HM Revenue and Customs

Improvement Plan

June 2013

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1. Foreword

Foreword by the Departmental Board

The last year has been a busy and productive 12 months for HMRC. We've delivered a number of major reforms, including changes to Child Benefit, and the introduction of Real Time Information, and have continued our vital role in supporting the introduction of Universal Credit.

At the same time, we've seen changes to the membership of both the Executive Committee and the Departmental Board. Large-scale changes to an organisation's senior leadership always present a challenge, but they've also given us a great opportunity to build and enhance our skills and refresh our plans for the future.

We believe we are making good progress towards achieving our Vision. Since the publication of HMRC's Capability Review in March 2012, we have continued to improve on many aspects of HMRC's performance. In 2011-12, we:

- achieved our strongest year to date in terms of performance – total tax revenues reached £474.2 billion, while our compliance work brought in an additional £16.7 billion
- recognised the previous failings in our customer service performance and put a number of improvements in place, including investing more resource in our contact centres
- streamlined our organisational structures to deliver efficiencies and address staff concerns about the speed of, and lack of clarity around, decision making
- continued to develop our people's professional skills and leadership capabilities.

But we know there's still more work to be done. We must ensure we can meet future challenges, adapt to changes in the wider global economy, and be in the best possible place to deliver our objectives – maximising our revenue flows, and stabilising and improving the customer experience, within a sustainable cost base.

Together, we're building plans up to 2015 and beyond that will see HMRC making some quite radical transformations, both to the way we serve our customers, and to our own operating model. Over the next few years we will dedicate less resource to low-value, routine work and secure more revenues from our compliance activities, increasingly shifting towards digital solutions. While these plans are still being formed, we know we will only achieve this by taking a fresh approach to the way we use technology, as well as improving our staff's capabilities and engagement.

In developing our Departmental Improvement Plan we have consulted with staff at all grades, as well as a range of external stakeholders, including individuals, businesses and agents, to identify the key areas for improvement. We've been helped by three of HMRC's Non-Executive Directors – members of our Scrutiny Committee – who have provided critical challenge to our thinking and decisions.

1. Foreword

The Board endorses the assessment of HMRC's current performance and the key areas for improvement contained in this plan. We're going to revisit it in six months' time to ensure it is still fit for purpose as our long-term plans continue to emerge.

Lin Homer
Chief Executive

Ian Barlow
Lead Non-Executive Director

2. Assessment

Key challenges for the department

HMRC's challenging Spending Review 2010 (SR10) commitments involve delivering cost savings of 25 per cent and reinvesting £917 million to bring in additional revenue of £7 billion a year by 2014-15, while stabilising and improving the customer experience.

Over the next decade we will radically change the way that we deliver our services, transforming to a Digital by Default organisation, so that more customers can self-serve online, which will be combined with more automated interventions to both deliver services and manage compliance risks. This will be supported by a smaller, more highly-skilled and professional workforce.

We need to do this against a backdrop of continued economic uncertainty, while maintaining customer service levels and increasing staff engagement.

The Department

HMRC is a large and complex business, responsible for collecting tax revenues to fund the UK's public services. We interact with 45 million individuals, 4.6 million businesses and 1.7 million employers each year, spanning almost every UK citizen and business.

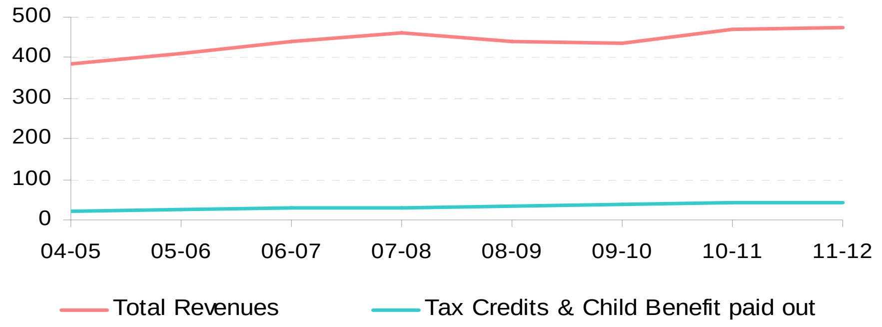
We work closely with other government departments, for example collecting student loan repayments, policing the National Minimum Wage, and supporting delivery of Universal Credits. We have a strong relationship with HM Treasury through our Policy Partnership.

