



HM Revenue  
& Customs

# HMRC Digital Strategy

December 2012

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# 1 Executive summary

## 1.1 How HMRC will become Digital by Default

The HMRC Digital Strategy underpins our vision for the type of organisation we want to be. Our ambition is to deliver a transparent tax system that encourages voluntary compliance, enabled by customer-focused digital services which are so straightforward and convenient that all who can use them will choose to do so, whilst those that can't are not excluded. HMRC will align with the Civil Service Reform Plan by developing services that:

- Allow straightforward access to information and services in times and ways that are convenient to the users rather than the providers; and
- Are more efficient and cost-effective to develop and run.

If HMRC successfully transforms its services so they are Digital by Default, we can earn a reputation for offering high-quality, responsive, convenient and up-to-date services. This will, in turn, support HMRC's three core objectives of maximising revenue, minimising costs and improving the customer experience. HMRC believes that around £160m-£220m<sup>1</sup> a year could be saved in telephone and post costs if an additional 29 million transactions were moved online. This however needs to be balanced against any costs incurred by processing these transactions online, the development and maintenance costs of any infrastructure requirements and any cost to provide assistance to enable users to engage digitally.

To become a Digital by Default organisation we will:

### Improve HMRC's digital leadership

HMRC will put in place Digital Service Managers for each key transactional digital service. They will lead on developing and delivering the digital service for which they are responsible.

### Develop digital capability throughout HMRC

Our strategy is ambitious and the transition to greater digital provision will require skilled individuals and teams who understand our vision and who are empowered to make it happen. This means having a team with experience and deep digital skills (in design, development, analytics and strategy) which champions digital channels and advises product and process owners, policy teams and customer and strategy units. This team will ensure that new and redesigned services meet the Government's Digital by Default service standards.

### Redesign transactional services to meet Digital by Default service standards

All new or redesigned transactional services that go live after April 2014 will meet the Government's Digital by Default service standard. As one of the seven departments with most transactions HMRC is required to agree three significant exemplar service transformations with Cabinet Office. HMRC has actually identified four, to reflect the scale of our digital ambition. These four services are described in this Digital Strategy, and they will be incorporated into HMRC's business plans for 2013 to 2014. HMRC will start to redesign these exemplar services by April 2013 and implement them by March 2015.

### Support the transition to GOV.UK

All HMRC's services will be accessed through the single Government domain; GOV.UK will enable access to all information and transactional digital services provided to citizens and businesses by central Government using one web address.

### Design HMRC's channel strategy to increase the number of customers who choose to use our digital services

Over time the success of better digital services will allow HMRC to reduce the scale and profile of less convenient, and less cost-effective contact channels.

<sup>1</sup> This figure may be subject to change following further refinement.

### **Provide support for those who rarely or never go online**

We will develop an assisted digital strategy to support users to access digital services and to encourage further adoption of our online services. It will detail how we will help, support and encourage those who could and should be using digital services and how we will provide assistance for those who really can't get online.

### **Revise our procurement processes to broaden the range of those tendering to supply digital services**

The strategic revision of HMRC procurement will provide new processes that allow us to deliver these digital services to customers through the most appropriate providers in the most cost-effective manner, including more small and medium sized enterprises.

### **Build common technology platforms for Digital by Default services**

We will deliver services on platforms that allow us to re-use digital capabilities and allow us to deliver consistent services that function in ways that our customers know and understand.

### **Base digital service decisions on accurate and timely management information**

Underpinning every digital service will be measures and indicators of performance excellence that will act to enable continuous improvement and drive high quality service delivery to our customers. These will include customer satisfaction measures for ease of finding information, design and appearance of the site, clarity of the information, accuracy and usefulness of the site search. HMRC will also measure customer behaviour and knowledge shift in response to education. Our customer segmentation policy and understanding of how customers interact with our services will drive service design in all areas and we will ensure that both offline (face-to-face and contact centres) and online channels align to support digital delivery.

### **Recognise that policy making in the digital age will be different**

Policy and legal specialists will work alongside digital delivery experts as a virtual team to deliver redesigned transactional services. HMRC will encourage policy teams to use a wider range of digital tools to communicate with and consult our customers and stakeholders.

### **Remove unnecessary legislative barriers**

We will seek to amend legislation that unnecessarily prevents us from developing straightforward, convenient Digital by Default services.

### **Continue with our high commitment to the security of our digital services**

Customers will only use digital services if they have faith in the organisation and confidence and trust in the security of the service they want to use. The HMRC Digital Solutions Programme (DSP) will deliver a government-wide capability that implements a package of measures including new identity verification processes that proves that customers are who they say they are.

Underpinning these 12 themes are two key enablers. This Digital Strategy is predicated on the basis that HMRC will continue to give a high profile to the two critical enablers for Digital by Default: process re-engineering and data quality.

The Cabinet Office requires HMRC to publish this strategy by the end of 2012, in time to influence the Department's 2013 to 2014 business plan. The strategy is also expected to set the framework for service transformation over the lifetime of the next spending review.

## 2 Introduction

In November 2010 the UK Digital Champion published a report on how Government should deliver its digital and internet services in the future. The report set out how government should transform its digital services and use of the internet so that public services are provided digitally ‘by default’. Key to this approach is that non-digital solutions to service delivery are only implemented by exception.

HMRC are already well aligned to the Digital by Default strategy and have been for many years the leading provider of online services in UK Government. Over a third of all transactions with Government are with HMRC and out of those 85% are digital.

In 2011 to 2012 HMRC collected over £470 billion in tax revenue from around 45 million people and 1.6m employers. It did this in an environment very different to that of even a decade ago. Demographics, norms of employment and increased migration mean more pensioners and more complex individual and business tax affairs.

This paper sets out how HMRC’s digital strategy will align with the overall Government strategy, and the HMRC Customer Centric Strategy. HMRC will not implement a digital strategy that is an end in itself. Instead, our digital strategy is a tier 2 strategy – to use digital skills and capabilities to support our customer propositions.

From 2012, our default position is that all HMRC’s new public services and enhancements to existing services will be designed around digital delivery where it is cost effective to do so. Non digital services will only be delivered by exception.

By following the strategic path we set out in this document HMRC will deliver digital services that not only meet customers’ needs and expectations but are so good that they become a customer’s first choice for interacting with HMRC. We will build our channel strategy around that proposition.

Customers usually engage the channel of their choice based on preference, habit or trust, rather than the most cost-effective channel for them and us. Our aim is to change this so that customers who are able to use our digital channel either unsupported or with help choose to use it because the service is quick to give them certainty, security and reliability. For HMRC, this will be cheaper. A 2012 SOCITM study across 120 local councils estimated that the cost of contact for face-to-face averages £8.62, for phone £2.83, but for web only 15 pence. As well as being cheaper, digital channels offer potential for significant revenue and other benefits: for example our digital education strategy is designed to reduce customer error and reworking; reduce low value contact; and enable customers to self-serve successfully, providing assurance they are paying the right tax at the right time. The strategy will be designed to support compliance by reducing customer error and the opportunity for customer fraud. Digital processes reduce hard edged fraud and criminal attacks simply by being more secure and being linked to a real customer we know something about.

This strategy contains 22 actions HMRC will take to become Digital by Default. Digital by Default means digital services which are so straightforward and convenient that all those who can use digital services will choose to do so, while those who can’t are not excluded.

The actions are mainly about transactional services, as these are the primary focus of this strategy. This is because developing transactional services offers the greatest scope to improve efficiency and the customer experience. And despite the progress described in section 5, they are also the area where there is most work to be done to improve the digital offering and increase user take up.

Transactional services are not evenly spread across departments, with just seven responsible for around 90% of central government transactions. HMRC is one of these seven departments<sup>2</sup>.

<sup>2</sup> The seven departments are: HMRC, Department for Transport, Department for Work and Pensions, Department for Business, Innovation and Skills, Department for Environment, Food and Rural Affairs, Ministry of Justice and the Home Office.

