



Research report

Usage and attitude survey of Agents

A representative survey among the financial agent community, looking at attitudes and behaviours when dealing with HMRC

Business Customer Unit

Her Majesty's Revenue and Customs Research Report Number 120

Agents U&A Survey

About the Business Customer Unit (BCU)

Business Customer Unit (BCU) is part of Business Tax responsible for ensuring businesses pay the right amount of tax whilst improving our customer's experience and the overall UK business environment.

The BCU role is to help colleagues make customer focus a reality by understanding our Business Customers needs better and using that understanding to design better products, processes and service delivery.

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Research requirement (background to the project)

Her Majesty's Revenue & Customs (HMRC) required greater understanding of the nature and profile of the financial agents who contact the department on behalf of the clients or individuals for whom they act as intermediaries. It was particularly important to understand the needs and behaviour of agents, some of whom had found the recent wide ranging changes to HMRC back office systems and processes difficult.

Agents are considered to be important HMRC customers in their own right, being directly involved in a disproportionately large volume of transactions, with current estimates suggesting that agents represent:

- 63% of self assessment tax payers
- 78% of companies
- 43% of VAT traders
- 33% of employers

Given this, the views and attitudes of agents on the nature of the relationship between themselves and HMRC was a matter of primary concern to the department. It is self-evident that processes and systems which work effectively would be to mutual benefit, but in the case of HMRC, there was a lack of primary data on the nature and extent of use and interaction. For this reason, it sought to undertake a Usage & Attitude study among the agent community.

The primary objective was to understand as far as possible what the 'universe' of agents looked like, before moving on to an understanding of what they thought about HMRC in terms of its role and processes. More specifically, the research was designed to:

- Establish the population profile of agents and in so doing quantify the following:
 - The number of clients they have and the sectors in which their clients work
 - The nature of contact between HMRC and the agent community; and the agents with their clients
 - The main taxes dealt with via HMRC
 - The services and products offered to their clients across the individual/business spectrum
- Measure the frequency of contact on tax matters, between agents and clients, and HMRC and agents
- Understand overall agent behaviour and their needs as far as HMRC products, processes and systems are concerned.

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Who did the work (research agency)

The survey was conducted by ICM Research, a full service market and opinion research company based in central London.

When the research took place

The main sample of 1,502 agents was conducted by telephone on 26th September – 31st October 2008. A subsequent sample of 125 Voluntary & Community sector agents was generated on 11th-28th November 2008. The VCS sample was generated from a list of organisations previously in receipt of funding from HMRC, from random lists of voluntary organisations, and Citizens Advice Bureaux offices.

Method, Data and Tools used, Sample

ICM was provided with a database of agents and contact details, formed by a merger of the HMRC Corporation Tax and Self-Assessment agent databases, providing a total of 34,984 agents from which to sample for the purposes of this survey.

A total of 1,772 agents opted out of the survey before fieldwork began. The total number of agents remaining on the sample at the commencement of fieldwork was 33,212.

The aim of the sampling process was to achieve a sample of the agent community which was representative by size of client base. This required a level of sample stratification in order to take account of different client base sizes within the agent community. Due to the small number of agents who represent very large numbers of clients, it was not possible to interview sufficient numbers of large agents to reflect the client base size profile, and so for practical purposes quotas were imposed to ensure minimum numbers of interviews within each band, and the data was post-weighted back to the 'representative' target.

The number of interviews achieved within each band was as follows, along with the weighted proportion:

Number of clients worked for:	Unweighted N	Unweighted %	Weighted N	Weighted %
1-10	211	14%	62	4%
11-50	232	16%	107	7%
51-350	766	51%	520	35%
351-1000	198	13%	531	35%
1001+	95	6%	283	19%
Total	1,502	100%	1,502	100%

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Main Findings

Agent Profile

The agent community is dominated by men (68%) and the middle-aged (51% aged 35-54 years). Most are employed full time (85%), but dispersed across different business structures. For example, fairly equal numbers employ themselves (34%), work in partnerships (31%) or in local practices (28%). The largest, national organisations employ only 4% of agents in total, but of course, have considerably larger workforces on average (251, compared to 43 on average working in local practices).

Our survey suggests that national organisations have 1,383 clients on average, with local practices working on behalf of around half that many (637 on average) and sole traders averaging 262 clients.

Nearly two thirds of agents (61%) consider their role to be accountancy based; a third (32%) say they are tax advisors. Agents have worked for an average of 22 years in the role or industry, with the average length of service dropping significantly with increasing client base size, i.e. the largest agent employers are the main source of new recruitment within the sector.

