

# Accounting Officer Assessment

## Summary: HMRC Unity 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 HM Treasury's Managing Public Money guidance. 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 with the Government's Major Projects Portfolio (GMPP).

### Background and context

The current SAP ECC6 corporate system will have full-life support from SAP until 2027 and then "extended support" until 2030. SAP expect all their customers to move onto new cloud-based SaaS systems. In SR21 all departments using SAP ECC6 bid separately to upgrade their existing platforms, recognising that the cost of buying additional support for the current systems would be expensive and would delay the inevitable need to move to cloud-based SaaS systems, such as SAP's S/4HANA product.

In March 2021, government published a Shared Service Strategy that included the formation of five clusters across government that would work to align core operations, processes, and back-office technologies. Departments in each cluster have been asked to work together to design a common operating model, share business process services and implement standardised, common Enterprise Resource Planning, Finance and HR shared services. Central government funding is in place for three clusters – Synergy, Matrix, and Unity – over the SR21 period.

HMRC is the lead department for the Unity cluster and is working collaboratively with the Department for Transport (DfT) and Department for Levelling Up Housing and Communities (DLUHC) to create a new shared service operation providing services to all three departments, operating from a single technology platform. The Unity Programme business case confirms that it is better value for money to move as a cluster than separately as independent departments, saving approximately £90 million.

### Regularity

The legislative basis for HMRC to carry out this activity is provided by Section 9 of the Commissioners for Revenue and Customs Act 2005 - Ancillary Powers - with the relevant function being the general collection and management functions to manage and administer the tax and customs system. The exercise of those powers is subject to normal considerations of good decision-making, particularly that the decision be reasonable and proportionate. The significant cost savings in back-office services enabled through this shared service support the reasonableness of the exercise of these powers in this case.

## Propriety

The Unity Programme adheres to HMRC's Change Lifecycle Governance and undertakes appropriate assessments and reporting. The business case for the Unity Programme was approved by HMRC's Change Investment Design Committee in July 2023. A Treasury Approval Point was cleared in September 2023. Clear governance processes have been established for effective programme management. The Executive Steering Group, chaired by HMRC's Chief Financial Officer, has Director General-level representation from the three cluster departments and the Government People Group, ensuring there is alignment and an established escalation route, supporting stability across the programme. A programme board is the main decision-making authority, and the Senior Responsible Officer is accountable for delivery. 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 and documented in the programme business case. The Unity Programme business case has been internally evaluated and approved by the investment appraisal processes of each of the three departments.

The preferred option offers the highest potential to achieve the programme's objectives and minimise delivery risks. The programme business case demonstrates that government achieves better value for money by transforming the shared service collectively as a cluster rather than individually on a department-by-department basis. The business case indicates that savings of circa £90 million will be made in system upgrade costs and, once re-engineered shared services are fully operational, cashable, and non-cashable benefits of circa £585 million over the 15-year lifecycle are estimated. There is a positive return on investment.

## Feasibility

The programme is on track to deliver to time and to cost, noting the pressure below. Robust programme management and governance are in place to assure plans and progress, with action being taken when it is appropriate to do so, to identify and 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. Unity's delivery plan has been assessed through external IPA review and another external health check.

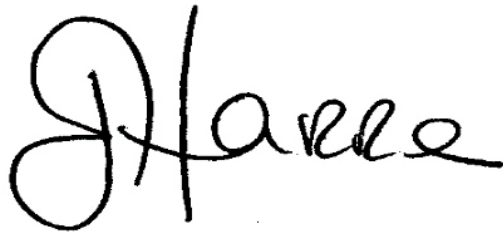
Similar to other programmes across the GMPP, Unity is competing for scarce IT resources in the marketplace. This presents a risk to its delivery timeline. Forming a cluster to produce one shared service centre reduces the competition for IT resources between departments.

The Unity Programme proactively identifies and manages its key risks in line with best practice. The programme is highly visible to both HMRC's Executive Committee and the Government People Group.

## Conclusion

As the Accounting Officer for HMRC I have considered my assessment of the Unity Programme and concluded that, the proposal is value for money and deliverable, I have therefore approved it as of 7 February 2024. 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 this 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', written in a cursive style.

Date of signing: 7 February 2024