



HM Revenue
& Customs

Dame Meg Hillier MP
Chair of the Public Accounts Committee
House of Commons
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BY EMAIL

Date 12 May 2023

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Dear Dame Meg

Public Accounts Committee Report: HMRC Performance 2021-22, Recommendation 5

I am writing in response to the Committee's recommendation that HMRC should set out its plan to improve customer service.

During 2022-23, we continued to enable our customers to meet their obligations and receive their entitlements and were able to improve our service levels for customer correspondence. This had been one of our biggest challenges in 2021-22 and underpins our overall customer service performance, through reducing progress chasing in other channels. However, despite this improvement, our customer service levels during 2022-23 were below the standards that we aim to offer, and our customers rightly expect to receive. We will publish our 2022-23 service performance metrics in the Annual Report and Accounts in July 2023.

We are working to improve customer service levels while keeping within our departmental budget and alongside our overall priorities and targets. Our existing resource levels will not enable us to handle current forecast demand – which is set to increase significantly - for our phone and post services in line with our service standards. At a time when public finances are under pressure and there are significant spending demands across government, ministers must determine where finite resources are directed. The department is planning on the assumption that it will not receive significant additional funding to handle increased phone and post contact. Instead, delivery of both our Tax Administration Strategy and our service improvement plans rely on us enabling and encouraging those customers who can self-serve using digital services to do so in the first instance. This will allow us to focus our advisors on those who have complex circumstances or are unable to engage with us digitally or otherwise need extra help.

Many of our customers are already using our digital services. Almost all PAYE, Corporation Tax, VAT and Income Tax Self Assessment returns and payments are made online. In 2017-18, our online tax accounts were accessed 73.8 million times by 11.3 million individuals and businesses. By 2021-22, this had increased to 134 million times by 19.3 million individuals

and businesses. In 2022-23, approximately 1.5 million customers also used the HMRC mobile app to access a variety of PAYE, Self Assessment, Tax Credits, and Child Benefit services. HMRC's Digital Assistant automatically helps customers to find the information they are looking for in over 50% of cases and links the customer to an adviser through webchat if it cannot locate the answer.

Service levels, including customer satisfaction, are higher for our digital services than they are for our traditional phone and post services.

We are trialling new approaches to support more customers to move online. For example, in January and February we sent SMS messages to certain customers who phoned HMRC, sharing a link through which they could access the information about which they were calling. Early analysis indicates that 180k people received an SMS and 37.8% did not require assistance from an HMRC advisor after being directed to an online service.¹ We will continue to test new approaches to support our customers to engage with us digitally.

We know that it will take some time to encourage customers to move to digital services, so we are taking action to improve customer service levels during this transition, to the extent that we can afford to do so. From April to September 2023, this includes additional temporary resource to deal with post and phone calls, funded from existing departmental budgets. We intend to use this additional resource to reduce post on hand, which both improves customer service in absolute terms and reduces further customer contact demand through progress chasing.

The Committee asked about customer service metrics and the projected level of service HMRC will give to taxpayers and their agents over the next three years.

HMRC have set out the service standards we currently aim to deliver. We expect these to be published as formal performance targets for 2023-24 in HMRC's Outcome Delivery Plan, subject to ministerial approval.

Key Metric	Service standard
Telephony Advisor Attempts Handled (AAH) ^[1]	85%
Customer correspondence cleared within 15 working days of receipt.	80%
Customer correspondence cleared within working 40 days of receipt.	95%
Customer satisfaction ^[2]	80%

^[1] AAH measures the percentage of callers who choose to speak to an advisor after hearing the automated messages whose call is picked up by an advisor.

^[2] The percentage of customers who are either "happy" or "extremely pleased" with their service through phone, webchat, or digital services. By 2024-25 external performance publications we will provide a disaggregation of Customer Satisfaction and Net Easy against telephony, webchat and digital.

In addition, we measure how easy customers found it to do what they wanted when contacting us, though a measure called "net easy²". The first year we reported our net easy score was 2022-23, and our internal target was +70. The net easy target will also be included in our Outcome Delivery Plan for 2023-24.

We publish monthly updates on our performance against our customer service metrics on [GOV.UK](https://www.gov.uk).

¹ This is determined by the number of people that had to call back within 7 days for further assistance after receiving the SMS.

² Net Easy represents the percentage of positive responses minus the percentage of negative responses to our customer surveys. Customers were asked 'how easy was it to deal with us today?' A positive response is those who said 'easy' or 'very easy'. A negative response is those who said 'hard' or 'very hard'. The measure is an index that ranges from 100 (all positive responses) to -100 (all negative responses).

The Committee enquired as to how HMRC would support customers who are unable to engage digitally or prefer post or telephone contact.

In line with the HMRC Charter, we will always accommodate digitally excluded customers. Our approach to digital inclusion is centred on the development and delivery of digital services that are easy to use and provide customers with the support they need. However, for those customers who cannot engage with us digitally, we will continue to offer support by phone and post, including our needs extra support service. We will also continue to work with, and fund, voluntary and community sector organisations to offer help to customers who need it.

Lastly, the Committee inquired what the department's contingency arrangements are if its plans to reduce demand for traditional channels are unsuccessful or take longer to implement.

We are continuing to test and develop interventions to reduce demand for traditional channels, and in the first instance our contingency arrangements would be to consider which of these could be scaled more quickly, to meet customer need through digital channels.

One of our biggest performance challenges is cutting down on post-turnaround times to reduce customer contact demand. Deploying more resources to deal with post items will reduce progress-chasing phone contact, freeing up telephone advisors to focus on those need the most help. Therefore, as previously indicated in this letter, we have already taken the contingency measure of temporarily increasing the supply of advisors working on post until September 2023, with the aim of reducing the level of post on hand.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Harra', written in a cursive style.

JIM HARRA
CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY