



## TAXREP 28/10

### RESHAPING HMRC'S ENQUIRY CENTRE SERVICE

**Comments submitted in June 2010 by the Tax Faculty of the ICAEW, in response to the HM Revenue & Customs Equality Impact Assessment published in March 2010**

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## INTRODUCTION

1. The ICAEW welcomes the opportunity to comment on the Equality Impact Assessment *What will be the impact of HMRC's proposal to reshape its face to face Enquiry Centre service?* published in March 2010 by HM Revenue & Customs (HMRC).

## WHO WE ARE

2. The ICAEW operates under a Royal Charter, working in the public interest. Its regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the Financial Reporting Council. As a world leading professional accountancy body, we provide leadership and practical support to over 134,000 members in more than 160 countries, working with governments, regulators and industry in order to ensure the highest standards are maintained. We are a founding member of the Global Accounting Alliance with over 775,000 members worldwide.
3. Our members provide financial knowledge and guidance based on the highest technical and ethical standards. They are trained to challenge people and organisations to think and act differently, to provide clarity and rigour, and so help create and sustain prosperity. We ensure these skills are constantly developed, recognised and valued.
4. The Tax Faculty is the focus for tax within the Institute. It is responsible for technical tax submissions on behalf of the Institute as a whole and it also provides various tax services including the monthly newsletter *TAXline* to more than 11,000 members of the Institute who pay an additional subscription, and a free weekly newswire.
5. We obtain feedback from our members by email, telephone and letter and face to face at roadshows, conferences and other events. We also undertake an annual survey of members about HMRC service standards.

## BACKGROUND TO THE CONSULTATION

6. The proposals and reasons for them are explained in the Equality Impact Assessment (EIA). As is well known, HMRC is under increasing pressure to reduce costs and therefore wants taxpayers to contact it using the channel that meets the taxpayer's needs at the lowest HMRC cost. Face to Face (F2F) contact is the most expensive contact channel to service.
7. HMRC believes that F2F should be focused on those people who need, rather than prefer, a face to face service.
8. In 2006, HMRC introduced a new service delivery model which involved visitors to an Enquiry Centre (EC) being greeted by a floorwalker and either given an appointment or directed to freephones to HMRC Contact Centres. It is now looking at reducing opening hours at ECs.
9. The EIA *What will be the impact of HMRC's proposal to reshape its face to face Enquiry Centre service?* was published in March 2010 following informal consultations in which the ICAEW was not involved.

## KEY POINT SUMMARY

10. We believe the research on which the proposals are based is fundamentally flawed. There is no evidence presented in the consultation document to suggest that HMRC has undertaken research to ascertain whether people wanted to use the EC service but were unable to do so. The proposals seem to be, rather worryingly, based on a narrow analysis of what those who did manage to get to the EC when it was open thought about the service.
11. While recognising that HMRC needs to cut costs, and that F2F contact is relatively expensive, before cutting back further on F2F contact HMRC needs to improve the service being provided by other contact routes. Our members report experiencing very poor service, long delays and high costs when using telephone contact. They also report long delays in HMRC dealing with mail. Some have even suggested that HMRC seems to have become a faceless and uncaring organisation. Bearing in mind that our members 'know the ropes' and also have access to some specialist helplines, the difficulties for the unrepresented must be even greater.
12. We are very disappointed that the reshaping of the HMRC's EC service has not looked beyond simply reducing opening hours at its existing EC network to cut costs. We would have liked HMRC to consider other options for F2F contact such as attendance at places of work, in shopping centres and providing mobile services to visit different locations.
13. We believe that HMRC needs to try harder to engage with individuals. For some this may need to start with a good experience using an EC in a convenient location or being offered the option of being able to email HMRC for assistance.
14. HMRC should be moving with the times and providing support, including F2F contact, outside normal office hours. The current and proposed EC opening hours preclude the majority of workers from ever being able to access HMRC F2F services. For others the location of the ECs may be inconvenient or costly to reach.
15. We are particularly concerned that some tax credits claimants now being asked to go to an EC in order to provide proof of identity. This is likely to result in considerable cost and access difficulties for such claimants and we are very worried that this may not have been taken sufficiently into account when the ID authentication service was introduced.
16. We have considerable concerns that individuals may waste time and money travelling to an EC which is not open or at which there is no one free to speak with them. HMRC will need to work hard to ensure that EC opening arrangements and the need to book appointments are widely publicised on its website and elsewhere and are updated immediately there is any change.

