

Change Plan

Improving services for customers and cracking down on those who bend or break the rules



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Introduction

HM Revenue & Customs' (HMRC's) core purpose is to make sure that the money is available to fund the UK's public services and help families and individuals with targeted financial support. HMRC is one of the largest government departments and the Department's work touches the lives of almost every person and business in the UK.

HMRC is undergoing far reaching change. This document briefly explains the background to this change and sets out the Department's emerging plans.

Why does HMRC have a Change Plan?

As part of the Spending Review settlement in October 2010, HMRC made a commitment that between now and 2014-15 the Department will:

- identify and make savings of 25%
- in return for re-investing over £900 million of those savings, bring in £7 billion in additional revenues a year by 2014-15 by transforming its work against avoidance, evasion and criminal attack. The overall impact of this is a 15% reduction in the resource budget, and a 25% reduction in capital spending compared to 2010-11
- reduce fraud and error in the tax credit system by £2 billion a year, and
- stabilise the new National Insurance and Pay As You Earn (PAYE) Service (NPS) and continue to reform the PAYE system by collecting tax and earnings information from employers more frequently to support the Government's welfare reform agenda.

Meeting this commitment means making fundamental changes to how the Department operates - a massive and complicated task. The Department will be transformed through a coordinated Change Programme, ensuring all of the changes it makes fit together and that the changes take place in the right order.

What does this mean for HMRC's customers?

All the changes HMRC is making to the way it operates are aligned to the Department's Customer-Centric Business Strategy. In simple terms, HMRC's approach is to put customer understanding at the heart of all its activities and plans, so that the Department maximises its influence on customer behaviour as it seeks to achieve its objectives.

For those who are willing and able to pay their tax, the Department aims to provide straightforward services based on online filing and payment. It provides help for those who need it, at the right time. The Department relentlessly pursues those who bend or break the rules through avoidance, evasion or fraud.

Looking at HMRC's customer groups in more detail:

- for Individuals, HMRC will further support and improve customer services, particularly around PAYE. Over the next four years HMRC will streamline processes and increase opportunities for customers to self-serve, reducing the need for them to make contact. There will be more assistance for those who need it around key life events such as retirement
- for Small and Medium Enterprises (SMEs), work is already underway on many improvements to the online channel. By 2012 new SMEs will be able to register for all their main taxes using a single online service. A new Startup Hub at businesslink.gov.uk will bring together all the advice they need from across government, and they will be able to view their liabilities for the main taxes in one place. Interactive guidance will give customers more reassurance that they have got it right. But where businesses are tempted or choose to break the rules HMRC will focus increasing resources on deterring, catching and monitoring them
- for Large Business customers, HMRC will continue with its current approach, which has already improved the customer experience and increased tax revenues. In addition to this, HMRC will invest more in relevant skills for the Department's people to improve understanding of tax risks, tax avoidance and what drives commercial decisions. Where avoidance persists it will be detected through the recently extended and strengthened disclosure regime, and dealt with vigorously
- agents are key intermediaries in HMRC's relationship with businesses and individuals. HMRC is already improving services for agents. The Department will shortly be consulting agents on a new approach to give agents a greater ability to process transactions on a client's behalf, and
- for Tax Credit customers, HMRC will tailor its approach to different customer segments to ensure they get the right support at the right time. Working closely with DWP, the Department will increase efforts to tackle those who seek to defraud the system, continuing the 'check now, then pay' approach. HMRC will increase the range of checks completed on the information customers provide, and tighten controls as it issues new claim packs.

Also, to counter criminal attacks HMRC will invest more in preventing, deterring, disrupting and dismantling criminal operations, and prosecuting more cases of evasion. This will include: strengthening authentication and validation processes for online transactions; deploying risk teams to ensure better protection of repayments against criminal attack; developing cyber-crime teams to tackle attacks on electronic systems; and, strengthening HMRC's criminal investigation response.

The Plan on pages 5 - 9

This is the first time HMRC has published its high level emerging Change Plan. The following pages set out the key programmes that may form part of the overarching HMRC Change Plan to deliver the commitments made in the Spending Review. The Department's normal day-to-day activities and striving for continuous improvement will not stop whilst changes are taking place. For example, increasing employee engagement and attendance levels is an integral part of the Department's everyday activities.

All of these programmes of work are subject to investment appraisal. They must be appropriate, affordable, address the strategic priorities of the Department, and be capable of delivering the changes and benefits identified.

Outline of planned programmes and projects that the **Benefits and Credits** part of the organisation will be delivering

Descriptions of key programmes and projects	2011-12	2012-13	2013-14	2014-15
Introducing a fully automated checking process for tax credits claims.				
Helping advisers and colleagues to identify the most appropriate way to answer customers questions relevant to their specific circumstances and responding intelligently to their answers.				
Providing HMRC with a real-time electronic link to General Register Office data to verify UK-born children reducing the need for customers to provide birth certificates with their tax credits and Child Benefit claims.				
Creating a website (revenuebenefits.org) aimed at welfare rights advisers and other bodies that customers turn to for information and support in relation to tax credits and Child Benefit.				
Replacing and simplifying the current benefit system by working closely with DWP.				
Developing HMRC's 'check now, then pay' approach to new claims and information regarding change of circumstances to reduce the risk of error and fraud entering the tax credits system.				
Testing the impact of key improvements to the end-to-end tax credits change of circumstances process with HMRC's Merryhill and St Austell Contact Centres.				
Recovering tax credits debt up to £2,000 by adjusting the PAYE tax code.				
Making key tax credits and Child Benefit processes more effective and efficient for customers.				

Outline of planned programmes and projects that the Business Tax part of the organisation will be delivering

Descriptions of key programmes and projects	2011-12	2012-13	2013-14	2014-15
Transforming the role of the agent for 8 million of HMRC's customers by putting control of transactions in the agents' hands whilst at the same time monitoring and improving their performance.				
Supporting the Government's strategy of 'digital by default' and continue to develop the businesslink.gov website, enabling more business customers to access the information and services they need.				
Delivering Customs EU legislative changes that have ministerial approval.				
Providing proactive, targeted education to customers who need help to understand their tax obligations. This will reduce the number of mistakes they make and their longer term need for help.				
Designing out error by simplifying the rules or improving HMRC's day-to-day processes to help customers get it right first time.				
Developing the skills of HMRC's people so they work more effectively with large businesses.				
Delivering the large business strategy, including a relationship-managed service for HMRC's largest customers, prioritisation of the Department's highest risks, a focus on early identification and resolution of problem policy areas, and coordination of all contact and interventions through the Customer Relationship Managers.				
Improving control in the movement of duty-suspended goods, simplifying formalities for traders and providing member states with better risk and management information.				
Bringing together many Corporation Tax (CT), Income Tax Self Assessment (ITSA), Value Added Tax (VAT) and PAYE services that businesses need in one place online.				
Implementing recommendations made in Lord Carter's Review of HMRC Online Services. Includes enhanced online services for Self Assessment (SA), in-year PAYE, CT and VAT by ensuring the necessary legislation is enacted. It includes a number of enabling infrastructure projects and other non-legislative and non-IT initiatives.				
Enhancing the Tax Dashboard (delivered by the One Click Programme) by extending the service to agents and delivering enhancements that enable online customer self-service.				
Transforming the end-to-end largely manual and paper VAT process.				

Outline of planned programmes and projects that the **Enforcement and Compliance** part of the organisation will be delivering

Descriptions of key programmes and projects	2011-12	2012-13	2013-14	2014-15
Creating a dedicated taskforce of skilled investigators to pursue offshore evasion and to investigate tax risks within the population in the higher rate tax band.				
Increasing the emphasis on tackling evaders with a fivefold increase in criminal prosecutions against them, while keeping up the continuing fight against organised criminal attacks.				
Making greater use of existing tools in order to deploy staff effectively.				
Increasing prosecutions, asset recovery and the disruption of criminal activities in addition to eliminating vulnerabilities in HMRC systems.				
Creating an enhanced debt collection capability to tackle more debts and change the behaviour of more customers. This will include using Debt Collection Agencies (DCAs) to recover a range of tax debts on HMRC's behalf.				

Outline of planned programmes and projects that the **Personal Tax** part of the organisation will be delivering

Descriptions of key programmes and projects	2011-12	2012-13	2013-14	2014-15
Improving information targeted to customers' personal circumstances through tailored outbound communications.				
Redesigning processes so customers find them easy to use and do not need to contact HMRC to chase progress or seek simple advice or reassurance.				
Providing targeted help for vulnerable customers who most need face-to-face support.				
Streamlining the organisation and ensuring customers get the help they need at the first point of contact (both telephone and correspondence)				
Providing simple ways for customers to file forms and notifications online and to more easily find Internet guidance that better matches the problem they want to solve.				
Developing and delivering the Real Time Information software system so employers can send HMRC information about employees pay when, or before they make the salary or wage payment to the employee. This enables the DWP led Universal Credits Programme.				
Extending the scope and coverage of HMRC's Charity, Assets & Residence compliance activities to reduce levels of error, failure to take reasonable care and to tackle more avoidance and fraud.				
Clearing backlogs of outstanding PAYE cases by the end of 2012.				
Improving PAYE data quality.	TBC			
Eliminating demand and waste through product and process redesign and content improvement.	TBC			

Outline of planned programmes and projects that the **Corporate Services** areas of the organisation will be delivering

Descriptions of key programmes and projects	2011-12	2012-13	2013-14	2014-2015
Implementing the 13 Machines strategy to rationalise and streamline HMRC's IT estate, reducing the number of HMRC IT applications from 600 to approximately 150, sitting on 13 Machines (platforms).				
Improving the way HMRC is organised to help us deliver better services for customers whilst achieving our Spending Review commitments.				
Transforming HMRC's performance management and financial information, bringing consistency to the Department's performance and planning activities - and cost savings through improved financial processes.				
Replacing HMRC's paper-based methods of payment with electronic alternatives. Electronic payments are more secure and timely for our customers, less expensive to deliver and better for the environment.				
Transforming the way HMRC pays benefits and credits - switching from cheque to electronic payment directly into customers' accounts.				
Working collaboratively with the Cabinet Office and other government departments, implement a sustainable model of delivering HR across the Civil Service through the rationalisation of existing operations, greater standardisation and the sharing of expertise.				
Designing and delivering a portfolio of projects that deliver new policy and legislative changes, for example introduction of, or a change to a tax or duty.				
Reducing security risks by improving the quality of data.				
Delivering the People and Estates impacts of the 2010 Spending Review, working closely with HMRC's Estates Consolidation Programme to deliver the Department's Estates Strategy.				
Improving data quality in HMRC through changes to governance and processes, and enabling HMRC to use data in a more agile and intelligent way.				
Maximising the benefits of PaceSetter, which gets everyone in HMRC involved in continually improving the performance of the Department's business, using HMRC's understanding of its customers and the knowledge and skills of the Department's people.				
Replacing substantial office machines as needed, for example for post opening, document microfilming, and cheque processing.				
Improving IT infrastructure services to enable HMRC to operate more efficiently.				
Enabling IT change implementation that ensures HMRC can deliver its business efficiently and effectively.				
Developing HMRC's people to meet the challenges by investing in the right skills to deliver the Department's commitments.				