



***Summary Research report***

# **Real Time Information: Pilot Customer Experience Research**

Initial findings of research with employers taking part in Stages 1 and 2 of the Real Time Information Pilot

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## HMRC Real Time Information: Research with pilot employers

### *About Personal Tax Customer & Strategy (PT C&S)*

Personal Tax Customer & Strategy works with colleagues in Personal Tax and across HMRC to help develop our approach to implementing the customer centric business strategy. We use customer insight to help PT design, deliver and operate services for individual customers which

- improve customer experience
- maximise tax yield
- ensure that those who need help get the support they need, when they need it

PT C&S also has a corporate role, to manage the relationship with the voluntary and community sector on behalf of HMRC

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## HMRC Real Time Information: Research with pilot employers

### *Research requirement (background to the project)*

From April 2013, the current PAYE system will be replaced by Real Time Information (RTI). Under RTI, employers will report details of staffs' salaries each payday, rather than at the end of the year. RTI is a key government priority aimed at improving the operation of PAYE by making the system better for taxpayers and easier for employers and HMRC to administer. It is also integral to the delivery of Universal Credit - the Government's flagship welfare programme.

The RTI pilot began in 2012 with Stage 1 employers migrating from April and Stage 2 employers joining RTI from July. A further stage of the pilot began in November.

### *When the research took place*

The research began in March 2012 and will continue into 2013. This report provides initial findings. Further findings will be published in due course.

### *Who did the work (research agency)*

TNS-BMRB was commissioned to undertake the research following a competitive tender exercise. This summary reported has been produced by HMRC.

### *Method, Data and Tools used, Sample*

Research with employers in Stages 1 and 2 of the pilot has followed a three wave design with telephone interviews with pilot employers at the following key stages:

- The first wave prior to employers joining the pilot covering issues around preparation for the pilot such as data cleansing and benchmarking confidence levels and expectations around RTI.
- The second wave 2 after employers have made their first returns under RTI asking employers how the RTI process worked, how they found migrating to the new system and their views on the costs and benefits of the new system.
- The third wave returns to the employers once they have completed a number of RTI submissions for their view on the process now it is more established.

In addition to the survey work we have also undertaken some qualitative research using in-depth interviews to further explore some of the topics covered in the survey.

Caveats - when reviewing the results it is important to bear the following in mind: Employers taking part in the pilot are volunteers and should therefore not be considered representative of the employer population at large. Their volunteer status may also change their attitudes. Fieldwork is still ongoing with Stage 2 employers and Wave 3 results will be published at a later date.

## HMRC Real Time Information: Research with pilot employers

### *Main Findings*

#### **Stage 1 employers**

325 PAYE schemes were involved in Stage 1 representing 226 unique employers. This research was conducted at the employer level and those schemes providing an agent or payroll bureau as their contact were not included in order to focus on customer experience in the pilot. 34% of Stage 1 employers were small, 16% medium, 35% large and 15% mixed. Employers had dealt with a range of PAYE tasks (including leavers and joiners) so had a good basis from which to rate their experience. 153 employers were interviewed at Wave 1, 118 at Wave 2 and 96 at Wave 3.

Findings with Stage 1 employers, the first to join RTI have been very positive. Overall the vast majority of pilot employers have found RTI easy and can see the benefits. Employers list simplicity of process and increased accuracy among the positives of RTI and anticipate reduced burden in the future – including around end of year processes.

#### **Ease**

Stage 1 employers reported finding RTI easy to deal with – and their experience of using RTI has improved through out the pilot with numbers saying that they find RTI very easy increasing as RTI is introduced and becomes embedded.