Agents provide services across a wide range of client organisations, including most often friends and family (68%, sometimes paid, sometimes not), general practitioner firms (66%), payroll bureau (58%) and the voluntary and community sector (56%). They are skilled at working across the broad range of HMRC products, but most deal with Self Assessment (89%, with 74% saying Self Assessment forms the bulk of their work), Corporation Tax (75%), PAYE (69%) and VAT (68%). As might be expected, there is a strong correlation between the structure of the agent businesses and the structure of the client business: sole trading agents tend to work on behalf of sole or micro trader clients (41%); while international agent organisations are more likely than others to work on behalf of medium (39%) or large-sized businesses (16%).

Qualification and representation

Three-quarters (77%) of agents have a qualification from a professional body, with half of all agents (49%) possessing one from a major chartered or certified professional body such as the ICAEW, ICAS, ACCA, CIMA etc. A quarter (26%) possesses an accounting technician qualification via the AAT or ATT, while 15% are chartered tax advisors (CIOT). One in ten has a qualification gained while working for HMRC, rising to 23% among those whose main role is simply to provide tax advice rather than wider ranging accountancy services.

Unqualified agents (17%) tend to be employed in technician, book-keeping or payroll agent roles, working for organisations with a below average number of clients, but working on a high number of client cases at one moment in time - indicating that their work might be rather process based. This group does have a relatively positive attitude toward HMRC compared to those with professional qualifications, despite having no more than average levels of contact with it.

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Representation – the membership of one or more professional bodies – applies to three-quarters of agents, with the remaining one-quarter unattached to any professional body. A quarter (23%) are currently members of the ICAEW, with the ACCA (18%) the other main body with a large and broad membership. One in ten are members of the AAT (12%), CIOT (12%) or the ATT (10%).

One in seven (15%) has allowed a professional membership to lapse at some point in their career.

Those agents who are unrepresented are similar in profile to the unqualified, and indeed there is a strong relationship between the two: 77% of those without professional qualifications also lack professional representation. There is a very low incidence of accountancy status amongst the unrepresented (45%), instead a relatively high proportion are tax advisors. There is also a higher chance of them being book-keepers, payroll agents or accounting technicians. HMRC does appear to be a favoured training school for the unrepresented, with 25% saying they previously worked within the department. Once again, many of the unrepresented do appear to be generally satisfied with the relationship they have, and the performance of, HMRC.

The cluster set

One of the main purposes of the survey was to understand how HMRC is viewed by the agents, both in terms of the on-going interaction between them and also as a source of advice, assistance or aggravation. When it comes to establishing attitudinal variations among any target audience, the statistical solution offered by “clustering” the data is often an invaluable help. Clustering worked in this case by classifying agents into different groups, or more precisely, by partitioning the data into subsets (clusters) so that the agent occupants of each cluster share common traits (attitudes toward HMRC) with each other, but which are different to the common traits among each of the other clusters.

The agent community split into five independent clusters. Many of the features that set them apart from other clusters are relative to them rather than high (or low) incidence in their own right. Key features of each cluster are as follows:

Cluster 1 (17%)

This group of agents are disproportionately tax advisors (42%), who work in local practice (33%) or partnership organisations (35%). They are more likely to have a professional qualification recognised by a CCAB body (53%, with CIOT membership especially high at 24%), and more likely work on behalf of private individuals (23%). They have a high level of professional membership (83%), are more likely to work full-time (94%) and be female (41%).

The main feature of this cluster is their frustration with HMRC, who is not thought to be helpful, probably because it is felt not to understand the needs of agents. This group finds regular fault with apparent inconsistencies in tax advice and information provision and as such simply don't trust HMRC's contribution to their work. They feel that HMRC is remote and impersonal, despite imposing an unacceptably large administration burden.

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Cluster 2 (23%)

Members of this cluster are also more likely to be tax advisors (39%), working on the largest client base (around 820 clients on average), and the highest number of clients at any one time (around 230). They have a high likelihood of being male and working in London. They also feel frustrated with HMRC, but less intensively. They doubt the accuracy of HMRC advice and would like to see more flexibility in its approach to the working relationship with agents.

They are fairly ambivalent toward HMRC in terms of satisfaction, although favourability of HMRC as an organisation is low. Given their experiences of HMRC, they take a pragmatic situation-by-situation approach to their relationship with the organisation, sometimes working closely with it and other times standing their ground to see if HMRC gives in.

Cluster 3 (23%)

The main feature of this group of agents is the fact they have few strong opinions, and primarily concentrate on the process-based aspects of their – and HMRC's work. They understand the role and work of HMRC, which is viewed to be fair and transparent and all about making sure that people pay the right amount of tax. Generally speaking, they have moderate interaction with HMRC (using more traditional, formal methods if possible) and are generally satisfied with their dealings, although a few reservations apply.

