Accounting Officer Assessment Summary:

HMRC Enterprise Tax Management Platform (ETMP) Regeneration Programme

It is normal practice for Accounting Officers to scrutinise significant policy proposals or plans of major projects and assess whether they measure up to the standards set out in HM Treasury's Managing Public Money guidelines. 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 a project within the Government's Major Projects Portfolio (GMPP).

Background and context

The Enterprise Tax Management Platform (ETMP) is the strategic technology backbone of HM Revenue & Customs' (HMRC's) tax accounting and payment capability. It currently administers over 40 tax regimes, with all remaining tax regimes expected to migrate onto the platform in due course. ETMP provides returns processing, tax accounting, payments functionality and data mastery in one system and is accessed by approximately 40,000 users across HMRC daily. It handles over £800bn of tax revenue and payments annually.

ETMP is a term coined by HMRC for a set of standard IT packages produced by the global software company SAP, who specialise in creating software for the management of accounting, business processing and information flow. HMRC and SAP, with the support of third parties, have been developing and shaping HMRC's ETMP capability since 2004, with HMRC making a significant investment in this work, over the last 12 years.

The current version of the SAP software used by ETMP is known as ECC6. This was released by SAP in 2006 and received its last major update in 2016. SAP have announced that mainstream support for this product will cease at the end of 2027.

The ETMP Regeneration Programme is a multi-year programme of work established to lead HMRC's response to the end of mainstream support by SAP for the ECC6 product. The ETMP Regeneration Programme business case was first approved by HMRC's Change Investment & Design Committee (Technology) in July 2023, with a refreshed case being approved in May 2024 covering the period from 2022/23 to 2034/35. HM Treasury (HMT) and Cabinet Office approval was received in July 2024.

Regularity

The ETMP Regeneration Programme is a response to the end of mainstream support for the software underpinning a core IT platform, and its primary focus is ensuring safe continuity of the existing functionality. As such, the programme operates within HMRC's existing statutory powers to administer the tax system.

The programme is not seeking to change any tax legislation as an inherent part of its delivery. The programme will however need to respond to any changes to tax policy during its lifetime.

The programme will conduct two commercial procurements:

- A new software vendor contract for the ECC6 replacement and associated products (the "software contract").
- A new contract for a systems integration (SI) partner to work with the software vendor and HMRC to plan, manage, and deliver the migration from ECC6 to new technology (the "SI contract").

The programme has worked closely with our commercial contracts experts to identify the appropriate approach to take in making these contract awards. We have taken expert commercial, third party and legal advice on our approach to procurement. These procurements will be undertaken to support HMRC and programme objectives, in line with government procurement rules.

We have two non-negotiable requirements in seeking a modern product to underpin ETMP. These are that (i) the solution be Software-as-a-Service; and (ii) it be hosted in the UK. Having taken external technical and legal advice we are currently exploring the option to migrate from ECC6 to the updated product S4/HANA supplied by the incumbent supplier, who can deliver on both these requirements.

Spend on ETMP and its regeneration is within HMRC's vote and therefore the regularity test is met.

Propriety

The programme adheres to HMT's 'Managing Public Money' guidance and HMRC's Change Lifecycle Governance, undertaking the appropriate assessments and reporting. ETMP Regeneration has received both internal (HMRC) and external (HMT / Government Digital Services) approval. Procurement of suppliers follows HMRC's established commercial governance process, ensuring appropriate scrutiny and challenge.

The programme has established governance processes for effective programme management. A joint ETMP Platform / Programme Board was set up in 2023, chaired by the programme's Senior Responsible Officer and providing key decision-making authority, with membership from across HMRC, including operational, technical delivery, commercial, and other key internal stakeholders.

The Programme Board ensures that the programme stays aligned to HMRC's strategic objectives and has responsibility for meeting the programme business case. The programme utilises a weekly checkpoint to monitor delivery and escalate key risk and decisions to the Programme Board.

The programme became part of the GMPP in Quarter 3 of 2023/24 and has complied with the GMPP quarterly reporting requirements, including Infrastructure and Projects Authority (IPA) reviews.

Value for money

The programme has followed HMT'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 achieve the programme's objectives and minimise delivery risks for HMRC. The latest business case covers a fourteen-year period, which includes five years' support costs, and sets out current assumptions for scope, timelines and associated financial information. ETMP Regeneration lifecycle costs over fourteen years are estimated to be £444m.

The benefits that will be immediately realised as a result of the technical transformation are set out below.

Benefit	Detail	Evidence
Improved Performance	Improved performance and better access to analytical data, allowing analysis and reporting to be completed in real time.	Early testing has demonstrated the potential to deliver tangible improvements in the time taken by users to process individual tasks, current estimate is c£25m per annum
Improved User Interface	Improved user interface with easier access to functionality leading to a better experience for internal users and better compliance with accessibility regulations	
Better Customer Options	Ability to keep bespoke changes away from core ETMP, making future patching and upgrading easier and preventing accumulation of un-applied patches	
Develop Apps in Low/No code	Ability to develop applications in a low/no code way, simplifying and reducing the cost of developing new functionality and meeting unique requirements	Early analysis suggests that on average new technology can create at least a 50% reduction in time for both development and delivery,

		which would generate significant savings
Native Cloud Hosting	Through Software-as-a-Service which provides greater resilience and allows subscription and consumption-based pricing alignment cost to actual use	
Reduced Costs	The forecast subscription and infrastructure costs for new software expected to be lower than existing ECC6 costs	Savings of c.£7m per annum against current ECC6 hosting software costs post migration and decommissioning of ECC6 in 2030

Underpinning the collection of £800bn in tax per annum, the implications of a significant systems outage go beyond impacts to HMRC and would be felt at a national level. By migrating to an upgraded platform, which remains in full support by the supplier, we will significantly reduce the risk of any systems outages and therefore mitigating the potential impacts on HMRC and beyond.

Feasibility

The Delivery Confidence Assessment for ETMP Regeneration remains Amber, as reported by the IPA in May 2024.

The programme maintains a focus on critical activities required to successfully achieve key milestones, the next of which is making fixes to ETMP during 2024-25. Progress against success criteria and key performance indicators is monitored at all levels. Programme risks and issues are being proactively addressed.

The programme has completed an assessment of the viability of the proposed migration from the legacy product (ECC6) to the updated product (S/4HANA), which concluded that a 'system conversion' approach which preserves HMRC's investment in ETMP to date through migrating both data and prior customisation into the new system is the appropriate implementation path.

We tested this approach on a small scale in 2023 using a sandboxed system known as the Digital Core Accelerator (DCA) to complete a small-scale test migration of a subset of ETMP from ECC6 to S/4HANA. This test completed successfully with only minor follow up work required for the tested HMRC configuration to operate fully on S/4HANA.

Since then, we have contracted with independent technical expertise to assess the state of the market for this type of software capability and to complete independent cost modelling to assure our cost estimates. The programme is also ensuring key capabilities to complete delivery are in place, including commercial resource to conduct the procurement exercises and technical resource both to support commercial decision making and ensure that our needs are appropriately reflected in discussion with SAP, and in due to course to conduct the migration itself.

Conclusion

As the Accounting Officer for HMRC, I have considered my assessment of the ETMP Regeneration Programme and concluded that the proposal meets all four tests. I have therefore approved it as of [Date]. 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 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.

Signature: