National Audit Office

Departmental Overview

The performance of HM Revenue & Customs 2013-14

MARCH 2014

Our vision is to help the nation spend wisely.

Our public audit perspective helps Parliament hold government to account and improve public services.

Contents

Introduction

Aim and scope of this briefing

1 The primary purpose of this report is to provide the Treasury Select Committee with a summary of HM Revenue & Customs' activity and performance since September 2013, based primarily on published sources, including the Department's own accounts and the work of the National Audit Office (NAO).

2 Part One focuses on the Department's activity over the past year. Part Two examines developments in this Parliament. Part Three concentrates on NAO analyses of activity over the past year. Part Four takes the form of a case study, looking in greater detail at the Department's work on measuring compliance, a key issue for the Department at the current time.

3 The content of the report has been shared with the Department to ensure that the evidence presented is factually accurate.

Part One

About the Department

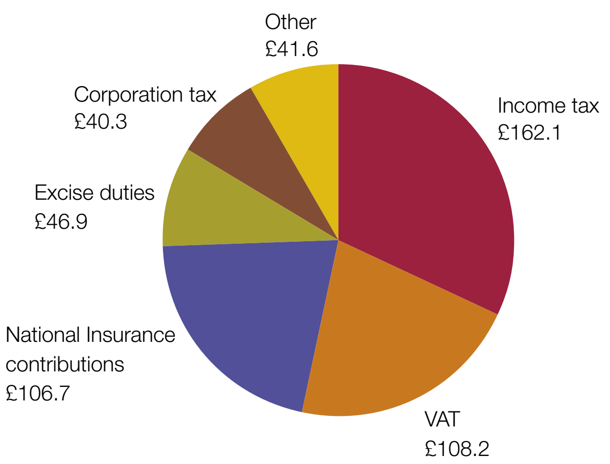
The Department's responsibilities

1.1 HM Revenue & Customs (HMRC) is the UK's principal revenue-collecting department. Its purpose is to ensure that money is available to fund the UK's public services, by collecting UK taxes. In 2013-14 HMRC collected £505.8 billion in revenue. Income tax, National Insurance contributions and VAT accounted for 75% of tax collected (**Figure 1**).

1.2 HMRC also helps families, individuals and companies with targeted financial support. In 2013-14 the Department spent:

- £29.3 billion on personal tax credits;
- £11.5 billion on child benefit; and
- £1.6 billion on corporation tax credits and reliefs.

Figure 1
Main types of revenue collected by HM Revenue & Customs in 2013-14 (£ billion)



Note
1 Total revenue: £505.8 billion.

Source: HM Revenue & Customs *Annual Report and Accounts 2013-14*

1.3 In addition, HMRC enforces the national minimum wage, collects student loans, collects and manages the bank levy and supervises compliance with money laundering regulations for organisations in finance sectors that do not have a supervisory body.

1.4 HMRC is a non-ministerial Department, responsible for the administration of the tax system. It reports to Parliament through the HM Treasury minister who oversees its spending. HM Treasury leads on strategic tax policy and policy development. HMRC leads on policy maintenance and implementation.

How the Department is organised

1.5 The Chief Executive of HMRC is responsible for HMRC's day-to-day business, and is both the Principal Permanent Secretary and Accounting Officer, accountable to Parliament for the Department's expenditure and performance. The Tax Assurance Commissioner has specific accountabilities in the areas of tax policy and strategy; tax professionalism; and overseeing and providing assurance on large tax settlements.

1.6 HMRC is organised into four groups: personal tax; business tax; benefits and credits; and enforcement and compliance. These groups are supported by five department-wide corporate services functions, which are: Central Tax and Strategy Group; Chief Digital and Information Officer Group; Chief Finance Officers Group; Human Resources; and Legal (**Figure 2**). The Chief Executive chairs HMRC's Executive Committee, membership of which includes the Tax Assurance Commissioner and the leaders of each of HMRC's four groups and five functions.

1.7 The Executive Committee are responsible for the collection and management of revenue, the enforcement of prohibitions and restrictions and other functions, such as the payment of tax credits. The commissioners are also entitled to appoint officers of HM Revenue and Customs, who must comply with their directions. During the course of this Parliament there have been extensive changes in the composition of HMRC's Executive Committee. **Figure 3** on page 8 shows how the Executive Committee has evolved over the past four years.

1.8 HMRC's Board is in place to advise and challenge on the management of HMRC, particularly focusing its attention on the performance of the Department and its future strategic direction. The Board is chaired by the lead non-executive director. In 2013-14 the Board comprised six members of the executive committee and six non-executive members, assisted by two other non-executives who serve on the audit and risk committee.

1.9 HMRC has one executive agency, the Valuation Office Agency, which provides property valuations and advice to support the administration of taxation and benefits, and to the wider public sector (Appendix One).

Figure 2
How the Department is organised

Executive Committee

Business Tax

- Large business
- Corporation tax, International and Stamps
- Indirect tax directorate
- Customs directorate
- Customer and strategy
- Finance
- Operations
- Change portfolio

Benefits and Credits

- Operations
- Change and Universal Credit
- Tax-free child care
- Customers, strategy and policy
- Finance
- Human resources

Personal Tax

- Operations
- Specialist
- Customer product and process
- Communications
- Finance
- Human resources
- Change portfolio
- RTI programme

Enforcement and Compliance

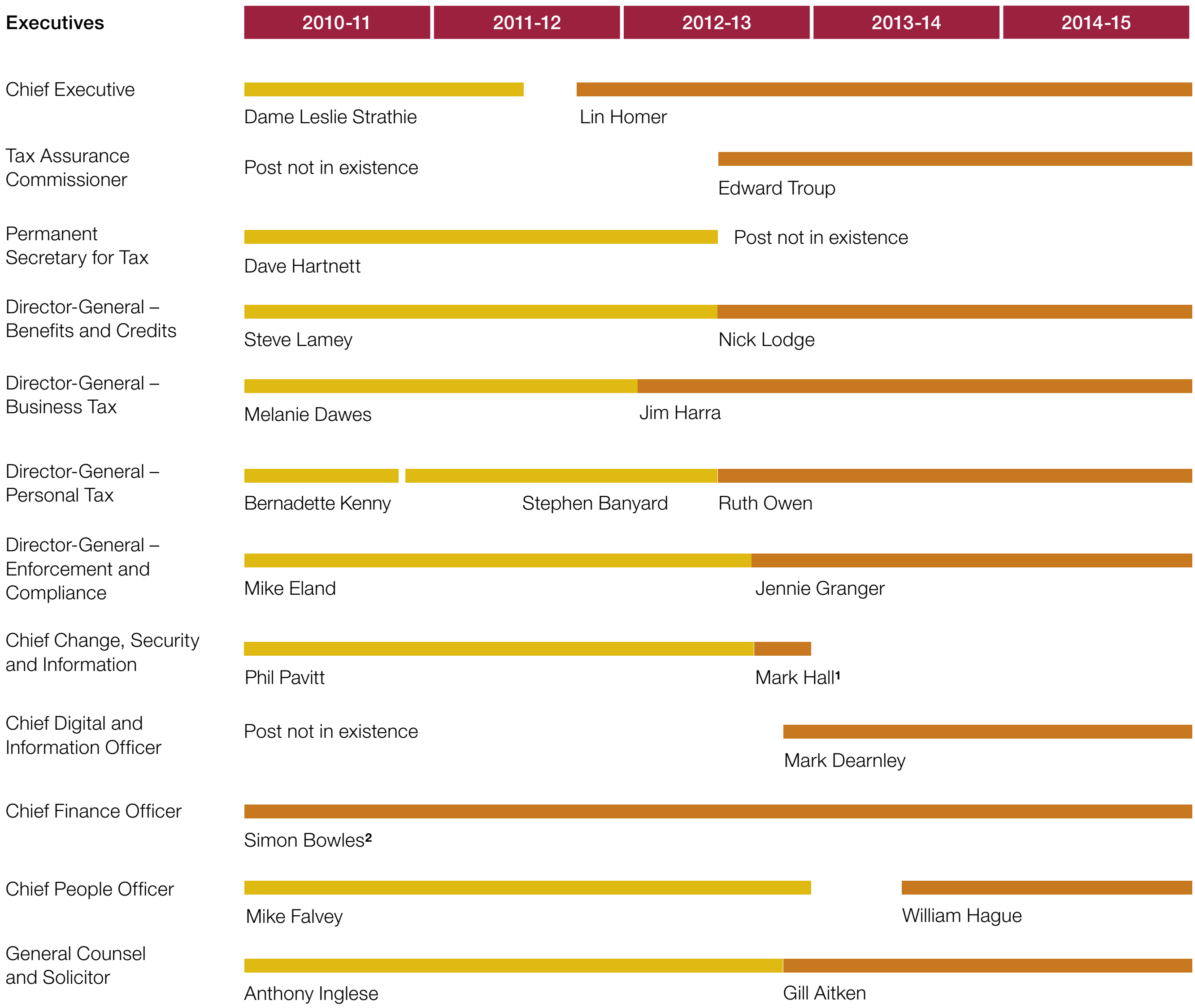
- Debt management and banking
- Human resources
- Criminal investigations
- Specialist investigations
- Finance
- Counter-Avoidance Directorate
- Local Compliance
- Strategy and change portfolio
- Risk and intelligence

Tax Assurance Commissioner group and Corporate Services

- Tax assurance commissioner group
- Finance group
- Digital and Information
- People function
- Legal

Source: HM Revenue & Customs

Figure 3
Membership of HM Revenue & Customs Executive Committee since 2010-11



Notes

1 The position for Chief of Change, Security and Information has been discontinued and replaced with the new post of Chief Digital and Information Officer.

