HMRC - Measurement Template

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Field	Notes
Short title	Cash collected from compliance interventions.
Technical definition	Payments received in respect of additional liabilities that have been raised as a result of compliance interventions. These payments are paid at the close of an intervention, on account or are achieved after taking the appropriate debt management activities.
Rationale	We are aiming to reflect the actual money that will eventually go to the Exchequer as a result of compliance activities. This measure is the cash from the compliance intervention work that we undertake. This includes the following elements: ▪ Payments on account including security deposits ▪ Voluntary payments made by taxpayers before completion of a tax return as a result of our campaigns ▪ Cash seizures

Field	Notes
Formula	We calculate Cash Collected from interventions using HMRC operational and intelligence data. For certain type of interventions (see below), the entirety of the cash will be collected. For the remaining interventions we will estimate the amount of debt (as a result of a compliance intervention) that is collected after debt management activities. In its simplest form **Cash Collected = Collectible cash * Rates of collection** Where we have a 100% collection rate for: • Payments on account • Security deposits • Cash Seizures • Voluntary payments • All other Payments made prior to debt management activities All other “Rates of collection” are split by individual types of tax and are obtained by using information available from either internal reports or data systems.
Worked example:	[Not currently available but will be supplied in Late 2011]
Start date	The data series starts in April 2011
Latest data	Not available – will begin to be collected from April 2011.

Field	Notes
Performance *(optional if relevant)*	An increase in the cash collected from compliance interventions would demonstrate an improvement in the effectiveness of our compliance activities.
Behavioural impact	No behavioural impacts have been identified.
Comparability	No
Collection frequency	The data will be collected monthly and reported externally on a quarterly basis. We are determining the feasibility of externally reporting this on a monthly basis.
Time lag	Information will be published after it has been cleared by HMRC's Board. The first report is scheduled to be published in September 2011.
Data Sources	Data to be taken from internal HM Revenue and Customs sources.
Type of data	Management information.
Robustness and data limitations	Data obtained and quality assured using robust internal processes.
Collecting organisation	HMRC
Return format	All values are shown as cash in £M
Geographical coverage	UK.

Field	Notes
How indicator can be broken down	Currently by Head of Duty. With the possibility of extending the breakdown to look at specific types of taxpayers, internal business area, and various types of taxpayer behaviours in the future.
Further guidance	N/A
Lead Official	To be confirmed
Analytical Contact	Finance Performance Management Framework team. Finance, Performance Team (Finance)

Field	Notes
Short title	Revenue protected
Technical definition	Revenue protected covers a variety of activities that either prevent non-compliance from happening, or prevent attempted non-compliance leading to loss of revenue. This includes the value of tax revenue protected as a result of UK Border Agency activities.
Rationale	The impact of HMRC's compliance work is split between cash collected and revenue protection. Revenue protection work has the effect of stopping the tax gap from increasing by preventing losses of tax to the exchequer. However, certain types of revenue protection work will potentially reduce the tax gap. These types of activities would include the following: Legislative changes, process changes and tackling fraudulent activities such as fraudulent claims for tax repayments.

Field	Notes
Formula	Revenue Protection uses HMRC operational, intelligence data and estimates from evaluation reports or directly from impact assessment exercises and models. Examples of which include the following: • Future Revenue Benefit, Repayments stopped, Revenue loss Prevention, Criminal activities and EU mandatory work will be reported on HMRC Data systems • Legislative and process changes - Based on the actual value of fully evaluated changes plus a discounted value for changes not yet evaluated. The discounted value being informed directly from the business area involved. • Targeted education and Deterrence – Based on data from internal HMRC models • Improvements to how we work – Based on the findings of internal research
Worked example:	[Not currently available but will be supplied in March 2011]
Start date	The data series starts in April 2011
Latest data	Not available – will begin to be collected from April 2011.
Performance *(optional if relevant)*	An increase in the Revenue Protected would demonstrate an improvement in the effectiveness of our revenue protection activities.

Field	Notes
<u>Behavioural impact</u>	No behavioural impacts have been identified. Behavioural impacts continue to be monitored.
Comparability	No
Collection frequency	The data will be collected and reported externally on a quarterly basis.
Time lag	Information will be published after it has been cleared by HMRC's Board. The first report is scheduled to be published in September 2011.
Data Sources	Data to be taken from internal HM Revenue and Customs sources. Data on seizures is provided by UK Border Agency.
Type of data	Management information.
Robustness and data limitations	Data obtained and quality assured using robust internal processes.
Collecting organisation	HMRC and UK Border Agency.
Return format	All values are shown as protection work in £M or as actual number of prosecutions
Geographical coverage	UK.

