



# HMRC Customer Survey 2008-2010

## TNS-BMRB Report

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## Executive Summary

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### Background and method

The Customer Survey was redesigned in 2008 as the cornerstone of a programme of research, providing the insight necessary for HMRC to transform itself further into an organisation that puts customers at the heart of everything it does. The key aim of the survey is to track changes in customer perceptions of HMRC and of the experience of dealing with the Department for each of three main customer groups (individuals, SME businesses and financial agents). Over 26,000 interviews are conducted each year, using a random sample of customers, with interviews taking place each quarter by telephone.

This report sets out the results for the first two years of data collection, with a focus on changes in the second year (April 2009 to March 2010), compared with the first year (2008/2009). Where figures are given just from one year, these are from the second year of the survey (unless otherwise stated).

### Key findings

In both years, among customers who had dealt with HMRC in the previous three months, ratings of the experience were very positive. Ratings were strongest for SME businesses, with individuals fairly close behind, but least positive for agents, who have most frequent dealings with HMRC.

For SME businesses ratings of customer experience were high across the board with small improvements for simplicity and flexibility. Individuals rated HMRC slightly less strongly than SME on most dimensions of experience, with the strongest ratings for being well treated, and HMRC doing what they said they would. There were improvements from 2008/2009 to 2009/2010 in ratings of reliability and speed for individuals. Agents rated HMRC least well out of all three customer groups in all areas of service, and there were some decreases in ratings of responsiveness and reliability year on year.

Individuals were least familiar with HMRC, with SME businesses more familiar, and almost all agents knowing at least a fair amount about HMRC. SME businesses and individuals held the most favourable opinions of HMRC and the level of favourability towards HMRC among individuals rose with increased frequency of contact. Agents had a less favourable impression of HMRC and, in contrast to other customers, agents became less favourable the more dealings they have with HMRC.

Of all customer groups, SME businesses rated HMRC most positively on all dimensions of reputation (trust, customer focus, compliance and support). Ratings were similar for individuals, with appreciably lower ratings for compliance. Agents, who have the highest level of dealings, gave considerably less positive ratings on all dimensions of reputation, particularly for customer focus. There was little change from 2008/2009 to 2009/2010,

although there was a small increase in the belief that HMRC protects customer information among all three customer groups.

### **Customer experience**

The majority of customers recalled some dealings with HMRC in the past year (almost all agents, 93% of SME businesses and 81% of individuals). Whilst 99% of agents had dealt with HMRC in the previous three months, the level was lower for SME businesses at 75% and for individuals at 32%.

For customers with dealings in the previous three months, one of the taxes or benefits they had dealt with was selected at random, and they were asked to describe and rate their experience. Most reported a variety of dealings about the selected tax or benefit. Agents were more likely than other customer groups to have made contact with HMRC (78%) and to have visited the website (46%), and were highly likely to have submitted a return (68%). SME businesses were most likely to have submitted a return (72%) or made a payment (71%). Individual customers were most likely to have received contact from HMRC (69%). Customers who contacted HMRC were most likely to have done so by telephone for all three customer groups. Agents and SME businesses were also likely to have used the website (with a small increase in use for SME), and Agents to have used the post.

Agents were least positive about the overall experience of the service they received, but the majority were still positive: 62% rated the overall experience as very or fairly good. However, 22% rated the overall experience negatively (up slightly from 19% in 2008/2009). Individuals and SME businesses were considerably more likely to rate the overall experience highly. Three quarters of individuals (77%) and eight in ten SME businesses (83%) said the overall experience was very or fairly good. Only 6% of SME businesses and 10% of individuals gave a negative rating.

There was some difference in overall experience ratings by the tax or benefit dealt with. Among individual customers, those dealing with Benefits and Credits (Tax Credits and Child Benefit) were more likely to say the overall experience was good than those dealing with Personal Taxes. For SME businesses there was little difference by tax dealt with, but for agents, those dealing with Company Tax were more likely to rate the overall experience as good as were those dealing with VAT, with lower ratings from those dealing with Tax Credits. One in three agents dealing with Tax Credits rated their experience as poor.

Whilst the overall ratings of customer experience give a general picture, it is essential to look in more detail at particular dimensions of the experience in order to ascertain what may be behind customer ratings and to identify key areas for action. The twelve dimensions can be split into four key areas:

Area	Dimension
<b>Simplicity</b>	Ease of understanding what to do Ease of completing the process Ease of getting in touch Services designed with your needs in mind
<b>Responsiveness</b>	How well staff treated you Giving all the answers you needed Keeping you well informed Flexibility
<b>Reliability</b>	Doing everything they said they would How good they are at getting things right
<b>Speed</b>	How quickly dealt with your issue How quickly responded to you

SME businesses were most positive about HMRC across all dimensions of experience, and across all taxes and duties, while agents were least positive. Agents were relatively more positive about the ease of the processes and how well staff treated them than about other dimensions of experience. SME were relatively less positive about flexibility than all other dimensions (flexibility was relatively poorly rated across all three groups). Individuals rated HMRC almost as strongly as SME, and most strongly in terms of being well treated by staff, and HMRC doing what they said they would.

As for overall ratings, individuals dealing with Benefits and Credits were more positive about their experience on most dimensions than those dealing with Personal Taxes, particularly those dealing with income tax and NI through their wages, and customers dealing with tax repayments. There was little difference by tax dealt with for SME, but for agents, those dealing with VAT and Company Tax were most positive about most dimensions, and those dealing with Tax Credits consistently least positive, across a range of measures. Agents and SME dealing with Self Assessment also tended to be slightly less positive.

Comparing year one (2008/2009) and year two (2009/2010) results, there is evidence of change on a number of measures. For individuals, there was an improvement in the overall rating, along with improvements in reliability and speed of dealing with the customer's issue. These were largely driven by Benefits and Credits customers, who additionally showed improvements in simplicity. Changes for SME were also largely improvements, including the ease of completing the process (and understanding what to do), and the lowest scoring area of flexibility. There was, however, a small drop in ratings of how staff treat customers. For agents, there were drops for both responsiveness (getting the answers needed, and being kept well informed) and reliability, all in relatively poorly performing areas.

## Reputation

More than nine in ten (94%) agents knew at least a fair amount about HMRC, but this was lower at half of SME businesses (48%), and three in ten individuals. These relative levels of familiarity reflect the levels of dealings with HMRC reported by each customer group.

Amongst those who have heard of HMRC, customers in all three groups were considerably more likely to have a favourable impression of HMRC than unfavourable. Showing the same pattern as ratings of customer experience, SME businesses were most favourable (63%). Whilst half of individuals (50%) and agents (46%) were favourable towards HMRC, individuals were slightly more likely to say their opinion is very favourable (9%) and agents far more likely to hold an unfavourable opinion (24%). For individual customers the level of favourability towards HMRC rose with frequency of contact. In contrast, agents became less favourable the more dealings they have with HMRC. There has been no overall change in favourability from 2008/2009.

The customer survey looks at several particular measures linked to the reputation of HMRC. These can be split into four key areas:

Area	Measure
<b>Trust</b>	<ul style="list-style-type: none"> <li>I trust HMRC to be fair</li> <li>HMRC do a difficult job well</li> <li>HMRC trust customers to be honest</li> <li>HMRC explain clearly allowances/tax relief entitled to</li> <li>HMRC are honest and have integrity</li> </ul>
<b>Customer focus</b>	<ul style="list-style-type: none"> <li>HMRC understand my needs</li> <li>HMRC are customer focused</li> <li>HMRC are helpful</li> </ul>
<b>Compliance</b>	<ul style="list-style-type: none"> <li>It is hard to get away with paying less than you owe</li> <li>It is hard to claim more than you are entitled to</li> <li>HMRC deals firmly with anyone avoiding responsibilities</li> </ul>
<b>Support</b>	<ul style="list-style-type: none"> <li>HMRC make it easy for customers to pay what they owe</li> <li>HMRC make it easy for customers to receive their entitlements</li> <li>HMRC protects my information</li> <li>HMRC are effective at communicating with customers</li> </ul>

Out of the three customer groups, SME businesses rated HMRC most highly in all four areas. Two in three or more gave positive ratings on all measures of reputation, with slightly lower scores only for HMRC making it as easy as possible for customers to receive their entitlements (57%), HMRC understanding their needs (59%) and HMRC explaining entitlements (57%). There was little change from 2008/2009 to 2009/2010 other than a small increase in the belief that HMRC protects customer information, and a slight decrease in the belief that HMRC are good at communication.

Individual customers rated many measures of reputation at a similar or slightly lower level than SME businesses. Individuals were less likely than SME businesses to trust HMRC to be fair (58%), but the main difference was lower ratings on the compliance area: only 56% of individuals thought HMRC makes it hard to get away with paying less than you owe, and 50% that HMRC makes it hard to claim more than you are entitled to. The only change from 2008/2009 to 2009/2010 was a small increase in the belief that HMRC protects customer information.

Agents held the least favourable opinion of HMRC and this was reflected in lower ratings for all measures of reputation. Three measures of reputation that approached the positive levels seen for SME businesses and individuals were: 74% of agents believed HMRC are honest and have integrity, 61% that HMRC deals firmly with those who avoid responsibility, and 68% thought HMRC make it easy for customers to pay what they owe. Agent opinions were relatively more positive concerning the compliance measures, but least positive about HMRC's customer focus, with under half of agents giving a positive rating on any customer focus measure. Despite these low scores, there was increased belief from 2008/2009 to 2009/2010 that HMRC protects customer information, and that HMRC makes it easy for customers to pay what they owe, but a slight drop in trusting HMRC to do a difficult job well.



# 1. Introduction to the Customer Survey

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## 1.1 Background

David Varney's independent review of service transformation in 2006<sup>1</sup> identified a number of areas where improvements could be made to customer experience in public services. In line with the recommendations in this report, HMRC identified a need to transform itself further into an organisation that puts customers at the heart of everything it does. The Customer Survey was designed in 2008 as the cornerstone of a programme of research to provide the necessary insight for this transformation to take place.

## 1.2 Aims and objectives

The key aims of the survey are to track changes in the experience of dealing with the Department and the reputation of HMRC for each of three main customer groups (individuals, SME businesses and financial agents).

The specific objectives are:

- Quarterly tracking of customer experience of recent dealings with HMRC; and
- Six monthly tracking of HMRC reputation measures (amongst those who have and have not had recent dealings with HMRC).

## 1.3 Research method

The survey was redesigned in 2008 to take a more rounded view of HMRC's customers. Three key groups of customers are included in the survey: individuals, SME businesses (businesses with fewer than 250 employees and turnover below £40 million) and financial agents (those paid by customers to represent them in dealings with HMRC). The same data collection method is used for all three: Computer Assisted Telephone Interviewing. The interview lasts around 15 to 20 minutes for each customer.

Respondents for the survey are selected using Random Probability sampling. This is the most robust sampling method available and statistical techniques can be used on the results to provide confidence about the true level of change over time. Fuller details of the method are given in the appendix to this report.

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<sup>1</sup> Service transformation: A better service for citizens and businesses, a better deal for the taxpayer, Sir David Varney, December 2006: [http://www.hm-treasury.gov.uk/media/4/F/pbr06\\_varney\\_review.pdf](http://www.hm-treasury.gov.uk/media/4/F/pbr06_varney_review.pdf)

## 1.4 Survey timing

Fieldwork for all three customer groups is carried out quarterly. This allows any differences resulting from seasonality to be accounted for, by comparing quarters at the same time of year, or comparing data collected across full years.

## 1.5 Survey structure and size

The survey is modular in nature. Every quarter all customers who have had any dealing with HMRC in the previous three months are interviewed about their experience. In addition, every other quarter, a random sample of customers (with and without dealings in the previous three months) is selected to answer questions about HMRC's reputation. In this quarter there is also an additional 500 individuals without any dealings in the previous three months who are asked segmentation questions in order to boost the base size and reliability of the individual segmentation. In total interviews are carried out with around 26,000 customers per year: 10,500 individuals, 8,500 SME businesses and 7,000 agents.

## 1.6 Reporting conventions

This report discusses the first two full years of data collection, particularly any changes from the first full year of data collection from April 2008 to March 2009 to the second year of data collected between April 2009 and March 2010.

The following conventions have been used in charts and tables:

- Percentages for single-response questions do not always add up to exactly 100% due to the effect of rounding.
- A '\*' symbol denotes a percentage of less than 0.5%
- A '-' Symbol denotes zero.
- Charts often combine the top two points of answer scales into one measure (e.g. agree strongly and agree slightly combined to give total agreement)
- On charts circles are used to indicate statistically significant change from 2008/2009. Where only 2009/2010 data are shown, green circles indicate an increase, and red circles a decrease.
- Base sizes are shown on all charts in brackets.

## 2. The Customer Experience

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Questions are asked every quarter about customers' experience of dealing with HMRC.

### 2.1 Defining customer dealings

Questions rating the customer experience are asked only of customers who have dealt with HMRC in the previous three months. All customers interviewed are read a list of taxes and/or benefits (including general dealings with HMRC) and asked whether they have dealt with HMRC about any of these in the last year, and in the previous three months. It is explained that dealings can take many forms, including letters, phone calls, visits, making a payment, using the website, submitting returns etc. Individuals are asked to exclude any payments made or received automatically. Businesses are asked to exclude any dealings about their personal tax affairs. Agents are asked to think about dealings on behalf of clients.

One of the taxes or benefits that the customer had dealt with in the previous three months is then chosen at random and the customer is asked to think about their most recent dealings about this issue when answering questions about the customer experience. This random choice helps to ensure coverage of a variety of taxes and duties and reduce the impact of seasonal differences in dealings.

