Business Plan 2012–2015
HM Revenue & Customs

31 May 2012

This plan will be updated annually

Contents:

A) Coalition priorities

1. Deliver a more focused and effective tax administration

- Create a tax administration that is more efficient, flexible and effective by using our customer- centric approach to transform the way we deliver services, manage contact and deal with compliance related issues

- Use our understanding of customers to target resources to the areas of greatest risk, investing £917m to tackle avoidance and evasion, attacks on our systems by organised criminals and improve our methods of debt collection capacity. This will bring in an estimated £7bn a year in additional revenues by 2014–15

- Transform PAYE through the use of real-time information in order to bring service improvements to employers and taxpayers and support the introduction of the Universal Credit

Departmental Responsibilities (1 of 2)

These pages set out who in the Department leads on its major responsibilities, including its Coalition priorities.

Permanent Secretary: Lin Homer

Operational Groups

Enforcement & Compliance	Personal Tax	Business Tax	Benefits & Credits
£1,027m, 25,334* staff	£697m, 26,858* staff	£172m, 3,695* staff	£156m, 5,301* staff
Director General	Director General	Director General	Director General
Mike Eland	Stephen Banyard	Jim Harra	Steve Lamey

Coalition Priorities

Use our understanding of customers to target resources to the areas of greatest risk, investing £917m to tackle avoidance and evasion, attacks by organised criminals and to Improve debt collection capacity. This will bring in an estimated £7bn a year by 2014/15 in additional revenues.

Deliver the HMRC and DWP strategy to tackle error and fraud in tax credits, reducing losses To no more than 5% of finalised entitlement. Sustain this level throughout the Spending Review.

Transform PAYE through the use of Real–Time Information (RTI) in order to bring service improvements to employers and taxpayers.

Create a "one–click" online registration process for new businesses.

Create a tax administration that is more efficient, flexible and effective by using our customer centric approach to transform the way we deliver services, manage contact and conduct interventions.

* Note: Staff numbers are Full Time Equivalents at the 1st April 2012

Departmental Responsibilities (2 of 2)

Permanent Secretary: Lin Homer

| Corporate Support and Shared Services | Permanent Secretary for Tax: Dave Hartnett
Finance, Estate and Commercial Group: Simon Bowles
People Group: Mike Falvey
Legal Group: Anthony Inglese
Change & Information Management Services: Phil Pavitt | Total Budget £1,584m
Total FTEs* 5,281 |

Major Responsibilities

Support the delivery of the Structural Reform Priorities by:
- Improving transparency on resolution of tax disputes;
- Managing and forecasting in-year budgets;
- Planning and monitoring efficiencies;
- Managing cost effective and affordable accommodation;
- Ensuring that the right people are in the right job at the right time;
- Implementing a new operating model for HMRC;
- Delivering IT solutions within time, cost and quality;
- Providing legal guidance on changes to existing legislation and the introduction of new legislation;
- Providing litigation services and,
- Providing policy guidance and managing a portfolio of projects which deliver new policy and legislative changes.

* Note: Staff numbers are Full Time Equivalents at the 1st April 2012

B) Structural Reform Plan

This section sets out the key actions the department will take to implement its Coalition priorities. An implementation report will be published online, setting out our progress in completing them.

Additional actions, including our contributions to cross-cutting Government agendas, can be found in Annex A.

All commitments and end dates relating to legislation and pre-legislative scrutiny are subject to parliamentary timetables.

1. Delivering a more focused and effective tax administration

ACTIONS	Start	End
1.1 Invest £917m to bring in £7bn in additional tax revenues per annum by 2014-15, as we: (a) tackle avoidance and evasion through targeted campaigns and interventions; (b) take specific action to tackle off-shore avoidance and evasion; (c) prevent tax avoidance before it happens; (d) tackle organised criminals and fraud; and (e) improve our debt collection capability		
i. Launch an additional 20 taskforces each year focusing on rule breakers	Started	Mar 2013
ii. Increase the number of criminal prosecutions to around 1,000 a year	Started	Mar 2015
iii. Collect additional revenues of £4bn by April 2013; on the way to £7bn additional revenues per year by 2014-2015	Started	Mar 2013
iv. Collect additional revenues of £5bn by April 2014 on the way to £7bn additional revenues per year by 2014-15	Apr 2013	Mar 2014
v. Collect additional revenues of £7bn by April 2015 to meet our SR10 commitments.	Apr 2014	Mar 2015
vi. Run four campaigns each year to provide opportunities for tax payers to voluntarily put their tax affairs in order.	Started	Mar 2013

1. Delivering a more focused and effective tax administration

ACTIONS	Start	End
1.2 Deliver the HMRC and Department for Work and Pensions strategy to tackle error and fraud in tax credits, reducing losses to no more than five percent of finalised entitlement. Sustain this level throughout the Spending Review		
i. Reduce Tax Credit error and fraud by £1.9bn by April 2013	Started	Mar 2013
ii. Reduce Tax Credit error and fraud by £2.1bn by April 2014	Apr 2013	Mar 2014
iii. Reduce Tax Credit error and fraud by £2.3bn by April 2015	Apr 2014	Mar 2015
iv. Improve customer experience levels from 76% to 79% for those receiving benefits and payments	Started	Mar 2015
v. Reduce tax credit debt to £4.1bn by April 2013; as part of an overall reduction to £3.6bn by 2014-2015	Started	Mar 2015
vi. Use Real Time Information (RTI) PAYE data to auto renew up to 2.7 million claims.	Apr 2014	Mar 2015
1.3 Create a 'one-click' online registration process for new businesses, working with the Department for Business, Innovation and Skills and Companies House		
i. Move notification of liability for VAT to online channels	Started	Dec 2013
ii. Move notification of liability for main direct taxes to online channels	Started	Dec 2013
iii. Roll out a "Tax Dashboard" for businesses	Started	Aug 2012
1.4 Deliver Real-Time Information (RTI) for the PAYE system, supporting tax collection and the introduction of Universal Credit		
i. Implement a campaign to align employer and HMRC data to support a smooth pilot and implement RTI data	Started	Apr 2013
ii. Pilot the RTI system with up to 1300 volunteers software developers, employers and pensions' providers paving the way for all employers ahead of RTI launch in October 2013	Started	Oct 2013
iii. Launch RTI to all employers	Apr 2013	Oct 2013

1. Delivering a more focused and effective tax administration

ACTIONS	Start	End
1.5 Improve transparency in the resolution of tax disputes		
i. Publish a draft code of governance for resolution of tax disputes, to improve transparency about HMRC's decision making	Started	Jul 2012
ii. Publish an annual report setting out aggregate outcomes of HMRC's tax settlement work	Started	Dec 2013
1.6 Improve the customer experience for individual tax customers		
i. Introduce in 2014-15 a personal tax statement far SA online taxpayers in receipt of a P800 so that taxpayers know how much tax and National Insurance they are paying and how their taxes contribute to public spending	Apr 2014	Mar 2015
ii. Clear legacy PAYE backlogs and be up to date by April 2013, with pre-NPS open cases cleared by December 2012	Started	Apr 2013
1.7 Improve the UK's ability to tackle tax avoidance		
i. Support and work with HMT on its work on a General Anti-Abuse Rule, with a view to legislation in Finance Bill 2013	Started	Jul 2013

C) Departmental expenditure

Planned expenditure and major projects [1]

This section sets out the Department's planned expenditure over the Spending Review period, as agreed with the Treasury, and expected cost for the 2012/13 financial year on the Department's major projects.

Planned Expenditure (£bn) [2]	2011/12 (forecast outturn)	2012/13	2013/14	2014/15
Total departmental expenditure limits [3]	**4.02**	**3.64**	**3.52**	**3.35**
Administration spending	0.97	0.90	0.80	0.74
Programme spending	2.79	2.74	2.71	2.61
Capital spending	0.26	0.15	0.12	0.13

Major Projects Expected Cost (Top 4, £m)	2012/13	Whole Life Cost
Enforcement & Compliance	163	768
PAYE Real Time Information	28	195
OneClick	25	115
Open Case Clearance	19	57
Total (all major projects)	**235**	**1,135**

Definitions:

Administration spending: the costs of all central government administration other than the costs of direct frontline service provision

Programme spending: spending on activities, goods and services, such as pay and benefits (excl. administration spending as defined above)

Capital spending: spending on assets with a lasting value, such as buildings and equipment

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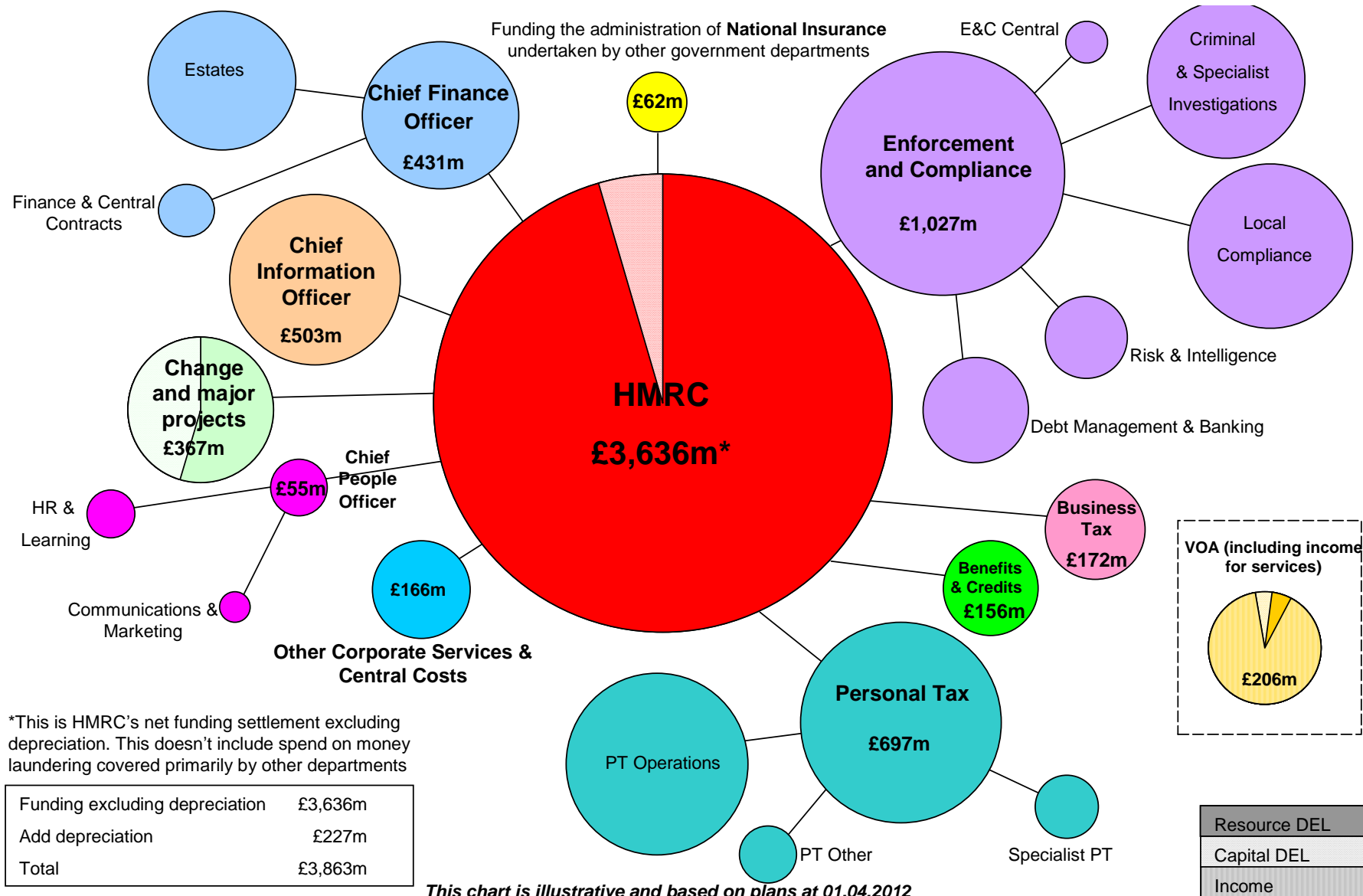[1] Excludes departmental Annually Managed Expenditure. Numbers may not sum due to rounding
[2] The data is inclusive of Valuation Office Agency funding
[3] Excludes depreciation

Indicative budget allocation

This chart sets out further detail on how the Department's settlement will be allocated for the 2012/13 financial year across key programmes and activities.