Assessment of performance

Revenues collected

During 2011-12, HMRC collected £474.2 billion in taxes and duties. We also paid out more than £30 billion in tax credits and £12 billion in Child Benefit.

Chart 1: Total Revenues Collected and Total Benefits & Credits paid out (£ billions)



Our compliance work brought in £16.7 billion in additional revenues. This is £3.7 billion above our baseline year, and more than double the amount collected in 2005-06 when HMRC was created.

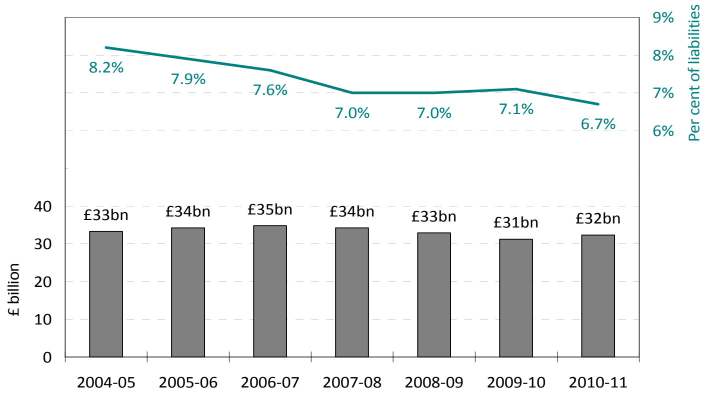
2. Assessment

Tax Credit error and fraud losses for 2010-11 were just under £2.3 billion, representing eight per cent of cash paid out. This was against a five per cent target, representing a difference of approximately £850 million. The NAO[1] found that HMRC has strengthened its approach during 2011-12 through better use of data analysis, but cannot fully assess the outcome until the next set of data is available in summer 2013.

The Tax Gap

HMRC collects more than 90 per cent of the tax that is due and has continued to do so, despite the challenging economic climate. The difference between the amount collected, and what would have been collected had all individuals and companies complied with the spirit and letter of the law, is known as the tax gap. The UK tax gap for 2010-11 is estimated at 6.7 per cent, which compares favourably with other countries, including the US (14 per cent) and Sweden (10 per cent).

Chart 2: UK Tax Gap, 2004-05 to 2010-11



Customer service

In last year's Capability Action Plan, we set out the measures that we had put in place to improve customer service levels and outlined our positive direction of travel. These improvements have continued and customer service levels have largely been restored.

We have deployed additional resource in our call centres and during the second half of 2012-13, we answered 91.7 per cent of calls, against the industry standard (and our own target) of 90 per cent. This compares to an average of 75 per cent for the whole of 2012-13, 74 per cent during 2011-12 and a very poor 42 per cent during 2010-11.

During March 2013, we answered 66.5 per cent of calls within 20 seconds. Customer survey scores show that call wait times have the strongest-known correlation to perceptions that we are straightforward to deal with.

HMRC's post handling has also recovered. In 2012-13, we handled 85 per cent of post within 15 working days and against a target of 80 per cent. This compares to 65.5 per cent during 2011-12.

Given the sheer size of our customer base, it is inevitable that HMRC will receive complaints and that some of them will be justified. In an average year, we receive between 75,000 and 80,000 complaints. We welcome the opportunity to hear directly from customers in order to improve the

[1] Tackling Tax Credits Error and Fraud – National Audit Office (February 2013)

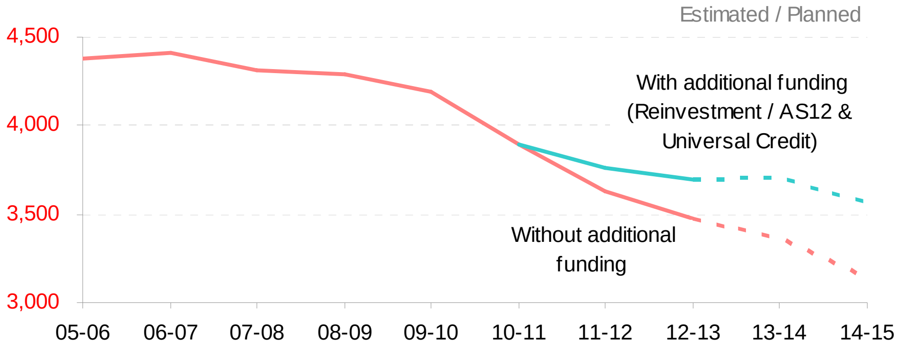
service we offer and it is clear that we need to handle and learn from complaints in a better way. We do resolve the majority of complaints ourselves with only a very small number of cases being escalated to the Adjudicator. We are however concerned at a rise in the number of cases that are being escalated – 1,889 between 1 April and 31 December 2012, compared to 1,135 during the same period in 2011 - and the percentage, 61.2%, that are upheld.

<u>Assessment of efficiency and innovation</u>

Efficiency

As acknowledged by the NAO[2], during 2011-12, HMRC made £296 million in savings, approximately a third of the total required over the four years of SR10. During SR10, we will reinvest £917 million of savings into our compliance work to bring in an additional £7 billion per year by 2014-15. Net of reinvestment this is a 15 per cent efficiency saving. These commitments are reflected in our Departmental Expenditure Limits.

Chart 3: HMRC's expenditure budget (in £m), 2005-06 to 2014-15



In common with other government departments, the size of our workforce has reduced significantly.

At the start of the current Spending Review period (1 April 2011) HMRC had a headcount of 74,379, equating to 66,881 full-time equivalents (FTE).

However, unlike the majority of other government departments, our reinvestment means that we have been able to redeploy staff into revenue-generating roles. Between 1st April 2011 and 31st March 2013, 1,486 staff (1,383 FTE) were redeployed internally to compliance roles.

We have also been able to recruit externally 7,133 staff (5,812 FTE), 1,131 (1,110 FTE) into permanent roles and 6,002 (4,701 FTE) into temporary roles over the same period to fill roles that require specific skills and increase resource deployed in our call centres. The redeployment and recruitment has however presented challenges in terms of both training and staff development.

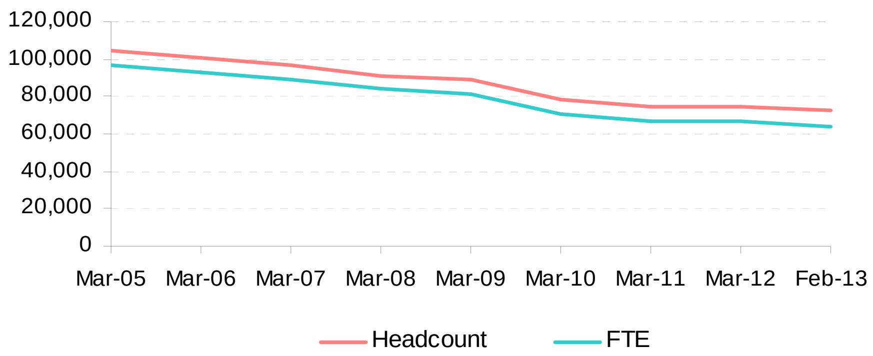
[2] HMRC – Progress on reducing costs – National Audit Office (February 2013)

2. Assessment

Taking into account the 8,717 staff (7,215 FTE) who left the department between 1st April 2011 and 31st March 2013, at the end of March 2013 staffing levels stood at 72,742 (64,476 FTE) – a figure which includes around 4,000 fixed-term appointment (FTA) staff.[3]

By the end of the Spending Review period (31st March 2015) HMRC is forecast to be operating with 56,814 full time equivalent (FTE) posts, 10,000 fewer than in April 2011 and more than 40,000 fewer than in April 2005.

Chart 4: Staff in post, March 2005 to February 2013



We have also streamlined our organisational structures to deliver efficiencies and address staff concerns about the speed, and lack of clarity around, decision-making. This includes a reduction in organisational layers from 13 to a maximum of eight. Management spans are steadily increasing, to an average of 8.3 in December 2012, up from 6.8 in September 2010. We have removed 2,300 management posts, redeploying staff to frontline work.

We have also continued to make estate efficiencies – saving £26.8 million in running costs and releasing 138,000m^2 of office space during 2011-12.

We are continuing to embed a culture of continuous improvement by providing all of our staff with tools and techniques to improve processes and eliminate waste. These techniques are based on Lean principles and are part of our PaceSetter programme, which will be rolled out to the entire Department by mid-2013.

