



HMRC Customer Survey 2011-15 Development Project

February 2011



**HM Revenue and Customs Research Report
Number 153**



Disclaimer

The views expressed in this report are those of the authors' and do not necessarily represent those of HM Revenue and Customs.

© Crown Copyright 2011

Copyright in the typographical arrangement and design rests with the Crown. This publication may be reported free of charge in any format or medium provided that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright with the title and source of the publication specified.

Published by HM Revenue and Customs, February 2011

www.hmrc.gov.uk

Content

Executive Summary.....	1
1. Introduction.....	8
2. Objectives.....	9
3. Sample review.....	11
3.1 Detailed objectives	11
3.2 SMEs	12
3.3 Agents	24
3.4 Individuals	26
3.5 Sample size calculations.....	33
4. Question development and testing.....	38
4.1 Depth interviews to develop new question areas.....	38
4.2 Further new question development before testing.....	56
4.3 Review of current questions and HMRC priorities	58
4.4 Cognitive testing.....	65
4.5 Understanding what lies behind the answers to the new questions	89
4.6 Questionnaire development (for the pilot and beyond)	100
4.7 Questionnaire piloting	107
4.8 Questionnaire piloting	107
5. Recommendations	120
5.1 Sampling recommendations.....	120
5.2 Questionnaire design	121
5.3 Sample size and structure.....	129
6. Timetable.....	134
Appendix A: Topic guides for depth interviews	136
Appendix B: Questions for cognitive testing	150

Executive Summary

1. Objectives and approach

TNS-BMRB was commissioned by HMRC to **review the design of the HMRC Customer Survey** (CS) in order to make recommendations for changes to be made for the 2011-2015 survey, given needs to meeting 2010 Spending Review priorities and achieve best value for money from the survey. The main focus of the research was to review the sampling approach and the questionnaires for all three customer groups (individuals, agents and Small and Medium Enterprises (SME)). A mixture of desk research, stakeholder consultation, qualitative research and questionnaire piloting was used to produce the final recommendations.

The current CS method is described fully in the report of the 2008-2010 CS results¹. Recommendations summarised below cover changes to the current method.

2. Sampling review and recommendations (see Chapter 3 for discussion)

2a. Individuals

The sample review for individuals focused on the sample source, the current lack of coverage of customers with a mobile telephone but no landline, and ways to increase coverage of benefits and credits (B&C) customers. The following changes to the current design were recommended:

- Switch from the current Equal Probability of Selection (EPSEM) RDD sample to a more restricted version that generates numbers from 9 digit roots (e.g. 020 8433 44xx) only accepting numbers within any blocks of 100 numbers where there is at least one known listed number. This will reduce fieldwork costs by around 15% and the slight loss of coverage will not introduce any detectable bias.
- To provide a robust sample with equal coverage of personal tax (PT) and benefit and credit (B&C) customers, continue in Q1 with a landline RDD CATI approach, but run two samples: one representative RDD general public sample, to generate a sample of all customers (both PT and B&C), and a second RDD sample with screening to interview only B&C customers.
- Conduct a pilot survey in Q1 (c.200 interviews) using HMRC's database of Tax Credit customers (which will also include Child Benefit customers) to i) estimate eligibility for the core survey (dealings with HMRC in last three months) and ii) feed into calculations of the design bias that would result from using HMRC sample alongside an RDD sample. On the basis of this pilot decide whether to continue with a solely RDD design, or to move to a dual frame approach by Q3 (with potentially reduced fieldwork costs).
- From the available evidence, we can detect no non-coverage bias from excluding the c.10% of mobile-only customers, so we recommend that the survey continues to exclude the them from the sample. To provide more robust evidence we recommend running a reduced CS questionnaire on a face-to-face in-home omnibus survey to identify 500 landline and 500 mobile-only customer (dealings with HMRC in the

¹ <http://www.hmrc.gov.uk/research/report108.pdf>

previous three months) and estimate non-coverage bias for the CS from using landline RDD only. Use the results of this pilot to decide whether mobile only customers need to be included in future (e.g. RDD mobile sample, supplementary face to face survey). If there is no substantial bias at this stage, repeat this survey if the mobile-only population increases in size to review the decision.

2b. SME

The sample review for SME focused on coverage of new (particularly smaller) businesses, and the potential for a panel design. The following findings and changes to the current design were produced:

- We estimate that the current design omits between 0.6 and 1.2 million of the estimated 4.4 million SME workplaces.
- To increase coverage, we suggest retaining a dual sample design. Continue to use IDBR as the main source but consider changing the second source from the HMRC SA returns database to the HMRC National Insurance and PAYE systems (NIPS) database. This is a live database of self-employed individuals and should have much less time-lag in the inclusion of new businesses.
- Field test a pilot of .c750 cases from the NIPS database alongside the current sample source to test eligibility and field deadwood rates, and also to measure rates of VAT registration and how many partners each business has (to estimate rates of duplication in this sample and between this and the IDBR sample). This will provide a measure of fieldwork and statistical efficiency to inform the final decision (from the balance between cost and coverage). If this sample source is adopted, continue to ask about VAT registration and number of partners to identify overlap in the two sources.
- If this source is rejected, continue to use the SA database as the second source, but sampling cases with 50%+ partnership income. All with partnership income should be asked for the number of partners in the interview.
- Retain the current sample distribution based on employee size bands as a good balance between overall precision and sub-group precision.
- Introduce an implicit panel design for the IDBR-sampled businesses, re-interviewing on an annual basis where possible. Review for any theoretical gains (reduced margins of error, reduced costs, and change at the individual rather than net level) and disadvantages (non-response bias, panel conditioning, potential bias if you need to ask a respondent about the same product each year, complexity of data processing) towards the end of the second year of the survey, before committing to continue on this basis. Do not include a panel approach for the smallest businesses, given lower levels of eligibility for the main questionnaire.

2c. Agents

The sample review for Agents also focused on coverage of new (particularly smaller) businesses, and the potential for a panel design. The following findings and suggested changes to the current design were produced:

- Supplement the current IDBR sample frame with an HMRC sample of SA-registered individuals from trade sector codes 6201 and 6615 whose revenue is below the VAT threshold to increase coverage of newer businesses in the sector
- Formalise this sample design to take advantage of the benefits of a panel design. Most of the drawbacks of a panel already implicitly affect the current survey, so taking a panel approach will not cause additional problems, and could be the equivalent of increasing the sample size by 5%-15%.

3. New question development (see Chapter 4 for details)

The questionnaire review involved a full review (in consultation with HMRC stakeholders) of the current questionnaires, and qualitative work (depth interviews and cognitive testing) to develop new questions in key topic areas identified by HMRC. A new questionnaire was developed and piloted for each of the three customer groups and then, following further consultation with HMRC stakeholders, final revised questionnaires were produced.

A brief summary for each of the **new topic areas** is given below:

- How **straightforward** dealings are (all three groups): It is possible to ask directly how straightforward dealings are, if customers are asked first to discount outcome, and if expectations are also measured to provide context. In addition there are a range of measures that may drive perceptions of straightforwardness, and questions have been recommended. A decision is needed on whether to track one measure or a basket of measures and key driver analysis using data from the first wave of the survey is recommended to inform this decision. To provide further context a new set of questions about the exact nature of dealings (and mode of contact use) was also added.
- How a customer's **approach** to dealing with a particular tax, duty or benefit may differ from the approach expected from the segment to which a customer belongs (individuals and SME): An amended set of qualitative segmentation recruitment questions can be used to produce a dealing-specific segmentation, which can then be compared with the main segmentation for each individual.
- How well HMRC handles **change** (for individuals, this meant a life-change, for SME/Agents a change to HMRC process): We do not recommend including questions on this topic for individuals as the numbers affected at each wave would be very low, and individuals seem unlikely to be able to relate such change to HMRC. For SME and Agents, awareness of HMRC communications on specific changes can be assessed. The level of detail required makes this a relatively long module (over 3 minutes).
- Measure improvements in **SME record keeping** over time (SME and agents): SME can be asked about their record keeping approach (for context) and then about the level of ease they/their agent experiences in using their records for dealing with HMRC. Agents can be asked what proportion of their SME clients provide records that make it easy for them to complete returns.
- Awareness and value of **HMRC education and technical support materials** (SME, agents): Types of support need to be clearly defined by mode of delivery. Awareness and use can be assessed, but customers can only rate specific product, not generic

product types (this module was dropped for agents and replaced with a module on **agent-specific information sources**)

- Assessment of **commercial understanding**: how well HMRC understands the way agents work, and fits in with the way agents do business: A set of questions was developed and tested to address the main aim of this topic, and then cut down and amended post pilot to make room for the new module on agent-specific information sources (mentioned above).

The review of the questionnaire also identified the need for a number of additional new questions, and the scope to remove others.

4. Questionnaire structure and section lengths (see Chapter 5 for details)

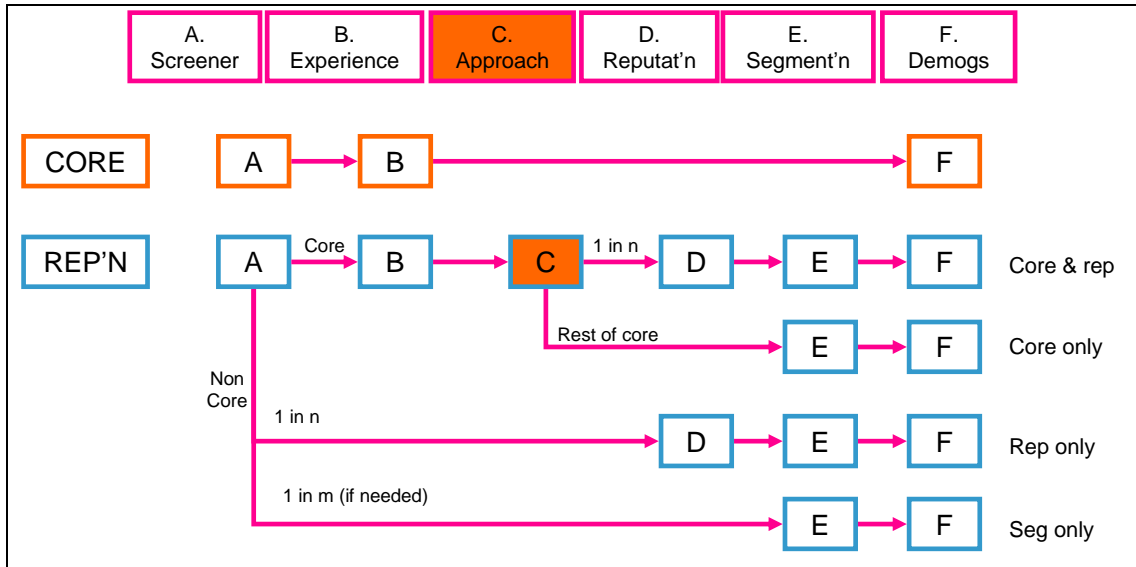
The new questions, together with additions to other sections of the questionnaire, gave a requirement to add around 2.5 minutes of new questions for individuals, 6.5 minutes for SME and almost 10 minutes for agents, ideally without increasing questionnaire length. This was partly met by the removal of existing questions. We recommend continuing with the same basic approach to the questionnaire, with 'core' questions on the **customer experience** asked to those with dealings in the last three months asked **every wave**, and questions additionally asked to all customers on HMRC's **reputation** and to measure customer **segmentation every other wave**. This retains the option of adding 5 minute **topical modules** of questions at core (i.e. non-reputation) waves within a maximum average questionnaire length of 20 minutes.

The length of the questionnaire for each group depends on the final sample design (and how many people get asked each module of questions). Initial judgement of likely length was made using the current CS design. On this basis, we had two **options for including the new modules** of question, which were all designed to be asked of the 'core' respondents with recent experience of dealings:

- Ask most of the new modules of questions of only **half of the core respondents** chosen at random, **every other wave** (i.e., only on core or reputation waves) and minimise any increase in length, but requiring a larger total core sample size to ensure acceptable levels of accuracy for a half sample;
- Ask each new module of all core respondents every other wave, resulting in a longer questionnaire, but allowing smaller total sample sizes to be used.

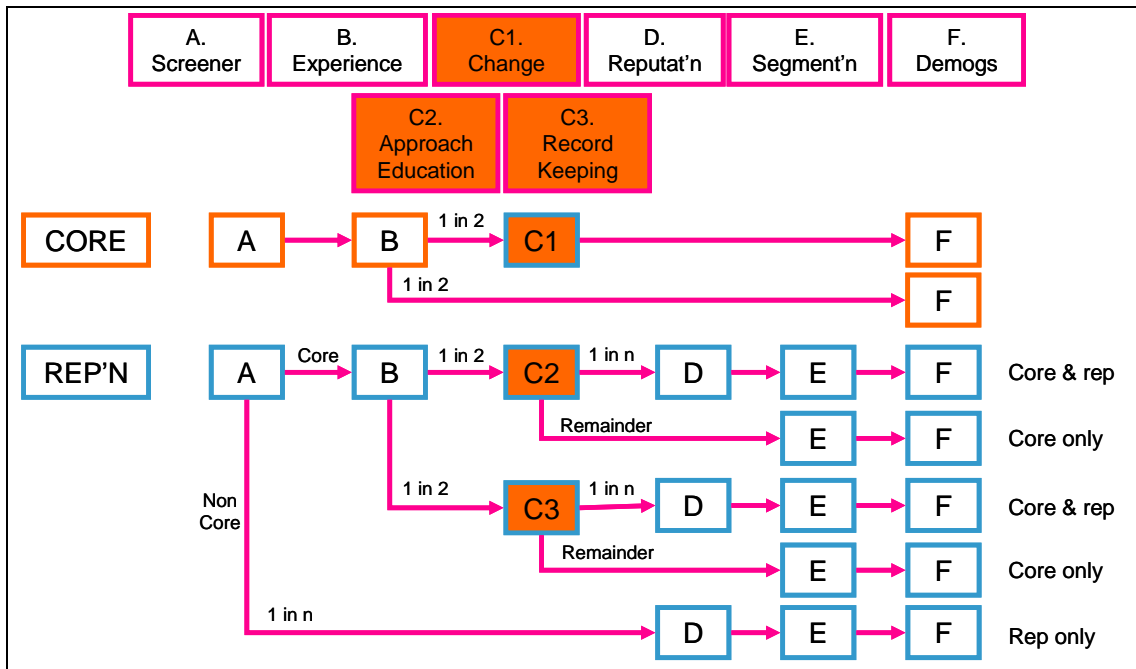
We recommend the first of these two options (a half sample approach) for our revised questionnaire design for SME and Agents. For individuals, it is possible to ask the new questions to all respondents with no substantial increase in length, given the cuts made to existing questions. This produced the structures shown below, with the new modules highlighted in orange. Below each structure is the estimated length of each section of the new questionnaire, with the current length of each section also shown. These structures are largely similar to those used at present, requiring screening to identify all core respondents and then (at reputation waves) using a '1 in n' selection process for non-core respondents to take part in the reputation and segmentation question modules.

Individuals: proposed questionnaire structure and section lengths:



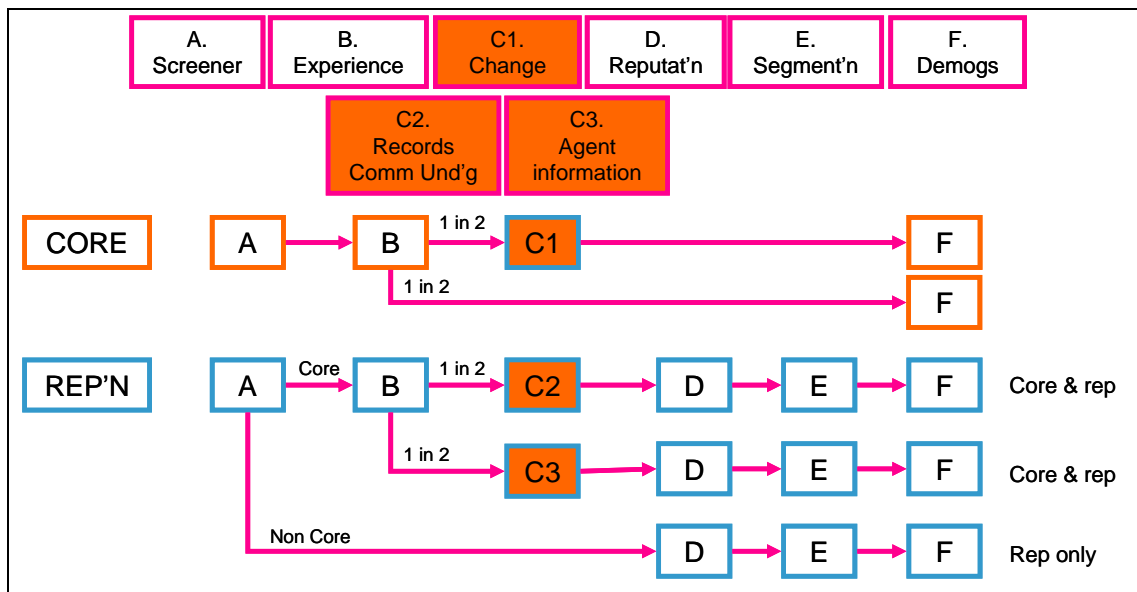
Section	Sample	Current CS length	Revised length
A. Screening	All	4.5	4.0
B. Experience	All core	5.8	5.9
C Approach	All core on rep waves	NA	0.7
D Reputation	All rep	6.2	4.3
E Segmentation	All on rep waves	2.7	1.7
F Demographics	All	3.5	4.3

SME: proposed questionnaire structure and section lengths:



Section	Sample	Current CS length	Revised length
A. Screening	All	3.7	3.7
B. Experience	All core	6.8	6.5
C1 Change	Half core on core waves	NA	3.1
C2 Approach	Half core on rep waves	NA	1.0
C2 Educ/support	Half core on rep waves	NA	0.7
C3 Record Keeping	Half core on rep waves	NA	1.2
D Reputation	All on rep waves	6.2	4.3
E Segmentation	All on rep waves	3.0	3.0
F Demographics	All	2.7	2.3

Agents: proposed questionnaire structure and section lengths:



Section	Sample	Current CS length	Revised length
A Screen	All	3.1	2.8
B Experience	All core	6.2	6.3
C1. Change	Half core on core waves	NA	3.6
C2 Record Keeping	Half core on rep waves	NA	0.3
C2Commercial understanding	Half core on rep waves	NA	1.8
C3 Agent information	Half core on rep waves	NA	2
D Reputation	All on reputation waves	5.8	4.3
E Segmentation	All on reputation waves	NA	1.4
F Demographics	All	3.8	3.3

5. Sample size recommendations and final questionnaire lengths (see Section 5.3)

Using the recommendations for changes to sample design set out in part 1 of this summary, and the lengths of the final questionnaires, we suggested **four possible sample size recommendations**, each offering different levels of accuracy:

- Four different options of accuracy for the 'core' measures were offered with the following levels of change being significant: 3% over 6 months (i.e. using two merged waves, to match current levels), 3.5% over 6 months (this option providing a significant

change of 5% in the course of a year for any half sample module), 4% over 6 months, and 3% over 12 months (i.e. all four waves merged).

- Each option assumed that a 3% annual change would be significant for any reputation and segmentation questions, taking together the two waves of research each year, matching current levels
- An option was offered to increase the accuracy of the segmentation measures for individuals from 3% each year to 2% change being significant each year to match current levels.

These sampling options produced the following **questionnaire lengths**:

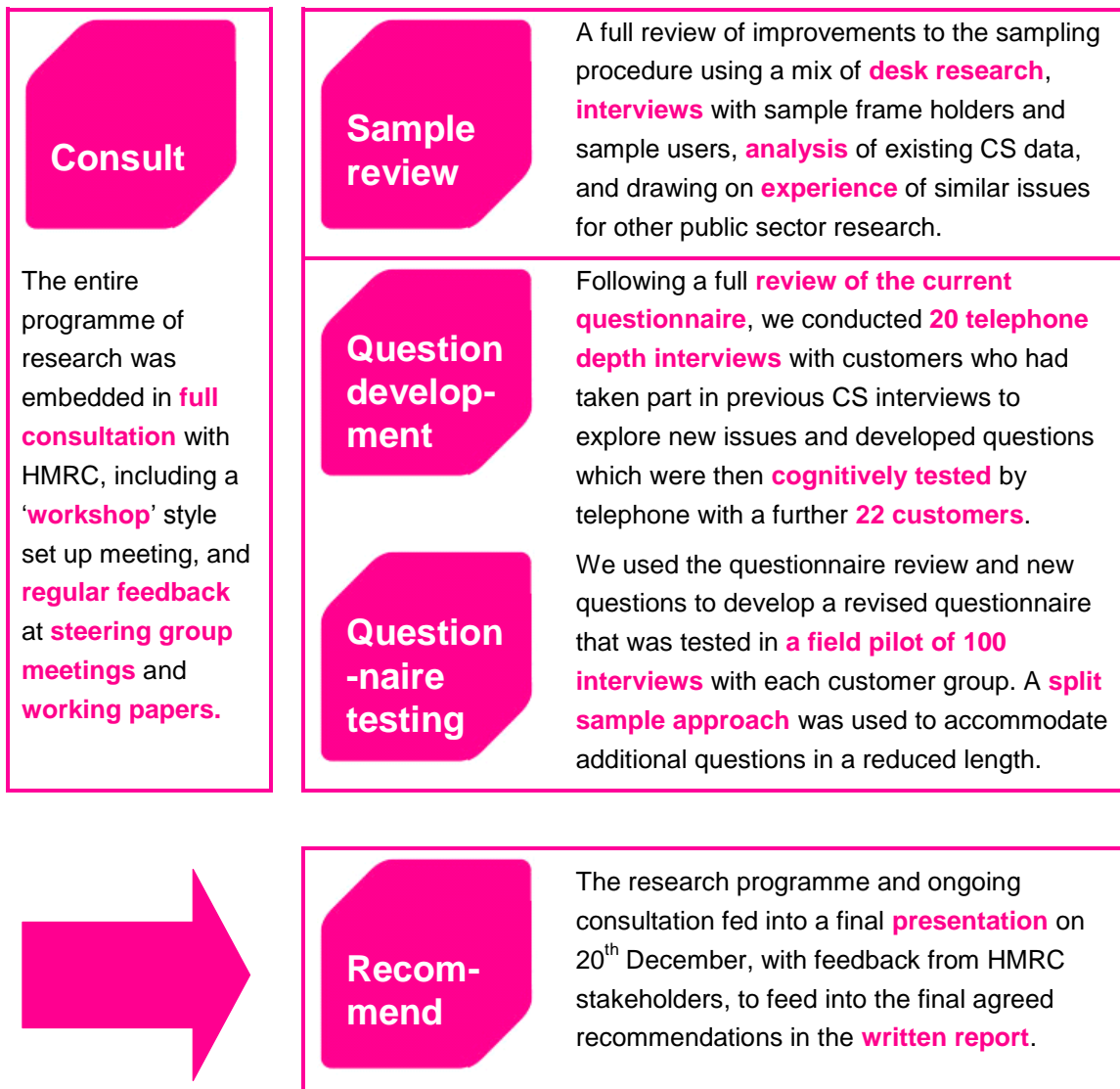
- For individuals, 14.3 minutes at core waves (2 minutes shorter than at present, as the segmentation questions were removed) and 16 and a half minutes at reputation waves (around 1.5 minutes longer than at present).
- For SME, 14 minutes at core waves (around 1 minute longer than at present, but still giving scope to include a topical module) and between 17.5 and 18.7 at reputation waves depending on the option (no longer than at present). Putting the new modules to the full core sample would increase the length at each wave by around one and a half minutes.
- For agents, 14.3 minutes at core waves (just over a minute longer than at present, but still allowing scope for a topical module) and between 16 minutes for the smallest option to 20.3 minutes for the largest option at reputation waves (Current length is 17.5 minutes). Putting the new modules to the full core sample would add around 2 minutes to the length of each wave.

Full details of the four different size options for each customer group are given in Chapter 5. Ballpark costs for each option were provided separately.

1. Introduction

This report contains a summary of the development work conducted and implications for the HMRC Customer Survey 2011-2015.

The work conducted was as follows:



This working paper reports separately on the sampling and questionnaire development work. A summary of recommendations can be found in Chapter 5.

2. Objectives

The review was undertaken within the following parameters:

- The design (data collection method, sample and questionnaire) needs to be such that it can be maintained for the full 2010 spending review period;
- Quarterly time series data needs to be maintained, with near real time reporting;
- A robust random sampling approach is required, to allow reporting at the all SME and all agent level, but separately within individuals for Personal Tax and for Benefit and Credit customers;
- The questionnaire must allow tracking of the 2010 spending review period key impact indicators (to be agreed), including measures among customers screened for recent dealings;
- The questionnaire must continue to allow for tracking of reputation and segmentation measures among all customers, and for the inclusion of topical modules.

The overall aim of the research was to **review the current Customer Survey design and to make recommendations for changes that could be made for the 2011-2015 survey, in order to meet needs and priorities over the 2010 spending review period and to achieve best value for money from the survey.** The impact of any recommended changes on cost had to be considered.

Specific objectives were to:

- **Review the sampling procedures** (and associated implications for survey mode) for all customer groups, consider options for improvements and efficiencies and recommend a revised practical design for the 2011-2015 survey, with consideration (at a minimum) of:
 - for individuals: RDD sample sources, coverage of mobile-only households and coverage of Benefit and Credit customers
 - SME and agents: coverage by size and age of business, including newer smaller customers
 - All groups: the option of a panel design, and the inclusion of samples of all customers and those with recent dealings
- **Develop new questions** on a range of themes, and **review the existing customer experience questions**, cognitively test new and revised questions and recommend question wording for the 2011-2015 survey. New question areas were:
 - A new measure of how 'straightforward' customers think their dealings with HMRC are;
 - Approach to contact, experience against expectations, and impact on future behaviour;
 - Perceptions of how HMRC manages change;
 - Record keeping among SME and agents;
 - Use of education and support products by SME and agents;
 - View of HMRC's commercial awareness among agents.

- **Develop a new questionnaire** (for each group) combining existing and newly developed questions, taking into account the requirements of the 2010 spending review period, questionnaire length, required sample sizes for each question and cost, test through a field pilot for each group, and produce a revised questionnaire for each customer group for use in the 2011-2015 survey. The research was to explore ways to reduce average questionnaire length while including new question areas.

3. Sample review

The aim was to review the sample design for each of the three Customer groups covered in the current survey (SMEs, Agents and Individuals). We were also asked to ensure that the design took account of the likely division of the Individuals group into two: Personal Tax customers and Benefits & Credits customers.

Following a summary of the more detailed objectives of the sample review, this section of the report is divided into three, starting with SMEs, then Agents, then Individuals. Each of these sub-sections is divided into two: (1) an outline of our recommendations, and (2) the supporting arguments for these recommendations. Some issues are pertinent to more than one Customer group and are dealt with in full initially with later sections referencing that text rather than repeating it.

At the conclusion of these three sections, there is a single section on sample size, covering our recommendations for all Customer groups. More details of the sample size and structure are included in Chapter 5.

Before continuing we should state that we have assumed that HMRC wants to maximise coverage of the Customer groups and that this is more important than consistency with the previous time series. Any change in sample coverage may cause a disjuncture in the time series, though we would expect effects to be minimal.

One option open to HMRC is to identify the cases that could have been sampled under the previous design and base time series analysis on this group only. However, there are also significant changes envisaged for the questionnaire and these will limit time series analysis in any case. It is probably better to accept a degree of disjuncture at the seam while carrying out some comparative analysis to determine the extent of this effect.²

3.1 Detailed objectives

There are three questions to be answered for each of SME and Agents

- (1) **New businesses, especially small ones, may have a zero sampling probability** due to a lag between starting trading and entry on to either the IDBR or SA databases. **What does this omitted group look like?**
- (2) **Can anything be done to include them**, and what is the likely bias due to exclusion?
- (3) **Should we adopt a 'panel design'** and re-contact businesses rather than drawing

² This can be a fairly simple contrast of estimates with/without the 'new' sample cases, taking care to use a t-test that accommodates a proportion of common cases in each group.

repeated fresh samples? What advantages and disadvantages would this bring?

There are four sample questions to be answered for individuals

(1) Should we continue with the 'open' form of EPSEM sampling of land-line numbers or **should we switch to a more efficient version of random digit dialling**, sacrificing a degree of population coverage in exchange for savings in time and money?

(2) **Should we add a mobile phone sample** to ensure that those without a landline telephone are included?

(3) **Can we increase the number of respondents answering about benefits/tax credits transactions?** If so, how? This is a highly important element, given that the tracking of customer satisfaction metrics will now be split between (i) benefits/tax credit transactions, and (ii) personal tax transactions, and given ongoing changes to the benefit and credit population.

(4) **Should we adopt a 'panel design'** and re-contact individuals rather than drawing repeated fresh samples? What advantages and disadvantages would this bring?

In addition, for each group we needed to address the following question:

(1) **Are the current sample size allocations the right ones?**

3.2 SMEs

3.2.1 Recommendations

- Retain the dual frame design that combines a sample of VAT-registered businesses from IDBR with a sample of smaller businesses but use the National Insurance & PAYE System (NPS) as the source for the latter, rather than the IT (SA) returns database. NPS is a 'live' database of self-employed individuals with greater currency than the IT (SA) returns database.
- Ensure that cases sampled from the NPS are asked whether they are VAT registered and how many partners (if any) the business has. This is required because some businesses will have multiple chances of selection (unlike with the current design) and compensatory weights will need to be calculated.
- Field test a pilot sample of ~750 cases from the NPS *before* committing to its use.
- If the field test is unsuccessful, retain the current sample design with one alteration: that income from a partnership should count when qualifying an individual as self-

employed. As with the NPS method, all sampled cases with partnership income should be asked how many partners the business has.

- Retain the current sample distribution based on employee size bands as this provides a good balance between overall precision (for which an equal probability sample is best) and sub-group precision.
- Introduce a panel element to the design in which IDBR-sampled businesses are re-interviewed on an annual basis where possible. Towards the end of the 2012-13 period, review whether the theoretical gains have been realised before committing to this approach for the 2013-14 period. Do not introduce a panel element for the smallest businesses.

3.2.2 Supporting argument

This section is divided into three sub-sections; the first an assessment of the sample frame(s) used for the current survey; the second outlining a new combination of sampling frames; and the third covering the panel design option in some depth.

Assessment of current sample frame

The current Customer Survey uses an approximately non-overlapping dual frame design, comprising:

- (1) A sample of SME workplaces drawn from the Inter-Departmental Business Register (IDBR) with strata defined by top level SIC code and banded number of employees on site³; and
- (2) A sample of individuals who have submitted an Income Tax return which demonstrates that (a) 50%+ of their income comes from sole trading, and (b) the income from sole trading is below the VAT threshold (currently £68,000pa).

The qualifications applied to sample (2) are there to ensure that (a) the sample contains individuals that are genuinely self-employed, and (b) it does not overlap with sample (1) in which all businesses registered for VAT are eligible.

We describe this design as 'approximately non-overlapping' because the two sample frames do not have the same currency. The IDBR is updated daily with new registrations and it is estimated that the lag between VAT registration and entry on to the IDBR is a matter of a few months only.

In contrast, Income Tax returns need only be submitted by January 31st of the tax year following the subject tax year. The database of IT (SA) returns is not considered fully up to date for another six months. Consequently, the sample is **representative of the sole trader population as it was (at best) fifteen months previously.**

It is quite possible for a sole trader to have grown revenue in that time, registered for VAT, and be eligible for sample (1) as well as sample (2). Currently, no adjustment is made for this

³ SMEs in the Agriculture SIC group are excluded as are Tax Agents as both are subject to other HMRC research.

but a simple question – ‘is your business registered for VAT or PAYE?’ – could be asked of all sample (2) respondents and a weighting adjustment made where necessary.

However, overlap between the two samples is the lesser problem. The more pressing concern is the lag time inherent in sample (2). Very small businesses have a high churn rate so a proportion of sample (2) will no longer be eligible for the survey (and must be screened out by interviewers).⁴ More importantly, any small business established in the fifteen months between the end of the tax year and the finalisation of the IT (SA) Returns database is entirely omitted.

Unfortunately, estimating the scale of this omission is a challenging task. A sound approach would be to compare the actual sample frames used in consecutive years of the Customer Survey and count the number of cases dropping out each year as well as the number entering for the first time. That work is beyond the scope of this project. However, we can come to a broad estimate by extrapolating from IDBR’s enterprise ‘birth’ and ‘death’ data.⁵

In 2008 – the latest year for which this analysis is available – the IDBR contained 1.81 million enterprises with 0-4 employees. Of these, 0.25 million were new that year (‘births’), replacing 0.19 million ‘deaths’. If we make the simplistic assumption that births and deaths accumulate at a steady rate, we would expect there to be 0.31 million births in the fifteen months since the end of 2007, and 0.24 million deaths. The number of new enterprises is 21% of the number of surviving enterprises. Table 3.1 shows these calculations.

Table 3.1: Estimates of births and deaths of VAT-registered enterprises with 0-4 employees over a fifteen month period

<i>Enterprises in 2007</i>	1.75m
<i>Estimated deaths over fifteen month period</i>	0.19m*(15/12) = 0.24m
<i>Surviving enterprises</i>	1.75m-0.24m = 1.51m
<i>Estimated births over fifteen month period</i>	0.25m*(15/12) = 0.31m
<i>Births as a proportion of surviving enterprises</i>	0.31m/1.51m =21%

Although IDBR’s ‘0-4 employees’ category is not the *same* as sub-VAT sole traders, it forms a fair comparison group. Consequently, it is reasonable to think that the **current Customer Survey omits around one fifth of eligible sole traders**. That equates to an omission of around 0.25 million (1.3 million are covered).

There are two other omissions:

⁴ The total is difficult to quantify as it depends how non-working business telephone numbers are classified. 2-3% of the IT returns sample is classified as ‘business closed down’ but a further 8-10% have non-working numbers.

⁵ The target population for the Customer Survey is workplaces (‘local units’ in IDBR terminology) but enterprises and workplaces are more or less the same thing when the subject is very small businesses.

- (1) individuals submitting IT (SA) returns in which less than 50% of income comes sole trading but for whom 50%+ of income comes from *either* sole trading *or* a partnership; and
- (2) businesses below the VAT threshold and without a PAYE system that pay Company Tax instead of the proprietor(s) paying Income Tax.

The omission of group (1) can be rectified by re-specifying the sample instructions. The scale of the omission is not clear but HMRC staff estimate that there are approximately 0.5 million partnerships in the UK. Some of these will be registered for VAT and covered via the IDBR but a proportion will not. BIS provides the information that there are 0.3 million partnerships on the IDBR. If so, we would expect the omission of group (1) to amount to ~0.25 million, once the missing newer partnerships are also factored in.

Group (2) is small. Some small businesses may be structured as Companies rather than sole traders or partnerships for tax reasons. An example might be a one-person company paying him/herself a very small salary (thereby paying tax at the lower IT rate) supplemented with a much larger 'dividend', subject to Capital Gains Tax and profits subject to Company Tax. Both CGT and CT rates are lower than the higher IT rate. However, recent changes in tax rates mean the tax advantage of this structure is marginal. Staff at HMRC believe there are probably fewer than 0.1 million of these Companies.

In total, we estimate current omissions at 0.6 million while covering 3.8 million workplaces. The total population is then assumed to be 4.4 million. That equates to a 14% non-coverage rate. This could be reduced to around 8% by including partnership income when specifying the sample to be drawn from the IT (SA) returns database.

Table 3.2: Estimates of current SME sample omissions

	Number of workplaces	% of workplaces
<i>IDBR total SME workplaces</i>	2.5m	56%
<i>50%+ income from sole trading but below VAT threshold</i>	1.3m	30%
<i>Estimated omissions of sole traders due to lag</i>	0.25m	6%
<i>Estimated partnership with revenue below VAT thresholds (currently omitted)</i>	0.25m	6%
<i>Companies below the VAT threshold (currently omitted)</i>	0.1m	2%
<i>Total estimated SME workplaces</i>	4.4m	100%

These assumptions can be triangulated with reference to two other sources. Firstly, BIS uses a combination of the IDBR and Labour Force survey data to estimate that there are 4.8 million enterprises in the UK. The number of workplaces probably exceeds 5 million, of which only a fraction (workplaces of very large businesses) would be ineligible for this survey. This

suggests that the current survey omits more than 0.6 million workplaces, perhaps as many as 1-1.2 million.

However, this is based on the LFS estimate of 4.1 million self-employed people. The internal HMRC estimate based on NI records is 3.5 million which would cut the BIS enterprise estimate down to 4.2 million. Our estimate of 4.4 million workplaces would fit fairly well with this estimate. However, it is unclear which of the two self-employment estimates is the better one.

All in all, precise quantification of omissions is a difficult task but the numbers presented above ought to be in the ballpark of the true situation.

Sample source suggestions for a new Customer Survey

Correcting for the non-coverage outlined above will inevitably increase the complexity of the survey. We must balance the desire to be inclusive with the need to produce a workable sample design. The non-coverage above almost certainly introduces bias to the estimates because the non-covered are primarily new, very small businesses with some specific needs from HMRC. It is unlikely that simply weighting up the small businesses that are covered will compensate for this omission.

The **only source we have identified that comprehensively covers the self-employed** (whether sole traders or members of a partnership) is the **National Insurance & PAYE System (NPS)** which records Class 2 NI liabilities as soon as an individual informs HMRC that he/she is self-employed. HMRC staff consider that the 'vast majority' of the self-employed informs HMRC promptly, although a financial penalty for not providing this information is not enforced unless the deadline for submitting an IT (SA) return for that tax year has passed. We should expect some self-employed individuals to be missing from this database at any one time.

Currently, there are 4.25 million individuals with Class 2 NI liabilities but HMRC staff consider that about 0.8 million are no longer self-employed, despite the lack of confirmation from the individual. Consequently, any sample drawn from the NPS would include around 20% 'deadwood' although it may be possible to screen out some of these cases before the sample is drawn (e.g. those who have not paid any contributions, those who may have claimed a Small Earnings Exemption, those with an address recorded as "Dead Letter Office" etc.).

The condition of the contact details for survey work is unknown but the forms (a CWF1 for sole traders and an SA401 for members of a partnership) include fields for address (home and business if separate) and telephone number and there seems no reason why these should not be completed in most cases. These details are kept for at least three years.

Because this sample source has not been used before, **we recommend that a test sample is drawn of c750 cases** who are then subject to a short survey to establish (a) what proportion have good contact details, (b) what proportion is VAT registered, and (c) what proportion has had a recent dealing with HMRC. This will allow us to compare both field efficiency and statistical efficiency with the current design. We would expect the answers to

(a) and (c) to be approximately the same as for the current sample frame (IT (SA) returns data).

Because the date of registering as self-employed is available, it is possible to draw a sample only from those registering *after* the tax year for which IT (SA) returns data is available. Under this model, the current sample from IT (SA) returns is *supplemented* with a sample from the NPS rather than replaced. The advantage is that the IT (SA) returns data is more concrete and allows us to exclude those with self-employment revenue above the VAT threshold or below 50% of income. However, this is probably outweighed by the disadvantage of dealing with three sample frames rather than two.

Our preferred alternative is to draw an NPS sample from *all* those currently self-employed and apply a compensatory weight if a business is VAT registered.^{6 7}

On balance – and pending a pilot – **we recommend replacement of the IT (SA) returns database with the NPS as the source of very small businesses. The IDBR should continue to provide the sample of VAT-registered businesses.** No effort should be made to include Companies with revenue below the VAT threshold as they comprise an ‘ignorable’ small group.

Specification:

- Stratified disproportionate sample⁸ of ‘local units’ drawn from IDBR excluding those in the agriculture and tax agent sectors.
- Proportionate sample drawn from NPS database limited to individuals with an open Class 2 NI liability and who have paid some contributions in the last 12 months for which data is available. Assume an initial conservative sample-to-interview conversion rate of approximately 10% for those quarters where only those eligible for the ‘core’ section of the questionnaire are interviewed.
- Given our lack of knowledge about the NPS-derived sample, target only 25% of the achieved sample from this source, and 75% from IDBR.

Option for a panel survey design

HMRC asked us to consider the introduction of a panel element to the Customer Survey. This would involve re-interviewing as many respondents as possible, while ‘topping up’ the sample each quarter with fresh sample cases to ensure steady sample sizes. Re-interviews

⁶ Because the vast majority of the self-employed are not VAT registered, the sampling efficiency will not be much damaged by these additional weights. Note also that the NPS is a database of individuals in which all partners will be recorded separately. Because a partnership counts as one business, a compensatory weight will be required because of the multiple entries on the NPS.

⁷ The other apparent option is to exclude sole traders and partnerships altogether from the IDBR sample. However, some of these businesses will pay CT rather than IT so a blanket exclusion would introduce a degree of non-coverage.

⁸ Stratified by the number of employees on site with different sampling fractions for each band (see section 3.5 for details).

would be twelve months apart to maximise the likelihood of re-qualifying for the core (recent experience) section of the questionnaire.

On reflection, **we think a panel approach for SMEs is worth trying although the balance of pros and cons is very fine**. We suggest an implicit panel approach that does not involve explicitly recruiting respondents to the panel, and thus avoids expense on regular panel maintenance (other than an annual invitation to take part in the survey). This will provide the best balance between cost and the advantages of a panel (see below).

There are three theoretical advantages to a panel approach:

- (1) the margins of error around estimates of change from one time period to the next may be reduced;
- (2) the cost per interview is lower because re-interviews are generally easier to achieve than first interviews; and
- (3) longitudinal data is available for re-interview cases, allowing for analysis of change at the individual level rather than simple net change at the population level.

There are also a number of disadvantages, principally:

- (1) there is a greater risk of non-response bias in each quarterly sample because the overall response rate is lower;
- (2) there is a risk of 'panel conditioning' in which the interview acts as an 'intervention', either (a) altering the respondent's opinions or behaviour or (b) altering how he/she answers the questionnaire in future; and
- (3) data processing would be more complex, and might lead to an additional time lag between data collection and data release.

In addition to these general disadvantages, qualification for the core (recent experience) section of the questionnaire is not guaranteed simply because a case qualified twelve months previously. This will introduce some additional sample wastage. It is hard to work out what that will be but it is instructive that, historically, only 51% of the sample drawn from the IT(SA) returns database has been eligible for the core section of the questionnaire. The equivalent from the IDBR has been 82%, including 74% of those with zero employees. Given the finely balanced arguments for and against a formal panel design, it seems **reasonable to exclude the non-IDBR businesses from the panel**.

Furthermore, even if a case qualifies, the product selected for discussion could well be different. This would reduce – but not eradicate - the scope for advantage (1).⁹

Each of these advantages and disadvantages are discussed below.

⁹ It is possible to fix it so that the same product is selected (if available) but that would introduce a degree of non-coverage. For example, if a business representative only had a Company Tax dealing in year 1 but the representative in year 2 had both a Company Tax dealing **and** a VAT dealing, the probability of selecting the VAT dealing is zero. Essentially, all 'new' product types in the second year would have no chance of selection.

Advantage (1): smaller margins of error around estimates of change.

When estimating the degree of change from one time period to the next, the advantage of re-interviewing the same respondents (as opposed to an entirely new set of respondents) is intuitively obvious. Even if the two sets of respondents have exactly the same demographic profile, unknown differences between them will generate 'noise' which will interfere with any attempt to measure real change. There is no such problem when comparing the same respondents at two different junctures.

Margins of error around estimates of change are based on the principles of the *paired-samples t-test* rather than the *independent-samples t-test*. The paired-samples test is more likely than the independent-samples test to detect small changes, and this translates into narrower margins of error.

However, the degree to which it is more effective is dependent upon the degree of *positive correlation* between answers from one interview and the next.

This is best illustrated by considering a simple binary variable such as 'whether it was fairly/very easy getting in touch with HMRC'. Each respondent can be coded 'yes' or 'no' by combining responses to the original five-point scale question. If the proportion of respondents providing the same answer at both interviews exceeds what we would 'expect'¹⁰, then we observe a positive correlation and the margins of error will be narrower than with an independent-samples approach. This is what we would *expect* to observe, even if we do not always interview the same individual within the business or discuss the same product type.¹¹

However, each quarterly sample will comprise both re-interviews *and* fresh sample interviews so the benefits described above will be diluted. Analysis of the 2008-11 Agents Customer Survey¹² data shows that second interviews were achieved in 59% of cases where a first interview had been achieved. It is reasonable to assume a similar re-interview rate for SMEs, in which case the sample overlap between quarters one year apart will be around 60%.

Table 3.3 shows an index for margins of error under various degrees of re-interview correlation and various degrees of sample overlap. An index of 100 means the margin of error is the same as if we assumed the samples were independent. An index of 80 means the margin of error is 80% of what it would be if we assumed the samples were independent. The indices for the most likely overlap rate (60%) are highlighted and in red.

Table 3.3: Indices for margins of error around estimates of change

¹⁰ By 'expect' we mean what we would expect if respondents answered randomly from a given response distribution. For example, if 75% answer 'yes' in year 1, and 70% answer 'yes' in year 2, the expected proportion providing the same answers would be $(75\% \times 70\%) + (25\% \times 30\%) = 60\%$.

¹¹ We recommend that interviewers seek to re-interview the named respondent unless he/she is no longer working for the business, has a wholly different role, or is unavailable during fieldwork. In these cases, interviewers should treat the case just like a fresh sample case and identify a suitable new respondent.

¹² The small size of the Agents population means that many Agents have been sampled multiple times over the 2008-11 period. Thus a quasi-panel design has been in operation.

Correlation (R)	Proportion of overlap between samples								
	10%	20%	30%	40%	50%	60%	70%	80%	90%
0	100	100	100	100	100	100	100	100	100
0.1	99	99	98	98	97	97	96	96	95
0.2	99	98	97	96	95	94	93	92	91
0.3	98	97	95	94	92	91	89	87	85
0.4	98	96	94	92	89	87	85	82	80
0.5	97	95	92	89	87	84	81	77	74
0.6	97	94	91	87	84	80	76	72	68
0.7	96	93	89	85	81	76	71	66	61
0.8	96	92	87	82	77	72	66	60	53
0.9	95	91	85	80	74	68	61	53	44
1	95	89	84	77	71	63	55	45	32

At this stage the between-year correlations are not known. However, an analysis of the Agents data from 2008-11 (in which many Agents were interviewed twice or even three times) showed that most between-year correlations were between 0.1 and 0.2. This equates to **an index value range of 94-97, a 6-13% uplift in effective sample size**. That is small but not entirely negligible.

One obvious conclusion from this is that, once the overlap rate and between-year correlations are known (by mid to late 2012), it may be possible to reduce sample sizes to achieve the same level of precision as is currently achieved with repeated fresh samples. However, between-year correlations may vary so a cautious approach to this is recommended.

Finally, in order to take advantage of this design, the survey company will need to use a more complex method for generating the margins of error for estimates of change. There are several different ways of doing this – including the family of ‘replicate’ methods – but, for relatively simple statistics, a good approximate formula is:

Margin of error computed assuming each sample is independent * $\sqrt{(1-(O_{t,t-1} * R_{t,t-1}))}$

Where $O_{t,t-1}$ = the proportion of the previous year’s sample that is re-interviewed, and $R_{t,t-1}$ is the correlation between answers given this year and answers given the previous year by the re-interviewed cases.

Advantage (2): Reduced per-interview costs

The Agents analysis showed that the likelihood of getting a second interview given a first had been achieved was 59%.¹³ This was significantly higher than the overall likelihood of getting the first interview (36%).

¹³ The likelihood of achieving a third interview, given a second had been achieved was also 59%.

The likelihood of getting the first interview varies by Customer type and it is possible that this will also influence the likelihood of getting the second interview. If so, the relationship between these two numbers needs to be converted into an odds ratio for general application and would mean an SME second interview rate of 51% rather than 59%. However calculated, **a re-interview rate of around 50-60% seems a fair assumption.**

In this case, the number of issued cases would be 70-80% of what is required if all cases are freshly sampled. With fewer numbers to dial and 35-40% of issued cases having named contacts, fieldwork is likely to be more efficient. **This will save costs from 2012-13 onwards.**

Advantage (3): Longitudinal data

Although not the primary purpose of the Customer Survey, one of the by-products of a panel approach is the generation of longitudinal data about individual businesses. This opens up the possibility of additional analyses. **For example, it would help us understand what triggers a change in attitudes towards HMRC.** This is not available from the current survey.

However, theory and practice often fail to intersect.

Firstly, analysis of longitudinal data is difficult and time-intensive. To get the most from it, HMRC might need to budget for additional work over and above the basic Customer Survey outputs.

Secondly, longitudinal data is often the victim of attrition. For SMEs, we may assume a 60% year-on-year re-interview rate but this means that after three survey rounds, we are left with only a little over a third of the original sample. Furthermore, for many SMEs and Agents, the identity of the respondent will not be the same every survey round. Given the 'opinion' nature of most of the key measures, it does not make sense to retain these identity-switch cases in longitudinal analyses. Consequently, **we might expect an attrition rate of about 80% after three survey rounds.**

Even if sophisticated non-response weighting eradicates much of the non-response bias¹⁴, the reduction in total sample size is considerable.

Disadvantage (1): greater risk of non-response bias

The current SME response rate is a little under 50%. If the second interview response rate conditional on achieving a first interview is around 50-60% (as expected) then the total response rate for the second survey round will be 33-36%. Subsequent survey rounds would show a further decline as attrition takes its toll on the earlier cohorts.

Although response rate per se does not determine bias, the lower the response rate the greater the risk of bias. A sophisticated weighting regime can go some way towards

¹⁴ Something that also requires a high level of statistical skill.

countering this problem but weights alone are never entirely sufficient. We should expect some additional risk of unobserved bias if a panel design is adopted.

Disadvantage (2): the risk of panel conditioning

There are two types of 'panel conditioning':

- (1) Effects associated with exposure to interview *subject matter*; and
- (2) Effects associated with exposure to interview *process*

Effects associated with exposure to interview subject matter

An interview might affect a respondent's actual knowledge, attitudes or behaviour in relation to the issues covered in an interview. These effects might be inter-dependent. For example, if a respondent learns something new as a result of taking part in an interview, this in turn might affect their behaviour or attitudes.

Effects associated with exposure to interview process

An interview might affect the way in which a respondent *reports* knowledge, attitudes, behaviour or status. For example:

- a respondent might become more or less engaged with the interview process as a result of their involvement;
- a respondent might learn 'strategies' to reduce the interview length – for example, incorrectly reporting that they have not had a recent dealing with HMRC, in order to avoid follow up questions;
- conversely a respondent might feel an increasing inclination to give 'positive' answers – e.g. to say that they have had a dealing when they have not – either to appear more 'useful' to the survey or because they perceive participation as socially desirable
- or, again, a respondent might feel increasingly comfortable giving honest answers to questions that might induce socially desirable responses from a 'first time' respondent.

The evidence for panel conditioning is thin, even if the theories are well-known. A good recent discussion of evidence for 'attitudinal' panel conditioning is included in *Methodology of Longitudinal Studies*¹⁵ (2009, ed. Lynn) as well as an outline of a (complex) technique for detecting it. The authors found a small but practically ignorable effect.

Disadvantage 3: more complex data processing

With a panel sample design, each 'cohort' (a cohort includes all cases sampled in a particular year) must be weighted separately before stitching them together to form a total dataset. Each case will have a weight that is the product of three sub-weights:

- Base weight
- Sample frame-derived non-response weight
- Calibration weight to population totals (if necessary)

¹⁵ Sturgis, P., Allum, N. and Brunton-Smith, I. (2009) Attitudes over Time: the Psychology of Panel Conditioning in *Methodology of Longitudinal Surveys*. John Wiley & Sons.

The base weight will be the design weight for fresh sample cases and the previous year's final weight for re-interview cases. The non-response weight will be based only on the original sample frame for fresh sample cases but will be based on individual data for re-interview cases.

Once final weights have been generated for each cohort, the samples are combined to form a total sample, with each cohort weighted to its share of the unweighted sample size. This approach minimises the confidence intervals around estimates derived from the total sample.¹⁶

The next stage is to compute the margins of error. With a panel design, this is a significantly more complex task and, again, appropriate time, skill and resources will need to be available.

In sum, the data processing is considerably more complex than the current survey demands and will inevitably create **an additional lag between data collection and release** because the skills required to do this work are not standard skills. With four different Customer groups, there is a risk of a resource bottle-neck unless the survey company makes a substantial investment in automating those aspects that can be automated.

Conclusion:

In sum, we suspect that the advantages of a panel design only marginally outweigh the disadvantages. However, without putting it into practice, we will not know for sure. Consequently, we recommend taking this approach, but using an implicit rather than explicit panel design (as described earlier) and limiting it to the IDBR-derived sample.

¹⁶ One small adjustment is to ensure that the proportion of the fresh sample that is new businesses is also true of the total sample. This may require an additional question for non-IDBR sampled cases.

3.3 Agents

3.3.1 Recommendations

- Retain the current IDBR sampling frame but augment it with a sample of IT-paying individuals (under SA) from trade sector codes 6201 and 6615 (accountants and associated professionals) whose revenue is below the VAT threshold.
- Formalise the survey design as a panel design to *explicitly* take advantage of the benefits of this method. Most of the drawbacks of a panel design already implicitly affect the survey so will not cause additional problems.

3.3.2 Supporting arguments

This section is divided into two, the first covering sample frame issues, and the second covering panel design issues. In both cases, much of the detailed discussion has already been covered in the section on the SME Customer group. The text here is concerned only with Agent-specific aspects.

Assessment of current sample frame and suggestions for new Customer survey

The current Agents sample is drawn entirely from the IDBR and based on SIC codes 69201, 69202 and 69203. Unlike the SME sample, it is not augmented with a sample drawn from IT (SA) returns so any Agent that is not VAT registered (or with a PAYE scheme) is omitted.

It is unclear how many are omitted but the proliferation of very small Agents (the vast majority have fewer than 5 employees) suggests it could be a substantial number.

For the SME Customer group we have suggested using the National Insurance & PAYE database (NPS) as an alternative source for very small businesses but that is not an option here because the NPS contains no details about the industry sector of the business.

However, the IT (SA) returns database contains an industry sector code for 83% of sole traders. These codes are not the same as SIC codes but two of them probably cover tax agents quite comprehensively:

6201: Accountants (Chartered or Incorporated)

6615: Auditors, book keepers, financial advisors and accountants (not Chartered or Incorporated)

This raises the possibility of a more comprehensive sampling frame, namely a combination of the IDBR with IT-paying individuals (under SA) in sector codes 6201 and 6615 whose revenue is below the VAT threshold.

The primary problem is that it will lack currency. Any Agent that started trading after the end of the last tax year for which IT (SA) returns are available will be omitted from the sample. See section 3.2 for a general discussion of this issue. However, the alternative of total exclusion (as with the current survey) is worse.

There is one alternative that is unique to tax agents and was used for the *Agents Usage and Attitudes Survey*. Agent ID codes and contact details are attached to IT (SA) and CT returns when completed by Agents rather than the individuals/companies themselves. In theory, a database of active Agents can be constructed from this information.

Unfortunately, the two taxes use a different ID system so a truly comprehensive sampling frame requires a laborious de-duplication process. One option is to *only* use the IT (SA) returns database on the assumption that all active tax agents will complete at least one SA form in the course of a year. This assumption will not hold for some specialist CT agents so some non-coverage is introduced in exchange for simplicity.

However, there are further drawbacks that lead us to recommend not using this method.

Firstly, in the course of the Usage and Attitudes Survey it was found that a substantial minority of Agents only had a few SA returns to their name. These Agents either focus on CT or are extremely part-time and probably not of interest for the Customer Survey. We would have to set a minimum number of completed returns (perhaps 10?).

Secondly, some single businesses hold multiple ID codes for historical reasons (e.g. mergers, partnerships formed by sole traders etc.). A de-duplication process would be necessary with an inevitably laborious manual stage at the end. It seems likely that HMRC staff would need to do this given constraints on the movement of personal data.

All in all, the advantage of this method over the one described first is hard to discern.

In conclusion, we recommend retaining IDBR as the core sample source but suggest augmenting this with a sample of accountants (and associated professions) drawn from the latest available IT (SA) returns. As with the current SME sample, a qualifying minimum level of income (50%+) should come from self-employment, whether through sole trading or a partnership.

Specification:

- Stratified proportionate sample of 'local units' drawn from IDBR limited to SIC codes 69201, 69202 and 69203.
- Proportionate sample drawn from IT(SA) returns database limited to trade codes 6201 and 6615 and to individuals whose income from sole trading or partnership activities in the most recent available tax year (a) does not exceed the VAT threshold, and (b) is at least 50% of total income. Assume an initial conservative sample-to-interview conversion rate of approximately 20% on the basis that half may prove not to be Agents.
- Given our lack of knowledge about the IT(SA)-derived sample, target only 25% of the achieved sample from this source, and 75% from IDBR.

Option for a panel survey design

Because the Agents population is a small one, the current design of repeated annual samples has ensured that the majority of Agents has been sampled at least twice with many sampled on three occasions over the 2008-11 period. There has, in effect, been a quasi-panel survey in operation. Eligibility for the core (recent experience) section of the questionnaire has been around 99% so there are no additional retention problems over and above the usual attrition.

Consequently, while there may be a debate over whether to apply a panel design to the SME Customer group, we wholly recommend formalising the Agents Customer Survey into a panel design so that we can *explicitly* take advantage of the benefits. Two of the potential debits (greater non-response bias and panel conditioning) already affect the survey due to the need to sample the majority every twelve months so the only debit is greater complexity in data processing.

However, our analysis of the historical data suggests that one of the potential benefits – narrower margins of error – will only be realised at a low level. We calculate that formalising the panel design will be the equivalent of increasing the sample size by 5-15%. This is not a negligible gain but is rather less than was hoped for.

3.4 Individuals

3.4.1 Recommendations

- Start the 2011-15 Customer Survey with a dual RDD survey, one to generate a sample of Personal Tax (PT) and Benefits & Credits (BC) customers, and one a boost sample of BC customers only. This should continue for Q1-2.
- Concurrently, carry out a pilot survey among current recipients of tax credits to (a) generate an estimate of eligibility for the core (recent experience) section of the questionnaire, and (b) assist in calculating the design bias that follows from a dual-frame approach. This pilot need only be of ~200 interviews to obtain sufficient precision for these estimates.
- Before Q3, make a decision whether to continue with the RDD boost sample of BC customers or replace it with a boost sample of tax credits recipients.
- For the RDD sample, switch from the current comprehensive variant to a more restricted variant that only generates numbers from nine digit roots (e.g. 020843344**) with at least one known number.
- Adapt the questionnaire for an in-home omnibus survey, identify mobile-only respondents and obtain a direct estimate of the non-coverage bias that follows from using standard RDD. A sample of 500 landline customers and 500 mobile-only customers would be sufficient to detect any real differences of 8 percentage points or more (which would lead to non-coverage bias of 1 percentage point). Given that the prevalence of customers with dealings in the last three months is around a third, this would mean screening around 1500 of each.
- Continue to draw fresh samples each quarter rather than re-interview individuals from a year before.

3.4.2 Supporting argument

There are three strands of supporting argument, the first covering sample structure for the new survey, the second dealing with coverage issues with RDD samples, and the third briefly covering the panel design option.

Sample structure

It is envisaged that the Individuals customer group will be split into two as far as **service** measures are concerned:

- (1) individuals whose recent dealing with HMRC was about benefits or tax credits, and
 - (2) individuals whose recent dealing with HMRC was about a personal tax issue.
- These two groups are referred to as 'BC' and 'PT'.

The population for **reputation** measures will continue as currently: all individuals aged 16+.

The two new customer groups will have equal importance to HMRC so the core measures (customer experience measures) should (ideally) have equal levels of precision. Typically, that means equal sample sizes.

Analysis of historical data shows that 37% of service interviews concern BC products with (almost all of) the remainder concerning PT products. Only 42% of respondents report a recent dealing concerning a BC product so 42% is the maximum sample share that could be achieved by prioritising BC products over PT products.

This 'prioritisation' approach would not achieve the objective of equal sample sizes per customer group and would also introduce an element of non-coverage bias to the PT measures (because no BC customers would contribute). Consequently, we do not recommend it.

A better approach is to **run two concurrent surveys**, one in which both BC and PT customers are eligible for the core (recent experience) section of the questionnaire and one in which only BC customers are eligible. This will lead to equal-sized samples for both groups without excessive design bias requiring compensatory weights.

We have two sample frame options for the BC-only survey: (1) the same RDD frame as used for the BC+PT survey, or (2) a higher eligibility frame such as the HMRC database of tax credits recipients.¹⁷

We recommend using the same RDD frame for the first two quarters of the new contract but to also carry out a small pilot using the tax credits database as soon as possible.

¹⁷ Another option is the Child Benefit database but it would be less efficient than the tax credits database. Historically, 80% of those who have had a recent benefits/credits dealing have had a tax credits dealing but only 42% have had a Child Benefit dealing, despite the fact that more people receive Child Benefit than live in a household that receives tax credits. Generally speaking, a Child Benefit dealing is only required after the birth of a child or when changing bank details. In contrast, tax credits need to be applied for on an annual basis.

The purpose of the pilot is to (a) generate an estimate of eligibility for the core (recent experience) section of the questionnaire, and (b) assist in calculating the design bias that follows from a dual-frame approach.

This design bias follows from the observation that some individuals will have one route into the survey while others will have two:

- Tax credit recipients with a landline telephone: 2 routes
- Tax credit recipients without a landline telephone: 1 route
- BC customers who do not receive tax credits but have a landline telephone: 1 route

One group is entirely omitted unless a mobile-phone RDD sample is included (see later in this section for a discussion): BC customers who do not receive tax credits and do not have a landline telephone.

Weighting can compensate for variation in sampling probabilities but it reduces the statistical efficiency of the sample. We can estimate this by combining historical Customer Survey data with a reliable external dataset that covers the whole population. We have used the *British Crime Survey* because it has data on benefit/tax credits receipt as well as telephone status.

The historical Customer Survey data tells us that 80% of BC customers have had a dealing about tax credits. The *British Crime Survey* tells us that 17% of households in receipt of tax credits do not have a landline. From this we can estimate the composition of the two surveys as well as the population, albeit with the (large) assumption that the proportion of the BC population that has had a recent dealing about tax credits (80%) is the same as the proportion of the BC population that *receives* tax credits.¹⁸

Table 3.4: Sample and population estimates for a dual-frame BC survey

	RDD BC sample	TC sample	Estimated BC population ¹⁹	Total sample
Tax credits & landline telephone	80%	83%	66%	82%
Tax credits & no landline telephone	0%	17%	14%	7%
No tax credits & landline telephone	20%	0%	20%	11%
Proportion of combined sample	59%	41%		100%

If the figures in Table 3.4 were true, the sample efficiency would be 85%, which means that the overall **sample size for a dual-frame design would need to be increased by 17% over a single-frame RDD design**. This increase would have to come entirely from the boost

¹⁸ In reality, some of those who have had a recent dealing about tax credits will not receive them and some of those receiving tax credits will not have had a recent dealing about them. At this stage we cannot state the net effect.

¹⁹ Excluding those with no tax credits *and* no landline telephone, since this group cannot be covered in the survey.

survey, meaning that the sample split between the RDD BC sample and the TC sample would be 50:50 instead of 59:41 as in Table 3.4.

Countering this drawback is the strong likelihood that a **much higher proportion of contacted households would be eligible for the core (recent experience) section of the questionnaire.**

We can estimate the eligibility via RDD as the general eligibility rate for the Individuals survey (30%) multiplied by the proportion that has had a recent dealing about Child Benefit or tax credits (42%): 13%. The proportion that has had a recent dealing about tax credits is only slightly lower: 10%.

Some of those individuals on the tax credits database will not have had a 'recent dealing' about tax credits but we would expect the eligibility rate to be much higher than 10%.

Table 3.5 shows the likely eligibility rate under various scenarios and based on two possible household receipt rates: 15% (from the *British Crime Survey*) and 23% (recipient families as a proportion of total UK households).²⁰ It also shows the overall survey eligibility rate if we add the boost sample to the main BC+PT sample (30% eligibility).

Table 3.5: Realistic eligibility rates from a tax credits database survey

	% of those who have had a recent tax credits dealing who are on the tax credits database			
	25%	50%	75%	90%
TC-database eligibility rate 1 (BCS) ²¹	17%	33%	50%	60%
TC-database eligibility rate 2 (HMRC) ²²	11%	22%	33%	39%
Overall eligibility rate 1 (RDD+TC)	24%	31%	35%	36%
Overall eligibility rate 2 (RDD+TC)	19%	27%	31%	33%
Overall eligibility rate (RDD only)	20%			

Table 3.5 shows that the overall eligibility rate of the two concurrent surveys ought to be significantly higher if the tax credits database is used for the BC-only survey rather than an RDD sample. However, in cost terms this might be outweighed by the need for additional interviews to achieve the same effective sample size.

²⁰ Latest HMRC figures show 6.1 million families receive tax credits of one sort or another. There are 26.3 million households in the UK. If the ratio of families to households was 1:1 we would expect 23% of households to include a tax credits recipient. This is significantly higher than the BCS estimate (15%). However, the BCS estimate almost certainly includes some omissions (if the tax credit award is small or even zero, or simply because the sampled respondent does not know about the award) so the difference is not entirely due to there being more families than households. Tax credits are issued to 'families', not households but RDD contact is with households, not families so the BCS household estimate is a sensible comparison.

²¹ $(10\% * \text{column \%}) / 15\%$. 10% is the proportion of contacted households that have had a recent tax credits dealing; 15% is the proportion of households that receive tax credits according to BCS.

²² $(10\% * \text{column \%}) / 23\%$. 10% is the proportion of contacted households that have had a recent tax credits dealing; 23% is the proportion of households that receive tax credits based on an equivalence of families with households.

We strongly **recommend a pilot is carried out among current recipients of tax credits** to:

- (a) generate an estimate of eligibility for the core (recent experience) section of the questionnaire, and
- (b) assist in calculating the design bias that follows from a dual-frame approach.

This pilot need only be of ~200 interviews to obtain sufficient precision for these estimates. We suggest this pilot is carried out as soon as possible with a decision made before the third quarter of the new contract.²³

RDD sample source

We have considered two questions when deciding the RDD sample source to use for the Customer Survey in the future. Firstly, should we add a mobile phone sample (standard RDD is landline-based) and, secondly, can we make the landline sample more cost-efficient without introducing non-coverage bias to the estimates?

Adding a mobile phone sample

We have completed a regression analysis (using the *British Crime Survey*) to identify **what is distinctive about mobile-only individuals** (currently excluded from the sample). The model had a good fit score ($R^2 = 0.31$) and shows that the following characteristics increase the likelihood of being a mobile-only individual:

- male
- aged 20-34
- not married
- lower than average educational level
- born outside UK
- not Asian
- short time at current address
- expecting to move in next 12 months
- renters, especially in the social sector
- household income <£20k, especially <£10k (mostly benefit recipients)
- live in Northern England, Midlands or Wales (not South, London or East)²⁴
- Output Area Classification (a small area segmentation): 'city living', 'constrained by circumstances' and 'multicultural'

Mobile-only individuals are more likely than landline users to receive benefits, although not more than you would expect, given the profile above.

The next stage is to estimate the possible non-coverage bias for key measures, although the fact that only 10-11% of the UK population is mobile-only limits the possible extent of this bias for most topline measures.

²³ It would also be helpful if a question about tax credits receipt was included in the boost RDD survey in the first quarter. Then we will know the correlation between having a dealing about tax credits and receiving tax credits.

²⁴ Scotland and Northern Ireland are not included in the British Crime Survey.

We have approached this by identifying the sub-set of predictor variables that are also available for Customer Survey respondents and re-running the model on the Customer Survey dataset.

However, this time it is not the regression coefficients that interest us, it is one of the other outputs: the predicted likelihood of being mobile-only. Of course, none of the Customer Survey respondents are mobile-only but by **weighting the sample so that the mobile-only 'likelihood distribution' matches that in the British Crime Survey** we can go some way towards correcting for their omission.

This **weight makes no significant difference to any of the 14 key core (recent experience) scores**. The maximum difference was 0.2 percentage points; the most frequently observed difference was zero.

However, the efficacy of these weights depends upon (a) the strength of the model that produces the likelihood of being mobile-only, and (b) the assumption that matching the BCS mobile-only 'likelihood distribution' is sufficient to eradicate all non-coverage bias. This is unlikely to hold in full. Nevertheless, as it stands we cannot detect any non-coverage bias so do not advocate any additional weighting.

We do **recommend adapting the questionnaire for an in-home omnibus survey so that a more direct measurement of non-coverage bias can be achieved**. A sample of 500 landline customers and 500 mobile-only customers would be sufficient to detect any real differences of 8 percentage points or more (meaning we need to screen c.1500 individuals in each group as only around one in three are likely to have had dealings in the past three months²⁵). A difference of this magnitude is required to introduce a non-coverage bias of 1 percentage point to topline measures. We think that a smaller bias is 'ignorable' given the significant extra costs of a mobile-phone RDD sample.

It would make sense to repeat this research at intervals (e.g. once for each contract period) to ensure that the decision with regard to the inclusion/exclusion of mobile-only individuals is based on up-to-date evidence.

There remains the question of what to do if non-coverage bias is detected. There are two options that can be pursued:

- (1) The DIRECT method: Augment the landline sample with a mobile phone sample generated using RDD methods; or
- (2) The INDIRECT method: Use the omnibus data to adjust results that are based on a land-line sample.

Both options are detailed below.

²⁵ Additionally, the question determining telephone status will need to be asked of more than 10,000 respondents in order to find 1,500 mobile-only individuals.

Augmenting the land-line sample with a mobile phone sample:

The advantage of an additional mobile phone sample is that it will provide full population estimates without the introduction of modelled data (a requirement of option 2).

This additional mobile phone sample may be limited to mobile-only individuals (i.e. those with a mobile phone but no landline) or be extended to cover *all* mobile phone owning individuals. The key determinant in choosing between these approaches is cost. The first method results in fewer interviews with expensive call costs (calling mobile phone numbers is currently many times more expensive than calling landline numbers), as the vast majority of interviews are still conducted on landlines. However, the cost of screening out those in the mobile phone sample who also have landline phones may outweigh the savings gained from doing the smaller number of mobile-only interviews. The second method involves no screening out. Effectively there would be interviews with respondents who have both landlines and mobile phones from the sample of landlines *and* from the sample of mobile phones (with a potential for people to be contacted through both samples).

The overall size of the mobile phone sample in relation to the landline sample must also be determined via a cost/error trade-off. The optimum approach can only be established using contemporary call cost data (i.e. we cannot give a firm recommendation at the time of writing).

Using the omnibus data to adjust the results from a landline sample:

Essentially this involves (a) estimating the proportion of the population that is mobile-only, and (b) calculating mobile-only adjustment factors for every variable in the survey. Although a lot cheaper to do than adding a mobile phone sample, it is analytically more complex and places a lot of weight on the omnibus data. If this option is selected, HMRC might want to repeat the omnibus work at more frequent intervals to both confirm the generalisability of the omnibus findings and to reflect questionnaire developments over time.

We considered a test of one or both methods as part of this development study but the budget and timescale required were too great. Instead we have recommended an *approach* to evaluating non-coverage bias rather than evaluating it directly.

The landline sample

We recommend switching to a more efficient version of RDD to generate the landline sample.

The current method is to sample from all 10,000 number blocks that are assigned for residential allocation. The more efficient method is to sample from all 100 number blocks that have at least one 'known' residential number ('known' means in the telephone directory or in other large databases of individuals).

More than 98% of interviews completed in waves 8-11 of the current Customer Survey were via numbers that could have been sampled via the more efficient method. A 2% non-coverage rate is too small to introduce detectable bias to the survey estimates.

If we switched to the more efficient method we need sample only 18% of the volume of numbers we require with the current method. This will save money and field time as there are fewer numbers to screen out. We **estimate that field costs over the course of a year would drop by around 15%**.

Potential for a panel element to the sample design

We do not recommend the introduction of a panel element to either the BC or PT Customer Surveys.

A thorough discussion of the pros and cons of introducing a panel element to the survey is contained in section 3.2. However, the key difference between SMEs and Agents on the one hand and Individuals on the other is the relatively low eligibility of Individuals for the core (recent experience) section of the questionnaire (around 30%).

Even among those who were eligible a year before, we might find that only 50% or so qualify at the re-interview stage. Combined with inevitable attrition, we might find ourselves with a re-interview rate of 25-30% at best. Most of the advantages of a panel design (narrower margins of error, lower costs, longitudinal data) would be lost but we would be stuck with the disadvantages (in particular, the significant extra complexity).

3.5 Sample size calculations

HMRC asked us to calculate Customer group sample sizes for *four* options with an extra four options for the Individuals Customer group, changing the target precision of the segmentation indicator.

In Table 3.6 below, each cell shows (a) the smallest observed difference that must be statistically significant, and (b) the time period for comparison. For example, '3.5pp/6mths' means that the smallest significant difference is 3.5 percentage points and that the comparison is between six month datasets

Table 3.6: Costed sample options

	Core	Reputation	Segmentation
Option 1	3pp/6mths	3pp/12mths	3pp/12mths
Option 1a (Individuals only)	3pp/6mths	3pp/12mths	2pp/12mths
Option 2	3.5pp/6mths	3pp/12mths	3pp/12mths
Option 2a (Individuals only)	3.5pp/6mths	3pp/12mths	2pp/12mths
Option 3	4pp/6mths	3pp/12mths	3pp/12mths
Option 3a (Individuals only)	4pp/6mths	3pp/12mths	2pp/12mths
Option 4	3pp/12mths	3pp/12mths	2pp/12mths
Option 4a (Individuals only)	3pp/12mths	3pp/12mths	3pp/12mths

For each level of precision (3pp, 3.5pp and 4pp), we have computed the necessary effective sample size (2,134, 1,568, and 1,200 respectively) per time period. However, the *actual* sample size will vary by Customer group due to the different degrees of weighting each sample requires. Weighting compensates for variation in sampling probabilities but, in the process, it reduces the statistical efficiency of the sample.

The precise statistical efficiency of any sample is not known in advance but the following assumptions are fair ones:

SMEs:

The actual sample size should be 68% bigger than the target effective sample size, primarily to compensate for sampling at different rates per 'workplace size' stratum but also to allow for some 'not applicable' answers to key items²⁶

Agents:

The actual sample size should be 5% bigger than the target effective sample size to allow for some 'not applicable' answers to key items

Individuals (BC and PT Customers separately for core (recent experience) indicators; combined for reputation/segmentation indicators):

The actual sample size should be 26% bigger than the target effective sample size to compensate for selecting only one individual per household, as well as to allow for some 'not applicable' answers to key items.

The SME sample

The only choice here is over what **sampling rates to apply to the SME** 'workplace size' strata. A purely proportionate sample design would include very few larger workplaces, restricting analysis options significantly.

As a response to this, the current design targets a **sample distribution that is half way between one proportionate to the number of workplaces and one proportionate to the number of jobs.**

This is a good compromise – and one we suggest retaining - but means that the actual sample size needs to be at least 40% bigger than the target effective sample size to compensate for the variation in sampling fractions. We have gone further and assumed that a 60-70% inflation is required. The reason for this is that the proposed change in design includes some unknowns: budgeting for some design flexibility is a sensible precaution to take.²⁷

Table 3.7 shows the proposed sample distribution for the SME Customer group.

²⁶ We have assumed a 95% answer rate. Many indicators will have a lower answer rate than this but in calculating the effective sample size target we have been conservative and used the strongest assumptions of variance. We expect the two forces to balance each other out.

²⁷ Furthermore, historically, the design effect has been around 1.6 due to the need to correct for differential non-response patterns.

Table 3.7: SME sample distribution by size band

	Distribution of sites	Distribution of jobs	Average = proposed
No employees, below VAT line	42%	8%	25%
No employees, on IDBR	9%	2%	5%
1-4 employees, on IDBR	32%	17%	24%
5-9 employees, on IDBR	8%	11%	9%
10-19 employees, on IDBR	5%	13%	9%
20-49 employees, on IDBR	3%	19%	11%
50-99 employees, on IDBR	1%	14%	8%
100-249 employees, on IDBR	1%	17%	9%

If the NPS is used for sampling very small businesses (as we suggest), a substantial proportion will prove to be VAT registered. Consequently, it may be difficult to achieve the 5% target for 'no employees on IDBR' unless VAT registered NPS respondents are screened out (making the two samples non-overlapping). On balance, we think that it is better to retain these cases and apply weights to ensure a representative sample rather than waste them by screening them out.

