HM Revenue & Customs Customer Survey 2008-2012

HM Revenue and Customs Research Report 226

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Disclaimer

The views in this report are the authors' own and do not necessarily reflect those of HM Revenue and Customs.

Contents

Glossary

CATI – Computer Assisted Telephone Interviewing

VAT – Value Added Tax

CIS – Construction Industry Scheme

PAYE – Pay As You Earn

SA – Self Assessment

NI – National Insurance

SME – Small and Medium Enterprises

Base size – This is the number of customers who were asked a question

1. Introduction to the Customer Survey

1.1 Background

As part of the Spending Review 2010 HMRC developed its Customer-Centric Business Strategy, to base its business decisions and the achievement of their goals on an understanding of their customers.

The aim is to deliver products and services which are based on customers' needs and positively influence their behaviours.

HMRC's customer experience ambition is that by 2015 they will get core services right for all our customers in the areas that matter most to them through consistently meeting published service levels. In addition, they will deliver targeted and more ambitious improvements for some customer groups such as SMEs, agents and some individual customers, such as pensioners.

The customer survey is designed to provide the customer's understanding to support HMRC's Customer-Centric Business Strategy and the Department's requirement to chart its progression in this area over time. It provides a number of headline and supporting measures for the Performance Management Framework covering CSR10. In particular the survey contributes to HMRC's Strategic Objective 2: Improve customer experience (To improve the customer experience and the UK business environment by reducing the costs on customers and making our products and processes more simple and straightforward).

1.2 Aims and objectives

The key aims of the survey are to track changes in the experience of dealing with the Department and the reputation of HMRC for each of three main customer groups (individuals which comprise Personal Tax and Benefits and Credits customers, SME businesses and financial agents).

The specific objectives are:

- Quarterly tracking of customer experience of recent dealings with HMRC; and
- Six monthly tracking of HMRC reputation measures (amongst those who have and have not had recent dealings with HMRC).

This report aims to present the aggregated results from the quarterly survey waves in the 2011/2012 financial year for each customer group, and where appropriate make comparisons with previous years.

1.3 Research method

The survey was designed in 2008 to take a more rounded view of HMRC's customers. Three key groups of customers are included in the survey: individuals, which comprise Personal Tax and Benefits and Credits customers, SME businesses (businesses with fewer than 250 employees and turnover below £40 million) and financial agents (those paid by customers to represent them in dealings with HMRC).

The same data collection method is used for all three: Computer Assisted Telephone Interviewing. The interview lasts around 15 to 20 minutes for each customer. In 2011 the sampling approach and questionnaires were reviewed given the need to meet 2010 Spending Review priorities, and the method was revised accordingly[1].

Respondents for the survey are selected using Random Probability sampling. This is the most robust sampling method available and statistical techniques can be used on the results to provide confidence about the true level of change over time. A more detailed description of the method is given in Appendix A.

1.4 Survey timing

Fieldwork for all three customer groups is carried out quarterly. This allows any differences resulting from seasonality to be accounted for, by comparing quarters at the same time of year, or comparing data collected across full years.

1.5 Survey structure and size

The survey is modular in nature. Every quarter customers who have had any dealing with HMRC in the previous three months are interviewed about their experience. In addition, every other quarter, a random sample of customers (with and without dealings in the previous three months) is selected to answer questions about HMRC's reputation.

In 2011/2012 interviews were carried out with around 17,500 customers: approximately 7,500 individuals, 6,000 SME businesses and 4,000 agents. This

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[1] HMRC Customer Survey 2011-15 Development Project, February 2011: http://www.hmrc.gov.uk/research/report153.pdf

was a reduction from approximately 24,000 interviews in each of the previous three years. The numbers of interviews were reduced in 2011/2012 in response to the recommendations of the methodological review to meet 2010 Spending Review priorities.

1.6 Reporting notes

1.6.1 Changes in sampling

In Q2 2011/2012 the sampling frames for all three customer groups were redefined. More details are in Appendix A. Sample sources are summarised in the following table:

Customer group	Prior to Q2 11/12	From Q2 11/12
Agents	Inter-Departmental Business Register (IDBR)	Inter-Departmental Business Register (IDBR) Self Assessment (SA)
SME	IDBR SA	IDBR SA National Insurance and PAYE Service (NPS)
Individuals	Equal Probability of Selection Random Digit Dialling (EPSEM RDD)	List assisted Random Digit Dialling (RDD)
Benefits and Credits boost	n/a	(List assisted RDD) Tax Credits

Agents
Prior to Q2 2011/2012 the Agents sample was drawn entirely from the IDBR (SIC codes: 69201, 69202 or 69203). In Q2 2011/2012 the sampling frame was supplemented with an SA sample of individuals in sector codes 6201 and 6615 whose revenue is below the VAT threshold.

SME
Prior to Q2 2011/2012 the survey used two sample sources: IDBR and HMRC's Self Assessment database (where at least 50% of income came from self-employment). In Q2 2011/2012 the sampling frame was supplemented with records from the National Insurance & PAYE Service (NPS). This sample includes newer businesses that are not yet covered by SA.

Individuals
Prior to 2011/2012 Personal Tax and Benefits and Credits customers were combined and reported as the Individuals customer group. From 2011/2012 the

Personal Tax and Benefits and Credits groups were reported separately. There are fewer Benefits and Credits than Personal Tax customers, so from Q2 11/12 the survey included a boost sample. For Q2 and Q3 11/12 the boost used RDD sample however, it was difficult to recruit sufficient numbers of Benefits and Credits customers. Therefore from Q4 11/12 to improve sample efficiency HMRC's Tax Credits customer database was used as the sampling frame.

As a result of the sampling changes the 2011/2012 customer experience results were not directly comparable with previous years of the survey as they included sub-groups not previously sampled. To enable comparisons between the old and new customer experience scores the old scores were adjusted to compensate for the likely differences caused by changes to the sample. Further details are in Appendix A. No significance testing has been performed on results that have not been adjusted. No changes were made to survey coverage for Individuals so the 2008/2009-2010/2011 scores remain unchanged.

1.6.2 Customer experience

Questions rating the customer experience are asked only of customers who have dealt with HMRC in the previous three months. All customers interviewed are read a list of taxes and benefits (including general dealings with HMRC) and asked whether they have dealt with HMRC about any of these in the last year, and in the previous three months. It is explained that dealings can take many forms, including letters, phone calls, visits, making a payment, using the website, submitting returns etc. Individuals are asked to exclude any payments made or received automatically. SME businesses are asked to exclude any dealings about their personal tax affairs. Agents are asked to think about dealings on behalf of clients.

One of the taxes or benefits that the customer had dealt with in the previous three months is then chosen at random and the customer is asked to think about their most recent dealings about this issue when answering questions about the customer experience. This random choice helps to ensure coverage of a variety of taxes and duties and reduce the impact of seasonal differences in dealings.

To ascertain what may be driving customer ratings and to identify key areas for action nine dimensions of customer experience were identified through previous research, and questions were developed that could apply to any HMRC tax. The nine dimensions can be split into three key areas:

Area	Dimension
Simplicity	Ease of understanding what to do
	Ease of completing the process
	Ease of getting in touch
Responsiveness	How well staff treated you
	Giving all the information you needed$
	Keeping you well informed about progress$
Reliability and Speed	Good at getting things right
	Staff, in terms of their ability to deal with issue*
	Acceptability of time taken*

* New questions in 2011/2012.
$ Question wording changed slightly in 2011/2012

Customers were asked to rate their experience on each dimension using a five point scale (e.g. very good, fairly good, neither good nor poor, fairly poor or very poor). Customers could also say "don't know" or "not applicable". Customers who said the question did not apply to them were excluded from the analysis for that measure.

1.6.3 Reputation

Every second quarter (Q2 and Q4) a module is included in the customer survey to measure HMRC's reputation among those who may or may not have had any recent direct dealings with the Department and therefore encompass a broader target population than the customer experience questions. These questions were developed to provide measures to track HMRC's reputation and to evaluate the performance of its values over time among different audiences. Measurement was integrated within the Customer Survey from 2008, although the measures were substantially changed in 2010/2011.

Questions about reputation were asked of all customers and not just those who had dealt with HMRC in the previous three months. This means that questions about reputation are not linked to any specific dealings but to customers' general perceptions. The measures can be split into categories in the following table:

Area	Dimension
Fairness	Trust HMRC to be fair
	Dealings are handled fairly*
	HMRC treats customers fairly*
Favourability	Favourability of overall opinion
	HMRC is an organisation with a good reputation*
	HMRC is an organisation I can trust*
Trust	HMRC carries out its duties properly and professionally*
	HMRC acts with honesty and integrity
	HMRC looks after customer interests*
Communications and stories	HMRC are effective at communicating with customers
	HMRC protects my information
	HMRC are good at collecting money, but not paying it out*
Support, compliance and other	It is not a big deal to pay taxes late*
	Give HMRC the benefit of the doubt if they were criticised*
	HMRC treats customers as honest

* New questions from 2010/2011.

The fairness, favourability and trust measures contribute to elements of reputation and the others are for context.

Different answer lists were used for different questions. Most used a five point scale (e.g. very good, fairly good, neutral, fairly poor and very poor). Others used a scale of 1 to 10 (1 is most negative, 10 is most positive). To aid comparison of different measures where questions are compared, each will be presented using the following scale:

- Very positive (top of 5 point scale, 9-10 on numerical scale)
- Fairly positive (second of 5 point scale, 7-8 on numerical scale)
- Neither (mid-point of 5 point scale, 5-6 on numerical scale)
- Negative (fourth or fifth of 5 point scale, 1-4 on numerical scale)

1.6.4 General conventions in charts and text

This report discusses the first four full years of data collection, particularly any changes over time. Annual figures are presented which combine responses from Quarter1, Quarter 2, Quarter 3 and Quarter 4 each financial year.

The following conventions have been used in charts:

- Percentages for single-response questions do not always add up to exactly 100% due to the effect of rounding.

- A '*' symbol denotes a percentage of less than 0.5%.
- A '−' Symbol denotes zero.
- Customers were asked to rate aspects of their experience using a five point scale (e.g. very good, fairly good, neither good nor poor, fairly poor or very poor). Customers could also say "don't know" or "not applicable".
- Charts often combine the top two points of answer scales into one measure (e.g. very good and fairly good combined to give total positive).
- Unless otherwise stated, on charts an arrow head is used to indicate statistically significant change from the previous year and a full arrow is used to indicate statistically significant change between the baseline in 2008/2009, and 2011/2012.
- Base sizes are shown on charts in brackets.
- Unless otherwise stated all changes and differences reported are statistically significant to 95% confidence level.

2. Agents

2.1 Executive summary

2.1.1 Customer Experience

Nature of dealings

- Almost all Agents (98%) had dealt with HMRC in the previous three months. Most Agents reported a variety of dealings about the tax selected for them as the focus of the interview[2].

Dimensions of Customer Experience

- Three quarters of Agents (76%) said their experience was very or fairly straightforward. One in five Agents (18%) gave a negative rating. Overall the expectation that dealing with HMRC would be straightforward was high (80%), and in general those expectations were met.
- Agents gave mixed ratings across all dimensions of experience. Areas of simplicity were rated highly: ease of understanding what to do (86%) and ease of completing the processes (81%). One area of responsiveness was also rated highly: how well they were treated by staff (81%).
- The remaining measure of simplicity, ease of getting in touch, was rated less well by Agents (58%). Other areas rated less well, and also showing decreases over time, were how good HMRC was at keeping the customer informed about progress, which decreased to 54% in 2011/2012 from 63% in 2008/2009 and how good HMRC were at getting things right, which fell to 57% in 2011/2012 from 61% in 2008/2009.

Key Driver Analysis

Customers rate certain dimensions highly and others less well, and these ratings can indicate the areas in which improvements in service need to be made. However, resource often dictates that areas for improvement need to be prioritised. The aim of the key driver analysis was to understand the underlying drivers of ratings of straightforward. Regression was used to derive the relative influence of each dimension of experience on the overall measure, and provide insight into the precise areas that need to be prioritised for improvement in order to keep overall ratings of straightforward high.

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[2] For respondents dealing with more than one type of tax, one was selected at random as the subject of all further customer experience questions.

- The key driver analysis identified five areas for improvement. Two of these were related to responsiveness: making sure customers could get all the information they need was a primary area for improvement (63% gave a positive score), with keeping the customer informed (54%) a secondary area for improvement.

- Further areas identified for secondary improvement were the ease of getting in touch and consistency. Positive ratings for perceived consistency decreased from 57% in 2008/2009 to 54% in 2011/2012, with 58% positive about ease of getting in touch.

- The final area for improvement was staff, in terms of their ability to deal with the issue (62% giving positive scores).

- In overview, to improve overall customer experience, a particular focus is needed on improving HMRC's responsiveness, in particular providing information to customers and keeping them informed about progress. Improving Agents perception of HMRC's consistency is also an area that needs to be focused on that is related to responsiveness. Company Tax and payroll and National Insurance are products that could be the focus of improvement, but there is capacity to improvement across all products.

2.1.2 Reputation

- Ratings for almost all fairness, favourability and trust reputation measures decreased between 2010/2011 and 2011/2012. The exceptions were overall favourability which had decreased since 2008/2009 (43%, down from 53%) and the extent to which you trust HMRC to be fair which had remained steady.

- Of the other reputation measures, ratings for effective communication and treating customers as honest had also decreased in the longer term. There was an increase in agreement that HMRC protects my businesses information.

- Key driver analysis was performed to derive the relative importance of each of the reputation measures on overall favourability and to find out what may help to reverse this decrease.

- Two areas rated highly in terms of importance but relatively low on performance were effective communication and being an organisation with a good reputation. These are both primary areas for improvement, to improve overall favourability.

- Ratings decreased for effectiveness of communication (38% down from 55% in 2008/2009). Agents were relatively unlikely to positively rate HMRC as an organisation with a good reputation (31%), and this had also decreased since the question was introduced in 2010/2011 (39%).

- The secondary focuses for improvement should cover getting the benefit of the doubt if criticised and looking after customer interests. Ratings for

giving HMRC the benefit of the doubt if criticised were not significantly different in 2011/2012 (44%) compared with 2010/2011 (46%). Ratings for HMRC can be relied upon to look after customer's interests fell between 2010/2011 and 2011/2012 from 40% to 34%.

■ To improve overall favourability ratings among Agents a particular focus should be on improving the experience of larger Agents, that is Agents with more than 50 clients.

2.2 Customer Experience

2.2.1 The nature of dealings

To put the ratings of customer experience into context, it is necessary to understand the nature of these dealings in terms of the specific taxes customers have dealt with, the types of dealings they have had and the channels of contact they have used.

2.2.2 Taxes dealt with

Chart 2.1 shows that in 2011/2012, consistently with results since 2008/2009, almost all Agents (98%) had dealt with HMRC in the previous three months.

Chart 2.1 Products dealt with in the last three months

Base: Total population sample 08/09 (n=3651); 09/10 (n=3700); 10/11 (n=3015); 11/12 (n=2286)
Source: Q2-Q4 08/09, Q2-Q4 09/10, Q2-Q4 10/11, Q2-Q4 11/12 (Reputation quarters only)
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
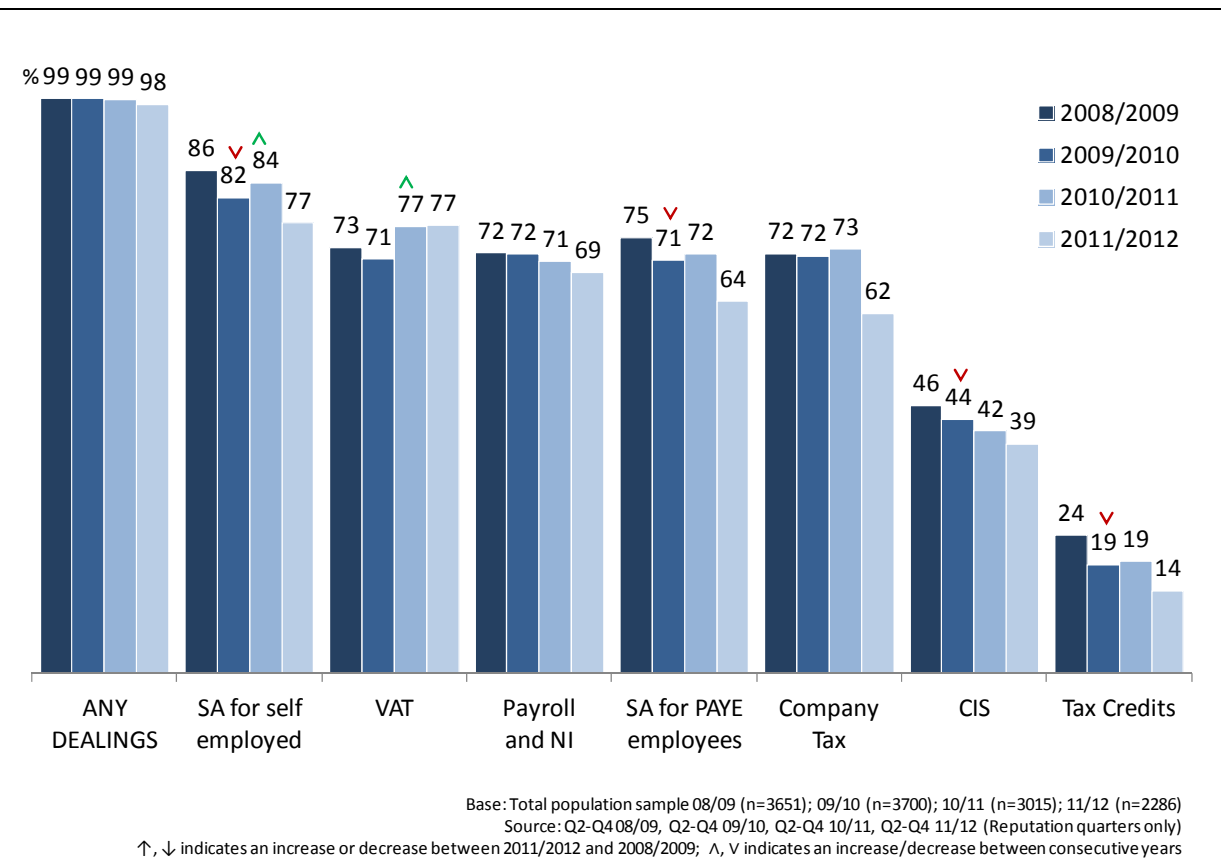
There was a decrease in the level of dealings across a number of products between 2008/2009 and 2011/2012, but these changes were likely to be affected by the changes to the sampling frame which now includes Agents selected from HMRC's Self Assessment database. Due to the change to the sampling approach, tests for significant differences have not been performed on the 2011/2012 results.

Between six and eight in ten Agents have dealt with each of Self Assessment for the self-employed (77%), VAT (77%), Payroll and NI (69%), Self Assessment for PAYE employees (64%) and Company Tax (62%). Fewer Agents deal with CIS (39%) and Tax Credits (14%).

2.2.3 Types of dealings

Most Agents who had dealt with HMRC in the previous three months reported a variety of dealings about the tax selected for them[3] (Chart 2.2). Around two thirds of Agents said they had submitted a form or return (67%), and a similar proportion said they had made contact with HMRC (66%).

Chart 2.2   Types of dealings in the last three months

Base: All with dealings in the last 3 months (08/09 n=8 7148; 09/10 n= 7211; 10/11 n= 5903; 11/12 n=3013)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

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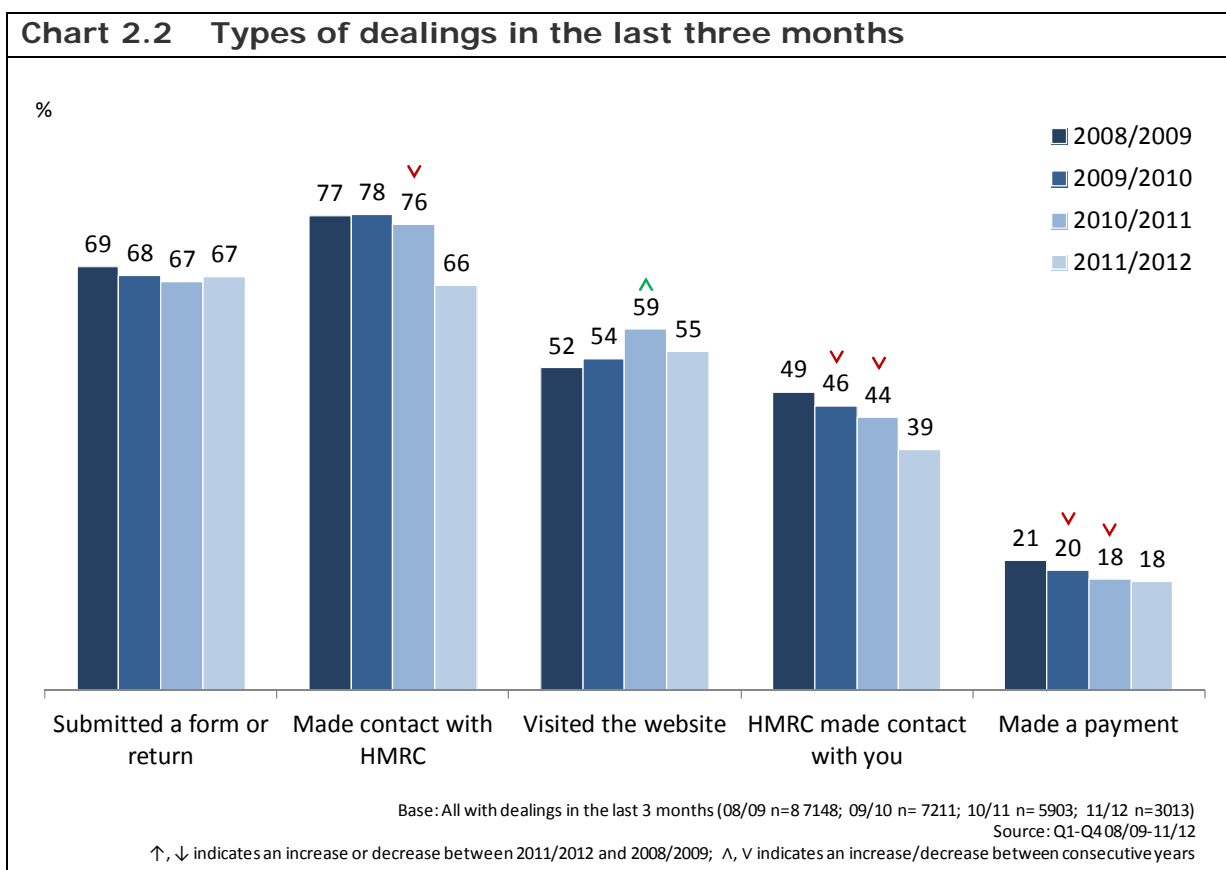
[3] For respondents dealing with more than one type of tax, one was selected at random as the subject of all further customer experience questions.

Due to the change to the sampling approach for Agents, tests for significant differences have not been performed on the 2011/2012 results.

2.2.4 Channels of contact

Methods of contact can also influence the customer experience. Only those who reported *making* contact with HMRC were asked which channel they used. As described in the section above, two thirds of Agents (66%) who had dealt with HMRC in the previous three months reported contacting HMRC in the course of those dealings.

When making contact, Agents were most likely to have used the telephone (77%, Chart 2.3). Contact through the website was also high for Agents (57%). Fewer than half of Agents making contact (43%) had written a letter as part of their dealing. Email and fax were channels that were utilised less frequently than others in 2011/2012 (7% contacted via email and 5% via fax).

Due to the change to the sampling approach for Agents, tests for significant differences have not been performed on the 2011/2012 results.

Chart 2.3   Channels of contact in the last three months

Base: All with dealings in the last 3 months (08/09 n=5575; 09/10 n=5624; 10/11 n= 4522; 11/12 n=2027)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

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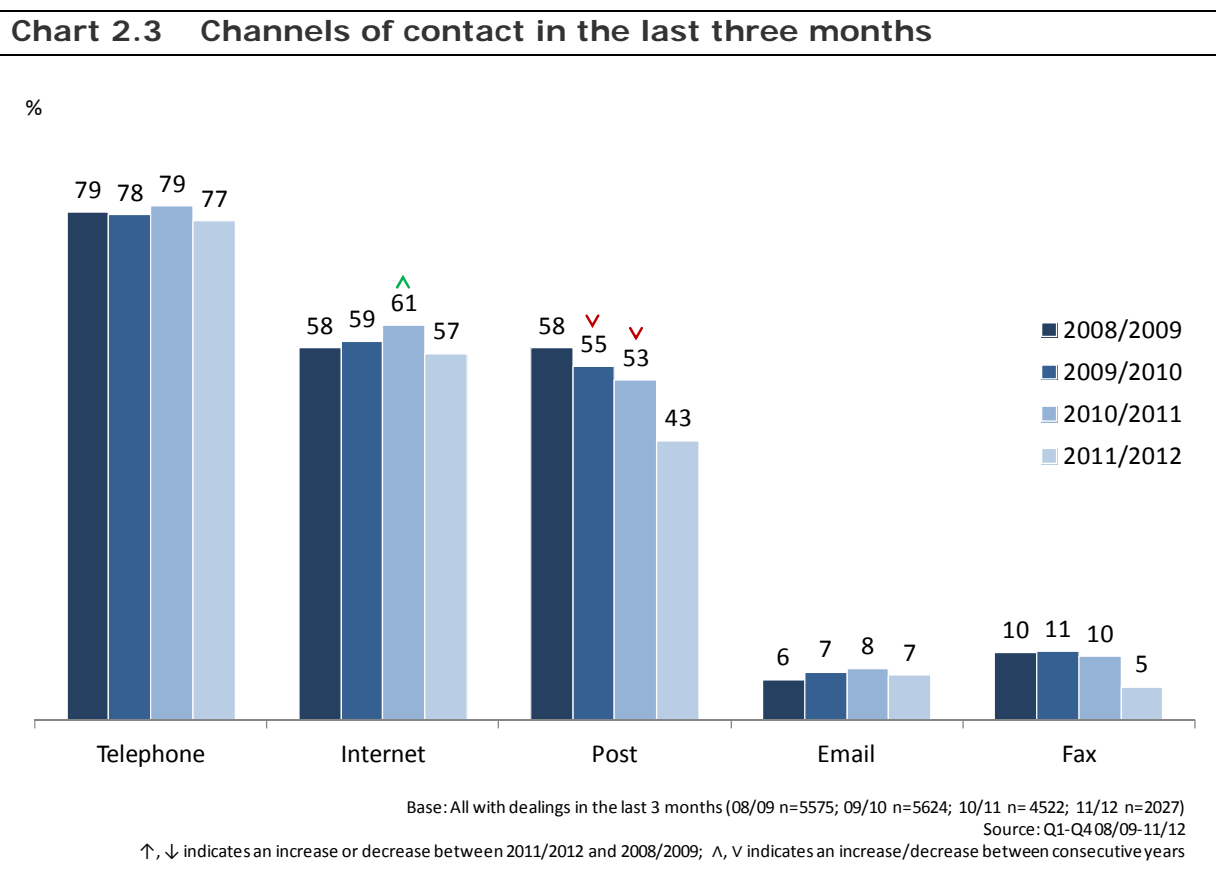
It is important to note that most customers used more than one contact method during their most recent dealings. Among Agents making contact, 63% used more than one method. Where only one method was used (37% of Agents making contact), this was most likely to be the telephone (58%). One in five Agents who used only one channel used the internet (20%), and a similar proportion of single channel users used post (21%).

A series of new questions were added in 2011/2012 to put dealings in further context. Among customers who had used more than one method, the first channels used were most likely to be the internet (53%) and the telephone (40%). The reason for using an alternative channel most frequently mentioned was that they did not find or receive the information they required at the first attempt (35%). Slightly more than one in ten said they were directed to use a different method (14%), while slightly fewer said they were seeking confirmation or reassurance (11%), or they only used the first method to get information before using the main method (10%). Almost eight in ten (64%) said that the number of times they were in contact with HMRC was acceptable.

2.2.5 Overall ratings of customer experience

Overall ratings of the customer experience can be strongly influenced by two factors: satisfaction with the outcome, and prior expectations. For example, if two customers receive the same level of service, but one gains financially and the other loses, then the customer who gains financially is likely to rate the service more positively.

To encourage customers to focus on their experience of the service they received when dealing with HMRC and minimise the influence of outcomes on the ratings they gave, they were first asked to rate their satisfaction with the final outcome of their dealings, and then asked to put the outcome aside, and rate how straightforward their dealing was.

Prior to Q4 2010/2011 rather than rate how straightforward their dealing was, customers were asked to rate their overall experience, so the 2011/2012 measure of straightforward forms a new baseline.

Chart 2.4　Overall ratings of customer experience
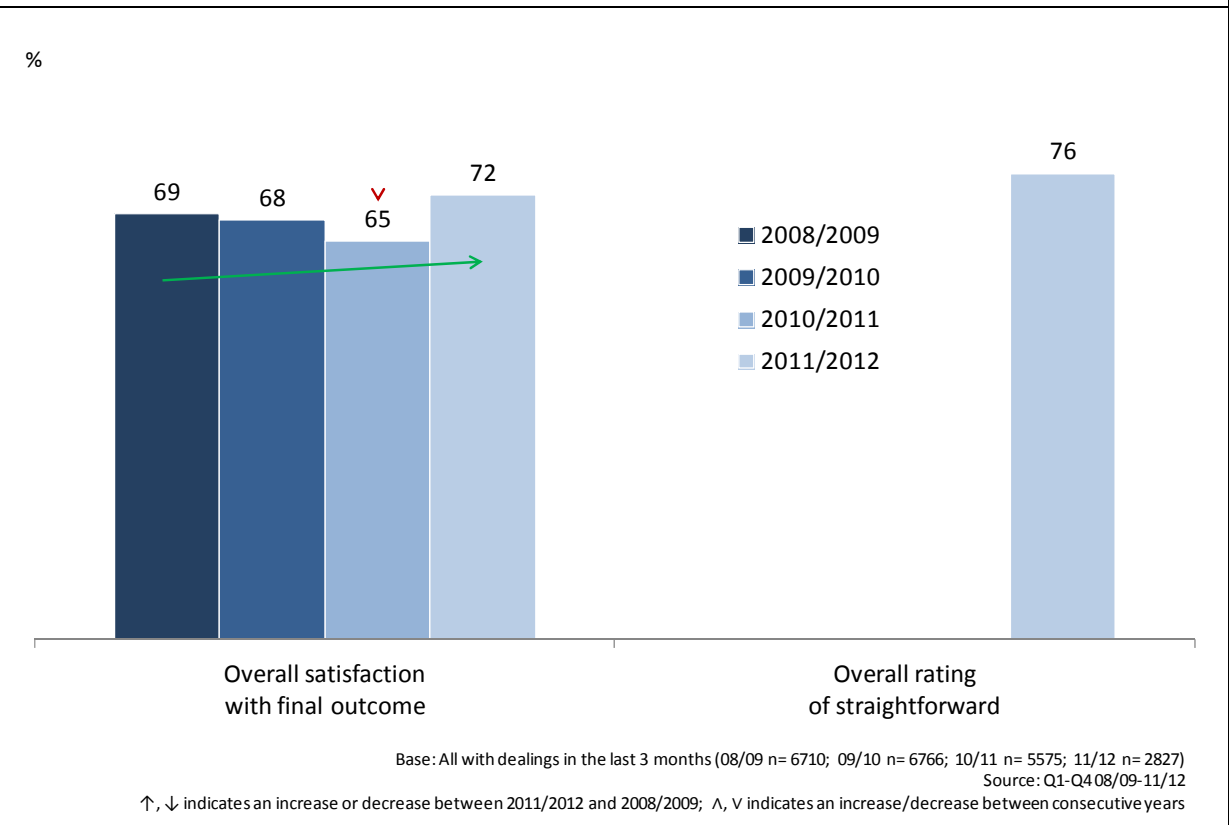
%

Overall satisfaction
with final outcome: 69 (2008/2009), 68 (2009/2010), 65 (2010/2011), 72 (2011/2012)

Overall rating
of straightforward: 76

Legend:
- 2008/2009
- 2009/2010
- 2010/2011
- 2011/2012

Base: All with dealings in the last 3 months (08/09 n= 6710; 09/10 n= 6766; 10/11 n= 5575; 11/12 n= 2827)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

Three quarters of Agents (76%) said their experience was very or fairly straightforward (Chart 2.4). One in five Agents (18%) gave a negative rating. Satisfaction with the final outcome of the dealing was rated as highly as overall straightforwardness, with 72% of Agents very or fairly satisfied. Following a decrease in 2010/2011, satisfaction with the final outcome increased between 2010/2011 and 2011/2012 (72% up from 65% in 2010/2011), which contributed to the overall rise from the baseline figure of 69% in 2008/2009.

Ratings of straightforwardness given for each product were generally in line with ratings overall, with the exception of two. Dealings with company tax were rated lower by Agents (66%) while dealings with VAT were rated higher (85%).

A new question was added to the survey in Q2 2011/2012 asking customers to state what their expectation of straightforwardness was before their dealings began (this question was asked before the more detailed experience questions). In a continuation of the previous line of questioning, customers were asked whether their experience was more or less straightforward or in line with expectations, but the response scale changed from a three-point to a five-point scale.

Chart 2.5 shows both of these measures alongside the overall rating of straightforward.

Chart 2.5 Expectation and experience of straightforwardness

Expectation of straightforward prior to dealing

2011/2012

| 43% | 36% | 5% | 8% | 6% |

■ Very straightforward ■ Fairly straightforward ■ Neither
■ Not very straightforward ■ Not at all straightforward

Overall rating of straightforward

2011/2012

| 35% | 40% | 7% | 10% | 8% |

■ Very straightforward ■ Fairly straightforward ■ Neither
■ Not very straightforward ■ Not at all straightforward

Experience of straightforward compared with expectations

2011/2012

| 3% | 5% | 77% | 6% | 8% |

■ Much more straightforward ■ Slightly more straightforward ■ In line with expectations
■ Slightly less straightforward ■ Much less straightforward

Base: All with dealings in the last 3 months (Expectations: n= 1863, Overall rating: n= 2974)
Source: Q1-Q4 11/12

Eight in ten Agents (80%) had expected, before their dealing, that it would be very or fairly straightforward, just slightly higher than the proportion that went on to report that their dealing was straightforward (76%). Three in four Agents (77%) said that their experience was in line with their expectation of how straightforward it would be, with slightly more Agents rating it as less straightforward than expected (14%) than more straightforward (8%).

There was a strong relationship between the rating of straightforwardness against expectations and overall rating of straightforwardness. Among Agents who rated their experience very or fairly straightforward, one in ten (10%) thought that experience was more straightforward than expected, compared with only one per cent among those who rated their experience neutrally or not straightforward. Of those who rated overall straightforward neutrally or negatively, 43% said it was less straightforward than expected.

2.2.6 Dimensions of customer experience

Whilst the overall ratings of customer experience give a general picture, it is essential to look in more detail at particular dimensions of the experience in order to ascertain what may be driving customer ratings and to identify key areas for action. The dimensions of customer experience were introduced in section 1.6.2.

2.2.7 Relative ratings of experience and changes over time

Chart 2.6 gives an overview of the relative ratings of the nine dimensions of experience and changes between the 2008/2009 baseline and 2011/2012.

The arrows show where there has been a significant change in performance from 2008/2009 to 2011/2012 and the arrow heads show where there was a significant change in the measure from the previous year. Additionally, the colour coding shows relative levels of positive scores (very or fairly good etc.) where darker shading represents a 2011/2012 score equal to or above the median whereas lighter shading represents a score below the median.

Chart 2.6 Ratings of customer experience and change between years

Chart 2.6 Ratings of customer experience and change between years

| Good at getting things right | Staff's ability to deal w/issue | Acceptability of time taken |

Good at getting things right: 08/09 = 61%, 09/10 = 59%, 10/11 = 56%, 11/12 = 57%

Staff's ability to deal w/issue: 11/12 = 62%

Acceptability of time taken: 11/12 = 67%

↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, V indicates an increase/decrease between consecutive years
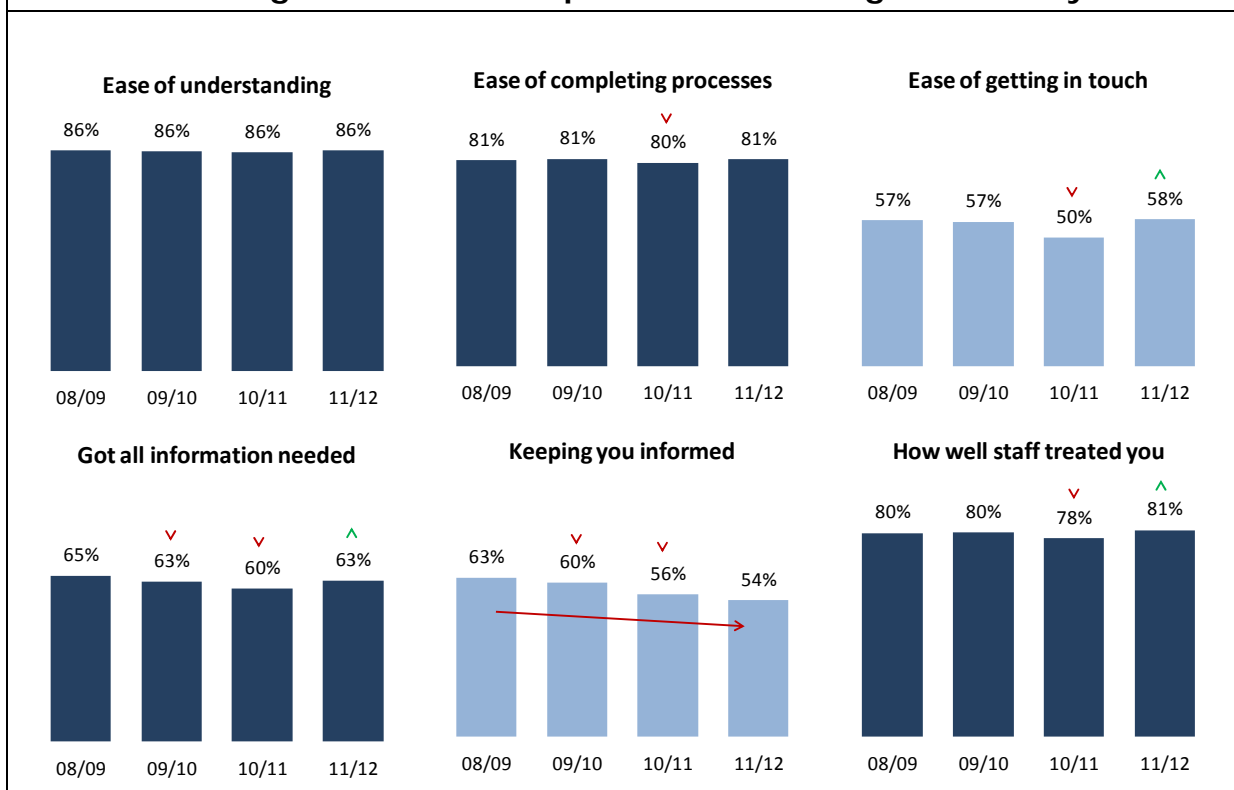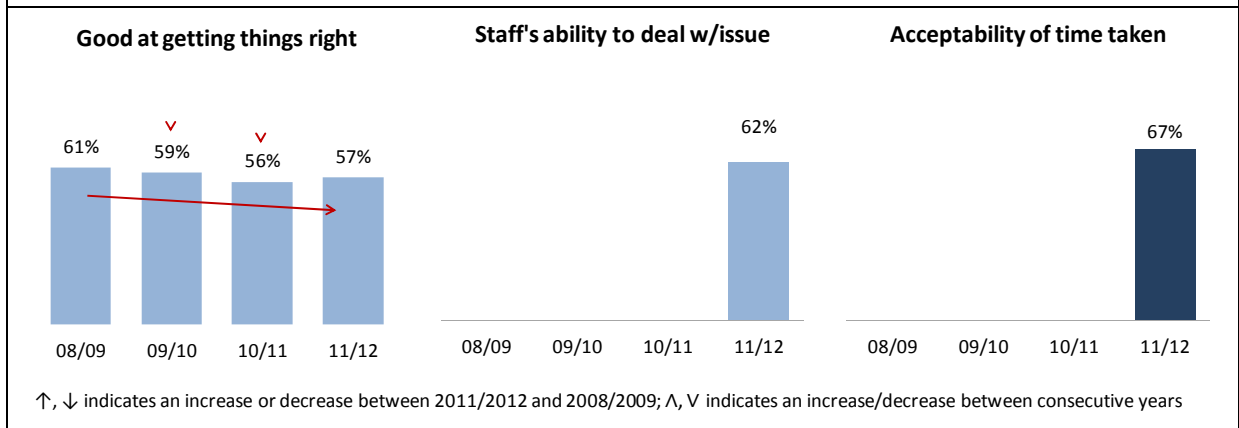
This chart shows that while Agents were very positive about HMRC for some dimensions of experience, they were less positive about others and that where significant changes occurred they were mainly decreases.

The lowest rating was given for keeping you informed about progress which has decreased since 2008/2009 (54% down from 63% in 2008/2009). More detailed findings for the different dimensions are discussed in sections 2.2.9 to 2.2.11.

2.2.8 Customer experience key driver analysis

Key driver analysis (KDA) was carried out using multivariate analysis of the overall rating of straightforwardness. The final analysis plots importance against performance in a quadrant diagram (Chart 2.7) with relative importance in driving the overall straightforward rating on the horizontal axis and performance on the vertical axis. A more detailed description of the key driver analysis is in Appendix A.

Chart 2.7 Key drivers of straightforwardness[4]
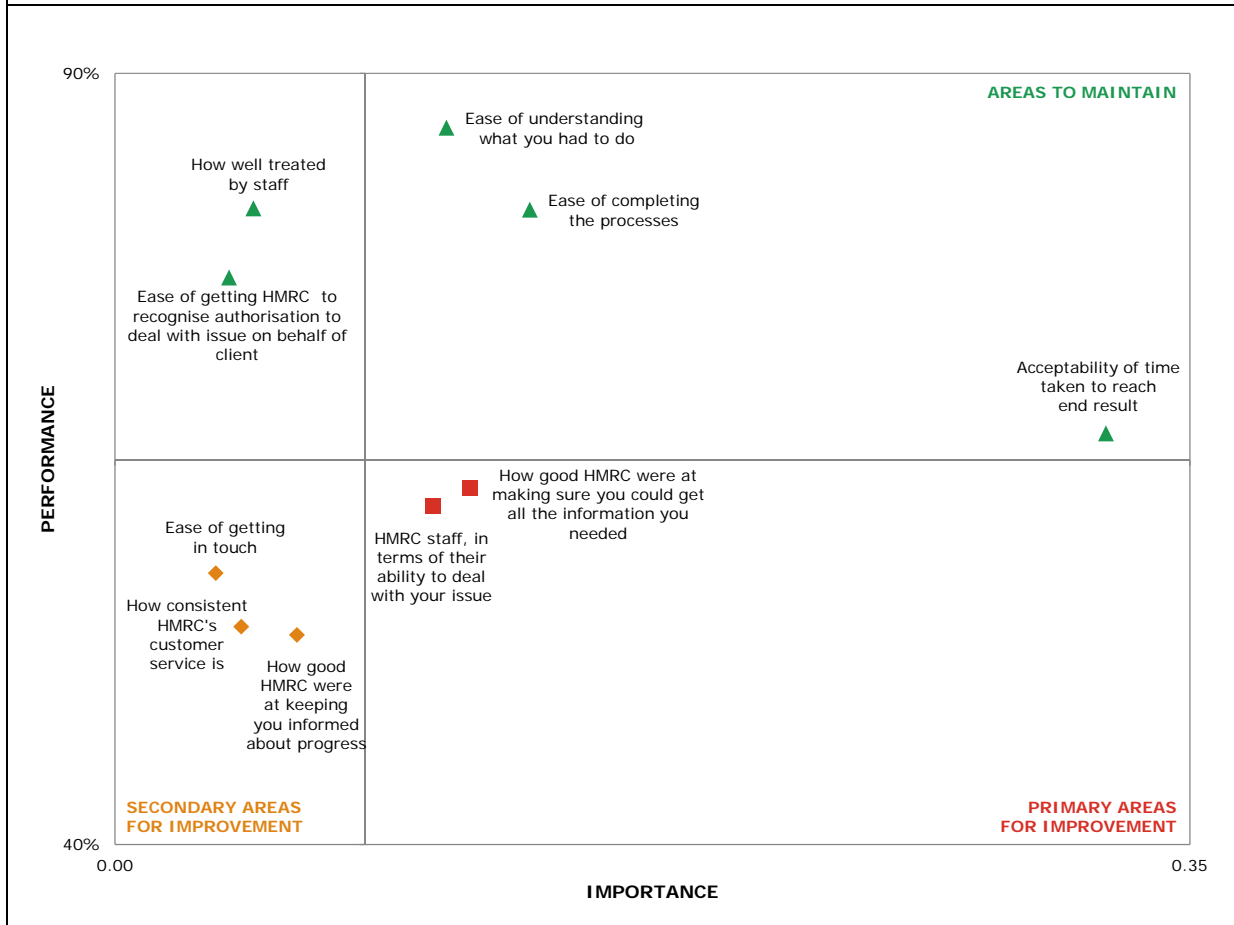
AREAS TO MAINTAIN

90%

PERFORMANCE

Ease of understanding
what you had to do ▲

How well treated
by staff ▲

Ease of completing
the processes ▲

▲
Ease of getting HMRC to
recognise authorisation to
deal with issue on behalf of
client

Acceptability of time
taken to reach
end result ▲

How good HMRC were at
making sure you could get
all the information you
needed ■

■
HMRC staff, in
terms of their
ability to deal
with your issue

Ease of getting
in touch ◆

How consistent
HMRC's ◆
customer
service is ◆
How good
HMRC were
at keeping
you informed
about progress

**SECONDARY AREAS
FOR IMPROVEMENT**

**PRIMARY AREAS
FOR IMPROVEMENT**

40%

0.00

0.35

IMPORTANCE

Square markers are used in the bottom right quadrant to signify key areas for improvement, diamond markers for secondary areas for improvement in the bottom left and triangle markers for areas to maintain in the top right and to a lesser extent in the top left.

Performance scores were high in some areas that had a high influence on the overall rating of straightforward: acceptability of the time taken to reach a final outcome, ease of completing the processes and ease of understanding what to do. These areas need to be maintained to keep the overall straightforward rating high. There were two areas identified as key areas for improvement due to their relatively prominent level of importance and lower performance rating: making sure customers could get all the information they need, and staff in terms of their ability to deal with the issue.

Three further areas were identified as secondary areas for improvement. These areas were rated slightly lower both in terms of importance and performance are
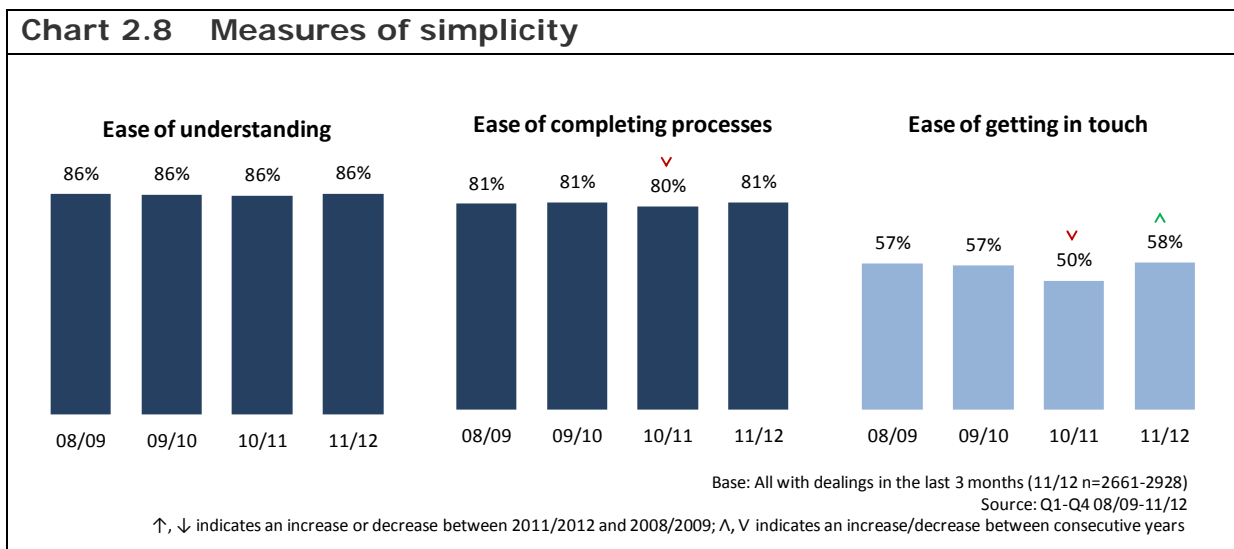
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[4] R^2 is 0.58 meaning that 58% of the variance can be accounted for in the model.

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ease of getting in touch, consistency, and keeping the customer informed about progress.

The remainder of this section will focus on measures which have shown significant change over time, or which have been identified as areas for improvement in the key driver analysis to help shed more light on potential areas for improvement.

2.2.9 Simplicity

Simplicity includes three measures designed to find out how easy HMRC makes the experience for their customers, in terms of understanding what to do, completing processes, and getting in touch.

Chart 2.8   Measures of simplicity

Base: All with dealings in the last 3 months (11/12 n=2661-2928)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

More than eight in ten Agents felt that it was easy to understand what they needed to do (86%), and that it was easy to complete the processes (81%) related to their dealings. Both measures had remained relatively stable across the four years of the survey, with only marginal differences, if any, occurring between years. Both were identified as strong areas of performance to maintain in the key driver analysis.

In contrast, perceived ease of getting in touch had fluctuated over recent years. Ratings in 2011/2012 (58%) had recovered following a decrease in 2010/2011 (to 50%). The ability to get in touch with HMRC was identified in the key driver analysis as an area to improve upon of secondary importance.
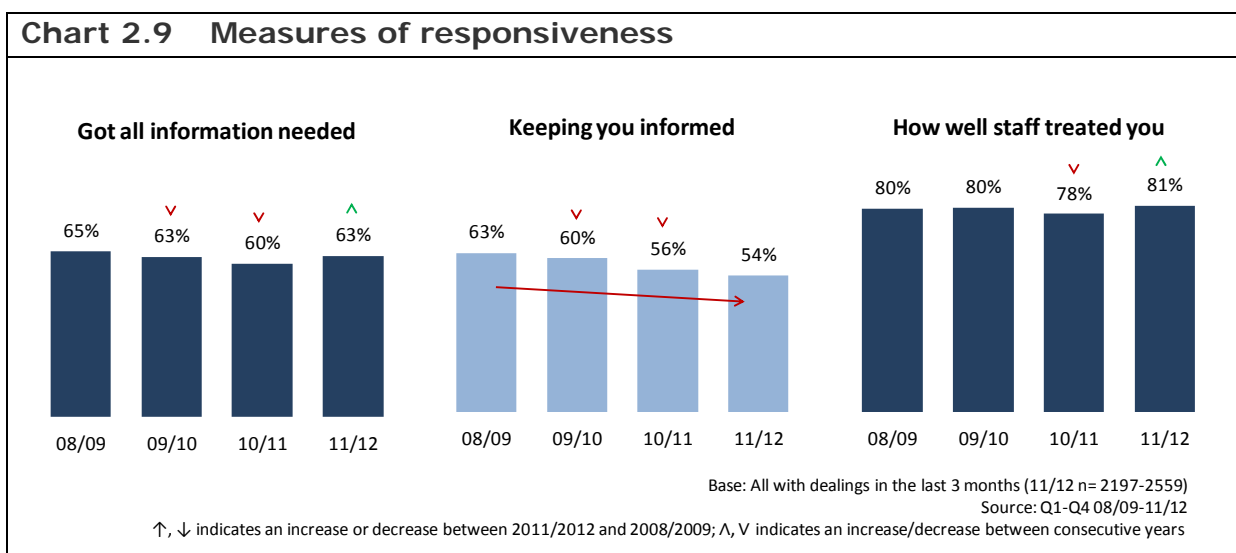
To understand the results further and identify the underlying causes of any change we can look at whether ratings differ for different sub-groups. This includes looking at results by product dealt with and exploring any demographic differences.

Dealings with VAT and Self Assessment for the self-employed were rated highest in terms of ease of getting in touch across of all products, and the overall increase was reflected in the results for these two products (VAT: 63% up from 48% in 2010/2011, SA: 65% up from 55% in 2010/2011). Dealing with payroll and national insurance was rated significantly lower than average (54%).

Larger Agents were more positive with three quarters of those with more than 1,000 clients (74% compared with 58% overall) rating ease of getting in touch positively. Those who used at least three channels of contact were least positive (51%) as were Agents who had contacted HMRC by post (50%).

2.2.10 Responsiveness

Customers were asked to rate the responsiveness of HMRC in terms of how good HMRC were at giving them the information they needed, keeping them informed and how well staff treated them.

Chart 2.9   Measures of responsiveness

Base: All with dealings in the last 3 months (11/12 n= 2197-2559)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, V indicates an increase/decrease between consecutive years

Getting the information you need was identified as a key area for improvement in the key driver analysis while keeping you informed was identified as a secondary area for improvement. Keeping the customer informed about progress had decreased since 2008/2009.

Ratings for how good HMRC were at making sure the customer could get all the information needed changed each year between 2008/2009 and 2011/2012, but only marginally. Ratings in 2011/2012 (63%) were similar in 2008/2009 (65%) reversing the decrease to 60% in 2010/2011. Somewhat contrary to the overall trend were ratings for dealing with company tax which decreased from 71% in 2008/2009 to 61% in 2011/2012.

To understand the results further we can again look at whether ratings differ for different sub-groups. Agents who used at least three channels of contact were less positive about being able to get all the information they needed (50% compared with 63% overall) as were Agents who had contacted HMRC by post (48%).

How good HMRC was at keeping the customer informed about progress was rated highly by just over half of Agents in 2011/2012 (54%), which had decreased steadily from 63% in 2008/2009.

The decrease was driven through dealings with a few products: company tax (50% down from 70% in 2008/2009), payroll and national insurance (49% down from 63% in 2008/2009) and CIS (49% down from 67% in 2008/2009). VAT remained the highest rated product to deal with in 2011/2012 (65%) in terms of being informed about progress.

Agents whose dealings involved making contact with HMRC were less likely to rate being kept informed positively (46% compared with 54% overall), while Agents making a payment were most positive (60%).

The final measure of responsiveness, how well HMRC staff treated the customer, was one of the dimensions rated relatively highly by Agents (81% up from 78% in 2010/2011, returning to the level seen previously).

2.2.11 Reliability and Speed

Ratings of reliability and speed included how good HMRC were at getting things right, how well staff were able to deal with the issues and the acceptability of the time taken to reach a final outcome. The measures for both staff's ability to deal with the issue and the acceptability of time taken were added to the survey in 2011/2012. The ability of staff to deal with customer issues was identified as a key area to improve in the key driver analysis and acceptability of the time taken was identified as the most important driver of straightforwardness and one that needed to be maintained (although there is some room to improve this measure).

Chart 2.10 Measures of reliability and speed

Good at getting things right

61% 59% 56% 57%

08/09 09/10 10/11 11/12

Staff's ability to deal w/issue

62%

08/09 09/10 10/11 11/12

Acceptability of time taken

67%

08/09 09/10 10/11 11/12

Base: All with dealings in the last 3 months (11/12 n=2296-2779)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
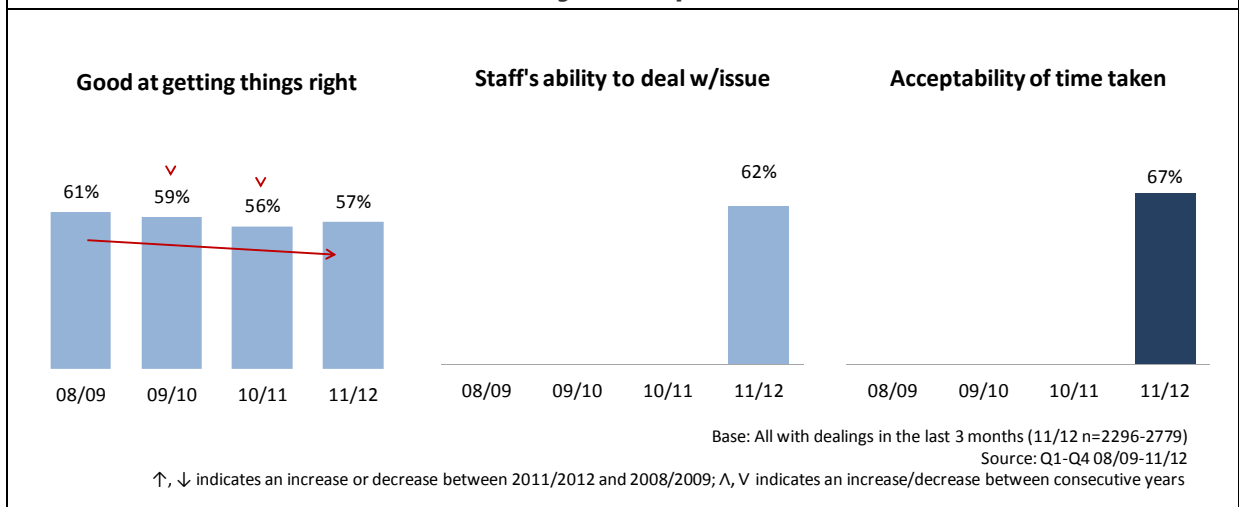
Ratings Agents gave for how good HMRC were at getting things right decreased between 2008/2009 and 2010/2011, with no recovery in 2011/2012 (57% down from 61% in 2008/2009), and was one of the dimensions of experience rated less positively by Agents.

To understand the results further we can again look at whether ratings differ for different sub-groups. Ratings for dealings with company tax had decreased since 2008/2009 (53% from 69% in 2008/2009), driving the change overall. Dealings with VAT were rated more highly than average (67%).

Few differences were detected between other subgroups, but smaller Agents tended to be more positive in this area. Seven in ten Agents with fewer than 10 clients (72% compared with 57% overall) rated HMRC positively for getting things right. Those whose dealing involved making contact with HMRC were less positive (52%, and 44% for those using at least three channels of contact).

The first of the new measures was staff's ability to deal with the issue, which was rated positively by 62% of Agents, while the second new measure, acceptability of time taken to reach a final outcome, was rated positively by slightly more at 67%. This first of these measures was identified as a primary area to improve in the key driver analysis, while the second was identified as an area to maintain (albeit one with some scope to improve).

Agents dealing with VAT rated the staff's ability more highly (68%), as did those with fewer than 10 employees (80%). Agents dealing with VAT rated the acceptability of time taken to reach a final outcome more positively (78%).

2.2.12 Agent specific measures

Two further measures of customer experience were asked only of Agents. They were the perceived consistency of HMRC and the ease of getting HMRC to recognise an authorisation to deal on behalf of a client (Chart 2.11). The latter was a new measure in 2011/2012. Consistency of customer service was identified in the key driver analysis as an area to improve of secondary importance.

Chart 2.11 Agent specific measures

Base: All with dealings in the last 3 months (08/09 n= 7129; 09/10 n= 7200; 10/11 n= 5889; 11/12 n= 3001)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
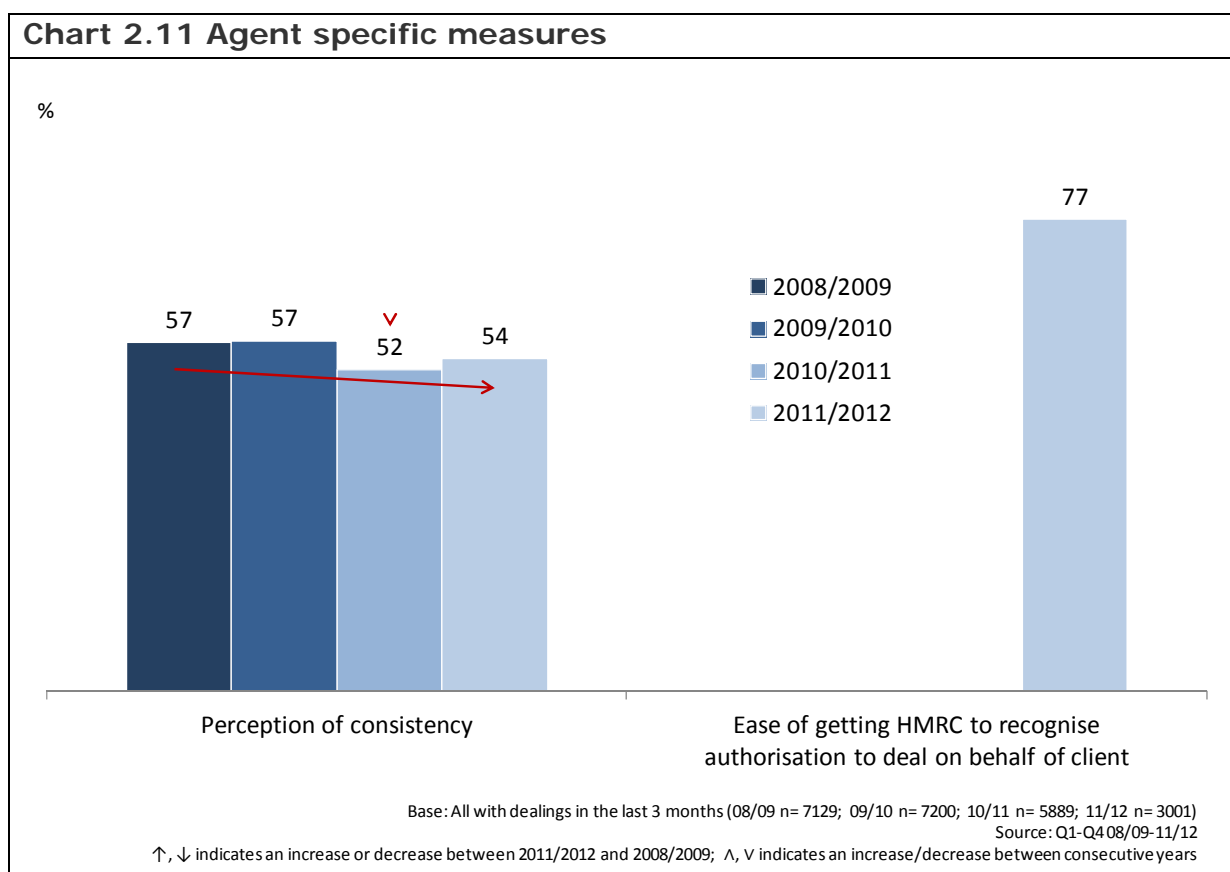
Ratings Agents gave for the consistency of HMRC's customer service decreased between 2008/2009 and 2010/2011 with no significant recovery in 2011/2012 (54% down from 57% in 2008/2009). The decrease occurred between 2009/2010 and 2010/2011 and was not attributable to any sub-group or product in particular.

Perceived consistency was rated higher among Agents dealing with Self Assessment for the self-employed (58%) and payroll and national insurance (58%), and lower among Agents dealing with company tax (48%) and CIS (46%).

Eight in ten Agents (77%) rated the ease of getting HMRC to recognise their authorisation to deal of behalf of their client positively.

2.3 Reputation

Every second quarter a module is included in the customer survey to measure HMRC's reputation among those who may or may not have had any recent direct dealings with the Department and therefore encompass a broader target population than the customer experience questions.

These questions were developed to provide measures to track HMRC's reputation and to evaluate the performance of its ambition and values over time among different audiences. Questions about reputation were asked of all customers and not just those who had dealt with HMRC in the previous three months. This means that questions about reputation are not linked to any specific dealings but to customers' general perceptions.

Measurement was integrated within the Customer Survey from 2008, although the measures were substantially changed in 2010/2011. This chapter focuses on the findings from 2011/2012, and draws on any significant changes from 2010/2011 (or 2008/2009 where measures have remained unchanged).

2.3.1 Familiarity

It is important to establish familiarity (in conjunction with frequency of dealing with HMRC) to help determine the extent to which opinions of HMRC are likely to be based on experience or other influences. As Chart 2.12 shows, there was little change between 2008/2009 and 2010/2011.

Chart 2.12 Familiarity

%

	Know a lot	Know a fair amount	Know a little
2008/2009	37	56	6
2009/2010	37	57	5
2010/2011	36	57	6
2011/2012	36	57	7

Base: All SME (08/09 n=2116; 09/10 n=2053; 10/11 n=2051; 11/12 n=3503)
Source: Q2-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
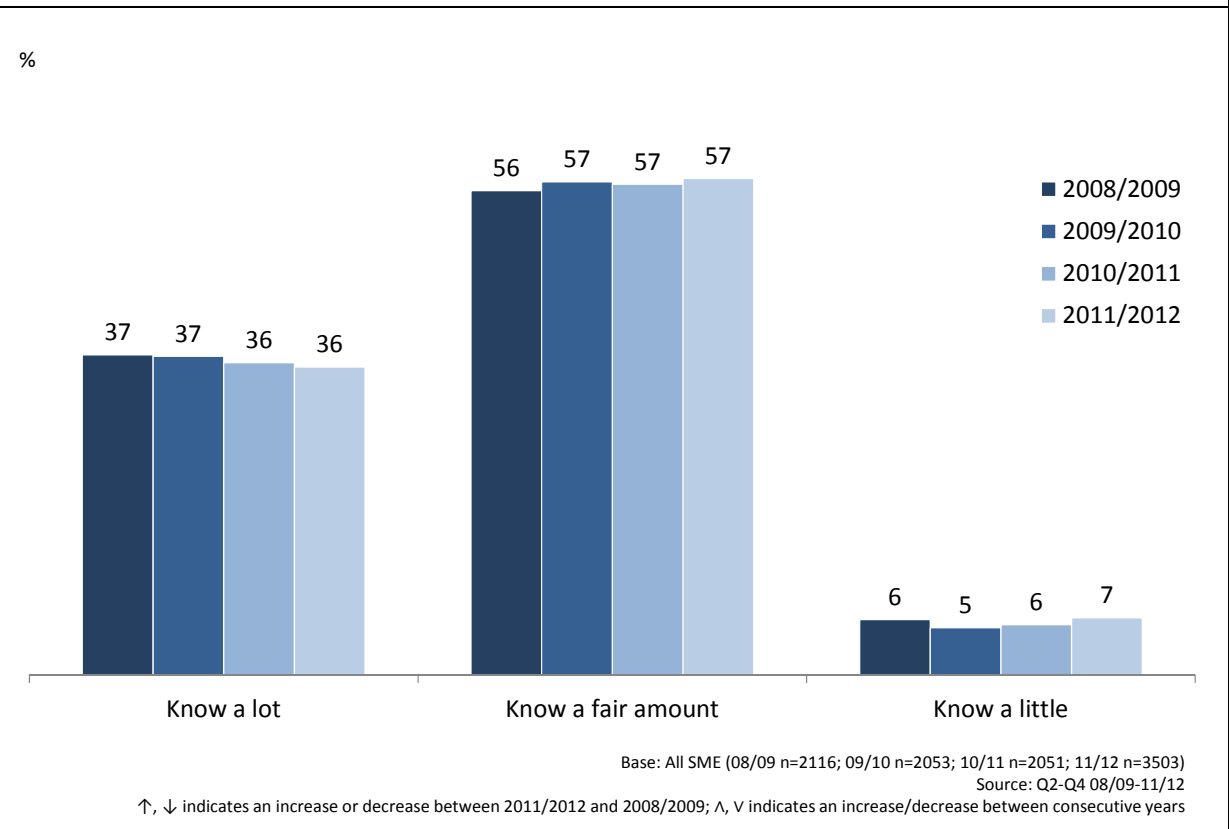
In 2011/2012 Agents continued to report a high level of familiarity with HMRC. The vast majority knew at least a fair amount (93%) and almost all remaining Agents (7%) knew a little.

These relative levels of familiarity correspond with the level of recent dealings reported in Section 3.2, where 98% of Agents had dealt with HMRC in the previous three months.

2.3.2 Measures of reputation

The customer survey looks at several additional measures which may well influence the overall reputation of HMRC. The dimensions of customer experience were introduced in section 1.6.3.
 The next section of this chapter explores the results from 2011/2012. Where measures have been included since 2008, comparison will be made with data from the previous three years of the survey.

2.3.3 Relative ratings of reputation and changes over time

Chart 2.13 gives an overview of the relative ratings of the reputation measures that make up elements of HMRC's reputation (fairness, favourability and trust), and changes between the baseline and 2011/2012.

The arrows show where there has been a significant change in performance from 2008/2009 to 2011/2012 and the arrow heads show where there was a significant change in the measure from the previous year. Additionally, the colour coding shows relative levels of positive scores (very or fairly good etc.) where darker shading represents a 2011/2012 score equal to or above the median, whereas lighter shading represents a score below the median.
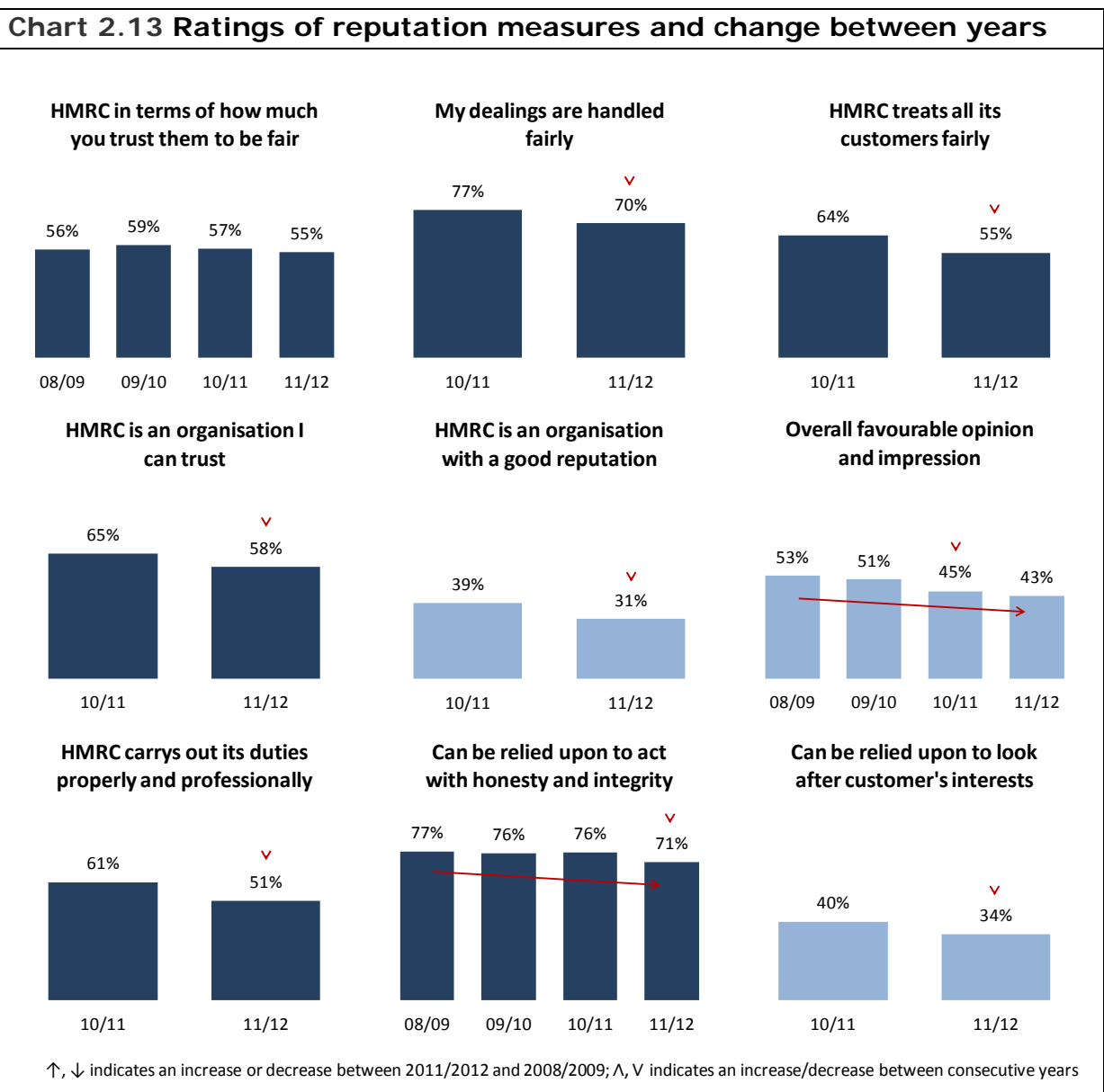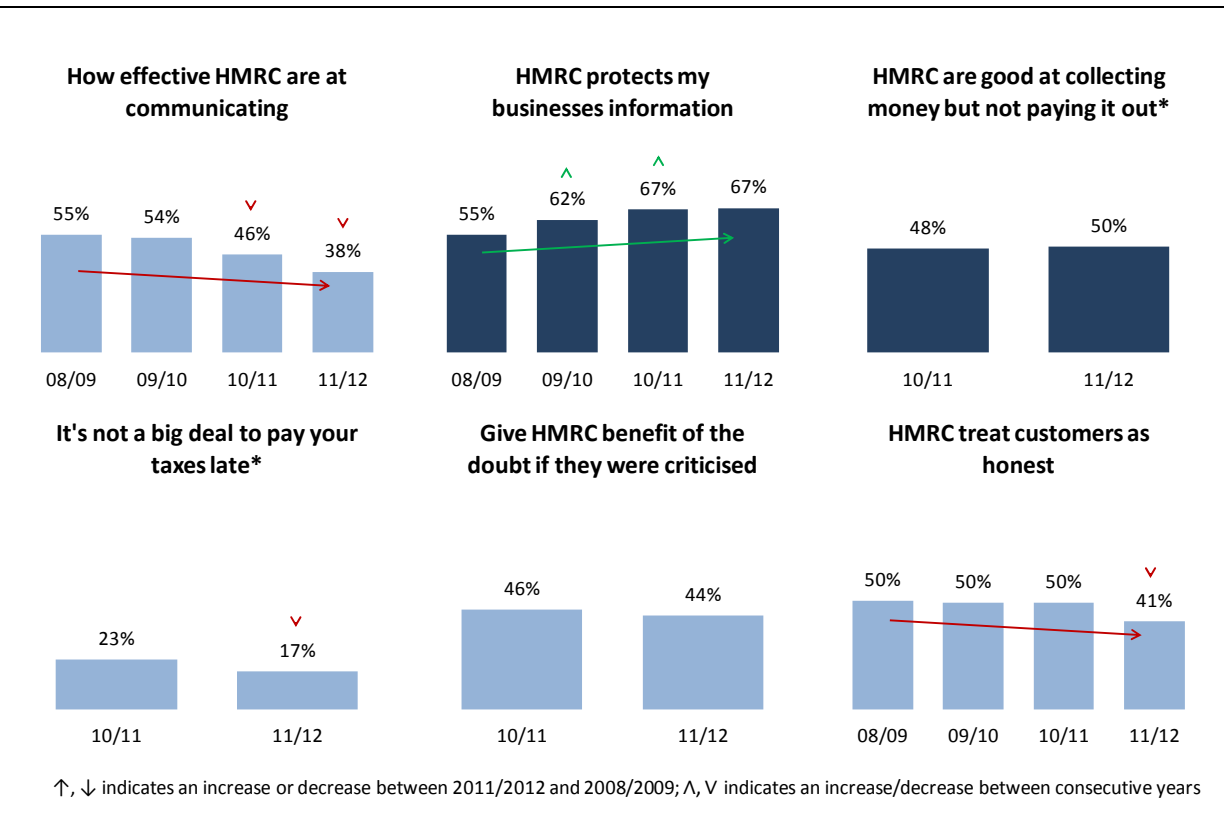

Chart 2.13 **Ratings of reputation measures and change between years**

↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

Chart 2.14 gives an overview of the relative ratings of the remaining reputation measures (communications, stories, support, compliance and other).

Chart 2.14 **Ratings of other reputation measures and change between years**

How effective HMRC are at communicating

55% 54% 46% ˅ 38% ˅
08/09 09/10 10/11 11/12

HMRC protects my businesses information

55% 62% ^ 67% ^ 67%
08/09 09/10 10/11 11/12

HMRC are good at collecting money but not paying it out*

48% 50%
10/11 11/12

It's not a big deal to pay your taxes late*

23% 17% ˅
10/11 11/12

Give HMRC benefit of the doubt if they were criticised

46% 44%
10/11 11/12

HMRC treat customers as honest

50% 50% 50% 41% ˅
08/09 09/10 10/11 11/12

↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

The charts show that Agents views were mixed across all reputation measures, and there were a number of decreases.

Many of the new measures had decreased since 2010/2011, and most of those that had been asked since 2008/2009 had decreased in the longer term. The rating given to HMRC protects my business information was the only long term increase. More detailed findings for the different dimensions are discussed in sections 2.3.5 to 2.3.9.

2.3.4 Reputation key driver analysis

Key driver analysis was carried out using multivariate analysis of an overall measure (favourability). The final analysis plots importance against performance in a quadrant diagram with relative importance in driving favourability on the horizontal axis and performance on the vertical axis (Chart 2.15). A more detailed description of key driver analysis is in Appendix A.
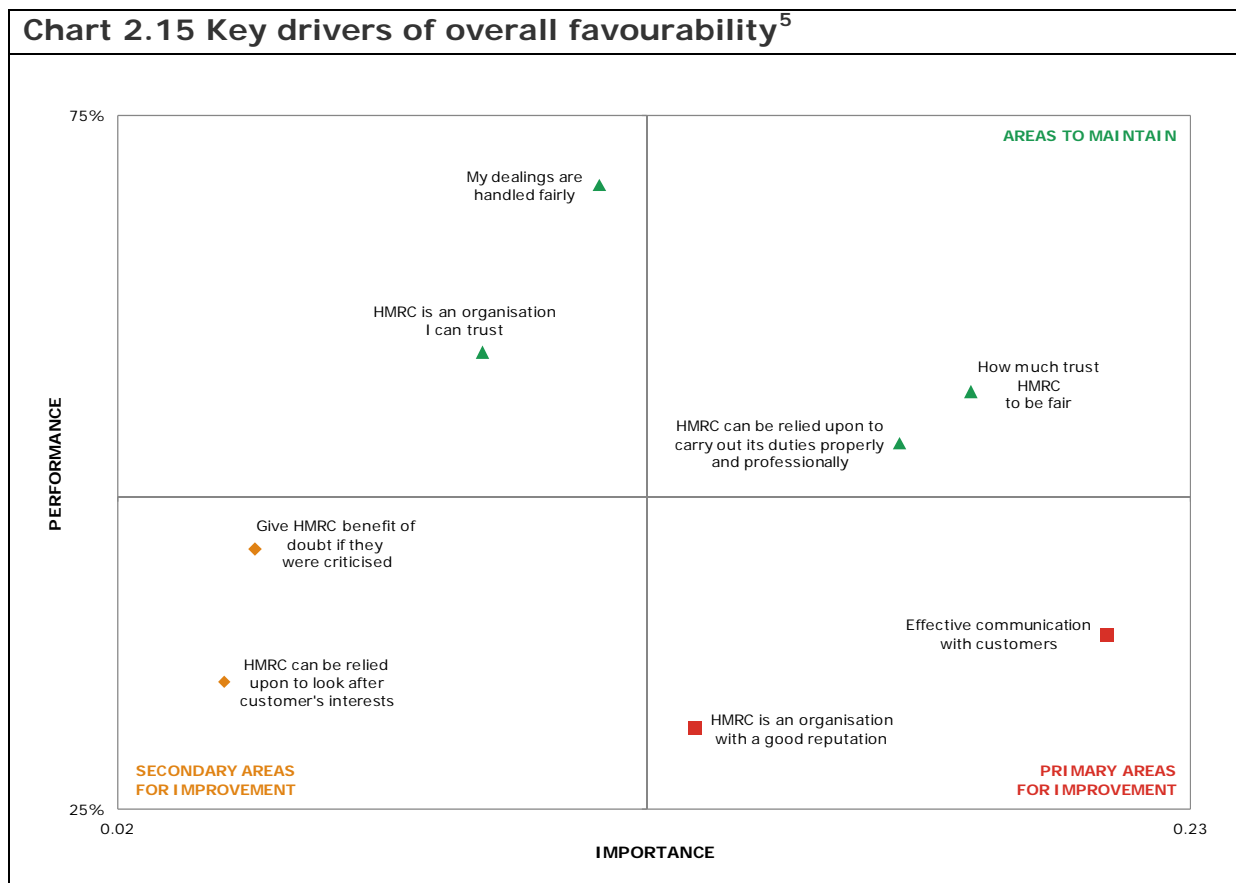
Chart 2.15 Key drivers of overall favourability[5]

Square markers are used in the bottom right quadrant to signify key areas for improvement, diamond markers for secondary areas for improvement in the bottom left and triangle markers for areas to maintain in the top right and to a lesser extent in the top left.

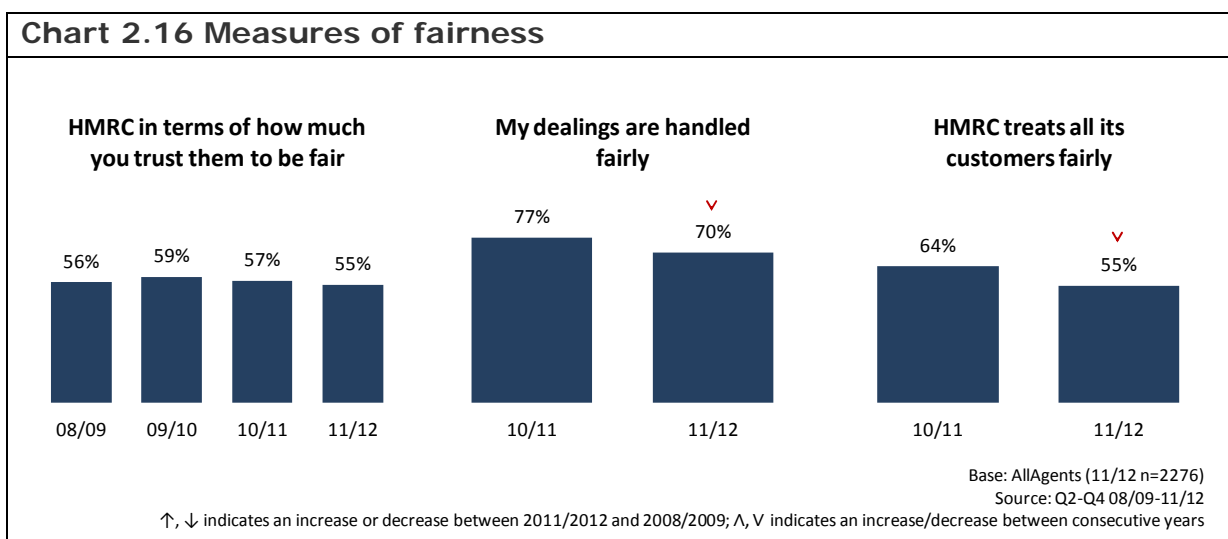Two areas rated highly in terms of importance but relatively low on performance were effective communication and being an organisation with a good reputation. These are both primary areas for improvement. The secondary focus for improvement should cover getting the benefit of the doubt if criticised and looking after customer interests.

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[5] R^2 is 0.57 meaning that 57% of the variance can be accounted for in the model.

Trusting HMRC to be fair is one of the most important drivers but is performing relatively well so needs to be maintained, as is HMRC carrying out duties properly and professionally. Handling dealings fairly and being an organisation that can be trusted were not particularly high in terms of importance but were reasonably high performers and nevertheless should still be maintained.

2.3.5 Fairness

Fairness includes three measures; the level of trust in HMRC to be fair, the extent to which customer dealings are handled fairly and the extent to which HMRC treats all its customers fairly. The latter two measures have decreased since they were first introduced in 2010/2011.

Chart 2.16 Measures of fairness

HMRC in terms of how much you trust them to be fair
08/09: 56%
09/10: 59%
10/11: 57%
11/12: 55%

My dealings are handled fairly
10/11: 77%
11/12: 70%

HMRC treats all its customers fairly
10/11: 64%
11/12: 55%

Base: AllAgents (11/12 n=2276)
Source: Q2-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

The first of the fairness measures, trusting HMRC to be fair, was identified as one of the most important drivers of favourability, and as it is performing relatively well is an area that should be maintained, although there is scope for improvement. It was the only fairness measure to have been asked since 2008/2009 and in that time ratings have remained at a similar level (55%).

The perception that their dealings are handled fairly by HMRC was rated positively by seven in ten Agents (70%), although this had decreased since the question was introduced in 2010/2011 (77%). Agents were less likely to agree that HMRC treats all its customers fairly (55%), and this had also decreased since 2010/2011 (64%). Decreases were evident across all types of Agents and no one group drove the overall decrease.

2.3.6 Favourability

Favourability includes three measures; HMRC is an organisation I can trust, HMRC is an organisation with a good reputation and overall favourability of opinion and impression. Positive ratings in all three measures have decreased since 2010/2011. The key driver analysis identified HMRC as an organisation with a good reputation as a primary area to improve.

Chart 2.17 Measures of favourability

Base: AllAgents (11/12 n= 2276)
Source: Q2-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
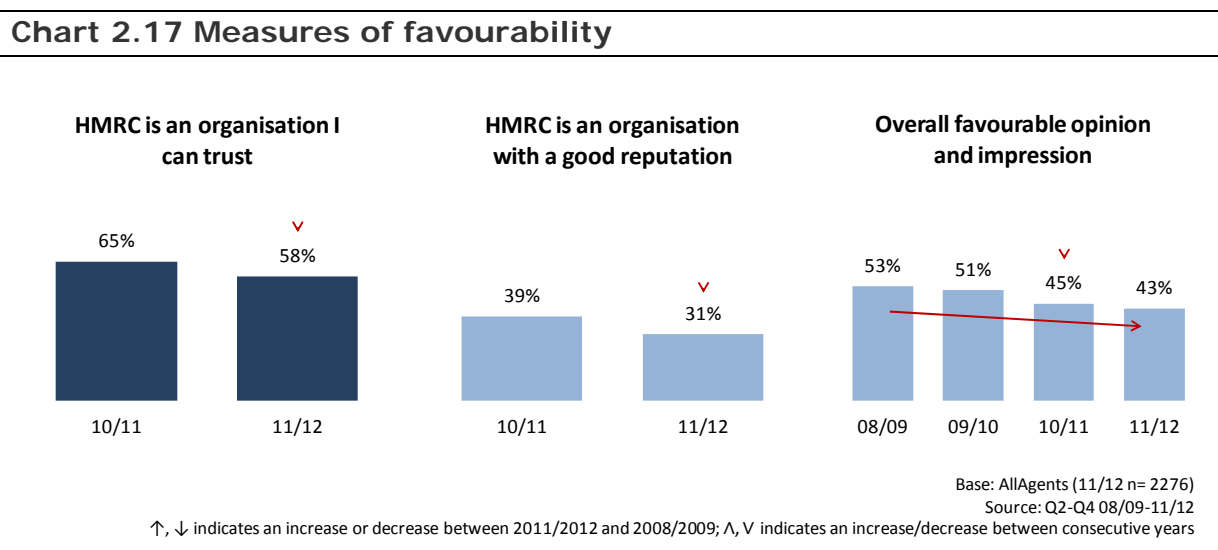
The perception that HMRC is an organisation that can be trusted was rated positively by almost six in ten Agents (58%), although this had decreased since the question was introduced in 2010/2011 (65%). The decrease was reflected in results for larger Agents. Agents representing more than 50 clients rated it less well in 2011/2012 (52%) than in 2010/2011 (60%).

Agents were relatively unlikely to rate HMRC as an organisation with a good reputation positively (31%), and this had also decreased since the question was introduced in 2010/2011 (39%). This is an important driver of overall favourability and should be a primary area of focus if overall favourability is to be improved. The decrease was reflected across different types of Agents.

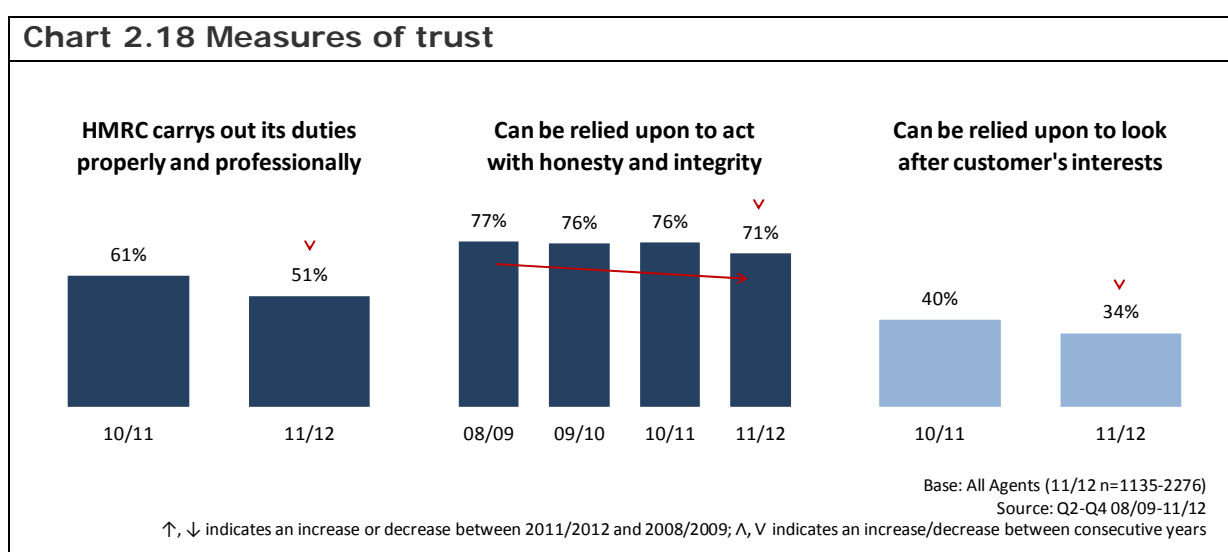Agents that represented more than 50 clients rated HMRC as an organisation with a good reputation less positively (26%) than smaller Agents that is those with fewer than 50 clients (41%).

Overall favourability was the only favourability measure to have been asked since 2008/2009. In that time ratings had decreased steadily (43% in 2011/2012 down from 53% in 2008/2009), with the decrease largely occurring

between 2009/2010 and 2010/2011. The decrease was reflected across different types of Agents.

2.3.7 Trust

Trust includes three measures; HMRC can be relied upon to carry out its duties properly and professionally, HMRC can be relied upon to act with honesty and integrity and HMRC can be relied upon to look after customer's interests (Chart 2.18). Whether HMRC can be relied upon to look after a customer's interests was identified as a secondary area for improvement in the KDA.

Chart 2.18 Measures of trust

Base: All Agents (11/12 n=1135-2276)
Source: Q2-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

Ratings for all three trust measure decreased between 2010/2011 and 2011/2012.

Ratings for how well HMRC carries out its duties properly and professionally decreased from 61% in 2010/2011 to 51% in 2011/2012. There was some difference by size of Agent and length of time trading. Agents trading for more than 20 years were less positive (48%), whereas Agents with fewer than 50 clients rated the measure more positively (65%). Ratings given by Agents with more than 50 clients had decreased from 2010/2011 (54%) which was in part responsible for the overall decrease, but by and large ratings had decreased across all types of Agents.

Ratings for how well HMRC can be relied on to act with honesty and integrity decreased from 77% in 2010/2011 to 71% in 2011/2012. There were few differences by subgroup.

The final trust measure, HMRC can be relied upon to look after customer's interests, also fell between 2010/2011 and 2011/2012 from 40% to 34%. Agents with fewer than 50 clients gave more positive ratings among all Agents (44%), as did Agents who had been trading for fewer than five years (46%). Decreases were again evident across all types of Agents.

2.3.8 Communications and stories

The communications theme comprises two measures; effectiveness of communication and HMRC protects my business information, while the stories theme is represented by the measure 'HMRC are good at collecting our money but not at paying it out' (Chart 2.19). The first of these measures was identified as a primary area to improve in the KDA.
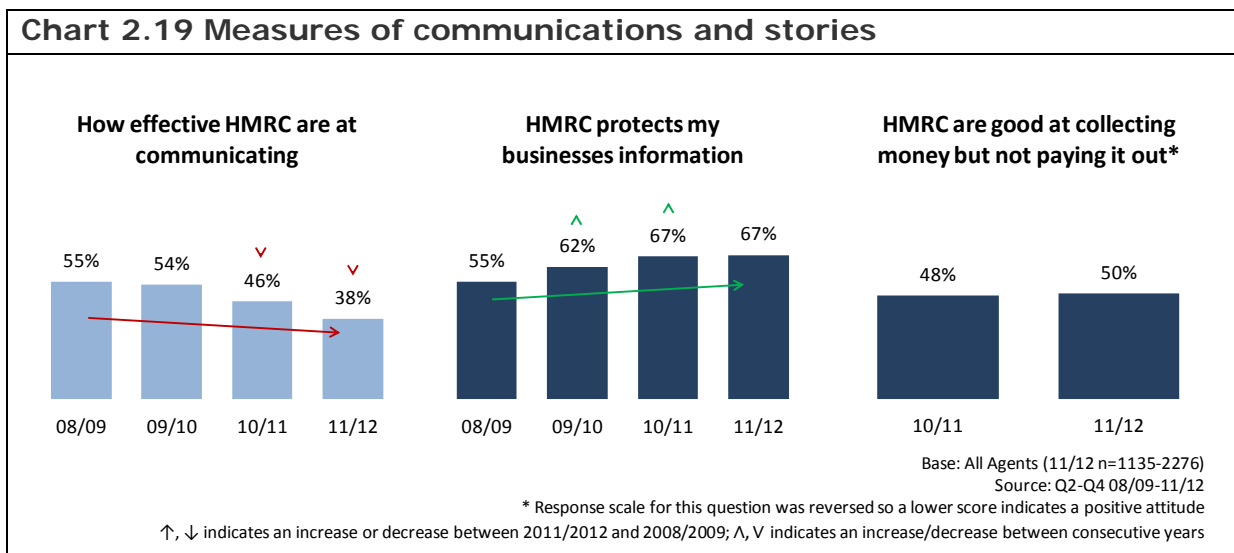
Chart 2.19 Measures of communications and stories

The two communications measures, effectiveness of communication and HMRC protects business information have been asked since 2008/2009. In that time ratings have decreased for effectiveness of communication (38% down from 55% in 2008/2009), but increased for HMRC protects my business' information (67% up from 55% in 2008/2009). There were no differences by subgroup for protecting information, but Agents with fewer than 50 clients were more positive towards effective communication (49% compared with 32% for Agents with more than 50 clients).

The decrease in ratings of effective communication with customers was common across all Agents subgroups. The increase for 'HMRC protects my business information' was also largely universal.

Ratings for HMRC are good at collecting our money but not at paying it out remained at a similar level between 2010/2011 and 2011/2012 (50%). The response scale for this question was reversed so a lower score indicates a positive attitude.

2.3.9 Support, compliance and other

The remaining reputation measures were ones of support (I would give HMRC the benefit of the doubt if they were criticised), compliance (it's not a big deal to pay your taxes late) and the extent to which HMRC treat customers as honest. Giving HMRC the benefit of the doubt was identified as a secondary area for improvement in the KDA.

Chart 2.20 Measures of support, compliance and other

Base: All Agents (11/12 n=1135-2276)
Source: Q2-Q4 08/09-11/12
* Response scale for this question was reversed so a lower score indicates a positive attitude
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
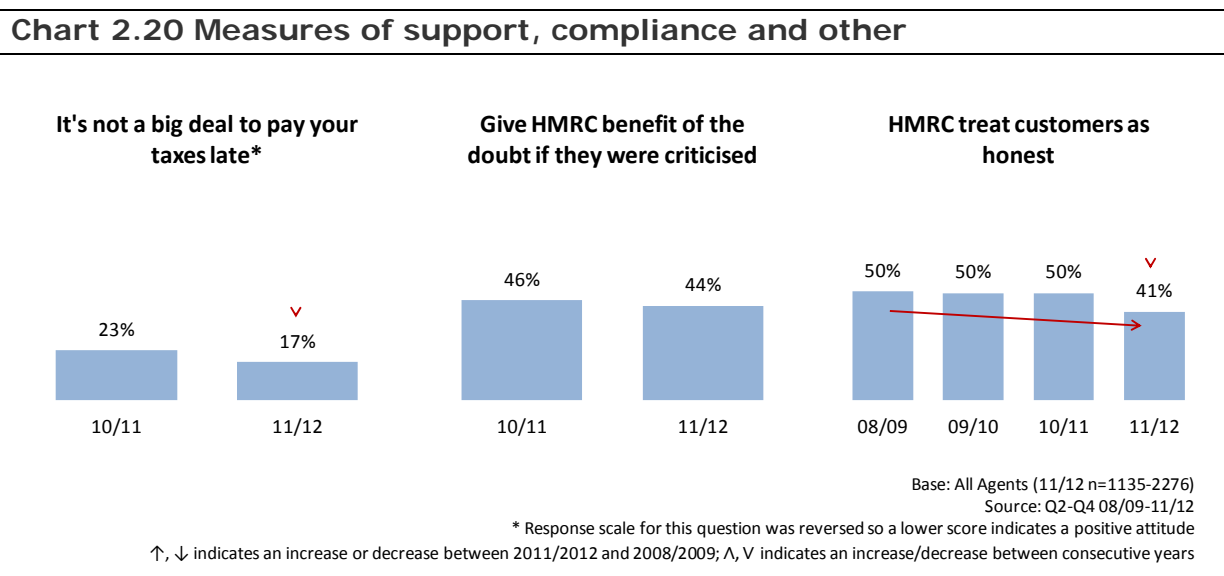
Ratings for 'it's not a big deal to pay your taxes late' decreased between 2010/2011 and 2011/2012, from 23% to 17%, which represents a positive shift in attitude. Self-employed Agents (11%) and those that had been trading for fewer than five years (10%) were more likely to agree (i.e. hold a negative point of view). The decrease in the overall measures was reflected across different types of Agents.

Ratings for giving HMRC the benefit of the doubt if criticised were not significantly different in 2011/2012 (44%) compared with 2010/2011 (46%). Agents with fewer than 50 clients were more positive (52%) than those with more than 50 (40%).

The final reputation measure rated HMRC in terms of whether they treat their customers as honest. Between 2008/2009 and 2010/2011 ratings remained relatively stable, but between 2010/2012 and 2011/2012 they decreased from 50% to 41%. Agents that had traded for more than 20 years, in particular, rated HMRC less positively (36%), as were Agents with fewer than 50 clients (26%). The decrease in the overall measures was reflected across different types of Agents.

3. SME

3.1 Executive summary

3.1.1 Customer Experience

Nature of dealings

■   The majority of customers recalled some dealings with HMRC in the past year (94%), with 63% having had dealt with HMRC in the previous three months.

Dimensions of Customer Experience

■   More than eight in ten SME (84%) said the overall experience of dealing with HMRC was very or fairly straightforward. Only 10% of SME businesses gave a negative rating.
■   Overall the expectation that dealing with HMRC would be straightforward was high, and in general those expectations were met.
■   SME businesses were generally positive about HMRC across all dimensions of experience, and in particular in the areas of simplicity: ease of understanding what to do (83%) and ease of completing the processes (84%) and in one area of responsiveness: how well they were treated by staff (85%).
■   The remaining measure of simplicity, ease of getting in touch, was rated less well by SME (71%) and ratings had decreased since 2008/2009.
■   Ratings also fell for measures of responsiveness between 2008/2009 and 2011/2012. Ratings for how good HMRC were at making sure the customer could get all the information needed remained stable between 2010/2011 and 2011/2012 (79%) but had decreased since 2008/2009 (82%).
■   How good HMRC was at keeping the customer informed about progress was rated highly by at least eight in ten SME between 2008/2009 and 2010/2011, but this decreased to 76% in 2011/2012.
■   There were also decreases in positive scores for how well staff treats you. Positive scores fell from 89% in 2008/209 to 85% in 2011/2012.

Key Driver Analysis

Customers rate certain dimensions highly and others lowly and these ratings can indicate the areas in which improvements in service need to be made. However, resource often dictates that areas for improvement need to be prioritised. The aim of the key driver analysis was to understand the underlying drivers of straightforward. Regression was used to derive the relative importance of each

dimension of experience on the overall measure, and provide insight into the precise areas that need to be prioritised for improvement in order to keep overall ratings of straightforward high.

■ The key driver analysis identified four areas for improvement. Two of these were related to responsiveness. An area with great influence on perceived straightforwardness was making sure customers could get all the information they need; with keeping the customer informed a secondary area for improvement. Both of these have seen drops in positive ratings since 2008/2009.

■ A further area identified for improvement was the ease of getting in touch. This had seen a large drop in positive ratings from 80% in 2008/2009 to 71% in 2011/2012.

■ The final area for improvement was the ease of getting things right. This remained stable at 77% giving a positive rating, although this was a relatively low score for SME.

■ In overview, in order to improve ratings of straightforwardness, it may be worth focusing on customers dealing with PAYE and NI and on transactions which may require multiple contact methods (or ways to avoid this need). A particular focus is needed on providing information to customers, the ease of getting in touch and, to a lesser extent perhaps, the ease of getting the process right.

3.1.2 Reputation

■ Half of all SME knew at least a fair amount about HMRC.

■ Ratings for almost all fairness, favourability and trust reputation measures decreased between 2010/2011 and 2011/2012, and those that did not (trusting HMRC to be fair and overall favourability) had decreased in the longer term since 2008/2009.

■ Of the other reputation measures, ratings for effective communication and treating customers as honest had also decreased in the longer term. There was an increase in agreement that HMRC protects my business information.

■ Ratings of overall favourability had decreased from 64% in 2008/2009 to 58% in 2011/2012.

■ Key driver analysis was also performed to derive the relative importance of each of the reputation measures on overall favourability and to find out what may help to reverse this decrease.

■ Two areas dominated; effective communication and trusting HMRC to be fair. These are both areas where performance is relatively low making them the primary focus for improvement, and positive scores have decreased for both over time.

- Being relied upon to look after customer's interests and getting the benefit of the doubt when criticised were rated slightly lower in terms of importance; scores were relatively low making them secondary areas for improvement. There had been a fall in belief that HMRC could be relied upon to look after customers' interests from 68% in 2008/2009 to 60% in 2010/2011. Feeling HMRC should get the benefit of the doubt was stable but low at 62%.
- One further area seeing a decrease from 73% in 2008/9 to 64% in 2010/2011 was whether HMRC treats the customer as honest.

3.2 Customer experience

3.2.1 The nature of dealings

To put the ratings of customer experience into context, it is necessary to understand the nature of these dealings in terms of the specific taxes customers have dealt with, the types of dealings they have had and the channels of contact they have used.

3.2.2 Taxes dealt with

Almost all SME (94%) had dealt with HMRC in the last year. As Chart 3.1 shows, 63% of SME had dealt with HMRC in the previous three months.

There were changes in the level of dealings with VAT and Payroll and NI which may be attributed to the improvements made to the sampling method where, in an attempt to increase representativeness, the survey samples more SME operating below the VAT threshold. Due to the change to the sampling approach, tests for significant differences have not been performed on the 2011/2012 results.

Chart 3.1   Products dealt with in the last three months
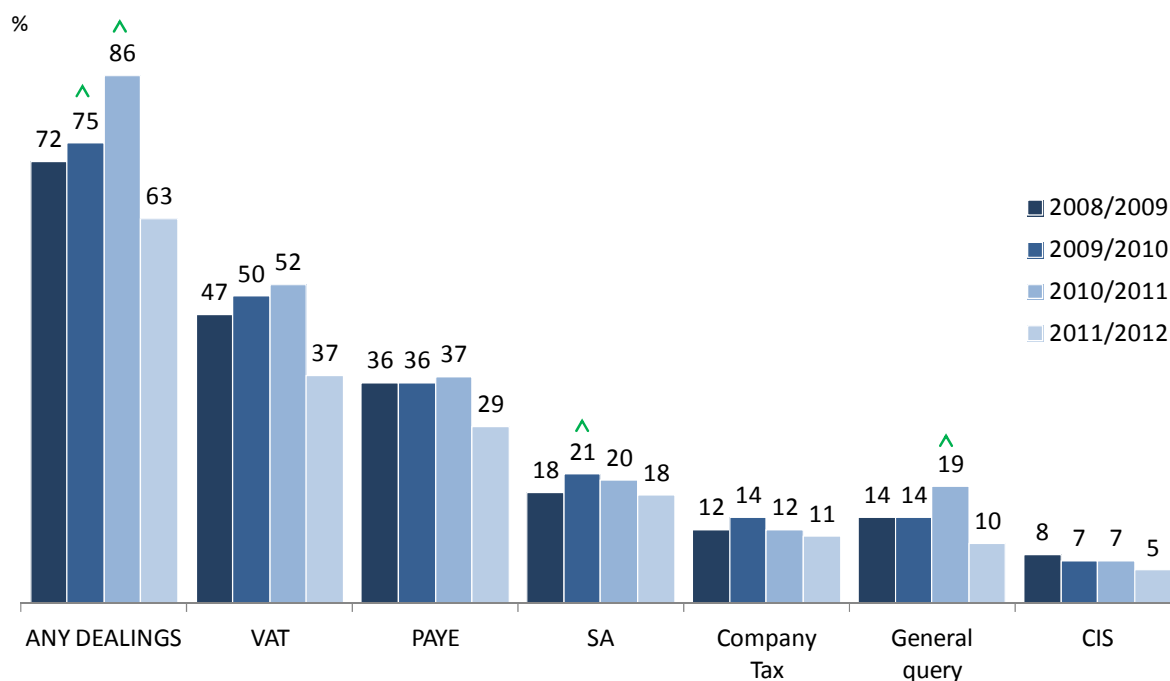
%

	2008/2009	2009/2010	2010/2011	2011/2012
ANY DEALINGS	72	75 ∧	86 ∧	63
VAT	47	50	52	37
PAYE	36	36	37	29
SA	18	21 ∧	20	18
Company Tax	12	14	12	11
General query	14	14	19 ∧	10
CIS	8	7	7	5

3.2.3 Types of dealings

Most SME customers who had dealt with HMRC in the previous three months reported a variety of dealings about the tax selected for them[6] (Chart 3.2).

SME businesses were most likely to report have made a payment (68%) and having submitted a form (67%). More than half (58%) of SME with a dealing in the last three months had visited the website. Just over four in ten SME received contact from HMRC (43%) with four in ten SME reported making contact with HMRC (40%).

Due to changes to the sampling approach, tests for significant differences have not been performed on the 2011/2012 results.

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[6] For respondents dealing with more than one type of tax, one was selected at random as the subject of all further customer experience questions.

Chart 3.2   Types of dealings in the last three months

%

Legend:
- 2008/2009
- 2009/2010
- 2010/2011
- 2011/2012

Category	2008/2009	2009/2010	2010/2011	2011/2012
Made a payment	70	71	73 ∧	68
Submitted a form or return	71	72	71	67
Visited the website	33	37 ∧	56 ∧	58
HMRC made contact with you	51	50	49	43
Made contact with HMRC	41	41	45 ∧	40

Base: All with dealings in the last 3 months (08/09 n=8112; 09/10 n=7983; 10/11 n=7288; 11/12 n=4299)

Source: Q1-Q4 08/09-11/12

↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
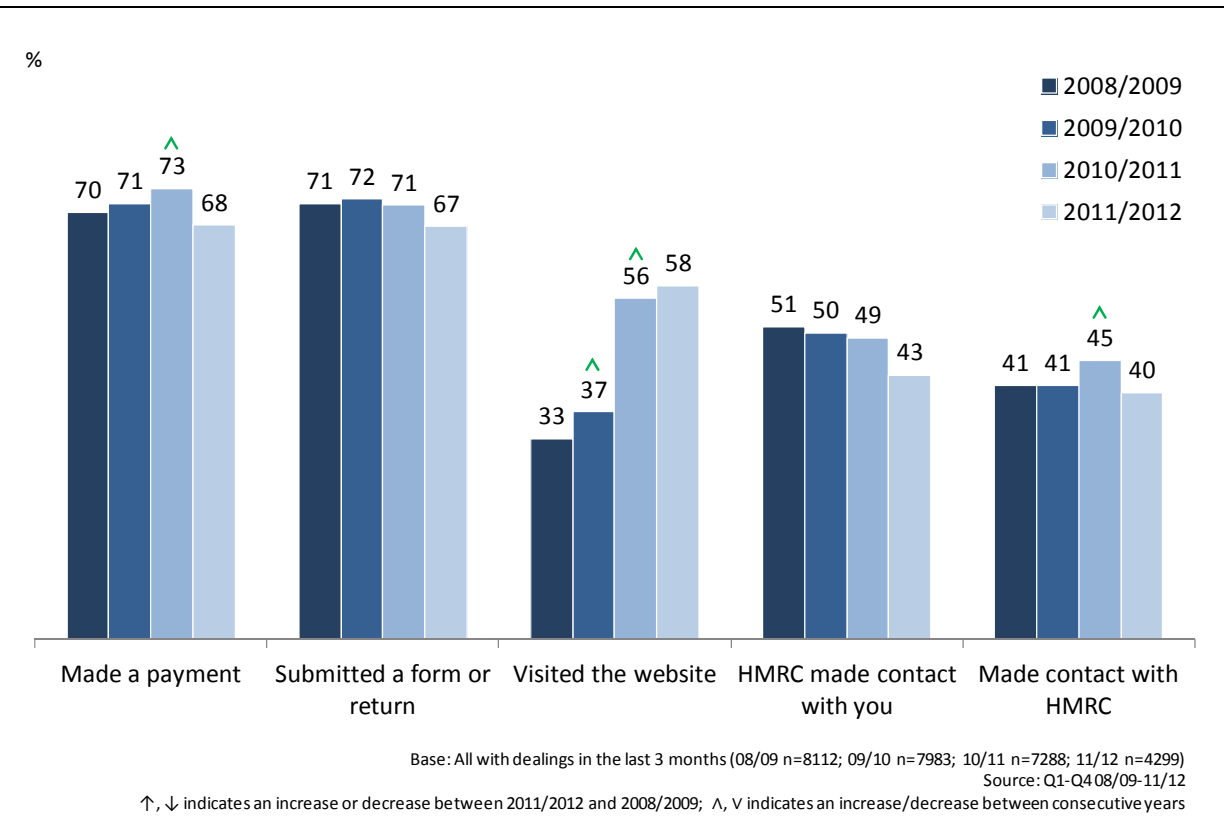
3.2.4 Channels of contact

Methods of contact can influence the customer experience. Only those who reported *making* contact with HMRC were asked which channel they used. Among those with dealings in the previous three months, 40% of SME reported contacting HMRC in relation to their dealing.

When making contact, SME customers were most likely to have used the telephone (76% of those making contact, Chart 3.3). Contact through the website was also high for SME businesses (66%). One in five SME (19%) had written a letter as part of their dealing. Lower levels of SME had used email (7%) or visited a tax office (2%).

Due to the change to the sampling approach, tests for significant differences have not been performed on the 2011/2012 results.

Chart 3.3   Channels of contact in the last three months

%

Telephone: 79 (2008/2009), 81 (2009/2010), 78 v (2010/2011), 76 (2011/2012)
Internet/website: 49 (2008/2009), 53 ^ (2009/2010), 66 ^ (2010/2011), 66 (2011/2012)
Post: 26 (2008/2009), 24 (2009/2010), 20 v (2010/2011), 19 (2011/2012)
Email: 7 (2008/2009), 7 (2009/2010), 9 ^ (2010/2011), 7 (2011/2012)
Through third party: 5 (2008/2009), 5 (2009/2010), 4 (2010/2011), 3 (2011/2012)
Visiting tax office: 5 (2008/2009), 5 (2009/2010), 3 v (2010/2011), 2 (2011/2012)
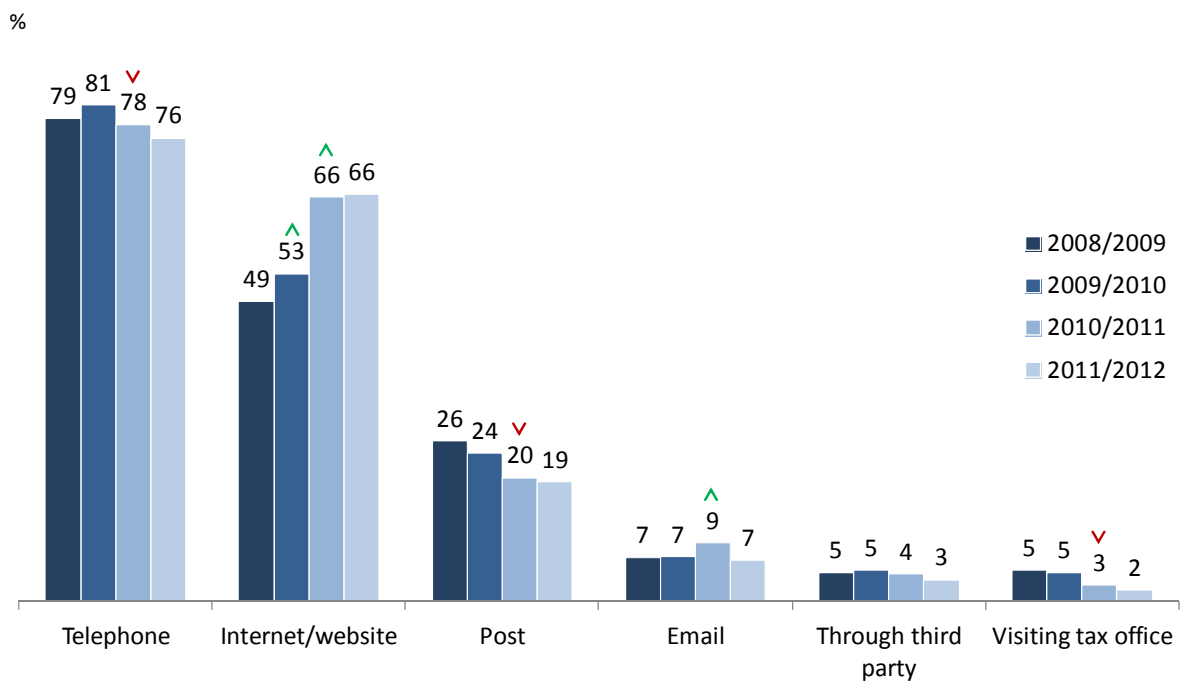
Base: All with dealings in the last 3 months (08/09 n=3556; 09/10 n=3522; 10/11 n=3422; 11/12 n=1806)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

It is important to note that most customers used more than one contact method during their most recent dealings. Among those making contact, 59% of SME businesses used more than one method. Where only one method was used, this was most likely to be the telephone (56%). Two-thirds (67%) of customers that had used the internet reported it very or fairly easy to find everything they needed.

A series of new questions were added in 2011/2012 to put dealings in further context. Among customers who had used more than one method, the first channel used was most likely to be the internet (58%), followed by the telephone (31%). The reason for using an alternative channel most frequently mentioned was that they did not find or receive the information they required at the first attempt (36%). One in ten said they were directed to use a different method (11%). Similarly, one in ten said they were seeking confirmation or reassurance (10%), or they only used the first method to get information before using main method (10%). Almost eight in ten (78%) said that the number of times they were in contact with HMRC was acceptable.

3.2.5 Overall ratings of customer experience

Overall ratings of the customer experience can be strongly influenced by two factors: satisfaction with the outcome, and prior expectations. For example, if two customers receive the same level of service, but one gains financially and the other loses, then the customer who gains financially is likely to rate the service more positively.

To encourage customers to focus on their experience of the service they received when dealing with HMRC and minimise the influence of outcomes on the ratings they gave, they were first asked to rate their satisfaction with the final outcome of their dealings, and then asked to put the outcome aside, and rate how straightforward their dealing was.

Prior to Q4 2010/2011 rather than rate how straightforward their dealing was, customers were asked to rate their overall experience, so the 2011/2012 measure of straightforward forms a new baseline.

Chart 3.4   Overall ratings of customer experience

Base: All with dealings in the last 3 months (08/09 n=7416; 09/10 n= 7304; 10/11 n= 6762; 11/12 n=4055)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, V indicates an increase/decrease between consecutive years
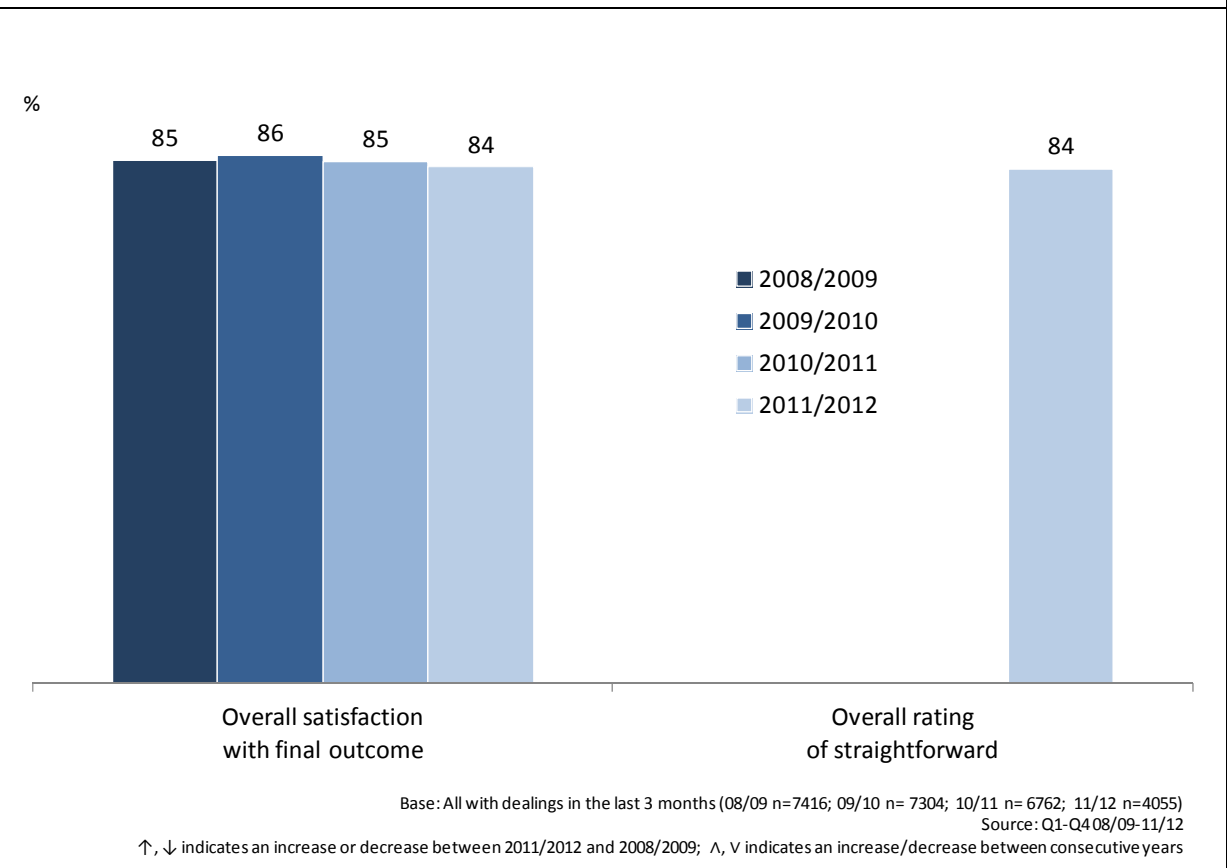
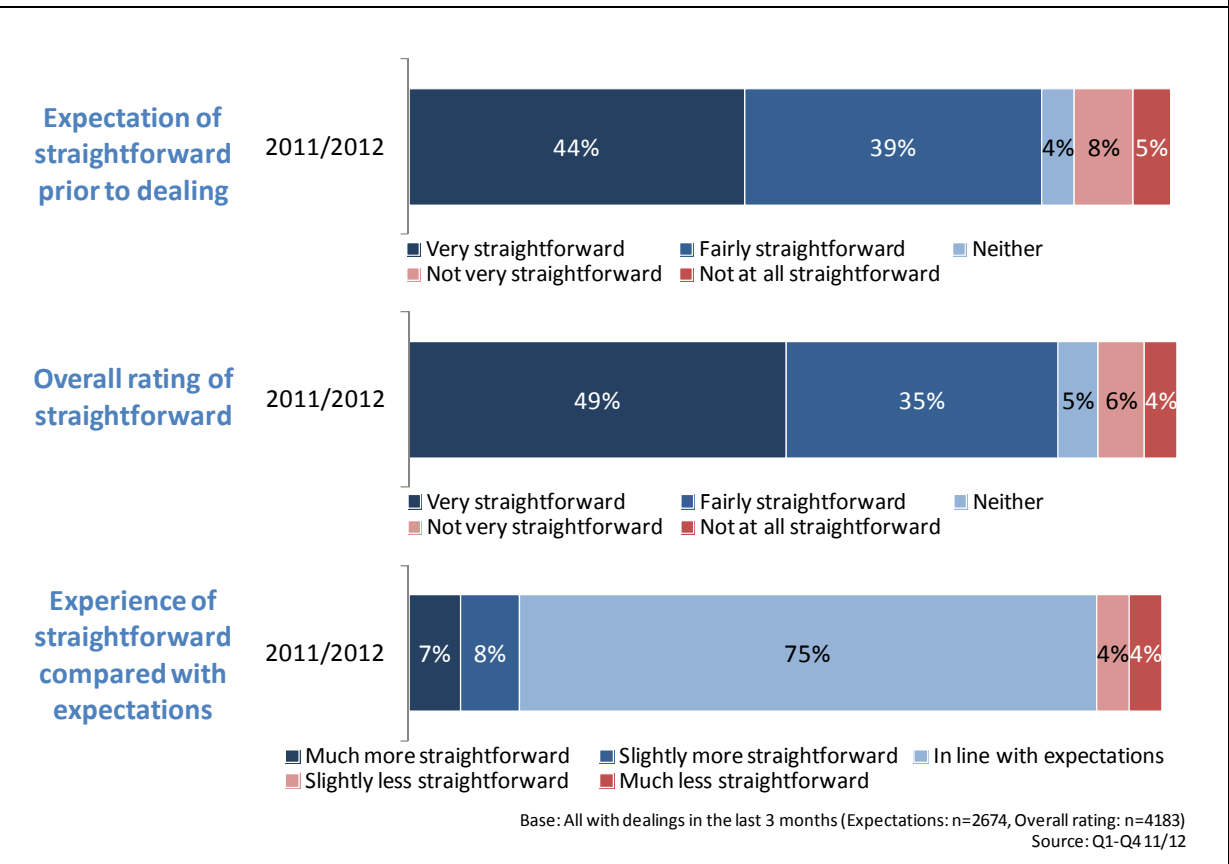More than eight in ten SME businesses (84%) said their experience was very or fairly straightforward. Five in ten (49%) said their experience was very straightforward. Only 10% of SME businesses gave a negative rating. Satisfaction with the final outcome of the dealing was rated as highly as overall straightforwardness, with 84% of SME very or fairly satisfied. This had remained consistent since 2008/2009.

For SME businesses there was some difference by tax dealt with. Ratings of straightforward were higher for those dealing with VAT (88%), SA for the self employed (85%) and CIS (86%). Ratings for those dealing with Company Tax (77%) and a general query (70%) were lowest. The ratings for dealing with VAT and a general query were the only ratings significantly different from ratings for all products combined.

A new question was added to the survey in Q2 2011/2012 asking customers to state what their expectation of straightforwardness was before their dealings began (this question was asked before the more detailed experience questions). In a continuation of the previous line of questioning, customers were asked whether their experience was more or less straightforward or in line with expectations, but the response scale changed from a three-point to a five-point scale.

Chart 3.5 shows both of these measures alongside the overall rating of straightforward.

Chart 3.5 Expectation and experience of straightforwardness

Expectation of straightforward prior to dealing

2011/2012

| 44% | 39% | 4% | 8% | 5% |

- ■ Very straightforward
- ■ Fairly straightforward
- ■ Neither
- ■ Not very straightforward
- ■ Not at all straightforward

Overall rating of straightforward

2011/2012

| 49% | 35% | 5% | 6% | 4% |

- ■ Very straightforward
- ■ Fairly straightforward
- ■ Neither
- ■ Not very straightforward
- ■ Not at all straightforward

Experience of straightforward compared with expectations

2011/2012

| 7% | 8% | 75% | 4% | 4% |

- ■ Much more straightforward
- ■ Slightly more straightforward
- ■ In line with expectations
- ■ Slightly less straightforward
- ■ Much less straightforward

Base: All with dealings in the last 3 months (Expectations: n=2674, Overall rating: n=4183)
Source: Q1-Q4 11/12

Eight in ten SME customers (82%) had expected, before their dealing, that it would be very or fairly straightforward, very similar to the proportion who went on to report that their dealing was straightforward (84%). Three in four (75%) reported that their experience was in line with expectations.

There was a strong relationship between experience against expectations and overall rating of straightforward. Among SME who rated their experience very or fairly straightforward, eight in ten (80%) said it was in line with expectations, compared with 49% who rated their experience neutrally or not straightforward. Of those who rated overall straightforward neutrally or negatively, 28% said it was less straightforward than expected.

3.2.6 Dimensions of customer experience

Whilst the overall ratings of customer experience give a general picture, it is essential to look in more detail at particular dimensions of the experience in order to ascertain what may be driving customer ratings and to identify key areas for action. The dimensions of customer experience were introduced in section 1.6.2.

3.2.7 Relative ratings of experience and changes over time

Chart 3.6 gives an overview of the relative ratings of the nine dimensions of experience and changes between the 2008/2009 baseline and 2011/2012.

The arrows show where there has been a significant change in performance from 2008/2009 to 2011/2012 and the arrow heads show where there was a significant change in the measure from the previous year. Additionally, the colour coding shows relative levels of positive scores (very or fairly good etc.) where darker shading represents a 2011/2012 score equal to or above the median whereas lighter shading represents a score below the median.
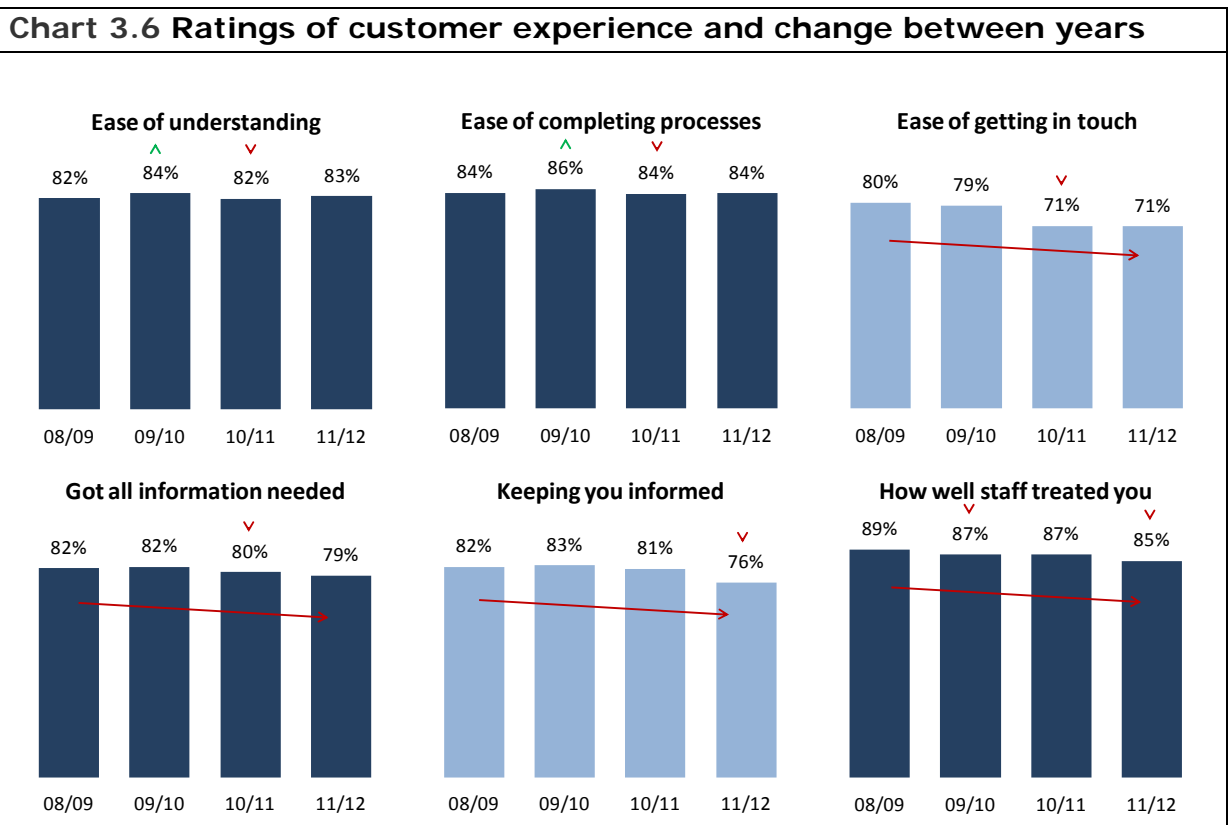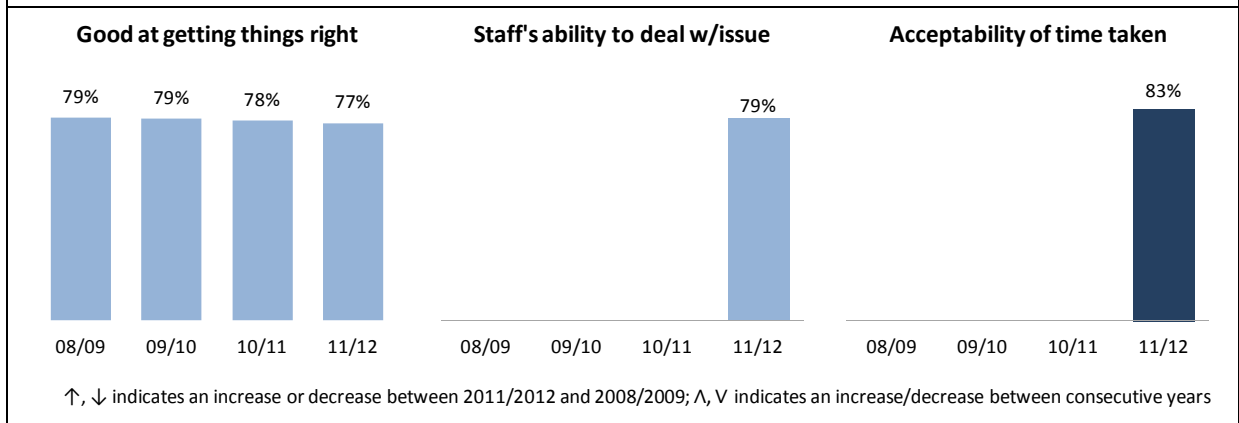

Chart 3.6 Ratings of customer experience and change between years

Chart 3.6 Ratings of customer experience and change between years

Good at getting things right	Staff's ability to deal w/issue	Acceptability of time taken

↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

This chart shows that the majority of SME businesses were positive about HMRC across all dimensions of experience, but where changes occurred they were decreases. The lowest rating was given for ease of getting in touch which has decreased since 2008/2009 (71% down from 80% in 2008/2009). More detailed findings for the different dimensions are discussed in sections 3.2.9 to 3.2.11.

3.2.8 Key driver analysis

Key driver analysis (KDA) was carried out using multivariate analysis of the overall rating of straightforwardness. The final analysis plots importance against performance in a quadrant diagram (Chart 3.7) with relative importance in driving the overall straightforward rating on the horizontal axis and performance on the vertical axis. A more detailed description of key driver analysis is in Appendix A.

Chart 3.7 Key drivers of straightforwardness[7]

Square markers are used in the bottom right quadrant to signify key areas for improvement, diamond markers for secondary areas for improvement in the bottom left and triangle markers for areas to maintain in the top right and to a lesser extent in the top left.

Performance scores were generally high in areas that had a high influence on the overall rating of straightforward: acceptability of the time taken to reach a final outcome, ease of completing the processes and ease of understanding what to do. These areas need to be maintained to keep the overall straightforward rating high. The only key area for improvement due to its relatively prominent level of importance and lower performance rating is making sure customers could get all the information they need, and this was scored relatively highly, only just appearing in the bottom right quadrant.

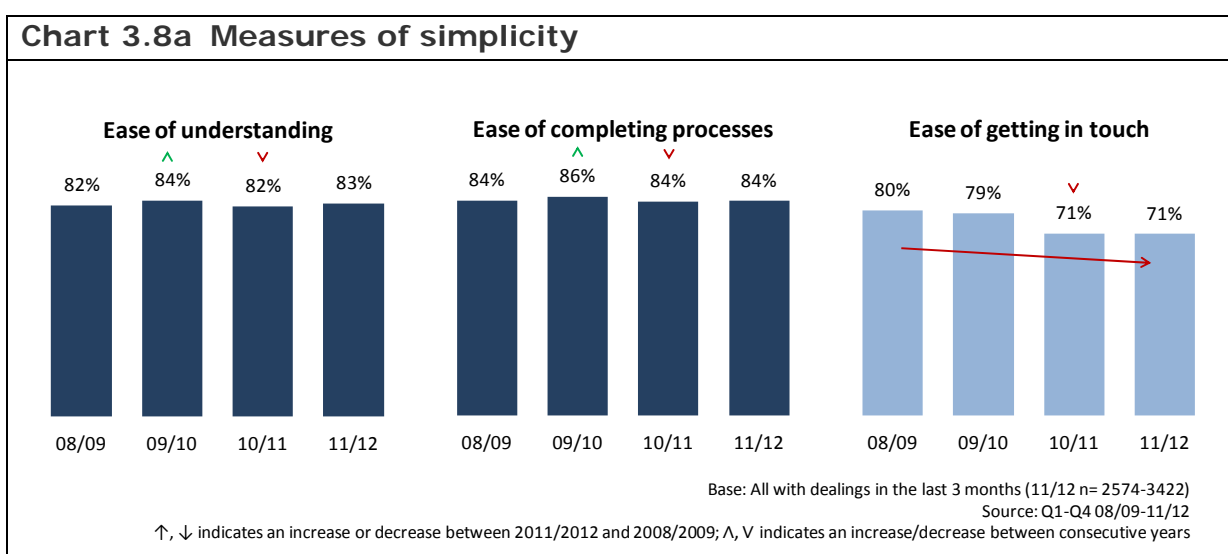The remaining factors are all secondary areas for improvement. The areas that are rated slightly lower both in terms of importance and performance are ease of getting in touch, getting things right and keeping the customer informed about progress. Ease of getting in touch had the lowest performance score.

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[7] R^2 is 0.6 meaning that 60% of the variance can be accounted for in the model.

The remainder of this section will focus on measures which have shown significant change over time, or which have been identified as areas for improvement in the key driver analysis to help shed more light on potential areas for improvement.

3.2.9 Simplicity

Simplicity includes three measures designed to find out how easy HMRC makes the experience for their customers, in terms of understanding what to do, completing processes, and getting in touch.

Chart 3.8a Measures of simplicity

Base: All with dealings in the last 3 months (11/12 n= 2574-3422)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

More than eight in ten SME customers felt that it was easy to understand what they needed to do (83%), and that it was easy to complete the processes (84%) related to their dealings. Both measures were virtually the same as in 2010/2011, and had remained relatively stable across the four years of the survey, with only marginal differences occurring between years. Both were identified as strong areas of performance to maintain in the key driver analysis.

In contrast to the other two simplicity measures, perceived ease of getting in touch remained stable between 2010/2011 and 2011/2012 (71%) but had decreased since 2008/2009 (80%). The change in this measure emerged between 2009/2010 and 2010/2011 after remaining flat between 2008/2009 and 2009/2010. This was also identified as a secondary area to improve in the key driver analysis, and was the measure with the lowest performance score overall.

To understand the results further and identify the underlying causes of any change we can look at whether ratings differ for different sub-groups. This includes looking at results by product dealt with and exploring any demographic differences.

Ratings for ease of getting in touch decreased for dealings with all products between 2008/2009 and 2011/2012, but this change was only significant for dealings with VAT, PAYE and NI and a general query (Chart 3.8b). Dealings with VAT were rated highest across all products (77% down from 83% in 2008/2009), while dealing with a general query was rated lower (59% down from 82% in 2008/2009).

Chart 3.8b Ease of getting in touch by product

Base: All who have dealt with product in the last 3 months
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
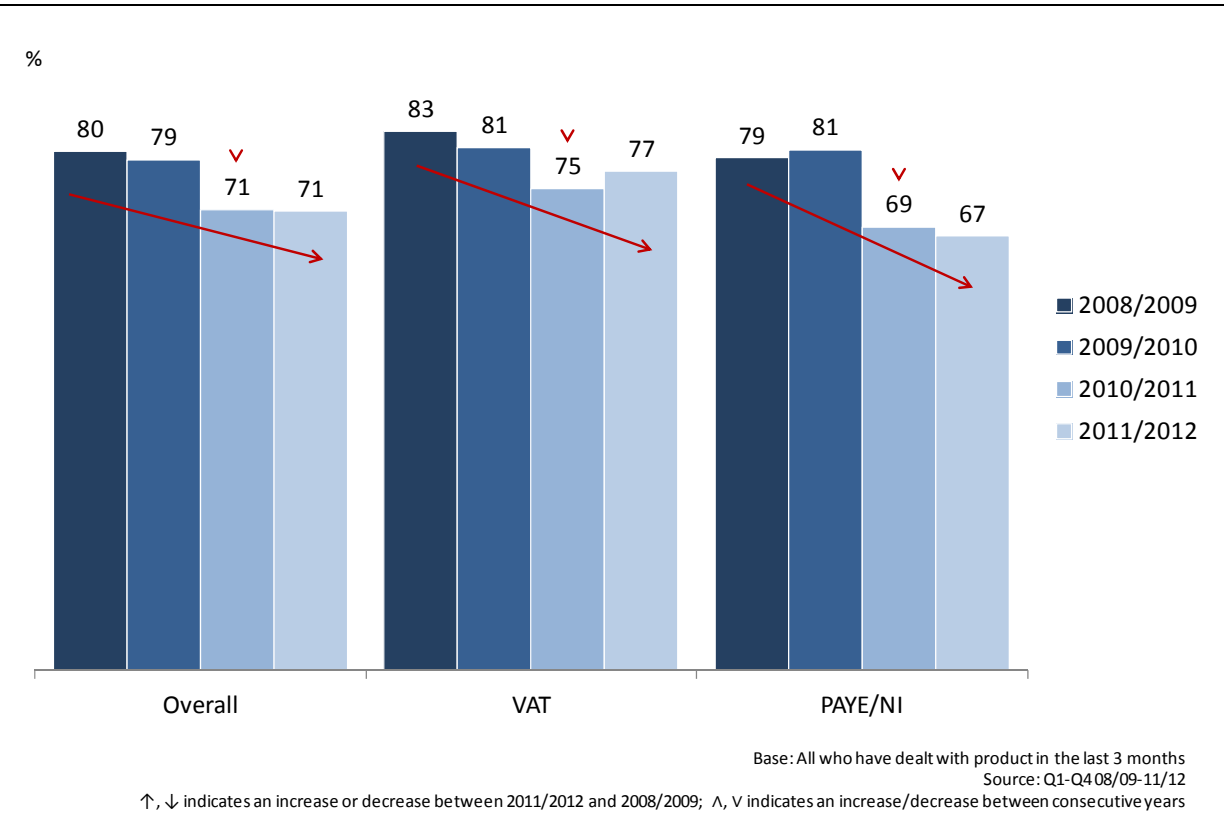
SME whose dealings involved making contact with HMRC were lower and had decreased since 2008/2009, driven the decrease overall (67% down from 79% in 2008/2009). In particular those who used at least three channels of contact were least positive (58%).

3.2.10 Responsiveness

Customers were asked to rate the responsiveness of HMRC in terms of how good HMRC were at giving them the information they needed, keeping them informed and how well staff treated them.

Chart 3.9a Measures of responsiveness

Base: All with dealings in the last 3 months (11/12 n= 1807-2839)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; Λ, V indicates an increase/decrease between consecutive years
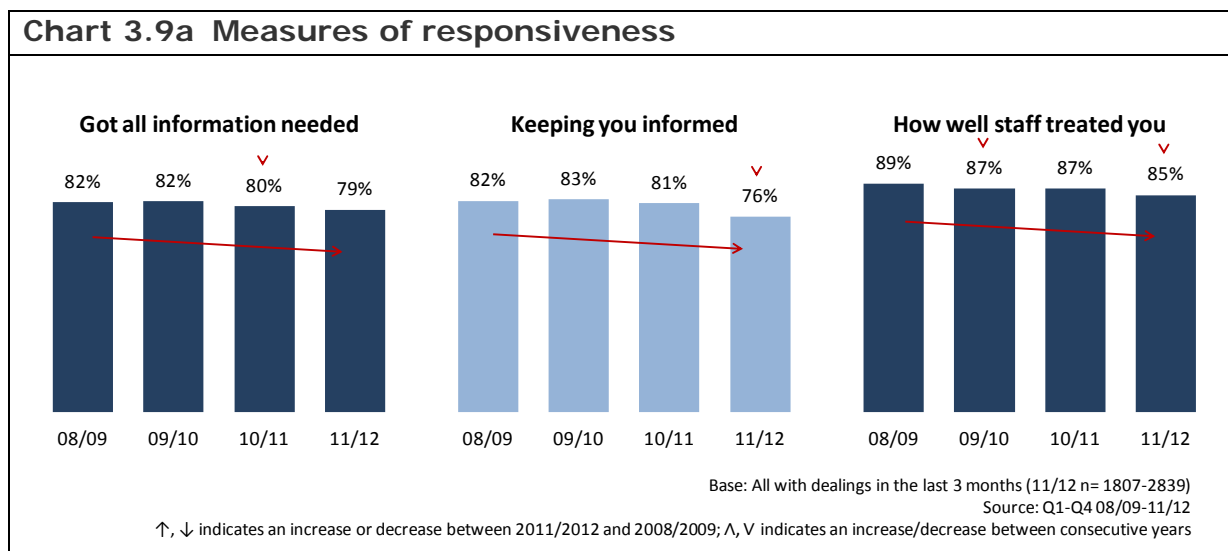
All three measures of responsiveness had decreased since 2008/2009. Two of these measures (getting the information you need, and keeping you informed) were also identified as areas for improvement in the key driver analysis. The former is a primary area for improvement while the latter should be of secondary focus.

Ratings for how good HMRC were at making sure the customer could get all the information needed remained stable between 2010/2011 and 2011/2012 (79%) but had decreased since 2008/2009 (82%). The change in this measure emerged between 2009/2010 and 2010/2011 after remaining flat between 2008/2009 and 2009/2010.

Again, sub-groups were explored to further understand the results. The decrease in this measure was driven through lower ratings for dealings with PAYE and NI (79% down from 87% in 2008/2009) and a general query (67% down from 77% in 2008/2009), but as with the trend overall these ratings were similar in 2011/2012 and 2010/2011.

VAT customers rated HMRC most highly for making sure they could get all the information they needed (83%) while SME with a general query were least positive (67%). SME whose dealings involved making contact with HMRC were less positive, which had decreased since 2008/2009 (74% down from 83% in 2008/2009).

How good HMRC was at keeping the customer informed about progress was rated highly by at least eight in ten SME between 2008/2009 and 2010/2011, but this decreased to 76% in 2011/2012 (Chart 3.9b).

The decrease was driven through dealings with a number of products: company tax (70% down from 81% in 2008/2009), SA for the self-employed or partnership (75% down from 84% in 2008/2009), PAYE and NI (77% down from 85% in 2008/2009), CIS (72% down from 86% in 2008/2009) and a general query (65% down from 80% in 2008/2009). VAT remained the highest rated product to deal with in 2011/2012 (81%) in terms of being informed about progress.

Chart 3.9b How good HMRC was at keeping the customer informed about progress by product

Base: All who have dealt with product in the last 3 months
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
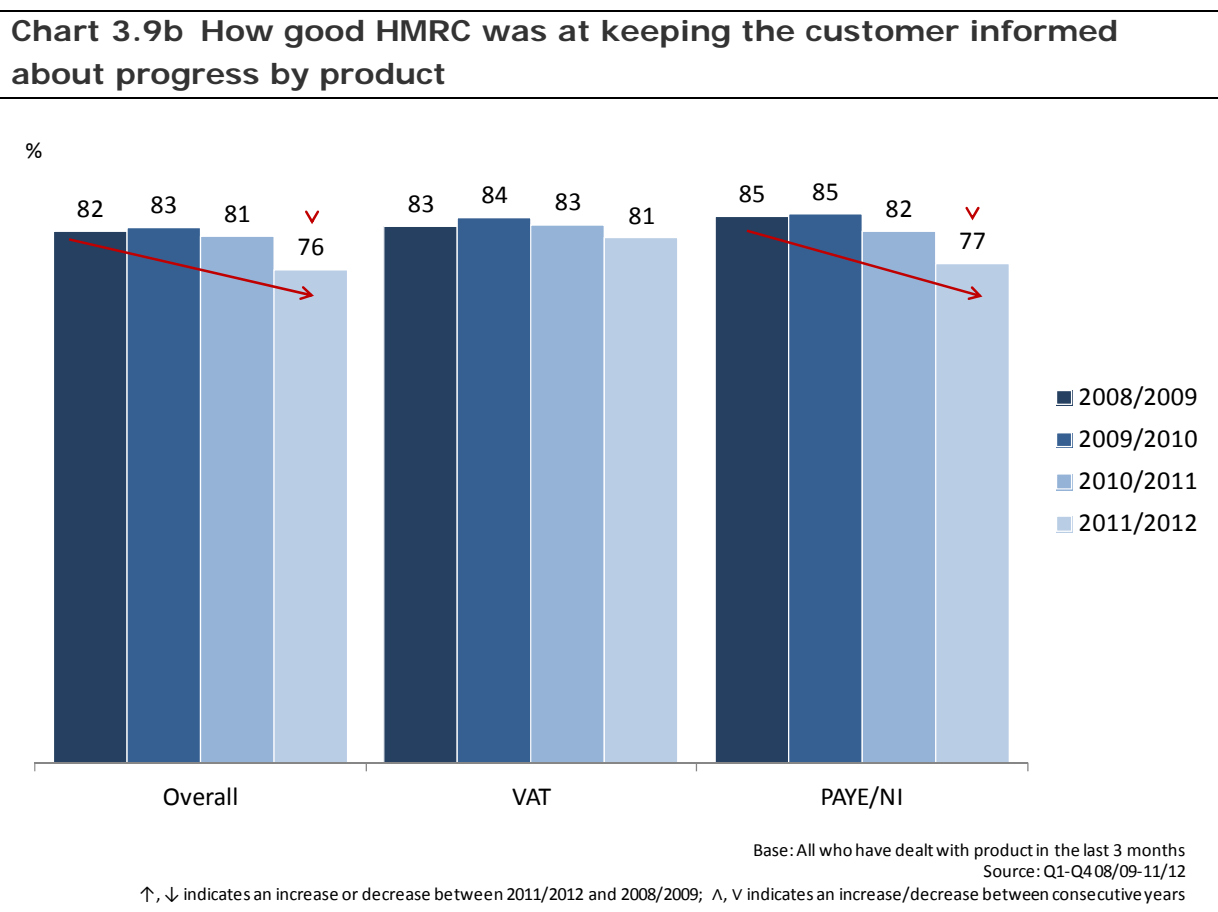
SME whose dealings involved making contact with HMRC rated being kept informed lower (69% compared with 76% overall) and again it was those who used at least three channels of contact that were least positive (54%).

The final measure of responsiveness, how well HMRC staff treated the customer, was one of the dimensions rated relatively highly by SME, but there had been a
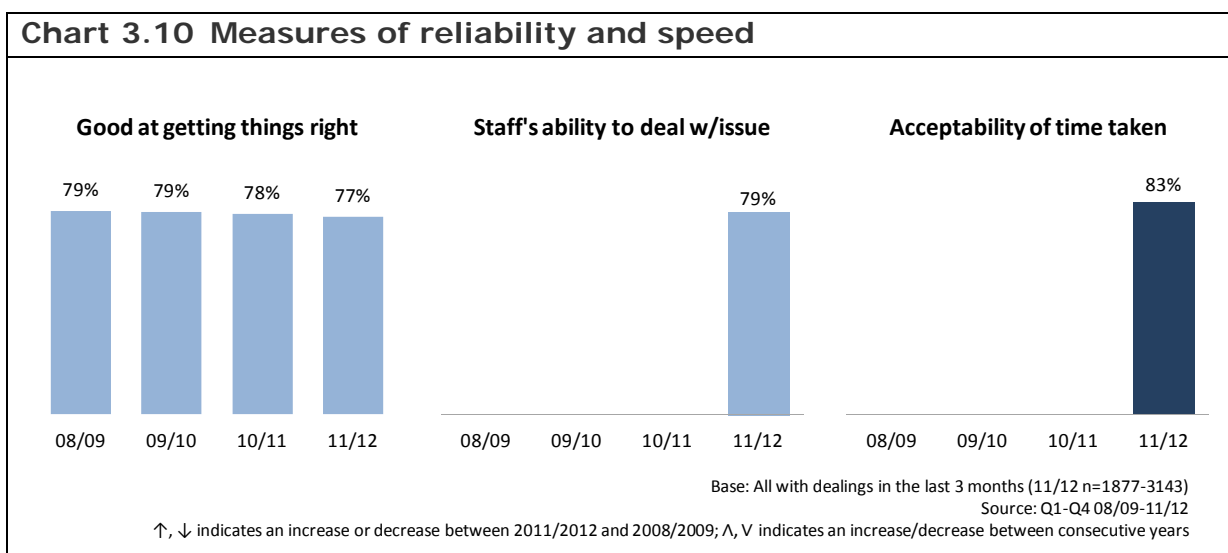
downward trend over the longer term (85% in 2011/2012 down from 89% in 2008/2009), including a decrease between 2010/2011 (87%) and 2011/2012.

To understand the results further we can again look at whether ratings differ for different sub-groups.

Dealings with PAYE and NI (85% down from 91% in 2008/2009) and a general query (83% down from 91% in 2008/2009) drove the longer term downward trend in ratings. In the shorter term, lower ratings for dealings with VAT had contributed to the overall decrease since 2010/2011 (84% down from 88% in 2010/2011). There were few other differences between ratings given by different subgroups, with only those dealing with HMRC over three or more channels any less positive (74%)

3.2.11 Reliability and Speed

Ratings of reliability and speed included how good HMRC were at getting things right, the staff in terms of their ability to deal with the issues and the acceptability of the time taken to reach a final outcome. Being good at getting things right was identified as an area to improve in the KDA. The measures for both staff's ability to deal with the issue and the acceptability of time taken were added to the survey in 2011/2012.

Chart 3.10 Measures of reliability and speed

Base: All with dealings in the last 3 months (11/12 n=1877-3143)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, V indicates an increase/decrease between consecutive years

Ratings SME gave for how good HMRC were at getting things right remained consistent between 2008/2009 and 2011/2012 (77%), but was one of the dimensions of experience rated relatively lowly by SME.

Again, sub-groups were explored to identify underlying changes. In contrast to the overall trend, ratings for dealings with PAYE and NI had decreased since 2008/2009 (75% from 81% in 2008/2009), although no change had occurred between 2010/2011 and 2011/2012. Dealings with VAT were rated more highly (81%) while dealing with a general query was rated lower (68%).

Few differences were detected between other subgroups, but those whose dealing involved making contact with HMRC were less positive (72%, and 61% for those using at least three channels of contact compared with 77% overall).

The first of the new measures was staff's ability to deal with the issue which was rated positively by 79% of SME, while the second new measure, acceptability of time taken to reach a final outcome was rated highly by slightly more at 83%. This latter measure was identified as an area to maintain in the KDA.

There was little difference between subgroups in their ratings of the staff's ability and only a few differences in ratings for the acceptability of the time taken. SME dealing with VAT rated the acceptability of time taken to reach a final outcome more positively (88% compared with 83% overall) while SME with a general query were least positive (62%).

3.3 Reputation

Every second quarter (Q2 and Q4) a module is included in the customer survey to measure HMRC's reputation among those who may or may not have had any recent direct dealings with the Department and therefore encompass a broader target population than the customer experience questions.

These questions were developed to provide measures to track HMRC's reputation and to evaluate the performance of its values over time among different audiences. Questions about reputation were asked of all customers and not just those who had dealt with HMRC in the previous three months. This means that questions about reputation are not linked to any specific dealings but to customers' general perceptions.

Measurement was integrated within the Customer Survey from 2008, although the measures were substantially changed in 2010/2011. This chapter focuses on the findings from 2011/2012, and draws on any significant changes from 2010/2011 (or 2008/2009 where measures have remained unchanged).

3.3.1 Familiarity

It is important to establish familiarity (in conjunction with frequency of dealing with HMRC) to help determine the extent to which opinions of HMRC are likely to be based on experience or other influences. As Chart 3.11 shows, there was little change between 2008/2009 and 2010/2011.

Chart 3.11 Familiarity
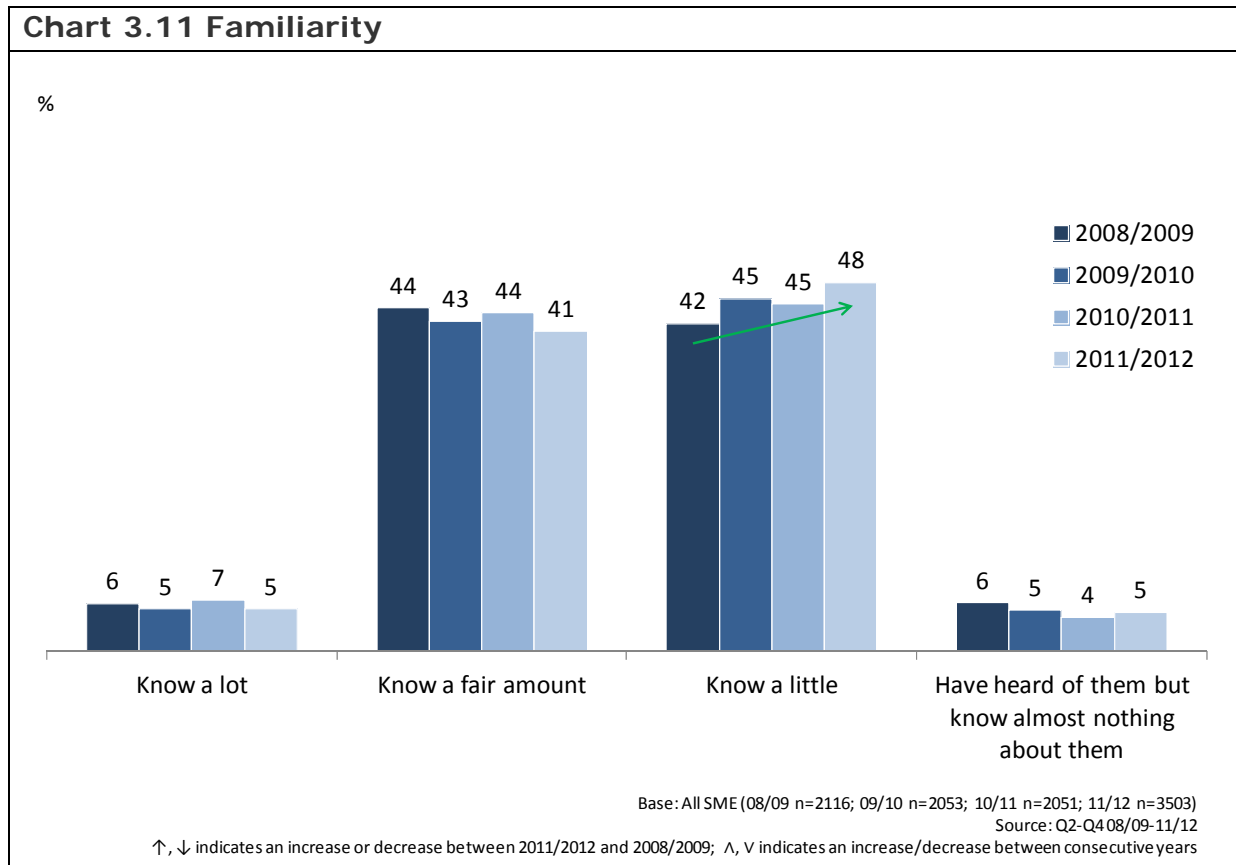
SME businesses reported a more moderate level of familiarity with HMRC, and although the vast majority knew at least a little (94%), only five percent of SME businesses felt they knew a lot about HMRC.

These relative levels of familiarity correspond with the level of recent dealings reported in Section 3.2, where 63% of SME had dealt with HMRC in the previous three months. Generally, familiarity with HMRC increases with frequency of dealings. More than half of SME (56%) who had dealt with HMRC in the previous three months said they knew a lot or a fair amount about them, compared with just 34% of SME who had not had a recent dealing.

3.3.2 Measures of reputation

The customer survey looks at several additional measures which may well influence the overall reputation of HMRC. The dimensions of customer experience were introduced in section 1.6.3. The next section of this chapter explores the results from 2011/2012. Where measures have been included since 2008, comparison will be made with data from the previous three years of the survey.

3.3.3 Relative ratings of reputation and changes over time

Chart 3.12 gives an overview of the relative ratings of the reputation measures that make up elements of HMRC's reputation (fairness, favourability and trust), and changes between the baseline and 2011/2012.

The arrows show where there has been a significant change in performance from 2008/2009 to 2011/2012 and the arrow heads show where there was a change in the measure between two consecutive years.
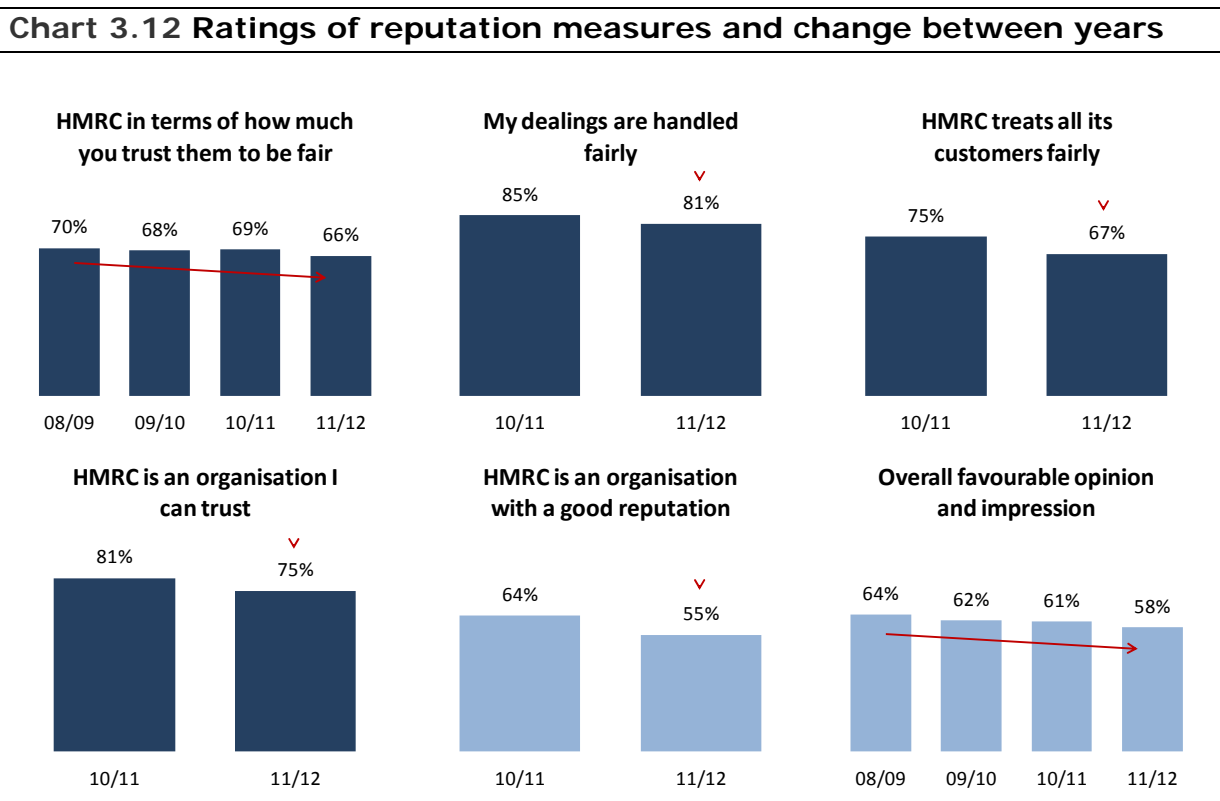
Chart 3.12 Ratings of reputation measures and change between years

Chart 3.12 Ratings of reputation measures and change between years

HMRC carrys out its duties properly and professionally
- 10/11: 82%
- 11/12: 74% ∨

Can be relied upon to act with honesty and integrity
- 08/09: 79%
- 09/10: 79%
- 10/11: 83% ∧
- 11/12: 79% ∨

Can be relied upon to look after customer's interests
- 10/11: 68%
- 11/12: 60% ∨

↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
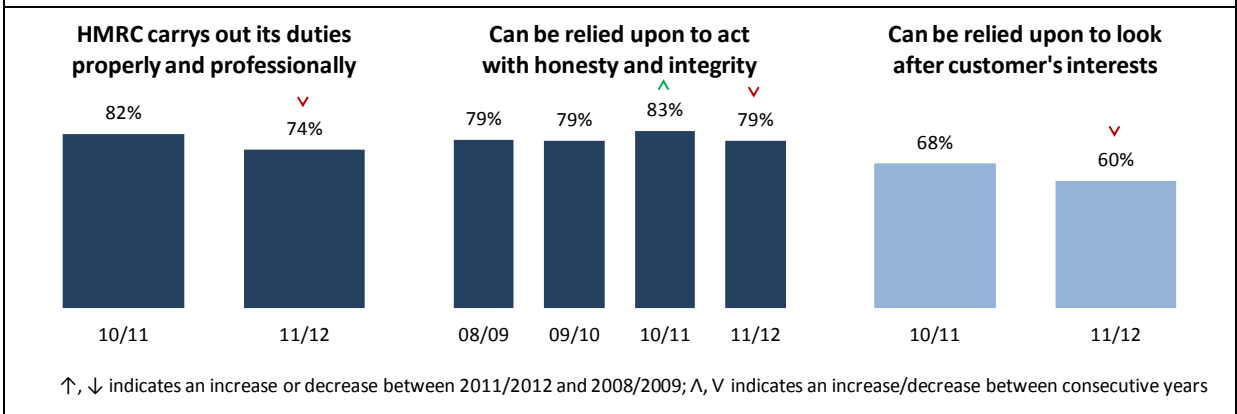
Chart 3.13 gives an overview of the relative ratings of the remaining reputation measures (communications, stories, support, compliance and other).

Chart 3.13 Ratings of other reputation measures and change between years

How effective HMRC are at communicating
- 08/09: 77%
- 09/10: 73%
- 10/11: 70%
- 11/12: 67%

HMRC protects my businesses information
- 08/09: 62%
- 09/10: 68% ∧
- 10/11: 72%
- 11/12: 67% ∨

HMRC are good at collecting money but not paying it out*
- 10/11: 41%
- 11/12: 38%

It's not a big deal to pay your taxes late*
- 10/11: 24%
- 11/12: 19% ∨

Give HMRC benefit of the doubt if they were criticised
- 10/11: 65%
- 11/12: 62%

HMRC treat customers as honest
- 08/09: 73%
- 09/10: 72%
- 10/11: 72%
- 11/12: 64% ∨

↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

The charts show that the majority of SME businesses were positive about HMRC across all reputation measures, but there were a number of decreases. Many of the new measures had decreased since 2010/2011, and most of those that had been asked since 2008/2009 had decreased in the longer term. The rating given to HMRC protects my business information was the only long term increase.

More detailed findings for the different dimensions are discussed in sections 3.3.5 to 3.3.9.

3.3.4 Key driver analysis

Key driver analysis was carried out using multivariate analysis of an overall measure (favourability). The final analysis plots importance against performance in a quadrant diagram with relative importance in driving favourability on the horizontal axis and performance on the vertical axis (Chart 3.14). A more detailed description of key driver analysis is in Appendix A.
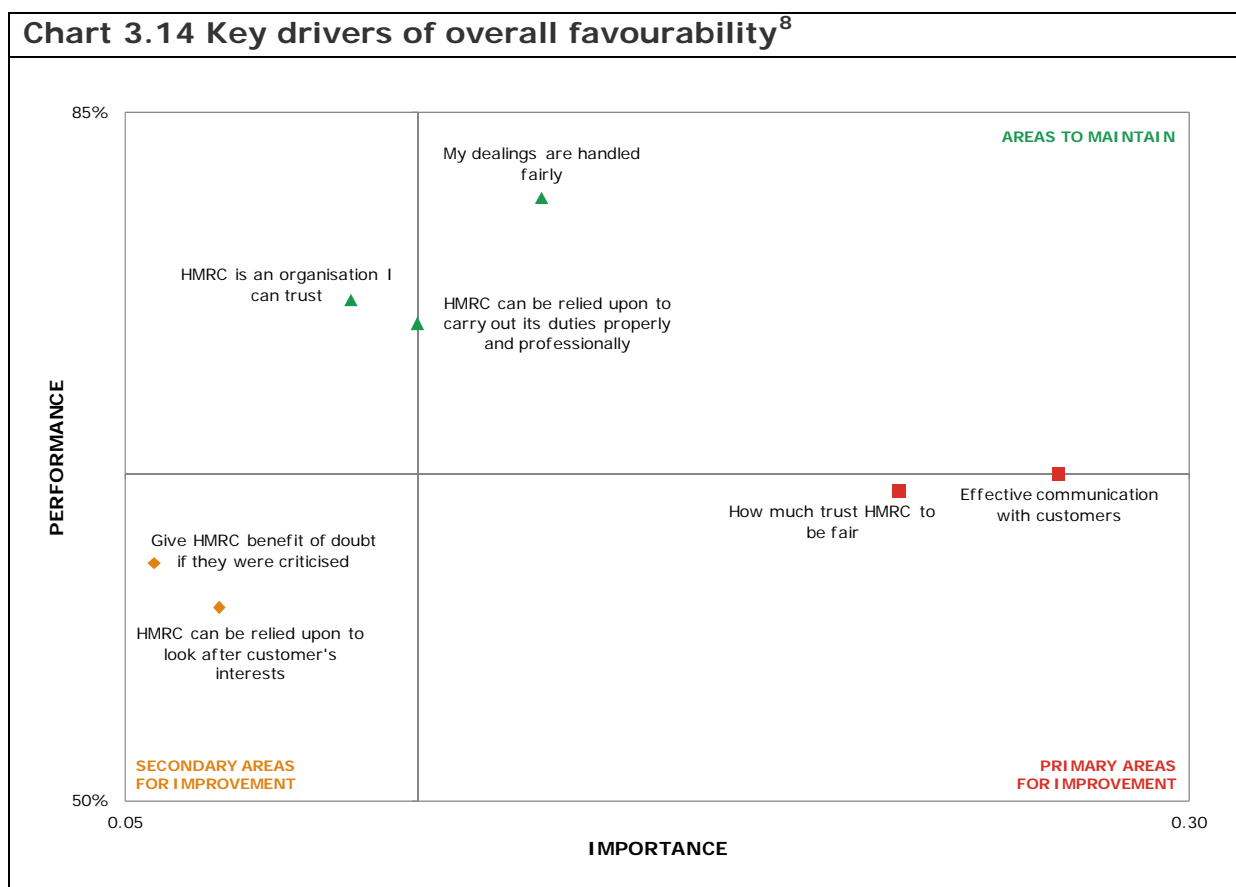
Chart 3.14 Key drivers of overall favourability[8]

Square markers are used in the bottom right quadrant to signify key areas for improvement, diamond markers for secondary areas for improvement in the bottom left and triangle markers for areas to maintain in the top right and to a lesser extent in the top left.
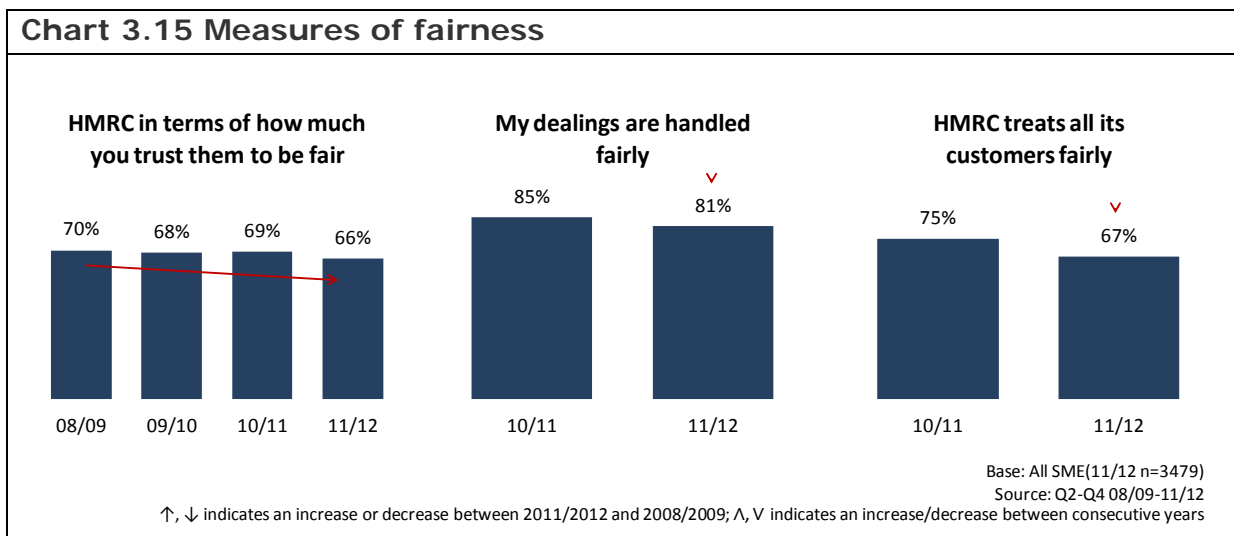
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[8] R^2 is 0.45 meaning that 45% of the variance can be accounted for in the model.

The model is dominated by two areas; effective communication and trusting HMRC to be fair. These are both areas where performance is relatively low making them the primary focus for improvement. Being relied upon to look after customer's interests and getting the benefit of the doubt when criticised were rated slightly lower in terms of importance and were performing relatively poorly making them secondary areas for improvement.

Carrying out duties properly and professionally, handling dealings fairly and being an organisation that can be trusted are both lesser drivers of favourability but are all rated relatively highly, so should be maintained.

3.3.5 Fairness

Fairness includes three measures; trust HMRC to be fair, my dealings are handled fairly and HMRC treats all its customers fairly. All three measures have seen decreases since they were first introduced.

Chart 3.15 Measures of fairness

HMRC in terms of how much you trust them to be fair

08/09	09/10	10/11	11/12
70%	68%	69%	66%

My dealings are handled fairly

10/11	11/12
85%	81% v

HMRC treats all its customers fairly

10/11	11/12
75%	67% v

Base: All SME(11/12 n=3479)
Source: Q2-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

The first of these was identified as a key area for improvement in the KDA. Of the three fairness measures, trust in HMRC to be fair is the only one to have been asked since 2008/2009. In that time ratings had decreased steadily (66% in 2011/2012 down from 70% in 2008/2009), but no significant differences were detected between any two consecutive years. The decrease was reflected for customers who have had recent dealings with HMRC (66% in 2011/2012 down from 71% in 2008/2009). There was no change for those without a dealing (65%).

The perception that their dealings are handled fairly by HMRC was rated positively by eight in ten SME (81%), although this had decreased since the question was introduced in 2010/2011 (85%). Two thirds of SME agreed that HMRC treats all its customers fairly (67%), and this had also decreased since 2010/2011 (75%). There were no notable differences in ratings given by particular subgroups for either measure.

The decrease in ratings for 'my dealings are handled fairly' was also seen in SME who had not dealt with HMRC in the last three months (86% down from 79% in 2010/2011). However, it was of interest that the decrease in ratings for 'HMRC treats all its customers fairly' was observed for both SME that had dealt with HMRC in the last three months and SME that had not, and the decrease was instead evident for SME with fewer than 50 employees (67% down from 74% in 2010/2011).

3.3.6 Favourability

Favourability includes three measures; HMRC is an organisation I can trust, HMRC is an organisation with a good reputation and overall favourability of opinion and impression. As for fairness, all three measures have seen decreases in positive ratings since they were first introduced.

Chart 3.16 Measures of favourability

HMRC is an organisation I can trust

81% (10/11)
75% ˅ (11/12)

HMRC is an organisation with a good reputation

64% (10/11)
55% ˅ (11/12)

Overall favourable opinion and impression

64% (08/09)
62% (09/10)
61% (10/11)
58% (11/12)

Base: All SME(11/12 n= 3479)
Source: Q2-Q4 08/09-11/12

↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
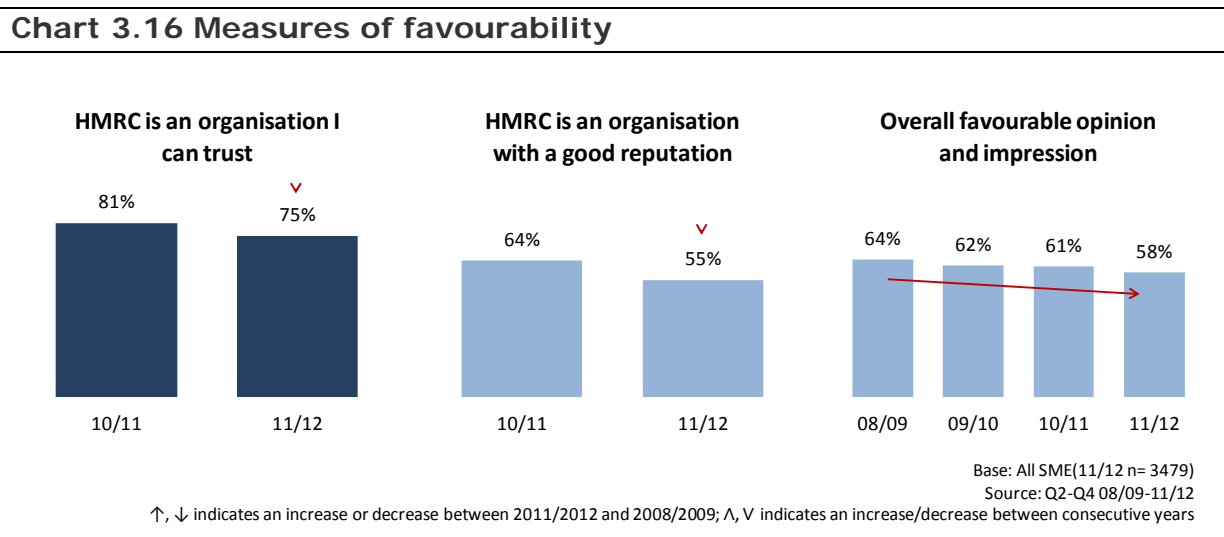
The perception that HMRC is an organisation that can be trusted was rated positively by three-quarters of SME (75%), although this had decreased since the question was introduced in 2010/2011 (81%). Just over half of SME agreed that HMRC is an organisation with a good reputation in a positive way (55%),

and this had also decreased since the question was introduced in 2010/2011 (64%).

The decrease in ratings for both these measures was also seen in smaller SME and also in SME that had been trading for longer. Ratings given by SME with fewer than 50 employees decreased for HMRC is an organisation I can trust (76% down from 80% in 2010/2011) and HMRC is an organisation with a good reputation (55% down from 62% in 2010/2011). Ratings also decreased for SME who had been trading for more than 10 years for HMRC is an organisation I can trust (75% down from 80% in 2010/2011) and HMRC is an organisation with a good reputation (56% down from 62% in 2010/2011).

SME that had not dealt with HMRC in the last three months rated HMRC as an organisation that can be trusted less positively in 2011/2012 than in 2010/2011 (76% down from 83% in 2010/2011), which drove the decrease overall.

Overall favourability was the only favourability measure to have been asked since 2008/2009. In that time ratings had decreased steadily (58% in 2011/2012 down from 64% in 2008/2009), but no significant differences were identified between any two consecutive years.

The decrease was evident for customers who have had recent dealings with HMRC (59% in 2011/2012 down from 67% in 2008/2009).

3.3.7 Trust

Trust includes three measures; HMRC can be relied upon to carry out its duties properly and professionally, HMRC can be relied upon to act with honesty and integrity and HMRC can be relied upon to look after customer's interests (Chart 3.17). Whether HMRC can be relied upon to look after a customer's interests was identified as an area for improvement in the KDA.

Chart 3.17 Measures of trust

HMRC carrys out its duties properly and professionally
82% — 10/11
74% ∨ — 11/12

Can be relied upon to act with honesty and integrity
79% — 08/09
79% — 09/10
83% ∧ — 10/11
79% ∨ — 11/12

Can be relied upon to look after customer's interests
68% — 10/11
60% ∨ — 11/12

↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
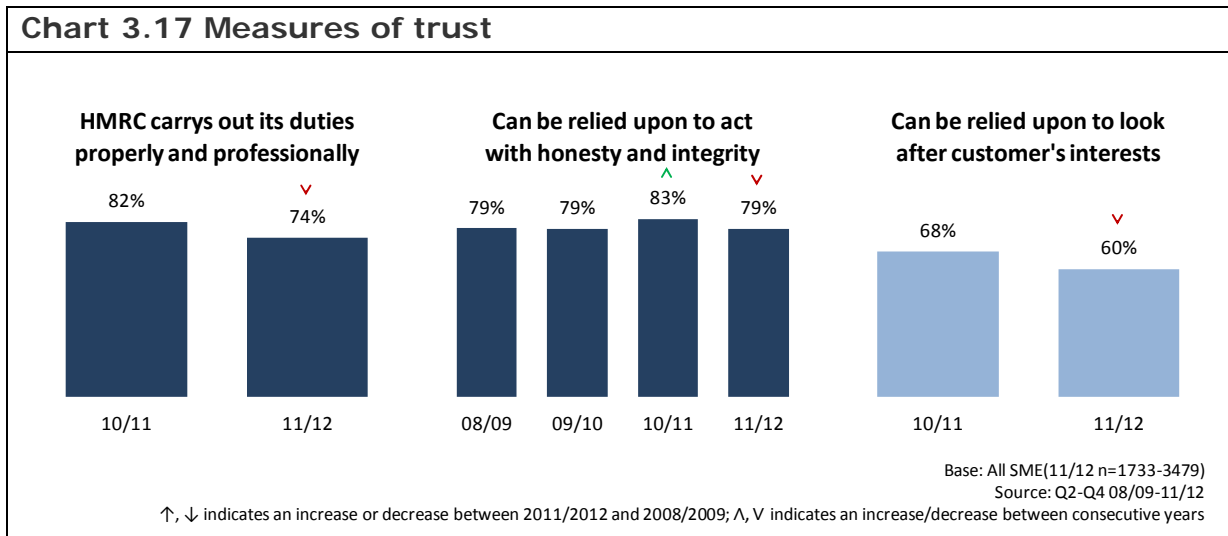
Ratings for all three trust measure decreased between 2010/2011 and 2011/2012. However, ratings for how well HMRC can be relied upon to act with honesty and integrity simply returned to the levels seen in 2008/2009 and 2009/2010 following an increase in 2010/2011.

Ratings for how well HMRC carries out its duties properly and professionally decreased from 82% in 2010/2011 to 74% in 2011/2012.
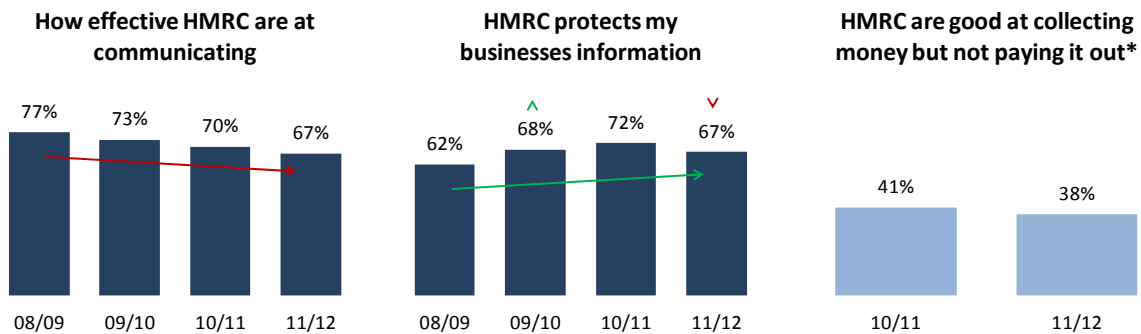
Ratings for how well HMRC can be relied on to act with honesty and integrity returned to 2008/2009 and 2009/2010 levels in 2011/2012 (79%) following an increase to 83% in 2010/2011. There were few differences according to subgroup, with SME with more than 100 employees the only exception (89% with 100+ employees).

The final trust measure, HMRC can be relied upon to look after customer's interests, also fell between 2010/2011 and 2011/2012 from 68% to 60%. The self employed gave more positive ratings among all SME (62%), but this was the only notable difference by subgroup. Decreases across all types of SME were evident.

3.3.8 Communications and stories

The communications theme comprises two measures; effectiveness of communication and HMRC protects my business information, while the stories theme is made up of the measure 'HMRC are good at collecting our money but not at paying it out' (Chart 3.18). The first of these measures was identified as an area to improve in the KDA.

Chart 3.18 Measures of communications and stories

How effective HMRC are at communicating

- 08/09: 77%
- 09/10: 73%
- 10/11: 70%
- 11/12: 67%

HMRC protects my businesses information

- 08/09: 62%
- 09/10: 68% ∧
- 10/11: 72%
- 11/12: 67% ∨

HMRC are good at collecting money but not paying it out*

- 10/11: 41%
- 11/12: 38%

Base: All SME(11/12 n=1733-3131)
Source: Q2-Q4 08/09-11/12
* Response scale for this question was reversed so a lower score indicates a positive attitude
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

The two communications measures, effectiveness of communication and HMRC protects business information have been asked since 2008/2009. In that time ratings had decreased for effectiveness of communication (67% down from 77% in 2008/2009), but increased for HMRC protects my business information (67% up from 62% in 2008/2009, but down from 72% in 2010/2011). There were no differences by subgroup for either communication measure.
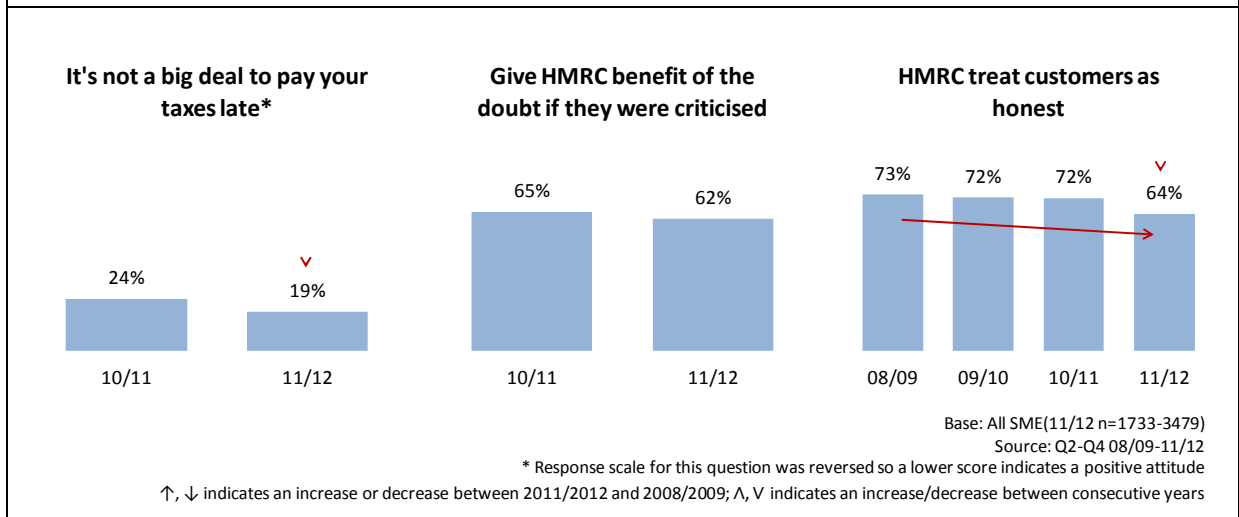
The decrease in ratings towards effectively communicating with customers was common across all SME subgroups. The increase for 'HMRC protects my business information' was also largely universal, but the change was evident for the self-employed (70% up from 62% in 2008/2009) and SME that had not dealt with HMRC in the last three months (69% up from 61% in 2008/2009).

Ratings for HMRC are good at collecting our money but not at paying it out remained at a similar level between 2010/2011 and 2011/2012 (38%). The response scale for this question was reversed so a lower score indicates a positive attitude.

3.3.9 Support, compliance and other

The remaining reputation measures were ones of support (I would give HMRC the benefit of the doubt if they were criticised), Icompliance (it's not a big deal to pay your taxes late) and HMRC treat customers as honest. Giving HMRC the benefit of the doubt was identified as an area for improvement in the KDA.

Chart 3.19 Measures of support, compliance and other

It's not a big deal to pay your taxes late*

24%	19% ˅
10/11	11/12

Give HMRC benefit of the doubt if they were criticised

65%	62%
10/11	11/12

HMRC treat customers as honest

73%	72%	72%	64% ˅
08/09	09/10	10/11	11/12

Base: All SME(11/12 n=1733-3479)
Source: Q2-Q4 08/09-11/12
* Response scale for this question was reversed so a lower score indicates a positive attitude
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

Ratings for it's not a big deal to pay your taxes late decreased in positive way between 2010/2011 and 2011/2012, from 24% to 19%. The decrease in the overall measures was reflected across different types of SME.

Ratings for giving HMRC the benefit of the doubt if criticised were not significantly different in 2011/2012 (62%) compared to 2010/2011 (65%), and no differences were evident by subgroup. Action to improve ratings in this area would need to be targeted at all SME customers.

The final reputation measure rated HMRC in terms of whether they treat their customers as honest. Between 2008/2009 and 2010/2011 ratings remained relatively stable, but between 2010/2012 and 2011/2012 they decreased from 72% to 64%. Smaller SME, that is those with fewer than 50 employees, drove the overall decrease (64% down from 71% in 2010/2011).

4. Individuals

4.1 Executive summary

4.1.1 Dealings with HMRC

■ Eight in ten Individuals (80%) had dealt with HMRC in the last year and 33% had dealt with HMRC in the previous three months. Following a decrease in 2010/2011, the proportion of Individuals who had had recent dealings with HMRC returned to 2008/2009 and 2009/2010 levels in 2011/2012, driven by dealings with both Personal Taxes and Benefits and Credits.

4.1.2 Personal Tax Customers

Nature of Dealings

■ Most Personal Tax customers reported a variety of dealings about the tax selected for them as the focus of the interview[9]. Seven in ten said that HMRC had made contact with them (72%) and this has increased from 67% in 2008/2009.

Dimensions of Customer Experience

■ Seven in ten Personal Tax customers (79%) said their experience was very or fairly straightforward. One in ten Personal Tax customers (14%) gave a negative rating.
■ Overall the expectation that dealing with HMRC would be straightforward was high (72%), and in general those expectations were met.
■ Personal Tax customers were moderately positive across all dimensions of experience. Scores ranged from 62% for ease of getting in touch to 79% for how well staff treated you.
■ Ratings for two customer experience dimension fell between 2008/2009 and 2011/2012: ease of getting in touch (62% down from 75%) and how good HMRC was at keeping the customer informed about progress (66% down from 73%).
■ The only dimension to have increased since 2008/2009 was ease of completing the processes, which was rated positively by 75% of Personal Tax customers in 2011/2012 compared with 72% in 2008/2009.

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[9] For respondents dealing with more than one type of tax, one was selected at random as the subject of all further customer experience questions.

Key Driver Analysis

Customers rate certain dimensions highly and others less well, and these ratings can indicate the areas in which improvements in service need to be made. However, resource often dictates that areas for improvement need to be prioritised. The aim of the key driver analysis was to understand the underlying drivers of ratings of straightforward. Regression was used to derive the relative influence of each dimension of experience on the overall measure, and provide insight into the precise areas that need to be prioritised for improvement in order to keep overall ratings of straightforward high.

- The key driver analysis identified two primary focuses for improvement: ease of getting in touch and how good HMRC were at getting things right.
- Ratings for the ease of getting in touch with HMRC decreased between 2008/2009 (75%) and 2011/2012 (62%).
- Ratings Personal Tax customers gave for how good HMRC were at getting things right remained consistent between 2008/2009 and 2011/2012 (69%), albeit with marginal changes in the intervening years.
- Further areas identified for secondary improvement were keeping you informed about progress and staff's ability to deal with the issue.
- How good HMRC was at keeping the customer informed about progress was rated highly by two thirds of Personal Tax customers in 2011/2012 (66%), but this had decreased from 73% in 2008/2009. Staff's ability to deal with the issue was rated positively by 71% of Personal Tax customers.

4.1.3 Benefits and Credits Customers

Nature of Dealings

- Three quarters of Benefits and Credits customers reported that HMRC made contact with them (75%), returning to 2008/2009 levels after increasing to 78% in 2010/2011, and slightly fewer said that they had made contact with HMRC (63% up from 60% in 2008/2009).
- When making contact, Benefits and Credits customers were overwhelmingly likely to have used the telephone (94%) ahead of any other channel.

Dimensions of Customer Experience

- More than eight in ten Benefits and Credits customers (84%) said their experience was very or fairly straightforward. One in ten Benefits and Credits customers (9%) gave a negative rating.
- Overall the expectation that dealing with HMRC would be straightforward was high (79%), and in general those expectations were met.

- Across all dimensions of experience, the majority of Benefits and Credits customers gave positive ratings. Areas of simplicity were rated highly: ease of understanding what to do (82%) and ease of completing the processes (80%).
- Two areas of responsiveness were also rated highly: how well they were treated by staff (88%) and how good HMRC were at giving you all the information you needed (81%).
- Two further areas had been rated positively by more than four in five: staff in terms of their ability to deal with the issue (83%) and the acceptability of time taken to reach a final outcome (80%).
- The remaining measure of simplicity, ease of getting in touch, was rated less well by Benefits and Credits customers (66%) and had decreased since 2008/2009 (72%). Keeping the customer informed about progress had also decreased since 2008/2009 (73% down from 79%).
- The only dimension to have increased was how good HMRC were at getting things right (79% up from 75% in 2008/2009).

Key Driver Analysis

Customers rate certain dimensions highly and others less well, and these ratings can indicate the areas in which improvements in service need to be made. However, resource often dictates that areas for improvement need to be prioritised. The aim of the key driver analysis was to understand the underlying drivers of ratings of straightforward. Regression was used to derive the relative influence of each dimension of experience on the overall measure, and provide insight into the precise areas that need to be prioritised for improvement in order to keep overall ratings of straightforward high.

- The key driver analysis identified three areas for improvement. How good HMRC were at getting things right was a primary focus for improvement. Ratings increased between 2008/2009 and 2011/2012 (79%, up from 75%).
- Further areas identified for secondary improvement were the acceptability of the time taken to reach a final outcome and ease of getting in touch.
- Acceptability of time taken to reach a final outcome was rated positively by 80%.
- Perceived ease of getting in touch had decreased since 2008/2009 (66%, down from 72% in 2008/2009).

4.1.4 Reputation

- Individuals reported a moderate level of familiarity with HMRC, and while the majority knew at least a little (75%), only five percent of Individuals felt they knew a lot about HMRC.
- Ratings for almost all fairness, favourability and trust reputation measures decreased between 2010/2011 and 2011/2012. The exceptions were overall favourability, the extent to which you trust HMRC to be fair and HMRC can be relied upon to act with honesty and integrity which had remained reasonably steady since 2008/2009.
- Of the other reputation measures, ratings for effective communication and treating customers as honest had also decreased in the longer term. There was an increase in agreement that HMRC protects my personal information.
- Key driver analysis was also performed to derive the relative importance of each of the reputation measures on overall favourability and to find out what may help to reverse this decrease.
- Trust in HMRC to be fair was found to be particularly dominant in the model that explored overall favourability, and due to its relatively poor performance rating it is a key area for improvement. Ratings had remained reasonably consistent at slightly fewer than six in ten (57%). Two further areas rated highly in terms of importance but relatively low on performance were effective communication and being an organisation with a good reputation. These are both primary areas for improvement.
- Ratings have decreased for effectiveness of communication (58% down from 72% in 2008/2009). Individuals were relatively unlikely to positively rate HMRC as an organisation with a good reputation (57%), and this had also decreased since the question was introduced in 2010/2011 (60%).
- The secondary focuses for improvement should cover getting the benefit of the doubt if criticised and looking after customer interests.
- Ratings for giving HMRC the benefit of the doubt if criticised were not significantly different in 2011/2012 (62%) compared with 2010/2011 (63%). Ratings for HMRC can be relied upon to look after customer's interests fell between 2010/2011 and 2011/2012 from 66% to 62%.

4.2 Dealings with HMRC

4.2.1 The nature of dealings

To put the ratings of customer experience into context, it is necessary to understand the nature of these dealings in terms of the specific taxes customers have dealt with, the types of dealings they have had and the channels of contact they have used. Survey results that relate to taxes, benefits and credits dealt with are based on all Individuals so are presented in one section (4.2.2). Customer experience for Personal Tax customers and Benefits and Credits customers are reported separately in Chapters 4.3 and 4.4.
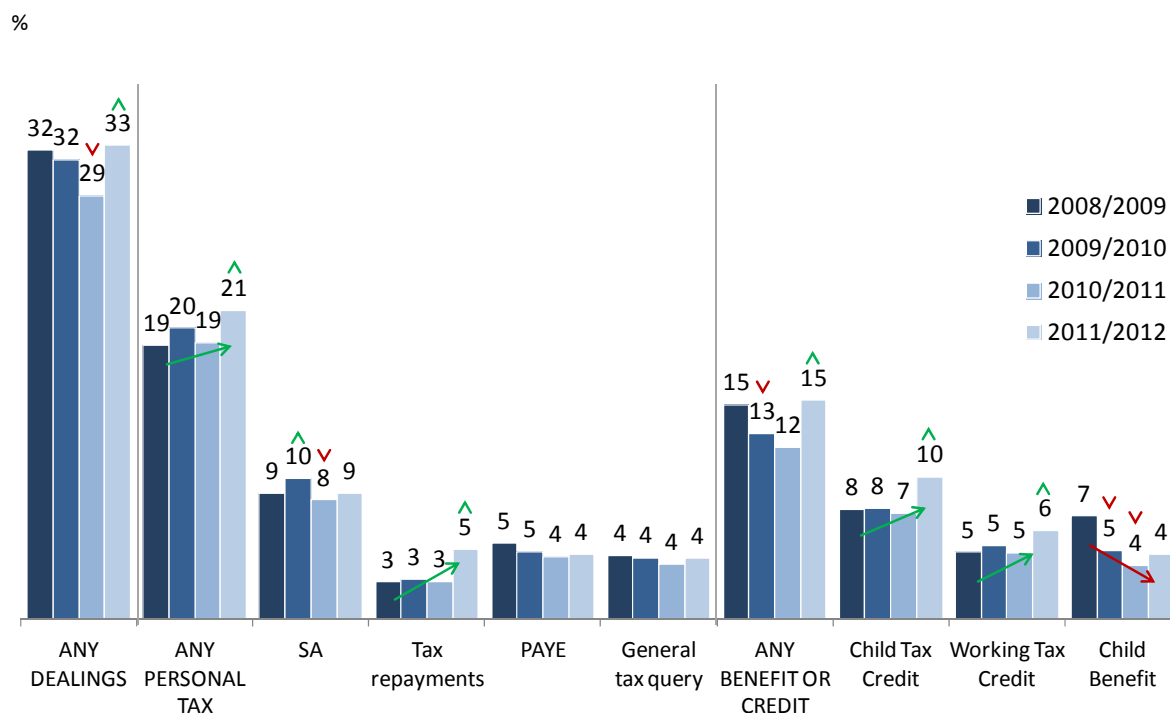
4.2.2 Taxes dealt with

Eight in ten Individuals (80%) had dealt with HMRC in the last year. The measure had stayed at a similar level since 2008/2009, although levels of contact were slightly lower in 2010/2011 (78%).

As Chart 4.1 shows, 33% of Individuals had dealt with HMRC in the previous three months. Following a decrease in 2010/2011, the proportion of Individuals who had had dealings with HMRC returned to 2008/2009 and 2009/2010 levels in 2011/2012, driven by dealings with both Personal Taxes (21%, up from 19% in 2010/2011) and Benefits and Credits (15%, up from 12% in 2010/2011). There had been a steady upward trend in dealings with Personal Taxes since 2008/2009, while dealings with Benefits and Credits had returned to levels last seen in 2008/2009.

Dealings with Tax Repayments had increased in 2011/2012 following three years of stability (5%, up from 3% in 2010/2011), the biggest driver of increasing dealings with Personal Taxes. There had also been an increase in 2011/2012 for dealings with Child Tax Credits (10%, up from 7% in 2010/2011) and Working Tax Credits (6%, up from 5% in 2010/2011), driving the recent increase in dealing with Benefits and Credits. Meanwhile dealings with Child Benefit had decreased since 2008/2009 but with no further decrease in 2011/2012 (4%, down from 7% in 2010/2011).

Chart 4.1   Products dealt with in the last three months

%

Bar chart values by category:

- ANY DEALINGS: 32 (2008/2009), 32 (2009/2010), 29 ∨ (2010/2011), 33 ∧ (2011/2012)
- ANY PERSONAL TAX: 19 (2008/2009), 20 (2009/2010), 19 (2010/2011), 21 ∧ (2011/2012)
- SA: 9 (2008/2009), 10 ∧ (2009/2010), 8 ∨ (2010/2011), 9 (2011/2012)
- Tax repayments: 3 (2008/2009), 3 (2009/2010), 3 (2010/2011), 5 ∧ (2011/2012)
- PAYE: 5, 5, 4, 4
- General tax query: 4, 4, 4, 4
- ANY BENEFIT OR CREDIT: 15 ∨ (2008/2009), 13 (2009/2010), 12 (2010/2011), 15 ∧ (2011/2012)
- Child Tax Credit: 8, 8, 7, 10 ∧
- Working Tax Credit: 5, 5, 5, 6 ∧
- Child Benefit: 7 ∨ (2008/2009), 5 (2009/2010), 4 ∨ (2010/2011), 4 (2011/2012)

Legend:
- 2008/2009
- 2009/2010
- 2010/2011
- 2011/2012

Base: Total population sample 08/09 (n=6554); 09/10 (n=6336); 10/11 (n=6490); 11/12 (n=4981)
Source: Q2-Q4 08/09, Q2-Q4 09/10, Q2-Q4 10/11, Q2-Q4 11/12 (Reputation quarters only)
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

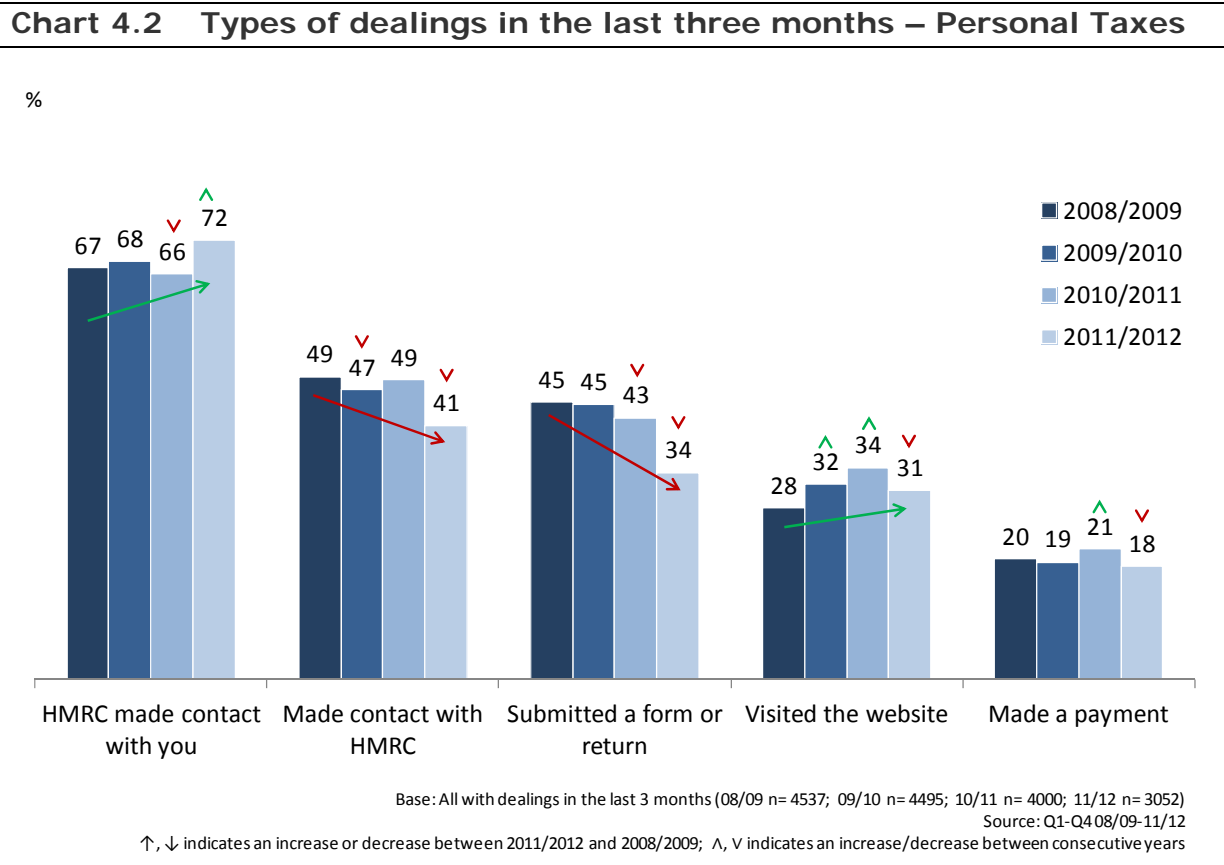## 4.3 Customer Experience - Personal Tax Customers

Section 4.3 describes the customer experience for those who have dealt with a Personal Tax. For respondents dealing with more than one type of tax, credit or benefit, one was selected at random as the subject of the customer experience questions.

4.3.1 Types of dealings for Personal Tax customers

Most Personal Tax customers who had dealt with HMRC in the previous three months reported a variety of dealings about the tax selected for them (Chart 4.2). Seven in ten Personal Tax customers said that HMRC had made contact with them (72%) and this has increased from 67% in 2008/2009. Four in ten reported making contact with HMRC (41%) although this had decreased from 49% in 2008/2009.

Submission of a form or return decreased between 2008/2009 and 2011/2012 (34% down from 45% in 2008/2009), and in particular between 2010/2011 and 2011/2012. Three in ten (31%) Personal Tax customers with dealings in the last three months had visited the website, still up from 28% in 2008/2009, despite a

small decrease since 2010/2011 (34%). One in five customers reported making a payment to HMRC (18%, returning to 2008/2009 levels following an increase in 2010/2011 to 21%).

Chart 4.2   Types of dealings in the last three months – Personal Taxes

%

Legend:
- 2008/2009
- 2009/2010
- 2010/2011
- 2011/2012

HMRC made contact with you: 67, 68, 66 ˅, 72 ˄
Made contact with HMRC: 49, 47 ˅, 49, 41 ˅
Submitted a form or return: 45, 45, 43 ˅, 34 ˅
Visited the website: 28, 32 ˄, 34 ˄, 31 ˅
Made a payment: 20, 19, 21 ˄, 18 ˅

Base: All with dealings in the last 3 months (08/09 n= 4537; 09/10 n= 4495; 10/11 n= 4000; 11/12 n= 3052)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
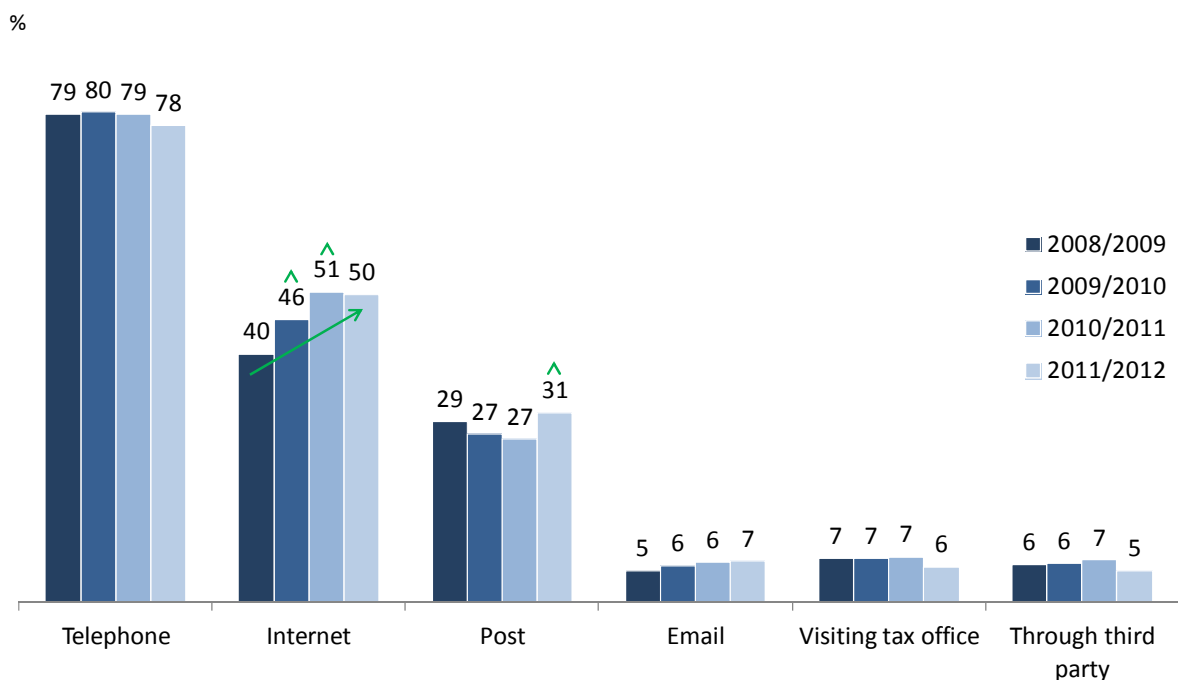
4.3.2 Channels of contact for Personal Tax customers

Methods of contact can also influence the customer experience. Only those Personal Tax customers who reported *making* contact with HMRC were asked which channel they used. Among those with dealings in the previous three months, 41% reported contacting HMRC in relation to their dealing.

When making contact, Personal Tax customers continued to be most likely to have used the telephone (78%, Chart 4.3). Contact through the website was also reasonably high (50%) and had increased from 40% in 2008/2009, although there had been no further increase in 2011/2012.

Three in ten Personal Tax customers (31%) had written a letter as part of their dealing, a small increase since 2010/2011 (27%), reversing the previous pattern of steady decline. Other channels of contact continued to be used at relatively low levels.

Chart 4.3 Channels of contact in the last three months – Personal Taxes

%

	2008/2009	2009/2010	2010/2011	2011/2012

Telephone: 79 80 79 78
Internet: 40 46 ^ 51 ^ 50
Post: 29 27 27 31 ^
Email: 5 6 6 7
Visiting tax office: 7 7 7 6
Through third party: 6 6 7 5

Base: All with dealings in the last 3 months (08/09 n=5575; 09/10 n=5624; 10/11 n= 4522; 11/12 n=2027)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

It is important to note that most customers used more than one contact method during their most recent dealings. Among those making contact, 57% of Personal Tax customers used more than one method, and this had increased from 51% in 2008/2009. Where only one method was used, this was most likely to be the telephone (70%), which has been consistent since 2008/2009. For 14% of Personal Tax customer who used only one method that contact was made via the internet. Six in ten (61%) customers who had used the internet reported it very or fairly easy to find everything they needed.
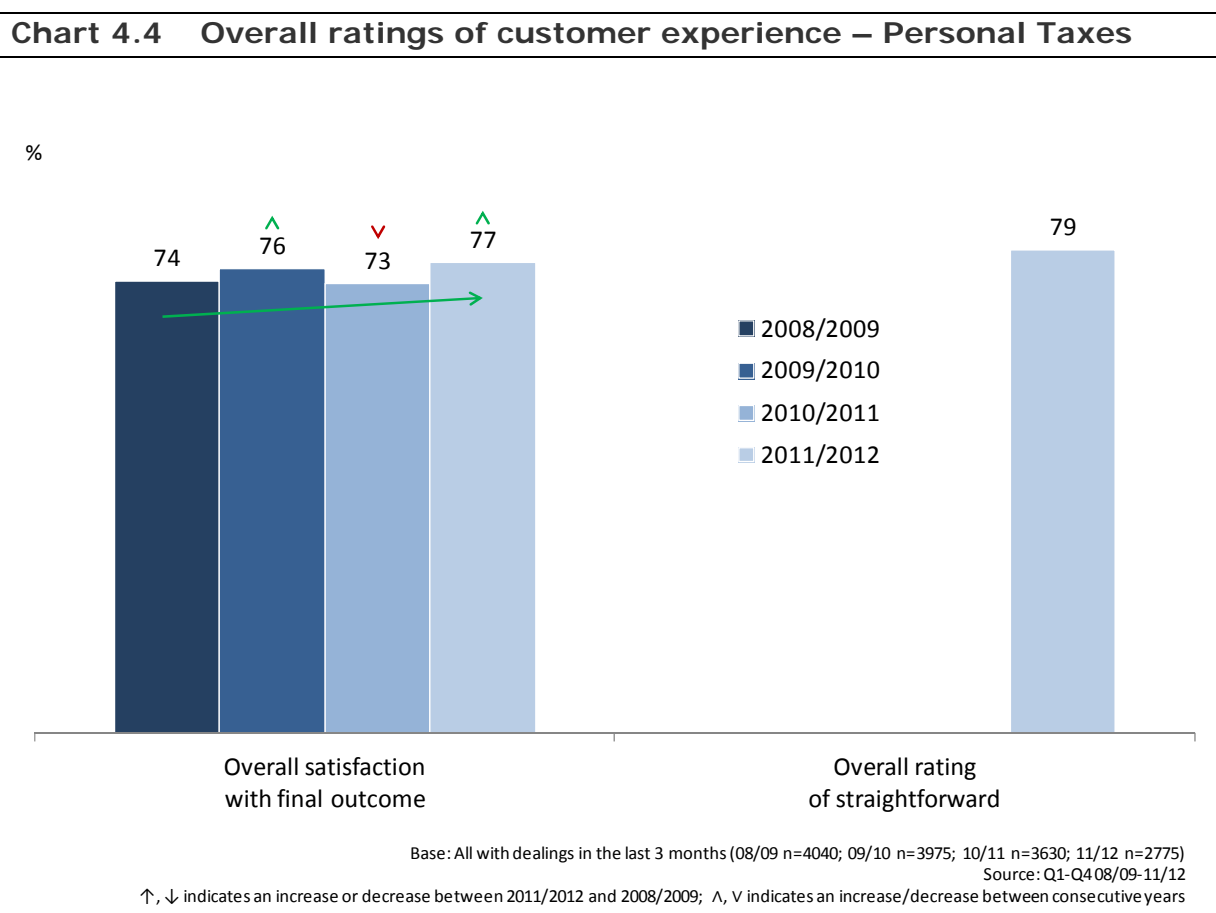
A series of new questions were added in 2011/2012 to put dealings in further context. Among Personal Tax customers who had used more than one method, the first channel used was most likely to be the internet (52%), followed by the telephone (35%). The reason for using an alternative channel most frequently mentioned was that they did not find or receive the information they required at the first attempt (31%). More than one in ten said they changed to an easier or preferred method of contact (14%). Slightly fewer said they were directed to use a different method by HMRC or the website (11%), or they were unable to make contact with first method (10%). Seven in ten (70%) said that the number of times they were in contact with HMRC was acceptable.

4.3.3 Overall ratings of Personal Tax customer experience

Overall ratings of the customer experience can be strongly influenced by two factors: satisfaction with the outcome, and prior expectations. For example, if two customers receive the same level of service, but one gains financially and the other loses, then the customer who gains financially is likely to rate the service more positively.

To encourage customers to focus on their experience of the service they received when dealing with HMRC and minimise the influence of outcomes on the ratings they gave, they were first asked to rate their satisfaction with the final outcome of their dealings, and then asked to put the outcome aside, and rate how straightforward their dealing was.

Prior to Q4 2010/2011 rather than rate how straightforward their dealing was, customers were asked to rate their overall experience, so the 2011/2012 measure of straightforward forms a new baseline.

Chart 4.4   Overall ratings of customer experience − Personal Taxes

Base: All with dealings in the last 3 months (08/09 n=4040; 09/10 n=3975; 10/11 n=3630; 11/12 n=2775)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
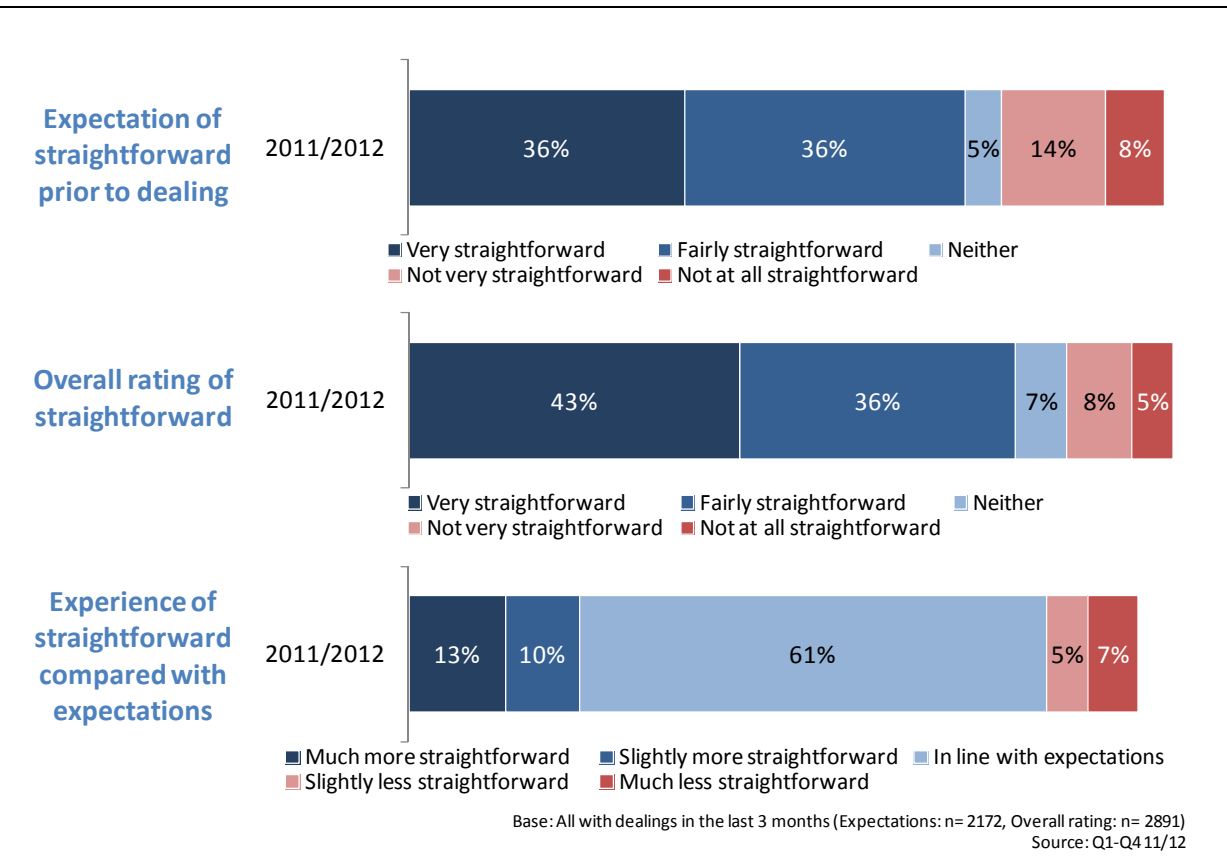
Eight in ten Personal Tax customers (79%) said their experience was very or fairly straightforward. Just over four in ten (43%) said their experience was very straightforward. Only 14% of Personal Tax customers gave a negative rating. Satisfaction with the final outcome of the dealing was rated as highly as overall straightforwardness, with 77% of Personal Tax customers very or fairly satisfied. This had increased slightly since 2008/2009 (74%), recovering from a slight drop in 2010/2011.

For Personal Tax customers there were very few differences by tax dealt with. Straightforwardness ratings were lowest for those dealing with a general query (72%).

A new question was added to the survey in Q2 2011/2012 asking customers to state what their expectation of straightforwardness was before their dealings began (this question was asked before the more detailed experience questions). In a continuation of the previous line of questioning, customers were asked whether their experience was more or less straightforward or in line with expectations, but the response scale changed from a three-point to a five-point scale.

Chart 4.5 shows both of these measures alongside the overall rating of straightforwardness for Personal Tax customers.

Chart 4.5 Expectation and experience of straightforwardness – Personal Taxes

Expectation of straightforward prior to dealing

2011/2012

| 36% | 36% | 5% | 14% | 8% |

■ Very straightforward ■ Fairly straightforward ■ Neither
■ Not very straightforward ■ Not at all straightforward

Overall rating of straightforward

2011/2012

| 43% | 36% | 7% | 8% | 5% |

■ Very straightforward ■ Fairly straightforward ■ Neither
■ Not very straightforward ■ Not at all straightforward

Experience of straightforward compared with expectations

2011/2012

| 13% | 10% | 61% | 5% | 7% |

■ Much more straightforward ■ Slightly more straightforward ■ In line with expectations
■ Slightly less straightforward ■ Much less straightforward

Base: All with dealings in the last 3 months (Expectations: n= 2172, Overall rating: n= 2891)
Source: Q1-Q4 11/12

Seven in ten Personal Tax customers (72%) had expected, before their dealing, that it would be very or fairly straightforward, whereas the proportion that went on to report that their dealing was straightforward was slightly higher at 79%. Six in ten (61%) reported that their experience was in line with expectations, with Personal Tax customers twice as likely to report that their experience was more straightforward (23%) than less so (12%) compared with expectations.

There was a strong relationship between the rating of straightforwardness against expectations and overall rating of straightforwardness. Among Personal Tax customers who rated their experience very or fairly straightforward, three in ten (28%) thought that experience was more straightforward than expected, compared with only three per cent who rated their experience neutrally or not straightforward. Of those who rated overall straightforwardness neutrally or negatively, 45% said it was less straightforward than expected.

4.3.4 Dimensions of Personal Tax customer experience

Whilst the overall ratings of customer experience give a general picture, it is essential to look in more detail at particular dimensions of the experience in order to ascertain what may be driving customer ratings and to identify key areas for action. The dimensions of customer experience were introduced in section 1.6.2.

4.3.5 Relative ratings of Personal Tax customer experience and changes over time

Chart 4.6 gives an overview of the relative ratings of the nine dimensions of experience and changes between the 2008/2009 baseline and 2011/2012.

The arrows show where there has been a significant change in performance from 2008/2009 to 2011/2012 and the arrow heads show where there was a significant change in the measure between two consecutive years. Additionally, the colour coding shows relative levels of positive scores (very or fairly good etc.) where darker shading represents a 2011/2012 score equal to or above the median whereas lighter shading represents a score below the median.

Chart 4.6 Ratings of customer experience and change between years – Personal Taxes
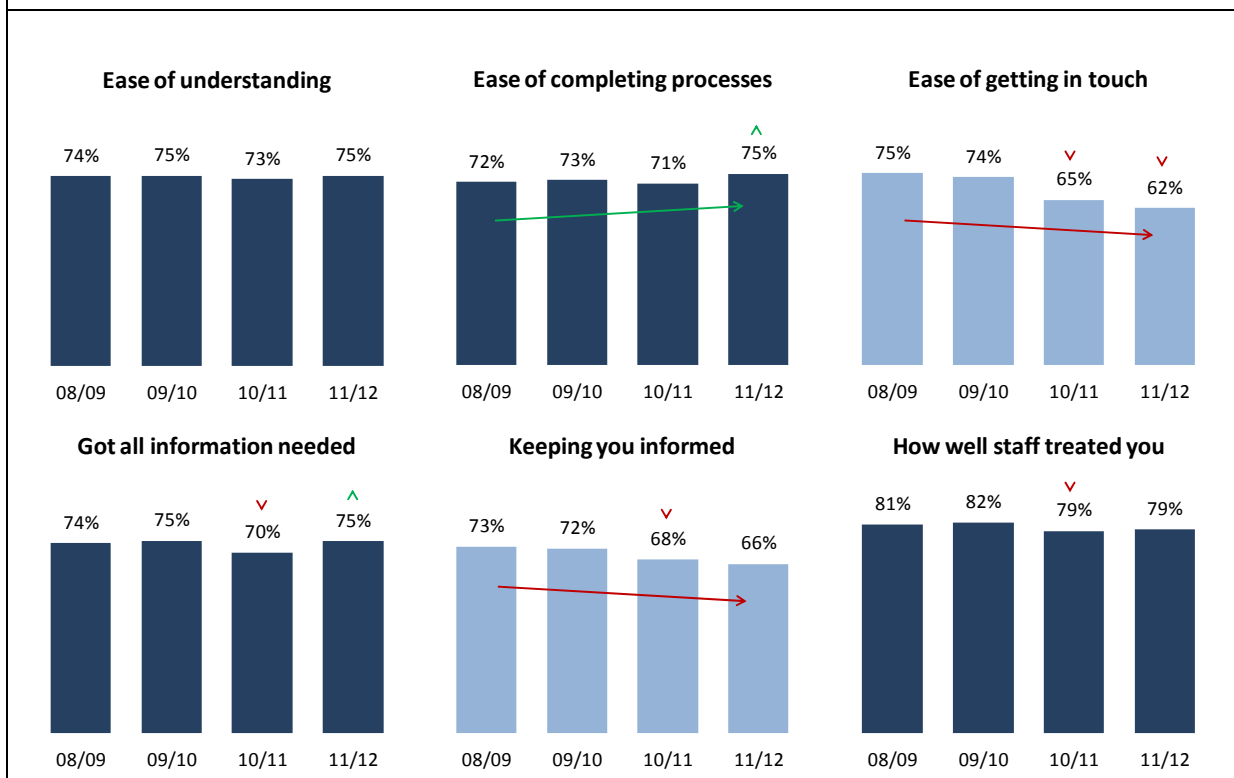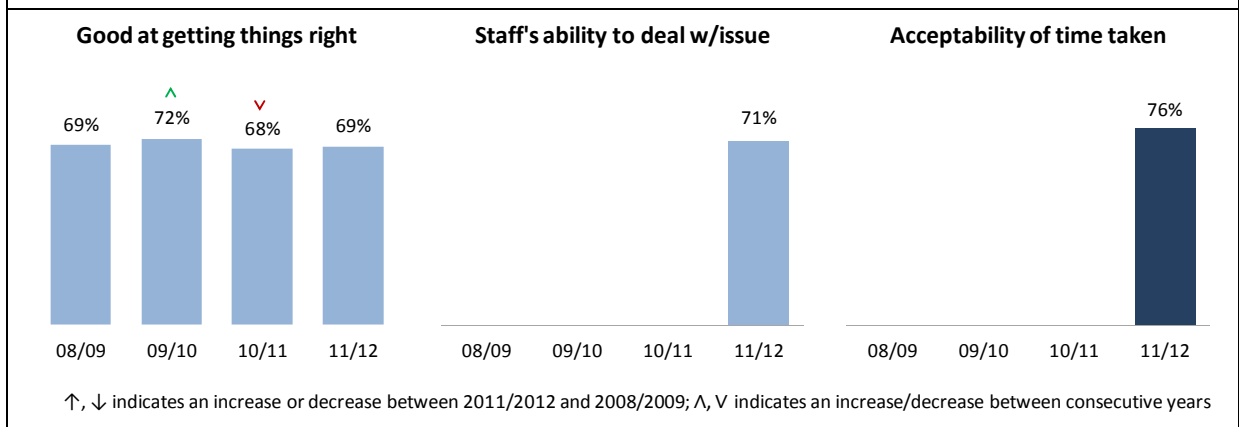
**Chart 4.6 Ratings of customer experience and change between years –
Personal Taxes**

Good at getting things right	Staff's ability to deal w/issue	Acceptability of time taken

Good at getting things right

69%   ^   v
      72% 68%   69%

08/09 09/10 10/11 11/12

Staff's ability to deal w/issue

71%

08/09 09/10 10/11 11/12

Acceptability of time taken

76%

08/09 09/10 10/11 11/12

↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; Λ, V indicates an increase/decrease between consecutive years

This chart shows that the majority of Personal Tax customers were moderately positive about HMRC across all dimensions of experience, and there had been a few changes (some up, some down) since 2008/2009 and between consecutive years. More detailed findings for the different dimensions are discussed in sections 4.3.7 to 4.3.9.

4.3.6 Key driver analysis for Personal Tax customers

Key driver analysis was carried out using multivariate analysis of the overall rating of straightforwardness. The final analysis plots importance against performance in a quadrant diagram (Chart 4.7) with relative importance in driving the overall straightforward rating on the horizontal axis and performance on the vertical axis. A more detailed description of key driver analysis is in Appendix A.

Chart 4.7 Key drivers of straightforwardness – Personal Taxes [10]
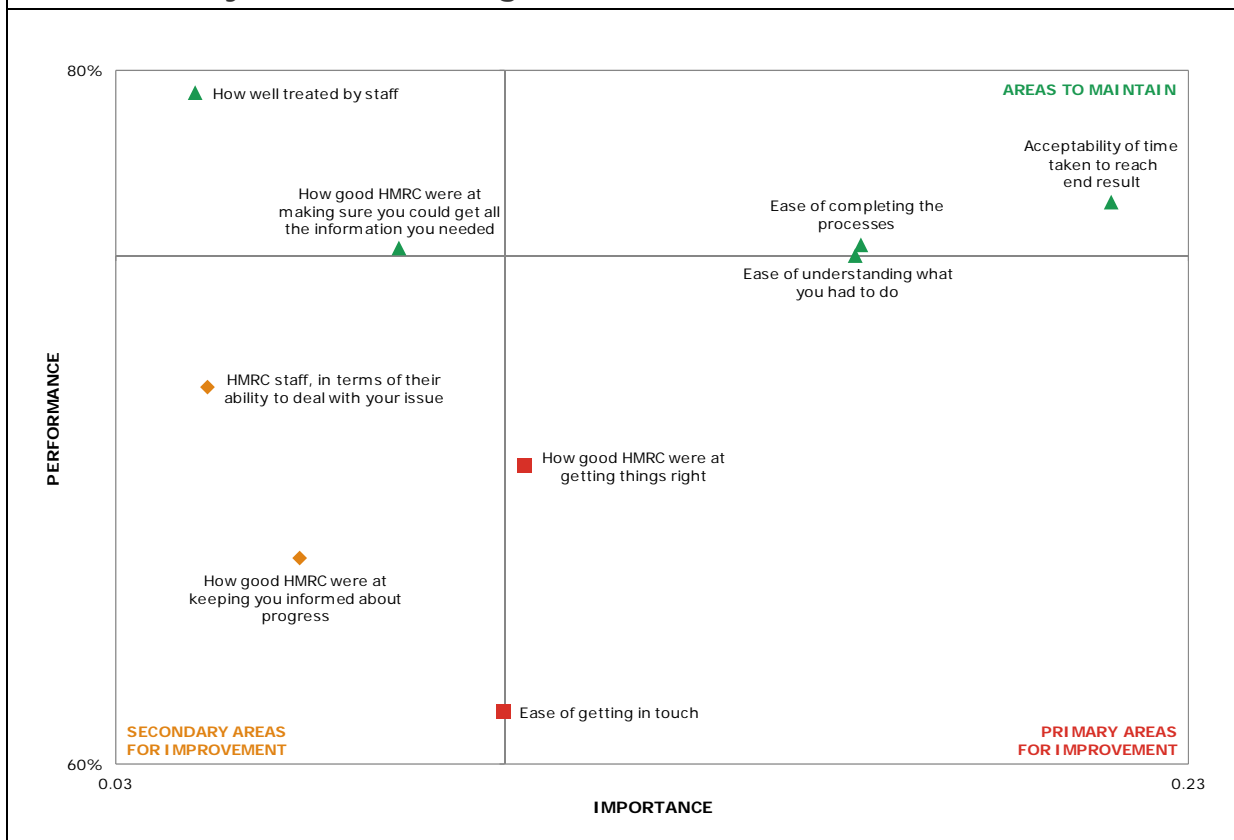
Square markers are used in the bottom right quadrant to signify key areas for improvement, diamond markers for secondary areas for improvement in the bottom left and triangle markers for areas to maintain in the top right and to a lesser extent in the top left.

Performance scores were generally high in areas that had a high influence on the overall rating of straightforward: acceptability of the time taken to reach a final outcome, ease of completing the processes and ease of understanding what to do. These areas need to be maintained to keep the overall straightforward rating high.

There were two primary areas for improvement due to their relatively prominent level of importance and lower performance rating: how good HMRC were at getting things right and ease of getting in touch.

Two further factors were secondary areas for improvement. These areas are rated slightly lower both in terms of importance and performance are staff, in
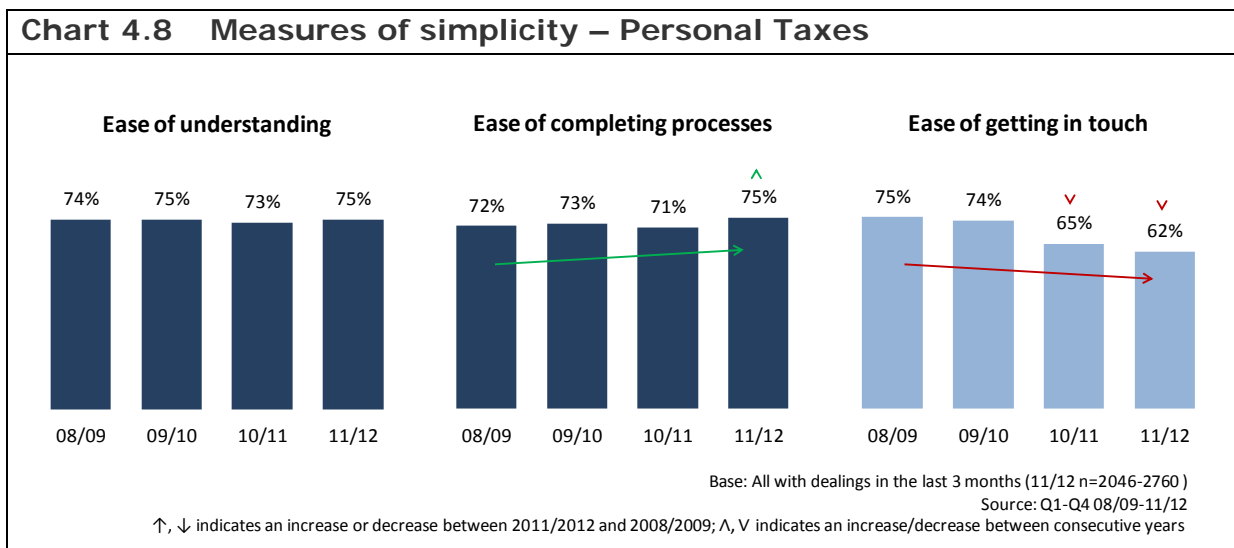
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[10] R^2 is 0.61 meaning that 61% of the variance can be accounted for in the model.

terms of their ability to deal with the issue and how good HMRC were at keeping you informed about progress.

The remainder of this section will focus on measures which have shown significant change over time, or which have been identified as areas for improvement in the key driver analysis to help shed more light on potential areas for improvement.

4.3.7 Simplicity for Personal Tax customers

Simplicity includes three measures designed to find out how easy HMRC makes the experience for their customers, in terms of understanding what to do, completing processes, and getting in touch. The key driver analysis identified ease of getting in touch as a primary area for improvement.

Chart 4.8   Measures of simplicity – Personal Taxes

Base: All with dealings in the last 3 months (11/12 n=2046-2760)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; Λ, V indicates an increase/decrease between consecutive years

Three-quarters of Personal Tax customers felt that it was easy to understand what they needed to do (75%), and that it was easy to complete the processes (75%) related to their dealings. Both were identified as strong areas of performance to maintain in the key driver analysis.

There was an increase in ratings for ease of completing the processes between 2010/2011 and 2011/2012 (75% up from 71% in 2010/2011). Small gains in this measure were made across different types of Personal Tax customers.

Ratings for the ease of getting in touch with HMRC decreased between 2008/2009 (75%) and 2011/2012 (62%). The change in this measure emerged between 2009/2010 and 2010/2011 after remaining flat between 2008/2009
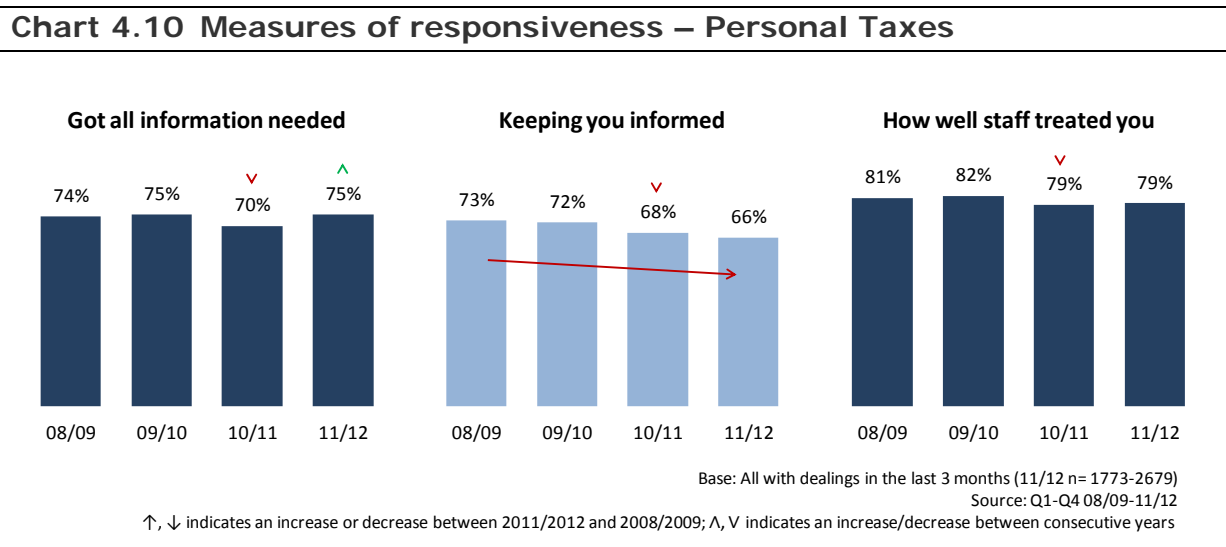
and 2009/2010. This was identified as a primary area to improve in the key driver analysis, and was the measure with the lowest performance score overall.

Ratings for ease of getting in touch decreased for dealings with a number of Personal Tax products between 2008/2009 and 2011/2012, including PAYE taken from wages, PAYE taken from pension, Self Assessment, tax repayments and a general query.

To understand the results further we can look at whether ratings differ for different groups. There were few differences for ease of getting in touch but those who used at least three channels of contact were less positive (47% compared with 62% overall).

4.3.8 Responsiveness for Personal Tax customers

Personal Tax customers were asked to rate the responsiveness of HMRC in terms of how good HMRC were at giving them the information they needed, keeping them informed and how well staff treated them. Keeping the customer informed about progress was identified as a secondary area for improvement in the key driver analysis.

Chart 4.10 Measures of responsiveness – Personal Taxes

Base: All with dealings in the last 3 months (11/12 n= 1773-2679)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; Λ, V indicates an increase/decrease between consecutive years

Ratings for how good HMRC were at making sure the customer could get all the information needed increased between 2010/2011 and 2011/2012 (75% up from 70%) but this is only a return to 2009/2010 levels. Ratings given for how well HMRC staff treated the customer, was one of the dimensions rated relatively highly by Personal Tax customers, and had remained so since 2008/2009 (albeit with a little fluctuation).

How good HMRC was at keeping the customer informed about progress was rated highly by two thirds of Personal Tax customers in 2011/2012 (66%), but this had decreased from 73% in 2008/2009, with the greatest decrease from 2009/2010 to 2010/2011.

The decrease was driven through dealings with PAYE taken from wages (58% down from 70% in 2008/2009) and SA (68% down from 77% in 2008/2009). PAYE taken from wages was the lowest rated product in 2011/2012 (58%) while dealing with PAYE taken from a pension was rated highest (71%).
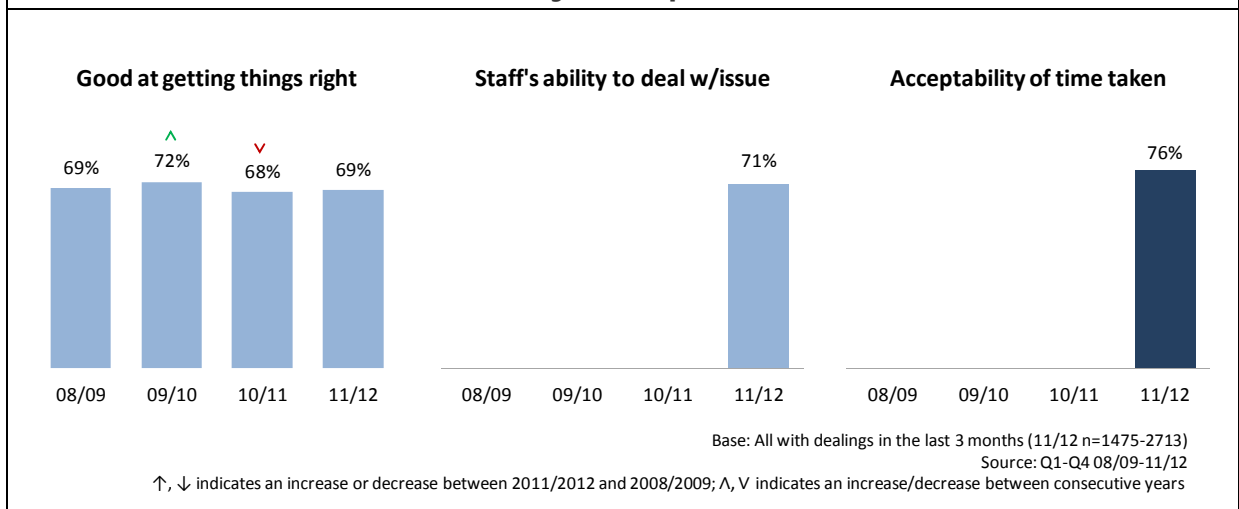
To understand the results further we can look at whether ratings differ for different groups. Personal Tax customers whose dealings involved making contact with HMRC were less positive about being kept informed (58% compared with 66% overall) and again those who used at least three channels of contact were least positive (47%). There were no other notable differences by sub-group.

4.3.9   Reliability and Speed for Personal Tax customers

Ratings of reliability and speed included how good HMRC were at getting things right, the staff in terms of their ability to deal with the issues and the acceptability of the time taken to reach a final outcome. The measures for both staff's ability to deal with the issue and the acceptability of time taken were added to the survey in 2011/2012.

Being good at getting things right was identified as a primary area to improve in the KDA while staff's ability to deal with their issue was identified as a secondary area for improvement.

Chart 4.12 Measures of reliability and speed – Personal Taxes

Good at getting things right

69% — 08/09
72% ∧ — 09/10
68% ∨ — 10/11
69% — 11/12

Staff's ability to deal w/issue

71% — 11/12

Acceptability of time taken

76% — 11/12

Base: All with dealings in the last 3 months (11/12 n=1475-2713)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

Ratings Personal Tax customers gave for how good HMRC were at getting things right remained consistent between 2008/2009 and 2011/2012 (69%), albeit with marginal changes in the intervening years. Dealings with PAYE from wages were rated lower (63%) than average. Few differences were detected between subgroups, but those whose dealing involved making contact with HMRC were less positive (64%).

The first of the new measures was staff's ability to deal with the issue, which was rated positively by 71% of Personal Tax customers, while the second new measure, acceptability of time taken to reach a final outcome was rated highly by slightly more at 76%. The former measure was identified as a secondary area for improvement while the latter was identified as an area to maintain in the KDA.

There was little difference between subgroups in their ratings of the staff's ability and only a few differences in ratings for the acceptability of the time taken. Personal Tax customers dealing with Self Assessment rated the acceptability of time taken to reach a final outcome more positively (80%) while Personal Tax customers with PAYE from wages were least positive (70%). Those whose dealing involved making contact with HMRC were less positive towards acceptability of the time taken to reach a final outcome (68%).

HM Revenue & Customs Customer Survey 2008-2012

4.4 Customer Experience — Benefits and Credits Customers

Section 4.4 describes the customer experience for those who have dealt with a Benefit or Credit. For respondents dealing with more than one type of tax, credit or benefit, one was selected at random as the subject of the customer experience questions.
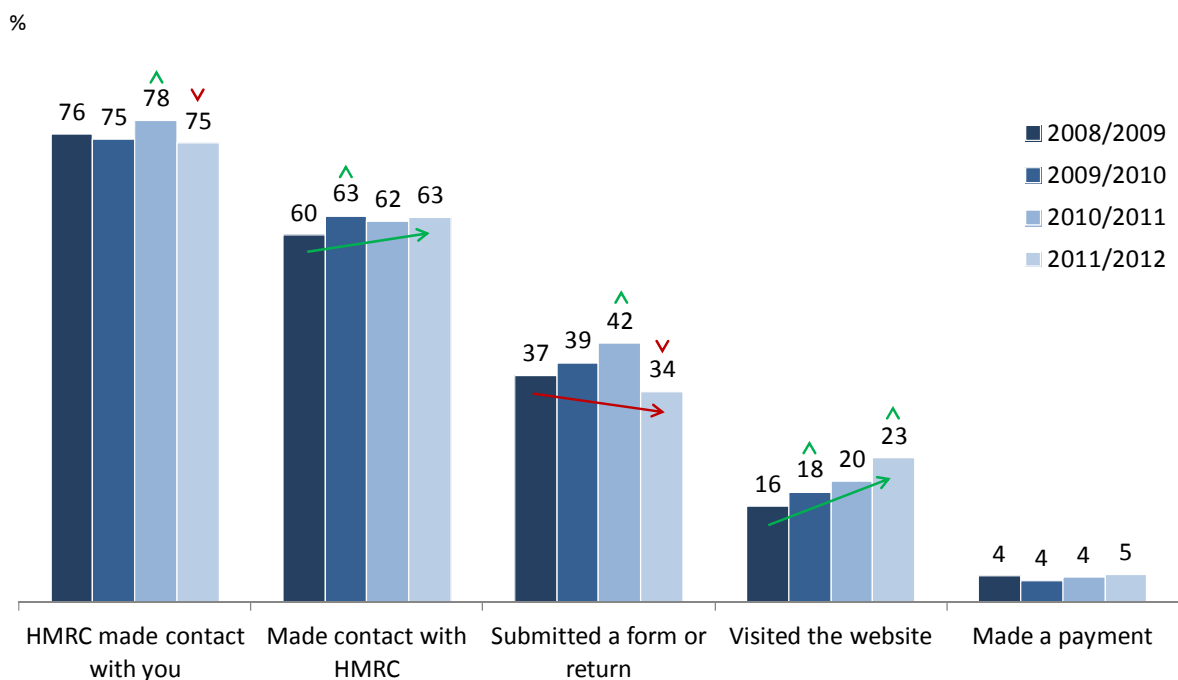
4.4.1 Types of dealings for Benefits and Credits customers

Most Benefits and Credits customers who had dealt with HMRC in the previous three months reported a variety of dealings about the tax selected for them[11] (Chart 4.13). Three quarters of Benefits and Credits customers reported that HMRC made contact with them (75%), returning to 2008/2009 levels after increasing to 78% in 2010/2011, and slightly fewer said that they had made contact with HMRC (63%), which had increased steadily from 60% in 2008/2009.

Submission of a form or return had decreased since 2008/2009 (34%, down from 37%) reversing an upward trend between 2008/2009 and 2010/2011. Almost a quarter (23%) of Benefits and Credits customers with dealings in the last three months had visited the website, up from 16% in 2008/2009, continuing a steady pattern of increase year on year. As in previous years, a relatively small proportion of Benefits and Credits customers made a payment in 2011/2012 (5%).

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[11] For respondents dealing with more than one type of tax, one was selected at random as the subject of all further customer experience questions.

Chart 4.13 Types of dealings in the last three months – Benefits and Credits

%

	2008/2009
	2009/2010
	2010/2011
	2011/2012

HMRC made contact with you: 76, 75, 78, 75
Made contact with HMRC: 60, 63, 62, 63
Submitted a form or return: 37, 39, 42, 34
Visited the website: 16, 18, 20, 23
Made a payment: 4, 4, 4, 5

Base: All with dealings in the last 3 months (08/09 n= 3020; 09/10 n= 2863; 10/11 n= 2505; 11/12 n= 2309)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

4.4.2 Channels of contact for Benefits and Credits customers

Methods of contact can also influence the customer experience. Only those who reported *making* contact with HMRC were asked which channel they used. Among those with dealings in the previous three months, 63% of Benefits and Credits customers reported contacting HMRC in relation to their dealing.

When making contact, Benefits and Credits customers were most likely to have used the telephone (94% of those making contact, increasing steadily from 92% in 2008/2009, Chart 4.14).

Other channels of contact were utilised at much lower levels. Three in ten Benefits and Credits customers making contact (31%) had used the internet as part of their dealing, continuing the upward trend since 2008/2009 (23%). Two in ten Benefits and Credits customers who contacted HMRC sent a letter (21%, up from 16% in 2010/2011).

Chart 4.14 Channels of contact in the last three months – Benefits and Credits
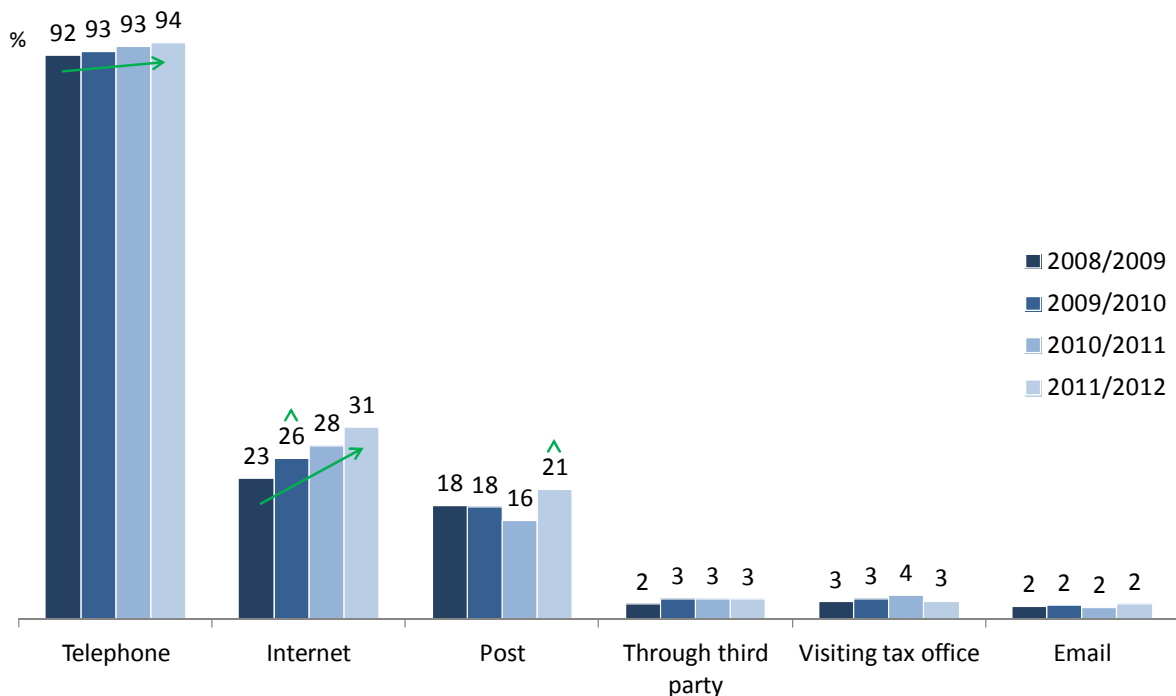
Base: All with dealings in the last 3 months (08/09 n=5575; 09/10 n=5624; 10/11 n= 4522; 11/12 n=2027)
Source: Q1-Q4 08/09–11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, V indicates an increase/decrease between consecutive years

It is important to note that most customers used more than one contact method during their most recent dealings. Among those making contact, 42% of Benefits and Credits customers used more than one method, increasing from 33% in 2008/2009. Where only one method was used, this was most likely to be the telephone (94%).

A series of new questions were added in 2011/2012 to put dealings in further context. Among customers who had used more than one method, the first channel used was equally likely to be the internet (44%), or the telephone (44%). The reason for using an alternative channel mentioned most frequently was that they did not find or receive the information they required at the first attempt (23%). Slightly fewer said they switched to an easier or their preferred method of contact (17%) or they only used the first method to get information before using main method (14%). Eight in ten (81%) said that the number of times they were in contact with HMRC was acceptable.
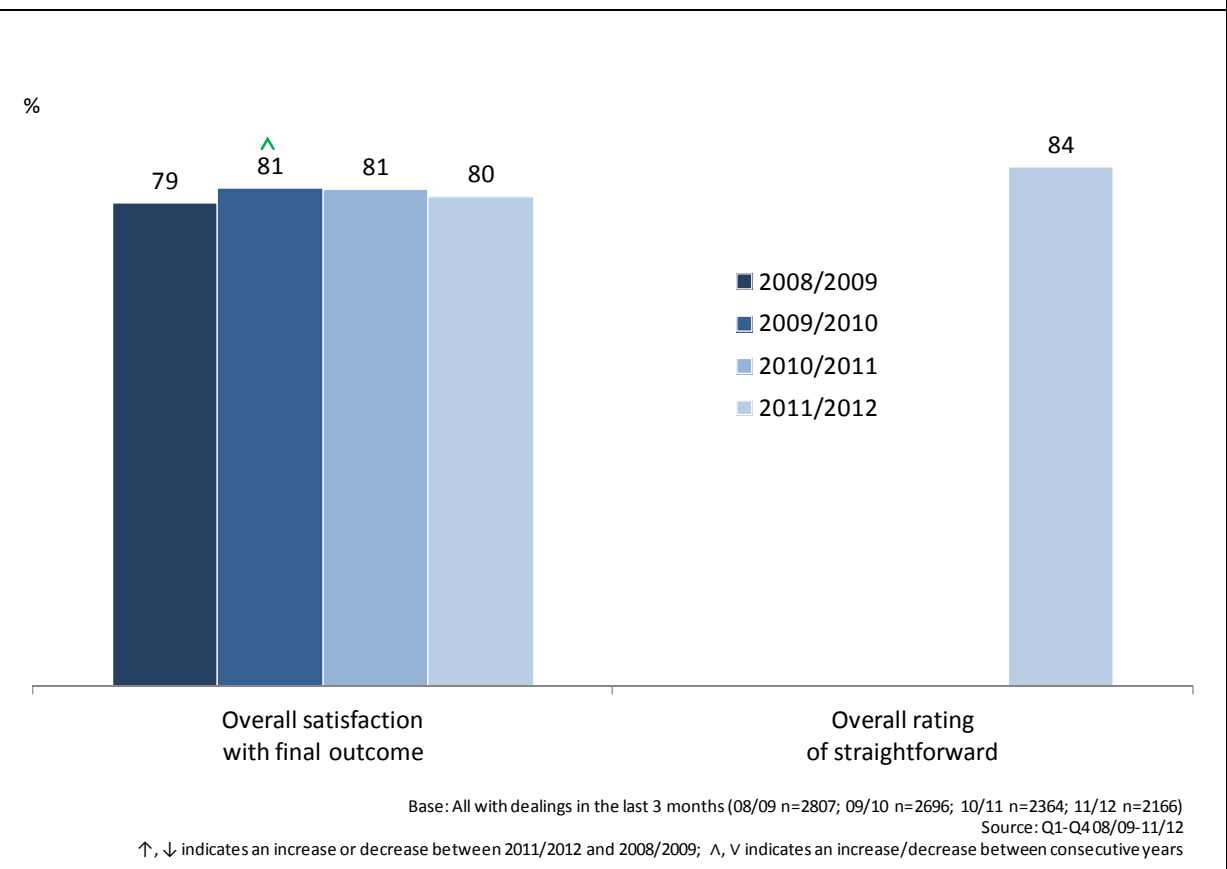
4.4.3 Overall ratings of Benefit and Credit customer experience

Overall ratings of the customer experience can be strongly influenced by two factors: satisfaction with the outcome, and prior expectations. For example, if two customers receive the same level of service, but one gains financially and the other loses, then the customer who gains financially is likely to rate the service more positively.

To encourage customers to focus on their experience of the service they received when dealing with HMRC and minimise the influence of outcomes on the ratings they gave, they were first asked to rate their satisfaction with the final outcome of their dealings, and then asked to put the outcome aside, and rate how straightforward their dealing was.

Prior to Q4 2010/2011 rather than rate how straightforward their dealing was, customers were asked to rate their overall experience, so the 2011/2012 measure of straightforward forms a new baseline.

Chart 4.15 Overall ratings of customer experience – Benefits and Credits

Base: All with dealings in the last 3 months (08/09 n=2807; 09/10 n=2696; 10/11 n=2364; 11/12 n=2166)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
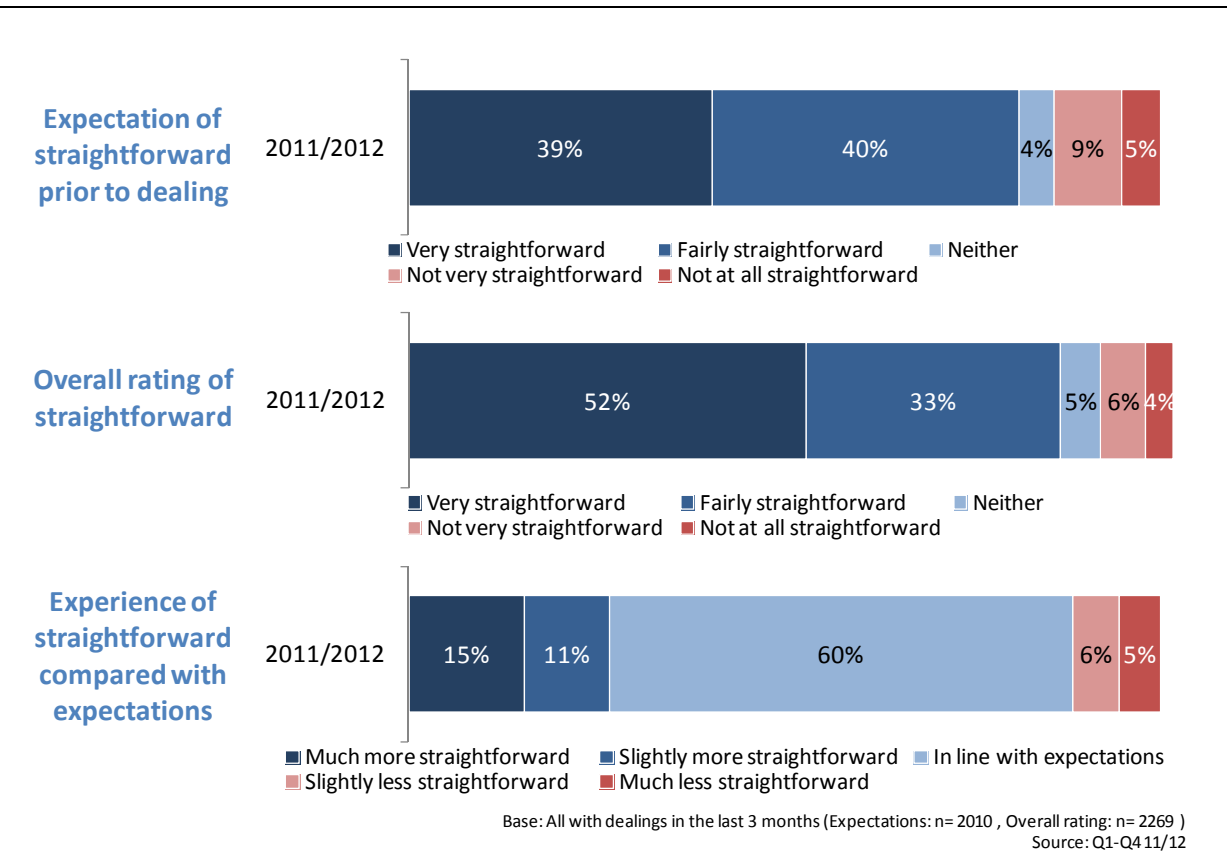
More than eight in ten Benefits and Credits customers (84%) said their experience was very or fairly straightforward. Five in ten (52%) said their experience was very straightforward. Only 9% of Benefits and Credits customers gave a negative rating. Satisfaction with the final outcome of the dealing was rated as highly than as overall straightforwardness, with 80% of Benefits and Credits customers very or fairly satisfied. This has remained largely consistent since 2008/2009.

For Benefits and Credits customers there was little difference in ratings of straightforwardness by tax dealt with. Those dealing with Child Benefit (89%) gave higher ratings compared with 84% for Tax Credits (of any kind).

A new question was added to the survey in Q2 2011/2012 asking customers to state what their expectation of straightforwardness was before their dealings began (this question was asked before the more detailed experience questions). In a continuation of the previous line of questioning, customers were asked whether their experience was more or less straightforward or in line with expectations, but the response scale changed from a three-point to a five-point scale.

Chart 4.16 shows both of these measures alongside the overall rating of straightforward.

Chart 4.16 Expectation and experience of straightforwardness – Benefits and Credits

Expectation of straightforward prior to dealing

2011/2012: Very straightforward 39% | Fairly straightforward 40% | Neither 4% | Not very straightforward 9% | Not at all straightforward 5%

- ■ Very straightforward ■ Fairly straightforward ■ Neither
- ■ Not very straightforward ■ Not at all straightforward

Overall rating of straightforward

2011/2012: Very straightforward 52% | Fairly straightforward 33% | Neither 5% | Not very straightforward 6% | Not at all straightforward 4%

- ■ Very straightforward ■ Fairly straightforward ■ Neither
- ■ Not very straightforward ■ Not at all straightforward

Experience of straightforward compared with expectations

2011/2012: Much more straightforward 15% | Slightly more straightforward 11% | In line with expectations 60% | Slightly less straightforward 6% | Much less straightforward 5%

- ■ Much more straightforward ■ Slightly more straightforward ■ In line with expectations
- ■ Slightly less straightforward ■ Much less straightforward

Base: All with dealings in the last 3 months (Expectations: n= 2010 , Overall rating: n= 2269)
Source: Q1-Q4 11/12

Eight in ten Benefits and Credits customers (79%) had expected, before their dealing, that it would be very or fairly straightforward. A higher proportion went on to report that their dealing was straightforward (84%). Six in ten (60%) reported that their experience was in line with expectations, while a quarter (26%) said it was more straightforward than expected, far more than those who said it was less straightforward (11%).

There was a strong relationship between the rating of straightforwardness against expectations and overall rating of straightforwardness. Among Benefits and Credits customers who rated their experience very or fairly straightforward, three in ten (31%) thought that experience was more straightforward than expected, compared with only five per cent who rated their experience neutrally or not straightforward. Of those who rated overall straightforward neutrally or negatively, 47% said it was less straightforward than expected.

4.4.4 Dimensions of Benefits and Credits customer experience

Whilst the overall ratings of customer experience give a general picture, it is essential to look in more detail at particular dimensions of the experience in order to ascertain what may be driving customer ratings and to identify key areas for action. The dimensions of customer experience were introduced in section 1.6.2.

4.4.5 Relative ratings of Benefits and Credits customer experience and changes over time

Chart 4.17 gives an overview of the relative ratings of the nine dimensions of experience and changes between the 2008/2009 baseline and 2011/2012.

The arrows show where there has been a significant change in performance from 2008/2009 to 2011/2012 and the arrow heads show where there was a significant change in the measure between two consecutive years. Additionally, the colour coding shows relative levels of positive scores (very or fairly good etc.) where darker shading represents a 2011/2012 score equal to or above the median whereas lighter shading represents a score below the median.

Chart 4.17 Ratings of customer experience and change between years – Benefits and Credits
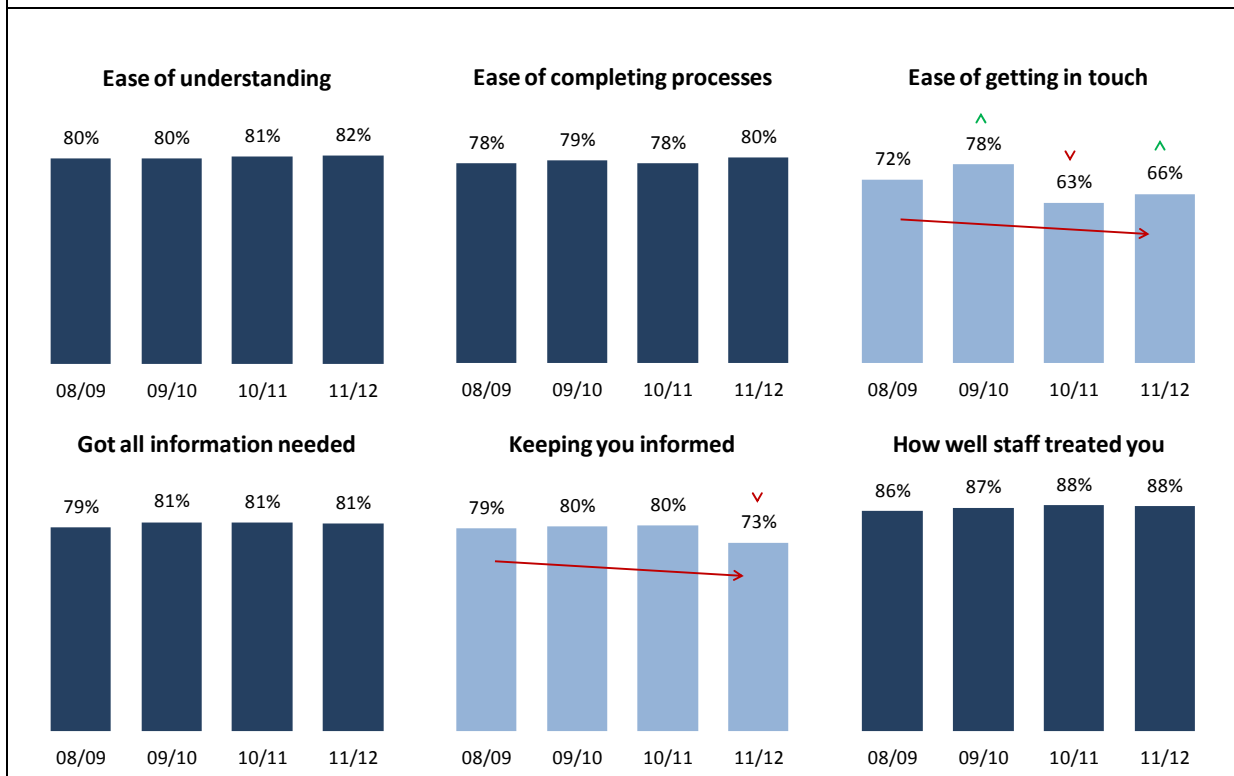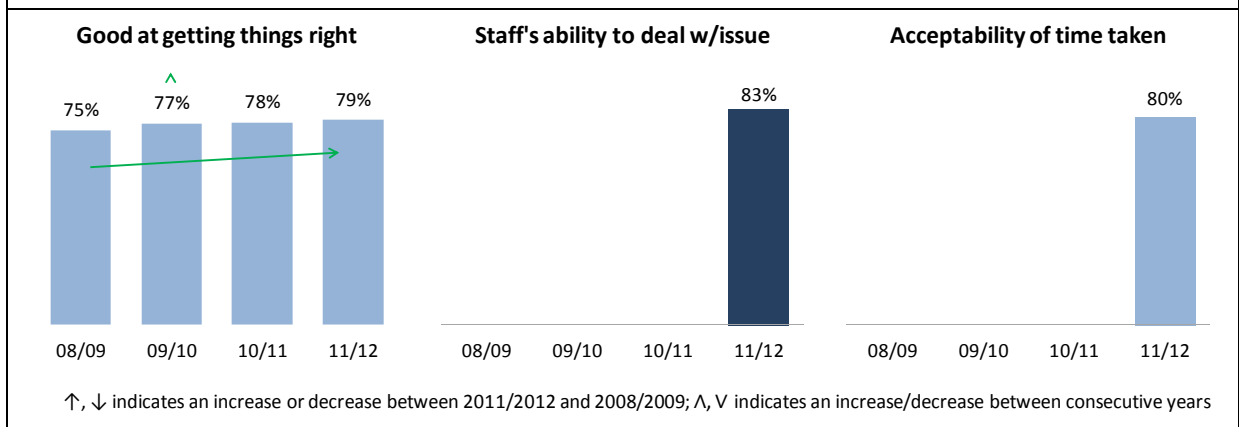
**Chart 4.17 Ratings of customer experience and change between years –
Benefits and Credits**

Good at getting things right	Staff's ability to deal w/issue	Acceptability of time taken

↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
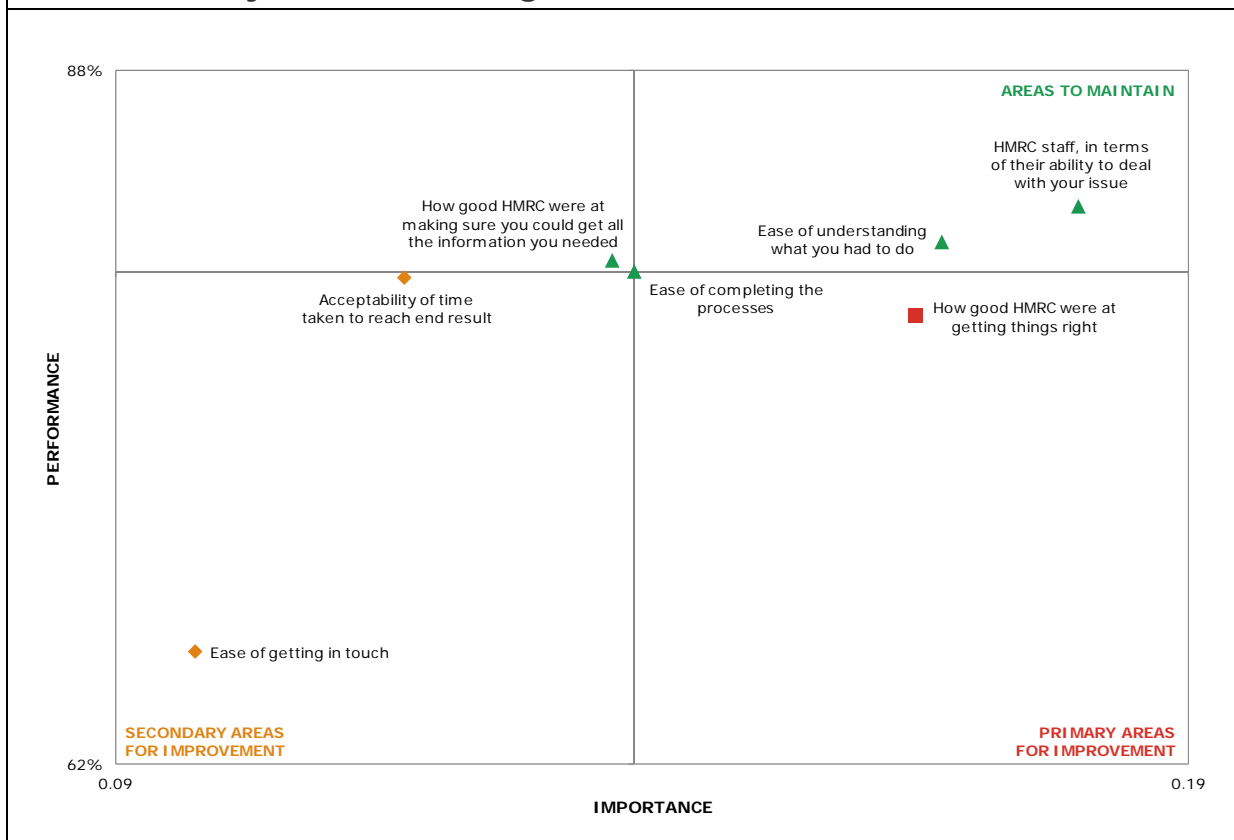
This chart shows that the majority of Benefits and Credits customers were positive about HMRC across all dimensions of experience. More detailed findings for the different dimensions are discussed in sections 4.3.17 to 4.3.19.

4.4.6   Key driver analysis for Benefits and Credits customers

Key driver analysis was carried out using multivariate analysis of the overall rating of straightforwardness. The final analysis plots importance against performance in a quadrant diagram (Chart 4.18) with relative importance in driving the overall straightforward rating on the horizontal axis and performance on the vertical axis. A more detailed description of key driver analysis is in Appendix A.

Chart 4.18 Key drivers of straightforwardness – Benefits and Credits [12]

Chart showing Performance (y-axis, 62% to 88%) versus Importance (x-axis, 0.09 to 0.19). Markers plotted:
- AREAS TO MAINTAIN (top right)
- HMRC staff, in terms of their ability to deal with your issue (green triangle)
- Ease of understanding what you had to do (green triangle)
- How good HMRC were at making sure you could get all the information you needed (green triangle)
- Ease of completing the processes
- Acceptability of time taken to reach end result (orange diamond)
- How good HMRC were at getting things right (red square)
- Ease of getting in touch (orange diamond)
- SECONDARY AREAS FOR IMPROVEMENT (bottom left)
- PRIMARY AREAS FOR IMPROVEMENT (bottom right)

Square markers are used in the bottom right quadrant to signify key areas for improvement, diamond markers for secondary areas for improvement in the bottom left and triangle markers for areas to maintain in the top right and to a lesser extent in the top left.

Performance scores were generally high in areas that had the greatest influence on the overall rating of straightforward: particularly staff, in terms of their ability to deal with the issue and ease of understanding what to do. These areas need to be maintained to keep the overall straightforward rating high. The only key area for improvement due to its relatively prominent level of importance and lower performance rating is getting things right, and even this was scored relatively highly, only just appearing in the bottom right quadrant.
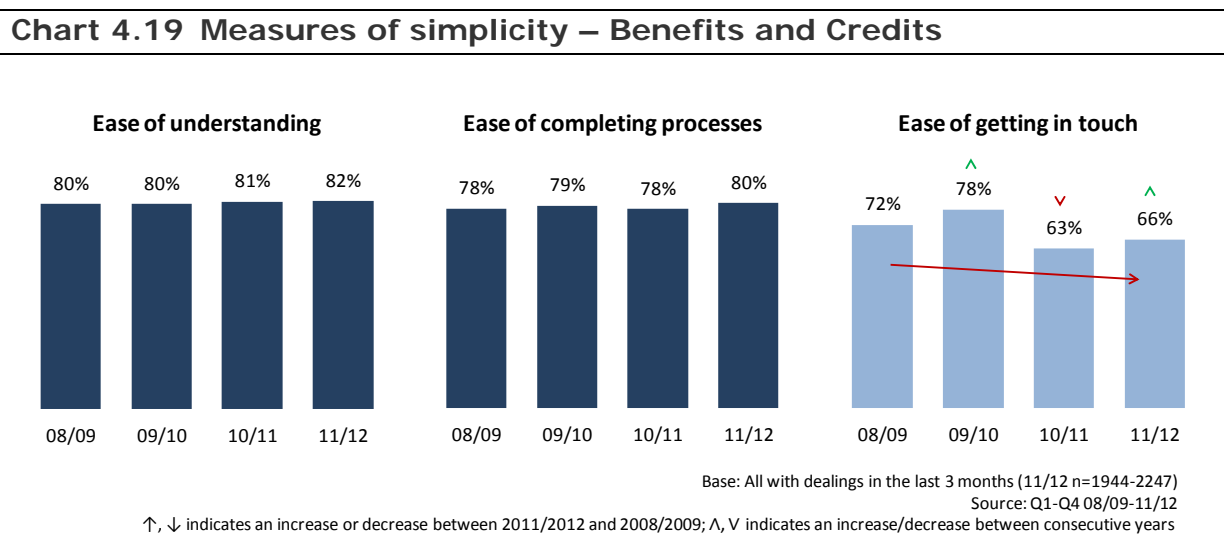
Two of the remaining factors were secondary areas for improvement. These areas, rated slightly lower both in terms of importance and performance, are ease of getting in touch and acceptability of time taken to reach an end result. Ease of getting in touch had by some way the lowest performance score.

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[12] R^2 is 0.57 meaning that 57% of the variance can be accounted for in the model.

The remainder of this section will focus on measures which have shown significant change over time, or which have been identified as areas for improvement in the key driver analysis to help shed more light on potential areas for improvement.

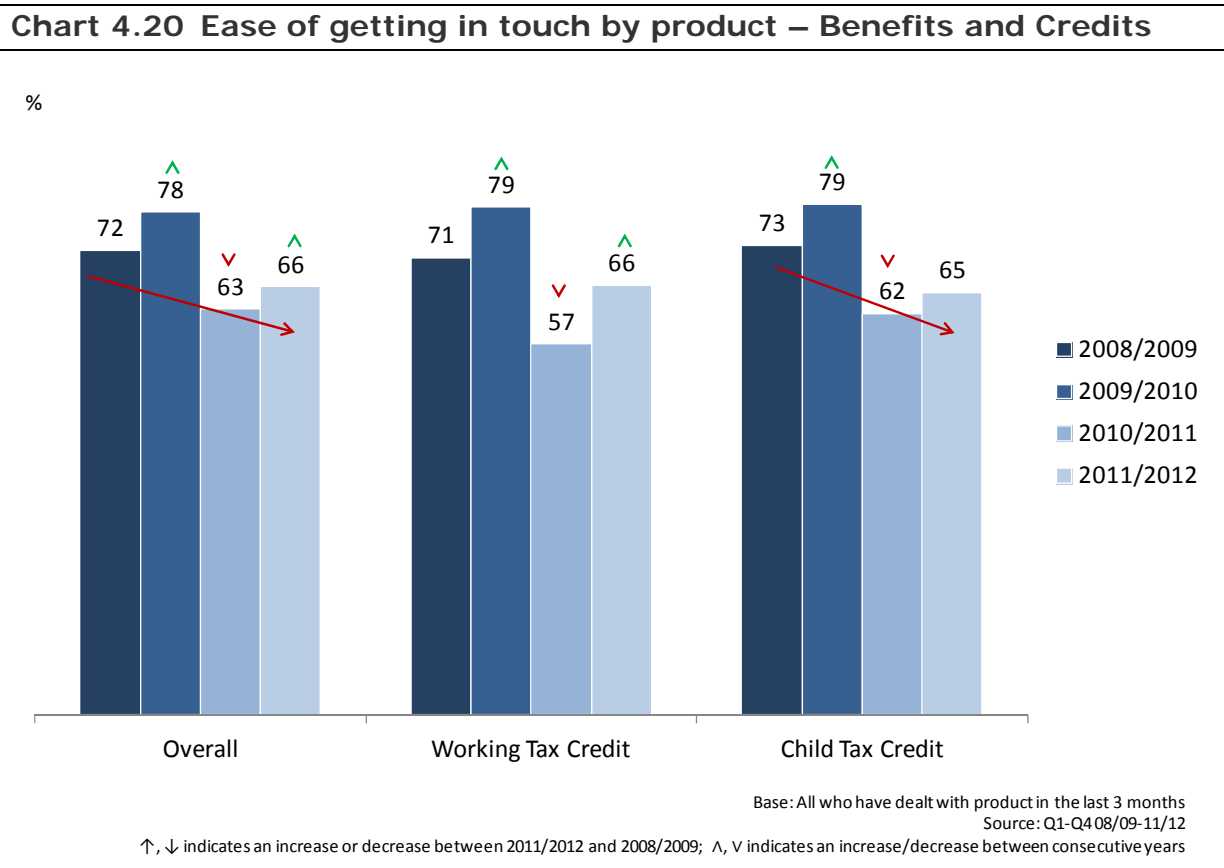### 4.4.7 Simplicity for Benefits and Credits customers

Simplicity includes three measures designed to find out how easy HMRC makes the experience for their customers, in terms of understanding what to do, completing processes, and getting in touch. Ease of getting in touch was identified in the key driver analysis as a secondary focus for improvement.

Chart 4.19 Measures of simplicity – Benefits and Credits

Base: All with dealings in the last 3 months (11/12 n=1944-2247)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, V indicates an increase/decrease between consecutive years

More than eight in ten Benefits and Credits customers felt that it was easy to understand what they needed to do (82%), and a similar number felt that it was easy to complete the processes (80%) related to their dealings. Both measures had remained relatively stable across the four years of the survey. Both were identified as strong areas of performance to maintain in the key driver analysis.

In contrast to the other two simplicity measures, perceived ease of getting in touch had decreased since 2008/2009 (66%, down from 72% in 2008/2009). The change in this measure emerged between 2009/2010 and 2010/2011 after increasing between 2008/2009 and 2009/2010. Despite the overall downward trend there were sign of improvement with an increase between 2010/2011 and 2011/2012 (from 63% to 66%). This was also identified as a secondary area to improve in the key driver analysis, and was the measure with the lowest performance score overall.
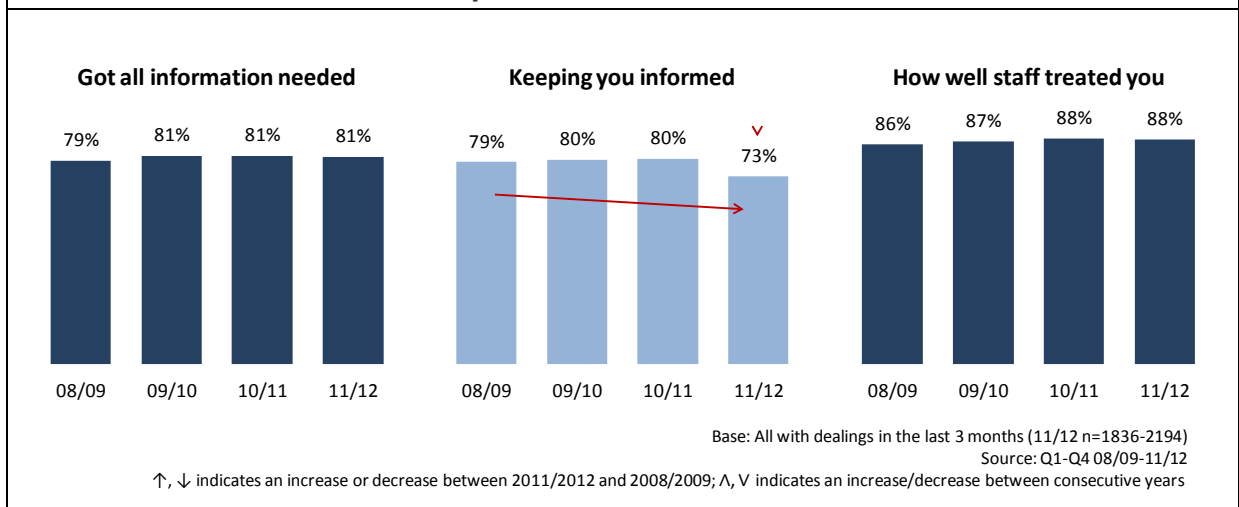
The decrease in ratings for ease of getting in touch was driven through dealings with Child Tax Credit for which ratings decreased from 73% in 2008/2009 to 65% in 2011/2012 (Chart 4.20). There were no differences by demographic subgroup.

Chart 4.20 Ease of getting in touch by product – Benefits and Credits

%

Legend:
- 2008/2009
- 2009/2010
- 2010/2011
- 2011/2012

Overall: 72, 78, 63, 66
Working Tax Credit: 71, 79, 57, 66
Child Tax Credit: 73, 79, 62, 65

Base: All who have dealt with product in the last 3 months
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

4.4.8 Responsiveness for Benefits and Credits customers

Customers were asked to rate the responsiveness of HMRC in terms of how good HMRC were at giving them the information they needed, keeping them informed and how well staff treated them.

Chart 4.21 Measures of responsiveness − Benefits and Credits

Got all information needed				Keeping you informed				How well staff treated you			
79%	81%	81%	81%	79%	80%	80%	73%	86%	87%	88%	88%
08/09	09/10	10/11	11/12	08/09	09/10	10/11	11/12	08/09	09/10	10/11	11/12

Base: All with dealings in the last 3 months (11/12 n=1836-2194)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ʌ, v indicates an increase/decrease between consecutive years

More than eight in ten Benefits and Credits customers felt that HMRC were good at making sure they got all the information they needed (81%), and that they were well treated by staff (88%) in relation to their dealings. Both measures had remained relatively stable across the four years of the survey.

How good HMRC was at keeping the customer informed about progress was rated highly by eight in ten Benefits and Credits customers between 2008/2009 and 2010/2011, but this decreased to 73% in 2011/2012.
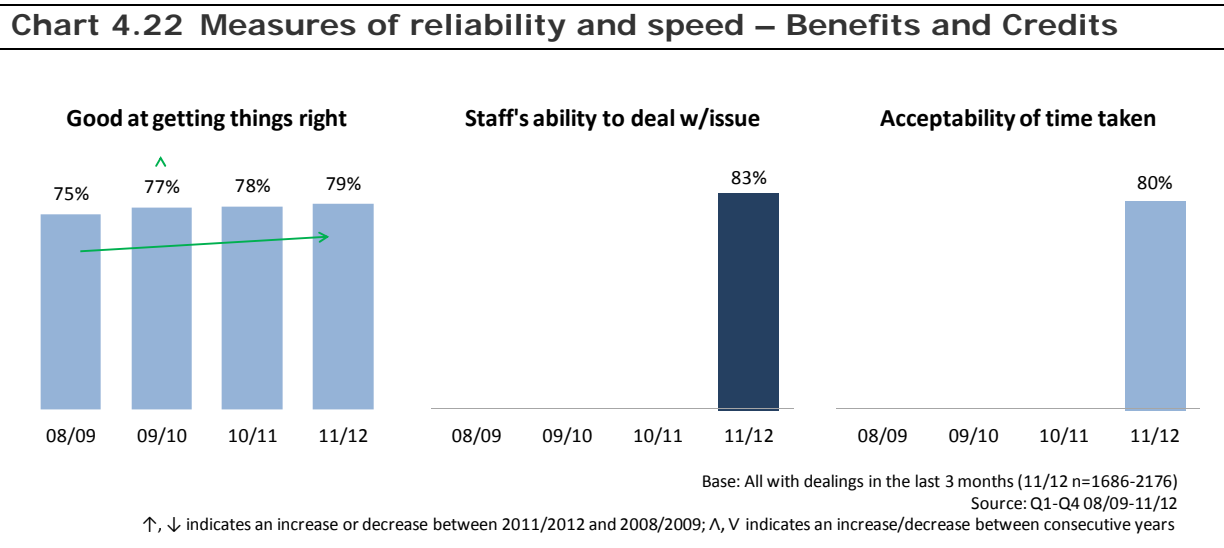
The decrease was driven through dealings with Child Benefit (80% down from 85% in 2008/2009) and Child Tax Credits (72% down from 77% in 2008/2009). Child Benefit remained the highest rated product to deal with in 2011/2012 (80%) in terms of being informed about progress while dealing with a general query was rated lowest (59%).

Benefits and Credits customers whose dealings involved HMRC making contact with them rated being kept informed higher (77% compared with 73% overall) and those who used at least three channels of contact were least positive (53% compared with 76% who used only one method).

4.4.9 Reliability and Speed for Benefits and Credits customers

Ratings of reliability and speed included how good HMRC were at getting things right, the staff in terms of their ability to deal with the issues and the acceptability of the time taken to reach a final outcome.

Being good at getting things right was identified as a primary area to improve in the key driver analysis while acceptability of time taken was identified as a secondary focus for improvement. The measures for both staff's ability to deal with the issue and the acceptability of time taken were added to the survey in 2011/2012.

Chart 4.22 Measures of reliability and speed – Benefits and Credits

Base: All with dealings in the last 3 months (11/12 n=1686-2176)
Source: Q1-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ⋀, V indicates an increase/decrease between consecutive years

Ratings Benefits and Credits customers gave for how good HMRC were at getting things right increased between 2008/2009 and 2011/2012 (79%, up from 75%). The increase was driven through dealings with Child Benefit (86%, up from 81%) and Working Tax Credits (77%, up from 71%). Ratings for dealing with Child Benefit were highest (86%); while dealing with a general query was rated lowest (71%).

Few differences were detected between subgroups, but those whose dealing involved making a payment were less positive (63% compared with 79% overall), along with those using at least three channels of contact (64%).

The first of the new measures was the ability of staff to deal with the issue, which was rated positively by 83% of Benefits and Credits customers, while the second new measure, acceptability of time taken to reach a final outcome was rated positively by 80%. The former measure was identified as an area to maintain in the KDA while the latter was identified as a secondary area to improve, despite the high score leaving relatively little scope for improvement

There were only a few differences in ratings for the acceptability of the time taken by type of customer. Benefits and Credits customers dealing with Child Benefit rated the acceptability of time taken to reach a final outcome more

positively (85%). Benefits and Credits customers who did not work were also more positive (84%). Those using at least three channels of contact were less positive (70%) as were those who contacted by post (71%).

4.5 Reputation

Every second quarter (Q2 and Q4) a module is included in the customer survey to measure HMRC's reputation among those who may or may not have had any recent direct dealings with the Department and therefore encompass a broader target population than the customer experience questions.
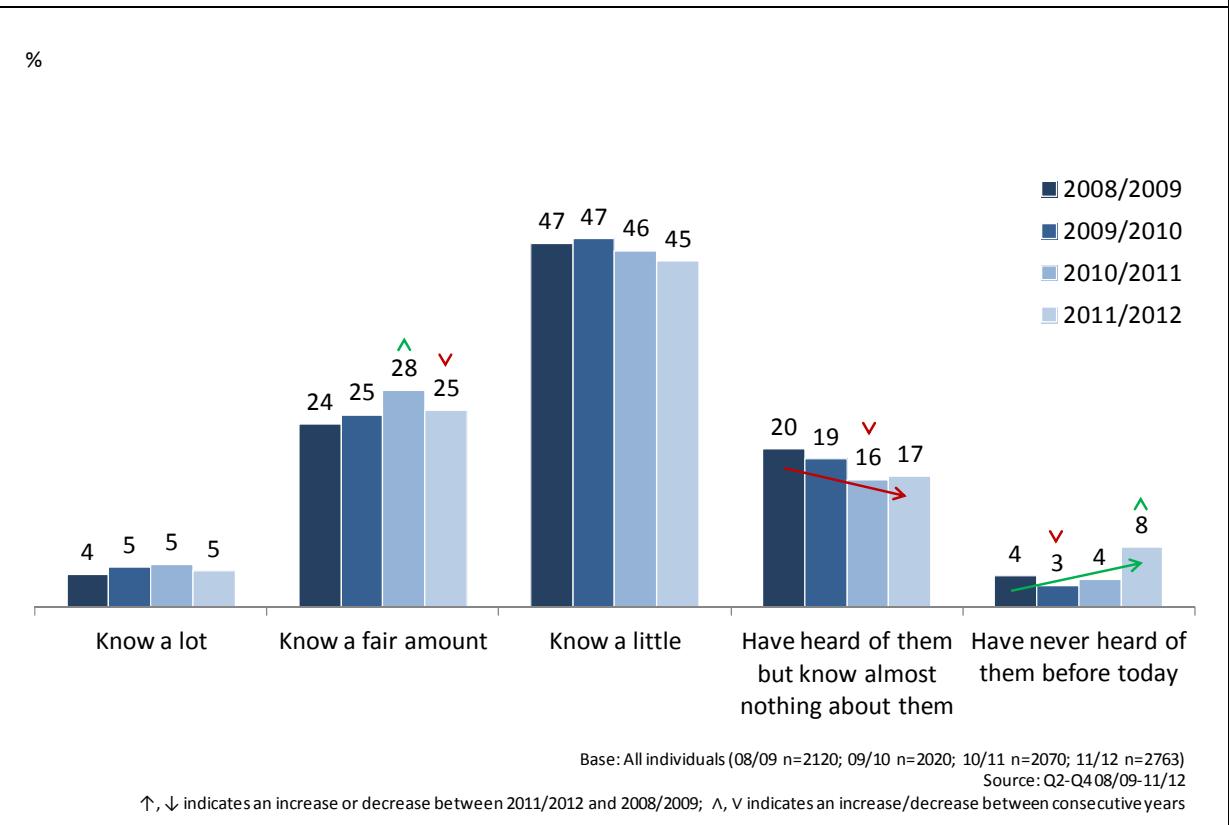
These questions were developed to provide measures to track HMRC's reputation and to evaluate the performance of its values over time among different audiences. Questions about reputation were asked of all customers and not just those who had dealt with HMRC in the previous three months. This means that questions about reputation are not linked to any specific dealings but to customers' general perceptions. This means that this section covers all Individuals, and is not split into Personal Tax and Benefit and Credit customers in the same way as the customer experience sections in this report.

Measurement was integrated within the Customer Survey from 2008, although the measures were substantially changed in 2010/2011. This chapter focuses on the findings from 2011/2012, and draws on any significant changes from 2010/2011 (or 2008/2009 where measures have remained unchanged).

4.5.1 Familiarity

It is important to establish familiarity (in conjunction with frequency of dealing with HMRC) to help determine the extent to which opinions of HMRC are likely to be based on experience or other influences. As Chart 4.23 shows, there was little change between 2008/2009 and 2010/2011.

Chart 4.23 Familiarity

%

Legend:
- 2008/2009
- 2009/2010
- 2010/2011
- 2011/2012

Know a lot: 4, 5, 5, 5

Know a fair amount: 24, 25, 28 ∧, 25 ∨

Know a little: 47, 47, 46, 45

Have heard of them but know almost nothing about them: 20, 19, 16 ∨, 17

Have never heard of them before today: 4, 3 ∨, 4, 8 ∧

Base: All individuals (08/09 n=2120; 09/10 n=2020; 10/11 n=2070; 11/12 n=2763)
Source: Q2-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

Individuals reported a moderate level of familiarity with HMRC, and while the majority knew at least a little (75%), only five percent of Individuals felt they knew a lot about HMRC. There had been an increase between 2008/2009 and 2011/2012 in the level of Individuals who had never heard of HMRC (8%, up from 4%).

These relative levels of familiarity correspond with the level of recent dealings reported in Section 4.2, where 33% of Individuals had dealt with HMRC in the previous three months. Generally, familiarity with HMRC increases with frequency of dealings. More than half of Individuals (47%) who had dealt with HMRC in the previous three months said they knew a lot or a fair amount about them, compared with just 24% of Individuals who had not had a recent dealing.

4.5.2 Measures of reputation

The customer survey looks at several additional measures which may well influence the overall reputation of HMRC. The dimensions of customer experience were introduced in section 1.6.3. The next section of this chapter explores the results from 2011/2012. Where measures have been included since 2008, comparison will be made with data from the previous three years of the survey.

4.5.3 Relative ratings of reputation and changes over time

Chart 4.24 gives an overview of the relative ratings of the reputation measures that make up elements of HMRC's reputation (fairness, favourability and trust), and changes between the baseline and 2011/2012.

The arrows show where there has been a significant change in performance from 2008/2009 to 2011/2012 and the arrow heads show where there was a significant change in the measure between two consecutive years. Additionally, the colour coding shows relative levels of positive scores (very or fairly good etc.) where darker shading represents a 2011/2012 score equal to or above the median whereas lighter shading represents a score below the median.

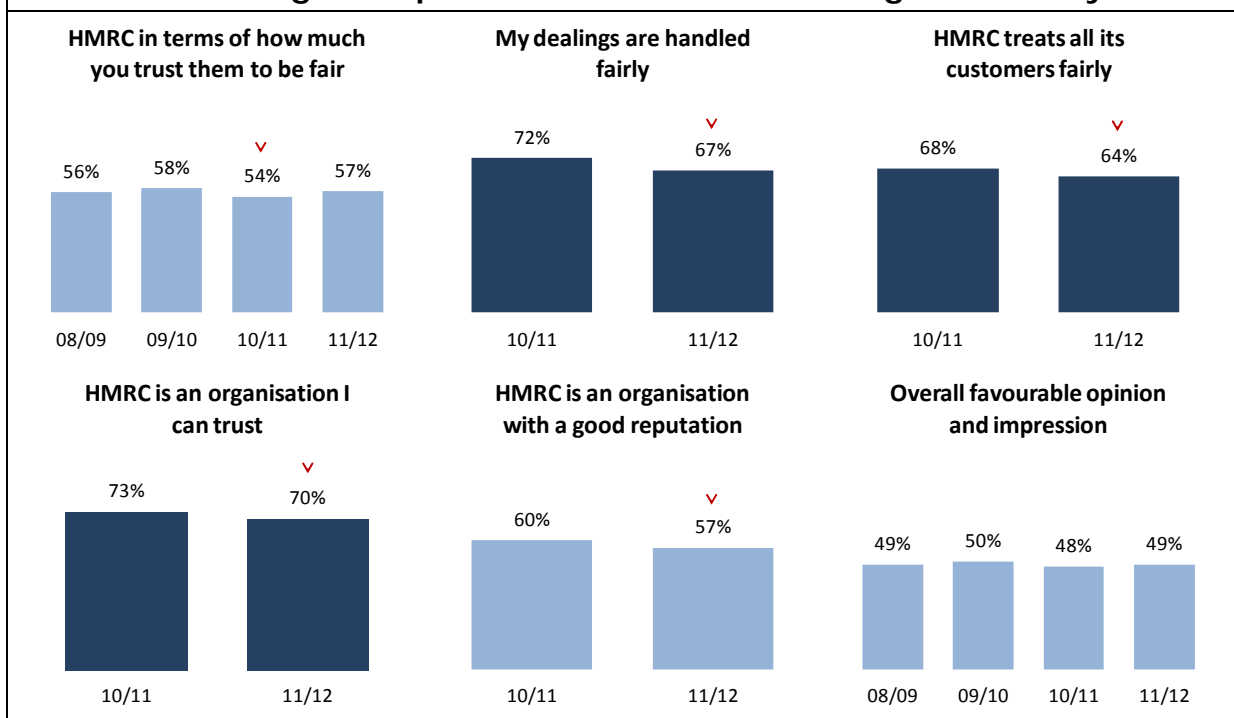**Chart 4.24 Ratings of reputation measures and change between years**

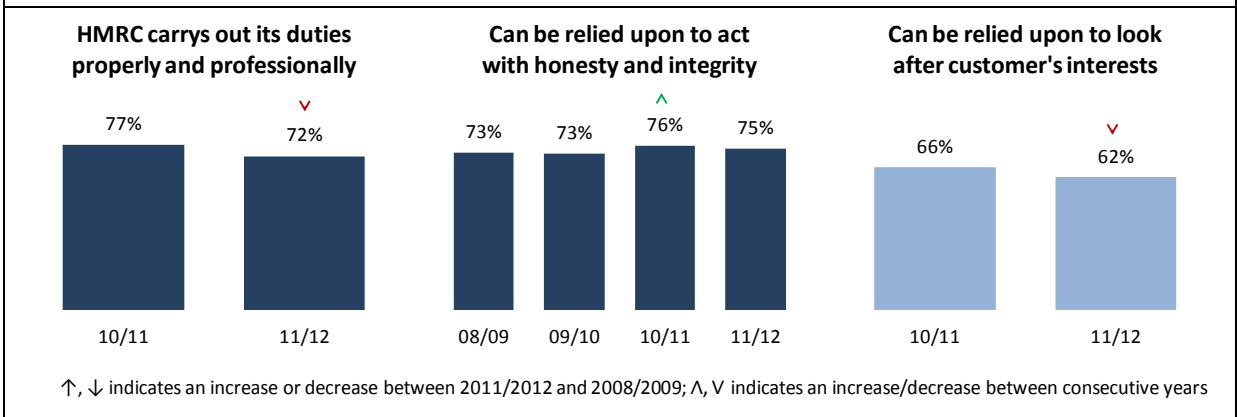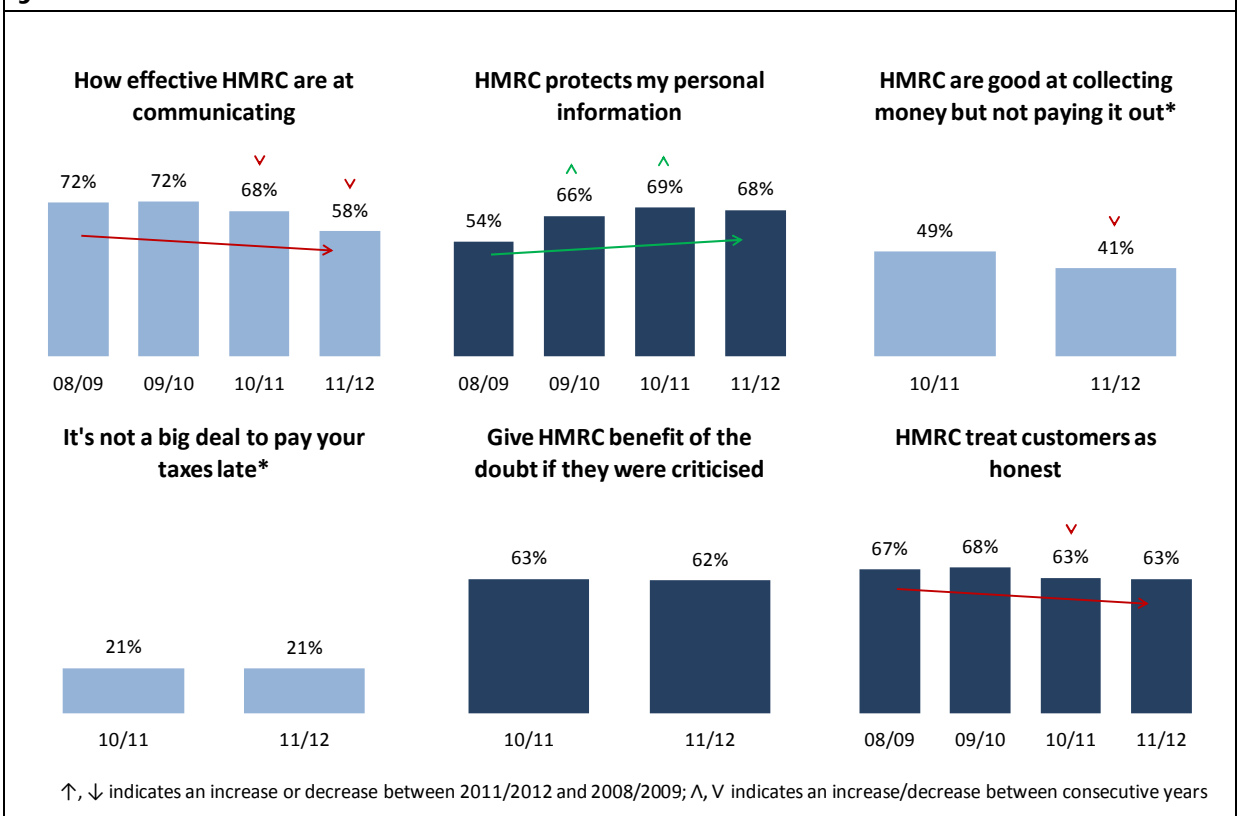## Chart 4.24 Ratings of reputation measures and change between years

HMRC carrys out its duties properly and professionally

77% — 10/11
72% ˅ — 11/12

Can be relied upon to act with honesty and integrity

73% — 08/09
73% — 09/10
76% ˄ — 10/11
75% — 11/12

Can be relied upon to look after customer's interests

66% — 10/11
62% ˅ — 11/12

↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; Λ, V indicates an increase/decrease between consecutive years

Chart 4.25 gives an overview of the relative ratings of the remaining reputation measures (communications, stories, support, compliance and other).

Chart 4.25 Ratings of other reputation measures and change between years

How effective HMRC are at communicating

72% — 08/09
72% — 09/10
68% ˅ — 10/11
58% ˅ — 11/12

HMRC protects my personal information

54% — 08/09
66% ˄ — 09/10
69% ˄ — 10/11
68% — 11/12

HMRC are good at collecting money but not paying it out*

49% — 10/11
41% ˅ — 11/12

It's not a big deal to pay your taxes late*

21% — 10/11
21% — 11/12

Give HMRC benefit of the doubt if they were criticised

63% — 10/11
62% — 11/12

HMRC treat customers as honest

67% — 08/09
68% — 09/10
63% ˅ — 10/11
63% — 11/12

↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; Λ, V indicates an increase/decrease between consecutive years

The charts show that the majority of Individuals were generally positive about HMRC across most reputation measures, and there were some changes (both up and down). Many of the new measures had decreased since 2010/2011, and half

of the measures that had been asked since 2008/2009 had seen change in the longer term. More detailed findings for the different dimensions are discussed in sections 4.4.5 to 4.4.9.

4.5.4 Key driver analysis

Key driver analysis was carried out using multivariate analysis of an overall measure (favourability). The final analysis plots importance against performance in a quadrant diagram with relative importance in driving favourability on the horizontal axis and performance on the vertical axis (Chart 4.26). A more detailed description of key driver analysis is in Appendix A.
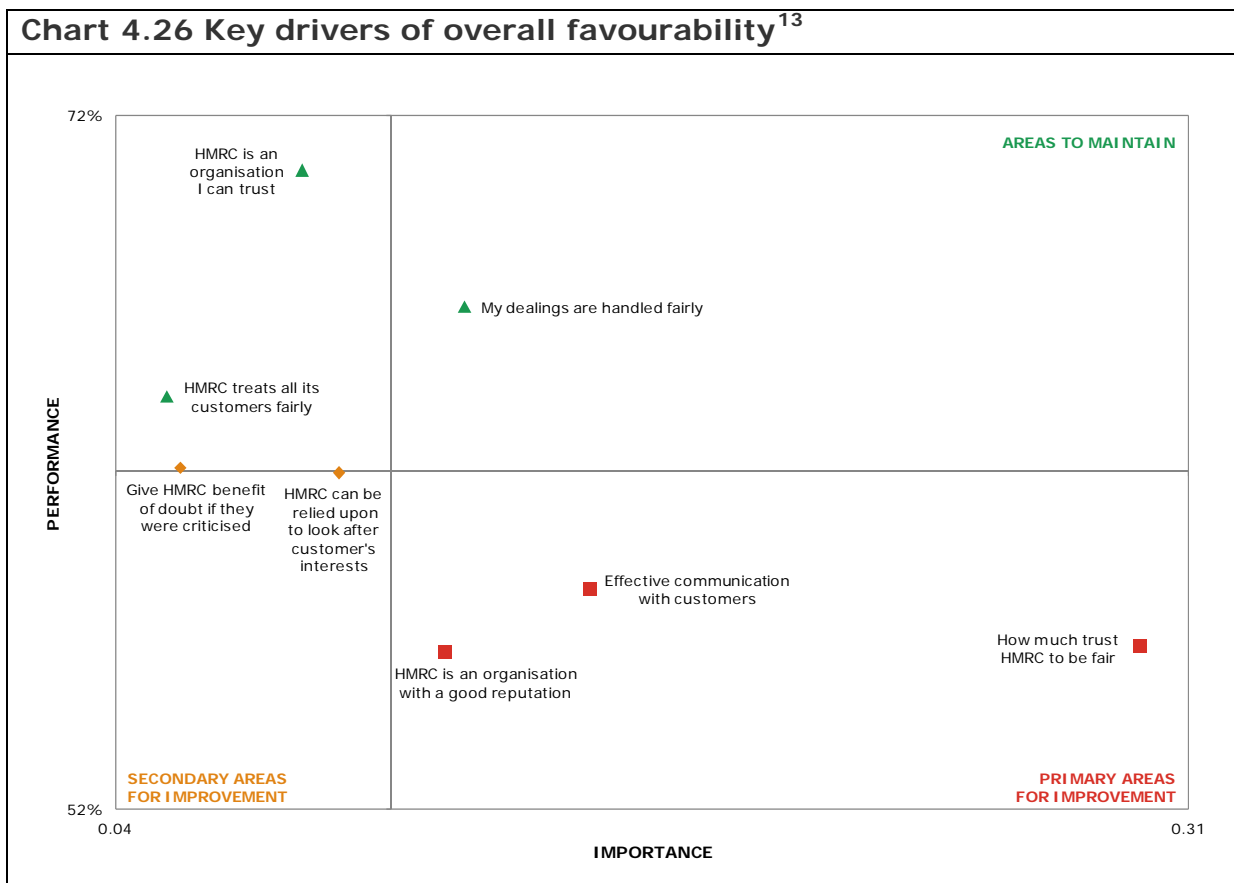
Chart 4.26 Key drivers of overall favourability[13]

Square markers are used in the bottom right quadrant to signify key areas for improvement, diamond markers for secondary areas for improvement in the bottom left and triangle markers for areas to maintain in the top right and to a lesser extent in the top left.

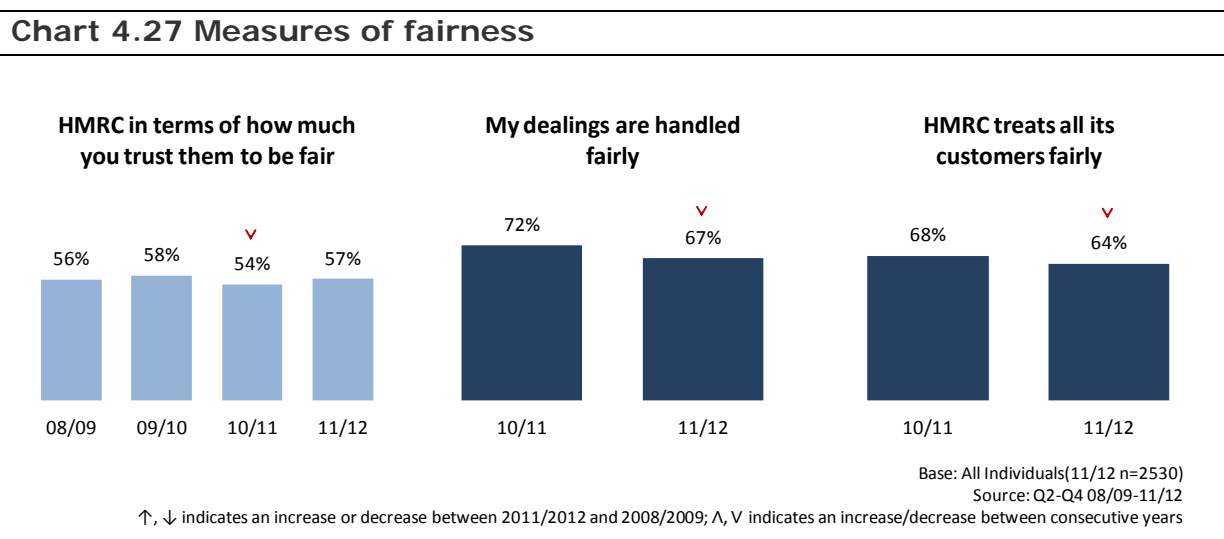[13] R^2 is 0.44 meaning that 44% of the variance can be accounted for in the model.

Trust in HMRC to be fair was found to be particularly dominant in the model that explored overall favourability, and due to its relatively poor performance rating is a key area for improvement. The model also identified effective communication and having a good reputation as primary focuses for improvement as performance in these areas is also relatively low.

Looking after customer interest's and giving HMRC the benefit of the doubt were rated slightly lower in terms of importance and are performing less well, making them secondary focuses for improvement.

Handling dealings fairly is an area to maintain, given its relatively high importance and performance scores.

4.5.5 Fairness

Fairness includes three measures; trust in HMRC to be fair, the extent to which dealings are handled fairly and the extent to which HMRC treats all its customers fairly. Trust in HMRC to be fair is an area identified by the key driver analysis as a primary area of improvement.

Chart 4.27 Measures of fairness

HMRC in terms of how much you trust them to be fair

08/09	09/10	10/11	11/12
56%	58%	54% ᵛ	57%

My dealings are handled fairly

10/11	11/12
72%	67% ᵛ

HMRC treats all its customers fairly

10/11	11/12
68%	64% ᵛ

Base: All Individuals(11/12 n=2530)
Source: Q2-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

Of the three fairness measures, trust in HMRC to be fair is the only one to have been asked since 2008/2009. Ratings had remained reasonably consistent; at slightly fewer than six in ten (57%), with only marginal differences between years. In 2011/2012 there was some difference in attitude by segment; 62% of those willing and able were positive, whereas just 49% of the 'willing but need help' segment and 46% of 'potential rule breakers' gave a positive score.

Individuals who had had dealings with HMRC in the last three months were more positive (69%) than those who had not (52%).
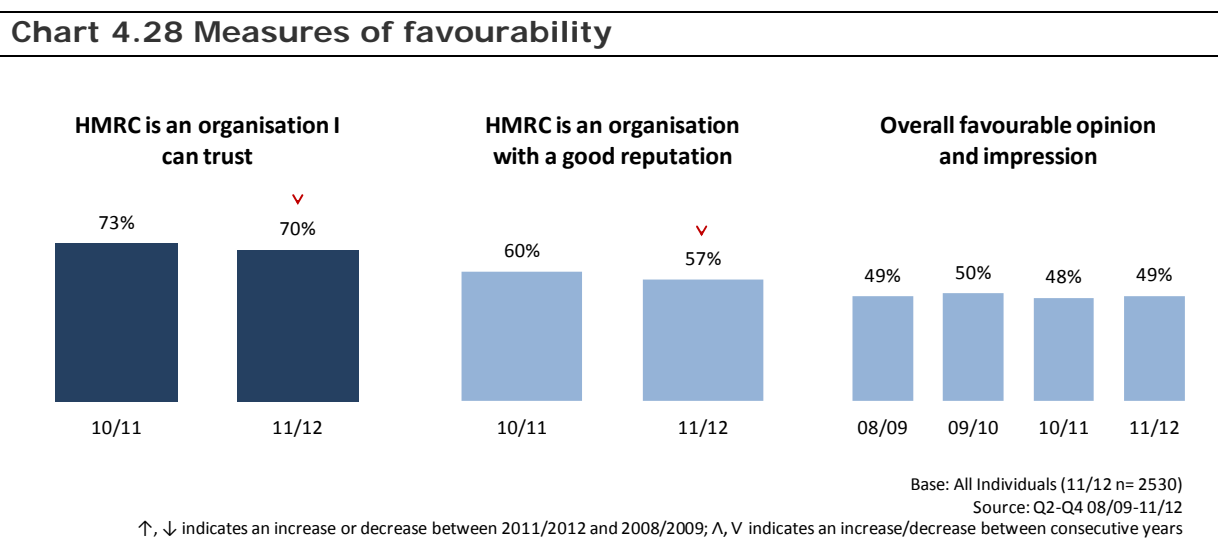
The perception that their dealings are handled fairly by HMRC was rated positively by two thirds of Individuals (67%), although this had decreased since the question was introduced in 2010/2011 (72%). Individuals were slightly less likely to agree that HMRC treats all its customers fairly (64%), and this had also decreased since 2010/2011 (68%). Individuals who had had dealings with HMRC in the last three months were more positive in both measures, particularly in relation to their personal dealings (69% for HMRC treats its customers fairly and 82% for my dealings are handled fairly).

The decrease in ratings for 'my dealings are handled fairly' was reflected for Individuals who had not dealt with HMRC in the last three months (60% down from 69% in 2010/2011). There was no change in the ratings given by Individuals who had had a recent dealing, meaning this change in perceptions was not based on recent personal experience.

The decrease in ratings for 'HMRC treats all its customers fairly' was also observed for Individuals who had not dealt with HMRC in the last three months (62% down from 67% in 2010/2011) but not Individuals with recent dealings. Ratings given by Individuals working full time had also decreased (64%, down from 70%) where they had not for other employment groups.

4.5.6 Favourability

Favourability includes three measures; HMRC is an organisation I can trust, HMRC is an organisation with a good reputation and overall favourability of opinion and impression. The key driver analysis identified the reputation of HMRC as a primary area to focus on for improvement.

Chart 4.28 Measures of favourability

Base: All Individuals (11/12 n= 2530)
Source: Q2-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, V indicates an increase/decrease between consecutive years

The perception that HMRC is an organisation that can be trusted was rated positively by seven in ten Individuals (70%), although this had decreased marginally since the question was introduced in 2010/2011 (73%). Individuals were less likely to rate HMRC is an organisation with a good reputation positively (57%), and this had also marginally decreased since the question was introduced in 2010/2011 (60%).

Individuals who had had a recent dealing were more likely to rate HMRC positively in terms of being an organisation that can be trusted (77%) as were the 'willing and able' segment (74%).

The decrease in ratings for both these measures was evident for Individuals who had not had a recent dealing with HMRC and also by the 'willing but need help' segment. Individuals that had not dealt with HMRC in the last three months rated HMRC less positively in 2011/2012 than in 2010/2011 as an organisation that can be trusted (68% down from 72% in 2010/2011) and as an organisation with a good reputation (56% down from 61% in 2010/2011). Ratings also decreased for the 'willing but need help' segment for HMRC is an organisation I can trust (65% down from 71% in 2010/2011) and HMRC is an organisation with a good reputation (57% down from 63% in 2010/2011).

Overall favourability was the only favourability measure to have been asked since 2008/2009 and in that time ratings had remained steady (49% in 2011/2012). Ratings given by those with a recent dealing were more positive than those who had not had a recent dealing (60% compared with 44%).

4.5.7 Trust

Trust includes three measures; HMRC can be relied upon to carry out its duties properly and professionally, HMRC can be relied upon to act with honesty and integrity and HMRC can be relied upon to look after customer's interests (Chart 4.29). How well HMRC can be relied upon to look after a customer's interests was identified as a secondary area for improvement in the key driver analysis.

Chart 4.29 Measures of trust

Base: All Individuals (11/12 n=1286-2530)
Source: Q2-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years
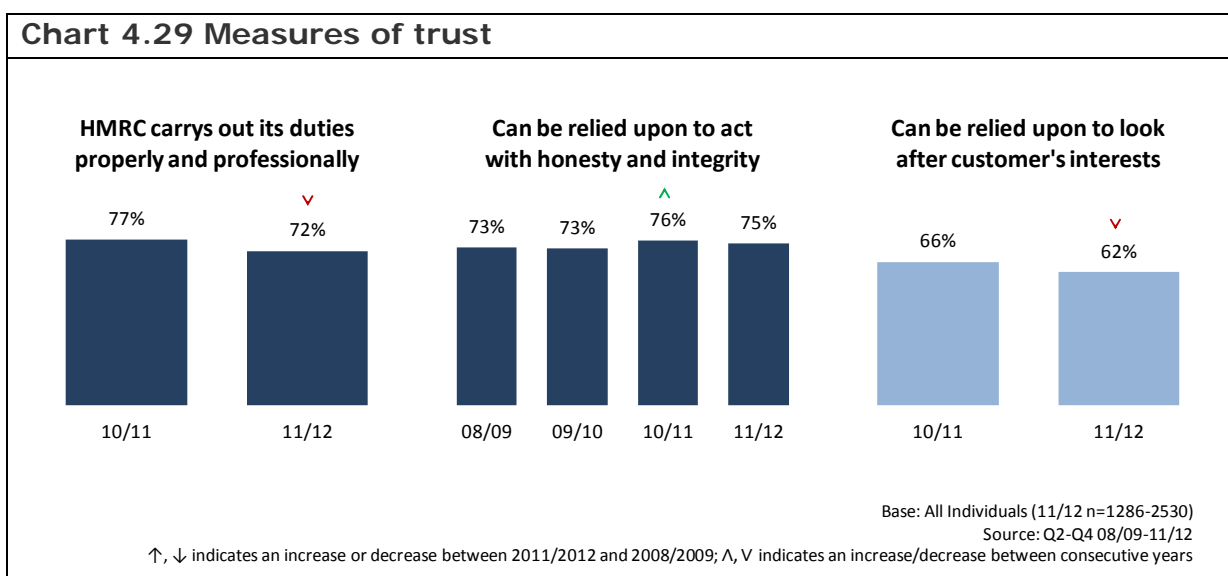
Ratings for how well HMRC carries out its duties properly and professionally decreased from 77% in 2010/2011 to 72% in 2011/2012. There was some difference by subgroup. Individuals with recent dealings rated the measure more positively (78%). Ratings given by those without a recent dealing decreased since 2010/2011 (69%, down from 76%) which drove the overall decrease.

Ratings for how well HMRC can be relied on to act with honesty and integrity remained steady between 2008/2009 and 2009/2010 at around three in four (75%). There were few differences according to subgroup, the exception being that the 'willing and able' segment were more positive (80%) and the 'willing but need help' segment were less positive (67%).

The final trust measure, HMRC can be relied upon to look after customer's interests, also fell between 2010/2011 and 2011/2012 from 66% to 62%. Those with a recent dealing gave more positive ratings among all Individuals (68%), but this was the only notable difference by subgroup. The decrease was reflected in ratings given by those without a recent dealing (59%, down from 66% in 2010/2011) and the 'willing but need help' segment (60%, down from 69% in 2010/2011).

4.5.8 Communications and stories

The communications theme comprises two measures; effectiveness of communication and HMRC protects my business information, while the stories theme is made up of the measure 'HMRC are good at collecting our money but not at paying it out' (Chart 4.30). The first of these measures was identified as an area to improve in the key driver analysis.
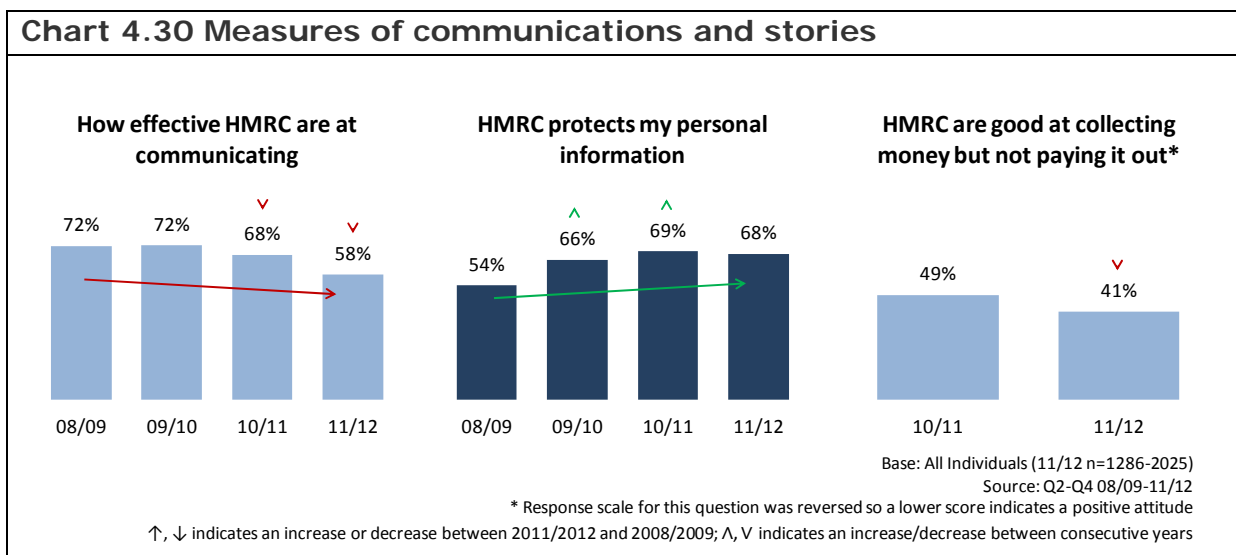
Chart 4.30 Measures of communications and stories

Base: All Individuals (11/12 n=1286-2025)
Source: Q2-Q4 08/09-11/12
* Response scale for this question was reversed so a lower score indicates a positive attitude
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, V indicates an increase/decrease between consecutive years

The two communications measures, effectiveness of communication and HMRC protects business information have been asked since 2008/2009. In that time ratings have decreased for effectiveness of communication (58% down from 72% in 2008/2009), but increased for HMRC protects my business information (68% up from 54% in 2008/2009). Individuals who had had a recent dealing with HMRC were more positive in both areas (65% for effective communication and 74% for protecting information)
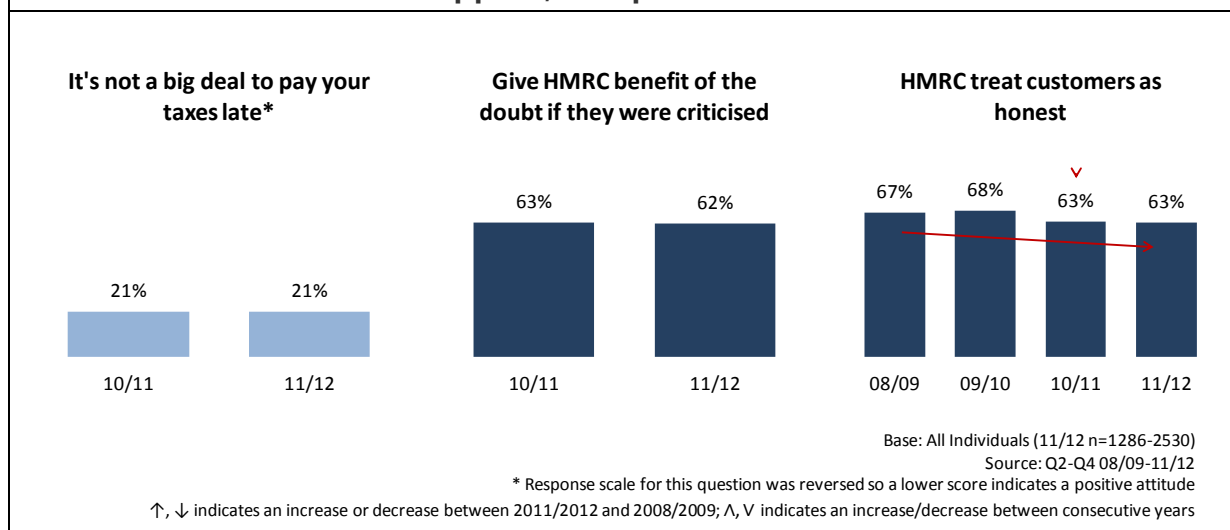
The decrease in ratings towards effectively communicating with customers was common across all Individuals subgroups. The increase for 'HMRC protects my business information' was also largely universal.

Ratings for HMRC are good at collecting our money but not at paying it out decreased between 2010/2011 and 2011/2012 (41%, down from 49%), which was a decrease reflected for those without a recent dealing (41%, down from 53%). The response scale for this question was reversed so a lower score indicates a positive attitude. There were no other differences by sub-group.

4.5.9 Support, compliance and other

The remaining reputation measures were ones of support (I would give HMRC the benefit of the doubt if they were criticised), compliance (it's not a big deal to pay your taxes late) and the extent to which HMRC treat customers as honest. Giving HMRC the benefit of the doubt was identified as an area for improvement in the KDA.

Chart 4.31 Measures of support, compliance and other

Base: All Individuals (11/12 n=1286-2530)
Source: Q2-Q4 08/09-11/12
* Response scale for this question was reversed so a lower score indicates a positive attitude
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

Ratings for 'it's not a big deal to pay your taxes late' stayed at the same level between 2010/2011 and 2011/2012 at one in five (21%). Younger Individuals were least likely to agree (13% of under 35s were positive), i.e. hold a non-compliant point of view.

Ratings for giving HMRC the benefit of the doubt if criticised were not significantly different in 2011/2012 (62%) compared with 2010/2011 (63%), and no differences were evident by subgroup. Action to improve ratings in this area would need to be targeted at all Individuals.
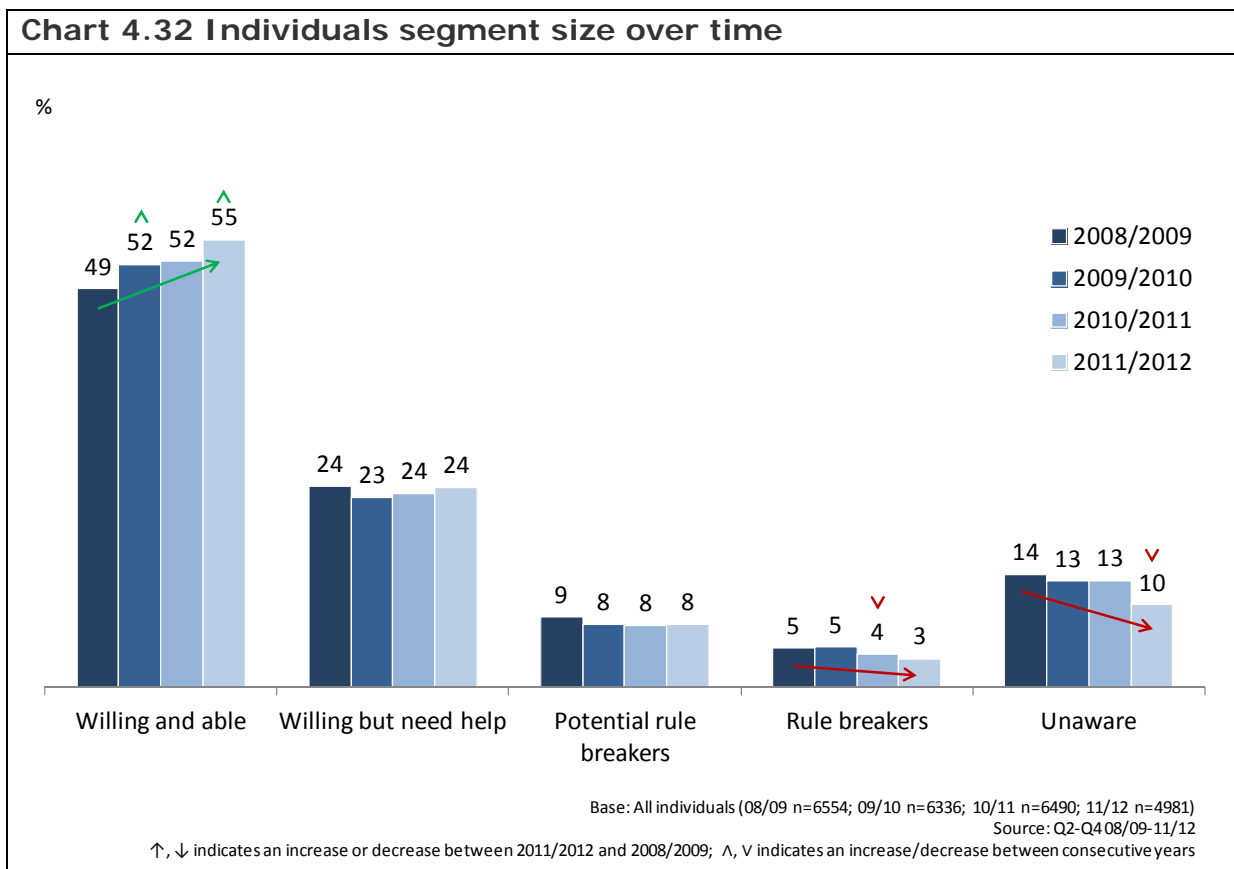
The final reputation measure rated HMRC in terms of whether they treat their customers as honest. Between 2008/2009 and 2011/2012 ratings decreased

from 67% to 63%. Those who had not dealt recently with HMRC, in particular, rated HMRC less positively (59% compared with 71% who had), and had decreased since 2008/2009 (66%).

4.6 Segmentation

HMRC has developed an attitudinal segmentation of its individuals customers, based on four dimensions: awareness of requirement to comply, motivation to comply, ability to comply, and opportunity not to comply[14]. Individuals can be broken down by these segments, derived from a set of questions within the survey (Chart 4.32).

Chart 4.32 Individuals segment size over time

%

	2008/2009	2009/2010	2010/2011	2011/2012
Willing and able	49	52	52	55
Willing but need help	24	23	24	24
Potential rule breakers	9	8	8	8
Rule breakers	5	5	4	3
Unaware	14	13	13	10

Base: All individuals (08/09 n=6554; 09/10 n=6336; 10/11 n=6490; 11/12 n=4981)
Source: Q2-Q4 08/09-11/12
↑, ↓ indicates an increase or decrease between 2011/2012 and 2008/2009; ∧, ∨ indicates an increase/decrease between consecutive years

In 2011/2012 slightly more than half of Individuals fitted in to the 'willing and able' segment (55%, up from 49% in 2008/2009). Around a quarter were 'willing but needed help' (24%) and around one in ten were identified as 'potential rule breakers' (8%), with no change in size over time for either segment. Only three per cent were categorised as rule breakers and this had decreased since 2008/2009. The remaining 10% of individuals were categorised as unaware, which had also decreased since 2008/2009.

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[14] For further information, see HMRC Research Report 92, http://www.hmrc.gov.uk/research/individuals-prioritisation-publication.pdf

5. Appendix A: Method

5.1 Data collection method

Three key groups of customers are included in the survey: individuals, SME businesses and financial agents. The same data collection method is used for all three: Computer Assisted Telephone Interviewing. This offers advantages over a paper based approach of data quality, and efficiency of fieldwork and data entry. The fieldwork is set up as one survey for each customer group.

5.2 Sampling method

Respondents for the survey are selected using Random Probability sampling. This is the most robust sampling method available and statistical techniques can be used on the results to provide confidence about the true level of change over time. In 2011 the sampling approach was reviewed in line with the 2010 Spending Review priorities, and the method was revised accordingly. Full details of the changes can be found in the HMRC Customer Survey 2011-15 Development Project report [15].

Sample for individuals is selected using list-assisted Random Digit Dialling (RDD). This means telephone numbers were selected at random from Ofcom's database containing UK landline number blocks allocated for residential use. All numbers are phoned, and screened to identify residential households. When a household includes more than one eligible respondent, one adult is selected at random to take part in the survey.

SME and Agent samples are selected from the Inter Departmental Business Register (IDBR). This contains all businesses that are either VAT registered or have a PAYE system in place. The local business unit was selected as the sample unit as dealings with HMRC can be carried out at all levels within the business. There are some businesses that are not listed on IDBR, mainly self-employed individuals. HMRC's Self Assessment database is, therefore, used to supplement the IDBR samples.

In 2011/2012 the National Insurance & PAYE System (NPS) which records Class 2 NI liabilities as soon as an individual informs HMRC that he/she is self-employed was added to the SME sampling frame. This sample enables us to include newer businesses that were not yet covered by SA.

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[15] HMRC Customer Survey 2011-15 Development Project, February 2011: http://www.hmrc.gov.uk/research/report153.pdf

In SME and Agent businesses interviewers were asked to identify the most senior person responsible for dealing with HMRC for the interview. They were allowed to accept deputies if there was no chance of speaking to the first choice contact.

5.3 Survey timing

Fieldwork for all three customer groups is carried out quarterly, completed in February/March, May/June, August/September and November/December each year. This allows any differences resulting from seasonality to be accounted for, by comparing quarters at the same time of year, or comparing data for full years.

5.4 Survey structure and size

The survey reduced in size in 2010/2011 and again in 2011/2012. The following tables show the approximate number of interviews for each year.

Module	2008/09	2009/10	2010/11	2011/12
Customer experience				
Agents	7,100	7,200	5,900	3,000
SME	8,100	8,000	7,300	4,200
Personal Taxes	4,500	4,500	4,000	2,900
Benefits and Credits	3,000	2,900	2,500	2,300
Reputation				
Agents	2,700	1,800	1,800	2,300
SME	1,500	1,500	1,500	2,300
Individuals	2,100	2,000	2,100	2,800

The survey is modular in nature. Every quarter all customers in the sample are contacted to identify those who have had any dealing with HMRC in the previous three months. These customers are then interviewed about their experience. This equates to around a third of individuals, three in four businesses and almost all agents.

Every second quarter, a random sample of customers (with and without dealings in the previous three months) is selected to answer questions about HMRC's reputation. This includes some customers who are being asked about their customer experience, and others who are just asked the reputation questions.

5.5 Questionnaire content and length

The questionnaire is made up of a number of modules. There are modules of questions included in the questionnaire which have not been reported in this report. The charts below show eligibility for the different sections of the questionnaire in different quarters. In quarters when reputation is not measured (i.e. core quarters), type two of the survey is asked of all respondents (only those with recent dealings are interviewed about their customer experience).
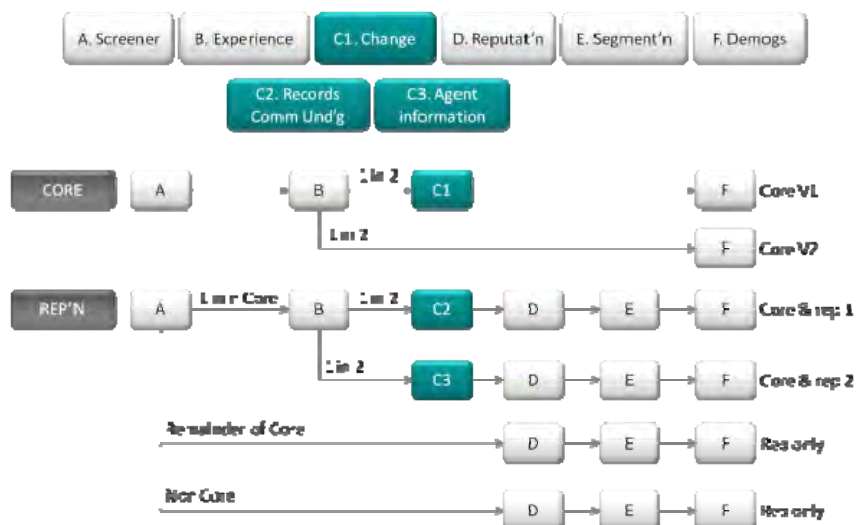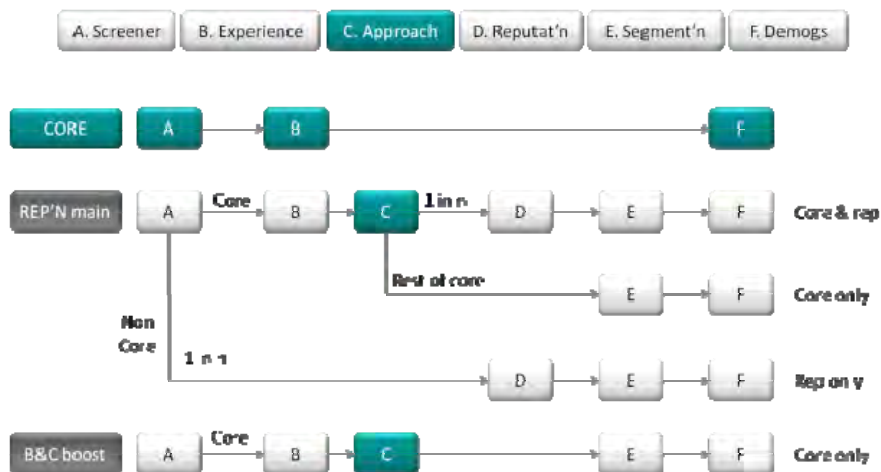
Agents

SME
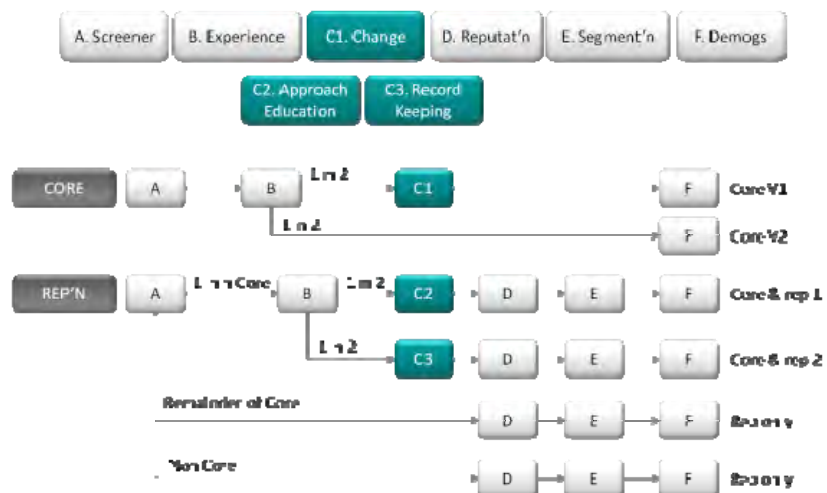
Individuals

5.6 Response rates

Response rates are estimated at around 48%-55% for SME businesses and Agents, and around 20-25% for individuals each quarter. These are estimated figures as assumptions are used for numbers where no final outcome is achieved (e.g. no answer).

It is difficult to estimate an accurate response rate for the Random Digit Dialling survey of individuals, since many of the telephone numbers are never answered. Where numbers are not answered it is impossible to determine whether these are residential phone numbers that are currently in use, or not, so the true response rate may be higher than the 20-25% reported above. Where someone answered the phone, around 45% of households agreed to take part in the survey.

5.7 Corrective weighting

Design weights are applied to the final individuals data to correct for oversampling of households with multiple landlines (a household with two lines has two chances of being contacted, for example), and under-representation of people living in multi-adult households (someone in a one person household has a one-in-one chance of being selected, whilst in a two person household each person only has a one-in-two chance). This weighting gives a 'design effect' of 1.33 for the customer experience questions and 1.26 for the reputation questions that needs to be taken into account when calculating confidence intervals or testing for significant changes between waves of research.

Weighting is also applied to the SME data to correct for the over-sampling of larger business units (defined by number of employees), and differential response rates by size of business to return them to the population profile. A design effect of 1.51 is applied to the customer experience data, and to the reputation data when calculating confidence intervals or testing for significance of change over time.

Similar weights were applied to the Agent sample to correct for slight differences in response rates by size of business unit. A design effect of 1.13 is applied to the customer experience data, and 1.12 to the reputation data when calculating confidence intervals or testing for significance of change over time.

5.8 Adjusted scores due to changes in sampling

The initial 2011/2012 results were not directly comparable with the previous survey because the sample now includes groups who were not previously sampled e.g. newer and smaller SME businesses and Tax Agents. To enable comparisons between the old and new scores we have calculated the likely difference in scores caused by changes to the sample.

This process involves three stages. The first stage involves calculating what the new survey scores would be if we had continued using the previous sample methodology. This is done by calculating a continuity weight to match the old survey sample structure.

- For Tax Agents this means weighting the IDBR sample to exclude agriculture and excluding the SA sample.
- For SME businesses this is more complex and involves weighting the SA and NPS SME samples to approximate the previous SA sample and excluding businesses under 2 years old and those above the VAT threshold. It also involves weighting the IDBR sample excluding agriculture.

The next step is to produce a second weight based on the new sample design (accounting for the inclusion of newer businesses, and agriculture, and to account for any non-response bias) and comparing the results of the different weights for all the measures being tracked across time.

The final step is to calculate the 'odds ratio' between both weights in order to estimate an adjustment factor for each dimension in the measure. This is the amount by which each dimension score differs due to the change in sample. We use these factors to adjust the old survey scores and create a best estimate score for each service dimension.

5.9 Key driver analysis

Key driver analysis is carried out using multivariate analysis of an overall measure of service rating for each customer group (businesses, agents, individuals, individuals dealing with personal taxes, individuals dealing with benefits and credits). This analysis produces a list of issues together with an indication of their relative importance to the respondents in terms of service rating. The final analysis plots importance against performance in a quadrant diagram. This plot is divided into four with lines at the median importance and performance scores.

Step 1 – Relative importance scores

The relative importance scores are derived using multiple linear regression. This tests theories of patterns in the data. Here the theory is very simple: that customers' rating of their most recent dealings is a result of the treatment they received. In other words we have one consequence (service rating) and many causes (the ratings of the different parts of the encounter). We want to find the best way of predicting the consequence (often called the dependent variable), from the optimum weighted combination of the causes (often called independent variables). When the causes and consequence are expressed in scales the most appropriate technique is the weighted linear equation, viz:

$$\text{Dependent} = B_1 \times \text{Independent1} + B_2 \times \text{Independent2} + B_3 \times \text{Independent3 etc}$$

For example:
Service rating = B_1 x Ease of understanding + B_2 x being kept informed + B_3 x ease of getting in touch + (etc)

B_1, B_2, B_3 are multiple linear regression coefficients. They are usually standardised (to take account of different scale lengths, different numbers of people answering and so on) to become Betas. These are the coefficients commonly used to depict the relative importance of independent variables. They run from 0 to ±1.0 – the bigger the Beta, the stronger the relationship.

These beta coefficients (also known as scores) form the basis of the indicator calculation. These scores may not add to a total of 1 and are therefore rescaled to add up to one before plotting on the quadrant diagram.

The analysis is run as an iterative process. First the correlation between the dependent variable (straightforwardness rating) and the independent variables (the customer experience dimensions) are calculated.

First a model is run with all possible independent variables included. In addition, an assessment is made of how strongly correlated each of these variables is with each of the others. If two are very strongly correlated, this usually results in a relatively low beta score for both. Removing the weaker one of these variables from the model will then allow the remaining variable to show more clearly the influence it has on the dependent variable.

The strength of the final model is expressed as $R^2=x$. This means the model explains x% of the variance in service ratings. The closer the R^2 score is to 1, the better the model. In such models we usually see scores from around 0.3 to 0.6. The highest R^2 value is likely to be achieved with all dependent variables included in the model. However, this is not usually the model selected, as it contains variables that are too strongly correlated with each other, thus depressing the apparent influence those variables have on service ratings (see explanation above). The final model selected will be one in which each independent variable has a set level of influence (i.e. beta score above a certain level) and which retains a relatively high R^2 value.

Step 2 – Performance scores
The performance scores are derived from the answers given in the survey. For example, respondents were asked "how easy was it to get in touch with HMRC" and were asked to choose one of five answers – Very easy, fairly easy, neither easy nor difficult, fairly difficult or very difficult.

Step 3 – Plotting scores in quadrant diagram
The key driver analysis gives a list of key drivers, together with their relative importance, and performance scores.

In order to give a visual representation of this information, the data can be plotted in a quadrant diagram, with relative importance in driving straightforwardness on the horizontal axis and performance on the vertical axis. This plot is then divided into four with lines at the median importance and performance scores. The key area in this diagram is the quadrant to the bottom right – issues in this quadrant are those of high customer importance but low perceived performance, relative to the other issues. These should be the main focus for improvement in order to improve straightforward levels in the future. Those in the bottom left are issues of relatively low performance, but also lower importance, and are therefore issues for secondary importance. The top right quadrant contains issues of high importance, but also of higher performance relative to other issues and these are issues that need to be maintained in order to keep service ratings high.

Good
Performance

MAINTAIN

Low
Importance

High
Importance

(IMPROVE)

IMPROVE

Poor
Performance