HMRC's performance during a unique year

Today we have published HMRC's quarter 4 performance update for 2020 to 2021 and our regular monthly customer service and complaints update covering March 2021. These figures are subject to change until the final figures for 2020 to 2021 are published in our Annual Report and Accounts in Autumn 2021.

This was a unique year for HM Revenue and Customs (HMRC), as we played a vital role at the heart of the government's coronavirus (COVID-19) response. Like other customer service organisations, we had to adapt quickly in March 2020 to the unprecedented environment and make choices about our work, whilst prioritising our service resources to deliver urgent government support to our customers. Our priorities since then have been clear:

- to protect livelihoods – through our delivery of the government's COVID-19 support packages
- to deliver the UK's smooth transition from the European Union
- to keep delivering the essential services that keep the tax system running

Any one of these priorities on their own would be a huge challenge for any service organisation. Throughout the pandemic we have worked to keep these requirements in balance and prioritised what our customers and ministers most needed from us.

Delivering coronavirus (COVID-19) support schemes

Our rapid and efficient response to the pandemic protected jobs and incomes and provided cash flow boosts for businesses. Our delivery of the government's COVID-19 support packages, like the Coronavirus Job Retention Scheme and Self Employment Income Support Scheme, has given financial support to millions of individuals and businesses.

By the end of financial year 2020 to 2021, HMRC enabled 1.3 million employers to claim £58 billion for over 11.4 million furloughed jobs through the Coronavirus Job Retention Scheme.

We also provided £24.5 billion of support to the self-employed, with almost 8.8 million claims made through the Self-Employment Income Support Scheme (Figures up to 9 May 2021 – see more statistics on COVID-19 support schemes).

We built the services from scratch in under 6 weeks, and payments across both schemes were made within 6 days of customers making an online claim. The 'Eat Out to Help Out' scheme we administered in summer 2020 was taken up by 78,000 venues across the UK, supporting 160 million meals and paying the participating businesses across the hospitality sector within 5 working days.

For customers who needed to speak to us, we also opened a COVID-19 helpline on 16 March 2020. It handled 2.5 million customer calls across all its lines by the end of the financial year – ranging from helping those worried about paying their tax due to the pandemic to answering questions about the various government support schemes.

We deployed more than 5,000 customer advisers onto the helpline at the start of the pandemic and continued to prioritise this service. By the end of the first quarter of 2020 to 2021, customers experienced an average waiting time of 3 minutes and 6 seconds and by the end of quarter 4, this had reduced to 1 minute and 16 seconds. The COVID-19 helpline also handled around half a million webchats and delivered an overall customer satisfaction rating of 95%.

Delivering the UK's transition from the EU

31 December 2020 marked the end of the UK transition period. In our preparations, we trained nearly 3,000 colleagues in more than 50 systems and processes – our biggest ever single remote training programme.

We published almost 600 guidance updates and engaged with businesses to make sure that they were prepared for the end of the transition period.

We also delivered new border customs facilities and pop-up sites in key locations, designed a grant scheme to be used flexibly by the customs intermediary sector to increase their capacity, and introduced the Trader Support Service to help businesses required to operate under the Northern Ireland Protocol. Over 36,000 traders have registered with the Trader Support Service, which has processed around 359,000 declarations.

Since the end of the UK transition period, we have:

- kept goods moving across our borders quickly and efficiently – including essential supplies to help deal with the pandemic like hospital equipment, PPE and vaccines
- kept our clearance times within target: 95% within 2 hours and 100% within 4 hours
- introduced a new out of hours service providing 24/7 support for urgent border issues

We also expanded the capacity of our customs and international trade helpline, allowing us to answer more than 70,000 calls since the beginning of 2021, with an average speed of answer of less than 5 seconds in both February and March 2021

Improving customer experience

We're proud to have delivered on these ministerial priorities swiftly and effectively at a time of national crisis. At the same time, we have successfully ensured that our core services kept running throughout the pandemic. We continued to collect revenue for public services and deliver vital benefits for families, whilst taking a sympathetic approach to customers struggling to pay their tax.

We saw record high customer satisfaction with our digital services; 85.2% on average across the financial year (83.3% in quarter 4). We also introduced a range of new digital services over the course of the pandemic, like digital stamps to avoid paper handling, a virtual assistant to handle routine Self Assessment and tax credits queries like password resets and payment date queries, and we've increased our webchat capability, handling more than 3 million chats in 2020 to 2021, compared to 1 million in 2019 to 2020.

To further support customers during the pandemic, we made multiple tax policy changes and clarifications, including deferring Income Tax payments for Self Assessment customers and VAT bills for UK businesses.

