



HM Revenue
& Customs

Jim Harra
Chief Executive and First Permanent
Secretary

Dame Meg Hillier MP
Chair of the Committee of Public Accounts

Room 2/75
100 Parliament Street
London
SW1A 2BQ

By email

24 January 2023

Email perm.secs@hmrc.gov.uk

Dear Dame Meg,

Thank you for your letter of 12 January regarding the Pensions Schemes Online Service (TPSS) and the Pensions Online Digital Service (PODS).

The Pensions Programme is not a continuation of a previous TPSS Programme. TPSS is a live legacy IT system.

The current pensions tax regime was introduced in 2006. One of the key intentions of the regime was to reduce burdens on the pensions industry. To support that TPSS was introduced in 2006. Previously, all reporting to HMRC was on paper.

Between 2006 and 2017, pensions tax legislation was amended in every Finance Act and each time this meant making amendments to TPSS. Each time a change was made, the system became more complex and introducing further changes became harder.

The PODS project started in 2017, managed as part of the department's Policy Driven Change portfolio. Initially, the project was created to deliver three relatively small policy measures and, in the course of doing so, develop a system that could form the basis of an eventual replacement for TPSS, at a cost of £9.7m. In 2021, we decided to invest in building a full replacement for TPSS and created a dedicated Pensions Programme to develop PODS into a comprehensive and modern replacement for TPSS.

We estimate that the total cost of PODS will be £75.9m (excluding non-cash costs and depreciation) and the work, including decommissioning of TPSS, will be completed in 2026/27. The spend to the end of 2022/23 is expected to be £47.6m.

TPSS has supported the administration of pensions tax effectively, and enabled pension scheme administrators to meet most of their obligations online, since 2006, which was the original aim. It will continue to support aspects of administration until the PODS delivery is complete.

Yours sincerely

A handwritten signature in black ink, appearing to read "J Harra". The signature is fluid and cursive, with the first letter "J" being large and prominent.

JIM HARRA
CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY