2022-23 Main Estimate: Memorandum for HM Revenue & Customs

Contents

1. Overview

1.1 Objectives

Introduction

This Estimate covers the expenditure and income of HM Revenue and Customs (HMRC) including its Executive Agency, the Valuation Office Agency (VOA).

HMRC's vital purpose touches the lives of almost everyone in the UK. We collect the money that pays for roads, schools, hospitals, and other public services that millions of people rely on every day. We also help families and individuals with targeted financial support, such as tax credits, Child Benefit and Tax-Free Childcare.

The Valuation Office Agency (VOA) gives the government the valuations and property advice needed to support taxation and benefits.

The purpose of this Memorandum is to provide the Select Committee with an explanation of how the resources and cash sought in this Main Estimate will be applied to achieve HMRC's objectives and priority outcomes.

Our vision

To help us deliver our core purpose in a changing world, we've defined a new vision for HMRC: to be a trusted, modern tax and customs department.

Our Values

- We are professional
- We act with integrity
- We show respect
- We are innovative

Our priority outcomes

Our priority outcomes, underpinning our vital purpose, are made up of the first 3 of our strategic objectives.

1. Collect the right tax and pay out the right financial support.

2. Make it easy to get tax right and hard to bend or break the rules.

3. Maintain taxpayers' consent through fair treatment and protect society from harm.

These priority outcomes are supported by our other two strategic objectives to make HMRC a great place to work, and create a resilient, agile tax administration system that supports wider government economic aims.

We are also supporting the delivery of the following priority outcomes led by other departments:

4. Seize the opportunities of the UK's exit from the European Union, through creating the world's most effective border to increase UK prosperity and enhance security. (Lead Department: Cabinet Office)

5. Provide the best start in life through high-quality early education and childcare to raise standards and help parents to work. (Lead Department: Department for Education).

1.2 Spending controls

HMRC's spending is broken down into a several different spending totals, for which Parliament's approval is sought.

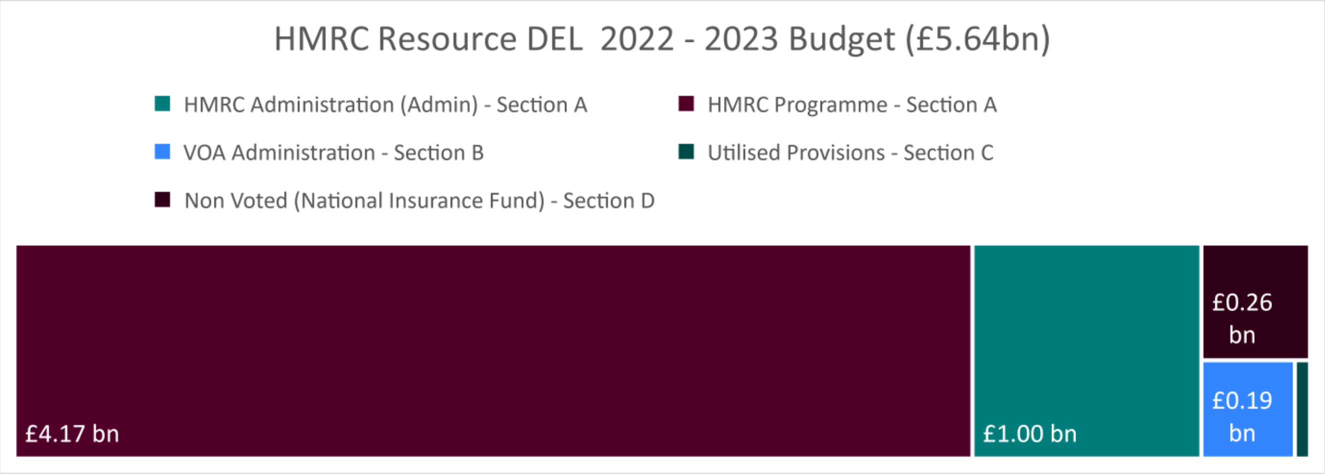
The key spending control totals for HMRC, which Parliament votes, are:

- Resource Departmental Expenditure Limit ("Resource DEL") – typically our day-to-day running costs;
- Capital Departmental Expenditure Limit ("Capital DEL") - investment in infrastructure; and
- Resource Annually Managed Expenditure ("Resource AME") - less predictable (and more difficult to control than expenditure in DEL) day-to-day spending, which includes Tax Credits, Child Benefit, Tax Free Childcare, Lifetime ISA and certain other reliefs and entitlements.

Budgets are split between those voted by Parliament and those where appropriation is covered in other legislation (non-voted).

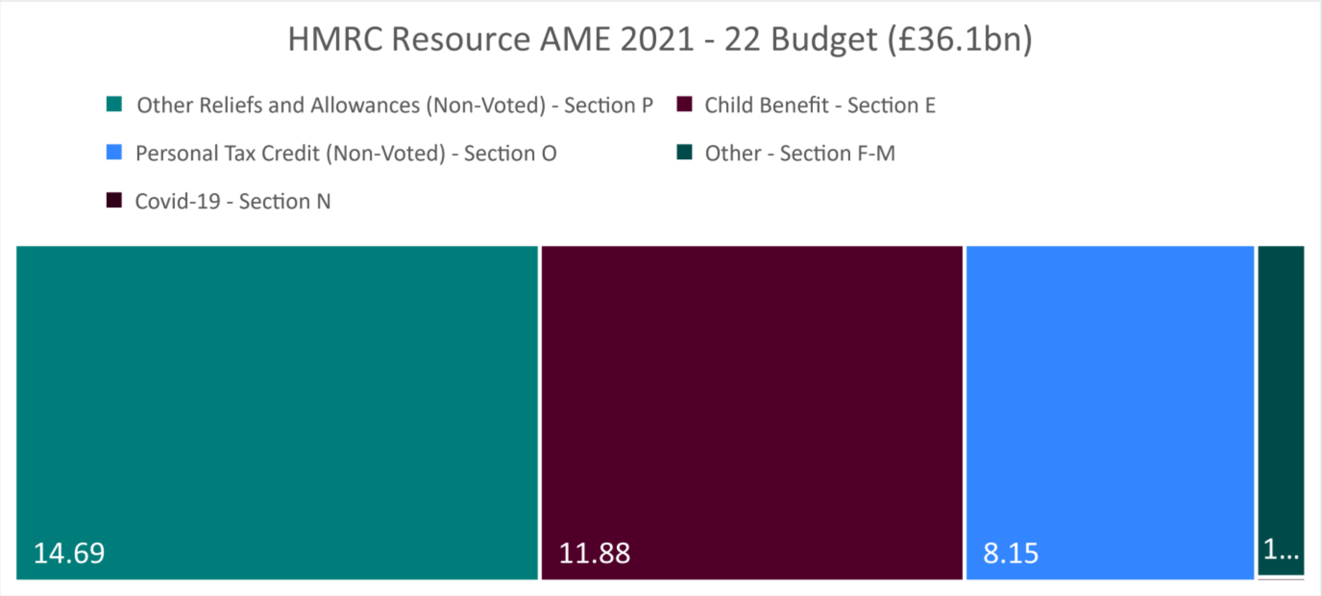
In addition, Parliament votes a net cash requirement, which provides HMRC with the cash required to meet its ongoing payment obligations.

1.3 Main areas of spending



Note: Utilised Provisions category totals £0.03bn

Note: VOA Administration category totals £0.03bn.

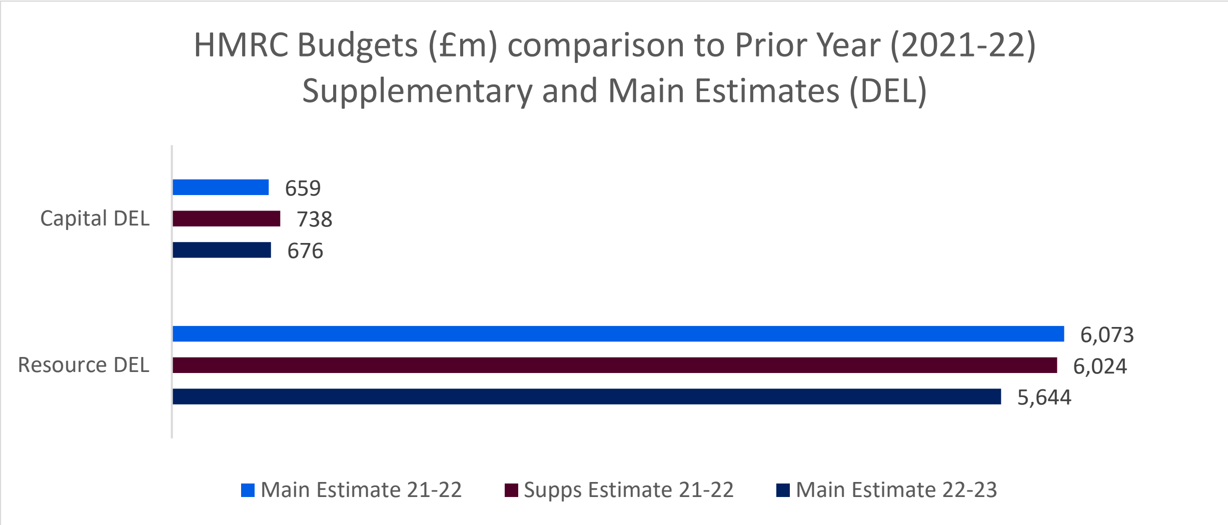


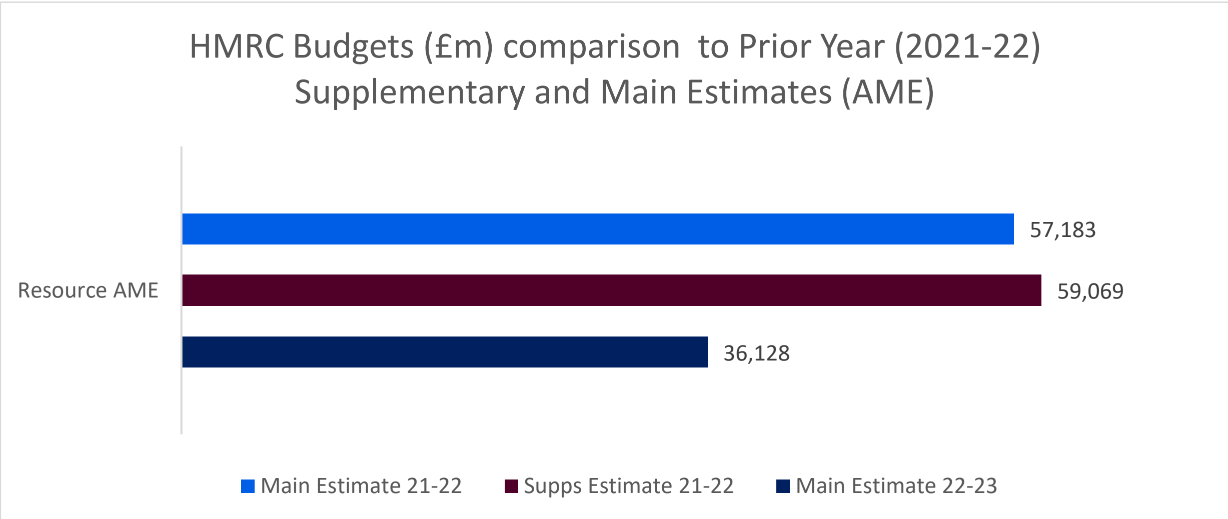
Note: Other includes all other elements of RAME, as set out in the table at Section 2.1. Covid-19 category totals to £0.02bn.

1.4 Comparison of funding totals sought

Below is a summary of the key funding changes between the amounts sought for the Main Estimate 2022-23, the final budget at Supplementary Estimate for 2021-22 and the original budget at Main Estimate 2021-22. The key drivers of funding changes are detailed in section 1.5.

Spending total Amounts sought this year (Main Estimate 2022-23)		Difference compared to last year's final budget (Supplementary Estimates 2021-22)		Difference compared to last year's original budget (Main Estimate 2021-22)	
	£m	£m	%	£m	%
Resource DEL	5,644	-380	-6.30%	-429	-7.06%
Capital DEL	676	-62	-8.48%	17	2.48%
Resource AME	36,128	-22,941	-38.84%	-21,055	-36.82%





1.5 Key drivers of spending changes since last year

Resource DEL

The main changes in Resource DEL between the 2022-23 Main Estimate and 2021-22 Supplementary Estimate (decrease of £380m) are:

- A decrease in the Covid-19 funding requirement including a £771m reduction relating to the one-off payment made in 2021-22 to Working Tax Credit Households, offset by
- Increases in funding for Fiscal Events measures, including Spend to Raise and policy implementation costs.
- Increases in funding to deliver HMRC's change portfolio as announced at Spending Review 21, which includes investment to deliver resilient IT through remediation and modernisation of HMRC's legacy IT infrastructure, systems and networks, and support delivery of tax policy changes.

Capital DEL

The main changes in Capital DEL (decrease of £63m from 2021-22 Supplementary Estimate) are:

- Decrease in Fiscal events spend across ringfenced programmes (see Section 2.1.1)
- Decrease in UK Transition budget, due to reduced funding requirements for projects in 2022-23 (See section 2.1.1)

Resource AME

The main changes in Resource AME (decrease of c. £23bn from 2021-22 Supplementary Estimate) are:

- Significant decrease in the Covid-19 requirement, in line with the latest Covid-19 scheme announcements (See section 2.1.15).
- Decrease in Personal Tax Credit forecast for 2022-23, due to movement of claimants from Tax Credits to Universal Credit, which is administered by the Department for Work and Pensions (See section 2.1.16).
- Other amendments across various AME spend lines to reflect latest forecasts, mainly: Tax-Free Childcare, Help to Save and providing payments in lieu of tax relief to certain bodies. (See section 2.1)

1.6 New policies and programmes; ambit changes

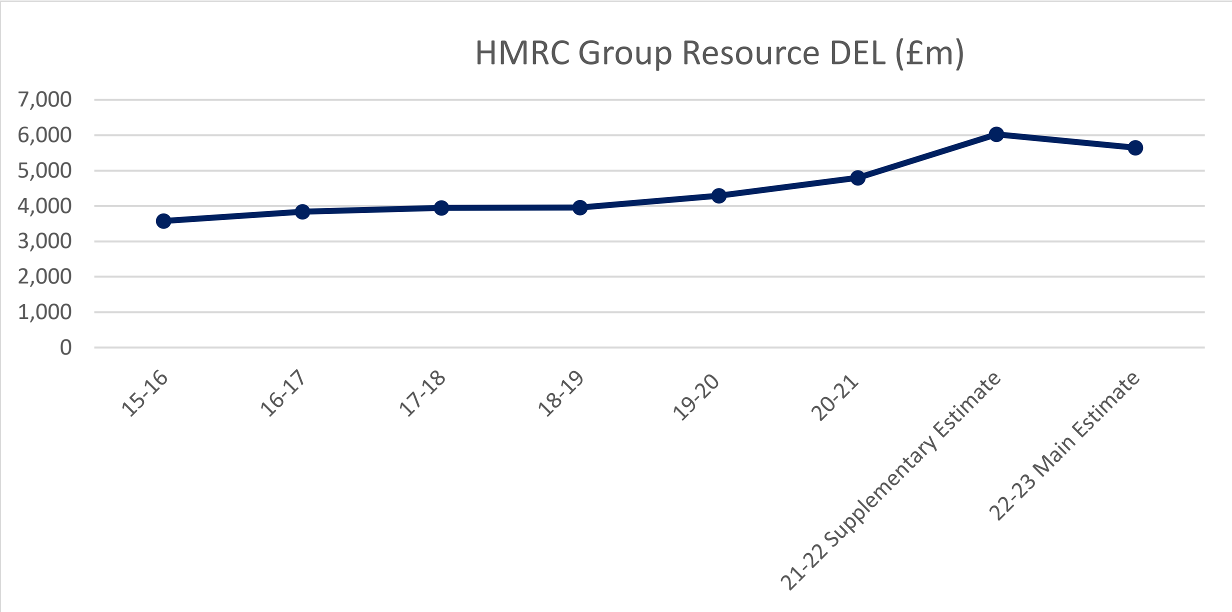
Policy Announcements

As announced on 7th September 2021, HMRC will deliver the Government's Health and Social Care Levy from April 2022, which will raise additional revenue initially through a time limited 1.25ppt increase to National Insurance Contributions for one year. This will be replaced by a new Levy from April 2023, hypothecated to Health and Social Care. The estimated cost of the IT build is between £40-50m.