Field	Notes
How indicator can be broken down	Currently by Head of Duty and by type of Revenue Protection activity: • Discretionary (prevention, assistance and deterrence) • Non Discretionary (tackling major known threats to the tax system) With the possibility of extending the breakdown to look at specific types of taxpayers and various types of taxpayer behaviours in the future.
Further guidance	N/A
Lead Official	To be confirmed
Analytical Contact	Finance Performance Management Framework Team. Finance, Performance Team (Finance)

Field	Notes
Short title	Tax gap
Technical definition	The tax gap is defined as the difference between tax collected and the tax that should be collected. The tax gap estimate is net of HMRC's compliance activities.
Rationale	Analysis of the tax gap is required to understand where the risks to revenues fall across the tax system and the behaviours driving them. This allows HMRC to use its resources most effectively in protecting tax revenues.
Formula	There are many formulas used in estimating the tax gap. For example top down methods are used to produce VAT and excise tax gaps using external expenditure data, whereas direct tax gap and VAT bottom up tax gap use HMRC operational and intelligence data. Full details can be found in the published report.
Worked example:	Here is a link to the latest published report which shows that the overall tax gap for 2008-09 is estimated to be £42 billion or 9% of total tax liability. http://www.hmrc.gov.uk/stats/measuring-tax-gaps-2010.htm.pdf Further information on the methodology can be found in the Methodological annex. http://www.hmrc.gov.uk/stats/method-annex-measure-taxgap-2010.pdf
Start date	Indirect tax gaps were first published in 2002. The overall tax gap was first published in 2009 in "Measuring Tax Gaps 2009" and this contained an estimate for 2007-08. The latest publication "Measuring Tax Gaps 2010" contains a time series of the overall tax gap from 2004-05.

Field	Notes
Latest data	2008-09
Performance *(optional if relevant)*	
Behavioural impact	No behavioural impacts have been identified.
Comparability	This estimate can be used to make comparisons with other countries, although must exercise caution, as methodologies, the periods the estimates relate to and the tax systems may differ across the different countries.
Collection frequency	Annually, last published in September 2010. Next publication is due in Autumn 2011.
Time lag	The latest overall tax gap estimate is for 2008-09. Estimates of the tax gaps for direct taxes lag behind those for indirect taxes. Direct tax gaps are based on compliance activity, which may take years to settle. Where required up-rating factors have been applied to the latest available direct tax gap estimates in order to produce estimates for 2008-09. The considerable time lag means that Tax gap measures are not suitable for use as operational performance measures.
Data source	Data to be taken from internal HM Revenue and Customs sources.
Type of data	Official statistic

Field	Notes
Robustness and data limitations	HMRC has developed estimates for tax gaps for the main direct and indirect taxes that it administers that it believes are the best possible, based on all the information presently available. However, uncertainty in the estimates means that HMRC continues to review the methodologies in the light of new information and data. For this reason, the estimates are subject to periodic change, as improved understanding and new methods become available.
Collecting organisation	HMRC
Return format	Overall tax gap in £ billions and percentage tax gap to one decimal place.
Geographical coverage	UK
How indicator can be broken down	By type of tax (VAT, excise, income tax, NICS & CGT, corporation tax).
Further guidance	See “Measuring Tax Gaps 2010” http://www.hmrc.gov.uk/stats/measuring-tax-gaps-2010.htm.pdf
Lead Official	Kerry Booth 0207 4388449
Analytical Contact	Finance Performance Measurement Framework (PMF) Team. Finance, Performance Team (Finance)

Field	Notes
Short title	Payment on time
Technical definition	**1. Volume** The proportion of customers who have a positive tax liability as stated on their tax return and have paid it in full by the due date. [Due date will be further informed by analysis]. **2. Value** The amount paid on time (as a percentage) for customers who have a positive tax liability as stated on their tax return and have paid it (includes partial payments) by the due date. **3. Scope** •Only includes payments where tax returns that are filed and with a positive tax liability. •The value measure includes the amount of partial payments of return liability if paid by the due date and excludes any amounts overpaid. •This measure currently covers 80% of Tax receipts and excludes Excise duty. •Frequency – this is a monthly indicator for VAT. Updates for self-assessment (SA), Pay As You Earn (PAYE) & corporation tax (CT) will be made annually. •Coverage – SA/PAYE statistical controlled sample & CT/VAT figures based on all cases.

Field	Notes
Rationale	Payment on Time is an indicator of voluntary compliance. By looking at this indicator alongside Debt Roll Rate, Revenue Protected and Cash Collected we get a more comprehensive view of the impact of our compliance work and a lead indicator of changing behaviour by our customers. This measure will help HMRC managers to identify payment compliance levels in a number of different areas, by identifying areas of improving or failing compliance and respond appropriately e.g. Sector, Customer group, etc. [Dependent on the availability of data]. It is important to look at both the number and value of payments on time. This is because a high proportion of tax (particularly business tax) is generated by a small number of businesses. Levels of voluntary compliance in the wider small and medium business population would not be picked up easily if the measure focussed on value alone.
Formula	**1. Volume (%):** Proportion of customers paid on time = $\frac{a}{b}$ x 100% SA: a = Number of taxpayers who filed a tax return with a positive tax liability and paid their liability in full as stated in their return by the payment deadline b = Number of taxpayers who filed a tax return with a positive tax liability **2. Value (%):** Amount paid on time = $\frac{a}{b}$ x 100% SA: a = The value of tax payments made by the 31 Jan from taxpayers who have filed a tax return with a positive tax liability b = Total value of income tax liability as stated from all filed returns Similarly for PAYE, CT and VAT.

Field	Notes
Worked example:	Population: 1,200,000; No. of returns received with tax liability: 1,000,000; Tax liability from returns received: £50,000; No. paid in full by due date: 600,000; Amount paid by due date: £45,000; Amount paid in full by due date: £40,000 **Payment on Time Indicator** Volume: 60%; Value (paid): 90%
<u>Start date</u>	The data series starts in April 2011.
<u>Latest data</u>	Not available – will begin to be collected from April 2011.
Performance *(optional if relevant)*	An increase will demonstrate improved compliance in terms of payment by the due date.
<u>Behavioural impact</u>	No behavioural impacts have been identified. Behavioural impacts continue to be monitored.
Comparability	Unknown whether the measure can be used to make comparisons, for instance between the UK and other countries..
Collection frequency	This is a monthly indicator for VAT but updates for SA, PAYE & CT will be made annually.

Worked example tables:

Population	1,200,000
No. of returns received with tax liability	1,000,000
Tax liability from returns received	£50,000
No. paid in full by due date	600,000
Amount paid by due date	£45,000
Amount paid in full by due date	£40,000

Payment on Time Indicator

Volume	60%
Value (paid)	90%

Field	Notes
Time lag	Information will be published after it has been cleared by HMRC's Board. The first quarterly publication is scheduled to start in September 2011.
Data source	Data to be taken from internal HM Revenue and Customs sources.
Type of data	Management information.
Robustness and data limitations	Data obtained and quality assured using robust internal processes.
Collecting organisation	HMRC.
Return format	Percentage.
Geographical coverage	UK.
How indicator can be broken down	Can be broken down by Head of Duty i.e. CT, VAT, PAYE and SA.
Further guidance	
Lead Official	To be confirmed.
Analytical Contact	Finance Performance Management Framework team. Finance, Performance Team (Finance)

Field	Notes
Short title	Debt roll rate – 90 days
Technical definition	The roll rate metric measures the percentage of new debt not cleared 90 calendar days after it became overdue, passed on to be collected and collectible (i.e. HMRC is able to collect the debt because it is not under appeal for example). The measure covers PAYE (Pay As You Earn), CT (Corporation Tax) and SA (Self Assessment). This will be extended to include VAT when the data is available.
Rationale	Debt roll rate will: 1. Focus collections staff on clearing debt quickly, encouraging collectors to: • take action as soon as possible • carry out the fewest interventions necessary to recover a debt • collect payments or clear cases rather than moving debts around the debt system 2. Increase Cash Flows and brings it closer to the maximum cash Flow if everybody paid their tax on time
Formula	The n-day roll rate for a single debt is defined as: $$DebtRollRate_n = \frac{\sum_{1\ldots n} T - (\sum_{1\ldots n} A + \sum_{1\ldots n} P + \sum_{1\ldots n} R)}{\sum_{1\ldots n} T}$$ Where: $$\sum_{1\ldots n} T$$ is the total of tax charges raised against a debt between its start date and n days after the start date

Field	Notes
Formula	$\sum_{1\ldots n} A$ is the total of adjustments to tax charges for a debt between its start date and n days after the start date $\sum_{1\ldots n} P$ is the total of payments made against a tax debt between its start date and n days after the start date $\sum_{1\ldots n} R$ is the total of remissions (i.e. Debt being written off)) for a tax debt between its start date and n days after the start date $RollRate_{n,p} = \frac{\sum_{d_p}\left(\sum_{1\ldots n} T\right) - \left[\sum_{d_p}\left(\sum_{1\ldots n} A\right) + \sum_{d_p}\left(\sum_{1\ldots n} P\right) + \sum_{d_p}\left(\sum_{1\ldots n} R\right)\right]}{\sum_{d_p}\left(\sum_{1\ldots n} T\right)}$ Where $\sum_{d_p}$ is the sum for all debts created in time period p. The start date is the date when the debt is passed on the Debt Management and Banking responsible to pursue the debt.

Field	Notes
Worked Example	(see table below)
Start date	Data series starts in April 2011

Debt	Start date	Initial charge	Date cleared	Days to clear	Cleared in 31 to 90 days	Outstanding at 90 days
A	5 April	£100	10 April	5	-	-
B	10 April	£200	12 May	32	£100	-
C	15 April	£500	14 May	29	-	-
D	20 April	£300	20 April	-	-	£150
YEAR TO APRIL		**£1,100**				**£150**
E	11 May	£50	25 May	14	-	-
F	25 May	£500	30 May	5		-
G	26 May	£200	30 Jun	35	£200	-
YEAR TO MAY		**£1,750**				**£150**

	April	May
90 day roll rate	£150/£1,100 = 14%	£150/£1,750 = 9%

Field	Notes
Latest data	Not available – will begin to be collected from April 2011.
Performance *(optional if relevant)*	A decrease in the Debt roll rate would demonstrate an improvement in the effectiveness of debt collection activities.
Behavioural impact	HMRC will be encouraged to focus on debt younger than 90 days old which could lead to no action being taken on older debt amounts. HMRC conducts campaigns to target different types of debt and has a specific campaign to focus on older debt. Debt could be misclassified in order to be excluded from the figures. To address this HMRC has strict rules governing classifications, the proportions of classifications are monitored and follow up investigations conducted.
Comparability	Unknown whether the measure can be compared to private sector roll rates or roll rates for taxpayer debt in other countries.
Collection frequency	The data will be collected and reported externally on a quarterly basis.
Time lag	Information will be published after it has been cleared by HMRC's Board. After the reporting month has ended there will be 4 month lag for the 90 day rate. This is because clearances are monitored for 90 days after the reporting month. For example the May 90 day roll rate will be available for publication in October.

