

# **SOCIAL SECURITY ADVISORY COMMITTEE**

## **Telephony in DWP and HMRC: an update**

**A study by the Social Security Advisory Committee  
Occasional Paper No. 17**

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## About this report

This project was conducted as part of the Social Security Advisory Committee's (SSAC's) Independent Work Programme, under which the Committee investigates pertinent issues relating to the operation of the benefits system.

We are grateful to officials from the Department for Work and Pensions and HM Revenue and Customs who provided factual information. As ever, we are also grateful to our extensive stakeholder community for their active engagement with this project.

However, the views expressed and recommendations reached in the paper are solely those of the Committee.

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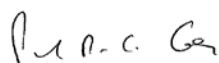
## Foreword

The Triennial Review of the Social Security Advisory Committee (SSAC) in 2015 recommended that we should review our past independent reports, consider what had transpired in respect of our recommendations and, where possible, evaluate their impact. We considered how best we could respond to that recommendation with the limited resources available to us. We concluded that this could be done most effectively through selecting past reports and tracking the progress of our past recommendations. If the issues raised were still of concern then we would produce a brief updating report and, where appropriate, come forward with new recommendations.

We have chosen to make the focus of this first of the updating reports the issue of telephony. This flows from the reports we produced on that subject in 2007 in relation to the Department of Work and Pensions (DWP) and in 2009 in relation to HM Revenue and Customs (HMRC). We note that there has been some progress on the issues we raised then concerning telephony costs for customers, but for both Departments significant issues and challenges remain in relation to their telephony services.

During the period since our earlier reports there have been major developments in the customer channel strategy for both Departments as they seek to move increasingly towards a "digital by default" environment. But efficient and low-cost telephony is still a vital need for many customers, especially the more vulnerable; and is likely to be for some time to come, even if on a declining scale. Equally, the fundamental changes to the welfare reform agenda the Departments are delivering in this decade and beyond highlight still further the critical importance of customers having ease of contact to report changes of circumstance and other important information to update their award position.

We have therefore taken the opportunity in this report, as well as updating our earlier work, to look at a range of other topics in order to give an up-to-date overview of telephony in the current context, and to set out some recommendations for further improvement. We are most grateful to the staff of both Departments for their assistance with this work alongside their on-going efforts to improve performance in this area.



Paul Gray  
Chair, SSAC



## 1. Introduction

In 2007 SSAC produced a short report on the cost to a customer of telephoning the Department for Work and Pensions (DWP); this was followed up in 2009 with a progress report and a more detailed look at the practice of HM Revenue and Customs (HMRC).

This updating report: considers progress made by the DWP and HMRC in the intervening six years; identifies which of our recommendations were acted upon; and suggests a range of new recommendations. Our 2009 report made the following recommendations:

- *The DWP (and HMRC) should continue to negotiate with mobile providers in an attempt to reduce or remove the cost of calling 0800 numbers from mobile phones. In the meantime, mobile providers should ensure that call cost information is easily accessible to their customers.*
- *Call-backs should be offered by DWP and HMRC contact centre staff when a customer is calling from a mobile phone (and will be charged for that call). Call-backs should be offered systematically and proactively at the beginning of any customer phone call made from a mobile phone.*
- *DWP Benefit Delivery Centres and HMRC helpline numbers should be transferred from 0845 to 0800 numbers. While 0800 numbers are not currently low cost to mobile users, when combined with a coherent call-back policy, they still currently represent the best value for money for the majority of customers.*
- *The information about the cost of calling HRMC should be improved significantly so that customers are able to make some judgment about the likely cost of calling HMRC using different types of phones. HMRC should aim for a standard statement about call costs that can be used across a variety of formats and ensure that an automated message about call costs appears at the beginning of every customer contact.*

In the intervening years there has been some progress on the issues surrounding telephony cost which were identified in our recommendations, but problems surrounding telephony still appear to abound in the early part of 2016. Arguably we are now much closer to a “digital by default” environment, but we are not quite there yet and an efficient and low-cost telephony alternative is still vital to the customer base of both the DWP and HMRC, especially for those who are vulnerable and/or who struggle on a low income.

In our earlier reports we concentrated on the charging regimes for specific numbers (for example, the 0800 or 0845 alternative); the difference between landline and mobile charges; the efforts made by the DWP and HMRC to reduce the costs to their respective customer bases; and the information provided to those customers as to the likely costs they would be incurring when telephoning the Departments.

In this report we are updating progress on those issues, but we have added further related topics so as to get a more satisfactory overview of telephony in the transition to digital. We are also conscious that with the unprecedented changes to the welfare reform agenda (in particular, Universal Credit) coupled with significant changes to the PAYE system (Real Time Information (RTI)) there will need to be ever closer working/co-ordination between HMRC and the DWP. At the same time, the lower income customer bases of both Departments need to understand what role telephony will have as they make their claims for support and are then required to communicate changes of circumstances to both Departments. At this time communication to claimants will be vital if they are to be able to access both Departments in the least costly and most efficient manner. The role that GOV.UK (the Government's "information in one place" service) has to play also comes into focus.

The further related telephony topics we have chosen to explore briefly, in addition to those previously considered, are:

- a) **Whether the major cost to the customer is generated by the periods on hold (waiting to be connected to a human being), rather than the charge rate for a particular call.**
- b) **Whether there is a consistency of advice/practice between Departments (and GOV.UK) in trying to minimise the costs to customers, for example, in the use of call-backs.**
- c) **How people with hearing disabilities are coping with increased automation.**
- d) **What analysis is taking place within both the DWP and HMRC as to why customers need to telephone their respective Departments and to what extent this may be due to "failure demand"?**
- e) **Whether the move to "digital by default" will solve any perceived problems and over what timescale.**



When we refer to HMRC in this report, we are referring to those parts of HMRC which are administering “Benefits & Credits” and therefore have a similar customer base to that of the DWP. This report only covers Great Britain, although many of the issues are relevant in Northern Ireland.

## 2. The charging regime

Customers of the DWP or HMRC are occasionally required to use the telephone to make contact. This obliges those Departments to ensure that customers get a good service. Good service also makes economic sense, as poor service imposes costs on both the Departments and their customers. Since 2009 both DWP and HMRC have now moved on to use exclusively non-geographic numbers falling within the 0300 and 0800 ranges.

The DWP and HMRC receive more telephone calls annually than the rest of Government put together (64 million to HMRC<sup>1</sup> and close to 100 million calls to the DWP). There has been a move away from 0845 numbers in favour of the 0300/0345 series (HMRC closed its last 0845 numbers at the end of December 2014, with the DWP having done so earlier). The cost of calling these Departments is set out on GOV.UK (as at June 2016):

Number starts with	Description	Cost <sup>2</sup> per minute from landlines	Cost <sup>2</sup> per minute from mobiles
01 02	Geographic numbers for specific parts of the UK	Up to 12p	3p to 45p
03 0300 0345	UK-wide numbers	Up to 12p	3p to 45p
0800 0808	Freephone	Free	Free
0843 0844 0845	Business rate numbers	3p to 18p	6p to 51p

Calling from a mobile is still potentially much more expensive than calling from a landline, so it is important for the Departments to have a strategy for ensuring that those higher costs can be avoided by their customers.

As from July 2015, all calls from a mobile phone to 0800 numbers are free of cost. The impact of this latest move by Ofcom needs to be evaluated, especially as there is evidence that the more vulnerable customers are reliant totally on only a mobile phone (often on a Pay As You Go basis). According to

<sup>1</sup> The whole Department

<sup>2</sup> Approximate

Ofcom in 2014, 26 per cent of the DE socio-economic group were in mobile-only households.<sup>3</sup>

*“Free to call” numbers (0800) can be considered...where a department provides a service to...a vulnerable or low income group.<sup>4</sup>*

**HMG guidance applicable from July 2015 following recommendations by a cross-departmental group convened by the Cabinet Office**

The DWP offered 42 different 0800 numbers (in 2014), whereas HMRC only offer a handful (for example, those encouraging the public to inform on those who might be committing fraud or in the case of flooding). However, sometimes the logic between the choice of 0800 or 0345 numbers seems to be lost, for example, in making a claim for Jobseeker’s Allowance (but not online) a claimant is requested to ring a Freephone 0800 number, but if “your benefit payment is stopped, and you don’t have enough money to live on” the claimant is asked to ring an 0345 number which can cost a claimant up to 45p a minute. Similarly, a new claim to Universal Credit uses an 0345 number (except where it is a Universal Credit claim in Welsh when an 0800 number is provided) contrasting with the 0800 number used for Jobseeker’s Allowance.

As an example of what this means to a claimant in practical terms, a ten minute call from a mobile phone to an 0345 number to report a change of circumstances in Jobseeker’s Allowance (JSA) could cost the claimant from £0.30 up to £4.50 depending on their provider. At the upper range, this is significant, just under eight per cent of a weekly JSA payment for under 25s.

Progress has been made on the nominal cost of making a call since our earlier reports, but inconsistencies still remain within and between the two Departments. The increasing use of mobile technology (according to Ofcom 93 per cent of the adult population in the UK use a mobile phone in 2015<sup>5</sup>) throws up questions as to whether Departments which require the public telephones them as part of their processes should, in so doing, add a significant cost burden to the customer.

However, at a time that public funds are under pressure from a number of competing priorities, it is right that we also consider the cost implications associated with the provision of free calls. For example, HMRC have told us that the cost of moving to 0800 numbers for them would be in the region of

<sup>3</sup> [The Consumer Experience of 2014, Research Report. Ofcom \(2015\)](#)

<sup>4</sup> [HMG Guidance: Customer Service Telephone Lines Use of Number Prefixes](#)

<sup>5</sup> [Ofcom: Facts and Figures](#)

£3-4 million annually. They have taken a judgement that a better and more long-term solution would be to invest in its staff who deal with the incoming calls, ensuring that they are better equipped to deal with often complex queries from customers quickly, efficiently and reducing the need for follow-up calls. This could potentially reduce both the duration of the call and waiting times. HMRC have committed to monitor the impact of this approach, and we look forward to seeing what impact this investment has.

**If the resources could be found, the Committee's strong preference is that both Departments should introduce 0800 numbers on those enquiry lines used by vulnerable or low income customers. If the cost of doing so is prohibitive, we recommend that both Departments give further consideration to the most effective and practical steps which can be taken to reduce the cost to claimants who can ill-afford to pay for them.**

In the rest of this report we consider other "fixes" to address the cost problem, in the event that a move to 0800 numbers may not be affordable at the present time.

### 3. Waiting times

The advantage to a customer of a Freephone call is brought starkly into focus if the time spent waiting in a queue for a call to be answered is excessive. This is both a cost in cash and the time forgone by the customer (for example, a self-employed provider of services is unlikely to be able to provide those services and hold on the telephone at the same time)

#### **HMRC**

In the Public Accounts Committee (PAC) review in March 2013 of HMRC's customer service (not just in relation to tax credits) it made the following observations on waiting times:

- *HMRC's target of answering calls within 5 minutes is woefully inadequate and unambitious.*
- *From April 2013, HMRC will start to measure whether it answers 80 per cent of calls in five minutes. While this may be an improvement on current performance it still means that 20 per cent of callers would wait over five minutes to have their calls answered. The industry benchmark is to answer 80 per cent of calls in 20 seconds and some organisations aim to answer 90 per cent in 10 seconds.*

- *HMRC is deploying 1,000 extra temporary staff until March 2014 to achieve its target of answering 90 per cent of calls but accepts that it faces some big challenges in the future.*

The NAO reported that instead of maintaining resources in 2013-14, HMRC chose to reduce its target average for answering calls from 90 per cent to 80 per cent (increased to 85 per cent under the Single Departmental Plan 2015-2020).

Overall HMRC Contact Centre performance deteriorated significantly in 2014-15 as compared with 2013-14. The percentage of attempted calls “handled” (answered) by their Contact Centres fell to just 68 per cent in the final quarter of 2014-15.

Similarly, records maintained to show progress against the percentage of calls answered within 5 minutes (the “5 minutes 80 per cent target” set as a response to PAC’s report) showed a significant decline as compared with 2013-14.