### 2.2 The nature of customer dealings

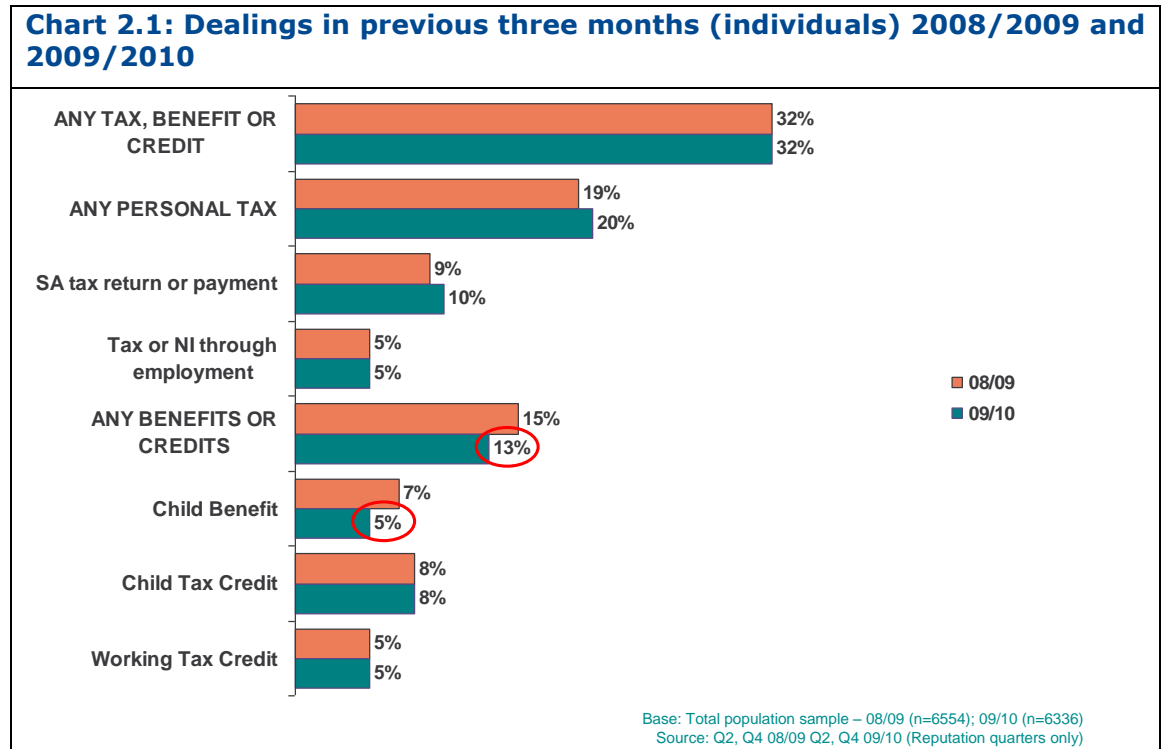
The majority of each group recalled some dealings with HMRC in the past year (2009/2010): almost all agents, 93% of SME businesses (a decrease from 96% in 2008/2009) and 81% of individuals. Whilst 99% of agents had dealt with HMRC in the previous three months, the level was lower for SME businesses at 75% (although this is an increase from 72% in 2008/2009) and for individuals at 32%.

#### 2.2.1 Taxes and benefits dealt with

In order to put customer ratings of their experience of dealing with HMRC in context, it is necessary to understand the nature of these dealings in terms of the specific taxes and benefits they have dealt with. In the tax year 2009/2010, over the previous three months, individual customers were slightly more likely to have dealt with Personal Taxes (20% of all individuals) than with Benefits and Credits (13%, Chart 2.1). The taxes and benefits most commonly dealt with were Self Assessment (10%), Child Tax Credit (8%), followed by Tax or National Insurance through employment, Child Benefit and Working Tax Credit (all 5%).

The chart shows that there was no significant change from 2008/2009 in the level of Personal Taxes; however Benefits and Credits decreased from 15%, in part driven by a decrease in those who had dealt with Child Benefits in the previous three months.

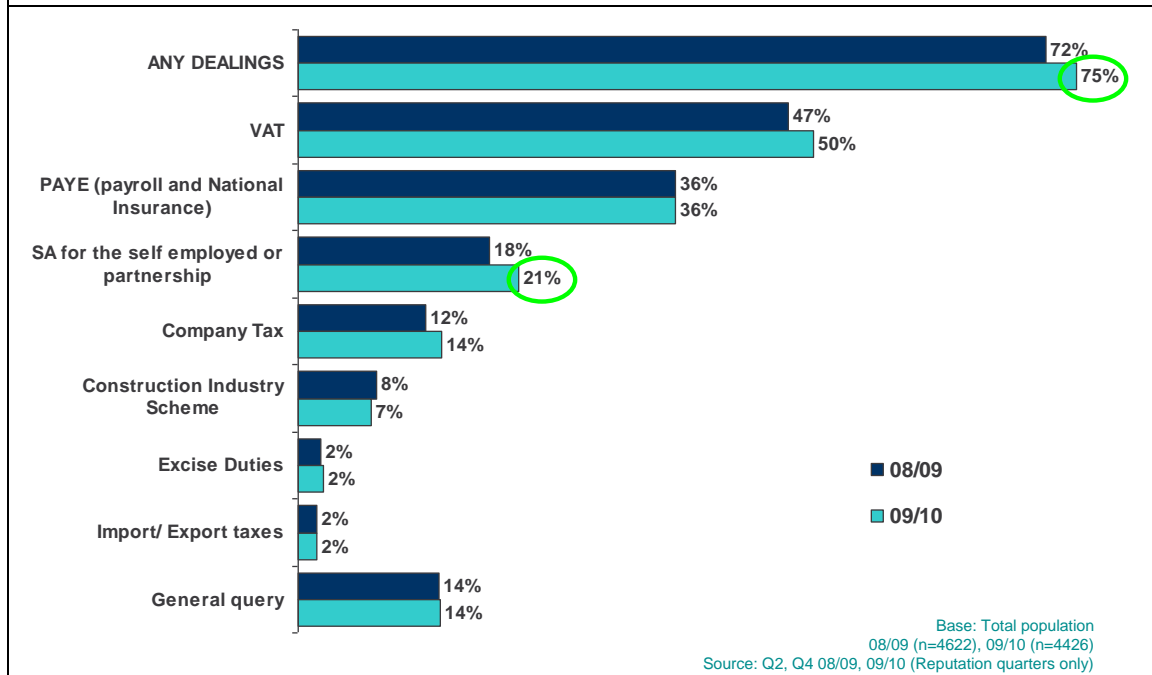
There was some seasonal variation, with more customers dealing with Tax Credits in the three months leading up to June and September (with renewals focused around April to July) and more dealing with Self Assessment in the quarters prior to December and March around the time of the SA return deadline of 31<sup>st</sup> January. In the quarter leading up to March 2010 there was an increase in dealings with Self Assessment greater than that seen in March 2009, and a decrease in dealings with Child Benefit (following the discontinuation of an annual letter of entitlement to all Child Benefit recipients). This led to the decrease in annual dealings with Child Benefit seen in Chart 2.1.



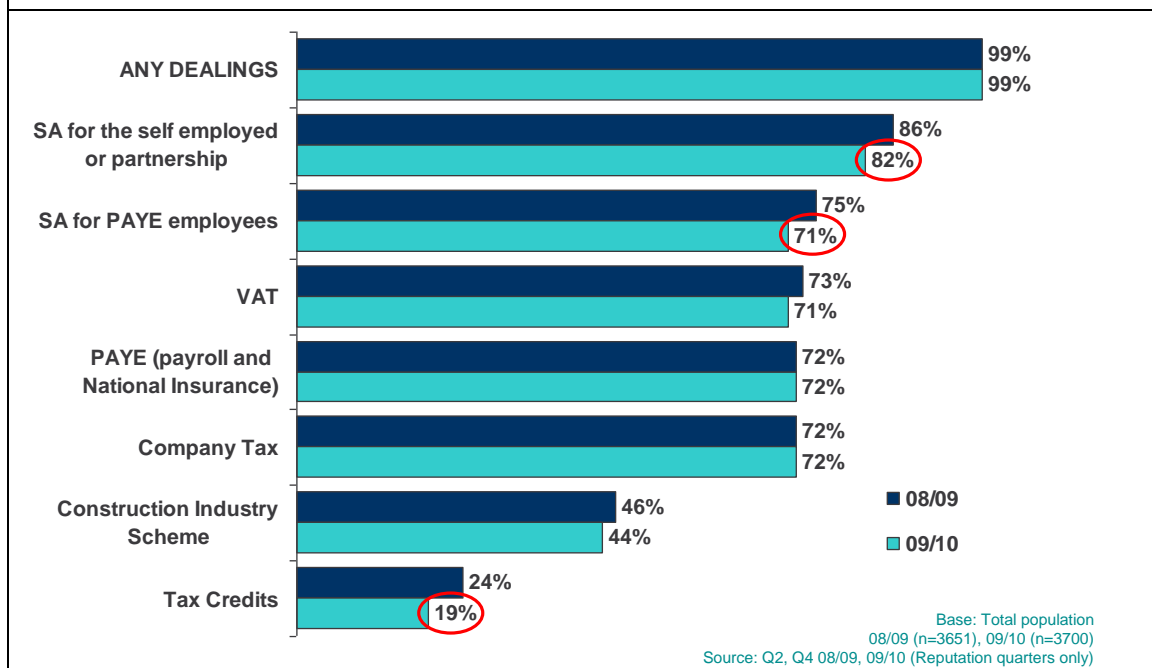
Agents and SME businesses were much more likely to have dealt with HMRC in the previous three months than individuals (Chart 2.2 and Chart 2.3).

Levels of dealings with different taxes among SME businesses were varied (Chart 2.2). Half (50%) dealt with VAT, with over a third (36%) dealing with PAYE and NI. There was a slight increase in 2009/2010 in the number of SME businesses who dealt with self assessment for the self-employed or partnership (21%, up from 18% in 2008/2009).

**Chart 2.2: Dealings in previous three months (SME) 2008/2009 and 2009/2010**



**Chart 2.3: Dealings in previous three months (Agents) 2008/2009 and 2009/2010**

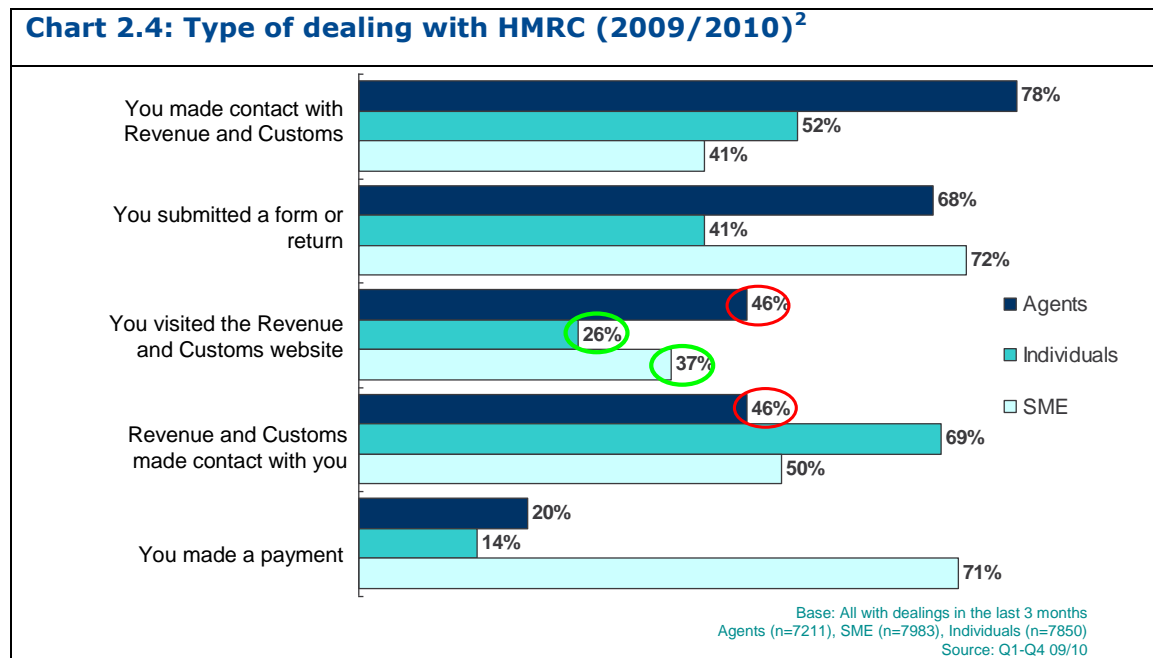


Agents had a broad range of dealings (Chart 2.3), particularly Self Assessment (although levels decreased slightly from 2008/2009), VAT, PAYE and NI and Company Tax (all of which at least seven in ten agents had dealt with).

As with individuals, there were seasonal variations for both SME businesses and agents, with more customers dealing with Self Assessment in the quarter prior to March and more dealing with PAYE and NI (payroll) in the quarter leading up to June (which includes the deadline for the employers annual return).

### 2.2.2 Types of dealings and contact

Most customers who had dealt with HMRC in the previous three months reported a variety of dealings about the selected tax or benefit (Chart 2.4). Agents were more likely than other customer groups to have made contact with HMRC (78%) and to have visited the website (46%), and were likely to have submitted a return (68%). SME businesses were most likely to have submitted a return (72%) or made a payment (71%). Individual customers were most likely to have received contact from HMRC (69%).

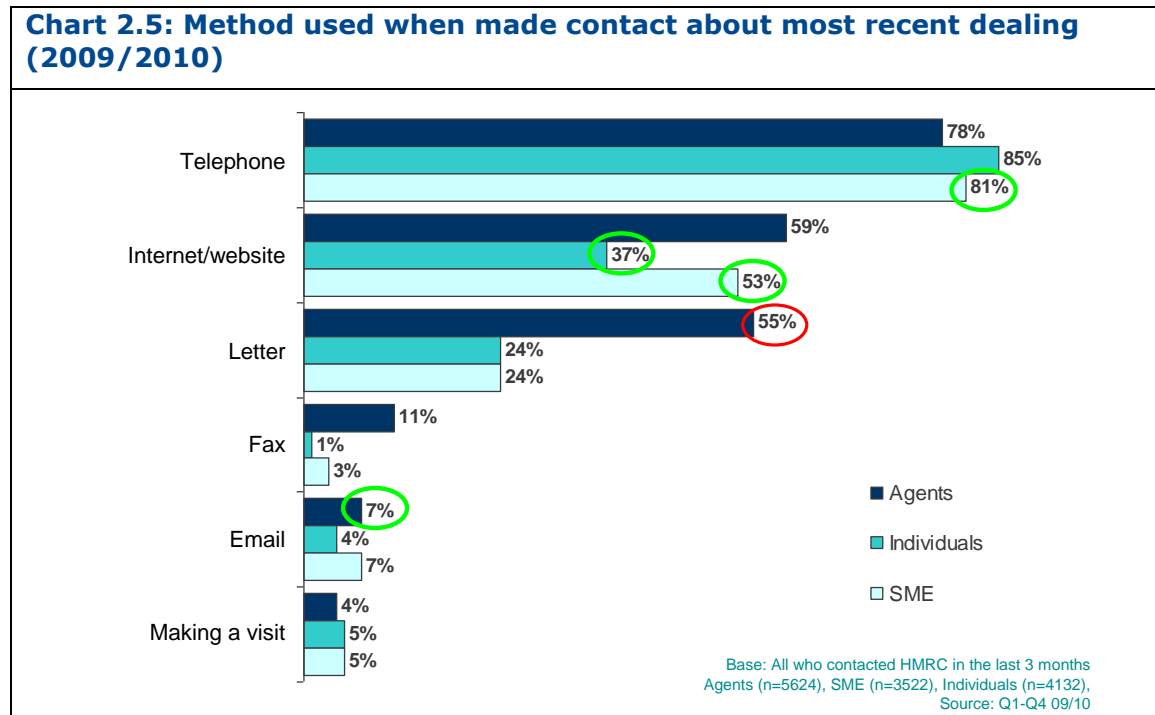


While the proportion of agents who had a dealing involving visiting the Revenue and Customs web site decreased slightly to 49% from 52% in 2008/2009, there was a small increase in the levels of individuals (26% up from 23%) and SME businesses (37% up from 33%) whose dealing involved visiting the Revenue and Customs web site in 2009/2010. There was also a small decrease in the number of agents whose dealing involved receiving contact from HMRC (46% down from 49%).

Methods of contact can also influence the customer experience. Among those with dealings in the previous three months, 52% of individuals, 78% of agents and 41% of SME businesses said they had contacted HMRC in relation to their dealing. When making this contact, all three

<sup>2</sup> Circles on the chart show where there has been a significant change from 2008/2009. Green indicates an increase, red a decrease

customer groups were most likely to have used the telephone, with a small increase for SME (from 79% in 2008/2009, Chart 2.5). Use of the website was higher for agents (59%) and SME businesses (53%) than for individuals (37%), although this has increased from 2008/2009 for SME businesses (49% in 2008/2009) and individuals (32% in 2008/2009). Agents were also more likely to have written a letter (55%) as part of their dealing than other customer groups, although this had decreased slightly from 58% in 2008/2009. There was an increase in the use of email from 6% in 2008/2009 to 7% in 2009/2010 for agents.



It is important to note that most customers used more than one contact method during their most recent dealings. Among those making contact, 78% of agents, 65% of SME businesses and 52% of individuals used more than one method. Where only one method was used, this was most likely to be the telephone. For individuals dealing with Benefits and Credits, 58% of those making contact relied solely on the telephone.

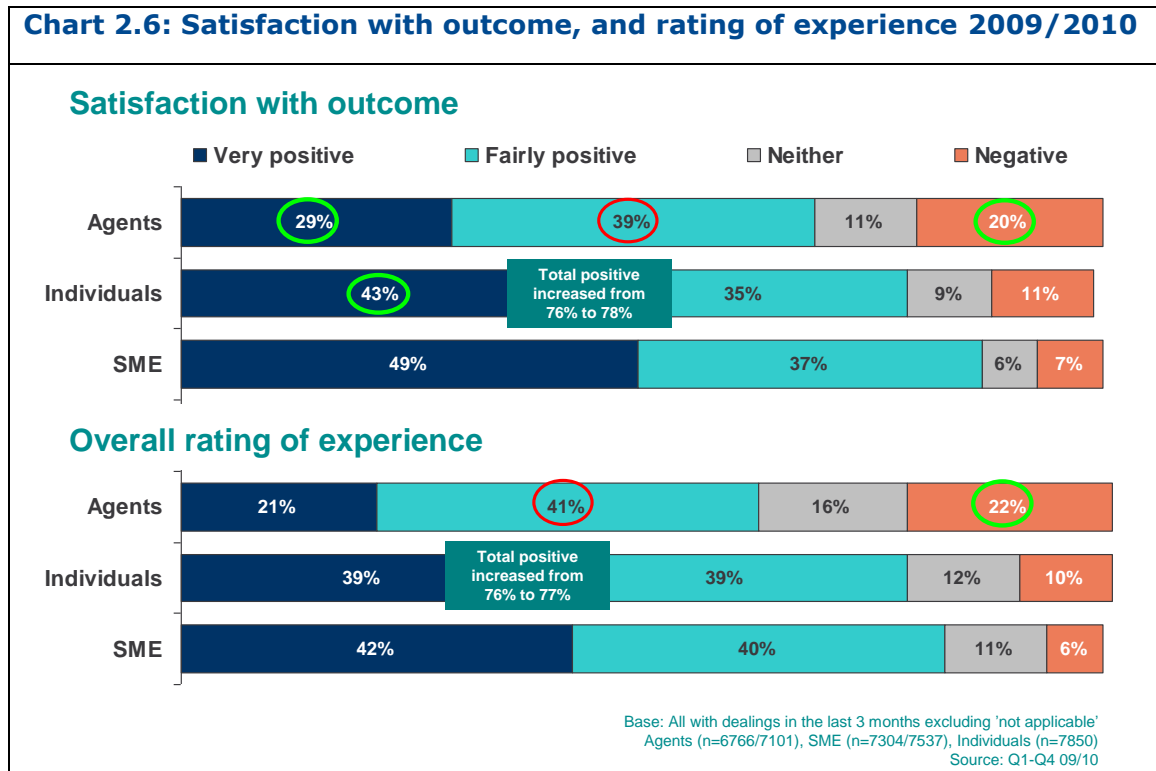
When comparing ratings of customer experience, it is also important to bear in mind the relative frequency of customer dealings. Among those individuals who had dealings in the previous three months, only 10% said they had dealings at least every couple of months, a further 17% every two to six months. In contrast, 49% of SME had dealings at least every couple of months, and 93% of Agents had dealings at least monthly. These figures are very similar to those seen in 2008/2009.

### 2.3 Overall ratings of the customer experience

Overall ratings of the customer experience can be strongly influenced by two factors: satisfaction with the outcome, and prior expectations. For example, if two customers receive the same level of service, but one gains financially and the other loses, then the customer

who gains financially is likely to rate the service more positively. Furthermore, a customer with lower expectations will rate the same service more highly than a customer with very high expectations.

In an attempt to encourage customers to focus on their experience of the service they received when dealing with HMRC and minimise the influence of outcomes on the ratings they gave, customers were first asked to rate their satisfaction with the outcome of their dealings, and then asked to put the outcome aside, and rate their experience of the service they had received (Chart 2.6).



Agents were least positive about both outcome and overall experience, but the majority were still positive. Seven in ten agents (68%) were very or fairly satisfied with the outcome of their dealing, and 62% rated the overall experience as very or fairly good. However, the proportion who had a negative rating of the overall experience increased slightly to 22% (from 19% in 2008/2009) and only 21% of agents said the overall experience was very good.

Individuals and SME businesses were considerably more likely to rate the outcome and the overall experience highly. Three quarters of individuals (77%, up slightly from 76%) and eight in ten SME businesses (83%) said the overall experience was very or fairly good. Around four in ten said the overall experience was very good. Only 6% of SME businesses and 10% of individuals gave a negative rating of their overall experience.

There was some difference in overall experience ratings by the tax or benefit dealt with. Among individual customers, those dealing with Benefits and Credits were more likely to say the overall experience had been good (82%, with 46% very good) than those dealing with Personal Taxes (75%, with 34% very good). Customers dealing with Child Benefit gave the

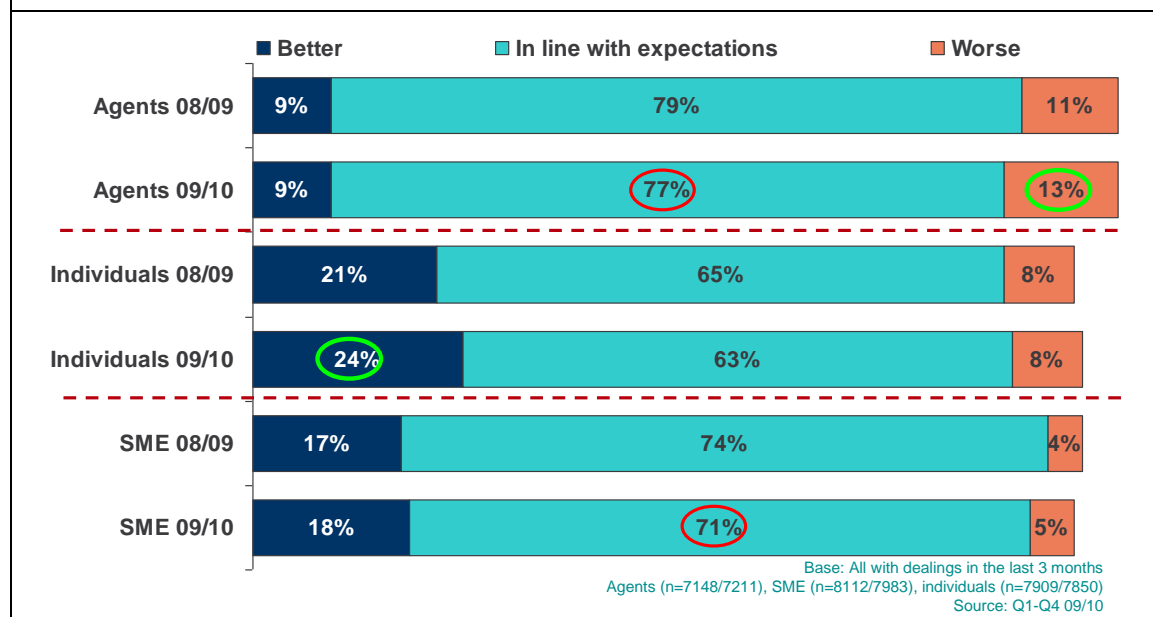


highest ratings (84% good, 52% very good), which probably reflects the relatively low level of burden on the customer.

For SME businesses there was little difference by tax dealt with, but for agents, those dealing with Company Tax were more likely to rate the overall experience as good (although there was a decrease from 72% to 66%), as were those dealing with VAT (66%) with lower ratings from those dealing with Tax Credits (50%). One in three agents dealing with Tax Credits rated their experience as poor (33%).

For most customers, the experience of the service that they had received matched their expectations (two in three individuals, three in four SME and agents, Chart 2.7). As would be expected, there is a strong relationship between experience against expectations and overall rating of experience, for example, three in ten individuals (31%) who had a positive overall rating of service thought the experience was better than expected in 2009/2010, compared with one per cent who had a negative overall rating of service who thought the experience was better than expected.

**Chart 2.7: Rating of experience against expectations 2008/2009 and 2009/2010**



Around one in four individuals and one in five SME businesses found the overall experience better than expected, with a slight increase for individuals from 2008/2009. This may be the result of lower levels of familiarity with HMRC leading to lower initial expectations, whereas agents deal with HMRC on a more regular basis and are more likely to know what to expect. Agents and individuals were more likely than SME businesses to have been disappointed but, even among these customers, only around one in ten said the overall experience was worse than expected. There was, however, a slight increase for Agents to 13% in 2009/2010.

## 2.4 Dimensions of customer experience

Whilst the overall ratings of customer experience give a general picture, it is essential to look in more detail at particular dimensions of the experience in order to ascertain what may be driving customer ratings and to identify key areas for action. Twelve dimensions of experience were identified through previous research, and questions were developed that could apply to any HMRC tax or benefit and be answered by all customer groups.

The twelve dimensions can be split into four key areas:

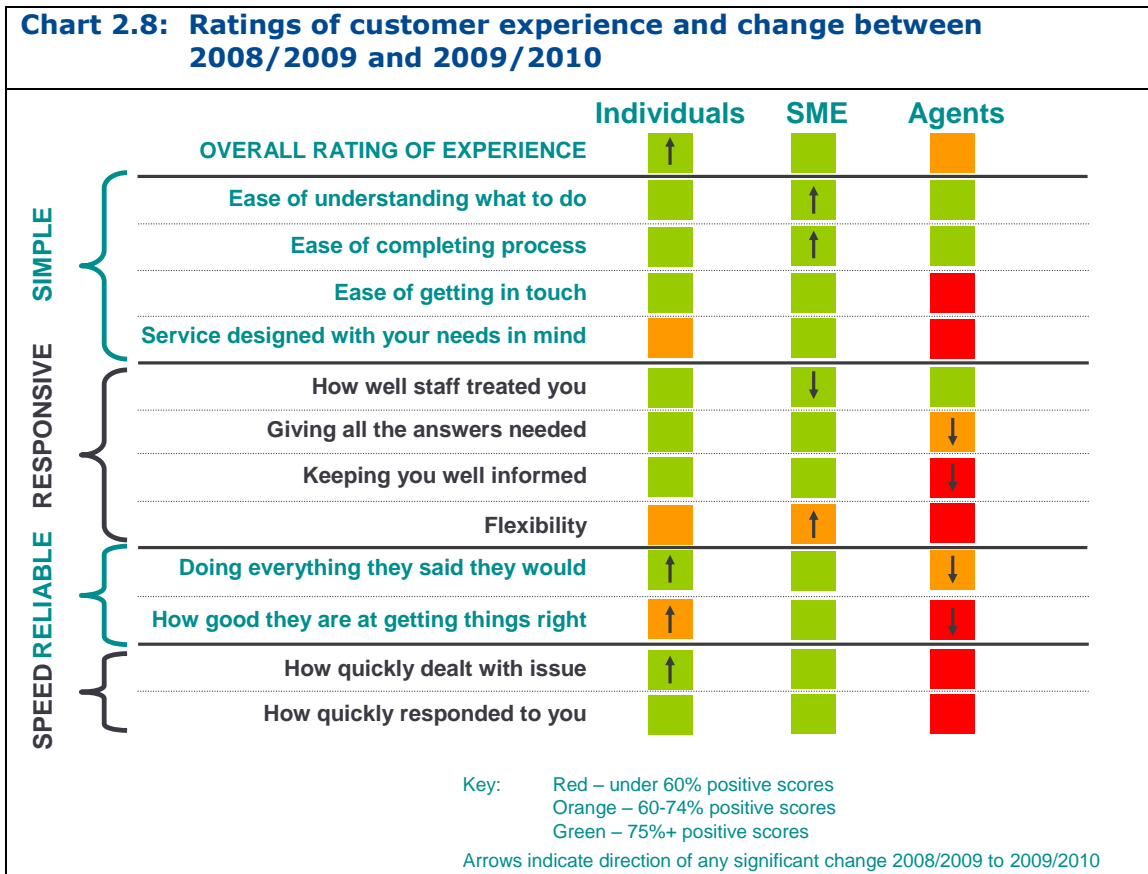
Area	Dimension
<b>Simplicity</b>	Ease of understanding what to do Ease of completing the process Ease of getting in touch Services designed with your needs in mind
<b>Responsiveness</b>	How well staff treated you Giving all the answers you needed Keeping you well informed Flexibility
<b>Reliability</b>	Doing everything they said they would How good they are at getting things right
<b>Speed</b>	How quickly dealt with your issue How quickly responded to you

Customers were asked to rate their experience on each dimension using a five point scale (e.g. very good, fairly good, neither good nor poor, fairly poor or very poor). Customers could also say “don’t know” or “not applicable”. Customers who said the question did not apply to them were excluded from the analysis for that measure.