Field	Notes
Data source	Data to be taken from internal HM Revenue and Customs sources.
Type of data	Management information.
Robustness and data limitations	Data obtained and quality assured using robust internal processes.
Collecting organisation	HMRC
Return format	Roll Rates will be given as percentages for the year to date.
Geographical coverage	UK
How indicator can be broken down	Shown for HMRC overall and broken down into tax heads: Corporation Tax (CT), Pay As You Earn (PAYE) and Self Assessment (SA). This will be extended to include VAT when the data is available.
Further guidance	N/A.
Lead Official	To be confirmed.
Analytical Contact	Finance Performance Measurement Framework (PMF) Team. Finance, Performance Team (Finance)

Field	Notes
Short title	Tax Credits error and fraud
Technical definition	Measure of the level of error and fraud in the tax credits system as a percentage of overall tax credit entitlement. Organised fraud cases are removed before the error and fraud calculations.
Rationale	To ascertain the levels of tax credits paid out incorrectly in favour of the claimant and HMRC. Separate estimates of error and fraud are published. Cases from the sample are identified as having errors such as childcare costs miscalculations. This process also allows us to identify deliberate fraud. Results are used to identify the characteristics of those tax credit customers who are more likely to have error and fraud associated with their claim in turn informing the compliance strategy.
Formula	A stratified random sample of finalised tax credits awards are reviewed by compliance officers. Compliance officers record the monetary value of error and fraud, and the reason for the error. The results from the sample are grossed up to be representative of the tax credit population, with the levels of error and fraud expressed in monetary terms, and as a percentage of entitlement as recorded on the tax credits administrative system.
Worked example:	Latest results are for 2008-09. They show the central estimate of error and fraud favouring:- • the claimant to be some £2.11 billion, 8.9% of tax credit entitlement. • HMRC to be some £260 million, 1.1% of tax credit entitlement. Please see the publication for more details, particularly the methodology in annex A. http://www.hmrc.gov.uk/stats/personal-tax-credits/cwtcredits-error0809.pdf

Field	Notes
Start date	2003-04
Latest data	2008-09.
Performance *(optional if relevant)*	A decrease in the error and fraud rate could demonstrate that improvement in the timeliness and accuracy of benefit claims has been achieved.
Behavioural impact	No behavioural impacts have been identified. Behavioural impacts continue to be monitored.
Comparability	The indicator can be used to make comparisons between the UK and other countries, and with error and fraud levels in benefits administered by the Department of Work and Pensions.
Collection frequency	Annually
Time lag	Information will be published in July each year. Initial figures for 2008-09 were published in July 2010. Data is published as soon as possible – tax credit customers with income from self-employment are not required to finalise their income details until 31 January after the year end. i.e. 31 January 2010 for awards made in 2008-09.
Data source	The data is collected as part of the tax credits Error and Fraud Analytical Programme – for details see the following publication http://www.hmrc.gov.uk/stats/personal-tax-credits/cwtcredits-error0809.pdf

Field	Notes
Type of data	Official statistic
Robustness and data limitations	95% confidence interval level in the results published.
Collecting organisation	HMRC
Return format	Error and fraud rate is expressed as a percentage of entitlement to tax credits together with the monetary amount, rounded to the nearest £10 million.
Geographical coverage	UK
How indicator can be broken down	Indicator is at the UK level only and cannot be broken down at regional level due to the small sample sizes.
Further guidance	None.
Lead Official	Benefits and Credits Operations Group, Exchequer Losses.
Analytical Contact	Finance Performance Measurement Framework (PMF) Team. Finance, Performance Team (Finance)

Field	Notes
Short title	Customers find us straightforward to deal with
Technical definition	The proportion of customers that rate their experience of dealing with HMRC as being straightforward. This is part of a package of measures focusing on the customer experience of dealing with HMRC. Other measures look at changes in the burden on the customer of dealing with HMRC and at how HMRC are complying with its obligations set out in the Charter.
Rationale	Part of HMRC’s Vision is that our customers will feel that the tax system is simple. One way to achieve this is to make customers dealings with us as straightforward as possible. Making products and processes more straightforward will also reduce the customer burden of dealing with us. For HMRC, customers who find us straightforward to deal with are likely to make fewer mistakes. This in turn is likely to increase their confidence when dealing with us in future which means they are less likely to contact us with queries. The total impact of this will be to reduce error, rework, contact and potentially help reduce the tax gap.

Field	Notes
Formula	During the survey, customers are asked to rate their experience of dealing with HMRC on a five point scale (i.e. very easy to very difficult or very good to very poor. The measure is produced by combining the top two (e.g. very or fairly easy) of the selected elements for each of the customer groups The measure is still in development but a composite score is likely to be derived by taking an average of these experience dimensions for each customer group; Personal Tax, Benefits and Credits, SME and Agents. The four customer group scores are likely to be combined to provide a single average overall score for customer experience (straightforward).
Worked example:	Using a hypothetical example and assuming each dimension has an equal weighting, if four experience dimensions are selected for this measure then the calculations are likely to be as follows: Personal Tax scores: (69.6+56.4+76.5+73.2)/4=68.9 Benefits and Credits scores: (89.5+65.2+52.3+62.1)/4=67.3 SME scores: (75.3+65.2+45.2+75.7)/4=65.4 Agents scores: (85.2+45.2+65.8+71.2)/4=66.9 Overall score: (68.9+67.3 +65.4+66.9)/4=67.1
<u>Start date</u>	January 2012
<u>Latest data</u>	Not available – will begin to be collected from September 2011
Performance	

