



House of Commons
Committee of Public Accounts

Difficult forms: how government departments interact with citizens

**Twenty–sixth Report of
Session 2003–04**

*Report, together with formal minutes,
oral and written evidence*

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The Committee of Public Accounts

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Committee staff

The current staff of the Committee is Nick Wright (Clerk), Christine Randall (Committee Assistant), Leslie Young (Committee Assistant), and Ronnie Jefferson (Secretary).

Contacts

All correspondence should be addressed to the Clerk, Committee of Public Accounts, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5708; the Committee's email address is pubaccom@parliament.uk.

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Summary

Introduction

Forms are important in the delivery of public services and the work of many departments and agencies. For instance, the Passport Service's turnover of nearly £139 million comes almost entirely from people submitting its single passport application form. Processing government forms also consumes appreciable amounts of public money. It costs the Department for Work and Pensions, for example, just over £40 to deal with each application for Attendance Allowance. If forms are well designed and easy to handle, then errors will be fewer and the administrative load reduced, leading to considerable efficiency gains.

For citizens, filling in forms is one of the most frequent ways that they interact with government departments, executive agencies and other public sector bodies. How forms are set out can have an important effect upon how citizens perceive public services and view the modernisation of the public sector. If official forms are badly designed, hard to understand, difficult to complete and onerous in their demands, then the public are less likely to perceive progress being made towards more responsive and accessible services.

Based on a Report by the Comptroller and Auditor General,¹ we took evidence from the Inland Revenue, Department for Education and Skills, Department for Work and Pensions and the Passport Service on three main issues: designing user friendly forms, improved administrative efficiency, and progress towards providing online services.

1 C&AG's Report, *Difficult Forms: How government agencies interact with citizens* (HC 1145, Session 2002–03)

Conclusions and recommendations

- 1. Departments should minimise the burden which their forms impose on citizens.** When designing forms departments should test the requirement for each piece of information and be able to justify why it is needed. Citizens should not normally have to supply information about themselves to a department that they have previously supplied. Modern IT systems, the provision of forms online and risk-based methods of administration should make this easier to achieve including, wherever possible, the pre-population of documents.
- 2. Departments should seek to improve electronic communication between themselves so that information submitted to one organisation can, wherever appropriate, be shared with others.** As well as offering benefits to the citizen, such collaboration provides the scope for improved efficiency and reduced back office functions.
- 3. Departments should keep forms as short as possible, in terms of both the numbers of questions asked and the number of pages.** The successful introduction of the shortened Attendance Allowance form shows that simpler forms can be introduced without unduly risking public money or jeopardising the security of systems.
- 4. Departments should instigate regular reviews of forms and re-design them quickly where problems become evident.** For example, the Department for Work and Pensions had known about difficulties with the Attendance Allowance form since the mid 1990s. Use of a range of social research methods such as focus groups and usability testing can reduce the time needed and costs in making major improvements to forms. Monitoring of error rates can indicate whether customers are having particular difficulties.
- 5. Guidance notes should be designed to help people complete forms quickly and with minimum effort.** Text should be kept to a minimum, and visual aids used to demonstrate by example what is wanted. Citizens want to start immediately on filling in a form and will look up guidance notes only if necessary. Yet forms often route people to lengthy and complex guidance notes.
- 6. Rather than relying on guidance notes alone, departments should consider other means to help citizens complete forms.** The introduction of telephone assistance for pensioners when claiming Pension Credit shows how completion can be made easier for the citizen and can also result in cost savings for departments through reduced numbers of errors and appeals.
- 7. When designing forms, departments should meet the needs of customers with specific needs.** Many users of forms have difficulties, for example, in terms of basic literacy and numeracy, language barriers or other practical problems or incapacities. Departments need to consult these customers directly on the design of forms.
- 8. Departments should demonstrate greater commitment to meeting the Government's 2005 deadline for the online provision of all forms, by setting out**

clear strategies, with milestones and targets, to make sure they achieve this. Not all the case study departments were confident of meeting the Government-wide target for all their forms to be available online by the end of 2005, or the related aim to achieve, for key services, high levels of electronic use by the same date.

9. **While recognising that not all citizens can or want to access services electronically, departments should introduce strategies to promote the benefits of online forms to their customers.** Many of the problems with existing forms and guidance can be overcome through the online provision of forms. For example, citizens can be positively routed through questions, making it easier for them to complete forms correctly.
10. **Departments should determine the administrative costs of processing forms.** For example, the Inland Revenue's introduction of the short tax return to three customer segments offers considerable benefits in reducing citizens' compliance costs and improving administrative efficiency. Yet at present the Inland Revenue does not know the relative costs of processing the short form as against the standard one.
11. **Provision of a premium service should not become a substitute for improving basic forms and processes.** For example, the difference in error rates between people paying £5 for the Post Office to check their passport application form against those submitted directly by customers (1% and 15% respectively) show that people do have difficulties with this form. The Passport Service should devise ways of improving its form and businesses processes to reduce this differential.
12. **Departments should assess their forms against the practical guide produced jointly by the National Audit Office and the London School of Economics: 'Reviewing and Improving Government Forms'.** This comprehensive checklist, which draws upon a wide-ranging review of existing forms, should enable designers to avoid many of the errors of the past.

1 Designing user friendly forms

Length of forms

1. Two thirds of departments' forms are between one and four pages long, with most of the remainder being below 20 pages. There are some conspicuously long forms in the welfare and benefits area, where a typical length is between 16 to 20 pages and where seven forms are more than 25 pages long.² The Department for Work and Pensions attributed this to the complexity of information needed to be collected from citizens to gain entitlement to particular services or benefits. Over the last two years, however, it has instigated a programme to review the length of its forms.³

2. Attendance Allowance is a benefit paid to people aged over 65 who because of illness, mental frailty or a disability need help or assistance in order to live at home. A pilot new form introduced in October 2003, merged two existing forms and reduced the overall length of the application from 34 to 16 pages.⁴ There had, however, been criticisms of the existing application which dated back to 1996. When asked why it had taken so long to change the form, the Department acknowledged that in the past, less attention had been given to interaction with customers than was now the case.⁵

3. The Inland Revenue has developed a pilot four-page tax return for three groups of customers with relatively simple tax affairs: pensioners, employees, and self-employed individuals with a turnover of under £15,000. This short return has only a fifth of the questions currently included on the main return and the new form is scanned rather than keyed in. In April 2003 this form was issued for testing to 50,000 people in several regions of the country.⁶ The pilot was planned to last two years because the Inland Revenue needed to change internal IT and administrative systems in addition to testing the new form. It planned to extend the use of the new form to as many people as possible within the three customer groups (around one sixth of all those self assessing). The Inland Revenue did not consider that changes could be made to the main self assessment form, because of the limitations of the existing computer systems which were seven or eight years old.⁷

4. Inadequate information systems have a significant impact on the design of forms. In the case of applications for financial support in higher education, and Attendance Allowance, this is a key reason why citizens are asked to supply the same information more than once. On some forms, however, departments have been able to include information supplied previously ("pre-populating" the form), making it simpler for people to complete.⁸ For example, the Department for Work and Pensions assume that claimants for Attendance Allowance will wish to be paid in the same way as for the Retirement Pension and have not

2 C&AG's Report, para 1.11

3 Qq 1-2, 16

4 C&AG's Report, para B.14, Box 11

5 Qq 1-2, 14-16, 30

6 C&AG's Report, para 2.20, Box 10

7 Qq 4-6, 66, 72-73, 94

8 C&AG's Report, paras 2.9, 2.12

therefore repeated these questions on the Attendance Allowance form. The Department is also trialling a pilot of Disability Living Allowance using information already collected from customers in receipt of Incapacity Benefit.⁹

5. The first questions in the employment page for the self assessment income tax return ask people to give their employer's name and address, how much salary they received and how much tax they paid via PAYE in the previous year. Citizens often believe that Inland Revenue officials must know this information as soon as the financial year ends. In fact employers do not have to tell the department about PAYE payments until the early summer after the end of the financial year. However citizens, by law, need to have self assessment forms sent to them in April.¹⁰ The Inland Revenue claims that pre-populating a form would require potentially expensive changes to systems, although it has undertaken to pre-populate online self assessment forms as end-of-year information comes in from employers in July. It also acknowledged that with newer systems there is more of an opportunity to pre-populate forms such as Tax Credit renewals. The Inland Revenue acknowledged that systems in Denmark and Sweden allowed for a tax return to be completely pre-populated which the citizen needed simply to check, sign and return.¹¹

Guidance notes

6. People want forms to start quickly and simply, and to look up guidance only where necessary. However many of the forms examined by the National Audit Office require users to read lengthy guidance notes before or during the completion process.¹²

7. The Passport Service is seeking to make its guidance notes shorter, and claimed that its latest version is 30% shorter than previously. New questions on security and nationality may, in due course, however, require more questions on the form.¹³

8. The application for financial support in higher education, launched as a pilot in Spring 2003, has been designed by the Department for Education and Skills to replace two forms, which contain a considerable number of duplicate questions. At 27 pages, the new form is the same length as that for the previous forms combined.¹⁴ This was because the layout had been made more spacious, with more guidance on the face of the document rather than separately. The proportion of pages on the form that the student or parent was required to complete had also reduced. The Department aimed to continue to improve the form year-on-year, including efforts to make it shorter.¹⁵

9 Q 30

10 Q 77; C&AG's Report, Box 5

11 Qq 72–78

12 C&AG's Report, para 3.5, Box 14

13 Qq 7–8

14 C&AG's Report, Box 12

15 Qq 56, 71

9. The notes and guidance accompanying the income tax self assessment return are 68,000 words long.¹⁶ The Inland Revenue nevertheless considered it to be well signposted so that people could look only at what they needed.¹⁷

Researching customers' views

10. Most departments that interact extensively with citizens conduct annual or bi-annual market research surveys. In the past, however, departments have been reluctant to use surveys or focus groups in case they criticised aspects of forms that could not be easily changed.¹⁸ The Department for Education and Skills reported that they had used student focus groups, a postal survey and also a structured interview questionnaire for both students and parents. They had also used the results of the National Audit Office's report to help improve their forms for the future.¹⁹

11. When asked whether literacy and numeracy needs were taken in account when designing forms, the Department for Work and Pensions said that voluntary sector organisations had been given the opportunity to comment on the introduction of the Pension Credit form. The Passport Service had a consultative panel with representatives from the Citizens' Advice Bureaux, consulted the Plain English Campaign and ran focus groups designed to be representative of the population.²⁰

On helping vulnerable customers

12. The Department for Work and Pensions accepted that the current Attendance Allowance form was difficult for old people to fill in on their own, especially for those who were becoming mentally frail, but argued that in virtually all cases, applicants were unlikely to complete the form unaided and would almost always be assisted by friends, other family members, care workers or health professionals, or by personnel from one of the charities working with old people.²¹ Around a third of applications they received across all benefits involved some degree of third party assistance. Telephone staff had been given customer service training to help identify cases where people might be having particular difficulties and try to point them to other sources of help such as the voluntary sector and local authorities. The Department now had processes for taking people through questions over the telephone. Frontline staff could then pre-populate the form and send the part-completed document back to customers to check. The Passport Service also offered a telephone support service for those filling in its form. 50% of applicants used this service either during the application process or to enquire about the progress of an application.²²

13. In focus groups on Attendance Allowance run by the National Audit Office many old people said they wondered if completing the two forms could be worth what looked to be

16 C&AG's Report, para 3.26

17 Qq 83–84

18 C&AG's Report, para 2.17

19 Q 17

20 Qq 32–34

21 C&AG's Report, para B.16

22 Qq 27–30, 33

the amount of trouble involved. Care workers also suggested that the front of the application should do more to motivate people to complete it.²³ The Department for Work and Pensions said that advertising campaigns were used to publicise new benefits or entitlements and had also been used for Direct Payment, informing customers about the change to the way pensions and benefits were being paid.²⁴ Decisions on the use of advertising campaigns or other information initiatives reflected a range of considerations, of which take-up rates would be one factor.²⁵ Other methods of raising awareness of entitlements included information leaflets, the Benefit Enquiry Line (a free telephone service), advice at Jobcentre Plus, exhibitions and mail shots.