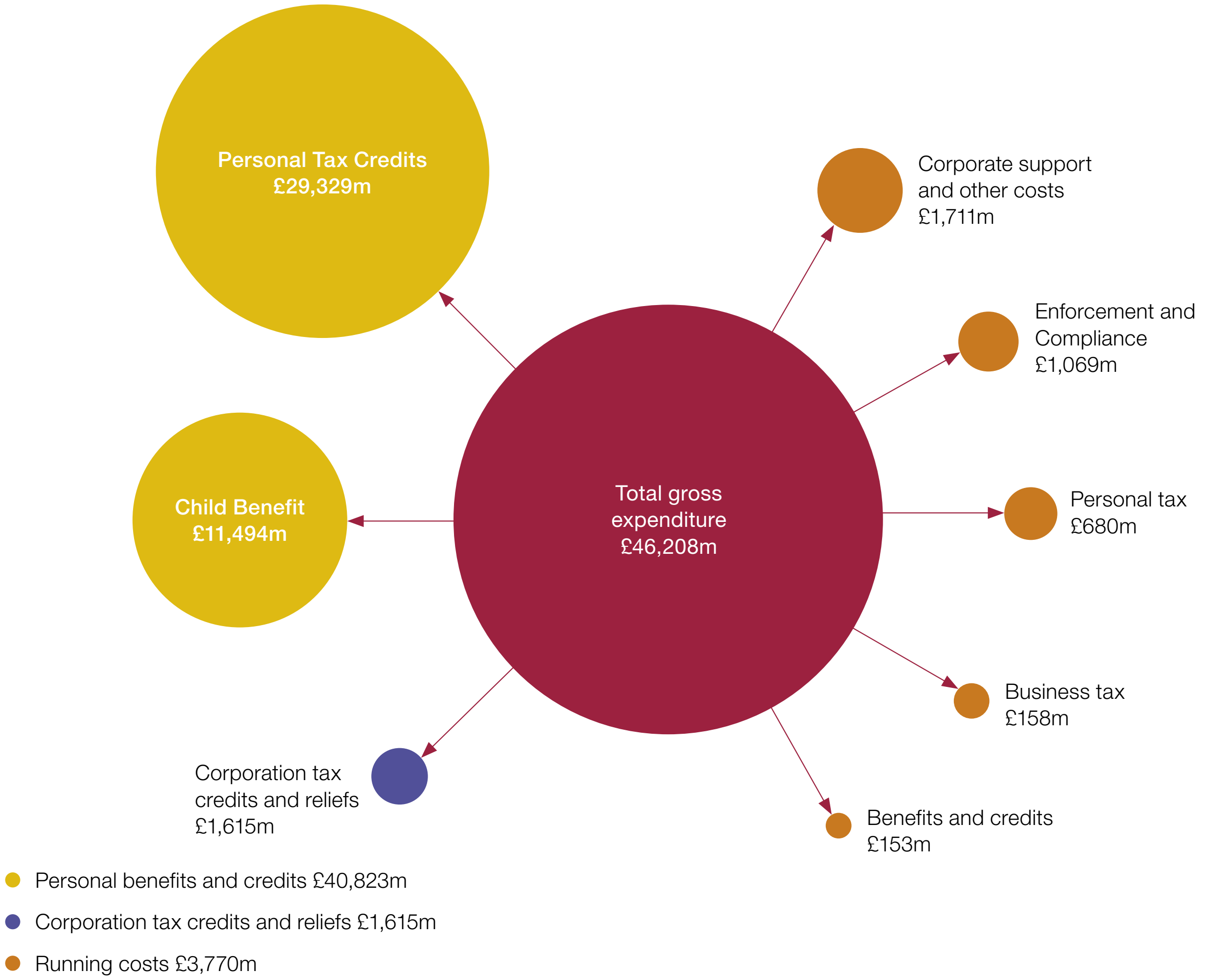
2 Simon Bowles will leave HMRC in March 2015.

Source: National Audit Office analysis of HM Revenue & Customs *Annual Report and Accounts* from 2010-11 to 2013-14

Where the Department spends its money

1.10 In 2013-14 HMRC had gross operating costs of £46.2 billion. This includes expenditure on personal tax credits, corporation tax reliefs and child benefits totalling £42.5 billion, as well as gross running costs of £3.8 billion. **Figure 4** shows a breakdown of the Department's net operating costs by business area.

Figure 4
Where the Department spent its money in 2013-14



Notes
1 Data for running costs comes from Note 2 to the 2013-14 accounts.
2 Data for personal benefits and credits and corporation tax credits and reliefs comes from Note 5 to the 2013-14 accounts.
3 Figures may not add due to rounding.

Source: National Audit Office analysis of HM Revenue & Customs *Annual Report and Accounts 2013-14*

1.11 Staff costs are the largest component of HMRC's running costs. The Department employed some 63,000 full-time equivalent staff over the 2013-14 year at a cost of £2.13 billion.[1] Other significant areas of expenditure include the costs of HMRC's office accommodation and its IT systems. HMRC has sought to reduce its running costs over the past four years, making savings by reducing staff numbers and the size of its estate, and renegotiating its IT contract.

Staff attitudes

1.12 The government has conducted its Civil Service People Survey in each of the past five years. The most recent survey was carried out during October 2014.[2] We have reviewed the results from the October 2013 survey for comment in this report.

1.13 Continuing our practice in past briefings, we summarise here the views of the Department's staff on a number of key issues, and compare them with benchmarks for the civil service as a whole. Detailed results for all departments are reproduced in Appendix Two.

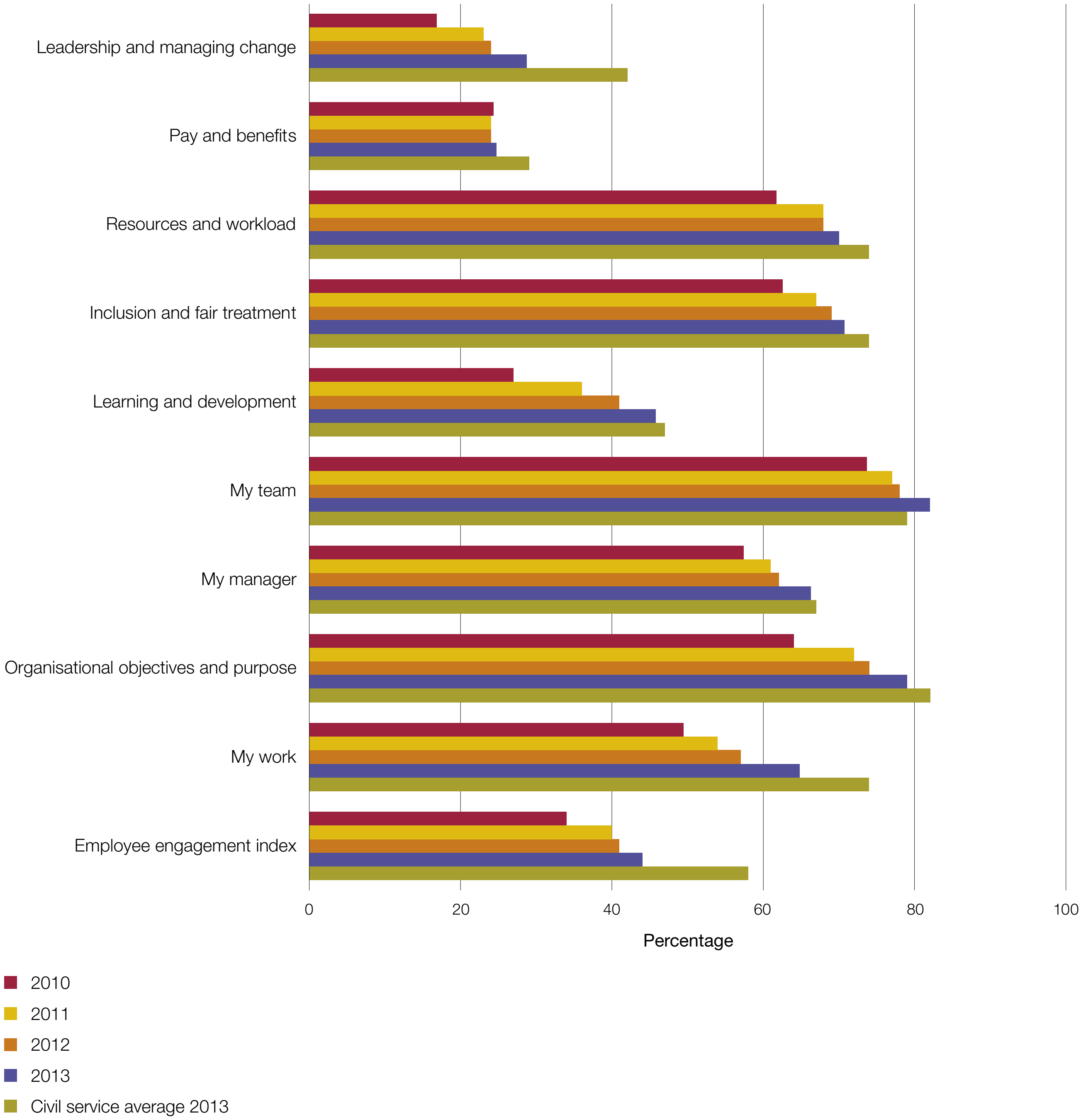
1.14 **Figure 5** shows HMRC's scores for the 9 themes in the survey. Over the past 4 years, HMRC's scores have improved for 8 out of the 9 themes and in 2013 it surpassed the civil service average in the 'My team' theme for the first time. Pay and benefits remained the only theme to record little change in attitude in 2013. The greatest improvement was in 'Leadership and managing change', where HMRC increased its score by 71% but at just 29% positive, it still remains 13 percentage points below the civil service average.

1.15 The headline measure for the Civil Service People Survey is the 'Employee engagement index' which gives a single measure of employees' attitudes towards their employer. In 2013 HMRC achieved an overall employee engagement index of 44%, the lowest in the civil service and 14 percentage points below the civil service average. However, it has increased annually from a low of 34% in 2010 (Figure 5).

1 This is the average number of full-time equivalent staff in HM Revenue & Customs during 2013-14.
2 Results from the 2014 Civil Service People Survey are available at: www.gov.uk/government/collections/civil-service-people-surveys--2

Figure 5
Civil Service People Survey: Comparing the HMRC 2010–2013 results to Civil Service 2013 average

HMRC achieved an overall employee engagement index of 44% in 2013, 14 percentage points below the civil service average for that year



Source: National Audit Office analysis of *Civil Service People Survey 2013*

Part Two

Developments in this Parliament

2.1 In February 2015 we published a report taking stock of HM Revenue & Customs (HMRC's) progress in increasing the effectiveness of tax collection since 2010.[3] It provides a full analysis of HMRC's developments over this Parliament. The key developments are summarised in this Part.

2.2 HMRC's strategic objectives since 2010 have been to maximise revenue, make sustainable cost savings and improve customer service. Its key commitments were to:

- reduce its administration budget by 33%;
- reduce its spending by 25%; and
- generate additional revenue of £7 billion per year by 2014-15. HMRC reinvested £917 million from the required cost savings over the four years to combat tax avoidance, evasion and fraud.

Progress against strategic objectives

Maximising revenues

2.3 HMRC estimates that it secured compliance revenues of £23.9 billion in 2013-14, over £7 billion more than the baseline set at the beginning of the spending review period. It has also increased mass market prosecutions from 165 in 2010-11 to 804 in 2013-14. Despite an error in the baseline that HMRC originally set (see paragraphs 3.14 and 3.15), it met the additional compliance yield targets agreed in the 2010 spending review.

Sustainable cost savings

2.4 Between 2010-11 and 2013-14 HMRC estimates that it has achieved £775 million of sustainable efficiency savings, £52 million more than target. It has achieved this by:

- reducing its full-time equivalent staff from 67,000 in March 2011 to 61,400 in March 2014, with further reductions planned;
- reducing IT costs by more than £87 million a year by the end of 2014-15; and
- reducing the size of its estate.

3 Comptroller and Auditor General, *Increasing the effectiveness of tax collection: a stocktake of progress since 2010*, Session 2014-15, HC 1029-1, National Audit Office, February 2015.

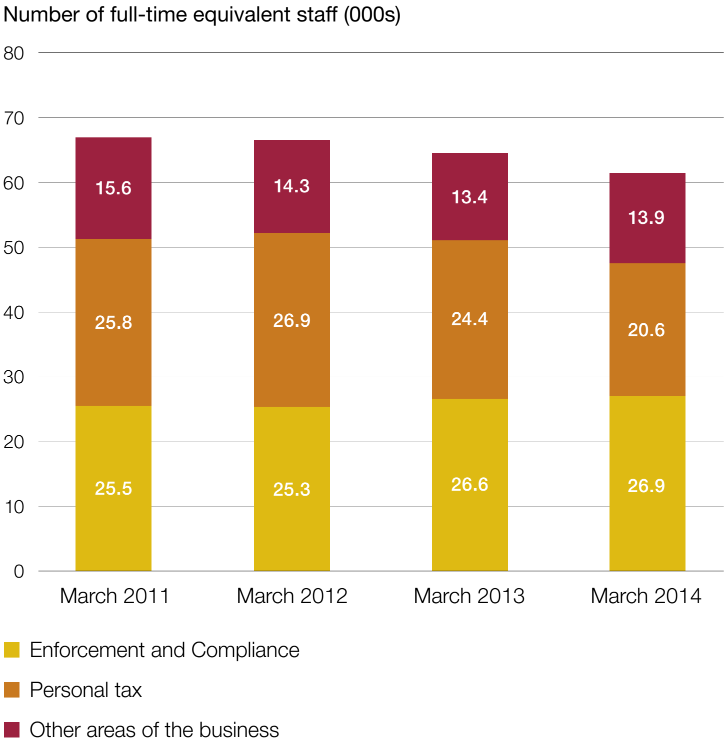
2.5 HMRC has put a greater focus on compliance work to secure extra revenue. Although it has reduced its total workforce, HMRC has increased the number of staff working in the Enforcement and Compliance area of the business (**Figure 6**), as it attempts to maximise revenue from this work. The majority of the additional staff within the Enforcement and Compliance area came from the Personal Tax area.

Improving customer services

2.6 Since 2010, HMRC has made some improvements to customer services while making efficiency savings; however, customer services are not yet where HMRC wants them to be. It plans to make further improvements to its customer services through its digital strategy (see paragraphs 2.11 and 2.12).

Figure 6

Staff movements (full-time equivalents) across the spending review period



Notes

1 Other areas of the organisation comprise Business tax, Benefits and credits and Corporate services.

2 Data represents position at the end of each financial year.

Source: National Audit Office analysis of full-time equivalent staff data

Wider developments

2.7 In addition to the strategic priorities discussed above, HMRC has also made significant changes to its systems for dealing with tax evasion and avoidance. Our report *Increasing the effectiveness of tax collection: a stocktake of progress since 2010* discusses these developments in detail. A summary of each of these is provided below.

Tax avoidance

2.8 Since 2010, tax evasion and avoidance have been at the centre of public and media attention and debate. Tax avoidance, including the role of promoters, agents and multinational companies, has received much scrutiny from the Committee of Public Accounts and stakeholders. To coordinate its activities better, HMRC created a new Counter-Avoidance Directorate in late 2013 bringing together policy and operational staff working on marketed avoidance.

Settling large tax disputes

2.9 In 2011 the National Audit Office (NAO) and the Committee of Public Accounts identified weaknesses in the governance arrangements for settling large tax disputes, and highlighted specific cases in which existing arrangements had not been followed.[4] HMRC announced a package of changes to its arrangements in February 2012, designed to provide greater assurance over the appropriateness of large settlements, by increasing transparency over processes and strengthening the governance around decisions. Among these changes was the creation of the post of Tax Assurance Commissioner, who was first appointed in August 2012.

Tackling offshore evasion

2.10 HMRC's strategy for tackling offshore evasion aims to ensure that there is no safe haven for hiding assets and income.[5] HMRC has worked with HM Treasury, the Organisation for Economic Co-operation and Development's (OECD) and other tax jurisdictions to increase tax transparency. A key agreement between the UK and Switzerland came into force in January 2013. This agreement has allowed HMRC to collect total revenue of £1,074 million by March 2014, compared with a forecast of £955 million. In April 2014 HMRC received a further £58 million in withholding tax relating to 2013-14.

4 Comptroller and Auditor General, *HM Revenue & Customs 2010-11 Accounts: Report by the Comptroller and Auditor General*, July 2011; and HC Committee of Public Accounts, *HM Revenue & Customs: Annual Report and Accounts 2011-12*, Nineteenth Report of Session 2012-13, HC 716, December 2012.

5 HM Revenue & Customs, *No safe havens: Our offshore evasion strategy 2013 and beyond*. Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/193112/offshore-strategy_1_.pdf

The Department's digital strategy

2.11 HMRC intends to transform its services through the use of digital technology, using digital channels of communication and payment to improve the services it provides to taxpayers. HMRC published its new digital strategy in September 2014.[6] It aims to maximise revenue collected through tax, improve the customer experience and minimise costs. It plans to achieve this by designing digital services for customers that:

- are easy to use, convenient and personalised for individuals, businesses and agents;
- are tailored to the needs of the different groups of taxpayers to promote digital take-up and voluntary payment;
- use existing data to help customers avoid errors through the pre-population of forms and applications; and
- provide assistance in using or accessing services for those who need it.

2.12 HMRC's strategy supports the Government Digital Strategy, which commits 8 departments across government to implementing 25 'Digital Exemplar' services by March 2015. HMRC has made progress in all four of its exemplar projects and is continuing to enhance its digital services for all its customer groups (**Figure 7** overleaf).

Real Time Information

2.13 In 2013-14, HMRC introduced the Real Time Information system (RTI) to collect more timely Pay As You Earn (PAYE) data from employers. RTI allows HMRC to track changes in income and employment during the year. Over time, this will help keep people on the correct tax code when their employment changes. This also allows HMRC to identify PAYE debt during the year rather than at end-of-year, and take steps to collect it at an earlier stage. As at 31 March 2014, 1.6 million employer schemes (94%) were filing through RTI, comprising 47.7 million employees (more than 99%).[7]

Universal Credit

2.14 In October 2010 the government announced its intention to introduce a new 'Universal Credit' to replace 6 current working-age benefits, including working and child tax credits, with a single means-tested payment. HMRC is responsible for stopping existing personal tax credits claims when a claimant becomes eligible for Universal Credit, and is working closely with the Department for Work & Pensions (DWP) on the transition to Universal Credit. In November 2014 we reported on DWP's progress in implementing Universal Credit.[8]

6 HM Revenue & Customs, *HMRC Digital Strategy 2014*, September 2014. Available at: www.gov.uk/government/publications/hmrc-digital-strategy-2014/hmrc-digital-strategy-2014

7 Comptroller and Auditor General, 'Report by the Comptroller and Auditor General' in HM Revenue & Customs, *Annual Report and Accounts 2013-14*, Session 2013-14, HC 19, July 2014.

8 Comptroller and Auditor General, *Universal Credit: progress update*, Session 2014-15, HC 786, National Audit Office, November 2014.

Figure 7
The Department's exemplar service transformations

Description	Details	Status (as at 1 December 2014)
PAYE for employees (previously PAYE online)	Enables individuals, businesses and agents to notify HMRC of changes in circumstances that may affect their tax. The system will also provide people with guidance and information on their tax codes.	Private beta System testing and further development
Digital self-assessment	Digital self-assessment will transform the online filing system into a complete digital service. It enables taxpayers to interact online with HMRC in a way that suits them.	Public beta User testing and further development
Your tax account (previously tax for my business)	Enables small businesses to undertake a number of different transactions with HMRC in a single space. This will include a personalised 'homepage' and links to their online transactions.	Public beta User testing and further development
Agent online self-service	Currently agents, such as accountants and tax advisers, do not have a single registration facility for online tools to undertake transactions with HMRC online. This new service will address these problems by providing a unique agent reference and giving access to new agent authorisation processes.	Alpha Basic design and prototyping phase

Source: HM Revenue & Customs, *HMRC Digital Strategy 2014* and Government Digital Service website

Tax simplification

2.15 Tax simplification has been a policy priority for the coalition government. The Office of Tax Simplification was formed in July 2010, with a remit to provide the government with independent advice on simplifying the UK tax system.[9]

Independent assessments of the Department's performance

2.16 In Part Three, we look at the NAO's assessment of the Department's performance in 2013-14. Alongside our work and that of Parliamentary committees, however, a number of other bodies regularly produce independent analyses of how HMRC is doing, and of the challenges it faces. In this section, we look at some of the most notable of these reports published in the last year.

The International Monetary Fund's assessment of HMRC's tax gap analysis

2.17 In October 2013 the International Monetary Fund (IMF) published its assessment of HMRC's analysis of the tax gap, the difference between the tax that is theoretically due and the tax HMRC collects.[10] Overall, the report was positive about the approach HMRC used to estimate the size of the tax gap (see paragraphs 4.3 and 4.4). However, the report highlighted potential for further work on the use of tax gap data to manage resources for compliance activity, particularly the links between the tax gap, risk analysis and resource allocation. The IMF report also emphasised the need for a set of complementary indicators to assess HMRC's performance, as a single indicator alone will not provide sufficient information to monitor and manage performance. HMRC agreed with these points, highlighting that the large time lags involved in tax gap estimation do limit its use.

The Work of the Adjudicator's Office in 2013-14

2.18 The Adjudicator's Office (the Adjudicator) considers complaints about HMRC, the Valuation Office Agency and the Insolvency Service. Complaints may concern mistakes, unreasonable delays, poor advice, inappropriate staff behaviour, or the use of discretion in the work of the three bodies.

2.19 In 2013-14 the Adjudicator received 1,087 new complaints about HMRC, compared with 2,574 in 2012-13. In 2013-14 it resolved 2,311 complaints, some of which had been made in previous years. The majority of cases related either to PAYE or tax credits.

9 Office of Tax Simplification. Available at: www.gov.uk/government/organisations/office-of-tax-simplification
10 International Monetary Fund, *United Kingdom: Technical Assistance Report – Assessment of HMRC's Tax Gap Analysis*, October 2013. Available at: www.imf.org/external/pubs/ft/scr/2013/cr13314.pdf

2.20 In 2013-14 the Adjudicator upheld, either wholly or in part, 90% of complaints against HMRC, resulting in redress to customers of almost £4.4 million, including more than £3.9 million in liability given up (**Figure 8**). The proportion of complaints upheld against HMRC was substantially higher than in 2012-13. Approximately 60% of complaints were upheld either wholly or in part in 2012-13, resulting in redress to customers of almost £1.2 million.

2.21 The Adjudicator's *Annual Report 2014* welcomed the reduction in the number of complaints referred to it by HMRC customers and cited HMRC's investment in a nationwide complaints transformation programme as the prime reason behind the improvements.[11] However, the report raised concerns that HMRC was overlooking the needs of some vulnerable customers, and highlighted that it needed to build on the work it has done so far. HMRC accepted all the Adjudicator's recommendations.

Reporting by the Major Projects Authority in 2013-14

2.22 The Major Projects Authority, launched in March 2011, maintains government's major projects portfolio, provides assurance over the progress of projects at key stages and reports the results of its work publicly each year. It reported on 8 of HMRC's major projects in September 2013, with a combined whole-life cost of £1.38 billion. It rated 5 of these projects 'amber/green' or 'green', and 3 'amber' (**Figure 9**).