## DETAILED COMMENTS

### Research undertaken by HMRC

17. It appears to us that research undertaken by HMRC has focused on the outcome for those who attended the ECs. There is no mention of any work being undertaken to ascertain how many people tried to, or would have liked to, use ECs but were unable to as a result of the reduced opening hours or because there was no EC in a convenient location, nor of those who wasted time and money attending an EC which was not open as expected.
18. It is not acceptable to say that outcomes were good based on those attending. The effect on those who were unable to attend also needs investigating.
19. Furthermore no evidence has been presented that HMRC has undertaken research into the reasons why people need to contact HMRC, what methods they would prefer, how easy they find their preferred (and other) methods to use and who may currently be unable to contact

HMRC. By basing the proposed changes only on the outcomes for people who were successful in reaching an open EC, the needs of those who were not able to attend an open EC have not been taken into account at all.

20. We wonder whether HMRC asked representative bodies such as TaxHelp for Older People and TaxAid for feedback on why people go to these organisations rather than to HMRC. If it did not do this, why not? Further we would like HMRC to ask those who used an EC but then went to other organisations why they did this and what their experience at the EC was like. This information would be valuable for HMRC in understanding those who use and those who do not use its services and also in understanding the underlying needs of those seeking F2F contact.
21. In conclusion, if only those who used the service are asked what they think, we believe the research was fundamentally flawed.

#### **Need rather than preference for face to face contact**

22. HMRC states that it wishes to target its F2F contact at those who need it rather than those who prefer F2F it. While we understand the pressures that HMRC faces to reduce costs and its current focus on telephone contact and website information, this approach is not serving well all users of its services. HMRC has not indicated which of its users are considered to have 'need' rather than 'preference', how it would determine this need and what research it has undertaken to ascertain whether those it considers 'need' F2F contact will be able to access this if the operating hours of ECs are reduced.
23. The cost of calling HMRC and waiting in long telephone queues is too expensive for those on low incomes and significant numbers of individuals do not have any access to the internet. The search facility on the HMRC website is widely considered by our members and other users to be poor, which makes accessing the required information difficult and frustrating. Furthermore the information on the HMRC website is not always easy for taxpayers to understand. For all these reasons, F2F is the best route for many to find the help they need.
24. We believe that the needs of everyone who wishes to engage with HMRC should be addressed in more detail and HMRC should consider making itself more, rather than less, accessible to those who wish to contact it. Before closing ECs or reducing EC opening hours, HMRC needs to do two things:
  - ☒ Improve the contact methods which are an alternative to ECs.
  - ☒ Consider in more detail why EC visitor numbers have fallen, and develop more imaginative ways to provide the F2F service.
25. With regard to alternative contact methods, HMRC needs to improve its telephone and written service considerably, particularly the time taken to answer calls and deal with mail. These are a regular and increasing source of complaint from our members. We understand that HMRC is planning to reduce its telephone contact centre opening times as well as changing EC hours. Reducing EC opening hours will push people towards telephone contact and they may then find that they are unable to access help by telephone either, particularly outside normal working hours. Your Charter says that we have a right to expect help and support to get things right. HMRC should not make it difficult for individuals to access this help and support.
26. We also believe that HMRC should look in more detail at the use of email for dealing with enquiries. While accepting that there are security issues to be addressed, email is cost-effective and is the preferred communication route for many people these days. If there is demand for this service to be provided by HMRC to users of its services, this needs to be considered in more detail. It could provide a better and more cost-effective way of dealing with certain issues for those who like to use that communication method and by doing so free up more resources to allow better F2F contact for those who would like to use that channel.

27. It should also be noted that existing F2F services at ECs are not always in accessible locations and their opening hours may not suit the working population. We expand on these points below, together with suggestions for action.
28. As a result of the difficulty experienced in contacting HMRC and the long delays in dealing with post and telephone calls, some members tell us that HMRC appears to be a faceless and uncaring organisation. Improving F2F contact, at a wide range of locations and in innovative ways would improve access for all and should lead to improvements in people's perceptions of the organisation. It could also provide long term cost savings where successful F2F guidance and advice means that in future people get things right first time. We understand that experience at Tax Help for Older People and TaxAid suggests that going through a form with someone face to face is the best way to show someone how to fill it in so that they learn to do it themselves. This outcome is very difficult to achieve by telephone.
29. As a consequence of these issues, many users of HMRC have to resort to the third sector for help which in turn is putting increased pressure on such organisations. If HMRC can no longer provide the necessary service to its users cost effectively, we believe that the government should consider providing more financial support to these third sector organisations to enable them to assist those whom HMRC is not helping.

### Opening hours of Enquiry Centres

30. The current opening hours of ECs are during the working week which means that the majority of employees and many self-employed are already at a disadvantage compared to those who do not work. The EIA does not consider this issue at all, focusing instead on lack of use of some of the centres.
31. We believe that HMRC needs to address the needs of those working full time as well as others. When considering opening hours of ECs we would urge HMRC to consider having some sessions in the evenings so that those who cannot visit the centres in the daytime would have an opportunity to do so.
32. Just as importantly we are concerned that there appears to be no proposal to vary the opening times of ECs to match expected and seasonal demand for F2F contact. For example there may be more demand for F2F help when tax credits claims are due for renewal and close to the paper and online filing deadlines for self assessment returns. HMRC has recognised that there are variations in demand for its services in its EIA consultation *What will be the impact of HMRC's proposal to revise its Contact Centre opening hours?* issued in March 2010 in connection with its telephone contact centre services. It should also do so for F2F contact and we find the omission of these considerations for ECs very odd.

### Location of Enquiry Centres

33. In para 4.3 of the report it is noted that some ECs receive only 20 enquiries a week. It is not clear from the consultation what further analysis has been undertaken of these figures. The low level of use may not indicate that the demand is not there; it could be that the EC is not be in a location that is convenient for users to reach at a time when it is open, or as has been reported to us, the help provided has not met the individual's needs or expectations. In addition, the 20 people a week who do use the EC may need it very much and as a result of reduction in opening hours may not be able to do so in future.
34. As Caroline Addison is quoted as saying in the minutes of the Benefits and Credits Consultation Group meeting on 17 March 2010, '... Enquiry Centres ... are derived from the old Inland Revenue Enquiry Centres and so are generally still in the same locations. For this reason, some of the Enquiry Centres are not in the best locations for HMRC customers and some parts of the country do not have easy access to Enquiry Centres.'

35. It is disappointing to note that in focusing on reducing hours of existing ECs, HMRC does not appear to be considering other options to serve its users better, such as:
- Setting up temporary Enquiry Centres in town centres on certain weekends
  - Having mobile Enquiry Centres serving rural areas
  - Having staff available at public libraries at specified times
  - Providing a presence at Job Centre Plus and Citizens Advice Bureau offices
  - Visits to workplaces and business parks
  - Visits to community centres
36. At 'clinics' in shopping centres etc, questions could be answered and visitors shown where to find information on the website which would mean that those who do have access to the internet would have more confidence using it in the future. Similarly, supporting a visitor making a call may mean that that person is happier doing so on their own another time.
37. We believe that detailed consideration should be given to closing those ECs which are shown to be in inconvenient locations for potential users, and replacing them with the options mentioned above. Such initiatives would allow many more people to access HMRC F2F services. It may be possible for such initiatives to provide a better overall service while still reducing costs, by allowing disposal of properties. Clearly there are many aspects to consider but we urge HMRC to look into this further.
38. The EIA does not indicate what particular aspects of the cost of ECs are resulting in the relatively high cost of providing this service. We believe that the costs of the existing EC service should be analysed and other options should be fully evaluated. If it is the cost of premises which is relatively high then assessing ways in which staff can support the public at non EC locations should be investigated.
39. Any reduction in opening hours of ECs will also need to be considered in the light of the rights set out in Your Charter, whereby HMRC undertakes to provide help and support and to keep the costs of dealing with HMRC as low as possible. As set out in this document, it seems to us that more needs to be done to support taxpayers in their dealings with HMRC; reducing opening hours of ECs will reduce the opportunity for those needing help to be able to access it.

#### **Tax credits – proof of identity interviews**

40. We have been advised through the Benefits and Credits Consultation Group that under the ID Authentication service (IDAS) individuals are now being asked, in certain circumstances, to attend proof of identity interviews in person at ECs. Those who need to do this will be offered no help with travel or other costs associated with the interviews. The reduction in opening times of ECs is likely to make it more difficult for the individual to attend and may cause delays in the process of claiming tax credits.
41. HMRC should consider ways in which it can make it easier for these individuals who may not have easy access to an EC and are being forced to incur time and costs attending the ECs. It seems to us that the current proposals are not in the spirit of the Charter commitment to keep costs as low as possible. Our suggestions in para 35 should be considered and also the opportunity for these individuals to produce documents in other more convenient places such as Post Offices.