Field	Notes
Behavioural impact	This indicator is being designed to specifically cover those aspects of service which deliver a ‘straightforward’ experience for customers dealing with HMRC. This is to incentivise HMRC to focus on making their products and processes more straightforward during the period. The Customer Survey covers customer experience comprehensively via all the other dimensions and other measures within the performance framework cover other aspects of customer service including costs. We will monitor these closely on an ongoing basis to ensure our focus on straightforward does not have any negative unintended consequences on other aspects of experience.
Comparability	No
Collection frequency	Collected and published quarterly
Time lag	Information will be published after it has been cleared by HMRC’s Board. It is expected that the first results will be reported to HMRC in October 2011 and published in January 2012.
Data source	HMRC Customer Survey
Type of data	Survey

Field	Notes
Robustness and data limitations	The HMRC Customer Survey employs strict random sampling procedures to collect data and uses the most complete sampling frames available to ensure the data is representative of each customer group. The current HMRC Customer Survey design is being reviewed to ensure it is fit for purpose. This review includes identifying the scope to address known limitations in the coverage of customers. The Individuals survey is known to exclude those who do not have a landline telephone. Work is being considered which would reduce this non coverage and estimate the bias any residual non-coverage may cause. Similar work is underway to reduce current non-coverage of new Small and Medium Enterprise (SME) and Agents. The third party research organisation commissioned to collect the data will be required to have appropriate quality assurance processes in place including interviewer quality control processes, strategies for maximising response rates, coding validation procedures and appropriate checks on data processing. All results from the survey are subject to a quality assurance process within HMRC following standard KAI (HMRCs analytical directorate) process. The confidence interval around this measure for each customer group and the overall HMRC score is ±2 percentage points on a rolling annual measure. Changes of ±3 percentage points on annual results for each customer group will be statistically significant.

Field	Notes
Collecting organisation	The data is collected through the HMRC Customer Survey. The survey fieldwork will be conducted by an external research agency to be appointed in March/April 2011. The survey will be managed by members of the Government Social Research Service working in KAI, HMRCs analytical directorate. The data will be delivered to KAI who will calculate the scores for this measure. The scores are then recalculated and assured by the HMRCs Performance Management Framework Team.
Return format	Score out of 100
Geographical coverage	UK
How indicator can be broken down	Into four customer groups – Personal Tax, Benefits &Credits, SMEs and Agents.
Further guidance	A technical note will be published in due course
Lead Official	Stephen Ashford, ICD, HMRC.
Analytical Contact	Finance Performance Measurement Framework (PMF) Team. Finance, Performance Team (Finance)

Field	Notes
Short title	The overall ongoing costs to our compliant customers of dealing with us.
Technical definition	To measure the change to overall ongoing costs (£million) to compliant business and individual customers of new or revised customer journeys, resulting from changes to HMRC's products and processes. These costs are measured in terms of time and money necessary to comply with HMRC obligations.
Rationale	HMRC aims to work towards the government's programme for a simpler, more competitive tax system and fairer economy. HMRC wants to ensure changes minimise burdens for all compliant customers. Through simplification and improvement of HMRC's processes, customers will find it easier and cheaper to deal with us and meet their obligations. In addition, for our business customers, minimising compliance burdens frees up business resource for more economically valuable activity. As a result, this will improve our customer experience and UK business environment.
Formula	Change in burden = Number of Transactions * (Current cost per transaction – Future cost per transaction)
Worked example:	Total impact value of changes on compliant customers, for example: = 3,000,000 per year * (£5.00 – £4.90) per transaction Total reduction in customer costs (incorporating actual customer cost savings + admin burden savings) = £300,000 per year

Field	Notes
Start date	Data series start in April 2011 for businesses.
Latest data	Business Admin Burden (Standard Cost Model) baseline value in 2005 was £5.1bn. The baseline is being updated in March 2011 with 2011 cost and population.
Performance *(optional if relevant)*	A decrease in the measure would tell us that we have reduced the burden of dealing with us for our compliant customers.
Behavioural impact	Collection of data should raise awareness of customer impacts of change and ensure appraisal/development of options which don't increase costs for compliant customers. No perverse incentives have been identified.
Comparability	The Business Admin Burden element is comparable. The Total Cost to Serve tool is unique to HMRC.
Collection frequency	The data will be collected monthly.
Time lag	Information will be published after it has been cleared by HMRC's Board. The first report for costs to businesses is scheduled to be published from June 2011 and for individuals from 2012.
Data source	Data to be taken from internal HM Revenue and Customs sources.
Type of data	Management information

Field	Notes
Robustness and data limitations	Data obtained and quality assured using robust internal processes. Quality Assurance processes are currently in development for the production of data using the Total Cost to Serve tool.
Collecting organisation	HMRC
Return format	£million
Geographical coverage	UK
How indicator can be broken down	By customer segment and project.
Further guidance	The methodology for putting a cost to an individual's time is set out in http://www.hmrc.gov.uk/research/cost-of-time.pdf
Lead Official	Stephen Ashford, ICD, HMRC
Analytical Contact	Finance Performance Measurement Framework (PMF) Team. Finance, Performance Team (Finance)

