Treasury Committee: scrutiny of HMRC

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A Treasury Committee session highlights HMRC staffing, systems reform and Dame Meg Hillier's rigorous scrutiny.

Dame Meg Hillier moved from chairing the Public Accounts Committee in the last Parliament to chairing the Treasury Committee in this Parliament. The Treasury Committee's website says it 'is appointed by the House of Commons to examine the expenditure, administration and policy of HM Treasury, HM Revenue & Customs, and associated public bodies, including the Bank of England and the Financial Conduct Authority.'

Dame Meg has brought the sharp questioning familiar from the Public Accounts Committee to her new role. When the former Exchequer Secretary James Murray first appeared before the Treasury Committee on 15 January 2025, Dame Meg asked him: 'What background and skills do you bring to chairing HMRC that you think are

significant?’

On 13 January, JP Marks, HMRC’s First Permanent Secretary and Chief Executive, appeared before the committee alongside Jonathan Russell, Chief Executive of the Valuation Office Agency; Jonathan Athow, Director General for Customer Strategy and Tax Design; and Cerys McDonald, Director of Individuals Policy.

The session kicked off with some remarks about kindness, where JP Marks said: ‘Leading with kindness is a thing that we thought a lot about in the Scottish government… Our job is to create an environment where we look after our customers, engage well with our partners, and look after our teams so that we learn from those moments and continue to improve outcomes.’

HMRC headcount

The issue of HMRC’s headcount arose in several parts of the session. JP Marks noted that the Budget provided funding for about 1,000 additional staff, who would mostly be focused on low-value imports and, in the Valuation Office Agency, the high-value council tax surcharge. He said that within HMRC the posts were mainly at the lower administrative officer and executive officer grades and recruitment would be spread over several years.

HMRC’s headcount increased by just over 2,000 in 2025 but recruiting has not been easy. ‘We are having to work hard across all regions of the UK to fill our recruitment,’ said JP Marks. We are managing to do it, but we are not doing it by a big margin.’ HMRC has established a compliance academy for all the training.

However, the additional recruitment for compliance does not mean a much bigger HMRC overall. JP Marks noted: ‘As an organisation overall, we are broadly the same size in 2030 as we are today. We onboard a lot into our frontline for compliance and debt, with a bit more now for customs and valuation. At the same time, we have quite stretching efficiency targets to reduce the size of our core operation to balance the books.’

The state pension and ISAs

This was Cerys McDonald's first appearance before Dame Meg. She offered 'to explain a little bit more about what the Chancellor has announced [on the taxation of the state pension] and how we are .responding.' She was met by a swift response from the Chair: 'Perhaps I will ask the questions and then we will see whether you need to add anything.'

Cerys McDonald explained that between 800,000 and 1 million people would benefit from the Chancellor's decision that those who receive only the state pension should not have tax to pay on it during this Parliament. She said that her team is working on a special measure to exempt qualifying recipients, rather than introducing a new threshold, and that legislation will be needed in a future Finance Bill.

She also answered questions on ISAs, explaining that compliance with the existing £20,000 limit and the new cash limit of £12,000 will be managed through the forthcoming ISA monthly reporting system. The system will automatically recognise if someone has breached one of those limits, notify the ISA provider and ask the ISA provider to take steps to allow the customer to self-correct. 'That is a much more modern system for administering this regime, rather than HMRC doing more intense downstream compliance work. It is a really good, novel upstream compliance intervention.'

Systems

There were several questions about HMRC systems and its performance in taxpayer contact. JP Marks noted: 'Around 80% of our customer interactions are now digital. That was around 75% this time last year.' The aim is to reach 90% by 2030. There are now over 7 million users of the HMRC app, up by over 2 million since 2024. 'This year, we will onboard a new contact centre system … to give us more modern features around real-time call waiting times and more capacity.'

The impact of the November Budget on HMRC systems was also discussed, with JP Marks confirming that the implementation of several measures – such as the withdrawal of low-value import relief – had been deferred to fit with HMRC systems.

There was much more in the session (see tinyurl.com/y627czkm), such as discussion of business rates and the forthcoming high value council tax charge. These periodic appearances before the Treasury Committee help all of us to understand more about the complexity of HMRC's operations.

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