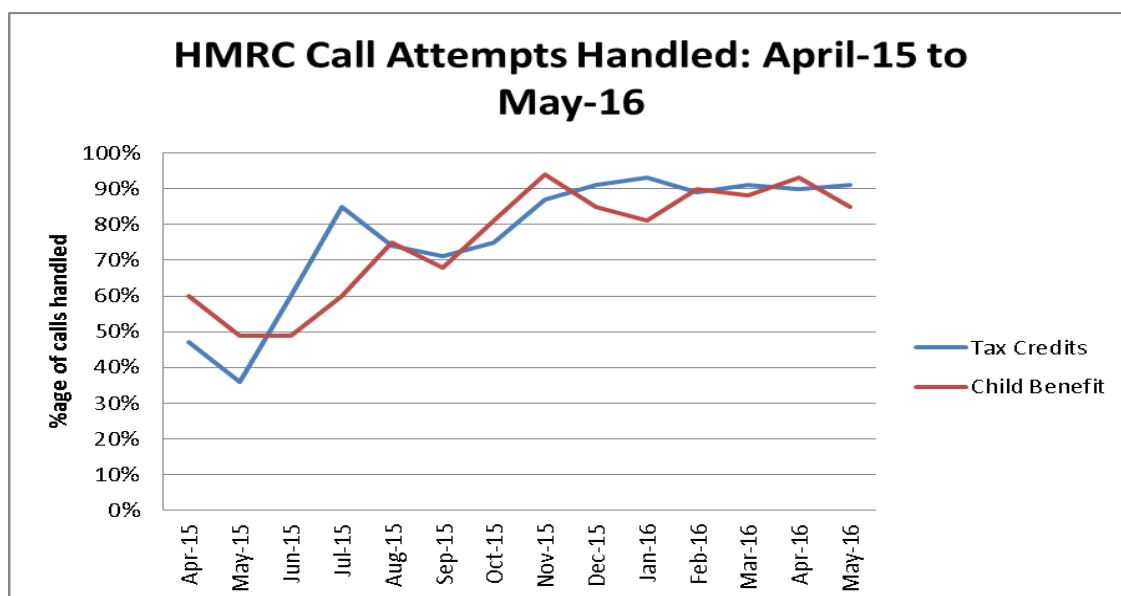
The Tax Credits Helpline experience in certain months was worse (for example, in the month of January 2015 less than half of claimants were able to be connected at all).

The Child Benefit Helpline was marginally better, although the average waiting time to speak to an adviser was over 17 minutes in March 2015.

Waiting times have been a long-standing area targeted for improvement (and the subject of many HMRC commitments). There has been a concerted effort by HMRC over the past 18 months to tackle the problem. For example by recruiting additional advisers on new contracts that ensure sufficient resources are available when customer demand is highest. Its digital services may also be having an impact by providing customers another route through which HMRC can be contacted.

We are pleased to note that the measures put in place to address long waiting times appear to have had an impact. For example in May 2016, the average time that HMRC’s customers waited to have a call answered was 5 minutes, down from 19 minutes in May 2015. In April 2016 the average wait was 6 minutes, down from 18 minutes 12 months earlier, although we understand that those times do not include the time taken to navigate the automated answering service.

The chart below also shows the recent improvement in performance in terms of the percentage of call attempts handled for tax credits and child benefit.



However, given HMRC's history in terms of call handling, it cannot afford to be complacent.

Looking forward, HMRC has also secured further investment in Budget 2016 of £71m for customer services. This is intended to deliver, with effect from this financial year, a seven day service across digital support channels like webchat and on its main phone lines, significantly improving its response times across all channels.

### **DWP**

There are no generally published figures for waiting times relating to calls to the DWP, but every year the Department undertakes research of customer satisfaction which is published as a Claimant Service and Experience Survey. In the 2013 Survey it was acknowledged that telephony experience is one of those important factors that affect the overall satisfaction/perception of the Department. The Survey identified three categories of factor which need to be understood:

- **Hygiene factors:** “elements of the service that are crucial to deliver in order to avoid claimant disappointment; however, delivering them cannot increase satisfaction beyond a basic point.”
- **Performance factors:** “can decrease satisfaction when absent, but can increase satisfaction when delivered.”
- **Delight factors:** “service elements that claimants do not necessarily expect, and whose absence would not lead to disappointment; however, if they are delivered to claimants they have a proven ability to increase claimant satisfaction.

Efficient telephony can make a contribution under each of these headings and in the subsequent Survey, published in 2016, 58 per cent of DWP customers said that the telephone was their preferred method of contact.

In its Report “Charges for customer telephone lines” published in October 2013, the PAC drew the following information from the DWP.

- In the first quarter of 2013-14 DWP answered 54 per cent of calls to its 0845 numbers in 20 seconds, compared to 23 per cent in the same period for 2012-13.
- Average waiting times for 0845 numbers in the first quarter of 2013-14 was 1 minute 44 seconds, compared with 4 minutes 12 seconds in 2012-13.

The PAC compared the DWP performance favourably to that of HMRC, whilst noting that the DWP’s performance still fell far short of the industry benchmark of 80 per cent of calls within 20 seconds (which is a stated DWP aspiration). It is not clear whether the waiting times include the time taken in listening to the automated choices.

However we now move on to consider other “short-term” measures which could be put in place to alleviate the cost pressures upon low income customers, whilst a longer-term set of measures are put in place.

#### 4. Cost-reduction technique

As we have already indicated, both the charging regime and the waiting times are very costly to claimants and while HMRC (and to a lesser extent, the DWP) are pursuing alleviating strategies it is not clear whether they will be able to make dramatic improvements in the short term across both dimensions of the problem.

A short-term measure which should make a difference is the offer of a call-back service. This was identified by this Committee as a priority in 2009 and the continuing lack of significant improvement in customer service reinforces the need for such a system. The PAC in their March 2013 report noted:

*In addition to maintaining its recent performance of answering at least 90 per cent of calls, HMRC’s plans include: offering a call-back service*

We can find no evidence that HMRC have yet implemented a general call-back service (although a call-back can be arranged for customers identified as having special needs or if a call needs to be referred between Tax and Tax Credit helplines – even here it is not evident that this is made clear on GOV.UK).

Call-backs are not ideal as they will generally lengthen the time taken to solve the particular customer issue as well as adding to the overall staff workload. They should be regarded as a short-term “fix” in the absence of an immediate solution to the underlying problem.

It is our view that any lines with excessive waiting times should have the facility to inform the customer on being connected (before any other automated message) of the average wait to be expected. HMRC is taking steps to address this by introducing a trial on the employer helpline to play minimum expected delay messages with the eventual aim of testing and rolling out more widely. There is uncertainty as to the timescales for any widespread roll-out that would include Benefits and Credits.

**We recommend that a call-back system be reviewed as a short-term aid for customers ringing HMRC together with an information system that advises customers of potential wait times.**

## 5. Information held on GOV.UK

Following migration of both the DWP and HMRC websites to GOV.UK we would have expected consistency applied to telephony directions, both within individual departments and across departments. However, there seems to be considerable variation. For example:

- Descriptions about contacting both Departments by telephone vary, depending upon which part of the Department is providing information and the format concerned (for example, the information may differ if provided in text on GOV.UK or in downloadable pdf or Word documents). For example, important HMRC leaflets held on GOV.UK (such as “Child Tax Credit and Working Tax Credit: leaflet WTC1”) contain no information on call charges.
- Whether there is a Welsh language number to ring seems to be random whichever Department is being contacted.
- Application forms for various benefits are inconsistent in their telephony help and could be rationalised by GOV.UK and linked electronically to core guidance held by GOV.UK.
- There is no consistency (and a general lack of information) in either Department (and therefore on GOV.UK) about the ability to respond to customer requirements to contact the Department by textphone, text relay (including Next Generation Text), e-mail, SMS, fax, video relay, etc.

**We recommend that GOV.UK should take a lead role across Government departments:**

- **in providing a central point with all relevant information as to costs of calling;**
- **in rationalising the telephony information provided by individual Departments; and**
- **in promoting consistent information relevant to those with disabilities trying to contact Government.**

## **6. Supporting those with disabilities**

People with disabilities are likely to have a below average level of access to information. This may be due to financial reasons, limited mobility or because absorbing information can require extra effort. The Equality Act 2010 explains that having due regard for advancing equality involves (inter alia):

- Removing or minimising disadvantages suffered by people due to their protected characteristics.
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.

If someone is deaf, hearing-impaired or has a speech impairment, then difficulties with the telephony offering are multiplied. There are approximately 10 million people in the UK with a hearing loss. People with hearing loss may not be able to hear on a voice telephone or they may be able to hear some of the conversation but miss other parts. More than 800,000 people have a severe or profound hearing loss and cannot use a standard telephone. In those circumstances all the factors identified earlier in this report become far more important:

- If a text relay<sup>6</sup> service (where an operator acts as an intermediary between the hearing-impaired caller and the Government Department) is being used, any delays in getting through to an adviser mean that two people have to hold on the line.
- Text relay is a scarce resource and therefore time spent by “text relay” professionals hanging on the phone is a wasted resource. Therefore the

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<sup>6</sup> HMRC tell us that ten per cent of claimants who are hearing-impaired have the facilities to use text relay, and the numbers are declining with each passing year as they find other means for communicating with Government.



delays already identified in this report have a disproportionate impact.

- Automated answering systems can also be unhelpful to a text relay conversation and need to be well-crafted (according to Action on Hearing Loss)
- For those who prefer to receive their communications through British Sign Language (BSL) or through e-mail need such possibilities highlighted.

In our brief review we have quickly found inconsistencies both within the DWP and HMRC and between both Departments. For example:

- HMRC primary leaflets on tax credits or child benefit (WTC1, WTC2 and CH2) do not mention the text relay service, yet certain standard letters (and HMRC's GOV.UK disability page) do so.
- HMRC have a page on GOV.UK "Dealing with HMRC if you have additional needs". There is no equivalent page for the DWP.
- Across GOV.UK there is a general lack of consistency in explaining what alternative methods of contact with both Departments is possible.
- There are BSL offerings by both DWP and HMRC on YouTube. They are cross-referenced by GOV.UK, but there is not a consistent approach to holding the video on the GOV.UK site itself (for example, the PIP video is held on the Easy Read section for those with learning disabilities). Additionally, HMRC have worked with the Royal Association for Deaf People to pilot an online video service using BSL.<sup>7</sup> We understand that this will become a permanent tool in future, with all BSL translated content stored in a single area of GOV.UK for ease of access.
- It would appear that the DWP and HMRC have divergent strategies when it comes to using e-mail, if that is the preference of a customer with hearing disabilities. DWP are prepared to communicate to its customers by e-mail (but it is still unclear in what circumstances) whilst HMRC only allow its use in very limited circumstances because of concerns about security. HMRC is, however, moving to secure messaging within the Personal Tax Account system. At DWP, secure messaging will become available through the Universal Credit online portal.

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<sup>7</sup> <http://royaldeaftax.org.uk/>

- If either Department wants to contact the individual customer with a hearing impairment the customer “file” should carry a preferred method of contact, but it is not clear that this practice is adopted systematically.

Since we began this report we are pleased to note that the DWP, in partnership with other departments including HMRC, have launched a consultation (completed in March 2016) on behalf of itself and Government departments generally to:

*“...determine the present state of the market in support that facilitates communication for people who are deaf, deafblind or have hearing loss and those that need to engage with them. The review will look at the provision in the UK as a whole and will include all forms of communication and language support.”*

In HMRC’s Needs Enhanced Support (NES) review published in 2015, the barriers provided the telephony system (including the newly-introduced Intelligent Telephony Automated (ITA) system) were discussed at some length. The following quotes illustrate the nature of some of the barriers.

*Customers across all tiers commonly found that it was a challenge to get through to Tier 1 advisers. Almost 40 per cent in both waves reported waiting over twenty minutes to get through and approximately one-quarter of participants found it difficult or very difficult to choose from the list of options, when going through the Intelligent Telephony Automation system.<sup>8</sup>*

*Older customers and those with more complex or multiple issues were more likely to see waiting times and the ITA system as ‘barriers’. These customers reported using a variety of methods (e.g. not saying anything, holding the line, making something up) in order to get through; some gave up and went through other means e.g. going to the Citizens Advice Bureau (CAB)*

*The benefits and credits queries reported by customers - which included applications, questions about eligibility and renewals, reporting a change of circumstance and dealing with overpayments - tended to be relatively simple. However, customers were often in financial hardship or in vulnerable circumstances, which meant there was a pressing need for resolution and could mean that NES drivers became exacerbated if a query remained unresolved for a period of*

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<sup>8</sup> If a customer finds it difficult to decide which option suits them best and says nothing, they will be put through to a call operator.

*time. Just under half of Tier 1 customers had spoken with HMRC three or more times about their most recent issue; in the qualitative interviews, customers who felt under financial pressure were more likely to call multiple times to get updates on their query.*

These quotes illustrate that additional consideration requires to be taken for claimants who have special needs, especially when new electronic solutions are introduced.

As part of HMRC's NES service, there are a range of initiatives being taken to support vulnerable customers and, while significant reductions in staff are planned for the rest of this planning cycle, we understand that more staff will be moved to telephony teams therefore ensuring that the capability of this service will not be eroded – indeed it should be strengthened.

