Jim Harra
Chief Executive and First Permanent Secretary

Harriett Baldwin
Chair of the Treasury Committee

By email

Room 2/75
100 Parliament Street
London
SW1A 2BQ

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Tel 03000 577293
Email perm.secs@hmrc.gov.uk

Dear Harriett,

Thank you for your letter of 9 January 2023.

On 1 December 2022, we experienced abnormally high traffic on IT firewalls, which exceeded processing capacity and consequently degraded the performance of our digital services. The direct cause of the incident was later found to be a Proxy Access Configuration change, which we were advised to implement by the supplier, but which appears to have contained a bug. When this change was regressed, we saw an immediate improvement in system stability. The root cause of the incident, and the actions required to prevent a recurrence, remain under investigation with the supplier.

The IT incident in early December is likely to have had a knock-on impact on helpline call demand and service levels in the few days following the restoration of our digital services. We do not believe this carried forward to early January.

The quickest and easiest way for customers to manage their tax affairs and get answers to their queries is online, through either the HMRC mobile app or the web-based Personal Tax Account. In addition to filing their return and making payments online, customers can also use HMRC's digital assistant, published guidance, YouTube videos and live webinars.

In December and January so far, HMRC's digital assistant has handled approximately 105,000 interactions, providing the answer automatically in more than half of them. For those customers who needed help from an HMRC adviser through webchat, the customer satisfaction rate was 81% (above industry standard).

When more customers use our online services, this frees up our helpline advisers to offer a better service for those customers who have more complex queries or are unable to use online services. We estimate that 65% of the calls to the Self Assessment helpline during the two weeks ending 8 January 2023 related to matters that customers could have resolved online.

Self Assessment customers have a generous 10 months after the end of the tax year in which to file their return and pay their tax. We encourage them not to leave it until the last minute to do so, particularly if they are not already signed up to use our online services or are likely to have a query. More than 60% of Self Assessment customers have already filed their 2021/22 return, and 93% of them have filed online, the simplest and fastest way to do so.

Each January, our Self Assessment helpline is exceptionally busy and wait times are longer than usual in the run-up to the annual filing and payment deadline. To ensure that Self Assessment customers can get the help they need during this period, we have redeployed 850 colleagues from other areas and have also limited certain other services to enable us to focus on the highest priority Self Assessment calls (for example, our agent helpline is not answering queries that agents can resolve online, reserving capacity during this month to support agents who need one-to-one support to help them file their clients' returns).

Despite our helplines being busy, all callers who need to speak to an adviser can do so but they may have to wait longer than usual for their call to be picked up, or at exceptionally busy times they may have to call back. The average waiting time on the Self Assessment helpline in December was 28 minutes and so far in January it is 27 minutes.

Our customers have told us that they prefer not to receive a busy tone when call wait times are long but rather they prefer to be able to choose to wait to speak to an adviser. Therefore, we do not routinely restrict the time that callers can choose to wait. However, at exceptionally busy times when it is apparent that a caller is not going to be able to speak to an adviser within a reasonable wait time, we may tell them to call back and disconnect the call.

In the two weeks ending 8 January 2023 on the Self Assessment helpline, call volumes were 9% higher than the equivalent fortnight last year and the average call handling time was 17 minutes compared with 13 minutes. The average call wait time was 27 minutes compared with 12 minutes.

Last year, recognising the pressures placed on taxpayers and agents by the pandemic, we decided to waive late penalties for Self Assessment taxpayers filing their returns in the month after the deadline, in effect extending the deadline to 28 February. This meant that the number of customers wanting to contact us was spread over a longer time period.

Our helpline advisers can handle calls in the office or at home. This capability enabled HMRC to maintain customer services during the Covid-19 pandemic, when government guidelines told people to work at home. Since those guidelines were lifted, our helpline advisers have returned to working in the office in a "hybrid" working pattern under which they can opt to work at home two days a week.

Colleagues are only permitted to work at home if they can carry out their duties effectively there. We are able to monitor and manage helpline adviser performance whether they are working at home or in the office, and the evidence we have on adviser productivity at home compared with the office shows that the number of callers served per adviser is similar no matter where they are working.

Yours sincerely,

JIM HARRA

CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY