

HMRC Transformation – Pensions Programme

It is normal practice for Accounting Officers to scrutinise significant policy proposals or plans of major projects, and then assess whether they measure up to the standards set out in Managing Public Money. From April 2017, the Government has committed to make a summary of the key points from these assessments available to Parliament when an Accounting Officer has agreed an assessment of projects within the Government's Major Projects Portfolio.

Background and context

The Pensions Programme was formed in March 2021 and will modernise the administration of Pensions Tax Relief. It will complete the delivery of the Pensions Online Digital Service (PODS), replacing The Pensions Scheme Service (TPSS), and provide additional functionality to facilitate customer self-serve. It will also manage the migration of pension schemes to the new service and resolve legacy data issues.

The Programme will digitise Relief at Source (RAS) claims for those pension schemes that claim the basic rate tax relief given on individuals' pension contributions. The Programme will introduce a new digital service to facilitate those claims and to gather additional data.

The programme will also address aspects of the outcome of the McCloud judgment regarding government changes to Public Sector pensions. In 2018, The Court of Appeal judged the changes amounted to unlawful age discrimination. HMRC will deliver and implement a process that enables individuals to claim compensation.

The programme will provide an IT solution to facilitate payment to those affected by the Low Earners Anomaly (an anomaly that means the take-home pay of lower earners can be affected by the method of pensions tax relief operated by their pension scheme).

At Autumn Budget 2021, the government announced that it will resolve the anomaly by introducing a system to make top-up payments directly to affected individuals.

Regularity

The Programme scope falls within HMRC's statutory tax collection and management functions or within our ancillary powers, and therefore within HMRC's functions.

Legislation for the McCloud compensation scheme was passed recently, in the Public Sector Pensions and Judicial Offices Act 2022, with an accompanying money resolution. Legislation to address the Low Earners Anomaly will be introduced in the Finance Bill 2022/23.

Propriety

The Pensions Programme adheres to HMRC's Change Lifecycle Governance and undertakes the appropriate assessments and reporting. The Business Case for the Pensions Programme was approved by HMRC's Change Investment Design Committee in April 2022. Clear governance processes have been established for effective programme management. A Programme Board is the main decision-making authority, and the SRO is accountable for delivery.

The Programme became part of the Government Major Projects Portfolio in April 2022. A Treasury Approval Point took place on 28 June and approval to spend in 2022 to 2023 was subsequently received. An Infrastructure Projects Authority (IPA) Gate 0 Review was held in August 2022, receiving an Amber Delivery Confidence Assessment, which reflects the current position of the programme and its deliveries.

The programme will be subject to ongoing quarterly reporting and regular assurance reviews, with a further IPA Gate 0 Review planned for Quarter 1 of 2023 to 2024.

Procurement of suppliers follows HMRC's established commercial governance process, ensuring appropriate scrutiny and challenge, including value for money.

Value for money

The programme has followed HM Treasury's Green Book guidance. Value for money has been assessed via an options appraisal which has been documented in the Programme Business Case. The preferred option offers the highest potential to meet the critical success factors and minimise delivery risks for HMRC. Importantly, the preferred option also delivers a building block for potential future policy changes, a key objective for the Programme.

Feasibility

The programme is on track to deliver both on time and to cost, noting the risk below. There are robust programme management and governance practices in place to assure and monitor plans and progress, with action being taken when it is appropriate to do so, to identify then mitigate potential risks to delivery. The programme leadership, supported by delivery partners, has the skills and experience needed to achieve the programme deliverables within the required timeframe.

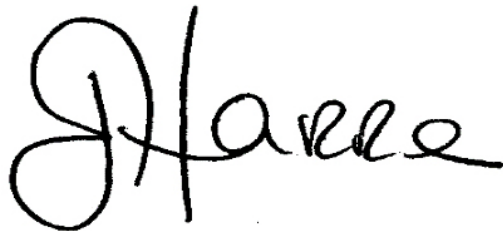
There is a risk of resource constraints alongside other key programmes in HMRC's Portfolio. The risk is being mitigated by taking a staged approach to our deliveries, and ensuring delivery dates are factored into the departmental level of change.

Conclusion

As the Accounting Officer for HMRC, I have considered my assessment of the Pensions Programme and on balance, the proposal is value for money and deliverable. I have therefore approved it as of 17 October 2022. I have prepared this summary to set out the key points which informed my decision.

If any of these factors change materially during the lifetime of the programme, I undertake to prepare a revised summary, setting out my updated assessment. This summary will be published on the Government's website (GOV.UK). Copies will be deposited in the Library of the House of Commons and sent to the Comptroller and Auditor General and Treasury Officer of Accounts.

Accounting Officer's name: Jim Harra, Chief Executive HM Revenue and Customs.

A handwritten signature in black ink, appearing to read 'J Harra', with a large, stylized initial 'J'.

Date of signing: 17 October 2022