Innovation

We continue to expand our online services. By the 31 January 2013 deadline, we received a record 7.93 million online Self Assessment tax returns, which equates to 82.5 per cent of all Self Assessment customers, and also achieved a record of 93 per cent of on-time returns overall. We have also mandated the online channel for PAYE, Corporation Tax and VAT filing, and most business returns and submissions are now online.

We are exploiting internal and external data to give us a much richer understanding of our customer base and identify non-compliance. Our Connect system cross-matches more than a billion pieces of data and has already generated around £2 billion in additional tax yield.

[3] The staffing position will not fully reconcile as the exits include exits of staff who are not on HMRC paybill but these people are not included in the overall headcount figures

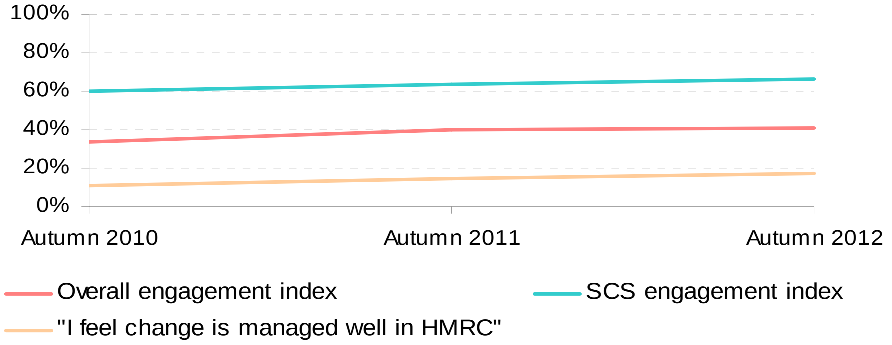
We also use private sector suppliers to assist with call peaks, although we expect this demand to diminish. Debt collection agency partners collect some of our debt and we continue to explore whether this provides value for money as an alternative delivery route. A three-month trial is currently underway to test the effectiveness of using a private sector partner to deliver more error and fraud interventions within the tax credits system, using HMRC powers and guidance.

Assessment of internal and external perception

Employee engagement

HMRC's 2012 People Survey results show engagement is moving in the right direction, although we have a great deal to do to make HMRC a better place to work.

Chart 5: HMRC People Survey results, 2010 to 2012



The 2012 People Survey results recorded an employee engagement index score of 41 per cent. This is some distance from the 58 per cent Civil Service benchmark, but is one per cent higher than 2011 and seven per cent higher than 2010. Our SCS engagement index score of 66 per cent compares with a Civil Service benchmark of 71 per cent.

HMRC's low engagement follows a long period of change and major ongoing efficiency programmes that have seen HMRC reduce by more than 30,000 employees, and improving employee engagement remains a priority for the Department's leadership.

During 2012, we commissioned and published an independent review into our staff engagement from Nita Clarke, co-author of the government's "Engaging for Success" report. Our communications to staff have acknowledged that we made mistakes and that we are ready to listen and to take action.

External reputation

HMRC's Reputation Index reflects customer perceptions around three areas – favourability, fairness and trust. It is based on a survey of approximately 5,000 customers, agents and SMEs.

The latest result for our overall annual reputation score (calculated as the simple average of the percentages of the three areas) for reporting year 2012-13 is 62. Although this is not a significant change, the index is one point higher than the previous reporting year, 2011-12, thereby beginning to reverse previous declines. Improvements have been seen across all three aspects.

2. Assessment

<u>Assessment of Capability</u>

Professional skills

HMRC has 21 professions, with the Tax and Operational Delivery Professions covering more than 80 per cent of our people. As tax skills are unique to HMRC, we have our own Tax Academy.

- We currently have 17,000 tax professionals working across HMRC, from Administrative Officer grades to SCS
- The redeployment of staff onto compliance work has seen 1,500 people undertake formal training and more than 4,000 register for Association of Accounting Technicians accredited qualifications
- More than 380 people achieved a professional project and programme management (PPM) qualification during 2012, as part of our drive to increase the capability of this community within HMRC.

Leadership and management

The need to improve employee engagement has identified a clear need to improve HMRC's leadership and management capability. Our work to create a simpler and more streamlined organisation is part of this, and we have already made a large investment in placing our best managers and leaders in key leadership roles.

Talent management and succession planning

Systematic succession planning processes are in place at Director General (DG) level and for business critical director level posts, to ensure managed and orderly transitions where needed or identify where gaps exist.

We have made a large investment in placing our best managers and leaders in key leadership roles and will continue to invest in their skills.

Cross-HMRC talent programmes are now in place for a range of grades. They are:

- High Potential Accelerated Development scheme (HiPad) for directors. Six SCS2 directors have taken part – two of whom were successful in Director General recruitment campaigns
- ASCEND talent programme for Grade 6 and 7 staff – an initial group of 59 staff took part during 2012
- Spring School and the Fast Stream, for more junior grades – 110 members of staff attended Spring School during 2012.

However, we recognise there is a gap in terms of talent management for our Higher and Senior Officer grades and are working on a proposal on how to best fill it.

3. Improvement Planning

Introduction

Over the next few years, we will radically change the way we deliver our services to customers. There will be an increased emphasis on self-service, using expanded digital services, along with automated interventions to deliver services and manage compliance risks, using a smaller, more highly-skilled and professional workforce. HMRC's future operating model will be one that dedicates less resource to low value, routine work and secures more revenues from our compliance activities.

By investing in our digital offering, our staff's capabilities and improving employee engagement we will:

- stabilise and improve our customers' experience
- improve revenues by promoting voluntary compliance and addressing non-compliance
- maintain sustainable cost reductions.

HMRC's digital offering

For many customers, online and digital technology has become the norm and they have little patience for processes or systems that are outdated and slow. Just ten years ago, relatively few customers banked online. Now, many choose the convenience of the web over the High Street. There is no doubt that the way we do business will change – and we have to be ready to respond quickly.

We will transform our services so that they are digital by default and this plan shows the start of that journey. Our long term strategy envisages digital provision as being able to truly transform our business.

Businesses and individuals will be expected to take more responsibility for ensuring that their tax affairs are accurate and up-to-date. We will support this with intelligent online guidance and services that provide accurate and easy-to-understand information in a single place, so that customers can self-serve without the need for us to act as an intermediary.

This will improve customer satisfaction and increase voluntary compliance as we become easier for customers to transact with.

Digital solutions to be introduced between 2013 and 2015 include:

- Real Time Information for PAYE, which will lead to more accurate tax codes, reduce over and under-payments and save business up to £300 million in administration costs
- PAYE Online, which will help a small number of individuals view and understand their tax affairs online and build a platform that will enable us to deal with more complex areas such as tax codes and employer benefits
- Paperless Self Assessment, which will remove 22 million paper outputs
- Tax for My Business, which will introduce a range of services for our 4.6 million Small and Medium-Sized Enterprise (SME) customers, including a personalised homepage where they can see their HMRC 'accounts' for the main taxes in a single place

- iCharities, which will deliver new digital services to help charities manage their tax affairs.

We will also work with the tax agent community on the best ways of using these digital platforms to help them engage with their customers.

<u>Increasing capability</u>

Professional skills

We will continue to invest in top-end tax professional skills. This includes bringing in more specialists and lawyers on multinationals' transfer pricing arrangements and strengthening our risk assessment capability, particularly in indirect taxes, employer compliance and Corporation Tax avoidance.

By the end of the SR10 period we will have deployed an additional 8,000 people on to revenue-generating compliance work. As the majority will have been redeployed from other parts of HMRC, our programme of extensive formal training will continue, in addition to informal coaching and mentoring.

HMRC will ensure that each employee receives a minimum of five days' development per year, in line with the Civil Service Reform commitment. We will continue our own internal 'five days learning' campaign.

Leadership and management

A shift in our leadership and management capabilities will be required to lead the organisation through this continuing change. Significant investment is planned throughout 2013-14, and further and fuller details will be published in HMRC's Capabilities Plan.

Performance management

Our intention is to create a culture that empowers our staff, trusts them to deliver and holds them to account for successful delivery. We are currently rolling-out the Civil Service performance management and competency framework, including a comprehensive learning and development package for all leaders and managers.

Talent and succession

We will strengthen talent pipelines for succession to critical Senior Civil Service level posts to ensure that we have robust long and short-term succession plans. Over the next three years, we will align HMRC's talent development programmes with cross-Civil Service programmes.

<u>Employee engagement</u>

As recognised in HMRC's Capability Action Plan (March 2012), increasing employee engagement is crucial to delivering the major transformation we need through to 2015 and beyond.