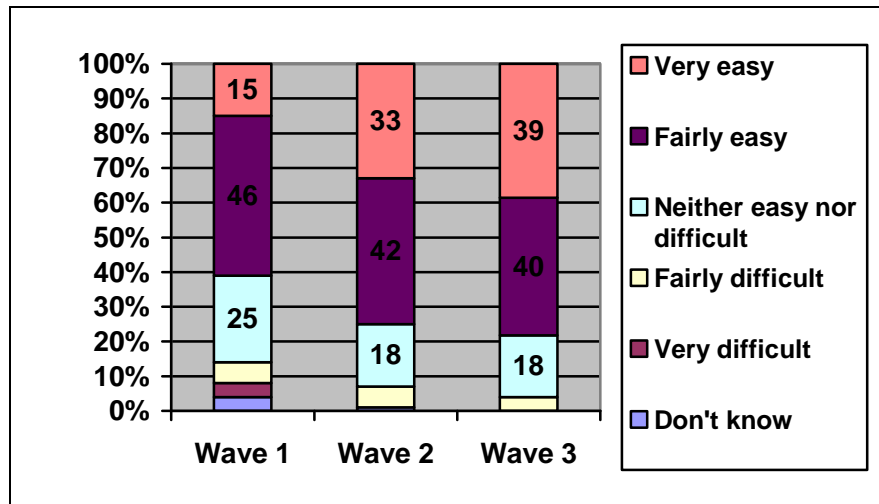


Fig. 1 Ease – How easy or difficult has it been for your business to deal with RTI at this stage?

## HMRC Real Time Information: Research with pilot employers

### Confidence

Stage 1 employers report being confident in their preparation for RTI and confidence increasing as they migrate to RTI and the process becomes embedded.

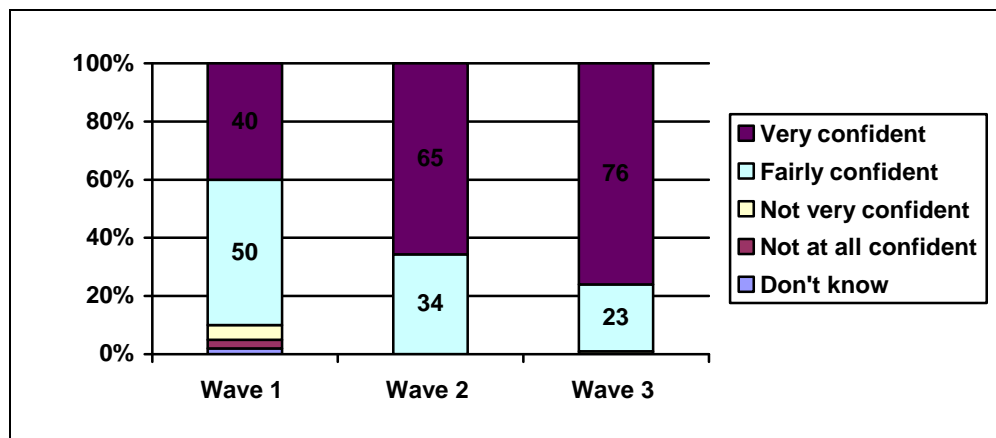


Fig. 2 Confidence – How confident are you that you business has done all it needs to and is fully prepared?  
How confident are you that your business was able to do everything that HMRC requires under RTI? (Wave 3)

The confidence of Stage 1 employers in dealing with RTI also compares favourably with their confidence in using the existing PAYE system, or 'old' system for those who have migrated to RTI. Prior to joining RTI 66% of Stage 1 employers reporting being very confident in meeting their PAYE obligations. Once RTI is embedded a slightly higher number report being very confident.

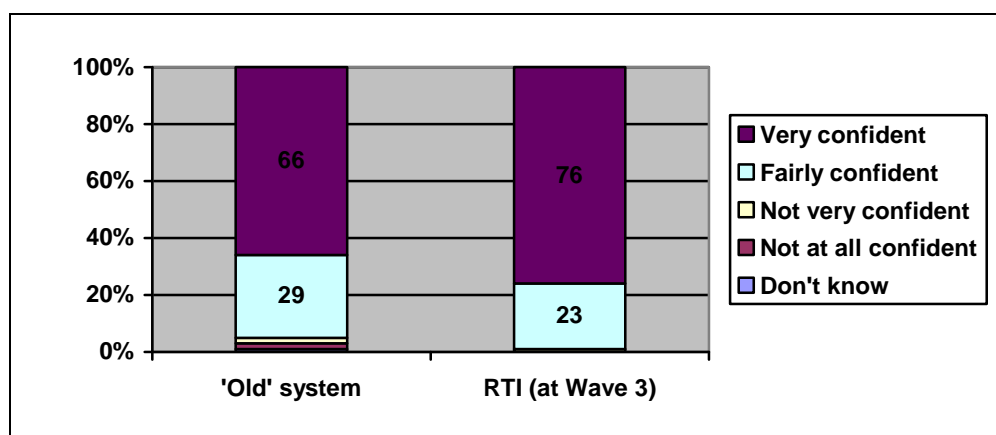


Fig.3 – Confidence - Before the start of the pilot how confident are you that your business was able to do everything HMRC requires?  
- How confident are you that your business was able to do everything that HMRC requires under RTI? (Wave 3)

## HMRC Real Time Information: Research with pilot employers

### Burdens, costs and savings

Stage 1 employers were asked to consider the burdens of the change to RTI - a more general term designed to provide a broader view of the potential impact of RTI. Stage 1 employers reported that they did not expect RTI to be particularly burdensome. Following migration to RTI Stage 1 employers reported that RTI had been less burdensome than expected.

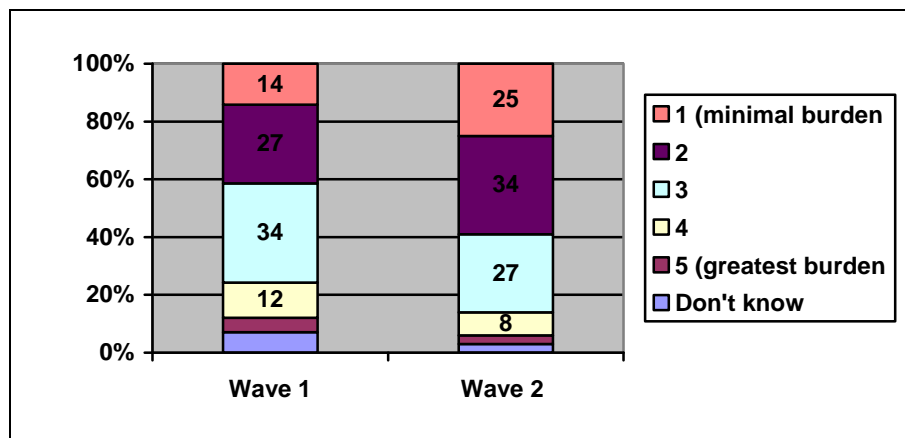


Fig.4 – Burden – How difficult do you think it will be/has been to get the new RTI system up and running?

Stage 1 employers did not report finding PAYE processes prior to RTI particularly burdensome and most report that under RTI this burden has remained the same.

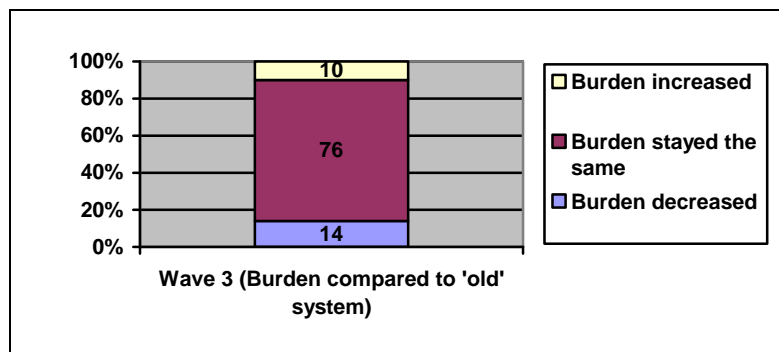


Fig.5 – Burden – Under RTI, do you think the burden of dealing with IT/NICs has increased, decreased or stayed the same?

Employers in Stage 1 do anticipate that RTI will reduce burdens in the longer term – taking into account changes to end of year processes. 67% of pilot employers report that they expect the burden of dealing with Income Tax and NICs to be less in the future compared with 14% who report that they have already experienced a reduction in burden.