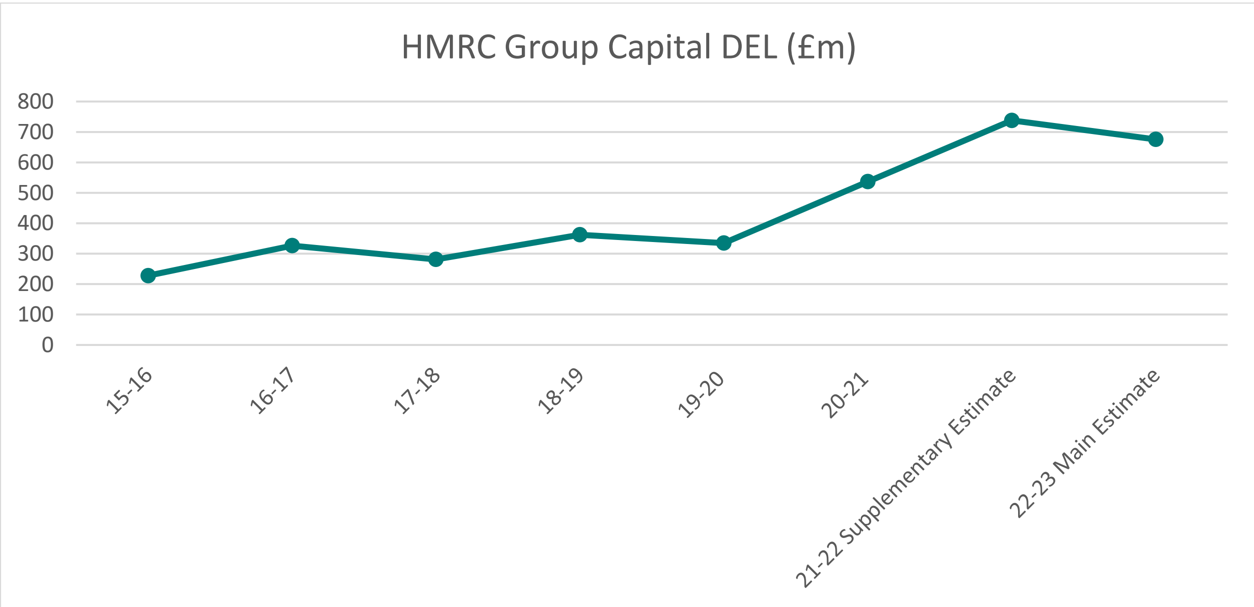
Ambit Changes

Previous Wording	New Wording	Rationale
N/A	Reforms to Council Tax and non-domestic rate systems.	To ensure all VOA activities are covered within the Ambit.
N/A	Income arising from contributions to programmes conducted on behalf of government.	To ensure all income streams are covered within the Ambit.

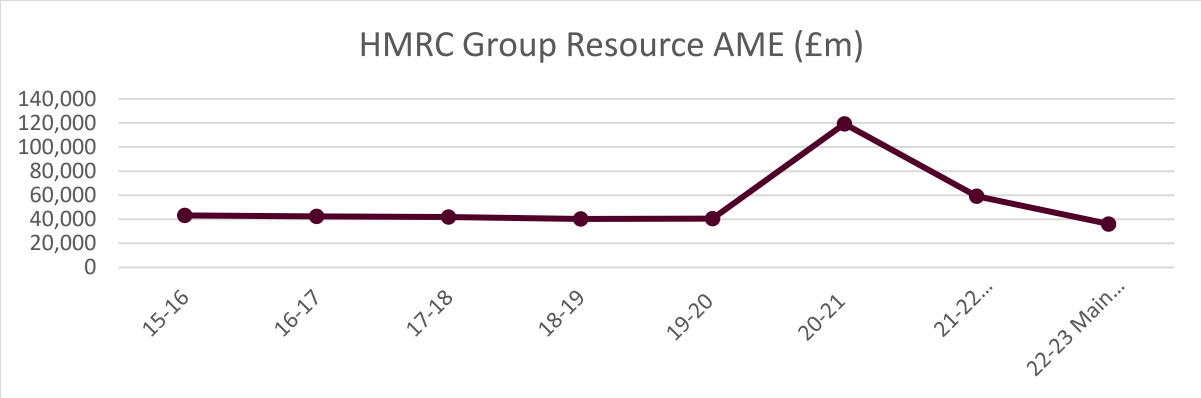
1.7 Spending Trends



Resource DEL has decreased by 6% from the Supplementary Estimate 2021-22, following a rise in the previous two years of 22% and 16%, respectively. This is due to a decrease in Covid-19 funding requirements in line with the closure of schemes, offset by an increase in funding for Fiscal events and Transformation Investment Portfolio, as set out in Section 2.1.



Capital DEL has decreased by 8% from the Supplementary Estimate 2021-2022, following rises in 2021-22 of 17% and in 2020-21 of 68%. This is due to a decrease in Fiscal Events spend and UK Transition, as set out in Section 2.1.



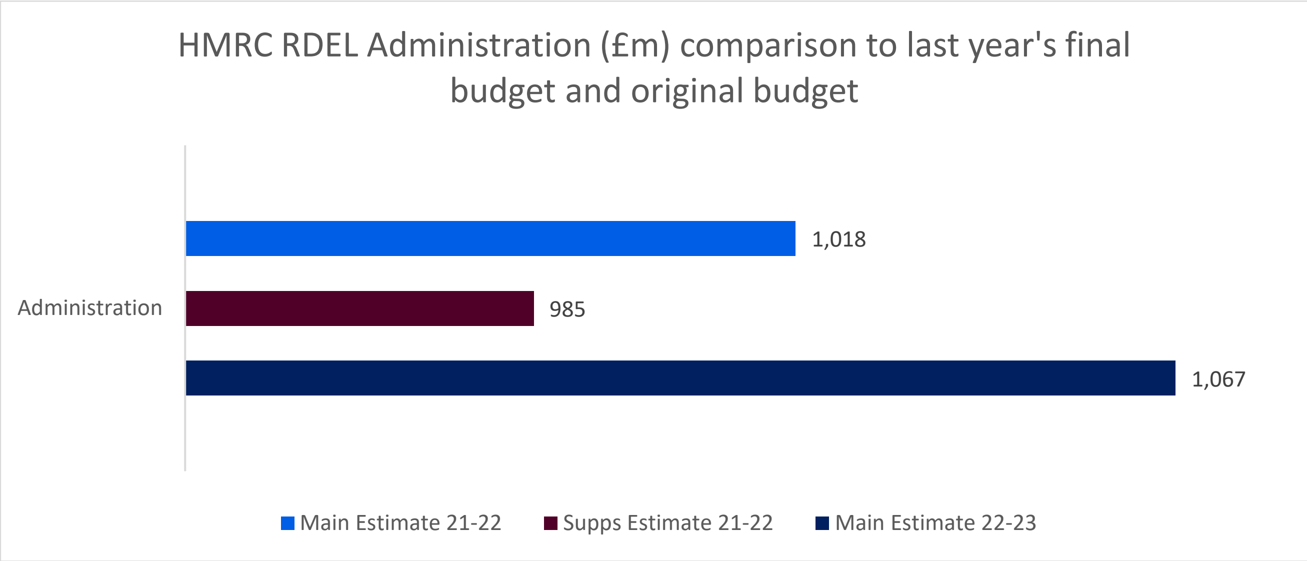
Resource AME has reduced by 67%. This is due to the decreased funding for Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme (SEISS), following the closure of the schemes. Full details are set out in 2.1.6 to 2.1.17.

