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Chief Digital & Information Officer Group

Room 2E/08  
100 Parliament Street  
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Tel 03000 530944

Date: 21<sup>st</sup> April 2015

Our Ref: 1521/15

Dear Tim,

**Application under the Freedom of Information Act 2000 (FOIA)**

Thank you for your request, which we received on the 23<sup>rd</sup> March, for the information below:

*I would be grateful if you could provide a breakdown by year and main heading of the anticipated £600m cost of the Aspire replacement. I would also like to know how much falls before, and how much after the end of the Aspire contract. Specifically:*

*(1) At the PAC on 16 Mar 2015, it was disclosed that the transition cost for Aspire replacement will be about £600m. It was also stated that the cost "This year, [] is about £100 million, then it goes up and then comes down again".*

*Please provide the cost figures for each relevant year of transition, clarifying exactly which year is referred to as costing £100m, and showing how the figures sum to £600m. Please be clear about whether calendar years are meant, or financial years, and if the latter, please be clear about which year is meant. Please also say what basis the costs are in, e.g. whether the costs are in FY 2014/15 pounds, or something else, and if an inflation adjustment has been used, please give the figures for this.*

*(2) I understand that the current Aspire contract ends in June 2017.*

*Please give the exact date when the current contract ends, and please give the total amount of transition costs after the end of the Aspire contract (i.e. show how much of the £600m falls before, and how much after the end of the contract).*

*(3) At the PAC on 27 Oct 2014, it was disclosed that the cost for the commercial and technical work (in the subsequent PAC meeting, clarified as team costs) was "£5 million this year and £25 million the following year".*

*Please clarify which year is referred to in respect of the £5m and the £25m, preferably using the same year boundaries as in the answer to (1) above. Please give the corresponding figures for subsequent years. Please clarify whether these figures are for 'team costs', 'our internal team', 'own staffing costs', or 'doing the commercial and technical part of the transition'. (All wordings were used, and these all seem to mean different things).*

*(4) Please provide an overall breakdown by year of the total cost figures in (1) above, into heading like 'own staff costs', external staff/consultancy, transitioning staff, transitioning equipment, offices etc., or other suitable broad categories as you may have available.*

*I look forward to your response within the 20 working days time limit afforded HMRC in replying to this request.*

The information that can be provided is set out below:

- (3) The cost for commercial and technical work was £5m in 2014/15, and will be £25m in 2015/16.

The information sought in (1), (2) (on commercial and technical work from 2016/17 onwards), and (4) above is being withheld under the exemption at section 43(2) of the FOIA because we believe that disclosure would prejudice HMRC's commercial interests. This is because the requested information, combined with that already in the public domain, would enable you to deduce commercially sensitive information.

Section 43 is a qualified exemption so we must consider whether the balance of the public interest favours maintaining it.

I accept there is a strong public interest in HMRC being accountable for its decisions and that it is as transparent as possible about the ways in which it makes those decisions. When a Government department enters into contracts with commercial entities, the public have a right to know that the Public Purse is being expended wisely and that departments are getting value for money. Disclosing the requested information would demonstrate HMRC's willingness to be open about its contractual arrangements. To some extent our decision our answers to the Public Accounts Committee meet that public interest in openness.

Whilst there is a strong public interest in HMRC being accountable for its decisions, it should be noted that the department is subject to regular scrutiny by bodies such as National Audit Office, the Public Accounts Committee and the Treasury Select Committee. Through this scrutiny, the effectiveness of HMRC's strategic decisions can be challenged to ensure HMRC is accountable.

Disclosure of such commercially sensitive information could weaken our partners' position in a competitive environment and could also harm the relationship between them and the Department. This would in itself undermine the commercial interests of both parties and potentially the efficacy of the contract. Furthermore it could have an inhibiting effect on other third parties currently, or potentially, doing business with the Government and therefore on the Government's ability to secure value for money which is against the public interest. Release of information which could damage companies commercially would discourage them from dealing with the public sector and would undermine the necessary mutual trust and respect between private and public sector partners.

Therefore my conclusion is that the balance of the public interest favours maintaining the exemption.

The information sought in (2) (on the exact contract end date) is restricted by FOIA exemption s31(1)(a) (prejudice to the prevention or detection of crime). Section 31 is a qualified exemption which means if it applies I must consider whether the public interest favours maintaining the exemption.

I accept the public interest in our procedures being transparent and generally understood. This facilitates the proper public scrutiny of our processes and procedures which in turn helps reinforce high standards of performance and governance.

On the other hand, disclosure of information that might assist those intent on committing crime is not in the public interest. Anything that puts the running of HMRC at risk could undermine confidence in the tax system and that would not be in the public interest.

It is in the public interest that HMRC is able to assess and collect tax as efficiently as possible, at the least cost to the public purse and the minimum of additional burden to taxpayers at large.

So on balance, I conclude that the public interest favours maintaining the exemption.

If you are not happy with this reply you may request a review by writing to HMRC FOI Team, Room 1C/23, 100 Parliament Street London SW1A 2BQ or email [foi.review@hmrc.gsi.gov.uk](mailto:foi.review@hmrc.gsi.gov.uk). You must request a review within 2 months of the date of this letter. It would assist our review if you set out which aspects of the reply concern you and why you are dissatisfied.

If you are not content with the outcome of an internal review, you may apply directly to the Information Commissioner (ICO) for a decision. The ICO will not usually consider a case unless you have exhausted the internal review procedure provided by HMRC. He can be contacted at The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF or by their website at [www.ico.org.uk](http://www.ico.org.uk).

Yours sincerely

Sam Newhouse  
HM Revenue and Customs  
Chief Digital and Information Officer Group