

## LOW INCOMES TAX REFORM GROUP

### **What will be the impact of HMRC's proposal to reshape its face to face Enquiry Centre service? Response to Equality Impact Assessment (EQIA) for Consultation**

#### **1. Executive Summary**

- 1.1. It appears that the reshaping of HMRC's Enquiry Centre (EC) service is a fait accompli. The proposed strategy is based upon HMRC's belief that the reduction in footfall is in consequence of a decline in demand for face to face services.
- 1.2. Our response, supported by voluntary sector experience, shows the converse – that demand for face to face services remains high, but the inaccessibility and frequently poor quality of the service now provided by ECs has caused that demand to flow instead to the voluntary sector. Logically, a further scaling back of the EC offering can lead only to further increased demand on the voluntary sector where face to face services continue to be available.
- 1.3. The mitigation strategies that HMRC have identified in the EQIA in general lack depth and there is scant evidence of the detail having been thought through (for example how the changes are to be communicated in posters).
- 1.4. Our key recommendations are therefore:
  - To improve HMRC's own face to face offering, by both:
    - making the remaining EC system more readily accessible and providing an exemplary service in accordance with HMRC's Charter (especially to those who might have particular needs such as people with disabilities); and
    - reinstating a high street presence by working in partnership with other central and local government bodies and the voluntary sector.
  - To carry out an urgent review to ensure that the voluntary sector is funded to meet the demand unfulfilled by HMRC. This should include providing core funding to the specific tax charities, TaxAid and TaxHelp for Older People, thus enabling them to provide a stable and ongoing service.

## **2. Introduction**

### **2.1. *About us***

- 2.1.1. The Low Incomes Tax Reform Group (LITRG) is an initiative of the Chartered Institute of Taxation (CIOT) to give a voice to the unrepresented. Since 1998 LITRG has been working to improve the policy and processes of the tax, tax credits and associated welfare systems for the benefit of those on low incomes.
- 2.1.2. The CIOT is a charity and the leading professional body in the United Kingdom concerned solely with taxation. The CIOT's primary purpose is to promote education and study of the administration and practice of taxation. One of the key aims is to achieve a better, more efficient, tax system for all affected by it – taxpayers, advisers and the authorities.

### **2.2. *This consultation***

- 2.2.1. As visitors to Enquiry Centres (ECs) are likely in the main to be low-income, unrepresented taxpayers or tax credits and benefits claimants, we take a keen interest in this consultation.
- 2.2.2. In terms of equality issues, we take a particular interest in the potential impacts of the proposals on: older people; people with disabilities (including those who become employers) and their carers; low-income tax credit claimants; and migrant workers.

## **3. General comments**

- 3.1.1. What we are seeing here – a move from local offices, then to ECs, then to call centres and finally to online interaction – is part of a much wider government trend.
- 3.1.2. Where people are able to use those channels, then it is sensible to encourage them to do so provided that adequate help and support is available together with recognition that the internet is not accessible to all and can only do so much; so there will always be some need for personal interaction, including face to face.
- 3.1.3. It is therefore right that HMRC should review their face to face offering to ensure that it is cost effective, but we are concerned that the impact assessment misses a vital point – that the reduction in recent years in footfall at ECs is not an indicator of a reduction in demand, particularly amongst certain elements of the population. Those operating in the voluntary sector would, in fact, argue the very opposite. The reduction in EC visitor numbers seems rather more attributable to difficulties in accessing those services coupled with negative customer experiences of them.
- 3.1.4. We are concerned that moves to change the EC offering are being made without alternatives being in place, and at a time when the introduction of the NI and PAYE service has illustrated potential difficulties in accessing HMRC's services by other methods, with contact centres failing to meet demand. Separately, HMRC are of course consulting on their Equality Impact Assessment (EQIA) for revised contact centre opening hours which could further affect customers' ability to access services.
- 3.1.5. The EC EQIA consultation seeks to identify whether there is likely to be any specific impacts on minority groups or certain sectors of the population. Whilst we agree that it is important to analyse specific impacts (and we consider these in our response),

there is also a need to step back and consider more generally HMRC's EC service and how needs can be better met both now and in the future.

