

Funding the Future

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The National Audit Office has [issued a damning report](#) on HM Revenue & Customs telephone support services, saying:

Customers cumulatively spent 798 years on hold waiting to speak with HM Revenue & Customs (HMRC) in 2022-23 – more than double the time spent waiting in 2019-20, according to a new National Audit Office (NAO) report on the tax collector's customer service.

As they note:

HMRC's strategy is to encourage customers to turn to its digital services first so that queries can be resolved quickly and easily online. This is intended to cut costs servicing telephone calls and correspondence, as well as free up staff to serve people who need extra support.

However, it is not clear how far and fast digital will reduce demand for telephone and correspondence services. Digital services are better suited for straightforward queries and reporting changes in customers' circumstances.

They add:

HMRC has not yet done enough to raise awareness of its digital services, increase customers' confidence in using its online offering or understand how effectively these services meet customers' needs.

At this juncture they begin to note what I think to be the key issue here:

The move to digital service has not eased pressure on traditional services as much as HMRC expected. The quality of service provided by HMRC telephone and correspondence has been far below the levels expected in recent years, and has not met annual targets.

While the total number of telephone calls has reduced, the total amount of time advisers are spending on each call has increased. This means HMRC's workload has reduced more slowly than reductions in call volumes. More taxpayers hold multiple

jobs, meaning they have less straightforward needs, while fiscal drag has also brought more people into the tax system.

In despair (it would seem) they record that:

With HMRC's call-handling workload falling less than expected, it has not been able to make all the staff reductions it planned. Due to budgetary constraints, it now needs to cut staff numbers by 14% in 2024-25, despite only achieving a 9% reduction between 2019-20 and 2023-24.

In other words, at this point the NAO have finally come to the point of their report. The issue is not that the service has failed - when it very clearly has. Instead, the issue is that HMRC has not been able to cut staff as quickly as the government would like. The withdrawal of a government service that previously benefitted people is not progressing as planned. The NAO's response is:

The NAO recommends that HMRC develops more realistic plans for cutting the services it is replacing with digital channels and adopts a more customer-focused approach to encourage the take-up of new services.

HMRC should also reduce avoidable and expensive forms of contact, for example by increasing opportunities for customers to send correspondence and documentation through secure electronic networks, and learn from the implementation of its digital projects.

Or to put it another (unstated) way, HMRC should stop forcing people to communicate in ways that do not let them secure the answers they need and should instead talk to them in ways that do actually work by meeting taxpayer needs.

There was a time when the Inland Revenue (as it then was) might have been a tax enforcement agency but it also understood that its task was also to be a customer service, seeking to help those who wished to be tax compliant to pay the right amount of tax at the right time. Neoliberal government thinking by both the Tories and Labour destroyed that idea of service, creating a department dedicated to outsourcing the risk of error to the taxpayer by denying them the help they need whilst simultaneously seeking to minimise the number of staff engaged, all with the goal of reducing the cost of collecting tax.

The result has been the destruction of value, including a loss of confidence in government itself.

If HMRC was wise it would heed the warnings it has been given. But to help it the NAO should have delivered a clearer message. They should have made clear that the message is that worried people in need of help need to talk to other people. They do not want computer generated answers that rarely give them the information they need.

In summary, we have found the limits of the digital world. There is still a need for human beings. HMRC should acknowledge the fact. They might collect a lot more tax if they did.

There is much more on this in chapter 15.4 of the [Taxing Wealth Report](#).