1.8 Administration costs and efficiency plans

Administration costs

HMRC's RDEL Administration budget has increased by £96m in line with the additional funding received at SR21 (see section 2.1.1).

RDEL Administration sought this year (Main Estimate 2022-23)		Difference compared to last year's final budget (Supplementary Estimates 2021-22)		Difference compared to last year's original budget (Main Estimate 2021-22)	
	£m	£m	%	£m	%
Administration	1,081	96	9.44%	63	6.61%



HMRC Efficiencies

HMRC's gross efficiencies target for 2022-23 is £206m, of which £136m are investment efficiencies delivered through Securing our Technical Future Programme, Technology Sourcing Programme, and Locations Programme, plus a further £70m of continuous improvement efficiencies. In addition, we will deliver £156m of efficiencies agreed as part of our 2021 pay and contract reforms. Operational groups will generate efficiencies through applying continuous improvement processes, which will generate paybill and non paybill savings. Investing in our change programmes will deliver a more resilient, flexible, and cost-effective platform for HMRC's IT services, and a more modern, lower-cost office estate.

1.9 Funding: Spending Review and Budgets

The levels of DEL funding for HMRC for 2022-23 are based on plans published in the 2021 Spending Review. Since then, the only change to budgets has been IFRS16 impacts and transfers to or from Other Government Departments. The details of these changes are set out below and in Annex B.

Item (£m)	RDEL Admin	RDEL Prog	Total RDEL	CDEL	TDEL
22-23 Budgets (as per Settlement Letter*)					
SR21 (as per Settlement Letter) + *20-21 Depn Rollover	1059.05	4527.65	5586.69	658.62	6245.32
o/w Depreciation ringfence	107.81	271.62	379.43		379.43
21-22 Main Estimate Changes					
Adjustments					
IFRS16	8.47	9.47	17.94	5.77	23.71
Adjustments Sub-total	**8.47**	**9.47**	**17.94**	**5.77**	**23.71**
OGD Budget Transfers					
DLHC (Outgoing): Hidden Economy Conditionality		-1.36	-1.36		-1.36
WG (Outgoing): Hidden Economy Conditionality		-0.10	-0.10		-0.10
CO (Outgoing): Civil Service Live	-0.13		-0.13		-0.13
CO (Outgoing): Civil Service Local	-0.21		-0.21		-0.21
HMT (Outgoing): Contribution to Office of Tax Simplification	-0.44		-0.44		-0.44
CO (Incoming): STW's SR settlement		19.00	19.00	10.00	29.00
DWP (Incoming): Universal Credit JMET		3.90	3.90		3.90
DWP (Incoming): Universal Credit (Programme - Non-Depn)		12.51	12.51		12.51
DWP (Incoming): Universal Credit (Programme - Depn)		2.43	2.43		2.43
DWP (Incoming)Universal Credit (Capital)			0.00	1.12	1.12
DWP (Incoming) Universal Credit Consequences Non-Operations (Programme)		1.60	1.60		1.60
FCDO (Incoming): Common platform baseline transfer		2.43	2.43		2.43
OGD Budget Transfers Sub-total:	**-0.77**	**40.42**	**39.65**	**11.12**	**50.77**
22-23 Main Estimate Total	**1,066.74**	**4,577.54**	**5,644.28**	**675.51**	**6,319.79**

Net Budget Cover Transfers with Other Government Departments

HMRC has the following Budget Cover Transfers with other government departments (see Annex: Table B).

Government Department	£
Cabinet Office	28,669,000
Department for Work and Pensions	21,559,948
HM Treasury	-436,000
Department for Levelling Up, Housing & Communities	-1,363,801
Welsh Government	-95,589
Foreign, Commonwealth & Development Office	2,434,000
Net Transfers	**50,767,558**

2. Spending detail

2.1 Explanation of changes in Departmental Expenditure Limit (DEL)

Estimate Line	Description	Resource				Capital				Note
		Main Estimate Budget Sought	Supplementary Estimate 2021-22	Difference (+/-) compared to Supplementary Estimate 21-22		Main Estimate Budget Sought	Supplementary Estimate 2021-22	Difference (+/-) compared to Supplementary Estimate 21-22		
		£m			%	£m			%	
A	HMRC Administration	5,171.6	4,781.7	390.0	8.2%	645.9	714.8	-68.9	-9.6%	2.1.1
B	VOA Administration	186.1	173.9	12.1	7.0%	29.7	23.3	6.4	27.4%	2.1.2
C	Utilised Provisions	30.0	52.8	-22.8	-43.1%	-	-	-	-	2.1.3
-	Covid-19	0.0	771.0	-771.0	-					2.1.4
	Sub-total (Voted)	**5,387.7**	**5,779.4**	**-391.7**	-6.8%	**675.5**	**738.1**	**-62.6**	**-8.5%**	
D	National Insurance Fund	256.6	244.6	12.0	4.9%	-	-	-	-	2.1.5
	Sub-total (Non-Voted)	**256.6**	**244.6**	**12.0**	4.9%	-	-	-	-	
	Total (Voted and Non-Voted)	**5,644.3**	**6,024.0**	**-379.7**	**-6.3%**	**675.5**	**738.1**	**-62.6**	**-8.5%**	

2.1.1. HMRC Administration (Section A)

The increased budget at the Main Estimate reflects the additional investment in front-line resource to maintain and reduce the tax gap, investment to update and secure our IT systems, and continue our modernisation of the tax system (as set out in our Tax Administration Strategy), increased funding for Fiscal Events measures, including Spend to Raise and policy implementation costs, funding to deliver the Health and Social Care Levy, as well as provision for inflationary pressures. There has also been a decrease in Covid-19 costs, to account for the closure of the support schemes.

The reduction in our Fiscal Events CDEL funding is predominately due to lower Estates costs, coupled with a revised approach to calculating the estimated cost of policy measures.

There has also been a reduction in the UK Transition budget due to programme activities that concluded in 2021-22 (this includes IT costs related to the UK’s exit from the EU).

2.1.2. VOA Administration (Section B)

Increase in RDEL spend reflects increased funding to deliver the Business Systems Transformation Programme, to meet the cost of inflation and the Health and Social Care Levy.

Increase in Capital DEL relates to new lease requirements as a result of IFRS16 changes.

