



**Client:** HM Revenue & Customs  
**Assignment:** Work Team Continuous Improvement provides a way forward for the newly merged Inland Revenue and Customs and Excise

## Lean puts the customer at the heart of HMRC

**When the Inland Revenue and Customs and Excise came together to form HM Revenue & Customs in 2005, they were presented with clear objectives: *Reduce the tax gap, reduce the costs and delight the customer.***

In other words, the new organisation – a bureaucratic giant in anyone’s language - had to learn how to share information with itself and reorganise processes around a single interface for customers. No mean feat considering the issues of scale and legacy, but strategically important for HMRC’s long term objective to raise performance and achieve efficiency improvements.

Bourton Group was brought in to focus on applying Lean principles, driving waste out of the system and creating a culture of Continuous Improvement and self-sufficiency. The challenge was complicated by the fact that our engagement was in complex discretionary activities and advice, as opposed to some of the standardised processes in more transactional areas such as Large Processing Offices for Self Assessment.

### Our approach

Over three years we worked in HMRC’s Charities, Assets and Residence (CAR) Division and the Debt Management and Banking Division (DMB).

As with all large and complex change programmes, we needed an approach that would:

- Raise awareness and energise a broad base of stakeholders, from the top team to the office floor
- Prove the worth of Lean quickly with early benefits
- Identify end-to-end process improvements to deliver tangible value to the client
- Develop individual and organisational capabilities to support process improvements
- Transfer knowledge and skills to build client self-sufficiency
- Establish a culture of continuous and sustained improvement

### **Programme set up and rapid benefits**

In the first phase we delivered senior management workshops, established a programme team with internal facilitators and delivered a range of pilots in processing, policy and project environments to show Lean in action. Then we collaborated in joint client-consultant teams, staging rapid improvement events to fix local problems and escalate more complex process issues.

### **Process improvements**

This resulted in dozens of end-to-end improvement projects in which we worked with operational teams to create current and future value stream maps. Waste in current processes was identified and teams began initiating local improvements to eliminate or reduce delays and duplications before the new process were reintroduced into the organisation.

### **Knowledge transfer**

As projects started to flow through, our consultants trained HMRC's network of facilitators in the tools, techniques and application of Lean ways of working. Then we helped them to roll-out a programme of education across 1,500 employees in CAR, using real-life projects to apply learning in the workplace and helped create a 'Model Office' for DMB which will be rolled out to over 7,000 employees.

### **Continuous improvement**

In addition to awareness training, we introduced the Lean Daily Management System® to teams across the two Divisions. This gave managers and their teams a structured platform to identify performance issues in daily meetings and a set of elements to embed Lean improvements in their daily work life.

### **Organisation and leadership**

Our consultants also work closely with the Debt Management and Banking Division, which was created through the merger of two very different operations from the Inland Revenue and Customs and Excise. This centred on designing a new organisational and leadership structure for a 'Model Office' that would meet changing needs and could provide a scalable template for other parts of the Division.

### Value delivered

- Over 2,000 people trained in Lean
- Cadre of 50 facilitators trained in both Lean skills and facilitation skills
- Suite of customised training materials created
- Completed more than 200 rapid improvement events
- Completed 25 end-to-end process improvement projects
- Created a new 'Model Office'

**“Bourton provided true expertise and an alternative perspective. It was like a light bulb went on within the organisation.”**

**“The support and guidance they provided along our Lean journey was invaluable, particularly in the early stages. The biggest benefit has been the engagement of staff in continuous improvement.”**

Suzanne Pacey, Programme Director

### Typical Performance Improvements

#### Inheritance Tax Compliance

- Increased yield estimate £4.5m
- Lead time compliance reduced from 15 months to 6 months
- 50% reduction in elapsed enquiry time
- Staff in post reduced from 415 to 380

#### Trusts

- Forecast of staffing needed to administer the self assessment system for trusts reduced by 22 FTEs
- 25% reduction in Trusts compliance taking more than 2 years to settle and 20% reduction in the average elapsed time taken to settle 'A' cases (where there is found to be no omissions)

#### Charities

- Lead time for handling repayment claims reduced from 25 working days to 15 working days

#### County Court Judgement

- 96 day reduction in lead time
- 3,937 extra hours of processing capacity created
- 40% reduction in touch points
- 25% reduction in legal costs per annum

#### Finance Bill process

- Clear protocols in place to enable technical and policy staff to manage time and work more effectively – previously there were none
- 20% reduction in hours on policy delivery generating capacity and reducing long working hours
- Minimum of 25% reduction in time spent by Band Bs – work devolved safely to more cost-effective grades providing better value jobs at SEO level and reducing long working hours
- A less stressful and more considered process resulting in a better product