

# HMRC and the Valuation Office Agency response to the Adjudicator's Office 2022 annual report

The [Adjudicator's Office Annual Report](#) was published in June 2022. The report highlights learning based on insight from investigated complaints and real-time tracking that was conducted in 2021 to 2022. This is the department's – HMRC and its executive agency, the Valuation Office Agency (VOA) – published response to the Adjudicator's Annual Report.

HMRC is pleased to note that the number of complaints escalated to the Adjudicator's Office in 2021 to 2022 decreased by 19% compared to 2020 to 2021. During that time, the department played a vital role in the government's economic response to the COVID-19 pandemic, in particular protecting millions of jobs and supporting its customers during unprecedented circumstances. HMRC had to make choices about the work it prioritised to protect its essential services and the livelihoods of customer groups who required support. These decisions meant that customer service levels in complaint handling fell below where the department wanted them to be for most of the year.

HMRC understands the frustrations and difficulties felt by customers and agents who have experienced delays in dealing with their individual enquiries. The department is pleased to report that effective recovery plans are in progress which will help return complaints handling to normal operating levels and improve customer experience.

## **Working together**

HMRC and the Adjudicator's Office continue to work closely together. The department values the Adjudicator's feedback and as acknowledged in the report, the two-way communication has been fundamental to improving HMRC's approach to learning from complaints. HMRC is now taking a more proactive approach to handling complaints by providing the Adjudicator's Office with early insight on issues and customer feedback. This closer working has strengthened the relationship between both organisations and encouraged a more transparent collaborative approach to improving HMRC's complaint handling.

HMRC's Complaints Insight Board continues to find the best ways to maximise learning from complaints by providing a forum for strategic discussion and collaborative challenge across the department's complaints community. The Adjudicator and her Head of Office remain influential members of the board encouraging transparency and providing the voice of the customer. The Adjudicator also continues to provide constructive feedback at HMRC's senior strategic forums including the Customer Experience Committee.

To further promote the importance of learning from complaints, HMRC and the

Adjudicator's Office have jointly delivered a series of workshops to senior leaders across the department. These sessions continue to build on the engagement at all levels and encourage a better understanding of how complaints insight can improve the customer experience.

The department is pleased to see the Adjudicator's Office new Corporate Aims and Business Plan and values the opportunity to provide feedback as part of their Annual Report, helping to shape and transform their Learning from Complaints offer. It has been a successful year for the Adjudicator and her office in terms of performance and building capability of its staff, which has been demonstrated through their improved People Survey results.

## Complaint handling

The Adjudicator continues to support HMRC to implement its strategic ambition to transform complaints handling through the delivery of its complaint strategy. During 2021 to 2022, HMRC has made advancements in the following areas of the strategy to drive forward improvements:

- progressing the delivery of a new complaints case management system to improve the department's efficiency of handling, learning from and reporting complaints
- revising the department's approach to Targets and Measures and moving towards Complaint Handling Principles which underpin [HMRC's Charter Standards](#) – this supports the Adjudicator's ambition to use the Charter as a driver for learning from complaints
- using learning from complaints to ensure the department is consistently meeting its Charter Standards

HMRC's complaints strategy is aligned with the recently launched Parliamentary and Health Service Ombudsman's UK Central Government Complaint Standards, which were developed in collaboration with Government departments. The standards also align with HMRC's Charter Standards and will deliver a consistent cross government approach to complaint handling. HMRC is leading the way as a trail blazer to embed the standards across government.

HMRC is supportive of a more consistent approach to complaints handling cross government and during 2021 to 2022 established a Director Level Cross Government Complaints Forum building on the existing cross government working level meetings. The forums were set up to raise standards in complaints handling, build capability at an operational level and share best practices, whilst encouraging departments to value and maximise the use of insight and learning from complaints

HMRC aims to improve complaint handling through the introduction of its new case management system, the Complaint Handling Analysis and Reporting Tool (CHART), which is a joint project with the Adjudicator and her office. Although the project has experienced delays due to various issues, the department is confident that the pace of work across business areas will result in the successful delivery of the new system in January 2023. The system will provide significant improvements to the complaint handling processes and enable better use of customer insight to support improvements

to customer experience.

## **Learning from complaints**

The Adjudicator's Annual Report noted HMRC's positive change in its approach to prioritising learning from complaints. HMRC understands the importance of bringing customer insight and feedback into the early stages of design, implementation and delivery of new and existing policy.

HMRC continues to respond to the recommendations in the Adjudicator's Policy Formulation Thematic Report. The working group established in December 2020 continues to build engagement and collaboration across the department to address the recommendations within the report. During 2021 to 2022 the working group have supported the following:

- highlighted the benefits of customer input into the design and delivery of new policy
- identified and promoted the importance of evaluation to address issues at the early stage of policy delivery
- promoted transparency and supported collaboration in the design and delivery of new policy
- encouraged and promoted learning from customer feedback to improve the implementation of new policy

Progress has been shared at HMRC's Complaints Insight Board, with the Adjudicator and with senior leaders in policy.

As part of HMRC's complaints strategy, Customer Compliance Group (CCG) have invested in their insight and learning teams and approach to better identify themes and facilitate opportunities to improve customer experience. CCG used customer feedback and complaints insight to review its handling of Self-Assessment repayments, where the department needed to verify claims to protect itself against potential fraud. HMRC improved this service based on complaints insight, reducing the time taken to check claims and making the process clearer. CCG worked with external representative groups to ensure customer concerns were addressed and sustainable solutions were found.

## **Customer focus**

The Adjudicator fully supports HMRC's Charter as this has the potential to drive radical change within the department and delivery of the Charter Standards is a key element of our strategy to build trust with customers. However, the Adjudicator notes that although they 'see evidence of understanding and implementation at senior levels, the cultural shift of the kind embodied by the Charter is not there yet across the whole of HMRC'.

HMRC is committed to improving its customer experience and the HMRC Charter defines the service and standard of behaviour that customers should expect when interacting with the department. HMRC remains committed to embedding the Standards of the Charter into its day-to-day activity for example by ensuring colleagues have the right skills to deliver the Charter Standards and by

improving operational processes and systems across HMRC. However, implementing the Charter Standards and ensuring they remain visible and embodied throughout HMRC, from decision making through to delivery and on the front line, will be a continuous priority for HMRC over many years to come.

HMRC welcomes the Adjudicator's support in providing insight of learning from complaints and the focus this gives on progress against the Charter and will continue to work with the Adjudicator's Office to develop mechanisms to feedback directly on delivery of services against all aspects of the Charter.

The Adjudicator's Annual Report highlighted the relatively high number of complaints escalated to the Adjudicator prematurely by customers who have either not entered or completed the department's internal complaints process. There were 930 instances of customers escalating their complaints prematurely during 2021 to 2022. HMRC are aware of the impact this has on its customers and has been working in collaboration with the Adjudicator's Office to support a reduction in these cases. A cross HMRC working group has been established to monitor progress and support resolution. Some of the key changes implemented to reduce premature escalations include:

- improved signposting on HMRC's complaint pages on GOV.UK
- use of SMS to acknowledge customer complaints, alert them to delay and keep them informed during the handling of their complaint
- advising customers where they are in HMRC's complaints process during the handling of their complaint

HMRC has agreed a process with the Adjudicator's Office to identify customers who need additional help and route them back to the department to ensure those customers receive the support required.

To improve customer experience, the First Point of Contact Resolution (FPOCR) was a proposed new operating model aimed at resolving customer enquiries at the first point of contact. Two trials took place which suggested that investing in front-line service delivered benefits for both advisers and customers but full roll-out was interrupted due to the COVID-19 pandemic.

HMRC remain committed to the operational ambition of resolving customer dissatisfaction at the first point of contact. The department will use learning from the trial in the design of service improvement initiatives including major transformation programmes. This will enable HMRC to design processes that support the FPOCR approach throughout the customer journey.

## **Performance**

The Adjudicator's Annual Report highlighted that the number of HMRC complaints escalated to the Adjudicator decreased in 2021 to 2022 compared to 2020 to 2021. In 2020 to 2021, the total number of complaints received were inflated by complaints relating to the COVID-19 support schemes and since then the number of complaints to HMRC have reduced. The upheld rate for COVID-19 related complaints was lower than average due to the clear eligibility conditions for the COVID-19 support schemes. It is worth noting that over 98% of complaints to HMRC continue to be resolved before escalation

to the Adjudicator's Office.

In total the number of VOA complaints escalated to the Adjudicator decreased to 33 in 2021 to 2022, 4.33% of total complaints compared to 6% in 2020 to 2021.

The VOA have made substantial progress on written communications with customers. Taking a resolution focussed approach and applying complaint handling principles has helped to drive improved customer service. Using plain English and reducing technical jargon has been well received by customers and is recognised by the Adjudicator's Office as a positive development. A recent review of the VOA's complaints handling structure has highlighted the need for greater flexibility and insight. Work on this is already underway and plans for the coming year are expected to continue to deliver improved outcomes for customers.

The VOA's relationship with HMRC and the Adjudicator's Office continues to be positive and proactive and their insight and recommendations for improvement is always welcome.

## **Future ambition**

HMRC is focused on making further progress to deliver a consistent service for its customers and improve customer experience. The department plans to prioritise the following areas in 2022 to 2023 to support its complaints ambition:

- embedding the PHSO UK Central Government Complaints Standards to promote a consistent approach to complaint handling across government
- focusing on building the capability of HMRC's complaint handlers and using insight from wider sources of dissatisfaction to deliver the department's complaints strategy

HMRC recently established an internal Customer Policy and Practice Board. The board will make decisions based on data and insight, to help resolve cross cutting HMRC issues that are impacting customer experience. The board will also encourage a customer focused culture to accelerate progress against HMRC's Charter Standards.

HMRC welcomes more detail on how the Adjudicator's Learning from Complaints offer will evolve going forward. The department is committed to using meaningful data and learning from the Adjudicator's Office to meet its Charter Standards.