- 3.1.6. In so doing, HMRC need to think about their customer base in the round, taking into account the requirements of taxpayers and claimants of tax credits and other HMRC-administered benefits. Indeed, a single individual (or couple, in the case of tax credits and other benefits) might be both taxpayer and claimant. They might also be an employer, either in business or in their individual capacity (for example someone in receipt of direct payments<sup>1</sup> employing a carer or household help).

#### 4. Reduction in footfall

- 4.1.1. In our October 2009 website article '*The slow death of the Enquiry Centre?*<sup>2</sup>', we covered the reasons we feel are behind the reduction in demand for EC services, ie principally:

- The services remaining at ECs have declined in quality in recent years. It is no longer possible to walk in and obtain advice, instead the customer is now usually required to make an appointment. Nor can one rely upon obtaining HMRC printed material from ECs. And instead of receiving answers to questions, visitors are often redirected to other parts of HMRC.
- Because of office closures, ECs have become geographically more distant from their customers.
- And they are not easy to find. The help notes to a tax return make no mention of help that might be available at an EC. HMRC recommend using a phone book to contact your 'local' office, which is no help to people who have only a mobile phone (and are therefore not supplied with a phone book). And even for those with a landline, the experience of tracking down an EC by using the phone book is fraught with frustration and difficulty.
- If tax credit claimants need an emergency payment or urgent help, they normally telephone the tax credits helpline. At one time, face to face help on tax credits, including emergency payments, would be given by ECs. But now, in our experience helpline staff often tell people that ECs cannot give urgent payments. So there might well have been a fall in customers attending an EC but again this does not necessarily equate to a fall in demand.

- 4.1.2. Given all these barriers, the decline in the number of visitors to ECs is entirely predictable. We strongly believe that the main reason for the reduction in footfall has not been customers' preference for telephone and internet, but this reduction in the quality of service and the restriction of access to face to face help. It is interesting that the figures in Appendix C to the consultation show that footfall declined sharply between 2005/06 and 2006/07, then quite gently in each of the subsequent years. This does not indicate a gradual trend such as changing preferences for how customers deal with HMRC, but seems rather more consistent with the reduction in service quality at around that time.

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<sup>1</sup> See our report '*Independent living, direct payments and the tax system*'

<http://www.litrg.org.uk/reports/reports.cfm?id=490>

<sup>2</sup> <http://www.litrg.org.uk/news/latest.cfm?id=694>

- 4.1.3. In addition, it is curious that HMRC should move to reduce EC opening hours yet at the same time introduce systems which will drive up demand for appointments. For example, we are aware that for tax credits, a new identification authentication system has been implemented ('IDAS'). There is no mention of this in the consultation, but essentially some people will be required to go to an EC to prove identity if they fail checks on the helpline.
- 4.1.4. Indeed, in the short space of time since the introduction of IDAS, we have already seen cases where claimants – often the most vulnerable – have been sent to ECs having failed the IDAS test on the telephone. This would point towards an increased demand for face to face services. This may well of course peak in the short term as existing claimants are faced with IDAS, but there will nevertheless be an ongoing need for new claimants.

## **5. Who needs face to face help most?**

- 5.1.1. Those HMRC customers who are most in need of face to face help may be described in other contexts as vulnerable or marginalised. They may share some or all of the following characteristics:
- They may be on a low income which fluctuates through unemployment or sporadic employment.
  - They may have left school with few or no qualifications and be uncomfortable with forms and written materials from HMRC.
  - They may be older people and have difficulty coping with changes in tax law and processes.
  - They may have specific learning difficulties or disabilities.
  - They often have complex personal circumstances and can best be helped face to face (tax credit claimants often fit that description).
  - English may not be their first language.
  - They may not have access to such services as internet (or the ability to use it, even if they do have access) or landline telephones.
- 5.1.2. These people often need significant encouragement to take advantage of a face to face service. But unfortunately, for the reasons stated in this response, the current EC model mainly serves to discourage contact.