Premium Fee Services

14. Since 1999–2000 the Passport Service has offered a ‘check and send’ service route via the Post Office. For the payment of an additional £5 fee, users can have their application form checked by Post Office counter staff and pay the required fees there and then. If staff detect any mistakes, users can redo the form, which will then be re-checked without further charge for up to one month. **Figure 1** shows that the mix of submission routes chosen by applicants has shifted markedly in recent years towards the Post Office route. In 2002–03 error rates for these applications were 1% compared with an error rate of 15% for passports submitted through the post.²⁶ The Passport Service considered that they did not get a significant number of complaints about filling in the form and independent research had indicated that 90% of people found the form either very or fairly easy to fill in.²⁷

Figure 1: Changes in submission of passport applications, 1998–2003

Year	% posted	% via Post Office counters	% at Passport Service Offices	Total %	Number of applications
1998–1999	89	0	11	100	4,836,000
1999–2000	72	18	10	100	5,263,000
2000–2001	68	22	10	100	4,409,000
2001–2002	58	33	9	100	5,627,000
2002–2003	50	42	8	100	5,537,000

Source: UK Passport Service

Note: The number of applications is rounded to the nearest thousand

23 C&AG’s Report, Box 13

24 Qq 45–47

25 Ev 18

26 C&AG’s Report, para B.4, Box 7

27 Qq 18–19

2 On improved administrative efficiency

Business processes

15. Under the current Attendance Allowance arrangements, decisions to reject or to pay only the lower rate of benefit are often subject to appeal by applicants. In such cases the paper forms and supporting documentation go before an appeals committee.²⁸ The Department for Work and Pensions found that results from the initial pilot of the new Attendance Allowance form showed the number of cases going through to appeal reduced by a third. Along with the new form, the telephone has increasingly been used to resolve queries, rather than written correspondence. The Department believed that one of the reasons for the reduction in appeals was that simplifying the process had resulted in an improvement in the accuracy of the information collected in the first place. The percentage of successful appeals had only increased by 1% suggesting that appeals had not fallen because there were now insufficient checks.²⁹

16. The Department for Work and Pensions was increasingly looking to offer vulnerable customers a wider range of claiming choices. Staff working on the Pension Credit received the same amount of training as staff on other benefits but more emphasis was given to the principles of good customer service rather than technical training on benefit systems.³⁰

Reducing costs

17. Departments need to strike a balance between being helpful to citizens and streamlining administrative processing. Reducing the amount of information that citizens must supply makes forms easier to fill in, but may reduce the security and integrity of the forms-checking process. Administrative simplification may however offer both users and departments worthwhile gains such as speeding up decision-making and making appreciable cost savings.³¹ The Department for Work and Pensions did not have precise targets to achieve a reduction in the size of forms and costs of processing while maintaining product quality, but was looking to regularly review its forms every six months to a year. The Department believed it was important to examine overall business processes and ways of more effectively dealing with customers, which could have a combined effect of improving customer service and reducing costs by 10% to 20% in some cases. The Passport Service also had broad efficiency gains targets, rather than a target for reducing the processing cost of £1.92 per form.³²

18. The Inland Revenue had yet to estimate time and cost savings from the introduction of the pilot short form but customer feedback indicated that the cost of compliance had reduced.³³

28 C&AG's Report, para B.15

29 Qq 20–21, 51

30 Qq 42, 44

31 C&AG's Report, paras 2.6, 2.8

32 Qq 49, 68–69

33 Q 61

3 Progress toward providing forms online and their take-up

Providing forms online

19. As part of the Prime Minister's e-government initiative all public services must be available online by 2005 with key services achieving high levels of use by that time.³⁴ The Department for Work and Pensions were not confident of meeting this target but said that it was trying to get as many forms online as possible. It also did not have any targets or precise estimates of how many customers were planning to use forms online. The Department for Education and Skills was putting its form online this year. It was starting with a target of 10% submissions for the first year and expected to get around two thirds in the medium term, given the high levels of internet use amongst students and the experiences of the Universities and Colleges Admissions Service online form.³⁵

20. The Inland Revenue introduced an Internet filing service for individuals in April 2000. In 2002–03 the number of self assessment returns filed by this means rose to nearly 325,000, more than four times the previous year's level, and 4% of total returns.³⁶ It predicts that around a million people will have filed online by the end of January 2004 and is confident that it will meet the target for all its forms being online by 2005.³⁷

21. The Passport Service stated that although its form was online it was not a straightforward system since it was not yet able to progress an application without supporting documentation. The form had to be submitted by and returned to the citizen, resulting in higher processing cost than a conventional paper application. As a result the online service had not been promoted, and had 2% take-up. It was moving towards a more streamlined process by the end of 2004 whereby an applicant would apply online, and be able to print out a completed one page form to attach a photograph and signature to. Once this facility was in place the Passport Service intended to promote it, with the expectation of achieving a take-up of around 15% after two years.³⁸

34 Q 98; UK Online Annual Report 2003

35 Qq 98–102

36 C&AG's Report, para B.12

37 Qq 96, 102

38 Qq 102–104

Formal minutes

Monday 17 May 2004

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon	Jim Sheridan
Mrs Angela Browning	Mr Gerry Steinberg
Jon Cruddas	Jon Trickett
Mr Brian Jenkins	Mr Alan Williams

The Committee deliberated.

Draft Report (Difficult forms: how government departments interact with citizens), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 21 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Twenty-sixth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (Reports)) be applied to the Report.

Adjourned until Wednesday 19 May at 3.30 pm

Witnesses

Monday 19 January 2004

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Sir Nicholas Montagu KCB, Inland Revenue, **Mr Paul Gray CB**, Department for Work and Pensions, **Mr Nick Sanders CB**, Department for Education and Skills, and **Mr Bernard Herdan**, United Kingdom Passport Service

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Fourth Report	Improving service delivery: the Forensic Science Service	HC 137	(Cm 6155)
Fifth Report	Warm Front: helping to combat fuel poverty	HC 206	(Cm 6175)
Sixth Report	Department of Trade and Industry: Regional Grants in England	HC 207	(Cm 6155)
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Twenty-sixth Report	Difficult forms: how government departments interact with citizens	HC 255	

The reference number of the Treasury Minute to each Report is printed in brackets after the HC printing number

Oral evidence

Taken before the Committee of Public Accounts

on Monday 19 January 2004

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon
Jon Cruddas
Mr Frank Field

Mr Brian Jenkins
Jim Sheridan
Jon Trickett

Mr Tim Burr, Deputy Comptroller and Auditor General, further examined.

Mr Rob Molan, Second Treasury Officer of Accounts, further examined.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL:

Difficult Forms: How government agencies interact with citizens (HC1145)

Witnesses: Sir Nicholas Montagu KCB, Chairman, Inland Revenue, Mr Paul Gray CB, Second Permanent Secretary, Managing Director for Pensions & Disability, Department for Work and Pensions, Mr Nick Sanders CB, Higher Education Adviser and Acting Director, Student Finance Group, Department for Education and Skills, and Mr Bernard Herdan, Chief Executive, United Kingdom Passport Service, examined.

Q1 Chairman: Good afternoon, welcome to the Committee of Public Accounts. Our hearing today is on the Comptroller and Auditor General's Report *Difficult Forms: How government agencies interact with citizens*. We welcome Nick Sanders, who is Acting Director of the Student Finance Group in the Department for Education and Skills, Paul Gray, who is Executive Team Member with responsibility for Disability and Carers in the Department for Work and Pensions, Sir Nicholas Montagu, who is Chairman of the Board and Accounting Officer of the Inland Revenue and Bernard Herdan, who is Chief Executive of the Passport Service. You are all very welcome; thank you for taking the time to come to see us this afternoon. May I please start with you, Mr Gray and ask you to look at page 13 of the Comptroller's Report and in particular paragraph 1.11? It says there "... there are some conspicuously long forms in the welfare/benefits area especially. Here the median form is 16 to 20 pages long, and there are seven forms which are more than 25 pages long". Why is this?

Mr Gray: Because of the complexity of the information needing to be collected in relation to a number of benefits. However, over the course of the last couple of years or so, we have had an intensive programme of reviewing the length of forms to see whether it is possible to meet the business need to collect information in an effective way consistent with reducing the size of forms.

Q2 Chairman: It is a bit ironic, is it not, that those who are least able in society are having to respond to the longest forms? You have succeeded in some of your forms: for example you have managed to

reduce the Attendance Allowance form to half its length. Apparently a lot of the questions were repeated. It can be done, can it not?

Mr Gray: It can be done and it has been done in a number of other cases. On pension credit and its predecessor, minimum income guarantee, we have reduced the form from some 40 pages to a little over 10 for minimum income guarantee. It can be done and over the course of the last few years we have put extra effort into seeking to do that.

Q3 Chairman: Sir Nicholas, welcome back to our Committee, which I hope will be a rather more gentle Committee than on the last occasion.

Sir Nicholas Montagu: I think of you as the pussycat committee, Chairman, you know that.

Q4 Chairman: Could I refer you to page 28 and Box 10? I was very interested in this. I see that you are doing a short tax return, mainly for the self employed. This is obviously an excellent idea. It is only four pages long rather than 16 and it is 50 questions. If you can do it for these people, why can you not do it for the rest of us?

Sir Nicholas Montagu: Because, by definition, this form is for people who have relatively simple affairs. It is not just the self-employed with low turnover, it is also pensioners; it is also higher rate taxpayers whose affairs are dealt with through PAYE. We want to get as many people as possible using this form and obviously it is in their interests and our interests to keep it as simple as possible. Equally, there will be an awful lot of people, the majority, for whom the short tax return will not give us adequate

**Department for Work and Pensions, Department for Education and Skills, Inland Revenue
and UK Passport Service**

information and who will have to continue receiving the long form, or, of course, filing by internet as more and more people are doing.

Q5 Chairman: There are large numbers of people who may be PAYE earners, may have one major job, may have one or two little earners on the side, might you be able to move those sorts of people to the short form, do you think, or not?

Sir Nicholas Montagu: Essentially, yes. One example is people who have both employment and self-employment income and who will benefit from the shorter form. We want to move as many people onto it as possible, because it is easier for them and easier and cheaper for us.

Q6 Chairman: Why is the pilot study involving 100,000 people taking two years?¹

Sir Nicholas Montagu: Because inevitably any change to any form when you are dealing with something as complex as self-assessment requires a good many changes to systems as well as to the form itself. This form, for example, is a scanned form, unlike the long self-assessment form.

Q7 Chairman: Mr Herdan, may I ask you to look at page 38 and paragraph 3.5 which is an interesting paragraph. You read there that a lot of people are complaining about the long preambles they have to do when they are completing their passport form. "Only small minorities conscientiously sat down to read preambles and long sections of guidance on what they should do first. Even they were somewhat defeated. One person in the passport group complained that she read the four text-heavy pages of initial guidance, only to forget what she was supposed to be doing on the form itself by the time she reached the end." That is what I feel like sometimes when I read National Audit Office Reports. Why have you not adopted the quick start approach on the passport application rather than making people read a lot of this extra stuff which they have difficulty with?

Mr Herdan: I shall not comment on National Audit Office Reports, but, on our guidance notes, we are seeking to make them shorter, easier to read, more visual and in the memorandum we sent to the Committee just before the meeting a few days ago we showed the latest version of those guidance notes which is about 30% shorter than the one which was looked at during the NAO study. You are also quite right that the forms should, as far as possible, be self-explanatory for those who do not read the guidance notes; we know that a fraction of the people who fill them in never read the guidance notes. That is quite correct, that the form should as far as possible stand alone with important notes in the lefthand margin, and we are seeking to move in that direction.

Q8 Chairman: The process is not going to be set back by the new questions you are going to have to ask about security and nationality, given the heightened terrorist threat we have to live with, is it?

Mr Herdan: I cannot preclude that we may ask more questions on the form. We are rather expecting that in the 2005 version we will be adding additional questions to get more rigorous about the establishment of identity and that is our core remit. That does not mean the form design cannot be made as user friendly as possible even if some additional questions are being asked.

Q9 Chairman: May I come back to you, Sir Nicholas, for a moment, please and ask you to look at page 26 and Box 6? This relates to the tax calculation guide. As I understand it—and correct me if I am wrong—the Inland Revenue always recalculate the tax owing on every return, do they not?

Sir Nicholas Montagu: Yes, that is correct.

Q10 Chairman: You do not trust people to get it right, indeed you are probably very wise not to trust them.

Sir Nicholas Montagu: I think this Committee would have something to say to me if I took everything on trust.

Q11 Chairman: Exactly. If you always recalculate it yourself, why do you issue millions of these tax calculation guides anyway?

Sir Nicholas Montagu: Because basically we will do the calculation for anybody who files by 30 September, so they would not ordinarily need the guide. An awful lot of people, probably rather over 50%, leave it until 31 January and they have to do their own calculation.

Q12 Chairman: Which they usually get wrong.

Sir Nicholas Montagu: No, they do not usually get it wrong. The point is that if we left them to rely on our calculations, we could not guarantee to do the calculation by 31 January; the 31 January is also payment date. Unless they have given us enough money as a down payment to cover the ultimate tax debt by the time we got round to it, they would have to pay interest and surcharge. So it is in their interests.

Q13 Chairman: How many people use this tax calculation guide? I am told it is pretty difficult.

Sir Nicholas Montagu: I do not think it is difficult. I think, like a lot of things to do with tax, it is more offputting than difficult. It is pretty good at telling you how to work out what you owe in particular bits. What is true is that we did not get it right to begin with. First of all we had four guides, then users told us they wanted one. What people actually get now is one of two: there is a basic guide which serves most people's uses and is not that difficult and a more complex one, which, for example, accountants might want.

¹ *Correction by witness:* The number of people involved in the pilot study referred to by the Chairman was, in fact, 50,000 and not 100,000.

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Q14 Chairman: Thank you for that. Mr Gray, may I come back to you and could you please look at Box 11 on page 29, which relates to the attendance allowance pilot form? This has been heavily criticised in the past, has it not, way back in 1996 by Help the Aged and others, but it took until 2003 to change it? Why did it take you so long to make the reform understandable by elderly people?

Mr Gray: A number of interim changes were made during that period, but you are right that the major simplification came through later. We had been researching ways in which we could more effectively collect some of the information we were asking for on Attendance Allowance forms from information that the department already held from other sources and over that time we reached a position where we were able substantially to reduce the amount of duplicated information and also to streamline the basic way in which we were asking the questions. There was quite a lot of debate with interested groups about how best to achieve that, because the information we are seeking for Attendance Allowance is not of the most straightforward kind. The design of the benefit, its purpose being to provide care help for elderly people, requires quite a lot of detailed assessment of how best to do it.

Q15 Chairman: Are there other forms which have suffered from this relative inertia?

Mr Gray: It has taken us a number of years to get to that point for the majority of forms which we have radically shortened.

Q16 Chairman: Why?

Mr Gray: Probably because in the earlier period the amount of attention given to this particular issue of interaction with customers was less than it has been over recent years. I will not seek to defend why everything was not done more quickly. What I will say is we have been putting a lot of effort into this over the past couple of years with considerable success.

Q17 Chairman: Mr Sanders, could I ask you please to look at page 26 and paragraph 2.17? This relates to students returning forms to you. Have you obtained any direct feedback from them through discussion, focus groups, similar devices, or not? If not, why not?

Mr Sanders: Earlier on in the process of redesigning our student finance arrangements and the forms, we did have focus groups with students. This year we have done two things: we have had a postal survey of students using our new form; and we have had a structured interview questionnaire with students and with parents. What we have not done is have a focus group of students themselves. Looking back, I think we have used effectively the results which the NAO and LSE's focus group provided. We do intend to have focus groups in future.

Q18 Chairman: Mr Herdan, could I please come back to you and ask you to look at Box 7, page 27. If you have difficulty completing your passport

application form you can go to the post office and they help you for a fee of £5. Instead of requiring people, often elderly people, to pay £5 to get help to fill in their passport form, why do you not just make the form easier to understand?

Mr Herdan: We have had seven revisions of this form since 1998 when we introduced the current passport processing system and each of those sought to deal with any problems people have with completing the forms. Customer survey research shows over 90% of people find the form either very easy or fairly easy to fill in, so there is no evidence of serious problems with it.

Q19 Chairman: It is true that far fewer errors come through in forms transmitted with the help of Post Office staff.

Mr Herdan: Yes; true. The Post Office service is a matter of customer choice, it is a channel they can use and we would be criticised if we did not provide that kind of channel. It has been very popular; clearly it does deal with the level of errors. We are content with its operation, the customers seem to be content with it and we do not get a significant number of complaints about the £5 fee because it is a customer choice to use it.

Q20 Jim Sheridan: According to the Report the cost of applications for Attendance Allowance is currently around £16 million per annum. Could you tell me whether that includes appeals for Attendance Allowance and whether there are any efficiency savings in the pipeline which could perhaps bring that figure down?

Mr Gray: Yes, it does include the cost of appeals.² On efficiency measures we are taking, the whole process of simplifying the form is a key part of that process and the early results we got from the initial pilot run in 2002 in Bristol of the new form pointed to a number of benefits which will reduce costs over time. For example, the number of cases going through to appeal appears to be reduced by the order of one third. That means that fewer cases are being appealed against and therefore there is less double handling of those cases. Another feature of the new business process, of which the form is only a part, is making much greater use of telephone calls from decision makers to claimants where there are further queries or pieces of information they wish to clarify, looking both to shorten the time taken, improve the customer service in that way, but also reduce the cost from lots of protracted correspondence.

Q21 Jim Sheridan: I think you said the appeals had dropped by one third. Is there any singular reason for that?

² *Note by witness:* In 2001–02 costs in the Disability and Carers Service were estimated to be £15.5 million for handling initial Attendance Allowance applications and £1.0 million for handling appeals. In 2002–03 the comparable figures were £13.0 million and £0.7 million. In both cases the figures exclude the costs of handling the appeals in The Appeals Service.

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Mr Gray: Probably not a singular reason. It is an early stage to assess the full impact here; that was based on the pilot from one area. The full process of rolling out the shorter form only started in October last year, so we are not able fully to assess it yet. Amongst the reasons appears to be that simplifying the process has improved the accuracy of the information collected in the first place, by being more flexible about the way we have follow-up contacts with customers. That again appears to have increased the likelihood of us getting it right first time and reducing a number of cases where claimants feel there are issues they wish to come back on.

Q22 Jim Sheridan: You have simplified form for those classified as suffering from a terminal illness.

Mr Gray: Yes.

Q23 Jim Sheridan: I take it that is similar to fast tracking the system.

Mr Gray: Yes. That was the case before we introduced the new generalised short form. For some years now there has been a distinct form and a separate process which means that cases can be handled much more quickly in those sensitive cases. The requirements for eligibility are also somewhat less than in the generality of cases.

Q24 Jim Sheridan: Is there any other category of claimant which would perhaps benefit from a similar process?

Mr Gray: For Attendance Allowance we do not have any significantly different processes. In the sister benefit, Disability Living Allowance (DLA), which is available for people claiming below state pension age, we have distinguished child cases and have a separate process and a separate claim form in relation to child applications. Elsewhere in the benefit system outside the disability area in a number of claims processes we have sought to identify customer segments where it is appropriate to have a distinct form and a somewhat distinct business process. For example, single people claiming Jobseeker's Allowance is a separate process.

Q25 Jim Sheridan: Would that include people on day care allowance, long-term allowances?

Mr Gray: I am sorry; which long-term allowances?

Q26 Jim Sheridan: Day care allowance for instance.

Mr Gray: I do not think we have a separate process for that one.

Q27 Jim Sheridan: Just focusing on those less fortunate in society who are not exactly up to speed in terms of literacy or numeracy, is any special assistance offered to these people in terms of completing the forms or seeking advice or assistance?

Mr Gray: We seek to do a number of things. On nearly all of our claims processes we do encourage people and point to the opportunities to get assistance from third parties to help them complete

the forms and generally assist them in the process. We point to voluntary sector organisations and others who may be able to help and overall, right across the benefit system, our estimate is that something like one third of the applications we receive, not just Attendance Allowance but more generally, involves some degree of third party assistance to people. That is one thing we have done for a long time. Something we are doing much more of recently is having a range of ways in which customers can contact us. Rather than just the traditional process "Here is a paper form. You fill it in and put it in the post and we will deal with it", we are increasing the number of options for people to claim on the telephone and have processes where people are taken through questions on the phone, points of clarification can be discussed. We then look to pre-populate the forms from our frontline staff, who then send the part-completed form out to customers to check. The whole process of having more of the dialogue interactive on the telephone does seem to help in a lot of cases, rather than leaving somebody on their own, trying to struggle through a form, not knowing quite what to do when they have a query.

Q28 Jim Sheridan: Given that most people who suffer from that would be reluctant to own up to it, do you have trained advisers, counsellors, who can perhaps tease that out of people who would be reluctant to admit to that problem?

Mr Gray: Our customer staff on the telephone do seek to identify cases where people may be having particular difficulties. More generally though, the main way in which we seek to help people who feel they need help is to point to a number of organisations who may be willing to help people, primarily the voluntary sector, local authorities, others who have an interest in the benefits system.

Q29 Jim Sheridan: It is quite a difficult thing to identify someone who is reluctant to give you that information and they usually stumble through. Are there any identifiable signs which could be seen by your people to enable them to tease that out of people?

Mr Gray: For example, if someone is seeking to do an initial claim over the telephone, it is an option for members of staff to ask whether the conversation is going on too long for them, whether they would like to follow some other process. It is difficult and I cannot point you to any specific initiatives we are taking, but by giving staff increasing amounts of general customer service training, that is one of the aspects we are trying to cover.

Q30 Jim Sheridan: Is there any duplication on the forms? One hundred or more separate pieces of information are sometimes required.

Mr Gray: Yes, we have identified some and I touched on it briefly in response to the Chairman earlier. To give two specific examples, one of the areas of Attendance Allowance on which we are not now separately collecting information is customers'

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preferred method of payment. It is clear that virtually all those people who are claiming Attendance Allowance are already in receipt of Retirement Pension, they have elected a particular method of payment for their Retirement Pension and our presumption now is that they will wish to have Attendance Allowance in the same way. Another example in the Disability Living Allowance pilots and new processes we are trialling at the moment is to ensure we make use of information which the department has collected from that category of customers who are already in receipt of Incapacity Benefit (IB). Some of the information we will have collected from them in relation to an IB claim, we can make use of in a DLA claim to reduce the amount of duplication.

Q31 Jon Cruddas: One of the key findings of the NAO is point 7, page 4 “Until recently some agencies seem to have approached the design of forms in a formal and legalistic way, assuming an ideal citizen who conscientiously reads all the information given with a form and can cope with very complex information”. Do you use the voluntary groups you said help individuals in filling out the forms in the actual construction of the forms themselves?

Mr Gray: Yes; very much so. It is something we are making increasing use of and I think it is true to say that in all the recent exercises we have been involved in on form re-design, we have sought to engage with the relevant voluntary sector organisations. They are not the only people we consult. We also consult groups of customers directly and others who may be able to help.

Q32 Jon Cruddas: In my constituency I have something like the second and fourth worst levels of adult literacy and adult numeracy. Would you extensively consult at an early stage? Could you give me an example of how you try to confront these issues in the design of one of the more recent forms?

Mr Gray: If we take the Pension Credit form which we have recently been rolling out, we went through a number of different strands of consultation on that exercise. I cannot quote chapter and verse on the precise way in which we may have pointed to adult literacy issues, but we offer a very open brief to voluntary sector organisations and others who often have very deep experience of different types of customers and give them every opportunity to advise us and offer comments to address that and any other issues.

Q33 Jon Cruddas: May I ask the same question of Mr Herdan in terms of the design of forms and how extensive the consultation is with interested voluntary groups or representative bodies?

Mr Herdan: We certainly do consult; we have a consultative panel and the Citizens’ Advice Bureaux are represented there and give us quite a lot of input in terms of our work. We also run focus groups and those focus groups are selected by a market research company to be representative of the population, so

they are not skewed in favour of any particular group. We do take that seriously. Our experience has also been that telephone support is very valuable, so we provide a 24/7 call centre support and about 50% of applicants will avail themselves of that service either during the application process or to chase the application later. That is a good way to get support. We do use different channels. We are also using the Plain English Campaign to look through the text of our wording to see whether we have excessively long words or jargon which we have not picked up.

Q34 Jon Cruddas: This issue of literacy and numeracy is directly relevant. Do you specifically address those issues at the earliest possible stage?

Mr Herdan: Not as specific issues; I do not think we do that specifically with interest groups quite with that perspective. Through the work we do with focus groups and so on, we do assess all of that and we also get feedback from survey work and from complaints as to people who found the forms difficult; the percentages are very, very low indeed of people who actually complained about the forms. Those kinds of people might not complain of course because they might not be literate enough to want to write to us. In terms of the survey work, about 90% of the people say they find the forms easy or fairly easy to complete. Those surveys are done through random selection telephone calls.

Q35 Jon Cruddas: Are they independent or are they done in-house?

Mr Herdan: Yes, they are independent. It is an outside company and it is not sending back the form with your views, because that skews the thing in favour of those who like filling in forms. It is done by telephone contact: every two months 500 people are contacted by phone to ask what the experience was like of filling in the form and getting a passport, whether it was all okay. That gives pretty good results. That covers the whole population. We would be picking up problems through that route.

Q36 Jon Cruddas: May I come back to Mr Gray on that point then? Page 6, point 11, says “Nonetheless, some agencies seem to have serious gaps in their knowledge of who was filling in their forms and how easy or difficult they found the task”. Could you give us some examples of the processes by which you find out who is filling in the forms?

Mr Gray: Do you mean after the forms have been designed and when they are being used?

Q37 Jon Cruddas: Yes.

Mr Gray: Two examples on that. In relation to the initial pilot of this new shorter Attendance Allowance form, we commissioned an external agency to do a telephone survey for us.³ It was a sample of something like 300 or 400 people who had filled in the new form. The response there was that

³ *Note by witness:* This particular survey was in fact undertaken internally by Disability and Carers Service staff, although other aspects of the pilot have involved external partners and organisations.

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75% of people found filling in the new form a very satisfactory process. In relation to a pension credit, last week the Secretary of State tabled the latest report before Parliament, which included information about independent research which has been done on initial claimants under that new process and that threw up something like a 90% satisfaction rate. It is a rather similar process to the Passport Service of using externals to do telephone surveys.

Q38 Jon Cruddas: What about focus groups, what we would call the more qualitative side of research rather than the quantitative side? A mass of information comes out of this Report in terms of the use of focus groups, in terms of providing detailed immediate suggestions. They are not that expensive, they are quick and they are quite penetrating in terms of what they find out. If you do not do them, do you anticipate any future use of them?

Mr Gray: We have done them to some extent both pre and post, as it were. It is probably not the biggest means; we tend to use other methods more extensively than that, but we are keen to use a whole portfolio of techniques, depending on what seems most appropriate in the circumstances.

Q39 Jon Cruddas: May I ask Sir Nicholas about focus groups? What is your experience of them in terms of the consumption of your products?

Sir Nicholas Montagu: Useful, but less useful than usability testing. The thing about focus groups is that they take place after the event. Distance can lend either enchantment or disenchantment to the view. Usability groups—and this is why Sir John comments favourably on them—actually sit people down and get them to do the task so you can see what is easy, what is obscure and so on. With some of our forms we go way beyond this, even in one case setting up a so-called model office with 2,000 volunteers.

Q40 Mr Field: Mr Gray, may I put some questions to you? I thought your responsibilities extended to older people.

Mr Gray: Indeed; yes.

Q41 Mr Field: They do. Could I just make some comments about Pension Credit in relation to some of the other lessons which might be drawn in the department? It is possible to make a distinction about policy, where one might see Pension Credits and other credits leading the way to madness, but also admire how the policy is implemented. In preparation for this meeting, I asked somebody in their nineties, who finds it quite difficult to hear on the telephone, to accept your invitation to phone up about pension credit. I was amazed. The next morning the form was back, all of it correct. My guess is that other people have found this in their constituencies as well. Would you take back to the people who designed that a big vote of thanks, a big pat on the back for what they have done?

Mr Gray: I shall certainly do that with thanks; thank you.

Q42 Mr Field: Given that many of the people who have to claim benefits are not dissimilar from our frail, elderly constituents, what lessons do you draw from providing what I saw as a Rolls-Royce service on pension credits, to which I know the Chancellor's star is in a sense attached, compared with the treatment say of Attendance Allowance?

Mr Gray: I see quite a few lessons. One of them is that we are increasingly looking, in relation to more vulnerable groups of customers like the person you mentioned, to offer a wider range of claiming choices. For those who may find even the admirable telephone service you spoke about too difficult to handle, we are looking to provide the options for face to face contact, for home visits for particularly vulnerable customers. In relation to older people, our staff increasingly, working closely with the fairer charging staff in the joint teams with local authorities which are being rolled out, ensure that if the initial call was about one particular claim or benefit, attention is drawn to other benefit areas that person might be entitled to. The link between Pension Credit on the one hand and Attendance Allowance on the other is a very good example of the sort of thing, working with our partner organisations, which we are now looking to do.

Q43 Mr Field: May I ask something about the quality of the staff now running the Pension Credit? Were they self-selecting? Might they have gone to fill those posts because it was a new benefit, so to speak, and there is a certain amount of kudos from going to something new rather than having to make good with something which has been around for 20 years?

Mr Gray: They were not self-selecting, they were applying to do that. A very substantial proportion of the staff working in the pension centres, as distinct from the local face to face staff, were in fact new recruits. They were new to the department as a whole, quite a lot had come from other customer-facing organisations, not only in the public sector but also in the private sector. In relation to original DWP staff, certainly there were many applicants being attracted to the Pension Service; probably more true of the local service, the face-to-face service, than the contact centres where the majority of people were new external recruits. Because there is in a limited range of contact centres around the country rather than the 400-odd local offices that the Benefits Agency used to have, the scope for people to say they wanted to move from their local office in Birmingham to work in a contact centre in York was obviously limited.

Q44 Mr Field: Did they receive more training than other people who are on the telephone in the department, or not?

Mr Gray: No, I do not think so. It was broadly comparable with what we have done in relation to other telephone services. What was probably different from what had been done in the past, was

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to give much more emphasis in the total training package to the principles of good customer service, rather than to the minutiae of technical training on the benefits systems. As we improve our IT systems we are looking to give our agents much more on-screen access to some of the more abstruse technical questions which they might have to deal with and also adopt a kind of 80/20 rule, that staff who have had general training, including a good slug of general customer service training, can deal with 80% of cases but in the dialogues that they use they are encouraged to identify points where a response would suggest this is a much more difficult, complex case and they should arrange for a more specialised member of staff to take that on. There is a downside there in that it does involve being passed from one member of staff to another, which none of us likes very much, but we are trying to get the right kind of 80/20 balance there so that people get the right service they need.

Q45 Mr Field: May I turn to the Attendance Allowance form? Obviously as MPs most people do not come to say they have a success to tell us about, they come to tell us something has gone wrong. The issues I see are that people say they cannot get through the first eight pages and will I help them to fill it in. I have difficulties when I am sitting down with the person trying to get the Attendance Allowance. Some of the questions we cannot answer ourselves and there is the person who is trying to claim the benefit, which might suggest either that the regulations which this place passes are quite difficult to translate into forms, or that there is something wrong with the questions. If two of us, one who knows a bit about the benefit and one who knows quite a lot about their condition and is trying to claim the Attendance Allowance, genuinely cannot . . . it is almost like throwing up a coin and seeing which way it comes down to tell us how to answer the question.

Mr Gray: It may be a bit of both. Certainly the conclusion we reached before introducing the much shorter form was not only that we could reduce the number of questions, but that there are various ways in which we could improve the way in which we are asking for the information in a way which makes it easier, if not easy, for claimants to fill them in. There are some issues about the nature of this particular benefit which makes it amongst the more difficult business processes that we and customers are looking to manage. This is a benefit which is not about prescribing particular medical conditions, it is about trying to make an assessment of how any individual is able to cope or not cope with whatever range of medical conditions they have. Two people can have precisely identical underlying medical conditions: one may be much more able to cope than the other. There are some inherent difficulties about assessing this benefit, which all the form improvement in the world cannot completely remove. But our conclusion was that we could go a significant way by improving and simplifying the way in which the form is set out.

Q46 Mr Field: May I make a suggestion and that is, given the success in helping people to claim Pension Credit of those huge advertisements which largely just give the phone numbers and tell people to phone up, might the department not consider, within its existing budget, asking for no new money, looking at the non take-up of benefits and putting them in order of priority, those with the largest non take-up at the top of the list and then doing similar campaigns for take-up as there has recently been on Pension Credit?

Mr Gray: That is certainly something we can consider.

Q47 Mr Field: Might you come back with a note just to help?

Mr Gray: Yes.⁴

Q48 Mr Jenkins: Mr Gray, when you read the Report were you surprised, pleasantly surprised or disappointed at any comments in the Report?

Mr Gray: No, in so far as I had expectations, the Report was broadly in line with my expectations. The Report was pointing by and large to conclusions and issues which I recognised, which we were seeking to address and in a number of cases we recognised that we still had some work to do to improve further.

Q49 Mr Jenkins: Like Mr Field, I congratulate the Pension Service on the new attitude and change of culture. I find them going out now into the community and explaining things is a revelation. Before they were guardians of the public purse and not paying it out, whereas now they are trying to make sure everybody who is entitled to it gets it. I think this is tremendous. I also liked one or two of your answers when you said you had been putting a lot of effort into re-designing forms and that you have had some success in this area and it can be done. That is a very positive attitude: it can be done. What targets have you set yourselves to achieve in the next few years by way of reduction in the scale of forms or, more importantly to us, savings in the cost or processing the forms while maintaining the quality of course?

Mr Gray: I cannot point to precise quantitative targets. What we are looking to do now is apply more generally some of the lessons which we are starting to draw from the examples which I talked about already. We are looking to intensify the process of regular review. The NAO Report suggested that forms might be reviewed every three to five years. By and large we think six months to one year is a better period now to keep things under general review. The second point I would make is that the issue here is not just about forms *per se*; it is about the overall business processes we are designing to interact with our customers and to see what ways there are of offering greater choice to customers so they get the service through the channel they prefer. However, there is also a double benefit, double whammy, here, in that what I have

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already talked about in relation to telephone service, although the findings are still very premature, we think overall is significantly reducing our costs of administration as well as simultaneously improving service for those customers; early days, but possibly of the order of 10% to 20% in some cases.

Q50 Mr Jenkins: That sounds excellent to me. Keep up the good work.

Mr Gray: May I add one other point? Where there probably is significantly further efficiency scope is in relation to e-claims, where so far we only have one benefit actively taking e-claims, which is carers' allowance. The Report pointed out that maybe growth in that area will be relatively slow, but as more people become more comfortable using e-channels, that undoubtedly offers scope for even greater savings.

Q51 Mr Jenkins: The only other point I want to raise is that you said, in reply to a question from Mr Sheridan, that appeals fell by one third in Attendance Allowance. Of course some cynic might say that if your appeals are falling, it merely indicates that you are too soft and you are just giving public money away. How can you counter that argument?

Mr Gray: The same data on that initial six-month trial suggested that the percentage of successful claims had gone up by about 1%. On Attendance Allowance the number overall of successful claims both for the higher rate and the lower rate is something like 80% combined, with 20% as rejections. In that trial that was throwing up something like a 30% reduction in appeals the success rate increased by 1%. Whether that 1% was statistically significant is doubtful but the relative size of the two figures suggests that we have not fallen into the trap you are pointing to.

Q52 Mr Jenkins: Mr Sanders, the same sort of question. You read the Report?

Mr Sanders: Yes.

Q53 Mr Jenkins: Were you pleased with it?

Mr Sanders: It may be an unconventional thing to say to the Committee, but it came at a very helpful moment indeed for us. Perhaps I should explain, as the Report notes, that we were moving from a system in which students had to fill in three forms in succession, to a system in which they now have to fill in one and we were piloting that one form last year. The findings of the Report have enabled us to improve that single form for rollout to England and Wales generally this year in a way which has been very helpful. Yes, we were pleased with the Report in terms of being able to pick out things we needed to improve and being able to improve them.

Q54 Mr Jenkins: Is that the PN1 form?

Mr Sanders: Yes.

Q55 Mr Jenkins: That is the form which is exactly the same length as the three forms it replaces. Is that the one?

Mr Sanders: That is the one.

Q56 Mr Jenkins: What can you say?

Mr Sanders: What we have done with it now is taken some questions out of it for the second generation of the PN1 form. We have changed the layout, we have shortened our guidance from 16 pages to nine pages. In the original three forms, there were no fewer than 28 pages where the student or their parent might be expected to write something. That is down to 22 pages where they might be expected to write something. We are working on it. At the same time we have made the layout a bit more spacious and a bit easier to understand and put more guidance into it. Overall the document is about the same length, but the proportion of pages which the student or their parents are required to complete has gone down. It is a process of continuous improvement and we are trying to improve our form each year.

Q57 Mr Jenkins: Are you expecting a little bit more work in the future?

Mr Sanders: From?

Q58 Mr Jenkins: From the number of claimants. As the numbers go up, are you expecting more work?

Mr Sanders: Yes. The volume of process is going up, at the same time we have been able from this year, through introducing the new system, to introduce on-line applications so that the biggest scope for efficiency gains is going to come from on-line applications.

Q59 Mr Jenkins: Sir Nicholas, when the Chairman introduced you, I thought he was going to add your other claim to fame that you were a contestant in *University Challenge* and were a star of that programme. He omitted that, did he not?

Sir Nicholas Montagu: He did indeed, perhaps out of kindness to me, because stellar though I may have been as an undergraduate, we acquitted ourselves rather less well when we were re-united.

Q60 Mr Jenkins: As you get older you have to carry a lot more information.

Sir Nicholas Montagu: I think it is also, as you would expect from a Chairman of the Inland Revenue, that you become more risk averse, you do not come down on the button unless you are absolutely sure.

Q61 Mr Jenkins: Very, very true. The Chairman referred to the short forms you are sending out now. Have you done any analysis with regard to how much saving in processing time and cost you have made by using this short form?

Sir Nicholas Montagu: No, we have not yet. This is just the first year, this is the pilot of 50,000, but certainly all the indications from the customer

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feedback so far is that people who are completing the short form take a lot less time, as you would expect, even if they are providing the same information as before. We look on this as a good way of reducing the cost of compliance.

Q62 Mr Jenkins: Were you quite happy with the Report itself? No major surprises in the Report?

Sir Nicholas Montagu: No major surprises. As with any NAO Report, some things strike a chord more than others. No, no surprises and by and large very content with it.

Q63 Mr Jenkins: The Chairman referred to the self-assessment forms which are sent out and the calculations guide and like a fool I thought that if we had passed the legislation for the self-assessment form then we should fill it in ourselves. I have struggled every year and never got it right yet.

Sir Nicholas Montagu: Really? What is it you find particularly difficult?

Q64 Mr Jenkins: They never agree with my figures. When I calculate it I say you owe me money and when you work it out you say I owe you money.

Sir Nicholas Montagu: Do you get it in by 30 September and leave us to do the work for you?

Q65 Mr Jenkins: No, I do it myself.

Sir Nicholas Montagu: That is the answer. Why do it yourself when your friendly Revenue man is here to do it for you?

Q66 Mr Jenkins: I never have my own affairs in the same order as other people's unfortunately, because I spend so much time on other tasks that I leave mine to the last minute. You are getting there; the forms are getting slightly better.

Sir Nicholas Montagu: Things are getting better. The changes we can make to the main form are limited because it is so dependent on computer systems which are now seven or eight years old. What we do is test the form, we do usability testing of forms every single year and a lot of the lessons we learn, even if they are not directly applicable because of the constraints of the self-assessment form, will apply elsewhere. One obvious example is the short form, but also across the range of our activities.

Q67 Mr Jenkins: May I ask Mr Herdan the same question? Did you get any surprises from the Report itself? Were you quite happy with it?

Mr Herdan: Yes, I was very happy with the Report. There were not too many surprises. The focus group work we do threw up the same sorts of problems which were found by this study which we are aware of. In some cases we can solve them and in some cases it is difficult to solve them. The guidance booklet which was produced was very helpful, the LSE/NAO guidance booklet and we have taken on some points from that in the next edition of our forms coming out in March. It was very useful and will be a useful benchmark for us to set ourselves against in the future.

Q68 Mr Jenkins: Have you set yourselves a target of reducing your processing costs?

Mr Herdan: Our processing cost per form is about £1.92 which is already pretty low. No, we have not set a fresh target for that. We do have broad efficiency gain targets and this could come into that ambit. There is no specific target there. We also have aspirations to reduce the error rate coming to us which customers have perpetrated. We are tracking all of those.

Q69 Mr Jenkins: You probably incur costs because of that.

Mr Herdan: Yes.

Q70 Chairman: Sir Nicholas, your message to the public watching on television is "Get your form in by 30 September and we will do the work for you and you can save on all these accountant's fees".

Sir Nicholas Montagu: It is twofold. That is one and the other is "File on-line. It's a whole lot easier and a lot of the calculations are done for you". Also, from this year, if you file electronically, later on in the year we will be able to do a degree of pre-populating your form, for example as the end-of-year information comes in from employers.

Q71 Chairman: Mr Sanders, I was amazed that you did not even blink when Mr Jenkins put to you that you proclaimed as a great success the fact that you have reduced three forms to one form but he immediately came back and said the new form was just as long as the three old forms combined. It is hardly a great triumph, is it?

Mr Sanders: I do not think I described it as a great triumph. The form as it now is does include a great deal of the guidance which was in the guidance booklet before so that we tried to meet the principles set out in the Report of enabling people to work on the form rather than having constantly to look at the guidance. The proportion of the form which actually has to be filled in by the student has gone down as a result. In a perfect world we should all like our forms to be even shorter and we will work at trying to make them much shorter.

Q72 Jon Trickett: Sir Nicholas, I did not exactly understand your last response to Mr Jenkins. It did strike me that there was some duplication in the collection of information between receiving information for those who are employed from the employer and also seeking the same information from the employed. Could you explain a little bit more what you are doing?

Sir Nicholas Montagu: Certainly I can. There are two points here: one again goes back to the point I made to Mr Jenkins about systems. Pre-populating forms with information you already have is quite rightly all the rage in tax administrations across the world. If you lived in Denmark or Sweden, you would be sent a completely filled in form; all you would need to do would be to sign and send it back. We are talking here about a form dependent on systems seven or eight years old. Pre-populating

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would require expensive changes. There is another point which is that the forms go out on 6 April at the start of the tax year. A lot of people like to get their forms completed quickly, particularly if they think they are due a repayment. The timing for getting information from employers is after that, so they are out of kilter and we could not pre-populate the forms with the relevant information. My point about electronic forms was this. Suppose that you work for a company and you decided you wanted to file your return electronically in, let us say, June/July. If we have had all the information about your earnings, your practical expenses and whatever, if you are filing electronically we will pre-populate the return.

Q73 Jon Trickett: So two points really: one is that the computer systems must be able to communicate to some extent since you are able to do it for most people who are going to file electronically. The second point was administrative, in relation to the dates on which the two pieces of information are provided. Can we focus for a moment on the capacity of the computer systems to speak to each other? How is it that they can do it for those people who file in June, but they cannot do it for the rest of the population?

Sir Nicholas Montagu: I am very far from being a “techie” as you know. I do not think it is necessarily about computers talking to computers. It is about the time difference. If you complete a paper form, you will be sent that form on 6 April. The information you need will not be in the possession of the Revenue by that time. That is the difference.

Q74 Jon Trickett: You said something about your systems being eight years’ old.

Sir Nicholas Montagu: Yes; about that.

Q75 Jon Trickett: Implying that there was some computer problem, but there is not.

Sir Nicholas Montagu: No.

Q76 Jon Trickett: Why not adjust the dates then? Why do we not simply adjust the dates?

Sir Nicholas Montagu: I think you will find that is something for you to do rather than me.

Q77 Jon Trickett: It is determined by statute then, is it?

Sir Nicholas Montagu: Yes.

Q78 Jon Trickett: Why not offer to people who want to fill in paper the same facility if they choose to come back after June with the information?

Sir Nicholas Montagu: The answer here is that we are talking about up to eight million people this year still using the paper form. We would have to make major adjustments to our computer systems and that obviously has both an actual and a considerable opportunity cost. What I can say is this: with modern forms and new systems there is and there will be a growing tendency to pre-populate. For

example, for the new Tax Credit renewals people will have to do incredibly little because we will be pre-populating the form with the information we hold.

Q79 Jon Trickett: Is this same information provided by the employer and the person filling the form in rather than the computer also the same information as that which is provided for National Insurance purposes? Is it all the same money?

Sir Nicholas Montagu: Essentially at the end of the year the employer will give you your P60, which will record your earnings and your National Insurance, PAYE, tax deductions.

Q80 Jon Trickett: Is there not a great prize then? It does seem to me that there are three separate systems: the self-assessment, the employer information and the National Insurance information. For the vast majority of the population who are employed these are actually all the same pieces of information, are they not?

Sir Nicholas Montagu: Yes, but there is not the duplication that you imply. The other thing to remember is that the vast majority of employed people are dealt with by withholding through the PAYE system. It is only higher rate taxpayers or people with more complex affairs who have to complete a self-assessment form and that takes us back again to the simplified form.

Q81 Jon Trickett: Is there a prize in terms of savings ultimately by trying to combine the various information collecting systems which have been used for those people who have employed status?

Sir Nicholas Montagu: I am not quite clear what you mean. Basically the bit of paper which an employee receives at the end of the year simply records the tax deducted and National Insurance contributions which will have been paid over and the National Insurance contributions identified by the National Insurance number will have been, as it were, credited to the individual’s account in the Contributions Office.

Q82 Jon Trickett: I may be making heavy weather of this. There are not three separate data collecting systems in operation for the same individual.

Sir Nicholas Montagu: No, that is right. If you are an employee you will be dealt with through the computerised PAYE system and you will also need to file a tax return self-assessing if you have more complex affairs or are a higher rate earner.

Q83 Jon Trickett: I am not sure I am entirely convinced by your answers, but I accept them anyhow. In Box 23 it says that Question 10 is still ambiguous on the self-assessment form. It begins with income from UK savings and investments. It says “Do you receive any income from UK savings and investments?”. The notes, part of the short novel which people have to read, the 68,000 words of guidance notes, indicate that it means taxable income, so it excludes TESSAs and ISAs and so on. How did that question slip through the net?

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Sir Nicholas Montagu: I think the idea of adding the word “taxable” before “income from UK savings and investments” is a good one, but things have not slipped through the net. The trouble with tax, as you know, is that it is almost impossible to say “invariably” and in fact ISA and TESSA and PEP interest is usually tax free, but there are certain circumstances like early closure and excess withdrawals where it becomes taxable. I can reassure you that the guide is designed to signpost people to what they need. They do not need to wade their way through all those 68,000 or however many words it is to get to that.

Q84 Jon Trickett: It is between 34 and 51 pages, depending on which guidance it is and it is 68,000 words, is it not?

Sir Nicholas Montagu: Yes, but my point is that you do not need to wade your way through the guide. It is quite well signposted. If you are simply interested in savings income, you would go to the bit of the guide which deals with savings income and you would not, for example, go to the bit of the guide which deals with rent from property.

Q85 Jon Trickett: Why did the people who asked you to look at this feel that this was a misleading question then? You seem to be very sanguine about this?

Sir Nicholas Montagu: I think because we do not include the word “taxable” before “income from UK savings and investments”.

Q86 Jon Trickett: On this 68,000-word thesis, which is longer than some novels, I note the penultimate bullet point on page 50 says that in addition to the wordy guidance notes which some people put out, something like 10% to 20% of the form is also made up of further guidance, introductory notes or something different to the guidance. How much of your self-assessment form consists of this between 10% and 20%?

Sir Nicholas Montagu: How much of our self-assessment form?

Q87 Jon Trickett: The actual self-assessment form contains further notes in addition to the 68,000 words, does it not?

Sir Nicholas Montagu: I think not a lot.

Q88 Jon Trickett: Is it above 10%?

Sir Nicholas Montagu: I do not have a percentage figure. Basically guidance is there to support people when and if the need arises during the completion of the tax return. The guidance replicates the numbers on the tax return, so we do not actually need to put much in. What we are doing is to review it every year.

Q89 Jon Trickett: A note on that particular point would be helpful rather than belabouring it now.⁵ In identifying the shorter form for self-employed people—

Sir Nicholas Montagu: Yes, that only has 16 pages of guidance.

Q90 Jon Trickett: Yes, I am tremendously impressed. I was wondering how it was that you struck upon the idea of doing the self-employed before any other sector of the population.

Sir Nicholas Montagu: It is not all self-employed: it is self-employed with a turnover of below £15,000, the people with simple affairs; pensioners; people who are mainly dealt with by PAYE but are higher rate taxpayers. A lot of the last two categories can be dealt with by coding.

Q91 Jon Trickett: Is the short form for anybody paid less than £15,000 or is it only for self-employed?

Sir Nicholas Montagu: Self-employed people with a turnover of less than £15,000.

Q92 Jon Trickett: How did you come to decide that should be the first market segment that you would address with a short form?

Sir Nicholas Montagu: They have always been a target for deregulatory activity and people in that group can also submit three-line accounts. What we were looking for in simplifying the form was for which people we could make life a lot simpler without putting at risk revenue due to us.

Q93 Jon Trickett: Have you considered looking at pensioners, for example?

Sir Nicholas Montagu: Pensioners are in. Let me repeat the three groups: self-employed people with turnover of less than £15,000; pensioners; people who happen to be higher rate taxpayers but whose tax affairs are dealt with virtually entirely through PAYE.

Q94 Jon Trickett: I understand. I misunderstood you, please excuse me. How many segments do you think the taxpayers break down into which might eventually be looked at for shorter forms? It is clear that the sort of question where, if you answer no, you do not have to respond to the next 10 questions, are excluding segments of taxpayers, are they not? It is like a segmented population. What other segments might you be looking at for this shorter form?

Sir Nicholas Montagu: There are no obvious segments immediately, otherwise we would have included them. We expect the short form to help 1.5 million people out of the nine million or so who self-assess. As the National Audit Office Report makes clear, we already segment, in other words, people get the bits of the paper form they need, if they are paper filers. Similarly if you file electronically, it automatically segments for you and just takes you through the bits you need to do. What we are aiming at the whole time is to make life simpler for people and that is another reason why we encourage people to file electronically.

Q95 Jon Trickett: The rest of us then cannot really expect any relief from the 68,000 words and dozens of pages and filter questions.

⁵ Ev 17–18

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Sir Nicholas Montagu: I have to correct you again, Mr Trickett. The rest of us do not need to plough through 68,000 words. If you are Mr Jenkins, ill-advisedly leaving it until the last minute so that we are not doing it for you and you are having difficulty with question 16, the guidance will point you to Question 16. Mr Jenkins mops his sweaty brow and thinks "Thank God, I don't need to read the other 67,500 words".

Q96 Jon Trickett: In that wonderfully diversionary response you did not address my question in any way at all; but that is very characteristic of you. I just wind up by saying that I did actually table electronically this year and I found it very simple and straightforward. I applaud the people who are helping to provide that within your service.

Sir Nicholas Montagu: It is a super service. Fingers crossed—I have to end on a declaratory note as always—we should hit the million mark this month.

Q97 Chairman: Thank you very much for that. We will not go back to its introduction, will we, because we do not want to rake up grief, do we?

Sir Nicholas Montagu: Teething troubles, Chairman; teething troubles.

Q98 Chairman: May I ask you all a question? There is a government commitment, is there not, to get all your forms on-line by 2005. I should like to ask each of you what success you have had and whether all your forms are going to be on-line by 2005. We are of course already into 2004, so there is not much time left. What proportion of people do you expect to take up the offer of on-line forms? Perhaps you could all answer that question, starting with Mr Gray.

Mr Gray: We have the first of our forms now on-line for Carer's Allowance. That launched in December. We now have an intensive programme of work to seek to get all the other forms on-line by that target date.

Q99 Chairman: You will meet that government commitment of Mr Blair, will you?

Mr Gray: We are seeking to do so on all our forms.

Q100 Chairman: You are "seeking" to do so.

Mr Gray: Yes.

Q101 Chairman: So you cannot give a commitment to this Committee that you will meet that government commitment.

Mr Gray: We are bending every effort to do so.

Q102 Chairman: Do you have any idea what proportion of your many customers will take up this facility?

Mr Gray: We do not have precise estimates. Initial indications from the Carer's Allowance experiment are that a really quite modest proportion has used this in the first couple of months. As we draw on the experience of that and the other ones which come on-line over the course of the next few months, we shall be looking to draw on that experience. We have

not frankly attempted to put a finger in the air at this point and say how many people will come on-line in the first few months.

Mr Sanders: Yes, we are putting our form on-line this year. The student audience is one of the most IT literate of all audiences in the country and the comparison we make is how they behave as far as their admissions forms are concerned, which go to UCAS and not to the government. About two thirds of students now apply electronically by one means or another through UCAS. I would not be at all surprised if we did not get somewhere like that in the medium term on student finance. We are starting with a target of 10% for the first year.

Sir Nicholas Montagu: We will hit the 100% target. Take-up is notoriously difficult to predict. I indicated a moment ago that we will hit one million this year. It tends, and this is commercial experience as well, to jerk like that and then take off. We have to take off. With new Tax Credits we were surprised by how many more people applied on-line or applied for the pack on-line than we expected because this is a group one would not necessarily expect to be e-literate. It is growing the whole time with corporation tax and it will become mandatory for PAYE filing by 2010.

Mr Herdan: Our form has been on-line since 2000. At the moment it is quite a chunky process, in the sense that the form is pre-populated and then sent back to the individual to sign and add their documents. We are moving to a more streamlined process at the end of this year where the applicant will apply electronically, will be able to print out at home a one-page form to which to attach their photograph and signature, send that in and we will have ingested the rest of it electronically. That will be a much more satisfactory process.

Q103 Chairman: Will you be able to do the whole process on-line using a scanner if necessary to scan in documents?

Mr Herdan: No, not yet. We are not at that stage.

Q104 Chairman: When will you get to that stage?

Mr Herdan: Where people will be able to scan in their own photograph? We have not devised that. It is not so much a question of getting in the photograph; it is a question of getting the documents to us. We are not yet at the point where we can have an application without any documents. We need things for security reasons. You asked a question on take-up: at the moment we are at about 2%, so it is quite low. We have not promoted it heavily, because it costs more to process than a paper application at the moment because of the process just described. Once we have a more streamlined process we will promote it quite strongly and we are expecting a take-up of about 15% about two years after we introduce that new system.

Q105 Chairman: Thank you for that. May I just ask you all one last question? Could you please look at page 48? I really want to ask why you do not consider more the compliance costs you place on

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people. If you look at paragraph 3.21 it says "Officials correctly point out that they are not responsible for the extent to which people have their affairs or paperwork well organised. But this stance may also underlie a problem that cropped up in many of our focus groups, that forms rarely mention at the start what documents, photographs or other material people will need to complete and return them correctly". Starting with Mr Gray, why do you not consider the compliance costs which you place on the general public with your difficult forms?

Mr Gray: We do seek to do so. We are conscious that most of our forms are the gateway to access to substantial amounts of government money, therefore we are trying to strike a difficult balance between giving maximum accessibility to customers and protecting the public purse. A number of the suggestions in the Report, which we have not yet fully taken up, are helpful pointers to the directions we may seek to go over the period ahead.

Mr Sanders: One of our objectives must be to reduce compliance costs as time goes by. Simplification of the process that we are engaged in is committing us to doing that. Personally I think that the way we shall succeed best in doing that, given our particular form, and as the Report properly notes it is a multiple user issue, is through the on-line application because that will enable people only to have to address those parts of the form with which they are most concerned and not to deal with the rest. We think there is a proper issue here for us to be judged by.

Sir Nicholas Montagu: Same sort of answer. The whole time we design forms to strike the proper balance between keeping burdens on taxpayers to a minimum and having the necessary information in order to police the tax system. I should say that reducing compliance costs on small business has been one of our major public targets on which to Report progress.

Mr Herdan: Our guidance notes do contain a check list at the beginning about the things you need and also the front page of the form summarises what you need. The answer to the question about whether we take account of that is that we do. I would also agree with Mr Sanders that the on-line approach is a good way to lower compliance costs because our on-line solution, depending what answer you give to the first question, decides what the next question will be and limits the number of questions you get. I shall finish off by saying that the level of satisfaction we are getting with our forms is high at 90%, so people are not finding them a problem to fill in. The level of complaints as a function of volume of applications is 0.002% on the particular question of complaints about forms, so there cannot be too many unsatisfied people out there.

Q106 Chairman: Thank you very much, gentlemen. Before we end, may I thank Professor Dunleavy from the LSE who is sitting at the end there and who has helped the National Audit Office draw up an excellent Report; we are very grateful and may I thank you all, gentlemen. I think, Sir Nicholas, that may be your last hearing in front of the Committee.
Sir Nicholas Montagu: I rather hope so, Chairman, but you did say that at the last hearing. I am keeping fingers crossed.

Q107 Chairman: I am told that it is your last hearing. If it is, on behalf of this Committee may I thank you. You are a very distinguished public servant and you have given a lifetime of public service. We are very grateful to you. We are going to miss our sessions with you as I am sure will Mr Alan Williams who will be very sorry he was not here today. Your sparring with him is always a delight to watch.

Sir Nicholas Montagu: Thank you very much indeed, Chairman. I shall be particularly sad that I shall be removed from this Committee when Mr Williams becomes Father of the House, as befits his dignity.

Chairman: Thank you very much, gentlemen.

Memorandum submitted by the UK Passport Service

UPDATE ON THE UK PASSPORT SERVICE APPLICATION PACK

1. Since the publication of the NAO Report, the UK Passport Service (UKPS) have produced a slightly revised application form, updated guidance notes and a new fees leaflet. We need to make regular amendments to reflect both policy changes and customer feedback. Since the new passport processing system was introduced in 1998 there have been a total of five upgrades to the application form, whilst the guidance notes have been updated approximately every six months.

2. The recently revised application form has been available to customers since December 2003. The changes made were minor to reflect the introduction of an additional Lost & Stolen report form (LS01) from 8 December 2003 and the move to Secure Delivery for the return of UK passports from 9 February 2004. As these changes were urgent, in the context of the timescales for forms becoming available to the public, they were made ahead of an ongoing review to determine more wholesale change to the application form design.

3. The current guidance notes that support the application form have been redesigned with approximately 30% less words, a clearer layout and a more easily readable font. This was made possible by reducing duplication of messages, using clearer language and by taking out information that was only relevant to a very small number of applicants, but could be easily obtained by contacting the UKPS call centre. These updated notes have also been available to customers since December 2003.

4. In making the above changes UKPS have taken note of the content of the NAO Report, the good practice suggested in the "Improving and Reviewing Government Forms" guide and feedback from independent customer focus groups that were facilitated by our market research contractors (FDS International Ltd). In addition we were also able to use the results of feedback sought from UKPS staff and our business partners Siemens Business Services and Post Office Ltd.

5. UKPS have also introduced an additional Lost and Stolen Report form to support the establishment of our lost and stolen passport database. This was also designed taking note of the practical guide "Improving and Reviewing Government Forms" and UKPS again used focus groups facilitated by FDS to seek customer feedback before finalising the design of the form.

6. The fees leaflet was changed to reflect the increase in passport fees that came in to effect on 2 October 2003.

7. We have also made changes to our electronic application route (EPA1) that was introduced in 2000 to allow customers to fill in an application form online and have the printed form posted to them to sign and forward with their fee, photographs and appropriate documents. The current web form guides the customer through the form, asking questions which are only relevant to the type of application being made, and any errors are easier to correct. The two main changes are:

- From mid January 2004 there will be a more rigorous validation of the information that the customer supplies, to improve the accuracy and reduce the risk to the customer that a mistake or anomaly might delay their application.
- From February 2004 the web form will calculate the fee required based on the application type and UKPS will be able to take payment online by credit or debit card. This should further reduce the number of wrong fees received and the consequent delays to customer's applications.

8. UKPS are currently in the process of finalising the more significantly revised application form referred to in the NAO Report. This revised form will be available from March 2004 and will accommodate many of the points raised by the report. The changes are largely textual, however the "Important" messages have been clarified and feedback from both the report and our customer focus groups have informed a redesign of the guidance to completing Section 4 of the application form which was highlighted as a possible problem area in the NAO Report.

9. To accompany the revised form, a further revision of our guidance notes is also near completion. These are being revised to further clarify our messages, eg on our inability to advise on foreign governments' visa regulations, and reflect policy changes on issues such as parental responsibility and our future requirement for all applicants born after 31 December 1982 to submit a full birth certificate in support of their application. The new version will also include a table summarising our requirements as an alternative to solid text. This updated guidance should be available from March 2004.

10. From May 2004 UKPS are also looking to produce a dedicated leaflet detailing our requirements for customers' photographs, whose quality will be essential for the new biometric-enabled passport and the use of facial recognition technology. This will include a mixture of text and samples of acceptable and unacceptable photographs. This will also be circulated for comment within UKPS and its partners and the views of our customers will also be sought before it is finalised.

11. A more radical redesign of the application form is under consideration for 2005. Its content will be determined by planned changes to the information collected by UKPS to determine identity and nationality, together with lessons learnt from the impending change, a continuing analysis of errors on applications received and feedback from customers. Any future design will however continue to be constrained by the scanning requirements of our PASS (Passport Application Support System) IT structure which will remain in place until at least 2008.

12. Consideration is also being given to replacing the fees leaflet in the application pack with a dedicated telephone number for customers to contact to obtain the correct fee information. A pilot is currently planned to test the feasibility of this proposal and customer reaction in 2004. Information will of course still be available on the UKPS website and via our High Street partners that offer the Check & Send service.

13. UKPS are also planning to develop our electronic application route and introduce EPA2 in late 2004-early 2005. The new service will not overprint customer details on to a standard paper application form. Instead, it will capture the customer details electronically and transmits them direct to UKPS. The customer will then print off a form containing a summary of their application and a declaration to sign. This signed "iform" will then be sent to UKPS with the customer's photographs and documentary evidence to support their application. The iform will also contain a checklist of the documentary evidence that the customer should include with their application.

14. The latest information on customer satisfaction is from our market research conducted in November 2003. This demonstrated that over 96% of our customers find the application form very easy or fairly easy to complete and the notes for guidance very easy or fairly easy to follow. As usual, we are however also looking at the negative responses and whether our current plans address these or whether further work is required.

15. The latest information on customer complaints is that between January and November 2003 UKPS received a total of 120 complaints on problems with the passport application pack out of 7,129 complaints. The percentage of complaints on problems with the passport application pack was therefore 1.7%. This represents 0.00225% of total passport production (5,326,479).

7 January 2004

Memorandum submitted by the National Federation of SubPostmasters

1. NATIONAL FEDERATION OF SUBPOSTMASTERS

1.1 The National Federation of SubPostmasters (NFSP) represents the interests of 17,000 subpostmasters throughout the United Kingdom. Sub post offices make up 97% of the national network of post offices and are run by private business people, subpostmasters.

2. GOVERNMENT FORMS AT POST OFFICES

2.1 The National Audit Office Report, *Difficult Forms*, acknowledges the key role post offices play in the provision and completion of government forms. The Post Office is the main non-governmental agency dealing with government forms.

2.2 Post offices stock a wide range of government forms, including forms from the Benefits Agency, Department of Health, DVLA, Home Office, Inland Revenue and the United Kingdom Passport Service. Subpostmasters and post office staff are major sources of help and advice in completing government forms. Many government forms are also returned to the relevant government agency via the post office counter.

2.3 The more vulnerable members of society, the very people who are most likely to have difficulties completing government forms, use post offices extremely widely. Post offices have an unparalleled reach with 95% of the UK population living within one mile of a post office. 28 million people make 45 million visits to post offices every week and Post Office Ltd estimates that around 48% of these customers come from the C2DE socio-economic group. Nearly 40% of post office customers are aged 55+ and around 59% of post office customers are female.¹

3. FORMAL ASSISTANCE AT POST OFFICES

3.1 Currently 2,000 post offices offer a passport checking service and 750 post offices offer a photo driving licence checking service.

3.2 The National Audit Office reports that people who receive help in completing their passport and driving licence applications over the post office counter have far fewer errors on the forms they submit. This represents a considerable public service as 80% of UK citizens have a valid passport and there are 39 million drivers with valid licences. Both passports and photocard driving licences must generally be renewed every 10 years. Members of the public pay an extra fee of £5 for a passport application and £4 for a photocard driving licence application to have their form checked by post office counter staff. Once the fee is paid, post office staff give them free advice on completing their application, however often they come back within a month. Many people have to rewrite their forms several times before getting an error-free form.

3.3 The DVLA received 5.9 million applications for photocard driving licences in 2001–02. 780,000 were applied for using the post office checking service, with very few errors, only 1.5%. Of the 5 million submitted directly by post, there was a much higher error rate of 13%. In 2002–03, just under half of all applications for new passports or renewals were processed using the post office “check and send service” and here the error rate was around 1%. For those returning their passport applications directly by post or over UKPS counters, the error rate was 15%.

