

HMRC Evaluates International Best Practice to Identify Further Step Change Improvements

Capgemini Consulting and HMRC benchmark the performance of tax administrations in ten countries to identify further steps for improvement

The Situation

HM Revenue and Customs is responsible for safeguarding the flow of tax revenues to the UK Government, through collection, compliance and enforcement activities. It makes sure money is available to fund the UK's public services. It has direct contact with almost every UK individual and business, and it aims to administer the tax system in the simplest, customer focused and efficient way. HMRC has committed to making efficiency savings of 25% in the period to 2015.

Tax authorities around the world undertake similar activities and are facing the same challenges, to deliver more with less. Benchmarking offers the potential to compare the administration of tax

across a group of peer tax authorities. It involves identifying common tax processes, comparing cost and other performance indicators and carefully interpreting differences identified. This in turn enables the sharing of best practise and the identification of opportunities for efficiency and performance improvement.

HMRC conducted an initial feasibility study in 2009 with data from the tax administrations of South Africa and Australia. A follow on project was designed to build on this existing work, expanding both the number of participating

“I was impressed by the way Capgemini worked with us, quickly developing a deep understanding of our business. The project gave us powerful insights about how our organisation currently works and offered a number of good opportunities for performance improvement, which ExCom have asked to be taken forward.**”**

Paul Lanser, HMRC Project Director

tax administrations and the number of benchmarks.

The Solution

As a result of a competitive tendering process, Capgemini Consulting was selected to help deliver the benchmarking project. The feasibility study had already established eight benchmarks covering customer contact, personal income tax returns processing, complex query resolution for large businesses, VAT/GST registration, VAT/GST risk assessment, Corporation Tax audits/enquiries. Capgemini proposed that an additional benchmark be added to these to measure the cost and effectiveness of debt management and it was also agreed to compare personal income tax disputes. This allowed HMRC to extend its analysis across all the core tax processes.

The participation of an additional seven countries was secured - Canada, France, Ireland, the Netherlands, New Zealand, Poland and Spain - bringing the total to ten. Administrations were chosen according to their level of process maturity, degree of centralization and innovation, with the aim of ensuring valuable comparisons for all participating organizations. A joint HMRC and Capgemini Consulting team carried out the work over 12 months starting in April 2010. They conducted in-country workshops with representatives from each tax administration, mapped the processes, identified similarities and differences between countries, and gathered and analyzed data and evidence of leading practices, to identify opportunities for actionable improvement.

The Result

The study quantified the relative performance of the ten countries for each of the benchmarks, and identified a range of leading practice, grouped by performance lever. It has helped decision makers in

participating authorities know how to target opportunities for efficiency and performance improvement. The findings have been presented and discussed at Board level in many of the participating administrations, including HMRC, which has also developed action plans for each relevant business area, identifying the steps that will be taken to implement the findings.

There is strong interest from HMRC and the other participating administrations in carrying out further benchmarking in future.

How HMRC and Capgemini Consulting worked together

Capgemini was able to bring an international footprint, a holistic understanding of tax administration from its projects with tax administrations around the world, and proven benchmarking expertise as demonstrated through the EU eGovernment benchmark.

A joint core team of Capgemini consultants and analysts from HMRC's Knowledge, Analysis and Information team (KAI) worked closely together for the duration of the project to:

- Recruit additional tax administrations to the study and agree the choice of ten benchmarks
- Scope each benchmark; map the relevant processes and gather qualitative data; agree the metrics to be gathered and finalise the data template – this involved visits to each country comprising senior level briefings and working sessions with process and data experts for each benchmark
- Issue the data template to countries, who collected the data
- Build the data model
- Analyse the results for each country and validate qualitative findings and the initial data submission
- Analyse relative performance between countries

- Write and issue the draft long form 200 page report
- Capture and action comments on the draft report and issue the final report to all countries.

Capgemini supplemented its core team with a number of in-country experts.

Capgemini started by setting out the desired performance outcomes and levers for each process. This formed the basis of a straw man set of processes to be discussed with each country. Two hundred international experts in total, across all ten countries, contributed to the report in approximately 80 workshops. During workshops with each country's tax experts, the business process underpinning each benchmark was discussed and mapped. From the initial data submissions provided by the countries, a data model was developed to analyze relative performance.

Particular importance was placed on identifying the exact scope of the processes in different countries, and the contrasting business models which were in place, so that the measurements which were then taken could be used to make fair comparisons. This allowed the final report to offer a narrative about the metrics, and to show exactly how leading practice was reached.

For example, the benchmark measurements on cost and quality of contact centers showed very different approaches to the use of contact centers around the world. Ireland and New Zealand have low numbers of calls per customer, because they have already designed out a lot of avoidable contact from their contact centres and have migrated simple queries to online channels. They also have the lowest cost of contact per customer. In France and Poland however, face to face contact via the local tax

office network remains the citizen's preferred means of interacting with the tax administration.

Other examples of leading practice in customer contact include redesigning queuing to channel calls to agents who are able to handle multiple issues per call and starting to anticipate issues that might lead to future calls; use of a virtual contact centre model that directs calls to the next available agent; training staff to carry out multiple roles; and use of temporary or outsourced staff to handle peak demand. Leading countries also apply benchmarking, mystery shopper and Lean/continuous improvement techniques.

If you would like to find out more about this project, please contact:
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About Capgemini

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HM Revenue & Customs (HMRC) collects tax and duties to make sure money is available to fund the UK's public services and makes payments to over seven million families, providing targeted financial

support. Capgemini is HMRC's partner for IT and related services delivered through the Aspire contract. Capgemini is prime contractor for Aspire, and manages key partners and HMRC's Ecosystem of preferred suppliers.

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