During this time, we saw changes in the demands on our services, which required us to flexibly deploy and train colleagues to deal with spikes in demand. One example is P87 claims, which include working from home expenses, where we have received a 70% increase in claims compared to the same period last year.

The complexity of dealing with these claims, as well as extra post items related to repayments and other COVID-19 related issues, resulted in longer post turnaround times in the second half of the year, despite an overall reduction of 9% in demand for our post services across the year.

In quarter 4, we received 9.6 million calls overall – 2 million more than in the third quarter of the financial year. On average, calls were answered in 15:23 minutes, which is longer than the average waiting time of 12:04 minutes over the whole financial year. This falls short of the high standards we want to deliver, and we're sorry about the inconvenience this has caused to people at busy times.

A comparison of the performance figures for our individual helplines shows the reasons for this increase. Customers for tax credits, Child Benefit and Tax-Free Childcare experienced a service that was broadly in line with a normal year. For example, the average speed of answer was 6:53 for tax credits helpline in March 2021, compared with 6:49 in March 2020. Across the year, we successfully managed the annual peaks for these services.

However, the impact of our need to prioritise was more keenly felt on our PAYE and Self Assessment services. While we successfully supported 10.7 million customers to file their returns at the Self Assessment peak – with nearly 96% doing so online – our telephony service for these customers was not as strong as we would have liked.

The skills and capabilities needed to help customers with the COVID-19 support schemes are the same vital skills that we use for our PAYE and Self Assessment services. We took the conscious choice to divert those skilled advisers to providing COVID-19 support because that is what individuals and small businesses needed from us most urgently at a time of acute crisis.

By the end of quarter 4, PAYE and Self Assessment customers were typically experiencing average call waiting times of 28 minutes, compared to 9 minutes in 2019 to 2020. These are among the largest telephone services that we deliver, so they inevitably impact our overall telephony performance figures.

Collecting revenue and managing tax compliance

In the unprecedented circumstances of 2020 to 2021, we worked to strike a careful balance between bringing in revenue for the UK’s public services, maintaining a fair and level playing field for all and prioritising customer support to protect viable businesses as much as possible.

We took a common-sense approach to individual circumstances and sought to act in a fair and even-handed way with individuals in uncertain financial circumstances or viable businesses that might otherwise not survive the pandemic. Where people could not pay their tax, we allowed them to defer payment, and to pay off their debts over time in affordable instalments. Where people could not deal with our compliance enquiries, we deferred these if possible.

Despite the challenges of the year, we collected £191 billion in tax during quarter 4, which is more than the £176.4 billion collected during the same period in 2020. By the end of the financial year, we had collected £585 billion in tax – lower than the £633.4 billion collected last financial year (figures are on a cash basis and rounded to the nearest £ million and are aligned to those published in HMRC’s tax receipts and National Insurance contributions for the UK), but broadly in line with forecasts made by the Office for Budgetary Responsibility.

Compliance yield – additional revenue from our compliance activity – generated during quarter 4 was £14.2 billion and the total compliance yield at the end of the financial year was £31.3 billion. By the end of last financial year, compliance yield was £36.9 billion, although this was skewed by a small number of very large, one-off successful cases during 2019 to 2020.

The pandemic also had some impact on our debt balance, but much of this was due to the choices the government made to support customers by temporarily deferring payments. The VAT deferral scheme, for example, allowed businesses to defer almost 600,000 payments of VAT, which helped them through the pandemic. By the end of March 2021, we also had 864,000 Time To Pay arrangements in place to support customers to pay what they owe in an affordable way.

At the end of the financial year we held £57.5 billion of debt – around £35 billion more than this time last year but £8 billion less than at the end of the third quarter of 2020 to 2021.

More than half of this debt balance was made up of deferred VAT debt (approximately £31.3 billion which became due either on 31 March 2021 or when the VAT New Payment Scheme closed at the end of June 2021) and Self Assessment Payment on Account (approximately £6.6 billion which became due on 31 January 2021).

Looking ahead

Our immediate priority for customers will be to continue to support 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 do all that we can to help businesses and individuals get back on their feet and get the economy moving again, whilst ensuring the right tax revenue comes in and protecting the tax system and individuals from fraudulent attack. Our approach to increasing compliance activity will continue to 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 adjust to the changes to trading rules following UK transition, so they can continue to compete successfully on the global stage.

We recognise the immense pressure that many people are facing at this time and we are doing everything we can to help our customers. We are already seeing improvements in our customer service levels – for example, the percentage of calls answered has risen consistently since the start of 2021 to 2022 and in June reached the highest rate for more than a year.

We expect to see further improvements as we emerge from the pandemic and further rebalance how we prioritise our resources.

Our message to customers is simple: 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.