If a customer had dealt with HMRC about more than one issue in the previous three months (e.g. about VAT and Company Tax), one of these issues was chosen at random by the questionnaire programme. Customers were asked to think of their most recent dealings about the selected issue and answer all questions in relation to this single recent dealing, rather than their dealings more generally.

## 2.5 Relative ratings of experience and changes over time

Chart 2.8 gives an overview of the relative ratings of the twelve dimensions of experience and changes from 2008/2009 to 2009/2010. Ratings were positive for the customer experience of Individuals and SME businesses, but more negative for agents. The colour coding shows relative levels of positive scores (very or fairly good etc) across the three customer groups. The arrows show where there has been a significant change in performance from 2008/2009 to 2009/2010.



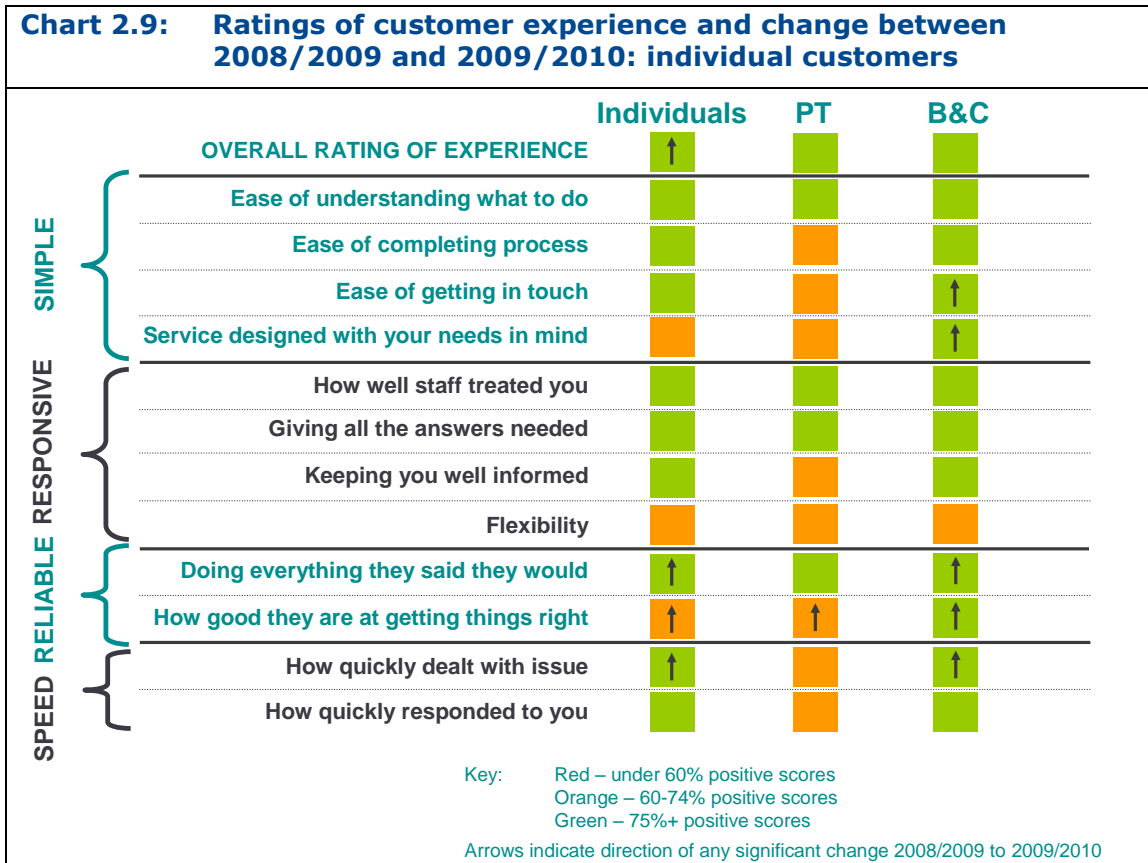
This chart shows clearly that SME businesses were most positive about HMRC across most dimensions of service, individuals were generally positive for most measures and that agents were least positive. More detail findings for the different dimensions are discussed in sections 2.5.1 to 2.5.4.

There has been some improvement in the overall rating of experience for individuals but not SME businesses nor agents.

In addition to being the least positive of the groups, agents also showed a decrease in ratings for measures under the themes of responsiveness and reliability.

Improvements for SME businesses are focused on simplicity and responsiveness, with the exception of being well treated by staff which has seen a decrease. However, flexibility, the dimension with the weakest SME rating, showed some improvement.

As well as improvement in the overall rating of experience for individuals, there have been improvements for both measures of reliability and for speed of dealing with an issue. The only areas with a relatively low rating and no improvement are providing a service with customer needs in mind and flexibility. Chart 2.9 shows that improvements in speed and, to an extent, reliability for individuals are concentrated on customers dealing with Benefits and Credits.



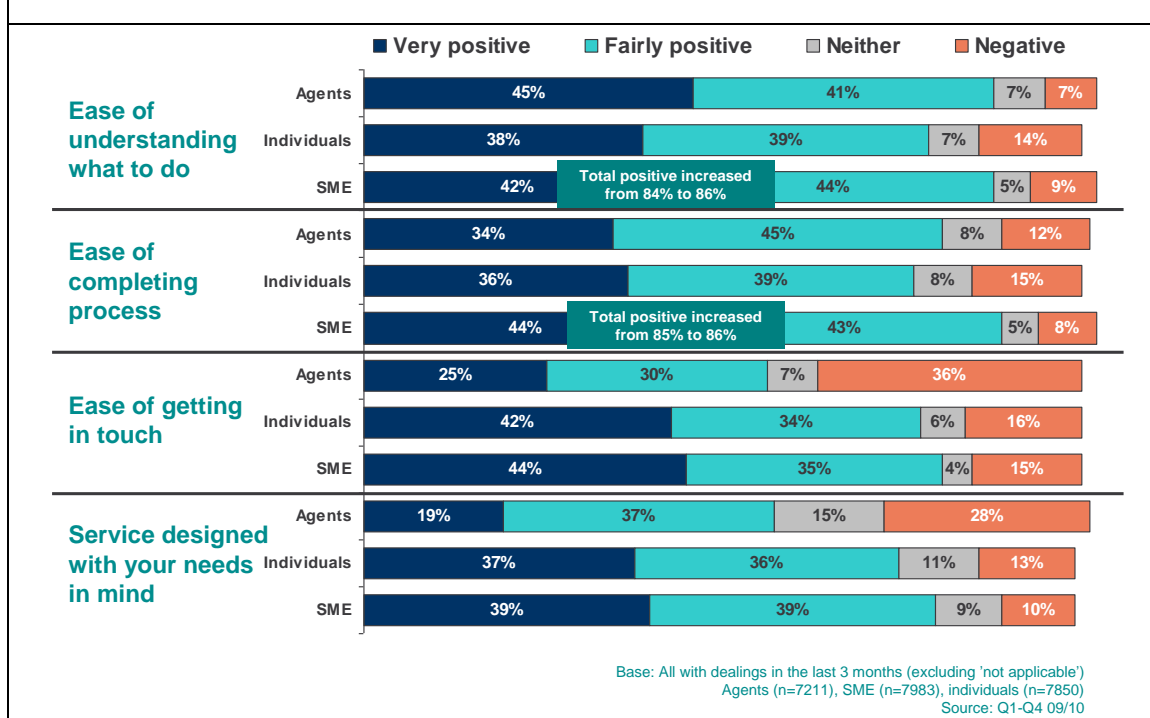
The chart shows clearly that ratings are generally higher for all dimensions for customers dealing with Benefits and Credits. Customers dealing with Benefits and Credits have also seen improvements in ratings for speed, reliability and simplicity. The only Personal Tax dimension that has seen an improvement was ‘How good they are at getting things right’.

### 2.5.1 Simplicity

Simplicity includes a number of measures designed to find out how easy HMRC makes the experience for their customers, in terms of understanding what to do, completing processes, and getting in touch, as well as feeling that the service was designed with the customer’s needs in mind.

For all of the simplicity measures SME businesses were most positive, followed closely by individuals for most measures, and agents least positive, but there were exceptions for ease of understanding and ease of completing the process (Chart 2.10).

**Chart 2.10: Ratings of simplicity 2009/2010**



At least three in four customers in all three customer groups felt that it was easy to understand what they needed to do, and that it was easy to complete the processes related to their dealings. Agents and SME businesses were slightly more likely than individuals to feel these things were easy, probably reflecting relative levels of familiarity with the processes. However, agents were less likely to agree that the processes were very easy to complete (34%) compared with SME businesses (44%). There were small increases in positive ratings for SME from 2008/2009: 86% felt it was easy to understand what to do, up from 84%, and 86% that it was easy to complete the processes, up from 85%.

In terms of other measures of simplicity, agents were considerably less positive than individuals and SME businesses. Only 55% of agents felt it was easy to get in touch with HMRC, and the same proportion thought the service was designed with their needs in mind, compared with around three in four individuals and SME businesses.

In 2009/2010 individuals who had dealt with HMRC about Benefits and Credits rated HMRC more highly in terms of simplicity than those dealing with Personal Taxes. There was an exception in 2008/2009; Benefit and Credit customers were no more likely to believe it was easy to get in touch with HMRC (72% positive) than customers dealing with Personal Taxes (75%). The reversal of this exception was driven by a small improvement among those who dealt with Child Tax Credit (79% up from 73%) and Working Tax Credit (79% up from 71%). There was a large difference in rating of HMRC for 'providing a service designed with your needs in mind' depending upon whether an individual dealt with Personal Taxes (69%) or Benefits and Credits (79%), with an increase for Child Tax Credit customers from 74% in 2008/2009 to 79% in 2009/2010. In 2008/2009 the ratings for simplicity dimensions for those dealing with Personal Taxes were lower for customers dealing with two taxes in particular: tax repayments and income tax paid through wages. For example, only two in three customers

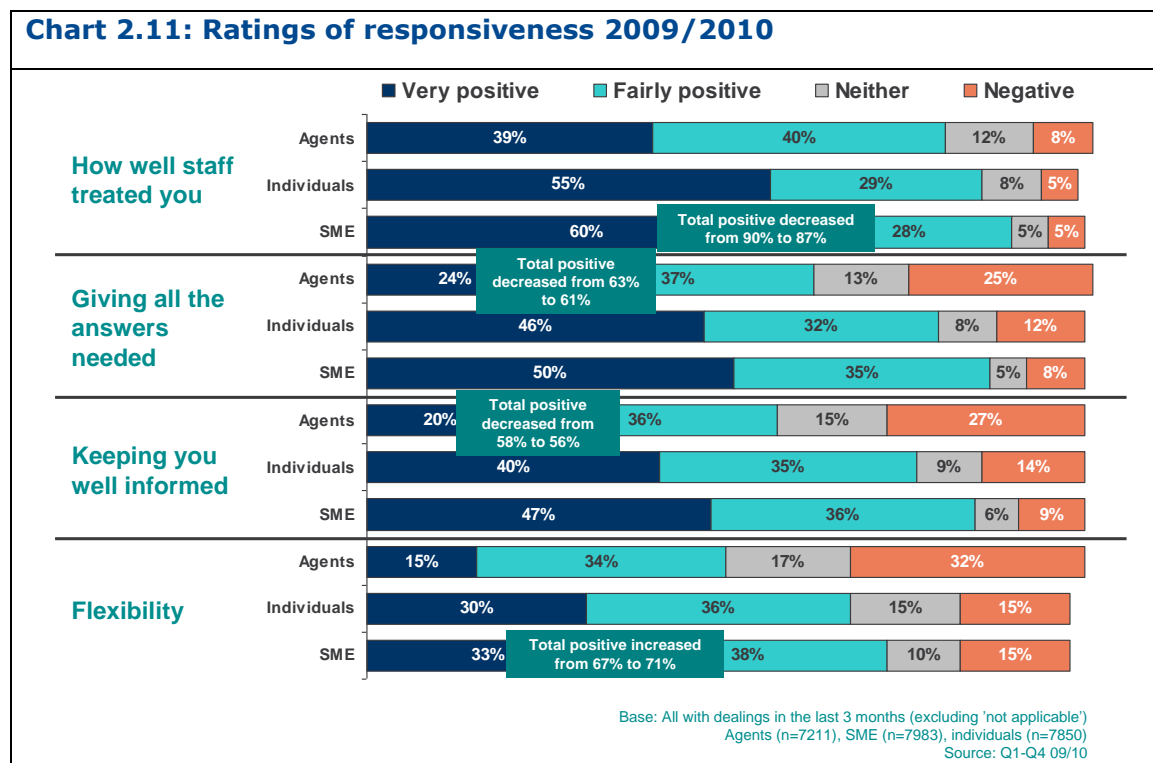
dealing with income tax paid through their wages (64%), and with tax repayments (67%) felt the service was designed with their needs in mind, compared with three in four customers dealing with other taxes and benefits. This difference was not as marked in 2009/2010.

There was less difference by tax for SME businesses, although those dealing with Self Assessment were generally slightly less likely to rate HMRC highly for simplicity. There were improvements from 2008/2009 in those who dealt with VAT for ease of understanding what to do (89%, up from 87% in 2008/2009) and ease of completing the process (91%, up from 88% in 2008/2009). These drove the overall increase in positive ratings for these measures for SME.

Agents dealing with VAT and Company Tax rated HMRC most highly on these measures. Agents dealing with Tax Credits were most likely to feel it was difficult to complete the processes (22%) and four in ten agents dealing with payroll (38%), Self Assessment for PAYE employees (40%) or Tax Credits (40%) felt it was difficult to get in touch.

### 2.5.2 Responsiveness

Customers were asked to rate the responsiveness of HMRC in terms of how well staff treated them, getting the answers they needed, being kept informed, and feeling HMRC were flexible.



Both SME businesses and individuals were highly likely to believe HMRC were good at giving all the answers that customers needed, and keeping customers well informed (three in four among individuals, eight in ten among SME). Agents were considerably less positive and also showed a small decline on both of these measures from 2008/2009: 61% thought HMRC good at giving the answers they needed, down from 63%, and 56% thought HMRC good at

keeping them well informed, down from 58%. These decreases were driven partially by decreases for customers dealing with Company Tax. One in four agents rated HMRC as poor on each measure.

