can be found through [ICAEW 2012 survey HMRC service standards](#). Links to HMRC recent surveys are provided at [HMRC publishes its performance statistics for three months to 30 June 2014](#) and [Your Charter – Annual Report 2013-14](#)

*** Note:** The Agent Account Manager Service (AAM) was set up by HMRC in 2014, 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.

Tax Faculty Comments

A significant amount of attention was given to making sure that the 2014 HMRC Customer Service Standards research is based on as representative and robust a sample as possible. As a result, we are confident that the findings of this report are based upon a solid foundation and are representative of the views held by ICAEW Smaller Agents.

CONTACT WITH HMRC

1. Details of ICAEW smaller agents' contact with HMRC

Participants were asked to specify the HMRC service areas that they contact the most frequently. As shown in the table below (Fig.1), the majority of ICAEW smaller agents contact HMRC with queries related to Personal Tax, which will be the primary focus of this report due to the substantial sample of respondents.

As Employer Payroll and Corporation tax were selected by relatively smaller proportion of the sample, 52 and 39 respondents respectively, the results for these areas will be reported as counts (number of respondents) as opposed to percentages.

We are unable to comment on VAT and Debt Management due to insufficient sample.

Fig.1. HMRC contact by department (at least once a month)

N=300	Total contact via Telephone/post	Employer Payroll	Corporation Tax	Personal Tax	VAT	Debt Management
Telephone	78%(234)	11%(34)	10%(30)	51%(153)	2%(6)	3%(11)
Post	66%(198)	7%(21)	10%(31)	45%(136)	1%(4)	2%(6)
AAM	16 (48)	7%(20)	7%(21)	14%(43)	3%(9)	2%(6)

Base: All contacting HMRC (n=300)

Contact overall

- All participants contacted HMRC at least once a month - 98% contact HMRC personally and 2% manage teams directly responsible for it.
- 69% of respondents contact HMRC at least once a week.
- Telephone remains the most frequently used contact method (78%).
- Agent Account Management service is used by less than 1 in 5 of ICAEW smaller agents.

Contact by department (at least once a month)

- Smaller agents are most likely (81%) to contact HMRC regarding Personal Tax.
- VAT and Debt Management are contacted by less than 5%.
- At least a quarter contact all HMRC departments.
- Almost half (49%) feel positive about the move to digital, though 29% disagree.

Tax Faculty Comments

Telephone and post are clearly the dominant channels for contact with HMRC amongst smaller agents. While ICAEW supports HMRC in developing digital channels for the future, it is still vital for the existing phone and postal channels to be of a sufficient standard to meet the existing needs of smaller agents

There remains much to be done to ensure that digital channels of communication will become the preferred method of communication in the future. In the transition to digital communication over the next few years there are bound to be concerns and this is an area that we intend to monitor closely in future surveys.

While digital communications may be the preferred method of communicating with HMRC in the future, there will always be a need for communication channels to be available for those who wish to contact HMRC by post and telephone.

CHANGE IN HMRC SERVICES OVER PAST YEAR

Agents' experience of dealing with HMRC suggests that the service has either deteriorated or remained the same over the past year

Overall, half of participants did not see any change in the quality of services offered by HMRC compared with last year, while just 16% felt that there had been an improvement. It is more concerning that one in three (34%) feel that HMRC services have deteriorated over the last 12 months

There are significant differences in the way ICAEW agents see the changes in HMRC's performance between the different service areas.

While a small sample, those using the Employer Payroll (2 in 5) and Corporation

Tax (2 in 5) services are more likely to say that these deteriorated over the past year.

In contrast, those using the Personal Tax ADL appear to be slightly more positive, though there is still significant room for improvement as only 1 in 5 feel that the service has improved compared to nearly 1 in 3 who felt that the service has deteriorated over the last year.

A key frustration for ICAEW smaller agents is HMRC's ability to "get things right first time" as this directly affects the time, effort and cost of resolving queries

The fact that nearly two thirds (62%) of respondents either disagree or strongly disagree that HMRC staff are capable of 'getting things right first time' is a serious concern, suggesting an inefficient use of both agents and HMRC resources.