## 3 Vision

### 3.1 What is our vision for a Digital by Default HMRC?

HMRC's vision is to deliver a 21st century transparent tax system, enabled by digital self service, which is safe and easy to use for the customer and inexpensive for HMRC.

**Businesses** are vital to a healthy and sustainable UK tax base and play a key role in administering the UK tax system, accounting for the payment of £214bn each year. HMRC's goal is to collect the tax that businesses owe at the lowest effective cost, while sustaining and growing revenues and helping businesses to prosper and grow. HMRC wants to make it as simple and cheap as possible for businesses to comply with their tax obligations, and for them to self-serve using digital services. **Business customers** can already register for taxes and file their returns online in the majority of cases. We now want to take this to the next level and build a fully digital relationship with them. Over the next two years we will develop a more joined-up digital experience for HMRC's business customers or their agent. A personalised 'bank-style' online homepage for each customer will contain an overview of their HMRC 'account', links to all their online transactions (registering, filing and paying) and a facility for accessing help and asking HMRC questions. It will also provide HMRC (and, potentially, other Government Departments in the longer term) with a digital means of communicating directly with customers. We will be able to personalise this experience further as we develop and grow it in the longer term in response to customer feedback and digital advances, and increasingly tailor it to what we know about the customer and their needs. Creating more regular contact with our customers will also enable us to improve the flow of potential risk information into HMRC.

**Individuals and employers** account for the payment of £260bn each year at very low cost and low leakage. Our goal is to sustain the maximum possible level of voluntary compliance at the lowest cost to HMRC and to these customers. Individual customers and their employers are responsible for paying the right tax and providing the right information to HMRC. To support that, we want to use our customer understanding to design end to end services through the eyes of the customer, developing an integrated digital tax system to enable customers to self-serve online.

Although **individual customers** do make good use of our website we want to do more, supporting greater transparency and interaction between customers and their tax records. We will start this journey by introducing a new PAYE online service that customers can use 24/7 to report some changes that affect their tax codes, rather than making a phone call or engaging in written correspondence. We will build on that initial customer offering by adding new services such as viewing tax statements and telling us about any bank interest customers have received. Learning from these early services will be critical as we move into 2015 and beyond when we want all of our PAYE customers to be able to view their PAYE account via a range of digital devices and let us know about any changes that affect tax, offering a high quality and complete digital experience.

**Agents** play a valuable role in supporting compliance for eight million of our customers. HMRC's Tax Agent Strategy aims to develop the relationship between HMRC and agents to recognise and value the role agents play in the tax system. We will do this by better understanding our agent community and their clients, and targeting the right HMRC services and communications to them. We need to maximise opportunities to align HMRC and agent processes and enable 'known' agents to undertake certain transactions for themselves whilst minimising HMRC involvement. We also need to make it simpler and easier for agents to do business with HMRC by reducing costs through eliminating duplication and reworking.

By 2015 HMRC aims to introduce a single procedure to obtain a Unique Agent Reference (UAR) which will replace the various current processes making registering to act as an agent easier and quicker. Agents will have the tools to take more control of their clients' tax affairs and undertake transactions for them with minimal involvement from HMRC.

It is our intention that any new IT services developed for individual customers should be available to agents.

For **benefits**, our long-term aim is that child benefit customers should be able to make their claims and changes using a digital channel leaving the paper and telephone mediums for those who cannot access the digital channel.

Creating an effective and robust online channel is not enough. HMRC will also map and understand our key customer journeys, and provide a seamless experience between channels so that we understand when and why customers switch channels, and we will provide good signposting to let customers know they are in the right place to find the information they need or to transact with us.

HMRC has already started to build this experience in stages, with each stage justified in its own right. We will exploit technology to present customers with the data we hold, and enable employers, businesses and individuals to interact with us in new ways. This does not mean simply putting all of HMRC's current activity online. First, we will eliminate unnecessary contact caused by process failures and move only contact that is valuable to customers and HMRC to digital solutions.

The Government's Digital Efficiency Report identified potential savings across Government based on increasing digital transactions to 82% of total Government transactions.

By utilising highly efficient automated digital channels, such as Electronic Data Interchange that uses a direct high speed digital connection to pass large volumes of data online between large organisations, HMRC already has in excess of 813m digital transactions per annum resulting in a 85% digital take up.

Even without the automated electronic transactions included HMRC has 215m 'online' transactions compared to a total of 96m non-online transactions.

Moving a further 29m of these non-online transactions to the online channels would result in an 82% online take up (94% digital)<sup>3</sup> with a potential saving of around £160m-£220m.

This potential saving, however, needs to be balanced against any costs incurred by processing these transactions online, the development and maintenance costs of any infrastructure requirements, and any cost to provide assistance to enable users to engage digitally.

There is, then, a clear opportunity for HMRC to deliver more services digitally to people who are already online. 77% of adults in the UK use the internet daily, but many of them have never had any online interaction with the government<sup>4</sup>.

A growing proportion of people are willing and able to use more complex digital services that involve a high level of trust such as shopping and online banking<sup>5</sup>.

Oxford Internet Institute research shows that online banking usage grew from 45% in 2005 to 60% in 2011; and internet users who pay bills online grew from 39% in 2005 to 57% in 2011.

The people who use digital services do so for reasons of speed and convenience. The most frequent reasons people gave for their choice to use digital transactions were: it saves time (85%), the site was clear and easy to use (62%) and availability outside office hours (61%)<sup>6</sup>.

HMRC will support the Cabinet Office Government Digital Service (GDS) aim of quality assurance and accreditation to ensure we maintain the right levels of service quality and trust of digital government services wherever they are produced or accessed. HMRC's digital services must adapt seamlessly to meet the needs of mobile internet users. The Government's new digital service standard will include a requirement to design digital services that are usable on mobile devices as well as desktop and laptop computers.

HMRC will support the GDS objective of a balanced set of metrics for digital service based on industry standards and covering: service costs; service quality; accessibility; usage; take-up and service benefit. HMRC will rigorously test all new services to help minimise any errors prior to putting into the live environment. Close monitoring and reporting of the new services will be undertaken with regular meetings held with the suppliers to ensure 'fit for purpose' services as part of the whole development process.

Through the delivery of quality digital services that are accessible, inclusive and highly usable we will ensure that those who are able to use HMRC's digital services prefer to do so, and those who should use our digital services but are not inclined to do so are supported to use them.

We recognise that even with high quality digital services not all of our customers will be able to access or use them, and we recognise that the continued growth of digital services cannot be at their expense.

<sup>3</sup> 94% is the percentage of all digital transactions when all the automated digital channels are included with the online transactions

<sup>4</sup> Cabinet Office "Digital Landscape Survey" August 2012

<sup>5</sup> Cabinet Office "Digital Landscape Survey" August 2012

<sup>6</sup> Cabinet Office "Digital Landscape Survey" August 2012

## 4 Current position

### 4.1 Where are we today?

HMRC was established by Act of Parliament in 2005 following the merger of the Inland Revenue and HM Customs & Excise. We are a high-volume business and almost every UK individual and business is a direct customer of HMRC.

HMRC brings in around £470bn each year from about 45 million people and 1.6m employers. The wide range of taxes and benefits administered by HMRC mean that our customer groups are equally wide ranging.

HMRC operates in an environment very different to that of even a decade ago. Demographics, norms of employment and increased migration mean more complex individual and business tax affairs. Allied to this is the fact that customer expectations are increasing. As technology has progressed there is an expectation of immediacy in transactions, and low tolerance for error. For many, using online and digital technology to communicate and transact is what they expect and they have little patience for using processes that are outdated and slow.

The HMRC website is the largest of any government department providing in excess of 108,000 separate pages and providing over 200 different online services, tools and calculators. HMRC's website gets around 4-6 million hits a month and 11.5 million customers file one or more tax returns online.

