

# HMRC performance update: April to June 2021

## Summary

- As the impact of COVID-19 continues to be felt by our customers, we remain focused on keeping the tax system running, while supporting the economy and protecting livelihoods
- We have seen considerable improvements in our customer service levels in the first quarter of 2021 to 2022:
  - the percentage of calls answered has risen consistently and by the end of June was at the highest level for more than a year, with average call wait times reducing more than half by June when compared to April
  - overall customer satisfaction remains strong at 83%
- We know there is further to go, and we may see continued fluctuation in service levels during a period of continuing uncertainty
- The improvement has been driven by our ability to rebalance how we deploy our staff, as the economy gradually emerges from the pandemic, and following recent reforms to staff contracts, which help improve the efficiency and flexibility of our operations
- The amount of outstanding tax debt has continued to reduce as we have supported customers to pay where they can, including through affordable instalment plans

During 2020 to 2021, HMRC stepped up to respond to urgent government priorities during unprecedented circumstances. It meant prioritising our resources to ensure that our core services kept running during the pandemic, while at the same time delivering vital COVID-19 support to millions of customers – including the Coronavirus Job Retention Scheme and the Self-Employment Income Support Scheme.

In the first three months of the new financial year, our customer service performance has made good progress across most key measures. As the UK slowly emerges from the pandemic, we are also working towards a return over time to more normal levels of compliance activity, while recognising the very real needs and challenges that businesses and individuals still face.

We are contacting customers who have fallen behind with their tax during this difficult time. At all times, we will take an understanding and supportive approach to dealing with those who have tax debts or are concerned about their ability to pay their tax.

## Customer experience

Throughout 2020 to 2021, we were proud to keep the tax system running while delivering new COVID-19 support schemes and supporting customers who were impacted by the pandemic. During this time, we saw record high average customer satisfaction with our digital services of 85.2%. We also introduced a range of new digital services, like digital stamps to avoid paper handling and a virtual assistant to handle routine Self Assessment and tax credits queries, and we increased our webchat capability, handling more than 3 million chats.

We took the conscious choice to divert 5,000 skilled customer service advisers to providing COVID-19 support because that is what individuals and small businesses needed from us most urgently. Our COVID-19 helpline handled 2.5 million calls during 2020 to 2021, with a wait time of just 1 minute and 16 seconds by the end of quarter 4.

At the same time, we expanded the capacity of our customs and international trade helpline as the UK left the EU, allowing us to answer calls with an average answering time of less than 5 seconds by the end of March 2021.

But these necessary measures had an impact on waiting times across some of our other helplines, and we're sorry about the inconvenience this caused to people at busy times.

In the first quarter of the new financial year, we have seen progress and improvement across most of our key customer experience measures. We have also extended the range of measures we use in order to reflect a fuller picture of the experience of our customers across our contact channels.

Overall customer satisfaction – which has now been expanded to cover phones as well as webchat and digital services – remains strong at 83%, around the same level it was in March. Meanwhile, the percentage of calls answered has risen consistently and by the end of June was at the highest level for more than a year at 74% – with webchats at 92%. Across the whole quarter, average call waiting times were 13:38 – but our monthly figures show that wait times reduced by more than half from 19:25 minutes in April to 08:45 minutes by the end of June.

There is further to go – and we may see further fluctuation during a period of continuing uncertainty – but the progress we have seen is being driven by our increasing ability to rebalance our resources, as we gradually emerge from the pandemic. We are also introducing new reforms to our working contracts which were agreed with overwhelming backing from our trade union members in February this year and which are designed to improve the efficiency and flexibility of our operations over the long term.

Turnaround on customer correspondence remains lower than we would like, with 35.5% of customer correspondence turned around within 15 working days from April to June. This has been largely due to the complexity of dealing with extra post items related to repayments and other COVID-19 related issues (10% higher than anticipated during quarter 1 overall) and in particular a large

increase in P87 claims for working from home expenses. We are focused on addressing this challenge by targeting resources where they are most needed and introducing more automated processing of certain types of correspondence.

## **Collecting revenue and managing tax compliance**

Our approach to collecting revenue is to do all we can to enable our customers to meet their obligations from the outset, then support customers who need additional help and work with them promptly and professionally to put things right. We always step in on behalf of the majority of compliant taxpayers to tackle the minority who don't play by the rules, and we don't hesitate to use our criminal and civil powers where we believe someone is trying to cheat the system.

During the pandemic we have taken a common-sense approach to individual customer circumstances. Where people cannot pay their tax, we have enabled them to defer payment, and to pay off their debts over time in affordable instalments. Where people cannot deal with our compliance enquiries, we have deferred these if possible – with some direct face-to-face interventions moving into the next financial year.

These decisions to support customers – as well as the economic impact of the pandemic itself – have inevitably had an impact on compliance yield (the additional revenue we collect from our compliance activity). Between April and June 2021, with much of the economy still under COVID-19 restrictions, compliance yield remained lower than its usual pre-pandemic level for quarter one, at £7.4 billion. However, we expect yield to recover over the course of the financial year in line with Office for Budget Responsibility forecasts.

As the country slowly returns to a steady state, we are restarting our debt collection work – but we will continue to carry out this work in a way that is sensitive to customers' altered needs and capabilities.

By the end of the first quarter in 2021 to 2022 our debt balance was £50 billion, down from £57.5 billion at the end of March. This is also a 31% reduction on the highest level we saw during the pandemic (£72 billion) in August 2020. Much of that high level was due to the choices we made to support customers by temporarily deferring payments – and the debt balance has dropped as deferred payments have started to become due. We are currently contacting all our customers with outstanding debt to offer support and are seeing strong levels of payment.

## **Looking ahead**

Our immediate priority for customers is to continue helping them to comply with their tax obligations and supporting them with the economic impact of the pandemic, through the Coronavirus Job Retention Scheme, the Self-Employment Income Support Scheme (both of which have been extended to September 2021) and other measures to support people while the economy recovers.

As the UK builds back better, we will continue to ensure the right tax revenue comes in and protect the tax system and individuals from fraudulent attack. Our approach to increasing compliance activity will be informed by customers' individual circumstances, particularly if they are still severely affected by the effects of the pandemic.

We will also carry on supporting businesses to adjust to the changes to trading rules following the UK's transition from the EU, so they can continue to compete successfully on the global stage.

We recognise the immense pressure that many people are still facing and we are doing everything we can to help. Our message to customers remains: if you can pay your taxes then you should do so – but if you're struggling, we want to work with you to agree a plan based on your financial position.

## **Note on changes to our quarterly performance data**

For 2021 to 2022, we have updated our performance framework which includes several new or revised metrics that will allow us to better track our progress throughout the year. The [2021 to 2022 Quarter 1 performance data publication](#) has been redesigned to include these changes. In particular, the 'Quarterly Performance' sheet has been re-named to 'Outcome Delivery Plan progress' and now tracks our performance against our quarterly expectations for those measures described in our [Outcome Delivery Plan](#).

The measures added to the 'Outcome Delivery Plan progress' sheet are:

- Debt balance: moved from a separate sheet in the publication
- Tax Credit Error and Fraud: reported annually in a separate publication – the quarterly publication now contains a link to this
- Tax Gap: reported annually in a separate publication; the quarterly publication now contains a link to this
- Net Easy: moved from a separate sheet in the publication – now includes telephony responses as well as webchat and digital
- Telephony adviser attempts handled
- Webchat adviser attempts handled
- Customer correspondence cleared within 15 days (includes both post items and iForms)
- Customer Satisfaction: now includes telephony scores as well as webchat

and digital

Definitions of all the measures can be found in the 'Analytical Annex' sheet. Previously published measures that were not covered in our Outcome Delivery Plan are still included in the publication on other sheets. The exceptions to this are measures where the scope has changed (Net Easy, Customer Correspondence and Customer Satisfaction). The back series of data for the old version of these measures is still included in the 'Outcome Delivery Plan progress' sheet, but only the new version of these measures will be updated going forward.

In July 2019, the Financial Secretary to the Treasury issued a ministerial statement in which HMRC committed to publish more information on our powers and safeguards. In line with this, we have published some additional measures this quarter. These cover the value and number of penalties, surcharges and assessments issued to customers that are still outstanding, as well as charges issued for businesses filing their PAYE RTI returns late and the number of these charges that are successfully appealed. This data is experimental and may be changed or removed in future publications.