These concerns are particularly noticeable in the Employer Payroll area, as nearly 4 in 5 either disagree or strongly disagree that HMRC can be trusted to 'get things right first time'. The Corporation Tax and Personal Tax areas are not being seen positively either, as more than half of the respondents are not confident about their ability to get things right first time.

The impacts of these concerns are reflected in the perceived time and cost of using HMRC services, as demonstrated in figures 3 and 3a below. The charts illustrate perceptions of how the amount of time and money smaller agents dedicate to dealing with HMRC have changed over the past year.

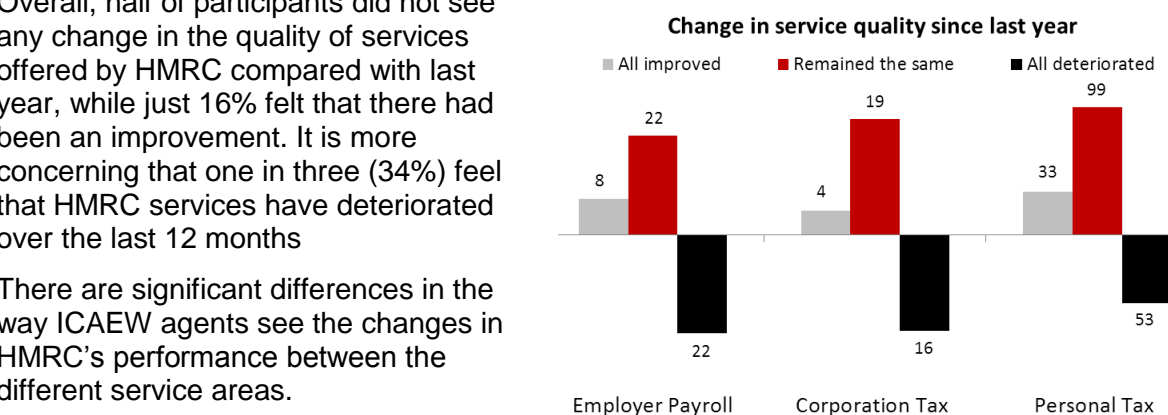


Fig.2. Bars represent %; numbers represent

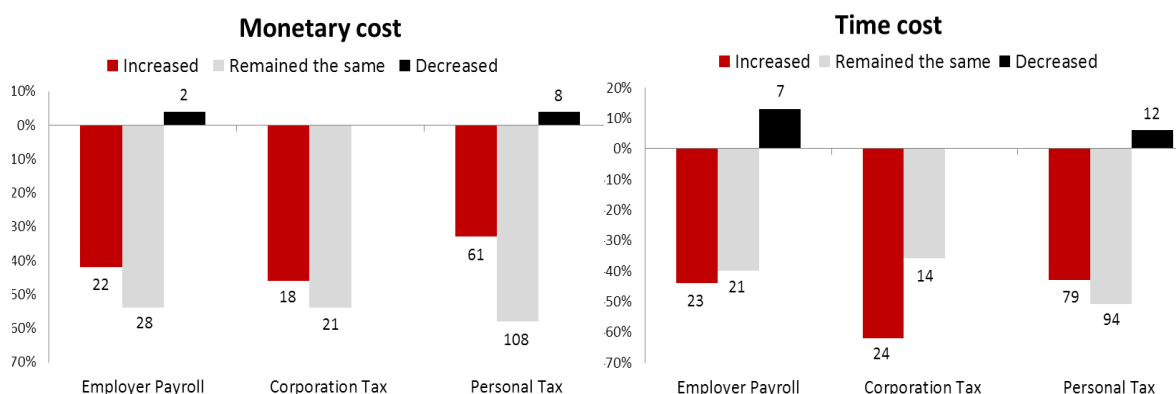


Fig.3 & 3a. Bars represent %; numbers represent counts

Tax Faculty Comments

The fact that the quality of HMRC service is either staying the same or deteriorating suggests that the problems raised in previous years remain. This confirms anecdotal evidence from ICAEW members that services are at best flat lining with little evidence that standards have improved in the past year

With agents reporting that the time and cost of dealing with HMRC either increasing or staying the same, questions must be raised about the efficiency of HMRC services as if agents are experiencing an increased burden the same must be true for HMRC.

As HMRC moves to a digital platform, we would have expected that the increased efficiency will lead to the costs of dealing with HMRC either remaining the same or reducing.

These findings have some correlation with the HMRC customer survey reported in the 2013-14 Charter Annual report, where only 41% of agents considered that HMRC can be relied upon to look after customer interests. The results are also counter intuitive to the HMRC Charter right that promises that HMRC will keep the cost of dealing with HMRC as low as possible.

TELEPHONE SERVICE

The good service reported on the SA and PAYE tax agent dedicated lines needs to be repeated on the Employer Payroll and Corporation tax lines. Overall there are significant concerns regarding the ability of HMRC staff to deal with more complex queries.

The overall satisfaction with HMRC telephone services is positive, but the results vary significantly by contact area. On a more negative note, there are serious concerns regarding staff knowledge as 61% either disagree or strongly disagree that HMRC telephone staff are able to deal with complex queries.

As the figure below indicates (fig. 4), when it comes to the ease of use, the Personal Tax line is perceived relatively more positively than Corporation Tax or Employer Payroll areas. However, the ability of staff to deal with complex queries appears to be nearly equally challenging for all HMRC telephone service staff. The situation seems particularly difficult in Employer Payroll area as only 1 in 10 of smaller agents believe that HMRC staff dealing with those queries are able to resolve complex issues.

ICAEW smaller agents are also less confident about the accuracy of information provided by HMRC telephone service. Here again, the opinions about Employer Payroll and Corporation tend to be more critical.

How strongly do you agree or disagree with the following statements about HMRC telephone service? (All Agree)

