

LOW INCOMES TAX REFORM GROUP

What will be the impact of HMRC's proposal to revise its Contact Centre opening hours? Response to Equality Impact Assessment (EQIA) for Consultation

1. Executive Summary and Recommendation

- 1.1. The National Audit Office's (NAO) recent study highlighted many problems with HMRC's contact centre (CC) performance. Prior to changing opening hours, HMRC must ensure that the EQIA fully considers how those identified problems are fully addressed.
- 1.2. The current EQIA is a counsel of despair. It feels like the decision has been made on cost-cutting grounds to reduce HMRC service and this consultation is the retrospective justification for that decision. Where is the vision for providing a more versatile, diverse and improved service to meet individual customer needs, particularly for the most disadvantaged groups?
- 1.3. The consultation document contains errors, contradictions and unsupported assertions. The research evidence is not published and as far as we can see no attempt has been made to understand whether the composition of those people who currently ring HMRC on a Sunday is different to weekdays.
- 1.4. Without an adequate and objective evidence base to examine it is difficult for a consultee to respond but we can speculate that the impact on certain minority groups will be disproportionate. Sunday is a "sort out financial problems" day for many low-income people, who work long hours on minimum wage rates. We know that those with disabilities are a higher proportion of low income groups than in other ranges and that HMRC's disability equality performance has been disappointing. HMRC have been particularly ineffective at reaching customers whose first language is not English.
- 1.5. HMRC's long-term strategy is to grow online services. We know that the people we try to support are furthest away from using online services, but we also know that for them to make the transition they need significant support at a time of their choosing. This closure sends the message that customers cannot access HMRC for online help and support on a Sunday, which must be contrary to HMRC objectives.

- 1.6. Nowhere in the document is the alternative strategy considered of improving customer satisfaction through promoting Sunday opening, promoting the ease of access of online services and therefore spreading the load more evenly.
- 1.7. In conclusion, we believe that this reduction in front-line services is strategically unsound, contrary to the principles of Your Charter and discriminatory against those on the lowest incomes who are in need of the greatest support.
- 1.8. We therefore recommend that HMRC produce an EQIA which does provide a valid assessment of the risk to disadvantaged groups. We would be happy to engage further with HMRC to achieve this and discuss in more detail how we would recommend helping those customers with the greatest need.

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 callers to many of HMRC's contact centres (CCs) are in the main low-income, unrepresented taxpayers or tax credits and benefits claimants, we take a keen interest in this consultation. In particular, we consider the potential impacts on: older people; people with disabilities (including those who become employers) and their carers; low-income tax credit claimants; and migrant workers.

3. Backdrop to the proposals

3.1. *HMRC contact centres – service problems*

- 3.1.1. In the many reports¹ LITRG has published over the years HMRC's inadequate telephone performance has been one consistent theme, the problems bearing most harshly from a financial and need perspective on those with the lowest incomes – often HMRC's vulnerable and minority group customers.
- 3.1.2. The NAO's January 2010 report² shows that 103 million call attempts were made in 2008-09, a rise of 22% compared with the previous year. It also shows that HMRC only answered 57% of those call attempts. Moreover, HMRC's processes are often

¹ See <http://www.litrg.org.uk/reports/reports.cfm>

² 'HM Revenue and Customs: Handling telephone enquiries'
http://www.nao.org.uk/publications/0910/handling_telephone_enquiries.aspx

not applied appropriately, which leads to inaccurate advice being given.

- 3.1.3. HMRC should therefore consider the NAO report's recommendations (nearly all of which we too have made in our reports over the years) as some are of particular relevance when considering the equality impact of proposals to alter CC opening hours.
- 3.1.4. For example, the cost of wasted call attempts impacts most severely on mobile phone users who in turn are more likely to come from low-income minority groups. The NAO report suggests in this context that HMRC should "work with the Contact Council and others to negotiate with mobile phone providers a standard rate for calling public sector contact centres regardless of call package;" and "building on its pilot work, investigate the costs and benefits of offering a call-back service to the most vulnerable customers". But these recommendations have not been taken forward in the EQIA's mitigation proposals.
- 3.1.5. The NAO report adds that HMRC should "build on existing work to develop a method for estimating the average number of contacts per transaction (e.g. total contacts by email, telephone, and face-to-face per transaction) for each main type of transaction, with the aim of reducing the total number of contacts required to resolve a query". HMRC are, however, proposing to shorten CC opening hours without first carrying out this analysis and reducing the amount of 'wasted contact'.
- 3.1.6. If callers cannot get through to HMRC's helplines, they can lose out financially, and may for example incur tax credit overpayments or tax penalties. Adequate HMRC support is vital.

3.2. ***How poor service can affect particular groups more severely***

- 3.2.1. Since the NAO report, we have seen problems coming out of the new NI and PAYE Service (NPS), with many thousands of PAYE tax codes for 2010/11 containing errors. HMRC CCs could not cope with the increased demand and voluntary sector organisations were deluged with worried taxpayers needing assistance. The impact was felt most heavily by the tax charities – TaxAid and TaxHelp for Older People (TOP).
- 3.2.2. One particular equality group – older people – felt the impact of poor CC service most severely, with TOP's experience indicating that pensioners were hit the hardest by coding problems and HMRC's inability to deal with calls to rectify them.
- 3.2.3. This illustrates that adequate staffing of CCs is required at peak periods such as issue of PAYE codes, tax credits renewals and so forth. In terms of closing all CCs on Sundays (para 1.4 of the consultation document refers) and shortening hours on other days, HMRC should consider increasing service availability at peak periods, particularly where deadlines fall at the weekend as, for example, the 31 January online Self Assessment filing and payment deadline did this year.