2.1.3. Utilised Provisions (Section C)

This section covers the provision requirements for HMRC. When provisions are utilised, the cost is moved from AME to DEL as an equal and opposite transaction. Provisions are inherently unpredictable in terms of the timing and value of settlements. HMRC have an established process in place to regularly review and monitor provisions.

2.1.4. Covid-19

Decrease in the Covid-19 funding requirement in 2022-23 relates to the one-off payment made in 2021-22 to Working Tax Credit Households (£771m) for which provision is no longer required.

2.1.5. National Insurance Fund (Section D)

There is an increase from Supplementary Estimate 2021-22. The change is due to the redeployment of staff back from voted activity, where they were supporting the delivery of Covid-19 support, to non-voted activity. This is a net nil movement at Exchequer level.

Spending Detail: AME

Estimate Line	Description	Resource				Note
		Main Estimate Budget Sought	Supplementary Estimate 2021-22	Difference (+/-) compared to Supplementary Estimate 21-22		
		£m			%	
E	Child Benefit	11,880.9	11,932.2	-51.3	-0.4%	2.1.6
F	Tax Free Childcare	524.8	421.3	103.5	24.6%	2.1.7
G	Providing payments in lieu of tax relief to certain bodies	148.7	130.1	18.6	14.3%	2.1.8
H	Lifetime ISA	567.9	546.3	21.5	3.9%	2.1.9
I	Help to Save	50.9	29.7	21.2	71.3%	2.1.10
J	HMRC Administration	30.0	36.0	-6.0	-16.7%	2.1.11
K	VOA - Payments of rates to LAs on behalf of certain bodies (POLAR)	86.0	78.0	8.0	10.3%	2.1.12
L	VOA - Administration	2.0	2.0	0.0	0.0%	2.1.13
M	Utilised Provisions	-31.5	-52.7	21.2	-40.3%	2.1.14
N	Covid-19	18.7	18,976.1	-18,957.4	-99.9%	2.1.15
	Sub-total (Voted)	**13,278.4**	**32,099.0**	**-18,820.6**	-58.6%	
O	Personal Tax Credit	8,154.8	13,214.0	-5,059.2	-38.3%	2.1.16
P	Other Reliefs and Allowances	14,694.8	13,756.2	938.7	6.8%	2.1.17
	Sub-total (Non-Voted)	**22,849.6**	**26,970.2**	-4,120.6	-15.3%	
	Total (Voted and Non-Voted)	**36,128.0**	**59,069.1**	**-22,941.2**	**-38.8%**	

There is also a Capital Annually Managed Expenditure (CAME) budget on Estimate line E, of £10,000 for the utilisation of the Child Trust Fund provision and £100,000 for IFRS16 impacts (Estimate line J).

2.1.6 Child Benefit (Section E)

The Child Benefit forecast is based on Office for Budget Responsibility (OBR) forecasts, which model administrative data, projected forward using a range of economic, policy and demographic determinants.

The caseload of claimants has decreased slightly since 2021-22 due to updated information on child benefit take-up and updated calculations based on the above demographic determinants.

2.1.7 Tax-Free Childcare (Section F)

The Tax-Free Childcare forecast is based on OBR forecasts. In 2022-23 we expect an increase in the number of people opting to use their tax-free childcare allowance, relative to 2021-22. Usage in 2021-22 was lower due to the Covid-19 pandemic, particularly for children in the school age population.

2.1.8 Providing payments in lieu of tax relief to certain bodies (Section G)

The £148.7m figure is broken down as follows:

- £128.1m for Stakeholder Pensions;
- £20.5m for Gift Aid Small Donations scheme;
- £63k for Mortgage Interest Relief (MIRAS).

2.1.9 Lifetime ISA (Section H)

Minor upwards adjustment to reflect latest OBR forecast.

2.1.10 Help To Save (HTS) (Section I)

Upwards adjustment based on OBR forecast. Help to Save account holders can save up to £50 a month into their account; accounts mature at the end of the second and fourth year when bonuses are paid. The number of accounts opened in 2018-19 and 2020-21 were higher than in previous periods, causing higher levels of bonus payments to be forecast for payment in 2022-23.

2.1.11 HMRC Administration (New Provisions) (Section J)

Provisions are inherently unpredictable in terms of the timing and value of settlements. HMRC have an established process in place to regularly review and monitor provisions.

2.1.12 VOA - Payments of rates to Local Authorities on behalf of certain bodies (POLAR) (Section K)

Upwards adjustment to reflect latest forecast.

2.1.13 VOA – Administration (Section L)

No change.

2.1.14 Utilised Provisions (Section M)

This decrease reverts the provision sought to a standard amount used by HMRC within its Main Estimate. Provisions are inherently unpredictable in terms of the timing and value of settlements.

HMRC have an established process in place to regularly review and monitor provisions and will provide an update figure at the Autumn Supplementary Estimate.

2.1.15 Covid-19 (Section N)

The claims window for Covid-19 scheme claims closed on 30 September 2021; however, there are some outstanding payments on AME Covid-19 schemes.

The £18.7m figure is broken down as follows:

- Coronavirus Job Retention Scheme (CJRS): £13m. These payments will result from claims that are either as a result of an employer having a reasonable excuse for not making a claim on time, or due to the complaints procedure being followed and a previous decision being overturned, meaning that a payment is now required.
- Self-Employment Income Support Scheme: £5.7m. Similarly, these claims are as a result of exceptional circumstances where a payment is now required.

2.1.16 Personal Tax Credit (Section O)

Based on OBR forecast. The reduction is due to a number of factors:

The exit of claimants, either to Universal Credit or out of the welfare system. As there are now no new claims for personal tax credits, the caseload will continue to decrease over time.

Economic determinants such as CPI inflation and average earnings, which determine how much each claimant receives.

Compositional factors (e.g., how many claimants are disabled) which also affects the amount received and expected patterns of tax credits overpayments, underpayments, repayments, and recoveries.

2.1.17 Other Reliefs and Allowances (Section P)

This section covers a range of reliefs paid from public spending, including Large Companies Research and Development Relief, Small Companies Research and Development Relief, and Film Tax Relief, as well as the Guardians Allowance.

