Dear Sir Jon,

HMRC Main Estimate

The Committee has had an opportunity to consider the Main Estimate and its accompanying Memorandum laid by the Department on 9 May 2019.

The Committee has a number of queries on the matters listed below:

Efficiency savings

1. In its Main Estimate Memorandum, HMRC states it made sustainable annual efficiency savings of £410 million against its target of £380 million”, in line with the 2015 Spending Review and subsequent fiscal events. It also states that it will continue “to work towards the £717 million target of annual, sustainable efficiencies by 2019–20”. Could you provide a breakdown of how the HMRC achieved these £410 million efficiency savings, and also a breakdown of anticipated £717 million savings?

   - How has Brexit affected HMRC’s efficiency program?

   - Overall, what is anticipated to be the total change in staff numbers in HMRC from 2015–16 to 2019–20?
     - How many staff have been reduced due to HMRC’s efficiency program?
       - Of these, how many have been made redundant?
     - How many additional staff have been recruited due to Brexit or other factors?

No Deal Brexit

2. The HMRC Main Estimate Memorandum set aside £375 million for UK exit from the EU. What does the HMRC anticipate that this will be spent on?

   - Is HMRC going to do any additional work for “No Deal”, beyond which it has done already?

21 June 2019
3. The estimate for Tax Free Childcare has almost doubled from £145 million to £286 million, but still remains below the initial estimate in 2017–18 of £383 million. What explains the doubling this year?

- Why is the estimated outturn still £100 million lower than initially expected?

**Valuation Office Agency**

4. At Supplementary Estimates in 2018–19, the VOA received additional Resource DEL funding of £7.5 million and Capital DEL of £1.5 million. At the Main Estimates in 2019–20, the VOA also received additional funding of £25 million for increased pension contribution costs and in-year commitments. What in-year commitments will this funding be utilised for?

- The *Valuation Office Agency Business Plan* states that it anticipates “that by 2019–20 its ‘budget will be 29% lower in real terms than it was in 2015-16’. Does this additional funding mean that the reduction is less than was originally anticipated?

  o By how much will the VOA’s budget reduce in cash and real terms from 2015–16 to 2019–20?

- What is the reduction of staff numbers in the VOA, if any, since 2015–16?

  o Of the staff reductions in the VOA, how many were redundancies?

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Rt Hon. Nicky Morgan MP
Chair of the Treasury Committee