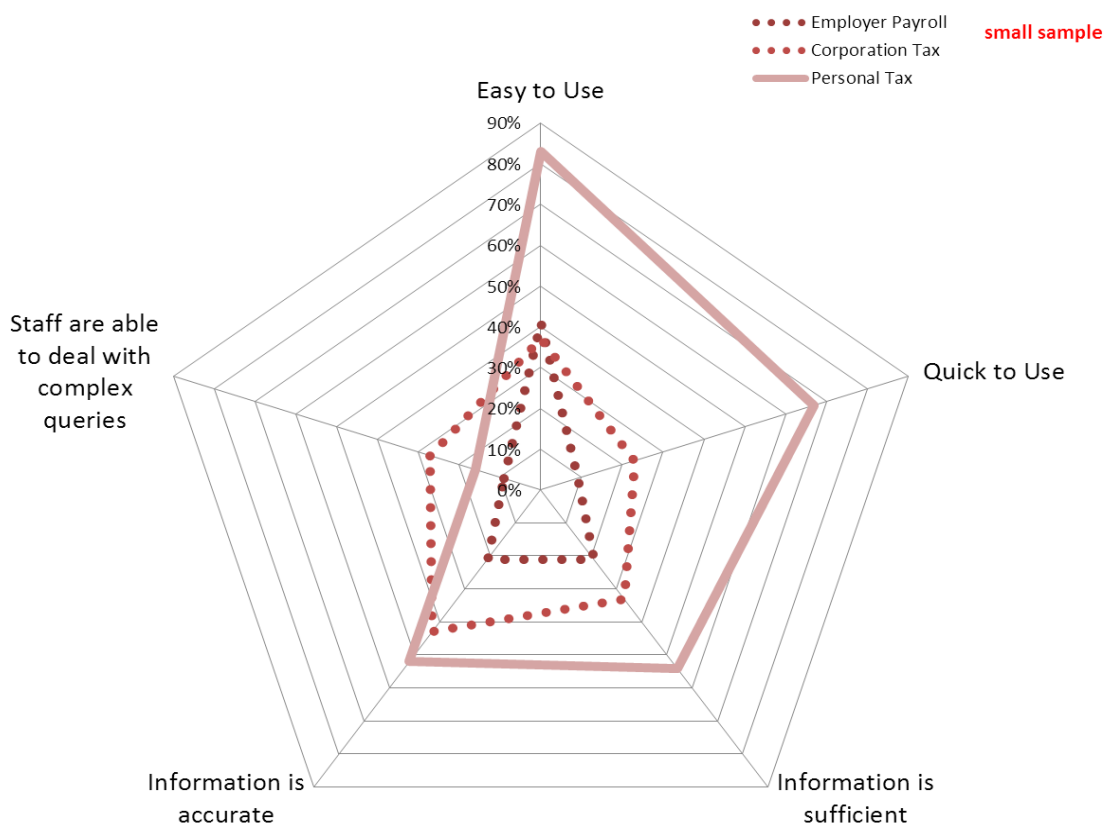


Fig.4.

Although the HMRC telephone services may be seen as easy to use, waiting time remain a serious concern for ICAEW smaller agents

Call waiting time and the overall time it takes to resolve a query over the phone negatively affect agents' opinion about the service, nearly half (47%) either strongly agree or agree that the telephone queries take longer than they should.

Call waiting time appears to be particularly frustrating for those contacting HMRC about Employer Payroll on a regular basis, as only one person out of all interviewed regards it as appropriate and nearly 8 in 10 smaller agents think that resolving queries through this line takes longer than it should.

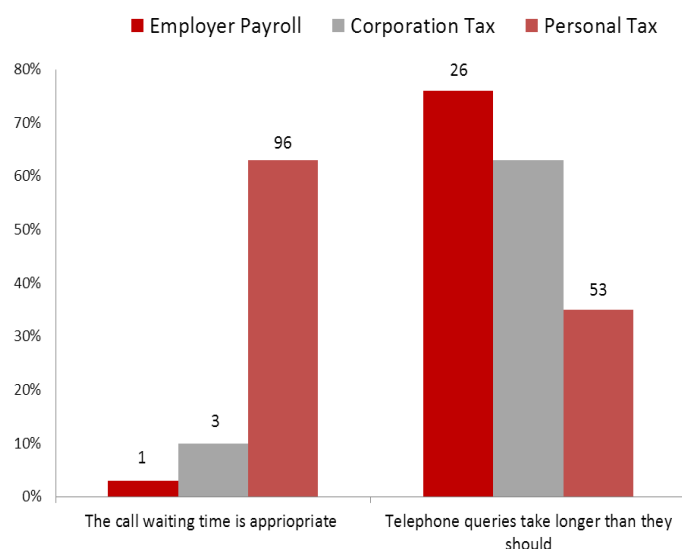


Fig.5. Bars represent %; numbers represent counts

perfect, but it does highlight the poor performance of the Employer Payroll and Corporation Tax services.

Similarly, more can be done to increase the efficiency of the Corporation Tax area as only 1 in 10 of its users accept the duration of the current wait and more than 6 in 10 think that using it takes longer than it should.

The telephone system of Personal Tax ADL seems to be more effective with 63% of callers considering its call waiting time to be fair. As a result, only a third feel that they spend more time than they should on resolving their queries via this agent dedicated line.

The Personal Tax service is not

Tax Faculty Comments

The Personal Tax ADL is not perfect but it does point the way in which calls should be handled and HMRC should look at using this model to improve the service to agents in other areas.

We recognise that with the move to online filing, HMRC will need to have fewer staff. However, the low scores for accuracy and the ability to deal with complex queries raises concerns that staff cuts have been made too quickly. HMRC needs to do more to ensure that there are sufficient trained and experienced staff who can deal with more complex queries and help improve the accuracy of the information issued.

POSTAL SERVICE

Postal services are seen as more accurate than HMRC's phone services, but are too slow, affecting overall use.