## **6. Alternative solutions**

- 6.1.1. Despite HMRC having outlined footfall reductions in the impact assessment, the voluntary sector experience shows that there continues to be a significant need for a local, face to face service.
- 6.1.2. The tax charities, TaxAid and TaxHelp for Older People (TOP), currently help to meet this need for tax matters. The burden falls on other third sector advice agencies for tax credits and other HMRC-administered benefits.

6.1.3. Moreover, in answer to the key question of the consultation – ‘What will be the impact of HMRC's proposal to reshape its face to face Enquiry Centre service?’ – we suspect that the main impact will be to drive **even more** people to approach the voluntary sector for help.

6.1.4. Para 1.6 of the consultation document refers to monitoring the customer service impacts of changes to opening patterns with a view to making changes should the new patterns be insufficient to meet local customer demand. But how will HMRC know if people arrive at an EC when it is closed? These people could well turn to the voluntary sector for help at that point, but again HMRC will not know about or be able to measure this.

6.1.5. So what are the solutions? We suggest two routes:

1. High street, cross-government ‘money shops’; and
2. Supporting and building on existing voluntary sector organisations.

## 6.2. **Cross-government ‘money shops’**

6.2.1. In the past we have suggested that HMRC need to work with other public service offerings across both central and local government to offer ‘money shop’ facilities in the high street.

6.2.2. The former Inland Revenue's local office network was wider and of much more use where people could find them in smaller towns and city centres rather than in peripheral (and consequently less accessible) locations such as some current EC locations. Whilst there may well have been a need to reduce costs by rationalising the estate of the merged HMRC, this should not have been at the expense of maintaining town centre presence around the country. Now that rationalisation has taken place, HMRC therefore need to consider how to reinstate a high street presence without the cost of having their own premises. The solution lies in partnerships.

6.2.3. In many instances, tax is simply one piece in a much larger jigsaw that taxpayers need to put together – the same ‘customer’ potentially needing help with other matters such as DWP and local authority administered benefits, debt scheduling and so forth.

6.2.4. Partnership services therefore need to be staffed by a mixture of representatives from local authorities, DWP, HMRC and the voluntary sector, dealing with local and national benefits, tax credits and helping to resolve simple tax problems. This could build on the Total Place<sup>1</sup> initiative we have seen piloted by certain local authorities.

6.2.5. Working in partnership with local authorities, services can be tailored to the needs of the local population. In this respect, some areas will have a higher density of, say, older people or migrants (with varying concentrations of migrants and specific language needs also varying by locality). This would provide a much better service than if HMRC were to continue ‘paddling their own canoe’ using an inefficient EC model.

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<sup>1</sup> [www.hm-treasury.gov.uk/psr\\_total\\_place.htm](http://www.hm-treasury.gov.uk/psr_total_place.htm)

### 6.3. ***Building on the success of the tax charities***

- 6.3.1. TOP's model of working, for example, is testament to the success of this local approach. TOP operates by means of a helpline which deals with simple cases (or those who are capable of being helped at long-range), then fielding appointments with a network of over 700 volunteers (including professional tax advisers, accountants and ex-Revenue staff) across the UK for those that need face to face assistance.
- 6.3.2. Sometimes such needs are met by means of a home visit (for instance, where the taxpayer finds it difficult to attend an appointment due to living in a remote or rural location, or due to disability). In other cases, TOP works in partnership with other voluntary sector organisations such as Age UK and Citizens Advice using their premises to host 'surgery' appointments and over the years has built up a network of some 370 venues in this way. A key difference in practice as compared to HMRC is that TOP actively discuss the taxpayer's needs with them so that an appropriate way of handling the case is identified without waiting to be asked.
- 6.3.3. In so doing, TOP helps up to 20,000 older people each year, with numbers continuing to increase. It is probable that TOP provide more home visits for pensioners than the whole of HMRC.
- 6.3.4. But to continue to do so, the tax charities need to be supported and we propose that central government provide stability to the services they offer by way of core funding each year. We recommend an urgent review of this proposal with a view to ensuring the tax charities can offer assistance to mitigate the impact of the changes to ECs.

## 7. **Enquiry Centre 'reshaping'**

- 7.1.1. HMRC's existing face to face services are offered through ECs and, for those who meet the criteria, home visits. If HMRC are to continue with the EC model in a scaled-back form, we have highlighted above additional ways in which face to face services should be offered locally. But we also suggest below ways in which the remaining ECs could be made to work better for all (not only to mitigate impacts of a reduced offering on certain elements of HMRC's customer base).

- 7.1.2. First we look at some specific equality issues, then move on to more general comments.

### 7.2. ***Equality issues***

- 7.2.1. So far as equality issues are concerned, ECs should strive for 'exemplary' status in the service they do give. From a disability perspective this means that all staff working at these centres should have received training and demonstrated their ability in dealing with customers with disabilities. In addition, all ECs should be accessible. This means not only wheelchair access, but also providing accessibility aids for those say with sight or hearing impairments.
- 7.2.2. Incidentally, para 5.2 of the consultation states: 'There may be particular impacts for customers who are in hardship and require assistance with Disabled Persons Tax Credit'. However, this credit no longer exists, having been replaced in 2003 by the working and child tax credits system. There will of course, however, still be disabled people needing help with the current tax credits system.

- 7.2.3. For those who do not have English as their first language, staff should be aware of HMRC's language policy and be able to access the Big Word service so that help can be given via an interpreter if necessary.
- 7.2.4. The strategy should also include ensuring that 'Your Charter' principles are embedded at EC level. For example, the consultation (page 14, section 4.1, final para) refers to representatives. Most HMRC customers paying for the services of a professional adviser are unlikely to be users of the EC network; but for others, - usually those on lower incomes - who need help from a friend or family member, HMRC must ensure that there is a clear policy in place so that EC staff respect their right to be represented or assisted by that person.
- 7.2.5. We would not want to see further cases which demonstrate poor appreciation by EC staff of the needs of certain people.

#### *Mitigation*

- 7.2.6. The specifics of HMRC's planned mitigation strategies are not clear from the EQIA. For example, as regards posters, where are these to be displayed and what help will they provide?
- 7.2.7. Although they should be displayed at ECs, this is not in itself sufficient. Other general community locations should be encouraged to display them, such as GP surgeries, libraries, DWP offices, Jobcentres, local council offices and Register offices.
- 7.2.8. As regards Register offices, it is perhaps at this point we should note that page 22, section 5.3 of the consultation document identifies gender impacts. We would like to identify a further female grouping here, ie that a higher percentage of people experiencing bereavement are women (just because statistically they live longer than men).
- 7.2.9. A further strand of this strategy should be to include places where those of ethnic minority groups or religious beliefs gather and working in partnership with third sector organisations (for example, targeting pensioner communications through charities such as Age UK).
- 7.2.10. Poster content should be tailored according to where it is to be displayed (eg, providing how to access interpretation services where targeted at ethnic minorities; advertising services for disabled people – including providing textphone and text relay helpline numbers for the hearing/speech impaired and so forth).
- 7.2.11. Furthermore in terms of poster content, we fear this will be another push towards the "visit [www.hmrc.gov.uk](http://www.hmrc.gov.uk)" strategy, so alternatives to web-based guidance must be given. Also, there is little point in using posters to advertise a change in EC opening hours if customers are not at the same time advised that they will need an appointment – otherwise they will continue to be disappointed if they arrive without prior contact and are turned away.
- 7.2.12. We recommend that the voluntary sector is consulted on the content and wording of the posters and that HMRC work in partnership with relevant organisations so as to ensure maximum penetration of minority groups.