HMRC online services continue to grow steadily in popularity with more and more customers voluntarily choosing to file online each year. In 2011 to 2012 HMRC received a record 7.65 million Self Assessment (SA) tax returns through the internet, which equates to 81% of total Self Assessment returns.

For businesses, HMRC have mandated the online channel for PAYE, CT and VAT filing and most business returns and submissions are now online. We provide online seminars and a range of tools to provide education about tax to businesses.

HMRC has already developed a corporate presence in social media, to provide useful information about tax to intermediaries, to support our online services, to improve the effectiveness of our corporate communications and marketing, and to support relations with the press. We are continuing to develop our social media capability – testing and evolving our approach through pilots and gaining valuable insight from what our customers are saying about and to us.

## 5 Gap and requirements analysis

### 5.1 What needs to change for us to achieve our vision, and what will make this challenging?

HMRC will need to make significant changes before our digital channels become the first choice for customers across the board. HMRC still has high levels of post and phone contact: HMRC's phone channel handles 60m phone calls a year of which 74% of call attempts are handled and 8.7% are handled by Interactive Voice Response (IVR) (2011-12). 9.5m PAYE & SA customers write to us every year and we receive millions more forms through the post. In 2011-12 HMRC dealt with 3.1m face-to-face enquiries.

### 5.2 Are our services fit for purpose?

Like all other publicly funded organisations, we anticipate further significant pressure on budgets and the continuing need to bear down heavily on our costs. We know too that some of our policy and processes have not adapted to the society they serve. To address both these challenges, operating HMRC along the lines of the status quo is not an affordable option – tactical and incremental changes will not provide the scale of savings required to meet the challenges of the next spending round.

Many of our services rely on digitised versions of pre-digital business processes, layered on top of legacy IT, some of which is over 30 years old. These services were not designed to be Digital by Default, being built to replicate paper forms and processes rather than taking advantage of opportunities to pre-populate or to respond to user's selections.

The 22 actions set out in our high level plan are recommended on the assumption that HMRC continues to maintain its emphasis on data quality to ensure it does not put poor quality data online. By March 2015 HMRC will have changed its corporate perception of data so that it is treated as a core asset, it will have improved staff and customer confidence in HMRC data and increased HMRC's capability to use its data more efficiently. The high level plan also assumes a continuing commitment to HMRC's Data Programme which will ensure that the organisation maintains the highest standards of data quality.

Similarly the high level plan assumes that redesign of HMRC's transactional services to be Digital by Default is supported by business process re-engineering and that HMRC continues to resource and invest in this work.

### 5.3 What other technical capabilities are required?

To support delivery of digital services across HMRC we need seven generic technical capabilities. This will allow HMRC to move away from building bespoke, regime specific solutions and enable the Digital by Default transition for customers and HMRC more effectively by:

Improving structured inputs through the use of **iForms**. iForms are a business controlled solution that will allow users to enter data on-screen and includes interaction, validation and built-in help and guidance.

Increasing HMRC's use of interactive rules-based web guidance – a business controlled solution that will offer customers interactive, personalised guidance.

Providing better online customer authentication supported by Identity Assurance (**IDA**). The IDA solution will enable us to develop Head of Duty systems integration, flowing data automatically through to back end systems without manual intervention to verify the data or the customer's identity.

Enabling the ability to receive structured inputs and flow directly to Head of Duty systems (**HOD**).

Providing access to Head of Duty outputs, online via an **Output Repository** – a subscription to a digital document service to access output that is currently printed, from a secure repository built within existing portals and infrastructure.

Enabling two-way customer **Digital Communications** – currently email and SMS. We will be looking to deliver a digital communication channel which meets our customers need and fits with their technology choices, offering secure interaction where appropriate of both an outbound and inbound nature.

Supporting customers with **Interactive Chat sessions** – A solution enabling two way interactive digital chat functionality to help those who need help.

### 5.4 Are we organisationally fit for purpose?

Measured against the European Digital Capability Framework set out below<sup>7</sup>, HMRC is currently somewhere between level 2 and level 3:

M A T U R I T Y	HIGH	5	Digital is at the heart of policy and strategy. Services are Digital by Default. Digital culture is strong: agile, user-centred, innovative, and responsive.
		4	Senior management have made significant progress in delivering the vision and plan, implementing new capability and trialling it successfully by re-engineering a range of services to be Digital by Default.
		3	Senior management in place with a remit to set targets, develop over-arching vision and plan, and develop necessary capability and culture. Digital is seen as a key transformation and advocacy is strong at key parts of the organisation.
		2	Some digital services, but often of limited quality. Digital teams in place but tend to be silos in business units or programme teams and have limited budget and remit. Senior (board level) digital management not in place.
	LOW	1	No awareness of digital capability, no resources allocated, no digital strategy, plan or metrics, no understanding of best practice, no digital services.

By taking the actions set out under the themes below we will make progress throughout HMRC towards the highest levels of strong, agile, responsive and user-centred digital service provision. There are 22 actions which we group under 12 themes.

### 5.5 High level plan:

Our high level plan is centred on 12 themes for transformation to a Digital by Default organisation. These themes are:

#### Improve HMRC's digital leadership

GDS has proposed that Departments should put in place Digital Service Managers (for each digital service) who will lead on developing and delivering all the changes necessary to provide an effective digital service. In private sector digital organisations these individuals are known as Product Managers; the Government Digital Service calls them Digital Service Managers.

HMRC stakeholders strongly support the idea of a Digital Service Manager and see the need for a function where the Digital Service Manager:

- is an experienced leader, with an in-depth understanding of their service and equipped to represent their service users' needs at all levels within HMRC;
- is skilled in understanding how technology can enable quality services for users;
- is able to lead effectively on the change management and process re-engineering required to implement successful services;
- understands what internal and external users of that service require;
- uses data to establish which parts of the service work and which do not;
- is empowered to make changes to that service where necessary (in a way that allows us to put changes on the ground quickly, test them, and respond to feedback to improve quality).

By putting in place a Digital Service Manager together with a development team for each pilot (or 'alpha') we can ensure that customer needs are built into the first stages of products, rather than being an add-on buried in the requirements document of a project.

<sup>7</sup> [http://ec.europa.eu/information\\_society/events/cf/dae/1009/item-display.cfm?id=5379](http://ec.europa.eu/information_society/events/cf/dae/1009/item-display.cfm?id=5379)

### Action 1

Digital Service Managers will be in place for HMRC's exemplar digital services from April 2013. Job holders will be offered training to top up their digital skills.

### Action 2

HMRC will ensure that all transactional digital services have clearly identified Service Managers by March 2015.

### Develop digital capability throughout HMRC

To support delivery of the HMRC Digital Strategy, we will need to develop new organisational digital capabilities and HMRC has already started to do this. With the formation of the HMRC Digital Service (HDS) and the establishment of the head of this unit as the department's Digital Leader, HMRC has begun to reshape its organisation and governance of digital strategy and delivery.

HDS has ownership and responsibility for the quality of the customer's experience of all HMRC digital channels.

Under the leadership of the Digital Leader, HDS teams and partners within HMRC:

- will design and embed the digital strategy (including the assisted digital strategy);
- assume responsibility for digital activity across the Department;
- manage the ongoing engagement and partnership with GDS;
- co-develop content and other web services to produce a cohesive web offering on GOV.UK;
- work with GDS on establishing a range of customer experience metrics (to facilitate continuous improvement of digital products);
- sponsor and champion the new digital service manager role.

We will not separate digital thinking from the rest of HMRC business, but rather have it as an integral part of business as usual. This means that the HMRC Digital Service team will develop deep digital skills and experience to allow them to advise product and process owners, policy teams and customer and strategy units. We will support this activity with a programme of digital literacy to embed the appropriate level of literacy according to the profession and their role in designing and shaping digital services. There is currently no digital profession within Government professions. If a digital profession evolves from Cabinet Office, we will align with it.