Figures 4 (page 8) and 6 below, highlight that the strengths and weaknesses of the HMRC postal services seem opposite to those of the telephone lines. While relatively more capable of dealing with complex queries and delivering accurate information, postal channels are significantly slower and more difficult to use than the telephone services. Nearly three quarters of ICAEW smaller agents either disagree or strongly disagree that HMRC postal services are quick in providing a full response.

Over half of respondents say that they wouldn't choose postal services over other methods of contacting HMRC and as a result, the overall usage is lower (66%) compared with the telephone (78%). Although a less favoured channel, those who use it are generally satisfied (70%).

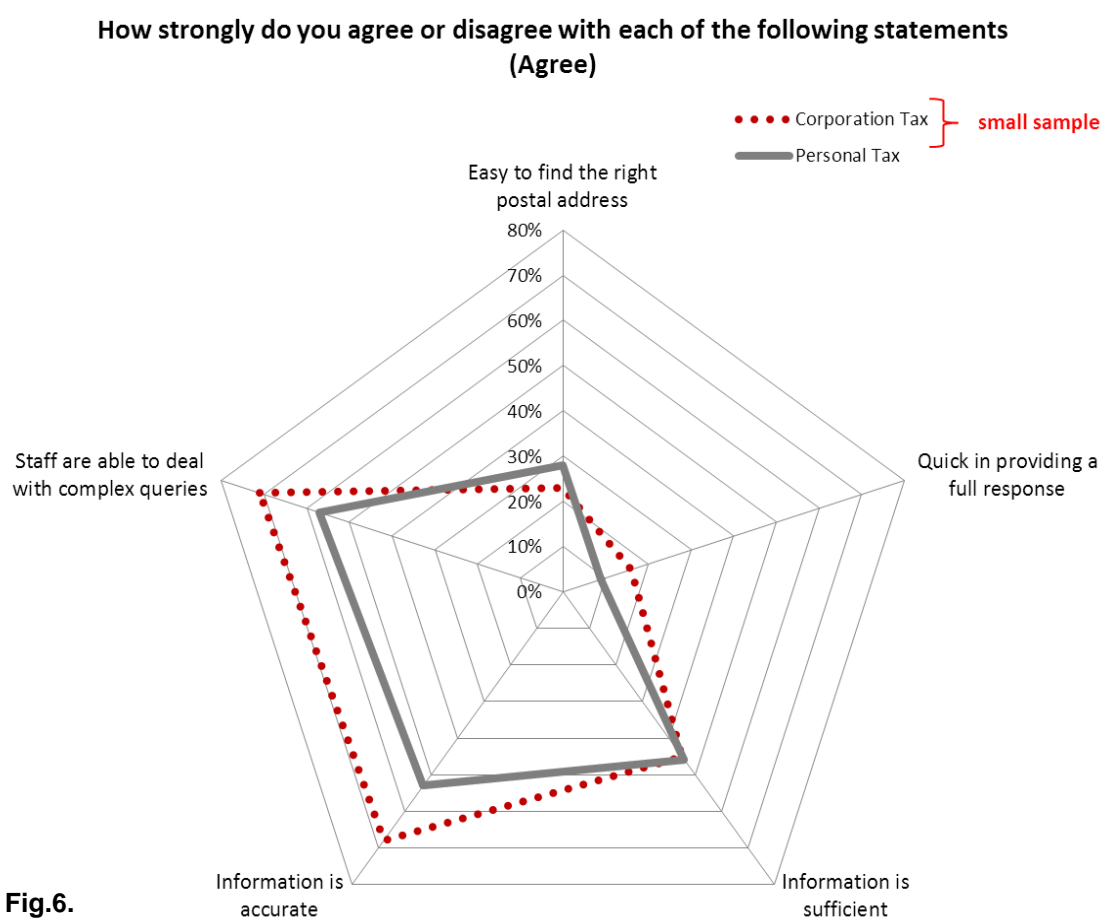


Fig.6.