The division of sample size between the two frames (NPS and IDBR) cannot be finalised until the pilot is complete but, to start with, **we suggest an achieved sample size division of 25% from the NPS and 75% from the IDBR.**

The Agent sample

Although the aim is for a proportionate sample of Agents, we need to decide the sample division between the IDBR and those sampled from the IT returns database. Currently, we do not know how many Agents are on this database and will only know once we obtain the eligibility rate from the two trade sectors that appear to cover Agents. To start with, we would suggest an **achieved sample size division of 25% from the IT returns and 75% from IDBR.**

Questionnaire sections

HMRC has asked us to retain the current quarterly sample design in which core data (experience of dealings in last three months) is collected every quarter but reputation and segmentation data is collected every *other* quarter.

For these 'reputation' quarters, we propose to ensure that a *proportionate* sample from the relevant populations ('all individuals aged 18+', 'all SMEs' and 'all Agents') gets the reputation section of the questionnaire. This means that only a subset of respondents completing the core section of the questionnaire will also complete the reputation section of the questionnaire.²⁸

²⁸ The alternative is for *all* these respondents to complete the reputation section of the questionnaire plus sufficient others to ensure that the effective sample size target is achieved. This would result in

The segmentation section of the questionnaire is different. It is primarily used to categorise respondents rather than to generate indicators for tracking over time. Consequently, we suggest that *all* respondents complete this section of the questionnaire. For SMEs and Agents, the effective sample size of the segmentation indicators will *exceed* the requirement (which is only to match the precision of the reputation indicators). However, for the Individuals Customer group, HMRC has asked for a '2pp/12mth' option. To achieve this, 800-1100 extra interviews²⁹ will be required with individuals ineligible for the core section. For simplicity, these cases will come from the PT+BC main sample only, rather than the BC boost.

Table 3.8 shows the expected sample sizes per quarter under each Option and for each Customer group.

Table 3.8: Target sample sizes for each Option and Customer group

	Option 1	Option 2	Option 3	Option 4
<u>Standard core Quarters</u>				
Individuals – PT – core only	1,348	990	758	674
Individuals – BC ³⁰ – core only	1,348	990	758	674
SMEs – core only	1,800	1,320	1,015	900
Agents – core only	1,125	825	635	565
TOTAL core waves	5,621	4,125	3,166	2,813
<u>'Reputation' Quarters</u>				
Individuals – PT – core/Seg	1,110	752	520	436
Individuals – BC – core/Seg ³¹	1,181	823	591	507
Individuals – PT – core/Rep/Seg	238	238	238	238
Individuals – BC – core/Rep/Seg	167	167	167	167
Individuals – not eligible for BC/PT –Rep/Seg	943	943	943	943
<i>Individuals – not eligible for BC/PT – Seg only (if required)</i>	<i>773</i>	<i>874</i>	<i>1,007</i>	<i>1,086</i>
TOTAL for individuals without seg boost / with seg boost	3639 / 4412	2923/ 3797	2459 / 3466	2291 / 3377
SME – core/Seg	540	62	0	0
SME – core/Rep/Seg	1,260	1,258	1,015	900
SME – Rep/Seg [eligible for core/not eligible for core]	540 [0/540]	540 [0/540]	785 [245/540]	900 [360/540]

fewer interviews overall but a longer average interview length. On balance, this would cost slightly more, hence we have chosen the representative sample route instead.

²⁹ The actual number depends on the precision option chosen for the core (recent experience) section of the questionnaire.

³⁰ Assumes RDD method used. If the tax credits database is used as a sample frame, these targets would need to increase to compensate for additional variation in sampling probabilities.

³¹ No Segmentation section if sampled via BC-only boost.

TOTAL for SME	2340	1860	1800	1800
Agents – core/Rep/Seg	1,125	825	635	565
Agents – Rep/Seg [eligible for core/not eligible for core]	5 [0/5]	305 [300/5]	495 [494/5]	565 [560/5]
	1130	1130	1130	1130
TOTAL reputation quarters	7109/7882	5913/6787	5389/6396	5221/6307

Further information on the sample structures (and the numbers answering each section of the questionnaire) is included in Chapter 5.

4. Question development and testing

For this element of the review we developed new question areas through depth interviews and consultation with HMRC (sections 4.1 & 4.2), reviewed existing question priorities (section 4.3), conducted cognitive testing of new questions (section 4.4), proposed questionnaires that incorporate the new question areas with no increase in length (section 4.6) and piloted questionnaires to allow the testing of new questions in the context of the questionnaire, and provide accurate estimates of timing (section 4.7).

4.1 Depth interviews to develop new question areas

4.1.1 Aims and method

The first stage was to explore **new question areas** with customers. Following consultation with HMRC researchers and stakeholders, topic guides were developed which aimed to explore six areas. The discussion below sets out for each topic what the overall aim was in terms of questionnaire development, and the specific objectives set for exploration in the depths with each customer group.

A. Straightforward

AIM: to develop a key measure (or basket of measures) to measure how straightforward dealing with HMRC is.

Group	Specific research objectives
Individuals	1. What does straightforward mean to customers in terms of their experience? 2. (How) does it relate to current experience dimensions? 3. Are we missing any new dimensions?
SME	As for individuals - may be different outcomes
Agents	As for individuals - may be different outcomes

B. Approach to HMRC

AIM: to measure how the approach to the specific dealing covered in the core questionnaire differs from the approach that would be expected from the segment the customer belongs to. This meant coming up with a way to segment the customer based on their specific dealing, and comparing it with the overall segment.

Group	Specific research objectives
Individuals	<p>To ascertain the extent to which customers can think back to before the dealing AND the ability to ask the relevant 'motivation' questions - specifically:</p> <ol style="list-style-type: none"> 1. Can we ask customers to think back to before their dealing? If not, what could they answer about - next dealing? 2. How can we produce an approximation to the main segmentation that will allow comparison? This will need questions on: <ol style="list-style-type: none"> a) Understanding what they need to do b) confidence in own ability to do this c) 'motivation' - this effectively is a proxy for whether they are trying to break the rules – will we get an honest answer to “is it ok to cheat”? <p>NOTE – based on the qual segmentation recruitment questions from HMRC but simplified (not using a 1-10 scale, but a yes/no approach) and also relating the questions to their specific dealings rather than in general. This meant a reasonable degree of change from the original questions to tailor them to the CS and this purpose.</p>
SME	As for individuals - may be different outcomes, and there is a different segmentation which additionally means questions on payment deferral and risk.
Agents	Not applicable

C. Perceptions of change

AIM: to assess how well HMRC handle change to reduce burden on the customer. For individuals this was change to their circumstances. For SME/Agents this was change to HMRC processes etc.

Group	Specific research objectives
Individuals	<p>Explore experience of a series of life events in the last year</p> <p>Find out if dealt with HMRC post-event?</p> <p>If not - explore why not</p> <p>If so - explore the experience to find out what made it hard/easy or more/less burdensome to develop suitable measures.</p> <p>(nb - explore TGI to determine likely penetration)</p>
SME	<p>Explore awareness of a few recent changes</p> <p>IF SO - explore how it was handled and what was important to the customer in reducing the burden</p> <p>Also explore any information or guidance used, and how this was received</p>
Agents	As for SME.

D. Record keeping

AIM: to find a way to try to measure improvements in record keeping for SME over time

Group	Specific research objectives
Individuals	Not applicable
SME	Explore what we can ask SME about record keeping and the need for/experience of improvement. Possible approach is to ask if there has been any need for improvement or attempts at improvement Also look at possible measures of quality of records – e.g. how easy to use for the return, how kept, how up to date
Agents	Explore agent perceptions of SME clients in terms of: <ul style="list-style-type: none"> • Quality of record keeping • Perceptions of improvement • Encouragement to improve

E. Education/technical support

AIM: to assess awareness, use and value of HMRC education and technical support products.

Group	Specific research objectives
Individuals	Not applicable
SME	Explore awareness/use/attitudes towards education/support and what aspects matter to customers. Use specific examples/media to prompt for this.
Agents	As for SME

F. Commercial understanding

AIM: to assess how good an understanding agents have of HOW they should be dealing with HMRC; also to assess (set before the depths as a secondary priority, but since returned to a higher priority) how well agents feel HMRC understand them.

Group	Specific research objectives
Individuals	Not applicable
SME	Not applicable
Agents	Explore how agents deal with HMRC using examples and scenarios - finding out where sticking points are, and whether this seems to be an agent lack of knowledge or HMRC not understanding agents Explore perceptions of how well HMRC understand agents.

Full topic guides are included in the appendix to this document.

We used a series of 20 exploratory telephone depth interviews split between each of the target groups of Individuals (8), SME (8) and agents (4) to explore the issues above. Depths were recommended as the most cost effective solution within the time available. In each case, the interview was exploratory in form and considered all the features that feed into their perceptions and experiences of HMRC in relation to the research themes. Interviews lasted around 20 minutes for individuals, 30 minutes with SME and 20 minutes with Agents.

Respondents were recruited from customers who had taken part in the CS survey in a recent quarter and who had agreed to re-contact for further research. We were thus able to purposively select potential respondents in order to speed up the recruitment process, reducing the need for screening at this stage. SME and Agents were sent a courtesy letter explaining the purpose of the research, the voluntary nature of their participations and the confidentiality of the answers. Letters were not sent to individuals, as their address details are not collected in the CS. Respondents were recruited to the following quotas:

Individuals x 8	Personal Tax x 5	Tax Credits x 3
Tax / TC type	Self-assessment x 2 Tax from pensions x 2 Tax repayments x 1 <i>(note – multiple dealings mean we will also cover other taxes within these individuals)</i>	WTC x 1 CTC x 2
Household status	Single (including separated, widowed, divorced) x 4 Married / living with partner x 1	Single (including separated, widowed, divorced) Married / living with partner x 2 At least one lone parent x 1
Working status	In paid employment (full or part time) x 4 Not in paid employment / Unemployed x 3 Retired x 1	
Age	Under 30 x 3 30-54 x 2 55+ x 3	
Income – to be screened in the call – not on sample	Under £25K pa x 5 £25K to 40% tax threshold x 3 Higher rate taxpayers x 0	
Life events – to be screened in the call – not on sample	Change in work circumstances x 4 Change in family circumstances x 2 Change in financial situation x 2	

SME's (8)	SME (3)	Self employed (3)	Partnerships (2)
Size (employees)	1-9 x 1 10-50 x 1 50+ x 1	ANY	ANY
Segment	Unaware / needs help x 1 Willing and able x 3 Potential deferrers / rule breakers x 2 Actual deferrers / rule breakers x 2		
Taxes (primarily) deals with	Company tax x 2 Payroll + NI x 2 SA x 3		

	VAT x 1 CIS x 0
Length of time trading	Under 1 year x 2 1 – 10 years x 4 10+ years x 2
Use of agents	Use agent to prepare and send return x 2 Self prepare majority of the return – agents checks x 3 Self prepare and send return x 3
Used HMRC educational technical support - to be screened in the call – not on sample	No experience x 3 Helpline x 2 Printed / web-based materials x 3

Agents (4)	Agents
Client represented	0 - 49 x 1 50 – 1000 x 1 1000+ x 2
Length of time dealt with HMRC	Under 5 years x 3 5 years + x 1
Tax specialism	Company tax x 1 SA for (self-employed and PAYE) x 1 Payroll + NI x 1 VAT x 1 (note – multiple dealings mean we will also cover other taxes within these individuals)
Used HMRC educational technical support - to be screened in the call – not on sample	No experience x 1 Helpline x 1 Printed / web-based materials x 3

Interviews were conducted by experienced members of TNS-BMRB's research team and panel of Research Associates. The interviews were conducted by researchers who have experience of interviewing both the general public and businesses, have experience of discussing tax and tax credit issues and are experienced in conducting research for HMRC.

All the interviews were digitally recorded with encryption occurring at the point of recording. The audio files were stored on a secure area of our IT system and uploaded to a secure website for transcription.

The depth interviews were analysed using our proprietary method – Matrix Mapping. Matrix Mapping uses a matrix approach (individual cases by themes and sub-themes) to capturing all the relevant information in an interview. The matrix format allows intelligent review of the information collected providing opportunities for both within and between case analysis. Similarities and differences can be identified by sorting cases by themes. Further insight can be gained by mapping how issues relate to each other, comparing the emergence of one theme relative to another or one theme by specific types of cases.

The section below details the results following initial analysis to feed into the cognitive testing of new questions. Further information on what is likely to lie behind responses on these themes will be included in section 4.5.

4.1.2 Outcome of depth interviews

The key output from this stage of analysis was to set out the issues that can be addressed by questions relating to the six research themes and the concepts and language that best capture customer experience. More specifically, the key output was to recommend areas and **questions for cognitive testing**, questions that should be **piloted but do not need cognitive testing**, and recommendations for **question areas that may be unsuitable for inclusion** on the Customer Survey within their current aims. These recommendations are set out below for the six topic areas tested.

A. Straightforward

Group	Summary of findings/recommendations
Individuals	Top level question is unproblematic but survey needs to prompt respondents to exclude outcome, and to collect expectations for context. Dimensions feeding into straightforward - some pre-existing dimensions were mentioned, but could add "resolution at first attempt/contact" and "use of agent for core dealing"
SME	Top level as individuals. Dimensions - most mentioned map onto pre-existing dimensions, but could add "ease of getting hold of right person" and "how well HMRC understood your issues", as well as "resolution at first attempt/contact".
Agents	Top level as individuals Dimensions – again most were pre-existing but could add "staff knowledge/ability" and "ease of client authorisation".

The table above shows a summary of the recommendations, with more details below.

A1. The top level question

All three groups were easily able to answer a question about how straightforward the recent dealings had been. As is the case in the current CS questionnaire for the overall rating question, we would need to make it clear what we mean by 'most recent dealings on this tax/benefit' to avoid respondents focusing on just one phone call (for example); the current questionnaire approach should suffice for this, as it focuses respondents on this throughout the core questions.

Outcome and expectations both had a huge influence on answers about straightforwardness (as they do on satisfaction). If the outcome was not what they had hoped for, respondents

rated the dealing as less straightforward. If they had low expectations prior to the dealing then they rated the dealing as more straightforward than those with higher expectations.

Recommendation – replace the current “satisfaction” question with a “straightforwardness” question, keeping outcome and expectation questions in place. This should not need to be cognitively tested (although cognitive testing would allow further explorations of what feeds into it), but should be tested within the pilot questionnaire. The suggested questions are:

Q1. **How satisfied or dissatisfied are you with the final outcome of your recent dealings with Revenue and Customs about [insert topic]? Is that very or fairly [satisfied/dissatisfied]? SINGLE CODE ONLY.**

- Very satisfied
- Fairly satisfied
- Neither satisfied nor dissatisfied
- Fairly dissatisfied
- Very dissatisfied
- Don't know
- Not applicable

Q2. **Putting aside the final outcome now, and thinking just about the service you received, overall, how straightforward was your recent experience of dealing with Revenue and Customs about [insert topic]? Would you say that it was... READ OUT. SINGLE CODE ONLY.**

- Very straightforward
- Fairly straightforward
- Neither straightforward or not
- Not very straightforward
- Not at all straightforward
- Don't know
- Not applicable

Q3. **And would you say your recent experience of dealing with Revenue and Customs was more straightforward than you expected, less straightforward than you expected, or in line with your expectations? SINGLE CODE ONLY.**

- More straightforward
- Less straightforward
- In line with expectations
- Don't know

A2. Factors feeding into a straightforward customer experience

The qualitative interviews clearly illustrated that people think of a wide range of different dimensions of the experience when judging the degree of straightforwardness of their dealings. We need to ensure that these are fully covered in the questionnaire. Some will be related to existing core dimensions and others may be new, and they are likely to differ for the different customer groups. Where there is a match it would be best to use existing dimensions to enable tracking to continue, but some changes may be needed.

The existing dimensions are:

1. How easy or difficult was it to understand what you had to do in your dealings with Revenue and Customs?
2. How easy or difficult was it to complete the processes, for example forms, payments, or checking information sent to you by Revenue and Customs?
3. How easy or difficult was it to get in touch with Revenue and Customs?
4. How good or poor were Revenue and Customs at giving you all the answers you needed?
5. How good or poor were Revenue and Customs at providing a service designed with your needs in mind?
6. How good or poor were Revenue and Customs at doing everything they said they would?
7. How good or poor were Revenue and Customs at keeping you well-informed?
8. How good or poor were Revenue and Customs at getting things right?
9. How quickly or slowly did they respond to you?
10. How quickly or slowly did they deal with your issue?
11. How well or poorly did staff treat you?
12. How flexible or inflexible was the service in taking your needs and circumstances into account
13. Comparing your most recent dealings with Revenue and Customs with dealings you have had with them previously, how consistent or inconsistent would you say Revenue and Customs' are? (*AGENTS & SME*)

Any new or altered dimensions need cognitive testing.

Individuals

Issues mentioned by respondents were:

- a. Ease of finding out who to call
- b. Whether HMRC provided sufficient answers to questions
- c. Speed of answering phone (relative to expectations)
- d. Speed of resolution (relative to expectations)
- e. Ease of understanding HMRC explanation
- f. Whether had to make multiple calls or dealt with in a single contact
- g. Involvement of accountant in dealing

Points a-e could be covered by the following existing dimensions. We suggest some changes to these dimensions as underlined.

3. How easy or difficult was it to get in touch with Revenue and Customs?
4. How good or poor were Revenue and Customs at giving you all the answers or information you needed?
9. How well or poorly did the time taken to respond issue meet your needs?
10. How well or poorly did the time taken to resolve your issue meet your needs?
1. How easy or difficult was it to understand what you had to do in your dealings with Revenue and Customs?

HMRC suggested that the two speed questions could be combined into one single question, and that the scale should be changed from absolute speed (or lack thereof) to one that linked speed to customer needs. Since both speed of response and speed of resolution were raised separately, this combination may not be ideal, but if one statement were to be chosen, resolution would provide more complete coverage of speed (taking speed of response into account one factor feeding into this). A revised scale was developed for cognitive testing related to 'meeting needs'

In addition to these dimensions, we may need to add in a question to cover point (f) on **‘success at first point of contact’** after the current questions on contact. We recommend a series of questions to assess:

- i) modes of contact used (we already have a question for this). If multiple modes were used, we can assume there was no success on first attempt.
- ii) For those using only one mode, additional questions should be asked to find out whether they had success at first attempt (and where personal contact was involved, whether this was from the first person they dealt with)

We could add a question to find out **whether they used an agent to help with this specific dealing to cover point (g)**. As with the current more general question we need to cover both professional help, and help from friends and family in this question.

SME

Issues mentioned by respondents were:

- a. Time taken to answer the phone
- b. Tone of HMRC staff
- c. Helpfulness of staff
- d. Finding the right person to talk to
- e. How scripted the answers sounded
- f. How well HMRC understood the issues
- g. Being transferred too many times

Points a-e could be covered by the following existing dimensions. We could consider some changes to these dimensions – suggestions highlighted

- 9. How well or poorly did the time taken to respond issue meet your needs?
- 11. How well or poorly did staff treat you?
- 3. How easy or difficult was it to get in touch with Revenue and Customs?
- 12. How flexible or inflexible was the service in taking your needs and circumstances into account
- 5. How good or poor were Revenue and Customs at providing a service that shows a good understanding of your needs?

Since two of these have changed, they need cognitive testing. We also suggest testing the new version of statement 10: “time taken to resolve your issue” with this group since it may end up as the only speed question for all groups.

In addition we recommend testing two further new questions to cover points (f) and (g) along the lines of:

- How easy or difficult was it to get hold of someone who could deal with your issue?
- How well or poorly did Revenue and Customs understand your issues?

We also recommend a **“success at first point of contact”** series of questions (as for individuals) to cover point (g). All new questions need cognitive testing.

Agents

Issues mentioned by respondents were:

- a. HMRC staff receptive/listened
- b. Consistency of treatment by different staff
- c. Speed and convenience of resolution
- d. HMRC computer system and record keeping success
- e. Training/knowledge/ability of staff
- f. Getting authorisation to deal on behalf of the client

Points a-d could be covered by the following existing dimensions, again with some suggested changes to the question of speed.

11. How well or poorly did staff treat you?
13. Comparing your most recent dealings with Revenue and Customs with dealings you have had with them previously, how consistent or inconsistent would you say Revenue and Customs' are?
10. How well or poorly did the time taken to resolve your issue meet your needs?
8. How good or poor were Revenue and Customs at getting things right?

Only the changed dimension need cognitive testing. We recommend including the accompanying "speed of response" question (statement 9) to ensure both word changes are tested with this group.

Given comments made in response to other issues in the depth interview, we additionally recommend testing the question suggested for SME around "HMRC understanding of customer needs".

5. How good or poor were Revenue and Customs at providing a service that shows a good understanding of your needs?

To cover points (e) and (f) we recommend two new questions:

- How good or poor would you rate the Revenue and Customs staff you dealt with in terms of their ability to deal with your issue?
- How easy or difficult was it to get HMRC to recognise your authorisation to deal with this issue on behalf of your client?

Further possible factors for all three groups

While these were the dimensions raised in the small number of depth interviews with each group, further interviews may well have produced further factors (and the cognitive interviews will be used to probe for any further candidates for inclusion). In the absence of further qualitative research we considered the remaining dimensions from the previous CS for inclusion. These will be discussed further in section 4.3: review of current questions.

B. Approach

Group	Summary of findings/recommendations
Individuals	<p>Customers can think back to BEFORE the dealing for confidence.</p> <p>Need to split 'confidence in ability to do' and 'confidence in ability to find help' into two separate questions.</p> <p>Can't think back to before the dealing in terms of cheating - need to think about the present for that.</p> <p>Considerable shock at being asked about cheating in this context - could be problematic – there may be a better word to use (probe in cognitive testing).</p> <p>There may be too much repetition when asking similar questions soon after in the segmentation section of the questionnaire.</p>
SME	Same concerns as for individuals
Agents	Not applicable

The table above shows a summary of the recommendations, with more details below.

Both individuals and SME could think back to BEFORE the dealing in terms of confidence. Both were fine answering “were you confident you knew what you needed to do to meet your obligations in relation to x”. It may be better to split the question “I was confident that I knew what needed to do and that I could find help if needed” into two separate questions:

- Were you confident that you could do what you needed to?
- If No – Were you confident that you would be able to find any help you needed to enable you to do what you needed to?

When asked to think about the acceptability of cheating or prioritising payments, respondents could NOT think back to before the last dealing – it was too confusing a concept. They were only able to answer about their current beliefs, but this is still different from the main segmentation as it is specifically in relation to one benefit/tax (noting the need to include regular reminders to respondents to think of this).

Also, there was considerable shock at being asked “is it ever OK to cheat” both for individuals and SME. Customers were able to answer, but there is a risk at putting this question early in the questionnaire that needs to be tested and piloted.

Most individuals said they had never thought about ways to cheat, so were a bit surprised by the question on whether they knew any. However, they were still willing and able to answer.

SME similarly found the “how big did you think the risk was of businesses being caught and punished for cheating on x” hard to answer as they said they had never thought about it. However in terms of producing the segmentation, this is not a problem, as those who say “low risk” are rule breakers and the rest (including DK) can be all treated as “potential rule breakers”.

Finally – there is some worry about putting these questions in the core section of the questionnaire, since this is followed for many respondents by the full set of segmentation questions, and it could be rather repetitive. We suggest trying it in the pilot at least for half the sample to see if this is a problem.

We should ideally cognitively test these questions as they are different from the quadrangle questions, although we did use these questions in the depths. It is just as important to pilot them in context to see if the shock value/repetition constitutes too great a problem.

C. Change

Group	Summary of findings/recommendations
Individuals	<p>Very little evidence of experience of dealing with HMRC over life changes, and those with experience find it difficult to separate the impact of HMRC from the impact of life change/other influences.</p> <p>TGI data also suggests very low numbers would answer the key questions so CS may not be the right vehicle.</p> <p>We recommend using a different research vehicle to unpick customer journeys and the influence of HMRC within this.</p>
SME	<p>Awareness of recent HMRC changes was low in the depths, with little use of HMRC information and no awareness of consultation. CS may not be a productive vehicle for this topic for SME (in terms of numbers of respondents).</p> <p>We could cover awareness of change and awareness of information/guidance from HMRC as for this group lack of awareness may be the key issue. Based on the qualitative work done so far we do not have sufficient knowledge to develop a question set for cognitive testing and would recommend further qualitative research. Questions based on HMRC priorities could be piloted with agents to get a better idea of involvement levels.</p>
Agents	<p>Awareness of change was higher for this group BUT agents tended not to use HMRC information AND were not really concerned about the impact of change on them as agents: it was seen as an opportunity to raise revenue for them.</p> <p>There was no awareness of consultation in the interviews. Based on the qualitative work done so far we do not have sufficient knowledge to develop a question set for cognitive testing and would recommend further qualitative research. Questions based on HMRC priorities could be piloted with agents to get a better idea of involvement levels.</p>

The table above shows a summary of the recommendations, with more details below.

Individuals

Individuals were asked if they had experienced any of a series of life changes and dealt with HMRC about them. Some had experienced changes, but in general this section was a ‘non-event’ in the interview. Furthermore, they had real difficulty separating the impact of dealings

with HMRC out from the influence on their lives of the event itself. Expectations also played a key role as well – they could only rate what they could remember against what they thought might happen. For example, there was an expectation for most that any such involvement would naturally involve some effort/burden.

It is felt that this would be better served by a qualitative exercise looking at customer journeys through these life events and how HMRC fits in among all the other issues/organisations people have to deal with to help unpick how HMRC performs.

There is also some concern that these questions may not apply to many respondents. While the life event questions on TGI are not a perfect match, it looks like we might expect around 20%-30% of the population to have experienced one of the events in the last year. Furthermore, it seems likely that in many cases they would not have dealt with HMRC over the change. This suggests that the numbers involved would also be very small and so this question would need to be asked every quarter to build up any reasonable numbers to track over time.

We could ask something along the lines of:

Q1. Have you dealt with HMRC following any of the following changes in the last 12 months?

Starting work, or leaving work, including losing your job

Changing your job

Retirement

Changing to part time working

Becoming self employed or an employer

Starting or leaving education

Getting a serious illness or disability

Bereavement

Marriage/civil partnership/start living together

Divorce/separation

New child or baby in the family (e.g. birth, adoption etc)

Changes to childcare arrangements or costs

Big change in financial situation (inheritance, financial difficulties etc)

Become higher rate tax earner

None of these/DK

IF YES, SELECT ONE DEALING AT RANDOM

Q2. Do you think HMRC could have made the dealings easier for you, or did they make it as easy as you would have expected?

Could have made it easier

Was as easy as I would have expected

However – the second question really needs a follow up open ended question such as “how could it have been easier”, which is likely to raise a wide range of suggestions relating to a variety of dealings. Also the numbers dealing with each individual life event are likely to be

very low making it hard to analyse. Our recommendation is that this topic would be better suited to a separate customer journey type study into life changes, and the role HMRC plays.

SME

SME were asked if they were aware of three specific changes (3 line account, mandatory online VAT filing, VAT change to 17.5%). There were problems with SME recognising the changes as the descriptions were rather technical – some ‘translation’ would be needed were these questions to be included.

Awareness was not high in the depths for any of these changes, but where SME were aware they were generally positive about the way change was handled. When asked about information this tended to elicit more general information and not resources specifically related to the change. This suggests questions about information and guidance may well not be fruitful for this group.

There was also some difficulty in separating out HMRC change from legislation change over which they knew HMRC had no control.

Consultation was not on their agenda at all: *“HMRC don’t consult SME”*.

Based on a small number of depth interviews it is hard to assess whether awareness of specific change is likely to be high enough to make any questions beyond awareness productive within the CS. It is possible that awareness is higher for larger SME (there was only one depth interview with a larger SME), and this needs to be tested at the pilot. Questions need to be developed for this but we did not include any in the cognitive testing stage. We suggested a focus on awareness of the change, involvement with HMRC following the change, awareness of the information and overall rating of the information.

Agents

Awareness of the three changes was much higher among agents (although one was not aware of the ‘3 line account’ change).

Regarding information, agents said they went to their professional bodies and made little use of HMRC information. They felt this information went to clients and they only saw it when a client brought it to them to ask how to deal with the change. Their dealings about the change tended to be with their client, rather than HMRC so it would be hard for them to evaluate HMRC on this.

Their expectation was that change would bring burden, but to some extent this increased the business they got from their clients, so they were not particularly worried about it as it increases workload but also revenue.

The agents were not aware of any consultations taking place so would not have been able to answer about this. We suspect the numbers aware of any consultation could be very low and hard to cover in the survey.

Agents were preoccupied with having to deal with HMRC in the same ways as customers deal directly with HMRC, and with no concessions to them being agents at all. For example, they felt they should have longer deadlines as they have to go back to clients and get information and don't have immediate access to this. This concern actually seems to relate more to "commercial understanding" in terms of how well HMRC understands their business, even though it was raised in relation to change here.

On the basis of the qualitative depths, it seems that agents are unlikely to be engaged with the issues at all and are much more preoccupied with why HMRC does not treat them as different from other customers. However, the number of interviews was low (4) so it is worth testing a short set of questions on the pilot to get a better idea of engagement and ability to answer.

We also suggest that this area be explored more in depth with agents if it is of concern to HMRC, as it would need some serious unpicking to get behind agents' other concerns and onto change itself. It may just be that they are not that worried about change and will deal with what comes.

D. Record Keeping

Group	Summary of findings/recommendations
Individuals	Not applicable
SME	Worked well. We suggest relating questions to record keeping for the specific tax covered in the core questionnaire to clarify and simplify answers. We would ask about how they keep their records, how frequently they update them, and how many queries/problems they/their agent has using the records to complete the return
Agents	Could ask what proportion of SME clients keep records to a standard that makes completion of returns easy as a proxy for quality (may not need to be tax specific but it needs testing).

The table above shows a summary of the recommendations, with more details below. Questions in this section are all new and need cognitive testing.

SME

The phrase “business records” caused considerable confusion. It may be clearer to refer to records kept in relation to specific taxes and duties. It may be best to ask questions about keeping records in relation to the tax selected for the core questionnaire, as that would really simplify matters and avoid general confusion.

There seems to be a continuum of record keeping approaches as follows:

- I keep my receipts/invoices etc in a box and hand them to my accountant later
- I keep a record on paper
- I keep a record in a computer package/excel etc

In order to find out how up to date records are, it seems most productive to find out **how frequently they update their records**. There is a continuum for how often they are maintained/updated. This is a tricky one as you could include throwing a receipt into a box as maintaining and updating records. We suggest finding out whether respondents keep records in any way beyond just keeping receipts etc and doing nothing with them and then ask how often they update them: this will probably run from weekly, through to “when the return is due” but there are differences with payroll being dealt with monthly and VAT quarterly compared with other annual returns so this depends on the tax. We could use a scale of updating records “**on a regular basis**” vs. “**only when a return is due**” to simplify the question.

We tried a number of ways to get at how complete the records are and the best approach seems to be to ask:

- those using an agent: how many queries the agent usually comes back with when they are filling in the return
- those who fill the return in themselves: how many problems do you encounter when filling in your return in finding the information you need in your records

Again, we would probably need to ask this about the specific tax asked about in the core as it would vary by tax type.

There was little evidence of SME trying to improve or being asked to improve their record keeping.

They had used a range of sources of help in this area although whether these were closely related to record keeping is unclear and many of them were not HMRC sources – mentions included: HMRC website, HMRC helpline, holiday calculator (HMRC), ACAS (stat sick pay), Chamber of Commerce. You could potentially ask if they have used any HMRC resources in relation to record keeping but, as for the education questions, you are likely to get small numbers for each and be unable to evaluate them: it would merely be about finding out if they have used anything from HMRC which may not be actionable, so we do not recommend including this question.

Agents

Agents found it impossible to generalise across their SME clients, reporting real variability in standards of record keeping. The main problems they had were getting the information they needed in time to file returns to deadlines. Agents could not see beyond leaflets etc in terms of support HMRC could offer their clients.

Most relevant to the issue in hand, while agents could not generalise about their clients, they were able to answer a question along the lines of:

- What proportion of your SME clients (e.g. out of 10) keep records to a standard that makes it easy to find the information you need to complete their tax returns?

This would act as a proxy for quality that could be tracked over time, as the flip side to the information provided by SME.

E. Education and technical support

Group	Summary of findings/recommendations
Individuals	Not applicable
SME	SME did not understand what was meant by education and technical support. When they were presented with the media used for this, they did not seem to use this type of resource and were unable to rate it, other than by individual item. This suggest the CS is not the right vehicle to evaluate these resources as it would not produce actionable data in any quantity in relation to each resource – we suggest the use of exit surveys and feedback sheets about specific resources, and the use of actual usage data for more useful evaluation. Awareness and general use could be assessed BUT only if we can find a way to explain what is meant by education and technical support.
Agents	Largely the same issues as for SME.

The table above shows a summary of the recommendations, with more details below. Any questions in this section would be new, and any proposed way of explaining what we meant by these resources needs cognitive testing.

SME

SME did not understand what HMRC education and technical support meant until the list of media used was introduced. When they understood, reported use was very limited. There were some positives such as HMRC avoiding jargon, good online support when submitting returns, one well received seminar.

They were unable to assign a value to support, other than on an item by item basis. Our experience on the CS prior to 2008 was that trying to ask questions about use of specific items (named over the phone) including follow up evaluation questions was very unproductive

as numbers of users tended to be too low to make the outputs of any use. For this reason we do not recommend trying to explore value. Awareness and use could potentially be explored but only if some way can be found to explain clearly what we mean by this type of resource.

Agents

Agents did not report much use of any HMRC materials in the depths – they tended to call or speak to someone for specific queries and use their own industry bodies instead of HMRC. If they had used anything, they were only willing to rate individual resources (as was the case for SME) rather than in general.

For both customer groups we recommend pursuing other ways of evaluating resources, such as through exit surveys for online resources, and feedback sheets accompanying hard copy resources, or at the end of seminars. This would provide much more focused feedback to help improve resources.

We could include questions on awareness and use of HMRC resources just to get a feel for numbers aware of/using them, but only if we could come up with a way to make it clear which resources were included here.

The one key concern for both groups was the website, specifically the search function and navigation but plans to migrate to BusinessLink and DirectGov suggest this is not a question area worth pursuing.

F. Commercial understanding

Group	Summary of findings/recommendations
Individuals	Not applicable
SME	Not applicable
Agents	<p>It is possible to ask agents if it is easy to find out where to go for help as they blame HMRC for not making it clear.</p> <p>It may be useful to ask where they go as their first port of call (default) and whether this allows them to get hold of someone or the info to deal with their issue.</p> <p>There was not sufficient time in the depths to fully cover the issue of HMRC understanding their business (and this topic was set as a second priority) so questions need to be developed and tested to cover this area based on HMRC’s requirements. It was clear, however, that agents have concerns that they are not treated differently from other businesses, confirming that this is an issue for agents.</p>

The table above shows a summary of the recommendations, with more details below. Any questions in this section would be new and need cognitive testing.

While the expectation was the agents would say “of course I know what to do/where to go” the reality was that agents were happy to say “I am not at all confident that I know where to

go” for both straightforward and complex queries, and this was because they blame HMRC for making it hard to work out where they should go. This suggests a question such as:

- How easy is it to find information or advice from HMRC to deal with queries?

The interviews suggested that agents had a number to call but, once they had called it, it was hard to get hold of someone who could help them (it may be that they did not have the right number to start with but we can't tell). Asking about how they keep up to date with changes resulted in lots of complaints about the impact of changes (such as removing local offices). It seems likely to be more productive to ask agents something like:

If you needed help or advice on an HMRC issue, what would be your first port of call?

- Website (HMRC)
- HMRC Helpline
- HMRC local office or other phone number
- Trade/industry body
- Search engine on web
- Other website
- ...

Agents were negative about the ability of HMRC to understand their business. As discussed earlier their key concern was that HMRC do not treat them any differently from customers who are not agents. This causes problems with timing (getting hold of clients, getting information from clients at short notice). Delays or mistakes from HMRC cause problems (and additional cost to clients – e.g. HMRC mistake resulting in request to resubmit – cost passed to client). This is clearly a very big issue for agents. We did not explore this in enough depth (as it was not a top priority in the depth interviews) to develop questions based on agent concerns and priorities, so will need to develop questions based on HMRC priorities.

4.2 Further new question development before testing

Following feedback for the depth interviews three of the topic areas were or are in need of further development either for the cognitive testing, or for the pilot: **change**, **education/support** and **HMRC understanding of agents**.

A) Change: It was decided that these questions would not be further cognitively tested as the numbers of respondents involved made it unlikely enough would answer the questions to be useful. Questions were developed to pilot with c.100 agents, and c.100 SME.

We suggested a focus on awareness of specific changes, involvement with HMRC following the change, use of any HMRC information relating to the change (could be very low numbers) and overall rating of the information. We did not recommend a large number of specific ratings of information as we anticipate numbers using the information could be very low. A question could be included on awareness of HMRC consultation on the changes (perhaps whether aware it was going on, and whether know anything about it personally – we suspect the number with personal involvement will be very low).

Draft questions were provided by HMRC which would equate to a 5 minute module of questions for those aware of change and consultation. We felt that this is likely to be too long to accommodate within the current questionnaire length (we recommended a length of 2.5 minutes at most), and many of the suggested questions about information and consultation would have very low numbers of respondents. A module of around **2.9 minutes** of questions was agreed prior to piloting, although the final length would depend on the level of awareness of change.

B) Education/technical support: Two questions were cognitively tested in this area:

First, we tested the ability to define these materials as those on the Businesslink website using specific media – this had the potential either to under-represent awareness (if customers were not aware they were using the Businesslink website as they had used links from the HMRC website) or over-represent awareness (including all HMRC materials under this banner). The second question (tested among agents) was awareness of support from Agent account managers.

In the final survey HMRC were also interested in testing both SME and Agent awareness of face to face support (e.g. seminars, workshops, open days, employer events) but it was not felt necessary to cognitively test this and this was included in the pilot.

Beyond awareness, HMRC also wanted to ask SME and Agents about use of each type of support which should be fairly straightforward, if we are confident they have understood what each type of support involves from the cognitive testing. These questions were to be included in the pilot only.

