



ICAEW REPRESENTATION 08/17

TAX REPRESENTATION

January 2017

ICAEW research survey: HMRC Service Standards 2016

Results of the ICAEW 2016 research survey among smaller ICAEW 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.

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INTRODUCTION

- 1 Set out below are the results of ICAEW's 2016 survey into the experiences by smaller ICAEW agents of HMRC's service standards. ICAEW has been monitoring the performance of HMRC services since 2007. In 2014 we developed a telephone-based approach and this methodology has been used in subsequent surveys. The results of the 2014 and 2015 surveys can be found at [ICAEW Research survey: HMRC Customer Service Standards 2014](#) and [ICAEW Research survey: HMRC Customer Service Standards 2015](#). Earlier surveys can be found through [ICAEW 2012 survey HMRC service standards](#).
- 2 The research was undertaken by Kudos Research, an independent research agency working on behalf of ICAEW, between 27 September and 20 October 2016. Those taking part in this year's survey were carefully selected to ensure a representative cross-section of smaller agents (fewer than 100 employees and up to 10 partners), so that HMRC's performance can be compared across contact channels and the HMRC services used. Participants were selected using the quota sampling methodology from ICAEW's database of members in small practices. In total 350 interviews were conducted and 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.
- 3 Those taking part were asked about their own or their team's recent experiences of contacting HMRC and their opinions of service standards. We also took the opportunity to also ask members about experiences of moving to digital services. Specifically, the questionnaire therefore focused on four areas:
 - current views of overall HMRC services as compared with last year;
 - satisfaction with HMRC Employer Payroll, Corporation Tax and Personal Tax services provided via telephone and post;
 - satisfaction with the Agent Account Manager (AAM) service; and
 - current views on the move of HMRC's service to digital channels.
- 4 Set out below are our detailed recommendations for improvement followed by the detailed findings on the four areas set out above.

RECOMMENDATIONS

- 5 We welcome the fact that in the past year HMRC has made significant improvements in its overall performance. However, the results of this survey show that 8 in 10 agents think that HMRC service standards have not improved over the past year. More therefore needs to be done to address the specific needs of tax agents; in particular to provide agents with the digital services that are available to taxpayers.
- 6 Based on this year's survey results, which build on those from last year, we recommend that HMRC should prioritise the following six recommendations:
Set and implement agreed service standards
- 7 The Public Accounts Committee has highlighted consistently the need for a set of service standards that have been agreed with external stakeholders. While HMRC has its own published service standards, we believe that these should be subject to independent scrutiny for reasonableness and that while improvements have been made they need to be more ambitious if service standards are to match industry best practice.

Ensure that helplines can deal with complex queries

- 8 As in previous years, resolution of complex issues remains a matter of concern which needs to be improved.

Improve contact and response waiting times

- 9 We welcome HMRC's performance improvements for the general public. The personal tax agent dedicated line works well, but the survey suggests that call waiting times on other lines still need to be improved.
- 10 Delays in post response times continues to be an issue. There have been some welcome improvements and while HMRC is meeting its own targets, we think that the target of clearing 80% of post within 15 working days (nearly a month when delivery times are included) is not sufficiently ambitious, although we appreciate it is currently being exceeded in HMRC's own statistics.

Improve implementation and communication of legislation driven systems changes and assess the impact of tax changes on service performance

- 11 The implementation of Marriage Allowance for self assessment taxpayers and changes to the collection of Class 2 and Class 4 deferment did not go smoothly and generated unnecessary work. We are concerned that the forthcoming changes to introduce the Personal Savings and Dividend allowances/bands will cause similar problems and could cause unnecessary contact by taxpayers and agents. All new changes to the tax system should be assessed as to how they will impact on HMRC's ability to deliver an efficient and effective tax system.

Raise awareness of Agent Account Manager (AAM) service

- 12 The AAM service is successful and should be built on and promoted.

Digital services available to taxpayers must also be available to agents

- 13 The development of digital services for agents is lagging well behind the provision of digital services to taxpayers. Agents should be given access to all existing digital services available to taxpayers and new services should be made available to agents and taxpayers simultaneously. This will help HMRC as much as agents by reducing the amount of unnecessary contact by agents seeking information from HMRC that they should, in a joined up system, be able to access themselves.
- 14 There is a significant difference between the digital capability and willingness of agents and that of their clients. This needs to be factored into future digital developments and the focus should be on helping and supporting agents to help clients make the transition to digital in a way that works for taxpayers.
- 15 HMRC should work on a tripartite basis with the professional bodies and software providers to provide further support in the transition to digital services.