Finding the right HMRC postal address is more difficult than it should be, leading to ICAEW smaller agents seeing the service as difficult to use

As illustrated above (figure 6) less than a third of those interviewed think that it is easy to find the correct postal address for HMRC. A number of respondents spoke about experiences of their letters being lost within the organisation; indeed some say they have never received a response. Clearer and more up to date information about postal addresses was frequently mentioned as a desired improvement to HMRC postal services, alongside the reduction of the time it takes to resolve a query.

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The 'time to reply' results fall below the HMRC's expected standards

It is disappointing to see that three quarters of respondents thought that dealing with HMRC via post is slow, although 70% were positive about the overall postal service. This may be because it is a preferred method of contact for agent for complex queries rather than telephone. This is borne out by the fact that 60% felt that staff responding to post were able to deal with complex queries as compared to 17% using the telephone.

One important advantage for agents of using the post system as against the telephone service is that it provides documentary evidence and an audit trail. Any new online service introduced to replace post will need to ensure that these features are retained.

HMRC's aspiration is to handle 80% of correspondence within 15 working days and 95% within 40 working days, with at least 90% passing quality standards. HMRC annual report 2013-14 shows that they are meeting their target. Our survey results show that the service is not seen as a quick service to use and is likely to be reserved for more complex queries.

Transferring postal queries to online or email based queries is a good solution, but only in the sense that it will get correspondence to HMRC faster. The same challenges in dealing with more complex enquiries will remain, unless HMRC ensures there are sufficient trained and experienced staff to deal with them.

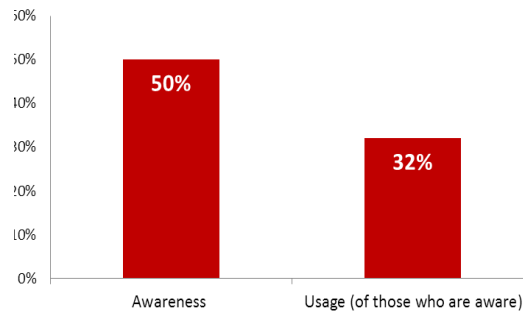
More promotion of the information about postal addresses is needed

It is disappointing that over half of respondents did not think it was easy to find out where to send a letter. The time taken to resolve a query was also clearly a matter of concern. Given this latest survey result HMRC needs to do more to promote its contact information to agents.

AGENT ACCOUNT MANAGER SERVICE (AAM)

Those using AAM service are positive, but the use of the service remains relatively low and more could be done to promote it

The AAM has been promoted as a contact method of last resort to be used when all other channels have been exhausted. More needs to be done to raise awareness about the service as only 50% of ICAEW smaller agents have heard about it. Even among those aware of the AAM service only a third actually contact HMRC through this channel.



AAM is mainly being used for queries related to Personal Tax (7 in 10), Corporation Tax (2 in 5) and Employer Payroll (2 in 5), less than half of ICAEW smaller agents say that they would choose it over other contact methods. When asked about their rare usage of AAM, ICAEW smaller agents explain that they have little need for it. They also mention that they are uncertain of what type of queries the service could be used for and that they prefer other contact methods.

Fig.7. Bars represent %; numbers represent counts

Overall experience of using AAM is positive, but smaller agents struggle to find information about how to use it

Of the 48 participants who use AAM services, their experience is very positive (85%). As demonstrated by figure 8 below, the service is seen as relatively quick and the information provided is accurate, sufficient and actionable. More could be done to make it easier for agents to find information about how to use the service through better sign posting.

HMRC could also do more to improve the ability of AAM staff to deal with more complex queries as less than half of ICAEW smaller agents either agree or strongly agree that staff are able to do so. Though this may be expected given the role of the Account Manager who, we understand, coordinates responses with help from other HMRC teams.

