Dear Mr Thompson

Re: Regional centre in Stratford

Thank you for writing to me to update me on plans for HMRC’s future regional centre in Stratford, which you describe as a significant step in HMRC’s transformation.

In your letter of 7 December you reiterated your expectation that HMRC’s estate programme will save £300 million by 2025, though you have not set out how much you expect the Stratford centre to contribute to those savings.

In January 2016 you told the Committee you were planning on putting 8,000 staff at the regional centre in Stratford, but this has since shrunk to 3,800. In November you told the Committee you were rebalancing the spread of employees across offices and ‘trying to go a bit further out of London’. It therefore appears you have tacitly accepted the basis of the Committee’s concerns about the Stratford centre.

Whilst as an east London MP I welcome further investment in the area, as Chair of the Public Accounts Committee and with taxpayers in mind, my ongoing concern is the high level of rent you will likely pay in Stratford. I am well aware that rents in the area are high and have increased significantly in recent years. You say the centre is ‘a better value for money alternative to an equivalent central London location,’ although I doubt it compares favourably with areas outside of London, or even Croydon where another of the regional centres is based. It is interesting that although you plan to move HMRC roles outside of London you have opened new centres in two London locations.

I note your commitment to providing high quality, skilled jobs, contributing to the local economy but can you advise how many jobs will be created for local people, how many for current staff transferring from Whitehall and particularly how many for staff transferring from HMRC offices outside of London. For some employees a move into London would be not be affordable, or would vastly increase travel costs for those travelling from homes outside of the capital, whereas your stated objectives for the estate programme include improving employee engagement and morale.
It is also disappointing that your Department has decided to sign 20- to 25-year leases for these regional centres without securing break clauses in the leases. Without a break clause, the government is tying its hands so as to limit the possibility of making further cost savings in future, or respond to changes in working practices.

We also remain concerned about the estate strategy in general, in particular the negative impact office closures will have on employment and local economies outside major cities.

In November you told the Committee the Infrastructure and Projects Authority had given the estate transformation programme an amber rating. This means that although feasible, the programme currently has significant issues in need of management attention.

You have told us that HMRC is managing so many transformation projects at present, delivering all of them is ‘not credible’ and therefore a prioritisation exercise is taking place. I look forward to hearing about your progress with this prioritisation programme.

Yours sincerely

Meg Hillier MP
Chair of the Committee of Public Accounts