We will put in place a web development team giving HMRC the ability to build and test new web services. Our previous way of delivering digital projects relied on our IT supplier. We followed a process which focused a great deal of time on producing documents that aimed to perfect a system design. This process did not allow us to test how customers interact with a service until the very end and did not allow us to make changes to the design in response to that customer interaction.

By building a small web development team in HMRC we will put in place the ability to build pilots of web-based services (alphas) quickly and efficiently focusing on the key user needs and building a minimum viable product around those needs (an 'agile' approach). We can then test those products and establish whether they work, using data and metrics. We can build on successes and discard failures before we have spent time and money.

### Action 3

Plans to improve HMRC's digital capability will be included in our business plan for 2013 to 2014. These plans will deliver a strategic and sustainable approach to digital, rather than tactical digital solutions, and will include HDS developing a digital literacy programme and HMRC creating a web development team to deliver projects in an agile way.

#### Action 4

HMRC will ensure that newly appointed Digital Service Managers are allowed full access to the extensive programme of training and support, run by the Government Digital Service from summer 2013.

#### Redesign transactional services to meet Digital by Default service standards

We will use the GDS Digital by Default standard as our benchmark for what is considered high quality for a new or redesigned digital transactional service. We will use this to ensure that all new or redesigned digital services are of a consistently high standard. All redesigned services going live after April 2014 will meet a new Digital by Default service standard set out by GDS and supported within HMRC by HDS. To facilitate this, a representative from HDS will form part of each digital project team and will be the authority on the online customer experience.

For existing processes, we will design out unnecessary contact, minimise necessary contact, and where contact is necessary we will increase the opportunity for self-serve with robust and secure digital services. These digital services will not replicate current failure points for HMRC and our customers. Instead new processes will be developed primarily to be run as digital services.

As one of the seven departments with most transactions, HMRC is required to agree three<sup>8</sup> significant exemplar service transformations with Cabinet Office. These are described in greater detail at Appendix A. These services will be incorporated into HMRC's business plans for 2013 to 2014. HMRC will start to redesign these services by April 2013 and implement them by March 2015.

HMRC will also undertake a review of all other transactional services and those handling over 100,000 transactions a year will be redesigned in the next Spending Review period, and operated and improved by a suitably skilled and experienced service manager. There are currently 29 services with over 100,000 transactions per annum in HMRC which between them account for 910,117,186 transactions.

To support delivery of Digital by Default across HMRC we have identified seven generic technical capabilities. Development of these will allow HMRC to move away from building bespoke, regime specific solutions and enable the Digital by Default transition for customers and HMRC more effectively. These are described in 5.3 and Appendix A.

#### Action 5

As one of the seven 'transactional' departments, HMRC is required to agree three exemplar<sup>9</sup> services with the Cabinet Office and identify these in their digital strategy in December 2012. These services – including the necessary business process re-engineering – will be included in HMRC's business plan for 2013 to 2014. Redesign will start by April 2013 and the services will be implemented by March 2015.

#### Action 6

Learning from the exemplars, HMRC is required to redesign all services with over 100,000 transactions by the end of the next spending review period. The deadlines for completion of each service will be included in the annual update to the HMRC business plan following agreement from Cabinet Office.

<sup>8</sup> HMRC's Digital Strategy is ambitious and HMRC has therefore identified four.

<sup>9</sup> HMRC's Digital Strategy is ambitious and HMRC has therefore identified four.

## Action 7

From April 2014, all new or redesigned transactional services will meet the Digital by Default service standard.

### Support the transition to GOV.UK

All HMRC's services will be accessed through the single Government domain; GOV.UK will enable access to all information and transactional digital services provided to citizens and businesses by central Government using one web address.

These can be categorised as serving three broad types of user need:

- Mainstream user needs ('customer');
- Specialist, professional and technical user needs ('specialist');
- Corporate / Transparency / Democratic needs ('corporate').

The citizen and business facing central government websites, Directgov and Businesslink, were replaced by a new single government website, [GOV.UK](http://gov.uk), from October 2012. HMRC's customer-facing web content published to these sites was part of this transition.

HMRC will be directly involved in helping create material for the new site, both for this first phase and for later phases when the department's corporate information and specialist content and web-based services will also be on or accessed via the GOV.UK site<sup>10</sup>. HDS web content specialists (for customer-facing web content and services) and colleagues in Corporate Communications (for corporate material) will be working with colleagues in the department and with their counterparts in GDS to help ensure the material for the new website meets priority customer needs and our emerging Digital by Default channel strategy<sup>11</sup>.

## Action 8

Between November 2012 and March 2013, the corporate publishing activities of HMRC will move on to GOV.UK.

## Action 9

By March 2014, the information publishing activities on HMRC's website will move onto GOV.UK.

### Design HMRC's channel strategy to increase the number of customers who choose to use our digital services

We are committed to building services that meet our customers' needs, allowing the majority of customers to complete transactions with HMRC once, unaided. We want our customers to seek out our digital offerings because they have a reputation for being quicker, easier and more convenient to use. We will make digital services so good that they will be a customer's first choice for interacting with HMRC.

Beyond 2015 our vision is that individuals and SME businesses will move to interacting with HMRC primarily online. HMRC mandates the online channel for the filing of the vast majority of business tax returns. It is unlikely that further services will be mandated to the digital channel. Instead, we anticipate that digital service uptake will increase because HMRC offers an attractive, secure digital channel which customers prefer to use. But given our customer base (39m adults, 24% of whom fall into the Always Need Help category) digital cannot be the only channel.

HMRC's refreshed channel strategy will show a significant shift to online with a mix of mandation and nudge techniques to drive take up. In addition HMRC are also building a face-to-face service for HMRC's most vulnerable customers. HMRC will look to improve its telephony service as a secondary channel to digital, and to continue to reduce the post channel.

<sup>10</sup> Timelines still to be agreed but corporate publishing to Gov.UK will be from March 2013 and the whole HMRC site is due to transition by December 2013. VOA is due in 2014.

<sup>11</sup> Including channel shift to self serve and customer segmentation/support initiatives

We need to persuade customers to adopt self-service channels for routine interactions, thus releasing enquiry and call centre employees for higher-value interactions. To do that, we will put digital channels at the heart of our strategies. We will build a new generation of digital services that integrate human and self-service touch points by right-channelling routine interactions to self-service, using online channels and social media to answer simple queries, and turning our enquiry and call centres into advice centres for the more complex transactions and for those that will always need help.

Over time the success of better designed digital services will allow HMRC to reduce the scale and profile of less convenient, less efficient and less cost-effective contact methods (telephony, face-to-face, and post).

#### Action 10

HMRC will produce a refreshed channel strategy and will set out plans to encourage channel shift to digital in the Departmental business plan for 2013 to 2014.

#### Action 11

HMRC's business plan for 2013 to 2014 will clearly identify the savings HMRC expects to make as a result of increased use of digital services in 2013-14.

#### Provide support for those who rarely or never go online

We will develop an Assisted Digital strategy to underpin our Digital by Default strategy to support users to access our digital services and to encourage further take up. We have made significant progress in recent years in providing customer-centred digital services and we have seen the take up of those services rise steeply year-on-year. We recognise however that there will always be customers who will need support to use digital channels and we acknowledge that the continued growth and development of our digital services cannot be at the expense of those customers who cannot use them or who struggle to use them.

Our Assisted Digital Strategy will detail how we will help, support and encourage those who could and should be using digital services and how we will provide dedicated assistance for those who really can't get online so no-one is left behind. We acknowledge that there remains a pool of customers who currently don't use our digital services. Non users of digital services broadly fall within 3 categories, those who:

- Should (Digitally enabled but choose not to use digital services)
- Could (Digitally unable, but could become enabled with support or encouragement)
- Never Will (Digitally unable and never will be enabled)<sup>12</sup>.

HMRC will encourage those who should use our online channels to do so by marketing digital services through other channels, for example IVR. HMRC will do this by emphasising the benefits of moving online (security, speed, early certainty) using an approach based on the successful campaign to encourage Self Assessment filing online.

