



HM Revenue
& Customs

Research report

HMRC Report: 518

HMRC Stakeholder Engagement Research 2018

Research conducted by Populus among HMRC
stakeholders in 2018-2019

Owen Thomas, Will Clothier and Amelia Evans
Prepared by Populus for HMRC Communications

February 2019

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

© Crown Copyright 2019

Copyright in the material, typographical arrangement and design rests with the Crown. This publication may be re-used free of charge in any format or medium, and provided that it is reproduced accurately and not used in misleading context, under the terms of the Open Government Licence (OGL) www.nationalarchives.gov.uk/doc/open-government-licence/version/3/. The material must be acknowledged with the title and source of the publication specified.

Published by HM Revenue and Customs, July 2019 www.hmrc.gov.uk

Contents

1. Introduction.....	4
1.1 Background	4
1.2 Research Aims	4
1.3 Method	4
2. Findings.....	6
2.1 Overall impressions	6
2.2 HMRC’s performance	6
2.3 HMRC’s objectives	7
2.4 Engagement	8

1. Introduction

1.1 Background

HM Revenue & Customs (HMRC) has commissioned stakeholder research each year since 2012. The research provides insights into the views of influential stakeholder groups, identifies trends and changes in attitudes, and informs improvement to the way HMRC engages with this key audience in order to better fulfil its strategic objectives.

1.2 Research Aims

Populus was commissioned by HMRC to undertake research among its stakeholders to:

- Understand stakeholders' general perceptions of HMRC: favourability, advocacy, and change over time
- Gauge awareness of HMRC and stakeholders' knowledge about HMRC's remit, vision and priorities
- Explore HMRC's perceived performance and to what extent stakeholders feel HMRC is maximising revenue due¹, transforming tax and delivering a more professional, efficient and engaged organisation
- Assess HMRC's engagement with stakeholders.

1.3 Method

Populus conducted two phases of research on behalf of HMRC, consisting of an initial quantitative phase, followed by a qualitative phase.

1.3.1 Sample

The sample of Parliamentarians and devolved administrations was drawn from a complete list of current Members of Parliament, Members of the Scottish Parliament, Members of the National Assembly for Wales and Members of the Legislative Assembly in Northern Ireland. The remaining sample of Corporate, Customs, Voluntary and Community Sector, Agents, and Media stakeholders was drawn from a list of influential stakeholders identified by HMRC.

Quantitative research:

Populus interviewed 306 HMRC stakeholders using an online methodology.

¹ HMRC's Strategic Objective 1 was changed in May 2019 from 'Maximise revenues due and bear down on avoidance and evasion' to 'Collect revenues due and bear down on avoidance and evasion'. The Stakeholder Engagement Research 2018-19 was conducted prior to this change.

Qualitative research:

Populus conducted 55 qualitative depth interviews, lasting between 20 and 50 minutes, by telephone.

The sample breakdown was as follows:

Stakeholder group/Sample size	Quantitative	Qualitative
Parliamentarians and devolved administrations	70 (42 MPs, 11 MSPs, 9 AMs and 8 MLAs)	10
Corporate (including stakeholders from Business and Legal sectors, Whitehall stakeholders, and academic stakeholders)	88	18
Customs	71	14
Voluntary and Community Sector (VCS)	31	6
Agents	47	6
Media	8	3
Total sample size	306	55

Please note that a small number of research participants appeared in more than one stakeholder group, however, no stakeholder is counted twice in any figures presented in this report.

The qualitative research intended to explore and understand the range of perceptions and attitudes towards HMRC; it is not intended to give any indication of the prevalence of these beliefs across the population as a whole.

1.3.2 Fieldwork

Quantitative fieldwork ran from 4 October until 17 December 2018.

Qualitative interviews took place between 6 November 2018 and 17 January 2019.

2. Findings

2.1 Overall impressions

HMRC's stakeholders thought that the Department performed well against key performance indicators. Familiarity with HMRC remained high and consistent with previous years, while favourability towards HMRC and perceptions of HMRC's performance as the UK's tax authority improved year-on-year. Advocacy also improved slightly and stakeholders were more likely to speak highly of HMRC than to criticise the organisation, though stakeholders – in common with previous years – were also likely to say they preferred to remain neutral.

Stakeholders' familiarity with HMRC's work remained high, and they continued to have a comprehensive knowledge of the organisation. Many stakeholders had long-standing working relationships with HMRC built upon years of engagement and contact on tax matters more broadly. Strong overlaps between the work of HMRC and its stakeholders meant the organisation was considered to be very relevant to most. Indeed, stakeholders often commented that a successful, smoothly operating HMRC allowed them to work more efficiently and to deliver more effectively for clients, members and other stakeholders. Perceptions of HMRC remained focused on its role as the UK's tax collector, and associations with the National Minimum Wage and tax credits were secondary.