HMRC would also like to ask for each type of support NOT used, why they have not been using them (among those customers aware of the support). We have concerns that this is more of a qualitative exercise and may not provide actionable insights. If there is high level awareness but low level use, then most respondents would be answering these exploratory questions. We estimated that this would result in a **2 minute question module** for **SME** and a **3 minute module** for **agents**.

C) Commercial understanding: Following the debrief on the depth interviews HMRC clarified further their key aims for this topic. Questions were developed for cognitive testing to cover these aims (using input from the depth interviews wherever possible). There were two key questions:

- How well HMRC understand the way agents work
- How well the way HMRC operates enables agents to do business

Within each there are a number of supporting measures that were tested. Within the first we were testing questions around the ease of finding information, the ease of providing information and the first port of call for information. Within the second we were asking whether

HMRC use the information as expected, and the impact of the way HMRC works on agents' time and client relationships.

We estimated that this would be a **2.5 minute module of questions** for agents.

D) Segmentation: In addition, a new set of **segmentation questions** needed to be included for **agents**. This had been tested already so it would be sufficient to pilot and not cognitively test these 70 seconds of new questions.

4.3 Review of current questions and HMRC priorities

Alongside the development of new question areas a review of the current questionnaire and HMRC priorities has been ongoing. A key focus of this stage was a review of the existing customer experience questions, considering which questions may be open to interpretation and which may need to be amended in the light of the 2010 spending review. We also looked at the Key Driver Analysis that we have previously carried out on these measures to look at potential 'duplication' in strongly correlated measures and also to review which measures seem most important in driving the customer experience. Finally HMRC reviewed which questions were useful and actionable to produce internal prioritisation.

4.3.1 Prioritisation of the dimensions in the current survey

The results of this exploration (and the depth interviews) in relation to **existing dimensions** are summarised below.

Dimension	Individuals	SME	Agents
1. understand what to do	Qual driver (3%)	KDA, good score Important (3%)	EXCLUDE?
2. ease of processes	Likely to be used as an indicator for straightforward	Important (3%)	Likely to be used as an indicator for straightforward
3. ease of getting in touch	Qual driver (3%) Reputation (5%) Important (3%)	Qual driver (3%) Reputation (5%) Important (3%)	Reputation (5%) Important (3%)
4. giving answers (<i>nb – encompass information, need to add understanding?</i>)	Qual driver (3%) KDA, good score CE measure (3%) Reputation (5%)	KDA, good score CE measure (3%) Reputation (5%) Important (3%)	KDA1, poor score CE measure (3%) Reputation (5%) Important (3%)
5. service designed with needs in mind – <i>not actionable – change or exclude?</i>	KDA1, poor score Reputation (5%) 6 MONTHLY?	Qual driver (3%) KDA, good score Reputation (5%)	KDA1, poor score Reputation (5%) 6 MONTHLY?
6. doing everything they said	Less important – EXCLUDE?	EXCLUDE?	EXCLUDE?
7. keeping well informed	KDA, good score Reputation (5%) Less important (5%)	KDA, good score Reputation (5%) 6 MONTHLY?	KDA2, poor score Reputation (5%) 6 MONTHLY?

	6 MONTHLY?		
8. getting things right	KDA1, poor score Reputation (5%) Less important (5%) 6 MONTHLY?	Reputation (5%) 6 MONTHLY?	Qual driver (3%) KDA1, poor score Reputation (5%) Important (3%)
9. speed of response – <i>just one speed?</i>	Qual driver (3%) Reputation (5%)	Qual driver (3%) Reputation (5%) Important (3%)	KDA1, poor score Reputation (5%) Important (3%)
10. speed of resolution – <i>just one speed?</i>	Qual driver (3%)	Important (3%)	Qual driver (3%) Important (3%)
11. well treated by staff	Charter (3%) Reputation (5%) Less important (5%)	Charter (3%) Qual driver (3%) KDA, good score Reputation (5%)	Charter (3%) Qual driver (3%) Reputation (5%)
12. flexibility of service – <i>not actionable</i>	KDA2, poor score EXCLUDE?	Qual driver (3%) KDA2, poor score EXCLUDE?	KDA2, poor score EXCLUDE?
13. consistency	NA	EXCLUDE?	Qual driver (3%)

A key to the various comments is given below. Shading indicates a recommendation for inclusion in the new survey quarterly. Others not marked for exclusion could be included six monthly (probably on reputation waves) or on a split sample basis. Percentages show the level of change required to be significant by HMRC.

Key:

- **Qual driver** – raised in the qualitative depths as a driver of ‘straightforward’
- **KDA1, poor score** – Key driver in 2009/2010 with a relatively poor rating – priority area to improve
- **KDA2, poor score** – secondary Key driver in 2009/2010 with a relatively poor rating – secondary priority area to improve
- **KDA, good score** – Key driver in 2009/2010 with a relatively good rating – area to maintain
- **Charter** – maps onto Charter measures
- **CE** – Key Customer Experience measure
- **Reputation** – Used in reputation tracking
- **Important** – categorised as important by stakeholders
- **Less important** – categorised as less important by stakeholders

4.3.2 Prioritisation of other questions in the current survey

The table below sets out all current questions, and HMRC comments, together with comments from TNS-BMRB and possible frequency of asking.

Question	Group	HMRC comments	TNS-BMRB comments	Min freq
1. SCREENING				
Self employed, Partners	SME	Analysis	Just analysis. Asked at end for agent.	Q
Single/multiple sites	SME	Analysis, drop?	Use to filter number of emps in UK/site & nature of workplace. Asked at end for agents	Q/drop?
Financial agent	Agent		Eligibility - need	Q
Dealings in last 12 months	All	Drop if not tracking?	Could drop if not needed – however, it may currently make it easier to answer the 3 mth question, and may be being used in HMRC	Q/drop?
Dealings in last 3 months	All		CORE DEFINITION	Q
2. DEALINGS				
Nature of dealings	All	Review lists	Trialled pre-codes – need to review	Q
Whether contact/form etc	All	Suggest delete and use open end	Important to keep - this is prompted so gives us a more complete picture than the prev question.	Q
Mode of contact	All	Want to be able to link mode to dealing. Want to ask first mode. Want to ask why went to second mode. Key Customer Experience measure. Priority 3.	Since use multiple modes cannot link uniquely – can add in first mode used, (and whether success at first attempt if one mode only) To ask why went to second mode would need list of pre-codes to prompt.	Q – 3%
3. EXPERIENCE				
Dimensions	All	SEE ABOVE. Importance score of 1 for straightforward and charter, 3 for key Customer Experience measures, 5 for others.	SEE ABOVE – to agree which are 'straightforward', which are important for other reasons, and which are secondary.	Q/6MTH
Outcome rating	All	Suggest less important	Really important to get a rating of straightforward of the experience not the outcome - KEEP	Q
'Satisfaction' rating – <i>change to</i>	All	Keep or change to straightforward –	CHANGE TO STRAIGHTFORWARD –	Q – 3%

<i>straightforward</i>		priority 1, Key Customer Experience measure	only used as dependent variable for KDA.	
Expectations	All	Keep but ask less frequently	Feeds into straightforward so suggest keeping. Could reduce to every 6 months	6 mth?
Frequency of dealing	All	Analysis - keep	If used then keep	Q
Consistency (nb – see dimensions above)	SME/A	Analysis	Actually a key driver for Agents but could remove for SME?	Q for agents?
Use of accountant for core return	SME	Analysis - keep	If used then keep. Likely to be a key driver of straightforward	Q
Use of accountant for other returns	SME	Analysis - keep	If used then keep – more for context so could ask less often unless use for analysis every quarter?	6 mth?
4. REPUTATION				
How much know about HMRC	ALL	Driver - Familiarity	Do we need all drivers of the full sample every wave?	6 mth?
Freq of dealing on any issue	SME		Used for old segmentation – is this still needed?	Remove?
Favourable	ALL	INDEX – Key Reputation measure, Charter priority 1		6 mth – 5%
Trust to be fair	ALL	Key Reputation measure even handed, Charter, priority 1	Does this currently meet the 4% requirement? Is it needed more frequently?	6 mth – 4%
Protect society deal firmly	ALL	DROP	If not needed, drop	Drop?
Make it easy to get things right	ALL	No comments	Drop??	Drop?
Treats customers fairly	ALL	INDEX – Key Reputation measure , priority 2		6 mth – 5%
Dealings handled fairly	ALL	INDEX – Key Reputation measure , priority 2		6 mth – 5%
Good at collecting not paying	ALL	Driver - Stories	Do we need all drivers of the full sample every wave?	6 mth?
Treat customers as honest	ALL	No comments?	Drop??	Drop??
Protect personal information	ALL	Not customer survey	Drop??	Drop??
Organisation I can trust	ALL	INDEX – Key Reputation		6 mth – 5%

		measure, priority 2		
Organisation with a good reputation	ALL	INDEX – Key Reputation measure, priority 2		6 mth – 5%
Duties properly and professionally	ALL	INDEX – Key Reputation measure, Charter, priority 1, More than 5% if poss	Do we need to ask this one more often along with trust to be fair?	6 mth – 5%
Act with honesty and integrity	ALL	INDEX – Key Reputation measure, priority 2		6 mth – 5%
Look after customers' interests	ALL	INDEX – Key Reputation measure, priority 2		6 mth – 5%
Benefit of the doubt	ALL	Driver - Support	Do we need all drivers of the full sample every wave?	6 mth?
Not big deal to pay late	ALL	Driver - Non compliance	Do we need all drivers of the full sample every wave?	6 mth?
Last time dealt with HMRC	ALL	Driver - Recency	Do we need all drivers of the full sample every wave?	6 mth?
Effective communication	ALL	Driver - Communications	Do we need all drivers of the full sample every wave?	6 mth?
Spoken to F&F	ALL	Driver - Support - Drop		Drop
What said positive or negative	ALL	Driver - Support - Drop		Drop
Who influences you?	ALL	Driver - Other influences	Do we need all drivers of the full sample every wave?	6 mth?
5. SEGMENTATION		Sizing/analysis		
Segmentation questions	SME/ Ind	Key Segmentation measure, priority 1. Cheat is used for reputation. Suggested 6 monthly. 2% I, 3% SME (is this on annual data?)	Currently quarterly for individs with a sample boost on rep waves, and six monthly for SME on rep waves.	6mth only - Remove from core waves for individ? NEED TO ADD for agents.
6. DEMOGRAPHICS		Analysis only – suggested ask of half sample only		Add income for individuals
Use of 'agent'	Ind	Suggested ask to segmentation sample – i.e. rep sample only	Does this get used as an analysis variable – may be better to ask of half sample each quarter?	6 mth or half sample?
Number of phone lines	Ind		Need for design weights – cannot remove	Q
Access to internet	Ind	Drop if not used		Drop?
Sex	Ind	Keep		Q – reduce?
Age	Ind	Change age	Can make this change.	Q –

		brackets to allow 5 year groups in 40-60	Will need two age variables on SPSS – one as before, one new.	reduce?
Child at home	Ind	Drop	Is this not used?	Drop?
Ethnicity	ALL		Requirement to collect?	Q – reduce?
Marital status	Ind	Drop	Is this not used?	Drop?
Health problem/ disability	Ind		Requirement to collect?	Q – reduce?
Employment status	Ind			Q – reduce?
Postcode	Ind		Allows link to other demog data	Q – reduce?
Employees at site	SME/Ag			Q – reduce?
Employees in Co	SME/Ag			Q – reduce?
Workplace type	SME			Q – reduce?
Time trading	SME			Q – reduce?
SIC groups	SME	Drop	Drop if not used	Drop?
Turnover	SME/Ag			Q – reduce?
Job title	SME/Ag	Drop	Drop – never used	Drop?
Self employed	Agent			Q – reduce?
Single or multiple site	Agent			Q – reduce?
Number of clients	Agent			Q – reduce?
Type of firm	Agent			Q – reduce?
How long dealt with HMRC	Agent			Q – reduce?
Recontact	ALL		Need for all each quarter	Q

4.3.3 Prioritisation of new question areas

Prioritisation (from 1 to 5 where 1 is top priority) has also been assigned to the new proposed question areas in the context of these existing areas. These are summarised below with existing question areas first. Change refers to the level of change needed to be significant. Category of change frequency (cat) will be explained following the table.

EXISTING AREA:	Question/use	Priority	Freq'y	Change	Cat
SCREENING	All measures	NA			
DEALINGS	Mode of contact	3	Q	3%	A
	All other measures	NA			
EXPERIENCE	Straightforward rating	1	Q	3%	A
	Well treated - Charter	1	6mth	5%	C
	Answers needed –support	3	Q	3%	A
	Straightforward dimensions	1	Q	3%	A
	Other dimensions - important	5	Q?	3%	A
	Other dimensions – less important	5	Q?	5%	B
	All other measures	NA			
REPUTATION	Trust to be fair	1	6mth	4%	E
	2 further CHARTER measures	1	6mth	4%	E
	6 further INDEX measures	2	6mth	5%	F
	Drivers (all other measures)	4	6mth	5%	F
SEGMENTATION	For sizing annually	1	6mth	3%	G
	As analysis variable	5	6mth		?
DEMOGRAPHICS	Analysis only – part sample?	5	Q		?

NEW AREAS	Question/use	Priority	Freq'y	Change	Cat
Agent authorisation	Charter	1	6mth	5%	C
Change	Agents and large SME	3	Q/6mth	5%	B/C
Record keeping	SME and Agents	3	Annual	5%	D
Education/support	SME and Agents	4	6mth	5%	C
Commercial understanding	Agents	4	6mth	5%	C
Approach	Individuals and SME	4	Annual	5%	D

To calculate required frequency and sample sizes, our starting point was to assume that the achieved sample size gives you the following levels of change to be significant:

Sample	Level of change needed to be significant
1 wave core	5%
2 waves core	3%
1 wave reputation	5%
2 waves reputation	3%

This produces the following options for frequency and sample size:

CAT	Core Sample	Questions must be on at least
A	Quarterly reporting with 3% change over 2 waves	Quarterly to all core sample. Rolling 6 month reporting each quarter.
B	Quarterly reporting with 5% change over 2 waves	Quarterly to half core sample. Rolling 6 month reporting each quarter.
C	Six monthly reporting with 5% change over 2 waves	Six monthly to half core sample. Rolling annual reporting each 6 months.

D	Annual reporting with 5% change over the year	Annually to full sample OR six monthly to half core sample and roll two quarters together.
---	---	--

CAT	Reputation Sample	Questions must be on at least
E	Six monthly with 3% change over 2 waves	Six monthly to whole rep sample. Rolling annual reporting each 6 months.
F	Six monthly with 5% change over 2 waves	Six monthly to half rep sample. Rolling annual reporting each 6 months.

CAT	Segmentation Sample	Questions must be on at least
G	Six monthly with 3% change over 2 waves	Every six months to full core plus rep sample, plus any necessary boost to achieve this (as at present for individuals)

These assumptions formed the basis of the questionnaire design for the pilot, when trying to make room for new modules of questions without extending the length.

4.4 Cognitive testing

With the knowledge gained from the review stage and the exploratory interviews, and further consideration of HMRC needs, a set of **questions were developed that tapped into the research themes**, and that needed testing.

The newly devised, or revised, questions were **tested using cognitive telephone methods with each of the target groups**. We conducted 22 interviews (8 individuals, 8 SME, 6 agents), with a length of around 20 minutes for all customer groups. We again sourced sample from customers who had agreed to re-contact at the end of a recent Customer Survey interview. Interviews were conducted by the same researchers who had conducted the depth interviews. Respondents were recruited to the following quotas:

Individuals (8)	Tax (5)	Tax Credits (3)
Tax / TC type	Self-assessment x 3 Tax from pensions x 1 Tax repayments x 1 <i>(note – multiple dealings mean we will also cover other taxes within these individuals)</i>	WTC x 1 CTC x 2
Household status	Single (including separated, widowed, divorced) (1) Married / living with partner (4)	Single (including separated, widowed, divorced) (1) Married / living with partner (2) At least one lone parent
Working status	In paid employment (full or part time) x 5 Not in paid employment / Unemployed x 2 Retired x 1 In paid employment and paying tax on pensions x 1	

Age	Under 30 x 2 30-54 x 3 55+ x 3
Income	Under £25K pa x 5 £25K to 40% tax threshold x 3 Higher rate taxpayers x 0
Life events	Change in work circumstances x 4 Change in family circumstances x 2 Becoming ill or disabled x 1 Change in financial situation x 1

SME's (8)	SME (4)	Self employed (1)	Partnerships (3)
Size (employees)	1-9 x 2 10-50 x 1 50+ x 1	ANY	ANY
Segment	Unaware / needs help x 1 Willing and able x 2 Potential deferrers / rule breakers x 2 Actual deferrers / rule breakers x 3		
Taxes (primarily) deals with	Company tax x 2 Payroll + NI x 2 SA x 2 VAT x 1 CIS x 1		
Length of time trading	Under 1 year x 0 1 – 10 years x 4 10+ years x 4		
Use of agents	Use agent to prepare and send return x 3 Self prepare majority of the return – agents checks x 1 Self prepare and send return x 4		
Used HMRC educational technical support	No experience x 4 Helpline x 3 Printed / web-based materials x 1		

Agents (6)	Agents
Client represented	0 - 49 x 2 50 – 1000 x 2 1000+ x 2
Length of time dealt with HMRC	Under 5 years x 2 5 years + x 4
Tax specialism	Company tax x 1 SA for (self-employed and PAYE) x 1 Payroll + NI x 3 VAT x 1 <i>(note – multiple dealings mean we will also cover other taxes within these individuals)</i>
Used HMRC educational technical support	No experience x 1 Helpline x 2 Printed / web-based materials x 3

The focus of this stage of the research was to determine whether:

- the question captures the essence of what is required
- the question is meaningful, and has relevance, to them
- customers understand the question in a uniform way

- the language used is readily understood
- the pre-coded answers are useful, uniformly understood and complete

The classic cognitive approach is to use the 'think aloud' technique. As the interviewee is reading (or considering) the question they are encouraged to say out loud what they are thinking about the question; what it means to them; and whether they think it is open to interpretation. The customer is also asked to consider the relevance of the question to them and whether there are any omissions. The interviewer also notes whether there are any hesitations that may suggest difficulties in the way the question, or pre-set answers, are worded. Interviewers make notes throughout the interview so that when complete they have a full annotated copy of the questionnaire which identifies any issues requiring attention.

The focus of analysis of the cognitive interviews is on what works, what is understood by the question (and pre-coded answers), what doesn't work and the different interpretations that customers have of the same question. The analytical approach here is to draw together, for each question tested, all the interpretations and variants that emerge. Questions that prove to be uniformly understood, reflect the spirit of the question and are seen to have easy language require little subsequent change. Questions that are open to interpretation or misunderstood or have language that proves difficult for people can be identified by the range of answers given during the interview. Any such questions will require more work, the range of answers and interpretations given during the interviews providing the key to how they need to be amended.

Copies of the final questions for cognitive testing are included in Appendix B.

Once the interviews had been completed, all the issues for each question were collated onto a 'master' copy of the questionnaire, showing all the variations in interpretation, issues for attention and suggestions for change. These were fed back to the survey design team during an interactive workshop session, leading to proposed redrafted questions. These questions were discussed in a meeting with HMRC stakeholders to produce the final questions. Following this, the revised questions were integrated into a revised questionnaire to be tested again in a small-scale pilot (section 4.6-4.7)

4.4.1 Questionnaire design outputs from cognitive testing

The suggested revised questions and brief rationale are given below. This is a combination of initial suggestions before the meeting with HMRC, and the final agreed approach post meeting (any decisions post meeting are noted in the rationale column and underlined).

Who	Original question	Revised question	Rationale
STRAIGHTFORWARD (top level)			
ALL	<p>Q1. How satisfied or dissatisfied are you with the final outcome of your recent dealings with Revenue and Customs about [insert topic]? Is that very or fairly [satisfied/dissatisfied]? SINGLE CODE ONLY.</p> <ul style="list-style-type: none"> • Very satisfied • Fairly satisfied • Neither satisfied nor dissatisfied • Fairly dissatisfied • Very dissatisfied • Don't know • Not applicable 	<p>Q1. How satisfied or dissatisfied are you with the <u>end result</u> of your recent dealings with Revenue and Customs about [insert topic]? Is that very or fairly [satisfied/dissatisfied]? SINGLE CODE ONLY.</p> <ul style="list-style-type: none"> • Very satisfied • Fairly satisfied • Neither satisfied nor dissatisfied • Fairly dissatisfied • Very dissatisfied • Don't know • Not applicable 	<p>As long as people are clear what we mean by most recent dealings (and this is clarified in the actual questionnaire) they are ok to answer this question. Outcome seemed a bit problematic in really simple dealings e.g. online filing, web search. "end result" may be easier to apply to all circumstances</p> <p><u>Agreed</u></p>
ALL	<p>Q2. Putting aside the final outcome now, and thinking just about the service you received, overall, how straightforward was your recent experience of dealing with Revenue and Customs about [insert topic]? Would you say that it was... READ OUT. SINGLE CODE ONLY.</p> <ul style="list-style-type: none"> • Extremely straightforward • Very straightforward • Fairly straightforward • Not very straightforward • Not at all straightforward • Don't know • Not applicable 	<p>Q2. Putting aside the <u>end result</u> now, and thinking just about the service you received, overall, how straightforward was your recent experience of dealing with Revenue and Customs about [insert topic]? Would you say that it was... READ OUT. SINGLE CODE ONLY.</p> <ul style="list-style-type: none"> • Extremely straightforward • Very straightforward • Fairly straightforward • <u>Neither straightforward or not</u> • Not very straightforward • Not at all straightforward • Don't know • Not applicable 	<p>This was easy to answer and people said they could put outcome aside. If use 'end result' in Q1 use again here.</p> <p>Agents want to talk more generally, or talk about other experiences (as they have so many) and don't want to focus on their most recent dealing BUT they can</p> <p>No new issues raised feeding into straightforward that are not already covered.</p> <p><u>Post meeting decided needed 5 pt scale with mid point if possible</u></p>

Factors feeding into straightforward			
ALL	<p>Q3. Still thinking about your recent dealings with Revenue and Customs about [insert issue], how well or poorly did the time taken to resolve your issue meet your needs? Is that very or fairly [good/poor]?</p> <ul style="list-style-type: none"> • Very well • Fairly well • Neither well nor poorly • Fairly poorly • Very poorly • Don't know • Not yet resolved <p>INTERVIEWER NOTE: if have not yet resolved the issue, ask if they can make a judgement, otherwise code as Not yet resolved</p>	<p>Q3. Still thinking about your recent dealings with Revenue and Customs about [insert issue], <u>how acceptable was the time taken to reach the end result?</u> Is that very or fairly [good/poor]?</p> <ul style="list-style-type: none"> • Very acceptable • Fairly acceptable • Neither acceptable nor unacceptable • Fairly unacceptable • Very unacceptable • Don't know • Not yet reached end result <p>INTERVIEWER NOTE: if have not yet reached an end result, ask if they can make a judgement, otherwise code as Not yet reached end result</p>	<p>“how well the time taken to resolve your issue met your needs” was far too complex a question for people to take on board properly. Also the word “resolve” was too formal. Also “issue” was difficult as some said they didn't have any issues.</p> <p>Suggest going with acceptable rather than how well the time taken met needs. Also suggested reach the end result rather than resolve your issue.</p> <p><u>Post meeting decided did not want a judgement if no outcome as yet.</u></p>
ALL	<p>Q4. Still thinking about your recent dealings with Revenue and Customs about [insert issue], <u>how well or poorly did the time taken to respond meet your needs ... Was that (READ OUT) ...</u></p> <ul style="list-style-type: none"> • Very well • Fairly well • Neither well nor poorly • Fairly poorly • Very poorly • Don't know • Not applicable 	<p>(Exclude from questionnaire – just go with time to reach end result)</p>	<p>Same issues with question wording as for time to resolve issue.</p> <p>Furthermore, “respond” covered such a wide range of possibilities it is hard to see how it could be actionable – for one it is the same as time to resolve, for others, could be time to pick up the phone, time to make a decision – if had multiple contacts, hard to decide what to answer on.</p> <p>Suggest dropping this question.</p> <p><u>Agreed</u></p>

ALL	<p>Q5. Thinking about your recent dealings with Revenue and Customs about [insert issue], How good or poor were Revenue and Customs at giving you all the answers <u>or information</u> you needed? Is that very or fairly [good/poor]?</p> <ul style="list-style-type: none"> • Very good • Fairly good • Neither good nor poor • Fairly poor • Very poor • Don't know • Not applicable 	<p>Q5. Thinking about your recent dealings with Revenue and Customs about [insert issue], How good or poor were Revenue and Customs at <u>making sure you could get all the answers or information</u> you needed? Is that very or fairly [good/poor]?</p> <ul style="list-style-type: none"> • Very good • Fairly good • Neither good nor poor • Fairly poor • Very poor • Don't know • Not applicable 	<p>Will go to all – only tested with individuals. Difficulty here is that unless there was a personal contact they did not see it as HMRC giving them information or answers. The “giving them” still implied the answer to a question rather than any other information. Have suggested a change to try to cover all types of info including that found on the website whilst not excluding people who had asked questions directly. It is a bit wordy thought. <u>Agreed</u></p>
SME / AG	<p>Q6. Thinking about your recent dealings with Revenue and Customs about [insert issue], how good or poor were Revenue and Customs at providing a service that shows a good understanding of your needs Is that very or fairly [good/poor]?</p> <ul style="list-style-type: none"> • Very good • Fairly good • Neither good nor poor • Fairly poor • Very poor • Don't know • Not applicable 	<p>Q6. Thinking about your recent dealings with Revenue and Customs about [insert issue], <u>how well or poorly did the service meet your needs?</u> Is that very or fairly [good/poor]?</p> <ul style="list-style-type: none"> • Very well • Fairly well • Neither well nor poorly • Fairly poorly • Very poorly • Don't know • Not applicable 	<p>Some confusion over what constitutes “a service” provided to customers – e.g. online filing was not seen as a service being provided? It was quite a long question and took a bit of understanding. Have suggested a simplified question which should overcome the confusion/difficulty and make it more generally about meeting needs. <u>Agreed to drop entirely</u></p>

SME	<p>Q7. And still thinking about your most recent dealings with Revenue and Customs about [insert issue] how well or poorly did HMRC understand your issues? Is that very or fairly [well/poorly]?</p> <ul style="list-style-type: none"> • Very well • Fairly well • Neither well nor poorly • Fairly poorly • Very poorly • Don't know • Not applicable 	<p>POSS EXCLUDE? Q7. And still thinking about your most recent dealings with Revenue and Customs about [insert issue] how well or poorly did HMRC understand <u>what you needed?</u> Is that very or fairly [well/poorly]?</p> <ul style="list-style-type: none"> • Very well • Fairly well • Neither well nor poorly • Fairly poorly • Very poorly • Don't know • Not applicable 	<p>Again a problem with the word “issues” if it was straightforward. There was also considerable overlap in understanding with the preceding question. If we include this question it needs to be clearly different from a service that is designed to suit you, and be about understanding of issues relating to the recent dealing.</p> <p>We could just go with the question on “meeting your needs” as this incorporates both service delivery and personal experience. We have suggested a possible question but this may overlap too much <u>Agreed to drop entirely</u></p>
SME	<p>Q8. Still Thinking about your recent dealings with Revenue and Customs about [insert topic], how easy or difficult was it to get hold of someone who could deal with your issue? Is that very or fairly [easy/difficult]?</p> <ul style="list-style-type: none"> • Very easy • Fairly easy • Neither easy nor difficult • Fairly difficult • Very difficult • Don't know • Not applicable 	<p>Q8. Still Thinking about your recent dealings with Revenue and Customs about [insert topic], how easy or difficult was it to get hold of someone who could deal with your issue? Is that very or fairly [easy/difficult]?</p> <ul style="list-style-type: none"> • Very easy • Fairly easy • Neither easy nor difficult • Fairly difficult • Very difficult • Don't know • Not applicable 	<p>Obviously will be NA to anyone without contact (online filing, web searching) but works well otherwise. <u>Agreed and also to ask of Agents.</u></p>

Agents	<p>Q9. Thinking about your recent dealings with Revenue and Customs about [insert issue], how good or poor would you rate the Revenue and Customs staff you dealt with in terms of their ability to deal with your issue Is that very or fairly [good/poor]?</p> <ul style="list-style-type: none"> • Very good • Fairly good • Neither good nor poor • Fairly poor • Very poor • Don't know • Not applicable 	<p>Q9. Thinking about your recent dealings with Revenue and Customs about [insert issue], how good or poor were <u>the skills of the Revenue and Customs staff you dealt with in terms of their ability to deal with your issue</u>.... Is that very or fairly [good/poor]?</p> <ul style="list-style-type: none"> • Very good • Fairly good • Neither good nor poor • Fairly poor • Very poor • Don't know • Not applicable 	<p>Tended to be interpreted as how well the staff HAD dealt with the issue rather than asking about their personal ability to deal with them which was the intent originally. Have suggested word “skills” to hone in on this more finely. Not entirely sure about this word, but cannot come up with a better one. Could ask “how skilled” or “how skilful”</p> <p><u>Decided HMRC wanted to know about whether they could sort out the issue RATHER than their personal skills.</u></p>
SME & IND	<p>Q10. Which of the following methods did you use when you were dealing with Revenue and Customs about [insert topic]? MULTICODE OK. READ OUT.</p> <ul style="list-style-type: none"> • HMRC website • Telephone • Visiting tax office/enquiry centre • Letter • Email • Fax • Through a third party (e.g. Citizens Advice or JobCentre Plus) • Other (write in) • Don't know <p>IF USED MORE THAN ONE OF THESE AT Q10 ASK Q11</p>	<p>(filter only – go with current questionnaire questions for pilot)</p>	<p>This was not for cog testing – just to provide a filter. Will go with question as currently asked in questionnaire for pilot</p> <p><u>Agreed that needed to make it internet/website rather than HMRC website.</u></p>

	IF ONLY USED PHONE/VISIT AT Q10, ASK Q12a IF ONLY USED WEBSITE AT Q10 ASK Q12b IF ONLY USED LETTER/EMAIL/FAX AT Q10 ASK Q12c		
SME & IND	IF MORE THAN ONE METHOD Q11 Which did you try first? <ul style="list-style-type: none"> • HMRC website • Telephone • Visiting tax office/enquiry centre • Letter • Email • Fax • Through a third party (e.g. Citizens Advice or JobCentre Plus) • Other (write in) • Don't know 	IF MORE THAN ONE METHOD Q11 Which did you try first? <ul style="list-style-type: none"> • Internet/website • Telephone • Visiting tax office/enquiry centre • Letter • Email • Fax • Through a third party (e.g. Citizens Advice or JobCentre Plus) • Other (write in) • Don't know 	Works fine. As above.
SME & IND	IF ONLY USED PHONE CALL/VISIT Q12a. Did your issue get resolved the first time you were in contact with Revenue and Customs or did you need further contact? NOTE – THIS IS CONTACT WITH REVENUE & CUSTOMS IF ON FIRST ATTEMPT PROBE TO FIND OUT IF FIRST PERSON DEALT WITH <ul style="list-style-type: none"> • Got resolution at first attempt, by the first person I dealt with • Got resolution at first attempt, but had to deal with more than one person • Needed further contact • Did not get issue resolved at all • Don't know 	IF ONLY USED PHONE CALL/VISIT Q12a. Did you sort everything out the first time you were in contact with Revenue and Customs or did you need further contact? NOTE – THIS IS CONTACT WITH REVENUE & CUSTOMS IF ON FIRST ATTEMPT PROBE TO FIND OUT IF FIRST PERSON DEALT WITH <ul style="list-style-type: none"> • Sorted everything out at first attempt, by the first person I dealt with • Sorted everything out at first attempt, but had to deal with more than one person • Needed further contact • Did not sort everything out at all • Don't know 	Issue with “resolved issue” as with earlier questions. Used “reach an end result” earlier. Not sure if that works here. Suggested alternative for this question. Answer codes worked fine but altered to match revised question. Agreed

SME & IND	<p>IF ONLY USED WEBSITE Q12b. Did your issue get resolved when you first looked on the website or did you need do further searching? NOTE – THIS IS REVENUE & CUSTOMS WEBSITE</p> <ul style="list-style-type: none"> • Got resolution when first looked • Needed further searching • Did not get issue resolved at all • Don't know 	<p>IF ONLY USED WEBSITE Q12b. Did you <u>find everything you needed</u> when you first looked on the website or did you need do further searching? NOTE – THIS IS REVENUE & CUSTOMS WEBSITE</p> <ul style="list-style-type: none"> • <u>Found everything I needed</u> when first looked • Needed further searching • Did not get issue resolved at all • Don't know • <u>Not applicable (e.g. online return only)</u> 	<p>Same issues around resolving issues as Q12a. Suggested something more suited to web searching.</p> <p><u>Agreed but need to add NA code in case did not use on line info when filing but still said went to internet/website at contact question.</u></p>
SME & IND	<p>IF ONLY USED LETTER/EMAIL/FAX Q12c. Did your issue get resolved the first time you were in contact with Revenue and Customs or did you need further contact? NOTE – THIS IS CONTACT WITH REVENUE & CUSTOMS</p> <ul style="list-style-type: none"> • Got resolution at first attempt • Needed further contact • Did not get issue resolved at all • Don't know 	<p>IF ONLY USED LETTER/EMAIL/FAX Q12c. Did you <u>sort everything out</u> the first time you were in contact with Revenue and Customs or did you need further contact? NOTE – THIS IS CONTACT WITH REVENUE & CUSTOMS</p> <ul style="list-style-type: none"> • Sorted everything out at first attempt • Needed further contact • Did not get issue resolved at all • Don't know 	<p>Same issue – same solution as for phone contact</p> <p><u>Agreed</u></p>

IND	<p>ASK ALL</p> <p>Q13. Still thinking about your most recent dealing about [insert issue], did you use someone else, such as an accountant, friend or relative to help you to deal with the issue, or did you deal with it on your own?</p> <p>IF SOMEONE ELSE: PROBE TO FIND IT IF DID IT ALL FOR THEM OR JUST HELPED THEM</p> <ul style="list-style-type: none"> Someone dealt with it for me Someone helped me with it I dealt with it all myself Don't know 	<p>ASK ALL</p> <p>Q13. Still thinking about your most recent dealing about [insert issue], did you use someone else, such as an accountant, friend or relative to help you to deal with the issue, or did you deal with it on your own?</p> <p>IF SOMEONE ELSE: PROBE TO FIND IT IF DID IT ALL FOR THEM OR JUST HELPED THEM</p> <ul style="list-style-type: none"> Someone dealt with it for me Someone helped me with it I dealt with it <u>on my own</u> Don't know 	<p>Other than a suggestion to change "all myself" to "on my own", worked fine.</p> <p><u>Agreed</u></p>
APPROACH - Individuals			
IND	<p>Thinking back to before your recent dealings about [INSERT ISSUE] ...</p> <p>Q1 Were you confident that you knew what you needed to do to in order to meet your obligations</p> <ul style="list-style-type: none"> Yes No <p>IF GAVE ANSWER OF YES ASK Q2; ANSWER NO = UNAWARE</p>	<p>Thinking back to before your recent dealings about [INSERT ISSUE] ...</p> <p>Q1 Were you confident that you <u>KNEW</u> what <u>was required of you</u>?</p> <ul style="list-style-type: none"> Yes No <p>IF GAVE ANSWER OF YES ASK Q2; ANSWER NO = UNAWARE</p>	<p>Obligations seemed to be a bit formal and hard to understand – suggested alternatives. Also need to ensure clearly different from the ability question.</p> <p><u>Agreed</u></p>
IND	<p>IF YES AT Q1</p> <p>Q2 Do you think it is ever ok for someone to cheat when dealing with [INSERT ISSUE]</p> <ul style="list-style-type: none"> Yes No <p>IF GAVE ANSWER OF NO ASK Q3. IF ANSWERED YES ASK Q5</p>	<p>IF YES AT Q1</p> <p>Q2 Do you think it is ever ok for someone to cheat when dealing with [INSERT ISSUE]</p> <ul style="list-style-type: none"> Yes No <p>IF GAVE ANSWER OF NO ASK Q3. IF ANSWERED YES = (POT) RULE BREAKER</p>	<p>FINE – no other word encompasses all that cheat does – fiddling, lying, not paying.</p> <p><u>Agreed. Will use to identify potential rule breakers and rule breakers with no differentiation.</u></p>

<p>IND</p>	<p>IF NO AT Q2 Q3 Thinking back to before your recent dealing about [insert issue] again ... Were you confident that you could do what you needed to?</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF YES= WILLING CONFORMIST</p>	<p>IF NO AT Q2 Q3 Thinking back to before your recent dealing about [insert issue] again ... Were you confident that you COULD do what you needed to?</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF YES= WILLING CONFORMIST</p>	<p>Fine. Need to be sure it is different from the knowledge question.</p> <p>Agreed</p>
<p>IND</p>	<p>IF NO AT Q3 Q4 Were you confident that you would be able to find any help you needed to enable you to do what you needed to?</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF YES = WILLING CONFORMIST – END OF INTERVIEW IF ANSWERED NO = NEED HELP</p>	<p>IF NO AT Q3 Q4 Were you confident that you would be able to find any help you needed to enable you to do what you needed to?</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF YES = WILLING CONFORMIST IF ANSWERED NO = NEED HELP</p>	<p>Not asked in cog testing – pilot</p> <p>Agreed</p>
<p>IND</p>	<p>IF YES AT Q3/4 Q5 Are you aware of any ways to cheat the system when dealing with [insert issue]</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF NO = POTENTIAL RULE BREAKER – END OF INTERVIEW IF GAVE ANSWER OF YES = RULE BREAKER</p>	<p>IF YES AT Q3/4 Q5 Are you aware of any ways to cheat the system when dealing with [insert issue]</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF NO = POTENTIAL RULE BREAKER IF GAVE ANSWER OF YES = RULE BREAKER</p>	<p>Not asked in cog testing – pilot</p> <p>Agreed to delete</p>