All three groups thought that they were well treated by staff. SME businesses were most likely to give positive ratings to HMRC on this measure, although it has fallen in the past year (87%, a decrease from 90% in 2008/2009) driven by a fall in positive ratings from those with a general query. Around eight in ten individuals (84%) and agents (79%) also gave positive ratings for being well treated by staff in 2009/2010.

All three customer groups rated HMRC less strongly in terms of flexibility. Seven in ten SME businesses (71%, an increase from 67% in 2008/2009, driven by increases in SA for Self employed and VAT), and two in three individuals thought HMRC were flexible, but only half of agents. More than one in four agents thought HMRC was inflexible.

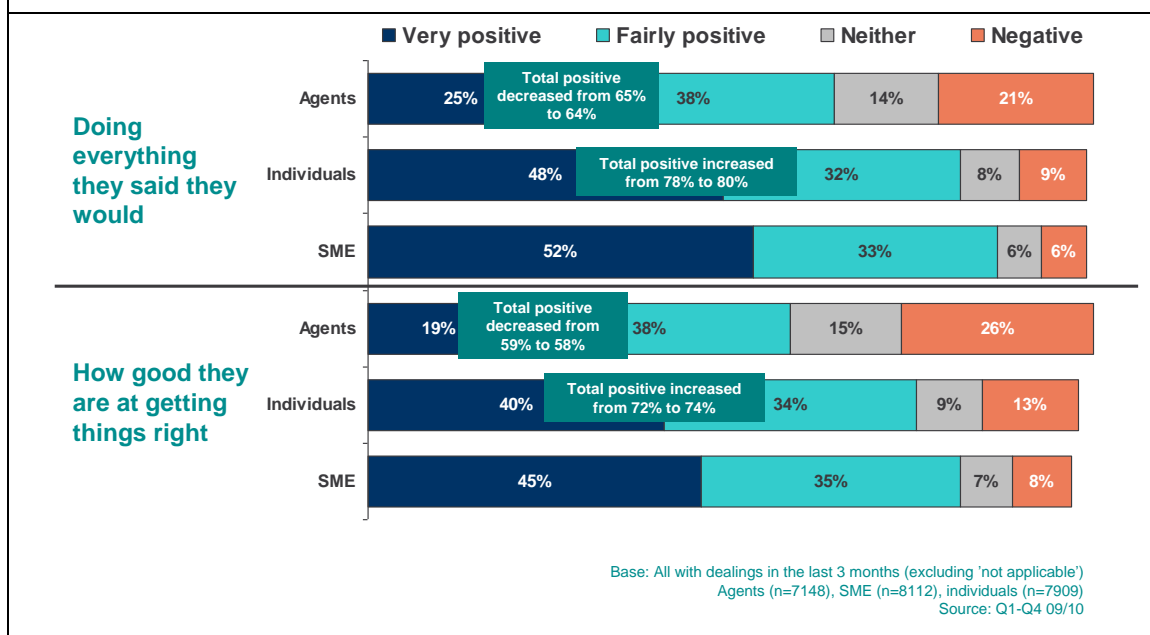
SME businesses rated HMRC responsiveness at a similar level whatever tax they were dealing with. Among agents, as for simplicity, those dealing with Tax Credits were consistently less positive on all measures of responsiveness. Agents dealing with Self Assessment were also slightly less positive on these measures. Agents dealing with Company Tax and VAT were again most positive, although agents dealing with Company Tax rated HMRC less positively than in 2008/2009.

Among individuals, customers dealing with Benefits and Credits were again more positive than those dealing with Personal Taxes. Those dealing with income tax through their wages or pension, and those dealing with tax repayments tended to be less positive. In particular, individuals dealing with tax repayments were less likely to have felt well informed (62%, compared with 75% for all individuals).

### **2.5.3 Reliability**

Ratings of reliability (whether HMRC did all they said they would, and whether HMRC get things right) followed a similar pattern, with SME businesses most positive, and agents again least positive (Chart 2.12).

**Chart 2.12: Ratings of reliability 2009/2010**



Eight in ten SME businesses believed that HMRC are good at getting things right and doing everything they say they would. Individuals were only marginally less positive and showed improvement in both measures from 2008/2009: 80% thought HMRC good at doing everything they said they would, up from 78% and 74% thought HMRC good at getting things right, up from 72%. Only six in ten agents thought HMRC good at getting things right (58%), and 64% that HMRC was good at doing everything they say they would. These both showed a decrease of one percentage point from 2008/2009. A fifth to a quarter of agents disagreed with each statement.

Among agents, those dealing with Tax Credits were again least positive, with 34% saying HMRC were poor at getting things right. Ratings among SME businesses did not vary greatly according to the tax dealt with.

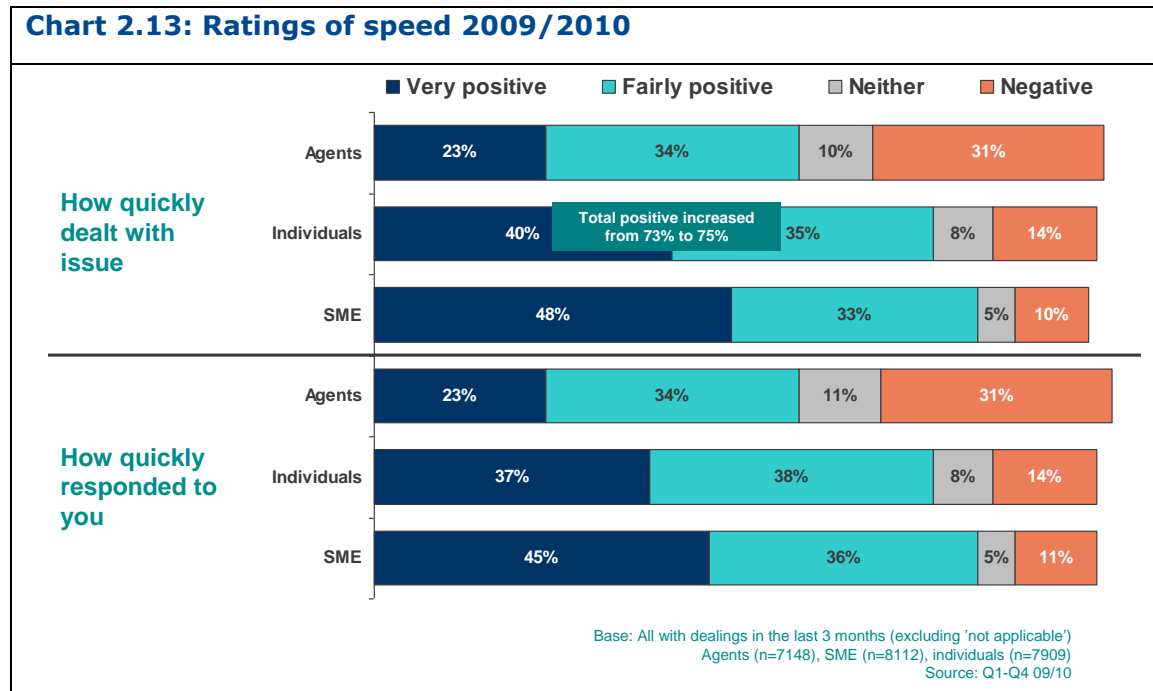
Among individuals, as for other measures, customers dealing with Benefits and Credits were slightly more positive than those dealing with Personal Taxes. Rating of reliability increased in 2009/2010 for both measures for Benefits and Credits customers. Customers dealing with Child Benefit were most positive. They were more likely to believe HMRC gets things right (83%), than customers dealing with Tax Repayments (66%) or tax through their pension (67%), with similar differences in belief that HMRC does everything they say they would.

The increased belief among individuals that HMRC is good at getting things right was driven by Self Assessment customers (77% up from 72%) and Working Tax Credit customers (77% up from 71%). Customers dealing with income tax through their wages were also slightly more likely to believe that HMRC is good at doing everything it says it will (77% up from 71%).



### 2.5.4 Speed

Ratings of speed of response, and speed of dealing with customer issues also followed a similar pattern, with SME businesses most positive, and agents again least positive (Chart 2.13).



The majority of all customers thought HMRC dealt quickly with their issue and responded quickly: eight in ten SME businesses, three in four individuals and six in ten agents. Agents were considerably less likely to choose the most positive rating, and three in ten responded negatively on each measure.

Among agents, those dealing with Tax Credits were (as for other measures) least positive, with 45% saying HMRC was slow to respond. Ratings among SME business did not vary greatly according to the tax dealt with.

Individuals dealing with Personal Taxes were less likely give a positive rating on both measures than those who dealt with Benefits and Credits, with customers dealing with income tax through their wages (67%) and tax repayments (64%) less likely to believe HMRC dealt with their issue quickly compared with all individuals (75%). There was a small increase from 2008/2009 to 2009/2010 for Benefits and Credits customers in the belief that HMRC dealt with their issue quickly (79% up from 78%), driving an overall increase from 73% to 75% for all individuals.

## 3. Reputation

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### 3.1 Reputation overview

Every second quarter a module is included in the customer survey to measure HMRC's reputation. These questions were developed in 2007, to evaluate the performance of HMRC's ambition and values among the whole population. Measurement was integrated within the Customer Survey from 2008.

Questions about reputation were asked of all customers and not just those who had dealt with HMRC in the previous three months. This means that questions about reputation are not linked to any specific dealings but to customers' general perceptions.

To measure reputation, customers give an overall rating of favourability towards HMRC (familiarity and frequency of dealings are measured to provide further context), and then answer questions related to four areas:

- Trust
- Customer Focus
- Compliance
- Support

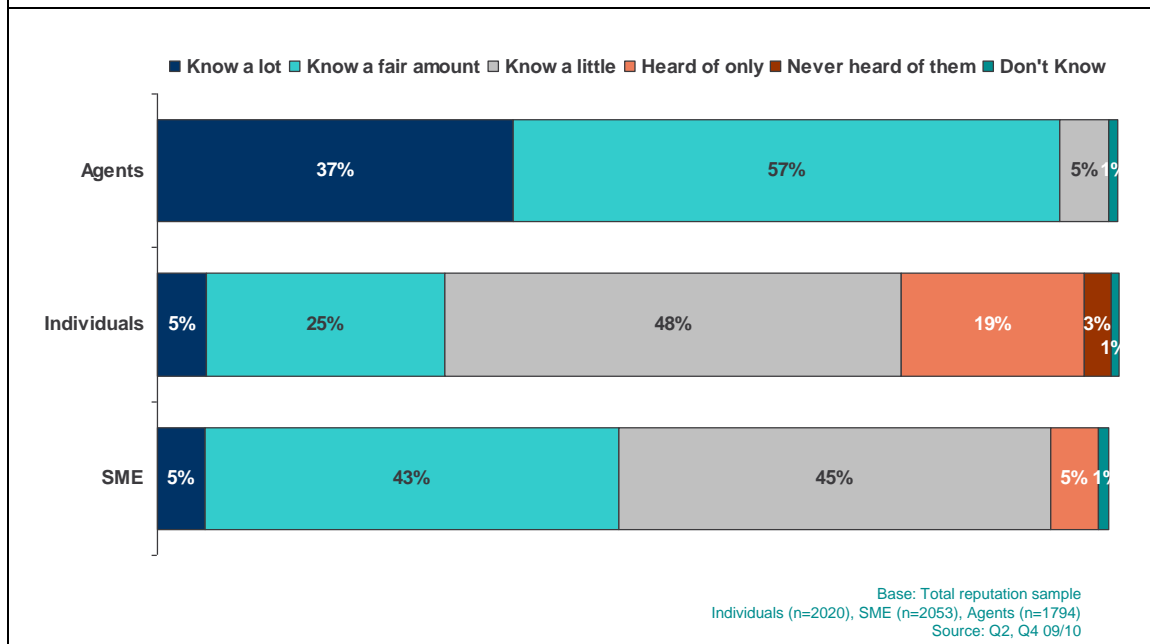
As for the section on the customer experience, this chapter focuses on the findings of the second full year of the Customer Survey, and draws on any significant changes from 2008/2009.

The majority of questions in the reputation section were asked of all groups, with only a few exceptions. This chapter will focus primarily on comparisons of responses to questions asked to all customers.

### 3.2 Familiarity

It is important to establish familiarity (alongside frequency of dealing with HMRC) to help determine the extent to which opinions of HMRC are likely to be based on experience or other influences. The level of familiarity with HMRC varied by customer group (Chart 3.1). There was no change from 2008/2009 to 2009/2010 so only the latest year's figures are shown.

**Chart 3.1: Familiarity with HMRC 2009/2010**



More than nine in ten (94%) agents knew at least a fair amount about HMRC, but this was lower at half of SME businesses, and three in ten individuals (Chart 3.1). That agents have the most knowledge of HMRC (37% said they knew a lot) is not surprising, since their job requires a high level of interaction with HMRC.

SME businesses reported a more moderate level of familiarity with HMRC, and although the vast majority knew at least a little (93%), only five percent of SME businesses felt they knew a lot about HMRC.

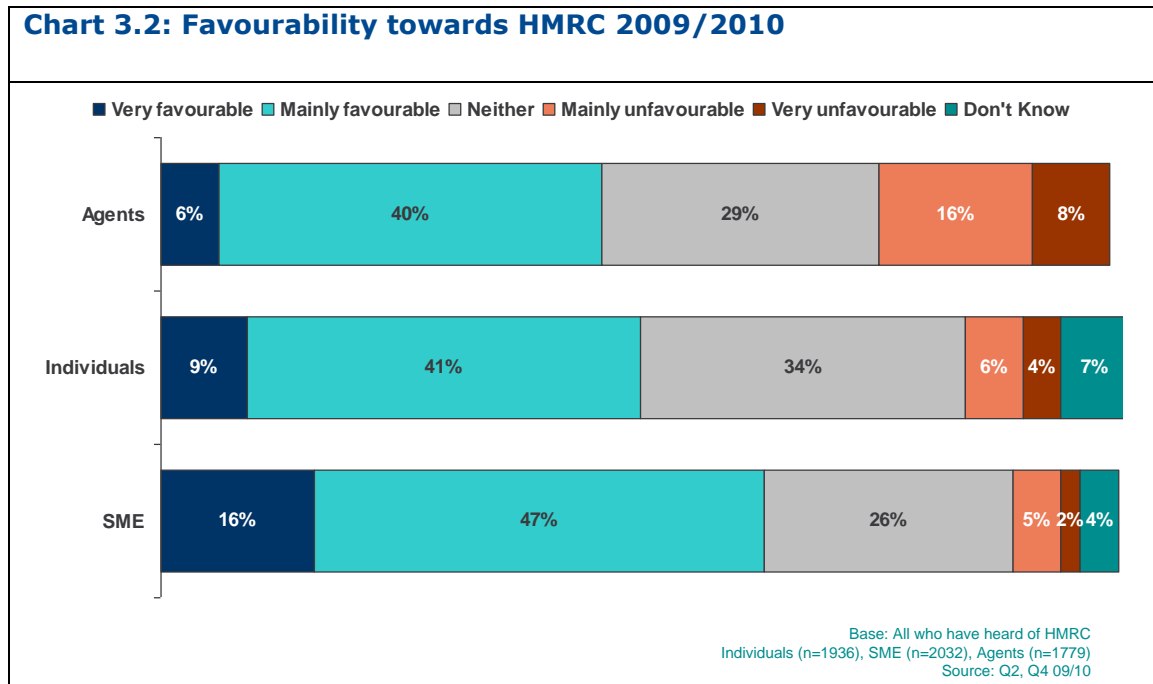
Individual customers were least familiar with HMRC. Three in ten knew at least a fair amount, and one in four knew nothing beyond the name 'HMRC'. This lack of familiarity suggests that for a large proportion of individual customers, HMRC's reputation is judged on other influences, rather than personal experience.

These relative levels of familiarity correspond with the level of recent dealings reported in section 2.2, whereby only one in three individuals had dealt with HMRC in the previous three months, rising to three in four SME businesses and almost all agents.

Generally, across all three groups, familiarity with HMRC increases with frequency of dealings. This is most pronounced for agents. Half of agents who deal with HMRC on a daily basis know a lot about HMRC, falling to 20% of agents who deal with HMRC on a less than weekly basis.

### 3.3 Favourability

Looking at those who had heard of HMRC, all three groups were considerably more likely to have a favourable impression of HMRC than unfavourable. Showing the same pattern as ratings of customer experience, SME businesses were most favourable and agents were least favourable, with individuals in between (Chart 3.2). Again, a lack of change over time means the data is shown only for 2009/2010

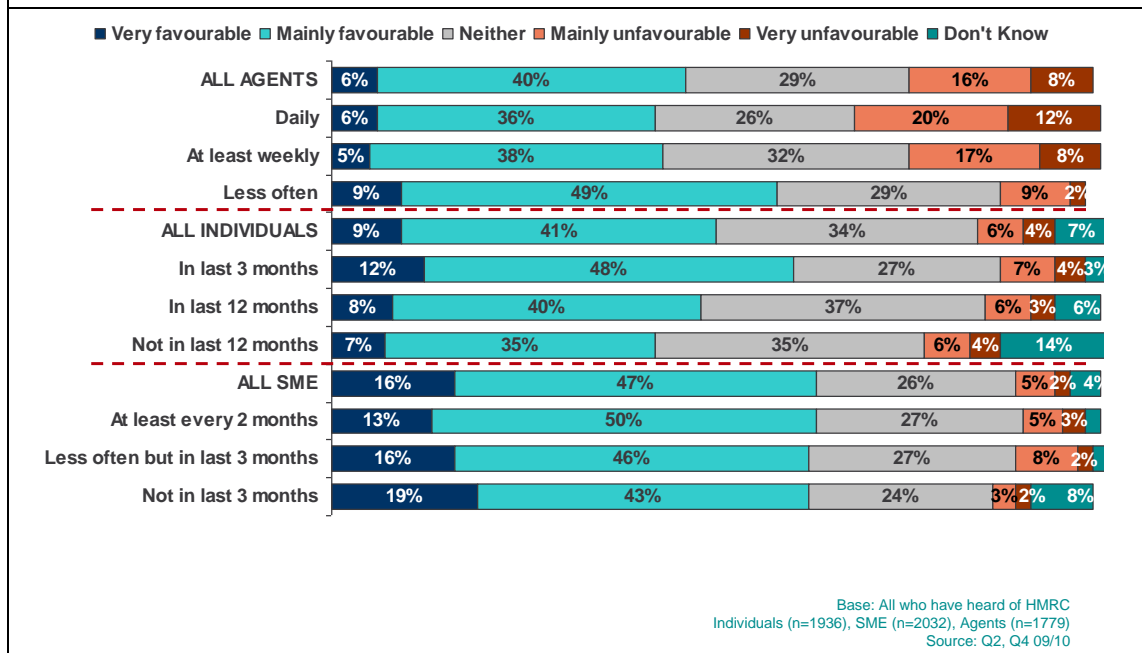


Two-thirds of SME businesses (63%) had a favourable opinion of HMRC, far outweighing the seven percent who were unfavourable. Whilst half of individuals (50%) and agents (46%) were favourable towards HMRC, agents were far more likely to hold an unfavourable opinion (24%) compared with ten per cent of individuals. There was no significant change from 2008/2009.

Whilst favourable opinions outweighed the unfavourable for all groups, there was a significant minority in each group who felt neither favourable nor unfavourable (three in ten agents, one in four SME businesses, and one in three individuals).

Favourability is strongly linked to frequency/recency of dealing with HMRC for all three groups (Chart 3.3).

**Chart 3.3: Favourability by frequency of dealings 2009/2010**



Since the three customer groups had very different patterns of frequency of dealing, different frequency categories are used for each in Chart 3.3, breaking down dealings into three levels from most frequent/recent through to least frequent/recent.

The more frequently an agent dealt with HMRC, the less likely they were to be favourable (Chart 3.3). Whilst six in ten agents who deal with HMRC less often than weekly were favourable, this fell to four in ten of those who deal with HMRC daily. In contrast, among individuals, those with more frequent dealings tended to be most favourable, with little variation for SME businesses.

### 3.4 Measures of reputation

The customer survey looks at several additional measures which may well influence the overall reputation of HMRC. These can be split into four key areas:

Area	Measure
<b>Trust</b>	I trust HMRC to be fair HMRC do a difficult job well HMRC trust customers to be honest HMRC explain clearly allowances/tax relief entitled to HMRC are honest and have integrity
<b>Customer focus</b>	HMRC understand my needs HMRC are customer focused HMRC are helpful
<b>Compliance</b>	It is hard to get away with paying less than you owe It is hard to claim more than you are entitled to HMRC deals firmly with anyone avoiding responsibilities
<b>Support</b>	HMRC make it easy for customers to pay what they owe HMRC make it easy for customers to receive their entitlements HMRC protects my information HMRC are effective at communicating with customers

The next section of this chapter explores the results from the second full year of the survey on these measures. There are few changes from 2008/2009 to 2009/2010 but any significant changes are noted.

Different answer lists were used for different questions. Most used a five point word scale (e.g., very good, fairly good, neutral, fairly poor, very poor). Others used a scale of 1 to 10 (1 is most negative, 10 is most positive). To aid comparison of different measures where questions are compared, each will be presented using the following scale:

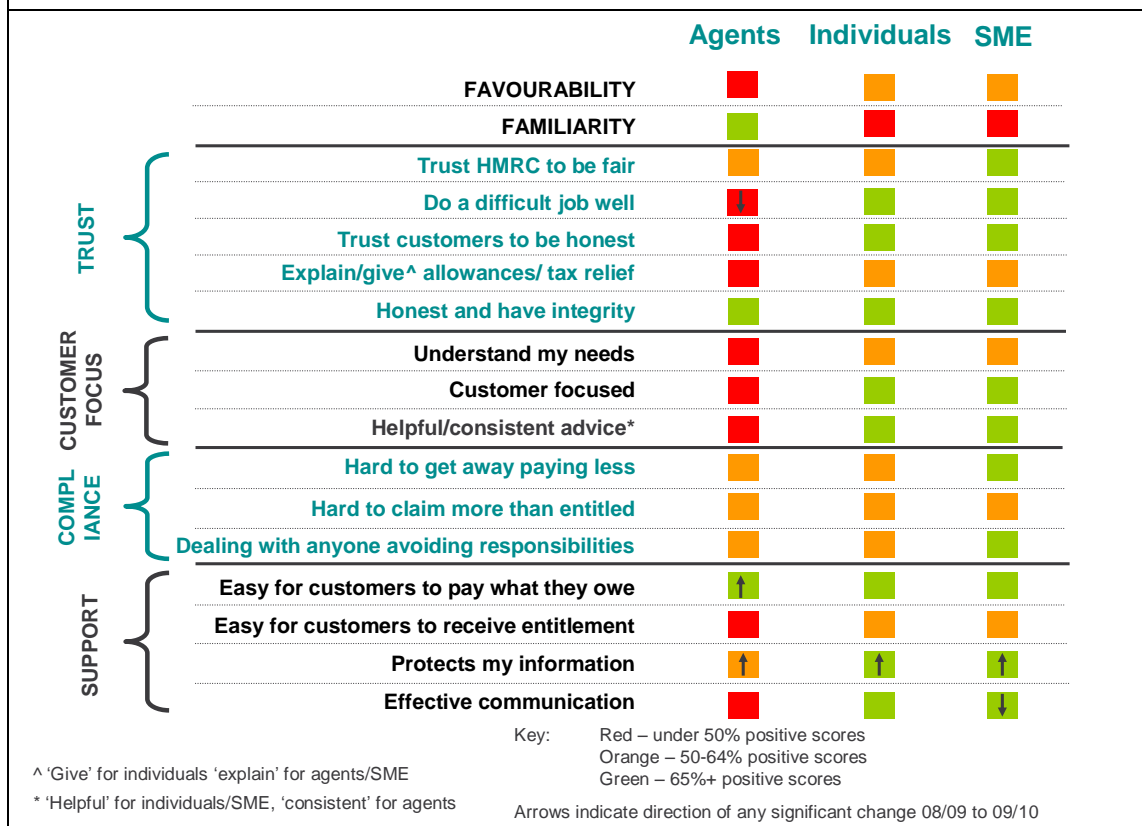
- Very positive (top of 5 point scale, 9-10 on numerical scale)
- Fairly positive (second of 5 point scale, 7-8 on numerical scale)
- Neither (mid point of 5 point scale, 5-6 on numerical scale)
- Negative (fourth and fifth of 5 point scale, 1-4 on numerical scale)

Where figures do not add up to 100%, the remainder of answers were 'don't know' responses.

### 3.5 Relative ratings of reputation and changes over time

Chart 3.4 gives an overview of the relative ratings of the different reputation measures and changes from 2008/2009 to 2009/2010. The colour coding shows relative levels of positive scores (very or fairly good etc) across the three customer groups. The arrows show where there has been a significant change in performance from 2008/2009 to 2009/2010.

**Chart 3.4: Ratings of reputation measures and change between 2008/2009 and 2009/2010**



The chart shows clearly that whilst agents were most familiar with HMRC, they were least favourable. SME businesses and individuals were less familiar with HMRC but slightly more favourable. There was no change on these measures from 2008/2009.

SME businesses were more favourable towards HMRC in each of the four reputation areas measured, with positive scores of above 65% on most measures. SME ratings for support changed significantly from 2008/2009. Trust in HMRC to protect their information significantly improved from 2008/2009 but, over the same period, SME businesses' rating of the effectiveness of HMRC's communication decreased.

Individuals mirrored SME levels of favourability overall, but were less favourable in terms of compliance. There was no improvement from the second year in this measure, but, like SME businesses, there was an increased belief that HMRC protects their information.

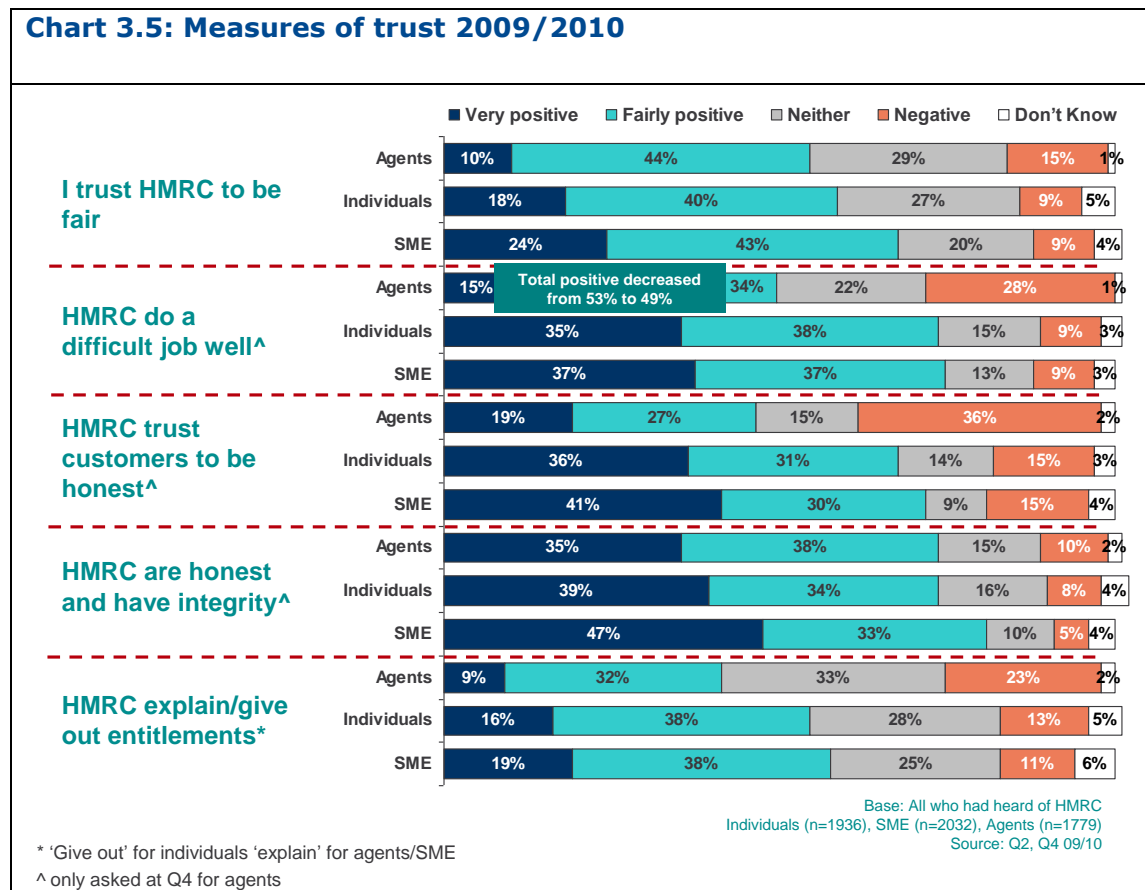
Agents were noticeably less favourable than individuals and SME businesses, especially on measures of trust and customer focus. There were no improvements for these two measures from 2008/2009, and trusting HMRC to do a difficult job well decreased. Nevertheless, there was improvement in two support measures. Ratings for both the belief that HMRC makes it easy for customers to pay what they owe and that HMRC protects their information, increased significantly from 2008/2009 to 2009/2010.

These measures are discussed in more detail in the following four sections of this chapter.

### 3.5.1 Trust

The pattern for trusting HMRC to be fair is similar to that for favourability, and there has been virtually no significant change from 2008/2009. SME businesses are most likely to trust HMRC to be fair, and agents least likely (Chart 3.5). Seven in ten (67%) SME businesses gave HMRC a positive rating, compared with six in ten individuals (58%) and slightly more than half of agents (54%). Agents were less likely to give a very positive rating (10%) than SME businesses (24%) or individuals (18%).

In fact, SME businesses were most positive, individuals were just slightly less positive and agents were least positive for all trust measures (Chart 3.4), although a high proportion of *all* three groups agreed that Revenue and Customs are honest and have integrity (80% SME businesses, 73% agents and 73% individuals).



About seven in ten SME and individuals customers agreed that Revenue and Customs do a difficult job well (74% SME businesses and 73% individuals) and a similar proportion agreed that Revenue and Customs trust customers to be honest (71% SME businesses, and 67% individuals).

Agents had lower level of trust on these two measures. Just over a quarter of agents (28%) disagreed that HMRC do a difficult job well and just over one in three agents (36%) did not think HMRC trust customers to be honest. Only around half of agents agreed that each was

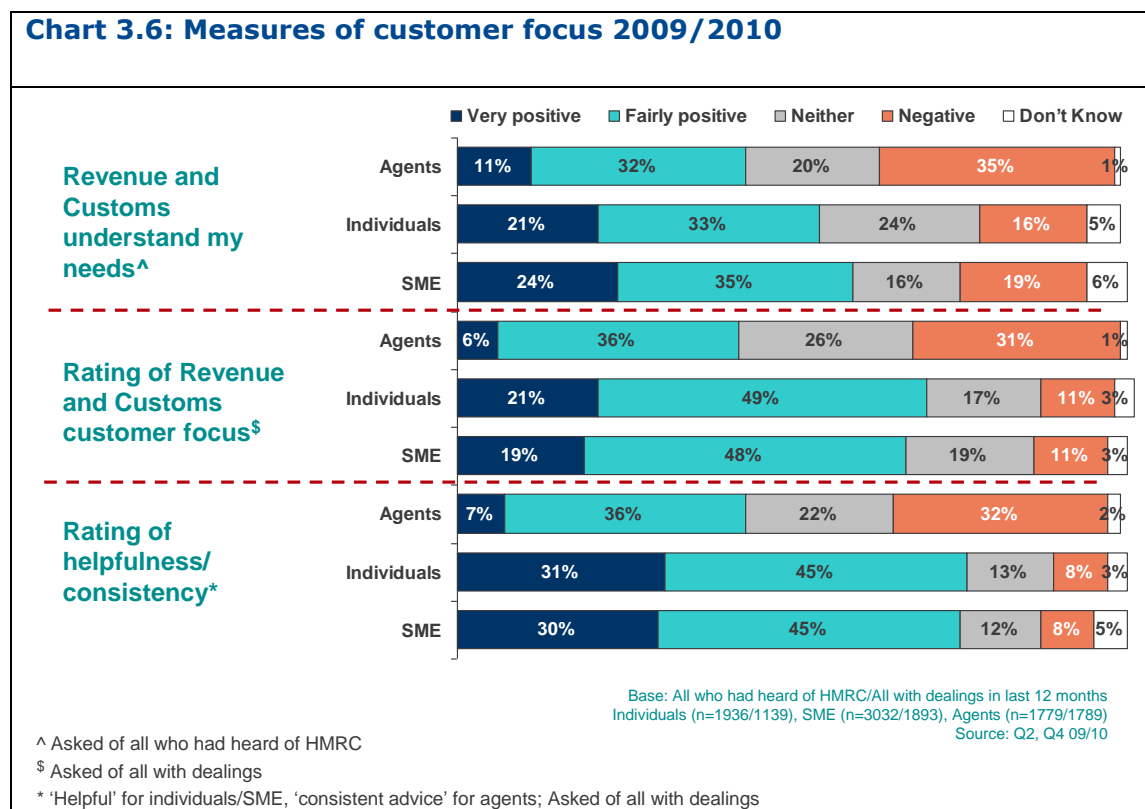


true. In the only significant change relating to trust, agents have become slightly less likely to believe HMRC do a difficult job well (49% positive, down from 53% in 2008/2009).

In addition, individuals were asked to what extent they trusted HMRC to give out the Benefits and Credits customers are entitled to. Just over half (54%) rated HMRC positively. SME businesses and agents were instead asked how much they trust HMRC to explain clearly what allowances and tax reliefs customers are entitled to. Whilst six in ten SME businesses (57%) gave a positive rating, this was lower at 41% of agents, reflecting the same pattern as other trust measures.

### 3.5.2 Customer focus

Customer focus is likely to be a key driver of customer satisfaction with HMRC. If an individual, agent or business deals with an organisation and feels that they do not experience good customer service and are not valued, then their overall opinion of HMRC will be affected. As for trust, SME businesses and individuals were more positive than agents on the customer focus measures (Chart 3.6). There were no changes from 2008/2009 to 2009/2010 on any of these measures.

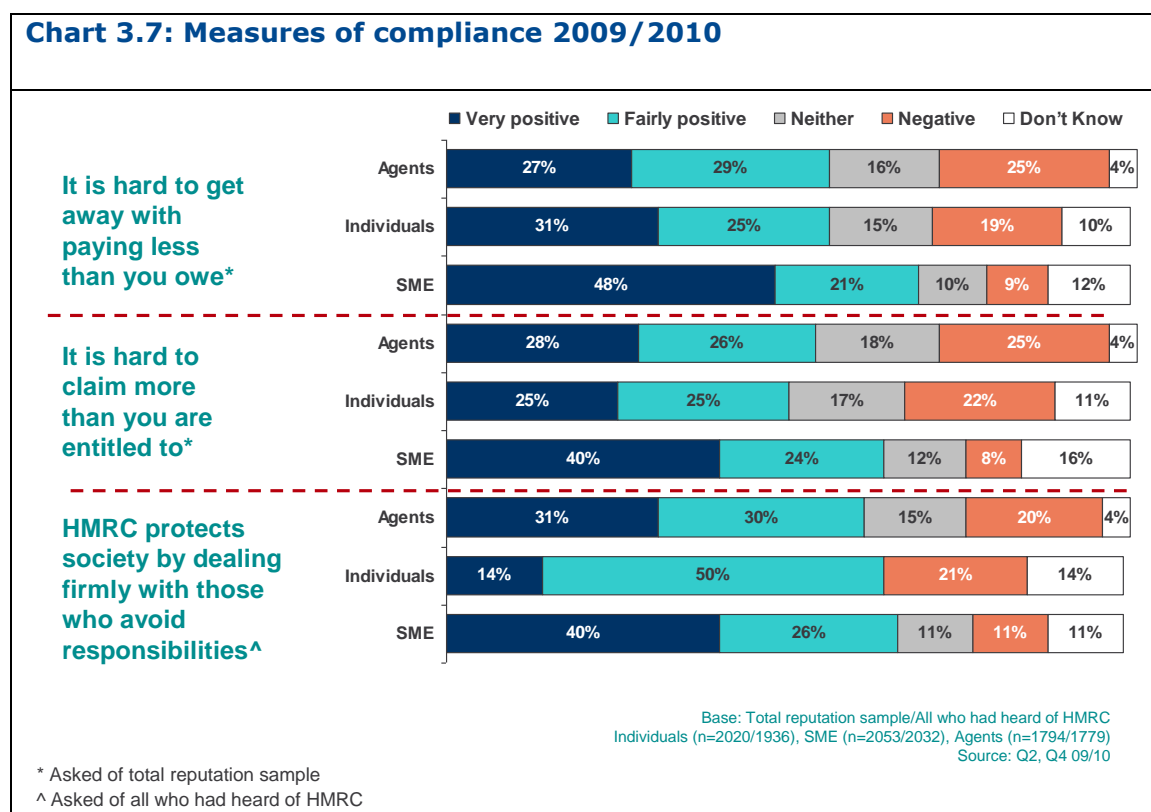


The lowest rating of customer focus for SME businesses and individuals concerned agreement that Revenue and Customs understand their needs. Six in ten SME businesses (59%) and just over half (54%) of individuals gave a positive rating. This was lower at 43% of agents, the group who have the most dealings with HMRC. More than a third (35%) of agents disagreed that HMRC understands their needs

Seven in ten SME businesses (67%) and individuals (70%) rated HMRC positively for being customer focused. Just over four in ten agents (42%) gave a positive rating for this (compared with 31% who gave a negative rating). Three in four SME businesses and individuals agreed that HMRC was helpful, and 43% of agents felt HMRC gave consistent advice.

### 3.5.3 Compliance

The pattern regarding HMRC’s role in ensuring that customers are compliant is not as clear as for other measures of reputation. SME businesses were the most positive group for all measures of compliance. Whilst agents were less positive than SME businesses, they gave more positive ratings regarding compliance than for other measures of reputation, whereas individuals were less positive where compliance is concerned, being fairly similar to agents on these measures (Chart 3.7).



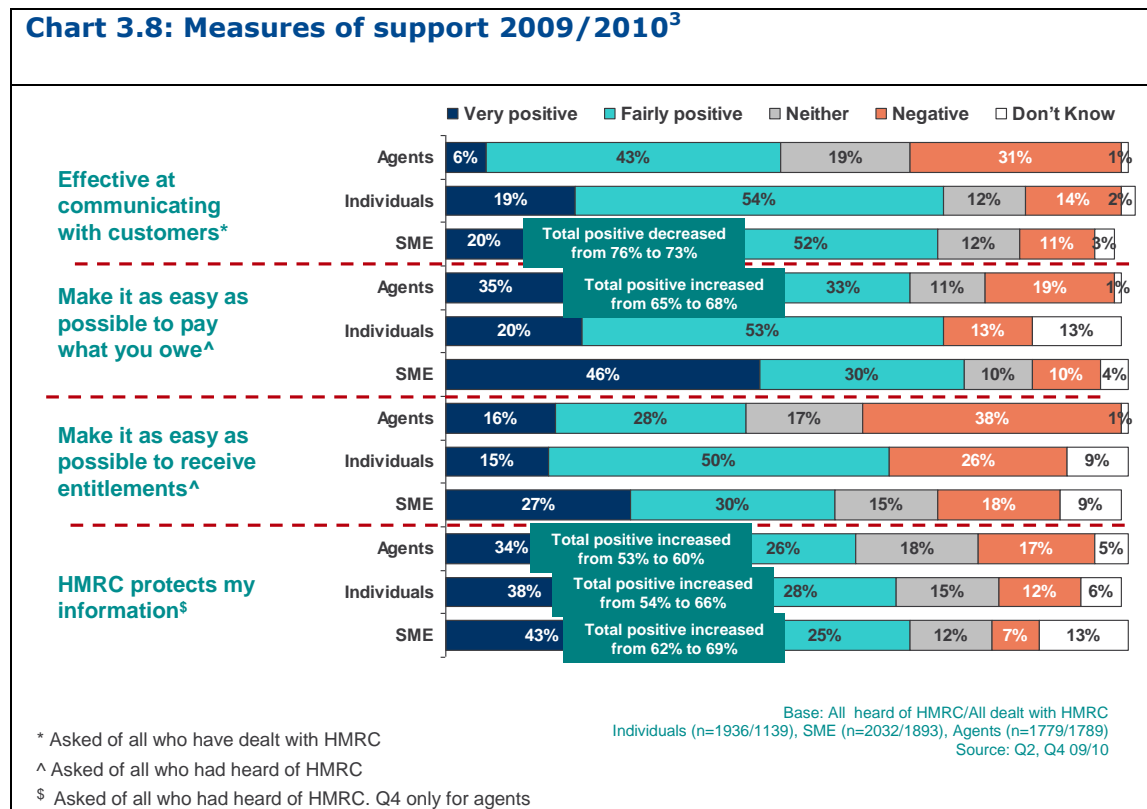
Around two in three SME businesses rated HMRC positively on each of the three measures of compliance.

Individuals gave a more mixed response. Whilst nearly two in three (64%) felt HMRC protected society by dealing firmly with those intentionally avoiding their responsibilities, only half felt it was hard for customers to claim more than they are entitled to and 56% that it was hard for customers to get away with paying less than they owe. Even for the most positively rated measure (protecting society) the level of agreement among individuals was relatively weak (only 14% agreed strongly that HMRC protects society in this way).

In contrast with other measures of reputation, more than half of agents gave positive ratings for all measures of compliance. While still falling short of a highly positive endorsement, HMRC is rated higher by agents on compliance relative to other measures, and is closer to the ratings that the other groups provided for compliance.

### 3.5.4 Support

There were mixed ratings of the support that HMRC provides its customers for all three groups (Chart 3.8).



Nearly three quarters of SME businesses (72%) and individuals (73%) gave HMRC a positive rating for the effectiveness of their communications. Only half of agents (49%), who have the most dealings with HMRC, gave a positive rating with three in ten (31%) giving a negative response. There was, however, a slight fall for SME from 76% in 2008/2009.

High proportions in all three customer groups agreed that HMRC made it easy to pay what is owed. SME businesses were most likely to agree, with individuals and agents also providing a highly positive response (76% SME businesses, 73% individuals and 68% agents). For agents there was a small increase from 65% in 2008/2009.

<sup>3</sup> Individuals were not offered a neutral answer option for making it easy to pay what you owe, and making it easy to receive entitlements.