This cluster are a mix of accountants and tax advisors, possibly in a partnership and have a large staff. They tend to work more often for law firms, friends and family and the not for profit sector. While they have a high level of degree ownership they have low average levels of professional qualification and low representation.

4. Cluster 4 (26%)

This is the largest group of agents, but which tends to have a lower than average amount contact with HMRC. However, when they do, they appear to be mostly satisfied with their dealings and consequently have a favourable impression of the organisation. They consider HMRC to have honesty and integrity; to be a partner rather than an opponent, and to have improved a great deal over the last few years.

This cluster tend to be sole traders, male, and have accounting technician status. They have a small client base which is not particularly diverse in terms of business sectors, and probably for this reason have a relatively narrow focus when it comes to the HMRC products dealt with.

5. Cluster 5 (11%)

This is the smallest group of agents, but one which has little but positive things to say about HMRC. They contact HMRC less than any other group, but when they do are completely satisfied with it, largely because HMRC appears to do everything it says it will and always gives them the answers they need. This group is compliant and cooperative.

They are very likely to be sole traders and have an accountancy background, although they tend not to have a degree, accountancy or tax qualification. They are also more likely than anyone else to be unaffiliated to an agent body. They tend to both be very young or very old, mostly male and have a high rate of part-time working. They are found across the UK, but not in London.

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Contact and communication

There is a strong, intuitive correlation between the number of clients held by agents, and the amount of contact agents have with HMRC. For example, nine in ten (88%) agents with fewer than ten clients contact HMRC less often than once a week, while the equivalent figure for agents with over 1,000 clients is only 7%. Moreover, half (53%) of the latter group of agents contact HMRC more than once a day (1-10 clients = 2% more than once a day).

On average, agents contact HMRC around 340 times per year. In addition to the agents with large client bases, other frequent contactors include those with an unfavourable attitude toward HMRC, and those who instinctively adopt an adversarial approach when contacting. For the most part, agents are contacting HMRC to seek information (around 80 contacts per year, on average). Other important reasons for contacting include the need to make transactions (around 70 contacts), to progress queries (around 40) and to get reassurance that issues are being dealt with (around 30).

The channel typically used by agents to initiate contact with HMRC appears to be somewhat out of kilter with preferences. Formal letters are the mainstay of the communication process, but telephone centre calls, the HMRC website, paper forms, and phoning the local office (amongst others) are also used. However, phoning the local office is by far the most preferred, with almost twice as many (32%) stating a preference for it rather than the second most preferred methods (formal letters and emails (17%).

Table 1. Channels of initial contact with HMRC

	Used in last 12 months %	Used most often %	Prefer to use %
Formal letter	96	32	17
Telephone centre	94	26	9
HMRC website	89	5	4
HMRC paper form	86	0	0
Telephone local office	84	15	32
Tax agents & advisor pages	80	7	5
Online form	76	4	1
Agent dedicated line	40	9	11
Face-to-face local office	31	0	1
Net: email	29	1	17

Satisfaction with HMRC

Almost seven in ten (68%) say they are satisfied with HMRC's performance over the last 12 months.

Using statistical analysis, the main drivers of satisfaction with HMRC were calculated to be how well or poorly agents felt they were treated by staff, being provided with a service with agents needs in mind, getting the answers agents need, getting things right, the number of complaints made, the ease of getting in touch, and the flexibility of service received.

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Dealings with individual HMRC products also revealed that the organisation was doing better in some areas rather than others. It was found that getting a Unique Taxpayer Reference (UTR) and authorisations (form 64/8) were high incidence activities but received very low satisfaction scores. Construction Industry Scheme, National Insurance and tax coding areas also received satisfaction scores. Satisfaction scores were highest in the more complex tax areas for example, Gift Aid, Inheritance Tax and Stamp Duty.

The Voluntary and Community sector

Although the Voluntary and Community (VCS) respondents said that they had advised on or dealt with other people's tax affairs, none of them considered themselves to be agents; rather, they simply reported themselves as being people who voluntarily helped vulnerable others. Most (84%) say that their clients are VCS based, and only slightly fewer (76%) deal with tax credits or PAYE issues.

VCS agents mostly lack financial or accountancy qualifications (74%) and only one in seven (14%) has a professional agent body membership.

These agents are generally more satisfied with HMRC compared to their private sector counterparts. They tend to believe that HMRC is honest and has integrity, and generally plays fair, although agree that they have to check its advice carefully.

Contact with HMRC is much less frequent among the VCS agents, with half (52%) making contact less often than once a week. The telephone centre (89%) is the primary channel rather than formal letters (78%), and indeed the HMRC telephone contact centre is preferred as a contact channel by a far greater number (32%) of VCS agents than we have previously seen among private sector agents (9%).