For those customers who could use our online channels with support HMRC will continue to ensure that usability and accessibility are cornerstones of digital service design, to digitally enable as many HMRC customers as we can. In addition we will signpost customers to skills training, signpost availability of free or low cost public PCs to enable them to get internet access and we will continue to support initiatives across the public and private sector that promote digital inclusion.

Where customers are unable to access the digital channel even with help, then alternative routes will still be made available to them (post and telephone), albeit with reduced resources over time. However, in providing help in moving customers to a position where they can engage digitally, we will work with GDS and other key stakeholders to establish our assisted digital support services. The modelling for that will be worked up over the next two years.

<sup>12</sup> Broadly, these map to HMRC's customer segmentation like this: those who Should are the Willing and Able, those who Could are the Need Help and those who Never Will are the Always Need Help customers

The drive to Digital by Default will significantly reduce the volume of paper coming in to HMRC but, as dealing with HMRC by digital will not be mandatory for many of our customers, paper will never entirely disappear. An HMRC digitisation solution would take the vast majority of the remainder of paper mail being received within HMRC, open it in one place, scan it to capture a digital image of that paper, store that image in a digital library and move a copy of that image through a workflow solution. This service would be scalable to the rest of HMRC, and would ensure that customers who are digitally excluded will not be also excluded from some of the benefits of digital (for example, there would be a significantly reduced risk of data loss, with paper no longer flowing from Regional Post Rooms, to back office post rooms, to teams, to storage).

#### **Action 12**

HDS to work up an assisted digital strategy, taking a cross-government approach where possible. As part of that work, HMRC to explore a digitisation solution to apply to the (reduced) amount of paper that will still flow in to HMRC.

#### **Revise our procurement processes to broaden the range of those tendering to supply digital services**

In recent years HMRC has relied on a large Systems Integrator to supply its digital requirements. The UK, however, has a burgeoning digital technology sector with a wide range of highly skilled and innovative companies, including SMEs, who are often unable to access HMRC's procurement processes.

Redesigning HMRC's services to be Digital by Default is an opportunity to secure greater value for HMRC, by changing how we commission our services, developing in-house capability and reducing our reliance on a large Systems Integrator. The Cabinet Office will build on existing procurement reform to develop new commissioning arrangements for digital projects, to encourage a wider range of bidders, including smaller and medium-sized enterprises. This will be accompanied by training and awareness raising for departmental procurement leads on the requirements for the new approach. HMRC should take full advantage of this.

#### **Action 13**

HMRC will work with GDS as part of GDS's strategic supplier management function to maintain a forward looking pipeline of digital work, updated quarterly.

#### **Action 14**

HMRC will use the existing Cabinet Office spend controls process to encourage better pre-market engagement, shaping specifications to take advantage where appropriate of the market's latest offerings and innovations.

#### **Action 15**

HMRC will take full advantage of the training GDS will offer to departmental procurement leads in support of new procurement arrangements.

#### **Build common technology platforms for Digital by Default services**

HMRC's IT Strategy moves the department from an environment where bespoke, line of business specific solutions are the norm, to one in which a series of strategic platforms are central to delivering our IT capability. The key principle of the IT Strategy is that functions common to several lines of business should be served from a single platform or 'machine' rather than individual solutions being sought for individual business areas. HMRC expects this approach to reduce costs in the long term as service management and maintenance is reduced due to the reduction in the number of applications on the estate. By moving to a smaller number of strategic platforms HMRC will have the ability to promote consistency amongst the end-to-end digital processes that we offer. For instance, having a single registration platform that can be adapted to the needs of a particular registration process but maintains a single data flow to back end systems that store registration data will help us meet the needs of both internal and external customers of the registration process.

The Cabinet Office will lead on the definition and delivery of a range of common cross-government technology platforms. These will underpin the new generation of Digital by Default services.

### Action 16

HMRC will use these for new and redesigned services, unless a specific case for exemption is agreed.

#### Base digital service decisions on accurate and timely management information

We will collect data and feedback to drive improvements in our digital services. We will do this by collecting data on all parts of services, measuring key indicators on whether a system or process is working and responding to the data we receive via those measures. We will put in place standard measures and indicators of excellent performance in order to drive continuous improvement in the way that we offer services to our customers. This is the only way that we can be sure to build something that genuinely meets a range of user needs rather than the niche needs of a particularly vocal group, or needs we think users have.

A data driven approach will also allow us to quantify the return on investment that we are putting in. For instance, understanding how our contact profile changes as a result of changes we make to our digital services would be a key tool for understanding whether changes are working or whether they need to be amended to see the results we are aiming for.

### Action 17

HMRC will begin reporting against defined data-sets provided by Cabinet Office from April 2013.

### Action 18

HMRC's new Digital by Default services will include automated collection of management information.

#### Recognise that policy making in the digital age will be different

In the past there has been a chasm between policy development and the IT elements of service delivery within HMRC, with policy-makers often treating digital development as an afterthought. This does not produce customer-focussed service delivery. In future, policy and legal specialists will work alongside digital delivery teams as a virtual team to deliver new or redesigned transactional services.

Transactional and informational services are the primary focus of the Digital by Default approach, but digital also provides ways to improve the broader policy making process, through better engagement and consultation.

HMRC recognises social media as a growing part of the lives of our customers and staff and the use of social media is referenced in "Delivering our vision", HMRC's published business plan for 2012 to 2015. HMRC's plan is to progressively deepen and expand our use of social media in three overlapping phases: we are already using social media to support corporate communications; will use social media to complement our stakeholder communications; and, will pilot the use of social media in support of customer communications, essentially adding social media to the channel mix.

Our digital customer communication strategy will underpin the Digital by Default strategy. Over the last few years email use between customers and HMRC has been limited, but following a pilot with Large and Complex customers in 2010-11 and with Small and Medium-sized Enterprises and Agent customers in 2011-12 our understanding of when we should use email with customers is improving. Whilst this strategy is still in development it is clear there are significant benefits from providing a digital communication channel for customers. However there are still some risks which need further exploration and HMRC will need to do further work to balance these against the benefits before fully articulating its digital customer communication strategy.

### Action 19

HMRC will embed digital by default service delivery in the heart of its policy-making process. Where relevant, advice to Ministers will include information on how new policies are being developed to the digital by default standard.

### **Action 20**

HMRC will train and develop policy makers to understand and use a wider range of digital methods and channels, and use these to engage and consult stakeholders around areas of policy development, up to and including formal consultations.

This will be reflected in HMRC's Business Plan 2013 to 2014s for 2013 to 2014.

### **Action 21**

We will pilot the use of social media for simple customer queries. HDS will continue to work up HMRC's email strategy.

### **Remove unnecessary legislative barriers**

We will adopt an end-to-end approach to service development and acknowledge that this may mean changes to processes, policy and legislation.

In a few areas, legislation enacted before the digital age can constrain the development of simple, convenient Digital by Default services. Delivery teams will either review current restrictive interpretations of laws passed before digital channels existed or will consider whether legislation needs to be changed.

### **Action 22**

Policy experts to work closely with digital specialists on the design of the exemplar services. Discussions will be held early in each design process and will be continued throughout development.

### **Continue with our high commitment to the security of our digital services**

Customers will only use digital services if they have faith in the organisation and confidence and trust in the security of the service they want to use. The HMRC Digital Solutions Programme (DSP) will deliver a government wide capability that implements a package of measures including new identity verification processes that proves that customers are who they say they are.

## 6 Appendix A - HMRC exemplar services

### 6.1 Aim

As one of the seven departments with most transactions, HMRC has selected four significant exemplar services to transform the way we interact with our customers online and open up digital services to new customer groups

The services described below represent digital offerings that will build on HMRC's current reputation for high quality online services.

The exemplars will also contribute towards building those technical capabilities that we outline on page eight.