Figure 8

Complaints and outcomes of complaints against HMRC submitted to the Adjudicator's Office

	New complaints	Complaints resolved	Substantially upheld	Partially upheld	Not upheld	Withdrawn or reconsidered	Redress (£m)
2013-14	1,087	2,311	1,229 (53%)	844 (37%)	173 (7%)	65 (3%)	4.37
2012-13	2,574	1,354	321 (24%)	497 (37%)	506 (37%)	30 (2%)	1.19
2011-12	1,572	1,101	225 (20%)	359 (33%)	461 (42%)	56 (5%)	1.33
2010-11	1,191	2,225	408 (18%)	749 (34%)	970 (44%)	98 (4%)	2.50

Note

1 Complaints resolved in the year may originally have been made in previous years.

Source: Adjudicator's Office, Annual Reports 2011 to 2014

11 Adjudicator's Office, *Annual Report 2014*. Available at: www.adjudicatorsoffice.gov.uk/pdf/report2014.pdf

Figure 9
Government Major Projects Portfolio data for HMRC

Project	Description	2013 RAG rating (red/amber/green)	2012 RAG rating	Budgeted whole-life cost (latest available data) (£m)
Wider Coverage	The Wider Coverage project aims to use Spending Review 2010 reinvestment to increase the capacity and capability of trained tax professionals and operational people engaged in tax compliance work, and widen the range of approaches and interventions they use.	Amber/green	Amber	552
Real Time Information	Real Time Information is the next stage of improving Pay As You Earn through the use of real-time information. This will underpin the introduction of the Universal Credit regime by the Department for Work & Pensions.	Amber	Amber	333
Digital Solutions Portfolio	HMRC's Digital Solutions Portfolio will deliver new and enhanced existing online services for individuals, business customers and agents.	Amber	n/a	134
One Click	One Click brings many tax services that businesses need together online in one place.	Amber/green	Amber/red	111
Organised Crime	The key aim of the Organised Crime project is to prevent, disrupt and reduce deliberate, systematic and large-scale attacks by organised criminal groups.	Amber	Amber/green	83
Expanding the use of debt collection agencies	This project provides extra debt collection capability and capacity to allow more debts to be tackled more quickly and effectively.	Amber/green	Amber/green	71
Open Cases programme	Clearance programme to ensure the 2012 target of clearing 17.9 million legacy open cases on the Pay As You Earn system is met.	n/a	Green	57
Debt Management and Banking staff reinvestment	Investment in Debt Management and Banking staff to maintain staff numbers in debt collection.	Amber/green	Amber/green	56
Volume Crime	The Volume Crime project aims to change HMRC's approach to tackling fraud in the 'rule breakers' customer group, increasing the number of criminal investigations and resulting prosecutions in this group.	Green	Amber/green	42
Electronic Exchange of Social Security Information (EESSI) programme	Aims to introduce a means of communicating electronically with other European Union member states about the Social Security affairs of migrant workers.	n/a	Amber/green	5

Note

1 Projects are displayed in order of highest to lowest lifetime budget.

Source: Analysis of Government Major Projects Portfolio data for HM Revenue & Customs, May and September 2013

The work of the Administrative Burdens Advisory Board

2.23 The Administrative Burdens Advisory Board (ABAB) was set up in 2006 to represent the views of small businesses to HMRC. The 2014 Annual Report of the Board welcomed the progress that HMRC had made in several areas, including implementing RTI, introducing the new cash basis rules for tax on business income and introducing business checks.[12] Despite recognition of the long-term benefits of RTI, the Board raised concerns about the initial costs of RTI to businesses.

2.24 The Board recognised other improvements within HMRC, such as the modernisation of its compliance activities. This included better targeting of its interventions, improved use of data to inform risk assessment and the expansion of Alternative Dispute Resolution (ADR), which is used by HMRC and customers to help resolve tax disputes without the time and expense of a tribunal hearing or other legal proceedings. The Board also acknowledged HMRC's application of behavioural insight techniques, for example to debt management.

Major developments for the year ahead

2.25 Figure 10 shows recent and future major developments for HMRC. These include: a new approach to debt management; the work of the OECD action plan for tackling tax base erosion and profit shifting (BEPS) by multinationals; retendering the Aspire contract in 2017; setting new tax powers for Scotland; and the roll-out of Universal Credit across the country.

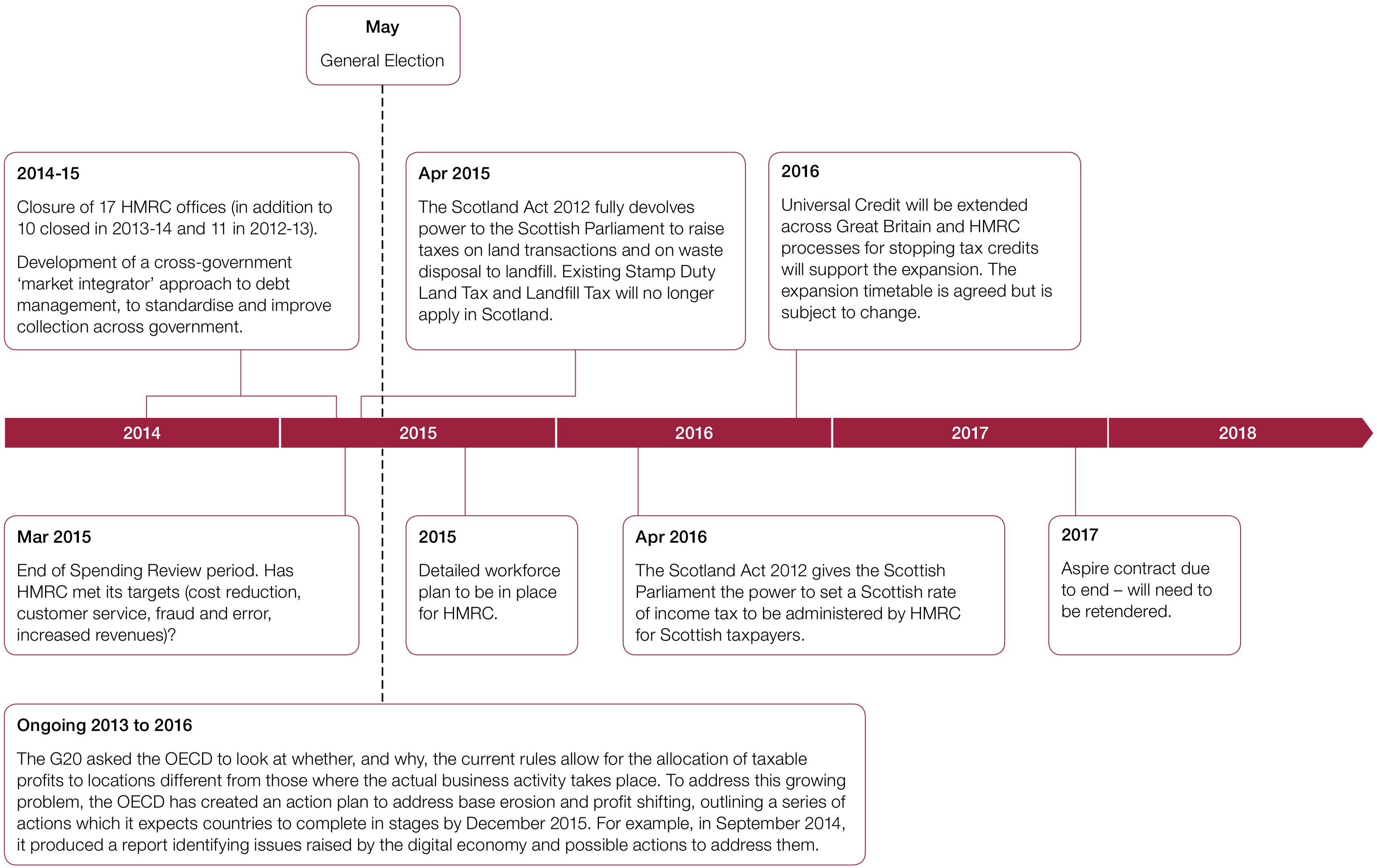
Interacting with customers and other parties

2.26 HMRC plans to change the way it interacts with customers by allowing taxpayers to manage their own tax using digital services. It expects demand for its current services to fall and plans to close a further 17 HMRC offices in 2014-15 as a result.

2.27 Universal Credit will be extended across Great Britain to single customers from February 2015. HMRC will continue to work closely with DWP to support the roll-out of Universal Credit. The government's current assumption is that Universal Credit will start to roll out nationally to all claimant types from May 2016. The majority of the remaining benefit and tax credits claimants will have moved to Universal Credit by December 2019.

12 Administrative Burdens Advisory Board, *Annual Report 2014,* March 2014. Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/289490/ABAB_Annual_Report_2014.pdf

Figure 10
HMRC Forward Look



Source: National Audit Office analysis of significant events affecting HM Revenue & Customs

Tackling tax avoidance

2.28 As part of the Finance Act 2014, from July 2014 HMRC can demand upfront payment, also known as accelerated payments, in relation to disputed tax avoidance schemes, reducing the advantages of using such schemes.

2.29 At the request of the G20, the OECD has produced an action plan for the reform of the international tax system. Companies can exploit gaps and mismatches in tax rules that have not kept pace with changes in the global economy. This has enabled multinational corporations to lower their reported profits and avoid taxation in the countries where they operate by pushing profits to jurisdictions with low or no tax rates. The OECD project, known as BEPS, examines the implications of the current rules and what could be done to change them where needed.[13] The recommendations are due to be put forward in phases, with the final actions being put in place by December 2015. In November 2014 the OECD presented a report to the G20 Leaders on the first set of deliverables, which highlighted the need for enhanced coordination and collaboration between tax administrations.

Scotland

2.30 The Scotland Act 2012 introduced new powers for the Scottish Parliament to raise tax, which will be introduced from 2015. These include:

- taxes, devolved from the UK government, on land and buildings transactions and disposing of waste to landfill, from April 2015; and
- new powers to set a Scottish rate of income tax, from April 2016.

2.31 From April 2016 the Scottish Parliament must set a new Scottish rate of income tax (SRIT) for those identified as Scottish taxpayers. HMRC will administer and collect this and is responsible for the project to implement SRIT.

2.32 From 2014-15 HMRC will include figures in its annual resource accounts showing the amounts it spends and receives on implementing and administering SRIT. In addition, from 2014-15, under the Finance Act 2014, the Comptroller and Auditor General will report to the Scottish Parliament on HMRC's administration of SRIT, including an assessment on the adequacy of HMRC's arrangements for collecting SRIT.

13 OECD website, *About BEPS*. Available at: www.oecd.org/tax/beps-about.htm

2.33 Following the "No" vote in the Scottish independence referendum, the three main UK parties agreed a timetable to transfer powers to the Scottish Parliament. In November 2014 a cross-party commission, chaired by Lord Smith of Kelvin, recommended what those new powers should be. The report recommended that income tax will remain a shared tax jointly controlled by the UK and Scottish Parliaments. Within this framework, the Scottish Parliament will have the unrestricted power to set rates of income tax and the thresholds at which these are paid for non-savings and non-dividend income of Scottish taxpayers. All other aspects of income tax will remain reserved to the UK Parliament. All aspects of National Insurance contributions, inheritance tax, capital gains tax, corporation tax and taxation of oil and gas receipts will remain reserved, as will Fuel Duty and Excise Duties. Receipts raised in Scotland by the first 10% of standard rate VAT will be assigned to the Scottish government's budget. The power to charge tax on air passengers leaving Scottish airports will be devolved to the Scottish Parliament. The power to charge tax on the commercial exploitation of aggregates in Scotland will be devolved to the Scottish Parliament once the current legal issues in relation to Aggregates levy have been resolved.[14] In January 2015 the government published proposals to implement Lord Smith's recommendations.