#### **Other impacts of the changes**

42. We note that staff based at ECs will be doing other things while the EC is closed. What puzzles us is why they cannot currently undertake other work while the EC is open and is quiet. In other organisations it is usual for staff to 'multi-task', for example those on telephone reception may undertake typing duties in between answering calls. It would seem to be good use of time for staff at ECs to deal with items on work lists while there is no one needing their assistance. Doing this would be a way for ECs to be open longer hours cost effectively.

43. We are pleased to note that HMRC recognises that there needs to be adequate public transport service on the proposed opening days of the Enquiry Centres for those using public transport. However, the report makes no mention of considering the cost associated with using such public transport and that it may be beyond the budget of those who need F2F contact. As suggested in para 35 above, we believe HMRC should consider other options so that everyone has more convenient and less costly access to its services.
44. We are also pleased to note that HMRC will use local knowledge to determine the most appropriate days on which to have ECs open in each location. However, as mentioned elsewhere in this response we believe that there are many other options which could have been considered rather than simply reducing the hours of ECs and adapting the hours to local conditions.

#### **Notification of the changes**

45. We are very concerned that HMRC should take very great care to ensure that changes to opening times of ECs, and the need to make an appointment are widely publicised in a variety of ways. Those who have previously used ECs are most likely to be affected by the changes because new users are more likely to check opening times before setting off. Where, as is intended, opening times vary from EC to EC, HMRC will have a considerable task to ensure that that these details are communicated and readily available to all who need to know them, and just as importantly the updated on all changes in opening hours. When all ECs had the same opening hours, publicity would have been easier to manage.
46. Our members frequently complain that details of addresses, telephone numbers and opening hours appearing on correspondence and on its website are not up-to-date or accurate. Currently there is a list online of the opening hours for all ECs and a tool to locate a local one. We have not tested opening hours on the list to see if they are accurate.
47. However this list is only of use to those who have internet access. Furthermore, the individual will need to know the key words 'Enquiry Centre' because most of the links for 'contact us' on the HMRC website do not mention ECs at all. Many people will be searching for 'Tax office' rather than EC and will thus not find out about F2F contact.
48. Telephone directories are used by many people to find details of ECs and entries in these will need updating and should perhaps bear a message such as 'please call before setting off'. Each telephone line should also have a recorded message stating opening dates and times.
49. Posters and leaflets available in libraries, third sector premises and the like will also need updating and HMRC should ensure that out of date leaflets are removed from display and circulation. The time, effort and cost for HMRC of dealing with communication of the changes will be significant. However, HMRC must take into account that the cost of not communicating opening times and arrangements will fall predominantly on the disadvantaged.

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## APPENDIX 1

### The Tax Faculty's ten tenets for a better tax system

The tax system should be:

1. **Statutory:** tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament.
2. **Certain:** in virtually all circumstances the application of the tax rules should be certain. It should not normally be necessary for anyone to resort to the courts in order to resolve how the rules operate in relation to his or her tax affairs.
3. **Simple:** the tax rules should aim to be simple, understandable and clear in their objectives.
4. **Easy to collect and to calculate:** a person's tax liability should be easy to calculate and straightforward and cheap to collect.
5. **Properly targeted:** when anti-avoidance legislation is passed, due regard should be had to maintaining the simplicity and certainty of the tax system by targeting it to close specific loopholes.
6. **Constant:** Changes to the underlying rules should be kept to a minimum. There should be a justifiable economic and/or social basis for any change to the tax rules and this justification should be made public and the underlying policy made clear.
7. **Subject to proper consultation:** other than in exceptional circumstances, the Government should allow adequate time for both the drafting of tax legislation and full consultation on it.
8. **Regularly reviewed:** the tax rules should be subject to a regular public review to determine their continuing relevance and whether their original justification has been realised. If a tax rule is no longer relevant, then it should be repealed.
9. **Fair and reasonable:** the revenue authorities have a duty to exercise their powers reasonably. There should be a right of appeal to an independent tribunal against all their decisions.
10. **Competitive:** tax rules and rates should be framed so as to encourage investment, capital and trade in and with the UK.

These are explained in more detail in our discussion document published in October 1999 as TAXGUIDE 4/99; see [http://www.icaew.co.uk/taxfac/index.cfm?AUB=TB2I\\_43160,MNXI\\_43160](http://www.icaew.co.uk/taxfac/index.cfm?AUB=TB2I_43160,MNXI_43160)