There is an upwards adjustment to reflect latest forecasts.

2.2 Ring fenced budgets

HMRC have a number of ringfence budgets that are set by HM Treasury. Any funding provided by HM Treasury for the below items can only be spent on a specific area of spend.

Any surplus funding at the end of the year will be returned to HM Treasury.

HM Treasury Ringfences (£m)	Main Estimate 2022-23		2021 -22 Supplementary Estimates Budget		Difference (+/-) compared to Supplementary Estimate 2021-22			
	RDEL	CDEL	RDEL	CDEL	RDEL		CDEL	
	£m				£m	%	£m	%
Post-Scheme Covid-19 costs	79.7	0.0	99.0	1.7	-19.3	-0.2	-1.7	-1.0
Counter-Fraud Packages for Covid-19 Schemes	27.4	0.0	21.5	3.7	5.9	0.3	-3.7	-1.0
EU Exit	711.0	283.3	761.0	321.4	-50.0	-0.1	-38.1	-0.1
Revenue Raising	450.5	1.1	433.0	11.0	17.6	0.0	-10.0	-0.9
Modern Tax system	103.9	86.4	86.7	90.0	17.2	0.2	-3.6	0.0
Debt and Payments	39.9	34.0	28.3	28.2	11.6	0.4	5.7	0.2
Digitising Business rates	4.9	0.0	0.8	0.0	4.1	5.1	0.0	0.0
Pensions Programme	6.0	10.0	3.5	6.9	2.5	0.7	3.1	0.4
Tax-Free Childcare	37.7	0.0	31.4	0.6	6.3	0.2	-0.6	-1.0
Help to Save	15.4	0.0	14.9	0.0	0.5	0.0	0.0	0.0
Fiscal Event Policy Costs	90.0	10.0	0.0	0.0	90.0	1.0	10.0	1.0
Spend-to-Raise	40.0	0.0	0.0	0.0	40.0	1.0	0.0	0.0
Pilots	2.7	0.0	0.0	0.0	2.7	1.0	0.0	0.0
Official Development Assistance	6.4	0.0	3.6	0.0	2.8	0.8	0.0	0.0
Sub-total	**1615.4**	**424.6**	**1483.7**	**463.5**	**131.7**			
Depreciation (non-cash)	471.8	0	320.0	0.0	151.8	0.3	0.0	0%
Total	**2087.2**	**424.6**	**1803.7**	**463.5**	**283.5**			

2.3 Changes to contingent liabilities

The following contingent liabilities are contained within Part III: Note K of the Main Estimate.

Nature of Liability	£000
Legal claims – Costs that may be awarded should various legal cases in which HMRC are involved be determined against the department.	131,770
Guaranteed costs – possible liability where appointed liquidators have been guaranteed payment of their costs, with a view to recovery of outstanding tax liabilities (67 cases).	950
Other – the department has a number of further contingent liabilities	75,100
Valuation Office Agency - Costs that may be awarded should various legal cases in which VOA is involved be determined against the Agency.	210

These contingent liabilities have been held by the department for several years and reported within the Departmental Resource Accounts annually. They have been incurred in the ordinary course of administering the tax and customs system. HMRC has an established process in place to regularly review and monitor contingent liabilities.

3. Priorities and Performance

3.1 How spending relates to objectives

HMRC's planning and performance is structured around our 5 strategic objectives:

- Collect the right tax and pay out the right financial support.
- Make it easy to get tax right and hard to bend or break the rules.
- Maintain taxpayers' consent through fair treatment and protect society from harm.
- Make HMRC a great place to work.
- Support wider government economic aims through a resilient, agile tax administration system.

The funding we received in the 2021 Spending Review allows us to deliver our core services, enabling us to continue to collect the UK's tax revenue and maintain customer service standards. We'll also use a significant proportion of this investment to fund our transformation projects to modernise the way we administer tax and customs in line with the Government's tax administration strategy '*Building a trusted, modern tax administration'*.

HMRC's departmental finance systems are not structured to report costs and resources by strategic objective. However, we do allocate budgets for these elements per business group.

3.2 Measures of performance against each strategic objective

We continue to improve and develop our performance metrics to ensure we can demonstrate our delivery against our strategic objectives in the coming years. We will set out the metrics we will use for 2022-23 in our Outcome Delivery Plan, along with full-year targets.

We publish quarterly updates on our performance against our key performance indicators and commitments, and cover them in the performance section of our Annual Report & Accounts. In addition to this we publish monthly data on use of our digital services and our telephony, post handling and complaints handling performance.

3.3 HMRC Performance

Over the course of the pandemic, HMRC made choices about the work the department prioritised, in order to protect our essential services and the livelihoods of the customer groups who need it the most. HMRC prioritised the Covid-19 support schemes, the UK's smooth transition from the EU and the essential services that keep the tax system running.

These urgent priorities meant that some of the department's customer service levels weren't where we would normally expect them to be. In the first half of the 2021-22 financial year, HMRC stabilised the Department's phone service and the Tax Credits and Child Benefit services, whilst supporting the smooth running of the Covid-19 support schemes until they closed in October 2021. Now that the bulk of Covid-19 schemes activity has been delivered, we've been able to move more resources back into our core tax activities, and we've added further capacity through temporary recruitment.

We have reduced the backlog of post that built up during the pandemic and are keeping our helpline service levels stable. We've also successfully handled the introduction of EU full customs controls on 1 January 2022 and supported more than 10.2 million people to meet this year's Self-Assessment return deadline on 31 January 2022.

The pandemic had a significant impact on our debt balance, much of which was due to the choices the government made to support customers by temporarily permitting the deferral of payments. We have succeeded in reducing our overall debt balance from a peak of £72 billion at the height of the pandemic to under £40 billion at the end of quarter 3 2021-22. The economic impact of the pandemic has also inevitably affected compliance yield. Our latest figures show that by the end of quarter 3 we had secured £17.4 billion in compliance yield, lower than pre-pandemic levels but higher than the £17 billion secured by the same point last year and keeping us on track for a similar compliance yield total as last year.