OVERALL SERVICE STANDARDS

- 16 Telephone remains the most frequently used contact method, while personal tax is the most likely area to be dealt with by agents: 8 in 10 agents (79%) report calling HMRC at least once a month compared with 6 in 10 who communicate by post (63%).
- 17 **8 in 10 agents think that HMRC service standards have not improved over the past year.**
- Half of agents say that services over the past 12 months have not changed.

- Nearly a third (32%) think that they have deteriorated.
- Nearly a fifth (18%) think that they have improved.
- The results are fairly consistent over the different taxes.

18 More than 9 in 10 agents' think that the time and monetary costs of using HMRC services have not improved.

- About 4 in 10 agents think that the 'time' and 'monetary cost' of using HMRC has increased over the past year (43% and 39% respectively).
- Almost everybody else believes that these costs have remained the same (51% and 53%).

19 Agents appear to have similar frustrations with HMRC's service quality as last year, specifically around 'getting it right first time' and getting information they require.

- Just a fifth of agents (20%) trust HMRC to 'get it right first time', while over a half do not (55%). Employer payroll is perceived particularly negatively, with two thirds (67%) not seeing HMRC staff in this area getting it right first time.
- Similarly, less than a third (29%) of agents find it easy to get information they need from HMRC, while many (41%) do not.

Tax Faculty comments

20 We are disappointed to see that most agents do not think there has been an improvement in the service or a reduction in the cost of dealing with HMRC. This result is all the more surprising given that HMRC's own performance statistics to September 2016 show a steadily improving performance in the previous 12 months.

21 The difference may be explained by a number of factors, including:

- That although HMRC's telephone service for the public is much improved, for agents the telephone response time is not the real problem. The service standard on the agent dedicated line is already good and usually agents using the line have not had a problem getting through to HMRC.
- Agents by their nature deal with clients who have more complicated affairs, and for them the expectations of service quality are different to those of the wider taxpayer population. So, as in previous years, agents again highlighted the problems in 'getting it right first time', coupled with the ability to get through to speak to the right person quickly to resolve complex queries. We know that HMRC is working to improve performance in these areas, for example through the 'once and done' initiative, and the survey results suggest that HMRC should seek to build on this initiative.
- There is also a perception effect: it can take years to change a perception even though standards may have improved in the interim. We believe that HMRC's own research in earlier years would also appear to point to this effect.

22 It is also possible that difficulties arise due to constant changes to the tax rules. For example, since the last survey we have had Marriage Allowance for self assessment taxpayers and changes to collection of Class 2 and Class 4 deferment. This makes it difficult to maintain service standards against a background of an increasingly complicated and constantly changing tax system.

SATISFACTION WITH SPECIFIC SERVICES

- 23 **Agents remain concerned about the ability of HMRC telephone staff to resolve complex queries.**
- 24 When it comes to HMRC telephone services, agents' views have remained broadly unchanged from last year – see earlier comments about the possible reasons for this. The area which scores least well is HMRC's ability to deal with complex queries.
- Over a half of all agents (56%) believe that HMRC is not able to deal with such queries (only 15% think they are able).
- 25 **Personal tax line performs better than employer payroll and corporation tax.**
- 26 Personal tax, which operates an agent dedicated line, continues to perform better than other areas.
- Overall, 4 in 10 agents are happy with the HMRC telephone service (overall 43%, personal tax 52%, employer payroll and corporation tax 23% each).
 - However, a third are not satisfied (overall 33%, personal tax 26%, employer payroll 43% and corporation tax 52%).
- 27 The main challenge for both employer payroll and corporation tax lines seems to be around call waiting time.
- Around two thirds of agents find the call waiting time for these lines too long (64% for employer payroll and 66% for corporation tax) compared with a quarter (24%) for the personal tax agent dedicated line.
 - Furthermore, about 6 in 10 of agents focusing on employer payroll and corporation tax think that the telephone system is not quick to use and the voice recognition system doesn't get you through to the right person.
- 28 **8 in 10 agents continue to see the HMRC postal service as slow.**
- 29 The majority of agents (78%) do not think that the HMRC postal service is quick in providing a full response to their queries.
- In addition, finding the right postal address is a challenge, with half (49%) not finding it easy.
 - While postal services are better at dealing with complex queries than telephone ones, 3 in 10 (30%) believe that HMRC is not able to handle them.
- 30 **Most agents are aware of the Online Service Helpdesk**
- 31 The views of those who use this helpdesk seem fairly similar to those for telephone services.
- Most are aware of the Online Service Helpdesk (83%) and half of those use it (47%).
- Tax Faculty comments***
- 32 As in previous years agents find it difficult to resolve complex queries on the telephone. This is hardly surprising as the telephone is not suited to this. For complex queries, agents prefer to use the post and the scores for dealing with complex queries are better.

- 33 The personal tax ADL service, the fast-track service for agents, continues to receive positive feedback from agents. The availability of this line has been of great benefit to agents as compared to the public personal tax lines where service standards have not been as good in earlier years. We welcome the clear and sustained improvements in the latter over the past year.
- 34 The survey fieldwork was conducted shortly after there was a small dip in the performance of the ADL (average waiting time lengthened to over 1 minute in September 2016), so this factor may have influenced results. We understand that this slight increase in call waiting time has been caused by some specific problems being experienced with the use of the ADL line that are still being investigated, but which have had a knock-on effect on waiting times for other ADL users.
- 35 The results for other lines shared with the general public are again disappointing. Recent figures from HMRC suggest that performance has much improved on the Employer helpline but this does not yet appear to be reflected in our survey.
- 36 The key concern about dealing with HMRC by post is, once again, the speed of response. This tallies with HMRC published performance statistics which show that improvements in clearing post did not start until the early summer of 2016. The target of clearing 80% of post within 15 working days is equivalent to approximately a month when delivery times are included and we think that this target should be more ambitious. In the medium term, HMRC's move to secure messaging services may see a shift away from post and telephone to electronic messaging.

SATISFACTION WITH THE AGENT ACCOUNT MANAGER SERVICES

- 37 **General satisfaction with the AAM service remains positive**
- 87% of agents who used the AAM service rated their experience as fair or better.
- 38 **The strengths of the AAM service highlighted by the survey were the provision of accurate information and the ease of use of the service.**
- Around two thirds (64%) of agents feel confident that the information provided by the AAM service is accurate.
 - A similar proportion (66%) feel that the service is easy to use.
 - Furthermore, half of agents (51%) also believe that the service gives them sufficient information on what to do next.
- 39 However, as with other HMRC service areas, AAM staff, who coordinate responses from other HMRC departments, need to be equipped to deal more effectively with complex queries, as only a third of users (34%) agree that AAMs can handle complex queries.
- 40 **Awareness of the AAM service remains relatively low.**
- 44% of agents have heard of the AAM service, with 30% of those using it (representing 13% of all agents).

Tax Faculty comments

- 41 As in previous years, agents who use the AAM service are positive about the experience. This is welcome. However, it is disappointing that awareness remains limited despite a

number of initiatives by HMRC, ICAEW and the other professional bodies to alert members, (such as Talking Points webinars for agents) to the service.

- 42 ICAEW will continue to work with HMRC to help promote the AAM service.

MOVING TO A DIGITAL TAX SYSTEM

43 Agents' views on moving to digital

- Only 3 in 10 (29%) of agents are positive about HMRC moving more of its services online.
- Over half (53%) of agents are negative about moving services online.
- Furthermore, only 15% of agents think that HMRC is supporting the role of tax agents in this move, while over half (54%) do not.

44 While agents are 'digitally ready', this is not the case with many of their clients.

- 94% of agents have some kind of software (income tax, corporation tax, accounting).
- Most (81%) agents focused on personal tax use commercial software to submit income tax self assessment returns on behalf of their unincorporated and personal clients. A minority use HMRC online software (15%) or file paper returns by post (5%) – often because paper returns are required due to the nature of their clients.
- Among those agents focussed on personal tax, in contrast, only a quarter of clients maintain their records using accounting software. Most maintain paper (43%) or Excel (32%) records – the key reason being that paper or Excel is sufficient for their needs (61%) and a minority (21%) do not feel digitally ready.

Tax Faculty comments

- 45 The vast majority of ICAEW members are digitally capable and are very willing to use HMRC digital services. It is therefore disappointing that over half of agents are negative about the move to digital and feel that HMRC is not doing enough to support them. The concerns expressed by agents about the scores are probably a reflection of the fact that digital services for agents still lag behind the services being offered to taxpayers.

- 46 For example, it is disappointing that agents still don't have access to information and services which are available to taxpayers in their personal and business tax accounts and that only two APIs (Application Program Interfaces) for Marriage Allowance and Class 2 National Insurance Contributions have been issued to software developers for private beta testing while at the same time as many more digital services have been made available to taxpayers.

- 47 We recognise that HMRC is working on improving the services for agents and to allow them access to the information that their clients can see, but we would like to work with HMRC more closely to identify what more needs to be done to support agents and how we can help them support agents in the transition. This engagement needs to include clients who are not in self assessment.

- 48 While most agents are digitally capable, this is not the case for their clients – the findings of this survey are in line with the ICAEW survey of businesses earlier in 2016, which showed that only one in four use accounting software and would be able to meet the requirements of Making Tax Digital without significant investment of time, money and effort.