**How strongly do you agree/disagree with the following statements?
(Agree)**

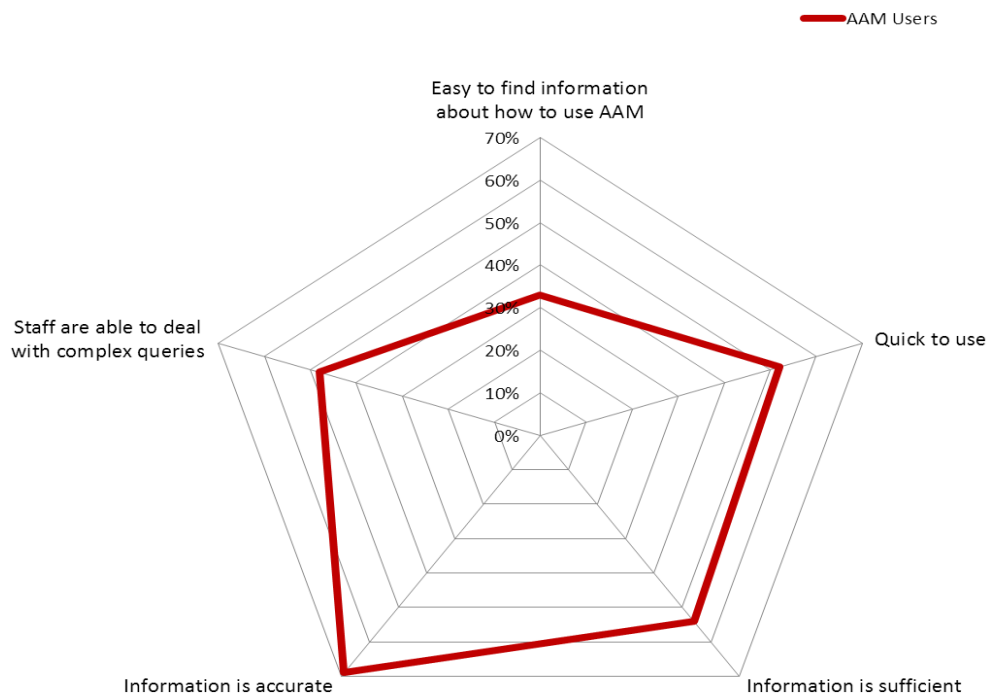


Fig.8.

Tax Faculty Comments

The majority of agents who use the AAM service are positive about using the service.

The AAM service is a valuable channel for agents to use to resolve urgent client problems when they have exhausted all other channels to find someone who can help. If more agents are made aware of the service and encouraged to use it, the frustration and time spent by agents in resolving client issues will be reduced and hopefully improve agents view of HMRC generally.

RECOMMENDATIONS

In the view of ICAEW small agents, HMRC should prioritise the following while working towards improving the quality of their services:

1. Set and implement agreed service standards
2. Ensure that there are sufficient experienced 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. Do more to make it easier to find the right contact information
6. Raise awareness of AAM

Tax Faculty Comments

1. Set and implement agreed service standards

Service standards remain below an acceptable standard 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 Treasury Committee needs to improve its oversight of HMRC and ensure it is accountable to Parliament to deliver service improvements. A senior HMRC board member needs to take ownership and responsibility for delivering improvements and report to Parliament every six months.

The work of the Joint Initiative Steering Group (JISG) comprising of senior HMRC and professional body representatives needs to be reinvigorated so as to ensure that the focus is on delivering service improvements in accordance with its original remit.

2. Ensure that there are sufficient experienced staff to deal with complex queries

Staff training and issue resolution remain matters of concern and need to be improved.

3. Improve contact and response waiting times

The Personal Tax ADLs appear to work well and this success needs to be replicated on the other telephone lines.

Delays in post response times were cited 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 develop digital communication channels as a matter of urgency that are robust and easy to use, so that they become the preferred method of communicating with HMRC.

Whilst we believe that HMRC needs to encourage online communication there remains 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;*
- *to support taxpayers during the change; and*

- *that there are sufficient staff to resolve queries*

HMRC needs to continue to improve the IT infrastructure to produce accurate information.

5. 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. We will continue to help HMRC promote the information through channels with our ICAEW members.

6. Raise awareness of AAM

The AAM service is successful, but the take up is disappointing. HMRC should work with the professions to improve publicity for it and consider whether there is scope to expand the service.