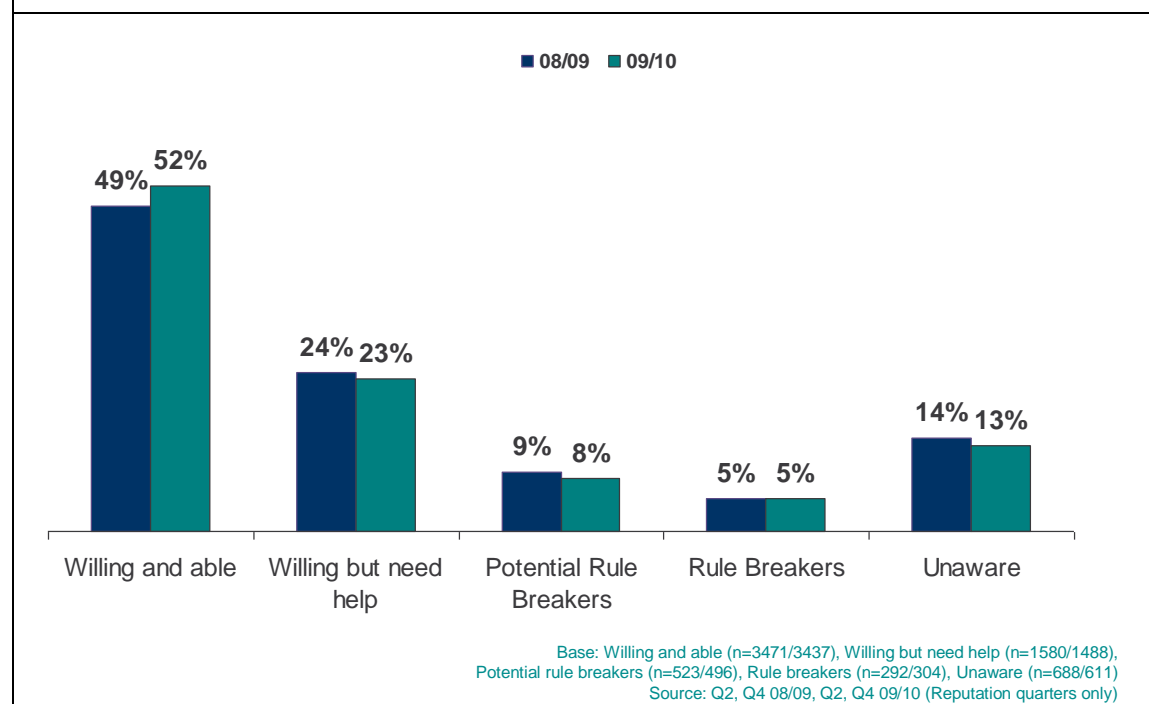
Individuals were the most likely to agree that HMRC make it as easy as possible for customers to receive their entitlements (65%). This may be related to individuals being eligible for a higher number of Benefits and Credits compared with businesses. SME businesses were also fairly positive (57%) but only 44% of agents agreed that HMRC made it easy as possible to receive entitlements. Almost four in ten agents (38%) gave a negative response.

There was some improvement for all three groups in the belief that HMRC protected their information from 2008/2009 to 2009/2010. Agents remained at the lowest level, with an increase from 53% to 60%, for individuals, positive ratings rose from 54% to 66% and for SME there was a rise from 62% to 69%, again making them most positive.

## 4. Segmentation

HMRC has developed an attitudinal segmentation of its individuals customers, based on four dimensions: awareness of requirement to comply, motivation to comply, ability to comply, and opportunity not to comply<sup>4</sup>. Individuals can be broken down by these segments, derived from a set of questions within the survey (Chart 4.1).

**Chart 4.1: Individuals Segment Size over time: 2008/2009 and 2009/2010**



In 2009/2010 half of individuals fitted in to the 'willing and able' segment (52%). Around a quarter were 'willing but need help' (23%) and one in ten were considered as 'potential rule breakers' or 'unaware' (8% and 13% respectively). Only five per cent were 'rule breakers'.

Segment sizes have tended to remain stable over the two years, although there was a small increase in those 'willing and able' from 49% in 2008/2009 to 52% in 2009/2010.

<sup>4</sup> For further information, see HMRC Research Report 92, <http://www.hmrc.gov.uk/research/individuals-prioritisation-publication.pdf>

## 5. Conclusions

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### **The customer experience**

In both 2008/2009 and 2009/2010, for all customers with dealings with HMRC in the previous three months, ratings of the experience were very positive. Ratings were strongest for SME businesses, with individuals fairly close behind, but less positive for Agents who had most dealings with HMRC. Levels of dealings did, however, vary by customer group: a third of individuals, three quarters of SME businesses and almost all agents had had some dealings with HMRC in the previous three months.

For SME businesses, ratings of customer experience were high across the board, across most dimensions of service, and across all taxes and duties. HMRC were rated as positive by around eight in ten or more SME customers for all dimensions, except for flexibility where seven in ten gave a positive rating (up slightly on 2008/2009). There were also small improvements in ratings of simplicity, although there was a slightly decreased belief that staff treat customers well.

Around three in four individuals rated HMRC positively for all dimensions, other than flexibility where two in three gave a positive rating. Ratings were particularly strong for being well treated by staff, and HMRC doing what they said they would (eight in ten or more were positive). Customers dealing with Benefits and Credits were more positive about the service than those dealing with Personal Tax issues. In 2008/2009 the only issue not rated more highly by Benefit and Credit customers was the ease of getting in touch with HMRC, but an improvement for Benefit and Credit customers in 2009/2010 meant they were more positive on all twelve dimensions. Ratings for customers dealing with Personal Taxes were lower for customers dealing with income tax paid through wages, and customers dealing with tax repayments. The higher scores for customers dealing with Benefits and Credits were most notable among customers dealing with Child Benefit. There were improvements in ratings of simplicity, reliability and speed for individuals, mainly driven by improvements among customers dealing with Benefits and Credits, who also showed improvements in measures of simplicity.

Agents rated HMRC least well out of all three customer groups. Positive ratings were considerably lower in all dimensions of experience (around five to six in ten), with the exception of ease of understanding what to do, ease of completing the processes and being well treated by staff (eight in ten or above). Agents dealing with VAT and Company Tax gave higher ratings across most dimensions, but agents dealing with Tax Credits (and to some extent those dealing with Self Assessment) gave lower ratings of service. There were no improvements from 2008/2009 for Agents, but a number of small drops in positive ratings for responsiveness and reliability, driven by drops for Company Tax customers.

## HMRC's reputation

There was very little change from 2008/2009 to 2009/2010 in terms of reputation. Individuals were least familiar with HMRC, with SME businesses more familiar, and almost all agents knowing at least a fair amount about HMRC. This corresponds closely to the levels of dealings these customers have with HMRC.

Two in three SME businesses and half of individuals held favourable opinions of HMRC, with only around one in ten unfavourable. For individual customers the level of favourability towards HMRC rose with increased frequency of contact. Agents had a less favourable impression of HMRC, with one in four unfavourable and, in contrast to other customers, agents were less favourable the more dealings they had with HMRC.

Of all customer groups, SME businesses rated HMRC most positively in terms of overall favourability and on all dimensions of reputation (trust, customer focus, compliance and in the support HMRC provides its customers). There was little change from 2008/2009 other than a small increase in the belief that HMRC protects customer information, and a slight decrease in the belief that HMRC are good at communication.

Whilst individuals were less likely than SME to hold a favourable opinion of HMRC, this was largely the result of lower levels of familiarity, and few were unfavourable. Ratings of trust, customer focus and support were similar to those given by SME, but ratings of the role HMRC plays in compliance were less positive. The only change was an increase in the belief that HMRC protects customer information.

Agents, who had the highest level of dealings, rated HMRC least well out of all three customer groups. Ratings were considerably less positive on all measures of reputation. Agents gave slightly more positive ratings in terms of trusting HMRC to be honest and fair, to protect customer information, and to enforce compliance. The area of reputation that fared least well was customer focus, with less than half of agents giving positive ratings. There was increased belief that HMRC protects customer information, and that HMRC makes it easy for customers to pay what they owe, but a slight drop in trusting HMRC to do a difficult job well.

## 6. Appendix: Further Details of Method

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Details of the survey method are included below.

### 6.1 Data collection method

Three key groups of customers are included in the survey: individuals, SME businesses and financial agents. The same data collection method is used for all three: Computer Assisted Telephone Interviewing. This offers advantages over a paper based approach of data quality, and efficiency of fieldwork and data entry. The fieldwork is set up as one survey for each customer group.

### 6.2 Sampling method

Respondents for the survey are selected using Random Probability sampling. This is the most robust sampling method available and statistical techniques can be used on the results to provide confidence about the true level of change over time.

Sample for individuals is selected using Equal Probability of Selection (EPSEM) Random Digit Dialling (RDD). This means telephone numbers were selected at random from Ofcom's database containing all UK landline number blocks allocated for residential use. The vast majority of numbers within these blocks have not yet been allocated but HMRC opted for this method as it ensures 100% coverage of all telephone numbers. All numbers are phoned, and screened to identify residential households. When a household includes more than one eligible respondent, one adult is selected at random to take part in the survey.

SME and agent samples are selected from the Inter Departmental Business Register (IDBR). This contains all businesses that are either VAT registered or have a PAYE system in place. The local business unit was selected as the sample unit as dealings with HMRC can be carried out at all levels within the business. There are some businesses that are not listed on IDBR, mainly self-employed individuals. HMRC's Self Assessment database is, therefore, used to supplement the IDBR SME business sample.

Whilst all agent businesses listed in the IDBR are sampled over the space of a year, a sample of SME businesses is selected at random. This over-represents larger businesses (defined by number of employees on site) and under-represents smaller business units, in order to allow analysis of the larger units.

In SME and agent businesses interviewers were asked to identify the most senior person responsible for dealing with HMRC for the interview. They were allowed to accept deputies if there was no chance of speaking to the first choice contact.



### 6.3 Survey timing

Fieldwork for all three customer groups is carried out quarterly, completed in February/March, May/June, August/September and November/December each year. This allows any differences resulting from seasonality to be accounted for, by comparing quarters at the same time of year, or comparing data for full years.

### 6.4 Survey structure and size

Module	Frequency	Numbers of interviews		
		Individuals	SME	Agents
Customer experience	Quarterly	2000	2000	1750
<b>Eligibility: all with dealings in last 3 months</b>	<b>Quarterly</b>	<b>2000</b>	<b>2000</b>	<b>1750</b>
Reputation (1 in n of all)		c.33%	c.75%	c.99%
Segmentation boost (1 in n of all with no dealings)	Six monthly	1000	1000	900
Total interviews in reputation quarters:	Six monthly	500	-	-
<b>Total interviews per year</b>		<b>3,250</b>	<b>2,250</b>	<b>1,760</b>

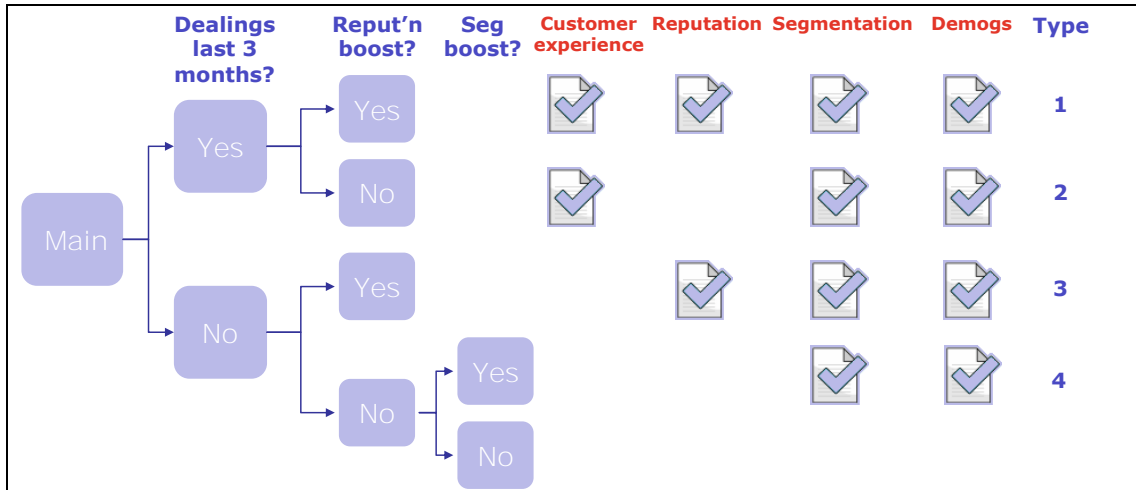
The survey is modular in nature. Every quarter all customers in the sample are contacted to identify those who have had any dealing with HMRC in the previous three months. These customers are then interviewed about their experience. This equates to around a third of individuals, three in four businesses and almost all agents.

Every second quarter, a random sample of customers (with and without dealings in the previous three months) is selected to answer questions about HMRC's reputation. This includes some customers who are being asked about their customer experience, and others who are just asked the reputation questions.

All individual customers interviewed are asked questions to enable customer segments to be reproduced and every second quarter (the same quarter as the reputation questions) a further boost of customers with no dealings in the previous three months is selected to answer these questions.

### 6.5 Questionnaire content and length

The questionnaire is made up of a number of modules. The chart below shows eligibility for the different sections of the questionnaire in the survey quarters including reputation questions. In quarters when reputation is not measured, type two of the survey is asked of all respondents (only those with recent dealings are interviewed, about their customer experience).



The table below shows the average length in minutes of the different versions of the questionnaire for each customer group.

TYPE:	1 All sections	2 experience only	3 reputation only	4 segmentation boost	Average
Individuals	21	17	15	9	16
SME	21	16	13	NA	17
Agents	19	14	12	NA	17

### 6.6 Response rates

Response rates are estimated at around 48%-55% for SME businesses and Agents, and around 20-25% for individuals each quarter. These are estimated figures as assumptions are used for numbers where no final outcome is achieved (e.g. no answer).

It is difficult to estimate an accurate response rate for the Random Digit Dialling survey of individuals, since many of the telephone numbers are never answered. Where numbers are not answered it is impossible to determine whether these are residential phone numbers that are currently in use, or not, so the true response rate may be higher than the 20-25% reported above. Where someone answered the phone, around 45% of households agreed to take part in the survey.

### 6.7 Corrective weighting

Design weights are applied to the final individuals data to correct for oversampling of households with multiple landlines (a household with two lines has two chances of being contacted, for example), and under-representation of people living in multi-adult households (someone in a one person household has a one-in-one chance of being selected, whilst in a two person household each person only has a one-in-two chance). This weighting gives a

'design effect' of 1.1 that needs to be taken into account when calculating confidence intervals or testing for significant changes between waves of research.

Weighting is also applied to the SME data to correct for the over-sampling of larger business units (defined by number of employees), and differential response rates by size of business to return them to the population profile. A design effect of 1.5 is applied to the customer experience data, and of 1.6 to the reputation data when calculating confidence intervals or testing for significance of change over time.

Similar weights were applied to the agent sample to correct for slight differences in response rates by size of business unit. These weights are minimal and no design effect is included in significance tests as the whole population is sampled each year.