Funding the administration of **National Insurance** undertaken by other government departments

£62m

Estates

Chief Finance Officer
£431m

Finance & Central Contracts

Chief Information Officer
£503m

Change and major projects
£367m

HR & Learning

£55m

Chief People Officer

Communications & Marketing

£166m

Other Corporate Services & Central Costs

HMRC

£3,636m*

E&C Central

Criminal & Specialist Investigations

Enforcement and Compliance

£1,027m

Local Compliance

Risk & Intelligence

Debt Management & Banking

Business Tax
£172m

Benefits & Credits
£156m

Personal Tax

£697m

PT Operations

PT Other

Specialist PT

VOA (including income for services)

£206m

*This is HMRC's net funding settlement excluding depreciation. This doesn't include spend on money laundering covered primarily by other departments

Funding excluding depreciation	£3,636m
Add depreciation	£227m
Total	£3,863m

This chart is illustrative and based on plans at 01.04.2012

Resource DEL

Capital DEL

Income

Departmental efficiency

This data aims allows the public to compare the Department's operations to other organisations by setting out the cost of common operational areas, and sets out the Department's efficiency plans for 2012/13.

Spending Category	Latest Data (QDS[1] 3 2011)	Actions to improve operational efficiency in 2012/13
HR	67,076 civil servants employed as of 30th September 2011.	HMRC will reduce staffing levels by 10,000 FTEs by March 2015 compared to April 2011. By the end of 2012-13, HMRC will have reduced permanent staff from 64,000 to 61,000 HR will support target delivery by: 1. redeploying those people whose roles are coming to an end into other essential work areas (particularly compliance roles arising from reinvestment), and 2. using natural wastage and targeted compensated exits to reduce staffing levels where appropriate while retaining the skills we need.
Estates	1,022,355 square metres at the 30 September 2011.	During 2012-13 HMRC will fully vacate 16 properties and partially close ten buildings. This will reduce running costs by £13.7m and contribute towards an overall reduction of 25% in our estate by March 2015.
Procurement	£344.42m spent in the quarter ending 30 September 2011.	• Deliver cumulative cash releasing gains of £27.5m on HMRC spend. • Increase HMRC Spend Under Management with Government Procurement Services to £125m. • Deliver cumulative savings of £27m across central government and the wider public sector on the Government Office Supplies Contract (GOSC) and the Print Vendor Partner (PVP) contract.
Major Projects	£447m allocation in 2012-2013.	Improve capability and assurance of major projects. Deliver reinvestment projects so that we bring in an additional £4bn in revenues through reinvestment activity by April 2013.
Information Technology	£155.26m spent in the quarter ending 30 September 2011.	• Deliver £202m of IT cost savings over the period 2011-16 from the renegotiation of our main IT contract • Introduce competition into our contractual arrangements to drive innovation and further IT

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[1] Quarterly Data Summary

Spending Category	Latest Data (QDS[1] 3 2011)	Actions to improve operational efficiency in 2012/13
		cost savings over the same period • Deliver further efficiencies and avoid increases in costs through actions including: 1. Implementing our strategy to re-use IT and develop corporate shared solutions, identifying decommissioning opportunities to offset increases in IT costs, and challenging IT supplier prices through third party benchmarking 2. Improving the way we work, our organisational model, and our processes, including using the Unit Price Model to manage business-driven IT spend and reduce costs 3. Continuing to lead the way with the channel shift to online services
Corporate Services	£52.08m spent in the quarter ending 30 September 2011.	**LEGAL** • Deliver £1.542m savings in legal spending by bringing outsourced legal work in house and making better use of skills within HMRC to reduce our use of Counsel • Drive down legal expenditure across the department, with our Solicitors Office working closely with directorates who incur legal expenses. **HR** In respect of HR and people activities we will: • Deliver the Whitehall next generation HR agenda and maximise leverage on CS Shared Expert services • Implement HR system enhancements, increase self service and automate high cost processes • Implement a new strategic technical online learning and administration solution These initiatives will achieve over the SR10 period: • An HR ratio of better than 1:100 and an HR Business Partner ratio better than 1:1000 • An HR cost to serve of less than £500 per Full Time Equivalent • 25% savings in business skills learning • 33% savings in other non-HR people functions. **CORPORATE COMMUNICATIONS** Corporate Communications will achieve 33% savings over the SR10 period through :