Our employee engagement work focuses on three themes – leadership, management of change, and developing our people.

3. Improvement Planning

We have put a number of initiatives in place, including:

- researching and designing an employee value proposition – One HMRC, One Deal, to help us understand what motivates our employees and to build their connection to our organisational values and the work we do
- rolling out a new, more proactive internal communications strategy that will improve how we communicate with our people, including a greater emphasis on face-to-face communications from senior leaders
- introducing impact assessments to ensure the department has a full understanding of what major changes are likely to mean for its staff
- “open conversation” networks to improve dialogue up and down the organisation and in support of Civil Service Reform to create a more empowered organisation culture.

Stabilising and improving the customer experience

There is no doubt that HMRC now operates in a very different environment to that of even a decade ago. As technology has progressed, there is an expectation of immediacy in transactions and low tolerance for error.

We will increase our use of customer insight and feedback, including complaints, to drive and shape the way that HMRC plans and implements change, focusing on upstream processes that design-out service failures and/or improve the customer experience.

By 2015 we want our core services to be right for all our customers in the areas that matter most to them, and to consistently meet published service levels.

They include:

- handling 90 per cent of call attempts to our contact centres (currently being met)
- answering 80 per cent of calls within five minutes – including time spent in the Interactive Voice Response (IVR) system
- for 75.8 per cent of customers to find dealing with us straightforward
- reducing costs for business customers by £250 million.

We are:

- taking action to reduce demand to our call centres by redesigning written communications so they are clearer and targeted to individuals’ circumstances
- improving our use of Interactive Voice Response (IVR) so that customers can get answers to straightforward queries without waiting to talk to an operator
- expanding IVR systems to our debt management operations; taxpayers will also be able to make automated payments by telephone by 2015
- reducing costs for customer groups by moving all of our lines to 03 numbers by the end of summer 2013 (following the successful introduction of an 03-prefix for tax credit callers)

- consulting on the introduction of a new service to meet the needs of the estimated 1.27 million to 1.47 million customers each year who need enhanced support from HMRC.

Demand within our contact centres will always be driven by peaks of customer demand, and the introduction of Real Time PAYE and the High Income Child Benefit changes (which have seen customers enter Self Assessment for the first time) are likely to increase the volume of calls, at least in the short term.

Improving revenues by promoting voluntary compliance and addressing non-compliance

One outcome of providing a secure, digital interface with HMRC will be to support voluntary compliance.

To promote voluntary compliance and address non-compliance, we will:

- intervene at key points, for example with tailored communications around critical events
- design-out error, using the understanding we have of how our customers interact with us and where errors take place. This will happen both in the design of the taxes themselves and the processes by which they are administered
- correct errors with light-touch automated interventions
- quickly deploy highly-skilled professionals where deliberate evasion and avoidance persists, to secure short and long-term compliance
- target particular sectors and activities with focused campaigns and task forces, using data to identify the most risky taxpayers, and maximise the deterrence effect
- continue to tackle organised crime as well as avoidance and evasion across all sectors, particularly the use of offshore tax havens.

Sustainable cost reduction

HMRC will also continue to reduce expenditure across the SR10 period by:

- reducing the size of our estate by 300,000m^2 (23.7 per cent) through closing surplus offices and consolidating locations
- driving down the cost of IT by renegotiating competitive supplier contracts and by simplifying infrastructure, including savings of £202 million
- reducing our spending on our enabling functions by £409 million
- increasing staff productivity; and delivering a 10,000 reduction in FTE (from a baseline of 66,881 in April 2011)
- undertaking Business Process Re-engineering to look at our end-to-end processes in a systematic way to make them more efficient and design out error
- sustaining Pacesetter (our Continuous Improvement programme) to drive further productivity improvements

- reducing our environmental footprint in line with the government's five-year targets to cut estate and business travel emissions by 25 per cent, UK flights by 20 per cent, waste by 25 per cent, and to improve water consumption efficiency to $6m^3$ per FTE.

Summary

We are encouraged by the progress that we have made, including record compliance activity and continuing success with our online services. We have also successfully improved customer service levels and done all of this while making substantial efficiencies.

HMRC also recognises that we have more to do to improve staff engagement, which fell as a result of a long period of change, combined with a raft of major ongoing efficiency programmes.