Favourability towards HMRC has continued to improve over time. All groups of stakeholders were, on balance, favourable towards HMRC – more stakeholders in each group had a favourable impression than an unfavourable one. Perceptions of the quality of HMRC's leadership and management, having a good working relationship with HMRC, believing HMRC was delivering a professional, efficient and engaged organisation, and considering that HMRC treated all taxpayers impartially were the factors that had the biggest impact on favourability.

While stakeholders were more likely to speak highly of than to criticise HMRC, as in previous years, stakeholders were most likely to say they would be neutral – neither speaking highly nor criticising – and most also continued to view their relationship with HMRC as that of a “critical friend”. For stakeholders, being a “critical friend” was not regarded as negative. They considered that HMRC's objectives were frequently similar to their own and that they were working to the same ends as HMRC. HMRC operating successfully was seen as vital for the UK, so stakeholders wanted the Department to perform well and were keen to acknowledge the areas where this happened. Stakeholders also understood the importance of seeking improvement, holding HMRC to account and being critical when required.

2.2 HMRC's performance

Stakeholders believed HMRC was broadly performing well within what they perceived to be a challenging climate, and highlighted uncertainty over EU Exit and perceptions of limited resources as particular challenges. As in previous years, HMRC was described as a rigorous

and competent tax collection authority, with several stakeholders highlighting their belief that HMRC did not get enough credit for a decreasing tax gap.

Those who thought HMRC was not performing well as the UK's tax authority most commonly attributed this to a lack of resources; something many stakeholders were concerned about.

Customer service – on phone and online – was perceived to remain one of HMRC's weaknesses. Most stakeholders had little experience of "frontline" HMRC advisors, but it was common for stakeholders to mention anecdotal stories of poor customer service experienced by constituents, members and/or clients.

EU Exit was considered a sizeable risk to an already "stretched" HMRC, with stakeholders expecting that the Department would play an important role in this process. It was felt that uncertainty regarding EU Exit was a challenge in itself, but there was also an assumption that resources were being – and would be in future – reallocated to facilitate necessary changes and that this might have an adverse impact on HMRC's customer service. Customs stakeholders had a more detailed understanding of the potential impact of EU Exit and were often reassured regarding the attention paid to them as a key stakeholder group.

Most stakeholders had only a limited knowledge of HMRC's senior management and leadership team. Stakeholders that were more knowledgeable of the senior management and leadership team were nearly always positive and had faith in the abilities of the senior individuals. Perceptions of HMRC's leadership and management often also depended on stakeholders' confidence in the HMRC staff they interacted and dealt with on a regular basis, with views on the ability of individual Officers and Directors important contributors to confidence in the Department more generally.

2.3 HMRC's objectives

Of the Department's main objectives, HMRC was believed to be performing best on maximising revenues due and bearing down on avoidance and evasion². The decreasing tax gap was highlighted as evidence of this. Some stakeholders, however, were concerned that HMRC seemed to continue to focus on tax avoidance and evasion on the part of small businesses and individuals rather than on large, multinational organisations.

Stakeholders' perceptions of HMRC's performance in transforming tax and payments for customers were largely unchanged. Though there was general agreement regarding the importance of digitising tax and acknowledgement of the efforts made by HMRC in Making

² HMRC's Strategic Objective 1 was changed in May 2019 from 'Maximise revenues due and bear down on avoidance and evasion' to 'Collect revenues due and bear down on avoidance and evasion'. The Stakeholder Engagement Research 2018-19 was conducted prior to this change.

Tax Digital, stakeholders noted delays to the timeline and warned against losing momentum on this important priority.

2.4 Engagement

Working relationships with HMRC staff drove favourability towards the Department and there was considerable satisfaction among HMRC's stakeholders regarding these relationships. There was widespread satisfaction regarding the professionalism of HMRC staff and the technical expertise of staff was also regularly praised. Some, however, expressed concerns about losing contact with HMRC staff with expertise due to such staff transferring teams or retiring. As a result, some of these stakeholders added that members of staff new in post sometimes appeared to require more training to provide a service of the same quality as their more experienced colleagues.

Stakeholders – and particularly Parliamentarians and Customs stakeholders – were more likely to say HMRC's communication was improving than to say it was worsening. Stakeholders perceived HMRC's policies and actions to impact on their own day-to-day work and that of their organisations. As such, frequent and constructive feedback sessions along with a willingness to listen to stakeholders' views were appreciated, and stakeholders frequently called for more contact with HMRC rather than less.

While HMRC was thought to provide opportunities for consultation and was broadly thought to listen to feedback, stakeholders were slightly less likely to consider that HMRC acted on stakeholder views or communicated steps taken in response to feedback once the consultation period had come to an end. There continued to be a belief that HMRC could operate in a bureaucratic and slow manner.

Some stakeholders shared examples of miscommunication they had experienced when dealing with members of different HMRC teams, while others said that HMRC staff themselves sometimes expressed frustration at the processes they had to follow. Notwithstanding, the majority of stakeholders were positive about the staff they dealt with on a day-to-day basis, identifying them as one of HMRC's greatest strengths.