## HMRC Real Time Information: Research with pilot employers

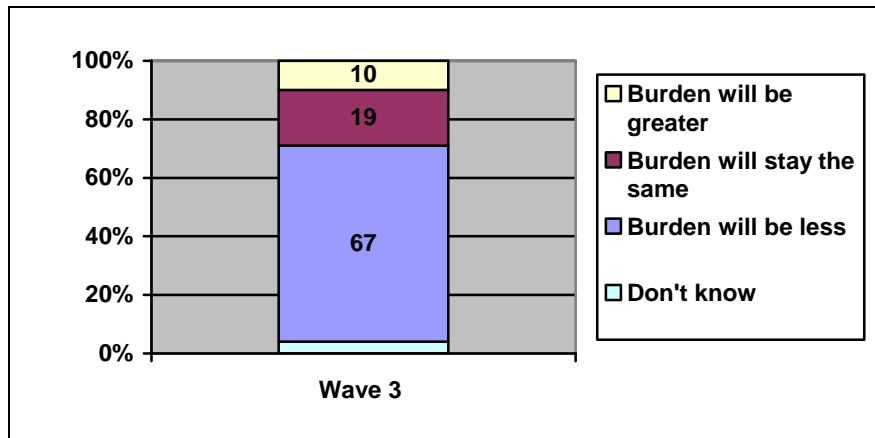


Fig.6 – Burden – Do you think the burden of dealing with IT/NICs using RTI will eventually be greater, lesser or the same as under previous PAYE system?

Stage 1 employers were also asked more specifically about the costs of running payroll and whether they expected this to change under RTI. The majority of employers did not expect RTI to make a difference to the costs of running payroll in their business and once the process was more embedded similar numbers reported no change in payroll running costs.

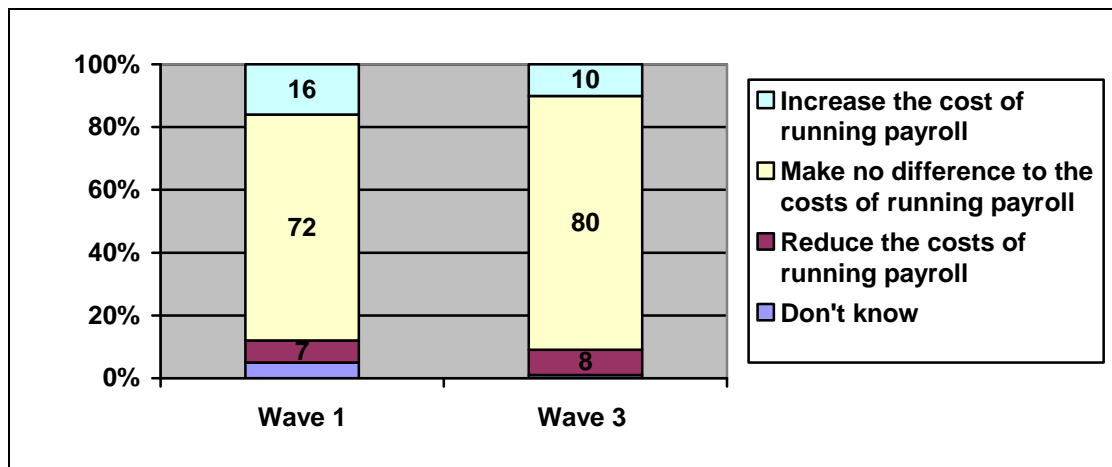


Fig.7 – In terms of the cost of running payroll, taking into account both staff costs and any costs to suppliers once RTI is up and running do you think that it will ....?

## HMRC Real Time Information: Research with pilot employers

### Support

Employers were asked about the support available during each stage of the pilot, including from HMRC. The most used sources were software providers and HMRC (including the RTI Customer Advice Team and employer email updates) though smaller employers were less likely to receive support from their software provider. The majority of employers reported that they had received sufficient support from HMRC.