Field	Notes
Short title	Self Assessment Income Tax Unit Cost
Technical definition	Unit costs are a measure of efficiency. They represent the relationship between outputs and inputs. Efficiency is the ratio of outputs (what we produce) to inputs (production costs). Cost of collection is the administration cost per £1 of Self Assessment received.
Rationale	Unit costs show the relationship between cost and the driver of that cost, or activities. Unit costs enable operations to show whether costs are being controlled when the volume of activity changes. They bring management attention to bear on the parts of an overall process that costs the most and enable process owners to direct attention to the most costly parts of any process.
Formula	*Cost of collection* Total Self Assessment admin cost in period Total Self Assessment receipts in period
Worked example:	*Cost of collection* Total Self Assessment admin cost £500,000,000 Total Self Assessment receipts £4,000,000,000 Cost of collection = 6.2 p/£

Field	**Notes**
<u>Start date</u>	2011/12 Q1
<u>Latest data</u>	6.40 p/£
Performance *(optional if relevant)*	All other things being equal, we may expect to see the unit costs decrease as processes work more efficiently and cost are controlled more effectively. However, in some cases this may actually increase temporarily as we put more resources into certain areas. The cost of collection may also be affected by the country's changing economy, which may show an increase in the cost ratio as we receive less tax.
<u>Behavioural impact</u>	This type of measure can create perverse incentives. For example, some costly activities may be necessary and this type of measure can drive organisations to cut these activities in order to reduce the cost. The purpose of this measure is to show how Self Assessment unit costs change not to compare unit costs between the taxes/benefits as each have different business models and processes.
Comparability	None
Collection frequency	Quarterly

Field	**Notes**
Time lag	Information will be published after it has been cleared by HMRC's Board. The first report is scheduled to be published in September 2011.
Data source	Data to be taken from internal HM Revenue and Customs sources.
Type of data	Management Information
Robustness and data limitations	Data obtained and quality assured using robust internal processes.
Collecting organisation	HMRC.
Return format	Pence per pound (p/£)
Geographical coverage	UK
How indicator can be broken down	None.
Further guidance	
Lead Official	Alec Waterhouse, Senior Responsible Officer, Finance Performance Measurement Framework (PMF) Team.
Analytical Contact	Finance Performance Measurement Framework (PMF) Team. Finance, Performance Team (Finance)

Field	Notes
Short title	PAYE Income Tax Unit Cost
Technical definition	Unit costs are a measure of efficiency. They represent the relationship between outputs and inputs. Efficiency is the ratio of outputs (what we produce) to inputs (production costs). Cost of collection is the administration cost per £1 of PAYE received.
Rationale	Unit costs show the relationship between cost and the driver of that cost, or activities. Unit costs enable operations to show whether costs are being controlled when the volume of activity changes. They bring management attention to bear on the parts of an overall process that costs the most and enable process owners to direct attention to the most costly parts of any process.
Formula	*Cost of collection* $\dfrac{\text{Total PAYE admin cost in period}}{\text{Total PAYE receipts in period}}$
Worked example:	*Cost of collection* Total PAYE admin cost £500,000,000 Total PAYE receipts £4,000,000,000 Cost of collection = 6.2 p/£

Field	**Notes**
Start date	2011/12 Q1
Latest data	0.62 p/£
Performance *(optional if relevant)*	All other things being equal, we may expect to see the unit costs decrease as processes work more efficiently and cost are controlled more effectively. However, in some cases this may actually increase temporarily as we put more resources into certain areas. The cost of collection may also be affected by the country's changing economy, which may show an increase in the cost ratio as we receive less tax.
Behavioural impact	This type of measure can create perverse incentives. For example, some costly activities may be necessary and this type of measure can drive organisations to cut these activities in order to reduce the cost. The purpose of this measure is to show how PAYE unit costs change not to compare unit costs between the taxes/benefits as each have different business models and processes.
Comparability	None
Collection frequency	Quarterly

Field	Notes
Time lag	Information will be published after it has been cleared by HMRC's Board. The first report is scheduled to be published in September 2011.
Data source	Data to be taken from internal HM Revenue and Customs sources.
Type of data	Management Information
Robustness and data limitations	Data obtained and quality assured using robust internal processes.
Collecting organisation	HMRC.
Return format	Pence per pound (p/£)
Geographical coverage	UK
How indicator can be broken down	None.
Further guidance	
Lead Official	Alec Waterhouse, Senior Responsible Officer, Finance Performance Measurement Framework (PMF) Team.
Analytical Contact	Finance Performance Measurement Framework (PMF) Team. Finance, Performance Team (Finance)

Field	Notes
Short title	Corporation Tax Unit Cost
Technical definition	Unit costs are a measure of efficiency. They represent the relationship between outputs and inputs. Efficiency is the ratio of outputs (what we produce) to inputs (production costs). Cost of collection is the administration cost per £1 of Corporation Tax received.
Rationale	Unit costs show the relationship between cost and the driver of that cost, or activities. Unit costs enable operations to show whether costs are being controlled when the volume of activity changes. They bring management attention to bear on the parts of an overall process that costs the most and enable process owners to direct attention to the most costly parts of any process.
Formula	*Cost of collection* Total Corporation Tax admin cost in period Total Corporation Tax receipts in period
Worked example:	*Cost of collection* Total Corporation Tax admin cost £250,000,000 Total Corporation Tax receipts £4,000,000,000 Cost of collection = 6.2p/£