3.3. ***Your Charter***

- 3.3.1. The EQIA does not mention meeting the objectives set out in 'Your Charter'. We think this should have been mentioned under para 1.2 of the consultation, particularly as its wording indicates HMRC is committed to delivering services in ways which meet customers' *individual* needs.

4. Comments on the consultation process itself

4.1.1. The consultation document invites comments on the actual consultation process (para 2.1). First, on a minor note, it would be easier to refer to the consultation document in responding if each paragraph were individually referenced.

4.2. *Open process*

4.2.1. Even the title of this document does not give the impression that the changes proposed are truly open to consultation, stating “What will be the impact...” instead of using the conditional tense. One gets the impression that matters are already decided – a fait accompli – despite the statement in para 1.6 that “A final decision about any changes to opening hours will only be made at the end of this consultation period.”

4.2.2. If an EQIA, done properly, confirms that there is a disproportionately adverse effect on certain groups, HMRC will need to think of alternative strategies or abandon the changes altogether. Merely completing an EQIA does not equate to compliance with the law.

4.3. *Lack of available information and ongoing research*

4.3.1. HMRC clearly do not have the data to accurately assess impacts (eg page 27 says “Our information on customers using CCs is not broken down by disability.”) and have therefore assessed the impact of the proposals based upon generic assumptions. And whilst the EQIA refers to underlying research and studies (see pages 20 and 22 of the consultation document for instance), these have not been made available for external representatives to review alongside the consultation.

4.3.2. We therefore recommend HMRC publish all research carried out leading up to publication of the EQIA consultation allowing external representatives to comment fully on the conclusions HMRC have drawn from it and make more informed comment and suggestions.

4.3.3. Also, the EQIA says further research is being carried out whilst the consultation period is open (for example para 5.2, bottom of page 27). Again, it would have been preferable if this had been carried out prior to the external consultation so that the results of such research could have been published alongside the current document, thus allowing respondents to analyse and comment on it.

4.3.4. We therefore recommend that additional research currently being carried out is published when complete and that a further opportunity to comment on it is provided.

4.4. *Reliance on the evidence*

4.4.1. It is disconcerting when making judgments about the evidence being presented if factual errors are present. For example, there are references to:

- Children’s Tax Credit, when this was abolished some seven years ago; and
- a non-existent Offshore Disclosure Fund.

4.4.2. Evidence is not used objectively. Page 10 states “A recent survey conducted on behalf of Tax Credit Customers found that 25% of the representative sample group were currently unaware that we opened our Tax Credit line at weekends”. No connection is made between that statement and the volume of calls taken on a

Sunday, which might suggest that higher utilisation on a Sunday is in HMRC's own hands.

- 4.4.3. The EQIA instead follows the logic that demand at those times is low therefore lines should be closed, but conversely if people were aware lines were open, demand would increase. Many low-income customers who work long hours for low wages would prefer to telephone at weekends, a convenient time to be dealing with one's tax credits renewal or self assessment tax return, or raising a PAYE coding query when catching up on post. And if publicity about weekend opening hit home so that the CC staff were fully occupied at weekends, pressure on their colleagues during the week might in turn be eased.
- 4.4.4. Para 4.1 of the consultation document states that "...Sunday opening requires 4.9% (530) of our staff resource to handle just 1.2% of calls. This reduces the number of advisors available to be deployed during busier periods, when the majority of our customers want to call us." The inference is that HMRC staff are under-utilised on a Sunday. This merely demonstrates an HMRC failing in training and a flexible use of staff which not only provides a poorer service throughout the week, but evidences itself when staff are apparently not able, as in other tax jurisdictions, to be diverted to other productive work.
- 4.4.5. For example, staff could well be deployed answering e-mail enquiries from customers as happens elsewhere in the tax world.
- 4.4.6. In any event, HMRC staff utilisation in CCs is generally much lower than other tax jurisdictions and solving that wider problem might well lead to a different conclusion than reducing customer service as proposed.
- 4.4.7. Other proposals in the document display an alarming disconnect to the realities of customer's lives (or a wish to establish a case rather than be objective). For example, it is suggested that changes to opening times will be communicated, in part, by HMRC Enquiry Centres (EC). But the concurrent consultation on the EQIA on proposals to reshape the EC service already acknowledges a significant reduction in footfall (due to inaccessibility – see our response to that consultation¹) as a consequence of which the EC service is to be further scaled back. It would have been useful in the EQIA therefore to have had some analysis of how many people this proposed communication strategy would reach and how it would be effective for the different groups identified.

5. Mitigation

- 5.1. As highlighted above, available data appears to be inadequate to properly assess equality impacts. We do not agree that HMRC should go ahead with changes without fully assessing such impacts in advance.
- 5.2. In any event, it is clear that if HMRC cannot reach their customers to make them aware of Sunday opening hours, it is unlikely that the message will reach them that CCs are no longer open.
- 5.3. It is clear to us that the big losers in any Sunday closure strategy are those people whom HMRC have classified as "willing, but needs help" customers: the vulnerable with emergencies on tax credits; the pensioners who are trying an online service for

¹ See <http://www.litrg.org.uk/reports/submissions.cfm?id=787>

the first time; the migrant workers whose only day to deal with tax matters is a Sunday.

- 5.4. This short-term cost saving measure needs to be postponed and considered alongside a thorough customer-focused review of HMRC processes. To achieve the best results from such a review, LITRG would be pleased to engage in further detailed discussions with HMRC as to how the low-income customer base can be served.

LITRG
24 June 2010