We expect to deliver normal performance on our core service lines cumulatively across the whole of the 2022-23 financial year, and we will continue investing in improvements to our customer service. As the UK recovers from the pandemic, we'll be using the funding we received in the latest Spending Review to focus on supporting businesses and individuals to adapt to a changing economy, while continuing to bring in vital tax revenue for public services.

3.4 Major projects

HMRC currently have 20 live projects within the Government Major Projects Portfolio (GMPP). For more information, please refer to the GMPP Transparency publication.

- <u>Locations Programme</u>: HMRC are seeking to transform itself into one of the most digitally advanced tax authorities in the world. Our Locations Programme is a key enabler for this modernisation and by changing people's working environment, HMRC are helping to change how they work. We are creating a new network of modern digital hubs in 13 regions, alongside 5 Specialist Sites and a London HQ. Our Regional Centres are inclusive and environmentally friendly places to work. Technologically advanced, they are available not just to HMRC colleagues but also to other government departments, truly anchoring HMRC's locations as the network of wider government hubs. The Programme approved end date is 31/03/2026.

- <u>Making Tax Digital</u>: Delivering modernised IT to digitise tax reporting, reduce the tax gap and improve the customer experience for businesses, agents, and individuals. The Programme approved end date is 31/03/2025.

- <u>Securing Our Technical Future</u>: The Programme has been established to stabilise and refresh HMRC's current technology estate, which is aged, exit our 3 data centres, the contracts for which expire in 2022, and move our IT services to the new destination platforms, Cloud and Crown Hosting (for physical assets). The Programme approved end date is 30/06/2022.

- <u>Technology Sourcing Programme</u>: The Programme is an essential component of the HMRC transformation portfolio to modernise and transform the enterprise IT estate and services delivered to citizens and colleagues. By the end of June 2022, the Programme will deliver new contracts for services and improve our ways of working through improved capabilities, simplified processes, new tools, and consistent standards. The Programme approved end date is 30/06/2022.

- Contact Engagement Programme: Contact Engagement Programme replaces and upgrades the telephony service provided to our customers, which handles c. 33m calls per annum. The telephony service will provide improved routing of calls for more efficient call handling, as well as providing HMRC with enhanced management information on customer behaviour.

- Infrastructure Programme: Continuing to deliver Inland Border Facilities which are critical for UK trade and to ensure that the UK meets our legal obligations. The Programme approved end date is 31/03/2025.

- Trader Support Service: The Trader Support Service (TSS) provides a free-to-use service to support traders to meet their obligations under the Northern Ireland Protocol (NIP) following the end of the EU transition period on 31/12/20. The TSS helps traders move goods between Great Britain and Northern Ireland or bring goods into Northern Ireland from outside the UK. The Programme approved end date is 31/12/2022.

- Protect Connect: Protect Connect Programme safeguards the operation of HMRC's most critical repayment risking services, future-proofing them by hosting them in the Cloud and laying the essential foundation for development of future strategic risking capabilities. The Programme approved end date is 31/05/2022.

There are another 12 Programmes currently in delivery, in respect of which further details will be published in July 2022:

- Critical Platform Transformation
- Enterprise Security Programme
- Single Customer Account
- Unique Customer Record
- Payments Programme
- Debt Transformation Programme
- Debt Respite Programme
- Pensions Programme
- Data Protection Remediation
- Single Trade Window
- Single Customs Platform
- NI Delivery Programme

4. Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by myself as Departmental Accounting Officer.

Jim Harra

Accounting Officer

First Permanent Secretary

HM Revenue and Customs

13 May 2022

Annex: Table A

See tables at Section 2.1 for a breakdown of DEL and AME funding changes.

Annex: Table B HMRC 22-23 Main Estimate DEL (£m)

HMRC 22-23 Main Estimate DEL (£m)	RDEL Admin	RDEL Prog	Total RDEL	CDEL	TDEL
Spending Review outcome: -	**1059.0**	**4527.6**	**5586.7**	**658.6**	**6245.3**
Additional, new, money awarded since SR21					
Additional HMT Funding					
IFRS16	8.5	9.5	17.9	5.8	23.7
Additional HMT Funding Sub-total	**8.5**	**9.5**	**17.9**	**5.8**	**23.7**
Additional, new, money awarded since SR21 sub-total:	**8.5**	**9.5**	**17.9**	**5.8**	**23.7**
Estimating, forecasting and reprofiling changes:					
Neutral funding changes between departments: -					
OGD Budget Transfers					
DLHC (Outgoing): Hidden Economy Conditionality	0.0	-1.4	-1.4	0.0	-1.4
WG (Outgoing): Hidden Economy Conditionality	0.0	-0.1	-0.1	0.0	-0.1
CO (Outgoing): Civil Service Live	-0.1	0.0	-0.1	0.0	-0.1
CO (Outgoing): Civil Service Local	-0.2	0.0	-0.2	0.0	-0.2
HMT (Outgoing): Contribution to Office of Tax Simplification	-0.4	0.0	-0.4	0.0	-0.4
CO (Incoming): STW's SR settlement	0.0	19.0	19.0	10.0	29.0
DWP (Incoming): Universal Credit JMET	0.0	3.9	3.9	0.0	3.9
DWP (Incoming): Universal Credit (Programme - Non-Depn)	0.0	12.5	12.5	0.0	12.5
DWP (Incoming): Universal Credit (Programme - Depn)	0.0	2.4	2.4	0.0	2.4
DWP (Incoming)Universal Credit (Capital)	0.0	0.0	0.0	1.1	1.1
DWP (Incoming) Universal Credit Consequences Non-Operations (Programme)	0.0	1.6	1.6	0.0	1.6
FCDO (Incoming): Common platform baseline transfer	0.0	2.4	2.4	0.0	2.4
OGD Budget Transfers Sub-total:	**-0.8**	**40.4**	**39.7**	**11.1**	**50.8**
Neutral funding changes between departments sub-total:	**-0.8**	**40.4**	**39.7**	**11.1**	**50.8**

	RDEL Admin	RDEL Prog	Total RDEL	CDEL	TDEL
2022-23 Main Estimates DEL: -	**1,066.7**	**4,577.5**	**5,644.3**	**675.5**	**6,319.8**