

HMRC UNDER SCRUTINY

Frank Haskew considers whether service standards have changed

Over the past few years HMRC's service standards have been under intense scrutiny. As part of the wider Government efficiency programme, HMRC has been set ambitious cost-cutting targets and staff head count reductions. The result has been an extensive reorganisation, with closures of many local offices and processing being undertaken in a few large centres. As a result of this rationalisation of local offices, HMRC has come to rely increasingly on call centres as the main method of interacting with taxpayers.

The burning issue is: how has this impacted on HMRC's service standards? Two years ago, we undertook a survey into HMRC's service standards in order to provide evidence to the House of Commons Treasury Committee's inquiry into the efficiency programme. In that survey, nearly two-thirds of members thought the HMRC merger had not improved services and nearly half thought they were getting worse. In our report, we said:

We are very concerned that the effect of the efficiency programme is that the level of customer services on the ground has deteriorated. We are concerned that far-reaching reforms are being made with staff headcount being cut without the investment necessary to maintain (let alone improve) services. HMRC's local office structure has been dismantled but the new structures do not appear to provide adequate support mechanisms. There is little doubt that this issue is the biggest single cause for concern among our members, who represent the largest number of qualified tax advisers in the UK, many of whom deal with HMRC on a very regular basis.

In our 2007 report to the Treasury Committee, we recommended that HMRC should work with the profession to develop a set of service standards and that performance statistics should be published on a regular basis. This was included in the Treasury Committee's list of recommendations.

One area where we managed to obtain regular performance statistics was the time taken to process VAT applications. In 2007 there were serious delays in VAT registration processing, caused in part by the need to tackle missing trader fraud. The registration statistics helped to focus attention on the extent of the problem

and paved the way for decisive management action. By the beginning of 2008, HMRC appeared to have the problem under control and applications were being turned round within the target time.

In the July 2008 edition of *Accountancy* magazine the then Acting Chairman of HMRC, Dave Hartnett, said that, while things might get worse in the short-term, in the long-term they would improve. Nearly a year on, have things improved?

Last month the Treasury Committee announced a further inquiry into the efficiency programme and we undertook another short survey of members' views of HMRC's service standards, which we will be publishing shortly.

It will come as little surprise to many of our members that the 2009 results paint a similar picture to the results of the 2007 survey. The 31 January 2009 self assessment filing deadline appeared to go pretty well, but recent experiences from members suggest that in most other areas standards have either not improved or have deteriorated. Many of the known problem areas remain unsatisfactory: for example wrong PAYE codes, incorrect penalty notices and the inability to get through to someone who can deal with the issue satisfactorily. Post delays seem to be mounting and it looks like VAT processing times have again deteriorated.

What needs to be done? Unfortunately, problems such as incorrect penalty and coding notices suggest that there are too many basic processing errors and that HMRC needs to work much harder to get the basics right. Further, when things start to go wrong, it seems to be very hard to get them put right. The result is wasted time and costs for everyone, HMRC included. If processing accuracy and efficiency could be improved, many of the subsequent problems and frustrations would be avoided.

HMRC's key priorities must be to ensure that it processes all information it receives accurately and in a timely manner, and that its various computer systems are integrated properly. When things go wrong, HMRC needs to make sure that it retains sufficient skilled people on the ground to resolve problems.