

# Business Plan 2011–2015

## HM Revenue & Customs

November 2010

*This plan will be refreshed annually*

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## A) Vision

HM Revenue & Customs' vision is: to close the tax gap; to make our customers feel that the tax system is simple for them and even-handed; and to be seen as a highly professional and efficient organisation.

Our core purpose is to make sure that the money is available to fund the UK's public services and help families and individuals with targeted financial support.

By 2015, HM Revenue & Customs will become an administration that is at once more efficient, more flexible in dealing with customers and more effective in bringing in revenues. We will be smaller and more streamlined, as we remodel services for customers and invest in work against tax avoidance, evasion and fraud.

We are using our customer-centric strategy to deliver this transformation. Using our understanding of customers to focus our efforts where they will have the biggest effect, tailoring our services to the needs, abilities and motivations of our customers.

In all that we do, we will work to ensure that everyone in the UK pays their fair share and support taxpayers to meet their responsibility to society by paying the tax that is due.

## B) Coalition Priorities

### Structural Reform Priorities

#### 1. Deliver a more focused and effective tax administration

- Create a tax administration that is more efficient, flexible and effective by using our customer-centric approach to transform the way we deliver services, manage contact and conduct interventions
- Use our understanding of customers to target resources to the areas of greatest risk, investing £900m to tackle avoidance and evasion, attacks by organised criminals and to improve debt collection capacity. This will bring in an estimated £7bn a year by 2014/15 in additional revenues
- Transform PAYE through the use of real-time information in order to bring service improvements to employers and taxpayers

## C) Structural Reform Plan

The Coalition is committed to a programme of reform that will turn government on its head. We want to bring about a power shift, taking power away from Whitehall and putting it into the hands of people and communities, and a horizon shift, making the decisions that will equip Britain for long term success. For too long citizens have been treated as passive recipients of centralised, standardised services. This Government is putting citizens back in charge, and Structural Reform Plans are part of this shift of power from government to people.

This section sets out how, and when, the Department will achieve the reforms that are needed to make this happen. Structural Reform Plans are key tools for holding departments to account for the implementation of Programme for Government commitments, replacing the old top-down systems of targets and central micromanagement.

Each month, the Department publishes a simple report on its progress in meeting these commitments. These reports are available on our departmental website and on the Number 10 website.

All legislative timings and subsequent actions are subject to Parliamentary timetable and approval.

**1. Delivering a more focused and effective tax administration**

(p.1 of 3)

*Deliver a more focused and effective tax administration*

<b>ACTIONS</b>	<b>Start</b>	<b>End</b>
<b>1.1 Take forward HMRC's wide-ranging spending review change programme to implement HMRC's objectives of maximising revenue flows, improving customer experience and reducing costs in a sustainable way</b>		
i. Put in place a Director General to lead a programme for Change and Delivery	Completed	-
ii. Develop a Change and Delivery Plan covering all HMRC transformation activity	Started	Feb 2011
<b>1.2 Invest £900m to bring in c. £7bn in additional tax revenues per annum by 2014/15, as we: (a) tackle avoidance and evasion through targeted campaigns and interventions; (b) take specific action to tackle off-shore avoidance and evasion; (c) prevent tax avoidance before it happens; (d) tackle organised criminals and fraud; and (e) improve our debt collection capability</b>		
i. Develop detailed business implementation plans for each element of the £900m investment package, working with other departments as relevant	Started	Apr 2011
ii. Put in place a performance management regime across the programme to assure delivery of c. £7bn additional revenues	Feb 2011	Apr 2011

**MILESTONES**

A. HMRC Change and Delivery Plan published	Feb 2011	
B. HMRC business implementation plans published	Apr 2011	
C. Operational implementation of change programme initiated to reduce costs by 25% and invest £900m in avoidance, evasion and fraud	Apr 2011	

# 1. Delivering a more focused and effective tax administration

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*Deliver a more focused and effective tax administration*

<b><u>ACTIONS</u></b>	<b><u>Start</u></b>	<b><u>End</u></b>
<b>1.3 Deliver the HMRC and Department for Work and Pensions strategy to tackle error and fraud in tax credits, reducing losses to no more than 5% by next year. Sustain this level throughout the Spending Review</b>		
i. Develop business implementation plans and a performance management regime to assure delivery on five key elements: Prevent, Detect, Correct, Punish and Deter	Started	Apr 2011
<b>1.4 Create a ‘one-click’ online registration process for new businesses, working with the Department for Business, Innovation and Skills and Companies House</b>		
i. Work with the Department for Business, Innovation and Skills to develop plans to align Companies House and HMRC systems to create a ‘one-click’ registration process for new businesses	Started	Dec 2010
ii. Implement a ‘Start-up-Hub’ for new businesses	Jan 2011	Aug 2011
iii. Roll out a digital default ‘Registration Wizard’ for business taxes, leading to fully automated processing for VAT	Started	Oct 2011
iv. Roll out a ‘Tax Dashboard’ for businesses by 2012	Started	Apr 2012

<b><u>MILESTONES</u></b>		
D. ‘One click’ Registration Wizard established to permit multi regime registrations		Oct 2011

**1. Delivering a more focused and effective tax administration**  
(p.3 of 3)

*Deliver a more focused and effective tax administration*

<b><u>ACTIONS</u></b>		<b><u>Start</u></b>	<b><u>End</u></b>
<b>1.5 Deliver Real-Time Information (RTI) for the PAYE system by April 2014, supporting tax collection and introduction of Universal Credits</b>			
i.	Develop and publish high level specification for software developers	Started	Nov 2010
ii.	Consult on detailed proposals to introduce RTI	Nov 2010	Feb 2011
iii.	Develop and launch a test service for software developers	Apr 2011	Nov 2011
iv.	Put in place IT infrastructure for RTI	Nov 2010	Apr 2012
<b>1.6 Work with HM Treasury and the Office of Tax Simplification to reduce complexity in the tax system</b>			
i.	Support reviews of tax reliefs and simplification of the tax system for small businesses	Started	Apr 2011
<b><u>MILESTONES</u></b>			
E.	RTI consultation documents and software specifications published	Nov 2010	
F.	Reviews of tax reliefs and simplification submitted to the Chancellor and published	Apr 2011	
G.	Launch IT infrastructure for RTI	Apr 2012	

## D) Departmental expenditure

This section sets out how the Department is spending taxpayers' money as clearly and transparently as possible.

We have included a table to show the Department's planned expenditure over the Spending Review period, as agreed with the Treasury. It is split into money spent on administration (including the cost of running departments themselves), programmes (including the frontline), and capital (for instance new buildings and equipment). As soon as possible, we will include the proportion of this expenditure that goes to the voluntary and community sector and to small businesses.

By April 2011, each department will also publish a bubble chart setting out in detail how its settlement will be allocated for the 2011/12 financial year, across its key programmes and activities.



# Table of spending for 2011/12 to 2014/15

This section sets out the department's planned expenditure over the Spending Review period, as agreed with the Treasury.

£bn <sup>1 2 3</sup>	Baseline 2010/11	2011/12	2012/13	2013/14	2014/15
<b>Total departmental expenditure allocation</b>	3.7	3.8	3.6	3.5	3.4
<i>Administration spending<sup>4</sup></i>	1.0	0.9	0.9	0.8	0.8
<i>Programme spending<sup>4</sup></i>	2.5	2.6	2.5	2.6	2.5
<i>Capital spending</i>	0.2	0.3	0.1	0.1	0.1
<i>Spend on voluntary and community sector (%)<sup>5</sup></i>	Data to be confirmed				
<i>Value of contracts to small and medium sized enterprises (%)<sup>5</sup></i>	Data to be confirmed				

1. Detailed breakdown of these budgets will be published by April 2011

2. Excludes departmental Annually Managed Expenditure

3. Numbers may not sum due to rounding

4. Excludes depreciation

5. To be confirmed at the end of each financial year

# Common areas of spend

The indicators below will help the public to judge whether the Department is being run efficiently, and can be compared across departments.

Indicators
<b>Overall:</b>
Cost of operating the Department (including procurement, employment cost and property) over time and against projected cost
Number of employees, including breakdown by job type, seniority and their contract type (full time/part time)
Cost of corporate services (including human resources, finance, information and communications technology, communications, procurement) as a percentage of the cost of operating the department
<b>On 3<sup>rd</sup> party spend:</b>
Property cost per square metre and per employee
Cost of standard desktop computer per employee and number of electronic devices (laptops, desktops, mobile phones etc.) per employee
Value of major areas of spending (office products, travel etc.)
Number and value of major government projects and whether they will be delivered on time and to budget

## E) Transparency

Greater transparency across government is at the heart of our commitment to enable the public to hold politicians and public bodies to account, to reduce the deficit and deliver better value for money in public spending.

This section will set out the information that will enable users of public services to choose between providers, and taxpayers to assess the efficiency and productivity of public services, holding them more effectively to account. By publishing a wide range of indicators, we will enable the public to make up their own minds about how departments are performing. We will use transparency to facilitate the choice and democratic accountability which will replace top-down targets and micromanagement.

All the data in this section will be made available free of charge, and we will regularly review whether our published data meets the needs of the public.

This section is published in draft until April 2011 to allow for further consultation.

## Information Strategy (p.1 of 2)

HM Revenue & Customs believes that greater transparency will deliver greater value for money and enable the public to better hold us to account.

We are fully committed to meeting the requirements of the transparency agenda and transparency will become a key principle for the department. To support the requirements, the Permanent Secretary for Tax will be the HM Revenue & Customs Board member with accountability for Transparency.

HM Revenue & Customs will actively work with its policy delivery chain and delivery partners to embed transparency and will use evidence from data activists and other members of the public to assess whether the department has met its commitments to deliver value for money.