We need to maintain our improved customer service levels over a significant period and continue with our efforts to engage staff. Our investment in our digital offering, in our leadership and in the skills and capabilities of our people will be essential if we are to meet the challenges ahead.

The Departmental Board has considered the overall assessment and concluded the department must focus on the following six issues:

1. **Transforming to a Digital by Default organisation** to reflect and respond to changes in the external environment

2. **Investing in our staff's capabilities** to ensure they are equipped with the skills and knowledge required

3. **Improving employee engagement** in order to deliver the major transformation we need through to 2015 and beyond

4. **Stabilising and improving our customers' experience**, focusing on the areas that matter most to our customers

5. **Improving revenues** by promoting voluntary compliance and addressing non-compliance

6. **Maintaining sustainable cost reductions.**

4. Metrics to Measure Improvement

Improvement being made	Metric used to measure progress	Date to review metric and details of who undertakes review.	Trigger that will signal mitigating action needs to be taken
HMRC's Digital Offering			
RTI	Employers to report PAYE in real time by October 2013 in accordance with programme	Metrics will be reviewed over the main employer migration period (April to October 2013)	HMRC has forecast the number of employers expected to join RTI by 6 May 2013 and 6 July 2013. If numbers are lower than forecast, mitigating action will be taken
Tax for my Business	25 per cent of SMEs actively using "Tax for my Business" by April 2015	HMRC Digital Solutions Programme to review in April 2014 (following six months' usage of Beta-version)	If <10 per cent of SMEs are using Tax for my Business
Paperless SA	Paperless SA – 22 million outputs (50 per cent of total) are removed from the SA system and an additional 500,000 customers opt to pay online by April 2015	HMRC Digital Solutions Programme to review customer 'opt outs' of paper and sign up for payments online in April 2014	Low (<15 per cent) opt out / sign up
Online Services	Increase in the percentage of interactions being carried out online (12 months to quarter end) for e-returns, SA, PAYE, VAT, CT and stamps	Results received and published externally on a quarterly basis	If rolling 12-month figure falls below 85 per cent
Sustainable net-cost reductions for HMRC	Headcount reduced by 471 FTEs by 2018-19 as a result of the new digital services	HMRC Digital Solutions Programme to review contact demand reductions in April 2015 - to enable headcount reduction	Demand reductions at less than 50 per cent below profile
	50 per cent reduction in SA print volumes of 44 million and other commercial/admin costs to give us an annual saving of £6.9 million	HMRC Digital Solutions Programme to review actual cost reduction vs profile in April 2015	If reduction in commercial costs falls below 80 per cent of profiled saving
	Programme-targeted contact reduced/shifted to online channel by 50 per cent by 2018/19	Review users of new digital services to support channel shift in October 2015	Take up at 30 per cent across exemplars

4. Metrics to Measure Improvement

Increasing capability			
Improve HMRC's top-end tax professional skills	Recruitment of externals on short-term contracts to address specific identified skills gaps. There is no consistent baseline metric but each business case has identified the particular skills gap to be addressed by the short-term engagement of externals	A Knowledge Transfer methodology, designed by Deloitte and adapted to the size and complexity of the individual business cases, will evaluate whether our top-end tax professional skills have improved. Quarterly reports are made to Project Board.	Quarterly review of feedback by Project Board.
Introduction of a Compliance Skills Development Programme (CSDP) to improve tax professionals' capability and confidence in the skills required to deliver their technical knowledge	An initial skills evaluation exercise will provide a corporate baseline position	CSDP will be evaluated to Kirkpatrick Level 4 i.e. to corporate level. A detailed approach to evaluation has been designed and agreed by project board. Monthly reports by an external partner will provide the monitoring team with material to inform the project team as to whether changes are required	The evaluation process will give regular information on progress. Poor feedback from monthly reports will trigger mitigating action
Ensure each member of staff receives a minimum of five days' learning/development per year	System to be in place by April 2013 to enable individuals to record L&D time online	• Monthly by the Learning Team • Quarterly by line managers during performance reviews • Biannually by People Matters Committee	Figures show proportionately that the annual target is unlikely to be achieved. i.e. biannual check point shows less than 2.5 average
Leadership and management	An improvement in our capability against a baseline (yet to be established) in 2013-14	Reviewed bi-annually by People Matters Committee	Progress below biannual indicator and year-on-year improvement not being achieved
Implementation of Civil Service performance management and competency framework	Agreed distribution percentages for exceed, achieved and must improve are achieved at mid-year and end-of-year stages	Reviewed biannually by People Matters Committee following the completion of mid-year (Oct) and end-year (April) performance reviews	The agreed distribution percentages for exceed, achieved and must improve are not met at the mid-year stage
Improved talent management and succession planning for business-critical SCS post	Strengthened talent pipelines in place for critical SCS posts by end 2013/14	April/Oct – six-monthly review by SCS Governance Group and ExCom	Overall RAG status on health of pipelines shows Amber or Red

4. Metrics to Measure Improvement

Improving employee engagement			
Improve employee and SCS engagement	To achieve the Employee Engagement Index Civil Service benchmark (58 per cent in 2012-13[4]) by 2015-16	Quarterly – Performance Committee using Pulse and People Survey results	Progress below quarterly indicator and year-on-year improvement not being achieved
	To achieve the SCS Employee Engagement Index Civil Service benchmark (71 per cent in 2012-13[4]) by 2015-16	Quarterly – Performance Committee using Pulse and People Survey results	Progress below quarterly indicator and year-on-year improvement not being achieved
	To achieve the Civil Service benchmark (29 per cent in 2012-13[4]) to the People Survey questions "I feel that change is managed well within HMRC" by 2015-16	Quarterly – Performance Committee using Pulse and People Survey results	Progress below quarterly indicator and year-on-year improvement not being achieved
Stabilising and improving customer experience			
Increase in HMRC customer experience scores	Year-on-year improvement in the customer experience score from an overall baseline of 73 per cent in 2012-13 towards the 2015 target 75.8 per cent	Results from Customer Survey received quarterly	If the overall result falls below 73 per cent <u>or</u> if 74.5 per cent is not reached by March 2014
Improved accessibility	90 per cent of call attempts handled, and 80 per cent of call attempts handled within five minutes	Data is sent to HMRC's Performance Committee monthly	If call attempts handled falls below 85 per cent at Q1, or any month thereafter
	80 per cent of post received by HMRC cleared within 15 working days of receipt, and 95 per cent cleared within 40 working days (YTD)	Results received and published externally on a quarterly basis	If YTD post falls below 75 per cent (15 days) or 90 per cent (40 days)
Reduced financial burden on customers	Reduce the overall cost for compliant customers, including a reduction in costs to business customers of £250 million by March 2015	Results reviewed monthly and published on a quarterly basis	If the forecast does not show a reduction to business customers of greater than £250 million by October 2013. Any reductions in forecast under £250 million thereafter, i.e. where the forecast shows an Amber or Red risk status, as tracked through the monthly reporting process.

[4] These will be updated annually from the Civil Service People Survey, which takes place in October

4. Metrics to Measure Improvement

Improved handling of complaints	Reduction in the number of cases escalated between tiers and to the Adjudicator, and reduction in the proportion of complaints being upheld/partially upheld by the Adjudicator	Data is sent to HMRC's Performance Committee monthly	If the proportion does not show signs of decrease towards 50 per cent upheld by Adjudicator by Oct 2014
Improvement in HMRC's external reputation	Increase HMRC's overall Reputation Index score by 5 per cent over the remainder of the Spending Review from a baseline of 62.2 per cent (Sept 2012)	Results received and reviewed every six months (November 2013 and April 2014)	If the overall Index score falls below the baseline
Improving revenues by promoting voluntary compliance and addressing non-compliance			
Maximise additional revenues through enforcement and compliance activities	Deliver additional revenues of £5.8 billion above our baseline in 2013-14 and increase this to £9 billion above our baseline in 2014-15.	Performance will be reviewed monthly at ExCom's Performance Committee.	Additional revenues below the forecast profile required to meet year end targets.
Sustainable cost reduction			
Deliver sustainable cost reductions and secure effective delivery of the agreed Efficiency and Reform action plan	In 2013-14 deliver efficiency savings of £723 million each year in real terms, against the 2010/11 baseline and position HMRC to deliver 25 per cent savings in real terms (before reinvestment) by 2014-15, including savings of 33 per cent in administration budgets	Data compiled monthly and results reported to HMRC's Performance Committee and Change Delivery Committee monthly	Where real time run-rate forecasts for 2013-14 or for those for the whole SR10 period to 2014-15 are 5 per cent below target.

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