We have said that HMRC is committed to delivering digital services so good that they will be our customers' first choice for interacting with the department. The services we have chosen will be delivered in a way that exemplifies this principle, using techniques that allow us to build on customer feedback and technologies that enable us to more effectively serve our customers in a way that works for them and for us.

### 6.2 Overview of exemplars

#### PAYE Online

A new online service for taxpayers who use PAYE to pay tax via their employer. The service will allow individuals to get guidance and information on their tax code and to inform HMRC when they make a change that affects the amount of tax they pay.

The service will also deliver the ability for individuals to see an online tax statement which gives a breakdown of how their tax was calculated and how it might have been spent.

#### Paperless Self Assessment

A service that completes the online journey for our Self Assessment customers by making the whole of the Self Assessment process a digital one. Over 80% of Self Assessment customers have shown a preference for the digital channel – HMRC will enable these customers to have an end-to-end digital service, with guidance and messaging online to help them complete their returns in as efficient a way as possible.

#### Tax for My Business

Expanding on HMRC's current offering for businesses by providing a joined-up way for small and medium enterprises to access tailored guidance, links to their online transactions (registering, filing and paying), a facility for accessing help and asking HMRC questions, and access to increasingly tailored education and support. The service will aim to make it easy for small and medium enterprises to find prompt, clear and simple answers that they can rely on.

#### Agent Online Self-Serve

This service will enhance agents ability to self-serve; we will provide a secure way to apply for a Unique Agent Reference, allow agents to see their clients payments and liabilities across the main business taxes and enable them to notify HMRC about new clients. The service will build on the Business Tax dashboard and whilst increasing self-serve capability it will also reduce opportunities for online fraud and enable HMRC to differentiate between paid professional agents, those from the Voluntary & Community sector and those acting in an unpaid capacity on behalf of friends and family members.

### 6.3 How the exemplars deliver generic technical capabilities

As part of the delivery of the four exemplar services we will also develop technical capabilities (shown on page eight) in the following way:

#### IDA

The Digital Solutions Programme, together with the Government Digital Service, is developing an Identity Assurance (IDA) capability that can be re-used across all departmental and governmental services. The ID hub is based around the Security Assertion Markup Language (SAML) standard and gives a route for government to utilise existing, trusted identity providers in the market. A pilot IDA service, using point in time verification (a necessary part of the PAYE online exemplar) to make things simple and easy for one-off transactions will be used in October 2013 with wider IDA capabilities becoming available from October 2014. The new IDA capability will replace the current Government Gateway authentication used by HMRC's online services with customers being migrated from the Government Gateway in 2015.

## **iForms**

The iForms project is aiming to procure a cloud based solution that will produce quality, standards based forms in HTML and other formats that offer an excellent user experience for customers and internal HMRC forms builders. The first iForms will form part of our October 2013 deliveries and will be implemented to enable successful delivery of all four exemplars. The iForms capability will interface with web services making it re-usable in the future. By procuring a cloud-based service HMRC aims to make the iForms solution scalable in line with future demand for digital services.

## **Interactive Rules Based Guidance (IRBG)**

The exemplar services will be re-using HMRC's existing IRBG service to build interactive guidance that will drive customers to the correct services and provide them with tailored information that can then be used to populate online forms. This will help enable a quick and easy user journey.

HMRC has an enterprise license for the use of IRBG and our internal supplier, IT Solutions Development, has developed an in-house capability to build complex business rules into web interfaces using IRBG.

## **Back end integration**

All four exemplar services will involve using new technologies to integrate data with HMRC's back end systems and to surface data from back end systems to customers and transactions.

## **Secure Digital Communications**

HMRC will be delivering ways of securely communicating with customers as part of the exemplar services. We aim to build on our existing messaging capabilities developed as part of the Self Assessment portal and HMRC's recent delivery of the VAT online registration project. Wherever possible HMRC will be looking to expand on existing secure digital communications channels to produce a consistent set of two-way communication channels with both business and individual customers.

## **Output Repository**

As part of the PAYE online exemplar, HMRC will be delivering the ability to display online versions of printed outputs to customers. This will be used as part of the delivery of online tax statements to customers in January 2015. However, HMRC will be completing an alpha project around the display of tax statements to customers in 2014 and, as part of this work, will investigate the optimal format for displaying these outputs digitally.

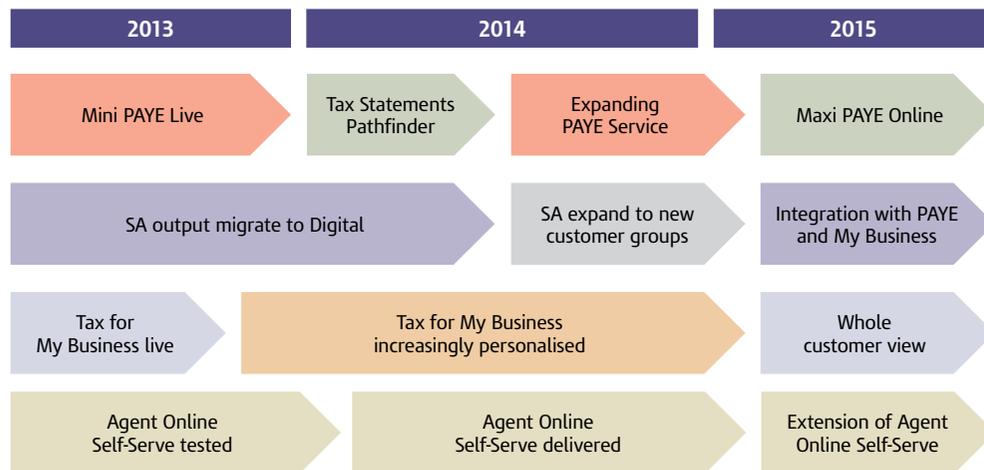
## **Interactive Chat**

Outside of the work done in the digital exemplars HMRC will be piloting the use of interactive chat sessions with customers to deliver a cost-effective, real time communication channel.

## 6.4 Benefits

The benefits to HMRC from the digital exemplars are estimated over five years at £449m in efficiency savings together with £332m in additional tax revenue.

### Exemplar delivery roadmap



- PAYE customers can report changes that impact their tax codes
- Paper outputs reduced by 25m over 12 month period
- 'Tax for My Business' homepage launched for SME's
- Agents functionality tested to inform the client tax dashboard and agent offering.
- Limited number of tax statements online for pathfinder group from January 2014
- PAYE service expanded to include additional functions
- SA expanded to new customer groups - significant shift to online for customers completing short tax return
- Greater personalisation of basic Tax for My Business
- Agents transition to new Agent Online Self-Serve.
- PAYE Online - potential to 'go maxi' if investment case made
- Most SA repayments electronic. SA moves from online filing service to SA digital service
- Potential for HMRC for My Business integration via "whole customer view" if investment case made
- Agents have increased self-serve functionality in line with their clients.

## 6.5 Agile delivery

The four exemplars will all be deploying iterative methods in their delivery. The exemplars will establish alpha and beta projects that can test the proposition with real users and then build on the feedback received from users. This data will be used to shape the future releases and ensure that the proposition fills both the users' and HMRC's needs.

The breakdown of planned early releases for each exemplar is:

	PAYE Online	Paperless SA	Tax for My Business	Agent Online Self Serve
<b>Alpha</b>	<p><b>January - April 2013:</b> Series of test projects run by customer insight team.</p> <p><b>January 2014:</b> Pilot of online tax statements.</p>	<p><b>January - April 2013:</b> HMRC will work with GDS to identify elements of the full online solution that could be used in early user-testing.</p>	<p><b>April 13:</b> First test prototype of some functionality, built by a specialist digital SME.</p>	<p><b>April 13:</b> Volunteer agents to view Tax for My Business prototype.</p> <p><b>October 13:</b> First test of client tax dashboard prototype and agent forms.</p>
<b>Beta</b>	<p><b>October 2013:</b> PAYE Online for selected group of customers with ability to report some changes of circumstances. Point in time identity verification.</p> <p><b>January 2015:</b> Online tax statements beta.</p>		<p><b>October 13:</b> Fuller set of functionality, with majority of features not requiring data from HMRC back-end systems available for testing.</p>	<p><b>2014-15:</b> Functionality available to apply for a Unique Agent Reference, view client payments and liabilities and to notify HMRC about new clients.</p>

## 6.6 Procurement

The exemplar services will, wherever possible, make use of HMRC's changing contractual environment with our IT supplier Aspire to involve a larger number of suppliers and find cost-effective and innovative solutions.