¹ *Counter Revolution—Modernising the post office network*, Performance and Innovation Unit, June 2000.

3.4 Subpostmasters are also paid to assist the public with the Department of Health E111 form for European travel cover. Assistance with this form is available from all UK post offices. Post office staff provide, sign and stamp the forms for customers.

4. INFORMAL ASSISTANCE AT POST OFFICES

4.1 In addition to formal transactions, post office customers often bring in government forms obtained at post offices or received through the post and ask subpostmasters to check them. Subpostmasters also frequently sign official documents, such as passport applications, for their customers. These are goodwill gestures and subpostmasters are not remunerated for offering them.

4.2 There is strong evidence that this informal assistance is extensively drawn upon throughout the post office network. Research undertaken by ERM and MORI on behalf of the postal services regulator, Postcomm, looking at the community value of post offices in rural and urban deprived areas confirms the importance of this post office service.² Clearly residents of rural and urban deprived areas include a high proportion of vulnerable people and people who find access to services difficult. Such residents are most likely to need, and benefit from, the informal services provided at post offices.

4.3 The Postcomm research shows that 69% of rural post office customers say they use their local post office to access free community services. In rural areas 41% of customers seek informal advice from subpostmasters and 29% obtain government information. In urban deprived areas 61% of customers say they use their local post office to access free community services, 35% seek informal advice from subpostmasters and 24% obtain government information.

4.4 For some people these services are even more important. For example in rural Northern Ireland, 66% of customers seek government information at the post office. Similarly in urban deprived areas customers in Northern Ireland and Scotland make most use of “free” community services including seeking government information and informal advice. In both rural and urban deprived areas the use of these services is particularly high amongst the older age groups.

5. GOVERNMENT GENERAL PRACTITIONER

5.1 Plans to formalise, extend and support the important role subpostmasters and their staff play in helping people complete government forms and interact with government were developed between 1999 and 2001. The *Modernising Government* White Paper cited one stop shops as a way of delivering integrated services.³ The People’s Panel (July 1999) found that 64% of people would find post offices attractive places to access government services.

5.2 The Government’s Performance and Innovation Unit report on modernising the post office network, published June 2000, proposed that post offices could take on the role of Government General Practitioners.⁴ The Government General Practitioner service (GGP) was envisaged as “trained and IT enabled staff” acting as “your guide to government”. This service would provide information and low-level advice on central and local government issues and allow citizens to carry out routine transactions with central and local government bodies. For example, the Performance and Innovation Unit suggests the GGP advise people on a wide range of government transactions such as how to complete tax returns, pension entitlements and how to apply for a disabled parking badge. GGP was envisaged as catering in particular for people who feel alienated by technology interactions with government—mainly older people and social groups D and E. It would also be for those who prefer access to government services in person. GGP would give access where transactions are too complex for a purely electronic channel and could act as an alternative channel of provision if other channels failed (such as the Passport Agency problems of 1999).

5.3 The Government General Practitioner service was renamed as “Your Guide” and piloted for six months in 269 Leicestershire post offices from July 2001. The initial evaluation of the pilot concluded that Your Guide appealed to the public and could provide a valuable service for central and local government.⁵ The report stated that checking the completeness of government forms could significantly reduce error rates, the Your Guide service could help lead to a reduction of misdirected calls to call centres and help raise public awareness of services and products. The pilot showed that a service such as Your Guide could help government reach some of its target audiences of disadvantaged groups. Importantly, it was also concluded

² *Serving the Community I—evidence of the community value of post offices in rural areas*; Postcomm, December 2001, *Serving the Community II—evidence of the community value of post offices in urban deprived areas*; Postcomm, December 2001.

³ *Modernising Government*, Cabinet Office, March 1999.

⁴ *Counter Revolution—Modernising the post office network*, Performance and Innovation Unit, June 2000.

⁵ *Your Guide Programme—interim evaluation report*, Post Office Ltd, January 2002.

that Your Guide could improve the commercial viability of post offices. However, in autumn 2002 the Government announced that Your Guide would be discontinued as the Your Guide service would not provide value for money.

6. CONCLUSIONS

6.1 As the National Audit Office points out difficult forms create problems for government agencies and departments. They result in more people ringing helplines and returning forms late or at the last minute. Officials have to re-contact more people to get missing information or to correct errors. Less obvious errors on forms may lead to decisions which then create extra correspondence, complaints or appeals. The public suffer not only by being inconvenienced, but also by being put off applying for entitlements.

6.2 Subpostmasters and post office staff play vital roles providing forms and helping the public to complete them. Error rates on forms sent via official post office checking services are between ten and fifteen times less than among forms posted in by citizens. In addition to the formal services provided at post offices, subpostmasters also provide informal help with government forms. These informal services are clearly needed and extensively used, yet subpostmasters are not paid or supported in providing them.

6.3 The National Federation of SubPostmasters holds that a service such as the Government General Practitioner service envisaged in the Performance and Innovation Unit should run from the UK's post offices. This service should offer formal help with government forms, formally extending the services that currently exist at post offices. A service which is free at the point of delivery would also overcome the National Audit Office's concern that fee charging raises the cost of applications and that this cost may be borne disproportionately by the least well-off groups in society.

6.4 A GGP-type service would provide face-to-face assistance for the most vulnerable members of society, including older people and those who are financially excluded. Whilst the improvements to government forms recommended by the National Audit Office would be likely to reduce error rates, some people will still need help with form filling and post offices are ideally placed to provided them. Subpostmasters must be fully remunerated for providing this service, an especially important consideration given the current financial insecurities threatening our national post office network.

January 2004

Supplementary memorandum submitted by the Inland Revenue

Questions 86-89 (Jon Trickett):

The Committee asked for information on the percentage of the self-assessment form itself taken up with "further guidance, introductory notes or something different to guidance".

What goes on a form is a mixture of the essential and the discretionary. Non-discretionary elements include the questions themselves, answer spaces, authority, and signature. Also, directional material such as page numbers, filters, checklists etc, all designed to help the citizen navigate around the form, and fill it in. The siting of explanatory material giving guidance about the subject of form is relatively discretionary.

Getting the balance of guidance right plays an important element in making the task of form-filling as effective as possible. Inland Revenue considers carefully what should appear on the form itself, what should be provided by way of supplementary guidance when the form is issued, and what should be left to later supply, for example through our Helplines or online service.

Contributory factors in deciding the breakdown will include the nature of the guidance, the number of likely users of a particular piece of information, citizen behaviour, and the impact of inclusion/exclusion on the form package as a whole.

The Table attached gives the result of analysing a version of the SA Return form commonly sent to a self-employed person, page-by-page, on a spatial basis. To do this we categorised the page area of a form using the following broad elements

- Identifying text (for example, form name, page number, page headings).
- Notices (for example, the date the form should be sent back by, declaration).
- Directional/filter text (intrinsic material, for example, checklists, text helping people move on if the particular question is irrelevant, or to supporting guidance if needed).
- Direct questions/side headings (describing boxes).
- Interpretive material (discretionary information about the subject which some citizens might need, for example, setting out the amount of personal allowances—included on the form, rather than in the guidance if we discover more prominence is needed to ease compliance).

All but the last are essential, intrinsic features for an effective form, without which the practical task of filling in a form would be substantially more burdensome.

The form space taken up overall for each category is the total of each column divided by the number of pages. The overall percentage of "further guidance" in the whole document is the product of the final column (interpretative material), which we calculate at 4%.

**Table showing page-by-page breakdown of forms elements in SA100-3
(SA Return typically sent to self-employed)**

<i>Page no.</i>	<i>Identifying features</i>	<i>Notice/ declaration</i>	<i>Directional/ Checklist</i>	<i>Questions for answer</i>	<i>Interpretive Material</i>
1*	10	50	10	—	—
2	6	—	**89	—	5
3	6	—	5	86	3
4	6	—	17	77	
5	6	—	10	74	10
6	6	—	10	59	25
7	10	—	30	60	
8	6	—	20	72	2
9	6	—	25	69	
10	6	6	15	68	5
SE1	25	—	8	64	3
SE2	8	—	3	86	3
SE3	15	—	3	82	
SE4	6	—	10	84	
Form space taken up	11	4	18	63	4
Overall %					

*Plus 30% for designatory data (name, address, reference etc.) applied to the form by IR.

**Made up mainly of a checklist that helps the user decide what are the right bits of the Return to fill in for them.

2 February 2004

Supplementary memorandum submitted by the Department for Work and Pensions

Question 47 (Mr Field): Information Campaigns

Decisions on the use of advertising campaigns and other information initiatives reflect a range of considerations. Take-up rates are just one factor in this process.

Campaigns are used to publicise new benefits or entitlements as appropriate. For example, the Pension Credit information campaign is a major example of how we use marketing to support the launch a new product or service. A similar approach is being used for Direct Payment, informing customers about the change to the way pensions and benefits are being paid.

The Department also runs campaigns in relation to existing services to reinforce awareness. Recent examples of these include Winter Fuel Payments, a range of New Deal initiatives, Local Housing Allowance (in pilot areas) and Council Tax Benefit (beginning in February 2004).

Advertising campaigns are however only one of a number of methods that we can use to ensure customers (and their friends, families, advisers and carers) are aware of their entitlements. There is a range of leaflets targeted at customer groups such as people in work or looking for work and people who are sick or disabled. The leaflets contain information about the benefits people in those customer groups can claim. Leaflets are freely available from social security offices and Jobcentre Plus offices, from some post offices and from some advice organisations such as Citizens Advice Bureaux. For those who have difficulty accessing information from standard print leaflets, we also provide the information in large print, on audio cassette in Welsh, Arabic, Bengali, Chinese, Gujarati, Punjabi, Somali, Urdu and Vietnamese, as well as on our websites.

The Benefit Enquiry Line, a free telephone service, is also available for disabled people and their carers. It gives general advice about benefits and can help with filling in claim forms. In the year April 2002 to March 2003 the line took 1.15 million calls and to date this year has received over one million calls.

Jobcentre Plus gives customers help and advice about the benefits to which they may be entitled and how to claim them, together with information and support on paid work and in-work benefits. This is also available through a range of channels and in different formats to meet specific customer needs.

The Pension Service uses exhibitions and touring roadshows as a way of targeting hard-to-reach customers, for example, black and ethnic minority groups. These events are staffed by representatives from The Pension Service who can give information and assistance to customers who may be eligible for entitlements but may not be receiving them at present. These exhibitions and roadshows complement the regular surgeries and other outreach events (sometimes involving external partners) arranged by The Pension Service's local teams. Strong relationships with external organisations are being forged to achieve the take-up objectives of the local service, who work closely with those service providers who appreciate customers' needs and know the local area.

The provision of benefit advice is backed up by media relations. At a local and regional level this involves regular advice columns in leading titles as well as in some areas slots on radio phone-in programme where stations have been receptive to departmental approaches. Elsewhere, both regionally and nationally the Department's press officers work with key journalists (in particular, finance writers) to ensure that information is factually correct and up-to-date.

In addition the Department uses targeted mailshots, produces and distributes customer magazines and informs the welfare rights/adviser community through Touchbase magazine, direct mailings and conferences and events. DWP leaflets and websites also set out information on benefits and entitlements across government.

12 February 2004