APPROACH - SME			
SME	<p>Thinking back to before your recent dealings about [INSERT ISSUE] ...</p> <p>Q11 Were you confident that you knew what you needed to do to in order to meet your obligations”</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF YES ASK Q12; ANSWER NO = UNAWARE</p>	<p>Thinking back to before your recent dealings about [INSERT ISSUE] ...</p> <p>Q11 Were you confident that you KNEW what was required of you?</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF YES ASK Q12; ANSWER NO = UNAWARE</p>	<p>Same as for individuals</p> <p>Agreed</p>
SME	<p>IF YES AT Q11</p> <p>Q12 Do you think it is ever ok for a business to cheat when dealing with [INSERT ISSUE]</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF NO ASK Q13. IF ANSWERED YES ASK Q16</p>	<p>IF YES AT Q11</p> <p>Q12 Do you think it is ever ok for a business to cheat when dealing with [INSERT ISSUE]</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF NO ASK Q13. IF ANSWERED YES ASK Q16</p>	<p>Fine – same as for individuals – cheat best word available.</p> <p>Agreed</p>
SME	<p>IF NO AT Q12</p> <p>Q13 Thinking back to before your recent dealing about [insert issue] again ...</p> <p>Were you confident that you could do what you needed to?</p> <ul style="list-style-type: none"> • Yes • No <p>IF ANSWERED NO ASK Q14 IF GAVE ANSWER OF YES ASK Q15</p>	<p>IF NO AT Q12</p> <p>Q13 Thinking back to before your recent dealing about [insert issue] again ...</p> <p>Were you confident that you COULD do what you needed to?</p> <ul style="list-style-type: none"> • Yes • No <p>IF ANSWERED NO ASK Q14 IF GAVE ANSWER OF YES ASK Q15</p>	<p>Same as for individuals – differentiate from knowledge.</p> <p>Agreed</p>

SME	<p>IF NO AT Q13</p> <p>Q14 Were you confident that you would be able to find any help you needed to enable you to do what you needed to?</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF YES ASK Q15 IF ANSWERED NO = WILLING BUT NEED HELP</p>	<p>IF NO AT Q13</p> <p>Q14 Were you confident that you would be able to find any help you needed to enable you to do what you needed to?</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF YES ASK Q15 IF ANSWERED NO = WILLING BUT NEED HELP</p>	<p>Not tested – pilot</p> <p>Agreed</p>
SME	<p>IF YES AT Q13/Q14</p> <p>Q15 Do you think it is ever ok for a business with financial difficulties to prioritise paying staff and suppliers over payments for [this issue]?</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF YES = PAYMENT DEFERRER (ACTUAL OR POTENTIAL) - IF ANSWERED NO = WILLING AND ABLE</p>	<p>IF YES AT Q13/Q14</p> <p>Q15 Do you think it is ever ok for a business with financial difficulties to prioritise paying staff and suppliers over payments for [this issue]?</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF YES = PAYMENT DEFERRER (ACTUAL OR POTENTIAL) - IF ANSWERED NO = WILLING AND ABLE</p>	<p>Fine</p> <p>Agreed</p>
SME	<p>IFYES AT Q12</p> <p>Q16 Do you think there is a big risk of businesses being caught and punished for cheating when dealing with [insert issue]?</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF YES = POTENTIAL RULE BREAKER IF GAVE ANSWER OF NO = RULE BREAKER</p>	<p>IFYES AT Q12</p> <p>Q16 Do you think there is a big risk of businesses being caught and punished for cheating when dealing with [insert issue]?</p> <ul style="list-style-type: none"> • Yes • No <p>IF GAVE ANSWER OF YES = POTENTIAL RULE BREAKER IF GAVE ANSWER OF NO = RULE BREAKER</p>	<p>Not tested – pilot.</p> <p>Agreed – may decide to drop this later, as for individuals</p>

3. RECORD KEEPING –			
Agents	<p>Q1. What proportion of your clients would you say keep records to a standard that makes it easy to find the information you need to complete their returns? Please give me a number out of 10</p> <ul style="list-style-type: none"> • Number from 0 to 10 • Don't know 	<p>Q1. What proportion of your clients would you say keep records to a standard that makes it easy to find the information you need to complete their returns? Please give me a number out of 10</p> <ul style="list-style-type: none"> • Number from 0 to 10 • Don't know 	<p>Agents were able to answer this. Some would have liked to give a percentage, but this would be less useable for analysis and all COULD give an answer out of 10.</p> <p><u>Agreed</u></p>
SME	<p>Still thinking about your recent dealings with HMRC about [insert issue]</p> <p>Q2. How does your business keep records in relation to [insert issue]? Do you ...</p> <ul style="list-style-type: none"> • Keep copies of paper receipts, invoices etc, with no further action until you have to complete the return • Keep a record on paper • Keep an electronic record e.g. spreadsheet or package • Something else (specify) • Don't know <p>If keep records (either on paper or electronically) ASK Q3</p>	<p>Still thinking about your recent dealings with HMRC about [insert issue]</p> <p>Q2. How does your business keep records in relation to [insert issue]? Do you ...</p> <p><u>CODE ALL THAT APPLY</u></p> <ul style="list-style-type: none"> • Keep copies of paper receipts, invoices etc, with no further action until you have to complete the return • Keep a record on paper • Keep an electronic record e.g. spreadsheet or package • Something else (specify) • <u>Don't keep any records</u> • Don't know <p>If keep records (either on paper or electronically <u>or something else</u>) ASK Q3</p>	<p>Could answer both electronic and on paper so these need to be multicoded. Thought first code long, but couldn't see a way round it.</p> <p><u>Agreed subject to adding a 'don't keep any records' code.</u></p>

SME	<p>Q3. How regularly does your business keep these records up to date? Do you</p> <ul style="list-style-type: none"> • Only update them when you need to complete your return • Update them more frequently than this but not on a regular basis • Update them on a regular basis in between returns • Something else (specify) • Don't know 	<p>Q3. How regularly does your business keep these records <u>for [insert issue]</u> up to date? Do you</p> <ul style="list-style-type: none"> • Only update them when you need to complete your return • Update them more frequently than this but not on a regular basis • Update them on a regular basis in between returns • Something else (specify) • Don't know 	<p>This worked well. Need to remind that about this specific tax though didn't make a difference in cog testing.</p> <p><u>Asked for five points – it is not that sort of scale – these are different ways of keeping records based on the qual. There is also an other.</u></p>
SME	<p>ASK ALL</p> <p>Q4. I would like you to think now about the tax returns your business has to make for [INSERT ISSUE]. Do you ...</p> <p>READ OUT</p> <ol style="list-style-type: none"> 1. ...use an external accountant or tax advisor to prepare and send off the return 2.prepare the majority of the return itself but asks an external accountant or tax advisor to finalise and/or check it before it is sent off 3. ...use a payroll agency (FOR PAYE ONLY) 4. Or, does the business prepare and sends off the return itself 5. Don't know <p>EXISTING QUESTION – just to filter – do not probe IF USE ACCOUNTANT TO PREPARE RETURN (1/3) ASK Q5a IF PREPARE SELF (2/4) ASK Q5b</p>	<p>ASK ALL</p> <p>Q4. I would like you to think now about the tax returns your business has to make for [INSERT ISSUE]. Do you ...</p> <p>READ OUT</p> <ol style="list-style-type: none"> 1. ...use an external accountant or tax advisor to prepare and send off the return 2.prepare the majority of the return itself but asks an external accountant or tax advisor to finalise and/or check it before it is sent off 3. ...use a payroll agency (FOR PAYE ONLY) 4. Or, does the business prepare and sends off the return itself 5. Don't know <p>EXISTING QUESTION – just to filter – do not probe IF USE ACCOUNTANT TO PREPARE RETURN (1/3) ASK Q5a IF PREPARE SELF (2/4) ASK Q5b</p>	<p>No problems – existing question and works.</p> <p><u>Asked to remove word TAX</u></p>

SME	<p>Q5a. When the accountant, advisor or payroll agency is preparing your returns, how many queries would you say they usually come back to you with about your records?</p> <ul style="list-style-type: none"> • A lot of queries • Some queries but not a lot • Hardly any queries • None at all • Don't know 	<p>Q5a. When the accountant, advisor or payroll agency is preparing your returns, how many queries would you say they usually come back to you with about your records?</p> <ul style="list-style-type: none"> • A lot of queries • <u>Quite a few queries</u> • <u>Some queries but not many</u> • Hardly any queries • None at all • Don't know 	<p>Worked well.</p> <p><u>Changed to five point scale. Will have to see if it works for the pilot.</u></p>
SME	<p>Q5b. When you are completing the returns, how difficult does your business find it to find the information you need in your records?</p> <ul style="list-style-type: none"> • Very difficult • Fairly difficult • Fairly easy • Very easy • Don't know 	<p>Q5b. When you are completing the returns, how easy or difficult does your business find it to find the information you need in your records?</p> <ul style="list-style-type: none"> • Very difficult • Fairly difficult • <u>Neither difficult nor easy</u> • Fairly easy • Very easy • Don't know 	<p>Should refer to easy or difficult in keeping with other questions. Have not put in mid point as wanted same number of points as for Q5a</p> <p><u>Changed to five point scale</u></p>

4. Education and technical support			
SME/ Agent	<p>Thinking now more broadly about any Revenue and Customs issues you deal with ...</p> <p>Q1. Are you aware of any support or information provided by Revenue and Customs on the Businesslink website, such as factsheets, interactive tools, videos, webinars or on-line workshops</p> <ul style="list-style-type: none"> • Yes • No • Don't know 	<p>Thinking now more broadly about any Revenue and Customs issues you deal with ...</p> <p>Q1. Are you aware of any support or information provided by Revenue and Customs <u>online</u>, such as factsheets, interactive tools, videos, <u>or</u> webinars (or on-line workshops)</p> <ul style="list-style-type: none"> • Yes • No • Don't know 	<p>Customers found it really hard to hear both HMRC and Businesslink – they would think only of one or the other. If they thought about Businesslink this was not restricted to HMRC resources. Best bet may be to talk about HMRC resources available online such as ...</p> <p>This may be broader than required – decision needed on whether this is close enough. Could include inspectors manuals, and other info on website.</p> <p><u>Agreed</u></p>
SME/ Agents		<p>IF YES AT Q1 ASK Q1b: Q1b. Have you used any of any of these types of online support or information IF NECESSARY REMIND – this is support or information provided by Revenue and Customs <u>online</u>, such as factsheets, interactive tools, videos, webinars or on-line workshops</p> <ul style="list-style-type: none"> • Yes • No • Don't know <p>IF NOT ASK Q1c Q1c. Why have you not used any of this online support or information? <u>DO NOT READ OUT</u></p> <ul style="list-style-type: none"> • Don't have/use computer • Use accountant/agent [prof body] • Don't need it • Don't think it's any good • Can't be bothered • <u>Lack of time</u> 	<p>NOT TESTED – pilot</p> <p>For second question need to decide if READ OUT or spontaneous with some pre-codes. Same decision for all three 'why' questions.</p> <p><u>Agreed but make 1c spontaneous and split out can't be bothered and don't have time. Ditto for all three parts of this.</u></p>

		<ul style="list-style-type: none"> • Other (specify) • DK 	
SME/ Agents		<p>Q2. Are you aware of any of the face to face support or information on offer from Revenue and Customs, such as seminars, workshops, Business Advice Open Days and Employer Talk Events?</p> <ul style="list-style-type: none"> • Yes • No • Don't know <p>IF YES AT Q2 ASK Q2b: Q2b. Have you used any of any of these types of face to face support or information? IF NECESSARY REMIND – this is face to face support or information on offer from Revenue and Customs, such as seminars, workshops, Business Advice Open Days and Employer Talk Events</p> <ul style="list-style-type: none"> • Yes • No • Don't know <p>IF NOT ASK Q2c Q2c. Why have you not used any of this face to face support or information? <u>DO NOT READ OUT</u></p> <ul style="list-style-type: none"> • Not available in my area • Use accountant/agent [prof body] • Don't need it • Don't think it's any good • Can't be bothered • <u>Lack of time</u> • Other (specify) <p>DK</p>	<p>Not tested – pilot</p> <p><u>Agreed but make 2c spontaneous and split out can't be bothered and don't have time.</u></p>

Agents	<p>Q3. Finally, Are you aware that you can get support or information through in HMRC Agent Account Manager</p> <ul style="list-style-type: none"> • Yes • No • Don't know 	<p>Q3 Are you aware that there are HMRC Agent Account Managers who can offer you support or information?</p> <ul style="list-style-type: none"> • Yes • No • Don't know 	<p>There are some agents who have not heard of Agent Account Managers at all, and others who have but don't really know what they are or how to get in touch. We suggest making it more about awareness of the managers than of the information.</p> <p><u>Agreed</u></p>
Agents		<p>IF YES AT Q3 ASK Q3b: Q3b. Have you used an Agent Account Manager to give you support or information?</p> <ul style="list-style-type: none"> • Yes • No • Don't know <p>IF NOT ASK Q3c Q3c. Why have you not used an Agent Account Manager <u>DO NOT READ OUT</u></p> <ul style="list-style-type: none"> • Not available in my area • <u>Don't know how to get hold of them</u> • Use prof body • Don't need it • Don't think it's any good • Can't be bothered/lack of time • Other (specify) 	<p>Not tested – pilot We do know one respondent said they had not used them as they didn't know how to get in touch.</p> <p><u>Agreed but make 3c spontaneous and split out can't be bothered and don't have time.</u></p>

5. COMMERCIAL UNDERSTANDING			
Agents	<p>Thinking again now about your most recent dealing with HMRC about [INSERT ISSUE]</p> <p>Q1. How well or poorly did Revenue and Customs understand the way you work? Is that very or fairly [well/poorly]?</p> <ul style="list-style-type: none"> • Very well • Fairly well • Neither well nor poorly • Fairly poorly • Very poorly • Don't know 	<p>Thinking again now about any dealings you have had with Revenue and Customs in the last three months ...</p> <p>Q1. How well or poorly <u>do you think</u> Revenue and Customs understand the way you work? Is that very or fairly [well/poorly]?</p> <ul style="list-style-type: none"> • Very well • Fairly well • Neither well nor poorly • Fairly poorly • Very poorly • Don't know 	<p>Preferred to ask this whole section about dealings in general than about the recent core dealing so suggest asking to think broadly about all dealings in the last 3 months.</p> <p>This question was seen as one agents could not answer – they do not KNOW how well HMRC understands them. If we want to ask this we suggest making about their perceptions – how well they THINK they are understood.</p> <p><u>Agreed</u></p>
Agents	<p>Q2. How easy or difficult was it to find information or advice within Revenue and Customs when you needed help with a query? Is that very or fairly [easy/difficult]?</p> <ul style="list-style-type: none"> • Very easy • Fairly easy • Neither easy nor difficult • Fairly difficult • Very difficult • Don't know • Did not need any help 	<p>Q2. How easy or difficult <u>is</u> it to find information or advice within Revenue and Customs when you need help? Is that very or fairly [easy/difficult]?</p> <ul style="list-style-type: none"> • Very easy • Fairly easy • Neither easy nor difficult • Fairly difficult • Very difficult • Don't know • Did not need any help 	<p>Again wanted to answer in general not dealing specific terms. Said don't always have a query so suggest stopping at “when you need help”</p> <p><u>Agreed</u></p>

Agents	<p>Q3. How easy or difficult did Revenue and Customs make it for you to provide them with information? Is that very or fairly [easy/difficult]?</p> <ul style="list-style-type: none"> • Very easy • Fairly easy • Neither easy nor difficult • Fairly difficult • Very difficult • Don't know 	<p>Q10. How easy or difficult <u>do</u> Revenue and Customs make it for you to provide them with information? Is that very or fairly [easy/difficult]?</p> <ul style="list-style-type: none"> • Very easy • Fairly easy • Neither easy nor difficult • Fairly difficult • Very difficult • Don't know 	<p>Fine. Related the provision of information to submitting returns to HMRC, not just other information.</p> <p><u>Agreed</u></p>
Agents	<p>Q4. If you needed help or advice on a Revenue and Customs issue, what would be your first port of call?</p> <ul style="list-style-type: none"> • Website (HMRC) • HMRC Helpline • HMRC local office or other phone number • Trade/industry body • Search engine on web • Other website • Other (specify) • Don't know 	<p>Q4. If you needed help or advice on a Revenue and Customs issue, what would be your first port of call?</p> <ul style="list-style-type: none"> • <u>HMRC or Businesslink website</u> • <u>Other website</u> • <u>Agent Dedicated Line</u> • <u>Other HMRC Helpline</u> • <u>Agent Account Manager</u> • HMRC local office or other phone number • Trade/industry body • Search engine on web • Other website • Other (specify) • Don't know 	<p>Fine. May depend on the type of question they have BUT still prefer to answer it about the general.</p> <p><u>Agreed but with some changes to list – to be confirmed</u></p>

Agents	<p>Q5. How well or poorly did the way Revenue and Customs dealt with you enable you to do business? Is that very or fairly [well/poorly]?</p> <ul style="list-style-type: none"> • Very well • Fairly well • Neither well nor poorly • Fairly poorly • Very poorly • Don't know 	<p>Q5. How well or poorly <u>does</u> the way Revenue and Customs deal with you <u>fit in with the way you work</u>? Is that very or fairly [well/poorly]?</p> <ul style="list-style-type: none"> • Very well • Fairly well • Neither well nor poorly • Fairly poorly • Very poorly • Don't know 	<p>Long winded and interpreted as whether staff can work out what you want. Suggested change to cover intended meaning.</p> <p><u>Agreed</u></p>
Agents	<p>Q6. How much do you agree or disagree that Revenue and Customs used any information you provided in the way you expected? Is that [agree/disagree] strongly, or tend to [agree/disagree]?</p> <ul style="list-style-type: none"> • Agree strongly • Tend to agree • Neither agree nor disagree • Tend to disagree • Disagree strongly • Don't know • Did not provide any information 	<p>Exclude.</p>	<p>They really couldn't answer this – saying they don't know how it is used, they can only assume that it is used and used correctly.</p> <p><u>Agreed to drop</u></p>

<p>Agents</p>	<p>Q7. How positively or negatively did the way Revenue and Customs dealt with you impact on your time? Is that very or fairly [positively/negatively]?</p> <ul style="list-style-type: none"> • Very positively • Fairly positively • Neither positively nor negatively • Fairly negatively • Very negatively • Don't know 	<p>Q7. How acceptable or unacceptable is the amount of time it takes you to deal with Revenue and Customs in the way they require? Is that very or fairly [acceptable / unacceptable]?</p> <ul style="list-style-type: none"> • Very acceptable • Fairly acceptable • Neither acceptable nor unacceptable • Fairly unacceptable • Very unacceptable • Don't know 	<p>This raised the question of “what is a positive impact on my time”???</p> <p>Do they give you back time?</p> <p>Suggested an alternative around acceptability</p> <p><u>Agreed. Test out if too long winded.</u></p>
<p>Agents</p>	<p>Q8. How positively or negatively did the way Revenue and Customs dealt with you impact on your relationship with your clients? Is that very or fairly [positively/negatively]?</p> <ul style="list-style-type: none"> • Very positively • Fairly positively • Neither positively nor negatively • Fairly negatively • Very negatively • Don't know 	<p>Q8. How positively or negatively did the way Revenue and Customs dealt with you impact on your relationship with your clients? Is that very or fairly [positively/negatively]?</p> <ul style="list-style-type: none"> • Very positively • Fairly positively • Neither positively nor negatively • Fairly negatively • Very negatively • Don't know 	<p>Fine.</p> <p><u>Agreed</u></p>

4.5 Understanding what lies behind the answers to the new questions

The discussion in sections 4.1 and 4.4 focused on the outputs of the depth interviews and cognitive testing in terms of questionnaire design. The exploratory interviews provided qualitative insight into the experience of using HMRC services by a range of types of customers which, in addition to helping design the questions, also revealed the factors which participants took into account when giving their answers. In this section, these factors are discussed to provide a deeper understanding of survey data and what might motivate these responses.

4.5.1 Straightforward

Participant's views about straightforwardness were shaped primarily by how acceptable their experience had been or, put another way, how well expectations were met. Therefore, improving the customer's perception of HMRC dealings as straightforward may be as much about managing expectations as it is about improving the service.

Participants' level of satisfaction with the outcome of their dealings was also likely to have an effect on their perception of straightforwardness. Asking participants to rate their overall satisfaction beforehand helped to distinguish these two issues. However, participants who were dissatisfied found it more difficult to give a response which did not reflect the outcome. It may be that dealings which were considered unsatisfactory may be more likely to involve greater complexity; for example it may be necessary for customers to re-contact HMRC on several occasions.

There were a range of factors which participants took into account when considering whether their dealings with HMRC were straightforward. In particular, this research found that expectations about time; level of service and advice received; accuracy and clarity of information received; and the level of knowledge and manner of HMRC staff were key participants' views about straightforwardness. Drawing on the exploratory work, this research identified a range of dimensions which fed into customers' perception of straightforwardness, these are discussed below:

Ease of understanding what to do

Dealings with HMRC were considered more straightforward when participants were made aware of what they were required to do throughout the process. Whilst this was dependent on how well HMRC informed customers of their responsibilities, participants' level of experience also effected whether they understood what they needed to do. Participants who were more experienced dealing with HMRC, had more realistic expectations, were more aware of potential pitfalls and how to avoid these. In addition, participants with greater experienced made a judgement about how straightforward their most recent dealing was by comparing it to previous dealings. For example, recent dealings with HMRC were seen as straightforward where previous similar dealings had been considered 'messy'. More

experienced customers also understood the most effective way to communicate with HMRC to ensure that the process is more straightforward for both customer and HMRC staff.

Participants who were not themselves experienced or knowledgeable, but were advised by a third party, such as an accountant, were also more likely to perceive the dealing as straightforward as they could access advice and support at any points that were unclear.

Although SMEs and Agents were in general more experienced than individuals, there were varying degrees of experience within groups. Views about straightforwardness by less experienced SMEs and individuals tended to reflect more a lack of understanding of the process and decisions reached. Whereas, more experienced participants based their judgement on specific factors for example time spent on hold and the ability of staff to resolve their issue.

Ease of process

The amount of interaction with HMRC necessary to resolve an issue had an impact of perceptions of straightforwardness. Dealings which had only required input from the customer, such as submitting a tax return, making tax payments and informing HMRC of a change of circumstance, were generally thought to be straightforward, with straightforwardness judged on how easy or clear the form was or whether the online service was easy to use. However, dealings which required a response from HMRC, for example where customers felt an error had occurred, were considered more complex by comparison.

“There is no response with paying VAT. We pay it and that’s it. There’s no query going on [...] we file it online and there’s no problem with it” (SME, Partnership, 1-9 employees)

Ease of getting in touch

Getting in touch with HMRC was not always considered easy because customers may spend considerable amounts of time on hold either waiting to speak to an advisor or to be transferred to the correct person. In addition, agents in particular were concerned that closing local offices meant it was more difficult to get in touch with HMRC and it was no longer possible to build a relationship with individual members of staff.

Quality of information

Dealings were considered more straightforward where HMRC provided targeted advice based on the customers’ specific case, rather than HMRC providing general information on that type of dealing. This was particularly apparent where HMRC staff were thought to be ‘working from a script’ which was raised by both Agents and SMEs.

Being kept informed

Participants who were not informed about when a decision might be made and experienced unexplained delays in reaching resolution perceived their dealings with HMRC as less straightforward, particularly where it was necessary to contact HMRC. Whereas, customers

felt they were being kept informed where HMRC provided with a timescale when a decision would be reached.

Getting things right

Where participants felt that they were misinformed, or not fully informed, by HMRC they considered their dealings to be less straightforward. Participants complained that they did not receive all the information they needed when they first approached HMRC or they were given different advice at different stages of the process. In particular, participants felt that HMRC had not handled their issue properly when HMRC failed to meet an agreed deadline, for example when customers did not receive a tax repayment or changes to their tax credits on the date they expected.

Consistency

Agents in particular were concerned that they receiving contradictory information from different members of staff when trying to resolve a more complex issue or when trying to gain authorisation to act on behalf of their client.

Acceptability of time taken

Views about straightforwardness were affected where the time taken to respond to or resolve an issue was better or worse than expected. Where participants noted that HMRC acted more quickly than they would have expected, either in answering their call, replying to an email or reaching a resolving their issue, this had a positive effect on how straightforward they felt the dealing had been. However, where it was felt that HMRC's response have been slower than expected this was detrimental to their perception of those dealings. Therefore, further work may be necessary to explore what customers understanding of an acceptable amount of time and whether these expectations are reasonable.

There were a number of factors which participants took into account when thinking about the amount of time taken resolve their issue and respond to their enquiry. These included the time taken for HMRC to reach a decision; whether there were delays in implementing that decision; whether participants spent too much time trying to reach the right person; the length of time spent using online services; and how much time they spent on hold or waiting for HMRC to answer their call. Participants may take more than one factor into account, for example the time spent on the phone and the time taken for a decision to be reached. Therefore, judgements about time may reflect delays at any point in the process including responding to customers, reaching a decision and implementing that decision.

Treatment by staff

Customers also raised the manner, tone and helpfulness of staff as contributing to their view of straightforwardness. Staff were considered helpful who explained their response clearly and checked whether the customer understood the explanation. Concerns about how well HMRC staff understood customers' issues were more commonly raised by Agents and SME. It may be that these participants were more experienced and therefore only approached HMRC with more complex queries. Inconsistencies between staff were frustrating as the process could be made more complex depending on the level of understanding of the

particular staff member dealing with the issue. It was more common for individuals to have a positive impression of staff understanding and level of training and this caused these participants to perceive their dealings with HMRC as straightforward.

Getting hold of the right person

The ease with which customers reach a staff member who can deal with their issue or find the appropriate information or services online effected their perception of how straightforward their dealing was. When dealing with HMRC staff by telephone, customers were frustrated when they were passed on to other departments as the original contact could not resolve the issue or when they had to re-contact HMRC as they were not provided with sufficient information.

There was a perception that the HMRC website was difficult to navigate because the internal search engine often failed to locate the necessary websites and it was difficult to find relevant content. As a consequence, participants who had used online resources as their first port of call found that it was necessary to contact staff directly, either face to face or via the telephone. These participants therefore felt that their dealing with HMRC was less straightforward as they were not able to access the information the needed where they had expected.

This may indicate there is an issue with signposting because customers may not choose the most appropriate channel as their first port of call. Participants were more satisfied where they had a positive experience of signposting, for example, where contact telephone numbers were included on tax statements to signpost customers to the correct department.

Getting authorisation

Gaining authorisation to act on behalf of clients was raised as a particular concern by agents. When HMRC did not register that agents had authorisation to deal with clients accounts, this led to delays and increased agents' workload.

4.5.2 Approach

HMRC were interested to know whether the approach that an individual or an SME took towards an individual dealing would be expected from the segment the customer belonged to. This meant developing a method of segmenting the customer based on their specific dealing, and comparing it with the overall segment to which they belonged. In order to do this required the customer to be able to think back to before the dealing and to be able to answer questions that would identify their motivation towards dealing with HMRC.

Initially, questions were asked about whether a customer was confident that they knew:

- what their obligations were;
- what they need to do in order to meet their obligations; and
- that they could find help in order to meet their obligations.

Without exception, Individuals and SME were able to think back to BEFORE the specified dealing. They were universally clear about what their obligations were. For individuals this

was either based on their prior experience of dealing with HMRC, or because the paperwork they had received was clear. For SME, this was because of prior experience or because of accountant's advice. By way of example, SME dealing with PAYE found that after their first couple of experiences of filing their PAYE returns online that thereafter 'it worked like clockwork'.

Initially, 'knowing how to meet obligations' and 'finding help' were a single question. Customers found it difficult to answer such a double-barrel question. Once separated into two questions, customers were able to answer much more easily:

- Were you confident that you could do what you needed to?
- If No – Were you confident that you would be able to find any help you needed to enable you to do what you needed to?

Customers could recall that they were not always confident that they knew what to do in order to meet their obligations, particularly where this dealing was new to them, such as obtaining a tax refund, or a relatively rare experience.

Equally, they could recall whether, if they felt they needed help, they would be able to find it. Overall, the experiences of individuals and SME were very mixed in relation to receiving help from HMRC. With the helpline as the usual first point of contact, customers' previous experiences and the complexity of the query had informed their views about how easy or difficult it would be to find help; this they found easy to recall BEFORE their specified dealing.

Customers commented on the formality of the term 'obligations' and thought that for many taxpayers the term might be difficult to understand. Indeed, some of the customers in this research asked the interviewer what was meant by the term. Changing 'obligations' to 'what was required of you' simplified the question and resulted in greater ease of understanding.

In order to explore whether it was possible for customers to recall their motivations BEFORE the dealing, individuals and SME were asked different questions. Individuals were asked whether 'it is ever ok to cheat' when dealing with a particular issue, whilst SME were asked about 'prioritising payments to staff and suppliers over HMRC'.

When asked these questions respondents were a little shocked at being asked. They sometimes responded with a giggle or laughter, but never annoyance or anger. It was also clear from their responses that they did not mind being asked such questions.

However, customers could NOT think back to BEFORE the last dealing in relation to this question – it was too difficult a concept. Neither could they think about a specific dealing but only about their current beliefs.

Individuals and SME seemed to instinctively understand what 'cheat' meant in this context. Asked about potential alternatives there were suggestions of 'fiddling', 'cooking the books', 'lying about income', 'making up expenses', and 'not paying what was due'. Overall, however,

the term 'cheat' was considered to encapsulate all of these suggestions and proved to be the most efficient phrase to use to tap into customer motivations.

A small number of SME queried whether cheating referred to fraud or finding legal loopholes. While they assumed it was the former, they thought that this should be made clear as their answers would differ.

Most individuals said they had never thought about ways to cheat. Others were less coy about the idea of cheating but thought the risks were too high to bother thinking about how to cheat. Consequently, they were surprised by the question about whether they knew any ways to cheat HMRC. Nevertheless, they were still willing and able to answer the question.

SME too were not generally aware of ways to cheat, or had given it any thought.

'Its not the right way to run a business. I run my business properly, which means paying all the bills, including the taxes.' (SME)

However, this was not true of all the SME in the study:

'Well, you pinch a bit here and there if you can.' (SME)

Individuals and SME did not think that being asked this series of questions would deter them from continuing with subsequent survey questions, or participating in subsequent surveys.

SME were asked an additional set of questions designed to tap their motivation. Again, they could NOT relate this to BEFORE their dealing and were only able to answer in relation to dealings as a whole, rather than a specific dealing.

SME found it very easy to answer 'is it ever ok for a business with financial difficulties to prioritise paying staff and suppliers over payments for an HMRC dealing'. However, SME varied in their answers. Some SME were very clear that all bills had to be paid when they fell due, irrespective of who they were payable to. Others, however, considered that their business could not operate unless they were staffed and they had adequate supplies. While they recognised that HMRC would have to be paid they considered that a delayed payment could mean the survival of their business.

SME that were averse to cheating found "how big did you think the risk was of businesses being caught and punished for cheating on x" hard to answer as they said they had generally never thought about it. When pressed for an answer they generally replied either 'Don't know', or 'a big risk'.

The small number of SME that were less risk averse and indicated that they might cheat on their taxes thought that the risk of being caught was small, or at least comparable with everyday risks such as crossing the road. As they had never heard of other SME being caught for cheating they considered that the risk was small.

4.5.3 Change

SMEs and agents were asked to consider how well HMRC handled three specific changes: Raising the tax self-assessment 'Three Line Account' turnover limit to permanently align with the VAT registration threshold; VAT online mandate for new businesses and those with a turnover of £100,000; and change in VAT rate back to 17.5%. In particular, participants were asked how well these changes were communicated and whether customers were provided sufficient guidance and support.

How well change was communicated

Amongst SMEs there was high awareness of the changes to online mandate and the VAT rate, whereas it was less common for SMEs to be aware of the change to the threshold for 'three line account' tax self-assessment. However, further probing indicated that SME customers may be aware of the change without recognising the terminology 'three line account'.

Participants became aware of the rise in VAT following considerable media coverage rather than having received information from HMRC. However, participants remembered receiving information from HMRC about the changes to online mandate and the 'three line account' threshold which was considered clear and straightforward. Participants who did not remember receiving an information sheet said they became aware of the change when they came to submit their tax return. As these changes were found to simplify the process of submitting a tax return, it was not considered necessary to make customers aware of the change in advance.

Agents said that they became aware of changes when their clients approached them with questions. They did not expect HMRC to contact them directly with information. Rather, agents expected that there would be sufficient advice available on HMRC's website.

Participants who were not aware of specific changes suggested that HMRC could be more proactive in ensuring that their customers were made aware of relevant changes. Suggestions for improvements included: advertising changes online and on TV; sending out leaflets with relevant documentation such as tax returns; and emailing customers who would be affected directly.

Quality of advice and guidance

SMEs who remembered receiving information from HMRC felt that the guidance they received was clear and easy to understand, although this may have been because the changes were not themselves considered complex. Agents said that they did not receive information directly from HMRC; however, they thought that the information provided by HMRC was sufficient as customers were advised of the thresholds and timescales within which the changes would apply.

4.5.4 Record Keeping

The aim of this question module was to explore ways of measuring improvements in record keeping for SME over time, through questions addressed to both SME and Agents.

For SME the question approach was along the lines of:

- Their overall approach to keeping their business records;
- How they maintain their records;
- How often they deal with their record keeping;
- How complete and up to date their records are;
- How easy their agent find it to complete, or sign off, their returns; and
- Whether they had tried, or been asked, to improve their record keeping.

The phrase 'business records', which was originally used, was not very well understood and widely interpreted. For some it meant invoices, for others it meant receipts and for others it meant official returns. In the cognitive testing stage, the term was re-phrased and defined as 'how does your business keep records' with 'paper receipts and invoices' providing a definition in the first possible answer to be read out. With this new definition there was consistent understanding.

SME keep their records in a variety of ways, with most in this study maintaining both paper and electronic records. Electronic records were usually held using a proprietary method such as Sage, although there were examples of home constructed Excel spreadsheets. SME indicated that they maintained both electronic and paper records in case there was a computer crash. They also indicated that electronic records allow them to undertake further analysis of their business records more easily. A couple of very small SME only maintained a paper record.

One sole trader did not keep any records at all, simply keeping all receipts in a box, ready for the end of year return to be undertaken by the accountant.

For those SME with employees, there were no differences in how they kept their business records compared to their employee records. Employee records in this study were all computerised.

The frequency of updating and maintaining records varied considerably. For one sole trader it was 'never'. For others, it varied between:

- Every week
- Every month end
- Since last payroll run
- Since last vat return
- Since last end of year return

The larger SME tended to maintain their records on a weekly basis, whilst others tended to update their records as a return was becoming imminent.

The same answers were given for 'how up to date' their records were.

SME found it less easy to give an indication of how 'accurate and complete' their records were. Some SME interpreted this as 'complete up to the last return' whilst others interpreted

this as whether they knew what the company's financial position was on a specific date. Most of the SME in this study could not give a definite financial position, although they could estimate whether they were trading in profit or at a loss. Only those SME that updated their records on a weekly basis could provide a reasonably accurate financial position for the company.

Given the wide variation in how SME kept, maintained and updated their records, we wanted to find a way of estimating the overall accuracy of their record keeping. Probing during the interviews and considering the issue from an analytical point of view suggested it could be productive to ask SME how many queries they received from their Agent when completing a return. Using a rating scale ranging from 'a lot of queries' to 'none at all' the question worked very well and clearly identified deficiencies in record keeping. The only difficulty with this question was that not all SME recognised the term 'Agent'. Broadening this out to 'accountant or advisor' meant that all the SME were able to answer the question with ease.

With limited exceptions, SME had not attempted to improve their record keeping, nor had they been asked to do so. The only exceptions were a sole trader who had improved record keeping by 'Moving from storing receipts in pockets to in boxes', and a small SME who had been asked by their accountant to make minor amendments to their VAT record keeping.

Agents were also asked about their client record keeping. Questions focussed on: how clients maintained their records; differences between clients; the types of problems they have with client records; and whether they could give an overall rating of the quality of their clients' records.

Corroborating the SME reports, Agents reported that record keeping was very varied and highly dependent on the individual. Larger Agents noted that they could only comment on the quality of their personal clients' records, not their firms' clients as a whole. Overall, they considered that there was no pattern in the types of SME that were better or worse at maintaining accurate records, it being highly dependent on the individual client. The only exceptions to this were new start-up companies, where their inexperience showed through in their financial record keeping.

Agents could not identify specific issues that impacted on the accuracy of their clients' records. For them, the key issues were the timeliness of receiving their clients' business records and the difficulties they sometimes faced in obtaining additional information from their clients.

Agents were asked whether they could provide an overall accuracy rating for their clients' business records. This they were unable to do because of the variability across their clients; some clients provided excellent records, others provided very poor records. An overall rating would simply provide a middling accuracy rating and not reflect the range.

However, Agents did indicate that they could estimate the proportion of their clients that provided records that were accurate enough to require little additional information or

clarification prior to being submitted to HMRC. While some Agents preferred to give a percentage of clients, others suggested a 0 to 10 scale would be sufficient. There was some concern amongst Agents that a percentage score could indicate a spurious level of accuracy.

4.5.5 Education/Support

HMRC were interested to explore SME and Agent awareness, use and perceived value of the educational and technical support provided by HMRC. As the findings for both groups are similar they are reported together, with any differences pointed out where appropriate.

Initially asked about 'educational and technical support' neither SME nor Agents understood what was meant by the term. Customers tended to ask the interviewers what was meant by the term, or wondered if this referred to specialist information that might be available via the helpline or website. Only when a list of media (including factsheets, interactive tools, videos or webinars, etc.) was introduced were customers able to understand what was being referred to.

Reported use amongst these SME was low and amongst the Agents even lower.

In the limited number of instances where factsheets had been used by SME, HMRC were complimented on the accessibility of the material and avoidance of jargon; an SME was very positive about a VAT information booklet; SME and Agents were very positive about the quality of the online support when submitting returns; and one SME was very positive about a seminar they had attended. However, both SME and Agents used the opportunity to criticise the HMRC website; it was seen as difficult to navigate and the search engine was thought to be particularly poor, with Google being seen as better at retrieving the most relevant information from the HMRC website compared to HMRC's own search engine.