In recent years, the DWP have been conscious that they should do more to support customers who were blind or partially-sighted or with other disabilities in order to meet its legal obligations. It carried out a review which reported in March 2015. The lead reviewer commented:

*The Equality Act 2010 creates a legal duty to make reasonable adjustments for disabled people when providing a service to the public or exercising public functions. This requirement is anticipatory and organisations should not wait until a disabled person wants to use a service before considering the type of reasonable adjustment to make. A reasonable adjustment is a change to a physical feature, environment or the way things are done to make sure that a disabled person is not put at a substantial disadvantage compared to a non-disabled person. In addition the public sector equality duty under that Act requires all public authorities to have due regard to the need to advance equality of opportunity for disabled people, including by removing or minimising disadvantages which they face and taking steps to meet their particular needs.*

The review's primary recommendation was for the DWP to "test a 'Proof of Concept' pilot which will test the process, procedures and requirements of a central team to deliver communications in Alternative Formats."

There was only a passing recognition in that review that there may be other disabilities which should be brought within the suggested pilot:

*Other health conditions that may also require communications in Alternative Formats have been brought to the attention of the review. Although not part of the original remit, there is scope for improving the*

*provision of Alternative Formats for all customers who have a health condition, specifically those who are Deaf or Hard of Hearing, have dyslexia, or who are learning disabled.*

We acknowledge that meeting all the legal requirements of the Equality Act (and other disability law) can be an onerous task, especially across such large Departments as the DWP and HMRC. However, we are of the view that there are “quick wins” which could be adopted relatively easily.

**We therefore recommend that:**

- **within the Proof of Concept pilot (above) all disabilities are given equal prominence; that telephone communications should be an equal priority within the pilot; and that HMRC (and GOV.UK) are invited to participate in the pilot bearing in mind the ever closer liaison between Departments that will be needed to make Universal Credit a success; and**
- **with the additional benefit of the results from the recent DWP consultation, a working group of representatives of the DWP, HMRC and GOV.UK should meet with a range of disability charities to draw up a plan to eliminate the inconsistencies and address the other issues that we have identified in our brief review.**

## **7. Failure demand**

“Failure demand” is where a contact from a customer is caused by a prior failure to do something or to do something right for the customer. Research has shown that many telephone contacts by claimants add no value to either of the Departments or their customers, for example, calls asking when customers can expect to receive a reply to a letter or form submitted to the Departments.

Calls to general helplines include:

- a) following an instruction from the Department to do so, for example, to notify a change of circumstances;
- b) correcting mistakes made by the Department;
- c) wanting guidance as to the meaning of instructions on a form or on a part of the internet to which they have been referred;

- d) an inability to follow guidance provided through not being able to access the internet;
- e) obtaining reassurance that everything is in order;
- f) making a complaint.

The HMRC Contact Centres Survey Report 2013-14 (as at June 2016 the 2014-15 Report had not been published) shows that, taking HMRC as a whole, 30 per cent of customers had to speak to HMRC at least twice about the same issue; 20 per cent called because they had not received a reply; and 19 per cent called because HMRC had made a mistake. With the total number of HMRC calls, these percentages suggest that millions of calls do not add value.

Various reviews have shown that inadequate thought or understanding about customer reaction to a process can lead to increased telephone contact at a later point in time, causing waste within a Department and/or the supporting voluntary sector.

It is therefore necessary to have a disciplined approach to understanding the detail of why customers are telephoning the DWP or HMRC and a programme for eliminating calls which add no value through making adjustments to processes which may be driving that contact. Both DWP and HMRC have taken steps in that direction:

*Promoting a 'once and done' culture for a quicker, better and more efficient service, in particular by focusing on continuous improvement across the journey that customers take when claiming benefits, supported by the use of LEAN tools and techniques; for example, inbound telephone enquiries have reduced by around 32 per cent in the period April to November 2013 .*

When giving evidence to the Work and Pensions Committee on DWP's Annual Report and Accounts in October 2015, Sir Robert Devereux (Permanent Secretary) reported significant further reductions in inbound calls from 7.4 million calls a month in March 2012 to 4.2 million calls a month in autumn 2015.<sup>9</sup>

In September 2015 HMRC published a research report from December 2014 entitled "*Qualitative research to understand why customers make avoidable calls to the tax credits helpline*". This was a very limited research scope

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<sup>9</sup> [Transcript of oral evidence](#) given to the Work and Pensions Committee on DWP's Annual Report and Accounts. October 2015

exercise to understand why tax credits customers who had received a digital acknowledgement of their tax credits claim or renewal still made a “progress chasing call” to the tax credits helpline. This was revealing but unsurprising, primarily showing that claimants made calls to HMRC (even if they used a digital renewal route) because they wanted reassurance/confirmation that everything was in order, or they were progress-chasing or HMRC delays had created anxiety. The digital acknowledgment was only a small part of the “customer journey” and done with the best of intentions, yet created unexpected results.

