

## Our people - in their own words



### Kevin Thompson

Personal Tax, Operations contact centre lead, East Kilbride

"My team helped employers understand the changes to Real Time Information for PAYE by taking the time to talk them through it on the phone."

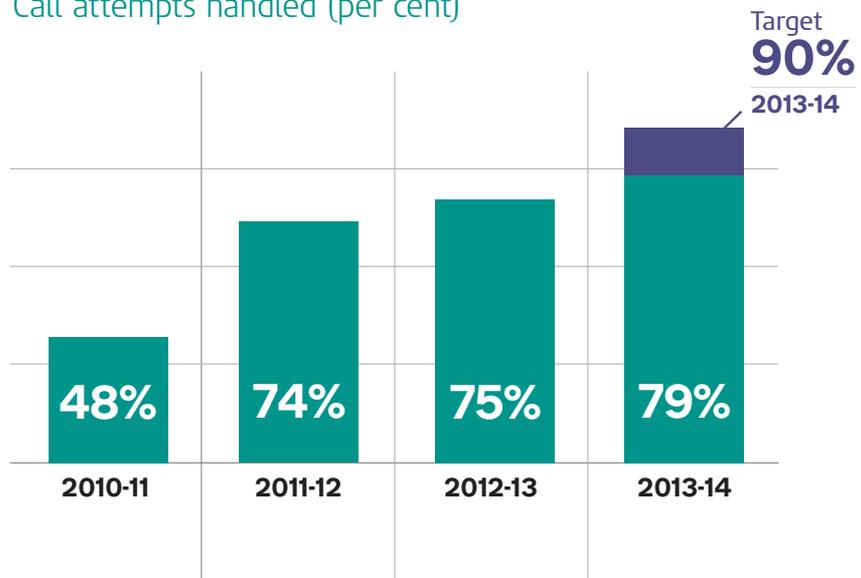
## Improving customer services

We have progressively improved customer service levels. Although they are not yet where we want them to be, our collective efforts have recovered our phone and post performance from their low point in 2010-11 and improved significantly over the past three years. For the last two years, we have exceeded our customer service targets in the second half of the year, and it is now our ambition to offer a consistent level of service throughout the year and to manage our peak periods of demand better.

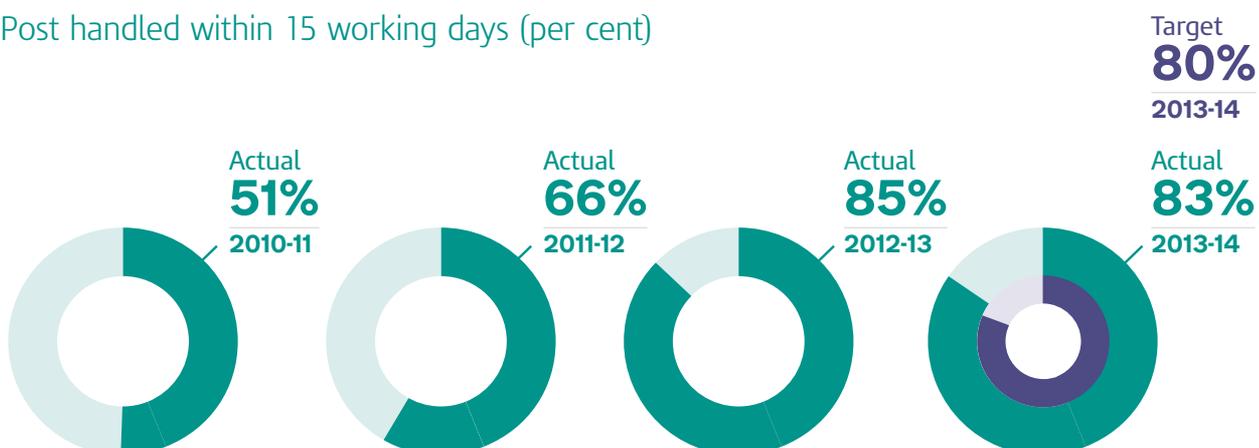
In 2013-14, we continued to make improvements against our customer service targets, by answering 79 per cent of call attempts to our contact centres and handling 83 per cent of post within 15 working days. We have maintained post handling above our target, while we improve our call handling performance towards the target of 90 per cent.

We also processed tax credits, Child Benefit claims and changes of circumstance in 15.3 days for UK claims and in 86.7 days for international claims - well within our target of 22 days and 92 days respectively.

### Call attempts handled (per cent)



### Post handled within 15 working days (per cent)



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Tarveen Singh

Business Customer and Strategy, Croydon

“I spend my time at work helping to improve the experience of our business customers by making tax easier, quicker and simpler.”

We made a significant number of changes to our processes to improve the service that we give our customers, which included:

- introducing new speech recognition technology (known as Intelligent Telephony Automation, or ITA) in December 2013 (see case study below)
- launching the biggest modernisation of PAYE since its introduction in 1944, with the roll-out of Real Time Information (RTI) for PAYE in April 2013. RTI brings PAYE up to date with today’s employment patterns, where people change jobs more frequently than in the past and can have more than one job or pension. A total of 48 million individual employments have moved to Real Time PAYE reporting in 2013-14
- reducing the cost to customers of contacting us by phone by moving from 0845 numbers to 03 phone numbers, which are far less expensive to call from mobile phones.



### Case study

We installed a new telephone speech recognition system across our main helplines in December 2013. The system now handles about a million calls per week from customers. Called Intelligent Telephony Automation (ITA), the new system uses speech recognition to ask what the caller wants and provides the most appropriate response.

Elements of the security process are also automated before a caller is put through to an adviser. This means the adviser knows why the customer is calling and whether or not they have passed security, making the call shorter, and possibly saving the customer money. We now use ITA for calls made to all of our contact centres and in offices where staff switch between telephone and processing work, according to demand.

The feedback from customers and advisers alike has been very positive about ITA. The vast majority of calls are going smoothly through the system with customers automatically getting the information they need or being routed to an adviser able to deal with their specific enquiry.



The department delivered more than £235 million in efficiency savings in 2013-14

## Reducing costs

We have achieved this improved performance while making significant cost reductions, year on year. We were set a target of a 25 per cent cost reduction over the 2010 Spending Review period, and a further five per cent in 2015-16 - and we are meeting those targets.

We have done this by streamlining our processes, allowing us to reduce our workforce, our estate and the cost of the services we buy. When HMRC was created in 2005, we had 96,000 full time equivalent (FTE) members of staff and 539 offices. By July 2014, following the closure of our Enquiry Centres, we expect to have fewer than 60,000 FTEs and 190 offices.

While HMRC received additional funding to tackle tax avoidance and evasion, we still had to reduce our costs and the Department delivered more than £235 million in sustainable cost savings in 2013-14. We made these savings in a number of ways, including:

- improving the effectiveness and efficiency of our processes and systems, which enabled us to reduce our overall employee numbers as part of our Spending Review targets. By the end of 2013-14, there were 61,370 full-time equivalent employees, which is a net reduction of 3,106 from 2012-13
- contributing to the government's objective of reducing its estate by vacating 60,000m<sup>2</sup> of space and saving £21 million in annual costs. One of the key projects was the full vacation of Somerset House in central London, which saved £4 million a year. For the fourth year running, HMRC has vacated more space than any other government department, according to figures from the Cabinet Office.

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Adam Grzegorski

Risk and Intelligence Service, Profile and Case Delivery, London

"It's nice to know that when I come to work, I'm using IT that helps stop tax evasion and protects the revenue we collect for the UK."



### Case study

Since 2008, we have invested around £80 million in state-of-the-art technology called Connect, enabling us to bring in an additional £3 billion in tax revenues. Connect allows our compliance teams to search more than a billion pieces of data at the touch of a button, taking seconds to find evidence of potential evasion and fraud that would otherwise have taken skilled teams weeks to sift, sort and track down. This has enabled us to reduce the number of people we have working in our Risk and Intelligence function by 40 per cent while still increasing the compliance revenue they collect or protect. Connect has positioned HMRC at the forefront of tax administrations worldwide in the use of cutting-edge data analysis to drive customer compliance.

## In summary: key performance indicators

The following table sets out in more detail our main performance data compared to the previous year.

### Creating sustainable cost reductions

	2013-14	2012-13
Unit costs (pence per £ collected/paid out)		
Collecting Income Tax (Self Assessment and Pay As You Earn)	0.93	1.00
Collecting Corporation Tax	0.77	0.76
Collecting National Insurance Contributions	0.25	0.27
Collecting VAT	0.64	0.63
Administering personal tax credits	1.41	1.45
Administering Child Benefits	0.55	0.57

### Maximising revenue collection

	2013-14	2012-13
Cash collected from compliance	£9.2bn	£9.0bn
Future revenue benefit	£5.5bn	£4.4bn
Revenue loss prevented	£8.0bn	£6.5bn
Product and process yield	£1.2bn	£0.8bn
Total revenue secured	£23.9bn <sup>1</sup>	£20.7bn
Payment on time - proportion of businesses and individuals who pay tax on time - using VAT as lead indicator	86.9%	86.7%

	2012-13	2011-12
Debt roll rate - proportion of tax debt (CT, SA, Employers' PAYE) cleared within 90 calendar days (%)	96.8%	95.4%
Personal tax credits error and fraud - estimated amount of incorrect payments after awards have been finalised	£2.01bn (7.0%)	£2.09bn (7.3%)

	2011-12	2010-11
Tax gap - difference between all the tax theoretically due and tax actually collected	7.0% (£35bn)	7.1% (£34bn)

### Stabilising and improving customer service

	2013-14	2012-13
% of post cleared within 15 working days of receipt	82.6%	85.0%
% of post cleared within 40 working days of receipt	96.9%	97.1%
% of post cleared within 15 working days of receipt passing HMRC quality standards	91.3%	91.7%
% of post cleared within 40 working days of receipt passing HMRC quality standards	91.2%	91.8%
% of call attempts handled by our contact centres	79.2%	75.2%
% of return transactions carried out online (12 months to quarter end e-returns, SA, PAYE, VAT, CT and Stamp Duty Land Tax)	97.1%	92.8%
Increase/decrease (-) in cost for all customers dealing with us (compared to April 2011)	+£15.3m <sup>2</sup>	-£2.7m
Increase/decrease (-) in cost for business customers dealing with us (compared to April 2011)	+£44.3m	+£26.3m
Customers find us straightforward to deal with - all customers rolling annual score out of 100 (margin for error in brackets)	72.8 (±2.4)	73.0 (±2.6)

1 The figures do not include exceptional items. Exceptional items are identified as cases that are: (a) an unusual occurrence that is unlikely to be repeated; (b) of such a size that to report it within our normal results would distort the underlying trend of performance; and (c) not included within HMRC's revenue targets, as it could not have been predicted. Exceptional items generated £344 million additional compliance revenue in 2013-14, but have not been included in the performance against targets shown above to avoid distorting our performance.

2 The net increase to customer costs since April 2011 arises mainly from key policy measures announced by the government at the Budget and Autumn Statement. For example, Restrictions to Pensions Tax Relief (£80 million cost increase) and the Bank Levy (£20 million cost increase) have increased customer costs, but directly support measures to reduce the budget deficit. The Patent Box (£26 million cost increase) tax relief is a measure that has been welcomed by business and contributes to economic growth.