Both SME and Agents were very reluctant to give an 'overall value' for HMRC's educational and technical support. There were three reasons for this. First, as they may have used only a very small portion of the facilities available, an overall value would be highly misleading. Second, where they had used more than one type of educational material or support, if their experiences had been very different, the only way to capture this would be to give an average score, which they also considered to be highly misleading. As one Agent said:

'I want to be able to rate each item separately as some may have been more useful than others' (Agent)

Third, and perhaps a more fundamental issue, some of the SME queried what was meant by 'value'. For some it meant that the information had helped solved a problem; for others value referred to the ease with which information could be used; for others it referred to the ability to print out an online document.

4.5.6 Commercial understanding

This section considers whether agents had a good understanding of how to use HMRC services when seeking advice or submitting information. Agents had a tendency to believe

that HMRC did not understand their needs as a business and treated them in the same way as other customers. However, there was evidence that agents were not always aware of services provided to them, for example the priority helpdesk specifically for agents.

Ease of finding information or advice when they have a query

It was not always considered easy to find information either on the HMRC or Businesslink websites or by calling the HMRC helpdesk. Agents felt that the HMRC website was difficult to navigate and therefore were not confident that they could always find information they needed, particularly in relation to more technical queries. When contacting the HMRC helpdesk, agents sometimes experienced difficulties reaching a member of staff who could handle their query. They believed that this was due to inconsistencies in the level of staff training, although it was unclear whether agents were contacting the appropriate department. Therefore, particularly for more complex queries agents said that they were more likely to search industry websites or approach trade associations and other colleagues.

Participants felt that their queries were handled more efficiently where they contacted the appropriate tax office directly, approached a technical advisor or contacted the agents' helpdesk. Agents could either find specific contact details on the HMRC website or on correspondence from HMRC. However, there was a perception that it was not always possible to identify the appropriate contact for specific technical queries.

Ease of providing information to HMRC

Agents felt more confident providing information to HMRC than finding information because most information could be submitted within a tax return, which they found straightforward. Alternatively agents said they would submit additional information in writing to the appropriate tax office.

Although agents felt it was easy to submit information, often they were not aware of how this information was used because HMRC did not acknowledge that they had received the information or provide any feedback. Therefore, agents tended to assume that additional information which they supplied was useful to HMRC.

“If I write a wee story in the box, they never write and say ‘thank you, we will not investigate’” (Agent, 0-49 clients)

How well HMRC understand their needs as a business

Agents were concerned that HMRC did not recognise that they acted as an intermediary between their clients and HMRC and therefore did not understand their needs as a business. HMRC appeared to assume that agents had direct access to their clients' records and therefore set deadlines which agents were unable to meet because their clients were unavailable to provide the necessary information. In addition, there could be significant delays in HMRC responding to a query or reaching a decision and it was felt that HMRC did not take into account the impact this had on client relationships, particularly where this affected cost.

“We get the feedback from the client, ‘what the hell’s going on’, and it ends up they try and blame us” (Agent, 1000+ clients)

Although there was a perception amongst agents that HMRC did not understand their needs as a business, it was recognised it was not necessary for HMRC to understand how agents worked in order to provide a service to their clients.

4.6 Questionnaire development (for the pilot and beyond)

The next stage was to construct a revised questionnaire for each of the three groups that would not increase the overall length, and to produce questionnaires suitable for piloting. There were two key challenges: to maintain comparability with back data wherever possible, and to attempt to include the new question areas without increasing questionnaire length. Unless enough of the existing questions were removed (unlikely) this second challenge could only be achieved by asking modules of questions less frequently than every quarter or of only part of the full sample at each wave. Using the priorities identified in section 4.3, we needed to identify current questions to remove, and questions to ask less frequently or of a sub-sample, to balance out the extra length of any new questions.

The full pilot questionnaires are available separately, along with excel documents that gave more detail of the proposed questionnaire changes to accommodate the new question modules.

4.6.1 Individuals

For individuals, there was a need to accommodate an estimated **additional two and a half minutes** of questions (sections highlighted in yellow below). This was achieved pre-pilot through cuts in the screening, experience and reputation sections:

Section	Who gets questions	Current length (mins)	Changes	Est'd Revised length
1. Screen	All	4.5	Remove Q1/Q2 about dealings in last 12 months (nb – may need to reinstate this post pilot in which case need to find alternative question to cut)	4.0
2. Dealings	All Core	1.6	Add 3 new Questions: 1. first mode of contact if multiple modes/whether success at first attempt if only mode 2. Why changed mode of contact if multiple modes 3. Use of agent/friend for core dealing	2.6
3. Experience	All Core	4.2	Remove four dimensions: 1. Designed with needs in mind 2. Doing everything they said 3. Speed of response 4. Flexibility of service	3.3
3b Approach	Half A of core (rep wave)	0.0	New 1 min module	1.0
4 Reputation	All Reputation	6.2	Remove 7 questions: 1. Protect society 2. Make it easy to get things right 3. Trust to pay B&C fairly 4. Treat customers as honest 5. Protect personal information 6. Whether spoken to friends and family about HMRC 7. Whether it was positive or negative	4.3
5 Segmentation	All	2.7	No change	2.7
6 Demographics	All	3.5	Add household income question	4.0

Since there are a number of different versions of the individuals questionnaire (different combinations of core, reputation and segmentation questions), it is not possible to estimate changes in length through adding up all sections. Using the current CS sample sizes in each version of the questionnaire, the current and projected lengths of the questionnaire are given below:

Current numbers of interviews:		Current length (mins)	Projected length
Core wave:	1,300	16.4	16.6
Reputation wave:	3,200	14.9	14.5
Core only	1,000	16.4	16.6
Core and rep	300	22.6	21.4
Reputation only	700	16.8	15.0
Segmentation only	1,200	10.7	10.7

This means the changes should be able to be accommodated with no real increase in length. There is the potential to **decrease the overall length** if further cuts are made. This could include putting some questions only to a half sample and reporting annually rather than six monthly on these measures. Possible candidates include:

- Less important experience measures that are not reported as key measures
- Reputation driver measures
- Less important demographic measures, perhaps at reputation waves only

For the pilot, a 20 minute questionnaire had been allowed for, with up to two versions. One key concern was to check whether the approach questions could be asked immediately before the segmentation questions without respondents finding them too repetitive. To this end, two versions of the questionnaire were set up, one with, and one without the reputation questions. Estimated lengths are also shown below:

	Version A	Version B	A (mins)	B (mins)
1. Screen	All	All	4.0	4.0
2. Dealings	All CORE	All CORE	2.6	2.6
3. Experience	All CORE	All CORE	3.3	3.3
3b Approach	All CORE	All CORE	1.0	1.0
4 Reputation	All CORE	NONE	4.3	0.0
5 Segmentation	All CORE	All CORE	2.7	2.7
6 Demographics	All CORE	All CORE	4.0	4.0
LENGTH (mins)	Average – 19.8 mins		21.9	17.6

This approach allowed full testing of all question sets, and timings to be estimated for all versions of the final questionnaire. While the 'approach' questions would only be put to a half sample in the final questionnaire, the pilot allowed them to be tested with all 100 respondents.

4.6.2 SME

For the SME questionnaire, there were **around seven and a half minutes** of new questions to include (in the sections shaded yellow below, in the main), so greater cuts and use of split sample approaches needed to be considered. The solution below enables the new questions to be accommodated with no increase in length:

Section	Who gets questions	Current length (mins)	Changes	Revised length
1. Screen	All	3.7	No change	3.7
2. Dealings	All Core	1.6	Add 2 new Questions: 1. first mode of contact if multiple modes/whether success at first attempt if only mode 2. Why changed mode of contact if multiple modes	2.3
3. Experience	All Core	5.2	Add one dimension 1. Ease of getting someone who can help	4.2

			Remove five dimensions: 1. Designed with needs in mind 2. Doing everything they said 3. Speed of response 4. Flexibility of service 5. Consistency	
3a Approach	Half A of core (rep wave)	0.0	NEW 1 min module	1.0
3b. Change	Half A on core waves*	0.0	NEW 2.9 min module	2.9
3c. Record Keeping	Half A core on rep waves	0.0	NEW 1m module	1.0
3d. Educ/support	Half B core on rep waves	0.0	NEW 2 min module	2.0
4 Reputation	All Reputation	6.2	Remove 7 questions: 1. Frequency of dealing (non core) 2. Protect society 3. Make it easy to get things right 4. Treat customers as honest 5. Protect personal information 6. Whether spoken to friends and family about HMRC 7. Whether it was positive or negative	4.3
5 Segmentation	All	3.0	No change	3.0
6 Demographics	All	2.7	Remove job title question	2.4

*CHANGE to half sample - if it turns out that only half of these answer most of the questions, will put to ALL on core quarters instead.

Since there are a number of different versions of the SME questionnaire, and since we are proposing using half samples for the new modules, it is not possible to estimate changes in length through adding up all sections. Using the current sample sizes in each version of the questionnaire, the current and projected lengths of the questionnaire are given below:

Current numbers of interviews:		Current length (mins)	Projected length
Core wave:	1,300	13.1	13.4
Reputation wave:	1,875	18.5	18.2
Core only	875	16.1	16.9
Core and rep	750	22.3	21.2
Reputation only	250	15.5	13.4

This means the changes should be able to be accommodated with no real increase in length. There is the potential to **decrease the overall length** if further cuts are made. This could include putting some questions only to a half sample and reporting annually rather than six monthly on these measures. Possible candidates include:

- Less important experience measures that are not reported as key measures
- Reputation driver measures
- Less important demographic measures, perhaps at reputation waves only

For the pilot, a 20 minute questionnaire had been allowed for, with up to two versions. This needed to enable sufficient numbers of respondents to test each of the new question modules (at least 50 of the 100, but more for 'change' where there may be more filtering within the module). Wherever possible, modules that would appear together in the final questionnaire should appear together on the pilot versions. The solution below was reached which achieved a balance of questionnaire length alongside the other considerations.

	A	B	A (mins)	B (mins)
1. Screen	ALL	ALL	3.7	3.7
2. Dealings	ALL CORE	ALL CORE	2.3	2.3
3. Experience	ALL CORE	ALL CORE	4.2	4.2
3a. Approach	ALL CORE		1.0	
3c. Record Keeping	ALL CORE		1.0	
3d. Educ/support		ALL CORE		2.0
3b. Change	ALL CORE	ALL CORE	2.9	2.9
4 Reputation	NOT INCLUDED	NOT INCLUDED		
5 Segmentation	All CORE	All CORE	3.0	3.0
6 Demographics	All CORE	All CORE	2.4	2.4
Length in minutes:	Average length: 20.5 minutes		20.5	20.5

In reality, the 'change' questions would not be on the same version of the questionnaire as the other new modules, but there is no other pilot approach that allows the change questions to be asked of all 100 respondents. The change module was, therefore, placed after the other new modules. This approach allowed full testing of all question sets (other than the reputation module which was excluded), and timings to be estimated for all versions of the final questionnaire.

4.6.3 Agents

For the Agent questionnaire, there were **around ten and a half minutes of new questions** to include (in the sections shaded yellow below, in the main), so even greater cuts and use of split sample approaches needed to be considered for this group. **Solution 1** below of changes agreed before the pilot results in an increased questionnaire length:

Section	Who gets questions	Current length (mins)	Changes	Revised length
1. Screen	All	3.1	Remove Q3 about dealings in last 12 months (nb – may need to reinstate this post pilot in which case need to find alternative question to cut)	2.8
2. Dealings	All Core	1.7	Add 2 new Questions: 1. first mode of contact if multiple modes/whether success at first attempt if only mode 2. Why changed mode of contact if multiple modes	2.4
3. Experience	All Core	4.5	Add three dimensions 1. Ease of getting someone who can help 2. Ease of authorisation	4.0

			3. Ability of staff to deal with your issue Remove five dimensions: 1. Ease of understanding what to do 2. Designed with needs in mind 3. Doing everything they said 4. Speed of response 5. Flexibility of service	
3a Commercial understanding	Half A of core on rep waves	0.0	NEW 2.5 min module	2.5
3b. Change	Half A on core waves*	0.0	NEW 2.9 min module	2.9
3c. Record Keeping	Half A core on rep waves	0.0	NEW 20sec module	0.3
3d. Educ/support	Half B core on rep waves	0.0	NEW 3 min module	3.0
4 Reputation	All Reputation	5.8	Remove 7 questions: 1. Protect society 2. Make it easy to get things right 3. Treat customers as honest 4. Protect personal information 5. Whether spoken to friends and family about HMRC 6. Whether it was positive or negative	4.3
5 Segmentation	All on reputation waves	0.0	New 70 second module	1.2
6 Demographics	All	3.8	Remove job title question	3.3

*CHANGE to half sample - if it turns out that only half of these answer most of the questions, will put to ALL on core quarters instead.

Since there are a number of different versions of the Agent questionnaire, and since we are proposing using half samples for the new modules, it is not possible to estimate changes in length through adding up all sections. Using the current sample sizes in each version of the questionnaire, the current and projected lengths (solution 1) of the questionnaire are given below:

Current numbers of interviews:		Current length (mins)	Projected length: Solution 1
Core wave:	1,150	13.1	14.0
Reputation wave:	1155	17.5	19.9
Core only	270	13.1	16.6
Core and rep	880	18.9	20.9
Reputation only	5	12.8	11.6

This has **added almost a minute at core waves** and **over two minutes at reputation waves**. The additional steps in **solution 2** below would enable the new questions to be accommodated with an acceptable increase in length (although this is not, of course, the only possible solution):

Section	Who gets questions	Current length (mins)	Changes	Revised length
1. Screen	All	3.1	As solution 1	2.8
2. Dealings	All Core	1.7	As solution 1	2.4
3. Experience	All Core	4.5	As solution 1 PLUS: <u>Ask three dimensions of half sample only:</u> <u>1. Ease of process</u> <u>2. Being kept well informed</u> <u>3. How well met expectations</u>	3.7
3a Commercial understanding	Half A of core on rep waves	0.0	As solution 1	2.5
3b. Change	Half A on core waves*	0.0	As solution 1	2.9
3c. Record Keeping	Half A core on rep waves	0.0	As solution 1	0.3
3d. Educ/support	Half B core on rep waves	0.0	As solution 1	3.0
4 Reputation	All Reputation	5.8	As solution 1 PLUS <u>Ask the 13 'driver' questions of a half sample</u>	2.8
5 Segmentation	All on reputation waves	0.0	As solution 1	1.2
6 Demographics	All	3.8	As solution 1 PLUS <u>ASK three questions to half sample at reputation waves only e.g.</u> <u>1. turnover</u> <u>2. how long dealt with HMRC</u> <u>3. Ethnicity</u>	3.3 core 2.3 rep

*CHANGE to half sample - if it turns out that only half of these answer most of the questions, will put to ALL on core quarters instead.

Again using the current sample sizes in each version of the questionnaire, the current and projected lengths of this reduced questionnaire in **solution 2** are given below:

Current numbers of interviews:		Current length (mins)	Projected length: Solution 2
Core wave:	1,150	13.1	13.7
Reputation wave:	1155	17.5	17.4
Core only	270	13.1	15.3
Core and rep	880	18.9	18.1
Reputation only	5	12.8	9.1

Unlike the other customer groups there is little obvious scope to further cut the questionnaire length for Agents. Further demographics questions could be put to a half sample at both core and reputation waves to save further time, although we would not recommend this.

For the pilot, a 20 minute questionnaire had been allowed for, with up to two versions. This needed to enable sufficient numbers of respondents to test each of the new question modules

(at least 50 of the 100, but more for 'change' where there may be more filtering within the module). Wherever possible, modules that would appear together in the final questionnaire should appear together on the pilot versions. The solution below was reached which achieved a balance of questionnaire length alongside the other considerations.

	A	B	A (mins)	B (mins)
1. Screen	ALL	ALL	2.8	2.8
2. Dealings	ALL CORE	ALL CORE	2.4	2.4
3. Experience	ALL CORE	ALL CORE	4.0	4.0
3a. Commercial understanding	ALL CORE		2.5	
3c. Record Keeping	ALL CORE		0.3	
3d. Educ/support		ALL CORE		3.0
3b. Change	ALL CORE	ALL CORE	2.9	2.9
4 Reputation	NOT INCLUDED	NOT INCLUDED		
5 Segmentation	All CORE	All CORE	1.2	
6 Demographics	All CORE	All CORE	3.3	3.3
Length in minutes:	Average length: 18.9 minutes		19.4	18.4

In reality, the 'change' questions would not be on the same version of the questionnaire as the other new modules, but there is no other approach that allows the change questions to be asked of all 100 respondents. The change module was, therefore, placed after the other new modules. This approach allowed full testing of all question sets (other than the reputation module which was excluded), and timings to be estimated for all versions of the final questionnaire. This pilot is based on solution 1 and none of the further time-saving options from solution 2 were included in the pilot.

4.7 Questionnaire piloting

4.8 Questionnaire piloting

The pilot questionnaires described above (**available as separate documents**) were tested in field to ensure that all questions work together and that customers are able to respond, and to obtain more accurate estimates of timing.

The approach we take to piloting is to fully brief interviewers, and then ask them to interview as if this were the main survey. Researchers listen in to interviewers and take notes, and then ask the interviewers for their feedback on how well the interview worked.

A pilot also gives a good indication of the length of the questionnaire: timing points in the questionnaire allow individual questions, or groups of questions to be timed, with average timings useful to build up estimates for revised versions of the questionnaire post pilot given final recommendations for sample sizes for different elements of the questionnaire.

Given the need to test out 'split sample' versions of the questionnaires, we conducted 100 interviews per customer group, with two versions of each questionnaire (versions A and B described in the previous section, each put to half of the sample selected at random) to allow each question module to be asked of around 50 customers.

As this pilot was intended to test the questionnaire rather than the sampling strategy, we used a sample of customers who have previously taken part in the CS and have agreed to re-contact for all three groups. This meant we can sample core respondents more easily and cover a range of other customer types (e.g. size of business, segment for individuals) that are likely to influence responses. We sent out a letter to SME and Agents in advance of the pilot to maximise participation (we did not have addresses for individuals). This approach took less time to recruit and interview these than a fresh sample, which requires sourcing and then screening. We selected around 1000 records to achieve 100 interviews in each group.

The outcomes of the pilots are summarised below. Data from the pilots are available separately.

4.8.1 Individuals

100 interviews were achieved with 47 respondents for version A and 53 respondents for version B (random selection between the versions for each interviewer can result in slightly uneven allocation overall).

In general there were very few problems with **the questionnaire** and interviews ran smoothly. Comments on each section of the questionnaire are given below.

1. Screening

This section still worked well without the initial 'dealings in the last 12 months' question

2. Dealings

The section as a whole worked well, including the new questions. Specifically:

- **Q9** (nature of dealings to establish contact etc) can seem repetitive after the fully open ended questions asking for details of the dealing. This can be overcome with greater interviewer acknowledgement of answers repeating those already given. This question cannot be replaced by the open ended question, however, as not all respondents give sufficient detail without prompting.
- **QC1-5** The new question set on multiple modes of contact/multiple contacts worked well. Despite reservations, respondents were able to give reasons for changing their mode of contact (QC2) and a codeframe will be developed to classify these based initially on the pilot responses.

3. Experience

This section can feel rather repetitive given the need to remind customers at each question set to think back to the selected most recent dealing (otherwise we know they lose focus). Since the question sets are randomised the same prompt has always been used at each new set of questions. We believe that we have found a technical solution to allow us to vary the prompt, allowing for specific prompts for the first and last questions asked. This applies to all three customer groups.

All new questions worked well.

3b. Approach

The questions were set up in the order which allowed respondents to answer a minimum number of questions within the set (they drop out as soon as they are allocated to a segment). The questions were:

- QA1 – Thinking back to before your recent dealing about X, were you confident you KNEW what was required of you?
- QA2 – Do you think it is ever OK for someone to cheat when dealing with X?
- QA3 – Thinking back to before your recent dealing about X, were you confident that you COULD do what you needed to?
- QA4 (if no at QA3) – were you confident that you would be able to find any help you needed to enable you to do what you needed to.

The capitalisation at QA1 and QA3 were intended to prompt interviewers to stress the key words differentiating the two questions, following some confusion at the earlier testing stages. In the pilot interviews, respondents found it hard to see the difference between the two questions, possibly as they were separated by QA2, and inadequate stressing of the differences by interviewers. Part of the solution would be clearer interviewer briefings. However, we also suggest re-ordering the questions so that QA1 and QA3/4 are asked together to help interviewers explain how they are different, and asking QA2 last.

As a result of the confusion, very few customers were allocated to the 'needs help' segment using the approach questions compared with the full set of segmentation questions. Most of those who would usually be in the 'needs help' segment were instead classed as willing conformists. A further difference is that customers were more likely to be classed as unaware in relation to the specific dealing compared with their general segmentation.

Respondents did not seem too shocked by QA3 (about cheating) although the vast majority said it was never ok to cheat. However, the number of rule breakers was similar to the number in the main segmentation

The full breakdown of the two sets of segmentation questions are given below.

Full segment	Total	Approach segment			
		Willing Conformist	Need Help	Rule Breaker	Unaware
Willing Conformist	65	56	0	0	9
Need Help	21	16	1	1	3
Reluctant Conformist	6	1	0	1	4
Rule Breaker	4	2	0	1	1
Unaware	4	3	0	0	1
	100	78	1	3	18

4. Reputation

This section worked well with no problems resulting from the changes.

5. Segmentation

There were no apparent problems in asking these questions following the approach questions, whether or not they were separated by the reputation questions.

6. Demographics

This section worked well, with just a few specific comments:

- Q38 (use of internet) – if this is retained, it would be useful to add a category for those who use the internet on their phones
- Q44 (marital status) – people tend to prefer the phrase ‘living with a partner’ to ‘living as married’ although this is likely to be superseded by further changes requested after the pilot (see below)

Following the pilot a **number of further changes were requested by HMRC** stakeholders. These changes are summarised below, but have not been piloted. These changes are incorporated in the post-pilot questionnaire timing estimates.

1. Screening

All relevant questions: Remove ‘declaring goods from abroad’ and ‘being stopped for a customs check’ from the list of eligible HMRC dealings.

2. Dealings

All relevant questions: Replace ‘letter’ with ‘post’ in contact questions to include posting things other than letters

QC6-7 (new questions): Add questions to establish how acceptable the number of contacts was (for those with multiple contacts/methods) and how easy it was to find info on the website

3. Experience

Q12 (4-5) – keeping well informed & getting things right – candidates for deletion BUT want to keep in for now.

3a. Approach

These questions were reviewed in the light of the revised segmentation questions and qualitative recruitment approach. At present no change has been made although this decision may need to be reviewed if further information on the new segmentation is provided.

4. Reputation

No changes

5. Segmentation

A new set of segmentations was provided to replace the old segmentation questions (a final decision is needed as to whether the new questions should be used). The question on confidence using a computer was retained as still of interest although no part of the segmentation. Segmentation questions were only to be asked at reputation waves and not in core waves for the new survey.

6. Demographics

Q36 – use of an agent/friend – Change from ‘*handle some or all of ...*’ to ‘*deal with some or all of ... on your behalf*’

Q36b (new): Add a question to ask who deals with their affairs on their behalf to cover paid and voluntary professionals, family and friends, and other.

Q38 – internet use – delete current question on where use internet and introduce new question on whether use internet regularly to buy goods or services, or for banking.

Q41 – age bands altered to suit HMRC needs

Q42b – new question on caring for adults added, based on existing questions used on other TNS-BMRB surveys

Q44 – marital status – deleted

Q45-47 – illness and disability questions revised in line with new guidelines from ONS in March 2010

Q48 – employment status – change to bands of hours worked to under 16, 16-29 and 30+

Q48b/c – income – separate income question with different income bands for PT and B&C customers. Bands provided by HMRC.

The questionnaire with all of the changes suggested above (both from the pilot and HMRC discussions) is **available as a separate document**.

The length of each section of the questionnaire following all suggested revisions post-pilot are given below, together with implications for **questionnaire length** based on the current CS sample structure.

Section	Sample	Current CS length	Revised length
1. Screening	All	4.5	4.0
2. Dealings	All core	1.6	2.6
3. Experience	All core	4.2	3.3
3b Approach	All core on rep waves	NA	0.7
4 Reputation	All rep	6.2	4.3
5 Segmentation	All on rep waves	2.7	1.7
6 Demographics	All	3.5	4.3

Current numbers of interviews:		Current CS (mins)	Revised length
Core wave:	1,300	16.4	14.3
Reputation wave:	3,200	14.9	14.0
Core only	1,000	16.4	16.6
Core and rep	300	22.6	20.9
Reputation only	700	16.8	14.3
Segmentation only	1,200	10.7	10.0

Using timings from the pilot, the questionnaire length was not substantially longer than the current CS, using the same sample structure, and would be shorter through excluding the segmentation at core waves, and a new shorter set of segmentation questions at reputation waves. The actual length of the final questionnaire will, of course, depend on the final recommended sample design (i.e. the number of respondents getting each section of the questionnaire). This will be discussed further in Chapter 5.

4.8.2 SME

100 interviews were achieved with 47 respondents for version A and 53 respondents for version B (random selection between the versions for each interviewer can result in slightly uneven allocation overall).

In general there were very few problems with **the questionnaire** and interviews ran smoothly. Comments on each section of the questionnaire are given below.

1. Screening

This unchanged section worked well.

2. Dealings

Q8 (type of contact) – same comments as per Q9 for individuals regarding this question seeming repetitive after the fully open ended questions – interviewer note to assist with this.

3. Experience

All worked well, including new and changed questions

3a. Approach

We encountered the same problems as with individuals survey, so again suggest putting the knowledge and confidence in ability questions together at the start and then following with other questions. Otherwise there were no problems with the questions.

As a result of the confusion, no customers were allocated to the 'need help' segment using the approach questions, compared with three using the full set of segmentation questions. A further difference is that customers were more likely to be classed as unaware in relation to the specific dealing compared with their general segmentation.

Respondents did not seem too shocked by QA3 (the question about cheating) although all said it was never ok to cheat. Those classified as rule breakers in the main segmentation tended to be payment deferrers using the approach questions for their specific dealing.

The full breakdown of the two sets of segmentation questions are given below.

Segment	Total	Approach segment					
		Willing and Able	Need Help	Unaware	(Potential) Payment Deferrers	Rule breakers	Potential rule breakers
Willing and Able	24	19	0	2	3	0	0
Need Help	3	0	0	1	2	0	0
Unaware	0	0	0	0	0	0	0
(Potential) Payment Deferrers	11	3	0	0	8	0	0
Potential Rule Breakers	3	2	0	1	0	0	0
Rule Breakers	6	1	0	0	5	0	0
	47	25	0	4	18	0	0

3b Change

The change questions had not been cognitively tested, so it was not surprising that the pilot raise a few issues in relation to this module.

QCH1 - Awareness of the changes was relatively high, with all aware of at least one change and 90% aware of more than one, suggesting the module is one that can reasonably be covered on the CS.

QCH2 – customers were not able to rate how well HMRC communicated the changes they had heard about all together, saying that it varied too much depending on which change they were thinking of. We need to ask them to rate how well each change was communicated. Respondents also queried whether this was just communicating that the change was happening, or more detailed communication – this needs to be made clear in the questionnaire.

QCH3 – while customers were able to think about guidance more generally in terms of any of the changes, they were not clear what constitutes guidance - this needs clarification. Because of this confusion some then found it quite hard to answer QCH4 about the quality of the guidance in any meaningful way, as they were thinking of a simple notice.

QCH5-6 – It became clear that customers who were not aware of any consultation were not consistent in their response to these questions. For example, if they were not aware of any consultation, they may say so, or rate the consultation as poor. We recommend a filter question to establish awareness before asking the rating questions. Furthermore, we suggest establishing whether this was awareness or any further involvement, as it seems reasonable to assume that customers can only answer QCH6 and rate aspects of the consultation meaningfully if their familiarity with the consultation goes beyond simple awareness.

3c. Record keeping

This section worked well with customers able to answer the questions and there are no recommended changes. A range of methods was used with a range of frequency. Most reported their records being easy to use for returns, meaning it may be sensible to track all who say anything other than 'very easy/no problems at all' over time to look for improvement.

3d. Education and support

This section worked well with customers able to answer the questions and no recommended changes. Nine in ten customers were aware of some materials using the description used, which suggests this module is a good fit for the CS. Use was lower at about a half of customers. Most who had not used any said this was because they hadn't needed it, so this question (QES3) may be of little use.

Awareness of face to face support was also high, but use was below one in five customers. Again most who had not used it said this was because they did not need it, calling into question the value of QES6.

4. Reputation

This section worked well with no problems resulting from the changes.

5. Segmentation

There were no apparent problems in asking these questions following the approach questions, whichever combination of questions separated them.

6. Demographics

This section worked well with no problems resulting from the changes.

Following the pilot a **number of further changes were requested by HMRC** stakeholders. These changes are summarised below, but have not been piloted. These changes are incorporated in the post-pilot questionnaire timing estimates.

1. Screening

No changes

2. Dealings

Changes as per individuals' survey:

All relevant questions: Replace 'letter' with 'post' in contact questions to include posting things other than letters

QC6-7 (new questions): Add questions to establish how acceptable the number of contacts was (for those with multiple contacts/methods) and how easy it was to find info on the website

3. Experience

Some minor wording changes only

3a. Approach

No changes

3b. Change

QCH3 and QCH4 on awareness of guidance and ease of use/understanding and access were changed to apply individually to each of the changes respondents were aware of.

QCH6a and QCH6b were filtered by awareness of consultation documents, rather than awareness of or involvement in consultation.

3c. Record Keeping

No changes

3d. Education and Support

Questions on face to face support were dropped

4. Reputation

No changes

5. Segmentation

No changes

6. Demographics

No changes

The questionnaire with all of the changes suggested above (both from the pilot and HMRC discussions) is **available as a separate document**.

The length of each section of the questionnaire following all suggested revisions post-pilot are given below, together with implications for **questionnaire length** based on the current CS sample structure.

Section	Sample	Current CS length	Revised length
1. Screening	All	3.7	3.7
2. Dealings	All core	1.6	2.3
3. Experience	All core	5.2	4.2
3a. Approach	Half core on rep waves	NA	1.0
3b. Change	Half core on core waves	NA	3.1
3c. Record Keeping	Half core on rep waves	NA	1.2
3d. Educ/support	Half core on rep waves	NA	0.7
4 Reputation	All on rep waves	6.2	4.3
5 Segmentation	All on rep waves	3.0	3.0
6 Demographics	All	2.7	2.3

Current numbers of interviews:		Current length (mins)	Projected length
Core wave:	1,300	13.1	14.0
Reputation wave:	1,875	18.5	18.1
Core only	875	16.1	16.8
Core and rep	750	22.3	21.2
Reputation only	250	15.5	13.3

Using timings from the pilot, the questionnaire length was not substantially longer than the current CS, using the same sample structure. The actual length of the final questionnaire will, of course, depend on the final recommended sample design (i.e. the number of respondents getting each section of the questionnaire). This will be discussed further in Chapter 5.

4.8.3 Agents

100 interviews were achieved with 52 respondents for version A and 48 respondents for version B (random selection between the versions for each interviewer can result in slightly uneven allocation overall).

In general there were very few problems with **the questionnaire** and interviews ran smoothly. Comments on each section of the questionnaire are given below.

1. Screening

This section still worked well without the initial 'dealings in the last 12 months' question

2. Dealings

Q6 (type of contact) – same comments as per Q9 for individuals about seeming repetitive after the fully open ended questions – interviewer note to assist with this.

3. Experience

All worked well, including new and changed questions

3a. Commercial Understanding

This new module worked well with respondents giving a range of answers at each question. Agents were fairly evenly split over how well HMRC understands the way they work, and ease of getting information, and the acceptability of the time taken to deal with HMRC. Few felt HMRC made it difficult to provide information. Six in ten used the website as their first port of call. Half felt HMRC fitted in well with the way they work, with a quarter saying neither poorly nor well. Agents were more likely to say HMRC influenced their client relationships positively than negatively although half said they did not influence it either way.

At QCU2 (ease of finding information) a 'varies too much to say' option was called for by some customers.

3b. Change

The changes suggested for SME also hold for Agents. All (or almost all) had heard of each of the changes, but the same difficulty was found when trying to rate the communication of all three changes together, and the same confusion was expressed over what constitutes guidance. There was the same lack of consistency of response among agents who were not aware of any consultation.

3c. Record Keeping

Agents were able to give a number out of ten of customers whose records made it easy to find the information to complete returns. The average score was 7 out of 10, with a range of 2 to 9. The pilot question did not specify SME customers only, and this needs to be changed.

3d. Education and Support

These questions worked well. Awareness and use of online support was high. Awareness of face to face support was high, but use was low. Agents who hadn't use support tended to say it was because they did not need it, but they gave a wider range of reasons than SME.

Awareness of Agent Account Managers was relatively low at a half, and use very low at 15%. The CS should enable any increase in awareness and use to be tracked over time.

4. Reputation

This section worked well with no problems resulting from the changes.

5. Segmentation

This new set of questions worked well with no problems answering them. The segments fell out as below:

Segment	Number	Percentage
Remote Advocates	3	6%
Pragmatists	11	21%
Low Maintenance	9	17%
Transactionalists	11	21%
Frustrated Critics	18	35%
Total	52	100%

6. Demographics

This section worked well with no problems resulting from the changes.

Following the pilot a **number of further changes were requested by HMRC** stakeholders. These changes are summarised below, but have not been piloted. These changes are incorporated in the post-pilot questionnaire timing estimates.

1. Screening

No changes

2. Dealings

Changes as per individuals survey:

All relevant questions: Replace 'letter' with 'post' in contact questions to include posting things other than letters

QC6-7 (new questions): Add questions to establish how acceptable the number of contacts was (for those with multiple contacts/methods) and how easy it was to find info on the website

3. Experience

No changes other than minor wording changes

3a. Commercial understanding

QCU2, QCU3, and QCU6-7 were deleted. New questions were suggested based on revised priorities within HMRC and the module split into two halves: a) **Commercial understanding:** similar to the original module around the way agents have to deal with HMRC and b) **Agent information:** to cover awareness and use of HMRC information and services. This second module replaces the education and support module which was dropped at this stage.

3b. Change

QCH3 and QCH4 on awareness of guidance and ease of use/understanding and access were changed to apply individually to each of the changes respondents were aware of.

QCH6a and QCH6b were filtered by awareness of consultation documents, rather than awareness of or involvement in consultation.

3c. Record Keeping

No changes

3d. Education and Support

Whole module dropped. Replaced by new Agent Information module from the new Commercial Understanding questions.

4. Reputation

No changes

5. Segmentation

No changes

6. Demographics

No changes

The questionnaire with all of the changes suggested above (both from the pilot and HMRC discussions) is **available as a separate document**.

The length of each section of the questionnaire following all suggested revisions post-pilot are given below, together with implications for **questionnaire length** based on the current CS sample structure.

Section	Sample	Current CS length	Revised length
1. Screen	All	3.1	2.8
2. Dealings	All core	1.7	2.3
3. Experience	All core	4.5	4.0
3a. Commercial understanding	Half core on rep waves	NA	2.3
3d. Agent information	Half core on rep waves		
3b. Change	Half core on core waves	NA	3.6
3c. Record Keeping	Half core on rep waves	NA	0.3
3d. Educ/support	Not asked	NA	0
4 Reputation	All on reputation waves	5.8	4.3
5 Segmentation	All on reputation waves	NA	1.4
6 Demographics	All	3.8	3.3

Current numbers of interviews:		Current length (mins)	Projected length
Core wave:	1,150	13.1	14.3
Reputation wave:	1155	17.5	19.3
Core only	270	13.1	16.0
Core and rep	880	18.9	20.3
Reputation only	5	12.8	11.9

Using timings from the pilot, the questionnaire length was about one minute longer at core waves, and two minutes longer at reputation waves using the same sample structure. The actual length of the final questionnaire will, of course, depend on the final recommended

sample design (i.e. the number of respondents getting each section of the questionnaire). This will be discussed further in Chapter 5.

5. Recommendations

This chapter summarises the key recommendations of the development project. These recommendations concern change from the method used in the current CS. We are not proposing to change the data collection method (random probability telephone interviews) so this is not discussed below. The recommendations cover the key objectives, covering sample source, selection and size, and questionnaire revisions. Full details of the current CS method are available in the technical report for each wave.

5.1 Sampling recommendations

This section contains the final recommendations for sample design for each group. Recommendations on sample size and structure (by questionnaire element) are included in section 5.3.

5.1.1 Individuals

For individuals the final recommendations were to:

- Start the 2011-15 Customer Survey with a dual RDD survey, one to generate a sample of Personal Tax (PT) and Benefits & Credits (BC) customers, and one a boost sample of BC customers (with dealings in the last three months) only. This should continue for Q1-2.
- Concurrently, carry out a pilot survey among current recipients of tax credits to (a) generate an estimate of eligibility for the core (recent experience) section of the questionnaire, and (b) assist in calculating the design bias that follows from a dual-frame approach. This pilot need only be of ~200 interviews to obtain sufficient precision for these estimates.
- Before Q3, make a decision whether to continue with the RDD boost sample of BC customers or replace it with a boost sample of tax credits recipients.
- For the RDD sample, switch from the current comprehensive variant to a more restricted variant that only generates numbers from nine digit roots (e.g. 020843344**) with at least one known number.
- Adapt the questionnaire for an in-home omnibus survey, identify mobile-only respondents and obtain a direct estimate of the non-coverage bias that follows from using standard RDD. A sample of 500 landline customers and 500 mobile-only customers would be sufficient to detect any real differences of 8 percentage points or more (which would lead to non-coverage bias of 1 percentage point). Given that the prevalence of customers with dealings in the last three months is around a third, this would mean screening around 1500 of each.
- Continue to draw fresh samples each quarter rather than re-interview individuals from a year before.

5.1.2 SME

For SME the final recommendations were to:

- Retain the dual frame design that combines a sample of VAT-registered businesses from IDBR with a sample of smaller businesses but use the National Insurance & PAYE System (NPS) as the source for the latter, rather than the IT (SA) returns database. NPS is a 'live' database of self-employed individuals with greater currency than the IT (SA) returns database.
- Ensure that cases sampled from the NPS are asked whether they are VAT registered and how many partners (if any) the business has. This is required because some businesses will have multiple chances of selection (unlike with the current design) and compensatory weights will need to be calculated.
- Field test a pilot sample of ~750 cases from the NPS *before* committing to its use.
- If the field test is unsuccessful, retain the current sample design with one alteration: that income from a partnership should count when qualifying an individual as self-employed. As with the NPS method, all sampled cases with partnership income should be asked how many partners the business has.
- Retain the current sample distribution based on employee size bands as this provides a good balance between overall precision (for which an equal probability sample is best) and sub-group precision.
- Introduce a panel element to the design in which IDBR-sampled businesses are re-interviewed on an annual basis where possible. Towards the end of the 2012-13 period, review whether the theoretical gains have been realised before committing to this approach for the 2013-14 period. Do not introduce a panel element for the smallest businesses.

5.1.3 Agents

For agents the final recommendations were to:

- Retain the current IDBR sampling frame but augment it with a sample of IT-paying individuals (under SA) from trade sector codes 6201 and 6615 (accountants and associated professionals) whose revenue is below the VAT threshold.
- Formalise the survey design as a panel design to *explicitly* take advantage of the benefits of this method. Most of the drawbacks of a panel design already implicitly affect the survey so will not cause additional problems. As for SME this should be an implicit panel, rather than an explicitly recruited panel to minimise costs.

5.2 Questionnaire design

Full details of the questionnaire design and testing process were given in Chapter 4. Separate questionnaires are available for each of the three customer groups that form the basis of the final recommended design. This section summarises the final outcome for each of the new question areas, and suggested questionnaire structures to accommodate these new questions.

5.2.1 New question areas

New questions were developed and tested on all themes. Most of the required aims can be met by these new questions, with a few exceptions or outstanding issues:

- There is still need to decide on whether to track a single overall straightforward measure or a basket of measures and we suggest using Key Driver Analysis at first wave to help with this
- The survey is not suitable cover life change with individuals, given the current aim
- Evaluation of specific education and support resources cannot be achieved within the CS: we recommend evaluation at point of use

More detailed information on each topic is given below:

A. Straightforward

Audience and length of questionnaire section	Individuals (3.3 mins) SME (4.2 mins) Agents (4.0 mins)
Aim	Develop a key measure or basket of measures to measure how straightforward dealing with HMRC is
Testing	Depths, cognitive testing and piloting
Recommendations	<ul style="list-style-type: none"> • Replace current experience section with revised section based on straightforwardness • Include top level measure, accounting first for outcome. Also measure expectations for context • A range of dimensions have been identified that may feed into straightforwardness (see below) • We recommend conducting Key Driver Analysis on the first wave of research to identify what drives straightforwardness to help decide on a basket of measures

The current dimensions identified as potential drivers are:

Dimension	Individual	SME	Agents
Ease of understanding what to do	✓		
Ease of process	✓	✓	✓
Ease of getting in touch	✓	✓	✓
Having information needed	✓	✓	✓
Being kept informed	(✓)	✓	✓
Getting things right	(✓)	✓	✓
Acceptability of time taken	✓	✓	✓
Treatment by staff	✓	✓	✓
Getting hold of person who can help		✓	✓
Getting authorisation			✓
Staff ability to deal with issue			✓
Consistency			✓

B. Approach

Audience and length of questionnaire section	Individuals (40 secs) SME (60 secs)
Aim	Measure how the approach to the specific dealing covered in the questions on recent dealings differs from the approach that would be expected from the segment the customer belongs to more generally
Testing	Depths, cognitive testing and piloting
Recommendations	<ul style="list-style-type: none"> • Use an amended set of segmentation questions based on those used to identify segments for qualitative recruitment, tailored to relate to the specific dealing • Compare with general segmentation

C. Change

Audience and length of questionnaire section	Individuals (not recommended) SME (3.1 mins) Agents (3.6 mins)
Aim	Assess how well HMRC handle change to reduce the burden on the customer. For individuals this is any change to their life circumstances. For SME/Agents this is specific change to HMRC processes etc.
Testing	Depths and piloting
Recommendations	<ul style="list-style-type: none"> • Do not include this module for individuals as it is likely to affect to small a proportion of respondents, and testing found that individuals found it hard to relate such change to HMRC directly • For SME and Agents measure awareness of specific changes and ratings of how HMRC communicated about this change. • The level of detail required by HMRC stakeholders makes this a relatively long module

D. Record Keeping

Audience and length of questionnaire section	SME (1.2 mins) Agents (20 sec)
Aim	Measure improvements in record keeping for SME over time
Testing	Depths, cognitive testing and piloting
Recommendations	<ul style="list-style-type: none"> • Ask SME about their record keeping approach for context, and then use the level of ease/difficulty that they/their agent has using their records to find the information they need to complete returns as a proxy for quality (relate to specific dealing) • Ask agents what proportion of their SME customers keep records that make it easy to find the information they need to complete returns

E. Education/Support

Audience and length of questionnaire section	SME (40 secs) Agents (2 mins, but dropped post pilot)
Aim	Assess awareness, use and value of HMRC education and technical support products
Testing	Depths, cognitive testing and piloting
Recommendations	<ul style="list-style-type: none"> • Ask about awareness of, use of and reasons for not using online HMRC products in specific media (e.g. podcasts) to overcome difficulty with customer understanding of what these materials are • Also ask about Agent Account Managers for agents • Customers can only rate specific products, and this would be better done with customers at point of use. Sample sizes would be too small to use the CS for this purpose.

F. Commercial understanding

Audience and length of questionnaire section	Agents: Commercial understanding: 1.8 minutes Agent information: 2 minutes
Aim	Assess how well HMRC understand the way agents work, and how well the way HMRC operates fits with the way agents do business
Testing	Depths, cognitive testing and piloting
Recommendations	<ul style="list-style-type: none"> • Ask questions to get top level measures of the two main aims • Include questions on a number of possible supporting measures around finding and providing information, and the impact of HMRC on agents' time and client relationships • This gave a fairly long module to include for agents. • NOTE – this module was changed fairly substantially post pilot to fit in with revised HMRC priorities, and split into two separate modules: one on commercial understanding similar to the pilot module, and one on agent information use and usefulness.

5.2.2 Revised questionnaire structures

The new question modules, and additional requirements for change (including a new segmentation module for agents, additional contact questions for all three groups, and additional demographics for individuals) meant there was a need to incorporate around 2.5 minutes of new questions for individuals, 6.5 minutes for SME and almost 10 minutes for Agents without increasing the questionnaire length. Some of this was achieved through removing existing CS questions, but it was not possible to remove enough questions to ask all modules of all core respondents every wave, or even every other wave without an increase in length.

The following sample/questionnaire terminology will be used in this section:

1. **Core:** questions about dealings with HMRC put to all customers with dealings with HMRC in the last 3 months
2. **Reputation:** questions about HMRC's reputation put to a representative sample of customers, whether or not they have recent dealings.
3. **Segmentation:** questions to enable customer segmentation put to a representative sample of customers, whether or not they have recent dealings. This may be the sample as the reputation sample or achieved through a boost of customers asked only the segmentation questions and demographics.

The design assumes that core questions are asked of a sample of core respondents each quarter. Two quarters each year are only put to core respondents (**core waves**). At the alternate quarters an additional sample of non-core respondents is recruited to allow the reputation and segmentation (**reputation waves**). In addition there is the option to add a **topical module** at core waves of up to 5 minutes, taking the interview length up to around 20 minutes for each group.

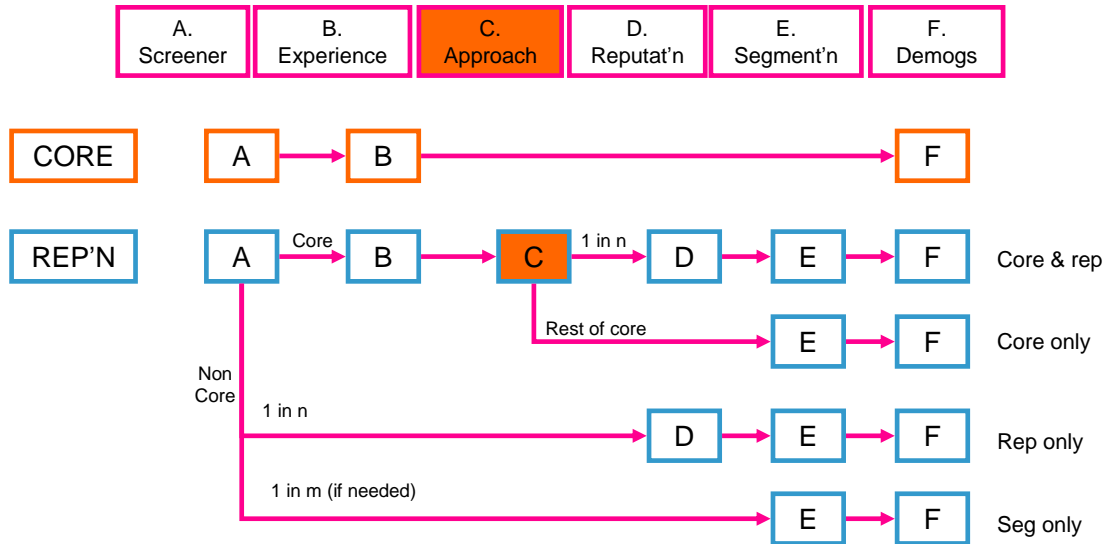
Solutions were suggested that would maintain (or increase by at most half a minute) the current length for individuals and SME, and would restrict the increase for Agents to one minute at core waves and two at reputation waves. Questionnaire length comparisons were made using the current CS sample structure and size. The actual length of the final questionnaire will, of course, depend on the final recommended sample design (i.e. the number of respondents getting each section of the questionnaire).

These solutions were based on the assumption that the sample size would be such that a 3% change over two waves (i.e. six months) would be significant for core questions and that a 3% change over two waves (i.e. twelve months) would be significant for reputation questions. This would mean that for a half sample of core respondents, a change of 4.2% would be significant over two waves. This provides the flexibility to ask new modules of half of the core sample on either core or reputation waves only.

If a smaller sample size was used, such modules may need to be asked of ALL of the core sample, increasing the questionnaire length. The designs below for each of the three customer groups assume the half core sample approach is possible without too much loss of accuracy. The impact of asking the new modules to all respondents on questionnaire length will also be indicated.

A. Individuals questionnaire length and proposed structure

The flow chart below shows the proposed structure of core and reputation waves for individuals. The approach module (the only new module for individuals) is asked of all of the core sample in reputation waves only, as it is very short, and the segmentation questions are no longer included at the core waves. Otherwise it is the same as the current design. As in the previous survey there is the option of a segmentation boost, but this is not necessarily needed.



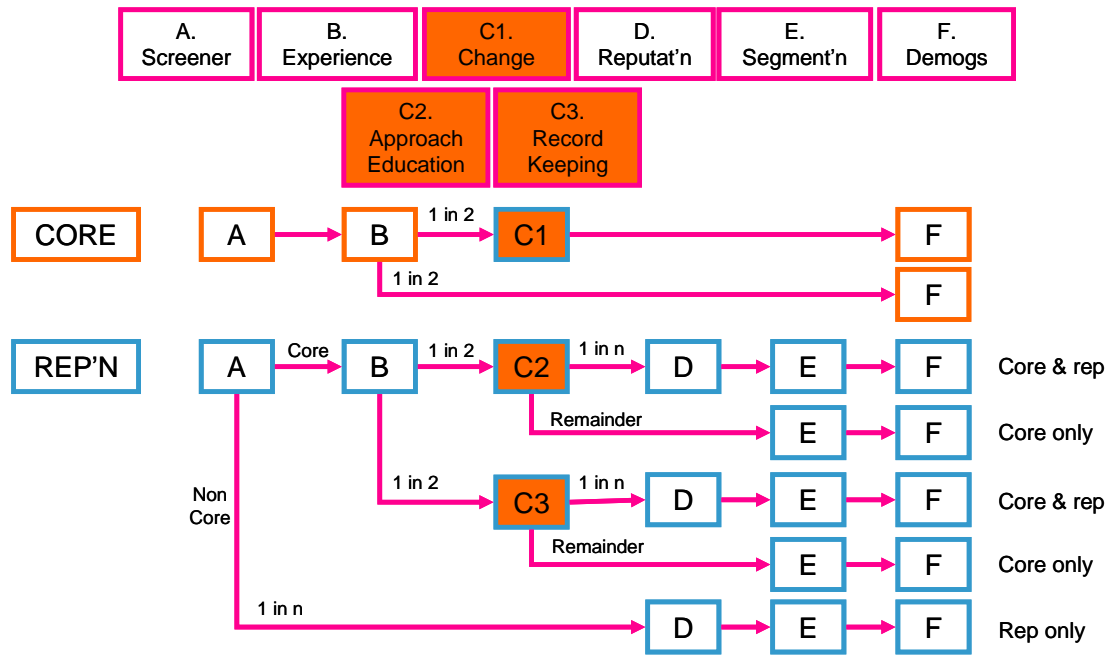
Using the current CS sample design, the average length of this questionnaire is 2 minutes shorter at the core waves and very similar to that of the current survey at reputation waves, as shown in the tables below.

Section	Sample	Current CS length	Revised length
A. Screening	All	4.5	4.0
B. Experience	All core	5.8	5.9
C Approach	All core on rep waves	NA	0.7
D Reputation	All rep	6.2	4.3
E Segmentation	All on rep waves	2.7	1.7
F Demographics	All	3.5	4.3

Current numbers of interviews:		Current CS (mins)	Revised length
Core wave:	1,300	16.4	14.3
Reputation wave:	3,200	14.9	14.0
Core only	1,000	16.4	16.6
Core and rep	300	22.6	20.9
Reputation only	700	16.8	14.3
Segmentation only	1,200	10.7	10.0

B. SME questionnaire length and proposed structure

For SME there are a larger number of new modules to incorporate. In the proposed design, the change module is put to half of the core sample on core waves. At reputation waves half of the core sample are asked the approach and education and support modules, and the other half are asked the record keeping module. Other than this the design is similar to the current design.



For the purpose of length comparison, however, we will use the current CS sample design which does include a core only module but has no segmentation only sample. On this basis the average length of this questionnaire is very similar to that of the current survey, as shown in the tables below.

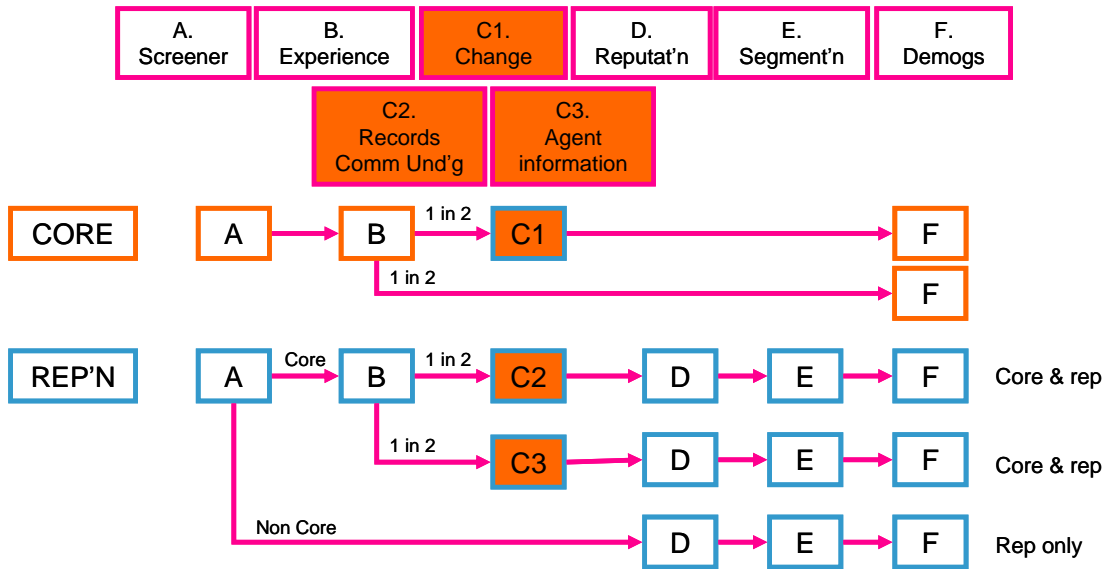
Section	Sample	Current CS length	Revised length
A. Screening	All	3.7	3.7
B. Experience	All core	6.8	6.5
C1 Change	Half core on core waves	NA	3.1
C2 Approach	Half core on rep waves	NA	1.0
C2 Educ/support	Half core on rep waves	NA	0.7
C3 Record Keeping	Half core on rep waves	NA	1.2
D Reputation	All on rep waves	6.2	4.3
E Segmentation	All on rep waves	3.0	3.0
F Demographics	All	2.7	2.3

Current numbers of interviews:		Current length (mins)	Projected length
Core wave:	1,300	13.1	14.0
Reputation wave:	1,875	18.5	18.1
Core only	875	16.1	16.8
Core and rep	750	22.3	21.2
Reputation only	250	15.5	13.3

If the new modules were to be asked of all core respondents rather than a half sample this would increase the length of core waves by 1.5 minutes. At reputation waves it would increase the length for core respondents by 1.5 minutes seconds. Using the current design this would mean an increase of 1 minute 20 seconds to the average reputation interview length. These increases would result in a small increase in cost.

C. Agent questionnaire length and proposed structure

Agents have the greatest length of new modules to incorporate. In the proposed design, the change module is put to half of the core sample on core waves. At reputation waves half of the core sample are asked the record keeping module, and the main commercial understanding module, and the other half are asked the agent information part of the commercial understanding module. Other than this, the design is similar to the current design with one exception: in our proposed design there is no ‘core only’ sample at the reputation wave as all core respondents are also asked the reputation questions. This will allow a more cost-efficient balance between sample size and questionnaire length.



For the purpose of length comparison, however, we will use the current CS sample design which does include a core only module but has no segmentation only sample. On this basis the average length of this questionnaire is longer than that of the current survey, particularly at reputation waves as shown in the tables below.

Section	Sample	Current CS length	Revised length
A Screen	All	3.1	2.8
B Experience	All core	6.2	6.3
C1. Change	Half core on core waves	NA	3.6
C2 Record Keeping	Half core on rep waves	NA	0.3
C2Commercial understanding	Half core on rep waves	NA	1.8
C3 Agent information	Half core on rep waves	NA	2
D Reputation	All on reputation waves	5.8	4.3
E Segmentation	All on reputation waves	NA	1.4
F Demographics	All	3.8	3.3

Current numbers of interviews:		Current length (mins)	Projected length
Core wave:	1,150	13.1	14.3
Reputation wave:	1155	17.5	19.3
Core only	270	13.1	16.0
Core and rep	880	18.9	20.3
Reputation only	5	12.8	11.9

If the new modules were to be asked of all core respondents rather than a half sample this would increase the length of core waves by 1 minute 15 seconds. At reputation waves it would increase the length for core respondents by just over 2 minutes. Using the current design this would mean an increase of 2 minutes to the average reputation interview length as most of the sample are asked the core questions. These increases would result in a small increase in costs.

There is still the potential to make further cuts to any or all of the three questionnaires to reduce questionnaire length, by removing questions, or asking them less frequently or to a reduced sample. All questionnaire length calculations will, of course, depend on the final sample design. The lengths above are produced purely to allow comparison with the existing survey.

5.3 Sample size and structure

A full rationale for sample size recommendations was given in Chapter 3. We have put forward four main options based on four different levels of accuracy. These are summarised in the tables below. This shows the level of accuracy for core, reputation and segmentation questions, including any core modules put to only half of the sample. For individuals there is the additional option of a boost to increase the accuracy of the segmentation measures over two waves.

Core (dealings in last 3 months)	3% over 6 months			3.5% over 6 months		
	3% over 12 months			3% over 12 months		
Reputation/segmentation	Option 1			Option 2		
	% change significant:			% change significant:		
	1 wave	2 waves	4 waves	1 wave	2 waves	4 waves
Core (all – inc. modules to all)	4.2%	3.0%	2.1%	5.0%	3.5%	2.5%
New modules (half core)	6.0%	4.2%		7.1%	5.0%	
Reputation	4.2%	3.0%		4.2%	3.0%	
Rep (half)	6.0%	4.2%		6.0%	4.2%	
Segmentation (SME & agents; individuals if no boost)	4.2%	3.0%		4.2%	3.0%	
Seg individuals with boost	3.0%	2.0%		3.0%	2.0%	

Core (dealings in last 3 months)	4% over 6 months			3% over 12 months		
Reputation/segmentation	3% over 12 months			3% over 12 months		
	Option 3			Option 4		
	% change significant			% change significant		
	1 wave	2 waves	4 waves	1 wave	2 waves	4 waves
Core (all – inc. modules to all)	5.7%	4.0%	2.8%	6.0%	4.2%	3.0%
New modules (half core)	8.0%	5.7%		8.5%	6.0%	
Reputation	4.2%	3.0%		4.2%	3.0%	
Rep (half)	6.0%	4.2%		6.0%	4.2%	
Segmentation (SME & agents; individuals if no boost)	4.2%	3.0%		4.2%	3.0%	
Seg individuals with boost	3.0%	2.0%		3.0%	2.0%	

If budget is available we would recommend Option 1 as offering the greatest flexibility. Option 2 is a good alternative for a smaller budget, as it allows changes of 5% or more to be tracked for the new questions asked of only half of the core sample every other wave. If options 3 or 4 were to be chosen, these new questions would need to be put to the whole of the core sample every other wave, and this would increase the length of the interview.

These options are set out in more detail for each of the three groups below, together with a brief summary of any changes to the current method

5.3.1 Individuals

As explained in section 5.1 we recommend conducting two parallel surveys for individuals. One would be similar to the current design (albeit with a list-assisted rather than EPSEM RDD sample) to interview a sample of both PT and B&C respondents. This survey would be used to administer core questions to customers with recent experience at every quarter, and to administer the reputation and segmentation questions to all individuals every other quarter. If a boost is required for the segmentation questions, this would be included on this survey as at present.

The second survey would be the same at every quarter: a boost survey of core B&C respondents (i.e. those with dealings in the last three months only). As explained in Chapter 5 we would recommend conducting this boost using RDD sample and screening for customers. We have also recommended a test of HMRC provided sample, and will indicate the required sample size for this approach for each option as well.

The standard pattern of fieldwork would be to conduct two core waves and two reputation waves per year, each reputation wave with or without a segmentation boost. An alternative solution is to run two core waves, one reputation wave without the segmentation questions and one reputation wave with a segmentation boost each year. This would mean that a change of 3% or more would be significant for the segmentation questions each year (equivalent to the level from two waves with no boost).

The required sample sizes for each part of the questionnaire (see section 5.2.2 part A for details) are set out below. 'Main' refers to the main RDD survey and 'boost' to the B&C boost survey. Questionnaire lengths are based on the latest draft and assume the new question module is put to all of the core every reputation wave.

RDD both surveys	Option 1 (3% in 6 mths)	Option 2 (3.5% in 6 mths)	Option 3 (4% in 6 mths)	Option 4 (3% in 12 mths)
CORE WAVE (no seg)	2696	1980	1516	1348
PT core main	1348	990	758	674
B&C core main	792	581	445	396
B&C core boost	556	409	313	278
Questionnaire length	14.3	14.3	14.3	14.3
REP WAVE	3639	2923	2459	2291
PT core main	1110	752	520	436
B&C core main	625	414	278	229
PT core & rep/seg main	238	238	238	238
B&C core & rep/seg main	167	167	167	167
Non core rep/seg main	943	943	943	943
B&C core boost	556	409	313	278
Questionnaire length	16.5	16.4	16.4	16.4

If an HMRC sample were to be used for the B&C boost rather than an RDD sample we estimate that the total number of interviews for the B&C boost would need to be as follows:

	Option 1	Option 2	Option 3	Option 4
B&C boost with HMRC sample	785	392	442	577

In order to boost the reliability of the segmentation to ensure a change of 2% is significant over two waves, we would need the following additional number of segmentation only interviews.

	Option 1	Option 2	Option 3	Option 4
Segmentation only boost	743	874	1007	1086

Indicative costs have been provided for each option **in a separate document**.

5.3.2 SME

For SME we would run only one survey, using the sample source recommended in Chapter 3, and an implicit panel approach. Other than the changes in sampling and questionnaire this would be unchanged from the current CS in method. We would again recommend conducting two core waves (those with recent experience) and two reputation/segmentation waves (all customers eligible).

The required sample sizes for each part of the questionnaire (see section 5.2.2 part B for details) are set out below. Questionnaire lengths are based on the latest draft and assume the new question modules are put to half of the core every other wave. If the new questions were put to all core respondents every other wave this would add around 1 minute 30 seconds to the length of the core questionnaire and around 1 minute 20 seconds to the reputation questionnaire for SME, so options 3 and 4 may be feasible in terms of average lengths, but would result in an interview of 22.5 minutes for those answering both core and reputation questions.

RDD both surveys	Option 1 (3% in 6 mths)	Option 2 (3.5% in 6 mths)	Option 3 (4% in 6 mths)	Option 4 (3% in 12 mths)
CORE WAVE	1800	1320	1015	900
Questionnaire length	14.0	14.0	14.0	14.0
REP WAVE	2340	1860	1800	1800
Core only	540	62		
Core and reputation	1260	1258	1015	900
Reputation only (eligible for core)	0	0	245	360
Reputation only (non core)	540	540	540	540
Questionnaire length	18.4	18.7	17.9	17.4

Indicative costs have been provided for each option **in a separate document** for both a cross sectional and a panel approach. Costs have also been provided for a shorter questionnaire length.

5.3.3 Agents

For agents we would again run only one survey, using the sample source recommended in Chapter 3, and an implicit panel approach. Other than the changes in sampling and questionnaire this would be unchanged from the current CS in method. We would again recommend conducting two core waves (those with recent experience) and two reputation/segmentation waves (all customers eligible).

The required sample sizes for each part of the questionnaire (see section 5.2.2 part C for details) are set out below. Questionnaire lengths are based on the latest draft and assume the new question modules are put to half of the core every other wave. If the new questions were put to all core respondents every other wave this would add around 2 minutes to the length of

the core questionnaire and around 2 minutes to the reputation questionnaire for agents, so options 3 and 4 may be feasible, but would result in an interview of over 22 minutes for those answering the core and reputation questions.

RDD both surveys	Option 1 (3% in 6 mths)	Option 2 (3.5% in 6 mths)	Option 3 (4% in 6 mths)	Option 4 (3% in 12 mths)
CORE WAVE	1125	825	635	565
Questionnaire length	14.3	14.3	14.3	14.3
REP WAVE	1130	1130	1130	1130
Core and reputation	1125	825	635	565
Reputation only (eligible for core)		300	490	560
Reputation only (non core)	5	5	5	5
Questionnaire length	20.3	18.1	16.6	16.1

Indicative costs have been provided for each option **in a separate document** for both a cross sectional and a panel approach. Costs have also been provided for a shorter questionnaire length.

6. Timetable

The table below shows the project plan. The project is currently on schedule.

Date	HMRC responsibilities	Key outputs to HMRC	Questionnaire review and development element	FIELDWORK	Sampling
08/11/2010		Progress report	Propose sample for cog testing	Depth interviews	individuals
09/11/2010	Agree sample approach for cog testing		Propose recruitment for cog testing	Depth interviews	1i) Historical EPSEM review (1ii) Review RDD sampling
10/11/2010			Analysis of depths starts Select sample for cog testing	Depth interviews	(2ii) Mobile only BCS desk research (3) benefit/credit review
11/11/2010			Analysis	Depth interviews	Agents & SME
12/11/2010	Agree recruitment for cognitive testing		Analysis	Depth interviews	(1) excluded new business profile (2) including missing businesses (3ii) Panel design agent analysis
15/11/2010		Progress report	Analysis	recruit for cognitive testing	Individuals
16/11/2010			Analysis	recruit for cognitive testing	(1) Historical EPSEM review
17/11/2010			Interim findings from depths to feed into cog testing	recruit for cognitive testing	Agents & SME (2) including missing businesses (3ii) Panel design agent analysis
18/11/2010	meeting: questions for cog testing, sampling update	Meeting 10-12	draft cog testing questions	recruit for cognitive testing	
19/11/2010	Agree cog testing questions		Revised cog testing questions	recruit for cognitive testing	
22/11/2010		Progress report		cognitive testing	Individuals
23/11/2010				cognitive testing	(2ii) Mobile only regression
24/11/2010			Analysis of cog testing starts	cognitive testing	Agents & SME
25/11/2010		Working paper	Analysis	cognitive testing	(2) including missing businesses (3ii) Panel design agent analysis
26/11/2010			Analysis	cognitive testing	
29/11/2010	Respond to working paper	Progress report	Workshop cog testing analysis	design and set up questionnaires	Individuals
30/11/2010			Interim findings from cog testing to feed into questionnaire	design and set up questionnaires	(2ii) Mobile only regression (4) Panel design review

Timetable

01/12/2010			draft pilot questionnaires	design and set up questionnaires	Agents & SME (3i) Panel design experience review (4) size allocations
02/12/2010	meeting: questionnaire for pilot, sampling update	Meeting 11.30-2	Draft pilot questionnaires to HMRC	design and set up questionnaires	
03/12/2010	Review pilot questionnaire		Revised pilot questionnaires	design and set up questionnaires	
06/12/2010	Sign off pilot questionnaire	Progress report	Final pilot questionnaires	set up questionnaires	Agents & SME (4) size allocations Final design Size calculations for both groups
07/12/2010				set up questionnaires	
08/12/2010					
09/12/2010		Working paper	Monitor pilot	pilot	
10/12/2010			Monitor pilot	pilot	
13/12/2010	Respond to working paper	Progress report	Monitor/Revise questionnaire	pilot	Final design Size calculations for both groups
14/12/2010			Revise questionnaire		
15/12/2010		Draft presentation to HMRC	Draft post pilot questionnaire to HMRC		
16/12/2010	Review questionnaire	Revise presentation	Revise questionnaire		
17/12/2010	Sign off presentation				
20/12/2010	Presentation (am)	Presentation (am)			
21/12/2010					
22/12/2010					
23/12/2010		Submit summary of recommendations			
24/12/2010					

w/c 04/01/2011 – Comments on recommendations, Full draft report submitted

w/c 10/01/2011 – Comments on report, Final report submitted

Appendix A: Topic guides for depth interviews

1. Individuals

<p>Aims:</p> <ul style="list-style-type: none"> • To develop and test new questions for HMRC’s Customer Satisfaction Survey • The first of two interview stages to explore a range of issues with Individuals: <ul style="list-style-type: none"> ○ How customers approach Revenue and Customs; ○ How Revenue and Customs manages change; and ○ How to measure how ‘straightforward’ it is to deal with Revenue and Customs. <p><i>Note: These are exploratory interviews. It is important to note and understand issues that a respondent is not familiar with, has difficulty in answering, can not remember, etc.</i></p>
--

Approx timing	Key Questions
1 min	1. Introduction
	<ul style="list-style-type: none"> • About the research: You took part in the previous Customer Satisfaction survey and you said that we could contact you again. This piece of work is to help Revenue and Customs develop new questions for their Customer Satisfaction survey. • Commissioned by HM Revenue and Customs - the government department formed following the merger of Inland Revenue and HM Customs and Excise • TNS-BMRB are an independent research agency working on behalf of Revenue and Customs • Length of interview – 20 minutes • Confidentiality and anonymity – they will not be identified to Revenue and Customs • Explain that this is a piece of research and not part of the personal tax (Self Assessment / tax from pension / tax repayment) or Tax Credit [<i>whichever is applicable</i>] process. Provide reassurance that their Self Assessment / tax from pension / tax repayment / claim for any current or future Tax Credit [<i>whichever is applicable</i>] will not be affected in any way
1 min	2. Background

	<ul style="list-style-type: none"> • <i>Note: Individuals will have been recruited to discuss either personal taxes (Self Assessment / tax from pension / tax repayment), or Tax Credits. Determine this from the Depth Interview Confirmation form. Even if they have dealings with both Self Assessment and Tax Credits focus the interview on that for which they have been recruited</i> • <i>If personal tax: which taxes do you normally deal with (e.g. SA, tax from pension, Income tax, Capital Gains Tax, etc.)?</i> • <i>If Tax Credits: which Tax Credits do you currently receive or have you applied for in the last year?</i> • <i>When you get in touch with Revenue and Customs how do you normally do it (e.g. Internet / website, telephone, visiting tax office / enquiry centre, letter, email, other, etc.)?</i>
7 mins	3. 'Straightforward' (Obtaining a measure of how straightforward it is to deal with HMRC)
	<ul style="list-style-type: none"> • <i>Thinking about [Self Assessment / tax from pension / tax repayment / tax credit you were recruited for:</i> <ul style="list-style-type: none"> ○ <i>When did you last have dealings with Revenue and Customs?</i> ○ <i>Can you describe briefly for me what your recent dealings with Revenue and Customs were about?</i> • <i>Thinking about your recent dealings with Revenue and Customs, how straightforward were they? (Note any hesitation in replying and follow up reasons for hesitation)</i> <ul style="list-style-type: none"> ○ <i>What makes you say that? (Note the features of the transaction, rather than the content, for saying straightforward / not straightforward)</i> • <i>What did you take into account when deciding whether your dealings with Revenue and Customs were straightforward (spontaneous)</i> <ul style="list-style-type: none"> ○ <i>Explore in detail</i> • <i>How easy or difficult was it to decide whether your dealings with Revenue and Customs were straightforward or not?</i> <ul style="list-style-type: none"> ○ <i>Reasons for this</i>
5 mins	4. Your approach to HMRC
	<ul style="list-style-type: none"> • <i>Thinking back to the last time you dealt with Revenue and Customs about [tax /</i>

	<p><i>benefit they were recruited for</i>], can you remember, BEFORE you dealt with them:</p> <ul style="list-style-type: none"> ○ How confident were you that you knew what your obligations were in relation to <i>[tax / benefit]</i>; Why? ○ How confident were you that you could do what you needed to do, OR that you could find all the help you needed; Why? ○ Were you aware of ways to cheat on <i>[this tax / benefit]</i>? ○ Did you think it was okay to cheat on <i>[this tax / benefit]</i>? Why? <ul style="list-style-type: none"> ● If they can not answer the questions about BEFORE the dealing – could they answer the same questions instead about how they would approach a FUTURE dealing on the same <i>[tax / benefit]</i>? <ul style="list-style-type: none"> ○ How confident are you that you knew what your obligations are in relation to <i>[tax / benefit]</i>; Why? ○ How confident are you that you could do what you needed to do, OR that you could find all the help you needed; Why? ○ Are you aware of ways to cheat on <i>[this tax / benefit]</i>? ○ Do you think it is okay to cheat on <i>[this tax / benefit]</i>? Why?
6 mins	<p>5. How HMRC manages change (How well does HMRC manage the burden when customers have a change in their circumstances?)</p>
	<ul style="list-style-type: none"> ● Have you experienced any of the following life events in the last 12 months? <ul style="list-style-type: none"> ○ Changes in work circumstances (e.g. starting work, changing job, leaving work, taking on a second job, becoming self-employed, changes in hours, retirement, redundancy, etc.) ○ Changes in family circumstances (e.g. marriage / civil partnership, living with a partner, separation, divorce, birth of a child, bereavement, etc.) ○ Becoming ill or disabled ○ Big changes in financial situation (e.g. increase or decrease in income, bankruptcy, etc.) ● Have you had any dealings with Revenue and Customs following one of these changes? <ul style="list-style-type: none"> ○ Explore: <ul style="list-style-type: none"> ○ Which life events(s) ○ What dealings have they had with Revenue and Customs AFTER the life event ○ If they have had one of the life events but no dealings with HMRC,

	<p>find out why not</p> <ul style="list-style-type: none">○ How well did Revenue and Customs deal with you following this life event?○ Could they have dealt with you differently?<ul style="list-style-type: none">○ In what way?○ Could Revenue and Customs have made the dealings with them less burdensome?<ul style="list-style-type: none">○ In what way?○ How did the way in which Revenue and Customs dealt with you impact on you, or affect you?○ What could Revenue and Customs have done better?
	<p>6. Thank respondent and Close the interview</p>

2. SME

<p>Aims:</p> <ul style="list-style-type: none"> • To develop and test new questions for HMRC’s Customer Satisfaction Survey • The first of two interview stages to explore a range of issues with SMEs: <ul style="list-style-type: none"> ○ How SMEs approach Revenue and Customs; ○ How Revenue and Customs manages change; ○ How to measure how ‘straightforward’ it is to deal with Revenue and Customs; ○ How to measure improvements in record keeping; and ○ Value of technical and educational support. <p><i>Note: These are exploratory interviews. It is important to note and understand issues that a respondent is not familiar with, has difficulty in answering, can not remember, etc.</i></p>	
1 min	1. Introduction
	<ul style="list-style-type: none"> • About the research: You took part in the previous Customer Satisfaction survey and you said that we could contact you again. This piece of work is to help Revenue and Customs develop new questions for their Customer Satisfaction survey. • Commissioned by HM Revenue and Customs - the government department formed following the merger of Inland Revenue and HM Customs and Excise • TNS-BMRB are an independent research agency working on behalf of Revenue and Customs • Length of interview – 30 minutes • Confidentiality and anonymity – they will not be identified to Revenue and Customs <p>Explain that this is a piece of research and not part of the Tax assessment process. Provide reassurance that their Tax assessment will not be affected in any way</p>
1 min	2. Background
	<p><i>Note: SMEs will have been recruited to discuss different taxes - Company tax, Payroll + NI, SA, VAT, or CIS. Determine this from the Depth Interview Confirmation form. Even if they have dealings with more than one tax, focus the interview on that for which they have been recruited</i></p>

	<ul style="list-style-type: none"> • Check which taxes they deal with • Do you use a tax Agent? <ul style="list-style-type: none"> ○ What for? Managing all business affairs, checking and submitting tax return, etc. • When you get in touch with Revenue and Customs how do you normally do it (e.g. Internet / website, telephone, visiting tax office / enquiry centre, letter, email, other, etc.)?
6 mins	3. 'Straightforward' (Obtaining a measure of how straightforward it is to deal with HMRC)
	<ul style="list-style-type: none"> • When did you last have dealings with Revenue and Customs for <i>[tax recruited for - Company tax, Payroll + NI, SA, VAT, or CIS]</i>? <ul style="list-style-type: none"> ○ Can you describe briefly for me what your recent dealings with Revenue and Customers were about? • Thinking about your recent dealings with Revenue and Customs, how straightforward were they? <i>(Note any hesitation in replying and follow up reasons for hesitation)</i> <ul style="list-style-type: none"> ○ What makes you say that? <i>(Note the features of the transaction, rather than the content, for saying straightforward / not straightforward)</i> • What did you take into account when deciding whether your dealings with Revenue and Customs were straightforward <i>(spontaneous)</i> <ul style="list-style-type: none"> ○ Explore in detail • How easy or difficult was it to decide whether your dealings with Revenue and Customs were straightforward or not? <ul style="list-style-type: none"> ○ Reasons for this
6 mins	4. Your approach to HMRC
	<ul style="list-style-type: none"> • Thinking back to the last time you dealt with Revenue and Customs yourself <i>(i.e. not through an Agent)</i>, can you remember, BEFORE you dealt with them: <ul style="list-style-type: none"> ○ Whether you were confident that you knew what you needed to do in order to meet your obligations in relation to <i>[this tax]</i>? Why / why not? ○ Whether you were confident that you could do what you needed to, OR that you could find all the help you needed? Why / why not? ○ Whether you believed it is ever ok for a business in the same circumstances as you to cheat on <i>[this tax]</i>? Why / why not?

