

Over the 2007 Comprehensive Spending Review (2007 CSR) period the Chancellor's Departments will take forward an ambitious value for money programme, generating annual net cash-releasing savings of over £700 million by 2010-11. Together with £330 million in modernisation funding, this will allow the departments to deliver their key priorities within budgets that fall by 4.9 per cent per year in real terms.¹ These are:

- a customer focused HM Revenue and Customs (HMRC), with modernised and efficient business processes that help to ensure the payment of the right amounts of tax and tax credits; and
- a smaller and more efficient HM Treasury, with a continuing role to maintain sound public finances and ensure high and sustainable levels of economic growth, well-being and prosperity for all.

Achievements so far **DI6.1** The Chancellor's Departments play an important role in delivering the Government's objectives of sound public finances, rising prosperity and a better quality of life. HMRC collects the revenue that underpins strong public finances, while HM Treasury (comprising the Treasury, the Office of Government Commerce and the Debt Management Office) develops and implements the Government's financial and economic policy.

DI6.2 Over the last decade, HMRC has collected the revenue needed to fund improvements in essential public services. It has implemented major reforms to the tax system and introduced Child and Working Tax Credits. It has also modernised the service provided to its customers, reducing the administrative burden of the tax system. HM Treasury has helped foster conditions that have enabled an unprecedented period of stability, low inflation and sustained growth. Through modernising the taxation system, it has promoted fairness and opportunity for all, and a sustainable approach to economic development.

Responding to challenges ahead **DI6.3** Changing patterns of economic activity and innovative technologies and financial instruments all pose challenges for the way HMRC administers the tax and credit payments system and potentially create new pressures on revenue collection. Expectations of the service HMRC should provide and the behaviour of taxpayers and claimants are also changing. To respond to these challenges HMRC is undertaking a programme of service transformation that will put customers at the heart of what it does, with new ways of interacting with its customers, modernised processes for managing information, and a more targeted, risk-based approach to its assurance work. **HMRC's Departmental Strategic Objectives for the CSR07 period are to:**

- improve the extent to which individuals and businesses pay the tax due and receive the credits and payments to which they are entitled;
- improve customers' experience of HMRC and improve the UK business environment; and
- reduce the risk of the illicit import and export of material which might harm the UK's physical and social well-being.

¹The Chancellor's Departments' budgets now fall by 4.9 per cent per year in real terms rather than 5 per cent as announced in Budget 2006 because HMRC has taken on responsibility and funding for businesslink.gov.uk.

DI6.4 Over the CSR07 period, HM Treasury will control public spending, working with other government departments to ensure value for money. The Treasury will maintain macroeconomic stability, mitigate fiscal risks while promoting economic growth, and help equip the UK to meet the global challenges of the next decade. **HM Treasury's Departmental Strategic Objectives** are:

- maintaining sound public finances; and
- ensuring high and sustainable levels of economic growth, well-being and prosperity for all.

DI6.5 HM Treasury will also lead delivery of the cross-governmental Public Service Agreement (PSA), to which HMRC also contributes, to halve the number of children in poverty by 2010-11, on the way to eradicating child poverty by 2020.

RESOURCES AND REFORMS

DI6.6 Over the CSR07 period, the Chancellor's Departments will take forward an ambitious value for money reform programme generating annual net cash-releasing savings of over £700 million by 2010-11, supported by £330 million in modernisation funding to support the transitional costs of transforming the departments. The value for money programme consists of a number of initiatives, including:

- extending the use of lean processing techniques in HMRC to make more efficient use of resources and a major consolidation and transformation of its estate releasing £280 million annual net cash-releasing savings by 2010-11;
- investing in a modern, high capacity IT infrastructure in HMRC to support higher take-up of online services, more efficient processing and communication, and better risk-based compliance checks, generating annual net cash-releasing savings of £180 million by 2010-11; and
- rationalising HM Treasury's estate and full implementation of Group Shared Services, generating annual net cash-releasing savings of £10 million by 2010-11.

Businesslink.gov.uk **DI6.7** HMRC has also from 2007-08 taken over responsibility for businesslink.gov.uk. HMRC will be leading cross-government efforts to oversee the transformation of this website to enable it to become the prime online channel for government information and transactions for all businesses in the UK by 2011.

Table D23: Chancellor's Departments baseline and additions

	£ million			
	Baseline	Additions		
	2007-08	2008-09	2009-10	2010-11
Resource DEL	4,862	-106	-224	-338
<i>of which near-cash</i>	4,544	-99	-208	-315
<i>of which administration</i>	4,702	-107	-221	-332
Capital DEL	276	-7	-14	-20
Total DEL¹	4,941	-109	-229	-344
<i>of which:</i>				
HM Revenue and Customs	4,547	-99	-209	-315
HM Treasury	226	-6	-12	-17
National Savings and Investment	168	-4	-8	-12
Government Actuary's Department	0.4	0	0	0

¹ Full resource budgeting basis, net of depreciation.