We should at this point acknowledge, however, that following the promotion of the online facility, 400,000 fewer calls were anticipated during the 2016-17 Tax Credits renewals process.

HMRC also published in September 2015 *Research Report 364* which measured HMRC customer service performance over the period 2008 to 2015.

There were trends which could impact adversely upon failure demand specifically in the Benefits and Credits service. For example:

- Although use of the internet increased significantly (23 per cent to 38 per cent) over the period the use of the telephone remained constant at around 92 per cent.
- Ease of getting in touch declined significantly from (72 per cent to 58 per cent) over the period.
- Keeping the Benefits and Credits claimant informed declined from 79 per cent to 69 per cent.
- Acceptability of time taken to deal with tax credit issues declined from 80 per cent to 75 per cent in the last 4 years.
- Four out of ten claimants felt that HMRC did not look after their interests.

HMRC explained to us that they had an active demand management function which had successfully focussed on tackling low value contact through analysis of customer journeys and process improvement and re-engineering; and now had ambitious targets for further reduction of calls through enabling customers to self-serve.

Nevertheless we think that there could be merit in involving advice-sector stakeholders (and some claimants) in an end-to-end examination of “customer journeys”. **We recommend that both HMRC and the DWP consult with their stakeholders with a view to establishing working groups which would map customer journeys in relation to Tax Credits, Child Benefit and Universal Credit in order to identify processes which could be improved so as to reduce wasteful customer contact.**

## 8. A digital future

Both Departments are investing significant amounts in digital solutions to their service delivery issues. As part of this strategy there is an expectation that digital services will lead to a greater ability of claimants to self-serve digitally and to reduce interaction by telephone.

There are, however, developments in the medium term which we can envisage may drive a further demand for telephone interaction:

- a) When Universal Credit (UC) is fully rolled out, employees will have their monthly income reported by their employer(s) via HMRC to the DWP. If the reported earnings in an assessment period (and this may be from several sources) are unable to be recognised it is likely that an explanation will be sought by a UC recipient from both the DWP and HMRC.
- b) UC itself could be a significant generator of queries to the DWP, especially when families become a more common cohort of claimants (even though the design is planned to be largely digital).
- c) Tax free childcare will be a new system introduced in the next two years and choices will have to be made by those claimants who may have the option of receiving childcare support under tax credits or UC.
- d) The transition from tax credits to UC may not be straightforward, particularly for the self-employed or those with fluctuating earnings.

It is beyond the scope of this brief review to analyse the impact of these developments, but we can see merit in involving the stakeholders of both HMRC and the DWP in jointly considering the variety of future “customer journeys” in the digital world of UC.

We therefore **recommend that a specific stakeholder group be established which would look proactively at what digital solutions would be necessary to reduce telephone interaction during the major roll-out of UC to all the different customer segments.**

## 9. Summary of recommendations

Increasingly both DWP and HMRC are preparing for a digital future which will fundamentally change the way they interact with customers through the increased availability of support available via web-chat, journals, texting, smart phones and so on. Even so, telephony continues to be an important medium for communication between claimants and government departments and we recognise that there was been some progress to address concerns raised in our 2009 report. However, some important issues remain and we therefore recommend:

- 0800 numbers should be introduced for helplines used by vulnerable or low income customers;
- a call-back system be reviewed as a short-term aid for customers;
- the introduction of an information system that advises customers of potential wait times;
- GOV.UK should take a lead in centralising and rationalising telephony information, particularly to assist those people with disabilities;
- a working group consisting of HMRC, DWP, GOV.UK and disability charities should review telephony/communication services for those with disabilities provided by their Departments;
- HMRC and DWP should use the experience of the voluntary advice sector to reduce failure demand; and
- HMRC and DWP should join with their stakeholders in understanding the role of telephony in the transition to digital under Universal Credit.



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## **Annex B:           Membership of the Social Security Advisory Committee**

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John Ditch\*

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<sup>10</sup> Committee member until 30 April 2016



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