We will adopt the default position that, wherever possible, data will be published and publish this in line with the Public Data Principles. However, with regard to customer and personal taxpayer information, we recognise the privileged access we have and we will protect it. We will ensure that we do not publish data which would inhibit our ability to perform our functions or provide those who pervert the tax system with information that undermines our ability to hold them to account and ensure the system is seen as fair. Subject to this we will continue to engage with the academic, business and ‘civic-minded developer’ community to maximise value derived from this data, and obtain their feedback on this.

## Information Strategy (p.2 of 2)

Pending the introduction of the proposed Right to Data legislation in the Freedom Bill, we will develop and publish an implementation plan to drive delivery of and communicate our new transparency approach by April 2011. The plan will be ambitious and consider all of the types of information that we hold to identify new categories of data we can release and how we will release them. These will include:

- all HMRC spending and contracts over £25,000
- information about ourselves and our performance against all our objectives and Charter to allow the public to hold us to account, including reviewing our management information to see what could be published in line with Public Data Principles
- information about the tax system and non-personal taxpayer data published as part of Official Statistics
- all final research papers as part of the Department's external research programme
- working across all business areas to ensure transparency is recognised as a key operating principle and information is routinely published

All data sets that we will make available will be published on [data.gov.uk](http://data.gov.uk).

We will continue to treat all requests for data as FOI requests. The initial response to such requests, and the provision of relevant data will always be made to the individual or organisation making the request. The relevant data will also be published in open and re-useable format on our website and linked to [data.gov.uk](http://data.gov.uk).

# Input indicators

The indicators set out in this section are just a subset of the data gathered by the Department which will be made transparently available as outlined in the Information Strategy.

The Department will adopt the following input indicators:

Input indicator	When will publication start?	How often will it be published?	How will it be broken down?
Unit cost of collecting Income Tax: total cost of collecting income tax per £ collected	April 2011	Annually	National
Unit cost of collecting Corporation Tax: total cost of collecting corporation tax per £ collected	April 2011	Annually	National
Unit cost of collecting National Insurance Contributions: total cost of collecting national insurance contributions per £ collected	April 2011	Annually	National
Unit cost of collecting VAT: total cost of collecting VAT per £ collected	April 2011	Annually	National
Unit cost of administering Tax Credits: total cost of administering tax credits per £ of tax credits paid out	April 2011	Annually	National
Unit cost of administering Child Benefit: total cost of administering child benefits per £ of child benefit paid out	April 2011	Annually	National

# Impact Indicators

Our impact indicators are designed to help the public to judge whether our policies and reforms are having the effect they want. Further detail on these indicators can be found in our full list of datasets. The Department will adopt the following indicators:

Impact indicator	When will publication start?	How often will it be published?	How will this be broken down?
Cash collected from compliance: total amount of tax that HMRC collects from activity to tackle those individuals and businesses that have not paid the tax that is due, such as cash collected as a result of tax enquiries identifying evasion	April 2011	Quarterly	National
Revenue protected: tax receipts that are protected through HMRC activity, such as legislative action or guidance, that prevents non-compliance	April 2011	Quarterly	National
Tax gap: difference between all the tax theoretically due & tax actually collected	April 2011	Annually	National
Payment on time: proportion of businesses and individuals (excluding employees who pay tax through PAYE) who pay tax on time	April 2011	Quarterly	National
Debt roll rate: proportion of tax debt (CT, SA, Employers' PAYE [and VAT]) arising in the year that remains outstanding after 90 calendar days	April 2011	Quarterly	National
Benefit error and fraud: amount of tax credits money claimed by people who are not entitled to it	April 2011	Annually	National
Customers find us straightforward to deal with	April 2011	Quarterly	National
Cost for our customers when they deal with us	April 2011	Annually	National

## Other data (p.1 of 2)

We will publish a full range of datasets and our departmental organogram on our website [www.hmrc.gov.uk/transparency/organisation.htm](http://www.hmrc.gov.uk/transparency/organisation.htm)

We have highlighted key data, which will be particularly useful to help people to judge the progress of structural reforms, and help people to make informed choices, under three headings:

- 1. Data which will help people to judge the progress of structural reforms:**
  - Results from the developing international benchmarking programme
  
- 2. Data which will help people make informed choices:**
  - New categories of management information that we can make available
  - Freedom of Information responses on our website;
  - Undertaking a pilot datalab which will potentially allow academics and OGD's safe access to our customer data within the law.



## Other data (p.2 of 2)

### 3. Other key data:

- Departmental expenditure over £25k and contracts and tenders over £10k , organisational structure and roles, and our remit letter detailing our spending review settlement and obligations
- Indicators that align to our customer strategy and Charter measures to allow the public to see how we are performing against our core objectives of maximising revenue flows, improving customer experience and reducing our costs in a sustainable way.
- Over 100 Official and National statistics; all of the final research reports from our external research programme; Departmental Accounts; and, FOI responses we believe will be of wider public interest on our Freedom of Information Disclosure Log in addition to requests via [www.whatdotheyknow.com](http://www.whatdotheyknow.com)