	<ul style="list-style-type: none"> ○ How big you thought the risk was of businesses being caught and punished for cheating on <i>[this tax]</i>? (Explore in relation to this tax) ○ Did you think it was ever ok for businesses with financial difficulties to prioritise paying staff and suppliers over paying <i>[this tax]</i>? Why / why not? ● If they can not answer the questions about BEFORE the dealing – could they answer the same questions instead about how they would approach a future dealing on the same tax / benefit? <ul style="list-style-type: none"> ○ Whether you would be confident that you would know what you needed to do in order to meet your obligations in relation to <i>[this tax]</i>? Why / why not? ○ Whether you would be confident that you could do what you needed to, OR that you could find all the help you needed? Why / why not? ○ Whether you would believe it is ever okay for a business in the same circumstances as you to cheat on <i>[this tax]</i>? Why / why not? ○ How big you think the risk is of businesses being caught and punished for cheating on <i>[this tax]</i>? (Explore in relation to this tax) ○ Whether it is ever okay for businesses with financial difficulties to prioritise paying staff and suppliers over paying <i>[this tax]</i>? Why / why not? ● When dealing with Revenue and Customs as a business or an employer, do you deal with them in the same way? <ul style="list-style-type: none"> ○ If dealings are different, how and why?
<p>5 mins</p>	<p>5. How HMRC manages change (How well does HMRC manage changes to their processes?)</p>
	<ul style="list-style-type: none"> ● Are you aware of any of these changes? <ul style="list-style-type: none"> ○ April 2010 : Raising the Income Tax Self Assessment ‘Three Line Account’ turnover limit to permanently align with the VAT registration threshold. ○ April 2010: VAT online mandate for new businesses and with turnover of more than £100,000. ○ From January 2010: change in VAT rate back to 17.5%. ● Have you had any dealings with Revenue and Customs following one of these changes? <ul style="list-style-type: none"> ○ Determine whether on behalf of the business or on behalf of an employee ○ Explore which change(s) ○ Explore briefly what dealings have they had with Revenue and Customs AFTER the change

	<ul style="list-style-type: none"> ○ How well did Revenue and Customs handle this change? ○ Could they have dealt with it better? <ul style="list-style-type: none"> ○ In what way? ○ Could Revenue and Customs have made the change less burdensome? <ul style="list-style-type: none"> ○ In what way? ○ How did the way in which Revenue and Customs dealt with the change impact on you, or affect you? ○ What could they have done better? ○ If not already discussed – what did you think of the information provided by HMRC about this change? ○ If not already discussed – how well do you feel HMRC took your needs into account before making the change?
6 mins	6. Record keeping
	<p><i>In this section about keeping business records, note whether respondents recognise what ‘business records’ are and how easy or difficult it is for them to answer these questions</i></p> <ul style="list-style-type: none"> ● How would you describe your approach to keeping business records? ● How do you keep your business records? <ul style="list-style-type: none"> ○ Explore whether they are kept on paper, computer using own methods, computer using specialist software (what?), someone else keeps them (who and how?), no records kept ○ Do you keep your business records and your employer records differently? How and why? <i>(If different, explore whether there are differences across the following questions)</i> ● How often do you deal with your record keeping? ● How up to date would you say your business records are? ● How complete would you say your business records are? ● How easy or difficult is it, for you or your Agent, to use your business records to complete your returns accurately? <ul style="list-style-type: none"> ○ Why is that? ● Have they ever sought information on what is needed in terms of keeping business records? <ul style="list-style-type: none"> ○ From whom? <p><i>IF there is time, ask the next two questions;</i></p> <ul style="list-style-type: none"> ● Have you ever been asked to improve your business record keeping?

	<ul style="list-style-type: none"> ○ By whom: Revenue and Customs, Agent, etc? ○ Why were you asked to improve your business record keeping; what needed improving? ● Have you ever improved, or tried to improve, your business record keeping? <ul style="list-style-type: none"> ○ In what way? ○ What did you do?
5 mins	7. Awareness, use and perceived value of HMRC educational / technical support
	<ul style="list-style-type: none"> ● Have you ever used any HMRC educational or technical support? <ul style="list-style-type: none"> ○ If yes, explore what they mean by this ○ What products have they used (<i>Note how easy or difficult it is for them to recall their usage</i>) ○ What did they find most useful ○ Prompt with: factsheets, booklet, podcast, videos, interactive tools and calculators, online forums, webinar ● How did they find out about them and access them(spontaneous) <ul style="list-style-type: none"> ○ Prompt, if necessary, with Businesslink, HMRC website, HMRC helpline, HMRC seminar or event, HMRC webinar, through an intermediary, etc. ● Of those used, how valuable were they? ● In what way were they valuable; what are the features of value? ● If they were asked about the value of HMRC’s technical and educational materials would they be able to give an ‘overall value’ to them or would they need to give a value for each type of material?
	8. Thank respondent and Close the interview

3. Agents

Aims:

- To develop and test new questions for HMRC's Customer Satisfaction Survey
- The first of two interview stages to explore a range of issues with **Agents**
 - How SMEs approach Revenue and Customs;
 - How Revenue and Customs manages change;
 - How to measure how 'straightforward' it is to deal with Revenue and Customs;
 - How to measure improvements in record keeping;
 - Value of technical and educational support; and
 - Agent's understanding of HMRC processes

Note: These are exploratory interviews. It is important to note and understand issues that a respondent is not familiar with, has difficulty in answering, can not remember, etc.

Approx timing	Key Questions
1 min	1. Introduction
	<ul style="list-style-type: none"> • About the research: You took part in the previous Customer Satisfaction survey and you said that we could contact you again. This piece of work is to help Revenue and Customs develop new questions for their Customer Satisfaction survey. • Commissioned by HM Revenue and Customs - the government department formed following the merger of Inland Revenue and HM Customs and Excise • TNS-BMRB are an independent research agency working on behalf of Revenue and Customs • Length of interview – 20 minutes • Confidentiality and anonymity – they will not be identified to Revenue and Customs
1 min	2. Background
	<p><i>Note: Agents will have been recruited to discuss different taxes - Company tax, SA for (self-employed and PAYE), Payroll + NI and VAT. Determine this from the Depth Interview Confirmation form. Even if they have dealings with more than one tax, focus the interview on that for which they have been recruited</i></p> <ul style="list-style-type: none"> • Brief description of client base • Brief description of services provided

	<ul style="list-style-type: none"> When you get in touch with Revenue and Customs how do you normally do it (e.g. Internet / website, telephone, visiting tax office / enquiry centre, letter, email, other, etc.)?
4 mins	<p>3. 'Straightforward' (Obtaining a measure of how straightforward it is to deal with HMRC)</p>
	<ul style="list-style-type: none"> When did you last have dealings with Revenue and Customs concerning [tax recruited for - <i>Company tax, SA for (self-employed and PAYE), Payroll + NI and VAT</i>]? <ul style="list-style-type: none"> Can you describe briefly for me what your recent dealings with Revenue and Customers were about? Thinking about your recent dealings with Revenue and Customs, how straightforward were they? (<i>Note any hesitation in replying and follow up reasons for hesitation</i>) <ul style="list-style-type: none"> What makes you say that? (<i>Note the features of the transaction, rather than the content, for saying straightforward / not straightforward</i>) What did you take into account when deciding whether your dealings with Revenue and Customs were straightforward (<i>spontaneous</i>) <ul style="list-style-type: none"> Explore in detail How easy or difficult was it to decide whether your dealings with Revenue and Customs were straightforward or not? <ul style="list-style-type: none"> Reasons for this
4 mins	<p>4. How HMRC manages change (How well does HMRC manage changes to their processes?)</p>
	<ul style="list-style-type: none"> Are you aware of any of these changes? <ul style="list-style-type: none"> April 2010 : Raising the Income Tax Self Assessment 'Three Line Account' turnover limit to permanently align with the VAT registration threshold. April 2010: VAT online mandation for new businesses and with turnover of more than £100,000. From January 2010: change in VAT rate back to 17.5%. If not already discussed – how well do you feel HMRC took your business needs into account before making the changes? Have you had any dealings with Revenue and Customs following one of these changes? <ul style="list-style-type: none"> Explore which change(s) Explore briefly what dealings have they had with Revenue and Customs

	<p>AFTER the change</p> <ul style="list-style-type: none"> ○ How well did Revenue and Customs handle this change? ○ Could they have dealt with it better? <ul style="list-style-type: none"> ○ In what way? ○ Could Revenue and Customs have made the change less burdensome? <ul style="list-style-type: none"> ○ In what way? ○ How did the way in which Revenue and Customs dealt with the change impact on you, or affect you? ○ What could they have done better? ○ If not already discussed – what did you think of the information / guidance provided by HMRC about this change?
3 mins	5. Client record keeping
	<p><i>Check that the Agent deals with business clients / SMEs</i></p> <ul style="list-style-type: none"> • Thinking about your clients overall, how well do they keep their business records? • Are there certain types of clients that are better at keeping their business records than others? <ul style="list-style-type: none"> ○ Explore differences across types of clients in terms of maintaining business records (<i>Focus specifically on small SME's, individual clients, start-ups, etc.</i>) • Where business records are not kept properly what are the types of problems that arise? <ul style="list-style-type: none"> ○ How easy or difficult do client records make it to complete returns accurately? ○ Have you noticed any improvement in how clients keep their business records? ○ Reasons why / why not • How would you describe the quality of the business records kept by your BUSINESS clients, as a whole? (<i>Note whether it is possible to ask a general question like this</i>) <ul style="list-style-type: none"> ○ We are interested in getting a measure of the quality of record keeping by BUSINESS clients AS A WHOLE. If asked, could you provide an overall rating of record keeping quality? ○ Could you answer on a 1 – 10 rating scale? What would be better? ○ Would you be able to give better ratings of quality if we asked about

	<p>specific types of business clients? How could your business clients be separated out – by size? by length of time in business? etc.</p> <ul style="list-style-type: none"> • Should HMRC provide more support to ensure business records improve? <ul style="list-style-type: none"> ○ What should HMRC do?
3 mins	6. Awareness, use and perceived value of HMRC educational / technical support
	<ul style="list-style-type: none"> • Have you ever used any HMRC educational or technical support? <ul style="list-style-type: none"> ○ If yes, explore what they mean by this ○ What products have they used (<i>Note how easy or difficult it is for them to recall their usage</i>) ○ What did they find most useful ○ Prompt with: factsheets, booklet, podcast, videos, interactive tools and calculators, online forums, webinar • How did you find out about them and access them (spontaneous) <ul style="list-style-type: none"> ○ Prompt, if necessary, with Businesslink, HMRC website, HMRC helpline, HMRC seminar or event, HMRC webinar through an intermediary, etc. • Of those used, how valuable were they? • In what way were they valuable; what are the features of value? • If they were asked about the value of HMRC's technical and educational materials would they be able to give an 'overall value' to them or would they need to give a value for each type of material?
4 mins	7. Do Agents understand how HMRC does business?
	<ul style="list-style-type: none"> • How do you know where you need to go within HMRC for your various dealings with them? • What changes have you noticed over time that have meant you having to adapt how you deal with HMRC? <ul style="list-style-type: none"> ○ How do you keep up with changes? ○ Where do you get information about what you need to do / where you need to go? • For straightforward queries, how confident are you in knowing where to get information and advice? <ul style="list-style-type: none"> ○ Where in Revenue and Customs would you go? • For more complex / specialist / technical queries, how confident are you in knowing where to get information and advice? <ul style="list-style-type: none"> ○ Where in Revenue and Customs would you go?

	<ul style="list-style-type: none">• Thinking about dealing with Revenue and Customs:<ul style="list-style-type: none">○ If you wanted to notify a client's change of circumstances, how would you go about it?○ When there are delays in providing you with a response what impact does this have on your business (Probe positive and negative impacts)• How well do you think Revenue and Customs understands how you work?<ul style="list-style-type: none">○ What aspects of your work do they not understand?○ What more do Revenue and Customs need to know about how you work; reasons why?• <i>IF TIME:</i> When you send Revenue and Customs information do you send exactly what is asked for or do you provide additional supporting information?<ul style="list-style-type: none">○ How do you think Revenue and Customs use this information?○ What impact do you think this has on dealing with the issue in hand?
	8. Thank respondent and Close the interview

Appendix B: Questions for cognitive testing

1. Individuals:

Introduction

- About the research: You took part in a previous Customer Satisfaction survey and you said that we could contact you again. This piece of work is to help Revenue and Customs develop new questions for their Customer Satisfaction survey.
- Commissioned by HM Revenue and Customs - the government department formed following the merger of Inland Revenue and HM Customs and Excise
- TNS-BMRB are an independent research agency working on behalf of Revenue and Customs
- Length of interview – 20 minutes
- Confidentiality and anonymity – they will not be identified to Revenue and Customs
- Explain that this is a piece of research and not part of the personal tax (Self Assessment / tax from pension / tax repayment) or Tax Credit [*whichever is applicable*] process. Provide reassurance that their Self Assessment / tax from pension / tax repayment / claim for any current or future Tax Credit [*whichever is applicable*] will not be affected in any way

Setting the tax/benefit to talk about ...

Before we start, can you tell me which tax or benefits you have you most recently had direct dealings about with Revenue and Customs? Dealings can include receiving or sending a letter, filling in a form, a phone call, visiting their website, or visiting a local tax office or an Enquiry Centre.

(TAKE SPONTANEOUS REPLY OR READ OUT LIST IF NECESSARY)

- Income tax or national insurance paid from your wages (also known as Pay As You Earn)
- Tax paid from your pension
- Paying National Insurance by Direct Debit
- Self assessment tax return or payment
- Child Benefit
- Working Tax Credit
- Child Tax Credit
- Tax Credits, but not sure which
- Child Trust Fund
- Tax repayments
- Inheritance Tax
- Capital Gains Tax
- Stamp Duties
- Declaring goods when returning from abroad, or paying duty on goods delivered from abroad
- Being stopped for a customs check at an airport or port
- Student Loan repayments through your employer

I would like you think about this most recent dealing with HMRC about [insert issue] when I ask you each question.

1. Straightforward (and dimensions feeding into)

Q4. **How satisfied or dissatisfied are you with the final outcome of your recent dealings with Revenue and Customs about [insert topic]? Is that very or fairly [satisfied/dissatisfied]? SINGLE CODE ONLY.**

- Very satisfied
- Fairly satisfied
- Neither satisfied nor dissatisfied
- Fairly dissatisfied
- Very dissatisfied
- Don't know
- Not applicable

Q5. **Putting aside the final outcome now, and thinking just about the service you received, overall, how straightforward was your recent experience of dealing with Revenue and Customs about [insert topic]? Would you say that it was... READ OUT. SINGLE CODE ONLY.**

- Extremely straightforward
- Very straightforward
- Fairly straightforward
- Not very straightforward
- Not at all straightforward
- Don't know
- Not applicable

Q6. **Thinking about your recent dealings with Revenue and Customs about [insert issue], How good or poor were Revenue and Customs at giving you all the answers or information you needed? Is that very or fairly [good/poor]?**

- Very good
- Fairly good
- Neither good nor poor
- Fairly poor
- Very poor
- Don't know
- Not applicable

Q4. **Still thinking about your recent dealings with Revenue and Customs about [insert issue], how well or poorly did the time taken to resolve your issue meet your needs? Is that very or fairly [good/poor]?**

- Very well
- Fairly well
- Neither well nor poorly
- Fairly poorly
- Very poorly
- Don't know
- Not yet resolved

INTERVIEWER NOTE: if have not yet resolved the issue, ask if they can make a judgement, otherwise code as Not yet resolved

Q5. **Still thinking about your recent dealings with Revenue and Customs about [insert issue], how well or poorly did the time taken to respond meet your needs**

...
Was that (READ OUT) ...

- Very well
- Fairly well
- Neither well nor poorly
- Fairly poorly
- Very poorly
- Don't know
- Not applicable

INTERVIEWER NOTE: if have not yet responded, ask if they can make a judgement, otherwise code as Not applicable

Rep, second level key driver

NO NEED TO TEST THIS QUESTION – FOR FILTERING

UNLESS SAID “not yet resolved” at Q4 ASK ...

Q6. Which of the following methods did you use when you were dealing with Revenue and Customs about [insert topic]?
MULTICODE OK. READ OUT.

- HMRC website
- Telephone
- Visiting tax office/enquiry centre
- Letter
- Email
- Fax
- Through a third party (e.g. Citizens Advice or JobCentre Plus)
- Other (write in)
- Don't know

IF USED MORE THAN ONE OF THESE AT Q6 ASK Q7

IF ONLY USED PHONE/VISIT AT Q6, ASK Q8a

IF ONLY USED WEBSITE AT Q6 ASK Q68b

IF ONLY USED LETTER/EMAIL/FAX AT Q6 ASK Q8c

IF MORE THAN ONE METHOD

Q7. Which did you try first?

- HMRC website
- Telephone
- Visiting tax office/enquiry centre
- Letter
- Email
- Fax
- Through a third party (e.g. Citizens Advice or JobCentre Plus)
- Other (write in)
- Don't know

IF ONLY USED PHONE CALL/VISIT

Q8a. Did your issue get resolved the first time you were in contact with Revenue and Customs or did you need further contact?

NOTE – THIS IS CONTACT WITH REVENUE & CUSTOMS

IF ON FIRST ATTEMPT PROBE TO FIND OUT IF FIRST PERSON DEALT WITH

- Got resolution at first attempt, by the first person I dealt with
- Got resolution at first attempt, but had to deal with more than one person
- Needed further contact
- Did not get issue resolved at all
- Don't know

NEW

IF ONLY USED WEBSITE

Q8b. Did your issue get resolved when you first looked on the website or did you need do further searching?

NOTE – THIS IS REVENUE & CUSTOMS WEBSITE

- Got resolution when first looked
- Needed further searching
- Did not get issue resolved at all
- Don't know

NEW

IF ONLY USED LETTER/EMAIL/FAX

Q8c. Did your issue get resolved the first time you were in contact with Revenue and Customs or did you need further contact?

NOTE – THIS IS CONTACT WITH REVENUE & CUSTOMS

- Got resolution at first attempt
- Needed further contact
- Did not get issue resolved at all
- Don't know

NEW

ASK ALL

Q9. Still thinking about your most recent dealing with [insert issue], did you use someone else, such as an accountant, friend or relative to help you to deal with the issue, or did you deal with it on your own?

IF SOMEONE ELSE: PROBE TO FIND IT IF DID IT ALL FOR THEM OR JUST HELPED THEM

- Someone dealt with it for me
- Someone helped me with it
- I dealt with it all myself
- Don't know

NEW

2. Approach (segmentation questions)

Questions based on quadrangle - We have amended this from the quadrangle version to relate to a specific dealing and simplified it from the 9 point scale.

Still thinking about your recent dealings about [INSERT ISSUE] ...

Q1 Were you confident that you knew what you needed to do in order to meet your obligations

- Yes
- No

IF GAVE ANSWER OF YES ASK Q2;

ANSWER NO = **UNAWARE – END OF INTERVIEW**

IF YES AT Q1

Q2 Do you think it is **ever** ok for someone to cheat when dealing with [INSERT ISSUE]

- Yes
- No

(probe cheat – better word to use?)

IF GAVE ANSWER OF NO ASK Q3.

IF ANSWERED YES ASK Q5

IF NO AT Q2

Q3 Thinking back to your recent dealing about [insert issue] again ...

Were you confident that you could do what you needed to?

- Yes
- No

IF GAVE ANSWER OF YES = **WILLING CONFORMIST – END OF INTERVIEW**

IF ANSWERED NO ASK Q4

IF NO AT Q3

Q4 Were you confident that you would be able to find any help you needed to enable you to do what you needed to?

- Yes
- No

IF GAVE ANSWER OF YES = **WILLING CONFORMIST – END OF INTERVIEW**

IF ANSWERED NO = **NEED HELP – END OF INTERVIEW**

(note – could tweak this definition as this departs from quadrangle)

IF YES AT Q3/4

Q5 Are you aware of any ways to cheat the system when dealing with [insert issue]

- Yes
- No

IF GAVE ANSWER OF NO = **POTENTIAL RULE BREAKER – END OF INTERVIEW**

IF GAVE ANSWER OF YES = **RULE BREAKER – END OF INTERVIEW**

(note: in quadrangle version , Q3-4 would be replaced by “I often need help understanding official forms which does not really work for most recent dealing) Have simplified to yes/no from 9 point scales to save time.

2. SME

Introduction

- About the research: You took part in a previous Customer Satisfaction survey and you said that we could contact you again. This piece of work is to help Revenue and Customs develop new questions for their Customer Satisfaction survey.
- Commissioned by HM Revenue and Customs - the government department formed following the merger of Inland Revenue and HM Customs and Excise
- TNS-BMRB are an independent research agency working on behalf of Revenue and Customs
- Length of interview – 20-30 minutes
- Confidentiality and anonymity – they will not be identified to Revenue and Customs
- Explain that this is a piece of research and not part of the tax assessment process. Provide reassurance that their tax assessment will not be affected in any way

Setting the tax/benefit to talk about ...

Before we start, can you tell me which taxes or duties you have you most recently had any direct dealings with Revenue and Customs about, on behalf of your organisation? Dealings can include receiving or sending a letter, filling in a form, a phone call, visiting their website, or visiting a local tax office or an Enquiry Centre.

READ OUT LIST UNLESS IMMEDIATELY VOLUNTEER A TAX/DUTY

- Company Tax, also known as Corporation Tax
- IF SELF EMPLOYED: Self Assessment for the self employed or partnership IF NECESSARY: This is where you complete an annual tax return
- VAT
- PAYE (payroll and National Insurance)
- Construction Industry Scheme
- Import/ Export taxes
- Excise Duties

I would like you think about this most recent dealing with HMRC about [INSERT ISSUE] when I ask you each question.

1. Straightforward (and dimensions feeding into)

Q7. **How satisfied or dissatisfied are you with the final outcome of your recent dealings with Revenue and Customs about [insert topic]? Is that very or fairly [satisfied/dissatisfied]? SINGLE CODE ONLY.**

- Very satisfied
- Fairly satisfied
- Neither satisfied nor dissatisfied
- Fairly dissatisfied
- Very dissatisfied
- Don't know
- Not applicable

Q8. **Putting aside the final outcome now, and thinking just about the service you received, overall, how straightforward was your recent experience of dealing with Revenue and Customs about [insert topic]? Would you say that it was... READ OUT. SINGLE CODE ONLY.**

- Extremely straightforward
- Very straightforward
- Fairly straightforward
- Not very straightforward
- Not at all straightforward
- Don't know
- Not applicable

Q3. **Thinking about your recent dealings with Revenue and Customs about [insert issue], how well or poorly did the time taken to respond meet your needs ... Was that (READ OUT) ...**

- Very well
- Fairly well
- Neither well nor poorly
- Fairly poorly
- Very poorly
- Don't know
- Not applicable

INTERVIEWER NOTE: if have not yet responded, ask if they can make a judgement, otherwise code as Not applicable

Used in reputation work

**Q4. Still thinking about your recent dealings with Revenue and Customs about [insert issue], how well or poorly did the time taken to resolve your issue meet your needs?
Is that very or fairly [good/poor]?**

- Very well
- Fairly well
- Neither well nor poorly
- Fairly poorly
- Very poorly
- Don't know
- Not yet resolved

INTERVIEWER NOTE: if have not yet resolved the issue, ask if they can make a judgement, otherwise code as Not yet resolved

**Q5. Thinking about your recent dealings with Revenue and Customs about [insert issue], how good or poor were Revenue and Customs at providing a service that shows a good understanding of your needs
Is that very or fairly [good/poor]?**

- Very good
- Fairly good
- Neither good nor poor
- Fairly poor
- Very poor
- Don't know
- Not applicable

**Q6. Still Thinking about your recent dealings with Revenue and Customs about [insert topic], how easy or difficult was it to get hold someone who could deal with your issue?
Is that very or fairly [easy/difficult]?**

- Very easy
- Fairly easy
- Neither easy nor difficult
- Fairly difficult
- Very difficult
- Don't know
- Not applicable

NEW

**Q7. And still thinking about your most recent dealings with Revenue and Customs about [insert issue] how well or poorly did HMRC understand your issues?
Is that very or fairly [well/poorly]?**

- Very well
- Fairly well
- Neither well nor poorly
- Fairly poorly
- Very poorly
- Don't know
- Not applicable

NEW (may not need as well as Q2)

NO NEED TO TEST THIS QUESTION – FOR FILTERING

UNLESS SAID "not yet resolved" at Q4 ASK ...

Q8. **Which of the following methods did you use when you were dealing with Revenue and Customs about [insert topic]?**

MULTICODE OK. READ OUT.

- HMRC website
- Telephone
- Visiting tax office/enquiry centre
- Letter
- Email
- Fax
- Through a third party (e.g. Citizens Advice or JobCentre Plus)
- Other (write in)
- Don't know

IF USED MORE THAN ONE OF THESE AT Q8 ASK Q9

IF ONLY USED PHONE/VISIT AT Q8, ASK Q10a

IF ONLY USED WEBSITE AT Q8 ASK Q10b

IF ONLY USED LETTER/EMAIL/FAX AT Q8 ASK Q10c

IF MORE THAN ONE METHOD

Q9. **Which did you try first?**

- HMRC website
- Telephone
- Visiting tax office/enquiry centre
- Letter
- Email
- Fax
- Through a third party (e.g. Citizens Advice or JobCentre Plus)
- Other (write in)
- Don't know

IF ONLY USED PHONE CALL/VISIT

Q10a. **Did your issue get resolved the first time you were in contact with Revenue and Customs or did you need further contact?**

NOTE – THIS IS CONTACT WITH REVENUE & CUSTOMS

IF ON FIRST ATTEMPT PROBE TO FIND OUT IF FIRST PERSON DEALT WITH

- Got resolution at first attempt, by the first person I dealt with
- Got resolution at first attempt, but had to deal with more than one person
- Needed further contact
- Did not get issue resolved at all
- Don't know

NEW

IF ONLY USED WEBSITE

Q10b. **Did your issue get resolved the first time you looked on the website or did you need do further searching?**

NOTE – THIS IS REVENUE & CUSTOMS WEBSITE

- Got resolution at on first visit
- Needed further searching
- Did not get issue resolved at all
- Don't know

NEW

IF ONLY USED LETTER/EMAIL/FAX

Q10c. **Did your issue get resolved the first time you were in contact with Revenue and Customs or did you need further contact?**

NOTE – THIS IS CONTACT WITH REVENUE & CUSTOMS

- Got resolution at first attempt
- Needed further contact
- Did not get issue resolved at all
- Don't know

NEW

2. Approach (segmentation questions)

Questions based on quadrangle – we do not have the full quadrangle questions so have based them on the logic we were provided with.

Still thinking about your recent dealings about [INSERT ISSUE] ...

Q11 Were you confident that you knew what you needed to do to in order to meet your obligations”

- Yes
- No

IF GAVE ANSWER OF YES ASK Q12;

ANSWER NO = **UNAWARE - GO TO RECORD KEEPING**

IF YES AT Q11

Q12 Do you think it is **ever** ok for a business to cheat when dealing with [INSERT ISSUE]

- Yes
- No

(PROBE CHEATING)

IF GAVE ANSWER OF NO ASK Q13.

IF ANSWERED YES ASK Q16

IF NO AT Q12

Q13 Thinking back to your recent dealing about [insert issue] again ...

Were you confident that you could do what you needed to?

- Yes
- No

IF ANSWERED NO ASK Q14

IF GAVE ANSWER OF YES ASK Q15

IF NO AT Q13

Q14 Were you confident that you would be able to find any help you needed to enable you to do what you needed to?

- Yes
- No

IF GAVE ANSWER OF YES ASK Q15

IF ANSWERED NO = **WILLING BUT NEED HELP - GO TO RECORD KEEPING**

(note – could tweak this definition as this departs from quadrangle)

IF YES AT Q13/Q14

Q15 Do you think it is ever ok for a business with financial difficulties to prioritise paying staff and suppliers over payments for [this issue]?

- Yes
- No

IF GAVE ANSWER OF YES = **PAYMENT DEFERRER (ACTUAL OR POTENTIAL) -**

IF ANSWERED NO = **WILLING AND ABLE - BOTH GO TO RECORD KEEPING**

IF YES AT Q12

Q16 Do you think there is a big risk of businesses being caught and punished for cheating when dealing with [insert issue]?

- Yes
- No

IF GAVE ANSWER OF YES = **POTENTIAL RULE BREAKER**

IF GAVE ANSWER OF NO = **RULE BREAKER**

3. Record keeping

Still thinking about your recent dealings with HMRC about [insert issue]

Q17. **How does your business keep records in relation to [insert issue]? Do you ...**

- Keep copies of paper receipts, invoices etc, with no further action until you have to complete the return
- Keep a record on paper
- Keep an electronic record e.g. spreadsheet or package
- Something else (specify)
- Don't know

If keep records (either on paper or electronically) ASK Q16

Q18. **How regularly does your business keep these records up to date? Do you**

- Only update them when you need to complete your return
- Update them more frequently than this but not on a regular basis
- Update them on a regular basis in between returns
- Something else (specify)
- Don't know

ASK ALL

Q19. I would like you to think now about the tax returns your business has to make for [INSERT ISSUE]. Do you ...

READ OUT

6. ...use an external accountant or tax advisor to prepare and send off the return
7. ...prepare the majority of the return itself but asks an external accountant or tax advisor to finalise and/or check it before it is sent off
8. ...use a payroll agency (FOR PAYE ONLY)
9. Or, does the business prepare and sends off the return itself
10. Don't know

EXISTING QUESTION – just to filter – do not probe

IF USE ACCOUNTANT TO PREPARE RETURN (1/3) ASK Q20a

IF PREPARE SELF (2/4) ASK Q20b

Q20a. When the accountant, advisor or payroll agency is preparing your returns, how many queries would you say they usually come back to you with about your records?

- A lot of queries
- Some queries but not a lot
- Hardly any queries
- None at all
- Don't know

Q20b. When you are completing the returns, how difficult does your business find it to find the information you need in your records?

- Very difficult
- Fairly difficult
- Fairly easy
- Very easy
- Don't know

4. Education and support

Thinking now more broadly about any Revenue and Customs issues you deal with ...

Q21. Are you aware of any support or information provided by Revenue and Customs on the Businesslink website, such as factsheets, interactive tools, videos, webinars or on-line workshops

- Yes
- No
- Don't know

PROBE – find out what include in this category if say yes. Also probe to see if would have answered differently if said HMRC website?

3. Agents

Introduction

- About the research: You took part in a previous Customer Satisfaction survey and you said that we could contact you again. This piece of work is to help Revenue and Customs develop new questions for their Customer Satisfaction survey.
- Commissioned by HM Revenue and Customs - the government department formed following the merger of Inland Revenue and HM Customs and Excise
- TNS-BMRB are an independent research agency working on behalf of Revenue and Customs
- Length of interview – 20-30 minutes
- Confidentiality and anonymity – they will not be identified to Revenue and Customs

Setting the tax/benefit to talk about ...

Before we start, can you tell me which taxes or duties you have you most recently had any direct dealings with Revenue and Customs about, on behalf of your clients? Dealings can include receiving or sending a letter, filling in a form, a phone call, visiting their website, or visiting a local tax office or an Enquiry Centre.

READ OUT LIST UNLESS IMMEDIATELY VOLUNTEER A TAX/DUTY

- Company Tax, also known as Corporation Tax
- Self assessment for the Self-employed
- Self-assessment for PAYE employees
- Payroll and National Insurance
- Construction Industry Scheme
- Tax credits
- VAT
- Imports and Exports
- Excise Duty

I would like you think about this most recent dealing with HMRC about [INSERT ISSUE] when I ask you each question.

1. Straightforward (and dimensions feeding into)

Q9. **How satisfied or dissatisfied are you with the final outcome of your recent dealings with Revenue and Customs about [insert topic]? Is that very or fairly [satisfied/dissatisfied]? SINGLE CODE ONLY.**

- Very satisfied
- Fairly satisfied
- Neither satisfied nor dissatisfied
- Fairly dissatisfied
- Very dissatisfied
- Don't know
- Not applicable

Q10. **Putting aside the final outcome now, and thinking just about the service you received, overall, how straightforward was your recent experience of dealing with Revenue and Customs about [insert topic]? Would you say that it was... READ OUT. SINGLE CODE ONLY.**

- Extremely straightforward
- Very straightforward
- Fairly straightforward
- Not very straightforward
- Not at all straightforward
- Don't know
- Not applicable

Q3. **Still thinking about your recent dealings with Revenue and Customs about [insert issue], how well or poorly did the time taken to resolve your issue meet your needs?**

Is that very or fairly [good/poor]?

- Very well
- Fairly well
- Neither well nor poorly
- Fairly poorly
- Very poorly
- Don't know
- Not yet resolved

INTERVIEWER NOTE: if have not yet resolved the issue, ask if they can make a judgement, otherwise code as Not yet resolved

Q4. Thinking about your recent dealings with Revenue and Customs about [insert issue], how well or poorly did the time taken to respond meet your needs ...
Was that (READ OUT) ...

- Very well
- Fairly well
- Neither well nor poorly
- Fairly poorly
- Very poorly
- Don't know
- Not applicable

INTERVIEWER NOTE: if have not yet responded, ask if they can make a judgement, otherwise code as Not applicable

Used in reputation work

Q5. Thinking about your recent dealings with Revenue and Customs about [insert issue], how good or poor would you rate the Revenue and Customs staff you dealt with in terms of their ability to deal with your issue
Is that very or fairly [good/poor]?

- Very good
- Fairly good
- Neither good nor poor
- Fairly poor
- Very poor
- Don't know
- Not applicable

NEW

Q6. Thinking about your recent dealings with Revenue and Customs about [insert issue], how good or poor were Revenue and Customs at providing a service that shows a good understanding of your needs
Is that very or fairly [good/poor]?

- Very good
- Fairly good
- Neither good nor poor
- Fairly poor
- Very poor
- Don't know
- Not applicable

NB - CHANGED FROM designed with your needs in mind

2. Record keeping

Thinking now about ALL dealings with HMRC on behalf of clients in the last three months ...

Q7. What proportion of your clients would you say keep records to a standard that makes it easy to find the information you need to complete their returns? Please give me a number out of 10

- Number from 0 to 10
- Don't know

NEW

PROBE – check if ok not to link to specific tax or duty.

3. Commercial understanding & 4. Education/support

MODULE A – ASKED OF FIRST HALF OF AGENT SAMPLE. ONLY ASKED OF SECOND HALF IF THEY ARE WILLING TO TAKE PART IN A LONGER INTERVIEW

Thinking again now about your most recent dealing with HMRC about [INSERT ISSUE]

Q8. How well or poorly did Revenue and Customs understand the way you work? Is that very or fairly [well/poorly]?

- Very well
- Fairly well
- Neither well nor poorly
- Fairly poorly
- Very poorly
- Don't know

Q9. How easy or difficult was it to find information or advice within Revenue and Customs when you needed help with a query? Is that very or fairly [easy/difficult]?

- Very easy
- Fairly easy
- Neither easy nor difficult
- Fairly difficult
- Very difficult
- Don't know
- Did not need any help

Q10. How easy or difficult did Revenue and Customs make it for you to provide them with information? Is that very or fairly [easy/difficult]?

- Very easy
- Fairly easy

- Neither easy nor difficult
- Fairly difficult
- Very difficult
- Don't know

Q11. If you needed help or advice on a Revenue and Customs issue, what would be your first port of call?

- Website (HMRC)
- HMRC Helpline
- HMRC local office or other phone number
- Trade/industry body
- Search engine on web
- Other website
- Other (specify)
- Don't know

Q12. Are you aware of any support or information provided by Revenue and Customs on the Businesslink website, such as factsheets, interactive tools, videos, webinars or on-line workshops

- Yes
- No
- Don't know

PROBE – find out what include in this category if say yes. Also probe to see if would have answered differently if said HMRC website?

MODULE B – ASKED OF SECOND HALF OF AGENT SAMPLE. ONLY ASKED OF FIRST HALF IF THEY ARE WILLING TO TAKE PART IN A LONGER INTERVIEW

Thinking again now about your most recent dealing with HMRC about [INSERT ISSUE] ...

Q13. How well or poorly did the way Revenue and Customs dealt with you enable you to do business?

Is that very or fairly [well/poorly]?

- Very well
- Fairly well
- Neither well nor poorly
- Fairly poorly
- Very poorly
- Don't know

Q14. How much do you agree or disagree that Revenue and Customs used any information you provided in the way you expected?

Is that [agree/disagree] strongly, or tend to [agree/disagree]?

- Agree strongly
- Tend to agree
- Neither agree nor disagree

- Tend to disagree
- Disagree strongly
- Don't know
- Did not provide any information

PROBE – what would “well used” look like.

Q15. How positively or negatively did the way Revenue and Customs dealt with you impact on your time?

Is that very or fairly [positively/negatively]?

- Very positively
- Fairly positively
- Neither positively nor negatively
- Fairly negatively
- Very negatively
- Don't know

Q16. How positively or negatively did the way Revenue and Customs dealt with you impact on your relationship with your clients?

Is that very or fairly [positively/negatively]?

- Very positively
- Fairly positively
- Neither positively nor negatively
- Fairly negatively
- Very negatively
- Don't know

Q17. Finally, Are you aware that you can get support or information through in HMRC Agent Account Manager

- Yes
- No
- Don't know

PROBE – what is their awareness of/involvement with Agent Account Managers