The current iForms procurement has followed Cabinet Office good practice and will be the first competitive IT project in HMRC's new contractual environment. IDA will use open competition to ensure value for money in its delivery of an identity hub whilst the Tax for My Business exemplar involves the use of G-Cloud as a procurement vehicle for working with digital SMEs who have expertise in delivering agile projects.

## 6.7 Application programming interfaces (APIs)

Coherent with our open data strategy<sup>13</sup>, HMRC is actively working to produce APIs that will allow greater flexibility for both future digital work in the department and partnerships with third parties in the manner of our existing third party channel. HMRC will work to produce an API strategy and work with our current IT supplier to build APIs.

Our current identified APIs for the digital exemplars include:

- Providing the personalised data for small businesses (April 2014)
- An API into our Online Tax Registration Service to enable third parties to build registration into their products (April 2014)
- Making available data and tools that allow customers to see and alter the PAYE information HMRC holds on them (April 2015 and beyond).

At each opportunity we will look to develop well-documented, open standards based APIs with our IT supplier or, wherever possible, with other developers to ensure the future compatibility of our digital platforms.

## 6.8 Exemplar 1: PAYE Online

### The user problem

HMRC's web-based services are well used and provide many customers with the reassurance and guidance they need, but for 39 million of our PAYE customers there is no option for digital transactions. If they want to tell HMRC something that affects their tax position, they need to call or write to us.

Each year HMRC receives 25 million contacts from customers to clarify information or provide us with details that can help us correctly calculate the tax that they pay through the PAYE system. Customers who pay tax in the PAYE system and are not filing a Self Assessment return currently do not have an online communication channel with HMRC.

### Addressing the user problem

Under PAYE Online, we are giving customers the ability to update information that helps us better calculate their tax code. We are starting with company cars and medical benefits in October 2013.

Customers will begin with improved guidance that leads them through a clear explanation of the tax code they have received. If customers have had a change in circumstances that impacts their tax code they can submit information via an online form, and the updates will flow directly to HMRC systems.

We will also pilot a simple electronic version of the paper tax statement, giving users greater engagement with the tax that they pay and how it affects public services in the UK.

We will protect confidentiality using our new Identity Assurance Solution, which will go live in stages from 2013.

<sup>13</sup> <http://www.hmrc.gov.uk/transparency/implementation-plan.htm>

### How HMRC benefits

By delivering secure online services with inbuilt validation rules, HMRC can capture information digitally and assess it for compliance purposes whilst reducing customer error and fraud.

Reducing HMRC costs both in terms of the processing of paper and handling of telephone contact, but also the cost of developing and delivering new IT capabilities. Our new IT solutions will deliver the capability for HMRC to make changes to its digital solutions without the costly intervention of specialist IT providers.

### Delivery approach

The Digital Solutions Programme in HMRC will be delivering the PAYE Online service using an iterative approach.

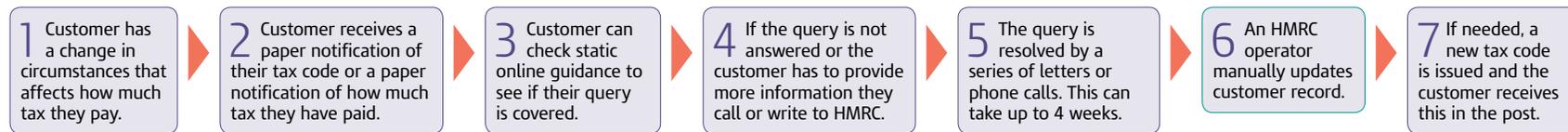
Early versions of the solution will be used for user-testing to ensure that we build a service that works for external customers and for HMRC.

The high level delivery plan involves:

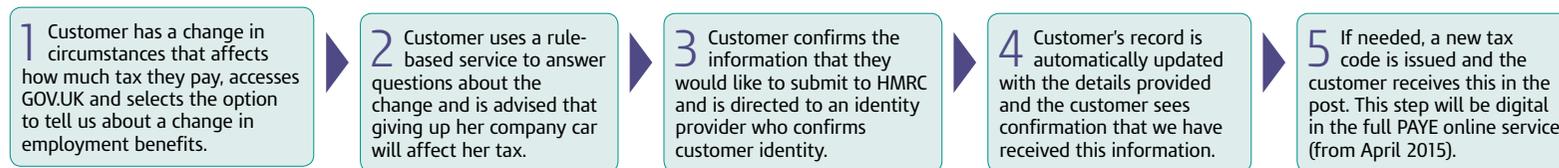
- January to April 2013 – Series of alpha projects allowing us to test the functionality with customers and understand what they would best respond to
- October 2013 – Beta version of the PAYE service available to around 1,000 customers. Customers will be able to use interactive guidance to understand their tax code and update HMRC with information on company cars and medical benefits
- In 2014 and beyond – A pilot service allowing customers to see their tax statement online. Also building a wider range of things customers can do to provide HMRC with the correct information about their tax code.

The delivery will re-use a number of capabilities that HMRC are developing to give us greater control over our online services – including the ability to build online forms and a new identity assurance platform. The technology will be underpinned by the use of well documented APIs that give HMRC greater flexibility over the use of data in our online services.

### The As-Is PAYE Customer Journey



### The To-Be PAYE beta Customer Journey



## 6.9 Exemplar 2: Paperless Self Assessment

### The user problem

HMRC has a mature and well-used SA Online service which 80 per cent of our customers use voluntarily to file their returns online.

At numerous stages during the completion of their Self Assessment return customers are returned to the paper world. Customers receive notifications, statements and payslips on paper. These outputs can cause confusion amongst customers and are one of the reasons that customers call HMRC about Self Assessment.

### Addressing the user problem

HMRC aims to upgrade the Self Assessment service to a complete end-to-end digital experience for customers by:

- Improving our web-based guidance and digital communications to ensure they are tailored and interactive, including the ability for customers to report changes digitally
- Eliminating outbound paper communications for those customers who are already dealing with us online
- Expanding the SA offering to those customers who do not currently file online
- Extending the current digital service to include increasing the number of payments we make digitally.

This way we will give customers in Self Assessment the opportunity to interact with HMRC in a way that suits them, with help and guidance to make their transaction as easy to complete as possible.

### How HMRC Benefits

The Paperless Self Assessment exemplar transforms a well-used online filing service to a complete digital service eliminating 20m paper notifications and 750,000 phone calls from the SA system.

It significantly reduces the number of printed outputs, in order to save money on printing and postage. It also drives up use of secure electronic messaging, in order to reduce telephone and postal contact.

Where possible and good value for money, this exemplar supports the migration of the remaining paper filing customers to online filing. This is complementary to other projects in HMRC which are being implemented by other teams.

### Delivery approach

HMRC is working with the Government Digital Service to identify the areas where we can give most benefit to our customers completing the Self Assessment transaction. We will use our available data and metrics on how customers interact with the current service to understand how the transition between the online and paper-based service affects customer behaviour.

HMRC aim to build on our current successful Self Assessment platform and also look at ways of augmenting this platform to deliver a consistent online user experience for our customers. We will deliver the changes in iterations, allowing us to use customer testing and data to inform the shape of a complete online Self Assessment service.