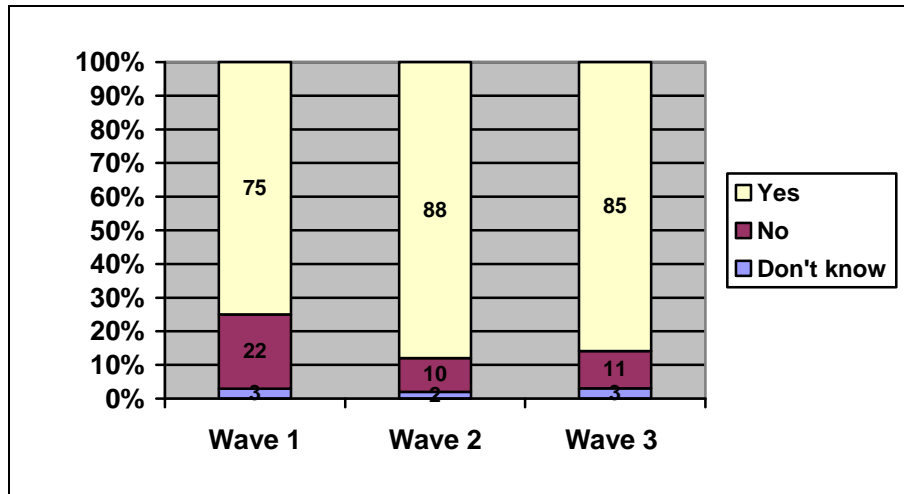


Fig.8 – Support - Do you feel you have had enough support from HMRC at this stage of the pilot?



## HMRC Real Time Information: Research with pilot employers

### Stage 2 employers

Employers in Stage were of a different size profile in terms of size with 82% being small firms, 9% medium, 7% large and 3% mixed. There were also a considerable number of Basic PAYE Tools (HMRC's payroll software) users. In Stage 2 employers were less likely to have dealt with a leaver or joiner but this is likely to be a function of the smaller size of the employers involved and most had completed a range of payroll tasks. 627 employers were interviewed at Wave 1 and 458 at Wave 2.

Overall, findings with Stage 2 employers have also been positive and employers have reported finding RTI easy to implement. Fieldwork is still underway with Stage 2 employers and further findings setting out the embedded experience of Stage 2 employers will be published at a later date.

### **Ease**

Before migrating to RTI just over half of Stage 2 employers thought that implementing RTI would be fairly or very easy. After joining RTI scores for ease increased with nearly all employers reporting it was fairly or very easy indicating that their initial experience of using RTI is better than their expectations.

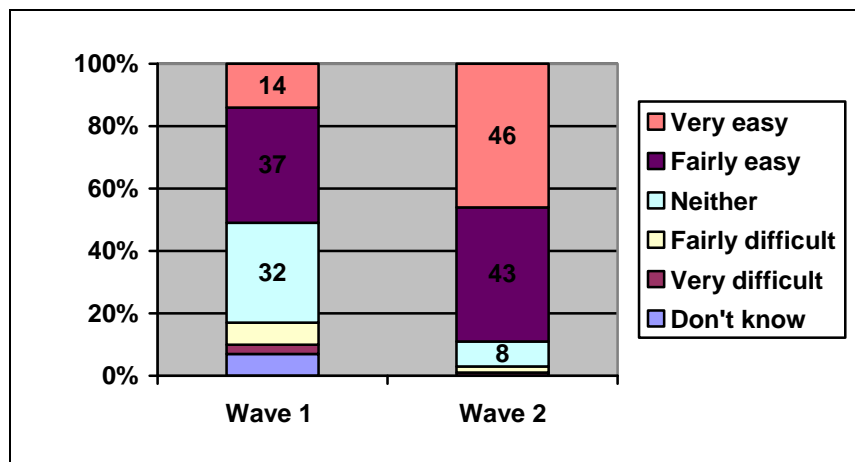


Fig.9 – Ease - How easy or difficult has it been for your business to deal with RTI at this stage?

## HMRC Real Time Information: Research with pilot employers

### Confidence

Stage 2 employers report being confident using RTI processes with nearly all employers reporting that they are very or fairly confident using RTI once they have migrated.

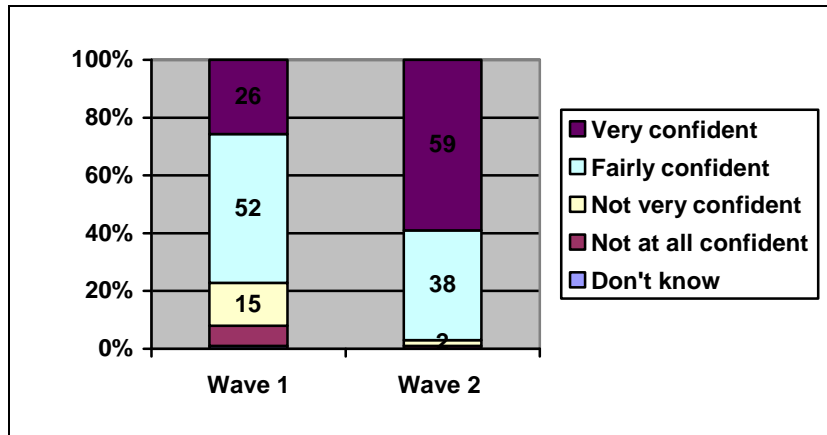


Fig.10 – Confidence - How confident are you that you business has done all it needs to and is/was fully prepared?

### Burden

Similar to Stage 1 employers, Stage 2 employers' experiences of RTI once they have migrated are better than at Wave 1, prior to migration. After joining RTI almost half of employers report the lowest level of burden.

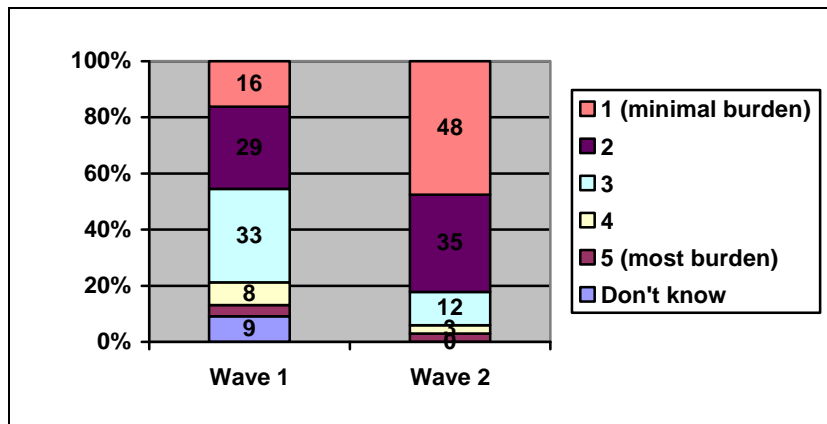


Fig.11 – Burden - How difficult do you think it will be/has been to get the new RTI system up and running?

## HMRC Real Time Information: Research with pilot employers

### Support

Stage 2 employers also reported most use of HMRC email updates and support from their software provider, as at Stage 1. BPT users reported higher use of HMRC sources, especially the RTI Customer Advice Team. Prior to migration 56% of Stage 2 employers reported that they had received sufficient support from HMRC but this increased to 88% after they had joined RTI.

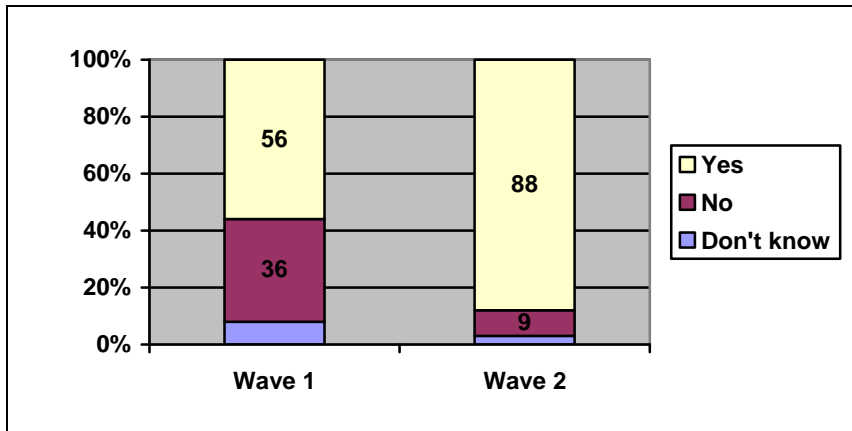


Fig.12 – Support - Do you feel you have had enough support from HMRC at this stage of the pilot?

The majority of Stage 2 employers also reported that the support they received was in keeping with what they had expected with 69% saying it was in line with their expectations, 11% that it was less than expected and 18% that it was more than expected. This was a new question added at Stage 2 so comparable data for Stage 1 is not available.