### 7.3. ***General comments on the EC service***

- 7.3.1. As we have pointed out above, if a service is difficult to access or unsatisfactory even when it is accessed, this will discourage its use. Whilst we accept that technological advances enable many people to use alternative methods of communication, for some these will never meet their needs. Face to face is likely to be the most expensive form of service delivery, so if HMRC are to continue with ECs at all they need to serve a worthwhile purpose. Solutions therefore need to be found on two levels:

1. Making the service accessible; and
2. Delivering a good service to the customer.

#### *Making the service accessible*

- 7.3.2. Arranging an appointment needs to be an easy process. This is particularly important for those needing an emergency payment of tax credits for whom a delay in getting help might mean the difference between putting food on the table or not.
- 7.3.3. A number of channels could be provided, such as telephone, email or online. An opportunity needs to be given to state any needs of the individual at the time of booking and HMRC should investigate whether a home visit might be more appropriate rather than waiting to be asked if this is possible.
- 7.3.4. Ideally, people should be able to contact their local EC directly and a recorded message could give the opening times.
- 7.3.5. The service should also be monitored on an ongoing basis. HMRC should record at what time a customer requests an appointment and whether then in arranging it, HMRC have met their need. For example, TOP experience and research shows that older people are more active in the mornings between 9.30 and 12.30. Keeping records would indicate for example that if all appointments are regularly full (or if those at certain hours or on certain days are more in demand than others) HMRC need to change their arrangements. Also, HMRC could offer flexibility in that if they find several people requesting an appointment on a particular day, arrangements could be made to open to service that need.
- 7.3.6. As noted in the consultation document (page 8, section 1.6, last paragraph), we agree it makes good customer service sense to link availability of face to face services to other events in the town. For example, public transport may be better on market days or there may be more attractive days for people to go so that the expense of travel can be combined with another errand.
- 7.3.7. But also, opening days and hours should be linked to seasonal variations to ensure that needs are met during times of peak demand (eg, when PAYE coding notices are issued, during the tax credits renewals process, approaching the Self Assessment deadline, etc).
- 7.3.8. Directly relating to these likely peaks and troughs in demand, we understand that last year ECs were targeted to help people with tax credits renewals (and indeed we note that the second largest percentage of customers attending ECs do so for tax credits reasons). A reduction in opening hours may impact on this assistance going forward. There is no mention in the EQIA consultation of increased EC use for renewals and



whether this has been taken into account in terms of laying on extra services during that particular peak period.

- 7.3.9. In terms of EC locations, HMRC needs to consider local amenities such as parking and public transport. Where ECs are poorly located, inevitably usage will be low but it does not follow that there is therefore no pent up (but unserved) need in that geographical location. This is where partnership working as noted above must come into play. For instance, TOP always places transport and accessibility as a high priority when seeking out surgery venues.

*Delivering a good service at Enquiry Centres*

- 7.3.10. All too often we have seen examples of poor service at ECs, either through mystery shopping or feedback from members of the public. For instance, HMRC leaflets advertise that additional information is available at ECs, yet staff cannot produce it on demand; a blind 79-year-old pensioner with his guide dog – clearly within what HMRC term their 'willing but needs help' customers – was turned away when he asked for help with his Self Assessment tax return; and we have examples of staff giving out incorrect advice in response to questions.
- 7.3.11. People are discouraged when they get to an EC and a floorwalker directs them to telephones and computers. Such discouragement can easily put people off dealing with a problem altogether (risking a later discovery of non-compliance), particularly if they have already made an effort to overcome barriers such as fear or physical difficulties in attending the EC. What criteria will floorwalkers use to decide whether someone 'needs' a face to face appointment? If availability is to be based purely on 'need' then criteria should be established so as to ensure consistent delivery rather than sole reliance on individual floorwalkers' judgment. We firmly believe, however, that HMRC must still take account of people's preferred method of communication and that a face to face appointment should remain an option for those who feel they need one to best resolve the matter at hand.
- 7.3.12. But if an EC cannot provide adequate help to the customer, staff should be able to signpost where additional support can be accessed, for example from the voluntary sector (provided, of course, that voluntary sector organisations are funded to meet this need as we have stated). However, the need for a customer to be referred elsewhere could be minimised by moving to a 'one stop shop' (cross-government and voluntary sector partnership) strategy.

LITRG  
3 June 2010