Spending Category	Latest Data (QDS[1] 3 2011)	Actions to improve operational efficiency in 2012/13
		- Implementing a new communications operating model and new ways of working across HMRC - Expanding and implementing a new digital social media channel to improve reputation monitoring and corporate messaging, which will improve awareness and reduce customers' need to contact HMRC - Developing a cross-government (DWP/HMRC) communications hub to deliver economies of scale in marketing.
Fraud, Error and Debt	£3.74bn of cash collected and revenue protected through HMRC's activities in the quarter ending the 30th September 2011, and £28.68bn Receivables[1] identified at the 30th September 2011.	**ERROR & FRAUD** We will collect £17bn in additional revenues in 2012-13, including £4bn from reinvestment activity: - Expert compliance taskforces will tackle sector and location specific risks, building up to at least 20 taskforces each year from 2012-13. - We will continue to run campaigns which provide opportunities for people to voluntarily put their tax affairs in order and become compliant. 200 more criminal investigators and 40 intelligence officers will provide a five-fold increase in criminal prosecutions to c1000 a year by 2014-15 and successes will be publicised to deter those who are thinking about, or actually, breaking the rules. - We will monitor tax cheats closely through the Managing Deliberate Defaulters programme - We will collect just under £1bn this year from our compliance work with the wealthy; we are increasing efforts to tackle evasion and avoidance by wealthy individuals and others with complex personal tax arrangements such as trusts. We have also redeployed 200 investigators to tackle avoidance and evasion by affluent individuals. - The Liechtenstein Disclosure Facility (LDF) runs from 1 September 2009 to 31 March 2015. Those who fail to make a full disclosure in that time will find their accounts in Liechtenstein closed down. This activity will raise at least £940m over the five year term. **DEBT** - We will deliver an overall headcount reduction without reducing the amount of debt collected, and will re-invest staff directly into front line debt collecting roles - We will continue to improve the way we work by

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[1] This figure for Receivables includes all liabilities that have been established. Many of those liabilities will not yet have reached the date when payment is due, and do not therefore represent overdue debt

Spending Category	Latest Data (QDS[1] 3 2011)	Actions to improve operational efficiency in 2012/13
		1. improving our method of analysis to give us further insights into customer behaviour 2. continuing to invest in growing the knowledge and skills of our people and improving productivity through PaceSetter ways of working 3. continuing to play a leading role in the work led by Cabinet Office to learn from, and leverage, best practice in the collection of debt • Debt collection agencies (DCAs) have proven themselves to be an important extension of our debt collection capability. In line with our existing plan, during 2012-13 we will place up to £1bn of tax debt with DCAs for collection.
SMEs and Voluntary Organisations	£1.99m spent with SMEs and £650,000 spent with voluntary and community sector (VCS) organisations	• We will better support SMEs by appointing an SME Champion within Commercial Directorate, improving the internet site for suppliers (with dedicated contact details for SMEs) and deliver SME product surgeries. • Quantify and improve SME engagement within the supply chain of our top 12 prime suppliers and further target SME improvements within our supply chain. • Over the four year programme, we will increase efficiency by 25% in the delivery of services to vulnerable customers via the VCS, resulting in increased value for money for HMRC and the VCS.

D) Transparency

Indicators and other key data

The Department has adopted the following input and impact indicators to help the public assess the effects of our policies and reforms on the cost and impact of public services. These indicators, and the other data specified here and in our Open Data Strategy, will be regularly published online.