14 The Smith Commission, *Report of the Smith Commission for further devolution of powers to the Scottish Parliament*, November 2014, paragraphs 75 to 95.

Part Three

Recent NAO findings on the Department

Our audit of the Department's accounts

3.1 The National Audit Office's (NAO's) financial audits of government departments and associated bodies are primarily conducted to allow the Comptroller and Auditor General (C&AG) to form an opinion on the truth and fairness of the public accounts. In the course of these audits, the NAO learns a great deal about government bodies' financial management, and sometimes this leads to further targeted pieces of work which examine particular issues. In this section, we look at the outcome of our most recent financial audit of HM Revenue & Customs (HMRC) and its associated bodies.

3.2 The Department publishes an annual report and accounts that combines two sets of accounts: the Resource Accounts, which comprise HMRC's running costs and other spending; and the Trust Statement, which records the revenue collected by the Department. The publication also contains a report by the C&AG on HMRC's accounts.

3.3 This report presents the findings and overall conclusion of our work to review the adequacy of HMRC's systems for assessing, collecting and allocating taxes. It draws on the results of our audit of HMRC's accounts, and on our value-for-money reports and reports published under the C&AG's powers set out in Section 2 of the Exchequer and Audit Departments Act 1921.

3.4 HMRC's 2013-14 Governance Statement reported two new risks to its performance.[15] The first is the scale of HMRC's transformation. HMRC has developed a blueprint and capability roadmap to guide strategic direction, and central portfolio management is overseen by its Executive Committee (Transformation). This Committee takes collective responsibility for ensuring that HMRC's portfolio of investment programmes delivers the changes and benefits identified at their outset. The second new risk identified is about leadership and management capability. HMRC's response to this risk has been to establish a central team to coordinate the approach to building capability.

15 HM Revenue & Customs, *Annual Report and Accounts 2013-14*, Session 2013-14, HC 3, July 2014.

The Resource Accounts

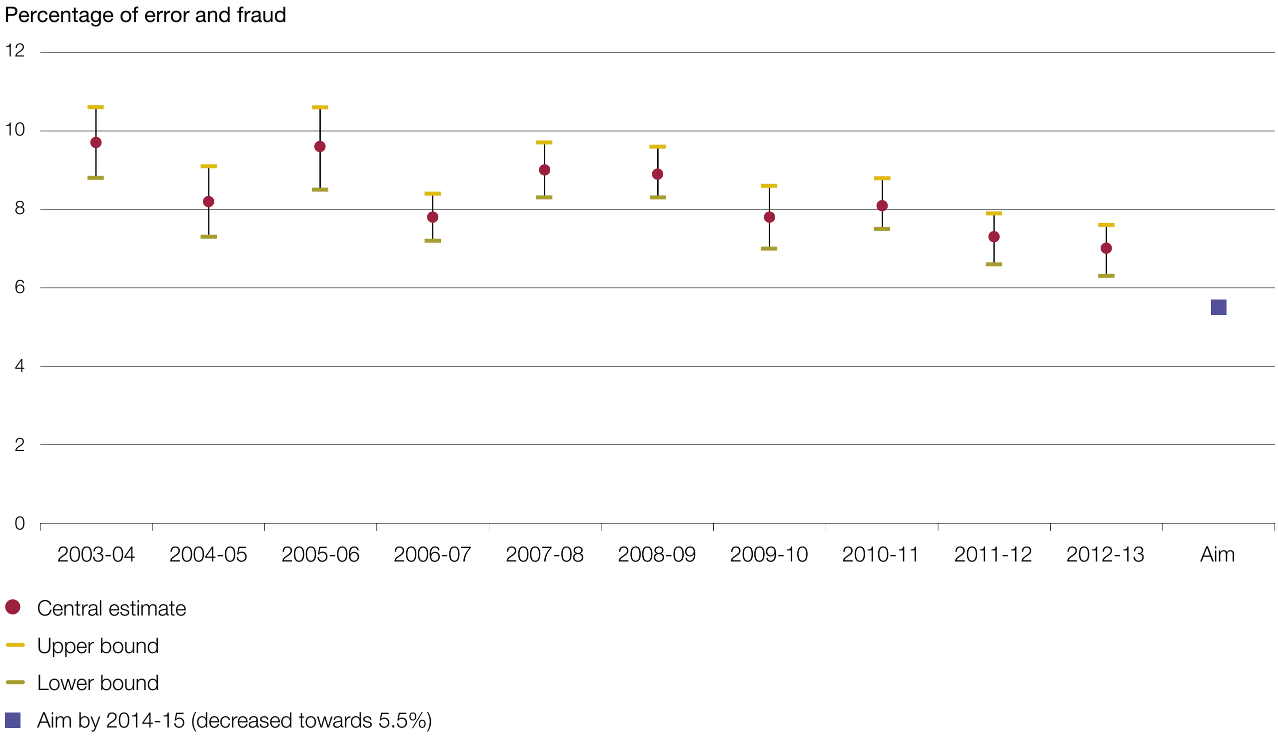
3.5 The Resource Accounts detail the expenditure the Department incurs each year to fulfil its duties as a tax-collecting body. They include both the core Department and its agency, the Valuation Office Agency. The Resource Accounts also report expenditure on benefits and tax credits, mostly child benefit and personal tax credits.[16]

3.6 The C&AG qualified his regularity opinion on the Resource Accounts in 2013-14 due to the likelihood of material levels of error and fraud in personal tax credits payments made. The Resource Accounts have been qualified on this basis since 2011-12, the first year that this expenditure was reported in the Resource Accounts. Prior to that, tax credits were reported in the Trust Statement.

3.7 HMRC estimated that error and fraud within the personal tax credits system was between 6.3% and 7.6% in 2012-13, compared with between 6.6% and 7.9% in 2011-12 (**Figure 11**). This equates to payments of between £1.8 billion and £2.2 billion wrongly made to claimants because of error and fraud, as well as £70 million to £320 million not paid to claimants because of error.

Figure 11

Overall estimate of error and fraud 2003-04 to 2012-13



Source: HM Revenue & Customs 2013-14 Accounts, Report by the Comptroller and Auditor General

16 See footnote 15.

3.8 The Resource Accounts record debts of £5.5 billion relating to personal tax credits. The Department does not expect to recover all of the debt and has made a provision of £3.6 billion for the portion it does not expect to recover. Tax credit debts arise when claimants' awards are assessed at the end of the year and the amount a claimant received was higher than the amount to which they were entitled. Personal tax credits awards are paid on a provisional basis throughout the year.

The Trust Statement

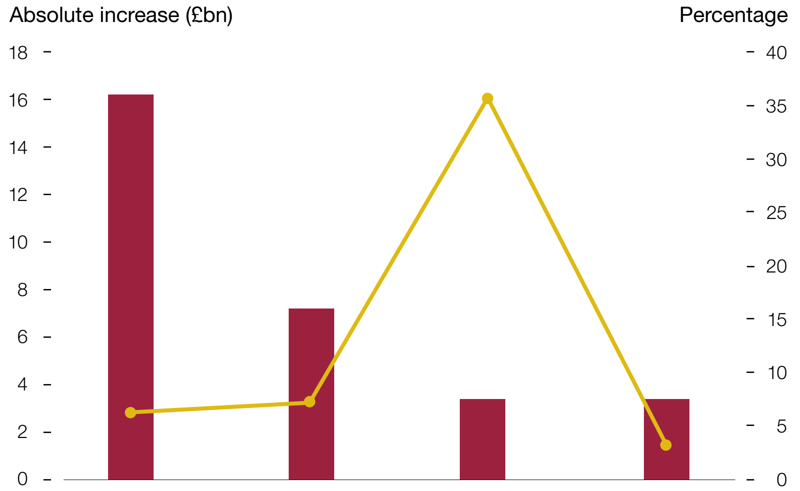
3.9 The Trust Statement records the taxes, duties and revenue collected during the financial year. The C&AG gave an unqualified audit opinion on the Trust Statement for 2013-14.[17]

3.10 HMRC received total tax revenue of £505.8 billion in 2013-14, £30 billion (6.3%) more than in 2012-13 (**Figure 12**). The taxes that contributed most of this increase are: income tax and National Insurance, which increased by £16.2 billion (6.3%); VAT, which increased by £7.2 billion (7.1%); and stamp taxes, which increased by £3.4 billion (35.8%). The value of tax debt as at 31 March 2014 was £13.3 billion and the value of debt either written off or 'remitted' (not pursued by HMRC for reasons such as hardship or value for money) during the year was some £5.1 billion.

Figure 12

Absolute and relative increases in tax revenue in 2013-14 from the previous year

In 2013-14 HMRC received total tax revenue of £505.8 billion, £30 billion (6.4%) more than in the previous year



	Income tax & NI	VAT	Stamp taxes	Other
Absolute increase (£bn)	16.2	7.2	3.4	3.4
Increase (%)	6.4	7.1	35.8	3.1

Source: HM Revenue & Customs *Annual Report and Accounts 2013-14*

17 Comptroller and Auditor General, 'Report by the Comptroller and Auditor General' in HM Revenue & Customs, *Annual Report and Accounts 2013-14*, Session 2013-14, HC 19, July 2014.

3.11 The Trust Statement records provisions for the probable results of ongoing legal cases relating to tax disputes between HMRC and tax payers. At 31 March 2014, such legal provisions stood at £5.3 billion. These disputes are addressed and resolved in line with HMRC's litigation and settlement strategy.[18]

3.12 The Trust Statement also records a separate provision of £3.1 billion for the petroleum revenue tax and corporation tax that the Department expects to repay as a result of future oil field decommissioning. Under UK tax law, companies can offset losses arising from decommissioning infrastructure associated with certain UK oil and gas fields against petroleum revenue tax paid at any time back to the inception of the tax.

Report by the Comptroller and Auditor General on the HMRC 2013-14 Accounts[19]

3.13 Given the importance of HMRC's ongoing efforts to tackle non-compliance and increase revenues from this area of their work, this year we devoted a significant proportion of our report to considering how it uses its resources for compliance work and what it gets for the effort it puts in. The revenue that HMRC has generated from its compliance work over the spending review period is discussed in a more detailed case study in Part Four of this report.

Measuring the effectiveness of compliance work

3.14 HMRC measures the effectiveness of its compliance work by estimating the extra revenue it generates through activities to tackle non-compliance. In 2013-14 HMRC reported compliance yield of £23.9 billion – its highest yield to date. HMRC has generated increasing levels of yield each year since 2011-12, meeting the targets it agreed with HM Treasury each year.

3.15 However, we found that, when agreeing performance targets with HM Treasury for the spending review period, HMRC had made errors that led it to set its baseline £1.9 billion too low. This made the targets easier to achieve, leading HMRC to report that it had exceeded its performance targets in 2011-12 and 2012-13 when in fact it had achieved almost exactly the level of performance anticipated. HMRC explained the implications of this error in its 2013-14 Annual Report and Accounts, and has invited the NAO to play an ongoing role providing independent assurance on the quality of HMRC's compliance yield data in the future.[20]

18 HM Revenue & Customs, Litigation and Settlement Strategy. Available at: www.gov.uk/government/publications/litigation-and-settlement-strategy-lss

19 See footnote 17.

20 See footnote 17, Part Two.

Allocating compliance resources

3.16 HMRC has used £1 billion of funding to bring in more revenue from its compliance work and, in the longer term, to seek to promote more compliant behaviour among taxpayers. We reviewed how HMRC decides where to allocate compliance resources to maximise additional revenue.

