



HM Revenue
& Customs

Sir Jim Harra KCB
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Public Accounts Committee
House of Commons
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18 November 2024

Dear Sir Geoffrey,

Thank you for your letters dated 18 October 2024 regarding my Accounting Officer Assessments. Your letters asked for more information about the spend, scope and progress of each programme.

Securing our Technical Future, Critical Platform Transformation Programmes and Technical Health Programme

The Accounting Officer Assessment (AOA) sets out my view of the programmes in terms of regularity, propriety, value for money and feasibility. When publishing assessments of these programmes, I have balanced the need for transparency with ensuring that any commercially sensitive information, or any information that cyber criminals could use to exploit HMRC technology vulnerabilities, is withheld.

A draft AOA was prepared for the Critical Platform Transformation (CPT) programme from April 2023, but a decision was taken to close CPT early and reflect activity within the recently published Technical Health Programme (THP) AOA. It has taken longer to publish an AOA than I would have liked for some areas of our IT investment, due to the need to re-organise our programmes to get the best coverage and value for money (VFM) from them.

In 2023-24 we rationalised our technology programmes, bringing together related remediation activity to ensure we achieved the best VFM and economies of scale from the available funding. This impacted three in-flight technology transformation programmes: Securing Our Technical Future (SOTF), Critical Platform Transformation (CPT), and Enterprise Security Programme (ESP). We created the Technical Health Programme (THP) which regularly assesses critical technical health items, to ensure that HMRC remediated its most critical technical health risks.

You will see below that our total spend by March 2025 in these programmes, to remediate high-priority vulnerabilities, move services into secure cloud hosting, enhance network security, modernise infrastructure to lower the risk of service failures and stabilise live

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services is broadly consistent with the levels we planned for during 2022 and 2023. The combination of programmes to achieve that has of course changed with the introduction of the Technical Health Programme. Along the way, there have been unexpected additional costs (notably within the SOTF Programme, due to enablement work that proved to be more complex than originally understood and in the CPT Programme, where upgrade pathways became obsolete thus increasing the expense of remediation). This has meant that some work originally planned for in these programmes will now be delivered after 2024-25. Progress on remediation activity is set out below.

	Early Cost Estimation	Mature Cost Estimation	Final Cost
Securing Our Technical Future (SOTF)	£312m 2018	£448m 2023	£437m Jan 2024
Critical Platform Transformation (CPT)	£246m 2022	£316m 2023	£142m Aug 2023
Enterprise Security Programme (ESP)	£172m 2021	£172m 2022	Subsumed into THP
		£936m	
Technical Health Programme (THP)			£375m Forecast March 2025
			£953m

In terms of progress achieved, we originally planned to remediate 545 services through the SOTF Programme. Remediation work on 438 of these services has been completed through SOTF or associated activity and the balance of 107 services will be completed after 2024-25.

Similarly, the CPT and ESP programmes set out to remediate 151 items. The Technical Health Programme prioritised this scope (plus 129 additional high-priority items) and identified 133 items that were critical to technical health remediation, which could not be delivered via BAU activity. THP will complete work on 87 of these by 31 March 2025, leaving 46 to be completed after 2024-25. The global threat landscape is continuously increasing, so further investment is needed to remediate HMRC's IT estate to be modern, secure, resilient and within a tolerable risk position. Overall, the rationalisation of our technology programmes has enabled HMRC to focus resource on remediating the most critical risks.

I hope that this gives you greater transparency of the technology remediation activities, their cost, and delivery progress. Future investment has now been confirmed as part of the Spending Review process and HMRC will be able to continue to improve its overall technical health, reducing the risk of successful cyber-attack, service outages and poor service performance.

Trader Support Service Contract Extension

As you have noted, the current Trader Support Service (TSS) contract has been extended and is now due to end on 31 December 2025. HMRC has also announced a competitive procurement exercise for the next phase of the TSS to begin by early 2025. I'm glad to hear that you view this as positive news.

The decision to extend the current TSS contract was based on the need for continuity of support to traders moving goods between Great Britain and Northern Ireland at a critical time when new customs arrangements under the Windsor Framework (WF) are being implemented. Transferring the services to a different contractor before WF changes had stabilised would have risked disrupting the reliability and stability of the service on offer. This is even more pertinent given the WF implementation date has moved from 30 September 2024 to no earlier than 31 March 2025.

The contract extension is expected to cost £66.8m (excluding VAT).

Further details can be found here: <https://www.find-tender.service.gov.uk/Notice/029510-2024>

Yours sincerely,



Jim Harra
CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY