Dear Meg,

Following recent announcements to staff about developments in our locations plans, I would like to update the Public Accounts Committee on our how we are ensuring that HMRC is able to respond to its revised workforce plans and meet its overall objectives.

The change in the Department for Work and Pensions’ (DWP’s) approach to rolling out Universal Credit (UC), together with additional recruitment to support EU exit work and recent fiscal events, means that there will be more people working in HMRC by 2021 than we expected back in 2015. At the time of Spending Review 2015 we were planning our future estate on an assumption of 48,000 full-time equivalent (FTE) posts by the end of 2021. We are now forecast to have around 58,400 FTE posts.

Although our long term strategy of moving to regional centres remains the same, as a result of the revised workforce plans we have been considering how we can accommodate these additional people, keep as many existing people working for us for as long as possible, further minimise business disruption and deliver the savings and benefits we have committed to make. This has meant some changes to our previously announced plans.

In order to accommodate the additional workforce needed to deliver support to EU Exit and other work resulting from Autumn Budget 2017, we have taken some additional temporary accommodation in Birmingham, Bristol, and Leeds, to be delivered in the autumn of 2018. We are also using capacity in existing accommodation in Manchester and Liverpool for EU Exit related activity and any associated increases in our workforce. Recruitment for any additional staff required is under way and longer term all these roles will be based in those cities’ regional centres when they are completed.

We have also confirmed that we will keep critical customs work in Southend until December 2022 to support EU Exit preparations.
As outlined above, the change to DWP’s approach to rolling out UC has required us to review our plans for tax credits work. On 9 August we informed our people working across Tax Credits who were due to move to UC roles that we will be keeping a presence for longer in Preston and Dundee. The Dundee office will now remain open until spring 2022 and we will establish a transitional site in Preston until 2025. This will allow us to retain the staff based in these locations for longer whilst gradually redeploying staff who currently deliver tax credits work in Brierley Hill and Liverpool / Merseyside to other roles in the Birmingham and Liverpool regional centres. Additionally we are looking at options to keep one of our existing buildings in Liverpool city centre open until 2022-23 to give us more flexibility as we manage changes to the delivery of tax credits work.

Over the next few years, tax credits work will reduce in HMRC as it moves to DWP, hence our plans to consolidate in fewer locations and it is likely that the work on tax credits will ultimately only be delivered out of Preston until it has all moved to DWP.

We will keep under review our accommodation plans as our workforce plans and forecasts evolve. As we have been doing since we started this programme, we will update our stakeholders once we have decided and when we have informed our people. In the future, should our need for space reduce, our regional centres are government hubs and have been designed to be flexible. Each floor can be re-allocated to another government department if required. And in most cases, we have the ability to sub-let space on a floor-by-floor basis to third parties outside government.

We remain committed to keeping as many people and skills as possible as we move to regional centres. Some roles will change over time and we will continue to help staff develop new knowledge and skills, so that we minimise disruption to HMRC business. At the same time we are improving our workforce models to enable us to invest in recruitment and training ahead of any anticipated loss in skills. The Programme’s People Equality and Impact Assessment, published in June, has not identified any disproportionate impact of our locations strategy on colleagues with protected characteristic from current evidence but we continue to monitor and look for opportunities to minimise any impact in the future.

In 2015, we estimated that around 90 per cent of staff at that time would either be able to move to a regional centre or see out their career in an existing office. In the offices which have closed over the last two years we know that more than 10 per cent were not able to move, mainly because we took the decision to close some of our more remote offices early. By the time all the regional centres have opened, we still expect the figures across the UK to be near to our original forecast. We will of course support those who cannot move on an individual basis to work through all possible options, including identifying opportunities in other government departments.

We have always expected our plans to evolve but we are confident that the move to regional centres remains the best long term strategy to support our transformation. Our first regional centre in Croydon has been open for over a year with staff realising the benefits of the better workspaces. Belfast and Bristol are also on track to open as planned next year.

JON THOMPSON
CHIEF EXECUTIVE AND PERMANENT SECRETARY

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