We would implement some early changes in the 2013 to 2014 year by turning off various outputs and directing customers to electronic communications. This will be followed by Beta versions of technology changes in the 2014 to 2015 year and full deployment from April 2015.

### The As-Is Self Assessment Customer Journey



### The To-Be Self Assessment Customer Journey



## 6.10 Exemplar 3: Tax for My Business

### The user problem

HMRC customer segmentation data shows that 65% of small and medium enterprises aim to complete their tax correctly. Small business customers do not find this easy at the moment – both HMRC research and findings from the Office of Tax Simplification show that the help HMRC provides small businesses ‘can often be hard to find, too general, too all embracing or there is just too much of it’.

HMRC has recognised the user need in this area, stating in 2012 that ‘what really matters to small businesses is being able to deal with their tax easily and quickly, such as through good online services; and that if they need to contact us for help they want prompt, clear and simple answers that they can rely on’.

The launch of HMRC’s Tax for My Business has given our small and medium enterprises customers the ability to view their tax liabilities online but this represents only a small part of what they need in order to make their interactions with HMRC simple and effective.

### Addressing the user problem

HMRC will deliver a joined up experience for small business customers, giving them the ability to perform a number of transactions with the department in a single place.

A personalised homepage for each customer will contain an overview of their HMRC ‘account’, links to all their online transactions (registering, filing and paying), a facility for accessing help and asking HMRC questions, and access to increasingly tailored education and support. It also provides HMRC (and, potentially, other departments) with digital means of communicating with SME customers.

The service will be built using responsive design so that it is easy for customers to access where and when they need it – whether on their computer, tablet or smartphone. It will also – consistent with the approach taken by GDS on GOV.UK – be subject to iterative improvement after release, using quantitative user data and qualitative user feedback to continue to identify potential improvements.

HMRC will also use APIs to make data available to third party developers who can build services tailored to specific markets that interact with HMRC.

### How HMRC Benefits

The exemplar moves us significantly closer to a world where the vast majority of the UK’s 4.6m small and medium enterprises interact with HMRC solely via digital channels decreasing HMRC’s phone and paper contact costs.

It provides the underpinnings for a fully interactive online banking-style relationship with our SME customers a key feature of HMRC’s longer-term strategic planning.

It also provides a channel to communicate directly with SMEs, something which doesn’t need to be limited to HMRC messages – it potentially provides government as a whole with a means of communicating directly with SMEs in a way that has not been possible thus far, so increasing HMRC’s capacity to support this aspect of the wider growth agenda.

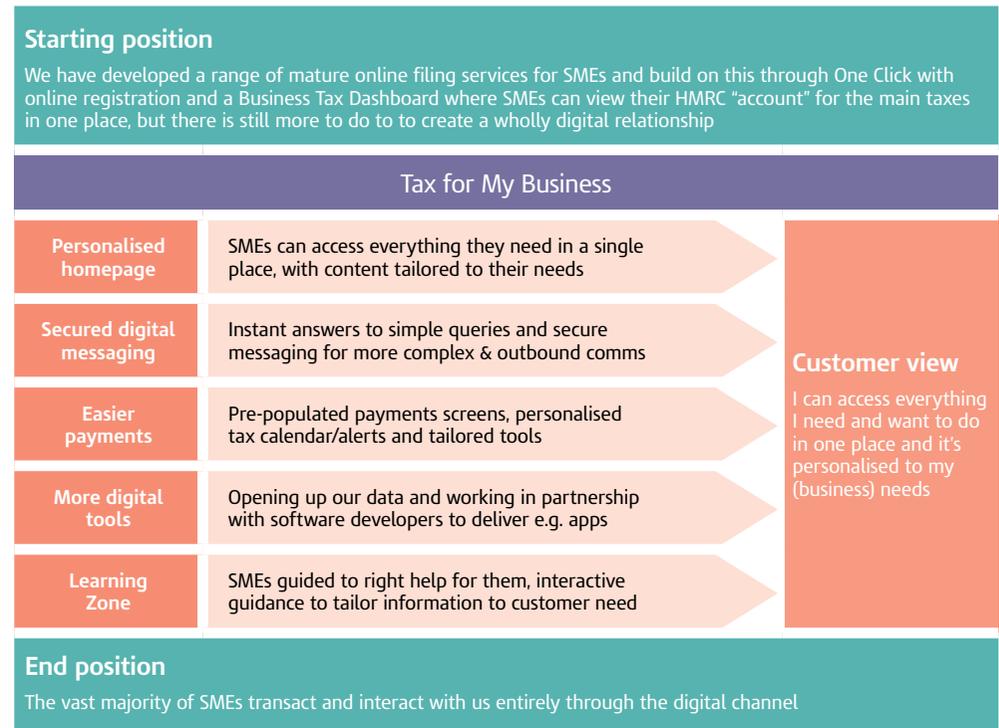
All of this brings significant improvements to the compliant SME customer experience, both in terms of time saved and ease of understanding and complying with what they need to do, as well as some efficiency and tax gap benefits for HMRC (to be quantified once the design of the service is clearer).

### Delivery approach

HMRC is delivering the Tax for My Business service using an agile methodology, allowing us to involve customers in the design of the product.

We will engage with SME digital delivery specialists to deliver an alpha project that we can use for customer testing. Our aim is to deliver a service that is based on our initial findings on what customers find difficult and what they are searching for when they look for guidance. We will then use testing with customers to adapt the product to meet the user needs.

With the results from customer testing HMRC will add functionality to the service to progress to a beta that can be tested with a wider customer group before a full release.



## 6.11 Exemplar 4: Agent Online Self-Serve

### The user problem

HMRC's current services and processes do not recognise the valuable role agents play in supporting compliance for eight million of our customers.

When agents want to notify HMRC that they need to do business with HMRC it involves a range of different application processes, for example separate agent codes for Self Assessment or Corporation Tax. This results in a single agent often having multiple agent codes and references. The process needs to be improved and provide more meaningful information to enable HMRC to 'know the agent'.

Currently agents do not have the tools available to them to take control of their clients' tax affairs and undertake transactions for them with minimal involvement from HMRC. This results in valuable time being spent contacting HMRC to resolve queries and using HMRC time which could be spent on more complex queries.

### Addressing the user problem

HMRC aims to introduce a single procedure to obtain a Unique Agent Reference (UAR) which will replace the various current processes making registering to act as an agent easier and quicker. In aligning with our Identity Assurance model agents will only need the single UAR to do business with HMRC on a range of taxes and all agents with a UAR will have access to the new Online Agent Authorisation process. An enhanced service will also be available to those agents who satisfy specific criteria (yet to be determined) enabling them to notify HMRC of new clients online without the need for submission of a Form 64-8 and allowing them to 'self authorise' to act on behalf of their clients.

In the future agents will have the tools to take more control of their clients' tax affairs and undertake transactions for them with minimal involvement from HMRC.

It is our intention that any new IT services developed for individual customers should be available to agents.

### How HMRC benefits

This exemplar aims to develop the relationship between HMRC and agents, recognising the value agents play in the tax system by putting agents in the driving seat which will help to reduce costs for both agents and HMRC.

Agents will not need to contact HMRC as often and more accurate information received about clients will result in fewer errors and consequential rework all round.

The service will also be more secure, protecting agents, clients and HMRC from fraudulent attacks by criminals posing as agents.

Finally, by providing services which are better tailored to agent needs it is anticipated that HMRC will achieve a six per cent increase in agent customer experience.

### Delivery approach

Agent Online Self-Serve will work with Tax for My Business, using an agile methodology, allowing us to involve customers in the design of the product. We will continue to work in partnership through the Joint Tax Agent Strategy Steering Group, the Agent Engagement Group, with other representative groups and our agent volunteers to ensure that any changes that are introduced are informed by their involvement and feedback from the agent community.

HMRC will continue to define the IT requirements necessary to support the introduction of Unique Agent References and Online Self-Serve facility during 2013 with the initial service delivery being made during 2014 to 2015.