Field	Notes
<u>Start date</u>	2011/12 Q1
<u>Latest data</u>	0.79 p/£
Performance *(optional if relevant)*	All other things being equal, we may expect to see the unit costs decrease as processes work more efficiently and cost are controlled more effectively. However, in some cases this may actually increase temporarily as we put more resources into certain areas. The cost of collection may also be affected by the country's changing economy, which may show an increase in the cost ratio as we receive less tax.
<u>Behavioural impact</u>	This type of measure can create perverse incentives. For example, some costly activities may be necessary and this type of measure can drive organisations to cut these activities in order to reduce the cost. The purpose of this measure is to show how Corporation Tax unit costs change not to compare unit costs between the taxes/benefits as each have different business models and processes.
Comparability	None
Collection frequency	Quarterly

Field	Notes
Time lag	Information will be published after it has been cleared by HMRC's Board. The first report is scheduled to be published in September 2011.
Data source	Data to be taken from internal HM Revenue and Customs sources.
Type of data	Management Information
Robustness and data limitations	Data obtained and quality assured using robust internal processes.
Collecting organisation	HMRC.
Return format	Pence per pound (p/£)
Geographical coverage	UK
How indicator can be broken down	None.
Further guidance	
Lead Official	Alec Waterhouse, Senior Responsible Officer, Finance Performance Measurement Framework (PMF) Team.
Analytical Contact	Finance Performance Measurement Framework (PMF) Team. Finance, Performance Team (Finance)

Field	Notes
Short title	National Insurance Unit Cost
Technical definition	Unit costs are a measure of efficiency. They represent the relationship between outputs and inputs. Efficiency is the ratio of outputs (what we produce) to inputs (production costs). Cost of collection is the administration cost per £1 of National Insurance received.
Rationale	Unit costs show the relationship between cost and the driver of that cost, or activities. Unit costs enable operations to show whether costs are being controlled when the volume of activity changes. They bring management attention to bear on the parts of an overall process that costs the most and enable process owners to direct attention to the most costly parts of any process.
Formula	*Cost of collection* $\frac{\text{Total National Insurance admin cost in period}}{\text{Total National Insurance receipts in period}}$
Worked example:	*Cost of collection* Total National Insurance admin cost £500,000,000 Total National Insurance receipts £4,000,000,000 Cost of collection = 6.2 p/£

Field	**Notes**
Start date	2011/12 Q1
Latest data	0.32 p/£
Performance *(optional if relevant)*	All other things being equal, we may expect to see the unit costs decrease as processes work more efficiently and cost are controlled more effectively. However, in some cases this may actually increase temporarily as we put more resources into certain areas. The cost of collection may also be affected by the country's changing economy, which may show an increase in the cost ratio as we receive less tax.
Behavioural impact	This type of measure can create perverse incentives. For example, some costly activities may be necessary and this type of measure can drive organisations to cut these activities in order to reduce the cost. The purpose of this measure is to show how National Insurance unit costs change not to compare unit costs between the taxes/benefits as each have different business models and processes.
Comparability	None
Collection frequency	Quarterly

Field	Notes
Time lag	Information will be published after it has been cleared by HMRC's Board. The first report is scheduled to be published in September 2011.
Data source	Data to be taken from internal HM Revenue and Customs sources.
Type of data	Management Information
Robustness and data limitations	Data obtained and quality assured using robust internal processes.
Collecting organisation	HMRC.
Return format	Pence per pound (p/£)
Geographical coverage	UK
How indicator can be broken down	None.
Further guidance	
Lead Official	Alec Waterhouse, Senior Responsible Officer, Finance Performance Measurement Framework (PMF) Team.
Analytical Contact	Finance Performance Measurement Framework (PMF) Team. Finance, Performance Team (Finance)

Field	Notes
Short title	VAT Unit Cost
Technical definition	Unit costs are a measure of efficiency. They represent the relationship between outputs and inputs. Efficiency is the ratio of outputs (what we produce) to inputs (production costs). Cost of collection is the administration cost per £1 of VAT received.
Rationale	Unit costs show the relationship between cost and the driver of that cost, or activities. Unit costs enable operations to show whether costs are being controlled when the volume of activity changes. They bring management attention to bear on the parts of an overall process that costs the most and enable process owners to direct attention to the most costly parts of any process.
Formula	*Cost of collection* $\frac{\text{Total VAT admin cost in period}}{\text{Total VAT receipts in period}}$
Worked example:	*Cost of collection* Total VAT admin cost £250,000,000 Total VAT receipts £4,000,000,000 Cost of collection = 6.2 p/£

Field	Notes
Start date	2011/12 Q1
Latest data	0.76 p/£
Performance *(optional if relevant)*	All other things being equal, we may expect to see the unit costs decrease as processes work more efficiently and cost are controlled more effectively. However, in some cases this may actually increase temporarily as we put more resources into certain areas. The cost of collection may also be affected by the country's changing economy, which may show an increase in the cost ratio as we receive less tax.
Behavioural impact	This type of measure can create perverse incentives. For example, some costly activities may be necessary and this type of measure can drive organisations to cut these activities in order to reduce the cost. The purpose of this measure is to show how VAT unit costs change not to compare unit costs between the taxes/benefits as each have different business models and processes.
Comparability	None
Collection frequency	Quarterly

Field	Notes
Time lag	Information will be published after it has been cleared by HMRC's Board. The first report is scheduled to be published in September 2011.
Data source	Data to be taken from internal HM Revenue and Customs sources.
Type of data	Management Information
Robustness and data limitations	Data obtained and quality assured using robust internal processes.
Collecting organisation	HMRC.
Return format	Pence per pound (p/£)
Geographical coverage	UK
How indicator can be broken down	None.
Further guidance	
Lead Official	Alec Waterhouse, Senior Responsible Officer, Finance Performance Measurement Framework (PMF) Team.
Analytical Contact	Finance Performance Measurement Framework (PMF) Team. Finance, Performance Team (Finance)

Field	Notes
Short title	Tax Credit Unit Cost
Technical definition	Unit costs are a measure of efficiency. They represent the relationship between outputs and inputs. Efficiency is the ratio of outputs (what we produce) to inputs (production costs). Cost per pound paid out is the administration cost per £1 of Tax Credit paid.
Rationale	Unit costs show the relationship between cost and the driver of that cost, or activities. Unit costs enable operations to show whether costs are being controlled when the volume of activity changes. They bring management attention to bear on the parts of an overall process that costs the most and enable process owners to direct attention to the most costly parts of any process.
Formula	*Cost per pound paid* $\frac{\text{Total Tax Credit admin cost in period}}{\text{Total Tax Credit paid in period}}$
Worked example:	*Cost per pound paid* Total Tax Credit admin cost £250,000,000 Total Tax Credit paid £4,000,000,000 Cost of collection = 6.2 p/£

Field	Notes
<u>**Start date**</u>	2011/12 Q1
<u>**Latest data**</u>	Quarter 3 20010/11 1.68 p/£
Performance *(optional if relevant)*	All other things being equal, we may expect to see the unit costs decrease as processes work more efficiently and cost are controlled more effectively. However, in some cases this may actually increase temporarily as we put more resources into certain areas. The cost of collection may also be affected by the country's changing economy, which may show an increase in the cost ratio as we receive less tax.
<u>**Behavioural impact**</u>	This type of measure can create perverse incentives. For example, some costly activities may be necessary and this type of measure can drive organisations to cut these activities in order to reduce the cost. The purpose of this measure is to show how Tax Credit unit costs change not to compare unit costs between the taxes/benefits as each have different business models and processes.
Comparability	None
Collection frequency	Quarterly

Field	Notes
Time lag	Information will be published after it has been cleared by HMRC's Board. The first report is scheduled to be published in September 2011.
Data source	Data to be taken from internal HM Revenue and Customs sources.
Type of data	Management Information
Robustness and data limitations	Data obtained and quality assured using robust internal processes.
Collecting organisation	HMRC.
Return format	Pence per pound (p/£)
Geographical coverage	UK
How indicator can be broken down	None.
Further guidance	
Lead Official	Alec Waterhouse, Senior Responsible Officer, Finance Performance Measurement Framework (PMF) Team.
Analytical Contact	Finance Performance Measurement Framework (PMF) Team. Finance, Performance Team (Finance)

Field	Notes
Short title	Child Benefit Unit Cost
Technical definition	Unit costs are a measure of efficiency. They represent the relationship between outputs and inputs. Efficiency is the ratio of outputs (what we produce) to inputs (production costs). Cost per pound paid out is the administration cost per £1 of Child Benefit paid.
Rationale	Unit costs show the relationship between cost and the driver of that cost, or activities. Unit costs enable operations to show whether costs are being controlled when the volume of activity changes. They bring management attention to bear on the parts of an overall process that costs the most and enable process owners to direct attention to the most costly parts of any process.
Formula	*Cost per pound paid* $\frac{\text{Total Child Benefit admin cost in period}}{\text{Total Child Benefit paid in period}}$
Worked example:	*Cost per pound paid* Total Child Benefit admin cost £250,000,000 Total Child Benefit paid £4,000,000,000 Cost of collection = 6.2 p/£

Field	Notes
Start date	2011/12 Q1
Latest data	0.69 p/£
Performance *(optional if relevant)*	All other things being equal, we may expect to see the unit costs decrease as processes work more efficiently and cost are controlled more effectively. However, in some cases this may actually increase temporarily as we put more resources into certain areas. The cost of collection may also be affected by the country's changing economy, which may show an increase in the cost ratio as we receive less tax.
Behavioural impact	This type of measure can create perverse incentives. For example, some costly activities may be necessary and this type of measure can drive organisations to cut these activities in order to reduce the cost. The purpose of this measure is to show how Child Benefit unit costs change not to compare unit costs between the taxes/benefits as each have different business models and processes.
Comparability	None
Collection frequency	Quarterly

Field	Notes
Time lag	Information will be published after it has been cleared by HMRC's Board. The first report is scheduled to be published in September 2011.
Data source	Data to be taken from internal HM Revenue and Customs sources.
Type of data	Management Information
Robustness and data limitations	Data obtained and quality assured using robust internal processes.
Collecting organisation	HMRC.
Return format	Pence per pound (p/£)
Geographical coverage	UK
How indicator can be broken down	None.
Further guidance	
Lead Official	Alec Waterhouse, Senior Responsible Officer, Finance Performance Measurement Framework (PMF) Team.
Analytical Contact	Finance Performance Measurement Framework (PMF) Team. Finance, Performance Team (Finance)