3.17 HMRC cannot yet fully show how it aligns resources with its assessment of tax risks. Recognising this limitation, HMRC is now developing a new 'Strategic Picture of Risk' that aims to provide a more current and comprehensive view. This will also include more detailed analysis to show how risks relate to customer groups and behaviours. HMRC is also developing models to assess the impact of different resource mixes on potential returns and customer behaviours; such models are already being used in some sectors. There is also evidence that directorates have reallocated resources to respond to the most significant risks. For example, HMRC responded to the need to tackle marketed avoidance more quickly and effectively by creating a new Counter-Avoidance Directorate.

3.18 HMRC aims to do more to promote voluntary compliance and reduce reliance on compliance interventions after the event. It has started to redesign its performance measurement framework to capture the impact of this work. Improving its understanding of the effectiveness of different compliance activities will improve HMRC's ability to decide how to allocate resources.

Our audits of the Department's effectiveness and value for money

3.19 The NAO's work to test the effectiveness and value for money of government spending in 2013-14 included several projects which focused on HMRC. The principal findings of these, and in some cases the actions that have been taken since, are summarised below. Where we have reproduced figures from our reports, these were correct at the time of publication and we have not adjusted them for later performance or inflation.

Managing and replacing the Aspire contract

3.20 Our report examined HMRC's management of its ICT outsourcing contract, Aspire, and its progress towards replacing the contract. HMRC's Aspire contract with Capgemini, which provides technology services and development projects, accounts for 84% of HMRC's total ICT spend. In 2012 HMRC and Capgemini agreed to make changes to the contract, because long-term 'prime supplier' contracts such as this, in which a single contractor provides all services, are no longer consistent with government policy.[21]

21 Comptroller and Auditor General, *HM Revenue & Customs, Managing and replacing the Aspire contract*, Session 2013-14, HC 444, National Audit Office, July 2014.

3.21 We found that Aspire has provided the continuity of service to enable HMRC to collect around £500 billion in tax each year with few significant failures. The contract has helped HMRC improve its operations by reducing operating costs, increasing tax yield and improving customer service. However, HMRC commissioned much more work than was modelled and we estimated that, by 2017, HMRC will have spent £10.4 billion on the contract, compared with the £4.1 billion it expected to spend when it evaluated the bid. HMRC recognised it was overly dependent on its suppliers' technical capability up to 2012, which limited its ability to manage the contract commercially, and has since looked to increase its capability.

Tax reliefs

3.22 We published two studies on tax reliefs in 2014.[22,23] In March 2014, we considered the overall landscape of tax reliefs and in November 2014 we evaluated how a sample of 10 tax reliefs were managed by HMRC, with a wider commentary on the monitoring and reporting by HMRC of data on tax reliefs. Tax reliefs are an important part of the tax system and serve a wide variety of purposes. They can also create opportunities for tax avoidance, and the number of reliefs and the interaction between them adds to the complexity of the tax system. Some involve significant cost to the Exchequer (**Figure 13** overleaf).

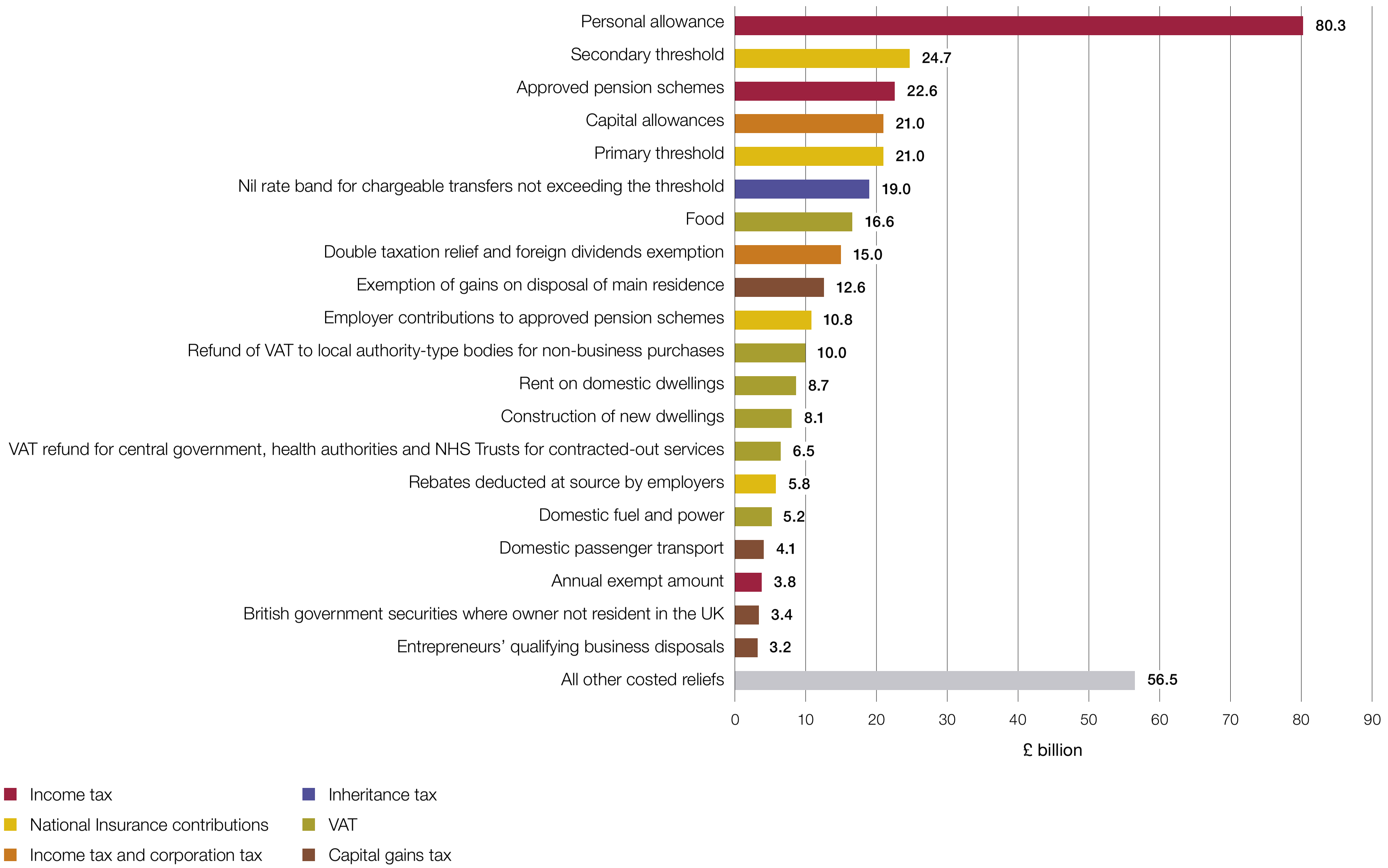
3.23 Our work has established that HMRC does not have a framework to govern the introduction or modification of reliefs. We consider that certain categories of tax relief, in particular those which seek to deliver specific policy objectives, require proactive management as they share many common features and carry similar risks. HMRC agrees that it has responsibility for evaluating whether tax reliefs are achieving their aims and for assessing their costs and benefits. We found examples of good practice in this regard, but also inconsistency and fragmentation in the way HMRC administers reliefs and insufficient sharing of information about their risks, costs and benefits.

3.24 We have therefore recommended that HMRC should develop a methodology for identifying what level of administration is appropriate, taking into account factors such as objective, complexity and risk. We see signs that a more specific and focused approach is beginning to emerge in HMRC. For example, it has set up a specialist unit to administer patent box relief and is developing new techniques to monitor risk and respond quickly to deviations in its use. We hope that more examples of this type will emerge and we encourage HMRC to move forward in this direction, developing a range of techniques which it applies to each tax relief in a way which is proportionate to its assessment of risk.

22 Comptroller and Auditor General, *The exchequer departments, Tax reliefs*, Session 2013-14, HC 1256, National Audit Office, April 2014.
23 Comptroller and Auditor General, *HM Revenue & Customs, The effective management of tax reliefs*, Session 2014-15, HC 785, National Audit Office, November 2014.

Figure 13

Top 20 tax reliefs 2013-14



Source: HM Revenue & Customs, Main tax expenditures and structural reliefs: Table 1.5. Available at: www.gov.uk/government/statistics/main-tax-expenditures-and-structural-reliefs

The Department in a cross-government context

3.25 In addition to our work on individual departments, the NAO increasingly looks at performance across government, in order to understand how different departments measure up on important issues. We discuss one of our reports below.

Managing debt owed to central government

3.26 This report examined how well government understands and manages debt owed across different government departments to determine whether it has a good strategic grip of debt management. As around 70% of government debt is owed to HMRC, the government's overall approach to debt management could have a large impact on HMRC's debt management strategy. We concluded that the centre of government has not yet fully gripped debt management, meaning that government's working capital is larger than necessary and government has to borrow more. We also noted that departments do not produce consistent performance data on debt management that can be monitored by the centre or compared across government, although HMRC is working with the Cabinet Office to agree a set of performance indicators for tax credit debt.[24]

3.27 The Committee of Public Accounts' report expressed concern about the risks of vulnerable debtors being pursued inappropriately and government transacting unwittingly with unsuitable companies.[25] In response to these concerns, HMRC provided the Committee with details on the vetting and regular monitoring and compliance checks that they apply to debt collection agencies.

3.28 Our report noted that HMRC's debt management strategy was the most advanced among government departments. Its new strategy was endorsed by its Executive Committee in 2014 and involves more strategic use of private sector debt collection agencies, improved analytics, early collection and tailored approaches.

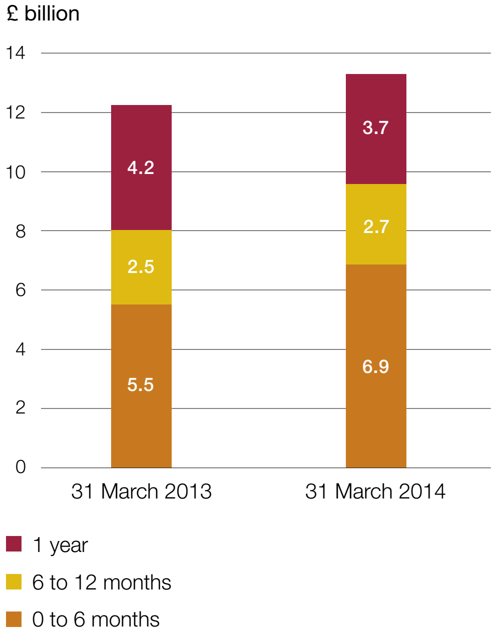
3.29 Aged debt is usually harder to collect and so can be of lower value. Our report noted that in 2013-14 HMRC has sought to reduce old debt through better risk profiling and segmentation of its debtors. **Figure 14** overleaf shows how the age profile of HMRC's debt has changed from 31 March 2013 to 31 March 2014. HMRC's debt balance increased by £1.1 billion over this period, largely as a result of debts being identified earlier following improvements to the PAYE tax system through the introduction of Real Time Information.

24 Comptroller and Auditor General, *Managing debt owed to central government*, Session 2013-14, HC 967, National Audit Office, February 2014.

25 HC Committee of Public Accounts, *Managing debt owed to central government*, Seventh Report of Session 2014-15, HC 555, July 2014.

Figure 14
The breakdown of HMRC's debt by age

Debt breakdown by age



Source: HM Revenue & Customs

Part Four

Tax compliance

4.1 The government has made reducing the budget deficit a key priority over the course of this Parliament. Like all government bodies, HM Revenue & Customs (HMRC) has had to reduce its costs, but it was allowed to reinvest some of its savings to support its work on raising additional revenues, and to help close the tax gap and contribute towards deficit reduction. This Part discusses HMRC's work on assessing how much additional tax revenues it has generated through its efforts to tackle taxpayer non-compliance.[26]

HMRC's strategy for taxpayer compliance

4.2 HMRC aims to increase voluntary compliance with the tax system while preventing non-compliance where possible, and responding to it when it occurs (**Figure 15** overleaf). Encouraging more people to comply voluntarily enables HMRC to focus its efforts on tackling the most complex non-compliance, such as organised crime.

4.3 HMRC's overall objective in tackling non-compliant behaviour is to reduce the tax gap. The 'tax gap' is the difference between the amount of tax that should, in theory, be collected by HMRC, against what is actually collected (**Figure 16** overleaf). The tax gap can also be described as the tax that is lost through non-payment, use of avoidance schemes, interpretation of the tax effects of complex transactions, error, failure to take reasonable care, evasion, the hidden economy and organised criminal attack. It is reasonable to expect that over the long-term, the tax gap should decrease if HMRC is successful in increasing compliance with tax law. However, it is not straightforward to link compliance yield to reductions in the tax gap, which is affected by external factors, such as economic conditions and changes in tax rates.

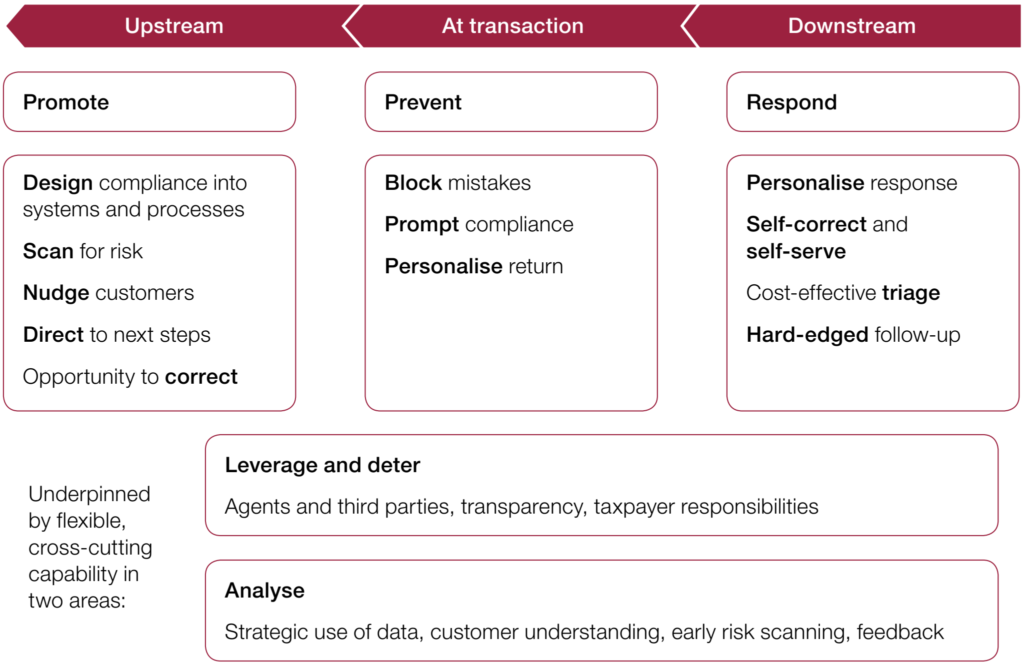
4.4 In 2012-13 HMRC estimated that it collected 93% of the tax that was due.[27] It defines the remaining 6.8% (£34 billion) as the tax gap. This is a slight increase on the previous year (**Figure 17** on page 35).

4.5 It is conceivable that should HMRC be successful in encouraging more people to comply with their tax obligations voluntarily, the tax gap would fall but so would the amount of yield HMRC would generate from its compliance work. As HMRC's compliance strategy evolves, it will therefore need to develop the framework by which it measures its performance further.

26 Comptroller and Auditor General, 'Report by the Comptroller and Auditor General' in HM Revenue & Customs, *Annual Report and Accounts 2013-14*, Session 2013-14, HC 19, July 2014.

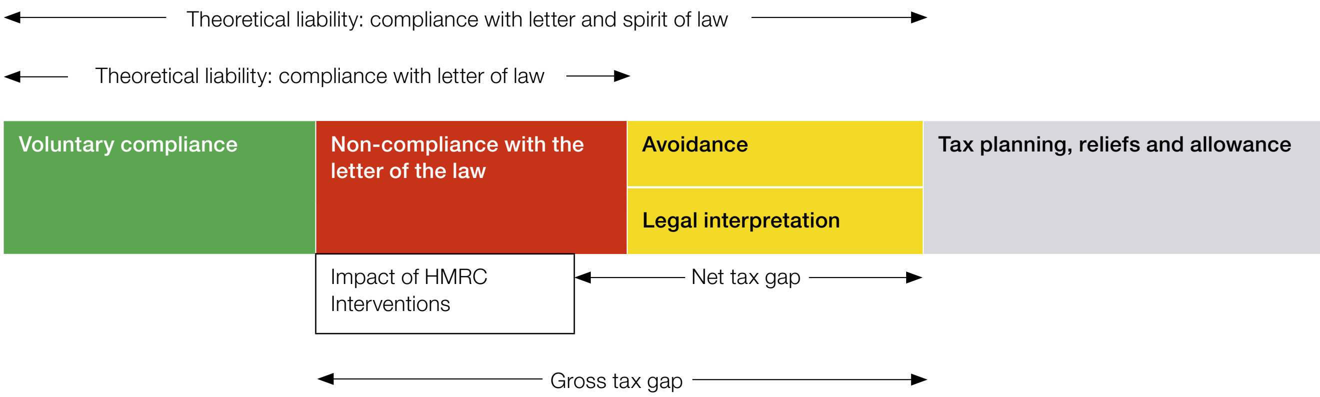
27 HM Revenue and Customs, *Measuring tax gaps 2014 Edition*, October 2014.

Figure 15
HMRC's approach to improved voluntary compliance



Source: HM Revenue & Customs new strategy for compliance

Figure 16
HMRC's definition of the tax gap



Notes

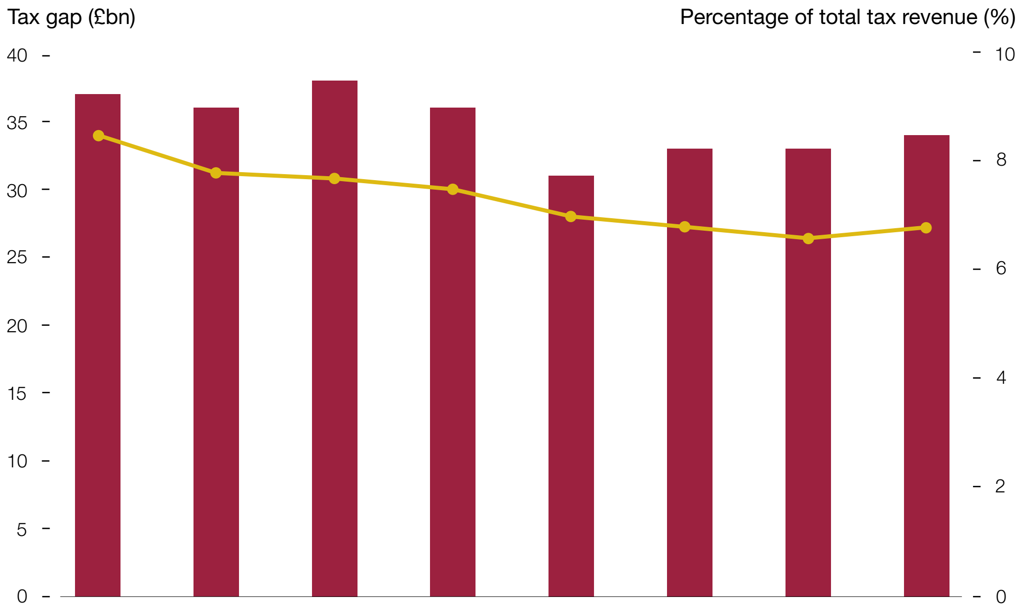
1 The 'theoretical liability' represents the tax that would be paid if all individuals and companies complied with both the letter of the law and HMRC's interpretation of Parliament's intention in setting law (referred to as the spirit of the law).

2 The total theoretical liability is calculated as the tax gap plus the amount of tax actually received.

Source: National Audit Office presentation of HM Revenue & Customs definition of the tax gap

Figure 17
Tax gap long-term trend

The tax gap has decreased in absolute and percentage terms since 2005-06, but grew slightly in 2012-13



	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Tax gap (£bn)	37	36	38	36	31	33	33	34
Tax gap (Total revenue %)	8.5	7.8	7.7	7.5	7.0	6.8	6.6	6.8

Source: HM Revenue & Customs, *Measuring tax gaps 2014 Edition*, October 2014

Measuring the impact of HMRC's work to improve compliance

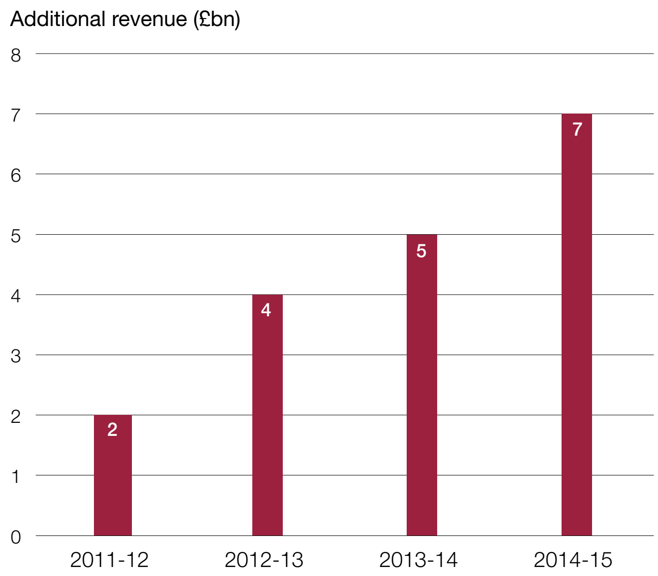
4.6 At the start of the spending review period, HM Treasury agreed that HMRC could reinvest £917 million in return for an incremental increase in revenues year-on-year, to achieve £7 billion a year in additional tax revenues by 2014-15 (**Figure 18**).

4.7 Since 2011-12, HMRC has changed the way it measures the impact of its work to increase compliance with the tax system so that it can take account of the full range of benefits that arise from promoting compliance and preventing non-compliance. To do this, HMRC measures four different components of yield, calculated in different ways and covering different time periods, which are designed to reflect the breadth of HMRC's compliance activities (**Figure 19**).

4.8 HMRC has progressively improved the evidence on which it bases its estimates and adapted the measure to reflect changes in the nature of its compliance work. As it has evolved the measure, HMRC has taken a prudent approach, collecting relevant evidence before making changes and reducing its estimates appropriately where there is uncertainty. We found that the methodology and processes HMRC used to estimate compliance yield in 2013-14 were sound, and that the measure provides a reasonable proxy for the beneficial impacts of its compliance work.

Figure 18

Targets agreed at the start of the 2010 spending review period for incremental increases in compliance yield



Source: National Audit office analysis of spending review 2010 documents

Figure 19

There are four principal types of compliance yield calculated in different ways

Yield type	When the revenue benefits occur	What is measured
Cash collected		
An estimate of the additional tax HMRC has collected by identifying and challenging non-compliance, such as tax avoidance and evasion.	All relate to tax assessments completed in-year. Some will be collected after the year-end.	Additional tax liabilities and behavioural penalties are recorded when the compliance officer issues the taxpayer with a statement of the tax due. HMRC discounts the amount it records to recognise that some tax liabilities are not collected, for example because the taxpayer becomes insolvent.
Revenue losses prevented		
Comprises two separate measures, which represent tax revenue HMRC has protected within the year.	In-year	1 Losses prevented are recorded when HMRC refuses or reduces repayment claims because they are incorrect or fraudulent (87% of revenue losses prevented in 2013-14). 2 HMRC estimates the value of criminal activity disrupted when HMRC seizes illicit goods (13% of revenue losses prevented in 2013-14).
Product and process yield		
An estimate of the impact of legislative changes to close tax loopholes and changes to HMRC's processes that reduce opportunities to avoid or evade tax.	In-year benefits of all legislative changes since April 2011	When legislative changes are made HMRC estimates the likely impact on revenues over up to 5 years. Each year it reviews these estimates and records the cumulative impact of all legislative changes made since April 2011.
Future revenue benefit		
An estimate of the future benefits of compliance work through changing the behaviour of taxpayers.	Future years (1 to 5 years)	Whenever a compliance investigation is concluded, staff assess whether and for what period they should record the revenue benefits that will accrue in future years. In doing so, they estimate how long the taxpayer's behaviour will change as a result of the intervention, based on the taxpayer's characteristics and circumstances.

Source: National Audit Office analysis of HM Revenue & Customs' compliance yield guidance

4.9 However, the changes to the measures mean that it is no longer possible to make a like-for-like comparison of the current yield with what was generated in 2010-11 or earlier. We raised concerns that when reporting the increases in yield, HMRC had inadvertently not made it clear that these figures were not comparable.

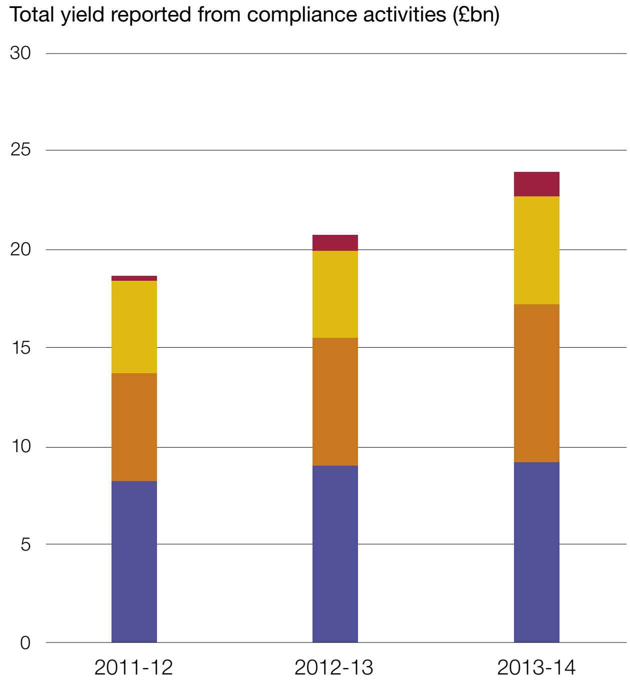
4.10 Despite the problems setting the baseline for revenue measurement (see paragraphs 3.14 and 3.15) and the lack of comparability with previous years, the revenues achieved from HMRC's compliance work are significantly higher than before this spending review period. HMRC has well-developed and effective controls in place to ensure robust measurement of compliance yield.

4.11 Compliance yield has increased considerably since 2011-12. In 2013-14 HMRC reported total yield of £23.9 billion. This includes the four different components (**Figure 20**):

- cash collected of £9.2 billion (39%);
- revenue losses prevented of £8.0 billion (33%);
- future revenue benefit of £5.5 billion (23%); and
- product and process yield of £1.2 billion (5%).

Figure 20

Components of compliance yield 2011-12 to 2013-14



	2011-12 (£bn)	2011-12 (%)	2012-13 (£bn)	2012-13 (%)	2013-14 (£bn)	2013-14 (%)
Product and process yield	0.24	1	0.79	4	1.2	5
Future revenue benefit	4.7	25	4.4	21	5.5	23
Revenue loss prevented	5.5	30	6.5	31	8.0	33
Cash collected	8.2	44	9.0	43	9.2	38
Total	**18.6**		**20.7**		**23.9**	

Note

1 Figures may not add up due to rounding.

Source: National Audit Office analysis of HM Revenue & Customs performance data

Appendix One

The Department's sponsored bodies at 1 April 2014

1 HM Revenue & Customs (HMRC) has one executive agency, the Valuation Office Agency. The Agency's core purpose is to provide valuations and property advice to support taxation and benefits. The work of the Agency encompasses:

- compiling and maintaining lists of rateable values of the 1.9 million non-domestic properties in England and Wales, to support the collection of business rates;
- providing information and analysis to partners in the public sector, including colleagues in the Office for National Statistics who produce the Consumer Price Index and the Retail Price Index;
- determining local housing allowances across some 150 Broad Rental Market areas for Housing Benefit purposes, and more than 200,000 Housing Benefit referrals each year for the Department for Work & Pensions (DWP) and determining some 60,000 Fair Rent Cases each year for the Department for Communities and Local Government (DCLG);
- delivering a range of valuation and surveying services to more than 2,200 other customers in the wider public sector, including central and local government departments, as well as advice to ministers on valuation and property matters; and
- supporting HMRC's work on capital gains, inheritance tax and other areas of tax compliance.

Appendix Two

Results of the Civil Service People Survey 2013

Survey question (% 'strongly agree' or 'agree')	HM Revenue & Customs (excluding agencies)	Civil service benchmark
Leadership and managing change		
I feel that my department as a whole is managed well	**26**	43
Senior managers in my department are sufficiently visible	**38**	51
I believe the actions of senior managers are consistent with my department's values	**32**	43
I believe that the board has a clear vision for the future of my department	**28**	42
Overall, I have confidence in the decisions made by my department's senior managers	**23**	41
I feel that change is managed well in my department	**20**	29
When changes are made in my department they are usually for the better	**17**	27
My department keeps me informed about matters that affect me	**45**	58
I have the opportunity to contribute my views before decisions are made that affect me	**25**	36
I think it is safe to challenge the way things are done in my department	**33**	38
Organisational objectives and purpose		
I have a clear understanding of my department's purpose	**80**	85
I have a clear understanding of my department's objectives	**77**	80
I understand how my work contributes to my department's objectives	**80**	83

Notes

1 These are summary results of the Civil Service People Survey 2013. Not all question scores have been included.

2 The score for a question is the percentage of respondents who strongly agree or agree to that question.

Source: *Civil Service People Survey 2013*, available at: www.civilservice.gov.uk/about/improving/employee-engagement-in-the-civil-service/people-survey-2013, accessed 28 August 2014

Department for Business, Innovation & Skills (excluding agencies)	Cabinet Office (excluding agencies)	Department for Communities and Local Government (excluding agencies)	Department for Culture, Media & Sport (excluding agencies)	Ministry of Defence (excluding agencies)	Department for Education	Department of Energy & Climate Change	Department for Environment, Food & Rural Affairs (excluding agencies)	Foreign & Commonwealth Office (excluding agencies)	Department of Health (excluding agencies)	Department for International Development	HM Treasury	Home Office (excluding agencies)	Ministry of Justice (excluding agencies)	Department for Transport (excluding agencies)	Department for Work & Pensions (excluding agencies)
45	39	43	28	24	32	42	35	57	41	64	67	37	48	41	40
55	53	53	42	32	41	63	49	60	57	69	75	47	55	57	39
44	43	42	37	29	35	50	41	57	46	62	63	41	49	45	39
48	28	39	23	27	29	24	28	53	32	55	54	32	39	34	40
42	41	39	30	22	30	44	34	51	43	57	64	35	43	37	33
29	28	29	20	14	21	28	23	40	26	43	47	22	32	25	34
24	25	20	16	11	16	27	16	35	18	34	40	19	27	21	30
65	59	60	51	45	53	69	58	62	56	69	70	57	59	60	58
38	34	41	30	23	29	42	31	44	37	48	48	34	37	33	35
40	42	39	32	33	31	48	38	46	36	44	58	37	39	40	42
85	73	75	70	82	83	89	77	84	77	94	93	84	82	80	85
79	63	72	62	74	77	86	74	81	73	92	88	81	77	75	83
84	73	78	74	79	81	87	79	84	78	91	88	82	80	79	84

Appendix Three

Publications by the NAO on the Department since April 2013

Publication date	Report title	HC number	Parliamentary session
6 June 2013	Progress in tackling tobacco smuggling	HC 226	2013-14
2 July 2013	HM Revenue & Customs: 2012-13 accounts, report by the Comptroller and Auditor General	HC 10	2013-14
5 August 2013	Case Study: HMRC VAT services – The impact of legacy ICT		2013-14
21 November 2013	Gift Aid and relief on donations	HC 733	2013-14
28 March 2014	Tax reliefs	HC 1256	2013-14
3 July 2014	HM Revenue & Customs: 2013-14 accounts	HC 19	2013-14
22 July 2014	Managing and replacing the Aspire contract	HC 444	2014-15
21 November 2014	The effective management of tax reliefs	HC 785	2014-15

Appendix Four

Cross-government reports of relevance to the Department

Publication date	Report title	HC number	Parliamentary session
14 February 2014	Managing debt owed to central government	HC 967	2013-14
18 March 2014	Making a whistleblowing policy work	HC 1152	2013-14

Where to find out more

The National Audit Office website is
www.nao.org.uk

If you would like to know more about the NAO's work on HM Revenue & Customs, please contact:

Steven Corbishley
Director
020 7798 7619
steven.corbishley@nao.gsi.gov.uk

If you are interested in the NAO's work and support for Parliament more widely, please contact:

Adrian Jenner
Director of Parliamentary Relations
020 7798 7461
adrian.jenner@nao.gsi.gov.uk

Twitter: @NAOorguk

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Design and Production by NAO Communications
DP Ref: 10530-001