



HM Revenue
& Customs

Jim Harra
Chief Executive and First Permanent
Secretary

Meg Hillier
Chair, Public Accounts Committee
House of Commons
SW1A 0AA

Room 2/75
100 Parliament Street
London
SW1A 2BQ

By email

Tel 03000 577293
Email perm.secs@hmrc.gov.uk

Dear Ms Hillier,

HMRC Performance 19-20 – Recommendation 4

In the Treasury Minute containing the response from HMRC to the PAC's report on HMRC's Performance 19-20, the department agreed with the Committee's recommendation 4 and have committed to the following:

PAC recommendation: HMRC should review its priorities and work with HM Treasury to ensure it has sufficient capacity and resources to effectively manage its workload. HMRC should, following the November 2020 Spending Review, write to us, setting out the findings of its review and explaining what it might need to deprioritise if it has not secured sufficient additional resources

HMRC response:

In the 2020 Spending Review (SR20), HMRC was allocated £5.4 billion for 2021/22.

HMRC has undertaken an in-depth prioritisation exercise to ensure we keep within our budget allocation.

We have identified cost reductions that are primarily a combination of changes in departmental planning assumptions (in the main COVID related – such as lower travel expenditure which are therefore temporary), and deliberate management action for example, adopting a phased approach to updating our technology, capabilities and operational systems.

These savings are one-offs but will enable HMRC to maintain performance and run our IT and physical estates safely. As we head into Spending Review 2021, we are

exploring ways to sustainably reduce our cost base in the medium to long term and ensure our funding enables us to deliver a good level of service to customers, manage the tax gap and modernise the administration of tax and customs.

In line with other Government departments, HMRC will be publishing our Outcome Delivery Plan shortly.

We continue to work with HM Treasury to ensure we are funded at the Supplementary Estimate for:

- any extensions to COVID-19-related activity;
- fiscal event measures; and
- new UK Transition activities (HMT agreed to provide funding of £22.8m for the Brexit Support Fund grant scheme at the Main Estimates).

Although the year ahead is challenging, particularly in providing good levels of customer service, I am confident that we have made the right choices to ensure that the department lives within the funding provided, whilst maintaining performance and both running and transforming our IT and physical estates.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Harra', written in a cursive style.

JIM HARRA CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY