

Plus ca change...?

Matt Hall reminisces about his days working for the Inland Revenue, and wonders if anything has actually changed since that time

HMRC has long insisted on calling taxpayers “customers”. Few titles irk me more. Recent press coverage of HMRC “customer” service levels brought to mind some of my own early experiences of the then Inland Revenue.

I joined what is now HMRC in June 1992. Those were the days before email (certainly for me) or home working but I do wonder if results have changed much, even if methods have.

Plus ca change?

In 1992, correspondence was received daily by post, counted, and distributed. Each caseworker knew the post in each day. Our task was simple. Deal with it, then file it.

- Post less than one week old was allocated to a ‘Green 1’ folder
- That not yet dealt with which became three weeks old, went into Green 2
- Three-week-old post went into amber
- And, finally, post not dealt with within four weeks, into the red folder

As a new joiner I was told to avoid post going into my red folder at all costs. And that if I did I should simply send a compliment slip acknowledging receipt. That allowed the post to be returned to Green 1! Another oft-used compliment slip simply said “your letter of XXXXX has been received and will receive attention”. It was often a lie.

Wide-eyed and enthusiastic, with a working-class father instilling in me that the only excuse not to go to work was a funeral (your own!), I still recall my surprise at being told that there was no limit, or monitoring (in my department/ district at least) of the number of times this tactic could be rinsed and repeated.

One colleague, for whom even filling in compliment slips was too burdensome, would simply empty her amber folder into the bin each week.

How much has HMRC changed?

I left HMRC in 1994, before my colleague, disillusioned that too few were left to do too much, whilst too many did the bare minimum. And I wonder if things have really changed that much?

My recent experience of dealing with HMRC, of waiting months, not weeks, and indeed sometimes years, for replies to correspondence. Of spending what feels like eternity waiting for someone to answer a phone call only to be told that the person who finally does cannot do what is needed of them, suggests not. It is an experience widely shared.

Public Accounts Committee criticise HMRC

HMRC has, rightly, come under widespread criticism for this. In a highly critical report, the House of Commons Public Accounts Committee (PAC) said the amount of tax that was owed but went unpaid in the UK rose to £42bn in 2021-22, up from £32bn the previous year. The committee said that HMRC is missing out on billions of pounds of tax revenue because of a “failure to better resource compliance” and is delivering an “unacceptable” service, according to a cross-party group of MPs.

The usually temperate Chartered Institute of Taxation said: “The Public Accounts Committee are right to be challenging HMRC on customer service levels. The delays that taxpayers and their advisers currently face are not acceptable. Our members tell us every day of the delays they face getting answers and action from HMRC – and the impact this is having on businesses and individuals.”

HMRC is one of the largest employers in the UK

HMRC’s Press Office twitter account has been busy this defending HMRC from criticism^[1]. Angela McDonald, HMRC Deputy Chief Executive, in oral evidence to the PAC, said: “If you go back five years, I had 25,500 colleagues in customer services and I now have 19,500 colleagues in customer services.” The suggestion being that all would be well if only HMRC had more staff.

This line struck me. Tax Watch, a tax research think tank, recently called on Government “to properly resource HMRC^[2]”. As has the ICAEW.

A lack of resource is oft cited by HMRC, and others, in their defence. But is this misleading? Is the problem really one of quantity; or quality?

The latest statistics available ^[3]show that HMRC has a full-time equivalent (FTE) workforce of 66,390 (in November 2022). This at a total payroll cost of £276,481,438.88 (of which £50,267,310.74 was Employer Pension Contributions – HMRC employees will receive a minimum employer contribution of 26.6% this year^[4]).

By way of comparison, HMRC employed 66,649 FTE employees in April 2011 at a total cost of £182,369,867.00.

This suggests that current problems are not necessarily one of total resource. Or if they are, that they are long standing and so it is optimistic to expect that to change. My personal view, from the outside, is that the problems run much deeper than numbers; that a claimed lack of resource is a fig leaf for those in need. Questions should properly be asked about the allocation, management and motivation of HMRC’s human resources.

HMRC is undoubtedly a big ship to sail. Arguably it has run aground.

“We want to make HMRC a great place to work”

Its ‘skippers’ over the past decade have been the late Dame Leslie Strathie (2008-2011), Dame Lin Homer (2012-2016), Sir Jon Thompson (2016-2019) and the current, as yet untitled, Jim Harra. All career civil servants.

In 2013, Homer’s tenure at UK Border Agency was criticised for its “catastrophic leadership failure” by the [House of Commons Home Affairs Select Committee](#), which said it had been repeatedly misled by the Agency.

In March 2013, HMRC was criticised by the House of Commons Public Accounts Select Committee for its “unambitious and woefully inadequate” response to a report from the UK National Audit Office in December 2012 concerning poor customer service by HMRC. Dame Lin was nicknamed “Dame Disaster” by The Guardian’s John Crace. Poor customer service from HMRC is not a new problem.

Nor does HMRC appear to be a happy ship. Morale within the tax office has reached rock bottom, as staff in shrinking compliance and customer service teams feel they are not given the tools to do the job, according to a report in The Times recently. ‘A source’ told The Times: “People inevitably get fed up and leave and are not replaced with those with adequate skills, then performance slips and people are given grief for it. People are incredibly angry — workers on the phones dispense tax advice, but they’re being paid minimum wage. I don’t know whether people realise that when they’re waiting to get through,” the source said^[5].

I cannot be alone in being alarmed by this quote.

The HMRC Charter

“We want to give you a service that is even-handed, accurate and based on mutual trust and respect. We also want to make it as easy as we can for you to get things right.”

At a time when HMRC is “consulting” (I use that word warily with HMRC!) on “[raising standards in tax advice](#)” it should first get its own house in order. It is currently made of glass.

If your firm faces challenges dealing with HMRC Armadillo tax expertise is on hand when you really need it. Our [Tax Partner Service](#) provides accountants with an expert second opinion on complex tax matters, saving hours of research time.

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References

- [1] <https://twitter.com/HMRCpressoffice/status/1615293271873564673?s=20&t=dFovnXi8baiyRdiiJJDovw>
- [2] https://twitter.com/taxwatch/status/1615726758816350210?s=20&t=cBG9y_h8aLOXKCjuxtCAKA
- [3] <https://www.gov.uk/government/publications/hmrc-and-voa-workforce-management-information-november-2022>
- [4] <https://www.civilservicepensionscheme.org.uk/your-pension/managing-your-pension/contribution-rates/>
- [5] <https://www.thetimes.co.uk/article/embattled-hmrc-faces-strike-as-billions-in-taxes-go-uncollected-r8k9mmqhm>