

The relationship between HMRC and its' agents and employer intermediaries is a complex one, with many factors to take into consideration. Good and effective communication is vital, both internally and with the various tax agents to ensure the highest level of collection, at the lowest cost.



The Agents and Employers Service Improvement Programme (AESIP) is a component of HMRC's Departmental Transformation Programme (DTP). AESIP had approximately 50 full time employees (FTE) – excluding project delivery teams – working to improve the understanding of, engagement with, and services to, the intermediaries through which the individual and business taxpayers interact with HMRC.

### BUSINESS CHALLENGE

The AESIP Programme was instigated in January 2008 as a result of the HMRC Capability Review, which identified that the Agent and Employer intermediaries were of vital importance to HMRC. Acting Chairman of HMRC, Dave Hartnett, identified in 2007 that they must 'deal better through agents'.

Tax agents have the closer relationships with their clients (tax payers), so by improving relationships with this group it was likely that the collection of tax would be made more efficient. HMRC needed to understand the different groups, their views and attitude to HMRC and how they could improve.

The scope of the programme included:

- 43,000 firms of professional tax agents representing 3.2 million business customers and 3.9 million individual customers dealing with self assessment and representing 68% of all Corporation Tax and 43% of VAT yield
- Strategy, relationships and services 1.7 million employers representing 25 million individual taxpayers, collecting over £245 billion annually in PAYE and NI taxation - more than 50% of total taxation collected by the Department

- The services to these groups are delivered through HMRC 'Lines of Business' which involve many of HMRC's 70,000 full time employees (FTE)

The Programme had a challenging beginning. The overall strategy was unclear, pace of change was huge, key management personnel were not communicating regularly and internal project managers did not have appropriate skills, nor grasp the overall vision. Foundation research was carried out regularly but the information not used quickly enough, thus various exercises were repeated.

Following a tender process in October 2008, Hitachi Consulting was engaged to provide the support in delivery of the Agent Engagement Strategy and associated products. Shortly after Hitachi also began work with HMRC on the Employers Engagement Strategy.

In a record six-weeks Hitachi Consulting provided the key support that prepared a full business case and developed a strategic plan - how the Programme should be taken forward, what activities and when it should start.

Hitachi Consulting identified four key challenges to action:

- Communicate complex segmentation ideas clearly to gain understanding, trust and commitment
- Build positive relationships quickly with Agents; the least satisfied group of customers
- Build good stakeholder relationships across organisational boundaries in HMRC
- Author a successful Full Business Case by supporting Programme staff and 30 project managers with differing levels of experience

## Overview

### Project Objectives:

- Develop Strategy for Agents & Employers
- Service Transformation and Product Service Design
- Business Case Development
- Strategic Planning

### Scope of Solution:

- Requirements gathering
- Strategy design and development
- Programme Management
- Technical training and skills handover

**THE SOLUTION**

Solutions were divided into two delivery periods - Interim State by April 2010 (to generate focus and momentum) and Future State by April 2013 (to deliver transformational outcomes for customers, some IT enabled). Activities carried out by Hitachi Consulting included:

- Developing Strategy
- Service Transformation/Product and Service Design
- Business Case Development
- Business and Technology Alignment
- Strategic Planning for Agents and Employers

**BENEFITS**

Interim solutions validated in the Business Case included:

- Cost savings of 87 FTE
- Reduced customer Administrative Burdens of £54 million
- Identification of £430 million in outstanding debt

Quarterly surveys conducted to measure Departmental Strategic Objectives (DSO's) have improved significantly and are on track to deliver overall projected benefits. The Strategy for these

customer groups is now agreed and supported within HMRC Lines of Business. Hitachi Consulting also presented, with positive feedback, on behalf of HMRC to industry bodies such as Tax Agents Steering Group and Compliance Reform Forum. Importantly, Hitachi Consulting built a sense of purpose in the team and a direction that allowed the Programme to communicate internally and externally with a knowledgeable and powerful voice.

"One of the key factors for selecting Hitachi Consulting was their professed commitment to work as part of the existing team. Overall I have been impressed with their determination to deliver value; they have worked closely with existing personnel, transferring their knowledge and skills and have proved to be adept at maintaining links with key stakeholders during the course of their engagement", commented Brian Redford Deputy Director HMRC with responsibility for Intermediaries and External Business Communication. An HMRC employee added, "We got exactly what it said on the tin and any changes along the path were clearly agreed between us all. One particular success, I believe, was the transfer of both knowledge and skills, not just within the team, but also to the wider business unit. We believe we got excellent value for money, which as a public sector organisation is extremely important."

**Why Hitachi Consulting?**

Hitachi Consulting is the global business and independent IT consulting company of Hitachi Ltd and is recognised as a leader in delivering proven business strategies and technology solutions. With a balanced view of strategy, people, process and technology, Hitachi Consulting works with public and private sector organisations to understand their unique business needs and to develop and implement solutions that provide measurable value quickly through the inspired work of great people.

- **Skills and capability:** With nearly 20 years experience in the UK, we have the capability to provide end-to-end transformational support to our clients. Hitachi Consulting UK offers the agility of a smaller company, the stability of a larger company and the innovation that comes from being part of the global Hitachi Group. Hitachi Consulting brings: real-world, pragmatic solutions, a collaborative working style and an injection of pace and focus on delivery
- **Experience:** It has been our deliberate aim to only recruit senior and experienced people into our company. Our consultants have many years of business sector expertise gained from working in and consulting with major businesses in industry and public sector
- **Approach:** Clients appreciate Hitachi Consulting's tradition of collaborative working, challenge and transferring knowledge throughout each engagement and value the company's responsiveness, flexibility and authentic desire to help them meet, and often exceed, their goals.

Hitachi Consulting is uniquely positioned to gain an in-depth understanding of the business issues your organisation faces and to recommend and implement the best solution, to ensure the most beneficial outcome, with the least disruption

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