Description	Type of data
Cost measures	
Unit Cost: IT - Total cost of collecting income tax (Self Assessment and Pay As You Earn) (Pence per £ collected)	Input indicator
Unit Cost: CT – Total cost of collecting Corporation Tax: (Pence per £ collected)	Input indicator
Unit cost NIC - Total cost of collecting National Insurance Contributions (Pence per £ collected)	Input indicator
Unit Cost: VAT - Total cost of collecting VAT (Pence per £ collected)	Input indicator
Unit Cost: Tax Credits - Total cost of administering Tax Credits (Pence per £ of Tax Credit paid out)	Input indicator
Unit Cost: Child Benefit - Total cost of administering Child Benefits (Pence per £ of Child Benefits paid out)	Input indicator
Revenue measures	
Cash collected from compliance - total amount of tax that HMRC collects from activity to tackle those individuals and businesses that have not paid the tax that is due, such as cash collected as a result of tax enquiries identifying evasion. £m	Impact indicator
Revenue protected - tax receipts that are protected through HMRC activity, such as legislative action or guidance, that prevents non-compliance. £m	Impact indicator
Tax gap - difference between all the tax theoretically due & tax actually collected. Annual figure £m	Impact indicator
Tax Credits Error and Fraud - Amount of tax credits money claimed by people who are not entitled to it. £m	Impact indicator
Payment on time - proportion of businesses and individuals (excluding employees who pay tax through PAYE) who pay tax on time – we will use VAT as a lead indicator.	Impact indicator
Debt roll rate - proportion of tax debt (CT, SA, Employers' PAYE) arising in the year that has been cleared within 90 calendar days.	Impact indicator

Description	Type of data
Customer Measures	
% of post received by HMRC that has been cleared within 15 working days of receipt	Impact indicator
% of post received by HMRC that has been cleared within 40 working days of receipt	Impact indicator
% of post cleared within 15 working days of receipt that has passed HMRC quality standards	Impact indicator
% of post cleared within 40 working days of receipt that has passed HMRC quality standards	Impact indicator
% of calls attempt handled by our Contact Centres.	Impact indicator
% of transactions carried out online	Impact indicator
The increase/decrease (-) in cost for our customers when they deal with us. £m.	Impact indicator
Customers find us straightforward to deal with.	Impact indicator

Open data

This section sets out as a summary HMRC's commitment to open data. Further details, including what new datasets will be published when, will be set out in full in HMRC's Open Data Strategy, to be published this summer.

HMRC is fully committed to the transparency agenda, and transparency is a key principle for the Department.

The Chief Executive, Lin Homer and the whole of the Executive Committee have underpinned our commitment to transparency across HMRC by communicating our approach to transparency at all levels.

In line with the Public Data Principles set out by the Public Sector Transparency Board, we made our performance and activities transparent through the publication of annual reports and official statistics and will continue to gather evidence from users of our data and other members of the public to assess whether we have met our pledge to deliver an effective customer service.   We see information as a fundamental tool to deliver public services, as witnessed by a number of initiatives we have undertaken since the transparency agenda was announced:

- Between November 2010 and January 2011, we engaged the public in an informal consultation to seek views on our approach to transparency;

- In May 2011, we were one of the first departments across Whitehall to publish an initial inventory of their datasets, as part of our transparency implementation plan; and

- In 2011, we also launched a dedicated transparency site, which has allowed us to make several datasets available to the general public.

We will continue publishing data wherever possible. However, we fully recognise the privileged access we have to confidential and personal information, and we will protect it. We will release data as and when it is appropriate, but at the same time we need to keep some data confidential, as releasing it could harm our operational capabilities. We will also ensure we do not provide sensitive information to those who seek to pervert the tax system, safeguarding our ability to hold them to account and maintain fairness.

Working closely with the Valuation Office Agency, our executive agency, we have made a number of datasets available at www.data.gov.uk, the single online portal for central and local government data. We will continue to publish our datasets in accessible and reusable formats, where reasonable and practical. Requests for new data will be treated in line with Freedom of Information (FOI) guidelines. Where release would not breach our legal obligations to protect customer data, we now also publish many more FOI responses on our website at http://www.hmrc.gov.uk/freedom/disclosure-log.htm.

We want to continue in our efforts to make more data public. We have made a number of additional commitments in this Open Data strategy as a first step towards continued and greater openness in the department. Most notable of which and to ensure there is continued oversight of the transparency agenda, we are setting up a Tax Transparency Sector Board which will drive this agenda in the department. This will incorporate key views from across government, academia and the private and social sector.

The wide range of datasets and initiatives we are planning to release between 2012 and 2014 underlines our commitment to transparency and drive reform in this area further. As part of this pledge, we will continue to talk to data holders, users and developers, and investigate opportunities to publish information through new or existing channels.